

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



**REPORT FOR THE YEAR ENDED
SEPTEMBER 30, 2012**

DALLAS COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended

September 30, 2012

Prepared by:
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Dallas County Auditor
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DALLAS COUNTY, TEXAS
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended September 30, 2012

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INTRODUCTORY SECTION
(Unaudited)



**DALLAS COUNTY
COUNTY AUDITOR**

March 12, 2013

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, 2012.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Accounting requirements for Governmental Accounting Standards Board (GASB) Statement Numbers 57 (OPEB Measurements by Agent Employers and Agent-Multiple-Employer Plans) and 64 (Derivative Instruments) became effective for FY2012; neither had an effect on the County's financial statements. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the basic financial statements will be free from material misstatement. Responsibility for internal controls is shared by Commissioners Court, which is the governing body; the County Auditor, who is appointed by the District Judges; the Office of Budget and Evaluation; and, the County Treasurer. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. We assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's basic financial statements have been audited by KPMG, LLP. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the County, for the fiscal year ended September 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors' report is presented as the first component of the financial section of this report.

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

PROFILE OF DALLAS COUNTY

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

The Commissioners Court sets the tax rates, establishes policies for County operations, approves contracts for the County and develops and adopts the County budget within the resources as estimated by the County Auditor. The Commissioners Court is also responsible for development of policies and orders, approving financial commitments and appointment of various department heads. The management and leadership provided by members of the Commissioners Court and the elected and appointed officials of other key County offices is crucial to the success of the County in financial management and growth. The commissioners serve on various boards and committees including the Texas Juvenile Probation Commission, Dallas County Juvenile Board, 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 County Auditor is appointed according to Texas State Statutes for two-year terms by the District Judges. The County Auditor has responsibilities for prescribing the systems and procedures for handling the finances of the County, certifying available funds for county budgets, and "examining, auditing, and approving" all disbursements from County funds prior to their submission to the Commissioners Court for approval. It is the Auditor's duty under statutory mandates to determine if claims are in conformance to laws governing county finance and to audit records of precinct offices that collect funds. The Auditor presents status of audit risk assessments to the Finance Committee and publishes final audit reports on the web. The Commissioners Court has vested accounts payable and payroll processing functions with the County Auditor. Additionally, the County Auditor serves as Chief Financial Officer for federal and state financial award programs.

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

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

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

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

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

Discretely Presented Component Unit - The Dallas County Hospital District (the District) is under the direction of a seven-member board of managers who are appointed by the Commissioners Court. Although the Commissioners Court approves the District's budget, sets its tax rate, and approves major contracts, the District is an organization separate from the County. These factors dictate the inclusion of the District in the County's financial statements. According to the Texas Constitution, the hospital district, not the county, is responsible for the district's ongoing debt payments regardless of any future financial/economic events. The District's financial data is presented separately to emphasize that it is legally separate from the County. The District operates under different statutory and constitutional authority. The District also has a separate constitutional tax limitation, the independent power of eminent domain and the individual right of ownership of property. The District maintains a medical facility, which provides service to indigents residing within the District and serves as the major teaching hospital for the University of Texas Southwestern Medical School. The hospital is a Level I Trauma Center, a Level III Neonatal Intensive Care Unit and a regional burn center.

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

Local Economy

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

The benefits components/compensation costs continued to increase in DFW metropolitan area according to U.S. Bureau of Labor statistics. Although overall wages and salaries declined, the unemployment rate dropped

from 8.2% to 6.7%. Dallas home prices increased 4.2% from a year earlier, according to S&P Case-Shiller Home Price Index. Construction starts for apartment buildings, offices, and warehouse locations are strong. Economic declines noted for the top 10 employers and taxpayers were noted in banking, telecom, and food industries. The combined appraisal value of the 10 largest taxpayers total 3.64% of the County's total 2011-2012 taxable value. A schedule listing the 10 largest taxpayers can be found in statistical sections of this report. Research indicates the number of Dallas-area homeowners with negative equity in home mortgages continues to decline. The Federal Open Market Committee has maintained the target range for federal fund rates at 0% - .25% since December 2008.

County business planning continues to address performance and reliability of jail operations and transportation systems. Significant budgetary challenges are housing needs for the homeless, insurance/hospital options for the unemployed, and inmate housing/care. Budget initiatives reflect ongoing focus for public safety (success with jail certification), transportation funding (cooperative City projects) and inmate health/security (overcrowding). Management initiatives and tight budget controls have resulted in strong general fund reserves while achieving success with long-term goals (jail medical facility and road maintenance).

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

Financial planning is affected by the adopted strategies:

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

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

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

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

Major initiatives – County programs were addressed emphasizing public safety and transportation while focusing on minimizing any need for increasing property tax rates, as well as implementing cost reduction measures, and foregoing employee raises for a third straight year. Significant health safety issues were addressed with decisions to allow mosquito control through aerial spraying for a West Nile epidemic. The public safety emphasis includes a project to add an in-house jail medical/mental health facility to the County jails replacing most of the current medical and mental health services, as well as on-going technology enhancement projects for criminal and civil courts. Technology enhancements included access management controls, partnering with other Texas entities to build judicial tracking systems, evaluate upgrade options for

financial systems and justice courts, and expanding e-commerce options, while maintaining strong PCI compliance. IT strategies focus on system security and strengthening the governance process.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Dallas County for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2011. 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 31 consecutive years (fiscal years ended 1981 through 2011). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

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

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

Respectfully submitted,



Virginia Porter, CPA
County Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Dallas County
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2011

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.



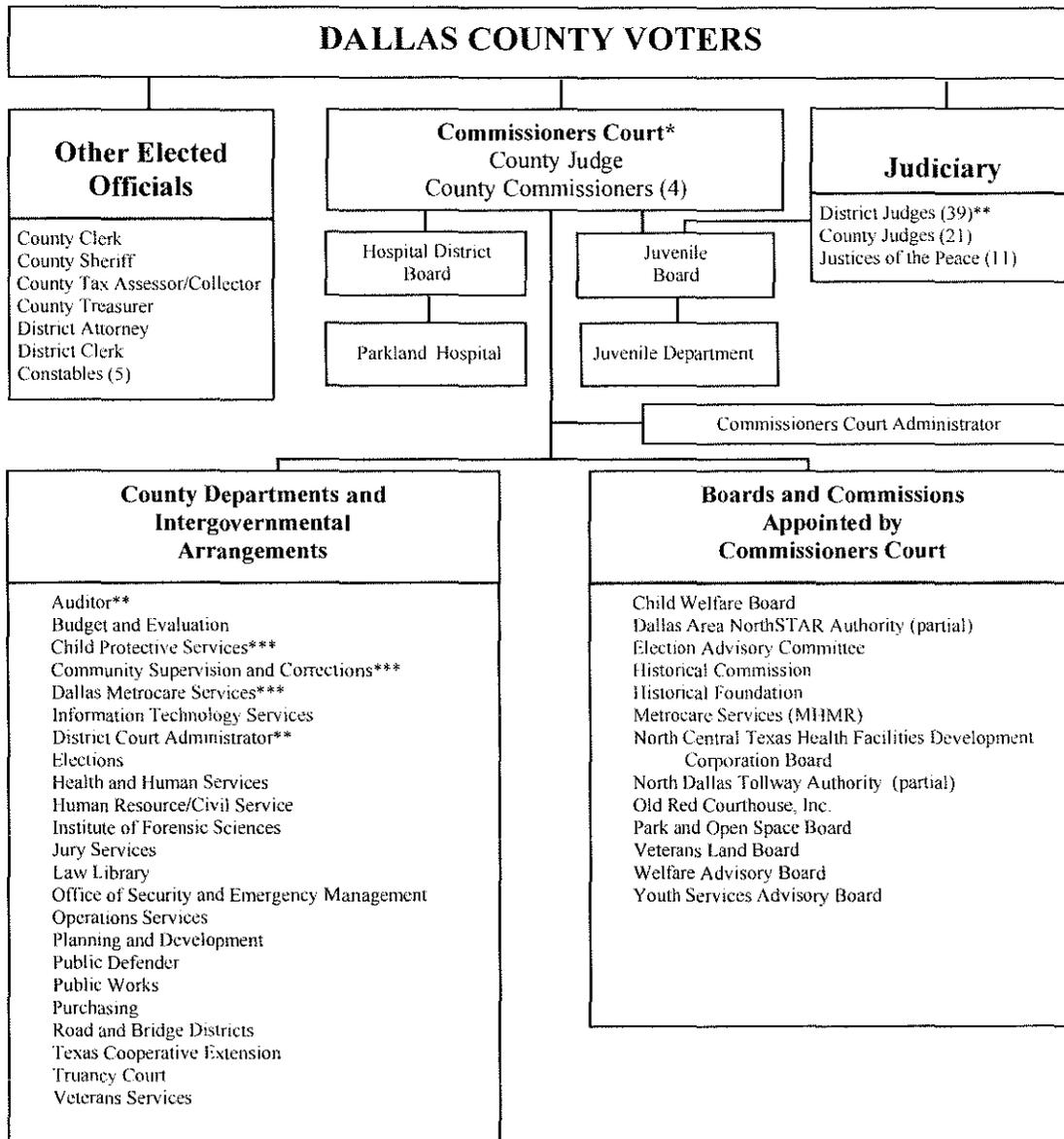
Christopher P. Morrill

President

Jeffrey R. Emmer

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, 2012

<u>Official Title</u>	<u>Incumbent</u>
County Judge	Clay Lewis Jenkins
Commissioner, Precinct 1	Maurine Dickey (Dr. Theresa Daniel, January 1, 2013)
Commissioner, Precinct 2	Mike Cantrell
Commissioner, Precinct 3	John Wiley Price
Commissioner, Precinct 4	Dr. Elba Garcia
County Auditor	Virginia Porter
County Treasurer	Joe Wells
Assessor-Collector of Taxes	John R. Ames
County Clerk	John Warren
District Attorney	Craig Watkins
District Clerk	Gary Fitzsimmons
Sheriff	Lupe Valdez

FINANCIAL SECTION



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

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dallas County, Texas (the County), as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dallas County Hospital District for the year ended September 30, 2012, which represent all of the assets, net assets, and revenues of the aggregate discretely presented component unit. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dallas County Hospital District, are based solely on the report of the other auditor.

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

In our opinion, based on our audit and the report of the other auditor, the respective financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dallas County, as of September 30, 2012, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2013 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over



financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require that management's discussion and analysis, the budgetary comparison schedules, infrastructure assets under modified approach, and schedules of funding progress on pages 11 through 23 and 90 through 99 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining financial statements and the budget and actual schedules in the supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining financial statements and the budget and actual schedules in the supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and the budget and actual schedules in the supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section and statistical sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

KPMG LLP

March 11, 2013

DALLAS COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Primary Governmental Activities
(Unaudited)

This management discussion and analysis (MD&A) of Dallas County (County) financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2012. The MD&A should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements. *All amounts, unless otherwise indicated, are expressed in thousands of dollars.* The MD&A includes comparative data for the prior year.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

- The government-wide financial position declined minimally as indicated by the \$377 decrease in net assets from the previous year. The total net assets is comprised of:
 - 13.4% - restricted by external regulators
 - 0.5% - restricted for debt
 - 5.5% - unrestricted net asset funds that may be used to meet on-going obligations to citizens and creditors
 - 80.6% - amounts invested in capital assets, net of related debt
- Major factors contributing to change in net assets are:
 - less General revenue due to declines in taxable value for 2011 levy
 - positive results of the year's operations
- Unearned taxes based on the 2012 levy embody a flat tax rate and a 1.41% increase in the assessed taxable value after qualified exemptions for real and business personal property.

Governmental Funds Financial Statements

- The County's governmental funds reported combined fund balances of \$371,513; compared to \$343,206 of prior year. Components of fund balances are:
 - 1.0% - non-spendable: inventories and prepaids
 - 1.4% - restricted to major grants
 - 26.9% - restricted to special projects
 - 1.0% - committed debt service
 - 42.9% - committed major projects
 - 3.7% - committed special projects
 - 2.1% - assigned general fund
 - 21.0% - unassigned general fund
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$78,044 or 18.9% of general fund expenditures. This represents a \$21,344 increase compared to the prior fiscal period reflecting continued budget hold for most expenditure categories.
- Tax revenues realized during the period declined 1.2%, reflecting a flat tax rate, decreased tax value, nominal new construction, and strong collection experience.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

Government-wide financial statements. *The government-wide financial statements* are designed to provide readers with a broad overview of the County's finances in a manner similar to private sector business. They present the financial picture of the County from an economic resources measurement focus using full accrual basis of accounting. These statements include all assets of the County (including infrastructure), as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred in regards to inter-fund activity, payables and receivables.

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

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

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

Fund financial statements. A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. In particular, unrestricted unassigned, assigned, and committed fund balances may be useful in evaluating the County's near-term financing requirements.

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

The County maintains 25 individual governmental funds (excluding fiduciary funds), 20 special revenue funds, two capital project funds, one debt service fund, one internal service fund and the General Fund.

Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Major Projects Fund, and Major 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 type of proprietary funds) is used to report activities that provide supplies and services for other programs and activities – such as the County’s self-insurance program (including workers’ compensation) and employee benefits. Because these services predominantly benefit government rather than business-type functions, the Internal Service Fund is reported with *governmental activities* in the government-wide financial statements.

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

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

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

Discretely Presented Component Unit. The Dallas County Hospital District (the District) is under the direction of a seven-member board of managers who are appointed by the Commissioners Court. Although the Commissioners Court approves the District’s budget, sets its tax rate, and approves major contracts, the District is an organization separate from the County. These factors dictate the inclusion of the District in the County’s financial statements. The County, however, does not have financial responsibility for the hospital district debt. 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. Only the dissolution of a hospital district terminates the District’s responsibility to provide health care to its indigent eligible residents. The District also has a separate constitutional tax limitation, the independent power of eminent domain, and the individual right of ownership of property.

Complete financial statements for the District may be obtained from:

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The County's net assets at September 30, 2012 and 2011 are summarized as follows:

Dallas County's Net Assets			
<u>Governmental Activities</u>			
	2012	2011	Increase (Decrease)
Current and other assets	\$ 841,015	\$ 797,582	\$ 43,433
Capital assets (net of depreciation)	<u>505,757</u>	<u>506,412</u>	<u>(655)</u>
Total assets	1,346,772	1,303,994	42,778
Current and other liabilities	443,390	430,029	13,361
Long-term liabilities	<u>339,839</u>	<u>310,045</u>	<u>29,794</u>
Total liabilities	783,229	740,074	43,155
Net assets invested in capital assets, net of related debt	454,302	455,452	(1,150)
Restricted net assets	78,434	66,840	11,594
Unrestricted net assets	<u>30,807</u>	<u>41,628</u>	<u>(10,821)</u>
Total net assets	<u>\$ 563,543</u>	<u>\$ 563,920</u>	<u>\$ (377)</u>

The current financial reporting model focusing on net assets serves as a useful indicator of a government's financial position. Net assets are unrestricted, subject to external restrictions as to how they may be used, or are invested in capital assets less any related outstanding debt used to acquire those assets. Related debt remains low in accordance to strategic planning. Increases to long-term liabilities continue to reflect an increasing other post-employment benefit cost (OPEB) as reflected in actuarial analysis. Total net assets exceeded liabilities by \$563,543 at the close of the most recent fiscal year, reflecting minimal change from the prior year.

The largest portion of net assets (80.6%) reflects investments in capital assets (e.g., land, buildings, machinery, and equipment), less any related and outstanding debt used to acquire those assets. Current activity for capital assets reflects 1) transfers from construction in progress for major building improvements, 2) purchases of machinery and equipment, and 3) contract negotiations for a new sub-courthouse. The County uses capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although investments in capital assets are reported net of related debt and the County's philosophy is "pay-as-you-go," it should be noted that the resources needed to repay any necessary debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net assets (13.4%) represents resources that are subject to external restrictions on how they may be used. Restrictions on net assets include statutory requirements, bond covenants, and grantor conditions. Current period increases reflect delays in transportation spending as statutory fees accumulate. The remaining balance of *unrestricted net assets* (\$30,807 or 5.5%) may be used to meet the government's commitments and on-going obligations to citizens and creditors.

The Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Government Funds on page 30 provides further details of the decrease in net assets of \$377 as indicated on page 27.

Governmental activities. Program revenues and expenses are presented net of inter-fund eliminations. Key elements for the years ended September 30, 2012 and 2011 are as follows:

Dallas County's Changes in Net Assets

	2012	2011	Increase (Decrease)
Revenues:			
Net program revenues:			
Charges for services	\$ 145,846	\$ 151,099	\$ (5,253)
Operating grants and contributions	133,970	162,648	(28,678)
Capital grants and contributions	-	257	(257)
General revenues:			
Property taxes	366,998	371,618	(4,620)
Other taxes	21,300	19,953	1,347
Grants and contributions not restricted	1,392	6,758	(5,366)
Investment earnings	3,259	4,258	(999)
Insurance proceeds (\$4,258 in 2011), net of insurable loss	57	2,850	(2,793)
Total Revenues	<u>672,822</u>	<u>719,441</u>	<u>(46,619)</u>
Expenses:			
General government	149,009	137,867	11,142
Judicial	133,061	138,104	(5,043)
Public safety	222,386	233,243	(10,857)
Highways and streets	27,349	21,195	6,154
Health	50,924	53,264	(2,340)
Education	9,340	9,994	(654)
Public welfare	76,449	97,261	(20,812)
Interest on long-term debt	4,681	5,189	(508)
Interest paid - advance refunding	-	733	(733)
Loss on retirement of capital assets	-	804	(804)
Total Expenses	<u>673,199</u>	<u>697,654</u>	<u>(24,455)</u>
Change in net assets	(377)	21,787	(22,164)
Net assets - beginning	563,920	542,133	21,787
Net assets - ending	<u>\$ 563,543</u>	<u>\$ 563,920</u>	<u>\$ (377)</u>

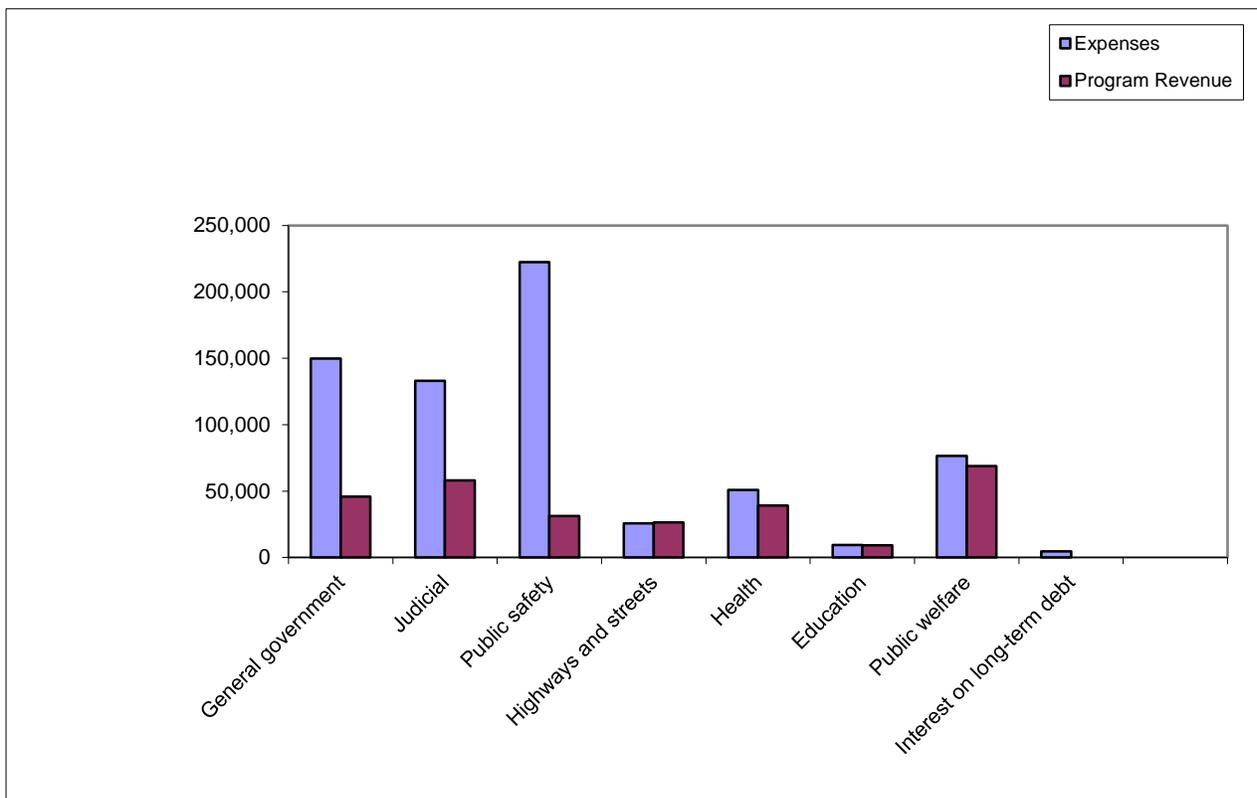
General Revenues and Program Revenues

General revenues are revenues that are not assigned to support a specific function, but are available to provide financial resources as necessary. Included in general revenues are ad valorem taxes, other tax related revenues, interest earned from investments, and miscellaneous income. Total revenues were \$672,822 compared to \$719,441 for prior fiscal year or 6.5% decrease. General revenues decreased 3.1% from the prior fiscal period.

- Property taxes decreased by \$4,620 during the year. The change is due to decreased taxable assessed values of 1.6% with a flat tax rate.
- General revenues include a \$1,347 increase due to taxes collected on increasing vehicle sales.
- Program revenues decreased over \$25 million due to completion of ARRA grants (stimulus awards).

The tax rate assessed for January 1, 2012 valuation date remained flat at 24.31 cents per \$100 (dollar). Tax values for that period increased 1.41%. (Property taxes levied prior to year-end are reflected as unearned revenue and taxes receivable.)

Expenses and Program Revenues – Governmental Activities – FY2012



Net functions/programs costs include the revenue generated from a particular service and the costs of the function. For FY2012, the net (expense) revenues were (\$393,383) compared to (\$382,113) in FY2011.

- Pay plans and salaries were unchanged for all levels and in all functions.
- Medical claims decreased for all coverage types of the County's self-funded program reflecting gains from administrative initiatives.
- General government – Charges for Proprietary Fund services are expensed by the Governmental Funds. To the extent such charges create a profit (loss) this amount is credited (charged) to General Government Activities, which may impact Governmental Funds in future periods. The 2012 OPEB actuarial liability increased significantly due to projected medical increases for aging workforce.
- Public Safety – expenses continue to decline as various sheriff programs for transportation and paper service are reorganized.
- Highways and Streets – expenses increased for costs associated with completed thoroughfare projects partially funded by participating entities.
- Public welfare – significant decrease in transactions due to expiration of ARRA grants initially awarded from prior year's results in \$1,464 improvement as cash-match expenditures no longer required.
- Debt service (interest payments) – decreased consistent with a goal of reducing debt.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

Governmental funds. The general government functions are reported in the General, Special Revenue, Debt Service, and Capital Project Funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's annual financing and budgeting requirements. In particular, *unrestricted, unassigned, assigned, and committed fund balances* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The County's aggregate governmental funds increased \$28,307 in the current fiscal year to \$371,513. Increases were noted for all funds except major grants. The more significant increase was realized in the general fund and due to budget hold on all operational projects. Tax revenues decreased \$4,596 due to declining property tax values.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$78,044 in contrast to \$56,700 in the prior year. Total fund balance is \$89,188. Savings were realized in public safety functions with reducing/reorganizing transportation and paper service program. As a measure of the General Fund's liquidity, County management has a budgetary target of unassigned fund balance to total fund expenditures (excluding other financing uses) of 10.5%. In FY2012, the General Fund budgetary target was exceeded. The unassigned fund balance to total fund expenditures (excluding other financing uses) was 18.9%.

In FY2012, the Debt Service Fund balance reflects declining requirements as debt is repaid. A tax rate decrease of .37 cents per \$100 valuation maintained reserves to adequately fund debt and allow transfer of tax collections to the Major Projects Fund. County management anticipates full debt retirement in 2025.

The Major Projects Fund reflects a fund balance of \$159,538 compared to \$154,613 in FY2011. The additional property tax collections are committed for new projects (Jail Medical/Mental Health and a sub-courthouse). A tax rate increase of .37 cents per \$100 value to 31.20 cents per \$100 value offset by decline in Debt Service Fund increased committed funds for capital development.

Grant categories represent federal and state awards except HUD and Charter School, which are included in other Non-Major governmental funds. Significant changes included expiration of ARRA awards for public welfare.

Other Non-Major Governmental funds include road bond funds for construction of assets not controlled by the County. These funds continue to be restricted for statutory purposes. Activity for special funds administered by local officials in accordance to statutes also is included in Other Non-Major Governmental Funds. The Special Funds total fund balance is comprised of \$99,943 restricted, and \$13,809 as committed. The Special Funds transferred \$30,356 to the General Fund to fund transportation and court related activities.

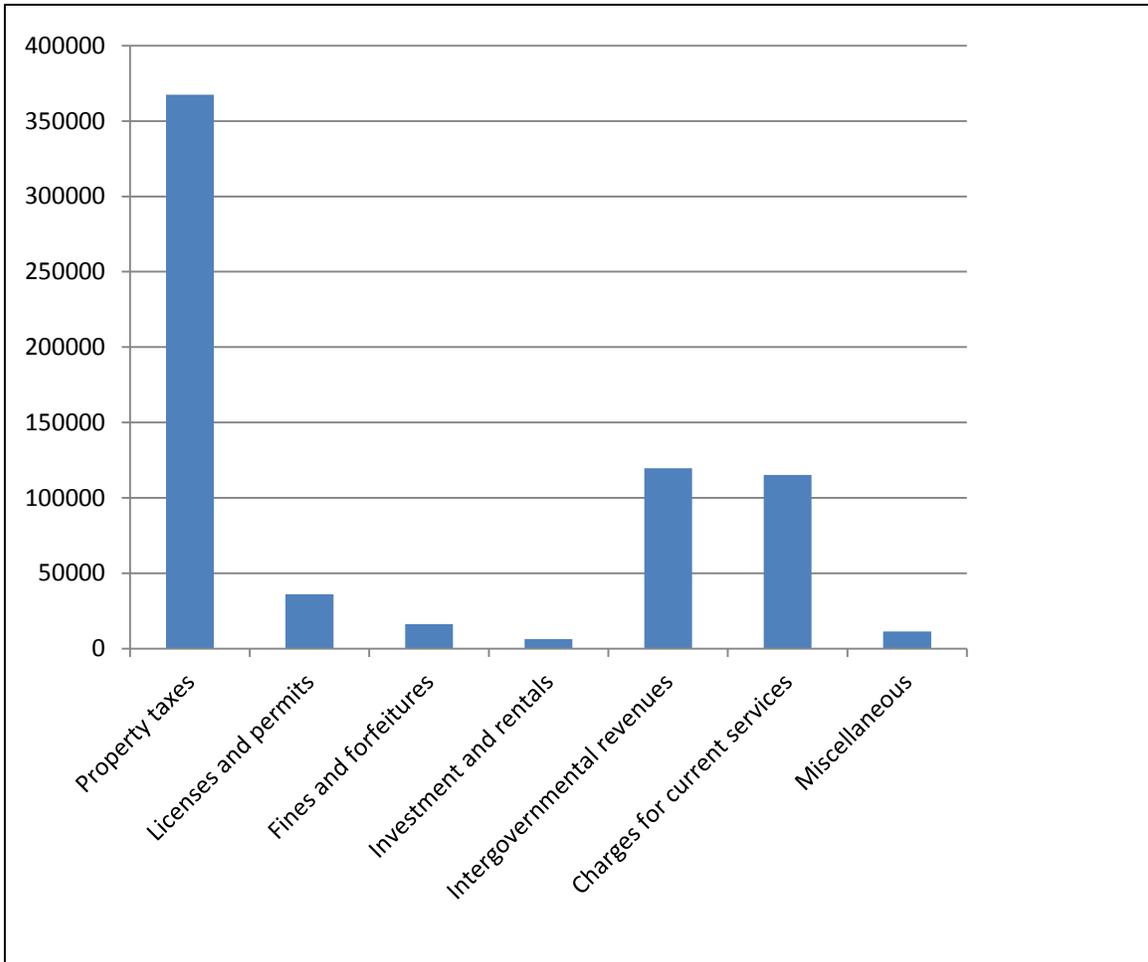
The following table presents the amount of revenues from various sources, as well as increases or decreases from the prior year.

