

**TARRANT COUNTY, TEXAS**

**SINGLE AUDIT REPORTS**

**SEPTEMBER 30, 2008**

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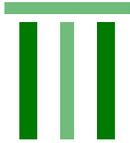
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**WEAVER  
AND  
TIDWELL**

*L.L.P.*

CERTIFIED PUBLIC  
ACCOUNTANTS  
AND CONSULTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable County Judge and Commissioners  
Tarrant County, Texas

We have audited the financial statements of Tarrant County (the County) as of and for the year ended September 30, 2008, and have issued our report thereon dated March 16, 2009. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of providing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that might be significant deficiencies or material weaknesses.

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Tarrant County, Texas

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2008-01.

We also noted certain other matters that we reported to management of the County in a separate letter dated March 16, 2009.

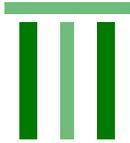
The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County Judge and Commissioners, management and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas  
March 16, 2009



**WEAVER  
AND  
TIDWELL**

*L.L.P.*

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable County Judge and Commissioners  
Tarrant County, Texas

### Compliance

We have audited the compliance of Tarrant County (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and *State of Texas Uniform Grant Management Standards (UGMS)* that are applicable to each of its major federal and state programs for the year ended September 30, 2008. The County's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations and UGMS*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended September 30, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and UGMS and which is described in the accompanying schedule of findings and questioned costs as item 2008-01.

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Tarrant County, Texas

### **Internal Control Over Compliance**

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### **Schedule of Expenditures of Federal and State Awards**

We have audited the basic financial statements of the County as of and for the year ended September 30, 2008, and have issued our report thereon dated March 16, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and UGMS and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures

Honorable County Judge and Commissioners  
Tarrant County, Texas

applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County Judge and Commissioners, management and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas  
March 16, 2009

**TARRANT COUNTY, TEXAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

An unqualified opinion was issued on the financial statements.

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weakness(es)?  Yes  None Reported
- Noncompliance material to financial statements noted?  Yes  No

**Federal and State Awards**

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weakness(es)  Yes  None Reported

An unqualified opinion was issued on compliance for major programs.

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?  Yes  No

Identification of major programs:

**Federal Programs**

Section 8 Housing Choice Vouchers, CFDA 14.871  
Special Supplemental Nutrition Program for Women, Infants & Children CFDA 10.557  
Community Development Block Grants CFDA 14.218  
Supportive Housing Program CFDA 14.235  
Centers for Disease Control & Prevention – Investigations & Technical Assistance CFDA 93.283

TARRANT COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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**State Programs**

TB/PC – Tuberculosis Control  
Auto Theft Task Force

Dollar threshold used to distinguish between type A  
and type B programs?

Federal Program \$1,400,746  
State Program \$500,000

Auditee qualified as low-risk auditee?

X  Yes        No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

The audit disclosed no findings required to be reported in accordance with Government Auditing Standards.

**SECTION III – FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS**

Reference No.      Program

2008-01      Department of Housing and Urban Development (HUD) – Supportive Housing Program

*Criteria:* OMB 2506-0145 requires the Annual Progress Reports to be submitted to HUD 90 days after the end of each operating year.

*Condition:* Supportive Housing Office (SHP) is not submitting the Annual Progress Reports (APR) within 90 day as prescribed by the HUD.

*Effect:* The grant funding could potentially be impaired.

*Cause:* The SHP office cannot prepare and submit the APR until all the information has been obtained from each Project Sponsor. The Project Sponsors had been given 90 days after grant year to turn in their information to SHP, which does not allow the SHP office sufficient time to prepare the APR and submit it to HUD.

*Recommendation:* The County should make changes to the current procedures in order to allow sufficient time for the SHP office to prepare and submit the APR timely.



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**Corrective Action Plan  
Findings and Questioned Costs  
For the Year Ended September 30, 2008**

**Reference No. 2008-01 – Department of Housing and Urban Development – Supportive  
Housing Program**

**Criteria:** OMB 2506-0145 requires the Annual Progress Reports to be submitted to HUD 90 days after the end of each operating year.

**Condition:** Supportive Housing Office (SHP) is not submitting the Annual Progress Reports (APR) within 90 days as prescribed by HUD.

**Effect:** The grant funding could potentially be impaired.

**Cause:** The SHP office cannot prepare and submit the APR until all the information has been obtained from each Project Sponsor. The Project Sponsors had been given 90 days after the grant year to turn in their information to SHP, which does not allow the SHP office sufficient time to prepare the APR and submit it to HUD.

**Recommendation:** The County should make changes to the current procedures in order to allow sufficient time for the SHP office to prepare and submit the APR timely.

**Response:** Changes to County procedure for processing the SHP Annual Progress Reports (APRs) were implemented on January 1, 2009. The County has introduced a tracking form for the Program Coordinator to use to ensure timely submission of the APRs. The County has also changed all project sponsor contracts to require project sponsors to turn in their information for the APR no later than 60 days after the grant year. This allows the County sufficient time to prepare the APR and submit it to HUD before the 90 day HUD deadline.

  
S. Renee Tidwell, CPA  
County Auditor

TARRANT COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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SECTION V – PRIOR YEAR AUDIT FINDINGS

Reference No.      Program

2007-01              Commission on Environmental Quality – Aircheck Texas Repair & Replacement Program

*Criteria:* Article 2.3 of the Texas Commission on Environmental Quality (TCEQ) grant agreement requires not more than 20% of annual expenditures be used to pay for administrative costs.

*Condition:* A subrecipient of the County calculated the 20% allowance for administrative costs in a different manner than that prescribed by the TCEQ.

*Recommendation:* The County should ensure that its subrecipients clarify with the TCEQ the specific requirements of the grant agreement in instances of ambiguity or uncertainty in order to maintain compliance with all requirements.

*Current Status:* After TCEQ confirmed that the 20% applies only to repair and replacement expenditures on April 15, 2008, the subrecipient refunded the excess administrative charges to TCEQ.

Tarrant County, Texas  
 Schedule of Expenditures of Federal and State Awards  
 For the Year Ended September 30, 2008

<u>Federal or State Grantor/ Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Award Amount</u>	<u>Federal/State Expenditures</u>	<u>Federal Amounts Passed-Through to Subrecipients</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
Direct:					
National School Lunch Program	10.555	75L3024	N/A	\$ 173,719	\$ -
Indirect:					
<b>Texas Department of State Health Services:</b>					
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	2007-020861-001	N/A	150,559	-
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	2008-024635-001	N/A	7,041,770	-
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	2009-030093-001	N/A	863	-
Total U.S. Department of Agriculture				7,366,911	-
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>					
Direct:					
Community Development Block Grant/Entitlement Grant - 29th Year	14.218	B03-UC-48-0001	4,250,000	(530)	-
Community Development Block Grant/Entitlement Grant - 30th Year	14.218	B04-UC-48-0001	4,192,000	117,358	-
Community Development Block Grant/Entitlement Grant - 31st Year	14.218	B05-UC-48-0001	3,977,206	598,980	-
Community Development Block Grant/Entitlement Grant - 32nd Year	14.218	B06-UC-48-0001	3,594,649	1,159,059	-
Community Development Block Grant/Entitlement Grant - 33rd Year	14.218	B07-UC-48-0001	3,591,690	1,699,911	33,615
Community Development Block Grant/Entitlement Grant - 34th Year	14.218	B08-UC-48-0001	3,481,888	70,327	10,820
Emergency Shelter Grants Program (FY06)	14.231	S-06-UC-48-0001	138,639	16,964	15,704
Emergency Shelter Grants Program (FY07)	14.231	S-07-UC-48-0001	123,832	64,822	63,407
Emergency Shelter Grants Program (FY08)	14.231	S-08-UC-48-0001	123,639	26,655	23,013
Supportive Housing Program - 11th Year	14.235	TX01-B-501003	165,602	(5,645)	(5,645)
Supportive Housing Program - 11th Year	14.235	TX01-B-501013	322,293	(1,042)	(1,042)
Supportive Housing Program - 11th Year	14.235	TX01-B-501014	105,525	24,848	23,879
Supportive Housing Program - 11th Year	14.235	TX01-B-501016	9,958	427	-
Supportive Housing Program - 12th Year	14.235	TX01-B-601002	120,090	79,785	74,067
Supportive Housing Program - 12th Year	14.235	TX01-B-601003	85,617	85,617	81,948
Supportive Housing Program - 12th Year	14.235	TX01-B-601004	165,601	123,607	115,722
Supportive Housing Program - 12th Year	14.235	TX01-B-601007	93,536	73,234	69,251
Supportive Housing Program - 12th Year	14.235	TX01-B-601008	1,067,602	387,073	306,637
Supportive Housing Program - 12th Year	14.235	TX01-B-601009	102,942	102,942	98,040
Supportive Housing Program - 12th Year	14.235	TX01-B-601011	322,293	317,938	304,121
Supportive Housing Program - 12th Year	14.235	TX01-B-601013	108,491	68,777	64,786
Supportive Housing Program - 12th Year	14.235	TX01-B-601017	129,686	129,686	124,129
Supportive Housing Program - 12th Year	14.235	TX01-B-601019	113,793	112,812	108,917
Supportive Housing Program - 12th Year	14.235	TX01-B-601020	31,090	16,633	16,440
Supportive Housing Program - 12th Year	14.235	TX01-B-601023	24,237	23,486	22,447
Supportive Housing Program - 12th Year	14.235	TX01-B-601024	248,729	117,094	109,024
Supportive Housing Program - 12th Year	14.235	TX01-B-601025	59,275	32,130	30,124
Supportive Housing Program - 12th Year	14.235	TX01-B-601026	121,252	61,936	59,554
Supportive Housing Program - 12th Year	14.235	TX01-B-601027	194,624	85,823	85,516
Supportive Housing Program - 12th Year	14.235	TX01-B-601029	25,515	20,646	19,649
Supportive Housing Program - 13th Year	14.235	TX01-B-701005	120,090	13,243	12,685
Supportive Housing Program - 13th Year	14.235	TX01-B-701006	165,601	12,008	12,008
Supportive Housing Program - 13th Year	14.235	TX01-B-701011	24,237	6,818	6,818
Supportive Housing Program - 13th Year	14.235	TX01-B-701012	322,293	27,183	27,183
Supportive Housing Program - 13th Year	14.235	TX01-B-701014	1,067,602	601,826	449,330
Supportive Housing Program - 13th Year	14.235	TX01-B-701019	116,717	8,299	8,299
Supportive Housing Program - 13th Year	14.235	TX01-B-701025	223,856	112,039	107,844
Supportive Housing Program - 13th Year	14.235	TX01-B-701028	175,162	75,050	71,457
Supportive Housing Program - 13th Year	14.235	TX01-B-701030	22,963	3,202	2,864
Supportive Housing Program - 13th Year	14.235	TX01-B-701031	53,347	29,069	27,783
Supportive Housing Program - 13th Year	14.235	TX01-B-701032	27,981	14,297	14,297
Supportive Housing Program - 13th Year	14.235	TX01-B-701033	108,889	50,704	48,907
Home Investment Partnerships Program - 12th Year	14.239	M03-UC-48-0200	1,414,783	260,438	-
Home Investment Partnerships Program - 13th Year	14.239	M04-UC-48-0200	1,614,378	236,695	-
Home Investment Partnerships Program - 14th Year	14.239	M05-UC-48-0200	1,415,533	542,273	(5,934)
Home Investment Partnerships Program - 15th Year	14.239	M06-UC-48-0200	1,261,995	573,730	-
Housing Opportunities for Persons with AIDS	14.241	TX H050017	916,010	319,233	304,041

Tarrant County, Texas  
 Schedule of Expenditures of Federal and State Awards  
 For the Year Ended September 30, 2008

<u>Federal or State Grantor/ Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Award Amount</u>	<u>Federal/State Expenditures</u>	<u>Federal Amounts Passed-Through to Subrecipients</u>
Section 8 - Administrative Reserve	14.871	N/A	N/A	369	-
Section 8 - Housing Choice Vouchers - Administration (CY06)	14.871	TX21V431000082	1,155,694	37	-
Section 8 - Housing Choice Vouchers - Administration (CY07)	14.871	TX21V431000082	1,160,215	302,971	-
Section 8 - Housing Choice Vouchers - Administration (CY08)	14.871	TX21V431000082	1,292,387	886,556	-
Section 8 - Housing Choice Vouchers(FY04)	14.871	TX21V431004001	13,382,496	77	-
Section 8 - Housing Choice Vouchers(FY05)	14.871	TX21V431000082	13,992,444	512	-
Section 8 - Housing Choice Vouchers(CY06)	14.871	TX21V431000082	13,933,679	152,554	-
Section 8 - Housing Choice Vouchers(CY07)	14.871	TX21V431000082	13,715,189	3,170,325	-
Section 8 - Housing Choice Vouchers(CY08)	14.871	TX21V431000082	11,375,263	10,930,273	-
Section 8 - Portability	14.871	TX21V431000082	N/A	650,778	-
Public Housing Family Self Sufficiency (CY07)	14.877	TX431FSH002	42,996	10,749	-
Public Housing Family Self Sufficiency (Homeownership Coordinator FY2005)	14.877	TX431VOHF01	63,000	2,605	-
Public Housing Family Self Sufficiency (Homeownership Coordinator FY2006)	14.877	TX431FSF001	63,000	3,435	-
Public Housing Family Self Sufficiency (Homeownership Coordinator FY2007)	14.877	TX431FSF002	63,630	24,249	-
Katrina Disaster Housing Assistance Payments	14.871	TX431	N/A	7,086	-
Disaster Voucher Program	14.871	TX431DH0001	192,520	275,011	-
Indirect:					
<b>Texas Department of State Health Services:</b>					
Housing Opportunities for Persons with AIDS	14.241	2007-022146-001	119,202	45,456	45,456
Housing Opportunities for Persons with AIDS	14.241	2008-025450-001	156,733	101,992	101,992
Total U.S. Department of Housing and Urban Development				25,062,497	3,089,151
<b>U.S. DEPARTMENT OF INTERIOR</b>					
Indirect:					
<b>Texas Historical Commission:</b>					
Historic Preservation Fund Grants-In-Aid (Education Workshops for Commission)	15.904	TX-07-029	2,000	2,232	-
Historic Preservation Fund Grants-In-Aid (Education Workshops for Commission)	15.904	TX-08-030	2,235	4,853	-
Total U.S. Department of Interior				7,084	-
<b>U.S. DEPARTMENT OF JUSTICE</b>					
Direct:					
Equitable Sharing Program (Asset Forfeiture Funds)-Sheriff	16.000	N/A	N/A	88,047	-
Equitable Sharing Program (Asset Forfeiture Funds)-ATTF	16.000	N/A	N/A	1,277	-
National Institute of Justice Research, Evaluation and Development Project Grants-DNA	16.560	2005-DN-BX-K126	168,700	44,198	-
State Criminal Alien Assistance Program (S.C.A.A.P.)	16.606	2006-AP-BX-0623	403,123	1,192,539	-
Forensic DNA Capacity Enhancement Program	16.741	2006-DN-BX-K127	316,681	97,755	-
Criminal & Juvenile Justice And Mental Health Collaboration Program (BSFTP)	16.745	2007-MO-BX-0009	199,946	82,542	-
Indirect:					
<b>Texas Criminal Justice Division:</b>					
Juvenile Accountability Block Grants -Coordinated Enforcement Plan	16.523	JB-06-J20-13287-09	141,042	122,466	-
Juvenile Accountability Block Grants -Coordinated Enforcement Plan	16.523	JB-07-XXX-13287-10	141,187	60,528	-
Crime Victim Assistance	16.575	VA-07-V30-13739-09	27,111	9,932	-
Crime Victim Assistance	16.575	VA-08-V30-13739-10	27,111	15,688	-
Crime Victim Assistance (VOCA - Protective Order Unit)	16.575	VA-07-V30-13737-09	42,625	24,900	-
Crime Victim Assistance (VOCA - Protective Order Unit)	16.575	VA-08-V30-13737-10	42,625	28,810	-
Drug Court Discretionary Grant Program (DIRECT Court)	16.585	DJ-06-A10-16036-06	232,168	18	-
Violence Against Women Formula Grants (Domestic Violence - Pretrial Diversion)	16.588	WF-07-V30-15136-09	250,000	238,310	60,914
Violence Against Women Formula Grants (Domestic Violence - Pretrial Diversion)	16.588	WF-08-V30-15136-10	250,000	23,295	-
Edward Byrne Memorial Justice Assistance Grant (TC Organized Crim Unit-JAG)	16.738	DA-05-A10-18732-01	1,000,000	(520,663)	-
Edward Byrne Memorial Justice Assistance Grant (Family Drug Court-JAG)	16.738	DC-08-A10-20871-01	49,306	46,246	37,907
Edward Byrne Memorial Justice Assistance Grant (Mental Health Diversion Court)	16.738	DJ-06-A10-18289-01	161,491	(3,437)	-

Tarrant County, Texas  
 Schedule of Expenditures of Federal and State Awards  
 For the Year Ended September 30, 2008

<u>Federal or State Grantor/ Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Award Amount</u>	<u>Federal/State Expenditures</u>	<u>Federal Amounts Passed-Through to Subrecipients</u>
Paul Coverdell Forensic Sciences Improvement Grant Program (Backlog Reduction)	16.742	DN-07-A10-18764-02	45,917	38,093	-
<b>City of Dallas, Texas Police Department:</b>					
Missing Children's Assistance - (Internet Crimes Against Children Task Force)	16.543	N/A	10,000	7,620	-
<b>City of Fort Worth, Texas:</b>					
Edward Byrne Memorial Justice Assistance Grant (Adult Drug Court)	16.738	31552	85,126	28,085	-
Edward Byrne Memorial Justice Assistance Grant (Mental Health Liaison Program)	16.738	2006-F2025-TX-D	43,534	44,838	-
Edward Byrne Memorial Justice Assistance Grant (Mental Health Liaison Program)	16.738	2007-F2025-TX-DJ	78,119	78,119	-
<b>North Texas Crime Commission:</b>					
Anti-Gang Initiative	16.744	2006-MU-MU-0003	30,000	30,000	-
Total U.S. Department of Justice				1,779,207	98,821
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>					
Indirect:					
<b>Texas Department of Transportation</b>					
Highway Planning & Construction - Courtesy Patrol Program	20.205	2007	1,031,510	78,448	-
Highway Planning & Construction - Courtesy Patrol Program	20.205	2008	1,069,402	823,396	-
Highway Planning & Construction - Courtesy Patrol Program	20.205	2009	1,069,402	82,538	-
Total U.S. Department of Transportation				984,382	-
<b>U.S. FEDERAL EMERGENCY MANAGEMENT AGENCY</b>					
Direct:					
Emergency Food and Shelter National Board Program (Phase XXVI)	97.024	XXVI	84,397	84,740	-
Indirect:					
<b>Texas Department of Public Safety - Division of Emergency Management</b>					
Disaster Grants - Public Assistance (Hurricane Katrina)	97.036	FEMA-3216	N/A	(15,057)	-
Disaster Grants - Public Assistance (Hurricanes Gustav & Ike)	97.036		N/A	39,095	-
Total U.S. Federal Emergency Management Agency				108,779	-
<b>U.S. ELECTION COMMISSION</b>					
Indirect:					
<b>State of Texas Elections Division</b>					
Help America Vote Act (General Title III HAVA Compliance)	90.401	N/A	7,360,292	100,387	-
Total U.S. Election Assistance Commission				100,387	-
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>					
Indirect:					
<b>Governor's Division of Emergency Management</b>					
State Domestic Preparedness Equipment Support Program	97.004	2003 II 48439	1,104,517	(121,583)	-
State Domestic Preparedness Equipment Support Program	97.004	2004SHSP-48439	363,736	(4,007)	-
Urban Area Security Initiative	97.008	2005 HSGP-48439	767,355	118,104	-
State Homeland Security Program -SHSP	97.073	2005 HSGP-48439	188,000	2,426	-
State Homeland Security Program -SHSP/CCP	97.073	2005 HSGP-48439	44,795	2,570	-
Urban Area Security Initiative	97.008	2006-GE-T6-0068	425,904	414,599	-
Citizen Corps	97.053	2006-GE-T6-0068	30,027	10,230	-
Urban Area Security Initiative	97.008	2007-GE-T7-0024	215,640	40,679	-
<b>Department of Housing and Urban Development</b>					
Disaster Housing Assistance Grant	97.109	N/A	N/A	757,052	-
Total U.S. Department of Homeland Security				1,220,071	-
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
Direct:					
Substance Abuse & Mental Health Services - Projects (SAMHSA)	93.243	5H79-TI16284-03	500,000	38,647	31,541
HIV Coordinated Services & Access to Research (Ryan White Part D)	93.153	1-H12HA08504-01-00	447,550	365,396	300,730
HIV Coordinated Services & Access to Research (Ryan White Part D)	93.153	1-H12HA08504-02-00	447,550	65,841	50,298
HIV Emergency Relief Project Grants (Ryan White - Part A)	93.914	1-H3MHA08460-01-00	204,310	177,561	70,193
HIV Emergency Relief Project Grants (Ryan White - Part A)	93.914	1-H3MHA08460-02-00	214,227	55,257	8,167
HIV Emergency Relief Project Grants (Ryan White I)	93.914	6-H89-HA-00047-12-01	3,238,983	1,341,356	911,573
HIV Emergency Relief Project Grants (Ryan White I)	93.914	6-H89-HA-00047-13-00	3,386,415	1,965,635	1,482,161
Grants to Provide Outpatient Early Intervention HIV Services (Ryan White III)	93.918	2-H76-HA-00123-16-01	816,741	248,677	161,671
Grants to Provide Outpatient Early Intervention HIV Services (Ryan White III)	93.918	2-H76-HA-00123-17-00	823,498	617,157	336,641

Tarrant County, Texas  
 Schedule of Expenditures of Federal and State Awards  
 For the Year Ended September 30, 2008

