

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



**REPORT FOR THE YEAR ENDED
SEPTEMBER 30, 2007**

DALLAS COUNTY, TEXAS

Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2007

Prepared by:

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County Auditor
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DALLAS COUNTY, TEXAS
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2007

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INTRODUCTORY SECTION
(Unaudited)



DALLAS COUNTY
COUNTY AUDITOR

April 28, 2008

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

State law, V.T.C.A. Local Government Code 114.025 and 115.045, requires issuance of an annual financial report and an annual independent audit of all matters relating to fiscal affairs of the County. Pursuant to those requirements, we hereby release the comprehensive annual financial report of the County of Dallas for the fiscal year ended September 30, 2007.

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. Accounting requirements for GASB 45 (Other Post Employment Benefits) were not effective for FY2007. 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, 2007, 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. The financial section also includes government-wide financial statements, fund financial statements, notes to the financial statements, required supplementary information and the combining and individual fund financial statements and schedules in addition to the report of the independent auditors on the financial statements and schedules. The statistical section of this report includes selected financial and demographic information, which is generally presented on a multi-year basis.

PROFILE OF DALLAS COUNTY

The County is located in north central Texas, and is strategically central to the economic region of Texas, Louisiana, Arkansas, Oklahoma and New Mexico as well as centrally located within the United States. The County region was opened for settlement by the Mexican colonization laws and was included in an empresario grant before 1836, but actual settlement was delayed until 1841. The first Texas legislature created the County from parts of Robertson and Nacogdoches counties on March 30, 1846, and designated the town of Dallas (a post office since 1844) as a temporary "Seat of Justice." The act does not state whom the County's name honors; it probably was George M. Dallas, then vice president of the United States. Two elections were held in 1850 to fix the City of Dallas as the permanent county seat. The County encompasses an area of 900 square miles. The 2007 estimated population for the County was 2.4 million. The County is a public corporation and political subdivision of the State of Texas. The general governing body of the County is the elected five-member Commissioners Court in accordance with Article 5, Paragraph 18 of the Texas Constitution. Commissioners serve four-year staggered terms, two members elected every two years. The County Judge is elected at large to serve a four-year term.

The Commissioners Court sets the tax rates, establishes policies for County operations, approves contracts for the County and develops and adopts the County budget within the resources as estimated by the County Auditor. The Commissioners Court is also responsible for development of policies and orders, approving financial commitments and appointment of various department heads. The management and leadership provided by members of the Commissioners Court and the elected and appointed officials of other key County offices is crucial to the success of the County in financial management and growth. The commissioners serve on various boards and committees including the National Association of Counties, the Texas Conference of Urban Counties, State Judicial Committee on Information Technology, Dallas Children's Advocacy Center, Adult and Juvenile Health Advisory Committee, Texas Juvenile Crime Commission, Public Employees Benefit Corporation, Regional Transportation Council and 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. It is the Auditor's duty under statutory mandates to determine if claims are in conformance to laws governing county finance. Commissioners Court has vested accounts payable and payroll processing functions with the County Auditor. The Auditor and/or staff serve on various government boards and committees including the Texas Association of County Auditors, County Information Resources Agency (a Texas inter-local government agency), Texas Association of Counties Policy Analysis Group, Civil Courts Governance Committee and the Divert Court Advisory Board.

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

The County provides many services not ordinarily provided by any other entity of government and provides additional services in cooperation with other local governmental units. A primary service is the administration of justice, which includes the civil and criminal county and district courts, justices of the peace, constables, district attorney, investigators, clerks of the courts, sheriff, jail, security and emergency management, medical examiner, crime laboratory and grand jury bailiffs. Other functions performed by

the County include the construction and maintenance of roads and bridges, either independently or in cooperation with other entities; administration of public health services; assistance to indigents; and the provision of juvenile, health, education and welfare services involving the care and correction of dependent or delinquent children as well as property tax collections for multiple agencies.

The annual budget serves as the foundation for the County's planning and control. Budget 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. Encumbrances are carried forward to the subsequent year. Unencumbered appropriations lapse at fiscal year-end. Most appropriated budgets are prepared by fund, function, department and category. Capital expenditures for general operations are approved on a line item basis but an annually approved capital improvement plan is utilized to track major capital projects. All budget transfers between departments and/or projects must follow statutory approval processes. Budget to actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted. Budgets funded by federal and state financial assistance are authorized individually on applications and acceptance of awards by order of the Commissioners Court.

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

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

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

Local Economy

The Dallas Metropolitan area is headquarters for many Fortune 500 companies representing a diversified economy which includes high technology, retail, manufacturing and services. The DFW region also reflects art, fashion and entertainment. Business initiatives for government and the community remain positive although housing sales have stagnated and the federal interest rates decreased from 5.25% to 4.75% during the fiscal year.

Net migration to the Dallas area is high and population trends in Texas and in Dallas continue to indicate a more diverse, poorer, less educated, older citizen base with increasing medical needs. Unemployment rates fluctuated seasonally, but reflects 4.2% at year-end. Transportation needs are increasing with the demographic changes and significantly higher construction costs. Economic development was negatively impacted by the downtown housing market and subprime financial issues. Business planning continues to

address air pollution which remains a serious issue with attainment of acceptable levels of pollutants questioned. Dallas County budget initiatives reflect increased pressures to provide for public safety, transportation funding and inmate health/security.

Long-term Financial Planning – Long-term planning initiatives were reviewed during the year with assistance of a contract consultant. Strategic tools required to maintain, deliver and lead in regional issues were identified, documented and adopted as the County's Strategic Plan for 2007 – 2017.

Financial planning is affected by the adopted strategies:

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

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

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

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

Major initiatives - Consistent with the national focus, homeland security and transportation are important issues for the County that are being addressed in a number of different ways. The public safety focus is evidenced by staffing increases within the Sheriff's office and the District Attorney's office, technology initiatives for criminal and civil courts, renewed exploration of options for enhanced/improved jail health and by buildings improvement for courts and jails. The planned rollout of a civil courts system (civil and criminal) is progressing. The planned restructuring/management of previously outsourced IT operations was completed improving strategic development options for technology. The second of four Road & Bridge districts is restructuring to improve partnering opportunities with surrounding cities for transportation projects.

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, 2006. 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 26 consecutive years (fiscal years ended 1981 through 2006). 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, and Directors of the Office of Budget and Evaluation, Human Resources, Purchasing and Public Works for verification and review of key elements of the financial report.

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Virginia Porter".

Virginia Porter, CPA
County Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Dallas County
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2006

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.



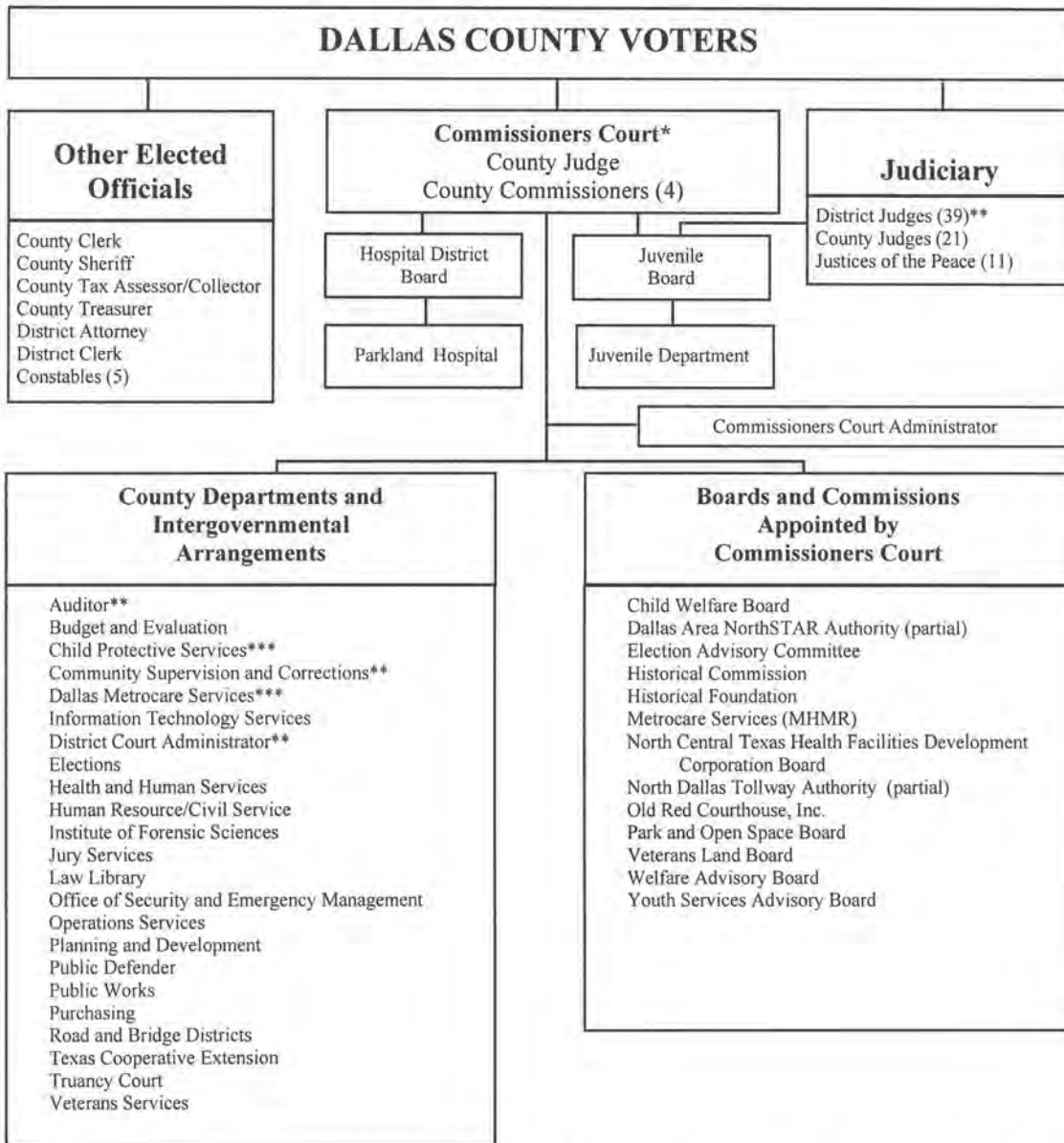
Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

COUNTY ORGANIZATION



- * Members of the Commissioners Court serve on the following boards and committees: Texas Jail Standards Commission, Texas Juvenile Probation Commission, Dallas County Juvenile Board, National Association of Counties (NACO), Deferred Compensation Committee, NACO Large Urban Counties Caucus, Texas Conference of Urban Counties Chair, Texas Association of Regional Councils, IH635 Coordination Committee, North Central Texas Council of Governments (NCTCOG) Board, Dallas Regional Mobility Coalition, Public Health Advisory Board, North Texas Commission, DFW Partners in Mobility, Regional Transportation Council, NCTCOG Air Carrier Policy Council, Loop 9 Policy Advisory Group, Texas 21 Statewide Transportation Coalition, Mental Health Task Force, Dallas County DWI Task Force, Community Justice Council, Dallas County Housing Finance Corporation, Dalhoma Trail Advisory Committee, Dallas County Civil Service Commission, and Public Employee Benefit Cooperative Board.
- ** The 39 District Judges appoint the County Auditor, the District Court Administrator, and participate in selecting the Directors of the Juvenile Department and the Community Supervision and Corrections Department.
- *** CSCD, CPS and Dallas Metrocare Services (formerly Dallas County MHMR) are independent agencies with important County programmatic connections.

DALLAS COUNTY, TEXAS

Principal Officials

As of September 30, 2007

<u>Official Title</u>	<u>Incumbent</u>
County Judge	Jim Foster
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	Joe Wells
Assessor-Collector of Taxes	David Childs
County Clerk	John Warren
District Attorney	Craig Watkins
District Clerk	Gary Fitzsimmons
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, the discretely presented component unit; and the aggregate remaining fund information of Dallas County, Texas (the "County") as of and for the year ended September 30, 2007, 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, 2007, (which encompasses 1.9% of assets, 0.5% of revenue and 2.2% 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 provide 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, 2007; 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.

As discussed in Note XII, the Dallas County Hospital District restated its beginning net assets.

Management's Discussion and Analysis (pages 11 – 23); the budgetary comparison information for the general, major projects and major 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 (pages 78 – 79), 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, the combining and individual fund financial statements, the budgetary schedules 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.

Deloitte & Touche LLP

April 28, 2008

DALLAS COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Primary Governmental Activities

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, 2007. 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 government-wide financial position improved as indicated by the \$19,844 increase in net assets from the previous year. The majority of the increase reflects an increase of 1.42¢ per \$100 valuation property tax increase for tax year 2007 compared to tax year 2006, increases in investment income and decreasing debt. The total net assets of \$476,955 include \$59,017 restricted for specific purposes and \$371,524 invested in capital assets net of related debt. Unrestricted net assets decreased by \$45,392 as a result of restriction of Major and HUD Section 8 Grant Funds (\$9,298), and other non-major governmental funds (\$31,201). These funds are restricted for future grant expenditures, and future special revenue and capital projects (i.e., other non-major governmental funds).
- The increase of \$45,279 in capital assets includes final payment for a parking garage, a courts building, construction costs for a juvenile facility, and a jail, plus the continuation of a number of major technology projects.
- In the governmental funds statements, combined fund balances at year-end totaled \$236,120; of which 51% is unreserved fund balances. The more significant components of unreserved fund balance are maintained in the General Fund as emergency reserves (27%) and capital project funds for planned transportation projects (54%).
- Governmental funds – general funds reflect a current year 20% off-setting increase for property tax receivables and deferred/unearned revenue with a \$16,435 decline in fund balance. Reserve transfers of \$8 million and \$20 million were approved during the year for judicial and public safety expenditures, resulting in a final unreserved general fund balance of \$32,139 or 7.7% of general fund expenditures.

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 inter-fund activity, payables and receivables.

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

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

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other business functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the County include general government, public safety, highways and streets, public welfare, health, judicial, 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 fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

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

The County maintains 23 individual governmental funds (excluding fiduciary funds), 16 special revenue funds, five capital project funds, one debt service fund and the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Debt Service Fund, Major Projects Fund and Major Grant Fund which are

classified as major funds. Data from the other non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this Comprehensive Annual Financial Report.

Proprietary funds. *Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. The Internal Service Fund (a 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 government rather than business-type functions the Internal Service Fund is reported with *governmental activities* in the government-wide financial statements.

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

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning infrastructure assets reported using the modified approach, pension 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, 2007 and 2006 are summarized as follows:

	<u>Governmental Activities</u>		Increase
	<u>FY2007</u>	<u>FY2006</u>	<u>(Decrease)</u>
Current and other assets	\$ 683,944	\$ 673,961	\$ 9,983
Capital assets (net of depreciation)	444,458	399,179	45,279
Total assets	<u>1,128,402</u>	<u>1,073,140</u>	<u>55,262</u>
Current and other liabilities	426,948	362,748	64,200
Long-term liabilities	224,499	253,281	(28,782)
Total liabilities	<u>651,447</u>	<u>616,029</u>	<u>35,418</u>
Net assets invested in			
capital assets, net of related debt	371,524	343,757	27,767
Restricted	59,017	21,548	37,469
Unrestricted net assets	46,414	91,806	(45,392)
Total net assets	<u>\$ 476,955</u>	<u>\$ 457,111</u>	<u>\$ 19,844</u>

Total assets of \$1,128,402 reflect an increase of \$55,262 (or 5.1%) during the fiscal year. The major asset categories of receivables and capital assets increased; total liabilities also increased by 5.7%. Of the County's total assets, the largest components are: 1) cash and investments of \$267,459 or 24%; 2) receivables which largely represent deferred tax revenues of \$387,949 or 34%; and 3) capital assets net of accumulated depreciation of \$444,458 or 39%. The increase (\$45,279) in capital assets reflects expenditures for construction costs associated with the South Tower Jail and Forensic Science buildings. The receivables are offset by deferred revenue since tax revenue assessed on January 2007 property values will not be realized until FY2008. 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 \$651,447 include current liabilities of \$426,948. Of this amount, only 8% (\$55 million) represents liabilities which will require the use of budgetary resources. The most significant current liability is deferred tax revenue. 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 \$476,955 at the close of the fiscal year. Of this amount, 12.0% or \$59,017 represents *restricted net assets* which are resources that are subject to external restrictions on how they may be used. Restrictions on net assets include statutory requirements, bond covenants, and grantor conditions. The most significant portion (\$371,524) of the County's net assets reflects its *investment in capital assets* (e.g., land, buildings, machinery, and equipment) net of related debt. The key components of the increase in net assets of \$19,844 are the following:

- Increase in property tax revenues due to 1.42¢ per \$100 valuation property tax rate increase.
- Increase in reserves for planned major projects.
- Declining debt resulting from on-going "pay-as-you-go" capital planning.

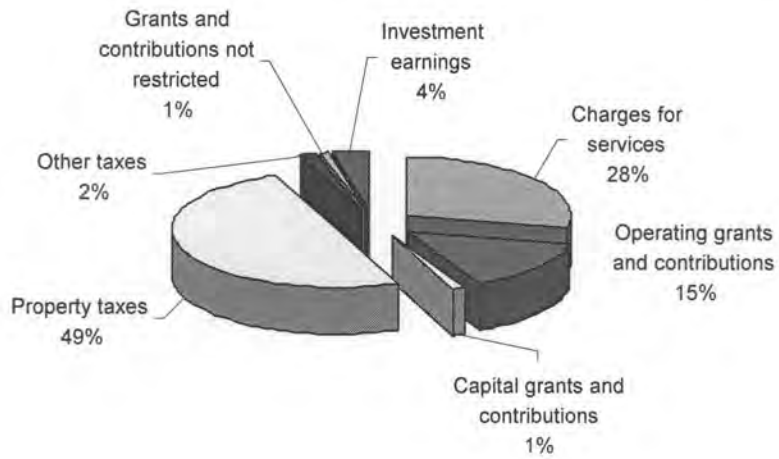
The Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds on page 30 provides further details on the increase in net assets \$19,844.

Program revenues and expenses are presented net of inter-fund eliminations.

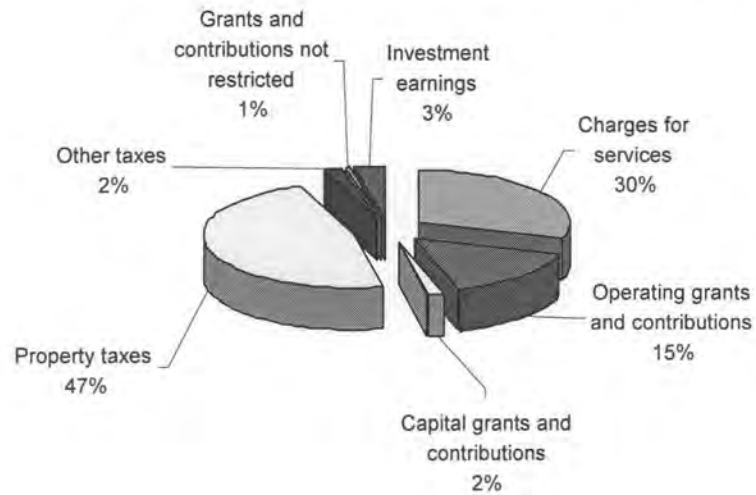
Dallas County's Changes in Net Assets – Governmental Activities

	<u>FY2007</u>	<u>FY2006</u>	<u>Increase (Decrease)</u>
Revenues:			
Net program revenues:			
Charges for services	\$ 177,662	\$ 180,191	\$ (2,529)
Operating grants and contributions	93,286	92,816	470
Capital grants and contributions	6,156	10,649	(4,493)
General revenues:			
Property taxes	309,560	284,946	24,614
Other taxes	11,858	11,129	729
Grants and contributions not restricted	3,534	3,640	(106)
Investment earnings	23,341	19,832	3,509
Total Revenues	<u>625,397</u>	<u>603,203</u>	<u>22,194</u>
Expenses:			
General government	99,805	77,465	22,340
Public safety	216,521	198,138	18,383
Highways and streets	32,955	29,174	3,781
Public welfare	66,913	65,908	1,005
Health	41,590	45,948	(4,358)
Judicial	126,971	115,244	11,727
Education	10,189	9,547	642
Libraries	10	12	(2)
Interest on long-term debt	10,599	9,288	1,311
Total Expenses	<u>605,553</u>	<u>550,724</u>	<u>54,829</u>
Change in net assets	19,844	52,479	(32,635)
Net assets – beginning	<u>457,111</u>	<u>404,632</u>	<u>52,479</u>
Net assets – ending	<u>\$ 476,955</u>	<u>\$ 457,111</u>	<u>\$ 19,844</u>

Revenues by Source - Governmental Activities FY2007



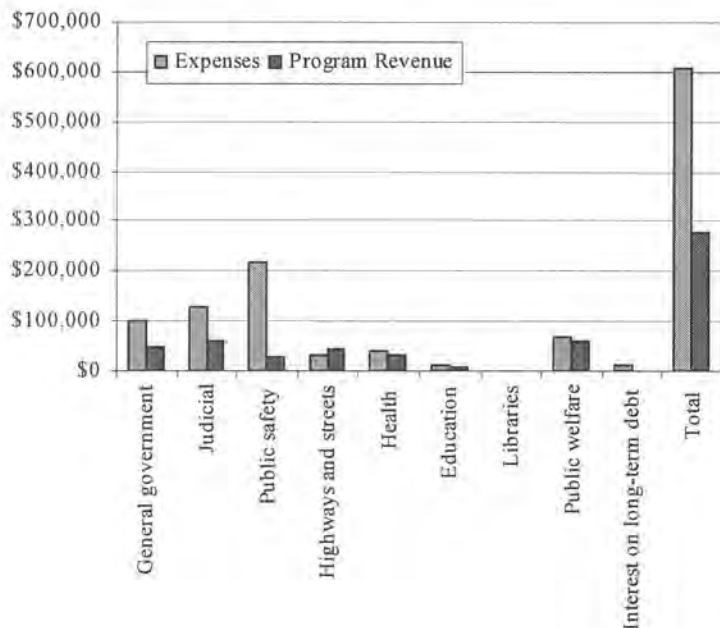
Revenues by Source - Governmental Activities FY2006



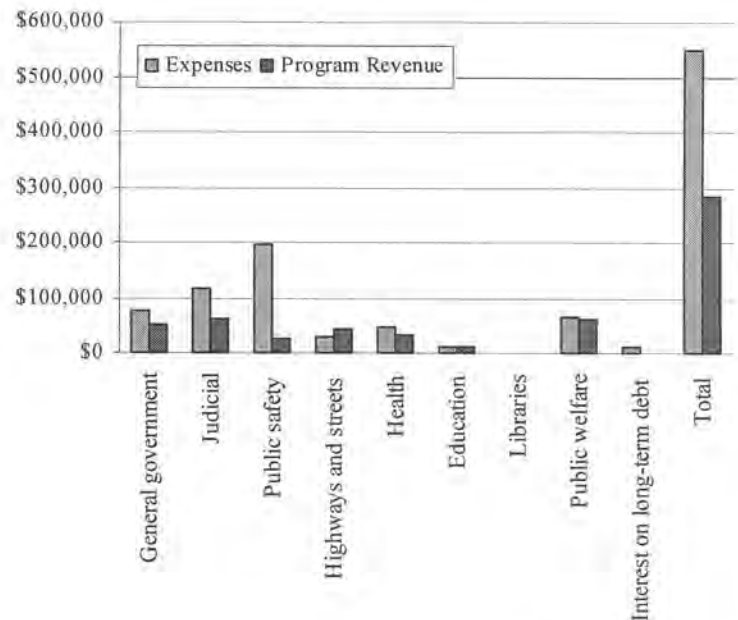
Revenues

For FY2007, revenues totaled \$625,397 compared to \$603,203 in FY2006. The 3.7% increase in overall revenues reflects increases for property tax and interest income, and an increase in grant contributions. Property taxes was the largest revenue source providing 49% of revenues in FY2007 and 47% in FY2006. Included in the second largest category “charges for services” are Justice of the Peace fees and fines, District and County Clerk fees, and Tax Collector commissions and fees. Decreases resulted from reduced state funding for juvenile costs and fewer fees in a declining housing refinance market; total grant revenues decreased by \$4,023 primarily due to expired funding for election equipment grants and juvenile grants.

