

DALLAS COUNTY, TEXAS

Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2005

Prepared by:

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County Auditor
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For the Fiscal Year Ended September 30, 2005

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INTRODUCTORY SECTION

(Unaudited)



DALLAS COUNTY COUNTY AUDITOR

February 27, 2006

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

State law, V.T.C.A. LCC 114.025 and 115.045, requires that Dallas County publish within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the County of Dallas for the fiscal year ended September 30, 2005.

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 GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the 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 Deloitte & Touche, 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, 2005, 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 MD&A and should be read in conjunction with it. Dallas County's MD&A can be found immediately following the report of the independent auditors. The financial section also includes government-wide financial statements, fund financial statements, notes, 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 impresario 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 2005 estimated population for the County was 2,330,050.

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 the following boards and committees: National Association of Counties, the Texas Conference of Urban Counties, the Texas Commission on Jail Standards, the Texas State Attorney General County Advisory Work Group, and the Transportation Excellence for the 21st Century.

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. Commissioners Court has vested accounts payable and payroll processing functions with the County Auditor. The County Auditor holds executive board positions in the Texas Association of County Auditors and County Information Resources Agency, a Texas inter-local government agency.

Financial management controls regarding banking and investment are managed by the County Treasurer, an elected position. 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 hearings are posted annually in August by the Office of Budget and Evaluation with the final budget approved by the Commissioners Court following the hearings. The final budget includes contingency and emergency reserves line items. Unencumbered appropriations lapse at fiscal year-end. Most appropriated budgets are prepared by fund, function, department and category. Capital expenditures controlled by departments 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.

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 County and serves as the major teaching hospital for the University of Texas Southwestern Medical School.

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

Dallas Metropolitan area is headquarters for many Fortune 500 companies representing a diversified economy which includes high technology, retail, manufacturing and services. The DFW region also reflects art, fashion and entertainment. According to certified values released by Dallas County Appraisal District, new construction continued within Dallas County. Newcomer and market appeal improved with renovation of the downtown residential and business sights. The transportation industry is a more important indicator for business than the energy industry in Dallas.

Population trends in Texas and in Dallas continue to indicate a poorer, less educated, older citizen base with increasing medical needs. Net migration to the Dallas area is high. Air pollution remains a serious issue with attainment of acceptable levels of pollutants questioned. Dallas County budget initiatives reflect increased pressures to provide for indigent support of the health, welfare, and judicial needs of citizenry. Business initiatives reflect increasing federal interest rates with economic recovery. Federal funds rate increased from 1.75% to 3.75% during the fiscal year.

Long-term Financial Planning - The County maintains a five-year Capital Improvement Plan which is updated each year and approved along with the annual budget. The Capital Improvement Plan consists of those items whose long useful lives distinguish them from recurring operational items. In accordance with the Major Capital Plan, a percentage of assessed taxes is devoted to capital improvement programs and large scale technology projects.

The Major Capital Development Fund (MCDF) provides a funding mechanism to replace debt financing for major projects. The MCDF also 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. Debt is issued when needed to ensure sufficient funds are available and reserved for construction contracts. Revenue projections are expected to replenish reserves for future use.

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.

Major initiatives – Ongoing efforts to house and to support Hurricane Katrina and Rita evacuees are expected to be extensive and expansive. Dallas governments are working with the federal government to speed up recovery efforts.

The County's focus toward public safety is evidenced by legislation to add new courts, approve new fees and clarify jurisdictional issues; by position changes within the District Attorney and Sheriff Offices for investigation and prosecution; by technology initiatives and by buildings improvement for courts and jails. The changes initiated during FY2005 will become effective within the short term. The planned rollout of a civil courts system was successful in Phase I - District Civil Courts during FY2005, anticipating Phase II - District Juvenile, Truancy, County Civil Courts within FY2006 and Phase III - Justice Courts within FY2007. Two new district courts begin in FY2006. Additionally, a new courts building will be ready for occupancy and construction will begin for a new jail in FY2006. Innovative inmate information systems are being deployed and expanded to create efficiencies within the County and to coordinate reporting/tracking statewide. These systems initiatives are being funded with grant funds and require cooperative efforts of surrounding governments.

Risk management and self-insurance with stop loss policies for medical, workers compensation and property continue to generate significant savings. Cost increases incurred by the County are significantly less than industry averages.

AWARDS AND ACKNOWLEDGEMENTS

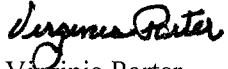
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Dallas County for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2004. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government 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 24 consecutive years (fiscal years ended 1981 through 2004). 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, the Director of the Office of Budget and Evaluation, the Human Resources Director and the Public Works Director 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
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, 2004

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



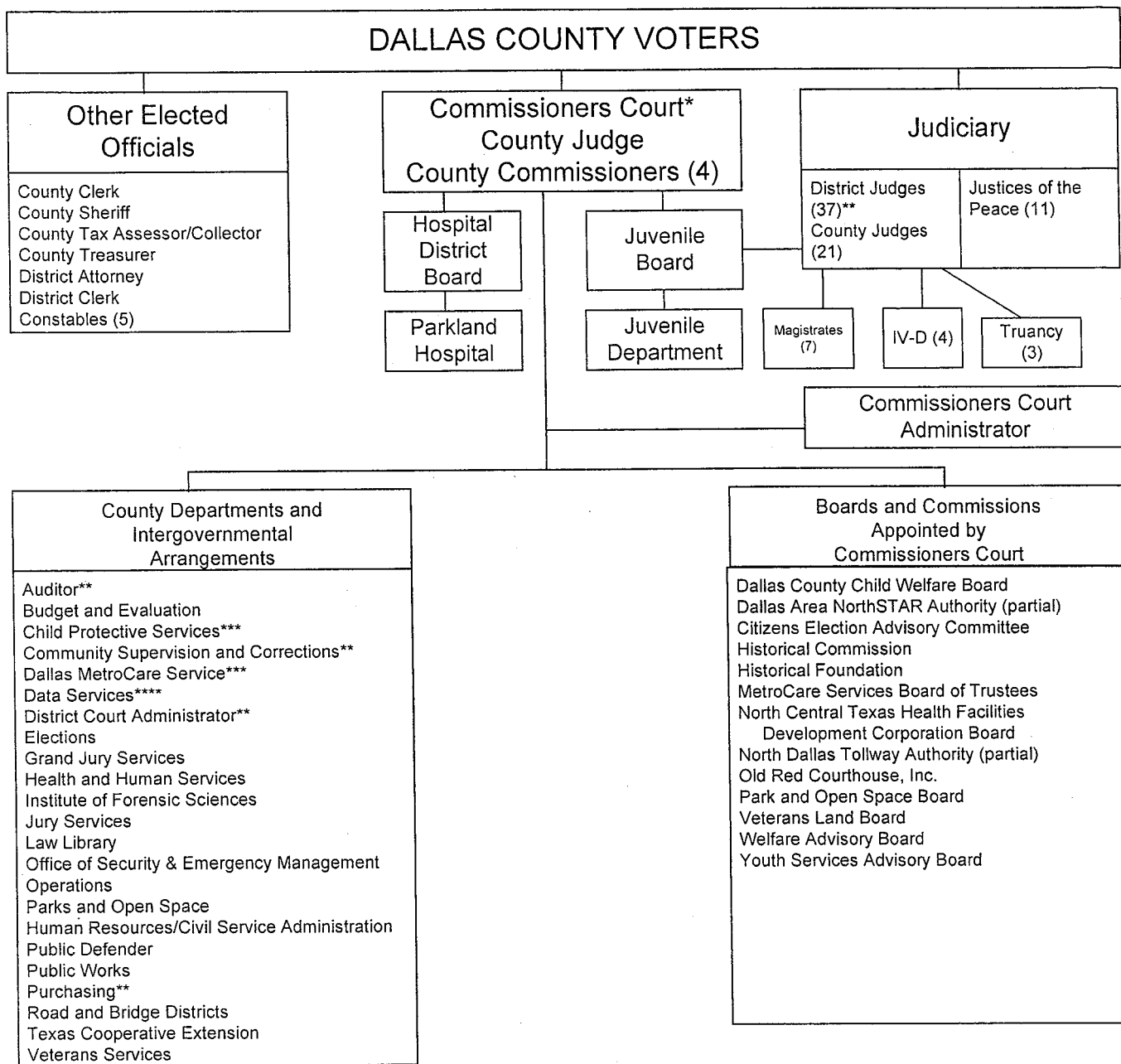
Carla E. Perry

President

Jeffrey R. Emer

Executive Director

COUNTY ORGANIZATION



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

** The 37 District Judges appoint the County Auditor, District Court Administrator, and participate in selecting the Directors of the Juvenile Department, the Community Supervision and Corrections Department and the Purchasing Agent.

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

**** Data services are outsourced.

DALLAS COUNTY, TEXAS

Principal Officials

As of September 30, 2005

<u>Official Title</u>	<u>Incumbent</u>
County Judge	Margaret Keliher
Commissioner, Precinct 1	Maurine Dickey
Commissioner, Precinct 2	Mike Cantrell
Commissioner, Precinct 3	John Wiley Price
Commissioner, Precinct 4	Kenneth A. Mayfield
County Auditor	Virginia Porter
County Treasurer	Lisa Hembry
Assessor-Collector of Taxes	David Childs
County Clerk	Cynthia Figueroa Calhoun
District Attorney	William Hill
District Clerk	Jim Hamlin
Sheriff	Lupe Valdez

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Honorable County Judge and Commissioners' Court of
Dallas County, Texas

We have audited the accompanying financial statements of the governmental activities; each major fund; the Dallas County Hospital District, a discretely presented component unit; and the aggregate remaining fund information of Dallas County, Texas, as of and for the year ended September 30, 2005, which collectively comprise Dallas County's financial statements as listed in the table of contents. These financial statements are the responsibility of Dallas County's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Parkland Foundation, a discretely presented component unit of the Dallas County Hospital District, for the year ended September 30, 2005, (which encompasses 3.7% of assets, 1.3% of revenue and 4.0% of net assets of the Dallas County Hospital District). Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Dallas County Hospital District, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the respective financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and report of other auditors provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the respective financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, the discretely presented component unit and aggregate remaining fund information of Dallas County as of September 30, 2005; the results of its operations; and cash flows of its proprietary fund and discretely presented component unit for the year then ended in conformity with accounting standards generally accepted in the United States of America.

Management's Discussion and Analysis (pages 11 – 24); the budgetary comparison information for the general, major projects and grants funds (pages 70 – 75); the Modified Approach – Infrastructure Assets (pages 76 – 77); and the Schedule of Funding Progress for the Defined Benefit Pension Plan (page 78), are not required parts of the financial statements, but constitute supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of Dallas County's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the County's respective financial statements. The introductory section and combining and individual fund financial statements and statistical tables ("supplementary information"), listed in the foregoing table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements of Dallas County. Such supplementary information is the responsibility of management of Dallas County. The combining and individual fund financial statements have been subjected to the auditing procedures applied by us 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 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.

March 1, 2006

Deloitte & Touche LLP

DALLAS COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis (MD&A) of the County of Dallas (County) financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2005. 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

- The County's financial position in FY2005 improved as indicated by the \$76,998 increase in net assets from the previous year. The majority of the increase is recorded as unrestricted net assets reflecting the sale of minimum security jail property to the Texas Department of Transportation (TxDot) for \$36 million and the County's continued commitment to technology/capital improvement projects financed by tax revenues. The total net assets of \$404,632 include \$16,584 restricted for specific purposes and \$318,404 invested in capital assets net of related debt. Unrestricted net assets increased by \$101 million correlated with the decrease in debt and the increase in net assets.
- In the government fund statements, combined fund balances at year-end totaled \$224,995; of which \$168,706 or over seventy five percent is unreserved fund balances. The more significant components of unreserved fund balance are maintained in the General Fund as emergency reserves (23%) and in major projects, technology and capital project funds for planned technology, building projects and bond road projects (60%).
- The general fund balance increased by \$661 to \$55,782 in FY2005 while the unreserved fund balance decreased by \$2,338 but remains 11% of general fund expenditures. The budgeted target is 10.5%.
- The County's bonded indebtedness decreased by a net \$32,509. The County refunded \$24.5 million in bonds due to favorable long term interest savings.
- The increase to capital assets includes \$20,853 for a new courts building. Total increases to capital assets totaled \$31,855.

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 comprise 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.

The 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 the 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 interfund 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, libraries and education.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. 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 funds financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

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

The County maintains twenty six individual governmental funds (excluding fiduciary funds), seventeen special revenue funds, six capital project funds, two debt service funds 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, the Debt Service Fund (county-wide), Major Projects and Grant Funds which are classified as major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this 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 component 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 trust. Because these services predominantly benefit governmental 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 benefits for component unit, general fund and major special revenue fund budgetary schedules.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The County's net assets at September 30, 2005 and 2004 are summarized as follows:

	<u>Governmental Activities</u>		
	<u>FY2005</u>	<u>FY2004</u>	<u>Increase (Decrease)</u>
Current and other assets	\$ 585,831	\$ 538,023	\$ 47,808
Capital assets (net of depreciation)	372,250	346,943	25,307
Total assets	<u>958,081</u>	<u>884,966</u>	<u>73,115</u>
Current and other liabilities	334,884	308,110	26,774
Long-term liabilities	218,565	249,222	30,657
Total liabilities	<u>553,449</u>	<u>557,332</u>	<u>(3,883)</u>
Net assets			
Invested in capital assets, net of related debt	318,404	334,983	(16,579)
Restricted	16,584	24,123	(7,539)
Unrestricted net assets	69,644	(31,472)	101,116
Total net assets	<u>\$ 404,632</u>	<u>\$ 327,634</u>	<u>\$ 76,998</u>

Total assets of \$958,081 reflect an increase of \$73,115 (or 8%) during the fiscal year. All major asset categories such as cash, receivables and capital increased; total liabilities decreased less than one percent. Of the County's total assets, the largest components are: 1) cash and investments of \$247,427 or 26%, 2) receivables which largely represent the deferred tax revenues of \$312,024 or 33%, and 3) capital assets net of accumulated depreciation of \$372,250 or 39%. The receivables are offset by deferred revenue since the tax revenue assessed on January 2005 values is not realized until FY2006. Capital assets represent investments with useful lives exceeding one year but are non-liquid assets and cannot be utilized to satisfy County obligations. The total liabilities of \$553,449 include current liabilities of \$334,884. Of this amount, only 13% (\$44 million) represent liabilities which will require the use of budgetary resources. The most significant current liability is deferred tax revenue. The liabilities also include debt to finance non-County road maintenance which does not result in an increase in County assets.

The County's assets exceeded liabilities by \$404,632 at the close of the fiscal year. Of this amount, about 4% or \$16,584 represents *restricted net assets* which are resources that are subject to external restrictions on how they may be used. Restrictions include statutory requirements and bond covenants, and granting conditions. The most significant portion (\$318,404) of the County's net assets reflects its *investment in capital assets* (e.g., land, buildings, machinery, and equipment) net of related debt. Unrestricted net assets

which equaled 25% of net assets provide reserves sufficient for statutory and grant restrictions. The increase in unrestricted net assets of \$101 million reflects the overall increase in net assets. The key components of the increase in net assets of \$76,998 are the following:

- The gain on the sale of the minimum security jail property to TxDot (\$31.2 million) for a transportation project.
- A net decrease in the debt principal of \$32 million. An increase in property tax revenue and other fees and fines.
- Increasing reserves for planned major projects to be funded with cash versus new debt.

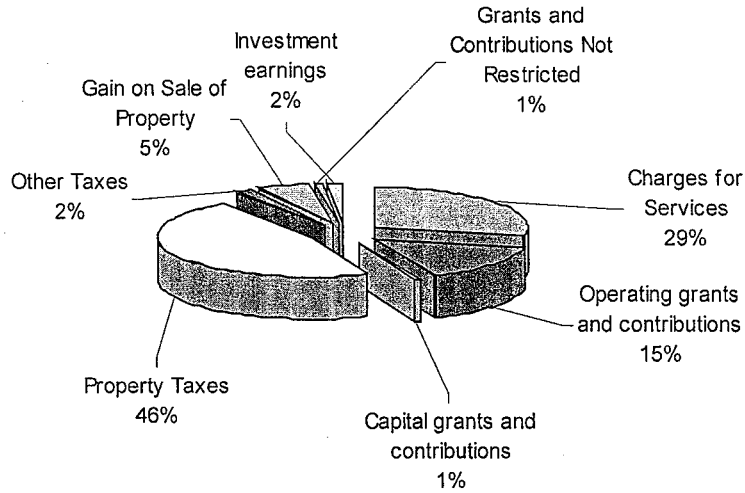
The Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds on page 30 provides further details on the increase in net assets (\$76,998).

Program revenues and expenses are presented net of interfund eliminations.

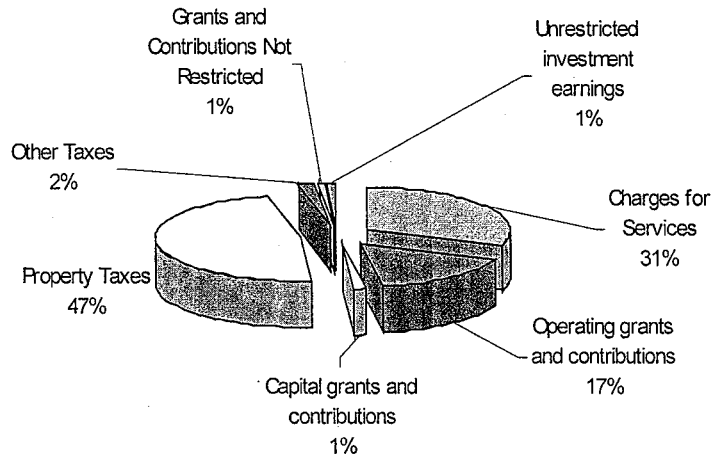
Dallas County's Changes in Net Assets – Governmental Activities

	<u>FY2005</u>	<u>FY2004</u>	<u>Increase (Decrease)</u>
Revenues:			
Net Program revenues:			
Charges for services	\$ 165,938	\$ 163,752	\$ 2,186
Operating grants and contributions	87,362	89,495	(2,133)
Capital grants and contributions	4,192	7,408	(3,216)
General revenues:			
Property taxes	267,462	255,324	12,138
Other taxes	10,695	10,120	575
Grants and contributions not restricted	5,243	4,180	1,063
Investment earnings	9,724	4,393	5,331
Gain on the sale of property	31,203	-	31,203
Total revenues	<u>581,819</u>	<u>534,672</u>	<u>47,147</u>
Expenses:			
General government	72,765	71,871	894
Public safety	172,347	169,137	3,210
Highways and streets	33,852	21,143	12,709
Public welfare	61,106	56,735	4,371
Health	44,285	40,506	3,779
Judicial	102,371	98,858	3,513
Education	7,941	6,461	1,480
Libraries	23	60	(37)
Interest on long-term debt	10,131	11,534	(1,403)
Total expenses	<u>504,821</u>	<u>476,305</u>	<u>28,516</u>
Change in net assets	76,998	58,367	18,631
Net assets - beginning	327,634	269,267	58,367
Net assets - ending	<u>\$ 404,632</u>	<u>\$ 327,634</u>	<u>\$ 76,998</u>

Revenues by Source - Governmental Activities - FY2005



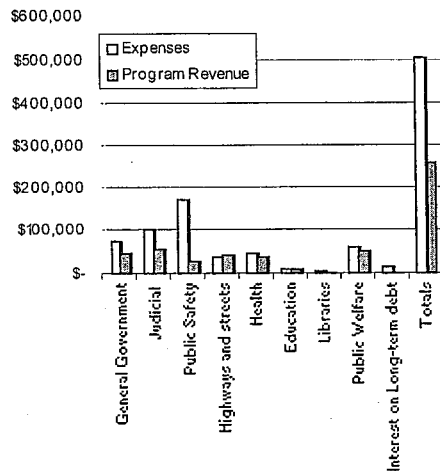
Revenues by Source - Governmental Activities - FY2004



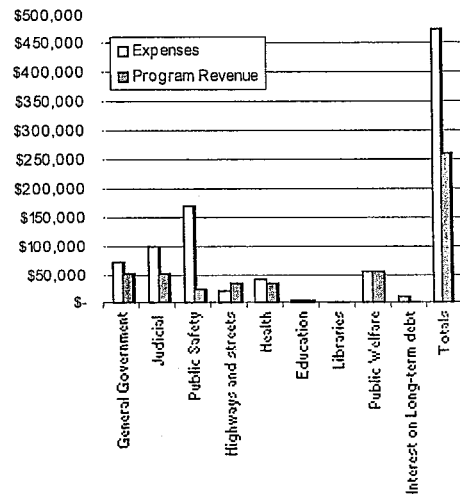
Revenues

For FY2005, revenues totaled \$581,819 compared to \$534,672 in FY2004. The 9% increase in overall revenues reflects in part the unusual sale of property to TxDot for \$36 million. Property taxes of \$267,462 was the largest revenue source providing 46% of revenues in FY2005 and 47% in FY2004. Charges for services at \$165,938 in FY2005 is the second largest source of County revenues. Included in this category are justice of peace fees and fines, district and county clerk fees and tax collector commissions and fees. Grant revenues remain a significant percent of total revenues but declined during the fiscal year.

Expenses and Program Revenues -
Governmental Activities - FY2005



Expenses and Program Revenues -
Governmental Activities - FY2004



Key elements of the analysis of government-wide revenues and expenses reflect the following:

- Compared to the prior year, FY2005 program revenues (\$257,492) decreased by \$3,163 mainly because of a decrease in grant funds.
- General revenues of \$293,124 reflect an increase of \$19,107 from FY2004 general revenues. This 7% increase resulted mainly from an increase in property taxes (\$12,138) and investment earnings (\$5,331). Property taxes increased largely due to a higher collection rate and increased taxable property values.
- An additional \$31.2 million in FY2005 revenue resulted from the sale of the minimum security jail property to TxDot for highway expansion.
- Public Safety expenses (\$172,347) which constituted about 34% of total expenses increased by \$3,210 from the previous year due to scheduled step raises, structure increases and other increased personnel costs, expanded traffic program, and vehicle fuel charges.
- Judicial constituted the next largest category of expenses (\$102,371 or 20%). Judicial activities provided about 10% of total revenues. Judicial expenses increased by \$3.5 million due to costs for increased misdemeanor case load, higher interpreter fees and a 4% salary increase.
- Highways and streets expenses increased by (\$12,709) due to the startup of several transportation projects for non-County roads and increased fuel costs.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

As noted earlier, 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, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$224,995 an increase of \$4,689 compared with the prior year. The General Fund balance increased by \$661; the Major Projects Fund balance increased by \$29,268 mainly due to the sale of the jail property to the TxDot for a freeway expansion project; and the Debt Service Fund (county wide) balance increased with the increase in interest rates. On the other hand, capital projects fund balances decreased by \$28,646 directly reflecting the stepped up building and transportation projects in FY2005. A portion of the fund balances continues to be reserved to indicate that it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders as of year end (\$51,751); 2) to reflect inventories (\$1,651); 3) and for other restricted purposes (\$2,887).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$38,857 in contrast to \$41,195 in the prior year. The fund balance increased from \$55,121 to \$55,782, an increase of \$661. As a measure of the general fund's liquidity, we compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 11% of total fund expenditures, which compares with general fund budgetary targets for reserves of 10.5% of expenditures.