<u>Federal or State Grantor/ Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Award Amount</u>	<u>Federal/State Expenditures</u>	<u>Federal Amounts Passed-Through to Subrecipients</u>
Indirect:					
<b>Texas Department of Aging &amp; Disability Services</b>					
Special Programs for the Aging - Title IV & II Discretionary Projects	93.048	539-6-13503A	57,857	73,002	-
Centers for Medicare and Medicaid Services	93.779	539-6-13503A	41,043	52,864	-
<b>Tarrant County Mental Health Mental Retardation:</b>					
Consolidated Knowledge Development and Application - Project Health First	93.230	N/A	47,767	5	-
Consolidated Knowledge Development and Application - Project Health First	93.230	E8797	47,767	37,156	-
<b>National Association of County and City Health Officials</b>					
Centers for Disease Control & Prevention - Investigations & Technical Assistance	93.283	2006	493,900	(1,464)	-
Centers for Disease Control & Prevention - Investigations & Technical Assistance	93.283	2007-082706	492,207	326,413	-
Centers for Disease Control & Prevention - Investigations & Technical Assistance	93.283	2008-063006	153,556	141,984	-
Medical Reserve Corps Small Grant Program	93.008	MRC-07098	10,000	9,298	-
Medical Reserve Corps Small Grant Program	93.008	MRC-08-0155	5,000	2,917	-
<b>Texas Department of Family and Protective Services:</b>					
Promoting Safe and Stable Families - CYD Project - FY08	93.556	23362177-FY08-AM02	380,250	341,327	241,885
Promoting Safe and Stable Families - CYD Project - FY09	93.556	23362177-FY09-AM03	375,000	16,938	11,136
Foster Care Title IV-E (Child Protective Services)	93.658	N/A	N/A	113,395	-
Foster Care Title IV-E (District Attorney)	93.658	N/A	N/A	217,081	-
<b>Office of the Attorney General</b>					
Grants to States for Access and Visitation Programs	93.597	07-C0204	45,800	42,050	-
Grants to States for Access and Visitation Programs	93.597	09-0003	45,800	4,195	-
Child Support Enforcement (Integrated Child Support System)	93.563	04-C0053	N/A	1,205,068	-
<b>Texas Juvenile Probation Commission</b>					
Foster Care Title IV-E (Juvenile Services)	93.658	TJPC-E-2005-220	N/A	169,921	-
Foster Care Title IV-E (Juvenile Services)	93.658	TJPC-E-2006-220	N/A	2,371,760	-
<b>Texas Department of State Health Services:</b>					
Project Grants for Tuberculosis Control Programs	93.116	2007-021981-001	361,271	(5,502)	-
Project Grants for Tuberculosis Control Programs	93.116	2008-025337-001	379,335	379,804	-
Immunization Grants	93.268	2007-021154-003A	310,246	(3,530)	-
Immunization Grants	93.268	2008-023771-001	669,391	442,870	-
Immunization Grants	93.268	2009-028462-001	669,391	117,183	-
Immunization Grants - Vaccine Commodities	93.268	2007-021154-003A	N/A	3,409,500	-
Public Health Emergency Preparedness Program	93.069	2008-022969-001A	345,513	179,516	-
National Bioterrorism Hospital Preparedness Program	93.889	2008-022969-001A	345,513	116,100	-
National Bioterrorism Hospital Preparedness Program	93.889	2008-028178-001	255,000	30,145	-
Centers for Disease Control & Prevention - Investigations & Technical Assistance	93.283	7560011706-2006-13	3,860,882	(21)	-
Centers for Disease Control & Prevention - Investigations & Technical Assistance	93.283	2008-022957-001	1,533,475	1,395,536	-
Centers for Disease Control & Prevention - Investigations & Technical Assistance	93.283	2008-028027-001	908,434	146,096	-
Centers for Disease Control & Prevention - Investigations & Technical Assistance	93.283	7560011706-2006-16	822,368	14,451	-
Centers for Disease Control & Prevention - Investigations & Technical Assistance	93.283	2008-023014-001	185,292	298,561	-
Centers for Disease Control & Prevention - Investigations & Technical Assistance	93.283	2008-028166-001	370,583	84,196	-
Centers for Disease Control & Prevention - Investigations & Technical Assistance	93.283	2008-027951-001	50,000	3,820	-
Refugee and Entrant Assistance-State Administered Programs	93.566	2007-021092-001	262,962	23	-
Refugee and Entrant Assistance-State Administered Programs	93.566	2008-023330-001	338,233	310,509	-
Refugee and Entrant Assistance-Discretionary Grants	93.576	2007-021092-001	5,900	5,900	-
Medical Assistance Program (Medicaid Administrative Claims)	93.778	7560011706-OE-01	N/A	43,471	-
HIV Care Formula Grants (Ryan White II - Administrative Grant)	93.917	2007-022165-001	213,000	114,423	-
HIV Care Formula Grants (Ryan White II - Administrative Grant)	93.917	2008-025750-001	216,000	100,025	-
HIV Care Formula Grants (Ryan White II)	93.917	2007-022166-001	1,273,412	640,777	476,245
HIV Care Formula Grants (Ryan White II)	93.917	2008-025685-001	1,358,861	724,069	577,375
State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	93.919	7560011706B-2005-01	52,000	4,677	-
State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	93.919	7560011706A-2006-01	62,400	89,702	-

Tarrant County, Texas  
 Schedule of Expenditures of Federal and State Awards  
 For the Year Ended September 30, 2008

<u>Federal or State Grantor/ Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Award Amount</u>	<u>Federal/State Expenditures</u>	<u>Federal Amounts Passed-Through to Subrecipients</u>
HIV Prevention Activities-Health Department Based (HIV Prevention)	93.940	2008-023777-001	841,749	775,731	-
HIV Prevention Activities-Health Department Based (STD/HIV Operations)	93.940	2007-021861-001	85,744	93,185	-
Preventive Health Services-STD Control Grants (STD/HIV Operations)	93.977	2007-021861-001	274,451	(38,558)	-
Preventive Health Services-STD Control Grants (STD/HIV Operations)	93.977	2008-025438-001	462,819	530,336	-
HIV/AIDS Surveillance	93.944	2007-021807-001	101,103	9,969	-
HIV/AIDS Surveillance	93.944	2008-025451-001	99,841	96,327	-
Preventive Health and Health Services Block Grant	93.991	2008-024504-001	330,418	68,199	-
Total U.S. Department of Health and Human Services				20,176,925	4,659,614
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>				<b>56,806,244</b>	<b>7,847,586</b>

Tarrant County, Texas  
 Schedule of Expenditures of Federal and State Awards  
 For the Year Ended September 30, 2008

<u>Federal or State Grantor/ Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Award Amount</u>	<u>Federal/State Expenditures</u>	<u>Federal Amounts Passed-Through to Subrecipients</u>
<b>STATE FINANCIAL ASSISTANCE:</b>					
<b>TEXAS DEPARTMENT OF STATE HEALTH SERVICES</b>					
Direct:					
HIV/State Services	N/A	7560011706A-2007-02	295,198	(1,564)	(1,564)
HIV/State Services	N/A	2008-023791-001	581,800	590,959	506,725
HIV/State Services	N/A	2009-028101-001	656,225	31,568	31,244
TB/PC-Tuberculosis Control	N/A	7560011706C-2007-01	433,479	133	-
TB/PC-Tuberculosis Control	N/A	2008-023998-001	582,479	606,410	-
TB/PC-Tuberculosis Control	N/A	2009-028465-001	575,827	58,922	-
Immunization Grants	N/A	2009-028462-001	669,391	798,379	-
Preventive Health and Health Services Block Grant	N/A	2008-024504-001	330,418	220,857	-
Preventive Health and Health Services Block Grant	N/A	2009-028225-001	330,418	32,355	-
Milk & Dairy/ FFS	N/A	2007-021620-001	158,000	20,430	-
Milk & Dairy/ FFS	N/A	2008-023124-001	230,000	91,823	-
Indirect:					
<b>Texas Health Institute</b>					
Texas Mental Health Transformation Initiative	N/A	N/A	25,000	14,988	14,988
Total Texas Department of Health				2,465,259	551,393
<b>TEXAS CRIMINAL JUSTICE DIVISION</b>					
Breaking the Cycle of Violence Program	N/A	SF-08-J20-17672-03	47,710	43,570	-
Family Drug Court Program	N/A	DC-08-A10-19697-01	694	694	-
DIRECT Court Program	N/A	SF-08-A10-16036-07	232,068	181,881	-
Mental Health Diversion Court Program	N/A	SF-08-XXX-18289-02	155,081	141,085	-
Total Texas Criminal Justice Division				367,230	-
<b>TEXAS DEPARTMENT OF TRANSPORTATION</b>					
Auto Theft Task Force	N/A	SA-T01-10065-07	889,135	77	-
Auto Theft Task Force	N/A	SA-T01-10065-08	993,728	985,284	-
Auto Theft Task Force	N/A	SA-T01-10065-09	993,728	59,562	-
Highway Planning & Construction - Courtesy Patrol Program	N/A	2007	257,877	19,612	-
Highway Planning & Construction - Courtesy Patrol Program	N/A	2008	267,350	205,849	-
Highway Planning & Construction - Courtesy Patrol Program	N/A	2009	267,350	20,634	-
Total Department of Transportation				1,291,019	-
<b>TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</b>					
AirCheck Texas Repair and Replacement Program	N/A	582-9-90416-18	N/A	6,307,105	6,307,105
Total Texas Commission on Environmental Quality				6,307,105	6,307,105
<b>TEXAS JUVENILE PROBATION COMMISSION</b>					
Diversiory Placement	N/A	TJPC-H-2008-220	880,889	704,728	-
Total Texas Juvenile Probation Commission				704,728	-
<b>TEXAS HEALTH AND HUMAN SERVICES COMMISSION</b>					
Texas Nurse-Family Partnership	N/A	529-08-0110-00007	860,720	15,280	-
Total Texas Health and Human Services Commission				15,280	-
<b>OFFICE OF THE ATTORNEY GENERAL</b>					
Bilingual Victims Assistance Coordinator	N/A	803387	50,000	46,000	-
Bilingual Victims Assistance Coordinator	N/A	803387	50,000	4,301	-
V.I.N.E.-Victim Identification and Notification Everyday	N/A	2008 SAVNS	81,500	81,500	-
Total Office of the Attorney General				131,801	-

Tarrant County, Texas  
 Schedule of Expenditures of Federal and State Awards  
 For the Year Ended September 30, 2008

<u>Federal or State Grantor/ Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Award Amount</u>	<u>Federal/State Expenditures</u>	<u>Federal Amounts Passed-Through to Subrecipients</u>
<b>TEXAS TASK FORCE ON INDIGENT DEFENSE</b>					
Indigent Defense Formula Grant	N/A	212-08-220	766,898	1,508,845	-
Total Texas Task Force on Indigent Defense				1,508,845	-
<b>TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES</b>					
Promoting Safe and Stable Families - CYD Project - FY08	N/A	23362177-FY08-AM02	126,750	96,608	80,588
Promoting Safe and Stable Families - CYD Project - FY09	N/A	23362177-FY09-AM03	125,000	5,646	3,712
Total Texas Department of Family and Protective Services				102,254	84,300
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>				<b>12,893,522</b>	<b>6,942,799</b>
<b>TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE</b>				<b>\$ 69,699,766</b>	<b>\$ 14,790,385</b>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The schedule of expenditures of federal and state awards was prepared on the modified accrual basis of accounting. Amounts reported as expenditures in the accompanying schedule of expenditures of federal and state awards may not agree with the amounts reported in the related federal and state financial reports filed with the grantor agencies because of accruals which would be included in the next report filed with the agency.

**2. COMMODITIES**

The County receives assistance in the form of vaccines from the Department of Health under Program CFDA 93.268. The amount expended from those vaccines during the year ended September 30, 2008 was \$3,409,500 and is included in the Schedule of Expenditures of Federal and State Awards.



# ***TARRANT COUNTY, TEXAS***

## ***COMPREHENSIVE ANNUAL FINANCIAL REPORT***

For the year ended  
September 30, 2008

**TARRANT COUNTY, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Fiscal Year Ended September 30, 2008**



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

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

**TARRANT COUNTY, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED SEPTEMBER 30, 2008  
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**INTRODUCTORY SECTION**



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

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March 16, 2009

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, 2008 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, 2008, 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,

2008, 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 1,780,150 citizens. It is one of the fastest growing urban counties in the United States today.

The Commissioners Court is the general governing body of the County. The Court is made up of the four County Commissioners, each elected from one of the County's four precincts, and the County Judge who is elected countywide and presides over the full Court. The Commissioners and the County Judge are elected to four-year staggered terms. Despite the name, the Commissioners Court is not a judicial court, but is the general governing body of the County. Among the major duties of the Court, the Court is to: 1) Set the tax rate and adopt the County budget; 2) Appoint County officials and hire personnel; 3) Fill elective and appointee vacancies; 4) Establish voting precincts, appoint precinct judges and call County bond elections; 5) Let contracts and authorize payment of all County bills; 6) Build and maintain County roads and bridges; 7) Build, maintain and improve County facilities, including jails; 8) Provide for hospitals, public welfare and veterans assistance; 9) Provide for the data service and archival needs of the County; and 10) Appoint an Administrator to oversee the operations of those departments reporting to the Court.

The County provides those services allowed by the Constitution and Statutes of the State of Texas. Services include, but not limited to, law enforcement, judicial proceedings, probation monitoring services, juvenile services, recording services related to judicial proceedings, public health and welfare, maintaining road and bridges, principally within the unincorporated areas of the County, and other related governmental functions. Tarrant County is also financially accountable for the Tarrant County Hospital District, Mental Health and Mental Retardation Services of Tarrant County, Tarrant County Housing Finance Corporation, Tarrant County Industrial Development Corporation, Tarrant County Cultural Education Facilities Development Corporation, and the Tarrant County Health Facilities Development Corporation, all of which are reported separately within the County's financial statements. Additional information on all these legally separate entities can be found in Note 1.a in the notes to the financial statements.

The annual budget serves as the foundation for the County's financial planning and control. Departmental annual budget requests are submitted to the County Budget Officer during the third quarter of the fiscal year for the upcoming fiscal year to begin October 1. The County Auditor prepares an estimate of available resources for the upcoming fiscal year. The County Budget Officer prepares the proposed annual operating budget to be presented to the Commissioners Court for their consideration. Public hearings are held on the proposed budget. The Commissioners Court must adopt an annual operating budget by a majority vote before September 30. The legal level of budgetary control is at ten categorical levels within each department. Commissioners Court may legally amend the budget. Management must seek approval of Commissioners Court to transfer appropriation between categories, even within the same department. Budget-to-actual comparisons are provided in this report for all budgeted governmental funds. The General Fund and the Road and Bridge Fund comparisons are presented on pages 73-75 as part of the required supplementary information. The other budget comparisons are presented on pages 87-95 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.** While the national economy is struggling and the County's current economic environment is not as favorable as it has been in the past, local indicators point to continued stability. Texas did not have large increases in property values as other states, and therefore is not recognizing large decreases in these values. The major sectors of the County's economic 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 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.

**Dallas Cowboy Stadium:** Arlington was named as the new site of the Dallas Cowboys stadium. In November of 2004, more than 62,000 residents voted yes authorizing the City of Arlington to provide the planning, acquisition, construction and financing for the Dallas Cowboys complex development project. In accordance with the funding and closing agreement, the City of Arlington and the Dallas Cowboys will each pay up to \$325 million for a total project cost of \$650 million. The Cowboys Stadium is anticipated to be completed by the Summer of 2009. The Cowboys will play their first season in Arlington, in the Fall 2009.

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

**Long-term financial planning.** The County issues debt to finance acquisition of personal property, capital renovations and improvements to County facilities. The ad valorem tax rate for the fiscal year 2008 totaled \$.0266500 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, 2008 were \$425,700,240, and total investment earnings on that portfolio were 12,406,779. The average yield on investments was 3.32%.

Uninvested cash in banks is fully collateralized with securities pledged by the depository bank or FDIC deposit insurance. The Federal Reserve 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 2008 to assess the liability associated with general liability and workers' compensation. This study determined the present and future liability of \$10,451,140. 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 postemployment benefits.** The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension

plan in the statewide Texas County and District Retirement System (TCDRS). This is accounted for as an agent multiple-employer defined benefit pension plan.

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCERS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCERS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 10.68% for the months of the accounting year in 2008, and 10.83% for the months of the accounting year in 2007. The contribution rate payable by the employee members for calendar year 2008 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 598 retirees and 186 of their dependents receiving benefits. For the year ended September 30, 2008, the County incurred \$3,024,794 in health insurance premiums and claims while the retirees contributed \$1,692,469. The retirees also pay the entire cost of the dental insurance premiums.

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

**Major Initiatives.** On May 13, 2006, the voters of Tarrant County overwhelmingly approved five bond propositions for a total of \$433,120,000 to fund street, road and bridge improvements, a new jail facility, a new civil courts building, expansion of the juvenile justice facilities, and new medical examiner and crime lab facilities. \$200 million of these bonds, along with matching funds from local municipalities or Texas Department of Transportation, will be used for transportation issues. To date, the County has issued \$242,050,000 for this purpose. During fiscal year 2008, the County issued \$107,480,000 Limited Tax Bonds.

## **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, 2007. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and are submitting it for review to GFOA.

I wish to express my thanks to Commissioners Court and the District Judges for their interest and support in planning and conducting the financial affairs of the County in a responsible and professional manner. The timely completion of this report could not have been achieved without the dedicated efforts of the County Auditor's staff and the professional services provided by our Independent Auditors, Weaver and Tidwell, LLP.

Sincerely,

A handwritten signature in black ink that reads "S. Renee Tidwell". The signature is written in a cursive, flowing style with a large initial "S" and a long, sweeping tail.

S. Renee Tidwell, CPA  
County Auditor

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Tarrant County  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2007

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.



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director



**TARRANT COUNTY, TEXAS  
PRINCIPAL OFFICIALS**

Commissioners Court:

B. Glen Whitley	County Judge
Roy Brooks	Commissioner, Precinct 1
Marti VanRavenswaay	Commissioner, Precinct 2
Gary Fickes	Commissioner, Precinct 3
J. D. Johnson	Commissioner, Precinct 4

Board of District Judges:

Sharen Wilson	Judge, Criminal District Court No. 1
Wayne Salvant	Judge, Criminal District Court No. 2
Elizabeth Berry	Judge, Criminal District Court No. 3
Mike Thomas	Judge, Criminal District Court No. 4
Fred W. Davis	Judge, 17th Judicial District
David Evans	Judge, 48th Judicial District
Don Cosby	Judge, 67th Judicial District
Jeff Walker	Judge, 96th Judicial District
Len Wade	Judge, 141st Judicial District
Ken Curry	Judge, 153rd Judicial District
Louis Sturns	Judge, 213th Judicial District
Randy Catterton	Judge, 231st Judicial District
William Harris	Judge, 233rd Judicial District
Tom Lowe	Judge, 236th Judicial District
Everett Young	Judge, 297th Judicial District
Nancy Berger	Judge, 322nd Judicial District
Jean Hudson Boyd	Judge, 323rd Judicial District
Jerome S. Hennigan	Judge, 324th Judicial District
Judith Wells	Judge, 325th Judicial District
Bob McGrath	Judge, 342nd Judicial District
Dana Womack	Judge, 348th Judicial District
Bonnie Sudderth	Judge, 352nd Judicial District
Debra Lehrmann	Judge, 360th Judicial District
Mollee Westfall	Judge, 371st Judicial District
Scott Wisch	Judge, 372nd Judicial District
George Gallagher	Judge, 396th Judicial District

County Judges:

Sherry Hill	Judge, County Criminal Court No. 1
Michael Mitchell	Judge, County Criminal Court No. 2
Billy Mills	Judge, County Criminal Court No. 3
Deborah Nekhom	Judge, County Criminal Court No. 4
Jamie Cummings	Judge, County Criminal Court No. 5
Molly Jones	Judge, County Criminal Court No. 6
Cheril Hardy	Judge, County Criminal Court No. 7
Daryl Coffey	Judge, County Criminal Court No. 8
Brent Carr	Judge, County Criminal Court No. 9
Phillip Sorrells	Judge, County Criminal Court No. 10
R. Brent Keis	Judge, County Court At Law No. 1
Jennifer Rymell	Judge, County Court At Law No. 2
Vincent G. Sprinkle	Judge, County Court At Law No. 3
Steve M. King	Judge, Probate Court No. 1
Pat Ferchill	Judge, Probate Court No. 2

**TARRANT COUNTY, TEXAS  
PRINCIPAL OFFICIALS**

County Judges: (continued)

Ralph Swearingin	Justice of the Peace, Precinct 1
Linda Davis	Justice of the Peace, Precinct 2
Russ Casey	Justice of the Peace, Precinct 3
Jacquelyn Wright	Justice of the Peace, Precinct 4
Manuel T. Valdez	Justice of the Peace, Precinct 5
Gary Ritchie	Justice of the Peace, Precinct 6
Tom Corbin	Justice of the Peace, Precinct 7
Sidney Thompson	Justice of the Peace, Precinct 8

Law Enforcement:

Dee Anderson	Sheriff
Tim Curry	Criminal District Attorney
Randy Turner*	Chief Juvenile Probation Officer
Tom Plumlee*	Community Supervision & Corrections Director
Jerry Crowder	Constable, Precinct 1
David Harris	Constable, Precinct 2
Zane Hilger	Constable, Precinct 3
Dub Bransom	Constable, Precinct 4
Sergio L. DeLeon	Constable, Precinct 5
Joe Kubes	Constable, Precinct 6
Clint Burgess	Constable, Precinct 7
Chester Lockett	Constable, Precinct 8
Norris Branham*	Domestic Relations Director

Administrative Officials:

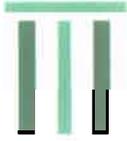
G.K. Maenius*	County Administrator
S. Renee Tidwell*	County Auditor
Betsy Price	Tax Assessor-Collector
Jack Beacham*	Purchasing Agent
Debbie Schneider*	Budget and Risk Management Director
James S. Smith*	Chief Information Officer

Recording Officials:

Suzanne Henderson	County Clerk
Tom Wilder	District Clerk

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

**FINANCIAL SECTION**



WEAVER  
AND  
TIDWELL

LLP

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, 2008, 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, 2008 and September 30, 2008, 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, 2008, 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 March 16, 2009, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain

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429 1999

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AN INDEPENDENT MEMBER OF  
BAKER TILLY  
INTERNATIONAL

OFFICES IN

DALLAS

FORT WORTH

HOUSTON

SAN ANTONIO

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

Page 2

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 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  
March 16, 2009

## 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, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report.

### Financial Highlights

- The assets of the County exceed its liabilities at the close the most recent fiscal year by \$338,526,000 (*net assets*). Of this amount, \$148,129,000 (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 \$24,051,000.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$369,657,000, an increase of \$101,823,000 in comparison with the prior year. Approximately 18 percent of this total amount, \$66,108,000, 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 \$38,347,000, or 13 percent of total general fund expenditures.
- The County's total debt increased by \$81,575,000 (31 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 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, transportation, judicial, and community services. 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, cultural education facilities finance, 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 29-71 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* a budget to actual schedule for general fund and road and bridge fund and information concerning the County's progress in funding its obligation to provide other postemployment benefits to its employees. Required supplementary information can be found on pages 73-78 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds and agency funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 82-103 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 \$338,526,000 at the close of the most recent fiscal year.

A large portion of the County's net assets (56 percent) reflects its investment in capital assets, less any related debt used to acquire those assets still outstanding, 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, 2008			September 30, 2007		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 460,350	\$ 2,881	\$ 463,231	\$ 352,833	\$ 575	\$ 353,408
Internal balance	2,099	(2,099)	-	2,099	(2,099)	-
Capital assets	336,866	5,229	342,095	320,561	5,501	326,062
Total assets	799,315	6,011	805,326	675,493	3,977	679,470
Other Liabilities	53,149	260	53,409	51,481	197	51,678
Long-term liabilities outstanding	413,209	182	413,391	313,203	114	313,317
Total liabilities	466,358	442	466,800	364,684	311	364,995
Net assets:						
Invested in capital assets, net of related debt	185,168	5,229	190,397	195,824	5,501	201,325
Unrestricted	147,789	340	148,129	114,985	(1,835)	113,150
Total net assets	<u>\$ 332,957</u>	<u>\$ 5,569</u>	<u>\$ 338,526</u>	<u>\$ 310,809</u>	<u>\$ 3,666</u>	<u>\$ 314,475</u>

At the end of the current fiscal year, the County is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its governmental activities. The same situation held true for the prior year. However, the business-type activities had a positive balance overall, but a negative unrestricted net asset balance due to its investment in capital assets.

The County's net assets increased by \$24,051,000 during the current fiscal year. This increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses. Expenses increased 13 percent with the largest percentage increases was in transportation, community services, and interest and fiscal charges. Revenues increased 9 percent, with program revenues increasing 13 percent, taxes increasing 7 percent, and other revenue increasing 95 percent.

**Governmental activities.** Governmental activities increased the County's net assets by \$22,148,000, thereby accounting for 92 percent of the total growth in the net assets of the County. A key element of this increase was property tax revenue that increased by \$20,983,000, or 7 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.

