

Dallas County, Texas

***Federal and State Single Audit Reports for the
Year Ended September 30, 2008***

DALLAS COUNTY, TEXAS

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable County Judge and Commissioners of
Dallas County, Texas:

We have audited the basic financial statements of Dallas County (the "County") as of and for the year ended September 30, 2008, and have issued our report thereon dated March 27, 2009. 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. We have also audited the basic financial statements of Dallas County Hospital District (the "District"), a component unit of Dallas County, Texas – (dba Parkland Health & Hospital System), as of and for the year ended September 30, 2008, and have issued our report thereon dated December 18, 2008. This report does not include the results of testing of internal control over financial reporting or compliance and other matters of the District that are reported separately.

We did not audit the financial statements of the Parkland Foundation, a discretely presented component unit of the District. Those financial statements were audited by other auditors whose reports have been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Parkland Foundation, is based solely on the reports of the other auditors. The financial statements of the Parkland Foundation were audited in accordance with auditing standards generally accepted in the United States of America, but were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

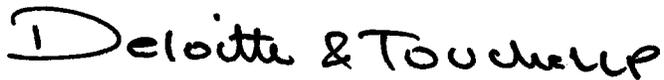
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County in a separate letter dated March 27, 2009.

This report is intended solely for the information and use of the County Judge and Commissioners, management and applicable federal and state grantors and is not intended to be and should not be used by anyone other than these specified parties.

The image shows a handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

March 27, 2009

APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE OF TEXAS UNIFORM GRANTS MANAGEMENT STANDARDS

To the Honorable County Judge and Commissioners of Dallas County, Texas:

Compliance

We have audited the compliance of Dallas County, Texas (the "County") with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement* and in the State of Texas *Uniform Grant Management Standards ("UGMS")* that are applicable to each of its major federal and state programs for the year ended September 30, 2008. The County's major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of County's management. Our responsibility is to express an opinion on Dallas County's compliance based on our audit. We have also audited the basic financial statements of Dallas County Hospital District (the "District"), a component unit of Dallas County, Texas – (dba Parkland Health & Hospital System), as of and for the year ended September 30, 2008, and have issued our report thereon dated December 18, 2008. This report does not include the results of testing of compliance applicable to each major program or of internal control over compliance in accordance with OMB Circular A-133 and the State of Texas Uniform Grants Management Standards of the District that are reported on separately.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *State of Texas UGMS*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Dallas County's compliance with those requirements.

In our opinion, Dallas County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended September 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and UGMS and which are described in the accompanying Schedule of Findings and Questioned Costs as items 08-01 through 08-06.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and

state programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 08-01, 08-02, 08-03, and 08-04 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal and State Awards

We have audited the basic financial statements of the County as of and for the year ended September 30, 2008, and have issued our report thereon dated March 27, 2009. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and UGMS and is not a required part of the basic financial statements. This schedule is the responsibility of the management of the County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the County Judge and Commissioners, management and applicable federal and state grantors and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

March 27, 2009

DALLAS COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2008

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510(a))?	Yes

Identification of major programs:

Federal:

- Department of Housing and Urban Development
 CFDA 14.871, Section 8 – Housing Choice Vouchers
- Department of Health and Human Services
 CFDA 93.914, HIV Emergency Relief Formula Grants Ryan White Supplement
 CFDA 93.044/93.045, Special Program for Aging Title II Part B and C
- Department of State Health Services
 CFDA 93.917, HIV Care Formula Grant
- Department of Transportation
 CFDA 20.505, Federal Transit Metropolitan Planning Grants-Courtesy Patrol Program

DALLAS COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2008

State:

Juvenile Justice Delinquency Prevention – State Program
Air Check Texas Repair & Replacement Assistance Program
Indigent Defense Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:

Federal: \$2,684,155

State: \$896,936

Auditee qualified as low-risk auditee? No

II. Findings Related to the Financial Statements

The audit disclosed no findings required to be reported.

III. Findings and Questioned Costs Related to the Federal and State Awards

Item 08-01 Eligibility; Allowable Costs

Type of Finding: Significant Deficiency – Compliance over Eligibility and Allowable Costs

Program: CFDA 14.871, Section 8 – Housing Choice Vouchers

Criteria: For both family income examinations and reexaminations, the Housing Authority is required to obtain and document in the participant or applicant's file third party verification of (1) reported family annual income, (2) the value of assets, (3) expenses related to deductions from annual income, and (4) other factors that affect the determination of adjusted income or income based rent.

Condition Found: Two out of twenty-five participant files reviewed did not contain third party verification of certain income or valued assets to support the eligibility requirements for participation in the program.

Questioned Cost: None.

Perspective: The County is required to establish procedures that are appropriate and necessary to assure that income data provided by applicant or participant families is complete and accurate.

Effect: Without third party support of income verification, amounts paid to participants could be over or under paid.

DALLAS COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2008

Cause: The participant's income is not being properly reviewed and verified with support from third party information.

Recommendation: The County should continue to use the Enterprise Income Verification system for third party verification of wages to assist in determining if a participant has under reported income and document and maintain this information with the participant or applicant's file. In addition management should review participant's files to ensure all required documentation for eligibility is on file.

View of Responsible Officials: See Corrective Action Plan.

Item 08-02 Eligibility; Allowable Costs

Type of Finding: Significant Deficiency – Compliance over Eligibility and Allowable Costs

Program: CFDA 14.871, Section 8 – Housing Choice Vouchers

Criteria: The Housing Authority is required to reexamine family income and composition at least once every 12 months and adjust the tenant rent and housing assistance payment as necessary using the documentation from third party verification (24 CFR section 982.516).

Condition Found: Eight out of twenty-five files selected for testing were not reexamined within the required timeframe.

Questioned Cost: None.

Perspective: The County should establish and implement procedures that will ensure that reexaminations are performed within the specified timeframe. Management should perform reviews of client files to ensure that reexaminations are performed on time.

Effect: Non-compliance with program compliance requirements may jeopardize the receipt of federal funding for the program.

Cause: The reexamination of participant's is not being performed with the timeframe established in federal guidelines.

Recommendation: The County should implement procedures to ensure that participant reexaminations are performed every 12 months, and Section 8 Case Managers are monitored during the year to determine that reexaminations are being performed timely.

View of Responsible Officials: See Corrective Action Plan.

Item 08-03 Allowable Costs

Type of Finding: Significant Deficiency – Compliance over Allowable Costs

Program: CFDA 14.871, Section 8 – Housing Choice Vouchers

DALLAS COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2008

Criteria: If the family moves out of the unit, the Housing Authority may not make any housing assistance payment to the owner for any month after the month when the family moves out (24 CFR sections 982.311 (d)).

Condition Found: In one of twenty-five files selected for testing it was noted that payments totaling \$5,496 were paid to a landlord for rent relating to a tenant who already moved out of the unit. The tenant was ported out to another Housing Authority in the prior year.

Questioned Cost: \$5,496

Perspective: The County should ensure that follow up procedures are in place to review HAP payments to landlords when participants are terminated or ported out of the Authority.

Effect: Payments made to landlords for services not rendered results in unallowable cost and non-compliance with federal guidelines.

Cause: A review of subsequent payments to landlords for terminated tenants is not being performed to ensure that HAP payments are discontinued.

Recommendation: The County should implement procedures to ensure that terminations are reviewed to ensure that HAP payments are not being made to Landlords.

View of Responsible Officials: See Corrective Action Plan.

Item 08-04 Reporting

Type of Finding: Significant Deficiency – Compliance over Reporting

Program: CFDA 14.871, Section 8 – Housing Choice Vouchers

Criteria: The Housing Authority is required to submit HUD form 50058 electronically to HUD each time it completes an admission, annual reexamination, interim reexamination, portability move-in, or other change of unit for a family. The Authority must also submit a Family Report when a family ends participation in the program or moves out of the Authority's jurisdiction under portability (24 CFR part 908 and 24 CFR section 982.158).

Condition Found: The reports filed with HUD did not accurately reflect the information found from examination of supporting documentation within the participant's file.

Questioned Cost: None.

Perspective: One of twenty-five HUD 50058 reports selected for testing had a discrepancy with the number of household members. One of twenty-five HUD 50058 reports selected for testing had a discrepancy in the last name of three household members.

Effect: The HUD 50058 reports filed did not contain accurate information.

DALLAS COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2008

Cause: Control procedures requiring the independent review of HUD 50058 reports reflected inaccurate information from the lack of oversight and review of the HUD 50058 reports when completed and filed with HUD.

Recommendation: The HUD 50058 reports should be reviewed and verified against supporting documentation in the participant's file.

View of Responsible Officials: See Corrective Action Plan.

Item 08-05 Cash Management

Type of Finding: Compliance over Cash Management

Program: Air Check Texas Repair & Replacement Assistance Program

Criteria: When funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement. The interest earned on advances from TCEQ may be used in the operation of the grant. The interest earned and the amount used by the grantee and sub grantee is required to be recorded and reported quarterly to TCEQ. Any unused interest earned must be submitted to TCEQ at the end of the grant.

Condition Found: Interest earned on cash balances was not calculated for July and September.

Questioned Cost: None.

Perspective: Dallas County does not request funds from TCEQ. Periodically, TCEQ forwards the funds to Dallas County based on fees collected in Dallas County. The County calculates the interest earned on funds during the period between receipt from TCEQ and disbursement to sub recipient and reports as program income in the general ledger. Dallas County did not calculate interest earned on cash balances for funds on hand in July and September.

Effect: Without proper and timely calculation and reporting of interest income the compliance requirement within the grant agreement for cash management is not met.

Cause: Dallas County did not calculate interest earned on cash balances for funds on hand in July and September in a timely manner.

Recommendation: Dallas County should monitor cash on hand to assure interest income is calculated as required and the proper interest income amount is recorded and reported to the grantor.

View of Responsible Officials: See Corrective Action Plan.

DALLAS COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2008

Item 08-06 Allowable Costs

Type of Finding: Compliance over Allowable Costs

Program: Special Programs for the Aging

Criteria: The A-102 Common Rule and OMB Circular A-110 require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, establishes principles and standards for determining costs for federal awards carried out through grants, cost reimbursement contracts, and other agreements with state, local and federally-recognized Indian Tribal governments. To be allowable under federal awards, costs must meet certain general criteria. Those criteria require, amongst other things that the expenditure be adequately documented, be allocable to Federal awards under the provisions of 2 CFR part 225, and be based on actual not budgeted amounts. Further, A-110 requirements states that recipients' financial management systems shall provide for the following: 1) accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements are set forth in Section 52; 2) written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award; and 3) accounting records including cost accounting records that are supported by source documentation.

Condition Found: Costs associated with the meals and the senior center operations are combined within a single County fund. As such, we could not determine the separate actual costs associated with each component. This resulted in our inability to determine the actual costs for the senior center operations which is operated on a cost reimbursement basis. In addition, it also prevented us from determining the actual cost of meals for the purpose of verifying that no profit was earned on the contract, for example, the total amount billed on a fixed unit basis did not exceed the actual cost to operate the meals program. In addition, it was noted that personnel costs charged to the grant were charged between the meals and senior centers components of the grant based on budgeted numbers versus actual costs. This would not have impacted the total amount that was reimbursed by the grant but rather the allocation between the different components.

Questioned Cost: None.

Perspective: Due to the fact that the meals are served in the associated senior centers, the County simply combined the costs of both operations into one single fund.

Effect: There is potential for instances of noncompliance and questioned costs.

Cause: The County did not establish and maintain separate funds or cost centers.

Recommendation: Separate funds or cost centers should be established to track, account and record costs for each respective component.

View of Responsible Officials: See Corrective Action Plan.

DALLAS COUNTY, TEXAS
 Schedule of Expenditures of Federal and State Awards
 For the year ended September 30, 2008

Federal or State Grantor / Pass-Through Grantor / Other Grantor / Program Title / Grant Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Agriculture				
Texas Department of State Health Services				
Program: Food Donation				
Federal Pass-Through				
5117 Youth Village - Commodities	10.550	057-046A	\$ 9,000	\$ 0
		Total Indirect	<u>9,000</u>	<u>0</u>
		Total Program	<u>9,000</u>	<u>0</u>
		TOTAL CFDA 10.550	<u>9,000</u>	<u>0</u>
Texas Health and Human Services Commission				
Program: School Breakfast Program				
Federal Pass Through				
51101 Juvenile Department School Breakfast Program	10.553	2003-705	310,780	
		Total Indirect	<u>310,780</u>	<u>0</u>
		Total Program	<u>310,780</u>	<u>0</u>
		TOTAL CFDA 10.553	<u>310,780</u>	<u>0</u>
Program: National School Lunch Program				
Federal Pass Through				
5110-5116 Juvenile Department School Lunch/Snack Program	10.555	057-204	603,939	
		Total Indirect	<u>603,939</u>	<u>0</u>
		Total Program	<u>603,939</u>	<u>0</u>
		TOTAL CFDA 10.555	<u>603,939</u>	<u>0</u>
U.S. Department of Housing and Urban Development				
U.S. Department of Housing and Urban Development				
Program: Community Development Block Grants				
Federal Direct				
Community Development Block Grants	14.218	B-97-UC-48-0003	33,091	33,091
Community Development Block Grants	14.218	B-02-UC-48-0003	231	0
Community Development Block Grants	14.218	B-03-UC-48-0003	(276)	0
Community Development Block Grants	14.218	B-04-UC-48-0003	61,430	18,216
Community Development Block Grants	14.218	B-05-UC-48-0003	73,038	70,723
Community Development Block Grants	14.218	B-06-UC-48-0003	360,881	75,615
Community Development Block Grants	14.218	B-07-UC-48-0003	1,250,852	331,835
		Total Direct	<u>1,779,246</u>	<u>529,479</u>
		Total Program	<u>1,779,246</u>	<u>529,479</u>
		TOTAL CFDA 14.218	<u>1,779,246</u>	<u>529,479</u>

See Accompanying Notes to Schedule of Expenditures of Federal and State Awards

DALLAS COUNTY, TEXAS
 Schedule of Expenditures of Federal and State Awards
 For the year ended September 30, 2008

Federal or State Grantor / Pass-Through Grantor / Other Grantor / Program Title / Grant Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Amounts Passed Through to Subrecipients
Program: Emergency Shelter Grant				
Federal Direct				
960004 Emergency Shelter Grant	14.231	S03-UC-48-0005	395	395
960007 Emergency Shelter Grant	14.231	S06-UC-48-0005	63,018	63,018
960008 Emergency Shelter Grant	14.231	S07-UC-48-0005	44,159	44,159
		Total Direct	<u>107,572</u>	<u>107,572</u>
		Total Program	<u>107,572</u>	<u>107,572</u>
		TOTAL CFDA 14.231	<u>107,572</u>	<u>107,572</u>
Program: Shelter Plus Care				
Federal Direct				
290609 Shelter Plus Care	14.238	TX01C600025	14,012	
		Total Direct	<u>14,012</u>	<u>0</u>
		Total Program	<u>14,012</u>	<u>0</u>
		TOTAL CFDA 14.238	<u>14,012</u>	<u>0</u>
City of Dallas				
Program: HOME Investment Partnerships Program				
Federal Pass Through				
810007 City Home	14.239	06-1753	1,246	
810008 City Home	14.239	CTGH183923 & 24	299,844	
		Total Indirect	<u>301,090</u>	<u>0</u>
		Total Program	<u>301,090</u>	<u>0</u>
U.S. Department of Housing and Urban Development				
Program: HOME Investment Partnerships Program				
Federal Direct				
CHDO	14.239	M-00-UC-48-0221	1,010	
CHDO	14.239	M-01-UC-48-0221	7,500	
CHDO	14.239	M-04-UC-48-0221	65,106	
American Dream Downpayment	14.239	M-05-UC-48-0221	105,776	
First Time Home Buyer	14.239	M-06-UC-48-0221	92,219	
American Dream	14.239	M-07-UC-48-0221	514,513	
		Total Direct	<u>786,123</u>	<u>0</u>
		Total Program	<u>786,123</u>	<u>0</u>
		TOTAL CFDA 14.239	<u>1,087,213</u>	<u>0</u>

See Accompanying Notes to Schedule of Expenditures of Federal and State Awards

DALLAS COUNTY, TEXAS
Schedule of Expenditures of Federal and State Awards
For the year ended September 30, 2008

Federal or State Grantor / Pass-Through Grantor / Other Grantor / Program Title / Grant Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Amounts Passed Through to Subrecipients
City of Dallas				
Program: Housing Opportunities for Persons with AIDS				
Federal Pass Through				
820006 HOPWA Caseworker Salary & Housing	14.241	06-1754	(1,996)	0
820007 HOPWA Caseworker Salary & Housing	14.241	07-2159	815,893	0
820106 HOPWA Admin And Contractual	14.241	06-1754	32	
820107 HOPWA Admin And Contractual	14.241	07-2159	57,112	
		Total Indirect	<u>871,041</u>	<u>0</u>
		Total Program	<u>871,041</u>	<u>0</u>
Department of State Health Services				
Program: Housing Opportunities for Persons with AIDS				
Federal Pass Through				
820307 DSHS HOPWA/HIV	14.241	2007-022142-001	18,655	18,655
820308 DSHS HOPWA/HIV	14.241	2008-025448-001	32,805	28,001
820407 DSHS HOPWA - DCHHS HOPWA Unit	14.241	2007-022142-001	9	
820408 DSHS HOPWA - DCHHS HOPWA	14.241	2008-025448-001	2,062	0
		Total Indirect	<u>53,531</u>	<u>46,656</u>
		Total Program	<u>53,531</u>	<u>46,656</u>
		TOTAL CFDA 14.241	<u>924,572</u>	<u>46,656</u>
U.S. Department of Housing and Urban Development				
Program: Section 8 Housing Choice Vouchers				
Federal Direct				
800108 Housing Choice Voucher 467	14.871	TX559	24,397,258	
800208 Section 8 (special fees) 467	14.871	TX559	7,200	
805004 Section 8 Voucher Program Admin Fee 467	14.871	TX559	795,847	
805105 Section 8 Undesignated Fund Balance 467	14.871	TX559	(750,467)	
806008 Section 8 Home Ownership Program 467	14.871	TX559VO0095	256,014	
		Total Direct	<u>24,705,852</u>	<u>0</u>
		Total Program	<u>24,705,852</u>	<u>0</u>
		TOTAL CFDA 14.871	<u>24,705,852</u>	<u>0</u>
Program: Disaster Housing Assistance Grant				
Federal Direct				
800406 Disaster Voucher Program (DVP) 467	14.DVP	TX559	81,018	
		Total Direct	<u>81,018</u>	<u>0</u>
		Total Program	<u>81,018</u>	<u>0</u>
		TOTAL CFDA 14.DVP	<u>81,018</u>	<u>0</u>

See Accompanying Notes to Schedule of Expenditures of Federal and State Awards

DALLAS COUNTY, TEXAS
 Schedule of Expenditures of Federal and State Awards
 For the year ended September 30, 2008

Federal or State Grantor / Pass-Through Grantor / Other Grantor / Program Title / Grant Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Justice				
Program: Southwest Border Prosecution Initiative				
Federal Direct				
47222 Southwest Border Prosecution Initiative	16.000	03A00196	227,085	
		Total Direct	<u>227,085</u>	<u>0</u>
		Total Program	<u>227,085</u>	<u>0</u>
 U. S. Department of Justice				
Program: State and Local Narcotics Control Assistance				
Federal Direct				
91002 Sheriff Federal Asset Sharing	16.000	N/A	224,797	
91005 Federal Asset Sharing Constable Pct 1	16.000	N/A	4,724	
		Total Direct	<u>229,521</u>	<u>0</u>
		Total Program	<u>229,521</u>	<u>0</u>
 Program: State and Local Narcotics Control Assistance				
Federal Pass Through				
540 DA Forfeiture - Federal	16.000	N/A	165,482	
		Total Indirect	<u>165,482</u>	<u>0</u>
		Total Program	<u>165,482</u>	<u>0</u>
		TOTAL CFDA 16.000	<u>622,088</u>	<u>0</u>
 Office of the Governor, Criminal Justice Division				
Program: Juvenile Accountability Block Grants				
Federal Pass Through				
701208 Dallas County Juvenile Drug Court	16.523	JB-06-J20-18683-02	156,555	
701209 Dallas County Juvenile Drug Court	16.523	JB-07-J20-18683-03	21,809	
730207 Juvenile Accountability Incentive Block Grant	16.523	JB-06-J20-13292-09	220,387	
730208 Juvenile Accountability Incentive Block Grant	16.523	JB-07-xxx-13292-10	13,233	
		Total Indirect	<u>411,984</u>	<u>0</u>
		Total Program	<u>411,984</u>	<u>0</u>
		TOTAL CFDA 16.523	<u>411,984</u>	<u>0</u>

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Federal or State Grantor / Pass-Through Grantor / Other Grantor / Program Title / Grant Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Amounts Passed Through to Subrecipients
Office of Justice Programs/Bureau of Justice Assistance				
Program: Supervised Visitation, Safe Havens for Children				
Federal Direct				
601305 Safe Havens: Supervised Visit & Safe Exchange	16.527	2004-CW-AX-0005	193,741	193,741
		Total Direct	<u>193,741</u>	<u>193,741</u>
		Total Program	<u>193,741</u>	<u>193,741</u>
		TOTAL CFDA 16.527	<u>193,741</u>	<u>193,741</u>
U. S. Department of Justice				
Office of Governor, Criminal Justice Division				
Program: Juvenile Justice Delinquency Prevention				
Federal Pass Through				
701008 Substance Abuse Probation Officer	16.540	JA-06-J20-17979-03	19,558	
		Total Indirect	<u>19,558</u>	<u>0</u>
		Total Program	<u>19,558</u>	<u>0</u>
		TOTAL CFDA 16.540	<u>19,558</u>	<u>0</u>
National Institute of Justice/Office of Justice Programs				
Program: National Institute of Justice Research, Evaluation, and Development Project Grants				
Federal Direct				
340006 DNA Backlog Reduction Program	16.560	2005-DN-BX-K121	6,244	
340206 DNA Capacity Enhancement Program	16.560	2005-DA-BX-K042	253,425	
340306 Paul Coverdell Forensic Science Improvement	16.560	2005-DN-BX-0016	80,222	
		Total Direct	<u>339,891</u>	<u>0</u>
		Total Program	<u>339,891</u>	<u>0</u>
		TOTAL CFDA 16.560	<u>339,891</u>	<u>0</u>
U. S. Department of Justice				
Office of the Governor, Criminal Justice Division				
Program: Crime Victim Assistance				
Federal Pass Through				
100007 Violence Against Women Victim Services Project	16.575	VA-05-V30-18199-02	24,452	
100008 Violence Against Women Victim Services Project	16.575	VA-08-V30-18199-03	7,155	
600207 Protective Order Case Manager	16.575	VA-07-V30-13609-09	32,103	
600208 Protective Order Case Manager	16.575	VA-08-V30-13609-10	13,680	
600707 Collaborative Domestic Violence Project	16.575	VA-07-V30-15785-07	81,921	
600708 Collaborative Domestic Violence Project	16.575	VA-08-V30-15785-08	31,141	
600807 Child Victim's Assistant	16.575	VA-07-V30-15793-07	37,795	
600808 Child Victim's Assistant	16.575	VA-08-V30-15793-08	15,959	
		Total Indirect	<u>244,207</u>	<u>0</u>
		Total Program	<u>244,207</u>	<u>0</u>
		TOTAL CFDA 16.575	<u>244,207</u>	<u>0</u>
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Federal or State Grantor / Pass-Through Grantor / Other Grantor / Program Title / Grant Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Amounts Passed Through to Subrecipients
Bureau of Justice Assistance				
Program: Edward Byrne Memorial Formula Grant Program				
Federal Direct				
540008 DEA - HIDTA	16.579	2007-2038	13,780	
		Total Direct	<u>13,780</u>	<u>0</u>
		Total Program	<u>13,780</u>	<u>0</u>
Federal Bureau of Investigations (FBI)				
Program: Byrne Formula Grant Program				
Federal Pass Through				
540208 FBI - HIDTA	16.579	281D-DL-58600	3,737	
		Total Indirect	<u>3,737</u>	<u>0</u>
		Total Program	<u>3,737</u>	<u>0</u>
		TOTAL CFDA 16.579	<u>17,516</u>	<u>0</u>
U. S. Department of Justice				
Office of the Governor, Criminal Justice Division				
Program: Violence Against Women Act				
Federal Pass Through				
600008 Protective Order Prosecutor	16.588	WF-07-V30-13430-10	68,505	
600009 Protective Order Prosecutor	16.588	WF-08-V30-13430-11	12,606	
600108 Regional Training Coordinator	16.588	WF-07-V30-13429-10	63,907	
600109 Regional Training Coordinator	16.588	WF-08-V30-13429-11	7,165	
601608 Collaborative Domestic Violence Project VAWA	16.588	WF-07-V30-16181-08	202,059	
601609 Collaborative Domestic Violence Project VAWA	16.588	WF-08-V30-16181-09	32,452	
		Total Indirect	<u>386,694</u>	<u>0</u>
		Total Program	<u>386,694</u>	<u>0</u>
		TOTAL CFDA 16.588	<u>386,694</u>	<u>0</u>
National Institute of Justice/Office of Justice Programs				
Program: Grants to Encourage Arrest Policies and Enforcement of Protection Orders				
Federal Direct				
620007 Dallas County Domestic Violence Project	16.590	2007-WE-AX-0019	648,855	
		Total Direct	<u>648,855</u>	<u>0</u>
		Total Program	<u>648,855</u>	<u>0</u>
		TOTAL CFDA 16.590	<u>648,855</u>	<u>0</u>

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Federal or State Grantor / Pass-Through Grantor / Other Grantor / Program Title / Grant Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Amounts Passed Through to Subrecipients
Dallas Community Supervision and Corrections				
Program: Residential Substance Abuse Treatment for State Prisoners				
Federal Pass Through				
100408 Residential Drug Treatment Center	16.593	RT-07-A10-14879-09	298,479	
		Total Indirect	<u>298,479</u>	<u>0</u>
		Total Program	<u>298,479</u>	<u>0</u>
Office of the Governor, Criminal Justice Division				
Program: Residential Substance Abuse Treatment for State Prisoners				
Federal Pass Through				
700608 Residential Drug Treatment Center	16.593	RT-07-A10-14874-10	186,398	
		Total Indirect	<u>186,398</u>	<u>0</u>
		Total Program	<u>186,398</u>	<u>0</u>
		TOTAL CFDA 16.593	<u>484,877</u>	<u>0</u>
U.S. Department of Justice				
Program: State Criminal Alien Assistance Program				
Federal Direct				
47220 SCAAP 2007	16.606	2008-1926	1,891,174	
		Total Direct	<u>1,891,174</u>	<u>0</u>
		Total Program	<u>1,891,174</u>	<u>0</u>
		TOTAL CFDA 16.606	<u>1,891,174</u>	<u>0</u>
U.S. Department of Justice				
Program: Bulletproof Vest Partnership Program				
Federal Direct				
48050 Bulletproof Vest Program	16.607	2008-703	8,394	
		Total Direct	<u>8,394</u>	<u>0</u>
		Total Program	<u>8,394</u>	<u>0</u>
		TOTAL CFDA 16.607	<u>8,394</u>	<u>0</u>
North Texas Crime Commission				
Program: Project Safe Neighborhood Program				
Federal Pass Through				
511207 Project Safe Neighborhood	16.609	2006-MU-MU-003	22,085	
601407 Project Safe Neighborhood	16.609	2006-PG-BX-0094	32,783	
		Total Indirect	<u>54,868</u>	<u>0</u>
		Total Program	<u>54,868</u>	<u>0</u>
		TOTAL CFDA 16.609	<u>54,868</u>	<u>0</u>

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Federal or State Grantor / Pass-Through Grantor / Other Grantor / Program Title / Grant Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Amounts Passed Through to Subrecipients
Office of Community Oriented Policing Services				
Program: Public Safety Partnership and Community Policing Grants				
Federal Direct				
510006 COPS Ahead & UHP	16.710	2002ULWX0044	1,438,438	
		Total Direct	<u>1,438,438</u>	<u>0</u>
		Total Program	<u>1,438,438</u>	<u>0</u>
		TOTAL CFDA 16.710	<u>1,438,438</u>	<u>0</u>
U. S. Department of Justice				
City of Dallas				
Program: Edward Byrne Memorial Justice Assistance Grant				
Federal Pass Through				
202005 Justice Assistance Grant FY05	16.738	2005-DJ-BX-0353	731,403	
202006 Justice Assistance Grant FY06	16.738	2006-DJ-BX-0220	387,797	
202007 Justice Assistance Grant FY07	16.738	2007-DJ-BX-0568	133,475	
		Total Indirect	<u>1,252,675</u>	<u>0</u>
		Total Program	<u>1,252,675</u>	<u>0</u>
Office of the Governor, Criminal Justice Division				
Program: Edward Byrne Memorial Justice Assistance Grant				
Federal Pass Through				
260008 Drug Intervention Court	16.738	DJ-07-A10-16042-07	187,064	
261108 Mental Health Diversion Court	16.738	DJ-07-A10-18046-03	31,300	
		Total Indirect	<u>218,364</u>	<u>0</u>
		Total Program	<u>218,364</u>	<u>0</u>
		TOTAL CFDA 16.738	<u>1,471,038</u>	<u>0</u>
National Institute of Justice				
Program: Forensic DNA Backlog Reduction Program				
Federal Direct				
340008 DNA Backlog Reduction Program	16.741	2007-DN-BX-K106	7,847	
		Total Direct	<u>7,847</u>	<u>0</u>
		Total Program	<u>7,847</u>	<u>0</u>
		TOTAL CFDA 16.741	<u>7,847</u>	<u>0</u>

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National Institute of Justice				
Program: Paul Coverdell Forensic Science Improvement Grant Program				
Federal Direct				
340307	Enhancement of Firearms Analysis Services	16.742	2006-DN-BX-0037	8,352
340408	Development of Enhanced Electronic Casework Record	16.742	2007-CD-BX-0044	34,654
			Total Direct	<u>43,006</u>
			Total Program	<u>0</u>
U. S. Department of Justice				
Office of the Governor, Criminal Justice Division				
Program: Paul Coverdell Forensic Science Improvement				
Federal Pass Through				
300608	Controlled Substance Project	16.742	DN-07-A10-19793-01	89,118
			Total Indirect	<u>89,118</u>
			Total Program	<u>0</u>
			TOTAL CFDA 16.742	<u>132,124</u>
National Institute of Justice/Office of Justice Programs				
Program: Forensic Casework DNA Backlog Reduction Program				
Federal Direct				
340007	DNA Backlog Reduction Program	16.743	2006-DN-BX-K084	63,118
			Total Direct	<u>63,118</u>
			Total Program	<u>0</u>
			TOTAL CFDA 16.743	<u>63,118</u>
North Texas Crime Commission				
Program: Six City Anti Gang Initiative				
Federal Pass Through				
623007	Six City Anti Gang Contract	16.744	2006-MU-MU-0003	129,689
			Total Indirect	<u>129,689</u>
			Total Program	<u>0</u>
			TOTAL CFDA 16.744	<u>129,689</u>

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U.S. Department of Transportation				
Texas Department of Transportation				
Program: Highway Planning and Construction				
Federal				
Pass Through				
13110 Congestion Mitigation Air Quality (CMAQ)	20.205	N/A	2,753,151	
150004 CMAQ- Project Management	20.205	CSJ0918-45-215	120,305	
		Total Indirect	<u>2,873,456</u>	<u>0</u>
		Total Program	<u>2,873,456</u>	<u>0</u>
		TOTAL CFDA 20.205	<u>2,873,456</u>	<u>0</u>
U.S. Department of Transportation				
North Central Texas Council of Governments				
Program: Federal Transit Metropolitan Planning Grants				
Federal				
Pass Through				
13111 Loop 9	20.505	N/A	(57,807)	
530408 Courtesy Patrol Program	20.505	CSJ-918-00-089	2,833,198	
530409 Courtesy Patrol Program	20.505	187XXIL001	366,158	
		Total Indirect	<u>3,141,549</u>	<u>0</u>
		Total Program	<u>3,141,549</u>	<u>0</u>
		TOTAL CFDA 20.505	<u>3,141,549</u>	<u>0</u>
Texas Department of Transportation				
Program: State and Community Highway Safety Program				
Federal				
Pass Through				
200206 DWI Underage Alcohol Awareness Book Cover Drawing	20.600	581XXF5005	25	
530308 STEP Comprehensive	20.600	588EGF5023	195,082	
		Total Indirect	<u>195,107</u>	<u>0</u>
		Total Program	<u>195,107</u>	<u>0</u>
		TOTAL CFDA 20.600	<u>195,107</u>	<u>0</u>
U.S. Department of Energy (DOE)				
Texas Department of Housing and Community Affairs				
Program: Weatherization Assistance for Low-Income Persons				
Federal				
Pass Through				
830507 D.O.E. Weatherization	81.042	567102	230,481	
830508 D.O.E. Weatherization	81.042	568102	194,299	
		Total Indirect	<u>424,780</u>	<u>0</u>
		Total Program	<u>424,780</u>	<u>0</u>
		TOTAL CFDA 81.042	<u>424,780</u>	<u>0</u>

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U. S Department of Education				
Texas Education Agency				
Program: Title I Part A & D, Subpart 2				
Federal Pass Through				
750108 Title I School Improvement Program	84.010	057-814	120,069	
750109 Title I School Improvement Program	84.010	057-814	2,096	
750208 Improving Basic & Delinquent Programs	84.010	057-814	449,298	
750209 Improving Basic & Delinquent Programs	84.010	057-814	17,219	
750908 Title I Part D Delinquent Program	84.010	057-814	861,805	
750909 Title I Part D Delinquent Program	84.010	057-814	34,135	
		Total Indirect	<u>1,484,622</u>	<u>0</u>
		Total Program	<u>1,484,622</u>	<u>0</u>
		TOTAL CFDA 84.010	<u>1,484,622</u>	<u>0</u>
Texas Education Agency				
Program: Special Education-Grants to States				
Federal Pass Through				
750608 Idea B Formula Idea B Cap Bldg & Improv	84.027	057-814	80,752	
750609 Idea B Formula Idea B Cap Bldg & Improv	84.027	057-814	279	
		Total Indirect	<u>81,031</u>	<u>0</u>
		Total Program	<u>81,031</u>	<u>0</u>
		TOTAL CFDA 84.027	<u>81,031</u>	<u>0</u>
Program: Title IV Part A Safe and Drug Free Schools and Community Act				
Federal Pass Through				
751208 Title IV Part A Safe and Drug Free Schools and Community Act	84.186		1,095	
		Total Indirect	<u>1,095</u>	<u>0</u>
		Total Program	<u>1,095</u>	<u>0</u>
		TOTAL CFDA 84.186	<u>1,095</u>	<u>0</u>
Texas Education Agency				
Program: Title II, Part D Enhancing Education Technology				
Federal Pass Through				
750508 Enhancing Education through Technology & Training	84.318	057-814	4,558	
		Total Indirect	<u>4,558</u>	<u>0</u>
		Total Program	<u>4,558</u>	<u>0</u>
		TOTAL CFDA 84.318	<u>4,558</u>	<u>0</u>

