

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



**REPORT FOR THE YEAR ENDED  
SEPTEMBER 30, 2011**

# **DALLAS COUNTY, TEXAS**

Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2011

**Prepared by:**

**Virginia Porter, CPA  
County Auditor  
509 Main, Suite 407  
Dallas, Texas 75202**

**DALLAS COUNTY, TEXAS**  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended September 30, 2011

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**INTRODUCTORY SECTION**  
(Unaudited)



# DALLAS COUNTY

## COUNTY AUDITOR

March 31, 2011

Honorable District Judges of Dallas County and  
Honorable Members of the Dallas County Commissioners Court:

State law, V.T.C.A. Local Government Code 114.025 and 115.045, requires issuance of an annual financial report and an annual independent audit of all matters relating to fiscal affairs of the County. Pursuant to those requirements, we hereby release the comprehensive annual financial report of the County of Dallas for the fiscal year ended September 30, 2011.

This report consists of management's representations 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, the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Accounting requirements for Governmental Accounting Standards Board (GASB) Statement Numbers 54 (Fund Balance Reporting and Governmental Fund Type Definitions) and 59 (Financial Instruments Omnibus) became effective for FY2011. 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 basic financial statements will be free from material misstatement. Responsibility for internal controls is shared by Commissioners Court, which is the governing body; the County Auditor, who is appointed by the District Judges; the Office of Budget and Evaluation; and, the County Treasurer. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. 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 basic financial statements have been audited by KPMG, LLP. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the County, for the fiscal year ended September 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors' report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The introduction includes this transmittal letter, the County's organizational chart and a list of principal officials. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The financial section also includes government-wide financial statements, fund financial statements, notes to the financial statements, required supplementary information and the combining and individual fund financial statements and schedules in addition to the report of the independent auditors on the financial statements and schedules. The statistical section of this report includes selected financial and demographic information, which is generally presented on a multi-year basis.

## **PROFILE OF DALLAS COUNTY**

The County is located in north central Texas, and is strategically central to the economic region of Texas, Louisiana, Arkansas, Oklahoma, and New Mexico, as well as centrally located within the United States. The County region was opened for settlement by the Mexican colonization laws and was included in an empresario grant before 1836, but actual settlement was delayed until 1841. The first Texas legislature created the County from parts of Robertson and Nacogdoches counties on March 30, 1846, and designated the town of Dallas (a post office since 1844) as a temporary "Seat of Justice." The act does not state whom the County's name honors; it probably was George M. Dallas, then vice president of the United States. Two elections were held in 1850 to fix the city of Dallas as the permanent county seat. The County encompasses an area of 900 square miles. The 2010 census reported population for the County of 2,368,139. The County is a public corporation and political subdivision of the State of Texas. The general governing body of the County is the elected five-member Commissioners Court in accordance with Article 5, Paragraph 18 of the Texas Constitution. Commissioners serve four-year staggered terms, two members elected every two years. The County Judge is elected at large to serve a four-year term.

The Commissioners Court sets the tax rates, establishes policies for County operations, approves contracts for the County and develops and adopts the County budget within the resources as estimated by the County Auditor. The Commissioners Court is also responsible for development of policies and orders, approving financial commitments and appointment of various department heads. The management and leadership provided by members of the Commissioners Court and the elected and appointed officials of other key County offices is crucial to the success of the County in financial management and growth. The commissioners serve on various boards and committees, including the Texas Conference of Urban Counties, State Judicial Committee on Information Technology, Dallas Children's Advocacy Center, Dallas County DWI Taskforce, Texas Juvenile Crime Commission, Public Employees Benefit Corporation, North Central Texas Council of Governments, Texas Association of Counties, Dallas County Civil Service Commission, Justice & Public Safety Committee, and Texas Community Partners.

The County Auditor is appointed according to Texas state statutes for two year terms by the District Judges. The County Auditor has responsibilities for prescribing the systems and procedures for handling the finances of the County, certifying available funds for county budgets, and "examining, auditing and approving" all disbursements from County funds prior to their submission to the Commissioners Court for approval. It is the Auditor's duty under statutory mandates to determine if claims are in conformance to laws governing county finance and to audit records of precinct offices that collect funds. Commissioners Court has vested accounts payable and payroll processing functions with the County Auditor.

Financial management controls regarding banking and investment are managed by the County Treasurer, an elected position. The Treasurer chairs the County Finance Committee and submits for annual recertification an official investment policy. Budget authority, control over purchasing transactions, and human resource management are assigned to directors appointed by Commissioners Court. Policy and procedures are developed according to sound business practices and in strict conformance to federal and local financial statutes.

The County provides many services not ordinarily provided by any other entity of government and provides additional services in cooperation with other local governmental units. A primary service is the administration of justice, which includes the civil and criminal county and district courts, justices of the peace, constables, district attorney, investigators, clerks of the courts, sheriff, jail, security and emergency management, medical examiner, crime laboratory and grand jury bailiffs. Other functions performed by the County include the construction and maintenance of roads and bridges, either independently or in cooperation with other entities; administration of public health services; assistance to indigents; and the provision of juvenile, health, education and welfare services involving the care and correction of dependent or delinquent children, as well as property tax collections for multiple agencies.

The annual budget serves as the foundation for the County's planning and control. Budget workshops are hosted periodically by the Office of Budget and Evaluation with the final budget approved by the Commissioners Court in accordance with statutory guidelines. Potential loss of state and federal funds are considered in developing the budget. The final budget includes contingency and emergency reserves line items. The General fund unassigned reserves are addressed in budget policies, targeted at 10.5% current expenditures, and used to smooth uneven revenue flows. Encumbrances are carried forward to the subsequent year. Unencumbered appropriations for the general fund lapse at fiscal year-end. Most appropriated budgets are prepared by fund, function, department, and category. Capital expenditures for general operations are approved on a line item basis but an annually approved capital improvement plan is utilized to track major capital projects. All budget transfers between departments and/or projects must follow statutory approval processes. Budget to actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted. Budgets funded by federal and state financial assistance are authorized individually on application and acceptance of awards by order of the Commissioners Court.

Other governmental units indicated below are included in the County's reporting entity because of the significance of their operational and financial relationship with the County.

**Discretely Presented Component Unit** - The Dallas County Hospital District (the District) is under the direction of a seven-member board of managers who are appointed by the Commissioners Court. Although the Commissioners Court approves the District's budget, sets its tax rate, and approves major contracts, the District is an organization separate from the County. These factors dictate the inclusion of the District in the County's financial statements. The District's financial data is presented separately to emphasize that it is legally separate from the County. The District operates under different statutory and constitutional authority. The District also has a separate constitutional tax limitation, the independent power of eminent domain and the individual right of ownership of property. The District maintains a medical facility, which provides service to indigents residing within the District and serves as the major teaching hospital for the University of Texas Southwestern Medical School. The hospital is a Level I Trauma Center, a Level III Neonatal Intensive Care Unit and a regional burn center.

**Blended Component Units** - For reporting purposes, the Dallas County Housing Finance Corporation (HFC) and North Central Texas Health Facilities Development Corporation (HFDC) qualify as blended component units. The Commissioners Court sits as the governing board of the HFC and appoints the governing board of the HFDC. The activity of the HFC is the approval of reverse mortgage education programs and the issuance of single-family mortgage bonds. The HFDC has no financial activity since all debt issuances are by and in the name of the individual approved health facilities.

## **Local Economy**

The Dallas Metropolitan area is headquarters for many Fortune 500 companies representing a diversified economy which includes technology, retail, manufacturing, and services. The area also reflects art, fashion, and entertainment. It is the site of a district Federal Reserve Bank. Together with the Ft. Worth Metropolitan area, Dallas-Ft. Worth (DFW) comprises the nation's fourth largest urban economy. The area enjoys relatively low taxes with no personal or corporate state income tax and maximum state and city sales tax of 8.25%

Compensation costs increased in the DFW metropolitan area according to U.S. Bureau of Labor Statistics. Unemployment rates rose but returned to 8.0% at year-end for the metropolitan area. Dallas home prices fell .6% from a year earlier, according to S&P/Case-Shiller Home Price Index (annual comparatives of mid year reached 4.75% dip.). Permits for commercial construction reflect a slight upturn although taxable value on new construction declined significantly. Economic declines noted for the top 10 employers and taxpayers were reflected in the banking and telecom industries. The combined appraised values of the ten largest taxpayers total only 3.8% of the County's total 2011-2012 taxable value. A



schedule listing the ten largest taxpayers can be found in the statistical section of this report. Research indicates the number of Dallas-area homeowners with negative equity in home mortgages declining. The Federal Open Market Committee has maintained the target range for federal funds rates at 0% to .25%, since December 16, 2008.

County business planning continues to address performance and reliability of jail operations and transportation systems. Significant budgetary challenges are housing needs for the homeless, insurance/hospital options for the unemployed, and inmate housing/care. Budget initiatives reflect ongoing focus for public safety (success with jail certification), transportation funding (cooperative City projects) and inmate health/security (overcrowding). Long term initiatives were only nominally impacted by the current economic downswing as designated reserves were available, but significant strategic changes were required to preserve general reserves.

**Long-term Financial Planning** – The County’s Strategic Plan (2007 – 2017) adopted in 2007 outlines planning and documentation of all County issues.

Financial planning is affected by the adopted strategies:

- Development of a proactive public policy agenda that continues to be friendly to businesses and meets the needs of Dallas County stakeholders.
- Maintenance of a strong, seamless infrastructure, including systems, processes, and programs.
- Tracking and marketing Dallas County’s natural resources and assets – locally, regionally, statewide, and nationally.

The County maintains a five-year Capital Improvement Plan as a significant budget tool. The Capital Improvement Plan consists of those items whose long useful lives distinguish them from recurring operational items. The Major Capital Development Fund (MCDF) provides a funding mechanism as an alternative to debt financing for major projects. The MCDF receives property tax funding and is used to fund large capital projects similar in nature to projects funded by the County through bonds. The MCDF has three categories of projects: transportation, parks and open space, and buildings. Revenue projections are expected to replenish reserves for future use. In accordance with the Major Capital Plan, a percentage of assessed taxes is devoted to large scale technology projects. The Major Technology Fund receives dedicated property taxes and is used to fund long-term objectives related to computer technology. Funded projects include statewide initiatives to develop technology programs, Microsoft licensing and various business management systems.

Another property tax funded program, the Permanent Improvement Fund, managed by the Facilities Management Department, is largely utilized to maintain the integrity of the County’s buildings.

Risk management and self-insurance with stop loss policies for medical, workers compensation and property continue to be effective. Various actuarial studies are periodically performed to aid in financial planning. Cost increases incurred by the County for medical claims are significantly less than industry averages.

Major initiatives – County programs were addressed emphasizing public safety and transportation while focusing on minimizing any need for increasing property tax rates, as well as implementing cost reduction measures, and foregoing employee raise for a third straight year. The public safety emphasis includes a project to add an in-house jail medical/mental health facility to the County jails replacing most of the current medical and mental health services, as well as on-going technology enhancement projects for criminal and civil courts. Technology enhancements included access management controls, partnering with other Texas entities to build judicial tracking systems and expanding e-commerce options. IT strategies included reorganization of IT department, hiring a new CIO and strengthening the governance process.

## AWARDS AND ACKNOWLEDGEMENTS

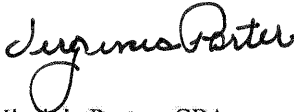
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Dallas County for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2010. The Certificate of Achievement 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 unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. The CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The County has received a Certificate of Achievement for the last 30 consecutive years (fiscal years ended 1981 through 2010). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

The preparation of the CAFR on a timely basis could not have been accomplished without the efficient and dedicated services of the staff of the County Auditor's Office. We express our appreciation to all the members of the office who assisted in and contributed to its preparation. Additionally, credit must be given to the County Treasurer, Directors of the Office of Budget and Evaluation, Human Resources, Purchasing, and Public Works for verification and review of key elements of the financial report.

We also thank the members of the Commissioners Court and their staff, and all other County officials and employees who have given their support in planning and conducting the financial operations of the County in a responsible manner.

Respectfully submitted,



Virginia Porter, CPA  
County Auditor

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Dallas County  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2010

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



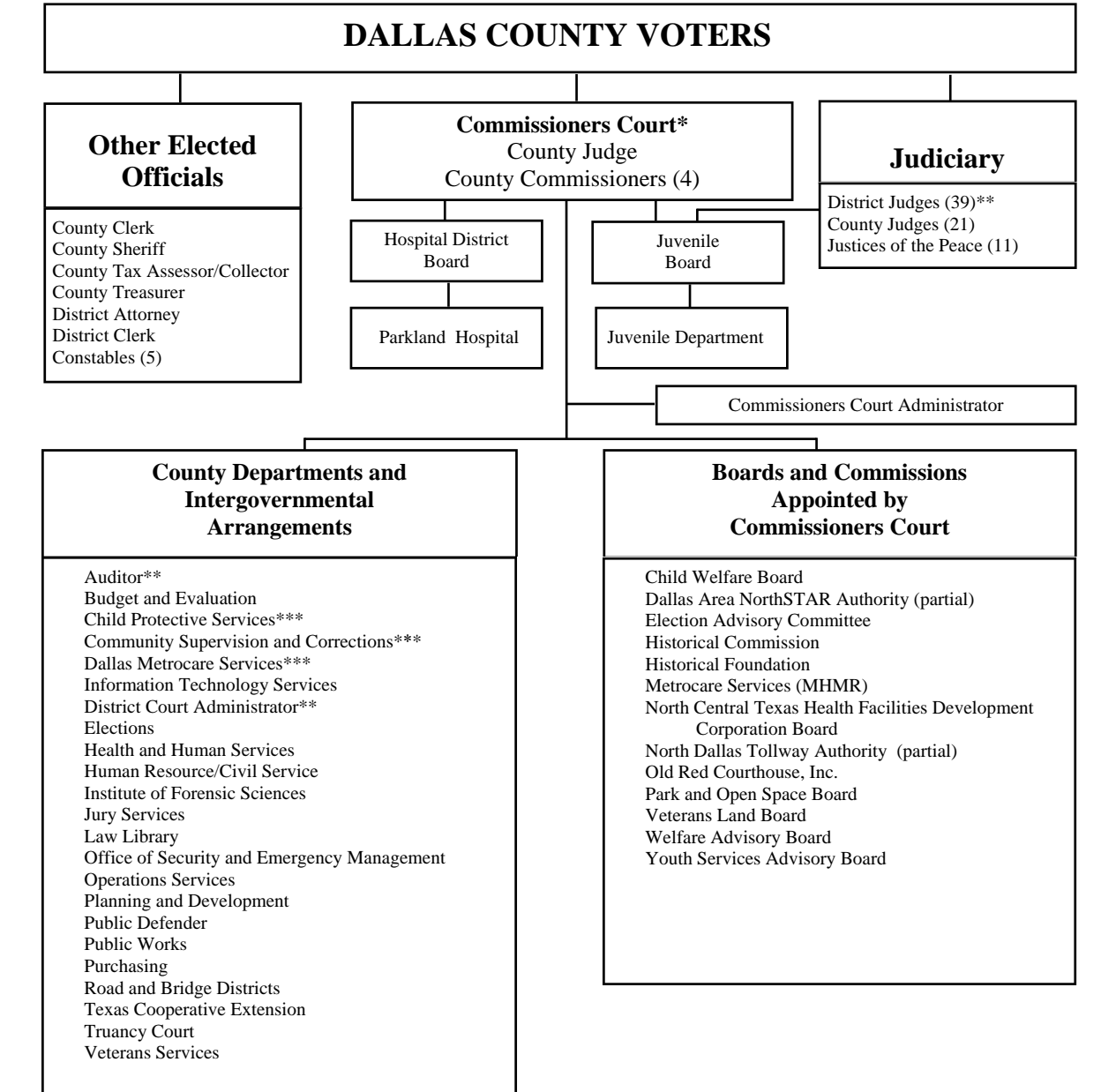
*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director

# COUNTY ORGANIZATION



\* Members of the Commissioners Court serve on the following boards and committees: Texas Jail Standards Commission, Texas Juvenile Probation Commission, Dallas County Juvenile Board, National Association of Counties (NACO), Deferred Compensation Committee, NACO Large Urban Counties Caucus, Texas Conference of Urban Counties Chair, Texas Association of Regional Councils, IH635 Coordination Committee, North Central Texas Council of Governments (NCTCOG) Board, Dallas Regional Mobility Coalition, Public Health Advisory Board, North Texas Commission, DFW Partners in Mobility, Regional Transportation Council, NCTCOG Air Carrier Policy Council, Loop 9 Policy Advisory Group, Texas 21 Statewide Transportation Coalition, Mental Health Task Force, Dallas County DWI Task Force, Community Justice Council, Dallas County Housing Finance Corporation, Dalhoma Trail Advisory Committee, Dallas County Civil Service Commission, and Public Employee Benefit Cooperative Board.

\*\* The 39 District Judges appoint the County Auditor, the District Court Administrator, and participate in selecting the Directors of the Juvenile Department and the Community Supervision and Corrections Department.

\*\*\* CSCD, CPS and Dallas Metrocare Services (formerly Dallas County MHMR) are independent agencies with important County programmatic connections.

**DALLAS COUNTY, TEXAS**

**Principal Officials**

As of September 30, 2011

<b>Official Title</b>	<b>Incumbent</b>
County Judge	Clay Lewis Jenkins
Commissioner, Precinct 1	Maurine Dickey
Commissioner, Precinct 2	Mike Cantrell
Commissioner, Precinct 3	John Wiley Price
Commissioner, Precinct 4	Dr. Elba Garcia
County Auditor	Virginia Porter
County Treasurer	Joe Wells
Assessor-Collector of Taxes	John R. Ames
County Clerk	John Warren
District Attorney	Craig Watkins
District Clerk	Gary Fitzsimmons
Sheriff	Lupe Valdez

# **FINANCIAL SECTION**



KPMG LLP  
Suite 3100  
717 North Harwood Street  
Dallas, TX 75201-6585

## Independent Auditors' Report

The Honorable County Judge and Commissioners Court  
Dallas County, Texas:

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dallas County, Texas (the County), as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dallas County Hospital District for the year ended September 30, 2011, which represent all of the assets, net assets, and revenues of the aggregate discretely presented component unit. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dallas County Hospital District, are based solely on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Parkland Foundation (a discretely presented component unit of the Dallas County Hospital District) were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in note 1 to the financial statements, the County adopted provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 59, *Financial Instruments Omnibus*, as of October 1, 2010.

In our opinion, based on our audit and the report of the other auditor, the respective financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dallas County, Texas, as of September 30, 2011, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2012 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, the budgetary comparison schedules, infrastructure assets under modified approach, and schedules of funding progress on pages 11 through 23 and 86 through 95 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

KPMG LLP

March 28, 2012



DALLAS COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

This management discussion and analysis (MD&A) of Dallas County (County) financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2011. The MD&A should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements. *All amounts, unless otherwise indicated, are expressed in thousands of dollars.* The MD&A includes comparative data for the prior year.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

- The government-wide financial position increased as indicated by the \$21,787 increase in net assets from the previous year. The total net assets is comprised of:
  - 11.6% - restricted by external regulators
  - 0.2% - restricted for debt
  - 7.4% - unrestricted net asset funds that may be used to meet on-going obligations to citizens and creditors
  - 80.8% - amounts invested in capital assets, net of related debt
- The change in net assets is attributed to:
  - increased property tax rates reflected in 2011 collections
  - funding of credit card processing fees was rescinded which saved \$5,000
  - positive results of the year's operations
- Unearned taxes based on the 2011 levy embody a flat tax rate and a 1.60% decline in the assessed taxable value after qualified exemptions for real and business personal property.

Governmental Funds Financial Statements

- The County's governmental funds reported combined fund balances of \$343,206; compared to \$247,596 of prior year. Components of fund balances are:
  - 1.1% - nonspendable: inventories and prepaids
  - 1.6% - restricted to major grants
  - 29.3% - restricted special projects
  - 0.7% - committed debt service
  - 45.0% - committed major projects
  - 3.5% - committed special projects
  - 2.3% - assigned general fund
  - 16.5% - unassigned general fund
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$56,700 or 13.3% of general fund expenditures (excluding other financing sources). This represents a \$15,347 increase compared to the prior fiscal period reflecting reductions in most expenditure categories and increased revenues.

- Tax revenues realized during the period reflect an increased tax rate, declining tax value, nominal new construction, and good collection experience.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other required 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 the County's finances in a manner similar to private sector business. They present the financial picture of the County from an economic resources measurement focus using full accrual basis of accounting. These statements include all assets of the County (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred in regards to inter-fund activity, payables and receivables.

The *statement of net assets* presents information on the County's assets and liabilities and its component unit, with the difference between the two reported as *net assets*. Fiduciary assets and liabilities are excluded. Increases or decreases in net assets contrasted with budgetary decisions should serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other business functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the County include general government, public safety, highways and streets, public welfare, health, judicial, and education.

**Fund financial statements.** A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The 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. Unlike the government-wide financial statements, however, 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. In particular, unrestricted unassigned, assigned and committed fund balances may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of 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 the comparison between *governmental funds* and *governmental activities*.

The County maintains 25 individual governmental funds (excluding fiduciary funds) 20 special revenue funds, two capital project funds, one debt service fund, one internal service fund and the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Debt Service Fund, Major Projects Fund, and Major Grants Fund which are classified as major funds. Data from the other non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this Comprehensive Annual Financial Report.

**Proprietary funds.** *Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. The Internal Service Fund (a type of proprietary funds) is used to report activities that provide supplies and services for other programs and activities – such as the County’s self-insurance program (including workers compensation) and employee benefits. Because these services predominantly benefit government rather than business-type functions, the Internal Service Fund is reported with *governmental activities* in the government-wide financial statements.

**Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. The County’s fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities. These activities are excluded from the County’s other financial statements since the County cannot use these assets to finance its operations. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**Notes to the basic 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.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning infrastructure assets reported using the modified approach, pension and OPEB benefits for the County and its component unit, and general fund and major special revenue fund budgetary schedules.

**Discretely Presented Component Unit.** The Dallas County Hospital District (the District) is under the direction of a seven-member board of managers who are appointed by the Commissioners Court. Although the Commissioners Court approves the District’s budget, sets its tax rate, and approves major contracts, the District is an organization separate from the County. These factors dictate the inclusion of the District in the County’s financial statements. The District’s financial data is presented separately to emphasize that it is legally separate from the County. The District operates under different statutory and constitutional authority. The District also has a separate constitutional tax limitation, the independent power of eminent domain, and the individual right of ownership of property.

Complete financial statements for the District may be obtained from:

Parkland Health & Hospital System  
5201 Harry Hines Boulevard  
Dallas, Texas 75235  
ATTN: John Dragovits  
Executive Vice President & Chief Financial Officer

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The County's net assets at September 30, 2011 and 2010 are summarized as follows:

Dallas County's Net Assets Governmental Activities			
	<u>2011</u>	<u>2010</u>	Increase (Decrease)
Current and other assets	\$ 797,582	\$ 705,784	\$ 91,798
Capital assets (net of depreciation)	<u>506,412</u>	<u>512,271</u>	<u>(5,859)</u>
Total assets	<u><u>1,303,994</u></u>	<u><u>1,218,055</u></u>	<u><u>85,939</u></u>
Current and other liabilities	430,029	437,667	(7,638)
Long-term liabilities	<u>310,045</u>	<u>238,255</u>	<u>71,790</u>
Total liabilities	<u><u>740,074</u></u>	<u><u>675,922</u></u>	<u><u>64,152</u></u>
Net assets invested in			
capital assets, net of related debt	455,452	453,807	1,645
Restricted net assets	66,840	61,654	5,186
Unrestricted net assets	<u>41,628</u>	<u>26,672</u>	<u>14,956</u>
Total net assets	<u><u>\$ 563,920</u></u>	<u><u>\$ 542,133</u></u>	<u><u>\$ 21,787</u></u>

The current financial reporting model focusing on net assets serves as a useful indicator of a government's financial position. Net assets are unrestricted, subject to external restrictions as to how they may be used, or are invested in capital assets less any related outstanding debt used to acquire those assets. Related debt remains low although \$41,545 bond sale for new debt was recorded during the year. Increases to long-term liabilities continue to reflect an increasing other post-employment benefit cost (OPEB). Total net assets exceeded liabilities by \$563,920 at the close of the most recent fiscal year, representing a 4.0% increase from the prior year.

The largest portion of net assets (80.8%) reflects investments in capital assets (e.g., land, buildings, machinery, and equipment), less any related and outstanding debt used to acquire those assets. Current activity for capital assets reflects 1) transfers from construction in progress for major building improvements, 2) purchases of machinery and equipment and 3) contract negotiations for a jail medical building. The County uses capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although investments in capital assets are reported net of related debt and the County's philosophy is "pay-as-you-go", it should be noted that the resources needed to repay any necessary debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net assets (11.8%) represents resources that are subject to external restrictions on how they may be used. Restrictions on net assets include statutory requirements, bond covenants, and grantor conditions. The remaining balance of *unrestricted net assets* (\$41,628, or 7.4%) may be used to meet the government's commitments and on-going obligations to citizens and creditors.

The Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Government Funds on page 30 provides further details of the increase in net assets of \$21,787 as indicated on page 27.

**Governmental activities.** Program revenues and expenses are presented net of inter-fund eliminations. Key elements for the years ended September 30, 2011 and 2010 are as follows:

Dallas County's Changes in Net Assets

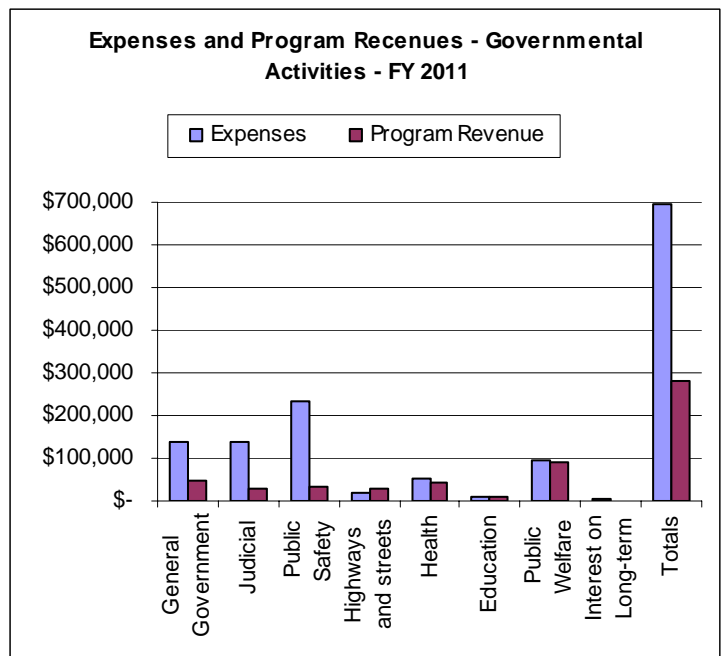
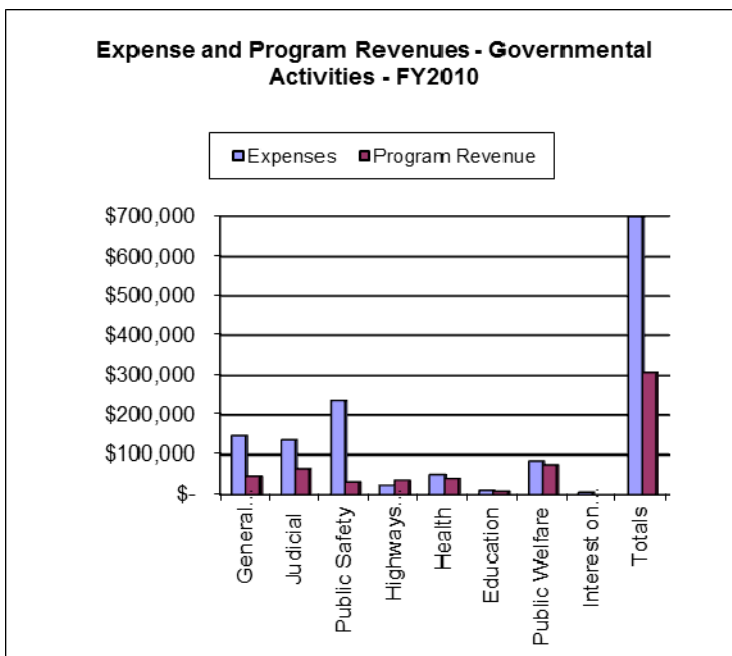
	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>
Revenues:			
Net program revenues:			
Charges for services	\$151,099	\$ 164,160	\$(13,061)
Operating grants and contributions	162,648	143,611	19,037
Capital grants and contributions	257	515	(258)
General revenues:			
Property taxes	371,618	364,868	6,750
Other taxes	19,953	11,732	8,221
Grants and contributions not restricted	6,758	5,161	1,597
Investment earnings	4,258	3,521	737
Insurance proceeds of \$4,258, net of insurable loss	2,850	-	2,850
Gain of sale capital assets	-	3,967	(3,967)
Total Revenues	<u>719,441</u>	<u>697,535</u>	<u>21,906</u>
Expenses:			
General government	137,867	147,707	(9,840)
Judicial	138,104	136,703	1,401
Public safety	233,243	236,728	(3,485)
Highways and streets	21,195	23,787	(2,592)
Health	53,264	51,033	2,231
Education	9,994	11,104	(1,110)
Public welfare	97,261	85,635	11,626
Interest on long-term debt	5,189	6,475	(1,286)
Interest paid – advance refunding	733	-	733
Loss on retirement of capital assets	804	-	804
Insurable loss, net of insurance proceeds of \$3,000	-	4,015	(4,015)
Total Expenses	<u>697,654</u>	<u>703,187</u>	<u>(5,533)</u>
Change in net assets	21,787	(5,652)	27,439
Net assets – beginning	542,133	547,785	(5,652)
Net assets – ending	<u>\$563,920</u>	<u>\$ 542,133</u>	<u>\$ 21,787</u>

## General Revenues and Program Revenues

General revenues are revenues that are not assigned to support a specific function, but are available to provide financial resources as necessary. Included in general revenues are ad valorem taxes, other tax related revenues, interest earned from investments, and miscellaneous income. Total revenues (including program revenues) were \$719,441 compared to \$697,535 for prior fiscal year or 3.1% increase. General revenues increased \$16,188 from the prior fiscal period.

- Property taxes increased by \$6,750 during the year. The change is due to decreased taxable assessed values of 4.4% with an accompanying 6.5% increase in the tax rate.
- General revenues include a \$8,221 increase due to changes in presentation of special highway taxes, previously reported as charges for services in the Highways and Streets function.
- Final settlement for prior year building flood damage is reflected as general revenues of \$2,850 in FY2011 and as an insurable loss in FY2010 of \$4,015.

The tax rate assessed for January 1, 2011 valuation date remained flat at 24.31 cents per \$100 (dollar). Tax values for that period declined 1.6%. (Property taxes levied prior to year-end are reflected as unearned revenue and taxes receivable.)



Net functions/programs costs include the revenue generated from a particular service and the costs of the function. For FY 2011, net (expense) revenue was (\$382,113) compared to (\$390,886) in FY 2010.

- Pay plans and salaries were unchanged for all levels and in all functions.
- Medical claims increased nominally for all coverage types of the County's self-funded program. Costs per employee were 3% greater than prior year.
- General government – Charges for Proprietary Fund services are expensed by the Governmental Funds. To the extent such charges create a profit (loss) this amount is credited (charged) to General Governmental Activities which may impact Governmental Funds in future periods. Expense decline is due to planned operational reductions.
- Judicial – variety of offsetting activity resulted in minimal expense change; decreased case filings in all court types due to economic factors, and increased public defender program. Charges for services revenue decreased significantly due to disbanded traffic programs.
- Public Safety – expenses declined with disbanded transportation program, other public safety programs such as inmate housing reflected increases in charges for services.
- Highways and Streets – declined reflecting reclassification of vehicle sales tax revenue to general revenues.
- Public welfare – expenses and revenues increased due to new grants (AirCheck \$6.5 million, CEAP \$4.6 million, and Weatherization \$4.2 million).
- Debt service (interest payments) – decreased reflecting refunding decisions consistent with a goal of reducing debt.

## FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

As noted, the County uses *fund accounting* to ensure and demonstrate compliance with finance related legal requirements. Fund accounting budget controls and fiscal responsibility are the framework of the County's strong fiscal management and accountability.

**Governmental funds.** The general government functions are reported in the General, Special Revenue, Debt Service, and Capital Project 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 annual financing and budgeting requirements. In particular, *unrestricted, unassigned, assigned, and committed fund balances* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The County's aggregate governmental funds increased \$95,610 in the current fiscal year to \$343,206. This increase was due to several factors most significantly: sale of tax notes totaling \$41,545. Tax revenues increased \$7,454 due to a rate increase on declining values. Cost containment initiatives continued for operating funds allowing replenishment of reserves.

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 \$56,700 in contrast to \$41,353 in the prior year. Total fund balance is \$68,133. A tax rate increase from \$.16870 to \$.18370 per \$100 dollar valuation was offset by tax value declines. Deletion of traffic program personnel resulted in fewer tickets processed/receipted which resulted in decreased revenues and operational costs. As a measure of the General Fund's liquidity, County management has a budgetary target of unassigned fund balance to total fund expenditures (excluding other financing uses), of 10.5%. In FY 2011, the General Fund budgetary target was exceeded. The unassigned fund balance to total fund expenditures (excluding other financing uses) was 13.3%.

In FY 2011 the Debt Service Fund balance reflects declining requirements as debt is repaid. Certain bonds in the aggregate of \$33,400 were refunded with the issuance of debt with lower

interest rates. In FY 2011, bonds with an aggregate principal of \$41,545 were issued to finance certain capital improvements. County management anticipates full debt retirement in 2025.

The Major Projects Fund reflects a fund balance of \$154,613 compared to \$114,449 in FY2010. Additional property tax collections are committed for new projects (Jail Medical/Mental Health and a sub-courthouse) and \$11,772 was transferred to the Major Projects Fund from the Permanent Improvement Capital Project fund. This transfer was for Major Projects funded by the Limited Tax Note issued in FY 2011.

Grant categories represent federal and state awards except HUD and Charter School which are included in other Non-Major governmental funds. Significant changes included awards for air check programs, CEAP, and weatherization, along with decreases in juvenile awards.

Other Non-Major Governmental funds include road bond funds for construction, of assets not controlled by the County. These funds continue to be restricted for statutory purposes. Activity for special funds administered by local officials in accordance to statutes is also included in Other Non-major Governmental Funds. The Special funds total fund balance is comprised of \$100,453 restricted and \$11,977 as committed. The Special funds transferred \$29,395 to the General Fund to fund transportation related activities and other mandated expenditures.