Governmental Funds - Revenues Classified by Source

	2012	2011	Increase (Decrease)	Percent of Change
Property taxes	\$ 367,478	\$ 372,074	\$ (4,596)	(1.2)%
Licenses and permits	36,009	33,520	2,489	7.4%
Fines and forfeitures	16,206	17,732	(1,526)	(8.6)%
Investments and rentals	6,221	7,017	(796)	(11.3)%
Intergovernmental revenues	120,670	145,937	(25,267)	(17.3)%
Charges for current services	115,139	123,235	(8,096)	(6.6)%
Miscellaneous	11,275	17,035	(5,760)	(33.8)%
Total	<u>\$ 672,998</u>	<u>\$ 716,550</u>	<u>\$ (43,552)</u>	(6.1)%

- Property taxes – decreased by \$4,596 primarily due to a 1.2% decrease in the 2011 assessed taxable values with a flat tax rate. New construction values totaled \$1,353,475, a decline compared to the previous year.
- Licenses and permits – reflect 12% increase in sales tax collections as market demand for vehicles increased.
- Fines and forfeitures – decrease continued after traffic programs for both Sheriff and Constable disbanded in prior years.
- Investments – remained low consistent with low market interest rates in effect since 2008.
- Intergovernmental revenues – decreased significantly for Major Grants fund due to completed ARRA projects for weatherization and immunization totaling \$8.0 million. Non-renewal of CEAP and LIRAP grants in 2012 totaling \$13.5 million, and reduced funding for Ryan White grants totaling \$2.0 million.
- Charges for current services – net decrease from several factors. The more significant changes are: \$2.7 million decline due to normalized receipts after FY2011 a spike for specialty program; \$1.8 million decline due to state legislature reduced collections to counties; \$1.5 million decline in judicial fees; \$1.0 million decline in billable autopsy service; and discontinued medical prescreening at reduction of \$350 thousand.
- Miscellaneous – normalized after adjusting for significant receipt of escheated unclaimed tax payments in prior year.

Revenues Classified by Source – Governmental Activities – FY2012



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

Expenditures by Function - Governmental Funds				
Function:	2012	2011	Increase (Decrease)	Percent of Change
General government	\$ 93,392	\$ 96,301	\$ (2,909)	(3.0)%
Judicial	130,463	137,603	(7,140)	(5.2)%
Public Safety	213,771	222,489	(8,718)	(3.9)%
Highways and streets	26,790	20,152	6,638	32.9 %
Health	50,829	52,967	(2,138)	(4.0)%
Public Welfare	75,603	96,448	(20,845)	(21.6)%
Education	9,224	10,065	(841)	(8.4)%
Capital outlays	15,188	11,394	3,794	33.3 %
Debt service - principal	22,780	18,190	4,590	25.2 %
Debt service - interest	6,708	5,284	1,424	26.9 %
Total	<u>\$ 644,748</u>	<u>\$ 670,893</u>	<u>\$ (26,145)</u>	(3.9)%

- Salary levels were unchanged from prior year, while health insurance costs declined, and retirement contributions increased. Employee premium contributions for health plans were recalculated to reflect more accurate costing and a non-smoker discount.
- Judicial – decreased primarily due to delays in acquiring new climate controlled facility to house judicial records.
- Public safety – reflects continued reduction due to disbanding transportation program and reorganization and reduction of paper service resulting in 156 positions cut.
- Highways and streets – increased for costs associated with bridge repair and matching expenditure on local city road work.
- Public welfare – expenditures decreased for federal awards noted under intergovernmental revenues, page 18.
- Capital outlays – included expenditures from planned transportation projects previously placed on hold, construction for a new sub-courthouse, and energy preservation projects.
- Debt service – reflects payments for 2011 bond sales, management strategies continue focus on “pay-as-you-go” program.

GENERAL FUND BUDGETARY HIGHLIGHTS

The FY2012 legally adopted cash budget was adopted on September 20, 2011, for the General Fund totaling \$486,325 (prior to including prior period carry forwards), an increase of \$7,907 from FY2011 budget. Valid encumbrances from prior year are added completing the approved budget. The FY2012 legally adopted budget for all funds prior to encumbrance rollover totaled \$858,534.

Highlights from Dallas County FY2012 Budget include the following:

- The tax rate was set at 24.31 cents per \$100 assessed valuation; no change since 2010.
- All compensation increases except for promotions remain frozen but require contribution for defined benefit plan increased 0.6% (9.4% – 10.0%) effective January 2011.

- A total of 166 positions were deleted with 10 new positions added for a net decrease of 156 positions.
- Sheriff Traffic Program was disbanded, accounting for the deletion of 57 positions as listed above, and a constable paper service program was reorganized under the Sheriff, accounting for the deletion of 72 positions listed above.
- The budgeted General Fund unassigned reserve balance of \$53.0 million meets key policy targets.

Budgetary variances (refer to pages 90-93) include encumbered funds for various products or services not yet ordered.

DEBT ADMINISTRATION AND CAPITAL ASSETS

Long-term debt. At September 30, 2012, the County had unlimited tax and general obligation bonds outstanding in the amount of \$121,605, net of debt premium of \$5,598. According to Texas statutes, the County has two debt limits. Bond issued under Article 3, Section 52e of the Texas Constitution total were refunded resulting in zero balance, and bonds issued under Article 722 of Vernon’s Civil Statutes total \$121,605. The debt limits for the two authorizations are \$44,114,339 (25% of real property assessed valuation), and \$10,331,630 (5% of assessed valuation of all taxable property); therefore, the County has legal debt margins on general obligation debt of \$44,114,339, and \$10,213,746, respectively.

The County’s bond rating is “AAA” from Standard & Poor’s and “Aaa” rating from Moody’s for general obligation debt. These ratings have been upheld since 1978 with the latest evaluation in credit rating action March 30, 2011; Outlook, STABLE.

The following represents the activity of the long-term debt of the County for FY2012 (refer to page 64 for additional information).

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
Bonds and Certificates of Obligation	\$ 151,613	\$ 62	\$ 24,472	\$ 127,203
Compensated Absences	26,672	31,836	31,992	26,516
Other Postemployment Benefits	126,005	58,072	3,005	181,072
Claims and Judgments	2,800	2,149	2,149	2,800
Workers’ Compensation	2,955	1,753	2,460	2,248
Total	<u>\$ 310,045</u>	<u>\$ 93,872</u>	<u>\$ 64,078</u>	<u>\$ 339,839</u>

Legal counsel and subject experts are contracted to review workers’ compensation claims and other legal matters as needed. The FY2012 claims and judgments are for unsafe jail conditions, improper reporting for a traffic and an inmate grant, and noncompliance with proper termination notice. Increases for actual Workers’ Compensation expenditures are minimal as a result of cost-saving initiatives and as reflected in County management’s historical analysis updated annually. The County’s OPEB actuarial study updated October 1, 2011, reflects significantly larger liability due to projected medical costs for aging population. The discount rate for calculating OPEB is 2.5%. More detailed information about the County’s long-term liabilities is presented in Note VI to the financial statements.

Capital assets. The capital assets of the County are those assets (land, buildings, improvements, and machinery & equipment (M&E)), which are used in the performance of the County’s functions. Capital assets also include infrastructure assets – roads and bridges. The County owns and maintains the original courthouse constructed in 1892, which has been renovated as a historical treasure. At September 30, 2012, net capital assets of the governmental activities totaled \$505,757, reflecting a net decrease of \$655.

Depreciation of capital assets (except for infrastructure assets which are reported under the modified approach basis) is recognized in the government-wide financial statements. FY2012 depreciation for buildings, improvements, and M&E totaled \$18,948. Depreciation is not calculated for the historical treasure, the 1892 Old Red Courthouse, which has a book value of \$32,042.

An annual allocation of the tax rate is reserved for fund expenditures related to major capital and major technology assets. The \$0.045 per \$100 valuation is split between debt service and major capital development fund. Construction or contract development needs are analyzed during the budget cycle and encumbrances/obligations revised. The 2012 allocation reflects transfer of .37 cents per \$100 value from debt service to major projects consistent with “pay-as-you-go” strategy.

The County has elected to use the “Modified Approach” as defined in GASB 34 for reporting infrastructure assets which include 123.66 miles of roads, and 28 bridges and culverts. The FY2012 assessment revealed the condition of the roads was maintained consistent with County policy, whereas 99.3% of the County’s roads were rated 2.5 or better on a 4.0 scale, based on the Federal Highway Administration Road Pavement Condition Rating (PCR). All of the County’s bridges are in either very good or good condition as rated 6.0 or better on a 9.0 scale.

The County expended \$1,717 on road maintenance for the year ended September 30, 2012. These expenditures delayed deterioration; however, overall road conditions were not improved. Four bridges were annexed by cities in 2012. The remaining 28 bridges had ratings that met the County’s planned condition level of very good or good condition. Incurred bridge maintenance costs in FY2012 were \$1,526. Additional details on infrastructure assets can be found in Required Supplementary Information pages 96 and 97 of this report.

County's Capital Assets (net of depreciation)		
	2012	2011
Governmental Activities:		
Land	\$ 26,826	\$ 26,923
Historical Treasures	32,042	32,042
Buildings	375,007	382,766
Machinery and Equipment	19,743	21,530
Infrastructure	26,955	27,276
Construction-in-Progress	<u>25,184</u>	<u>15,875</u>
Total	<u>\$ 505,757</u>	<u>\$ 506,412</u>

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

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The Dallas County budget is developed annually and intended to provide efficient, effective, and controlled usage of the County's resources, as well as a means to accomplish the highest priorities of the Dallas County Commissioners. Through the budget, the County Commissioners set the direction of the County, allocate its resources, and establish its priorities. The FY2013 Budget meets the key established policy directive of the Commissioners Court requiring that the budgeted ending unassigned fund balance be not less than 10.5% of County funded expenditures.

The FY2013 budget process was primarily focused on identifying various balancing strategies that impact services provided to customers of Dallas County as minimally as possible.

Highlights from Dallas County FY2013 Budget include the following:

- The tax rate was unchanged from 2012 budget rates
- Compensation increases for all levels were approved for 4%. Step increases for approved programs remain frozen. Required contribution for defined benefit plan increased 0.8% (10.0% - 10.8%) effective January 2012.
- A net increase of 22 positions was approved; 36 added and 14 deleted. The majority of the increased staff is related to 10 additional detention officers to supervise juveniles certified as adults.

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, 2012

(in thousands of dollars)

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Hospital District</u>
ASSETS		
Cash, cash equivalents, and investments	\$ 407,060	\$ 165,978
Receivables (net of allowance for uncollectibles) and accrued interest	398,145	217,488
Accrued interest	530	-
Due from other government units	30,429	-
Inventories	1,931	14,815
Prepayments and advances	1,643	-
Deferred charges	1,277	-
Long term investments	-	141,789
Assets limited as to use - investments	-	789,674
Other noncurrent assets	-	32,827
Capital assets not being depreciated		
Land	26,826	114,401
Construction - in - progress	25,184	590,809
Infrastructure	26,955	-
Historical treasures	32,042	-
Capital assets (net of accumulated depreciation)		
Buildings	375,007	117,388
Machinery and equipment	19,743	114,118
Total capital assets	<u>505,757</u>	<u>936,716</u>
Total assets	<u>1,346,772</u>	<u>2,299,287</u>
LIABILITIES		
Accounts payable and accrued liabilities	36,388	269,393
Accrued interest payable	690	4,880
Other current liabilities	4,154	37,777
Unearned revenue	384,307	-
Due to other government units	17,851	245
Non-current liabilities:		
Due within one year	45,040	-
Due in more than one year	294,799	720,915
Total liabilities	<u>783,229</u>	<u>1,033,210</u>
NET ASSETS		
Invested in capital assets, net of related debt	454,302	529,856
Restricted for:		
Highways and streets	22,145	-
Debt service	3,031	-
Major and HUD Section 8 and Academy for Academic Excellence	13,523	-
Record management and capital projects	39,735	-
Restricted	-	51,516
Unrestricted	30,807	684,705
Total net assets	<u>\$ 563,543</u>	<u>\$ 1,266,077</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, 2012
(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	\$ 149,009	\$ 44,792	\$ 971	\$ -	\$ (103,246)	\$ -
Judicial	133,061	44,746	13,309	-	(75,006)	-
Public safety	222,386	22,422	8,875	-	(191,089)	-
Highways and streets	27,349	26,511	-	-	(838)	-
Health	50,924	6,138	32,932	-	(11,854)	-
Education	9,340	-	10,165	-	825	-
Public welfare	76,449	1,237	67,718	-	(7,494)	-
Interest on long-term debt	4,681	-	-	-	(4,681)	-
Total primary government	\$ 673,199	\$ 145,846	\$ 133,970	\$ -	\$ (393,383)	\$ -
Component unit:						
Hospital district	\$ 1,680,041	\$ 1,226,601	\$ 18,585	\$ 4,743	\$ -	\$ (430,112)
General revenues:						
Property taxes					\$ 366,998	\$ 420,497
Alcoholic beverage and other taxes					21,300	-
Grants and contributions not restricted to specific programs					1,392	36,352
Investment earnings					3,259	28,244
Insurance proceeds net of insurable losses					57	-
Total general revenue					393,006	485,093
Other expense:						
Interest expense					-	(19,584)
Total other expense					-	(19,584)
Change in net assets					(377)	35,397
Net assets - beginning					563,920	1,230,680
Net assets - ending					\$ 563,543	\$1,266,077

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

DALLAS COUNTY, TEXAS

Balance Sheet
Governmental Funds
September 30, 2012
(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, cash equivalents, and investments	\$ 101,416	\$ 3,711	\$ 178,147	\$ 3,243	\$ 114,944	\$ 401,461
Property tax receivables (net of allowance for uncollectibles of \$ 27,913)	286,426	23,717	46,878	-	24,141	381,162
Accounts receivable	9,813	-	-	5	7,165	16,983
Accrued interest	181	6	272	4	67	530
Due from other funds	151	-	-	5	-	156
Due from other governmental units	3,598	-	7,011	17,064	2,756	30,429
Inventories	1,764	-	-	-	167	1,931
Prepayments and advances	1,602	-	7	3	31	1,643
Total assets	<u>\$ 404,951</u>	<u>\$ 27,434</u>	<u>\$ 232,315</u>	<u>\$ 20,324</u>	<u>\$ 149,271</u>	<u>\$ 834,295</u>
LIABILITIES AND FUND BALANCES						
Liabilities :						
Accounts payable and accrued liabilities	\$ 18,263	\$ -	\$ 7,238	\$ 8,116	\$ 2,771	\$ 36,388
Due to other funds	1,973	-	11	218	63	2,265
Due to other governmental units	1,015	-	15,354	-	1,482	17,851
Deferred and unearned revenue	294,512	23,713	50,174	6,874	31,005	406,278
Total liabilities	<u>315,763</u>	<u>23,713</u>	<u>72,777</u>	<u>15,208</u>	<u>35,321</u>	<u>462,782</u>
Fund balances:						
Nonspendable: inventories and prepaids	3,366	-	7	3	198	3,574
Restricted	-	3,721	-	5,113	99,943	108,777
Committed	-	-	159,531	-	13,809	173,340
Assigned	7,778	-	-	-	-	7,778
Unassigned	78,044	-	-	-	-	78,044
Total fund balances	<u>89,188</u>	<u>3,721</u>	<u>159,538</u>	<u>5,116</u>	<u>113,950</u>	<u>371,513</u>
Total liabilities and fund balances	<u>\$ 404,951</u>	<u>\$ 27,434</u>	<u>\$ 232,315</u>	<u>\$ 20,324</u>	<u>\$ 149,271</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.	505,757
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in governmental funds. See page 51.	21,971
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.	1,468
Certain liabilities, including bonds payable and related interest, are not due and payable in the current period and therefore are not included in governmental funds. See page 52.	(337,166)
Net assets of governmental activities	<u>\$ 563,543</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, 2012
(in thousands of dollars)

	General	Debt Service	Major Projects	Major Grants	Other Non-major Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 277,641	\$ 20,935	\$ 47,144	\$ -	\$ 21,758	\$ 367,478
Licenses and permits	11,409	-	-	-	24,600	36,009
Fines and forfeitures	9,122	-	-	-	7,084	16,206
Investment income	2,333	108	624	33	132	3,230
Rental revenues	2,991	-	-	-	-	2,991
Intergovernmental revenues	2,160	-	-	82,736	35,774	120,670
Charges for current services	91,138	1,340	-	-	22,661	115,139
Miscellaneous	10,194	-	176	-	905	11,275
Total revenues	<u>406,988</u>	<u>22,383</u>	<u>47,944</u>	<u>82,769</u>	<u>112,914</u>	<u>672,998</u>
EXPENDITURES						
Current:						
General government	69,393	-	-	-	23,999	93,392
Judicial	121,275	-	-	3,075	6,113	130,463
Public safety	204,861	-	-	5,732	3,178	213,771
Highways and streets	-	-	17,662	-	9,128	26,790
Health	17,317	-	-	33,512	-	50,829
Education	-	-	-	1,760	7,464	9,224
Public welfare	403	-	4,819	42,042	28,339	75,603
Debt service:						
Principal	-	22,780	-	-	-	22,780
Interest	-	6,708	-	-	-	6,708
Capital outlay	-	-	15,170	-	18	15,188
Total expenditures	<u>413,249</u>	<u>29,488</u>	<u>37,651</u>	<u>86,121</u>	<u>78,239</u>	<u>644,748</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,261)</u>	<u>(7,105)</u>	<u>10,293</u>	<u>(3,352)</u>	<u>34,675</u>	<u>28,250</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	31,106	8,469	3,161	3,866	552	47,154
Transfers (out)	(3,847)	-	(8,529)	(792)	(33,986)	(47,154)
Insurance proceeds	57	-	-	-	-	57
Total other financing sources (uses)	<u>27,316</u>	<u>8,469</u>	<u>(5,368)</u>	<u>3,074</u>	<u>(33,434)</u>	<u>57</u>
Net change in fund balances	21,055	1,364	4,925	(278)	1,241	28,307
Fund balances - beginning	68,133	2,357	154,613	5,394	112,709	343,206
Fund balances - ending	<u>\$ 89,188</u>	<u>\$ 3,721</u>	<u>\$ 159,538</u>	<u>\$ 5,116</u>	<u>\$ 113,950</u>	<u>\$ 371,513</u>

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

DALLAS COUNTY, TEXAS

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances to the
Statement of Activities
For the Year Ended September 30, 2012
(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)	\$ 28,307
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 were exceeded by depreciation in the current period. See page - 52 - Notes to the Basic Financial Statements for details.	40
The net effect of various transactions (e.g. sale of capital of assets). See page 52 - Notes to the Basic Financial Statements for details.	(695)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. See page 53 - Notes to the Basic Financial Statements for details.	(239)
Some expenses reported in statement of activities are not fund expenditures (e.g. compensated absences that are liabilities not normally liquidated with current financial resources). See page 53 - Notes to the Basic Financial Statements for details.	(54,466)
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 53 - Notes to the Basic Financial Statements for details.	24,224
Internal service funds are used by management to charge the costs to account for group medical self-insurance and workers compensation. The net revenue (loss) is reported with governmental activities. See page 32 - Statement of Revenues, Expenses and Changes in Fund Net Assets for details.	<u>2,452</u>
Change in net assets of governmental activities (page 27)	<u>\$ (377)</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, 2012

(in thousands of dollars)

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 5,599
Due from other funds	2,109
Total assets	<u>\$ 7,708</u>
LIABILITIES	
Current Liabilities:	
Medical claims	\$ 3,992
Workers' compensation claims - current	1,819
Total current liabilities	<u>5,811</u>
Non-Current Liability:	
Workers' compensation claims - non-current	429
Total liabilities	<u>6,240</u>
NET ASSETS	
Unrestricted	1,468
Total net assets	<u>\$ 1,468</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, 2012
(in thousands of dollars)

	Governmental Activities - Internal Service Fund
Operating revenues:	
Premiums	\$ 63,088
Operating expenses:	
Benefit payments	56,542
Administration	4,095
Total operating expenses	<u>60,637</u>
Operating profit	2,451
Non-operating revenues:	
Interest income	<u>1</u>
Change in net assets	2,452
Total net assets (deficit) - beginning	<u>(984)</u>
Total net assets - ending	<u>\$ 1,468</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, 2012
(in thousands of dollars)

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash for premiums and reimbursements	\$ 62,194
Cash payments for benefit claims	(57,236)
Cash payments for administrative fees	<u>(4,113)</u>
Net cash provided by operating activities	<u>845</u>
 CASH FLOW FROM INVESTING ACTIVITIES	
Interest on investments	<u>1</u>
Net cash provided by investing activities	<u>1</u>
Net increase in cash and cash equivalents	846
Cash and cash equivalents at beginning of year	<u>4,753</u>
Cash and cash equivalents at end of year	<u><u>\$ 5,599</u></u>
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating profit	\$ 2,451
Adjustments to reconcile operating profit to net cash provided by operating activities:	
Increase in due from other funds	(895)
(Decrease) in liabilities	<u>(711)</u>
Net cash provided by operating activities	<u><u>\$ 845</u></u>

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

DALLAS COUNTY, TEXAS
Statement of Fiduciary Assets and Liabilities
All Agency Funds
September 30, 2012
(in thousands of dollars)

	<u>Total</u>
Assets:	
Cash and investments	\$ 128,927
Accrued interest and other receivable	1,011
Cash and investments held in escrow	<u>10,360</u>
 Total assets	 <u><u>\$ 140,298</u></u>
 Liabilities:	
Due to other governmental units and others	<u>\$ 140,298</u>
 Total liabilities	 <u><u>\$ 140,298</u></u>

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In the current year, the County implemented GASB Statement No.57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which amends GASB Statements No. 43 and No. 45, and is intended to address issues related to the use of an alternative measurement method and the frequency and timing of measurement by employers that participate in multiple-agent employer other post-employment benefit (OPEB) plans.

The County OPEB plan is a single-employer defined benefit healthcare plan. GASB Statement No. 57 did not have an impact on the County's financial statements.

In the current year, the County implemented GASB Statement No. 64, *Derivative Instruments*, which is intended to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider.

The implementation of GASB Statement No. 64 did not have any impact on the County's financial statements.

A. Reporting Entity

Primary Government

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

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

Discretely Presented Component Unit

The Dallas County Hospital District, dba Parkland Health & Hospital System (District), is a political subdivision of Texas, and is a discretely presented component unit of the County. The District is composed of Parkland Memorial Hospital (Hospital); Parkland Community Health Plan, Inc. (Health Plan); Parkland Foundation (Foundation); and Parkland Center for Clinical Innovation (PCCI). The District is a hospital district, and accordingly, its income is excluded under Section 115 of the Internal Revenue Code (Code), and it is recognized as an organization described in Section 501(c)(3) of the Code and, as such, is exempt from federal income taxes.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During 2012, all income was related to essential government functions. The Hospital, the Foundation, and PCCI have fiscal years ending September 30. The Health Plan's fiscal year ends December 31. All references to annual periods refer to the year ended September 30.

The Hospital operates 699 inpatient beds, 60 neonatal beds, numerous outpatient clinics, and an emergency room. The Hospital also operates the Community Oriented Primary Care clinics in the community and on the Hospital campus. Additionally, the Hospital serves as the major teaching hospital for the UT Southwestern Medical Center at Dallas (UT Southwestern), which is located adjacent to the Hospital in accordance with an affiliation agreement dated September 1, 2006. The Hospital also manages the County's jail health system. The County's jail is the seventh largest jail in the nation with approximately 6,400 inmates. The District provides direct patient care at five facilities and contracts for services at four juvenile facilities. The District is accounted for as a single-column business-type entity on an accrual basis of accounting.

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

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

PCCI is a nonprofit research and development corporation organized in Texas in 2012. It is an organization as described in Section 501(c)(3) of the Code. PCCI specializes in the development of software that helps clinicians predict patients that are potentially at high risk for an adverse event.

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

Parkland Health & Hospital System
5201 Harry Hines Boulevard
Dallas, Texas 75235
Attention: Ted Shaw
Executive Vice President and Interim Chief Financial Officer

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government–Wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. Government-wide statements report, except for County fiduciary funds financial activity, information on all of the County activities including its component unit. The effect of inter-fund transfers has been removed from the government-wide financial statements, but 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, intergovernmental revenues and charges for services. 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, e.g. other postemployment benefits are charged to general government functions/programs in the statement of activities because these costs are guaranteed by the general government. Indirect expenses include changes in estimates of workers' compensation, which may not be reasonably allocated to other functions/programs in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included in program revenues are reported as general revenues.

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

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

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

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund level financial statements are reported using current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized only when they become susceptible to accrual (measurable and available). Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Unearned amounts are reported as deferred and unearned revenue. Except for grants, measurable and available revenues include revenues expected to be received within 60 days after the fiscal year-end. Grants policy includes recognition of revenues, so long as such amounts are collectible within 60 days or soon enough afterwards to be used to pay liabilities for the current period, and where grant eligibility requirements have been met. Property taxes levied prior to September 30, 2012, and became due October 1, 2012 have been assessed to finance the budget of the fiscal year beginning October 1, 2012 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, 2012.

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

The County reports the following major governmental funds:

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

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

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

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

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other fund types include proprietary and fiduciary funds:

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

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

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

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

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

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

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

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

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

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

Discretely Presented Component Unit

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets

1. Cash, Cash Equivalents, and Investments

Primary Government

For the purpose of the Statement of Cash Flows, the County considers cash on hand, demand deposits, and all highly liquid investments with original maturities less than 90 days at date of purchase to be cash and cash equivalents. Texas statutes and the County's official investment policy authorize the County to invest in fully collateralized security repurchase agreements, fully serviced certificates of deposit at the depository, and obligations of the Texas Local Government Investment Pool (TexPool), which is a local government investment pool sponsored by the Texas Comptroller of Public Accounts and managed by Federated Investors, U.S. Treasury securities, direct obligations of, or participation certificates guaranteed by the Federal Home Loan Mortgage Corporation, Government National Mortgage Association, Federal National Mortgage Association, Federal Home Loan Bank, U.S. Small Business Administration, Federal Farm Credit Bank, and Federal Agricultural Mortgage Corporation. To be eligible to receive funds from and investments on behalf of the County, an investment pool must be rated no lower than AAA or AA-m or at an equivalent rating of at least one nationally recognized rating service.

Discretely Presented Component Unit

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

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Primary Government and Discretely Presented Component Unit

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

2. Receivables and Payables

Primary Government

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

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

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

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

Discretely Presented Component Unit

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

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Inventories and Prepayments

Primary Government

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

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

Discretely Presented Component Unit

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

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

4. Restricted Assets/Funds

Primary Government

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

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

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

- Permanent Improvement and Major Technology Fund balances (committed by governing body for future non-major building improvements or major technology related expenditures);

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Major Projects Fund balance (amount committed for future major construction-related expenditures according to official action of governing body).

Discretely Presented Component Unit

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

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

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

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

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

For purposes of financial statement presentation, program revenues include those generated from direct patient care and related support services. General revenues consist of those revenues that are related to financing and investing types of activities and result from non-exchange transactions or investment income. When an expenditure is incurred for the purposes for which there are both restricted and unrestricted net assets available, it is the District’s policy to apply those expenditures to restricted net assets to the extent that such are available, and then to unrestricted net assets.

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

5. Assets Limited as to Use

Discretely Presented Component Unit

Assets limited as to use at September 30, 2012, consist of the following funds, which are all investments in TexPool, U.S. Treasury, and U.S. government-sponsored enterprises:

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service

Assets limited as to use for debt service represent those assets related to the 2009 bond issues whose use is legally restricted. As of September 30, 2012, \$10,911.

Bonds Proceeds for Construction

Bonds proceeds used for construction represent the unspent proceeds on the bonds issued to fund the construction on the District's campus. As of September 30, 2012, \$304,410.

Designated for Capital Uses

Assets limited as to use designated for capital uses represent funds designated at the discretion of the Board of Managers for annual additions to capital assets, as well as funding for a combination of renovations and new facilities. As of September 30, 2012, \$469,793.

Other Designated

Other assets limited as to use include funds designated by the Board of Managers to fund the District's hospital professional liability program. As of September 30, 2012, \$4,560.

Foundation Restricted Net Assets

Restricted net assets of \$51,516 at September 30, 2012 are restricted net assets subject to donor-imposed stipulations that will be met by actions of the Foundation or the District and/or the passage of time.

6. Capital Assets

Primary Government

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

The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset life is 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:

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The County evaluates capital assets regularly for impairment under the provisions of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. If circumstances suggest that assets may be impaired, an assessment of recoverability is performed prior to any write-down of assets. An impairment charge is recorded on those assets for which the estimated fair value is below its carrying amount. No material impairment charges to capital assets were recorded for the fiscal year ended September 30, 2012.

Discretely Presented Component Unit

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

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

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

An impairment charge is recorded on those assets for which the estimated fair value is below its carrying amount. No material impairment charges to long-lived assets were recorded for the fiscal year ended September 30, 2012.