Expenses and Program Revenues - Governmental Activities - FY2007



Expenses and Program Revenues - Governmental Activities - FY2006



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

- Public safety expenditures included the addition of 15 new Constable positions, 252 new jailer positions, and 24 new Juvenile positions to support transportation programs and overcrowding in the justice centers. Overtime costs remained comparable between the years.
- Public safety expenditures increased as modifications and capital outlays were made in response to failed jail inspections, as well as a significant increase in juvenile crime/detention costs.
- Judicial administrative costs continue to increase. New staffing was added for the offices of the District Attorney and Public Defender. Full cost allocation for court appointments for indigents increased 5.5%.
- Medical claims are increasing vs. prior years for all coverage types of the County’s self-funded program.

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 \$236,120, a decrease of \$48,874 compared with the prior year. The General Fund balance decreased \$16,435 as expenses increased for judicial and public safety. All other fund balances decreased with the exception of the Major Projects Fund balance, which increased by \$11,118 due to realized tax revenue for future planned projects and construction delays associated with the South Tower Jail. A portion of 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 (\$110,839); 2) to reflect inventories (\$1,649); and 3) for other restricted purposes (\$3,294).

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 \$32,139 in contrast to \$44,346 in the prior year. Drivers for revenue were the increase in the tax rate, strong interest rates, continued high collection rate for traffic programs, with a small decrease in grant revenues. The increased revenues were expended for additional salaries (\$25,659), and judicial operating expenditures (\$3,618). Utilities increased but at a lesser percent than experienced in the prior year. The average prisoner population remains high albeit somewhat less than the prior year. State inspections, lunch portions, laundry changes, and transportation costs, all relevant to jail standards, resulted in significantly increased public safety expenditures. Budgeting for the County's IT department was transferred from the General Fund to the Major Technology Fund, a non-major fund, for FY2007. Current year revenue and expenditures of \$13,000 for IT administration (\$2,000 increase from prior year) are reflected in other non-major governmental funds. 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 7.7% of total fund expenditures, short of the General Fund budgetary target for reserves of 10.5% of expenditures.

The Debt Service Fund balance reflects calculated reserves for short-term debt payments.

The Major Projects Fund reflects a fund balance of \$96,015 compared to \$84,897 in FY2006. The increase reflects additional allocations to improve jail standards, and delayed startups for other projects. Property tax rate increases are generating reserves to finance specific projects planned for the near future.

The Grants Fund was split to separately account for federal programs funded by HUD-Section 8, resulting in approximately \$26 million grant expenditures included with other non-major funds for 2007. Grant categories with significant changes included election and criminal justice.

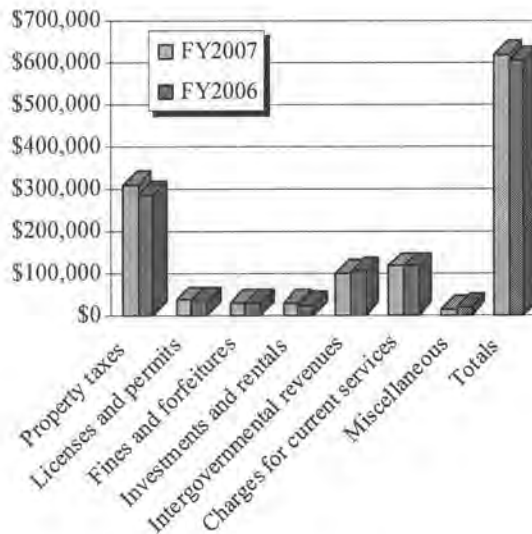
The following table presents the amount of revenues from various sources, as well as increases or decreases from the prior year.

Governmental Funds – Revenues Classified by Source

	<u>FY2007</u>	<u>FY2006</u>	<u>Increase (Decrease)</u>	<u>Percent of Change</u>
Property taxes	\$ 308,443	\$ 286,792	\$ 21,651	8%
Licenses and permits	33,826	32,704	1,122	3%
Fines and forfeitures	25,691	26,060	(369)	(1%)
Investments and rentals	26,654	22,851	3,803	17%
Intergovernmental revenues	103,944	104,752	(808)	(1%)
Charges for current services	114,991	115,239	(248)	---
Miscellaneous	11,579	16,277	(4,698)	(29%)
Total	<u>\$ 625,128</u>	<u>\$ 604,675</u>	<u>\$ 20,453</u>	3%

- Property taxes – increased by \$21,657 primarily due to market value increases. Additionally, new construction of \$4,257,245 contributed to the increase in property tax revenue.
- Intergovernmental revenues – decreased by 1% mainly reflecting expired election equipment funding and declining participation in judicial grants.
- Investments – increased with growth in reserves for planned projects despite a decrease in overall interest rates.
- Miscellaneous – decreased partially due to declining revenue options for a near complete Public Works project.

Revenues Classified by Source - Governmental Funds



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

Expenditures by Function – Governmental Funds

Function:	<u>FY2007</u>	<u>FY2006</u>	<u>Increase (Decrease)</u>	<u>Percent of Change</u>
General government	\$ 96,763	\$ 82,362	\$ 14,401	17%
Judicial	124,733	112,485	12,248	11%
Public safety	211,970	192,710	19,260	10%
Highways and streets	22,728	22,040	688	3%
Health	41,020	45,484	(4,464)	(10%)
Public welfare	65,364	70,261	(4,897)	(7%)
Education	10,102	9,512	590	6%
Capital outlays	59,172	34,748	24,424	70%
Debt service – principal	30,980	32,180	(1,200)	(4%)
Debt service – interest	11,170	8,310	2,860	34%
Total	<u>\$ 674,002</u>	<u>\$ 610,092</u>	<u>\$ 63,910</u>	10%

- General government – the 17% increase in expenditures reflects a 4% salary increase, increase in utilities, reintegration and expansion of IT administration, increased costs administering credit cards, and administration support for general grants previously recorded in the Health category.
- Judicial – the 11% increase in expenditures was due to a 4% salary increase, increased indigent defense, and costs for new District Attorney programs.
- Public safety – salary increases and additional 252 new jailer positions to support jail initiatives and compliance with state jail mandates.
- Health – administration support for general grants was transferred to general government.
- Public welfare – decreased expenditures directly correlate with decreases or expiration of grants for election equipment.
- Capital outlays – increased as work nears completion for the South Tower Jail.

GENERAL FUND BUDGETARY HIGHLIGHTS

The FY2007 Budget was adopted on September 12, 2006 with General Fund expenditures increased \$7.9 million (2%) over projected actual FY2006 expenditures.

Highlights from the Dallas County FY2007 Budget include the following:

- The County’s FY2007 property tax rate was maintained at the FY2006 rate of \$21.39 cents per \$100 assessed valuation.
- The FY2007 budget included the addition of 100 positions and the deletion of 4 positions for a net increase of 96 positions. Primary areas of increased resources are 1) Juvenile Department staffing (24 positions); 2) District Attorney staffing (17 positions); and, 3) Public Defender staffing (9 positions).
- The FY2007 Major Capital Development Fund included \$31.7 million for various transportation projects, \$1.36 million for open space trails/acquisitions and \$50.6 million for various building upgrades and enhancements.

- Workforce investment included the following compensation increases: a) 4% structure increase plus funding for step increases for law enforcement personnel; and, b) 2% structure and 2% merit increase for the general workforce.

DEBT ADMINISTRATION AND CAPITAL ASSETS

Long-term debt. At September 30, 2007, the County had unlimited tax and limited tax general obligation bonds outstanding in the amount of \$190,499. According to Texas statutes, the County has two debt limits. Bonds issued under Article 3, Section 52e of the Texas Constitution total \$68,425 and bonds issued under Article 722 of Vernon's Civil Statutes total \$118,251. The debt limits for the two authorizations are \$43,795,676 (25% of real property assessed valuation) and \$10,175,314 (5% of assessed valuation of all taxable property); therefore, the County has legal debt margins on general obligation debt of \$43,730,048 and \$10,061,897, respectively.

The County's bond rating is "AAA" from Standard & Poor's and "Aaa" rating from Moody's for general obligation debt. These ratings have been upheld since 1978 with the latest evaluation dated May 2007.

The following represents the activity of the long-term debt of the County for FY2007.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental Activities:				
Bonds and general obligation bonds	\$ 221,723	\$ 359	\$ 31,583	\$ 190,499
Compensated absences	22,043	26,993	25,956	23,080
Claims and judgments	3,000	1,500	1,500	3,000
Workers compensation	6,515	3,263	1,858	7,920
Total	<u>\$ 253,281</u>	<u>\$ 32,115</u>	<u>\$ 60,897</u>	<u>\$ 224,499</u>

The County's estimated liability for claims and judgments is \$3,000, unchanged from FY2007. While settlements for new court cases filed against the County are difficult to project, ongoing procedural reviews are held to mitigate claims. Two significant claims related to constable civil service rights and an inmate's death were settled for \$1,500. Legal counsel and subject experts are contracted to review workers compensation claims as needed. Actual workers' compensation expenditures are declining as a result of cost saving initiatives as reflected in historical analysis. 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, 2007, net capital assets of the governmental activities totaled \$444,458, reflecting a net increase of \$45,279 in asset additions less retirements. Major construction continues for two buildings. Depreciation on capital assets (except for infrastructure assets which are reported under the modified approach basis) is recognized in the government-wide financial statements. FY2007 depreciation for buildings, improvements, and M&E totaled \$16,651.

An annual allocation of the tax rate is reserved to fund expenditures related to major capital and major technology assets. Construction or contract development needs are analyzed during the budget cycle and encumbrances/obligations revised.

The County has elected to use the "Modified Approach" as defined in GASB 34 for reporting infrastructure assets which include 136.77 miles of roads, and 38 bridges and culverts. In accordance with state inspection inventories and annexation by cities, record count decreased by a net three bridges. The FY2007 assessment revealed the condition of the roads was being maintained consistent with County policy whereas 98% of the County's roads were rated 2.5 or better on a 4.0 scale. Over 92% of the County's bridges are in very good condition.

The County expended \$1,238 on road maintenance for the fiscal year ended September 30, 2007. These expenditures delayed deterioration; however, the overall condition of the roads were 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 FY2007 was a minimum of \$962. The 38 bridges had ratings that met the County's planned condition level of very good or better condition. FY2007 incurred bridge maintenance costs of \$337. Additional details on infrastructure assets can be found in Required Supplementary Information, pages 76 and 77.

County's Capital Assets (net of depreciation)		
	<u>2007</u>	<u>2006</u>
Governmental Activities:		
Land	\$ 24,911	\$ 23,318
Buildings	263,319	257,593
Machinery and Equipment	33,635	31,322
Infrastructure	27,813	28,554
Construction in Progress	94,780	58,392
Total	<u>\$ 444,458</u>	<u>\$ 399,179</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 Dallas County budget is developed annually and intended to provide efficient, effective and controlled usage of the County's resources, as well as a means to accomplish the highest priorities of the Dallas County Commissioners. Through the budget, the County Commissioners set the direction of the County, allocate its resources and establish its priorities. The FY2008 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 FY2008 budget process was primarily focused on a) minimizing the tax increase necessary to fund the improvements necessary to the Dallas County Jail System to become recertified by the Texas State Jail Commission and meet improvements requested by the Department of Justice, and b) meeting the Dallas County Commissioners Court objective of maintaining competitive employee compensation.

The final FY2008 budget was adopted on September 18, 2007 with total General Fund expenditures of \$448.5 million, an increase of \$30.9 million (7.8%) over projected actual FY2007 expenditures. The FY2008 budget for all funds budget totaled \$867.9 million.

Highlights from the Dallas County FY2008 Budget include the following:

- The County's 2007 property tax rate was increased to 22.81 cents per \$100 assessed valuation. Even with this increase Dallas County's Tax Rate is the lowest in the State of Texas.
- The FY2008 budget included the addition of 71 positions and the deletion of 13 positions for a net increase of 58 positions. Primary areas of increased resources are 1) Juvenile Department staffing (26 positions) with the primary focus on additional Juvenile Residential Officers to cover mandated staffing for a growing Juvenile Detention population, 2) District Attorney staffing (7 positions) with the primary focus on Elder Abuse prosecution and Mental Health Diversions, and 3) Health and Human Services (4 positions) for Public Health Interventions.
- The FY2008 Major Capital Development Fund included \$36 million for various transportation projects, \$2.2 million for open space trails/acquisitions and \$25.6 million for various building upgrades and enhancements.
- The Commissioners Court worked towards and achieved their goal of increased workforce investment for FY2008. The Commissioners authorized the following compensation changes: 1) Law Enforcement pay scale was increased 4% with full funding for Step Increases, 2) All other pay scales were increased 4% with an additional 1% merit allocation for non-exempt staff grade 6 and below; 3) funds were budgeted to move the maximum in-hire to the mid-point of the range and increase the salary of all effected employees on several of the pay scales, 4) Elected Officials received a 4% salary increase, and 5) District and County Judges received an increase equal to their State Statute maximum.

REQUEST FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS

DALLAS COUNTY, TEXAS

Statement of Net Assets

September 30, 2007

(in thousands of dollars)

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Hospital District</u>
ASSETS		
Cash and investments	\$ 267,459	\$ 139,672
Receivables (net of allowance for uncollectibles) and accrued interest	387,949	131,250
Due from other government units	21,930	-
Inventories	1,649	6,642
Prepayments and advances	3,171	-
Deferred charges	1,786	-
Restricted assets:		
Cash and cash equivalents	-	6,436
Investments	-	310
Long term investments	-	111,162
Assets limited as to use - cash and investments	-	298,109
Net pension asset	-	18,684
Capital assets (net of accumulated depreciation):		
Land	24,911	38,450
Construction in progress	94,780	30,019
Infrastructure	27,813	-
Buildings	263,319	106,158
Machinery and equipment	33,635	91,094
Total capital assets	<u>444,458</u>	<u>265,721</u>
Total assets	<u>1,128,402</u>	<u>977,986</u>
LIABILITIES		
Accounts payable and other current liabilities	50,803	207,000
Accrued interest payable	1,136	-
Accrued liabilities	3,492	11,124
Unearned revenue	364,665	-
Due to other government units	6,852	1,453
Non-current liabilities:		
Due within one year	52,537	-
Due in more than one year	171,962	15,975
Total liabilities	<u>651,447</u>	<u>235,552</u>
NET ASSETS		
Invested in capital assets, net of related debt	371,524	265,721
Restricted for:		
Highways and streets	12,023	-
Debt service	6,495	-
Major and HUD Section 8 Grant Funds	9,298	-
Other non-major governmental Funds	31,201	-
Donor imposed stipulations	-	11,698
Unrestricted	46,414	465,015
Total net assets	<u>\$ 476,955</u>	<u>\$ 742,434</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, 2007
(in thousands of dollars)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Hospital District
Primary government:						
Governmental Activities:						
General government	\$ 99,805	\$ 47,125	\$ -	\$ -	\$ (52,680)	\$ -
Judicial	126,971	58,164	1,636	26	(67,145)	-
Public safety	216,521	22,845	5,419	480	(187,777)	-
Highways and streets	32,955	42,244	-	-	9,289	-
Health	41,590	6,150	26,472	-	(8,968)	-
Education	10,189	-	7,879	-	(2,310)	-
Libraries	10	-	-	-	(10)	-
Public welfare	66,913	1,134	51,880	5,650	(8,249)	-
Interest on long-term debt	10,599	-	-	-	(10,599)	-
Total primary government	\$ 605,553	\$ 177,662	\$ 93,286	\$ 6,156	\$ (328,449)	\$ -
Component unit:						
Hospital District	\$ 1,195,665	\$ 813,873	\$ 20,298	\$ 6,254	\$ -	\$ (355,240)

General revenues:

Property taxes	309,560	373,624
Alcoholic beverage and other taxes	11,858	-
Grants and contributions not restricted to specific programs	3,534	11,829
Investment earnings	23,341	30,079
Gain on sale of property	-	13,482
Total general revenue	348,293	429,014
Change in net assets	19,844	73,774
Net assets - beginning	457,111	637,881
Restatement (Note XII)	-	30,779
Net assets as restated	457,111	668,660
Net assets - ending	\$ 476,955	\$ 742,434

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

DALLAS COUNTY, TEXAS

Balance Sheet
Governmental Funds
September 30, 2007
(in thousands of dollars)

	<u>General</u>	<u>Debt Service</u>	<u>Major Projects</u>	<u>Major Grants</u>	<u>Other Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and investments	\$ 51,245	\$ 6,977	\$ 108,282	\$ 4,264	\$ 91,425	\$ 262,193
Property tax receivables (net of allowance for uncollectibles of \$ 29,211)	271,518	30,999	41,565	-	23,051	367,133
Accounts receivable (net of allowance for uncollectibles of \$ 418,845)	12,461	-	-	-	6,655	19,116
Accrued interest	1,679	21	-	-	-	1,700
Due from other funds	811	510	-	-	-	1,321
Due from other governmental units	3,609	-	1,028	13,532	3,761	21,930
Inventories	1,258	-	-	-	391	1,649
Prepayments and advances	3,089	-	-	-	82	3,171
Total assets	<u>\$ 345,670</u>	<u>\$ 38,507</u>	<u>\$ 150,875</u>	<u>\$ 17,796</u>	<u>\$ 125,365</u>	<u>\$ 678,213</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 24,399	\$ -	\$ 12,041	\$ 8,157	\$ 6,206	\$ 50,803
Due to other funds	1,065	-	781	28	22	1,896
Due to other governmental units	2,148	-	624	-	4,080	6,852
Deferred and unearned revenue	278,097	30,876	41,414	3,440	28,715	382,542
Total liabilities	<u>305,709</u>	<u>30,876</u>	<u>54,860</u>	<u>11,625</u>	<u>39,023</u>	<u>442,093</u>
Fund balances:						
Reserved for:						
Encumbrances	3,354	-	89,924	2,360	15,201	110,839
Inventories	1,258	-	-	-	391	1,649
Prepayments, advances and change funds	3,210	-	-	-	84	3,294
Unreserved reported in:						
General Fund	32,139	-	-	-	-	32,139
Debt Service Fund	-	7,631	-	-	-	7,631
Major Projects Fund	-	-	6,091	-	-	6,091
Major and HUD Section 8 Grant Funds	-	-	-	3,811	5,487	9,298
Other Non-major governmental Funds	-	-	-	-	65,179	65,179
Total fund balances	39,961	7,631	96,015	6,171	86,342	236,120
Total liabilities and fund balances	<u>\$ 345,670</u>	<u>\$ 38,507</u>	<u>\$ 150,875</u>	<u>\$ 17,796</u>	<u>\$ 125,365</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	444,458
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in governmental funds.	17,877
Internal service funds are used by management to charge costs related to this fund. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	(5,571)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not included in governmental funds.	(215,929)
Net assets of governmental activities	<u>\$ 476,955</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, 2007
(in thousands of dollars)

	General	Debt Service	Major Projects	Major Grants	Other Non-major Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 222,685	\$ 28,824	\$36,265	\$ -	\$ 20,669	\$ 308,443
Licenses and permits	715	-	-	-	33,111	33,826
Fines and forfeitures	15,953	-	-	-	9,738	25,691
Investment income	11,328	5,720	5,090	-	1,509	23,647
Rental revenues	3,007	-	-	-	-	3,007
Intergovernmental revenues	3,103	-	-	73,060	27,781	103,944
Charges for current services	108,084	975	-	-	5,932	114,991
Miscellaneous	7,999	-	1,604	-	1,976	11,579
Total revenues	<u>372,874</u>	<u>35,519</u>	<u>42,959</u>	<u>73,060</u>	<u>100,716</u>	<u>625,128</u>
EXPENDITURES						
Current:						
General government	69,920	-	-	-	26,843	96,763
Judicial	117,947	-	-	2,551	4,235	124,733
Public safety	206,344	-	-	5,626	-	211,970
Highways and streets	-	-	12,756	-	9,972	22,728
Health	13,883	-	-	27,137	-	41,020
Education	-	-	-	10,102	-	10,102
Public welfare	9,402	-	-	31,230	24,732	65,364
Debt service:						
Principal	-	30,980	-	-	-	30,980
Interest	-	11,170	-	-	-	11,170
Capital outlay	-	-	49,411	-	9,761	59,172
Total expenditures	<u>417,496</u>	<u>42,150</u>	<u>62,167</u>	<u>76,646</u>	<u>75,543</u>	<u>674,002</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(44,622)</u>	<u>(6,631)</u>	<u>(19,208)</u>	<u>(3,586)</u>	<u>25,173</u>	<u>(48,874)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	33,104	842	33,728	4,075	-	71,749
Transfers (out)	(4,917)	-	(3,402)	-	(63,430)	(71,749)
Total other financing sources (uses)	<u>28,187</u>	<u>842</u>	<u>30,326</u>	<u>4,075</u>	<u>(63,430)</u>	<u>-</u>
Net change in fund balances	(16,435)	(5,789)	11,118	489	(38,257)	(48,874)
Fund balances - beginning	56,396	13,420	84,897	5,682	124,599	284,994
Fund balances - ending	<u>\$ 39,961</u>	<u>\$ 7,631</u>	<u>\$96,015</u>	<u>\$ 6,171</u>	<u>\$ 86,342</u>	<u>\$ 236,120</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, 2007 (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)	\$ (48,874)
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. See page - 44 - Notes to the Basic Financial Statements for details.	49,477
The net effect of various transactions (e.g. sale of capital of assets). See page 44 - Notes to the Basic Financial Statements for details.	(4,199)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(679)
Some expenses reported in statement of activities are not fund expenditures (e.g. compensated absences which are liabilities not normally liquidated with current financial resources). See page 45 - Notes to the Basic Financial Statements for details.	(959)
The issuance of long-term debt (e.g., bonds, tax notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. See page 45 - Notes to the Basic Financial Statements for details.	31,412
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>(6,334)</u>
Change in net assets of governmental activities (page 27)	<u>\$ 19,844</u>

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

DALLAS COUNTY, TEXAS

Statement of Net Assets

Proprietary Fund

September 30, 2007

(in thousands of dollars)

	<u>Governmental Activities - Internal Service Fund</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 5,266
Due from other funds	575
Total assets	<u>\$ 5,841</u>
LIABILITIES	
Current Liabilities:	
Medical claims	\$ 3,492
Workers' compensation claims - current	3,000
Total current liabilities	<u>6,492</u>
Non-Current Liability:	
Workers' compensation claims - non-current	4,920
Total liabilities	<u>11,412</u>
NET ASSETS	
Unrestricted (deficit)	<u>(5,571)</u>
Total net assets	<u>\$ (5,571)</u>

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

DALLAS COUNTY, TEXAS

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended September 30, 2007
(in thousands of dollars)

	Governmental Activities - Internal Service Fund
Operating revenues:	
Premiums and reimbursements	<u>\$ 47,980</u>
Operating expenses:	
Benefit payments	52,247
Administration	2,138
Total operating expenses	<u>54,385</u>
Operating loss	(6,405)
Non-operating revenues:	
Interest income	71
Change in net assets	<u>(6,334)</u>
Total net assets - beginning	<u>763</u>
Total net assets - ending	<u>\$ (5,571)</u>

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

DALLAS COUNTY, TEXAS
Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2007
(in thousands of dollars)

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash for premiums and reimbursements	\$ 50,162
Cash payments for benefit claims	(49,558)
Cash payments for administrative fees	(2,049)
Other operating revenues	<u>416</u>
Net cash used by operating activities	<u>(1,029)</u>
 CASH FLOW FROM INVESTING ACTIVITIES	
Interest on investments	<u>71</u>
Net cash provided by investing activities	<u>71</u>
Net decrease in cash and cash equivalents	(958)
Cash and cash equivalents at beginning of year	<u>6,224</u>
Cash and cash equivalents at end of year	<u>\$ 5,266</u>
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	\$ (6,405)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Decrease in due from other funds	2,595
Increase in liabilities	<u>2,781</u>
Net cash used by operating activities	<u>\$ (1,029)</u>

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

DALLAS COUNTY, TEXAS
Statement of Fiduciary Assets and Liabilities
All Agency Funds
September 30, 2007
(in thousands of dollars)

	<u>Total</u>
Assets:	
Cash and investments	\$ 173,031
Accrued interest	7
Restricted assets	<u>8,803</u>
 Total assets	 <u><u>\$ 181,841</u></u>
 Liabilities:	
Due to other governmental units and others	<u>\$ 181,841</u>
 Total liabilities	 <u><u>\$ 181,841</u></u>

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

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(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 political subdivision of the State of Texas, and 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 is composed of Parkland Memorial Hospital (the Hospital), Parkland Community Health Plan, Inc. (the Health Plan) and the Parkland Foundation (the Foundation). The Hospital operates 724 beds, 90 neonatal beds, numerous outpatient clinics, and an emergency room. The Hospital also operates the Community Oriented Primary Care clinics in the community and on the Hospital campus. Additionally, the Hospital serves as the major teaching hospital for the University of Texas Southwestern Medical School which is located adjacent to the Hospital. The Hospital also manages the County's jail health system. The District is accounted for as a single column business-type entity on an accrual basis of accounting.

