

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



**REPORT FOR THE YEAR ENDED
SEPTEMBER 30, 2018**

DALLAS COUNTY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2018

Prepared by:
Darryl D. Thomas
Office of County Auditor
1201 Elm Street, Suite 2300
Dallas, Texas 75270

DALLAS COUNTY, TEXAS
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2018

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION (Unaudited)	
Letter of Transmittal	1
GFOA Certificate of Achievement	6
Organizational Chart	7
List of Elected and Appointed Officials	8
FINANCIAL SECTION	
Independent Auditors' Report	9
Management's Discussion and Analysis	13
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	26
Statement of Activities	27
Fund Financial Statements:	
Balance Sheet – Governmental Funds	28
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	29
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
Statement of Net Position – Proprietary Fund	31
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	32
Statement of Cash Flows – Proprietary Fund	33
Statement of Fiduciary Assets and Liabilities – All Agency Funds	34
Notes to the Basic Financial Statements	35
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	99
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Major Projects Special Revenue Fund	101
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Major Grants Special Revenue Fund	102
Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	103
Infrastructure Assets Under Modified Approach	105
Schedule of Changes in Net Pension Liability and Related Ratios – Primary Government	107
Schedule of Employer Pension Contributions – Primary Government	108
Schedule of Changes in Other Post Employment Benefit Liability – Primary Government	109
Schedule of Changes in Net Pension Liability and Related Ratios – Discretely Presented Component Unit	110
Schedule of Employer Pension Contributions – Discretely Presented Component Unit	111

DALLAS COUNTY, TEXAS
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended September 30, 2018

TABLE OF CONTENTS

	Page
Supplementary Information	
Combining and Individual Funds Statements and Schedules:	
Combining Balance Sheet – Non-Major Governmental Funds	116
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	119
Schedules of Revenues, Expenditures, and Changes in Fund Balances	
Budget and Actual:	
Debt Service Fund – Countywide Fund	122
Non-Major Special Revenue Funds	123
Combining Statement of Fiduciary Assets and Liabilities – All Agency Funds	133
Combining Statement of Changes in Fiduciary Assets and Liabilities – All Agency Funds	136
STATISTICAL SECTION (Unaudited)	
Net Position of Primary Government	147
Changes in Net Position	148
Governmental Activities Tax Revenues by Source	149
Fund Balances of Governmental Funds	150
Changes in Fund Balances of Governmental Funds	151
Assessed Value and Estimated Actual Value of Taxable Property	152
Property Tax Rates and Tax Levies	153
Property Tax Rates – Direct and Overlapping Governments	154
Principal Property Taxpayers	155
Property Tax Levies and Collections	156
Ratios of Outstanding Debt	157
Direct and Overlapping Bonded Debt	158
Legal Debt Margin	160
Pledged Revenue Coverage	161
Demographic and Economic Statistics	162
Principal Employers	163
Full-time Equivalent County Government Employees by Function	164
Operating Indicators by Function	165
Capital Asset Statistics by Function	166

INTRODUCTORY SECTION
(Unaudited)



DALLAS COUNTY
DARRYL D. THOMAS
COUNTY AUDITOR

March 27, 2019

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, 2018.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Accounting requirements for Governmental Accounting Standards Board (GASB) Statement Numbers 75, 81, 85, 86, 89 and 90 were implemented in FY18. Only GASB 75 impacted the County. These statements are explained in the Notes to the Basic Financial Statements. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the basic financial statements will be free from material misstatement. Responsibility for internal controls is shared by Commissioners Court, which is the governing body; the County Auditor, (appointed by the District Judges); the Office of Budget and Evaluation (appointed by Commissioners Court); and, the County Treasurer (an elected position). 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, 2018, 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. The statistical section of this

report includes selected financial and demographic information, which is generally presented on a multi-year basis.

PROFILE OF DALLAS COUNTY

The County is located in north central Texas, and is strategically central to the economic region of Texas, Louisiana, Arkansas, Oklahoma, and New Mexico, as well as centrally located within the United States. The County region was opened for settlement by the Mexican colonization laws and was included in an impresario grant before 1836, but actual settlement was delayed until 1841. The first Texas legislature created the County from parts of Robertson and Nacogdoches counties on March 30, 1846, and designated the town of Dallas (a post office since 1844) as a temporary “Seat of Justice.” The act does not state whom the County’s name honors; it probably was George M. Dallas, then vice president of the United States. Two elections were held in 1850 to fix the city of Dallas as the permanent county seat. The County encompasses an area of 900 square miles. Dallas County is the ninth largest county in the U.S. The 2010 census reported population for the County at 2,368,139. The Census Bureau has estimated the population has increased to approximately 2,618,148. 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 County tax rates, establishes policies for County operations, approves contracts for the County and develops and adopts the County budget within the resources 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. While there are 254 Texas counties, Dallas County is one of eight with its bonds rated AAA by S&P Global Ratings and Aaa by Moody’s. Dallas County’s bond ratings are a positive reflection of its financial management and the fact that its taxable valuation has increased 59% since 2012 to \$280.8 billion. The commissioners serve on various boards and committees including the Dallas County Criminal Justice Advisory Board, Bail Bond Task Force, the DWI Task Force, North Texas Behavioral Health Authority (NTBHA), Greater Dallas Homeless Policy Alliance, Public Employee Benefits Cooperative (PEBC), Prostitute Diversion Initiative (PDI) and an alternate for the Regional Transportation Committee, Dallas Convention Visitors Bureau, Dallas Zoological Society, New Friends New Life, Methodist Dallas Medical Center, Dallas County Civil Service Commission, Jail Population Committee, Dallas County Juvenile Board, Jail Sanitation and Maintenance Committee, Dallas County and Housing Finance Corporation, Public Health Advisory, Bioterrorism and Safety, the Texas Conference of Urban Counties, Behavioral Health Leadership Team, and Civil Service Committee.

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 systems and procedures for handling 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 Commissioners Court for approval. It is the Auditor’s duty under statutory mandates to determine if claims are in conformance to laws governing county finance and to audit records of precinct offices that collect funds. The Auditor presents status of audit risk assessments to the Finance Committee and publishes final audit reports on the web. The Commissioners Court has vested accounts payable and payroll processing functions with the County Auditor. Additionally, the County Auditor serves as Chief Financial Officer for federal and Texas financial award programs; Juvenile Programs and Adult Probation Departments.

Financial management controls regarding banking and investments 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. In accordance to Texas statutes, the County’s investment policy was reviewed with recommended updates. 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, State and local financial statutes.

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

The annual budget serves as the foundation for the County's planning and control. Budget workshops are hosted periodically by the Office of Budget and Evaluation with the final budget approved by the Commissioners Court in accordance with statutory guidelines. Potential loss of State and federal funds is considered in developing the budget. The final budget includes contingency and emergency reserves line items. Encumbrances are carried forward to the subsequent year for all funds. Unencumbered appropriations for the general fund lapse at fiscal year-end. The General fund unassigned reserves are addressed in budget policies, targeted at 10.5% of budgeted current expenditures expected to be paid currently. However, due to the impact of accrued expenses, encumbrances and nonspendable inventory and prepaids the target of 10.5% was not achieved. Ratio at September 30, 2018 was 6.7%. The Commissioners Court has committed funds for major technology projects and major capital development. Any available budget for these committed funds is carried forward annually for those specific purposes. Most appropriated budgets are prepared by fund, function, department, and category. Capital expenditures for general operations are approved on a line item basis but a multi-year capital improvement plan is utilized to track major capital projects. All budget transfers between departments and/or projects must follow statutory approval processes. Budget to actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted. Budgets funded by federal and State financial assistance are authorized individually on application and acceptance of awards by order of the Commissioners Court.

Another governmental unit is included in the County's reporting entity because the County's governing body appoints the board, approves tax rate and operational and financial relationship with the County is significant.

Discretely Presented Component Unit - The Dallas County Hospital District (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 inclusion of the District in the County's financial statements. According to the Texas Constitution, the District, not the County, is responsible for the District's ongoing debt payments regardless of any future financial/economic events. The District's financial data is presented separately to emphasize that it is legally separate from the County. The District operates under different statutory and constitutional authority. The District also has a separate constitutional tax limitation, independent power of eminent domain and individual right of ownership of property. The District maintains a medical facility, which provides service to indigents residing within the District and serves as the major teaching hospital for the University of Texas Southwestern Medical School. The hospital is a Level I Trauma Center, a Level III Neonatal Intensive Care Unit and a regional burn center.

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 ongoing industry in Texas is growing faster than the national average. Public transit options continue to expand significantly, though in several outlying suburbs, it remains limited. The area also reflects art, fashion, and entertainment. It is the site of a district Federal Reserve Bank and Dallas – Fort Worth International Airport. Together with the Fort Worth Metropolitan area, DFW comprises the nation’s fourth largest urban economy with per capita effective buying income (PCEBI) 90.8% of national average (StandardandPoors.com/ratingsdirect). The benefits component of compensation costs continued to increase in DFW metropolitan area according to U.S. Bureau of Labor statistics. The local unemployment rate is 3.6%, which is lower than the national rate of 3.7%. The area enjoys relatively low taxes with no personal or corporate state income tax and maximum state and city sales tax of 8.25%.

Dallas home prices increased 4.7% in September from a year earlier, according to S&P Case-Shiller Home Price Index. Construction starts for apartment buildings, offices, and warehouse locations are strong. Research indicates the number of Dallas-area homes posted for foreclosure continues to decline. Economic declines noted for the top 10 employers and taxpayers were noted in insurance, telecom, and real estate. The combined appraisal value of the 10 largest taxpayers total 2.49% of the County’s total 2018 appraised value. A schedule listing the 10 largest taxpayers can be found in statistical sections of this report.

County business planning continues to address performance and reliability of jail operations and transportation systems and maintains commitment to e-government. Budget initiatives reflect ongoing focus for public safety, transportation funding, and inmate health/security. Significant budgetary challenges are housing needs for the homeless, insurance/hospital options for employees, and inmate housing/care. Technology planning is focused on development of an automated courts system. The County and surrounding cities are focusing on transportation and infrastructure. Walking trails are championed for alternate transportation as well as community use areas.

The County adopted an “Administrative Plan,” which sets priorities to guide decision making and planning for the next five years. Also, the County utilizes 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 Projects fund also referred to as the Major Capital Development Fund (MCDF)/(Major Projects Fund) provides a funding mechanism as an alternative to debt financing for major projects. The MCDF receives property tax funding and is used to fund large capital projects similar in nature to projects funded by the County through bonds. The MCDF has four categories of projects: transportation, parks and open space, and buildings, plus an energy conservation initiative for utility costs. Revenue projections are expected to replenish reserves for future use. In accordance with the Major Capital Plan, a percentage of assessed taxes are devoted to large scale capital projects. A total of 5.082 cents per hundred tax rate is committed to combined Debt Service and MCDF.

The Major Technology Fund receives dedicated property taxes and is used to fund long-term objectives related to computer technology. A dedicated tax rate of 1.733 cents per \$100 valuation remains relatively consistent year-to-year. Funded projects include statewide initiatives to develop technology programs, Microsoft licensing and various business management systems.

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

Risk management and self-insurance with stop loss policies for medical, workers’ compensation, and property continue to be effective. Various actuarial studies are periodically performed to aid in financial planning. Cost increases incurred by the County for medical claims are significantly less than industry averages. Cost sharing formulas for establishing premiums are reviewed annually. Focus remains on providing high level care for employees with reasonable rates and offering a Health Savings Account (HSA).

The County Building Improvement fund was funded with bonds with total proceeds in excess of \$200 million. The purpose of which is improve and restore several County buildings. Most notably, the Dallas County Records Complex and Old Red Courthouse.

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, 2017. 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 37 consecutive years (fiscal years ended 1981 through 2017). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

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

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

Respectfully submitted,



Darryl D. Thomas
Office of County Auditor



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Dallas County
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

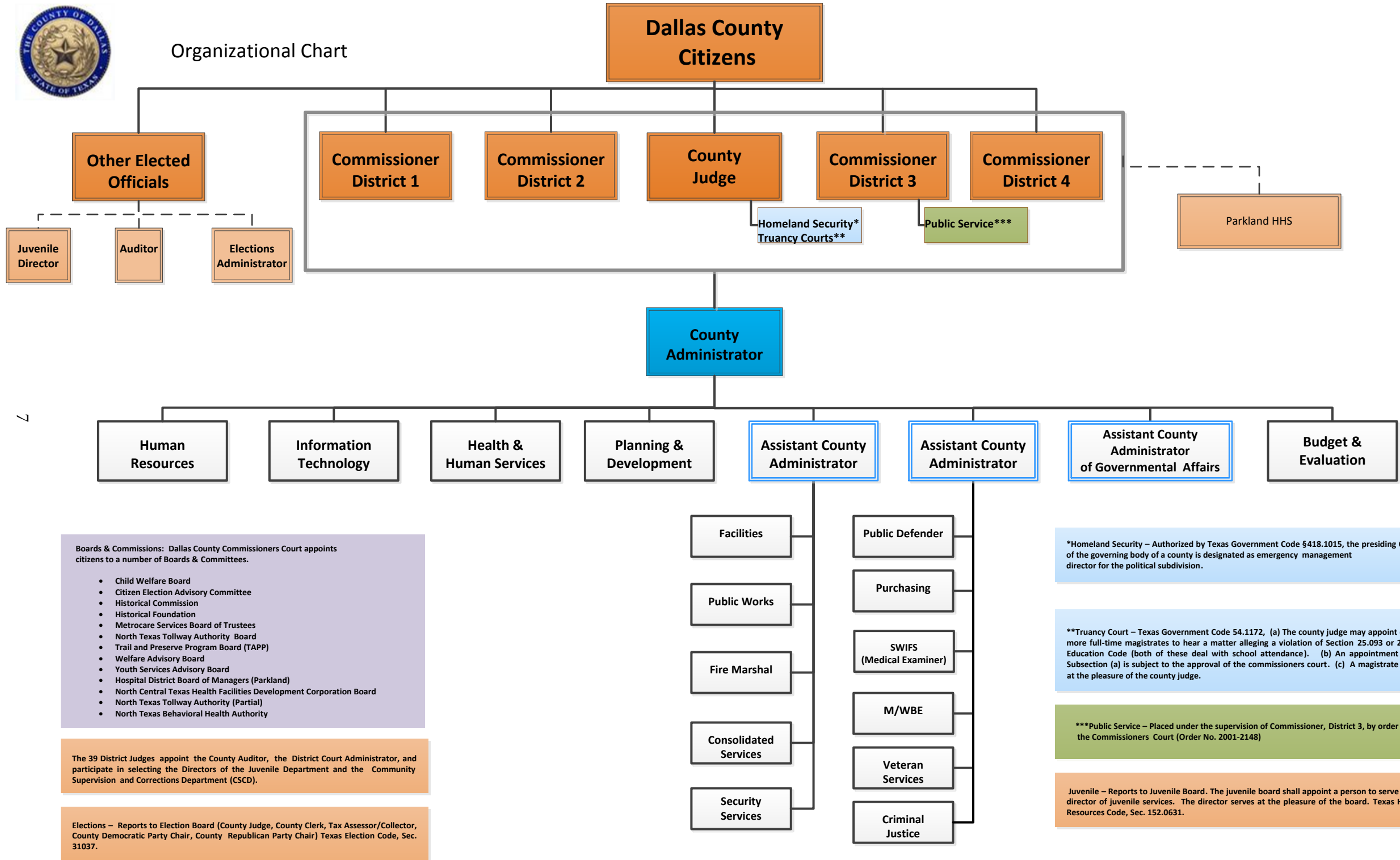
September 30, 2017

Christopher P. Morrill

Executive Director/CEO



Organizational Chart



7

Boards & Commissions: Dallas County Commissioners Court appoints citizens to a number of Boards & Committees.

- Child Welfare Board
- Citizen Election Advisory Committee
- Historical Commission
- Historical Foundation
- Metrocare Services Board of Trustees
- North Texas Tollway Authority Board
- Trail and Preserve Program Board (TAPP)
- Welfare Advisory Board
- Youth Services Advisory Board
- Hospital District Board of Managers (Parkland)
- North Central Texas Health Facilities Development Corporation Board
- North Texas Tollway Authority (Partial)
- North Texas Behavioral Health Authority

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

Elections – Reports to Election Board (County Judge, County Clerk, Tax Assessor/Collector, County Democratic Party Chair, County Republican Party Chair) Texas Election Code, Sec. 31037.

***Homeland Security** – Authorized by Texas Government Code §418.1015, the presiding Officer of the governing body of a county is designated as emergency management director for the political subdivision.

****Truancy Court** – Texas Government Code 54.1172, (a) The county judge may appoint one or more full-time magistrates to hear a matter alleging a violation of Section 25.093 or 25.094, Education Code (both of these deal with school attendance). (b) An appointment under Subsection (a) is subject to the approval of the commissioners court. (c) A magistrate serves at the pleasure of the county judge.

*****Public Service** – Placed under the supervision of Commissioner, District 3, by order of the Commissioners Court (Order No. 2001-2148)

Juvenile – Reports to Juvenile Board. The juvenile board shall appoint a person to serve as the director of juvenile services. The director serves at the pleasure of the board. Texas Human Resources Code, Sec. 152.0631.

DALLAS COUNTY, TEXAS

Principal Officials

As of September 30, 2018

<u>Official Title</u>	<u>Incumbent</u>
County Judge	Clay Lewis Jenkins
Commissioner, Precinct 1	Dr. Theresa Daniel
Commissioner, Precinct 2	Mike Cantrell (J.J. Koch – January 1, 2019)
Commissioner, Precinct 3	John Wiley Price
Commissioner, Precinct 4	Dr. Elba Garcia
County Auditor	Darryl D. Thomas
County Treasurer	Pauline Medrano
Assessor-Collector of Taxes	John R. Ames
County Clerk	John Warren
District Attorney	Faith Johnson (John Cruzot – January 1, 2019)
District Clerk	Felicia Pitre
Sheriff	Marian Brown

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

The Honorable County Judge and Commissioners Court
Dallas County, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dallas County, Texas (the County), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dallas County Hospital District, which represents the only discretely presented component unit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dallas County, Texas, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1 to the basic financial statements, the County restated its net position as of September 30, 2017, to reflect the impact of implementation of Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this change.

As discussed in Note 1 to the basic financial statements, the County restated its net position as of September 30, 2017, to reflect a change in the reporting entity. Our opinion is not modified with respect to this change.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Budgetary Comparison Schedules- General Fund, Major Projects Special Revenue Fund, Major Grants Special Revenue Fund, the Infrastructure Assets under Modified Approach, the Schedule of Changes in Net Pension Liability and Related Ratios—Primary Government, the Schedule of County Pension Contributions—Primary Government, the Schedule of Changes in Total OPEB Liability, the Schedule of Changes in Net Pension Liability and Related Ratios—Discretely Presented Component Unit, and the Schedule of Employer Contributions—Discretely Presented Component Unit be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining financial statements, budgetary compliance schedules, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements and budgetary compliance schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and budgetary compliance schedules are fairly stated, in all material respects, in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

Deloitte & Touche LLP

March 27, 2019

THIS PAGE INTENTIONALLY LEFT BLANK

DALLAS COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Primary Governmental Activities

This management's discussion and analysis (MD&A) of Dallas County (County) financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2018. The MD&A should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements. *All amounts, unless otherwise indicated, are expressed in thousands of dollars.* The MD&A includes comparative data for the prior year.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

- The government-wide total net position increased \$33,621 from current year operations and \$98,623 resulting from required implementation of a new account standard for a total of \$132,244. Total net position is comprised of:
 - 16.5 % - restricted by external regulators
 - 1.1 % - restricted for debt
 - (17.3) % - unrestricted deficit funds that may be used to meet on-going obligations to citizens and creditors, negative due to pension and other post-employment benefit (OPEB) liabilities
 - 99.7 % - net investment in capital assets
- Major factors contributing to change in net position are:
 - pay increases of 3% and an additional 4 to 5% for law enforcement employees
 - OPEB liability decreased as a result of a change in the discount rate used to evaluate the OPEB liability and a change in eligibility and participation assumptions
 - decreasing pension liability as a result of increased return on invested pension assets
 - increasing property tax values without a tax rate change
- Tax revenues realized during the period increased, reflecting strong collection experience on 2017 taxable values which increased 11.4% over 2016 taxable values.

Governmental Funds Financial Statements

- The County's governmental funds reported combined fund balances of \$612,332; compared to \$607,764 in the prior year. Components of fund balance are:
 - 1.9% - non-spendable: inventories and prepaids
 - 0.9% - restricted to major grants
 - 15.5% - restricted to non-major governmental funds
 - 1.2% - restricted to debt service
 - 45.3% - committed major projects
 - 26.4% - restricted for County building improvements fund
 - 1.3% - committed to non-major governmental funds
 - 1.7% - assigned general fund
 - 5.8% - unassigned general fund
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$35,563 or 6.7% of general fund expenditures and represents a \$1,737 increase compared to the prior fiscal period. Budget policy requires this ratio to be 10.5%. The 6.7% ratio is less than the budget policy due to accrued

expenditures, encumbrances, and nonspendable inventory and prepaids, which total \$23,446 or 4.4% of general fund expenditures.

- Tax revenues realized during the period increased, reflecting strong collection experience on 2017 taxable values which increased 11.4% over 2016 taxable values.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The *Statement of Net Position* presents information on the assets, deferred outflows of resources, liabilities, and deferred inflows of resources for the County and its component unit. Components of net position exclude fiduciary accounts. Increases or decreases in net position contrasted with budgetary decisions 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 position changed during the most recent fiscal year using the accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

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

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

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

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental

fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

The County maintains 25 individual governmental funds (excluding fiduciary funds), 19 special revenue funds, one Capital Project Fund, and the following major funds: one County Building Improvements Fund, one Debt Service Fund, one Major Grants Fund, one Major Projects Fund and the General Fund. Information is presented separately in the governmental fund balance sheet and governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Major Projects Fund, County Building Improvements 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 (CAFR).

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

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

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

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

Discretely Presented Component Unit. The Dallas County Hospital District, dba Parkland Health & Hospital System, is a political subdivision of the State of Texas (State), and is a discretely presented component unit of the County. Its components include Parkland Health & Hospital System (Hospital); Parkland Community Health Plan, Inc. (Health Plan); Parkland Foundation (Foundation); and Parkland Center for Clinical Innovation (PCCI). As an essential government function of the County, the Hospital is under the direction of a seven-member Board of Managers appointed by the Commissioners Court. Although the Commissioners Court approves the Hospital’s budget, sets its tax rate, and approves major contracts, the Hospital is an organization separate from the County. These factors dictate the inclusion of these entities in the County’s financial statements. The County, however, does not have financial responsibility for the Hospital’s debt. The Hospital operates under different statutory and constitutional authority. Only the dissolution of the Hospital’s taxing authority by a vote of the County’s voters would terminate the Hospital’s responsibility to provide health care to its indigent eligible residents. The Hospital also has a separate constitutional tax limitation, independent power of eminent domain, and individual right of ownership of property. Financial data of Dallas County Hospital District is presented separately to emphasize that it is legally separate from the County.

Prior to FY18, only the Hospital was considered a component unit of the County. In the current fiscal year, the decision was made to include as a County component unit, the Hospital plus its component units. This required a restatement of the County component units beginning Net Position (see Note 1).

Complete financial statements of The Dallas County Hospital District may be obtained from:

Parkland Health & Hospital System
 5200 Harry Hines Boulevard
 Dallas, Texas 75235
 Attention: Richard Humphrey
 Executive Vice President Finance and Chief Financial Officer

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The County's net position at September 30, 2018 and 2017 are summarized as follows:

	2018	2017	Increase (Decrease)
Current and other assets	\$ 1,339,663	\$ 1,263,886	\$ 75,777
Capital assets (net of depreciation)	695,359	623,741	71,618
Total assets	<u>2,035,022</u>	<u>1,887,627</u>	<u>147,395</u>
Deferred outflows of resources	59,553	147,809	(88,256)
Current and other liabilities	132,104	109,568	22,536
Long-term liabilities	714,660	912,314	(197,654)
Total liabilities	846,764	1,021,882	(175,118)
Deferred inflow of resources	638,046	535,033	103,013
Net investments in capital assets	607,806	581,267	26,539
Restricted	107,194	87,893	19,301
Unrestricted (deficit)	(105,235)	(190,639)	85,404
Total Net Position	<u>\$ 609,765</u>	<u>\$ 478,521</u>	<u>\$ 131,244</u>

The financial reporting model focuses on net position and serves as a useful indicator of a government's financial position. Categories of net position are unrestricted, restricted (subject to external restrictions as to how it may be used) or net investment in capital assets. Current and other assets increased primarily due to increased property tax revenue collected in FY18 with a minor increase in amounts receivable at September 30, 2018. The increase of real estate tax revenue was due to increased taxable values without an increase in the County's tax rate. Current and other liabilities increased \$22,536 between FY17 and FY18 as a result of increased funds received from other governments for future road and highway expenditures. Long-term liabilities decreased as a result of two major factors. A new accounting standard was implemented which decreased the County's beginning of the year OPEB liability \$98,623 (see Note 1). This decrease was due to a change in the discount rate used to evaluate the OPEB liability and a change in eligibility and participation assumptions. The rate increased to 3.06% from 2.70%. The County's pension liability, which is a long-term liability, decreased between FY18 and FY17 as a result of higher earnings from invested pension assets.