The Debt Service Fund (county-wide) has a total fund balance of \$7,369, an increase of \$1,885 as compared with the prior year reflecting an increase in interest revenue. In May 2005, refunding bonds of \$24.5 million were issued due to favorable interest rate savings.

The Major Projects Fund reflects a fund balance of \$73,924 compared to \$44,656 in FY2004. The increase of \$29,268 largely resulted from the sale of a minimum security jail property to TxDot. The fund reserves are anticipated to finance major projects in the near future.

The Grants Fund reflected a \$5.3 million decrease in grants revenues from \$96,903 in FY2004 to \$91,554 in FY2005 and grant expenditures from \$96,538 in FY2004 to \$93,990 in FY2005. There was a \$2 million reduction in Title I 99 Program Grant and non-renewal of a \$3.6 million North Central Air Quality grant.

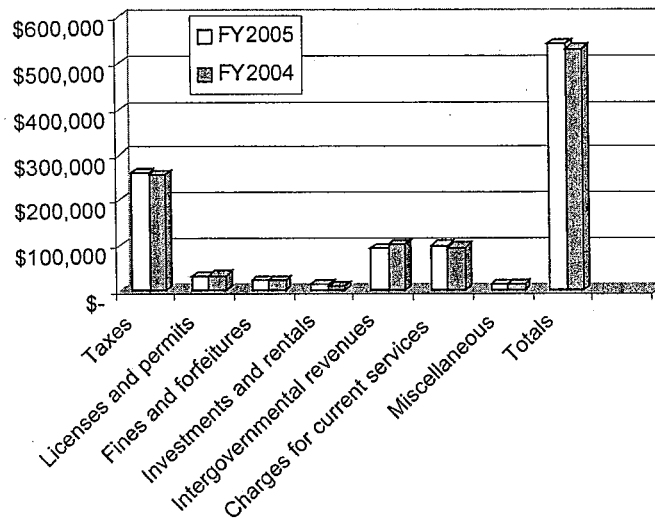
The following table presents the amount of revenues from various sources as well as increases or decreases from the prior year.

Governmental Funds - Revenues Classified by Source

	<u>FY2005</u>	<u>FY2004</u>	<u>Increase (Decrease)</u>	<u>Percent of Change</u>
Property Taxes	\$ 262,124	\$ 255,324	\$ 6,800	3%
Licenses and permits	33,458	33,776	(318)	(1%)
Fines and forfeitures	24,404	22,837	1,567	7%
Investments and rentals	14,856	9,605	5,251	55%
Intergovernmental revenues	94,575	101,494	(6,919)	(7%)
Charges for current services	100,209	95,172	5,037	5%
Miscellaneous	13,023	13,545	(522)	(4%)
Total	<u>\$ 542,649</u>	<u>\$ 531,753</u>	<u>\$ 10,896</u>	2%

- Property Taxes – increased by \$6,800 primarily due to a 1.5% increase from the prior year in the certified tax roll compiled by the Dallas Central Appraisal District. Additionally, increased tax collections also resulted from an unchanged tax rate of \$20.39 per \$100 value applied to increased property values plus new construction of \$2,577,083.
- Investments and rentals – increased 55% reflecting periodic interest rate increases instituted by the Federal Reserve.
- Intergovernmental Revenues – decreased by 7% mainly reflecting a decrease in Title I 99 Program Grant, the decreased funding for election equipment (HAVA grant) and the non-renewal of North Central Air Quality grant.

Revenues Classified by Source - Governmental Funds



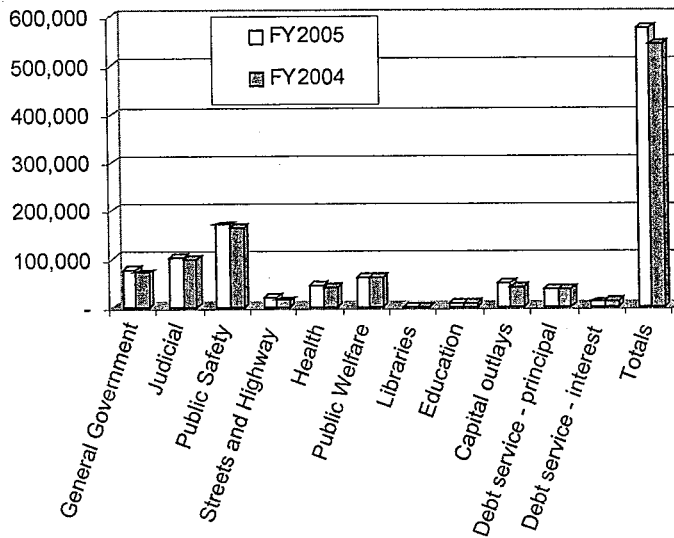
The following table presents expenditures by function compared to prior year amounts.

Expenditures by Function - Governmental Funds

Function	FY2005	FY2004	Increase (Decrease)	Percent of Change
General government	\$ 77,065	\$ 71,832	\$ 5,233	7%
Judicial	102,310	99,048	3,262	3%
Public safety	169,831	165,390	4,441	3%
Streets and highways	20,059	13,666	6,393	47%
Health	43,895	40,659	3,236	8%
Public welfare	60,225	60,113	112	-
Libraries	19	49	(30)	(61%)
Education	8,061	6,455	1,606	25%
Capital outlays	48,869	41,188	7,681	19%
Debt service - principal	34,940	35,225	(285)	(1%)
Debt service - interest	9,265	10,645	(1,380)	(13%)
Total	\$ 574,539	\$ 544,270	\$ 30,269	6%

- Streets and highways – The 47% increase in expenditures reflects the increase in planned FY2005 road maintenance and transportation projects by the Public Works Department.
- Capital Outlays – The \$7,681 increase in expenditures was largely due to an increase in major projects including the expansion of the George Allen Civil Courts Building, the construction of the new parking garage, participation with other local cities and entities in transportation related projects and several right of way road projects.
- Education – In FY2005, the County switched the Charter School (for juveniles) administration from being outsourced to County administration.
- Debt service – interest – The 13% decrease was due to the maturing of debt.

Expenditures By Function - Governmental Funds



GENERAL FUND BUDGETARY HIGHLIGHTS

The final FY2005 budget was adopted on September 21, 2004 with the total General Fund expenditures and reserves amounting to \$396,279 an increase of \$22,145 from the final FY2004 budgeted expenditures and reserves. The \$396,279 excludes \$7,573 in re-appropriated amounts of approved encumbrances from prior periods added to the original and final budgets for a total of \$403,852. The FY2005 budgeted increase of \$22,145 was due to workforce investment (\$16 million) including 4% pay increases and a net increase of 66 positions; repayment of interfund loan (\$1.7 million), \$1.5 million vehicle replacement, and \$1 million increase in utilities.

In total, the original budget and the final amended budget were equal although budgeted reserves decreased by \$12,852 from the original to the final budget. Reserves provided for the following:

- public safety (\$9 million) – expanded freeway management program and vehicle fuel charges
- increase in utilities (\$1.5 million)
- judicial (\$2.0 million) - costs for indigent defense attorneys, interpreter charges and equipment costs

The following are significant variations between the final budget and actual amounts:

- Actual revenues were higher than budgeted by \$2 million due to an improved tax collection rate and interest rate increases by the federal reserve. Certain other line items declined due to delayed start up of projects such as collections on traffic fines.
- Actual expenditures were lower than the final budget reflecting midyear budget transfers from County reserves to other line items; however, those available funds were encumbered for outstanding purchase orders and contracts ensuring a funding source.

DEBT ADMINISTRATION AND CAPITAL ASSETS

Long-term debt. At September 30, 2005, the County had unlimited tax and limited tax general obligation bonds outstanding in the amount of \$188,131. According to Texas statutes, the County has two debt limits. Bonds issued under Article 3, Section 52e of the Texas Constitution total \$95,497 and bonds issued under Article 722 of Vernon's Civil Statutes total \$89,998. The debt limits for the two authorizations are \$36,400,734 (25% of real property assessed valuation) and \$8,560,839 (5% of assessed valuation of all taxable property); therefore, the County has legal debt margins on general obligation debt of \$36,308,929 and \$8,474,321 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.

The following represents the activity of the long-term debt of the County for FY2005:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental Activities:				
General obligation bonds	\$ 220,640	\$ 27,103	\$ 59,612	\$ 188,131
Compensated absences	18,328	17,048	16,263	19,113
Claims and judgements	5,000	-	2,000	3,000
Arbitrage	2	-	2	-
Workers compensation	<u>5,252</u>	<u>5,625</u>	<u>2,556</u>	<u>8,321</u>
Total	<u>\$ 249,222</u>	<u>\$ 49,776</u>	<u>\$ 80,433</u>	<u>\$ 218,565</u>

The County's estimated liability for claims and judgements is \$3,000, a decrease of \$2,000 from FY2004. While settlements for new court cases filed against the County are difficult to project, ongoing procedural reviews are held to mitigate claims. None of the existing/filed criminal litigation cases are expected to result in County liability. Legal counsel and subject experts are contracted to review workers compensation claims as needed. The increase is due to results of actuarial study even though cost reducing policies were implemented. Other long-term obligations include accrued vacation pay and sick leave. (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 & equipment (M&E)), which are used in the performance of the County's functions. Capital assets also include infrastructure assets – roads and bridges. At September 30, 2005, net capital assets of the governmental activities totaled \$372,250, reflecting a net increase of \$25,307 in asset additions less retirements. Several major building construction projects are in progress. Depreciation on capital assets (except for infrastructure assets which are reported under the modified approach basis) is recognized in the government-wide financial statements. FY2005 depreciation for buildings, improvements and M&E totaled \$12,320.

An annual allocation of the tax rate is reserved for expenditures related to major capital and major technology assets which are capitalized and depreciated. 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 by GASB 34 for reporting infrastructure assets which include 136.77 miles of roads and 51 bridges and culverts. The County completed a condition assessment of its roads and bridges in FY2005. The FY2005 assessment revealed the condition of the roads was being maintained consistent with County policy where 96.2% of the County's roads were rated 2.5 or better on a 4.0 scale. Most of the County's bridges are in good to very good condition; however, 4 bridges are scheduled for major repairs in FY2006.

The County expended \$1,038 on road maintenance for the fiscal year ended September 30, 2005. These expenditures delayed deterioration; however, the overall condition of the roads was not improved through these maintenance expenditures. The County had determined that the amount of annual expenditures required to maintain the County's roads at the minimum of 2.5 (average) out of 4.0 (excellent) level based on the federal highway administration road pavement condition rating (PCR) for FY2005 was a minimum of \$1,100. Of the 51 county bridges, 43 were rated and the ratings met the County's planned condition level of good to very good. Some of the County's bridges had a width less than the minimum required for classification as a bridge and were not rated. The rated bridges required only \$15 in maintenance costs. Additional details on infrastructure assets can be found in Required Supplementary Information, pages 76 and 77.

County's Capital Assets
(net of depreciation)

	<u>2005</u>	<u>2004</u>
Governmental Activities:		
Land	\$ 25,320	\$ 25,186
Buildings and improvements	228,533	219,987
Equipment, Vehicles, Machinery	21,833	19,068
Infrastructure	28,676	28,676
Construction in Progress	<u>67,888</u>	<u>54,026</u>
Total	<u>\$ 372,250</u>	<u>\$ 346,943</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The annual budget is developed to provide efficient, effective and controlled use of the County's resources, as well as a means to accomplish the highest priority objectives. Through the budget, the County Commissioners set the direction of the County, allocate its resources and establish its priorities. The FY2006 Budget meets the key established policy directive of the Commissioners Court requiring that the budgeted ending balance be no less than 10.5% of budgeted expenditures.

The FY2006 budget process was primarily focused on 1) meeting Public Safety initiatives established by the Commissioners Court and 2) providing competitive employee compensation.

The final FY2006 budget was adopted on September 27, 2005 with total General Fund expenditures of \$391.1 million, an increase of \$33.9 million (9.5%) over projected actual FY2005 expenditures. The FY2006 budget for all funds totaled \$818.5 million.

Highlights from the Dallas County FY2006 Budget include the following:

- The County's FY2006 property tax rate was increased by 1 cent over the FY2005 rate to \$21.39 cents per \$100 assessed valuation. Even with the increase, this rate is among the lowest rate of any county in Texas.
- FY2006 budget included the addition of 292 positions and the deletion of 9 positions for a net increase of 283 positions county-wide. The primary areas of increased resources are 1) Juvenile Department Medlock Residential Placement operation (71 positions); 2) Sheriff's staffing to meet Jail Standards ratio of 1:48 jailer to inmate (70 detention service officers); 3) Sheriff's Office Freeway Management expansion (43 positions); 4) two new District Criminal Courts and support staff (27 positions); 5) Juvenile Department population initiatives (26 positions); and 6) Constable staffing based on additional workload and traffic program expansion (21 positions).
- The FY2006 Major Capital Development Fund included \$31.7 million for various transportation projects, \$1.2 million for open space trails/acquisitions and \$53.6 million for various building upgrades and enhancements. The County is planning to issue \$65 million in ten year Certificate of Obligations for certain building projects that statutorily will require the encumbrance of funds prior to contract commitment and \$800,000 for open space acquisitions and \$18 million for various building upgrades and enhancements.

- Workforce investment included a 15% increase in attorney pay scale, a 10% step budget increase for law enforcement personnel and 3% structure and a 2% merit increase for general workforce.

The result of the five month long budget process was the approval of a FY2006 County Budget that met all established policy directives of the Commissioners Court and accomplished the major objectives of Dallas County.

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 reports of the County's component units or need any additional financial information, contact the appropriate financial office (County Auditor, County Treasurer or Budget Director) at 509 Main Street, Dallas, Texas 75202 or visit the County's web site at www.dallascounty.org.

BASIC FINANCIAL STATEMENTS

DALLAS COUNTY, TEXAS

Statement of Net Assets

September 30, 2005

(in thousands of dollars)

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental</u>	<u>Hospital</u>
	<u>Activities</u>	<u>District</u>
ASSETS		
Cash and investments	\$ 247,427	\$ 271,947
Receivables (net of allowance for uncollectibles)	312,024	107,353
Due from other government units	20,258	-
Inventories	1,651	6,602
Prepays	2,756	-
Deferred charges	1,715	-
Restricted assets:		
Cash and cash equivalents	-	8,751
Investments	-	5,689
Assets limited as to use - cash and investments	-	11,713
Capital assets (net of accumulated depreciation):		
Land	25,320	37,796
Construction in Progress	67,888	61,598
Infrastructure	28,676	-
Buildings	228,533	96,225
Machinery and equipment	21,833	54,030
Total capital assets	<u>372,250</u>	<u>249,649</u>
 Total assets	 <u>958,081</u>	 <u>661,704</u>
LIABILITIES		
Accounts payable and other current liabilities	39,765	144,880
Accrued interest payable	1,062	-
Accrued liabilities	3,345	30,387
Unearned revenue	286,482	-
Due to other government units	4,230	5,502
Noncurrent liabilities:		
Due within one year	52,879	296
Due in more than one year	165,686	7,345
Total liabilities	<u>553,449</u>	<u>188,410</u>
NET ASSETS		
Invested in capital assets, net of related debt	318,404	249,029
Restricted for:		
Highways and streets	10,277	-
Debt service	6,307	-
Other purposes	-	14,393
Unrestricted	69,644	209,872
Total net assets	<u>\$ 404,632</u>	<u>\$ 473,294</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, 2005
(in thousands of dollars)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating	Capital	Primary	Component
			Grants and Contributions	Grants and Contributions	Governmental Activities	Unit Hospital District
Primary government:						
Governmental Activities:						
General Government	\$ 72,765	\$ 44,371	\$ -	\$ -	\$ (28,394)	\$ -
Judicial	102,371	52,703	3,009	-	(46,659)	-
Public safety	172,347	21,046	4,269	-	(147,032)	-
Highways and streets	33,852	38,954	-	-	5,102	-
Health	44,285	6,193	26,892	-	(11,200)	-
Education	7,941	-	9,060	-	1,119	-
Libraries	23	-	-	-	(23)	-
Public welfare	61,106	2,671	44,132	4,192	(10,111)	-
Interest on long-term debt	10,131	-	-	-	(10,131)	-
Total primary government	\$ 504,821	\$ 165,938	\$ 87,362	\$ 4,192	\$ (247,329)	\$ -
Component unit -						
Hospital District	\$ 988,563	\$ 691,716	\$ -	\$ -	\$ -	\$ (296,847)
General revenues:						
					267,462	329,071
					10,695	-
						-
					5,243	19,385
					9,724	8,809
					31,203	-
					<u>324,327</u>	<u>357,265</u>
					76,998	60,418
					<u>327,634</u>	<u>412,876</u>
					<u>\$ 404,632</u>	<u>\$ 473,294</u>

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

DALLAS COUNTY, TEXAS
 Balance Sheet
 Governmental Funds
 September 30, 2005
 (in thousands of dollars)

	General	Debt Service County-Wide	Major Projects	Grants	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 70,099	\$ 7,239	\$ 79,887	\$ 2,159	\$ 84,878	\$ 244,262
Property Tax Receivables (net of allowances for uncollectibles of \$25,784)	220,398	39,303	21,963	-	9,264	290,928
Accounts receivable (net of allowances for uncollectibles of \$245,111)	15,369	-	-	-	4,530	19,899
Accrued interest	1,124	73	-	-	-	1,197
Due from other funds	163	-	-	-	16	179
Due from other governmental units	1,915	-	1,168	12,592	4,583	20,258
Inventories	1,144	-	-	-	507	1,651
Prepayments and advances	2,654	-	-	-	102	2,756
Total assets	<u>\$ 312,866</u>	<u>\$ 46,615</u>	<u>\$ 103,018</u>	<u>\$ 14,751</u>	<u>\$ 103,880</u>	<u>\$ 581,130</u>
LIABILITIES AND FUND BALANCES						
Liabilities :						
Accounts payable	\$ 20,161	\$ -	\$ 7,032	\$ 6,185	\$ 6,387	\$ 39,765
Due to other funds	5,493	-	159	17	158	5,827
Due to other governmental units	1,100	-	-	-	3,130	4,230
Deferred revenue	230,330	39,246	21,903	1,769	13,065	306,313
Total liabilities	<u>257,084</u>	<u>39,246</u>	<u>29,094</u>	<u>7,971</u>	<u>22,740</u>	<u>356,135</u>
Fund balances:						
Reserved for:						
Encumbrances	12,996	-	20,228	-	18,527	51,751
Inventories	1,144	-	-	-	507	1,651
Prepayments, advances and other	2,785	-	-	-	102	2,887
Unreserved reported in:						
General Fund	38,857	-	-	-	-	38,857
Debt Service	-	7,369	-	-	-	7,369
Major Projects	-	-	53,696	-	-	53,696
Grants	-	-	-	6,780	-	6,780
Special Revenue	-	-	-	-	62,004	62,004
Total fund balances	<u>55,782</u>	<u>7,369</u>	<u>73,924</u>	<u>6,780</u>	<u>81,140</u>	<u>224,995</u>
Total liabilities and fund balances	<u>\$ 312,866</u>	<u>\$ 46,615</u>	<u>\$ 103,018</u>	<u>\$ 14,751</u>	<u>\$ 103,880</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 the funds.	372,250
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	19,831
Internal service funds are used by management to charge costs related to the trust. The assets and liabilities of the internal service funds are included in governmental activities in the statement net assets.	(2,853)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(209,591)
Net assets of governmental activities	<u>\$ 404,632</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, 2005
(in thousands of dollars)

	General	Debt Service County-Wide	Major Projects	Grants	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 195,503	\$ 41,138	\$ 16,735	\$ -	\$ 8,748	\$ 262,124
Licenses and permits	435	-	-	-	33,023	33,458
Fines and forfeitures	14,559	-	-	-	9,845	24,404
Investment income	4,853	2,510	1,330	-	616	9,309
Rental revenues	5,547	-	-	-	-	5,547
Intergovernmental revenues	3,015	-	-	91,554	6	94,575
Charges for current services	91,158	-	-	-	9,051	100,209
Miscellaneous	8,782	2	2,020	-	2,219	13,023
Total revenues	<u>323,852</u>	<u>43,650</u>	<u>20,085</u>	<u>91,554</u>	<u>63,508</u>	<u>542,649</u>
EXPENDITURES						
Current:						
General government	64,606	-	-	-	12,459	77,065
Judicial	95,035	-	-	3,428	3,847	102,310
Public safety	164,064	-	-	5,117	650	169,831
Highways and streets	-	-	9,358	-	10,701	20,059
Health	17,939	-	-	25,956	-	43,895
Education	-	-	-	8,061	-	8,061
Libraries	19	-	-	-	-	19
Public welfare	8,797	-	-	51,428	-	60,225
Debt service:						
Principal	-	34,940	-	-	-	34,940
Interest	-	9,265	-	-	-	9,265
Capital outlay	-	-	30,319	-	18,550	48,869
Total expenditures	<u>350,460</u>	<u>44,205</u>	<u>39,677</u>	<u>93,990</u>	<u>46,207</u>	<u>574,539</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,608)</u>	<u>(555)</u>	<u>(19,592)</u>	<u>(2,436)</u>	<u>17,301</u>	<u>(31,890)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	35,103	2,654	15,432	4,266	3,018	60,473
Transfers out	(7,834)	(214)	(3,107)	-	(49,318)	(60,473)
Proceeds from sale of property	-	-	36,535	-	-	36,535
Proceeds from refunding bonds	-	-	-	-	24,096	24,096
Premium on revenue bonds	-	-	-	-	1,933	1,933
Payment to refunded bonds escrow agent	-	-	-	-	(25,985)	(25,985)
Total other financing sources (uses)	<u>27,269</u>	<u>2,440</u>	<u>48,860</u>	<u>4,266</u>	<u>(46,256)</u>	<u>36,579</u>
Net change in fund balances	661	1,885	29,268	1,830	(28,955)	4,689
Fund balances - beginning	55,121	5,484	44,656	4,950	110,095	220,306
Fund balances - ending	<u>\$ 55,782</u>	<u>\$ 7,369</u>	<u>\$ 73,924</u>	<u>\$ 6,780</u>	<u>\$ 81,140</u>	<u>\$ 224,995</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 of Governmental Funds
 For the Year Ended September 30, 2005
 (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)	\$	4,689
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 exceeded depreciation in the current period.		31,029
The net effect of various transactions (e.g. sale of capital of assets). See Notes, page 44 for details.		(5,722)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		8,246
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 Notes, page 45 for details.		5,472
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 the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. See Notes, page 45 for details.		35,233
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.		<u>(1,949)</u>
Change in net assets of governmental activities (page 27)	\$	<u><u>76,998</u></u>

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

DALLAS COUNTY, TEXAS

Statement of Net Assets

Proprietary Funds

September 30, 2005

(in thousands of dollars)

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 3,165
Due from other funds	5,648
Total assets	<u>8,813</u>
LIABILITIES	
Current liability	6,345
Non-current liability	5,321
	<u>11,666</u>
NET ASSETS	
Unrestricted	<u>(2,853)</u>
Total net assets (deficit)	<u>\$ (2,853)</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 Funds**

For the Year Ended September 30, 2005
(in thousands of dollars)

	Governmental Activities - Internal Service Fund
Operating revenues:	
Premiums and reimbursements	\$ <u>41,067</u>
Operating expenses:	
Benefit payments	41,023
Administration	2,020
Total operating expenses	<u>43,043</u>
Operating income (loss)	(1,976)
Nonoperating revenues :	
Interest income and other	<u>27</u>
Change in net assets	(1,949)
Total net assets (deficit)- beginning	(904)
Total net assets (deficit)- ending	<u>\$ <u>(2,853)</u></u>

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

DALLAS COUNTY, TEXAS

**Statement of Cash Flows
Proprietary Funds**

For the Year Ended September 30, 2005
(in thousands of dollars)

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash for premiums and reimbursements	\$ 41,212
Cash payments for benefit claims	(36,759)
Cash payments for administrative fees	(2,024)
Other operating revenues	645
	<hr/>
Net cash provided by operating activities	3,074
CASH FLOW FROM INVESTING ACTIVITIES	
Interest and dividends on investments	27
	<hr/>
Net cash provided by investing activities	27
	<hr/>
Net increase in cash and cash equivalents	3,101
Cash and cash equivalents at beginning of year	<hr/> 64
Cash and cash equivalents at end of year	\$ <hr/> <hr/> 3,165
Reconciliation of operating income to net cash used by operating activities:	
Operating income (loss)	\$ (1,976)
Adjustment to reconcile operating income to net cash used in operating activities:	
Increase due from other funds	(4,462)
Increase in liabilities	9,512
	<hr/>
Net cash used in operating activities	\$ <hr/> <hr/> 3,074

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

DALLAS COUNTY, TEXAS

**Statement of Fiduciary Assets and Liabilities -
Agency Funds**

September 30, 2005
(in thousands of dollars)

	<u>Total</u>
Assets:	
Cash and investments	\$ 127,589
Accrued interest	5
Restricted assets	<u>8,287</u>
Total assets	<u>\$ 135,881</u>
Liabilities:	
Accounts payable	<u>135,881</u>
Total liabilities	<u>\$ 135,881</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, 2005
(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 accounting principles generally acceptable (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). The most significant accounting and reporting policies of the County are described in the following notes to the 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 the State of Texas: general government (e.g., tax collection), judicial (courts, juries, district attorney, etc.), public safety (sheriff, jail, 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 (the District) is a special taxing district created in 1954 by a vote of the taxpayers of the County in accordance with the provisions of Article 9, Section 4 of the Constitution of the State of Texas. The District comprises Parkland Memorial Hospital (the Hospital), Community Oriented Primary Care (COPC) and the Parkland Foundation (the Foundation). The operating hospital has approximately 794 beds and 98 bassinets, operates an outpatient clinic and emergency room, provides service to indigents and serves as the major teaching hospital for the University of Texas Southwestern Medical School. In addition, COPC operates clinics in the community and on the Hospital campus. The District is accounted for as a single column business-type entity on an accrual basis of accounting.