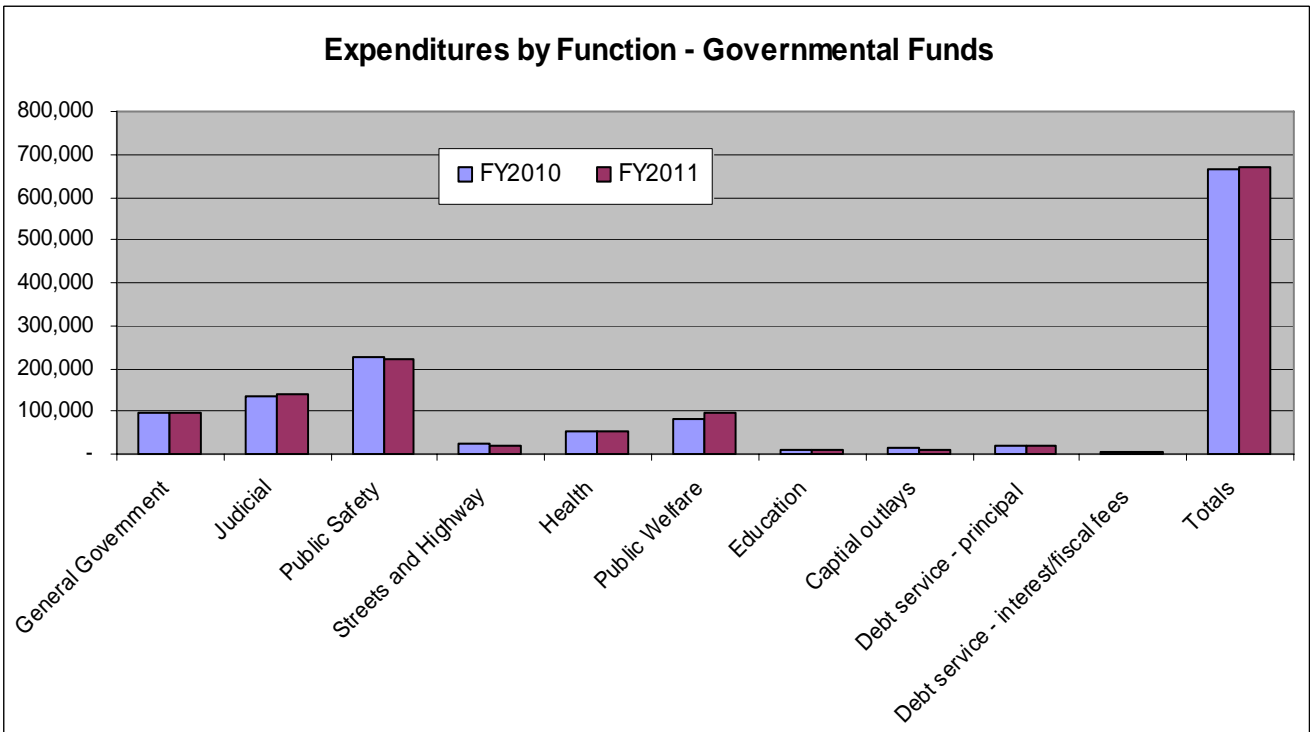
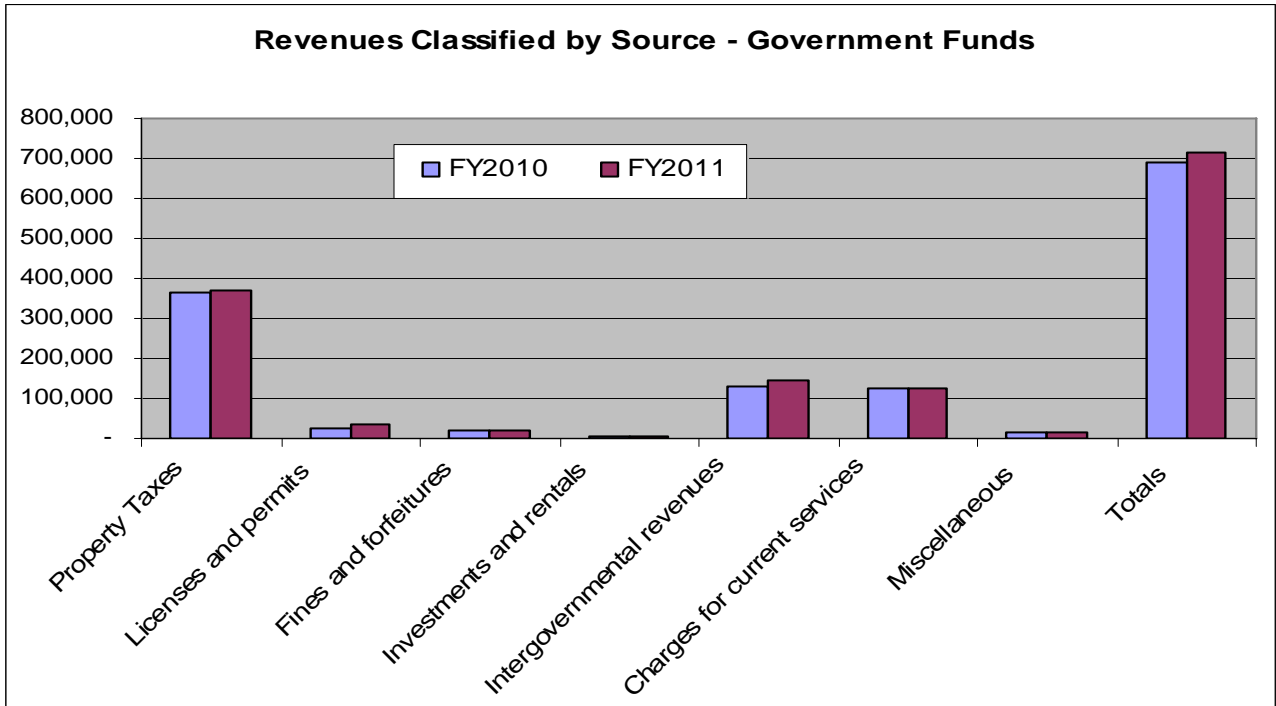
The following table presents the amount of revenues from various sources, as well as increases or decreases from the prior year.

#### Governmental Funds – Revenues Classified by Source

	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>	<u>Percent of Change</u>
Property taxes	\$ 372,074	\$ 364,620	\$ 7,454	2.0%
Licenses and permits	33,520	26,422	7,098	26.9%
Fines and forfeitures	17,732	21,512	(3,780)	(17.6%)
Investments and rentals	7,017	6,790	227	3.3%
Intergovernmental revenues	145,937	128,861	17,076	13.3%
Charges for current services	123,235	126,521	(3,286)	(2.6%)
Miscellaneous	17,035	14,603	2,432	16.7%
Total	<u>\$ 716,550</u>	<u>\$ 689,329</u>	<u>\$ 27,221</u>	3.9%

- Property taxes – increased by \$7,454 primarily due to a 4.4% decrease in the 2010 assessed taxable values with a tax rate increase of 6.5%. New construction values totaled \$2,011,184 a 37.6% decline compared to the previous year.
- Licenses and permits – flat after adjusting for \$6.2 million reclass of vehicle sales tax previously reported as charge for services.
- Fines and forfeitures – decreased as a result of declining rates of case disposals and collections, as well as a full year of disbanded constable traffic program.
- Investments – remained low consistent with low market interest rates in effect since 2008.
- Intergovernmental revenues – reflects an increase with additional federal or State of Texas funding of \$6.5 million for Air-Check, \$4.6 million for CEAP, and \$4.2 million for Weatherization.
- Charges for current services – net decrease from several factors. Almost \$2.7 million recognized from other governments for specialty programs; reclass of \$6.2 million of special license fees to licenses and permits; increases for inmate housing contracts; billable autopsy services; and decreases in court fees for traffic cases.
- Miscellaneous – reflects an increasing escheatment of unclaimed tax payments from aged-out accounts.





The following table presents expenditures by function compared to prior year amounts.

**Expenditures by Function – Governmental Funds**

	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>	<u>Percent of Change</u>
Function:				
General government	\$ 96,301	\$ 97,699	\$ (1,398)	(1.4%)
Judicial	137,603	134,515	3,088	2.3%
Public safety	222,489	225,898	(3,409)	(1.5%)
Highways and streets	20,152	22,122	(1,970)	(8.9%)
Health	52,967	51,094	1,873	3.7%
Public welfare	96,448	83,677	12,771	15.3%
Education	10,065	10,981	(916)	(8.3%)
Capital outlays	11,394	15,454	(4,060)	(26.3%)
Debt service – principal	18,190	17,355	835	4.8%
Debt service – interest	5,284	6,625	(1,341)	(20.2%)
Total	<u>\$ 670,893</u>	<u>\$ 665,420</u>	<u>\$ 5,473</u>	0.8%

- Although, salary levels were unchanged from prior year, all functions incurred increases for health insurance cost.
- Policy change rescinding County’s position on funding credit card processing fees saved over \$5,000.
- Public safety – reflects continued reduction due to cancelled constable ticket program.
- Highways and streets – decreased as a result of project delays during the year while maintaining satisfactory maintenance levels for roads and bridges.
- Public welfare – expenditures increased in ARRA weatherization grants, Air-Check and CEAP awards
- Capital outlays – decreased vs. prior year with no significant building projects in the construction phase.
- Debt service – continued to decrease consistent with County’s “pay-as-you-go” program.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The FY2011 legally adopted cash budget was approved on September 21, 2010 for the General Fund totaling \$478,419 (prior to inclusion of prior period carry forwards) a decrease of \$6,401 from FY2010 budget. Valid encumbrances from prior year are added completing the approved budget. The FY2011 legally adopted budget for all funds prior to encumbrance roll over totaled \$908,572.

Highlights from Dallas County FY 2011 Budget include the following:

- The County’s property tax rate for valuation date January 1, 2010 was set at 24.31 cents per \$100 (dollar) assessed valuation – 0.1 cent less than the effective tax rate.
- The FY2011 budget process focused on identifying various balancing strategies that impact services provided to customers of Dallas County.
- The FY2011 budget includes the deletion of 203 positions with one new position for a net decrease of 202 positions.

Budgetary variances (refer to pages 86-89) include encumbered funds for various products or services not yet ordered.

## DEBT ADMINISTRATION AND CAPITAL ASSETS

**Long-term debt.** At September 30, 2011, the County had unlimited tax and general obligation bonds outstanding in the amount of \$144,323, net of debt premium of \$7,290. According to Texas statutes, the County has two debt limits. Bonds issued under Article 3, Section 52e of the Texas Constitution total were refunded resulting in zero balance and bonds issued under Article 722 of Vernon’s Civil Statutes total \$144,323. The debt limits for the two authorizations are \$43,454,874 (25% of real property assessed valuation) and \$10,138,650 (5% of assessed valuation of all taxable property); therefore, the County has legal debt margins on general obligation debt of \$43,454,874 and \$9,996,684, respectively.

The County’s bond rating is “AAA” from Standard & Poor’s and “Aaa” rating from Moody’s for general obligation debt. These ratings have been upheld since 1978 with the latest evaluation in April 2011.

The following represents the activity of the long-term debt of the County for FY2011 (refer to page 62 for additional information).

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental Activities:				
Bonds and certificates of obligation	\$ 124,211	\$ 79,955	\$ 52,553	\$ 151,613
Compensated absences	27,036	32,476	32,840	26,672
Other postemployment benefits	81,039	48,000	3,034	126,005
Claims and judgments	3,000	-	200	2,800
Workers compensation	<u>2,969</u>	<u>2,611</u>	<u>2,625</u>	<u>2,955</u>
Total	\$ <u>238,255</u>	\$ <u>163,042</u>	\$ <u>91,252</u>	<u>\$310,045</u>

Legal counsel and subject experts are contracted to review workers compensation claims and other legal matters as needed. The FY2011 claims are for decisions by newly elected officials and adjudged noncompliance with proper notice in terminations. Increases for actual workers’ compensation expenditures are minimal as a result of cost saving initiatives and as reflected in County management’s historical analysis (dated 2009). The discount rate for calculating OPEB is 2.5%. More detailed information about the County’s long-term liabilities is presented in Note VI to the financial statements.

**Capital assets.** The capital assets of the County are those assets (land, buildings, improvements, and machinery and equipment (M&E)), which are used in the performance of the County’s functions. Capital assets also include infrastructure assets – roads and bridges. The County owns and maintains the original courthouse constructed in 1892 which has been renovated as an historical treasure. At September 30, 2011, net capital assets of the governmental activities totaled \$506,412, reflecting a net decrease of \$5,859. Depreciation of capital assets (except for infrastructure assets which are reported under the modified approach basis) is recognized in the government-wide financial statements. FY 2011 depreciation for buildings, improvements, and M&E totaled \$18,795. Depreciation is not calculated for the historical treasure, the 1892 Old Red Courthouse, which has a book value of \$32,042.

An annual allocation of the tax rate is reserved for fund expenditures related to major capital and major technology assets. The \$0.045 per \$100 valuation is split between debt service and major

capital development fund. Construction or contract development needs are analyzed during the budget cycle and encumbrances/obligations revised.

The County has elected to use the “Modified Approach” as defined in GASB 34 for reporting infrastructure assets which include 133.45 miles of roads, and 32 bridges and culverts. The FY2011 assessment revealed the condition of the roads was maintained consistent with County policy, whereas 99.0% of the County’s roads were rated 2.5 or better on a 4.0 scale, based on the Federal Highway Administration Road Pavement Condition Rating (PCR). All of the County’s bridges are in either very good or good condition as rated 4.0 or better on a 9.0 scale.

The County expended \$1,258 on road maintenance for the year ended September 30, 2011. These expenditures delayed deterioration; however, overall road conditions were not improved. The 32 bridges had ratings that met the County’s planned condition level of very good or good condition. Four bridges were annexed by local cities consistent with state laws. Incurred bridge maintenance costs in FY2011 were \$228. Additional details on infrastructure assets can be found in Required Supplementary Information pages 88 and 89 of this report.

County’s Capital Assets  
(net of depreciation)

	<u>2011</u>	<u>2010</u>
Governmental Activities:		
Land	\$ 26,923	\$ 26,923
Historical treasures	32,042	32,042
Buildings	382,766	332,190
Machinery and equipment	21,530	26,128
Infrastructure	27,276	27,276
Construction-in-progress	<u>15,875</u>	<u>67,712</u>
Total	<u>\$ 506,412</u>	<u>\$ 512,271</u>

Additional information on Dallas County capital assets and debt can be found in Notes V and VI.

## ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The Dallas County budget is developed annually and intended to provide efficient, effective and controlled usage of the County's resources, as well as a means to accomplish the highest priorities of the Dallas County Commissioners. Through the budget, the County Commissioners set the direction of the County, allocate its resources and establish its priorities. The FY2011 Budget meets the key established policy directive of the Commissioners Court requiring that the budgeted ending unassigned fund balance be not less than 10.5% of County funded expenditures.

The FY2012 budget process was primarily focused identifying various balancing strategies that impact services provided to customers of Dallas County as minimally as possible.

Highlights from Dallas County FY2012 Budget include the following:

- The tax rate was set at 24.31 cents per \$100 assessed valuation; equal to 2011 rate.
- All compensation increases except for promotions remain frozen but required contribution for defined benefit plan increased 0.6% (9.4% - 10.0%) effective January, 2011.
- A total of 166 positions were deleted with 10 new positions added for a net decrease of 156 positions.
- Sheriff Traffic program was disbanded, accounting for the deletion of 57 positions as listed above and a constable paper service program was reorganized under the Sheriff, accounting for the deletion of 72 positions listed above.
- The unassigned reserve balance \$53.0 million meets key policy targets.

## **REQUEST FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report, separate report of the County's component unit, or need any additional financial information, contact the appropriate financial office (County Auditor, County Treasurer, or Budget Director) at 509 Main Street, Dallas, TX 75202, or visit the County's website at [www.dallascounty.org](http://www.dallascounty.org).

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# BASIC FINANCIAL STATEMENTS

**DALLAS COUNTY, TEXAS**

## Statement of Net Assets

September 30, 2011

(in thousands of dollars)

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Hospital District</u>
<b>ASSETS</b>		
Cash, cash equivalents and investments	\$ 363,431	\$ 207,518
Receivables (net of allowance for uncollectibles) and accrued interest	393,490	151,604
Due from other government units	35,292	-
Inventories	1,421	14,491
Prepayments and advances	2,423	-
Deferred charges	1,525	-
Long term investments	-	145,517
Assets limited as to use - investments	-	1,037,676
Other noncurrent assets	-	38,803
Capital assets not being depreciated		
Land	26,923	83,034
Construction-in-progress	15,875	254,906
Infrastructure	27,276	-
Historical treasures	32,042	-
Capital assets (net of accumulated depreciation)		
Buildings	382,766	121,537
Machinery and equipment	21,530	117,066
Total capital assets	<u>506,412</u>	<u>576,543</u>
Total assets	<u>1,303,994</u>	<u>2,172,152</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	30,611	171,738
Accrued interest payable	1,285	4,880
Other current liabilities	4,070	39,471
Unearned revenue	377,618	-
Due to other government units	16,445	142
Non-current liabilities:		
Due within one year	48,298	-
Due in more than one year	261,747	725,241
Total liabilities	<u>740,074</u>	<u>941,472</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	455,452	425,833
Restricted for:		
Highways and streets	16,840	-
Debt service	1,072	-
Major, HUD Section 8 and Charter School Grants	13,785	-
Record management and capital projects	35,143	-
Restricted	-	54,092
Unrestricted	41,628	750,755
Total net assets	<u>\$ 563,920</u>	<u>\$ 1,230,680</u>

The notes to the basic financial statements are an integral part of this statement.



**DALLAS COUNTY, TEXAS**  
Statement of Activities  
For the Year Ended September 30, 2011  
(in thousands of dollars)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Hospital District
<b>Primary government:</b>						
<b>Governmental Activities:</b>						
General government	\$ 137,867	\$ 47,054	\$ 947	\$ -	\$ (89,866)	\$ -
Judicial	138,104	43,797	16,198	257	(77,852)	-
Public safety	233,243	23,527	10,835	-	(198,881)	-
Highways and streets	21,195	27,340	-	-	6,145	-
Health	53,264	7,882	32,894	-	(12,488)	-
Education	9,994	-	12,042	-	2,048	-
Public welfare	97,261	1,499	89,732	-	(6,030)	-
Interest on long-term debt	5,189	-	-	-	(5,189)	-
Total primary government	<u>\$ 696,117</u>	<u>\$ 151,099</u>	<u>\$ 162,648</u>	<u>\$ 257</u>	<u>\$ (382,113)</u>	<u>\$ -</u>
<b>Component unit:</b>						
<b>Hospital District</b>	<u>\$ 1,585,922</u>	<u>\$ 1,199,022</u>	<u>\$ 26,646</u>	<u>\$ 1,111</u>	<u>\$ -</u>	<u>\$ (359,143)</u>
<b>General revenues:</b>						
Property taxes					371,618	424,666
Alcoholic beverage and other taxes					19,953	-
Grants and contributions not restricted to specific programs					6,758	32,648
Investment earnings					4,258	42,929
Insurance proceeds of \$ 4,258, net of insurable losses					2,850	-
Total general revenue					<u>405,437</u>	<u>500,243</u>
<b>Other expenses:</b>						
Loss on retirement of capital assets					(804)	-
Interest paid - advance refunding					(733)	-
Interest expense					-	(27,899)
Total other expenses					<u>(1,537)</u>	<u>(27,899)</u>
Change in net assets					21,787	113,201
<b>Net assets - beginning</b>					<u>542,133</u>	<u>1,117,479</u>
<b>Net assets - ending</b>					<u>\$ 563,920</u>	<u>\$1,230,680</u>

The notes to the basic financial statements are an integral part of this statement.

**DALLAS COUNTY, TEXAS**

Balance Sheet  
Governmental Funds  
September 30, 2011  
(in thousands of dollars)

	<u>General</u>	<u>Debt Service</u>	<u>Major Projects</u>	<u>Major Grants</u>	<u>Other Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash, cash equivalents and investments	\$ 77,259	\$ 2,325	\$ 160,647	\$ 4,924	\$ 113,523	\$ 358,678
Property tax receivables (net of allowance for uncollectibles of \$ 28,984)	283,686	21,419	48,176	-	22,271	375,552
Accounts receivable	9,585	-	-	-	7,728	17,313
Accrued interest	208	10	326	10	71	625
Due from other funds	44	-	-	10	22	76
Due from other governmental units	5,163	-	11,588	15,274	3,267	35,292
Inventories	1,174	-	-	-	247	1,421
Prepayments and advances	2,388	-	-	3	32	2,423
Total assets	<u>\$ 379,507</u>	<u>\$ 23,754</u>	<u>\$ 220,737</u>	<u>\$ 20,221</u>	<u>\$ 147,161</u>	<u>\$ 791,380</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities :						
Accounts payable and accrued liabilities	\$ 17,126	\$ -	\$ 2,753	\$ 7,629	\$ 3,103	\$ 30,611
Due to other funds	1,100	-	8	133	49	1,290
Due to other governmental units	1,840	-	13,039	-	1,566	16,445
Deferred and unearned revenue	291,308	21,397	50,324	7,065	29,734	399,828
Total liabilities	<u>311,374</u>	<u>21,397</u>	<u>66,124</u>	<u>14,827</u>	<u>34,452</u>	<u>448,174</u>
Fund balances:						
Nonspendable: inventories and prepaids	3,562	-	-	3	279	3,844
Restricted	-	2,357	-	5,391	100,453	108,201
Committed	-	-	154,613	-	11,977	166,590
Assigned	7,871	-	-	-	-	7,871
Unassigned	56,700	-	-	-	-	56,700
Total fund balances	<u>68,133</u>	<u>2,357</u>	<u>154,613</u>	<u>5,394</u>	<u>112,709</u>	<u>343,206</u>
Total liabilities and fund balances	<u>\$ 379,507</u>	<u>\$ 23,754</u>	<u>\$ 220,737</u>	<u>\$ 20,221</u>	<u>\$ 147,161</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	506,412
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in governmental funds. See page 50.	22,210
Internal service funds are used by management to charge costs related to this fund. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	(984)
Certain liabilities, including bonds payable and related interest, are not due and payable in the current period and therefore are not included in governmental funds. See page 50.	<u>(306,924)</u>
Net assets of governmental activities	<u>\$ 563,920</u>

The notes to the basic financial statements are an integral part of this statement.

**DALLAS COUNTY, TEXAS**

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended September 30, 2011

(in thousands of dollars)

	<u>General</u>	<u>Debt Service</u>	<u>Major Projects</u>	<u>Major Grants</u>	<u>Other Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Property taxes	\$ 281,097	\$ 21,776	\$ 47,162	\$ -	\$ 22,039	\$ 372,074
Licenses and permits	8,787	-	-	-	24,733	33,520
Fines and forfeitures	10,865	-	-	-	6,867	17,732
Investment income	2,706	70	973	3	301	4,053
Rental revenues	2,964	-	-	-	-	2,964
Intergovernmental revenues	1,260	-	-	106,881	37,796	145,937
Charges for current services	96,012	1,309	-	-	25,914	123,235
Miscellaneous	15,969	-	13	-	1,053	17,035
Total revenues	<u>419,660</u>	<u>23,155</u>	<u>48,148</u>	<u>106,884</u>	<u>118,703</u>	<u>716,550</u>
<b>EXPENDITURES</b>						
Current:						
General government	73,045	853	-	-	22,403	96,301
Judicial	122,284	-	-	3,984	11,335	137,603
Public safety	212,807	-	-	6,827	2,855	222,489
Highways and streets	-	-	11,077	-	9,075	20,152
Health	19,317	-	-	33,650	-	52,967
Education	-	-	-	1,914	8,151	10,065
Public welfare	457	-	4,980	62,673	28,338	96,448
Debt service:						
Principal	-	18,190	-	-	-	18,190
Interest	-	5,284	-	-	-	5,284
Capital outlay	-	-	11,042	-	352	11,394
Total expenditures	<u>427,910</u>	<u>24,327</u>	<u>27,099</u>	<u>109,048</u>	<u>82,509</u>	<u>670,893</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,250)</u>	<u>(1,172)</u>	<u>21,049</u>	<u>(2,164)</u>	<u>36,194</u>	<u>45,657</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	29,455	-	15,011	4,405	175	49,046
Transfers (out)	(4,405)	-	(60)	-	(44,581)	(49,046)
Insurance proceeds	94	-	4,164	-	-	4,258
Debt issuance - limited tax notes	-	-	-	-	41,545	41,545
Premium on limited tax notes	-	-	-	-	3,749	3,749
Interest on limited tax notes	-	82	-	-	-	82
Debt issuance - advance refunding bonds	-	32,400	-	-	-	32,400
Premium on advance refunding bonds	-	2,132	-	-	-	2,132
Interest on advance refunding bonds	-	57	-	-	-	57
Payment to advance refunded bond escrow agent	-	(34,270)	-	-	-	(34,270)
Total other financing sources (uses)	<u>25,144</u>	<u>401</u>	<u>19,115</u>	<u>4,405</u>	<u>888</u>	<u>49,953</u>
Net change in fund balances	16,894	(771)	40,164	2,241	37,082	95,610
Fund balances - beginning	51,239	3,128	114,449	3,153	75,627	247,596
Fund balances - ending	<u>\$ 68,133</u>	<u>\$ 2,357</u>	<u>\$ 154,613</u>	<u>\$ 5,394</u>	<u>\$ 112,709</u>	<u>\$ 343,206</u>

The notes to the basic financial statements are an integral part of this statement.

## DALLAS COUNTY, TEXAS

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances to the  
Statement of Activities  
For the Year Ended September 30, 2011  
(in thousands of dollars)

Amounts reported for governmental activities in the statement of activities  
(page 27) are different because:

Net change in fund balances -- total governmental funds (page 29)	\$ 95,610
Governmental funds report all capital outlays as expenditures. However, in the statement of activities, the cost of some of the assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays for County owned assets was exceeded by depreciation in the current period. See page - 51 - Notes to the Basic Financial Statements for details.	(4,788)
The net effect of various transactions ( e.g. sale of capital of assets). See page 51 - Notes to the Basic Financial Statements for details.	(1,071)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. See page 51 - Notes to the Basic Financial Statements for details.	303
Some expenses reported in statement of activities are not fund expenditures (e.g. compensated absences which are liabilities not normally liquidated with current financial resources). See page 51 - Notes to the Basic Financial Statements for details.	(43,936)
The issuance of long-term debt (e.g., bonds, tax notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. See page 52 - Notes to the Basic Financial Statements for details.	(26,997)
Internal service funds are used by management to charge the costs to account for group medical self-insurance and workers compensation. The net revenue (loss) is reported with governmental activities. See page 32 - Statement of Revenues, Expenses and Changes in Fund Net Assets for details.	<u>2,666</u>
Change in net assets of governmental activities (page 27)	<u>\$ 21,787</u>

The notes to the basic financial statements are an integral part of this statement.

**DALLAS COUNTY, TEXAS**

Statement of Net Assets

Proprietary Fund

September 30, 2011

(in thousands of dollars)

	<b>Governmental Activities - Internal Service Fund</b>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 4,753
Due from other funds	1,214
Total assets	<u>\$ 5,967</u>
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Medical claims	\$ 3,996
Workers' compensation claims - current	2,245
Total current liabilities	<u>6,241</u>
<b>Non-Current Liability:</b>	
Workers' compensation claims - non-current	710
Total liabilities	<u>6,951</u>
<b>NET ASSETS</b>	
Unrestricted (deficit)	<u>(984)</u>
Total net assets	<u>\$ (984)</u>

The notes to the basic financial statements are an integral part of this statement.

**DALLAS COUNTY, TEXAS**

Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Fund  
For the Year Ended September 30, 2011  
(in thousands of dollars)

	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating revenues:</b>	
Premiums	\$ 68,002
<b>Operating expenses:</b>	
Benefit payments	61,153
Administration	4,187
<b>Total operating expenses</b>	<b>65,340</b>
<b>Operating profit</b>	2,662
<b>Non-operating revenues:</b>	
Interest income	4
<b>Change in net assets</b>	<b>2,666</b>
<b>Total net assets (deficit) - beginning</b>	<b>(3,650)</b>
<b>Total net assets (deficit) - ending</b>	<b>\$ (984)</b>

The notes to the basic financial statements are an integral part of this statement.

**DALLAS COUNTY, TEXAS**  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended September 30, 2011  
(in thousands of dollars)

	<b>Governmental Activities - Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash for premiums and reimbursements	\$ 70,419
Cash payments for benefit claims	(62,439)
Cash payments for administrative fees	<u>(3,875)</u>
Net cash provided by operating activities	<u>4,105</u>
 <b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Interest on investments	<u>4</u>
Net cash provided by investing activities	<u>4</u>
Net increase in cash and cash equivalents	4,109
Cash and cash equivalents at beginning of year	<u>644</u>
Cash and cash equivalents at end of year	<u><u>\$ 4,753</u></u>
 <b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>	
Operating profit	\$ 2,662
Adjustments to reconcile operating profit to net cash provided by operating activities:	
Decrease in due from other funds	2,418
(Decrease) in liabilities	<u>(975)</u>
Net cash provided by operating activities	<u><u>\$ 4,105</u></u>

The notes to the basic financial statements are an integral part of this statement.

**DALLAS COUNTY, TEXAS**  
Statement of Fiduciary Assets and Liabilities  
All Agency Funds  
September 30, 2011  
(in thousands of dollars)

	<u><b>Total</b></u>
<b>Assets:</b>	
Cash and investments	\$ 124,603
Accrued interest	57
Cash and investments held in escrow	<u>9,792</u>
Total assets	<u><u>\$ 134,452</u></u>
<b>Liabilities:</b>	
Due to other governmental units and others	<u>\$ 134,452</u>
Total liabilities	<u><u>\$ 134,452</u></u>

The notes to the basic financial statements are an integral part of this statement.



# DALLAS COUNTY, TEXAS

## Notes to the Basic Financial Statements

September 30, 2011  
(in thousands of dollars)

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Dallas County (the County) reflected in the accompanying financial statements conform to generally accepted accounting principles (GAAP) in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB). Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the County has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board, including those issued after November 30, 1989, unless they conflict with or contradict GASB pronouncements. The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

In the current year the County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Type Definitions*, which is intended to improve usefulness of information provided to financial report users about fund balance, by providing clearer, more structural fund balance classifications and by clarifying the definitions of existing government fund types.

In the current year the County implemented GASB Statement No. 59, *Financial Instruments Omnibus*, which is intended to consider potential revisions regarding investment reporting and disclosure requirements that could address significant issues identified in practice.

The implementation of GASB Statement No. 59 did not have any impact on the County's financial statements.

#### A. Reporting Entity

##### *Primary Government*

The County is a public corporation and political subdivision of the State of (Texas). The Commissioners Court, which is made up of four commissioners and the County Judge, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of Texas: general government (e.g., tax collection, funds investment), judicial (courts, juries, district attorney, etc.), public safety (sheriff, jail, homeland security etc.) highways and streets, health, education, and public welfare (e.g. juvenile services and assistance to indigents).

The accompanying basic financial statements present the government and its discretely presented component unit.

##### *Discretely Presented Component Unit*

The Dallas County Hospital District, dba Parkland Health & Hospital System ( District) is a political subdivision of Texas, and is a discretely presented component unit of the County. The District is composed of Parkland Memorial Hospital (Hospital); Parkland Community Health Plan, Inc. (Health Plan) and the Parkland Foundation (Foundation). The Hospital is a hospital district, and accordingly, its income is excluded under Section 115 of the Internal Revenue Code (Code), and it is recognized as an organization described in Section 501(c)(3) of the Code, and as such, is exempt from federal income taxes. During 2011, all income was related to essential government functions. Both the Hospital and the Foundation have fiscal years ending September 30. The Health Plan's fiscal year ends December 31. All references to annual periods refer to the year ended September 30.

**DALLAS COUNTY, TEXAS**

**Notes to the Basic Financial Statements**

**September 30, 2011**  
**(in thousands of dollars)**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Hospital operates 705 inpatient beds, 65 neonatal beds, numerous outpatient clinics, and an emergency room. The Hospital also operates the Community Oriented Primary Care clinics in the community and on the Hospital campus. Additionally, the Hospital serves as the major teaching hospital for the UT Southwestern Medical Center at Dallas (UT Southwestern), which is located adjacent to the Hospital in accordance with an affiliation agreement dated June 29, 2006. The Hospital also manages the County's jail health system. The County's jail is the seventh largest jail in the nation with approximately 6,600 inmates. The Hospital provides direct patient care at five facilities and contracts for services at four juvenile facilities. The District is accounted for as a single column business-type entity on an accrual basis of accounting.

The Foundation is a nonprofit corporation organized in Texas in 1985 to support and benefit the Hospital exclusively. It is an organization as described in Section 501(c) (3) of the Code. The Foundation's mission is to secure substantial financial resources that advance the clinical, educational, and research quests of the Hospital.

The Health Plan is a nonprofit corporation organized in Texas in 1995. It is an organization as described in Section 501(c) (4) of the Code. The Health Plan participates in the Texas Medicaid Managed Care Program and the Children's Health Insurance Program.

The District is governed by a Board of Managers appointed by, but not composed of County Commissioners. The Commissioners Court of the County approves the District's tax rate and annual budget; however, the District operates under different statutory and constitutional authority. The District also has a separate constitutional tax limitation; independent power of eminent domain; and individual right of ownership of property. County taxpayers provide ad valorem tax revenues to the District, but the County does not hold title to any of the District's assets and does not have any rights to any surpluses of the District. The component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. Complete financial statements for the District may be obtained from:

Parkland Health & Hospital System  
5201 Harry Hines Boulevard  
Dallas, Texas 75235  
Attention: John Dragovits  
Executive Vice President & Chief Financial Officer

**B. Government-wide and fund financial statements**

The government-wide financial statements include the statement of net assets and the statement of activities. Government-wide statements report, except for County fiduciary funds financial activity, information on all of the County activities including its component unit. The effect of inter-fund transfers has been removed from the government-wide financial statements but continue to be reported in the fund financial statements. However, inter-fund services provided and used are not eliminated in the process of consolidation. Governmental activities are supported mainly by taxes, intergovernmental revenues and charges for services. The primary government is reported separately from the component unit within the government-wide statements.

# DALLAS COUNTY, TEXAS

## Notes to the Basic Financial Statements

September 30, 2011  
(in thousands of dollars)

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. As an example of direct expenses: other postemployment benefits are charged to general government functions / programs in the statement of activities because these costs are guaranteed by the general government. Indirect expenses include changes in estimates of workers compensation, which may not be reasonably allocated to other functions / programs in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund, Debt Service, Major Projects and Major Grants Funds meet criteria as *major governmental funds*. Each major fund is reported in a separate column in the fund financial statements. Non-major funds include other Special Revenue, and Capital Projects. The combined amounts for these funds are reflected in a single column in the fund financial statements.

### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues net of allowances are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, include district clerk and county clerk fees, justice of the peace fees, revenue from investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. Program revenues include 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, grants and contributions not restricted to specific programs and investment earnings.

Governmental fund level financial statements are reported using current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized only when they become susceptible to accrual (measurable and available). Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Unearned amounts are reported as deferred and unearned revenue. Except for grants, measurable and available revenues include revenues expected to be received within 60 days after the fiscal year end. Grants policy includes recognition of revenues, so long as such amounts are collectible within 60 days or soon enough afterwards to be used to pay liabilities for the current period and where grant eligibility requirements have been met. Property taxes which were levied prior to September 30, 2011, and became due October 1, 2011 have been assessed to finance the budget of the fiscal year beginning October 1, 2011 and, accordingly, have been reflected as deferred revenue and property taxes receivable in the governmental fund financial statements and government-wide statements at September 30, 2011.

# DALLAS COUNTY, TEXAS

## Notes to the Basic Financial Statements

September 30, 2011  
(in thousands of dollars)

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The County reports the following major governmental funds:

**The General Fund** is the general operating fund of the County and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general government, public safety, judicial, public welfare, health services and capital acquisition.

**Debt Service Fund** is used to account for accumulation of resources for, and the payment of, general long-term debt principal and interest. Revenue sources are primarily property taxes levied specifically for debt service and revenues generated by a parking garage. Expansion of this parking garage was financed with debt. Interest earnings from investments of idle funds of the Capital Projects Funds are deposited and recorded in the Debt Service Fund to assist in bonded debt retirement.

**Major Projects Fund** (special revenue fund) is used to account for monies received from property taxes to fund parks, trails, transportation and major County building projects. These funds are committed by action of the governing body.

**Major Grants Fund** is used to account for programs supported by grants-in-aid from various agencies and/or governmental units except for HUD-Section 8 Grants and the Charter School.

**Non-Major Funds** include special revenue funds (other than major projects) and capital projects funds. The funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specified purposes. As an example the Road and Bridge Fund is legally restricted unlike the Major Technology Fund, which is administratively committed.

Other Fund types include proprietary and fiduciary funds:

**Proprietary Fund** financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position and cash flows. The County's only Proprietary Fund is the Internal Service Fund used to account for the County's group medical insurance program, workers compensation self-insurance program and flexible spending accounts of employees who participate in the medical and dependent care flexible spending option of the County's cafeteria-style plan. Revenues are derived from County contributions, employee and COBRA premiums, investment of idle funds and stop loss collections. Expenses are for claims and administrative expenses committed.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2011  
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Proprietary fund is accounted for using the accrual basis of accounting as follows:

1. Revenues are recognized when earned, and expenses are recognized when liabilities are incurred.
2. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal on-going operations (e.g. insurance claims and workers compensation payments).

**Fiduciary Fund** financial statements include fiduciary funds, which are classified as agency funds used to account for assets held by the County as an agent for individuals, private organizations, other governments, and other funds. Agency funds do not involve a formal trust agreement. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The following are the County's Agency Funds:

Administrative Escrow Fund - used to account for miscellaneous amounts temporarily held for other individuals or entities outside control of Commissioners Court.

State Reports Fund - used to account for State fees collected by the County and subsequently disbursed to the State.

County Clerk, District Clerk, Sheriff, Justices of the Peace and Constables Fee Funds - used to account for monies received with ultimate disposition of receipts to be determined at a future date.

Community Supervision and Corrections - used to account for the activities of a State agency with funds in the County depository.

Housing Finance Corporation – 1993 Refunding - used to account for monies received as a result of refunding of 1983 Mortgage Revenue bonds issue by Dallas County Housing Finance Corporation (HFC).

Juvenile Department Child Support - used to account for monies held for other parties in the child support program in accordance with court orders.

Housing Finance Corporation – 1994 Refunding - used to account for monies received as a result of refunding 1984 Mortgage Revenue Bonds issued by HFC.

Community Supervision and Corrections Special - used to account for the receipt and distribution of restitution payments made by probationers.

Youth Village - used to account for donated money to be used for the benefit of youths temporarily housed in the facility.

Tax Assessor - Collector - used to account for initial receipt and distribution to proper parties of taxes and fees collected for various entities of government.

**DALLAS COUNTY, TEXAS**

**Notes to the Basic Financial Statements**

**September 30, 2011**  
**(in thousands of dollars)**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Police Agencies Seized Funds - used to account for seized monies awaiting judicial determination for local police agencies.

Attorney General Seized Funds - used to account for seized monies awaiting judicial determination for the Texas Attorney General.

Gambling Seized Funds - used to account for seized monies for gambling awaiting judicial determination for the Texas Department of Public Safety.

Narcotics Seized Funds - used to account for seized monies for narcotics awaiting judicial determination for the Texas Department of Public Safety.

Sheriff Inmate Trust – used to account for monies held in trust from individuals in County custody.

***Discretely Presented Component Unit***

Under the provisions of the American Institute of Certified Public Accountants' "Audit and Accounting Guide, Health Care Entities", the District is considered a governmental organization and is subject to the pronouncements of the Governmental Accounting Standards Board (GASB). Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Propriety Funds and Other Governmental Entities That Use Proprietary Fund Accounting", and GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", the District has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, unless they conflict with or contradict GASB pronouncements.