The District is governed by a board appointed by, but not composed of County Commissioners. The Commissioners Court of the County approves the District's tax rate and annual budget; however, the District operates under different statutory and constitutional authority. The District also has a separate constitutional tax limitation; independent power of eminent domain; and individual right of ownership of property. The component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Complete financial statements for the District may be obtained from:

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

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 is the governing board of the HFC and appoints the governing board of the HFDC. 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 for 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 financial activity, information on all of the County activities including its component unit. The effect of inter-fund transfers has been removed from the government-wide financial statements but continues to be reported in the fund financial statements. However, inter-fund services provided and used are not eliminated in the process of consolidation. Governmental activities are supported mainly by taxes 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 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. 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, 2007
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

statements. The General Fund, Debt Service, Major Projects and Major 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, HUD-Section 8 grants and Capital Projects. The combined amounts for these funds are reflected in a single column in the financial fund statements.

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

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

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

Governmental fund level financial statements are reported using current financial resources measurement focus and 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 end. Grants policy includes recognition of revenues, so long as such amounts are collectible within 60 days or soon enough afterwards to be used to pay liabilities for the current period and where grant eligibility requirements have been met. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. Certain grant revenues considered reimbursement for services are recorded as charges for services in the accompanying financial statements. Property taxes which were levied prior to September 30, 2007, and became due October 1, 2007 have been assessed to finance the budget of the fiscal year beginning October 1, 2007 and, accordingly, have been reflected as deferred revenue and property taxes receivable in the governmental fund financial statements and government-wide statements at September 30, 2007.

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.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County reports the following major governmental funds:

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

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

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

Major Grants Fund is used to account for programs supported by grants-in-aid from various agencies and/or governmental units. In prior years, the Major Grants Fund and HUD Section 8 Grants Fund, which is included with other Non-Major Governmental Funds, were combined as a major governmental fund. Below is a reconciliation of the respective fund balances as of the beginning of fiscal year 2007:

Fund balance – Major Grants	\$ 5,682
Fund balance – HUD Section 8 Grants	<u>3,833</u>
Combined fund balance - grants	<u>\$ 9,515</u>

Non-Major Funds include special revenue funds (other than major projects and HUD-Section 8 programs) and capital projects funds. The funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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 insurance program, workers compensation self-insurance program and the flexible spending accounts of employees who participate in the medical and dependent care flexible spending option of the County's cafeteria style plan. Revenues are derived from County contributions, employee and retiree/COBRA premiums, investment of idle funds and stop loss collections. Expenses are for claims and administrative expenses.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Revenues are recognized when earned, and expenses are recognized when 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.

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

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

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. 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

For the purpose of the Statement of Cash Flows, 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. New investments in commercial paper were discontinued during fiscal year 2007.

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.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Receivables and payables

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

Accounts receivables from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

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

Lending or borrowing between funds are recorded 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. Inter-fund activity reflected in "due to or due from" is eliminated in the government-wide financial statements.

3. Inventories and prepaid items

Inventory is valued at average cost. Inventories in the General and Special Revenue Funds consist of expendable supplies held for consumption. In the General Fund, the cost is recorded as an expenditure at the time an inventory item is used. In the Special Revenue Funds, inventory items expected to be used within a short period of time, are recorded as expenditures at the time of purchase; other inventory items are expensed when used. Reported inventories are 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. The inventory policy on government-wide statements is consistent with fund statements.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In the fund financial statements, advances and prepayments are offset by a reservation of fund balance which indicates they do not represent "available spendable resources."

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Restricted Assets/Funds

Primary Government

The following accounts/fund balances are restricted for specific purposes:

- Road and bridge fund balance (Highways and Streets – net assets) (amount reserved for future transportation-related expenditures);
- Debt Service Fund balance net of accrued interest of \$1,136 (amount reserved for future debt service expenditures);
- Major and HUD Section 8 Grant Fund balances (amounts reserved for future grant expenditures); and,
- Other Non-Major Governmental Fund balances (amounts reserved for other specific purposes).

Discretely Presented Component Unit

Upon receipt, the District records contributions, grants, and other revenue restricted by donors for specific purposes to the appropriate restricted net asset. Each restricted net asset has an administrator who is responsible for monitoring the revenues and expenses, and for determining that the restricted net assets are being used for the stated purpose. Restricted net assets are generally recognized as additions to the unrestricted net assets only to the extent that qualifying expenditures are incurred.

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

Resources are set aside for board designated purposes or self-insurance arrangements. At September 30, 2007, resources were also set aside for the disproportionate share and upper payment limit programs. The disproportionate share and upper payment limit programs have been created by Texas to provide additional federal matching funds. Under program guidelines, the District may use the funds to benefit the indigent in either the immediate or future periods. The District recognizes all funds received under the disproportionate share and upper payment limit programs as operating revenue in the applicable year, and any amounts relating to that year that are not yet received are included in other receivables. As of September 30, 2007, \$31,000 was recorded for the disproportionate share and upper payment limit funds.

6. Capital Assets – Primary Government

Capital assets, including land, construction in progress, buildings, machinery and equipment, and infrastructure (e.g., roads and bridges) are reported in the government-wide financial statements. Capital assets (except for grant assets with lower thresholds) are defined as assets with a cost of \$5,000 or more with a useful life in excess of one year. Infrastructure assets include County-owned roads and bridges. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset life are not capitalized. Additionally, County capital expenditures include amounts incurred to improve city-owned infrastructure assets. Accordingly, these amounts are not capitalized. Capital assets except infrastructure are depreciated using the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	50
Furniture and fixtures	7
General equipment	5
Trucks	7
Autos	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 infrastructure assets in the government-wide statement of net assets. Infrastructure assets are listed at historical cost but not depreciated. Under the modified approach allowed by GASB Statement No. 34, the County reports annual expenses for maintaining County roads and bridges including estimated costs for preserving them at specified levels.

7. **Compensated Absences** - A liability for unused vacation and sick time for all full time employees is reported in the government-wide financial statements in accordance with GASB Statement No. 16. The following criteria must be met to be considered as compensated absences:

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

In accordance with GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent such liabilities have matured (i.e. are due for payment). Accordingly, there are none in the fund statements as of September 30, 2007 but compensated absences are accrued in the government-wide statements.

Primary Government - The County's permanent, full-time employees accrue 3.077 hours of vacation per bi-weekly pay period from date of employment to 6 years of service, 4.615 hours per pay period from 6 to 15 years of service, and 6.153 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, 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 3.692 hours per pay period. Sick leave is paid to current employees if absent from work due to illness, injury or other situations requiring medical attention. An employee who terminates for any reason is paid a percentage of their accrued but unused sick leave. Amounts payable are initially 5% after 5 years of service, increasing thereafter at 5% for each additional 5 years of service to a maximum of 50%.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued vacation and sick leave are reported in the government-wide financial statements. General fund, road and bridge fund (a non-major special revenue fund) and the grant fund typically incur the expenditure 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 in the Statement of Net Assets. Bond premiums, discounts, and issuance costs, are deferred and amortized over the term of the bonds. Bonds payable are reported net of unamortized premiums or discounts. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

9. Unemployment and Workers' Compensation Benefits

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

10. Net Assets and Fund Balances

Net assets in the proprietary fund statements and the government-wide financial statements are classified in three categories: 1) net assets invested in capital assets, net of related debt, 2) restricted net assets and 3) unrestricted net assets. Reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose are reported in the fund financial statements. Fund reservations include encumbrances, inventories and prepayments.

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 included in the funds." The details of this \$215,929 difference are as follows:

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

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

Bonds payable	\$ 186,676
Less: Deferred charge for issuance costs	(1,786)
Premium on Bonds Payable	3,823
Accrued interest payable	1,136
Claims and judgments	3,000
Compensated absences	<u>23,080</u>
Net adjustment to reduce fund balance – total government funds to arrive at net assets – governmental activities	\$ <u>215,929</u>

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

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

Capital expenditures	\$ 66,128
Depreciation expense	<u>(16,651)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$ <u>49,477</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.” 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. The detail of this difference is as follows:

Loss on disposal of capital assets	\$ <u>(4,199)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	\$ <u>(4,199)</u>

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
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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, tax notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this difference are as follows:

Debt principal repayment	\$ 30,980
Debt issued or incurred:	
Amortization of issuance costs	(175)
Amortization of premium	607
Net adjustment to increase net changes in fund balances	<u>\$ 31,412</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 difference are as follows:

Compensated absences	\$ (1,037)
Accrued interest	437
Bond accretion	(359)
Net adjustment to decrease net changes in fund balances	<u>\$ (959)</u>

III. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES

Primary Government

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

The County’s demand deposits and bank certificates of deposit are fully collateralized by securities held in the County’s name by the County’s agents, the Federal Reserve Bank of Dallas and State Street Corporation. The County’s collateral agreements require that the market value of securities held by its agents 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 Federal National Mortgage Association Notes; Federal Home Loan Bank Notes; Federal National Mortgage Association Notes and commercial paper; with an original rating of A-1+ or better; and surety bonds rated in the two highest categories for claims paying ability. Authorization for investments in Commercial Paper was rescinded in August 2007. Commercial paper held at September 30, 2007 is subject to resolution of the matter described in Note 3 to the Investment Type table below.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

III. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES (Continued)

Deposits

At September 30, 2007, the carrying amount of the County's demand deposits and investments was as follows:

	<u>Governmental</u> <u>Funds</u>	<u>Proprietary</u> <u>Funds</u>	<u>Total</u>	<u>Fiduciary</u> <u>Funds</u>	<u>Total</u>
Cash and cash equivalents	\$ (5,287)	\$ (173)	\$ (5,460)	\$ 45,870	\$ 40,410
Investments	<u>267,480</u>	<u>5,439</u>	<u>272,919</u>	<u>127,161</u>	<u>400,080</u>
Total Cash & Investments	\$ <u>262,193</u>	\$ <u>5,266</u>	\$ <u>267,459</u>	\$ <u>173,031</u>	\$ <u>440,490</u>

Custodial Credit Risk

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

Investments

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

<u>Investment Type</u>	<u>Fair</u> <u>Value</u>	<u>Weighted</u> <u>Average Days</u> <u>to Maturity</u>	<u>Rating</u>
Federal Home Loan Bank Notes	\$ 82,423	680	Note 1
Federal Home Loan Mortgage Corp. Notes	15,017	1,233	Note 1
Federal National Mortgage Assoc. Notes	60,187	764	Note 1
Certificates of Deposit	125,100	22	Note 2
Commercial paper	4,112	0	Note 3
Security repurchase agreements	<u>113,241</u>	1	Note 4
	\$ <u>400,080</u>	307	

Note 1: Moody's Assoc., S&P AAA, Fitch AAA

Note 2: Certificates of Deposit are secured with Texas MuniBonds, Aa2 to Aaa

Note 3: Security description: CP Mainsail Ltd II - valued at 87.5%, the trigger value for legal review. Suspended transactions August 24, 2007 pending a restructuring, establishment of a new maturity payment date and a decision of the creditor committee. (The County is not a member of the creditor committee due to the relatively small size of the County's investment.)

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

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
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III. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES (Continued)

Interest rate risk

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

Credit risk

The County is authorized by statute and depository contract to invest in insured or registered securities including "security repurchase agreements". It is the County's policy to limit its investments in these investment types. Consistent with the County's formal investment policy these securities are subject to ratings of A-1+ by Standard & Poor's and P-1 by Moody's. Commercial paper rated A-1+ or P-1 with stated maturity of 270 days or fewer was allowed until August 2007. The County's finance committee has rescinded approval for new investments in commercial paper. Certificates of deposit are not rated.

Concentration of credit risk

The County's formal investment policy does not allow more than 5% of the total portfolio for 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 of Texas and the County's formal investment policies, County investments are insured or registered, or securities held by the County or the County's agent in the name of the County.

Discretely Presented Component Unit

As of September 30, 2007, the District had the following deposits and investments:

<u>Description</u>	<u>Fair Value</u>	<u>Weighted Average Days to Maturity</u>
Bank deposits	\$ 7,781	
TexPool deposits	159,670	1
Money market fund deposits	83,498	1
FNMA notes	55,164	495
FHLB notes	137,693	486
FHLMC notes	76,287	615
FFCB notes	24,850	332
PEFCO notes	25,258	304
Certificates of deposit	410	89
U.S. treasury notes	1,124	592
Subtotal	<u>571,735</u>	
Less: outstanding checks ⁽¹⁾	<u>(16,046)</u>	
Total ⁽²⁾	<u>\$ 555,689</u>	

⁽¹⁾Outstanding checks issued against zero-balance clearing accounts with commercial banks.

⁽²⁾Foundation deposits and investments (which aggregate \$13,880) includes approximately \$6,600 of deposits and investments which are uninsured by FDIC insurance.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

III. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES (Continued)

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

Credit Risk - The District has a comprehensive investment policy that 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 Federal National Mortgage Association (FNMA), the Federal Home Loan Bank (FHLB), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal Farm Credit Bureau (FFCB), and the Private Export Funding Corporation (PEFCO) 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, with securities pledged to the District and held in safekeeping at a third party bank on behalf of the District's depository institution.

Concentration of Credit Risk - Per the District's investment policy, no more than 40% of the investment portfolio can be invested in any one issuer of U.S. government agencies and government sponsored enterprises, including, but not limited to, the FNMA, the FHLB, and the FHLMC. The largest percentage in any one issuer is in the FHLB at 25%.

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

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, Dallas County Community College District, School Equalization Fund, City of Dallas, City of Addison, City of Balch Springs, City of Carrollton, City of Cedar Hill, Cedar Hill Independent School District (ISD), City of Cockrell Hill, City of Duncanville, Duncanville ISD, Dallas ISD, County Education District (CED) of the Duncanville ISD, City of Farmers Branch, Fairway Bend Public Improvement District, City of Grand Prairie, Grand Prairie ISD and CED, City of Highland Park, Highland Park ISD and CED, City of Hutchins, Irving Flood Control Districts I and III, City of Lancaster, Lancaster ISD and CED, City of Rowlett, City of Sachse, City of Seagoville, Levee Districts 4 and 14, City of University Park, Westchester Public Improvement District, and City of Wilmer. The County and District are the only entities controlled by the Commissioners Court. The County collects and distributes property taxes of the other entities as authorized by V.T.C.A., 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 which taxes are collected. Tax collections deposited for the County are distributed on a monthly basis to the following funds: General, Debt Service, Major Projects, and Non-Major 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.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

IV. PROPERTY TAXES AND OTHER RECEIVABLES (Continued)

The County participates in several Tax Increment Finance (TIF) Districts at various percentage participation levels. In the fiscal year ended September 30, 2007, the County either financially participated in or had authorization to participate in 11 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 and unearned revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Under GASB 33, "Accounting and Financial Reporting for Non-exchange Transactions," property taxes are an imposed non-exchange revenue. Assets from imposed non-exchange transactions are recorded when the entity has an enforceable legal claim to the asset or when the entity receives resources, whichever comes first. The enforceable legal claim date for property taxes is the assessment date as designated in the enabling legislation. The County has a valid lien on January 1 with property assessed at the tax rate adopted prior to the fiscal year-end. Therefore, the County has recorded a receivable, deferred and unearned revenue for taxes assessed as of year-end but will be collected in the subsequent fiscal year. At the end of the current fiscal year, the various components of deferred and unearned revenue reported in the governmental funds were as follows:

<u>Deferred and Unearned arising from</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Major Projects</u>	<u>Major Grants</u>	<u>Other Non- Major Governmental</u>	<u>Total</u>
Property Taxes	\$ 271,521	\$ 30,876	\$ 41,414	\$ ---	\$ 23,051	\$ 366,862
Other Receivables and Accrued Interest	6,576	---	---	---	5,664	12,240
Unavailable and Unearned	---	---	---	3,440	---	3,440
Deferred and Unearned – Fund Basis	<u>\$ 278,097</u>	<u>\$ 30,876</u>	<u>\$ 41,414</u>	<u>\$ 3,440</u>	<u>\$ 28,715</u>	382,542
Property Taxes						(4,607)
Other Receivables and Accrued Interest						(13,270)
Unearned – Government-wide						<u>\$ 364,665</u>

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

The County is authorized by the tax laws of the State of Texas to levy taxes up to \$.80 per \$100 of assessed valuation for general governmental services and the payment of principal and interest on certain permanent improvement long-term debt. The tax rate adopted September 2006 for tax year 2007 was \$.2139 per \$100 of assessed value.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

IV. PROPERTY TAXES AND OTHER RECEIVABLES (Continued)

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

	<u>General</u>	<u>Debt Service</u>	<u>Major Projects</u>	<u>Other Non-Major Governmental</u>	<u>Total</u>
Receivables:					
Property taxes	\$ 293,114	\$ 34,580	\$ 44,222	\$ 24,428	\$ 396,344
Less allowance for uncollectible property taxes	(21,596)	(3,581)	(2,657)	(1,377)	(29,211)
Accounts	12,461	-	-	6,655	19,116
Net total receivables	<u>\$ 283,979</u>	<u>\$ 30,999</u>	<u>\$ 41,565</u>	<u>\$ 29,706</u>	<u>\$ 386,249</u>

Discretely Presented Component Unit – Receivables as of September 30, 2007:

	<u>Parkland Hospital</u>	<u>Parkland Foundation</u>	<u>Total</u>
Receivables:			
Property taxes	\$ 24,055	\$ -	\$ 24,055
Patient accounts	74,968	-	74,968
Intergovernmental	1,584	-	1,584
Other	55,368	4,473	59,841
Gross Receivables	<u>155,975</u>	<u>4,473</u>	<u>160,448</u>
Less allowance for uncollectibles:			
Property taxes	(14,624)	-	(14,624)
Patient accounts	(14,574)	-	(14,574)
Total allowance for uncollectibles	<u>(29,198)</u>	<u>-</u>	<u>(29,198)</u>
Net total receivables	<u>\$ 126,777</u>	<u>\$ 4,473</u>	<u>\$ 131,250</u>

Discretely Presented Component Unit

The District received approximately 29% of its total revenues in 2007 from property taxes. All of these funds were used to support operations. The District paid the County a nominal percentage based fee for collecting its property taxes. Current taxes are collected beginning in October of each year and become delinquent after January 31. Property tax revenue is recognized in the year for which taxes are levied.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

V. CAPITAL ASSETS

Primary Government

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

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	\$ 23,318	\$ 1,593	\$ ---	\$ 24,911
Construction in progress	58,392	54,162	(17,774)	94,780
Infrastructure	28,554	---	(741)	27,813
Total capital assets, not being depreciated	<u>110,264</u>	<u>55,755</u>	<u>(18,515)</u>	<u>147,504</u>
Capital assets, being depreciated:				
Buildings	437,679	16,583	(4,526)	449,736
Machinery and equipment	77,897	11,564	(3,617)	85,844
Total capital assets being depreciated	<u>515,576</u>	<u>28,147</u>	<u>(8,143)</u>	<u>535,580</u>
Less accumulated depreciation for:				
Buildings	(180,086)	(7,666)	1,335	(186,417)
Machinery and equipment	(46,575)	(8,985)	3,351	(52,209)
Total accumulated depreciation	<u>(226,661)</u>	<u>(16,651)</u>	<u>4,686</u>	<u>(238,626)</u>
Total capital assets, being depreciated, net	<u>288,915</u>	<u>11,496</u>	<u>(3,457)</u>	<u>296,954</u>
Governmental activities capital assets, net	<u>\$ 399,179</u>	<u>\$ 67,251</u>	<u>\$ (21,972)</u>	<u>\$ 444,458</u>

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

Governmental Activities:	
General government	\$ 5,613
Public safety	4,931
Health	153
Highways and streets	1,014
Public welfare	2,638
Education	88
Library	10
Judicial	2,204
Total depreciation expense	<u>\$ 16,651</u>

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

V. CAPITAL ASSETS (Continued)

Discretely Presented Component Unit

Capital assets are recorded at cost or, if donated, fair market value at the date of receipt. Costs of major renewals and betterments, that extend useful lives, are capitalized while maintenance and repairs are charged to current operations. Disposals are removed at carrying cost, less accumulated depreciation, with any resulting gain or loss included in expense in the accompanying Statement of Activities. Depreciation is recorded on the straight-line method over the estimated useful lives of the assets. Estimated useful lives for buildings are 10 to 40 years and 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.

FY2007 depreciation expense for the District was \$34,998.