The District is governed by a seven member board appointed by, but not composed of Commissioners Court of the County. Commissioners Court of the County approves the budget and sets the tax rate for the District; however, 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 component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Complete financial statements for the District may be obtained from:

Office of the Controller
Parkland Memorial Hospital
5201 Harry Hines Boulevard
Dallas, Texas 75235

Blended Component Units

For reporting purposes, the Dallas County Housing Finance Corporation (HFC) and North Central Texas Health Facilities Development Corporation (HFDC) qualify as component units. The Commissioners Court sits as the governing board of the HFC and appoints the governing board of the HFDC. The only activity of the HFC has been the issuance of single family revenue bonds that are disclosed as conduit debt in Footnote VI. The HFDC has no financial activity since all debt issuances are by and in the name of the individual approved health facilities. Additional financial information on the HFC may be obtained from:

Dallas County Commissioners Court
Administration Building
411 Elm Street, Second Floor
Dallas, Texas 75202

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 activity, information on all of the activities of the County and its component unit. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. The primary government is reported separately from the component unit within the government wide statements.

The statement of activities reflects the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 or segment. 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

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

statements. The General Fund, Debt Service (county-wide fund), Major Projects and Grant Funds meet criteria as *major governmental funds*. Each major fund is reported in separate columns in the fund financial statements. Non-major funds include other Special Revenue, Capital Projects and Debt Service (parking garage) funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

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

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary and fund financial statements. Revenues 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, are district clerk and county clerk fees, justice of the peace fees, revenue from the 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 not restricted to specific programs and investment earnings.

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both 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. Except for grants, measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Grants policy includes recognition of all revenues where grant eligibility requirements have been met. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. Property taxes which were levied prior to September 30, 2005, and became due October 1, 2005 have been assessed to finance the budget of the fiscal year beginning October 1, 2005 and, accordingly, have been reflected as deferred revenue and taxes receivable in the fund financial statements at September 30, 2005.

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 government reports the following major governmental funds:

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 administration, public safety, judicial, public welfare, health services and capital acquisition.

Debt Service Fund (county-wide) is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The primary revenue source is property taxes levied specifically for debt service. The County issued \$24.5 million in refunding bonds in FY2005 to lower debt cost. Interest earnings from temporary investments of idle funds of the Capital Projects Funds are deposited and recorded in the Debt Service Fund to aid in bonded debt retirement. The County also maintained a debt service fund for parking garage debt. Since that debt has been retired, the fund was closed in FY2005. This fund is included as a nonmajor fund in FY2005 to reflect the transfer of residual fund balance to the General Fund.

Major Projects Fund (special revenue fund) is used to account for monies received from ad valorem taxes to fund parks, trails, transportation and major County building projects.

Grants Fund is used to account for programs supported by grants-in-aid from various agencies and/or governmental units.

Nonmajor funds include Special revenue funds (other than major projects and grants), capital projects funds and debt service for parking garages.

Other Fund types include proprietary and fiduciary funds:

Proprietary fund level 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 self-insurance program, workers compensation self insurance program (effective October 1, 2004), and the flexible spending accounts of employees who participate in the medical and dependent care flexible spending option of the County's cafeteria plan. Revenues are derived from County contributions, employee and retiree/cobra premiums, investment of idle funds and stop loss collections. Expenses are for claims and administrative expenses.

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

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 ongoing operations (e.g. insurance and workers compensation payments).

Fiduciary fund level financial statements include fiduciary funds which are classified as agency funds which are 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.

Discretely Presented Component Unit

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. Under the provisions of the American Institute of Certified Public Accountants Audit and Accounting Guide, Health Care Organizations (the "Guide"), 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 Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the District 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.

D. Assets, liabilities, and net assets

1. Deposits and Investments

The County's cash and cash equivalents include cash on hand, demand deposits and short term investments with a maturity date of 90 days or less from the date of purchase. State statutes and the County's official Investment Policy authorize the County to invest in obligations of the U.S. Treasury, direct obligations of, or participation certificates guaranteed by, the Federal Intermediate Credit Banks, Federal Land Banks, Federal National Mortgage Association, and Federal Home Loan Banks or Banks for Cooperatives.

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 is recognized as revenue in the appropriate fund's statement of revenues, expenditures and changes in fund balance. Deposit and Investment Risk Disclosures are in accordance with GASB Statement No. 40.

2. Receivables and payables

Accounts Receivable

Property taxes are levied prior to September 30 based on taxable value as of January 1 and become due October 1 and past due after January 31. Accordingly, receivables and revenues

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible.

Accounts receivables from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. 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 they are earned in the government-wide 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 revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

Lending or borrowing between funds is reflected as "due to or due from" (current portion) or "advances to/from other funds" (non-current). Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund activity reflected in "due to or due from" is eliminated on the government-wide statements.

3. Inventories and prepaid items

Inventory is valued at average cost. Inventory in the General and Special Revenue Funds consists of expendable supplies held for consumption. In the General Fund, the cost is recorded as expenditure at the time the inventory items are 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 offset by a reservation of fund balance, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. 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 offset by a reservation of fund balance which indicates they do not represent "available spendable resources."

4. Restricted Assets/Funds

Primary Government - The balances at year end for restricted assets within the Fiduciary - Escrow Fund represent bail bond activity as indicated:

- Certificates of Deposit	\$3,641
- Real Property	<u>4,646</u>
Total	<u>\$8,287</u>

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District reports as restricted funds contributions, grants and other revenues restricted by donors for specific purposes. Each restricted fund has an administrator who is responsible for monitoring the revenues and expenses and for ensuring that the fund's assets are being used for the purpose stated.

5. Assets (Investments) Limited as to Use or Restricted - Component Unit

Resources are set aside for board-designated purposes, the terms of bond agreements or self-insurance arrangements. At September 30, 2005, resources were also set aside for the disproportionate share programs.

6. Capital Assets - Primary Government

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets (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 with a cost of \$5,000 or more and a useful life in excess of one year. Infrastructure assets include County-owned roads and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets except for infrastructure are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Furniture & Fixtures	7
General Equipment	5
Trucks	7
Cars	3
Computer hardware	5

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 its infrastructure assets in the government-wide statement of net assets. Infrastructure assets are listed at historical costs but they are not depreciated. Rather, under the modified approach allowed by GASB Statement No. 34, the County reports annual expenses for maintaining County roads and bridges and the estimated costs for preserving them at specified levels.

7. **Compensated Absences** - A liability for unused vacation and sick time for all full time employees is calculated and reported in the government-wide statements. For financial reporting, 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).

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

Primary Government - The County's permanent, full-time employees accrue 3.08 hours of vacation per pay period (biweekly) from date of employment to six years of service, 4.62 hours per pay period from 6 years to 15 years of service, and 6.16 hours per pay period 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 from County employment, an employee shall be entitled to payment for total accrued but unused hours of vacation.

The County's permanent, full-time employees accrue sick leave at the rate of 3.69 hours per pay period. Sick leave is paid to current employees if the employees are absent from work due to illness, injury or other situations requiring medical attention. An employee who leaves the employment of the County for any reason prior to five years of service shall receive no compensation for accrued sick leave. Employees who terminate their employment after five years of continuous service shall be paid a percentage of the balance of their accrued but unused sick leave that ranges from 5% for five to ten years service to 50% for over 50 years of service.

Amounts of accrued vacation leave and sick leave are accrued in the government-wide financial statements. General fund, road and bridge fund (a nonmajor special revenue fund) and the grant fund typically have been used to liquidate the liability for compensated absences.

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 or proprietary fund type statement of net assets. On new bond issues, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable is reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Unemployment and Workers' Compensation Benefits

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

10. Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Fund reservations include encumbrances, capital projects, debt service, inventories and prepaids.

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 that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds." The details of this \$ 209,591 difference are as follows:

Bonds payable	\$185,495
Less: Deferred charge for issuance costs/refunding	(1,715)
Premium on Bonds Payable	2,636
Accrued interest payable	1,062
Claims and judgements	3,000
Compensated absences	<u>19,113</u>

Net adjustment to reduce fund balance – total government funds to arrive at net assets – governmental activities \$209,591

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

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

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 details of this \$31,029 difference are as follows:

Capital expenditures	\$ 43,349
Depreciation expense	<u>(12,320)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$31,029</u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase/(decrease) net assets.” The detail of this \$(5,722) difference is as follows:

In the statement of activities, only the gain or loss on the disposal of capital assets is reported; however, in the government funds, the proceeds from the sale increase financial resources.

-Proceeds less gain on sale of property	\$(5,332)
-Net loss on disposal of capital assets	<u>(390)</u>
Net adjustment to increase net changes in fund balances – total <i>governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$(5,722)</u>

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

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

Another element of the reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$35,233 difference are as follows:

Debt principal repayment	\$	34,940
Debt issued or incurred:		
Issuance Costs- Refunding		236
Amortization of Issuance /Refunding costs		(70)
Amortization of Premium		172
Net Proceeds from Refunding		<u>(45)</u>
Net adjustment to increase net changes in fund balances	\$	<u>35,233</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.” The details of this \$(5,472) difference are as follows:

Compensated absences	\$	785
Workers compensation		(5,252)
Claims and judgements		(2,000)
Accrued interest		(76)
Bond accretion		1,073
Arbitrage		<u>(2)</u>
Net adjustment to decrease net changes in fund balances	\$	<u>(5,472)</u>

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

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 covered by collateral held in the County's name by the County's agents, the Federal Reserve Bank of Dallas and the State Street Corporation. The County's collateral agreements require the market value of securities held by its agents to exceed the total amount of cash and investments held by Bank of America (depository bank) and Texas Capital Bank at all times.

The County's investments are comprised of U.S. Treasury bills; notes and bonds; Federal National Mortgage Association issues; Federal Farm Credit Bank issues; Federal Home Loan Bank issues; Federal Home Loan Mortgage Corporation certificates, Federal National Mortgage Association and Government National Mortgage Association pools; commercial paper; obligations of states, counties, cities and other political subdivisions of any state with a rating of A or better; and surety bonds rated in the two highest categories for claims paying ability.

Investments

At year end, the County's investment balances were as follows:

Investment Type	<u>Fair Value</u>	<u>Weighted Average Days to Maturity</u>
Government sponsored securities	117,216	326
Certificates of Deposit	161,635	32
Commercial paper	43,852	10
Security repurchase agreements	14,466	3
	<u>\$ 337,169</u>	<u>130</u>

Interest rate risk

The County manages its exposure to declines in fair values by limiting the weighted average days to maturity of its investment portfolio.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

III. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES (Continued)

Credit risk

The County is authorized by statute and by depository contract to invest in insured or registered securities including "security repurchase agreements." A security repurchase agreement is a simultaneous agreement to buy, hold for a specified time and then sell back at a future date. U.S. government securities, direct obligations of the United States, obligations of principal and interest which are guaranteed by the United States or direct obligations of, or participation certificates guaranteed by, the Federal Intermediate Credit Banks, Federal Land Banks, Federal National Mortgage Association, Federal Home Loan Banks or Banks for Cooperatives. The government sponsored securities are rated A-1+ by Standard & Poor's and P-1 by Moody's. This is consistent with the investment policy which indicates that commercial paper with a stated maturity of 270 days or fewer cannot be rated less than A-1+ or P-1 by at least two nationally recognized credit rating agencies.

Concentration of credit risk

The County's policy is to limit the investments in commercial paper such as government sponsored securities to 35% of the County's portfolio. Not more than 5% of the total portfolio can be in any one issuer name and not more than 10% of the total portfolio shall mature on any given day.

Custodial credit risk

In accordance with state and County 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.

Discretely Presented Component Unit

As of September 30, 2005, the District had the following deposits and investments:

Description	Fair Value	Weighted Av. Days to Maturity
Bank Deposits	\$ 1,523	N/A
Tex Pool Deposits	189,568	N/A
Money Market Fund	34,852	N/A
FNMA Notes	29,847	48
FHLB Notes	19,782	296
FHLMC Notes	14,929	82
US Treasury Notes	3,978	151
Total	\$ <u>294,479</u>	

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

III. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES (Continued)

Interest Rate Risk – The District invests in fixed rate debt securities with a short-term maturity. Interest rate risk is limited by the short term nature of the investments.

Credit Risk - The District has a comprehensive investment policy that fully complies with State 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 FNMA, FHLB, FHLMC are rated AAA by Standard and 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 FDIC insurance of \$100,000 and 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 US Government Agencies and Government Sponsored Enterprises, including, but not limited to, the Federal National Mortgage Association, the Federal Home Loan Bank and the Federal Home Loan Mortgage Corporation. The largest percentage in any one issuer is in the Federal National Mortgage Association at 10.5%.

Custodial Credit Risk- Per the District's investment policy, all investments are held in the District's name and held in safekeeping at a third-party bank on behalf of the District's depository institution.

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 bills and collects its own property taxes and those for the District, the Community College District, the School Equalization Fund, the City of Dallas, the City of Addison, the City of Balch Springs, the City of Carrollton, the City of Cedar Hill and Cedar Hill ISD, the City of Cockrell Hill, the City of Duncanville, the Duncanville Independent School District (ISD), Dallas Independent School District (DISD) and the County Education District (CED) of the Duncanville ISD, the City of Farmers Branch, the Fairway Bend Public Improvement District, the City of Grand Prairie, the Grand Prairie ISD and CED, the City of Highland Park, the Highland Park ISD and CED, the City of Hutchins, Irving Flood Control Districts I and III, the City of Lancaster, the Lancaster ISD and CED, City of Rowlett, the City of Sachse, the City of Seagoville, Levee Districts 4, 8 and 14, the City of University Park, the Westchester Public Improvement District, the City of Wilmer, and the Wilmer-Hutchins ISD. The County and the District are the only entities controlled by the Commissioners Court. The County collects and distributes property taxes of the other entities as authorized by Tax Code §6.24.

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 the County in this agency fund according to the levy year for

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

IV. PROPERTY TAXES AND OTHER RECEIVABLES (Continued)

which the taxes are collected. Tax collections deposited for the County are distributed on a monthly basis to funds: General, Debt Service, Major Projects, and nonmajor funds - Permanent Improvement and Major Technology. 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.

The County participates in several Tax Increment Finance (TIF) Districts at various percentage participation levels. In FY2005, the County either financially participated in or had authorization to participate in eleven TIF 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 used to finance project costs within the TIF District and/or pay bonds or notes issued for the TIF.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Under GASB 33, "Accounting and Financial Reporting for Nonexchange Transactions," property taxes are an imposed nonexchange revenue. Assets from imposed nonexchange 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 at January 1 with property assessed and tax rate adopted prior to the fiscal year end. Therefore, the County has recorded a receivable and deferred revenue for taxes assessed as of year end but will be collected in FY2006. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Property taxes and other receivables:

	Unavailable	Unearned
General fund	\$ 230,330	\$ -
Debt service fund	39,246	-
Major projects	21,903	-
Other nonmajor governmental funds	13,065	-
Grants receivable	-	1,769
Total deferred	\$ 304,544	\$ 1,769

The County is authorized by the tax laws of the State of Texas to levy taxes up to \$.80 per \$100 of assessed valuation for general governmental services and the payment of principal and interest on certain permanent improvement long-term debt.

Primary Government - Receivables as of year end for the governmental activities, individual major governmental funds, and nonmajor governmental funds, including the applicable allowances for uncollectible accounts, as required by GASB 34 are as follows:

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

III. PROPERTY TAXES AND OTHER RECEIVABLES (Continued)

	General	Debt Service County- Wide	Major Projects	Grants	Other Nonmajor Governmental Funds	Total
Receivables:						
Property taxes	\$239,685	\$ 43,251	\$ 23,640	\$ -	\$ 10,136	\$316,712
Interest	1,124	73	-	-	-	1,197
Accounts	118,503	-	-	-	146,507	265,010
Due from other governmental units	1,915	-	1,168	12,592	4,583	20,258
Intergovernmental	-	-	-	-	-	-
Gross Receivables	361,227	43,324	24,808	12,592	161,226	603,177
Less: allowance for uncollectibles	(122,421)	(3,948)	(1,677)	-	(142,849)	(270,895)
Net total receivables	<u>\$238,806</u>	<u>\$ 39,376</u>	<u>\$ 23,131</u>	<u>\$ 12,592</u>	<u>\$ 18,377</u>	<u>\$ 332,282</u>

Discretely Presented Component Unit – Receivables as of September 30, 2005:

	Parkland Hospital	Parkland Foundation	Total
Receivables:			
Taxes	\$ 20,148	\$ -	\$ 20,148
Patient accounts	69,321	-	69,321
Intergovernmental	5,439	-	5,439
Other	38,616	9,336	47,952
Gross Receivables	133,524	9,336	142,860
Less: allowance for uncollectibles			
Taxes	(13,748)	-	(13,748)
Accounts	(21,759)	-	(21,759)
Total uncollectibles	(35,507)	-	(35,507)
Net total receivables	<u>\$ 98,017</u>	<u>\$ 9,336</u>	<u>\$ 107,353</u>

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

Discretely Presented Component Unit

The District received approximately 32% of its total revenues in 2005 from ad valorem taxes. All of these funds were used to support operations. The District paid the County a nominal collection percentage as a fee for collecting its ad valorem taxes. Current taxes are received 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 costs, but they are not depreciated as the County elected to use the modified approach.

A summary of changes in capital assets follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 25,186	\$ 134	-	\$25,320
Construction in progress	54,026	37,835	(23,973)	67,888
Infrastructure	28,676	-	-	28,676
Total capital assets, not being depreciated	<u>107,888</u>	<u>37,969</u>	<u>(23,973)</u>	<u>121,884</u>
Capital assets, being depreciated:				
Buildings	387,047	20,853	(6,821)	401,079
Machinery and equipment	<u>58,997</u>	<u>8,946</u>	<u>(3,981)</u>	<u>63,962</u>
Total capital assets being depreciated	446,044	29,799	(10,802)	465,041
Less accumulated depreciation for:				
Buildings	(167,060)	(6,975)	1,489	(172,546)
Machinery and equipment	<u>(39,929)</u>	<u>(5,345)</u>	<u>3,145</u>	<u>(42,129)</u>
Total accumulated depreciation	<u>(206,989)</u>	<u>(12,320)</u>	<u>4,634</u>	<u>(214,675)</u>
Total capital assets, being depreciated, net	<u>239,055</u>	<u>17,479</u>	<u>(6,168)</u>	<u>250,366</u>
Governmental activities capital assets, net	<u>\$ 346,943</u>	<u>\$ 55,448</u>	<u>\$ (30,141)</u>	<u>\$ 372,250</u>

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

V. CAPITAL ASSETS

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

Governmental Activities:	FY2005
General government	\$ 2,240
Public safety	5,200
Health	350
Highways and streets	1,011
Public welfare	1,362
Education	81
Library	11
Judicial	2,065
Total depreciation expense	\$ <u>12,320</u>

Discretely Presented Component Unit

Costs of major renewals and betterments, which extend useful lives, are capitalized while maintenance and repairs are charged to current operations. Depreciation is recorded on the straight-line method over the estimated useful lives of the assets. The estimated useful lives for buildings are 10 to 40 years and 3 to 20 years for equipment. Equipment under capital lease is amortized on the straight-line method over the lesser of the useful life of the equipment or the lease term. Such amortization is included in depreciation in the financial statements.

FY2005 depreciation for the District was \$28,054. The District capitalizes interest cost net of any interest earned on temporary investments of the proceeds for construction projects funded by tax-exempt borrowings. Interest expense is also capitalized for projects financed with operating funds. Capitalized debt issuance costs relating to long-term debt are amortized over the period the debt is outstanding using the straight-line method. Total interest cost capitalized on construction projects in FY 2005 totaled \$398.