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U. S Department of Education				
Program: Title III Part A English Language Acquisition				
Federal Pass Through				
751108 Title III Part A English Language Acquisition	84.365		8,291	
		Total Indirect	8,291	0
		Total Program	8,291	0
		TOTAL CFDA 84.365	8,291	0
Region X				
Program: Title II Part A Teacher and Principal Training and Recruiting				
Federal Pass Through				
750308 Title II Part A Teacher and Principal Training and Recruiting	84.367		52,601	
		Total Indirect	52,601	0
		Total Program	52,601	0
		TOTAL CFDA 84.367	52,601	0
Texas Education Agency				
Program: School Improvement Program (Public Charter School)				
Federal Pass Through				
751008 Title I Improvement Program - Academy Grant	84.377	57814	33,624	
		Total Indirect	33,624	0
		Total Program	33,624	0
		TOTAL CFDA 84.377	33,624	0
Elections Assistance Commission				
Texas Secretary of State				
Program: HAVA Requirements Payments				
Federal Pass Through				
230104 General HAVA Compliance	90.401	78532	858,992	
230208 HAVA Program Income	90.401	78532	1,318,849	
		Total Indirect	2,177,841	0
		Total Program	2,177,841	0
		TOTAL CFDA 90.401	2,177,841	0
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U.S. Department of Health and Human Services				
National Assn of County and City Health Officials				
Program: Medical Reserve Corps. Small Grant Program				
Federal Pass Through				
890207 Capacity Building Award	93.008	MRCSG061001-01	2,779	
		Total Indirect	<u>2,779</u>	<u>0</u>
		Total Program	<u>2,779</u>	<u>0</u>
		TOTAL CFDA 93.008	<u>2,779</u>	<u>0</u>
Dallas Area Agency on Aging				
Program: Special Program for Aging Title III Part B				
Federal Pass Through				
840107 Nutrition Transportation	93.044	07-7302-TP	1,340	
840108 Nutrition Transportation	93.044	08-732-P	290,309	
		Total Indirect	<u>291,649</u>	<u>0</u>
		Total Program	<u>291,649</u>	<u>0</u>
		TOTAL CFDA 93.044	<u>291,649</u>	<u>0</u>
Dallas Area Agency on Aging				
Program: Special Programs for Aging Title III Part C				
Federal Pass Through				
840007 Nutrition 2007	93.045	07-331-SC	(3,122)	
840008 Nutrition 2008	93.045	07-331-SC	1,948,513	
		Total Indirect	<u>1,945,391</u>	<u>0</u>
		Total Program	<u>1,945,391</u>	<u>0</u>
		TOTAL CFDA 93.045	<u>1,945,391</u>	<u>0</u>
Department of State Health Services				
Program: Project Grants and Cooperative Agreements for Tuberculosis Control				
Federal Pass Through				
870707 Tuberculosis	93.116	2007-021975-001	1,246	
870708 Tuberculosis	93.116	2008-025297-001	607,481	
871308 Tuberculosis Elimination	93.116	2008-025473-001	1,964	
871309 Tuberculosis Task Order 23	93.116	2009-028469-001	101	
		Total Indirect	<u>610,792</u>	<u>0</u>
		Total Program	<u>610,792</u>	<u>0</u>
		TOTAL CFDA 93.116	<u>610,792</u>	<u>0</u>

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U.S. Department of Health and Human Services				
Department of State Health Services				
Program: Acquired Immunodeficiency Syndrome (AIDS) Activity				
Federal Pass Through				
872707 AIDS Surveillance (IPP)	93.118	2007-021841-001	26,837	
872708 HIV Surveillance (IPP)	93.118	2008-025462-001	41,970	
		Total Indirect	<u>68,807</u>	<u>0</u>
		Total Program	<u>68,807</u>	<u>0</u>
		TOTAL CFDA 93.118	<u>68,807</u>	<u>0</u>
Department of State Health Services				
Program: Hansen's Disease National Ambulatory Care Program				
Federal Pass Through				
870507 Hansen's Disease	93.215	2007-021960-001	1,923	
870508 Hansen's Disease	93.215	2008-025324-001	61,142	
		Total Indirect	<u>63,065</u>	<u>0</u>
		Total Program	<u>63,065</u>	<u>0</u>
		TOTAL CFDA 93.215	<u>63,065</u>	<u>0</u>
Department of State Health Services				
Program: Immunizations Grants				
Federal Pass Through				
870807 Immunization Registry	93.268	2007-021267-003	42	
870808 Immunization Registry	93.268	2008-023557-001	1,301,443	
870809 Immunization Registry	93.268	2009-028946-001	143,608	
871008 Immunization Program Income	93.268	2008-023557-001	112,830	
871009 Immunization Program Income	93.268	2009-028946-001	7	
8708052 Immunization Registry- Vaccine	93.268	7560009056-2005-04	3,391,188	
		Total Indirect	<u>4,949,118</u>	<u>0</u>
		Total Program	<u>4,949,118</u>	<u>0</u>
		TOTAL CFDA 93.268	<u>4,949,118</u>	<u>0</u>

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U.S. Department of Health and Human Services				
Department of State Health Services				
Program: Centers for Disease Control & Prevention				
Federal Pass Through				
872008 Bioterrorism Preparedness lab	93.283	2008-22968-001	188,360	
872009 Bioterrorism Preparedness lab	93.283	2008-028168-001	27,383	
872306 CPS/Bioterrorism Preparedness	93.283	7560009056-2006-14	1,337	
872308 CPS/Bioterrorism Preparedness	93.283	2008-022945-001	1,328,571	
872309 CPS/Bioterrorism Preparedness	93.283	2008-027999-001	282,337	
872406 Pandemic Influenza Preparedness	93.283	7560009056-2006-14	27	
872408 Pandemic Influenza Preparedness	93.283	2008-022945-001	314,343	
872508 CPS - Cities Readiness Initiative	93.283	2008-023009-001	252,152	
872509 CPS - Cities Readiness Initiative	93.283	2008-028001-001	29,768	
872808 Bioterrorism Lab/Pandemic Flu	93.283	2008-022968-001	5,058	
		Total Indirect	<u>2,429,337</u>	<u>0</u>
		Total Program	<u>2,429,337</u>	<u>0</u>
		TOTAL CFDA 93.283	<u>2,429,337</u>	<u>0</u>
Attorney General of Texas				
Program: Child Support Enforcement				
Federal Pass Through				
31901 IV-D Fees Dist Clerk	93.563	N/A	1,524,549	
31902 IV-D Fees Constable	93.563	N/A	160,089	
31903 IV-D Fees Child Support	93.563	N/A	498,444	
31904 Child Support Customer Service	93.563	N/A	35,152	
31905 Child Support IV-D Local Rule Incentive	93.563	N/A	7,490	
		Total Indirect	<u>2,225,724</u>	<u>0</u>
		Total Program	<u>2,225,724</u>	<u>0</u>
		TOTAL CFDA 93.563	<u>2,225,724</u>	<u>0</u>
Texas Department of Housing and Community Affairs				
Program: Low Income Home Energy Assistance				
Federal Pass Through				
830106 CEAP Other	93.568	585102	0	
830107 CEAP Other	93.568	587102	248,910	
830108 CEAP Other	93.568	58080000163	2,278,014	
830207 LIHEAP Weatherization	93.568	817102	323,431	
830208 LIHEAP Weatherization	93.568	818102	365,016	
		Total Indirect	<u>3,215,371</u>	<u>0</u>
		Total Program	<u>3,215,371</u>	<u>0</u>
		TOTAL CFDA 93.568	<u>3,215,371</u>	<u>0</u>

See Accompanying Notes to Schedule of Expenditures of Federal and State Awards

DALLAS COUNTY, TEXAS
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Federal or State Grantor / Pass-Through Grantor / Other Grantor / Program Title / Grant Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Department of State Health Services				
Program: Refugee and Entrant Assistance Discretionary Grants				
Federal Pass Through				
870207 TB Refugee	93.576	2007-021093-01	132	
870208 TB Refugee	93.576	2008-023341	501,988	
		Total Indirect	<u>502,120</u>	<u>0</u>
		Total Program	<u>502,120</u>	<u>0</u>
		TOTAL CFDA 93.576	<u>502,120</u>	<u>0</u>
Texas Department of Family and Protective Services				
Program: Foster Care - Title IV E				
Federal Pass Through				
47530 CPS Attorney	93.658	23357384	1,021,114	
47760 Child Specific Expense	93.658	23357384	41,868	
47770 Admin IV-E General	93.658	TJPC-E-057	2,356,314	
		Total Indirect	<u>3,419,296</u>	<u>0</u>
		Total Program	<u>3,419,296</u>	<u>0</u>
Texas Juvenile Probation Commission				
Program: Foster Care - Title IV E				
Federal Pass Through				
710606 Title IV-E Federal Foster Care	93.658	TJPC-E-057-2006	12,152	
710607 Title IV-E Federal Foster Care	93.658	TJPC-E-057-2007	507,055	
710608 Title IV-E Federal Foster Care	93.658	TJPC-E-057-2008	461,768	
		Total Indirect	<u>980,975</u>	<u>0</u>
		Total Program	<u>980,975</u>	<u>0</u>
		TOTAL CFDA 93.658	<u>4,400,271</u>	<u>0</u>
North Central Texas Council of Governments				
Program: Social Services Block Grant				
Federal Pass Through				
835107 SSBG Emergency Disaster Relief Hurricane Katrina/Rita	93.667	2007-242	91,034	
		Total Indirect	<u>91,034</u>	<u>0</u>
		Total Program	<u>91,034</u>	<u>0</u>
		TOTAL CFDA 93.667	<u>91,034</u>	<u>0</u>

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Federal or State Grantor / Pass-Through Grantor / Other Grantor / Program Title / Grant Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Program: HIV Emergency Relief Formula Grants Ryan White Supplement				
Federal Direct				
6550207 RW TMA 2006 Part A Admin Agency & Contractual	93.914	H 89-HA-00014-17-00	3,041,862	2,755,079
6550208 RW HIV/AIDS Part A Formula Administration	93.914	H 89-HA-00014-18-00	5,774,633	5,409,736
6550307 RW TMA2006 Part A Program Support/ Quality Mgmt	93.914	H 89-HA-00014-17-00	93,120	0
6550308 RW HIV/AIDS Part A Quality Management Support	93.914	H 89-HA-00014-18-00	98,589	
6550607 RW TMA 2006 Part A Formula DC Health Div	93.914	H 89-HA-00014-17-00	29,213	422
6550608 RW TMA 2006 Part A Formula DC Health Div	93.914	H 89-HA-00014-18-00	135,744	11,149
6550807 RW TMA Part A Supplemental	93.914	H 89 HA 00014-17-01	2,373,283	2,369,009
6550808 RW TMA Part A Supplemental	93.914	H 89-HA-00014-18-00	1,194,617	1,194,260
6550907 RW TMA 2006 Part A Supplemental DCHD	93.914	H 89-HA-00014-17-01	70,226	9,485
6550908 RW TMA 2006 Part A Supplemental DCHD	93.914	H 89-HA-00014-18-00	388	
6551007 RW TMA 2006 Minority AIDS Initiative Admin and Contractual	93.914	H3MHA08459	735,882	696,058
6551008 RW TMA 2006 Minority AIDS Initiative Admin and Contractual	93.914	H3MHA08459	100,790	91,022
6551107 RW TMA 2006 Minority AIDS Initiative Quality Management	93.914	H3MHA08459	20,710	0
6551108 RW TMA 2006 Minority AIDS Initiative Quality Management	93.914	H3MHA08459	4,950	
			<u>13,674,007</u>	<u>12,536,220</u>
			<u>13,674,007</u>	<u>12,536,220</u>
			<u>13,674,007</u>	<u>12,536,220</u>
Department of State Health Services				
Program: HIV Care Formula Grant				
Federal Pass Through				
6560007 DSHS Part B - HIV RW Admin Agency	93.917	2007-022153-001	231,340	0
6560008 DSHS Part B - HIV RW Admin Agency	93.917	2008-025745-001	197,340	
6560307 DSHS Part B--HIV- RW Service Delivery	93.917	2007-022163-001	1,293,923	1,293,923
6560308 DSHS Part B--HIV- RW Service Delivery	93.917	2008-025683-001	1,325,930	1,325,931
			<u>3,048,533</u>	<u>2,619,854</u>
			<u>3,048,533</u>	<u>2,619,854</u>
			<u>3,048,533</u>	<u>2,619,854</u>
U.S. Department of Health and Human Services				
Department of State Health Services				
Program: HIV/AIDS Surveillance				
Federal Pass Through				
870307 AIDS Surveillance	93.944	2007-021808-001	21,215	
870308 AIDS Surveillance	93.944	2008-025428-001	108,317	
			<u>129,532</u>	<u>0</u>
			<u>129,532</u>	<u>0</u>
			<u>129,532</u>	<u>0</u>

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Federal or State Grantor / Pass-Through Grantor / Other Grantor / Program Title / Grant Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Amounts Passed Through to Subrecipients
Department of State Health Services				
Program: Preventive Health Services Sexually Transmitted Disease Control Grant				
Federal Pass Through				
870607 VD Epidemiology	93.977	2007-021808-001	494,355	
870608 VD Epidemiology	93.977	2008-025410-001	1,202,052	
		Total Indirect	<u>1,696,407</u>	<u>0</u>
		Total Program	<u>1,696,407</u>	<u>0</u>
		TOTAL CFDA 93.977	<u>1,696,407</u>	<u>0</u>
Department of State Health Services				
Program: Preventive Health Services-STD Research, Demonstrations, and Public Information Education Grant				
Federal Pass Through				
870907 STD Training	93.978	2007-022111-001	119,053	
870908 STD Training	93.978	2008-025768-001	131,922	
		Total Indirect	<u>250,975</u>	<u>0</u>
		Total Program	<u>250,975</u>	<u>0</u>
		TOTAL CFDA 93.978	<u>250,975</u>	<u>0</u>
Department of State Health Services				
Program: Preventive Health and Health Services Block Grant				
Federal Pass Through				
871208 Regional and Local Services Section - Local Public Health System	93.991	2008-025273-001	198,362	
871209 Regional and Local Services Section - Local Public Health System	93.991	2009-028254-001	18,259	
		Total Indirect	<u>216,621</u>	<u>0</u>
		Total Program	<u>216,621</u>	<u>0</u>
		TOTAL CFDA 93.991	<u>216,621</u>	<u>0</u>
Social Security Administration				
Social Security Administration				
Program: Cooperative Disability Investigation				
Federal Direct				
590007 Social Security Fraud Investigation	96.000	SS06-04-60001	(744)	
590008 Social Security Fraud Investigation	96.000	SS06-04-60001	112,998	
590009 Social Security Fraud Investigation	96.000	SS06-04-60001	1,362	
47750 Social Security Recovery 120	96.000	N/A	315,600	
		Total Direct	<u>429,216</u>	<u>0</u>
		Total Program	<u>429,216</u>	<u>0</u>
		TOTAL CFDA 96.000	<u>429,216</u>	<u>0</u>

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Federal or State Grantor / Pass-Through Grantor / Other Grantor / Program Title / Grant Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Homeland Security				
U.S. Immigration and Customs Enforcement				
Program: ICE SAC Dallas Joint Operations/Task Forces				
Federal Direct				
540107 DHS/ICE Joint Task Forces	97.000	2007-366	(1,619)	
540108 DHS/ICE Joint Task Forces	97.000	2007-2038	71,336	
		Total Direct	<u>69,717</u>	<u>0</u>
		Total Program	<u>69,717</u>	<u>0</u>
		TOTAL CFDA 97.000	<u>69,717</u>	<u>0</u>
 Governors Division of Emergency Management				
Program: Urban Area Security Initiative				
Federal Pass Through				
410703 2003 Urban Areas Security Initiative Part II	97.008	2003-UASI II-48113	5,365	
410704 2004 Urban Areas Security Initiative Part II	97.008	2004 UASI 2-48113	95	
410705 2005 Urban Area Security Initiative	97.008	2005-UASI-48113	25	
410706 2006 Urban Area Security Initiative	97.008	2006-GE-T6-0068	330,047	
410707 Urban Areas Security Initiative	97.008	2007-GE-T7-0024	6,920	
		Total Indirect	<u>342,452</u>	<u>0</u>
		Total Program	<u>342,452</u>	<u>0</u>
		TOTAL CFDA 97.008	<u>342,452</u>	<u>0</u>
 Governor's Division of Emergency Management				
Program: Disaster Grants - Public Assistance				
Federal Pass Through				
430308 Hurricane Dolly Emergency Assistance	97.036	DR-1780-TX	2,467	
430408 Hurricane Gustav Emergency Assistance	97.036	EM-3290-TX	63,719	
430508 Hurricane Ike Emergency Assistance	97.036	DR-1791-TX	78,815	
		Total Indirect	<u>145,001</u>	<u>0</u>
		Total Program	<u>145,001</u>	<u>0</u>
		TOTAL CFDA 97.036	<u>145,001</u>	<u>0</u>
 Governors Division of Emergency Management				
Program: Citizen Corps				
Federal Pass Through				
410806 CCP - Citizen Corps	97.053	2006-GE-T6-0068	7,623	
		Total Indirect	<u>7,623</u>	<u>0</u>
		Total Program	<u>7,623</u>	<u>0</u>
		TOTAL CFDA 97.053	<u>7,623</u>	<u>0</u>

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Federal or State Grantor / Pass-Through Grantor / Other Grantor / Program Title / Grant Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Homeland Security				
Texas Engineering Extension				
Program: Homeland Security Grant Program				
Federal Pass Through				
410503 State Homeland Security Program	97.067	48113	(1,540)	
		Total Indirect	<u>(1,540)</u>	<u>0</u>
		Total Program	<u>(1,540)</u>	<u>0</u>
		TOTAL CFDA 97.067	<u>(1,540)</u>	<u>0</u>
See Accompanying Notes to Schedule of Expenditures of Federal and State Awards			<u>\$ 89,471,865</u>	<u>\$ 16,033,523</u>
			GRAND TOTAL FEDERAL	

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Federal or State Grantor / Pass-Through Grantor / Other Grantor / Program Title / Grant Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Amounts Passed Through to Subrecipients
STATE OF TEXAS				
Attorney General of Texas				
Program: Victim Information and Notification Everyday				
Direct				
240009	N/A	907857	\$ 123,449	\$ 0
			<u>123,449</u>	<u>0</u>
Total Direct				
Total Program			<u>123,449</u>	<u>0</u>
Attorney General of Texas				
Program: Other Victim Assistance				
Direct				
690008	N/A	08-02553	31,093	
			<u>31,093</u>	<u>0</u>
Total Direct				
Total Program			<u>31,093</u>	<u>0</u>
Community Justice Assistance Program				
Dallas Community Supervision and Corrections				
Program: Jail Chemical Dependency Treatment Program				
Pass Through				
110008	N/A	ID #009	60,182	
110009	N/A	PRG IN#009	34,700	
110104	N/A	D-03-057-N02	216	
			<u>95,098</u>	<u>0</u>
Total Indirect				
Total Program			<u>95,098</u>	<u>0</u>
Department of State Health Services				
Program: HIV Care Formula Grant				
Direct				
6550108	N/A	2008-023860-001	1,468,707	1,468,707
6550109	N/A	2009-028105-001	105,384	105,384
			<u>1,574,091</u>	<u>1,574,091</u>
Total Direct				
Total Program			<u>1,574,091</u>	<u>1,574,091</u>
Department of State Health Services				
Program: Tuberculosis Control				
Direct				
870107	N/A	7560009056-2007-01	(75)	
870108	N/A	2008-023149-01	745,343	
870109	N/A	2009-028469-001	86,273	
			<u>831,541</u>	<u>0</u>
Total Direct				
Total Program			<u>831,541</u>	<u>0</u>

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District Court				
Program: State and Local Narcotics Control Assistance				
Direct				
91042 State: Sheriff Narcotics Seizure Fund	N/A	N/A	1,075	
91049 State: Constable 2 Seizures	N/A	N/A	1,227	
91052 State: Constable 4 Forfeiture Funds	N/A	N/A	11,426	
91053 State: Constable 5 Confiscated Funds	N/A	N/A	285	
		Total Direct	<u>14,013</u>	<u>0</u>
Pass Through				
541 DA Forfeiture - State	N/A	N/A	906,875	
		Total Indirect	<u>906,875</u>	<u>0</u>
		Total Program	<u>920,888</u>	<u>0</u>
North Central Texas Council of Governments				
Program: Texas Municipal Solid Waste Disposal & Transportation Revenue Fee				
Pass Through				
400207 Household Hazardous Waste Mobile Unit Project	N/A	07-04-G04	11,000	
400307 Household Hazardous Waste Paint Can Crusher Project	N/A	07-04-G02	12,000	
		Total Indirect	<u>23,000</u>	<u>0</u>
		Total Program	<u>23,000</u>	<u>0</u>
Office of the Governor, Criminal Justice Division				
Program: Criminal Justice Planning (421) Fund				
Direct				
100508 SAFPF Re-Entry Court	N/A	SF-08-A10-18041-03	64,785	
100509 SAFPF Re-Entry Court	N/A	1804104	5,429	
100608 Female Offender Program (Felony)	N/A	SF-08-A10-19733-01	21,154	
100708 Felony DWI Court	N/A	SF-08-A10-19689-01	3,847	
201108 Dallas County DWI Court	N/A	SF-08-A10-18681-02	103,082	
600908 Collaborative Domestic Violence Project	N/A	SF-08-A10-15871-07	119,965	
600909 Collaborative Domestic Violence Project	N/A	1587108	25,096	
601108 Collaborative Prosecutor Project	N/A	SF-08-A10-18716-02	79,498	
601109 Collaborative Prosecutor Project	N/A	1871603	11,267	
601508 Child Abuse Court Prosecutor	N/A	SF-08-A10-16753-05	68,304	
601509 Child Abuse Court Prosecutor	N/A	1675306	16,446	
701108 Community Services Restitution Coordinator	N/A	SF-08-A10-17787-03	24,415	
		Total Direct	<u>543,288</u>	<u>0</u>
		Total Program	<u>543,288</u>	<u>0</u>
TAIP (Treatment Alternative to Incarceration Program)				
Dallas Community Supervision and Corrections				
Program: Residential Substance Abuse Treatment for State Prisons				
Pass Through				
100408 s Wilmer Residential Substance Abuse	N/A	RT-07-A10-14879-09	99,493	
		Total Indirect	<u>99,493</u>	<u>0</u>
		Total Program	<u>99,493</u>	<u>0</u>
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Task Force on Indigent Defense				
Program: Mental Health - Indigent Defense				
Direct				
660308 Mental Health Division Dallas County	N/A	212-58-D02	113,495	
		Total Direct	<u>113,495</u>	<u>0</u>
		Total Program	<u>113,495</u>	<u>0</u>
Task Force on Indigent Defense				
Program: Indigent Defense Grant				
Direct				
46645 SB 7 - Indigent Defense Grant	N/A	212-02-057	1,432,300	
		Total Direct	<u>1,432,300</u>	<u>0</u>
		Total Program	<u>1,432,300</u>	<u>0</u>
Texas Commission on Environmental Quality				
Program: Local Initiative Project				
Direct				
200408 Dallas County Clean Air Emissions Task Force	N/A	582-8-89951	44,117	
200608 Dallas County Counterfeit Inspections Initiative	N/A	582-8-89951	136,875	
		Total Direct	<u>180,992</u>	<u>0</u>
		Total Program	<u>180,992</u>	<u>0</u>
Texas Commission on Environmental Quality				
Program: Air Check Texas Repair & Replacement Assistance Program				
Direct				
200308 AirCheck Texas Repair & Replacement	N/A	582-2-55082-02	10,241,832	10,241,832
		Total Direct	<u>10,241,832</u>	<u>10,241,832</u>
		Total Program	<u>10,241,832</u>	<u>10,241,832</u>
Texas Department of Criminal Justice				
Program: TX Correctional Office on Offenders w/Medical & Mental Impairments				
Direct				
204008 TCOOMMI	N/A	696-TC-8-9-L00090	62,500	
		Total Direct	<u>62,500</u>	<u>0</u>
		Total Program	<u>62,500</u>	<u>0</u>

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Texas Department of Transportation				
Program: Automobile Theft Prevention Authority				
Direct				
560007 North Tx Auto Theft Task Force	N/A	SA-T01-10047-07	587	
560008 North Tx Auto Theft Task Force	N/A	SA-T01-10047-08	884,126	
560009 North Tx Auto Theft Task Force	N/A	SA-T01-10047-09	71,089	
21688 Auto Theft Program Income	N/A	N/A	3,973	
		Total Direct	<u>959,775</u>	<u>0</u>
		Total Program	<u>959,775</u>	<u>0</u>
Texas Education Agency				
Program: Juvenile Justice Alternative Education				
Direct				
720004 PASS	N/A	TJPC-P-04-057	20,628	
720107 JJAEP School	N/A	2007-029	26,996	
720108 JJAEP School	N/A	2008-029	2,041,120	
720109 JJAEP School	N/A	2009-029	89,763	
		Total Direct	<u>2,178,507</u>	<u>0</u>
		Total Program	<u>2,178,507</u>	<u>0</u>
Texas Juvenile Probation Commission				
Program: Juvenile Justice Delinquency Prevention - State				
Direct				
710008 TJPC Interest Account	N/A	7100-2008	14,698	
710308 Community Corrections Assistance Program	N/A	TJPC-Y-2008-057	2,202,096	
710309 Community Corrections Assistance Program	N/A	TJPC-Y-2009-057	355,228	
710808 State Aid	N/A	TJPC-A-2008-057	1,018,041	
710809 State Aid	N/A	TJPC-A-2009-057	132,987	
711207 Local Post Adjudication Fund	N/A	TJPC-V-2007-057	96,863	
711208 Local Post Adjudication Fund	N/A	TJPC-V-2008-057	482,320	
711508 Salary Adj Funding for Juvenile Probation, Detention, & Correction Officers	N/A	TJPC-Z-2008-057	1,053,027	
711509 Salary Adj Funding for Juvenile Probation, Detention, & Correction Officers	N/A	TJPC-Z-2009-057	104,105	
711608 Special Needs Diversionary Program	N/A	TJPC-M-2008-057	223,950	
711609 Special Needs Diversionary Program	N/A	TJPC-M-2009-057	19,867	
711703 Progressive Sanctions Level 5 Funding	N/A	TJPC-CCP-LV5	225,760	
711704 Progressive Sanctions Level 5 Funding	N/A	TJPC-CCP-LV5	58,225	
711705 Progressive Sanctions Level 5 Funding	N/A	TJPC-CCP-LV5	196,095	
711706 Progressive Sanctions Level 5 Funding	N/A	TJPC-CCP-LV5	131,920	
711707 Progressive Sanctions Level 5 Funding	N/A	TJPC-L-2007-057	164,220	
711808 Progressive Sanctions JPO	N/A	TJPC-F-2008-057	685,531	
711809 Progressive Sanctions JPO	N/A	TJPC-F-2009-057	156,968	
711908 Progressive Sanctions I, II, III	N/A	TJPC-G-2008-057	289,652	
712008 Progressive Sanctions ISJPO	N/A	TJPC-O-2008-057	252,505	
712009 Progressive Sanctions ISJPO	N/A	TJPC-O-2009-057	53,598	
712208 Intensive Community Baed Pilot	N/A	TJPC-U-2008-057	225,000	
712209 Intensive Community Baed Pilot	N/A	TJPC-U-2009-057	57,561	
712308 Intensive Community Baed Program	N/A	TJPC-X-2008-057	247,710	
712309 Intensive Community Baed Program	N/A	TJPC-X-2009-057	37,800	
712408 H-Diversionary Placement Fund	N/A	TJPC-H-2008-057	311,454	
720108 x JJAEP School	N/A	TJPC-P-2007-057	1,363,619	
720109 x JJAEP School	N/A	TJPC-P-2008-057	189,837	
		Total Direct	<u>10,350,637</u>	<u>0</u>
		Total Program	<u>10,350,637</u>	<u>0</u>

See Accompanying Notes to Schedule of Expenditures of Federal and State Awards

DALLAS COUNTY, TEXAS
 Schedule of Expenditures of Federal and State Awards
 For the year ended September 30, 2008

Federal or State Grantor / Pass-Through Grantor / Other Grantor / Program Title / Grant Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Amounts Passed Through to Subrecipients
Texas Water Development Board				
Texas Water Development Board				
Program: Water Loan Assistance Fund				
Direct				
960105 Sandbranch Optional Relocation Assistance TWDB	N/A	G23100	109,917	
		Total Direct	<u>109,917</u>	<u>0</u>
		Total Program	<u>109,917</u>	<u>0</u>
State Comptroller				
Program: Minority Business Office				
Direct				
200104 Minority Business Office	N/A	2005-1222	333	
200106 Minority Business Office	N/A	2006-1173	167	
200107 Minority Business Office	N/A	2007-1475	472	
		Total Direct	<u>972</u>	<u>0</u>
		Total Program	<u>972</u>	<u>0</u>
Program: Tobacco Compliance for Local Law Enforcement				
Direct				
1000507 Tobacco Compliance Grant for Local Law Enforcement Agency	N/A	SB55	25,000	
		Total Direct	<u>25,000</u>	<u>0</u>
		Total Program	<u>25,000</u>	<u>0</u>
		TOTAL STATE AWARDS	<u>\$ 29,897,870</u>	<u>\$ 11,815,924</u>

See Accompanying Notes to Schedule of Expenditures of Federal and State Awards

DALLAS COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2008

1. GENERAL

The accompanying schedule presents the activity of all federal and state award programs of Dallas County, Texas (the "County"), except for the federal and state award programs of the Dallas County Hospital District (the "District"), a component unit of the County, which has been excluded. The District expended \$16,045,280 and \$3,589,048 in federal and state awards, respectively, for the year ended September 30, 2008. A separate single audit report was issued for the District. The County's reporting entity is defined in Note I.A to the County's basic financial statements.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal and State Awards (the "Schedule") was prepared using the modified accrual basis of accounting. Federal and state award revenues are reported as intergovernmental revenues in the General Fund and the Special Revenue funds in the County's basic financial statements.

3. NONCASH AWARDS

Certain federal award programs reported in the Schedule do not involve cash awards to the County, as follows:

Childhood Immunization Grants CFDA 93.268 Heath Department: Immunizations	\$ 3,391,188
Food Donation Program CFDA 10.550 Youth Village: Food Donations	<u>9,000</u>
Total value of noncash awards	<u>\$ 3,400,188</u>

4. STATE GRANTS

Grants with "N/A" under CFDA number represent state grants received from the State of Texas which are not federally funded.

5. FOSTER CARE – TITLE IV E

Amount reported in the Schedule does not agree to the amount collected from the grantor agency for the Foster Care – Title IV E Admin (CFDA 93.658) due to timing differences. See reconciliation below:

Amount expended in fiscal year 2008 as reported on the SEFA	\$ 2,356,314
Add amount expended in fiscal year 2007 but not reimbursed until fiscal year 2008	<u>2,246,628</u>
Total reimbursed in fiscal year 2008	<u>\$ 4,602,942</u>

* * * * *

DALLAS COUNTY, TEXAS

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED SEPTEMBER 30, 2008

Item 08-01 Eligibility; Allowable Costs

Type of Finding: Significant Deficiency – Compliance over Eligibility and Allowable Costs

Contact person - Zachary Thompson, Director, Health and Human Services

Management Response - Management concurs with the finding. Currently, there are procedures in place to ensure that every file has an Enterprise Income Verification conducted. To improve upon the procedures, monitors will utilize a check list in participant files verifying what process was utilized in determining family annual income, value of assets, expenses related to deductions from annual income or other factors that affected the determination of adjusted income or income based rent.

Estimated completion - Current and on-going

Item 08-02 Eligibility; Allowable Costs

Type of Finding: Significant Deficiency – Compliance over Eligibility and Allowable Costs

Contact person - Zachary Thompson, Director, Health and Human Services

Management Response - Management concurs with the finding. Procedures are in place to ensure that participant reexaminations are performed at least every twelve months. Participants will be notified ninety days prior to the reexamination anniversary date to schedule the reexamination. Status of pending reexaminations will be updated, discussed and addressed during the monthly staff meetings.

Estimated completion - Current and on-going

Item 08-03 Allowable Costs

Type of Finding: Significant Deficiency – Compliance over Allowable Costs

Contact person - Zachary Thompson, Director, Health and Human Services

Management Response - Management concurs with the finding. Based on existing procedures, efforts to collect overpaid funds were made (Copies of documents provided to the auditor). However, due to typographical error, the notification to landlord had the incorrect amount. Subsequently, upon identifying the error, the landlord was notified and the overpaid funds recovered. Additionally, since that time, Dallas County has instituted a new version of the overpayment notification system that would address such cases and is available for review.

Estimated completion - Current and on-going

DALLAS COUNTY, TEXAS

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED SEPTEMBER 30, 2008

Item 08-04 Reporting

Type of Finding: Significant Deficiency – Compliance over Reporting

Contact person - Zachary Thompson, Director, Health and Human Services

Management Response - Management concurs with the finding. Dallas County will implement procedure to document information such as, name changes, in case notes. The monitors, during their routine review process, will then follow-up on the case notes to obtain documentation that will help reconcile information with HUD 50058 family reports.

Estimated completion - Current and on-going

Item 08-05 Cash Management

Type of Finding: Compliance over Cash Management

Contact person – Contract Administrator
Grant Audit Manager

Management Response - On July 24, 2008 a request for payment to the sub recipient was made for \$6,533,158. Dallas County calculates interest at the end of every month when average interest rate for the month is available. As of July 24, 2008 the interest rate for the month was not available and no interest was calculated for the amount in question. Later, however, interest was calculated for twenty four days of July and for the months after. Also, Dallas County will issue a check for the total interest amount to NCTCOG. Dallas County did not calculate interest on funds from TCEQ timely for the last seven days of September 2008. This interest was calculated in October 2008 and was booked as program income in the general ledger in FY 2009. Dallas County will ensure that interest is calculated timely on all idle funds.

Estimated completion - Current and on-going

DALLAS COUNTY, TEXAS

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED SEPTEMBER 30, 2008

Item 08-06 Allowable Costs

Type of Finding: Compliance over Allowable Costs

Contact person – Zachary Thompson, Director, Health and Human Services

Management Response – Although the charges to the meals and the senior center operations are posted to a single grant number, the expenditures for the respective components are tracked and allocated separately (copies of worksheets provided to the Auditor). The charges are based on a cost allocation plan which allows for reasonable allocation of costs between the two components. (A copy of the plan provided to the Auditor). The match for the respective components is allocated based on the allocation plan and is reported to the grantor on a monthly basis. (Copies of the worksheet provided to the Auditor). The nature of most activities involved in the meals and the senior center operations component are inseparable. Therefore the grantor requires the program to allocate and charge costs to these components based on established percentages. The grantor has reviewed the cost allocations and has approved the personnel charges to the components in question.

The recommendation to separate cost centers will be implemented in the next grant year and our agency will continue to track, account, and record cost for the respective components.

Estimated completion - Current and on-going

**DALLAS COUNTY, TEXAS
STATUS OF PRIOR-YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Item 07-01 – Significant Deficiency – Financial Accounting and Reporting

Criteria: Proper procedures and controls should be in place to properly account for and reconcile the general ledger accounts of the County.

Condition Found (including cause): Financial accounting and reporting in a County environment is very complex and requires not only an understanding of the internal processes of the County, but also a strong accounting knowledge and ability to analyze transactions and determine their impact on financial statements. Due to increased reporting and accounting requirements brought about by the Governmental Accounting Standards Board (“GASB”), an additional reporting burden has been placed on the accounting function. These requirements have required the County to maintain its books on two different bases of accounting, the modified accrual basis of accounting for day to day accounting and financial reporting, and a full accrual basis for year end reporting for government wide financial statements. Also, a larger focus has been placed on accounting for capital asset transactions which requires the County to maintain detailed records of capital assets and ensure that all such transactions are updated, properly accounted for, and depreciated at year end. In addition, the County has various types of revenue transactions that require different recognition criteria especially those that relate to inter-local agreements with other governments and grants. All of the above have added to the reporting burden of the County auditor’s office and resulted in numerous audit adjustments at year end and also resulted in a delay in the preparation of the financial statements and the reporting time line.

Perspective: A number of adjusting journal entries were recorded as a result of the audit.

Asserted Effect: The lack of reconciliation of certain accounts on the general ledger and timely analysis caused numerous audit adjustments that if not detected and corrected by management during the audit process would have caused the financial statements to be misstated or misleading.

Recommendation: Implement and perform the following procedures

- Perform an assessment of the staffing requirements and needs for the finance department, identify job descriptions and responsibilities for various positions and align individuals based on qualifications with those responsibilities.
- Identify the training needs for the existing staff based on the comparison of the qualifications and skills available and those needed to perform at the required level of expertise.
- Ensure that all policies and procedures are documented in a detailed written procedures manual. A comprehensive accounting policies and procedures manual should be a readily accessible reference available to accounting personnel to ensure that accounting policies and procedures are known and followed. Such a manual also benefits the County during turnover of key accounting individuals. With thoroughly documented policies and procedures, the learning period of new employees is reduced and management would have increased assurance that accounting policies and procedures are consistently followed during the transition period.
- Establish responsibilities within operating departments for appropriate monitoring and reconciliation of accounts and for the appropriate preparation of reports such as aging of receivables and development of “allowance rates” for estimates of uncollectible amounts, and unearned revenues.

DALLAS COUNTY, TEXAS

STATUS OF PRIOR-YEAR FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2008

- Develop a closing schedule for person responsible, their duties, and a time frame for completion to ensure timely completion and to enhance the accuracy of the closing process.