**D. Assets, liabilities, and net assets**

**1. Cash, Cash Equivalents and Investments**

***Primary Government***

For the purpose of the Statement of Cash Flows, the County considers cash on hand, demand deposits and all highly liquid investments as cash and cash equivalents. State statutes and the County's official Investment Policy authorize the County to invest in fully collateralized security repurchase agreements, fully serviced certificates of deposit at the depository, obligations of the Texas Local Government Investment Pool (TexPool) which is a local government investment pool sponsored by the Texas Controller of Public Accounts and managed by Federated Investors, U.S. Treasury securities, direct obligations of, or participation certificates guaranteed by, the Federal Home Loan Mortgage Corporation, Government National Mortgage Association, Federal National Mortgage Association, and Federal Home Loan Bank. To be eligible to receive funds from and investments on behalf of Dallas County, an investment pool must be rated no lower than AAA or AA-m or at an equivalent rating of at least one nationally recognized rating service.

# DALLAS COUNTY, TEXAS

## Notes to the Basic Financial Statements

September 30, 2011  
(in thousands of dollars)

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Discretely Presented Component Unit*

The District considers all highly liquid investments with original maturities of less than 90 days at date of purchase to be cash equivalents. Cash and cash equivalents include demand deposits and investments in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool sponsored by the Texas Comptroller of Public Accounts and managed by Federated Investors. Additional cash and cash equivalents are kept in AAA-rated Securities and Exchange Commission-registered money market mutual funds. All District demand deposits are collateralized with securities pledged to the District and held in safekeeping at a third-party bank on behalf of the District's depository institution.

Statutes give the District the authority to invest the funds in obligations of the United States, as well as direct obligations of Texas and other obligations guaranteed or insured by Texas or the United States. The following investments are also acceptable: obligations of states, agencies, counties, or cities of any state that have been rated not less than "A" or its equivalent by a nationally recognized investment firm, and certificates of deposit guaranteed, insured, or secured by approved obligations and prime domestic bankers' acceptances. Other authorized investments include prime commercial paper; fully collateralized repurchase agreements; Securities and Exchange Commission-registered, no-load money market mutual funds whose assets consist exclusively of approved obligations; and approved local government investment pools. Obligations of the United States government with maturity dates in excess of one year that are not expected to be expended within one year are reported as long-term investments in the accompanying Statement of Net Assets.

#### *Primary Government and Discretely Presented Component Unit*

Both the County and the District record investments at fair market value in accordance with provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. All investment income for the County is recognized as revenue in the appropriate fund's Statement of Revenues, Expenditures and Changes in Fund Balance and in the Statement of Activities as investment earnings. The District's investment income including realized and unrealized gains and losses are included in investment earnings in the Statement of Activities. Deposit and investment risk disclosures are in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures - an Amendment of GASB Statement No. 3*.

### 2. Receivables and Payables

#### *Primary Government*

Property taxes are levied prior to September 30 based on taxable values as of January 1 and become due October 1 and past due after January 31. Accordingly, receivables and revenues for property taxes are reflected in the government-wide financial statements based on the full accrual method of accounting. Property tax receivables for the prior year's levy are shown net of an allowance for uncollectible accounts.

**DALLAS COUNTY, TEXAS**

**Notes to the Basic Financial Statements**

**September 30, 2011**  
**(in thousands of dollars)**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Accounts receivables from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed.

Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when earned in the government-wide financial statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred and unearned revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts.

Borrowing between funds is recorded as an amount either "Due To or Due From". Due to and due from amounts are eliminated in the government-wide financial statements.

***Discretely Presented Component Unit***

The carrying amount of receivables and payables is reported in the Statement of Net Assets at approximate fair value due to the short maturity of these instruments.

Patient accounts receivable is presented net of allowances for charity, contractual discounts and bad debts.

**3. Inventories and Prepayments**

***Primary Government***

Various methods are used to cost inventories; however, the majority of inventories are (determined on a first-in, first-out basis) stated at the lower of cost or market. Inventories in the General and Special Revenue Funds consist of expendable supplies held for consumption. In the General Fund, the cost is recorded as an expenditure at the time an inventory item is used. In the Special Revenue Funds, inventory items expected to be used within a short period of time, are recorded as expenditures at the time of purchase; other inventory items are expensed when used. Reported inventories are denoted as a nonspendable fund balance, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. The inventory policy on government-wide statements is consistent with fund statements.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In the fund financial statements, advances and prepayments are denoted as a nonspendable fund balance.

***Discretely Presented Component Unit***

Inventories are stated at the lower of cost (determined on an average-cost basis) or market.

Costs associated with the issuance of bonds are being amortized over the term of the respective bond issue, using a method, which approximates the effective interest method.



**DALLAS COUNTY, TEXAS**

**Notes to the Basic Financial Statements**

**September 30, 2011**  
**(in thousands of dollars)**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**4. Restricted Assets/Funds**

*Primary Government*

The following accounts/net assets are restricted by third party or statutory obligations for specific purposes:

- Debt Service Fund balance net of accrued interest (amount restricted for future debt service expenditures according to debt covenants); and,
- Major and HUD Section 8 Grant and Charter School Fund balances (amounts restricted for future grant expenditures according to award restrictions); and,
- Other Non-Major Governmental Fund balances (except for Permanent Improvement and Major Technology) (amounts restricted for other specific purposes according to Texas statutes).

The following accounts/net assets are committed by action of the governing body for specific purposes:

- Permanent Improvement and Major Technology Fund balances (committed by governing body for future non-major building improvements or major technology related expenditures); and
- Major Projects Fund balance (amount committed for future major construction-related expenditures according to official action of governing body).

*Discretely Presented Component Unit*

The District classifies net assets into three components: invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

*Invested in Capital Assets, Net of Related Debt* – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Unspent related debt proceeds are excluded from the calculation of invested in capital assets, net of related debt.

*Restricted* – This component of net assets consists of net assets whose use is restricted through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or laws through constitutional provisions or enabling legislation.

*Unrestricted* – This component of net assets consists of those assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The District uses the accrual method of accounting, whereby revenues are recognized in the accounting period when services are rendered and expenses are recognized when incurred.

For purposes of financial statement presentation, program revenues (except capital grants and contributions) include those generated from direct patient care and related support services. General revenues consist of those revenues that are related to financing

# DALLAS COUNTY, TEXAS

## Notes to the Basic Financial Statements

September 30, 2011  
(in thousands of dollars)

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

and investing types of activities and result from nonexchange transactions or investment income. When an expenditure is incurred for the purposes for which there are both restricted and unrestricted net assets available, it is the District's policy to apply those expenditures to restricted net assets, to the extent that such are available, and then to unrestricted net assets.

#### *Discretely Presented Component Unit*

Upon receipt, the District records contributions, grants, and other revenue restricted by donors for specific purposes to the appropriate restricted net asset. Restricted net assets are generally recognized as additions to the unrestricted net assets only to the extent that qualifying expenditures are incurred. Pledges received with substantial contingencies are not reflected in the Statement of Net Assets until the contingencies have been fulfilled.

#### 5. Assets (Investments) Limited as to Use

##### *Discretely Presented Component Unit*

Assets limited as to use represent those assets whose use has been legally restricted, including the 2009 Bonds (see note VI). Resources are also set aside for board designated purposes or self-insurance arrangements. Current assets limited as to use represent current liabilities related to capital projects. At September 30, 2011, resources were also set aside for the disproportionate share and upper payment limit programs. The disproportionate share and upper payment limit programs have been created by Texas to provide additional federal matching funds. Under program guidelines, the District may use the funds to benefit the indigent in either current or future periods. The District recognizes all funds received under the disproportionate share and upper payment limit programs as operating revenue in the applicable year, and any amounts relating to that year that are not yet received are included in other receivables in the accompanying Statement of Net Assets. Although District management is not aware of any changes to the disproportionate share and upper payment limit programs, there is no guarantee that such programs will continue and such programs could be discontinued at any time. As of September 30, 2011, receivables of \$24,000 were recorded for the disproportionate share and upper payment limit funds.

#### 6. Capital Assets

##### *Primary Government*

Capital assets, including land, construction-in-progress, historical treasures, buildings, machinery and equipment, and infrastructure (e.g., roads and bridges) are reported in the government - wide financial statements. Capital assets (except for grant assets with lower thresholds) are defined as assets where the County bears risks and benefits of ownership with a cost of five thousand dollars or more and with a useful life in excess of one year. Infrastructure assets include County owned roads and bridges. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset life are not capitalized. Additionally, County capital expenditures include amounts incurred to improve city owned infrastructure assets.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2011  
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accordingly, these amounts are not capitalized. Capital assets except infrastructure are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	50
Furniture and fixtures	7
Telecommunication equipment	20
General equipment	5
Construction equipment	10-15
Trucks and transportation	7-8
Autos	3
Computer hardware	5

The 1892 Old Red Courthouse is recorded as a Historical Treasure at historical cost but not depreciated. Infrastructure assets (roads and bridges) include assets acquired prior to June 30, 1980 through the current period. The County uses the modified approach to report infrastructure assets in the government-wide statement of net assets. Infrastructure assets are recorded at historical cost but not depreciated. Under the modified approach allowed by GASB Statement No. 34, the County reports annual expenses for maintaining County roads and bridges including estimated costs for preservation at specified levels.

The County evaluates capital assets regularly for impairment under the provisions of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. If circumstances suggest that assets may be impaired, an assessment of recoverability is performed prior to any write-down of assets. An impairment charge is recorded on those assets for which the estimated fair value is below its carrying amount. No material impairment charges to capital assets were recorded for the fiscal year ended September 30, 2011.

***Discretely Presented Component Unit***

Capital assets are recorded at cost or, if donated, fair market value at the date of receipt. Costs of major renewals and betterments that extend useful lives are capitalized, while maintenance and repairs are charged to current operations. Assets with a purchase price of \$5 or more are capitalized and assets with a purchase price less than \$5 are expensed. Disposals are removed at carrying cost, less accumulated depreciation, with any resulting gain or loss included in other nonoperating revenue or expense. Depreciation is recorded on the straight-line method over the estimated useful lives of the assets. Estimated useful lives for buildings are 10 to 40 years and for equipment 3 to 20 years.

Capitalized interest is calculated based upon interest expense for the period, less investment income related to long term debt for the same period.

The District evaluates long-lived assets regularly for impairment under the provisions of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. If circumstances suggest that assets may be impaired, an assessment of recoverability is performed prior to any write-down of assets.

# DALLAS COUNTY, TEXAS

## Notes to the Basic Financial Statements

September 30, 2011  
(in thousands of dollars)

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

An impairment charge is recorded on those assets for which the estimated fair value is below its carrying amount. No material impairment charges to long-lived assets were recorded for the fiscal year ended September 30, 2011.

7. **Compensated Absences** - A liability for unused vacation and sick time for all full time employees is reported in the government-wide financial statements in accordance with GASB Statement No. 16. This includes related amounts for Social Security, Medicare and County retirement benefits. The following criteria must be met to be considered as compensated absences:

- leave or compensation is attributable to services already rendered
- leave or compensation is not contingent on a specific event (such as illness).

In accordance with GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent such liabilities have matured (i.e. are due for payment). Accordingly, there is none in the fund statements as of September 30, 2011 but compensated absences are accrued in the government-wide statements.

#### *Primary Government*

The County's permanent, full-time employees accrue annually 80 hours of vacation from date of employment to 6 years of service, 120 hours from 6 to 15 years of service, and 160 hours in excess of 15 years of continuous employment. The maximum accrual is four, five or six weeks of vacation for the respective accrual categories specified. Upon termination, an employee is entitled to payment for total accrued but unused hours of vacation.

The County's permanent, full-time employees accrue annually 96 hours of sick leave. Sick leave is paid to current employees if absent from work due to illness, injury or other situations requiring medical attention. An employee who terminates for any reason is paid a percentage of their accrued but unused sick leave. Amounts payable are initially 5% after 5 years of service, increasing thereafter at 5% for each additional 5 years of service to a maximum of 50%.

Compensated absences (accrued vacation and sick leave) are reported in the government-wide financial statements and are typically incurred by the following governmental funds: General, Major Grants, Major Projects, and Other Non-major Governmental Funds.

#### *Discretely Presented Component Unit*

The District accrues an estimated liability for compensated absences as they are earned by employees based on the District's policy. The District's liability related to compensated absences was \$31,000 as of September 30, 2011 and is recorded in the Statement of Net Assets in accounts payable and accrued liabilities.

### 8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities in the Statement of Net Assets. Bond premiums, discounts, and issuance costs, are deferred and amortized

# DALLAS COUNTY, TEXAS

## Notes to the Basic Financial Statements

September 30, 2011  
(in thousands of dollars)

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

over the term of the bonds. Bonds payable are reported net of unamortized premiums or discounts. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums or discounts, and issuance costs in the period in which bonds are issued. The principal of bonds issued is reported as an other financing source. Premiums received on debt issuances are reported as an other financing source while discounts are reported as an other financing use. Issuance costs, whether or not withheld from the actual proceeds received, are reported as debt service expenditures.

Long-term obligations, except long-term debt, net pension obligations or net other post employment benefit obligations (OPEB) are liquidated from the General Fund. Long-term debt is liquidated in the Debt Service Fund. Net pension obligations are liquidated through a trust managed by Texas County and District Retirement System. OPEB obligations remain unfunded.

#### 9. Unemployment and Workers' Compensation Benefits

The County is a reimbursing employer for unemployment compensation benefits. Reimbursements are made on the basis of billings received from the Texas Employment Commission. The County also processes workers' compensation payments through a third-party administrator as claims become due. The third-party administrator assists with hearings for contested claims. Expected costs are budgeted annually from current resources (see Note X).

#### 10. Net Assets and Fund Balances

##### *Primary Government and Discretely Presented Component Unit*

The fund balance amounts for governmental funds have been reclassified in accordance with GASB Statement No. 54-“Fund Balance Reporting and Government Fund Type Definitions.” Fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. As a result, amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned, or unassigned.

- Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portions of loans or notes receivable, or property held for resale unless the use of the proceeds are restricted, committed or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.
- Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.
- Committed fund balances can be used only for specific purposes pursuant to constraints imposed by a formal action of the Commissioners Court. This formal

# DALLAS COUNTY, TEXAS

## Notes to the Basic Financial Statements

September 30, 2011  
(in thousands of dollars)

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

action is the passage of a court order specifying the purposes for which amounts can be used. The same type of formal action is necessary to remove or change the specified use.

- Assigned fund balance includes amounts that are constrained by a responsible official's request for a specific purpose, but are neither restricted, or committed. For governmental fund types other than the General Fund, this is the residual amount within the fund that is not restricted or committed.
- Unassigned fund balance is the residual amount of the General Fund not included in the four categories above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

In the government wide financial statements, restricted net assets are reported for amounts that are externally restricted by 1) creditors (e.g. bond covenants), grantors, contributors, or laws and regulations of other governments or 2) law through constitutional provision or enabling legislation.

#### *Primary Government*

When both restricted and unrestricted amounts are available for use, County policy for 2011 was to use restricted amounts first, with unrestricted resources utilized as needed. In the case of unrestricted resources, the policy used committed amounts first, followed by assigned amounts, then unassigned amounts as needed.

The composition of the fund balances of the governmental funds for the fiscal year are shown on pages 28 and 99 through 101.

### 11. Program Revenues

#### *Discretely Presented Component Unit*

**Net Patient Services Revenue** - The District has agreements with third-party payors that provide for reimbursement to the District at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the District's established rates for services and the amounts reimbursed by the third-party payors. The District's more significant third-party payors are the Medicare and Medicaid programs, which accounted for gross charges of approximately 14% and 31% in fiscal 2011, respectively. Allowances for uncollectible amounts are estimated using historical experience, current trends and policy information, aged account balances, and a collectability analysis. Charges for services in the accompanying statement of activities, is net of contractual adjustments and bad debt provisions totaling approximately \$2,900,000 for the year ended September 30, 2011.

In accordance with provisions of the Medicare and Medicaid programs, inpatient services to Medicare and Medicaid beneficiaries are paid at prospectively determined rates per discharge based on a patient classification system utilizing clinical, diagnostic, and other factors. Medicare outpatient services are reimbursed on a prospective basis through ambulatory payment classifications, which are based on clinical resources used in performing the procedure. Medicaid outpatient services are paid based on the lower of reasonable costs or customary charges, a fee schedule, or blended rates. For certain costs,

# DALLAS COUNTY, TEXAS

## Notes to the Basic Financial Statements

September 30, 2011  
(in thousands of dollars)

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

as defined by the Medicare program, including kidney acquisition, medical education, and bad debts, additional reimbursement is provided based on cost pass-through payments and the cost report.

Cost-reimbursable items are reimbursed to the District at a tentative rate, with final settlement determined after submission of annual cost reports by the District, which are subject to audit by the fiscal intermediaries prior to final settlement. Any differences between final audited settlements and amounts accrued at the end of the prior reporting period are included currently in the Statement of Activities as an adjustment to the appropriate allowance account. Such adjustments increased net patient services revenue by \$5,000 in fiscal 2011. The District's cost reports have been audited and settled by the fiscal intermediaries through 2006 for Medicare and through 2005 for Medicaid. Cost reports for both programs are subject to certain reopenings and appeals as per federal and state regulations.

**Premium Revenue** – Premium revenues are recognized in the period in which the members of the Health Plan are entitled to receive health care services. Premiums collected in advance are deferred. Revenues for delivery supplemental payments received for Medicaid-eligible births under the Health Plan are recognized based on claims information from Texas hospitals and information from the State and include estimates for incurred, but unreported births at year-end.

**Grant Revenue** – Grant revenues are recognized in the period in which expenditures related to the grant are incurred or the period in which grant funds become available. The Obama Administration's February 2009 stimulus bill, American Recovery and Reinvestment Act (ARRA) established rules for the "meaningful use" of electronic health records. Government incentives for implementing electronic medical records were established under the Health Information Technology for Economic and Clinical Health (HITECH) Act. The U.S. Department of Health and Human Services released final "meaningful use" rules during 2010 on how health care providers could access federal economic stimulus money by using electronic medical records. Health care providers are eligible to receive these incentives during 2011. The District received \$8,400 in federal stimulus funds related to their implementation of electronic medical records during 2011. This amount has been recorded as grant revenue in 2011.

### 12. Uncompensated Care

#### *Discretely Presented Component Unit*

The District provides services to uninsured patients who qualify for tax-supported care. The program is called Parkland Health*Plus* and is designed for County indigent patients with family incomes up to 200% of the federal poverty level and no third-party coverage, such as Medicaid, Medicare, or commercial insurance. The District recognized ad valorem tax revenues of approximately \$425,000 in 2011, to fund services for qualified patients.

The District also provides services to patients who are County residents and have incomes that exceed the limit for tax supported health care or whose income cannot be determined. Although these patients are uninsured, they do not qualify for tax-supported health care and are classified as self-pay. Certain of these patients are medically indigent. Certain have limited financial resources and are unable to pay for the services received,

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2011  
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

while others may be able to pay for some or all services received, but are unwilling to do so. Charges for services to these patients were approximately \$359,000 in 2011 and are reflected in the Statement of Activities as charges for services.

Management estimates of the cost of uncompensated health care, by applying a ratio of overall costs to gross charges applied to the gross uncompensated charges during the year ended September 30, 2011, at approximately \$605,000, of which approximately \$335,000 is charity care.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance for total governmental funds and net assets as reported in the government-wide statement of net assets. One element of that reconciliation explains, "Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in governmental funds." The details of this difference are as follows:

Property taxes –not collected within 60 days of year-end (see page 57)	\$	4,776
Other receivables and accrued interest (see page 57)		<u>17,434</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities	\$	<u>22,210</u>

One element of that reconciliation explains, "certain liabilities, including bonds payable and related accrued interest, are not due and payable in the current period and therefore, are not included in governmental funds." The details of this difference are as follows:

Bonds payable	\$	(144,323)
Less: Deferred charge for issuance costs		1,525
Premium on Bonds Payable		(7,290)
Other postemployment benefits		(126,005)
Accrued interest payable		(1,285)
Arbitrage rebate accrued		(74)
Claims and judgments		(2,800)
Compensated absences		<u>(26,672)</u>
Net adjustment to decrease fund balance – total government funds to arrive at net assets – governmental activities	\$	<u>(306,924)</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. Governmental funds report capital expenditures; however, in the statement of activities, the cost of capital assets is allocated over their estimate useful lives and reported as depreciation expense. The detail of this difference is as follows:



**DALLAS COUNTY, TEXAS**

**Notes to the Basic Financial Statements**

**September 30, 2011**  
**(in thousands of dollars)**

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

Capital expenditures	\$	14,007
Depreciation expense		<u>(18,795)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$	<u>(4,788)</u>

Another element of that reconciliation states that “The net effect of various transactions (e.g. sales of capital assets).” In the statement of activities, only the gain or loss on the disposal of capital assets is reported; however, in the government funds, proceeds from sales increase financial resources. The detail of this difference is as follows:

Depreciated cost of capital assets sold or disposed	\$	<u>(1,071)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	\$	<u>(1,071)</u>

Another element of the reconciliation states, “Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this difference are as follows:

Deferred and Unearned – Fund Basis		
September 30, 2010	\$	(404,452)
September 30, 2011		399,828
Unearned Revenue – Statement of Net Assets		
September 30, 2010		382,545
September 30, 2011		<u>(377,618)</u>
Net adjustment to increase net changes in fund balances	\$	<u>303</u>

Another element of that reconciliation states, “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 difference represent changes in the following:

Compensated absences	\$	364
Accrued interest		(468)
Other postemployment benefits		(44,966)
Arbitrage rebate accrued		1,064
Bond accretion		(130)
Accrual claims		200
Net adjustment to decrease net changes in fund balances	\$	<u>(43,936)</u>

**DALLAS COUNTY, TEXAS**

**Notes to the Basic Financial Statements**

**September 30, 2011**  
**(in thousands of dollars)**

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

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

Debt principal repayment	\$ 18,190
Debt issued or incurred:	
Debt issuance – limited tax notes	
Less Limited tax notes of \$41,545 less premium of \$3,749 plus debt issuance cost of \$282	(45,012)
Debt issuance – advance refunding bonds	
Less Advance refunding bonds of \$32,400 less premium of \$2,132 plus payment to advance refunded bond agent of \$34,270 plus debt issuance cost of \$242 less prepaid interest of \$872	(892)
Amortization of issuance costs	(247)
Amortization of premium	964
Net adjustment to increase net changes in fund balances	<u>\$ (26,997)</u>

**III. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES**

***Primary Government***

The County’s investment policies are in accordance with the laws of the State of Texas. The policies identify authorized investments and investment terms, collateral requirements and safekeeping requirements for collateral.

The County’s demand deposits and bank certificates of deposit are fully collateralized by securities held in the County’s name by third party financial institutions. The County’s collateral agreements require that the total amount of cash and investments on deposit with its depository financial institutions at all times be collateralized based upon par value. The collateral market value shall be a minimum of 102% of par value.

The County’s investments are comprised of Federal National Mortgage Association notes; Federal Home Loan Bank notes; Government National Mortgage Association notes; Federal Home Loan Mortgage Corporation notes, Federal Farm Credit Bank notes; Security Repurchase Agreements; Depository Interest Account and Tex Pool deposits.

**Deposits**

At September 30, 2011, the carrying amount of the County’s demand deposits and investments was as follows:

**DALLAS COUNTY, TEXAS**

**Notes to the Basic Financial Statements**

**September 30, 2011**  
**(in thousands of dollars)**

**III. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES (Continued)**

	<b>Governmental Funds</b>	<b>Proprietary Fund</b>	<b>Total</b>	<b>Fiduciary Funds</b>	<b>Total</b>
Cash (a)	\$ (10,727)	\$ (176)	\$ (10,903)	\$ 54,243	\$ 43,340
Investments and cash equivalents (a)	<u>369,405</u>	<u>4,929</u>	<u>374,334</u>	<u>70,360</u>	<u>444,694</u>
Total cash, cash equivalents and investments	<u>\$ 358,678</u>	<u>\$ 4,753</u>	<u>\$ 363,431</u>	<u>\$ 124,603</u>	<u>\$ 488,034</u>

(a) *The County pools cash, investments and cash equivalents of certain Governmental and Fiduciary Funds and the Proprietary Fund. Invested funds include available float due to outstanding checks.*

**Custodial Credit Risk – Deposits**

In accordance with State of Texas and County Cash Management Policies, County deposits are either covered by FDIC insurance or collateralized with securities held by the County or the County's agent in the name of the County.

**Custodial Credit Risk – Investments**

In accordance with State of Texas and the County's formal investment policies, County investments are insured or registered, or securities held by the County or the County's agent in the name of the County.

**Investments**

At September 30, 2011, the County's investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>% of Investments</u>	<u>Weighted Average Days to Maturity</u>	<u>Weighted Average Stated Interest Rate</u>	<u>Rating</u>
Depository Interest Account	\$ 49,900	11.2%	1	0.40%	Note 1
Federal Home Loan Bank Notes	103,602	23.3%	1,159	2.15%	Note 2
Government National Mortgage Association Notes	180	-	746	5.50%	Note 2
Federal Home Loan Mortgage Corporation Notes	54,921	12.4%	1,220	1.55%	Note 2
Federal National Mortgage Association Notes	60,434	13.6%	1,233	1.86%	Note 2
Federal Farm Credit Bank Notes	20,519	4.6%	1,268	1.29%	Note 2
TexPool deposits	20,774	4.7%	1	0.08%	Note 3
Security Repurchase Agreement	<u>134,364</u>	<u>30.2%</u>	<u>1</u>	<u>0.24%</u>	Note 4
	<u>\$ 444,694</u>	<u>100.0%</u>	<u>645</u>	<u>1.12%</u>	

*Note 1: Fully collateralized interest earning account on deposit with the County's depository bank. Terms limit withdrawals to five each month.*

*Note 2: Moody's Investor Services, Standard & Poor's (S&P) AAA, Fitch AAA.*

*Note 3: Tex Pool's portfolio consists exclusively of U.S. government securities, repurchase agreements collateralized by U.S. government securities and AAA rated no-load money market mutual funds. TexPool is rated AAA by S&P.*

*Note 4: Collateralized securities are U.S. government securities.*

**DALLAS COUNTY, TEXAS**

**Notes to the Basic Financial Statements**

**September 30, 2011**  
**(in thousands of dollars)**

**III. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES (Continued)**

**Interest Rate Risk**

The County's formal investment policy limits the County's exposure to declines in fair values by limiting to two years the weighted average days to maturity of its entire investment portfolio.

**Credit Risk**

The County is authorized by statute and depository contract to invest in insured or registered securities including commercial paper and security repurchase agreements. It is the County's policy to limit its investments in these investment types.

The County's formal investment policy permits investment in State of Texas and U.S. government obligations and agency securities and investment pools rated AAA or higher. This policy also permits investment in certificates of deposit that are fully collateralized.

**Concentration of Credit Risk**

Permitted investments, other than securities issued by federal or local governments and certificates of deposit, include various concentration limits as to issuer and maturity. The largest percent of any one issuer is in the form of security repurchase agreements (30.2%) which are collateralized by U.S. government securities.

***Discretely Presented Component Unit***

As of September 30, 2011, the District had deposits and investments as follows:

<u>Description</u>	<u>Fair Value</u>	<u>Weighted Average Days to Maturity</u>
Bank deposits	\$ 50	
TexPool deposits	119,691	1
Money market fund deposits	85,046	1
Federal National Mortgage Association notes	494,290	911
Federal Home Loan Bank notes	206,826	689
Federal Home Loan Mortgage Corporation notes	303,147	940
Federal Farm Credit Bureau	129,620	670
U.S. treasury notes	4,057	449
Subtotal - Hospital	<u>1,342,727</u>	
Cash and cash equivalents <sup>(1)</sup>	8,476	
Investments <sup>(1)</sup>	<u>39,508</u>	
Subtotal - Foundation	<u>47,984</u>	
Total - District	\$ <u>1,390,711</u>	

<sup>(1)</sup>Foundation cash and cash equivalents and investments includes approximately \$7,900 of deposits and investments which are uninsured by FDIC insurance.

# DALLAS COUNTY, TEXAS

## Notes to the Basic Financial Statements

September 30, 2011  
(in thousands of dollars)

### III. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES (Continued)

Estimated fair values have been determined by the District using appropriate valuation methodologies by third parties, quoted market prices, and information available to management as of September 30, 2011. Considerable judgment is required in developing these estimates; accordingly, no assurance can be given that the estimated values presented are indicative of the amounts that would be realized in a free-market exchange. The District adjusts the carrying value of financial instruments classified as assets to reflect their appropriate fair value.

#### Interest Rate Risk

The District invests in fixed rate debt securities with approximately one to four year maturities. Interest rate risk is limited by the short-term nature of the investments.

#### Credit Risk

The District has a comprehensive investment policy that is designed to comply with Texas law and the Public Funds Investment Act. The District's investments in U.S. Treasury notes carry the explicit guarantee of the U.S. Government. The debt securities issued by Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC) and Federal Farm Credit Bureau (FFCB) are rated AAA by Standard & Poor's rating agency. TexPool's portfolio consists exclusively of U.S. government securities; repurchase agreements collateralized by U.S. government securities; and AAA rated no-load money market mutual funds. All demand deposits are collateralized by Federal Deposit Insurance Company insurance, with securities pledged to the District, and held in safekeeping at a third party bank on behalf of the District's depository institution.

#### Concentration of Credit Risk

Per the District's investment policy, no more than 40% of the investment portfolio can be invested in any one issuer of U.S. government agencies and government sponsored enterprises, including, but not limited to, FNMA, FHLB, and FHLMC. The largest percentage in any one issuer is in FNMA at 37% as of September 30, 2011.

#### Custodial Credit Risk

Per the District's investment policy, all investments are held in the District's name in safekeeping at the District's depository institution.

# DALLAS COUNTY, TEXAS

## Notes to the Basic Financial Statements

September 30, 2011  
(in thousands of dollars)

### IV. PROPERTY TAXES AND OTHER RECEIVABLES

#### *Primary Government*

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied prior to September 30, become due on October 1 and are delinquent after January 31. The County collects and distributes property taxes of the other entities as authorized by V.T.C.A., Tax Code §6.24. The County bills and collects its own property taxes and those for the District, Dallas County Community College District, School Equalization Fund, City of Dallas, Downtown Premium and Public Improvement District (PID), Brookfield PID, Town of Addison, City of Balch Springs, City of Carrollton, City of Cedar Hill, Cedar Hill Independent School District (ISD) and County Education District (CED), City of Cockrell Hill, Country Club PID, Crandle Meadow PID, City of Desoto, Desoto ISD and CED, City of Duncanville, Dallas ISD and CED, Deep Ellum Standard and PID, Duncanville ISD and CED, Fairway Bend PID, City of Farmers Branch, Forum Estates PID, Glendover Estates PID, City of Glen Heights, City of Grand Prairie, Grand Prairie ISD and CED, High Point PID, High Hawk PID, Town of Highland Park, Highland Park ISD and CED, City of Hutchins, City of Irving, Irving Flood Control Districts I and III, Knox St PID, Lake Highlands PID, Lake Parks PID, City of Lancaster, Lancaster ISD and CED, Lone Star Meadows PID, Mills Branch PID, Monterrey Park PID, Oak Hollow, Parkview PID, Prestonwood Standard and PID, Peninsula PID, City of Richardson, Rolling Meadows PID, City of Rowlett, City of Sachse, City of Seagoville, Silverado Springs PID, South Side Standard and PID, Southwest Village PID, City of Sunnyvale, Sunnyvale ISD and CED, Levee District 14, City of University Park, Uptown Standard and PID, Vickery Premium and PID, Walingford Village PID, Waterford Oaks PID, Westchester PID, and City of Wilmer. The County continues to collect only delinquent taxes for Wilmer/Hutchins CED and ISD, Levee Districts 4 and 8. The County and Levee Districts are the only entities controlled by the Commissioners Court.

Property tax levies and collections are reduced by allowable exemptions. Certain exemptions are approved by statute and others are approved by local adoption. Exemptions approved by the County include a general homestead (the greater of 20% of appraised valuation or \$5), over 65 homestead (\$69) and effective January 1, 2008 an over 65 tax freeze.

Collections of the property taxes and subsequent remittances to the proper entities are accounted for in the Tax Assessor/Collector's Agency Fund. Tax collections are recorded net of the entities' related collection commission paid to the County in this agency fund according to the levy year for which taxes are collected. Tax collections deposited for the County are distributed on a monthly basis to the following funds (amounts are for each one hundred dollars of valuation): General (\$0.183700), Debt Service (\$0.014169), Major Projects (\$0.030831), and Non-Major Funds - Permanent Improvement (\$0.001800) and Major Technology (\$0.012600). This distribution is based upon the tax rate established for each fund by order of the Commissioners Court for the tax year for which the collections are made. Property tax receivables are affected by participation in several Tax Increment Finance (TIF) Districts. In the fiscal year ended September 30, 2011, the County either financially participated in or had authorization to participate in 20 TIF districts at various percentage participation levels. The 2011 values approximate 2010 values and new projects are underway for eleven of the districts. The County's participation is determined by the amount of County property taxes levied and collected each tax year on the captured appraised value of real property located in the TIF District less the tax increment base for the year in which the TIF was designated, multiplied by the County's increment provided per agreement. TIF funds are not recognized as County revenue but are used by the TIF district to finance project costs within the district and/or pay bonds or notes issued for the TIF.

**DALLAS COUNTY, TEXAS**

**Notes to the Basic Financial Statements**

**September 30, 2011**  
**(in thousands of dollars)**

**IV. PROPERTY TAXES AND OTHER RECEIVABLES (Continued)**

Governmental funds report deferred and unearned revenue in connection with receivables that are not considered available to liquidate liabilities of the current period. Under GASB 33, "Accounting and Financial Reporting for Non-exchange Transactions," (GASB 33) property taxes are an imposed non-exchange revenue. Assets from imposed non-exchange transactions are recorded when the entity has an enforceable legal claim to the asset or when the entity receives resources, whichever comes first. The enforceable legal claim date for property taxes is the assessment date as designated in the enabling legislation. The County has a valid lien on January 1 with property assessed at the tax rate adopted prior to the fiscal year-end. In accordance with GASB 33, the County has recorded property taxes receivable including an amount for deferred and unearned revenue as of September 30, 2011. At the end of the current fiscal year, the various components of deferred and unearned revenue reported in the governmental funds were as follows:

<b><u>Deferred and Unearned Arising From</u></b>	<b><u>General Fund</u></b>	<b><u>Debt Service</u></b>	<b><u>Major Projects</u></b>	<b><u>Major Grants</u></b>	<b><u>Other Non-Major Governmental</u></b>	<b><u>Total</u></b>
Property Taxes	\$ 283,531	\$ 21,397	\$ 48,151	\$ -	\$ 22,258	\$ 375,337
Other Receivables and Accrued Interest	7,777	-	2,173	-	7,476	17,426
Unavailable and Unearned Deferred and Unearned	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,065</u>	<u>-</u>	<u>7,065</u>
- Fund Basis	<u>\$ 291,308</u>	<u>\$ 21,397</u>	<u>\$ 50,324</u>	<u>\$ 7,065</u>	<u>\$ 29,734</u>	399,828
Property Taxes(see page 50)						(4,776)
Other Receivables and Accrued Interest(see page 50)						<u>(17,434)</u>
Unearned – Government-wide						<u>\$ 377,618</u>

Unavailable means not available to finance expenditures for the current fiscal period. Unearned refers to funds received before the earnings process is completed.

The County is authorized by the tax laws of the State of Texas to levy taxes up to \$0.80 per one hundred dollars of assessed valuation for general governmental services and the payment of principal and interest on certain permanent improvement long-term debt. The tax rate adopted September 2010 for fiscal year 2011 was \$0.2431 per one hundred dollars of assessed value.

**DALLAS COUNTY, TEXAS**

**Notes to the Basic Financial Statements**

**September 30, 2011**  
**(in thousands of dollars)**

**IV. PROPERTY TAXES AND OTHER RECEIVABLES (Continued)**

Receivables as of September 30, 2011 for governmental funds, net of applicable allowances for uncollectible accounts, as required by GASB 34 are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Major Projects</u>	<u>Other Non-Major Governmental</u>	<u>Total</u>
Receivables:					
Property taxes	\$ 305,150	\$ 23,500	\$ 51,792	\$ 24,094	\$ 404,536
Less allowance for uncollectible property taxes	(21,464)	(2,081)	(3,616)	(1,823)	(28,984)
Subtotal	<u>283,686</u>	<u>21,419</u>	<u>48,176</u>	<u>22,271</u>	<u>375,552</u>
Accounts receivable	163,240	-	-	292,000	455,240
Less allowance for uncollectible accounts receivable	(153,655)	-	-	(284,272)	(437,927)
Subtotal	<u>9,585</u>	<u>-</u>	<u>-</u>	<u>7,728</u>	<u>17,313</u>
Total net receivables	<u>\$ 293,271</u>	<u>\$ 21,419</u>	<u>\$ 48,176</u>	<u>\$ 29,999</u>	<u>\$ 392,865</u>

***Discretely Presented Component Unit***

Receivables as of September 30, 2011:

	<u>Parkland Hospital</u>	<u>Parkland Foundation</u>	<u>Total</u>
<b>Receivables:</b>			
Property taxes	\$ 22,359	\$ -	\$ 22,359
Patient accounts	580,627	-	580,627
Intergovernmental	156	-	156
Other	<u>50,108</u>	<u>10,033</u>	<u>60,141</u>
Gross Receivables	<u>653,250</u>	<u>10,033</u>	<u>663,283</u>
Less allowance for uncollectibles:			
Property taxes	(17,705)	-	(17,705)
Patient accounts	<u>(493,974)</u>	<u>-</u>	<u>(493,974)</u>
Total allowance for uncollectibles	<u>(511,679)</u>	<u>-</u>	<u>(511,679)</u>
Net total receivables	<u>\$ 141,571</u>	<u>\$ 10,033</u>	<u>\$ 151,604</u>



**DALLAS COUNTY, TEXAS**

**Notes to the Basic Financial Statements**

**September 30, 2011**  
**(in thousands of dollars)**

**IV. PROPERTY TAXES AND OTHER RECEIVABLES (Continued)**

*Discretely Presented Component Unit*

The District received approximately 25% of its total revenues from ad valorem taxes in 2011. Current taxes are collected beginning in October of each year and become delinquent after January 31. Ad valorem tax revenue is recognized in the year for which taxes are levied.