7. Compensated Absences

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

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

In accordance with GASB Interpretation No. 6, "*Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*," liabilities for compensated absences are recognized in the fund statements to the extent such liabilities have matured (e.g. are due for payment). Accordingly, there is none in the fund statements as of September 30, 2012, but compensated absences are accrued in the government-wide statements.

Primary Government

The County's permanent, full-time employees accrue annually 80 hours of vacation from date of employment to 6 years of service, 120 hours from 6 to 15 years of service, and 160 hours in excess of 15 years of continuous employment. The maximum accrual is 4, 5 or 6 weeks of vacation for the respective accrual categories specified. Upon termination, an employee is entitled to payment for total accrued but unused hours of vacation.

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

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

Discretely Presented Component Unit

The District accrues an estimated liability for compensated absences as they are earned by employees based on the District's policy. The District's liability related to compensated absences was \$32,700 as of September 30, 2012, and is recorded in the Statement of Net Assets in accounts payable and accrued liabilities.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 another financing source. Premiums received on debt issuances are reported as another financing source while discounts are reported as another financing use. Issuance costs, whether or not withheld from the actual proceeds received, are reported as debt service expenditures.

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

9. Unemployment and Workers' Compensation Benefits

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

10. Net Assets and Fund Balances

Primary Government and Discretely Presented Component Unit

The fund balance amounts for governmental funds are classified in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. These classifications are defined as:

- Non-spendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portions of loans or notes receivable, or property held for resale unless the use of the proceeds are restricted, committed or assigned), and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation. The restricted fund balance at September 30, 2012 is composed of \$3,721 restricted for future debt service, \$5,113 restricted for grants awarded to the County. The balance of \$99,943 is restricted by law both federal and Texas.
- Committed fund balances can be used only for specific purposes pursuant to constraints imposed by a formal action of the Commissioners Court. This formal action is the passage of a court order specifying the purposes for which amounts can be used. The same type of formal action is necessary to remove or change the specified use. As of September 30, 2012, the committed fund balance of \$173,340 is primarily committed for thoroughfare projects, jail modifications, expansion of records storage facilities, sub-courthouse facilities and upgrades to information technology systems, and other major technology projects.
- Assigned fund balance includes amounts that are constrained in accordance with policies established by the Commissioners Court. An official responsible for budget level control may request assignment for a specific purpose. Amounts assigned are neither restricted nor committed. For governmental fund types other than the General Fund, this is the residual amount within the fund that is not restricted or committed. As of September 30, 2012, the assigned fund balance of \$7,778 is primarily composed of amounts assigned for utilities, vehicles and various other operational expenditures.
- Unassigned fund balance is the residual amount of the General Fund not included in the four categories above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

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

Primary Government

When both restricted and unrestricted amounts are available for use, County policy for 2012 was to use restricted amounts first, with unrestricted resources utilized as needed. In the case of unrestricted resources, the policy used committed amounts first, followed by assigned amounts, then unassigned amounts as needed.

The composition of the fund balances of the governmental funds for the fiscal year are shown on pages 28 and 103 through 105.

11. Program Revenues

Discretely Presented Component Unit

Net Patient Services Revenue - The District has agreements with third-party payors that provide for reimbursement to the District at amounts different from its established

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

rates. Contractual adjustments under third-party reimbursement programs represent the difference between the District's established rates for services and the amounts reimbursed by the third-party payors. The District's more significant third-party payors are the Medicare and Medicaid programs, which accounted for gross charges of approximately 13% and 32% in fiscal 2012, respectively. Allowances for uncollectible amounts are estimated using historical experience, current trends and policy information, aged account balances, and a collectability analysis. Charges for services in the accompanying Statement of Activities is net of contractual adjustments and bad debt provisions totaling approximately \$3,200,000 for the year ended September 30, 2012.

In accordance with provisions of the Medicare and Medicaid programs, inpatient services to Medicare and Medicaid beneficiaries are paid at prospectively determined rates per discharge based on a patient classification system utilizing clinical, diagnostic, and other factors. Medicare outpatient services are reimbursed on a prospective basis through ambulatory payment classifications, which are based on clinical resources used in performing the procedure. Medicaid outpatient services are paid based on the lower of reasonable costs or customary charges, a fee schedule, or blended rates. For certain costs, as defined by the Medicare program, including kidney acquisition, medical education, and bad debts, additional reimbursement is provided based on cost pass-through payments and the cost report.

Cost-reimbursable items are reimbursed to the District at a tentative rate, with final settlement determined after submission of annual cost reports by the District, which are subject to audit by the fiscal intermediaries prior to final settlement. Any differences between final audited settlements and amounts accrued at the end of the prior reporting period are included currently in the Statement of Activities as an adjustment to the appropriate allowance account. Such adjustments increased net patient services revenue by \$10,800 in fiscal 2012. The District's cost reports have been audited and settled by the fiscal intermediaries through 2007 for Medicare and Medicaid. Cost reports for both programs are subject to certain re-openings and appeals as per federal and state regulations.

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

Grant Revenue – Grant revenues are recognized in the period in which expenditures related to the grant are incurred or the period in which grant funds become available. The Obama Administration's February 2009 stimulus bill, *American Recovery and Reinvestment Act (ARRA)*, established rules for the "meaningful use" of electronic health records. Government incentives for implementing electronic medical records were established under the *Health Information Technology for Economic and Clinical Health (HITECH) Act*. The U.S. Department of Health and Human Services released final "meaningful use" rules during 2010 on how healthcare providers could access federal economic stimulus money by using electronic medical records. Healthcare providers are eligible to receive these incentives during 2012. The District received \$8,300 in federal stimulus funds related to their implementation of electronic medical records during 2012. This amount has been recorded as grant revenue.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Uncompensated Care

Discretely Presented Component Unit

The District provides services to uninsured patients who qualify for tax-supported care. The program is called Parkland Health*Plus* and is designed for County indigent patients with family incomes up to 200% of the federal poverty level and no third-party coverage, such as Medicaid, Medicare, or commercial insurance. The District recognized ad valorem tax revenues of approximately \$420,000 in 2012, to fund services for qualified patients.

The District also provides services to patients who are County residents and have incomes that exceed the limit for tax supported healthcare or whose income cannot be determined. Although these patients are uninsured, they do not qualify for tax-supported health care and are classified as self-pay. Certain of these patients are medically indigent. Certain of these patients have limited financial resources and are unable to pay for the services received, while others may be able to pay for some or all services received, but are unwilling to do so. Charges for services to these patients were approximately \$311,000 in 2012, and are reflected in the Statement of Activities.

Management estimates the cost of uncompensated healthcare, by applying a ratio of overall costs to gross charges applied to the gross uncompensated charges during the year ended September 30, 2012, at approximately \$685,000, of which approximately \$409,000 is charity care.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Property taxes – not collected within 60 days of year-end (see page 59)	\$ 4,296
Other receivables and accrued interest (see page 59)	<u>17,675</u>
Net adjustment to increase fund balance -	
total governmental funds to arrive at net assets - governmental activities	\$ <u>21,971</u>

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

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

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

Bonds payable	\$ (121,605)
Less: Deferred charge for issuance costs	1,277
Premium on Bonds Payable	(5,598)
Other postemployment benefits	(181,072)
Accrued interest payable	(690)
Arbitrage rebate accrued	(162)
Claims and judgments	(2,800)
Compensated absences	<u>(26,516)</u>
Net adjustment to decrease fund balance – total government funds to arrive at net assets – governmental activities	\$ <u>(337,166)</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 (see page 61)	\$ 18,988
Depreciation expense (see page 61)	(18,948)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$ <u>40</u>

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

Depreciated cost of capital assets sold or disposed (see page 61)	\$ (695)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	\$ <u>(695)</u>

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

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

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

Deferred and Unearned – Fund Basis	
September 30, 2011	\$ (399,828)
September 30, 2012	406,278
Unearned Revenue – Statement of Net Assets	
September 30, 2011	377,618
September 30, 2012	(384,307)
Net adjustment to increase net changes in fund balances	<u>\$ (239)</u>

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds." The details of this difference represent changes in the following:

Compensated absences	\$ 156
Accrued interest	595
Other postemployment benefits	(55,067)
Arbitrage rebate accrued	(88)
Bond accretion	(62)
Net adjustment to decrease net changes in fund balances	<u>\$ (54,466)</u>

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

The details of this difference are as follows:

Debt principal repayment	\$ 22,780
Amortization of issuance costs	(248)
Amortization of premium	1,692
Net adjustment to increase net changes in fund balances	<u>\$ 24,224</u>

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

III. DEPOSITS, INVESTMENTS, AND INVESTMENT POLICIES

Primary Government

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

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

The County's investments comprise Federal National Mortgage Association notes; Federal Home Loan Bank Notes; Government National Mortgage Association Notes; Federal Home Loan Mortgage Corporation Notes, Federal Agricultural Mortgage Corp Notes, Federal Farm Credit Bank Notes; Security Repurchase Agreements; Depository Interest Account, U.S. Small Business Administration Notes, and Tex Pool deposits.

Deposits

At September 30, 2012, the carrying amount of the County's demand deposits and investments was as follows:

	Governmental Funds	Proprietary Funds	Total	Fiduciary Funds	Total
Cash (a)	\$ 34,197	\$ 547	\$ 34,744	\$ 60,532	\$ 95,276
Investments and cash equivalents (a)	<u>367,264</u>	<u>5,052</u>	<u>372,316</u>	<u>68,395</u>	<u>440,711</u>
Total cash, cash equivalents and investments	<u>\$ 401,461</u>	<u>\$ 5,599</u>	<u>\$ 407,060</u>	<u>\$ 128,927</u>	<u>\$ 535,987</u>

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

Custodial Credit Risk – Deposits

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

Custodial Credit Risk – Investments

In accordance with 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.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

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

Investments

At September 30, 2012, the County's investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Investments</u>	<u>Weighted Average Days to Maturity</u>	<u>Weighted Average Stated Interest Rate</u>	<u>Rating</u>
Depository Interest Account	\$ 49,900	11.3 %	3	0.40 %	Note 1
Federal Agricultural Mortgage Corp Notes	5,035	1.1 %	829	0.78 %	Note 2
Federal Home Loan Bank Notes	115,711	26.3 %	546	1.07 %	Note 2
U.S. Small Business Administration Notes	1,238	0.3 %	1,457	3.30 %	Note 2
Government National Mortgage Association Notes	75	- %	380	5.50 %	Note 2
Federal Home Mortgage Corporation Notes	36,905	8.4 %	708	1.18 %	Note 2
Federal National Mortgage Association Notes	50,221	11.4 %	1,106	1.26 %	Note 2
Federal Farm Credit Bank Notes	67,422	15.3 %	913	0.82 %	Note 2
TexPool deposits	59,517	13.5 %	3	0.17 %	Note 3
Security Repurchase Agreements	54,687	12.4 %	3	0.29 %	Note 4
	<u>\$ 440,711</u>	<u>100.00 %</u>	<u>486</u>	<u>0.77 %</u>	

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

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

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

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

Interest Rate Risk

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

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

Credit Risk

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

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

Concentration of Credit Risk

Permitted investments, other than securities issued by federal or local governments and certificates of deposit, include various concentration limits as to issuer and maturity. The largest percentage of any one issuer is in the form of Federal Home Loan Bank Notes (26.3%).

Discretely Presented Component Unit

As of September 30, 2012, the District had deposits and investments as follows:

Description	Fair Value	Weighted Average Days to Maturity
Bank deposits	\$ 1,098	
TexPool deposits	156,055	1
Money market fund deposits	88,261	1
Federal National Mortgage Association notes	309,486	602
Federal Home Loan Bank notes	118,828	304
Federal Home Loan Mortgage Corporation notes	317,146	532
Federal Farm Credit Bureau	39,716	521
U.S. Treasury notes	7,006	504
Subtotal - Hospital	<u>1,037,596</u>	
Cash and cash equivalents	7,060	
Investments:		
Fixed income securities	51,377	515
Equity securities	1,127	
Other assets	281	
Subtotal - Foundation	<u>59,845</u>	
Total - District	<u>\$ 1,097,441</u>	

Estimated fair values have been determined by the District using appropriate valuation methodologies by third parties, quoted market prices, and information available to management as of September 30, 2012. Considerable judgment is required in developing these estimates; accordingly, no assurance can be given that the estimated values presented are indicative of the amounts that would be realized in a free-market exchange. The District adjusts the carrying value of financial instruments classified as assets to reflect their appropriate fair value.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
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III. DEPOSITS, INVESTMENTS, AND INVESTMENT POLICIES (Continued)

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

Per the District's investment policy, no more than 40% of the investment portfolio can be invested in any one issuer of U.S. government agencies and government sponsored enterprises, including, but not limited to, FNMA, FHLB, and FHLMC. The largest percentage in any one issuer is invested in the FHLMC at 31% as of September 30, 2012.

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 collects and distributes property taxes of the other entities as authorized by V.T.C.A., Tax Code §6.24. The County bills and collects its own property taxes and those for the District, Dallas County Community College District, School Equalization Fund, City of Dallas, Downtown Premium and Public Improvement District (PID), Beltline Ashmore PID, Boardwalk PID, Brookfield PID, Town of Addison, City of Balch Springs, City of Carrollton, City of Cedar Hill, Cedar Hill Independent School District (ISD), City of Cockrell Hill, Country Club PID, Crandle Meadow PID, City of Desoto, Desoto ISD, City of Duncanville, Dallas ISD, Deep Ellum Standard and PID, Duncanville ISD, Fairway Bend PID, City of Farmers Branch, Forum Estates PID, Glendover Estates PID, City of Glen Heights, City of Grand Prairie, Grand Prairie ISD, High Point PID, High Hawk PID, Town of Highland Park, Highland Park ISD, City of Hutchins, City of Irving, Irving Flood Control Districts I and III, Knox St PID, Lake Highlands PID, Lake Parks PID, City of Lancaster, Lancaster ISD, Lone Star Meadows PID, Meadowview PID, Millbrook East PID, Mills Branch PID, Monterrey Park PID, Oak Hollow PID, Oak Lawn/Hi Line PID, Parkview PID, Prestonwood,

DALLAS COUNTY
Notes to the Basic Financial Statements

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IV. PROPERTY TAXES AND OTHER RECEIVABLES (Continued)

Standard and PID, Peninsula PID, City of Richardson, Rolling Meadows PID, City of Rowlett, City of Sachse, City of Seagoville, Silverado Springs PID, South Side Standard and PID, Southwest Village PID, City of Sunnyvale, Sunnyvale ISD, Levee District 14, City of University Park, Uptown Premium PID, Vickery Premium and PID, Walingford Village PID, Waterford Oaks PID, Westchester PID, and City of Wilmer. The County continues to collect only delinquent taxes for County Education Districts, Wilmer/Hutchins ISD, Levee Districts 4 and 8. The County and Levee Districts are the only entities controlled by the Commissioners Court.

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

Collections of the property taxes and subsequent remittances to the proper entities are accounted for in the Tax Assessor/Collector's Agency Fund. Tax collections are recorded net of the entities' related collection commission paid to the County in this agency fund according to the levy year for which taxes are collected. Tax collections deposited for the County are distributed on a monthly basis to the following funds (amounts are for each one hundred dollars of valuation): General (\$0.183700), Debt Service (\$0.013800), Major Projects (\$0.031200), and Non-Major Funds - Permanent Improvement (\$0.001800) and Major Technology (\$0.012600). This distribution is based upon the tax rate established for each fund by order of the Commissioners Court for the tax year for which the collections are made. Property tax receivables are affected by participation in several Tax Increment Finance (TIF) Districts. In the fiscal year ended September 30, 2012, the County either financially participated in or had authorization to participate in 21 TIF districts at various percentage participation levels. The 2012 total assessed valuation is \$615,000 (10.7%) greater than the 2011 value. This is the first time since 2008 where the total value of the property in these districts increased from the prior year. New projects are underway for seven of the districts, and four other districts had noticeable increases in their values because of appreciation or recent completion of projects. 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 provide per agreement. TIF funds are not recognized as County revenue but are used by the TIF district to finance project costs within the district and/or pay bonds or notes issued for the TIF.

Governmental funds report deferred and unearned revenue in connection with receivables that are not considered available to liquidate liabilities of the current period. Under GASB 33, "*Accounting and Financial Reporting for Nonexchange Transactions*," (GASB 33) property taxes are an imposed non-exchange revenue. Assets from imposed non-exchange transactions are recorded when the entity has an enforceable legal claim to the asset or when the entity receives resources, whichever comes first. The enforceable legal claim date for property taxes is the assessment date as designated in the enabling legislation. The County has a valid lien on January 1 with property assessed at the tax rate adopted prior to the fiscal year-end. In accordance with GASB 33, the County has recorded property taxes receivable including an amount for deferred and unearned revenue as of September 30, 2012.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

IV. PROPERTY TAXES AND OTHER RECEIVABLES (Continued)

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	\$ 286,536	\$ 23,713	\$ 46,900	\$ -	\$ 24,150	\$ 381,299
Other receivables and accrued interest	7,976	-	3,274	-	6,855	18,105
Unavailable and unearned	-	-	-	6,874	-	6,874
Deferred and unearned – Fund Basis	<u>\$ 294,512</u>	<u>\$ 23,713</u>	<u>\$ 50,174</u>	<u>\$ 6,874</u>	<u>\$ 31,005</u>	406,278
Property taxes (see page 51)						(4,296)
Other receivables and accrued interest (see page 51)						<u>(17,675)</u>
Unearned – Government-wide						<u>\$ 384,307</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 Texas to levy taxes up to \$0.80 per one hundred dollars of assessed valuation for general governmental services and the payment of principal and interest on certain permanent improvement long-term debt. The tax rate adopted September 2011 for fiscal year 2012 was \$0.2431 per one hundred dollars of assessed value.

Receivables as of September 30, 2012, for governmental funds, net of applicable allowances for uncollectible accounts, as required by GASB 34 are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Major Projects</u>	<u>Major Grants</u>	<u>Other Non-Major Governmental</u>	<u>Total</u>
Receivables:						
Property taxes	\$ 307,257	\$ 25,631	\$ 50,314	\$ -	\$ 25,873	\$ 409,075
Less allowance for uncollectible property taxes	<u>(20,831)</u>	<u>(1,914)</u>	<u>(3,436)</u>	<u>-</u>	<u>(1,732)</u>	<u>(27,913)</u>
Subtotal	<u>286,426</u>	<u>23,717</u>	<u>46,878</u>	<u>-</u>	<u>24,141</u>	<u>381,162</u>
Accounts receivable	165,919	-	-	5	302,790	468,714
Less allowance for uncollectible accounts receivable	<u>(156,106)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(295,625)</u>	<u>(451,731)</u>
Subtotal	<u>9,813</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>7,165</u>	<u>16,983</u>
Total net receivables	<u>\$ 296,239</u>	<u>\$ 23,717</u>	<u>\$ 46,878</u>	<u>\$ 5</u>	<u>\$ 31,306</u>	<u>\$ 398,145</u>

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

IV. PROPERTY TAXES AND OTHER RECEIVABLES (Continued)

Discretely Presented Component Unit

Receivables as of September 30, 2012:

	<u>Parkland Hospital</u>	<u>Parkland Foundation</u>	<u>Total</u>
Receivables:			
Property taxes	\$ 21,811	\$ -	\$ 21,811
Patient accounts	565,825	-	565,825
Intergovernmental	399	-	399
Other	<u>115,544</u>	<u>8,711</u>	<u>124,255</u>
Gross receivables	<u>703,579</u>	<u>8,711</u>	<u>712,290</u>
Less allowance for uncollectible:			
Property taxes	(16,886)	-	(16,886)
Patient accounts	<u>(477,916)</u>	<u>-</u>	<u>(477,916)</u>
Total allowance for uncollectible:	<u>(494,802)</u>	<u>-</u>	<u>(494,802)</u>
Net total receivables	<u>\$ 208,777</u>	<u>\$ 8,711</u>	<u>\$ 217,488</u>

Discretely Presented Component Unit

The District received approximately 25% of its total revenues from ad valorem taxes in 2012. Current taxes are collected beginning in October of each year and become delinquent after January 31. Ad valorem tax revenue is recognized in the year for which taxes are levied.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(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. Summary of changes in capital assets are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 26,923	\$ 1	\$ (98)	\$ 26,826
Construction-in-progress	15,875	9,309	-	25,184
Infrastructure	27,276	-	(321)	26,955
Historical treasures	32,042	-	-	32,042
Total capital assets, not being depreciated	<u>102,116</u>	<u>9,310</u>	<u>(419)</u>	<u>111,007</u>
Capital assets, being depreciated:				
Buildings	602,015	3,758	(157)	605,616
Machinery and equipment	104,407	5,920	(1,959)	108,368
Total capital assets, being depreciated	<u>706,422</u>	<u>9,678</u>	<u>(2,116)</u>	<u>713,984</u>
Less accumulated depreciation for:				
Buildings	(219,249)	(11,360)	-	(230,609)
Machinery and equipment	(82,877)	(7,588)	1,840	(88,625)
Total accumulated depreciation	<u>(302,126)</u>	<u>(18,948)</u>	<u>1,840</u>	<u>(319,234)</u>
Total capital assets, being depreciated, net	<u>404,296</u>	<u>(9,270)</u>	<u>(276)</u>	<u>394,750</u>
Governmental activities capital assets, net	<u>\$ 506,412</u>	<u>\$ 40</u>	<u>\$ (695)</u>	<u>\$ 505,757</u>

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

Governmental activities:	
General government	\$ 9,681
Public safety	5,216
Health	289
Highways and streets	543
Public welfare	1,242
Education	120
Judicial	1,857
Total depreciation expense	<u>\$ 18,948</u>

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

V. CAPITAL ASSETS (Continued)

Discretely Presented Component Unit

The District's capital assets at September 30, 2012 are summarized as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land and improvements	\$ 83,034	\$ 31,417	\$ (50)	\$ 114,401
Construction in progress	254,906	394,697	(58,794)	590,809
Total capital assets, not being depreciated	<u>337,940</u>	<u>426,114</u>	<u>(58,844)</u>	<u>705,210</u>
Capital assets, being depreciated:				
Buildings	396,258	13,347	(56)	409,549
Machinery and equipment	362,310	36,994	(2,927)	396,377
Total capital assets, being depreciated	<u>758,568</u>	<u>50,341</u>	<u>(2,983)</u>	<u>805,926</u>
Less accumulated depreciation for:				
Land improvements	(2,900)	(676)	4	(3,572)
Buildings	(271,821)	(16,824)	56	(288,589)
Machinery and equipment	(245,244)	(40,001)	2,986	(282,259)
Total accumulated depreciation	<u>(519,965)</u>	<u>(57,501)</u>	<u>3,046</u>	<u>(574,420)</u>
Total capital assets, being depreciated, net	<u>238,603</u>	<u>(7,160)</u>	<u>63</u>	<u>231,506</u>
Capital assets, net	<u>\$ 576,543</u>	<u>\$ 418,954</u>	<u>\$ (58,781)</u>	<u>\$ 936,716</u>

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
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VI. LONG -TERM LIABILITIES

Long-Term Debt

Primary Government

The following are General Obligation, Certificates of Obligation (COs), and Revenue Bonds outstanding at September 30, 2012:

Description	Interest Rates	Year of Issue	Year of Maturity	Original Amount of Debt	Bonds Outstanding
Combination Tax and Parking Garage Revenue Certificates of Obligation Series 2004	4.00 - 5.25%	2004	2025	\$ 16,145	\$ 12,695
Unlimited Tax Refunding Bonds Series 2005 Current Interest Bonds	5.00 - 5.25	2005	2020	21,270	20,510
Combination Tax and Parking Garage Revenue Certificates of Obligation Series 2006	4.13 - 5.00	2006	2016	63,220	28,975
Unlimited Tax Refunding Bonds Series 2011 A	2.00 - 5.00	2011	2021	30,495	22,750
Limited Tax Notes Series 2011	3.00 - 5.00	2011	2018	41,545	<u>36,675</u>
Subtotal					121,605
Premium on Debt					<u>5,598</u>
Total					<u>\$ 127,203</u>

Pledged Future Revenues

The County has pledged future net revenues from certain parking facilities. Pledged net revenues and cash and investments in the respective sinking fund secure the Combination Tax and parking Garage Revenue Certificates of Obligation Series 2004. Net revenues were \$1,192 in fiscal year 2012. Principal and interest paid for the current fiscal year were \$560 and \$649, respectively. The outstanding bond principal was \$12,695 as of September 30, 2012. If net revenues and cash and investments in the respective sinking fund are insufficient, the County is obligated to levy taxes to fund net revenue shortfalls.

Arbitrage Rebate Liabilities

The Tax Recovery Act of 1986 established regulations for rebate to the federal government of arbitrage earnings on certain local governmental bonds issued after December 31, 1985, and all local governmental bonds issued after August 31, 1986. Issuing governments must calculate any rebate due on an annual basis and remit the amount due at least every five years. The County has recorded an arbitrage liability of \$162 in governmental activities on the government-wide financial statements at September 30, 2012.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

VI. LONG-TERM LIABILITIES (Continued)

Changes in Long-Term Liabilities

Long-term liabilities for the year ended September 30, 2012 were as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Funding for Liquidation</u>
Bonds and COs	\$ 151,613	\$ 62	\$ 24,472	\$ 127,203	\$ 20,075	a
Other postemployment benefits	126,005	58,072	3,005	181,072	-	b
Claims and judgments	2,800	2,149	2,149	2,800	600	c
Compensated absences	26,672	31,836	31,992	26,516	22,546	c
Workers' compensation	2,955	1,753	2,460	2,248	1,819	c
Total	<u>\$ 310,045</u>	<u>\$ 93,872</u>	<u>\$ 64,078</u>	<u>\$ 339,839</u>	<u>\$ 45,040</u>	

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

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

Capital Appreciation Bonds

Capital appreciation bonds, which accrue and compound interest from their date of delivery to maturity, consist of Unlimited Tax Refunding Bonds Series 2005 with an original maturity of \$1,343. Accretion of interest during fiscal 2012 was \$62. These Bonds were repaid in fiscal 2012.

Contractual Maturities

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 20,075	\$ 5,269
2014	20,630	4,375
2015	21,110	3,527
2016	19,855	2,626
2017	12,395	1,748
2018 - 2022	23,460	3,147
2023 - 2025	4,080	402
Subtotal	121,605	21,094
Premium on debt	5,598	-
Total	<u>\$ 127,203</u>	<u>\$ 21,094</u>

The Debt Service Fund has \$3,721 available to service the general long-term bond retirement. There are a number of limitations and restrictions contained in the various bond indentures. County management believes that it complies with all significant limitations and restrictions.

Discretely Presented Component Unit

On September 17, 2009, the District issued three series of Dallas County Hospital District Limited Tax Bonds (Bonds), with a total principal amount of \$705,000. The Bonds were authorized by an

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

VI. LONG -TERM LIABILITIES (Continued)

affirmative vote of the County electorate on November 3, 2008, and were issued pursuant to an order by the Dallas County Commissioners Court. Proceeds of the Bonds will be used to fund the replacement hospital campus pursuant to District's master facility plan. The Bonds pay interest on February 15th and August 15th each year, based upon a 360-day year consisting of twelve 30-day months. Payment of principal and interest on the Bonds is supported by a tax levy initially \$0.02 per \$100 of taxable assessed valuation on the taxable residential real estate, commercial real estate, and business personal property of the County. The Bonds are rated "AAA" by both Standard & Poor's and Fitch.

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

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

Taxable Series 2009C Bonds were issued in accordance with provisions of the Build America Bonds program with a total principal amount of \$457,700, bear interest at fixed interest rates (before interest rate subsidy) ranging from 4.148% to 5.621%, mature from August 15, 2017 through August 15, 2044, and were sold at par. Under the provisions of the Build America Bond program's Direct Payment Method, the Taxable Series 2009C Bonds qualify for interest rate subsidies from the U.S. Treasury of 35% of the interest costs paid on each payment date. The Taxable Series 2009C Bonds are subject to "make-whole" redemption at a price that is the greater of (a) the issue price, or (b) the sum of the present value of the remaining scheduled payments of principal and interest to maturity date of the bonds to be redeemed, discounted at the Treasury Rate plus 25 basis points. If the interest rate subsidy from the U.S. Treasury is reduced or eliminated, the Taxable Series 2009C Bonds may be redeemed at the option of the District at the Extraordinary redemption price that is the greater of (a) the issue price, or (b) the sum of the present value of the remaining schedule payments of principal and interest to maturity date of the bonds to be redeemed, discounted at the Treasury Rate plus 100 basis points.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
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VI. LONG -TERM LIABILITIES (Continued)

Long-term debt maturities (including mandatory redemptions), interest payments, net of subsidy, and total debt service at September 30, 2012 are as follows:

Year Ending September 30,	Payments and Mandatory Redemptions	Interest Payments, Net of Subsidy	Total Debt Service
2013	\$ -	\$ 25,743	\$ 25,743
2014	7,015	25,743	32,758
2015	8,230	25,454	33,684
2016	9,525	25,100	34,625
2017	14,710	24,698	39,408
2018 - 2022	79,815	116,897	196,712
2023 - 2027	94,545	102,651	197,196
2028 - 2032	113,850	83,513	197,363
2033 - 2037	137,610	59,474	197,084
2038 - 2042	164,960	32,168	197,128
2043 - 2044	<u>74,740</u>	<u>4,121</u>	<u>78,861</u>
Subtotal	705,000	525,562	1,230,562
Bond premium	2,542	-	2,542
Accumulated amortization	<u>(1,118)</u>	<u>-</u>	<u>(1,118)</u>
Total	<u>\$ 706,424</u>	<u>\$ 525,562</u>	<u>\$ 1,231,986</u>

As of September 30, 2012, the aggregate fair market value of the Bonds was approximately \$873,000 based on quoted market prices. The District is subject to federal arbitrage regulations which limit investment yields on bond proceeds.