Capital assets at September 30, 2005 for the District are summarized as follows:

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

V. CAPITAL ASSETS

Discretely Presented Component Unit

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 35,094	\$ 2,702	\$ -	\$ 37,796
Construction in progress	<u>42,540</u>	<u>30,055</u>	<u>(10,997)</u>	<u>61,598</u>
Total capital assets, not being depreciated	77,634	32,757	(10,997)	99,394
Capital assets, being depreciated:				
Buildings	319,442	8,459	-	327,901
Machinery and equipment	<u>209,115</u>	<u>8,388</u>	<u>(5,981)</u>	<u>211,522</u>
Total capital assets being depreciated	<u>528,557</u>	<u>16,847</u>	<u>(5,981)</u>	<u>539,423</u>
Less accumulated depreciation for:				
Buildings	(220,773)	(10,903)	-	(231,676)
Machinery and equipment	<u>(145,715)</u>	<u>(17,151)</u>	<u>5,374</u>	<u>(157,492)</u>
Total accumulated depreciation	<u>(366,488)</u>	<u>(28,054)</u>	<u>5,374</u>	<u>(389,168)</u>
Total capital assets, being depreciated, net	<u>162,069</u>	<u>(11,207)</u>	<u>(607)</u>	<u>150,255</u>
Capital assets, net	<u>\$ 239,703</u>	<u>\$ 21,550</u>	<u>\$ (11,604)</u>	<u>\$ 249,649</u>

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

VI. LONG-TERM DEBT

Primary Government

During FY2005, the County issued long term debt to be used to construct and equip a parking garage courts building. The following are general obligation bond issues outstanding at September 30, 2005:

Description	Interest Rates (%)	Date of Issue	Date of Maturity	Original Amount of Debt	Bonds Outstanding
Road Refunding Bonds, Series 1993A:					
Current Interest Bonds	5.25	1993	2009	\$ 57,195	\$3,465
Capital Appreciation Bonds	5.55-5.75	1993	2007	1,370	9,623
Permanent Improvement Bonds 1993B	5.25-5.3	1993	2009	51,775	13,035
Road Bonds, Series 1996	5.0-5.5	1996	2013	35,000	3,500
Road Refunding Bonds, Series 1997:					
Current Interest Bonds	3.85-4.75	1997	2009	15,120	6,385
Permanent Improvement Refunding Bonds, Series 1997A	3.85-5.75	1997	2009	20,700	9,270
Certificates of Obligation, Series 1997B	4.10-6.0	1997	2006	8,000	1,000
Certificates of Obligation, Series 1998	3.75-4.0	1998	2007	8,700	2,190
Road Bonds, Series 2000	4.75-5.25	2000	2010	35,000	8,750
Permanent Improvement, Refunding Bonds Series 2000B	4.35-5.5	2000	2008	21,270	5,795
Road Refunding Bonds, Series 2001A:					
Current Interest Bonds	4.0-5.5	2001	2021	73,160	60,420
Capital Appreciation Bonds	4.2-4.35	2001	2007	2,816	3,354
Permanent Improvement Refunding Bonds Series 2001B	4.0-5.0	2001	2012	9,460	5,920
Series 2003 Tax Notes	2.0-4.0	2003	2008	21,600	12,960
Combination Tax and Parking Garage Revenue Certificates of Obligation Series 2004	2.5-5.25	2004	2025	16,145	15,840
Unlimited Tax Refunding Bonds, Series 2005					
Current Interest Bonds	3.0-5.25	2005	2020	21,270	21,120
Capital Appreciation Bonds	3.87-4.05	2005	2012	2,827	2,868
Premium on Debt					2,636
Total					<u>\$188,131</u>

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

VI. LONG-TERM DEBT (Continued)

Arbitrage Rebate Liabilities

The Tax Recovery Act of 1986 established regulations for the 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. The County's rebate amount, which is recorded as a liability in governmental activities on the government-wide financial statements for bonds issued in 1994, 1995, 1996, 1997, 1998, 2000, and 2001 was zero at September 30, 2005.

Changes in Long-Term Debt

Long-term liability for the year ended September 30, 2005 was as follows:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation	\$220,640	\$27,103	\$ 59,612	\$188,131	\$31,803
Claims and judgements	5,000	-	2,000	3,000	1,000
Compensated absences	18,328	17,048	16,263	19,113	17,076
Workers compensation	5,252	5,625	2,556	8,321	3,000
Arbitrage	2	-	2	-	-
Total	<u>\$249,222</u>	<u>\$49,776</u>	<u>\$ 80,433</u>	<u>\$218,565</u>	<u>\$52,879</u>

General Obligation Bonds Advance Refundings

On May 18, 2005, the County issued \$24,097 in Unlimited Tax Refunding Bonds to advance refund \$7,000 of outstanding Series 1996 Road Current Interest Bonds and \$17,500 in Series 2000 Road Current Interest Bonds. The refunding proceeds of \$26,395 included an original issue premium on the current interest bonds of \$1,933. Proceeds amounting to \$25,985 (after payment of underwriting fees and other issuance costs plus additional receipts of \$141 for accrued interest) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds which were refunded. The book loss was \$1,324 but the present value of the economic gain amounted to \$895. As a result, those bonds are considered to be defeased, and the liability for these bonds has been removed from the Government-wide Statement of Net Assets.

In prior years, the County refunded general obligation bonds by placing amounts in irrevocable trusts. The balance of outstanding refunded bonds on September 30, 2005 was \$112,150.

The County is in compliance with all significant restrictions contained in the various bond indentures.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

VI. LONG-TERM DEBT (Continued)

CAPITAL APPRECIATION BONDS

Capital appreciation bonds, which accrue and compound interest from their date of delivery to yield, consist of Road Refunding Bonds 1985A series with original maturity of \$256 and a current maturity of \$1,445; 1993A series with original maturity of \$1,370 and a current maturity of \$17,430; 2001A series with an original maturity of \$2,816 and a current maturity of \$3,560; and 2005 Unlimited Tax Refunding Bonds with an original maturity of \$2,827 and a current maturity of \$3,680. The total original principal amount was \$7,269 and the total current maturity amounts to \$26,115. The total amount accreted during the year was \$1,073.

CONTRACTUAL MATURITIES

The annual debt service for general obligation bonds is as follows:

Governmental Activities

<u>Years Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2006	\$31,803	\$8,688
2007	26,240	7,800
2008	22,375	6,333
2009	14,190	5,235
2010	11,360	4,508
2011 - 2015	45,332	15,869
2016 - 2020	25,910	5,883
2021 - 2025	8,285	1,121
Total	<u>\$185,495</u>	<u>\$55,437</u>

The Debt Service Fund has \$7,369 available to service the general long-term bond retirement. There are a number of limitations and restrictions contained in the various bond indentures. The management of the County believes that it is in compliance with all significant limitations and restrictions.

Conduit Debt

The Housing Finance Corporation issues single family revenue bonds to provide financial assistance to qualified homeowners. As of September 30, 2005, \$25 principal in single family revenue bonds was outstanding and expected to be paid off in 2006. The Housing Finance Corporation does not have any obligation for the debt beyond the bond resources.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

VI. LONG-TERM DEBT (Continued)

Discretely Presented Component Unit

Changes in Long-term Debt

A summary of long-term debt transactions of the District for the year ended September 30, 2005, follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds	\$ 6,670	\$ -	\$ (6,670)	\$ -	\$ -
Capital Lease	1,166	159	(705)	620	296
Less: unamortized discount	(44)	-	44	-	-
Professional/Gen. Liabilities	6,882	(570)	(1,738)	4,574	-
Other Liabilities	-	2,447	-	2,447	-
Total	<u>\$ 14,674</u>	<u>\$ 2,036</u>	<u>\$ (9,069)</u>	<u>\$ 7,641</u>	<u>\$ 296</u>

Contractual Maturities

Long-term debt maturities and capital lease obligations at September 30, 2005 are as follows:

Years Ending September 30,	Obligations Under Capital Leases
2006	\$ 322
2007	216
2008	75
2009	53
	<u>666</u>
Interest	<u>(46)</u>
Principal due	<u>\$ 620</u>

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

VII. INTERFUND RECEIVABLES, PAYABLE BALANCES AND TRANSFERS

The District is in compliance with all significant restrictions contained in the various bond indentures.

Primary Government

The composition of interfund balances as of September 30, 2005, is as follows:

<u>Due to/from other funds:</u>		<u>Amount</u>
Receivable Fund	Payable Fund	
General Fund	Child Support	\$ 4
General Fund	Major Projects	159
Permanent Improvement Bond	Road Bond, 1977	16
Internal Service	General Fund	5,493
Internal Service	Special Revenue Fund	<u>155</u>
Totals		\$ <u>5,827</u>

The "due to" the General Fund represents a reimbursement from Grant Fund and other charges to the Historical Exhibit and Child Support funds for postage and office supplies. The transfers to the Internal Service Fund from the General Fund and Special Revenue Fund in effect moved the health insurance liability to the Internal Service Fund.

	<u>Transfer In:</u>					Nonmajor Govern- mental Funds	Total
	General Fund	Debt Service	Major Projects	Grants			
Transfer out:							
General fund	\$ -	\$ 942	\$ -	\$ 4,266	\$ 2,626	\$ 7,834	
Debt Service	-	-	-	-	214	214	
Major Projects	3,078	-	-	-	29	3,107	
Nonmajor Governmental Funds	<u>32,025</u>	<u>1,712</u>	<u>15,432</u>	<u>-</u>	<u>149</u>	<u>49,318</u>	
Totals	\$ <u>35,103</u>	\$ <u>2,654</u>	\$ <u>15,432</u>	\$ <u>4,266</u>	\$ <u>3,018</u>	\$ <u>60,473</u>	

The Road and Bridge districts, of the non-major funds, provide most of the transfers (\$36,120) from vehicle registration fees, criminal fines and forfeitures and the transfers are made to the General Fund, Debt Service Fund and Major Projects Fund. The transfers to the General Fund support traffic

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

VII. INTERFUND RECEIVABLES, PAYABLE BALANCES AND TRANSFERS

and transportation related expenditures paid out of the general fund. The transfer to Debt Service supports the debt service requirements for road bonds.

PAYABLES

Primary Government - About 30% of the \$39,765 balance in accounts payable and other current liabilities at FY2005 year end represent accrued payroll liabilities and about 70% are payables to vendors and contractors.

Discretely Present Component Unit - Accounts payable in the statement of net assets includes accounts payable to vendors of \$74,658 as of September 30, 2005, and Health plan reserves for incurred but unreported claims of \$22,456 as of September 30, 2005. Accrued payroll and benefits is made up of the following amounts as of September 30, 2005: accrued payroll of \$27,761; employee health care liability of \$4,000 ; and other employee benefits of \$15,733.

VIII. RETIREMENT COMMITMENTS

Primary Government

(a) Plan Description

The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (the TCDRS). The Board of Trustees is responsible for the administration of the statewide agent multi-employer public employee retirement system consisting of 502 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the state statutes governing the TCDRS (TCDRS Act). Members employed by Dallas County can 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 are vested after ten years of employment with any organization with an accredited plan not just Dallas 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 the employee's accumulated contributions and the

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

**September 30, 2005
(in thousands of dollars)**

VIII. RETIREMENT COMMITMENTS (Continued)

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

(b) Funding Policy

The County has chosen a fixed rate plan under the provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCRS Act, the regular 8.5% contribution rate of the employer is a fixed percent matched by the 7% contribution rate payable by the employee members as adopted by the governing body of the County. This regular contribution rate of the County is one of the rates that can be adopted in accordance with the TCDRS Act. The plan of benefits, however, adopted by the County at the time of plan inception or when benefit increases were adopted was limited by the TCDRS Act to what the actuary determined could be adequately financed by the commitment of the County to contribute the same amount as the employees. The employee contribution rate and the County's contribution rate may be changed by the governing body of the County with options available in the TCDRS Act. If a plan has had adverse experience, the TCDRS Act has provisions, which allow the employer to contribute a fixed supplemental contribution rate determined by the System's actuary above the regular rate for 25 years or to reduce benefits earned in the future.

(c) Annual Pension Cost

For the employer's accounting year ended September 30, 2005, the annual pension cost for the TCDRS plan for its employees was \$19,927 and the actual contributions were \$19,927. The annual required contributions were in compliance with the GASB Statement No. 27 parameters based on the actual actuarial valuations as of December 31, 2002, 2003 and 2004, the basis for assessing the adequacy of the financing arrangement beginning with the contribution rates for calendar years 2004 and 2005. The December 31, 2004 actuarial valuation is the most recent valuation.

Actuarial Valuation Information

	December 31, 2002	December 31, 2003	December 31, 2004
Actuarial valuation date	December 31, 2002	December 31, 2003	December 31, 2004
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	22.1 years	18.4 years	16.3 years
Asset valuation method	Long-term appreciation with adjustments	Long-term appreciation with adjustments	Long-term appreciation with adjustments
Actuarial Assumptions:			
Investment return	8.0%	8.0%	8.0%
Projected salary increases	5.5%	5.5%	5.5%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

Annual Pension Cost

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2003	\$17,878	100%	—
September 30, 2004	18,567	100%	—
September 30, 2005	19,927	100%	—

Schedule of Funding Progress
for the Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Unfunded) Assets in Excess of AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 2002	\$571,775	\$653,084	\$(81,309)	87.54 %	\$228,361	(35.60) %
December 31, 2003	624,928	697,478	(72,550)	89.59	222,117	(32.66)
December 31, 2004	665,566	742,257	(76,691)	89.67	234,913	(32.65)

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 (the Plan), which covers substantially all of its full-time employees. The Plan is administered by an Administrative Committee appointed by the Board of Managers of the District. The annual payroll for employees covered by the Plan as of January 1, 2005, was approximately \$273,285. For the year ended September 30, 2005, the District's total payroll was approximately \$360,432. Membership in the Plan as of January 1, 2005 and 2004, was composed of the following:

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

Group	Members	
	2005	2004
Retirees and beneficiaries	831	794
Vested terminated employees	2,503	2,270
Active employees:		
Fully vested	3,416	3,247
Nonvested	3,390	3,661

Employees are required to contribute 4.5% of their annual salary to the Plan. The District is required by the Plan document to contribute the remaining amount 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. 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.

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 plus 5% interest compounded annually. 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 actuarial accrued liability, based on projected unit cost, was determined as part of an actuarial valuation of the Plan as of January 1, 2005. The January 1, 2004, actuarial valuation is included below for comparative purposes. 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 ranging from 4.25% to 6.85% per year compounded annually depending on years of service, averaging 5.25% in the aggregate (4.25% for inflation and 1.0% for seniority/merit increases), (c) the assumption that benefits will not increase after retirement and (d) cost of living adjustments of 0% per year (in thousands).

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

	January 1	
	2005	2004
Retirees and beneficiaries currently receiving benefits	\$ 77,463	\$ 72,683
Terminated employees not yet receiving benefits	63,664	55,471
Current employees:		
Accumulated employee contributions, including allocated investment income	98,737	91,093
Employer financed	107,908	95,104
Total actuarial accrued liability	347,772	314,351
Net assets available for benefits, at actuarial value	296,908	265,844
Accrued liability in excess of actuarial assets	\$ (50,864)	\$ (48,507)

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 contributions are determined using the projected unit credit actuarial cost method and are equal to the normal cost plus an amount required to amortize the unfunded actuarial accrued liability as of the valuation date over a period of 30 years under a level percent-of-pay approach. The amortization period is open.

During the years ended September 30, 2005 and 2004, \$13,601 and \$13,257, respectively, of employee contributions were made in accordance with the established contribution requirements described above. The District contributed \$10,753 to the Plan during the year ended September 30, 2004, in accordance with contribution requirements determined by the January 1, 2004, actuarial valuation. These contributions consisted of \$28 normal cost and \$10,725 for amortization of the unfunded actuarial accrued liability and represented 3.7% of covered payroll for the year. The District contributed \$11,490 determined by the January 1, 2005, actuarial valuation. An additional discretionary contribution of approximately \$10,000 was accrued as of September 30, 2005; the total contributions of \$21,490 were for amortization of the unfunded actuarial accrued liability and represented 7.9% of covered payroll for the year.

Three-year historical trend pension plan presenting funding progress of defined benefit pension plan is presented on page 78. 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 Benefits office. At January 1, 2005, 2004, and 2003, respectively, available assets were sufficient to fund 85.4%, 84.6%, and 87.3% of the actuarial accrued liability (AAL). The assets in excess (less than) of AAL in January 1, 2005, 2004 and 2003, represented (18.6)%, (16.9)%, and (11.9)% of the annual payroll for employees covered for the District's 2005, 2004 and 2003 Plan fiscal years, respectively.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

Defined Contribution Plan

The District also maintains a voluntary defined contribution plan covering all employees with at least one year of service. The payroll for employees covered by the Plan for the year ended September 30, 2005, was approximately \$305,240; the District's total payroll was approximately \$360,432. 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 salary. Employees are fully vested at 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 matching contributions in the aggregate in the following year. Contributions for the year ended September 30, 2005 were approximately \$10,040 from the District and \$17,207 from employees, or 5.6% of covered payroll.

IX. LEASES

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

2006	\$	687
2007		403
2008		169
2009		142
2010		24
Total	\$	<u>1,425</u>

Rental expense for all operating leases was approximately \$934 in FY2005.

The District leases facilities and equipment under operating leases that expire over periods of up to eight years. Renewal and purchase options are available on certain of these leases. At September 30, 2005, future minimum rental payments applicable to the operating leases are as follows:

2006	\$	1,672
2007		1,525
2008		1,224
2009		600
Total	\$	<u>5,021</u>

Rental expense for all operating leases was approximately \$4,756 in FY2005.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

IX. LEASES (Continued)

The District is also a lessor primarily of land and parking space under operating leases. Renewal options are available on certain of these leases. The land and the parking garage are carried at a cost of \$1,397 and \$8,887 respectively. The accumulated depreciation on the parking garage is \$6,721 at September 30, 2005.

Minimum future rentals to be received under operating leases are as follows:

2006	\$	1,820
2007		1,754
2008		1,481
2009		527
2010		351
2011-2015		896
2016-2020		605
2021-2025		605
2026-2030		605
2031-2035		564
2036-2040		196
2041-2045		196
2046-2050		196
2051-2055		196
2056-2060		196
2061-2065		196
2066-2070		196
2071-2075		196
2076-2080		196
2081-2085		196
2086-2090		55
Total	\$	<u>11,223</u>

X. RISK MANAGEMENT

Primary Government

The County has elected to self-insure against the risks arising from tort claims, 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 Tax Office and County Treasurer's Office), 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 also chosen to be a reimbursing employer under the unemployment compensation program administered by the Texas Employment Commission.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

X. RISK MANAGEMENT (Continued)

The County started accounting for the workers compensation activity in the self insurance internal service Fund effective October 1, 2004. The County's workers' compensation self-insurance program provides medical and indemnity payments as required by law for on-the-job related injuries. The liability is recognized in the self insurance internal service fund. The third-party administrator for the program, Contracts Claims Service, LP, monitors the filing of claims, verifies the legitimacy and processes payments to the injured employees.

The Group Health Insurance Internal Service Fund was established to account for the County's group health, life, accidental death and dismemberment insurance. The County provides insurance benefits from this fund through its third-party administrator, North Texas Health Choice. The County pays certain amounts of premiums for employees into the fund and allows employees to select additional benefits for them and their dependents with premiums paid by the employees.

Premiums are paid into the Internal Service Fund by all other funds. Contracted insurance providers receive disbursements from the Fund based on monthly enrollment and premium calculations. All funds are available to pay claims, claim reserves and administrative costs of the programs. During FY 2005, a total of \$36,227 was paid in benefits and administrative costs. The medical claims liability includes an estimate of \$1,596 of incurred but not reported claims. The County has stop-loss coverage with its third-party administrator for individual claims in excess of \$350 and aggregate stop-loss of \$30,369. Settlement claims have not exceeded insurance coverage in each of the past three years.

Changes in the medical and workers' compensation claims liability amounts in fiscal years 2005 and 2004 follow:

	Beginning Liability	Current Year Claims and Changes in Estimates	Claims Payments	Ending Liability
2005 Medical	\$ 2,154	\$ 35,394	\$ 34,203	\$ 3,345
2004 Medical	2,900	24,223	24,969	2,154
2005 Workers' Compensation	5,252	5,625	2,556	8,321
2004 Workers' Compensation	5,500	2,909	3,157	5,252

Discretely Presented Component Unit

The liabilities described below as of September 30, 2005 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

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

X. RISK MANAGEMENT (Continued)

not reported claims. As a result of settled claims, the frequency of new claims and other economic and social factors, claims liabilities are re-evaluated periodically.

Hospital Professional Liability 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 long-term liabilities. The amounts provided for funding and the estimated liability are based on studies prepared by an independent actuary for 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 discounted at a 2% annual 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 program does not provide for specific excess of loss reinsurance for any one accident or occurrence. The amount provided for the estimated liability is based on studies prepared by an independent actuary for settlement of claims.

Workers' Compensation Liability - The District manages a self-insurance plan for workers' compensation benefits. The District records estimated self-insurance costs for workers' compensation as current liabilities. The amounts provided for funding and the estimated liability are based on studies prepared by an independent actuary for settlement of claims. The funding is discounted at a 3% annual rate.

Changes in the Hospital Professional Liability and General Liability, Employee Health Care Benefit Liability and Workers' Compensation Liability amounts in fiscal 2005 and 2004 were as follows:

	<u>Beginning Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Ending Liability</u>
Hospital professional and general liability				
2005	\$ 6,882	\$ (570)	\$ 1,738	\$ 4,574
2004	6,635	1,651	1,404	6,882
Employee health care liability:				
2005	\$ 4,003	\$ 27,358	\$ 27,361	\$ 4,000
2004	3,712	26,663	26,372	4,003
Workers' compensation liability:				
2005	\$ 2,483	\$ 2,901	\$ 1,499	\$ 3,885
2004	2,859	2,000	2,376	2,483

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005
(in thousands of dollars)

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 contingent liability was not established because potential reimbursements are considered immaterial.

Several lawsuits that could affect the County's financial position are in various stages of litigation. An estimated liability of \$3,000 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 counsels 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.

Discretely Presented Component Unit

Parkland is involved in certain legal actions and claims arising in the ordinary course of operations. Parkland records estimated self-insurance costs for medical malpractice and general liabilities as long-term liabilities. The amounts provided for funding and the estimated liability are based on studies prepared by an independent actuary for settlement of claims. The professional and general liability at FY2005 year end totaled \$4,574.

XII. DEFICIT NET ASSETS

The County's Internal Service Fund has a net asset deficit at September 30, 2005 of (\$2,853). The fund was established as a self-supporting internal service fund to provide group hospitalization, medical and dental benefits and workers compensation self insurance (starting with October 1, 2004), to County employees and dependents. The fund also contains flexible spending accounts for employees for eligible medical and dependent care expenses. Mounting insurance costs will be covered by increased future premiums and reduced benefit levels.