Capital assets at September 30, 2007 for the District are summarized as follows:

Discretely Presented Component Unit

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 37,378	\$ 2,583	\$ (1,511)	\$ 38,450
Construction in progress	50,661	33,190	(53,832)	30,019
Total capital assets, not being depreciated	<u>88,039</u>	<u>35,773</u>	<u>(55,343)</u>	<u>68,469</u>
Capital assets, being depreciated:				
Buildings	331,174	40,322	(214)	371,282
Machinery and equipment	242,854	19,818	(5,592)	257,080
Total capital assets being depreciated	<u>574,028</u>	<u>60,140</u>	<u>(5,806)</u>	<u>628,362</u>
Less accumulated depreciation for:				
Buildings	(241,870)	(23,216)	---	(265,086)
Machinery and equipment	(159,372)	(11,782)	5,130	(166,024)
Total accumulated depreciation	<u>(401,242)</u>	<u>(34,998)</u>	<u>5,130</u>	<u>(431,110)</u>
Total capital assets, being depreciated, net	<u>172,786</u>	<u>25,142</u>	<u>(676)</u>	<u>197,252</u>
Capital assets, net	<u>\$ 260,825</u>	<u>\$ 60,915</u>	<u>\$ (56,019)</u>	<u>\$ 265,721</u>

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

VI. LONG-TERM DEBT

Primary Government

The County did not issue new long term debt for year ended September 30, 2007. The following are General Obligation, Certificates of Obligation (COs) and Revenue Bonds outstanding at September 30, 2007:

<u>Description</u>	<u>Interest Rates (%)</u>	<u>Year of Issue</u>	<u>Year of Maturity</u>	<u>Original Amount of Debt</u>	<u>Bonds Out-standing</u>
Road Refunding Bonds, Series 1993A:					
Current Interest Bonds	5.25	1993	2009	\$ 57,195	\$3,465
Permanent Improvement Bonds 1993B	5.25	1993	2009	51,775	4,905
Road Refunding Bonds, Series 1997:					
Current Interest Bonds	4.625-4.75	1997	2009	15,120	3,140
Permanent Improvement Refunding Bonds, Series 1997A	4.625-4.75	1997	2009	20,700	3,350
Road Bonds, Series 2000	4.875-5.0	2000	2010	35,000	5,250
Permanent Improvement, Refunding Bonds Series 2000B	5.5	2000	2008	21,270	1,720
Road Refunding Bonds, Series 2001A:					
Current Interest Bonds	4.0-5.5	2001	2021	73,160	56,570
Permanent Improvement Refunding Bonds Series 2001B	4.0-4.5	2001	2012	9,460	5,870
Series 2003 Tax Notes	4.0	2003	2008	21,600	4,320
Combination Tax and Parking Garage Revenue Certificates of Obligation Series 2004	3.0-5.25	2004	2025	16,145	15,110
Unlimited Tax Refunding Bonds, Series 2005					
Current Interest Bonds	3.0-5.25	2005	2020	21,270	20,885
Capital Appreciation Bonds	3.87-4.05	2005	2012	2,827	3,101
Combination Tax and Parking Garage Revenue Certificates of Obligation Series 2006	4.0-5.00	2006	2016	63,220	58,990
Subtotal					186,676
Premium on Debt					3,823
Total					<u>\$190,499</u>

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

VI. LONG-TERM DEBT (Continued)

Arbitrage Rebate Liabilities

The Tax Recovery Act of 1986 established regulations for rebate to the federal government of arbitrage earnings on certain local governmental bonds issued after December 31, 1985, and all local governmental bonds issued after August 31, 1986. Issuing governments must calculate any rebate due on an annual basis and remit the amount due at least every five years. The County's rebate amount, which is recorded as a liability in government fund financial statements and in governmental activities on the government-wide financial statements for bonds issued between 1994 – 2004 was \$12 at September 30, 2007.

Changes in Long-Term Debt

Long-term debt for the year ended September 30, 2007 was as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and COs	\$ 221,723	\$ 359	\$ 31,583	\$ 190,499	\$ 27,915
Claims and judgments	3,000	1,500	1,500	3,000	1,000
Compensated absences	22,043	26,993	25,956	23,080	20,622
Workers compensation	6,515	3,263	1,858	7,920	3,000
Total	<u>\$ 253,281</u>	<u>\$ 32,115</u>	<u>\$ 60,897</u>	<u>\$ 224,499</u>	<u>\$ 52,537</u>

General Obligation Bonds Advance Refundings

In prior years, the County refunded general obligation bonds by placing amounts in irrevocable trusts. The balance of outstanding refunded bonds at September 30, 2007 was \$17,500. The County is in compliance with all significant restrictions contained in the various bond indentures.

Capital Appreciation Bonds

Capital appreciation bonds, which accrue and compound interest from their date of delivery to maturity, consist of Unlimited Tax Refunding Bonds, Series 2005 with an original maturity of \$2,827 and a current maturity of \$3,101. The total amount accreted during the year including bonds paid during the year was \$359.

Conduit Debt

The Housing Finance Corporation issues single family revenue bonds to provide financial assistance to qualified homeowners. As of September 30, 2007, \$25 principal in single family revenue bonds was outstanding. 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, 2007
(in thousands of dollars)

VI. LONG-TERM DEBT (Continued)

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>
2008	\$27,915	\$8,902
2009	19,955	7,583
2010	17,355	6,625
2011	17,355	6,069
2012	17,451	5,394
2013 – 2017	64,725	14,349
2018 – 2022	17,840	3,374
2023 – 2025	4,080	428
Total	<u>\$186,676</u>	<u>\$52,724</u>

The Debt Service Fund has \$7,631 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.

VII. INTERFUND RECEIVABLES, PAYABLE BALANCES AND TRANSFERS

Primary Government

The composition of interfund balances as of September 30, 2007 is as follows:

Due to/from other funds:

Receivable fund	Payable fund	Amount
General	Major projects	\$ 781
Debt service	General	510
Internal service	General	555
General	Major grants	28
Internal service	Other non-major governmental	20
General	Other non-major governmental	<u>2</u>
Totals		\$ <u>1,896</u>

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

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

The “due to” the General Fund represents a reimbursement from the Major Projects Fund for administrative expenses associated with Public Works. The “due to” the Internal Service Fund from the General Fund and other non-major governmental funds in effect moved the health insurance liability to the Internal Service Fund. The “due to” the Debt Service Fund represents a transfer of parking revenue receipts pledged to secure outstanding bonds.

	<u>Transfer In:</u>				
	<u>General Fund</u>	<u>Debt Service</u>	<u>Major Projects</u>	<u>Major Grants</u>	<u>Total</u>
Transfer out:					
General fund	\$ ---	\$ 842	\$ ---	\$ 4,075	\$ 4,917
Major projects	3,402	---	---	---	3,402
Non-major governmental funds	<u>29,702</u>	<u>---</u>	<u>33,728</u>	<u>---</u>	<u>63,430</u>
Totals	<u>\$ 33,104</u>	<u>\$ 842</u>	<u>\$ 33,728</u>	<u>\$ 4,075</u>	<u>\$ 71,749</u>

The majority of the \$29,702 transfers from Non-Major Governmental Funds to the General Fund were transfers from the Road and Bridge Fund. Those transfers totaled \$32,797 and were primarily from vehicle registration fees, criminal fines, and forfeitures collected by the Road and Bridge Fund. Funds transferred were to support traffic and transportation related expenditures.

In fiscal year 2006, \$65,416 (including premium of \$2,196) of bonded debt was issued by the County with the proceeds deposited into a Capital Project Fund which is combined with Non-Major Governmental Funds. In fiscal year 2007, \$30,000 was transferred from this Capital Project Fund into the Major Projects Fund to fund two building projects. Those projects were an expansion of the County’s jail and construction of a Forensic Sciences building.

PAYABLES

Primary Government – Approximately 28% of the \$50,803 balance in accounts payable at September 30, 2007 represents accrued payroll liabilities with the balance being payable to vendors and contractors.

Discretely Presented Component Unit – Accounts payable and other current liabilities in the Statement of Net Assets includes accounts payable to vendors of \$52,000, \$48,000 related to the Affiliation Agreements discussed in Note XI, Health Plan reserves for incurred but unreported claims of \$55,384, accrued payroll of \$41,500, employee healthcare liabilities of \$3,500, other employee benefits of \$6,000, and other liabilities of \$616.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

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 non-traditional 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 options available in Texas state statutes (TCDRS Act) governing TCDRS. Members employed by the 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 combined ten years of employment with any organization(s) with an accredited plan (not just the County) but must leave their accumulated contributions in the plan to receive any employer-financed benefit.

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

(b) Funding Policy

The County has chosen a fixed rate plan under the provisions of the TCDRS Act. County employees with 1,000 or more hours of service a year are members of the plan. The plan is funded by monthly contributions from both the County and its employees based on the covered payroll of employee members. Under the TCDRS Act, the regular 8.5% contribution rate of the County is a fixed percent matched by a 7% contribution rate payable by employee members as adopted by the Commissioners Court. The regular contribution rate of the County is one of the rates that can be adopted in accordance with the TCDRS Act. The financing objective for the plan is to provide benefits for the employee members that can be adequately financed by a fixed employer contribution rate that remains level as a percent of covered payroll. Employee and County contribution rates may be changed by the Commissioners Court with options available in the TCDRS Act. If a plan has had adverse experience, the TCDRS Act provisions allow an employer to contribute a fixed supplemental contribution rate determined by the TCDRS actuary above the regular rate for 30 years or to reduce benefits earned in the future.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

VII. RETIREMENT COMMITMENTS (Continued)

(c) Annual Pension Cost

For the year ended September 30, 2007, the County's annual pension cost and actual contributions for the TCDRS plan was \$25,342. The annual required contributions were in compliance with GASB Statement No. 27 parameters based on the actual actuarial valuations as of December 31, 2004, 2005 and 2006, which is the basis for assessing the adequacy of the financing arrangement beginning with the contribution rates for calendar years 2006 and 2007. The December 31, 2006 actuarial valuation is the most recent valuation.

Actuarial Valuation Information

Actuarial valuation date	December 31, 2004	December 31, 2005	December 31, 2006
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	16.3 years	23.2 years	9.9 years
Asset valuation method	Long-term appreciation with adjustments	Long-term appreciation with adjustments	¹ SAF: 10 years smoothed value ² ESF: Fund value
Actuarial Assumptions:			
Investment return	8.0%	8.0%	8.0%
Projected salary increases	5.5%	5.3%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

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

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

Annual Pension Cost

<u>Accounting Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2007	\$ 25,342	100%	—
September 30, 2006	22,758	100%	—
September 30, 2005	19,927	100%	—

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 a committee appointed by the Board of Managers of the District. The annual payroll for employees covered by the Plan as of January 1, 2007, was approximately \$331,000. For the year ended September 30, 2007, the District's total payroll was approximately \$445,000.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

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

Employees attaining the age of 65 who have completed five or more years of service are entitled to annual benefits of 1.3% of their final average annual earnings for each year of service prior to 1982 plus 2.5% of their final average earnings for each year of service after 1981 up to a maximum of 60% of final average earnings, subject to IRS limitations. The Plan permits early retirement, for which the participant is eligible for a reduced benefit at age 55, provided the employee has completed five years of service.

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

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

Significant actuarial assumptions used include: a) a rate of return on the investment of present and future assets of 8.25% per year, compounded annually; b) projected salary increases of 4%; c) an inflation rate of 3%; and, d) the assumption that benefits will not increase after retirement. The amortization method used is the level percentage of projected payroll, open, over a period of 30 years. The actuarial value of assets is equal to a 5 year rolling phase-in of the excess of actual investment income over expected investment income, based on the market value.

Annual Pension Cost

<u>Accounting Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension (Asset)</u>
December 31, 2006	\$ 9,276	178.0%	\$ (18,684)
December 31, 2005	9,896	207.2	(11,401)
December 31, 2004	9,854	118.4	(796)

During the year ended September 30, 2007, \$16,700 of employee contributions were made in accordance with the established contribution requirements described above. The District contributed \$21,900 to the Plan during the year ended September 30, 2006, in accordance with contribution requirements determined by the January 1, 2006, actuarial valuation. The District contributed approximately \$16,900 to the Plan during the year ended September 30, 2007 in accordance with contribution requirements determined by the January 1, 2007 actuarial valuation. Of this amount, approximately \$9,600 was the annual required contribution during fiscal year 2006. The 2007 contributions of \$10,200 were for amortization of the unfunded actuarial accrued

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

liability and represent 3.3% of covered payroll for the year. Three-year historical trend information presenting the progress in accumulating sufficient assets to pay benefits when due is presented on page 78 based on the Plan's year-end of December 31.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. This report may be obtained by writing to the District's benefit office. At January 1, 2007, 2006 and 2005, actuarial value of assets were sufficient to fund 93.3%, 89.5%, and 85.4%, respectively, of the actuarial accrued liability (AAL). The assets less than the actuarial accrued liability as of January 1, 2007, 2006 and 2005, represented (8.3)%, (13.9)%, and (18.6)% of the annual payroll for employees covered for the District's 2007, 2006 and 2005 Plan fiscal years, respectively.

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, 2007, was approximately \$369,000; the District's total payroll was approximately \$445,000. Eligible employees can choose to contribute from 2% to 20% of their base salaries. The District will match employees' contributions 100%, up to 6% of their base salaries. Employees are fully vested at all times in their voluntary contributions plus earnings thereon. Vesting in the District's matching contributions is based on years of service. After one year of service, employees vest at the rate of 20% per year for five years. Should an employee terminate prior to vesting completely in the District's contributions, the unvested portion can be used to reduce the District's matching contributions in the aggregate in the following year. Contributions for the year ended September 30, 2007 were approximately \$13,200 from the District and \$23,100 from employees, or 6.3% of covered payroll. The required contribution by the District for 2007 has been reduced by \$1,400 representing forfeitures of prior District contributions and related investment income for non-vested amounts of employees withdrawing from the Plan upon termination. Contributions for the year ended September 30, 2006 were approximately \$10,800 from the District and \$18,900 from employees, or 5.7% of covered payroll. The required contribution by the District for 2006 has been reduced by \$927, representing forfeitures of prior District contributions and related investment income for non-vested amounts of employees withdrawing from the Plan upon termination.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

IX. LEASES

Primary Government

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

<u>Years Ending September 30,</u>	<u>Amount</u>
2008	\$ 1,290
2009	1,262
2010	1,131
2011	386
2012	230
2013	136
2014	136
2015	138
2016	138
2017	138
Total	<u>\$ 4,985</u>

Rental expense for all County operating leases was approximately \$1,327 for the year ended September 30, 2007.

Discretely Presented Component Unit

The District leases facilities 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, 2007, future minimum rental payments applicable to the operating leases are as follows:

<u>Years Ending September 30,</u>	<u>Amount</u>
2008	\$ 2,446
2009	2,196
2010	1,423
2011	948
2012	367
2013-2015	328
Total	<u>\$ 7,708</u>

Rental expense for all operating leases was approximately \$4,600 for the year ended September 30, 2007.

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 space are carried at a cost of \$1,400 and \$8,900 respectively. The accumulated depreciation on the parking space is \$7,500 at September 30, 2007.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

IX. LEASES (Continued)

Minimum future rentals to be received under operating leases at September 30, 2007 are as follows:

<u>Years Ending September 30,</u>	<u>Amount</u>
2008	\$ 1,895
2009	726
2010	536
2011	420
2012	144
2013-2017	697
2018-2022	605
2023-2027	605
2028-2032	589
2033-2037	458
2038-2042	196
2043-2047	196
2048-2052	196
2053-2057	196
2058-2062	196
2063-2067	196
2068-2072	196
2073-2077	196
2078-2082	196
2083-2087	173
Total	\$ <u>8,612</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 Office of County Tax Assessor Collector and the Office of County Treasurer), and any and all other claims asserted by employees and/or third parties against the County arising out of the normal conduct of County business. The County has chosen to be a reimbursing employer under the unemployment compensation program administered by the Texas Employment Commission.

The County purchased third-party vehicle insurance for Auto Theft Taskforce grants. Specific property insurance is purchased to mitigate certain risks. Property insurance limits include buildings at \$1,000; boiler and machinery; data election and radio equipment; and builders risk for certain construction projects. Current premium reflects a rate of \$0.028 per \$1 of insurance.

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

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

X. RISK MANAGEMENT (Continued)

injuries. The liability is recognized in the Internal Service Fund. The third-party administrator for the program monitors the filing of claims, verifies the legitimacy and processes payments to injured employees.

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

Premiums are paid into the Internal Service Fund by all other governmental funds for medical insurance programs. Contracted insurance providers receive disbursements based on monthly enrollment and premium calculations. Funds are available to pay claims, claim reserves and administrative costs of the programs. During FY 2007, a total of \$49,751 was paid in third-party premiums, claims and administrative costs. The medical claims liability includes an estimate of \$3,174 of incurred but not reported claims for self-insurance programs. The County has specific deductible stop loss coverage of \$375 and aggregating specific deductible of \$140 for the fiscal year ended September 30, 2007.

Changes in the medical and workers' compensation claims liability amounts in fiscal years 2007 and 2006 follow:

	<u>Beginning Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Ending Liability</u>
2007 Medical	\$ 2,116	\$ 49,079	\$ 47,703	\$ 3,492
2006 Medical	3,345	40,270	41,499	2,116
2007 Workers' Compensation	6,515	3,263	1,858	7,920
2006 Workers' Compensation	8,321	2,639	4,445	6,515

Discretely Presented Component Unit

The liabilities described below as of September 30, 2007 are based on requirements that a liability for claims be reported if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These liabilities include estimates for both reported claims and incurred but not reported claims. As a result of settled claims, the frequency of new claims and other economic and social factors, claims liabilities are reevaluated periodically.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

X. RISK MANAGEMENT (Continued)

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 current and non-current 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 3.63% 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 amount of the estimated liability is derived from a claims modeling system. To obtain coverage, employees authorize payroll withholding to pay the employee portion of contributions for individual and dependent coverage. Claims are paid by a third-party administrator acting on behalf of the District. The administrative contract between the District and the third-party administrator is renewable annually, and administrative fees are included in the contractual provisions. The reserves for this liability are included in accounts payable and other current liabilities in the Statement of Net Assets.

Workers' Compensation Liability – The District maintains a self-insurance plan for workers' compensation benefits, managed by a third-party administrator. The District records estimated self-insurance costs for workers' compensation as current liabilities. The amount provided for the estimated liability is based on studies prepared by an independent actuary for settlement of claims. The funding is discounted at a 3.63% annual rate. These reserves are included in accounts payable and other current liabilities in the Statement of Net Assets.

The Health Plan Reserves for Incurred but Unreported Claims – The Health Plan provides reserves for estimated incurred but unreported physician, hospital and pharmacy services rendered to members enrolled in the Health Plan during the period. These reserves are estimated by the use of completion factors applied to historical lag patterns and cost trends. Medical cost adjustments to prior-period estimates are reflected in the current period, and changes in these estimate adjustments could be significant. These reserves are included in accrued liabilities in the Statement of Net Assets.

Changes in the hospital professional liability and general liability, employee health care benefit liability, workers' compensation liability, and Health Plan incurred but unreported claim liability, amounts in fiscal 2007 and 2006 were as follows:

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

X. RISK MANAGEMENT (Continued)

	<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:				
2007	\$ 4,268	\$ 1,287	\$ (1,885)	\$ 3,670
2006	4,574	252	(558)	4,268
Employee health care liability:				
2007	\$ 3,486	\$ 38,607	\$ (38,593)	\$ 3,500
2006	4,000	31,618	(32,132)	3,486
Workers' compensation liability:				
2007	\$ 3,538	\$ 2,461	\$ (1,439)	\$ 4,560
2006	3,885	1,070	(1,417)	3,538
Health Plan incurred but unreported claim liability:				
2007 ⁽¹⁾	\$ 26,143	\$ 268,131	\$ (238,890)	\$ 55,384
2006	22,456	185,873	(182,186)	26,143

⁽¹⁾Increase due to:

^(a)An increase of 22% in claims cost per member, due to the increased acuity in membership (more pregnant women and newborns versus healthy children), especially with the addition of the Children's Health Insurance Program (CHIP) Perinate program, which transitioned emergency Medicaid pregnant women and their children into the District's health plan. The CHIP Perinate program will provide services to the unborn children of low-income women who earn too much money to qualify for Medicaid. The maximum income limit for pregnant women who apply will be 200% of the federal poverty level. Benefits and eligible services in the program will be limited to prenatal care, labor and delivery, and post-partum care associated with the birth of the child. After the birth, the newborn will receive full CHIP Perinate program benefits.

^(b)Higher claims cost per member, due to 4% inflation and 13% higher acuity in membership mix (more pregnant women and newborns versus healthy children, which have lower claims cost per member).

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

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

XI. COMMITMENTS AND CONTINGENCIES (Continued)

and claims in which the County is involved. Based upon the representations of the District Attorney and legal counsel for the Commissioners Court, management believes that potential claims, if any, against the County resulting from such litigation would not materially affect the financial position or operations of the County.

Discretely Presented Component Unit

Litigation

The District is involved in litigation and compliance investigations arising in the normal course of business or as a result of routine internal compliance reviews conducted by District management. In 2005, as a result of such internal compliance reviews and a subsequent submission under the provider self-disclosure protocol (SDP), the District recorded an estimated liability relating to presumed unsupported billings. District management does not believe that there is a reasonable possibility of loss in excess of the amount accrued (see Note XII).

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

Health Information Portability and Accountability Act of 1996

District management believes the Hospital has complied with all of the required provisions of the Health Information Portability and Accountability Act of 1996 (HIPAA) and intends to comply with future requirements of HIPAA as they become effective.

Affiliation Agreements

In 2006, the District and University of Texas Southwestern Medical School (UTSMS) entered into an annual agreement under which UTSMS supervises and directs services to patients of the District, resulting in District expenses of approximately \$88,400.

In September 2006, the Texas Health and Human Services Commission received approval from the federal Centers for Medicare and Medicaid Services (CMS) for a State Plan that authorized supplemental inpatient and outpatient hospital Medicaid payments to "hospitals with an indigent care affiliation agreement with a hospital district or other local government entity". Subsequently, during fiscal 2007, the District entered into an Indigent Care Affiliation Agreement with a number of hospital systems in Dallas County (collectively, the Affiliated Hospitals) for the purpose of participation in the Private Hospital Medicaid Supplemental Payment Program authorized by Medicaid State Plan Amendment (private UPL Program). As a result of this agreement, the District is obligated to make \$83,000 in inter-governmental transfers (IGTs) which are recorded as an

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

XI. COMMITMENTS AND CONTINGENCIES (Continued)

expense in the accompanying Statement of Activities. As of September 30, 2007, the District had remitted \$59,000 million of these IGTs to the State of Texas, and the remaining \$24,000 has been included in the accompanying Statement of Net Assets as an other current liability.

In October 2007, CMS deferred federal funding for the various private UPL Programs in Texas pending the outcome of its review. Because of this deferral, which creates substantial uncertainty regarding the Texas Private UPL Program, the District has not recognized any benefit of the expected expense reduction of \$24,000 that would be realizable if the Texas Private UPL Program were to proceed. The District has reflected this amount as an expense and included this amount in accounts payable and other current liabilities in the accompanying Statements of Activities and Net Assets, respectively.

Additionally, the District has other contracts with UTSMS, Children's Medical Center of Dallas, and Zale Lipshy University Hospital for certain patient and non-patient services to both provide and receive services.

XII. RESTATEMENT OF ACCRUED CONTINGENT LIABILITY – DISCRETELY PRESENTED COMPONENT UNIT

Subsequent to the issuance of the District's 2006 financial statements, District management determined that the estimated liability related to the SDP liability was overstated by approximately \$30,779 at September 30, 2006, arising from the identification of records relating to prior presumed unsupported billings. As a result, net assets as of September 30, 2006 has been restated from the amounts previously reported, reflective of the revised liability. The impact on the net assets as of September 30, 2006 and Statement of Activities of the District for the year ended is summarized below:

	<u>As of September 30, 2006</u>		
	<u>As Previously Reported</u>	<u>As Restated</u>	<u>Adjustment</u>
<u>Statement of Activities</u>			
Net assets as of September 30, 2006	\$ 637,881	\$ 668,660	\$ (30,779)

XIII. NEW ACCOUNTING PRONOUNCEMENTS

GASB 45: Other Post Employment Benefits – The Governmental Accounting Standards Board ("GASB") issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, effective in fiscal year 2008, which establishes standards for the measurement, recognition, and display of other post employment benefits expense/expenditures, related liabilities and note disclosures in the financial statements.

GASB 48: Sales and Pledges of Receivables and Future Revenues – The GASB issued Statement No. 48 ("GASB 48"), *Sales and Pledges of Receivables and Future Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. This Statement is effective for the County beginning in fiscal year 2008. This Statement establishes criteria that governments will use to ascertain whether certain transactions should be regarded as a sale or a

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2007
(in thousands of dollars)

XIII. NEW ACCOUNTING PRONOUNCEMENTS (Continued)

collateralized borrowing. The Statement also requires enhanced disclosures pertaining to future revenues that have been pledged or sold, provides guidance on sales of receivables and future revenues within the same financial reporting entity, and provides guidance on recognizing other assets and liabilities arising from the sale of specific receivables or future revenues.

GASB 49: Pollution Remediation Obligations - The GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which identifies the circumstances under which a governmental entity is required to report a liability related to pollution remediation. This statement is effective for the County beginning in the fiscal year ending September 30, 2009. A government is required to estimate expected outlays for pollution remediation using an "expected cash flows" measurement technique if it knows a site is polluted and if any of the predefined recognition triggers occur. Information about pollution obligations associated with clean up efforts should also be disclosed in the notes to the financial statements.