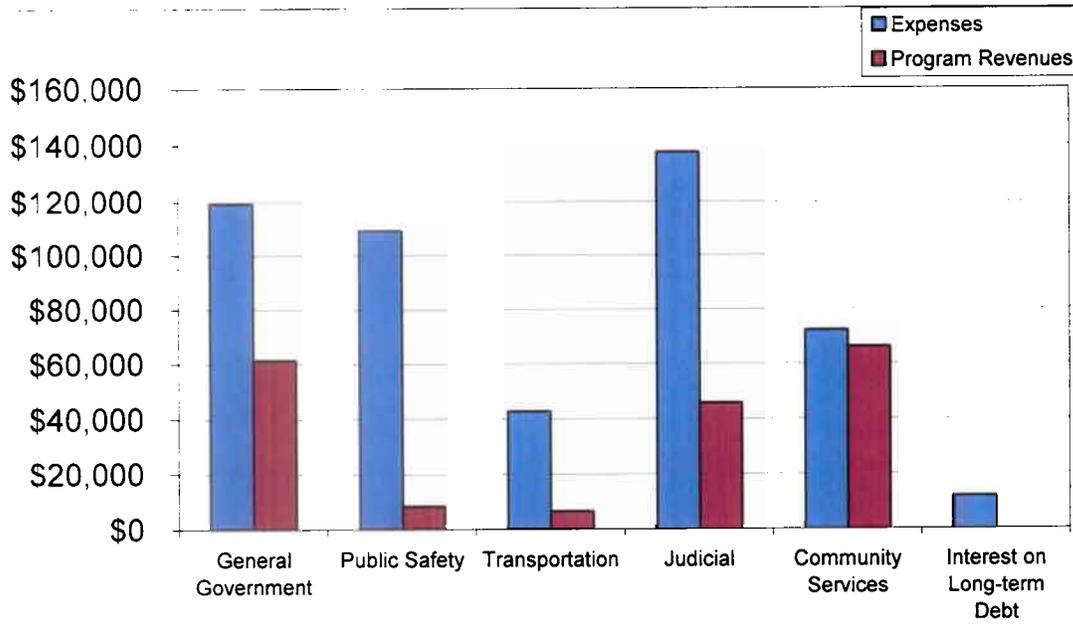
## Tarrant County's Changes in Net Assets

(Amounts in thousands)

	For the year ended Sept. 30, 2008			For the year ended Sept. 30, 2007		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Fees, fines and charges for for services	\$ 104,965	\$ 4,940	\$ 109,905	\$ 98,334	\$ 2,662	\$ 100,996
Operating grants and contributions	76,291		76,291	62,090		62,090
Capital grants and contributions	6,740		6,740	7,512		7,512
General revenues:						
Taxes	303,474		303,474	282,491		282,491
Alcoholic beverage taxes	6,023		6,023	6,154		6,154
Investment earnings	12,287	40	12,327	15,834	13	15,847
Other	4,751		4,751	2,432		2,432
Total revenues	<u>514,531</u>	<u>4,980</u>	<u>519,511</u>	<u>474,847</u>	<u>2,675</u>	<u>477,522</u>
Expenses:						
General government	119,234		119,234	105,708		105,708
Public safety	109,282		109,282	99,860		99,860
Transportation	42,741		42,741	33,753		33,753
Judicial	137,287		137,287	124,066		124,066
Community services	72,088		72,088	62,437		62,437
Interest and fiscal charges	11,751		11,751	9,529		9,529
Resource Connection		3,077	3,077		2,854	2,854
Total expenses	<u>492,383</u>	<u>3,077</u>	<u>495,460</u>	<u>435,353</u>	<u>2,854</u>	<u>438,207</u>
Increase in net assets	22,148	1,903	24,051	39,494	(179)	39,315
Net assets-beginning	<u>310,809</u>	<u>3,666</u>	<u>314,475</u>	<u>271,315</u>	<u>3,845</u>	<u>275,160</u>
Net assets-ending	<u>\$ 332,957</u>	<u>\$ 5,569</u>	<u>\$ 338,526</u>	<u>\$ 310,809</u>	<u>\$ 3,666</u>	<u>\$ 314,475</u>

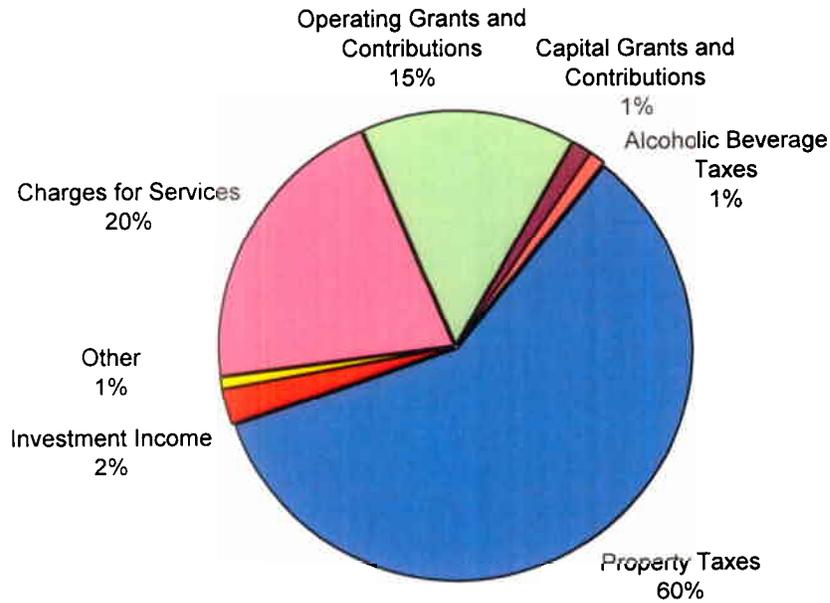
### Expenses and Program Revenues – Governmental Activities

(Amounts in thousands)



### Revenues by Source – Governmental Activities

(Amounts in thousands)



**Business-type activities.** Business-type activities increased \$1,903,000. A key element of this increase was the authorization of gas pipeline easement and oil and gas lease, which included a signing bonus along with royalties. These funds will be used to fund capital projects and purchases.

## 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 \$369,657,000 an increase of \$101,823,000 in comparison with the prior year. Approximately 18% of this total amount, \$66,108,000, 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 \$50,389,000, 2) to pay debt service \$492,000, 3) for capital projects \$243,413,000 or 4) for a variety of other restricted purposes \$9,255,000.

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 \$38,347,000, while total fund balance reached \$47,673,000. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 13 percent of total general fund expenditures, while total fund balance represents 16 percent of that same amount.

The fund balance of the County's general fund decreased by \$5,831,000 during the current fiscal year. Key factors in this growth is as follows:

- 7.2% increase in expenditures.
- Only 5% increase in revenues. The decrease in investment income due to declining interest rates was a significant factor.

The road and bridge fund accounts for monies designated for the acquisition, construction and maintenance of county roads and bridges. The fund has a total fund balance of \$12,076,000 of which only \$4,740,000 is reserved for encumbrances and prepaid items. The fund balance decreased \$3,659,000, due to the several major state right of way acquisitions.

The debt service fund has a total fund balance of \$492,000, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt service was \$528,000, due to the policy of not retaining excess debt service funds. The County approved a property tax for debt service at the beginning of the current fiscal year. This tax produced revenues of \$36,375,000 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 \$5,569,000. The total increase in net assets for the fund was \$1,903,000. A key element of this increase was the authorization of gas pipeline easement and oil and gas lease, which included a signing bonus along with royalties. These funds will be used to fund capital projects and purchases.

## **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. There were no large transfers. Many of the transfers were to transfer court costs amongst the numerous courts.

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 \$16,000,000, contingency of \$1,000,000 and undesignated balance of \$5,014,627.
- Several departments expenses were less than budgeted for building operations, information technology operations and jail operations.
- While investment income was less than anticipated, taxes and fees of office revenues were greater than budgeted due to an increase in property values and County Clerk fees from property deed certified copies.

## **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, 2008 amount to \$342,095,000 net of accumulated depreciation. This investment in capital assets includes land, buildings, equipment, roads and bridges and construction in progress. The total increase in the County's investment in capital assets for the current fiscal year was \$16,033,000.

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

- Completion of a new sub-courthouse
- Completed expansion of a sub-courthouse
- Continued development of criminal justice software
- Design process for the construction of new jail facility, civil courts building, and medical examiner facilities.

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, 2008			September 30, 2007		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 52,336	\$ 2,071	\$ 54,407	\$ 49,604	\$ 2,071	\$ 51,675
Buildings and improvements	194,635	3,076	197,711	177,342	3,354	180,696
Fixed equipment	36,149	68	36,217	36,333	61	36,394
Infrastructure	44,673	14	44,687	40,636	15	40,651
Construction in progress	9,073	-	9,073	16,646	-	16,646
Total	\$ 336,866	\$ 5,229	\$ 342,095	\$ 320,561	\$ 5,501	\$ 326,062

**Long-term debt.** At the end of the current fiscal year, the County had total bonded debt outstanding of \$346,495,000. All of this debt represents bonds secured solely on future tax revenue.

## Tarrant County's Outstanding Debt

(Amounts in thousands)

	Governmental Activities	Governmental Activities
	2008	2007
General Obligation	\$ 256,390	\$ 155,290
Certificates of Obligation	-	4,015
Limited Tax Refunding Bonds	68,610	75,465
Non Taxable Tax Notes	21,495	30,150
Total	\$ 346,495	\$ 264,920

The County's total debt increased by a net \$81,575,000 or 31 percent during the current fiscal year. This reflects the issuance of \$107,480,000 and principal reduction of \$25,905,000.

On May 13, 2006, the voters of Tarrant County overwhelmingly approved five bond propositions for a total of \$433,120,000 to fund street, road and bridge improvements, a new jail facility, a new county/district courts building, expansion of the juvenile justice facilities, and new medical examiner and crime lab facilities. The County issued \$242,050,000 Limited Tax Bonds for this purpose. \$200 million of these bonds, along with matching funds from local municipalities or Texas Department of Transportation, will be used for transportation issues. On March 7, 2006, the Tarrant County Commissioners Court approved a resolution expressing its intent to be fiscally responsible in the issuance of these bonds. The intent is to only issue bonds if the County has the capacity to repay the bonds without a tax increase.

The County maintains an "AAA" rating from Standard and Poor's and an Aaa rating from Moody's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total assessed valuation. The current debt limitation for the County is \$5,696,507,000, 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.

- In September, the unemployment rate increased for Tarrant County to 5.1 percent, compared to the prior year of 4.3 percent. This is comparable to the state's increase in average unemployment rate of 5.2 percent from 4.4 percent a year ago.
- Continued increase in the tax rolls in Tarrant County, due to both new construction and increase in values.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for 2009 fiscal year.

During the 2008 fiscal year, unreserved fund balance in the general fund decreased to \$38,347,000. The County has appropriated \$36,670,820 of this amount for spending in the 2009 fiscal year budget. This available fund balance enabled the County to decrease its tax rate for the 2009 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, 2008 (AMOUNTS IN THOUSANDS)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and investments	\$ 398,646	\$ 2,668	\$ 401,314
Taxes receivable, net of allowance for uncollectibles	12,407		12,407
Other receivables, net of allowance for uncollectibles	45,437	209	45,646
Internal balance	2,099	(2,099)	-
Due from other governments			
Prepaid expenses and inventory	2,869	4	2,873
Deferred charges	991		991
Restricted assets			
Assets limited to use			
Capital assets, net			
Not subject to depreciation	61,409	2,071	63,480
Subject to depreciation	275,457	3,158	278,615
	<u>799,315</u>	<u>6,011</u>	<u>805,326</u>
<u>LIABILITIES</u>			
Accounts payable	15,248	200	15,448
Accrued interest payable	2,699		2,699
Other liabilities	15,129	32	15,161
Unearned revenue	20,073	28	20,101
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences payable	24,266	182	24,448
Capital lease			
Bonds & notes payable	24,285		24,285
Other noncurrent liabilities	3,473		3,473
Portion due or payable after one year:			
Compensated absences payable	10,127		10,127
Capital lease			
Bonds and notes payable	332,602		332,602
Other noncurrent liabilities	18,456		18,456
	<u>466,358</u>	<u>442</u>	<u>466,800</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	185,168	5,229	190,397
Restricted:			
Capital projects			
Debt service			
Other endowments & contributions			
Unrestricted	147,789	340	148,129
	<u>147,789</u>	<u>340</u>	<u>148,129</u>
Total net assets	<u>\$ 332,957</u>	<u>\$ 5,569</u>	<u>\$ 338,526</u>

See accompanying notes to the financial statements.

Component Units	
Tarrant County Hospital District	MHMR of Tarrant County
\$ 215,269	\$ 15,543
3,761	
39,917	1,484
10,501	5,657
21,927	1,771
	33
10,023	
173,863	
47,527	1,100
261,225	6,603
<u>784,013</u>	<u>32,191</u>
44,345	1,414
	19
23,978	3,038
	357
	1,851
836	101
1,940	410
5,274	896
2,602	54
62,832	1,505
5,190	
<u>146,997</u>	<u>9,645</u>
186,565	5,633
1,072	
4,357	
11,732	
378,009	16,913
<u>\$ 637,016</u>	<u>\$ 22,546</u>

TARRANT COUNTY, TEXAS

STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008 (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	\$ 119,234	\$ 53,905	\$ 7,443	
Public safety	109,282	4,532	3,707	\$ 136
Transportation support	42,741		49	6,597
Judicial	137,287	33,104	12,579	7
Community services	72,088	13,424	52,513	
Interest and fiscal charges	11,751			
Total governmental activities	492,383	104,965	76,291	6,740
Business-type:				
Resource Connection	3,077	4,940		
Total primary government	<u>\$ 495,460</u>	<u>\$ 109,905</u>	<u>\$ 76,291</u>	<u>\$ 6,740</u>
Component units				
Tarrant County Hospital District	\$ 583,242	\$ 216,337	\$ 111,490	
MHMR of Tarrant County	81,616	21,287	58,685	
	<u>\$ 664,858</u>	<u>\$ 237,624</u>	<u>\$ 170,175</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

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Tarrant County Hospital District	MHMR of Tarrant County
\$ (57,886)		\$ (57,886)		
(100,907)		(100,907)		
(36,095)		(36,095)		
(91,597)		(91,597)		
(6,151)		(6,151)		
(11,751)		(11,751)		
(304,387)		(304,387)		
	\$ 1,863	1,863		
\$ (304,387)	\$ 1,863	\$ (302,524)	\$ -	\$ -
			\$ (255,415)	
				\$ (1,644)
			\$ (255,415)	\$ (1,644)
303,474		303,474	257,960	
6,023		6,023		
12,287	40	12,327	22,062	538
4,751		4,751	38,919	1,118
326,535	40	326,575	318,941	1,656
22,148	1,903	24,051	63,526	12
310,809	3,666	314,475	573,490	22,534
\$ 332,957	\$ 5,569	\$ 338,526	\$ 637,016	\$ 22,546

TARRANT COUNTY, TEXAS

BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2008 (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	\$ 43,644	\$ 11,005	\$ 1,125	\$ 288,046
Receivables				
Taxes, net of allowance for uncollectibles	10,735	9	1,663	
Other receivables, net of allowance for uncollectibles	21,331	1,737		1
Due from other funds	9,285			
Advance to proprietary fund				2,099
Supplies and prepaid items	761	788		
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 85,756</u>	<u>\$ 13,539</u>	<u>\$ 2,788</u>	<u>\$ 290,146</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ 6,359	\$ 1,134		\$ 3,156
Other liabilities	9,110	320	\$ 633	29
Due to other funds				
Deferred revenue	<u>22,614</u>	<u>9</u>	<u>1,663</u>	<u>98</u>
Total liabilities	38,083	1,463	2,296	3,283
 FUND BALANCES:				
Reserved:				
For debt service			492	
For capital projects				243,413
For encumbrances	2,995	3,952		41,351
For supplies and prepaid items	761	788		
For long term receivable	5,570			2,099
Unreserved, report in:				
General fund	38,347			
Road and Bridge fund		7,336		
Other Special revenue				
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total equity	<u>47,673</u>	<u>12,076</u>	<u>492</u>	<u>286,863</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 85,756</u>	<u>\$ 13,539</u>	<u>\$ 2,788</u>	<u>\$ 290,146</u>

See accompanying notes to the financial statements.

<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 11,307	\$ 24,999	\$ 380,126
		12,407
20,257	1,769	45,095
		9,285
		2,099
1,283	37	2,869
<u>\$ 32,847</u>	<u>\$ 26,805</u>	<u>\$ 451,881</u>
\$ 3,686	\$ 615	\$ 14,950
916	2,637	13,645
8,285	1,000	9,285
19,960		44,344
32,847	4,252	82,224
		492
		243,413
	2,091	50,389
	37	1,586
		7,669
		38,347
		7,336
	20,425	20,425
-	22,553	369,657
<u>\$ 32,847</u>	<u>\$ 26,805</u>	<u>\$ 451,881</u>

TARRANT COUNTY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS FUND BALANCE  
TO GOVERNMENTAL ACTIVITIES NET ASSETS  
SEPTEMBER 30, 2008 (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)	\$ 369,657
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	336,866
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	24,286
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.	6,614
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>(404,466)</u>
Net assets of governmental activities (page 14)	<u>\$ 332,957</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, 2008 (AMOUNTS IN THOUSANDS)

	General	Road and Bridge	Debt Service	Capital Projects
REVENUES:				
Taxes, licenses and permits	\$ 264,202	\$ 1	\$ 36,375	
Fees of office	38,255	23,803		
Intergovernmental	16,003	48		\$ 394
Investment income	3,807	401	468	5,872
Other revenues	11,669	341		1,346
Total revenues	333,936	24,594	36,843	7,612
EXPENDITURES:				
Current:				
General government	83,185	2,070		
Public safety	98,724			
Transportation support		29,376		
Judicial	117,868			
Community services	5,849			
Capital outlay	278			42,553
Debt service:				
Principal payments			25,905	
Interest and fiscal charges			11,469	
Total expenditures	305,904	31,446	37,374	42,553
Excess (deficiency) of revenues over (under) expenditures	28,032	(6,852)	(531)	(34,941)
OTHER FINANCING SOURCES (USES):				
Transfers in	983	3,193	3	31,653
Transfers out	(34,846)			(3)
Issuance of debt				107,480
Premium on new debt				5,422
Discount on new debt				(571)
Total other financing sources (uses)	(33,863)	3,193	3	143,981
Change in fund balance	(5,831)	(3,659)	(528)	109,040
FUND BALANCES, beginning of year	53,504	15,735	1,020	177,823
FUND BALANCES, end of year	<u>\$ 47,673</u>	<u>\$ 12,076</u>	<u>\$ 492</u>	<u>\$ 286,863</u>

See accompanying notes to the financial statements.

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<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	\$ 109	\$ 300,687
\$ 984	11,565	74,607
72,329	11,232	100,006
352	1,387	12,287
1,284	2,927	17,567
<u>74,949</u>	<u>27,220</u>	<u>505,154</u>
6,609	7,002	98,866
2,846	1,106	102,676
		29,376
10,027	4,605	132,500
49,609	10,680	66,138
5,051	1,195	49,077
		25,905
		<u>11,469</u>
<u>74,142</u>	<u>24,588</u>	<u>516,007</u>
807	2,632	(10,853)
5,909	1,210	42,951
(6,716)	(1,041)	(42,606)
		107,480
		5,422
		<u>(571)</u>
<u>(807)</u>	<u>169</u>	<u>112,676</u>
-	2,801	101,823
-	19,752	267,834
<u>\$ -</u>	<u>\$ 22,553</u>	<u>\$ 369,657</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, 2008 (AMOUNTS IN THOUSANDS)

---

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

Net change in fund balances--total governmental funds (pages 22-23)	\$ 101,823
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)	9,820
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. (Note 2)	6,485
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,683
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)	(86,172)
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)	(12,943)
The change in net assets of certain activities of internal service funds is reported with governmental activities.	<u>1,452</u>
Change in net assets of governmental activities (pages 16-17)	<u>\$ 22,148</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 SEPTEMBER 30, 2008 (AMOUNTS IN THOUSANDS)

	<u>Business-type Activities- Enterprise</u>	<u>Governmental Activities- Internal Service</u>
<u>ASSETS</u>		
Current assets:		
Cash and investments	\$ 2,668	\$ 18,520
Other receivables, net of allowance for uncollectibles	209	342
Prepaid expenses and inventory	4	
Total current assets	<u>2,881</u>	<u>18,862</u>
Noncurrent assets:		
Capital assets		
Land	2,071	
Building and improvements, net	3,076	
Equipment, net	68	
Infrastructure, net	14	
Total noncurrent assets	<u>5,229</u>	<u>-</u>
Total assets	<u>8,110</u>	<u>18,862</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	200	298
Other liabilities	32	4,957
Deferred revenue	28	15
Compensated absences payable	182	
Total current liabilities	<u>442</u>	<u>5,270</u>
Noncurrent liabilities:		
Other noncurrent liabilities		6,978
Long term advance from governmental fund	2,099	
Total noncurrent liabilities	<u>2,099</u>	<u>6,978</u>
Total liabilities	<u>2,541</u>	<u>12,248</u>
<u>NET ASSETS</u>		
Invested in capital assets	5,229	
Unrestricted	340	6,614
Total net assets	<u>\$ 5,569</u>	<u>\$ 6,614</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, 2008 (AMOUNTS IN THOUSANDS)

	Business-type Activities- Enterprise	Governmental Activities- Internal Service
	<u>Enterprise</u>	<u>Service</u>
OPERATING REVENUES:		
Building rental	\$ 2,778	
User fees		\$ 12,253
County contributions		41,624
Other revenues	<u>2,162</u>	<u>1,109</u>
Total operating revenues	4,940	54,986
OPERATING EXPENSES		
Personnel	1,301	
Building and equipment	1,404	59
Depreciation and amortization	310	
Self insurance claims		27,685
Insurance premiums	17	23,441
Other expenses	<u>45</u>	<u>2,555</u>
Total operating expenses	<u>3,077</u>	<u>53,740</u>
Operating income	1,863	1,246
NONOPERATING REVENUES:		
Investment income	<u>40</u>	<u>551</u>
Total nonoperating revenues	<u>40</u>	<u>551</u>
Income before transfers	1,903	1,797
Transfers out		<u>(345)</u>
Change in net assets	1,903	1,452
Total net assets - beginning	<u>3,666</u>	<u>5,162</u>
Total net assets - ending	<u>\$ 5,569</u>	<u>\$ 6,614</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008 (AMOUNTS IN THOUSANDS)

	Business-type Activities- Enterprise	Governmental Activities- Internal Service
OPERATING ACTIVITIES:		
Receipts from customers	\$ 5,020	\$ 55,073
Payments to suppliers	(1,442)	
Payments on behalf of employees		(52,590)
Payments to employees	<u>(1,223)</u>	
Net cash flows provided by operating activities	2,355	2,483
INVESTING ACTIVITIES:		
Investment income	<u>40</u>	<u>551</u>
Net cash flows provided by investing activities	40	551
NONCAPITAL FINANCING ACTIVITIES:		
Transfers out		<u>(345)</u>
Net cash flows used in noncapital financing activities	-	(345)
CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	<u>(38)</u>	
Net cash flows provided by (used in) capital and related financial activities	(38)	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,357	2,689
CASH AND CASH EQUIVALENTS, beginning of year	<u>311</u>	<u>15,831</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,668</u>	<u>\$ 18,520</u>
Reconciliation of operating income to net cash provided by operating activities:		
Income from operations	\$ 1,863	\$ 1,246
Net cash provided by operating activities:		
Depreciation & amortization	310	
Changes in assets and liabilities:		
Supplies & prepaid items	(1)	
Other receivables	52	86
Accounts payable	25	(202)
Other liabilities	10	1,352
Deferred revenue	28	1
Compensated absences	<u>68</u>	
Net cash flows provided by operating activities	<u>\$ 2,355</u>	<u>\$ 2,483</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2008 (AMOUNTS IN THOUSANDS)

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ASSETS

Current assets:

Cash and investments	\$	37,811
Other receivables		128,458
Restricted asset		<u>54,242</u>

TOTAL ASSETS	\$	<u>220,511</u>
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LIABILITIES

Current liabilities:

Accounts Payable	\$	1
Due to third parties		<u>220,510</u>

TOTAL LIABILITIES	\$	<u>220,511</u>
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See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008

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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 Partners Together for Health as component units within the reporting entity.

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, 2008, and include total assets, excluding receivables from affiliates, of \$10,562,000 and total liabilities, excluding payables to affiliates, of \$4,101,000. JPSPG's excess of revenues over expenses totaled approximately \$6,943,000 for the year ended September 30, 2008.