View of Responsible Officials: During 2007, due to retirement and promotions, several positions within the Financial Audit Section were filled by recent hires including the Financial Audit Manager, Supervisor of Reconciliations and an Accountant II. Staff turnover created an opportunity for management to reevaluate and reassess staff and their assigned tasks. Those management initiatives included development of automated CAFR tools and documentation of tasks performed accompanied with the goals for each task.

The Financial Audit Manager has assumed an expanded role training supervisors in the preparation of goals and procedures. Training of staff will be an on-going process including topics such as:

- How and what to look for while reviewing fund statements.
- How to use computer software such as excel to document completion of tasks and improve effective use of staff resources.
- How to provide an audit/documentation trail.
- How to document procedures such that another person could perform a task in their absence.

As goals and procedures are documented, reviewed and finalized a comprehensive accounting policies, procedures and training manual will be prepared with a copy provided to each person in the Financial Audit Section. The purpose of this manual is to provide documentation of accounting policies and procedures as well as training of new staff and the means to cross train staff. This training manual will supplement existing documentation, such as the Revenue Manual, Escrow Manual, and Receivables Manual.

The Procedures and Training Manual will incorporate procedures for generating “automated CAFR” worksheets, and setting allowance rates or aging of receivables, as well as establish a policy to require a closing schedule be developed that includes the duties, time frame and person responsible for the various tasks to be completed for the year-end closing process.

Status: The Financial Audit Manager has refined the automated CAFR tools and developed standard reconciliation format requirements to assist staff in identifying anomalies and preparing adjusting journal entries to expedite the closing schedule and enhance the accuracy of the closing process. Training was conducted through-out the year for staff in both group and individual sessions. Training will continue to be on-going as various segments of the interfaces to the accounting system, requirements and the environment continues to change. We will continue to update the accounting policies and procedures and have completed revisions to the Receivables Manual.

DALLAS COUNTY, TEXAS

STATUS OF PRIOR-YEAR FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2008

Item 07-02 Special Tests and Provisions

Type of Finding: Compliance Over Special Tests and Provisions

Program: CFDA 14.871, Section 8 – Housing Choice Vouchers

Criteria: The Housing Authority must review its schedule of utility allowances each year and must revise its allowance for a utility category if there has been a change of 10% or more in the utility rate since the last time the utility allowance schedule was revised.

Condition Found: The updating of the utility allowances per the utility allowance schedule was performed incorrectly. While the Housing Authority was performing an annual analysis for revising its utility allowance schedule, it was only looking at the change in rate category between prior year and current year rates and not between the rate used last to update that category in the schedule and the current year rate. Therefore, the utility allowance schedule did not reflect the accumulative effect of changes in the cost of utilities.

Questioned Costs: Not applicable.

Perspective: The intent of the Section 8 Housing Choice Vouchers program is to provide rental assistance, including utility assistance, to help low income families afford rental housing. Therefore, the utility allowance schedule should reflect the cumulative effect of changes in the cost of utilities.

Effect: The utility allowances provided to the Section 8 participants were lower than what they should have been.

Cause: Cumulative changes in utility rates were not taken into consideration when comparing to the required 10% change in utility rates.

Recommendation: To correct all utility categories within the utility allowance schedule, the Housing Authority may need to have another study performed to determine the normal patterns of consumption by energy conservative households for similar housing unit type and size in the same locality using current utility rates.

View of Responsible Officials: Dallas County is following the regulation stated in 24CFR982.517 (c)(1) that a revision to the utility schedule is made when there has been a 10% change since the last time the utility allowance was revised.

Status: As stated in the response, Dallas County is following the regulation stated in 24CFR982.517 that a revision to the utility schedule is made when there has been a 10% change since the last time the utility allowance was revised.

DALLAS COUNTY, TEXAS

STATUS OF PRIOR-YEAR FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2008

Item 07-03 Reporting

Type of Finding: Significant Deficiency - Compliance over Reporting

Program: CFDA 14.871, Section 8 – Housing Choice Vouchers

Criteria: The Housing Authority is required to submit HUD form 50058 electronically to HUD each time it completes an admission, annual reexamination, interim reexamination, portability move-in, or other change of unit for a family. The Authority must also submit a Family Report when a family ends participation in the program or moves out of the Authority's jurisdiction under portability.

Condition Found: The reports filed with HUD did not accurately reflect the information found from examination of supporting documentation within the participant's file.

Questioned Costs: Not applicable.

Perspective: One of twenty-five HUD 50058 reports selected for testing had a discrepancy with the inspection date. Two of twenty-five HUD 50058 reports selected for testing had a discrepancy in the unit address. One of twenty-five HUD 50058 reports selected for testing had a discrepancy in reported asset income.

Effect: The HUD 50058 reports filed did not contain accurate information.

Cause: Control procedures requiring the independent review of HUD 50058 reports reflected inaccurate information from data entry errors and lack of oversight and review of the HUD 50058 reports when completed and filed with HUD.

Recommendation: The information entered into and the HUD 50058 reports should be reviewed and verified against supporting documentation in the participant's file.

View of Responsible Officials: The aforementioned items were data entry type issues and did not materially impact the cases in questioned. Of the four (4) sub-findings noted three (3) of them were simply typographical oversight and the fourth sub-finding had no material impact on the HAP disbursed. (Itemized detailed response provided to Deloitte & Touché.)

Status: As stated in the response, the items in question were data entry type issues and did not materially impact the cases in question. Review process to identify and correct these typographical errors is in place.

Item 07-04 Eligibility; Allowable Costs

Type of Finding: Significant Deficiency – Compliance over Eligibility and Allowable Costs

Program: CFDA 14.871, Section 8 – Housing Choice Vouchers

Criteria: For both family income examinations and reexaminations, the Housing Authority is required to obtain and document in the participant or applicant's file third party verification of (1) reported family annual income, (2) the value of assets, (3) expenses related to deductions from annual income, and (4) other factors that affect the determination of adjusted income or income based rent.

DALLAS COUNTY, TEXAS

STATUS OF PRIOR-YEAR FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2008

Condition Found: Four of forty-five participant files reviewed did not contain 3rd party verification of certain income to support the eligibility requirements for participation in the program. Three of twenty-five participant files reviewed did not contain 3rd party verification of income from wages to search for possible under reporting of family income. One of twenty-five HUD reports reviewed, did not contain child support verification from the State Attorney General. Therefore, 3rd party verification was not found to support all income verification.

Questioned Costs: \$409.

Perspective: The Authority is required to establish procedures that are appropriate and necessary to assure that income data provided by applicant or participant families is complete and accurate.

Effect: Without proper 3rd party support of income verification, participants may not be obtaining or obtaining too much program support.

Cause: The participant's income is not being properly reviewed and verified with support from 3rd party information.

Recommendation: The Authority should use the Enterprise Income Verification system for 3rd party verification of wages to assist in determining if a participant has under reported income and document and maintain this information with the participant or applicant's file.

View of Responsible Officials: EIV and third party documentation was present in all cases. DCHA has verification policies and procedures in place that are appropriate and adequate to assure income data provided by applicants or participant families is complete and accurate to include EIV to search for unreported income. (Itemized detailed response provided to Deloitte & Touché.)

Status: There are procedures in place to ensure that every file has an Enterprise Income Verification conducted. However, based on the audit results DCHA has reviewed its procedures to strengthen the third party verification of income data provided by applicants or participant families. These procedures were implemented in the middle of fiscal year 2008 and DCHA is continuing to evaluate their effectiveness.

Item 07-05 Reporting; Allowable Costs

Type of Finding: Compliance over Reporting and Allowable Costs

Program: CFDA 14.871, Section 8 – Housing Choice Vouchers

Criteria: The Authority must pay a monthly housing assistance payment (“HAP”) on behalf of the participant family that corresponds with the amount on line 12u of the HUD 50058 report. The HAP amount is paid and must be reflected in the HAP contract and the HAP register.

Condition Found: The HAP register was not updated in a timely manner. The HAP register did not agree to the HAP contract or the HUD 50058 report.

Questioned Costs: \$84.

DALLAS COUNTY, TEXAS

STATUS OF PRIOR-YEAR FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2008

Perspective: In four of twenty-five participant files reviewed, the HAP register was not updated in a timely manner. The HAP register did not agree to the HAP contract or the HUD 50058 report.

Effect: The HAP amount was not accurately paid and reflected for some of the program's participants.

Cause: The HAP register was not updated in a timely manner.

Recommendation: The Authority should review its process for updating the HAP register and determine how changes to the HAP register are not made on a timely basis. The Authority should also implement controls to review the HAP register and make sure the amounts are being properly reflected and reported in a timely manner.

View of Responsible Officials: Based on regulations there are no specific timeline required to effect necessary adjustments for under/over payments (refer form HUD-52641, Part B. 7. f.). In all cases found, DCHA had effected adjustments to the referenced HAP payments. (Itemized detailed response provided to Deloitte & Touche.)

Status: As stated in the response, bases on regulations, there are no specific timeline required to effect necessary adjustments for under/over payments (refer form HUD-52641, Part B. 7. f.). In all cases found, DCHA had effected adjustments to the referenced HAP payments.

Item 07-06 Subrecipient Monitoring

Type of Compliance: Significant Deficiency – Compliance over Subrecipient Monitoring

Program: Air Check Texas Repair & Replacement Assistance Program

Criteria: As part of subrecipient monitoring for the grant, Dallas County is required to (1) ensure its subrecipients that expend \$500,000 or more in state awards during the subrecipient's fiscal year have the required single audit performed and that it is completed within nine months of the end of the subrecipient's audit period, (2) issue a management decision on audit findings with six months after receipt of the subrecipient's audit report, and (3) ensure the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, Dallas County shall take appropriate action using sanctions.

Condition Found: Dallas County did not receive the fiscal year 2006 single audit report from its subrecipient in 2007. Therefore, Dallas County did not meet the criteria noted above.

Questioned Costs: Not applicable.

Perspective: Ensuring that a subrecipient has a single audit performed is part of the compliance requirements for Dallas County and this requirement was not met due to a lack of follow up on Dallas County's part.

Effect: Without proper subrecipient monitoring the grant agreement stipulations may not be met and the compliance requirements may not be followed appropriately.

DALLAS COUNTY, TEXAS

STATUS OF PRIOR-YEAR FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2008

Cause: The lack of subrecipient monitoring caused Dallas County to not meet the requirements noted above in the grant agreement.

Recommendation: Dallas County should ensure that the subrecipient has a single audit performed in any year that it expends \$500,000 or more in State awards and that it receives a copy of the single audit report in a timely manner.

View of Responsible Officials: The NCTCOG issued its' Single Audit Report for the year ended September 30, 2006 on January 19, 2007. Dallas County, however, did not request or receive this audit report in a timely manner and will ensure that NCTCOG submits this report to the County as soon as it is issued. As the report had no audit findings, the requirements to issue a management decision on the audit findings within 6 months after the sub-recipient's audit report and/or ensure timely and appropriate corrective action were not applicable.

Status: NCTCOG's Single Audit Report is on their web-site and was posted in a timely manner for FY07. We reviewed the report and there were no audit findings.

Item 07-07 Reporting

Type of Finding: Compliance over Reporting

Program: Air Check Texas Repair & Replacement Assistance Program

Criteria: The Texas Administrative Code for TCEQ Rule 114.70a states that a participating county shall submit quarterly audit reports to ensure that the funds provided to implement the Low Income Vehicle Repair Assistance, Retrofit, and Accelerated Vehicle Retirement Program (LIRAP) have been used in accordance with requirements of this division. The quarterly reports (September – November, December – February, March – May, and June – August) must be transmitted to the executive director in paper copies or in an electronic database format to be determined by mutual agreement between the state and the participating county no later than 30 days after the end of the quarter.

Condition Found: Dallas County did receive the quarterly reports from its subrecipient but did not submit any of the quarterly reports to TCEQ in fiscal year 2007.

Questioned Costs: Not applicable.

Perspective: Per the Texas Administrative Code for TCEQ Rule 114.70a, Dallas County is to submit or ensure that the subrecipient submits required quarterly reports.

Effect: Without proper and timely submission of reports to the grantor the compliance requirement per the grant agreement will not be met.

Cause: Dallas County did not submit any of the quarterly reports to TCEQ in fiscal year 2007 due to a dispute with the subrecipient over calculation of administrative costs.

Recommendation: Dallas County needs to resolve the administrative cost issue with the subrecipient and submit the required reports.

DALLAS COUNTY, TEXAS

STATUS OF PRIOR-YEAR FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2008

View of Responsible Officials: Dallas County is working with its' subrecipient to resolve the administrative cost issue and has drafted an audit report that addresses the contractual allocation percentage. Dallas County will submit the quarterly reports to TCEQ as soon as this issue is resolved.

Status: Dallas County has resolved the issue of administrative cost and submitted all required quarterly reports to TCEQ.

Item 07-08 Cash Management

Type of Finding: Significant Deficiency – Compliance over Cash Management

Program: Air Check Texas Repair & Replacement Assistance Program

Criteria: Entities subject to the A-102 Common Rule shall liquidate all obligations incurred under the award no later than 90 days after the end of the funding period (or as specified in a program regulation) to coincide with the submission of the annual Financial Status report. The granting agency may extend this deadline upon request.

Condition Found: Dallas County has not remitted the unused funds from the State for the fiscal year 2006-2007 funding period.

Questioned Costs: Not applicable.

Perspective: Dallas County should either remit the unused funds within the time period allowed or ask for an extension for TCEQ to resolve the issue.

Effect: Without proper and timely remittance of unused funds the compliance requirement within the grant agreement for cash management is not met.

Cause: Dallas County has not remitted the unused funds to the granting agency due to a dispute with the subrecipient over the calculation of administrative costs.

Recommendation: Dallas County should ask for an extension with the granting agency and quickly resolve the issue with the subrecipient and remit the unused funds.

View of Responsible Officials: Dallas County is working with its subrecipient to quickly resolve the issue of the calculation of administrative costs and will ask TCEQ for an extension or will remit the unused funds, if any, back to TCEQ.

Status: Per grant agreement between Texas Commission on Environmental Quality (TCEQ) and Dallas County dated August 20, 2002 as modified by amendment #2 dated June 22, 2004, Article 7.1.1 states that TCEQ may encumber grant monies collected in a fiscal year and disburse that grant money to the county (on an as need basis as determined by TCEQ) within a period of two (2) fiscal years after the encumbrance. Additionally, Article 7.1.2 states that grant money appropriated for TCEQ in a fiscal year may be spent by the county in that fiscal year and for two (2) fiscal years after the year of appropriation. As all funds were spent in FY08 prior to the grant expiration date, there was no balance left to be remitted back to TCEQ.

DALLAS COUNTY, TEXAS

STATUS OF PRIOR-YEAR FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2008

Item 07-09 Allowable Costs

Type of Finding: Significant Deficiency – Compliance with Allowable Costs

Program: State and Local Narcotics Control Assistance Program

Criteria: Section 59.06(d) of the Texas Code of Criminal Procedure states that proceeds awarded under this Chapter to a law enforcement agency or to the attorney representing the state may be spent by agency or the attorney after a budget for the expenditure of the proceeds has been submitted to the commissioners court or governing body of the municipality. The budget must be detailed and clearly list and define the categories of expenditures, but may not list details that would endanger the security of an investigation or prosecution.

Condition Found: Budgets were not prepared for the Sheriff's and Constable's offices.

Questioned Costs: \$60,559, which represents the amount of expenditures for the fiscal year 2007 for the two offices.

Perspective: Dallas County has not prepared and submitted budgets to the commissioners court for expenditures of the proceeds for these two offices.

Effect: Without the proper preparation and submission of budgets as required by Chapter 59, Dallas County will not be in compliance and the expenditures would be allowable.

Cause: Dallas County did not prepare budgets for these two offices and did not submit them to the Commissioners Court.

Recommendation: Dallas County should prepare a budget for the expenditure of the proceeds and submit it to the Commissioners Court as required.

View of Responsible Officials: Dallas County Auditor's office staff certified actual expenditures, reconciled receipts and verified inventory on hand for year ending 9/30/2007 for all Chapter 59 activity including the two offices (Sheriff and Constable) where the 2007 budget was not filed with Commissioners Court. Since, full expenditure disclosure has been made and accepted by Commissioners Court with certification of the annually required state audit format, no additional budget certification is needed for FY2007. Emphasis will be placed on verification that budgets are in place prior to processing future disbursements.

Status: Policies were updated and reviewers were directed to confirm filing of requisite budget and briefing as needed with Commissioners Court prior to cosigning distribution checks. FY2008 State forfeiture budgets were filed with Commissioners Court as a part of the Informational Briefing dated 1/29/08.

Item 07-10 Allowable Costs

Type of Finding: Compliance over Allowable Costs

Program: State and Local Narcotics Control Assistance Program

Criteria: Section 59.06(d) of the Texas Code of Criminal Procedure states that a commissioners court or governing body of a municipality may not use the existence of an award to offset or decrease total salaries, expenses, and allowances that the agency or the attorney receives from the commissioners court or governing

DALLAS COUNTY, TEXAS

STATUS OF PRIOR-YEAR FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2008

body at or after the time the proceeds are awarded. The head of the agency or attorney representing the state may not use the existence of an award to increase a salary, expense, or allowance for an employee of the attorney or agency who is budgeted by the commissioners court or governing body unless the commissioners court or governing body first approves the expenditure.

Condition Found: The District Attorney's office made a \$1,000,000 payment to Dallas County for salaries and wages of Dallas County's Child Abuse Division.

Questioned Costs: Undeterminable.

Perspective: Chapter 59 contains the provisions with regards to the disposition of forfeited property by the District Attorney. However, there appears to be some ambiguity as to what expenditures are allowable.

Effect: Without clarification of the intent of the District Attorney along with the guidance followed in making the payment to Dallas County by the District Attorney for \$1,000,000, it is unclear whether the payment is or is not allowable under Chapter 59.

Cause: The District Attorney made a onetime payment to Dallas County before he left the District Attorney's office with unclear guidance and support for the payment thus we cannot satisfy ourselves to allowability of the payment under Chapter 59.

Recommendation: Dallas County should reevaluate whether the \$1,000,000 payment was allowable within Chapter 59 guidelines.

View of Responsible Officials: Although clear guidance from the previous District Attorney is questioned, both he and his staff discussed the Chapter 59 statutory requirements with the County Auditor prior to transfer of these funds. The funds were earmarked for the benefit of the District Attorney's office and as subsequent specific District Attorney requests for additional funding beyond the approved District Attorney budget were made, specific expenditures related to those requests were approved by the commissioners and drawn down from the initial payment without supplanting. There was no decrease or offset in either the FY07 or FY08 budgets. Since statutory conditions were met, no issues remain open for clarification by the Attorney General's office.

Status: The FY2007 transfer affected possession but not allowable use of funds. Use of transferred funds was approved by both the District Attorney and Commissioners Court without supplanting. Funds are fully expended and all expenditures benefited the District Attorney's office.

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



**REPORT FOR THE YEAR ENDED
SEPTEMBER 30, 2008**

DALLAS COUNTY, TEXAS

Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2008

Prepared by:

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

DALLAS COUNTY, TEXAS
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended September 30, 2008

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DALLAS COUNTY, TEXAS
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2008

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INTRODUCTORY SECTION

(Unaudited)



DALLAS COUNTY

COUNTY AUDITOR

March 27, 2009

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, 2008.

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 Number 45 (Other Post Employment Benefits) became effective for FY2008. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the basic financial statements will be free from material misstatement. Responsibility for internal controls is shared by Commissioners Court, which is the governing body, the County Auditor, who is appointed by the District Judges, the Office of Budget and Evaluation, and the County Treasurer. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. We assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's basic financial statements have been audited by Deloitte & Touche, LLP. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the County, for the fiscal year ended September 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors' report is presented as the first component of the financial section of this report.

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

PROFILE OF DALLAS COUNTY

The County is located in north central Texas, and is strategically central to the economic region of Texas, Louisiana, Arkansas, Oklahoma and New Mexico as well as centrally located within the United States. The County region was opened for settlement by the Mexican colonization laws and was included in an empresario grant before 1836, but actual settlement was delayed until 1841. The first Texas legislature created the County from parts of Robertson and Nacogdoches counties on March 30, 1846, and designated the town of Dallas (a post office since 1844) as a temporary "Seat of Justice." The act does not state whom the County's name honors; it probably was George M. Dallas, then vice president of the United States. Two elections were held in 1850 to fix the City of Dallas as the permanent county seat. The County encompasses an area of 900 square miles. The 2008 estimated population for the County was 2.5 million. The County is a public corporation and political subdivision of the State of Texas. The general governing body of the County is the elected five-member Commissioners Court in accordance with Article 5, Paragraph 18 of the Texas Constitution. Commissioners serve four-year staggered terms, two members elected every two years. The County Judge is elected at large to serve a four-year term.

The Commissioners Court sets the tax rates, establishes policies for County operations, approves contracts for the County and develops and adopts the County budget within the resources as estimated by the County Auditor. The Commissioners Court is also responsible for development of policies and orders, approving financial commitments and appointment of various department heads. The management and leadership provided by members of the Commissioners Court and the elected and appointed officials of other key County offices is crucial to the success of the County in financial management and growth. The commissioners serve on various boards and committees including the National Association of Counties, the Texas Conference of Urban Counties, State Judicial Committee on Information Technology, Dallas Children's Advocacy Center, Dallas County DWI Taskforce, Texas Juvenile Crime Commission, Public Employees Benefit Corporation, North Central Texas Council of Government, Regional Transportation Council and Transportation Excellence for the 21st Century.

The County Auditor is appointed according to Texas State statutes for two year terms by the district judges. The County Auditor has responsibilities for prescribing the systems and procedures for handling the finances of the County, certifying available funds for county budgets, and "examining, auditing and approving" all disbursements from County funds prior to their submission to the Commissioners Court for approval. It is the Auditor's duty under statutory mandates to determine if claims are in conformance to laws governing county finance. Commissioners Court has vested accounts payable and payroll processing functions with the County Auditor. The Auditor and/or staff serve on various government boards and committees including the Texas Association of County Auditors, Texas Association of Counties Policy Analysis Group, Civil Courts Governance Committee and the Divert Court Advisory Board.

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

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

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

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

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

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

Net migration to the Dallas area is high and population trends in Texas and in Dallas continue to indicate a more diverse, poorer, less educated, older citizen base with increasing medical needs. The unemployment rates rose from 4.3% to 5.3% at year end for the metropolitan area. The year end rate for the State of Texas was 6.0%. Housing starts, prices and sales declined during the year albeit at a lesser rate than nationwide. The Dallas/Ft. Worth area was hit hard by foreclosures, and at the same time, it became difficult to obtain new loans. De-leveraging of the housing market and the effect on interest rates are reflected in the collapse of federal interest rates from 4.75% to 2.0% during the fiscal year and an additional decline of one basis point in October. Energy prices bounced during the fiscal year. The

highest fuel prices were encountered near the end of the fiscal year, but dramatic declines were noted by the end of the calendar year.

Business planning continues to address air pollution which remains a serious issue with attainment of acceptable levels of pollutants questioned. Significant budgetary challenges are housing needs for the homeless, insurance/hospital options for the unemployed, and criminal justice issues. Dallas County budget initiatives reflect increased pressures to provide for public safety, transportation funding and inmate health/security, as well as cost-reduction measures for other offices, forbearance of employee raises and holding property tax rates level.

Long-term Financial Planning – Long-term planning initiatives were reviewed during the year with assistance of a contract consultant. The County's Strategic Plan (2007 – 2017) adopted in 2007 remains integral for 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 to replace debt financing for major projects. The MCDF receives property tax funding and is used to fund large capital projects similar in nature to projects funded by the County through bonds. The MCDF has three categories of projects: transportation, parks and open space, and buildings. Revenue projections are expected to replenish reserves for future use. In accordance with the Major Capital Plan, a percentage of assessed taxes is devoted to large scale technology projects. The Major Technology Fund receives dedicated property taxes and is used to fund long-term objectives related to computer technology.

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

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

Major initiatives – County programs were addressed emphasizing public safety and transportation while focusing on minimizing any need for increasing property tax rates. The public safety focus is evidenced by development of DNA programs by the District Attorney, technology initiatives for criminal and civil courts, continued exploration of options for enhanced/improved jail health and by building improvements for courts and jails. With the goal of improving collection of receivables, significant collaboration and reviews were conducted for outstanding debts, taxes and fees due the County. The decision to adopt a property tax freeze for 65 and older taxpayers became effective with the 2008 roll effecting deferred tax revenues.

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, 2007. The Certificate of

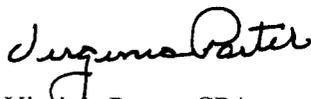
Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose 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 27 consecutive years (fiscal years ended 1981 through 2007). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

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

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

Respectfully submitted,



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, 2007

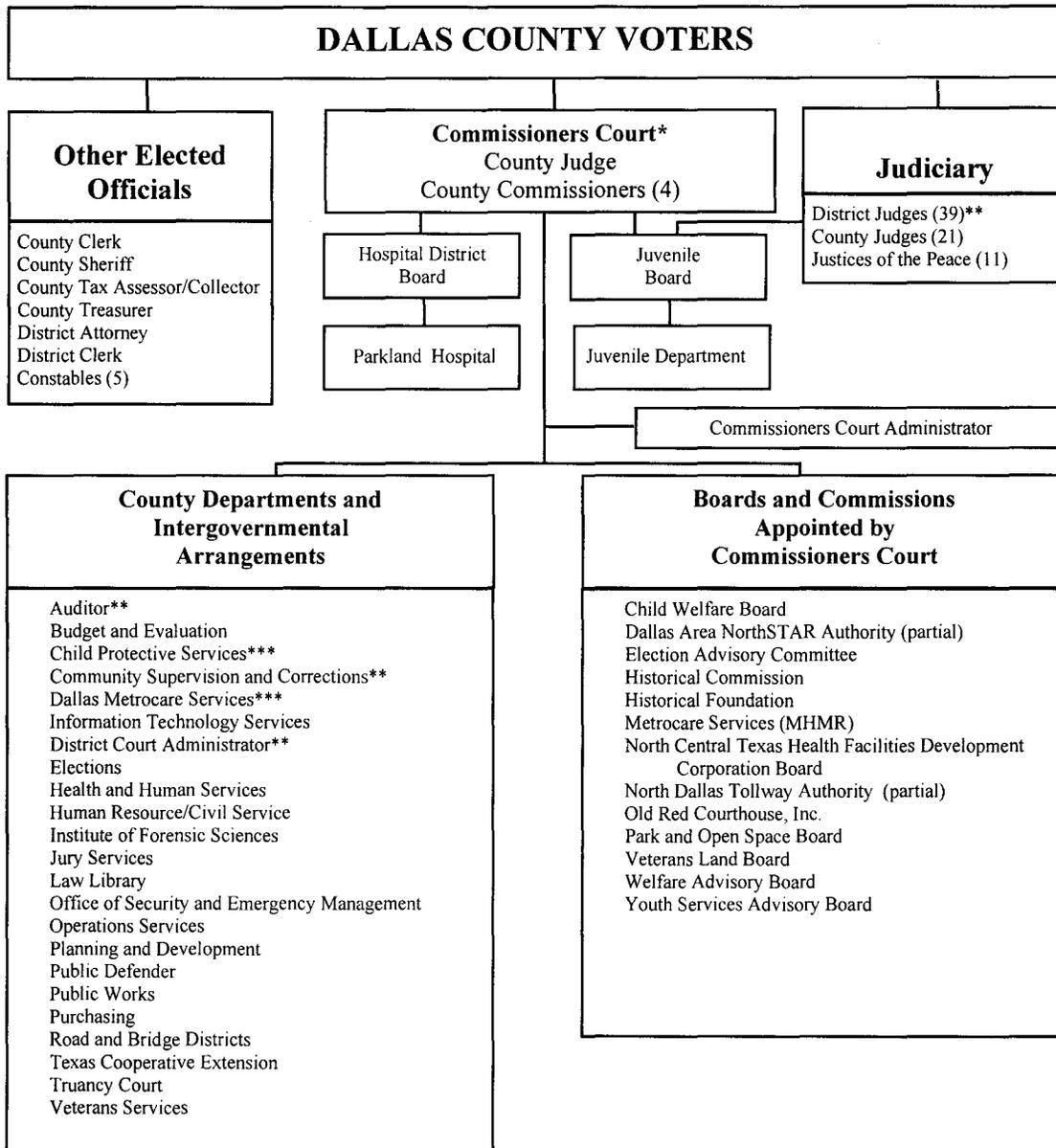
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

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 Commission.

*** 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, 2008

<u>Official Title</u>	<u>Incumbent</u>
County Judge	Jim Foster
Commissioner, Precinct 1	Maurine Dickey
Commissioner, Precinct 2	Mike Cantrell
Commissioner, Precinct 3	John Wiley Price
Commissioner, Precinct 4	Kenneth A. Mayfield
County Auditor	Virginia Porter
County Treasurer	Joe Wells
Assessor-Collector of Taxes	David Childs
County Clerk	John Warren
District Attorney	Craig Watkins
District Clerk	Gary Fitzsimmons
Sheriff	Lupe Valdez

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities; each major fund; the Dallas County Hospital District (the discretely presented component unit); and the aggregate remaining fund information of Dallas County, Texas (the "County"), as of and for the year ended September 30, 2008, which collectively comprise the County's financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of Dallas County's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Parkland Foundation, a discretely presented component unit of the Dallas County Hospital District, for the year ended September 30, 2008, (which encompasses 1.7% of assets, .87% of revenue, and 1.8% of net assets of the Dallas County Hospital District). Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dallas County Hospital District, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 were audited in accordance with auditing standards generally accepted in the United States of America, but 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 respective 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 and report of other auditors provide a reasonable basis for our opinion.

As discussed in Note VIII, the County implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which requires the measurement, recognition, and display of other postemployment benefits for the year ended September 30, 2008.

In our opinion, based on our audit and the report of the other auditors, the respective financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, the discretely presented component unit and aggregate remaining fund information of Dallas County as of September 30, 2008; the results of its operations; and cash flows of its proprietary fund and discretely presented component unit for the year then ended in conformity with accounting standards generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2009, on our consideration of the County's internal control over financial reporting and 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.

Management's Discussion and Analysis (pages 11 – 23); the budgetary comparison information for the general, major projects and major grants funds (pages 78 – 83); the Modified Approach – Infrastructure Assets (pages 84 – 85); the Schedule of Funding Progress for the Retirement Plan – Primary Government (page 86); the Schedule of Funding Progress for Other Postemployment Benefits Plan – Primary Government (page 86); the Schedule of Funding Progress of Defined Benefit Pension Plan – Discretely Presented Component Unit (page 87); and the Schedule of Funding Progress for Other Postemployment Benefit Plan – Discretely Presented Component Unit (page 87), are not required parts of the financial statements, but constitute supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of Dallas County's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the County's respective financial statements. The introductory section, the combining and individual fund financial statements, the budgetary schedules and statistical tables ("supplementary information"), listed in the foregoing table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements of Dallas County. Such supplementary information is the responsibility of management of Dallas County. The combining and individual fund financial statements have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Deloitte & Touche LLP

March 27, 2009

DALLAS COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Primary Governmental Activities

This management discussion and analysis (MD&A) of the County of Dallas (County) financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2008. The MD&A should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements. *All amounts, unless otherwise indicated, are expressed in thousands of dollars.* The MD&A includes comparative data for the prior year.

FINANCIAL HIGHLIGHTS

- The government-wide financial position improved as indicated by the \$11,211 increase in net assets from the previous year. The increase occurred although cash reserves were used to fund increasing costs without an increase in property taxes and despite a 56% decline in interest income. Additionally, in response to Governmental Accounting Standards Board Statement No. 45 (GASB 45), other postemployment benefit obligations of \$21,000 are included as a general government expense. At September 30, 2008, the annual required contribution less amount paid during the year of \$18,298 is reflected as a non-current liability. The total net assets of \$488,166 include \$40,360 restricted for specific purposes and \$429,277 invested in capital assets net of related debt. Restricted funds are for future grant expenditures, future special revenue projects and debt service.

The increase of \$62,897 in capital assets reflects significant construction costs for the County's jail facilities and a Forensic Science building, scheduled for completion in FY2009.

Taxes based on the 2008 levy embody no tax rate increase, a 6% increase in the assessed tax roll, and a newly adopted over 65 tax freeze.

- In the governmental funds statements, combined fund balances at year-end totaled \$179,681; of which 45% is unreserved fund balances. The more significant components of unreserved fund balance are maintained in the general fund as emergency reserves (15%) and other non-major funds for planned transportation projects (15%).

General funds reflect a 5% increase of property tax receivables and 7% increase of deferred and unearned revenue with a \$5,151 decline in fund balance. Taxes collected in 2008 based on 2007 levy reflect a 6.6% rate increase to 22.81 cents per \$100 dollars valuation. Investment income declined significantly as rates plummeted during the year. Reserve transfers of \$4 million and \$15 million were approved during the year for judicial and public safety expenditures, resulting in a final unreserved general fund balance of \$26,737 or 6.0% of general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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, libraries 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. Such information may be useful in evaluating the County's near-term financing requirements.

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

The County maintains 23 individual governmental funds (excluding fiduciary funds), 16 special revenue funds, five capital project funds, one debt service fund and the General Fund. Information is presented separately in the governmental fund balance sheet and in the

governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Debt Service Fund, Major Projects Fund and Major Grant Fund which are classified as major funds. Data from the other non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this Comprehensive Annual Financial Report.

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

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

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

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

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

Complete financial statements for the District may be obtained from:

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The County's net assets at September 30, 2008 and 2007 are summarized as follows:

	<u>Governmental Activities</u>		Increase (Decrease)
	<u>2008</u>	<u>2007</u>	
Current and other assets	\$ 662,341	\$ 683,944	\$ (21,603)
Capital assets (net of depreciation)	<u>507,355</u>	<u>444,458</u>	<u>62,897</u>
Total assets	<u>1,169,696</u>	<u>1,128,402</u>	<u>41,294</u>
Current and other liabilities	465,796	426,948	38,848
Long-term liabilities	<u>215,734</u>	<u>224,499</u>	<u>(8,765)</u>
Total liabilities	<u>681,530</u>	<u>651,447</u>	<u>30,083</u>
Net assets invested in capital assets, net of related debt	429,277	371,524	57,753
Restricted	40,360	59,017	(18,657)
Unrestricted net assets	<u>18,529</u>	<u>46,414</u>	<u>(27,885)</u>
Total net assets	<u>\$ 488,166</u>	<u>\$ 476,955</u>	<u>\$ 11,211</u>

Total assets of \$1,169,696 reflect a nominal increase of 3.7% during the fiscal year although cash and investments declined 15.8%. The major asset categories of receivables and capital assets increased; total liabilities also increased by 4.6%. The increase in capital assets reflects expenditures for construction costs associated with the South Tower Jail and Forensic Science buildings. Receivables are offset by deferred revenue since tax revenue assessed on January 2008 property values will not be realized until FY2009. Capital assets represent investments with useful lives exceeding one year and are non-liquid assets and cannot be utilized to satisfy County obligations. The total liabilities of \$681,530 include current liabilities of \$465,796. The most significant current liability is deferred tax revenue. Liabilities requiring use of budgetary resources (generally accounts payable) increased 19.1%. Liabilities also include debt to finance non-County road maintenance which does not result in an increase in County assets and an unfunded obligation of \$18,298 for other postemployment benefits required by GASB 45.

The County's assets exceeded liabilities by \$488,166 at the close of the fiscal year. Of this amount, 8.3% or \$40,360 represents *restricted net assets* which are resources that are subject to external restrictions on how they may be used. Restrictions on net assets include statutory requirements, bond covenants, and grantor conditions. The most significant portion \$429,277 of the County's net assets reflects its *investment in capital assets* (e.g., land, buildings, machinery, and equipment) net of related debt. The key components of the increase in net assets of \$11,211 are the following:

- Planned use of reserves for major projects and bond projects
- Declining debt resulting from on-going "pay-as-you-go" capital planning.