GASB 50: Pension Disclosures, an Amendment of GASB Statements No. 25 and 27 - This statement more closely aligns the financial reporting requirements for pensions with those for other post-employment benefits (OPEB) and, in so doing, enhances information disclosed in notes to financial statements or presented as required supplemental information (RSI) by pension plans and employers that provide pension benefits. The reporting change is effective for the County beginning in fiscal year ending September 30, 2008.

GASB 51: Accounting and Financial Reporting for Intangible Assets - The statement provides needed guidance regarding how to identify, account for, and report intangible assets. This statement is effective for the County beginning in fiscal year ending September 30, 2010. This statement requires that intangible assets be classified as capital assets (except for those explicitly excluded from the scope of the new standard, such as capital leases). Relevant authoritative guidance for capital assets should be applied to these intangible assets. Specific guidance is provided regarding recognition in the statement of net assets only if considered identifiable; recognizing intangible assets that are internally generated; and, the amortization of intangible assets.

GASB 52: Land and Other Real Estate held as Investments by Endowments - The statement improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. This statement is effective for the County beginning in fiscal year ending September 30, 2009. This statement requires governments performing investment functions similar to endowments (including pension plans, other post employment benefit (OPEB) plans, external investment pools, and Internal Revenue Code Section 457 deferred compensation plans) to report the changes in fair value as investment income. Disclosures include the methods and significant assumptions employed to determine fair value, and to provide other information that they currently present for other investments reported at fair value.

County Management has not yet determined the impact on the County's financial statements which may result from these new accounting pronouncements.

REQUIRED SUPPLEMENTARY
INFORMATION
(UNAUDITED)

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

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended September 30, 2007
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 223,019	\$ 223,019	\$ 222,685	\$ (334)
Licenses and permits	427	427	715	288
Fines and forfeitures	18,157	18,157	15,953	(2,204)
Investment income	10,538	10,538	11,328	790
Rental revenues	3,481	3,481	3,007	(474)
Intergovernmental revenues	6,882	6,882	3,103	(3,779)
Charges for current services	109,445	109,445	108,084	(1,361)
Miscellaneous	6,185	6,185	7,999	1,814
Total revenues	<u>378,134</u>	<u>378,134</u>	<u>372,874</u>	<u>(5,260)</u>
EXPENDITURES:				
General government:				
Salaries	35,924	34,211	33,067	1,144
Allowances	56	63	61	2
Operating	36,182	40,683	33,561	7,122
Property	2,968	3,631	3,231	400
Total general government	<u>75,130</u>	<u>78,588</u>	<u>69,920</u>	<u>8,668</u>
Judicial:				
Salaries	88,640	90,356	88,465	1,891
Allowances	39	109	57	52
Operating	24,449	30,344	29,046	1,298
Property	36	378	379	(1)
Total judicial	<u>113,164</u>	<u>121,187</u>	<u>117,947</u>	<u>3,240</u>
Public Safety:				
Salaries	164,522	180,886	178,842	2,044
Allowances	58	66	58	8
Operating	23,304	26,991	25,706	1,285
Property	1,137	1,750	1,738	12
Total public safety	<u>189,021</u>	<u>209,693</u>	<u>206,344</u>	<u>3,349</u>
Health:				
Salaries	6,500	6,774	6,674	100
Allowances	45	74	73	1
Operating	9,275	8,946	7,042	1,904
Property	-	94	94	-
Total health	<u>15,820</u>	<u>15,888</u>	<u>13,883</u>	<u>2,005</u>

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

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

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended September 30, 2007
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Welfare:				
Salaries	6,754	6,820	\$ 6,483	\$ 337
Allowances	68	75	63	12
Operating	2,799	2,773	2,773	-
Property	97	86	83	3
Total public welfare	<u>9,718</u>	<u>9,754</u>	<u>9,402</u>	<u>352</u>
Reserves	<u>48,889</u>	<u>16,281</u>	<u>-</u>	<u>16,281</u>
Total expenditures	<u>451,742</u>	<u>451,391</u>	<u>417,496</u>	<u>33,895</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(73,608)</u>	<u>(73,257)</u>	<u>(44,622)</u>	<u>28,635</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	29,302	29,302	33,104	3,802
Operating transfers (out)	<u>(6,091)</u>	<u>(6,442)</u>	<u>(4,917)</u>	<u>1,525</u>
Total other financing sources (uses)	<u>23,211</u>	<u>22,860</u>	<u>28,187</u>	<u>5,327</u>
Net change in fund balance	(50,397)	(50,397)	(16,435)	33,962
Fund balance - beginning	56,396	56,396	56,396	-
Fund balance - ending	<u>\$ 5,999</u>	<u>\$ 5,999</u>	<u>\$ 39,961</u>	<u>\$ 33,962</u>

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

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

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended September 30, 2007
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 36,591	\$ 36,591	\$ 36,265	\$ (326)
Investments and rentals	3,454	3,454	5,090	1,636
Miscellaneous	-	-	1,604	1,604
Total revenues	<u>40,045</u>	<u>40,045</u>	<u>42,959</u>	<u>2,914</u>
EXPENDITURES:				
Capital outlay	133,696	133,696	49,411	84,285
Highways and streets	79,250	78,648	12,756	65,892
Total expenditures	<u>212,946</u>	<u>212,344</u>	<u>62,167</u>	<u>150,177</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(172,901)</u>	<u>(172,299)</u>	<u>(19,208)</u>	<u>153,091</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	38,002	38,002	33,728	(4,274)
Transfers (out)	<u>(2,800)</u>	<u>(3,402)</u>	<u>(3,402)</u>	<u>-</u>
Total other financing sources (uses)	<u>35,202</u>	<u>34,600</u>	<u>30,326</u>	<u>(4,274)</u>
Net change in fund balance	(137,699)	(137,699)	11,118	148,817
Fund balance - beginning	84,897	84,897	84,897	-
Fund balance - ending	<u>\$ (52,802)</u>	<u>\$ (52,802)</u>	<u>\$ 96,015</u>	<u>\$ 148,817</u>

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

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

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended September 30, 2007
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 81,527	\$ 81,527	\$ 73,060	\$ (8,467)
EXPENDITURES:				
Judicial	2,647	2,647	2,551	96
Public safety	6,629	6,629	5,626	1,003
Health	28,587	28,587	27,137	1,450
Education	10,301	10,301	10,102	199
Public welfare	35,255	35,255	31,230	4,025
Total expenditures	<u>83,419</u>	<u>83,419</u>	<u>76,646</u>	<u>6,773</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(1,892)</u>	<u>(1,892)</u>	<u>(3,586)</u>	<u>(1,694)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>4,075</u>	<u>4,075</u>	<u>4,075</u>	<u>-</u>
Total other financing sources and (uses)	<u>4,075</u>	<u>4,075</u>	<u>4,075</u>	<u>-</u>
Net change in fund balance	2,183	2,183	489	(1,694)
Fund balance - beginning	5,682	5,682	5,682	-
Fund balance - ending	<u>\$ 7,865</u>	<u>\$ 7,865</u>	<u>\$ 6,171</u>	<u>\$ (1,694)</u>

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

DALLAS COUNTY, TEXAS

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

September 30, 2007

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 not less than 10.5% of budgeted expenditures and may utilize a draw-down of beginning balance only to the extent that such draw-down does not exceed 4% of total General Fund resources. The amounts budgeted in a fiscal year for expenditures in various funds may not exceed the balances in those funds as of the first day of the fiscal year plus any anticipated revenue for the fiscal year as estimated by the County Auditor.

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

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

Each year, all departments submit to the Budget 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 or project within the General Fund and some of the Special Revenue Funds. Grants are budgeted in total and not at the category level. All Debt Service Fund expenditures for principal and interest on long-term debt are considered to be in the operations category. Certain appropriation transfers may be made between categories or departments only with the approval of the Commissioners Court. Other transfers (e.g. court costs) may be authorized by the Budget director. Transfers that were made during fiscal year 2007 did not increase the County’s overall budget. Unencumbered amounts for annually budgeted funds lapse at fiscal year end. The original budgets inclusive of prior period encumbered funds presented in the report are the approved budgets before amendments and transfers. The final budgets presented in this report reflect the budgets as amended for all appropriation transfers processed during the fiscal year. More comprehensive accounting of activity on the budgetary basis is provided in a separate report, which is available for public inspection in the office of the Dallas County Auditor, 509 Main Street, Room 407, Dallas, Texas 75202-3504.

DALLAS COUNTY, TEXAS

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

September 30, 2007

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, 2007
 (in thousands of dollars)

ROADS

A federal highway administration pavement condition rating (PCR) was utilized to assess the condition of the 136.77 lane miles of County roads. District 1 does not have any County roads. The County policy is to maintain roads at a minimum of 2.5 on 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**

<u>Road and Bridge District</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
District 1	--- %	--- %	--- %	--- %	--- %
District 2	97.5	97.5	98.5	100.0	99.4
District 3	97.9	94.4	95.8	97.1	96.8
District 4	100.0	100.0	100.0	100.0	100.0
Overall System	98.5%	95.0%	96.2%	99.03%	98.2%

Comparison of Estimated to Actual Maintenance Costs

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Estimated	\$ 962	\$1,026	\$1,100	\$1,100	\$1,100
Actual	1,238	1,149	1,038	1,340	1,543

DALLAS COUNTY, TEXAS
 Required Supplementary Information
 (Unaudited)
 Infrastructure Assets Under Modified Approach
 September 30, 2007
 (in thousands of dollars)

Bridges

	<u>Rating</u>	<u>Number</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Very good	6.0 – 9.0	35	92%	93%	86%	76%	86%
Good	4.0 – 5.9	3	8	7	14	24	14
Fair	3.0 – 3.9	---	---	---	---	---	---
Poor	0.0 – 2.9	---	---	---	---	---	---
Total		<u>38</u>	<u>100%</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 9.0 (excellent condition) is used to assess each of seven elements of the structure. These include deck, superstructure, substructure, channel, culvert, approaches, and miscellaneous items.

Public Works bridge inventory reported 41 records for the year ending September 30, 2006 and 38 records for the year ending September 30, 2007. Two bridges were annexed by the City of Wilmer, three bridges were transferred to the City of Grand Prairie, and one bridge was closed pending demolition. Three bridges previously not rated by BRINSAP have been updated and rated for the County. Net decrease to infrastructure assets was \$741.

Four bridges replaced in 2006 are assessed at 9.0 pending their first BRINSAP inspection in 2008. The County's policy is to maintain bridges at the 4.0 – 5.9 level. Consistent with County policy, the above chart shows that 92% of the County's bridges are in very good or better condition and the rest are in good condition.

Comparison of Estimated to Actual Maintenance Costs

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Estimated	\$1,348	\$1,000	\$18	\$12	\$12
Actual	337	202	15	12	10

DALLAS COUNTY, TEXAS
 Required Supplementary Information
 (Unaudited)
Primary Government

Schedule of Funding Progress
 for the Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded OAAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll {((b-a)/c)}
December 31, 2004	\$ 665,566	\$ 742,257	\$ (76,691)	89.67%	\$ 234,913	(32.65)%
December 31, 2005	715,013	791,643	(76,630)	90.32	245,948	(31.16)
December 31, 2006	797,277	850,390	(53,113)	93.75	279,800	(18.98)

DALLAS COUNTY, TEXAS
 Required Supplementary Information
 (Unaudited)
Discretely Presented Component Unit

Three-Year Historical Trend Beginning January 1, 2005
 Schedule of Funding Progress of Defined Benefit Pension Plan
 (in thousands of dollars)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded OAAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll {((b-a)/c)}
January 1, 2005	\$ 296,908	\$ 347,772	\$ (50,865)	85.4%	\$ 273,285	(18.6)%
January 1, 2006	338,161	377,881	(39,720)	89.5	285,265	(13.9)
January 1, 2007	383,100	410,600	(27,500)	93.3	331,200	(8.3)

SUPPLEMENTARY INFORMATION

DALLAS COUNTY, TEXAS
NON-MAJOR 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 property 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 property 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. Starting in FY2006, Child Support revenues and expenses are accounted for within the General Fund. The fund balance was transferred to the General Fund in FY2007.

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.

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

DALLAS COUNTY, TEXAS
NON-MAJOR GOVERNMENT FUNDS
SPECIAL REVENUE FUNDS

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 and Parking Garage Revenue, Series 2006 – used to acquire, construct, and equip County jail facilities as a replacement for the Kays Jail facilities and the County's existing Institute of Forensic Sciences building.

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.

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.

DALLAS COUNTY, TEXAS
Combining Balance Sheet
Non-major Governmental Funds
(Unaudited)
September 30, 2007
(in thousands of dollars)

Special Revenue - Continued

						District Attorney		District Attorney Forfeitures			Historical Commission
	Road and Bridge	Permanent Improvement	Law Library	Payroll Fund	Major Technology	HIDTA Federal	Special	Federal	State	Other	
ASSETS											
Cash and investments	\$ 15,317	\$ 970	\$ 710	\$ 3	\$ 7,193	\$ 175	\$ 353	\$ 931	\$ 435	\$ 114	\$ 14
Receivables:											
Taxes - current	-	3,155	-	-	21,273	-	-	-	-	-	-
Less allowance for uncollectible	-	(252)	-	-	(1,125)	-	-	-	-	-	-
Net taxes receivable	-	2,903	-	-	20,148	-	-	-	-	-	-
Accounts	267,869	-	2,345	-	-	-	-	-	-	-	-
Less allowance for uncollectible	(261,525)	-	(2,251)	-	-	-	-	-	-	-	-
Net accounts receivable	6,344	-	94	-	-	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-	-	-	-	-	-
Inventories	391	-	-	-	-	-	-	-	-	-	-
Prepayments and advances	48	-	5	-	-	-	-	-	-	-	-
Total assets	<u>\$ 22,100</u>	<u>\$ 3,873</u>	<u>\$ 809</u>	<u>\$ 3</u>	<u>\$ 27,341</u>	<u>\$ 175</u>	<u>\$ 353</u>	<u>\$ 931</u>	<u>\$ 435</u>	<u>\$ 114</u>	<u>\$ 14</u>
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ 629	\$ 503	\$ 22	\$ -	\$ 2,342	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	2	2	-	-	-	-	-	-	-	-
Due to other governmental units	3,845	-	-	3	-	-	-	-	-	-	-
Deferred and unearned revenue	5,603	2,892	72	-	20,073	-	-	-	-	-	-
Total liabilities	<u>10,077</u>	<u>3,397</u>	<u>96</u>	<u>3</u>	<u>22,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES											
Reserved for encumbrances	457	-	91	-	1,094	-	-	-	-	-	-
Reserved for inventories	391	-	-	-	-	-	-	-	-	-	-
Reserved for prepayments, advances and change funds	48	-	5	-	-	-	-	-	-	-	-
Reserved for HUD Section 8 Grants	-	-	-	-	-	-	-	-	-	-	-
Unreserved	11,127	476	617	-	3,832	175	353	931	435	114	14
Total fund balances	<u>12,023</u>	<u>476</u>	<u>713</u>	<u>-</u>	<u>4,926</u>	<u>175</u>	<u>353</u>	<u>931</u>	<u>435</u>	<u>114</u>	<u>14</u>
Total liabilities and fund balances	<u>\$ 22,100</u>	<u>\$ 3,873</u>	<u>\$ 809</u>	<u>\$ 3</u>	<u>\$ 27,341</u>	<u>\$ 175</u>	<u>\$ 353</u>	<u>\$ 931</u>	<u>\$ 435</u>	<u>\$ 114</u>	<u>\$ 14</u>

DALLAS COUNTY, TEXAS

Combining Balance Sheet
 Non-major Governmental Funds
 (Unaudited)

September 30, 2007
 (in thousands of dollars)

Special Revenue - Continued

	Historical Exhibit	Child Support - Special	Alternative Dispute Resolution	Appellate Justice System	HUD Section 8 Grants	Total
ASSETS						
Cash and investments	\$ 360	\$ -	\$ 747	\$ 628	\$ 5,547	\$ 33,497
Receivables:						
Taxes - current	-	-	-	-	-	24,428
Less allowance for uncollectible	-	-	-	-	-	(1,377)
Net taxes receivable	-	-	-	-	-	23,051
Accounts	75	-	1,671	820	-	272,780
Less allowance for uncollectible	-	-	(1,619)	(730)	-	(266,125)
Net accounts receivable	75	-	52	90	-	6,655
Due from other governmental units	-	-	-	-	49	49
Inventories	-	-	-	-	-	391
Prepayments and advances	-	-	29	-	-	82
Total assets	<u>\$ 435</u>	<u>\$ -</u>	<u>\$ 828</u>	<u>\$ 718</u>	<u>\$ 5,596</u>	<u>\$ 63,725</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 5	\$ -	\$ 3	\$ 25	\$ 91	\$ 3,620
Due to other funds	-	-	-	-	18	22
Due to other governmental units	-	-	-	-	-	3,848
Deferred and unearned revenue	-	-	52	23	-	28,715
Total liabilities	<u>5</u>	<u>-</u>	<u>55</u>	<u>48</u>	<u>109</u>	<u>36,205</u>
FUND BALANCES						
Reserved for encumbrances	-	-	-	-	-	1,642
Reserved for inventories	-	-	-	-	-	391
Reserved for prepayments, advances and change funds	2	-	29	-	-	84
Reserved for HUD Section 8 Grants	-	-	-	-	5,487	5,487
Unreserved	428	-	744	670	-	19,916
Total fund balances	<u>430</u>	<u>-</u>	<u>773</u>	<u>670</u>	<u>5,487</u>	<u>27,520</u>
Total liabilities and fund balances	<u>\$ 435</u>	<u>\$ -</u>	<u>\$ 828</u>	<u>\$ 718</u>	<u>\$ 5,596</u>	<u>\$ 63,725</u>

DALLAS COUNTY, TEXAS
Combining Balance Sheet
Non-major Governmental Funds
(Unaudited)
September 30, 2007
(in thousands of dollars)

Capital Projects - Concluded

	<u>Tax and Revenue</u>	<u>Tax and Parking</u>	<u>Certificates of Obligation</u>	<u>Permanent Improvement</u>	<u>Roads</u>	<u>Total</u>	<u>Total Non-major Governmental Funds</u>
ASSETS							
Cash and investments	\$ 21	\$ 25,009	\$ 379	\$ 1,282	\$ 31,237	\$ 57,928	\$ 91,425
Receivables:							
Taxes - current	-	-	-	-	-	-	24,428
Less allowance for uncollectible	-	-	-	-	-	-	(1,377)
Net taxes receivable	-	-	-	-	-	-	23,051
Accounts	-	-	-	-	-	-	272,780
Less allowance for uncollectible	-	-	-	-	-	-	(266,125)
Net accounts receivable	-	-	-	-	-	-	6,655
Due from other governmental units	-	-	-	-	3,712	3,712	3,761
Inventories	-	-	-	-	-	-	391
Prepayments and advances	-	-	-	-	-	-	82
Total assets	\$ 21	\$ 25,009	\$ 379	\$ 1,282	\$ 34,949	\$ 61,640	\$ 125,365
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2,586	\$ 2,586	\$ 6,206
Due to other funds	-	-	-	-	-	-	22
Due to other governmental units	-	-	-	-	232	232	4,080
Deferred and unearned revenue	-	-	-	-	-	-	28,715
Total liabilities	-	-	-	-	2,818	2,818	39,023
FUND BALANCES							
Reserved for encumbrances	4	-	-	121	13,434	13,559	15,201
Reserved for inventories	-	-	-	-	-	-	391
Reserved for prepayments, advances and change funds	-	-	-	-	-	-	84
Reserved for HUD Section 8 Grants	-	-	-	-	-	-	5,487
Unreserved	17	25,009	379	1,161	18,697	45,263	65,179
Total fund balances	21	25,009	379	1,282	32,131	58,822	86,342
Total liabilities and fund balances	\$ 21	\$ 25,009	\$ 379	\$ 1,282	\$ 34,949	\$ 61,640	\$ 125,365

DALLAS COUNTY, TEXAS
Combining Statements of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
(Unaudited)
For the Year Ended September 30, 2007
(in thousands of dollars)

Special Revenue - Continued

	Road and Bridge	Permanent Improvement	Law Library	Major Technology	District Attorney		District Attorney Forfeitures		
					HIDTA Federal	Special	Federal	State	Other
REVENUES:									
Property taxes	\$ -	\$ 2,595	\$ -	\$ 18,074	\$ -	\$ -	\$ -	\$ -	\$ -
Highway license fees	33,111	-	-	-	-	-	-	-	-
Fines and forfeitures	9,738	-	-	-	-	-	-	-	-
Investment income	768	-	38	521	10	-	42	41	5
Intergovernmental revenues	-	-	-	-	-	-	-	-	-
Charges for current services	818	-	929	-	-	-	-	-	-
Miscellaneous	656	-	-	-	5	395	244	607	69
Total revenues	45,091	2,595	967	18,595	15	395	286	648	74
EXPENDITURES									
Current:									
General government	-	3,790	-	20,554	-	-	-	-	-
Judicial	-	-	949	-	29	468	69	2,014	7
Highways and streets	9,972	-	-	-	-	-	-	-	-
Public welfare	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	9,972	3,790	949	20,554	29	468	69	2,014	7
Excess (deficiency) of revenues over (under) expenditures	35,119	(1,195)	18	(1,959)	(14)	(73)	217	(1,366)	67
OTHER FINANCING SOURCES (USES)									
Transfers (out)	(32,797)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(32,797)	-	-	-	-	-	-	-	-
Net change in fund balance	2,322	(1,195)	18	(1,959)	(14)	(73)	217	(1,366)	67
Fund balance - beginning	9,701	1,671	695	6,885	189	426	714	1,801	47
Fund balance - ending	\$ 12,023	\$ 476	\$ 713	\$ 4,926	\$ 175	\$ 353	\$ 931	\$ 435	\$ 114

DALLAS COUNTY, TEXAS
Combining Statements of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
(Unaudited)
For the Year Ended September 30, 2007
(in thousands of dollars)

Special Revenue - Continued

	Historical Commission	Historical Exhibit	Child Support - Special	Alternative Dispute Resolution	Appellate Justice System	HUD Section 8 Grants	Total
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,669
Highway license fees	-	-	-	-	-	-	33,111
Fines and forfeitures	-	-	-	-	-	-	9,738
Investment income	1	23	-	25	35	-	1,509
Intergovernmental revenues	-	-	-	-	-	26,386	26,386
Charges for current services	-	2,821	-	947	417	-	5,932
Miscellaneous	-	-	-	-	-	-	1,976
Total revenues	<u>1</u>	<u>2,844</u>	<u>-</u>	<u>972</u>	<u>452</u>	<u>26,386</u>	<u>99,321</u>
EXPENDITURES							
Current							
General government	-	2,499	-	-	-	-	26,843
Judicial	-	-	-	395	304	-	4,235
Highways and streets	-	-	-	-	-	-	9,972
Public welfare	-	-	-	-	-	24,732	24,732
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>2,499</u>	<u>-</u>	<u>395</u>	<u>304</u>	<u>24,732</u>	<u>65,782</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1</u>	<u>345</u>	<u>-</u>	<u>577</u>	<u>148</u>	<u>1,654</u>	<u>33,539</u>
OTHER FINANCING SOURCES (USES)							
Transfers (out)	<u>-</u>	<u>(155)</u>	<u>(183)</u>	<u>(168)</u>	<u>(127)</u>	<u>-</u>	<u>(33,430)</u>
Total other financing sources (uses)	<u>-</u>	<u>(155)</u>	<u>(183)</u>	<u>(168)</u>	<u>(127)</u>	<u>-</u>	<u>(33,430)</u>
Net change in fund balance	1	190	(183)	409	21	1,654	109
Fund balance - beginning	13	240	183	364	649	3,833	27,411
Fund balance - ending	<u>\$ 14</u>	<u>\$ 430</u>	<u>\$ -</u>	<u>\$ 773</u>	<u>\$ 670</u>	<u>\$ 5,487</u>	<u>\$ 27,520</u>