Partners Together for Health, formerly Tarrant County Hospital District Charitable Health Foundation, was formed August 4, 1997, solely to support and benefit scientific, educational, and charitable activities conducted by TCHD. Partners is a nonprofit organization whose purpose is to perform services on behalf of TCHD, including organizing fundraising activities, providing patient assistance programs, participating in recruiting functions, and conducting administrative services. The financial statements of Partners are blended with the TCHD for the year ended September 30, 2008, and include total assets, excluding receivables from affiliates, of \$11,161,000 and total liabilities, excluding payables to affiliates, of \$237,000. Partners's excess of revenues over expenses totaled approximately \$857,000 for the year ended September 30, 2008.

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, 2008. All debt issued through TCHFDC was conduit debt (see Note 6). TCHFDC had no other operations.

The Tarrant County Cultural Education Facilities Finance Corporation ("TCCEFFC") is governed by a board of directors, which the County Commissioners Court may appoint and remove at will. TCCEFFC has no material balance sheet or results of operations as of and for the year ended September 30, 2008. All debt issued through TCCEFFC was conduit debt (see Note 6). TCCEFFC had no other operations.

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

TCHD  
1500 S. Main  
Fort Worth, Texas 76104

MHMRTC  
3840 Hulen Street  
Fort Worth, Texas 76107

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

**(b) Basis of Presentation**

GOVERNMENT-WIDE STATEMENTS

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

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

FUND FINANCIAL STATEMENTS

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

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

The County reports the following major governmental funds:

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

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

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

Capital Projects Fund – The Capital Projects Fund accounts for the financial resources to be used for the acquisition and/or construction of facilities, equipment and infrastructure for the County.

Grants Fund – The Grants Fund accounts for the activities conducted under the many grant agreements between the County and various state and federal organizations.

The County reports the following proprietary funds:

Resource Connection – The Resource Connection fund accounts for the activities of the Resource Connection, a 15-building, one-stop center providing employment, education, health and human services programs to clients through state and local governmental agencies and non-profit organizations. The County is the owner/landowner of the property and leases space to the various entities. The Resource Connection has a permanent gas pipeline easement and oil and gas lease agreement. These proceeds will be used to finance capital improvements and capital purchases for the Resource Connection.

Internal Service Funds – These funds account for the County’s self-insurance programs - general liability, workers’ compensation, and employee benefits 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. They include the Payroll Clearing fund for payroll deductions and the Fee Office fund for moneys in the custody of the fee office of the County.

**(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, unless they conflict with or contradict GASB pronouncements.

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, 2008 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 supply items, are stated at cost determined on either current acquisition or last acquisition cost.

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government wide and fund financial statements.

**(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 meet debt covenant requirements, increase access to health care within the community, to satisfy self-insurance liabilities and

to fund future expansion. Assets available to satisfy current liabilities for self-insurance and debt service have been classified as current assets in the accompanying balance sheet.

On October 12, 2006 the TCHD Board designated that the healthcare fund be increased to \$120,200,000 to preserve funds necessary to meet days cash on hand requirements in accordance with current debt covenants. In addition, an additional \$29,400,000 was designated to fund future facility renovations.

**(i) Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads and bridges), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements at cost. The County defines capital assets as assets with an individual cost of more than \$5,000 and an estimated useful life greater than 1 year. MHMRTC defines capital assets as assets with an individual value of more than \$1,000 and an estimated useful life greater than 3 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

**(j) Deferred Revenue**

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

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

**(k) Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental

activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**(l) Compensated Absences**

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of accumulated earned but unpaid vacation and sick pay benefits. Vacation pay is accrued, to a maximum of amount of twice the employee's current accrual rate, 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 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 \$0.2665 (\$0.234866 for the maintenance and operations and \$0.031634 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 during the fiscal year.

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 to TCHD, and are due each year on October 1, based on assessed property values on the preceding May 1. Ad valorem tax revenue, net of provisions for estimated uncollectible taxes, is recognized under the accrual basis of accounting, which results in the recognition of this revenue when assessed, subject to a reserve for uncollectible taxes. Management calculates an estimate of the unpaid tax levy deemed uncollectible within the next three years. The balance of the unpaid levy is reserved as uncollectible.

TCHD ad valorem tax rate was \$0.22858838 per \$100 valuation for the maintenance and operation fund in 2008 and \$0.00180862 per \$100 valuation for the interest and sinking fund in 2008.

**(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. Net patient service revenue decreased approximately \$1,000,000 in 2008 as a result of final settlements related to open cost report appeals.

The composition of net patient service revenue for the year ended September 30, 2008 follows (in thousands):

	<b>2008</b>
Patient services provided:	
Inpatient services	\$ 824,782
Outpatient services	755,254
	<u>1,580,036</u>
Charges forgone for charity care	519,811
Patient service revenue	<u>1,060,225</u>
Deductions from revenue for contractual allowances	587,435
Net patient service revenue	<u>472,790</u>
Provision for bad debts	<u>256,453</u>
Total net patient service revenue	<u><u>\$ 216,337</u></u>

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

Net patient service revenue of \$216,337,000 for the year ended September 30, 2008 consists of amounts from the Medicare and Medicaid programs of approximately 56%. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may 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 2006, except for the year ended September 30, 2004, have been audited and settled as of September 30, 2008. Medicaid cost reports have been audited and settled for all years before 2004 as of September 30, 2008.

**(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, 2008 the TCHD received approximately \$10,300,000 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 to employees; doctors' malpractice; and natural disasters. During fiscal 2008 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 \$404,466 difference are as follows (in thousands):

Bonds payable	\$ 346,495
Less: Deferred charge on refunding (to be amortized as interest expense)	(777)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	(991)
Less: Issuance discount (to be amortized as interest expense)	(1,235)
Plus: Premium on refunding (to be amortized as interest expense)	12,404
Accrued interest payable	2,699
Compensated absences	34,393
Other postemployment benefits liability	<u>11,478</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u><u>\$ 404,466</u></u>

**(b) Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$9,820 difference are as follows (in thousands):

Capital outlay	\$ 31,545
Depreciation expense	<u>(21,725)</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ 9,820</u></u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net assets.” The details of this \$6,485 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.	\$ (112)
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>6,597</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>\$ 6,485</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 \$86,172 difference are as follows (in thousands):

Debt issued or incurred:	
Issuance of general obligation notes	\$ 107,480
Plus premium	5,422
Less discount	(571)
Issuance cost	(254)
Principal repayments:	
General obligation debt	(6,380)
Certificates of obligation debt	(4,015)
Limited tax refund debt	(6,855)
Non-taxable tax notes	<u>(8,655)</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>\$ 86,172</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 \$12,943 difference are as follows (in thousands):

Compensated absences	\$ (1,861)
Other postemployment benefits	(11,478)
Amortization of deferred charge on refunding	(119)
Amortization of issuance costs	(95)
Amortization of bond discounts	(73)
Amortization of bond premiums	<u>683</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ (12,943)</u></u>

### 3. CASH AND INVESTMENTS

#### Cash

At year-end, the County’s carrying amount of cash (including restricted assets in the fiduciary funds) was \$73,562,426 and the bank balance was \$70,671,053, 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 \$6,900,000 and the bank balance was \$11,100,000. Of the bank balance, \$11,100,000 was covered by Federal Depository Insurance Corporation and securities pledged in the TCHD’s name. Custodial risk is the risk that in the event of a bank failure, the TCHD’s deposit may not be returned to it. As a result of the pledging of additional securities by the custodian bank in the TCHD’s name, the TCHD does not have any custodial risk at September 30, 2008.

On August 31, 2008, MHMRTC’s carrying amount of cash and cash equivalents was \$804,177 all of which was covered by Federal Depository Insurance Corporation or by collateral held by MHMRTC, its agent or by pledging financial institution’s trust department or agent in MHMRTC’s name.

#### Investments

##### County

As of September 30, 2008, the County had the following investments and maturities (amounts in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted average Maturity (days)</u>	<u>% of total Portfolio</u>
Chase Certificate of Deposit	\$ 9,008	169	2.1%
Chase Savings	11,051	0	2.6%
Investment Pools:			
LOGIC	10,251	75	2.4%
Texpool	101,532	81	24.2%
MBIA	10,734	40	2.6%
Texstar	20,385	79	4.9%
Lone Star	<u>145,716</u>	49	<u>34.7%</u>
Total investment pools	288,618		68.8%

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted average Maturity (days)</u>	<u>% of total Portfolio</u>
U.S. government sponsored entities, debt securities			
FHLB	40,257	247	9.6%
FNMA	11,754	267	2.8%
FHLMC	59,117	181	14.1%
Total securities	111,128		26.5%
Total Investments	\$ 419,805	104	100%

Investments are stated at fair value, including the investments in LOGIC, Texpool, MBIA, Texstar, and Lone Star, investment pools. The fair value of the County's investments in these pools is the same as the value of pool shares. All external investment pools in which the County participates have a credit quality rating of "AAA".

Regulatory oversight for the operations of these external investment pools is found in the Public Funds Investment Act of the State of Texas. Required oversight for pools includes compliance with investment guidelines, annual independent audits and the establishment of oversight boards.

*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, (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 and 3) investments with final stated maturities beyond five years are prohibited in the Capital Projects Fund portfolio.

*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. All external investment pools in which the County participates have a credit quality rating of "AAA" by Standard and Poors or Fitch.

*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, 2008 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	\$ 12,591	0.00
Investment Pools	103,069	0.11
Certificates of Deposit	151,500	0.37
Discount Notes	296	0.28
Corporate Obligations	444	0.20
Municipal Bonds	300	14.67
U.S. Treasury Notes	155	1.14
U.S. Government sponsored entities, debt securities	<u>130,800</u>	3.16
Total Fair Value of Investments	399,155	
Amounts classified as current investments	(126,500)	
Amounts classified as Cash and Cash equivalents	<u>(98,792)</u>	
Amounts classified as Assets Limited as to Use	\$ 173,863	
Portfolio weighted average maturity		1.21

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

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

TCHD also invests in the Texas Local Government Investment Pool ("TexPool"), a public funds investment pool created by the Treasurer of the state of Texas acting by and through the Texas Treasury Safekeeping Trust Company, is empowered to invest funds and act as a custodian of investments purchased with TCHD investment funds. TCHD has an undivided beneficial interest in the pool of assets held by TexPool. These investments and deposits are fully insured by federal depository insurance or collateralized by securities held in the name of Texas Treasury Safekeeping Trust Company, the entity that created TexPool. Authorized investments include obligations of the United States or its agencies, direct obligations of the state of Texas or its agencies, certificates of deposit, and repurchase agreements. The fair value of the position in these pools is the same as the value of the shares in each pool. TexPool is rated as an AAA money market fund by Standard & Poor's

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

Mortgage Corporation, and Federal Farm Credit Bank obligations, at 21.7%, 46.4%, 18.5%, and 9.5%, 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 \$130,800,000 investment in U.S. Treasury Notes and debt securities of U.S. Government sponsored entities, \$115,100,000 are held in a safekeeping account. The remaining \$15,700,000 are held in various trust accounts. Interest and other income are detailed in the following table (amounts in thousands):

Interest income	\$ 19,326
Unrealized gain on investments	<u>2,064</u>
Total interest income	21,390
Other income	400
Interest expense	<u>504</u>
Total interest and other income	<u>\$ 22,294</u>

#### MHMRTC

At August 31, 2008, MHMRTC had the following investments (in thousands):

<u>Type of Investment</u>	<u>Fair Value/ Carrying amount</u>	<u>Cost</u>	<u>Credit Rating (1)</u>	<u>Weighted Average Days to Maturity (2)</u>
Texas Local Government				
Investment Pool (TexPool)	\$ 9,566	\$ 9,566	AAA	Not available
JP Morgan Chase				
Certificate of deposit	<u>5,173</u>	<u>5,173</u>	Exempt	11
Total Investments	<u>\$ 14,739</u>	<u>\$ 14,739</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 certificates 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 a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent. During the year ended August 31, 2008, 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
JP Morgan Chase Bank Certificate of Deposit	\$ 5,173	35.1%

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

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

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

	Primary Government	Component Units
Cash:		
County	\$ 73,562	
TCHD		\$ 215,269
MHMRTC		804
TCHD - restricted		10,023
Investments:		
County	419,805	
MHMRTC		14,739
TCHD - assets limited as to use		173,863
Total	<u>\$ 493,367</u>	<u>414,698</u>
Cash and investments per		
Statement of Net Assets:		
Unrestricted	\$ 401,314	\$ 230,812
Restricted		10,023
Assets limited as to use		173,863
Cash and investments per		
Statement of Fiduciary Net Assets:		
Unrestricted	37,811	
Restricted	54,242	
Total	<u>\$ 493,367</u>	<u>\$ 414,698</u>

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

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

	General	Road and Bridge	Debt Service	Total	TCHD
Taxes receivable	\$ 20,695	\$ 23	\$ 3,644	\$ 24,362	\$ 12,019
Allowance for uncollectibles	<u>(9,960)</u>	<u>(14)</u>	<u>(1,981)</u>	<u>(11,955)</u>	<u>(8,258)</u>
Net taxes receivable	<u>\$ 10,735</u>	<u>\$ 9</u>	<u>\$ 1,663</u>	<u>\$ 12,407</u>	<u>\$ 3,761</u>

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

Governmental Activities	General	Road and Bridge	Capital Projects	Other Governmental		
				Grants	Funds	Total
Accounts receivable	\$ 45,745	\$ 1,737	\$ 1	\$ 20,257	\$ 1,769	\$ 69,509
Long-term accounts receivable	5,770					5,770
Allowance for uncollectible	<u>(30,184)</u>					<u>(30,184)</u>
Net accounts receivable	<u>\$ 21,331</u>	<u>\$ 1,737</u>	<u>\$ 1</u>	<u>\$ 20,257</u>	<u>\$ 1,769</u>	<u>\$ 45,095</u>
<b>Business-type Activities</b>				<b>Enterprise</b>	<b>Internal Service</b>	<b>Total</b>
Accounts receivable				\$ 209	\$ 342	\$ 551
Allowance for uncollectible						
Net accounts receivable				<u>\$ 209</u>	<u>\$ 342</u>	<u>\$ 551</u>
<b>Component Units</b>				<b>TCHD</b>	<b>MHMRTC</b>	<b>Total</b>
Accounts receivable				\$ 134,379	\$ 4,639	\$ 139,018
Allowance for uncollectible				<u>(94,462)</u>	<u>(3,155)</u>	<u>(97,617)</u>
Net accounts receivable				<u>\$ 39,917</u>	<u>\$ 1,484</u>	<u>\$ 41,401</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.

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 \$128,453,082 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 43% concentrated group of credit risk for TCHD. Other receivables consist of receivables from various payors including individuals and insurance companies involved in diverse activities, subject to differing economic conditions, and do not represent any concentrated credit risks to TCHD. Furthermore, TCHD's management continually monitors and adjusts its reserves and allowances associated with these receivables.

TCHD provides care without charge to patients who meet certain criteria under its charity care policy. Because TCHD does not pursue collection of amounts determined to qualify as charity care, they are not reported as patient service revenue.

MHMRTC accounts receivable from patients and insurance carriers for services rendered are reduced by the amount of such billings deemed by management to be ultimately uncollectible. MHMRTC provides for an amount of uncollectible patient fees using the reserve method based on past history.

## 5. CAPITAL ASSETS

### County

Capital asset activity for the year ended September 30, 2008 was as follows (in thousands):

	<b>Balance October 1, 2007</b>	<b>Additions</b>	<b>Disposals/ Transfers</b>	<b>Balance September 30, 2008</b>
<b>Governmental activities:</b>				
Capital assets not depreciated:				
Land	\$ 49,604	\$ 2,734	\$ (2)	\$ 52,336
Construction in progress	16,646	6,330	(13,903)	9,073
Total capital assets not depreciated	<u>66,250</u>	<u>9,064</u>	<u>(13,905)</u>	<u>61,409</u>
Other capital assets:				
Buildings and improvements	253,227	12,044	13,436	278,707
Fixed equipment	86,775	9,536	(4,617)	91,694
Infrastructure	72,738	7,681	(49)	80,370
Total other capital assets at cost	<u>412,740</u>	<u>29,261</u>	<u>8,770</u>	<u>450,771</u>
Less accumulated depreciation for:				
Buildings and improvements	(75,885)	(8,192)	5	(84,072)
Fixed equipment	(50,442)	(9,889)	4,786	(55,545)
Infrastructure	(32,102)	(3,644)	49	(35,697)
Total accumulated depreciation	<u>(158,429)</u>	<u>(21,725)</u>	<u>4,840</u>	<u>(175,314)</u>
Other capital assets, net	254,311	7,536	13,610	275,457
Governmental activities capital assets, net	<u>\$ 320,561</u>	<u>\$ 16,600</u>	<u>\$ (295)</u>	<u>\$ 336,866</u>

	<b>Balance October 1, 2007</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance September 30, 2008</b>
<b>Business-type activities:</b>				
Capital assets not depreciated:				
Land	\$ 2,071			\$ 2,071
Other capital assets:				
Buildings and improvements	6,033			6,033
Fixed equipment	296	38	(14)	320
Infrastructure	16			16
Total other capital assets at cost	<u>6,345</u>	<u>38</u>	<u>(14)</u>	<u>6,369</u>
Accumulated depreciation	<u>(2,915)</u>	<u>(310)</u>	<u>14</u>	<u>(3,211)</u>
Other capital assets, net	3,430	(272)	-	3,158
Business-type activities capital assets, net	<u>\$ 5,501</u>	<u>\$ (272)</u>	<u>\$ -</u>	<u>\$ 5,229</u>

Depreciation expense was charged to functions as follows:

<b>Governmental activities:</b>	
General government	\$ 11,038
Public safety	2,597
Transportation	7,267
Judicial	571
Community services	<u>252</u>
Total governmental activities depreciation expense	<u>\$ 21,725</u>

Construction in progress primarily consists of criminal justice software development, construction contracts for the construction and expansion of juvenile justice complex, sub-courthouse facility, historical commission, and sheriff office and jail expansion. At September 30, 2008, the remaining commitments on contracts and agreements approximated \$16,510,893.

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 a total of \$2,500,000 plus 6% interest thru December 2012.

## TCHD

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

	<b>Balance October 1, 2007</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance September 30, 2008</b>
<b>Business-type activities</b>				
Capital assets not depreciated:				
Land	\$ 20,307	\$ 9,094		\$ 29,401
Construction in progress/equipment not in service	70,628		\$ (52,502)	18,126
Total capital assets not depreciated	<u>90,935</u>	<u>9,094</u>	<u>(52,502)</u>	<u>47,527</u>
Other capital assets:				
Buildings and improvements	176,782	40,918		217,700
Improvements other than buildings	9,940	4,447		14,387
Machinery and equipment	197,410	77,587	(215)	274,782
Total other capital assets at cost	<u>384,132</u>	<u>122,952</u>	<u>(215)</u>	<u>506,869</u>
Accumulated depreciation	(218,627)	(27,231)	214	(245,644)
Other capital assets, net	165,505	95,721	(1)	261,225
Business-type activities capital assets, net	<u>\$ 256,440</u>	<u>\$ 104,815</u>	<u>\$ (52,503)</u>	<u>\$ 308,752</u>

Depreciation expense was charged to functions as follows:

Component unit - business-type activities:	
Hospital	<u>\$ 27,231</u>
Total business-type activities depreciation expense	<u>\$ 27,231</u>

At September 30, 2008, the remaining commitments on contracts and agreements approximated \$3,600,000.

## MHMRTC

A summary of changes in capital asset balances, including assets recorded under capital leases for MHMRTC, for the year ended August 31, 2008, is as follows (in thousands):

	<b>Balance August 31, 2007</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance August 31, 2008</b>
<b>Governmental activities:</b>				
Capital assets not depreciated:				
Land	\$ 915	\$ 185		\$ 1,100
Total capital assets not depreciated	<u>915</u>	<u>185</u>	<u>-</u>	<u>1,100</u>
Other capital assets:				
Buildings and improvements	7,449	\$ 1,408	\$ (20)	8,837
Equipment and furniture	10,291	1,198	(787)	10,702
Total other capital assets at cost	<u>17,740</u>	<u>2,606</u>	<u>(807)</u>	<u>19,539</u>
Less accumulated depreciation	<u>(12,020)</u>	<u>(1,675)</u>	<u>759</u>	<u>(12,936)</u>
Governmental activities capital assets, net	<u>\$ 6,635</u>	<u>\$ 1,116</u>	<u>\$ (48)</u>	<u>\$ 7,703</u>

Depreciation expense was charged to functions as follows:

Component unit - governmental activities:	
Mental Health Adult	\$ 304
Mental Retardation	313
Child and Adolescent	22
Administration	343
Substance Abuse	66
Early Childhood Intervention	<u>105</u>
Total governmental activities depreciation expense	\$ 1,153
Internal Service Fund	<u>522</u>
Total depreciation expense	<u><u>\$ 1,675</u></u>

## 6. LONG-TERM DEBT

### County

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

All the long-term debt was issued to provide funds for the acquisition of land, buildings, materials and supplies, equipment, machinery and motor vehicles and for improvements, renovations, repairs and construction of County buildings, and for purchasing, constructing, reconstructing, renovating, rehabilitating, improving and maintaining streets, roads, highways and bridges within the County, including city, county and state roads, highways and bridges.

At year end \$205,189,319 of these bond proceeds remained unspent and accordingly the debt related to the proceeds have not been used in the calculation of net assets invested in capital, net of related debt.

Long-term debt of the County consisted of the following at September 30, 2008 (in thousands):

General Obligation Bonds - Series 1999 with interest rates from 4.9% to 5%, payable in annual installments of varying amounts plus interest through 2010	\$ 2,030
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	19,955
General Obligation Bonds - Series 2006 with interest rates from 4.0% to 5.0%, payable in annual installments in varying amounts plus interest through 2026	76,165
General Obligation Bonds - Series 2007 with interest rates from 4.0% to 5.25%, payable in annual installments in varying amounts plus interest through 2027	50,760
General Obligation Bonds - Series 2008 with interest rates from 3.5% to 5.00%, payable in annual installments in varying amounts plus interest through 2028	107,480

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	31,780
Limited Tax Refunding - Series 2005 with interest rates from 3.0% to 5.0%, payable in annual installments in varying amounts plus interest through 2025	36,830
Non-Taxable Tax Notes - Series 2003 with interest of 3.0%, payable in annual installments of varying amounts plus interest through 2009	2,530
Non-Taxable Tax Notes - Series 2004 with interest from 2.625% to 3.25%, payable in annual installments of varying amounts plus interest through 2010	5,050
Non-Taxable Tax Notes - Series 2005 with interest from 3.0% to 3.5%, payable in annual installments of varying amounts plus interest through 2011	7,445
Non-Taxable Tax Notes - Series 2006 with interest from 4.0% to 4.25%, payable in annual installments of varying amounts plus interest through 2012	6,470
	<u>346,495</u>
Less - current maturities	<u>24,285</u>
Long-term debt, net of current maturities	322,210
Plus (less) deferred amounts:	
For issuance premiums	12,404
For issuance discounts	(1,235)
On refunding	<u>(777)</u>
Long-term debt, net of current maturities, premium, discount and refunding	<u><u>\$ 332,602</u></u>

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

Fiscal Year	General Obligation		Limited Tax Refunding Bonds		Non Taxable Tax Notes		Total Principle & Interest
	Principle	Interest	Principle	Interest	Principle	Interest	
2009	\$ 11,205	\$ 11,796	\$ 4,150	\$ 3,129	\$ 8,930	\$ 751	\$ 39,961
2010	10,360	11,773	4,190	2,971	6,635	458	36,387
2011	9,700	11,354	3,530	2,809	4,215	224	31,832
2012	10,100	10,954	3,670	2,673	1,715	69	29,181
2013	10,530	10,538	3,820	2,532			27,420
2014-2018	60,525	45,000	21,945	10,058			137,528
2019-2023	74,910	28,738	20,795	4,682			129,125
2024-2028	69,060	9,369	6,510	429			85,368
Total	<u>\$ 256,390</u>	<u>\$ 139,522</u>	<u>\$ 68,610</u>	<u>\$ 29,283</u>	<u>\$ 21,495</u>	<u>\$ 1,502</u>	<u>\$ 516,802</u>

The following is a summary of the changes in long-term liability of the County for the year ended September 30, 2008 (in thousands):

	<b>Balance October 1, 2007</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance September 30, 2008</b>	<b>Amounts Due within One year</b>
Bonds payable	\$ 264,920	\$ 107,480	\$ 25,905	\$ 346,495	\$ 24,285
Deferred amounts:					
Premium	7,665	5,422	683	12,404	-
Discount	(737)	(571)	73	(1,235)	-
Refunding	(896)		119	(777)	-
Total bonds payable	<u>270,952</u>	<u>112,331</u>	<u>26,780</u>	<u>356,887</u>	<u>24,285</u>
Compensated absences	<u>32,604</u>	<u>26,127</u>	<u>24,338</u>	<u>34,393</u>	<u>24,266</u>
Total	<u>\$ 303,556</u>	<u>\$ 138,458</u>	<u>\$ 51,118</u>	<u>\$ 391,280</u>	<u>\$ 48,551</u>

On May 13, 2006, the voters of Tarrant County overwhelmingly approved five bond propositions for a total of \$433,120,000 to fund street, road and bridge improvements, a new jail facility, a new county/district courts building, expansion of the juvenile justice facilities, and new medical examiner and crime lab facilities. The County issued \$242,050,000 Limited Tax Bonds for this purpose.