**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, 2005
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 194,111	\$ 194,111	\$ 195,503	\$ 1,392
Licenses and permits	427	427	435	8
Fines and forfeitures	16,135	16,135	14,559	(1,576)
Investments	3,404	3,404	4,853	1,449
Rentals	5,324	5,324	5,547	223
Intergovernmental revenues	3,103	3,103	3,015	(88)
Charges for current services	91,317	91,317	91,158	(159)
Miscellaneous	7,641	7,641	8,782	1,141
Total revenues	321,462	321,462	323,852	2,390
EXPENDITURES:				
General government:				
Salaries	34,004	31,386	31,095	291
Allowances	39	47	47	-
Operating	33,107	36,598	31,735	4,863
Property	1,870	1,923	1,729	194
Total general government	69,020	69,954	64,606	5,348
Judicial:				
Salaries	70,955	71,580	70,932	648
Allowances	32	48	48	-
Operating	25,532	27,344	24,024	3,320
Property	171	193	31	162
Total judicial	96,690	99,165	95,035	4,130
Public Safety:				
Salaries	130,183	139,023	138,277	746
Allowances	158	177	177	-
Operating	27,026	27,142	25,348	1,794
Property	426	403	262	141
Total public safety	157,793	166,745	164,064	2,681
Health:				
Salaries	5,899	5,871	5,865	6
Allowances	45	53	53	-
Operating	12,233	12,658	12,014	644
Property	7	7	7	-
Total health	18,184	18,589	17,939	650
Libraries:				
Salaries	-	-	-	-
Operating	35	36	19	17
Property	-	-	-	-
Total libraries	35	36	19	17

DALLAS COUNTY, TEXAS
 Required Supplementary Information
 General Fund - Continued (Unaudited)
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended September 30, 2005
 (in thousands of dollars)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Welfare:				
Salaries	\$ 6,075	\$ 6,071	\$ 6,056	\$ 15
Allowances	58	64	64	-
Operating	2,577	2,660	2,537	123
Property	236	236	140	96
Total welfare	<u>8,946</u>	<u>9,031</u>	<u>8,797</u>	<u>234</u>
Reserves	<u>53,184</u>	<u>40,332</u>	<u>-</u>	<u>40,332</u>
Total expenditures	<u>403,852</u>	<u>403,852</u>	<u>350,460</u>	<u>53,392</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(82,390)</u>	<u>(82,390)</u>	<u>(26,608)</u>	<u>55,782</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	35,103	35,103	35,103	-
Operating transfers out	<u>(7,834)</u>	<u>(7,834)</u>	<u>(7,834)</u>	<u>-</u>
Total other financing sources and uses	<u>27,269</u>	<u>27,269</u>	<u>27,269</u>	<u>-</u>
Net change in fund balances	(55,121)	(55,121)	661	55,782
Fund balances - beginning	<u>55,121</u>	<u>55,121</u>	<u>55,121</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,782</u>	<u>\$ 55,782</u>

DALLAS COUNTY, TEXAS
Required Supplementary Information
Major Projects Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Unaudited)
For the Year Ended September 30, 2005
(in thousands of dollars)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Ad valorem taxes	\$ 16,588	\$ 16,588	\$ 16,735	\$ 147
Investments and rentals	600	600	1,330	730
Miscellaneous	2,247	2,247	2,020	(227)
Total revenues	<u>19,435</u>	<u>19,435</u>	<u>20,085</u>	<u>650</u>
EXPENDITURES				
Capital outlay	45,659	45,659	30,319	15,340
Highways and streets	9,358	9,358	9,358	—
Total expenditures	<u>55,017</u>	<u>55,017</u>	<u>39,677</u>	<u>15,340</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(35,582)</u>	<u>(35,582)</u>	<u>(19,592)</u>	<u>15,990</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	15,944	15,944	15,432	(512)
Transfers out	(3,107)	(3,107)	(3,107)	—
Sale of property	29,000	29,000	36,535	7,535
Total other financing sources and uses	<u>41,837</u>	<u>41,837</u>	<u>48,860</u>	<u>7,023</u>
Net change in fund balances	6,255	6,255	29,268	23,013
Fund balances - beginning	<u>44,656</u>	<u>44,656</u>	<u>44,656</u>	<u>—</u>
Fund balances - ending	<u>\$ 50,911</u>	<u>\$ 50,911</u>	<u>\$ 73,924</u>	<u>\$ 23,013</u>

DALLAS COUNTY, TEXAS

Required Supplementary Information
Grants Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Unaudited)

For the Year Ended September 30, 2005

(in thousands of dollars)

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES			
Intergovernmental revenues	\$ 107,000	\$ 91,554	\$ (15,446)
EXPENDITURES			
Judicial:	3,852	3,428	424
Public safety:	5,778	5,117	661
Health:	29,532	25,956	3,576
Public welfare:	58,529	51,428	7,101
Education:	<u>9,309</u>	<u>8,061</u>	<u>1,248</u>
Total expenditures	<u>107,000</u>	<u>93,990</u>	<u>13,010</u>
Excess (deficiency) of revenues over (under) expenditure	<u>—</u>	<u>(2,436)</u>	<u>(2,436)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>4,191</u>	<u>4,266</u>	<u>75</u>
Other financing sources and uses	<u>4,191</u>	<u>4,266</u>	<u>75</u>
Net change in fund balances	4,191	1,830	(2,361)
Fund balances - beginning	4,950	4,950	—
Fund balances - ending	<u>\$ 9,141</u>	<u>\$ 6,780</u>	<u>\$ (2,361)</u>

DALLAS COUNTY, TEXAS

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

September 30, 2005

Budgetary information – The budget is prepared in accordance with financial policies approved by the County Budget Officer and the Commissioners Court following a public hearing. The Budget Officer 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 no 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 (county-wide) and Special Revenue Funds (except for the District Attorney funds). Project-length financial plans are adopted for the Capital Projects Funds.

The budget law 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 Officer 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/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 Funds' expenditures for principal and interest on long-term debt are considered to be in the operations category. Appropriation transfers may be made between categories or departments only with the approval of the Commissioners Court. Such transfers were made during fiscal year 2005 but did not increase the County's overall budget. Unencumbered 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, Dallas, Texas 75202-3504.

DALLAS COUNTY, TEXAS

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

September 30, 2005

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. Encumbrances outstanding at year-end are reported as a reservation of fund balance since they do not constitute expenditures or liabilities.

DALLAS COUNTY, TEXAS

Required Supplementary Information (Unaudited)

Infrastructure Assets Under Modified Approach
September 30, 2005

(in thousands of dollars)

ROADS

A federal highway administration pavement condition rating (PCR) was utilized to assess the condition of the 136.77 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 the 4.0 scale. The following conditions were defined and associated to a rating:

Condition	Rating
Excellent	4
Good	3
Fair	2
Poor	1

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

Road and Bridge	<u>2005</u>		<u>20004</u>		<u>2003</u>		<u>2002</u>	
District 1	-	%	-	%	-	%	-	%
District 2	98.5		100.0		99.4		99.4	
District 3	95.8		97.1		96.8		95.9	
District 4	100.0		100.0		100.0		100.0	
Overall System	<u>96.2</u>		<u>99.03</u>		<u>98.2</u>		<u>98.4</u>	

Comparison of Estimated to Actual Maintenance Costs

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Estimated	\$1,100	\$1,100	\$1,100	\$2,020
Actual	1,038	1,340	1,543	2,989

Note: District 1 does not have any County owned roads.

DALLAS COUNTY, TEXAS

Required Supplementary Information (Unaudited)

Infrastructure Assets Under Modified Approach
September 30, 2005

(in thousands of dollars)

		Bridges				
	Rating	Number	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
			%	%	%	%
Very good	6.0-8.9	37	86	76	86	86
Good	4.0-5.9	6	14	24	14	14
Fair	3.0-3.9	-	-	-	-	-
Poor	0.0-2.9	-	-	-	-	-
Total		<u>43</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

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 8.9 (very good condition) is used to assess each of seven elements of the structure. These include deck, superstructure, substructure, channel, culvert, approaches, and miscellaneous items. There are currently 51 records in the Public Works Bridge inventory. The BRINSAP summary shows 43 bridges in the Dallas County unincorporated area were rated. Six structures in inventory have a width less than the minimum required for classification as a bridge and were not rated. Two other bridges are closed and were not rated. The County's policy is to maintain bridges at the 4.0-5.9 level. Consistent with County policy, the above chart shows that percentage of bridges rated in very good condition increased from 76% to 86% in FY2005 for the functioning County's bridges. The County is planning major repairs to 4 bridges in FY2006.

Comparison of Estimated to Actual Maintenance Costs

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Estimated	\$18	\$12	\$12	\$12
Actual	15	12	10	9

DALLAS COUNTY, TEXAS

Required Supplementary Information (Unaudited)

Discretely Presented Component Unit

Schedule of Funding Progress of Defined Benefit Pension Plan
 Three Year Historical Trend Beginning January 1, 2003
 (in thousands of dollars)

<u>Actuarial Valuation Date as of January 1</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Assets Over (Under) Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Actuarial Covered Payroll</u>	<u>Assets Over (Under) Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
2003	\$ 242,440	\$ 277,583	\$ (35,143)	87.3%	\$ 294,454	(11.9)%
2004	265,844	314,351	(48,507)	84.6	287,047	(16.9)
2005	296,908	347,772	(50,865)	85.4	273,285	(18.6)

SUPPLEMENTARY INFORMATION



DALLAS COUNTY
NONMAJOR GOVERNMENT 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 - 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 - receives an allocation of ad valorem taxes for building maintenance and construction of permanent improvements.

Law Library Fund - 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.

Payroll Fund - a clearing fund used to account for transfers of salary expense from budgetary funds and the issuance of paychecks to individual employees.

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

District Attorney - HIDTA/Federal Sharing - used to account for funds from participation in the Dallas Area "High Intensity Drug Traffic Area."

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

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

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

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

Child Support-Special Fund - used to account for the operations of the Child Support and Family Court Services under the jurisdiction of the Dallas County District Judges.

Alternative Dispute Resolution Fund - 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 - 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.

DALLAS COUNTY, TEXAS

NONMAJOR GOVERNMENT FUNDS - Continued

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:

Tax and Revenue:

Tax Refunding Bonds, Series 2005 – used to partially refund Tax Road Bonds, Series 1996 and Tax Road Bonds, Series 2000.

Tax and Revenue, Series 2004 - used to construct and equip the underground Historical Plaza Parking Garage and to expand the County's underground parking adjacent to the George Allen Building.

Tax Notes, Series 2003 - used to partially fund expansion of George Allen Civil Courts Building.

Certifications of Obligation Fund - used to finance certain equipment purchases and capital improvements to County facilities.

Permanent Improvement Bonds - 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 - 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.

Debt Service Fund

The Parking Garage Debt Service Fund is used to account for the accumulation of resources and the subsequent disbursement of such resources to pay principal and interest on general long-term debt. Parking garage debt matured in FY2003. The debt associated with the new issuance will be repaid out the Debt Service Fund (county-wide).

DALLAS COUNTY, TEXAS

Combining Balance Sheet
Nonmajor Governmental Funds

September 30, 2005
(in thousands of dollars)

Special Revenue

	<u>Road and Bridge</u>	<u>Permanent Improvement</u>	<u>Law Library</u>	<u>Payroll Fund</u>
ASSETS				
Cash and investments	\$ 12,832	\$ 1,321	\$ 671	\$ 15
Receivables:				
Taxes - current	—	2,683	—	—
Less allowance for uncollectibles	—	(231)	—	—
Net taxes receivable	—	2,452	—	—
Accounts	142,310	—	2,105	—
Less allowance for uncollectibles	(138,236)	—	(1,886)	—
Net accounts receivable	4,074	—	219	—
Inventories	507	—	—	—
Prepayments and Advances	78	—	—	—
Total assets	<u>\$ 17,491</u>	<u>\$ 3,773</u>	<u>\$ 890</u>	<u>\$ 15</u>
LIABILITIES				
Accounts payable	\$ 484	\$ 304	\$ 33	\$ 10
Due to other funds	138	—	—	—
Due to other governmental units	3,125	—	—	5
Deferred revenue	2,140	2,444	154	—
Total liabilities	5,887	2,748	187	15
FUND BALANCES				
Reserved for encumbrances	742	1,025	120	—
Reserved for inventory of supplies	507	—	—	—
Reserved for prepayments and advances	78	—	—	—
Unreserved	10,277	—	583	—
Total fund balances	<u>11,604</u>	<u>1,025</u>	<u>703</u>	<u>—</u>
Total liabilities and fund balances	<u>\$ 17,491</u>	<u>\$ 3,773</u>	<u>\$ 890</u>	<u>\$ 15</u>
balances				

DALLAS COUNTY, TEXAS
Combining Balance Sheet
Nonmajor Governmental Funds - Continued

September 30, 2005
(in thousands of dollars)

Special Revenue - Continued

	Major Technology	District Attorney HIDTA		District Attorney Forfeiture	
		Federal	Special	Federal	State
ASSETS					
Cash and investments	\$ 8,564	\$ 181	\$ 1,013	\$ 416	\$ 1,807
Receivables:					
Taxes - current	7,454	—	—	—	—
Less allowance for uncollectibles	(642)	—	—	—	—
Net taxes receivable	6,812	—	—	—	—
Accounts	—	—	—	—	—
Less allowance for uncollectibles	—	—	—	—	—
Net accounts receivable	—	—	—	—	—
Inventories	—	—	—	—	—
Prepayments and Advances	—	—	—	—	—
Total assets	<u>\$ 15,376</u>	<u>\$ 181</u>	<u>\$ 1,013</u>	<u>\$ 416</u>	<u>\$ 1,807</u>
LIABILITIES					
Accounts payable	\$ 1,399	\$ —	\$ —	\$ —	\$ —
Due to other funds	—	—	—	—	—
Due to other governmental units	—	—	—	—	—
Deferred revenue	6,792	—	—	—	—
Total liabilities	8,191	—	—	—	—
FUND BALANCES					
Reserved for encumbrances	257	—	—	—	—
Reserved for inventory of supplies	—	—	—	—	—
Reserved for prepayments and advances	—	—	—	—	—
Unreserved	6,928	181	1,013	416	1,807
Total fund balances	<u>7,185</u>	<u>181</u>	<u>1,013</u>	<u>416</u>	<u>1,807</u>
Total liabilities and fund balances	<u>\$ 15,376</u>	<u>\$ 181</u>	<u>\$ 1,013</u>	<u>\$ 416</u>	<u>\$ 1,807</u>

(Continued)

DALLAS COUNTY, TEXAS
 Combining Balance Sheet
 Nonmajor Governmental Funds - Continued

September 30, 2005
 (in thousands of dollars)

Special Revenue - Continued

	District Attorney- Other Forfeitures	Historical Commission	Historical Exhibit	Child Support - Special	Alternative Dispute Resolution	Appellate Justice System	Total
ASSETS							
Cash and investments	\$ 39	\$ 13	\$ 374	\$ 263	\$ 38	\$ 651	\$ 28,198
Receivables:							
Taxes - current	—	—	—	—	—	—	10,137
Less allowance for uncollectibles	—	—	—	—	—	—	(873)
Net taxes receivable	—	—	—	—	—	—	9,264
Accounts	—	—	—	—	1,366	727	146,508
Less allowance for uncollectibles	—	—	—	—	(1,254)	(602)	(141,978)
Net accounts receivable	—	—	—	—	112	125	4,530
Inventories	—	—	—	—	—	—	507
Prepayments and Advances	—	—	—	—	24	—	102
Total assets	<u>\$ 39</u>	<u>\$ 13</u>	<u>\$ 374</u>	<u>\$ 263</u>	<u>\$ 174</u>	<u>\$ 776</u>	<u>\$ 42,601</u>
LIABILITIES							
Accounts payable	\$ —	\$ —	\$ 370	\$ 84	\$ 6	\$ 13	\$ 2,703
Due to other funds	—	—	—	4	—	—	142
Due to other governmental units	—	—	—	—	—	—	3,130
Deferred revenue	—	—	—	—	109	52	11,691
Total liabilities	—	—	370	88	115	65	17,666
FUND BALANCES							
Reserved for encumbrances	—	—	—	15	—	14	2,173
Reserved for inventory of supplies	—	—	—	—	—	—	507
Reserved for prepayments and advances	—	—	—	—	24	—	102
Unreserved	39	13	4	160	35	697	22,153
Total fund balances	<u>39</u>	<u>13</u>	<u>4</u>	<u>175</u>	<u>59</u>	<u>711</u>	<u>24,935</u>
Total liabilities and fund balances	<u>\$ 39</u>	<u>\$ 13</u>	<u>\$ 374</u>	<u>\$ 263</u>	<u>\$ 174</u>	<u>\$ 776</u>	<u>\$ 42,601</u>

(Continued)

DALLAS COUNTY
Combining Balance Sheet
Nonmajor Governmental Funds - Continued

September 30, 2005
(in thousand of dollars)

Capital Projects

	<u>Tax and Revenue</u>	<u>Certificates of Obligation</u>	<u>Permanent Improvement</u>	<u>Road</u>	<u>Total</u>
ASSETS					
Cash and investments	\$ 10,623	\$ 966	\$ 1,158	\$ 43,933	\$ 56,680
Due from other funds	—	—	—	16	16
Due from other governmental units	—	—	121	4,462	4,583
Inventories	—	—	—	—	—
Total assets	<u>\$ 10,623</u>	<u>\$ 966</u>	<u>\$ 1,279</u>	<u>\$ 48,411</u>	<u>\$ 61,279</u>
LIABILITIES					
Accounts payable	\$ 979	\$ 72	\$ —	\$ 2,633	\$ 3,684
Due to other funds	—	—	16	—	16
Deferred revenue	—	—	—	1,374	1,374
Total liabilities	979	72	16	4,007	5,074
FUND BALANCES					
Reserved for encumbrances	9,267	388	355	6,344	16,354
Unreserved	<u>377</u>	<u>506</u>	<u>908</u>	<u>38,060</u>	<u>39,851</u>
Total fund balances	<u>9,644</u>	<u>894</u>	<u>1,263</u>	<u>44,404</u>	<u>56,205</u>
Total liabilities and fund balances	<u>\$ 10,623</u>	<u>\$ 966</u>	<u>\$ 1,279</u>	<u>\$ 48,411</u>	<u>\$ 61,279</u>

(Continued)

DALLAS COUNTY, TEXAS
Combining Balance Sheet
Nonmajor Governmental Funds - Continued

September 30, 2005
(in thousands of dollars)

	<u>Total Nonmajor Governmental Funds</u>
ASSETS	
Cash and investments	\$ 84,878
Receivables:	
Taxes - current	10,137
Less allowance for uncollectibles	<u>(873)</u>
Net taxes receivable	<u>9,264</u>
Accounts	146,508
Less allowance for uncollectibles	<u>(141,978)</u>
Net accounts receivable	4,530
Due from other funds	16
Due from other governmental units	4,583
Inventories	507
Prepayments and Advances	<u>102</u>
Total assets	<u>\$ 103,880</u>
LIABILITIES	
Accounts payable	\$ 6,387
Due to other funds	158
Due to other governmental units	3,130
Deferred revenue	<u>13,065</u>
Total liabilities	22,740
FUND BALANCES	
Reserved for encumbrances	18,527
Reserved for inventory of supplies	507
Reserved for prepayments and advances	102
Unreserved	<u>62,004</u>
Total fund balances	<u>81,140</u>
Total liabilities and fund balances	<u>\$ 103,880</u>

DALLAS COUNTY, TEXAS

Combining Statements of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds

For the Year Ended September 30, 2005
(in thousands of dollars)

Special Revenue

	<u>Road and Bridge</u>	<u>Permanent Improvement</u>	<u>Law Library</u>
REVENUES			
Taxes	\$ —	\$ 2,316	\$ —
Highway license fees	33,023	—	—
Fines and forfeitures	9,845	—	—
Investments and rentals	246	—	18
Intergovernmental revenues	6	—	—
Charges for current services	3,923	—	920
Miscellaneous	191	—	—
	<u>47,234</u>	<u>2,316</u>	<u>938</u>
Total revenues			
EXPENDITURES			
Current:			
General government	—	2,514	—
Judicial	—	—	977
Public safety	—	—	—
Highways and streets	10,701	—	—
Total expenditures	<u>10,701</u>	<u>2,514</u>	<u>977</u>
Excess (deficiency) of revenues over (under) expenditures	<u>36,533</u>	<u>(198)</u>	<u>(39)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	—	—	—
Transfers out	(36,120)	(500)	—
Total other financing sources (uses)	<u>(36,120)</u>	<u>(500)</u>	<u>—</u>
Net change in fund balances	413	(698)	(39)
Fund balances - beginning	11,191	1,723	742
Fund balances - ending	<u>\$ 11,604</u>	<u>\$ 1,025</u>	<u>\$ 703</u>

DALLAS COUNTY, TEXAS

Combining Statements of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds - Continued

For the Year Ended September 30, 2005
(in thousands of dollars)

Special Revenue - Continued

	Major Technology	District Attorney HIDTA		District Attorney Forfeiture	
		Federal	Special	Federal	State
REVENUES					
Taxes	\$ 6,432	\$ —	\$ —	\$ —	\$ —
Highway license fees	—	—	—	—	—
Fines and forfeitures	—	—	—	—	—
Investments and rentals	243	5	—	11	52
Intergovernmental revenues	—	—	—	—	—
Charges for current services	—	—	—	—	—
Miscellaneous	—	2	371	10	445
Total revenues	<u>6,675</u>	<u>7</u>	<u>371</u>	<u>21</u>	<u>497</u>
EXPENDITURES					
Current:					
General government	7,152	—	—	—	—
Judicial	—	—	547	5	530
Public safety	—	—	—	—	—
Highways and streets	—	—	—	—	—
Total expenditures	<u>7,152</u>	<u>—</u>	<u>547</u>	<u>5</u>	<u>530</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(477)</u>	<u>7</u>	<u>(176)</u>	<u>16</u>	<u>(33)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,705	—	—	—	—
Transfers out	(603)	—	—	—	—
Total other financing sources (uses)	<u>1,102</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	625	7	(176)	16	(33)
Fund balances - beginning	6,560	174	1,189	400	1,840
Fund balances - ending	<u>\$ 7,185</u>	<u>\$ 181</u>	<u>\$ 1,013</u>	<u>\$ 416</u>	<u>\$ 1,807</u>

(Continued)

DALLAS COUNTY, TEXAS

Combining Statements of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds - Continued

For the Year Ended September 30, 2005
(in thousands of dollars)

Special Revenue - Continued

	District Attorney- Other Forfeitures	Historical Commission	Historical Exhibit	Child Support - Special	Alternative Dispute Resolution	Appellate Justice System	Total
REVENUES							
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	8,748
Highway license fees	—	—	—	—	—	—	33,023
Fines and forfeitures	—	—	—	—	—	—	9,845
Investments and rentals	1	—	9	10	2	19	616
Intergovernmental revenues	—	—	—	—	—	—	6
Charges for current services	—	—	2,613	742	501	352	9,051
Miscellaneous	—	—	—	2	—	—	1,021
Total revenues	1	—	2,622	754	503	371	62,310
EXPENDITURES							
Current:							
General government	—	5	2,788	—	—	—	12,459
Judicial	—	—	—	1,109	361	318	3,847
Public safety	—	—	—	650	—	—	650
Highways and streets	—	—	—	—	—	—	10,701
Total expenditures	—	5	2,788	1,759	361	318	27,657
Excess (deficiency) of revenues over (under) expenditures	1	(5)	(166)	(1,005)	142	53	34,653
OTHER FINANCING SOURCES (USES)							
Transfers in	—	—	29	1,070	—	—	2,804
Transfers out	—	—	(165)	—	(150)	(79)	(37,617)
Total other financing sources and (uses)	—	—	(136)	1,070	(150)	(79)	(34,813)
Net change in fund balances	1	(5)	(302)	65	(8)	(26)	(160)
Fund balances - beginning	38	18	306	110	67	737	25,095
Fund balances - ending	\$ 39	\$ 13	\$ 4	\$ 175	\$ 59	\$ 711	\$ 24,935

(Continued)

DALLAS COUNTY, TEXAS

Combining Statements of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds - Continued

For the Year Ended September 30, 2005
(in thousands of dollars)

Capital Projects

	Refunding Bonds	Tax and Revenue	Tax Notes	Certificates of Obligation	Permanent Improvement	Roads	Total
REVENUES							
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	—
Highway license fees	—	—	—	—	—	—	—
Fines and forfeitures	—	—	—	—	—	—	—
Investments and rentals	—	—	—	—	—	—	—
Intergovernmental revenues	—	—	—	—	—	—	—
Charges for current services	—	—	—	—	—	—	—
Miscellaneous	—	—	—	—	—	1,198	1,198
Total revenues	—	—	—	—	—	1,198	1,198
EXPENDITURES							
Current:							
General government	—	—	—	—	—	—	—
Judicial	—	—	—	—	—	—	—
Public safety	—	—	—	—	—	—	—
Highways and streets	—	—	—	—	—	—	—
Health	—	—	—	—	—	—	—
Public welfare	—	—	—	—	—	—	—
Education	—	—	—	—	—	—	—
Capital Outlay	236	4,791	—	243	132	13,148	18,550
Total expenditures	236	4,791	—	243	132	13,148	18,550
Excess (deficiency) of revenues over (under) expenditures	(236)	(4,791)	—	(243)	(132)	(11,950)	(17,352)
OTHER FINANCING SOURCES (USES)							
Proceeds from refunding bonds	24,096	—	—	—	—	—	24,096
Premium on refunding bonds	1,933	—	—	—	—	—	1,933
Payment to refunded bonds escrow agent	(25,985)	—	—	—	—	—	(25,985)
Transfers in	214	—	—	—	—	—	214
Transfers out	(22)	—	(10,730)	—	—	(800)	(11,552)
Total other financing sources (uses)	236	—	(10,730)	—	—	(800)	(11,294)
Net change in fund balances	—	(4,791)	(10,730)	(243)	(132)	(12,750)	(28,646)
Fund balances - beginning	—	14,435	10,730	1,137	1,395	57,154	84,851
Fund balances - ending	\$ —	\$ 9,644	\$ —	\$ 894	\$ 1,263	\$ 44,404	\$ 56,205