The largest portion of net position reflects investments in capital assets (e.g., land, buildings, machinery, and equipment), less outstanding debt used to acquire those assets. Current activity for capital assets reflects increases in construction in progress for major building improvements, purchases of machinery and equipment

and execution of two capital leases. Capital assets are used to provide services to citizens; consequently, these assets are *not* available for future spending. Although investments in capital assets are reported net of related debt and the County’s philosophy is “pay-as-you-go,” resources needed to repay any necessary debt must be provided from other sources, capital assets are not expected to be used to liquidate these liabilities.

A portion of Net Position represents resources subject to external restrictions which limit use. Net Position includes restrictions such as statutory requirements, bond covenants, or grantor conditions. Unrestricted deficit is negative due to unfunded OPEB liability and accrued pension liability.

The Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Government Funds on page 30 provides further details of the increase from operations in net position of \$32,621.

Governmental activities. Program revenues and expenses are presented net of inter-fund eliminations. Key elements for the years ended September 30, 2018 and 2017 are as follows:

Dallas County's Change in Net Position

	2018	2017	Increase (Decrease)
Revenues:			
Net program revenues:			
Charges for services	\$ 170,729	\$ 181,847	\$ (11,118)
Operating grants and contributions	120,823	119,875	948
Sub-total:	<u>291,552</u>	<u>301,722</u>	<u>(10,170)</u>
General revenues:			
Property taxes	509,444	476,351	33,093
Other taxes	42,226	41,873	353
Grants and contributions not restricted	2,252	2,388	(136)
Investment earnings	10,159	5,251	4,908
Gain (loss) on sale of assets	2,181	-	2,181
Total revenues:	<u>857,814</u>	<u>827,585</u>	<u>30,229</u>
Expenses:			
General government	121,734	192,894	(71,160)
Judicial	203,030	193,293	9,737
Public safety	314,959	305,656	9,303
Highways and streets	44,619	24,927	19,692
Health	60,760	63,496	(2,736)
Education	8,086	7,819	267
Public welfare	66,980	76,760	(9,780)
Interest and fiscal charges on long-term debt	5,025	4,476	549
Total expenses:	<u>825,193</u>	<u>869,321</u>	<u>(44,128)</u>
Change in net position:	<u>32,621</u>	<u>(41,736)</u>	<u>74,357</u>
Net position - beginning	478,521	520,257	(41,736)
Restatement (Note I)	98,623	-	98,623
Net position - as restated beginning of year	<u>577,144</u>	<u>520,257</u>	<u>56,887</u>
Net position - ending	<u>\$ 609,765</u>	<u>\$ 478,521</u>	<u>\$ 131,244</u>

General Revenues and Program Revenues

General revenues are not assigned to support a specific function, but are available to provide financial resources as necessary. Included in general revenues are ad valorem taxes, other tax related revenues, interest earned from investments, and miscellaneous income. General revenues increased significantly due to the following:

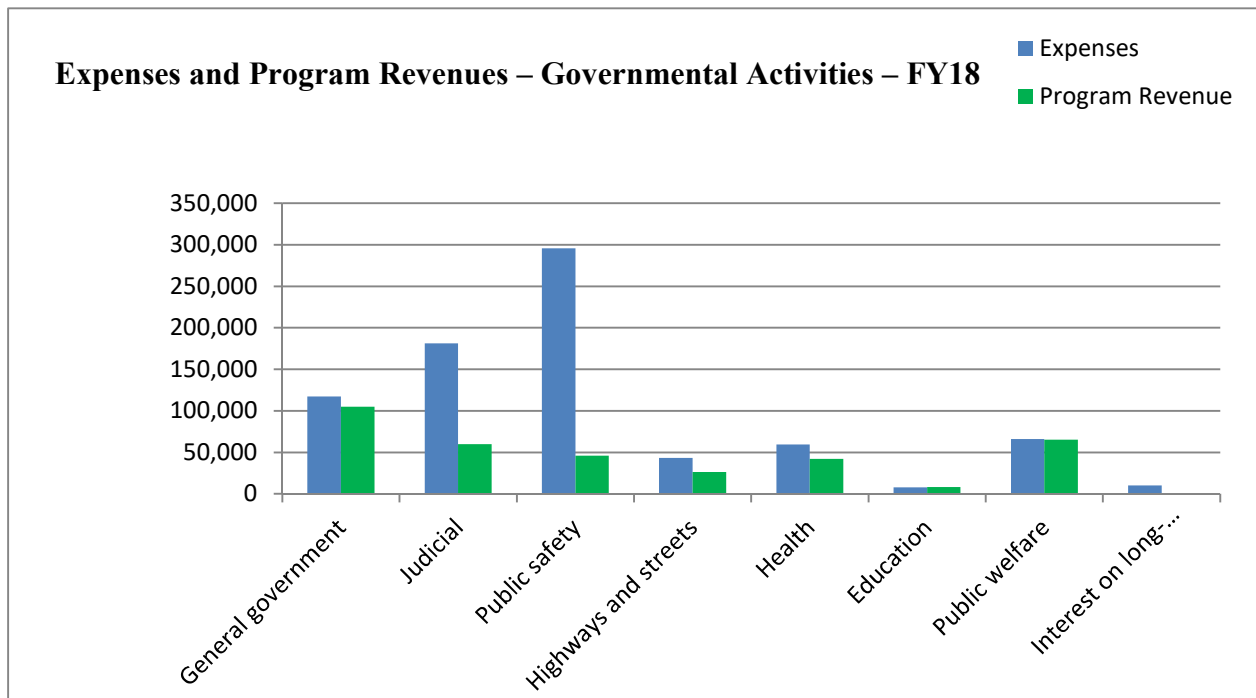
General Revenue

- Property taxes increased \$33,093 during the year from increases in taxable assessed valuations without an increase of the County's tax rate.
- Investment earnings, reflects an increase of \$4,908 due to an increase of the weighted average investment yield between FY17 and FY18 from 1.13% to 1.94%.

The tax rate assessed for January 1, 2018, valuation date remained flat at 24.31 cents per \$100. Taxable assessed valuations for that period increased 11.4%. (Property taxes levied prior to year-end are reflected as unearned revenue and taxes receivable.)

Program Revenue

Program revenues remained flat between FY17 and FY18.



Program revenue of \$291,552 less expenses of \$825,193 for FY18 was a net expense of \$533,641. Program revenue less expenses was a net expense of \$567,599 in 2017. The change between FY18 and FY17 was primarily due to:

- Salaries increased October 1 with structure increases of 3% and an additional 4 to 5% for law enforcement employees. Similarly pension costs increased as a result of salary increases.
- OPEB expense decreased for the current year due to an increase in the discount rate used to determine this liability and a change in eligibility and participation assumptions.
- The Pension liability decreased from \$229,616 in FY17 to \$127,278 in FY18. Pension expense and liability decreased as a result of increased investment income earned by pension assets.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

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

The County's aggregate governmental fund balance increased \$4,569 in the current fiscal year to \$612,333. An increase was noted for the Debt Service and Major Projects funds. Tax revenues increased \$33,555 due to increasing property tax valuations without an increase in the tax rate.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$35,563 in contrast to \$33,826 in the prior year. Total fund balance is \$50,059. Increased expenditures were recorded in most expenditure categories as a result of structural salary increases of 3% and an additional 4% to 5% for law enforcement employees. As a measure of the General Fund's liquidity, County management has a budgetary target of unassigned fund balance to total fund expenditures (excluding other financing uses) of 10.5%. The budget incorporates maximum anticipatory spending with expectations that management controls will minimize actual costs. FY18 reflects unassigned fund balance to total fund expenditures (excluding other financing uses) at 6.7%. This ratio was impacted from accrued expenditures, encumbrances and nonspendable inventory and prepaids.

In FY18, the Debt Service fund balance increase reflects increasing requirements for principal and interest payments due to debt issued in September, 2016. County management anticipates full debt retirement in 2031.

The Major Projects Fund reflects a fund balance of \$278,546 in FY18 compared to \$273,146 in FY17. Tax revenue increased as a result of assessed values increasing without an increase in the tax rate. The increase in tax revenues was partly offset by increased capital outlays for road and building improvements. Additionally, two capital leases were approved for \$51,715.

The County Building Improvements fund was primarily funded with debt issued in FY16 and is used to fund improvements to certain County buildings.

Major Grants Fund includes several federal and state grant programs governed by rules and regulations of the grantor agencies. HUD Section 8 grants and Academy for Academic Excellence (Charter School) are included in Other Non-Major Governmental Funds.

Other Non-Major Governmental Funds includes a capital project fund (funded by bond sales), non-major grant awards, and other activity for special funds administered by local officials in accordance to State statutes. These funds are restricted for statutory purposes. Also included in non-major governmental funds is a Major Technology fund with balances committed by the governing body.

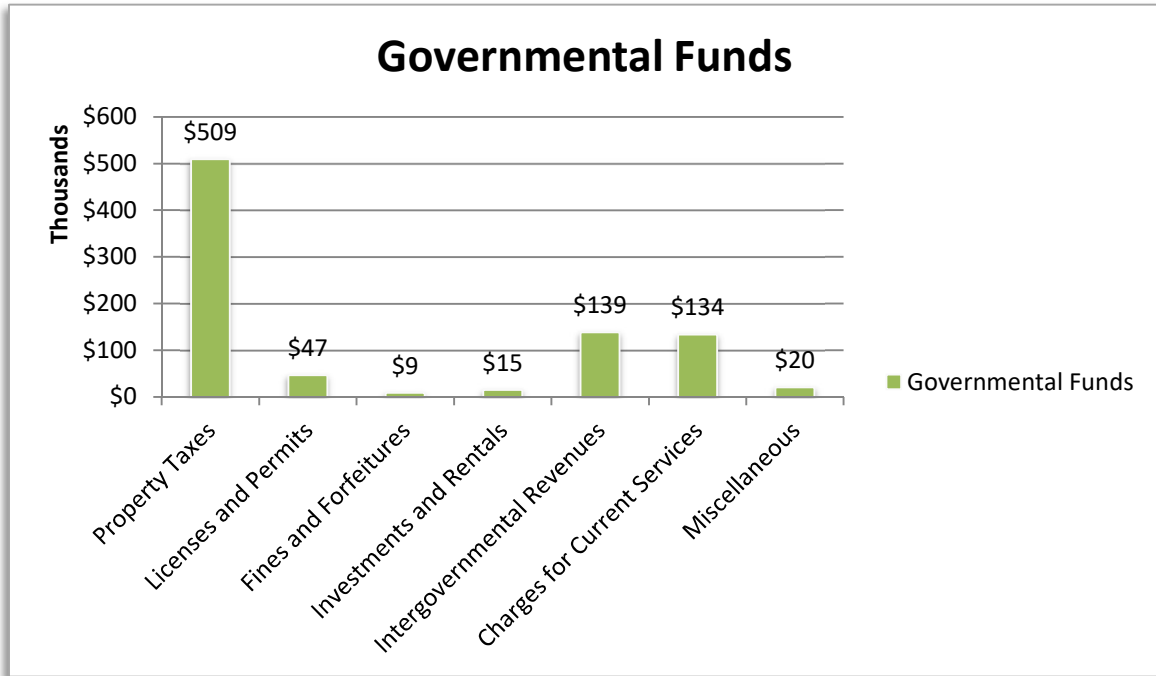
The following table presents the amount of revenues from various sources, as well as increases or decreases from the prior year.

Governmental Funds - Revenues Classified by Source

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Property taxes	\$ 509,422	\$ 475,867	\$ 33,555	7.05%
Licenses and permits	46,661	47,200	(539)	(1.14)
Fines and forfeitures	8,659	10,280	(1,621)	(15.77)
Investments and rentals	14,774	9,569	5,205	54.39
Intergovernmental revenues	138,637	137,222	1,415	1.03
Charges for current services	133,565	124,854	8,711	6.98
Miscellaneous	20,120	16,199	3,921	24.21
Total	<u>\$ 871,838</u>	<u>\$ 821,191</u>	<u>\$ 50,647</u>	6.17

- Property taxes – increased by \$33,555 primarily due to a 11.4% increase in the 2017 assessed taxable values with a flat tax rate. New construction values increased \$14,409, as compared to the previous year.
- Licenses and permits and fines and forfeitures – revenues continued downward trend, which began several years ago.
- Investments and rentals – increased from average yield on investments, which increased from 1.13% in FY17 to 1.94% in FY18.
- Charges for current services – increased across all revenue categories.
- Miscellaneous revenues – increased due to the sale of a County building in FY18.

Revenues Classified by Source – Governmental Activities – FY18



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

Expenditures by Function - Governmental Funds

Function:	2018	2017	Increase (Decrease)	Percent Change
General Government	\$ 117,374	\$ 117,373	\$ 1	0.00%
Judicial	181,285	178,289	2,996	1.68
Public Safety	295,882	284,174	11,708	4.12
Highways and Streets	43,709	24,914	18,795	75.44
Health	59,529	62,247	(2,718)	(4.37)
Public Welfare	65,874	75,417	(9,543)	(12.65)
Education	7,698	7,381	317	4.29
Capital Outlays	108,663	41,119	67,544	164.26
Debt Service - principal	28,751	28,435	316	1.11
Debt Service - interest and fiscal charges	10,219	9,582	637	6.65
Total	<u>\$ 918,984</u>	<u>\$ 828,931</u>	<u>\$ 90,053</u>	10.86

Salaries increased October 1 with structure increases of 3% and an additional 4% to 5% for law enforcement employees. Pension expense decreased as a result of increased investment earnings from invested pension assets.

- Highway and streets expenditures increased with funds advanced to the County by federal and State governmental entities.
- Health and public welfare expenditures decreased as a result of non-funding of several grants.
- Capital outlay expenditures increased due to renovation of certain County buildings and two capital leases executed in FY18.
- Debt service – interest payments increased due to debt issued in FY16 and two capital lease agreements executed in FY18.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Commissioner’s Court on September 19, 2017, adopted the General Fund budget totaling \$581,532 (prior to including prior period carry forward of encumbrances) an increase of \$14,302 from FY17 budget. Valid encumbrances from prior year are added completing the approved budget. The FY18 legally adopted budget for all funds prior to encumbrance and available funds rollovers totaled \$986,534.

Highlights from Dallas County FY18 Budget include the following:

- The tax rate was set at 24.31 cents per \$100 assessed valuation; which has not changed since tax year 2010.
- Salaries increased October 1 with structure increases of 3% and an additional 4% to 5% for civilian and law enforcement employees. Pension costs decreased as a result of an increase in the yield on invested pension assets.
- A total of 288 vacant positions were deleted.
- Budgetary amounts include encumbered funds for various products or services not yet ordered.

Budget focus on the Major Governmental funds is discussed below.

General Fund

Budgeted revenues totaled \$506,174 and actuals totaled \$523,749. Property tax revenue and Charges for Current services exceeded budget by 1.16% and 2.99%, respectively, which are only modest variances. However, Intergovernmental and Miscellaneous revenues exceeded budget by 65.41% and 267.14%. Those variations are due to the following:

- a. \$3,000 received from the North Central Texas Council of Governments was for the County providing highway traffic control, which was not anticipated to be received and may not be received in the future.
- b. Retiree medical health premiums of \$5,105 are not budgeted as miscellaneous revenues.

Budgeted operating expenditures in each of the following classifications exceeded actual expenditures.

- a. General government budgeted operating expenditures exceed actual expenditures for maintenance and other professional fees, respectively. Amounts budgeted included \$731 (maintenance) and \$2,264 (other professional fees) carried forward from FY17, not required in FY18.
- b. Judicial budgeted expenditures exceeded actual expenditures as a result of \$3,487 budgeted for court appointed attorney fees in excess of actual expenditures.
- c. Public safety budgeted expenditures exceeded actual expenditures as a result of day treatment and residential placement programs budgeted expenditures exceeding actual expenditures by \$1,642 and \$3,010, respectively. Major Grants funded these programs instead of the General Fund.
- d. Health budgeted operating expenditures included \$10,112 for mental health. Actual expenditures were \$6,897. Amount budgeted included \$2,200 carried forward from FY17, not required in FY18.

Major Projects

Budgeted revenues totaled \$72,367 and actual revenues totaled \$83,102. The variation was due to an increased investment yield on invested funds and proceeds from sale of a County building for \$8,238.

Budgeted expenditures for highways and streets exceeded actual expenditures in the amount of \$146,969. The County historically budgeted amounts over expected actual expenditures due to uncertain timing of other local governments' need for County funding of local road projects.

Major Grants

Difference between actual and budgeted revenues are minor.

Budgeted Health expenditures exceeded actual by \$1,907 due to contract timing, payroll vacancies in certain programs and during the year the grantor reduced funding amounts.

DEBT ADMINISTRATION AND CAPITAL ASSETS

Long-term debt. At September 30, 2018, the County had limited tax, unlimited tax, and general obligation bonds outstanding in the amount of \$172,265, with debt premium of \$26,302. According to Texas statutes, the County has two debt limits. Bonds issued under Article 3, Section 52b of the Texas Constitution total were refunded resulting in zero balance, and bonds issued under Texas Government Code Title 9, Chapter 1301.003

total \$172,265. The debt limits for the two authorizations are \$70,200,955 (25% of real property assessed valuation), and \$15,962,929 (5% of assessed valuation of all taxable property); therefore, the County has legal debt margins on general obligation debt of \$70,200,955, and \$15,771,829, respectively. The County's bond ratings are "AAA" from Standard & Poor's and "Aaa" rating from Moody's for general obligation debt. These ratings have been upheld since 1978 with the latest evaluation in credit rating action June 2016; at which time the County's outlook was rated as STABLE.

The following represents the activity of long-term debt and similar long-term obligations of the County for FY18.

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
Bonds and Certificates of Obligation	\$ 230,874	\$ -	\$ 32,307	\$ 198,567
Capital Leases	-	51,715	1,471	50,244
Compensated Absences	34,037	40,366	39,938	34,465
Other Post Employment Benefits	414,069	25,871	139,197	300,743
Claims and Judgments	2,000	178	178	2,000
Net Pension Liability	229,616	213,776	316,114	127,278
Worker's Compensation	1,718	1,345	1,700	1,363
	<u>\$ 912,314</u>	<u>\$ 333,251</u>	<u>\$ 530,905</u>	<u>\$ 714,660</u>

Legal counsel and subject experts are contracted to review workers' compensation claims and other legal matters as needed. The FY18 claims and judgments were mostly settled for property damages. Workers' compensation expenditures and liability decreased as a result of claims management by the County and a third party administrator. The County's OPEB actuarial study was last updated October 1, 2017. A new accounting standard related to OPEB was implemented effective September 30, 2017, which resulted in a \$98,623 increase in the County's Net Position as of that date with a corresponding decrease of the County's OPEB liability. Only a fraction of OPEB expense is actually paid in any given year. The discount rate used to calculate OPEB liability was 3.64% as the most recent measurement date of OPEB, September 30, 2017, which was an increase from 3.06% at the prior measurement date of September 30, 2016. More detailed information about the County's OPEB and long-term liabilities is presented in Notes VIII and VI, respectively to the financial statements.

Capital assets. The capital assets of the County are those assets (land, buildings, improvements, and machinery and equipment (M&E), which are used in the performance of the County's functions. Capital assets also include infrastructure assets – roads and bridges. The County owns and maintains the original courthouse constructed in 1892, which has been renovated as a historical treasure. At September 30, 2018, net capital assets of the governmental activities totaled \$695,359, reflecting a net increase of \$71,618. Depreciation of capital assets (except for infrastructure assets which are reported under the Modified Approach basis) is recognized in the government-wide financial statements. FY18 depreciation for buildings, improvements, and M&E totaled \$27,095. Depreciation is not recorded for the historical treasure, the 1892 Old Red Courthouse, which has a book value of \$32,042.

An annual allocation of the tax rate is reserved for fund expenditures related to major capital and major technology assets. A tax rate of \$0.05082 per \$100 assessed valuation is split between the Debt Service Fund and Major Projects Fund. Construction or contract development needs are analyzed during the budget cycle and encumbrances/obligations revised.

The County has elected to use the "Modified Approach" as defined in GASB for reporting infrastructure assets which includes 107.68 miles of roads, and 26 bridges and culverts. The FY18 assessment revealed the condition of the roads was maintained consistent with County policy, whereas 99.7% of the County's roads were rated 2.5 or better on a 4.0 scale, based on the Federal Highway Administration Road Pavement Condition

Rating (PCR). All, except two, of the County’s bridges are in very good condition rated 6.0 or better on a 9.0 scale. Two bridges are in good condition rated between 4.0 and 5.9 on a 9.0 scale.

The County expended \$1,907 on county road maintenance for the year ended September 30, 2018. These expenditures delayed deterioration; however, overall road conditions were not significantly improved. Incurred bridge maintenance costs in FY18 were \$250. Additional details on infrastructure assets can be found in Required Supplementary Information of this report.

County's Capital Assets (net of depreciation)		
	2018	2017
Governmental Activities:		
Land	\$ 43,515	\$ 31,523
Historical treasures	32,042	32,042
Buildings	385,259	396,811
Machinery and equipment	68,966	75,387
Infrastructure	26,671	26,671
Construction in progress	138,906	61,307
Total	\$ 695,359	\$ 623,741

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

ECONOMIC FACTORS AND NEXT YEAR’S GENERAL FUND BUDGET

The Dallas County General Fund 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 FY19 Budget meets the key established policy directive of the Commissioners Court requiring that the budgeted ending unassigned general fund balance be not less than 10.5% of County funded expenditures.

The FY19 budget process was primarily focused on identifying various balancing strategies that impact services provided to citizens of Dallas County as minimally as possible. The budget is expected to raise more revenue from property taxes than the prior year budget by \$26,401, or an increase of 7.36%. The property tax revenue to be raised from new property added to the tax roll is \$14,608.

Highlights from Dallas County FY19 Budget include the following:

- The overall tax rate was unchanged from 2018 tax year and has remained unchanged for nine years.
- Compensation increases for all levels were approved at 3%.
- An increase of 10 positions was approved.

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 1201 Elm Street, Suite 2300, Dallas, TX 75270, or visit the County’s website at www.dallascounty.org.