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, 2008, 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, 2008 (in thousands):

### Revenue Bonds, Series 2002:

Gross of unamortized premium of \$86, bearing interest at rates ranging from 2.0% to 5.5%, payable annually with remaining installments ranging from \$1,165 to \$2,790 from 2009 through 2027; gross revenue, excluding ad valorem tax revenue, is pledged as collateral

\$ 35,121

### Certificate of Obligation Bonds, Series 2006:

Gross of unamortized premium of \$66, bearing interest at rates ranging from 4.0% to 4.65%, payable in annual installments beginning September 30, 2008 ranging from \$775 to \$2,025 from 2009 through 2031; gross revenue, including ad valorem tax revenue, is pledged as collateral; proceeds for a patient tower and parking garage

29,651

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, 2008 of approximately \$6,330

	3,438
	68,210
Less - current maturities	<u>2,776</u>
Long-term debt, net of current maturities	<u><u>\$ 65,434</u></u>

The various bond indentures contain compliance covenants and require TCHD to maintain a sinking fund for principle and interest payments. TCHD is in compliance with such covenants and sinking fund requirements as of September 30, 2008.

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

Fiscal Year	Revenue Bonds		Certificates of Obligation		Capital Leases		Total Principle & Interest
	Principle	Interest	Principle	Interest	Principle	Interest	
2009	\$ 1,165	\$ 1,769	\$ 775	\$ 1,298	\$ 836	\$ 208	\$ 6,051
2010	1,210	1,725	810	1,266	892	151	6,054
2011	1,255	1,678	840	1,233	953	90	6,049
2012	1,305	1,627	875	1,199	757	25	5,788
2013	1,355	1,574	910	1,163			5,002
2014-2018	8,000	6,663	5,145	5,225			25,033
2019-2023	10,375	4,273	6,370	3,994			25,012
2024-2028	10,370	1,355	8,055	2,309			22,089
2029-2031			5,805	413			6,218
Add - premium	86		66				152
Total	<u>\$ 35,121</u>	<u>\$ 20,664</u>	<u>\$ 29,651</u>	<u>\$ 18,100</u>	<u>\$ 3,438</u>	<u>\$ 474</u>	<u>\$ 107,448</u>

The following is a summary of the changes in long-term debt for TCHD for the year ended September 30, 2008 (in thousands):

	Balance October 1, 2007	Additions	Retirements	Balance September 30, 2008	Amounts Due within One year
Bonds payable	\$ 66,704		\$ 1,932	\$ 64,772	\$ 1,940
Capital leases	4,220		782	3,438	836
Total	<u>\$ 70,924</u>	<u>\$ -</u>	<u>\$ 2,714</u>	<u>\$ 68,210</u>	<u>\$ 2,776</u>

Interest costs capitalized during 2008 were \$3,589,842.

## MHMRTC

Long-term debt of MHMRTC consisted of the following at August 31, 2008 (in thousands):

Refunding Revenue Bonds, Series 2003 with an interest rate of 3.63%, payable in varying amounts annually through 2011	\$ 1,015
J P Morgan Chase Bank, Note Payable with an interest of 4.88%, payable in semiannual payments of beginning on March 2009 through 2018	900
Capital lease obligations: payments are scheduled through 2010, carrying value of leased assets at August 31, 2008 is \$1,461,836.	<u>155</u>
	2,070
Less - current maturities	<u>511</u>
Long-term debt, net of current maturities	<u><u>\$ 1,559</u></u>

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

Fiscal Year	Refunding Revenue Bonds		Notes Payable		Capital Lease		Total Principle & Interest
	Principle	Interest	Principle	Interest	Principle	Interest	
2009	\$ 339	\$ 30	\$ 71	\$ 44	\$ 101	\$ 3	\$ 588
2010	338	19	76	39	54	1	527
2011	338	6	80	36			460
2012			83	32			115
2013			87	28			115
2014-2018			503	70			573
Total	<u>\$ 1,015</u>	<u>\$ 55</u>	<u>\$ 900</u>	<u>\$ 249</u>	<u>\$ 155</u>	<u>\$ 4</u>	<u>\$ 2,378</u>

The following is a summary of the changes in long-term obligations for MHMRTC for the year ended August 31, 2008 (in thousands):

	Balance September 1, 2007	Additions	Retirements	Balance August 31, 2008	Due Within One Year
Compensated absences	\$ 1,731	\$ 1,851	\$ 1,731	\$ 1,851	\$ 1,851
Capital lease Obligations	555	155	555	155	101
Notes Payable		900		900	71
Bonds Payable	1,354		339	1,015	339
Total	<u>\$ 3,640</u>	<u>\$ 2,906</u>	<u>\$ 2,625</u>	<u>\$ 3,921</u>	<u>\$ 2,362</u>

Interest expenses for the year ended August 31, 2008, was \$36,400.

## CONDUIT DEBT

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

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

<b>User Corporation</b>	<b>Outstanding Principle Amount September 30, 2008</b>
Multifamily (Amherst) 85	\$ 8,620
Multifamily (Lincoln Meadows) 88	10,755
Multifamily (S F Apartments) 93	7,050
Multifamily (Bending Oaks Brook) 94A	5,013
Multifamily (Bending Oaks Brook) 94B	6,416
Multifamily (Bending Oaks Brook) 95	9,709
Multifamily (Windcastle Project) 96	7,334
Multifamily (Sierra Springs) 1999	7,760
Multifamily (Remington Hill) 1998	12,600
Multifamily (Barrington at Beach St) 2000	27,215
Multifamily (Provident) 2001	13,300
Multifamily (Chatham Creek) 2001	13,100
Multifamily (Palm House) 2001A	6,000
Multifamily (Crossroads) 2001A	13,410
Multifamily (Crossroads) 2001C	1,480
Multifamily (Arlington Seniors) 2002	12,315
Multifamily (Hulen Bend) 2005	12,244
Multifamily (Gateway Arl) 2003	14,440
Multifamily (Alameda Villas) 2003	10,890
Multifamily (Sycamore Villas) 2003	13,075
Multifamily (Aventine Parkway)	14,432
Multifamily (Blue Lake at Marine Creek Apt)	10,821
Multifamily (Evergreen at Keller Senior Apts)	13,141
Multifamily (Shady Oaks)	3,584
Multifamily (Bear Creek)	14,475
Multifamily (The Courtyards at Riverpark) 85	3,225
Multifamily (Cobblestone) 2006	13,250
Multifamily (Worthington Point)	11,957
Multifamily (Marine Creek) 2005	14,801

Multifamily (Lindbergh Parc) 2006	10,725
Multifamily (Village Creek) 2006	14,935
Multifamily (Amelia Parc) 2007	11,690
Multifamily (Hometowne at Matador) 2007	10,935
Multifamily (The Park at Sycamore) 2008	12,205
Single family 1985 A	83,763
Single Family 1997	1,051
Single family 1998	3,520
Single Family 1998 Refunding	2,593
Single Family 2003B	4,176
Single Family 2006	7,849
Single Family 2007	14,801
	<hr/>
Total Conduit Debt	<u>\$ 490,655</u>

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

<b>User Corporation</b>	<b>Outstanding Principle Amount September 30, 2008</b>
3927 Foundation, Inc. Project	\$ 5,924
Fort Worth Osteopathic Hospital, Inc. Project 93	5,573
Fort Worth Osteopathic Hospital, Inc. Project 96	21,010
Forth Worth Osteopathic Hospital Project 97	13,030
Adventist Health System/Sunbelt 96A	9,120
Adventist Health System/Sunbelt 97A	5,710
Adventist Health System/Sunbelt 98	14,535
Adventist Health System/Sunbelt Obligated Group 2000	30,540
Villa Oak Park Project 2001 A-1	5,609
Villa Oak Park Project 2001 B	3,200
Harris Methodist Health Systems 87A	11,805
Harris Methodist Health Systems 87B	24,070
Harris Methodist Health Systems 94	74,590
Harris Methodist Health Systems 96	42,625
Texas Health Resources Series 97	43,905
Texas Health Resources Series 2003A	150,000
Texas Health Resources Series 2003B	150,000
Heritage Housing Long Term Care Facility Series 97	13,240
Heritage Housing Long Term Care Facility Series 98 A	2,010
Heritage Housing Long Term Care Facility Series 98 B	2,130
Heritage Housing Long Term Care Facility Series 98 C	2,715
Heritage Eastwood Gardens, Houston Series 1998 A	8,770
Heritage Eastwood Gardens, Houston Series 1998 B	2,460
Heritage Valley Gardens, Brownsville Series A	9,735

Heritage Valley Gardens, Brownsville Series B	1,900
Carter Blood Care Series 98	9,300
Bethesda Living Centers-Bethesda Gardens Series 1998C	7,890
Cook Children's Medical Center 2000A	21,645
Cook Children's Medical Center 2000B	29,875
Cook Children's Medical Center 2007	51,045
Baylor 2002A FAST	76,590
Cumberland Rest, Inc. Series 2002	16,785
Cumberland Rest, Inc. Series 2006	55,000
Eastview Nursing Center 2000 A-1	21,675
Eastview Nursing Center 2000 B	3,107
	<hr/>
Total Conduit Debt	<u><u>\$ 947,118</u></u>

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

<b>User Corporation</b>	<b>Outstanding Principle Amount September 30, 2008</b>
Northwest Senior Housing Foundation - 2006	\$ 82,015
Goose Creek Retirement Community, 2007A	5,850
Goose Creek Retirement Community, 2007B	610
West 380 Family Care, Doctors Hospital, 2007	59,130
Texas Health Resources, 2007 A	597,840
Texas Health Resources, 2007 B	100,000
Buckingham Senior Living Community, Inc 2007	70,200
CHRISTUS Health, 2007A	89,915
CHRISTUS Health, 2007B	89,915
Valley Baptist Health System Project, 2007	94,000
Air Force Village Obligated Group Project, 2007	69,145
Adventist Long-term Care Obligated Group 2007	9,610
C C Young Memorial Home, 2007	16,755
Buckner Retirement Services, 2007	104,755
Scott and White Memorial Hospital and Scott, Sherwood and Brindley Foundation Project, 2008	172,425
Scott and White Memorial Hospital, 2008-1	85,775
Scott and White Memorial Hospital, 2008-2	94,395
Scott and White Memorial Hospital, 2008-3	56,225
Amity Fellowserve Realty of Hondo, Inc, 2008A	1,810
Amity Fellowserve Realty of Hondo, Inc, 2008B	190
Methodist Hospital of Dallas, 2008	200,000
Fort Worth Museum of Science & History, 2008	1,000
WGH Heritage, Inc 2008A-1	23,850

WGH Heritage, Inc 2008A-2	2,700
WGH Heritage, Inc 2008B	<u>4,000</u>
Total Conduit Debt	<u>\$ 2,032,110</u>

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

User Corporation	Outstanding Principle Amount September 30, 2008
Fox Meyer – TBL, Inc.	\$ 5,500
Mortex Products, Inc.	<u>4,000</u>
Total Conduit Debt	<u>\$ 9,500</u>

#### 7. PLEDGES RECEIVABLE - TCHD

Pledges receivable to give at September 30, 2008, are expected to be as follows:

Less than one year	\$ 993
One to five years	<u>995</u>
Total pledges receivable	1,988
Less discount to net present value	(219)
Less allowance for uncollectible	<u>(198)</u>
Net pledges receivable	<u>\$ 1,571</u>

Unconditional promises to give, expected to be received in more than one year, are discounted at 3.5%.

#### 8. STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUND - MHMRTC

The balances in the Client Trust Fund, an agency fund, are summarized below (in thousands):

	Balance August 31, 2008
<b>Assets</b>	
Cash and investments	<u>\$ 376</u>
<b>Liabilities</b>	
Client custodian funds payable	<u>\$ 376</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, 2008 (in thousands):

Worker’s Compensation      \$ 4,649

While the County funds all current year claims, the deficit fund balance is due to the accrual of future year liabilities based on an actuarial study. 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, 2008 and for the year then ended (in thousands):

<b>Transfer From</b>	<b>Amount</b>	<b>Transfer To</b>	<b>Explanation</b>
General Fund	\$ 31,653	Capital Projects Fund	Supplement Capital funds
General Fund	3,193	Road & Bridge	Supplement Road & Bridge fund
Capital Projects	3	Debt Service	Residual transfer
Internal Service	345	Other Governmental	Supplement fund sources
Other Governmental	983	General Fund	Supplement courthouse security activity
Grants Fund	807	Other Governmental	Required match and supplement fund sources
Grants Fund	5,909	Grants Fund	Required match and supplement fund sources
Other Governmental	58	Other Governmental	Required match and supplement fund sources
	<u>\$ 42,951</u>		

<b>Funds Due From</b>	<b>Amount</b>	<b>Funds Due To</b>	<b>Explanation</b>
Grant Fund	\$ 8,285	General	Short-term loan
Other Governmental	1,000	General	Short-term loan
	<u>\$ 9,285</u>		

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

**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 2008, TCHD recorded revenues of approximately \$110,000,000 from Texas Disproportionate Share programs (primarily, Dispro III).

## **12. DEFERRED COMPENSATION PLANS**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Various investment companies administer the plan. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The County has established a custodial legal trust arrangement with the investment companies, which administer the plan. Under these trust arrangements, all amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the employees. Accordingly, the amounts invested with these investment companies are not included in the County's financial statements.

## **13. RETIREMENT PLANS**

### **County**

#### **a. Plan Description**

The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). This is accounted for as an agent multiple-employer defined benefit pension plan. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 573 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's

accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

**b. Funding Policy**

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 10.68% for the months of the accounting year in 2008, and 10.83% for the months of the accounting year in 2007. The contribution rate payable by the employee members for calendar year 2008 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, 2008, the annual pension cost for the TCDRS plan for its employees was \$21,546,359 and the actual contributions were \$21,546,359. (This excludes contributions of \$1,553,869 for Community Supervision, which is not considered a department or component unit of the County.) 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 2008. The December 31, 2007 actuarial valuation is the most recent valuation.

**Actuarial Valuation Information**

Actuarial valuation date	12/31/2005	12/31/2006	12/31/2007
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, open	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period	20 years	15 years	15 years
Asset valuation method	Long-term appreciation with adjustment	SAF: 10 year smoothed value ESF: fund value	SAF: 10 year smoothed value ESF: fund value
Actuarial assumptions:			
Investment return <sup>1</sup>	8.0%	8.0%	8.0%
Projected salary increases <sup>1</sup>	5.3%	5.3%	5.3%
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
September 30, 2006	\$ 17,917,449	100%	\$ -
September 30, 2007	20,186,139	100%	-
September 30, 2008	21,546,359	100%	-

**Schedule of Funding (including Community Supervision)**

(Amounts in thousands)

	12/31/2005	12/31/2006 <sup>2</sup>	12/31/2007
Actuarial Valuation Date			
Actuarial Value of Assets	\$ 455,968	\$ 511,414	\$ 562,924
Actuarial Accrued Liability (AAL)	542,839	587,001	638,875
Unfunded Actuarial Accrued Liability (UAAL)	86,871	75,587	75,951
Funded Ratio	84.00%	87.12%	88.11%
Annual Covered Payroll	185,508	195,604	205,722
UAAL as Percentage of Covered Payroll	46.83%	38.64%	36.92%

<sup>2</sup> Funding information differs from prior year compliance data due to plan changes effective 1/1/2008

**d. Postemployment Healthcare Benefits**

**Plan Description**

Tarrant County provides medical and dental insurance benefits, as well as access to an employee assistance program (EAP) to its retired employees and their dependents. The plan provides medical and dental insurance to plan members. Membership in the plan at June 2007, data used for the latest actuarial valuation, consists of the following:

Retired participants and surviving spouses	598
Retiree dependents	186
Active members	3,824

**Funding Policy**

Local Government Code Section 157.1010 assigns the authority to establish and amend benefit provisions to Commissioners Court. 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.

For retirements effective on or prior to September 30, 2005, retirees and spouses pay contributions equal to 28.4% and 28.9% of gross pre-65 costs, respectively. Retirements effective on or after October 1,

2005, pre-65 retiree contributions will be based on years of service at retirement, according to the chart below:

<u>Years of service at retirement</u>	<u>Retiree contribution percentage</u>
0-9	n/a
10-14	75%
15-19	55%
20-24	40%
25+	20%

The rates are set annually by the Commissioners Court based on the combination of premiums and prior year costs of the self-funded portion of the plan. The plan is funded on a pay-as-you-go basis. For the year ended, September 30, 2008, the County contributed \$3,024,794, while the retirees' contributions were \$1,692,469 for a total contribution of \$4,717,263. Administrative costs are provided through the annual rate calculation.

In June 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45, creating accounting standards for other postemployment benefits (OPEB) provided by governmental entities separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and if applicable required supplemental information (RSI) in the financial reports of state and local governments. The County implemented the requirements of GASB Statement No. 45 during the fiscal year ending September 30, 2008.

**Annual OPEB Cost**

For 2008, the County's annual OPEB cost (expense) of \$14,502,571 for the postemployment healthcare plan was equal to the annual required contributions (ARC). The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 is as follows (amounts in thousands):

**Tarrant County Trend Information**

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2008	\$ 14,502,571	\$ 3,024,794	20.86%	\$ 11,477,777

**Funded Status and Funding Progress**

The funded status of the plan as of September 30, 2008 was as follows (amounts in thousands):

**Schedule of Funding**

Actuarial accrued liability (AAL)	\$ 141,223
Actuarial value of plan assets	0
Unfunded actuarial accrued liability (UAAL)	141,223
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	201,064
Unfunded actuarial accrued liability (UAAL) as a percentage of covered payroll	70.24%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. Due to this being the first year of implementation, for fiscal year ending September 30, 2008, no prior year information is available.

#### **Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are made on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In order to perform the valuation, it was necessary for the County and the actuary to make certain assumptions regarding such items as rates of employee turnover, retirement, and mortality, as well as economic assumptions regarding healthcare trend and interest rates.

In the October 1, 2007 actuarial valuation, a 6% discount rate was used. The 2008 and 2009 health care cost trends were assumed to be 7% and 6%, respectively, which reflect average short-term health care cost trends over the past several years. In the long-term, however, it is assumed that health care trends will moderate. Therefore, it is assumed that the long-term health care cost trends will decline by 1% each year, ultimately approaching 5% by the year 2010.

The actuarial cost method used in valuing the County's liabilities was the projected unit cost method. Under this method the benefits of each individual included in the valuation were allocated by a consistent formula over the years.

The unfunded actuarial accrued liability is being amortized as a level percentage of pay, on an open basis. The amortization period is 30 years.

#### **Additional Disclosures**

Texas Local Government Code, Chapter 175 requires counties to make available continued health benefits coverage under certain circumstances to retirees and their dependents beyond the end of an individual's employment with the county by permitting covered employees to purchase continued health benefits coverage in retirement. Texas Law does not require counties to fund all or any portion of such coverage.

Because the County is given the authority to pay OPEB for its retired employees, it may incur a debt obligation to pay for OPEB so long as the county follows the constitutional requirement that it have sufficient taxing authority available at the time such debt is incurred to provide for the payment of the debt and has in fact levied a tax for such purpose concurrently with the incurrence of the debt. Any debt incurred in contravention of this constitutional requirement is considered void and payment will not be due. Tarrant County has not incurred a legal debt obligation for OPEB and has not levied a tax for the same. The County funds the costs associated with OPEB on a current "pay as you go" basis for a single fiscal year through an annual appropriation authorized by Commissioners Court during the County's annual budget adoption process.

GASB 45 requires governmental organizations to recognize an actuarially calculated accrued liability for OPEB, even though it may not have a legally enforceable obligation to pay OPEB benefits.

The County implemented GASB 45 during fiscal year 2008. Accordingly, information and amounts presented in the County's Comprehensive Annual Financial Report relative to OPEB expense/expenditures, related liabilities (assets), note disclosures, and supplementary information are only intended to achieve compliance with the requirements of generally accepted accounting principles and does not constitute or imply that the County has made a commitment or is legally obligated to provide OPEB benefits.

## **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. The plan is funded at September 30, 2008.

Plan members are required to annually contribute 1% of their compensation. Effective October 1, 2006 participation in the pension plan became mandatory for full-time employees completing one year of service on or after October 1, 2006. 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 7% of estimated participant compensation for the plan year ended September 30, 2008. 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, 2008, TCHD's annual pension cost was \$8,900,000, the same as the annual required contributions determined in the October 1, 2008 actuarial valuation. There is no existing net pension obligation.

The required contributions for the plan year ended September 30, 2008 were based on the results of the actuarial valuation as of October 1, 2007 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 4.5% to 8% per year varying by attained age; both (a) and (b) reflect an inflation component of approximately 4%. The assumptions did not include any post-retirement benefit increases. The actuarial value of plan assets was determined using a 5-year smoothed market value method, which approximates fair value. There is no unfunded actuarial liability to be amortized or an amortization period with the aggregate actuarial cost method.

**d. Other Benefit Plans**

TCHD has an IRC Section 401(a) plan that includes an employer match calculated as 50% of an employee's contribution up to 4% of pay. The contributions for the employer match on the plan were approximately \$2,880,000 for the year ended September 30, 2008. These amounts are included in salaries and related expenses in the financial statements.

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 403(b). 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, 2008, total benefits due under this plan were \$233,000.

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 \$2,810,000 for the year ended September 30, 2008 for the incentive compensation plan expense.

**MHMRTC**

MHMRTC maintains a defined contribution money purchase pension plan under code section 401(a) of the Internal Revenue Code. 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, 2008, covered payroll was approximately

\$23,130,089 total payroll, excluding temporary service personnel, was approximately \$42,374,729. 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>
2006	\$ 1,459,013	\$ 911,640	100%
2007	1,584,665	1,098,412	100%
2008	1,793,629	1,156,504	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 2008 was \$1,993,655 and \$4,600,000, respectively.

MHMRTC is obligated under capital leases for certain equipment as of August 31, 2008. The gross amount of assets acquired by capital leases included in the balance sheet is \$1,461,836.

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, 2008 are as follows (in thousands):

<b>Year Ending August 31,</b>	<b>Operating Leases</b>	<b>Capital Leases</b>
2009	\$ 1,443	\$ 105
2010	1,012	54
2011	374	
2012	51	
2013	4	
Total minimum lease payment	<u>\$ 2,884</u>	159
Less amount representing interest		<u>(4)</u>
Present value of future minimum lease payments		<u>\$ 155</u>

##### Contingencies

###### **County**

The County participates in a number of state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Such compliance audits of these programs for the periods ended September 30, 2008 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, 2008 are adequate to provide for potential losses resulting from pending or threatened litigation, asserted claims and claims incurred but not reported.

