

# TARRANT COUNTY, TEXAS



## Comprehensive Annual Financial Report For the fiscal year ended September 30, 2017

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

**Fiscal Year Ended September 30, 2017**



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

**S. Renee Tidwell, CPA**

**County Auditor**

**TARRANT COUNTY, TEXAS  
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**INTRODUCTORY SECTION**



**TARRANT COUNTY**  
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Fax 817/884-1104

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COUNTY AUDITOR  
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**CRAIG MAXWELL**  
FIRST ASSISTANT COUNTY AUDITOR  
cmaxwell@tarrantcounty.com

March 28, 2018

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, 2017 is submitted herewith. This report is submitted in compliance with Section 114.025 of the Texas Local Government Code and has been prepared by the County Auditor's staff.

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

The County's financial statements have been audited by Deloitte & Touche LLP, independent auditors. 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, 2017 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 unmodified opinion that the County's financial statements for the fiscal year ended September 30, 2017, are fairly presented in conformity with GAAP. The independent auditors' 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.

GAAP requires 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 2,023,985 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; and 9) Provide for the data service and archival needs of the County.

The County provides those services allowed by the Constitution and Statutes of the State of Texas. 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 road and bridges, principally within the unincorporated areas of the County, and other related governmental functions. The Tarrant County Hospital District, My Health My Resources 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 are considered component units and reported, as appropriate, 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 at the department level are presented on pages 87-89 as part of the required supplementary information. The other budget comparisons at the department level are presented on pages 107-114 as part of budgetary compliance. A separate budget report detailed at the legal level of control is available upon request.

## Local Economy

Historically, the County's economic environment has been characterized by steady, yet modest growth. This has been in part because of the diverse nature of the business sectors making up the local economy, without an overwhelming dominance by any one industry. Similarly, local real estate values have demonstrated steady yet modest increases over the past decade.

The other segments of the local economy include aircraft, automobile and electronic manufacturing, tourism, livestock and agri-business, transportation including major railroad services, financial services and tourism. Because of this diversity, the outlook for stable economic conditions seems favorable.

Major factors of this continued stability include:

**AllianceTexas:** AllianceTexas is a 26,000-acre master-planned, mixed use community located in north Fort Worth. AllianceTexas offers a variety of commercial real estate options, including new industrial, office, and retail. Anchored by the inland port known as the Alliance Global Logistics Hub, AllianceTexas is home to more than 480 companies, and 48,000 employees. Located within AllianceTexas is: BNSF Railway, FedEx, UPS Ground Hub, Deloitte, Fidelity Investments, TD Ameritrade, Mercedes-Benz, AT&T, DynCorp International, Facebook, Amazon, Hillwood Properties, Carolina Beverage, Wal-Mart.com, and others.

**Mercantile Center Business Park:** Mercantile is currently home to the Federal Aviation Administration's \$20 million Southwest Regional Headquarters, Dillard's Department Store distribution center, Sprint PCS, Coors, American Paint Horse, The Buxton Company, Virbac, and Camp Fire, U.S.A.'s state-of-the-art Childcare Center and National Training Center for childcare providers.

**Facebook:** built a \$1 billion datacenter campus at AllianceTexas and is expanding from three buildings to five 250,000 square-foot buildings located on 110 acres.

**Amazon:** Amazon built a 1.1 million square-foot distribution center. This center is one of three new e-commerce fulfillment sites in Texas employing 1,000 in Tarrant County.

**NGC Renewables:** a North American subsidiary of a Chinese wind turbine equipment manufacturer, has constructed a 120,000 square foot manufacturing facility in the Alliance development.

**Meacham International Airport:** Meacham Airport recently opened their newly renovated 85,000 square-foot administration building in Fort Worth. Located within the newly renovated building will be the city's aviation department, other city department staff including Code Compliance and Planning and Development, and other airport tenants including American Aero FTW. Meacham officials estimate that the airport's economic activity exceeds \$200 million annually.

**GM Arlington:** GM has recently announced plans to open a new supplier park to support vehicle production at its Arlington assembly. The new supplier park will consist of two warehouse buildings comprising more than 1.2 million square feet and will bring more than 850 new jobs to Arlington, Texas.

**GM Financial Service:** GM recently opened a \$35 million addition to its Arlington operations center campus for an additional 1300 employees.

**Fort Worth Stockyards:** tax increment finance (TIF) district will generate about \$40 million over its 20 year life. An estimated \$385 million in development will occur in the district, including as much as \$185 million from a planned redevelopment. The project is expected to spur another \$200 million in private investment over 20 years.

**Fort Worth Arena:** the City of Worth is building a \$450 million multi-purpose arena to house the Fort Worth Stock Show and Rodeo as well as concerts and other performances in the city's museum district. The City's funding will be capped at \$225 million, the remaining funds will come from private sector participants.

**American Airlines:** American Airlines is developing a new 1.8 million square-foot headquarters campus in Fort Worth scheduled to open in 2019. The construction is expected to cost at least \$350 million, and the new facility will house over 7,000 employees.

**Tarleton State University:** construction has started on a new campus in the southwest portion of Tarrant County. The campus is set to open in January 2019.

**TCU-UNTHSC:** Texas Christian University and the University of North Texas Health Science Center is joining forces to open a new medical school. They expect to accept the first class in 2019.

**Lockheed Martin:** Lockheed designs and produces the F-35 Lightning II. Three variants of this fighter jet will replace legacy fighters for the U.S. Air Force, Navy, and Marine Corp, and 10 other countries around the world. Lockheed Martin provides 13,400 jobs for Tarrant County.

**Texas Ranger Ballpark:** The citizens of the City of Arlington approved a 50/50 cost-sharing plan to build a \$1 billion new ballpark with a retractable roof for the Texas Rangers. The stadium is expected to be open for the 2021 season.

**Dallas Cowboy Stadium:** The Dallas Cowboy Stadium opened in 2009 and has played host to numerous professional, college and high school football games, as well as basketball, pro bull riding, boxing, and concert events. The stadium hosted in 2015 the first College Football Playoff National Championship and hosted the 2017 semifinals of the CONCACAF Gold Cup.

**Texas Motor Speedway:** Located in far north Fort Worth, the speedway was completed in the Spring of 1997. NASCAR Sprint Cup races have been held at the speedway as well as sanctioned IRL Indy Car races. NASCAR has sanctioned two Sprint Cup races for the speedway. The facility has hosted several major music concerts and other large events since opening.

**Other major businesses:** Other major businesses recently locating to or expanding in Tarrant County include National Presort, Inc., Baylor All Saints Medical Center, Tarrant County College District, Legoland Discovery Center, Topgolf, Galderma, Walmart, Frost Bank, and Novartis.

## **Relevant financial policies and long-term 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 2017 totaled \$0.254 with \$0.024462 per \$100 valuation to fund the annual debt service requirements. On May 7, 2006, the Commissioners Court approved a resolution expressing its intent to be fiscally responsible in the issuance of the bonds. The intent is to only issue bonds if the County has the capacity to repay the bonds without a tax increase.

## **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 \$418,120,000 of bonds for these purposes. There will be more bonds issued for the 2006 bond election.

## **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 fiscal year ended September 30, 2016. 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 the GFOA.

I wish to express my thanks to Commissioners Court and the District Judges for their interest and support in planning and conducting the financial affairs of the County in a responsible and professional manner.

The timely completion of this report could not have been achieved without the dedicated efforts of the County Auditor’s staff and the professional services provided by our Independent Auditors, Deloitte & Touche LLP.

Sincerely,



S. Renee Tidwell, CPA  
County Auditor



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Tarrant County  
Texas**

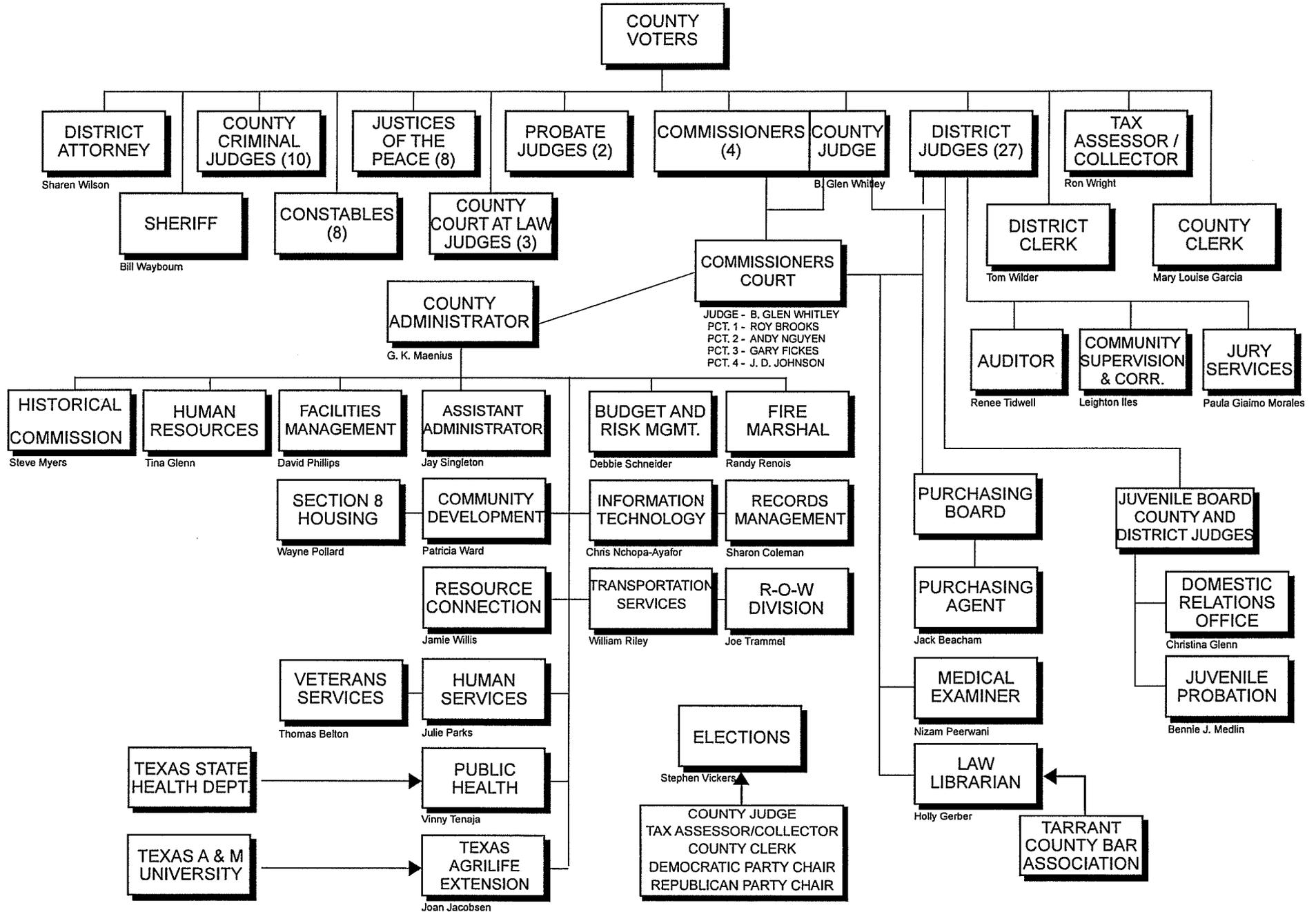
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2016**

*Christopher P. Morill*

Executive Director/CEO

# TARRANT COUNTY ORGANIZATION



11A

**TARRANT COUNTY, TEXAS  
PRINCIPAL OFFICIALS**

Commissioners Court:

B. Glen Whitley  
Roy Brooks  
Andy H. Nguyen  
Gary Fickes  
J. D. Johnson

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

Board of District Judges:

Elizabeth Beach  
Wayne Salvant  
Robb Catalano  
Mike Thomas  
Melody Wilkinson  
David Evans  
Don Cosby  
R. H. Wallace, Jr.  
John P. Chupp  
Susan McCoy  
Louis Sturns  
Jesus Nevarez, Jr.  
William Harris  
Tom Lowe  
David Hagerman  
Nancy Berger  
Timothy Menikos  
Jerome S. Hennigan  
Judith Wells  
James Birdwell  
Mike Wallach  
Josh Burgess  
Patricia Bennett  
Mollee Westfall  
Scott Wisch  
George Gallagher  
Ruben Gonzalez

Judge, Criminal District Court No. 1  
Judge, Criminal District Court No. 2  
Judge, Criminal District Court No. 3  
Judge, Criminal District Court No. 4  
Judge, 17th Judicial District  
Judge, 48th Judicial District  
Judge, 67th Judicial District  
Judge, 96th Judicial District  
Judge, 141st Judicial District  
Judge, 153rd Judicial District  
Judge, 213th Judicial District  
Judge, 231st Judicial District  
Judge, 233rd Judicial District  
Judge, 236th Judicial District  
Judge, 297th Judicial District  
Judge, 322nd Judicial District  
Judge, 323rd Judicial District  
Judge, 324th Judicial District  
Judge, 325th Judicial District  
Judge, 342nd Judicial District  
Judge, 348th Judicial District  
Judge, 352nd Judicial District  
Judge, 360th Judicial District  
Judge, 371st Judicial District  
Judge, 372nd Judicial District  
Judge, 396th Judicial District  
Judge, 432nd Judicial District

County Judges:

David Cook  
Carey Walker  
Bob McCoy  
Deborah Nekhom  
Jamie Cummings  
Molly Jones  
Cheril Hardy  
Charles Vanover  
Brent Carr  
Phillip Sorrells  
Don Pierson  
Jennifer Rymell  
Mike Hrabal  
Steve M. King  
Brooke Allen

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

**TARRANT COUNTY, TEXAS  
PRINCIPAL OFFICIALS**

County Judges: (continued)

Ralph Swearingin, Jr.	Justice of the Peace, Precinct 1
Mary Tom Curnutt	Justice of the Peace, Precinct 2
Russ Casey	Justice of the Peace, Precinct 3
Jacquelyn Wright	Justice of the Peace, Precinct 4
Sergio L. DeLeon	Justice of the Peace, Precinct 5
Gary Ritchie	Justice of the Peace, Precinct 6
Matt Hayes	Justice of the Peace, Precinct 7
Lisa R. Woodard	Justice of the Peace, Precinct 8

Law Enforcement:

Bill Waybourn	Sheriff
Sharen Wilson	Criminal District Attorney
Bennie J. Medlin*	Chief Juvenile Probation Officer
Leighton Iles*	Community Supervision & Corrections Director
Harry D. Clark III	Constable, Precinct 1
David Woodruff	Constable, Precinct 2
Darrell Huffman	Constable, Precinct 3
Joe D. Johnson	Constable, Precinct 4
Ruben Garcia, Jr.	Constable, Precinct 5
Jon Siegel	Constable, Precinct 6
Clint Burgess	Constable, Precinct 7
Michael R. Campbell	Constable, Precinct 8
Christina Glenn*	Domestic Relations Director

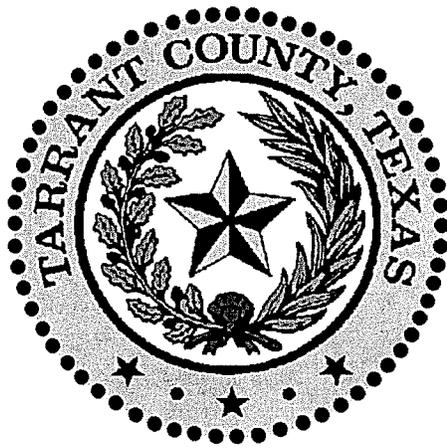
Administrative Officials:

G.K. Maenius*	County Administrator
S. Renee Tidwell*	County Auditor
Ron Wright	Tax Assessor-Collector
Jack Beacham*	Purchasing Agent
Debbie Schneider*	Budget and Risk Management Director
Christopher Nchopa-Ayafor*	Chief Information Officer

Recording Officials:

Mary Louise Garcia	County Clerk
Tom Wilder	District Clerk

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



**FINANCIAL SECTION**



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## **INDEPENDENT AUDITORS' REPORT**

The Honorable County Judge and Commissioners Court  
Tarrant County, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tarrant County, Texas (the County), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Tarrant County Hospital District (TCHD) or the My Health My Resources of Tarrant County (MHMRTC), which represent all of the aggregate discretely presented component units. 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 TCHD and MHMRTC, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tarrant County, Texas, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Budgetary Comparison Schedules- General Fund and Road and Bridge Fund, the Schedule of County Pension Contributions, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Funding Progress – Other Postemployment Benefits Plans, the Schedule of Change in Net Pension Liability and Related Ratios – TCHD, and the Schedule of Pension Contributions – TCHD be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining financial statements, budgetary compliance schedules, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements and budgetary compliance schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and budgetary compliance schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

*Deloitte & Touche LLP*

March 28, 2018

## 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, 2017. We encourage readers to consider the information presented here in conjunction with the County's basic financial statements following this section.

### Financial Highlights

- The assets and deferred outflows of the County exceed its liabilities and deferred inflows at the close of the most recent fiscal year by \$12,982,000 (*net position*). This is a decrease of \$10,684,000.
- Total net position of the County is comprised of the following:
  1. Net investment in capital assets of \$267,399,000 includes land, buildings, computer software, infrastructure, construction in progress and other capital assets, net of accumulated depreciation, and is reduced by outstanding debt, net of unspent bond proceeds, related to the purchase or construction of capital assets.
  2. Net position of \$56,753,000 is restricted by constraints imposed from outside the County such as debt obligations, laws, regulations, contractual or donor imposed constraints.
  3. Unrestricted net position of a negative \$311,170,000, primarily due to the pension and other postemployment benefit liabilities.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$314,838,000, a decrease of \$20,708,000 in comparison with the prior year. Approximately 15 percent of this total amount, \$48,686,000, is *available for spending* at the County's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$50,545,000, or approximately 13 percent of total general fund expenditures.
- The County's bonded debt decreased by \$22,390,000 (approximately 7 percent) during the current fiscal year.

### Overview of the Financial Statements

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

**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 position* presents information on all of Tarrant County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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-type activities*). The governmental activities of the County include general government, public safety, transportation support, 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, housing finance, and industrial development corporations. Financial information for Tarrant County Hospital District and My Health My Resources of Tarrant County are reported separately from the financial information presented for the primary government itself. The Housing Finance and Industrial Development Corporations, although legally separate, function 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 16-19 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 fund, and grants fund, 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 20-26 of this report.

**Proprietary funds.** The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for its Resource Connection. Internal service funds are 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. In the basic financial statements, the internal service funds are presented in the aggregate. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 27-29 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial 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 30 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-85 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* which includes budget to actual schedules for general fund and road and bridge fund. Also included are schedules regarding the funding, contributions and unfunded liabilities of pension and other postemployment benefits to employees. Required supplementary information can be found on pages 87-97 of this report.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Tarrant County, assets and deferred outflows exceeded liabilities and deferred inflows by \$12,982,000 at the close of the most recent fiscal year.

The largest portion of the County's net position \$267,399,000 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. Another balance of net position represents resources that are subject to external restriction on how they may be used. Restricted net position include \$15,831,000 for records management, \$4,823,000 contractual or donor imposed restrictions, \$26,311,000 restricted for transportation projects, and \$9,788,000 for other purposes. The remaining portion of the net position is unrestricted net position, which is a negative \$311,170,000.

## Tarrant County's Net Position

(Amounts in thousands)

	September 30, 2017			September 30, 2016		
	Governmental Activities	Business-type Activitites	Total	Governmental Activities	Business-type Activitites	Total
Current and other assets	\$ 406,564	\$ 2,252	\$ 408,816	\$ 414,581	\$ 2,059	\$ 416,640
Capital assets	485,228	4,301	489,529	469,289	4,480	473,769
Total assets	<u>891,792</u>	<u>6,553</u>	<u>898,345</u>	<u>883,870</u>	<u>6,539</u>	<u>890,409</u>
Deferred outflows	125,470	364	125,834	142,032	414	142,446
Other liabilities	56,363	231	56,594	52,415	280	52,695
Long-term liabilities	940,243	1,289	941,532	941,540	1,262	942,802
Total liabilities	<u>996,606</u>	<u>1,520</u>	<u>998,126</u>	<u>993,955</u>	<u>1,542</u>	<u>995,497</u>
Deferred inflows	13,032	39	13,071	13,651	41	13,692
Net position:						
Net investment in capital assets	263,098	4,301	267,399	242,704	4,480	247,184
Restricted	56,753	-	56,753	27,460	-	27,460
Unrestricted	<u>(312,227)</u>	<u>1,057</u>	<u>(311,170)</u>	<u>(251,868)</u>	<u>890</u>	<u>(250,978)</u>
Total net position	<u>\$ 7,624</u>	<u>\$ 5,358</u>	<u>\$ 12,982</u>	<u>\$ 18,296</u>	<u>\$ 5,370</u>	<u>\$ 23,666</u>

While the County is able to report a positive balance of net position for the government as a whole, as well as for its governmental activities, the unrestricted net position is negative. The negative unrestricted net position is a result of the required accounting and reporting for pension and other postemployment benefit liabilities. The net pension liability and OPEB liability of the governmental activities are \$372,566,000 and \$175,122,000, respectively. More information regarding contributions and net pension liability can be found in the required supplemental information on pages 92-94.

The County's net position decreased by \$10,684,000, or approximately 45 percent during the current fiscal year. This decrease represents the degree to which increases in ongoing expenses have surpassed ongoing revenues. Revenues increased approximately 6 percent, related to increases in grant revenues and property taxes resulting from increased property values. Expenses increased 6 percent. This increase was due to salary raises and increased pension costs.

**Governmental activities.** Governmental activities decreased the County's net position by \$10,672,000, thereby accounting for the decrease in the net position of the County. Revenue increased \$37,154,000 or approximately 6 percent from prior year and expenditures increased \$37,101,000 or approximately 6 percent from prior year.

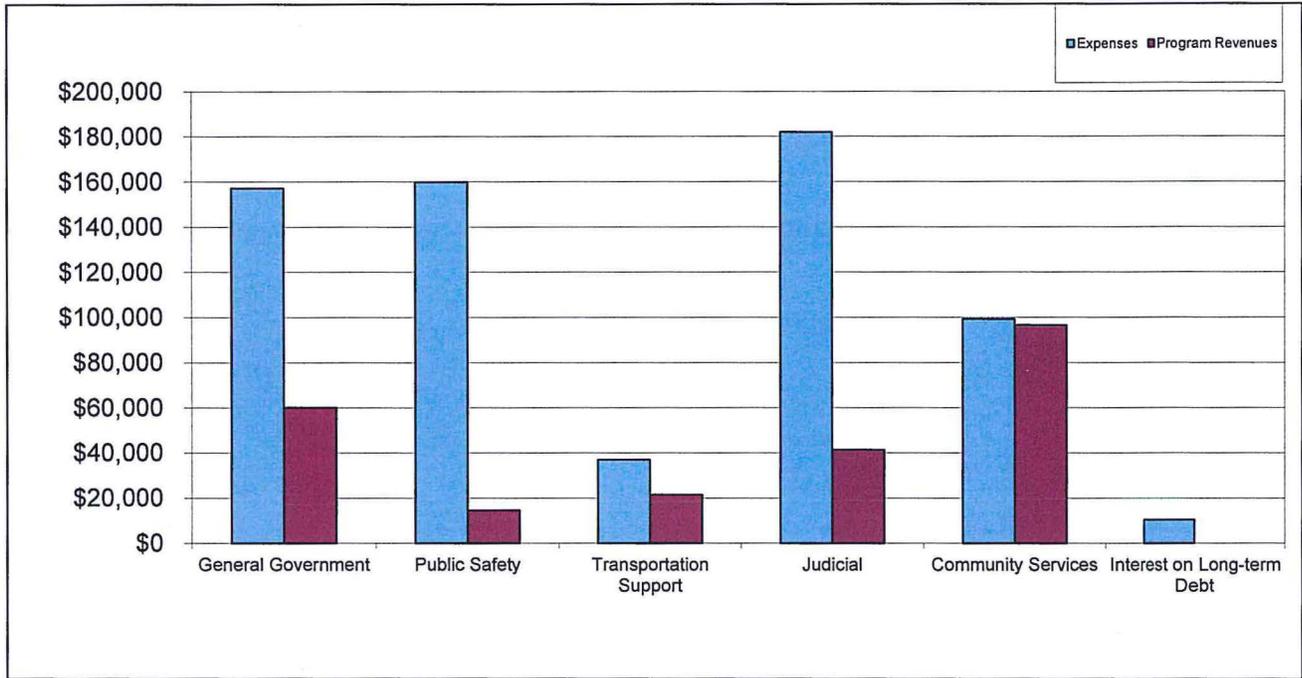
**Business-type activities.** Business-type activities net position decreased \$12,000. Expenses increased only \$43,000 or approximately 1 percent from the prior year and current year revenues decreased \$194,000 or approximately 5 percent, due to the prior year recording of a one-time settlement of mineral royalty revenue.

### Tarrant County's Changes in Net Position

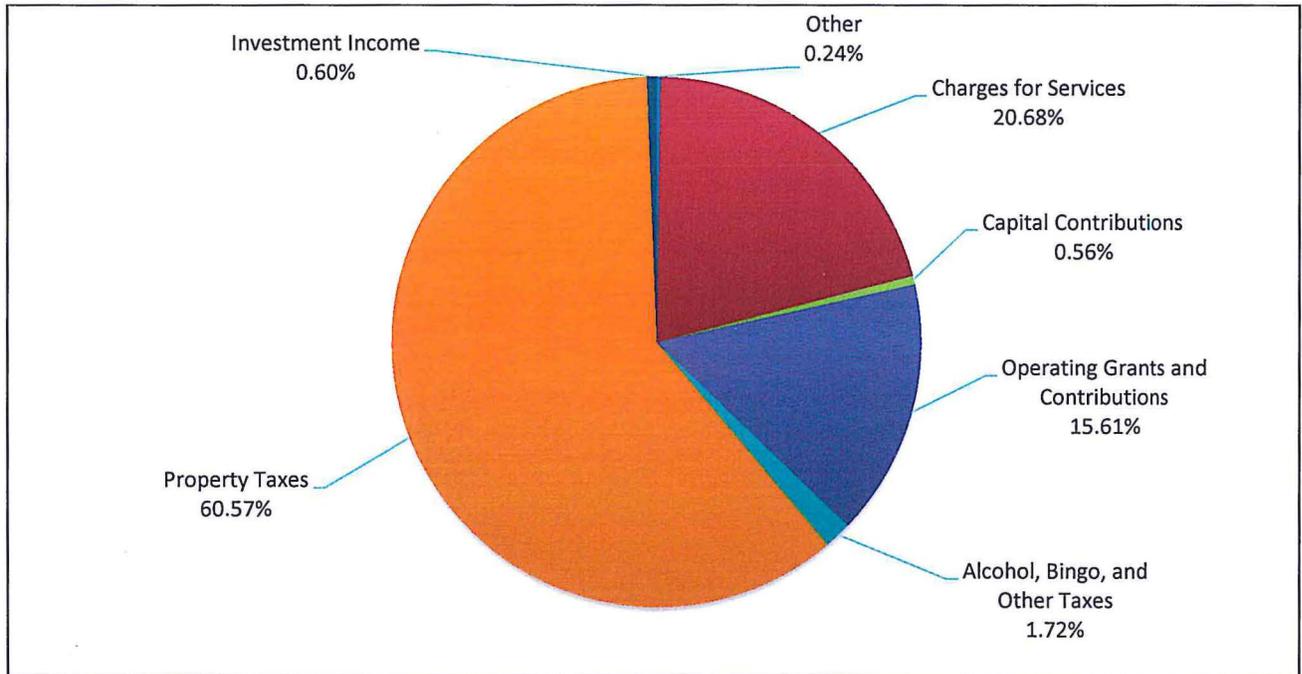
(Amounts in thousands)

	For the year ended September 30, 2017			For the year ended September 30, 2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Fees, fines and charges for for services	\$ 131,310	\$ 3,284	\$ 134,594	\$ 131,550	\$ 3,253	\$ 134,803
Operating grants and contributions	99,132	-	99,132	85,747	-	85,747
Capital grants and contributions	3,579	-	3,579	1,318	39	1,357
General revenues:						
Property taxes	384,555	-	384,555	363,964	-	363,964
Alcohol, bingo, and other taxes	10,943	-	10,943	10,953	-	10,953
Investment earnings	3,815	20	3,835	2,188	9	2,197
Other general revenue	1,533	180	1,713	1,993	377	2,370
Total revenues	<u>634,867</u>	<u>3,484</u>	<u>638,351</u>	<u>597,713</u>	<u>3,678</u>	<u>601,391</u>
Expenses:						
General government	157,056	-	157,056	145,969	-	145,969
Public safety	159,812	-	159,812	145,216	-	145,216
Transportation	36,952	-	36,952	37,363	-	37,363
Judicial	182,028	-	182,028	174,043	-	174,043
Community services	99,256	-	99,256	92,572	-	92,572
Interest and fiscal charges	10,435	-	10,435	13,275	-	13,275
Resource Connection	-	3,496	3,496	-	3,453	3,453
Total expenses	<u>645,539</u>	<u>3,496</u>	<u>649,035</u>	<u>608,438</u>	<u>3,453</u>	<u>611,891</u>
Increase (decrease) in net position	<u>(10,672)</u>	<u>(12)</u>	<u>(10,684)</u>	<u>(10,725)</u>	<u>225</u>	<u>(10,500)</u>
Net position-beginning	<u>18,296</u>	<u>5,370</u>	<u>23,666</u>	<u>29,021</u>	<u>5,145</u>	<u>34,166</u>
Net position-ending	<u>\$ 7,624</u>	<u>\$ 5,358</u>	<u>\$ 12,982</u>	<u>\$ 18,296</u>	<u>\$ 5,370</u>	<u>\$ 23,666</u>

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



**Revenues by Source – Governmental Activities**



## 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 inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unassigned 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 \$314,838,000, a decrease of \$20,708,000. Approximately 15 percent of this total amount, \$48,686,000, constitutes *unassigned fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is not available for new spending because 1) \$4,024,000 is not in spendable form, 2) \$134,580,000 is restricted for a specific purpose externally imposed by bond covenants, grantors and contributors, or by enabling legislation, 3) \$95,889,000 has been committed by a formal action of the Commissioners Court for a specific purpose, and 4) \$31,659,000 has been assigned for a specific purpose, generally used to liquidate outstanding purchase orders, to fund next year's budget, and economic development.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$50,545,000, while total fund balance was \$80,239,000. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 13 percent of total general fund expenditures, while total fund balance represents approximately 20 percent of that same amount.