**V. CAPITAL ASSETS**

*Primary Government*

Capital assets are recorded at cost or, if donated, at fair market value at the date of receipt. Depreciation policies were adopted to include useful lives and classification by function. Infrastructure assets are listed at historical cost, but not depreciated as the County elected to use the modified approach. Summary of changes in capital assets follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 26,923	\$ -	\$ -	\$ 26,923
Construction-in-progress	67,712	2,322	(54,159)	15,875
Infrastructure	27,276	-	-	27,276
Historical treasures	32,042	-	-	32,042
Total capital assets, not being depreciated	153,953	2,322	(54,159)	102,116
Capital assets, being depreciated:				
Buildings	541,418	60,597	-	602,015
Machinery and equipment	102,359	5,247	(3,199)	104,407
Total capital assets being depreciated	643,777	65,844	(3,199)	706,422
Less accumulated depreciation for:				
Buildings	(209,228)	(10,021)	-	(219,249)
Machinery and equipment	(76,231)	(8,774)	2,128	(82,877)
Total accumulated depreciation	(285,459)	(18,795)	2,128	(302,126)
Total capital assets, being depreciated, net	358,318	47,049	(1,071)	404,296
Governmental activities capital assets, net	\$ 512,271	\$ 49,371	\$ (55,230)	\$ 506,412

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 9,393
Public safety	5,232
Health	345
Highways and streets	683
Public welfare	1,838
Education	87
Judicial	1,217
Total depreciation expense	\$ 18,795

**DALLAS COUNTY, TEXAS**

**Notes to the Basic Financial Statements**

**September 30, 2011**  
**(in thousands of dollars)**

**V. CAPITAL ASSETS (Continued)**

***Discretely Presented Component Unit***

The District's capital assets at September 30, 2011, are summarized as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land and improvements	\$ 73,723	\$ 10,519	\$ (1,208)	\$ 83,034
Construction in progress	<u>100,636</u>	<u>214,976</u>	<u>(60,706)</u>	<u>254,906</u>
Total capital assets, not being depreciated	<u>174,359</u>	<u>225,495</u>	<u>(61,914)</u>	<u>337,940</u>
Capital assets, being depreciated:				
Buildings	407,749	17,111	(28,602)	396,258
Machinery and equipment	<u>363,583</u>	<u>42,223</u>	<u>(43,496)</u>	<u>362,310</u>
Total capital assets being depreciated	<u>771,332</u>	<u>59,334</u>	<u>(72,098)</u>	<u>758,568</u>
Less accumulated depreciation for:				
Land improvements	(4,633)	(90)	1,823	(2,900)
Buildings	(284,913)	(15,058)	28,150	(271,821)
Machinery and equipment	<u>(244,430)</u>	<u>(42,029)</u>	<u>41,215</u>	<u>(245,244)</u>
Total accumulated depreciation	<u>(533,976)</u>	<u>(57,177)</u>	<u>71,188</u>	<u>(519,965)</u>
Total capital assets, being depreciated, net	<u>237,356</u>	<u>2,157</u>	<u>(910)</u>	<u>238,603</u>
Capital assets, net	<u>\$ 411,715</u>	<u>\$ 227,652</u>	<u>\$ (62,824)</u>	<u>\$ 576,543</u>

**VI. LONG -TERM LIABILITIES**

***Long - Term Debt***

***Primary Government***

During fiscal 2011, the County issued three long-term debt issues with an aggregate original principle of \$73,945. The following are General Obligation, Certificates of Obligation (COs) and Revenue Bonds outstanding at September 30, 2011:

<u>Description</u>	<u>Interest Rates</u>	<u>Year of Issue</u>	<u>Year of Maturity</u>	<u>Original Amount of Debt</u>	<u>Bonds Out- standing</u>
Combination Tax and Parking Garage Revenue Certificates of Obligation Series 2004	3.75-5.25 %	2004	2025	\$ 16,145	\$ 13,255
Unlimited Tax Refunding Bonds Series 2005					
Current Interest Bonds	3.50-5.25	2005	2020	21,270	20,510
Capital Appreciation Bonds	3.86-4.04	2005	2012	1,343	1,733
Combination Tax and Parking Garage Revenue Certificates of Obligation Series 2006	4.00-5.00	2006	2016	63,220	35,455
Unlimited Tax Refunding Bonds Series 2011 A	1.50-5.00	2011	2021	30,495	29,945
Limited Tax Refunding Bonds Series 2011 B	1.50-3.00	2011	2012	1,905	1,880
Limited Tax Notes Series 2011	2.00-5.00	2011	2018	41,545	41,545
Subtotal					144,323
Premium on Debt					<u>7,290</u>
Total					<u>\$ 151,613</u>

## DALLAS COUNTY, TEXAS

### Notes to the Basic Financial Statements

September 30, 2011  
(in thousands of dollars)

#### VI. LONG -TERM LIABILITIES (Continued )

##### *Long-Term Debt Issued in Fiscal 2011*

On May 1, 2011, the County issued Unlimited Tax Refunding Bonds Series 2011A (2011A) and Limited Tax Refunding Bonds Series 2011B (2011B) with principal amounts of \$30,495 and \$1,905, and premiums of \$2,072 and \$60, respectively. The 2011A bonds advance refunded \$31,500 of Road Refunding Bonds, Series 2001A Current Interest Bonds. The 2011B bonds advance refunded \$1,900 of Permanent Improvement Refunding Bonds, Series 2001B. Proceeds of the 2011A and 2011B bonds amounting to \$32,327 and \$1,943 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, these are considered defeased, and the liability for these bonds has been removed from the Government Wide Statement of Net Assets. The purpose of these refundings was to reduce future debt service payments by \$3,588 thereby obtaining an economic gain. The cost of issuance of these bonds was \$241 and is included in the accompanying Statement of Revenue, Expenditures and Changes in Fund Balance. The present value of the economic gain from these refundings amounted to \$3,260.

Additionally, on May 1, 2011, the County issued Limited Tax Notes Series 2011 with a principal amount of \$41,545 and a premium of \$3,749. Proceeds of this bond will be used to fund improvements of certain County buildings, update County elevators, purchase an enhanced and expanded video conference system, pay costs of professional services related to the forgoing, and pay related bond issuance costs.

##### *Pledged Future Revenues*

The County has pledged future net revenues from certain parking facilities. Pledged net revenues, and cash and investments in the respective sinking fund secure the Combination Tax and Parking Garage Revenue Certificates of Obligation Series 2004. Net revenues were \$1,105 in fiscal 2011. Principal and interest paid for the current fiscal year was \$520 and \$669, respectively. The outstanding bond principal was \$13,255 as of September 30, 2011. If net revenues and cash and investments in the respective sinking fund are insufficient, the County is obligated to levy taxes to fund net revenue shortfalls.

##### *Arbitrage Rebate Liabilities*

The Tax Recovery Act of 1986 established regulations for rebate to the federal government of arbitrage earnings on certain local governmental bonds issued after December 31, 1985, and all local governmental bonds issued after August 31, 1986. Issuing governments must calculate any rebate due on an annual basis and remit the amount due at least every five years. In fiscal 2011, the County paid the federal government an arbitrage rebate of \$1,237. The County has recorded an arbitrage liability of \$74 in governmental activities on the government-wide financial statements at September 30, 2011.

**DALLAS COUNTY, TEXAS**

**Notes to the Basic Financial Statements**

**September 30, 2011**  
**(in thousands of dollars)**

**VI. LONG -TERM LIABILITIES (Continued )**

*Changes in Long-Term Liabilities*

Long-term liabilities for the year ended September 30, 2011 were as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Funding for Liquidation</u>
Bonds and COs	\$ 124,211	\$ 79,956	\$ 52,554	\$ 151,613	\$ 22,718	a
Other postemployment benefits	81,039	48,000	3,034	126,005	-	b
Claims and judgments	3,000	-	200	2,800	600	c
Compensated absences	27,036	32,476	32,840	26,672	22,735	c
Workers compensation	2,969	2,611	2,625	2,955	2,245	c
Total	<u>\$ 238,255</u>	<u>\$ 163,043</u>	<u>\$ 91,253</u>	<u>\$ 310,045</u>	<u>\$ 48,298</u>	

*Funding for liquidation: a=Debt Service Fund: b=Unfunded: c=General Fund*

*Note: Changes in estimates of workers compensation are indirect costs charged to General Government in the Statement of Activities and which may not be reasonably allocated as a direct expense to other functions / programs in the Statement of Activities. Other post employment benefits are charged to General Government functions / programs in the Statement of Activities as these benefits are considered direct costs guaranteed by the general government.*

**Capital Appreciation Bonds**

Capital appreciation bonds, which accrue and compound interest from their date of delivery to maturity, consist of Unlimited Tax Refunding Bonds Series 2005 with an original maturity of \$1,343 and a current maturity of \$1,733. The total amount accreted during the year was \$130.

**Contractual Maturities**

The annual debt service for general obligation, certificates of obligation and revenue bonds follows:

<u>Years Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 22,718	\$ 5,953
2013	20,075	5,522
2014	20,630	4,592
2015	21,110	3,774
2016	19,855	2,853
2017 – 2021	34,675	5,163
2022 – 2025	5,260	698
Subtotal	144,323	28,555
Premium on debt	7,290	-
Total	<u>\$151,613</u>	<u>\$28,555</u>

The Debt Service Fund has \$2,357 available to service the general long-term bond retirement. There are a number of limitations and restrictions contained in the various bond indentures. County management believes that it complies with all significant limitations and restrictions.

# DALLAS COUNTY, TEXAS

## Notes to the Basic Financial Statements

September 30, 2011  
(in thousands of dollars)

### VI. LONG -TERM LIABILITIES (Continued )

#### *Long – Term Debt*

##### *Discretely Presented Component Unit*

On September 17, 2009, the District issued three series of Dallas County Hospital District Limited Tax Bonds (Bonds), with a total principal amount of \$705,000. The Bonds were authorized by an affirmative vote of the County electorate on November 3, 2008, and were issued pursuant to an order by the Commissioners Court. Proceeds of the Bonds will be used to fund the replacement hospital campus pursuant to the District's master facility plan. The Bonds pay interest on February 15<sup>th</sup> and August 15<sup>th</sup> each year, based upon a 360 day year consisting of twelve 30-day months. Payment of principal and interest on the Bonds is supported by a tax levy initially \$0.02 per \$100 of taxable assessed valuation on the taxable residential real estate, commercial real estate, and business personal property of Dallas County. The Bonds are rated AAA by both Standard & Poor's and Fitch.

Tax-Exempt Series 2009A Bonds were issued with a total principal amount of \$24,800, bear interest at effective rates ranging from 2.06% to 2.59% (stated fixed interest rates of 3.0% and 5.0%), mature from August 15, 2014 to 2016, and were sold at a premium of \$2,500. The Tax-Exempt Series 2009A Bonds are not subject to redemption prior to maturity.

Taxable Series 2009B Bonds were issued in accordance with provisions of the Build America Bonds program with a total principal amount of \$222,500, bear interest at fixed interest rates (before interest rate subsidy) ranging from 4.948% to 6.171%, mature from August 15, 2020 through August 15, 2034, and were sold at par. Under the provisions of the Build America Bond program's Direct Payment Method, the Taxable Series 2009B Bonds qualify for interest rate subsidies from the U.S. Treasury of 35% of the interest costs paid on each payment date. The Taxable Series 2009B Bonds are subject to redemption prior to maturity on August 15, 2019 or on any date thereafter, in whole or in part, at the option of the District, at the par amount plus any accrued interest. Prior to August 15, 2019, the Taxable Series 2009B Bonds are subject to "make-whole" redemption, at a redemption price which is the greater of (a) the issue price, or (b) the sum of the present value of the remaining scheduled payments of principal and interest to maturity date of the bonds to be redeemed, discounted at the Treasury Rate plus 25 basis points. If the interest rate subsidy from the U.S. Treasury is reduced or eliminated, the Taxable Series 2009B Bonds may be redeemed, at the option of the District, at the Extraordinary redemption price which is the greater of (a) the issue price, or (b) the sum of the present value of the remaining scheduled payments of principal and interest to maturity date of the bonds to be redeemed, discounted at the Treasury Rate plus 100 basis points.

Taxable Series 2009C Bonds were issued in accordance with provisions of the Build America Bonds program with a total principal amount of \$457,700, bear interest at fixed interest rates (before interest rate subsidy) ranging from 4.148% to 5.621%, mature from August 15, 2017 through August 15, 2044, and were sold at par. Under the provisions of the Build America Bond program's Direct Payment Method, the Taxable Series 2009C Bonds qualify for interest rate subsidies from the U.S. Treasury of 35% of the interest costs paid on each payment date. The Taxable Series 2009C Bonds are subject to "make-whole" redemption, at a redemption price which is the greater of (a) the issue price, or (b) the sum of the present value of the remaining scheduled payments of principal and interest to maturity date of the bonds to be redeemed, discounted at the Treasury Rate plus 25 basis points. If the interest rate subsidy from the U.S. Treasury is reduced or eliminated, the Taxable

**DALLAS COUNTY, TEXAS**

**Notes to the Basic Financial Statements**

**September 30, 2011**  
**(in thousands of dollars)**

**VI. LONG -TERM LIABILITIES (Continued)**

Series 2009C Bonds maybe redeemed, at the option of the District, at the Extraordinary redemption price which is greater of (a) the issue price, or (b) the sum of the present value of the remaining scheduled payments of principal and interest to maturity date of the bonds to be redeemed, discounted at the Treasury Rate plus 100 basis points.

Long-term debt maturities (including mandatory redemptions), and interest payments, net of subsidy, and total debt service at September 30, 2011 are as follows:

<b>Year Ending September 30</b>	<b>Principal Payments and Mandatory Redemptions</b>	<b>Interest Payments, Net of Subsidy</b>	<b>Total Debt Service</b>
2012	\$ -	\$ 25,743	\$ 25,743
2013	-	25,743	25,743
2014	7,015	25,743	32,758
2015	8,230	25,454	33,684
2016-2020	70,685	121,398	192,083
2021-2025	88,070	108,818	196,888
2026-2030	105,600	91,906	197,506
2031-2035	127,585	69,490	197,075
2036-2040	153,515	43,591	197,106
2041-2044	144,300	13,417	157,717
Subtotal	705,000	551,303	1,256,303
Bond Premium	2,542	-	2,542
Accumulated amortization	(750)	-	(750)
<b>Total</b>	<b>\$ 706,792</b>	<b>\$ 551,303</b>	<b>\$ 1,258,095</b>

As of September 30, 2011, the aggregate fair market value of the Bonds was approximately \$826,000 based on quoted market prices. The District is subject to federal arbitrage regulations which limit investment yields on bond proceeds.

The District's ability to issue debt payable from taxes is limited by tax rate limitations imposed by the Texas State Constitution. The District's ad valorem tax rate for all purposes cannot exceed \$0.75 per \$100 valuation. The District's ad valorem tax rate for fiscal year 2011 is below the limit at \$0.271 per \$100 valuation.

In the 2008 bond election, the District informed the voters that it may issue an additional series of bonds not supported by tax revenues in the estimated amount of \$42,000 for new parking facilities. There exists no commitment by the District to issue such bonds.

Interest costs capitalized during 2011 was \$10,800.

**DALLAS COUNTY, TEXAS**

**Notes to the Basic Financial Statements**

**September 30, 2011**  
**(in thousands of dollars)**

**VII. INTERFUND RECEIVABLES AND PAYABLE BALANCES AND TRANSFERS**

*Primary Government*

The composition of interfund balances as of September 30, 2011 is as follows:

**Due to/from other funds:**

<b><u>Receivable fund</u></b>	<b><u>Payable fund</u></b>	<b><u>Amount</u></b>
General	Major grants	\$ 44
Major grants	General	10
Other non-major governmental	Major grants	22
Internal service	General	1,090
Internal service	Major projects	8
Internal service	Major grants	67
Internal service	Other non-major governmental	49
Total		\$ <u>1,290</u>

The “due to” the General Fund represents a reimbursement from the Major grants fund for indirect costs and salaries. The “due to” the Major grants fund from the General fund is for program income. The “due to” Other non-major governmental fund from Major grants fund is for salaries and fringe benefit expenditures. The “due to” the Internal Service Fund from the General, Major projects, Major grants and Other non-major governmental funds relates to health insurance liability expected to be funded in fiscal year 2012.

**Transfer In:**

	<b><u>General Fund</u></b>	<b><u>Major Projects</u></b>	<b><u>Major Grants</u></b>	<b><u>Non-major governmental funds</u></b>	<b><u>Total</u></b>
<b>Transfer Out:</b>					
General fund	\$ -	\$ -	\$ 4,405	\$ -	\$ 4,405
Major projects	60	-	-	-	60
Non-major governmental funds	<u>29,395</u>	<u>15,011</u>	<u>-</u>	<u>175</u>	<u>44,581</u>
Total	\$ <u>29,455</u>	\$ <u>15,011</u>	\$ <u>4,405</u>	\$ <u>175</u>	\$ <u>49,046</u>

**DALLAS COUNTY, TEXAS**

**Notes to the Basic Financial Statements**

**September 30, 2011  
(in thousands of dollars)**

**VII. INTERFUND RECEIVABLES AND PAYABLE BALANCES AND TRANSFERS(Continued)**

Transfers from Non-major governmental funds to the General and Major projects funds were mainly from the Road and Bridge, Judicial, Local Government, Record Management and Permanent Improvement Capital Project Funds. Transfers from the Road and Bridge fund to the General and Major projects funds totaled \$21,719 and \$1,595, respectively, and were primarily from vehicle registration fees, criminal fines, and forfeitures collected by that fund for various transportation related projects. Transfers from the Judicial, Local Government and Record Management Funds totaled \$5,345 for General fund current expenditures for record management, local government and judicial expenditures approved by the respective official custodian to support certain approved expenditures. Transfers from the Permanent Improvement Capital Project fund totaled \$11,772 and was to fund certain capital projects.

A condition of certain Major Grants requires the County to provide matching funds in order to obtain grant funding. In fiscal 2011, the General Fund provided matching funds aggregating \$4,405. The majority of which was for juvenile grants.

**ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

***Primary Government***

Approximately 21% of the \$30,611 balance in accounts payable and accrued liabilities at September 30, 2011 represents accrued payroll liabilities with the balance being payable to vendors and contractors.

***Discretely Presented Component Unit***

Accounts payable and accrued liabilities in the Statement of Net Assets includes accounts payable and accrued expenses of \$58,318 and \$16,318 for the Hospital and Foundation, respectively, Health Plan reserves for incurred but unreported claims of \$44,657, accrued payroll of \$44,868, employee healthcare liabilities of \$2,350, and other employee benefits of \$5,227.

**VIII. RETIREMENT COMMITMENTS**

***Primary Government***

***(a) Retirement Plan Description***

***Texas County and District Retirement System***

The County provides retirement, disability and death benefits for all of its full-time employees through a non-traditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The TCERS Board of Trustees is responsible for the administration of the statewide agent multi-employer public employee retirement system consisting of 586 nontraditional defined benefit pension plans. TCERS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available online at [www.tcds.org](http://www.tcds.org) or upon written request from the Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within options available in Texas state statutes (TCERS Act) governing TCERS. Members employed by the County are vested and may retire at age 60 and above with ten 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 80 or more. Members



# DALLAS COUNTY, TEXAS

## Notes to the Basic Financial Statements

September 30, 2011  
(in thousands of dollars)

### VIII. RETIREMENT COMMITMENTS (Continued)

are vested after combined ten years of employment with any organization(s) with an accredited plan (not just the County) but must leave their accumulated contributions in the plan to receive any employer financed benefit.

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

#### *Public Agency Retirement Services*

Employees with less than 1,000 hours of annual service, are required to participate in the Public Agency Retirement Services Plan (PARS) as an alternative to participation in Social Security. PARS is administered by Phase II Systems, a California corporation. Employee and County contributions are fixed as a percent of an employee's salary which percentages are 6.2% and 1.3%, respectively. In fiscal 2011, employee and County contributions were \$80 and \$17, respectively. The County Treasurer administers the investment policy for employee and County contributions.

#### *(b) Funding Policy*

The County has chosen a fixed rate plan under the provisions of the TCDRS Act. County employees with 1,000 or more hours of service a year are members of the plan. The plan is funded by monthly contributions from both the County and its employees based on the covered payroll of employee members. Regulated by the TCDRS Act, the required 9.4% contribution rate of the County is a fixed percent matched by a 7% contribution rate payable by employee members and adopted by the Commissioners Court.

The financing objective for the plan is to provide benefits for the employee members that can be adequately financed by a fixed employer contribution rate that remains level as a percent of covered payroll. Employee and County contribution rates may be changed by the Commissioners Court with options available in the TCDRS Act. If a plan has had adverse experience, the TCDRS Act provisions allow an employer to contribute a fixed supplemental contribution rate determined by the TCDRS actuary above the regular rate for 30 years or to reduce benefits earned in the future.

The schedule of funding progress, presented as Required Supplementary Information (see page 94) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Plan asset values negatively affected by market conditions during fiscal 2011 have increased in value.

#### *(c) Annual Pension Cost*

For the year ended September 30, 2011, the County's annual pension cost and actual contributions for the TCDRS plan was \$26,905. This excludes contributions for Community Supervision and Corrections Department (CSCD), which is not a department or component unit of the County. Actuarial Valuation Information below includes CSCD. Any experience adjustment, based on the TCDRS actuarial studies, is passed to CSCD based on the associated covered payroll. The annual required contributions actuarially determined as a percent of the covered actuarial payroll of the

**DALLAS COUNTY, TEXAS**

**Notes to the Basic Financial Statements**

**September 30, 2011**  
**(in thousands of dollars)**

**VIII. RETIREMENT COMMITMENTS (Continued)**

participating employees for fiscal 2011 complied with GASB Statement No. 27 parameters based on the actual actuarial valuation as of December 31, 2008. An actuarial valuation as of December 31, 2009 will be used to assess the adequacy of future financing arrangements in fiscal 2011.

**Actuarial Valuation Information**

Fiscal year	2009	2010	2011
<b><u>GASB 27 Calculation Information</u></b>			
<sup>3</sup> GASB 27 compliant contribution rate	8.50%	9.40%	9.40%
<sup>3</sup> Actuarial assumed investment return rate	9.00%	9.00%	9.00%
<sup>3</sup> Actuarial amortization factor	7.4559	12.2964	12.2964
<sup>3</sup> Rate actually used to make contributions	8.50%	9.40%	9.40%
<b><u>Actuarial Information</u></b>			
Actuarial valuation date	12/31/07	12/31/08	12/31/09
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization cost method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open
Amortization period	9.2 years	18.4 years	18.4 years
Asset valuation method	<sup>1</sup> SAF: 10 years smoothed value <sup>2</sup> ESF: Fund Value	<sup>1</sup> SAF: 10 years smoothed value <sup>2</sup> ESF: Fund value	<sup>1</sup> SAF: 10 years smoothed value <sup>2</sup> ESF: Fund value
Actuarial Assumptions:			
Investment return	8.0%	8.0%	8.0%
Projected salary increases	5.3%	5.3%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%
Fiscal year	2009	2010	2011
<b><u>Schedule of Funding Information</u></b>			
<sup>3</sup> Actuarial valuation date	12/31/07	12/31/08	12/31/09
<sup>3</sup> Actuarial value of assets	861,802	858,899	953,736
<sup>3</sup> Actuarial present value of future normal cost contributions	162,763	169,444	172,577
<sup>3</sup> Actuarial accrued liability (AAL)	915,680	986,173	1,072,039
<sup>3</sup> Unfunded actuarial accrued Liability (UAAL)	53,878	127,274	118,303
Funded ratio	94.12%	87.09%	88.96%
Actuarial covered payroll	\$306,761	\$326,355	\$318,942
UAAL as percent of covered payroll	17.56	39.00%	37.09%
<b><u>Required employer rates</u></b>			
<sup>3</sup> Normal cost	6.42%	6.40%	6.40%
<sup>3</sup> UAAL	<u>2.08%</u>	<u>3.00%</u>	<u>3.00%</u>
<sup>3</sup> Total required rate	8.50%	9.4%	9.4%

*Note 1: SAF is defined as "Subdivision Accumulation Fund".*

*Note 2: ESF is defined as "Employee Savings Fund".*

**DALLAS COUNTY, TEXAS**

**Notes to the Basic Financial Statements**

**September 30, 2011**  
**(in thousands of dollars)**

**VIII. RETIREMENT COMMITMENTS (Continued)**

**Annual Pension Cost**

<b>Fiscal Year Ended</b>	<b>Annual Pension Cost (ARC)</b>	<b>Percentage of ARC Contributed</b>	<b>Net Pension Obligation</b>
September 30, 2009	\$25,166	100%	—
September 30, 2010	26,990	100	—
September 30, 2011	26,905	100	—

***Post Retirement Benefits Other Than Pension (OPEB)***

***OPEB Plan Description***

The County's group medical plans (Plan) are administered through the Public Employee Benefits Cooperative. The Plan is a single-employer defined benefit healthcare plan funded on a pay-as-you-go basis. OPEB includes health insurance and Medicare supplements. Contribution, adjustment or elimination of the contribution and adjustments to OPEB eligibility are subject to the governing body's annual budgetary discretion. The County allows retirees and dependents to continue health, dental and other insurance benefits upon retirement.

Age-adjusted premium amounts are not incorporated with the policy, except after the age of 65. Medicare instead of County program is mandatory if the retiree is Medicare eligible. All retirement credits must be earned within the County for insurance eligibility. Retiree plan participants who opt for other than basic or enhanced coverage must contribute 100% of the costs.

**Funding Policy**

The County is not required by Texas law or contractual agreement to provide funding for OPEB other than the pay-as-you-go amount necessary to provide current budget year benefits to retirees and eligible beneficiaries and their dependents. Contribution, adjustment or elimination of the contribution and adjustments to eligibility are subject to the governing body's annual budgetary discretion. For the year ended September 30, 2011, the County paid \$6,393 for OPEB payments by the Plan, consisting of both County and retiree contributions. Retiree Plan members receiving benefits contributed \$3,359 or approximately 52.55% of total cost through their required contributions.

The schedule of funding progress, presented as Required Supplementary Information (see page 94) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of OPEB assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Annual OPEB Cost and Net OPEB Obligation**

The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount that was actuarially determined by using the Projected Unit Credit method. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This allocation is performed for the group as a whole.

**DALLAS COUNTY, TEXAS**

**Notes to the Basic Financial Statements**

**September 30, 2011**  
**(in thousands of dollars)**

**VIII. RETIREMENT COMMITMENTS (Continued)**

The Projected Unit Credit method allocates costs from date of hire to expected retirement date based on experience by aging active claims to retirement. The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. Under this method, actuarial gain or losses, as they occur, reduce or increase future Normal Costs. The following table shows the elements of the County's annual OPEB cost for each of the three fiscal years ending September 30, 2011, the amount actually paid on behalf of the Plan, and changes in the County's net OPEB obligation to the Plan:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Normal cost	\$34,700	\$34,700	\$14,600
Amortization of Unfunded Actuarial Accrued Liability	13,300	13,300	6,400
Interest on net OPEB obligation	2,026	900	900
Adjustment to annual required contribution	<u>(2,026)</u>	<u>(900)</u>	<u>(900)</u>
Annual OPEB expense	48,000	48,000	21,000
Contributions made	<u>(3,034)</u>	<u>(3,209)</u>	<u>(3,050)</u>
Change in net OPEB obligation	44,966	44,791	17,950
Net OPEB obligation – beginning of year	<u>81,039</u>	<u>36,248</u>	<u>18,298</u>
Net OPEB obligation – end of year	<u>\$126,005</u>	<u>\$81,039</u>	<u>\$36,248</u>

The County decided against funding any Unfunded Actuarial Accrued Liability (UAAL) at transition and will amortize it over the maximum period of thirty years, open basis, as allowed under GASB 45.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three fiscal years ended September 30, 2011 are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
September 30, 2009	21,000	14.5	\$36,248
September 30, 2010	48,000	6.68	81,039
September 30, 2011	48,000	6.32	126,005

**Funding Status and Funding Progress.**

The most recent actuarial valuation (dated October 1, 2009) includes actuarial accrued liability of \$370,000 and actuarial value of assets of \$0, resulting in an unfunded actuarial balance. There are no Plan assets because the County funds on a pay-as-you-go basis. The covered payroll (annual payroll of active employees covered by the Plan) was \$266,248 and the ratio of the UAAL to the covered payroll was (139.0%).

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The discount rate for the most recent actuarial valuation is 2.5% reduced from 5.0% in the 2007 valuation. Examples of other estimates include assumptions about future employment mortality and the health care cost trends.

**DALLAS COUNTY, TEXAS**

**Notes to the Basic Financial Statements**

**September 30, 2011**  
**(in thousands of dollars)**

**VIII. RETIREMENT COMMITMENTS (Continued)**

The schedule of funding progress, presented as Required Supplementary Information (see page 94) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of OPEB assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent age of Payroll (b-a)/c
2009	October 1, 2007	-	\$165,000	(\$165,000)	0.00%	\$288,654	(57.2)%
2010	October 1, 2009	-	370,000	(370,000)	0.00%	286,081	(129.3)%
2011	October 1, 2009	-	370,000	(370,000)	0.00%	266,248	(139.0)%

**Actuarial Methods and Assumptions.**

Projections of benefits for financial reporting purposes are based on the substantive plan include actuarial valuations as classified by the Texas County and District Retirement System (TCDRS); the types of benefits provided at the time of each valuation; and the historical pattern of benefit costs between the employer and the plan members at 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 long-term perspective of the calculations. The demographic assumptions requiring approval were accepted by the County's finance leaders.

Summary information as of the October 1, 2009 actuarial valuation follows:

Actuarial valuation data	October 1, 2009
Actuarial cost method	Projected Unit Cost
Amortization period	30 years
Asset valuation method	Unfunded
Actuarial assumptions:	
Investment rate of return	2.5% compounded annually
Inflation rate	2.5
Projected salary increases	2.0
Increases in postretirement health care costs	8% initial; 5% ultimate
Participant data	
Active	
- Number	5,487
- Average age	42.9
- Average past service	8.7
- Average future service to expected retirement	12.2
Retired participants and surviving Spouses	
- Number	493
- Average age	67.9
Dependents	
- Number	176
- Average age	65.0

**DALLAS COUNTY, TEXAS**

**Notes to the Basic Financial Statements**

**September 30, 2011**  
**(in thousands of dollars)**

**VIII. RETIREMENT COMMITMENTS (Continued)**

*Discretely Presented Component Unit*

*Defined Benefit Plan*

The District maintains the Dallas County Hospital District Retirement Income Plan, a single-employer, defined benefit pension plan (Plan), which covers substantially all of its full-time employees. The Plan is administered by the Board of Managers of the District (Board). Plan provisions and contribution requirements are established and may be amended by the Board. The annual payroll for employees covered by the Plan for the year ended December 31, 2010, which is included in the actuarial valuation as of January 1, 2011, was approximately \$445,000. For the year ended September 30, 2011, the District's total payroll was approximately \$578,000.

Employees are required to contribute 4.5% of their annual salaries to the Plan. The District is required by the Plan to contribute the remaining amounts necessary to fund the Plan using actuarial methods.

Employees attaining the age of 65 who have completed five or more years of service are entitled to annual benefits of 1.25% of their final average annual earnings for each year of service prior to 1982 plus 2.5% of their final average earnings for each year of service after 1981 up to a maximum of 60% of final average earnings, subject to Internal Revenue Service limitations. The Plan permits early retirement, for which the participant is eligible for a reduced benefit at age 55, provided the employee has completed five years of service.

Effective July 1, 2010, the Plan was amended to assure parity with Social Security benefits for some participants. The greater of the above described "normal" benefit accrual rates or the following alternative rates will apply: 4% of the Participant's final average earnings up to \$10 multiplied by his years of service (capped at 25 years) plus 2% of that portion of the final average earnings, if any, which is between \$10 and \$30, multiplied by his years of service (capped at 25 years). For calendar years following 2010, the breakpoint values of \$10 and \$30 will be indexed to the Social Security Taxable Wage Base. The Plan Document was restated effective January 1, 2011 to incorporate three prior amendments.

If an employee terminates his or her employment with the District prior to the completion of five years of service, the employee is entitled to a refund of his or her contribution. After five years of service, the employee, upon termination, is entitled to the pension accrued to the date of termination, payable commencing at his or her normal retirement date or at the age of 55 upon early retirement. Actual benefits to be paid, however, may vary depending on, among other things, actual retirement date, form of payment elected, and certain limitations as described in the Plan document.

The District's funding policy is to make periodic actuarially determined employer contributions in amounts designed to accumulate sufficient assets to pay benefits when due. The projected unit credit method is used to determine both the funding and the pension benefit obligation.

Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8.25% per year, compounded annually; (b) projected salary increases of 4%; (c) inflation of 4.25%, and (d) the assumption that benefits will not increase after retirement. The amortization method used is the level percentage of projected open payroll over a period of 30 years. The actuarial value of assets is equal to a five-year rolling phase-in of the excess of actual investment income over expected investment income, based on the market value.

**DALLAS COUNTY, TEXAS**

**Notes to the Basic Financial Statements**

**September 30, 2011**  
**(in thousands of dollars)**

**VIII. RETIREMENT COMMITMENTS (Continued)**

The District's annual pension cost and net pension asset related to the Plan for the year ended September 30, 2011, were as follows:

Annual required contribution	\$ 16,457
Interest on net pension asset	(1,645)
Adjustment to annual required contribution	<u>1,212</u>
Annual pension cost	16,024
Contributions	<u>17,413</u>
Increase in net pension asset	1,389
Net pension asset - beginning of year	<u>19,696</u>
Net pension asset - end of year	<u>\$21,085</u>

The annual pension costs related to the Plan are as follows:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
September 30, 2011	\$ 16,024	109 %	\$ 21,085
September 30, 2010	16,141	104	19,696
September 30, 2009	11,228	104	19,061

During the year ended September 30, 2011, \$22,100 of employee contributions were made in accordance with the established contribution requirements described above. The District contributed approximately \$17,400 to the Plan during the year ended September 30, 2011, in accordance with contribution requirements determined by the January 1, 2011 actuarial valuation. Three- year historical trend information presenting the progress in accumulating sufficient assets to pay benefits when due is presented in the Required Supplementary Information (see page 95) following the notes to the basic financial statements based on the Plan's year-end of December 31.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. This report may be obtained by writing to the District's Accounting office. At January 1, 2011, 2010, and 2009, the actuarial value of assets was sufficient to fund 87.3%, 86.5%, and 81.5%, respectively, of the actuarial accrued liability. The unfunded liability as a percentage of the annual payroll for employees covered as of January 1, 2011, 2010, and 2009 was 16.5%, 15.9%, and 21.6%, respectively.

***Defined Contribution Plan***

The District also maintains a voluntary defined contribution plan covering all employees with at least one year of service. The defined contribution plan is administered by the Board. The defined plan provisions and contribution requirements are established and may be amended by the Board. The payroll for employees covered by the defined contribution plan for the year ended September 30, 2011, was approximately \$519,000. The District's total payroll was approximately \$578,000. Eligible employees can choose to contribute from 2% to 20% of their base salaries. The District will match employees' contributions 100%, up to 6% of their base salaries. Employees are fully vested at

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2011  
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

all times in their voluntary contributions, plus earnings thereon. Vesting in the District's matching contributions is based on years of service. After one year of service, employees vest at the rate of 20% per year for five years. Should an employee terminate prior to vesting completely in the District's contributions, the unvested portion can be used to reduce the District's matching contributions in the aggregate in the following year.

Contributions for the year ended September 30, 2011 were approximately \$16,900 from the District and \$35,400 from employees, or 6.8% of covered payroll. The required contribution by the District for 2011 has been reduced by \$80 representing forfeitures of prior District contributions and related investment income for nonvested amounts of employees withdrawing from the Plan upon termination.

*Postretirement Benefits Other Than Pension*

In addition to providing pension benefits, the District provides certain health care benefits for retired employees until age 65 (OPEB Plan). Effective October 1, 2007, the District adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The effect of adoption was to change recognition of postretirement benefit expenses from a cash basis as claims were paid to an accrual basis. As of January 1, 2011, the number of retirees and eligible beneficiaries was 108.

The OPEB Plan is administered by the District Board. The OPEB Plan provisions and contribution requirements are established and may be amended by the Board. The OPEB Plan does not issue a publicly available financial report. In September 2011, the Plan provisions were modified to discontinue allowing new enrollees in the Plan effective January 1, 2013.

The District's annual other postemployment benefit (OPEB) cost or expense is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities, or funding excess, over a period not to exceed 30 years. The following table shows the components of the District's OPEB costs for the year ended September 30, 2011, the amount actually contributed to the OPEB Plan, and changes in the District's net OPEB obligation to the OPEB Plan.