(Continued)

DALLAS COUNTY, TEXAS

Combining Statements of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds- Continued

For the Year Ended September 30, 2005
(in thousands of dollars)

	<u>Debt Service Parking Garage</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES		
Taxes	\$ —	\$ 8,748
Highway license fees	—	33,023
Fines and forfeitures	—	9,845
Investments and rentals	—	616
Intergovernmental revenues	—	6
Charges for current services	—	9,051
Miscellaneous	—	2,219
Total revenues	—	63,508
EXPENDITURES		
Current:		
General government	—	12,459
Judicial	—	3,847
Public safety	—	650
Highways and streets	—	10,701
Capital Outlay	—	18,550
Total expenditures	—	46,207
Excess (deficiency) of revenues over (under) expenditure	—	17,301
OTHER FINANCING SOURCES (USES)		
Issuance of refunding bonds	—	24,096
Premium on refunding bonds	—	1,933
Payment to refunded bonds escrow agent	—	(25,985)
Transfers in	—	3,018
Transfers out	(149)	(49,318)
Total other financing sources and (uses)	(149)	(46,256)
Net change in fund balances	(149)	(28,955)
Fund balances - beginning	149	110,095
Fund balances - ending	\$ —	\$ 81,140

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, 2005
(in thousands of dollars)

	<u>Final Budget Amount</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Ad valorem taxes	\$ 40,831	\$ 41,138	\$ 307
Investments and rentals	1,000	2,510	1,510
Intergovernmental revenues	<u>-</u>	<u>2</u>	<u>2</u>
Total revenues	41,831	43,650	1,819
EXPENDITURES			
Principal retirement	34,940	34,940	-
Interest	<u>9,406</u>	<u>9,265</u>	<u>141</u>
Total expenditures	44,346	44,205	141
Excess (deficiency) of revenues over (under) expenditures	<u>(2,515)</u>	<u>(555)</u>	<u>1,960</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	2,654	2,654	-
Transfers Out	<u>(214)</u>	<u>(214)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,440</u>	<u>2,440</u>	<u>-</u>
Net change in fund balance	(75)	1,885	1,960
Fund balances - beginning	<u>5,484</u>	<u>5,484</u>	<u>-</u>
Fund balances - ending	\$ <u><u>5,409</u></u>	\$ <u><u>7,369</u></u>	\$ <u><u>1,960</u></u>

DALLAS COUNTY, TEXAS
 Debt Service Fund - Parking Garage
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2005
 (in thousands of dollars)

	<u>Final Budget Amount</u>	<u>Actual Amount</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Investments and rentals	\$ —	\$ —	\$ —
Total revenues	<u>—</u>	<u>—</u>	<u>—</u>
EXPENDITURES			
Principal retirement	—	—	—
Interest	<u>—</u>	<u>—</u>	<u>—</u>
Total expenditures	<u>—</u>	<u>—</u>	<u>—</u>
Excess (deficiency) of revenues over (under) expenditures	<u>—</u>	<u>—</u>	<u>—</u>
OTHER FINANCING SOURCES (USES)			
Transfer to general fund	<u>(149)</u>	<u>(149)</u>	<u>—</u>
Net change in fund balance	(149)	(149)	—
Fund balance - beginning	<u>149</u>	<u>149</u>	<u>—</u>
Fund balance - ending	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

DALLAS COUNTY, TEXAS

Road and Bridge Special Revenue Fund

Schedules of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

For the Year Ended September 30, 2005

(in thousands of dollars)

	<u>Budget Amount</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Highway license fees	\$ 32,928	\$ 33,023	\$ 95
Fines and forfeitures	9,297	9,845	548
Investments and rentals	120	246	126
Intergovernmental revenues	23	6	(17)
Charges for current services	4,538	3,923	(615)
Miscellaneous	<u>38</u>	<u>191</u>	<u>153</u>
Total revenues	<u>46,944</u>	<u>47,234</u>	<u>290</u>
EXPENDITURES			
Highways and streets:			
Salaries	6,676	6,082	594
Allowances	31	32	(1)
Operating	4,385	4,385	—
Property	<u>1,069</u>	<u>202</u>	<u>867</u>
Sub-total	12,161	10,701	1,460
Reserves	<u>2,815</u>	<u>—</u>	<u>2,815</u>
Total expenditures	<u>14,976</u>	<u>10,701</u>	<u>4,275</u>
Excess (deficiency) of revenues over (under) expenditures	<u>31,968</u>	<u>36,533</u>	<u>4,565</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(43,159)</u>	<u>(36,120)</u>	<u>7,039</u>
Total other financing sources and uses	<u>(43,159)</u>	<u>(36,120)</u>	<u>7,039</u>
Net change in fund balances	(11,191)	413	11,604
Fund balances - beginning	<u>11,191</u>	<u>11,191</u>	<u>—</u>
Fund balances - ending	\$ <u>—</u>	\$ <u>11,604</u>	\$ <u>11,604</u>

DALLAS COUNTY, TEXAS

Permanent Improvement Special Revenue Fund
Schedules of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual

For the Year Ended September 30, 2005

(in thousands of dollars)

	<u>Budget Amount</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Ad valorem taxes	\$ 2,297	\$ 2,316	\$ 19
Total revenues	<u>2,297</u>	<u>2,316</u>	<u>19</u>
EXPENDITURES			
General government:			
Property	<u>2,741</u>	<u>2,514</u>	<u>227</u>
Total expenditures	<u>2,741</u>	<u>2,514</u>	<u>227</u>
Excess (deficiency) of revenues over (under) expenditures	(444)	(198)	246
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(500)</u>	<u>(500)</u>	<u>—</u>
Total other financing sources and uses	<u>(500)</u>	<u>(500)</u>	<u>—</u>
Net change in fund balances	(944)	(698)	246
Fund balances - beginning	<u>1,723</u>	<u>1,723</u>	<u>—</u>
Fund balances - ending	<u>\$ 779</u>	<u>\$ 1,025</u>	<u>\$ 246</u>

DALLAS COUNTY, TEXAS

Law Library Special Revenue Fund
Schedules of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual

For the Year Ended September 30, 2005

(in thousands of dollars)

	<u>Budget Amount</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Investments and rentals	\$ 8	\$ 18	\$ 10
Charges for current services	<u>892</u>	<u>920</u>	<u>28</u>
Total revenues	<u>900</u>	<u>938</u>	<u>38</u>
EXPENDITURES			
Judicial:			
Salaries	440	436	4
Operating	534	485	49
Property	<u>58</u>	<u>56</u>	<u>2</u>
Sub-total	1,032	977	55
Reserves	<u>421</u>	<u>—</u>	<u>421</u>
Total expenditures	<u>1,453</u>	<u>977</u>	<u>476</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(553)</u>	<u>(39)</u>	<u>514</u>
Net change in fund balances	(553)	(39)	514
Fund balances - beginning	<u>742</u>	<u>742</u>	<u>—</u>
Fund balances - ending	<u>\$ 189</u>	<u>\$ 703</u>	<u>\$ 514</u>

DALLAS COUNTY, TEXAS

Major Technology Special Revenue Funds
Schedules of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual

For the Year Ended September 30, 2005

(in thousands of dollars)

	<u>Budget Amount</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Ad valorem taxes	\$ 6,380	\$ 6,432	\$ 52
Investments and rentals	<u>75</u>	<u>243</u>	<u>168</u>
Total revenues	<u>6,455</u>	<u>6,675</u>	<u>220</u>
EXPENDITURES			
General government:			
Property	<u>9,061</u>	<u>7,152</u>	<u>1,909</u>
Total expenditures	<u>9,061</u>	<u>7,152</u>	<u>1,909</u>
Excess (deficiency) of revenues over (under) expenditures	(2,606)	(477)	2,129
OTHER FINANCING SOURCES (USES)			
Transfers in	1,705	1,705	—
Transfers out	<u>(517)</u>	<u>(603)</u>	<u>(86)</u>
Total other financing sources and uses	1,188	1,102	(86)
Net change in fund balances	(1,418)	625	2,043
Fund balances - beginning	<u>6,560</u>	<u>6,560</u>	<u>—</u>
Fund balances - ending	<u>\$ 5,142</u>	<u>\$ 7,185</u>	<u>\$ 2,043</u>

DALLAS COUNTY, TEXAS

Historical Commission Special Revenue Fund
Schedules of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual

For the Year Ended September 30, 2005

(in thousands of dollars)

	<u>Budget Amount</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Investments and rentals	\$ —	\$ —	\$ —
Miscellaneous	<u>—</u>	<u>—</u>	<u>—</u>
Total revenues	<u>—</u>	<u>—</u>	<u>—</u>
EXPENDITURES			
General government:			
Operating	<u>16</u>	<u>5</u>	<u>11</u>
Total expenditures	<u>16</u>	<u>5</u>	<u>11</u>
Excess (deficiency) of revenues over (under) expenditures	(16)	(5)	11
Fund balances - beginning	<u>18</u>	<u>18</u>	<u>—</u>
Fund balances - ending	<u>\$ 2</u>	<u>\$ 13</u>	<u>\$ 11</u>

DALLAS COUNTY, TEXAS

Historical Exhibit Special Revenue Funds
Schedules of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual

For the Year Ended September 30, 2005

(in thousands of dollars)

	<u>Budget Amount</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Investments and rentals	\$ 5	\$ 9	\$ 4
Charges for current services	<u>2,937</u>	<u>2,613</u>	<u>(324)</u>
Total revenues	<u>2,942</u>	<u>2,622</u>	<u>(320)</u>
EXPENDITURES			
General government: Operating	<u>3,053</u>	<u>2,788</u>	<u>265</u>
Total expenditures	<u>3,053</u>	<u>2,788</u>	<u>265</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(111)</u>	<u>(166)</u>	<u>(55)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	—	29	29
Transfers out	<u>(165)</u>	<u>(165)</u>	<u>—</u>
Total other financing sources and uses	<u>(165)</u>	<u>(136)</u>	<u>29</u>
Net change in fund balances	(276)	(302)	(26)
Fund balances - beginning	<u>306</u>	<u>306</u>	<u>—</u>
Fund balances - ending	<u>\$ 30</u>	<u>\$ 4</u>	<u>\$ (26)</u>

DALLAS COUNTY, TEXAS

Child Support Special Revenue Funds
Schedules of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual

For the Year Ended September 30, 2005

(in thousands of dollars)

	<u>Budget Amount</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Investments and rentals	\$ 3	\$ 10	\$ 7
Charges for current services	629	742	113
Miscellaneous	<u>85</u>	<u>2</u>	<u>(83)</u>
Total revenues	<u>717</u>	<u>754</u>	<u>37</u>
EXPENDITURES			
Judicial:			
Salaries	1,069	1,071	(2)
Allowances	7	4	3
Operating	<u>34</u>	<u>34</u>	<u>—</u>
Total judicial	<u>1,110</u>	<u>1,109</u>	<u>1</u>
Public safety:			
Salaries	675	567	108
Operating	<u>112</u>	<u>83</u>	<u>29</u>
Total public safety	<u>787</u>	<u>650</u>	<u>137</u>
Total expenditures	1,897	1,759	138
Excess (deficiency) of revenues over (under) expenditures	<u>(1,180)</u>	<u>(1,005)</u>	<u>175</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>1,070</u>	<u>1,070</u>	<u>—</u>
Other financing sources and uses	<u>1,070</u>	<u>1,070</u>	<u>—</u>
Net change in fund balances	(110)	65	175
Fund balances - beginning	<u>110</u>	<u>110</u>	<u>—</u>
Fund balances - ending	<u>\$ —</u>	<u>\$ 175</u>	<u>\$ 175</u>

DALLAS COUNTY, TEXAS

Alternative Dispute Resolution Special Revenue Funds
Schedules of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual

For the Year Ended September 30, 2005

(in thousands of dollars)

	<u>Budget Amount</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Investments and rentals	\$ 1	\$ 2	\$ 1
Charges for current services	<u>473</u>	<u>501</u>	<u>28</u>
Total revenues	<u>474</u>	<u>503</u>	<u>29</u>
EXPENDITURES			
Judicial:			
Salaries	70	70	—
Operating	<u>292</u>	<u>291</u>	<u>1</u>
Total expenditures	362	361	1
Excess (deficiency) of revenues over (under) expenditures	<u>112</u>	<u>142</u>	<u>30</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(150)</u>	<u>(150)</u>	<u>—</u>
Total other financing sources and uses	<u>(150)</u>	<u>(150)</u>	<u>—</u>
Net change in fund balances	(38)	(8)	30
Fund balances - beginning	<u>67</u>	<u>67</u>	<u>—</u>
Fund balances - ending	<u>\$ 29</u>	<u>\$ 59</u>	<u>\$ 30</u>

DALLAS COUNTY, TEXAS

Appellate Justice System Special Revenue Funds
Schedules of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual

For the Year Ended September 30, 2005

(in thousands of dollars)

	<u>Budget</u> <u>Amount</u>	<u>Actual</u> <u>Amount</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
REVENUES			
Investments and rentals	\$ 8	\$ 19	\$ 11
Charges for current services	<u>326</u>	<u>352</u>	<u>26</u>
Total revenues	<u>334</u>	<u>371</u>	<u>37</u>
EXPENDITURES			
Judicial - operating	434	311	123
Property	<u>137</u>	<u>7</u>	<u>130</u>
Total expenditures	571	318	253
Excess (deficiency) of revenues over (under) expenditures	<u>(237)</u>	<u>53</u>	<u>290</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(79)</u>	<u>(79)</u>	<u>—</u>
Total other financing sources and uses	<u>(79)</u>	<u>(79)</u>	<u>—</u>
Net change in fund balances	(316)	(26)	290
Fund balances - beginning	<u>737</u>	<u>737</u>	<u>—</u>
Fund balances - ending	<u>\$ 421</u>	<u>\$ 711</u>	<u>\$ 290</u>



FIDUCIARY

FIDUCIARY – 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.

Juvenile Probation Commission Fund – 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 Dallas County Housing Finance Corporation.

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 Dallas County Housing Finance Corporation.

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 Agency Forfeiture Funds - used to account for seized monies awaiting Judicial determination for local police agencies.

Attorney General Forfeiture Funds. - used to account for seized monies awaiting Judicial determination for the Attorney General.

Gambling Forfeiture Funds - used to account for seized monies for gambling awaiting Judicial determination for the Department of Public Safety.

Narcotics Forfeiture Funds - used to account for seized monies for narcotics awaiting Judicial determination for the Department of Public Safety.

DALLAS COUNTY, TEXAS

Combining Statement of Fiduciary Assets and Liabilities -
Agency Fund

September 30, 2005
(in thousands of dollars)

	<u>Administrative Fund Escrow</u>	<u>Grant Fund Juvenile Probation Commission</u>
Assets:		
Cash and investments	\$ 23,305	\$ 79
Accrued interest	—	—
Restricted assets	<u>8,287</u>	<u>—</u>
Total assets	<u>\$ 31,592</u>	<u>\$ 79</u>
Liabilities:		
Accounts payable:	\$ 31,592	\$ 79
Total liabilities	<u>\$ 31,592</u>	<u>\$ 79</u>

(Continued)

Fee Office Funds

<u>State Report</u>	<u>County Clerk</u>	<u>District Clerk</u>	<u>Sheriff</u>
\$ 3,677	\$ 24,731	\$ 15,130	\$ 1,207
—	—	—	—
—	—	—	—
<u>\$ 3,677</u>	<u>\$ 24,731</u>	<u>\$ 15,130</u>	<u>\$ 1,207</u>
\$ 3,677	\$ 24,731	\$ 15,130	\$ 1,207
<u>\$ 3,677</u>	<u>\$ 24,731</u>	<u>\$ 15,130</u>	<u>\$ 1,207</u>

(Continued)

DALLAS COUNTY, TEXAS

Combining Statement of Fiduciary Assets and Liabilities -
Agency Fund - Continued

September 30, 2005
(in thousands of dollars)

	<u>Fee Office Funds</u>			<u>Housing Finance Corporation 1993 Refunding</u>
	<u>Community Supervision and Corrections</u>	<u>Justices of the Peace</u>	<u>Constables</u>	
Assets:				
Cash and investments	\$ 10,703	\$ 2,387	\$ 124	\$ 90
Accrued interest	5	—	—	—
Restricted assets	—	—	—	—
Total assets	\$ <u>10,708</u>	\$ <u>2,387</u>	\$ <u>124</u>	\$ <u>90</u>
Liabilities:				
Accounts payable	\$ <u>10,708</u>	\$ <u>2,387</u>	\$ <u>124</u>	\$ <u>90</u>
Total liabilities	\$ <u>10,708</u>	\$ <u>2,387</u>	\$ <u>124</u>	\$ <u>90</u>

(Continued)

Juvenile Department Child Support	Departmental Special Funds			
	Housing Finance Corporation - 1994 Refunding	Community Supervision and Corrections Special	Youth Village	Tax Assessor - Collector
\$ 402	\$ 1,566	\$ 1,153	\$ 2	\$ 42,887
—	—	—	—	—
—	—	—	—	—
<u>\$ 402</u>	<u>\$ 1,566</u>	<u>\$ 1,153</u>	<u>\$ 2</u>	<u>\$ 42,887</u>
<u>\$ 402</u>	<u>\$ 1,566</u>	<u>\$ 1,153</u>	<u>\$ 2</u>	<u>\$ 42,887</u>
<u>\$ 402</u>	<u>\$ 1,566</u>	<u>\$ 1,153</u>	<u>\$ 2</u>	<u>\$ 42,887</u>

(Continued)

DALLAS COUNTY, TEXAS

Combining Statement of Fiduciary Assets and Liabilities -
Agency Fund - Continued

September 30, 2005
(in thousands of dollars)

District Attorney Forfeiture Funds

	<u>Police Agencies</u>	<u>Attorney General</u>	<u>Gambling</u>	<u>Narcotics</u>	<u>Total 2005</u>
Assets:					
Cash and investments	\$ 27	\$ 6	\$ 43	\$ 70	\$ 127,589
Accrued interest	—	—	—	—	5
Restricted assets	—	—	—	—	8,287
Total assets	<u>\$ 27</u>	<u>\$ 6</u>	<u>\$ 43</u>	<u>\$ 70</u>	<u>\$ 135,881</u>
Liabilities:					
Accounts payable	<u>\$ 27</u>	<u>\$ 6</u>	<u>\$ 43</u>	<u>\$ 70</u>	<u>\$ 135,881</u>
Total liabilities	<u>\$ 27</u>	<u>\$ 6</u>	<u>\$ 43</u>	<u>\$ 70</u>	<u>\$ 135,881</u>

DALLAS COUNTY, TEXAS

Combining Statement of Changes in Fiduciary Assets and Liabilities - All Agency Funds

Fiscal Year Ended September 30, 2005

(in thousands of dollars)

	<u>Balance</u> <u>October 1,</u> <u>2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30,</u> <u>2005</u>
<hr/> <u>Administrative Fund - Escrow</u> <hr/>				
Assets:				
Cash and investments	\$ 18,639	\$ 26,308	\$ 21,642	\$ 23,305
Restricted assets	<u>8,164</u>	<u>426</u>	<u>303</u>	<u>8,287</u>
Total assets	\$ <u>26,803</u>	\$ <u>26,734</u>	\$ <u>21,945</u>	\$ <u>31,592</u>
Liabilities:				
Accounts payable - administrative	\$ <u>26,803</u>	\$ <u>39,690</u>	\$ <u>34,901</u>	\$ <u>31,592</u>
Total liabilities	\$ <u>26,803</u>	\$ <u>39,690</u>	\$ <u>34,901</u>	\$ <u>31,592</u>
 <hr/> <u>Grant Fund -</u> <u>Juvenile Probation Commission</u> <hr/>				
Assets:				
Cash and investments	\$ <u>73</u>	\$ <u>3,192</u>	\$ <u>3,186</u>	\$ <u>79</u>
Total assets	\$ <u>73</u>	\$ <u>3,192</u>	\$ <u>3,186</u>	\$ <u>79</u>
Liabilities:				
Accounts payable - grants	\$ <u>73</u>	\$ <u>3,199</u>	\$ <u>3,193</u>	\$ <u>79</u>
Total liabilities	\$ <u>73</u>	\$ <u>3,199</u>	\$ <u>3,193</u>	\$ <u>79</u>

DALLAS COUNTY, TEXAS

Combining Statement of Changes in Fiduciary Assets and Liabilities - All Agency Funds - Continued

Fiscal Year Ended September 30, 2005
(in thousands of dollars)

	<u>Balance</u> <u>October 1,</u> <u>2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30,</u> <u>2005</u>
<hr/> <u>Fee Office Fund - State Reports</u> <hr/>				
Assets:				
Cash and investments	\$ 2,590	\$ 455,801	\$ 454,714	\$ 3,677
Total assets	\$ <u>2,590</u>	\$ <u>455,801</u>	\$ <u>454,714</u>	\$ <u>3,677</u>
Liabilities:				
Fee office accounts payable	\$ 2,590	\$ 32,096	\$ 31,009	\$ 3,677
Total liabilities	\$ <u>2,590</u>	\$ <u>32,096</u>	\$ <u>31,009</u>	\$ <u>3,677</u>
 <hr/> <u>Fee Office Fund - County Clerk</u> <hr/>				
Assets:				
Cash and investments	\$ 11,469	\$ 3,690,655	\$ 3,677,393	\$ 24,731
Total assets	\$ <u>11,469</u>	\$ <u>3,690,655</u>	\$ <u>3,677,393</u>	\$ <u>24,731</u>
Liabilities:				
Fee office accounts payable	\$ 11,469	\$ 28,826	\$ 15,564	\$ 24,731
Total liabilities	\$ <u>11,469</u>	\$ <u>28,826</u>	\$ <u>15,564</u>	\$ <u>24,731</u>

DALLAS COUNTY, TEXAS

Combining Statement of Changes in Fiduciary Assets and Liabilities - All Agency Funds - Continued

Fiscal Year Ended September 30, 2005
(in thousands of dollars)