BASIC FINANCIAL STATEMENTS

DALLAS COUNTY, TEXAS

Statement of Net Position

September 30, 2018

(in thousands of dollars)

	Primary Government	Component Unit
	Governmental Activities	Hospital District
ASSETS		
Cash, cash equivalents, and investments	\$ 704,815	\$ 529,497
Receivables (net of allowance for uncollectible)	588,428	221,722
Accrued interest	1,181	-
Due from other government units	33,739	-
Inventories	2,166	23,313
Prepayments and advances	9,334	-
Assets limited as to use - investments	-	115,307
Other noncurrent assets	-	17,194
Capital assets not being depreciated		
Land	43,515	144,625
Construction - in - progress	138,906	21,609
Infrastructure	26,671	-
Historical treasures	32,042	-
Capital assets (net of accumulated depreciation)		
Buildings	385,259	1,192,011
Machinery and equipment	68,966	204,377
Total capital assets	695,359	1,562,622
Total assets	2,035,022	2,469,655
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow of resources - Other post employment benefit (OPEB)	5,403	-
Deferred outflow of resources - pension	54,150	30,619
Deferred outflows of resources	59,553	30,619
LIABILITIES		
Accounts payable and accrued liabilities	64,527	251,140
Accrued interest payable	1,028	4,847
Other current liabilities	5,679	125,477
Unearned revenues	12,948	-
Due to other government units	47,922	-
Long-term liabilities:		
Due within one year	62,246	16,485
Due in more than one year	229,796	698,571
Due in more than one year - Net pension liability	127,278	368,133
Due in more than one year - OPEB	295,340	-
Total liabilities	846,764	1,464,653
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow of resources - OPEB	32,306	-
Deferred inflow of resources - pension	29,136	32,439
Deferred inflow - other	2,081	-
Deferred inflow - property taxes	574,523	-
Total deferred inflows of resources	638,046	32,439
NET POSITION		
Net investment in capital assets	607,806	845,514
Restricted for:		
Highways and streets	26,204	-
Debt service	6,439	-
Major Grants, HUD Section 8 and Academy for Academic Excellence	11,702	-
Record management and capital projects	62,849	-
Third parties	-	51,729
Unrestricted (deficit)	(105,235)	105,939
Total net position	\$ 609,765	\$ 1,003,182

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, 2018
(in thousands of dollars)

Functions/Programs					Net (Expense) Revenue and Changes in Net Position	
	Program Revenues				Primary Government	Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Hospital District
Primary government:						
Governmental activities:						
General government	\$ 121,734	\$ 48,066	\$ -	\$ -	\$ (73,668)	\$ -
Judicial	203,030	54,042	4,987	-	(144,001)	-
Public safety	314,959	24,991	17,894	-	(272,074)	-
Highways and streets	44,619	25,630	-	-	(18,989)	-
Health	60,760	8,262	34,470	-	(18,028)	-
Education	8,086	-	8,108	-	22	-
Public welfare	66,980	9,738	55,364	-	(1,878)	-
Interest and fiscal charges - debt	5,025	-	-	-	(5,025)	-
Total primary government	\$ 825,193	\$ 170,729	\$ 120,823	\$ -	\$ (533,641)	\$ -
 Component unit:						
Hospital district	\$ 2,661,532	\$ 2,011,805	\$ -	\$ 3,147	\$ -	\$ (646,580)

General revenues:

Property taxes	\$ 509,444	\$ 620,998
Alcoholic beverage and other taxes	42,226	-
Grants and contributions not restricted to specific programs	2,252	37,814
Investment earnings	10,159	21,273
Gain (loss) on sale of asset	2,181	888
Total general revenue	566,262	680,973
Change in net position	32,621	34,393
Net position - beginning of year	478,521	867,547
Restatement (Note 1)	98,623	101,242
Net position - as restated beginning of year	577,144	968,789
Net position - ending of year	\$ 609,765	\$ 1,003,182

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

DALLAS COUNTY, TEXAS
Balance Sheet
Governmental Funds
September 30, 2018
(in thousands of dollars)

	General	Debt Service	Major Projects	County Building Improvements	Major Grants	Other Non-major Governmental Funds	Total Governmental Funds
ASSETS							
Cash, cash equivalents and investments	\$ 71,534	\$ 7,540	\$ 336,150	\$ 164,507	\$ 8,567	\$ 108,434	\$ 696,732
Property tax receivables (net of allowance for uncollectible)	406,309	27,047	93,592	-	-	50,104	577,052
Accounts receivable (net of allowance for uncollectible)	5,515	-	-	-	-	5,861	11,376
Accrued interest	165	16	777	-	-	223	1,181
Due from other funds	857	-	-	-	5	103	965
Due from other governmental units	9,270	-	9,059	-	15,114	296	33,739
Inventories	1,904	-	-	-	-	262	2,166
Prepayments and advances	2,160	1	1,124	269	54	5,726	9,334
Total assets	<u>\$ 497,714</u>	<u>\$ 34,604</u>	<u>\$ 440,702</u>	<u>\$ 164,776</u>	<u>\$ 23,740</u>	<u>\$ 171,009</u>	<u>\$ 1,332,545</u>
LIABILITIES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 31,324	\$ -	\$ 19,939	\$ 2,756	\$ 4,957	\$ 5,012	\$ 63,988
Due to other funds	3,639	-	-	269	147	502	4,557
Due to other governmental units	332	-	46,031	-	-	1,559	47,922
Unearned revenue - other	-	-	-	-	12,948	-	12,948
Total liabilities	<u>35,295</u>	<u>-</u>	<u>65,970</u>	<u>3,025</u>	<u>18,052</u>	<u>7,073</u>	<u>129,415</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - other	5,103	-	2,400	-	-	4,900	12,403
Unavailable revenue - property taxes	407,257	27,136	93,786	-	-	50,215	578,394
Total deferred inflows	<u>412,360</u>	<u>27,136</u>	<u>96,186</u>	<u>-</u>	<u>-</u>	<u>55,115</u>	<u>590,797</u>
FUND BALANCES							
Nonspendable: inventories and prepaids	4,064	1	1,124	269	54	5,988	11,500
Restricted	-	7,467	-	161,482	5,634	95,121	269,704
Committed	-	-	277,422	-	-	7,712	285,134
Assigned	10,432	-	-	-	-	-	10,432
Unassigned	35,563	-	-	-	-	-	35,563
Total fund balances	<u>50,059</u>	<u>7,468</u>	<u>278,546</u>	<u>161,751</u>	<u>5,688</u>	<u>108,821</u>	<u>612,333</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 497,714</u>	<u>\$ 34,604</u>	<u>\$ 440,702</u>	<u>\$ 164,776</u>	<u>\$ 23,740</u>	<u>\$ 171,009</u>	

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in governmental funds.	695,359
Other long-term assets are not available to pay for current period expenditures and therefore, are not reported as current period revenues in governmental funds.	14,193
Internal service funds are used by management to charge costs related to medical and workers compensation self insurance. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	4,633
Certain liabilities, including bonds payable and related interest, certain deferred inflows and outflows, pension and OPEB are not due and payable in the current period and therefore, are not included in governmental funds.	(716,753)
Net position of governmental activities.	<u>\$ 609,765</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, 2018
(in thousands of dollars)

	<u>General</u>	<u>Debt Service</u>	<u>Major Projects</u>	<u>County Building Improvements</u>	<u>Major Grants</u>	<u>Other Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES							
Property taxes	\$ 362,963	\$ 35,798	\$ 70,625	\$ -	\$ -	\$ 40,036	\$ 509,422
Licenses and permits	24,036	-	-	-	-	22,625	46,661
Fines and forfeitures	405	-	-	-	-	8,254	8,659
Investment income	2,107	3,124	3,295	-	168	1,366	10,060
Rental revenues	4,714	-	-	-	-	-	4,714
Intergovernmental revenues	10,320	-	688	-	75,596	52,033	138,637
Charges for current services	109,141	-	-	-	950	23,474	133,565
Miscellaneous	10,063	-	8,494	-	1,207	356	20,120
Total revenues	<u>523,749</u>	<u>38,922</u>	<u>83,102</u>	<u>-</u>	<u>77,921</u>	<u>148,144</u>	<u>871,838</u>
EXPENDITURES							
Current:							
General government	74,877	-	7,755	3,834	-	30,908	117,374
Judicial	164,681	-	-	-	4,826	11,778	181,285
Public safety	267,229	-	-	-	20,486	8,167	295,882
Highways and streets	-	-	31,112	-	-	12,597	43,709
Health	26,386	-	-	-	33,143	-	59,529
Education	-	-	-	-	-	7,698	7,698
Public welfare	766	-	6,832	-	20,088	38,188	65,874
Debt service:							
Principal	-	27,280	1,471	-	-	-	28,751
Interest and fiscal charges	-	9,262	957	-	-	-	10,219
Capital outlay	-	-	87,049	21,614	-	-	108,663
Total expenditures	<u>533,939</u>	<u>36,542</u>	<u>135,176</u>	<u>25,448</u>	<u>78,543</u>	<u>109,336</u>	<u>918,984</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,190)</u>	<u>2,380</u>	<u>(52,074)</u>	<u>(25,448)</u>	<u>(622)</u>	<u>38,808</u>	<u>(47,146)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	16,586	-	5,962	-	5,510	127	28,185
Transfers (out)	(5,350)	-	(203)	-	(1,858)	(20,774)	(28,185)
Capital Lease	-	-	51,715	-	-	-	51,715
Total other financing sources (uses)	<u>11,236</u>	<u>-</u>	<u>57,474</u>	<u>-</u>	<u>3,652</u>	<u>(20,647)</u>	<u>51,715</u>
Net change in fund balances	1,046	2,380	5,400	(25,448)	3,030	18,161	4,569
Fund balances - beginning	49,013	5,088	273,146	187,199	2,658	90,660	607,764
Fund balances - ending	<u>\$ 50,059</u>	<u>\$ 7,468</u>	<u>\$ 278,546</u>	<u>\$ 161,751</u>	<u>\$ 5,688</u>	<u>\$ 108,821</u>	<u>\$ 612,333</u>

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

DALLAS COUNTY, TEXAS

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances to the
Statement of Activities
for the Year Ended September 30, 2018
(in thousands of dollars)

Amounts reported for governmental activities in the Statement of Activities
are different because:

Net change in fund balances total governmental funds	\$ 4,569
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 exceeds depreciation in the current period. See - Notes to the Basic Financial Statements for details.	26,134
The net effect of various transactions (e.g. sale of capital of assets). See - Notes to the Basic Financial Statements for details.	(6,114)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. See - Notes to the Basic Financial Statements for details.	(8,005)
Some expenses reported in Statement of Activities are not fund expenditures (e.g. compensated absences, OPEB and pension that are liabilities not normally liquidated with current financial resources). See - Notes to the Basic Financial Statements for details.	(23,741)
The issuance of long term debt (e.g., bonds, tax notes) provides current financial resources to governmental funds, while repayment of long term debt principal consumes current financial resources of governmental funds. Governmental funds report the effect of premiums and discounts when debt is first issued, 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. See - Notes to the Basic Financial Statements for details.	33,778
Internal service funds are used by management to charge the costs to account for group medical self-insurance and workers compensation. The net revenue (loss) is reported with governmental activities. See - Statement of Revenues, Expenses and Changes in Fund Net Position for details.	<u>6,000</u>
Change in net position of governmental activities	<u>\$ 32,621</u>

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

DALLAS COUNTY, TEXAS

Statement of Net Position

Proprietary Fund

September 30, 2018

(in thousands of dollars)

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 8,083
Due from other funds	<u>3,592</u>
Total current assets	<u>\$ 11,675</u>
LIABILITIES	
Current Liabilities:	
Medical claims	\$ 5,679
Workers' compensation claims - current	<u>673</u>
Total current liabilities	6,352
Non-Current Liability:	
Workers' compensation claims non-current	<u>690</u>
Total liabilities	<u>7,042</u>
NET POSITION (DEFICIT)	
Unrestricted	<u>4,633</u>
Total net position	<u>\$ 4,633</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 Position
Proprietary Fund
For the Year Ended September 30, 2018
(in thousands of dollars)

	<u>Governmental Activities- Internal Service Fund</u>
Operating revenues:	
Premiums	\$ <u>86,806</u>
Operating expenses:	
Benefit payments	74,895
Administration	<u>5,953</u>
Total operating expenses	<u>80,848</u>
Operating income (loss)	5,958
Non-operating revenues:	
Interest income	<u>42</u>
Change in net position	6,000
Total net position - beginning of year	(1,367)
Total net position - ending of year	<u><u>\$ 4,633</u></u>

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

DALLAS COUNTY, TEXAS

Statement of Cash Flow

Proprietary Fund

September 30, 2018

(in thousands of dollars)

	Governmental Activities - Internal Service Fund
	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash for premiums and reimbursements	\$ 84,022
Cash payments for benefit claims	(76,128)
Cash payments for administrative fees	(5,953)
Net cash used by operating activities	<u>1,941</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Interest on investments	<u>42</u>
Net cash provided by investing activities	<u>42</u>
Net increase (decrease) in cash and cash equivalents	1,983
Cash and cash equivalents at beginning of year	<u>6,100</u>
Cash and cash equivalents at end of year	<u>\$ 8,083</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ 5,958
Changes in current assets and liabilities:	
Accounts receivable	30
Accrued interest	2
Due from other funds	(2,814)
Liabilities	<u>(1,235)</u>
Net cash operating activities	<u>\$ 1,941</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, 2018
(in thousands of dollar)

	<u>Total</u>
Assets:	
Cash and investments	\$ 144,965
Accrued interest and other receivable	125
Assets held in escrow	9,115
Total assets	<u><u>\$ 154,205</u></u>
Liabilities:	
Due to other governmental units and others	<u>\$ 154,205</u>
Total liabilities	<u><u>\$ 154,205</u></u>

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

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In the current year, the County implemented the following:

GASB Statement No. 75 – *Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions*. The statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

GASB Statement No. 85 – *Omnibus*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post employment benefits (pensions and other post employment benefits (OPEB)).

The following GASB Statements were implemented in FY18 and had no impact to the County.

GASB Statement No. 81 – *Irrevocable Split-Interest Agreements*. This Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

GASB Statement No. 86 – *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 89 – *Accounting for interest cost incurred before the end of a construction period.* The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

GASB Statement No. 90 – *Majority equity interests - an amendment of GASB Statements No. 14 and No. 61.* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

A. Restatement

As a result of implementation of GASB No. 75 and changes of certain assumptions, a restatement is reflected in the County’s Statement of Activities. This was the result of a change in the discount rate from 2.7% to 3.06% used to evaluate the OPEB liability and a change in eligibility and participation assumptions. This restatement increased the net position of the County as follows:

	As of September 30, 2017		
	As Previously Reported	As Restated	Adjustment
Statement of Net Position	\$ 478,521	\$ 577,144	\$ 98,623

Prior FY18, only Parkland Health & Hospital System was considered a County component unit. In FY18, all of the separate component units of the Dallas County Hospital District are now included as

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a single component unit of Dallas County. The impact to the Statement of Activities and Statement of Net Position for the year end September 30, 2017 is summarized below:

	As of September 30, 2017		
	As Previously Reported	As Restated	Adjustment
Statement of Net Position	\$ <u>867,547</u>	\$ <u>968,789</u>	\$ <u>101,242</u>

B. Reporting Entity

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

The accompanying financial statements and Notes to the Basic Financial Statements include Dallas County Hospital District (Parkland), and components, as a component unit of the County.

Complete financial statements of The Dallas County Hospital District may be obtained from:

Parkland Health & Hospital System
5200 Harry Hines Boulevard
Dallas, Texas 75235
Attention: Richard Humphrey
Executive Vice President Finance and Chief Financial Officer

Other Boards and Commissions

The Commissioners Court appoints individuals to certain boards and commissions, none of which are component units of the County. Those entities are:

- Child Welfare Board
- Citizen Election Advisory Committee
- Historical Commission
- Historical Foundation
- Hospital District Board of Managers (Parkland)
- Metrocare Services Board of Trustees
- North Central Texas Health Facilities Development Corporation Board
- North Texas Tollway Authority Board
- North Texas Behavioral Health Authority
- Trail and Preserve Program Board (TAPP)
- Welfare Advisory Board
- Youth Services Advisory Board

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government–Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report, except for County fiduciary funds financial activity, information on all of the County activities including its component unit. The effect of inter-fund transfers has been removed from the government-wide financial statements, but continues to be reported in the fund financial statements. Governmental activities are supported mainly by taxes, intergovernmental revenues and charges for services. The primary government is reported separately from the component unit within the government-wide statements.

The statement of activities reflects the degree to which direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, e.g. other post employment benefits are charged to general government functions/programs in the statement of activities because these costs are guaranteed by the general government. Indirect expenses include changes in estimates of workers' compensation, which may not be reasonably allocated to other functions/programs in the statement of activities.

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

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

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

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

Governmental fund level financial statements are reported using current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized only when they become susceptible to accrual (measurable and available). Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Unavailable means not available to finance expenditures for the current fiscal period. Unearned refers to funds received before the earnings process is completed. 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 120 days or soon enough afterwards to be used to pay liabilities for the current period, and where grant eligibility requirements have been met. Property taxes levied prior to September 30, 2018, and became due October 1, 2018 have

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

been assessed to finance the budget of the fiscal year beginning October 1, 2018 and, accordingly, have been reflected as unavailable revenue and property taxes receivable in the governmental fund financial statements. Receivables and deferred inflows associated with these property taxes are included in the government-wide statements at September 30, 2018.

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

The County reports the following major governmental funds:

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. Significant revenue sources include property taxes, charges for services, intergovernmental revenues, and investment income of idle funds. Primary expenditures are for general government, public safety, judicial, public welfare, health services, and capital acquisition.

Debt Service Fund is used to account for accumulation of resources for, and the payment of, general long-term debt principal and interest. The revenue source is primarily property taxes levied specifically for debt service. Interest earnings from investment of idle funds of County Building Improvements and Capital Project 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 and property sales to fund parks, trails, transportation, and major County building projects. These funds are committed by action of the governing body.

County Building Improvements (capital project) is used to account for funds received from sale of bonds which occurred in September 2016 with an aggregate principal and premium of \$201,178. These funds are to be used for renovations of certain County buildings.

Major Grants Fund is used to account for programs supported by federal, state and local financial assistance or intergovernmental contracts from various agencies and/or governmental units except for HUD-Section 8 Grants and the Academy for Academic Excellence which are included in Other Non-Major Governmental Funds.

Non-Major Funds include special revenue funds (other than major projects) and capital project funds (other than County Building Improvements fund). 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.

Other fund types include proprietary and fiduciary funds:

Proprietary Fund financial statements are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and economic resources. 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, other post employment liabilities 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

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 accrual basis of accounting as follows:

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

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

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

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

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

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

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

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

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

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

Community Supervision and Corrections Special - used to account for 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.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Sheriff Inmate Funds – used to account for monies held for individuals in County custody.

E. Assets, Liabilities, and Net Position

1. Cash, Cash Equivalents, and Investments

A Statement of Cash Flows is required by GAAP to be provided for the Proprietary Fund. The County considers cash on hand, demand deposits, and all highly liquid investments with original maturities less than 90 days at date of purchase to be cash and cash equivalents. Texas statutes and the County's official investment policy authorize the County to invest in fully collateralized security repurchase agreements, fully serviced certificates of deposit at the depository, obligations of the Texas Local Government Investment Pool (TexPool), which is a local government investment pool sponsored by the Texas Controller of Public Accounts and managed by Federated Investors, U.S. Treasury securities, direct obligations of, or participation certificates guaranteed by the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Home Loan Bank, U.S. Small Business Administration, Federal Farm Credit Bank, and Federal Agricultural Mortgage Corporation. To be eligible to receive funds from and investments on behalf of the County, an investment pool must be rated not lower than AAA or AA-m or at an equivalent rating of at least one nationally recognized rating service.

The County records investments, except TexPool and TexPrime Deposits, at fair value. TexPool and TexPool Prime Deposits are recorded at amortized cost. Investment income for the County is recognized as revenue in the appropriate fund's Statement of Revenues, Expenditures and Changes in Fund Balance, and in the Statement of Activities as investment earnings.

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 accrual method of accounting. Property tax receivables are shown net of an allowance for uncollectible accounts. Property taxes owed for a future period are deferred and recognized as revenue in the periods they were earned.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts receivable 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. Revenues received in advance of the costs being incurred are recorded as unearned revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts. Borrowing between funds is recorded as an amount either "Due to" or "Due from." Due to and due from amounts are eliminated in the government-wide financial statements.

3. Inventories and Prepayments

Various methods are used to value inventories; however, the majority of inventories are (determined on a first-in, first-out basis) stated at cost. Inventories in the General and Special Revenue Funds consist of expendable supplies held for consumption. In the General Fund, the cost is recorded as an expenditure at the time an inventory item is consumed. In the Special Revenue Funds, inventory items expected to be consumed within a short period of time, are recorded as expenditures at the time of purchase; other inventory items are expensed when consumed. Reported inventories are denoted as a non-spendable fund balance, which indicates that they do not constitute "available spendable resources" even though they are a component of 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. The costs of prepaid items are recorded as expenditures when consumed rather than when purchased. In the fund financial statements, advances and prepayments are denoted as a non-spendable fund balance.

4. Restricted Assets/Funds

The following accounts reflect restricted status by third-party or statutory obligations for specific purposes:

- Debt Service fund balance (amount restricted for future debt service expenditures according to debt covenants);
- County Building Improvements fund balance (amount restricted for County building improvements, which was funded with the issuance of bonds in September 2016).
- Major Grants and the following grant funds which are included with Non-Major Governmental Funds, HUD Section 8 Grants and Academy for Academic Excellence (amounts restricted for future grant expenditures according to award restrictions);
- Other Non-Major Governmental fund balances (except for Permanent Improvement and Major Technology) (amounts restricted for other specific purposes according to Texas statutes).

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following accounts reflect committed status by action of the governing body for specific purposes:

- Included in Other Non-Major Governmental Funds: Permanent Improvement and Major Technology fund balances (committed by governing body for future non-major building improvements or major technology related expenditures);
- Major Projects fund balance (amount committed for future major construction-related expenditures according to official action of governing body).

5. Capital Assets

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

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

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

The 1892 Old Red Courthouse is recorded as an Historical Treasure at historical cost but not depreciated. The County uses the modified approach to report infrastructure assets in the government-wide statement of net position. Infrastructure assets are recorded at historical cost but not depreciated. Under the modified approach, the County reports annual expenses for maintaining County roads and bridges including estimated costs for preservation at specified levels.

The County evaluates capital assets regularly for impairment. If circumstances suggest that assets may be impaired, an assessment of recoverability is performed prior to any write-down of assets. An impairment charge is recorded on those assets for which the estimated fair value is

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

below its carrying amount. No material impairment charges to capital assets were recorded for the fiscal year ended September 30, 2018.

6. Compensated Absences

A liability for unused vacation and sick time for all full time employees is reported in the government-wide financial statements. This includes related amounts for Social Security, Medicare, and County retirement benefits. The following criteria must be met to be considered as compensated absences:

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

Liabilities for compensated absences are recognized in the fund statements to the extent such liabilities have matured (e.g. are due for payment). Accordingly, there is none in the fund statements as of September 30, 2018, but compensated absences are accrued in the government-wide statements.

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

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

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

7. Deferred Outflows / Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The County has two items that qualify for reporting in this category. These are the deferred outflows of resources related to pensions and OPEB discussed in Note VIII Retirement Commitments. These amounts are amortized over a period of five or six years.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has four types of items that qualify for reporting in this category. The governmental funds report unavailable

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, the County has an inflow of resources related to unavailable grant revenues, pensions and other post employment benefits. Pensions and OPEB are discussed in Note VIII Retirement Commitments. Pension amounts are amortized over a period of six years. OPEB amounts are amortized over a period of eleven years.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the term of the bonds. Bonds payable are reported net of unamortized premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums or discounts, and issuance costs in the period in which bonds are issued. The principal of bonds issued is reported as another financing source. Premiums received on debt issuances are reported as another financing source while discounts are reported as another financing use.

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

9. Unemployment and Workers' Compensation Benefits

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

10. Fund Balances

Fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. These classifications are defined as:

- Non-spendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portions of loans or notes receivable, or property held for resale unless the use of the proceeds are restricted, committed or assigned), and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.
- Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation. The restricted fund balance at September 30, 2018, is composed of \$7,467 restricted as a result of bond requirements for future debt service, \$5,634 restricted by

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

State and federal authorities for grants awarded to the County. Special Revenue Fund balance of \$87,928 is restricted by federal and State statutes. County Building Improvements Fund and Capital Projects Fund balances of \$161,482 and \$7,193 respectively, are restricted as a result of bond requirements. Bonds were issued to fund improvements and renovation of certain County buildings.

- Committed fund balances can be used only for specific purposes pursuant to constraints imposed by a formal action of the government's highest level of decision-making authority. The County's highest level of decision making authority resides with the Commissioners Court. This formal action is the passage of a court order specifying the purposes for which amounts can be used. The same type of formal action is necessary to remove or change the specified use. As of September 30, 2018, Major Project Fund committed balance is \$277,422. The balance of committed fund balance \$7,712 is for permanent building improvements and major technology projects.
- Assigned fund balance includes amounts that are constrained in accordance with policies established by the Commissioners Court. Officials responsible for budget level control are delegated that authority by Commissioners Court to assign amounts for a specific purpose. Amounts assigned are neither restricted nor committed. For governmental fund types other than the General Fund, this is the residual amount within the fund that is not restricted or committed. As of September 30, 2018, the assigned fund balance of \$10,432 is primarily composed of amounts assigned by officials for various operational expenditures.
- Unassigned fund balance is the residual amount of the General Fund not included in the four categories above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

The General Fund target reserve policy is established by the governing body at 10.5% of expenditures and classified as unassigned reserves, while balances in other funds are set aside for specific purposes as described above.