DALLAS COUNTY, TEXAS
Combining Statements of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
(Unaudited)
For the Year Ended September 30, 2007
(in thousands of dollars)

Capital Projects - Concluded

	<u>Tax and Revenue</u>	<u>Tax and Parking</u>	<u>Certificates of Obligation</u>	<u>Permanent Improvement</u>	<u>Roads</u>	<u>Total</u>	<u>Total Non-major Governmental Funds</u>
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,669
Highway license fees	-	-	-	-	-	-	33,111
Fines and forfeitures	-	-	-	-	-	-	9,738
Investment income	-	-	-	-	-	-	1,509
Intergovernmental revenues	-	-	-	-	1,395	1,395	27,781
Charges for current services	-	-	-	-	-	-	5,932
Miscellaneous	-	-	-	-	-	-	1,976
Total revenues	-	-	-	-	1,395	1,395	\$ 100,716
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	26,843
Judicial	-	-	-	-	-	-	4,235
Highways and streets	-	-	-	-	-	-	9,972
Public welfare	-	-	-	-	-	-	24,732
Capital outlay	174	-	186	-	9,401	9,761	9,761
Total expenditures	174	-	186	-	9,401	9,761	75,543
Excess (deficiency) of revenues over (under) expenditures	(174)	-	(186)	-	(8,006)	(8,366)	25,173
OTHER FINANCING SOURCES (USES)							
Transfers (out)	-	(30,000)	-	-	-	(30,000)	(63,430)
Total other financing sources (uses)	-	(30,000)	-	-	-	(30,000)	(63,430)
Net change in fund balance	(174)	(30,000)	(186)	-	(8,006)	(38,366)	(38,257)
Fund balance - beginning	195	55,009	565	1,282	40,137	97,188	124,599
Fund balance - ending	\$ 21	\$ 25,009	\$ 379	\$ 1,282	\$ 32,131	\$ 58,822	\$ 86,342

DALLAS COUNTY, TEXAS
 Required Supplementary Information
 Debt Service Fund - County Wide - Fund
 (Unaudited)
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2007
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 28,619	\$ 28,619	\$ 28,824	\$ 205
Investments and rentals	5,000	5,000	5,720	720
Charges for current services	-	-	975	975
Total revenues	<u>33,619</u>	<u>33,619</u>	<u>35,519</u>	<u>1,900</u>
EXPENDITURES:				
Principal	28,551	28,551	30,980	(2,429)
Interest	13,599	13,599	11,170	2,429
Total expenditures	<u>42,150</u>	<u>42,150</u>	<u>42,150</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,531)</u>	<u>(8,531)</u>	<u>(6,631)</u>	<u>1,900</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>1,873</u>	<u>1,873</u>	<u>842</u>	<u>(1,031)</u>
Total other financing sources (uses)	<u>1,873</u>	<u>1,873</u>	<u>842</u>	<u>(1,031)</u>
Net change in fund balance	(6,658)	(6,658)	(5,789)	869
Fund balance - beginning	<u>13,420</u>	<u>13,420</u>	<u>13,420</u>	<u>-</u>
Fund balance - ending	<u>\$ 6,762</u>	<u>\$ 6,762</u>	<u>\$ 7,631</u>	<u>\$ 869</u>

(Continued)

DALLAS COUNTY, TEXAS
Road and Bridge Special Revenue Fund
(Unaudited)
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2007
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Highway license fees	\$ 30,565	\$ 30,565	\$ 33,111	\$ 2,546
Fines and forfeitures	9,817	9,817	9,738	(79)
Investment income	390	390	768	378
Charges for current services	3,166	3,166	818	(2,348)
Miscellaneous	155	155	656	501
Total revenues	<u>44,093</u>	<u>44,093</u>	<u>45,091</u>	<u>998</u>
EXPENDITURES:				
Highways and streets:				
Salaries	6,002	5,848	5,437	411
Allowances	43	43	43	-
Operating	8,291	8,567	4,245	4,322
Property	1,218	1,265	247	1,018
Total highways and streets	<u>15,554</u>	<u>15,723</u>	<u>9,972</u>	<u>5,751</u>
Reserves	2,627	2,458	-	2,458
Total expenditures	<u>18,181</u>	<u>18,181</u>	<u>9,972</u>	<u>8,209</u>
Excess (deficiency) of revenues over (under) expenditures	<u>25,912</u>	<u>25,912</u>	<u>35,119</u>	<u>9,207</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(32,747)</u>	<u>(32,747)</u>	<u>(32,797)</u>	<u>(50)</u>
Total other financing sources (uses)	<u>(32,747)</u>	<u>(32,747)</u>	<u>(32,797)</u>	<u>(50)</u>
Net change in fund balance	(6,835)	(6,835)	2,322	9,157
Fund balance - beginning	<u>9,701</u>	<u>9,701</u>	<u>9,701</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,866</u>	<u>\$ 2,866</u>	<u>\$ 12,023</u>	<u>\$ 9,157</u>

(Continued)

DALLAS COUNTY, TEXAS
 Permanent Improvement Special Revenue Fund
 (Unaudited)
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2007
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 2,609	\$ 2,609	\$ 2,595	\$ (14)
EXPENDITURES:				
General government:				
Property	3,899	3,899	3,790	109
Total expenditures	3,899	3,899	3,790	109
Excess (deficiency) of revenues over (under) expenditures	(1,290)	(1,290)	(1,195)	95
Net change in fund balance	(1,290)	(1,290)	(1,195)	95
Fund balance - beginning	1,671	1,671	1,671	-
Fund balance - ending	\$ 381	\$ 381	\$ 476	\$ 95

(Continued)

DALLAS COUNTY, TEXAS
 Law Library Special Revenue Fund
 (Unaudited)
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2007
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 28	\$ 28	\$ 38	\$ 10
Charges for current services	889	889	929	40
Total revenues	<u>917</u>	<u>917</u>	<u>967</u>	<u>50</u>
EXPENDITURES:				
Judicial:				
Salaries	439	439	425	14
Operating	652	652	522	130
Property	2	2	2	-
Total judicial	<u>1,093</u>	<u>1,093</u>	<u>949</u>	<u>144</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(176)</u>	<u>(176)</u>	<u>18</u>	<u>194</u>
Net change in fund balance	(176)	(176)	18	194
Fund balance - beginning	695	695	695	-
Fund balance - ending	<u>\$ 519</u>	<u>\$ 519</u>	<u>\$ 713</u>	<u>\$ 194</u>

(Continued)

DALLAS COUNTY, TEXAS
Major Technology Special Revenue Fund
(Unaudited)
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2007
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 18,911	\$ 18,911	\$ 18,074	\$ (837)
Investment income	401	401	521	120
Total revenues	<u>19,312</u>	<u>19,312</u>	<u>18,595</u>	<u>(717)</u>
EXPENDITURES:				
General government:				
Property	<u>29,551</u>	<u>29,551</u>	<u>20,554</u>	<u>8,997</u>
Total expenditures	<u>29,551</u>	<u>29,551</u>	<u>20,554</u>	<u>8,997</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,239)</u>	<u>(10,239)</u>	<u>(1,959)</u>	<u>8,280</u>
Net change in fund balance	(10,239)	(10,239)	(1,959)	8,280
Fund balance - beginning	6,885	6,885	6,885	-
Fund balance - ending	<u>\$ (3,354)</u>	<u>\$ (3,354)</u>	<u>\$ 4,926</u>	<u>\$ 8,280</u>

(Continued)

DALLAS COUNTY, TEXAS
Historical Commission Special Revenue Fund
(Unaudited)
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2007
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 1	\$ 1	\$ 1	\$ -
Total revenues	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
EXPENDITURES:				
General government:				
Operating	10	10	-	10
Total expenditures	<u>10</u>	<u>10</u>	<u>-</u>	<u>10</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9)</u>	<u>(9)</u>	<u>1</u>	<u>10</u>
Net change in fund balance	(9)	(9)	1	10
Fund balance - beginning	<u>13</u>	<u>13</u>	<u>13</u>	<u>-</u>
Fund balance - ending	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 14</u>	<u>\$ 10</u>

(Continued)

DALLAS COUNTY, TEXAS
Historical Exhibit Special Revenue Fund
(Unaudited)
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2007
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 26	\$ 26	\$ 23	\$ (3)
Charges for current services	2,776	2,776	2,821	45
Total revenues	<u>2,802</u>	<u>2,802</u>	<u>2,844</u>	<u>42</u>
EXPENDITURES:				
General government:				
Operating	2,666	2,666	2,499	167
Total expenditures	<u>2,666</u>	<u>2,666</u>	<u>2,499</u>	<u>167</u>
Excess (deficiency) of revenues over (under) expenditures	<u>136</u>	<u>136</u>	<u>345</u>	<u>209</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(155)</u>	<u>(155)</u>	<u>(155)</u>	<u>-</u>
Total other financing sources (uses)	<u>(155)</u>	<u>(155)</u>	<u>(155)</u>	<u>-</u>
Net change in fund balance	(19)	(19)	190	209
Fund balance - beginning	<u>240</u>	<u>240</u>	<u>240</u>	<u>-</u>
Fund balance - ending	<u>\$ 221</u>	<u>\$ 221</u>	<u>\$ 430</u>	<u>\$ 209</u>

(Continued)

DALLAS COUNTY, TEXAS
 Child Support Special Revenue Fund
 (Unaudited)
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2007
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Transfers (out)	\$ (183)	\$ (183)	\$ (183)	\$ -
Total other financing sources (uses)	(183)	(183)	(183)	-
Net change in fund balance	(183)	(183)	(183)	-
Fund balance - beginning	183	183	183	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

DALLAS COUNTY, TEXAS
Alternative Dispute Resolution Special Revenue Fund
(Unaudited)
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2007
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 9	\$ 9	\$ 25	\$ 16
Charges for current services	809	809	947	138
Total revenues	<u>818</u>	<u>818</u>	<u>972</u>	<u>154</u>
EXPENDITURES:				
Judicial:				
Salaries	76	76	44	32
Operating	352	352	351	1
Total expenditures	<u>428</u>	<u>428</u>	<u>395</u>	<u>33</u>
Excess of revenues over expenditures	<u>390</u>	<u>390</u>	<u>577</u>	<u>187</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(168)</u>	<u>(168)</u>	<u>(168)</u>	<u>-</u>
Total other financing sources and (uses)	<u>(168)</u>	<u>(168)</u>	<u>(168)</u>	<u>-</u>
Net change in fund balances	222	222	409	187
Fund balances - beginning	364	364	364	-
Fund balances - ending	<u>\$ 586</u>	<u>\$ 586</u>	<u>\$ 773</u>	<u>\$ 187</u>

(Continued)

DALLAS COUNTY, TEXAS
Appellate Justice System Special Revenue Fund
(Unaudited)
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2007
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 30	\$ 30	\$ 35	\$ 5
Charges for current services	338	338	417	79
Total revenues	<u>368</u>	<u>368</u>	<u>452</u>	<u>84</u>
EXPENDITURES:				
Judicial:				
Operating	419	448	304	144
Total judicial	<u>419</u>	<u>448</u>	<u>304</u>	<u>144</u>
Reserves	220	191	-	191
Total expenditures	<u>639</u>	<u>639</u>	<u>304</u>	<u>335</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(271)</u>	<u>(271)</u>	<u>148</u>	<u>419</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(209)</u>	<u>(209)</u>	<u>(127)</u>	<u>82</u>
Total other financing sources (uses)	<u>(209)</u>	<u>(209)</u>	<u>(127)</u>	<u>82</u>
Net change in fund balance	(480)	(480)	21	501
Fund balance - beginning	<u>649</u>	<u>649</u>	<u>649</u>	<u>-</u>
Fund balance - ending	<u>\$ 169</u>	<u>\$ 169</u>	<u>\$ 670</u>	<u>\$ 501</u>

(Continued)

DALLAS COUNTY, TEXAS
 HUD Section 8 Grants Special Revenue Fund
 (Unaudited)
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2007
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 25,433	\$ 25,433	\$ 26,386	\$ 953
EXPENDITURES:				
Public welfare	24,734	24,734	24,732	2
Total expenditures	24,734	24,734	24,732	2
Excess (deficiency) of revenues over (under) expenditures	699	699	1,654	955
Net change in fund balance	699	699	1,654	955
Fund balance - beginning	3,833	3,833	3,833	-
Fund balance - ending	\$ 4,532	\$ 4,532	\$ 5,487	\$ 955

(Concluded)

FIDUCIARY SECTION



DALLAS COUNTY, TEXAS
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 outside control of commissioners court.

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 Agencies 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 Funds - continued

September 30, 2007

(in thousands of dollars)

	<u>Administrative Fund Escrow</u>	<u>Grant Fund Juvenile Probation Commission</u>	<u>Fee Office Funds</u>				<u>Fee Office Funds</u>			<u>Housing Finance Corporation 1993 Refunding</u>
			<u>State Reports</u>	<u>County Clerk</u>	<u>District Clerk</u>	<u>Sheriff</u>	<u>Community Supervision and Corrections</u>	<u>Justices of the Peace</u>	<u>Constables</u>	
Assets:										
Cash and investments	\$ 30,222	\$ 274	\$4,485	\$43,977	\$17,418	\$1,092	\$ 12,560	\$ 2,860	\$ 75	\$ 415
Accrued interest	-	-	-	-	-	-	7	-	-	-
Restricted assets	8,803	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 39,025</u>	<u>\$ 274</u>	<u>\$4,485</u>	<u>\$43,977</u>	<u>\$17,418</u>	<u>\$1,092</u>	<u>\$ 12,567</u>	<u>\$ 2,860</u>	<u>\$ 75</u>	<u>\$ 415</u>
Liabilities:										
Due to other governmental units and others	\$ 39,025	\$ 274	\$4,485	\$43,977	\$17,418	\$1,092	\$ 12,567	\$ 2,860	\$ 75	\$ 415
Total liabilities	<u>\$ 39,025</u>	<u>\$ 274</u>	<u>\$4,485</u>	<u>\$43,977</u>	<u>\$17,418</u>	<u>\$1,092</u>	<u>\$ 12,567</u>	<u>\$ 2,860</u>	<u>\$ 75</u>	<u>\$ 415</u>

DALLAS COUNTY, TEXAS

Combining Statement of Fiduciary Assets and Liabilities- Agency Funds - continued

September 30, 2007

(in thousands of dollars)

	Departmental Special Funds					District Attorney Forfeiture Funds				Total
	Juvenile Department Child Support	Housing Finance Corporation - 1994 Refunding	Community Supervision and Corrections Special	Youth Village	Tax Assessor - Collector	Police Agencies	Attorney General	Gambling	Narcotics	
Assets:										
Cash and investments	\$ 343	\$ 1,760	\$ 1,324	\$ 1	\$ 56,000	\$ 30	\$ 28	\$ 46	\$ 121	\$ 173,031
Accrued interest	-	-	-	-	-	-	-	-	-	7
Restricted assets	-	-	-	-	-	-	-	-	-	8,803
Total assets	<u>\$ 343</u>	<u>\$ 1,760</u>	<u>\$ 1,324</u>	<u>\$ 1</u>	<u>\$ 56,000</u>	<u>\$ 30</u>	<u>\$ 28</u>	<u>\$ 46</u>	<u>\$ 121</u>	<u>\$ 181,841</u>
Liabilities:										
Due to other governmental units and others	\$ 343	\$ 1,760	\$ 1,324	\$ 1	\$ 56,000	\$ 30	\$ 28	\$ 46	\$ 121	\$ 181,841
Total liabilities	<u>\$ 343</u>	<u>\$ 1,760</u>	<u>\$ 1,324</u>	<u>\$ 1</u>	<u>\$ 56,000</u>	<u>\$ 30</u>	<u>\$ 28</u>	<u>\$ 46</u>	<u>\$ 121</u>	<u>\$ 181,841</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds - continued
For the Year Ended September 30, 2007
(in thousands of dollars)

	<u>Balance October 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2007</u>
Administrative Fund - Escrow				
Assets:				
Cash and investments	\$ 27,582	\$ 39,671	\$ 37,031	\$ 30,222
Restricted assets	8,431	817	445	8,803
Total assets	<u>\$ 36,013</u>	<u>\$ 40,488</u>	<u>\$ 37,476</u>	<u>\$ 39,025</u>
Liabilities:				
Due to other governmental units and others - administrative	\$ 36,013	\$ 40,488	\$ 37,476	\$ 39,025
Total liabilities	<u>\$ 36,013</u>	<u>\$ 40,488</u>	<u>\$ 37,476</u>	<u>\$ 39,025</u>
Grant Fund - Juvenile Probation Commission				
Assets:				
Cash and investments	\$ 83	\$ 842	\$ 651	\$ 274
Total assets	<u>\$ 83</u>	<u>\$ 842</u>	<u>\$ 651</u>	<u>\$ 274</u>
Liabilities:				
Accounts payable - grants	\$ 83	\$ 1,499	\$ 1,308	\$ 274
Total liabilities	<u>\$ 83</u>	<u>\$ 1,499</u>	<u>\$ 1,308</u>	<u>\$ 274</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds - continued
For the Year Ended September 30, 2007
(in thousands of dollars)

	<u>Balance</u> <u>October 1,</u> <u>2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30,</u> <u>2007</u>
<hr/> Fee Office Fund - State Reports <hr/>				
Assets:				
Cash and investments	\$ 4,529	\$ 578,504	\$ 578,548	\$ 4,485
Total assets	<u>\$ 4,529</u>	<u>\$ 578,504</u>	<u>\$ 578,548</u>	<u>\$ 4,485</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 4,529	\$ 38,020	\$ 38,064	\$ 4,485
Total liabilities	<u>\$ 4,529</u>	<u>\$ 38,020</u>	<u>\$ 38,064</u>	<u>\$ 4,485</u>
 <hr/> Fee Office Fund - County Clerk <hr/>				
Assets:				
Cash and investments	\$ 26,645	\$ 97,574	\$ 80,242	\$ 43,977
Total assets	<u>\$ 26,645</u>	<u>\$ 97,574</u>	<u>\$ 80,242</u>	<u>\$ 43,977</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 26,645	\$ 97,574	\$ 80,242	\$ 43,977
Total liabilities	<u>\$ 26,645</u>	<u>\$ 97,574</u>	<u>\$ 80,242</u>	<u>\$ 43,977</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds - continued
For the Year Ended September 30, 2007
(in thousands of dollars)

	<u>Balance</u> <u>October 1,</u> <u>2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30,</u> <u>2007</u>
<hr/> Fee Office Fund - District Clerk <hr/>				
Assets:				
Cash and investments	\$ 17,001	\$ 39,426	\$ 39,009	\$ 17,418
Total assets	<u>\$ 17,001</u>	<u>\$ 39,426</u>	<u>\$ 39,009</u>	<u>\$ 17,418</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 17,001	\$ 46,477	\$ 46,060	\$ 17,418
Total liabilities	<u>\$ 17,001</u>	<u>\$ 46,477</u>	<u>\$ 46,060</u>	<u>\$ 17,418</u>
 <hr/> Fee Office Fund - Sheriff <hr/>				
Assets:				
Cash and investments	\$ 1,128	\$ 20,630	\$ 20,666	\$ 1,092
Total assets	<u>\$ 1,128</u>	<u>\$ 20,630</u>	<u>\$ 20,666</u>	<u>\$ 1,092</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 1,128	\$ 15,984	\$ 16,020	\$ 1,092
Total liabilities	<u>\$ 1,128</u>	<u>\$ 15,984</u>	<u>\$ 16,020</u>	<u>\$ 1,092</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds - continued
For the Year Ended September 30, 2007
(in thousands of dollars)

	<u>Balance</u> <u>October 1,</u> <u>2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30,</u> <u>2007</u>
Fee Office Fund -				
Community Supervision and Corrections				
<hr/>				
Assets:				
Cash and investments	\$ 12,044	\$ 36,910	\$ 36,394	\$ 12,560
Accrued interest receivable	13	32	38	7
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 12,057</u>	<u>\$ 36,942</u>	<u>\$ 36,432</u>	<u>\$ 12,567</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 12,057	\$ 36,942	\$ 36,432	\$ 12,567
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>\$ 12,057</u>	<u>\$ 36,942</u>	<u>\$ 36,432</u>	<u>\$ 12,567</u>

Fee Office Fund -				
Justices of the Peace				
<hr/>				
Assets:				
Cash and investments	\$ 2,661	\$ 822	\$ 623	\$ 2,860
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 2,661</u>	<u>\$ 822</u>	<u>\$ 623</u>	<u>\$ 2,860</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 2,661	\$ 822	\$ 623	\$ 2,860
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>\$ 2,661</u>	<u>\$ 822</u>	<u>\$ 623</u>	<u>\$ 2,860</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds - continued
For the Year Ended September 30, 2007
(in thousands of dollars)

	Balance October 1, 2006	Additions	Deductions	Balance September 30, 2007
Fee Office Fund - Constables				
Assets:				
Cash and investments	\$ 156	\$ 2,341	\$ 2,422	\$ 75
Total assets	\$ 156	\$ 2,341	\$ 2,422	\$ 75
Liabilities:				
Due to other governmental units and others - fee office	\$ 156	\$ 2,683	\$ 2,764	\$ 75
Total liabilities	\$ 156	\$ 2,683	\$ 2,764	\$ 75
Departmental Special Fund - Housing Finance Corporation - 1993 Refunding				
Assets:				
Cash and investments	\$ 418	\$ 96	\$ 99	\$ 415
Total assets	\$ 418	\$ 96	\$ 99	\$ 415
Liabilities:				
Due to other governmental units and others - departmental special	\$ 418	\$ 96	\$ 99	\$ 415
Total liabilities	\$ 418	\$ 96	\$ 99	\$ 415

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds - continued
For the Year Ended September 30, 2007
(in thousands of dollars)

	<u>Balance October 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2007</u>
Departmental Special Fund - Juvenile Department Child Support				
<hr/>				
Assets:				
Cash and investments	\$ 428	\$ 3,635	\$ 3,720	\$ 343
Total assets	<u>\$ 428</u>	<u>\$ 3,635</u>	<u>\$ 3,720</u>	<u>\$ 343</u>
Liabilities:				
Due to other governmental units and others - departmental special	\$ 428	\$ 3,635	\$ 3,720	\$ 343
Total liabilities	<u>\$ 428</u>	<u>\$ 3,635</u>	<u>\$ 3,720</u>	<u>\$ 343</u>
 Departmental Special Fund - Housing Finance Corporation - 1994 Refunding				
<hr/>				
Assets:				
Cash and investments	\$ 1,191	\$ 1,211	\$ 642	\$ 1,760
Total assets	<u>\$ 1,191</u>	<u>\$ 1,211</u>	<u>\$ 642</u>	<u>\$ 1,760</u>
Liabilities:				
Due to other governmental units and others - departmental special	\$ 1,191	\$ 1,211	\$ 642	\$ 1,760
Total liabilities	<u>\$ 1,191</u>	<u>\$ 1,211</u>	<u>\$ 642</u>	<u>\$ 1,760</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds - continued
For the Year Ended September 30, 2007
(in thousands of dollars)

	<u>Balance October 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2007</u>
Departmental Special Fund - Community Supervision and Corrections Special				
<hr/>				
Assets:				
Cash and investments	\$ 1,241	\$ 4,544	\$ 4,461	\$ 1,324
Total assets	<u>\$ 1,241</u>	<u>\$ 4,544</u>	<u>\$ 4,461</u>	<u>\$ 1,324</u>
Liabilities:				
Due to other governmental units and others - departmental special	\$ 1,241	\$ 4,971	\$ 4,888	\$ 1,324
Total liabilities	<u>\$ 1,241</u>	<u>\$ 4,971</u>	<u>\$ 4,888</u>	<u>\$ 1,324</u>
 Departmental Special Fund - Youth Village				
<hr/>				
Assets:				
Cash and investments	\$ 1	\$ -	\$ -	\$ 1
Total assets	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>
Liabilities:				
Due to other governmental units and others - departmental special	\$ 1	\$ -	\$ -	\$ 1
Total liabilities	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds - continued
For the Year Ended September 30, 2007
(in thousands of dollars)