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

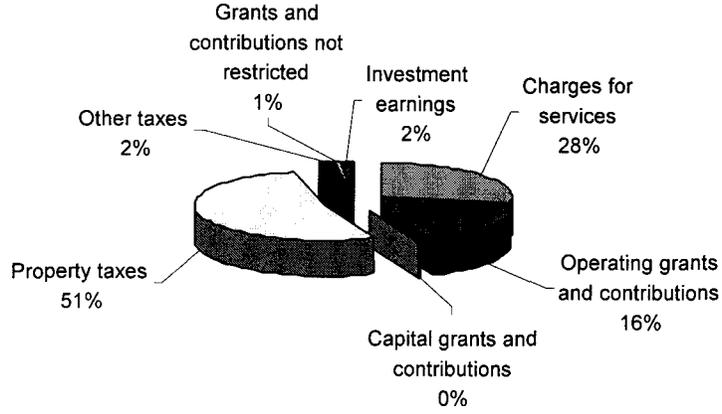
Governmental activities. Governmental activities increased net assets by \$11,211. Key elements of this increase are as follows:

Dallas County's Changes in Net Assets – Governmental Activities
For the Years Ended September 30, 2008 and 2007

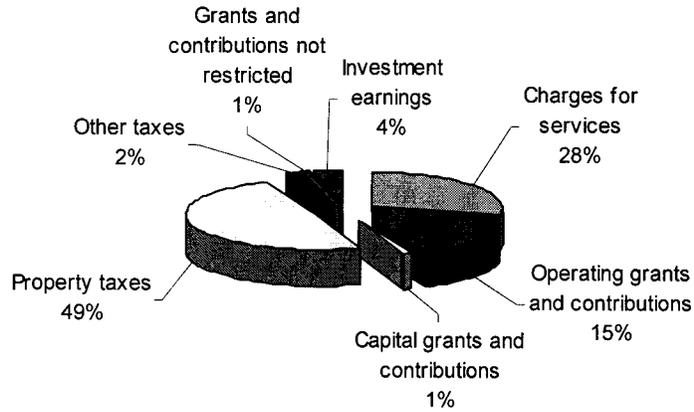
	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>
Revenues:			
Net program revenues:			
Charges for services	\$ 189,773	\$ 177,662	\$ 12,111
Operating grants and contributions	108,239	93,286	14,953
Capital grants and contributions	1,063	6,156	(5,093)
General revenues:			
Property taxes	356,596	309,560	47,036
Other taxes	12,119	11,858	261
Grants and contributions not restricted	4,659	3,534	1,125
Investment earnings	<u>10,276</u>	<u>23,341</u>	<u>(13,065)</u>
Total Revenues	<u>682,725</u>	<u>625,397</u>	<u>57,328</u>
Expenses:			
General government	126,656	99,805	26,851
Public safety	235,161	216,521	18,640
Highways and streets	34,689	32,955	1,734
Public welfare	72,374	66,913	5,461
Health	46,735	41,590	5,145
Judicial	134,413	126,971	7,442
Education	11,699	10,189	1,510
Libraries	3	10	(7)
Interest on long-term debt	<u>9,784</u>	<u>10,599</u>	<u>(815)</u>
Total Expenses	<u>671,514</u>	<u>605,553</u>	<u>65,961</u>
Change in net assets	11,211	19,844	(8,633)
Net assets – beginning	<u>476,955</u>	<u>457,111</u>	<u>19,844</u>
Net assets – ending	<u>\$ 488,166</u>	<u>\$ 476,955</u>	<u>\$ 11,211</u>

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

Revenues by Source - Governmental Activities FY2008



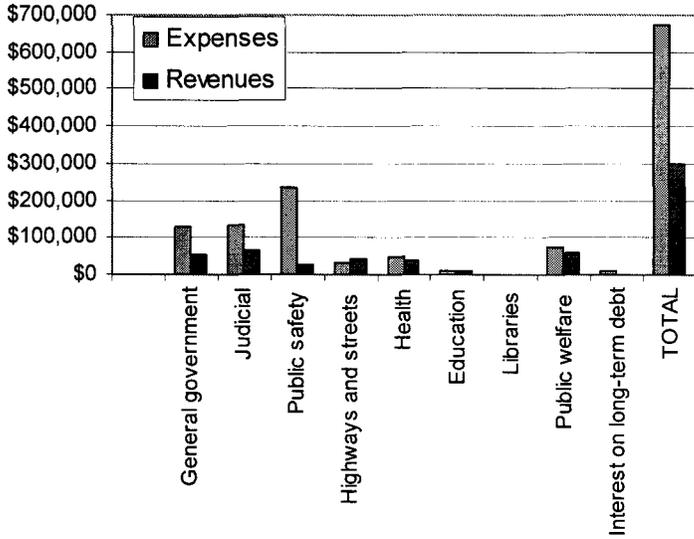
Revenues by Source - Governmental Activities FY2007



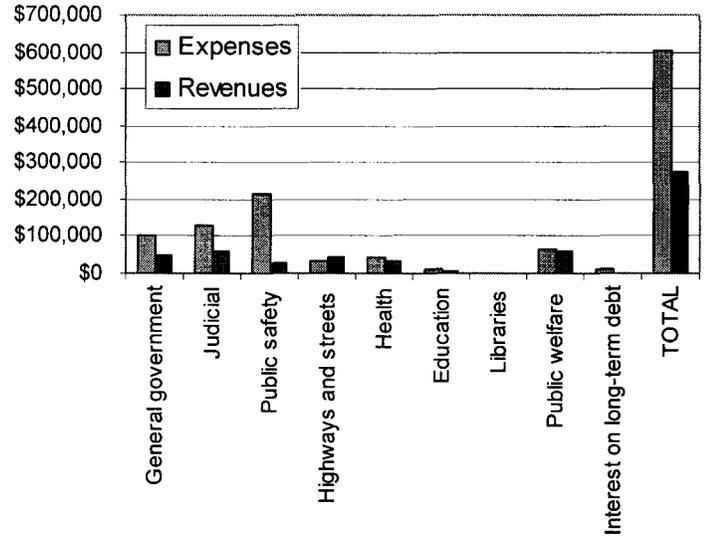
General Revenues

For FY2008, revenues totaled \$383,650 compared to \$348,293 for prior fiscal year or 10.2% increase. The tax rate assessed for January 1, 2007 valuation date remained unchanged from prior year.

Expenses and Program Revenues - Governmental Activities - FY2008



Expenses and Program Revenues - Governmental Activities - FY2007



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

- The budgeted activity included salary increases of 4%.
- Medical claims are increasing compared to prior years for all coverage types of the County's self-funded program. Stop loss insurance successfully mitigated expenditures.
- Other postemployment benefits of \$21,000 as required by GASB 45 are reflected as general government expense and was a major contributor to Unrestricted Net Assets being negative.
- Public safety positions budgeted in the previous year were filled.
- Public Welfare included additional juvenile residential offices to cover mandated staffing for growing juvenile detention population.
- Intergovernmental awards increased for the County's Charter School and an air quality project. Total awards for public welfare remained flat but budgetary purpose is moving from capital to operational.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$179,681, a decrease of \$56,439 compared with the prior year. The General Fund balance decreased \$5,151 (only 31% of the prior year decline). Planned expenditures for major projects caused a decline of \$19,221 in the Major Projects Fund. A portion of fund balances is reserved (not available for new spending) due to commitments for: 1) liquidating contracts and purchase orders as of year-end (\$93,854); 2) inventories (\$1,600); and 3) other restricted purposes (\$2,970).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$26,737 in contrast to \$32,139 in the prior year. Drivers for revenue were higher appraised values for taxable properties and assets, enhanced collection systems, and decreasing interest rates. Increased revenues were expended for additional salaries (\$29,481), and general government operating expenditures (\$7,770). As a measure of the General Fund's liquidity, we compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 6.0% of total fund expenditures, short of the General Fund budgetary target for reserves of 10.5% of expenditures.

The Debt Service Fund balance reflects calculated reserves for short-term debt payments and declining requirements as debt is repaid.

The Major Projects Fund reflects a fund balance of \$76,794 compared to \$96,015 in FY2007. The decrease reflects continued expenditures to improve jail standards, and construction costs for a Forensic Science building and a jail expansion.

Grant categories with significant changes included awards for air check programs, health, and juvenile detention.

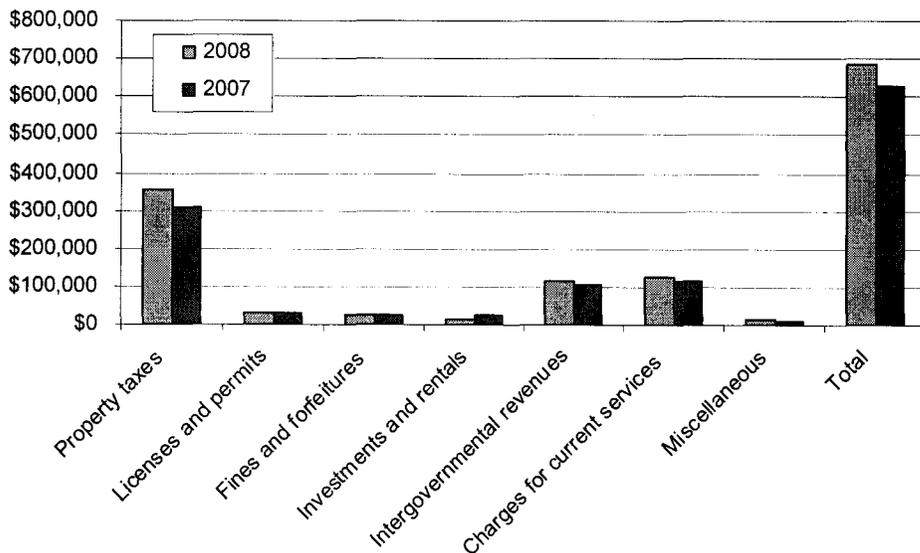
The following table presents the amount of revenues from various sources, as well as increases or decreases from the prior year.

Governmental Funds – Revenues Classified by Source

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>	<u>Percent of Change</u>
Property taxes	\$ 356,136	\$ 308,443	\$ 47,693	15.5%
Licenses and permits	31,413	33,826	(2,413)	(7.1%)
Fines and forfeitures	27,507	25,691	1,816	7.1%
Investments and rentals	14,558	26,654	(12,096)	(45.4%)
Intergovernmental revenues	112,951	103,944	9,007	8.7%
Charges for current services	123,353	114,991	8,362	7.3%
Miscellaneous	<u>17,852</u>	<u>11,579</u>	<u>6,273</u>	54.2%
Total	<u>\$ 683,770</u>	<u>\$ 625,128</u>	<u>\$ 58,642</u>	9.4%

- Property taxes – increased by \$47,693 primarily due to market value increases, effect of 6.6% rate increase to 22.81 cents per \$100 dollar valuation, and 10% increase in valuation. Additionally, new construction of \$3,787,580 contributed to the increase in property tax revenue.
- Intergovernmental revenues – increased mainly reflecting increased federal funding for juvenile and air quality programs.
- Investments – decreased as federal rates, LIBOR, and short-term investment rates plummeted.
- Miscellaneous – increased partially due to increased claims for indirect cost and one-time recognition of unclaimed deposits.

Revenues Classified by Source - Governmental Funds



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

Expenditures by Function – Governmental Funds

Function:	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>	<u>Percent of Change</u>
General government	\$ 104,174	\$ 96,763	\$ 7,411	7.7%
Judicial	130,584	124,733	5,851	4.7%
Public safety	231,062	211,970	19,092	9.0%
Highways and streets	26,107	22,728	3,379	14.9%
Health	46,584	41,020	5,564	13.6%
Public welfare	70,484	65,364	5,120	7.8%
Education	11,599	10,102	1,497	14.8%
Capital outlays	82,798	59,172	23,626	39.9%
Debt service – principal	27,915	30,980	(3,065)	(9.9%)
Debt service – interest	<u>8,902</u>	<u>11,170</u>	<u>(2,268)</u>	<u>(20.3%)</u>
Total	<u>\$ 740,209</u>	<u>\$ 674,002</u>	<u>\$ 66,207</u>	<u>9.8%</u>

- All functions incurred increases for increased health insurance costs accompanied by a County-wide 4% salary increase.
- Public safety – additional constable positions to support transportation, hiring of previously budgeted sheriff deputy positions and a \$3 million increase in grant awards.
- Highways and streets – increased as partnership and cost-sharing agreements with neighboring cities matured.
- Capital outlays – increased as work nears completion for the South Tower Jail and Forensic Science buildings.
- Debt Service- continues to decrease consistent with County’s “pay- as-you-go” program.

GENERAL FUND BUDGETARY HIGHLIGHTS

The FY2008 legally adopted cash budget was adopted on September 18, 2007 with total General Fund expenditures of \$448.5 million, an increase of \$30.9 million (7.4%) over projected actual FY2007 expenditures. Valid encumbrances from prior year are added completing the approved budget. The FY2008 budget for all funds budget totaled \$867.9 million.

Highlights from Dallas County FY2008 Budget include the following:

- The County’s property tax rate for valuation date January 1, 2007 was increased to 22.81 cents per \$100 assessed valuation. Even with this increase Dallas County’s Tax Rate is the lowest in the State of Texas.
- The FY2008 budget included the addition of 71 positions and the deletion of 13 positions for a net increase of 58 positions. Primary areas of increased resources are 1) Juvenile Department staffing (26 positions) with the primary focus on additional Juvenile Residential Officers to cover mandated staffing for a growing Juvenile Detention population, 2) District Attorney staffing (7 positions) with the primary focus on Elder Abuse prosecution and Mental Health Diversions, and 3) Health and Human Services (4 positions) for Public Health Interventions.

- The FY2008 Major Capital Development Fund included \$36 million for various transportation projects, \$2.2 million for open space trails/acquisitions and \$25.6 million for various building upgrades and enhancements.
- The Commissioners Court worked towards and achieved their goal of increased workforce investment for FY2008. The Commissioners authorized the following compensation changes: 1) Law Enforcement pay scale was increased 4% with full funding for Step Increases, 2) All other pay scales were increased 4% with an additional 1% merit allocation for non-exempt staff grade 6 and below; 3) funds were budgeted to move the maximum in-hire to the mid-point of the range and increase the salary of all effected employees on several of the pay scales, 4) Elected Officials received a 4% salary increase, and 5) District and County Judges received an increase equal to their State Statute maximum.

DEBT ADMINISTRATION AND CAPITAL ASSETS

Long-term debt. At September 30, 2008, the County had unlimited tax and general obligation bonds outstanding in the amount of \$162,128 (includes debt premium of \$ 3,243). According to Texas statutes, the County has two debt limits. Bonds issued under Article 3, Section 52e of the Texas Constitution total \$57,045 and bonds issued under Article 722 of Vernon’s Civil Statutes total \$101,840. The debt limits for the two authorizations are \$46,909,632 (25% of real property assessed valuation) and \$10,905,098 (5% of assessed valuation of all taxable property); therefore, the County has legal debt margins on general obligation debt of \$46,853,801 and \$10,805,425 respectively.

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

The following represents the activity of the long-term liabilities of the County for FY2008.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental Activities:				
Tax and general obligation bonds	\$ 190,499	\$ 124	\$ 28,495	\$ 162,128
Compensated absences	23,080	33,622	32,329	24,373
Other postemployment benefits	---	21,000	2,702	18,298
Claims and judgments	3,000	---	---	3,000
Workers compensation	7,920	2,262	2,247	7,935
Total	<u>\$ 224,499</u>	<u>\$ 57,008</u>	<u>\$ 65,773</u>	<u>\$ 215,734</u>

The County’s estimated liability for claims and judgments is \$3,000, unchanged from FY2007. While settlements for new court cases filed against the County are difficult to project, ongoing procedural reviews are held to mitigate claims. Legal counsel and subject experts are contracted to review workers compensation claims as needed. Other postemployment benefits are reflective of the requirements of GASB 45. Actual workers’ compensation expenditures are declining as a result of cost saving initiatives as reflected in historical analysis. More detailed information about the County’s long-term liabilities and is presented in Note VI to the financial statements.

Capital assets. The capital assets of the County are those assets (land, buildings, improvements, and machinery & equipment (M&E)), which are used in the performance of the County's functions. Capital assets also include infrastructure assets – roads and bridges. At September 30, 2008, net capital assets of the governmental activities totaled \$507,355, reflecting a net increase of \$62,897 in asset additions less retirements. Major construction continues for two buildings. Depreciation of capital assets (except for infrastructure assets which are reported under the modified approach basis) is recognized in the government-wide financial statements. FY2008 depreciation for buildings, improvements, and M&E totaled \$20,938.

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

The County has elected to use the “Modified Approach” as defined in GASB 34 for reporting infrastructure assets which include 136.77 miles of roads, and 37 bridges and culverts. The FY2008 assessment revealed the condition of the roads was maintained consistent with County policy whereas 87.5% of the County's roads were rated 2.5 or better on a 4.0 scale. Specific road maintenance was deferred until state and local rail construction adjacent to a County road is completed. All of the County's bridges are in either very good or good condition as rated 4.0 or better on a 9.0 scale.

The County expended \$1,701 on road maintenance for the year ended September 30, 2008. These expenditures delayed deterioration; however, overall road conditions are improved. The County determined that the amount of annual expenditures required to maintain the County's roads at the minimum of 2.5 (average) of 4.0 (excellent) based on the Federal Highway Administration Road Pavement Condition Rating (PCR) for FY2008 was a minimum of \$962. The 37 bridges had ratings that met the County's planned condition level of very good or better condition. Incurred bridge maintenance costs in FY2008 were \$230. Additional details on infrastructure assets can be found in Required Supplementary Information pages 84 and 85 of this report.

	County's Capital Assets (net of depreciation)	
	<u>2008</u>	<u>2007</u>
Governmental Activities:		
Land	\$ 24,995	\$ 24,911
Buildings	255,840	263,319
Machinery and Equipment	30,754	33,635
Infrastructure	27,439	27,813
Construction in Progress	168,327	94,780
Total	<u>\$ 507,355</u>	<u>\$ 444,458</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 FY2009 Budget meets the key established policy directive of the Commissioners Court requiring that the budgeted ending unreserved fund balance be not less than 10.5% of budgeted expenditures.

The FY2009 budget process was primarily focused on a) maintaining the tax rate while funding the improvements necessary to the Dallas County Jail System to become recertified by the Texas State Jail Commission and meet improvements requested by the Department of Justice, and b) focusing on operations efficiencies.

Highlights from Dallas County FY2009 Budget include the following:

- The County's property tax rate was unchanged from 22.81 cents per \$100 assessed valuation.
- The addition of 39 positions and the deletion of 87 positions totaled a net decrease of 48 positions. The increased resources are: 1) Justice of the Peace staffing (19 positions); 2) County Clerk staffing (7 positions); 3) Juvenile staffing (3 positions); and, 4) Constable staffing (7 positions). In addition, 53 positions were frozen.
- The Major Capital Development Fund included \$19.2 million for various transportation projects, \$40.0 million for jail/medical/mental health buildings, and \$14.5 million for various building upgrades and enhancements.
- The Commissioners Court froze all compensation increases except for promotions.

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, 2008

(in thousands of dollars)

	Primary Government Governmental Activities	Component Unit Hospital District
ASSETS		
Cash and investments	\$ 225,178	\$ 196,871
Receivables (net of allowance for uncollectibles) and accrued interest	404,516	138,167
Due from other government units	26,601	-
Inventories	1,600	8,731
Prepayments and advances	2,847	-
Deferred charges	1,599	-
Restricted assets:		
Cash and cash equivalents	-	8,214
Investments	-	113
Long term investments	-	100,209
Assets limited as to use - cash and investments	-	297,005
Net pension asset	-	18,656
Capital assets (net of accumulated depreciation):		
Land	24,995	39,337
Construction in progress	168,327	52,061
Infrastructure	27,439	-
Buildings	255,840	103,691
Machinery and equipment	30,754	93,777
Total capital assets	507,355	288,866
Total assets	1,169,696	1,056,832
LIABILITIES		
Accounts payable and other current liabilities	59,379	148,539
Accrued interest payable	948	-
Accrued liabilities	5,692	28,548
Unearned revenue	391,594	-
Due to other government units	8,183	238
Non-current liabilities:		
Due within one year	49,163	-
Due in more than one year	166,571	9,479
Total liabilities	681,530	186,804
NET ASSETS		
Invested in capital assets, net of related debt	429,277	288,866
Restricted for:		
Highways and streets	14,224	-
Debt service	2,433	-
Major and HUD Section 8 Grant Funds	13,062	-
Other non-major governmental Funds	10,641	-
Donor imposed stipulations	-	13,139
Unrestricted	18,529	568,023
Total net assets	\$ 488,166	\$ 870,028

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, 2008
(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	\$ 126,656	\$ 55,659	\$ -	\$ -	\$ (70,997)	\$ -
Judicial	134,413	60,655	2,475	-	(71,283)	-
Public safety	235,161	21,156	5,373	621	(208,011)	-
Highways and streets	34,689	44,495	-	-	9,806	-
Health	46,735	6,385	28,943	-	(11,407)	-
Education	11,699	-	12,155	-	456	-
Libraries	3	-	-	-	(3)	-
Public welfare	72,374	1,423	59,293	442	(11,216)	-
Interest on long-term debt	9,784	-	-	-	(9,784)	-
Total primary government	\$ 671,514	\$ 189,773	\$ 108,239	\$ 1,063	\$ (372,439)	\$ -
Component unit:						
Hospital District	\$ 1,312,278	\$ 965,349	\$ 26,095	\$ 3,976	\$ -	\$ (316,858)

General revenues:

Property taxes	356,596	401,998
Alcoholic beverage and other taxes	12,119	-
Grants and contributions not restricted to specific programs	4,659	16,872
Investment earnings	10,276	25,582
Total general revenue	383,650	444,452
Change in net assets	11,211	127,594
Net assets - beginning	476,955	742,434
Net assets - ending	\$ 488,166	\$ 870,028

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

DALLAS COUNTY, TEXAS

Balance Sheet
 Governmental Funds
 September 30, 2008
 (in thousands of dollars)

	<u>General</u>	<u>Debt Service</u>	<u>Major Projects</u>	<u>Major Grants</u>	<u>Other Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and investments	\$ 53,068	\$ 3,290	\$ 94,511	\$ 12,687	\$ 58,099	\$ 221,655
Property tax receivables (net of allowance for uncollectibles of \$ 34,249)	285,296	25,828	50,395	-	24,236	385,755
Accounts receivable (net of allowance for uncollectibles of \$ 422,217)	11,012	-	-	-	6,541	17,553
Accrued interest	364	15	594	80	155	1,208
Due from other funds	893	-	-	-	-	893
Due from other governmental units	5,933	-	1,985	13,753	4,930	26,601
Inventories	1,266	-	-	-	334	1,600
Prepayments and advances	2,800	-	-	-	47	2,847
Total assets	<u>\$ 360,632</u>	<u>\$ 29,133</u>	<u>\$ 147,485</u>	<u>\$ 26,520</u>	<u>\$ 94,342</u>	<u>\$ 658,112</u>
LIABILITIES AND FUND BALANCES						
Liabilities :						
Accounts payable and accrued liabilities	\$ 31,518	\$ -	\$ 17,057	\$ 8,290	\$ 2,514	\$ 59,379
Due to other funds	1,522	-	493	395	31	2,441
Due to other governmental units	2,193	-	2,696	-	3,294	8,183
Deferred and unearned revenue	290,589	25,752	50,445	11,886	29,756	408,428
Total liabilities	<u>325,822</u>	<u>25,752</u>	<u>70,691</u>	<u>20,571</u>	<u>35,595</u>	<u>478,431</u>
Fund balances:						
Reserved for:						
Encumbrances	3,886	-	70,545	3,956	15,467	93,854
Inventories	1,266	-	-	-	334	1,600
Prepayments, advances and change funds	2,921	-	-	-	49	2,970
Unreserved reported in:						
General Fund	26,737	-	-	-	-	26,737
Debt Service Fund	-	3,381	-	-	-	3,381
Major Projects Fund	-	-	6,249	-	-	6,249
Major and HUD Section 8 Grant Funds	-	-	-	1,993	7,096	9,089
Special Revenue Funds	-	-	-	-	22,744	22,744
Capital Project Funds	-	-	-	-	13,057	13,057
Total fund balances	<u>34,810</u>	<u>3,381</u>	<u>76,794</u>	<u>5,949</u>	<u>58,747</u>	<u>179,681</u>
Total liabilities and fund balances	<u>\$ 360,632</u>	<u>\$ 29,133</u>	<u>\$ 147,485</u>	<u>\$ 26,520</u>	<u>\$ 94,342</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.	507,355
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in governmental funds.	16,834
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.	(7,141)
Long-term 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.	(208,563)
Net assets of governmental activities	<u>\$ 488,166</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, 2008
(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>
REVENUES						
Property taxes	\$ 263,382	\$ 29,766	\$ 40,494	\$ -	\$ 22,494	\$ 356,136
Licenses and permits	547	-	-	-	30,866	31,413
Fines and forfeitures	18,557	-	-	-	8,950	27,507
Investment income	4,965	1,667	2,659	74	1,020	10,385
Rental revenues	4,173	-	-	-	-	4,173
Intergovernmental revenues	1,724	-	-	83,486	27,741	112,951
Charges for current services	113,943	1,127	-	-	8,283	123,353
Miscellaneous	13,713	7	2,549	-	1,583	17,852
Total revenues	<u>421,004</u>	<u>32,567</u>	<u>45,702</u>	<u>83,560</u>	<u>100,937</u>	<u>683,770</u>
EXPENDITURES						
Current:						
General government	79,313	-	-	-	24,861	104,174
Judicial	125,033	-	-	2,825	2,726	130,584
Public safety	223,204	-	-	7,858	-	231,062
Highways and streets	-	-	15,869	-	10,238	26,107
Health	16,480	-	-	30,104	-	46,584
Education	-	-	-	11,599	-	11,599
Public welfare	9,168	-	-	36,529	24,787	70,484
Debt service:						
Principal	-	27,915	-	-	-	27,915
Interest	-	8,902	-	-	-	8,902
Capital outlay	-	-	74,697	-	8,101	82,798
Total expenditures	<u>453,198</u>	<u>36,817</u>	<u>90,566</u>	<u>88,915</u>	<u>70,713</u>	<u>740,209</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(32,194)</u>	<u>(4,250)</u>	<u>(44,864)</u>	<u>(5,355)</u>	<u>30,224</u>	<u>(56,439)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	32,176	-	30,242	5,133	-	67,551
Transfers (out)	(5,133)	-	(4,599)	-	(57,819)	(67,551)
Total other financing sources (uses)	<u>27,043</u>	<u>-</u>	<u>25,643</u>	<u>5,133</u>	<u>(57,819)</u>	<u>-</u>
Net change in fund balances	(5,151)	(4,250)	(19,221)	(222)	(27,595)	(56,439)
Fund balances - beginning	39,961	7,631	96,015	6,171	86,342	236,120
Fund balances - ending	<u>\$ 34,810</u>	<u>\$ 3,381</u>	<u>\$ 76,794</u>	<u>\$ 5,949</u>	<u>\$ 58,747</u>	<u>\$ 179,681</u>

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

DALLAS COUNTY, TEXAS

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
For the Year Ended September 30, 2008
(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)	\$ (56,439)
Governmental funds report all capital outlays as expenditures. However, in the statement of activities, the cost of some of the assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays for County owned assets exceeded depreciation in the current period. See page - 44 - Notes to the Basic Financial Statements for details.	63,431
The net effect of various transactions (e.g. sale of capital of assets). See page 44 - Notes to the Basic Financial Statements for details.	(534)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,045)
Some expenses reported in statement of activities are not fund expenditures (e.g. compensated absences which are liabilities not normally liquidated with current financial resources). See page 45 - Notes to the Basic Financial Statements for details.	(20,942)
The issuance of long-term debt (e.g., bonds, tax notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. See page 45 - Notes to the Basic Financial Statements for details.	28,310
Internal service funds are used by management to charge the costs to account for group medical self-insurance and workers compensation. The net revenue (loss) is reported with governmental activities.	<u>(1,570)</u>
Change in net assets of governmental activities (page 27)	<u>\$ 11,211</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, 2008

(in thousands of dollars)

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 3,523
Due from other funds	<u>1,548</u>
Total assets	<u><u>\$ 5,071</u></u>
LIABILITIES	
Current Liabilities:	
Medical claims	\$ 4,277
Workers' compensation claims - current	<u>3,000</u>
Total current liabilities	<u>7,277</u>
Non-Current Liability:	
Workers' compensation claims - non-current	<u>4,935</u>
Total liabilities	<u><u>12,212</u></u>
NET ASSETS	
Unrestricted (deficit)	<u>(7,141)</u>
Total net assets	<u><u>\$ (7,141)</u></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, 2008
(in thousands of dollars)

	Governmental Activities - Internal Service Fund
Operating revenues:	
Premiums and reimbursements	<u>\$ 53,351</u>
Operating expenses:	
Benefit payments	52,686
Administration	<u>2,288</u>
Total operating expenses	<u>54,974</u>
Operating loss	(1,623)
Non-operating revenues:	
Interest income	<u>53</u>
Change in net assets	(1,570)
Total net assets (deficit) - beginning	<u>(5,571)</u>
Total net assets (deficit) - ending	<u><u>\$ (7,141)</u></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, 2008
(in thousands of dollars)

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash for premiums and reimbursements	\$ 51,013
Cash payments for benefit claims	(51,808)
Cash payments for administrative fees	(2,366)
Other operating revenues	<u>1,365</u>
Net cash used by operating activities	<u>(1,796)</u>
 CASH FLOW FROM INVESTING ACTIVITIES	
Interest on investments	<u>53</u>
Net cash provided by investing activities	<u>53</u>
Net decrease in cash and cash equivalents	(1,743)
Cash and cash equivalents at beginning of year	<u>5,266</u>
Cash and cash equivalents at end of year	<u><u>\$ 3,523</u></u>
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	\$ (1,623)
Adjustments to reconcile operating loss to net cash used by operating activities:	
(Increase) decrease in due from other funds	(973)
Increase in liabilities	<u>800</u>
Net cash used by operating activities	<u><u>\$ (1,796)</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, 2008
(in thousands of dollars)

	Total
Assets:	
Cash and investments	\$ 185,563
Accrued interest	225
Cash and investments held in escrow	9,375
Total assets	\$ 195,163
Liabilities:	
Due to other governmental units and others	\$ 195,163
Total liabilities	\$ 195,163

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

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Dallas County (the County) reflected in the accompanying financial statements conform to accounting principles generally acceptable (GAAP) in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB). The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

A. Reporting Entity

Primary Government

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

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

Discretely Presented Component Unit

The Dallas County Hospital District (the District) is a political subdivision of the State of Texas, and is a special taxing district created in 1954 by a vote of the taxpayers of the County in accordance with the provisions of Article 9, Section 4 of the Constitution of the State of Texas. The District is composed of Parkland Memorial Hospital (the Hospital), Parkland Community Health Plan, Inc. (the Health Plan) and the Parkland Foundation (the Foundation).

The Hospital operates 717 beds, 65 neonatal beds, numerous outpatient clinics, and an emergency room. The Hospital also operates the Community Oriented Primary Care clinics in the community and on the Hospital campus. Additionally, the Hospital serves as the major teaching hospital for the University of Texas Southwestern Medical School, which is located, adjacent to the Hospital. The Hospital also manages the County's jail health system. The District is accounted for as a single column business-type entity on an accrual basis of accounting.

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

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Complete financial statements for the District may be obtained from:

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

Blended Component Units

For reporting purposes, the Dallas County Housing Finance Corporation (HFC) and North Central Texas Health Facilities Development Corporation (HFDC) qualify as component units. The Commissioners Court is the governing board of the HFC and appoints the governing board of the HFDC. The HFDC has no financial activity since all debt issuances are by and in the name of the individual approved health facilities. Additional financial information for HFC may be obtained from:

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

B. Government-wide and fund financial statements

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

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included in program revenues are reported as general revenues.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund, Debt Service, Major Projects and Major Grant Funds meet criteria as *major governmental funds*. Each major fund is reported in separate columns in the fund financial statements. Non-major funds include other Special Revenue, HUD-Section 8 grants and Capital Projects. The combined amounts for these funds are reflected in a single column in the financial fund statements.

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

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

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

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Except for grants, measurable and available revenues include revenues expected to be received within 60 days after the fiscal year end. Grants policy includes recognition of revenues, so long as such amounts are collectible within 60 days or soon enough afterwards to be used to pay liabilities for the current period and where grant eligibility requirements have been met. Receivables, which are measurable but not collectible within 60 days after the end of the fiscal period, are reported as deferred revenue. Certain grant revenues considered reimbursement for services are recorded as charges for services in the accompanying financial statements. Property taxes which were levied prior to September 30, 2008, and became due October 1, 2008 have been assessed to finance the budget of the fiscal year beginning October 1, 2008 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, 2008.

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

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County reports the following major governmental funds:

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

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

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

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.

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 restricted.

Other Fund types include proprietary and fiduciary funds:

Proprietary Fund level financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position and cash flows. The County's only Proprietary Fund is the Internal Service Fund used to account for the County's group medical insurance program, workers compensation self-insurance program and 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.

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

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

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Discretely Presented Component Unit

The District uses the accrual method of accounting whereby revenues are recognized in the accounting period when services are rendered, and expenses are recognized when incurred. The District is considered a governmental organization and is subject to the pronouncements of the Governmental Accounting Standards Board (GASB). Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the District has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board, including those issued after November 30, 1989, unless they conflict with or contradict GASB pronouncements.

D. Assets, liabilities, and net assets

1. Deposits and Investments

For the purpose of the Statement of Cash Flows, the County's cash and cash equivalents include cash on hand, demand deposits and investments. State statutes and the County's official Investment Policy authorize the County to invest in obligations of the U.S. Treasury, direct obligations of, or participation certificates guaranteed by, the Federal Intermediate Credit Bank, Federal Farm Credit Bank, Federal Land Bank, Federal National Mortgage Association, and Federal Home Loan Bank or Bank for Cooperatives.

Both the County and the District record investments at fair market value in accordance with provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. All investment income is recognized as revenue in the appropriate fund's statement of revenues, expenditures and changes in fund balance. Deposit and Investment Risk Disclosures are in accordance with GASB Statement No. 40.

2. Receivables and Payables

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

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

3. Inventories and Prepaid Items

Inventory is valued at average cost. Inventories in the General and Special Revenue Funds consist of expendable supplies held for consumption. In the General Fund, the cost is recorded as an expenditure at the time an inventory item is used. In the Special Revenue Funds, inventory items expected to be used within a short period of time, are recorded as expenditures at the time of purchase; other inventory items are expensed when used. Reported inventories are offset by a reservation of fund balance, which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets. The inventory policy on government-wide statements is consistent with fund statements.

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

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Restricted Assets/Funds

Primary Government

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

- Road and Bridge Fund balance (Highways and Streets – net assets) (amount reserved for future transportation-related expenditures);
- Debt Service Fund balance net of accrued interest of \$948 (amount reserved for future debt service expenditures);
- Major and HUD Section 8 Grant Fund balances (amounts reserved for future grant expenditures); and,
- Other Non-Major Governmental Fund balances (amounts reserved for other specific purposes).

Discretely Presented Component Unit

Upon receipt, the District records contributions, grants, and other revenue restricted by donors for specific purposes to the appropriate restricted net asset. Each restricted net asset has an administrator who is responsible for monitoring the revenues and expenses, and for determining that the restricted net assets are being used for the stated purpose. Restricted net assets are generally recognized as additions to the unrestricted net assets only to the extent that qualifying expenditures are incurred. Pledges received with substantial contingencies are not recorded until the contingency has been fulfilled.

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

Resources are set aside for board designated purposes or self-insurance arrangements. At September 30, 2008, resources were also set aside for the disproportionate share and upper payment limit programs. The disproportionate share and upper payment limit programs have been created by Texas to provide additional federal matching funds. Under program guidelines, the District may use the funds to benefit the indigent in either current or future periods. The District recognizes all funds received under the disproportionate share and upper payment limit programs as operating revenue in the applicable year, and any amounts relating to that year that are not yet received are included in other receivables. As of September 30, 2008, receivables of \$20,000 were recorded for the disproportionate share and upper payment limit funds.

6. Capital Assets – Primary Government

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

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Table with 2 columns: Asset, Years. Rows include Buildings (50), Furniture and fixtures (7), General equipment (5), Trucks (7), Autos (3), Computer hardware (5).

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

- 7. Compensated Absences - A liability for unused vacation and sick time for all full time employees is reported in the government-wide financial statements in accordance with GASB Statement No. 16. The following criteria must be met to be considered as compensated absences:
-leave or compensation is attributable to services already rendered
-leave or compensation is not contingent on a specific event (such as illness).