	2011
Annual required contribution	\$ 246
Interest on net OPEB obligation	296
Adjustment to annual required contribution	(237)
Annual OPEB cost	305
Contributions	(600)
Increase (decrease) in net OPEB obligation	(295)
Net OPEB obligation - beginning of year	5,913
Net OPEB obligation - end of year	\$ 5,618



**DALLAS COUNTY, TEXAS**

**Notes to the Basic Financial Statements**

**September 30, 2011**  
**(in thousands of dollars)**

**VIII. RETIREMENT COMMITMENTS (Continued)**

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Contributed</u>	<u>Net OPEB Obligation</u>
September 30, 2011	\$ 305	32 %	\$ 5,618
September 30, 2010	3,462	29	5,913
September 30, 2009	2,649	32	3,457

As of January 1, 2011, the OPEB Plan was not prefunded. Contributions made were for current year costs incurred only. As of January 1, 2011, the actuarially accrued liability for benefits was \$3,500, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$3,500. The covered payroll (annual payroll of active employees covered by the OPEB Plan) was \$465,500. The ratio of the unfunded actuarial accrued liability to the covered payroll was 0.8%.

Actuarial valuations of the OPEB Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the annual required contributions of the District and the funded status of the OPEB Plan are subject to continual revision as actual results are compared with past expectation and new estimates are made about the future.

In the January 1, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5% investment rate of return. The amortization method used is the level percentage of projected open payroll over a period of 30 years.

**IX. LEASES**

***Primary Government***

The County has a number of operating leases. Future minimum rental payments applicable to the operating leases are as follows:

<u>Years Ending September 30,</u>	<u>Amount</u>
2012	\$ 1,380
2013	986
2014	830
2015	745
2016	210
2017-2021	<u>139</u>
Total	<u>\$ 4,290</u>

Rental expense for fiscal 2011, for all County operating leases was approximately \$1,618 including \$110 for lease pass-through expenses such as common area maintenance.

**DALLAS COUNTY, TEXAS**

**Notes to the Basic Financial Statements**

**September 30, 2011**  
**(in thousands of dollars)**

**IX. LEASES (Continued)**

*Discretely Presented Component Unit*

The District leases facilities under operating leases that expire over periods of up to five years. Renewal and purchase options are available on certain of these leases. At September 30, 2011, future minimum rental payments applicable to the operating leases were as follows:

<u>Years Ending September 30,</u>	<u>Amount</u>
2012	\$ 3,767
2013	2,089
2014	1,956
2015	1,497
2016	329
Total	<u>\$ 9,638</u>

Rental expense for all operating leases was approximately \$4,200 for the year ended September 30, 2011.

The District is also a lessor primarily of land, office space and parking space under operating leases. Renewal options are available on certain of these leases. Rentals received under these arrangements are recorded in Charges for Services in the accompanying Statement of Activities. Minimum future rentals to be received under operating leases at September 30, 2011 are as follows:

<u>Years Ending September 30,</u>	<u>Amount</u>
2012	\$ 885
2013	546
2014	261
2015	261
2016	241
2017-2021	919
2022-2026	704
2027-2031	668
2032-2036	515
2037-2041	229
2042-2046	229
2047-2051	229
2052-2056	229
2057-2061	229
2062-2066	229
2067-2071	229
2072-2076	229
2077-2081	229
2082-2086	229
2087	46
Total	<u>\$ 7,336</u>

# DALLAS COUNTY, TEXAS

## Notes to the Basic Financial Statements

September 30, 2011  
(in thousands of dollars)

### X. RISK MANAGEMENT

#### *Primary Government*

The County has elected to self-insure against risks arising from tort claims, employee group medical insurance benefits, workers' compensation benefits due employees who are injured while on duty, losses of funds by theft or mysterious disappearances in all fee offices of the County (with the exception of the Office of County Tax Assessor Collector and the Office of County Treasurer), and any and all other claims asserted by employees and/or third parties against the County arising out of the normal conduct of County business. The County has chosen to be a reimbursing employer under the unemployment compensation program administered by the Texas Employment Commission.

The County purchased third-party vehicle insurance for Auto Theft Task Force grants. Specific property insurance is purchased to mitigate certain risks. Property insurance limits include buildings at \$1,000; boiler and machinery; data, election and radio equipment and builders risk for certain construction projects. Current premium reflects a rate of \$0.29 cents per one thousand dollars of insurance.

The County's workers' compensation self-insurance program provides medical and indemnity payments as required by law for on-the-job related injuries. A fiscal 2011 internal analysis of historical data, trends and policies supports an experience rate reduction for aged-out claims. Actual experience for fiscal 2011 reflects a lower payroll but increased reported losses for base year. The liability is recognized in the Internal Service Fund. The third-party administrator for the program monitors the filing of claims, verifies the legitimacy and processes payments to injured employees.

The Internal Service Fund was also established to account for the County's group medical insurance program. The County self-insures benefits through this fund utilizing its third-party benefit administrator. The County pays certain amounts of premiums for employees into the Internal Service Fund or to a third party, and allows employees to select additional benefits with premiums paid by the employees.

Premiums are paid into the Internal Service Fund by all other governmental funds for medical insurance programs. Contracted insurance providers receive disbursements based on monthly enrollment and premium calculations. Funds are available to pay claims, claim reserves and administrative costs of the programs. Liabilities include an amount for claims or judgments that have been incurred but not reported. Liabilities of each fund are reported when it is probable that a loss or claim has occurred and the amount of the loss or claim is known or can be reasonably estimated. The County has specific deductible stop loss coverage of \$600 for the fiscal year ended September 30, 2011.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2011  
(in thousands of dollars)

X. RISK MANAGEMENT (Continued)

Changes in the medical and workers' compensation claims liability amounts in fiscal years 2010 and 2011 follow:

	<u>Beginning Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2010 Medical	\$3,669	\$64,860	\$63,572	\$4,957
2011 Medical	4,957	62,728	63,689	3,996
2010 Workers' Compensation	3,584	2,125	2,740	2,969
2011 Workers' Compensation	2,969	2,611	2,625	2,955

*Discretely Presented Component Unit*

The liabilities described below as of September 30, 2011, are based on requirements that a liability for claims be reported if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These liabilities include estimates for both reported claims and incurred, but not reported claims. As a result of settled claims, the frequency of new claims, and other economic and social factors, claims liabilities are reevaluated periodically.

Hospital Professional and General Liability – The District is involved in certain legal actions and claims arising in the ordinary course of operations. The District records estimated self-insurance costs for medical malpractice and general liabilities as other current and long-term liabilities. The amounts provided for funding and the estimated liability are based on settlement of claims limited to \$100 per claim and \$300 per occurrence in accordance with the limited liability provisions of the Texas Tort Claim Act. The funding is using an actuarially determined 2% discount rate.

Employee Health Care Benefit Liability – The District manages a self-insurance program that provides for the payment of employee health claims. The District records estimated self-insurance costs for health claims as current liabilities. The amount of the estimated liability is derived from a claims modeling system. To obtain coverage, employees authorize payroll withholdings to pay the employee portion of contributions for individual and dependent coverage. Claims are paid by a third-party administrator acting on behalf of the District.

The administrative contract between the District and the third-party administrator is renewable annually, and administrative fees are included in the contractual provisions. The reserves for this liability are included in accounts payable and accrued liabilities in the Statement of Net Assets.

Workers' Compensation Liability – The District maintains a self-insurance plan for workers' compensation benefits, managed by a third-party administrator. The District records estimated self-insurance costs for workers' compensation as current liabilities. The amount provided for the estimated liability is based on settlement of claims. The funding estimate used an actuarially determined 2% discount rate. These reserves are included in accounts payable and accrued liabilities in the Statement of Net Assets.

**DALLAS COUNTY, TEXAS**

**Notes to the Basic Financial Statements**

**September 30, 2011**  
**(in thousands of dollars)**

**X. RISK MANAGEMENT (Continued)**

Health Plan Reserves for Incurred but Unreported Claims Liability – The Health Plan provides reserves for estimated incurred, but unreported and reported, but unpaid physician, hospital, and pharmacy services rendered to members enrolled in the Health Plan during the period.

These reserves are estimated by the use of completion factors applied to historical lag patterns and cost trends. Medical cost adjustments to prior-period estimates are reflected in the current period, and changes in these estimate adjustments could be significant. These reserves are included in accounts payable accrued liabilities in the Statement of Net Assets.

Changes in the hospital professional and general liability, employee health care benefit liability, workers’ compensation liability, and Health Plan reserves for incurred, but unreported claims liability amounts in fiscal 2011 and 2010, were as follows:

	<u>Beginning Liability</u>	<u>Current Year Estimates of Claims</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
Hospital professional and general liability:				
2010	\$ 3,650	\$ 986	\$ (684)	\$ 3,952
2011	3,952	1,312	(940)	4,324
Employee health care benefit liability:				
2010	2,467	81,692	(82,814)	1,345
2011	1,345	71,473	(70,468)	2,350
Workers’ compensation liability:				
2010	4,630	1,690	(1,690)	4,630
2011	4,630	1,415	(1,857)	4,188
Health Plan reserves for incurred but unreported claims liability:				
2010	45,792	400,872	(393,506)	53,158
2011	53,158	397,084	(405,585)	44,657

**XI. COMMITMENTS AND CONTINGENCIES**

***Primary Government***

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. A \$600 contingent liability is established because potential reimbursements are considered probable for two questioned awards.

Several lawsuits that could affect the County’s financial position are in various stages of litigation. An estimated liability of \$2,200 has been established in the government-wide Statement of Net Assets to provide coverage for the estimated maximum cost to the County. There are other lawsuits and claims in which the County is involved. Based upon the representations of the District Attorney and legal counsel for the Commissioners Court, management believes that potential claims, if any, against the County resulting from such litigation would not materially affect the financial position or operations of the County. Refer to Note XIII Subsequent Events.

**DALLAS COUNTY, TEXAS**

**Notes to the Basic Financial Statements**

**September 30, 2011**  
**(in thousands of dollars)**

**XI. COMMITMENTS AND CONTINGENCIES (Continued)**

*Discretely Presented Component Unit*

*Litigation*

The District is involved in litigation and compliance investigations arising in the normal course of business or as a result of routine internal compliance reviews conducted by District management. The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity has continued with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. While no fines, penalties or claims for repayment have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. District management believes that the District has appropriately reserved for any existing or unasserted claims related to such potential regulatory actions and the ultimate outcome will not have a material effect to the Statement of Net Assets or Statement of Activities.

In July 2011, surveyors from the Centers for Medicare and Medicaid Services (CMS) assessed the District's compliance with the CMS Conditions of Participation – the health and safety standards health care organizations must meet in order to participate in the Medicare and Medicaid programs, including the Emergency Medical Treatment and Active Labor Act (collectively, the COP). The survey was in response to a patient complaint.

The CMS assessments found that the District was not fully compliant with the COP. Accordingly, in September 2011, CMS notified the District that it intended to terminate the District's participation in the Medicare and Medicaid program due to failure to meet certain standards. Recognizing the vital role the District serves in providing health care to the people of Dallas County, CMS suspended that termination when the District entered into a Systems Improvement Agreement (SIA). Under the terms of the SIA, the District agreed to: a) engage a team of independent consultants who will analyze the District operations in their entirety under the COP and, within 60 days of their engagement, provide a report to CMS outlining areas of improvement to ensure full compliance with all COP; b) assist the independent consultants in the development of a written plan outlining what specific actions the District must take to achieve substantial compliance with all COP; c) within 60 days of their engagement, assist the independent consultants with reviewing the District's existing Quality Assessment and Performance Improvement (QAPI) program to develop a comprehensive, hospital-wide, and effective QAPI program for implementation; d) and engage a full-time, independent, on-site Compliance Officer to provide oversight and coordination of the District's implementation of the COP and QAPI action plans designed to ensure the District's substantial compliance.

Effective November 8, 2011 the District engaged Alvarez & Marsal as independent consultants to execute the requirements of the SIA. Within six months to a year after it approves the independent consultant's plan to ensure full compliance with all COP, CMS will conduct a survey of hospital system operations to confirm whether the District has returned to compliance.

The District remains fully committed to providing high quality health care services to its patients and the communities it serves. The District intends to work expeditiously and collaboratively with CMS

## DALLAS COUNTY, TEXAS

### Notes to the Basic Financial Statements

September 30, 2011  
(in thousands of dollars)

#### XI. COMMITMENTS AND CONTINGENCIES (Continued)

and the independent consultants to resolve the matters identified by CMS as deficient under the COP and noted in its reports posted on the District's website, although there can be no assurance we will be able to do so. Failure to resolve these matters would have a material adverse effect on the District finances, as 67% of the District's total revenues are generated from services to Medicare and Medicaid program patients. Subject to the provisions and conditions of the SIA and during its term, the District will continue to fully participate in the Medicare and Medicaid programs. If the District successfully implements the requirements of the SIA, it will continue to fully participate in the Medicare and Medicaid programs after the SIA expires.

The Patient Protection and Affordable Care Act (PPACA), was signed into law on March 23, 2010. In addition, the Health Care and Education Affordability Reconciliation Act (Reconciliation Act), which contains a number of amendments to PPACA, was signed into law on March 23, 2010. These healthcare bills (collectively, the Reform Legislation) seek to increase the number of the persons with access to health insurance in the United States by requiring substantially all U.S. citizens to maintain medical insurance coverage. The Reform Legislation makes a number of other changes to Medicare and Medicaid, such as reductions to the annual market basket update for federal fiscal years 2010 through 2019, a productivity offset to the market basket update beginning October 1, 2011 and a reduction to the disproportionate share payments. The various provisions in the Reform Legislation that directly or indirectly affect reimbursement are scheduled to take effect over a number of years.

Also included in the Reform Legislation are provisions aimed at reducing fraud, waste, and abuse in the healthcare industry. These provisions allocate significant additional resources to federal enforcement agencies and expand the use of private contractors to recover potentially inappropriate Medicare and Medicaid payments. The Reform Legislation amends several existing federal laws, including the Medicare Anti-Kickback Statute and the False Claims Act, making it easier for government agencies and private plaintiffs to prevail in lawsuits brought against healthcare providers. These amendments also make it easier for potentially serve fines and penalties to be imposed on healthcare providers accused of violating applicable laws and regulations.

District management cannot predict the positive or negative impact the Reform Legislation may have on the District's financial statements.

As of September 30, 2011, the District had commitments outstanding of approximately \$722,000 related to the construction of the new Hospital campus.

#### *Affiliation Agreements*

In 2007, the District entered into an Indigent Care Affiliation Agreement with a number of hospital systems in Dallas County (collectively, the Affiliated Hospitals) for the purpose of participation in the Private Hospital Medicaid Supplemental Payment Program authorized by Medicaid State Plan Amendment (Private UPL Program). The District paid \$102,000 during the year ended September 30, 2011 for the Texas Private UPL Program. These amounts are recorded in Expenses in the Statement of Activities.

**DALLAS COUNTY, TEXAS**

**Notes to the Basic Financial Statements**

**September 30, 2011**  
**(in thousands of dollars)**

**XII. NEW ACCOUNTING PRONOUNCEMENTS**

**GASB 57: OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans—**

This statement is intended to address issues related to the use of the alternative measurement method and the frequency and timing of measurement by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). This statement amends Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, to permit an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method, at its option, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates. Consistent with this change to the employer-reporting requirements, this statement also amends a Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, requirement that a defined benefit OPEB plan obtain an actuarial valuation. The amendment permits the requirement to be satisfied for an agent multiple-employer OPEB plan by reporting an aggregation of results of actuarial valuations of the individual-employer OPEB plans or measurements resulting from use of the alternative measurement method for individual-employer OPEB plans that are eligible. The statement becomes effective for fiscal years beginning after June 15, 2011.

**GASB 60: Accounting and Financial Reporting**

The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCA's) which are a type of public-private or public-private partnership. This Statement applies only to those arrangements in which specific criteria determining whether a transferor has control over the facility are met. This Statement also provides

guidance for governments that are operators in an SCA. This Statement requires disclosures about an SCA including a general description of the arrangement and information about the associated assets, liabilities, and deferred inflows, the rights granted and retained, and guarantees and commitments. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011.

**GASB 61: Financial Reporting Entity**

The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on the "substantively the same governing body" criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility (as defined in paragraph 8a) for the activities of the component unit. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The blending provisions are amended to clarify that funds of a blended component unit have the same financial reporting requirements as a fund of the primary government. Lastly, additional reporting guidance is provided for blending a component unit if the primary government is a business-type activity that uses a single column presentation for financial reporting. This Statement also clarifies the reporting of equity interest in legally separate organizations. The provisions of the Statement are effective for financial statements for periods beginning after June 15, 2012.



DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2011  
(in thousands of dollars)

**XII. NEW ACCOUNTING PRONOUNCEMENTS (Continued)**

**GASB 62: Codification of Accounting and Financial Reporting**

The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issues on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedures

This Statements also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011.

**GASB 63: Financial Reporting of Deferred Outflows**

This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The provisions of the Statement are effective for financial statements for periods beginning after December 15, 2011.

**GASB 64: Derivative Instruments**

The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011.

**XIII. SUBSEQUENT EVENT**

On March 20, 2012 the County Commissioners agreed to settle two outstanding lawsuits involving jail neglect and free speech. Settlement amount including attorney costs for both lawsuits totaled \$1,052.

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**REQUIRED SUPPLEMENTARY  
INFORMATION  
(UNAUDITED)**

DALLAS COUNTY, TEXAS  
 Required Supplementary Information  
 General Fund  
 (Unaudited)

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 For the Year Ended September 30, 2011  
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 279,318	\$ 279,318	\$ 281,097	\$ 1,779
Licenses and permits	8,326	8,326	8,787	461
Fines and forfeitures	11,799	11,799	10,865	(934)
Investment income	3,560	3,560	2,706	(854)
Rental revenues	3,820	3,820	2,964	(856)
Intergovernmental revenues	4,209	4,209	1,260	(2,949)
Charges for current services	95,211	95,211	96,012	801
Miscellaneous	8,897	8,897	15,969	7,072
Total revenues	<u>415,140</u>	<u>415,140</u>	<u>419,660</u>	<u>4,520</u>
<b>EXPENDITURES:</b>				
General government:				
Salaries	36,822	35,344	35,341	3
Allowances	62	65	65	-
Operating	42,386	43,207	36,950	6,257
Property	377	955	689	266
Total general government	<u>79,647</u>	<u>79,571</u>	<u>73,045</u>	<u>6,526</u>
Judicial:				
Salaries	94,589	96,364	96,363	1
Allowances	49	64	64	-
Operating	24,140	27,891	25,857	2,034
Total judicial	<u>118,778</u>	<u>124,319</u>	<u>122,284</u>	<u>2,035</u>
Public Safety:				
Salaries	188,660	193,318	193,185	133
Allowances	352	350	349	1
Operating	22,932	24,391	19,273	5,118
Total public safety	<u>211,944</u>	<u>218,059</u>	<u>212,807</u>	<u>5,252</u>
Health:				
Salaries	8,610	8,529	8,444	85
Allowances	46	65	65	-
Operating	12,530	12,494	10,808	1,686
Total health	<u>21,186</u>	<u>21,088</u>	<u>19,317</u>	<u>1,771</u>

See Notes to Schedules of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 (Continued)

DALLAS COUNTY, TEXAS  
 Required Supplementary Information  
 General Fund  
 (Unaudited)

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 For the Year Ended September 30, 2011  
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Welfare:				
Salaries	\$ 443	\$ 416	\$ 416	\$ -
Allowances	19	9	9	-
Operating	35	48	32	16
Total public welfare	<u>497</u>	<u>473</u>	<u>457</u>	<u>16</u>
Reserves	<u>51,398</u>	<u>39,888</u>	<u>-</u>	<u>39,888</u>
Total expenditures	<u>483,450</u>	<u>483,398</u>	<u>427,910</u>	<u>55,488</u>
Excess ( deficiency) of revenues over (under) expenditures	<u>(68,310)</u>	<u>(68,258)</u>	<u>(8,250)</u>	<u>60,008</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	25,788	25,788	29,455	3,667
Transfers (out)	(4,348)	(4,405)	(4,405)	-
Insurance proceeds	<u>-</u>	<u>-</u>	<u>94</u>	<u>94</u>
Total other financing sources (uses)	<u>21,440</u>	<u>21,383</u>	<u>25,144</u>	<u>3,761</u>
Net change in fund balance	(46,870)	(46,875)	16,894	63,769
Fund balance - beginning	<u>51,239</u>	<u>51,239</u>	<u>51,239</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,369</u>	<u>\$ 4,364</u>	<u>\$ 68,133</u>	<u>\$ 63,769</u>

See Notes to Schedules of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 (Continued)

DALLAS COUNTY, TEXAS  
 Required Supplementary Information  
 Major Projects Special Revenue Fund  
 (Unaudited)

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 For the Year Ended September 30, 2011  
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 46,873	\$ 46,873	\$ 47,162	\$ 289
Investment income	957	957	973	16
Miscellaneous	-	-	13	13
Total revenues	<u>47,830</u>	<u>47,830</u>	<u>48,148</u>	<u>318</u>
<b>EXPENDITURES:</b>				
Highways and streets	71,362	71,262	11,077	60,185
Public welfare	5,366	5,491	4,980	511
Capital outlay	<u>52,392</u>	<u>64,137</u>	<u>11,042</u>	<u>53,095</u>
Total expenditures	<u>129,120</u>	<u>140,890</u>	<u>27,099</u>	<u>113,791</u>
Reserves	<u>40,749</u>	<u>28,529</u>	<u>-</u>	<u>28,529</u>
Total expenditures	<u>169,869</u>	<u>169,419</u>	<u>27,099</u>	<u>142,320</u>
Excess ( deficiency) of revenues over (under) expenditures	<u>(122,039)</u>	<u>(121,589)</u>	<u>21,049</u>	<u>142,638</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	7,590	7,590	15,011	7,421
Transfers (out)	-	(450)	(60)	390
Insurance proceeds	<u>-</u>	<u>-</u>	<u>4,164</u>	<u>4,164</u>
Total other financing sources (uses)	<u>7,590</u>	<u>7,140</u>	<u>19,115</u>	<u>11,975</u>
Net change in fund balance	(114,449)	(114,449)	40,164	154,613
Fund balance - beginning	114,449	114,449	114,449	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,613</u>	<u>\$ 154,613</u>

See Notes to Schedules of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 (Continued)

DALLAS COUNTY, TEXAS  
 Required Supplementary Information  
 Major Grants Special Revenue Fund  
 (Unaudited)

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 For the Year Ended September 30, 2011  
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment income	\$ 10	\$ 10	\$ 3	\$ (7)
Intergovernmental revenues	124,154	124,154	106,881	(17,273)
Total revenues	<u>124,164</u>	<u>124,164</u>	<u>106,884</u>	<u>(17,280)</u>
<b>EXPENDITURES:</b>				
Judicial	5,364	4,958	3,984	974
Public safety	11,045	9,799	6,827	2,972
Health	46,600	45,705	33,650	12,055
Education	4,468	4,361	1,914	2,447
Public welfare	109,454	100,469	62,673	37,796
Total expenditures	<u>176,931</u>	<u>165,292</u>	<u>109,048</u>	<u>56,244</u>
Excess ( Deficiency) of revenues over (under) expenditures	<u>(52,767)</u>	<u>(41,128)</u>	<u>(2,164)</u>	<u>38,964</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>5,462</u>	<u>5,462</u>	<u>4,405</u>	<u>(1,057)</u>
Total other financing sources and (uses)	<u>5,462</u>	<u>5,462</u>	<u>4,405</u>	<u>(1,057)</u>
Net change in fund balance	(47,305)	(35,666)	2,241	37,907
Fund balance - beginning	<u>3,153</u>	<u>3,153</u>	<u>3,153</u>	<u>-</u>
Fund balance - ending	<u>\$ (44,152)</u>	<u>\$ (32,513)</u>	<u>\$ 5,394</u>	<u>\$ 37,907</u>

See Notes to Schedules of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 (Concluded)

## DALLAS COUNTY, TEXAS

### Notes to Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Unaudited)

September 30, 2011

**Budgetary information** – The budget is prepared in accordance with financial policies approved by the County Budget Director and the Commissioners Court following a public hearing. The Budget Director is required by policy to present Commissioners Court with a balanced budget that contains a no-tax increase assumption as a starting point for budget discussions. The adopted budget must contain a projected unreserved cash balance not less than 10.5% of budgeted expenditures and may utilize a draw-down of beginning balance only to the extent that such draw-down does not exceed 4% of total General Fund resources. The amounts budgeted in a fiscal year for expenditures in various funds may not exceed the balances in those funds as of the first day of the fiscal year plus any anticipated revenue for the fiscal year as estimated by the County Auditor.

The following are the funds which have legally adopted annual budgets prepared on a basis consistent with GAAP: General Fund, Debt Service Fund and Special Revenue Funds (except for District Attorney funds). A legally adopted budget is not prepared for the Judicial, Technology, Local Government, Local Official, Record Management and Payroll Special Revenue Funds. Project-length financial plans are adopted for Capital Projects Funds. Budget funds are allocated annually for Major Project's funds in accordance to long-term requirements and projections.

Budget laws of the State of Texas provides that “the amounts budgeted for current expenditures from the various funds of the County shall not exceed the balances in said funds plus the anticipated revenues for the current year for which the budget is made as estimated by the County Auditor.” In addition, the law provides that the Commissioners Court “may, upon proper application, transfer an existing budget surplus during the year to a budget of like kind and fund but no such transfer shall increase the total budget.”

Each year, all departments submit to the Budget Director requests for appropriation. These requests are reviewed, compiled and presented to the Commissioners Court for approval. The Commissioners Court conducts departmental budget reviews, adjusts budget requests to final form and conducts a public hearing in the County Administration Building. One copy of the proposed budget must be filed with the County Clerk and one with the County Auditor. Copies must be available to the public. The Commissioners Court must provide for the public hearing on the budget on some date within seven calendar days after the filing of the budget and prior to October 31 of the current fiscal year.

The County controls appropriations at the category level (i.e., salaries, allowances, operations and property) for each department or project within the General Fund and some of the Special Revenue Funds. Grants are budgeted in total and not at the category level. All Debt Service Fund expenditures for principal and interest on long-term debt are considered to be in the operations category. Certain appropriation transfers may be made between categories or departments only with the approval of the Commissioners Court. Other transfers (e.g. court costs) may be authorized by the Budget Director. Transfers that were made during fiscal year 2011 did not increase the County's overall budget. Unencumbered amounts for annually budgeted funds lapse at fiscal year end. The original budgets inclusive of prior period encumbered funds presented in the report are the approved budgets before amendments and transfers. The final budgets presented in this report reflect the budgets as amended for all appropriation transfers processed during the fiscal year. More comprehensive accounting of activity on the budgetary basis is provided in a separate report, which is available for public inspection in the office of the Dallas County Auditor, 509 Main Street, Room 407, and Dallas, Texas 75202-3504.



**DALLAS COUNTY, TEXAS**

**Notes to Schedules of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual  
(Unaudited)**

**September 30, 2011**

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds and Capital Projects Funds. General Fund encumbrances outstanding at year-end are constrained by a responsible official's request for a specific purpose and are reported in the General Fund Assigned Fund Balance.

DALLAS COUNTY, TEXAS  
 Required Supplementary Information  
**Infrastructure Assets Under Modified Approach**  
 September 30, 2011  
 (in thousands of dollars)  
 (Unaudited)

**ROADS**

A federal highway administration pavement condition rating (PCR) was utilized to assess the condition of the 133.45 lane miles of County roads. District 1 does not have any County roads. The County policy is to maintain roads at a minimum of 2.5 on a 4.0 scale. The following conditions were defined and associated to a rating:

<u>Condition</u>	<u>Rating</u>
Excellent	4
Good	3
Fair	2
Poor	1

**Percentage of roads with  
2.5 or better  
condition**

<u>Road and Bridge District</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
District 1	-	-	-	-	-
District 2	100.0	100.0	100.0	100.0	97.5
District 3	98.0	98.0	96.6	95.7	97.9
District 4	100.0	75.0	61.8	66.7	100.0
Overall System	99.0%	91.0%	86.1%	87.5%	98.5%

**Comparison of Estimated to Actual Maintenance Costs**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Estimated	\$ 924	\$ 929	\$ 813	\$ 962	\$ 962
Actual	1,258	1,585	1,821	1,701	1,238

DALLAS COUNTY, TEXAS  
 Required Supplementary Information  
**Infrastructure Assets Under Modified Approach**  
 September 30, 2011  
 (in thousands of dollars)  
 (Unaudited)

**Bridges**

	<u>Rating</u>	<u>Number</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Very good	6.0 – 9.0	31	97%	97%	97%	97%	92%
Good	4.0 – 5.9	1	3	3	3	3	8
Fair	3.0 – 3.9	-	-	-	-	-	-
Poor	0.0 – 2.9	-	-	-	-	-	-
Total		32	100%	100%	100%	100%	100%

The condition of the County’s bridges is determined using the State of Texas Bridge Inventory Inspection System (BRINSAP). A numerical condition range 0.0 (beyond repair) to 9.0 (excellent condition) is used to assess each of seven elements of the structure. These include deck, superstructure, substructure, channel, culvert, approaches, and miscellaneous items.

Consistent with state law, two cities annexed four bridges in 2011. The City of Wilmer annexed three and the City of Lancaster annexed one.

County’s policy is to maintain bridges at the 4.0 – 5.9 level. Consistent with County policy, the above chart shows that 97% of the County’s bridges are in very good condition and the rest are in good condition.

**Comparison of Estimated to Actual Maintenance Costs**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Estimated	\$1,000	\$1,000	\$1,000	\$1,000	\$1,348
Actual	228	175	106	230	337

DALLAS COUNTY, TEXAS  
Required Supplementary Information  
**Primary Government**  
(in thousands of dollars)  
(Unaudited)

Schedule of Funding Progress  
for the Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Actuarial Covered Payroll (c)	UAAL as a Percentage of Actuarial Covered Payroll {((b-a)/c)}
December 31, 2008	\$858,899	\$986,173	\$(127,274)	87.09%	\$326,355	(39.00)%
December 31, 2009	953,736	1,072,039	(118,303)	88.96	318,942	(37.09)
December 31, 2010	991,089	1,129,476	(138,387)	87.75	320,891	(43.13)

Note (1): The annual required contributions for fiscal 2010 complied with GASB Statement No. 27 parameters based on the actuarial valuation dated December 31, 2008. The actuarial valuation as of December 31, 2009 is used to assess the adequacy of future financing arrangements for Fiscal 2011. For additional information see Note VIII on page 68.

Note (2): The above information includes actuarial valuation information for CSCD, which is not a department or component unit of the County. Any experience adjustment, based on the TCDRS actuarial studies, is passed to CSCD based on the associated actuarial covered payroll. For additional information see Note VIII on page 68.

Schedule of Funding Progress  
for Other Postemployment Benefits Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded OAAL (UAAL) (b-a)	Funded Ratio (a/b)	Actuarial Covered Payroll (c)	UAAL as a Percentage of Actuarial Covered Payroll {((b-a)/c)}
October 1, 2007	\$ 0	\$ 165,000	\$ (165,000)	0%	\$ 288,654	(57.2)%
October 1, 2009	0	370,000	(370,000)	0	286,081	(129.3)
October 1, 2009	0	370,000	(370,000)	0	266,248	(139.0)

Note: The above table is for GASB 45 disclosure reporting requirements effective beginning with fiscal year 2008. For additional information see Note VIII on page 71.

DALLAS COUNTY, TEXAS  
Required Supplementary Information  
**Discretely Presented Component Unit**  
(in thousands of dollars)  
(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded OAAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll {((b-a)/c)}
January 1, 2009	\$413,100	\$507,000	\$(93,900)	81.5%	\$434,400	(21.6)%
January 1, 2010	486,400	562,000	(75,600)	86.5	475,700	(15.9)
January 1, 2011	526,100	602,800	(76,700)	87.3	480,800	(16.0)

Schedule of Funding Progress  
for Other Postemployment Benefits Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded OAAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll {((b-a)/c)}
January 1, 2009	\$ 0	\$ 20,400	\$ (20,400)	0%	\$ 434,400	(4.7)%
January 1, 2010	0	25,100	(25,100)	0%	475,700	(5.3)
January 1, 2011	0	3,500	(3,500)	0%	465,500	(0.8)

Note: The above table is for GASB 45 disclosure reporting requirements effective beginning with fiscal year 2009. For additional information see Note VIII on page 73.

# SUPPLEMENTARY INFORMATION

DALLAS COUNTY, TEXAS  
NON-MAJOR GOVERNMENTAL FUNDS

**Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects funded by bond sales) that are legally restricted to expenditures for specified purposes. The following are the County's Special Revenue Funds:

Road and Bridge Fund 105 - used to account for the receipt and disbursement of funds designated for construction and maintenance of County roads and bridges other than specific improvement programs for which road bonds are issued.

Permanent Improvement Fund 126 - receives an allocation of property taxes for building maintenance and construction of permanent improvements.

Law Library Fund 470 - used to account for a statutory fee from each civil case filed in a County or District Court that is restricted to the establishment and maintenance of a law library for the use of the judges and litigants of the County.

Major Technology Fund 195 - used to account for monies received from property taxes that are dedicated to improvement of the County's computer systems.

District Attorney Fund 535 - HIDTA/Federal Sharing – used to account for funds from participation in the Dallas Area “High Intensity Drug Traffic Area.”

District Attorney Special Fund 538 - used to account for funds to be used at the discretion of the District Attorney.

District Attorney Forfeiture Funds 540, 541 and 547 - used to account for money and property forfeited in criminal seizures. Funds are to be used for criminal justice.

Historical Commission Fund 168 - used to account for donations and other funds received for the preservation of historical landmarks.

Historical Exhibit Fund 169 - used to account for proceeds from the John F. Kennedy Sixth Floor Exhibit.

Alternative Dispute Resolution Fund 162 - used to account for filing fees imposed on civil court cases for the purpose of funding a system for the peaceable and expeditious resolution of citizen disputes.

Appellate Justice System Fund 471 - used to account for fees collected on civil cases filed in the County for the purpose of assisting the court of appeals, including costs incurred by a county within the judicial district.

HUD Section 8 Fund 467 - used to account for federal awards from HUD for Section 8 activity.

Charter School Fund 468 - used to account for Dallas County Charter School.

Judicial Fund 532 - used to account for statutory fees from criminal and civil court filings in County and District Courts restricted to projects for judiciary as approved by Commissioners Court.

Technology Fund 532 - used to account for fees from each civil case filed in Justice Courts restricted for the use of technology projects for the Justice Courts.

DALLAS COUNTY, TEXAS  
NON-MAJOR GOVERNMENTAL FUNDS

Local Government Fund 532 - used to account for a statutory fee and earnings which are restricted for the use of elections, transportation and other projects as defined by statute.

Local Official Fund 532 - used to account for money and property forfeited in criminal seizures restricted for use by County Sheriff, Constables and Special VIT interest managed by the County Assessor-Collector of Taxes.

Record Management Fund 532 - used to account for monies received from each civil case filed in County or District Courts restricted to manage, preserve or digitize County records.

**Capital Projects Funds**

The Capital Projects Funds are used to account for proceeds from bond issues specifically designated for capital expenditures. The following are the County's Capital Projects Funds:

Permanent Improvement Bonds Funds 415, 433, 482, 491 and 493 - used to account for proceeds from improvements to various County buildings, in addition to the acquisition and improvement of open-space land.

Road Bond Funds 414, 418, 424, 427, 481, 490, 492 and 494 - used to account for proceeds from bonds issued for the purchase of right-of-way and for the subsequent construction and maintenance of roads and bridges throughout the County.