## **TCHD**

TCHD has been named in legal actions alleging failure to exercise due professional care and other matters. The claims are in various stages of processing and some may ultimately be brought to trial. There are known incidents occurring through September 30, 2008 that may result in the assertion of additional claims and other claims may be asserted arising from services provided to patients in the past. TCHD receives inquiries from outside organizations from time to time regarding various government health program issues. Certain reviews are currently in process; however, management does not believe these will have any significant impact on TCHD's financial position or results of operations.

## **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 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

The County also purchases several crime policies to cover exposure to employee dishonesty in different departments. These carry a deductible between \$500 to \$10,000.

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, 2008, 3,937 and 3,066 employees participate in health care coverage and dental coverage, respectively.

For the year ended September 30, 2008 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, 2008.

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

	<b>2008</b>	<b>2007</b>
Beginning liability	\$ 9,647	\$ 10,311
New claims/adjustments	3,270	3,578
Claims paid/adjustments	(3,270)	(3,578)
Other - change in estimate	804	(664)
	<u>          </u>	<u>          </u>
Ending liability	<u>\$ 10,451</u>	<u>\$ 9,647</u>
Amount due within 1 year	\$ 3,473	\$ 3,502

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. TCHD did not purchase reinsurance for any periods subsequent to August 2003.

Self-insurance reserves for professional and general liability are estimated for asserted and unasserted claims based on TCHD's historical experience, the opinion of legal counsel, and the actuarial determination rendered by certified actuaries. Professional and general liability reserves totaled \$2,100,000 at September 30, 2008. It is the opinion of TCHD's management that the estimated reserves at September 30, 2008 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 \$7,000,000 at September 30, 2008, which is recorded in other accrued liabilities. Claims paid during 2008 related to workers' compensation and health insurance totaled approximately \$25,900,000. Expenses related to workers' compensation and health insurance totaled approximately \$25,100,000 during 2008.

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

	2008	2007
Beginning liability	\$ 9,801	\$ 8,185
New claims	25,388	25,432
Claims paid	<u>(26,076)</u>	<u>(23,816)</u>
Ending liability	<u>\$ 9,113</u>	<u>\$ 9,801</u>

#### **MHMRTC**

Effective September 1, 2007, MHMRTC established a self-insurance plan employee health benefits. MHMRTC purchases commercial stop-loss coverage for medical claims in excess of \$75,000 per plan participant, per policy period. Settled claims have not exceeded insurance coverage for the fiscal year. Liabilities for health benefits are calculated considering known claims and estimates of future claims based on the lag time for medical claims. MHMRTC accounts for this activity in an internal service fund. This internal service fund reflects a claims liability in the amount of \$895,609 at year end. This claims liability is based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates a liability has been incurred at the date of the financial statements and the amount of the liability can be reasonably estimated. MHMRTC does not discount its claims liabilities.

Changes in the balance of the claims liability is as follows:

	2008
Beginning Liability	
Expenses incurred	\$ 5,605
Expenses paid	<u>(4,709)</u>
Ending liability	<u>\$ 896</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 illustrates the County's participation (in thousands):

Name	Percentage Committed	Taxes Forgone During 2008
City of Grand Prairie #3	75%	\$ 843
City of Southlake #1	100%	760
City of Fort Worth #8	80%	701
City of Grapevine #1	100%	689
City of Colleyville #1	100%	550
City of Fort Worth #9	80%	501
City of Fort Worth #3	100%	494
City of North Richland Hills #2	100%	460
City of Fort Worth #6	100%	444
City of Fort Worth #4	100%	444
City of Grand Prairie #2	75%	297
City of Keller #1	66.20%	184
City of Fort Worth #7	80%	128
City of Arlington #4	75%	122
City of Arlington #5	70%	113
City of Arlington #1	100%	87
(maintenance and operation rate only)		
City of Benbrook #1	100%	80
City of Fort Worth #10	80%	75
City of Mansfield #1	30%	21
City of North Richland Hills #1	100%	21
City of Fort Worth #12	100%	7
City of Fort Worth #11	50%	2
Total taxes forgone		<u><u>\$ 7,023</u></u>

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**REQUIRED SUPPLEMENTARY**  
**INFORMATION**

TARRANT COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008 (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	\$ 262,646	\$ 262,646	\$ 264,201	\$ 1,555
Fees of office	36,147	36,147	38,516	2,369
Intergovernmental	14,009	14,009	16,018	2,009
Investment income	7,147	7,147	4,259	(2,888)
Other revenues	11,302	11,302	11,723	421
Transfers	950	950	984	34
Total Revenues	<u>\$ 332,201</u>	<u>\$ 332,201</u>	<u>\$ 335,701</u>	<u>\$ 3,500</u>
EXPENDITURES:				
County Judge	778	778	764	\$ 14
County Administrator	1,585	1,586	1,581	5
Non-Departmental	69,321	68,907	45,582	23,325
Auditor	5,137	5,136	5,093	43
Budget/Risk Management	649	642	524	118
Tax Assessor / Collector	11,571	11,651	11,281	370
Elections Administration	4,690	4,690	4,659	31
Information Technology	29,273	29,142	27,480	1,662
Human Resources	2,349	2,346	2,273	73
Purchasing	1,630	1,633	1,632	1
Facilities	3,224	3,227	3,049	178
Sheriff	32,185	32,426	32,041	385
Sheriff - Confinement	62,066	61,862	60,319	1,543
Constable Precinct 1	959	960	949	11
Constable Precinct 2	822	832	828	4
Constable Precinct 3	838	844	835	9
Constable Precinct 4	628	646	642	4
Constable Precinct 5	609	584	580	4
Constable Precinct 6	712	713	705	8
Constable Precinct 7	796	853	850	3
Constable Precinct 8	794	784	782	2
Medical Examiner	6,575	6,582	6,501	81
Fire Marshal	306	318	315	3
Community Supervision	21	21	19	2
Juvenile Services	16,601	16,639	15,862	777
Pretrial Services	1,076	1,079	1,040	39
Buildings	20,752	20,752	18,664	2,088
17TH District Court	222	222	217	5
48TH District Court	222	224	223	1
67TH District Court	208	208	206	2
96TH District Court	215	215	211	4
141ST District Court	209	214	212	2
153RD District Court	216	216	216	-
236TH District Court	224	224	223	1
342ND District Court	213	213	213	-
348TH District Court	221	222	222	-
352ND District Court	217	218	218	-
Criminal District Court 1	1,211	1,474	1,438	36
Criminal District Court 2	1,281	1,378	1,373	5
Criminal District Court 3	1,302	2,030	2,030	-
Criminal District Court 4	1,153	1,073	1,034	39
213TH District Court	1,024	1,034	1,017	17

TARRANT COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008 (AMOUNTS IN THOUSANDS)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
297TH District Court	\$ 1,175	\$ 1,481	\$ 1,474	\$ 7
371ST District Court	1,339	1,701	1,691	10
372ND District Court	1,269	1,245	1,243	2
396TH District Court	1,274	1,436	1,431	5
Magistrate Court	558	569	566	3
231ST District Court	481	509	508	1
233RD District Court	477	468	467	1
322ND District Court	487	528	524	4
323RD District Court	2,706	2,805	2,803	2
324TH District Court	554	595	591	4
325TH District Court	491	511	509	2
360TH District Court	476	474	474	-
Special Judges	386	400	396	4
Criminal District Court Support System	580	608	593	15
Grand Jury	135	135	99	36
Criminal Attorney Appointment	619	619	602	17
County Court at Law #1	375	375	375	-
County Court at Law #2	362	363	363	-
County Court at Law #3	380	385	384	1
County Criminal Court #1	600	611	609	2
County Criminal Court #2	477	470	467	3
County Criminal Court #3	568	576	574	2
County Criminal Court #4	551	553	547	6
County Criminal Court #5	1,051	982	979	3
County Criminal Court #6	497	531	527	4
County Criminal Court #7	571	572	572	-
County Criminal Court #8	535	538	538	-
County Criminal Court #9	522	535	535	-
County Criminal Court #10	513	520	514	6
Probate Court 1	1,505	1,490	1,463	27
Probate Court 2	1,369	1,373	1,355	18
Justice of the Peace Pct. 1	550	553	523	30
Justice of the Peace Pct. 2	475	475	457	18
Justice of the Peace Pct. 3	499	500	500	-
Justice of the Peace Pct. 4	525	528	528	-
Justice of the Peace Pct. 5	340	340	335	5
Justice of the Peace Pct. 6	403	404	376	28
Justice of the Peace Pct. 7	580	582	540	42
Justice of the Peace Pct. 8	415	416	398	18
District Attorney	29,989	29,940	29,435	505
District Clerk	8,127	8,152	8,152	-
County Clerk	8,102	8,102	7,757	345
Domestic Relations	5,830	5,830	5,701	129
Jury Services	2,311	2,311	2,085	226
Courts / Judiciary	2,293	518	495	23
Human Services	4,712	4,712	4,711	1
Child Protective Services	1,935	1,935	1,734	201
Public Assistance	179	179	179	-
TX Cooperative Extension	746	746	612	134
Veterans Services	315	315	307	8
Historical Commission	87	87	79	8
<b>Total Expenditures</b>	<b>\$ 375,381</b>	<b>\$ 375,381</b>	<b>\$ 342,580</b>	<b>\$ 32,801</b>

TARRANT COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE - ROAD AND BRIDGE  
FOR THE YEAR ENDED SEPTEMBER 30, 2008 (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>
REVENUES:				
Taxes, licenses and permits			\$ 1	\$ 1
Fees of office	\$ 24,088	\$ 24,088	24,288	200
Intergovernmental	33	33	48	15
Investment income	761	761	401	(360)
Other revenues	51	51	341	290
Transfers	<u>3,193</u>	<u>3,193</u>	<u>3,193</u>	<u>-</u>
Total Revenues	\$ 28,126	\$ 28,126	\$ 28,272	\$ 146
EXPENDITURES:				
Buildings	\$ 45	\$ 45	\$ 24	\$ 21
Commissioner Precinct 1	6,491	6,543	5,645	898
Commissioner Precinct 2	5,210	5,210	4,716	494
Commissioner Precinct 3	4,220	4,220	3,782	438
Commissioner Precinct 4	5,833	6,007	6,005	2
Right of Way	15,356	15,356	9,676	5,680
Transportation	2,200	2,185	2,068	117
Road and Bridge Non-Departmental	<u>1,608</u>	<u>1,397</u>	<u>870</u>	<u>527</u>
Total Expenditures	\$ 40,963	\$ 40,963	\$ 32,786	\$ 8,177

## TARRANT COUNTY, TEXAS

### NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION SEPTEMBER 30, 2008

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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	\$ 335,701	\$ 28,272
Transfers in	(983)	(3,193)
Market value adjustment for securities not budget relevant	79	
Accrued in prior years, received in 2008	(861)	(485)
	<hr/>	<hr/>
Revenues on modified accrual (GAAP) basis	333,936	24,594
<b>Expenditures</b>		
Budgetary Basis	342,580	32,786
Transfers out	(34,846)	
Incurring in prior years, paid in 2008	1,031	1,505
Incurring during 2008, payable in future years	(2,792)	(3,271)
Prepaid & Inventory adjustments not budget relevant	(69)	426
	<hr/>	<hr/>
Expenditures on modified accrual (GAAP) basis	305,904	31,446
<b>Other Financing Sources (Uses)</b>	<hr/> <b>(33,863)</b>	<hr/> <b>3,193</b>
Changes in Fund Balance	<hr/> <b>\$ (5,831)</b>	<hr/> <b>\$ (3,659)</b>

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.

**TARRANT COUNTY, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**OTHER POSTEMPLOYMENT BENEFITS PLAN**  
**SCHEDULE OF FUNDING PROGRESS**

(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
10/1/2007	\$ -	\$ 141,223	\$ 141,223	0.00%	\$ 201,064	70.24%

Note: This is the first year of implementation of GASB 45, which requires 3 years of data in this table. Additional years will be added to the disclosure as they become available. The most recent actuarial was 10/1/2007.

**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, 2008 (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	\$ 564	\$ 9,839	\$ 83	\$ 2,511	\$ 2,759
Other receivables, net of allowance for uncollectibles	5	40			7
Supplies and prepaid items				7	12
TOTAL ASSETS	<u>\$ 569</u>	<u>\$ 9,879</u>	<u>\$ 83</u>	<u>\$ 2,518</u>	<u>\$ 2,778</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 78	\$ 204	\$ 5	\$ 88	\$ 29
Other liabilities	8	57		168	2,317
Due to other funds					
Total liabilities	<u>86</u>	<u>261</u>	<u>5</u>	<u>256</u>	<u>2,346</u>
<u>FUND BALANCES</u>					
Reserved:					
For encumbrances	28	1,556		87	2
For supplies and prepaid items				7	12
Unreserved, undesignated	455	8,062	78	2,168	418
Total fund balances	<u>483</u>	<u>9,618</u>	<u>78</u>	<u>2,262</u>	<u>432</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 569</u>	<u>\$ 9,879</u>	<u>\$ 83</u>	<u>\$ 2,518</u>	<u>\$ 2,778</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>
\$ 635	\$ 2,917	\$ 1,175	\$ 664	\$ 382	\$ 3,393	\$ 77	\$ 24,999
	1,713	4					1,769
18							37
<u>\$ 653</u>	<u>\$ 4,630</u>	<u>\$ 1,179</u>	<u>\$ 664</u>	<u>\$ 382</u>	<u>\$ 3,393</u>	<u>\$ 77</u>	<u>\$ 26,805</u>
\$ 6	\$ 108	\$ 6	\$ 32		\$ 59		\$ 615
14	58	4	1	\$ 10			2,637
	1,000						1,000
20	1,166	10	33	10	59		4,252
179	89		150				2,091
18							37
436	3,375	1,169	481	372	3,334	\$ 77	20,425
633	3,464	1,169	631	372	3,334	77	22,553
<u>\$ 653</u>	<u>\$ 4,630</u>	<u>\$ 1,179</u>	<u>\$ 664</u>	<u>\$ 382</u>	<u>\$ 3,393</u>	<u>\$ 77</u>	<u>\$ 26,805</u>

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008 (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	\$ 1,188	\$ 5,938	\$ 18	\$ 1,427	\$ 183
Intergovernmental			100	7,302	
Investment income	15	267		92	697
Other revenues	28	6			717
Total revenues	1,231	6,211	118	8,821	1,597
EXPENDITURES:					
Current:					
General government		2,818		246	
Public safety			78		
Judicial	99	157	30		2,035
Community services	1,020			8,772	
Capital outlay	1	702	1	90	7
Total expenditures	1,120	3,677	109	9,108	2,042
Excess (deficiency) of revenues over (under) expenditures	111	2,534	9	(287)	(445)
OTHER FINANCING SOURCES (USES) -					
Transfers in					86
Transfers out					(183)
Total other financing sources (uses)					(97)
Change in fund balance	111	2,534	9	(287)	(542)
FUND BALANCES, beginning of year	372	7,084	69	2,549	974
FUND BALANCES, end of year	\$ 483	\$ 9,618	\$ 78	\$ 2,262	\$ 432

<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>
			\$ 109				\$ 109
	\$ 81	\$ 1,642	290	\$ 798			11,565
	3,688	142					11,232
\$ 19	110	34	13	9	\$ 128	\$ 3	1,387
<u>1,023</u>	<u>563</u>		<u>1</u>		<u>589</u>		<u>2,927</u>
1,042	4,442	1,818	413	807	717	3	27,220
	2,648	350	199		737	4	7,002
967	61						1,106
1	1,925	358					4,605
	251			637			10,680
<u>57</u>	<u>319</u>	<u>1</u>	<u>17</u>				<u>1,195</u>
1,025	5,204	709	216	637	737	4	24,588
17	(762)	1,109	197	170	(20)	(1)	2,632
58	1,066						1,210
<u>(58)</u>		<u>(800)</u>					<u>(1,041)</u>
	1,066	(800)					169
17	304	309	197	170	(20)	(1)	2,801
<u>616</u>	<u>3,160</u>	<u>860</u>	<u>434</u>	<u>202</u>	<u>3,354</u>	<u>78</u>	<u>19,752</u>
<u>\$ 633</u>	<u>\$ 3,464</u>	<u>\$ 1,169</u>	<u>\$ 631</u>	<u>\$ 372</u>	<u>\$ 3,334</u>	<u>\$ 77</u>	<u>\$ 22,553</u>



**BUDGETARY COMPLIANCE**

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (BUDGETARY BASIS) -DEBT SERVICE  
FOR THE YEAR ENDED SEPTEMBER 30, 2008 (AMOUNTS IN THOUSANDS)

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	<u>Debt Service Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Taxes, licenses and permits	\$ 36,196	\$ 36,196	\$ 36,375	\$ 179
Investment income	886	886	468	(418)
Transfers			3	3
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 37,082	\$ 37,082	\$ 36,846	\$ (236)
EXPENDITURES:				
Debt service	<u>\$ 38,195</u>	<u>\$ 38,195</u>	<u>\$ 37,364</u>	<u>\$ 831</u>
Total Expenditures	\$ 38,195	\$ 38,195	\$ 37,364	\$ 831

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - CAPITAL PROJECTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008 (AMOUNTS IN THOUSANDS)

	Capital Projects			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 394	\$ 394	\$ 394	\$ -
Investment income	6,522	6,299	5,872	(427)
Other Revenues	231	765	1,346	581
Bond proceeds	31,522	31,653	31,653	-
Transfers		112,000	112,000	-
Total Revenues	\$ 38,669	\$ 151,111	\$ 151,265	\$ 154
<b>EXPENDITURES:</b>				
Non-Departmental	\$ 18,358	\$ 16,452	\$ 234	\$ 16,218
Auditor	14	14	13	1
Budget/Risk Management	3	3		3
Tax Assessor / Collector	42	42	21	21
Elections Administration	34	45	36	9
Information Technology	9,837	9,968	9,118	850
Human Resources	5	5	4	1
Facilities	212	209	23	186
Sheriff	125	124	122	2
Sheriff - Confinement	45	45	43	2
Constable Precinct 1	13	13	13	-
Constable Precinct 2	10	10	10	-
Constable Precinct 3	12	11	11	-
Constable Precinct 4	8	6	6	-
Constable Precinct 5	7	7	6	1
Constable Precinct 6	6	6	5	1
Constable Precinct 8	10	9	9	-
Medical Examiner	338	330	324	6
Fire Marshal	3	3	1	2
Community Supervision	34	34	30	4
Juvenile Services	30	30	29	1
Buildings	77,083	184,717	25,637	159,080
236th District Court		1		1
396th District Court		1	1	-
324th District Court	4	4	4	-
Criminal District Court Support System	1	1	1	-
County Court at Law #1	3	3	3	-
County Court at Law #9	1	1	1	-
Justice of the Peace Pct. 1	11	11	10	1
Justice of the Peace Pct. 2	1	1	1	-
Justice of the Peace Pct. 4	2	2	2	-
Justice of the Peace Pct. 7	1	1	1	-
Justice of the Peace Pct. 8	2	2	1	1
District Attorney	59	59	59	-
District Clerk	11	11	10	1
County Clerk	14	14	13	1
Domestic Relations	3	3	3	-

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - CAPITAL PROJECTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008 (AMOUNTS IN THOUSANDS)

	Capital Projects			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
Jury Services	\$ 32	\$ 39	\$ 39	\$ -
Courts / Judiciary	73	65		65
Human Services	3	3		3
Veterans Services	6	6	6	-
Commissioner Precinct 1	1,259	1,375	911	464
Commissioner Precinct 2	974	1,231	974	257
Commissioner Precinct 3	1,000	1,100	586	514
Commissioner Precinct 4	1,351	1,512	1,040	472
Transportation	84,206	90,220	25,991	64,229
Road and Bridge Non-Departmental	2,200	2,200	2,200	-
Total Expenditures	\$ 197,446	\$ 309,949	\$ 67,552	\$ 242,397

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008 (AMOUNTS IN THOUSANDS)

	Law Library			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 1,097	\$ 1,097	\$ 1,191	\$ 94
Investment income	24	24	15	(9)
Other revenues	25	25	28	3
Total Revenues	\$ 1,146	\$ 1,146	\$ 1,234	\$ 88
EXPENDITURES				
Law Library	\$ 1,523	\$ 1,488	\$ 1,147	\$ 341
Total Expenditures	\$ 1,523	\$ 1,488	\$ 1,147	\$ 341

	Records Preservation and Automation			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 5,510	\$ 5,510	\$ 5,972	\$ 462
Investment income	328	328	267	(61)
Other revenues			6	6
Total Revenues	\$ 5,838	\$ 5,838	\$ 6,245	\$ 407
EXPENDITURES				
Information Technology	\$ 1,362	\$ 1,427	\$ 520	\$ 907
Buildings	50	224	49	175
District Clerk	120	135	135	-
County Clerk	10,925	10,670	4,194	6,476
Total Expenditures	\$ 12,457	\$ 12,456	\$ 4,898	\$ 7,558

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008 (AMOUNTS IN THOUSANDS)

	Education			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 17	\$ 17	\$ 18	\$ 1
Intergovernmental		100	100	-
Total Revenues	\$ 17	\$ 117	\$ 118	\$ 1
EXPENDITURES				
Sheriff	\$ 30	\$ 121	\$ 75	\$ 46
Sheriff-Confinement	14	10	6	4
Constable Precinct 1	1	2	2	0
Constable Precinct 2	2	3	2	1
Constable Precinct 3		1	1	-
Constable Precinct 4	7	8		8
Constable Precinct 6	4	5	3	2
Constable Precinct 7	1	3	3	-
Constable Precinct 8	3	4	1	3
Probate Court 1	9	9	7	2
Probate Court 2	9	9	8	1
District Attorney		5	1	4
Total Expenditures	\$ 80	\$ 180	\$ 109	\$ 71

	Public Health			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 1,771	\$ 1,771	\$ 1,427	\$ (344)
Intergovernmental	7,343	7,483	7,303	(180)
Investment income	174	174	92	(82)
Total Revenues	\$ 9,288	\$ 9,428	\$ 8,822	\$ (606)
EXPENDITURES:				
Buildings	\$ 324	\$ 324	\$ 253	\$ 71
Public Health	11,031	11,171	8,810	2,361
Total Expenditures	\$ 11,355	\$ 11,495	\$ 9,063	\$ 2,432

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008 (AMOUNTS IN THOUSANDS)

	<u>District Attorney</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 200	\$ 200	\$ 185	\$ (15)
Investment income	32	32	697	665
Other revenues	625	625	717	92
Transfer		711	86	(625)
	<u>857</u>	<u>1,568</u>	<u>1,685</u>	<u>117</u>
Total Revenues	\$ 857	\$ 1,568	\$ 1,685	\$ 117
EXPENDITURES				
District Attorney	\$ 1,448	\$ 2,531	\$ 2,228	\$ 303
Total Expenditures	\$ 1,448	\$ 2,531	\$ 2,228	\$ 303

	<u>Sheriff Contracts</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Investment income	\$ 32	\$ 24	\$ 19	\$ (5)
Other revenues	850	921	1,023	102
Transfer		58	58	-
	<u>882</u>	<u>1,003</u>	<u>1,100</u>	<u>97</u>
Total Revenues	\$ 882	\$ 1,003	\$ 1,100	\$ 97
EXPENDITURES				
Sheriff	\$ 342	\$ 489	\$ 386	\$ 103
Sheriff - Confinement	1,071	1,071	845	226
	<u>1,413</u>	<u>1,560</u>	<u>1,231</u>	<u>329</u>
Total Expenditures	\$ 1,413	\$ 1,560	\$ 1,231	\$ 329

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008 (AMOUNTS IN THOUSANDS)