The fund balance of the County's general fund decreased \$5,393,000 during the current fiscal year. Expenditures and revenues were closely matched for the year. Revenues increased about 5 percent from prior year mostly due to increased tax collections from increased property values as well as sales tax collection commissions. The County Clerk also had increased fees due to deeds of trust transactions and processing passports. Expenses increased about 6 percent, mostly due to increase in employee salaries and fringe benefits.

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 \$9,946,000 of which \$667,000 is in nonspendable form, the remainder is committed by the Commissioners Court. The fund balance decreased \$2,312,000, while revenues remained the same from prior year, expenses increased 7 percent due to increased personnel costs. The operating transfer from the general fund was increased to offset the increase in expenses.

The debt service fund has a total fund balance of \$1,513,000, all of which is committed for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$92,000. The County approved a property tax for debt service at the beginning of the current fiscal year. This tax produced revenues of \$37,660,000 in the current fiscal year. The County maintains a budgeted reserve of at least \$1,000,000 in this fund.

The capital projects fund has a total fund balance of \$168,312,000, all of which is either nonspendable, restricted or committed for the payment of capital projects. The net decrease in fund balance during the current year was \$19,024,000. The fund balance decreased due to payments for construction projects,

software development, furniture, equipment, and transportation projects. Details of the bond projects are further described in the long-term debt section on page 12-13.

The grants fund has no fund balance as all expenditures should be reimbursed by state and federal funds. Also, any excess revenues received are deferred until earned.

Other governmental funds are for specific purposes and expenditures are closely aligned with revenues, however fund balance increased \$5,929,000. Records preservation and automation fund increased \$1,513,000 with the execution of projects to enhance public access and to make records searchable and available online. Public health contract fund balance increased \$1,632,000 due to decrease of expenses related to Medicaid 1115 waiver. Miscellaneous contracts increased \$1,716,000 due to contracts with pharmacies for 340B prescription rebates.

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

Total net position of the Resource Connection fund at the end of the year amounted to \$5,358,000. The total decrease in net position for the fund was \$12,000. Expenses increased only \$43,000 or approximately 1 percent from the prior year and current year revenues decreased \$194,000 or approximately 5 percent, due to the prior year recording a one-time revenue settlement over mineral royalties

## **General Fund Budgetary Highlights**

There are no differences between the original budget and the final amended budget in total, however, transfers were made within and between departments. There were no large transfers, but many of the transfers were to transfer court costs amongst the numerous courts and the allocation of employee raises and pension costs to each department

Actual revenues were slightly greater than budgetary estimates and expenditures were less than budgeted.

- General government expenditures were less than budgeted because the budget includes a budgeted reserve of \$41,277,898, contingency of \$5,000,000 and undesignated balance of \$4,296,700.
- Several departments' expenses were less than budgeted for building operations, district attorney's office, information technology, sheriff, and jail operations.
- Actual revenue was greater than budgeted revenue, this is to be expected as the budget includes a contingency of \$5,000,000. Actual revenues exceeded budgeted revenue in the fees of office for the County Clerk for deeds of trust filings, District Clerk fees, and investment income, while collections of criminal court fines were lower than anticipated.

## **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, 2017 amounted to \$489,529,000 net of accumulated depreciation. This investment in capital assets includes land, buildings, equipment, computer software, roads and bridges

and construction in progress. The total increase in the County's investment in capital assets for the current fiscal year was \$15,760,000.

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

- Continued construction of the subcourthouse expansion
- Continued development of criminal justice software
- Purchase of an existing jail building and garage

Additional information on the County's capital assets can be found in Note 5 on pages 43-44 of this report.

### Tarrant County's Capital Assets

(Net of depreciation)  
(Amounts in thousands)

	September 30, 2017			September 30, 2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
	Land	\$ 65,746	\$ 2,071	\$ 67,817	\$ 55,033	\$ 2,071
Buildings and improvements	315,642	1,233	316,875	312,430	1,379	313,809
Furnishings and equipment	23,851	132	23,983	24,434	91	24,525
Software	10,836	-	10,836	13,849	-	13,849
Infrastructure	51,198	865	52,063	48,284	939	49,223
Construction in progress	5,508	-	5,508	5,194	-	5,194
Software in development	12,447	-	12,447	10,065	-	10,065
Total	\$ 485,228	\$ 4,301	\$ 489,529	\$ 469,289	\$ 4,480	\$ 473,769

**Long-term debt.** At the end of the current fiscal year, the County had total bonded debt outstanding of \$321,795,000. All of this debt represents bonds payable solely on future ad valorem tax revenue. The remainder of the County's long-term debt obligation is comprised of a capital lease with a balance of \$2,270,000.

### Tarrant County's Outstanding Debt

(Amounts in thousands)

	Governmental Activities	Governmental Activities
	2017	2016
General Obligation	\$ 4,980	\$ 12,160
Limited Tax Refunding Bonds	316,815	332,025
Capital Lease	2,270	3,064
Total	\$ 324,065	\$ 347,249

The County's bonded debt decreased by \$22,390,000 or 7 percent during the current fiscal year. The County issued \$36,860,000 for the refunding of portions of the 2010 bond issue for an economic gain of over \$4 million. This increase was offset by existing debt retirements and defeasance of debt.

On May 13, 2006, the voters of Tarrant County 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 has issued all the debt for this purpose and has no plan for another proposition.

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 \$7,734,577,000, which is 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 44-47 of this report.

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

Tarrant County’s economic condition remains positive.

- The unemployment rate decreased for Tarrant County from 4.1 percent in 2016 to 3.4 percent. The state’s average unemployment rate decreased to 4.0 compared to the prior year of 4.8 percent. The national unemployment rate is 4.1 percent.
- 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 the 2018 fiscal year.

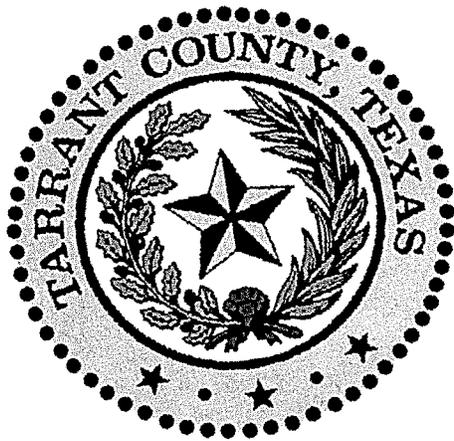
At September 30, 2017, the unassigned fund balance in the general fund was \$50,545,000. Total assigned fund balance, \$27,942,000, includes \$26,380,000 assigned for the purpose of spending in the 2018 fiscal year budget. This available fund balance enabled the County to lower the tax rate for the 2018 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 POSITION  
 SEPTEMBER 30, 2017 (AMOUNTS IN THOUSANDS)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash, cash equivalents, and investments	\$ 352,122	\$ 2,537	\$ 354,659
Taxes receivable, net of allowance for uncollectibles	8,588	-	8,588
Other receivables, net of allowance for uncollectibles	41,287	59	41,346
Internal balances	349	(349)	-
Prepaid expenses and inventory	4,218	5	4,223
Long-term receivable	-	-	-
Other assets	-	-	-
Capital assets, net:			
Not subject to depreciation	83,701	2,071	85,772
Subject to depreciation	401,527	2,230	403,757
Total assets	891,792	6,553	898,345
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension contributions after measurement date	36,669	112	36,781
Difference in projected and actual earnings on pension assets	69,988	210	70,198
Changes of pension assumptions	14,169	42	14,211
Differences between expected and actual experience	-	-	-
Deferred charge on refunding	4,644	-	4,644
Total deferred outflows of resources	125,470	364	125,834
<u>LIABILITIES</u>			
Accounts payable	21,085	182	21,267
Accrued interest payable	2,052	-	2,052
Other liabilities	18,752	20	18,772
Unearned revenue	14,474	29	14,503
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences payable	30,767	62	30,829
Capital lease	757	-	757
Bonds & notes payable	27,295	-	27,295
Other noncurrent liabilities	3,556	-	3,556
Portion due or payable after one year:			
Compensated absences payable	13,904	35	13,939
Capital lease payable	1,513	-	1,513
Bonds and notes payable	309,717	-	309,717
Net pension liability	372,566	1,192	373,758
Other post employment benefit liability	175,122	-	175,122
Other noncurrent liabilities	5,046	-	5,046
Total liabilities	996,606	1,520	998,126
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Difference in expected and actual pension experience	13,032	39	13,071
Changes of pension assumptions	-	-	-
Total deferred inflows of resources	13,032	39	13,071
<u>NET POSITION</u>			
Net investment in capital assets	263,098	4,301	267,399
Restricted:			
Records management	15,831	-	15,831
Contractual or donor imposed	4,823	-	4,823
Transportation projects	26,311	-	26,311
Other purposes	9,788	-	9,788
Unrestricted	(312,227)	1,057	(311,170)
Total net position	\$ 7,624	\$ 5,358	\$ 12,982

See accompanying notes to the financial statements.

Component Units	
Tarrant County Hospital District	MHMR of Tarrant County
\$ 595,004	\$ 31,320
5,037	-
98,236	16,263
-	-
27,478	1,012
-	-
-	-
66,047	4,724
202,353	18,115
<u>994,155</u>	<u>71,434</u>
14,443	-
913	-
2,699	-
2,173	-
-	-
<u>20,228</u>	<u>-</u>
46,685	4,775
-	-
71,061	8,397
-	731
-	231
-	241
3,070	-
6,152	-
-	2,823
-	25
36,827	-
13,591	-
-	-
6,550	-
<u>183,936</u>	<u>17,223</u>
291	-
4,489	-
4,780	-
222,926	22,573
-	-
1,698	-
-	-
315	-
600,728	31,638
<u>\$ 825,667</u>	<u>\$ 54,211</u>

TARRANT COUNTY, TEXAS

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2017 (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	\$ 157,056	\$ 53,037	\$ 6,969	\$ 63
Public safety	159,812	10,521	3,965	25
Transportation support	36,952	18,021	85	3,404
Judicial	182,028	28,937	12,469	-
Community services	99,256	20,794	75,644	87
Interest and fiscal charges	10,435	-	-	-
Total governmental activities	645,539	131,310	99,132	3,579
Business-type:				
Resource Connection	3,496	3,284	-	-
Total primary government	\$ 649,035	\$ 134,594	\$ 99,132	\$ 3,579
Component units				
Tarrant County Hospital District	\$ 987,488	\$ 607,601	\$ 17,781	\$ 100
MHMR of Tarrant County	148,637	30,631	114,851	-
	\$1,136,125	\$ 638,232	\$ 132,632	\$ 100

General revenues:  
 Property taxes  
 Alcoholic beverage, bingo, and other taxes  
 Unrestricted investment earnings  
 Other general revenue  
 Total general revenues  
 Change in net position  
 Net position-beginning, as previously stated  
 Restatement adjustment (Note 19)  
 Net position-beginning, as restated  
 Net position-ending

See accompanying notes to the financial statements.

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Tarrant County Hospital District	MHMR of Tarrant County
\$ (96,987)	\$ -	\$ (96,987)	\$ -	\$ -
(145,301)	-	(145,301)	-	-
(15,442)	-	(15,442)	-	-
(140,622)	-	(140,622)	-	-
(2,731)	-	(2,731)	-	-
(10,435)	-	(10,435)	-	-
(411,518)	-	(411,518)	-	-
-	(212)	(212)	-	-
<u>\$ (411,518)</u>	<u>\$ (212)</u>	<u>\$ (411,730)</u>	<u>\$ -</u>	<u>\$ -</u>
			\$ (362,006)	\$ -
			-	(3,155)
			<u>\$ (362,006)</u>	<u>\$ (3,155)</u>
384,555	-	384,555	351,118	-
10,943	-	10,943	-	-
3,815	20	3,835	6,961	257
1,533	180	1,713	-	1,673
400,846	200	401,046	358,079	1,930
(10,672)	(12)	(10,684)	(3,927)	(1,225)
18,296	5,370	23,666	829,594	53,250
-	-	-	-	2,186
18,296	5,370	23,666	829,594	55,436
<u>\$ 7,624</u>	<u>\$ 5,358</u>	<u>\$ 12,982</u>	<u>\$ 825,667</u>	<u>\$ 54,211</u>

TARRANT COUNTY, TEXAS

BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2017 (AMOUNTS IN THOUSANDS)

<u>ASSETS</u>	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Cash, cash equivalents, and investments	\$ 74,170	\$ 11,195	\$ 1,399	\$ 174,622
Receivables				
Taxes, net of allowance for uncollectibles	7,674	7	907	-
Other receivables, net of allowance for uncollectibles	11,673	48	9	97
Due from other funds	13,418	-	-	-
Advance to proprietary fund	-	-	-	349
Supplies and prepaid items	1,432	667	-	6
<b>TOTAL ASSETS</b>	<b>\$ 108,367</b>	<b>\$ 11,917</b>	<b>\$ 2,315</b>	<b>\$ 175,074</b>
 <u>LIABILITIES</u>				
Accounts payable	\$ 7,500	\$ 1,636	\$ -	\$ 6,756
Other liabilities	10,290	328	-	-
Due to other funds	-	-	-	-
Unearned revenue	3	-	-	6
<b>Total liabilities</b>	<b>17,793</b>	<b>1,964</b>	<b>-</b>	<b>6,762</b>
 <u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue-property taxes	6,720	7	802	-
Unavailable revenue-other receivables	3,615	-	-	-
<b>Total deferred inflows of resources</b>	<b>10,335</b>	<b>7</b>	<b>802</b>	<b>-</b>
 <u>FUND BALANCES</u>				
Nonspendable	1,432	667	-	6
Restricted	-	-	-	102,752
Committed	320	9,279	1,513	65,554
Assigned	27,942	-	-	-
Unassigned	50,545	-	-	-
<b>Total fund balances</b>	<b>80,239</b>	<b>9,946</b>	<b>1,513</b>	<b>168,312</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 108,367</b>	<b>\$ 11,917</b>	<b>\$ 2,315</b>	<b>\$ 175,074</b>

See accompanying notes to the financial statements.

<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 14,596	\$ 57,855	\$ 333,837
-	-	8,588
16,155	11,397	39,379
-	-	13,418
-	-	349
<u>1,859</u>	<u>60</u>	<u>4,024</u>
<u>\$ 32,610</u>	<u>\$ 69,312</u>	<u>\$ 399,595</u>
\$ 3,631	\$ 1,024	\$ 20,547
1,212	2,930	14,760
13,379	39	13,418
<u>14,388</u>	<u>-</u>	<u>14,397</u>
<u>32,610</u>	<u>3,993</u>	<u>63,122</u>
-	-	7,529
<u>-</u>	<u>10,491</u>	<u>14,106</u>
<u>-</u>	<u>10,491</u>	<u>21,635</u>
1,859	60	4,024
-	31,828	134,580
-	19,223	95,889
-	3,717	31,659
<u>(1,859)</u>	<u>-</u>	<u>48,686</u>
<u>-</u>	<u>54,828</u>	<u>314,838</u>
<u>\$ 32,610</u>	<u>\$ 69,312</u>	<u>\$ 399,595</u>

TARRANT COUNTY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS FUND BALANCE  
TO GOVERNMENTAL ACTIVITIES NET POSITION  
SEPTEMBER 30, 2017 (AMOUNTS IN THOUSANDS)

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Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - total governmental funds	\$ 314,838
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	485,228
Other amounts are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	21,635
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 position.	7,178
Deferred outflows of resources are not an available resource and, therefore are not reported in the funds.	125,470
Deferred inflows of resources are not an available resource and, therefore are not reported in the funds.	(13,032)
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>(933,693)</u>
Net position - governmental activities	<u>\$ 7,624</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, 2017 (AMOUNTS IN THOUSANDS)

	General	Road and Bridge	Debt Service	Capital Projects
<b>REVENUES:</b>				
Taxes	\$ 346,252	\$ 1	\$ 37,660	\$ -
Licenses and permits	1,291	-	-	-
Fees of office	59,166	17,937	-	-
Intergovernmental	21,644	169	-	-
Investment income	1,467	95	146	1,586
Other revenues	11,603	646	-	348
	<u>441,423</u>	<u>18,848</u>	<u>37,806</u>	<u>1,934</u>
Total revenues				
<b>EXPENDITURES:</b>				
Current:				
General government	112,174	3,767	-	-
Public safety	129,411	-	-	-
Transportation support	-	24,104	-	-
Judicial	155,970	-	-	-
Community services	6,423	-	-	-
Capital outlay	-	-	-	57,254
Debt service:				
Principal payments	-	-	25,940	-
Interest and fiscal charges	-	-	11,911	-
	<u>403,978</u>	<u>27,871</u>	<u>37,851</u>	<u>57,254</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	37,445	(9,023)	(45)	(55,320)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	986	6,711	-	36,296
Transfers out	(43,824)	-	-	-
Refunding bonds issued	-	-	36,860	-
Payment to refunded bond escrow agent	-	-	(36,723)	-
	<u>(42,838)</u>	<u>6,711</u>	<u>137</u>	<u>36,296</u>
Total other financing sources (uses)				
Change in fund balance	(5,393)	(2,312)	92	(19,024)
FUND BALANCES, beginning of year	<u>85,632</u>	<u>12,258</u>	<u>1,421</u>	<u>187,336</u>
FUND BALANCES, end of year	<u>\$ 80,239</u>	<u>\$ 9,946</u>	<u>\$ 1,513</u>	<u>\$ 168,312</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>
\$ -	\$ 362	\$ 384,275
-	-	1,291
1,091	15,471	93,665
79,140	24,519	125,472
83	436	3,813
404	4,126	17,127
<u>80,718</u>	<u>44,914</u>	<u>625,643</u>
6,628	5,813	128,382
4,314	2,499	136,224
874	-	24,978
9,640	2,646	168,256
54,688	26,686	87,797
4,574	933	62,761
-	-	25,940
-	-	11,911
<u>80,718</u>	<u>38,577</u>	<u>646,249</u>
-	6,337	(20,606)
-	578	44,571
-	(986)	(44,810)
-	-	36,860
-	-	(36,723)
<u>-</u>	<u>(408)</u>	<u>(102)</u>
-	5,929	(20,708)
-	48,899	335,546
<u>\$ -</u>	<u>\$ 54,828</u>	<u>\$ 314,838</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, 2017 (AMOUNTS IN THOUSANDS)

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances--total governmental funds	\$ (20,708)
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)	14,193
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (Note 2)	1,746
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	4,310
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 position. Also, governmental funds report the effect of premiums 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)	26,597
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)	(40,872)
The change in net position of certain activities of internal service funds is reported with governmental activities.	<u>4,062</u>
Change in net position - governmental activities	<u>\$ (10,672)</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 SEPTEMBER 30, 2017 (AMOUNTS IN THOUSANDS)

	Business-type Activities- Enterprise	Governmental Activities- Internal Service
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 2,537	\$ 18,285
Other receivables, net of allowance for uncollectibles	59	1,908
Prepaid expenses and inventory	5	194
Total current assets	<u>2,601</u>	<u>20,387</u>
Noncurrent assets:		
Capital assets		
Land	2,071	-
Building and improvements, net	1,233	-
Equipment, net	132	-
Infrastructure, net	865	-
Total noncurrent assets	<u>4,301</u>	<u>-</u>
Total assets	<u>6,902</u>	<u>20,387</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension contributions after measurement date	112	-
Difference in projected and actual earnings on pension asset	210	-
Changes of pension assumptions	42	-
Total deferred outflows of resources	<u>364</u>	<u>-</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	182	538
Other liabilities	20	7,548
Advance from capital projects fund	349	-
Unearned revenue	29	77
Compensated absences payable	62	-
Total current liabilities	<u>642</u>	<u>8,163</u>
Noncurrent liabilities:		
Other noncurrent liabilities	-	5,046
Net pension liability	1,192	-
Compensated absences payable	35	-
Total noncurrent liabilities	<u>1,227</u>	<u>5,046</u>
Total liabilities	<u>1,869</u>	<u>13,209</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Difference in expected and actual pension experience	39	-
Total deferred inflows of resources	<u>39</u>	<u>-</u>
<u>NET POSITION</u>		
Investment in capital assets	4,301	-
Unrestricted	1,057	7,178
Total net position	<u>\$ 5,358</u>	<u>\$ 7,178</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
 FUND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017 (AMOUNTS IN THOUSANDS)

	<u>Business-type Activities- Enterprise</u>	<u>Governmental Activities- Internal Service</u>
<u>OPERATING REVENUES</u>		
Building rental	\$ 3,284	\$ -
Charges for services - external	-	16,344
Charges for services - internal	-	51,110
Oil and gas royalties	154	-
Other revenues	17	3,431
Total operating revenues	<u>3,455</u>	<u>70,885</u>
<u>OPERATING EXPENSES</u>		
Personnel	1,343	-
Building and equipment	1,666	41
Depreciation and amortization	286	-
Self insurance claims	-	59,825
Insurance premiums	28	2,548
Other expenses	173	4,783
Total operating expenses	<u>3,496</u>	<u>67,197</u>
Operating income (loss)	<u>(41)</u>	<u>3,688</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Investment income	20	135
Gain on disposal of property	9	-
Total nonoperating revenues	<u>29</u>	<u>135</u>
Income (loss) before transfers	<u>(12)</u>	<u>3,823</u>
Transfers in	-	625
Transfers out	-	(386)
Change in net position	<u>(12)</u>	<u>4,062</u>
Net position - beginning of year	<u>5,370</u>	<u>3,116</u>
Net position - ending	<u>\$ 5,358</u>	<u>\$ 7,178</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017 (AMOUNTS IN THOUSANDS)

	Business-type Activities- Enterprise	Governmental Activities- Internal Service
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers	\$ 2,371	\$ 19,185
Receipts from interfund charges	1,064	51,110
Payments to suppliers	(1,887)	-
Payments on behalf of employees	-	(67,490)
Payments to employees	(1,269)	-
Net cash provided by operating activities	<u>279</u>	<u>2,805</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investment income	<u>20</u>	<u>135</u>
Net cash provided by investing activities	<u>20</u>	<u>135</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Transfers in	-	625
Transfers out	-	(386)
Net cash provided by noncapital financing activities	<u>-</u>	<u>239</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Proceeds from sale of capital asset	9	-
Purchase of capital assets	(107)	-
Net cash used in capital and related financial activities	<u>(98)</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	201	3,179
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,336</u>	<u>15,106</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,537</u>	<u>\$ 18,285</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Income (loss) from operations	\$ (41)	\$ 3,688
Net cash provided by operating activities:		
Depreciation & amortization	286	-
Changes in assets and liabilities:		
Other receivables	8	(607)
Pension related outflows	50	-
Accounts payable	(20)	(1)
Other liabilities	(1)	(292)
Unearned revenue	(28)	17
Pension liability	110	-
Pension related inflows	(2)	-
Compensated absences	(83)	-
Net cash provided by operating activities	<u>\$ 279</u>	<u>\$ 2,805</u>

See accompanying notes to the financial statements.

TARRANT COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2017 (AMOUNTS IN THOUSANDS)

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	<u>Agency Funds</u>
<u>ASSETS</u>	
Current assets:	
Cash, cash equivalents, and investments	\$ 65,445
Other receivables	433
Restricted cash, cash equivalents, and investments	<u>61,488</u>
TOTAL ASSETS	<u>\$ 127,366</u>
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ 1,411
Due to third parties	<u>125,955</u>
TOTAL LIABILITIES	<u>\$ 127,366</u>

See accompanying notes to the financial statements.

## TARRANT COUNTY, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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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 Governmental Accounting Standards Board (“GASB”) is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles. GASB periodically updates its codification of the existing standards. In fiscal year 2017, the County implemented GASB Statement No. 77, *Tax Abatement Disclosures* (see Note 15), and GASB Statement No. 80, *Blending Requirement for Certain Component Units – an Amendment of GASB Statement No. 14*. The implementation of these statements did not have a significant impact to the County. 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 separate columns in the government-wide financial statements (see note below for description) to emphasize they are legally separate from the County.

##### BLENDING COMPONENT UNITS

The Tarrant County Housing Finance Corporation (“TCHFC”) provides financing for purchase of single family home mortgages and multifamily projects, both relating to low and moderate income residents. The County Commissioners Court created the TCHFC, but it is not a political subdivision of the County under state law. The criteria used to include the TCHFC as a blended component unit of the County include: the County is able to impose its will, as the TCHFC’s board of directors and the Commissioners Court are the same and County staff maintain the books and records of the corporation. The TCHFC is reported in the other governmental column in the fund financial statements. All debt issued through TCHFC was conduit debt (see Note 6).

The Tarrant County Industrial Development Corporation (“TCIDC”) provides financing through the issuance of industrial and manufacturing bonds, which promotes and encourages employment and the public welfare in the County. The criteria used to include the TCIDC as a blended component unit of the County include: the County is able to impose its will, as the TCIDC’s board of directors and the Commissioners Court are the same and County staff maintain the books and records of the corporation. TCIDC is reported in the other governmental column in the fund financial statements. All debt issued through TCIDC was conduit debt (see Note 6).

##### DISCRETELY PRESENTED COMPONENT UNITS

The Tarrant County Hospital District (“TCHD”) d/b/a JPS Health Network serves the citizens of the County by providing medical, dental and hospital care for the indigent and needy. The criteria used to determine inclusion as a discretely presented component unit are: TCHD is governed by a board of directors, which the

County Commissioners Court appoints and removes 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's assets, and TCHD cannot issue bonded debt without County Commissioners Court approval. Services provided by TCHD are to the citizenry and not to the County. TCHD's financial statements include the JPS Physicians Group and JPS Foundation as component units within the reporting entity. TCHD is reported in the government-wide financial statements.

During the year, Mental Health and Mental Retardation of Tarrant County changed their legal name to My Health My Resources of Tarrant County ("MHMRTC"). MHMRTC serves the citizens of the County by providing services to people with mental illness, substance abuse disorders, and intellectual or developmental disabilities. The criteria used to determine inclusion as a discretely presented component unit are: MHMRTC 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, and MHMRTC can issue bonded debt without the approval of the County Commissioners Court. The fiscal year end of MHMRTC is August 31 and the financial statements presented herein are as of August 31, 2017. MHMRTC has two component units, MHMR Visions which is included in their financial statements and Trinity Behavior Rehabilitation Corporation, which has had no financial activity and therefore is not included. MHMRTC is reported in the government-wide financial statements.

The Tarrant County Health Facilities Development Corporation ("TCHFDC") was created to provide, expand, and improve health facilities to improve the adequacy, cost and accessibility of health care, research, and education. TCHFDC is governed by a board of directors, which the County Commissioners Court may appoint and remove at will. TCHFDC had no significant balance sheet or results of operations as of and for the year ended September 30, 2017 and therefore are not included in the County's financial statements. 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") was created to promote the health, education, and general welfare of citizens by providing financing for cultural, health and educational facilities. TCCEFFC is governed by a board of directors, which the County Commissioners Court may appoint and remove at will. TCCEFFC had no significant balance sheet or results of operations as of and for the year ended September 30, 2017, and therefore are not included in the County's financial statements. 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	MHMRTC
1500 S. Main	3840 Hulen Street
Fort Worth, Texas 76104	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 position 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. For the most part, the effect of interfund activity has been removed from these statements, except for the rental charges from the Resource Connection. The elimination of these charges would distort the direct costs reported for the various functions concerned. 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 presented in the combining financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds, internal service funds and fiduciary 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. This constitutional fund is primarily financed with fees associated with vehicle registration.

**Debt Service Fund** – The Debt Service Fund accounts for the property tax revenues restricted for payment of principal and interest on long-term debt associated with the acquisition and/or construction of facilities, equipment, and infrastructure for the County.

**Capital Projects Fund** – The Capital Projects Fund accounts for bond proceeds and other committed resources to be used for the acquisition and/or construction of facilities, equipment, software, 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 campus of 16 buildings, which is a 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. The royalties from the oil and gas leases are 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 – employee benefits, general liability, and workers’ compensation.

Additionally, the County reports the following fiduciary funds:

Agency Funds – These funds account for assets held by the County in an agent capacity, in the Registry of the Court, or as an agent for others. They include the Payroll Clearing fund for payroll deductions, the Fee Office fund for moneys in the custody of the fee office of the County, and Community Supervision and Corrections fund for activities of a state agency with funds in the County depository.

**(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 receives (or gives) value without directly giving (or receiving) equal value in exchange, include: property taxes, alcoholic beverage taxes, bingo taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for 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 generally considers 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 is recorded as unavailable revenue if not collected within sixty days. Fees of office revenue is recorded as unavailable revenue until cash is received. Grant and certain contract revenue is recognized 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.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

**(d) Cash and Cash Equivalents and Investments**

Cash and cash equivalents of the County 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.