In accordance with GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent such liabilities have matured (i.e. are due for payment). Accordingly, there are none in the fund statements as of September 30, 2008 but compensated absences are accrued in the government-wide statements.

Primary Government - The County's permanent, full-time employees accrue 3.077 hours of vacation per bi-weekly pay period from date of employment to 6 years of service, 4.615 hours per pay period from 6 to 15 years of service, and 6.153 hours per pay period in excess of 15 years of continuous employment. The maximum accrual is four, five or six weeks of vacation for the respective accrual categories specified. Upon termination, an employee shall be entitled to payment for total accrued but unused hours of vacation.

The County's permanent, full-time employees accrue sick leave at the rate of 3.692 hours per pay period. Sick leave is paid to current employees if absent from work due to illness, injury or other situations requiring medical attention. An employee who terminates for any reason is paid a percentage of their accrued but unused sick leave.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Grant, Road and Bridge and Major Technology.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities in the Statement of Net Assets. Bond premiums, discounts, and issuance costs, are deferred and amortized over the term of the bonds. Bonds payable are reported net of unamortized premiums or discounts. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

9. Unemployment and Workers' Compensation Benefits

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

10. Net Assets and Fund Balances

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between fund balance for total governmental funds and net assets as reported in the government-wide statement of net assets.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
(in thousands of dollars)

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

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

Bonds payable	\$ 158,885
Less: Deferred charge for issuance costs	(1,599)
Premium on Bonds Payable	3,243
Other postemployment benefits	18,298
Accrued interest payable	948
Arbitrage rebate accrued	1,415
Claims and judgments	3,000
Compensated absences	<u>24,373</u>
Net adjustment to reduce fund balance – total government funds to arrive at net assets – governmental activities	\$ <u>208,563</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	\$ 84,369
Depreciation expense	<u>(20,938)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$ <u>63,431</u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase/ (decrease) net assets.” In the statement of activities, only the gain or loss on the disposal of capital assets is reported; however, in the government funds, the proceeds from the sale increase financial resources. The detail of this difference is as follows:

Loss on disposal of capital assets	\$ <u>534</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	\$ <u>534</u>

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
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II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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

Debt principal repayment	\$ 27,915
Debt issued or incurred:	
Amortization of issuance costs	(185)
Amortization of premium	580
Net adjustment to increase net changes in fund balances	\$ <u>28,310</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 are as follows:

Compensated absences	\$ (1,293)
Accrued interest	188
Other postemployment benefits	(18,298)
Arbitrage rebate accrued	(1,415)
Bond accretion	(124)
Net adjustment to decrease net changes in fund balances	\$ <u>(20,942)</u>

III. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES

Primary Government

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

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

The County's investments other than bank certificates of deposit, are comprised of Federal National Mortgage Association notes; Federal Home Loan Bank notes; Federal Farm Credit Bank notes; Federal Home Loan Mortgage Corporation notes and security repurchase agreements (collateralized with U.S. government guaranteed securities).

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
(in thousands of dollars)

III. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES (Continued)

Deposits

At September 30, 2008, the carrying amount of the County's demand deposits and investments was as follows:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and cash equivalents	\$ (9,050)	\$ (171)	\$ (9,221)	\$ 56,163	\$ 46,942
Investments	<u>230,705</u>	<u>3,694</u>	<u>234,399</u>	<u>129,400</u>	<u>363,799</u>
Total cash, cash equivalents and investments	<u>\$ 221,655</u>	<u>\$ 3,523</u>	<u>\$ 225,178</u>	<u>\$ 185,563</u>	<u>\$ 410,741</u>

Custodial Credit Risk

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

Investments

At September 30, 2008, the County's investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Days to Maturity</u>	<u>Rating</u>
Federal Home Loan Bank Notes	\$ 38,418	1,021	Note 1
Federal Farm Credit Bank Notes	24,575	881	Note 1
Federal Home Loan Mortgage Corporation Notes	57,412	869	Note 1
Federal National Mortgage Association Notes	62,010	1,254	Note 1
Certificates of deposit	125,925	21	Note 2
Security repurchase agreements	<u>55,459</u>	1	Note 3
	<u>\$ 363,799</u>	529	

Note 1: Moody's Investor Services, S&P AAA, Fitch AAA

Note 2: Certificates of Deposit are secured with Texas municipal bonds (Aa2 to Aaa) and U.S. government guaranteed securities

Note 3: Collateralized securities are U.S. government guaranteed 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 investment portfolio.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
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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 “security repurchase agreements”. It is the County’s policy to limit its investments in these investment types. Consistent with the County’s formal investment policy these securities are subject to ratings of A-1+ by Standard & Poor’s and P-1 by Moody’s Investor Services. Certificates of deposit are not rated.

Concentration of credit risk

The County’s formal investment policy does not allow more than 5% of the total portfolio for any one-issuer name and not more than 10% of the total portfolio shall mature on any given day.

Custodial credit risk

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

Discretely Presented Component Unit

As of September 30, 2008, the District had the following deposits and investments:

Description	Fair Value	Weighted Average Days to Maturity
Bank deposits	\$ 8,664	
TexPool deposits	234,905	1
Money market fund deposits	72,954	1
Federal National Mortgage Association notes	65,141	1,449
Federal Home Loan Bank notes	65,555	1,439
Federal Home Loan Mortgage Corporation notes	154,259	1,806
Certificates of deposit	213	168
U.S. treasury notes	1,123	226
Subtotal	<u>602,814</u>	
Less: outstanding checks ⁽¹⁾	<u>(402)</u>	
Total ⁽²⁾	<u>\$ 602,412</u>	

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

⁽²⁾Foundation deposits and investments (which aggregate \$14,420) includes approximately \$8,000 of deposits and investments which are uninsured by FDIC insurance.

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

Credit Risk - The District has a comprehensive investment policy that fully complies with 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), Federal Farm Credit Bureau (FFCB), and Private Export Funding Corporation (PEFCO) are rated AAA by Standard & Poor’s rating agency. TexPool’s portfolio

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
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III. DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES (Continued)

consists exclusively of U.S. government securities, repurchase agreements collateralized by U.S. government securities, and AAA rated no-load money market mutual funds. All demand deposits are collateralized by FDIC insurance, with securities pledged to the District and held in safekeeping at a third party bank on behalf of the District's depository institution.

Concentration of Credit Risk - Per the District's investment policy, no more than 40% of the investment portfolio can be invested in any one issuer of U.S. government agencies and government sponsored enterprises, including, but not limited to, FNMA, FHLB, and FHLMC. The largest percentage in any one issuer is in FHLMC at 26%.

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

IV. PROPERTY TAXES AND OTHER RECEIVABLES

Primary Government

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied prior to September 30, become due on October 1 and are delinquent after January 31. The County bills and collects its own property taxes and those for the District, Dallas County Community College District, School Equalization Fund, City of Dallas, City of Addison, City of Balch Springs, City of Carrollton, City of Cedar Hill, Cedar Hill Independent School District (ISD), City of Cockrell Hill, City of Duncanville, Duncanville ISD, Dallas ISD, County Education District (CED) of the Duncanville ISD, City of Farmers Branch, Fairway Bend Public Improvement District, City of Grand Prairie, Grand Prairie ISD and CED, City of Highland Park, Highland Park ISD and CED, City of Hutchins, Irving Flood Control Districts I and III, City of Lancaster, Lancaster ISD and CED, City of Rowlett, City of Sachse, City of Seagoville, Levee Districts 4 and 14, City of University Park, Westchester Public Improvement District, and City of Wilmer. The County and District are the only entities controlled by the Commissioners Court. The County collects and distributes property taxes of the other entities as authorized by V.T.C.A., Tax Code §6.24.

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 lesser of 20% of appraised valuation or \$5) and over 65 homestead (\$69). The County also approved this fiscal year, an over 65 tax freeze effective January 1, 2008.

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: General, Debt Service, Major Projects, and Non-Major Funds - Permanent Improvement and Major Technology. This distribution is based upon the tax rate established for each fund by order of the Commissioners Court for the tax year for which the collections are made.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
(in thousands of dollars)

IV. PROPERTY TAXES AND OTHER RECEIVABLES (Continued)

Property tax receivables are affected by participation in several Tax Increment Finance (TIF) Districts. In the fiscal year ended September 30, 2008, the County either financially participated in or had authorization to participate in 12 TIF districts at various percentage participation levels. The County's participation is determined by the amount of County property taxes levied and collected each tax year on the captured appraised value of real property located in the TIF District less the tax increment base for the year in which the TIF was designated, multiplied by the County's increment provided per agreement. TIF funds are not recognized as County revenue but are used by the TIF district to finance project costs within the district and/or pay bonds or notes issued for the TIF.

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

<u>Deferred and Unearned arising from</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Major Projects</u>	<u>Major Grants</u>	<u>Other Non- Major Governmental</u>	<u>Total</u>
Property Taxes	\$ 284,637	\$ 25,752	\$ 50,291	\$ ---	\$ 24,176	\$ 384,856
Other Receivables and Accrued Interest	5,952	---	154	21	5,580	11,707
Unavailable and Unearned	---	---	---	11,865	---	11,865
Deferred and Unearned – Fund Basis	<u>\$ 290,589</u>	<u>\$ 25,752</u>	<u>\$ 50,445</u>	<u>\$ 11,886</u>	<u>\$ 29,756</u>	408,428
Property Taxes						(5,067)
Other Receivables and Accrued Interest						<u>(11,767)</u>
Unearned – Government-wide						<u>\$ 391,594</u>

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

The County is authorized by the tax laws of the State of Texas to levy taxes up to \$0.80 per one hundred dollars of assessed valuation for general governmental services and the payment of principal and interest on certain permanent improvement long-term debt. The tax rate adopted September 2007 for fiscal year 2008 was \$0.2281 per one hundred dollars of assessed value.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
(in thousands of dollars)

IV. PROPERTY TAXES AND OTHER RECEIVABLES (Continued)

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

	<u>General</u>	<u>Debt Service</u>	<u>Major Projects</u>	<u>Other Non-Major Governmental</u>	<u>Total</u>
Receivables:					
Property taxes	\$ 310,613	\$ 29,673	\$ 53,779	\$ 25,939	\$ 420,004
Less allowance for uncollectible property taxes	(25,317)	(3,845)	(3,384)	(1,703)	(34,249)
Subtotal	285,296	25,828	50,395	24,236	385,755
Accounts receivable, net	11,012	---	---	6,541	17,553
Net total receivables	<u>\$ 296,308</u>	<u>\$ 25,828</u>	<u>\$ 50,395</u>	<u>\$ 30,777</u>	<u>\$ 403,308</u>

Discretely Presented Component Unit – Receivables as of September 30, 2008:

	<u>Parkland Hospital</u>	<u>Parkland Foundation</u>	<u>Total</u>
Receivables:			
Property taxes	\$ 25,977	\$ ---	\$ 25,977
Patient accounts	859,241	---	859,241
Intergovernmental	1,097	---	1,097
Other	51,285	3,567	54,852
Gross Receivables	937,600	3,567	941,167
Less allowance for uncollectibles:			
Property taxes	(18,000)	---	(18,000)
Patient accounts	(785,000)	---	(785,000)
Total allowance for uncollectibles	(803,000)	---	(803,000)
Net total receivables	<u>\$ 134,600</u>	<u>\$ 3,567</u>	<u>\$ 138,167</u>

Discretely Presented Component Unit

The District received approximately 29% of its total revenues in 2008 from property taxes. All of these funds were used to support operations. The District paid the County a nominal percentage based fee for collecting its property taxes. Current taxes are collected beginning in October of each year and become delinquent after January 31. Property tax revenue is recognized in the year for which taxes are levied.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
(in thousands of dollars)

V. CAPITAL ASSETS

Primary Government

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

A summary of changes in capital assets follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 24,911	\$ 84	\$ ---	\$ 24,995
Construction in progress	94,780	76,169	(2,622)	168,327
Infrastructure	27,813	---	(374)	27,439
Total capital assets, not being depreciated	147,504	76,253	(2,996)	220,761
Capital assets, being depreciated:				
Buildings	449,736	928	---	450,664
Machinery and equipment	85,844	9,810	(3,854)	91,800
Total capital assets being depreciated	535,580	10,738	(3,854)	542,464
Less accumulated depreciation for:				
Buildings	(186,417)	(8,407)	---	(194,824)
Machinery and equipment	(52,209)	(12,531)	3,694	(61,046)
Total accumulated depreciation	(238,626)	(20,938)	3,694	(255,870)
Total capital assets, being depreciated, net	296,954	(10,200)	(160)	286,594
Governmental activities capital assets, net	\$ 444,458	\$ 66,053	\$ (3,156)	\$ 507,355

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

Governmental Activities:	
General government	\$ 7,854
Public safety	4,991
Health	354
Highways and streets	903
Public welfare	3,075
Education	89
Library	3
Judicial	3,669
Total depreciation expense	\$ 20,938

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
(in thousands of dollars)

V. CAPITAL ASSETS (Continued)

Discretely Presented Component Unit

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

Depreciation expense for the District was \$36,796 in the current fiscal year.

Capital assets at September 30, 2008 for the District are summarized as follows:

Discretely Presented Component Unit

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 38,450	\$ 887	\$ ---	\$ 39,337
Construction in progress	30,019	46,243	(24,201)	52,061
Total capital assets, not being depreciated	<u>68,469</u>	<u>47,130</u>	<u>(24,201)</u>	<u>91,398</u>
Capital assets, being depreciated:				
Buildings	371,282	9,232	---	380,514
Machinery and equipment	257,080	28,178	(15,147)	270,111
Total capital assets being depreciated	<u>628,362</u>	<u>37,410</u>	<u>(15,147)</u>	<u>650,625</u>
Less accumulated depreciation for:				
Buildings	(265,086)	(11,652)	---	(276,738)
Machinery and equipment	(166,024)	(25,144)	14,749	(176,419)
Total accumulated depreciation	<u>(431,110)</u>	<u>(36,796)</u>	<u>14,749</u>	<u>(453,157)</u>
Total capital assets, being depreciated, net	197,252	614	(398)	197,468
Capital assets, net	<u>\$ 265,721</u>	<u>\$ 47,744</u>	<u>\$ (24,599)</u>	<u>\$ 288,866</u>

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
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VI. LONG-TERM DEBT

Primary Government

The County did not issue long-term debt in the fiscal year ended September 30, 2008. The following are General Obligation, Certificates of Obligation (COs) and Revenue Bonds outstanding at September 30, 2008:

<u>Description</u>	<u>Interest Rates (%)</u>	<u>Year of Issue</u>	<u>Year of Maturity</u>	<u>Original Amount of Debt</u>	<u>Bonds Outstanding</u>
Road Refunding Bonds, Series 1993A:					
Current Interest Bonds	5.25	1993	2009	\$ 57,195	\$ 895
Permanent Improvement Bonds 1993B	5.25	1993	2009	51,775	2,405
Road Refunding Bonds, Series 1997:					
Current Interest Bonds	4.75	1997	2009	15,120	1,555
Permanent Improvement Refunding Bonds, Series 1997A	4.75	1997	2009	20,700	1,480
Road Bonds, Series 2000	5.00	2000	2010	35,000	3,500
Road Refunding Bonds, Series 2001A:					
Current Interest Bonds	5.00-5.50	2001	2021	73,160	51,095
Permanent Improvement Refunding Bonds					
Series 2001B	4.00-4.50	2001	2012	9,460	5,815
Combination Tax and Parking Garage Revenue Certificates of Obligation Series 2004	3.0-5.25	2004	2025	16,145	14,700
Unlimited Tax Refunding Bonds, Series 2005					
Current Interest Bonds	3.00-5.25	2005	2020	21,270	20,765
Capital Appreciation Bonds	4.05	2005	2012	2,827	3,225
Combination Tax and Parking Garage Revenue Certificates of Obligation Series 2006	4.00-5.00	2006	2016	63,220	53,450
					<u>158,885</u>
Premium on Debt					3,243
Total					<u>\$162,128</u>

Pledged Future Revenues

The County has pledged future net revenues from a certain pre-existing parking facility and a newly constructed parking facility. Net revenues from both facilities partially secure the Combination Tax and Parking Garage Revenue Certificates of Obligation Series 2004 such net revenues amounted to \$1,044 in FY08. Principal and interest paid for the current fiscal year was \$ 410 and \$ 712, respectively. The outstanding bond principal was \$14,700 as of September 30, 2008. If net revenues 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's rebate amount, which is recorded as a liability in governmental activities on the government-wide financial statements for bonds issued between 1994 – 2004, was \$1,415 at September 30, 2008.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
(in thousands of dollars)

VI. LONG-TERM DEBT (Continued)

Changes in Long-Term Debt

Long-term debt for the year ended September 30, 2008 was 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>
Bonds and COs	\$ 190,499	\$ 124	\$ 28,495	\$ 162,128	\$ 19,955
Other postemployment benefits	---	21,000	2,702	18,298	2,700
Claims and judgments	3,000	----	----	3,000	1,000
Compensated absences	23,080	33,622	32,329	24,373	22,508
Workers compensation	7,920	2,262	2,247	7,935	3,000
Total	<u>\$ 224,499</u>	<u>\$ 57,008</u>	<u>\$ 65,773</u>	<u>\$ 215,734</u>	<u>\$ 49,163</u>

General Obligation Bonds Advance Refundings

In prior years, the County refunded general obligation bonds by placing amounts in irrevocable trusts. The balance of outstanding refunded bonds at September 30, 2008 was \$17,500. The County is in compliance with all significant restrictions contained in the various bond indentures.

Capital Appreciation Bonds

Capital appreciation bonds, which accrue and compound interest from their date of delivery to maturity, consist of Unlimited Tax Refunding Bonds, Series 2005 with an original maturity of \$2,827 and a current maturity of \$3,225. The total amount accreted during the year was \$124.

Conduit Debt

The Housing Finance Corporation issues single-family revenue bonds to provide financial assistance to qualified homeowners. As of September 30, 2008, \$25 principal in single-family revenue bonds was outstanding. The Housing Finance Corporation does not have any obligation for the debt beyond the bond resources.

Contractual Maturities

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

<u>Years Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$19,955	\$7,583
2010	17,355	6,625
2011	17,419	6,006
2012	17,511	5,334
2013	14,535	4,317
2014 – 2018	54,665	11,156
2019 – 2023	14,630	2,458
2024 – 2025	2,815	219
Subtotal	<u>158,885</u>	<u>43,698</u>
Premium on debt	3,243	---
Total	<u>\$162,128</u>	<u>\$43,698</u>

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
(in thousands of dollars)

VI. LONG-TERM DEBT (Continued)

The Debt Service Fund has \$3,381 available to service the general long-term bond retirement. There are a number of limitations and restrictions contained in the various bond indentures. The management of the County believes that it is in compliance with all significant limitations and restrictions.

VII. INTERFUND RECEIVABLES, PAYABLE BALANCES AND TRANSFERS

Primary Government

The composition of interfund balances as of September 30, 2008 is as follows:

Due to/from other funds:

Receivable fund	Payable fund	Amount
General	Major projects	\$ 493
General	Major grants	395
General	Other non-major governmental	<u>5</u>
Subtotal		<u>893</u>
Internal service	General	1,522
Internal service	Other non-major governmental	<u>26</u>
Subtotal		<u>1,548</u>
Total		<u>\$ 2,441</u>

The “due to” the General Fund represents a reimbursement from the Major Projects Fund for administrative expenses associated with Public Works. The “due to” the Internal Service Fund from the General Fund and other non-major governmental funds relates to health insurance liability expected to be funded in FY 2009.

Transfer In:

	<u>General Fund</u>	<u>Major Projects</u>	<u>Major Grants</u>	<u>Total</u>
Transfer out:				
General fund	\$ ---	\$ ---	\$ 5,133	\$ 5,133
Major projects	4,599	---	---	4,599
Non-major governmental funds	<u>27,577</u>	<u>30,242</u>	<u>---</u>	<u>57,819</u>
Totals	<u>\$ 32,176</u>	<u>\$ 30,242</u>	<u>\$ 5,133</u>	<u>\$ 67,551</u>

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
(in thousands of dollars)

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

The majority of the \$27,577 transfers from Non-Major Governmental Funds to the General Fund were transfers from the Road and Bridge Fund. Those transfers totaled \$26,724 and were primarily from vehicle registration fees, criminal fines, and forfeitures collected by the Road and Bridge Fund. Funds transferred were to support traffic and transportation related expenditures.

In fiscal year 2006, \$65,416 (including premium of \$2,196) of bonded debt was issued by the County with the proceeds deposited into a Capital Project Fund, which is combined with Non-Major Governmental Funds. In fiscal year 2008, \$25,009 was transferred from this Capital Project Fund into the Major Projects Fund to fund two building projects. Those projects were an expansion of the County's jail and construction of a Forensic Sciences building.

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Primary Government – Approximately 27% of the \$59,379 balance in accounts payable at September 30, 2008 represents accrued payroll liabilities with the balance being payable to vendors and contractors.

Discretely Presented Component Unit – Accounts payable and other current liabilities in the Statement of Net Assets includes accounts payable and accrued expenses of \$65,769, Health Plan reserves for incurred but unreported claims of \$40,837, accrued payroll of \$31,802, employee healthcare liabilities of \$4,406, other employee benefits of \$5,725.

VIII. RETIREMENT COMMITMENTS

For information as to funding progress of retirement commitments see pages 86 and 87.

Primary Government

(a) 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 (the TCDRS). The TCDRS Board of Trustees is responsible for the administration of the statewide agent multi-employer public employee retirement system consisting of 574 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 plan provisions are adopted by the governing body of the employer, within options available in Texas state statutes (TCDRS Act) governing TCDRS. Members employed by the County are vested and may retire at age 60 and above with ten or more years of service, with 30 years of service, regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after combined ten years of employment with any organization(s) with an accredited plan

DALLAS COUNTY, TEXAS

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VIII. RETIREMENT COMMITMENTS (Continued)

(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 employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Public Agency Retirement Services

Employees with less than 1,000 hours of annual service, are required to participate in the Public Agency Retirement Services plan (PARS) as an alternative to participation in Social Security. PARS is administered by Phase II Systems, a California corporation. Employee and County contributions are fixed as a percent of an employee's salary which percentages are 6.2% and 1.3%, respectively. In fiscal 2008, employee and County contributions were \$113 and \$23, 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. Authorized by the TCDRS Act, the regular 8.5% contribution rate of the County is a fixed percent matched by a 7% contribution rate payable by employee members as adopted by the Commissioners Court. The regular contribution rate of the County is one of the rates that can be adopted in accordance with the TCDRS Act. The financing objective for the plan is to provide benefits for the employee members that can be adequately financed by a fixed employer contribution rate that remains level as a percent of covered payroll. Employee and County contribution rates may be changed by the Commissioners Court with options available in the TCDRS Act. If a plan has had adverse experience, the TCDRS Act provisions allow an employer to contribute a fixed supplemental contribution rate determined by the TCDRS actuary above the regular rate for 30 years or to reduce benefits earned in the future.

(c) Annual Pension Cost

For the year ended September 30, 2008, the County's annual pension cost and actual contributions for the TCDRS plan was \$27,682. The annual required contributions were in compliance with GASB Statement No. 27 parameters based on the actual actuarial valuations as of December 31, 2007, which is the basis for assessing the adequacy of the financing arrangement beginning with the contribution rates for calendar years 2007 and 2008. The December 31, 2007 actuarial valuation is the most recent valuation.

DALLAS COUNTY, TEXAS

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VIII. RETIREMENT COMMITMENTS (Continued)

Actuarial Valuation Information

	December 31, 2005	December 31, 2006	December 31, 2007
Actuarial valuation date	Entry Age	Entry Age	Entry Age
Actuarial cost method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open
Amortization cost method	23.2 years	9.9 years	9.2 years
Amortization period	Long-term appreciation with adjustments	¹ SAF: 10 years smoothed value	¹ SAF: 10 years smoothed value
Asset valuation method	Presentation not required	² ESF: Fund value	² ESF: Fund value
Actuarial valuation results	Presentation not required	Presentation not required	
Plan type	GASB 50 not effective	GASB 50 not effective	Fixed
Actuarial Present value of future benefits			
Annuitants	N/A	N/A	\$ 129,477
Members	N/A	N/A	<u>948,967</u>
Total	N/A	N/A	1,078,444
Actuarial present value of future normal cost contributions	N/A	N/A	<u>(162,763)</u>
Actuarial accrued liability	N/A	N/A	915,681
Actuarial value of assets	N/A	N/A	<u>(861,802)</u>
Unfunded actuarial accrued liability	N/A	N/A	<u>\$ 53,879</u>
Funded ratio	N/A	N/A	94.1%
Required employer rates for 2009			
Normal cost	N/A	N/A	6.42%
UAAL	N/A	N/A	<u>2.08</u>
Total required rate	N/A	N/A	8.50%
Actuarial Assumptions:			
Investment return	8.0%	8.0%	8.0%
Projected salary increases	5.5%	5.3%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

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

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

DALLAS COUNTY, TEXAS

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VIII. RETIREMENT COMMITMENTS (Continued)

Annual Pension Cost			
<u>Accounting Year Ending</u>	<u>Annual Pension Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2008	\$ 27,682	100%	—
September 30, 2007	25,342	100%	—
September 30, 2006	22,758	100%	—

(d) Post Retirement Benefits Other Than Pension

During 2008, the County adopted GASB Statement No. 45 (GASB 45) *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB 45 establishes standards for the measurement, recognition, and display of other postemployment benefit costs (OPEB), contributions, related liabilities and assets, financial statement disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers.

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. For the fiscal year, ended September 30, 2008, retirees were not obligated to fully vacate County programs and utilize Medicare.

Age-adjusted premium amounts are not incorporated with the policy, except after the age of 65. Retiree plan participants who opt for other than basic or enhanced coverage must contribute 100% of the costs.

Medical Plans Premiums – Retirees Under Age 65 (Not Medicare Eligible)
(a)

<u>Medical Option</u>	<u>Retiree Only</u>	<u>Retiree Plus Spouse</u>	<u>Retiree Plus Child(ren)</u>	<u>Retiree Plus Family</u>
Exclusive Provider Organization Plan	\$345	\$674	\$529	\$871
Health Management Organization Plan Blue® Texas Plan (b)	361	765	592	992
Preferred Provider Organization Plan	384	750	589	969

(a) Amounts are in whole dollars.

(b) The HMO Plan is available to under age 65 retirees only and their spouse (regardless of age) and eligible dependents.

DALLAS COUNTY, TEXAS

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VIII. RETIREMENT COMMITMENTS (Continued)

Medical Plans Premiums - Retirees Age 65 and Older (and Medicare Eligible Under Age 65 Retirees)
(a)

Medical Option	Retiree	Retiree	Retiree	Retiree
PSS and PMA require enrollment in Medicare Part A and Part B	Only	Plus Spouse	Plus Child(ren)	Plus Family
Exclusive Provider Organization Plan	\$224	\$505	\$397	\$653
Preferred Provider Organization Plan	250	562	441	726
PacifiCare Senior Supplement Plan (Age 65+) (PSS)	245	490	N/A	N/A
Plan and PacifiCare Commercial PPO Plan for non-Medicare eligible spouse and/or dependents with Medicare eligible spouse (PSD) (b)	N/A	652	473	896
Medicare Complete® - a Medicare Advantage Plan (PMA)	84	169	N/A	N/A
Plan and PacifiCare Commercial PPO Plan for non-Medicare eligible spouse and/or dependents (PMD)	N/A	491	312	735
PMD With Medicare eligible spouse (c)	N/A	N/A	N/A	396

(a) Amounts are in whole dollars.

(b) PSD with Medicare eligible spouse.

(c) PMD with Medicare eligible spouse.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

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VIII. RETIREMENT COMMITMENTS (Continued)

Sponsored Dependents Option (Surviving Dependents of Deceased Retiree)
(a)

Medical Plan Option	Under Age 65 Spouse	Age 65 & Older Spouse (or Medicare enrolled if under 65)	Child(ren) Only	Under Age 65 Spouse (not Medicare-eligible) and Child(ren)	Age 65 & Older Spouse (or Medicare enrolled if under 65) and Child(ren)
PSS and PMA require enrollment in Medicare Part A and Part B. You must be age 65 or older to enroll in the PSS Plan.					
Exclusive Provider Organization Plan	\$345	\$224	\$345	\$529	\$397
Health Management Organization Plan Blue® Texas	361	N/A	361	592	N/A
Preferred Provider Organization Plan	384	250	384	589	441
PacifiCare Senior Supplement Plan (PSS)	N/A	245	N/A	N/A	N/A
PSS with PacifiCare Commercial PPO for non-Medicare Spouse/Child(ren) (PSD)	N/A	N/A	228	650	473
MedicareComplete® - a Medicare Advantage Plan (PMA)	N/A	84	N/A	N/A	N/A
PMA with PacifiCare Commercial PPO for non-Medicare Spouse/Child(ren) (PMD)	N/A	N/A	228	650	312
PMD/PSD Non-Medicare Spouse only (b)					407

(a) Amounts are in whole dollars.

(b) PMD/ PSD with Non-Medicare spouse only.

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, 2008, the County paid \$5,164 for OPEB payments by the Plan, consisting of both County and retiree contributions. Retiree Plan members receiving benefits contributed \$2,462 or approximately 47.7% of total cost through their required contribution.

Annual OPEB Cost and Net OPEB Obligation.

The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount that was actuarially determined by using the Projected Unit Credit method. The ARC represents a level of funding that, if paid on an on-going basis, is projected

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

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VIII. RETIREMENT COMMITMENTS (Continued)

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 with active claims aged to retirement. The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. Under this method, actuarial gain or losses, as they occur, reduce or increase future Normal Costs. The following table shows the elements of the County's annual OPEB cost for the year ended September 30, 2008, the amount actually paid on behalf of the Plan, and changes in the County's net OPEB obligation to the Plan for the year beginning October 1, 2007:

	<u>Amount</u>
Normal Cost	\$ 14,600
Amortization of UAAL	6,400
Interest on net OPEB obligation	---
Adjustment to annual required contribution	---
Annual OPEB expense	21,000
Contributions made	(2,702)
Change in net OPEB obligation	18,298
Net OPEB obligation – beginning of year	---
Net OPEB obligation – end of year	\$ 18,298

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

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended September 30, 2008 is as follows:

Accounting Year Ending	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
September 30, 2008	\$ 21,000	12.9%	\$18,298

Funding Status and Funding Progress.

As of October 1, 2007, the most recent (initial) actuarial valuation date, the Plan was 0.0% funded. The actuarial accrued liability for benefits was \$165,000 and the actuarial value of assets was \$0, resulting in an unfunded actuarial balance. The covered payroll (annual payroll of active employees covered by the Plan) was \$288,600, and the ratio of the UAAL to the covered payroll was 57.2%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The assumptions

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

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VIII. RETIREMENT COMMITMENTS (Continued)

among others are reflected below. Amounts determined regarding the funded status of the Plan and the annual required contributions of the County are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown below and as required supplementary information, presents the result of OPEB valuations as of October 1, 2007 and looking forward, the schedule will eventually provide multi-year trend information about whether the actuarial values of Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAL as a Percentage of Payroll (b-a)/c</u>
October 1, 2007	\$ ---	\$165,000	\$ 165,000	0.0%	\$288,600	57.2%

Actuarial Methods and Assumptions.

The actuarial assumptions used in the October 1, 2007 OPEB actuarial valuations are classified as those used in the Texas County and District Retirement System (TCDRS) valuations and those specific to the OPEB valuations. 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.

The OPEB specific actuarial assumptions used in the October 1, 2007 OPEB actuarial valuations of the Plan are as follows:

Economic Assumptions

Discount rate	5.00%
Projected salary increases	4.00%

Medical Benefit Assumptions

Average per capita claims cost:	<i>Age</i>	<i>Retiree(a)</i>	<i>Spouse (a)</i>
	< 65	\$10,691	\$10,691
	≥ 65	\$4,802	\$4,802

(a) Amounts are in whole dollars.

Health care cost trend rate:

- Medical costs and contributions under age 65 9.0% in 2008, reducing 0.5% per year, reaching 5.0% in 2016 and after
- Medical costs and contributions age 65 and over 9.0% in 2008, reducing 0.5% per year, reaching 5.0% in 2016 and after
- Medicare covered charges Same as age 65 and over medical cost increases

Administrative expenses Included in above per capita costs

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

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VIII. RETIREMENT COMMITMENTS (Continued)

Annual Retiree Contribution Amounts

	<u>Under Age 65 (a)</u>		<u>Age 65 and Older (a)</u>	
	<u>Retiree</u>	<u>Spouse</u>	<u>Retiree</u>	<u>Spouse</u>
Exclusive Provider Organization Plan	\$4,140	\$3,948	\$2,693	\$3,371
Preferred Provider Organization Plan	4,608	4,392	2,996	3,751
Health Management Organization Plan				
Blue® Texas Plan	4,332	4,848	N/A	N/A
Medicare Complete® - a Medicare Advantage Plan	N/A	N/A	1,011	1,011
PacifiCare Senior Supplement Plan	N/A	N/A	2,942	2,942

(a) Amounts are in whole dollars.

Demographic Assumptions

Mortality:

- Healthy Up 94 Sex – Distinct Mortality Table
- Disabled Up 94 Sex – Distinct Mortality Table

Termination

Rates varying by age and service based on the Texas County and District Retirement System tables for “Middle”

Sample rates – Males:

Years Of Service	Age			
	<30	30 – 39	40 – 49	50 and up
1	.22080	.18240	.16320	.14400
5	.09380	.07750	.06940	.06120
20	.01660	.01370	.01220	.01080

Sample rates – Females:

Years Of Service	Age			
	<30	30 – 39	40 – 49	50 and up
1	.23920	.19760	.17680	.15600
5	.10170	.08400	.07510	.06630
20	.01790	.01480	.01330	.01170

Retirement

Rates varying by age based on Texas County and District Retirement System tables

Rates:

<u>Age</u>	<u>Female</u>	<u>Male</u>
40 – 44	.05	.05
45 – 49	.10	.10
50 – 61	.14	.16
62	.32	.32
63 – 64	.18	.18
65	.35	.35
66 – 74	.25	.25
75 & up	1.00	1.00

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

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VIII. RETIREMENT COMMITMENTS (Continued)

Discretely Presented Component Unit

Defined Benefit Plan

The District maintains the Dallas County Hospital District Retirement Income Plan, a single-employer, defined benefit pension plan (the Plan), which covers substantially all of its full-time employees. The Plan is administered by a committee appointed by the Board of Managers of the District (the Committee). Plan provisions and contribution requirements are established and may be amended by the Committee. The annual payroll for employees covered by the Plan as of January 1, 2008, was approximately \$373,000. For the year ended September 30, 2008, the District's total payroll was approximately \$514,000.

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

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

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%; and, c) the assumption that benefits will not increase after retirement. The amortization method used is the level percentage of projected open payroll over a period of 30 years. The actuarial value of assets is equal to a five-year rolling phase-in of the excess of actual investment income over expected investment income, based on the market value.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

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VIII. RETIREMENT COMMITMENTS (Continued)

The District's annual pension cost and net pension asset related to the Plan for the plan year ended December 31, 2007, were as follows:

Annual required contribution	\$11,601
Interest on net pension asset	(1,537)
Adjustment to annual required contribution	<u>1,133</u>
Annual pension cost	11,197
Contributions	<u>11,223</u>
Increase in net pension asset	26
Net pension asset as of January 1, 2007	<u>18,630</u>
Net pension asset as of December 31, 2007	\$ <u>18,656</u>

The contribution requirements for the District fiscal year are as follows:

Plan Years Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
December 31, 2007	\$ 11,197	100%	\$ 18,656
December 31, 2006	9,276	178	18,630
December 31, 2005	9,896	207	11,401

During the year ended September 30, 2008, \$18,700 of employee contributions were made in accordance with the established contribution requirements described above. The District contributed approximately \$11,000 to the Plan during the year ended September 30, 2008, in accordance with contribution requirements determined by the January 1, 2007, actuarial valuation. Included in the 2008 contributions was \$9,700 for amortization of the unfunded actuarial accrued liability and represents 2.6% of covered payroll for the year. Three- year historical trend information presenting the progress in accumulating sufficient assets to pay benefits when due is presented on page xx based on the Plan's year-end of December 31.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. This report may be obtained by writing to the District's benefit office. At January 1, 2008, 2007, and 2006, the actuarial value of assets was sufficient to fund 93.9%, 93.3%, and 89.5%, respectively, of the actuarial accrued liability. The unfunded liability as a percentage of the annual payroll for employees covered as of January 1, 2008, 2007, and 2006 was 7.1%, 8.3%, and 13.9%, 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 Committee. Plan provisions and contribution requirements are established and may be amended by the Committee. The payroll

DALLAS COUNTY, TEXAS

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VIII. RETIREMENT COMMITMENTS (Continued)

for employees covered by the Defined Contribution Plan for the year ended September 30, 2008, was approximately \$451,000. The District's total payroll was approximately \$514,000. Eligible employees can choose to contribute from 2% to 20% of their base salaries. The District will match employees' contributions 100%, up to 6% of their base salaries. Employees are fully vested at all times in their voluntary contributions plus earnings thereon. Vesting in the District's matching contributions is based on years of service. After one year of service, employees vest at the rate of 20% per year for five years. Should an employee terminate prior to vesting completely in the District's contributions, the unvested portion can be used to reduce the District's matching contributions in the aggregate in the following year.