The District's ability to issue debt payable from taxes is limited by tax rate limitations imposed by the Texas State Constitution. The District's ad valorem tax rate for all purposes cannot exceed \$0.75 per \$100 valuation. The District's ad valorem tax rate for fiscal 2012 is below the limit at \$0.271 per \$100 valuation.

In the 2008 bond election, the District informed the voters that it may issue an additional series of bonds in the estimated amount of \$42,000 for the new hospital campus. There exists no immediate commitment by the District to issue such bonds.

Interest costs totaled \$38,700 for 2012. Of total interest costs, \$19,600 was expensed. The remaining \$19,100 was capitalized.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

VII. INTERFUND RECEIVABLES AND PAYABLE BALANCES AND TRANSFERS

Primary Government

The composition of inter-fund balances as of September 30, 2012 is as follows:

Due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Major grants	\$ 151
Major grants	General	5
Internal service	General	1,968
Internal service	Major projects	11
Internal service	Major grants	67
Internal service	Other non-major governmental	63
Total		<u>\$ 2,265</u>

The “due to” the General Fund represents a reimbursement from the Major grants fund for indirect costs and salaries. The “due to” the Major grants fund from the General fund is for indirect costs and salaries. The “due to” the Internal Service Fund from the General, Major projects, Major grants and Other non-major governmental funds relates to health insurance liability expected to be funded in fiscal year 2013.

Transfer In:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Major Projects</u>	<u>Major Grants</u>	<u>Non-major Governmental Funds</u>	<u>Total</u>
Transfer Out:						
General fund	\$ -	\$ -	\$ -	\$ 3,847	\$ -	\$ 3,847
Major projects	8,529	-	-	-	-	8,529
Major grants	750	-	-	-	42	792
Non-Major Governmental Funds	<u>21,827</u>	<u>8,469</u>	<u>3,161</u>	<u>19</u>	<u>510</u>	<u>33,986</u>
Total	<u>\$ 31,106</u>	<u>\$ 8,469</u>	<u>\$ 3,161</u>	<u>\$ 3,866</u>	<u>\$ 552</u>	<u>\$ 47,154</u>

Transfers from non-major governmental funds to the General and Major projects funds were mainly from Road and Bridge, Judicial, Local Government, and Record Management funds. Transfers from the Road and Bridge Fund to the General and Major projects funds totaled \$17,934, and \$8,529, respectively, and were primarily from vehicle registration fees, criminal fines, and forfeitures collected by that fund for various transportation related projects. Transfers from the Judicial, Local Government, and Record Management funds totaled \$3,463 for General Fund current expenditures for record management, local government, and judicial expenditures approved by the respective official custodian to support certain approved expenditures.

A condition of certain Major Grants requires the County to provide matching funds in order to obtain grant funding. In fiscal 2012, the General Fund provided matching funds aggregating \$3,847. The majority of which was for juvenile grants.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
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VII. INTERFUND RECEIVABLES AND PAYABLE BALANCES AND TRANSFERS
(Continued)

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Primary Government

Approximately 17.4% of the \$36,388 balance in accounts payable and accrued liabilities at September 30, 2012 represents accrued payroll liabilities with the balance being payable to vendors and contractors.

Discretely Presented Component Unit

Accounts payable and accrued liabilities in the Statement of Net Assets includes accounts payable and accrued expenses of \$140,059 and \$22,750 for the Hospital and Foundation, respectively, Health Plan reserves for incurred but unreported claims of \$40,673, accrued payroll of \$48,692, employee healthcare liabilities of \$7,085, and other employee benefits of \$5,780, and workers' compensation liability of \$4,354.

VIII. RETIREMENT COMMITMENTS

Primary Government

(a) Retirement Plan Description

Texas County and District Retirement System

The County provides retirement, disability, and death benefits for all of its full-time employees through a non-traditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The TCDRS Board of Trustees is responsible for the administration of the statewide agent multi-employer public employee retirement system consisting of 624 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 online at www.tcdrs.org or upon written request from the Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The governing body of the employer adopts the plan provisions within options available in Texas state statutes (TCDRS Act) governing TCDRS. Members employed by the County are vested and may retire at age 60 and above with 10 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 10 years of employment with any organization(s) with an accredited plan (not just the County), but must leave their accumulated contributions in the plan to receive any employer financed benefit.

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

Public Agency Retirement Services

Employees with less than 1,000 hours of annual service are required to participate in the Public Agency Retirement Services Plan (PARS), as an alternative to participation in Social Security. PARS is administered by Phase II Systems, a California corporation. Employee and County contributions are fixed as a percentage of an employee's salary, which percentages are 6.2% and 1.3%, respectively. In fiscal 2012, employee and County contributions were \$107 and \$22, respectively. The County Treasurer administers the investment policy for employee and County contributions.

(b) Funding Policy

The County has chosen a fixed rate plan under the provisions of the TCDRS Act. County employees with 1,000 or more hours of service a year are members of the plan. The plan is funded by monthly contributions from both the County and its employees based on the covered payroll of employee members. Regulated by the TCDRS Act, the required 10% contribution rate (effective January 1, 2012) of the County is a fixed percentage matched by a 7% contribution rate payable by employee members and adopted by the Commissioners Court.

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

The schedule of funding progress, presented as Required Supplementary Information (see page 94) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Plan asset values during fiscal 2012 have increased in value.

(c) Annual Pension Cost

For the year ended September 30, 2012, the County's annual pension cost and actual contributions for the TCDRS plan was \$27,539. This excludes contributions for Community Supervision and Corrections Department (CSCD), which is not a department or component unit of the County. Actuarial Valuation Information below includes CSCD. Any experience adjustment based on the TCDRS actuarial studies, is passed to CSCD based on the associated covered payroll. The annual required contributions actuarially determined as a percentage of the covered actuarial payroll of the participating employees for fiscal 2012 complied with GASB Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers," parameters based on the actual actuarial valuation as of December 31, 2009. An actuarial valuation as of December 31, 2010 will be used to assess the adequacy of future financing arrangements in fiscal 2012.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

Actuarial Valuation Information

Fiscal year	2010	2011	2012
<u>GASB 27 Calculation Information</u>			
GASB 27 compliant contribution rate	9.40%	9.40%	10.00%
Actuarial assumed investment return rate	9.00%	9.00%	9.00%
Actuarial amortization factor	12.2964	12.2964	12.9447
Rate actually used to make contributions	9.40%	9.40%	10.00%
<u>Actuarial Information</u>			
Actuarial valuation date	12/31/2008	12/31/2009	12/31/2010
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization cost method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period	18.4 years	18.4 years	20.0 years
Asset valuation method	¹ SAF: 10 years smoothed value ² ESF: Fund value	¹ SAF: 10 years smoothed value ² ESF: Fund value	¹ SAF: 10 years smoothed value ² ESF: Fund value
Actuarial Assumptions:			
Investment return	8.0%	8.0%	8.0%
Projected salary increases	5.3%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

Fiscal year	2010	2011	2012
<u>Schedule of Funding Information</u>			
Actuarial valuation date	12/31/2008	12/31/2009	12/31/2010
Actuarial value of assets	858,899	953,736	991,089
Actuarial present value of future normal cost contributions	169,444	172,577	170,609
Actuarial accrued liability (AAL)	986,173	1,072,039	1,129,476
Unfunded actuarial accrued Liability (UAAL)	127,274	118,303	138,387
Funded ratio	87.09%	88.96%	87.75%
Actuarial covered payroll	326,355	318,942	320,891
UAAL as percentage of covered payroll	39.00%	37.09%	43.13%
<u>Required employer rates</u>			
Normal cost	6.40%	6.54%	6.54%
UAAL	<u>3.00%</u>	<u>2.86%</u>	<u>3.46%</u>
Total required rate	9.40%	9.40%	10.00%

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

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
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VIII. RETIREMENT COMMITMENTS (Continued)

Annual Pension Cost

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2010	\$26,990	100%	—
September 30, 2011	\$26,905	100%	—
September 30, 2012	\$27,539	100%	—

Post Retirement Benefits Other Than Pension (OPEB)

OPEB Plan Description

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

Age-adjusted premium amounts are not incorporated with the policy, except after the age of 65 when the Plan is secondary payer to Medicare Parts A and B. All retirement credits must be earned within the County for insurance eligibility. Retiree plan participants who opt for other than basic or enhanced coverage must contribute 100% of the costs.

Funding Policy

The County is not required by Texas law or contractual agreement to provide funding for OPEB other than the pay-as-you-go amount necessary to provide current budget year benefits to retirees and eligible beneficiaries and their dependents. Contribution, adjustment or elimination of the contribution and adjustments to eligibility are subject to the governing body's annual budgetary discretion. For the year ended September 30, 2012, combined County and retiree contributions totaled \$6,597 for the Plan. Retiree Plan members receiving benefits contributed \$3,592 or approximately 54.45% of total cost through their required contributions.

The schedule of funding progress, presented as Required Supplementary Information (see page 98) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of OPEB assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Annual OPEB Cost and Net OPEB Obligation

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

The Projected Unit Credit method allocates costs from date of hire to expected retirement date based on experience by aging active claims to retirement. The portion of this Actuarial Present

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

Value allocated to a valuation year is called the Normal Cost. Under this method, actuarial gain or losses, as they occur, reduce or increase future Normal Costs. The following table shows the elements of the County's annual OPEB cost for each of the three fiscal years ended September 30, 2012, the amount actually paid on behalf of the Plan, and changes in the County's net OPEB obligation to the Plan:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Normal cost	\$41,548	\$34,700	\$34,700
Amortization of Unfunded Actuarial Accrued Liability	16,524	13,300	13,300
Interest on net OPEB obligation	3,150	2,026	900
Adjustment to annual required contribution	<u>(3,150)</u>	<u>(2,026)</u>	<u>(900)</u>
Annual OPEB expense	58,072	48,000	48,000
Contributions made	<u>(3,005)</u>	<u>(3,034)</u>	<u>(3,209)</u>
Change in net OPEB obligation	55,067	44,966	44,791
Net OPEB obligation – beginning of year	<u>126,005</u>	<u>81,039</u>	<u>36,248</u>
Net OPEB obligation – end of year	<u>\$181,072</u>	<u>\$126,005</u>	<u>\$81,039</u>

The County decided against funding any Unfunded Actuarial Accrued Liability (UAAL) at transition and will amortize it over the maximum period of thirty years, open basis, as allowed under GASB 45, "Accounting and Financial Reporting by Employers for Postemployment Pensions."

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three fiscal years ended September 30, 2012 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
September 30, 2010	\$48,000	6.68%	\$ 81,039
September 30, 2011	48,000	6.32%	126,005
September 30, 2012	58,072	5.17%	181,072

Funding Status and Funding Progress

The most recent actuarial valuation (dated October 1, 2011) includes actuarial accrued liability of \$459,971 and actuarial value of assets of \$0, resulting in an unfunded actuarial balance. There are no Plan assets because the County funds on a pay-as-you-go basis. The covered payroll (annual payroll of active employees covered by the Plan) was \$270,072, and the ratio of the UAAL to the covered payroll was (170.3%).

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Increases in the most recent actuarial valuation are due to actuarial assumptions for increasing post-retirement healthcare costs. The discount rate of 2.5% remains flat from the 2009 valuation. Other estimates include assumptions about future employment mortality, age of retirement and continuance of retiree coverage.

The schedule of funding progress, presented as Required Supplementary Information (see page 98) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of OPEB assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
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VIII. RETIREMENT COMMITMENTS (Continued)

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u> (a)	<u>Actuarial Accrued Liability</u> (b)	<u>Unfunded AAL (UAAL)</u> (b-a)	<u>Funded Ratio</u> (a/b)	<u>Covered Payroll</u> (c)	<u>UAAL as a percentage of Payroll</u> (b-a)/c
2010	October 1, 2009	-	\$370,000	\$(370,000)	0.00%	\$286,081	(129.3)%
2011	October 1, 2009	-	370,000	(370,000)	0.00%	266,248	(139.0)%
2012	October 1, 2011	-	459,971	(459,971)	0.00%	270,072	(170.3)%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan, which include actuarial valuations as classified by the TCDRS; the types of benefits provided at the time of each valuation; and the historical pattern of benefit costs between the employer and the plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations. The demographic assumptions requiring approval were accepted by the County's finance leaders.

Summary information as of the October 1, 2011 actuarial valuation is as follows:

Actuarial valuation data	October 1, 2011
Actuarial cost method	Projected Unit Credit
Amortization period	30 years
Asset valuation method	Unfunded
Actuarial assumptions:	
Investment rate of return	2.5% compounded annually
Inflation rate	2.5%
Projected salary increases	2.0%
Increases in postretirement healthcare costs	9.0% (first year) 5.5% (ultimate – 2018)
Participant data	
Active	
- Number	5,433
- Average age	43.4
- Average past service	9.2
- Average future service to expected retirement	12.0
Retired participants and surviving Spouses	
- Number	598
- Average age	67.8
Dependents	
- Number	211
- Average age	65.5

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

Additional Disclosure

The County holds the authority to pay OPEB for its retired employees; therefore, it may incur a debt obligation to pay for OPEB, so long as the County follows the constitutional requirement that it have sufficient taxing authority available at the time such debt is incurred. Any debt incurred in contravention of this constitutional requirement is considered void and payment will not be due.

The County has not incurred a legal debt obligation for OPEB and has not levied a tax for the same. The County funds the cost associated with OPEB on a current "pay-as-you-go" basis for a single fiscal year through an annual appropriation authorization by Commissioners Court during the County's annual budget adoption process.

GAAP requires governmental organizations to recognize an actuarially calculated accrued liability for OPEB, even though it may not have a legally enforceable obligation to pay OPEB benefits. Information and amounts presented in the County's Comprehensive Annual Financial Report (CAFR) relative to OPEB expense/expenditures, related liabilities (assets), note disclosures, and supplementary information are intended to achieve compliance with the requirements of generally accepted accounting principles (GASB 45) and does not constitute or imply that the County is legally obligated to provide OPEB benefits.

Discretely Presented Component Unit

Defined Benefit Plan

The District maintains the Dallas County Hospital District Retirement Income Plan, a single-employer, defined benefit pension plan (Plan), which covers substantially all of its full-time employees. The Plan is administered by the Board of Managers of the District (Board). Plan provisions and contribution requirements are established and may be amended by the Board. The annual payroll for employees covered by the Plan for the year ended December 31, 2011, which is included in the actuarial valuation as of January 1, 2012, was approximately \$493,000. For the year ended September 30, 2012, the District's total payroll was approximately \$604,000.

Employees are required to contribute 4.5% of their annual salaries to the Plan. The District is required by the Plan to contribute the remaining amounts necessary to fund the Plan using actuarial methods. Effective January 1, 2014, the required employee contribution to the Plan will increase to 4.7% of their annual salary.

Employees attaining the age of 65 who have completed five or more years of service are entitled to annual benefits of 1.25% of their final average annual earnings for each year of service prior to 1982, plus 2.50% of their final average earnings for each year of service after 1981 up to a maximum of 60% of final average earnings, subject to Internal Revenue Service limitations. The Plan permits early retirement, for which the participant is eligible for a reduced benefit at age 55, provided the employee has completed five years of service.

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
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VIII. RETIREMENT COMMITMENTS (Continued)

the Social Security Taxable Wage Base. The Plan document was restated effective January 1, 2011 to incorporate three prior amendments.

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

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

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

The District's annual pension cost and net pension asset related to the Plan for the year ended September 30, 2012, were as follows:

Annual required contribution	\$16,022
Interest on net pension asset	(1,683)
Adjustment to annual required contribution	<u>1,240</u>
Annual pension cost	15,579
Contributions	<u>15,243</u>
Decrease in net pension asset	(336)
Net pension asset - beginning of year	<u>21,085</u>
Net pension asset - end of year	<u>\$20,749</u>

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

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
September 30, 2012	\$15,579	98%	\$20,749
September 30, 2011	16,024	109%	21,085
September 30, 2010	16,141	104%	19,696

During the year ended September 30, 2012, \$21,900 of employee contributions were made in accordance with the established contribution requirements described above. The District contributed approximately \$15,200 to the Plan during the year ended September 30, 2012, in accordance with contribution requirements determined by the January 1, 2012 actuarial valuation. Three-year historical trend information presenting the progress in accumulating sufficient assets to pay benefits when due is presented in the Required Supplementary Information (see page 99) following the notes to the basic financial statements based on the Plan's year-end of December 31.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. This report may be obtained by writing to the District's

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
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VIII. RETIREMENT COMMITMENTS (Continued)

accounting office. At January 1, 2012, 2011, and 2010, the actuarial value of assets was sufficient to fund 86.2%, 87.3%, and 86.5%, respectively, of the actuarial accrued liability. The unfunded liability as a percentage of the annual payroll for employees covered as of January 1, 2012, 2011, and 2010, was 18.0%, 16.0%, and 15.9%, respectively.

Defined Contribution Plan

The District also maintains a voluntary defined contribution plan covering all employees with at least one year of service. The defined contribution plan is administered by the District Board of Managers. The defined plan provisions and contribution requirements are established and may be amended by the Board. The payroll for employees covered by the defined contribution plan for the year ended September 30, 2012, was approximately \$529,000. The District's total payroll was approximately \$604,000 for the year ended September 30, 2012. 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, 2012, were approximately \$16,800 from the District and \$35,100 from employees, or 6.6% of covered payroll. The required contribution by the District for 2012 has been reduced by \$70 representing forfeitures of prior District contributions and related investment income for nonvested amounts of employees withdrawing from the Plan upon termination.

Post Retirement Benefits Other Than Pension (OPEB)

In addition to providing pension benefits, the District provides certain healthcare benefits for retired employees until age 65 (OPEB Plan). Effective October 1, 2007, the District adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The effect of adoption was to change recognition of postretirement benefit expenses from a cash basis as claims were paid to an accrual basis. As of January 1, 2012, the number of retirees and eligible beneficiaries was 58.

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

The District's annual OPEB cost or expense is calculated based on the ARC, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities, or funding excess, over a period not to exceed 30 years.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
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VIII. RETIREMENT COMMITMENTS (Continued)

The following table shows the components of the District's OPEB costs for the year ended September 30, 2012, the amount actually contributed to the OPEB Plan, and changes in the District's net OPEB obligation to the OPEB Plan.

	<u>2012</u>
Annual required contribution	\$ 171
Interest on net OPEB obligation	281
Adjustment to annual required contribution	<u>(225)</u>
Annual OPEB cost	227
Contributions	<u>(624)</u>
Decrease in net OPEB obligation	(397)
Net OPEB obligation - beginning of year	<u>5,618</u>
Net OPEB obligation - end of year	<u>\$ 5,221</u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Contributed</u>	<u>Net OPEB Obligation</u>
September 30, 2012	\$ 227	275%	\$ 5,221
September 30, 2011	305	197%	5,618
September 30, 2010	3,462	29%	5,913

As of the January 1, 2012 actuarial valuation date, the OPEB Plan was not prefunded. Contributions made were for current year costs incurred only. As of January 1, 2012, the actuarially accrued liability for benefits was \$2,900, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$2,900. The covered payroll (annual payroll of active employees covered by the OPEB Plan) was \$450,600. The ratio of the unfunded actuarial accrued liability to the covered payroll was 0.6% as of January 1, 2012.

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

In the January 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5% investment rate of return. The amortization method used is the level percentage of projected open payroll over a period of 30 years.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(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>Year Ending September 30</u>	<u>Amount</u>
2013	\$ 1,832
2014	1,467
2015	1,331
2016	748
2017 - 2021	<u>496</u>
Total	<u>\$ 5,874</u>

Rental expense for fiscal 2012, for all County operating leases was approximately \$1,797 including \$109 for lease pass-through expenses such as common area maintenance.

Discretely Presented Component Unit

The District leases facilities under operating leases that expire over periods of up to four years. Renewal and purchase options are available on certain of these leases. At September 30, 2012, future minimum rental payments applicable to the operating leases were as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2013	\$ 4,041
2014	3,762
2015	3,195
2016	<u>895</u>
Total	<u>\$ 11,893</u>

Rental expense was approximately \$4,700 for the year ended September 30, 2012 and is recorded in the accompanying Statement of Activities.

The District also is a lessor of land, office space, and parking space under operating leases. Renewal options are available on certain of these leases. Rentals received under these arrangements are recorded in the accompanying Statement of Activities.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

IX. LEASES (Continued)

Minimum future rentals to be received under operating leases at September 30, 2012, are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2013	\$ 1,328
2014	470
2015	349
2016	298
2017	209
2018 - 2022	850
2023 - 2027	704
2028 - 2032	640
2033 - 2037	430
2038 - 2042	229
2043 - 2047	229
2048 - 2052	229
2053 - 2057	229
2058 - 2062	229
2063 - 2067	229
2068 - 2072	229
2073 - 2077	229
2078 - 2082	229
2083 - 2087	204
Total	<u>\$ 7,543</u>

X. RISK MANAGEMENT

Primary Government

The County has elected to self-insure against risks arising from tort claims, employee group medical insurance benefits, workers' compensation benefits due to 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 Workforce Commission.

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

X. RISK MANAGEMENT (Continued)

The County's workers' compensation self-insurance program provides medical and indemnity payments as required by law for on-the-job related injuries. A fiscal 2012 internal analysis of historical data, trends, and policies supports an experience rate reduction for aged-out claims. Actual experience for fiscal 2012 reflects reduced payroll costs in high risk departments (public safety) with lower overall reported losses. 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 also was established to account for the County's group medical insurance program. The County self-insures benefits through this fund utilizing its third-party benefit administrator. The County pays certain amounts of premiums for employees into the Internal Service Fund or to a third party, and allows employees to select additional benefits with premiums paid by the employees.

Premiums are paid into the Internal Service Fund by all other governmental funds for medical insurance programs. Contracted insurance providers receive disbursements based on monthly enrollment and premium calculations. Funds are available to pay claims, claim reserves, and administrative costs of the programs. Liabilities include an amount for claims or judgments that have been incurred but not reported. Liabilities of each fund are reported when it is probable that a loss or claim has occurred and the amount of the loss or claim is known or can be reasonably estimated. The County has specific deductible stop loss coverage of \$600 for the fiscal year ended September 30, 2012.

Changes in the medical and workers' compensation claims liability amounts in fiscal years 2011 and 2012 follow:

	Beginning Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability
2011 Medical	\$4,957	\$62,728	\$63,689	\$3,996
2012 Medical	3,996	58,885	58,889	3,992
2011 Workers' compensation	2,969	2,611	2,625	2,955
2012 Workers' compensation	2,955	1,753	2,460	2,248

Discretely Presented Component Unit

The liabilities described below as of September 30, 2012 and 2011, are based on requirements that a liability for claims be reported if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These liabilities include estimates for both reported claims and incurred, but not reported claims. As a result of settled claims, the frequency of new claims, and other economic and social factors, claims liabilities are reevaluated periodically.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

X. RISK MANAGEMENT (Continued)

	<u>Beginning Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
Hospital professional and general liability:				
2011	\$ 3,952	\$ 1,312	\$ (940)	\$ 4,324
2012	4,324	1,770	(1,572)	4,522
Employee healthcare benefit liability:				
2011	1,345	71,473	(70,468)	2,350
2012	2,350	80,023	(75,288)	7,085
Workers' compensation liability:				
2011	4,630	1,415	(1,857)	4,188
2012	4,188	1,902	(1,736)	4,354
Health Plan reserves for incurred, but unreported claims:				
2011	53,158	397,084	(405,585)	44,657
2012	44,657	416,700	(420,684)	40,673

Hospital Professional and General Liability – The District is involved in certain legal actions and claims arising in the ordinary course of operations. The District records estimated self-insurance costs for medical malpractice and general liabilities as other current and long-term liabilities. The amounts provided for funding and the estimated liability are based on settlement of claims limited to \$100 per claim and \$300 per occurrence in accordance with the limited liability provisions of the Texas Tort Claim Act. The funding estimates used an actuarially determined 1.5% discount rate for 2012 and 2% for 2011.

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

Workers' Compensation Liability – The District maintains a self-insurance plan for workers' compensation benefits, managed by a third-party administrator. The District records estimated self-insurance costs for workers' compensation as current liabilities. The amount provided for the estimated liability is based on settlement of claims. The funding estimate used an actuarially determined 1.5% discount rate for 2012 and 2% for 2011.

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

These reserves are estimated by the use of completion factors applied to historical lag patterns and cost trends. Actual medical costs to prior-period estimates are reflected in the current period and may be significantly different than the earlier estimates.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

XI. COMMITMENTS AND CONTINGENCIES

Primary Government

Several lawsuits that could affect the County's financial position are in various stages of litigation. An estimated liability of \$2,800 has been established in the government-wide Statement of Net Assets to provide coverage for the estimated maximum cost to the County. There are other lawsuits and claims in which the County is involved. Based upon the representations of the District Attorney and legal counsel for the Commissioners Court, management believes that potential claims, if any, against the County resulting from such litigation would not materially affect the financial position or operations of the County.

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 Management. The healthcare 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 healthcare 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 healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare 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. Management believes that the District has appropriately reserved for any existing or unasserted claims related to such potential regulatory actions and the ultimate outcome will not have a material effect to the Statement of Net Assets or Statement of Activities.

Other Matters

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

The CMS assessments found that the District was not fully compliant with the COP. Accordingly, in September 2011, CMS notified the District that it intended to terminate the District's participation in the Medicare and Medicaid program due to failure to meet certain standards. Recognizing the vital role the District serves in providing healthcare to the people of the County, CMS suspended that termination when the District entered into a Systems Improvement Agreement (SIA). Under the terms of the SIA, the District agreed to: a) engage a team of independent consultants who will analyze the District operations in their entirety under the COP and, within 60 days of their engagement, provide a report to CMS outlining areas of improvement to ensure full compliance with all COP; b) assist the independent consultants in the development of a written plan outlining what specific actions the District must take to achieve substantial compliance with all COP; c) within 60 days of their engagement, assist the independent consultants with reviewing the District's

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

XI. COMMITMENTS AND CONTINGENCIES (Continued)

existing Quality Assessment and Performance Improvement (QAPI) program to develop a comprehensive, hospital-wide, and effective QAPI program for implementation; d) and engage a full-time, independent, on-site Compliance Officer to provide oversight and coordination of the District's implementation of the COP and QAPI action plans designed to ensure the District's substantial compliance.

Effective November 8, 2011, the District engaged Alvarez & Marsal Healthcare Industry Group LLC (A&M) to serve as the Independent Consultative Experts (ICE) to fulfill the requirements of the SIA. Since its appointment as ICE, A&M has completed the "gap analysis" survey, drafted a Corrective Action Plan (CAP), which was approved by CMS, and has issued monthly progress reports indicating the District's compliance with the CAP. The SIA anticipates that within six months to a year after it approves the independent consultant's plan to ensure full compliance with all COP, CMS will conduct a full survey of hospital system operations to confirm whether the District has returned to compliance with all Medicare COP. The CMS survey is expected to be conducted sometime in late winter, early spring 2013; however, the timing of any survey is completely within the discretion of CMS.

The District remains fully committed to providing high quality healthcare services to its patients and the communities it serves. The District intends to work expeditiously and collaboratively with CMS and the independent consultants to resolve the matters identified by CMS as deficient under the COP and noted in its reports posted on the District's website, although there can be no assurance we will be able to do so. Failure to resolve these matters would have a material adverse effect on the District finances, as 44% of the District's total revenues are generated from services to Medicare and Medicaid program patients. Subject to the provisions and conditions of the SIA and during its term, the District will continue to participate fully in the Medicare and Medicaid programs. If the District successfully implements the requirements of the SIA, it will continue to participate fully in the Medicare and Medicaid programs after the SIA expires.