Investments in governmental pools are recorded at amortized cost or at net asset value, which is designed to approximate the share value. All other investments of the County are recorded at fair value within the fair value hierarchy established by generally accepted accounting principles 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; certificates of deposit issued by state and national banks that has its main office or a branch office 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;
- e. 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 financial institution doing business in the State of Texas;
- f. 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.
- g. Mutual funds and money market mutual funds:
  - (1) No-load money market mutual funds are authorized if registered with and regulated by the SEC; provide the investing entity with a prospectus and other information required by the Securities and Exchange Act of 1934 or the Investment Company Act of 1940; and comply with Federal Securities and Exchange Commission Rule 2a-7
  - (2) No-load mutual funds are authorized if regulated by the SEC; have an average weighted maturity of less than two years; and either: (A) have a duration of one year or more and are invested exclusively in obligations approved by Chapter 2256.014 of the Government Code; or (B) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities and invested exclusively in obligations approved by this policy and rated no less than AAA or its equivalent; and invest dollar-for-dollar all County funds without sales commissions or loads
- h. Investment pool as defined in Section 2256.016 of the Texas Government Code and rated no lower than AAA or its equivalent.

**(e) Supplies and Prepaid Items**

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

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.

**(f) Restricted Cash, Cash Equivalents, and Investments**

Restricted cash, cash equivalents, and investments represent monies held by the County in an agent capacity, in the Registry of the Court, or for others and are reported in the fiduciary funds. The funds typically are court-ordered trust accounts and securities posted by bondsmen to secure bail bonds.

**(g) 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 and proprietary fund financial statements at cost. The County defines capital assets as assets with an individual cost of more than \$5,000 and an estimated useful life greater than 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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 are depreciated or amortized (including 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	7 - 35 years
Buildings and improvements	20 - 40 years
Furnishings and equipment	5 - 8 years
Software	5 - 8 years

**(h) 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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

**(i) Pensions**

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, County specific information about its fiduciary net position in Texas County and District Retirement System (TCDRS) and additions to/deductions from the County's fiduciary net position have been determined on the same basis as they are reported by TCERS. For this purpose, benefit plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value to measure the net pension liability.

**(j) 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 and related fringe benefits associated with the payment of the compensated absences. Vacation pay is accrued, to a maximum 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 are generally liquidated from the following funds: General, Road and Bridge, Grants, Resource Connection and Other Governmental funds.

**(k) Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has the following items that qualify for reporting in this category.

- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.
- Changes of actuarial assumptions used to determine pension liability – This difference is deferred and amortized over a closed six year period.
- Deferred charge on refunding - A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt, using the straight line method, which approximates the effective interest method.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has the following items that qualify for reporting in this category.

- Unavailable revenue - The Governmental Fund Balance Sheet reports unavailable revenues from two sources: property taxes and other revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Difference in expected and actual pension experience - This difference is deferred and amortized over a closed six year period.

**(l) 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 \$0.254 (\$0.229538 for the maintenance and operations and \$0.024462 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 January 31 of each year are subject to interest and penalty charges.

Collections of the current year's levy are reported as current collections if received within 60 days after year end.

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 property title.

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.

**(m) Fund Balance Classifications**

In the fund financial statements, fund balances are classified depending on the relative strength of the spending constraints placed on the purposes for which resources can be used as follows:

**Nonspendable Fund Balance**

This classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

**Restricted Fund Balance**

This classification includes amounts constrained to specific purposes externally imposed by creditors (such as through debt covenants) grantor and contributors, or laws or regulations of other governments, or through constitutional provisions, or by enabling legislation.

**Committed Fund Balance**

This classification includes amounts that can only be used for specific purposes, pursuant to constraints imposed by formal action of the government's highest level of decision making authority. In the case of the County, a Commissioners Court order is the highest level of action.

**Assigned Fund Balance**

This classification includes amounts that are constrained by the County's intent to be used for specific purposes, but neither restricted nor committed. The Commissioners Court has not delegated this responsibility to anyone. Assigned fund balance consists of open purchase orders at year end.

**Unassigned Fund Balance**

This classification includes amounts that are available for any purpose; these amounts can be reported only in the County's general fund.

The County typically uses restricted fund balance first, followed by committed resources, and then assigned resources before unassigned resources.

**(n) Net Position**

**Net position: Net Investment in Capital Assets**

This component of net position 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 position: Restricted**

This component of net position 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. The County has four categories of restrictions: records management, which is restricted by state statute, contractual or donor imposed restrictions, transportation projects, and other restrictions imposed by state statute for a variety of purposes.

**Net position: Unrestricted**

This component of net position 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 the other categories of net position; net invested in capital assets or 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 position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. 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 \$933,693 difference are as follows (in thousands):

Bonds payable	\$ 321,795
Plus: Premium on issuance (to be amortized as interest expense)	15,217
Accrued interest payable	2,052
Capital lease payable	2,270
Compensated absences	44,671
Pension liability	372,566
Other postemployment benefits liability	<u>175,122</u>
Net adjustment to fund balance	<u>\$ 933,693</u>

Another element of that reconciliation explains that “Deferred outflows of resources are not reported in the funds.” The details of this \$125,470 difference are as follows (in thousands):

Deferred charges on debt refunding	\$ 4,644
Pension contributions after measurement date	36,669
Difference in projected and actual earnings	69,988
Changes of pension assumptions	<u>14,169</u>
Net adjustment to fund balance	<u>\$ 125,470</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 position 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 \$14,193 difference are as follows (in thousands):

Capital outlay	\$ 43,474
Depreciation expense	<u>(29,281)</u>
Net adjustment to fund balance	<u>\$ 14,193</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 decrease net position.” The details of this \$1,746 difference are as follows (in thousands):

In the statement of activities, only the gain/loss 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 position differs from the change in fund balance by the cost of the capital assets sold.	\$ (809)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>2,555</u>
Net adjustment to fund balance	<u><u>\$ 1,746</u></u>

Another element of that reconciliation states that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. 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 \$26,597 difference are as follows (in thousands):

Debt issued or incurred:	
Issuance of refunding notes	\$ (36,860)
Principal repayments:	
General obligation debt	7,180
Limited tax refunding and general obligation debt	18,760
Payment to escrow agent for refunding	36,723
Capital lease	<u>794</u>
Net adjustment to fund balance	<u><u>\$ 26,597</u></u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$40,872 difference are as follows (in thousands):

Changes in:	
Compensated absences	\$ (1,102)
Other postemployment benefits	(14,831)
Net pension liability	(11,544)
Deferred inflows-experience	619
Deferred outflows-contributions	3,944
Deferred outflows-investments	(15,893)
Deferred outflows-change in assumptions	(3,542)
Accrued interest payable	369
Interest expense on refunding	(273)
Amortization of deferred charge on refunding	(560)
Amortization of bond premiums	<u>1,941</u>
Net adjustment to fund balance	<u><u>\$ (40,872)</u></u>

### 3. CASH AND INVESTMENTS

#### Cash

At year-end, the County's carrying amount of cash (including restricted cash in the fiduciary funds) was \$355,071,159 and the bank balance was \$359,586,583, all of which was covered by Federal Depository Insurance Corporation or by collateral held by the County's agent in the County's name.

#### Investments

As of September 30, 2017, the County had the following investments and maturities (in thousands):

Investment Type	Carrying Amount	Maturity in Years		% of total Portfolio
		less than 1	1 - 5	
Governmental funds:				
U.S. Agency and government sponsored entity obligations	\$ 27,087	\$ 27,087	\$ -	21.4%
Certificates of deposit	2,317	1,851	466	1.8%
Investment pools:				
TexPool	19,012	19,012	-	15.0%
Lone Star	11,692	11,692	-	9.2%
TexStar	19,788	19,788	-	15.7%
Texas CLASS	1,508	1,508	-	1.2%
Fiduciary funds:				
Certificates of deposit	45,116	22,146	22,970	35.7%
Total Investments	\$ 126,520	\$ 103,084	\$ 23,436	100%

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of September 30, 2017, the County's recurring fair value measurements for US Agency or government sponsored entity obligations of \$27,086,622 are valued using quoted prices for similar assets in markets that are not active (Level 2 inputs). Certificates of deposit, interest bearing accounts and investment pools are not classified in the fair value hierarchy. The recorded position of the pools for TexPool and Lone Star are measured at amortized cost as the pool meets the requirements of GASB Statement No. 79. The recorded positions of the pools for TexStar and Texas CLASS are measured at net asset value and are designed to approximate the share value; however, the net asset value is not guaranteed or insured. All pools offer same day access to investments. The County has no unfunded commitments to these pools and may redeem investments at any time.

Regulatory oversight for the operations of these 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.

*Credit risk:* In accordance with the County’s investment policy, 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 Poor’s. The debt securities of the U.S. Government sponsored entities, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association, are rated “AA+” by Standard and Poor’s rating agency.

*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. County policy requires all investments to be acquired on a delivery vs. payment basis at the custodial agent from brokers independent of the custodial agent. As of September 30, 2017, all of the County’s investments are held in the County’s name.

*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. The County has more than 5% of its investments in several pools and securities, the amount, type of investment, and percentage in the portfolio is listed in the table above.

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

Cash	\$ 355,072
Investments	<u>126,520</u>
Total	<u><u>\$ 481,592</u></u>
Cash and investments per Statement of Net Position:	
Unrestricted	\$ 354,659
Cash and investments per Statement of Fiduciary Net Position:	
Unrestricted	65,445
Restricted	<u>61,488</u>
Total	<u><u>\$ 481,592</u></u>

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

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Total</u>
Taxes Receivable	\$ 28,322	\$ 18	\$ 4,153	\$ 32,493
Allowance for uncollectibles	<u>(20,648)</u>	<u>(11)</u>	<u>(3,246)</u>	<u>(23,905)</u>
Net Taxes Receivable	<u><u>\$ 7,674</u></u>	<u><u>\$ 7</u></u>	<u><u>\$ 907</u></u>	<u><u>\$ 8,588</u></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 Funds	General	Road and Bridge	Debt Service	Capital Projects	Grants	Other Governmental	
						Funds	Total
Accounts receivable	\$ 2,078	\$ 48	\$ 9	\$ 97	\$ 877	\$ 3,665	\$ 6,774
Fee office receivable	78,701	-	-	-	-	-	78,701
Intergovernmental receivable	6,135	-	-	-	15,508	7,759	29,402
Allowance for uncollectible	(75,241)	-	-	-	(230)	(27)	(75,498)
Net accounts receivable	<u>\$ 11,673</u>	<u>\$ 48</u>	<u>\$ 9</u>	<u>\$ 97</u>	<u>\$ 16,155</u>	<u>\$ 11,397</u>	<u>\$ 39,379</u>

Proprietary Funds	Enterprise	Internal	
		Service	Total
Accounts receivable	\$ 76	\$ 1,912	\$ 1,988
Allowance for uncollectible	(17)	(4)	(21)
Net accounts receivable	<u>\$ 59</u>	<u>\$ 1,908</u>	<u>\$ 1,967</u>

## 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2017 was as follows (in thousands):

	Balance October 1, 2016	Additions	Disposals	Transfers	Balance September 30, 2017
<b>Governmental activities:</b>					
Capital assets; not depreciated:					
Land	\$ 55,033	\$ 10,917	\$ (204)	\$ -	\$ 65,746
Software in development	10,065	2,769	-	(387)	12,447
Construction in progress	5,194	4,838	-	(4,524)	5,508
Total capital assets not depreciated	<u>70,292</u>	<u>18,524</u>	<u>(204)</u>	<u>(4,911)</u>	<u>83,701</u>
Capital assets; being depreciated:					
Buildings and improvements	474,426	13,137	(201)	4,524	491,886
Furnishings and equipment	88,241	5,743	(2,583)	323	91,724
Software	48,746	254	(217)	64	48,847
Infrastructure	114,420	8,396	(1,912)	-	120,904
Total capital assets; being depreciated	<u>725,833</u>	<u>27,530</u>	<u>(4,913)</u>	<u>4,911</u>	<u>753,361</u>
Less accumulated depreciation for:					
Buildings and improvements	(161,996)	(14,398)	150	-	(176,244)
Furnishings and equipment	(63,807)	(6,594)	2,528	-	(67,873)
Software	(34,897)	(3,331)	217	-	(38,011)
Infrastructure	(66,136)	(4,958)	1,388	-	(69,706)
Total accumulated depreciation	<u>(326,836)</u>	<u>(29,281)</u>	<u>4,283</u>	<u>-</u>	<u>(351,834)</u>
Total capital assets; being depreciated, net	<u>398,997</u>	<u>(1,751)</u>	<u>(630)</u>	<u>4,911</u>	<u>401,527</u>
Governmental activities capital assets, net	<u>\$ 469,289</u>	<u>\$ 16,773</u>	<u>\$ (834)</u>	<u>\$ -</u>	<u>\$ 485,228</u>

Depreciation expense was charged to functions as follows (in thousands):

Governmental activities:	
General government	\$ 16,357
Public safety	4,451
Transportation	7,813
Judicial	416
Community services	244
Total governmental activities depreciation expense	<u>\$ 29,281</u>

	Balance October 1, 2016	Additions	Disposal	Adjustment	Balance September 30, 2017
<b>Business-type activities:</b>					
Capital assets; not depreciated:					
Land	\$ 2,071	\$ -	\$ -	\$ -	\$ 2,071
Total capital assets not depreciated	2,071	-	-	-	2,071
Capital assets; being depreciated:					
Buildings and improvements	6,469	26	-	-	6,495
Furnishings and equipment	458	81	(20)	-	519
Infrastructure	1,392	-	-	-	1,392
Total capital assets; being depreciated	8,319	107	(20)	-	8,406
Less accumulated depreciation for:					
Buildings and improvements	(5,090)	(172)	-	-	(5,262)
Furnishings and equipment	(367)	(40)	20	-	(387)
Infrastructure	(453)	(74)	-	-	(527)
Total accumulated depreciation	(5,910)	(286)	20	-	(6,176)
Total capital assets; being depreciated, net	2,409	(179)	-	-	2,230
Business-type activities capital assets, net	<u>\$ 4,480</u>	<u>\$ (179)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,301</u>

## 6. LONG-TERM DEBT AND LIABILITIES

General obligation debt and limited tax refunding bonds are generally payable from property tax revenues. Capital leases are payable from the capital projects fund. Pension liability, OPEB obligations and compensated absences are generally liquidated from the following funds: General, Road and Bridge, Grants, Resource Connection and Other Governmental funds.

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.

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 has issued \$418,120,000 Limited Tax Bonds for this purpose.

During the fiscal year, the County issued Limited Tax Refunding Bonds, Series 2017 through a private placement in the amount of \$36,860,000. This issuance was a refunding of General Obligation Bonds, Series 2010. The funds

were placed in an irrevocable trust to provide for all future debt service payments totaling \$33,310,000. As a result all refunded bonds are considered defeased and the liability has been removed from the governmental activities column of the statement of net position. The net carrying value exceeded the reacquisition price of the old debt by \$511,276. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$4,650,344 and resulted in an economic gain of \$4,064,473.

At fiscal year-end, \$112,506,712 of debt related proceeds have not been used in the calculation of net investment in capital assets. This amount includes proceeds that are not related to County capital projects, as these expenditures are related to interlocal agreements with municipalities for road and bridge improvements, not future assets owned by the County and other unspent bond proceeds.

Long-term debt of the County consisted of the following at September 30, 2017 (in thousands):

General Obligation Bonds - Series 2008

Original amount of \$107,480 dated August 15, 2008, with interest rates from 3.5% to 5.0%, payable in annual installments in varying amounts plus interest through 2018; \$65,150 was refunded from the 2016 issuance \$ 4,980

Limited Tax Refunding and General Obligation - Series 2010

Original amount of \$70,045 dated September 15, 2010, with interest rates from 2.0% to 5.0%, payable in annual installments in varying amounts plus interest through 2030; \$33,310 was refunded from the 2017 issuance 15,425

Limited Tax Refunding and General Obligation - Series 2013

Original amount of \$72,260 dated September 1, 2013, with interest rates from 1.0% to 5.0%, payable in annual installments in varying amounts plus interest through 2033 57,885

Limited Tax Refunding and General Obligation - Series 2015

Original amount of \$67,075 dated August 1, 2015, with interest rates from 2.0% to 5.0%, payable in annual installments in varying amounts plus interest through 2035 66,935

Limited Tax Refunding and General Obligation - Series 2015A

Original amount of \$82,980 dated August 1, 2015, with interest rate of 1.97%, payable in annual installments in varying amounts plus interest through 2026 71,160

Limited Tax Refunding - Series 2016

Original amount of \$70,905 dated August 1, 2016, with interest rate of 1.48%, payable in annual installments in varying amounts plus interest through 2028 68,550

Limited Tax Refunding - Series 2017

Original amount of \$36,860 dated August 14, 2017, with interest rate of 2.13%, payable in annual installments in varying amounts plus interest through 2030 36,860

321,795

Less - current maturities 27,295

Long-term debt, net of current maturities 294,500

Plus unamortized amounts:

For issuance premiums 15,217

Long-term debt, net of current maturities, and premium \$ 309,717

The premium is amortized over the life of the debt using the straight line method, which approximates the effective interest method.

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		Total Principal & Interest
	Principal	Interest	Principal	Interest	
2018	\$ 4,980	\$ 199	\$ 22,315	\$ 9,792	\$ 37,286
2019	-	-	28,125	9,153	37,278
2020	-	-	25,930	8,270	34,200
2021	-	-	26,770	7,443	34,213
2022	-	-	27,560	6,659	34,219
2023-2027	-	-	122,905	21,974	144,879
2028-2032	-	-	47,805	8,906	56,711
2033-2035	-	-	15,405	1,421	16,826
Total	<u>\$ 4,980</u>	<u>\$ 199</u>	<u>\$ 316,815</u>	<u>\$ 73,618</u>	<u>\$ 395,612</u>

The County has entered into a lease agreement for financing the acquisition of public safety radio equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The carrying value of the equipment acquired through the lease agreement is \$1,779,947, which is \$3,783,063 plus trade-in amount of \$317,700 less accumulated depreciation of \$2,320,816.

The future minimum lease obligation and the net present value of the minimum lease payments as of September 30, 2017 is as follows (in thousands):

Fiscal Year	Governmental Activities
2018	\$ 757
2019	757
2020	756
Total minimum lease payments	<u>\$ 2,270</u>
Less: amount representing interest	<u>&lt; 1</u>
Present value of minimum lease payments	<u>\$ 2,270</u>

The following is a summary of the changes in long-term liabilities of the County for the year ended September 30, 2017 (in thousands):

	<u>Balance October 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance September 30, 2017</u>	<u>Amounts Due within One year</u>
<b>Governmental activities:</b>					
Bonds payable	\$ 344,185	\$ 36,860	\$ (59,250)	\$ 321,795	\$ 27,295
Deferred amounts:					
Premium	<u>20,809</u>	<u>-</u>	<u>(5,592)</u>	<u>15,217</u>	<u>-</u>
Total bonds payable	364,994	36,860	(64,842)	337,012	27,295
Capital lease	3,064	-	(794)	2,270	757
Net pension liability	361,022	159,191	(147,647)	372,566	-
OPEB obligation	160,291	21,483	(6,652)	175,122	-
Claims and judgements	8,600	3,520	(3,518)	8,602	3,556
Compensated absences	<u>43,569</u>	<u>32,569</u>	<u>(31,467)</u>	<u>44,671</u>	<u>30,767</u>
Total	<u>\$ 941,540</u>	<u>\$ 253,623</u>	<u>\$ (254,920)</u>	<u>\$ 940,243</u>	<u>\$ 62,375</u>
<b>Business-type activities:</b>					
Net pension liability	\$ 1,082	\$ 1,517	\$ (1,407)	\$ 1,192	\$ -
Compensated absences	<u>180</u>	<u>80</u>	<u>(163)</u>	<u>97</u>	<u>62</u>
Total	<u>\$ 1,262</u>	<u>\$ 1,597</u>	<u>\$ (1,570)</u>	<u>\$ 1,289</u>	<u>\$ 62</u>

## CONDUIT DEBT

Occasionally the Corporations established by Tarrant County issue conduit debt in the name of the Corporations to provide financial assistance to private sector entities for various purposes of public interest. The obligation for repayment of the debt rests with the private party benefiting from the proceeds of such debt. Neither the County nor the Corporations are obligated in any manner for repayment of the debt. Accordingly, the borrowings are not reported as liabilities in the accompanying financial statements.

The estimated amount of conduit debt outstanding at September 30, 2017 is as follows (in thousands):

Tarrant County Housing Finance Corporation	\$ 170,469
Tarrant County Health Facilities Development Corporation	228,765
Tarrant County Cultural Education Facilities Finance Corporation	<u>6,366,802</u>
Total Conduit Debt	<u>\$ 6,766,036</u>

## 7. DEFICIT NET POSITION

The following County fund had a deficit net position as of September 30, 2017 (in thousands):

Worker's Compensation      \$ 5,426

The deficit net position is due to the accrual of future year liabilities of \$7,953,276. This liability is based on an actuarial study. The County plans to continue to fund the current year workers compensation claims and maintain a \$1,000,000 reserve for any unforeseen expenditures.

## 8. INTERFUND BALANCES AND ACTIVITY

The following is a summary of County interfund transfers, receivable and payables at September 30, 2017 and for the year then ended (in thousands):

<u>Transfer From</u>	<u>Amount</u>	<u>Transfer To</u>	<u>Explanation</u>
General Fund	\$ 36,296	Capital Projects Fund	Supplement capital funds
General Fund	6,711	Road and Bridge	Supplement transportation services
General Fund	192	Other Governmental Funds	Supplement fund sources
General Fund	625	Internal Service Funds	Supplement self insurance fund
Other Governmental Funds	316	General Fund	Residual transfer
Internal Service Funds	386	Other Governmental Funds	Supplement fund sources
Other Governmental Funds	599	General Fund	Supplement courthouse security activity
Other Governmental Funds	71	General Fund	Supplement deferred prosecution program
	<u>\$ 45,196</u>		

<u>Funds Due From</u>	<u>Amount</u>	<u>Funds Due To</u>	<u>Explanation</u>
Grants Fund	\$ 13,379	General Fund	Short-term loan
Other Governmental Funds	39	General Fund	Short-term loan
	<u>\$ 13,418</u>		

<u>Advance From</u>	<u>Amount</u>	<u>Advance To</u>	<u>Explanation</u>
Capital Project Fund	<u>\$ 349</u>	Enterprise	Repayment for Medium Voltage Distribution Project to be repaid as funds are available.

## 9. 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.

## 10. PENSION AND OTHER POST EMPLOYMENT BENEFIT PLANS

### a. General Information about the Pension Plan

#### 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). TCDRS is 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. 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 or viewed at [www.tcdrs.org](http://www.tcdrs.org).

#### Benefits Provided

Plan provisions are adopted by the Commissioners Court, 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 the County.

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 Commissioners Court within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the County'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.

Annually, the County reviews the plan to determine benefit and contribution levels. In December 2015 the County granted a cost-of-living adjustment benefit increase for retirees at the rate of 50% of the Consumer Price Index (CPI).

#### Employees Covered by Benefit Terms

At December 31, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2,306
Inactive employees entitled but not yet receiving benefits	1,754
Active employees	<u>4,108</u>
Total	<u><u>8,168</u></u>

#### Contributions

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 County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The County contributed 17.5% for the calendar year 2016, which was 3.32% greater than the actuarially required contribution rate of 14.18% and contributed 18.75% for the calendar year 2017, which was 4.35% greater than the actuarially required contribution rate of 14.4%. The contribution rate payable by the employee members for calendar years 2016 and 2017 is 7% as adopted by the governing body of the County.

### b. Net Pension Liability

The County's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

### Actuarial Assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.5%
Investment rate of return	8.1% (includes 0.1% to be gross of administrative expenses)

The County has a history of granting cost-of-living adjustments, therefore cost-of-living adjustments are considered to be substantively automatic under GASB 68. An annual 50% CPI cost-of-living adjustment is included in the calculations.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee.

Mortality rates for depositing members were based on the RP-2000 Active Employee Mortality Table for males and females as appropriate, with adjustments, with the projection scale AA to 2014 and then projected with 110% of the MP-2014 Ultimate scale. Service retirees, beneficiaries and non-depositing members were based on RP-2000 Combined Mortality Table for males and females as appropriate, with adjustments, with the projection scale AA to 2014 and then projected with 110% of the MP-2014 Ultimate scale. Disabled retirees were based on RP-2000 Disabled Mortality Table for males and females as appropriate, with adjustments, with the projection scale AA to 2014 and then projected with 110% of the MP-2014 Ultimate scale.

Updated mortality assumptions were adopted in 2015. All other actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2009 – December 31, 2012, except where required to be different by GASB 68.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The numbers shown are based on January 2017 information for a 7-10 year time horizon and are re-assessed at a minimum every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. The target asset allocation was adopted by the TCDRS board in April 2017. The geometric real rate of return is net of inflation, assumed at 2.0%.

Asset Class	Target Allocation	Geometric Real Rate of Return
US equities	13.5%	4.70%
Private equity	16.0%	7.70%
Global equities	1.5%	5.00%
International equities - developed	10.0%	4.70%
International equities - emerging	7.0%	5.70%
Investment-grade bonds	3.0%	0.60%
High-yield bonds	3.0%	3.70%
Opportunistic Credit	2.0%	3.83%
Direct lending	10.0%	8.15%
Distressed debt	3.0%	6.70%
REIT equities	2.0%	3.85%
Master limited partnerships	3.0%	5.60%
Private real estate partnerships	6.0%	7.20%
Hedge funds	20.0%	3.85%
	100.0%	

**Discount Rate**

The discount rate used to measure the total pension liability was 8.1%. Using the alternative method, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments based on the funding requirements under the County's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the unfunded actuarial accrued liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the County is legally required to make the contribution specified in the funding policy.
3. The County's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the County is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future year, the discount rate for purposes of calculating the total pension liability and the net pension liability of the County is equal to the long-term assumed rate of return on investments.

**c. Changes in Net Pension Liability (in thousands):**

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of December 31, 2015	\$ 1,495,844	\$ 1,133,740	\$ 362,104
Changes for the year:			
Service cost	39,393	-	39,393
Interest on total pension liability <sup>1</sup>	120,402	-	120,402
Difference between expected and actual activity	(2,578)	-	(2,578)
Refunds of contributions	(2,321)	(2,321)	-
Benefit payments	(59,509)	(59,509)	-
Employer contributions	-	42,720	(42,720)
Member contributions	-	17,094	(17,094)
Investment income (loss) net of investment expenses	-	84,033	(84,033)
Administrative expenses	-	(913)	913
Other <sup>2</sup>	1,600	4,229	(2,629)
Net changes	96,987	85,333	11,654
Balances as of December 31, 2016	\$ 1,592,831	\$ 1,219,073	\$ 373,758

<sup>1</sup> Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

<sup>2</sup> Related to allocation of system-wide items.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the County, calculated using the discount rate of 8.1%, as well as what the County’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.1%) or 1-percentage-point higher (9.1%) than the current rate (in thousands):

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$ 1,807,687	\$ 1,592,831	\$ 1,414,760
Fiduciary net position	<u>1,219,073</u>	<u>1,219,073</u>	<u>1,219,073</u>
Net pension liability	<u>\$ 588,614</u>	<u>\$ 373,758</u>	<u>\$ 195,687</u>

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued TCERS financial report.

**d. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2017, the County recognized pension expense of \$73,416,271. As of September 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources (amounts in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 13,071
Changes of assumptions	14,211	-
Net difference between projected and actual earnings	70,198	-
Contributions subsequent to the measurement date	<u>36,781</u>	<u>-</u>
Total	<u>\$ 121,190</u>	<u>\$ 13,071</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension, other than contributions subsequent to the measurement date, will be recognized in pension expense as follows (in thousands):

Year ended September 30:	
2018	\$ 24,194
2019	24,194
2020	21,295
2021	2,085
2022	(430)

**e. Payable to the Pension Plan**

At September 30, 2017, the County reported a payable of \$5,477,145 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2017.

**f. 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 single employer plan provides medical and dental insurance to plan members. A separate audited report is not available. Membership in the plan at October 2015, data used for the latest actuarial valuation, consists of the following:

Retired participants and surviving spouses	875
Retiree dependents	319
Active members	4,018

**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 16% of gross pre-65 costs. 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	100%
10-14	75%
15-19	55%
20-24	40%
25+	20%

For post-65 retirees, there is no subsidy for participants with less than 10 years of service at retirement. For participants with 10+ years of service, the County provides a subsidy that varies between the Medicare Supplement and Medicare Advantage plans. Additionally, beginning with plan year 2014, the County adopted a 3% soft cap for its post-65 retirees. The County will have increases of no more than 3% year-over-year from 2014 forward, with the remainder of any annual increase passed on to the retirees.

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, 2017, the County contributed \$6,652,328, while the retirees' contributions were \$4,538,921 for a total contribution of \$11,191,249. Total contributions included actual medical claims paid, as well as, premiums for certain other insurances.

**Annual OPEB Cost**

For 2017, the County’s annual OPEB cost (expense) was \$21,484,483 for the postemployment healthcare plan. The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 were as follows (in thousands):

Annual required contribution	\$ 22,869
Add interest on net OPEB obligation	4,809
Less adjustment to annual required contribution	<u>(6,194)</u>
Annual OPEB cost	21,484
Less contributions made	<u>(6,653)</u>
Change in Net OPEB obligation	14,831
Net OPEB Obligation beginning of the year	<u>160,291</u>
Net OPEB Obligation end of the year	<u><u>\$ 175,122</u></u>

**Tarrant County Trend Information**

(in thousands)

<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>
2015	\$ 15,712	\$ 5,726	36.44%	\$ 145,642
2016	21,611	6,962	32.22%	160,291
2017	21,484	6,653	30.97%	175,122

**Funded Status and Funding Progress**

The funded status of the plan as of October 1, 2015 was as follows (in thousands):

**Schedule of Funding**

Actuarial accrued liability (AAL)	\$ 237,145
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	237,145
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	251,567
Unfunded actuarial accrued liability (UAAL) as a percentage of covered payroll	94.27%

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.