When both restricted and unrestricted amounts are available for use, County policy as approved by the governing body is to use restricted amounts first, with unrestricted resources utilized as needed. In the case of unrestricted resources, the policy is to use committed amounts first consistent with formal action of the governing body, followed by assigned amounts, then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be incurred.

11. Net Position

In the government-wide financial statements, net position is categorized into three categories. The first is net investment in capital assets, which is gross capital asset balances reduced by accumulated depreciation and any outstanding debt incurred to acquire, construct or improve those assets excluding unexpended bond proceeds. The second category is restricted, which represents assets restricted by requirement of bond covenants, grantor regulations, other externally imposed constraints, or by legislation, in excess of the related liabilities payable from restricted assets. The third category; unrestricted portion of net position, consists of net position that does not meet the definition of either of the other two categories of net position.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 position

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

Property taxes – assessed in current year which remain uncollected within 60 days of year-end	\$ 3,871
Other receivables and accrued interest – which remain uncollected within 60 days of year-end	<u>10,322</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	\$ <u>14,193</u>

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

Bonds payable	\$ (172,265)
Premium on bonds payable	(26,302)
Capital leases payable	(50,244)
Other post employment benefits	(300,743)
Accrued interest payable	(1,028)
Accrued liabilities	824
Claims and judgments	(2,000)
Workers’ compensation	(1,363)
Compensated absences	(34,465)
Net pension liability	(127,278)
Deferred inflow resources – OPEB	(32,306)
Deferred outflow of resources – OPEB	5,403
Deferred inflow of resources – pension	(29,136)
Deferred outflow of resources – pension	<u>54,150</u>
Net adjustment to decrease fund balance – total government funds to arrive at net position – governmental activities	\$ <u>(716,753)</u>

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

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

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

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in fund balances, total governmental funds, and changes in net position 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	\$	104,944
Capital leases executed		(51,715)
Depreciation expense		<u>(27,095)</u>
Net adjustment to increase net changes in fund balances – total government funds to arrive at changes in net position of governmental activities	\$	<u>26,134</u>

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

Depreciated cost of capital assets sold or disposed	\$	<u>(6,114)</u>
Net adjustment to decrease net changes in fund balances – total government funds to arrive at changes in net position of governmental activities	\$	<u>(6,114)</u>

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

		Fund Basis	
September 30, 2017	Unavailable Revenue	\$	(549,992)
September 30, 2018	Unavailable Revenue		590,797
		Statement of Net Position	
September 30, 2017	Deferred Inflows		527,794
September 30, 2018	Deferred Inflows		<u>(576,604)</u>
		\$	<u>(8,005)</u>

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

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

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

Compensated absences	\$	(428)
Pension		(13,215)
Accrued interest		167
Other post employment benefits		(12,200)
Other accrued expense		1,935
Net adjustment to decrease net changes in fund balances	\$	<u>(23,741)</u>

Another element of the reconciliation states, “The issuance of long-term debt (e.g., bonds, tax notes, capital leases) 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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the Statement of Activities.”

The details of this difference are as follows:

Debt principal repayments	\$	27,280
Capital lease principal payments		1,471
Amortization of debt premium		5,027
Net adjustment to increase net changes in fund balances	\$	<u>33,778</u>

III. DEPOSITS, INVESTMENTS, AND INVESTMENT POLICIES

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

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

The County’s investments are comprised of Federal National Mortgage Association Notes; Federal Home Loan Bank Notes; Federal Home Loan Mortgage Corporation Notes, Federal Farm Credit Bank Notes; TexPool deposits, and TexPool Prime deposits.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

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

Deposits

At September 30, 2018, the carrying amount of the County's demand deposits and investments was as follows:

	<u>Governmental Funds</u>	<u>Proprietary Fund</u>	<u>Total</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash ^(a)	\$ (13,953)	\$ 5,920	\$ (8,033)	\$ 127,512	\$ 119,479
Investments and cash equivalents ^(a)	<u>710,685</u>	<u>2,163</u>	<u>712,848</u>	<u>17,453</u>	<u>730,301</u>
Total cash, cash equivalents and investments	\$ <u>696,732</u>	\$ <u>8,083</u>	\$ <u>704,815</u>	\$ <u>144,965</u>	\$ <u>849,780</u>

(a) The County pools cash, investments, and cash equivalents of certain Governmental and Fiduciary Funds

Custodial Credit Risk – Deposit

In accordance with the Texas Public Funds Collateral Act and County cash management policies, County deposits are either covered by FDIC insurance, collateralized with securities held by the County or the County's agent in the name of the County, or an irrevocable standby letter of credit issued by the Federal Home Loan Bank of Atlanta.

Custodial Credit Risk – Investments

In accordance with Texas Public Funds Collateral Act and the County's formal investment policies, County investments are either insured, registered, or held by the County or the County's agent in the name of the County.

TexPool and TexPool Prime – Deposits

The State Comptroller of Public Accounts exercises responsibility over TexPool and TexPool Prime (TexPool), the Texas Local Government Investment Pool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other individuals who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

Currently, TexPool and TexPool Prime are rated AAAM by Standard & Poor's. As a requirement to maintain the weekly rating, portfolio information must be submitted to Standard & Poor's, as well as the office of the State Comptroller of Public Accounts for review.

TexPool and TexPool Prime operate in a manner consistent with GASB 79 criteria. TexPool and TexPool Prime are reported at amortized cost. The pools are subject to regulatory oversight by the Texas State Comptroller, although they are not registered with the SEC.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

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

TexPool invests in obligations of the United States Government, its agencies or instrumentalities, fully collateralized repurchase agreements or reverse repurchase agreements, or no-load money market funds that are registered with and regulated by the SEC. TexPool Prime invests in obligations of the United States Government, its agencies or instrumentalities, fully collateralized repurchase agreements or reverse repurchase agreements, no-load money market funds that are registered with and regulated by the SEC.

TexPool invests in obligations of the United States Government, its agencies or instrumentalities, fully collateralized repurchase agreements or reverse repurchase agreements, or no-load money market funds that are registered with and regulated by the SEC. TexPool Prime invests in obligations of the United States Government, its agencies or instrumentalities, fully collateralized repurchase agreements or reverse repurchase agreements, no-load money market funds that are registered with and regulated by the SEC.

Investments

At September 30, 2018, investments held by the County and Fiduciary funds are carried at fair value defined as the price at which two willing parties would complete an exchange. Those investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Investments, Cash and Cash Equivalents</u>	<u>Weighted Average Days to Maturity</u>	<u>Weighted Average Stated Interest Rate</u>	<u>Rating</u>
Federal Home Loan Bank Notes	\$ 41,653	4.90%	1,048	2.30%	Note 1
Federal Home Loan Mortgage Corporation Notes	133,572	15.72	979	2.02	Note 1
Federal National Mortgage Association Notes	70,855	8.34	663	1.56	Note 1
Federal Farm Credit Bank Notes	58,824	6.92	586	1.43	Note 1
Certificates of Deposit	15,086	1.78	362	2.41	
Investments	319,990	37.66	816	1.86	
TexPool Prime Deposits	19,934	2.34	1	2.21	Note 2
TexPool Deposits	390,377	45.94	1	2.00	Note 2
Cash Equivalents	410,311	48.28	1	2.01	
Cash	119,479	14.06	-	-	
Investments, Cash and Cash Equivalents	\$ 849,780	100.00%	361	1.94%	

Note 1: Moody's Investor Services, Standard & Poor's (S&P) AAA, Fitch AAA. These investments are recorded at fair value.

Note 2: TexPool Prime Deposits and TexPool Deposits are recorded at amortized cost.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

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

At September 30, 2018, the County had the following investments and cash equivalents, and maturities:

	Investment Maturities (in years)					
	Fair Value	Less than 1	1 – 2	2 – 3	3 – 4	4 – 5
U.S. agencies and government sponsored enterprises	\$ 304,904	\$ 43,933	\$ 145,264	\$ 34,254	\$ 17,545	\$ 63,908
Certificates of Deposit	15,086	9,702	4,644	740	-	-
Investment Pools:						
TexPool Prime ⁽¹⁾	19,934	19,934	-	-	-	-
TexPool ⁽¹⁾	<u>390,377</u>	<u>390,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments and cash equivalents	\$ <u>730,301</u>	\$ <u>463,946</u>	\$ <u>149,908</u>	\$ <u>34,994</u>	\$ <u>17,545</u>	\$ <u>63,908</u>

⁽¹⁾ TexPool Prime and TexPool are recorded at amortized cost.

GAAP categorizes financial instruments within three different levels of risk dependent upon the measurement of their fair value. The three levels of fair value are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the County can access at the measurement date.
- Level 2 inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobserved inputs for the asset or liability.

Because the County investments are restricted by policy and State law to active secondary markets, the market approach is used for valuation. Market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities.

Fair value measurements of U.S. Agencies are all Level 2. In accordance with GASB 79, TexPool deposits and TexPool Prime deposits are recorded at amortized cost.

Interest Rate Risk

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

The County invests in two external investment pools. Investments held by TexPool Prime and TexPool have weighted average maturity days of 37 and 28, respectively.

Credit Risk

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

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

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

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

Concentration/Diversification of Credit Risk

County investment policy includes various concentration limits as to issues and maturity. These limits apply to securities issued by federal, state and local governments and related agencies and consider all funds under the County's control. The limit for federal agencies is 80% of the County's investment portfolio. The County has 37.66% invested in federal agencies as of September 30, 2018, with 15.72% invested in Federal Home Loan Mortgage Corporation notes.

IV. PROPERTY TAXES AND OTHER RECEIVABLES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied prior to September 30, become due October 1 and are delinquent after January 31. The County's Tax Office collects property taxes for 81 entities: 4 county entities, 10 school districts, 23 cities, 2 flood control districts, 2 levee districts, and 40 public improvement districts (PIDs) as authorized by V.T.C.A., Tax Code §6.24.

The County continues to collect only delinquent taxes for County Education Districts, Wilmer/Hutchins ISD and Levee District 4.

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

Collections of the property taxes and subsequent remittances to the proper entities are accounted for in the Tax Assessor/Collector's Agency Fund. Tax collections are recorded net of the entities' related collection commission paid to the County in this agency fund according to the levy year for which taxes are collected. Tax collections deposited for the County are distributed on a monthly basis to the following funds (amounts are for each one hundred dollars of valuation): General (\$0.17315), Debt Service (\$0.0171), Major Projects (\$0.03372), and Non-Major Funds - Permanent Improvement (\$0.0018), and Major Technology (\$0.01733). 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.

County tax abatement programs that reduce property tax revenues induce behavior by individuals and entities beneficial to the County or its citizens. Abatement of taxes may encourage economic development or housing projects or historic preservation projects. Individual tax abatements less than \$150 are not broken out separately.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

IV. PROPERTY TAXES AND OTHER RECEIVABLES (Continued)

Tax abatements for FY18 total \$930. County abatements are summarized as follows.

Economic development projects:

- 1) Provide development of facility expansion or modernization or new construction or relocation.
- 2) Real property and business personal property taxes are abated through a reduction of assessed values.
- 3) Authority to abate taxes is provided in state government codes.
- 4) A criterion to receive abatement includes a time period in which taxable values of properties located within the County increase or full-time permanent jobs increase.
- 5) Abatement amount may range from 50% to 85% of eligible taxable property values.
- 6) In the event of an uncured breach of an abatement, taxes which otherwise would have been paid without benefit of a tax abatement are due and payable to the County within 60 days.
- 7) The County does not have other commitments for reduction of taxes.
- 8) In FY18, gross tax revenues abated was \$489.

Housing projects:

- 1) Provide development of housing projects within a priority area, strategic area or distressed area of Dallas city central business district.
- 2) Real property taxes are abated through a reduction of assessed values.
- 3) Authority to abate taxes is provided in state government codes.
- 4) Abatement criteria differ depending upon location of a project. Different locations require different number of housing units, time and amount County tax base increases. New housing units must include affordable housing units of at least 10%.
- 5) Abatement amount may range from 75% to 90% of eligible taxable property values.
- 6) In the event of an uncured breach of an abatement, taxes which otherwise would have been paid without benefit of a tax abatement are due and payable to the County within 60 days.
- 7) The County does not have other commitments for reduction of taxes.
- 8) In FY18, gross tax revenues abated was \$240.

Historic preservation projects:

- 1) Provide development of projects listed or eligible for listing in the National Register of Historic Places or located within a district listed in the National Register of Historic Places.
- 2) Real property taxes are abated through a reduction of assessed values.
- 3) Authority to abate taxes is provided in state government codes.
- 4) Abatement criteria require \$2,000 increase of County tax base within three years and must be appropriate and consistent with structure's historical significance.
- 5) Abatement amount may range from 70% to 90% of eligible taxable property values.
- 6) In the event of an uncured breach of an abatement, taxes which otherwise would have been paid without benefit of a tax abatement are due and payable to the County within 60 days.
- 7) The County does not have other commitments for reduction of taxes.
- 8) In FY18, gross tax revenues abated was \$201.

Property tax receivables are affected by participation in several Tax Increment Finance (TIF) Districts. In the fiscal year ended September 30, 2018, the County either financially participated in or had authorization to participate in 24 TIF districts at various percentage participation levels. The 2018 total incremental taxable value prior to participation and new construction after participation increased from the prior year value.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

IV. PROPERTY TAXES AND OTHER RECEIVABLES (Continued)

The County's decision to participate is influenced by level of proposed development in blighted/distressed areas and 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 unavailable and unearned revenue in connection with receivables that are not considered available to liquidate liabilities of the current period. 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. The County has recorded property taxes receivable including an amount for unavailable revenue as of September 30, 2018.

At the end of the current fiscal year, the various components of unavailable and unearned revenue reported in the governmental funds were as follows:

Unavailable and Unearned Arising From	General Fund	Debt Service	Major Projects	Major Grants	Other Non-Major Governmental	Total
Unavailable and unearned property taxes	\$ 407,257	\$ 27,136	\$ 93,786	\$ -	\$ 50,215	\$ 578,394
Unearned revenue – other	-	-	-	12,948	-	12,948
Unavailable revenue – other	<u>5,103</u>	<u>-</u>	<u>2,400</u>	<u>-</u>	<u>4,900</u>	<u>12,403</u>
Unavailable and unearned – Fund Basis	<u>\$ 412,360</u>	<u>\$ 27,136</u>	<u>\$ 96,186</u>	<u>\$ 12,948</u>	<u>\$ 55,115</u>	<u>\$ 603,745</u>
Unavailable property taxes						(3,871)
OPEB						32,306
Pension						29,136
Unavailable – other						<u>(10,322)</u>
Deferred inflows and unearned revenue – Government wide					\$	<u><u>650,994</u></u>

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

The County is authorized by the tax laws of Texas to levy taxes up to \$0.80 per one hundred dollars of assessed valuation for general governmental services and payment of principal and interest on certain permanent improvement long-term debt. The total tax rate adopted during September 2017 and 2018 for each FY17 and FY18 was \$0.2431 per one hundred dollars of assessed value.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

IV. PROPERTY TAXES AND OTHER RECEIVABLES (Continued)

Receivables as of September 30, 2018, for governmental funds, net of applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Major Projects</u>	<u>Other Non-major Governmental Funds</u>	<u>Total</u>
Receivables:					
Property taxes	\$ 426,039	\$ 28,991	\$ 97,449	\$ 52,112	\$ 604,591
Less allowance for uncollectible property Taxes	<u>(19,730)</u>	<u>(1,944)</u>	<u>(3,857)</u>	<u>(2,008)</u>	<u>(27,539)</u>
Subtotal	<u>406,309</u>	<u>27,047</u>	<u>93,592</u>	<u>50,104</u>	<u>577,052</u>
Accounts receivable	157,981	-	2,215	351,749	511,945
Less allowance for uncollectible accounts receivable	<u>(152,466)</u>	<u>-</u>	<u>(2,215)</u>	<u>(345,888)</u>	<u>(500,569)</u>
Subtotal	<u>5,515</u>	<u>-</u>	<u>-</u>	<u>5,861</u>	<u>11,376</u>
Total net receivables	<u>\$ 411,824</u>	<u>\$ 27,047</u>	<u>\$ 93,592</u>	<u>\$ 55,965</u>	<u>\$ 588,428</u>

V. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases / Transfers</u>	<u>Decreases / Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not be depreciated:				
Land	\$ 31,523	\$ 12,032	\$ (40)	\$ 43,515
Construction-in-progress	61,307	80,332	(2,733)	138,906
Infrastructure	26,671	-	-	26,671
Historical treasures	<u>32,042</u>	<u>-</u>	<u>-</u>	<u>32,042</u>
Total capital assets, not being depreciated	<u>151,543</u>	<u>92,364</u>	<u>(2,773)</u>	<u>241,134</u>
Capital assets, being depreciated:				
Buildings	682,627	5,074	(17,563)	670,138
Machinery and equipment	<u>185,209</u>	<u>8,021</u>	<u>(5,192)</u>	<u>188,038</u>
Total capital assets, being depreciated	<u>867,836</u>	<u>13,095</u>	<u>(22,755)</u>	<u>858,176</u>
Less accumulated depreciation for:				
Buildings	(285,816)	(12,742)	13,679	(284,879)
Machinery and equipment	<u>(109,822)</u>	<u>(14,353)</u>	<u>5,103</u>	<u>(119,072)</u>
Total accumulated depreciation	<u>(395,638)</u>	<u>(27,095)</u>	<u>18,782</u>	<u>(403,951)</u>
Total capital assets, being depreciated, net	<u>472,198</u>	<u>(14,000)</u>	<u>(3,973)</u>	<u>454,225</u>
Governmental activities capital assets, net	<u>\$ 623,741</u>	<u>\$ 78,364</u>	<u>\$ (6,746)</u>	<u>\$ 695,359</u>

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

V. CAPITAL ASSETS (Continued)

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

Governmental activities:

General government	\$ 19,478
Public safety	5,099
Health	234
Highways and streets	268
Public welfare	428
Education	6
Judicial	1,582
Total depreciation expense	<u>\$ 27,095</u>

VI. LONG-TERM LIABILITIES

Long-Term Debt

The following are General Obligation, Certificates of Obligation (COs), and Revenue Bonds outstanding at September 30, 2018.

<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>
Unlimited Tax Refunding Bonds Series 2011 A	4.00 – 5.00%	2011	2021	\$ 30,495	\$ 4,865
Limited Tax Notes Series 2013	5.00	2013	2020	35,825	11,445
Limited Tax Refunding Bonds Series 2013	2.50 – 5.00	2013	2025	10,515	7,485
Unlimited Tax Refunding Bonds Series 2015	5.00	2015	2020	11,115	2,955
Combination Tax and Parking Garage Revenue Certificates of Obligation Series 2016	3.00 – 5.00	2016	2031	167,900	<u>145,515</u>
Subtotal					172,265
Premium on Debt					<u>26,302</u>
Total					<u>\$ 198,567</u>

Pledged Future Revenues

Under the terms of the Combination Tax and Parking Garage Revenue Certificates of Obligation Series 2016 the County agreed to pledge \$1 of future net revenues from certain parking facilities. In FY18, net revenue from these parking facilities was approximately \$1,306. In FY18, debt service for these bond was \$11,195 and \$7,500 for principal and interest, respectively.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

VI. LONG-TERM LIABILITIES (Continued)

Changes in Long-Term Liabilities

Long-term liabilities for the year ended September 30, 2018, were as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Funding for Liquidation
Bonds and COs	\$ 230,874	\$ -	\$ 32,307	\$ 198,567	\$ 20,770	a
Capital leases	-	51,715	1,471	50,244	4,134	b
Other post employment benefits	414,069	25,871	139,197	300,743	5,403	c
Claims and judgments	2,000	178	178	2,000	600	d
Compensated absences	34,037	40,366	39,938	34,465	30,666	d
Net pension liability	229,616	213,776	316,114	127,278	-	d
Workers' compensation	1,718	1,345	1,700	1,363	673	d
Total	\$ 912,314	\$ 333,251	\$ 530,905	\$ 714,660	\$ 62,246	

Funding for liquidation: a=Debt Service Fund: b=Major Projects Fund: c=Unfunded: d=General Fund

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

Contractual Maturities

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

Year Ending September 30	Principal	Interest
2019	\$ 20,770	\$ 8,084
2020	21,050	7,076
2021	13,780	6,170
2022	12,250	5,497
2023	12,325	4,885
2024 – 2028	58,505	15,305
2029 – 2032	33,585	2,463
Subtotal	172,265	49,480
Premium on debt	26,302	-
Total	\$ 198,567	\$ 49,480

The Debt Service Fund has \$7,467 available to service the general long-term bond retirement. There are a number of limitations and restrictions contained in the various bond indentures. County management believes that it has complied with all significant limitations and restrictions.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

VII. INTERFUND RECEIVABLES AND PAYABLE BALANCES AND TRANSFERS

The composition of inter-fund balances as of September 30, 2018, is as follows:

Receivable fund	Payable fund	Amount
Internal Service	General	\$ 3,556
Internal Service	Other Non-Major Governmental	36
General	Other Non-Major Governmental	461
General	County Building Improvements	269
General	Major Grants	127
Other Non-Major Governmental	General	83
Other Non-Major Governmental	Major Grants	20
Major Grants	Other Non-Major Governmental	5
Total		<u>\$ 4,557</u>

The Internal Service Fund receivable from General and Other Non-Major Governmental relates to health insurance liabilities expected to be funded in FY19.

<u>Transfer In:</u>					
	General Fund	Major Projects	Major Grants	Other Non- Major Governmental Funds	Total
<u>Transfer Out:</u>					
General	\$ -	\$ -	\$ 5,350	\$ -	\$ 5,350
Major Projects	203	-	-	-	203
Major Grants	1,853	-	-	5	1,858
Other Non-Major Governmental Funds	<u>14,530</u>	<u>5,962</u>	<u>160</u>	<u>122</u>	<u>20,774</u>
Total	<u>\$ 16,586</u>	<u>\$ 5,962</u>	<u>\$ 5,510</u>	<u>\$ 127</u>	<u>\$ 28,185</u>

Transfers from Other Non-Major Governmental funds to the General and Major Projects funds were mainly from Road and Bridge which transferred a total of \$14,928. Transfers from the Road and Bridge fund were primarily from vehicle registration fees, criminal fines, and forfeitures and were for various transportation related projects.

A condition of certain Major Grants requires the County to provide matching funds in order to obtain grant funding. In FY18, the General fund provided matching funds aggregating \$5,350. The majority of these transfers were for health, juvenile, and law enforcement grants.

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Approximately 34.6% of the \$63,988 balance in accounts payable and accrued liabilities at September 30, 2018, represents accrued payroll liabilities with the balance payable to vendors or contractors.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS

Primary Government

(a) Retirement Plan Description

Texas County and District Retirement System. The County provides retirement, disability, and death benefits for all of its full-time employees through a non-traditional agent multi-employer defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The TCDRS Board of Trustees is responsible for the administration of the statewide agent multi-employer public employee retirement system consisting of 760 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available online at www.tcdrs.org or upon written request from the Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The governing body of the employer adopts the plan provisions within options available in Texas state statutes (TCDRS Act) governing TCDRS. Members employed by the County are vested and may retire at age 60 and above with 10 or more years of service; with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after combined 10 years of employment with any organization(s) with an accredited plan (not just the County), but must leave their accumulated contributions in the plan to receive any employer financed benefit.

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

At December 31, 2017, the following inactive or active County employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3,103
Inactive employees entitled but not yet receiving benefits	3,789
Active employees	6,240
Total	13,132

(b) Funding Policy

The County has chosen a fixed rate plan under the provisions of the TCDRS Act. County employees with 1,000 or more hours of service a year are members of the plan. The plan is funded by monthly contributions from both the County and its employees based on the covered payroll of employee members. Regulated by the TCDRS Act, the previously required 12.2% contribution rate by the county (effective January 1, 2017) increased to 12.27% January 1, 2018, is a fixed percentage adopted by the Commissioners Court matched by a 7% contribution rate payable by employee members.

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

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

(c) Net Pension Liability

The County's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal ⁽¹⁾
Amortization Method	
Recognition of economic / demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.75%
Salary Increases	4.90% The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.25% (made up of 2.75% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee.
Investment Rate of Return	8.10%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Dallas County are not considered to be substantively automatic under GAAP. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Deferred members are assumed to retire (100% probability) at the later of: age 60 earliest retirement eligibility
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality	
Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.