	<u>Balance</u> <u>October 1,</u> <u>2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30,</u> <u>2005</u>
<hr/> <u>Fee Office Fund - District Clerk</u> <hr/>				
Assets:				
Cash and investments	\$ <u>7,223</u>	\$ <u>75,668</u>	\$ <u>67,761</u>	\$ <u>15,130</u>
Total assets	\$ <u><u>7,223</u></u>	\$ <u><u>75,668</u></u>	\$ <u><u>67,761</u></u>	\$ <u><u>15,130</u></u>
Liabilities:				
Fee office accounts payable	\$ <u>7,223</u>	\$ <u>21,410</u>	\$ <u>13,503</u>	\$ <u>15,130</u>
Total liabilities	\$ <u><u>7,223</u></u>	\$ <u><u>21,410</u></u>	\$ <u><u>13,503</u></u>	\$ <u><u>15,130</u></u>
 <hr/> <u>Fee Office Fund - Sheriff</u> <hr/>				
Assets:				
Cash and investments	\$ <u>1,132</u>	\$ <u>19,167</u>	\$ <u>19,092</u>	\$ <u>1,207</u>
Total assets	\$ <u><u>1,132</u></u>	\$ <u><u>19,167</u></u>	\$ <u><u>19,092</u></u>	\$ <u><u>1,207</u></u>
Liabilities:				
Fee office accounts payable	\$ <u>1,132</u>	\$ <u>15,676</u>	\$ <u>15,601</u>	\$ <u>1,207</u>
Total liabilities	\$ <u><u>1,132</u></u>	\$ <u><u>15,676</u></u>	\$ <u><u>15,601</u></u>	\$ <u><u>1,207</u></u>

DALLAS COUNTY, TEXAS

Combining Statement of Changes in Fiduciary Assets and Liabilities - All Agency Funds - Continued

Fiscal Year Ended September 30, 2005
(in thousands of dollars)

	<u>Balance</u> <u>October 1,</u> <u>2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30,</u> <u>2005</u>
<u>Fee Office Fund -</u>				
<u>Community Supervision and Corrections</u>				
Assets:				
Cash and investments	\$ 9,419	\$ 35,327	\$ 34,043	\$ 10,703
Accrued interest receivable	<u>8</u>	<u>5</u>	<u>8</u>	<u>5</u>
Total assets	\$ <u>9,427</u>	\$ <u>35,332</u>	\$ <u>34,051</u>	\$ <u>10,708</u>
Liabilities:				
Fee office accounts payable	\$ 9,427	\$ 35,332	\$ 34,051	\$ 10,708
Total liabilities	\$ <u>9,427</u>	\$ <u>35,332</u>	\$ <u>34,051</u>	\$ <u>10,708</u>
<u>Fee Office Fund -</u>				
<u>Justices of the Peace</u>				
Assets:				
Cash and investments	\$ 2,231	\$ 854	\$ 698	\$ 2,387
Total assets	\$ <u>2,231</u>	\$ <u>854</u>	\$ <u>698</u>	\$ <u>2,387</u>
Liabilities:				
Fee office accounts payable	\$ 2,231	\$ 856	\$ 700	\$ 2,387
Total liabilities	\$ <u>2,231</u>	\$ <u>856</u>	\$ <u>700</u>	\$ <u>2,387</u>

DALLAS COUNTY, TEXAS

Combining Statement of Changes in Fiduciary Assets and Liabilities - All Agency Funds - Continued

Fiscal Year Ended September 30, 2005
(in thousands of dollars)

	<u>Balance</u> <u>October 1,</u> <u>2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30,</u> <u>2005</u>
<hr/> <u>Fee Office Fund - Constables</u> <hr/>				
Assets:				
Cash and investments	\$ 178	\$ 640	\$ 694	\$ 124
Total assets	\$ <u>178</u>	\$ <u>640</u>	\$ <u>694</u>	\$ <u>124</u>
Liabilities:				
Fee office accounts payable	\$ 178	\$ 649	\$ 703	\$ 124
Total liabilities	\$ <u>178</u>	\$ <u>649</u>	\$ <u>703</u>	\$ <u>124</u>
<hr/> <u>Departmental Special Fund -</u> <u>Housing Finance Corporation -</u> <u>1993 Refunding</u> <hr/>				
Assets				
Cash and investments	\$ 34	\$ 158	\$ 102	\$ 90
Total assets	\$ <u>34</u>	\$ <u>158</u>	\$ <u>102</u>	\$ <u>90</u>
Liabilities:				
Accounts payable - departmental special	\$ 34	\$ 158	\$ 102	\$ 90
Total liabilities	\$ <u>34</u>	\$ <u>158</u>	\$ <u>102</u>	\$ <u>90</u>

DALLAS COUNTY, TEXAS

Combining Statement of Changes in Fiduciary Assets and Liabilities - All Agency Funds - Continued

Fiscal Year Ended September 30, 2005
(in thousands of dollars)

	<u>Balance</u> <u>October 1,</u> <u>2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30,</u> <u>2005</u>
<u>Departmental Special Fund -</u> <u>Juvenile Department Child Support</u>				
Assets:				
Cash and investments	\$ 422	\$ 777	\$ 797	\$ 402
Total assets	\$ <u>422</u>	\$ <u>777</u>	\$ <u>797</u>	\$ <u>402</u>
Liabilities:				
Accounts payable - departmental special	\$ 422	\$ 777	\$ 797	\$ 402
Total liabilities	\$ <u>422</u>	\$ <u>777</u>	\$ <u>797</u>	\$ <u>402</u>
<u>Departmental Special Fund -</u> <u>Housing Finance Corporation -</u> <u>1994 Refunding</u>				
Assets				
Cash and investments	\$ 1,397	\$ 473	\$ 304	\$ 1,566
Accrued interest receivable	2	—	2	—
Total assets	\$ <u>1,399</u>	\$ <u>473</u>	\$ <u>306</u>	\$ <u>1,566</u>
Liabilities:				
Accounts payable - departmental special	\$ 1,399	\$ 473	\$ 306	\$ 1,566
Total liabilities	\$ <u>1,399</u>	\$ <u>473</u>	\$ <u>306</u>	\$ <u>1,566</u>

DALLAS COUNTY, TEXAS

Combining Statement of Changes in Fiduciary Assets and Liabilities - All Agency Funds - Continued

Fiscal Year Ended September 30, 2005
(in thousands of dollars)

	<u>Balance</u> <u>October 1,</u> <u>2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30,</u> <u>2005</u>
<u>Departmental Special Fund -</u>				
<u>Community Supervision and</u>				
<u>Corrections Special</u>				
Assets:				
Cash and investments	\$ 1,175	\$ 4,837	\$ 4,859	\$ 1,153
Total assets	\$ <u>1,175</u>	\$ <u>4,837</u>	\$ <u>4,859</u>	\$ <u>1,153</u>
Liabilities:				
Accounts payable - departmental				
special	\$ 1,175	\$ 5,469	\$ 5,491	\$ 1,153
Total liabilities	\$ <u>1,175</u>	\$ <u>5,469</u>	\$ <u>5,491</u>	\$ <u>1,153</u>

Departmental Special Fund - Youth Village

Assets:				
Cash and investments	\$ 2	\$ —	\$ —	\$ 2
Total assets	\$ <u>2</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>2</u>
Liabilities:				
Accounts payable - departmental				
special	\$ 2	\$ —	\$ —	\$ 2
Total liabilities	\$ <u>2</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>2</u>

DALLAS COUNTY, TEXAS

Combining Statement of Changes in Fiduciary Assets and Liabilities - All Agency Funds - Continued

Fiscal Year Ended September 30, 2005
(in thousands of dollars)

	<u>Balance</u> <u>October 1,</u> <u>2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30,</u> <u>2005</u>
<hr/>				
Departmental Special Fund - Tax Assessor and Collector				
<hr/>				
Assets:				
Cash and investments	\$ 39,136	\$ 382,360	\$ 378,609	\$ 42,887
Accounts receivable	<u>72</u>	<u>—</u>	<u>72</u>	<u>—</u>
Total assets	<u>\$ 39,208</u>	<u>\$ 382,360</u>	<u>\$ 378,681</u>	<u>\$ 42,887</u>
Liabilities:				
Accounts payable - departmental special	\$ <u>39,208</u>	\$ <u>618,050</u>	\$ <u>614,371</u>	\$ <u>42,887</u>
Total liabilities	<u>\$ 39,208</u>	<u>\$ 618,050</u>	<u>\$ 614,371</u>	<u>\$ 42,887</u>
District Attorney Forfeiture Funds - Police Agencies				
<hr/>				
Assets:				
Cash and investments	\$ <u>26</u>	\$ <u>320</u>	\$ <u>319</u>	\$ <u>27</u>
Total assets	<u>\$ 26</u>	<u>\$ 320</u>	<u>\$ 319</u>	<u>\$ 27</u>
Liabilities:				
Accounts payable	<u>26</u>	<u>1</u>	<u>—</u>	<u>27</u>
Total liabilities	<u>\$ 26</u>	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ 27</u>

DALLAS COUNTY, TEXAS

Combining Statement of Changes in Fiduciary Assets and Liabilities - All Agency Funds - Continued

Fiscal Year Ended September 30, 2005
(in thousands of dollars)

	<u>Balance</u> <u>October 1,</u> <u>2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30,</u> <u>2005</u>
District Attorney Forfeiture Funds - Attorney General				
Assets:				
Cash and investments	\$ 6	\$ —	\$ —	\$ 6
Total assets	\$ 6	\$ —	\$ —	\$ 6
Liabilities:				
Accounts payable	\$ 6	\$ —	\$ —	\$ 6
Total liabilities	\$ 6	\$ —	\$ —	\$ 6

District Attorney Forfeiture Funds - Gambling				
Assets:				
Cash and investments	\$ 42	\$ 907	\$ 906	\$ 43
Total assets	\$ 42	\$ 907	\$ 906	\$ 43
Liabilities:				
Accounts payable	\$ 42	\$ 1	\$ —	\$ 43
Total liabilities	\$ 42	\$ 1	\$ —	\$ 43

DALLAS COUNTY, TEXAS

Combining Statement of Changes in Fiduciary Assets and Liabilities - All Agency Funds - Continued

For the Year Ended September 30, 2005
(in thousands of dollars)

	<u>Balance</u> <u>October 1,</u> <u>2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30,</u> <u>2005</u>
<u>District Attorney Forfeiture Funds -</u>				
<u>Narcotics</u>				
<u>Assets:</u>				
Cash and investments	\$ 92	\$ 124	\$ 146	\$ 70
Total assets	<u>\$ 92</u>	<u>\$ 124</u>	<u>\$ 146</u>	<u>\$ 70</u>
<u>Liabilities:</u>				
Accounts payable	\$ 92	\$ 17	\$ 39	\$ 70
Total liabilities	<u>\$ 92</u>	<u>\$ 17</u>	<u>\$ —</u>	<u>\$ 70</u>

DALLAS COUNTY, TEXAS

Combining Statement of Changes in Fiduciary Assets and Liabilities - All Agency Funds - Continued

For the Year Ended September 30, 2005
(in thousands of dollars)

	<u>Balance</u> <u>October 1,</u> <u>2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30,</u> <u>2005</u>
Assets:				
Cash and investments	\$ 95,286	\$ 4,697,568	\$ 4,665,265	\$ 127,589
Accounts receivable	72	—	72	—
Accrued interest	10	5	10	5
Restricted assets	<u>8,164</u>	<u>426</u>	<u>303</u>	<u>8,287</u>
Total assets	<u>\$ 103,532</u>	<u>\$ 4,697,999</u>	<u>\$ 4,665,650</u>	<u>\$ 135,881</u>
Liabilities:				
Accounts payable	\$ 103,532	\$ 802,680	\$ 770,331	\$ 135,881
Total liabilities	<u>\$ 103,532</u>	<u>\$ 802,680</u>	<u>\$ 770,331</u>	<u>\$ 135,881</u>



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.

Contents	Page
Financial Trends	124
These schedules contain trend information to aid in understanding how the County's financial performance and well-being have changed over time.	
Revenue Capacity	129
These schedules contain information to aid in assessing the County's most significant local revenue source - property tax.	
Debt Capacity	133
These schedules present information to aid in assessing the County's ability to issue additional debt in the future.	
Demographic and Economic Information	140
These schedules offer demographic and economic indicators to aid in understanding the environment within which the County's financial activities take place.	
Operating Information	142
These schedules contain service and infrastructure data to aid in understanding how the information in the government's financial report relates to the services the County provides and the activities it performs.	

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

	Fiscal Year			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 285,000	\$ 298,000	\$ 334,983	\$ 318,404
Restricted	31,395	27,618	24,123	16,584
Unrestricted	(74,655)	(56,351)	(31,472)	69,644
Total governmental activities net assets	<u>\$ 241,740</u>	<u>\$ 269,267</u>	<u>\$ 327,634</u>	<u>\$ 404,632</u>

Source: Dallas County Financial Records

DALLAS COUNTY, TEXAS
 Governmental Activities Tax Revenues by Source
 Last Four Fiscal Years
 (accrual basis of accounting)
 (in thousands of dollars)
 (Unaudited)

	Fiscal Year			
	2002	2003	2004	2005
Property Taxes	\$ 236,929	\$ 242,408	\$ 255,324	\$ 267,462
Alcoholic beverage / other taxes	9,732	9,778	10,120	10,695
Total Taxes	<u>\$ 246,661</u>	<u>\$ 252,186</u>	<u>\$ 265,444</u>	<u>\$ 278,157</u>

Source: Dallas County Financial Records

Table 4

DALLAS COUNTY, TEXAS
Fund Balance of Governmental Funds
Last Four Fiscal Years
(in thousands of dollars)
(Unaudited)

	Fiscal Year			
	2002	2003	2004	2005
General Fund				
Reserved	\$ 12,065	\$ 11,637	\$ 13,926	\$ 16,925
Unreserved	35,245	24,577	41,195	38,857
Total general fund	<u>\$ 47,310</u>	<u>\$ 36,214</u>	<u>\$ 55,121</u>	<u>\$ 55,782</u>
All governmental funds				
Reserved	\$ 88,967	\$ 111,508	\$ 121,251	\$ 39,364
Unreserved reported in:				
Debt Service	14,461	12,181	5,484	7,369
Major Projects	33,267	31,056	12,440	53,696
Grants Funds	-	1,054	4,950	6,780
Special Revenue	22,299	24,084	21,060	62,004
Total all other governmental funds	<u>\$ 158,994</u>	<u>\$ 179,883</u>	<u>\$ 165,185</u>	<u>\$ 169,213</u>

Source: Dallas County Financial Records

Table 5

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

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Revenues										
Property taxes	\$ 169,077	\$ 174,519	\$ 179,592	\$ 189,660	\$ 203,738	\$ 219,273	\$ 236,929	\$ 242,408	\$ 255,324	\$ 262,124
Licenses, fees and permits	29,065	28,451	31,618	31,918	34,753	36,245	36,497	33,564	33,776	33,458
Fines and forfeitures	11,882	12,857	16,346	18,773	17,124	19,638	18,683	19,931	22,837	24,404
Investments and rentals	17,361	19,991	19,686	18,068	20,153	19,750	12,122	9,924	9,605	14,856
Intergovernmental revenues	39,985	40,733	49,794	55,572	62,586	75,294	84,702	88,704	101,494	94,575
Charges for current services	68,574	76,444	85,247	89,162	100,471	99,065	106,583	100,308	95,172	100,209
Miscellaneous revenues	7,358	6,825	8,695	11,109	12,586	13,884	11,229	10,865	13,545	13,023
Total revenues	343,302	359,820	390,978	414,262	451,411	483,149	506,745	505,704	531,753	542,649
Expenditures										
General government and judicial	\$ 122,405	\$ 133,626	\$ 141,293	\$ 149,444	\$ 157,259	\$ 161,371	\$ 168,915	\$ 169,363	\$ 170,880	\$ 179,375
Public safety	102,164	113,265	121,382	133,848	144,292	142,566	160,781	165,571	165,390	169,831
Streets and highways	8,021	8,871	8,937	11,183	18,139	20,355	11,673	10,161	13,666	20,059
Health	25,854	27,412	28,484	35,990	41,043	43,010	47,202	39,713	40,659	43,895
Welfare	18,054	19,276	26,240	36,470	45,110	54,093	51,434	58,536	60,113	60,225
Libraries	61	53	57	45	47	41	40	40	49	19
Education	-	-	-	-	-	-	5,569	5,604	6,455	8,061
Capital outlay	16,169	17,315	20,268	26,233	24,049	18,202	17,102	24,794	41,188	48,869
Debt Service										
Principal	41,655	41,005	41,785	37,895	37,200	35,930	34,140	32,795	35,225	34,940
Interest	18,387	17,438	15,624	14,675	12,962	12,971	13,225	11,404	10,645	9,265
Total expenditures	\$ 352,770	\$ 378,261	\$ 404,070	\$ 445,783	\$ 480,101	\$ 488,539	\$ 510,081	\$ 517,981	\$ 544,270	\$ 574,539
Excess of revenues over (under) expenditures	(9,468)	(18,441)	(13,092)	(31,521)	(28,690)	(5,390)	(3,336)	(12,277)	(12,517)	(31,890)
Other financing sources (uses)										
Transfers in	\$ 38,112	\$ 38,150	\$ 40,682	\$ 35,160	\$ 49,902	\$ 56,917	\$ 50,001	\$ 49,544	\$ 67,357	\$ 60,473
Transfers out	(38,112)	(38,150)	(40,682)	(35,160)	(49,902)	(56,917)	(50,001)	(49,544)	(67,357)	(60,473)
Proceeds from refunding bonds	-	37,599	-	-	-	74,884	-	-	-	24,096
Proceeds from sale of bonds	4,170	38,600	8,000	8,700	35,000	39,524	-	22,070	16,145	36,535
Premium on bonds issued	-	-	-	-	-	-	-	-	509	1,933
Accrued interest on revenue bonds	-	-	-	-	-	-	-	-	72	-
Payments to refunded bond escrow agent	-	(37,379)	-	-	-	(73,946)	-	-	-	(25,985)
Other	26	(738)	(23)	-	-	-	-	-	-	-
Total other financing sources (uses)	4,196	38,082	7,977	8,700	35,000	40,462	-	22,070	16,726	36,579
Net change in fund balance	\$ (5,272)	\$ 19,641	\$ (5,115)	\$ (22,821)	\$ 6,310	\$ 35,072	\$ (3,336)	\$ 9,793	\$ 4,209	\$ 4,689
Debt service as a percentage of noncapital expenditures	17.8%	16.2%	15.0%	12.5%	11.0%	10.4%	9.6%	9.0%	9.1%	8.4%

DALLAS COUNTY, TEXAS
General Governmental Tax Revenues by Source
Last Four Fiscal Years
(modified accrual basis of accounting)
(in thousands of dollars)
(Unaudited)

	Fiscal Year			
	2002	2003	2004	2005
Property Tax	\$ 236,929	\$ 242,408	\$ 255,324	\$ 262,124
Alcoholic beverage / other taxes	9,732	9,778	10,120	10,695
Total Taxes	\$ 246,661	\$ 252,186	\$ 265,444	\$ 272,819

Source: Dallas County Financial Records

Table 6

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

Year	Real Property		Personal Property		Total		Statutory Ratio of Assessed Value to True Value
	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	
1996	\$ 80,238,089	\$ 80,545,377	\$ 20,732,381	\$ 20,732,381	\$ 100,970,470	\$ 101,277,758	100.00 %
1997	86,336,077	86,577,918	21,539,587	21,539,588	107,875,664	108,117,506	100.00
1998 *	95,048,536	95,838,013	21,539,793	21,539,793	116,588,329	117,377,806	100.00
1999 *	104,784,168	105,215,142	24,414,768	24,414,768	129,198,936	129,629,910	100.00
2000 *	113,609,498	114,741,061	25,530,867	25,530,867	139,140,365	140,271,929	100.00
2001 *	123,189,433	124,337,500	28,560,279	28,560,279	151,749,712	152,897,779	100.00
2002 *	130,890,166	131,328,094	28,898,480	28,898,480	159,788,646	160,226,574	100.00
2003 *	132,669,788	133,793,253	27,047,926	27,047,926	159,717,714	160,841,179	100.00
2004 *	137,634,909	139,194,180	25,506,283	25,506,283	163,141,192	164,700,463	100.00
2005 *	145,616,669	147,709,138	25,613,845	25,613,845	171,230,514	173,322,983	100.00

* Estimated true value includes values under protest as claimed by property owners.

Note: 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 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: 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.

The assessment date is January 1.

Source: Dallas County Tax Assessor-Collector.