The Patient Protection and Affordable Care Act (PPACA), was signed into law on March 23, 2010. The Health Care and Education Affordability Reconciliation Act (Reconciliation Act), which contains a number of amendments to PPACA, was signed into law on March 30, 2010. These healthcare bills (collectively, the Reform Legislation) seek to increase the number of the persons with access to health insurance in the United States by requiring substantially all U.S. citizens to maintain medical insurance coverage. The Reform Legislation makes a number of other changes to Medicare and Medicaid, such as reductions to the annual market basket update for federal fiscal years 2010 through 2019, a productivity offset to the market basket update beginning October 1, 2011 and a reduction to the disproportionate share payments. The various provisions in the Reform Legislation that directly or indirectly affect reimbursement are scheduled to take effect over a number of years.

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

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

XI. COMMITMENTS AND CONTINGENCIES (Continued)

As of September 30, 2012, the District had commitments outstanding of approximately \$409,000 related to the construction of the new Hospital campus.

Disproportionate Share

The disproportionate share program is a supplemental reimbursement program that allows additional funding for hospitals that provide a significant proportion of Medicaid and indigent care services. Under program guidelines, the District may use the funds to benefit the indigent in either current or future periods. The District recognizes all funds received under the program as operating revenue in the applicable year, and any amounts relating to that year that are not yet received are included in other receivables in the accompanying Statement of Net Assets. There is no guarantee that this program will continue into future years. The proposed program for fiscal 2013 will include changes to the distribution formula that benefit the District while reduced total funds will reduce monies allocated to the District. As of September 30, 2012, there were no receivables recorded for the disproportionate share program. Total revenue recognized related to the disproportionate share program was \$31,100 in 2012.

Upper Payment Limit Funds

The upper payment limit (UPL) program was created by Texas to provide additional federal matching funds. Under program guidelines, the District may use the funds to benefit the indigent in either current or future periods. The District recognizes all funds received under the UPL as operating revenue in the applicable year, and any amounts relating to that year that are not yet received are included in other receivables in the accompanying Statement of Net Assets. The upper payment limit program was discontinued September 30, 2011 in favor of the 1115 Transformation Waiver Funds. Total revenue recognized related to the UPL program was \$148,600 in 2012.

Affiliation Agreement

In 2007, the District entered into an Indigent Care Affiliation Agreement with a number of hospital systems in the County (collectively, the Affiliated Hospitals) for the purpose of participation in the Private Hospital Medicaid Supplemental Payment Program authorized by Medicaid State Plan Amendment (Private UPL Program). The District paid \$114,000 during the year ended September 30, 2012 for the Texas Private UPL Program. Amounts paid under these arrangements are recorded in the accompanying financial statements.

1115 Transformation Waiver Funds

The 1115 Transformation Waiver began October 1, 2011. Under this waiver, the former UPL programs are discontinued in favor of a reimbursement methodology that balances payment for uncompensated care costs (UC) with the need to improve quality of care for Texas recipients using Delivery System Reform Incentive Payments (DSRIP) funds. Over the 5 year waiver period, UC reimbursement generally moves downward while available DSRIP monies increase, so there is an even split between UC and DSRIP by the last year of the waiver. The program divides Texas into 20 Regional Health Partnerships (RHPs), creating an environment where regional collaboration is essential in order to earn available monies. This mixture of new partners, a relatively unknown program, and new costs to create meaningful change in quality create some risk of delayed payments to the District. Texas recognizes all funds received under the program as operating revenue in the applicable year, and any amounts relating to that year that are not yet received are included in other receivables in the accompanying Statement of Net Assets. There is no guarantee that this program will continue during the course of the 5 year waiver or that the waiver will be renewed upon initial completion, which could result in a

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

XI. COMMITMENTS AND CONTINGENCIES (Continued)

reduction of funding. As of September 30, 2012, the receivable for funds due to the District as a result of the 1115 waiver program was \$67,000.

Tobacco Settlement Funds

In the fiscal year ended September 30, 2012, the District received a portion of its funds from the settlement of Texas' lawsuit against the tobacco industry. Under the program guidelines, the District is free to use the funds in either current or future periods without restriction. The District recognizes all funds received from the settlement as operating revenue in the period funds are received.

XII. NEW ACCOUNTING PRONOUNCEMENTS

GASB 60: Accounting and Financial Reporting

The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-private partnership. This Statement applies only to those arrangements in which specific criteria determining whether a transferor has control over the facility are met. This Statement also provides guidance for governments that are operators in an SCA. This Statement requires disclosures about an SCA including a general description of the arrangement and information about the associated assets, liabilities, and deferred inflows, the rights granted and retained, and the guarantees and commitments. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011.

GASB 61: Financial Reporting Entity

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

GASB 62: Codification of Accounting and Financial Reporting

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

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

XII. NEW ACCOUNTING PRONOUNCEMENTS (Continued)

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

GASB 63: Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position

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

GASB 65: Items Previously Reported as Assets and Liabilities

This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

GASB 66: Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62

The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

GASB 67: Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25

The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement requires defined benefit pension plans to present two financial statements – a statement of fiduciary net position and a statement of changes in fiduciary net position.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

XII. NEW ACCOUNTING PRONOUNCEMENTS (Continued)

- Notes to financial statements of defined benefit pension plans include descriptive information, such as the types of benefits provided, the classes of plan members covered, and the composition of the pension plan's board.
- Single-employer and cost-sharing pension plans to present in required supplementary information the following information for each of the 10 most recent fiscal years about employer and non-employer contributing entity obligations for pensions provided through the pension plan.
- Net pension liability to be measured as the total pension liability, less the amount of the pension plan's fiduciary net position.

This Statement is effective for financial statements for fiscal years beginning after June 15, 2013.

GASB 68: Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27

The requirements of this Statement will improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and will enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information, as follows:

More robust disclosures of assumptions will allow for better informed assessments of the reasonableness of pension measurements.

Explanations of how and why the net pension liability changed from year to year will improve transparency.

The summary net pension liability information, including ratios, will offer an indication of the extent to which the total pension liability is covered by resources held by the pension plan.

The contribution schedules will provide measures to evaluate decisions related to the assessment of contribution rates – in comparison to actuarially, statutorily, or contractually determined rates, when such rates are determined. It also will provide information about whether employers and non-employer contributing entities, if applicable, are keeping pace with those contribution rates.

The consistency and transparency of the information reported by employers and governmental non-employer contributing entities about pension transactions will be improved by requiring:

The use of a discount rate that considers the availability of the pension plan's fiduciary net position associated with the pensions of current active and inactive employees and the investment horizon of those resources, rather than utilizing only the long-term expected rate of return regardless of whether the pension plan's fiduciary net position is projected to be sufficient to make projected benefit payments and is expected to be invested using a strategy to achieve that return.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2012
(in thousands of dollars)

XII. NEW ACCOUNTING PRONOUCEMENTS (Continued)

A single method of attributing the actuarial present value of projected benefit payments to periods of employee service, rather than allowing a choice among six methods with additional variations.

Immediate recognition in pension expense, rather than a choice of recognition periods, of the effects of changes of benefit terms and the effects of projected pension plan investment earnings.

Recognition of pension expense that incorporates deferred outflows of resources and deferred inflows of resources related to pensions over a defined, closed period, rather than a choice between an open or closed period.

The comparability of reported pension information also will be improved by the changes related to the attribution method used to determine service cost and the total pension liability, requirements for immediate recognition in pension expense of certain items, and the establishment of standardized expense recognition periods for amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions. This Statement is effective for fiscal years beginning after June 15, 2014.

REQUIRED SUPPLEMENTARY
INFORMATION
(UNAUDITED)

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

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Year Ended September 30, 2012
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 277,347	\$ 277,347	\$ 277,641	\$ 294
Licenses and permits	10,970	10,970	11,409	439
Fines and forfeitures	9,867	9,867	9,122	(745)
Investment income	2,276	2,276	2,333	57
Rental revenues	3,931	3,931	2,991	(940)
Intergovernmental revenues	3,405	3,405	2,160	(1,245)
Charges for current services	93,264	93,264	91,138	(2,126)
Miscellaneous	6,843	6,843	10,194	3,351
Total revenues	<u>407,903</u>	<u>407,903</u>	<u>406,988</u>	<u>(915)</u>
EXPENDITURES:				
General government:				
Salaries	44,102	36,571	33,525	3,046
Allowances	64	66	66	-
Operating	43,614	43,749	35,238	8,511
Property	308	2,253	564	1,689
Total general government	<u>88,088</u>	<u>82,639</u>	<u>69,393</u>	<u>13,246</u>
Judicial:				
Salaries	94,596	96,762	95,590	1,172
Allowances	57	79	79	-
Operating	27,601	28,383	25,606	2,777
Total judicial	<u>122,254</u>	<u>125,224</u>	<u>121,275</u>	<u>3,949</u>
Public safety:				
Salaries	178,881	186,433	184,018	2,415
Allowances	350	358	358	-
Operating	25,645	27,273	20,355	6,918
Property	-	236	130	106
Total public safety	<u>204,876</u>	<u>214,300</u>	<u>204,861</u>	<u>9,439</u>
Health:				
Salaries	8,829	7,999	7,776	223
Allowances	28	64	64	-
Operating	11,784	11,838	9,477	2,361
Total health	<u>20,641</u>	<u>19,901</u>	<u>17,317</u>	<u>2,584</u>

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

DALLAS COUNTY, TEXAS
Required Supplementary Information
General Fund
(Unaudited)
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2012
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public welfare:				
Salaries	\$ 430	\$ 403	\$ 373	\$ 30
Allowances	14	10	10	-
Operating	30	42	20	22
Total public welfare	<u>474</u>	<u>455</u>	<u>403</u>	<u>52</u>
Reserves	<u>54,027</u>	<u>47,954</u>	-	47,954
Total expenditures	<u>490,360</u>	<u>490,473</u>	413,249	77,224
Excess (deficiency) of revenues over (under) expenditures	<u>(82,457)</u>	<u>(82,570)</u>	(6,261)	76,309
OTHER FINANCING SOURCES (USES)				
Transfers in	32,083	32,083	31,106	(977)
Transfers (out)	(3,960)	(3,847)	(3,847)	-
Insurance proceeds	-	-	57	57
Total other financing sources (uses)	<u>28,123</u>	<u>28,236</u>	27,316	(920)
Net change in fund balance	(54,334)	(54,334)	21,055	75,389
Fund balance - beginning	68,133	68,133	68,133	-
Fund balance - ending	<u>\$ 13,799</u>	<u>\$ 13,799</u>	<u>\$ 89,188</u>	<u>\$ 75,389</u>

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

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

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Year Ended September 30, 2012
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 47,096	\$ 47,096	\$ 47,144	\$ 48
Investment income	1,304	1,304	624	(680)
Miscellaneous	-	-	176	176
Total revenues	<u>48,400</u>	<u>48,400</u>	<u>47,944</u>	<u>(456)</u>
EXPENDITURES:				
Highways and streets	98,025	90,325	17,662	72,663
Public welfare	5,297	4,927	4,819	108
Capital outlay	60,949	77,049	15,170	61,879
Total expenditures	<u>164,271</u>	<u>172,301</u>	<u>37,651</u>	<u>134,650</u>
Reserves	35,945	27,854	-	27,854
Total expenditures	<u>200,216</u>	<u>200,155</u>	<u>37,651</u>	<u>162,504</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(151,816)</u>	<u>(151,755)</u>	<u>10,293</u>	<u>162,048</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	7,470	7,470	3,161	(4,309)
Transfers (out)	<u>(8,468)</u>	<u>(8,529)</u>	<u>(8,529)</u>	<u>(0)</u>
Total other financing sources (uses)	<u>(998)</u>	<u>(1,059)</u>	<u>(5,368)</u>	<u>(4,309)</u>
Net change in fund balance	(152,814)	(152,814)	4,925	157,739
Fund balance - beginning	154,613	154,613	154,613	-
Fund balance - ending	<u>\$ 1,799</u>	<u>\$ 1,799</u>	<u>\$ 159,538</u>	<u>\$ 157,739</u>

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

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

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Year Ended September 30, 2012
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 93	\$ 93	\$ 33	\$ (60)
Intergovernmental revenues	109,184	109,184	82,736	(26,448)
Total revenues	<u>109,277</u>	<u>109,277</u>	<u>82,769</u>	<u>(26,508)</u>
EXPENDITURES:				
Judicial	4,475	4,505	3,075	1,430
Public safety	5,796	7,372	5,732	1,640
Health	35,670	35,948	33,512	2,436
Education	2,900	2,563	1,760	803
Public welfare	61,830	51,688	42,042	9,646
Total expenditures	<u>110,671</u>	<u>102,076</u>	<u>86,121</u>	<u>15,955</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,394)</u>	<u>7,201</u>	<u>(3,352)</u>	<u>(10,553)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,000	4,000	3,866	(134)
Transfers (out)	<u>-</u>	<u>-</u>	<u>(792)</u>	<u>(792)</u>
Total other financing sources and (uses)	<u>4,000</u>	<u>4,000</u>	<u>3,074</u>	<u>(926)</u>
Net change in fund balance	2,606	11,201	(278)	(11,479)
Fund balance - beginning	<u>5,394</u>	<u>5,394</u>	<u>5,394</u>	<u>-</u>
Fund balance - ending	<u>\$ 8,000</u>	<u>\$ 16,595</u>	<u>\$ 5,116</u>	<u>\$ (11,479)</u>

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

DALLAS COUNTY, TEXAS

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

September 30, 2012

Budgetary information – The budget is prepared in accordance with financial policies approved by the County Budget Director and the Commissioners Court following a public hearing. The Budget Director is required by policy to present Commissioners Court with a balanced budget that contains a no-tax increase assumption as a starting point for budget discussions. The adopted budget must contain a projected unreserved cash balance not less than 10.5% of budgeted expenditures and may utilize a drawdown 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 that have legally adopted annual budgets prepared on a basis consistent with GAAP: General Fund, Debt Service Fund and Special Revenue Funds (except for District Attorney funds). A legally adopted budget is not prepared for the Judicial, Technology, Local Government, Local Official, Record Management and Payroll Special Revenue Funds. Project-length financial plans are adopted for Capital Projects Funds. Budget funds are allocated annually for Major Project's funds in accordance to long-term requirements and projections.

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

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

The County controls appropriations at the category level (i.e., salaries, allowances, operations and property) for each department or project within the General Fund and some of the Special Revenue Funds. Grants are budgeted in total and not at the category level. All Debt Service Fund expenditures for principal and interest on long-term debt are considered to be in the operations category. Certain appropriation transfers may be made between categories or departments only with the approval of the Commissioners Court. Other transfers (e.g. court costs) may be authorized by the Budget Director. Transfers that were made during fiscal year 2012 did not increase the County's overall budget. Unencumbered amounts for annually budgeted funds lapse at fiscal year-end. The original budgets inclusive of prior period encumbered funds presented in the report are the approved budgets before amendments and transfers. The final budgets presented in this report reflect the budgets as amended for all appropriation transfers processed during the fiscal year. More comprehensive accounting of activity on the budgetary basis is provided in a separate report, which is available for public inspection in the office of the Dallas County Auditor, 509 Main Street, Room 407, and Dallas, Texas 75202-3504.

DALLAS COUNTY, TEXAS

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

September 30, 2012

Encumbrances

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

DALLAS COUNTY, TEXAS
 Required Supplementary Information
Infrastructure Assets under Modified Approach
 September 30, 2012
 (in thousands of dollars)
 (Unaudited)

A federal highway administration pavement condition rating (PCR) was utilized to assess the condition of the 123.66 lane miles of County roads. The City of Wilmer annexed 5.48 lane miles and the City of Lancaster annexed 4.19 lane miles during 2012. Total road length was reduced by 0.12 lane miles from correcting errors in measurement. District 1 does not have any County roads. The County policy is to maintain roads at a minimum of 2.5 on a 4.0 scale. The following conditions were defined and associated to a rating:

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

Percentage of Roads with 2.5 or Better Condition

<u>Road and Bridge District</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
District 1	-%	-%	-%	-%	-%
District 2	100.0	100.0	100.0	100.0	100.0
District 3	97.9	98.0	98.0	96.6	95.7
District 4	100.0	100.0	75.0	61.8	66.7
Overall System	99.3%	99.0%	91.0%	86.1%	87.5%

Comparison of Estimated to Actual Maintenance Costs

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Estimated	\$ 924	\$ 924	\$ 929	\$ 813	\$ 962
Actual	1,717	1,258	1,585	1,821	1,701

DALLAS COUNTY, TEXAS
 Required Supplementary Information
Infrastructure Assets under Modified Approach
 September 30, 2012
 (in thousands of dollars)
 (Unaudited)

Bridges							
	<u>Rating</u>	<u>Number</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Very Good	6.0 – 9.0	28	100%	97%	97%	97%	97%
Good	4.0 – 5.9	-	-	3	3	3	3
Fair	3.0 – 3.9	-	-	-	-	-	-
Poor	0.0 – 2.9	-	-	-	-	-	-
Total		28	100%	100%	100%	100%	100%

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

Consistent with state law, three cities annexed four bridges in 2012. The City of Seagoville annexed two, the City of Wilmer annexed one, and the City of Grand Prairie annexed one, for a net decrease of \$321,000.

County’s policy is to maintain bridges at the 4.0 – 5.9 level. Consistent with County policy, the above chart shows that 100% of the County’s bridges are in very good condition, and the rest are in good condition.

Comparison of Estimated to Actual Maintenance Costs

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Estimated	\$ 1,380	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Actual	1,526	228	175	106	230

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

Schedule of Funding Progress
for the Retirement Plan

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

Note (1): The annual required contributions for fiscal 2010 complied with GASB Statement No. 27 parameters based on the actuarial valuation dated December 31, 2008. The actuarial valuation as of December 31, 2010 is used to assess the adequacy of future financing arrangements for Fiscal 2012. For additional information see Note VIII on page 69.

Note (2): The above information includes actuarial valuation information for CSCD, which is not a department or component unit of the County. Any experience adjustment, based on the TCDRS actuarial studies, is passed to CSCD based on the associated actuarial covered payroll. For additional information see Note VIII on page 69.

Schedule of Funding Progress
for Other Postemployment Benefits Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded OAAL (UAAL) (b-a)	Funded Ratio (a/b)	Actuarial Covered Payroll (c)	UAAL as a Percentage of Actuarial Covered Payroll {((b-a)/c)}
October 1, 2009	\$0	\$ 370,000	\$ (370,000)	0%	\$ 286,081	(129.3)%
October 1, 2009	0	370,000	(370,000)	0	266,248	(139.0)
October 1, 2011	0	459,971	(459,971)	0	270,072	(170.3)

Note: The above table is for GASB 45 disclosure reporting requirements effective beginning with fiscal year 2010. For additional information see Note VIII on page 71.

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

Schedule of Funding Progress
 for the Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded OAAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll {((b-a)/c)}
January 1, 2010	\$ 486,400	\$ 562,000	\$ (75,600)	86.5%	\$ 475,700	(15.9)%
January 1, 2011	526,100	602,800	(76,700)	87.3	480,800	(16.0)
January 1, 2012	556,900	645,800	(88,900)	86.2	493,400	(18.0)

Schedule of Funding Progress
 for Other Postemployment Benefits Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded OAAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll {((b-a)/c)}
January 1, 2010	\$ 0	\$ 25,100	\$ (25,100)	0%	\$ 475,700	(5.3)%
January 1, 2011	0	3,500	(3,500)	0	465,500	(0.8)
January 1, 2012	0	2,900	(2,900)	0	450,600	(0.6)

Note: The above table is for GASB 45 disclosure reporting requirements effective beginning with fiscal year 2010. For additional information see Note VIII on page 76.

SUPPLEMENTARY INFORMATION

DALLAS COUNTY, TEXAS
NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

Charter School Fund 468 - used to account for Academy for Academic Excellence.

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

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

DALLAS COUNTY, TEXAS
NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

Capital Projects Funds

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

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

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

DALLAS COUNTY, TEXAS
 Combining Balance Sheet
 Non-major Governmental Funds
 September 30, 2012
 (in thousands of dollars)

	Special Revenue												
						<u>District Attorney</u>			<u>District Attorney Forfeitures</u>				
		<u>Road and Bridge</u>	<u>Permanent Improvement</u>	<u>Law Library</u>	<u>Major Technology</u>	<u>HIDTA Federal</u>	<u>Special</u>	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Historical Commission</u>		
ASSETS													
Cash and investments	\$ 23,700	\$ 4,785	\$ 249	\$ 9,934	\$ 304	\$ 41	\$ 356	\$ 537	\$ 134	\$ 11	\$ 334		
Receivables:													
Taxes - current	-	3,038	-	22,835	-	-	-	-	-	-	-	-	
Less allowance for uncollectible	-	(214)	-	(1,518)	-	-	-	-	-	-	-	-	
Net taxes receivable	-	2,824	-	21,317	-	-	-	-	-	-	-	-	
Accounts	261,014	-	4,159	-	-	-	-	-	-	-	105	-	
Less allowance	(255,074)	-	(4,102)	-	-	-	-	-	-	-	-	-	
Accounts receivable	5,940	-	57	-	-	-	-	-	-	-	105	-	
Accrued interest	37	7	-	15	-	-	-	-	-	-	-	-	
Due from other governmental units	-	-	-	-	-	-	-	-	-	-	-	-	
Inventories	167	-	-	-	-	-	-	-	-	-	-	-	
Prepayments and advances	27	-	4	-	-	-	-	-	-	-	-	-	
Total assets	<u>\$ 29,871</u>	<u>\$ 7,616</u>	<u>\$ 310</u>	<u>\$ 31,266</u>	<u>\$ 304</u>	<u>\$ 41</u>	<u>\$ 356</u>	<u>\$ 537</u>	<u>\$ 134</u>	<u>\$ 11</u>	<u>\$ 439</u>		
LIABILITIES AND FUND BALANCES													
Liabilities:													
Accounts payable	\$ 759	\$ 69	\$ 4	\$ 828	\$ -	\$ -	\$ -	\$ 7	\$ -	\$ -	\$ 1	-	
Due to other funds	11	2	3	12	-	-	-	-	-	-	-	-	
Due to other governmental units	1,365	-	-	-	-	-	-	-	-	-	-	-	
Deferred and unearned revenue	5,591	2,828	53	21,334	-	-	-	-	-	-	-	-	
Total liabilities	<u>7,726</u>	<u>2,899</u>	<u>60</u>	<u>22,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	
FUND BALANCES													
Nonspendable: inventories and prepaids	194	-	4	-	-	-	-	-	-	-	-	-	
Restricted	21,951	-	246	-	304	41	356	530	134	11	438	-	
Committed	-	4,717	-	9,092	-	-	-	-	-	-	-	-	
Total fund balances	<u>22,145</u>	<u>4,717</u>	<u>250</u>	<u>9,092</u>	<u>304</u>	<u>41</u>	<u>356</u>	<u>530</u>	<u>134</u>	<u>11</u>	<u>438</u>	<u>-</u>	
Total liabilities and fund balances	<u>\$ 29,871</u>	<u>\$ 7,616</u>	<u>\$ 310</u>	<u>\$ 31,266</u>	<u>\$ 304</u>	<u>\$ 41</u>	<u>\$ 356</u>	<u>\$ 537</u>	<u>\$ 134</u>	<u>\$ 11</u>	<u>\$ 439</u>	<u>-</u>	

(Continued)

DALLAS COUNTY, TEXAS
Combining Balance Sheet
Non-major Governmental Funds
September 30, 2012
(in thousands of dollars)

Special Revenue

	Alternative Dispute Resolution	Appellate Justice System	HUD Section 8 Grants	Academy for Academic Excellence	Judicial	Technology	Local Government	Local Official	Recurd Management	Total
ASSETS										
Cash and investments	\$ 1,813	\$ 225	\$ 4,795	\$ 3,445	\$ 1,526	\$ 3,465	\$ 3,235	\$ 4,649	\$ 9,396	\$ 72,934
Receivables:										
Taxes - current	-	-	-	-	-	-	-	-	-	25,873
Less allowance for uncollectible	-	-	-	-	-	-	-	-	-	(1,732)
Net taxes receivable	-	-	-	-	-	-	-	-	-	24,141
Accounts	3,609	1,309	-	-	13,504	673	7,710	289	10,392	302,764
Less allowance	(3,555)	(1,293)	-	-	(13,032)	(591)	(7,587)	(288)	(10,077)	(295,599)
Accounts receivable	54	16	-	-	472	82	123	1	315	7,165
Accrued interest	3	-	-	5	-	-	-	-	-	67
Due from other governmental units	-	-	352	468	-	-	-	-	-	820
Inventories	-	-	-	-	-	-	-	-	-	167
Prepayments and advances	-	-	-	-	-	-	-	-	-	31
Total assets	<u>\$ 1,870</u>	<u>\$ 241</u>	<u>\$ 5,147</u>	<u>\$ 3,918</u>	<u>\$ 1,998</u>	<u>\$ 3,547</u>	<u>\$ 3,358</u>	<u>\$ 4,650</u>	<u>\$ 9,711</u>	<u>\$ 105,325</u>
LIABILITIES AND FUND BALANCES										
Liabilities :										
Accounts payable	\$ 2	\$ 8	\$ 251	\$ 372	\$ 12	\$ 1	\$ 30	\$ 118	\$ 309	\$ 2,771
Due to other funds	-	-	18	14	1	-	-	2	-	63
Due to other governmental units	-	-	-	-	-	-	-	-	-	1,365
Deferred and unearned revenue	52	15	-	3	462	83	112	1	305	30,839
Total liabilities	<u>54</u>	<u>23</u>	<u>269</u>	<u>389</u>	<u>475</u>	<u>84</u>	<u>142</u>	<u>121</u>	<u>614</u>	<u>35,038</u>
FUND BALANCES										
Nonspendable: inventories and prepaids	-	-	-	-	-	-	-	-	-	198
Restricted	1,816	218	4,878	3,529	1,523	3,463	3,216	4,529	9,097	56,280
Committed	-	-	-	-	-	-	-	-	-	13,809
Total fund balances	<u>1,816</u>	<u>218</u>	<u>4,878</u>	<u>3,529</u>	<u>1,523</u>	<u>3,463</u>	<u>3,216</u>	<u>4,529</u>	<u>9,097</u>	<u>70,287</u>
Total liabilities and fund balances	<u>\$ 1,870</u>	<u>\$ 241</u>	<u>\$ 5,147</u>	<u>\$ 3,918</u>	<u>\$ 1,998</u>	<u>\$ 3,547</u>	<u>\$ 3,358</u>	<u>\$ 4,650</u>	<u>\$ 9,711</u>	<u>\$ 105,325</u>

(Continued)

DALLAS COUNTY, TEXAS
Combining Balance Sheet
Non-major Governmental Funds
September 30, 2012
(in thousands of dollars)

	Capital Projects			
	Permanent Improvement	Roads	Total	Total Non-major Governmental Funds
ASSETS				
Cash and investments	\$ 33,948	\$ 8,062	\$ 42,010	\$ 114,944
Receivables:				
Taxes - current	-	-	-	25,873
Less allowance for uncollectible	-	-	-	(1,732)
Net taxes receivable	-	-	-	24,141
Accounts	-	-	-	302,764
Less allowance	-	-	-	(295,599)
Accounts receivable	-	-	-	7,165
Accrued interest	-	-	-	67
Due from other governmental units	-	1,936	1,936	2,756
Inventories	-	-	-	167
Prepayments and advances	-	-	-	31
Total assets	\$ 33,948	\$ 9,998	\$ 43,946	\$ 149,271
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 2,771
Due to other funds	-	-	-	63
Due to other governmental units	-	117	117	1,482
Deferred and unearned revenue	-	166	166	31,005
Total liabilities	-	283	283	35,321
FUND BALANCES				
Nonspendable: inventories and prepaids	-	-	-	198
Restricted	33,948	9,715	43,663	99,943
Committed	-	-	-	13,809
Total fund balances	33,948	9,715	43,663	113,950
Total liabilities and fund balances	\$ 33,948	\$ 9,998	\$ 43,946	\$ 149,271

(Concluded)

DALLAS COUNTY, TEXAS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended September 30, 2012
(in thousands of dollars)