⁽¹⁾ Individual entry age normal cost method, as required by GAAP, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

(c) Net Pension Liability (continued)

Long-term expected rate of return. Long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The amounts are based on January 2018 information for a 7 – 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2013 – December 31, 2016 for more details. TCDRS may be contacted at TCDRS.org.

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation (1)</u>	<u>Geometric Real Rate of Return (Expected Minus Inflation) (2)</u>
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.55%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	16.00%	7.55%
Global Equities	MSCI World (net) Index	1.50%	4.85%
International Equities – Developed Markets	MSCI World Ex USA (net) Index	11.00%	4.55%
International Equities – Emerging Markets	MSCI Emerging Markets (net) Index	8.00%	5.55%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	.75%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	8.00%	4.12%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.06%
Distressed Debt	Cambridge Associates Distressed Securities Index (4)	2.00%	6.30%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.05%
Master Limited – Partnerships (MLPs)	Alerian MLP Index	3.00%	6.00%
Private Real Estate – Partnerships	Cambridge Associates Real Estate Index (5)	6.00%	6.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	18.00%	4.10%

(1) Target asset allocation adopted at the April 2018 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.95%, per Cliffwater's 2018 capital market assumptions.

(3) Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

(5) Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

(c) Net Pension Liability (continued)

Discount rate. The discount rate used to measure the total pension liability was 8.10%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount rate ⁽¹⁾	8.10%
Long-term expected rate of return, net of investment expense ⁽¹⁾	8.10%
Municipal bond rate ⁽²⁾	Does not apply

⁽¹⁾ This rate reflects the long-term rate of return funding valuation assumption of 8.00%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68.

⁽²⁾ The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

The change in pension liability for the County is \$(102,338) as described below.

Changes in Net Pension Liability / (Asset)	Changes in Net Pension Liability / (Asset)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability / (Asset)
<u>Liability / (Asset)</u>	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balance as of December 31, 2016	\$ 1,904,607	\$ 1,674,991	\$ 229,616
Changes for the year:			
Service cost	46,920	-	46,920
Interest on total pension liability ⁽¹⁾	156,177	-	156,177
Effect of economic/demographic gains or losses	(986)	-	(986)
Effect of assumptions changes or inputs	9,066	-	9,066
Refund of contributions	(5,110)	(5,110)	-
Benefit payments	(87,414)	(87,414)	-
Administrative expenses	-	(1,274)	1,274
Member contributions	-	24,870	(24,870)
Net investment income	-	246,954	(246,954)
Employer contributions	-	43,304	(43,304)
Other ⁽²⁾	-	(339)	339
Balance as of December 31, 2017	<u>\$ 2,023,260</u>	<u>\$ 1,895,982</u>	<u>\$ 127,278</u>

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ Relates to allocation of system-wide items.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

Sensitivity analysis. The following presents the net pension liability of the employer, calculated using the discount rate of 8.10%, as well as what the Dallas County net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

		1%		Current		1%
		Decrease		Discount		Increase
		7.10%		Rate		9.10%
		<u> </u>		<u> </u>		<u> </u>
Total pension liability	\$	2,320,337	\$	2,023,260	\$	1,814,413
Fiduciary net position		<u>1,895,982</u>		<u>1,895,982</u>		<u>1,895,982</u>
Net pension liability	\$	<u>424,355</u>	\$	<u>127,278</u>	\$	<u>(81,569)</u>

Pension Plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the Required Supplementary Information (see page 107).

(d) Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

For the year ended September 30, 2018, the County recognized pension expense of \$59,648.

	January 1, 2017 to December 31, 2017
	<u> </u>
Service cost	\$ 46,920
Interest on total pension liability	156,177
Administrative expenses	1,274
Member contributions	(24,870)
Expected investment return (net of investment expenses)	(136,228)
Recognition of deferred inflows/outflows of resources	
Economic/demographic gain or loss	(1,310)
Assumption changes or inputs	5,948
Investment gain or loss	11,400
Other	337
Pension expense / (income)	<u>\$ 59,648</u>

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

As of September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows / Outflows of Resources	
	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ (5,615)	\$ 3,900
Changes of assumptions	-	15,522
Net difference between projected and actual earnings	(23,521)	-
Contributions made subsequent to measurement date	-	34,728
	<u>\$ (29,136)</u>	<u>\$ 54,150</u>

Deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Amount</u>
2018	\$ 16,038
2019	11,930
2020	(17,152)
2021	(20,530)
	<u>\$ (9,714)</u>

(e) Payable to the Pension Plan

At September 30, 2018, the County reported a payable of \$5,202 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2018.

Public Agency Retirement Services

County 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 a 457 Deferred Compensation Plan administered by Phase II Systems, a California corporation. Employee and County contributions are fixed as a percentage of an employee's salary, which percentages are 6.2% and 1.3%, respectively. In FY18, employee and County contributions were \$145 and \$30, respectively. The County Treasurer administers the investment policy for employee and County contributions.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

General Information County OPEB Plan

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.

Benefits provided. The County is not required by Texas law or contractual agreement to provide funding for OPEB. However, the County allows retirees and dependents to continue currently selected health, dental and other insurance benefits upon retirement. An employee must be eligible for retirement with a minimum 10 years of service credit within the County for insurance eligibility.

The County does not maintain a trust to pay for future OPEB expenses. However, the County annually budgets amounts necessary to cover the pay-as-you-go costs of benefits to retirees and eligible beneficiaries and their dependents. Contribution, adjustment, or elimination of the contribution and adjustments to OPEB eligibility are subject to the governing body's annual budgetary discretion.

For the year ended September 30, 2018, combined County and retiree contributions totaled \$10,681 for the Plan. Retiree Plan members receiving benefits contributed \$4,865 or approximately 45.55% of total cost through their required contributions. No assets are accumulated in a trust that meets the criteria of GAAP.

Employees covered by benefit terms. At September 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3,103
Inactive employees entitled but not yet receiving benefits	3,789
Active employees	6,240
Total	13,132

Total OPEB Liability

The County's total OPEB liability of \$300,743 was measured as of September 30, 2017, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the September 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.25 percent
Salary increases	8.41 percent, average, including inflation
Discount rate	3.64 percent
Healthcare cost trend rates	7.00 percent for 2017, decreasing 0.5 percent per year to an ultimate rate of 5.0 percent for 2025 and later years
Medicare cost trend rates	6.00 percent for 2017, decreasing 0.25 percent per year to an ultimate rate of 5.0 percent for 2020 and later years
Retirees' share of benefit-related costs	45.55 percent of projected health insurance premiums for retirees

The discount rate was based on 20 year, tax exempt general obligation bonds with an average rating of AA/Aa or higher or equivalent quality on another rating scale. This rate was obtained based on the Bond Buyer Index as reported in the Bond Buyer.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale MP-2014.

The actuarial assumptions used in the September 30, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2009 – December 31, 2017.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at September 30, 2016	\$ <u>315,446</u>
Changes for the year:	
Service cost	15,815
Interest	10,056
Changes in assumptions or other inputs	(35,297)
Benefit payments	<u>(5,277)</u>
Net changes	<u>(14,703)</u>
Balance at September 30, 2017	\$ <u>300,743</u>
Covered-employee payroll	\$ <u>334,562</u>
Total OPEB liability as a percent of covered-employee payroll	<u>89.89%</u>

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period:

The following are the discount rates used in each period:

2017	3.64%
2016	3.06%

Note 1 - The discount rate for postretirement welfare cost purposes is a single rate reflecting the yield or index rate for 20-year, tax-exempt general obligation bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), to the extent that plan investments are not expected to finance the payment of benefits. Since there are no plan assets, the discount rate is determined based on the aforementioned basis as of the applicable Measurement Date. The discount rates are 3.64% as of September 30, 2017 and 3.06% as of September 30, 2016 based on the Bond Buyer Index, as reported in The Bond Buyer.

Note 2 - GASB Statement No. 75 was implemented in FY18 and prior years are not available.

The discount rate was based on 20 year, tax exempt general obligation bonds with an average rating of AA/Aa or higher or equivalent quality on another rating scale. This rate was obtained based on the Bond Buyer Index as reported in the Bond Buyer.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current discount rate:

	<u>1% Decrease (2.64%)</u>	<u>Discount Rate (3.64%)</u>	<u>1% Increase (4.64%)</u>
Total OPEB liability	\$ <u>365,165</u>	\$ <u>300,743</u>	\$ <u>250,890</u>

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.0 percent decreasing to 4.0 percent) or 1-percentage-point higher (8.0 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (6.0% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.0% decreasing to 5.0%)	1% Increase 8.0% decreasing to 6.0%)
Total OPEB liability	<u>\$ 232,814</u>	<u>\$ 300,743</u>	<u>\$ 392,011</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the County recognized OPEB expense of \$22,880.

OPEB Expense

Service cost	\$ 15,815
Interest cost	10,056
Changes of assumptions ¹	<u>(2,991)</u>
OPEB expense	<u>\$ 22,880</u>

¹ Changes of assumptions and other inputs reflect a change in the discount rate of 3.06 percent in 2016 to 3.64 percent in 2017.

At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions after measurement date	\$ 5,403	\$ -
Changes of assumptions or other inputs	<u>-</u>	<u>32,306</u>
Total	<u>\$ 5,403</u>	<u>\$ 32,306</u>

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending September 30,</u>	<u>Amount</u>
2019	\$ (2,991)
2020	(2,991)
2021	(2,991)
2022	(2,991)
2023	(2,991)
Thereafter	<u>(17,351)</u>
Total	<u>\$ (32,306)</u>

IX. LEASES

Operating leases

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

<u>Year ending September 30,</u>	<u>Amount</u>
2019	\$ 4,845
2020	4,855
2021	4,298
2022	1,724
2023	1,224
2024 – 2028	<u>3,446</u>
Total	<u>\$ 20,392</u>

Rental expense for FY18, for all County operating leases was approximately \$4,648 including \$85 for lease pass-through expenses such as common area maintenance.

The County is also a lessor of land, office space, and parking space under operating leases. Renewal options are available on certain leases. Future minimum rental payments to be received under operating leases are as follows:

<u>Year ending September 30,</u>	<u>Amount</u>
2019	\$ 658
2020	674
2021	661
2022	482
2023	482
2024	<u>341</u>
Total	<u>\$ 3,298</u>

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

IX. LEASES (Continued)

Rental receipts for multi-year leases were approximately \$634, additionally, the County received parking revenues of \$3,829.

Capital leases

The County has entered into two capital lease agreements for the purchase of a building and land to be improved with a building financed by the landlord with a construction loan. Amounts capitalized totaled \$51,715. Payments during the fiscal year totaled \$2,428. Interest was imputed at 5%. Principal and interest are due as follows:

<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 4,134	\$ 2,497	\$ 6,631
2020	4,583	2,048	6,631
2021	4,353	2,278	6,631
2022	4,825	1,806	6,631
2023	5,080	1,551	6,631
2024 – 2028	27,269	3,457	30,726
Total	\$ <u>50,244</u>	\$ <u>13,637</u>	\$ <u>63,881</u>

Both leases are payable over ten years with nominal purchase options at the end of each lease. Beginning with the end of the 18th month termination values of \$2,120 and \$1,943 are due if a lease is terminated from exercise of a purchase option. Termination value of \$2,120 decreases to zero over the term of the lease.

X. RISK MANAGEMENT

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

The County purchased third-party vehicle insurance for Auto Theft Task Force grants. Specific property insurance is purchased to mitigate certain risks. Property insurance deductible limits include buildings at \$1,000; boiler and machinery at \$100; data, IT equipment, media at \$100 after period of interruption exceeds 48 hours, and radio equipment at \$100, and builders risk for certain construction projects at \$50. Current premium reflects a rate of \$0.40 per one hundred 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.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

X. RISK MANAGEMENT (Continued)

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

Premiums are paid into the Internal Service Fund by all other governmental funds for medical insurance programs. Contracted insurance providers receive disbursements based on monthly enrollment and premium calculations. Funds are available to pay claims, claim reserves, and administrative costs of the programs. Liabilities include an amount for claims or judgments that have been incurred but not reported. Liabilities of each fund are reported when it is probable that a loss or claim has occurred and the amount of the loss or claim is known or can be reasonably estimated. The County has specific deductible stop loss coverage of \$600 for the fiscal year ended September 30, 2018. In the past three years, the County has not experienced any losses which exceeded the stop loss coverage.

Changes in the medical and workers’ compensation claims liability amounts in FY17 and FY18 follow:

	Beginning Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability
2017 Medical	\$ 5,634	\$ 73,352	\$ 72,427	\$ 6,559
2018 Medical	6,559	68,241	69,121	5,679
2017 Workers’ compensation	2,016	1,287	1,585	1,718
2018 Workers’ compensation	1,718	1,345	1,700	1,363

XI. COMMITMENTS AND CONTINGENCIES

Several lawsuits that could affect the County’s financial position are in various stages of litigation. An estimated liability of \$2,000 has been established in the government-wide Statement of Net Position to provide coverage for the estimated maximum cost to the County. Lawsuits settled in the fiscal year totaled \$178. Most were settled for property damages. There are other outstanding 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.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

XI. COMMITMENTS AND CONTINGENCIES (Continued)

The County has encumbrances for the following purposes at September 30, 2018.

General Fund	
Public welfare contracts	\$ 2,097
Professional services	4,006
Equipment	1,216
Maintenance and supplies	2,761
Rental contracts	202
Other	150
	<u>\$ 10,432</u>
County Building Improvement Fund	
Building improvements	\$ 133,157
Professional services	4,636
Rental contracts	720
Equipment	4,350
Other	7
	<u>\$ 142,870</u>
Major Projects Fund	
Thoroughfares and trails	\$ 120,506
Buildings and improvements	25,521
Professional services	7,699
Equipment	11,740
Building maintenance and supplies	1,778
Computer software	3,055
Rental contracts	134
Other	132
	<u>\$ 170,565</u>
Major Grants	
Professional services	\$ 15,697
Equipment	145
Rental contracts	48
Maintenance and supplies	131
Public welfare contracts	408
Other	281
	<u>\$ 16,710</u>

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

XI. COMMITMENTS AND CONTINGENCIES (Continued)

Non – Major Governmental Funds	
Special Revenue Funds	
Maintenance and supplies	\$ 641
Building maintenance and supplies	481
Professional services	5,206
Bridge repairs	594
Rental contracts	44
Building improvements	398
Equipment	2,284
Other	679
	\$ 10,327
Capital project roads	\$ 3,500

XII. DALLAS COUNTY HOSPITAL DISTRICT

Organization

The Dallas County Hospital District, dba Parkland Health & Hospital System (Parkland), is a political subdivision of the State of Texas (State), and is a discretely presented component unit of the County. Components of Parkland are Parkland Health & Hospital System (Hospital); Parkland Community Health Plan, Inc. (Health Plan); Parkland Foundation (Foundation); and Parkland Center for Clinical Innovation (PCCI). The components of Parkland, other than the Hospital, are discretely presented in Parkland’s financial statements. As an essential government function of the County, the Hospital is generally exempt from federal income taxes under Section 115 of the Internal Revenue Code. However, the Hospital is subject to federal income tax on any unrelated business taxable income. The Hospital also holds dual status as a 501(c)(3) organization. During 2018, all income was related to essential government functions. The Hospital, PCCI and Foundation have fiscal years ending September 30. The Health Plan’s fiscal year ends December 31.

In August 2015, the Hospital opened the new Parkland Hospital. The Hospital operates 774 inpatient beds, 96 neonatal beds, numerous outpatient clinics, and an emergency department. The Hospital also operates the Community Oriented Primary Care clinics and Acute Response Clinics in the community. Additionally, the Hospital serves as the major teaching hospital for the UT Southwestern Medical Center at Dallas (UT Southwestern) in accordance with an affiliation agreement effective September 1, 2006. The Hospital also manages the County’s jail health system. The County’s jail is the seventh largest jail in the nation with approximately 5,500 inmates.

The Hospital acquired the licenses and operations of twelve nursing homes in February 2015 and an additional seventeen nursing homes in April 2017. The arrangement improves the continuity of care for the Hospital’s patients by allowing the Hospital to track their nursing home care. The arrangement also gives uninsured patients easier access to nursing home beds, rather than extended stays at the Hospital. Each nursing home is eligible to receive supplemental Medicaid funding with the Hospital holding the operating licenses. The Texas Legislature approved the collaboration between nursing homes and public hospitals in 2013 as the State shifted its Medicaid nursing home program into managed care.

The members of the Hospital’s Board of Mangers (Board) are appointed by the County Commissioners Court. County taxpayers provide ad valorem tax revenues to the Hospital, but the County does not hold

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

title to any of the Hospital's assets and does not have rights to any of the Hospital's surpluses. The County Commissioners Court approves the Hospital's tax rate and annual budget.

The Foundation is a nonprofit corporation organized in Texas in 1985, to support and benefit Parkland exclusively. It is an organization as described in Section 501(c) (3) of the Code. The Foundation's mission is to secure substantial financial resources that advance the clinical, educational, and research endeavors of Parkland. Because these resources can only be used by, or for the benefit of Parkland, the Foundation is considered a component unit of Parkland. In addition, because Parkland is entitled to these economic resources and they are significant to Parkland, the Foundation is discretely presented in Parkland's financial statements. Financial statements for the Foundation can be obtained from the Parkland Foundation, 1341 W. Mockingbird Suite 1100E Dallas, Texas 75247. Attn: President and Chief Executive Officer.

The Health Plan is a nonprofit corporation organized in Texas in 1995 and is reported as a component unit of Parkland because its Board of Directors is appointed by the Hospital's Board and the Hospital can impose its will on the Health Plan. It is discretely presented because the Health Plan Board is not substantively the same as the Hospital's Board, it does not provide services entirely, or almost entirely, for the benefit of Parkland, nor does it have any outstanding debt that is expected to be repaid by the Hospital. It is an organization as described in Section 501(c) (4) of the Code. The Health Plan participates in the Texas Medicaid Managed Care Program and the Children's Health Insurance Program. All income of the Health Plan was related business income. Financial statements for the Health Plan can be obtained from Parkland Community Health Plan, 1341 W. Mockingbird, Suite 1150E, Dallas, TX 75247, Attn: Executive Director.

PCCI is a nonprofit research and development corporation organized in Texas in 2012. It is an organization as described in Section 501 (c) (3) of the Code. PCCI is included in the Parkland's financial statements because PCCI's Board of Directors is appointed by the Hospital's Board and the Hospital can impose its will on PCCI. It does not provide services entirely, or almost entirely, for the benefit of the Hospital, nor does it have any outstanding debt that is expected to be repaid by the Hospital. Financial statements for PCCI can be obtained from Parkland Center for Clinical Innovation, 8435 N. Stemmons Freeway, Suite 1150, Dallas, Texas 75247. Attn: Director of Finance.

The Hospital maintains the Dallas County Hospital District Retirement Income Plan (Plan), a single-employer defined benefit pension plan. The Plan is administered by the Hospital and is fiscally dependent on the Hospital. The Plan is reported as a fiduciary fund in Parkland's statements. For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense information about the fiduciary net position of the Plan and additions to deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For these purposes, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value or amortized cost. Separate financial statements of the Plan are available at www.ParklandHospital.com.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

Principles of Reporting

Parkland's financial statements include the accounts of the Hospital, Health Plan, Foundation and PCCI as described above.

Unless otherwise noted, the following footnotes do not include the Foundation, Health Plan or PCCI.

Significant Accounting Policies

Net position is classified into three components: net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

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

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

Unrestricted – This component of net position consists of those assets that do not meet the definition of "restricted" or "net investment in capital assets."

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

Statements of Revenues, Expenses and Changes in Net Position

Parkland is considered a governmental organization and is subject to the pronouncements of the Governmental Accounting Standards Board (GASB).

For purposes of financial statement presentation, operating revenues include those generated from direct patient care and related support services. Nonoperating revenues consist of those revenues that are related to financing and investing types of activities and result from nonexchange transactions or investment income. When an expenditure is incurred for the purposes for which there are both restricted and unrestricted net position available, it is Parkland's policy to apply those expenditures to restricted net position, to the extent that such are available, and then to unrestricted net position.

Uses of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

Parkland Foundation Net Assets

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

Cash, Cash Equivalents and Investments

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

Statutes give the Hospital authority to invest in obligations of the United States, as well as direct obligations of the State and other obligations guaranteed or insured by the State or the United States. The following investments are also acceptable: obligations of states, agencies, counties, or cities of any state that have been rated not less than "A" or its equivalent by a nationally recognized ratings firm, and certificates of deposit guaranteed, insured, or secured by approved investments. Other authorized investments include prime commercial paper; Securities and Exchange Commission-registered, no-load money market mutual funds whose assets consist exclusively of approved investments; and approved local government investment pools.

Investments (including those in assets limited to use) at September 30, 2018 are reported at fair value based on quoted market prices with realized and unrealized gains and losses included in the Statement of Activities. TexPool investments are amortized using the cost method. Obligations of the United States government with maturity dates in excess of one year that are not expected to be traded within one year are reported as long-term investments in the accompanying statements of net position.

Receivables and Payables

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

Inventories

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

Hospital Capital Assets

Capital assets are recorded at cost or, if donated, acquisition value at the date of receipt. Costs of major renewals and betterments that extend useful lives are capitalized, while maintenance and repairs are charged to current operations. Assets with a purchase price of \$5 or more are capitalized and assets with

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

a purchase price of less than \$5 are expensed. Disposals are removed at carrying cost, less accumulated depreciation, with any resulting gain or loss included in either General Revenues or Expense in the 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 for equipment 3 to 20 years.

Parkland evaluates long-lived assets regularly for impairment under the provision of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recovery*. If circumstances suggest that assets may be impaired, an assessment of recoverability is performed prior to any write-down of assets. If an asset's estimated fair value is below its carrying value an impairment is recorded. Parkland recorded no impairment in 2018.

Assets Limited as to Use – Investments

Resources are also set aside for Board designated purposes or self-insurance arrangements. It has been the general practice of the Hospital, due to the timing of cash flows, to temporarily use Board designated funds to fund operating activities.

Uncompensated Care

The Hospital provides services to uninsured patients who qualify for tax-supported care. The program is called Parkland Financial Assistance and is designed for County indigent patients with family incomes up to 250% of the federal poverty level and no third-party coverage, such as Medicaid, Medicare, or commercial insurance. The Hospital recognized ad valorem tax revenues of approximately \$621,000 in 2018 to fund services for qualified patients and debt service obligations.

The Hospital also provides services to patients who are County residents and have incomes that exceed the limit for tax supported health care or whose income cannot be determined. Although these patients are uninsured, they do not qualify for tax-supported health care and are classified as self-pay. Certain of these patients are medically indigent. Additionally, certain of these patients have limited financial resources and are unable to pay for the services received, while others may be able to pay, for some or all services received, but are unwilling to do so.

Management estimates the cost of uncompensated health care by applying a ratio of overall costs to gross charges, applied to the gross uncompensated charges, which includes services provided to Medicaid beneficiaries, the uninsured and patients enrolled in other indigent programs. During the year ended September 30, 2018, the estimated cost of uncompensated care is approximately \$1,021,000, of which approximately \$392,300 is charity care.

Ad Valorem Taxes

The Hospital received approximately 30% of its total revenues from ad valorem taxes (property taxes) in 2018. Ad valorem taxes receivable is net of an allowance for uncollectible taxes of \$16,900 as of September 30, 2018.

Current taxes are collected beginning in October of each year and become delinquent after January 31. Ad valorem tax revenue is recognized in the year for which taxes are levied. A schedule of ad valorem taxes follows:

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

<u>Fiscal Year</u>	<u>Tax Base</u>	<u>Tax (per \$100) Valuation</u>	<u>Net Tax Revenue (1)</u>	<u>Cost of Uncompensated Care</u>	<u>Cost of Uncompensated Care Over Tax</u>
2018	\$ 224,543,899	\$ 0.279	\$ 620,998	\$ 1,020,698	\$ 399,700

(1) Net tax revenue includes adjustments for actual collection performance.

Disproportionate Share

The disproportionate share program is a supplemental reimbursement program for hospitals that provide a significant proportion of Medicaid and indigent care services. Under program guidelines, the Hospital may use the funds to benefit the indigent in either current or future periods. The Hospital recognizes all funds received under the program as operating revenue in the applicable year, and any amounts relating to that year that are not yet received are included in other receivables in the accompanying Statement of Net Position. There is no guarantee that this program will continue into future years. Total revenue recognized related to the disproportionate share program was \$65,700 in 2018.