**DALLAS COUNTY, TEXAS**

Combining Balance Sheet

Non-major Governmental Funds

September 30, 2011

(in thousands of dollars)

	<b>Special Revenue</b>											
						<u>District Attorney</u>			<u>District Attorney Forfeitures</u>			
		<u>Road and Bridge</u>	<u>Permanent Improvement</u>	<u>Law Library</u>	<u>Major Technology</u>	<u>HIDTA Federal</u>	<u>Special</u>	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Historical Commission</u>	
<b>ASSETS</b>												
Cash and investments	\$ 18,303	\$ 4,172	\$ 138	\$ 8,908	\$ 287	\$ 99	\$ 441	\$ 738	\$ 130	\$ 10	\$ 431	
Receivables:												
Taxes - current	-	3,012	-	21,082	-	-	-	-	-	-	-	
Less allowance for uncollectible	-	(228)	-	(1,595)	-	-	-	-	-	-	-	
Net taxes receivable	-	2,784	-	19,487	-	-	-	-	-	-	-	
Accounts	254,139	-	3,885	-	-	-	-	-	-	-	94	
Less allowance	(247,401)	-	(3,839)	-	-	-	-	-	-	-	-	
Accounts receivable	6,738	-	46	-	-	-	-	-	-	-	94	
Accrued interest	37	8	-	18	-	-	-	-	-	-	-	
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	
Due from other governmental units	-	-	-	-	-	-	-	-	-	-	-	
Inventories	247	-	-	-	-	-	-	-	-	-	-	
Prepayments and advances	28	-	4	-	-	-	-	-	-	-	-	
<b>Total assets</b>	<b>\$ 25,353</b>	<b>\$ 6,964</b>	<b>\$ 188</b>	<b>\$ 28,413</b>	<b>\$ 287</b>	<b>\$ 99</b>	<b>\$ 441</b>	<b>\$ 738</b>	<b>\$ 130</b>	<b>\$ 10</b>	<b>\$ 525</b>	
<b>LIABILITIES AND FUND BALANCES</b>												
Liabilities :												
Accounts payable	\$ 629	\$ 222	\$ 17	\$ 900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10	
Due to other funds	9	1	8	9	-	-	-	-	-	-	-	
Due to other governmental units	1,483	-	-	-	-	-	-	-	-	-	-	
Deferred and unearned revenue	6,392	2,785	43	19,483	-	-	-	-	-	-	-	
<b>Total liabilities</b>	<b>8,513</b>	<b>3,008</b>	<b>68</b>	<b>20,392</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10</b>	
<b>FUND BALANCES</b>												
Nonspendable: inventories and prepaids	275	-	4	-	-	-	-	-	-	-	-	
Restricted	16,565	-	116	-	287	99	441	738	130	10	515	
Committed	-	3,956	-	8,021	-	-	-	-	-	-	-	
<b>Total fund balances</b>	<b>16,840</b>	<b>3,956</b>	<b>120</b>	<b>8,021</b>	<b>287</b>	<b>99</b>	<b>441</b>	<b>738</b>	<b>130</b>	<b>10</b>	<b>515</b>	
<b>Total liabilities and fund balances</b>	<b>\$ 25,353</b>	<b>\$ 6,964</b>	<b>\$ 188</b>	<b>\$ 28,413</b>	<b>\$ 287</b>	<b>\$ 99</b>	<b>\$ 441</b>	<b>\$ 738</b>	<b>\$ 130</b>	<b>\$ 10</b>	<b>\$ 525</b>	

(Continued)

**DALLAS COUNTY, TEXAS**

Combining Balance Sheet

Non-major Governmental Funds

September 30, 2011

(in thousands of dollars)

**Special Revenue**

	<b>Alternative Dispute Resolution</b>	<b>Appellate Justice System</b>	<b>HUD Section 8 Grants</b>	<b>Charter School</b>	<b>Judicial</b>	<b>Technology</b>	<b>Local Government</b>	<b>Local Official</b>	<b>Record Management</b>	<b>Total</b>
<b>ASSETS</b>										
Cash and investments	\$ 1,445	\$ 299	\$ 5,180	\$ 2,426	\$ 1,245	\$ 3,235	\$ 3,079	\$ 4,275	\$ 7,831	\$ 62,672
Receivables:										
Taxes - current	-	-	-	-	-	-	-	-	-	24,094
Less allowance for uncollectible	-	-	-	-	-	-	-	-	-	(1,823)
Net taxes receivable	-	-	-	-	-	-	-	-	-	22,271
Accounts	3,322	1,188	-	-	12,560	400	6,618	31	9,763	292,000
Less allowance	(3,276)	(1,176)	-	-	(12,203)	(382)	(6,517)	(30)	(9,448)	(284,272)
Accounts receivable	46	12	-	-	357	18	101	1	315	7,728
Accrued interest	3	-	-	5	-	-	-	-	-	71
Due from other funds	-	-	22	-	-	-	-	-	-	22
Due from other governmental units	-	-	321	1,028	-	-	-	-	-	1,349
Inventories	-	-	-	-	-	-	-	-	-	247
Prepayments and advances	-	-	-	-	-	-	-	-	-	32
<b>Total assets</b>	<b>\$ 1,494</b>	<b>\$ 311</b>	<b>\$ 5,523</b>	<b>\$ 3,459</b>	<b>\$ 1,602</b>	<b>\$ 3,253</b>	<b>\$ 3,180</b>	<b>\$ 4,276</b>	<b>\$ 8,146</b>	<b>\$ 94,392</b>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities :										
Accounts payable	\$ 26	\$ 6	\$ 176	\$ 365	\$ 5	\$ -	\$ 337	\$ 83	\$ 142	\$ 2,918
Due to other funds	-	-	2	13	5	-	-	2	-	49
Due to other governmental units	-	-	-	-	-	-	-	-	-	1,483
Deferred and unearned revenue	45	12	-	35	346	18	96	1	312	29,568
<b>Total liabilities</b>	<b>71</b>	<b>18</b>	<b>178</b>	<b>413</b>	<b>356</b>	<b>18</b>	<b>433</b>	<b>86</b>	<b>454</b>	<b>34,018</b>
<b>FUND BALANCES</b>										
Nonspendable: inventories and prepaids	-	-	-	-	-	-	-	-	-	279
Restricted	1,423	293	5,345	3,046	1,246	3,235	2,747	4,190	7,692	48,118
Committed	-	-	-	-	-	-	-	-	-	11,977
<b>Total fund balances</b>	<b>1,423</b>	<b>293</b>	<b>5,345</b>	<b>3,046</b>	<b>1,246</b>	<b>3,235</b>	<b>2,747</b>	<b>4,190</b>	<b>7,692</b>	<b>60,374</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,494</b>	<b>\$ 311</b>	<b>\$ 5,523</b>	<b>\$ 3,459</b>	<b>\$ 1,602</b>	<b>\$ 3,253</b>	<b>\$ 3,180</b>	<b>\$ 4,276</b>	<b>\$ 8,146</b>	<b>\$ 94,392</b>

(Continued)

**DALLAS COUNTY, TEXAS**

Combining Balance Sheet

Non-major Governmental Funds

September 30, 2011

(in thousands of dollars)

**Capital Projects**

	<u>Permanent Improvement</u>	<u>Roads</u>	<u>Total</u>	<u>Total Non-major Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 34,133	\$ 16,718	\$ 50,851	\$ 113,523
Receivables:				
Taxes - current	-	-	-	24,094
Less allowance for uncollectible	-	-	-	(1,823)
Net taxes receivable	-	-	-	22,271
Accounts	-	-	-	292,000
Less allowance	-	-	-	(284,272)
Accounts receivable	-	-	-	7,728
Accrued interest	-	-	-	71
Due from other funds	-	-	-	22
Due from other governmental units	-	1,918	1,918	3,267
Inventories	-	-	-	247
Prepayments and advances	-	-	-	32
Total assets	<u>\$ 34,133</u>	<u>\$ 18,636</u>	<u>\$ 52,769</u>	<u>\$ 147,161</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities :				
Accounts payable	\$ -	\$ 185	\$ 185	\$ 3,103
Due to other funds	-	-	-	49
Due to other governmental units	-	83	83	1,566
Deferred and unearned revenue	-	166	166	29,734
Total liabilities	<u>-</u>	<u>434</u>	<u>434</u>	<u>34,452</u>
<b>FUND BALANCES</b>				
Nonspendable: inventories and prepaids	-	-	-	279
Restricted	34,133	18,202	52,335	100,453
Committed	-	-	-	11,977
Total fund balances	<u>34,133</u>	<u>18,202</u>	<u>52,335</u>	<u>112,709</u>
Total liabilities and fund balances	<u>\$ 34,133</u>	<u>\$ 18,636</u>	<u>\$ 52,769</u>	<u>\$ 147,161</u>

(Concluded)

**DALLAS COUNTY, TEXAS**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-major Governmental Funds  
For the Year Ended September 30, 2011  
(in thousands of dollars)

**Special Revenue**

	<u>District Attorney</u>					<u>District Attorney Forfeitures</u>			<u>Historical Commission</u>	<u>Historical Exhibit</u>	
	<u>Road and Bridge</u>	<u>Permanent Improvement</u>	<u>Law Library</u>	<u>Major Technology</u>	<u>HIDTA Federal</u>	<u>Special</u>	<u>Federal</u>	<u>State</u>			<u>Other</u>
<b>REVENUES</b>											
Property taxes	\$ -	\$ 2,758	\$ -	\$ 19,281	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highway license fees	24,733	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	6,867	-	-	-	-	-	-	-	-	-	-
Investment income	141	34	-	95	1	2	3	-	-	-	1
Intergovernmental revenues	-	-	-	-	-	-	-	-	-	-	-
Charges for current services	2,901	-	849	-	-	-	-	-	-	-	2,820
Miscellaneous	47	-	-	-	32	250	25	609	90	-	-
<b>Total revenues</b>	<b>34,689</b>	<b>2,792</b>	<b>849</b>	<b>19,376</b>	<b>33</b>	<b>250</b>	<b>27</b>	<b>612</b>	<b>90</b>	<b>-</b>	<b>2,821</b>
<b>EXPENDITURES</b>											
Current:											
General government	-	2,275	-	16,484	-	-	-	-	-	1	2,406
Judicial	-	-	735	-	2	196	519	1,123	76	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-
Highways and streets	9,075	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-	-
Public welfare	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>9,075</b>	<b>2,275</b>	<b>735</b>	<b>16,484</b>	<b>2</b>	<b>196</b>	<b>519</b>	<b>1,123</b>	<b>76</b>	<b>1</b>	<b>2,406</b>
Excess (deficiency) of revenues over (under) expenditures	25,614	517	114	2,892	31	54	(492)	(511)	14	(1)	415
<b>OTHER FINANCING (USES)</b>											
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers (out)	(23,314)	-	(175)	(1,700)	-	-	-	(60)	-	-	(187)
Sale of limited tax notes	-	-	-	-	-	-	-	-	-	-	-
Premium on limited tax notes	-	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(23,314)</b>	<b>-</b>	<b>(175)</b>	<b>(1,700)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(60)</b>	<b>-</b>	<b>-</b>	<b>(187)</b>
<b>Net change in fund balance</b>	<b>2,300</b>	<b>517</b>	<b>(61)</b>	<b>1,192</b>	<b>31</b>	<b>54</b>	<b>(492)</b>	<b>(571)</b>	<b>14</b>	<b>(1)</b>	<b>228</b>
Fund balance - beginning	14,540	3,439	181	6,829	256	45	933	1,309	116	11	287
<b>Fund balance - ending</b>	<b>\$ 16,840</b>	<b>\$ 3,956</b>	<b>\$ 120</b>	<b>\$ 8,021</b>	<b>\$ 287</b>	<b>\$ 99</b>	<b>\$ 441</b>	<b>\$ 738</b>	<b>\$ 130</b>	<b>\$ 10</b>	<b>\$ 515</b>

(Continued)

**DALLAS COUNTY, TEXAS**  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Non-major Governmental Funds  
 For the Year Ended September 30, 2011  
 (in thousands of dollars)

**Special Revenue**

	<b>Alternative Dispute Resolution</b>	<b>Appellate Justice System</b>	<b>HUD Section 8 Grants</b>	<b>Charter School</b>	<b>Judicial</b>	<b>Technology</b>	<b>Local Government</b>	<b>Local Official</b>	<b>Record Management</b>	<b>Total</b>
<b>REVENUES</b>										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,039
Highway license fees	-	-	-	-	-	-	-	-	-	24,733
Fines and forfeitures	-	-	-	-	-	-	-	-	-	6,867
Investment income	11	1	9	3	-	-	-	-	-	301
Intergovernmental revenues	-	-	29,044	8,752	-	-	-	-	-	37,796
Charges for current services	798	321	-	-	3,542	370	4,114	4,161	6,038	25,914
Miscellaneous	-	-	-	-	-	-	-	-	-	1,053
<b>Total revenues</b>	<b>809</b>	<b>322</b>	<b>29,053</b>	<b>8,755</b>	<b>3,542</b>	<b>370</b>	<b>4,114</b>	<b>4,161</b>	<b>6,038</b>	<b>118,703</b>
<b>EXPENDITURES</b>										
Current:										
General government	-	-	-	-	-	-	904	61	-	22,131
Judicial	400	410	-	-	1,004	-	118	-	6,752	11,335
Public safety	-	-	-	-	-	-	1	2,854	-	2,855
Highways and streets	-	-	-	-	-	-	-	-	-	9,075
Education	-	-	-	8,151	-	-	-	-	-	8,151
Public welfare	-	-	28,338	-	-	-	-	-	-	28,338
Capital outlay	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>400</b>	<b>410</b>	<b>28,338</b>	<b>8,151</b>	<b>1,004</b>	<b>-</b>	<b>1,023</b>	<b>2,915</b>	<b>6,752</b>	<b>81,885</b>
Excess (deficiency) of revenues over (under) expenditures	409	(88)	715	604	2,538	370	3,091	1,246	(714)	36,818
<b>OTHER FINANCING (USES)</b>										
Transfers in	-	-	-	-	175	-	-	-	-	175
Transfers (out)	(379)	(141)	-	-	(2,758)	-	(3,428)	(5)	(662)	(32,809)
Sale of limited tax notes	-	-	-	-	-	-	-	-	-	-
Premium on limited tax notes	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(379)</b>	<b>(141)</b>	<b>-</b>	<b>-</b>	<b>(2,583)</b>	<b>-</b>	<b>(3,428)</b>	<b>(5)</b>	<b>(662)</b>	<b>(32,634)</b>
<b>Net change in fund balance</b>	<b>30</b>	<b>(229)</b>	<b>715</b>	<b>604</b>	<b>(45)</b>	<b>370</b>	<b>(337)</b>	<b>1,241</b>	<b>(1,376)</b>	<b>4,184</b>
Fund balance - beginning	1,393	522	4,630	2,442	1,291	2,865	3,084	2,949	9,068	56,190
<b>Fund balance - ending</b>	<b>\$ 1,423</b>	<b>\$ 293</b>	<b>\$ 5,345</b>	<b>\$ 3,046</b>	<b>\$ 1,246</b>	<b>\$ 3,235</b>	<b>\$ 2,747</b>	<b>\$ 4,190</b>	<b>\$ 7,692</b>	<b>\$ 60,374</b>

(Continued)

**DALLAS COUNTY, TEXAS**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-major Governmental Funds  
For the Year Ended September 30, 2011  
(in thousands of dollars)

**Capital Projects**

	<u>Permanent Improvement</u>	<u>Roads</u>	<u>Total</u>	<u>Total Non-major Governmental Funds</u>
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ 22,039
Highway license fees	-	-	-	24,733
Fines and forfeitures	-	-	-	6,867
Investment income	-	-	-	301
Intergovernmental revenues	-	-	-	37,796
Charges for current services	-	-	-	25,914
Miscellaneous	-	-	-	1,053
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,703</u>
<b>EXPENDITURES</b>				
Current:				
General government	272	-	272	22,403
Judicial	-	-	-	11,335
Public safety	-	-	-	2,855
Highways and streets	-	-	-	9,075
Education	-	-	-	8,151
Public welfare	-	-	-	28,338
Capital outlay	-	352	352	352
Total expenditures	<u>272</u>	<u>352</u>	<u>624</u>	<u>82,509</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(272)</u>	<u>(352)</u>	<u>(624)</u>	<u>36,194</u>
<b>OTHER FINANCING (USES)</b>				
Transfers in	-	-	-	175
Transfers (out)	(11,772)	-	(11,772)	(44,581)
Sale of limited tax notes	41,545	-	41,545	41,545
Premium on limited tax notes	3,749	-	3,749	3,749
Total other financing sources (uses)	<u>33,522</u>	<u>-</u>	<u>33,522</u>	<u>888</u>
Net change in fund balance	33,250	(352)	32,898	37,082
Fund balance - beginning	883	18,554	19,437	75,627
Fund balance - ending	<u>\$ 34,133</u>	<u>\$ 18,202</u>	<u>\$ 52,335</u>	<u>\$ 112,709</u>

(Concluded)

DALLAS COUNTY, TEXAS  
Debt Service Fund - County Wide - Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended September 30, 2011  
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 21,662	\$ 21,662	\$ 21,776	\$ 114
Investment income	157	157	70	(87)
Charges for current services	1,200	1,200	1,309	109
Total revenues	<u>23,019</u>	<u>23,019</u>	<u>23,155</u>	<u>136</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	853	853	-
Debt service				
Principal	17,553	18,190	18,190	-
Interest	5,872	5,872	5,284	588
Total debt service	<u>23,425</u>	<u>24,062</u>	<u>23,474</u>	<u>588</u>
Reserves	2,298	1,209	-	1,209
Total expenditures	<u>25,723</u>	<u>26,124</u>	<u>24,327</u>	<u>1,797</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,704)</u>	<u>(3,105)</u>	<u>(1,172)</u>	<u>1,933</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of refunding bonds	-	32,400	32,400	-
Premium on refunding bonds	-	2,132	2,132	-
Interest on limited tax notes	-	82	82	-
Interest on refunding bonds	-	57	57	-
Payment to refunded bond escrow agent	-	(34,270)	(34,270)	-
Total other financing sources (uses)	<u>-</u>	<u>401</u>	<u>401</u>	<u>-</u>
Net change in fund balance	(2,704)	(2,704)	(771)	1,933
Fund balance - beginning	3,128	3,128	3,128	-
Fund balance - ending	<u>\$ 424</u>	<u>\$ 424</u>	<u>\$ 2,357</u>	<u>\$ 1,933</u>

(Continued)

DALLAS COUNTY, TEXAS  
Road and Bridge Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended September 30, 2011  
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Highway license fees	\$ 23,549	\$ 23,549	\$ 24,733	\$ 1,184
Fines and forfeitures	7,568	7,568	6,867	(701)
Investment income	227	227	141	(86)
Charges for current services	2,935	2,935	2,901	(34)
Miscellaneous	14	14	47	33
Total revenues	<u>34,293</u>	<u>34,293</u>	<u>34,689</u>	<u>396</u>
<b>EXPENDITURES:</b>				
Highways and streets:				
Salaries	5,650	4,822	4,822	-
Allowances	47	39	39	-
Operating	12,102	13,437	3,965	9,472
Property	1,092	2,092	249	1,843
Total highways and streets	<u>18,891</u>	<u>20,390</u>	<u>9,075</u>	<u>11,315</u>
Reserves	1,499	-	-	-
Total expenditures	<u>20,390</u>	<u>20,390</u>	<u>9,075</u>	<u>11,315</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,903</u>	<u>13,903</u>	<u>25,614</u>	<u>11,711</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	<u>(24,453)</u>	<u>(24,453)</u>	<u>(23,314)</u>	<u>1,139</u>
Total other financing sources (uses)	<u>(24,453)</u>	<u>(24,453)</u>	<u>(23,314)</u>	<u>1,139</u>
Net change in fund balance	(10,550)	(10,550)	2,300	12,850
Fund balance - beginning	<u>14,540</u>	<u>14,540</u>	<u>14,540</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,990</u>	<u>\$ 3,990</u>	<u>\$ 16,840</u>	<u>\$ 12,850</u>

(Continued)



DALLAS COUNTY, TEXAS  
 Permanent Improvement Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 For the Year Ended September 30, 2011  
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 2,742	\$ 2,742	\$ 2,758	\$ 16
Investment income	19	19	34	15
Total revenues	<u>2,761</u>	<u>2,761</u>	<u>2,792</u>	<u>31</u>
<b>EXPENDITURES:</b>				
General government:				
Property	<u>1,765</u>	<u>3,116</u>	<u>2,275</u>	<u>841</u>
Total general government	<u>1,765</u>	<u>3,116</u>	<u>2,275</u>	<u>841</u>
Reserves	<u>4,435</u>	<u>3,084</u>	<u>-</u>	<u>3,084</u>
Total expenditures	<u>6,200</u>	<u>6,200</u>	<u>2,275</u>	<u>3,925</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,439)</u>	<u>(3,439)</u>	<u>517</u>	<u>3,956</u>
Net change in fund balance	(3,439)	(3,439)	517	3,956
Fund balance - beginning	<u>3,439</u>	<u>3,439</u>	<u>3,439</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,956</u>	<u>\$ 3,956</u>

(Continued)

DALLAS COUNTY, TEXAS  
Law Library Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended September 30, 2011  
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment income	\$ 1	\$ 1	\$ -	\$ (1)
Charges for current services	835	835	849	14
Total revenues	<u>836</u>	<u>836</u>	<u>849</u>	<u>13</u>
<b>EXPENDITURES:</b>				
Judicial:				
Salaries	431	425	425	-
Operating	331	331	310	21
Total judicial	<u>762</u>	<u>756</u>	<u>735</u>	<u>21</u>
Reserves	7	13	-	13
Total expenditures	<u>769</u>	<u>769</u>	<u>735</u>	<u>34</u>
Excess (deficiency) of revenues over (under) expenditures	<u>67</u>	<u>67</u>	<u>114</u>	<u>47</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	<u>(175)</u>	<u>(175)</u>	<u>(175)</u>	<u>-</u>
Total other financing sources (uses)	<u>(175)</u>	<u>(175)</u>	<u>(175)</u>	<u>-</u>
Net change in fund balance	(108)	(108)	(61)	47
Fund balance - beginning	<u>181</u>	<u>181</u>	<u>181</u>	<u>-</u>
Fund balance - ending	<u>\$ 73</u>	<u>\$ 73</u>	<u>\$ 120</u>	<u>\$ 47</u>

(Continued)

DALLAS COUNTY, TEXAS  
Major Technology Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended September 30, 2011  
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 19,184	\$ 19,184	\$ 19,281	\$ 97
Investment income	119	119	95	(24)
Total revenues	<u>19,303</u>	<u>19,303</u>	<u>19,376</u>	<u>73</u>
<b>EXPENDITURES:</b>				
General government:				
Property	23,973	22,336	16,484	5,852
Reserves	2,659	4,296	-	4,296
Total expenditures	<u>26,632</u>	<u>26,632</u>	<u>16,484</u>	<u>10,148</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,329)</u>	<u>(7,329)</u>	<u>2,892</u>	<u>10,221</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,200	2,200	-	(2,200)
Transfers (out)	<u>(1,700)</u>	<u>(1,700)</u>	<u>(1,700)</u>	<u>-</u>
Total other financing sources (uses)	<u>500</u>	<u>500</u>	<u>(1,700)</u>	<u>(2,200)</u>
Net change in fund balance	(6,829)	(6,829)	1,192	8,021
Fund balance - beginning	<u>6,829</u>	<u>6,829</u>	<u>6,829</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,021</u>	<u>\$ 8,021</u>

(Continued)

DALLAS COUNTY, TEXAS  
Historical Commission Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended September 30, 2011  
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES:</b>				
General government:				
Operating	\$ 1	\$ 1	\$ 1	\$ -
Total expenditures	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>-</u>
Net change in fund balance	(1)	(1)	(1)	-
Fund balance - beginning	<u>11</u>	<u>11</u>	<u>11</u>	<u>-</u>
Fund balance - ending	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ -</u>

(Continued)

DALLAS COUNTY, TEXAS  
Historical Exhibit Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended September 30, 2011  
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment income	\$ -	\$ -	\$ 1	\$ 1
Charges for current services	2,636	2,636	2,820	184
Total revenues	<u>2,636</u>	<u>2,636</u>	<u>2,821</u>	<u>185</u>
<b>EXPENDITURES:</b>				
General government:				
Operating	2,511	2,511	2,406	105
Total expenditures	<u>2,511</u>	<u>2,511</u>	<u>2,406</u>	<u>105</u>
Excess (deficiency) of revenues over (under) expenditures	<u>125</u>	<u>125</u>	<u>415</u>	<u>290</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	<u>(135)</u>	<u>(135)</u>	<u>(187)</u>	<u>(52)</u>
Total other financing sources (uses)	<u>(135)</u>	<u>(135)</u>	<u>(187)</u>	<u>(52)</u>
Net change in fund balance	(10)	(10)	228	238
Fund balance - beginning	<u>287</u>	<u>287</u>	<u>287</u>	<u>-</u>
Fund balance - ending	<u>\$ 277</u>	<u>\$ 277</u>	<u>\$ 515</u>	<u>\$ 238</u>

(Continued)

DALLAS COUNTY, TEXAS  
Alternative Dispute Resolution Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended September 30, 2011  
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment income	\$ 16	\$ 16	\$ 11	\$ (5)
Charges for current services	840	840	798	(42)
Total revenues	<u>856</u>	<u>856</u>	<u>809</u>	<u>(47)</u>
<b>EXPENDITURES:</b>				
Judicial:				
Salaries	87	85	85	-
Operating	380	380	315	65
Total expenditures	<u>467</u>	<u>465</u>	<u>400</u>	<u>65</u>
Excess of revenues over expenditures	<u>389</u>	<u>391</u>	<u>409</u>	<u>18</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	<u>(379)</u>	<u>(379)</u>	<u>(379)</u>	<u>-</u>
Total other financing sources and (uses)	<u>(379)</u>	<u>(379)</u>	<u>(379)</u>	<u>-</u>
Net change in fund balances	10	12	30	18
Fund balances - beginning	1,393	1,393	1,393	-
Fund balances - ending	<u>\$ 1,403</u>	<u>\$ 1,405</u>	<u>\$ 1,423</u>	<u>\$ 18</u>

(Continued)

DALLAS COUNTY, TEXAS  
Appellate Justice System Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended September 30, 2011  
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment income	\$ 3	\$ 3	\$ 1	\$ (2)
Charges for current services	355	355	321	(34)
Total revenues	<u>358</u>	<u>358</u>	<u>322</u>	<u>(36)</u>
<b>EXPENDITURES:</b>				
Judicial:				
Operating	430	430	410	20
Total judicial	<u>430</u>	<u>430</u>	<u>410</u>	<u>20</u>
Reserves	222	222	-	222
Total expenditures	<u>652</u>	<u>652</u>	<u>410</u>	<u>242</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(294)</u>	<u>(294)</u>	<u>(88)</u>	<u>206</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	<u>(125)</u>	<u>(125)</u>	<u>(141)</u>	<u>(16)</u>
Total other financing sources (uses)	<u>(125)</u>	<u>(125)</u>	<u>(141)</u>	<u>(16)</u>
Net change in fund balance	(419)	(419)	(229)	190
Fund balance - beginning	<u>522</u>	<u>522</u>	<u>522</u>	<u>-</u>
Fund balance - ending	<u>\$ 103</u>	<u>\$ 103</u>	<u>\$ 293</u>	<u>\$ 190</u>

(Continued)

DALLAS COUNTY, TEXAS  
 HUD Section 8 Grants Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 For the Year Ended September 30, 2011  
 (in thousands of dollars)

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Investment income	\$ 13	\$ 13	\$ 9	\$ (4)
Intergovernmental revenues	32,059	32,059	29,044	(3,015)
Total revenues	<u>32,072</u>	<u>32,072</u>	<u>29,053</u>	<u>(3,019)</u>
<b>EXPENDITURES:</b>				
Public welfare	34,331	33,810	28,338	5,472
Total expenditures	<u>34,331</u>	<u>33,810</u>	<u>28,338</u>	<u>5,472</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,259)</u>	<u>(1,738)</u>	<u>715</u>	<u>2,453</u>
Net change in fund balance	(2,259)	(1,738)	715	2,453
Fund balance - beginning	4,630	4,630	4,630	-
Fund balance - ending	<u>\$ 2,371</u>	<u>\$ 2,892</u>	<u>\$ 5,345</u>	<u>\$ 2,453</u>

(Continued)



DALLAS COUNTY, TEXAS  
Charter School Grants Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended September 30, 2011  
(in thousands of dollars)

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Investment income	\$ -	\$ -	\$ 3	\$ 3
Intergovernmental revenues	8,800	8,800	8,752	(48)
Total revenues	<u>8,800</u>	<u>8,800</u>	<u>8,755</u>	<u>(45)</u>
<b>EXPENDITURES:</b>				
Education	10,473	9,412	8,151	1,261
Total expenditures	<u>10,473</u>	<u>9,412</u>	<u>8,151</u>	<u>1,261</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,673)</u>	<u>(612)</u>	<u>604</u>	<u>1,216</u>
Net change in fund balance	(1,673)	(612)	604	1,216
Fund balance - beginning	<u>2,442</u>	<u>2,442</u>	<u>2,442</u>	<u>-</u>
Fund balance - ending	<u>\$ 769</u>	<u>\$ 1,830</u>	<u>\$ 3,046</u>	<u>\$ 1,216</u>

(Concluded)

# FIDUCIARY SECTION

DALLAS COUNTY, TEXAS

FIDUCIARY FUNDS – ALL AGENCY FUNDS

Agency Funds are used to account for assets held by the County in an agency capacity for individuals, private organizations, other governmental units and/or other funds. The following are the County's Agency Funds:

Escrow Fund - used to account for miscellaneous amounts temporarily held for other individuals or entities outside control of Commissioners Court.

Juvenile Probation Commission Fund – used to account for advance funding from State to satisfy special conditions of grant award.

State Reports Fund - used to account for State fees collected by the County and subsequently disbursed to the State.

County Clerk, District Clerk, Sheriff, Justices of the Peace and Constables Fee Funds - used to account for monies received with ultimate disposition of receipts to be determined at a future date.

Community Supervision and Corrections - used to account for the activities of a State agency with funds in the County depository.

Housing Finance Corporation - 1993 Refunding - used to account for monies received as a result of refunding of 1983 Mortgage Revenue bonds issued by HFC.

Juvenile Department Child Support - used to account for money held for other parties in the child support program in accordance with court orders.

Housing Finance Corporation - 1994 Refunding - used to account for monies received as a result of refunding 1984 Mortgage Revenue Bonds issued by HFC.

Community Supervision and Corrections Special - used to account for the receipt and distribution of restitution payments made by probationers.

Youth Village - used to account for donated money to be used for the benefit of youths temporarily housed in the facility.

Tax Assessor-Collector - used to account for initial receipt and distribution to proper parties of taxes and fees collected for various entities of government.

Police Agencies Seized Funds - used to account for seized monies awaiting judicial determination for local police agencies.

Attorney General Seized Funds. - used to account for seized monies awaiting judicial determination for the Texas Attorney General.

Gambling Seized Funds - used to account for seized monies for gambling awaiting judicial determination for the Texas Department of Public Safety.

Narcotics Seized Funds - used to account for seized monies for narcotics awaiting judicial determination for the Texas Department of Public Safety.

Sheriff Inmate Trust - used to account for monies received from individuals in County custody.

**DALLAS COUNTY, TEXAS**

Combining Statement of Fiduciary Assets and Liabilities- All Agency Funds

September 30, 2011

(in thousands of dollars)

	Administrative Fund Escrow	Fee Office Funds				Fee Office Funds			Housing Finance Corporation - 1993 Refunding	Juvenile Department Child Support
		State Reports	County Clerk	District Clerk	Sheriff	Community Supervision and Corrections	Justices of the Peace	Constables		
<b>Assets:</b>										
Cash and investments	\$ 7,625	\$4,001	\$ 39,193	\$13,387	\$ 770	\$ 7,822	\$ 3,214	\$ 112	\$ 46	\$ 692
Accrued interest	57	-	-	-	-	-	-	-	-	-
Cash and investments held in escrow	9,792	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 17,474</u>	<u>\$4,001</u>	<u>\$ 39,193</u>	<u>\$13,387</u>	<u>\$ 770</u>	<u>\$ 7,822</u>	<u>\$ 3,214</u>	<u>\$ 112</u>	<u>\$ 46</u>	<u>\$ 692</u>
<b>Liabilities:</b>										
Due to other governmental units and others	\$ 17,474	\$4,001	\$ 39,193	\$13,387	\$ 770	\$ 7,822	\$ 3,214	\$ 112	\$ 46	\$ 692
Total liabilities	<u>\$ 17,474</u>	<u>\$4,001</u>	<u>\$ 39,193</u>	<u>\$13,387</u>	<u>\$ 770</u>	<u>\$ 7,822</u>	<u>\$ 3,214</u>	<u>\$ 112</u>	<u>\$ 46</u>	<u>\$ 692</u>

(Continued)

**DALLAS COUNTY, TEXAS**

Combining Statement of Fiduciary Assets and Liabilities- All Agency Funds

September 30, 2011

(in thousands of dollars)

	<u>Departmental Special Funds</u>				<u>District Attorney Seized Funds</u>					<u>Total</u>
	<u>Housing Finance Corporation - 1994 Refunding</u>	<u>Community Supervision and Corrections Special</u>	<u>Youth Village</u>	<u>Tax Assessor - Collector</u>	<u>Police Agencies</u>	<u>Attorney General</u>	<u>Gambling</u>	<u>Narcotics</u>	<u>Sheriff Inmate Trust</u>	
<b>Assets:</b>										
Cash and investments	\$ 1,284	\$ 1,394	\$ 1	\$ 44,623	\$ 32	\$ 26	\$ 55	\$ 45	\$ 281	\$ 124,603
Accrued interest	-	-	-	-	-	-	-	-	-	57
Cash and investments held in escrow	-	-	-	-	-	-	-	-	-	9,792
<b>Total assets</b>	<u>\$ 1,284</u>	<u>\$ 1,394</u>	<u>\$ 1</u>	<u>\$ 44,623</u>	<u>\$ 32</u>	<u>\$ 26</u>	<u>\$ 55</u>	<u>\$ 45</u>	<u>\$ 281</u>	<u>\$ 134,452</u>
<b>Liabilities:</b>										
Due to other governmental units and others	\$ 1,284	\$ 1,394	\$ 1	\$ 44,623	\$ 32	\$ 26	\$ 55	\$ 45	\$ 281	\$ 134,452
<b>Total liabilities</b>	<u>\$ 1,284</u>	<u>\$ 1,394</u>	<u>\$ 1</u>	<u>\$ 44,623</u>	<u>\$ 32</u>	<u>\$ 26</u>	<u>\$ 55</u>	<u>\$ 45</u>	<u>\$ 281</u>	<u>\$ 134,452</u>

(Continued)

**DALLAS COUNTY, TEXAS**  
Combining Statement of Changes in Fiduciary Assets and Liabilities  
All Agency Funds  
For the Year Ended September 30, 2011  
(in thousands of dollars)

	<b>Balance October 1, 2010</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance September 30, 2011</b>
<b>Administrative Fund - Escrow</b>				
Assets:				
Cash and investments	\$ 7,669	\$ 45,573	\$ (45,617)	\$ 7,625
Accrued interest receivable	48	56	(47)	\$ 57
Cash and investments held in escrow	9,846	851	(905)	\$ 9,792
Total assets	<u>\$ 17,563</u>	<u>\$ 46,480</u>	<u>\$ (46,569)</u>	<u>\$ 17,474</u>
Liabilities:				
Due to other governmental units and others - administrative	\$ 17,563	\$ 86,618	\$ (86,707)	\$ 17,474
Total liabilities	<u>\$ 17,563</u>	<u>\$ 86,618</u>	<u>\$ (86,707)</u>	<u>\$ 17,474</u>
<b>Grant Fund - Juvenile Probation Commission</b>				
Assets:				
Cash and investments	\$ 309	\$ 1,095	\$ (1,404)	\$ -
Accrued interest receivable	-	-	-	-
Total assets	<u>\$ 309</u>	<u>\$ 1,095</u>	<u>\$ (1,404)</u>	<u>\$ -</u>
Liabilities:				
Accounts payable - grants	\$ 309	\$ 1,191	\$ (1,500)	\$ -
Total liabilities	<u>\$ 309</u>	<u>\$ 1,191</u>	<u>\$ (1,500)</u>	<u>\$ -</u>

**DALLAS COUNTY, TEXAS**  
Combining Statement of Changes in Fiduciary Assets and Liabilities  
All Agency Funds  
For the Year Ended September 30, 2011  
(in thousands of dollars)

	<u>Balance October 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2011</u>
<hr/> <b>Fee Office Fund - State Reports</b> <hr/>				
Assets:				
Cash and investments	\$ 4,680	\$ 878,613	\$ (879,292)	\$ 4,001
Total assets	<u>\$ 4,680</u>	<u>\$ 878,613</u>	<u>\$ (879,292)</u>	<u>\$ 4,001</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 4,680	\$ 33,202	\$ (33,881)	\$ 4,001
Total liabilities	<u>\$ 4,680</u>	<u>\$ 33,202</u>	<u>\$ (33,881)</u>	<u>\$ 4,001</u>
 <hr/> <b>Fee Office Fund - County Clerk</b> <hr/>				
Assets:				
Cash and investments	\$ 58,667	\$ 260,530	\$ (280,004)	\$ 39,193
Total assets	<u>\$ 58,667</u>	<u>\$ 260,530</u>	<u>\$ (280,004)</u>	<u>\$ 39,193</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 58,667	\$ 332,625	\$ (352,099)	\$ 39,193
Total liabilities	<u>\$ 58,667</u>	<u>\$ 332,625</u>	<u>\$ (352,099)</u>	<u>\$ 39,193</u>

**DALLAS COUNTY, TEXAS**  
Combining Statement of Changes in Fiduciary Assets and Liabilities  
All Agency Funds  
For the Year Ended September 30, 2011  
(in thousands of dollars)

	<u>Balance October 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2011</u>
<hr/> <b>Fee Office Fund - District Clerk</b> <hr/>				
Assets:				
Cash and investments	\$ 11,510	\$ 125,068	\$ (123,191)	\$ 13,387
Total assets	<u>\$ 11,510</u>	<u>\$ 125,068</u>	<u>\$ (123,191)</u>	<u>\$ 13,387</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 11,510	\$ 114,865	\$ (112,988)	\$ 13,387
Total liabilities	<u>\$ 11,510</u>	<u>\$ 114,865</u>	<u>\$ (112,988)</u>	<u>\$ 13,387</u>
 <hr/> <b>Fee Office Fund - Sheriff</b> <hr/>				
Assets:				
Cash and investments	\$ 1,080	\$ 23,120	\$ (23,430)	\$ 770
Total assets	<u>\$ 1,080</u>	<u>\$ 23,120</u>	<u>\$ (23,430)</u>	<u>\$ 770</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 1,080	\$ 18,306	\$ (18,616)	\$ 770
Total liabilities	<u>\$ 1,080</u>	<u>\$ 18,306</u>	<u>\$ (18,616)</u>	<u>\$ 770</u>

(Continued)



**DALLAS COUNTY, TEXAS**  
Combining Statement of Changes in Fiduciary Assets and Liabilities  
All Agency Funds  
For the Year Ended September 30, 2011  
(in thousands of dollars)