Contributions for the year ended September 30, 2008 were approximately \$14,900 from the District and \$27,500 from employees, or 6.1% of covered payroll. The required contribution by the District for 2008 has been reduced by \$500 representing forfeitures of prior District contributions and related investment income for non-vested amounts of employees withdrawing from the Plan upon termination. The defined contribution plan issues a publicly available financial report that includes financial statements and required supplementary information for the defined contribution plan. This report may be obtained by writing to the District's benefit office.

Postretirement Benefits Other Than Pension

In addition to providing pension benefits, the District provides certain health care benefits for retired employees until age 65 (the 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, and resulted in an increase of \$1,662 in expenses for the year ended September 30, 2008. As of January 1, 2008, the number of retirees and eligible beneficiaries were 99.

The OPEB Plan is administered by the Committee. The OPEB Plan provisions and contribution requirements are established and may be amended by the Committee. The OPEB Plan does not issue a publicly available financial report.

The District's annual other postemployment benefit (OPEB) cost or expense is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities, or funding excess, over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for 2008, the amount actually contributed and changes in the District's net OPEB obligation are as follows.

Annual required contribution	\$ 2,323
Interest on net OPEB obligation	---
Annual OPEB cost	<u>2,323</u>
Contributions	<u>(661)</u>
Increase in net OPEB obligation	1,662
Net OPEB obligation - beginning of year	---
Net OPEB obligation - end of year	<u>\$ 1,662</u>

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

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VIII. RETIREMENT COMMITMENTS (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation for 2008 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, 2008	\$ 2,323	28.4%	\$ 1,662

As of January 1, 2008, the most recent actuarial valuation date, the OPEB Plan was not prefunded. Contributions made were for current year costs incurred only. The actuarially accrued liability for benefits was \$18,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$18,000. The covered payroll (annual payroll of active employees covered by the OPEB Plan) was \$401,000, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 4.5%.

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

In the January 1, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5% investment rate of return, which is a blended rate of the District's expected investment returns on current investments, and an annual health care cost trend rate of 8.5%, was amortized over a period of 30 years based on a level percentage of payroll method.

IX. LEASES

Primary Government

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

<u>Years Ending September 30,</u>	<u>Amount</u>
2009	\$ 1,330
2010	1,193
2011	447
2012	291
2013	164
2014-2018	<u>551</u>
Total	<u>\$ 3,976</u>

Rental expense for all County operating leases was approximately \$1,290 for the year ended September 30, 2008.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

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IX. LEASES (Continued)

Discretely Presented Component Unit

The District leases facilities under operating leases that expire over periods of up to eight years. Renewal and purchase options are available on certain of these leases. At September 30, 2008, future minimum rental payments applicable to the operating leases are as follows:

<u>Years Ending September 30,</u>	<u>Amount</u>
2009	\$ 2,410
2010	1,637
2011	1,162
2012	580
2013-2015	808
Total	\$ <u>6,597</u>

Rental expense for all operating leases was approximately \$5,700 for the year ended September 30, 2008.

The District is also a lessor primarily of land and parking space under operating leases. Renewal options are available on certain of these leases. The land and the parking space are carried at a cost of \$1,400 and \$8,900 respectively. The accumulated depreciation on the parking space is \$7,700 at September 30, 2008.

Minimum future rentals to be received under operating leases at September 30, 2008 are as follows:

<u>Years Ending September 30,</u>	<u>Amount</u>
2009	\$ 796
2010	569
2011	420
2012	235
2013	121
2014-2018	605
2019-2023	605
2024-2028	605
2029-2033	605
2034-2038	360
2039-2043	196
2044-2048	196
2049-2053	196
2054-2058	196
2059-2063	196
2064-2068	196
2069-2073	196
2074-2078	196
2079-2083	196
2084-2087	137
Total	\$ <u>6,822</u>

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
(in thousands of dollars)

X. RISK MANAGEMENT

Primary Government

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

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

The County's workers' compensation self-insurance program provides medical and indemnity payments as required by law for on-the-job related injuries. The liability is recognized in the Internal Service Fund. The third-party administrator for the program monitors the filing of claims, verifies the legitimacy and processes payments to injured employees.

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

Premiums are paid into the Internal Service Fund by all other governmental funds for medical insurance programs. Contracted insurance providers receive disbursements based on monthly enrollment and premium calculations. Funds are available to pay claims, claim reserves and administrative costs of the programs. 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 \$400 and aggregating specific deductible of \$154 for the fiscal year ended September 30, 2008.

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
(in thousands of dollars)

X. RISK MANAGEMENT (Continued)

Changes in the medical and workers' compensation claims liability amounts in fiscal years 2008 and 2007 follow:

	<u>Beginning Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Ending Liability</u>
2007 Medical	\$ 2,116	\$ 49,079	\$ 47,703	\$ 3,492
2008 Medical	3,492	50,346	49,561	4,277
2007 Workers' Compensation	6,515	3,263	1,858	7,920
2008 Workers' Compensation	7,920	2,262	2,247	7,935

Discretely Presented Component Unit

The liabilities described below as of September 30, 2008 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. Because of settled claims, the frequency of new claims and other economic and social factors, claims liabilities are reevaluated periodically.

Hospital Professional Liability and General Liability – The District is involved in certain legal actions and claims arising in the ordinary course of operations. The District records estimated self-insurance costs for medical malpractice and general liabilities as other current and non-current liabilities. The amounts provided for funding and the estimated liability are based on studies prepared by an independent actuary for settlement of claims limited to \$100 per claim and \$300 per occurrence in accordance with the limited liability provisions of the Texas Tort Claim Act. The funding is using an actuarially determined 5% discount rate.

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

Workers' Compensation Liability – The District maintains a self-insurance plan for workers' compensation benefits, managed by a third-party administrator. The District records estimated self-insurance costs for workers' compensation as current liabilities. The amount provided for the

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
(in thousands of dollars)

X. RISK MANAGEMENT (Continued)

estimated liability is based on settlement of claims. The funding is using an actuarially determined 5% discount rate. These reserves are included in accounts payable and other current liabilities in the Statement of Net Assets.

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

Changes in the hospital professional liability and general liability, employee health care benefit liability, workers' compensation liability, and Health Plan incurred but unreported claim liability, amounts in fiscal 2008 and 2007 were as follows:

	<u>Beginning Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Ending Liability</u>
Hospital professional and general liability:				
2007	\$ 4,268	\$ 1,287	\$ (1,885)	\$ 3,670
2008	3,670	1,500	(976)	4,194
Employee health care liability:				
2007	3,486	38,607	(38,593)	3,500
2008	3,500	40,845	(39,939)	4,406
Workers' compensation liability:				
2007	3,538	2,461	(1,439)	4,560
2008	4,560	1,803	(1,463)	4,900
Health Plan incurred but unreported claim liability:				
2007 ⁽¹⁾	26,143	268,131	(238,890)	55,384
2008	55,384	301,832	(316,379)	40,837

⁽¹⁾Increase due to:

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

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

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
(in thousands of dollars)

XI. COMMITMENTS AND CONTINGENCIES

Primary Government

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. A contingent liability was not established because potential reimbursements are considered immaterial.

Several lawsuits that could affect the County's financial position are in various stages of litigation. An estimated liability of \$3,000 has been established in the government-wide Statement of Net Assets to provide coverage for the estimated maximum cost to the County. There are other lawsuits and claims in which the County is involved. Based upon the representations of the District Attorney and legal counsel for the Commissioners Court, management believes that potential claims, if any, against the County resulting from such litigation would not materially affect the financial position or operations of the County.

Discretely Presented Component Unit

Litigation

The District is involved in litigation and compliance investigations arising in the normal course of business or as a result of routine internal compliance reviews conducted by District management.

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

Affiliation Agreements

In 2008, the District and University of Texas Southwestern Medical School (UTSMS) have entered into an annual agreement under which UTSMS supervises and directs services to patients of the District, and the District recorded expenses of approximately \$100,000.

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

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
(in thousands of dollars)

XI. COMMITMENTS AND CONTINGENCIES (Continued)

accompanying Statement of Activities. As of September 30, 2007, the District had remitted \$59,000 million of these IGTs to the State of Texas, and the remaining \$24,000 is included in the accompanying Statement of Net Assets with accounts payable and other current liabilities.

In October 2007, CMS deferred federal funding to the State of Texas for the various private UPL Programs in Texas pending the outcome of its review. Because of this deferral, which created substantial uncertainty regarding the Texas Private UPL Program (Program), the District had not recognized any benefit of the expected expense reduction of \$24,000 that would be realizable if the Texas Private UPL Program were to proceed. The District has reflected this amount as an expense and included this amount in accounts payable and other current liabilities in the accompanying Statements of Activities and Net Assets, respectively. The Program was subsequently put on hold for 2008. In August 2008, CMS approved the Program, and subsequently the District recognized a benefit of \$18,000 as an expense reduction.

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

XII. SUBSEQUENT EVENT – DISCRETELY PRESENTED COMPONENT UNIT

On November 4, 2008, Dallas County voters overwhelmingly approved supporting ad valorem tax increases of up to 2.5 cents per one hundred dollars of taxable valuation to support the issuance of up to \$747,000 in a combination of tax and revenue bonds for the District. The bonds are the primary funding source for a hospital replacement program with an estimated cost of \$ 1,300,000. Other anticipated funding sources include proceeds from a \$150,000 "I Stand For Parkland" philanthropic campaign, \$350,000 in current and future hospital cash and investments, and interest on bond proceeds.

No material commitments have been made on the hospital replacement program.

XIII. NEW ACCOUNTING PRONOUNCEMENTS

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

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

DALLAS COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008
(in thousands of dollars)

XIII. NEW ACCOUNTING PRONOUNCEMENTS (Continued)

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

GASB 53: Accounting and Financial Reporting for Derivative Investments – This statement requires governments to measure most derivative instruments at fair value in financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. Changes in fair value for effective hedges have to be recognized in the reporting period when they occurred. GASB 53 becomes effective for fiscal years beginning after June 15, 2009.

GASB 54: Fund Balance Reporting and Governmental Fund Type Definitions – This statement is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing government fund types. GASB 54 becomes effective for fiscal years beginning after June 15, 2010.

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

REQUIRED SUPPLEMENTARY
INFORMATION
(UNAUDITED)

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

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended September 30, 2008
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 269,088	\$ 269,088	\$ 263,382	\$ (5,706)
Licenses and permits	510	510	547	37
Fines and forfeitures	20,293	20,293	18,557	(1,736)
Investment income	10,588	10,588	4,965	(5,623)
Rental revenues	3,213	3,213	4,173	960
Intergovernmental revenues	7,305	7,305	1,724	(5,581)
Charges for current services	117,523	117,523	113,943	(3,580)
Miscellaneous	5,845	5,845	13,713	7,868
Total revenues	<u>434,365</u>	<u>434,365</u>	<u>421,004</u>	<u>(13,361)</u>
EXPENDITURES:				
General government:				
Salaries	37,801	36,393	36,211	182
Allowances	56	64	64	-
Operating	42,191	44,672	40,161	4,511
Property	3,456	3,736	2,877	859
Total general government	<u>83,504</u>	<u>84,865</u>	<u>79,313</u>	<u>5,552</u>
Judicial:				
Salaries	95,107	96,770	96,758	12
Allowances	95	114	114	-
Operating	28,798	30,884	27,828	3,056
Property	83	665	333	332
Total judicial	<u>124,083</u>	<u>128,433</u>	<u>125,033</u>	<u>3,400</u>
Public Safety:				
Salaries	186,470	197,401	195,675	1,726
Allowances	63	64	64	-
Operating	26,644	30,506	26,872	3,634
Property	1,690	1,951	593	1,358
Total public safety	<u>214,867</u>	<u>229,922</u>	<u>223,204</u>	<u>6,718</u>
Health:				
Salaries	7,595	7,251	7,251	-
Allowances	43	82	82	-
Operating	8,870	9,225	9,040	185
Property	-	107	107	-
Total health	<u>16,508</u>	<u>16,665</u>	<u>16,480</u>	<u>185</u>

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

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

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended September 30, 2008
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Welfare:				
Salaries	\$ 7,118	\$ 7,117	\$ 7,117	\$ -
Allowances	61	54	54	-
Operating	2,705	2,726	1,997	729
Property	167	167	-	167
Total public welfare	<u>10,051</u>	<u>10,064</u>	<u>9,168</u>	<u>896</u>
Reserves	<u>47,175</u>	<u>26,239</u>	<u>-</u>	<u>26,239</u>
Total expenditures	<u>496,188</u>	<u>496,188</u>	<u>453,198</u>	<u>42,990</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(61,823)</u>	<u>(61,823)</u>	<u>(32,194)</u>	<u>29,629</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	28,809	28,809	32,176	3,367
Operating transfers (out)	<u>(5,783)</u>	<u>(5,783)</u>	<u>(5,133)</u>	<u>650</u>
Total other financing sources (uses)	<u>23,026</u>	<u>23,026</u>	<u>27,043</u>	<u>4,017</u>
Net change in fund balance	(38,797)	(38,797)	(5,151)	33,646
Fund balance - beginning	39,961	39,961	39,961	-
Fund balance - ending	<u>\$ 1,164</u>	<u>\$ 1,164</u>	<u>\$ 34,810</u>	<u>\$ 33,646</u>

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

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

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended September 30, 2008
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 41,404	\$ 41,404	\$ 40,494	\$ (910)
Investments and rentals	5,758	5,758	2,659	(3,099)
Miscellaneous	-	-	2,549	2,549
Total revenues	<u>47,162</u>	<u>47,162</u>	<u>45,702</u>	<u>(1,460)</u>
EXPENDITURES:				
Capital outlay	104,606	68,091	74,697	(6,606)
Highways and streets	51,769	96,330	15,869	80,461
Total expenditures	<u>156,375</u>	<u>164,421</u>	<u>90,566</u>	<u>73,855</u>
Reserves	8,441	395	-	395
Excess (deficiency) of revenues over (under) expenditures	<u>(117,654)</u>	<u>(117,654)</u>	<u>(44,864)</u>	<u>72,790</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	32,583	32,583	30,242	(2,341)
Transfers (out)	(4,599)	(4,599)	(4,599)	-
Total other financing sources (uses)	<u>27,984</u>	<u>27,984</u>	<u>25,643</u>	<u>(2,341)</u>
Net change in fund balance	(89,670)	(89,670)	(19,221)	70,449
Fund balance - beginning	96,015	96,015	96,015	-
Fund balance - ending	<u>\$ 6,345</u>	<u>\$ 6,345</u>	<u>\$ 76,794</u>	<u>\$ 70,449</u>

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

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

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended September 30, 2008
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 5	\$ 5	\$ 74	\$ 69
Intergovernmental revenues	87,303	87,303	83,486	(3,817)
Total revenues	<u>87,308</u>	<u>87,308</u>	<u>83,560</u>	<u>(3,748)</u>
EXPENDITURES:				
Judicial	2,991	2,991	2,825	166
Public safety	9,306	9,306	7,858	1,448
Health	33,287	33,287	30,104	3,183
Education	11,850	11,850	11,599	251
Public welfare	39,114	39,114	36,529	2,585
Total expenditures	<u>96,548</u>	<u>96,548</u>	<u>88,915</u>	<u>7,633</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(9,240)</u>	<u>(9,240)</u>	<u>(5,355)</u>	<u>3,885</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>5,133</u>	<u>5,133</u>	<u>5,133</u>	<u>-</u>
Total other financing sources and (uses)	<u>5,133</u>	<u>5,133</u>	<u>5,133</u>	<u>-</u>
Net change in fund balance	(4,107)	(4,107)	(222)	3,885
Fund balance - beginning	6,171	6,171	6,171	-
Fund balance - ending	<u>\$ 2,064</u>	<u>\$ 2,064</u>	<u>\$ 5,949</u>	<u>\$ 3,885</u>

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

DALLAS COUNTY, TEXAS

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

September 30, 2008

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

The following are the funds which have legally adopted annual budgets prepared on a cash basis: General Fund, Debt Service Fund and Special Revenue Funds (except for District Attorney funds). A legally adopted budget is not prepared for the Payroll Special Revenue Fund. Project-length financial plans are adopted for Capital Projects Funds. Budget funds are allocated annually for Major 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 Officer requests for appropriation. These requests are reviewed, compiled and presented to the Commissioners Court for approval. The Commissioners Court conducts departmental budget reviews, adjusts budget requests to final form and conducts a public hearing in the County Administration Building. One copy of the proposed budget must be filed with the County Clerk and one with the County Auditor. Copies must be available to the public. The Commissioners Court must provide for the public hearing on the budget on some date within seven calendar days after the filing of the budget and prior to October 31 of the current fiscal year.

The County controls appropriations at the category level (i.e., salaries, allowances, operations and property) for each department or project within the General Fund and some of the Special Revenue Funds. Grants are budgeted in total and not at the category level. All Debt Service Fund expenditures for principal and interest on long-term debt are considered to be in the operations category. Certain appropriation transfers may be made between categories or departments only with the approval of the Commissioners Court. Other transfers (e.g. court costs) may be authorized by the Budget director. Transfers that were made during fiscal year 2008 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 Balance
Budget and Actual
(Unaudited)**

September 30, 2008

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds and Capital Projects Funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance since they do not constitute expenditures or liabilities.

DALLAS COUNTY, TEXAS
 Required Supplementary Information
 (Unaudited)
 Infrastructure Assets Under Modified Approach
 September 30, 2008
 (in thousands of dollars)

ROADS

A federal highway administration pavement condition rating (PCR) was utilized to assess the condition of the 136.77 lane miles of County roads. District 1 does not have any County roads. The County policy is to maintain roads at a minimum of 2.5 on the 4.0 scale. The following conditions were defined and associated to a rating:

Condition	Rating
Excellent	4
Good	3
Fair	2
Poor	1

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

<u>Road and Bridge District</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
District 1	--- %	--- %	--- %	--- %	--- %
District 2	100.0	97.5	97.5	98.5	100.0
District 3	95.7	97.9	94.4	95.8	97.1
District 4	66.7 (a)	100.0	100.0	100.0	100.0
Overall System	87.5%	98.5%	95.0%	96.2%	99.3%

(a) Maintenance deferred until TxDot and DART construction adjacent to County road is complete.

Comparison of Estimated to Actual Maintenance Costs

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Estimated	\$ 962	\$962	\$1,026	\$1,100	\$1,100
Actual	1,701	1,238	1,149	1,038	1,340

DALLAS COUNTY, TEXAS
 Required Supplementary Information
 (Unaudited)
 Infrastructure Assets Under Modified Approach
 September 30, 2008
 (in thousands of dollars)

Bridges

	<u>Rating</u>	<u>Number</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Very good	6.0 – 9.0	36	97%	92%	93%	86%	76%
Good	4.0 – 5.9	1	3	8	7	14	24
Fair	3.0 – 3.9	---	---	---	---	---	---
Poor	0.0 – 2.9	---	---	---	---	---	---
Total		<u>37</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

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

Public Works bridge inventory reported 37 and 38 bridges for the years ending September 30, 2008 and 2007, respectively. One bridge was annexed by the City of Wilmer during fiscal 2008. Net decrease to infrastructure assets was \$374.

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

Comparison of Estimated to Actual Maintenance Costs

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Estimated	\$1,000	\$1,348	\$1,000	\$18	\$12
Actual	230	337	202	15	12

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

Schedule of Funding Progress
for the Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded OAAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll {((b-a)/c)}
December 31, 2005	\$ 715,013	\$ 791,643	\$ (76,630)	90.32%	\$ 245,948	(31.16)%
December 31, 2006	797,277	850,390	(53,113)	93.75	279,800	(18.98)
December 31, 2007	861,802	915,681	(53,879)	94.12	306,761	(17.56)

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)}
October 1, 2005	N/A	N/A	N/A	N/A	N/A	N/A
October 1, 2006	N/A	N/A	N/A	N/A	N/A	N/A
October 1, 2007	\$ 0	\$ 165,000	\$ (165,000)	0%	\$ 288,600	(57.2)%

Note: The above table is for GASB 45 disclosure reporting requirements effective beginning with fiscal year 2008. For additional information see Note VIII on page 56.

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

Three-Year Historical Trend Beginning January 1, 2006
 Schedule of Funding Progress of Defined Benefit Pension Plan
 (in thousands of dollars)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded OAAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll {{{(b-a)/c}}}
December 31, 2006	\$ 338,161	\$ 377,881	\$ (39,720)	89.5%	\$ 285,265	(13.9)%
December 31, 2007	383,100	410,600	(27,500)	93.3	331,200	(8.3)
December 31, 2008	432,300	460,600	(28,300)	93.9	373,100	(7.1)

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}}}
December 31, 2005	N/A	N/A	N/A	N/A	N/A	N/A
December 31, 2006	N/A	N/A	N/A	N/A	N/A	N/A
December 31, 2007	0	\$ 18,000	\$ (18,000)	0%	\$ 401,000	(4.5)%

SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Capital Projects Funds

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

Tax and Revenue:

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

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

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

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

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

Road Bond Funds - used to account for proceeds from bonds issued for the purchase of right-of-way and for the subsequent construction and maintenance of roads and bridges throughout the County.

DALLAS COUNTY, TEXAS

Combining Balance Sheet
 Non-major Governmental Funds
 September 30, 2008
 (in thousands of dollars)

Special Revenue - Continued

						District Attorney		District Attorney Forfeitures			Historical Commission
	Road and Bridge	Permanent Improvement	Law Library	Payroll Fund	Major Technology	HIDTA Federal	Special	Federal	State	Other	
ASSETS											
Cash and investments	\$ 16,213	\$ 1,556	\$ 582	\$ -	\$ 5,699	\$ 186	\$ 215	\$ 884	\$ 605	\$ 112	\$ 13
Receivables:											
Taxes - current	-	3,341	-	-	22,598	-	-	-	-	-	-
Less allowance for uncollectible	-	(291)	-	-	(1,412)	-	-	-	-	-	-
Net taxes receivable	-	3,050	-	-	21,186	-	-	-	-	-	-
Accounts	277,216	-	2,874	-	-	-	-	-	-	-	-
Less allowance for uncollectible	(270,872)	-	(2,837)	-	-	-	-	-	-	-	-
Net accounts receivable	6,344	-	37	-	-	-	-	-	-	-	-
Accrued interest	102	10	-	-	36	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-	-	-	-	-	-
Inventories	334	-	-	-	-	-	-	-	-	-	-
Prepayments and advances	42	-	5	-	-	-	-	-	-	-	-
Total assets	\$ 23,035	\$ 4,616	\$ 624	\$ -	\$ 26,921	\$ 186	\$ 215	\$ 884	\$ 605	\$ 112	\$ 13
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ 271	\$ 54	\$ 26	\$ -	\$ 1,304	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	2	8	-	-	-	-	-	-	-	-
Due to other governmental units	3,059	-	-	-	-	-	-	-	-	-	-
Deferred and unearned revenue	5,481	3,045	37	-	21,144	-	-	-	-	-	-
Total liabilities	8,811	3,101	71	-	22,448	-	-	-	-	-	-
FUND BALANCES											
Reserved for encumbrances	-	-	-	-	1,737	-	-	-	-	-	-
Reserved for inventories	334	-	-	-	-	-	-	-	-	-	-
Reserved for prepayments, advances and change funds	42	-	5	-	-	-	-	-	-	-	-
Reserved for HUD Section 8 Grants	-	-	-	-	-	-	-	-	-	-	-
Unreserved special revenue funds	13,848	1,515	548	-	2,736	186	215	884	605	112	13
Unreserved capital project funds	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	14,224	1,515	553	-	4,473	186	215	884	605	112	13
Total liabilities and fund balances	\$ 23,035	\$ 4,616	\$ 624	\$ -	\$ 26,921	\$ 186	\$ 215	\$ 884	\$ 605	\$ 112	\$ 13

DALLAS COUNTY, TEXAS

Combining Balance Sheet
 Non-major Governmental Funds
 September 30, 2008
 (in thousands of dollars)

Special Revenue - Continued

	Historical Exhibit	Alternative Dispute Resolution	Appellate Justice System	HUD Section 8 Grants	Total
ASSETS					
Cash and investments	\$ 210	\$ 1,132	\$ 659	\$ 7,059	\$ 35,125
Receivables:					
Taxes - current	-	-	-	-	25,939
Less allowance for uncollectible	-	-	-	-	(1,703)
Net taxes receivable	-	-	-	-	24,236
Accounts	86	2,235	867	-	283,278
Less allowance for uncollectible	-	(2,197)	(831)	-	(276,737)
Net accounts receivable	86	38	36	-	6,541
Accrued interest	-	7	-	-	155
Due from other governmental units	-	-	-	232	232
Inventories	-	-	-	-	334
Prepayments and advances	-	-	-	-	47
Total assets	<u>\$ 296</u>	<u>\$ 1,177</u>	<u>\$ 695</u>	<u>\$ 7,291</u>	<u>\$ 66,670</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 11	\$ 2	\$ 21	\$ 157	\$ 1,846
Due to other funds	-	-	-	21	31
Due to other governmental units	-	-	-	-	3,059
Deferred and unearned revenue	-	39	10	-	29,756
Total liabilities	11	41	31	178	34,692
FUND BALANCES					
Reserved for encumbrances	-	1	-	17	1,755
Reserved for inventories	-	-	-	-	334
Reserved for prepayments, advances and change funds	2	-	-	-	49
Reserved for HUD Section 8 Grants	-	-	-	7,096	7,096
Unreserved special revenue funds	283	1,135	664	-	22,744
Unreserved capital project funds	-	-	-	-	-
Total fund balances	285	1,136	664	7,113	31,978
Total liabilities and fund balances	<u>\$ 296</u>	<u>\$ 1,177</u>	<u>\$ 695</u>	<u>\$ 7,291</u>	<u>\$ 66,670</u>

DALLAS COUNTY, TEXAS

Combining Balance Sheet
 Non-major Governmental Funds
 September 30, 2008
 (in thousands of dollars)

Capital Projects - Concluded

	Tax and Revenue	Tax and Parking	Certificates of Obligation	Permanent Improvement	Roads	Total	Total Non-major Governmental Funds
ASSETS							
Cash and investments	\$ 19	\$ -	\$ 353	\$ 1,283	\$ 21,319	\$ 22,974	\$ 58,099
Receivables:							
Taxes - current	-	-	-	-	-	-	25,939
Less allowance for uncollectible	-	-	-	-	-	-	(1,703)
Net taxes receivable	-	-	-	-	-	-	24,236
Accounts	-	-	-	-	-	-	283,278
Less allowance for uncollectible	-	-	-	-	-	-	(276,737)
Net accounts receivable	-	-	-	-	-	-	6,541
Accrued interest	-	-	-	-	-	-	155
Due from other governmental units	-	-	-	-	4,698	4,698	4,930
Inventories	-	-	-	-	-	-	334
Prepayments and advances	-	-	-	-	-	-	47
Total assets	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ 353</u>	<u>\$ 1,283</u>	<u>\$ 26,017</u>	<u>\$ 27,672</u>	<u>\$ 94,342</u>
LIABILITIES AND FUND BALANCES							
Liabilities :							
Accounts payable	\$ -	\$ -	\$ 1	\$ 2	\$ 665	\$ 668	\$ 2,514
Due to other funds	-	-	-	-	-	-	31
Due to other governmental units	-	-	-	-	235	235	3,294
Deferred and unearned revenue	-	-	-	-	-	-	29,756
Total liabilities	-	-	1	2	900	903	35,595
FUND BALANCES							
Reserved for encumbrances	2	-	9	152	13,549	13,712	15,467
Reserved for inventories	-	-	-	-	-	-	334
Reserved for prepayments, advances and change funds	-	-	-	-	-	-	49
Reserved for HUD Section 8 Grants	-	-	-	-	-	-	7,096
Unreserved special revenue funds	-	-	-	-	-	-	22,744
Unreserved capital project funds	17	-	343	1,129	11,568	13,057	13,057
Total fund balances	<u>19</u>	<u>-</u>	<u>352</u>	<u>1,281</u>	<u>25,117</u>	<u>26,769</u>	<u>58,747</u>
Total liabilities and fund balances	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ 353</u>	<u>\$ 1,283</u>	<u>\$ 26,017</u>	<u>\$ 27,672</u>	<u>\$ 94,342</u>

DALLAS COUNTY, TEXAS
Combining Statements of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended September 30, 2008
(in thousands of dollars)

Special Revenue - Continued

	Road and Bridge	Permanent Improvement	Law Library	Major Technology	District Attorney		District Attorney Forfeitures		
					HIDTA Federal	Special	Federal	State	Other
REVENUES									
Property taxes	\$ -	\$ 2,812	\$ -	\$ 19,682	\$ -	\$ -	\$ -	\$ -	\$ -
Highway license fees	30,866	-	-	-	-	-	-	-	-
Fines and forfeitures	8,950	-	-	-	-	-	-	-	-
Investment income	434	-	21	230	6	-	25	16	4
Intergovernmental revenues	-	-	-	-	-	-	-	-	-
Charges for current services	3,453	-	882	-	-	-	-	-	-
Miscellaneous	543	-	-	-	5	380	130	525	-
Total revenues	44,246	2,812	903	19,912	11	380	155	541	4
EXPENDITURES									
Current:									
General government	-	1,773	-	20,365	-	-	-	-	-
Judicial	-	-	1,063	-	-	518	202	311	6
Highways and streets	10,238	-	-	-	-	-	-	-	-
Public welfare	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	10,238	1,773	1,063	20,365	-	518	202	311	6
Excess (deficiency) of revenues over (under) expenditures	34,008	1,039	(160)	(453)	11	(138)	(47)	230	(2)
OTHER FINANCING SOURCES (USES)									
Transfers (out)	(31,807)	-	-	-	-	-	-	(60)	-
Total other financing sources (uses)	(31,807)	-	-	-	-	-	-	(60)	-
Net change in fund balance	2,201	1,039	(160)	(453)	11	(138)	(47)	170	(2)
Fund balance - beginning	12,023	476	713	4,926	175	353	931	435	114
Fund balance - ending	\$ 14,224	\$ 1,515	\$ 553	\$ 4,473	\$ 186	\$ 215	\$ 884	\$ 605	\$ 112

DALLAS COUNTY, TEXAS
Combining Statements of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended September 30, 2008
(in thousands of dollars)

Special Revenue - Continued

	<u>Historical Commission</u>	<u>Historical Exhibit</u>	<u>Alternative Dispute Resolution</u>	<u>Appellate Justice System</u>	<u>HUD Section 8 Grants</u>	<u>Total</u>
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,494
Highway license fees	-	-	-	-	-	30,866
Fines and forfeitures	-	-	-	-	-	8,950
Investment income	-	13	20	22	229	1,020
Intergovernmental revenues	-	-	-	-	26,184	26,184
Charges for current services	-	2,714	933	301	-	8,283
Miscellaneous	-	-	-	-	-	1,583
Total revenues	<u>-</u>	<u>2,727</u>	<u>953</u>	<u>323</u>	<u>26,413</u>	<u>99,380</u>
EXPENDITURES						
Current:						
General government	1	2,722	-	-	-	24,861
Judicial	-	-	422	204	-	2,726
Highways and streets	-	-	-	-	-	10,238
Public welfare	-	-	-	-	24,787	24,787
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>1</u>	<u>2,722</u>	<u>422</u>	<u>204</u>	<u>24,787</u>	<u>62,612</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1)</u>	<u>5</u>	<u>531</u>	<u>119</u>	<u>1,626</u>	<u>36,768</u>
OTHER FINANCING SOURCES (USES)						
Transfers (out)	<u>-</u>	<u>(150)</u>	<u>(168)</u>	<u>(125)</u>	<u>-</u>	<u>(32,310)</u>
Total other financing sources (uses)	<u>-</u>	<u>(150)</u>	<u>(168)</u>	<u>(125)</u>	<u>-</u>	<u>(32,310)</u>
Net change in fund balance	(1)	(145)	363	(6)	1,626	4,458
Fund balance - beginning	14	430	773	670	5,487	27,520
Fund balance - ending	<u>\$ 13</u>	<u>\$ 285</u>	<u>\$ 1,136</u>	<u>\$ 664</u>	<u>\$ 7,113</u>	<u>\$ 31,978</u>

DALLAS COUNTY, TEXAS
Combining Statements of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended September 30, 2008
(in thousands of dollars)

Capital Projects - Concluded

	<u>Tax and Revenue</u>	<u>Tax and Parking</u>	<u>Certificates of Obligation</u>	<u>Permanent Improvement</u>	<u>Roads</u>	<u>Total</u>	<u>Total Non-major Governmental Funds</u>
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,494
Highway license fees	-	-	-	-	-	-	30,866
Fines and forfeitures	-	-	-	-	-	-	8,950
Investment income	-	-	-	-	-	-	1,020
Intergovernmental revenues	-	-	-	-	1,557	1,557	27,741
Charges for current services	-	-	-	-	-	-	8,283
Miscellaneous	-	-	-	-	-	-	1,583
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,557</u>	<u>1,557</u>	<u>100,937</u>
Total revenues	-	-	-	-	1,557	1,557	100,937
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	24,861
Judicial	-	-	-	-	-	-	2,726
Highways and streets	-	-	-	-	-	-	10,238
Public welfare	-	-	-	-	-	-	24,787
Capital outlay	2	-	27	1	8,071	8,101	8,101
	<u>2</u>	<u>-</u>	<u>27</u>	<u>1</u>	<u>8,071</u>	<u>8,101</u>	<u>70,713</u>
Total expenditures	2	-	27	1	8,071	8,101	70,713
Excess (deficiency) of revenues over (under) expenditures	(2)	-	(27)	(1)	(6,514)	(6,544)	30,224
OTHER FINANCING SOURCES (USES)							
Transfers (out)	-	(25,009)	-	-	(500)	(25,509)	(57,819)
Total other financing sources (uses)	-	(25,009)	-	-	(500)	(25,509)	(57,819)
Net change in fund balance	(2)	(25,009)	(27)	(1)	(7,014)	(32,053)	(27,595)
Fund balance - beginning	21	25,009	379	1,282	32,131	58,822	86,342
Fund balance - ending	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ 352</u>	<u>\$ 1,281</u>	<u>\$ 25,117</u>	<u>\$ 26,769</u>	<u>\$ 58,747</u>

DALLAS COUNTY, TEXAS
Debt Service Fund - County Wide - Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2008
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 30,449	\$ 30,449	\$ 29,766	\$ (683)
Investments and rentals	5,907	5,907	1,667	(4,240)
Intergovernmental revenues	1	1	-	(1)
Charges for current services	-	-	1,127	1,127
Miscellaneous	-	-	7	7
Total revenues	<u>36,357</u>	<u>36,357</u>	<u>32,567</u>	<u>(3,790)</u>
EXPENDITURES:				
Principal	27,915	27,915	27,915	-
Interest	<u>8,902</u>	<u>8,902</u>	<u>8,902</u>	<u>-</u>
Total expenditures	<u>36,817</u>	<u>36,817</u>	<u>36,817</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(460)</u>	<u>(460)</u>	<u>(4,250)</u>	<u>(3,790)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>1,873</u>	<u>1,873</u>	<u>-</u>	<u>(1,873)</u>
Total other financing sources (uses)	<u>1,873</u>	<u>1,873</u>	<u>-</u>	<u>(1,873)</u>
Net change in fund balance	1,413	1,413	(4,250)	(5,663)
Fund balance - beginning	<u>7,631</u>	<u>7,631</u>	<u>7,631</u>	<u>-</u>
Fund balance - ending	<u>\$ 9,044</u>	<u>\$ 9,044</u>	<u>\$ 3,381</u>	<u>\$ (5,663)</u>