	<u>Balance October 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2007</u>
Departmental Special Fund - Tax Assessor and Collector				
Assets:				
Cash and investments	\$ 54,107	\$ 380,220	\$ 378,327	\$ 56,000
Total assets	<u>\$ 54,107</u>	<u>\$ 380,220</u>	<u>\$ 378,327</u>	<u>\$ 56,000</u>
Liabilities:				
Due to other governmental units and others - departmental special	\$ 54,107	\$ 380,220	\$ 378,327	\$ 56,000
Total liabilities	<u>\$ 54,107</u>	<u>\$ 380,220</u>	<u>\$ 378,327</u>	<u>\$ 56,000</u>
District Attorney Forfeiture Funds - Police Agencies				
Assets:				
Cash and investments	\$ 28	\$ 702	\$ 700	\$ 30
Total assets	<u>\$ 28</u>	<u>\$ 702</u>	<u>\$ 700</u>	<u>\$ 30</u>
Liabilities:				
Due to other governmental units and others	\$ 28	\$ 2	-	\$ 30
Total liabilities	<u>\$ 28</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 30</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds - continued
For the Year Ended September 30, 2007
(in thousands of dollars)

District Attorney Forfeiture Funds - Attorney General	Balance October 1, 2006	Additions	Deductions	Balance September 30, 2007
Assets:				
Cash and investments	\$ 6	\$ 22	\$ -	\$ 28
Total assets	<u>\$ 6</u>	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 28</u>
Liabilities:				
Due to other governmental units and others	\$ 6	\$ 22	\$ -	\$ 28
Total liabilities	<u>\$ 6</u>	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 28</u>

District Attorney Forfeiture Funds - Gambling				
Assets:				
Cash and investments	\$ 45	\$ 989	\$ 988	\$ 46
Total assets	<u>\$ 45</u>	<u>\$ 989</u>	<u>\$ 988</u>	<u>\$ 46</u>
Liabilities:				
Due to other governmental units and others	\$ 45	\$ 3	\$ 2	\$ 46
Total liabilities	<u>\$ 45</u>	<u>\$ 3</u>	<u>\$ 2</u>	<u>\$ 46</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds - continued
For the Year Ended September 30, 2007
(in thousands of dollars)

	<u>Balance October 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2007</u>
District Attorney Forfeiture Funds - Narcotics				
<hr/>				
Assets:				
Cash and investments	\$ 128	\$ 44	\$ 51	\$ 121
	<u>\$ 128</u>	<u>\$ 44</u>	<u>\$ 51</u>	<u>\$ 121</u>
Total assets	<u>\$ 128</u>	<u>\$ 44</u>	<u>\$ 51</u>	<u>\$ 121</u>
Liabilities:				
Due to other governmental units and others	\$ 128	\$ 54	\$ 61	\$ 121
	<u>\$ 128</u>	<u>\$ 54</u>	<u>\$ 61</u>	<u>\$ 121</u>
Total liabilities	<u>\$ 128</u>	<u>\$ 54</u>	<u>\$ 61</u>	<u>\$ 121</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds - concluded
For the Year Ended September 30, 2007
(in thousands of dollars)

	<u>Balance October 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2007</u>
Assets:				
Cash and investments	\$ 149,422	\$ 1,208,183	\$ 1,184,574	\$ 173,031
Accrued interest	13	32	38	7
Restricted assets	8,431	817	445	8,803
Total assets	<u>\$ 157,866</u>	<u>\$ 1,209,032</u>	<u>\$ 1,185,057</u>	<u>\$ 181,841</u>
Liabilities:				
Due to other governmental units and others	<u>\$ 157,866</u>	<u>\$ 670,703</u>	<u>\$ 646,728</u>	<u>\$ 181,841</u>
Total liabilities	<u>\$ 157,866</u>	<u>\$ 670,703</u>	<u>\$ 646,728</u>	<u>\$ 181,841</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	116
These schedules contain trend information to aid in understanding how the County's financial performance and well-being have changed over time.	
Revenue Capacity	121
These schedules contain information to aid in assessing the County's most significant local revenue source - property tax.	
Debt Capacity	126
These schedules present information to aid in assessing the County's ability to issue additional debt in the future.	
Demographic and Economic Information	131
These schedules offer demographic and economic indicators to aid in understanding the environment within which the County's financial activities take place.	
Operating Information	133
These schedules contain service and infrastructure data to aid in understanding how the information in the County's financial report relates to services the County provides and the activities it performs.	

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

Table 1

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities						
Invested in capital assets, net of related debt	\$ 285,000	\$ 298,000	\$ 334,983	\$ 318,404	\$ 343,757	\$ 371,524
Restricted	31,395	27,618	24,123	16,584	21,548	59,017
Unrestricted	(74,655)	(56,351)	(31,472)	69,644	91,806	46,414
Total governmental activities net assets	<u>\$ 241,740</u>	<u>\$ 269,267</u>	<u>\$ 327,634</u>	<u>\$ 404,632</u>	<u>\$ 457,111</u>	<u>\$ 476,955</u>

Source: Dallas County Financial Records

Note: Data was not accumulated for presentation prior to implementation of GASB 34 in 2002

DALLAS COUNTY, TEXAS

Table 2

Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)
(in thousands of dollars)
(unaudited)

Expenses	2002	2003	2004	2005	2006	2007
Governmental activities:						
General government	\$ 65,372	\$ 68,466	\$ 71,871	\$ 72,765	\$ 77,465	\$ 99,805
Judicial	98,247	102,611	98,858	102,371	115,244	126,971
Public Safety	167,880	172,274	169,137	172,347	198,138	216,521
Highways and Streets	27,634	21,748	21,143	33,852	29,174	32,955
Health	47,470	39,576	40,506	44,285	45,948	41,590
Education	5,636	5,671	6,461	7,941	9,547	10,189
Public Welfare	51,732	58,871	56,735	61,106	65,908	66,913
Libraries	-	23	60	23	12	10
Interest on long term debt	14,248	11,795	11,534	10,131	9,288	10,599
Total primary government expenses	\$ 478,219	\$ 481,035	\$ 476,305	\$ 504,821	\$ 550,724	\$ 605,553
Program Revenues						
Governmental activities:						
Charges for services:						
General government	\$ 54,577	\$ 48,567	\$ 50,562	\$ 44,371	\$ 50,809	\$ 47,125
Judicial	42,471	44,299	48,633	52,703	58,257	58,164
Public Safety	27,385	20,642	19,928	21,046	20,337	22,845
Highways and Streets	40,050	39,508	36,778	38,954	41,849	42,244
Health	13,954	8,477	6,451	6,193	6,409	6,150
Education	-	-	-	-	-	-
Public Welfare	1,102	1,457	1,400	2,671	2,530	1,134
Libraries	-	-	-	-	-	-
Interest on long term debt	-	-	-	-	-	-
Operating grants and contributions:						
General government	-	-	-	-	-	-
Judicial	1,660	3,415	2,107	3,009	3,330	1,636
Public Safety	4,170	6,259	6,774	4,269	5,977	5,419
Highways and Streets	-	-	-	-	-	-
Health	22,175	19,821	27,067	26,892	26,359	26,472
Education	4,243	8,136	6,019	9,060	9,444	7,879
Public Welfare	40,323	48,019	47,528	44,132	47,706	51,880
Interest on long term debt	-	-	-	-	-	-
Capital grants and contributions:						
General government	-	-	-	-	-	-
Judicial	1,276	17	1,252	-	-	26
Public Safety	61	17	-	-	-	480
Highways and Streets	-	-	-	-	-	-
Health	-	-	564	-	-	-
Education	-	-	-	-	-	-
Public Welfare	1,994	-	5,592	4,192	10,649	5,650
Interest on long term debt	-	-	-	-	-	-
Total governmental activities program revenues	\$ 255,441	\$ 248,634	\$ 260,655	\$ 257,492	\$ 283,656	\$ 277,104
	2002	2003	2004	2005	2006	2007
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes	\$ 236,929	\$ 242,408	\$ 255,324	\$ 267,462	\$ 284,946	\$ 309,560
Alcoholic beverage taxes	9,732	9,778	10,120	10,695	11,129	11,858
Gain on the sale of property	-	-	-	31,203	-	-
Unrestricted grants and contributions	2,281	2,986	4,180	5,243	3,640	3,534
Investment earnings	8,271	4,756	4,393	9,724	19,832	23,341
Total primary government	\$ 257,213	\$ 259,928	\$ 274,017	\$ 324,327	\$ 319,547	\$ 348,293
Change in Net Assets						
Governmental activities	\$ 34,435	\$ 27,527	\$ 58,367	\$ 76,998	\$ 52,479	\$ 19,844
Total primary government	\$ 34,435	\$ 27,527	\$ 58,367	\$ 76,998	\$ 52,479	\$ 19,844

Source: Dallas County Financial Records

Note: Data was not accumulated for presentation prior to implementation of GASB 34 in 2002

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

Table 3

	2002	2003	2004	2005	2006	2007
Property Taxes	\$ 236,929	\$ 242,408	\$ 255,324	\$ 267,462	\$ 284,946	\$ 309,560
Alcoholic beverage / other taxes	9,732	9,778	10,120	10,695	11,129	11,858
Total Taxes	<u>\$ 246,661</u>	<u>\$ 252,186</u>	<u>\$ 265,444</u>	<u>\$ 278,157</u>	<u>\$ 296,075</u>	<u>\$ 321,418</u>

Source: Dallas County Financial Records

Note: Data was not accumulated for presentation prior to implementation of GASB 34 in 2002

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

Table 4

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund										
Reserved	\$ 12,027	\$ 12,594	\$ 11,876	\$ 12,284	\$ 12,065	\$ 11,637	\$ 13,926	\$ 16,925	\$ 12,050	\$ 7,822
Unreserved	46,444	40,478	31,321	30,821	35,245	24,577	41,195	38,857	44,346	32,139
Total general fund	<u>\$ 58,471</u>	<u>\$ 53,072</u>	<u>\$ 43,197</u>	<u>\$ 43,105</u>	<u>\$ 47,310</u>	<u>\$ 36,214</u>	<u>\$ 55,121</u>	<u>\$ 55,782</u>	<u>\$ 56,396</u>	<u>\$ 39,961</u>
All governmental funds										
Reserved	\$ 20,867	\$ 22,396	\$ 12,635	\$ 18,700	\$ 26,345	\$ 33,404	\$ 48,856	\$ 39,364	\$ 40,519	\$ 107,960
Unreserved reported in:										
Debt Service	21,397	19,693	17,047	17,567	14,461	12,181	5,484	7,369	13,420	7,631
Major Projects	62,349	41,498	62,202	76,934	33,267	31,056	12,440	53,696	65,709	6,091
Grants Funds	-	-	-	-	-	1,054	4,950	6,780	6,437	9,298
Special Revenue	27,279	30,817	38,630	53,458	84,921	102,188	93,455	62,004	102,513	65,179
Total all other governmental funds	<u>\$ 131,892</u>	<u>\$ 114,404</u>	<u>\$ 130,514</u>	<u>\$ 166,659</u>	<u>\$ 158,994</u>	<u>\$ 179,883</u>	<u>\$ 165,185</u>	<u>\$ 169,213</u>	<u>\$ 228,598</u>	<u>\$ 196,159</u>

Source: Dallas County Financial Records

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

Table 5

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Property taxes	\$ 179,592	\$ 189,660	\$ 203,738	\$ 219,273	\$ 236,929	\$ 242,408	\$ 255,324	\$ 262,124	\$ 286,792	\$ 308,443
Licenses, fees and permits	31,618	31,918	34,753	36,245	36,497	33,564	33,776	33,458	32,704	33,826
Fines and forfeitures	16,346	18,773	17,124	19,638	18,683	19,931	22,837	24,404	26,060	25,691
Investments and rentals	19,686	18,068	20,153	19,750	12,122	9,924	9,605	14,856	22,851	26,654
Intergovernmental revenues	49,794	55,572	62,586	75,294	84,702	88,704	101,494	94,575	104,752	103,944
Charges for current services	85,247	89,162	100,471	99,065	106,583	100,308	95,172	100,209	115,239	114,991
Miscellaneous revenues	8,695	11,109	12,586	13,884	11,229	10,865	13,545	13,023	16,277	11,579
Total revenues	390,978	414,262	451,411	483,149	506,745	505,704	531,753	542,649	604,675	625,128
Expenditures										
General government and judicial	141,293	149,444	157,259	161,371	168,915	169,363	170,880	179,375	194,847	221,496
Public safety	121,382	133,848	144,292	142,566	160,781	165,571	165,390	169,831	192,710	211,970
Streets and highways	8,937	11,183	18,139	20,355	11,673	10,161	13,666	20,059	22,040	22,728
Health	28,484	35,990	41,043	43,010	47,202	39,713	40,659	43,895	45,484	41,020
Welfare	26,240	36,470	45,110	54,093	51,434	58,536	60,113	60,225	70,261	65,364
Libraries	57	45	47	41	40	40	49	19	-	-
Education	-	-	-	-	5,569	5,604	6,455	8,061	9,512	10,102
Capital outlay	20,268	26,233	24,049	18,202	17,102	24,794	41,188	48,869	34,748	59,172
Debt Service										
Principal	41,785	37,895	37,200	35,930	34,140	32,795	35,225	34,940	32,180	30,980
Interest	15,624	14,675	12,962	12,971	13,225	11,404	10,645	9,265	8,310	11,170
Total expenditures	404,070	445,783	480,101	488,539	510,081	517,981	544,270	574,539	610,092	674,002
Excess of revenues over (under) expenditures	(13,092)	(31,521)	(28,690)	(5,390)	(3,336)	(12,277)	(12,517)	(31,890)	(5,417)	(48,874)
Other financing sources (uses)										
Transfers in	40,682	35,160	49,902	56,917	50,001	49,544	67,357	60,473	59,833	71,749
Transfers out	(40,682)	(35,160)	(49,902)	(56,917)	(50,001)	(49,544)	(67,357)	(60,473)	(59,833)	(71,749)
Proceeds from refunding bonds	-	-	-	74,884	-	-	-	24,096	-	-
Proceeds from sale of bonds	8,000	8,700	35,000	39,524	-	22,070	16,145	36,535	63,220	-
Premium on bonds issued	-	-	-	-	-	-	509	1,933	2,196	-
Accrued interest on revenue bonds	-	-	-	-	-	-	72	-	-	-
Payments to refunded bond escrow agent	-	-	-	(73,946)	-	-	-	(25,985)	-	-
Other	(23)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	7,977	8,700	35,000	40,462	-	22,070	16,726	36,579	65,416	-
Net change in fund balance	\$ (5,115)	\$ (22,821)	\$ 6,310	\$ 35,072	\$ (3,336)	\$ 9,793	\$ 4,209	\$ 4,689	\$ 59,999	\$ (48,874)
Debt service as a percentage of noncapital expenditures	15.0%	12.5%	11.0%	10.4%	9.6%	9.0%	9.1%	8.4%	7.1%	6.7%

Note: A reconciliation of capital outlay between governmental funds and government - wide statements is on page 44

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

	2002	2003	2004	2005	2006	2007
Property Tax	\$ 236,929	\$ 242,408	\$ 255,324	\$ 262,124	\$ 286,792	\$ 308,443
Alcoholic beverage / other taxes	9,732	9,778	10,120	10,695	11,129	11,858
Total Taxes	\$ 246,661	\$ 252,186	\$ 265,444	\$ 272,819	\$ 297,921	\$ 320,301

Source: Dallas County Financial Records

Note: Data was not accumulated for presentation prior to implementation of GASB 34 in 2002

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		Direct Tax Rate	Statutory Ratio of Assessed Value to True Value	
	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value			
1998	\$ 95,048,536	\$ 95,838,013	\$ 21,539,793	\$ 21,539,793	\$ 116,588,329	\$ 117,377,806	0.37710	99.33	%
1999	104,784,168	105,215,142	24,414,768	24,414,768	129,198,936	129,629,910	0.39200	99.67	%
2000	113,609,498	114,741,061	25,530,867	25,530,867	139,140,365	140,271,929	0.45000	99.19	%
2001	123,189,433	124,337,500	28,560,279	28,560,279	151,749,712	152,897,779	0.45000	99.25	%
2002	130,890,166	131,328,094	28,898,480	28,898,480	159,788,646	160,226,574	0.45000	99.73	%
2003	132,669,788	133,793,253	27,047,926	27,047,926	159,717,714	160,841,179	0.45790	99.30	%
2004	137,634,909	139,194,180	25,506,283	25,506,283	163,141,192	164,700,463	0.45790	99.05	%
2005	145,616,669	147,709,138	25,613,845	25,613,845	171,230,514	173,322,983	0.46790	98.79	%
2006	158,357,737	161,310,649	25,992,417	25,992,417	184,350,154	187,303,066	0.46790	98.42	%
2007	175,200,112	177,328,144	28,323,579	28,323,579	203,523,691	205,651,723	0.48210	98.97	%

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

Source: Dallas County Tax Assessor-Collector.

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 \$69,000 allowance for homestead exemption for taxpayers over 65 years of age. The approved allowance for disabled veterans is \$1,500 for disabilities of 10% to 30%, \$2,000 for disabilities of 31% to 50%, \$2,500 for disabilities of 51% to 70%, and \$3,000 for disabilities greater than 70%.

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

Note: The assessment date is January 1.

Table 7

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

Tax Year	General fund Tax Rates (1)	Major Technology Fund	Permanent Improvement Fund	Major Capital Development Fund	Debt Service Funds	Total Primary Government	Component Unit	Total Reporting Entity
1998	0.14530	0.00500	0.00190	—	0.04500	0.19720	0.17990	0.37710
1999	0.14420	0.00500	0.00180	0.01050	0.03450	0.19600	0.19600	0.39200
2000	0.14520	0.00500	0.00180	0.01050	0.03350	0.19600	0.25400	0.45000
2001	0.14520	0.00500	0.00180	0.01050	0.03350	0.19600	0.25400	0.45000
2002	0.14420	0.00500	0.00180	0.01450	0.03050	0.19600	0.25400	0.45000
2003	0.15832	0.00500	0.00180	0.01450	0.02428	0.20390	0.25400	0.45790
2004	0.15210	0.00500	0.00180	0.01301	0.03199	0.20390	0.25400	0.45790
2005	0.16210	0.00500	0.00180	0.01621	0.02879	0.21390	0.25400	0.46790
2006	0.15450	0.01260	0.00180	0.02525	0.01975	0.21390	0.25400	0.46790
2007	0.16870	0.01260	0.00180	0.02593	0.01907	0.22810	0.25400	0.48210

Tax levies (1)
(in thousands of dollars)

1998	\$	140,920	\$	4,858	\$	1,836	\$	—	\$	43,645	\$	191,259	\$	174,462	\$	365,721
1999		153,098		5,306		1,915		11,154		36,625		208,098 (a)		208,098		416,196
2000		165,529		5,700		2,052		11,970		38,190		223,441 (a)		289,535		512,976
2001		179,571		6,184		2,226		12,985		41,430		242,396 (a)		314,100		556,496
2002		185,186		6,421		2,311		18,621		39,169		251,708 (a)		326,195		577,903
2003		202,119		6,383		2,298		18,511		30,997		260,308 (a)		324,269		584,577
2004		197,148		6,481		2,333		16,863		41,465		264,290 (a)		329,229		593,519
2005		219,902		6,783		2,442		21,990		39,056		290,173 (a)		344,572		634,745
2006		226,423		18,466		2,638		37,004		28,944		313,475 (a)		372,243		685,718
2007		272,413		20,346		2,907		41,871		30,794		368,331 (b)		410,153		778,484

Note (1) Tax levy figures are shown net of exemptions. Tax rates shown are amounts per hundred dollars of net assessed value.

(a) includes tax increment financing in excess of \$1 million as projected for collection by Dallas County with remittance to the City without actual revenue recognition.

Note (2) Legal Limitation

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

(b) includes tax increment financing of \$2.7 million as projected for collection by Dallas County with remittance to the City without actual revenue recognition.