1115 Transformation Waiver Funds

The 1115 Transformation Waiver began October 1, 2011. Under this waiver, the former Upper Payment Limit (UPL) programs were discontinued in favor of a reimbursement methodology that balances payment for uncompensated care costs (UC) with the need to improve quality of care for Texas recipients using Delivery System Reform Incentive Payments (DSRIP) funds. Over the five year waiver period, UC reimbursement generally moves downward while available DSRIP monies increase, so there is an even split between UC and DSRIP by the last year of the waiver. The program divides the State into 20 Regional Health Partnerships (RHPs), creating an environment where regional collaboration is essential to earn available monies. The Hospital serves as an “anchor” hospital (administrative lead) for one of these regions. On December 21, 2017 the Texas Health and Human Services Commission (HHSC) received an approved extension from CMS for the period of January 1, 2018 through September 30, 2022. Among other changes, the approved plan requires a change in the methodology used to allocate UC funds and phase out of the DSRIP program over a five year period. Revenue recognized related to the 1115 Waiver was \$169,700 in 2018. The Hospital recognizes all funds received under the program as Program Revenue in the Statement of Activities, and any amounts relating to that year that are not yet received are included in other receivables, net of amounts to be distributed to other participating hospitals in the region, in the accompanying Statement of Net Position. These amounts involve a considerable amount of judgment and are subject to audit and final reconciliation by HHSC.

Local Provider Participation Fund and Uniform Hospital Rate Increase Program

During 2017, the Hospital began participation in a Local Provider Participation Fund (LPPF) in the County. The Hospital acts as the administrator of the LPPF by assessment and collection of mandatory payments from hospitals in the County. These payments are to be used to fund intergovernmental transfers representing the State’s share of supplemental Medicaid funding programs. More specifically, the payments collected by the Hospital will be used to fund the State’s share of the Uniform Hospital Rate Increase Program (UHRIP) and UC. Under UHRIP, HHSC directs managed care organizations in a service delivery area to provide a uniform percentage rate increase to all hospitals within a particular class of hospitals. The rate increases were effective March 1, 2018 and are adjusted every six months.

During 2018, the Hospital collected \$191,700 from the LPPF in mandatory payments and made intergovernmental transfers of \$169,000. At September 30, 2018, the Hospital held \$23,600 in mandatory payments that will be transferred in 2019. The rate increase for the Hospital associated with UHRIP for

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

the period from March 1, 2018 through August 31, 2018 was 58%. The rate increase for the Hospital for the period from September 1, 2018 through February 28, 2019 is 62%.

Net Patient Services Revenue

The Hospital has agreements with third-party payors that provide for reimbursement to the Hospital at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's established rates for services and the amounts reimbursed by the third-party payors. The Hospital's more significant third-party payors are the Medicare and Medicaid programs, which accounted for gross charges of approximately 16.5% and 29.9% respectively in 2018. Allowances for uncollectible amounts are estimated using historical experience, current trends and policy information, aged account balances, and a collectability analysis. Charges for services revenue in the accompanying Statement of Activities is net of contractual adjustments and bad debt provisions totaling approximately \$6,000,000 for the year ended September 30, 2018.

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

Cost-reimbursable items are reimbursed to the Hospital at a tentative rate, with final settlement determined after submission of annual cost reports by the Hospital, which are subject to audit by the administrative contractors prior to final settlement. Any differences between final audited settlement and amounts accrued at the end of the prior reporting period are included currently in the Statement of Activities as an adjustment to the appropriate allowance account. Such adjustments increased net patient services revenue by \$400 in 2018. The Hospital's cost reports have generally been audited and settled by the administrative contractors through 2014 for both Medicare and Medicaid. Cost reports for both programs are subject to certain re-openings and appeals as per federal and state regulations.

Premium Revenues

The Health Plan's premium revenue is recognized in the period in which the members of the Health Plan are entitled to receive health care services and are included as Charges for Services in the Statement of Activities. Premium collected in advance are deferred. Revenues for delivery supplemental payments received for Medicaid-eligible births under the Health Plan are recognized based on claims information from Texas hospitals and information from the State and include estimates for incurred, but unreported births at year-end.

Grant Revenue

Grant revenues are recognized in the period in which expenditures related to the grant are incurred or the period in which grant funds become available.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

Build America Bond Interest Subsidy

The Hospital issued taxable Build America Bonds (BAB) in 2009. Under the BAB Program, the U. S. Treasury pays 35% of the interest payments as a subsidy to the issuer. The Hospital records the interest subsidy received or receivable from the U.S Treasury as General Revenues - Investment earnings in the Statement of Activities when the Hospital has met all of the eligibility criteria to receive the subsidy. The Hospital recorded approximately \$12,200 in 2018, for the BAB interest subsidy. The BAB subsidy was reduced by 6.6% in 2018, as part of the federal sequestration spending reductions.

Compensated Absences

The Hospital accrues an estimated liability for compensated absences as they are earned by employees based on the Hospital's policy. The Hospital's liability related to compensated absences was \$43,600 as of September 30, 2018, and is recorded in the Statement of Net Position in accounts payable and accrued liabilities.

Pharmaceutical Costs

The Hospital participates in replacement pharmaceutical programs on behalf of patients who enroll and meet eligibility requirements of these programs.

Risk Management

The Hospital is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than medical malpractice, employee health claims and workers' compensation. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The Hospital is self-insured for a portion of its exposure to risk of loss from medical malpractice, worker's compensation and employee health claims. Annual estimated provisions are accrued for the self-insured portion of medical malpractice, workers' compensation and employee health claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

Deposits and Investments

As of September 30, 2018, the Hospital had deposits and investments as follows:

	Hospital		
Description	Fair Value	Weighted Average Days to Maturity	
Bank deposits	\$ 2,720	N/A	
TexPool deposits	237,685	1	
Money market	4,100	1	
FNMA	83,375	767	
FHLB	81,351	583	
FHLMC	66,056	606	
US treasury	1,576	405	
	\$ 476,863		
Descriptions on Statement of Net Position			
	Hospital	Foundation, Health Plan and PCCI	Total
Cash and cash equivalents	\$ 361,556	\$ 167,941	\$ 529,497
Assets limited to use			
Current portion	55,071	-	55,071
Noncurrent portion	60,236	-	60,236
	115,307	-	115,307
	\$ 476,863	\$ 167,941	\$ 644,804
Investment Maturities			
One year or less	\$ 69,632		
After one through five years	162,354		
After ten years	4,472		
Investments	236,458		
Bank deposits	2,720		
TexPool deposits	237,685		
Total	\$ 476,863		

Estimated fair values have been determined by the Hospital using appropriate valuation methodologies by third parties, quoted market prices and information available to management as of September 30, 2018. The investments are recorded at fair value with the exception of TexPool deposits which are recorded at amortized cost. The Hospital adjusts the carrying value of financial instruments classified as assets to reflect their estimated fair value. Cash and cash equivalent included in assets limited to use was \$3,500 as of September 30, 2018.

The Hospital categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

fair value of the assets. Level 1 are quoted prices in an active market for identical assets; Level 2 are significant other observable inputs; and Level 3 are significant unobservable inputs (the Hospital does not value any of its investments using Level 3 inputs).

The following is a summary of the hierarchy of the fair value of investments of the Hospital as of September 30, 2018.

Fair Value Measurements Using				
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
U.S. Government securities	\$	1,576	\$ -	\$ 1,576
U.S. Government obligations		209,483	21,299	230,782
Money market funds		-	4,100	4,100
Total investments and cash equivalents by fair value level	\$	211,059	\$ 25,399	\$ 236,458

This above excludes investments in local government investment pools which are recorded at amortized cost. These investments total \$237,685 as of September 30, 2018.

Interest Rate Risk

The Hospital invests in fixed-rate debt securities that primarily have average maturities of approximately one to six years. Interest rate risk is limited by the short-term nature of these investments.

Credit Risk

The Hospital has a comprehensive investment policy that is designed to comply with State law and the Texas Public Funds Investment Act. The debt securities issued by Federal National Mortgage Association (FNMA), the Federal Home Loan Bank (FHLB), the Federal Home Loan Mortgage Corporation (FHLMC), and the Federal Farm Credit Bureau (FFCB) are rated AA+ by Standard & Poor's rating agency. TexPool's portfolio consists exclusively of U.S. government securities; repurchase agreements collateralized by U.S. government securities; and AAA-rated, no-load money market mutual funds. All bank deposits are collateralized by FDIC insurance and with securities pledged to the Hospital held in safekeeping at a third-party bank on behalf of the Hospital's depository institutions with the exception of \$191 of cash held at the individual nursing homes.

Concentration of Credit Risk

Per the Hospital'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, FFCB, and FHLMC. The largest percentage in any one issuer is invested with FNMA at 17.5% as of September 30, 2018.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

Custodial Credit Risk

Per the Hospital's investment policy, all investments are held in the Hospital's name in safekeeping at the Hospital's trust or custodial institutions.

Investment Income

The Hospital's investment income for the year ended September 30, 2018, consisted the following:

	<u>Amount</u>
Interest income, including realized gains/(losses)	\$ 21,727
Unrealized loss on investments	<u>(1,582)</u>
Total investment income	<u>\$ 20,145</u>

Assets Limited to Use

Assets limited to use at September 30, 2018, consist of the following funds which are all investments in TexPool and U.S. government-sponsored enterprises:

	<u>Amount</u>
Debt service	\$ 3,489
Designated for capital uses	103,561
Other designated	<u>8,257</u>
Total	<u>\$ 115,307</u>

Debt Service

Assets limited as to use for debt service represent those assets related to the bond issues whose use is legally restricted.

Designated for Capital Acquisitions

Assets limited to use designated for capital acquisitions represent funds designated at the discretion of the Board for annual additions, as well as funding for a combination of renovations and new facilities.

Other Designated

Other assets limited to use includes funds designated by the Board of Managers to fund the Hospital's hospital professional liability program.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

Capital Assets

Hospital capital assets at September 30, 2018, are summarized as follows:

	<u>Beginning Balance</u>	<u>Additions / Transfers In</u>	<u>Retirements / Transfers Out</u>	<u>Ending Balance</u>
Capital assets:				
Land and improvements	\$ 144,493	\$ 726	\$ (594)	\$ 144,625
Buildings	1,652,188	6,441	(8,841)	1,649,788
Capital leases	14,546	23	-	14,569
Equipment	<u>743,633</u>	<u>21,033</u>	<u>(956)</u>	<u>763,710</u>
Total capital assets	<u>2,554,860</u>	<u>28,223</u>	<u>(10,391)</u>	<u>2,572,692</u>
Less accumulated depreciation:				
Land and improvements	(6,998)	(1,106)	-	(8,104)
Buildings	(417,571)	(38,654)	6,552	(449,673)
Capital leases	(1,897)	(765)	-	(2,662)
Equipment	<u>(522,923)</u>	<u>(62,386)</u>	<u>-</u>	<u>(585,309)</u>
Total accumulated depreciation	<u>(949,389)</u>	<u>(102,911)</u>	<u>6,552</u>	<u>(1,045,748)</u>
Net	1,605,471	(74,688)	(3,839)	1,526,944
Construction in progress	<u>20,573</u>	<u>29,259</u>	<u>(28,223)</u>	<u>21,609</u>
Capital assets, net	<u>\$ 1,626,044</u>	<u>\$ (45,429)</u>	<u>\$ (32,062)</u>	<u>\$ 1,548,553</u>

Accounts Payable and Accrued Liabilities

Hospital accounts payable and accrued liabilities, at September 30, 2018, consist of the following:

	<u>Amount</u>
Accounts payable	\$ 24,720
Accrued expenses	64,021
Accrued payroll	97,331
Employee health care benefit liability	13,653
Other employee benefits	4,367
Total accounts payable and accrued liabilities	<u>\$ 204,092</u>

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

The liabilities, described in the table below as of September 30, 2018, are based on requirements that a liability for claims be reported if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These liabilities include estimates for both reported claims and incurred, but not reported claims. As a result of settled claims, the frequency of new claims, and other economic and social factors, claims liabilities are reevaluated periodically.

	Balance at Beginning of Year	Current- Year Claims & Changes in Estimates	Claim Payments	Balance at End of Year
Hospital professional and general liability	\$ 8,799	\$ 4,493	\$ (2,732)	\$ 10,560
Employee health care benefit liability	13,645	133,335	(133,327)	13,653
Worker's compensation liability	3,901	134	(859)	3,176

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

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

Workers' Compensation Liability – The Hospital maintains a self-insurance program for workers' compensation benefits, managed by a third-party administrator. The Hospital records estimated self-insurance costs for workers' compensation as current liabilities. The amount provided for the estimated liability is based on settlement of claims. The estimated liability is reported in accounts payable and accrued liabilities in the Statement of Net Position.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

Operating Leases

The Hospital leases facilities under operating leases that expire over periods of up to ten years. Renewal and purchase options are available on certain of these leases. At September 30, 2018, future minimum rental payments for operating leases, including escalations were as follows:

<u>Years Ending</u>	<u>Amount</u>
2019	\$ 33,612
2020	32,079
2021	5,592
2022	5,168
2023	4,832
2024 - 2028	5,853
Total	\$ <u>87,136</u>

Rental expense was approximately \$34,800 for the year ended September 30, 2018, and is recorded in Expenses in the accompanying Statement of Activities.

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

Minimum future rentals to be received under operating leases at September 30, 2018, are as follows:

<u>Years Ending</u>	<u>Amount</u>
2019	\$ 826
2020	566
2021	530
2022	315
2023	150
2024 - 2028	768
2029 - 2033	799
2034 - 2038	832
2039 - 2043	555
2044 - 2048	499
2049 - 2053	542
2054 - 2058	586
2059 - 2063	507
2064 - 2068	549
2069 - 2073	594
2074 - 2078	643
2079 - 2083	696
2084 - 2088	673
Total	\$ <u>10,630</u>

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

Capital Leases

The Hospital is also a lessor of real estate and equipment under capital leases. At September 30, 2018, future minimum rental payments applicable to the capital leases were as follows:

<u>Years Ending</u>	<u>Amount</u>
2019	\$ 1,680
2020	1,463
2021	1,314
2022	1,309
2023	1,309
2024 - 2040	<u>25,166</u>
Total minimum future lease payments	32,241
Less: amount representing interest	<u>(19,066)</u>
Present value of net minimum lease payments	<u>\$ 13,175</u>

The capital leases have a current liability of \$453 and long-term liability of \$12,722 as of September 30, 2018.

<u>Capital Leases</u>	<u>Asset Balance at September 30, 2018</u>
Real estate	\$ 11,686
Equipment	<u>985</u>
Total capital leases	12,671
Less: accumulated depreciation	<u>(766)</u>
Net capital leases	<u>\$ 11,905</u>

Amortization of assets held under capital leases is included as component of depreciated expense.

Retirement Plans

Defined Benefit Plan

The Hospital maintains the Dallas County Hospital District Retirement Income Plan, a single-employer, defined benefit pension plan (Plan). The Plan participation as of January 1, 2018 includes 10,974 active participants, 3,810 inactive employees entitled to but not yet receiving benefits, and 2,634 retirees and beneficiaries. The Plan is administered by the Board. The annual payroll for employees covered by the Plan for the years ended December 31, 2017 and 2016, which is included in the actuarial valuation as of January 1, 2018 and 2017 respectively, was approximately \$632,700 and \$613,400.

Effective January 1, 2018, employees are required to contribute 6.2% of their annual salaries to the Plan. Effective January 1, 2017, employees were required to contribute 5.5% of their annual salaries to the Plan. The Hospital is required by the Plan to contribute the remaining amounts necessary to fund the Plan using actuarial methods.

The Hospital'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 entry age

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

normal method is used to determine both the funding and the pension benefit obligation.

The Plan's assets include investments reported at fair value. Investments in mutual funds, corporate equities, and fixed income securities are reported at fair value based on published market prices. Short-term money market funds are reported at cost, which approximates fair value. Investments in common collective trusts and hedge funds are reported at net asset value as a practical expedient for fair value.

Calculation of Money Weighted Rate of Return

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long term expected rate of return.

Actuarial methods and assumptions

	2018	2017
Valuation date	January 1, 2018	January 1, 2017
Measurement date	December 31, 2017	December 31, 2016
Investment rate of return	7.0%	7.0%
Inflation	2.5%	2.5%
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	30 year, closed	30 year, closed
Amortization growth rate	4.0%	4.0%
Salary increases including inflation	Graded table	Graded table
Mortality	Non-annuitants: RP-2000 "Employees" table projected to 2033 using scale AA; Annuitant: RP-2000: "Healthy Annuitants" table projected to 2025 using scale AA	Non-annuitants: RP-2000 "Employees" table projected to 2032 using scale AA; Annuitant: RP-2000: "Healthy Annuitants" table projected to 2024 using scale AA

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate range of the expected future real rates of return (expected returns, net of pension plan investments expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

<u>Asset Class</u>	<u>Index</u>	<u>Current Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
Cash	Citigroup 90-Day T-Bills	1.51%	-0.08%
Core Fixed Income	Barclays Aggregate	21.14%	1.67%
Mortgages	Barclays Mortgage	4.63%	2.77%
Non-US Fixed Income	JPM GBI Global ex-US	3.68%	-0.15%
Large Cap US Equities	S&P 500	24.51%	2.86%
Small Cap US Equities	Russell 2000	8.40%	2.68%
Developed Foreign Equities	MSCI EAFE	16.24%	3.50%
Emerging Market Equities	MSCI Emerging Markets	7.97%	3.94%
Private Equity	Cambridge Associates	4.54%	4.68%
Hedge Fund /Absolute Return	HFRI Fund of Funds	4.38%	2.93%
Assumed Inflation-Mean			2.30%
Portfolio Nominal Mean Return			5.47%
Portfolio Standard Deviation			10.69%
Long-Term Expected Rate of Return			7.00%

GAAP requires a blended discount rate be used to measure the total pension liability (the actuarial accrued liability calculated using the individual entry age normal cost method). The long-term expected return on Plan investments may be used to discount liabilities to the extent that the Plan's fiduciary net position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20 year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. GAAP does allow for alternative evaluations of projected solvency.

The following circumstances justify an alternative evaluation of sufficiency for the Plan:

- The Hospital has at least a five year history of paying at least 100% of the actuarially determined contribution (previously termed the annual required contribution).
- The actuarially determined contribution is based on a closed amortization period, which means that payment of the actuarially determined contribution each year will bring the Plan to a 100% funded position by the end of the amortization period.
- The projections regarding future solvency assume that Plan assets earn the assumed rate of return and there are no future changes in the Plan provisions or actuarial methods and assumptions. Therefore, the projections will not reflect any adverse future experience which might impact the Plan's funded position.

Based on these circumstances, the detailed depletion date projections will show that the fiduciary net position is projected to be sufficient to cover benefit payments and administrative expenses.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

Changes in the total pension liability, plan fiduciary net position and the net pension liability are:

	2017		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances of December 31, 2016	\$ 1,251,943	\$ 828,754	\$ 423,189
Changes for the year			
Service Cost	44,516	-	44,516
Interest on total pension liability	89,044	-	89,044
Effect of plan changes	(4,577)	-	(4,577)
Effect of economic/demographic gains or losses	8,896	-	8,896
Contributions - employee	-	38,686	(38,686)
Contributions - employer	-	27,915	(27,915)
Net investment income	-	130,137	(130,137)
Benefit payments, including refunds of employee contributions	(49,645)	(49,645)	-
Administrative expenses	-	(3,803)	3,803
Net changes	<u>88,234</u>	<u>143,290</u>	<u>(55,056)</u>
Balances at December 31, 2017	\$ <u>1,340,177</u>	\$ <u>972,044</u>	\$ <u>368,133</u>

Sensitivity Analysis

The following presents the net pension liability of the Hospital, using the discount rate of 7.0%, as well as a calculation of the net pension liability if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

	Decreased to 6.0%	Current Rate 7.0%	Increase to 8.0%
Total pension liability	\$ 1,514,129	\$ 1,340,177	\$ 1,196,227
Fiduciary net position	972,043	972,044	972,043
Net pension liability	542,086	368,133	224,184

During the Plan year ended December 31, 2017 \$38,686 of employee contributions were made in accordance with the contribution requirements described above. During the fiscal year ended September 30, 2018, \$42,400 of employee contributions were made in accordance with the contribution requirements described above. The Hospital contributed approximately \$27,915 to the Plan during the year ended December 31, 2017, in accordance with contribution requirements determined by the January 1, 2017 actuarial valuation. An additional \$24,445 was contributed between January 1, 2018 and September 30, 2018. These amounts were recorded as a deferred outflow of resources at September 30, 2018.

For the year ended September 30, 2018, the Hospital recognized pension expense of \$37,500. As of December 31, 2018, the deferred inflows and outflows of resources are as follows:

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,174	\$ -
Employer contributions made subsequent to measurement date	24,445	-
Net difference between projected and actual earnings on Plan investments	-	32,439
Total	\$ 30,619	\$ 32,439

At September 30, 2018, the Hospital reported approximately \$24,445 as deferred outflows of resources related to pensions resulting from the Hospital contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability at September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources at September 30, 2018, related to pensions will be recognized in pension expense as follows:

Years Ending		Amount
2018	\$	2,810
2019		(49)
2020		(14,685)
2021		(14,341)
	\$	(26,265)

The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. This report is available on the Parkland website @ Parkland hospital.com

(e) Defined Contribution Plan

The Hospital also maintains a voluntary defined contribution plan covering all employees with at least one year of service. The defined contribution plan is administered by the Board. The defined contribution plan provisions and contribution requirements are established and may be amended by the Board. Eligible employees can choose to contribute from 2% to 20% of their base salaries. The Hospital 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 Hospital'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 Hospital's contributions, the unvested portion can be used to reduce the Hospital's matching contributions in the aggregate.

Contributions for the year ended September 30, 2018, were approximately \$25,200 from the Hospital and \$51,300 from employees.

Concentrations of Patient Accounts Receivable Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are County residents. The mix of receivables from patients and third-party payors, net of allowances for contracted adjustments and bad debts, as of September 30, 2018, is as follows:

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

	Amounts	
Commercial insurance	\$ 53,166	40%
Medicaid	46,521	35%
Medicare	31,900	24%
Patients	1,329	1%
Total	\$ 132,916	100%

Commitments and Contingencies

As a local governmental unit, the Hospital is subject to the provisions of the Texas Tort Claims Act. Currently, the Hospital's liability is limited under the Act to monetary damages in a maximum amount of \$100 for each person, \$300 for each single occurrence for bodily injury or death, and \$100 for each single occurrence for injury to or destruction of property. These liability limitations apply to claims and lawsuits covered by the Texas Tort Claims Act and do not apply to other types of claims and lawsuits, including, among others, civil rights and employment related litigation.

As to litigation or other proceedings pending, or to its knowledge, threatened in any court, agency or other administrative body (either State or federal) that are not specifically disclosed in the footnotes, the Hospital intends to vigorously defend these matters and pursue its counterclaims, if any. Furthermore, as to such matters the Hospital is either currently unable to estimate the ultimate aggregate amount of monetary gain, loss or financial impact of these matters, or does not currently believe these proceedings will have a material adverse impact; provided, however, adverse resolution of these actions and counterclaims could have a material adverse effect on the business, financial condition or results of operations.

In response to a *qui tam* lawsuit filed in March 2010 alleging that the Hospital had submitted certain claims for payment relating to the provision of physical medicine and rehabilitation services that were impermissible under then applicable Medicare and Medicaid program billing regulations, the Hospital entered a settlement agreement in May 2013 with the United States of America, acting through the United States Department of Justice and on behalf of the Office of Inspector General (OIG-HHS) of the United States Department of Health and Human Services, and the State of Texas. The settlement agreement was entered into with no admission of liability by the Hospital and in final settlement and release of the alleged claims. Under the settlement agreement, the Hospital paid \$1,400 to settle the allegations and entered into a five-year Corporate Integrity Agreement (CIA) with the OIG-HHS. Under the CIA, among other things the Hospital agreed to (1) implement corrective action to improve systemic performance in compliance, ethics, clinical quality and patient safety; (2) measure, analyze, and track quality indicators, including adverse patient events, and implement written policies and procedures designed to ensure the Hospital's compliance with the federal healthcare program requirements on billing and reimbursement; (3) engage an outside monitoring organization to review the Hospital's submission of claims for reimbursement from federal healthcare programs; and (4) engage an outside monitoring organization to review the Hospital's clinical quality systems. Under the CIA, if the Hospital fails to comply with its provisions, the Hospital is entitled to notice of such non-compliance from the OIG-HHS and an opportunity to cure any alleged non-compliance. The CIA also contains provisions for imposition of monetary penalties for any non-compliance that is not timely cured by the Hospital. Further, for any material breaches of the CIA that are not cured by the Hospital, the CIA provides that the Hospital could be excluded from participation in the

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

Medicare and Medicaid programs, but the CIA also contains dispute resolution provisions for any proceeding seeking to exclude the Hospital from participation in the Medicare and Medicaid programs for non-compliance.