### **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, 2015 actuarial valuation, a 3.0% discount rate was used along with an investment rate of return of 3.0%, inflation rate of 3.0% and projected salary increases of 2.0%. The 2015 health care cost trends were assumed to be 7.0%, reducing 0.5% each year, reaching 5.0% in the year 2019 and after.

The actuarial cost method used in valuing the County's liabilities was the projected unit credit 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.

### **Medical Reimbursements**

The federal government may provide the County subsidies per the Medicare Part D Prescription Drug Subsidy Program for providing healthcare for Medicare eligible employees. Any current and future year subsidies are recorded as revenue in the year received and is not recognized as a reduction to the actuarial accrued liability.

### **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.

GAAP 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.

The schedule of funding progress, presented as Required Supplementary Information, following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

## 11. COMMITMENTS

### Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services (i.e. purchase orders). At year end, the County's governmental funds had the following outstanding encumbrances (amounts in thousands):

General	\$ 1,882
Road and Bridge	1,445
Capital Projects	50,393
Grants	7,728
Other Governmental Funds	<u>2,467</u>
Total	<u>\$ 63,915</u>

### Construction and other significant commitments

The County has several active construction projects as of September 30, 2017. The County has entered into agreements with cities and the Texas Department of Transportation to assist with the funding of transportation projects to mitigate congestion and improve air quality within Tarrant County. At fiscal year end the County's commitments with contractors and municipalities are as follows (in thousands):

<u>Project:</u>	<u>Spent to date</u>	<u>Remaining Commitment</u>
Juvenile Justice Complex	\$ 651	\$ 2,555
Southwest Subcourthouse expansion	6,379	8,859
Corrections Center	10,971	2,000
Transportation projects	<u>7,149</u>	<u>31,183</u>
Total	<u>\$ 25,150</u>	<u>\$ 44,597</u>

The County has no material future operating lease commitments. Total rental expense incurred for the County for fiscal year 2017 was \$3,039,442.

## 12. CONTINGENCIES

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, 2017 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 operations. Some areas such as law enforcement and the judicial process generate increased opportunities for claims and suits. 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, 2017 are adequate to provide for potential losses resulting from pending or threatened litigation, asserted claims and claims incurred but not reported.

## 13. SELF-INSURANCE PROGRAMS

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

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

Employee Benefits Fund – accounts for County employee benefits.

Self-Insurance Fund – accounts for general liability, law enforcement, public officials’ errors and omissions, medical malpractice and automobile physical damage.

Workers Compensation Fund – accounts for workers compensation claims.

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

	<u>Coverage</u>	<u>Deductible</u>
Buildings	\$ 600,000,000	\$ 250,000/500,000
Boilers and machinery	100,000,000	25,000
Scheduled heavy equipment	22,683,427	15,000
Scheduled equipment	43,811,699	2,500

The County purchases full coverage insurance on vehicles that operate under certain grants. The County also purchases several crime policies to cover exposure to employee dishonesty in different departments. These carry a coverage amount of \$2,000 to \$2,000,000 with a deductible of \$500 to \$20,000.

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.

During fiscal year 2017, the County purchased an excess workers’ compensation policy with a \$1,000,000 per occurrence retention.

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, 2017, 3,557 and 3,268 employees participate in health care coverage and dental coverage, respectively.

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

	<u>2016</u>	<u>2017</u>
Beginning liability	\$ 3,822	\$ 4,270
New claims/adjustments	64,898	56,436
Claims paid/adjustments	<u>(64,450)</u>	<u>(56,730)</u>
Ending liability	<u>\$ 4,270</u>	<u>\$ 3,976</u>

For the year ended September 30, 2017, 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, 2017.

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

	<u>2016</u>	<u>2017</u>
Beginning liability	\$ 8,862	\$ 8,600
New claims/adjustments	3,354	3,518
Claims paid/adjustments	(3,354)	(3,518)
Other - change in estimate	<u>(262)</u>	<u>2</u>
Ending liability	<u>\$ 8,600</u>	<u>\$ 8,602</u>
Amount due within 1 year	\$ 3,616	\$ 3,556

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

#### 14. OPERATING LEASES - LESSOR

The County is the lessor in several cancelable operating leases to various entities for space at the Resource Connection, a 16-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 lease agreements are for only one year, therefore there are no guaranteed future revenues. The County's investment in the property on the operating leases is as follows (in thousands):

	<u>Carrying Value</u>
Buildings	\$ 5,455
Less: accumulated depreciation	<u>(4,420)</u>
Net carrying value	<u>\$ 1,035</u>

#### 15. ECONOMIC DEVELOPMENT AGREEMENTS

##### Tax Incremental Financing Agreements

The County participates in several Tax Increment Financing ("TIF") Districts with other governmental entities through Interlocal Agreements. 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 agreement. 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 TIF contribution is recorded as a reduction of tax revenue.

On June 20, 2017, the County approved the Amended and Restated Participation Agreement for the City of Arlington TIF #6, which changes the TIF boundary, extended the term of the zone by five years and increased the County's maximum tax increment contribution to \$90,261,339.

Subsequent to year end, on October 24, 2017, the County approved a Participation Agreement with the City of Azle TIF #1, beginning with tax year 2016, at a rate of 50% of its collected incremental tax revenue up to a maximum cumulative contribution of \$7,292,488.

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

<u>Name</u>	<u>Participation Rate</u>	<u>Taxes Forgone During 2017</u>
City of Arlington #1 (maintenance and operation rate only)	100%	\$ 257
City of Arlington #4	75%	367
City of Arlington #5	70%	268
City of Arlington #6	75%	442
City of Benbrook #1	100%	258
City of Euless #3	75%	211
City of Everman #1	50%	<1
City of Fort Worth #3	40%	691
City of Fort Worth #4	50%	528
City of Fort Worth #6	100%	31
City of Fort Worth #7	80%	1,641
City of Fort Worth #8	40%	297
City of Fort Worth #9	80%	668
City of Fort Worth #10	50%	105
City of Fort Worth #12	100%	156
City of Fort Worth #13	80%	155
City of Fort Worth #14	50%	133
City of Fort Worth #15	50%	10
City of Haltom City #1	75%	<1
City of Keller #1	66%	313
City of Kennedale #1	75%	1
City of Mansfield #1	30%	106
City of Mansfield #2	75%	10
City of North Richland Hills #2	100%	879
City of Richland Hills #1	75%	19
Town of Trophy Club #1	60%	12
		<u>\$ 7,558</u>

The following TIF's had no increase to the taxable appraised value, therefore, no taxes were forgone:

<u>Name</u>	<u>Participation Rate</u>
City of Euless #4	75%
City of North Richland Hills #1	100%

## Tax Abatements

Chapter 312 of the Texas Property Tax Code, Property Redevelopment and Tax Abatement Act, grants the Commissioners Court the authority to execute tax abatement agreements for the County and on behalf of the Tarrant County Hospital District (TCHD). The County enters into economic development agreements with businesses that locate or expand within the County with the expectation of stimulating the economy and tax base.

County policy grants tax abatements on ad valorem real and personal property that is expected to produce a minimum added assessed value of 1) \$5,000,000 for new business, with creation of 25 jobs, 2) \$3,000,000 for expansion or modernization of existing business, sustaining existing employment levels, or 3) agreed upon additional evaluation criteria. The agreements provide for a reduction of incremental assessed value over a period not to exceed ten years. Some agreements provide for repayment of forgone taxes if the business fails to meet certain criteria.

No commitments have been made as part of the agreements other than to reduce incremental assessed values. The County is not subject to tax abatement agreements entered into by other governmental entities.

For the fiscal year ended September 30, 2017, the County's and TCHD's abated property taxes were (in thousands):

Tax Abatement	# of Entities	Assessed Value Abated	Total Amount of Taxes Forgone	
			County	TCHD
Multi-Family Residential Development	2	80%	\$ 199	\$ 178
Mixed Use Development	2	50 - 80%	72	53
Retail Facility	6	50 - 80%	76	43
Corporate Offices/Data Center	5	40 - 75%	335	104
Convention Center Hotel	1	60 - 80%	166	-
Manufacturing Facility	4	30 - 70%	668	600
Total Abated Taxes			<u>\$1,516</u>	<u>\$ 978</u>

The County has entered into tax abatement agreements which begin in future years for the following:

Tax Abatement	# of Entities	Participation %
Mixed Use Development	1	50%
Corporate Offices/Data Center	2	40 - 70%
Manufacturing Facility	1	55 - 70%

## 16. FUND BALANCES

The following is the detail of the County's fund balances at September 30, 2017 (in thousands):

	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Grants</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:							
Supplies/prepaid items	\$ 1,432	\$ 667	\$ -	\$ 6	\$ 1,859	\$ 60	\$ 4,024
	<u>1,432</u>	<u>667</u>	<u>-</u>	<u>6</u>	<u>1,859</u>	<u>60</u>	<u>4,024</u>
Restricted:							
Law library	-	-	-	-	-	623	623
Records management	-	-	-	-	-	16,064	16,064
Education	-	-	-	-	-	207	207
Public health	-	-	-	-	-	3,302	3,302
Law enforcement and prosecution	-	-	-	-	-	5,766	5,766
Contractual agreement	-	-	-	-	-	2,452	2,452
Court designated	-	-	-	-	-	2,661	2,661
VIT administration	-	-	-	-	-	753	753
Construction and equipment	-	-	-	34,614	-	-	34,614
Transportation project	-	-	-	68,138	-	-	68,138
	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,752</u>	<u>-</u>	<u>31,828</u>	<u>134,580</u>
Committed:							
Law library	-	-	-	-	-	115	115
Records management	-	-	-	-	-	662	662
Public health	-	-	-	-	-	17,398	17,398
Law enforcement and prosecution	34	-	-	-	-	228	262
Contractual agreement	286	-	-	-	-	581	867
Court designated	-	-	-	-	-	239	239
Construction and equipment	-	-	-	64,585	-	-	64,585
Transportation project	-	9,279	-	969	-	-	10,248
Debt service	-	-	1,513	-	-	-	1,513
	<u>320</u>	<u>9,279</u>	<u>1,513</u>	<u>65,554</u>	<u>-</u>	<u>19,223</u>	<u>95,889</u>
Assigned:							
Economic development	-	-	-	-	-	3,717	3,717
Purchases on order	1,562	-	-	-	-	-	1,562
Subsequent year's budget: appropriation of fund balance	26,380	-	-	-	-	-	26,380
	<u>27,942</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,717</u>	<u>31,659</u>
Unassigned	50,545	-	-	-	(1,859)	-	48,686
<b>Total Fund Balance</b>	<u><u>\$ 80,239</u></u>	<u><u>\$ 9,946</u></u>	<u><u>\$ 1,513</u></u>	<u><u>\$ 168,312</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 54,828</u></u>	<u><u>\$ 314,838</u></u>

## 17. RECENT ACCOUNTING PRONOUNCEMENTS

The County is currently reviewing the following GASB statements and has not determined the impact these statements will have on its financial statements:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension*, is effective for the County beginning fiscal year 2018. This statement changes the focus of accounting of postemployment benefits other than pensions from whether they are responsibly funding the benefits over time to a point-in-time liability that is reflected on the employer's financial statements for any actuarially unfunded portion of benefits earned to date.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, is effective for the County beginning fiscal year 2018. This statement provides recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, is effective for the County beginning fiscal year 2019. This statement addresses accounting and financial reporting when there is a legally enforceable liability associated with the retirement of a tangible capital asset.

GASB Statement No. 84, *Fiduciary Activities*, is effective for the County beginning fiscal year 2020. This statement establishes criteria for identifying activities that should be reported and clarifies whether and how business-type activities should report their fiduciary activities.

GASB Statement No. 85, *Omnibus 2017*, is effective for the County beginning fiscal year 2018. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, is effective for the County beginning fiscal year 2018. This statement provides accounting and reporting guidance for in-substance defeasance of debt with only existing resources – other than proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt.

GASB Statement No. 87, *Leases*, is effective for the County beginning fiscal year 2021. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

## 18. TARRANT COUNTY HOSPITAL DISTRICT NOTES

### (a) Nature of Operations and Summary of Significant Accounting Policies

#### **Cash and Cash Equivalents and Investments**

TCHD considers all liquid investments with original maturities of three months or less to be cash equivalents. At September 30, 2017, cash equivalents consisted primarily of money market accounts with brokers and state investment pools.

#### **Investments and Investment Income**

Investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one-year or less at time of acquisition and in nonnegotiable certificates of deposit are carried at amortized cost. Investments in external investment pools qualify for amortized cost under GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, are carried at amortized cost per share. All other investments are carried at fair value.

Investment income includes dividend and interest income, realized gains and losses on investments carried at other than fair value and the net change for the year in the fair value of investments carried at fair value.

**Patient Accounts Receivable**

TCHD reports patient account receivable for services rendered at net realizable amounts from third-party payers, patients and others. TCHD provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions.

**Supplies**

Supply inventories are stated at the lower of cost, determined using the first-in, first-out method or market.

**Capital Assets**

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. The following estimated useful lives:

Land improvements	10 - 20 years
Buildings and improvements	10 - 40 years
Equipment	3 - 20 years
Computer software	3 - 10 years

TCHD capitalizes interest costs as a component of construction in progress, based on the weighted-average rates paid for long-term borrowing. Total interest incurred was \$1,060,000.

**Compensated Absences**

TCHD policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date, plus an additional amount for compensation-related payments as social security and Medicare taxes computed using rates in effect at that date.

**Defined Benefit Pension Plan**

TCHD sponsors a defined benefit pension plan (Plan) as more fully described in Note (k). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to and deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Deferred Outflows/Inflows of Resources**

Transactions not meeting the definition of an asset or liability that result in the consumption or acquisition of net position in one period that are applicable to future periods are reported as deferred outflows of resources and deferred inflows of resources. As of September 30, 2017, TCHD's deferred outflows and deferred inflows of resources were related to TCHD's defined benefit pension plan as described more fully in Note (k).

**Net Patient Service Revenue**

TCHD has agreements with third-party payers that provide for payments to TCHD at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive

revenue adjustments, and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

#### **Tobacco Settlement Revenue**

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, 2017 the TCHD received approximately \$7,221,000 related to the settlement. This revenue is recognized as other revenue.

#### **Charity Care**

TCHD provides care without charge or at amounts less than its established rates 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.

#### **Income Taxes**

As an essential government function of the County, TCHD is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code (IRC) and a similar provision of state law.

#### **Risk Management**

TCHD is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than medical malpractice, employee health and workers' compensation claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

TCHD is self-insured for a portion of its exposure to risk of loss from medical malpractice, employee health and workers' compensation claims. Annual estimated provisions are accrued for the self-insured portion of these risks and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

### **(b) Net Patient Service Revenue**

TCHD has agreements with third-party payers that provide for payments to TCHD at amounts different from its established rates. These payment arrangements include:

Medicare – Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Certain inpatient nonacute services and defined medical education costs are paid based on a cost reimbursement methodology. TCHD is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by TCHD and audits thereof by the Medicare administrative contractor. TCHD's Medicare cost reports have been audited by the Medicare administrative contractor through September 30, 2013.

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a prospective payment system. Inpatient reimbursement is inclusive of an add-on for trauma care that is based on the Medicaid Standards Dollar Amount. Outpatient and physician services are reimbursed under a mixture of fee schedules and cost reimbursement. TCHD is reimbursed for cost reimbursable services at tentative rates with final settlement determined after submission of annual cost reports by TCHD and audits thereof by the Medicaid administrative contractor. TCHD's Medicaid cost reports have been audited through September 30, 2009.

Approximately 79 percent of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the year ended September 30, 2017. Settlements under reimbursement agreements with Medicare and Medicaid programs are estimated and recorded in the period the related services are rendered and are adjusted in future periods as adjustments become known or as the service years are no longer subject to audit, review or investigation. Annual cost reports required under the Medicare and Medicaid programs are subject to routine audits, which may result in adjustments to the amounts ultimately determined to be due under the reimbursement programs. These audits often require several years to reach their financial determination of amounts earned under the programs. As a result, it is reasonably possible that the recorded estimates will change materially in the near term. Net patient service revenue increased in 2017 by approximately \$1,592,000 due to changes in previous estimates.

TCHD has also entered into payment agreements with certain commercial insurance carriers, HMOs and preferred provider organizations. The basis for payment to TCHD under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

### **(c) Supplemental Medicaid Funding Revenue**

Supplemental Medicaid funding revenue includes revenue received from the Medicaid Disproportionate Share Program of approximately \$31,495,000 for the year ended September 30, 2017. The amounts that TCHD may expect to receive from this program in future years could be impacted by the Medicaid section 1115(a) demonstration program discussed below.

On December 12, 2011, the United States Department of Health & Human Services (HHSC) approved a new Medicaid section 1115(a) demonstration entitled “Texas Health Transformation and Quality Improvement Program”. This demonstration expanded existing Medicaid managed care programs and established two funding pools that will assist providers with uncompensated care costs (UC Pool) and promote health system transformation (DSRIP Pool). The revenue from the two funding pools is recognized as earned throughout the related demonstration year. During 2017, TCHD recognized approximately \$62,029,000 and \$56,255,000 from the UC Pool and the DSRIP Pool, respectively. The funding TCHD has received is subject to audit and is not representative of funding to be received in future years. The Waiver was effective from December 12, 2011 to September 30, 2016. On May 2, 2016, HHSC announced that CMS agreed to extend the demonstration through December 2017, at current funding levels. HHSC and CMS are in the process of negotiation a longer term extension.

The programs described above are subject to review and scrutiny by both the Texas Legislature and CMS, and the programs could be modified or terminated based upon new legislation or regulation in future periods.

During 2017, TCHD began participation in a Local Provider Participation Fund (LPPF) in Tarrant County. TCHD acts as the administrator of the LPPF by assessment and collection of mandatory payments from hospitals in Tarrant County. These payments are to be used to fund intergovernmental transfers representing the state’s share of supplemental Medicaid funding programs. More specifically, the payments collected by TCHD will be used to fund the state’s share of the Uniform Hospital Rate Increase Program (UHRIP). Under UHRIP, HHSC may direct managed care organizations in a service delivery area to provide a uniform percentage rate increase to all hospitals within a particular class of hospitals. UHRIP is expected to begin in 2018. During 2017, TCHD collected \$38,907,000 in mandatory payments and made intergovernmental transfers of \$17,703,000. At September 30, 2017, TCHD held \$20,244,000 in mandatory payments that will be transferred in 2018.

### **(d) Property Tax Revenue**

TCHD received approximately 37 percent of its support from property taxes. Property taxes are levied on October 1, based on assessed property values on the preceding January 1. To secure payment, an

enforceable lien attaches to the property on January 1, when the value is assessed. Property taxes become due and payable when levied on October 1. This is the date on which an enforceable legal claim arises and TCHD records a receivable for the property tax assessment, less an allowance for uncollectible taxes. Property taxes are considered delinquent after January 31 of the following year. TCHD recorded an allowance for uncollectible property taxes of approximately \$9,214,000 at September 30, 2017.

TCHD's property tax rate was \$0.226591 per \$100 valuation for the maintenance and operation fund and property tax revenue for this fund was \$349,114,000. TCHD's property tax rate was \$0.001306 per \$100 valuation for the interest and sinking fund and property tax revenue for this fund was \$2,004,000.

**(e) Deposits, Investments and Investment Income**

**Deposits**

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. TCHD's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposit with federal depository insurance or other qualified investments. At September 30, 2017, TCHD's deposits were either insured or collateralized in accordance with state law.

At September 30, 2017, a blended component unit of TCHD's cash accounts exceeded federally insured limits by \$2,262,000.

**Investments**

TCHD may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds and equity securities.

At September 30, 2017, TCHD's investment balances were as follows (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity in Years</u>	
		<u>less than 1</u>	<u>1-5</u>
Investment pools	\$ 117,138	\$ 117,138	\$ -
U.S. Treasury obligations	29,993	29,993	-
U.S. Agencies obligations	88,749	4,772	83,977
Municipal bonds	5,506	5,506	-
Money market mutual funds	974	974	-
Commercial paper	167,336	167,336	-
		<u>\$ 325,719</u>	<u>\$ 83,977</u>
Mutual funds	<u>400</u>		
Total Investments	<u>\$ 410,096</u>		

*Interest rate risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates, TCHD investment policy requires that total investments have a weighted average maturity of five years or less. TCHD's investments in U.S. Treasury and agency obligations include fixed rate notes and bonds with a weighted average maturity of three years. The longer the maturity of a fixed rate obligation, the

greater the impact a change in interest rates will have on its fair value. As interest rates increase, the fair value of the obligations decrease. Likewise, when interest rates decrease, the fair value of the obligations increase. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

*Credit risk:* Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. TCHD’s policy is to limit its investments to U.S. Treasury and agency obligations or otherwise follow the restriction of the Texas Public Funds Investment Act. TCHD’s investments in U.S. Treasury obligations carry the explicit guarantee of the U.S. government. The debt securities of the U.S. agencies are rated Aa1 to AAA by Moody’s rating agency. TCHD’s investments in municipal bonds were rated A to AA Standard & Poor’s rating agency.

TCHD also invests in TexPool and TexStar, state investment pools (Pools), which are considered investments for financial reporting. The Texas State Comptroller of Public Accounts oversees TexPool. Federated Investors provides asset management and participant services for TexPool’s operations under a contract with the Comptroller. TexStar is a local government investment pool offering professionally managed portfolios to government entities in the state of Texas. The governing board of directors selects co-administrators for TexStar that provide fund management. TCHD has an undivided beneficial interest in the pool of assets held by the Pools. Investments must be in compliance with the Texas Public Funds Investment Act and include obligations of the United States or its agencies, direct obligation 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.

The Pools, as well as the money market mutual funds invested in by TCHD, are rated as AAAm by Standard & Poor’s. TCHD’s investments in commercial paper was rated A to AA- by Standard & Poor’s rating agency.

TCHD also invests in certificates of deposit, which are classified as deposits for financial reporting purposes. These certificates of deposit are fully collateralized by the various financial institutions.

*Custodial credit risk:* For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, TCHD would not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of TCHD’s investments are held in safekeeping or trust accounts.

*Concentration of credit risk:* TCHD places no limit on the amount that may be invested in any one issuer as long as the restrictions of the Texas Public Funds Investment Act are followed.

The following table reflects TCHD’s investments in single issuers that represent more than five percent of total investments:

Federal Home Loan Bank	5.3%
Federal Home Loan Mortgage Association	6.4%
Federal National Mortgage Association	7.5%
Toyota Motor Credit Commercial Paper	7.3%
JP Morgan Securities Commercial Paper	8.6%
Kaiser Foundation Hospital Commercial Paper	2.7%
Philadelphia, PA - Airport Revenue Commercial Paper	6.1%
GE Capital Treasury	7.5%
American Honda Finance	7.3%

### Investment Income

Investment income for the fiscal year ended September 30, 2017 consisted of interest and dividend income of \$7,116,000 and a net decrease in fair value of investments of \$675,000 for a total of \$6,441,000.

### (f) Patient Accounts Receivable

TCHD grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payer agreements. Patient accounts receivable at September 30, 2017 consisted of (in thousands):

Medicare	\$	18,662
Medicaid		18,492
Other third-party payers		38,748
Patients		96,585
		<u>172,487</u>
Less allowance for uncollectible accounts		<u>(115,765)</u>
Total	\$	<u>56,722</u>

### (g) Capital Assets

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

	<u>Balance October 1, 2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance September 30, 2017</u>
Land and improvements	\$ 54,556	\$ 9,586	\$ -	\$ 3	\$ 64,145
Buildings and improvements	249,843	5,070	-	76	254,989
Equipment	442,934	20,152	(22,727)	410	440,769
Construction in progress	362	2,029	-	(489)	1,902
	<u>747,695</u>	<u>36,837</u>	<u>(22,727)</u>	<u>-</u>	<u>761,805</u>
Less accumulated depreciation	<u>(476,811)</u>	<u>(38,716)</u>	<u>22,122</u>	<u>-</u>	<u>(493,405)</u>
Capital assets, net	<u>\$ 270,884</u>	<u>\$ (1,879)</u>	<u>\$ (605)</u>	<u>\$ -</u>	<u>\$ 268,400</u>

### (h) Self-Insurance Programs

#### Medical Malpractice and General Liability Risks

TCHD is self-insured for medical malpractice and general liability claims. 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 per occurrence. Losses from asserted and unasserted claims identified in TCHD's incident reporting system are accrued based on estimates that incorporate TCHD's past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. It is reasonably possible that TCHD's estimate of losses will change by a material amount in the near term.

Activity in the TCHD's accrued medical malpractice claims liability for the last two years is as follows (in thousands):

	<u>2016</u>	<u>2017</u>
Balance, beginning of year	\$ 590	\$ 561
Current year claims incurred and changes in estimates for claims incurred in prior years	226	73
Claims and expenses paid	<u>(255)</u>	<u>(76)</u>
Balance, end of year	<u>\$ 561</u>	<u>\$ 558</u>

### Employee Health Claims

Substantially all of TCHD's employees and their dependents are eligible to participate in the TCHD's employee health insurance plan. Commercial stop-loss insurance coverage is purchased for claims in excess of \$500,000. A provision is accrued for self-insured employee health claims including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims, and other economic and social factors. It is reasonably possible that the TCHD's estimate will change by a material amount in the near term.

Activity in the TCHD's accrued employee health claims liability for the last two years is as follows (in thousands):

	<u>2016</u>	<u>2017</u>
Balance, beginning of year	\$ 4,050	\$ 4,040
Current year claims incurred and changes in estimates for claims incurred in prior years	44,228	52,033
Claims and expenses paid	<u>(44,238)</u>	<u>(51,522)</u>
Balance, end of year	<u>\$ 4,040</u>	<u>\$ 4,551</u>

### Worker's Compensation Claims

The TCHD is self-insured for workers' compensation claims. A provision is accrued for self-insured workers compensation claims including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims, and other economic and social factors. It is reasonably possible that the TCHD's estimate will change by a material amount in the near term.

Activity in the TCHD's accrued workers' compensation claims liability for the last two years is as follows (in thousands):

	<u>2016</u>	<u>2017</u>
Balance, beginning of year	\$ 2,263	\$ 2,189
Current year claims incurred and changes in estimates for claims incurred in prior years	1,870	1,782
Claims and expenses paid	<u>(1,944)</u>	<u>(1,864)</u>
Balance, end of year	<u>\$ 2,189</u>	<u>\$ 2,107</u>

(i) **Long-Term Debt**

Long-term debt of TCHD consisted of the following at September 30, 2017 (in thousands):

General Obligation Refunding Bonds - Series 2016:

Original amount of \$22,415 dated January 1, 2016, which bears interest at a rate of 2.24%, payable annually with installments ranging from \$1,535 to \$1,955 through 2029. The bonds are secured by property tax revenue.

The proceeds from the bonds were used to advance refund the Series 2006 bonds.

\$ 20,835

Revenue Bonds - Senior Lien Revenue Refunding Bonds, Series 2012:

Original amount of \$25,890 dated September 1, 2012, which bear interest at rates ranging from 3.0% to 5.0%, payable annually with installments ranging from \$1,535 to \$2,205 through 2027. The bonds are secured by revenues of TCHD, excluding property tax revenue. All of the bonds still outstanding may be redeemed at TCHD's option on or after August 15, 2023, at par value plus accrued interest. The proceeds from the bonds were used to advance refund the Series 2002 bonds.

18,665

39,500

Less - current maturities

3,070

Long-term debt, net of current maturities

36,430

Plus premium

397

Long-term debt, net of current maturities and premium

\$ 36,827

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

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Principal &amp; Interest</b>
2018	\$ 3,070	\$ 1,192	\$ 4,262
2019	3,140	1,111	4,251
2020	3,255	997	4,252
2021	3,375	878	4,253
2022	3,495	754	4,249
2023-2027	19,290	1,972	21,262
2028-2029	3,875	87	3,962
Total	<u>\$ 39,500</u>	<u>\$ 6,991</u>	<u>\$ 46,491</u>

The following is a summary of the changes in long-term debt for TCHD for the year ended September 30, 2017 (in thousands):

Beginning liability	\$ 42,485
Additions	-
Retirements	<u>(2,985)</u>
Ending liability	<u>\$ 39,500</u>
Amount due within one year	\$ 3,070

**(j) Uncompensated Care**

In support of its mission, TCHD voluntarily provides free care to patients who lack financial resources and are deemed to be medically indigent. The cost of charity care provided under the charity care policy was \$153,059,000. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross charity care charges.

**(k) Retirement Plans**

**Plan Description**

TCHD sponsors an agent multiple-employer defined benefit pension plan for eligible employees within a multiemployer 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 the pension plan. The Plan's assets are invested as a portion of the 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 TCHD or HealthShare/THA. The report may be obtained by writing HealthShare/THA at 1108 Lavaca, Suite 700, Austin, Texas 78701.

**Benefits Provided**

The Plan provides retirement, disability, and death benefits. Retirement benefits for eligible employees are calculated as 1.4% of the employee's final five-year average compensation plus 0.7% of the employee's final five-year average compensation, if any, that exceeds \$75,000, with the sum multiplied times the employee's years of service.

Participants with five years of participation service are eligible to retire at age 65. Participants may retire at any age after 55 if they have ten years or vesting service. Unreduced Early Retirement is available at age 62 if they have 10 years of vesting service. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately with an actuarial reduction. Death benefits are determined in the same manner as retirement benefits but are payable immediately with an actuarial reduction. An employee who leaves the employer's service may withdraw his or her contributions, plus any accumulated interest.