	Miscellaneous Contracts			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
<b>REVENUES:</b>				
Fees of office	\$ 111	\$ 111	\$ 81	\$ (30)
Intergovernmental	848	3,195	3,688	493
Investment income	119	119	97	(22)
Other revenues	411	538	563	25
Transfer	800	800	1,066	266
Total Revenues	\$ 2,289	\$ 4,763	\$ 5,495	\$ 732
<b>EXPENDITURES</b>				
Non-Departmental	\$ 42	\$ 26	\$ 26	\$ -
Elections Administration	314	2,548	2,437	111
Information Technology		40	25	15
Self Insurance	1,369	1,358	321	1,037
Disaster Relief		277	147	130
Sheriff	4	4	1	3
Medical Examiner	33	33	2	31
Fire Marshal	56	59	59	-
Juvenile Services	1,602	1,562	1,114	448
Criminal District Court Support System	153	153	114	39
District Attorney	660	655	624	31
Domestic Relations	15	15	14	1
Public Health	63	63	24	39
Human Services	207	321	199	122
Child Protective Services	466	574	166	408
Public Assistance	13	30	26	4
Historical Commission	61	61		61
Peace Officers Memorial Monument	20	20		20
Total Expenditures	\$ 5,078	\$ 7,799	\$ 5,299	\$ 2,500

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008 (AMOUNTS IN THOUSANDS)

	Court Designated			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 1,713	\$ 1,739	\$ 1,648	\$ (91)
Intergovernmental	80	80	142	62
Investment income	40	40	34	(6)
Total Revenues	\$ 1,833	\$ 1,859	\$ 1,824	\$ (35)
EXPENDITURES:				
Non Departmental	\$ 1,677	\$ 1,694	\$ 1,150	\$ 544
Information Technology		10	1	9
Appeals Court	434	434	183	251
Criminal District Court Support System	167	167	21	146
Probate Court 1	242	242	81	161
Probate Court 2	126	126	73	53
Total Expenditures	\$ 2,646	\$ 2,673	\$ 1,509	\$ 1,164

	Vehicle Inventory Tax			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Taxes			\$ 109	\$ 109
Fees of office	\$ 258	\$ 258	290	32
Investment income	22	22	13	(9)
Other revenues			1	1
Total Revenues	\$ 280	\$ 280	\$ 413	\$ 133
EXPENDITURES				
Tax Assessor/Collector	\$ 644	\$ 644	\$ 294	\$ 350
Total Expenditures	\$ 644	\$ 644	\$ 294	\$ 350

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008 (AMOUNTS IN THOUSANDS)

	Consumer Health			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 638	\$ 638	\$ 798	\$ 160
Investment income	10	10	9	(1)
Total Revenues	\$ 648	\$ 648	\$ 807	\$ 159
EXPENDITURES				
Public Health	\$ 850	\$ 850	\$ 637	\$ 213
Total Expenditures	\$ 850	\$ 850	\$ 637	\$ 213



**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, TEXASCOMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
SEPTEMBER 30, 2008 (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	\$ 7,738	\$ 6,078	\$ 4,704	\$ 18,520
Other receivables, net of allowance for uncollectibles	<u>277</u>	<u>1</u>	<u>64</u>	<u>342</u>
Total current assets	<u>8,015</u>	<u>6,079</u>	<u>4,768</u>	<u>18,862</u>
 <u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	157	91	50	298
Other liabilities	1,484	346	3,127	4,957
Deferred revenue	<u>15</u>	<u>          </u>	<u>          </u>	<u>15</u>
Total current liabilities	<u>1,656</u>	<u>437</u>	<u>3,177</u>	<u>5,270</u>
Noncurrent liabilities:				
Other noncurrent liabilities	<u>          </u>	<u>738</u>	<u>6,240</u>	<u>6,978</u>
Total noncurrent liabilities	<u>-</u>	<u>738</u>	<u>6,240</u>	<u>6,978</u>
Total liabilities	<u>1,656</u>	<u>1,175</u>	<u>9,417</u>	<u>12,248</u>
 <u>NET ASSETS</u>				
Unrestricted	<u>6,359</u>	<u>4,904</u>	<u>(4,649)</u>	<u>6,614</u>
Total net assets (deficit)	<u>\$ 6,359</u>	<u>\$ 4,904</u>	<u>\$ (4,649)</u>	<u>\$ 6,614</u>

TARRANT COUNTY, TEXASCOMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008 (AMOUNTS IN THOUSANDS)

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
OPERATING REVENUES:				
User Fees	\$ 12,252	\$ 1		\$ 12,253
County Contributions	37,460		\$ 4,164	41,624
Other revenues	<u>869</u>	<u>13</u>	<u>227</u>	<u>1,109</u>
Total operating revenues	50,581	14	4,391	54,986
OPERATING EXPENSES:				
Building & Equipment		59		59
Self insurance claims	24,779	108	2,798	27,685
Insurance Premiums	23,441			23,441
Other Expenses	<u>1,447</u>	<u>151</u>	<u>957</u>	<u>2,555</u>
Total operating expenses	49,667	318	3,755	53,740
Operating income (loss)	914	(304)	636	1,246
NONOPERATING REVENUES :				
Investment income	<u>234</u>	<u>199</u>	<u>118</u>	<u>551</u>
Income (loss) before transfers	1,148	(105)	754	1,797
Transfers out	<u>(345)</u>			<u>(345)</u>
Change in net assets	803	(105)	754	1,452
Total net assets (deficit)-beginning	<u>5,556</u>	<u>5,009</u>	<u>(5,403)</u>	<u>5,162</u>
Total net assets (deficit)-ending	<u>\$ 6,359</u>	<u>\$ 4,904</u>	<u>\$ (4,649)</u>	<u>\$ 6,614</u>

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008 (AMOUNTS IN THOUSANDS)

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
OPERATING ACTIVITIES:				
Receipts from customers	\$ 50,732	\$ 14	\$ 4,327	\$ 55,073
Payments on behalf of employees	<u>(49,386)</u>	<u>(197)</u>	<u>(3,007)</u>	<u>(52,590)</u>
Net cash flows provided by (used in) operating activities	1,346	(183)	1,320	2,483
INVESTING ACTIVITIES:				
Investment income, net	234	199	118	551
NONCAPITAL FINANCING ACTIVITIES:				
Transfers out	<u>(345)</u>	<u>          </u>	<u>          </u>	<u>(345)</u>
Net cash flows used in noncapital financing activities	<u>(345)</u>	<u>-</u>	<u>-</u>	<u>(345)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,235	16	1,438	2,689
CASH AND CASH EQUIVALENTS, beginning of year	<u>6,503</u>	<u>6,062</u>	<u>3,266</u>	<u>15,831</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 7,738</u>	<u>\$ 6,078</u>	<u>\$ 4,704</u>	<u>\$ 18,520</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Income (loss) from operations	\$ 914	\$ (304)	\$ 636	\$ 1,246
Changes in assets and liabilities:				
Other receivables	150		(64)	86
Accounts payable	(267)	65		(202)
Other liabilities	548	56	748	1,352
Deferred Revenue	<u>1</u>	<u>          </u>	<u>          </u>	<u>1</u>
Net cash flows provided by (used in) operating activities	<u>\$ 1,346</u>	<u>\$ (183)</u>	<u>\$ 1,320</u>	<u>\$ 2,483</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, 2008 (AMOUNTS IN THOUSANDS)

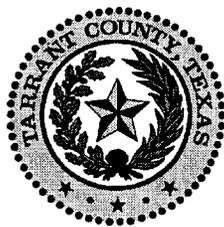
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<u>ASSETS</u>	Payroll Clearing	Fee Office	Total
Current assets:			
Cash and investments	\$ 2,954	\$ 34,857	\$ 37,811
Other receivables	3	128,455	128,458
Restricted asset		54,242	54,242
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 2,957</u>	<u>\$ 217,554</u>	<u>\$ 220,511</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts Payable		\$ 1	\$ 1
Due to third parties	\$ 2,957	217,553	220,510
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>\$ 2,957</u>	<u>\$ 217,554</u>	<u>\$ 220,511</u>

TARRANT COUNTY, TEXAS

STATEMENT OF CHANGES IN ASSETS AND LIABILITES - AGENCY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008 (AMOUNTS IN THOUSANDS)

	<u>October 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2008</u>
<b>PAYROLL CLEARING:</b>				
Cash and investments	\$ 2,797	\$ 100,614	\$ 100,457	\$ 2,954
Other receivables	<u>8</u>	<u>60</u>	<u>65</u>	<u>3</u>
	<u>\$ 2,805</u>	<u>\$ 100,674</u>	<u>\$ 100,522</u>	<u>\$ 2,957</u>
Due to third parties	<u>\$ 2,805</u>	<u>\$ 100,674</u>	<u>\$ 100,522</u>	<u>\$ 2,957</u>
	<u>\$ 2,805</u>	<u>\$ 100,674</u>	<u>\$ 100,522</u>	<u>\$ 2,957</u>
<b>FEE OFFICE:</b>				
Cash and investments	\$ 25,286	\$ 3,106,901	\$ 3,097,330	\$ 34,857
Other receivables	135,762	2,269,664	2,276,971	128,455
Restricted assets	<u>48,862</u>	<u>64,080</u>	<u>58,700</u>	<u>54,242</u>
	<u>\$ 209,910</u>	<u>\$ 5,440,645</u>	<u>\$ 5,433,001</u>	<u>\$ 217,554</u>
Accounts payable	\$ 5	\$ 83	\$ 87	\$ 1
Due to third parties	<u>209,905</u>	<u>5,440,562</u>	<u>5,432,914</u>	<u>217,553</u>
	<u>\$ 209,910</u>	<u>\$ 5,440,645</u>	<u>\$ 5,433,001</u>	<u>\$ 217,554</u>
<b>TOTAL:</b>				
Cash and investments	\$ 28,083	\$ 3,207,515	\$ 3,197,787	\$ 37,811
Other receivables	135,770	2,269,724	2,277,036	128,458
Restricted assets	<u>48,862</u>	<u>64,080</u>	<u>58,700</u>	<u>54,242</u>
	<u>\$ 212,715</u>	<u>\$ 5,541,319</u>	<u>\$ 5,533,523</u>	<u>\$ 220,511</u>
Accounts payable	\$ 5	\$ 83	\$ 87	\$ 1
Due to third parties	<u>212,710</u>	<u>5,541,236</u>	<u>5,533,436</u>	<u>220,510</u>
	<u>\$ 212,715</u>	<u>\$ 5,541,319</u>	<u>\$ 5,533,523</u>	<u>\$ 220,511</u>



**STATISTICAL SECTION**

**TARRANT COUNTY, TEXAS  
STATISTICAL SECTION**

This part of the County's comprehensive annual financial report presents detailed information to enhance the understanding of the information in the financial statements, note disclosures, and required supplementary information and what the data indicates about the County's overall financial health.

CONTENTS	PAGE
FINANCIAL TRENDS	106
<p>These schedules contain trend information to aid in understanding how the County's financial performance and well being have changed over time.</p> <p>The first three schedules relate to government wide; the remaining schedules relate to fund information.</p>	
REVENUE CAPACITY	114
<p>These schedules contain information to aid in assessing the factors affecting the County's ability to generate its property taxes, its most significant local revenue source.</p>	
DEBT CAPACITY	122
<p>These schedules present information to aid in assessing the County's current debt levels and its ability to issue additional debt in the future.</p>	
DEMOGRAPHIC AND ECONOMIC INFORMATION	130
<p>These schedules offer demographic and economic indicators to aid in understanding the environment within which the County's financial activities take place.</p>	
OPERATING INFORMATION	132
<p>These schedules contain information about the County's operations and resources to aid in understanding how the County's financial information relates to the services the County provides and the activities it performs.</p>	

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

	FISCAL YEAR				
	2002	2003	2004	2005	2006
<b>Governmental activities:</b>					
Invested in capital assets, net of related debt	\$ 89,274	\$ 108,534	\$ 134,092	\$ 151,544	\$ 180,820
Unrestricted	71,450	75,000	73,027	83,180	90,495
Total governmental activities net assets	<u>\$ 160,724</u>	<u>\$ 183,534</u>	<u>\$ 207,119</u>	<u>\$ 234,724</u>	<u>\$ 271,315</u>
<b>Business-type activities:</b>					
Invested in capital assets, net of related debt	\$ 1,945	\$ 1,861	\$ 1,861	\$ 1,793	\$ 5,800
Unrestricted	615	823	680	458	(1,955)
Total business-type activities net assets	<u>\$ 2,560</u>	<u>\$ 2,684</u>	<u>\$ 2,541</u>	<u>\$ 2,251</u>	<u>\$ 3,845</u>
<b>Primary government:</b>					
Invested in capital assets, net of related debt	\$ 91,219	\$ 110,395	\$ 135,953	\$ 153,337	\$ 186,620
Unrestricted	72,065	75,823	73,707	83,638	88,540
Total primary government net assets	<u>\$ 163,284</u>	<u>\$ 186,218</u>	<u>\$ 209,660</u>	<u>\$ 236,975</u>	<u>\$ 275,160</u>

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

**TABLE I**

<u>2007</u>	<u>2008</u>
\$ 195,824	\$ 185,168
114,985	147,789
<u>\$ 310,809</u>	<u>\$ 332,957</u>
\$ 5,501	\$ 5,229
(1,835)	340
<u>\$ 3,666</u>	<u>\$ 5,569</u>
\$ 201,325	\$ 190,397
113,150	148,129
<u>\$ 314,475</u>	<u>\$ 338,526</u>

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

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

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

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

**TABLE II**

<u>2007</u>	<u>2008</u>
\$ 105,708	\$ 119,234
99,860	109,282
33,753	42,741
124,066	137,287
62,437	72,088
9,529	11,751
435,353	492,383
2,854	3,077
438,207	495,460
98,334	104,965
62,090	76,291
7,512	6,740
167,936	187,996
2,662	4,940
170,598	192,936
(267,417)	(304,387)
(192)	1,863
\$ (267,609)	\$ (302,524)
\$ 282,491	\$ 303,474
6,154	6,023
15,834	12,287
2,432	4,751
306,911	326,535
13	40
13	40
306,924	326,575
39,494	22,148
(179)	1,903
\$ 39,315	\$ 24,051

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

Function/Program	FISCAL YEAR				
	2002	2003	2004	2005	2006
<b>Fees, Fines, and Charges for Services</b>					
<b>Governmental:</b>					
General government	\$ 10,127	\$ 11,558	\$ 54,960	\$ 42,440	\$ 47,244
Public safety	8,865	6,588	4,883	7,825	3,375
Transportation support	23,826	23,625	1,608		
Judicial	26,035	26,061	17,404	26,007	30,030
Community services	9,366	8,547	8,962	9,991	12,515
Total Governmental	78,219	76,379	87,817	86,263	93,164
<b>Business-type</b>	2,496	2,646	2,701	2,625	2,404
Total Fees, Fines and Charges for Service	<u>\$ 80,715</u>	<u>\$ 79,025</u>	<u>\$ 90,518</u>	<u>\$ 88,888</u>	<u>\$ 95,568</u>
<b>Operating Grants and Contributions</b>					
<b>Governmental:</b>					
General government	\$ 627	\$ 24	\$ 4,748	\$ 1,309	\$ 1,322
Public safety	12,096	12,559	1,984	1,177	1,358
Transportation support	3,274				
Judicial	44,239	3,711	9,698	11,319	10,647
Community services		48,450	43,573	40,350	46,476
Total Governmental	60,236	64,744	60,003	54,155	59,803
Total Operating Grants and Contributions	<u>\$ 60,236</u>	<u>\$ 64,744</u>	<u>\$ 60,003</u>	<u>\$ 54,155</u>	<u>\$ 59,803</u>
<b>Capital Grants and Contributions</b>					
<b>Governmental:</b>					
General government				\$ 3	\$ 5,971
Public safety				1,191	534
Transportation support		\$ 2,626		1,547	10,384
Judicial				218	20
Total Governmental	-	2,626	-	2,959	16,909
<b>Business-type</b>		134			1,971
Total Capital Grants and Contributions	<u>\$ -</u>	<u>\$ 2,760</u>	<u>\$ -</u>	<u>\$ 2,959</u>	<u>\$ 18,880</u>
<b>Total Program Revenues</b>					
<b>Governmental:</b>					
General government	\$ 10,754	\$ 11,582	\$ 59,708	\$ 43,752	\$ 54,537
Public safety	20,961	19,147	6,867	10,193	5,267
Transportation support	27,100	26,251	1,608	1,547	10,384
Judicial	70,274	29,772	27,102	37,544	40,697
Community services	9,366	56,997	52,535	50,341	58,991
Total Governmental	138,455	143,749	147,820	143,377	169,876
<b>Business-type</b>	2,496	2,780	2,701	2,625	4,375
<b>Total Program Revenues</b>	<u>\$ 140,951</u>	<u>\$ 146,529</u>	<u>\$ 150,521</u>	<u>\$ 146,002</u>	<u>\$ 174,251</u>

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

TABLE III

	<u>2007</u>		<u>2008</u>
\$	50,630	\$	53,905
	4,293		4,532
	31,446		33,104
	11,965		13,424
	<u>98,334</u>		<u>104,965</u>
	2,662		4,940
\$	<u><u>100,996</u></u>	\$	<u><u>109,905</u></u>
\$	2,076	\$	7,443
	2,630		3,707
	33		49
	12,126		12,579
	45,225		52,513
	<u>62,090</u>		<u>76,291</u>
\$	<u><u>62,090</u></u>	\$	<u><u>76,291</u></u>
\$	2,074		
	237	\$	136
	4,744		6,597
	457		7
	<u>7,512</u>		<u>6,740</u>
\$	<u><u>7,512</u></u>	\$	<u><u>6,740</u></u>
\$	54,780	\$	61,348
	7,160		8,375
	4,777		6,646
	44,029		45,690
	57,190		65,937
	<u>167,936</u>		<u>187,996</u>
	2,662		4,940
\$	<u><u>170,598</u></u>	\$	<u><u>192,936</u></u>

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

	<b>FISCAL YEAR</b>				
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002 (1)</b>	<b>2003</b>
<b>General Fund</b>					
Reserved:					
For encumbrances	\$ 1,329	\$ 1,504	\$ 2,178	\$ 1,306	\$ 1,675
For supplies and prepaid items	503	518	484	700	814
For long-term receivable	9,900	9,545	8,880	8,880	8,880
Unreserved	19,445	17,902	24,654	35,436	22,917
<b>Total General fund</b>	<b>\$ 31,177</b>	<b>\$ 29,469</b>	<b>\$ 36,196</b>	<b>\$ 46,322</b>	<b>\$ 34,286</b>
<b>All Other Governmental Funds</b>					
Reserved:					
For debt service	\$ 254	\$ 573	\$ 568	\$ 1,066	\$ 1,564
For capital projects	24,514	21,239	14,522	37,798	39,431
For encumbrances	3,884	5,998	11,183	6,713	4,944
For supplies and prepaid items	540	687	556	735	732
For long-term receivable					2,694
Unreserved, reported in:					
Road and Bridge fund				12,372	11,773
Other Special revenue	9,991	10,871	15,312	8,694	9,931
<b>Total all other governmental funds</b>	<b>\$ 39,183</b>	<b>\$ 39,368</b>	<b>\$ 42,141</b>	<b>\$ 67,378</b>	<b>\$ 71,069</b>

(1) The County implemented GASB34, the new reporting standard, in fiscal year 2002. Some special revenue funds were previously reported as expendable trust funds and therefore excluded from this report.

TABLE IV

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 2,012	\$ 1,604	\$ 3,667	\$ 1,549	\$ 2,995
732	825	794	865	761
7,605	7,120	6,630	6,115	5,570
31,231	38,201	41,708	44,975	38,347
<u>\$ 41,580</u>	<u>\$ 47,750</u>	<u>\$ 52,799</u>	<u>\$ 53,504</u>	<u>\$ 47,673</u>
\$ 1,621	\$ 2,092	\$ 1,739	\$ 1,020	\$ 492
36,507	31,107	120,068	159,179	243,413
15,474	10,903	7,191	19,482	47,394
977	1,011	819	1,289	825
2,499	2,299	2,099	2,099	2,099
10,699	5,168	7,526	12,201	7,336
12,385	14,980	18,058	19,060	20,425
<u>\$ 80,162</u>	<u>\$ 67,560</u>	<u>\$ 157,500</u>	<u>\$ 214,330</u>	<u>\$ 321,984</u>

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

	FISCAL YEAR				
	1999	2000	2001	2002 (1)	2003
<b>Revenues:</b>					
Taxes, licenses and permits	\$ 145,321	\$ 157,734	\$ 180,230	\$ 200,546	\$ 215,934
Fees of office	44,104	46,159	48,335	54,006	57,171
Intergovernmental	14,015	14,113	12,372	77,271	78,308
Investment income	5,277	6,600	6,695	3,630	2,755
Other revenues	11,407	9,795	9,427	14,699	13,435
<b>Total revenues</b>	<b>220,124</b>	<b>234,401</b>	<b>257,059</b>	<b>350,152</b>	<b>367,603</b>
<b>Expenditures:</b>					
Current:					
General government	31,828	33,376	38,101	50,049	58,761
Buildings	8,635	9,293	10,935		
Public safety	69,872	74,797	78,790	97,936	106,954
Transportation support	17,183	15,631	16,319	17,233	18,890
Judicial	52,592	56,220	61,760	75,983	79,229
Community services	7,724	8,983	5,195	55,874	58,868
Capital outlay	22,972	15,546	17,169	63,509	34,533
Debt service:					
Principal payments	25,770	25,770	23,865	24,495	22,215
Interest and fiscal charges	6,086	6,661	6,028	5,482	7,593
Bond issuance costs					
<b>Total expenditures</b>	<b>242,662</b>	<b>246,277</b>	<b>258,162</b>	<b>390,561</b>	<b>387,043</b>
Excess (deficiency) of revenues over (under) expenditures	(22,538)	(11,876)	(1,103)	(40,409)	(19,440)
<b>Other Financing Sources (Uses):</b>					
Transfers in	8,360	5,980	4,346	12,701	22,811
Transfers out	(10,101)	(7,627)	(5,743)	(12,325)	(23,716)
Issuance of new debt					
Proceeds of Refunding bonds				19,531	
Bond proceeds	44,225	12,000	12,000	71,915	12,000
Premium on bonds					
Discount on new debt					
Payment to refunded bond escrow agent				(19,383)	
<b>Total other financing sources (uses)</b>	<b>42,484</b>	<b>10,353</b>	<b>10,603</b>	<b>72,439</b>	<b>11,095</b>
<b>Change in fund balance</b>	<b>\$ 19,946</b>	<b>\$ (1,523)</b>	<b>\$ 9,500</b>	<b>\$ 32,030</b>	<b>\$ (8,345)</b>
Debt Service as a percentage of noncapital expenditures	14.4%	14.0%	12.3%	9.0%	8.4%

(1) The County implemented GASB34, the new reporting standard, in fiscal year 2002. Some special revenue funds were previously reported as expendable trust funds and therefore excluded from this report.