Effective May 29, 2018, the Hospital concluded the fifth and final Reporting Period of the CIA and timely submitted its fifth Annual Report to the OIG-HHS on September 28, 2018. As of September 30, 2018, no monetary penalties had been imposed by the OIG-HHS upon the Hospital for non-compliance with the provisions of the CIA nor had Hospital received any indication from the OIG-HHS regarding non-compliance with the provisions of the CIA.

Limited Tax Bonds

In 2009, the Hospital issued three series of Dallas County Hospital District Limited Tax Bonds (Bonds), with a total principal amount of \$705,000. Payment of principal and interest on the Bonds is supported by ad valorem tax revenue and federal subsidies under the Build America Bond Program. In 2013, the Hospital issued \$38,300 of Limited Tax and Revenue Bonds. The Bonds are rated AA- by Standard & Poor's and A+ by Fitch.

Taxable Series 2009B Bonds were issued with a total principal amount of \$222,500, in accordance with provisions of the Build America Bond program. These bonds bear interest at fixed interest rates ranging from 4.9% to 6.2% and mature from August 15, 2020 through August 15, 2034. The Taxable Series 2009B Bonds are subject to redemption prior to maturity on August 15, 2019 or on any date thereafter, in whole or in part, at the option of the Hospital, at the par amount plus any accrued interest.

Taxable Series 2009C Bonds were issued with total principal amount of \$457,700, in accordance with provisions of the Build America Bond program and bear interest at fixed interest rates ranging from 4.1% to 5.6%. These bonds mature from August 15, 2017 through August 15, 2044. The Taxable Series 2009C Bonds are subject to make-whole redemption prior to maturity at any time, in whole or in part, at the option of the Hospital, at the greater of (i) the issue price of the principal amount redeemed, or (ii) the sum of the present value of the remaining scheduled payments of principal and interest at the Treasury Rate plus 25 basis points plus accrued interest.

The Tax-Exempt Series 2013 Bonds bear interest at stated fixed interest rates between 4.0% and 5.0%, and mature from August 15, 2018 to 2038. The Series 2013 Bonds, with stated maturities on and after August 15, 2024, are subject to redemption prior to maturity on August 15, 2023 or on any date thereafter, in whole or in part, at the option of the Hospital at the par amount plus any accrued interest. Payment of principal and interest on the Series 2013 Bonds is supported by parking revenues up to \$3,000 annually and by a tax levy for required debt service payments above \$3,000.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

The following is a summary of long-term debt for the year ended September 30, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Amortization</u>	<u>Reductions</u>	<u>Ending Balance</u>
Taxable Series 2009B Bonds	\$ 222,490	\$ -	\$ -	\$ -	\$ 222,490
Taxable Series 2009C Bonds	443,030	-	-	(15,105)	427,925
Tax-Exempt 2013 Bonds	38,250	-	-	(890)	37,360
Tax-Exempt 2013 Bonds premium	<u>1,167</u>	<u>-</u>	<u>(225)</u>	<u>-</u>	<u>942</u>
Total debt	\$ <u>704,937</u>	\$ <u>-</u>	\$ <u>(225)</u>	\$ <u>(15,995)</u>	\$ <u>688,717</u>
Short-term debt					\$ 16,485
Long-term debt					<u>672,232</u>
Total debt					\$ <u>688,717</u>

Long-term debt maturities (including mandatory redemptions), interest payments, net of estimated subsidy, and total debt service at September 30, 2018 are as follows:

<u>Years Ending September 30,</u>	<u>Principal Payments and Mandatory Redemptions</u>	<u>Interest Payments</u>	<u>BAB Interest Subsidy</u>	<u>Total Debt Service</u>
2019	\$ 16,485	\$ 38,486	\$ (12,058)	\$ 42,913
2020	17,000	37,747	(11,832)	42,915
2021	17,585	36,905	(11,575)	42,915
2022	18,200	36,024	(11,303)	42,921
2023	18,875	35,056	(11,007)	42,924
2024 – 2028	105,450	159,364	(50,148)	214,666
2029 – 2033	128,385	126,299	(39,910)	214,774
2034 – 2038	156,760	85,567	(27,424)	214,903
2039 – 2043	170,995	40,217	(13,203)	198,009
2044	<u>38,040</u>	<u>2,138</u>	<u>(702)</u>	<u>39,476</u>
Subtotal	687,775	597,803	(189,162)	1,096,416
Bond premium	4,489	-	-	4,489
Accumulated amortization	<u>(3,547)</u>	<u>-</u>	<u>-</u>	<u>(3,547)</u>
Total	\$ <u>688,717</u>	\$ <u>597,803</u>	\$ <u>(189,162)</u>	\$ <u>1,097,358</u>

Total interest costs were \$40,100 for FY18.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

XIII. NEW ACCOUNTING PRONOUNCEMENTS

Management is in the process of determining the impact and application of the following new accounting pronouncements.

GASB Statement No. 83 – *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 84 – *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post employment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 87 – *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and, a lessor is required to recognize

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2018
(in thousands of dollars)

XIII. NEW ACCOUNTING PRONOUNCEMENTS (Continued)

a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 88 – *Certain disclosures related to debt, including direct borrowing and direct placements.* The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

XIV. SUBSEQUENT EVENT

On December 18, 2018, the Commissioners Court approved a capital lease for the purchase of land and construction of a building designed for County use. The term of the lease is for 10 years with a monthly payment of \$290 with total annual lease payments of \$3,480. After 18 months the County may purchase the property for the unpaid principal of the lease projected to be \$23,681 based upon an implied interest rate of 5.5% plus an unspecified premium amount. Acquisition of the land and construction costs are estimated to total \$26,898.

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

DALLAS COUNTY, TEXAS

Required Supplementary Information

General Fund

(Unaudited)

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

For the Year Ended September 30, 2018

(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 358,789	\$ 358,789	\$ 362,963	\$ 4,174
Licenses and permits	24,883	24,883	24,036	(847)
Fines and forfeitures	306	306	405	99
Investment income	1,757	1,757	2,107	350
Rental revenues	4,459	4,459	4,714	255
Intergovernmental revenues	6,239	6,239	10,320	4,081
Charges for current services	105,974	105,974	109,141	3,167
Miscellaneous	3,767	3,767	10,063	6,296
Total revenues	<u>506,174</u>	<u>506,174</u>	<u>523,749</u>	<u>17,575</u>
EXPENDITURES:				
General government:				
Salaries	52,068	47,011	46,987	24
Operating	28,833	30,967	26,238	4,729
Property	1,729	1,981	1,652	329
Total general government	<u>82,630</u>	<u>79,959</u>	<u>74,877</u>	<u>5,082</u>
Judicial:				
Salaries	129,858	132,010	132,004	6
Operating	30,779	37,198	32,677	4,521
Total judicial	<u>160,637</u>	<u>169,208</u>	<u>164,681</u>	<u>4,527</u>
Public safety:				
Salaries	229,572	247,360	247,361	(1)
Operating	23,814	25,936	18,136	7,800
Property	1,149	1,776	1,732	44
Total public safety	<u>254,535</u>	<u>275,072</u>	<u>267,229</u>	<u>7,843</u>
Health:				
Salaries	10,809	9,186	9,232	(46)
Operating	21,532	24,694	17,067	7,627
Property	-	85	87	(2)
Total health	<u>32,341</u>	<u>33,965</u>	<u>26,386</u>	<u>7,579</u>

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

(Continued)

DALLAS COUNTY, TEXAS

Required Supplementary Information

General Fund

(Unaudited)

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

For the Year Ended September 30, 2018

(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Welfare:				
Salaries	\$ 804	\$ 743	\$ 742	\$ 1
Operating	19	32	24	8
Total Public welfare	<u>823</u>	<u>775</u>	<u>766</u>	<u>9</u>
Reserves	<u>35,928</u>	<u>7,915</u>	<u>-</u>	<u>7,915</u>
Total expenditures and reserves	<u>566,894</u>	<u>566,894</u>	<u>533,939</u>	<u>32,955</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(60,720)</u>	<u>(60,720)</u>	<u>(10,190)</u>	<u>50,530</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	17,057	17,057	16,586	(471)
Transfers (out)	<u>(5,350)</u>	<u>(5,350)</u>	<u>(5,350)</u>	<u>-</u>
Total other financing sources (uses)	<u>11,707</u>	<u>11,707</u>	<u>11,236</u>	<u>(471)</u>
Net change in fund balance	(49,013)	(49,013)	1,046	50,059
Fund balance - beginning	<u>49,013</u>	<u>49,013</u>	<u>49,013</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,059</u>	<u>\$ 50,059</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
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September, 2018
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 69,769	\$ 69,769	\$ 70,625	\$ 856
Investment income	1,998	1,998	3,295	1,297
Intergovernmental revenues	600	600	688	88
Miscellaneous	-	-	8,494	8,494
Total revenues	<u>72,367</u>	<u>72,367</u>	<u>83,102</u>	<u>10,735</u>
EXPENDITURES:				
General government	13,833	13,833	7,755	6,078
Highways and streets	172,408	178,081	31,112	146,969
Public welfare	8,220	7,187	6,832	355
Debt Service - Capital leases				
Principal	-	-	1,471	(1,471)
Interest and fiscal charges	-	-	957	(957)
Capital outlay	49,438	103,807	87,049	16,758
Total expenditures	<u>243,899</u>	<u>302,908</u>	<u>135,176</u>	<u>167,732</u>
Reserves	76,660	17,731	-	17,731
Total expenditures and reserves	<u>320,559</u>	<u>320,639</u>	<u>135,176</u>	<u>185,463</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(248,192)</u>	<u>(248,272)</u>	<u>(52,074)</u>	<u>196,198</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	5,314	5,314	5,962	648
Transfers (out)	(80)	-	(203)	(203)
Capital Lease	-	-	51,715	51,715
Total other financings sources (uses)	<u>5,234</u>	<u>5,314</u>	<u>57,474</u>	<u>52,160</u>
Net change in fund balance	(242,958)	(242,958)	5,400	248,358
Fund balance - beginning	273,146	273,146	273,146	-
Fund balance - ending	<u>\$ 30,188</u>	<u>\$ 30,188</u>	<u>\$ 278,546</u>	<u>\$ 248,358</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
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 247	\$ 247	\$ 168	\$ (79)
Intergovernmental revenues	75,431	75,431	75,596	165
Charges for current services	275	275	950	675
Miscellaneous	1,212	1,212	1,207	(5)
Total revenues	<u>77,165</u>	<u>77,165</u>	<u>77,921</u>	<u>756</u>
EXPENDITURES:				
Judicial	4,827	4,827	4,826	1
Public safety	20,484	20,484	20,486	(2)
Health	35,051	35,051	33,143	1,908
Public welfare	20,088	20,088	20,088	-
Total expenditures	<u>80,450</u>	<u>80,450</u>	<u>78,543</u>	<u>1,907</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,285)</u>	<u>(3,285)</u>	<u>(622)</u>	<u>2,663</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	5,537	5,537	5,510	(27)
Transfers (out)	(1,859)	(1,859)	(1,858)	1
Total other financing sources (uses)	<u>3,678</u>	<u>3,678</u>	<u>3,652</u>	<u>(26)</u>
Net change in fund balance	393	393	3,030	2,637
Fund balance - beginning	2,658	2,658	2,658	-
Fund balance - ending	<u>\$ 3,051</u>	<u>\$ 3,051</u>	<u>\$ 5,688</u>	<u>\$ 2,637</u>

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

DALLAS COUNTY, TEXAS

Notes to Schedules of Revenues, Expenditures and Changes in Fund Balances Budget and Actual September 30, 2018

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

The following are the funds that have legally adopted annual budgets prepared on a basis consistent with GAAP (with the exception of budgeting for reserves): General Fund, Debt Service Fund and Special Revenue Funds (except for District Attorney funds and Judicial, Technology, Local Government, Local Official, and Record Management Funds). Project-length financial plans are adopted for Capital Projects Funds. Budget funds are allocated annually for Major Project funds in accordance to long-term requirements and projections.

- Tax rates are established and approved annually for budgeted funds per policy.
- General fund – projected unallocated fund balance equal to or greater than 10.5% of budgeted expenditures.
- Permanent Improvement fund – dedicated tax rate of 0.18 cents per \$100 valuation.
- Major Technology fund – dedicated tax rate of 1.733 cents per \$100 valuation.
- Major Capital Development fund – dedicated tax rate of 3.372 cents per \$100 valuation.
- Debt Service fund – calculated requirement using current principle and interest payments plus 10.5% reserve balance and compliance with IRS regulations.

Budget laws of the State of Texas provide 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 laws provide that the Commissioners Court “may, upon proper application, transfer an existing budget surplus during the year to a budget of like kind and fund but no such transfer shall increase the total budget.”

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

The County controls appropriations at the category level (i.e., salaries, allowances, operations and property) for each department or project within the General Fund and some of the Special Revenue Funds. Grants are budgeted in total and not at the category level. All Debt Service Fund expenditures for principal and interest on long-term debt are considered to be in the operations category. Certain appropriation transfers may be made between categories or departments only with the approval of the Commissioners Court. Other transfers (e.g. court costs) may be authorized by the Budget Director. Transfers that were made during the current fiscal year 2018 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

DALLAS COUNTY, TEXAS

**Notes to Schedules of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
September 30, 2018**

amended for all appropriation transfers processed during the fiscal year. More comprehensive accounting of activity on the budget (prepared on a GAAP basis) is provided in a separate report, which is available for public inspection in the office of the Dallas County Auditor, 1201 Elm Street, Suite 2300, Dallas, Texas 75270.

Encumbrances

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

DALLAS COUNTY
 Required Supplementary Information
Infrastructure Assets Under Modified Approach
 September 30, 2018
 (in thousands of dollars)

Roads

A federal highway administration pavement condition rating (PCR) was utilized to assess the condition of the 107.68 lane miles of County roads. County lane miles did not change in 2018. The County policy is to maintain roads at a minimum of 2.5 on a 4.0 scale. The following conditions were defined and associated to a rating:

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

Percentage of Roads with 2.5 or better condition:

Road and Bridge	2018	2017	2016	2015	2014
<u>District</u>					
District 1 ⁽¹⁾	-%	-%	-%	-%	-%
District 2	100.0	100.0	100.0	100.0	100.0
District 3	99.1	99.1	97.8	97.9	97.5
District 4	100.0	100.0	100.0	100.0	100.0
Overall System	99.7	99.7	99.3	99.3	99.2

Comparison of estimated to actual maintenance costs:

	2018	2017	2016	2015	2014
Estimated	\$ 1,018	\$ 1,018	\$ 950	\$ 901	\$ 937
Actual	1,907	1,370	2,013	1,431	1,280

⁽¹⁾ District 1 does not have any lane miles of County roads.

DALLAS COUNTY
 Required Supplementary Information
Infrastructure Assets Under Modified Approach
 September 30, 2018
 (in thousands of dollars)

Bridges

	Rating	Number	2018	2017	2016	2015	2014
Very Good	6.0 – 9.0	24	92%	100%	100%	100%	100%
Good	4.0 – 5.9	2	8	-	-	-	-
Fair	3.0 – 3.9	-	-	-	-	-	-
Poor	0.0 – 2.9	-	-	-	-	-	-
		26	100%	100%	100%	100%	100%

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

There was no change in the County’s bridge inventory for 2018.

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

Comparison of estimated to actual maintenance costs:

	2018	2017	2016	2015	2014
Estimated	\$ 1,115	\$ 1,098	\$ 1,098	\$ 1,100	\$ 1,093
Actual	250	147	218	861	409

DALLAS COUNTY
Required Supplementary Information
Primary Government
Schedule of Changes in Net Pension Liability and Related Ratios
(in thousands of dollars)

	<u>Year Ended December 31, 2017</u>	<u>Year Ended December 31, 2016</u>	<u>Year Ended December 31, 2015</u>	<u>Year Ended December 31, 2014</u>
Total Pension Liability				
Service costs	\$ 46,920	\$ 43,906	\$ 41,338	\$ 40,094
Interest on total pension liability	156,177	144,675	136,590	128,267
Effect of plan changes	-	-	(9,604)	-
Effect of assumption changes or inputs	9,066	-	20,674	-
Effect of economic/demographic (gains) or losses	(986)	6,501	(11,965)	(121)
Benefit payments/refunds of contributions	<u>(92,524)</u>	<u>(84,328)</u>	<u>(78,547)</u>	<u>(72,118)</u>
Net change in total pension liability	118,653	110,754	98,486	96,122
Total pension liability, beginning	<u>1,904,607</u>	<u>1,793,853</u>	<u>1,695,367</u>	<u>1,599,245</u>
Total pension liability, ending (a)	\$ <u>2,023,260</u>	\$ <u>1,904,607</u>	\$ <u>1,793,853</u>	\$ <u>1,695,367</u>
Fiduciary Net Position				
Employer contributions	\$ 43,304	\$ 39,234	\$ 35,839	\$ 34,859
Member contributions	24,870	23,918	21,864	21,250
Investment income net of investment expenses	246,954	117,495	(6,146)	103,088
Benefit payments/refunds of contributions	(92,524)	(84,328)	(78,547)	(72,118)
Administrative expenses	(1,274)	(1,277)	(1,147)	(1,203)
Other	<u>(339)</u>	<u>1,977</u>	<u>8</u>	<u>831</u>
Net change in fiduciary net position	220,991	97,019	(28,129)	86,707
Fiduciary net position, beginning	<u>1,674,991</u>	<u>1,577,972</u>	<u>1,606,101</u>	<u>1,519,394</u>
Fiduciary net position, ending (b)	\$ <u>1,895,982</u>	<u>1,674,991</u>	\$ <u>1,577,972</u>	\$ <u>1,606,101</u>
Net pension liability /(asset), ending = (a) – (b)	\$ <u>127,278</u>	<u>229,616</u>	\$ <u>215,881</u>	\$ <u>89,266</u>
Fiduciary net position as a % of total pension liability	93.71%	87.94%	87.97%	94.73%
Pensionable covered payroll	\$ 354,950	341,163	\$ 311,763	\$ 303,122
Net pension liability as a % of covered payroll	35.86%	67.30%	69.25%	29.45%

Note: GASB Statement No. 68 was implemented in FY15 and prior years are not available.

DALLAS COUNTY
Required Supplementary Information
Primary Government
Schedule of Changes in Net Pension Liability and Related Ratios
(in thousands of dollars)

Fiscal Year	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2009	\$ 20,494	\$ 24,885	\$ (4,391)	\$ 292,769	8.5%
2010	20,414	26,711	(6,297)	291,635	9.2
2011	20,683	27,774	(7,091)	295,470	9.4
2012	27,406	27,406	-	277,896	9.9
2013	30,760	30,760	-	289,744	10.6
2014	33,769	33,769	-	297,808	11.3
2015	35,867	35,867	-	311,886	11.5
2016	37,127	37,127	-	322,846	11.5
2017	42,483	42,483	-	353,624	12.0
2018	45,111	45,111	-	368,136	12.3

Valuation Date: Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed.
Remaining Amortization Method	13.6 years (based on contribution rate calculated in 12/31/2017 valuation).
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.0%, net of investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Plan Provisions Reflected in the Schedule*	No changes in plan provisions are reflected in the Schedule of Employer Contributions.

*Only changes effective 2015 and later are shown in the Notes to Schedule.

DALLAS COUNTY
 Required Supplementary Information
Primary Government
 Schedule of Changes in Other Post Employment Benefit Liability
 (in thousands of dollars)

	<u>Total OPEB Liability</u>
Balance at September 30, 2016	\$ <u>315,446</u>
Changes for the year:	
Service cost	15,815
Interest	10,056
Changes in assumptions or other inputs	(35,297)
Benefit payments	<u>(5,277)</u>
Net changes	<u>(14,703)</u>
Balance at September 30, 2017	\$ <u>300,743</u>
Covered-employee payroll	\$ <u>334,562</u>
Total OPEB liability as a percent of covered-employee payroll	<u>89.89%</u>

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period:

The following are the discount rates used in each period:

2017	3.64%
2016	3.06%

Note 1 - The discount rate for postretirement welfare cost purposes is a single rate reflecting the yield or index rate for 20-year, tax-exempt general obligation bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), to the extent that plan investments are not expected to finance the payment of benefits. Since there are no plan assets, the discount rate is determined based on the aforementioned basis as of the applicable Measurement Date. The discount rates are 3.64% as of September 30, 2017 and 3.06% as of September 30, 2016 based on the Bond Buyer Index, as reported in The Bond Buyer.

Note 2 - GASB Statement No. 75 was implemented in FY18 and prior years are not available.

DALLAS COUNTY
Required Supplementary Information
Discretely Presented Component Unit
Schedule of Changes in Net Pension Liability and Related Ratios
(in thousands of dollars)

	<u>Year Ended December 31, 2017</u>	<u>Year Ended December 31, 2016</u>	<u>Year Ended December 31, 2015</u>	<u>Year Ended December 31, 2014</u>
Total Pension Liability				
Service costs	\$ 44,516	\$ 41,024	\$ 39,886	\$ 37,881
Interest on total pension liability	89,044	83,216	78,296	72,677
Effect of plan changes	(4,577)	-	-	-
Effect of economic/demographic gains or (losses)	8,896	2,439	(2,122)	8,589
Benefit payments	<u>(49,645)</u>	<u>(44,312)</u>	<u>(49,392)</u>	<u>(32,637)</u>
Net change in total pension liability	88,234	82,367	66,668	86,510
Total pension liability, beginning	<u>1,251,943</u>	<u>1,169,576</u>	<u>1,102,908</u>	<u>1,016,398</u>
Total pension liability, ending (a)	<u>\$ 1,340,177</u>	<u>\$ 1,251,943</u>	<u>\$ 1,169,576</u>	<u>\$ 1,102,908</u>
Fiduciary Net Position				
Employer contributions	\$ 27,915	\$ 28,083	\$ 24,500	\$ 22,812
Member contributions	38,686	30,270	29,471	27,378
Investment income net of investment expenses	130,137	55,203	(7,945)	43,705
Benefit payments	(49,645)	(44,312)	(49,392)	(32,637)
Administrative expenses	<u>(3,803)</u>	<u>(1,881)</u>	<u>(2,047)</u>	<u>(2,020)</u>
Net change in plan fiduciary net position	143,290	67,363	(5,413)	59,238
Fiduciary net position, beginning	<u>828,754</u>	<u>761,391</u>	<u>766,804</u>	<u>707,566</u>
Fiduciary net position, ending (b)	<u>\$ 972,044</u>	<u>\$ 828,754</u>	<u>\$ 761,391</u>	<u>\$ 766,804</u>
Net pension liability = (a) – (b)	<u>\$ 368,133</u>	<u>\$ 423,189</u>	<u>\$ 408,185</u>	<u>\$ 336,104</u>
Fiduciary net position as a % of total pension liability	72.53%	66.20%	65.10%	69.53%
Covered payroll	\$ 632,669	\$ 613,367	\$ 574,215	554,120
Net pension liability as a % of covered payroll	58.19%	68.99%	71.09%	60.66%

DALLAS COUNTY
 Required Supplementary Information
Discretely Presented Component Unit
 Schedule of Employer Pension Contributions
 (in thousands of dollars)

	December 31,	
	2017	2016
Contributions in relation to the actuarially determined contributions	\$ 27,915	\$ 28,123
Actuarially determined contributions	(27,915)	(28,083)
Contribution deficit	\$ -	\$ 40
Covered payroll	\$ 632,669	\$ 613,367
Contributions as a percentage of covered employee payroll	4.4%	4.6%

Notes:

(1) *Valuation date:*

Actuarially determined contribution rates are calculated as of January 1st one year prior to the end of the fiscal year in which contributions are reported.

(2) *Methods and assumptions used to determine contribution rates:*

	As of December 31,	
	2017	2016
Actuarial cost method	Entry age normal cost	Entry age normal cost
Amortization method	30 year, closed	30 year, closed
Asset valuation method	5-year rolling phase-in	5-year rolling phase-in
Inflation	2.5%	2.5%
Investment rate of return	7.25%, net of pension plan investment expense, including inflation	7.50%, net of pension plan investment expense, including inflation
Retirement age	65	65
Mortality	RP-2000, projected	RP-2000, projected

THIS PAGE INTENTIONALLY LEFT BLANK

SUPPLEMENTARY INFORMATION

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

Judicial Fund 200 - used to account for statutory fees from criminal and civil court filings in County and District Courts restricted to projects for judiciary as approved by Commissioners Court.