	<u>Balance October 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2011</u>
<b>Fee Office Fund - Community Supervision and Corrections</b>				
Assets:				
Cash and investments	\$ 8,551	\$ 2,806,935	\$ (2,807,664)	\$ 7,822
Accrued interest receivable	<u>2</u>	<u>-</u>	<u>(2)</u>	<u>\$ -</u>
Total assets	<u>\$ 8,553</u>	<u>\$ 2,806,935</u>	<u>\$ (2,807,666)</u>	<u>\$ 7,822</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 8,553	\$ 43,899	\$ (44,630)	\$ 7,822
Total liabilities	<u>\$ 8,553</u>	<u>\$ 43,899</u>	<u>\$ (44,630)</u>	<u>\$ 7,822</u>
<b>Fee Office Fund - Justices of the Peace</b>				
Assets:				
Cash and investments	\$ 3,275	\$ 1,296	\$ (1,357)	\$ 3,214
Total assets	<u>\$ 3,275</u>	<u>\$ 1,296</u>	<u>\$ (1,357)</u>	<u>\$ 3,214</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 3,275	\$ 1,390	\$ (1,451)	\$ 3,214
Total liabilities	<u>\$ 3,275</u>	<u>\$ 1,390</u>	<u>\$ (1,451)</u>	<u>\$ 3,214</u>

(Continued)

**DALLAS COUNTY, TEXAS**  
Combining Statement of Changes in Fiduciary Assets and Liabilities  
All Agency Funds  
For the Year Ended September 30, 2011  
(in thousands of dollars)

	<u>Balance October 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2011</u>
<hr/> <b>Fee Office Fund - Constables</b> <hr/>				
Assets:				
Cash and investments	\$ 115	\$ 3,033	\$ (3,036)	\$ 112
Total assets	<u>\$ 115</u>	<u>\$ 3,033</u>	<u>\$ (3,036)</u>	<u>\$ 112</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 115	\$ 2,050	\$ (2,053)	\$ 112
Total liabilities	<u>\$ 115</u>	<u>\$ 2,050</u>	<u>\$ (2,053)</u>	<u>\$ 112</u>
 <hr/> <b>Departmental Special Fund - Housing Finance Corporation - 1993 Refunding</b> <hr/>				
Assets:				
Cash and investments	\$ 40	\$ 21,248	\$ (21,242)	\$ 46
Total assets	<u>\$ 40</u>	<u>\$ 21,248</u>	<u>\$ (21,242)</u>	<u>\$ 46</u>
Liabilities:				
Due to other governmental units and others - departmental special	\$ 40	\$ 6	\$ -	\$ 46
Total liabilities	<u>\$ 40</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 46</u>

DALLAS COUNTY, TEXAS  
Combining Statement of Changes in Fiduciary Assets and Liabilities  
All Agency Funds  
For the Year Ended September 30, 2011  
(in thousands of dollars)

	<u>Balance October 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2011</u>
<b>Departmental Special Fund - Juvenile Department Child Support</b>				
Assets:				
Cash and investments	\$ 179	\$ 896	\$ (383)	\$ 692
Total assets	<u>\$ 179</u>	<u>\$ 896</u>	<u>\$ (383)</u>	<u>\$ 692</u>
Liabilities:				
Due to other governmental units and others - departmental special	\$ 179	\$ 716	\$ (203)	\$ 692
Total liabilities	<u>\$ 179</u>	<u>\$ 716</u>	<u>\$ (203)</u>	<u>\$ 692</u>
<b>Departmental Special Fund - Housing Finance Corporation - 1994 Refunding</b>				
Assets:				
Cash and investments	\$ 1,128	\$ 525,191	\$ (525,035)	\$ 1,284
Accrued interest receivable	-	-	-	-
Total assets	<u>\$ 1,128</u>	<u>\$ 525,191</u>	<u>\$ (525,035)</u>	<u>\$ 1,284</u>
Liabilities:				
Due to other governmental units and others - departmental special	\$ 1,128	\$ 711	\$ (555)	\$ 1,284
Total liabilities	<u>\$ 1,128</u>	<u>\$ 711</u>	<u>\$ (555)</u>	<u>\$ 1,284</u>

(Continued)

**DALLAS COUNTY, TEXAS**  
Combining Statement of Changes in Fiduciary Assets and Liabilities  
All Agency Funds  
For the Year Ended September 30, 2011  
(in thousands of dollars)

	<u>Balance October 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2011</u>
<b>Departmental Special Fund - Community Supervision and Corrections Special</b>				
Assets:				
Cash and investments	\$ 1,276	\$ 9,271	\$ (9,153)	\$ 1,394
Total assets	<u>\$ 1,276</u>	<u>\$ 9,271</u>	<u>\$ (9,153)</u>	<u>\$ 1,394</u>
Liabilities:				
Due to other governmental units and others - departmental special	\$ 1,276	\$ 7,027	\$ (6,909)	1,394
Total liabilities	<u>\$ 1,276</u>	<u>\$ 7,027</u>	<u>\$ (6,909)</u>	<u>\$ 1,394</u>
<b>Departmental Special Fund - Youth Village</b>				
Assets:				
Cash and investments	\$ 1	\$ -	\$ -	\$ 1
Total assets	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>
Liabilities:				
Due to other governmental units and others - departmental special	\$ 1	\$ -	\$ -	\$ 1
Total liabilities	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>

**DALLAS COUNTY, TEXAS**  
Combining Statement of Changes in Fiduciary Assets and Liabilities  
All Agency Funds  
For the Year Ended September 30, 2011  
(in thousands of dollars)

	<b>Balance October 1, 2010</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance September 30, 2011</b>
<b>Departmental Special Fund - Tax Assessor and Collector</b>				
Assets:				
Cash and investments	\$ 47,703	\$ 45,218	\$ (48,298)	\$ 44,623
Accrued interest receivable	-	-	-	-
Total assets	\$ 47,703	\$ 45,218	\$ (48,298)	\$ 44,623
Liabilities:				
Due to other governmental units and others - departmental special	\$ 47,703	\$ 431,187	\$ (434,267)	\$ 44,623
Total liabilities	\$ 47,703	\$ 431,187	\$ (434,267)	\$ 44,623
<b>District Attorney Seized Funds - Police Agencies</b>				
Assets:				
Cash and investments	\$ 32	\$ 287	\$ (287)	\$ 32
Total assets	\$ 32	\$ 287	\$ (287)	\$ 32
Liabilities:				
Due to other governmental units and others	\$ 32	\$ -	\$ -	\$ 32
Total liabilities	\$ 32	\$ -	\$ -	\$ 32

**DALLAS COUNTY, TEXAS**  
Combining Statement of Changes in Fiduciary Assets and Liabilities  
All Agency Funds  
For the Year Ended September 30, 2011  
(in thousands of dollars)

	<u>Balance October 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2011</u>
<hr/> <b>District Attorney Seized Funds - Attorney General</b> <hr/>				
Assets:				
Cash and investments	\$ 26	\$ -	\$ -	\$ 26
Total assets	<u>\$ 26</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26</u>
Liabilities:				
Due to other governmental units and others	\$ 26	\$ -	\$ -	\$ 26
Total liabilities	<u>\$ 26</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26</u>
 <hr/> <b>District Attorney Seized Funds - Gambling</b> <hr/>				
Assets:				
Cash and investments	\$ 50	\$ 418	\$ (413)	\$ 55
Total assets	<u>\$ 50</u>	<u>\$ 418</u>	<u>\$ (413)</u>	<u>\$ 55</u>
Liabilities:				
Due to other governmental units and others	\$ 50	\$ 5	\$ -	\$ 55
Total liabilities	<u>\$ 50</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 55</u>

**DALLAS COUNTY, TEXAS**  
Combining Statement of Changes in Fiduciary Assets and Liabilities  
All Agency Funds  
For the Year Ended September 30, 2011  
(in thousands of dollars)

	<u>Balance October 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2011</u>
<b>District Attorney Seized Funds - Narcotics</b>				
Assets:				
Cash and investments	\$ 153	\$ 1,553	\$ (1,661)	\$ 45
Total assets	<u>\$ 153</u>	<u>\$ 1,553</u>	<u>\$ (1,661)</u>	<u>\$ 45</u>
Liabilities:				
Due to other governmental units and others	\$ 153	\$ 238	\$ (346)	\$ 45
Total liabilities	<u>\$ 153</u>	<u>\$ 238</u>	<u>\$ (346)</u>	<u>\$ 45</u>
<b>Sheriff Inmate Trust</b>				
Assets:				
Cash and investments	\$ -	\$ 281	\$ -	\$ 281
Total assets	<u>\$ -</u>	<u>\$ 281</u>	<u>\$ -</u>	<u>\$ 281</u>
Liabilities:				
Due to other governmental units and others	\$ -	\$ 281	\$ -	\$ 281
Total liabilities	<u>\$ -</u>	<u>\$ 281</u>	<u>\$ -</u>	<u>\$ 281</u>

(Continued)

**DALLAS COUNTY, TEXAS**  
Combining Statement of Changes in Fiduciary Assets and Liabilities  
All Agency Funds  
For the Year Ended September 30, 2011  
(in thousands of dollars)

	<u>Balance October 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2011</u>
Assets:				
Cash and investments	\$ 146,444	\$ 4,749,626	\$ (4,771,467)	\$ 124,603
Accrued interest	50	56	(49)	57
Cash and investments held in escrow	<u>9,846</u>	<u>851</u>	<u>(905)</u>	<u>9,792</u>
 Total assets	 <u>\$ 156,340</u>	 <u>\$ 4,750,533</u>	 <u>\$ (4,772,421)</u>	 <u>\$ 134,452</u>
 Liabilities:				
Due to other governmental units and others	<u>\$ 156,340</u>	<u>\$ 1,074,317</u>	<u>\$ (1,096,205)</u>	<u>\$ 134,452</u>
 Total liabilities	 <u>\$ 156,340</u>	 <u>\$ 1,074,317</u>	 <u>\$ (1,096,205)</u>	 <u>\$ 134,452</u>

(Concluded)



**STATISTICAL SECTION**  
(Unaudited)

## 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.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	131
These schedules contain trend information to aid in understanding how the County's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	136
These schedules contain information to aid in assessing the County's most significant local revenue source - property tax.	
<b>Debt Capacity</b>	141
These schedules present information to aid in assessing the County's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	146
These schedules offer demographic and economic indicators to aid in understanding the environment within which the County's financial activities take place.	
<b>Operating Information</b>	148
These schedules contain service and infrastructure data to aid in understanding how the information in the County's financial report relates to services the County provides and the activities it performs.	

**DALLAS COUNTY, TEXAS**  
**Net Assets by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(in thousands of dollars)**  
**(unaudited)**

Table 1

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities										
Invested in capital assets, net of related debt	\$ 285,000	\$ 298,000	\$ 334,983	\$ 318,404	\$ 343,757	\$ 371,524	\$ 429,277	\$ 455,302	\$ 453,807	\$ 455,452
Restricted	31,395	27,618	24,123	16,584	21,548	59,017	40,360	63,686	61,654	66,840
Unrestricted	(74,655)	(56,351)	(31,472)	69,644	91,806	46,414	18,529	28,797	26,672	41,628
Total governmental activities net assets	<u>\$ 241,740</u>	<u>\$ 269,267</u>	<u>\$ 327,634</u>	<u>\$ 404,632</u>	<u>\$ 457,111</u>	<u>\$ 476,955</u>	<u>\$ 488,166</u>	<u>\$ 547,785</u>	<u>\$ 542,133</u>	<u>\$ 563,920</u>

Source: Dallas County Financial Records

**DALLAS COUNTY, TEXAS**  
Changes in Net Assets  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(in thousands of dollars)  
(unaudited)

Table 2

<b>Expenses</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Governmental activities:</b>										
General government	\$ 65,372	\$ 68,466	\$ 71,871	\$ 72,765	\$ 77,465	\$ 99,805	\$ 126,656	\$ 120,224	\$ 147,707	\$ 137,867
Judicial	98,247	102,611	98,858	102,371	115,244	126,971	134,413	139,852	136,703	138,104
Public Safety	167,880	172,274	169,137	172,347	198,138	216,521	235,161	234,898	236,728	233,243
Highways and Streets	27,634	21,748	21,143	33,852	29,174	32,955	34,689	30,119	23,787	21,195
Health	47,470	39,576	40,506	44,285	45,948	41,590	46,735	48,598	51,033	53,264
Education	5,636	5,671	6,461	7,941	9,547	10,189	11,699	11,470	11,104	9,994
Public Welfare	51,732	58,871	56,735	61,106	65,908	66,913	72,374	82,019	85,635	97,261
Libraries	-	23	60	23	12	10	3	-	-	-
Interest on long term debt	14,248	11,795	11,534	10,131	9,288	10,599	9,784	6,939	6,475	5,189
<b>Total primary government expenses</b>	<b>\$ 478,219</b>	<b>\$ 481,035</b>	<b>\$ 476,305</b>	<b>\$ 504,821</b>	<b>\$ 550,724</b>	<b>\$ 605,553</b>	<b>\$ 671,514</b>	<b>\$ 674,119</b>	<b>\$ 699,172</b>	<b>\$ 696,117</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government	\$ 54,577	\$ 48,567	\$ 50,562	\$ 44,371	\$ 50,809	\$ 47,125	\$ 55,659	\$ 50,104	\$ 46,405	\$ 47,054
Judicial	42,471	44,299	48,633	52,703	58,257	58,164	60,655	68,280	50,648	43,797
Public Safety	27,385	20,642	19,928	21,046	20,337	22,845	21,156	23,143	21,133	23,527
Highways and Streets (1)	40,050	39,508	36,778	38,954	41,849	42,244	44,495	40,002	36,968	27,340
Health	13,954	8,477	6,451	6,193	6,409	6,150	6,385	7,171	7,607	7,882
Public Welfare	1,102	1,457	1,400	2,671	2,530	1,134	1,423	1,323	1,399	1,499
<b>Operating grants and contributions</b>										
General government	-	-	-	-	-	-	-	156	819	947
Judicial	1,660	3,415	2,107	3,009	3,330	1,636	2,475	28,398	15,259	16,198
Public Safety	4,170	6,259	6,774	4,269	5,977	5,419	8,066	6,280	10,935	10,835
Health	22,175	19,821	27,067	26,892	26,359	26,472	28,943	29,948	33,309	32,894
Education	4,243	8,136	6,019	9,060	9,444	7,879	12,155	10,742	8,971	12,042
Public Welfare	40,323	48,019	47,528	44,132	47,706	51,880	59,293	67,345	74,318	89,732
<b>Capital grants and contributions:</b>										
Judicial	1,276	17	1,252	-	-	26	-	-	50	257
Public Safety	61	17	-	-	-	480	621	-	389	-
Health	-	-	564	-	-	-	-	-	-	-
Public Welfare	1,994	-	5,592	4,192	10,649	5,650	442	1,843	76	-
<b>Total governmental activities program revenues</b>	<b>\$ 255,441</b>	<b>\$ 248,634</b>	<b>\$ 260,655</b>	<b>\$ 257,492</b>	<b>\$ 283,656</b>	<b>\$ 277,104</b>	<b>\$ 299,075</b>	<b>\$ 336,521</b>	<b>\$ 308,286</b>	<b>\$ 314,004</b>
<b>Total net (expense) revenue</b>	<b>\$ (222,778)</b>	<b>\$ (232,401)</b>	<b>\$ (215,650)</b>	<b>\$ (247,329)</b>	<b>\$ (267,068)</b>	<b>\$ (328,449)</b>	<b>\$ (372,439)</b>	<b>\$ (337,598)</b>	<b>\$ (390,886)</b>	<b>\$ (382,113)</b>
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental activities:</b>										
<b>Taxes</b>										
Property taxes	\$ 236,929	\$ 242,408	\$ 255,324	\$ 267,462	\$ 284,946	\$ 309,560	\$ 356,596	\$ 372,201	\$ 364,868	\$ 371,618
Alcoholic beverage taxes (1)	9,732	9,778	10,120	10,695	11,129	11,858	12,119	11,742	11,732	19,953
Unrestricted grants and contributions	2,281	2,986	4,180	5,243	3,640	3,534	4,659	1,750	5,161	6,758
Investment earnings	8,271	4,756	4,393	9,724	19,832	23,341	10,276	11,524	3,521	4,258
Insurable gain, net of insurance proceeds	-	-	-	-	-	-	-	-	-	2,850
Gain on the sale of property	-	-	-	31,203	-	-	-	-	3,967	-
<b>Total primary government</b>	<b>\$ 257,213</b>	<b>\$ 259,928</b>	<b>\$ 274,017</b>	<b>\$ 324,327</b>	<b>\$ 319,547</b>	<b>\$ 348,293</b>	<b>\$ 383,650</b>	<b>\$ 397,217</b>	<b>\$ 389,249</b>	<b>\$ 405,437</b>
<b>Other activities:</b>										
Insurable loss, net of insurance proceeds	-	-	-	-	-	-	-	-	(4,015)	-
Loss on retirement of capital assets	-	-	-	-	-	-	-	-	-	(804)
Interest paid - advance refunding	-	-	-	-	-	-	-	-	-	(733)
<b>Total other expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (4,015)</b>	<b>\$ (1,537)</b>
<b>Change in Net Assets</b>										
Governmental activities	\$ 34,435	\$ 27,527	\$ 58,367	\$ 76,998	\$ 52,479	\$ 19,844	\$ 11,211	\$ 59,619	\$ (5,652)	\$ 21,787
<b>Total primary government</b>	<b>\$ 34,435</b>	<b>\$ 27,527</b>	<b>\$ 58,367</b>	<b>\$ 76,998</b>	<b>\$ 52,479</b>	<b>\$ 19,844</b>	<b>\$ 11,211</b>	<b>\$ 59,619</b>	<b>\$ (5,652)</b>	<b>\$ 21,787</b>

Note:

(1) In FY 2011, the County reclassified \$8,221 from Charges for services - Highways and Streets to General Revenues. This classification will be applied going forward.

Source: Dallas County Financial Records

**DALLAS COUNTY, TEXAS**  
 Governmental Activities Tax Revenues by Source  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 (in thousands of dollars)  
 (unaudited)

Table 3

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Property Taxes	\$ 236,929	\$ 242,408	\$ 255,324	\$ 267,462	\$ 284,946	\$ 309,560	\$ 356,596	\$ 372,201	\$ 364,868	\$ 371,618
Alcoholic beverage / other taxes	9,732	9,778	10,120	10,695	11,129	11,858	12,119	11,742	11,732	19,953
Total Taxes	<u>\$ 246,661</u>	<u>\$ 252,186</u>	<u>\$ 265,444</u>	<u>\$ 278,157</u>	<u>\$ 296,075</u>	<u>\$ 321,418</u>	<u>\$ 368,715</u>	<u>\$ 383,943</u>	<u>\$ 376,600</u>	<u>\$ 391,571</u>

Source: Dallas County Financial Records

Note: Other taxes reflect \$8,217 increase in Fiscal Year 2011 due to changes in presentation of special highway taxes; previously reported as charges for services.

**DALLAS COUNTY, TEXAS**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(in thousands of dollars)**  
**(unaudited)**

Table 4

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>General Fund (GASB 54)</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,562
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	7,871
Unassigned	-	-	-	-	-	-	-	-	-	56,700
<b>General Fund (before GASB 54)</b>										
Reserved	12,065	11,637	13,926	16,925	12,050	7,822	8,073	8,734	9,886	-
Unreserved	35,245	24,577	41,195	38,857	44,346	32,139	26,737	35,762	41,353	-
<b>Total General Fund</b>	<u>\$ 47,310</u>	<u>\$ 36,214</u>	<u>\$ 55,121</u>	<u>\$ 55,782</u>	<u>\$ 56,396</u>	<u>\$ 39,961</u>	<u>\$ 34,810</u>	<u>\$ 44,496</u>	<u>\$ 51,239</u>	<u>\$ 68,133</u>
<b>All Other Governmental Funds (GASB 54)</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 282
Restricted	-	-	-	-	-	-	-	-	-	108,201
Committed	-	-	-	-	-	-	-	-	-	166,590
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>All Other Governmental Funds (before GASB 54)</b>										
Reserved	26,345	33,404	48,856	39,364	40,519	107,960	90,351	72,436	56,123	-
Unreserved reported in:										
Debt Service	14,461	12,181	5,484	7,369	13,420	7,631	3,381	2,785	3,128	-
Major Projects	33,267	31,056	12,440	53,696	65,709	6,091	6,249	29,567	77,906	-
Grants Funds	-	1,054	4,950	6,780	6,437	9,298	1,993	1,819	(3,786)	-
Special Revenue	22,299	24,084	21,060	22,153	21,091	19,916	29,840	46,103	44,354	-
Capital Projects	62,622	78,104	72,395	39,851	81,422	45,263	13,057	19,019	18,632	-
<b>Total all other governmental funds</b>	<u>\$ 158,994</u>	<u>\$ 179,883</u>	<u>\$ 165,185</u>	<u>\$ 169,213</u>	<u>\$ 228,598</u>	<u>\$ 196,159</u>	<u>\$ 144,871</u>	<u>\$ 171,729</u>	<u>\$ 196,357</u>	<u>\$ 275,073</u>

Source: Dallas County Financial Records

Note: In 2011, the County implemented GASB Statement No. 54. Under GASB Statement No. 54, fund balances are classified as Nonspendable, Reserved, Committed, Assigned or Unassigned. Prior to GASB 54, fund balances were classified as Reserved or Unreserved. Amounts for fiscal years 2010 and earlier have not been restated to reclassify these balances.

**DALLAS COUNTY, TEXAS**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(in thousands of dollars)**  
**(unaudited)**

Table 5

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>										
Property taxes	\$ 236,929	\$ 242,408	\$ 255,324	\$ 262,124	\$ 286,792	\$ 308,443	\$ 356,136	\$ 372,285	\$ 364,620	\$ 372,074
Licenses, fees and permits (3)	36,497	33,564	33,776	33,458	32,704	33,826	31,413	29,253	26,422	33,520
Fines and forfeitures	18,683	19,931	22,837	24,404	26,060	25,691	27,507	25,280	21,512	17,732
Investments and rentals	12,122	9,924	9,605	14,856	22,851	26,654	14,558	15,173	6,790	7,017
Intergovernmental revenues	84,702	88,704	101,494	94,575	104,752	103,944	112,951	151,373	128,861	145,937
Charges for current services (3)	106,583	100,308	95,172	100,209	115,239	114,991	123,353	128,905	126,521	123,235
Miscellaneous revenues	11,229	10,865	13,545	13,023	16,277	11,579	17,852	10,635	14,603	17,035
<b>Total revenues</b>	<b>506,745</b>	<b>505,704</b>	<b>531,753</b>	<b>542,649</b>	<b>604,675</b>	<b>625,128</b>	<b>683,770</b>	<b>732,904</b>	<b>689,329</b>	<b>716,550</b>
<b>Expenditures</b>										
General government and judicial (a)	168,915	169,363	170,880	179,375	194,847	221,496	234,758	238,079	232,214	233,904
Public safety (a)	160,781	165,571	165,390	169,831	192,710	211,970	231,062	228,083	225,898	222,489
Streets and highways (a)	11,673	10,161	13,666	20,059	22,040	22,728	26,107	23,116	22,122	20,152
Health (a)	47,202	39,713	40,659	43,895	45,484	41,020	46,584	48,711	51,094	52,967
Welfare (a)	51,434	58,536	60,113	60,225	70,261	65,364	70,484	79,815	83,677	96,448
Libraries (a)	40	40	49	19	-	-	-	-	-	-
Education (a)	5,569	5,604	6,455	8,061	9,512	10,102	11,599	11,358	10,981	10,065
Capital outlay (a) (1)	17,102	24,794	41,188	48,869	34,748	59,172	82,798	39,660	15,454	11,394
Debt Service										
Principal	34,140	32,795	35,225	34,940	32,180	30,980	27,915	19,955	17,355	18,190
Interest	13,225	11,404	10,645	9,265	8,310	11,170	8,902	7,583	6,625	5,284
<b>Total expenditures</b>	<b>510,081</b>	<b>517,981</b>	<b>544,270</b>	<b>574,539</b>	<b>610,092</b>	<b>674,002</b>	<b>740,209</b>	<b>696,360</b>	<b>665,420</b>	<b>670,893</b>
Excess of revenues over (under) expenditures	(3,336)	(12,277)	(12,517)	(31,890)	(5,417)	(48,874)	(56,439)	36,544	23,909	45,657
<b>Other financing sources (uses)</b>										
Transfers in	50,001	49,544	67,357	60,473	59,833	71,749	67,551	63,473	47,570	49,046
Transfers out	(50,001)	(49,544)	(67,357)	(60,473)	(59,833)	(71,749)	(67,551)	(63,473)	(47,570)	(49,046)
Proceeds from refunding bonds	-	-	-	24,096	-	-	-	-	-	32,400
Proceeds from sale of bonds	-	22,070	16,145	36,535	63,220	-	-	-	-	41,545
Premium on refunding bonds	-	-	-	-	-	-	-	-	-	2,132
Premium on bonds issued	-	-	509	1,933	2,196	-	-	-	-	3,749
Interest on advance refunding bonds	-	-	-	-	-	-	-	-	-	57
Interest on limited tax notes	-	-	-	-	-	-	-	-	-	82
Accrued interest on revenue bonds	-	-	72	-	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	(25,985)	-	-	-	-	-	(34,270)
Sale of capital assets	-	-	-	-	-	-	-	-	4,462	-
Insurance proceeds	-	-	-	-	-	-	-	-	3,000	4,258
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>22,070</b>	<b>16,726</b>	<b>36,579</b>	<b>65,416</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,462</b>	<b>49,953</b>
<b>Net change in fund balance</b>	<b>(3,336)</b>	<b>9,793</b>	<b>4,209</b>	<b>4,689</b>	<b>59,999</b>	<b>(48,874)</b>	<b>(56,439)</b>	<b>36,544</b>	<b>31,371</b>	<b>95,610</b>
<b>Sum of expenditures (a)</b>	<b>462,716</b>	<b>473,782</b>	<b>498,400</b>	<b>530,334</b>	<b>569,602</b>	<b>631,852</b>	<b>703,392</b>	<b>668,822</b>	<b>641,440</b>	<b>647,419</b>
Less: Expenditures capitalized for government-wide statement of net assets. (2)	(15,218)	(18,434)	(43,723)	(43,349)	(45,354)	(66,128)	(84,369)	(39,508)	(12,711)	(14,007)
<b>Non-capital expenditures</b>	<b>\$ 447,498</b>	<b>\$ 455,348</b>	<b>\$ 454,677</b>	<b>\$ 486,985</b>	<b>\$ 524,248</b>	<b>\$ 565,724</b>	<b>\$ 619,023</b>	<b>\$ 629,314</b>	<b>\$ 628,729</b>	<b>\$ 633,412</b>
<b>Debt service as a percentage of non-capital expenditures</b>	<b>10.6%</b>	<b>9.7%</b>	<b>10.1%</b>	<b>9.1%</b>	<b>7.7%</b>	<b>7.5%</b>	<b>5.9%</b>	<b>4.4%</b>	<b>3.8%</b>	<b>3.7%</b>

Source: Dallas County Financial Records

Notes:

- (1) Capital outlay expenditures exclude some purchases meeting the County's capitalization threshold which are classified as current expenditures at the functional level.
- (2) The amount of capital expenditures on page 51 of the Notes to the Basic Financial Statements and referenced on page 59 includes capital expenditures recorded within functional expenditure categories and Capital Outlay expenditures noted in (1) which meet the County's capitalization threshold.
- (3) In FY 2011, the County reclassified \$8,221 from Charges for current services to Licenses, fees and permits. This classification will be applied going forward.

**DALLAS COUNTY, TEXAS**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(in thousands of dollars)**  
**(unaudited)**

Table 6

Year	Real Property		Personal Property		Total		Total Primary Government Direct Tax Rate	Statutory Ratio of Assessed Value to True Value
	Assessed Value Notes (1) & (4)	Estimated True Value Note (2)	Assessed Value Notes (1) & (4)	Estimated True Value Note (2)	Assessed Value Notes (1) & (4)	Estimated True Value Note (2)		
2002	\$ 130,890,166	\$ 131,328,094	\$ 28,898,480	\$ 28,898,480	\$ 159,788,646	\$ 160,226,574	0.19600	99.73%
2003	132,669,788	133,793,253	27,047,926	27,047,926	159,717,714	160,841,179	0.20390	99.30%
2004	137,634,909	139,194,180	25,506,283	25,506,283	163,141,192	164,700,463	0.20390	99.05%
2005	145,616,669	147,709,138	25,613,845	25,613,845	171,230,514	173,322,983	0.21390	98.79%
2006	158,357,737	161,310,649	25,992,417	25,992,417	184,350,154	187,303,066	0.21390	98.42%
2007	175,200,112	177,328,144	28,323,579	28,323,579	203,523,691	205,651,723	0.22810	98.97%
2008	187,657,752	189,375,558	30,463,426	30,463,426	218,121,178	219,838,984	0.22810	99.22%
2009	182,573,892	183,604,362	30,712,196	30,712,196	213,286,088	214,316,558	0.22810	99.52%
2010	176,079,924	176,830,527	28,685,037	28,685,037	204,764,961	205,515,564	0.24310	99.63%
2011	173,840,792	174,569,081	28,953,511	28,953,511	202,794,303	203,522,592	0.24310	99.64%

Source: Dallas County Tax Assessor-Collector.

Note (1) Assessed values shown in this table includes rolling stock and amounts allowed for all exemptions. The Dallas County Commissioners Court approved the greater of 20% or \$5,000 allowance for homestead exemption for all taxpayers. The Dallas County Commissioners Court approved an additional \$69,000 allowance for homestead exemption for taxpayers over 65 years of age. The approved allowance for disabled veterans is \$1,500 for disabilities of 10% to 30%, \$2,000 for disabilities of 31% to 50%, \$2,500 for disabilities of 51% to 70%, and \$3,000 for disabilities greater than 70%.

Note (2) The differences between assessed value and estimated true value are the result of property items whose values were in dispute at the time of certification of values by the Appraisal District.

Note (3) Effective January 1, 2008 the Dallas County Commissioners Court approved a tax limitation "freeze" on the total taxes imposed by the County on property held by disabled and over 65 homeowners.

Note (4) The assessment date is January 1.



**DALLAS COUNTY, TEXAS**  
**Property Tax Rates and Tax Levies**  
**Last Ten Tax Years**  
**Tax Rates Per \$100 of Taxable Value**  
**(unaudited)**

Table 7

Tax Year	General Fund	Major Technology Fund	Permanent Improvement Fund	Major Projects Development Fund	Debt Service Funds	Total Primary Government	Component Unit	Total Reporting Entity
Rates (1)								
2002	\$ 0.14420	\$ 0.00500	\$ 0.00180	\$ 0.01450	\$ 0.03050	\$ 0.19600	\$ 0.25400	\$ 0.45000
2003	0.15832	0.00500	0.00180	0.01450	0.02428	0.20390	0.25400	0.45790
2004	0.15210	0.00500	0.00180	0.01301	0.03199	0.20390	0.25400	0.45790
2005	0.16210	0.00500	0.00180	0.01621	0.02879	0.21390	0.25400	0.46790
2006	0.15450	0.01260	0.00180	0.02525	0.01975	0.21390	0.25400	0.46790
2007	0.16870	0.01260	0.00180	0.02593	0.01907	0.22810	0.25400	0.48210
2008	0.16870	0.01260	0.00180	0.02996	0.01504	0.22810	0.25400	0.48210
2009	0.16870	0.01260	0.00180	0.03064	0.01436	0.22810	0.27400	0.50210
2010	0.18370	0.01260	0.00180	0.03083	0.01417	0.24310	0.27100	0.51410
2011	0.18370	0.01260	0.00180	0.03120	0.01380	0.24310	0.27100	0.51410
Tax levies (1) (in thousands of dollars)								
2002	\$ 185,186	\$ 6,421	\$ 2,311	\$ 18,621	\$ 39,169	\$ 251,708 (a)	\$ 326,195	\$ 577,903
2003	202,119	6,383	2,298	18,511	30,997	260,308 (a)	324,269	584,577
2004	197,148	6,481	2,333	16,863	41,465	264,290 (a)	329,229	593,519
2005	219,902	6,783	2,442	21,990	39,056	290,173 (a)	344,572	634,745
2006	226,423	18,466	2,638	37,004	28,944	313,475 (b)	372,243	685,718
2007	272,413	20,346	2,907	41,871	30,794	368,331 (c)	410,153	778,484
2008	287,381	21,464	3,066	51,041	25,617	388,569 (d)	433,936	822,505
2009	278,064	20,768	2,967	50,500	23,673	375,972 (e)	453,929	829,901
2010	287,607	19,727	2,818	48,270	22,183	380,605 (f)	429,605	810,210
2011	284,368	19,505	2,786	48,298	21,362	376,319 (g)	422,501	798,820

Note (1) Tax levy figures are shown net of exemptions. Tax rates shown are amounts per hundred dollars of net assessed value. Effective January 1, 2008 the Dallas County Commissioners Court approved a tax limitation "freeze" on the total taxes imposed by the County on property held by disabled and over 65 homeowners.