Effective October 1, 2006, participation in the pension plan became mandatory for full-time employees competing one-year of service on or after October 1, 2006. An amendment effective October 1, 2011, made plan participation voluntary for employees hired after that date.

The employees covered by the Plan at October 1, 2016 (measurement date), are:

Inactive employees or beneficiaries currently receiving benefits	304
Inactive employees entitled to but not yet receiving benefits	1,150
Active employees	<u>3,108</u>
Total	<u><u>4,562</u></u>

### Contributions

The TCHD Board has the sole authority to establish and amend the contribution requirements of the active employees. TCHD's contributions are based on an actuarially determined rate recommended by an independent actuary. The actuarial determined rate is the established amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. TCHD is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For TCHD's fiscal year ended September 30, 2017, the average active employee contribution rate was 1.0% of annual pay, and TCHD's average contribution rate was 6.75% of annual payroll.

TCHD's contribution is set to be 6.75% of participant payroll effective October 1, 2016, and will remain at that level as long as the amount thus determined is sufficient to pay the Employer Normal Cost and amortize the Unfunded Actuarial Liability (Net Pension Liability) over a period of not more than 25 years.

The employer contributions were 6.75% of estimated participant compensation for the year ended September 30, 2017. The costs of administering the Plan are paid by the Plan and are considered in the determination of the employer contribution rate.

### Net Pension Liability

TCHD's net pension liability was measured as of October 1, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability in the October 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	5.0%, average, including inflation
Ad hoc cost of living adjustments	Not included
Investment rate of return	7.25%, net of pension plan investment expense, including inflations

Mortality rates were based on the Society of Actuaries RP-2014 Mortality Table with Projection Scale MP-2016.

The actuarial assumptions used in the October 1, 2016, valuation were based on the results of an actuarial experience study for the period 2011-2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (2.50%). In addition, the final 7.25% assumption reflected a reduction of 0.20% for adverse deviation.

The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	65.0%	6.1%
International equity	10.0%	5.5%
Fixed income	25.0%	1.7%
	100.0%	

#### Discount Rate

The discount rate used to measure the total pension liability was 7.25% at October 1, 2016. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the total pension liability, Plan fiduciary net position and the net pension liability (in thousands):

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	(a)	(b)	(a) - (b)
Balances as of September 30, 2016	\$ 211,741	\$ 189,128	\$ 22,613
Changes for the year:			
Service cost	12,028	-	12,028
Interest on total pension liability	15,931	-	15,931
Difference between expected and actual experience	1,522	-	1,522
Contributions - employee	-	1,805	(1,805)
Contributions - employer	-	13,579	(13,579)
Net investment income	-	20,967	(20,967)
Benefit payments, including refunds of employee contributions	(7,210)	(7,210)	-
Administrative expenses	(496)	(496)	-
Assumption changes	(2,152)	-	(2,152)
Net changes	19,623	28,645	(9,022)
Balances as of September 30, 2017	\$ 231,364	\$ 217,773	\$ 13,591

The net pension liability of TCHD has been calculated using a discount rate of 7.25% at October 1, 2016. The following presents the net pension liability using a discount rate 1% higher and 1% lower than the current rate (in thousands).

	1% Decrease <u>6.25%</u>	Discount Rate <u>7.25%</u>	1% Increase <u>8.25%</u>
Net pension liability	<u>\$ 42,328</u>	<u>\$ 13,591</u>	<u>\$ (10,199)</u>

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2017, TCHD recognized pension expense of \$13,213,000. At September 30, 2017, TCHD reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,173	\$ 291
Employer contributions subsequent to the measurement date	14,443	-
Changes of assumptions	2,699	4,489
Net difference between projected and actual earnings on plan investments	913	-
	<u>\$ 20,228</u>	<u>\$ 4,780</u>

At September 30, 2017, TCHD reported \$14,443,000 as deferred outflows of resources related to pensions resulting from TCHD's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability at September 30, 2018.

Other amounts reported as deferred inflows of resources and deferred outflows of resources at September 30, 2017, related to pensions will be recognized in pension expense as follows (in thousands):

Year ended September 30:	
2018	\$ 620
2019	620
2020	1,321
2021	<u>(1,556)</u>
	<u>\$ 1,005</u>

### Pension Plan Fiduciary Net Position

As of October 1, 2016, the Plan's fiduciary net position was comprised of the following (in thousands):

Cash and cash equivalents	<u>\$ 10,689</u>
Investments, at fair value	
Common stocks	84,819
Mutual funds	247,206
Common/collective trust funds	372,785
103-12 investment fund	35,094
Government securities	<u>103</u>
Total investments at fair value	<u>740,007</u>
Total plan fiduciary net position	<u><u>\$ 750,696</u></u>

TCHD's interest in the Plan net position as of the measurement date of October 1, 2016 was \$217,773,000.

*Investment policy:* Investment policy decisions are established and maintained by the Trustees of the THA Retirement Plan for Member Hospitals. The Trustees have several asset mix alternatives from which participating employers may choose in order to control risk. The Trustees employ and select investment managers with the advice of investment counsel which is completely independent of the investment managers.

The primary goal of a pension fund is to help pay the cost of the pension plan while providing adequate security to meet the benefits promised under the Plan. As a consequence, two important dimensions of a pension plan's investment program are expected return and expected risk.

The Plan's trustees diversify Plan investments among asset classes, recognizing that there is a relationship between the level of risk assumed in an investment program and the level of return that should be expected. Appropriate diversification better enables the trust to balance risk and return. The asset mix selected by TCHD is set forth below:

<u>Asset Class/Style</u>	<u>Target Asset Mix</u>
Large Cap U.S. Equities	50%
Small Cap U.S. Equities	15%
International Equities	<u>10%</u>
Total Equities	<u><u>75%</u></u>
Intermediate fixed income	24%
Long duration fixed income	0%
Cash	<u>1%</u>
Total fixed income	<u><u>25%</u></u>

The Trustees maintain a portfolio structure that may combine active and passive management in order to balance the objectives of enhanced return and cost control.

Passive equity and fixed income portfolios invest in a substantially similar manner as that of the underlying benchmark.

Active equity managers have the following requirements:

- The equity portion of the portfolio should not be less than 90 percent of the portfolio, measured at market value.

- Equity holdings in any one economic sector should not exceed the greater of 25 percent of the portfolio or 10 percentage points above the sector weight in the benchmark.
- Equity holdings in any single company (including common stock and convertible securities) should not exceed 7 percent of the portfolio.

Active Fixed Income managers have the following requirements:

- The primary investments should be government, corporate and mortgage securities.
- Holdings in obligations of any single entity (with the exception of the U.S. government and/or its agencies) should not exceed 5 percent of the portfolio.

The common collective trust fund investment objective is to approximate as closely as practicable, before expenses, to the performance of the S&P 500 Index over the long term.

The 103-12 investment fund objective is to approximate as closely as practicable to the performance of the MSCI EAFE Index.

*Investment Rate of Return:* The annual money-weighted rate of return on pension plan investments, net of expenses, which expresses net investment performance adjusted for changing amounts actually invested each month was (10.9%) for the 12 months ended October 1, 2016.

*Interest Rate Risk:* The master trust's investments in U.S. agency obligations include fixed-rate notes with maturities up to 30 years. The longer the maturity of the fixed-rate obligation, the greater the impact a change in interest rates will have on its fair value. As interest rates increase, the fair value of the obligations decrease. Likewise, when interest rates decrease, the fair value of the obligations increase. The money market mutual funds are presented as an investment with a maturity of less than one-year because they are redeemable in full immediately.

*Credit Risk:* Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Plan's policy to limit its holdings in obligations of any single entity, excluding U.S. government and its agencies, to 5% of the portfolio. The master trust's investments in debt securities of the U.S. agencies are rated Aaa by Moody's rating agency.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the Plan's investments are held in trust accounts.

*Concentration of Credit Risk:* It is the Plan's policy to limit equity holdings in any one economic sector to the greater of 25% of the portfolio or 10% above the sector weight in the benchmark and limit equity holdings in any single company to 7% of the portfolio. Additionally, the Plan's policy limits holdings in fixed income obligations of any single entity, excluding U.S. government and its agencies, to 5% of the portfolio.

The following reflects the Plan's investments in single issuers that represent more than 5% of total investment:

State Street S&P 500 Index NL Fund	35.6%
Vanguard Small Cap Index	14.4%
State Street Aggregate Bond Index NL Fund	13.8%
PIMCO Total Return	13.9%

Following is a description of the valuation methodologies and inputs used for pension plan assets measured at fair value on a recurring basis, as well as the general classification of pension plan assets

pursuant to the valuation hierarchy. The fair value of the pension plan assets at October 1, 2016 were as follows (in thousands):

	Carrying Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Common stocks	\$ 84,819	\$ 84,819	\$ -	\$ -
Mutual funds	247,206	247,206	-	-
Government securities	103	-	103	-
Total investments by fair value level	<u>332,128</u>	<u>\$ 332,025</u>	<u>\$ 103</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV) (A)				
Common/collective trust fund	372,785			
103-12 investment fund	35,094			
Total investments measured at the NAV	<u>407,879</u>			
Total investments at fair value	<u>\$ 740,007</u>			

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts disclosed for total plan investments at fair value.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Plan did not hold any Level 3 securities at October 1, 2016. The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) are presented as above. There were no unfunded commitments or redemption restrictions for these funds.

#### Other Benefit Plans

TCHD has an IRC Section 401(a) plan that includes an employer match calculated as 50% of an employee's contribution to the IRC Section 403(b) plan discussed below, up to 4% of pay. The contributions for the employer match on the plan were approximately \$6,492,000 for the fiscal year ended September 30, 2017.

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.

Also, 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. Employee contributions were \$13,198,000 for the fiscal year ended September 30, 2017.

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 IRC. Contributions to this plan are included in cash and investments and the plan liability is recorded in other long-term liabilities in the balance sheet. As of September 30, 2017, \$974,000 in contributions are included in cash and investments and approximately \$912,000 was due under this plan. Approximately \$92,000 of benefit expense was recognized in fiscal year 2017.

**(l) Disclosures About Fair Value of Assets and Liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

**Level 1** Quoted prices in active markets for identical assets or liabilities

**Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

**Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

**Recurring Measurements**

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2017 (in thousands):

	Carrying Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. Treasury obligations	\$ 29,993	\$ 29,993	\$ -	\$ -
U.S. Agency obligations	88,749	17,333	71,416	-
Investment pool	116,012	-	116,012	-
Municipal bonds	5,506	-	5,506	-
Commercial paper	167,336	-	167,336	-
Money market mutual funds	974	974	-	-
Mutual funds	400	400	-	-
Total investments by fair value level	408,970	\$ 48,700	\$ 360,270	\$ -
Investment pool carried at amortized cost	1,126			
Total Investments	\$ 410,096			

## **Investments**

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. TCHD held no Level 3 investments as of September 30, 2017.

## **19. MY HEALTH MY RESOURCES OF TARRANT COUNTY NOTES**

### **(a) Summary of Significant Accounting Policies**

#### **Deposits and Investments**

MHMRTC's cash and cash equivalents 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. Interest revenue is recorded in the applicable fund.

The Public Funds Investment Act generally permits 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 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 state, 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, 2017, MHMRTC did not own any types of securities other than those permitted by statute.

Investments, when applicable, are stated at fair value within the fair value hierarchy established by generally accepted accounting principles.

#### **Receivables**

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 payment history. At the year ended August 31, 2017, accounts receivable for client services were \$12,441,693 less the allowance for doubtful accounts in the amount of \$9,516,709 for a net realizable value of \$2,924,984.

#### **Inventories and Prepaid Expenditures**

Inventories consist of expendable supplies and drugs held for consumption and medications supplied at various area retail pharmacies for MHMRTC's clients which 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. Once consumed, inventories are charged to expenditures.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

### **Capital Assets**

Capital assets include property, plant and equipment. Capital assets are defined as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of three 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. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Building and improvements	10-40 years
Furniture and equipment	3-10 years
Vehicles	5 years

### **Source Funds**

Some funds from federal and other state sources represent fee for service reimbursements, as well as project grants. The funds that are specifically for individual patient service reimbursements are reported as local funds under patient fees or insurance reimbursements identified by source.

### **Compensated Absences**

Full-time employees earn personal time off (PTO) each pay period of work performed. Accrual rate is based on the number years of service. Employees may carryover PTO from year to year in graduated amounts ranging from 204 hours for employee with two years of service to 372 hours for employees with 15 years of service.

After two years of employment, vested PTO is paid upon termination in graduated amounts ranging from 50% of their balance up to a maximum of 126 hours for employee with two years of service to 100% of their balance up to maximum of 372 hours for employees with more than 15 years of service.

Certain employees hired prior to September 12, 2003 participate in an extended leave bank (ELB). While these employees do not accrue any additional ELB hours, ELB hours accrued prior to September 12, 2003 may be used for personal illness, illness of a family member or health related appointments. ELB hours that are not used may be carried forward to subsequent years until fully utilized. ELB hours are not paid upon termination of employment.

### **Risk Management**

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 2017, 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 fiscal years.

## **(b) Cash and Investments**

### **Deposits**

Custodial credit risk for deposits is the risk that in the event of a bank failure, deposits may not be returned or MHMRTC will not be able to recover collateral securities in the possession of an outside party. MHMRTC's policy requires deposits to be fully secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation (FDIC) insurance. Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health. Collateral agreements must be approved prior to the deposit of funds. The Board of Trustees approves authorized depository institutions based on the recommendations of MHMRTC management.

Deposits of MHMRTC were fully insured or collateralized with securities held by MHMRTC, its agent or by the pledging financial institution's trust department or agent in the name of MHMRTC at all times during the year ended August 31, 2017.

Certificates of deposit held by MHMRTC in the amount of \$15,491,900 at year-end had a weighted average maturity of 199 days.

### **Investment Policies**

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.

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 investments 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. During the fiscal year ended August 31, 2017, MHMRTC did not own investments other than those permitted by policy.

Investments, when applicable, are stated at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Throughout the year and at year-end, MHMRTC had no investments subject to the fair value hierarchy established by generally accepted accounting principles.

## **(c) Receivables From Other Governments**

Receivables from other governments represent reimbursement of expenditures and fees for services provided under various programs and grants. All amounts are expected to be collected within the next year. At year-end, MHMRTC had \$12,846,255 of receivables from other governments.

(d) Capital Assets

A summary of changes in capital asset balances for the fiscal year ended August 31, 2017, is as follows (in thousands):

	<u>Balance</u> <u>September 1,</u> <u>2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Prior Period</u> <u>Adjustment</u>	<u>Balance</u> <u>August 31,</u> <u>2017</u>
Nondepreciable assets					
Land	\$ 3,735	\$ -	\$ -	\$ -	\$ 3,735
Land-restricted	191	-	-	798	989
Total nondepreciable assets	<u>3,926</u>	<u>-</u>	<u>-</u>	<u>798</u>	<u>4,724</u>
Depreciable assets					
Buildings and improvements	20,275	604	(250)	-	20,629
Buildings and improvements-restricted	905	-	-	2,712	3,617
Vehicles	3,064	103	(224)	-	2,943
Furniture and equipment	12,842	2,315	(433)	-	14,724
Total depreciable assets	<u>37,086</u>	<u>3,022</u>	<u>(907)</u>	<u>2,712</u>	<u>41,913</u>
Less accumulated depreciation					
Buildings and improvements	(8,947)	(886)	52	-	(9,781)
Buildings and improvements-restricted	(168)	(100)	-	(1,324)	(1,592)
Vehicles	(1,969)	(293)	188	-	(2,074)
Furniture and equipment	(9,687)	(1,004)	340	-	(10,351)
Total accumulated depreciation	<u>(20,771)</u>	<u>(2,283)</u>	<u>580</u>	<u>(1,324)</u>	<u>(23,798)</u>
Capital assets, net	<u>\$ 20,241</u>	<u>\$ 739</u>	<u>\$ (327)</u>	<u>\$ 2,186</u>	<u>\$ 22,839</u>

Total depreciation expense was \$2,283,616.

(e) Lease Obligations

MHMRTC is obligated under capital leases for certain equipment as of August 31, 2017. The gross amount of assets acquired by capital lease included in the statement of net position is \$710,604 and \$225,431 of depreciation expense in the statement of activities. Net book value of these assets was \$251,715.

During 2017, operating lease payments by MHMRTC were \$1,971,630. 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, 2017 are as follows (in thousands):

<u>Year Ending August 31,</u>	<u>Operating</u> <u>Leases</u>	<u>Capital Leases</u>	
		<u>Principal</u>	<u>Interest</u>
2018	\$ 1,233	\$ 241	<1
2019	544	25	<1
2020	219	-	-
2021	219	-	-
2022	66	-	-
and thereafter	-	-	-
Total minimum lease payment	<u>\$ 2,281</u>	<u>\$ 266</u>	<u>\$ &lt;1</u>

**(f) Long-Term Obligations**

The following is a summary of the changes in long-term obligations for MHMRTC for the fiscal year ended August 31, 2017 (in thousands):

	<u>Balance September 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance August 31, 2017</u>	<u>Due Within One Year</u>
Compensated absences	\$ 2,779	\$ 507	\$ (232)	\$ 3,054	\$ 231
Capital lease obligations	507	-	(241)	266	241
Total	<u>\$ 3,286</u>	<u>\$ 507</u>	<u>\$ (473)</u>	<u>\$ 3,320</u>	<u>\$ 472</u>

Interest expense for the year ended August 31, 2017, was \$89.

**(g) Pension Plan**

MHMRTC maintains a defined contribution money purchase pension plan under code section 401(a) of the Internal Revenue Code identified as the Tarrant County MHMR Money Purchase Plan. 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 begin 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). During 2017, \$92,024 of employee forfeitures were used to reduce employer contributions for the year.

Amounts contributed are invested in various investments, including equity securities, mutual funds and cash management funds. The required contributions in dollars and the percentage of that amount contributed for the current fiscal year and each of the two preceding fiscal years are as follows (in thousands):

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Percentage Contributed</u>
2015	\$ 2,465	\$ 1,555	100%
2016	2,813	1,757	100%
2017	3,417	2,051	100%

**(h) Deferred Compensation Plan**

MHMRTC offered its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plan is available to all MHMRTC employees. Employee elective deferrals are voluntary and permit them to defer a portion of their salary in accordance with maximum limits established by the Internal Revenue Code. Deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Employee contributions to these deferred compensation plans were \$583,878 during the fiscal year.

**(i) Partially Self-Funded Health Benefit Plan**

MHMRTC established a partially self-funded health benefits plan for employee health benefits. MHMRTC purchases commercial stop-loss coverage through Unimerica Insurance Company for medical claims in excess of \$175,000 per plan participant, per policy period with an annual aggregate limit of \$18,650,388. 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. The claim liability at year end was \$2,586,258. 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 (in thousands):

	<u>2016</u>	<u>2017</u>
Beginning liability	\$ 1,588	\$ 1,717
Expenses incurred	16,003	16,131
Expenses paid	<u>(15,874)</u>	<u>(15,262)</u>
Ending liability	<u>\$ 1,717</u>	<u>\$ 2,586</u>

Claims liability is expected to be paid within one year of August 31, 2017.

**(j) Tarrant-Harris Software Solution**

MHMRTC entered into an agreement with The Harris Center for Mental Health and IDD, (MHMRA) to form a joint administrative agency for the acquisition and licensing of computer software to improve and enhance the delivery of behavioral health, intellectual developmental disabilities, early childhood intervention and substance-abuse disorder services to their respective communities. The name of this administrative agency is Harris-Tarrant Software Solution (HTSS) formerly known as Tarrant-Harris Software Authority (THSA). HTSS is governed by a five member board. MHMRTC and MHMRA each appoint two members to the Board, with the fifth member appointed by the four board members selected by MHMRTC and MHMRA.

In April of 2015, HTSS entered into an agreement with Dallas County Mental Health and Mental Retardation Center, doing business as XenatiX, for the purchase of licenses of fully developed software. In April of 2017, HTSS notified XenatiX of termination of this agreement due to product delivery issues. The cost associated with the termination of this contract has not been fully determined. Negotiations are underway to make this determination.

HTSS total revenues were \$18,115 and total expenses were \$18,115 for the year ending August 31, 2017. MHMRTC's carrying value of HTSS was zero at year-end. Separate financial statements for HTSS may be obtained from the finance department of MHMRTC.

**(k) Commitments and Contingencies**

MHMRTC management has recorded a liability of \$213,000 at year end as a reasonable estimate of what they believe may actually be due as a result of the termination of the XenatiX agreement described in Note (j). Management estimates that MHMRTC's potential maximum exposure would be \$650,000.

In May 2017, MHMRTC entered into a contract with Netsmart Technologies, Inc. to receive and implement an electronic health records system and billing system. The total cost associated with this contract will be approximately \$14,700,000 to be incurred over the course of the next seven years.

MHMRTC has participated in a number of state and federally assisted grants, 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.

**(l) Permanently Restricted Capital Assets**

The Texas Health and Human Services Commission (HHSC), formerly the Department of Aging and Disability Services (DADS), transferred title to five separate real estate properties to MHMRTC in return for the payoff of DADS bonded indebtedness in a prior year. These properties are used by MHMRTC to provide group home services to its clients. In addition, MHMRTC received title to another separate property from DADS to be used to provide program services. The deeds received for these properties contain a restriction that states if the properties cease to be utilized by MHMRTC to provide community-based mental health or disability services for a continuous period of more than 180 days, then title to the property reverts to HHSC as successor to DADS. In accordance with this deed restriction, MHMRTC reports the net book value of these properties of \$3,014,631 as restricted capital assets within the building and improvements – restricted and land – restricted captions in Note (d).

**(m) Prior Period Adjustment**

MHMRTC identified the value associated with one of the properties described in Note (l) during 2017. This deed transferring the property was recorded during a prior year and the property was assigned a value of \$1 at that time. During 2017, MHMRTC recorded the fair value of the donated property as of the date of donation, less any applicable depreciation over the period it has been owned, as a prior period adjustment in the government wide statements in the amount of \$2,186,069. Estimates of fair value on the date of donation were provided by the Tarrant County Tax Appraisal District.

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**REQUIRED SUPPLEMENTARY**  
**INFORMATION**

TARRANT COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017 (AMOUNTS IN THOUSANDS)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 344,325	\$ 344,325	\$ 345,752	\$ 1,427
Licenses and permits	1,230	1,230	1,291	61
Fees of office	56,145	56,145	59,167	3,022
Intergovernmental	20,503	20,503	21,644	1,141
Investment income	1,380	1,380	2,378	998
Other revenues	16,388	16,388	11,605	(4,783)
Transfers	640	640	986	346
<b>Total Revenues</b>	<b>\$ 440,611</b>	<b>\$ 440,611</b>	<b>\$ 442,823</b>	<b>\$ 2,212</b>
<b>EXPENDITURES:</b>				
County Judge	\$ 1,105	\$ 1,105	\$ 1,037	\$ 68
County Administrator	2,579	2,616	2,549	67
Non-Departmental	112,502	111,646	58,937	52,709
Auditor	6,973	6,998	6,881	117
Budget/Risk Management	798	796	761	35
Tax Assessor / Collector	15,312	15,312	14,702	610
Elections Administration	5,897	5,897	5,253	644
Information Technology	41,282	41,183	38,589	2,594
Human Resources	3,148	3,148	3,086	62
Purchasing	2,346	2,346	2,327	19
Facilities	4,623	4,635	4,238	397
Sheriff	44,887	44,817	43,657	1,160
Sheriff - Confinement	79,487	79,505	77,083	2,422
Constable Precinct 1	1,279	1,279	1,253	26
Constable Precinct 2	1,215	1,215	1,206	9
Constable Precinct 3	1,388	1,393	1,381	12
Constable Precinct 4	1,000	1,011	1,004	7
Constable Precinct 5	857	868	863	5
Constable Precinct 6	937	937	897	40
Constable Precinct 7	1,295	1,295	1,265	30
Constable Precinct 8	1,167	1,167	1,055	112
Medical Examiner	9,311	9,311	9,273	38
Fire Marshal	399	402	399	3
Community Supervision	178	178	117	61
Juvenile Services	21,888	21,888	21,123	765
Pretrial Services	1,372	1,372	1,339	33
Buildings	22,587	22,575	21,348	1,227
17TH District Court	293	294	293	1
48TH District Court	277	278	274	4
67TH District Court	277	278	277	1
96TH District Court	276	278	273	5
141ST District Court	277	292	290	2
153RD District Court	285	285	281	4
236TH District Court	296	296	280	16
342ND District Court	277	279	277	2
348TH District Court	276	282	280	2
352ND District Court	286	286	259	27
Criminal District Court 1	1,320	1,566	1,548	18
Criminal District Court 2	1,354	1,515	1,479	36
Criminal District Court 3	1,311	1,713	1,711	2
Criminal District Court 4	1,298	1,396	1,381	15
213TH District Court	1,539	1,694	1,693	1

TARRANT COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017 (AMOUNTS IN THOUSANDS)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
297TH District Court	\$ 1,318	\$ 1,571	\$ 1,564	\$ 7
371ST District Court	1,509	1,879	1,876	3
372ND District Court	1,659	1,684	1,681	3
396TH District Court	1,727	1,750	1,747	3
432nd District Court	1,587	2,246	2,243	3
Magistrate Court	917	934	930	4
231ST District Court	619	622	613	9
233RD District Court	764	746	740	6
322ND District Court	616	588	583	5
323RD District Court	3,139	3,252	3,250	2
324TH District Court	701	690	684	6
325TH District Court	636	644	638	6
360TH District Court	601	623	621	2
Special Judges	272	329	327	2
Criminal Court Administration	1,508	1,514	1,436	78
Grand Jury	184	185	185	-
Criminal Attorney Appointment	644	653	642	11
Criminal Mental Health Court	250	203	198	5
County Court at Law #1	571	573	571	2
County Court at Law #2	570	575	572	3
County Court at Law #3	565	567	552	15
County Criminal Court #1	883	887	803	84
County Criminal Court #2	869	890	880	10
County Criminal Court #3	841	834	825	9
County Criminal Court #4	855	895	885	10
County Criminal Court #5	1,212	1,149	1,146	3
County Criminal Court #6	742	758	750	8
County Criminal Court #7	883	859	857	2
County Criminal Court #8	772	782	769	13
County Criminal Court #9	756	773	754	19
County Criminal Court #10	793	793	781	12
Probate Court 1	2,130	2,130	2,119	11
Probate Court 2	2,260	2,370	2,338	32
Justice of the Peace Pct. 1	740	740	733	7
Justice of the Peace Pct. 2	726	726	711	15
Justice of the Peace Pct. 3	705	731	730	1
Justice of the Peace Pct. 4	729	731	696	35
Justice of the Peace Pct. 5	529	532	532	-
Justice of the Peace Pct. 6	694	694	625	69
Justice of the Peace Pct. 7	756	756	711	45
Justice of the Peace Pct. 8	704	704	670	34
District Attorney	39,091	39,091	37,779	1,312
District Clerk	10,558	10,558	10,274	284
County Clerk	10,583	10,583	9,945	638
Domestic Relations	7,547	7,547	7,412	135
Jury Services	1,938	1,998	1,792	206
Courts / Judiciary	2,421	562	556	6
Human Services	4,793	4,793	4,440	353
Child Protective Services	2,555	2,555	2,325	230
Public Assistance	773	773	773	-
TX Cooperative Extension	778	778	688	90
Veterans Services	447	447	424	23
Historical Commission	131	131	129	2
<b>Total Expenditures</b>	<b>\$ 516,005</b>	<b>\$ 516,005</b>	<b>\$ 448,724</b>	<b>\$ 67,281</b>

TARRANT COUNTY, TEXAS

BUDGETARY COMPARISON SCHEDULE - ROAD AND BRIDGE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017 (AMOUNTS IN THOUSANDS)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Taxes	\$ -	\$ -	\$ 2	\$ 2
Fees of office	18,125	18,125	17,937	(188)
Intergovernmental	30	30	169	139
Investment income	39	39	95	56
Other revenues	82	82	645	563
Transfers	<u>6,711</u>	<u>6,711</u>	<u>6,711</u>	<u>-</u>
Total Revenues	<u>\$ 24,987</u>	<u>\$ 24,987</u>	<u>\$ 25,559</u>	<u>\$ 572</u>
EXPENDITURES:				
Buildings	\$ 26	\$ 31	\$ 29	\$ 2
Commissioner Precinct 1	7,875	7,875	7,479	396
Commissioner Precinct 2	4,608	4,608	4,144	464
Commissioner Precinct 3	4,986	4,986	4,820	166
Commissioner Precinct 4	7,300	7,300	6,649	651
Right of Way	4,072	4,075	1,114	2,961
Transportation	3,941	4,098	3,673	425
Road and Bridge Non-Departmental	<u>643</u>	<u>477</u>	<u>371</u>	<u>106</u>
Total Expenditures	<u>\$ 33,451</u>	<u>\$ 33,450</u>	<u>\$ 28,279</u>	<u>\$ 5,171</u>

TARRANT COUNTY, TEXAS

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2017

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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.
- Encumbrances are used for budgetary basis accounting for the appropriated budgets. Encumbrances consume budget as an actual when a purchase order is issued. Encumbrances do not represent expenditures or liabilities for modified accrual basis until the goods or services are received.
- 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	\$ 442,823	\$ 25,559
Transfers in	(986)	(6,711)
Market value adjustment for securities not budget relevant	(86)	-
Available in 2017, received in 2018	954	-
Accrued in prior years, received in 2017	(1,282)	-
	<hr/>	<hr/>
Revenues on modified accrual (GAAP) basis	441,423	18,848
<b>Expenditures</b>		
Budgetary Basis	448,724	28,279
Transfers out	(43,824)	-
Incurred in prior years, paid in 2017	1,343	1,063
Incurred during 2017, payable in future years	(1,668)	(1,383)
Prepaid, bad debt & inventory adjustments not budget relevant	(597)	(88)
	<hr/>	<hr/>
Expenditures on modified accrual (GAAP) basis	403,978	27,871
<b>Other Financing Sources (Uses)</b>	<hr/> <b>(42,838)</b> <hr/>	<hr/> <b>6,711</b> <hr/>
Changes in Fund Balance	<hr/> <b>\$ (5,393)</b> <hr/>	<hr/> <b>\$ (2,312)</b> <hr/>

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**

**SCHEDULE OF COUNTY PENSION CONTRIBUTIONS  
(Amounts in thousands)**

	Year ended September 30				
	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 36,398	\$ 35,941	\$ 34,260	\$ 32,472	\$ 29,612
Contributions in relation to the actuarially determined contribution	<u>46,843</u>	<u>44,024</u>	<u>39,342</u>	<u>38,235</u>	<u>32,372</u>
Contribution (excess)	<u>(10,445)</u>	<u>(8,083)</u>	<u>(5,082)</u>	<u>(5,763)</u>	<u>(2,760)</u>
Covered payroll	\$ 253,641	\$ 251,567	\$ 234,785	\$ 225,829	\$ 217,492
Contributions as a percentage of covered-employee payroll	18.47%	17.50%	16.76%	16.93%	15.18%

**Notes to Schedule**

Valuation date: Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	7.2 years (based on contribution rate calculated in 12/31/2016 valuation)
Asset valuation method	5 year smoothed market
Inflation	3.0%
Salary increases	Varies by age and service. 4.9% average over career, including inflation
Investment rate of return	8%, net of investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.