Table 7

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

<u>Name</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Dallas County	0.21000	0.20100	0.19720	0.19600	0.19600	0.19600	0.19600	0.20390	0.20390	0.21390
Hospital District	0.19409	0.18577	0.17990	0.19600	0.25400	0.25400	0.25400	0.25400	0.25400	0.25400
Community College District	0.05206	0.05000	0.05000	0.05000	0.05000	0.06000	0.06000	0.07780	0.08030	0.08160
School Districts										
Carrollton-Farmers Branch	1.46190	1.49610	1.53770	1.61370	1.67370	1.72420	1.72240	1.73580	1.78240	1.82590
Cedar Hill	1.75000	1.76000	1.77900	1.63000	1.63000	1.63000	1.68000	1.70160	1.74130	1.84843
Coppell	1.60000	1.60000	1.60000	1.60000	1.60000	1.65500	1.70500	1.73500	1.73500	1.72900
Dallas	1.46053	1.46053	1.46053	1.46053	1.54753	1.54753	1.58753	1.63950	1.66940	1.68836
Desoto	1.64860	1.69000	1.77000	1.66000	1.66000	1.68000	1.71000	1.71000	1.74000	1.79000
Duncanville	1.60680	1.64000	1.68000	1.64000	1.68000	1.67000	1.75000	1.85500	1.83600	1.86600
Ferris	1.50000	1.53000	1.53000	1.49000	1.49000	1.51000	1.53950	1.53700	1.77190	1.77190
Garland	1.44280	1.48720	1.54450	1.47840	1.40530	1.47170	1.45860	1.55850	1.62140	1.67010
Grand Prairie	1.46780	1.46780	1.50780	1.46680	1.60810	1.66710	1.66710	1.72710	1.75110	1.75860
Grapevine	1.46700	1.53779	1.53779	1.55229	1.55200	1.58200	1.65979	1.70100	1.70105	1.70000
Highland Park	1.61310	1.54010	1.49500	1.60550	1.58300	1.61000	1.61000	1.61000	1.61000	1.53000
Irving	1.66340	1.64840	1.67840	1.66840	1.69500	1.69500	1.77060	1.81500	1.83700	1.81400
Lancaster	1.69930	1.69930	1.73000	1.67579	1.65200	1.67000	1.67000	1.64915	1.85446	1.85446
Mesquite	1.50000	1.53000	1.58000	1.58000	1.58000	1.58000	1.62000	1.67000	1.76000	1.76240
Richardson	1.56980	1.60000	1.62570	1.64860	1.66830	1.79930	1.80810	1.82000	1.82000	1.82000
Sunnyvale	1.20500	1.20500	1.20000	1.21750	1.24670	1.30000	1.34947	1.46600	1.44600	1.66590
Wilmer / Hutchins	1.70700	1.46450	1.64240	1.49910	1.52760	1.55840	1.54820	1.54820	1.58000	1.28540
Cities and Towns										
Addison	0.45500	0.44750	0.40000	0.38460	0.38100	0.38480	0.39990	0.42280	0.47600	0.47600
Balch Springs	0.59241	0.59000	0.62000	0.59999	0.59999	0.62900	0.61700	0.54000	0.52550	0.55571
Carrollton	0.60430	0.60430	0.60430	0.60430	0.64269	0.59930	0.59930	0.59930	0.59930	0.63288
Cedar Hill	0.66130	0.64269	0.64269	0.64269	0.64269	0.64140	0.64140	0.64140	0.64140	0.64140
Cockrell Hill	0.73996	0.70432	0.77183	0.75202	0.77048	0.74507	0.74036	0.77349	0.73379	0.76159
Coppell	0.66860	0.66860	0.64860	0.64860	0.64860	0.64860	0.64860	0.64860	0.64860	0.64860
Dallas	0.67220	0.65160	0.64910	0.66750	0.66750	0.66750	0.69980	0.69980	0.71970	0.74170
Desoto	0.62860	0.61139	0.61139	0.61139	0.61139	0.63639	0.65921	0.65879	0.66689	0.68499
Duncanville	0.72000	0.71800	0.71800	0.71800	0.71800	0.71800	0.71800	0.71800	0.71800	0.71800
Farmers Branch	0.44000	0.44000	0.44000	0.44000	0.44000	0.44000	0.44000	0.46000	0.49450	0.49450
Garland	0.63360	0.63360	0.63360	0.61360	0.63360	0.64110	0.64110	0.64110	0.64110	0.66610
Glenn Heights	0.84830	0.83000	0.80000	0.79240	0.79000	0.72840	0.70990	0.69576	0.65310	0.65310
Grand Prairie	0.69560	0.67999	0.67999	0.67500	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000
Highland Park	0.29700	0.29700	0.26930	0.25750	0.24620	0.22900	0.22080	0.23000	0.23000	0.23000
Hutchins	0.57115	0.54793	0.54444	0.54412	0.50151	0.48165	0.50882	0.52917	0.53300	0.54000
Irving	0.50860	0.49300	0.49300	0.48800	0.48800	0.48800	0.49800	0.53280	0.54790	0.54790
Lancaster	0.55170	0.55170	0.55170	0.55170	0.67170	0.67170	0.67170	0.67170	0.67170	0.67170
Mesquite	0.54148	0.48148	0.58148	0.54148	0.54148	0.54148	0.54148	0.54148	0.58148	0.60148
Richardson	0.44385	0.44385	0.44385	0.44385	0.44385	0.44385	0.47785	0.47785	0.52516	0.52516
Rowlett	0.60500	0.62000	0.64000	0.64000	0.64000	0.64000	0.64000	0.64000	0.67695	0.74717
Sachse	0.66450	0.67470	0.67470	0.64670	0.62664	0.58882	0.57540	0.56006	0.55832	0.55832
Seagoville	0.55408	0.55176	0.53779	0.53779	0.58000	0.58000	0.65000	0.65000	0.63500	0.63500
Sunnyvale	0.35739	0.35739	0.37997	0.37997	0.37997	0.37997	0.37997	0.37997	0.37997	0.37997
University Park	0.46137	0.45995	0.43537	0.39537	0.37159	0.33999	0.32932	0.32601	0.32539	0.30958
Wilmer	0.66000	0.66000	0.66000	0.66000	0.66000	0.66000	0.66000	0.66000	0.66000	0.66000

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

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

Table 8

DALLAS COUNTY, TEXAS
Principal Property Taxpayers
September 30, 2005
(in thousands of dollars)
(Unaudited)

Name of Taxpayer	Type of Property	2005			1996		
		Total Assessed Valuation	Rank	Percent of Dallas County Assessed Valuation (a)	Total Assessed Valuation	Rank	Percent of Dallas County Assessed Valuation
Southwestern Bell/Cingular Telephone Company	Telephone Utility	\$ 1,590,414	1	1.1 %	\$ 1,242,626	1	1.23 %
Texas Utilities Electric Company	Electric Utility	1,322,938	2	0.91	1,077,804	2	1.07
Texas Instruments	Electronics	1,164,396	3	0.80	932,978	3	0.92
Crescent Real Estate	Real Estate	781,402	4	0.54	350,214	6	0.35
Verizon / GTE	Telephone Utility	549,021	5	0.38	474,314	4	0.47
Southwest Airlines	Airline	537,242	6	0.37	449,066	5	0.44
Wal-Mart	Retail	471,572	7	0.32	—		
Trammel Crow / Anatole	Real Estate	323,381	8	0.22	—		
Post Apartment Homes LP	Real Estate	276,921	9	0.19	—		
Exxon / Mobile	Crude Oil & Natural Gas	262,664	10	0.18	—		
Metropolitan	Insurance	—			283,318	7	0.28
MCI	Telephone Utility	—			269,849	8	0.27
Vought / Loral	Defense / Aeronautics	—			239,800	9	0.24
IBM	Computers	—			211,010	10	0.21
Total		<u>\$ 7,279,951</u>		<u>5.00 %</u>	<u>\$ 5,530,979</u>		<u>5.48 %</u>

(a) Excludes property under protest.

Note: Estimated amounts based on 1996 and 2005 appraisal roll.

Source: Dallas County Tax Assessor-Collector.

Table 9

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

Year	Tax Levies	Collections of Current Tax Levy During Fiscal Period (a)	Percentage of Collected During Fiscal Period (a)	Collections of Delinquent Tax During Fiscal Period (b)	Total Collections	Percentage of Total Collections to Tax Levies
1996	\$ 337,931	\$ 331,162	98.00 %	\$ 6,708	\$ 337,870	99.98 %
1997	348,014	339,105	97.44	8,025	347,130	99.75
1998	365,721	360,151	98.48	6,774	366,925	100.0
1999	416,196	406,745	97.73	4,897	411,643	98.91
2000	512,976	501,144	97.69	3,650	504,794	98.40
2001	556,476	537,790	96.64	4,963	542,753	97.53
2002	577,903	553,641	95.80	4,287	557,928	96.54
2003	584,578	566,558	96.92	6,260	572,818	97.99
2004	593,519	576,533	97.14	7,975	584,508	98.48
2005	634,745 (c)					

- 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) Prior collection on taxes are those delinquent taxes collected for prior years.
(c) Collections on the 2005 tax roll are incomplete until the end of the fiscal tax year, June 30, 2006.

Tax collections are reported net of 1.4% commission for the office of the Tax Assessor Collector.

Original levy excludes property under protest which is subsequently added to tax rolls as a result of arbitration.

Source: Dallas County financial records.

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: July 1 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 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 July 1, the date which unpaid accounts are placed with the law firm for collection. The taxpayer is notified by the law firm that his delinquent tax account has been placed for collection with them. If payment is not received within a reasonable period of time, the law firm will file suit for collection.

Table 10

DALLAS COUNTY, TEXAS
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year	General Obligation Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
1996	\$ 333,920	\$ 333,920	60.73 %	\$ 170
1997	336,793	336,793	56.33	167
1998	305,536	305,536	47.64	151
1999	278,142	278,142	41.60	136
2000	277,356	277,356	37.31	135
2001	280,623	280,623	34.77	126
2002	247,753	247,753	30.48	110
2003	238,143	238,143	28.48	104
2004	220,640	220,640	24.29	96
2005	188,131	188,131	19.71	80

Source: Dallas County Financial Records

Table 11

DALLAS COUNTY, TEXAS
 Ratios of Net General Obligation Bonded Debt to Assessed Value and
 Net Bonded Debt Per Capita
 Last Ten Fiscal Years
 (Unaudited)

Year	Estimated Population	Assessed Value	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Percentage of Personal Income	Net Bonded Debt Per Capita
1996	1,959,281	\$ 100,970,470.200	\$ 333,920,000	\$ 18,479,000	\$ 315,441,000	0.00312	57.37 %	\$ 161
1997	2,013,700	107,875,664.180	336,793,000	20,828,000	315,965,000	0.00293	52.85	157
1998	2,023,140	117,377,806.012 *	305,536,000	21,397,000	284,139,000	0.00242	44.30	140
1999	2,050,865	129,629,910.137 *	278,142,000	19,693,000	258,449,000	0.00199	38.65	126
2000	2,062,100	140,271,928.741 *	277,356,000	17,047,000	260,309,000	0.00186	35.02	126
2001	2,218,899	152,897,777.858 *	280,623,000	17,567,000	263,056,000	0.00172	32.59	118
2002	2,245,398	160,226,575.618 *	247,753,000	14,671,000	233,082,000	0.00145	28.61	104
2003	2,283,953	160,841,179.676 *	237,673,000	12,327,000	225,346,000	0.00140	26.95	99
2004	2,284,096	164,700,462.828 *	219,765,000	5,633,000	214,132,000	0.00130	23.58	94
2005	2,330,050	173,322,982.511 *	185,495,000	7,369,000	178,126,000	0.00103	18.68	76

* As of 1998, Assessed Value includes rolling stock, values under protest as claimed by property owners and adjusted market value.

Source: Dallas County Financial Records.



Table 12

DALLAS COUNTY, TEXAS
Direct and Overlapping Bonded Debt
September 30, 2005
(in thousands of dollars)
(Unaudited)

Name	Indebtedness as of	Gross Debt Less Sinking Funds	Percentage of Debt Applicable to Dallas County	Dallas County's Share of Debt
Dallas County	9/30/2005	\$ 185,495	100.0%	\$ 185,495
Hospital District	9/30/2005	—	100.0%	—
Water Control and Improvement District No. 6	9/30/2005	7,710	100.0%	7,710
Total Direct		<u>\$ 193,205</u>		<u>\$ 193,205</u>
Overlapping Debt:				
Independent school districts:				
Carrollton-Farmers Branch	8/31/2005	\$ 362,337	81.8%	\$ 296,392
Cedar Hill	8/31/2005	126,667	100.0%	126,667
Coppell	8/31/2005	110,614	100.0%	110,614
Dallas	8/31/2005	1,298,906	100.0%	1,298,906
Desoto	8/31/2005	112,573	100.0%	112,573
Duncanville	8/31/2005	193,887	100.0%	193,887
Ferris	8/31/2005	1,332	8.0%	107
Garland	8/31/2005	455,380	100.0%	455,380
Grand Prairie	8/31/2005	268,512	100.0%	268,512
Grapevine	8/31/2005	279,588	1.0%	2,796
Highland Park	8/31/2005	59,906	100.0%	59,906
Irving	8/31/2005	433,548	100.0%	433,548
Lancaster	8/31/2005	117,652	100.0%	117,652
Mesquite	8/31/2005	429,232	100.0%	429,232
Richardson	8/31/2005	430,057	100.0%	430,057
Wilmer-Hutchins	8/31/2005	5,792	100.0%	5,792
Total independent school districts		<u>\$ 4,685,983</u>		<u>\$ 4,342,021</u>

Source: Financial reports of governmental units which have overlapping debt.

(Continued)

Table 12

DALLAS COUNTY, TEXAS
 Computation of Direct and Overlapping Bonded Debt - Continued
 September 30, 2005
 (in thousands of dollars)
 (Unaudited)

Name	Indebtedness as of	Gross Debt Less Sinking Funds	Percentage of Debt Applicable to Dallas County	Dallas County's Share of Debt
Cities and towns:				
Addison	9/30/2005	\$ 62,870	100.0%	\$ 62,870
Balch Springs	9/30/2005	10,005	100.0%	10,005
Carrollton	9/30/2005	188,249	64.7%	121,797
Cedar Hill	9/30/2005	839	98.3%	825
Coppell	9/30/2005	58,739	98.9%	58,093
Dallas	9/30/2005	1,327,252	97.1%	1,288,762
Desoto	9/30/2005	66,026	100.0%	66,026
Duncanville	9/30/2005	16,867	100.0%	16,867
Farmers Branch	9/30/2005	7,591	100.0%	7,591
Garland	9/30/2005	203,615	100.0%	203,615
Glenn Heights	9/30/2005	252	72.4%	182
Grand Prairie	9/30/2005	120,975	55.9%	67,625
Hutchins	9/30/2005	1,605	100.0%	1,605
Irving	9/30/2005	155,810	100.0%	155,810
Lancaster	9/30/2005	6,914	100.0%	6,914
Mesquite	9/30/2005	72,927	100.0%	72,927
Richardson	9/30/2005	162,920	86.7%	141,252
Rowlett	9/30/2005	133,435	85.8%	114,487
Sachse	9/30/2005	5,776	93.5%	5,401
Seagoville	9/30/2005	1,515	99.6%	1,509
Sunnyvale	9/30/2005	1,615	100.0%	1,615
Total cities and towns		\$ <u>2,605,797</u>		\$ <u>2,405,778</u>
Total Overlapping		\$ <u>7,291,780</u>		\$ <u>6,747,799</u>
Total Direct and Overlapping		\$ <u><u>7,484,985</u></u>		\$ <u><u>6,941,004</u></u>

Source: Financial reports of governmental units which have overlapping debt.

DALLAS COUNTY, TEXAS
Legal Debt Margin - Primary Government
September 30, 2005
(in thousands of dollars)
(Unaudited)

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Debt Limit (Article 3, Section 52 of the Texas Constitution)	\$ 20,059,522	\$ 21,584,019	\$ 23,759,565	\$ 26,193,765	\$ 28,399,885	\$ 30,794,940	\$ 32,719,808	\$ 33,164,120	\$ 34,405,411	\$ 36,400,734
Total net debt applicable to limit	157,909	174,633	155,184	138,629	156,953	176,070	160,298	144,941	132,919	91,805
Legal debt margin	\$ 19,901,613	\$ 21,409,386	\$ 23,604,381	\$ 26,055,136	\$ 28,242,932	\$ 30,618,870	\$ 32,559,510	\$ 33,019,179	\$ 34,272,492	\$ 36,308,929
Total net debt applicable to the limit as a percentage of debt limit	0.79%	0.81%	0.65%	0.53%	0.55%	0.57%	0.49%	0.44%	0.39%	0.25%
Debt Limit (Under Texas General Law)	\$ 5,048,524	\$ 5,393,783	\$ 5,828,903	\$ 6,444,533	\$ 6,956,520	\$ 7,587,002	\$ 7,988,886	\$ 7,985,220	\$ 8,156,396	\$ 8,560,839
Total net debt applicable to limit	157,532	141,332	128,955	119,820	103,356	86,986	72,784	80,496	81,214	86,518
Legal debt margin	\$ 4,890,992	\$ 5,252,451	\$ 5,699,948	\$ 6,324,713	\$ 6,853,164	\$ 7,500,016	\$ 7,916,102	\$ 7,904,724	\$ 8,075,182	\$ 8,474,321
Total net debt applicable to the limit as a percentage of debt limit	3.12%	2.62%	2.21%	1.86%	1.49%	1.15%	0.91%	1.01%	1.00%	1.01%

Legal Debt Margin Calculation for Fiscal Year 2005

Assessed valuation of real property	\$ 145,602,935
Assessed valuation of all taxable property	<u>171,216,780</u>
Bonds issued under Article 3, Section 52 of the Texas Constitution:	
Debt limit, one-fourth of real property assessed valuation	36,400,734
Amount of debt applied to debt limit:	
Bonded debt	\$ 95,497
Less debt service funds - appropriation for future debt payments	<u>3,692</u>
Total amount of debt applicable to debt limit	<u>91,805</u>
Legal debt margin, bonds issued under Article 3, section 52, of the Texas Constitution	\$ 36,308,929
Bonds issued under Texas General Laws:	
Debt limit, five percent of assessed valuation of all taxable property	\$ 8,560,839
Amount of debt applied to debt limit:	
Bonded debt	\$ 89,998
Less debt service funds - appropriation for future debt payments	<u>3,480</u>
Total amount of debt applicable to debt limit	<u>86,518</u>
Legal debt margin, bonds issued under Texas General Laws	<u>\$ 8,474,321</u>

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."

Government Code 1301.003 (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."

DALLAS COUNTY, TEXAS
Pledged - Revenue Coverage
First Fiscal Years
(in thousands of dollars)
(Unaudited)

Tax and Parking Garage Revenue Bonds							
				Debt Service			
Fiscal Year	Total Resources (1)	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Total	Coverage
2005	\$ 829	\$ 197	\$ 632	\$ 305	\$ 741	\$ 1,046	0.60

(1) Includes undesignated fund balance at October 1.

Note: Parking garage still under construction. George Allen
Parking Garage system revenues are available for debt
service use.

Table 15

DALLAS COUNTY, TEXAS
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands of dollars)</u>	<u>Per Capita Personal income (2)</u>	<u>Median Age (3)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
1996	1,959,281	\$ 549,872	\$ 28,065	28.8	146,050	3.5
1997	2,013,700	597,868	29,690	29.3	149,535	3.8
1998	2,023,140	641,376	31,702	29.8	152,555	3.4
1999	2,050,865	668,623	32,602	30.3	154,759	3.1
2000	2,062,100	743,325	36,047	30.8	155,427	3.9
2001	2,218,899	807,080	36,373	31.3	157,726	6.0
2002	2,245,398	812,946	36,205	31.8	150,742	7.4
2003	2,283,953	836,315	36,617	31.9	149,597	7.5
2004	2,284,096	908,294	39,766	32.2	148,131	6.5
2005	2,330,050	954,366	40,959	32.6	146,216	5.7

Source:

- 1) U.S. Census Bureau
- 2) Texas Workforce Commission LMI Tracer
- 3) U.S. Census Bureau
- 4) Dallas Independent School District Financial Report
- 5) Texas Workforce Commission LMI Tracer

Table 16

DALLAS COUNTY, TEXAS
Principal Employers
September 30, 2005
(Unaudited)

Company	Product	Employees	Rank	Percentage of Total County Employment
AMR Corporation (American Airlines)	Airline, Technology and Management Services	22,000	1	0.94 %
Wal-Mart Stores, Inc.	Retail	21,300	2	0.91
Lockheed Martin Aeronautics Company	Military Aircraft Design and Production	16,700	3	0.07
Baylor Health Care System	Health Care in Dallas and North Texas	15,000	4	0.64
SBC Southwestern Bell	Telecommunications	14,000	5	0.60
Verizon Communications	Telecommunications Service Firm	12,500	6	0.54
Texas Health Resource	Non-profit Health Care	12,304	7	0.53
Brinker International	Restaurants	10,400	8	0.45
Albertson's	Retail Grocery	10,400	9	0.45
Texas Instruments, Incorporated	Electronics and Semi-conductors	10,300	10	0.44
Electronic Data Systems	Computer and Data Services	8,160	11	0.35
J. C. Penney Company, Inc.	Retail	7,906	12	0.34
Bank of America	General and Commercial Banking	7,800	13	0.33
Target Corporation	Retail	7,466	14	0.32
Kroger L.P.I., Dallas Marketing Area	Grocery Store Chain	7,290	15	0.31
TXU Corporation	Energy	6,686	16	0.29
Tom Thumb	Retail Grocery and Pharmacy	6,019	17	0.26
Southwest Airlines	Commercial Airline	6,000	18	0.26
D.R. Horton	Residential Construction	5,770	19	0.25
Minyard Food Stores, Inc	Retail Grocery and Pharmacy	5,501	20	0.24
Bell Helicopter	Helicopter and Tilt Rotor Design	5,100	21	0.22
Bank One	Full Service Financial Service	4,730	22	0.20
Blockbusters, Inc.	Retail Video and Games	4,600	23	0.20
Delta Airlines	Commercial Airline	4,140	24	0.18
General Motors	Automotive Manufacturer	4,030	25	0.17
Sprint	Telecommunications and Network Services	4,000	26	0.17

Source: Dallas Business Journal and Ft. Worth Business Press Book of Lists 2005
<http://www.ntc-dfw.org/northtexas/corporate/largestemployers.html>

Table 17

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

Function	Full-time Equivalent Employees as of September 30									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General Government	4,212	4,510	4,542	4,891	3,447	3,440	3,934	4,367	4,518	4,821
Public Safety										
Constable	199	202	205	217	199	221	222	224	224	257
Sheriff	1,805	1,700	1,867	1,684	1,820	1,823	1,700	1,692	1,884	1,693
Truancy*	-	-	-	-	-	-	-	-	22	22
Highways and streets										
Road and Bridge	149	149	149	149	149	149	150	151	117	117
Total	<u>6,365</u>	<u>6,561</u>	<u>6,763</u>	<u>6,941</u>	<u>5,615</u>	<u>5,633</u>	<u>6,006</u>	<u>6,434</u>	<u>6,765</u>	<u>6,910</u>

*Note: Department effective 2004

Source: Dallas County Financial Records

Table 18

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

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Assessor-Collector of Taxes:										
Employees	227	227	227	229	206	227	233	233	229	229
Ad valorem assessment notices issued	713,836	744,479	719,795	724,845	729,154	731,051	743,709	750,087	762,082	771,740
Motor vehicle registrations	2,080,723	2,068,548	2,197,476	2,225,885	2,351,354	1,818,868	1,816,528	1,929,114	1,806,423	1,856,256
Number of entity collection contracts	-	-	-	-	-	37	39	42	44	48
Constables (3):										
Employees	199	202	205	217	199	221	222	224	224	257
Civil process	136,192	136,895	136,772	150,784	157,953	165,627	151,020	144,620	127,907	128,722
County Clerk:										
Employees	174	183	166	169	191	191	192	192	195	198
Marriage licenses	19,609	20,923	18,014	18,612	18,482	19,660	17,778	17,209	17,071	17,277
Civil suits	10,461	11,864	12,521	14,201	14,854	13,557	15,774	15,261	15,277	16,882
Probate cases	8,451	9,208	9,234	9,566	9,545	9,331	9,681	8,826	9,515	9,566
Criminal cases	78,045	69,449	74,612	64,260	62,829	61,194	54,694	52,244	63,502	66,691
District Clerk:										
Employees	205	239	237	240	243	246	250	250	254	262
Civil process cases	54,756	50,306	46,062	48,262	51,359	42,601	44,505	44,952	45,710	45,706
Criminal cases	26,282	27,576	28,356	25,943	26,170	26,246	26,114	27,566	29,564	29,907
Jurors	109,524	108,187	113,780	116,252	115,474	123,653	113,489	118,960	100,049	96,219
Justice of the Peace Courts (1):										
Employees	97	114	123	140	112	143	143	140	136	149
Cases	185,633	216,304	239,841	244,800	242,446	185,633	263,529	307,499	314,708	366,492
Sheriff:										
Employees	1,805	1,700	1,692	1,684	1,820	1,823	1,700	1,692	1,684	1,693
Daily average in county jail	6,380	6,663	6,827	7,017	6,776	6,218	6,663	6,827	7,017	7,330
Persons booked	108,012	93,786	95,858	93,757	108,909	99,751	93,786	95,858	93,757	101,080
Civil process	10,682	6,825	6,616	785	5,338	6,083	6,825	6,616	785	841
Truancy Courts (2):										
Employees	—	—	—	—	—	—	—	—	—	22
Cases Filed	—	—	—	—	—	—	—	—	19,061	14,300

Note (1): Redistricting of JP in FY2002 reduced number of courts from 14 to 11.
Incumbents in 3 non-named courts will serve out balance of elected term 12/31/04

(2): Truancy courts became effective April 2004.

(3): Redistricting of Constables in FY2002 reduced number of Precincts from 8 to 5.
Incumbents in 2 non-named precincts will serve out balance of elected term. One incumbent was appointed to another political office.

Sources: Dallas County Financial Records

Table 19

DALLAS COUNTY, TEXAS
Capital Asset Statistics by Function
Last Four Fiscal Years
(Unaudited)

Function	2002	2003	2004	2005
General Government				
Number of buildings	22	22	22	22
Public Safety				
Number of buildings	10	10	10	10
Number of jails	5	5	5	4
Number of vehicles	405	485	492	479
Highways and streets				
Number of buildings	4	4	4	4
Streets (miles)	147	142	137	137
Number of bridges	51	51	51	51
Health				
Number of buildings	1	1	1	1
Public Welfare				
Number of buildings	3	3	3	3
Judicial				
Number of buildings	7	7	7	7
Number of Juvenile beds	486	486	670	706
Number of courts	73	71	71	69

Source: Dallas County Financial Records