Tax figures also include tax increment financing (listed below) for collection by Dallas County with remittance to the City without actual revenue recognition totaling:

- (a) in excess of \$ 1 million
- (b) \$ 1.7 million
- (c) \$ 2.9 million
- (d) \$ 3.8 million
- (e) \$ 3.2 million
- (f) \$ 2.7 million
- (g) \$ 2.9 million

Note (2) Legal Limitation

Original - Texas Constitution, Article 8, Section 9	\$ 0.80000
Additional authorized by voters - Texas Constitution	0.15000
Additional authorized by Texas Constitution	0.75000
Legal limitation includes provision for debt service	<u>\$ 1.70000</u>

Taxes due: October 1  
Taxes delinquent: February 1 year following levy  
Tax lien and assessment date: January 1 year of levy  
Taxes added to delinquent roll: April 1 (personal property) or July 1 (real property) in the year following levy

Delinquent tax penalty and interest:  
February of delinquent year - 6% penalty plus 1% interest  
March of delinquent year - 7% penalty plus 2% interest  
April of delinquent year - 8% penalty plus 3% interest  
May of delinquent year - 9% penalty plus 4% interest  
June of delinquent year - 10% penalty plus 5% interest  
After July 1 of delinquent year - 12% penalty plus 1% interest per month delinquent

**DALLAS COUNTY, TEXAS**  
**Property Tax Rates**  
**Direct and Overlapping Governments**  
**Last Ten Tax Years**  
**(Rates are per \$100 property value)**  
**(unaudited)**

Table 8

<u>Name</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Dallas County	\$ 0.19600	\$ 0.20390	\$ 0.20390	\$ 0.21390	\$ 0.21390	\$ 0.22810	\$ 0.22810	\$ 0.22810	\$ 0.24310	\$ 0.24310
Dallas County Schools	0.00550	0.00546	0.00546	0.00530	0.00503	0.00471	0.00493	0.00521	0.01000	0.01000
Dallas County Hospital Dist.	0.25400	0.25400	0.25400	0.25400	0.25400	0.25400	0.25400	0.27400	0.27100	0.27100
Dallas County Community College District	0.06000	0.07780	0.08030	0.08160	0.08100	0.08040	0.08940	0.09490	0.09923	0.09967
<b><u>School Districts</u></b>										
Carrollton-Farmers Branch	1.72240	1.73580	1.78240	1.82590	1.68300	1.36700	1.36230	1.34220	1.34690	1.35680
Cedar Hill	1.68000	1.70160	1.74130	1.84843	1.74330	1.40000	1.50000	1.40000	1.44000	1.44000
Coppell	1.70500	1.73500	1.73500	1.72900	1.59900	1.26900	1.27900	1.28340	1.42420	1.42420
Dallas	1.58753	1.63950	1.66940	1.68836	1.50264	1.19964	1.18340	1.27134	1.23781	1.29035
Desoto	1.71000	1.71000	1.74000	1.79000	1.76000	1.49000	1.51000	1.49000	1.49000	1.44000
Duncanville	1.75000	1.85500	1.83600	1.86600	1.73600	1.41800	1.41800	1.41800	1.41800	1.41800
Ferris	1.53950	1.53700	1.77190	1.77190	1.57070	1.26970	1.27720	1.27720	1.31785	1.30630
Garland	1.45860	1.55850	1.62140	1.67010	1.54490	1.25330	1.25330	1.25330	1.25330	1.25330
Grand Prairie	1.66710	1.72710	1.75110	1.75860	1.62970	1.46500	1.46500	1.46500	1.46500	1.46500
Grapevine-Colleyville	1.65979	1.70100	1.70105	1.70000	1.57430	1.29000	1.29000	1.29000	1.29000	1.31000
Highland Park	1.61000	1.61000	1.61000	1.53000	1.35570	1.03670	1.09000	1.11000	1.11500	1.13420
Irving	1.77060	1.81500	1.83700	1.81400	1.64400	1.34850	1.39100	1.42500	1.46500	1.46500
Lancaster	1.67000	1.64915	1.85446	1.85446	1.72600	1.40770	1.41270	1.41270	1.41270	1.41270
Mesquite	1.62000	1.67000	1.76000	1.76240	1.66800	1.37670	1.40000	1.42000	1.42000	1.42000
Richardson	1.80810	1.82000	1.82000	1.82000	1.63005	1.34005	1.34005	1.34005	1.34005	1.34005
Sunnyvale	1.34947	1.46600	1.44600	1.66590	1.51905	1.38005	1.37000	1.36000	1.35100	1.41000
Wilmer / Hutchins*	1.54820	1.54820	1.58000	1.28540	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
<b><u>Special Districts</u></b>										
Dallas County FCD #1	2.10000	2.08000	2.06000	2.78000	2.83554	2.83554	2.83554	2.83554	2.83554	2.90000
Dallas County URD	1.38080	1.86810	2.32220	2.36030	2.09670	1.62800	1.62600	1.76300	2.05000	2.12200
Denton County LID #1**	0.00000	0.00000	0.00000	0.00000	0.00000	0.15500	0.16500	0.16500	0.16350	0.16350
Denton County RUD #1**	0.00000	0.00000	0.00000	0.00000	0.00000	0.40000	0.38000	0.35000	0.17000	0.11000
Grand Prairie Metro URD	3.71000	3.87000	2.45000	2.55000	2.05000	2.14000	2.14000	2.18000	2.12000	2.06500
Irving FCD, Section I	0.26310	0.26310	0.20000	0.21370	0.22539	0.27139	0.24201	0.29143	0.35549	0.43000
Irving FCD, Section III	0.30999	0.30999	0.29351	0.29351	0.29038	0.27199	0.26335	0.27400	0.27400	0.13400
Lancaster MUD #1**	0.00000	0.90000	0.90000	0.90000	0.90000	0.90000	0.90000	1.06000	1.06000	1.06000
Northwest Dallas Co FCD	0.30000	0.30000	0.30000	0.30000	0.30000	0.30000	0.30000	0.30000	0.30000	0.30000
Valwood Improvement Auth	0.26980	0.31950	0.31200	0.34500	0.34250	0.32250	0.31250	0.30750	0.30750	0.30750
<b><u>Cities and Towns</u></b>										
Addison	0.39990	0.42280	0.47600	0.47600	0.46400	0.43370	0.45350	0.49600	0.53000	0.58000
Balch Springs	0.61700	0.54000	0.52550	0.55771	0.57728	0.62098	0.62000	0.76000	0.76000	0.78000
Carrollton	0.59930	0.59930	0.59930	0.63288	0.63288	0.61788	0.61788	0.61788	0.61788	0.61788
Cedar Hill	0.64140	0.64140	0.64140	0.64140	0.64140	0.64140	0.64140	0.64140	0.67000	0.68588
Cockrell Hill	0.74036	0.77349	0.73379	0.76159	0.76853	0.78811	0.78811	0.78811	0.81109	0.81109
Combine**	0.00000	0.00000	0.00000	0.00000	0.00000	0.21000	0.21000	0.23000	0.23000	0.23000
Coppell	0.64860	0.64860	0.64860	0.64860	0.64146	0.64146	0.64146	0.64146	0.69046	0.69046
Dallas	0.69980	0.69980	0.71970	0.74170	0.72920	0.74790	0.74790	0.74790	0.79700	0.79700
Desoto	0.65921	0.65879	0.66689	0.68499	0.69835	0.70973	0.69973	0.69973	0.73512	0.75740
Duncanville	0.71800	0.71800	0.71800	0.71800	0.69600	0.69600	0.69600	0.69600	0.73769	0.73769
Farmers Branch	0.44000	0.46000	0.49450	0.49450	0.49450	0.49450	0.49450	0.51950	0.52950	0.52950
Ferris**	0.00000	0.00000	0.00000	0.00000	0.00000	0.60000	0.65000	0.64809	0.68713	0.68713
Garland	0.64110	0.64110	0.64110	0.66610	0.67860	0.68860	0.69960	0.70460	0.70460	0.70460
Glenn Heights	0.70990	0.69576	0.65310	0.65310	0.69617	0.68404	0.69436	0.73932	0.79500	0.79500
Grand Prairie	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000
Grapevine**	0.00000	0.00000	0.00000	0.00000	0.00000	0.36250	0.35000	0.35000	0.35000	0.34800
Highland Park	0.22080	0.23000	0.23000	0.23000	0.22500	0.22000	0.22000	0.22000	0.22000	0.22000
Hutchins	0.50882	0.52917	0.53300	0.54000	0.54109	0.53755	0.52810	0.56300	0.58100	0.60672
Irving	0.49800	0.53280	0.54790	0.54790	0.54790	0.54060	0.54060	0.54060	0.57610	0.59860
Lancaster	0.67170	0.67170	0.67170	0.67170	0.67170	0.73750	0.77750	0.77750	0.86750	0.86750
Lewisville**	0.00000	0.00000	0.00000	0.00000	0.00000	0.44050	0.44021	0.44021	0.44021	0.44021
Mesquite	0.54148	0.54148	0.58148	0.60148	0.62000	0.64000	0.64000	0.64000	0.64000	0.64000
Ovilla**	0.00000	0.00000	0.00000	0.00000	0.00000	0.66800	0.66800	0.66790	0.67460	0.66380
Richardson	0.47785	0.47785	0.52516	0.52516	0.57516	0.57516	0.57516	0.57516	0.63516	0.63516
Rowlett	0.64000	0.64000	0.67695	0.74717	0.74717	0.74717	0.74717	0.74717	0.74717	0.74717
Sachse	0.57540	0.56006	0.55832	0.55832	0.55341	0.55341	0.61000	0.70582	0.70582	0.77082
Seagoville	0.65000	0.65000	0.63500	0.63500	0.63500	0.63500	0.63500	0.65000	0.66500	0.69085
Sunnyvale	0.37997	0.37997	0.37997	0.37997	0.37997	0.37997	0.37796	0.40796	0.40796	0.40796
University Park	0.32932	0.32601	0.32539	0.30958	0.29272	0.26836	0.26548	0.26548	0.27845	0.27845
Wilmer*	0.66000	0.66000	0.66000	0.66000	0.61000	0.61000	0.48566	0.43599	0.43599	0.40000
Wylie**	0.00000	0.00000	0.00000	0.00000	0.00000	0.73325	0.89890	0.89890	0.89890	0.89890

Source: Financial reports of governmental units which have overlapping debt.  
Dallas Central Appraisal District

Note: Rate established for stated tax to fund adopted budget of the following fiscal year.

\* Wilmer - Hutchins ISD was absorbed by Dallas ISD beginning in 2006

\*\* Lancaster MUD #1 did not have a property tax rate for 2002. The City of Combine, Ferris, Grapevine, Lewisville, Ovilla, Wilmer, and Wylie were not taxable entities until 2007.  
Denton County LID #1 and Denton County RUD #1 were not taxable entities until 2007.

**DALLAS COUNTY, TEXAS**  
**Principal Property Taxpayers**  
**September 30, 2011**  
(in thousands of dollars)  
(unaudited)

Table 9

Name of Taxpayer	Nature of Business	2011			2002		
		Total Assessed Valuation	Rank	Percent of Dallas County Assessed Valuation	Total Assessed Valuation	Rank	Percent of Dallas County Assessed Valuation
AT&T/SouthWestern Bell Telephone Company	Telephone Utility	\$ 1,277,150	1	0.73 %	\$ 1,631,836	1	1.25 %
Oncor Electric Delivery	Electric Utility	1,244,176	2	0.72	—	—	—
Texas Instruments	Electronics	712,477	3	0.41	1,465,722	2	1.12
Crescent TC Investors LP	Real Estate	645,301	4	0.37	991,604	4	0.76
Wal-Mart Real Estate/Stores	Retail	605,196	5	0.35	—	—	—
NorthPark Land Partners	Real Estate	536,260	6	0.31	—	—	—
Verizon	Telephone Utility	476,426	7	0.27	762,900	5	0.58
Southwest Airlines	Airline	420,792	8	0.24	500,357	6	0.38
SP Millenium Center LP	Real Estate	385,595	9	0.22	—	—	—
YPI Central Expy LP	Real Estate	332,131	10	0.19	—	—	—
Texas Utilities Electric Company	Electric Utility	—	—	—	1,293,507	3	0.99
Trammel Crow	Real Estate	—	—	—	393,304	7	0.30
AT&T/TCI Cable	Telephone Utility	—	—	—	351,490	8	0.27
Metropolitan Life Insurance	Insurance	—	—	—	289,976	9	0.22
MCI Worldcom	Telephone Utility	—	—	—	266,498	10	0.20
Total		<u>\$ 6,635,504</u>		<u>3.83 %</u>	<u>\$ 7,947,194</u>		<u>6.07 %</u>

Source: Dallas County Tax Assessor-Collector.

Notes (1) Estimated amounts based on 2011 and 2002 appraisal roll excluding property under protest.

**DALLAS COUNTY, TEXAS**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
**(in thousands of dollars)**  
**(unaudited)**

Table 10

Year	Tax Levies (h) (i)	Collections of Current Tax Levy During Fiscal Period	Percentage of Collected During Fiscal Period	Collections of Delinquent Tax During Fiscal Period	Total Collections (g)	Percentage of Total Collections to Tax Levies
2002	\$ 577,903	\$ 553,641 (a)	95.80 % (a)	\$ 4,287 (c)	\$ 557,928	96.54 %
2003	584,578	566,558 (a)	96.92 (a)	6,260 (c)	572,818	97.99
2004	593,519	582,127 (b)	98.08 (b)	8,908 (d)	591,035	99.58
2005	638,335 (e)	624,911 (b)	97.90 (b)	7,027 (d)	631,938	99.00
2006	683,907 (e)	671,481 (b)	98.18 (b)	7,951 (d)	679,432	99.35
2007	767,576 (e)	756,012 (b)	98.49 (b)	8,016 (d)	764,028	99.54
2008	810,865 (e)	795,692 (b)	98.13 (b)	7,497 (d)	803,189	99.05
2009	822,915 (e)	808,714 (b)	98.27 (b)	7,512 (d)	816,226	99.19
2010	806,297 (e)	794,219 (b)	98.50 (b)	7,091 (d)	801,310	99.38
2011	798,820 (f)					

Source: Dallas County Financial Records.

- Notes: (a) Current fiscal period collections are those collected between October 1 of the year levied through June 30 (date of delinquency) for the following year.  
(b) Current fiscal period collections are those collected between October 1 and September 30.  
(c) Delinquent taxes include current tax year delinquencies and prior fiscal period taxes collected (in the nine months between October 1 and June 30) for prior tax years.  
(d) Delinquent taxes include taxes collected in subsequent fiscal years.  
(e) Total levy as of the last supplement processed during the fiscal year.  
(f) Collections on the 2011 tax roll are incomplete until the end of the fiscal year, September 30, 2012.  
(g) Tax collections exclude TIF payments and are reported net of commission for the office of the Tax Assessor Collector.  
(h) Original levy excludes property under protest which is subsequently added to tax rolls as a result of arbitration.  
(i) Tax levies include Dallas County and its component unit. Refer to Table 7 for tax levies and tax rates for Dallas County and its component unit.

Taxes due: October 1

Taxes delinquent: February 1 year following levy

Tax lien and assessment date: January 1 year of levy

Taxes added to delinquent roll: April 1 (for personal property) or July 1 (for real property) in the year following levy

Delinquent tax penalty and interest:

February of delinquent year - 6% penalty plus 1% interest

March of delinquent year - 7% penalty plus 2% interest

April of delinquent year - 8% penalty plus 3% interest

May of delinquent year - 9% penalty plus 4% interest

June of delinquent year - 10% penalty plus 5% interest

After July 1 of delinquent year - 12% penalty plus 1% interest per month delinquent

Records of uncollected taxes are provided to the County's law firm under a contract authorized by the Commissioners Court in accordance with Sections 6.30, 33.11 and 33.07 of the Property Tax Code of the State of Texas. A delinquent tax notice is mailed to the taxpayer not less than 30 or more than 60 days prior to the date (either April 1, for personal property or July 1, for real property) at which unpaid accounts are placed with the law firm for collection. The taxpayer is notified by the law firm that the delinquent tax account has been placed for collection with the law firm. If payment is not received within a reasonable period of time, the law firm will file suit for collection.

**DALLAS COUNTY, TEXAS**  
**Ratios of Outstanding Debt**  
**Last Ten Fiscal Years**  
(in thousands of dollars, except per capita amount)  
(unaudited)

Table 11

<u>Year</u>	<u>Estimated Population</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt (1)</u>	<u>Less Debt Service Funds</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Percentage of Personal Income (2)</u>	<u>Net Bonded Debt Per Capita</u>
2002	2,245	160,226,576	247,753 *	14,671	233,082	0.14547	0.2809	104
2003	2,284	160,841,180	238,143 *	12,327	225,816	0.14040	0.2679	99
2004	2,284	164,700,463	220,640 *	5,633	215,007	0.13054	0.2397	94
2005	2,330	173,322,983	188,131 *	7,369	180,762	0.10429	0.1890	78
2006	2,383	187,303,067	221,723 *	13,420	208,303	0.11121	0.2047	87
2007	2,417	205,651,722	186,676 **	7,631	179,045	0.08706	0.1710	74
2008	2,452	219,838,984	158,885 **	3,381	155,504	0.07074	0.1426	63
2009	2,471	214,316,558	139,059 **	2,785	136,274	0.06359	0.1270	55
2010	2,368	205,515,564	124,211 **	3,128	121,083	0.05892	0.1122	51
2011	2,374	203,522,592	144,323 **	2,357	141,966	0.06975	0.1276	60

Source: Dallas County Financial Records.

Note: Assessed Value includes rolling stock, values under protest as claimed by property owners and adjusted market value.

(1) Total gross bonded debt for the primary government is all general obligation bonds.

(2) See schedule of Demographic and Economic Statistics on page 146 (Table 15) for personal income data.

\* Includes Premium on Tax notes and Bonds

\*\* Excludes Premium on Tax Notes and Bonds

**DALLAS COUNTY, TEXAS**  
Direct and Overlapping Bonded Debt  
September 30, 2011  
(in thousands of dollars)  
(unaudited)

Table 12

Name	Indebtedness as of	Gross Debt Less Sinking Funds	Percentage of Debt Applicable to Dallas County	Dallas County's Share of Debt
Countywide Entities:				
Dallas County	9/30/2011	\$ 141,966	100.00%	\$ 141,966
Dallas County Community College	8/31/2011	374,265	100.00%	374,265
Dallas County Hospital District	9/30/2011	705,000	100.00%	705,000
Water Control and Imp. District No. 6	9/30/2011	11,363	100.00%	11,363
Total direct		\$ 1,232,594		\$ 1,232,594
Overlapping Debt:				
Intermediate educational agency:				
Dallas County Schools	6/30/2011	\$ 26,570	100.00%	\$ 26,570
Independent school districts:				
Carrollton-Farmers Branch	8/31/2011	297,605	80.64%	239,989
Cedar Hill	6/30/2011	98,006	100.00%	98,006
Coppell	8/31/2011	152,356	100.00%	152,356
Dallas	6/30/2011	2,568,295	100.00%	2,568,295
Desoto	8/31/2011	137,071	100.00%	137,071
Duncanville	8/31/2011	159,882	100.00%	159,882
Ferris	8/31/2011	33,004	3.96%	1,307
Garland	8/31/2011	392,080	100.00%	392,080
Grand Prairie	8/31/2011	467,960	100.00%	467,960
Grapevine-Colleyville	6/30/2011	338,449	11.43%	38,685
Highland Park	8/31/2011	108,785	100.00%	108,785
Irving	8/31/2011	540,107	100.00%	540,107
Lancaster	8/31/2011	96,537	100.00%	96,537
Mesquite	8/31/2011	425,596	100.00%	425,596
Richardson	6/30/2011	390,245	100.00%	390,245
Sunnyvale	8/31/2011	58,887	100.00%	58,887
Total intermediate educational agency & independent school districts		\$ 6,291,435		\$ 5,902,358
Special districts:				
Dallas County FCD #1	6/30/2011	30,620	100.00%	30,620
Dallas County Utility & Reclamation Dist.	9/30/2011	266,488	100.00%	266,488
Denton County LID #1	5/31/2011	8,333	6.54%	545
Denton County RUD #1	10/31/2011	6,260	0.28%	18
Grand Prairie Metro URD	9/30/2011	3,740	100.00%	3,740
Irving FCD, Section I	9/30/2011	7,667	100.00%	7,667
Irving FCD, Section III	9/30/2011	2,080	100.00%	2,080
Lancaster MUD #1	7/31/2011	3,150	100.00%	3,150
Northwest Dallas Co FCD	6/30/2011	8,424	100.00%	8,424
Valwood Improvement Authority	9/30/2011	9,162	100.00%	9,162
Total special districts		345,924		331,894

Source: County Auditor's Office and Municipal Advisory Council of Texas, *Estimated Overlapping Debt Statement*

- Notes:
- Overlapping governments are those taxing entities that are within the geographic boundaries of the Dallas County.
  - Information was not provided by the Municipal Advisory Council of Texas for the Water Control and Improvement District No. 6, so the entity provided the information to Dallas County.

(Continued)

**DALLAS COUNTY, TEXAS**  
**Computation of Direct and Overlapping Bonded Debt**  
**September 30, 2011**  
(in thousands of dollars)  
(unaudited)

Table 12

Name	Indebtedness as of	Gross Debt Less Sinking Funds	Percentage of Debt Applicable to Dallas County	Dallas County's Share of Debt
Overlapping Debt (Continued):				
Cities and towns:				
Addison	9/30/2011	\$ 58,795	100.00%	\$ 58,795
Balch Springs	9/30/2011	7,890	100.00%	7,890
Carrollton	9/30/2011	172,530	49.45%	85,316
Cedar Hill	9/30/2011	81,515	96.64%	78,776
Cockrell Hill	9/30/2011	1,875	100.00%	1,875
Coppell	9/30/2011	81,875	98.07%	80,295
Dallas	9/30/2011	1,669,362	94.87%	1,583,724
Desoto	9/30/2011	88,730	100.00%	88,730
Duncanville	9/30/2011	16,229	100.00%	16,229
Farmers Branch	9/30/2011	23,000	100.00%	23,000
Ferris	9/30/2011	4,085	7.01%	286
Garland	9/30/2011	490,685	99.80%	489,704
Glenn Heights	9/30/2011	5,640	67.05%	3,782
Grand Prairie	9/30/2011	223,705	50.52%	113,016
Grapevine	9/30/2011	109,261	1.87%	2,043
Hutchins	9/30/2011	8,430	100.00%	8,430
Irving	9/30/2011	329,220	100.00%	329,220
Lancaster	9/30/2011	88,825	100.00%	88,825
Lewisville	9/30/2011	90,570	0.81%	734
Mesquite	9/30/2011	111,510	99.46%	110,908
Ovilla	9/30/2011	7,330	8.99%	659
Richardson	9/30/2011	280,135	60.76%	170,210
Rowlett	9/30/2011	77,095	85.35%	65,801
Sachse	9/30/2011	40,325	65.19%	26,288
Seagoville	9/30/2011	5,917	98.39%	5,822
Sunnyvale	9/30/2011	11,175	100.00%	11,175
Wilmer	9/30/2011	70	100.00%	70
Wylie	9/30/2011	111,322	0.44%	490
Total cities and towns		<u>4,197,101</u>		<u>3,452,093</u>
Total Overlapping		<u>10,834,460</u>		<u>9,686,345</u>
Total Direct and Overlapping		<u>\$ 12,067,054</u>		<u>\$ 10,918,939</u>

Source: County Auditor's Office and Municipal Advisory Council of Texas, *Estimated Overlapping Debt Statement*

- Notes:
- Overlapping governments are those taxing entities that are within the geographic boundaries of the Dallas County.
  - Information was not provided by the Municipal Advisory Council of Texas for the City of Wilmer, so the entity provided the information to Dallas County.

Table 13

**DALLAS COUNTY, TEXAS**  
**Legal Debt Margin - Primary Government**  
 Last Ten Fiscal Years  
 (in thousands of dollars)  
 (unaudited)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit (Article 3, Section 52 of the Texas Constitution)	\$ 32,719,808	\$ 33,164,120	\$ 34,405,411	\$ 36,400,734	\$ 39,585,249	\$ 43,795,676	\$ 46,909,632	\$ 45,638,690	\$ 44,015,299	\$ 43,454,874
Total net debt applicable to limit	160,298	144,941	132,919	91,805	75,736	65,628	55,831	46,415	37,565	-
Legal debt margin	\$ 32,559,510	\$ 33,019,179	\$ 34,272,492	\$ 36,308,929	\$ 39,509,513	\$ 43,730,048	\$ 46,853,801	\$ 45,592,275	\$ 43,977,734	\$ 43,454,874
Total net debt applicable to the limit as a percentage of debt limit	0.49%	0.44%	0.39%	0.25%	0.19%	0.15%	0.12%	0.10%	0.09%	0.00%
Debt Limit (Under Texas General Law)	\$ 7,988,886	\$ 7,985,220	\$ 8,156,396	\$ 8,560,839	\$ 9,216,671	\$ 10,175,314	\$ 10,905,098	\$ 10,663,348	\$ 10,237,312	\$ 10,138,650
Total net debt applicable to limit	72,784	80,496	81,214	86,518	128,137	113,417	99,673	89,859	81,145	141,966
Legal debt margin	\$ 7,916,102	\$ 7,904,724	\$ 8,075,182	\$ 8,474,321	\$ 9,088,534	\$ 10,061,897	\$ 10,805,425	\$ 10,573,489	\$ 10,156,167	\$ 9,996,684
Total net debt applicable to the limit as a percentage of debt limit	0.91%	1.01%	1.00%	1.01%	1.39%	1.11%	0.91%	0.84%	0.79%	1.40%

**Legal Debt Margin Calculation for Fiscal Year 2009**

Assessed valuation of real property*	\$ 173,819,494
Assessed valuation of all taxable property*	202,773,005
Bonds issued under Article 3, Section 52 of the Texas Constitution:	
Debt limit, one-fourth of real property assessed valuation	43,454,874 (1)
Amount of debt applied to debt limit:	
Bonded debt	\$ -
Less debt service funds - appropriation for future debt payments	-
Total amount of debt applicable to debt limit	-
Legal debt margin, bonds issued under Article 3, section 52, of the Texas Constitution	\$ 43,454,874
Bonds issued under Texas General Laws:	
Debt limit, five percent of assessed valuation of all taxable property	10,138,650 (2)
Amount of debt applied to debt limit:	
Bonded debt	\$ (144,323)
Less debt service funds - appropriation for future debt payments	2,357
Total amount of debt applicable to debt limit	(141,966)
Legal debt margin, bonds issued under Texas General Laws	\$ 9,996,684

(1) As to bonds issued under Article 3, Section 52e of the Texas Constitution, counties "may issue bonds or otherwise lend its credit in any amount not to exceed one-fourth of the assessed valuation of the real property of such district or territory."

(2) Government Code [301.003 (c)] "the total indebtedness of any County for the purpose provided in this chapter, shall not be increased by any issue of bonds to a sum exceeding five percent of its said taxable values."

	Real Property	All
* Assessed value of real property	\$ 173,840,792	\$ 202,794,303
Rolling Stock	(21,298)	(21,298)
Adjusted Assessed Value of Real Property	\$ 173,819,494	\$ 202,773,005



**DALLAS COUNTY, TEXAS**  
Pledged Revenue Coverage  
Last Seven Fiscal Years  
(in thousands of dollars)  
(unaudited)

Table 14

Fiscal Year (1)	Tax and Parking Garage Revenue Bonds						Coverage (2)
	Total Resources	Less: Operating Expenses	Net Available Revenue	Debt Service		Total	
				Principal	Interest		
2005	\$ 1,046	\$ -	\$ 1,046	\$ 305	\$ 741	\$ 1,046	1.00
2006	1,084	-	1,084	350	734	1,084	1.00
2007	1,201	48	1,153	380	724	1,104	1.04
2008	1,194	150	1,044	410	712	1,122	0.93
2009	1,155	136	1,019	445	700	1,145	0.89
2010	1,092	173	919	480	686	1,166	0.79
2011	1,309	204	1,105	520	669	1,189	0.93

Note: This schedule was prepared starting in 2005; prior fiscal years are not applicable. The George Allen parking garage was opened March 19, 2007, and the parking garage system revenues are available to service the Debt Service fund requirements.

- (1) Operating expenses from fiscal year 2008 forward include expenses for Founders Plaza and George Allen parking garage systems.
- (2) Funds on deposit in sinking fund in addition to net available revenue provide adequate coverage in compliance with bond covenants.

**DALLAS COUNTY, TEXAS**  
Demographic and Economic Statistics  
Last Ten Years  
(unaudited)

Table 15

<b>Year</b>	<b>Population (1)</b>	<b>Personal Income (in millions of dollars) (2)</b>	<b>Wage Mean (3)</b>	<b>Median Age (4)</b>	<b>School Enrollment (5)</b>	<b>Unemployment Rate (6)</b>	
2002	2,245,398	\$ 82,983	\$ 36,205	31.8	150,742	6.4	(b)
2003	2,283,953	84,278	36,617	31.9	149,597	6.6	(b)
2004	2,284,096	89,692	39,766	32.2	148,131	5.5	(b)
2005	2,330,050	95,652	40,959	32.6	146,216	5.2	(b)
2006	2,383,300	101,747	41,321	32.4	158,700	4.6	(b)
2007	2,417,650	104,705	42,174	32.8	158,126	4.3	(b)
2008	2,451,800	109,053	44,060	33.1	157,631	5.3	(b)
2009	2,471,000	107,337	45,422	33.2	157,524	8.7	(b)
2010	2,368,139	107,915	47,351	31.7	157,158	8.4	(b)
2011	2,373,870	111,292	48,078	32.3	157,158 (a)	8.9	(b)

Source:

- 1) North Texas Commission population estimate for all years except 2010 ([ntc-dfw.org/ntpopopopest.html](http://ntc-dfw.org/ntpopopopest.html)). For 2010, the US Census Bureau population figure was used (<http://quickfacts.census.gov>).
- 2) Bureau of Economic Analysis - U.S. Department of Commerce ([www.bea.gov](http://www.bea.gov)) for amounts through Fiscal Year 2006. For 2007 and 2008, personal income was estimated using CPI figures based on the South-Urban region, and for years after 2008, personal income is estimated using CPI South Urban - Dallas-Fort Worth, TX figures available from the U.S. Department of Labor. (<http://www.bls.gov/cpi/#data>)
- 3) Texas Workforce Commission LMI Tracer ([www.texasindustryprofiles.com/apps/win/eds.php](http://www.texasindustryprofiles.com/apps/win/eds.php))
- 4) U.S. Census Bureau - ACS Survey ([factfinder.census.gov](http://factfinder.census.gov)) for Dallas County, TX.
- 5) Dallas Independent School District Financial Report
- 6) U.S. Department of Labor (Bureau of Labor Statistics) for Dallas metropolitan area through 2008, and after 2008, for Counties and equivalents: Dallas County, Texas. (<http://www.bls.gov/lau/data.htm>)

Note:

- (a) The 2011 figure is not available, so the 2010 figure is used.
- (b) For years 2002 through 2007, unemployment figures were reported as an annual average. For years subsequent to 2007, the unemployment rate is reported using the September rate.

**DALLAS COUNTY, TEXAS**  
Principal Employers  
September 30, 2011  
(unaudited)

Table 16

2011					2002				
Company	Product	Employees	Rank	Percentage of Total County Employment	Company	Product	Employees	Percentage of Total County Employment	
Wal-Mart Stores, Inc.	Retail	34,698	1	1.46 %	AMR Corporation (American Airlines)	Airline, Technology and Management Services	30,000	1.34 %	
Texas Health Resource	Non-profit Health Care	21,500	2	0.91	Dallas Public Schools	Public Independent School District	19,244	0.86	
AMR Corporation (American Airlines)	Airline, Technology and Management Services	20,684	3	0.87	Southwestern Bell Telephone	Telecommunications	18,000	0.80	
Dallas Public Schools	Public Independent School District	20,554	4	0.87	Texas Health Resource	Non-profit Health Care	16,114	0.72	
Bank of America	Financial Services	20,000	5	0.84	U.S. Postal Services - Dallas District	Mail Delivery	13,255	0.59	
Baylor Health Care System	Health Care Provider	19,677	6	0.83	Baylor Health Care System	Health Care in Dallas and North Texas	13,000	0.58	
AT&T Inc.	Telecommunications	17,482	7	0.74	Verizon	Telecommunications Service Firm	13,000	0.58	
Lockheed Martin Aeronautics Company	Military Aircraft Design and Production	14,902	8	0.63	The Visiting Nurse Association of Texas	Non-profit Health related Services	12,897	0.57	
City of Dallas	Municipality	13,427	9	0.57	City of Dallas	Municipality	10,800	0.48	
JPMorgan Chase	Financial Services	13,000	10	0.55	Texas Instruments, Incorporated	Electronics and Semi-conductors	10,000	0.45	
UT - Southwestern Medical Center	Health Care Provider	12,671	11	0.53	Kroger L.P.I., Dallas Marketing Area	Grocery Store Chain	9,000	0.40	
HCA North Texas Division	Health Care Provider	12,300	12	0.52	Safeway/ Tom Thumb Food & Pharmacy	Retail Grocery	9,000	0.40	
Verizon Communications	Telecommunications Service Firm	11,000	13	0.46	Raytheon Company	Defense Systems & Electronics	9,000	0.40	
United Parcel Service Inc.	Package Distribution Company	11,000	14	0.46	Electronic Data Systems	Computer and Data Services	8,636	0.38	
Raytheon Co.	Defense Systems & Electronics	9,900	15	0.42	G & K Services Cleanroom Laundry	Uniform & Laundry Services	8,500	0.38	
Kroger Food Stores	Retail Grocery	9,717	16	0.41	Baylor University Medical Center	Hospital	8,108	0.36	
Dallas County Hospital District	Health Care to Dallas County	9,405	17	0.40	Nortel Networks (Northern Telecom)	Telecommunications Equipment Manufacturer.	8,000	0.36	
Energy Future Holdings	Energy Provider	9,342	18	0.39	Albertson's Inc.	Retail Grocery	7,000	0.31	
Texas Instruments, Inc.	Electronics and Semi-conductors	8,900	19	0.37	U.S. Environmental Protection Agency	Federal Government	7,900	0.35	
Dallas County Community College District	Higher Education Institution	7,230	20	0.30					

Source: Dallas Business Journal Book of Lists 2011 (<http://www.ntc-dfw.org/northtexas/corpemployers.html>)

**DALLAS COUNTY, TEXAS**  
**Full-time Equivalent County Government Employees by Function**  
**Last Ten Fiscal Years**  
**(unaudited)**

Table 17

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government	3,934	4,367	4,518	4,821	5,080	4,260	4,164	4,517	736	648
Judicial										
Truancy*	-	-	22	22	18	28	27	22	34	32
Courts**	-	-	-	-	-	-	-	-	1,382	1,337
Public Safety										
Constable	222	224	224	257	256	270	293	270	181	136
Sheriff	1,700	1,692	1,884	1,693	1,828	2,280	2,392	2,203	2,242	2,231
Juvenile**	-	-	-	-	-	817	775	731	678	673
Other**	-	-	-	-	-	-	-	-	221	213
Highways and streets										
Road and Bridge	150	151	117	117	103	86	87	88	78	71
Public Works**	-	-	-	-	-	-	-	-	62	62
Health**	-	-	-	-	-	-	-	-	284	284
Education**	-	-	-	-	-	-	-	-	158	136
Public Welfare**	-	-	-	-	-	-	-	-	228	220
<b>Total</b>	<b>6,006</b>	<b>6,434</b>	<b>6,765</b>	<b>6,910</b>	<b>7,285</b>	<b>7,741</b>	<b>7,738</b>	<b>7,831</b>	<b>6,284</b>	<b>6,043</b>

\* Department established 2004

\*\* Reported in General Government category prior to 2010

Source: Dallas County Financial Records

Note:

Full-time equivalent employee totals information:

- The total full-time equivalent county employee totals are filled positions as of September 30, 2011.
- Starting in 2010, the total full-time equivalent county employee totals do not include temporary employees. Temporary employees are considered to be those who are working at but are not employed directly through Dallas County.
- Truancy classification includes full-time equivalent county employees in addition to 12 Truancy Judges.

Significant budget changes:

- In 2010, 71 positions were rifted from the Constable Traffic Section.
- In 2011, 203 positions were deleted due to budgetary cuts.

**DALLAS COUNTY, TEXAS**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**  
**(unaudited)**

Table 18

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Assessor-Collector of Taxes:</b>										
Budgeted employees	233	233	229	229	229	227	227	229	222	223
Ad valorem assessment notices issued	743,709	750,087	762,082	771,740	780,046	790,552	795,364	797,621	797,652	797,821
Motor vehicle registrations	1,816,528	1,929,114	1,806,423	1,856,256	1,981,824	1,987,802	2,036,945	2,076,773	2,060,385	2,029,531
Number of entity collection contracts	39	42	44	48	51	51	53	55	59	69
<b>Constables:</b>										
Budgeted employees	222	224	224	257	256	288	312	309	277	182
Civil process papers served	151,020	144,620	127,907	128,722	122,517	123,926	126,021	115,865	111,996	108,507
<b>County Clerk:</b>										
Budgeted employees	192	192	195	198	201	205	207	210	161	207
Marriage licenses	17,778	17,209	17,071	17,277	16,535	16,630	17,000	15,937	15,443	16,531
Civil suits	15,774	15,261	15,277	16,882	17,629	18,337	13,462	11,456	11,574	11,489
Probate cases	9,681	8,826	9,515	9,566	10,230	10,891	10,965	11,396	12,128	12,373
Criminal cases	54,694	52,244	63,502	66,691	67,505	64,852	63,000	67,305	70,540	59,390
<b>District Clerk:</b>										
Budgeted employees	250	250	254	262	266	267	266	264	264	254
Civil process cases	44,505	44,952	45,710	45,706	42,152	45,006	47,671	49,629	47,849	47,508
Criminal cases	26,114	27,566	29,564	29,907	28,879	27,379	26,319	26,280	24,560	23,556
Jurors	113,489	118,960	100,049	96,219	102,165	100,003	105,672	99,459	90,894	102,176
<b>Justice of the Peace Courts:</b>										
Budgeted employees	143	140	136	149	147	170	167	166	166	149
Cases	263,529	307,499	314,708	366,492	412,118	411,311	466,453	423,508	340,175	222,409
<b>Sheriff (3):</b>										
Budgeted employees	1,700	1,692	1,684	1,693	1,828	2,068	2,195	2,420	2,392	2,202
Daily average in county jail	6,663	6,827	7,017	7,330	8,037	6,568	6,060	5,983	6,550	6,494
Persons booked	93,786	95,858	93,757	101,080	107,571	96,751	99,078	98,821	96,533	91,696
Civil process papers served	6,825	6,616	785	841	589	492	795	485	749	705
<b>Truancy Courts (1) :</b>										
Budgeted employees	—	—	22	22	18	29	29	29	32	32
Cases Filed	—	—	19,061	14,300	20,933	16,270	32,619	40,439	47,012	48,871
<b>County Treasurer</b>										
Budgeted employees	20	20	18	18	18	18	18	17	16	14
Total Receipts (2) (4)	\$ 33,736,025	\$ 29,368,183	\$ 27,530,654	\$ 34,833,076	\$ 37,138,554	\$ 43,216,196	\$ 45,112,755	\$ 11,985,157	\$ 14,036,054	\$ 34,952,589
Total Disbursements (2) (4)	\$ 33,736,341	\$ 29,355,391	\$ 27,518,573	\$ 34,806,088	\$ 37,044,033	\$ 43,236,585	\$ 45,130,340	\$ 12,004,698	\$ 14,013,885	\$ 34,910,215
Investment Earnings (2)	\$ 8,379	\$ 5,425	\$ 5,360	\$ 11,396	\$ 20,525	\$ 26,323	\$ 17,716	\$ 9,234	\$ 4,746	\$ 5,224

Sources: Dallas County Financial Records

Note (1): Truancy courts established April 2004. Dallas County currently operates four Truancy courts.

(2): In thousands of dollars.

(3): In FY 2008, the increase in number of employees was a result of budgeted positions which were filled in FY 08.

(4): Dallas County switched most short term investments to TexPool in FY 2009. The method resulted in a dramatic decrease in overall transactions as investments are not matured and reinvested daily.

**DALLAS COUNTY, TEXAS**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**  
**(unaudited)**

Table 19

<u>Function</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government										
Number of buildings	22	22	22	22	22	22 (a)	21	21	21	22 (b)
Public Safety										
Number of buildings	10	10	10	10	10	10	10	9 (c)	9	9
Number of jails	5	5	5	4	4	5	5	4 (d)	4 (d)	4 (d)
Number of vehicles	405	485	492	479	593	584	640	713	816	756
Highways and streets										
Number of buildings	4	4	4	4	4	4	4	4	4	4
Streets (lane miles)	147	142	137	137	137	137	137	135	133	133 (e)
Number of bridges	51	51	51	51	41	38	37	36	36	32 (e)
Health										
Number of buildings	1	1	1	1	1	1	1	1	1	1
Public Welfare										
Number of buildings	3	3	3	3	3	3	3	3	2 (f)	2
Judicial										
Number of buildings	7	7	7	7	7	7	7	7	7	7
Number of Juvenile beds	486	486	670	706	750	750	762	710 (g)	787	618
Number of courts	73	71	71	69	70	71	71	71	71	71

Source: Operating Indicators were provided by the various operating departments.

Notes:

- (a) Includes a demolished (FY 07) building. The land was used to construct a new County building (Forensic Science)
- (b) Forensic building completed in 2008 but not put into use until 2011 due to construction issues.
- (c) Building reduction due to the swap of Auto Service Center Building for future location.
- (d) George Allen Jail is used for overflow and is presently not occupied.
- (e) See infrastructure assets for more information; pages 88-89.
- (f) Building reduction due to the sale of the Juvenile Administration/ Detention Building
- (g) Budget ramifications and the re-structuring of internal programs reduced the number of juvenile beds.