Special Revenue

	Road and Bridge	Permanent Improvement	Law Library	Major Technology	District Attorney		District Attorney Forfeitures			Historical Commission	Historical Exhibit
					HIDTA Federal	Special	Federal	State	Other		
REVENUES											
Property taxes	\$ -	\$ 2,723	\$ -	\$ 19,035	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highway license fees	24,600	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	7,084	-	-	-	-	-	-	-	-	-	-
Investment income	53	17	-	50	-	-	1	1	-	-	1
Intergovernmental revenues	-	-	-	-	-	-	-	-	-	-	-
Charges for current services	2,064	-	973	-	-	-	-	-	-	-	3,038
Miscellaneous	46	-	-	-	21	166	65	596	8	3	-
Total revenues	33,847	2,740	973	19,085	21	166	66	597	8	3	3,039
EXPENDITURES											
Current											
General government	-	1,979	-	18,014	-	-	-	-	-	2	2,945
Judicial	-	-	668	-	4	224	151	745	4	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-
Highways and streets	9,128	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-	-
Public welfare	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	9,128	1,979	668	18,014	4	224	151	745	4	2	2,945
Excess (deficiency) of revenues over (under) expenditures	24,719	761	305	1,071	17	(58)	(85)	(148)	4	1	94
OTHER FINANCING SOURCES (USES)											
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers (out)	(19,414)	-	(175)	-	-	-	-	(60)	-	-	(171)
Total other financing sources (uses)	(19,414)	-	(175)	-	-	-	-	(60)	-	-	(171)
Net change in fund balance	5,305	761	130	1,071	17	(58)	(85)	(208)	4	1	(77)
Fund balance - beginning	16,840	3,956	120	8,021	287	99	441	738	130	10	515
Fund balance - ending	<u>\$ 22,145</u>	<u>\$ 4,717</u>	<u>\$ 250</u>	<u>\$ 9,092</u>	<u>\$ 304</u>	<u>\$ 41</u>	<u>\$ 356</u>	<u>\$ 530</u>	<u>\$ 134</u>	<u>\$ 11</u>	<u>\$ 438</u>

(Continued)

DALLAS COUNTY, TEXAS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended September 30, 2012
(in thousands of dollars)

Special Revenue

	Alternative Dispute Resolution	Appellate Justice System	HUD Section 8 Grants	Academy for Academic Excellence	Judicial	Technology	Local Government	Local Official	Record Management	Total
REVENUES										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,758
Highway license fees	-	-	-	-	-	-	-	-	-	24,600
Fines and forfeitures	-	-	-	-	-	-	-	-	-	7,084
Investment income	5	1	-	3	-	-	-	-	-	132
Intergovernmental revenues	-	-	27,872	7,902	-	-	-	-	-	35,774
Charges for current services	786	332	-	-	2,068	311	2,911	4,711	5,467	22,661
Miscellaneous	-	-	-	-	-	-	-	-	-	905
Total revenues	791	333	27,872	7,905	2,068	311	2,911	4,711	5,467	112,914
EXPENDITURES										
Current:										
General government	-	-	-	-	69	-	236	569	-	23,814
Judicial	198	278	-	-	294	83	70	55	3,339	6,113
Public safety	-	-	-	-	-	-	2	3,176	-	3,178
Highways and streets	-	-	-	-	-	-	-	-	-	9,128
Education	-	-	-	7,464	-	-	-	-	-	7,464
Public welfare	-	-	28,339	-	-	-	-	-	-	28,339
Capital outlay	-	-	-	-	-	-	-	-	-	-
Total expenditures	198	278	28,339	7,464	363	83	308	3,800	3,339	78,036
Excess (deficiency) of revenues over (under) expenditures	593	55	(467)	441	1,705	228	2,603	911	2,128	34,878
OTHER FINANCING SOURCES										
Transfers in	-	-	-	42	175	-	335	-	-	552
Transfers (out)	(200)	(130)	-	-	(1,603)	-	(2,469)	(572)	(723)	(25,517)
Total other financing sources (uses)	(200)	(130)	-	42	(1,428)	-	(2,134)	(572)	(723)	(24,965)
Net change in fund balance	393	(75)	(467)	483	277	228	469	339	1,405	9,913
Fund balance - beginning	1,423	293	5,345	3,046	1,246	3,235	2,747	4,190	7,692	60,374
Fund balance - ending	\$ 1,816	\$ 218	\$ 4,878	\$ 3,529	\$ 1,523	\$ 3,463	\$ 3,216	\$ 4,529	\$ 9,097	\$ 70,287

(Continued)

DALLAS COUNTY, TEXAS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended September 30, 2012
(in thousands of dollars)

Capital Projects

	Permanent Improvement	Roads	Total	Total Non-major Governmental Funds
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ 21,758
Highway license fees	-	-	-	24,600
Fines and forfeitures	-	-	-	7,084
Investment income	-	-	-	132
Intergovernmental revenues	-	-	-	35,774
Charges for current services	-	-	-	22,661
Miscellaneous	-	-	-	905
	-	-	-	112,914
EXPENDITURES				
Current				
General government	185	-	185	23,999
Judicial	-	-	-	6,113
Public safety	-	-	-	3,178
Highways and streets	-	-	-	9,128
Education	-	-	-	7,464
Public welfare	-	-	-	28,339
Capital outlay	-	18	18	18
	185	18	203	78,239
Excess (deficiency) of revenues over (under) expenditures	(185)	(18)	(203)	34,675
OTHER FINANCING SOURCES				
Transfers in	-	-	-	552
Transfers (out)	-	(8,469)	(8,469)	(53,986)
Total other financing sources (uses)	-	(8,469)	(8,469)	(53,434)
Net change in fund balance	(185)	(8,487)	(8,672)	1,241
Fund balance - beginning	34,133	18,202	52,335	112,709
Fund balance - ending	\$ 33,948	\$ 9,715	\$ 43,663	\$ 113,950

(Concluded)

DALLAS COUNTY, TEXAS
Debt Service Fund - County Wide - Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2012
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 20,905	\$ 20,905	\$ 20,935	\$ 30
Investment income	50	50	108	58
Charges for current services	1,232	1,232	1,340	108
Total revenues	<u>22,187</u>	<u>22,187</u>	<u>22,383</u>	<u>196</u>
EXPENDITURES:				
Debt service				
Principal	22,780	22,780	22,780	-
Interest	7,045	7,045	6,708	337
Total expenditures	<u>29,825</u>	<u>29,825</u>	<u>29,488</u>	<u>337</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,638)</u>	<u>(7,638)</u>	<u>(7,105)</u>	<u>533</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	8,469	8,469	8,469	-
Total other financing sources (uses)	<u>8,469</u>	<u>8,469</u>	<u>8,469</u>	<u>-</u>
Net change in fund balance	831	831	1,364	533
Fund balance - beginning	2,357	2,357	2,357	-
Fund balance - ending	<u>\$ 3,188</u>	<u>\$ 3,188</u>	<u>\$ 3,721</u>	<u>\$ 533</u>

(Continued)

DALLAS COUNTY, TEXAS
Road and Bridge Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2012
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Highway license fees	\$ 23,244	\$ 23,244	\$ 24,600	\$ 1,356
Fines and forfeitures	6,392	6,392	7,084	692
Investment income	216	216	53	(163)
Charges for current services	3,170	3,170	2,064	(1,106)
Miscellaneous	28	28	46	18
Total revenues	<u>33,050</u>	<u>33,050</u>	<u>33,847</u>	<u>797</u>
EXPENDITURES:				
Highways and streets:				
Salaries	5,025	4,282	4,282	-
Allowances	36	35	35	-
Operating	13,404	13,844	3,329	10,515
Property	1,072	1,482	1,482	-
Total highways and streets	<u>19,537</u>	<u>19,643</u>	<u>9,128</u>	<u>10,515</u>
Reserves	10,065	9,687	-	9,687
Total expenditures	<u>29,602</u>	<u>29,330</u>	<u>9,128</u>	<u>20,202</u>
Excess of revenues over expenditures	<u>3,448</u>	<u>3,720</u>	<u>24,719</u>	<u>20,999</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(19,145)</u>	<u>(19,417)</u>	<u>(19,414)</u>	<u>3</u>
Total other financing sources (uses)	<u>(19,145)</u>	<u>(19,417)</u>	<u>(19,414)</u>	<u>3</u>
Net change in fund balance	(15,697)	(15,697)	5,305	21,002
Fund balance - beginning	<u>16,840</u>	<u>16,840</u>	<u>16,840</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,143</u>	<u>\$ 1,143</u>	<u>\$ 22,145</u>	<u>\$ 21,002</u>

DALLAS COUNTY, TEXAS
 Permanent Improvement Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2012
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 2,717	\$ 2,717	\$ 2,723	\$ 6
Investment income	45	45	17	(28)
Total revenues	<u>2,762</u>	<u>2,762</u>	<u>2,740</u>	<u>(22)</u>
EXPENDITURES:				
General government:				
Property	1,346	4,037	1,979	2,058
Total general government	<u>1,346</u>	<u>4,037</u>	<u>1,979</u>	<u>2,058</u>
Reserves	4,947	2,256	-	2,256
Total expenditures	<u>6,293</u>	<u>6,293</u>	<u>1,979</u>	<u>4,314</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,531)</u>	<u>(3,531)</u>	<u>761</u>	<u>4,292</u>
Net change in fund balance	(3,531)	(3,531)	761	4,292
Fund balance - beginning	3,956	3,956	3,956	-
Fund balance - ending	<u>\$ 425</u>	<u>\$ 425</u>	<u>\$ 4,717</u>	<u>\$ 4,292</u>

(Continued)

DALLAS COUNTY, TEXAS
 Law Library Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2012
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Charges for current services	\$ 1,011	\$ 1,011	\$ 973	\$ (38)
Total revenues	<u>1,011</u>	<u>1,011</u>	<u>973</u>	<u>(38)</u>
EXPENDITURES:				
Judicial:				
Salaries	456	409	409	-
Operating	<u>354</u>	<u>354</u>	<u>259</u>	<u>95</u>
Total judicial	<u>810</u>	<u>763</u>	<u>668</u>	<u>95</u>
Reserves	<u>63</u>	<u>110</u>	<u>-</u>	<u>110</u>
Total expenditures	<u>873</u>	<u>873</u>	<u>668</u>	<u>205</u>
Excess of revenues over expenditures	<u>138</u>	<u>138</u>	<u>305</u>	<u>167</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(175)</u>	<u>(175)</u>	<u>(175)</u>	<u>-</u>
Total other financing sources (uses)	<u>(175)</u>	<u>(175)</u>	<u>(175)</u>	<u>-</u>
Net change in fund balance	(37)	(37)	130	167
Fund balance - beginning	<u>120</u>	<u>120</u>	<u>120</u>	<u>-</u>
Fund balance - ending	<u>\$ 83</u>	<u>\$ 83</u>	<u>\$ 250</u>	<u>\$ 167</u>

DALLAS COUNTY, TEXAS
Major Technology Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2012
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 19,020	\$ 19,020	\$ 19,035	\$ 15
Investment income	120	120	50	(70)
Total revenues	<u>19,140</u>	<u>19,140</u>	<u>19,085</u>	<u>(55)</u>
EXPENDITURES:				
General government:				
Property	24,022	25,924	18,014	7,910
Reserves	<u>4,943</u>	<u>3,041</u>	<u>-</u>	<u>3,041</u>
Total expenditures	<u>28,965</u>	<u>28,965</u>	<u>18,014</u>	<u>10,951</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,825)</u>	<u>(9,825)</u>	<u>1,071</u>	<u>10,896</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>(3,000)</u>
Total other financing sources (uses)	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>(3,000)</u>
Net change in fund balance	(6,825)	(6,825)	1,071	7,896
Fund balance - beginning	<u>8,021</u>	<u>8,021</u>	<u>8,021</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,196</u>	<u>\$ 1,196</u>	<u>\$ 9,092</u>	<u>\$ 7,896</u>

(Continued)

DALLAS COUNTY, TEXAS
Historical Commission Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2012
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Miscellaneous	\$ -	\$ -	\$ 3	\$ 3
Total revenues	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
EXPENDITURES:				
General government:				
Operating	1	4	2	2
Reserves	<u>9</u>	<u>6</u>	<u>-</u>	<u>6</u>
Total expenditures	<u>10</u>	<u>10</u>	<u>2</u>	<u>8</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10)</u>	<u>(10)</u>	<u>1</u>	<u>11</u>
Net change in fund balance	(10)	(10)	1	11
Fund balance - beginning	<u>10</u>	<u>10</u>	<u>10</u>	<u>-</u>
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11</u></u>	<u><u>\$ 11</u></u>

DALLAS COUNTY, TEXAS
Historical Exhibit Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2012
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 1	\$ 1	\$ 1	\$ -
Charges for current services	<u>2,810</u>	<u>2,810</u>	<u>3,038</u>	<u>228</u>
Total revenues	<u>2,811</u>	<u>2,811</u>	<u>3,039</u>	<u>228</u>
EXPENDITURES:				
General government:				
Operating	<u>3,088</u>	<u>3,088</u>	<u>2,945</u>	<u>143</u>
Total expenditures	<u>3,088</u>	<u>3,088</u>	<u>2,945</u>	<u>143</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(277)</u>	<u>(277)</u>	<u>94</u>	<u>371</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(131)</u>	<u>(131)</u>	<u>(171)</u>	<u>(40)</u>
Total other financing sources (uses)	<u>(131)</u>	<u>(131)</u>	<u>(171)</u>	<u>(40)</u>
Net change in fund balance	(408)	(408)	(77)	331
Fund balance - beginning	<u>515</u>	<u>515</u>	<u>515</u>	<u>-</u>
Fund balance - ending	<u>\$ 107</u>	<u>\$ 107</u>	<u>\$ 438</u>	<u>\$ 331</u>

DALLAS COUNTY, TEXAS
Alternative Dispute Resolution Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2012
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 14	\$ 14	\$ 5	\$ (9)
Charges for current services	803	803	786	(17)
Total revenues	<u>817</u>	<u>817</u>	<u>791</u>	<u>(26)</u>
EXPENDITURES:				
Judicial:				
Salaries	88	110	110	-
Operating	110	128	88	40
Reserves	40	-	-	-
Total expenditures	<u>238</u>	<u>238</u>	<u>198</u>	<u>40</u>
Excess of revenues over expenditures	<u>579</u>	<u>579</u>	<u>593</u>	<u>14</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(379)</u>	<u>(379)</u>	<u>(200)</u>	<u>179</u>
Total other financing sources and (uses)	<u>(379)</u>	<u>(379)</u>	<u>(200)</u>	<u>179</u>
Net change in fund balances	200	200	393	193
Fund balances - beginning	<u>1,423</u>	<u>1,423</u>	<u>1,423</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,623</u>	<u>\$ 1,623</u>	<u>\$ 1,816</u>	<u>\$ 193</u>

(Continued)

DALLAS COUNTY, TEXAS
Appellate Justice System Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2012
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 1	\$ 1	\$ 1	\$ -
Charges for current services	327	327	332	5
Total revenues	<u>328</u>	<u>328</u>	<u>333</u>	<u>5</u>
EXPENDITURES:				
Judicial:				
Operating	375	375	278	97
Total expenditures	<u>375</u>	<u>375</u>	<u>278</u>	<u>97</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(47)</u>	<u>(47)</u>	<u>55</u>	<u>102</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(139)</u>	<u>(139)</u>	<u>(130)</u>	<u>9</u>
Total other financing sources (uses)	<u>(139)</u>	<u>(139)</u>	<u>(130)</u>	<u>9</u>
Net change in fund balance	(186)	(186)	(75)	111
Fund balance - beginning	293	293	293	-
Fund balance - ending	<u>\$ 107</u>	<u>\$ 107</u>	<u>\$ 218</u>	<u>\$ 111</u>

(Continued)

DALLAS COUNTY, TEXAS
 HUD Section 8 Grants Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2012
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 12	\$ 12	\$ -	\$ (12)
Intergovernmental revenues	<u>29,030</u>	<u>29,030</u>	<u>27,872</u>	<u>(1,158)</u>
Total revenues	<u>29,042</u>	<u>29,042</u>	<u>27,872</u>	<u>(1,170)</u>
EXPENDITURES:				
Public welfare	<u>36,970</u>	<u>28,925</u>	<u>28,339</u>	<u>586</u>
Total expenditures	<u>36,970</u>	<u>28,925</u>	<u>28,339</u>	<u>586</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,928)</u>	<u>117</u>	<u>(467)</u>	<u>(584)</u>
Net change in fund balance	(7,928)	117	(467)	(584)
Fund balance - beginning	<u>5,345</u>	<u>5,345</u>	<u>5,345</u>	<u>-</u>
Fund balance - ending	<u>\$ (2,583)</u>	<u>\$ 5,462</u>	<u>\$ 4,878</u>	<u>\$ (584)</u>

DALLAS COUNTY, TEXAS
Academy for Academic Excellence Grants Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2012
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 3	\$ 3
Intergovernmental revenues	8,000	8,000	7,902	(98)
Total revenues	<u>8,000</u>	<u>8,000</u>	<u>7,905</u>	<u>(95)</u>
EXPENDITURES:				
Education	6,640	9,071	7,464	1,607
Total expenditures	<u>6,640</u>	<u>9,071</u>	<u>7,464</u>	<u>1,607</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,360</u>	<u>(1,071)</u>	<u>441</u>	<u>1,512</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	42	42
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>42</u>	<u>42</u>
Net change in fund balance	1,360	(1,071)	483	1,554
Fund balance - beginning	3,046	3,046	3,046	-
Fund balance - ending	<u>\$ 4,406</u>	<u>\$ 1,975</u>	<u>\$ 3,529</u>	<u>\$ 1,554</u>

(Concluded)

FIDUCIARY SECTION

DALLAS COUNTY, TEXAS

FIDUCIARY FUNDS – ALL AGENCY FUNDS

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

Escrow Fund (Fund 532) - used to account for miscellaneous amounts temporarily held for other individuals or entities outside control of Commissioners Court.

Juvenile Probation Commission Fund (Fund 464) – used to account for advance funding from State to satisfy special conditions of grant award.

State Reports Fund (Fund 166) - 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 (Funds 501-506, 580-587) - used to account for monies received with ultimate disposition of receipts to be determined at a future date.

Community Supervision and Corrections (Fund 128) - used to account for the activities of a State agency with funds in the County depository.

Housing Finance Corporation - 1993 Refunding (Fund 570) - used to account for monies received as a result of refunding of 1983 Mortgage Revenue bonds issued by HFC.

Juvenile Department Child Support (Funds 802-808) - used to account for money held for other parties in the child support program in accordance with court orders.

Housing Finance Corporation - 1994 Refunding (Fund 571) - used to account for monies received as a result of refunding 1984 Mortgage Revenue Bonds issued by HFC.

Community Supervision and Corrections Special (Fund 543) - used to account for the receipt and distribution of restitution payments made by probationers.

Youth Village (Fund 537) - used to account for donated money to be used for the benefit of youths temporarily housed in the facility.

Tax Assessor-Collector (Fund 704) - used to account for initial receipt and distribution to proper parties of taxes and fees collected for various entities of government.

Police Agencies Seized Funds (Fund 542) - used to account for seized monies awaiting judicial determination for local police agencies.

Attorney General Seized Funds (Fund 544) - used to account for seized monies awaiting judicial determination for the Texas Attorney General.

Gambling Seized Funds (Fund 545) - used to account for seized monies for gambling awaiting judicial determination for the Texas Department of Public Safety.

Narcotics Seized Funds (Fund 546) - used to account for seized monies for narcotics awaiting judicial determination for the Texas Department of Public Safety.

Sheriff Inmate Trust (Fund 515) - used to account for monies held in trust for individuals in County custody.

DALLAS COUNTY, TEXAS
 Combining Statement of Fiduciary Assets and Liabilities- Agency Funds
 September 30, 2012
 (in thousands of dollars)

	Fee Office Funds					Fee Office Funds			Housing Finance Corporation - 1993 Refunding	
	Administrative Fund Escrow	Sheriff Inmate Trust	State Reports	County Clerk	District Clerk	Sheriff	Community Supervision and Corrections	Justices of the Peace		Constables
Assets:										
Cash and investments	\$ 7,528	\$ 421	\$ 3,351	\$ 39,342	\$ 17,969	\$ 886	\$ 9,165	\$ 3,034	\$ 103	\$ 49
Accrued interest	47	-	-	-	-	-	964	-	-	-
Cash and investments held in escrow	10,360	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 17,935</u>	<u>\$ 421</u>	<u>\$ 3,351</u>	<u>\$ 39,342</u>	<u>\$ 17,969</u>	<u>\$ 886</u>	<u>\$ 10,129</u>	<u>\$ 3,034</u>	<u>\$ 103</u>	<u>\$ 49</u>
Liabilities:										
Due to other governmental units and others	\$ 17,935	\$ 421	\$ 3,351	\$ 39,342	\$ 17,969	\$ 886	\$ 10,129	\$ 3,034	\$ 103	\$ 49
Total liabilities	<u>\$ 17,935</u>	<u>\$ 421</u>	<u>\$ 3,351</u>	<u>\$ 39,342</u>	<u>\$ 17,969</u>	<u>\$ 886</u>	<u>\$ 10,129</u>	<u>\$ 3,034</u>	<u>\$ 103</u>	<u>\$ 49</u>

DALLAS COUNTY, TEXAS
 Combining Statement of Fiduciary Assets and Liabilities- Agency Funds
 September 30, 2012
 (in thousands of dollars)

	Departmental Special Funds				District Attorney Seized Funds				Total	
	Juvenile Department Child Support	Finance Corporation - 1994 Refunding	Community Supervision and Corrections Special	Youth Village	Tax Assessor - Collector	Police Agencies	Attorney General	Gambling		Narcotics
Assets:										
Cash and investments	\$ 693	\$ 967	\$ 1,353	\$ 1	\$ 43,749	\$ 38	\$ 26	\$ 59	\$ 193	\$ 128,927
Accrued interest	-	-	-	-	-	-	-	-	-	1,011
Cash and investments held in escrow	-	-	-	-	-	-	-	-	-	10,360
Total assets	<u>\$ 693</u>	<u>\$ 967</u>	<u>\$ 1,353</u>	<u>\$ 1</u>	<u>\$ 43,749</u>	<u>\$ 38</u>	<u>\$ 26</u>	<u>\$ 59</u>	<u>\$ 193</u>	<u>\$ 140,298</u>
Liabilities:										
Due to other governmental units and others	\$ 693	\$ 967	\$ 1,353	\$ 1	\$ 43,749	\$ 38	\$ 26	\$ 59	\$ 193	\$ 140,298
Total liabilities	<u>\$ 693</u>	<u>\$ 967</u>	<u>\$ 1,353</u>	<u>\$ 1</u>	<u>\$ 43,749</u>	<u>\$ 38</u>	<u>\$ 26</u>	<u>\$ 59</u>	<u>\$ 193</u>	<u>\$ 140,298</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2012
(in thousands of dollars)

	Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012
<hr/> Administrative Fund - Escrow <hr/>				
Assets:				
Cash and investments	\$ 7,625	\$ 37,595	\$ (37,692)	\$ 7,528
Accrued interest receivable	57	46	(56)	\$ 47
Cash and investments held in escrow	9,792	1,153	(585)	\$ 10,360
 Total assets	 \$ 17,474	 \$ 38,794	 \$ (38,333)	 \$ 17,935
 Liabilities:				
Due to other governmental units and others - administrative	\$ 17,474	\$ 81,634	\$ (81,173)	\$ 17,935
 Total liabilities	 \$ 17,474	 \$ 81,634	 \$ (81,173)	 \$ 17,935
 <hr/> Sheriff Inmate Trust <hr/>				
Assets:				
Cash and investments	\$ 281	\$ 140	\$ -	\$ 421
 Total assets	 \$ 281	 \$ 140	 \$ -	 \$ 421
 Liabilities:				
Due to other governmental units and others	\$ 281	\$ 140	\$ -	\$ 421
 Total liabilities	 \$ 281	 \$ 140	 \$ -	 \$ 421

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2012
(in thousands of dollars)

	Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012
<hr/> Fee Office Fund - State Reports <hr/>				
Assets:				
Cash and investments	\$ 4,001	\$ 1,233,264	\$ (1,233,914)	\$ 3,351
Total assets	\$ 4,001	\$ 1,233,264	\$ (1,233,914)	\$ 3,351
Liabilities:				
Due to other governmental units and others - fee office	\$ 4,001	\$ 29,215	\$ (29,865)	\$ 3,351
Total liabilities	\$ 4,001	\$ 29,215	\$ (29,865)	\$ 3,351
 <hr/> Fee Office Fund - County Clerk <hr/>				
Assets:				
Cash and investments	\$ 39,193	\$ 154,856	\$ (154,707)	\$ 39,342
Total assets	\$ 39,193	\$ 154,856	\$ (154,707)	\$ 39,342
Liabilities:				
Due to other governmental units and others - fee office	\$ 39,193	\$ 163,962	\$ (163,813)	\$ 39,342
Total liabilities	\$ 39,193	\$ 163,962	\$ (163,813)	\$ 39,342

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2012
(in thousands of dollars)

	<u>Balance October 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2012</u>
Fee Office Fund - District Clerk				
Assets:				
Cash and investments	\$ 13,387	\$ 99,247	\$ (94,665)	\$ 17,969
Total assets	<u>\$ 13,387</u>	<u>\$ 99,247</u>	<u>\$ (94,665)</u>	<u>\$ 17,969</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 13,387	\$ 95,772	\$ (91,190)	\$ 17,969
Total liabilities	<u>\$ 13,387</u>	<u>\$ 95,772</u>	<u>\$ (91,190)</u>	<u>\$ 17,969</u>
Fee Office Fund - Sheriff				
Assets:				
Cash and investments	\$ 770	\$ 37,032	\$ (36,916)	\$ 886
Total assets	<u>\$ 770</u>	<u>\$ 37,032</u>	<u>\$ (36,916)</u>	<u>\$ 886</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 770	\$ 25,191	\$ (25,075)	\$ 886
Total liabilities	<u>\$ 770</u>	<u>\$ 25,191</u>	<u>\$ (25,075)</u>	<u>\$ 886</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2012
(in thousands of dollars)

	Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012
Fee Office Fund - Community Supervision and Corrections				
Assets:				
Cash and investments	\$ 7,822	\$ 4,718,875	\$ (4,717,532)	\$ 9,165
Accrued interest and other receivable	-	1,172	(208)	964
Total assets	\$ 7,822	\$ 4,720,047	\$ (4,717,740)	\$ 10,129
Liabilities:				
Due to other governmental units and others - fee office	\$ 7,822	\$ 46,535	\$ (44,228)	\$ 10,129
Total liabilities	\$ 7,822	\$ 46,535	\$ (44,228)	\$ 10,129
Fee Office Fund - Justices of the Peace				
Assets:				
Cash and investments	\$ 3,214	\$ 1,020	\$ (1,200)	\$ 3,034
Total assets	\$ 3,214	\$ 1,020	\$ (1,200)	\$ 3,034
Liabilities:				
Due to other governmental units and others - fee office	\$ 3,214	\$ 1,026	\$ (1,206)	\$ 3,034
Total liabilities	\$ 3,214	\$ 1,026	\$ (1,206)	\$ 3,034

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2012
(in thousands of dollars)

	Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012
Fee Office Fund - Constables				
Assets:				
Cash and investments	\$ 112	\$ 1,599	\$ (1,608)	\$ 103
Total assets	\$ 112	\$ 1,599	\$ (1,608)	\$ 103
Liabilities:				
Due to other governmental units and others - fee office	\$ 112	\$ 1,074	\$ (1,083)	\$ 103
Total liabilities	\$ 112	\$ 1,074	\$ (1,083)	\$ 103
Departmental Special Fund - Housing Finance Corporation - 1993 Refunding				
Assets:				
Cash and investments	\$ 46	\$ 7,245	\$ (7,242)	\$ 49
Total assets	\$ 46	\$ 7,245	\$ (7,242)	\$ 49
Liabilities:				
Due to other governmental units and others - departmental special	\$ 46	\$ 3	\$ -	\$ 49
Total liabilities	\$ 46	\$ 3	\$ -	\$ 49

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2012
(in thousands of dollars)

	Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012
Departmental Special Fund - Juvenile Department Child Support				
Assets:				
Cash and investments	\$ 692	\$ 597	\$ (596)	\$ 693
Total assets	\$ 692	\$ 597	\$ (596)	\$ 693
Liabilities:				
Due to other governmental units and others - departmental special	\$ 692	\$ 299	\$ (298)	\$ 693
Total liabilities	\$ 692	\$ 299	\$ (298)	\$ 693
Departmental Special Fund - Housing Finance Corporation - 1994 Refunding				
Assets:				
Cash and investments	\$ 1,284	\$ 200,893	\$ (201,210)	\$ 967
Accrued interest receivable	-	-	-	-
Total assets	\$ 1,284	\$ 200,893	\$ (201,210)	\$ 967
Liabilities:				
Due to other governmental units and others - departmental special	\$ 1,284	\$ 320	\$ (637)	\$ 967
Total liabilities	\$ 1,284	\$ 320	\$ (637)	\$ 967

(Continued)

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2012
(in thousands of dollars)

	<u>Balance October 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2012</u>
Departmental Special Fund - Community Supervision and Corrections Special				
Assets:				
Cash and investments	\$ 1,394	\$ 9,723	\$ (9,764)	\$ 1,353
Total assets	<u>\$ 1,394</u>	<u>\$ 9,723</u>	<u>\$ (9,764)</u>	<u>\$ 1,353</u>
Liabilities:				
Due to other governmental units and others - departmental special	\$ 1,394	\$ 7,159	\$ (7,200)	1,353
Total liabilities	<u>\$ 1,394</u>	<u>\$ 7,159</u>	<u>\$ (7,200)</u>	<u>\$ 1,353</u>
Departmental Special Fund - Youth Village				
Assets:				
Cash and investments	\$ 1	\$ -	\$ -	\$ 1
Total assets	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>
Liabilities:				
Due to other governmental units and others - departmental special	\$ 1	\$ -	\$ -	\$ 1
Total liabilities	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2012
(in thousands of dollars)

	Balance October 1, 2011	Additions	Deductions	September 30, 2012
Departmental Special Fund - Tax Assessor and Collector				
Assets:				
Cash and investments	\$ 44,623	\$ 43,766	\$ (44,640)	\$ 43,749
Accrued interest receivable	-	-	-	-
Total assets	\$ 44,623	\$ 43,766	\$ (44,640)	\$ 43,749
Liabilities:				
Due to other governmental units and others - departmental special	\$ 44,623	\$ 527,949	\$ (528,823)	\$ 43,749
Total liabilities	\$ 44,623	\$ 527,949	\$ (528,823)	\$ 43,749
District Attorney Seized Funds - Police Agencies				
Assets:				
Cash and investments	\$ 32	\$ 12	\$ (6)	\$ 38
Total assets	\$ 32	\$ 12	\$ (6)	\$ 38
Liabilities:				
Due to other governmental units and others	\$ 32	\$ 6	\$ -	\$ 38
Total liabilities	\$ 32	\$ 6	\$ -	\$ 38

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2012
(in thousands of dollars)

	Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012
District Attorney Seized Funds - Attorney General				
Assets:				
Cash and investments	\$ 26	\$ -	\$ -	\$ 26
Total assets	\$ 26	\$ -	\$ -	\$ 26
Liabilities:				
Due to other governmental units and others	\$ 26	\$ -	\$ -	\$ 26
Total liabilities	\$ 26	\$ -	\$ -	\$ 26
District Attorney Seized Funds - Gambling				
Assets:				
Cash and investments	\$ 55	\$ 8	\$ (4)	\$ 59
Total assets	\$ 55	\$ 8	\$ (4)	\$ 59
Liabilities:				
Due to other governmental units and others	\$ 55	\$ 4	\$ -	\$ 59
Total liabilities	\$ 55	\$ 4	\$ -	\$ 59

(Continued)

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2012
(in thousands of dollars)

	<u>Balance October 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2012</u>
District Attorney Seized Funds - Narcotics				
<hr/>				
Assets:				
Cash and investments	\$ 45	\$ 424	\$ (276)	\$ 193
Total assets	<u>\$ 45</u>	<u>\$ 424</u>	<u>\$ (276)</u>	<u>\$ 193</u>
Liabilities:				
Due to other governmental units and others	\$ 45	\$ 197	\$ (49)	\$ 193
Total liabilities	<u>\$ 45</u>	<u>\$ 197</u>	<u>\$ (49)</u>	<u>\$ 193</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2012
(in thousands of dollars)

	<u>Balance October 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2012</u>
Assets:				
Cash and investments	\$ 124,603	\$ 6,546,295	\$ (6,541,971)	\$ 128,927
Accrued interest and other receivable	57	1,218	(264)	1,011
Cash and investments held in escrow	<u>9,792</u>	<u>1,153</u>	<u>(585)</u>	<u>10,360</u>
Total assets	<u>\$ 134,452</u>	<u>\$ 6,548,666</u>	<u>\$ (6,542,820)</u>	<u>\$ 140,298</u>
Liabilities:				
Due to other governmental units and others	<u>\$ 134,452</u>	<u>\$ 980,486</u>	<u>\$ (974,640)</u>	<u>\$ 140,298</u>
Total liabilities	<u>\$ 134,452</u>	<u>\$ 980,486</u>	<u>\$ (974,640)</u>	<u>\$ 140,298</u>

(Concluded)

STATISTICAL SECTION
(Unaudited)

STATISTICAL SECTION

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

Contents

Financial Trends 135

These schedules contain trend information to aid in understanding how the County's financial performance and well-being have changed over time.