TABLE V

2004	2005	2006	2007	2008
\$ 231,460	\$ 245,148	\$ 261,080	\$ 284,059	\$ 300,687
58,980	60,529	67,853	72,136	74,607
76,853	72,274	85,597	83,485	100,006
2,315	5,265	9,368	15,834	12,287
14,871	15,081	13,101	16,677	17,567
384,479	398,297	436,999	472,191	505,154
73,018	73,783	81,601	85,970	98,866
78,098	81,721	88,307	96,449	102,676
18,387	23,583	24,194	22,210	29,376
109,903	111,827	116,480	122,612	132,500
53,481	51,787	58,398	58,740	66,138
52,199	46,873	38,782	48,385	49,077
22,090	19,970	20,825	23,795	25,905
6,840	7,275	6,430	9,368	11,469
	163			
414,016	416,982	435,017	467,529	516,007
(29,537)	(18,685)	1,982	4,662	(10,853)
8,231	19,066	24,339	34,078	42,951
(8,165)	(18,998)	(24,664)	(35,087)	(42,606)
59,550	12,045	89,990	52,510	107,480
	39,870			
1,433	1,675	3,342	1,372	5,422
(15,125)	(41,405)			(571)
45,924	12,253	93,007	52,873	112,676
<u>\$ 16,387</u>	<u>\$ (6,432)</u>	<u>\$ 94,989</u>	<u>\$ 57,535</u>	<u>\$ 101,823</u>
7.9%	7.3%	6.6%	7.6%	7.7%

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

**Tarrant County Direct Rates**

<b>Fiscal Year</b>	<b>Operating Fund</b>	<b>Debt Service Fund</b>	<b>Tarrant County Hospital District</b>	<b>Total Direct Rate</b>
1999	\$ 0.208638	\$ 0.056198	\$ 0.234070	\$ 0.498906
2000	0.212890	0.051946	0.234070	0.498906
2001	0.230460	0.044325	0.234070	0.508855
2002	0.235486	0.039299	0.234070	0.508855
2003	0.237419	0.035081	0.232400	0.504900
2004	0.241757	0.030743	0.235397	0.507897
2005	0.244048	0.028452	0.235397	0.507897
2006	0.245376	0.027124	0.235997	0.508497
2007	0.241664	0.029836	0.235397	0.506897
2008	0.234866	0.031634	0.230397	0.496897

Note: Section 26.05 of the Property Tax Code provides that the governing body of a taxing unit is required to adopt the annual tax rate for the unit before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the taxing unit, and a failure to adopt a tax rate by such required date will result in the tax rate for the taxing unit for the tax year to be the lower of the effective tax rate calculated for that tax year or the tax rate adopted by the taxing unit for the preceding tax year. Furthermore, Section 26.05 provides the Commissioners Court may not adopt a tax rate that exceeds the lower of the rollback tax rate or the effective tax rate until two public hearings are held on the proposed tax rate following a notice of such public hearings (including the requirement that notice be posted on the County's website if the County owns, operates or controls an internet website and public notice be given by television if the County has free access to a television channel) and the Commissioners Court has otherwise complied with the legal requirements for the adoption of such tax rate. If the adopted tax rate exceeds the rollback tax rate, the qualified voters of the County by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

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

Source of rates: Municipal Advisory Council of Texas

**TABLE VI**

<b>Overlapping Rates (1)</b>							
<b>Tarrant County College District</b>		<b>Tarrant County Regional Water District</b>		<b>Tarrant County Fresh Water Supply</b>		<b>Emergency Service District</b>	
\$	0.106410	\$	0.019823	\$	0.218000	\$	0.080000
	0.106410		0.019823		0.218000		0.080000
	0.106410		0.020000		0.218000		0.080000
	0.106410		0.020000		0.218000		0.080000
	0.139380		0.020000		0.218000		0.100000
	0.139380		0.020000		0.218000		0.080000
	0.139380		0.020000		0.218000		0.070000
	0.139380		0.020000		-		0.069350
	0.139380		0.020000		-		0.069000
	0.139380		0.020000		-		0.064000

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

**TABLE VII**

<b>Fiscal Year Ended September 30</b>	<b>Assessed Real Property</b>	<b>Assessed Personal Property</b>	<b>Less: Tax-Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Direct Tax Rate (1)</b>
1999	\$ 48,530,101	\$ 12,300,540	\$ 6,252,281	\$ 54,578,360	\$ 0.498906
2000	52,879,037	13,268,352	6,681,456	59,465,933	0.498906
2001	59,007,528	14,349,965	7,257,418	66,100,075	0.508855
2002	63,077,190	18,593,776	8,612,757	73,058,209	0.508855
2003	70,840,459	16,955,809	8,616,451	79,179,817	0.504900
2004	75,871,423	17,219,209	8,089,531	85,001,101	0.507897
2005	80,509,862	17,690,825	8,600,687	89,600,000	0.507897
2006	84,861,011	18,231,398	6,962,134	96,130,275	0.508497
2007	94,724,875	19,941,550	9,530,656	105,135,769	0.506897
2008	102,549,894	21,926,109	10,545,865	113,930,138	0.496897

Note: The appraisal of property within the County is the responsibility of the Tarrant Appraisal District. Under the Texas Tax Code, the appraisal district is required to appraise all property on the basis of 100% of its market value and is prohibited from applying any assessment ratios. The Appraisal District is required to review the value of property at least every three years.

(1) Tax rate are per \$100 of assessed value

Source: Tarrant Appraisal District

**TARRANT COUNTY, TEXAS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
(Unaudited)  
(Amounts in thousands)

**TABLE VIII**

Taxpayer	FISCAL YEAR					
	2008			1999		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
TXU/Oncor Electric	\$ 1,022,692	1	0.90%			
American Airlines	517,042	2	0.45	\$ 766,540	1	1.40%
XTO Energy	502,644	3	0.44			
Southwestern Bell	467,495	4	0.41	551,939	3	1.01
Wal-Mart Stores Texas L.P	413,905	5	0.36			
Devon Energy Production	299,099	6	0.26			
Bell Helicopter Textron Inc.	285,082	7	0.25	234,948	4	0.43
Opryland Hotel	254,568	8	0.22			
Ddr/Dtccity Investments	238,242	9	0.21			
Grapevine Mills Ltd. Partnership	204,391	10	0.18	148,372	9	0.27
Texas Utilities Electric				601,032	2	1.10
Albertson, Inc.				210,654	5	0.39
Delta Airlines, Inc.				187,362	6	0.34
Tandy Corporation				179,242	7	0.33
Alcon Laboratories Inc.				156,191	8	0.29
Simmons Airlines, Inc.				144,271	10	0.26
	<u>\$ 4,205,160</u>		<u>3.69%</u>	<u>\$ 3,180,551</u>		<u>5.83%</u>

Source: Tarrant Appraisal District

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

<u>Fiscal Year Ended September 30</u>	<u>Taxes Levied Within the Fiscal Year of the Levy</u>	<u>Adjustments to Levy in Subsequent Years</u>	<u>Adjusted Taxes Levied for the Fiscal Year</u>	<u>Collected Within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>
				<u>Amount</u>	<u>Percentage of Levy</u>	
2001	\$ 180,346	\$ 70	\$ 180,416	\$ 176,844	98.06%	\$ 2,966
2002	200,753	(88)	200,665	196,253	97.76%	3,559
2003	215,766	(168)	215,598	211,528	98.04%	3,321
2004	231,628	(62)	231,566	227,468	98.20%	3,232
2005	244,160	(440)	243,720	239,933	98.27%	2,855
2006	261,955	(428)	261,527	257,648	98.36%	2,788
2007	285,433	(806)	284,627	280,951	98.43%	2,073
2008	303,624	-	303,624	299,681	98.70%	-

Note: Information prior to Fiscal Year 2001 is unavailable from the Tarrant County Tax Office. Therefore, ten years of data is not available but will be accumulated over time.

Source: Tarrant County Tax Office and Tarrant Appraisal District

<b>Total Collections</b>		
<b>Amount</b>		<b>Percentage of Levy</b>
\$ 179,810		99.66%
199,812		99.57%
214,849		99.65%
230,700		99.63%
242,788		99.62%
260,436		99.58%
283,024		99.44%
299,681		98.70%

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

TABLE X

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Certificates Of Obligation</u>	<u>Limited Tax Refunding</u>	<u>Taxable Tax Notes</u>	<u>Non-Taxable Tax Notes</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
1999	\$ 22,500	\$ 56,710	\$ 61,865			\$ 141,075	0.37	105.52
2000	20,000	52,190	55,115			127,305	0.29	88.04
2001	19,315	49,185	46,940			115,440	0.25	78.42
2002	44,215	51,425	39,460	\$ 28,315		163,415	0.35	109.67
2003	42,790	37,150	32,945	28,315	\$ 12,000	153,200	0.31	98.58
2004	41,240	22,940	59,120	28,315	24,000	175,615	0.34	110.51
2005	27,405	14,210	91,650		33,775	167,040	0.30	101.67
2006	107,750	7,880	83,445		37,130	236,205	0.42 (2)	138.76 (2)
2007	155,290	4,015	75,465		30,150	264,920	0.47 (2)	151.81 (2)
2008	256,390		68,610		21,495	346,495	0.56 (2)	194.64 (2)

Note: All debt is related to government activities. Details regarding the County's outstanding debt can be found in the notes to the financial statements.

- (1) See Schedule of Demographic and Economic Statistics Table XIV for personal income and population data  
(2) Calculation based on most recent information for personal income data, fiscal year 2005



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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Certificates Of Obligation</b>	<b>Limited Tax Refunding</b>	<b>Taxable Tax Notes</b>	<b>Non-Taxable Tax Notes</b>	<b>Total Primary Government</b>	<b>Less: Amount Available In Debt Service Fund</b>	<b>Total</b>
1999	\$ 22,500	\$ 56,710	\$ 61,865			\$ 141,075	\$ 254	\$ 140,821
2000	20,000	52,190	55,115			127,305	573	126,732
2001	19,315	49,185	46,940			115,440	568	114,872
2002	44,215	51,425	39,460	\$ 28,315		163,415	1,066	162,349
2003	42,790	37,150	32,945	28,315	\$ 12,000	153,200	1,564	151,636
2004	41,240	22,940	59,120	28,315	24,000	175,615	1,621	173,994
2005	27,405	14,210	91,650		33,775	167,040	2,092	164,948
2006	107,750	7,880	83,445		37,130	236,205	1,739	234,466
2007	155,290	4,015	75,465		30,150	264,920	1,020	263,900
2008	256,390		68,610		21,495	346,495	492	346,003

Note: All debt is related to government activities. Details regarding the County's outstanding debt can be found in the notes to the financial statements.

- (1) See Schedule of Assessed and Actual Value of Taxable Property Table VI for property value data
- (2) See Schedule of Demographic and Economic Statistics Table XIV for personal income and population data

Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
0.23%	S 94.79
0.19%	79.44
0.25%	110.29
0.21%	101.77
0.22%	111.97
0.19%	103.79
0.26%	142.71
0.27%	155.03
0.25%	151.23
0.30%	194.37

**TARRANT COUNTY, TEXAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**As of September 30, 2008**  
**(Unaudited)**  
**(Amounts in thousands)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt 7/15/2008</u>
Debt repaid with property taxes:			
Special Districts:			
Tarrant County College District	\$ 49,005	100.00%	\$ 49,005
County Line Special District:			
Trophy Club Municipal Utility District #1	2,360	0.53%	13
Cities:			
Arlington	235,545	100.00%	235,545
Bedford	57,325	100.00%	57,325
Benbrook	14,405	100.00%	14,405
Colleyville	23,660	100.00%	23,660
Crowley	19,510	100.00%	19,510
Dalworthington Gardens	1,705	100.00%	1,705
Eules	51,370	100.00%	51,370
Everman	2,852	100.00%	2,852
Forest Hill	10,515	100.00%	10,515
Fort Worth	387,200	99.69%	386,000
Haltom City	39,390	100.00%	39,390
Haslet	6,680	100.00%	6,680
Hurst	41,060	100.00%	41,060
Keller	102,200	100.00%	102,200
Kennedale	10,465	100.00%	10,465
Lake Worth	14,095	100.00%	14,095
North Richland Hills	65,641	100.00%	65,641
Pantego	1,015	100.00%	1,015
Richland Hills	6,853	100.00%	6,853
Saginaw	26,640	100.00%	26,640
Watauga	23,015	100.00%	23,015
Westlake	18,725	97.87%	18,326
Westover Hills	260	100.00%	260
White Settlement	4,675	100.00%	4,675
County Line Cities:			
Azle	10,960	78.94%	8,652
Burleson	57,218	9.26%	5,298
Grand Prairie	193,220	45.24%	87,413
Grapevine	140,125	99.64%	139,621
Mansfield	95,870	77.52%	74,318
Southlake	139,342	99.16%	138,172

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

TABLE XII

<u>Governmental Unit (cont'd)</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt 7/15/2008</u>
School Districts:			
Arlington Independent School District	\$ 421,114	100.00%	\$ 421,114
Birdville Independent School District	234,385	100.00%	234,385
Carroll Independent School District	140,467	100.00%	140,467
Castleberry Independent School District	18,930	100.00%	18,930
Eagle Mountain Saginaw Independent School District	373,946	100.00%	373,946
Everman Independent School District	38,240	100.00%	38,240
Fort Worth Independent School District	532,008	100.00%	532,008
Hurst Euless Bedford Independent School District	217,605	100.00%	217,605
Keller Independent School District	612,852	100.00%	612,852
Kennedale Independent School District	51,390	100.00%	51,390
Lake Worth Independent School District	80,381	100.00%	80,381
White Settlement Independent School District	184,135	100.00%	184,135
County Line School Districts:			
Aledo Independent School District	92,836	3.49%	3,240
Azle Independent School District	27,530	63.04%	17,355
Burleson Independent School District	147,910	25.81%	38,176
Crowley Independent School District	242,432	96.15%	233,098
Godley Independent School District	8,390	9.52%	799
Grapevine Colleyville Independent School District	295,258	98.99%	292,276
Mansfield Independent School District	623,034	82.26%	512,508
Northwest Independent School District	405,540	22.46%	91,084
Sub-total Overlapping Debt			<u>5,759,683</u>
Tarrant County (direct debt)	346,495	100.00%	346,495
Tarrant County Hospital District (direct debt)	29,585	100.00%	29,585
Total Direct and Overlapping Debt			<u>\$ 6,135,763</u>

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

	<b>FISCAL YEAR</b>				
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Debt Limit	\$ 2,728,918	\$ 2,973,297	\$ 3,305,004	\$ 3,652,910	\$ 3,652,910
Total net debt applicable to limit	<u>140,821</u>	<u>126,732</u>	<u>114,872</u>	<u>162,349</u>	<u>151,636</u>
Legal debt margin	<u>\$ 2,588,097</u>	<u>\$ 2,846,565</u>	<u>\$ 3,190,132</u>	<u>\$ 3,490,561</u>	<u>\$ 3,501,274</u>
Total net debt applicable to the limit as a percentage of debit limit	5.16%	4.26%	3.48%	4.44%	4.15%

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

**TABLE XIII**

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 4,250,055	\$ 4,480,000	\$ 4,806,514	\$ 5,256,788	\$ 5,696,507
<u>173,994</u>	<u>164,948</u>	<u>234,466</u>	<u>263,900</u>	<u>346,003</u>
<u>\$ 4,076,061</u>	<u>\$ 4,315,052</u>	<u>\$ 4,572,048</u>	<u>\$ 4,992,888</u>	<u>\$ 5,350,504</u>
4.09%	3.68%	4.88%	5.02%	6.07%

**Legal Debt Margin Calculation (1) for Fiscal Year 2008**

Assessed value	\$ 113,930,138
Debt Limit (5% of total assessed value)	5,696,507
Debt applicable to limit:	
Total General Bonded debt	346,495
Less: Amount available in Debt Service Fund	<u>(492)</u>
Total net debt applicable to limit	<u>346,003</u>
Legal debt margin	<u>\$ 5,350,504</u>

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

**TABLE XIV**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (Amounts in thousands)</b>	<b>Per Capita Personal Income (2)</b>	<b>Unemployment Rate (3)</b>	<b>Public School Enrollment (4)</b>
1999	1,337,000	\$ 37,817,045	\$ 28,285	3.1%	256,000
2000	1,446,000	43,813,800	30,300	3.1	260,000
2001	1,472,000	46,481,344	31,577	4.2	270,678
2002	1,490,000	46,629,550	31,295	6.2	279,561
2003	1,554,000	49,052,010	31,565	6.5	288,999
2004	1,589,200	52,022,462	32,735	5.7	295,194
2005	1,642,950	56,312,111	34,275	5.0	300,688
2006	1,702,250	62,373,845	36,642	4.6	312,524
2007	1,745,050	N/A	N/A	4.3	318,324
2008	1,780,150	N/A	N/A	5.1	323,703

Data Sources:

- (1) North Central Texas Council of Governments
- (2) Bureau of Economic Analysis U.S. Department of Commerce
- (3) Texas Workforce Commission
- (4) Texas Education Agency

N/A-Not available

**TARRANT COUNTY, TEXAS  
TEN PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

**TABLE XV**

<u>Employer</u>	<u>2008 (1)</u>			<u>1999 (2)</u>		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total Tarrant County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total Tarrant County Employment</u>
AMRCorp./American Airlines	25,000	1	2.95%	30,000	1	3.48%
Lockheed Martin Aeronautics Company	14,000	2	1.65	10,000	2	1.16
Wal-Mart Stores	10,558	3	1.24			
Fort Worth Independent School District	10,308	4	1.21	9,500	3	1.10
Texas Health Resources	8,252	5	0.97	6,000	6	0.70
Arlington Independent School District	8,000	6	0.94	6,300	4	0.73
City of Fort Worth	6,563	7	0.77	5,100	7	0.59
Bell Helicopter-Textron	6,500	8	0.77	6,200	5	0.72
JP Morgan Chase Bank	4,337	9	0.51			
Tarrant County	4,248	10	0.50			
Harris Methodist Fort Worth Hospital				5,100	8	0.59
Delta Airlines, Inc.				5,000	9	0.58
U.S. Postal Service				4,500	10	0.52

Data Sources:

(1) Fort Worth Star-Telegram and Texas Workforce Commission

(2) The "2000 Book of Lists" by the Fort Worth Business Press, individual firms, Fort Worth Chamber of Commerce and Bureau of Economic Analysis

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

<b>Function</b>	<b>FISCAL YEAR</b>				
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003 (1)</u>
<b>Governmental activities:</b>					
General government	556	604	579	603	696
Public safety	1,611	1,608	1,608	1,719	1,327
Transportation	208	208	209	215	195
Judical	889	912	921	962	1,290
Community services	534	479	489	554	489
<b>Business-type activities</b>					
Resource Connection	<u>23</u>	<u>23</u>	<u>21</u>	<u>23</u>	<u>21</u>
Total full-time equivalent employees	<u><u>3,821</u></u>	<u><u>3,834</u></u>	<u><u>3,827</u></u>	<u><u>4,076</u></u>	<u><u>4,018</u></u>

(1) Classification methodology changed in fiscal year 2003, prior statistics have not been restated.

**TABLE XVI**

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
646	660	661	681	701
1,359	1,343	1,372	1,439	1,441
195	195	197	199	199
1,239	1,247	1,255	1,289	1,314
446	446	444	442	477
<u>20</u>	<u>20</u>	<u>18</u>	<u>18</u>	<u>18</u>
<u>3,905</u>	<u>3,911</u>	<u>3,947</u>	<u>4,068</u>	<u>4,150</u>

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

FUNCTION	FISCAL YEAR			
	1999	2000	2001	2002
<b>District Clerk (1)</b>				
Civil court cases filed		4,646	5,234	5,929
Criminal court cases filed		12,590	12,445	13,571
Family court cases filed (Attorney General cases)		5,866	6,774	7,960
Family court cases filed (Non-Attorney General cases)		15,779	15,392	15,138
Juvenile court cases filed		3,330	3,543	3,514
Tax foreclosure cases filed		2,245	2,201	2,504
Passport applications accepted		3,095	4,898	7,619
<b>County Clerk</b>				
County court at aw cases filed	6,198	6,442	6,370	6,964
Mental health cases filed	800	910	1,059	1,268
Probate cases filed	3,841	3,645	3,715	3,913
Birth certificates issued	9,505	10,731	11,756	13,045
Marriage licenses issued	13,702	13,645	14,655	14,265
<b>Justice of the Peace (all precincts)</b>				
Traffic cases	18,201	19,288	18,066	15,788
Non-traffic cases	9,047	7,675	8,711	7,063
Small claims cases	2,872	2,858	3,409	3,591
Forcible entry & detainer cases	13,704	13,784	15,648	16,805
<b>Sheriff</b>				
Prisoner bed days in county jail	1,181,148	1,196,082	1,081,740	1,057,109
<b>Public Health (2)</b>				
Chronic disease prevention, average monthly caseload				
Notifiable diseases reported				
Food establishment inspections				
Sexually transmitted disease clinic visits				
Milk and dairy tests				
Tuberculosis DOT/DOPT doses administered				
Women, infants & children visits and immunizations				
<b>Tax Assessor/Collector</b>				
Tax accounts collected	546,624	558,256	570,929	585,090
Contracts with entities for tax collection	48	50	50	51
<b>Transportation</b>				
Miles of roads maintained in un-incorporated areas (3)				
Inter-local contracts executed/performed (2)				
Square yards of right of way acquired (3)				
<b>Human Services</b>				
Rent vouchers issued	3,663	2,716	2,842	2,846
Utility vouchers issued	6,047	5,394	4,557	5,282
Food/hygiene vouchers issued	4,053	3,232	3,472	3,666

(1) Information not available prior to 2000

(2) Information not available prior to 2004

(3) Information not available prior to 2003

TABLE XVII

2003	2004	2005	2006	2007	2008
7,268	6,012	6,427	6,678	6,363	6,491
15,215	16,371	16,529	16,290	18,705	17,371
7,874	8,407	10,822	11,526	12,525	15,024
14,992	14,933	14,137	14,332	14,530	15,468
3,312	3,577	3,521	3,163	3,156	2,950
3,177	3,460	2,521	3,435	4,179	4,174
7,365	9,406	9,690	12,005	18,625	17,194
6,912	7,780	9,083	10,013	11,001	9,593
1,312	1,436	1,585	1,922	2,226	2,192
3,648	3,896	3,772	3,721	3,788	3,887
13,343	13,824	15,036	15,881	17,169	15,740
13,702	14,141	13,601	14,015	14,196	13,396
14,384	14,808	17,123	10,762	11,791	11,809
5,906	6,144	7,451	7,541	7,917	8,353
3,543	3,591	3,354	3,229	3,159	3,539
18,580	19,833	21,492	23,886	25,109	25,999
1,219,881	1,271,394	1,232,776	1,248,639	1,260,588	1,264,725
	554	543	464	492	544
	3,264	3,477	3,841	5,405	5,990
	4,763	5,157	5,249	5,430	4,706
	7,169	7,442	7,343	7,190	8,226
	19,603	20,673	24,184	25,834	23,218
	20,573	21,417	22,047	23,222	21,688
	581,051	606,976	612,968	624,493	673,445
602,094	621,693	641,074	659,911	659,911	676,757
52	52	52	52	53	53
378	374	451	394	405	423
	59	80	53	61	67
12,288,910	12,180,657	12,604,433	13,186,763	13,779,805	14,441,830
2,877	2,580	2,044	1,659	1,445	1,541
7,229	8,670	14,016	14,262	12,758	11,565
3,607	3,729	3,291	2,267	2,399	1,790

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

	<b>FISCAL YEAR</b>			
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
<b>General Government</b>				
Number of buildings				
Subcourthouses	6	8	8	8
Courts buildings	5	5	5	5
Other	12	12	12	15
Building square footage	1,752,315	1,796,173	1,796,173	2,604,082
Subcourthouses	201,253	245,111	245,111	245,111
Courts buildings	922,352	922,352	922,352	922,352
Other	628,710	628,710	628,710	1,436,619
<b>Public Safety</b>				
Number of jails	4	4	4	4
Building square footage	906,204	906,204	906,204	906,204
Number of patrol vehicles (1)			94	81
<b>Transportation (2)</b>				
Miles of roads in un-incorporated areas				
Square yards of right of way acquired				
Number of heavy equipment				
Number of vehicles				
<b>Judicial</b>				
Juvenile Services Complex square footage	124,770	124,770	124,770	124,770
<b>Community Services</b>				
Public Health vehicles (1)			30	30
<b>Resource Connection</b>				
Number of buildings	15	15	15	15
Building square footage	348,464	348,464	348,464	348,464

(1) Information not available prior to 2001

(2) Information not available prior to 2003

TABLE XVIII

2003	2004	2005	2006	2007	2008
8	8	8	8	8	9
5	5	6	6	6	6
15	16	18	18	17	17
2,604,082	2,606,082	2,864,019	2,915,381	2,903,068	2,976,068
245,111	245,111	245,111	245,111	245,111	318,111
922,352	922,352	1,180,289	1,180,289	1,180,289	1,180,289
1,436,619	1,438,619	1,438,619	1,489,981	1,477,668	1,477,668
4	4	4	4	4	4
906,204	906,204	906,204	906,204	907,736	907,736
82	85	88	93	98	97
378	374	451	394	405	423
12,288,910	12,180,657	12,604,433	13,186,763	13,779,805	14,441,830
166	201	210	220	245	247
461	466	463	492	445	450
124,770	124,770	124,770	124,770	124,770	124,770
30	33	35	36	37	37
15	15	15	15	15	15
348,464	348,464	348,464	348,464	348,464	348,464