Changes in Plan Provisions Reflected in the Schedule  
 Calendar year 2015: Employer contributions reflect that a 50% CPI COLA was adopted.  
 Calendar year 2016: No changes in plan provisions

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 27,321	\$ 26,366	\$ 24,815	\$ 23,223	\$ 21,488
<u>27,321</u>	<u>26,366</u>	<u>24,815</u>	<u>23,223</u>	<u>21,488</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 213,321	\$ 216,495	\$ 212,965	\$ 211,127	\$ 200,564
12.83%	12.18%	11.65%	11.00%	10.71%

**TARRANT COUNTY, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

(Amounts in thousands)

	Plan Year ended December 31		
	2016	2015	2014
Total Pension Liability			
Service cost	\$ 39,393	\$ 37,283	\$ 35,951
Interest on total pension liability	120,402	113,517	105,804
Effect of plan changes	-	(7,351)	-
Effect of assumption changes or inputs	-	21,317	-
Difference between expected and actual activity	(2,578)	(15,711)	(898)
Refunds of contributions	(2,321)	(2,989)	(2,207)
Benefit payments	(59,509)	(54,948)	(49,258)
Other	1,600	1,503	-
Net change in total pension liability	96,987	92,621	89,392
Total pension liability, beginning	1,495,844	1,403,223	1,313,831
Total pension liability, ending (a)	\$ 1,592,831	\$ 1,495,844	\$ 1,403,223
Fiduciary Net Position			
Employer contributions	\$ 42,720	\$ 41,529	\$ 33,317
Member contributions	17,094	16,662	16,120
Investment income (loss) net of investment expenses	84,033	(3,788)	72,724
Refunds of contributions	(2,321)	(2,989)	(2,207)
Benefit payments	(59,509)	(54,948)	(49,258)
Administrative expenses	(913)	(818)	(850)
Other	4,229	517	31
Net change in fiduciary net position	85,333	(3,835)	69,877
Fiduciary net position, beginning	1,133,740	1,137,575	1,067,698
Fiduciary net position, ending (b)	\$ 1,219,073	\$ 1,133,740	\$ 1,137,575
Net pension liability, ending = (a) - (b)	\$ 373,758	\$ 362,104	\$ 265,648
Fiduciary net position as a percentage of total pension liability	76.53%	75.79%	81.07%
Covered payroll	\$ 244,001	\$ 237,309	\$ 228,675
Net pension liability as a percentage of covered payroll	153.18%	152.59%	116.17%

TCDRS Comprehensive Annual Financial Report is available at [www.tcdrs.com](http://www.tcdrs.com) or PO Box 2034, Austin, Texas 78768-2034  
The County implemented GASB 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available, therefore, ten years of data will accumulate over time.

**TARRANT COUNTY, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS**

**OTHER POSTEMPLOYMENT BENEFITS PLAN  
Primary Government  
(Amounts in thousands)**

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Underfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
2012	10/1/2011	\$ -	\$ 354,393	\$ 354,393	0.00%	\$214,190	165.46%
2014	10/1/2013	-	177,775	177,775	0.00%	226,616	78.45%
2016	10/1/2015	-	237,145	237,145	0.00%	251,567	94.27%

**Discretely Presented Component Unit - TCHD  
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

(Amounts in thousands)

	Year ended September 30		
	2017	2016	2015
Total Pension Liability			
Service cost	\$ 12,028	\$ 12,181	\$ 11,556
Interest on total pension liability	15,931	14,805	12,953
Effect of plan changes	-	-	-
Effect of assumption changes or inputs	(2,152)	(4,900)	6,650
Difference between expected and actual activity	1,522	1,720	(717)
Benefit payments, including refunds of employee contributions	(7,210)	(6,069)	(7,021)
Administrative expenses	(496)	-	-
Net change in total pension liability	19,623	17,737	23,421
Total pension liability, beginning	211,741	194,004	170,583
Total pension liability, ending (a)	\$ 231,364	\$ 211,741	\$ 194,004
Fiduciary Net Position			
Employer contributions	\$ 13,579	\$ 12,313	\$ 11,625
Member contributions	1,805	1,641	1,574
Investment income (loss) net of investment expenses	20,967	(2,629)	20,134
Benefit payments, including refunds of employee contributions	(7,210)	(6,069)	(7,021)
Administrative expenses	(496)	(587)	(407)
Net change in fiduciary net position	28,645	4,669	25,905
Fiduciary net position, beginning	189,128	184,459	158,554
Fiduciary net position, ending (b)	\$ 217,773	\$ 189,128	\$ 184,459
Net pension liability, ending = (a) - (b)	\$ 13,591	\$ 22,613	\$ 9,545
Fiduciary net position as a percentage of total pension liability	94.13%	89.32%	95.08%
Covered payroll	\$ 201,170	\$ 182,418	\$ 178,847
Net pension liability as a percentage of covered payroll	6.76%	12.40%	5.34%

**Notes to schedule:**

Changes of assumptions:

- 1) Mortality updated to RP-2014 projected from 2006 base year using MP-2016
- 2) IRC Sections 401(a)(17) and 415 Limitations adjusted future increases in limits from 3.75% to 2.50%

This schedule is presented as of October 1, which is the measurement date.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, TCHD will present information for those years for which information is available.

**DISCRETELY PRESENTED COMPONENT UNIT - TCHD  
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF PENSION CONTRIBUTIONS - TCHD**

(Amounts in thousands)

<u>Year ended September 30,</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
2017	\$ 14,443	\$ 14,443	\$ -	\$ 213,963	6.75%
2016	13,579	13,579	-	201,170	6.75%
2015	12,313	12,313	-	182,418	6.75%

**Notes to Schedule**

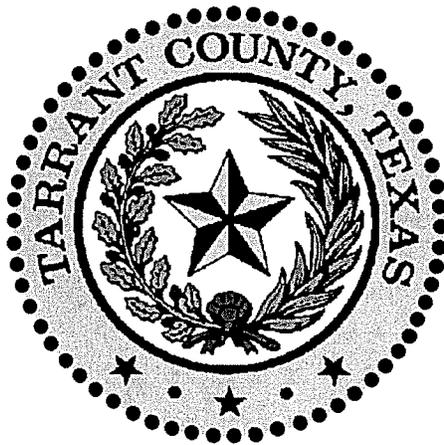
Valuation date: October 1, 2016

Actuarially determined contribution rates are calculated as of October 1, which is the most recent valuation date prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	9 years at October 1, 2016; recalculated annually; employer contribution rate constant unless amortization period > 25 years or ≤ 0 years
Asset valuation method	5 year smoothed market
Inflation	2.5%
Salary increases	5.0%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expenses, including inflation
Retirement age	60
Mortality	RP-2014 Total Employee Mortality Table, projected from 2006 base year with Scale MP-2016 mortality improvement scale

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, TCHD will present information for those years for which information is available.



**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 officers.

**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. These funds are restricted. This fund also includes the Medicaid 1115 Waiver, this waiver is to enhance access to health care, increase the quality of care, improve the cost-effectiveness of care provided and better serve the health of the patients and their families. These funds are committed.

**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. These funds are restricted by State statutes.

**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. These funds are restricted by State statutes.

**MISCELLANEOUS CONTRACTS**

These funds are used to account for monies received by Tarrant County as contributions for specified purposes. These funds may be restricted by the donor if not; they are committed for a specific purpose by the Commissioners Court.

**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 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, 2017 (AMOUNTS IN THOUSANDS)

	Special Revenue Funds				
	Law Library	Records Preservation and Automation	Education	Public Health Contract	District Attorney Contracts
<u>ASSETS</u>					
Cash, cash equivalents, and investments	\$ 810	\$ 16,937	\$ 218	\$ 17,370	\$ 4,001
Other receivables, net of allowance for uncollectibles	7	46	-	7,692	5
Supplies and prepaid items	-	6	-	30	-
<b>TOTAL ASSETS</b>	<b>\$ 817</b>	<b>\$ 16,989</b>	<b>\$ 218</b>	<b>\$ 25,092</b>	<b>\$ 4,006</b>
<u>LIABILITIES</u>					
Accounts payable	\$ 73	\$ 212	\$ 11	\$ 267	\$ 12
Other liabilities	6	45	-	248	2,553
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>79</b>	<b>257</b>	<b>11</b>	<b>515</b>	<b>2,565</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue-other receivables	-	-	-	7,691	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,691</b>	<b>-</b>
<u>FUND BALANCES</u>					
Nonspendable	-	6	-	30	-
Restricted:					
Law library	623	-	-	-	-
Records management	-	16,064	-	-	-
Education	-	-	207	-	-
Public health	-	-	-	2,717	-
Law enforcement and prosecution	-	-	-	-	1,424
Contractual agreements	-	-	-	-	-
Court designated programs	-	-	-	-	-
VIT administration	-	-	-	-	-
Committed:					
Law library	115	-	-	-	-
Records management	-	662	-	-	-
Public health	-	-	-	14,139	-
Law enforcement and prosecution	-	-	-	-	17
Contractual agreements	-	-	-	-	-
Court designated programs	-	-	-	-	-
Assigned:					
Economic development	-	-	-	-	-
<b>Total fund balances</b>	<b>738</b>	<b>16,732</b>	<b>207</b>	<b>16,886</b>	<b>1,441</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 817</b>	<b>\$ 16,989</b>	<b>\$ 218</b>	<b>\$ 25,092</b>	<b>\$ 4,006</b>

<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>
\$ 4,602	\$ 6,368	\$ 2,447	\$ 754	\$ 631	\$ 3,670	\$ 47	\$ 57,855
22	3,621	4	-	-	-	-	11,397
24	-	-	-	-	-	-	60
<u>\$ 4,648</u>	<u>\$ 9,989</u>	<u>\$ 2,451</u>	<u>\$ 754</u>	<u>\$ 631</u>	<u>\$ 3,670</u>	<u>\$ 47</u>	<u>\$ 69,312</u>
\$ 61	\$ 260	\$ 126	\$ -	\$ 2	\$ -	\$ -	\$ 1,024
30	25	6	1	16	-	-	2,930
-	39	-	-	-	-	-	39
<u>91</u>	<u>324</u>	<u>132</u>	<u>1</u>	<u>18</u>	<u>-</u>	<u>-</u>	<u>3,993</u>
-	2,800	-	-	-	-	-	10,491
-	2,800	-	-	-	-	-	10,491
24	-	-	-	-	-	-	60
-	-	-	-	-	-	-	623
-	-	-	-	-	-	-	16,064
-	-	-	-	-	-	-	207
-	24	-	-	561	-	-	3,302
4,322	20	-	-	-	-	-	5,766
-	2,452	-	-	-	-	-	2,452
-	505	2,156	-	-	-	-	2,661
-	-	-	753	-	-	-	753
-	-	-	-	-	-	-	115
-	-	-	-	-	-	-	662
-	3,207	-	-	52	-	-	17,398
211	-	-	-	-	-	-	228
-	581	-	-	-	-	-	581
-	76	163	-	-	-	-	239
-	-	-	-	-	3,670	47	3,717
<u>4,557</u>	<u>6,865</u>	<u>2,319</u>	<u>753</u>	<u>613</u>	<u>3,670</u>	<u>47</u>	<u>54,828</u>
<u>\$ 4,648</u>	<u>\$ 9,989</u>	<u>\$ 2,451</u>	<u>\$ 754</u>	<u>\$ 631</u>	<u>\$ 3,670</u>	<u>\$ 47</u>	<u>\$ 69,312</u>

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017 (AMOUNTS IN THOUSANDS)

	Special Revenue Funds				
	Law Library	Records Preservation and Automation	Education	Public Health Contract	District Attorney Contracts
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Fees of office	1,218	4,763	26	1,115	11
Intergovernmental	-	-	90	21,004	-
Investment income	6	138	-	149	12
Other revenues	33	-	-	3	750
Total revenues	1,257	4,901	116	22,271	773
EXPENDITURES:					
Current:					
General government	-	2,334	-	263	-
Public safety	-	-	117	-	-
Judicial	128	904	26	-	219
Community services	1,000	-	-	19,852	-
Capital outlay	-	150	-	524	109
Total expenditures	1,128	3,388	143	20,639	328
Excess (deficiency) of revenues over (under) expenditures	129	1,513	(27)	1,632	445
OTHER FINANCING SOURCES (USES) :					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(316)
Total other financing sources (uses)	-	-	-	-	(316)
Change in fund balance	129	1,513	(27)	1,632	129
FUND BALANCES, beginning of year	609	15,219	234	15,254	1,312
FUND BALANCES, end of year	\$ 738	\$ 16,732	\$ 207	\$ 16,886	\$ 1,441

<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>
\$ -	\$ -	\$ -	\$ 362	\$ -	\$ -	\$ -	\$ 362
-	5,590	1,635	54	1,059	-	-	15,471
-	3,222	203	-	-	-	-	24,519
38	43	19	5	5	21	-	436
<u>1,958</u>	<u>1,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>305</u>	<u>-</u>	<u>4,126</u>
1,996	9,932	1,857	421	1,064	326	-	44,914
-	2,667	480	69	-	-	-	5,813
1,643	706	33	-	-	-	-	2,499
-	735	634	-	-	-	-	2,646
-	4,511	-	-	1,011	309	3	26,686
<u>68</u>	<u>28</u>	<u>39</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>933</u>
1,711	8,647	1,186	84	1,011	309	3	38,577
285	1,285	671	337	53	17	(3)	6,337
76	502	-	-	-	-	-	578
<u>-</u>	<u>(71)</u>	<u>(599)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(986)</u>
76	431	(599)	-	-	-	-	(408)
361	1,716	72	337	53	17	(3)	5,929
<u>4,196</u>	<u>5,149</u>	<u>2,247</u>	<u>416</u>	<u>560</u>	<u>3,653</u>	<u>50</u>	<u>48,899</u>
<u>\$ 4,557</u>	<u>\$ 6,865</u>	<u>\$ 2,319</u>	<u>\$ 753</u>	<u>\$ 613</u>	<u>\$ 3,670</u>	<u>\$ 47</u>	<u>\$ 54,828</u>



**BUDGETARY COMPLIANCE**

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) -DEBT SERVICE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017 (AMOUNTS IN THOUSANDS)

	Debt Service Fund			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Taxes	\$ 37,537	\$ 37,537	\$ 37,607	\$ 70
Investment income	47	47	146	99
Total Revenues	<u>\$ 37,584</u>	<u>\$ 37,584</u>	<u>\$ 37,753</u>	<u>\$ 169</u>
EXPENDITURES:				
Debt service	<u>\$ 38,718</u>	<u>\$ 38,718</u>	<u>\$ 37,715</u>	<u>\$ 1,003</u>
Total Expenditures	<u>\$ 38,718</u>	<u>\$ 38,718</u>	<u>\$ 37,715</u>	<u>\$ 1,003</u>

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - CAPITAL PROJECTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017 (AMOUNTS IN THOUSANDS)

	Capital Projects			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
<b>REVENUES:</b>				
Investment income	\$ 526	\$ 526	\$ 1,586	\$ 1,060
Other revenues	-	43	421	378
Transfers/bond proceeds	36,215	36,296	36,296	-
<b>Total Revenues</b>	<b>\$ 36,741</b>	<b>\$ 36,865</b>	<b>\$ 38,303</b>	<b>\$ 1,438</b>
<b>EXPENDITURES:</b>				
County Judge	\$ -	\$ 5	\$ 5	\$ -
Non-Departmental	15,859	10,526	2	10,524
Budget/Risk Management	3	2	2	-
Tax Assessor / Collector	118	118	39	79
Information Technology	17,550	17,631	6,823	10,808
Human Resources	5	5	4	1
Purchasing	3	8	8	-
Facilities	237	391	362	29
Sheriff	410	401	144	257
Sheriff - Confinement	26	26	26	-
Constable Precinct 1	-	1	1	-
Constable Precinct 2	1	1	-	1
Constable Precinct 3	1	8	8	-
Constable Precinct 7	-	5	5	-
Medical Examiner	232	232	225	7
Community Supervision	5	5	4	1
Juvenile Services	46	33	30	3
Pretrial Services	36	36	36	-
Buildings	94,431	99,595	46,062	53,533
348TH District Court	-	1	1	-
Criminal District Court 1	1	1	-	1
213TH District Court	2	2	-	2
Magistrate Court	2	2	-	2
325TH District Court	-	1	1	-
Criminal Court Administration	20	20	7	13
Grand Jury	1	1	1	-
Criminal Attorney Appointment	1	1	-	1
Criminal Mental Health Court	1	1	-	1
County Criminal Court #7	1	1	1	-
Probate Court 2	6	8	6	2
Justice of the Peace Pct. 1	1	1	-	1
Justice of the Peace Pct. 4	-	1	1	-
Justice of the Peace Pct. 8	4	4	4	-
District Attorney	1	1	1	-
District Clerk	39	41	41	-
County Clerk	4	4	2	2
Domestic Relations	4	5	5	-
Courts / Judiciary	25	23	-	23
Human Services	7	7	6	1
TX Cooperative Extension	-	1	1	-
Veterans Services	3	3	3	-
Commissioner Precinct 1	3,040	3,040	358	2,682
Commissioner Precinct 2	651	1,003	399	604
Commissioner Precinct 3	882	917	600	317
Commissioner Precinct 4	1,246	1,246	882	364
Transportation	65,977	65,985	32,449	33,536
<b>Total Expenditures</b>	<b>\$ 200,882</b>	<b>\$ 201,350</b>	<b>\$ 88,555</b>	<b>\$ 112,795</b>

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017 (AMOUNTS IN THOUSANDS)

	<u>Law Library</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 1,160	\$ 1,160	\$ 1,218	\$ 58
Investment income	2	1	6	5
Other revenues	<u>30</u>	<u>30</u>	<u>33</u>	<u>3</u>
Total Revenues	<u>\$ 1,192</u>	<u>\$ 1,191</u>	<u>\$ 1,257</u>	<u>\$ 66</u>
EXPENDITURES:				
Law Library	\$ 1,494	\$ 1,494	\$ 1,046	\$ 448
Judicial Law Library	<u>175</u>	<u>175</u>	<u>138</u>	<u>37</u>
Total Expenditures	<u>\$ 1,669</u>	<u>\$ 1,669</u>	<u>\$ 1,184</u>	<u>\$ 485</u>

	<u>Records Preservation and Automation</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 4,510	\$ 4,510	\$ 4,763	\$ 253
Investment income	40	41	138	97
Other revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>\$ 4,550</u>	<u>\$ 4,551</u>	<u>\$ 4,901</u>	<u>\$ 350</u>
EXPENDITURES:				
Information Technology	\$ 1,996	\$ 1,995	\$ 491	\$ 1,504
District Clerk	1,607	1,607	432	1,175
County Clerk	<u>14,461</u>	<u>14,461</u>	<u>2,234</u>	<u>12,227</u>
Total Expenditures	<u>\$ 18,064</u>	<u>\$ 18,063</u>	<u>\$ 3,157</u>	<u>\$ 14,906</u>

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017 (AMOUNTS IN THOUSANDS)

	Education			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 20	\$ 20	\$ 26	\$ 6
Intergovernment	-	91	91	-
Total Revenues	<u>\$ 20</u>	<u>\$ 111</u>	<u>\$ 117</u>	<u>\$ 6</u>
EXPENDITURES:				
Sheriff	\$ 146	\$ 184	\$ 85	\$ 99
Sheriff-Confinement	25	65	35	30
Constable Precinct 1	2	3	1	2
Constable Precinct 2	2	3	-	3
Constable Precinct 3	1	2	-	2
Constable Precinct 4	11	12	2	10
Constable Precinct 5	2	3	-	3
Constable Precinct 6	4	5	-	5
Constable Precinct 7	5	6	-	6
Constable Precinct 8	-	1	-	1
Fire Marshal	1	2	1	1
Probate Court 1	26	26	7	19
Probate Court 2	25	26	10	16
District Attorney	1	4	3	1
Total Expenditures	<u>\$ 251</u>	<u>\$ 342</u>	<u>\$ 144</u>	<u>\$ 198</u>

	Public Health			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 1,119	\$ 1,119	\$ 1,115	\$ (4)
Intergovernmental	22,186	22,186	21,004	(1,182)
Investment income	36	36	149	113
Other revenues	-	-	2	2
Transfer	550	550	550	-
Total Revenues	<u>\$ 23,891</u>	<u>\$ 23,891</u>	<u>\$ 22,820</u>	<u>\$ (1,071)</u>
EXPENDITURES:				
Non-Departmental	\$ 12,418	\$ 12,266	\$ 590	\$ 11,676
Buildings	162	251	215	36
Public Health	25,531	25,594	20,387	5,207
Total Expenditures	<u>\$ 38,111</u>	<u>\$ 38,111</u>	<u>\$ 21,192</u>	<u>\$ 16,919</u>

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017 (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	\$ -	\$ -	\$ 11	\$ 11
Investment	2	4	13	9
Other revenues	-	108	750	642
Total Revenues	<u>\$ 2</u>	<u>\$ 112</u>	<u>\$ 774</u>	<u>\$ 662</u>
EXPENDITURES:				
Facilities	\$ -	\$ 112	\$ 89	\$ 23
District Attorney	1,180	1,113	631	482
Total Expenditures	<u>\$ 1,180</u>	<u>\$ 1,225</u>	<u>\$ 720</u>	<u>\$ 505</u>

	<u>Sheriff Contracts</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Investment	\$ 11	\$ 11	\$ 38	\$ 27
Other	1,900	1,545	1,957	412
Transfer	-	76	76	-
Total Revenues	<u>\$ 1,911</u>	<u>\$ 1,632</u>	<u>\$ 2,071</u>	<u>\$ 439</u>
EXPENDITURES:				
Sheriff	\$ 1,216	\$ 938	\$ 350	\$ 588
Sheriff - Confinement	4,648	4,647	1,603	3,044
Total Expenditures	<u>\$ 5,864</u>	<u>\$ 5,585</u>	<u>\$ 1,953</u>	<u>\$ 3,632</u>

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017 (AMOUNTS IN THOUSANDS)

	Miscellaneous Contracts			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
<b>REVENUES:</b>				
Fees of office	\$ 4,874	\$ 4,899	\$ 5,606	\$ 707
Intergovernmental	485	3,854	3,295	(559)
Investment income	5	5	43	38
Other revenues	638	975	1,078	103
Transfer	175	175	502	327
<b>Total Revenues</b>	<b>\$ 6,177</b>	<b>\$ 9,908</b>	<b>\$ 10,524</b>	<b>\$ 616</b>
<b>EXPENDITURES:</b>				
Non-Departmental	\$ 28	\$ 27	\$ 23	\$ 4
Elections Administration	838	4,206	2,515	1,691
Self Insurance	792	792	115	677
Sheriff	1	11	2	9
Constable Precinct 7	10	11	3	8
Medical Examiner	50	50	1	49
Fire Marshal	79	79	79	-
Community Supervision	615	624	624	-
Juvenile Services	311	312	31	281
Criminal Court Administration	190	189	89	100
Veterans Diversion Court	-	6	1	5
District Attorney	452	477	469	8
Domestic Relations	7	17	8	9
8th Admin Judicial Region	107	109	108	1
Public Health	5,584	5,584	5,279	305
Human Services	124	424	305	119
Child Protective Services	234	234	105	129
Public Assistance	116	66	17	49
Historical Commission	41	41	-	41
Peace Officers Memorial Monument	21	21	-	21
<b>Total Expenditures</b>	<b>\$ 9,600</b>	<b>\$ 13,280</b>	<b>\$ 9,774</b>	<b>\$ 3,506</b>

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017 (AMOUNTS IN THOUSANDS)

	Court Designated			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Fees of office	\$ 1,571	\$ 1,621	\$ 1,635	\$ 14
Intergovernmental	141	141	204	63
Investment income	6	6	19	13
Total Revenues	<u>\$ 1,718</u>	<u>\$ 1,768</u>	<u>\$ 1,858</u>	<u>\$ 90</u>
EXPENDITURES:				
Non Departmental	\$ 2,016	\$ 2,066	\$ 1,079	\$ 987
Information Technology	219	219	29	190
Facilities	2	2	-	2
Community Supervision	83	83	33	50
323rd District Court	472	472	201	271
Appeals Court	180	180	165	15
Criminal Court Administration	336	336	167	169
Probate Court 1	246	246	64	182
Probate Court 2	106	106	37	69
Public Assistance	100	100	-	100
Total Expenditures	<u>\$ 3,760</u>	<u>\$ 3,810</u>	<u>\$ 1,775</u>	<u>\$ 2,035</u>

	Vehicle Inventory Tax			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES:				
Taxes	\$ 200	\$ 200	\$ 362	\$ 162
Fees of office	20	20	54	34
Investment income	1	1	5	4
Total Revenues	<u>\$ 221</u>	<u>\$ 221</u>	<u>\$ 421</u>	<u>\$ 200</u>
EXPENDITURES:				
Tax Assessor/Collector	\$ 641	\$ 641	\$ 87	\$ 554
Total Expenditures	<u>\$ 641</u>	<u>\$ 641</u>	<u>\$ 87</u>	<u>\$ 554</u>

TARRANT COUNTY, TEXAS

SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS) - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017 (AMOUNTS IN THOUSANDS)

	<u>Consumer Health</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Fees of office	\$ 1,061	\$ 1,061	\$ 1,059	\$ (2)
Investment income	<u>2</u>	<u>2</u>	<u>5</u>	<u>3</u>
Total Revenues	<u>\$ 1,063</u>	<u>\$ 1,063</u>	<u>\$ 1,064</u>	<u>\$ 1</u>
EXPENDITURES:				
Public Health	\$ 1,546	\$ 1,545	\$ 1,095	\$ 450
Total Expenditures	<u>\$ 1,546</u>	<u>\$ 1,545</u>	<u>\$ 1,095</u>	<u>\$ 450</u>

**INTERNAL SERVICE FUNDS**

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

**EMPLOYEE BENEFITS FUND**

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

**SELF INSURANCE FUND**

These funds were established to account for County self-insured general liability, law enforcement, public officials' error and omissions, medical malpractice and automobile physical damage.