(Continued)

DALLAS COUNTY, TEXAS
Road and Bridge Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2008
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Highway license fees	\$ 30,574	\$ 30,574	\$ 30,866	\$ 292
Fines and forfeitures	9,852	9,852	8,950	(902)
Investment income	1,153	1,153	434	(719)
Charges for current services	2,102	2,102	3,453	1,351
Miscellaneous	154	154	543	389
Total revenues	<u>43,835</u>	<u>43,835</u>	<u>44,246</u>	<u>411</u>
EXPENDITURES:				
Highways and streets:				
Salaries	5,395	5,337	5,141	196
Allowances	43	39	39	-
Operating	10,988	11,008	4,539	6,469
Property	1,000	1,523	519	1,004
Total highways and streets	<u>17,426</u>	<u>17,907</u>	<u>10,238</u>	<u>7,669</u>
Reserves	4,391	3,837	-	3,837
Total expenditures	<u>21,817</u>	<u>21,744</u>	<u>10,238</u>	<u>11,506</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,018</u>	<u>22,091</u>	<u>34,008</u>	<u>11,917</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(32,941)</u>	<u>(33,014)</u>	<u>(31,807)</u>	<u>1,207</u>
Total other financing sources (uses)	<u>(32,941)</u>	<u>(33,014)</u>	<u>(31,807)</u>	<u>1,207</u>
Net change in fund balance	(10,923)	(10,923)	2,201	13,124
Fund balance - beginning	<u>12,023</u>	<u>12,023</u>	<u>12,023</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,100</u>	<u>\$ 1,100</u>	<u>\$ 14,224</u>	<u>\$ 13,124</u>

DALLAS COUNTY, TEXAS
 Permanent Improvement Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2008
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 2,874	\$ 2,874	\$ 2,812	\$ (62)
Total revenues	<u>2,874</u>	<u>2,874</u>	<u>2,812</u>	<u>(62)</u>
EXPENDITURES:				
General government:				
Property	2,974	2,974	1,773	1,201
Total expenditures	<u>2,974</u>	<u>2,974</u>	<u>1,773</u>	<u>1,201</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(100)</u>	<u>(100)</u>	<u>1,039</u>	<u>1,139</u>
Net change in fund balance	(100)	(100)	1,039	1,139
Fund balance - beginning	476	476	476	-
Fund balance - ending	<u>\$ 376</u>	<u>\$ 376</u>	<u>\$ 1,515</u>	<u>\$ 1,139</u>

DALLAS COUNTY, TEXAS
 Law Library Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2008
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 38	\$ 38	\$ 21	\$ (17)
Charges for current services	912	912	882	(30)
Total revenues	<u>950</u>	<u>950</u>	<u>903</u>	<u>(47)</u>
EXPENDITURES:				
Judicial:				
Salaries	446	465	465	-
Operating	590	629	598	31
Total judicial	<u>1,036</u>	<u>1,094</u>	<u>1,063</u>	<u>31</u>
Reserves	431	373	-	373
Excess (deficiency) of revenues over (under) expenditures	<u>(517)</u>	<u>(517)</u>	<u>(160)</u>	<u>357</u>
Net change in fund balance	(517)	(517)	(160)	357
Fund balance - beginning	713	713	713	-
Fund balance - ending	<u>\$ 196</u>	<u>\$ 196</u>	<u>\$ 553</u>	<u>\$ 357</u>

DALLAS COUNTY, TEXAS
Major Technology Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2008
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 20,120	\$ 20,120	\$ 19,682	\$ (438)
Investment income	604	604	230	(374)
Total revenues	<u>20,724</u>	<u>20,724</u>	<u>19,912</u>	<u>(812)</u>
EXPENDITURES:				
General government:				
Property	19,748	21,619	20,365	1,254
Reserves	<u>1,871</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>21,619</u>	<u>21,619</u>	<u>20,365</u>	<u>1,254</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(895)</u>	<u>(895)</u>	<u>(453)</u>	<u>442</u>
Net change in fund balance	(895)	(895)	(453)	442
Fund balance - beginning	<u>4,926</u>	<u>4,926</u>	<u>4,926</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 4,031</u></u>	<u><u>\$ 4,031</u></u>	<u><u>\$ 4,473</u></u>	<u><u>\$ 442</u></u>

(Continued)

DALLAS COUNTY, TEXAS
 Historical Commission Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2008
 (in thousands of dollars)

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

DALLAS COUNTY, TEXAS
Historical Exhibit Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2008
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 22	\$ 22	\$ 13	\$ (9)
Charges for current services	<u>2,814</u>	<u>2,814</u>	<u>2,714</u>	<u>(100)</u>
Total revenues	<u>2,836</u>	<u>2,836</u>	<u>2,727</u>	<u>(109)</u>
EXPENDITURES:				
General government:				
Operating	<u>2,920</u>	<u>2,920</u>	<u>2,722</u>	<u>198</u>
Total expenditures	<u>2,920</u>	<u>2,920</u>	<u>2,722</u>	<u>198</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(84)</u>	<u>(84)</u>	<u>5</u>	<u>89</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(150)</u>	<u>(150)</u>	<u>(150)</u>	<u>-</u>
Total other financing sources (uses)	<u>(150)</u>	<u>(150)</u>	<u>(150)</u>	<u>-</u>
Net change in fund balance	(234)	(234)	(145)	89
Fund balance - beginning	<u>430</u>	<u>430</u>	<u>430</u>	<u>-</u>
Fund balance - ending	<u>\$ 196</u>	<u>\$ 196</u>	<u>\$ 285</u>	<u>\$ 89</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, 2008
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 45	\$ 45	\$ 20	\$ (25)
Charges for current services	917	917	933	16
Total revenues	<u>962</u>	<u>962</u>	<u>953</u>	<u>(9)</u>
EXPENDITURES:				
Judicial:				
Salaries	79	79	72	7
Operating	<u>352</u>	<u>352</u>	<u>350</u>	<u>2</u>
Total expenditures	431	431	422	9
Excess of revenues over expenditures	<u>531</u>	<u>531</u>	<u>531</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(168)</u>	<u>(168)</u>	<u>(168)</u>	<u>-</u>
Total other financing sources and (uses)	<u>(168)</u>	<u>(168)</u>	<u>(168)</u>	<u>-</u>
Net change in fund balances	363	363	363	-
Fund balances - beginning	<u>773</u>	<u>773</u>	<u>773</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,136</u>	<u>\$ 1,136</u>	<u>\$ 1,136</u>	<u>\$ -</u>

(Continued)

DALLAS COUNTY, TEXAS
Appellate Justice System Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2008
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 37	\$ 37	\$ 22	\$ (15)
Charges for current services	370	370	301	(69)
Total revenues	<u>407</u>	<u>407</u>	<u>323</u>	<u>(84)</u>
EXPENDITURES:				
Judicial:				
Operating	447	447	204	243
Total judicial	<u>447</u>	<u>447</u>	<u>204</u>	<u>243</u>
Reserves	375	375	-	375
Total expenditures	<u>822</u>	<u>822</u>	<u>204</u>	<u>618</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(415)</u>	<u>(415)</u>	<u>119</u>	<u>534</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(125)</u>	<u>(125)</u>	<u>(125)</u>	<u>-</u>
Total other financing sources (uses)	<u>(125)</u>	<u>(125)</u>	<u>(125)</u>	<u>-</u>
Net change in fund balance	(540)	(540)	(6)	534
Fund balance - beginning	<u>670</u>	<u>670</u>	<u>670</u>	<u>-</u>
Fund balance - ending	<u>\$ 130</u>	<u>\$ 130</u>	<u>\$ 664</u>	<u>\$ 534</u>

DALLAS COUNTY, TEXAS
 HUD Section 8 Grants Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2008
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 287	\$ 287	\$ 229	\$ (58)
Intergovernmental revenues	26,253	26,253	26,184	(69)
Total revenues	<u>26,540</u>	<u>26,540</u>	<u>26,413</u>	<u>(127)</u>
EXPENDITURES:				
Public welfare	26,948	26,948	24,787	2,161
Total expenditures	<u>26,948</u>	<u>26,948</u>	<u>24,787</u>	<u>2,161</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(408)</u>	<u>(408)</u>	1,626	2,034
Net change in fund balance	(408)	(408)	1,626	2,034
Fund balance - beginning	<u>5,487</u>	<u>5,487</u>	<u>5,487</u>	<u>-</u>
Fund balance - ending	<u>\$ 5,079</u>	<u>\$ 5,079</u>	<u>\$ 7,113</u>	<u>\$ 2,034</u>



FIDUCIARY SECTION

DALLAS COUNTY, TEXAS
FIDUCIARY – AGENCY FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DALLAS COUNTY, TEXAS

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

September 30, 2008

(in thousands of dollars)

	<u>Administrative Fund Escrow</u>	<u>Grant Fund Juvenile Probation Commission</u>	<u>Fee Office Funds</u>				<u>Fee Office Funds</u>			<u>Housing Finance Corporation 1993 Refunding</u>
			<u>State Reports</u>	<u>County Clerk</u>	<u>District Clerk</u>	<u>Sheriff</u>	<u>Community Supervision and Corrections</u>	<u>Justices of the Peace</u>	<u>Constables</u>	
Assets:										
Cash and investments	\$ 34,247	\$ 228	\$5,304	\$ 63,407	\$14,097	\$ 901	\$ 10,152	\$ 3,138	\$ 98	\$ 129
Accrued interest	216	1	-	-	-	-	5	-	-	-
Cash and investments held in escrow	9,375	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 43,838</u>	<u>\$ 229</u>	<u>\$5,304</u>	<u>\$ 63,407</u>	<u>\$14,097</u>	<u>\$ 901</u>	<u>\$ 10,157</u>	<u>\$ 3,138</u>	<u>\$ 98</u>	<u>\$ 129</u>
Liabilities:										
Due to other governmental units and others	\$ 43,838	\$ 229	\$5,304	\$ 63,407	\$14,097	\$ 901	\$ 10,157	\$ 3,138	\$ 98	\$ 129
Total liabilities	<u>\$ 43,838</u>	<u>\$ 229</u>	<u>\$5,304</u>	<u>\$ 63,407</u>	<u>\$14,097</u>	<u>\$ 901</u>	<u>\$ 10,157</u>	<u>\$ 3,138</u>	<u>\$ 98</u>	<u>\$ 129</u>

DALLAS COUNTY, TEXAS
 Combining Statement of Fiduciary Assets and Liabilities- Agency Funds - continued
 September 30, 2008
 (in thousands of dollars)

	<u>Departmental Special Funds</u>				<u>District Attorney Forfeiture Funds</u>				<u>Total</u>	
	<u>Juvenile Department Child Support</u>	<u>Housing Finance Corporation - 1994 Refunding</u>	<u>Community Supervision and Corrections Special</u>	<u>Youth Village</u>	<u>Tax Assessor - Collector</u>	<u>Police Agencies</u>	<u>Attorney General</u>	<u>Gambling</u>		<u>Narcotics</u>
Assets:										
Cash and investments	\$ 285	\$ 1,926	\$ 1,342	\$ 1	\$ 50,082	\$ 31	\$ 26	\$ 49	\$ 120	\$ 185,563
Accrued interest	-	-	-	-	3	-	-	-	-	225
Cash and investments held in escrow	-	-	-	-	-	-	-	-	-	9,375
Total assets	<u>\$ 285</u>	<u>\$ 1,926</u>	<u>\$ 1,342</u>	<u>\$ 1</u>	<u>\$ 50,085</u>	<u>\$ 31</u>	<u>\$ 26</u>	<u>\$ 49</u>	<u>\$ 120</u>	<u>\$ 195,163</u>
Liabilities:										
Due to other governmental units and others	\$ 285	\$ 1,926	\$ 1,342	\$ 1	\$ 50,085	\$ 31	\$ 26	\$ 49	\$ 120	\$ 195,163
Total liabilities	<u>\$ 285</u>	<u>\$ 1,926</u>	<u>\$ 1,342</u>	<u>\$ 1</u>	<u>\$ 50,085</u>	<u>\$ 31</u>	<u>\$ 26</u>	<u>\$ 49</u>	<u>\$ 120</u>	<u>\$ 195,163</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds - continued
For the Year Ended September 30, 2008
(in thousands of dollars)

	<u>Balance October 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2008</u>
Administrative Fund - Escrow				
Assets:				
Cash and investments	\$ 30,222	\$ 31,955	\$ (27,930)	\$ 34,247
Accrued interest receivable	-	216	-	216
Cash and investments held in escrow	<u>8,803</u>	<u>637</u>	<u>(65)</u>	<u>9,375</u>
Total assets	<u>\$ 39,025</u>	<u>\$ 32,808</u>	<u>\$ (27,995)</u>	<u>\$ 43,838</u>
Liabilities:				
Due to other governmental units and others - administrative	<u>\$ 39,025</u>	<u>\$ 64,699</u>	<u>\$ (59,886)</u>	<u>\$ 43,838</u>
Total liabilities	<u>\$ 39,025</u>	<u>\$ 64,699</u>	<u>\$ (59,886)</u>	<u>\$ 43,838</u>
Grant Fund - Juvenile Probation Commission				
Assets:				
Cash and investments	\$ 274	\$ 656	\$ (702)	\$ 228
Accrued interest receivable	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
Total assets	<u>\$ 274</u>	<u>\$ 657</u>	<u>\$ (702)</u>	<u>\$ 229</u>
Liabilities:				
Accounts payable - grants	<u>\$ 274</u>	<u>\$ 1,313</u>	<u>\$ (1,358)</u>	<u>\$ 229</u>
Total liabilities	<u>\$ 274</u>	<u>\$ 1,313</u>	<u>\$ (1,358)</u>	<u>\$ 229</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds - continued
For the Year Ended September 30, 2008
(in thousands of dollars)

	<u>Balance October 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2008</u>
<hr/> Fee Office Fund - State Reports <hr/>				
Assets:				
Cash and investments	\$ 4,485	\$ 699,225	\$ (698,406)	\$ 5,304
Total assets	<u>\$ 4,485</u>	<u>\$ 699,225</u>	<u>\$ (698,406)</u>	<u>\$ 5,304</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 4,485	\$ 20,283	\$ (19,464)	\$ 5,304
Total liabilities	<u>\$ 4,485</u>	<u>\$ 20,283</u>	<u>\$ (19,464)</u>	<u>\$ 5,304</u>
 <hr/> Fee Office Fund - County Clerk <hr/>				
Assets:				
Cash and investments	\$ 43,977	\$ 188,281	\$ (168,851)	\$ 63,407
Total assets	<u>\$ 43,977</u>	<u>\$ 188,281</u>	<u>\$ (168,851)</u>	<u>\$ 63,407</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 43,977	\$ 173,916	\$ (154,486)	\$ 63,407
Total liabilities	<u>\$ 43,977</u>	<u>\$ 173,916</u>	<u>\$ (154,486)</u>	<u>\$ 63,407</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds - continued
For the Year Ended September 30, 2008
(in thousands of dollars)

	<u>Balance October 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2008</u>
<hr/> Fee Office Fund - District Clerk <hr/>				
Assets:				
Cash and investments	\$ 17,418	\$ 57,694	\$ (61,015)	\$ 14,097
Total assets	<u>\$ 17,418</u>	<u>\$ 57,694</u>	<u>\$ (61,015)</u>	<u>\$ 14,097</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 17,418	\$ 11,823	\$ (15,144)	\$ 14,097
Total liabilities	<u>\$ 17,418</u>	<u>\$ 11,823</u>	<u>\$ (15,144)</u>	<u>\$ 14,097</u>
 <hr/> Fee Office Fund - Sheriff <hr/>				
Assets:				
Cash and investments	\$ 1,092	\$ 13,758	\$ (13,949)	\$ 901
Total assets	<u>\$ 1,092</u>	<u>\$ 13,758</u>	<u>\$ (13,949)</u>	<u>\$ 901</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 1,092	\$ 10,342	\$ (10,533)	\$ 901
Total liabilities	<u>\$ 1,092</u>	<u>\$ 10,342</u>	<u>\$ (10,533)</u>	<u>\$ 901</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds - continued
For the Year Ended September 30, 2008
(in thousands of dollars)

	<u>Balance October 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2008</u>
Fee Office Fund - Community Supervision and Corrections				
Assets:				
Cash and investments	\$ 12,560	\$ 83,252	\$ (85,660)	\$ 10,152
Accrued interest receivable	<u>7</u>	<u>30</u>	<u>(32)</u>	<u>5</u>
Total assets	<u>\$ 12,567</u>	<u>\$ 83,282</u>	<u>\$ (85,692)</u>	<u>\$ 10,157</u>
Liabilities:				
Due to other governmental units and others - fee office	<u>\$ 12,567</u>	<u>\$ 40,348</u>	<u>\$ (42,758)</u>	<u>\$ 10,157</u>
Total liabilities	<u>\$ 12,567</u>	<u>\$ 40,348</u>	<u>\$ (42,758)</u>	<u>\$ 10,157</u>
Fee Office Fund - Justices of the Peace				
Assets:				
Cash and investments	<u>\$ 2,860</u>	<u>\$ 968</u>	<u>\$ (690)</u>	<u>\$ 3,138</u>
Total assets	<u>\$ 2,860</u>	<u>\$ 968</u>	<u>\$ (690)</u>	<u>\$ 3,138</u>
Liabilities:				
Due to other governmental units and others - fee office	<u>\$ 2,860</u>	<u>\$ 957</u>	<u>\$ (679)</u>	<u>\$ 3,138</u>
Total liabilities	<u>\$ 2,860</u>	<u>\$ 957</u>	<u>\$ (679)</u>	<u>\$ 3,138</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds - continued
For the Year Ended September 30, 2008
(in thousands of dollars)

	Balance October 1, 2007	Additions	Deductions	Balance September 30, 2008
<hr/> Fee Office Fund - Constables <hr/>				
Assets:				
Cash and investments	\$ 75	\$ 2,600	\$ (2,577)	\$ 98
Total assets	\$ 75	\$ 2,600	\$ (2,577)	\$ 98
Liabilities:				
Due to other governmental units and others - fee office	\$ 75	\$ 1,376	\$ (1,353)	\$ 98
Total liabilities	\$ 75	\$ 1,376	\$ (1,353)	\$ 98
 <hr/> Departmental Special Fund - Housing Finance Corporation - 1993 Refunding <hr/>				
Assets:				
Cash and investments	\$ 415	\$ 157,140	\$ (157,426)	\$ 129
Total assets	\$ 415	\$ 157,140	\$ (157,426)	\$ 129
Liabilities:				
Due to other governmental units and others - departmental special	\$ 415	\$ 320	\$ (606)	\$ 129
Total liabilities	\$ 415	\$ 320	\$ (606)	\$ 129

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds - continued
For the Year Ended September 30, 2008
(in thousands of dollars)

	Balance October 1, 2007	Additions	Deductions	Balance September 30, 2008
Departmental Special Fund - Juvenile Department Child Support				
Assets:				
Cash and investments	\$ 343	\$ 114	\$ (172)	\$ 285
Total assets	\$ 343	\$ 114	\$ (172)	\$ 285
Liabilities:				
Due to other governmental units and others - departmental special	\$ 343	\$ 66	\$ (124)	\$ 285
Total liabilities	\$ 343	\$ 66	\$ (124)	\$ 285

Departmental Special Fund - Housing Finance Corporation - 1994 Refunding				
Assets:				
Cash and investments	\$ 1,760	\$ 1,931	\$ (1,765)	\$ 1,926
Accrued interest receivable	-	1	(1)	-
Total assets	\$ 1,760	\$ 1,932	\$ (1,766)	\$ 1,926
Liabilities:				
Due to other governmental units and others - departmental special	\$ 1,760	\$ 1,111	\$ (945)	\$ 1,926
Total liabilities	\$ 1,760	\$ 1,111	\$ (945)	\$ 1,926

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds - continued
For the Year Ended September 30, 2008
(in thousands of dollars)

	<u>Balance October 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2008</u>
Departmental Special Fund - Community Supervision and Corrections Special				
Assets:				
Cash and investments	\$ 1,324	\$ 7,499	\$ (7,481)	\$ 1,342
Total assets	<u>\$ 1,324</u>	<u>\$ 7,499</u>	<u>\$ (7,481)</u>	<u>\$ 1,342</u>
Liabilities:				
Due to other governmental units and others - departmental special	\$ 1,324	\$ 7,587	\$ (7,569)	1,342
Total liabilities	<u>\$ 1,324</u>	<u>\$ 7,587</u>	<u>\$ (7,569)</u>	<u>\$ 1,342</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 - continued
For the Year Ended September 30, 2008
(in thousands of dollars)

	<u>Balance October 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2008</u>
Departmental Special Fund - Tax Assessor and Collector				
Assets:				
Cash and investments	\$ 56,000	\$ 420,824	\$ (426,742)	\$ 50,082
Accrued interest receivable	-	3	-	3
Total assets	<u>\$ 56,000</u>	<u>\$ 420,827</u>	<u>\$ (426,742)</u>	<u>\$ 50,085</u>
Liabilities:				
Due to other governmental units and others - departmental special	\$ 56,000	\$ 420,827	\$ (426,742)	\$ 50,085
Total liabilities	<u>\$ 56,000</u>	<u>\$ 420,827</u>	<u>\$ (426,742)</u>	<u>\$ 50,085</u>
District Attorney Forfeiture Funds - Police Agencies				
Assets:				
Cash and investments	\$ 30	\$ 735	\$ (734)	\$ 31
Total assets	<u>\$ 30</u>	<u>\$ 735</u>	<u>\$ (734)</u>	<u>\$ 31</u>
Liabilities:				
Due to other governmental units and others	\$ 30	\$ 1	\$ -	\$ 31
Total liabilities	<u>\$ 30</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 31</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds - continued
For the Year Ended September 30, 2008
(in thousands of dollars)

	<u>Balance October 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2008</u>
District Attorney Forfeiture Funds - Attorney General				
Assets:				
Cash and investments	\$ 28	\$ 9	\$ (11)	\$ 26
Total assets	<u>\$ 28</u>	<u>\$ 9</u>	<u>\$ (11)</u>	<u>\$ 26</u>
Liabilities:				
Due to other governmental units and others	\$ 28	\$ 3	\$ (5)	\$ 26
Total liabilities	<u>\$ 28</u>	<u>\$ 3</u>	<u>\$ (5)</u>	<u>\$ 26</u>
District Attorney Forfeiture Funds - Gambling				
Assets:				
Cash and investments	\$ 46	\$ 1,034	\$ (1,031)	\$ 49
Total assets	<u>\$ 46</u>	<u>\$ 1,034</u>	<u>\$ (1,031)</u>	<u>\$ 49</u>
Liabilities:				
Due to other governmental units and others	\$ 46	\$ 3	\$ -	\$ 49
Total liabilities	<u>\$ 46</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 49</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds - continued
For the Year Ended September 30, 2008
(in thousands of dollars)

	<u>Balance October 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2008</u>
District Attorney Forfeiture Funds - Narcotics				
<hr/>				
Assets:				
Cash and investments	\$ 121	\$ 122	\$ (123)	\$ 120
Total assets	<u>\$ 121</u>	<u>\$ 122</u>	<u>\$ (123)</u>	<u>\$ 120</u>
Liabilities:				
Due to other governmental units and others	\$ 121	\$ 27	\$ (28)	\$ 120
Total liabilities	<u>\$ 121</u>	<u>\$ 27</u>	<u>\$ (28)</u>	<u>\$ 120</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds - concluded
For the Year Ended September 30, 2008
(in thousands of dollars)

	<u>Balance</u> <u>October 1,</u> <u>2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30,</u> <u>2008</u>
Assets:				
Cash and investments	\$ 173,031	\$ 1,667,798	\$ (1,655,266)	\$ 185,563
Accrued interest	7	251	(33)	225
Cash and investments held in escrow	<u>8,803</u>	<u>637</u>	<u>(65)</u>	<u>9,375</u>
 Total assets	 <u>\$ 181,841</u>	 <u>\$ 1,668,686</u>	 <u>\$ (1,655,364)</u>	 <u>\$ 195,163</u>
Liabilities:				
Due to other governmental units and others	<u>\$ 181,841</u>	<u>\$ 755,002</u>	<u>\$ (741,680)</u>	<u>\$ 195,163</u>
 Total liabilities	 <u>\$ 181,841</u>	 <u>\$ 755,002</u>	 <u>\$ (741,680)</u>	 <u>\$ 195,163</u>

STATISTICAL SECTION
(Unaudited)

STATISTICAL SECTION

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

Contents	Page
Financial Trends	123
These schedules contain trend information to aid in understanding how the County's financial performance and well-being have changed over time.	
Revenue Capacity	128
These schedules contain information to aid in assessing the County's most significant local revenue source - property tax.	
Debt Capacity	133
These schedules present information to aid in assessing the County's ability to issue additional debt in the future.	
Demographic and Economic Information	138
These schedules offer demographic and economic indicators to aid in understanding the environment within which the County's financial activities take place.	
Operating Information	140
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 Seven Fiscal Years
(accrual basis of accounting)
(in thousands of dollars)
(unaudited)

Table 1

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 285,000	\$ 298,000	\$ 334,983	\$ 318,404	\$ 343,757	\$ 371,524	\$ 429,277
Restricted	31,395	27,618	24,123	16,584	21,548	59,017	40,360
Unrestricted	<u>(74,655)</u>	<u>(56,351)</u>	<u>(31,472)</u>	<u>69,644</u>	<u>91,806</u>	<u>46,414</u>	<u>18,529</u>
Total governmental activities net assets	<u>\$ 241,740</u>	<u>\$ 269,267</u>	<u>\$ 327,634</u>	<u>\$ 404,632</u>	<u>\$ 457,111</u>	<u>\$ 476,955</u>	<u>\$ 488,166</u>

Source: Dallas County Financial Records

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

DALLAS COUNTY, TEXAS

Table 2

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

Expenses	2002	2003	2004	2005	2006	2007	2008
Governmental activities:							
General government	\$ 65,372	\$ 68,466	\$ 71,871	\$ 72,765	\$ 77,465	\$ 99,805	\$ 126,656
Judicial	98,247	102,611	98,858	102,371	115,244	126,971	134,413
Public Safety	167,880	172,274	169,137	172,347	198,138	216,521	235,161
Highways and Streets	27,634	21,748	21,143	33,852	29,174	32,955	34,689
Health	47,470	39,576	40,506	44,285	45,948	41,590	46,735
Education	5,636	5,671	6,461	7,941	9,547	10,189	11,699
Public Welfare	51,732	58,871	56,735	61,106	65,908	66,913	72,374
Libraries	-	23	60	23	12	10	3
Interest on long term debt	14,248	11,795	11,534	10,131	9,288	10,599	9,784
Total primary government expenses	<u>\$ 478,219</u>	<u>\$ 481,035</u>	<u>\$ 476,305</u>	<u>\$ 504,821</u>	<u>\$ 550,724</u>	<u>\$ 605,553</u>	<u>\$ 671,514</u>
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 54,577	\$ 48,567	\$ 50,562	\$ 44,371	\$ 50,809	\$ 47,125	\$ 55,659
Judicial	42,471	44,299	48,633	52,703	58,257	58,164	60,655
Public Safety	27,385	20,642	19,928	21,046	20,337	22,845	21,156
Highways and Streets	40,050	39,508	36,778	38,954	41,849	42,244	44,495
Health	13,954	8,477	6,451	6,193	6,409	6,150	6,385
Education	-	-	-	-	-	-	-
Public Welfare	1,102	1,457	1,400	2,671	2,530	1,134	1,423
Libraries	-	-	-	-	-	-	-
Interest on long term debt	-	-	-	-	-	-	-
Operating grants and contributions:							
General government	-	-	-	-	-	-	-
Judicial	1,660	3,415	2,107	3,009	3,330	1,636	2,475
Public Safety	4,170	6,259	6,774	4,269	5,977	5,419	5,373
Highways and Streets	-	-	-	-	-	-	-
Health	22,175	19,821	27,067	26,892	26,359	26,472	28,943
Education	4,243	8,136	6,019	9,060	9,444	7,879	12,155
Public Welfare	40,323	48,019	47,528	44,132	47,706	51,880	59,293
Interest on long term debt	-	-	-	-	-	-	-
Capital grants and contributions:							
General government	-	-	-	-	-	-	-
Judicial	1,276	17	1,252	-	-	26	-
Public Safety	61	17	-	-	-	480	621
Highways and Streets	-	-	-	-	-	-	-
Health	-	-	564	-	-	-	-
Education	-	-	-	-	-	-	-
Public Welfare	1,994	-	5,592	4,192	10,649	5,650	442
Interest on long term debt	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>\$ 255,441</u>	<u>\$ 248,634</u>	<u>\$ 260,655</u>	<u>\$ 257,492</u>	<u>\$ 283,656</u>	<u>\$ 277,104</u>	<u>\$ 299,075</u>
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes							
Property taxes	\$ 236,929	\$ 242,408	\$ 255,324	\$ 267,462	\$ 284,946	\$ 309,560	\$ 356,596
Alcoholic beverage taxes	9,732	9,778	10,120	10,695	11,129	11,858	12,119
Gain on the sale of property	-	-	-	31,203	-	-	-
Unrestricted grants and contributions	2,281	2,986	4,180	5,243	3,640	3,534	4,659
Investment earnings	8,271	4,756	4,393	9,724	19,832	23,341	10,276
Total primary government	<u>\$ 257,213</u>	<u>\$ 259,928</u>	<u>\$ 274,017</u>	<u>\$ 324,327</u>	<u>\$ 319,547</u>	<u>\$ 348,293</u>	<u>\$ 383,650</u>
Change in Net Assets							
Governmental activities	\$ 34,435	\$ 27,527	\$ 58,367	\$ 76,998	\$ 52,479	\$ 19,844	\$ 11,211
Total primary government	<u>\$ 34,435</u>	<u>\$ 27,527</u>	<u>\$ 58,367</u>	<u>\$ 76,998</u>	<u>\$ 52,479</u>	<u>\$ 19,844</u>	<u>\$ 11,211</u>

Source: Dallas County Financial Records

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

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

Table 3

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Property Taxes	\$ 236,929	\$ 242,408	\$ 255,324	\$ 267,462	\$ 284,946	\$ 309,560	\$ 356,596
Alcoholic beverage / other taxes	9,732	9,778	10,120	10,695	11,129	11,858	12,119
Total Taxes	<u>\$ 246,661</u>	<u>\$ 252,186</u>	<u>\$ 265,444</u>	<u>\$ 278,157</u>	<u>\$ 296,075</u>	<u>\$ 321,418</u>	<u>\$ 368,715</u>

Source: Dallas County Financial Records

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

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

Table 4

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund										
Reserved	\$ 12,594	\$ 11,876	\$ 12,284	\$ 12,065	\$ 11,637	\$ 13,926	\$ 16,925	\$ 12,050	\$ 7,822	\$ 8,073
Unreserved	40,478	31,321	30,821	35,245	24,577	41,195	38,857	44,346	32,139	26,737
Total general fund	<u>\$ 53,072</u>	<u>\$ 43,197</u>	<u>\$ 43,105</u>	<u>\$ 47,310</u>	<u>\$ 36,214</u>	<u>\$ 55,121</u>	<u>\$ 55,782</u>	<u>\$ 56,396</u>	<u>\$ 39,961</u>	<u>\$ 34,810</u>
All other governmental funds										
Reserved	\$ 22,396	\$ 12,635	\$ 18,700	\$ 26,345	\$ 33,404	\$ 48,856	\$ 39,364	\$ 40,519	\$ 107,960	\$ 90,351
Unreserved reported in:										
Debt Service	19,693	17,047	17,567	14,461	12,181	5,484	7,369	13,420	7,631	3,381
Major Projects	-	-	-	33,267	31,056	12,440	53,696	65,709	6,091	6,249
Grants Funds	-	-	-	-	1,054	4,950	6,780	6,437	9,298	1,993
Special Revenue	30,817	38,630	53,458	22,299	24,084	21,060	22,153	21,091	19,916	29,840
Capital Projects	41,498	62,202	76,934	62,622	78,104	72,395	39,851	81,422	45,263	13,057
Total all other governmental funds	<u>\$ 114,404</u>	<u>\$ 130,514</u>	<u>\$ 166,659</u>	<u>\$ 158,994</u>	<u>\$ 179,883</u>	<u>\$ 165,185</u>	<u>\$ 169,213</u>	<u>\$ 228,598</u>	<u>\$ 196,159</u>	<u>\$ 144,871</u>

Source: Dallas County Financial Records

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

Table 5

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Property taxes	\$ 189,660	\$ 203,738	\$ 219,273	\$ 236,929	\$ 242,408	\$ 255,324	\$ 262,124	\$ 286,792	\$ 308,443	\$ 356,136
Licenses, fees and permits	31,918	34,753	36,245	36,497	33,564	33,776	33,458	32,704	33,826	31,413
Fines and forfeitures	18,773	17,124	19,638	18,683	19,931	22,837	24,404	26,060	25,691	27,507
Investments and rentals	18,068	20,153	19,750	12,122	9,924	9,605	14,856	22,851	26,654	14,558
Intergovernmental revenues	55,572	62,586	75,294	84,702	88,704	101,494	94,575	104,752	103,944	112,951
Charges for current services	89,162	100,471	99,065	106,583	100,308	95,172	100,209	115,239	114,991	123,353
Miscellaneous revenues	11,109	12,586	13,884	11,229	10,865	13,545	13,023	16,277	11,579	17,852
Total revenues	<u>414,262</u>	<u>451,411</u>	<u>483,149</u>	<u>506,745</u>	<u>505,704</u>	<u>531,753</u>	<u>542,649</u>	<u>604,675</u>	<u>625,128</u>	<u>683,770</u>
Expenditures										
General government and judicial (a)	149,444	157,259	161,371	168,915	169,363	170,880	179,375	194,847	221,496	234,758
Public safety (a)	133,848	144,292	142,566	160,781	165,571	165,390	169,831	192,710	211,970	231,062
Streets and highways (a)	11,183	18,139	20,355	11,673	10,161	13,666	20,059	22,040	22,728	26,107
Health (a)	35,990	41,043	43,010	47,202	39,713	40,659	43,895	45,484	41,020	46,584
Welfare (a)	36,470	45,110	54,093	51,434	58,536	60,113	60,225	70,261	65,364	70,484
Libraries (a)	45	47	41	40	40	49	19	-	-	-
Education (a)	-	-	-	5,569	5,604	6,455	8,061	9,512	10,102	11,599
Capital outlay (a)	26,233	24,049	18,202	17,102	24,794	41,188	48,869	34,748	59,172	82,798
Debt Service										
Principal	37,895	37,200	35,930	34,140	32,795	35,225	34,940	32,180	30,980	27,915
Interest	14,675	12,962	12,971	13,225	11,404	10,645	9,265	8,310	11,170	8,902
Total expenditures	<u>445,783</u>	<u>480,101</u>	<u>488,539</u>	<u>510,081</u>	<u>517,981</u>	<u>544,270</u>	<u>574,539</u>	<u>610,092</u>	<u>674,002</u>	<u>740,209</u>
Excess of revenues over (under) expenditures	<u>(31,521)</u>	<u>(28,690)</u>	<u>(5,390)</u>	<u>(3,336)</u>	<u>(12,277)</u>	<u>(12,517)</u>	<u>(31,890)</u>	<u>(5,417)</u>	<u>(48,874)</u>	<u>(56,439)</u>
Other financing sources (uses)										
Transfers in	35,160	49,902	56,917	50,001	49,544	67,357	60,473	59,833	71,749	67,551
Transfers out	(35,160)	(49,902)	(56,917)	(50,001)	(49,544)	(67,357)	(60,473)	(59,833)	(71,749)	(67,551)
Proceeds from refunding bonds	-	-	74,884	-	-	-	24,096	-	-	-
Proceeds from sale of bonds	8,700	35,000	39,524	-	22,070	16,145	36,535	63,220	-	-
Premium on bonds issued	-	-	-	-	-	509	1,933	2,196	-	-
Accrued interest on revenue bonds	-	-	-	-	-	72	-	-	-	-
Payments to refunded bond escrow agent	-	-	(73,946)	-	-	-	(25,985)	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>8,700</u>	<u>35,000</u>	<u>40,462</u>	<u>-</u>	<u>22,070</u>	<u>16,726</u>	<u>36,579</u>	<u>65,416</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(22,821)</u>	<u>6,310</u>	<u>35,072</u>	<u>(3,336)</u>	<u>9,793</u>	<u>4,209</u>	<u>4,689</u>	<u>59,999</u>	<u>(48,874)</u>	<u>(56,439)</u>
(a) Sum of expenditures	393,213	429,939	439,638	462,716	473,782	498,400	530,334	569,602	631,852	703,392
(b) Less: Expenditures capitalized for government-wide statement of net assets (on page 44)	(16,452)	(9,661)	(7,574)	(15,218)	(18,434)	(43,723)	(43,349)	(45,354)	(66,128)	(84,369)
Noncapital expenditures	<u>\$ 376,761</u>	<u>\$ 420,278</u>	<u>\$ 432,064</u>	<u>\$ 447,498</u>	<u>\$ 455,348</u>	<u>\$ 454,677</u>	<u>\$ 486,985</u>	<u>\$ 524,248</u>	<u>\$ 565,724</u>	<u>\$ 619,023</u>
Debt service as a percentage of noncapital expenditures	14.0%	11.9%	11.3%	10.6%	9.7%	10.1%	9.1%	7.7%	7.5%	5.9%

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

	2002	2003	2004	2005	2006	2007	2008
Property Tax	\$ 236,929	\$ 242,408	\$ 255,324	\$ 262,124	\$ 286,792	\$ 308,443	\$ 356,136
Alcoholic beverage / other taxes	9,732	9,778	10,120	10,695	11,129	11,858	12,119
Total Taxes	<u>\$ 246,661</u>	<u>\$ 252,186</u>	<u>\$ 265,444</u>	<u>\$ 272,819</u>	<u>\$ 297,921</u>	<u>\$ 320,301</u>	<u>\$ 368,255</u>

Source: Dallas County Financial Records

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

Table 6

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

Year	Real Property		Personal Property		Total		Total Primary Government Direct Tax Rate	Statutory Ratio of Assessed Value to True Value
	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value		
1999	\$ 104,784,168	\$ 105,215,142	\$ 24,414,768	\$ 24,414,768	\$ 129,198,936	\$ 129,629,910	0.39200	99.67 %
2000	113,609,498	114,741,061	25,530,867	25,530,867	139,140,365	140,271,929	0.45000	99.19 %
2001	123,189,433	124,337,500	28,560,279	28,560,279	151,749,712	152,897,779	0.45000	99.25 %
2002	130,890,166	131,328,094	28,898,480	28,898,480	159,788,646	160,226,574	0.45000	99.73 %
2003	132,669,788	133,793,253	27,047,926	27,047,926	159,717,714	160,841,179	0.45790	99.30 %
2004	137,634,909	139,194,180	25,506,283	25,506,283	163,141,192	164,700,463	0.45790	99.05 %
2005	145,616,669	147,709,138	25,613,845	25,613,845	171,230,514	173,322,983	0.46790	98.79 %
2006	158,357,737	161,310,649	25,992,417	25,992,417	184,350,154	187,303,066	0.46790	98.42 %
2007	175,200,112	177,328,144	28,323,579	28,323,579	203,523,691	205,651,723	0.48210	98.97 %
2008	187,657,752	189,375,558	30,463,426	30,463,426	218,121,178	219,838,984	0.48210	99.22 %

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

Source: Dallas County Tax Assessor-Collector.