Revenue Capacity 140

These schedules contain information to aid in assessing the County's most significant local revenue source - property tax.

Debt Capacity 145

These schedules present information to aid in assessing the County's ability to issue additional debt in the future.

Demographic and Economic Information 150

These schedules offer demographic and economic indicators to aid in understanding the environment within which the County's financial activities take place.

Operating Information 152

These schedules contain service and infrastructure data to aid in understanding how the information in the County's financial report relates to services the County provides and the activities it performs.

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

Table 1

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 298,000	\$ 334,983	\$ 318,404	\$ 343,757	\$ 371,524	\$ 429,277	\$ 455,302	\$ 453,807	\$ 455,452	\$ 454,302
Restricted	27,618	24,123	16,584	21,548	59,017	40,360	63,686	61,654	66,840	78,434
Unrestricted	(56,351)	(31,472)	69,644	91,806	46,414	18,529	28,797	26,672	41,628	30,807
Total governmental activities net assets	<u>\$ 269,267</u>	<u>\$ 327,634</u>	<u>\$ 404,632</u>	<u>\$ 457,111</u>	<u>\$ 476,955</u>	<u>\$ 488,166</u>	<u>\$ 547,785</u>	<u>\$ 542,133</u>	<u>\$ 563,920</u>	<u>\$ 563,543</u>

Source: Dallas County Financial Records

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

Table 2

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	\$ 68,466	\$ 71,871	\$ 72,765	\$ 77,465	\$ 99,805	\$ 126,656	\$ 120,224	\$ 147,707	\$ 137,867	\$ 149,009
Judicial	102,611	98,858	102,371	115,244	126,971	134,413	139,852	136,703	136,104	131,061
Public Safety	172,274	169,137	172,347	198,138	216,521	235,161	234,898	236,728	233,243	222,186
Highways and Streets	21,748	21,143	33,852	29,174	32,955	34,689	30,119	23,787	21,195	27,349
Health	39,576	40,506	44,285	45,948	41,590	46,735	48,598	51,033	53,264	50,924
Education	5,671	6,461	7,941	9,547	10,189	11,699	11,470	11,104	9,994	9,340
Public Welfare	58,871	56,735	61,106	65,908	66,913	72,374	82,019	85,635	97,261	76,449
Libraries	23	60	23	12	10	3	-	-	-	-
Interest on long term debt	11,795	11,534	10,151	9,288	10,599	9,784	6,939	6,475	5,189	4,681
Total primary government expenses	\$ 481,035	\$ 476,305	\$ 504,821	\$ 550,724	\$ 605,553	\$ 671,514	\$ 674,119	\$ 699,172	\$ 696,117	\$ 673,199
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 48,567	\$ 50,562	\$ 44,371	\$ 50,809	\$ 47,125	\$ 55,659	\$ 50,104	\$ 46,405	\$ 47,054	\$ 44,792
Judicial	44,299	48,633	52,703	58,257	58,164	60,655	68,280	50,648	43,797	44,746
Public Safety	20,642	19,928	20,046	20,337	22,845	21,156	23,143	21,133	23,527	22,422
Highways and Streets (1)	39,508	36,778	38,954	41,849	42,244	44,495	40,002	36,968	27,340	26,511
Health	8,477	6,451	6,193	6,409	6,150	6,385	7,171	7,607	7,882	6,138
Public Welfare	1,457	1,400	2,671	2,530	1,134	1,423	1,323	1,399	1,499	1,237
Operating grants and contributions:										
General government	-	-	-	-	-	-	156	819	947	971
Judicial	3,415	2,107	1,009	3,330	1,636	2,475	28,398	15,259	16,198	13,109
Public Safety	6,259	6,774	4,269	5,977	5,419	5,373	8,066	10,935	10,835	8,873
Health	19,821	27,067	26,892	26,359	26,472	28,943	29,948	33,309	32,894	32,932
Education	8,136	6,019	9,060	8,444	7,879	12,155	10,742	8,971	12,642	16,165
Public Welfare	48,019	47,528	44,132	47,706	51,880	59,293	67,345	74,318	89,732	67,718
Capital grants and contributions:										
Judicial	17	1,252	-	-	26	-	-	50	257	-
Public Safety	17	-	-	-	480	621	-	389	-	-
Health	-	564	-	-	-	-	-	-	-	-
Public Welfare	-	5,592	4,192	10,649	5,650	442	1,843	76	-	-
Total governmental activities program revenues	\$ 248,634	\$ 260,655	\$ 257,492	\$ 283,656	\$ 277,104	\$ 299,075	\$ 336,521	\$ 308,286	\$ 314,004	\$ 279,816
Total net (expense) revenue	\$ (232,401)	\$ (215,650)	\$ (247,329)	\$ (267,068)	\$ (328,449)	\$ (372,439)	\$ (337,598)	\$ (290,886)	\$ (382,113)	\$ (393,383)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 242,408	\$ 255,324	\$ 267,462	\$ 284,946	\$ 309,560	\$ 356,596	\$ 372,201	\$ 364,868	\$ 371,618	\$ 366,998
Alcoholic beverage taxes (1)	9,778	10,120	16,695	11,129	11,858	12,119	11,742	11,732	19,853	21,300
Unrestricted grants and contributions	2,986	4,180	5,243	3,640	3,534	4,659	1,750	5,161	6,758	1,392
Investment earnings	4,756	4,393	9,724	19,832	23,441	10,276	11,524	3,521	4,358	3,259
Insurable gain, net of insurance proceeds	-	-	-	-	-	-	-	-	2,850	57
Gain on the sale of property	-	-	31,203	-	-	-	-	3,967	-	-
Total primary government	\$ 259,928	\$ 274,017	\$ 324,327	\$ 319,547	\$ 348,293	\$ 383,650	\$ 397,217	\$ 389,249	\$ 405,437	\$ 393,006
Other activities:										
Insurable loss, net of insurance proceeds	-	-	-	-	-	-	-	(4,015)	-	-
Loss on retirement of capital assets	-	-	-	-	-	-	-	-	(804)	-
Interest paid - advance refunding	-	-	-	-	-	-	-	-	(733)	-
Total other expenses	\$ -	\$ (4,015)	\$ (1,537)	\$ -						
Change in Net Assets										
Governmental activities	\$ 27,527	\$ 58,367	\$ 76,998	\$ 52,479	\$ 19,844	\$ 11,211	\$ 59,619	\$ (5,652)	\$ 21,787	\$ (377)
Total primary government	\$ 27,527	\$ 58,367	\$ 76,998	\$ 52,479	\$ 19,844	\$ 11,211	\$ 59,619	\$ (5,652)	\$ 21,787	\$ (377)

Note:

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

Source: Dallas County Financial Records

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

Table 3

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Property Taxes	\$ 242,408	\$ 255,324	\$ 267,462	\$ 284,946	\$ 309,560	\$ 356,596	\$ 372,201	\$ 364,868	\$ 371,618	\$ 366,998
Alcoholic beverage / other taxes	9,778	10,120	10,695	11,129	11,858	12,119	11,742	11,732	19,953	21,300
Total Taxes	\$ 252,186	\$ 265,444	\$ 278,157	\$ 296,075	\$ 321,418	\$ 368,715	\$ 383,943	\$ 376,600	\$ 391,571	\$ 388,298

Source: Dallas County Financial Records

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

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

Table 4

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund (GASB 54)										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,562	\$ 3,366
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	7,871	7,778
Unassigned	-	-	-	-	-	-	-	-	56,700	78,044
General Fund (before GASB 54)										
Reserved	11,637	13,926	16,925	12,050	7,822	8,073	8,734	9,886	-	-
Unreserved	24,577	41,195	38,857	44,346	32,139	26,737	35,762	41,353	-	-
Total General Fund	\$ 36,214	\$ 55,121	\$ 55,782	\$ 56,396	\$ 39,961	\$ 34,810	\$ 44,496	\$ 51,239	\$ 68,133	\$ 89,188
All Other Governmental Funds (GASB 54)										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 282	\$ 208
Restricted	-	-	-	-	-	-	-	-	108,201	108,777
Committed	-	-	-	-	-	-	-	-	166,590	173,340
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
All Other Governmental Funds (before GASB 54)										
Reserved	33,404	48,856	39,364	40,519	107,960	90,351	72,436	56,123	-	-
Unreserved reported in:										
Debt Service	12,181	5,484	7,369	13,420	7,631	3,381	2,785	3,128	-	-
Major Projects	31,056	12,440	53,696	65,709	6,091	6,249	29,567	77,906	-	-
Grants Funds	1,054	4,950	6,780	6,437	9,298	1,993	1,819	(3,786)	-	-
Special Revenue	24,084	21,060	22,153	21,091	19,916	29,840	46,103	44,354	-	-
Capital Projects	78,104	72,395	39,851	81,422	45,263	13,057	19,019	18,632	-	-
Total all other governmental funds	\$ 179,883	\$ 165,185	\$ 169,213	\$ 228,598	\$ 196,159	\$ 144,871	\$ 171,729	\$ 196,357	\$ 275,073	\$ 282,325

Source: Dallas County Financial Records

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

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

Table 5

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Property taxes	\$ 242,408	\$ 255,324	\$ 262,124	\$ 286,792	\$ 308,443	\$ 356,136	\$ 372,285	\$ 364,620	\$ 372,074	\$ 367,478
Licenses, fees and permits (3)	33,564	33,776	33,458	32,704	33,826	31,413	29,253	26,422	33,520	36,009
Fines and forfeitures	19,931	22,837	24,404	26,060	25,691	27,507	25,280	21,512	17,732	16,206
Investments and rentals	9,924	9,605	14,856	22,851	26,654	14,558	15,173	6,790	7,017	6,221
Intergovernmental revenues	88,704	101,494	94,575	104,752	103,944	112,951	151,373	128,861	145,937	120,670
Charges for current services (3)	100,308	95,172	100,209	115,239	114,991	123,353	128,905	126,521	123,235	115,139
Miscellaneous revenues	10,865	13,545	13,023	16,277	11,579	17,852	10,635	14,603	17,035	11,275
Total revenues	505,704	531,753	542,649	604,675	625,128	683,770	732,904	689,329	716,550	672,998
Expenditures										
General government and judicial (a)	169,363	170,880	179,375	194,847	221,496	234,758	238,079	232,214	233,904	223,855
Public safety (a)	165,571	165,390	169,831	192,710	211,970	231,062	228,083	225,898	222,489	213,771
Streets and highways (a)	10,161	13,666	20,059	22,040	22,728	26,107	23,116	22,122	20,152	26,790
Health (a)	39,713	40,659	43,895	45,484	41,020	46,584	48,711	51,094	52,967	50,829
Welfare (a)	58,536	60,113	60,225	70,261	65,364	70,484	79,815	83,677	96,448	75,603
Libraries (a)	40	49	19	-	-	-	-	-	-	-
Education (a)	5,604	6,455	8,061	9,512	10,102	11,599	11,358	10,981	10,065	9,224
Capital outlay (a) (1)	24,794	41,188	48,869	34,748	59,172	82,798	39,660	15,454	11,394	15,188
Debt Service										
Principal	32,795	35,225	34,940	32,180	30,980	27,915	19,955	17,355	18,190	22,780
Interest	11,404	10,645	9,265	8,310	11,170	8,902	7,583	6,625	5,284	6,708
Total expenditures	517,981	544,270	574,539	610,092	674,002	740,209	696,360	665,420	670,893	644,748
Excess of revenues over (under) expenditures	(12,277)	(12,517)	(31,890)	(5,417)	(48,874)	(56,439)	36,544	23,909	45,657	28,250
Other financing sources (uses)										
Transfers in	49,544	67,357	60,473	59,833	71,749	67,551	63,473	47,570	49,046	47,154
Transfers out	(49,544)	(67,357)	(60,473)	(59,833)	(71,749)	(67,551)	(63,473)	(47,570)	(49,046)	(47,154)
Proceeds from refunding bonds	-	-	24,096	-	-	-	-	-	32,400	-
Proceeds from sale of bonds	22,070	16,145	36,535	63,220	-	-	-	-	41,545	-
Premium on refunding bonds	-	-	-	-	-	-	-	-	2,132	-
Premium on bonds issued	-	509	1,933	2,196	-	-	-	-	3,749	-
Interest on advance refunding bonds	-	-	-	-	-	-	-	-	57	-
Interest on limited tax notes	-	-	-	-	-	-	-	-	82	-
Accrued interest on revenue bonds	-	72	-	-	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	(25,985)	-	-	-	-	-	(34,270)	-
Sale of capital assets	-	-	-	-	-	-	-	4,462	-	-
Insurance proceeds	-	-	-	-	-	-	-	3,000	4,258	57
Total other financing sources (uses)	22,070	16,726	36,579	65,416	-	-	-	7,462	49,953	57
Net change in fund balance	\$ 9,793	\$ 4,209	\$ 4,689	\$ 59,999	\$ (48,874)	\$ (56,439)	\$ 36,544	\$ 31,371	\$ 95,610	\$ 28,307
Sum of expenditures (a)	473,782	498,400	530,334	569,602	631,852	703,392	668,822	641,440	647,419	615,260
Less: Expenditures capitalized for government-wide statement of net assets (2)	(18,434)	(43,723)	(43,349)	(45,354)	(66,128)	(84,369)	(39,508)	(12,711)	(14,007)	(18,988)
Non-capital expenditures	\$ 455,348	\$ 454,677	\$ 486,985	\$ 524,248	\$ 565,724	\$ 619,023	\$ 629,314	\$ 628,729	\$ 633,412	\$ 596,272
Debt service as a percentage of non-capital expenditures	9.7%	10.1%	9.1%	7.7%	7.5%	5.9%	4.4%	3.8%	3.7%	4.9%

Source: Dallas County Financial Records

Notes

(1) Capital outlay expenditures exclude some purchases meeting the County's capitalization threshold which are classified as current expenditures at the functional level.

(2) The amount of capital expenditures on page 52 of the Notes to the Basic Financial Statements and referenced on page 61 includes capital expenditures recorded within functional expenditure categories and Capital Outlay expenditures noted in (1) which meet the County's capitalization threshold

(3) In FY 2011, the County reclassified \$8,221 from Charges for current services to Licenses, fees and permits. This classification will be applied going forward.

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

Table 6

Year	Real Property		Personal Property		Total		Total Primary Government Direct Tax Rate	Statutory Ratio of Assessed Value to True Value
	Assessed Value Notes (1) & (4)	Estimated True Value Note (2)	Assessed Value Notes (1) & (4)	Estimated True Value Note (2)	Assessed Value Notes (1) & (4)	Estimated True Value Note (2)		
2003	\$ 132,669,788	\$ 133,793,253	\$ 27,047,926	\$ 27,047,926	\$ 159,717,714	\$ 160,841,179	0.20390	99.30%
2004	137,634,909	139,194,180	25,506,283	25,506,283	163,141,192	164,700,463	0.20390	99.05%
2005	145,616,669	147,709,138	25,613,845	25,613,845	171,230,514	173,322,983	0.21390	98.79%
2006	158,357,737	161,310,649	25,992,417	25,992,417	184,350,154	187,303,066	0.21390	98.42%
2007	175,200,112	177,328,144	28,323,579	28,323,579	203,523,691	205,651,723	0.22810	98.97%
2008	187,657,752	189,375,558	30,463,426	30,463,426	218,121,178	219,838,984	0.22810	99.22%
2009	182,573,892	183,604,362	30,712,196	30,712,196	213,286,088	214,316,558	0.22810	99.52%
2010	176,079,924	176,830,527	28,685,037	28,685,037	204,764,961	205,515,564	0.24310	99.63%
2011	173,840,792	174,569,081	28,953,511	28,953,511	202,794,303	203,522,592	0.24310	99.64%
2012	176,477,746	177,340,633	30,175,252	30,175,252	206,652,998	207,515,885	0.24310	99.58%

Source: Dallas County Tax Assessor-Collector.

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

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

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

Note (4) The assessment date is January 1.

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

Table 7

Tax Year	General Fund	Major Technology Fund	Permanent Improvement Fund	Major Projects Development Fund	Debt Service Funds	Total Primary Government	Component Unit	Total Reporting Entity
Rates (1)								
2003	\$ 0.15832	\$ 0.00500	\$ 0.00180	\$ 0.01450	\$ 0.02428	\$ 0.20390	\$ 0.25400	\$ 0.45790
2004	0.15210	0.00500	0.00180	0.01301	0.03199	0.20390	0.25400	0.45790
2005	0.16210	0.00500	0.00180	0.01621	0.02879	0.21390	0.25400	0.46790
2006	0.15450	0.01260	0.00180	0.02525	0.01975	0.21390	0.25400	0.46790
2007	0.16870	0.01260	0.00180	0.02593	0.01907	0.22810	0.25400	0.48210
2008	0.16870	0.01260	0.00180	0.02996	0.01504	0.22810	0.25400	0.48210
2009	0.16870	0.01260	0.00180	0.03064	0.01436	0.22810	0.27400	0.50210
2010	0.18370	0.01260	0.00180	0.03083	0.01417	0.24310	0.27100	0.51410
2011	0.18370	0.01260	0.00180	0.03120	0.01380	0.24310	0.27100	0.51410
2012	0.18270	0.01360	0.00180	0.02990	0.01510	0.24310	0.27100	0.51410
Tax levies (1) (in thousands of dollars)								
2003	\$ 202,119	\$ 6,383	\$ 2,298	\$ 18,511	\$ 30,997	\$ 260,308 (a)	\$ 324,269	\$ 584,577
2004	197,148	6,481	2,333	16,863	41,465	264,290 (a)	329,229	593,519
2005	219,902	6,783	2,442	21,990	39,056	290,173 (a)	344,572	634,745
2006	226,423	18,466	2,638	37,004	28,944	313,475 (b)	372,243	685,718
2007	272,413	20,346	2,907	41,871	30,794	368,331 (c)	410,153	778,484
2008	287,381	21,464	3,066	51,041	25,617	388,569 (d)	433,936	822,505
2009	278,064	20,768	2,967	50,500	23,673	375,972 (e)	453,929	829,901
2010	287,607	19,727	2,818	48,270	22,183	380,605 (f)	429,605	810,210
2011	284,368	19,505	2,786	48,298	21,362	376,319 (g)	422,501	798,820
2012	286,951	21,361	2,827	46,961	23,716	381,816 (g)	428,355	810,171

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

Tax figures also include tax increment financing (listed below) for collection by Dallas County with remittance to the City without actual revenue recognition totaling:
(a) in excess of \$ 1 million
(b) \$ 1.7 million
(c) \$ 2.9 million
(d) \$ 3.8 million
(e) \$ 3.2 million
(f) \$ 2.7 million
(g) \$ 2.9 million

Note (2) Legal Limitation
Original - Texas Constitution, Article 8, Section 9 \$ 0.80000
Additional authorized by voters - Texas Constitution 0.15000
Additional authorized by Texas Constitution 0.75000
Legal limitation includes provision for debt service \$ 1.70000

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

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

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

Table 8

<u>Name</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Dallas County	\$ 0.20390	\$ 0.20390	\$ 0.21390	\$ 0.21390	\$ 0.22810	\$ 0.22810	\$ 0.22810	\$ 0.24310	\$ 0.24310	\$ 0.24310
Dallas County Schools	0.00546	0.00546	0.00530	0.00503	0.00471	0.00493	0.00521	0.01000	0.01000	0.00994
Dallas County Hospital Dist.	0.25400	0.25400	0.25400	0.25400	0.25400	0.25400	0.27400	0.27100	0.27100	0.27100
Dallas County Community College District	0.07780	0.08030	0.08160	0.08100	0.08040	0.08940	0.09490	0.09923	0.09967	0.11938
School Districts										
Carrollton-Farmers Branch	1.73580	1.78240	1.82590	1.68300	1.36700	1.36230	1.34220	1.34690	1.35680	1.33060
Cedar Hill	1.70160	1.74130	1.84843	1.74330	1.40000	1.50000	1.40000	1.44000	1.44000	1.44000
Coppell	1.73500	1.73500	1.72900	1.59900	1.26900	1.27900	1.28340	1.24240	1.24240	1.41880
Dallas	1.63950	1.66940	1.68836	1.50264	1.19964	1.18340	1.27134	1.23781	1.29035	1.29035
Desoto	1.71000	1.74000	1.79000	1.76000	1.49000	1.51000	1.49000	1.49000	1.44000	1.44000
Duncanville	1.85500	1.83600	1.86600	1.73600	1.41800	1.41800	1.41800	1.41800	1.41800	1.43000
Ferris	1.53700	1.77190	1.77190	1.57070	1.26970	1.27720	1.27720	1.31785	1.30630	1.31000
Garland	1.55850	1.62140	1.67010	1.54490	1.25330	1.25330	1.25330	1.25330	1.25330	1.25330
Grand Prairie	1.72710	1.75110	1.75860	1.62970	1.46500	1.46500	1.46500	1.46500	1.46500	1.46500
Grapevine-Colleyville	1.70100	1.70105	1.70000	1.57430	1.29000	1.29000	1.29000	1.29000	1.31000	1.32010
Highland Park	1.61000	1.61000	1.53000	1.35570	1.03670	1.09000	1.11000	1.11500	1.13420	1.13420
Irving	1.81500	1.83700	1.81400	1.64400	1.34850	1.39100	1.42500	1.46500	1.46500	1.46500
Lancaster	1.64915	1.85446	1.85446	1.72600	1.40770	1.41270	1.41270	1.41270	1.41270	1.41800
Mesquite	1.67000	1.76000	1.76240	1.66800	1.37670	1.40000	1.42000	1.42000	1.42000	1.42000
Richardson	1.82000	1.82000	1.82000	1.63005	1.34005	1.34005	1.34005	1.34005	1.34005	1.34005
Sunnyvale	1.46600	1.44600	1.66590	1.51905	1.38905	1.37000	1.36000	1.35100	1.41000	1.41000
Wilmer / Hutchins*	1.54820	1.58000	1.28540	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Special Districts										
Dallas County FCD #1	2.08000	2.06000	2.78000	2.83554	2.83554	2.83554	2.83554	2.85554	2.90000	3.05000
Dallas County URD	1.86810	2.32220	2.36030	2.09670	1.62800	1.62600	1.76300	2.05000	2.12200	1.84000
Denton County LID #1**	0.00000	0.00000	0.00000	0.00000	0.15500	0.16500	0.16500	0.16350	0.16350	0.20700
Denton County RUD #1**	0.00000	0.00000	0.00000	0.00000	0.40000	0.38000	0.35000	0.17000	0.11000	0.01000
Grand Prairie Metro URD	3.87000	2.45000	2.55000	2.05000	2.14000	2.14000	2.18000	2.12000	2.06500	0.60000
Irving FCD, Section I	0.26310	0.20000	0.21370	0.22539	0.27139	0.24201	0.29143	0.35549	0.43000	0.46530
Irving FCD, Section III	0.30999	0.29351	0.29351	0.29038	0.27199	0.26335	0.27400	0.27400	0.13400	0.13900
Lancaster MUD #1	0.90000	0.90000	0.90000	0.90000	0.90000	0.90000	1.06000	1.06000	1.06000	1.06000
Northwest Dallas Co FCD	0.30000	0.30000	0.30000	0.30000	0.30000	0.30000	0.30000	0.30000	0.30000	0.30000
Valwood Improvement Auth	0.31950	0.31200	0.34500	0.34250	0.32250	0.31250	0.30750	0.30750	0.30750	0.30750
Cities and Towns										
Addison	0.42280	0.47600	0.47600	0.46400	0.43370	0.45350	0.49600	0.53000	0.58000	0.58000
Baile Springs	0.54000	0.52550	0.55571	0.57728	0.62098	0.62000	0.76000	0.76000	0.80000	0.80300
Carrollton	0.59930	0.59930	0.63288	0.63288	0.61788	0.61788	0.61788	0.61788	0.61788	0.61788
Cedar Hill	0.64140	0.64140	0.64140	0.64140	0.64140	0.64140	0.64140	0.64140	0.68588	0.69569
Cockrell Hill	0.77349	0.73379	0.76159	0.76853	0.78811	0.78811	0.78811	0.81109	0.81109	0.82315
Comanche**	0.00000	0.00000	0.00000	0.00000	0.21000	0.21000	0.23000	0.23000	0.23000	0.25000
Coppell	0.64860	0.64860	0.64860	0.64146	0.64146	0.64146	0.64146	0.69046	0.69046	0.67046
Dallas	0.69980	0.71970	0.74170	0.72920	0.74790	0.74790	0.79700	0.79700	0.79700	0.79700
Desoto	0.65879	0.66689	0.68499	0.69835	0.70973	0.69973	0.69973	0.73512	0.75740	0.75740
Duncanville	0.71800	0.71800	0.71800	0.69600	0.69600	0.69600	0.69600	0.73769	0.73769	0.73769
Farmers Branch	0.46000	0.49450	0.49450	0.49450	0.49450	0.51950	0.52950	0.52950	0.52950	0.52950
Ferris**	0.00000	0.00000	0.00000	0.00000	0.60000	0.65000	0.64800	0.68713	0.68713	0.68713
Garland	0.64110	0.64110	0.66610	0.67860	0.68860	0.69960	0.70460	0.70460	0.70460	0.70460
Glenn Heights	0.69576	0.65310	0.65310	0.69617	0.68404	0.69436	0.73952	0.79500	0.79500	0.79500
Grand Prairie	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000
Grapevine**	0.00000	0.00000	0.00000	0.00000	0.36250	0.35000	0.35000	0.35000	0.34800	0.34570
Highland Park	0.23000	0.23000	0.23000	0.22500	0.22000	0.22000	0.22000	0.22000	0.22000	0.22000
Hutchins	0.52917	0.53300	0.54000	0.54109	0.53755	0.52810	0.56300	0.58100	0.60672	0.66091
Irving	0.53280	0.54790	0.54790	0.54790	0.54060	0.54060	0.54060	0.57610	0.59860	0.59860
Lancaster	0.67170	0.67170	0.67170	0.67170	0.73750	0.77750	0.77750	0.86750	0.86750	0.86750
Lewisville**	0.00000	0.00000	0.00000	0.00000	0.44050	0.44021	0.44021	0.44021	0.44021	0.44021
Mesquite	0.54148	0.58148	0.60148	0.62000	0.64000	0.64000	0.64000	0.64000	0.64000	0.64000
Ovilla**	0.00000	0.00000	0.00000	0.00000	0.66800	0.66800	0.66790	0.67460	0.66380	0.66750
Richardson	0.47785	0.52516	0.52516	0.57516	0.57516	0.57516	0.57516	0.63516	0.63516	0.63516
Rowlett	0.64000	0.67695	0.74717	0.74717	0.74717	0.74717	0.74717	0.74717	0.74717	0.74717
Sachse	0.56006	0.55832	0.55832	0.55341	0.55341	0.61000	0.70582	0.70582	0.77082	0.77082
Scargoville	0.65000	0.63500	0.63500	0.63500	0.63500	0.63500	0.65000	0.69085	0.69085	0.69085
Sunnyvale	0.37997	0.37997	0.37997	0.37997	0.37997	0.37997	0.40796	0.40796	0.40796	0.40796
University Park	0.32601	0.32539	0.30958	0.29272	0.26848	0.26548	0.26848	0.27845	0.27845	0.27845
Wilmer**	0.66000	0.66000	0.66000	0.61000	0.61000	0.48566	0.43599	0.43599	0.40000	0.36682
Wylie**	0.00000	0.00000	0.00000	0.00000	0.75325	0.89890	0.89890	0.89890	0.89890	0.89890