**WORKERS' COMPENSATION FUND**

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

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
SEPTEMBER 30, 2017 (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 cash equivalents	\$ 13,086	\$ 2,565	\$ 2,634	\$ 18,285
Other receivables, net of allowance for uncollectibles	1,903	3	2	1,908
Supplies and prepaid items	194	-	-	194
Total current assets	<u>15,183</u>	<u>2,568</u>	<u>2,636</u>	<u>20,387</u>
 <u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	394	35	109	538
Other liabilities	3,992	357	3,199	7,548
Unearned revenue	77	-	-	77
Total current liabilities	<u>4,463</u>	<u>392</u>	<u>3,308</u>	<u>8,163</u>
Noncurrent liabilities:				
Other noncurrent liabilities	-	292	4,754	5,046
Total noncurrent liabilities	<u>-</u>	<u>292</u>	<u>4,754</u>	<u>5,046</u>
Total liabilities	<u>4,463</u>	<u>684</u>	<u>8,062</u>	<u>13,209</u>
 <u>NET POSITION</u>				
Unrestricted	<u>10,720</u>	<u>1,884</u>	<u>(5,426)</u>	<u>7,178</u>
Total net position (deficit)	<u>\$ 10,720</u>	<u>\$ 1,884</u>	<u>\$ (5,426)</u>	<u>\$ 7,178</u>

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017 (AMOUNTS IN THOUSANDS)

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
<u>OPERATING REVENUES</u>				
Charges for services - external	\$ 16,344	\$ -	\$ -	\$ 16,344
Charges for services - internal	48,252	-	2,858	51,110
Other revenues	2,847	9	575	3,431
Total operating revenues	<u>67,443</u>	<u>9</u>	<u>3,433</u>	<u>70,885</u>
<u>OPERATING EXPENSES</u>				
Building and equipment	28	13	-	41
Self insurance claims	56,730	320	2,775	59,825
Insurance premiums	2,548	-	-	2,548
Other expenses	4,373	196	214	4,783
Total operating expenses	<u>63,679</u>	<u>529</u>	<u>2,989</u>	<u>67,197</u>
Operating income (loss)	<u>3,764</u>	<u>(520)</u>	<u>444</u>	<u>3,688</u>
<u>NONOPERATING REVENUES</u>				
Investment income	97	20	18	135
Income (loss) before transfers	<u>3,861</u>	<u>(500)</u>	<u>462</u>	<u>3,823</u>
Transfers in	-	625	-	625
Transfers out	(386)	-	-	(386)
Change in net position	3,475	125	462	4,062
Total net position (deficit)-beginning	<u>7,245</u>	<u>1,759</u>	<u>(5,888)</u>	<u>3,116</u>
Total net position (deficit)-ending	<u>\$ 10,720</u>	<u>\$ 1,884</u>	<u>\$ (5,426)</u>	<u>\$ 7,178</u>

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017 (AMOUNTS IN THOUSANDS)

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from customers	\$ 18,600	\$ 12	\$ 573	\$ 19,185
Receipts from interfund charges	48,252	-	2,858	51,110
Payments on behalf of employees	<u>(63,945)</u>	<u>(501)</u>	<u>(3,044)</u>	<u>(67,490)</u>
Net cash provided by (used in) operating activities	<u>2,907</u>	<u>(489)</u>	<u>387</u>	<u>2,805</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Investment income, net	<u>97</u>	<u>20</u>	<u>18</u>	<u>135</u>
Net cash provided by investing activities	<u>97</u>	<u>20</u>	<u>18</u>	<u>135</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Transfers in	-	625	-	625
Transfers out	<u>(386)</u>	<u>-</u>	<u>-</u>	<u>(386)</u>
Net cash provided by (used in) noncapital financing activities	<u>(386)</u>	<u>625</u>	<u>-</u>	<u>239</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,618	156	405	3,179
CASH AND CASH EQUIVALENTS, beginning of year	<u>10,468</u>	<u>2,409</u>	<u>2,229</u>	<u>15,106</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 13,086</u>	<u>\$ 2,565</u>	<u>\$ 2,634</u>	<u>\$ 18,285</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Income (loss) from operations	\$ 3,764	\$ (520)	\$ 444	\$ 3,688
Changes in assets and liabilities:				
Other receivables	(608)	3	(2)	(607)
Accounts payable	28	(53)	24	(1)
Other liabilities	(294)	81	(79)	(292)
Unearned revenue	<u>17</u>	<u>-</u>	<u>-</u>	<u>17</u>
Net cash provided by (used in) operating activities	<u>\$ 2,907</u>	<u>\$ (489)</u>	<u>\$ 387</u>	<u>\$ 2,805</u>

**FIDUCIARY FUNDS**

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

AGENCY FUNDS:

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 and restricted assets of cash and investments held in the registry of the court and securities posted by bondsmen to secure bail bonds.

COMMUNITY SUPERVISION & CORRECTIONS FUND

This fund was established to account for the activities of a State agency with funds in the County depository.

TARRANT COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2017 (AMOUNTS IN THOUSANDS)

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	<u>Agency Funds</u>			
<u>ASSETS</u>	<u>Payroll Clearing</u>	<u>Fee Office</u>	<u>Community Supervision &amp; Corrections</u>	<u>Total</u>
Current assets:				
Cash, cash equivalents, and investments	\$ 7,954	\$ 48,209	\$ 9,282	\$ 65,445
Other receivables	43	235	155	433
Restricted cash, cash equivalents, and investments	-	61,488	-	61,488
TOTAL ASSETS	<u>\$ 7,997</u>	<u>\$ 109,932</u>	<u>\$ 9,437</u>	<u>\$ 127,366</u>
 <u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	\$ 5	\$ 1	\$ 1,405	\$ 1,411
Due to third parties	7,992	109,931	8,032	125,955
TOTAL LIABILITIES	<u>\$ 7,997</u>	<u>\$ 109,932</u>	<u>\$ 9,437</u>	<u>\$ 127,366</u>

TARRANT COUNTY, TEXAS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - FIDUCIARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017 (AMOUNTS IN THOUSANDS)

	Balance October 1, 2016	Additions	Deletions	Balance September 30, 2017
<b>PAYROLL CLEARING:</b>				
Cash, cash equivalents, and investments	\$ 7,231	\$ 145,474	\$ 144,751	\$ 7,954
Other receivables	32	54	43	43
	<u>\$ 7,263</u>	<u>\$ 145,528</u>	<u>\$ 144,794</u>	<u>\$ 7,997</u>
Accounts payable	\$ 5	-	-	\$ 5
Due to third parties	7,258	145,431	144,697	7,992
	<u>\$ 7,263</u>	<u>\$ 145,431</u>	<u>\$ 144,697</u>	<u>\$ 7,997</u>
<b>FEE OFFICE:</b>				
Cash, cash equivalents, and investments	\$ 47,596	\$ 4,306,222	\$ 4,305,609	\$ 48,209
Other receivables	503	234	502	235
Restricted cash, cash equivalents, and investments	68,269	40,178	46,959	61,488
	<u>\$ 116,368</u>	<u>\$ 4,346,634</u>	<u>\$ 4,353,070</u>	<u>\$ 109,932</u>
Accounts payable	\$ 70	115	184	\$ 1
Due to third parties	116,298	4,346,132	4,352,499	109,931
	<u>\$ 116,368</u>	<u>\$ 4,346,247</u>	<u>\$ 4,352,683</u>	<u>\$ 109,932</u>
<b>COMMUNITY SUPERVISION &amp; CORRECTIONS:</b>				
Cash, cash equivalents, and investments	\$ 8,054	\$ 23,198	\$ 21,970	\$ 9,282
Other receivables	178	1,211	1,234	155
	<u>\$ 8,232</u>	<u>\$ 24,409</u>	<u>\$ 23,204</u>	<u>\$ 9,437</u>
Accounts payable	\$ 432	\$12,116	\$ 11,143	\$ 1,405
Due to third parties	7,800	12,293	12,061	8,032
	<u>\$ 8,232</u>	<u>\$ 24,409</u>	<u>\$ 23,204</u>	<u>\$ 9,437</u>
<b>TOTAL:</b>				
Cash, cash equivalents, and investments	\$ 62,881	\$ 4,474,894	\$ 4,472,330	\$ 65,445
Other receivables	713	1,499	1,779	433
Restricted cash, cash equivalents, and investments	68,269	40,178	46,959	61,488
	<u>\$ 131,863</u>	<u>\$ 4,516,571</u>	<u>\$ 4,521,068</u>	<u>\$ 127,366</u>
Accounts payable	\$ 507	\$ 12,231	\$ 11,327	\$ 1,411
Due to third parties	131,356	4,503,856	4,509,257	125,955
	<u>\$ 131,863</u>	<u>\$ 4,516,087</u>	<u>\$ 4,520,584</u>	<u>\$ 127,366</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	124
<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	134
<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	142
<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	148
<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	150
<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 POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
(Accrual basis of accounting - Unaudited)  
(Amounts in thousands)

	<b>FISCAL YEAR</b>				
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Governmental activities:</b>					
Net investment in capital assets	\$ 185,168	\$ 200,501	\$ 236,273	\$ 224,257	\$ 213,102
Restricted	-	-	15,784	16,507	17,780
Unrestricted	147,789	144,382	84,830	66,016	19,401
Total governmental activities net position	<u>\$ 332,957</u>	<u>\$ 344,883</u>	<u>\$ 336,887</u>	<u>\$ 306,780</u>	<u>\$ 250,283</u>
<b>Business-type activities:</b>					
Net investment in capital assets	\$ 5,229	\$ 5,560	\$ 5,282	\$ 5,645	\$ 5,256
Unrestricted	340	(16)	481	988	1,043
Total business-type activities net position	<u>\$ 5,569</u>	<u>\$ 5,544</u>	<u>\$ 5,763</u>	<u>\$ 6,633</u>	<u>\$ 6,299</u>
<b>Primary government:</b>					
Net investment in capital assets	\$ 190,397	\$ 206,061	\$ 241,555	\$ 229,902	\$ 218,358
Restricted	-	-	15,784	16,507	17,780
Unrestricted	148,129	144,366	85,311	67,004	20,444
Total primary government net position	<u>\$ 338,526</u>	<u>\$ 350,427</u>	<u>\$ 342,650</u>	<u>\$ 313,413</u>	<u>\$ 256,582</u>

TABLE I

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 187,832	\$ 214,058	\$ 205,217	\$ 242,704	\$ 263,098
20,967	23,439	35,733	27,460	56,753
11,749	12,510	(211,929)	(251,868)	(312,227)
<u>\$ 220,548</u>	<u>\$ 250,007</u>	<u>\$ 29,021</u>	<u>\$ 18,296</u>	<u>\$ 7,624</u>
\$ 4,922	\$ 4,567	\$ 4,302	\$ 4,480	\$ 4,301
1,519	1,638	843	890	1,057
<u>\$ 6,441</u>	<u>\$ 6,205</u>	<u>\$ 5,145</u>	<u>\$ 5,370</u>	<u>\$ 5,358</u>
\$ 192,754	\$ 218,625	\$ 209,519	\$ 247,184	\$ 267,399
20,967	23,439	35,733	27,460	56,753
13,268	14,148	(211,086)	(250,978)	(311,170)
<u>\$ 226,989</u>	<u>\$ 256,212</u>	<u>\$ 34,166</u>	<u>\$ 23,666</u>	<u>\$ 12,982</u>

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

	FISCAL YEAR				
	2008	2009	2010	2011	2012
<b>Expenses</b>					
Governmental activities:					
General government	\$ 119,234	\$ 132,725	\$ 126,700	\$ 124,555	\$ 127,322
Public safety	109,282	111,314	118,807	120,881	129,313
Transportation support	42,741	44,690	42,121	54,329	48,559
Judicial	137,287	142,450	150,002	150,841	157,358
Community services	72,088	78,814	91,269	84,066	79,934
Interest and fiscal charges	11,751	14,966	14,612	15,108	15,112
Total governmental activities expenses	<u>492,383</u>	<u>524,959</u>	<u>543,511</u>	<u>549,780</u>	<u>557,598</u>
Business-type activities:					
Resource Connection	3,077	3,138	3,048	3,024	3,351
Total primary government expenses	<u>495,460</u>	<u>528,097</u>	<u>546,559</u>	<u>552,804</u>	<u>560,949</u>
<b>Program Revenues (1)</b>					
Governmental activities:					
Fees, Fines, and Charges for Services	104,965	103,120	103,510	110,503	96,785
Operating Grants and Contributions	76,291	89,858	90,914	77,519	72,934
Capital Grants and Contributions	6,740	3,597	1,566	3,339	3,505
Total governmental activities program revenues	<u>187,996</u>	<u>196,575</u>	<u>195,990</u>	<u>191,361</u>	<u>173,224</u>
Business-type activities:					
Resource Connection	4,940	2,923	2,880	2,745	2,626
Total primary government program revenues	<u>192,936</u>	<u>199,498</u>	<u>198,870</u>	<u>194,106</u>	<u>175,850</u>
<b>Net (Expenses)/Revenue</b>					
Governmental activities	(304,387)	(328,384)	(347,521)	(358,419)	(384,374)
Business-type activities	1,863	(215)	(168)	(279)	(725)
Total primary government net expenses	<u>\$ (302,524)</u>	<u>\$ (328,599)</u>	<u>\$ (347,689)</u>	<u>\$ (358,698)</u>	<u>\$ (385,099)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Property taxes	\$ 303,474	\$ 321,868	\$ 327,566	\$ 315,441	\$ 317,016
Alcoholic beverage and bingo taxes	6,023	6,819	7,217	7,646	6,392
Unrestricted investment earnings	12,287	8,937	2,090	2,098	825
Other general revenue	4,751	2,686	2,652	3,127	3,644
Total governmental activities	<u>326,535</u>	<u>340,310</u>	<u>339,525</u>	<u>328,312</u>	<u>327,877</u>
Business-type activities:					
Unrestricted investment earnings	40	45	16	10	4
Other general revenue	-	145	371	1,139	387
Total business-type activities	<u>40</u>	<u>190</u>	<u>387</u>	<u>1,149</u>	<u>391</u>
Total primary government	<u>326,575</u>	<u>340,500</u>	<u>339,912</u>	<u>329,461</u>	<u>328,268</u>
<b>Changes in Net Position</b>					
Governmental activities	22,148	11,926	(7,996)	(30,107)	(56,497)
Business-type activities	1,903	(25)	219	870	(334)
Total primary government	<u>\$ 24,051</u>	<u>\$ 11,901</u>	<u>\$ (7,777)</u>	<u>\$ (29,237)</u>	<u>\$ (56,831)</u>

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

TABLE II

2013	2014	2015	2016	2017
\$ 130,932	\$ 127,883	\$ 143,920	\$ 145,969	\$ 157,056
133,199	127,787	132,926	145,216	159,812
40,820	32,234	38,500	37,363	36,952
160,619	157,483	162,219	174,043	182,028
82,852	78,405	82,042	92,572	99,256
14,140	14,124	16,066	13,275	10,435
<u>562,562</u>	<u>537,916</u>	<u>575,673</u>	<u>608,438</u>	<u>645,539</u>
3,158	3,699	3,735	3,453	3,496
<u>565,720</u>	<u>541,615</u>	<u>579,408</u>	<u>611,891</u>	<u>649,035</u>
118,963	119,321	126,633	131,550	131,310
76,631	80,696	88,776	85,747	99,132
1,144	347	1,728	1,318	3,579
<u>196,738</u>	<u>200,364</u>	<u>217,137</u>	<u>218,615</u>	<u>234,021</u>
2,962	3,138	3,092	3,292	3,284
<u>199,700</u>	<u>203,502</u>	<u>220,229</u>	<u>221,907</u>	<u>237,305</u>
(365,824)	(337,552)	(358,536)	(389,823)	(411,518)
(196)	(561)	(643)	(161)	(212)
<u>\$ (366,020)</u>	<u>\$ (338,113)</u>	<u>\$ (359,179)</u>	<u>\$ (389,984)</u>	<u>\$ (411,730)</u>
\$ 325,106	\$ 335,242	\$ 350,708	\$ 363,964	\$ 384,555
6,694	9,110	11,136	10,953	10,943
816	1,151	1,134	2,188	3,815
3,473	5,205	4,322	1,993	1,533
<u>336,089</u>	<u>350,708</u>	<u>367,300</u>	<u>379,098</u>	<u>400,846</u>
4	5	5	9	20
334	320	195	377	180
<u>338</u>	<u>325</u>	<u>200</u>	<u>386</u>	<u>200</u>
<u>336,427</u>	<u>351,033</u>	<u>367,500</u>	<u>379,484</u>	<u>401,046</u>
(29,735)	13,156	8,764	(10,725)	(10,672)
142	(236)	(443)	225	(12)
<u>\$ (29,593)</u>	<u>\$ 12,920</u>	<u>\$ 8,321</u>	<u>\$ (10,500)</u>	<u>\$ (10,684)</u>

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

Function/Program	FISCAL YEAR				
	2008	2009	2010	2011	2012
<b>Fees, Fines, and Charges for Services</b>					
<b>Governmental:</b>					
General government	\$ 53,905	\$ 51,847	\$ 49,983	\$ 51,078	\$ 39,776
Public safety	4,532	3,052	3,607	5,274	5,884
Transportation support	-	-	-	-	19,633
Judicial	33,104	33,352	35,005	39,104	14,954
Community services	13,424	14,869	14,915	15,047	16,538
Total Governmental	104,965	103,120	103,510	110,503	96,785
<b>Business-type</b>	4,940	2,923	2,880	2,745	2,626
Total Fees, Fines and Charges for Service	<u>\$ 109,905</u>	<u>\$ 106,043</u>	<u>\$ 106,390</u>	<u>\$ 113,248</u>	<u>\$ 99,411</u>
<b>Operating Grants and Contributions</b>					
<b>Governmental:</b>					
General government	\$ 7,443	\$ 15,709	\$ 7,961	\$ 744	\$ 2,499
Public safety	3,707	3,435	3,308	3,359	3,818
Transportation support	49	30	75	33	33
Judicial	12,579	12,061	11,968	12,094	11,186
Community services	52,513	58,623	67,602	61,289	55,398
Total Governmental	76,291	89,858	90,914	77,519	72,934
Total Operating Grants and Contributions	<u>\$ 76,291</u>	<u>\$ 89,858</u>	<u>\$ 90,914</u>	<u>\$ 77,519</u>	<u>\$ 72,934</u>
<b>Capital Grants and Contributions</b>					
<b>Governmental:</b>					
General government	\$ -	\$ 1,326	\$ 302	\$ 2,163	\$ 1,080
Public safety	136	61	195	593	156
Transportation support	6,597	2,001	173	446	2,166
Judicial	7	4	477	76	-
Community services	-	205	419	61	103
Total Governmental	6,740	3,597	1,566	3,339	3,505
<b>Business-type</b>	-	-	-	-	-
Total Capital Grants and Contributions	<u>\$ 6,740</u>	<u>\$ 3,597</u>	<u>\$ 1,566</u>	<u>\$ 3,339</u>	<u>\$ 3,505</u>
<b>Total Program Revenues</b>					
<b>Governmental:</b>					
General government	\$ 61,348	\$ 68,882	\$ 58,246	\$ 53,985	\$ 43,355
Public safety	8,375	6,548	7,110	9,226	9,858
Transportation support	6,646	2,031	248	479	21,832
Judicial	45,690	45,417	47,450	51,274	26,140
Community services	65,937	73,697	82,936	76,397	72,039
Total Governmental	187,996	196,575	195,990	191,361	173,224
<b>Business-type</b>	4,940	2,923	2,880	2,745	2,626
Total Program Revenues	<u>\$ 192,936</u>	<u>\$ 199,498</u>	<u>\$ 198,870</u>	<u>\$ 194,106</u>	<u>\$ 175,850</u>

TABLE III

2013	2014	2015	2016	2017
\$ 44,789	\$ 47,345	\$ 51,688	\$ 52,059	\$ 53,037
6,383	6,621	6,915	7,468	10,521
19,419	18,851	17,449	18,484	18,021
30,646	29,311	28,103	29,827	28,937
17,726	17,193	22,478	23,712	20,794
118,963	119,321	126,633	131,550	131,310
2,962	3,138	3,092	3,253	3,284
<u>\$ 121,925</u>	<u>\$ 122,459</u>	<u>\$ 129,725</u>	<u>\$ 134,803</u>	<u>\$ 134,594</u>
\$ 1,962	\$ 2,263	\$ 8,873	\$ 677	\$ 6,969
3,896	3,892	3,902	3,961	3,965
153	217	137	31	85
11,390	12,614	11,626	11,776	12,469
59,230	61,710	64,238	69,302	75,644
76,631	80,696	88,776	85,747	99,132
<u>\$ 76,631</u>	<u>\$ 80,696</u>	<u>\$ 88,776</u>	<u>\$ 85,747</u>	<u>\$ 99,132</u>
\$ 1,083	\$ -	\$ -	\$ 377	\$ 63
33	325	229	482	25
28	-	1,392	256	3,404
-	22	107	-	-
-	-	-	203	87
1,144	347	1,728	1,318	3,579
-	-	-	39	-
<u>\$ 1,144</u>	<u>\$ 347</u>	<u>\$ 1,728</u>	<u>\$ 1,357</u>	<u>\$ 3,579</u>
\$ 47,834	\$ 49,608	\$ 60,561	\$ 53,113	\$ 60,069
10,312	10,838	11,046	11,911	14,511
19,600	19,068	18,978	18,771	21,510
42,036	41,947	39,836	41,603	41,406
76,956	78,903	86,716	93,217	96,525
196,738	200,364	217,137	218,615	234,021
2,962	3,138	3,092	3,292	3,284
<u>\$ 199,700</u>	<u>\$ 203,502</u>	<u>\$ 220,229</u>	<u>\$ 221,907</u>	<u>\$ 237,305</u>

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

	<b>FISCAL YEAR</b>				
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 (1)</u>	<u>2012</u>
<b>General Fund</b>					
Reserved:					
For encumbrances	\$ 2,995	\$ 2,743	\$ 3,401	N/A	N/A
For supplies and prepaid items	761	800	878	N/A	N/A
For long-term receivable	5,570	4,995	4,390	N/A	N/A
Unreserved	38,347	39,802	56,306	N/A	N/A
Nonspendable	N/A	N/A	N/A	\$ 4,619	\$ 4,002
Committed	N/A	N/A	N/A	292	63
Assigned	N/A	N/A	N/A	17,868	23,276
Unassigned	N/A	N/A	N/A	36,642	38,499
Total General fund	<u>\$ 47,673</u>	<u>\$ 48,340</u>	<u>\$ 64,975</u>	<u>\$ 59,421</u>	<u>\$ 65,840</u>
<b>All Other Governmental Funds</b>					
Reserved:					
For debt service	\$ 492	\$ 895	\$ 1,611	N/A	N/A
For capital projects	243,413	238,905	178,068	N/A	N/A
For encumbrances	47,394	41,657	129,155	N/A	N/A
For supplies and prepaid items	825	1,073	961	N/A	N/A
For long-term receivable	2,099	2,099	2,099	N/A	N/A
Unreserved, reported in:					
Special revenue funds	27,761	23,774	28,072	N/A	N/A
Nonspendable	N/A	N/A	N/A	\$ 721	\$ 596
Restricted	N/A	N/A	N/A	185,117	145,765
Committed	N/A	N/A	N/A	68,129	73,574
Assigned	N/A	N/A	N/A	3,730	3,352
Unassigned	N/A	N/A	N/A	-	-
Total all other governmental funds	<u>\$ 321,984</u>	<u>\$ 308,403</u>	<u>\$ 339,966</u>	<u>\$ 257,697</u>	<u>\$ 223,287</u>

(1) The County implemented GASB 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011. Prior year amounts have not been restated for the implementation of Statement 54.

N/A-Not applicable

TABLE IV

	2013	2014	2015	2016	2017
	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A
\$	3,409	\$ 2,442	\$ 1,703	\$ 830	\$ 1,432
	603	307	244	795	320
	25,015	27,578	26,917	31,146	27,942
	49,101	48,616	52,580	52,861	50,545
\$	<u>78,128</u>	<u>\$ 78,943</u>	<u>\$ 81,444</u>	<u>\$ 85,632</u>	<u>\$ 80,239</u>

	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A
\$	1,107	\$ 2,604	\$ 2,321	\$ 2,355	\$ 2,592
	146,653	114,877	153,572	144,294	134,580
	80,443	78,467	90,117	101,253	95,569
	3,357	3,488	3,597	3,703	3,717
	-	(1,482)	(1,462)	(1,691)	(1,859)
\$	<u>231,560</u>	<u>\$ 197,954</u>	<u>\$ 248,145</u>	<u>\$ 249,914</u>	<u>\$ 234,599</u>

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

	FISCAL YEAR				
	2008	2009	2010	2011	2012
<b>Revenues:</b>					
Taxes	\$ 299,894	\$ 320,593	\$ 327,003	\$ 316,206	\$ 323,034
Licenses and permits	793	903	1,159	851	1,137
Fees of office	74,607	70,615	66,743	69,515	73,432
Intergovernmental	100,006	117,658	119,163	107,945	100,345
Investment income	12,287	8,937	2,090	2,098	825
Other revenues	17,567	17,407	17,288	18,509	19,868
<b>Total revenues</b>	<b>505,154</b>	<b>536,113</b>	<b>533,446</b>	<b>515,124</b>	<b>518,641</b>
<b>Expenditures:</b>					
Current:					
General government	98,866	111,307	105,412	98,733	100,997
Public safety	102,676	105,151	107,190	109,744	112,139
Transportation support	29,376	28,734	21,313	22,936	20,723
Judicial	132,500	138,962	140,845	143,531	144,477
Community services	66,138	73,164	83,369	77,230	70,643
Capital outlay	49,077	52,908	53,037	114,674	67,715
Debt service:					
Principal payments	25,905	24,285	21,185	20,420	17,325
Interest and fiscal charges	11,469	15,048	15,207	15,964	16,110
Bond issuance costs	-	-	254	-	-
<b>Total expenditures</b>	<b>516,007</b>	<b>549,559</b>	<b>547,812</b>	<b>603,232</b>	<b>550,129</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(10,853)</b>	<b>(13,446)</b>	<b>(14,366)</b>	<b>(88,108)</b>	<b>(31,488)</b>
<b>Other Financing Sources (Uses):</b>					
Transfers in	42,951	35,194	23,305	30,031	27,266
Transfers out	(42,606)	(34,662)	(23,009)	(29,746)	(26,139)
Proceeds from capital lease	-	-	-	-	2,370
Issuance of debt	107,480	-	55,315	-	-
Premium on new debt	5,422	-	7,196	-	-
Discount on new debt	(571)	-	(300)	-	-
Refunding bonds issued	-	-	14,730	-	-
Premium on refunding bonds	-	-	2,363	-	-
Discount on refunding bonds	-	-	(78)	-	-
Payment to refunded bond escrow agent	-	-	(16,958)	-	-
<b>Total other financing sources (uses)</b>	<b>112,676</b>	<b>532</b>	<b>62,564</b>	<b>285</b>	<b>3,497</b>
<b>Change in fund balance</b>	<b>\$ 101,823</b>	<b>\$ (12,914)</b>	<b>\$ 48,198</b>	<b>\$ (87,823)</b>	<b>\$ (27,991)</b>
<b>Debt Service as a percentage of noncapital expenditures</b>	<b>7.7%</b>	<b>7.6%</b>	<b>7.1%</b>	<b>6.9%</b>	<b>6.5%</b>

TABLE V

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 326,100	\$ 333,417	\$ 351,233	\$ 364,485	\$ 384,275
983	1,078	1,435	1,198	1,291
80,247	81,740	85,429	90,803	93,665
104,592	112,639	121,625	120,058	125,472
816	1,151	1,134	2,188	3,813
24,990	21,240	19,225	18,672	17,127
<u>537,728</u>	<u>551,265</u>	<u>580,081</u>	<u>597,404</u>	<u>625,643</u>
105,773	111,910	117,878	115,112	128,382
115,081	118,983	123,359	127,142	136,224
19,548	20,451	23,136	22,523	24,978
147,520	152,770	158,622	161,072	168,256
73,433	74,836	77,537	83,886	87,797
64,269	70,370	62,106	44,487	62,761
16,140	18,815	18,645	22,990	25,940
15,574	15,508	16,128	14,542	11,911
-	-	-	-	-
<u>557,338</u>	<u>583,643</u>	<u>597,411</u>	<u>591,754</u>	<u>646,249</u>
(19,610)	(32,378)	(17,330)	5,650	(20,606)
27,507	29,040	39,303	36,974	44,571
(27,782)	(29,453)	(39,350)	(36,894)	(44,810)
184	-	3,783	-	-
36,940	-	61,095	-	-
3,361	-	4,677	-	-
(163)	-	-	-	-
35,320	-	88,960	70,905	36,860
4,703	-	4,566	-	-
(148)	-	-	-	-
(39,751)	-	(93,012)	(70,678)	(36,723)
<u>40,171</u>	<u>(413)</u>	<u>70,022</u>	<u>307</u>	<u>(102)</u>
<u>\$ 20,561</u>	<u>\$ (32,791)</u>	<u>\$ 52,692</u>	<u>\$ 5,957</u>	<u>\$ (20,708)</u>
6.1%	6.5%	6.2%	6.6%	6.3%

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

Governmental Unit	FISCAL YEAR				
	2008	2009	2010	2011	2012
Tarrant County	\$ 0.266500	\$ 0.264000	\$ 0.264000	\$ 0.264000	\$ 0.264000
<b>Special Districts Rates</b>					
Live Oak Creek Municipal Utility District #1	-	-	0.990000	0.990000	0.990000
Viridian Municipal Management District	-	-	-	0.448100	0.448100
Tarrant County Hospital District	0.230397	0.227897	0.227897	0.227897	0.227897
Tarrant County College District	0.139380	0.137960	0.137670	0.137640	0.148970
Tarrant Regional Water District	0.020000	0.020000	0.020000	0.020000	0.020000
Tarrant Emergency Services District	0.064000	0.064000	0.064000	0.064000	0.064000
<b>County Line Special District Rates</b>					
Trophy Club Municipal Utility District #1	0.279200	0.225000	0.205000	0.195000	0.175000
<b>City Rates</b>					
Arlington	0.648000	0.648000	0.648000	0.648000	0.648000
Bedford	0.446882	0.446882	0.463348	0.491609	0.504329
Benbrook	0.697500	0.677500	0.657500	0.657500	0.657500
Blue Mound	0.592500	0.645000	0.638000	0.638000	0.680000
Colleyville	0.355900	0.355900	0.355900	0.355900	0.355900
Dalworthington Gardens	0.262739	0.262739	0.262739	0.262739	0.262739
Edgecliff Village	0.304112	0.304112	0.294112	0.294112	0.285934
Eules	0.470000	0.470000	0.470000	0.470000	0.470000
Everman	0.854127	0.854127	0.904127	1.105413	1.105413
Forest Hill	0.950000	0.950000	1.060000	1.060000	1.060000
Fort Worth	0.855000	0.855000	0.855000	0.855000	0.855000
Haltom City	0.598300	0.598300	0.598300	0.646371	0.651740
Haslet	0.290311	0.279164	0.267197	0.304645	0.304645
Hurst	0.535000	0.535000	0.535000	0.578000	0.578000
Keller	0.432190	0.432190	0.442190	0.442190	0.442190
Kennedale	0.722500	0.722500	0.722500	0.722500	0.722500
Lake Worth	0.314029	0.318720	0.428590	0.492512	0.466419
Lakeside	0.298000	0.298020	0.323516	0.372940	0.379248
North Richland Hills	0.570000	0.570000	0.570000	0.570000	0.570000
Pantego	0.373270	0.373270	0.373270	0.373270	0.410000
Pelican Bay	0.898499	0.898499	0.898499	0.898499	0.898499
Richland Hills	0.450670	0.459202	0.473042	0.518012	0.551757
River Oaks	0.782700	0.782700	0.820000	0.860000	0.853006
Saginaw	0.456000	0.446000	0.449115	0.484000	0.480000
Sansom Park	0.500000	0.535000	0.571627	0.627401	0.719518
Watauga	0.580763	0.580763	0.580763	0.580763	0.589001
Westover Hills	0.415570	0.388800	0.366739	0.351894	0.365806
Westworth Village	0.500000	0.500000	0.500000	0.500000	0.500000
White Settlement	0.613000	0.613726	0.686037	0.686037	0.742135
<b>County Line City Rates</b>					
Azle	0.636000	0.631000	0.631000	0.636000	0.643800
Burleson	0.661825	0.694000	0.694000	0.710000	0.690000
Crowley	0.575500	0.575500	0.575500	0.640000	0.640000
Flower Mound	0.449700	0.449700	0.449700	0.449700	0.449700
Grand Prairie	0.669998	0.669998	0.669998	0.669998	0.669998
Grapevine	0.362500	0.350000	0.350000	0.350000	0.348000