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

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

Note: 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: The assessment date is January 1.

Table 7

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

Tax Year	General Fund	Major Technology Fund	Permanent Improvement Fund	Major Capital Development Fund	Debt Service Funds	Total Primary Government	Component Unit	Total Reporting Entity
Rates (1)								
1999	0.14420	0.00500	0.00180	0.01050	0.03450	0.19600	0.19600	0.39200
2000	0.14520	0.00500	0.00180	0.01050	0.03350	0.19600	0.25400	0.45000
2001	0.14520	0.00500	0.00180	0.01050	0.03350	0.19600	0.25400	0.45000
2002	0.14420	0.00500	0.00180	0.01450	0.03050	0.19600	0.25400	0.45000
2003	0.15832	0.00500	0.00180	0.01450	0.02428	0.20390	0.25400	0.45790
2004	0.15210	0.00500	0.00180	0.01301	0.03199	0.20390	0.25400	0.45790
2005	0.16210	0.00500	0.00180	0.01621	0.02879	0.21390	0.25400	0.46790
2006	0.15450	0.01260	0.00180	0.02525	0.01975	0.21390	0.25400	0.46790
2007	0.16870	0.01260	0.00180	0.02593	0.01907	0.22810	0.25400	0.48210
2008	0.16870	0.01260	0.00180	0.02996	0.01504	0.22810	0.25400	0.48210
Tax levies (1) (in thousands of dollars)								
1999	\$ 153,098	\$ 5,306	\$ 1,915	\$ 11,154	\$ 36,625	\$ 208,098 (b)	208,098	\$ 416,196
2000	165,529	5,700	2,052	11,970	38,190	223,441 (b)	289,535	512,976
2001	179,571	6,184	2,226	12,985	41,430	242,396 (b)	314,100	556,496
2002	185,186	6,421	2,311	18,621	39,169	251,708 (b)	326,195	577,903
2003	202,119	6,383	2,298	18,511	30,997	260,308 (b)	324,269	584,577
2004	197,148	6,481	2,333	16,863	41,465	264,290 (b)	329,229	593,519
2005	219,902	6,783	2,442	21,990	39,056	290,173 (b)	344,572	634,745
2006	226,423	18,466	2,638	37,004	28,944	313,475 (c)	372,243	685,718
2007	272,413	20,346	2,907	41,871	30,794	368,331 (d)	410,153	778,484
2008	287,381	21,464	3,066	51,041	25,617	388,569 (e)	433,936	822,505

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.

(a) includes tax increment financing (listed below) for collection by Dallas County with remittance to the City without actual

Note (2) Legal Limitation

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

revenue recognition totaling:

- (b) in excess of \$ 1 million
- (c) \$ 1.7 million
- (d) \$ 2.9 million
- (e) \$ 4.7 million (projected)

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

Table 8

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

Name	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Dallas County	0.19600	0.19600	0.19600	0.19600	0.20390	0.20390	0.21390	0.21390	0.22810	0.22810
Hospital District	0.19600	0.25400	0.25400	0.25400	0.25400	0.25400	0.25400	0.25400	0.25400	0.25400
Community College District	0.05000	0.05000	0.06000	0.06000	0.07780	0.08030	0.08160	0.08100	0.08040	0.08940
<u>School Districts</u>										
Carrollton-Farmers Branch	1.61370	1.67370	1.72420	1.72240	1.73580	1.78240	1.82590	1.68300	1.36700	1.36230
Cedar Hill	1.63000	1.63000	1.63000	1.68000	1.70160	1.74130	1.84843	1.74330	1.40000	1.50000
Coppell	1.60000	1.60000	1.65500	1.70500	1.73500	1.73500	1.72900	1.59900	1.26900	1.27900
Dallas	1.46053	1.54753	1.54753	1.58753	1.63950	1.66940	1.68836	1.50264	1.19964	1.18340
Desoto	1.66000	1.66000	1.68000	1.71000	1.71000	1.74000	1.79000	1.76000	1.49000	1.51000
Duncanville	1.64000	1.68000	1.67000	1.75000	1.85500	1.83600	1.86600	1.73600	1.41800	1.41800
Ferris	1.49000	1.49000	1.51000	1.53950	1.53700	1.77190	1.77190	1.57070	1.26970	1.27720
Garland	1.47840	1.40530	1.47170	1.45860	1.55850	1.62140	1.67010	1.54490	1.25330	1.25330
Grand Prairie	1.46680	1.60810	1.66710	1.66710	1.72710	1.75110	1.75860	1.62970	1.46500	1.46500
Grapevine-Colleyville	1.55229	1.55200	1.58200	1.65979	1.70100	1.70105	1.70000	1.57430	1.29000	1.29000
Highland Park	1.60550	1.58300	1.61000	1.61000	1.61000	1.61000	1.53000	1.35570	1.03670	1.09000
Irving	1.66840	1.69500	1.69500	1.77060	1.81500	1.83700	1.81400	1.64400	1.34850	1.39100
Lancaster	1.67579	1.65200	1.67000	1.67000	1.64915	1.85446	1.85446	1.72600	1.40770	1.41270
Mesquite	1.58000	1.58000	1.58000	1.62000	1.67000	1.76000	1.76240	1.66800	1.37670	1.40000
Richardson	1.64860	1.66830	1.79930	1.80810	1.82000	1.82000	1.82000	1.63005	1.34005	1.34005
Sunnyvale	1.21750	1.24670	1.30000	1.34947	1.46600	1.44600	1.66590	1.51905	1.38005	1.37000
Wilmer / Hutchins*	1.49910	1.52760	1.55840	1.54820	1.54820	1.58000	1.28540	0.00000	0.00000	0.00000
<u>Cities and Towns</u>										
Addison	0.38460	0.38100	0.38480	0.39990	0.42280	0.47600	0.47600	0.46400	0.43370	0.45350
Balch Springs	0.59999	0.59999	0.62900	0.61700	0.54000	0.52550	0.55571	0.57728	0.62098	0.62000
Carrollton	0.60430	0.59930	0.59930	0.59930	0.59930	0.59930	0.63288	0.63288	0.61788	0.61788
Cedar Hill	0.64269	0.64269	0.64140	0.64140	0.64140	0.64140	0.64140	0.64140	0.64140	0.64140
Cockrell Hill	0.75202	0.77048	0.74507	0.74036	0.77349	0.73379	0.76159	0.76853	0.78811	0.78811
Combine**	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.21000	0.21000
Coppell	0.64860	0.64860	0.64860	0.64860	0.64860	0.64860	0.64860	0.64146	0.64146	0.64146
Dallas	0.66750	0.66750	0.66750	0.69980	0.69980	0.71970	0.74170	0.72920	0.74790	0.74790
Desoto	0.61139	0.61139	0.63639	0.65921	0.65879	0.66689	0.68499	0.69835	0.70973	0.69973
Duncanville	0.71800	0.71800	0.71800	0.71800	0.71800	0.71800	0.71800	0.69600	0.69600	0.69600
Farmers Branch	0.44000	0.44000	0.44000	0.44000	0.46000	0.49450	0.49450	0.49450	0.49450	0.49450
Garland	0.61360	0.63360	0.64110	0.64110	0.64110	0.64110	0.66610	0.67860	0.68860	0.69960
Glenn Heights	0.79240	0.79000	0.72840	0.70990	0.69576	0.65310	0.65310	0.69617	0.68404	0.69436
Grand Prairie	0.67500	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000
Highland Park	0.25750	0.24620	0.22900	0.22080	0.23000	0.23000	0.23000	0.22500	0.22000	0.22000
Hutchins	0.54412	0.50151	0.48165	0.50882	0.52917	0.53300	0.54000	0.54109	0.53755	0.52810
Irving	0.48800	0.48800	0.48800	0.49800	0.53280	0.54790	0.54790	0.54790	0.54060	0.54060
Lancaster	0.55170	0.67170	0.67170	0.67170	0.67170	0.67170	0.67170	0.67170	0.73750	0.77750
Mesquite	0.54148	0.54148	0.54148	0.54148	0.54148	0.58148	0.60148	0.62000	0.64000	0.64000
Richardson	0.44385	0.44385	0.44385	0.47785	0.47785	0.52516	0.52516	0.57516	0.57516	0.57516
Rowlett	0.64000	0.64000	0.64000	0.64000	0.64000	0.67695	0.74717	0.74717	0.74717	0.74717
Sachse	0.64670	0.62664	0.58882	0.57540	0.56006	0.55832	0.55832	0.55341	0.55341	0.61000
Seagoville	0.53779	0.58000	0.58000	0.65000	0.65000	0.63500	0.63500	0.63500	0.63500	0.63500
Sunnyvale	0.37997	0.37997	0.37997	0.37997	0.37997	0.37997	0.37997	0.37997	0.37997	0.37796
University Park	0.39537	0.37159	0.33999	0.32932	0.32601	0.32539	0.30958	0.29272	0.26836	0.26548
Wilmer	0.66000	0.66000	0.66000	0.66000	0.66000	0.66000	0.66000	0.61000	0.61000	0.48566

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 Combine was not a taxable entity until 2007

Table 9

DALLAS COUNTY, TEXAS
Principal Property Taxpayers
September 30, 2008
(in thousands of dollars)
(unaudited)

Name of Taxpayer	Type of Property	2008		1999		Percent of Dallas County Assessed Valuation	Percent of Dallas County Assessed Valuation
		Total Assessed Valuation	Rank	Total Assessed Valuation	Rank		
AT&T/Cingular Telephone Company	Telephone Utility	\$ 1,568,500	1	0.84 %	\$ 1,177,566	2	0.91 %
Texas Utilities Electric Company	Electric Utility	1,384,673	2	0.74	1,072,126	4	0.83
Texas Instruments/Raytheon	Electronics	1,331,474	3	0.71	1,266,827	1	0.98
NorthPark Land Partners	Real Estate	590,682	4	0.31	—		—
Crescent Real Estate	Real Estate	567,651	5	0.30	1,197,750	3	0.93
Verizon/GTE	Telephone Utility	550,663	6	0.29	263,142	9	0.20
Wal-Mart	Retail	533,885	7	0.28	—		—
Southwest Airlines	Airline	491,159	8	0.26	502,927	5	0.39
Teachers Insurance	Insurance	488,333	9	0.26	—		—
Galleria Mall INV LP	Real Estate	418,988	10	0.22	—		—
Metropolitan	Insurance	—		—	268,136	8	0.21
Northrop Grumman	Defense/Aeronautics	—		—	237,476	10	0.18
Dallas Main LP	Real Estate	—		—	320,187	7	0.25
Post Apartment Homes LP	Real Estate	—		—	341,706	6	0.27
Total		<u>\$ 7,926,008</u>		<u>4.24 %</u>	<u>\$ 6,647,843</u>		<u>5.15 %</u>

Notes: (a) Estimated amounts based on 1999 and 2008 appraisal roll.
(b) Amounts exclude property under protest.

Source: Dallas County Tax Assessor-Collector.

Table 10

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

Year	Tax Levies	Collections of Current Tax Levy During Fiscal Period	Percentage of Collected During Fiscal Period	Collections of Delinquent Tax During Fiscal Period	Total Collections	Percentage of Total Collections to Tax Levies
1999	\$ 416,196	\$ 406,745 (a)	97.73 % (a)	4,897 (c)	\$ 411,643	98.91 %
2000	512,976	501,144 (a)	97.69 (a)	3,650 (c)	504,794	98.40
2001	556,476	537,790 (a)	96.64 (a)	4,963 (c)	542,753	97.53
2002	577,903	553,641 (a)	95.80 (a)	4,287 (c)	557,928	96.54
2003	584,578	566,558 (a)	96.92 (a)	6,260 (c)	572,818	97.99
2004	593,519	582,127 (b)	98.08 (b)	8,908 (d)	591,035	99.58
2005	638,335 (e)	624,911 (b)	97.90 (b)	7,027 (d)	631,938	99.00
2006	683,907 (e)	671,481 (b)	98.18 (b)	7,951 (d)	679,432	99.35
2007	767,576 (e)	756,012 (b)	98.49 (b)	8,016 (d)	764,028	99.54
2008	822,505 (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 2008 tax roll are incomplete until the end of the fiscal year, September 30, 2009.

Tax collections exclude TIF payments and are reported net of commission for the office of the Tax Assessor Collector.

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

Taxes due: October 1

Taxes delinquent: February 1 year following levy

Tax lien and assessment date: January 1 year of levy

Taxes added to delinquent roll: 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.

Table 11

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

Year	Estimated Population	Assessed Value	Gross Bonded Debt (1)	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Percentage of Personal Income (2)	Net Bonded Debt Per Capita
1999	2,051	\$ 129,629,910	\$ 278,142 *	\$ 19,693	\$ 258,449	0.19937 %	0.3607 %	\$ 126
2000	2,062	140,271,929	277,356 *	17,047	260,309	0.18557 %	0.3245 %	126
2001	2,219	152,897,778	280,623 *	17,567	263,056	0.17205 %	0.3197 %	118
2002	2,245	160,226,576	247,753 *	14,671	233,082	0.14547 %	0.2809 %	104
2003	2,284	160,841,180	238,143 *	12,327	225,816	0.14040 %	0.2679 %	99
2004	2,284	164,700,463	220,640 *	5,633	215,007	0.13054 %	0.2397 %	94
2005	2,330	173,322,983	188,131 *	7,369	180,762	0.10429 %	0.1890 %	78
2006	2,383	187,303,067	221,723 *	13,420	208,303	0.11121 %	0.2047 %	87
2007	2,417	205,651,722	186,676 **	7,631	179,045	0.08706 %	0.1710 %	74
2008	2,452	219,838,984	158,885 **	3,381	155,504	0.07074 %	0.1426 %	63

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

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

(2) Figures for 2004-2007 reflect adjusted personal income numbers.

See schedule of Demographic and Economic Statistics on page 138 (Table 15) for personal income data.

* Includes Premium on Tax notes and Bonds

** Excludes Premium on Tax Notes and Bonds

Source: Dallas County Financial Records.

Table 12

DALLAS COUNTY, TEXAS
Direct and Overlapping Bonded Debt
September 30, 2008
(in thousands of dollars)
(unaudited)

<u>Name</u>	<u>Indebtedness as of</u>	<u>Gross Debt Less Sinking Funds</u>	<u>Percentage of Debt Applicable to Dallas County</u>	<u>Dallas County's Share of Debt</u>
Dallas County	9/30/2008	\$ 155,504	100.0%	\$ 155,504
Hospital District	9/30/2008	—	100.0%	—
Water Control and Improvement District No. 6	9/30/2008	13,696	100.0%	13,696
Total direct		<u>\$ 169,200</u>		<u>\$ 169,200</u>
Overlapping Debt:				
Independent school districts:				
Carrollton-Farmers Branch	8/31/2008	\$ 408,441	81.8%	\$ 334,105
Cedar Hill	8/31/2008	104,915	100.0%	104,915
Coppell	8/31/2008	130,790	100.0%	130,790
Dallas	6/30/2008	1,500,000 (a)	100.0%	1,500,000
Desoto	8/31/2008	150,835	100.0%	150,835
Duncanville	8/31/2008	170,664	100.0%	170,664
Ferris	8/31/2008	56,028	8.0%	4,482
Garland	8/31/2008	391,719	100.0%	391,719
Grand Prairie	8/31/2008	409,402 (a)	100.0%	409,402
Grapevine-Colleyville	8/31/2008	345,913	1.0%	3,459
Highland Park	8/31/2008	119,538	100.0%	119,538
Irving	8/31/2008	514,339	100.0%	514,339
Lancaster	8/31/2008	110,119 (a)	100.0%	110,119
Mesquite	8/31/2008	426,273	100.0%	426,273
Richardson	6/30/2008	422,247	100.0%	422,247
Sunnyvale	8/31/2008	43,294	100.0%	43,294
Total independent school districts		<u>\$ 5,304,517</u>		<u>\$ 4,836,181</u>

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

Note:

(a) 2007 Figures (2008 figures not available)

(Continued)

Table 12

DALLAS COUNTY, TEXAS
Computation of Direct and Overlapping Bonded Debt
September 30, 2008
(in thousands of dollars)
(unaudited)

<u>Name</u>	<u>Indebtedness as of</u>	<u>Gross Debt Less Sinking Funds</u>	<u>Percentage of Debt Applicable to Dallas County</u>	<u>Dallas County's Share of Debt</u>
Overlapping Debt (Continued):				
Cities and towns:				
Addison	9/30/2008	\$ 59,550	100.0%	\$ 59,550
Balch Springs	9/30/2008	9,810 (a)	100.0%	9,810
Carrollton	9/30/2008	149,162	64.7%	96,508
Cedar Hill	9/30/2008	64,984	98.3%	63,879
Coppell	9/30/2008	66,860	98.9%	66,125
Dallas	9/30/2008	1,668,943 (a)	97.1%	1,620,544
Desoto	9/30/2008	86,396	100.0%	86,396
Duncanville	9/30/2008	9,491	100.0%	9,491
Farmers Branch	9/30/2008	7,239	100.0%	7,239
Garland	9/30/2008	269,353	100.0%	269,353
Glenn Heights	9/30/2008	7,220	72.4%	5,227
Grand Prairie	9/30/2008	146,141	55.9%	81,693
Hutchins	9/30/2008	5,588 (a)	100.0%	5,588
Irving	9/30/2008	192,503	100.0%	192,503
Lancaster	9/30/2008	54,475	100.0%	54,475
Mesquite	9/30/2008	94,286 (a)	100.0%	94,286
Richardson	9/30/2008	197,181	86.7%	170,956
Rowlett	9/30/2008	97,339	85.8%	83,517
Sachse	9/30/2008	4,453 (a)	93.5%	4,164
Seagoville	9/30/2008	2,381 (a)	99.6%	2,371
Sunnyvale	9/30/2008	5,768	100.0%	5,768
Wilmer	9/30/2008	110 (a)	100.0%	110
Total cities and towns		3,199,233		2,989,552
Total Overlapping		8,503,750		7,825,734
Total Direct and Overlapping		\$ 8,672,950		\$ 7,994,934

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

Note:

(a) 2007 Figures (2008 figures not available)

(Concluded)

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

Table 13

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit (Article 3, Section 52 of the Texas Constitution)	\$ 26,193,765	\$ 28,399,885	\$ 30,794,940	\$ 32,719,808	\$ 33,164,120	\$ 34,405,411	\$ 36,400,734	\$ 39,585,249	\$ 43,795,676	\$ 46,909,632 (1)
Total net debt applicable to limit	<u>138,629</u>	<u>156,953</u>	<u>176,070</u>	<u>160,298</u>	<u>144,941</u>	<u>132,919</u>	<u>91,805</u>	<u>75,736</u>	<u>65,628</u>	<u>55,831</u>
Legal debt margin	<u>\$ 26,055,136</u>	<u>\$ 28,242,932</u>	<u>\$ 30,618,870</u>	<u>\$ 32,559,510</u>	<u>\$ 33,019,179</u>	<u>\$ 34,272,492</u>	<u>\$ 36,308,929</u>	<u>\$ 39,509,513</u>	<u>\$ 43,730,048</u>	<u>\$ 46,853,801</u>
Total net debt applicable to the limit as a percentage of debt limit	0.53%	0.55%	0.57%	0.49%	0.44%	0.39%	0.25%	0.19%	0.15%	0.12%
Debt Limit (Under Texas General Law)	\$ 6,444,533	\$ 6,956,520	\$ 7,587,002	\$ 7,988,886	\$ 7,985,220	\$ 8,156,396	\$ 8,560,839	\$ 9,216,671	\$ 10,175,314	\$ 10,905,098 (2)
Total net debt applicable to limit	<u>119,820</u>	<u>103,356</u>	<u>86,986</u>	<u>72,784</u>	<u>80,496</u>	<u>81,214</u>	<u>86,518</u>	<u>128,137</u>	<u>113,417</u>	<u>99,673</u>
Legal debt margin	<u>\$ 6,324,713</u>	<u>\$ 6,853,164</u>	<u>\$ 7,500,016</u>	<u>\$ 7,916,102</u>	<u>\$ 7,904,724</u>	<u>\$ 8,075,182</u>	<u>\$ 8,474,321</u>	<u>\$ 9,088,534</u>	<u>\$ 10,061,897</u>	<u>\$ 10,805,425</u>
Total net debt applicable to the limit as a percentage of debt limit	1.86%	1.49%	1.15%	0.91%	1.01%	1.00%	1.01%	1.39%	1.11%	0.91%

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed valuation of real property*	\$ 187,638,529
Assessed valuation of all taxable property*	<u>218,101,955</u>
Bonds issued under Article 3, Section 52 of the Texas Constitution:	
Debt limit, one-fourth of real property assessed valuation	46,909,632 (1)
Amount of debt applied to debt limit:	
Bonded debt	\$ (57,045)
Less debt service funds - appropriation for future debt payments	<u>1,214</u>
Total amount of debt applicable to debt limit	<u>(55,831)</u>
Legal debt margin, bonds issued under Article 3, section 52, of the Texas Constitution	<u>\$ 46,853,801</u>
Bonds issued under Texas General Laws:	
Debt limit, five percent of assessed valuation of all taxable property	10,905,098 (2)
Amount of debt applied to debt limit:	
Bonded debt	\$ (101,840)
Less debt service funds - appropriation for future debt payments	<u>2,167</u>
Total amount of debt applicable to debt limit	<u>(99,673)</u>
Legal debt margin, bonds issued under Texas General Laws	<u>\$ 10,805,425</u>

(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	\$ 187,657,752	\$ 218,121,178
Rolling Stock	(19,223)	(19,223)
Adjusted Assessed Value of Real Property	<u>\$ 187,638,529</u>	<u>\$ 218,101,955</u>

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

Fiscal Year	Total Resources	Less: Operating Expenses	Net Available Revenue	Debt Service		Total	Coverage
				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
(1) 2008	1,194	150	1,044	410	712	1,122	0.93

(1) Operating expenses for FY 2008 include expenses for Founders Plaza & George Allen parking garage systems.

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

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

Year	Population (1)	Personal Income (in millions of dollars) (2)	Wage Mean (3)	Median Age (4)	School Enrollment (5)	Unemployment Rate (6)	
1999	2,050,865	\$ 71,648	\$ 32,602	30.3	154,759	3.3	(c)
2000	2,062,100	80,217	36,047	30.8	155,427	3.6	(c)
2001	2,218,899	82,272	36,373	31.3	157,726	5.1	(c)
2002	2,245,398	82,983	36,205	31.8	150,742	6.4	(c)
2003	2,283,953	84,278	36,617	31.9	149,597	6.6	(c)
2004	2,284,096	89,692 (a)	39,766	32.2	148,131	5.5	(c)
2005	2,330,050	95,652 (a)	40,959	32.6	146,216	5.2	(c)
2006	2,383,300	101,747 (a)	41,321	32.4	158,700	4.6	(c)
2007	2,417,650	104,705 (a)	42,174	32.8	158,126	4.3	(c)
2008	2,451,800	109,053	44,060	33.1	158,126 (b)	5.3	(c)

Source:

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

Note:

- (a) Adjusted personal income figures reflect new Bureau of Labor Statistics estimates for 2006 and revisions for 2004-2005.
- (b) 2007 Figure (2008 figure not available)
- (c) The unemployment rate is reported for the month of September. 1999-2007 unemployment figures were previously reported as an annual average.

Table 16

DALLAS COUNTY, TEXAS
Principal Employers
September 30, 2008
(unaudited)

2008					1999			
Company	Product	Employees	Rank	Percentage of Total County Employment	Company	Product	Employees	Percentage of Total County Employment
Wal-Mart Stores, Inc.	Retail	33,500	1	1.37 %	AMR Corporation (American Airlines)	Airline, Technology and Management Services	35,000	1.71 %
AMR Corporation (American Airlines)	Airline, Technology and Management Services	25,655	2	1.05	Raytheon Company	Defense Systems & Electronics	20,000	0.98
Dallas Public Schools	Public Independent School District	20,000 *	3	N/A	Dallas Public Schools	Public Independent School District	17,169	0.84
Texas Health Resource	Non-profit Health Care	17,299	4	0.71	City of Dallas	Municipality	14,200	0.69
AT&T Inc.	Telecommunications	16,200	5	0.66	U.S. Postal Services	Federal Agency	12,418	0.61
Baylor Health Care System	Health Care Provider	16,000	6	0.65	Baylor Health Care System	Health Care	11,900	0.58
Lockheed Martin Aeronautics Co.	Military Aircraft Design and Production	14,776	7	0.60	Electronic Data Services	Information Technology Services	11,000	0.54
City of Dallas	Municipality	14,764	8	0.60	Texas Instruments, Inc.	Electronics and Semi-conductors	11,000	0.54
Verizon Communications	Telecommunications Service Firm	13,800	9	0.56	GTE Corporation	Telecommunications	10,713	0.52
Texas Instruments, Inc.	Electronics and Semi-conductors	11,300	10	0.46	SBC Telephone Co.	Telephone Utility	10,590	0.52
Kroger Food Stores	Retail Grocery	10,400	11	0.42	Bank of America	Financial Services	10,000	0.49
Brinker International	Restaurants	9,600	12	0.39	J.C. Penney Company, Inc.	Retail	10,000	0.49
JPMorgan Chase	Financial Services	9,045	13	0.37	Kroger Food Stores	Retail Grocery	9,000	0.44
Target Corp.	Retail	8,643	14	0.35	Tom Thumb Food & Pharmacy	Retail Grocery	9,000	0.44
Albertson's	Retail Grocery	8,200	15	0.33	Baylor University Medical Center	Healthcare and Medical Training	8,108	0.40
Dallas County Hospital District	Health Care to Dallas County	9,125	16	0.37	Columbia Healthcare	Healthcare Service	8,000	0.39
Bank of America	Financial Services	8,000	16	0.33	United Parcel Service	Package Distribution Company	8,000	0.39
Electronic Data Services	Information Technology Services	7,300	17	0.30	Alcatel USA	Voice, Data & Switching Infrastructure Mfg.	7,000	0.34
Dallas County	Government	7,738	18	0.32	Minyard Food Stores, Inc	Retail Grocery	7,000	0.34
J.C. Penney Company, Inc.	Retail	7,298	19	0.30	Nortel Networks (Northern Telecom)	Telecommunications Equipment Mfg.	7,000	0.34
Bell Helicopter Textron	Helicopter and Tilt Rotor Design	6,448	21	0.26				
Tom Thumb Food & Pharmacy	Retail Grocery	6,335	22	0.26				
Southwest Airlines	Commercial Airlines	5,978	23	0.24				
Minyard Food Stores, Inc.	Retail Grocery	5,054	24	0.21				
Walgreens	Retail Pharmacy	4,700	25	0.19				

* 2007 Figures (2008 figures not available)

Source: Dallas Business Journal and Ft. Worth Business Press Book of Lists 2008, City of Dallas and Dallas County Records

Dallas County Financial Records

<http://www.ntc-dfw.org/northtexas/corporate/largestemployers.htm>

www.dallascityhall.org

www.dallasisd.org

Table 17

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

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government	4,891	3,447	3,440	3,934	4,367	4,518	4,821	5,080	4,260	4,164
Public Safety										
Constable	217	199	221	222	224	224	257	256	270	293
Sheriff	1,684	1,820	1,823	1,700	1,692	1,884	1,693	1,828	2,280	2,392
Truancy*	-	-	-	-	-	22	22	18	28	27
Juvenile**	-	-	-	-	-	-	-	-	817	775
Highways and streets										
Road and Bridge	149	149	149	150	151	117	117	103	86	87
Total	<u>6,941</u>	<u>5,615</u>	<u>5,633</u>	<u>6,006</u>	<u>6,434</u>	<u>6,765</u>	<u>6,910</u>	<u>7,285</u>	<u>7,741</u>	<u>7,738</u>

* Department effective 2004

** Previously reported in General Government category

Source: Dallas County Financial Records

Table 18

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Assessor-Collector of Taxes:										
Employees	229	206	227	233	233	229	229	229	227	227
Ad valorem assessment notices issued	724,845	729,154	731,051	743,709	750,087	762,082	771,740	780,046	790,552	795,364
Motor vehicle registrations	2,225,885	2,351,354	1,818,868	1,816,528	1,929,114	1,806,423	1,856,256	1,981,824	1,987,802	2,036,945
Number of entity collection contracts	—	—	37	39	42	44	48	51	51	53
Constables (3):										
Employees	217	199	221	222	224	224	257	256	288	312
Civil process papers served	150,784	157,953	165,627	151,020	144,620	127,907	128,722	122,517	123,926	126,021
County Clerk:										
Employees	169	191	191	192	192	195	198	201	205	207
Marriage licenses	18,612	18,482	19,660	17,778	17,209	17,071	17,277	16,535	16,630	17,000
Civil suits	14,201	14,854	13,557	15,774	15,261	15,277	16,882	17,629	18,337	13,462
Probate cases	9,566	9,545	9,331	9,681	8,826	9,515	9,566	10,230	10,891	10,965
Criminal cases	64,260	62,829	61,194	54,694	52,244	63,502	66,691	67,505	64,852	63,000
District Clerk:										
Employees	240	243	246	250	250	254	262	266	267	266
Civil process cases	48,262	51,359	42,601	44,505	44,952	45,710	45,706	42,152	45,006	47,671
Criminal cases	25,943	26,170	26,246	26,114	27,566	29,564	29,907	28,879	27,379	26,319
Jurors	116,252	115,474	123,653	113,489	118,960	100,049	96,219	102,165	100,003	105,672
Justice of the Peace Courts (1):										
Employees	140	112	143	143	140	136	149	147	170	167
Cases	244,800	242,446	185,633	263,529	307,499	314,708	366,492	412,118	411,311	466,453
Sheriff (5):										
Employees	1,684	1,820	1,823	1,700	1,692	1,684	1,693	1,828	2,068	2,195
Daily average in county jail	7,017	6,776	6,218	6,663	6,827	7,017	7,330	8,037	6,568	6,060
Persons booked	93,757	108,909	99,751	93,786	95,858	93,757	101,080	107,571	96,751	99,078
Civil process papers served	785	5,338	6,083	6,825	6,616	785	841	589	492	795
Truancy Courts (2) :										
Employees	—	—	—	—	—	22	22	18	29	29
Cases Filed	—	—	—	—	—	19,061	14,300	20,933	16,270	32,619
County Treasurer										
Employees	18	20	20	20	20	18	18	18	18	18
Total Receipts (4)	\$ 25,877,091	\$ 29,696,957	\$ 39,248,528	\$ 33,736,025	\$ 29,368,183	\$ 27,530,654	\$ 34,833,076	\$ 37,138,554	\$ 43,216,196	\$ 45,112,755
Investment Earnings (4)	\$ 16,483	\$ 16,704	\$ 16,321	\$ 8,379	\$ 5,425	\$ 5,360	\$ 11,396	\$ 20,525	\$ 26,323	\$ 17,716

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

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

(2): Truancy courts became effective April 2004. Dallas County currently operates four Truancy courts.

(3): Redistricting of Constables in FY2002 reduced number of Precincts from 8 to 5. Incumbents in 2 non-named precincts will serve out balance of elected term. One incumbent was appointed to another political office. In FY 2008, the increase in number of employees was a result of budgeted positions which were filled in FY 08.

(4): In thousands of dollars.

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

Table 19

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

Function	2002	2003	2004	2005	2006	2007	2008
General Government							
Number of buildings	22	22	22	22	22	22 (a)	21 (b)
Public Safety							
Number of buildings	10	10	10	10	10	10	10
Number of jails	5	5	5	4	4	5	6
Number of vehicles	405	485	492	479	593	584	640
Highways and streets							
Number of buildings	4	4	4	4	4	4	4
Streets (lane miles)	147	142	137	137	137	137	137
Number of bridges	51	51	51	51	41	38	37
Health							
Number of buildings	1	1	1	1	1	1	1
Public Welfare							
Number of buildings	3	3	3	3	3	3	3
Judicial							
Number of buildings	7	7	7	7	7	7	7
Number of Juvenile beds	486	486	670	706	750	750	762
Number of courts	73	71	71	69	70	71	71

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

Notes:

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

(b) Does not include Forensic Science building which is currently under construction and not operational.

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

OTHER REPORTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable County Judge and Commissioners of
Dallas County, Texas:

We have audited the basic financial statements of Dallas County (the "County") as of and for the year ended September 30, 2008, and have issued our report thereon dated March 27, 2009. 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. We have also audited the basic financial statements of Dallas County Hospital District (the "District"), a component unit of Dallas County, Texas – (dba Parkland Health & Hospital System), as of and for the year ended September 30, 2008, and have issued our report thereon dated December 18, 2008. This report does not include the results of testing of internal control over financial reporting or compliance and other matters of the District that are reported separately.

We did not audit the financial statements of the Parkland Foundation, a discretely presented component unit of the District. Those financial statements were audited by other auditors whose reports have been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Parkland Foundation, is based solely on the reports of the other auditors. The financial statements of the Parkland Foundation were audited in accordance with auditing standards generally accepted in the United States of America, but were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County in a separate letter dated March 27, 2009.

This report is intended solely for the information and use of the County Judge and Commissioners, management and applicable federal and state grantors and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

March 27, 2009