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

Table 8

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

<u>Name</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>	<u>2006</u>	<u>2007</u>
Dallas County	0.19720	0.19600	0.19600	0.19600	0.19600	0.20390	0.20390	0.21390	0.21390	0.22810
Hospital District	0.17990	0.19600	0.25400	0.25400	0.25400	0.25400	0.25400	0.25400	0.25400	0.25400
Community College District	0.05000	0.05000	0.05000	0.06000	0.06000	0.07780	0.08030	0.08160	0.08100	0.08040
School Districts										
Carrollton-Farmers Branch	1.53770	1.61370	1.67370	1.72420	1.72240	1.73580	1.78240	1.82590	1.68300	1.36700
Cedar Hill	1.77900	1.63000	1.63000	1.63000	1.68000	1.70160	1.74130	1.84843	1.74330	1.40000
Coppell	1.60000	1.60000	1.60000	1.65500	1.70500	1.73500	1.73500	1.72900	1.59900	1.26900
Dallas	1.46053	1.46053	1.54753	1.54753	1.58753	1.63950	1.66940	1.68836	1.50264	1.19964
Desoto	1.77000	1.66000	1.66000	1.68000	1.71000	1.71000	1.74000	1.79000	1.76000	1.49000
Duncanville	1.68000	1.64000	1.68000	1.67000	1.75000	1.85500	1.83600	1.86600	1.73600	1.41800
Ferris	1.53000	1.49000	1.49000	1.51000	1.53950	1.53700	1.77190	1.77190	1.57070	1.26970
Garland	1.54450	1.47840	1.40530	1.47170	1.45860	1.55850	1.62140	1.67010	1.54490	1.25330
Grand Prairie	1.50780	1.46680	1.60810	1.66710	1.66710	1.72710	1.75110	1.75860	1.62970	1.46500
Grapevine-Colleyville	1.53779	1.55229	1.55200	1.58200	1.65979	1.70100	1.70105	1.70000	1.57430	1.29000
Highland Park	1.49500	1.60550	1.58300	1.61000	1.61000	1.61000	1.61000	1.53000	1.35570	1.03670
Irving	1.67840	1.66840	1.69500	1.69500	1.77060	1.81500	1.83700	1.81400	1.64400	1.34850
Lancaster	1.73000	1.67579	1.65200	1.67000	1.67000	1.64915	1.85446	1.85446	1.72600	1.40770
Mesquite	1.58000	1.58000	1.58000	1.58000	1.62000	1.67000	1.76000	1.76240	1.66800	1.37670
Richardson	1.62570	1.64860	1.66830	1.79930	1.80810	1.82000	1.82000	1.82000	1.63005	1.34005
Sunnyvale	1.20000	1.21750	1.24670	1.30000	1.34947	1.46600	1.44600	1.66590	1.51905	1.38005
Wilmer / Hutchins*	1.64240	1.49910	1.52760	1.55840	1.54820	1.54820	1.58000	1.28540	0.00000	0.00000
Cities and Towns										
Addison	0.40000	0.38460	0.38100	0.38480	0.39990	0.42280	0.47600	0.47600	0.46400	0.43370
Balch Springs	0.62000	0.59999	0.59999	0.62900	0.61700	0.54000	0.52550	0.55571	0.57728	0.62098
Carrollton	0.60430	0.60430	0.59930	0.59930	0.59930	0.59930	0.59930	0.63288	0.63288	0.61788
Cedar Hill	0.64269	0.64269	0.64269	0.64140	0.64140	0.64140	0.64140	0.64140	0.64140	0.64140
Cockrell Hill	0.77183	0.75202	0.77048	0.74507	0.74036	0.77349	0.73379	0.76159	0.76853	0.78811
Coppell	0.64860	0.64860	0.64860	0.64860	0.64860	0.64860	0.64860	0.64860	0.64146	0.64146
Dallas	0.64910	0.66750	0.66750	0.66750	0.69980	0.69980	0.71970	0.74170	0.72920	0.74790
Desoto	0.61139	0.61139	0.61139	0.63639	0.65921	0.65879	0.66689	0.68499	0.69835	0.70973
Duncanville	0.71800	0.71800	0.71800	0.71800	0.71800	0.71800	0.71800	0.71800	0.69600	0.69600
Farmers Branch	0.44000	0.44000	0.44000	0.44000	0.44000	0.46000	0.49450	0.49450	0.49450	0.49450
Garland	0.63360	0.61360	0.63360	0.64110	0.64110	0.64110	0.64110	0.66610	0.67860	0.68860
Glenn Heights	0.80000	0.79240	0.79000	0.72840	0.70990	0.69576	0.65310	0.65310	0.69617	0.68404
Grand Prairie	0.67999	0.67500	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000
Highland Park	0.26930	0.25750	0.24620	0.22900	0.22080	0.23000	0.23000	0.23000	0.22500	0.22000
Hutchins	0.54444	0.54412	0.50151	0.48165	0.50882	0.52917	0.53300	0.54000	0.54109	0.53755
Irving	0.49300	0.48800	0.48800	0.48800	0.49800	0.53280	0.54790	0.54790	0.54790	0.54060
Lancaster	0.55170	0.55170	0.67170	0.67170	0.67170	0.67170	0.67170	0.67170	0.67170	0.73750
Mesquite	0.58148	0.54148	0.54148	0.54148	0.54148	0.54148	0.58148	0.60148	0.62000	0.64000
Richardson	0.44385	0.44385	0.44385	0.44385	0.47785	0.47785	0.52516	0.52516	0.57516	0.57516
Rowlett	0.64000	0.64000	0.64000	0.64000	0.64000	0.64000	0.67695	0.74717	0.74717	0.74717
Sachse	0.67470	0.64670	0.62664	0.58882	0.57540	0.56006	0.55832	0.55832	0.55341	0.55341
Seagoville	0.53779	0.53779	0.58000	0.58000	0.65000	0.65000	0.63500	0.63500	0.63500	0.63500
Sunnyvale	0.37997	0.37997	0.37997	0.37997	0.37997	0.37997	0.37997	0.37997	0.37997	0.37997
University Park	0.43537	0.39537	0.37159	0.33999	0.32932	0.32601	0.32539	0.30958	0.29272	0.26836
Wilmer	0.66000	0.66000	0.66000	0.66000	0.66000	0.66000	0.66000	0.66000	0.61000	0.61000

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

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

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

Table 9

DALLAS COUNTY, TEXAS
Principal Property Taxpayers
September 30, 2007
(in thousands of dollars)
(unaudited)

Name of Taxpayer	Type of Property	2007		1998		Percent of Dallas County Assessed Valuation	Percent of Dallas County Assessed Valuation
		Total Assessed Valuation	Rank	Total Assessed Valuation	Rank		
AT&T/Cingular Telephone Company	Telephone Utility	\$ 1,682,174	1	0.96 %	\$ 1,357,967	2	1.16 %
Texas Utilities Electric Company	Electric Utility	1,380,092	2	0.79	1,049,026	4	0.90
Texas Instruments	Electronics	904,583	3	0.52	1,430,912	1	1.23
Crescent Real Estate	Real Estate	748,339	4	0.43	1,090,132	3	0.94
NorthPark Land Partners	Real Estate	569,401	5	0.33	—	—	—
Southwest Airlines	Airline	560,662	6	0.32	466,179	6	0.40
Verizon/GTE	Telephone Utility	510,894	7	0.29	629,763	5	0.54
Wal-Mart	Retail	468,731	8	0.27	—	—	—
Galleria Mall INV LP	Real Estate	431,782	9	0.25	—	—	—
YPI Thanksgiving Tower/Central Expy ETAL	Real Estate	402,988	10	0.23	—	—	—
Metropolitan	Insurance	—	—	—	348,637	7	0.30
Northrop Grumman	Defense/Aeronautics	—	—	—	286,650	9	0.25
Columbus Realty Trust	Real Estate	—	—	—	—	—	—
Main Street Partners	Real Estate	—	—	—	238,260	10	0.20
Post Apartment Homes LP	Real Estate	—	—	—	304,530	8	0.26
Total		<u>\$ 7,659,646</u>		<u>4.39 %</u>	<u>\$ 7,202,056</u>		<u>6.18 %</u>

(a) Excludes property under protest.

Note: Estimated amounts based on 1998 and 2007 appraisal roll.

Source: Dallas County Tax Assessor-Collector.

Table 10

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

Total Reporting Entity							
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
1998	\$ 365,721	\$ 360,151	98.48	%	\$ 6,774	\$ 366,925	100.00 %
1999	416,196	406,745	97.73		4,897	411,642	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	619,125	97.54		6,029	625,154	98.49
2006	685,718	666,622	97.22		6,815	673,437	98.21
2007	778,484 (c)						

Source: Dallas County Financial Records.

- Notes: (a) Current fiscal period collections are those collected between October 1 of the year levied through June 30 (date of delinquency) for the following year.
 (b) Delinquent taxes include current tax year delinquencies and prior fiscal period taxes collected (in the nine months between October 1 and June 30) for prior tax years.
 (c) Collections on the 2007 tax roll are incomplete until the end of the fiscal tax year, June 30, 2008.
 Tax collections exclude TIF payments and are reported net of 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.

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

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

Year	Estimated Population	Assessed Value	Gross Bonded Debt (1)	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Percentage of Personal Income (2)	Net Bonded Debt Per Capita
1998	2,023	\$ 117,377,806	\$ 305,536 *	\$ 21,397	\$ 284,139	0.24207 %	0.4143 %	\$ 140
1999	2,051	129,629,910	278,142 *	19,693	258,449	0.19937 %	0.3607 %	126
2000	2,062	140,271,929	277,356 *	17,047	260,309	0.18557 %	0.3245 %	126
2001	2,219	152,897,778	280,623 *	17,567	263,056	0.17205 %	0.3197 %	118
2002	2,245	160,226,576	247,753 *	14,671	233,082	0.14547 %	0.2809 %	104
2003	2,284	160,841,180	238,143 *	12,327	225,816	0.14040 %	0.2679 %	99
2004	2,284	164,700,463	220,640 *	5,633	215,007	0.13054 %	0.2434 %	94
2005	2,330	173,322,983	188,131 *	7,369	180,762	0.10429 %	0.1942 %	78
2006	2,383	187,303,067	221,723 *	13,420	208,303	0.11121 %	0.2164 %	87
2007	2,417	205,651,722	186,676 **	7,631	179,045	0.08706 %	0.1808 %	74

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

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

(2) See schedule of Demographic and Economic Statistics on page 131 (Table 15) for personal income data.

* Includes Premium on Tax notes and Bonds

** Excludes Premium on Tax Notes and Bonds

Source: Dallas County Financial Records.

Table 12

DALLAS COUNTY, TEXAS
Direct and Overlapping Bonded Debt
September 30, 2007
(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	9/30/2007	\$ 179,045	100.0%	\$ 179,045
Hospital District	9/30/2007	—	100.0%	—
Water Control and Improvement District No. 6	9/30/2007	4,827	100.0%	4,827
Total Direct		<u>\$ 183,872</u>		<u>\$ 183,872</u>
Overlapping Debt:				
Independent school districts:				
Carrollton-Farmers Branch	8/31/2007	\$ 403,045	81.8%	\$ 329,691
Cedar Hill	8/31/2007	166,491	100.0%	166,491
Coppell	8/31/2007	116,358	100.0%	116,358
Dallas	6/30/2007	1,500,000	100.0%	1,500,000
Desoto	8/31/2007	156,920	100.0%	156,920
Duncanville	8/31/2007	178,972	100.0%	178,972
Ferris	8/31/2007	57,774	8.0%	4,622
Garland	8/31/2007	408,843	100.0%	408,843
Grand Prairie	8/31/2007	409,402	100.0%	409,402
Grapevine	8/31/2007	353,283	1.0%	3,533
Highland Park	8/31/2007	53,199	100.0%	53,199
Irving	8/31/2007	154,265	100.0%	154,265
Lancaster	8/31/2007	110,119	100.0%	110,119
Mesquite	8/31/2007	454,839	100.0%	454,839
Richardson	6/30/2007	420,058	100.0%	420,058
Sunnyvale	8/31/2007	42,990	100.0%	42,990
Total independent school districts		<u>\$ 4,986,558</u>		<u>\$ 4,510,302</u>

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

(Continued)

Table 12

DALLAS COUNTY, TEXAS
Computation of Direct and Overlapping Bonded Debt
September 30, 2007
(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
Overlapping Debt (Continued):				
Cities and towns:				
Addison	9/30/2007	\$ 40,075	100.0%	\$ 40,075
Balch Springs	9/30/2007	9,810	100.0%	9,810
Carrollton	9/30/2007	155,744	64.7%	100,766
Cedar Hill	9/30/2007	48,607	98.3%	47,781
Coppell	9/30/2007	62,814	98.9%	62,123
Dallas	9/30/2007	1,668,943	97.1%	1,620,544
Desoto	9/30/2007	86,937	100.0%	86,937
Duncanville	9/30/2007	12,059	100.0%	12,059
Farmers Branch	9/30/2007	9,190	100.0%	9,190
Garland	9/30/2007	218,926	100.0%	218,926
Glenn Heights	9/30/2007	455	72.4%	329
Grand Prairie	9/30/2007	133,012	55.9%	74,354
Hutchins	9/30/2007	5,588	100.0%	5,588
Irving	9/30/2007	172,654	100.0%	172,654
Lancaster	9/30/2007	56,042	100.0%	56,042
Mesquite	9/30/2007	94,286	100.0%	94,286
Richardson	9/30/2007	203,992	86.7%	176,861
Rowlett	9/30/2007	98,939	85.8%	84,890
Sachse	9/30/2007	4,453	93.5%	4,164
Seagoville	9/30/2007	2,381	99.6%	2,371
Sunnyvale	9/30/2007	1,925	100.0%	1,925
Wilmer	9/30/2007	110	100.0%	110
Total cities and towns		<u>3,086,942</u>		<u>2,881,785</u>
Total Overlapping		<u>8,073,500</u>		<u>7,392,087</u>
Total Direct and Overlapping		<u>\$ 8,257,372</u>		<u>\$ 7,575,959</u>

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

(Concluded)

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

Table 13

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Limit (Article 3, Section 52 of the Texas Constitution)	\$ 23,759,565	\$ 26,193,765	\$ 28,399,885	\$ 30,794,940	\$ 32,719,808	\$ 33,164,120	\$ 34,405,411	\$ 36,400,734	\$ 39,585,249	\$ 43,795,676 (1)
Total net debt applicable to limit	155,184	138,629	156,953	176,070	160,298	144,941	132,919	91,805	75,736	65,628
Legal debt margin	\$ 23,604,381	\$ 26,055,136	\$ 28,242,932	\$ 30,618,870	\$ 32,559,510	\$ 33,019,179	\$ 34,272,492	\$ 36,308,929	\$ 39,509,513	\$ 43,730,048
Total net debt applicable to the limit as a percentage of debt limit	0.65%	0.53%	0.55%	0.57%	0.49%	0.44%	0.39%	0.25%	0.19%	0.15%
Debt Limit (Under Texas General Law)	\$ 5,828,903	\$ 6,444,533	\$ 6,956,520	\$ 7,587,002	\$ 7,988,886	\$ 7,985,220	\$ 8,156,396	\$ 8,560,839	\$ 9,216,671	\$ 10,175,314 (2)
Total net debt applicable to limit	128,955	119,820	103,356	86,986	72,784	80,496	81,214	86,518	128,137	113,417
Legal debt margin	\$ 5,699,948	\$ 6,324,713	\$ 6,853,164	\$ 7,500,016	\$ 7,916,102	\$ 7,904,724	\$ 8,075,182	\$ 8,474,321	\$ 9,088,534	\$ 10,061,897
Total net debt applicable to the limit as a percentage of debt limit	2.21%	1.86%	1.49%	1.15%	0.91%	1.01%	1.00%	1.01%	1.39%	1.11%

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed valuation of real property*	\$ 175,182,703
Assessed valuation of all taxable property*	203,506,282
Bonds issued under Article 3, Section 52 of the Texas Constitution:	
Debt limit, one-fourth of real property assessed valuation	43,795,676 (1)
Amount of debt applied to debt limit:	
Bonded debt	\$ (68,425)
Less debt service funds - appropriation for future debt payments	2,797
Total amount of debt applicable to debt limit	(65,628)
Legal debt margin, bonds issued under Article 3, section 52, of the Texas Constitution	\$ 43,730,048
Bonds issued under Texas General Laws:	
Debt limit, five percent of assessed valuation of all taxable property	10,175,314 (2)
Amount of debt applied to debt limit:	
Bonded debt	\$ (118,251)
Less debt service funds - appropriation for future debt payments	4,834
Total amount of debt applicable to debt limit	(113,417)
Legal debt margin, bonds issued under Texas General Laws	\$ 10,061,897

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

(2) Government Code 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."

* Assessed value of real property	\$ 175,200,112	\$ 203,523,691
Rolling Stock	(17,409)	(17,409)
Adjusted Assessed Value of Real Property	<u>\$ 175,182,703</u>	<u>\$ 203,506,282</u>

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

Fiscal Year	Tax and Parking Garage Revenue Bonds			Debt Service			
	Total Resources (1)	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Total	Coverage
2005	\$ 1,046	\$ -	\$ 1,046	\$ 305	\$ 741	\$ 1,046	1.00
2006	1,084	0	1,084	350	734	1,084	1.00
2007	1,201	48	1,153	380	724	1,104	1.04

(1) Includes undesignated fund balance at October 1.

Note: Parking garage opened March 19, 2007. George Allen parking garage system revenues are available for debt service use.

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

Year	Population (1)	Personal Income (in millions of dollars) (2)	Wage Mean (3)	Median Age (4)	School Enrollment (5)	Unemployment Rate (6)
1998	2,023,140	\$ 68,575	\$ 31,702	29.8	152,555	3.4
1999	2,050,865	71,648	32,602	30.3	154,759	3.1
2000	2,062,100	80,217	36,047	30.8	155,427	3.9
2001	2,218,899	82,272	36,373	31.3	157,726	6.0
2002	2,245,398	82,983	36,205	31.8	150,742	7.4
2003	2,283,953	84,278	36,617	31.9	149,597	7.5
2004	2,284,096	88,337	39,766	32.2	148,131	6.5
2005	2,330,050	93,073	40,959	32.6	146,216	5.7
2006	2,383,300	96,236	41,321	32.4	158,700	5.1
2007	2,417,650	99,035	42,174	32.8	158,126	4.8

Source:

- 1) North Texas Commission (nte-dfw.org/ntpoppopest.html)
- 2) Bureau of Economic Analysis - U.S. Department of Commerce (www.bea.gov) for amounts through Fiscal Year 2005.
After 2005, personal income estimated using CPI South-Urban available from U.S. Department of Labor.
- 3) Texas Workforce Commission LMI Tracer (www.texasindustryprofiles.com/apps/win/eds.php)
- 4) U.S. Census Bureau - ACS Survey (factfinder.census.gov)
- 5) Dallas Independent School District Financial Report
- 6) U.S. Department of Labor (Bureau of Labor Statistics)

Table 16

DALLAS COUNTY, TEXAS
Principal Employers
September 30, 2007
(unaudited)

2007					1998			
Company	Product	Employees	Rank	Percentage of Total County Employment	Company	Product	Employees	Percentage of Total County Employment
Wal-Mart Stores, Inc.	Retail	31,700	1	1.31 %	AMR Corporation	Airline Technology	27,000	1.34 %
AMR Corporation (American Airlines)	Airline, Technology and Management Services	22,265	2	0.92	Texas Instruments, Inc.	Electronics	19,000	0.94
Dallas Public Schools	Public Independent School District	20,000	3	N/A	Dallas Public Schools	Public Independent School District	17,169	0.85
Lockheed Martin Aeronautics Company	Military Aircraft Design and Production	15,085	4	0.62	City of Dallas	Municipality	12,324	0.61
Baylor Health Care System	Health Care in Dallas and North Texas	15,065	5	0.62	U.S. Postal Services	Federal Agency	12,000	0.60
Texas Health Resource	Non-profit Health Care	13,582	6	0.56	Baylor Health Care System	Health Care	11,900	0.59
Verizon Communications	Telecommunications Service Firm	13,500	7	0.56	Electronic Data Services	Information Technology Services	10,000	0.50
AT&T Inc.	Telecommunications	13,300	8	0.55	J.C. Penny Co., Inc.	Retail Sales	10,000	0.50
City of Dallas	Municipality	13,203 *	9	0.55	Kroger Food Stores	Retail Grocery	9,000	0.45
Kroger Food Stores	Retail Grocery	11,500	10	0.48	Tom Thumb Food and Pharmacy	Retail Grocery	9,000	0.45
Albertson's	Retail Grocery	10,715	11	0.44	Baylor University Medical Center	Healthcare and Medical Training	8,108	0.40
Texas Instruments, Incorporated	Electronics and Semiconductors	10,400	12	0.43	Columbia Healthcare	Healthcare Service	8,000	0.40
HCA Healthcare	Health Care	9,878	13	0.41	SBC Telephone Co.	Telephone Utility	7,749	0.38
Brinker International	Restaurants	9,400	14	0.39	GTE Corporation	Telecommunications	7,400	0.37
JPMorgan Chase	Financial Services	9,026	15	0.37	Minyard Food Stores, Inc.	Retail Grocery	7,000	0.35
Target Corp.	Retail	8,200	16	0.34	NationsBank	Financial Services	7,000	0.35
EDS	Information Technology Services	8,000	17	0.33	Delta Airlines, Inc.	Commercial Airline	6,600	0.33
Dallas County	Government	7,741	19	0.33	Bell Helicopter Textron	Helicopter and Tilt Rotor Design	6,300	0.31
J.C. Penney Company, Inc.	Retail	7,298	18	0.30	AT&T Corp.	Global Telecommunications	6,000	0.30
Bell Helicopter Textron	Helicopter and Tilt Rotor Design	7,028	20	0.29	Brinker International, Inc.	Restaurant Corporation	6,000	0.30
Bank of America	Financial Services	7,000	21	0.29				
Dallas County Hospital District	Health Care to Dallas County	6,936 *	22	0.29				
Tom Thumb Food and Pharmacy	Retail Grocery	5,407	23	0.22				
Southwest Airlines	Commercial Airlines	5,405	24	0.22				
Minyard Food Stores, Inc.	Retail Grocery	5,200	25	0.22				

* 2006 Figures (2007 figures not available)

Source: Dallas Business Journal and Ft. Worth Business Press Book of Lists 2007, City of Dallas and Dallas County Records

Dallas County Financial Records

<http://www.ntc-dfv.org/northtexas/corporate/largestemployers.html>

www.dallascityhall.org

www.dallasisd.org

Table 17

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

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government	4,542	4,891	3,447	3,440	3,934	4,367	4,518	4,821	5,080	4,260
Public Safety										
Constable	205	217	199	221	222	224	224	257	256	270
Sheriff	1,867	1,684	1,820	1,823	1,700	1,692	1,884	1,693	1,828	2,280
Truancy*	-	-	-	-	-	-	22	22	18	28
Juvenile**	-	-	-	-	-	-	-	-	-	817
Highways and streets										
Road and Bridge	149	149	149	149	150	151	117	117	103	86
Total	<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>	<u>7,285</u>	<u>7,741</u>

* Department effective 2004

** Previously reported in General Government category

Source: Dallas County Financial Records

Table 18

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Assessor-Collector of Taxes:										
Employees	227	229	206	227	233	233	229	229	229	227
Ad valorem assessment notices issued	719,795	724,845	729,154	731,051	743,709	750,087	762,082	771,740	780,046	790,552
Motor vehicle registrations	2,197,476	2,225,885	2,351,354	1,818,868	1,816,528	1,929,114	1,806,423	1,856,256	1,981,824	1,987,802
Number of entity collection contracts	—	—	—	37	39	42	44	48	51	51
Constables (3):										
Employees	205	217	199	221	222	224	224	257	256	288
Civil process	136,772	150,784	157,953	165,627	151,020	144,620	127,907	128,722	122,517	123,926
County Clerk:										
Employees	166	169	191	191	192	192	195	198	201	205
Marriage licenses	18,014	18,612	18,482	19,660	17,778	17,209	17,071	17,277	16,535	16,630
Civil suits	12,521	14,201	14,854	13,557	15,774	15,261	15,277	16,882	17,629	18,337
Probate cases	9,234	9,566	9,545	9,331	9,681	8,826	9,515	9,566	10,230	10,891
Criminal cases	74,612	64,260	62,829	61,194	54,694	52,244	63,502	66,691	67,505	64,852
District Clerk:										
Employees	237	240	243	246	250	250	254	262	266	267
Civil process cases	46,062	48,262	51,359	42,601	44,505	44,952	45,710	45,706	42,152	45,006
Criminal cases	28,356	25,943	26,170	26,246	26,114	27,566	29,564	29,907	28,879	27,379
Jurors	113,780	116,252	115,474	123,653	113,489	118,960	100,049	96,219	102,165	100,003
Justice of the Peace Courts (1):										
Employees	123	140	112	143	143	140	136	149	147	170
Cases	239,841	244,800	242,446	185,633	263,529	307,499	314,708	366,492	412,118	411,311
Sheriff:										
Employees	1,692	1,684	1,820	1,823	1,700	1,692	1,684	1,693	1,828	2,068
Daily average in county jail	6,827	7,017	6,776	6,218	6,663	6,827	7,017	7,330	8,037	6,568
Persons booked	95,858	93,757	108,909	99,751	93,786	95,858	93,757	101,080	107,371	96,751
Civil process	6,616	785	5,338	6,083	6,825	6,616	785	841	589	492
Truancy Courts (2):										
Employees	—	—	—	—	—	—	22	22	18	29
Cases Filed	—	—	—	—	—	—	19,061	14,300	20,933	16,270
County Treasurer										
Employees	18	18	20	20	20	20	18	18	18	18
Total Receipts (4)	\$ 26,341,607	\$ 25,877,091	\$ 29,696,957	\$ 39,248,528	\$ 33,736,025	\$ 29,368,183	\$ 27,530,654	\$ 34,833,076	\$ 37,138,554	\$ 43,216,196
Investment Earnings (4)	\$ 17,961	\$ 16,483	\$ 16,704	\$ 16,321	\$ 8,379	\$ 5,425	\$ 5,360	\$ 11,396	\$ 20,525	\$ 26,323

Sources: Dallas County Financial Records
 Figures are based on budgeted amounts/employees

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.

(4): In thousands of dollars.

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

Function	2002	2003	2004	2005	2006	2007
General Government						
Number of buildings	22	22	22	22	22	22*
Public Safety						
Number of buildings	10	10	10	10	10	10
Number of jails	5	5	5	4	4	5
Number of vehicles	405	485	492	479	593	584
Highways and streets						
Number of buildings	4	4	4	4	4	4
Streets (Lane miles)	147	142	137	137	137	137
Number of bridges	51	51	51	51	41	38
Health						
Number of buildings	1	1	1	1	1	1
Public Welfare						
Number of buildings	3	3	3	3	3	3
Judicial						
Number of buildings	7	7	7	7	7	7
Number of Juvenile beds	486	486	670	706	750	750
Number of courts	73	71	71	69	70	71

Source: Dallas County Financial Records

* Includes a demolished (FY 07) building. The land is currently being used to construct a new county building (Forensic Science)

Note: Statistics were not accumulated for presentation prior to implementation of GASB 34 in 2002