TABLE VI

2013	2014	2015	2016	2017
\$ 0.264000	\$ 0.264000	\$ 0.264000	\$ 0.264000	\$ 0.254000
0.990000	0.990000	0.990000	0.990000	0.990000
0.448100	0.448100	0.448100	0.448100	0.448100
0.227897	0.227897	0.227897	0.227897	0.227897
0.148970	0.149500	0.149500	0.149500	0.144730
0.020000	0.020000	0.020000	0.020000	0.019400
0.064000	0.080000	0.080000	0.080000	0.080000
0.133390	0.133390	0.133390	0.131140	0.127220
0.648000	0.648000	0.648000	0.648000	0.644800
0.499115	0.494830	0.494830	0.494830	0.476509
0.657500	0.657500	0.657500	0.657500	0.650000
0.750000	0.750000	0.750000	0.806250	0.806250
0.355900	0.355900	0.355900	0.355900	0.339130
0.262739	0.262739	0.262739	0.253670	0.273979
0.294000	0.299000	0.305216	0.305216	0.270359
0.470000	0.470000	0.467500	0.467500	0.462500
1.105413	1.255205	1.255205	1.255205	1.230000
1.060000	1.060000	0.996054	0.996054	0.990000
0.855000	0.855000	0.855000	0.855000	0.835000
0.651740	0.699990	0.699990	0.699990	0.699990
0.320869	0.320869	0.292785	0.285693	0.290253
0.608498	0.608498	0.606000	0.610560	0.587900
0.442190	0.442190	0.437190	0.434690	0.430000
0.722500	0.747500	0.747500	0.767500	0.767500
0.474411	0.482083	0.467828	0.499252	0.460660
0.379248	0.379260	0.379260	0.360192	0.360192
0.610000	0.610000	0.610000	0.610000	0.610000
0.410000	0.420000	0.420000	0.420000	0.420000
0.898499	0.898499	0.898499	0.898499	0.898499
0.528094	0.528094	0.528094	0.528805	0.595633
0.856519	0.850351	0.850351	0.852309	0.794444
0.490000	0.510000	0.510000	0.544000	0.513000
0.737215	0.733655	0.704741	0.690692	0.767304
0.591216	0.591216	0.591216	0.618718	0.618411
0.360238	0.350500	0.347400	0.347400	0.355000
0.492000	0.492000	0.492000	0.500000	0.500000
0.614715	0.670653	0.690660	0.733103	0.755693
0.649500	0.659500	0.668000	0.679500	0.679500
0.690000	0.690000	0.740000	0.740000	0.735000
0.669019	0.696829	0.696829	0.739270	0.739270
0.449700	0.449700	0.439000	0.439000	0.439000
0.669998	0.669998	0.669998	0.669998	0.669998
0.345695	0.342500	0.332439	0.328437	0.289271

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

Governmental Unit (cont'd)	FISCAL YEAR				
	2008	2009	2010	2011	2012
Mansfield	0.690000	0.710000	0.710000	0.710000	0.710000
Reno	0.420000	0.420000	0.420000	0.453000	0.492700
Roanoke	0.375120	0.375120	0.375120	0.375120	0.375120
Southlake	0.462000	0.462000	0.462000	0.462000	0.462000
Trophy Club	0.430510	0.455510	0.470000	0.515000	0.530000
Westlake	-	-	-	0.160100	0.156840
<b>School District Rates</b>					
Arlington Independent School District	1.278000	1.272000	1.272000	1.335000	1.305500
Birdville Independent School District	1.405000	1.410000	1.405000	1.425000	1.435000
Carroll Independent School District	1.465000	1.415000	1.415000	1.415000	1.415000
Castleberry Independent School District	1.203250	1.199750	1.213300	1.453300	1.453300
Eagle Mountain Saginaw Independent School District	1.330100	1.465800	1.465800	1.495800	1.530000
Everman Independent School District	1.250000	1.360000	1.270000	1.292500	1.277500
Fort Worth Independent School District	1.190000	1.257000	1.322000	1.322000	1.322000
Hurst Euless Bedford Independent School District	1.303711	1.295453	1.295453	1.288189	1.414000
Keller Independent School District	1.357400	1.416900	1.486300	1.530600	1.540000
Kennedale Independent School District	1.358610	1.488610	1.488610	1.544821	1.512068
Lake Worth Independent School District	1.535000	1.665000	1.670000	1.670000	1.670000
White Settlement Independent School District	1.466000	1.498400	1.540000	1.540000	1.540000
<b>County Line School District Rates</b>					
Aledo Independent School District	1.390000	1.425200	1.425200	1.425200	1.425200
Azle Independent School District	1.190000	1.190000	1.190000	1.190000	1.190000
Burleson Independent School District	1.405100	1.468800	1.540000	1.540000	1.540000
Crowley Independent School District	1.409850	1.535000	1.535000	1.535000	1.535000
Godley Independent School District	1.031820	1.081800	1.071481	1.122390	1.137090
Grapevine Colleyville Independent School District	1.290000	1.290000	1.290000	1.290000	1.310000
Lewisville Independent School District	1.370000	1.380000	1.408700	1.426700	1.426000
Mansfield Independent School District	1.450000	1.450000	1.450000	1.496000	1.496000
Northwest Independent School District	1.335050	1.335000	1.355000	1.375000	1.375000

Note: Overlapping rates are those of local 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). These tax rates were not assessed by Tarrant County Commissioners Court.

Source: Tarrant Appraisal District

TABLE VI (continued)

2013	2014	2015	2016	2017
0.710000	0.710000	0.710000	0.710000	0.710000
0.492700	0.499600	0.499900	0.530000	0.530000
0.375120	0.375120	0.375120	0.375120	0.375120
0.462000	0.462000	0.462000	0.462000	0.462000
0.518430	0.499300	0.490000	0.484000	0.473000
0.156840	0.156840	0.156340	0.156340	0.136950
1.301000	1.292170	1.348110	1.412952	1.390080
1.435000	1.435000	1.435000	1.453900	1.453900
1.400000	1.400000	1.400000	1.395000	1.390000
1.453300	1.415500	1.399700	1.415500	1.376600
1.540000	1.540000	1.540000	1.540000	1.540000
1.395000	1.490000	1.510000	1.530000	1.525000
1.322000	1.322000	1.322000	1.352000	1.352000
1.407500	1.387500	1.375000	1.350000	1.316000
1.540000	1.540000	1.540000	1.540000	1.520000
1.512068	1.492068	1.514717	1.486724	1.486724
1.670000	1.670000	1.670000	1.670000	1.670000
1.540000	1.540000	1.540000	1.540000	1.540000
1.425200	1.425200	1.425200	1.595000	1.595000
1.190000	1.190000	1.203000	1.203000	1.203000
1.540000	1.540000	1.540000	1.540000	1.540000
1.670000	1.670000	1.650000	1.650000	1.650000
1.128700	1.172752	1.195500	1.247660	1.540000
1.320100	1.320100	1.320100	1.320100	1.396700
1.453000	1.477000	1.477000	1.476730	1.420000
1.540000	1.527100	1.527100	1.510000	1.510000
1.375000	1.452500	1.452500	1.452500	1.452500

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

**TABLE VII**

Fiscal Year Ended September 30	Assessed Real Property	Assessed Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Direct Tax Rate (1)
2008	\$ 116,141,128	\$ 22,316,843	\$ 24,304,849	\$ 114,153,122	\$ 0.266500
2009	123,576,095	25,016,550	24,642,175	123,950,470	0.264000
2010	126,395,431	26,776,981	26,273,875	126,898,537	0.264000
2011	122,414,337	24,737,656	25,624,969	121,527,024	0.264000
2012	124,087,054	25,696,928	26,401,558	123,382,424	0.264000
2013	127,035,192	26,185,771	28,213,654	125,007,309	0.264000
2014	131,383,399	26,034,219	29,025,508	128,392,110	0.264000
2015	140,621,096	25,012,208	30,338,644	135,294,660	0.264000
2016	146,065,649	26,475,593	31,481,815	141,059,427	0.264000
2017	162,709,268	28,237,199	36,254,928	154,691,539	0.254000

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					
	2017			2008		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Oncor Electric Delivery	\$ 996,397	1	0.64%			
American Airlines	608,720	2	0.39	\$ 517,042	2	0.45%
Opryland Hotel	559,232	3	0.36	254,568	8	0.22%
Walmart Real Estate Bus. Trust/ Wal-Mart Stores Texas	449,186	4	0.29	413,905	5	0.36
Bell Helicopter Textron	453,815	5	0.29	285,082	7	0.25%
Alcon Laboratories	397,224	6	0.26			
Barnett Gathering LP	345,413	7	0.22			
Mouser Electronics	318,402	8	0.21			
Amazon.Com.KYDC LLC	315,195	9	0.20			
XTO Energy Inc.	297,816	10	0.19	502,644	3	0.44
TXU/Oncor Electric				1,022,692	1	0.90
Southwestern Bell				467,495	4	0.41
Devon Energy Producon				299,099	6	0.26
Ddr/Dtccity Investments				238,242	9	0.21
Grapevine Mills Ltd. Partnership				204,391	10	0.18
	<u>\$ 4,741,400</u>		<u>3.07%</u>	<u>\$ 4,205,160</u>		<u>3.69%</u>

Source: Tarrant Appraisal District

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

Fiscal Year Ended September 30	Taxes Levied Within the Fiscal Year of the Levy	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
				Amount	Percentage of Levy	
2008	\$ 303,624	\$ (99)	\$ 303,525	\$ 299,681	98.70%	\$ 3,316
2009	325,929	(212)	325,717	321,181	98.54%	3,908
2010	333,272	(318)	332,954	328,774	98.65%	3,489
2011	319,354	15	319,369	315,758	98.87%	3,026
2012	324,066	129	324,195	320,705	98.96%	2,853
2013	328,199	(228)	327,971	324,960	99.01%	2,219
2014	336,803	(216)	336,587	333,806	99.11%	1,804
2015	354,272	(567)	353,705	350,698	98.99%	1,798
2016	368,922	300	369,222	365,724	99.13%	1,518
2017	387,855	-	387,855	384,387	99.11%	-

Source: Tarrant County Tax Office and Tarrant Appraisal District

**TABLE IX**

<b>Total Collections</b>		
<b>Amount</b>	<b>Percentage of Levy</b>	
\$ 302,997	99.83%	
325,089	99.81%	
332,263	99.79%	
318,784	99.82%	
323,558	99.80%	
327,179	99.76%	
335,610	99.71%	
352,496	99.66%	
367,242	99.46%	
384,387	99.11%	

**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>Limited Tax Refunding</u>	<u>Non-Taxable Tax Notes</u>	<u>Capital Leases</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
2008	\$ 265,051	\$ 70,315	\$ 21,521	-	\$ 356,887	0.52	\$ 200.48
2009	253,393	66,073	12,586	-	332,052	0.49	183.68
2010	226,980	139,287	5,947	-	372,214	0.52	205.75
2011	216,827	132,318	1,727	-	350,872	0.47	193.02
2012	206,334	126,344	-	\$ 2,325	335,003	0.43	182.94
2013 (3)	196,521	158,983	-	1,920	357,424	0.43	192.27
2014	186,343	152,406	-	1,304	340,053	0.38	176.07
2015	91,551	295,620	-	4,441	391,612	0.41	199.86
2016	12,378	352,616	-	3,064	368,058	0.39 (2)	184.80
2017	5,089	331,923	-	2,270	339,282	0.35 (2)	167.63

Note: All debt is related to government activities, net of issuance discounts, premiums, and refunding.  
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 2016.
- (3) County implemented GASB 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". Amounts prior to 2013 have not been restated for the implementation of Statement 63.

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

TABLE XI

Fiscal Year	General Obligation Bonds	Limited Tax Refunding	Non-Taxable Tax Notes	Total Primary Government	Less: Amount Available In Debt Service Fund	Total	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
2008	\$ 265,051	\$ 70,315	\$ 21,521	\$ 356,887	\$ 492	\$ 356,395	0.31%	\$ 200.21
2009	253,393	66,073	12,586	332,052	895	331,157	0.27%	183.19
2010	226,980	139,287	5,947	372,214	1,611	370,603	0.29%	204.86
2011	216,827	132,318	1,727	350,872	1,482	349,390	0.29%	192.20
2012	206,334	126,344	-	332,678	1,626	331,052	0.27%	180.78
2013 (3)	196,521	158,983	-	355,504	486	355,018	0.28%	190.98
2014	186,343	152,406	-	338,749	1,112	337,637	0.26%	174.82
2015	91,551	295,620	-	387,171	1,151	386,020	0.29%	197.00
2016	12,378	352,616	-	364,994	1,421	363,573	0.26%	182.55
2017	5,089	331,923	-	337,012	1,513	335,499	0.22%	165.76

Note: All debt is related to government activities, net of issuance discounts, premiums, and refunding. Non-Taxable Tax Notes are bonded debt. 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 VII for property value data.
- (2) See Schedule of Demographic and Economic Statistics Table XIV for personal income and population data.
- (3) County implemented GASB 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". Amounts prior to 2013 have not been restated for the implementation of GASB Statement 63.

**TARRANT COUNTY, TEXAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**As of September 30, 2017**  
(Unaudited)  
(Amounts in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt 9/30/2017</u>
Debt repaid with property taxes:			
Special Districts:			
Live Oak Creek Municipal Utility District #1	\$ 6,830	100.00%	\$ 6,830
Viridian Municipal Management District	51,000	100.00%	51,000
Tarrant County Hospital District	20,835	100.00%	20,835
County Line Special District:			
Trophy Club Municipal Utility District #1	9,450	26.28%	2,483
Cities:			
Arlington	382,735	100.00%	382,735
Bedford	65,300	100.00%	65,300
Benbrook	8,150	100.00%	8,150
Blue Mound	6,753	100.00%	6,753
Colleyville	7,125	100.00%	7,125
Dalworthington Gardens	4,780	100.00%	4,780
Eules	47,940	100.00%	47,940
Everman	2,625	100.00%	2,625
Forest Hill	5,450	100.00%	5,450
Fort Worth	720,525	97.37%	701,575
Haltom City	47,770	100.00%	47,770
Haslet	8,611	100.00%	8,611
Hurst	63,860	100.00%	63,860
Keller	68,634	100.00%	68,634
Kennedale	12,405	100.00%	12,405
Lake Worth	13,730	100.00%	13,730
North Richland Hills	132,075	100.00%	132,075
Pantego	60	100.00%	60
Pelican Bay	1,094	100.00%	1,094
Richland Hills	23,652	100.00%	23,652
Saginaw	34,900	100.00%	34,900
Sansom Park	4,125	100.00%	4,125
Watauga	30,945	100.00%	30,945
Westworth Village	10,298	100.00%	10,298
White Settlement	22,545	100.00%	22,545
County Line Cities:			
Azle	15,265	83.49%	12,745

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.)

Source: Municipal Advisory Council of Texas

TABLE XII

<u>Governmental Unit (cont'd)</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt 9/30/2017</u>
Burleson	\$ 141,625	22.09%	\$ 31,285
Crowley	25,315	99.70%	25,239
Flower Mound	154,130	2.12%	3,268
Grand Prairie	232,620	51.16%	119,008
Grapevine	129,077	97.97%	126,457
Mansfield	127,860	94.99%	121,454
Reno	478	3.82%	18
Southlake	100,510	98.04%	98,540
Trophy Club	24,648	6.60%	1,627
Westlake	36,207	98.74%	35,751
<b>School Districts:</b>			
Arlington Independent School District	841,237	100.00%	841,237
Birdville Independent School District	266,625	100.00%	266,625
Carroll Independent School District	269,575	100.00%	269,575
Castleberry Independent School District	43,280	100.00%	43,280
Eagle Mountain Saginaw Independent School District	548,843	100.00%	548,843
Everman Independent School District	87,875	100.00%	87,875
Fort Worth Independent School District	862,315	100.00%	862,315
Hurst Euless Bedford Independent School District	412,120	100.00%	412,120
Keller Independent School District	706,961	100.00%	706,961
Kennedale Independent School District	36,595	100.00%	36,595
Lake Worth Independent School District	68,005	100.00%	68,005
White Settlement Independent School District	159,469	100.00%	159,469
<b>County Line School Districts:</b>			
Aledo Independent School District	176,257	6.59%	11,615
Azle Independent School District	85,390	66.82%	57,058
Burleson Independent School District	344,261	35.84%	123,383
Crowley Independent School District	395,614	99.05%	391,856
Godley Independent School District	61,268	9.22%	5,649
Grapevine Colleyville Independent School District	438,049	88.97%	389,732
Lewisville Independent School District	1,213,922	0.49%	5,948
Mansfield Independent School District	779,480	95.53%	744,637
Northwest Independent School District	803,407	48.77%	391,822
<b>Sub-total Overlapping Debt</b>			<u>8,788,277</u>
Tarrant County (direct debt)	337,012	100.00%	337,012
<b>Total Direct and Overlapping Debt</b>			<u>\$ 9,125,289</u>

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

	<b>FISCAL YEAR</b>				
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$ 5,707,656	\$ 6,197,524	\$ 6,344,927	\$ 6,076,351	\$ 6,169,121
Total net debt applicable to limit	<u>356,395</u>	<u>331,157</u>	<u>370,603</u>	<u>349,390</u>	<u>331,052</u>
Legal debt margin	<u>\$ 5,351,261</u>	<u>\$ 5,866,367</u>	<u>\$ 5,974,324</u>	<u>\$ 5,726,961</u>	<u>\$ 5,838,069</u>
Total net debt applicable to the limit as a percentage of debt limit	6.24%	5.34%	5.84%	5.75%	5.37%

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

(2) County implemented GASB 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". Amounts prior to 2013 have not been restated for the implementation of Statement 63.

**TABLE XIII**

<u>2013 (2)</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 6,250,365	\$ 6,419,606	\$ 6,764,733	\$ 7,052,971	\$ 7,734,577
355,018	337,637	386,020	363,573	335,499
<u>\$ 5,895,347</u>	<u>\$ 6,081,969</u>	<u>\$ 6,378,713</u>	<u>\$ 6,689,398</u>	<u>\$ 7,399,078</u>
5.68%	5.26%	5.71%	5.15%	4.34%

**Legal Debt Margin Calculation (1) for Fiscal Year 2017**

Assessed value	\$ 154,691,539
Debt Limit (5% of total assessed value)	7,734,577
Debt applicable to limit:	
Total General Bonded debt	337,012
Less: Amount available in Debt Service Fund	<u>(1,513)</u>
Total net debt applicable to limit	<u>335,499</u>
Legal debt margin	<u>\$ 7,399,078</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>
2008	1,780,150	\$ 69,279,878	\$ 38,918	5.1%	323,703
2009	1,807,750	67,911,744	37,567	8.2	329,402
2010	1,809,034	71,216,241	39,367	7.9	336,266
2011	1,817,840	74,467,816	40,965	8.3	342,813
2012	1,831,230	78,823,464	43,044	6.2	347,573
2013	1,858,921	82,567,694	44,417	6.0	353,806
2014	1,931,335	89,167,806	46,169	5.0	357,126
2015	1,959,449	95,478,071	48,727	4.0	355,833
2016	1,991,639	95,698,254	48,050	4.1	356,941
2017	2,023,985	NA	NA	3.4	359,879

Data Sources:

- (1) North Central Texas Council of Governments, Fort Worth Chamber of Commerce, Texas Dept. of State Health Services
- (2) Bureau of Economic Analysis U.S. Department of Commerce
- (3) Texas Workforce Commission
- (4) Texas Education Agency

NA-Not available

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

**TABLE XV**

<u>Employer</u>	<u>2017 (1)</u>			<u>2008 (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>
AMR Corp./American Airlines	30,000	1	2.99%	25,000	1	2.95%
Lockheed Martin Aeronautics Company	13,400	2	1.33	14,000	2	1.65
Fort Worth Independent School District	12,000	3	1.19	10,308	4	1.21
Texas Health Resources	12,000	3	1.19	8,252	5	0.97
NAS Fort Worth JRB	9,700	5	0.97			
Arlington Independent School District	8,500	6	0.85	8,000	6	0.94
University of Texas at Arlington	7,548	7	0.75			
JPS Health Network	6,500	8	0.65			
City of Fort Worth	6,161	9	0.61	6,563	7	0.77
Cook Children's Health Care System	6,072	10	0.60			
Wal-Mart Stores				10,558	3	1.24
Bell Helicopter-Textron				6,500	8	0.77
JP Morgan Chase Bank				4,337	9	0.51
Tarrant County				4,248	10	0.50

Data Sources:

(1) Fort Worth Business Press and Texas Workforce Commission

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

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

Function	Full-Time Equivalent Employees as of September 30				
	2008	2009	2010	2011	2012
<b>Governmental activities:</b>					
General government	701	735	734	731	718
Public safety	1,441	1,440	1,409	1,403	1,428
Transportation	199	203	203	200	200
Judicial	1,314	1,330	1,343	1,333	1,336
Community services	477	483	509	510	507
<b>Business-type activities</b>					
Resource Connection	18	18	13	13	13
Total full-time equivalent employees	<u>4,150</u>	<u>4,209</u>	<u>4,211</u>	<u>4,190</u>	<u>4,202</u>

Source: Tarrant County Budget Office

TABLE XVI

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
726	727	738	740	741
1,441	1,445	1,467	1,487	1,490
201	201	202	204	205
1,344	1,348	1,369	1,358	1,372
512	516	523	527	537
<u>14</u>	<u>14</u>	<u>15</u>	<u>16</u>	<u>16</u>
<u>4,238</u>	<u>4,251</u>	<u>4,314</u>	<u>4,332</u>	<u>4,361</u>

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

FUNCTION	FISCAL YEAR			
	2008	2009	2010	2011
<b>District Clerk</b>				
Civil court cases filed	6,491	7,906	7,437	7,556
Criminal court cases filed	17,371	17,013	15,674	15,507
Family court cases filed (Attorney General cases)	15,024	12,551	12,776	12,958
Family court cases filed (Non-Attorney General cases)	15,468	15,219	15,478	15,045
Juvenile court cases filed	2,950	2,717	2,431	1,687
Tax foreclosure cases filed	4,174	4,001	3,906	4,820
Passport applications accepted	17,194	13,932	13,510	13,249
<b>County Clerk</b>				
County court at law cases filed	9,593	9,480	9,468	9,981
Mental health cases filed	2,192	2,599	2,653	2,841
Probate cases filed	3,887	3,672	3,988	3,875
Birth certificates issued	15,740	40,771	44,266	42,591
Marriage licenses issued	13,396	12,708	13,533	13,397
Passport applications accepted	N/A	N/A	N/A	N/A
<b>Justice of the Peace (all precincts)</b>				
Traffic cases	11,809	8,883	8,616	8,286
Non-traffic cases	8,353	8,235	6,691	6,788
Small claims cases	3,539	3,693	3,242	2,988
Landlord/Tenant	25,999	26,656	28,445	29,230
Debt Claims	13,023	10,107	9,831	9,637
<b>Sheriff</b>				
Prisoner bed days in county jail	1,264,725	1,231,751	1,179,111	1,252,502
<b>Public Health</b>				
Chronic disease prevention, average monthly caseload	544	1,710	1,590	1,091
Notifiable diseases reported	5,990	5,091	4,319	5,619
Food establishment inspections	4,706	5,435	5,661	5,228
Sexually transmitted disease clinic visits	8,226	7,289	6,638	6,142
Milk and dairy tests	23,218	21,671	20,649	21,637
Tuberculosis DOT/DOPT doses administered	21,688	17,645	18,342	22,749
Women, infants & children visits and immunizations	673,445	685,010	741,208	702,749
<b>Tax Assessor/Collector</b>				
Tax accounts collected	676,757	706,300	763,957	807,229
Contracts with entities for tax collection	53	54	54	57
<b>Transportation</b>				
Miles of roads maintained in un-incorporated areas	423	422	417	409
Inter-local contracts executed/performed	67	70	66	68
Square yards of right of way	14,441,830	14,422,252	14,392,994	14,071,312
<b>Human Services</b>				
Rent vouchers issued	1,541	1,676	1,398	1,209
Utility vouchers issued	11,565	10,571	10,763	7,214
Food/hygiene vouchers issued	1,790	2,199	1,836	872

Source: Various County departments

(1) District Clerk Criminal court cases filed also include civil cases that are related to a criminal case

TABLE XVII

2012	2013	2014	2015	2016 (1)	2017 (1)
6,995	6,692	8,752	9,143	6,785	7,752
16,880	17,367	17,167	17,305	20,289	20,830
11,505	15,551	13,285	11,386	12,078	14,148
15,372	14,836	14,821	15,368	15,734	16,106
2,516	2,487	2,175	1,974	1,850	2,609
5,601	2,196	3,541	4,786	4,055	4,251
16,583	25,868	35,659	33,520	N/A	N/A
8,947	8,212	7,480	7,754	7,932	7,940
3,002	2,954	3,096	3,606	4,604	5,093
3,858	4,288	4,353	4,431	4,588	4,049
41,415	45,460	46,979	51,389	54,793	43,207
14,223	14,439	14,754	15,424	15,560	17,079
N/A	N/A	N/A	N/A	887	11,444
6,352	5,725	6,660	9,068	9,380	9,638
4,839	5,479	4,842	5,423	3,956	4,368
2,843	2,379	5,558	5,556	5,503	5,921
27,324	27,176	27,511	24,245	25,124	26,021
10,907	11,195	6,609	8,548	8,969	13,137
1,213,861	1,179,322	1,256,067	1,113,814	1,167,826	1,304,411
1,009	947	1,105	1,139	1,125	1,500
5,543	5,057	4,337	4,371	5,509	11,375
6,234	5,752	6,127	7,035	7,528	7,244
6,137	5,939	6,516	7,049	5,982	6,207
18,870	18,468	17,836	17,485	18,319	19,070
16,609	18,192	24,343	20,860	17,481	18,229
686,603	652,496	616,333	605,912	584,517	545,408
834,962	940,493	1,142,980	1,329,246	1,669,671	1,686,094
56	58	56	58	60	60
412	407	403	402	401	398
91	84	70	70	53	66
13,889,638	13,751,279	13,651,932	13,578,587	13,558,253	13,395,295
1,133	856	813	588	616	699
8,158	9,724	10,312	10,408	9,254	14,125
4,694	1,512	2,331	3,602	2,109	2,233

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

	<b>FISCAL YEAR</b>			
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>General Government</b>				
Number of buildings				
Subcourthouses	9	9	9	9
Courts buildings	6	6	6	6
Other	17	16	16	16
Building square footage	2,976,068	2,937,619	2,955,001	3,060,459
Subcourthouses	318,111	318,111	317,962	363,420
Courts buildings	1,180,289	1,180,289	1,179,968	1,179,968
Other	1,477,668	1,439,219	1,457,071	1,517,071
<b>Public Safety</b>				
Number of jails	4	4	4	4
Building square footage	907,736	907,736	907,823	907,823
Number of patrol vehicles	97	98	102	102
<b>Transportation</b>				
Miles of roads in un-incorporated areas	423	422	417	409
Square yards of right of way	14,441,830	14,422,252	14,392,994	14,071,312
Number of heavy equipment	247	254	250	249
Number of vehicles	450	506	461	465
<b>Judicial</b>				
Juvenile Services Complex square footage	124,770	124,770	124,770	124,770
<b>Community Services</b>				
Public Health vehicles	37	38	41	43
<b>Resource Connection</b>				
Number of buildings	15	15	15	15
Building square footage	348,464	348,464	348,464	348,464

Source: Tarrant County Facilities Office

TABLE XVIII

2012	2013	2014	2015	2016	2017
9	8	8	9	8	8
6	5	5	6	6	6
15	14	14	14	14	15
3,054,447	2,825,302	2,826,802	3,101,552	3,083,629	3,198,103
363,420	346,781	346,781	389,031	371,108	371,108
1,179,968	1,074,510	1,074,510	1,307,010	1,307,010	1,307,010
1,511,059	1,404,011	1,405,511	1,405,511	1,405,511	1,519,985
5	5	5	4	4	5
1,115,523	1,115,523	1,115,523	1,044,755	1,044,755	1,230,985
102	102	102	102	102	101
412	407	403	402	401	398
13,889,638	13,751,279	13,651,932	13,578,587	13,558,253	13,395,295
251	247	250	258	257	263
475	492	523	516	497	522
124,770	124,770	124,770	124,770	124,770	124,770
43	47	45	44	43	45
15	16	16	16	16	16
348,464	348,464	348,464	348,464	348,464	348,464