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

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

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

** The City of Comanche, Ferris, Grapevine, Lewisville, Ovilla, Wilmer, and Wylie were not taxable entities until 2007
Denton County LID #1 and Denton County RUD #1 were not taxable entities until 2007

DALLAS COUNTY, TEXAS
Principal Property Taxpayers
September 30, 2012
(in thousands of dollars)
(unaudited)

Table 9

Name of Taxpayer	Nature of Business	2012			2003		
		Total Assessed Valuation	Rank	Percent of Dallas County Assessed Valuation	Total Assessed Valuation	Rank	Percent of Dallas County Assessed Valuation
Oncor Electric Delivery	Electric Utility	\$ 1,271,159	1	0.73 %	\$ ---		— %
AT&T/SouthWestern Bell Telephone Company	Telephone Utility	943,990	2	0.54	1,605,116	1	1.21
Crescent TC Investors LP	Real Estate	693,300	3	0.40	869,249	4	0.66
Texas Instruments	Electronics	679,272	4	0.39	1,438,159	2	1.08
Wal-Mart Real Estate/Stores	Retail	652,358	5	0.38	326,838	8	0.25
NorthPark Land Partners	Real Estate	578,775	6	0.33	—		—
Southwest Airlines	Airline	465,773	7	0.27	510,029	6	0.38
SP Millennium Center LP	Real Estate	440,259	8	0.25	—		—
PC Village Apartments Dallas	Real Estate	299,138	9	0.17	—		—
Verizon	Telephone Utility	294,436	10	0.17	535,798	5	0.40
Texas Utilities Electric Company	Electric Utility	—		—	1,315,833	3	0.99
Trammel Crow	Real Estate	—		—	366,411	7	0.28
Exxon / Mobil	Crude Oil & Natural Gas	—		—	275,688	9	0.21
Vought Aircraft Industries	Aerostructures	—		—	182,856	10	0.14
Total		<u>\$ 6,318,460</u>		<u>3.63 %</u>	<u>\$ 7,425,977</u>		<u>5.60 %</u>

Source: Dallas County Tax Assessor-Collector.

Notes (1) Estimated amounts based on 2012 and 2003 appraisal roll excluding property under protest.

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

Table 10

Year	Tax Levies (h) (i)	Collections of Current Tax Levy During Fiscal Period	Percentage of Collected During Fiscal Period	Collections of Delinquent Tax During Fiscal Period	Total Collections (g)	Percentage of Total Collections to Tax Levies
2003	\$ 584,578	\$ 566,558 (a)	96.92 % (a)	\$ 6,260 (c)	\$ 572,818	97.99 %
2004	593,519	582,127 (b)	98.08 (b)	8,908 (d)	591,035	99.58
2005	638,335 (e)	624,911 (b)	97.90 (b)	7,027 (d)	631,938	99.00
2006	683,907 (e)	671,481 (b)	98.18 (b)	7,951 (d)	679,432	99.35
2007	767,576 (e)	756,012 (b)	98.49 (b)	8,016 (d)	764,028	99.54
2008	810,865 (e)	795,692 (b)	98.13 (b)	7,497 (d)	803,189	99.05
2009	822,915 (e)	808,714 (b)	98.27 (b)	7,512 (d)	816,226	99.19
2010	806,297 (e)	794,219 (b)	98.50 (b)	7,091 (d)	801,310	99.38
2011	794,950 (e)	784,883 (b)	98.73 (b)	6,202 (d)	791,085	99.51
2012	810,171 (f)					

Source: Dallas County Financial Records.

- Notes: (a) Current fiscal period collections are those collected between October 1 of the year levied through June 30 (date of delinquency) for the following year.
(b) Current fiscal period collections are those collected between October 1 and September 30.
(c) Delinquent taxes include current tax year delinquencies and prior fiscal period taxes collected (in the nine months between October 1 and June 30) for prior tax years.
(d) Delinquent taxes include taxes collected in subsequent fiscal years.
(e) Total levy as of the last supplement processed during the fiscal year.
(f) Collections on the 2012 tax roll are incomplete until the end of the fiscal year, September 30, 2013.
(g) Tax collections exclude TIF payments and are reported net of commission for the office of the Tax Assessor Collector.
(h) Original levy excludes property under protest which is subsequently added to tax rolls as a result of arbitration.
(i) Tax levies include Dallas County and its component unit. Refer to Table 7 for tax levies and tax rates for Dallas County and its component unit.

Taxes due: October 1

Taxes delinquent: February 1 year following levy

Tax lien and assessment date: January 1 year of levy

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

Delinquent tax penalty and interest:

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

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

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

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

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

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

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

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

Table 11

Year	Estimated Population	Assessed Value	Bonded Debt (1)	Less Debt Service Funds (2)	Net Bonded Debt	Net Bonded Debt Percentage of Assessed Value	Net Bonded Debt Percentage of Personal Income (3)	Net Bonded Debt Per Capita
2003	2,284	\$ 160,841,180	\$ 237,673	\$ 12,181	\$ 225,492	0.14020 %	0.2676 %	\$ 99
2004	2,284	164,700,463	219,765	4,181	215,584	0.13089	0.2404	94
2005	2,330	173,322,983	185,495	6,307	179,188	0.10338	0.1873	77
2006	2,383	187,303,067	217,293	11,847	205,446	0.10969	0.2019	86
2007	2,417	205,651,722	186,676	6,495	180,181	0.08761	0.1721	75
2008	2,452	219,838,984	158,885	2,433	156,452	0.07117	0.1435	64
2009	2,471	214,316,558	139,059	1,946	137,113	0.06398	0.1277	55
2010	2,368	205,515,564	124,211	2,311	121,900	0.05931	0.1130	51
2011	2,374	203,522,592	144,323	1,072	143,251	0.07039	0.1287	60
2012	2,386	207,515,855	121,605	3,031	118,574	0.05714	0.1044	50

Source: Dallas County Financial Records.

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

- (1) Total gross bonded debt for the primary government is all general obligation bonds. All years have been updated to net premiums from bonded debt amounts.
- (2) The County is required by Texas statutes to maintain a sinking / debt service fund to redeem bonds at maturity. All years have been updated to net accrued interest payable from debt service funds.
- (3) See schedule of Demographic and Economic Statistics on page 150 (Table 15) for personal income data.

DALLAS COUNTY, TEXAS
Direct and Overlapping Bonded Debt
September 30, 2012
(in thousands of dollars)
(unaudited)

Table 12

Name	Indebtedness as of	Gross Debt Less Sinking Funds	Percentage of Debt Applicable to Dallas County	Dallas County's Share of Debt
Dallas County	9/30/2012	\$ 118,574	100.00%	\$ 118,574
Total direct		<u>\$ 118,574</u>		<u>\$ 118,574</u>
Overlapping Debt:				
Intermediate educational agency:				
Dallas County Schools	12/31/2012	\$ 41,980	100.00%	\$ 41,980
Independent school districts:				
Carrollton-Farmers Branch	12/31/2012	317,180	80.64%	255,774
Cedar Hill	12/31/2012	94,857	100.00%	94,857
Coppell	12/31/2012	146,970	100.00%	146,970
Dallas	12/31/2012	2,534,240	100.00%	2,534,240
Desoto	12/31/2012	137,670	100.00%	137,670
Duncanville	12/31/2012	150,421	100.00%	150,421
Ferris	12/31/2012	32,081	3.96%	1,270
Garland	12/31/2012	398,649	100.00%	398,649
Grand Prairie	12/31/2012	489,891	100.00%	489,891
Grapevine-Colleyville	12/31/2012	354,381	11.43%	41,569
Highland Park	12/31/2012	108,785	100.00%	108,785
Irving	12/31/2012	554,092	100.00%	554,092
Lancaster	12/31/2012	102,612	100.00%	102,612
Mesquite	12/31/2012	399,336	100.00%	399,336
Richardson	12/31/2012	434,570	100.00%	434,570
Sunnyvale	12/31/2012	58,687	100.00%	58,687
Total intermediate educational agency & independent school districts		<u>\$ 6,356,402</u>		<u>\$ 5,951,373</u>
Special districts:				
Dallas County FCD #1	12/31/2012	30,035	100.00%	30,035
Dallas County Community College	12/31/2012	374,265	100.00%	374,265
Dallas County Hospital District	12/31/2012	705,000	100.00%	705,000
Dallas County Utility & Reclamation Dist.	12/31/2012	262,103	100.00%	262,103
Denton County LID #1	12/31/2012	10,200	6.54%	667
Denton County RUD #1	12/31/2012	3,810	0.28%	11
Grand Prairie Metro URD	12/31/2012	—	—	—
Irving FCD, Section I	12/31/2012	7,390	100.00%	7,390
Irving FCD, Section III	12/31/2012	1,780	100.00%	1,780
Lancaster MUD #1	12/31/2012	3,090	100.00%	3,090
Northwest Dallas Co FCD	12/31/2012	8,424	100.00%	8,424
Valwood Improvement Authority	12/31/2012	8,951	100.00%	8,951
Water Control and Imp. District No. 6	9/30/2012	10,761	100.00%	10,761
Total special districts		<u>\$ 1,425,809</u>		<u>\$ 1,412,477</u>

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

- Notes:
- Overlapping governments are those taxing entities that are within the geographic boundaries of the Dallas County.
 - Information was not provided by the Municipal Advisory Council of Texas for the Water Control and Improvement District No. 6, and the City of Wilmer, so the entities provided the information to Dallas County.
 - Grand Prairie Metro URD has no outstanding debt for 2012.

(Continued)

DALLAS COUNTY, TEXAS
Computation of Direct and Overlapping Bonded Debt
September 30, 2012
(in thousands of dollars)
(unaudited)

Table 12

Name	Indebtedness as of	Gross Debt Less Sinking Funds	Percentage of Debt Applicable to Dallas County	Dallas County's Share of Debt
Overlapping Debt (Continued):				
Cities and towns:				
Addison	12/31/2012	\$ 90,905	100.00%	\$ 90,905
Balch Springs	12/31/2012	7,200	100.00%	7,200
Carrollton	12/31/2012	158,850	49.45%	78,551
Cedar Hill	12/31/2012	81,675	96.64%	78,931
Cockrell Hill	12/31/2012	1,815	100.00%	1,815
Coppell	12/31/2012	81,875	98.07%	80,295
Dallas	12/31/2012	1,641,252	94.87%	1,557,056
Desoto	12/31/2012	85,675	100.00%	85,675
Duncanville	12/31/2012	14,949	100.00%	14,949
Farmers Branch	12/31/2012	20,720	100.00%	20,720
Ferris	12/31/2012	3,780	7.01%	265
Garland	12/31/2012	489,745	99.80%	488,766
Glenn Heights	12/31/2012	5,590	67.05%	3,748
Grand Prairie	12/31/2012	229,465	50.52%	115,926
Grapevine	12/31/2012	108,454	1.87%	2,028
Hutchins	12/31/2012	8,640	100.00%	8,640
Irving	12/31/2012	334,210	100.00%	334,210
Lancaster	12/31/2012	87,550	100.00%	87,550
Lewisville	12/31/2012	98,980	0.81%	802
Mesquite	12/31/2012	119,000	99.46%	118,357
Ovilla	12/31/2012	6,930	8.99%	623
Richardson	12/31/2012	285,945	60.76%	173,740
Rowlett	12/31/2012	87,957	85.35%	75,071
Sachse	12/31/2012	40,325	65.19%	26,288
Scagoville	12/31/2012	5,463	98.39%	5,375
Sunnyvale	12/31/2012	11,175	100.00%	11,175
Wilmer	12/31/2012	54	100.00%	54
Wylie	12/31/2012	112,896	0.44%	497
Total cities and towns		4,221,075		3,469,212
Total Overlapping		12,003,286		10,833,062
Total Direct and Overlapping		\$ 12,121,860		\$ 10,951,636

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

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

(Concluded)

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

Table 13

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit (Article 3, Section 52 of the Texas Constitution)	\$ 33,164,120	\$ 34,405,411	\$ 36,400,734	\$ 39,585,249	\$ 43,795,676	\$ 46,909,632	\$ 45,638,690	\$ 44,015,299	\$ 43,454,874	\$ 44,114,339 (1)
Total net debt applicable to limit	144,941	132,919	91,805	75,736	65,628	55,831	46,415	37,565	-	-
Legal debt margin	\$ 33,019,179	\$ 34,272,492	\$ 36,308,929	\$ 39,509,513	\$ 43,730,048	\$ 46,853,801	\$ 45,592,275	\$ 43,977,734	\$ 43,454,874	\$ 44,114,339
Total net debt applicable to the limit as a percentage of debt limit	0.44%	0.39%	0.25%	0.19%	0.15%	0.12%	0.10%	0.09%	0.00%	0.00%
Debt Limit (Under Texas General Law)	\$ 7,985,220	\$ 8,156,396	\$ 8,560,839	\$ 9,216,671	\$ 10,175,314	\$ 10,905,098	\$ 10,663,348	\$ 10,237,312	\$ 10,138,650	\$ 10,331,630 (2)
Total net debt applicable to limit	80,496	81,214	86,518	128,137	113,417	99,673	89,859	81,145	141,966	117,884
Legal debt margin	\$ 7,904,724	\$ 8,075,182	\$ 8,474,321	\$ 9,088,534	\$ 10,061,897	\$ 10,805,425	\$ 10,573,489	\$ 10,156,167	\$ 9,996,684	\$ 10,213,746
Total net debt applicable to the limit as a percentage of debt limit	1.01%	1.00%	1.01%	1.39%	1.11%	0.91%	0.84%	0.79%	1.40%	1.14%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed valuation of real property*	\$ 176,457,356
Assessed valuation of all taxable property*	206,632,608
Bonds issued under Article 3, Section 52 of the Texas Constitution	
Debt limit, one-fourth of real property assessed valuation	44,114,339 (1)
Amount of debt applied to debt limit:	
Bonded debt	\$ ----
Less debt service funds - appropriation for future debt payments	----
Total amount of debt applicable to debt limit	----
Legal debt margin, bonds issued under Article 3, section 52, of the Texas Constitution	\$ 44,114,339
Bonds issued under Texas General Laws	
Debt limit, five percent of assessed valuation of all taxable property	10,331,630 (2)
Amount of debt applied to debt limit:	
Bonded debt	\$ (121,605)
Less debt service funds - appropriation for future debt payments	3,721
Total amount of debt applicable to debt limit	(117,884)
Legal debt margin, bonds issued under Texas General Laws	\$ 10,213,746

(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"

	Real Property	All
--	---------------	-----

* Assessed value of real property	\$ 176,477,746	\$ 206,652,998
Rolling Stock	(20,390)	(20,390)
Adjusted Assessed Value of Real Property	\$ 176,457,356	\$ 206,632,608

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

Table 14

Fiscal Year (1)	Tax and Parking Garage Revenue Bonds			Debt Service		Total	Coverage (2)
	Total Resources	Less: Operating Expenses (1)	Net Available Revenue	Principal	Interest		
2005	\$ 1,046	\$ -	\$ 1,046	\$ 305	\$ 741	\$ 1,046	1.00
2006	1,084	-	1,084	350	734	1,084	1.00
2007	1,201	48	1,153	380	724	1,104	1.04
2008	1,194	150	1,044	410	712	1,122	0.93
2009	1,155	136	1,019	445	700	1,145	0.89
2010	1,092	173	919	480	686	1,166	0.79
2011	1,309	204	1,105	520	669	1,189	0.93
2012	1,340	176	1,164	560	649	1,209	0.96

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

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

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

Table 15

Year	Population (1)	Personal Income (in millions of dollars) (2)	Wage Mean (3)	Median Age (4)	School Enrollment (5)	Unemployment Rate (6)	
2003	2,283,953	\$ 84,278	\$ 36,617	31.9	149,597	6.6 %	(b)
2004	2,284,096	89,692	39,766	32.2	148,131	5.5	(b)
2005	2,330,050	95,652	40,959	32.6	146,216	5.2	(b)
2006	2,383,300	101,747	41,321	32.4	158,700	4.6	(b)
2007	2,417,650	104,705	42,174	32.8	158,126	4.3	(b)
2008	2,451,800	109,053	44,060	33.1	157,631	5.3	(b)
2009	2,471,000	107,337	45,422	33.2	157,524	8.7	(b)
2010	2,368,139	107,915	47,351	31.7	157,158	8.4	(b)
2011	2,373,870	111,292	48,078	32.3	157,575	8.9	(b)
2012	2,385,990	113,536	48,808	32.4	157,575 (a)	6.7	(b)

Source:

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

Note:

- (a) The 2012 figure is not available, so the 2011 figure is used.
- (b) For years 2003 through 2007, unemployment figures were reported as an annual average. For years subsequent to 2007, the unemployment rate is reported using the September rate.

DALLAS COUNTY, TEXAS
Principal Employers
September 30, 2012
(unaudited)

Table 16

2012					2003				
Company	Product	Employees	Rank	Percentage of Total County Employment	Company	Product	Employees	Percentage of Total County Employment	
AMR Corporation (American Airlines)	Airline, Technology and Management Services	24,700	1	1.04 %	AMR Corporation (American Airlines)	Airline, Technology and Management Services	30,000	1.31 %	
Bank of America	Financial Services	20,000	2	0.84	Dallas Public Schools	Public Independent School District	19,244	0.84	
Texas Health Resource	Non-profit Health Care	19,230	3	0.81	Southwestern Bell Telephone	Telecommunications	18,000	0.79	
Dallas Public Schools	Public Independent School District	18,314	4	0.77	Texas Health Resource	Non-profit Health Care	16,114	0.71	
Baylor Health Care System	Health Care Provider	17,097	5	0.72	U.S. Postal Services - Dallas District	Mail Delivery	13,255	0.58	
AT&T	Telecommunications	15,800	6	0.66	Baylor Health Care System	Health Care in Dallas and North Texas	13,000	0.57	
Lockheed Martin Aeronautics Company	Military Aircraft Design and Production	14,126	7	0.59	Verizon	Telecommunications Service Firm	13,000	0.57	
JPMorgan Chase	Financial Services	13,500	8	0.57	The Visiting Nurse Association of Texas	Non-profit Health related Services	12,897	0.56	
UT - Southwestern Medical Center	Health Care Provider	13,122	9	0.55	City of Dallas	Municipality	10,800	0.47	
City of Dallas	Municipality	12,836	10	0.54	Texas Instruments, Incorporated	Electronics and Semi-conductors	10,000	0.44	
HCA North Texas Division	Health Care Provider	12,000	11	0.50	Kroger L.P.L., Dallas Marketing Area	Grocery Store Chain	9,000	0.39	
U.S. Postal Service	Package Distribution Company	10,439	12	0.44	Safeway/ Tom Thumb Food & Pharmacy	Retail Grocery	9,000	0.39	
Kroger L.P.L., Dallas Marketing Area	Retail Grocery	10,097	13	0.42	Raytheon Company	Defense Systems & Electronics	9,000	0.39	
Texas Instruments, Incorporated	Electronics and Semi-conductors	9,100	14	0.38	Electronic Data Systems	Computer and Data Services	8,636	0.38	
Raytheon Company	Defense Systems & Electronics	8,700	15	0.36	G & K Services Cleanroom Laundry	Uniform & Laundry Services	8,500	0.37	
Target*	Retail	8,674	16	0.36	Baylor University Medical Center	Hospital	8,108	0.35	
United Parcel Service Inc	Package Distribution Company	8,555	17	0.36	Nortel Networks (Northern Telecom)	Telecommunications Equipment Manufacturer	8,000	0.35	
Parkland Health & Hospital	Health Care Provider	8,134	18	0.34	Albertson's Inc	Retail Grocery	7,800	0.31	
J.C. Penney	Retail	7,964	19	0.33	U.S. Environmental Protection Agency	Federal Government	7,900	0.35	
Dallas County	Government	7,411	20	0.31					

Source: Dallas Business Journal Book of Lists 2012 (http://www.ntc-dfw.org/publications/profile2012_web.pdf)

Note: Wal-mart declined to submit a survey.

*Target estimated the employees figure.

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

Table 17

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	4,367	4,518	4,821	5,080	4,260	4,164	4,517	736	648	660
Judicial										
Truancy*	-	22	22	18	28	27	22	34	32	35
Courts**	-	-	-	-	-	-	-	1,382	1,337	1,375
Public Safety										
Constable	224	224	257	256	270	293	270	181	136	114
Sheriff	1,692	1,884	1,693	1,828	2,280	2,392	2,203	2,242	2,231	2,201
Juvenile**	-	-	-	-	817	775	731	678	673	666
Other**	-	-	-	-	-	-	-	221	213	206
Highways and streets										
Road and Bridge	151	117	117	103	86	87	88	78	71	71
Public Works**	-	-	-	-	-	-	-	62	62	56
Health**	-	-	-	-	-	-	-	284	284	270
Education**	-	-	-	-	-	-	-	158	136	129
Public Welfare**	-	-	-	-	-	-	-	228	220	221
Total	6,434	6,765	6,910	7,285	7,741	7,738	7,831	6,284	6,043	6,004

* Department established 2004

** Reported in General Government category prior to 2010

Source: Dallas County Financial Records

Note:

Full-time equivalent employee totals information:

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

Significant budget changes:

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

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

Table 18

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Assessor-Collector of Taxes										
Budgeted employees	233	229	229	239	227	227	229	222	223	223
Ad valorem assessment notices issued	750,087	762,082	771,740	780,046	790,552	795,364	797,621	797,652	797,821	799,639
Motor vehicle registrations	1,929,114	1,806,423	1,856,256	1,981,824	1,987,802	2,036,945	2,076,773	2,060,385	2,029,531	2,094,546
Number of entity collection contracts	42	44	48	51	51	53	55	59	69	74
Constables:										
Budgeted employees	224	224	257	256	288	312	309	277	182	125
Civil process papers served	144,620	127,907	128,722	122,517	123,926	126,021	115,865	111,996	108,507	76,636
County Clerk (6):										
Budgeted employees	192	195	198	201	205	207	210	191	207	207
Marriage licenses	17,209	17,071	17,277	16,535	16,630	17,000	15,937	15,443	16,531	16,038
Civil suits	15,261	15,277	16,882	17,629	18,337	13,462	11,456	11,574	11,489	10,349
Probate cases	8,826	9,515	9,566	10,230	10,891	10,965	11,396	12,128	12,373	12,268
Criminal cases	52,244	63,502	66,691	67,505	64,852	63,000	67,305	70,540	59,390	57,296
District Clerk:										
Budgeted employees	250	254	262	266	267	266	264	264	254	249
Civil process cases	44,952	45,710	45,706	42,152	45,006	47,671	49,629	47,849	47,508	47,007
Criminal cases	27,566	29,564	29,907	28,879	27,379	26,319	26,280	24,560	23,556	23,130
Jurors	118,960	100,049	96,219	102,165	100,003	105,672	99,459	90,894	102,176	108,911
Justice of the Peace Courts:										
Budgeted employees	140	136	149	147	170	167	166	166	149	144
Cases	307,499	314,708	366,492	412,118	411,311	466,453	423,508	340,175	222,409	196,264
Sheriff (3):										
Budgeted employees	1,692	1,684	1,693	1,828	2,068	2,195	2,420	2,392	2,202	2,169
Daily average in county jail	6,827	7,017	7,330	8,037	6,568	6,060	5,983	6,550	6,494	6,018
Persons booked	95,858	93,757	101,080	107,571	96,751	99,078	98,821	96,533	91,696	85,001
Civil process papers served (5)	6,616	785	841	589	492	795	485	749	705	N/A
Traffic Courts (1):										
Budgeted employees	—	22	22	18	29	29	29	32	32	32
Cases Filed	—	19,061	14,300	20,933	16,270	32,619	40,439	47,012	48,871	36,673
County Treasurer										
Budgeted employees	20	18	18	18	18	18	17	16	14	14
Total Receipts (2) (4)	\$ 29,368,183	\$ 27,530,654	\$ 34,833,076	\$ 37,138,554	\$ 43,216,196	\$ 45,112,755	\$ 11,985,157	\$ 14,036,054	\$ 34,952,589	\$ 41,055,225
Total Disbursements (2) (4)	\$ 29,355,391	\$ 27,518,573	\$ 34,806,088	\$ 37,044,033	\$ 43,236,585	\$ 45,130,340	\$ 12,004,698	\$ 14,013,885	\$ 34,910,215	\$ 41,059,939
Investment Earnings (2)	\$ 5,425	\$ 5,360	\$ 11,396	\$ 20,525	\$ 26,323	\$ 17,716	\$ 9,234	\$ 4,746	\$ 5,224	\$ 5,166

Sources: Dallas County Financial Records

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

(2): In thousands of dollars.

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

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

(5): Civil Process Papers Served by Sheriff for 2012 cannot be determined at this time.

(6): In 2012, includes 38 positions funded by the Records Management Fund. The positions will be paid by general fund in FY 2013.

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

Table 19

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Number of buildings	22	22	22	22	22 (a)	21	21	21	22 (b)	22
Public Safety										
Number of buildings	10	10	10	10	10	10	9 (c)	9	9	9
Number of jails	5	5	4	4	5	5	4 (d)	4 (d)	4 (d)	4 (d)
Number of vehicles	485	492	479	593	584	640	713	816	756	718
Highways and streets										
Number of buildings	4	4	4	4	4	4	4	4	4	4
Streets (lane miles)	142	137	137	137	137	137	135	133	133	124 (e)
Number of bridges	51	51	51	41	38	37	36	36	32	28 (e)
Health										
Number of buildings	1	1	1	1	1	1	1	1	1	1
Public Welfare										
Number of buildings	3	3	3	3	3	3	3	2 (f)	2	2
Judicial										
Number of buildings	7	7	7	7	7	7	7	7	7	7
Number of Juvenile beds	486	670	706	750	750	762	710 (g)	787	618	618
Number of courts	71	71	69	70	71	71	71	71	71	71

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

Notes:

- (a) Includes a demolished (FY 07) building. The land was used to construct a new County building (Forensic Science)
- (b) Forensic building completed in 2008 but not put into use until 2011 due to construction issues.
- (c) Building reduction due to the swap of Auto Service Center Building for future location.
- (d) George Allen Jail is depopulated.
- (e) See infrastructure assets for more information; pages 96-97.
- (f) Building reduction due to the sale of the Juvenile Administration/ Detention Building
- (g) Budget ramifications and the re-structuring of internal programs reduced the number of juvenile beds.