Technology Fund 201 - used to account for fees from each civil case filed in Justice Courts restricted for the use of technology projects for the Justice Courts.

Local Government Fund 202 - used to account for a statutory fee and earnings that are restricted for the use of elections, transportation and other projects as defined by statute.

Local Official Fund 203 - used to account for money and property forfeited in criminal seizures restricted for use by County Sheriff, Constables and Special VIT interest managed by the County Assessor–Collector of Taxes.

Record Management Fund 204 - used to account for monies received from each civil case filed in County or District Courts restricted to manage, preserve or digitize County records.

Capital Project Fund

The Capital Project Fund is used to account for proceeds from bond issues specifically designated for capital expenditures. The following is the County's Capital Project Fund:

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

DALLAS COUNTY, TEXAS
 Combining Balance Sheet
 Non-major Governmental Funds
 September 30, 2018
 (in thousands of dollars)

	Special Revenue									
						District Attorney Forfeitures				
	Road and Bridge	Permanent Improvement	Law Library	Major Technology	HIDTA Federal	Special	Federal	State	Other	Historical Commission
ASSETS										
Cash and investments	\$ 28,954	\$ 2,163	\$ 418	\$ 6,427	\$ 1	\$ 199	\$ 1	\$ -	\$ 146	\$ 5
Receivables:										
Taxes - current	-	4,477	-	47,635	-	-	-	-	-	-
Less allowance for uncollectible	-	(204)	-	(1,804)	-	-	-	-	-	-
Net taxes receivable	-	4,273	-	45,831	-	-	-	-	-	-
Accounts	311,799	-	5,829	280	-	-	-	-	-	-
Less allowance	(309,234)	-	(5,789)	-	-	-	-	-	-	-
Accounts receivable	2,565	-	40	280	-	-	-	-	-	-
Accrued interest	67	5	-	15	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-	-	-	-	-
Inventories	214	-	-	-	-	-	-	-	-	-
Prepayments and advances	20	6	7	2,630	-	-	-	-	-	-
Total assets	\$ 31,820	\$ 6,447	\$ 465	\$ 55,183	\$ 1	\$ 199	\$ 1	\$ -	\$ 146	\$ 5
LIABILITIES										
Accounts payable	\$ 1,799	\$ 74	\$ 15	\$ 986	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1
Due to other funds	-	-	6	-	-	-	-	-	-	-
Due to other governmental units	1,476	-	-	-	-	-	-	-	-	-
Total liabilities	3,275	74	21	986	-	-	-	-	-	1
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue - other	2,107	2	39	5	-	-	-	-	-	-
Unavailable revenue - property taxes	-	4,282	-	45,933	-	-	-	-	-	-
Total deferred inflows	2,107	4,284	39	45,938	-	-	-	-	-	-
FUND BALANCES										
Nonspendable: inventories and prepaids	234	6	7	2,630	-	-	-	-	-	-
Restricted	26,204	-	398	-	1	199	1	-	146	4
Committed	-	2,083	-	5,629	-	-	-	-	-	-
Total fund balances	26,438	2,089	405	8,259	1	199	1	-	146	4
Total liabilities, deferred inflows and fund balances	\$ 31,820	\$ 6,447	\$ 465	\$ 55,183	\$ 1	\$ 199	\$ 1	\$ -	\$ 146	\$ 5

(Continued)

DALLAS COUNTY, TEXAS
 Combining Balance Sheet
 Non-major Governmental Funds
 September 30, 2018
 (in thousands of dollars)

Special Revenue

	<u>Alternative Dispute Resolution</u>	<u>Appellate Justice System</u>	<u>HUD Section 8 Grants</u>	<u>Academy for Academic Excellence</u>	<u>Judicial</u>	<u>Technology</u>	<u>Local Government</u>	<u>Local Official</u>	<u>Record Management</u>	<u>Total</u>
ASSETS										
Cash and investments	\$ 3,993	\$ 883	\$ 3,140	\$ 2,956	\$ 2,140	\$ 1,136	\$ 15,147	\$ 9,322	\$ 23,664	\$ 100,695
Receivables:										
Taxes - current	-	-	-	-	-	-	-	-	-	52,112
Less allowance for uncollectible	-	-	-	-	-	-	-	-	-	(2,008)
Net taxes receivable	-	-	-	-	-	-	-	-	-	50,104
Accounts	4,784	1,753	-	-	4,946	1,318	6,852	403	13,785	351,749
Less allowance	(4,752)	(1,744)	-	-	(4,879)	(1,286)	(4,436)	(137)	(13,631)	(345,888)
Accounts receivable	32	9	-	-	67	32	2,416	266	154	5,861
Accrued interest	9	-	-	7	5	3	35	22	55	223
Due from other funds	-	-	103	-	-	-	-	-	-	103
Due from other governmental units	-	-	167	118	-	-	-	-	-	285
Inventories	-	-	-	-	-	-	-	48	-	262
Prepayments and advances	-	-	2,722	6	-	-	197	114	24	5,726
Total assets	\$ 4,034	\$ 892	\$ 6,132	\$ 3,087	\$ 2,212	\$ 1,171	\$ 17,795	\$ 9,772	\$ 23,897	\$ 163,259
LIABILITIES										
Accounts payable	\$ 1	\$ 15	\$ 323	\$ 64	\$ 31	\$ -	\$ 982	\$ 455	\$ 254	\$ 5,000
Due to other funds	-	-	34	-	-	-	-	-	-	40
Due to other governmental units	-	-	-	-	-	-	-	-	-	1,476
Total liabilities	1	15	357	64	31	-	982	455	254	6,516
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue - other	33	9	-	2	67	32	2,426	8	170	4,900
Unavailable revenue - property taxes	-	-	-	-	-	-	-	-	-	50,215
Total deferred inflows	33	9	-	2	67	32	2,426	8	170	55,115
FUND BALANCES										
Nonspendable: inventories and prepaids	-	-	2,722	6	-	-	197	162	24	5,988
Restricted	4,000	868	3,053	3,015	2,114	1,139	14,190	9,147	23,449	87,928
Committed	-	-	-	-	-	-	-	-	-	7,712
Total fund balances	4,000	868	5,775	3,021	2,114	1,139	14,387	9,309	23,473	101,628
Total liabilities, deferred inflows and fund balances	\$ 4,034	\$ 892	\$ 6,132	\$ 3,087	\$ 2,212	\$ 1,171	\$ 17,795	\$ 9,772	\$ 23,897	\$ 163,259

(Continued)

DALLAS COUNTY, TEXAS
Combining Balance Sheet
Non-major Governmental Funds
September 30, 2018
(in thousands of dollars)

	Capital Project		
	Roads	Total	Total Non-major Governmental Funds
ASSETS			
Cash and investments	\$ 7,739	\$ 7,739	\$ 108,434
Receivables:			
Taxes - current	-	-	52,112
Less allowance for uncollectible	-	-	(2,008)
Net taxes receivable	-	-	50,104
Accounts	-	-	351,749
Less allowance	-	-	(345,888)
Accounts receivable	-	-	5,861
Accrued interest	-	-	223
Due from other funds	-	-	103
Due from other governmental units	11	11	296
Inventories	-	-	262
Prepayments and advances	-	-	5,726
Total assets	\$ 7,750	\$ 7,750	\$ 171,009
LIABILITIES			
Accounts payable	\$ 12	\$ 12	\$ 5,012
Due to other funds	462	462	502
Due to other governmental units	83	83	1,559
Total liabilities	557	557	7,073
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - other	-	-	4,900
Unavailable revenue - property taxes	-	-	50,215
Total deferred inflows	-	-	55,115
FUND BALANCES			
Nonspendable: inventories and prepaids	-	-	5,988
Restricted	7,193	7,193	95,121
Committed	-	-	7,712
Total fund balances	7,193	7,193	108,821
Total liabilities, deferred inflows and fund balances	\$ 7,750	\$ 7,750	\$ 171,009

(Concluded)

DALLAS COUNTY, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended September 30, 2018
(in thousands of dollars)

	Special Revenue									
						<u>District Attorney</u>		<u>District Attorney Forfeiture</u>		
	<u>Road and Bridge</u>	<u>Permanent Improvement</u>	<u>Law Library</u>	<u>Major Technology</u>	<u>HIDTA Federal</u>	<u>Special</u>	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Historical Commission</u>
REVENUES										
Property taxes	\$ -	\$ 3,774	\$ -	\$ 36,262	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highway license fees	22,625	-	-	-	-	-	-	-	-	-
Fines and forfeitures	8,212	-	-	-	-	-	-	-	-	-
Investment income	218	21	3	218	-	-	-	-	2	-
Intergovernmental revenues	55	-	-	286	-	-	-	-	-	-
Charges for current services	2,882	-	1,043	-	-	-	-	-	-	-
Miscellaneous	31	-	-	-	-	77	-	-	-	-
Total revenues	<u>34,023</u>	<u>3,795</u>	<u>1,046</u>	<u>36,766</u>	<u>-</u>	<u>77</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>
EXPENDITURES										
Current:										
General government	-	669	-	29,729	-	-	-	-	-	3
Judicial	-	257	869	2,181	-	36	-	-	6	-
Public safety	-	1,398	-	2,086	-	-	-	-	-	-
Highways and streets	10,535	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Public Welfare	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>10,535</u>	<u>2,324</u>	<u>869</u>	<u>33,996</u>	<u>-</u>	<u>36</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>3</u>
Excess (deficiency) of revenues over (under) expenditures	<u>23,488</u>	<u>1,471</u>	<u>177</u>	<u>2,770</u>	<u>-</u>	<u>41</u>	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>(3)</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers (out)	(14,928)	-	(122)	(2,477)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(14,928)</u>	<u>-</u>	<u>(122)</u>	<u>(2,477)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	8,560	1,471	55	293	-	41	-	-	(4)	(3)
Fund balance - beginning	<u>17,878</u>	<u>618</u>	<u>350</u>	<u>7,966</u>	<u>1</u>	<u>158</u>	<u>1</u>	<u>-</u>	<u>150</u>	<u>7</u>
Fund balance - ending	<u>\$ 26,438</u>	<u>\$ 2,089</u>	<u>\$ 405</u>	<u>\$ 8,259</u>	<u>\$ 1</u>	<u>\$ 199</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 146</u>	<u>\$ 4</u>

(Continued)

DALLAS COUNTY, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended September 30, 2018
(in thousands of dollars)

Special Revenue

	Alternative Dispute Resolution	Appellate Justice System	HUD Section 8 Grants	Academy for Academic Excellence	Judicial	Technology	Local Government	Local Official	Record Management	Total
REVENUES										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,036
Highway license fees	-	-	-	-	-	-	-	-	-	22,625
Fines and forfeitures	-	-	42	-	-	-	-	-	-	8,254
Investment income	35	6	28	31	(6)	(5)	(19)	128	706	1,366
Intergovernmental revenues	-	-	34,899	8,108	-	-	8,685	-	-	52,033
Charges for current services	846	463	1	-	509	209	2,361	5,949	9,211	23,474
Miscellaneous	-	-	20	-	9	-	-	219	-	356
Total revenues	<u>881</u>	<u>469</u>	<u>34,900</u>	<u>8,139</u>	<u>512</u>	<u>204</u>	<u>11,027</u>	<u>6,296</u>	<u>9,917</u>	<u>148,144</u>
EXPENDITURES										
Current:										
General government	-	-	-	-	-	-	-	507	-	30,908
Judicial	189	206	-	-	252	-	836	723	6,223	11,778
Public safety	-	-	-	-	-	-	11	4,672	-	8,167
Highways and streets	-	-	-	-	-	-	-	-	-	10,535
Education	-	-	-	7,698	-	-	-	-	-	7,698
Public Welfare	-	-	32,742	-	-	-	5,446	-	-	38,188
Total expenditures	<u>189</u>	<u>206</u>	<u>32,742</u>	<u>7,698</u>	<u>252</u>	<u>-</u>	<u>6,293</u>	<u>5,902</u>	<u>6,223</u>	<u>107,274</u>
Excess (deficiency) of revenues over (under) expenditures	<u>692</u>	<u>263</u>	<u>2,248</u>	<u>441</u>	<u>260</u>	<u>204</u>	<u>4,734</u>	<u>394</u>	<u>3,694</u>	<u>40,870</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	122	-	-	5	-	127
Transfers (out)	(217)	-	-	(160)	(345)	-	(1,485)	-	(1,040)	(20,774)
Total other financing sources (uses)	<u>(217)</u>	<u>-</u>	<u>-</u>	<u>(160)</u>	<u>(223)</u>	<u>-</u>	<u>(1,485)</u>	<u>5</u>	<u>(1,040)</u>	<u>(20,647)</u>
Net change in fund balance	475	263	2,248	281	37	204	3,249	399	2,654	20,223
Fund balance - beginning	<u>3,525</u>	<u>605</u>	<u>3,527</u>	<u>2,740</u>	<u>2,077</u>	<u>935</u>	<u>11,138</u>	<u>8,910</u>	<u>20,819</u>	<u>81,405</u>
Fund balance - ending	<u>\$ 4,000</u>	<u>\$ 868</u>	<u>\$ 5,775</u>	<u>\$ 3,021</u>	<u>\$ 2,114</u>	<u>\$ 1,139</u>	<u>\$ 14,387</u>	<u>\$ 9,309</u>	<u>\$ 23,473</u>	<u>\$ 101,628</u>

(Continued)

DALLAS COUNTY, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended September 30, 2018
(in thousands of dollars)

	Capital Project		
	Roads	Total	Total Non-major Governmental Funds
REVENUES			
Property taxes	\$ -	\$ -	\$ 40,036
Highway license fees	-	-	22,625
Fines and forfeitures	-	-	8,254
Investment income	-	-	1,366
Intergovernmental revenues	-	-	52,033
Charges for current services	-	-	23,474
Miscellaneous	-	-	356
	-	-	148,144
EXPENDITURES			
Current:			
General government	-	-	30,908
Judicial	-	-	11,778
Public safety	-	-	8,167
Highways and streets	2,062	2,062	12,597
Education	-	-	7,698
Public Welfare	-	-	38,188
	2,062	2,062	109,336
Excess (deficiency) of revenues over (under) expenditures	(2,062)	(2,062)	\$ 38,808
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	127
Transfers (out)	-	-	(20,774)
Total other financing sources (uses)	-	-	(20,647)
Net change in fund balance	(2,062)	(2,062)	18,161
Fund balance - beginning	9,255	9,255	90,660
Fund balance - ending	\$ 7,193	\$ 7,193	\$ 108,821

(Concluded)

DALLAS COUNTY, TEXAS
Debt Service - County Wide - Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2018
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 35,433	\$ 35,433	\$ 35,798	\$ 365
Investment income	984	984	3,124	2,140
Total revenues	<u>36,417</u>	<u>36,417</u>	<u>38,922</u>	<u>2,505</u>
EXPENDITURES:				
Debt service				
Principal	27,280	27,280	27,280	-
Interest and fiscal charges	<u>9,263</u>	<u>9,263</u>	<u>9,262</u>	<u>1</u>
Total debt service	<u>36,543</u>	<u>36,543</u>	<u>36,542</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(126)</u>	<u>(126)</u>	<u>2,380</u>	<u>2,506</u>
Net change in fund balance	(126)	(126)	2,380	2,506
Fund balance - beginning	<u>5,088</u>	<u>5,088</u>	<u>5,088</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,962</u>	<u>\$ 4,962</u>	<u>\$ 7,468</u>	<u>\$ 2,506</u>

DALLAS COUNTY, TEXAS
Road and Bridge Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2018
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Highway license fees	\$ 22,223	\$ 22,223	\$ 22,625	\$ 402
Fines and forfeitures	7,900	7,900	8,212	312
Investment income	169	169	218	49
Intergovernmental revenues	38	38	55	17
Charges for current services	1,602	1,602	2,882	1,280
Miscellaneous	<u>17</u>	<u>17</u>	<u>31</u>	<u>14</u>
Total revenues	<u>31,949</u>	<u>31,949</u>	<u>34,023</u>	<u>2,074</u>
EXPENDITURES:				
Highways and streets:				
Salaries	5,683	5,459	5,460	(1)
Operating	1,492	5,528	4,911	617
Property	<u>1,472</u>	<u>1,472</u>	<u>164</u>	<u>1,308</u>
Total highways and streets	8,647	12,459	10,535	1,924
Reserves	<u>24,560</u>	<u>20,748</u>	<u>-</u>	<u>20,748</u>
Total expenditures and reserves	<u>33,207</u>	<u>33,207</u>	<u>10,535</u>	<u>22,672</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,258)</u>	<u>(1,258)</u>	<u>23,488</u>	<u>24,746</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(16,620)</u>	<u>(16,620)</u>	<u>(14,928)</u>	<u>1,692</u>
Total other financing sources (uses)	<u>(16,620)</u>	<u>(16,620)</u>	<u>(14,928)</u>	<u>1,692</u>
Net change in fund balance	(17,878)	(17,878)	8,560	26,438
Fund balance - beginning	<u>17,878</u>	<u>17,878</u>	<u>17,878</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,438</u>	<u>\$ 26,438</u>

DALLAS COUNTY, TEXAS
 Permanent Improvement Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September, 2018
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Property taxes	\$ 3,730	\$ 3,730	\$ 3,774	\$ 44
Investment income	20	20	21	1
Total revenues	<u>3,750</u>	<u>3,750</u>	<u>3,795</u>	<u>45</u>
EXPENDITURES:				
General government	764	1,221	669	552
Public safety	937	1,486	1,398	88
Judicial	43	395	257	138
Health	7	53	-	53
Total expenditures	<u>1,751</u>	<u>3,155</u>	<u>2,324</u>	<u>831</u>
Reserves	<u>1,589</u>	<u>185</u>	-	<u>185</u>
Total expenditures and reserves	<u>3,340</u>	<u>3,340</u>	<u>2,324</u>	<u>1,016</u>
Excess (deficiency) of revenues over (under) expenditures	<u>410</u>	<u>410</u>	<u>1,471</u>	<u>1,061</u>
Net change in fund balance	410	410	1,471	1,061
Fund balance - beginning	<u>618</u>	<u>618</u>	<u>618</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,028</u>	<u>\$ 1,028</u>	<u>\$ 2,089</u>	<u>\$ 1,061</u>

DALLAS COUNTY, TEXAS
 Law Library Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2018
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Charges for current services	\$ 987	\$ 987	\$ 1,043	\$ 56
Investment income	-	-	3	3
Total revenues	<u>987</u>	<u>987</u>	<u>1,046</u>	<u>59</u>
EXPENDITURES:				
Judicial:				
Salaries	585	547	548	(1)
Operating	<u>441</u>	<u>454</u>	<u>321</u>	<u>133</u>
Total Judicial	1,026	1,001	869	132
Reserves	<u>42</u>	<u>67</u>	-	<u>67</u>
Total expenditures and reserves	<u>1,068</u>	<u>1,068</u>	<u>869</u>	<u>199</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(81)</u>	<u>(81)</u>	<u>177</u>	<u>258</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(175)</u>	<u>(175)</u>	<u>(122)</u>	<u>53</u>
Total other financing sources (uses)	<u>(175)</u>	<u>(175)</u>	<u>(122)</u>	<u>53</u>
Net change in fund balance	(256)	(256)	55	311
Fund balance - beginning	<u>350</u>	<u>350</u>	<u>350</u>	<u>-</u>
Fund balance - ending	<u>\$ 94</u>	<u>\$ 94</u>	<u>\$ 405</u>	<u>\$ 311</u>

DALLAS COUNTY, TEXAS
Major Technology Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2018
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 35,910	\$ 35,910	\$ 36,262	\$ 352
Investment income	143	143	218	75
Intergovernmental revenues	-	-	286	286
Total revenues	<u>36,053</u>	<u>36,053</u>	<u>36,766</u>	<u>713</u>
EXPENDITURES:				
General government:				
Salaries	13,442	14,705	14,707	(2)
Operating	17,412	14,489	12,848	1,641
Property	5,896	5,081	2,174	2,907
Total general government	<u>36,750</u>	<u>34,275</u>	<u>29,729</u>	<u>4,546</u>
Judicial:				
Property	265	2,104	2,181	(77)
Total judicial government	<u>265</u>	<u>2,104</u>	<u>2,181</u>	<u>(77)</u>
Public safety:				
Property	51	2,932	2,086	846
Total public safety government	<u>51</u>	<u>2,932</u>	<u>2,086</u>	<u>846</u>
Reserves	5,124	2,879	-	2,879
Total expenditures and reserves	<u>42,190</u>	<u>42,190</u>	<u>33,996</u>	<u>8,194</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,137)</u>	<u>(6,137)</u>	<u>2,770</u>	<u>8,907</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(1,829)</u>	<u>(1,829)</u>	<u>(2,477)</u>	<u>(648)</u>
Total other financing sources (uses)	<u>(1,829)</u>	<u>(1,829)</u>	<u>(2,477)</u>	<u>(648)</u>
Net change in fund balance	(7,966)	(7,966)	293	8,259
Fund balance - beginning	7,966	7,966	7,966	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,259</u>	<u>\$ 8,259</u>

DALLAS COUNTY, TEXAS
Historical Commission Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2018
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
General government:				
Operating	\$ 2	\$ 4	\$ 3	\$ 1
Total general government	<u>2</u>	<u>4</u>	<u>3</u>	<u>1</u>
Reserves	<u>5</u>	<u>3</u>	<u>-</u>	<u>3</u>
Total expenditures and reserves	<u>7</u>	<u>7</u>	<u>3</u>	<u>4</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7)</u>	<u>(7)</u>	<u>(3)</u>	<u>4</u>
Net change in fund balance	(7)	(7)	(3)	4
Fund balance - beginning	<u>7</u>	<u>7</u>	<u>7</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 4</u>

DALLAS COUNTY, TEXAS
 Alternate Dispute Resolution Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2018
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 29	\$ 29	\$ 35	\$ 6
Charges for current services	<u>750</u>	<u>750</u>	<u>846</u>	<u>96</u>
Total revenues	<u>779</u>	<u>779</u>	<u>881</u>	<u>102</u>
EXPENDITURES:				
Judicial:				
Salaries	208	179	179	-
Operating	<u>21</u>	<u>25</u>	<u>10</u>	<u>15</u>
Total Judicial	229	204	189	15
Reserves	<u>3,858</u>	<u>3,883</u>	-	<u>3,883</u>
Total expenditures and reserves	<u>4,087</u>	<u>4,087</u>	<u>189</u>	<u>3,898</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,308)</u>	<u>(3,308)</u>	<u>692</u>	<u>4,000</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(217)</u>	<u>(217)</u>	<u>(217)</u>	<u>-</u>
Total other financing sources (uses)	<u>(217)</u>	<u>(217)</u>	<u>(217)</u>	<u>-</u>
Net change in fund balance	(3,525)	(3,525)	475	4,000
Fund balance - beginning	<u>3,525</u>	<u>3,525</u>	<u>3,525</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ 4,000</u>

DALLAS COUNTY, TEXAS
Appellate Judicial System Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2018
(in thousands of dollars)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Charges for current services	\$ 300	\$ 300	\$ 463	\$ 163
Investment income	-	-	6	6
Total revenues	<u>300</u>	<u>300</u>	<u>469</u>	<u>169</u>
EXPENDITURES:				
Judicial:				
Operating	<u>242</u>	<u>242</u>	<u>206</u>	<u>36</u>
Total Judicial	242	242	206	36
Reserves	<u>638</u>	<u>638</u>	-	<u>638</u>
Total expenditures and reserves	<u>880</u>	<u>880</u>	<u>206</u>	<u>674</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(580)</u>	<u>(580)</u>	<u>263</u>	<u>843</u>
Net change in fund balance	(580)	(580)	263	843
Fund balance - beginning	<u>605</u>	<u>605</u>	<u>605</u>	<u>-</u>
Fund balance - ending	<u>\$ 25</u>	<u>\$ 25</u>	<u>\$ 868</u>	<u>\$ 843</u>

DALLAS COUNTY, TEXAS
 HUD Section 8 Grants Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2018
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 14	\$ 14	\$ 28	\$ 14
Charges for current services	-	-	1	1
Fines and forfeitures	1	1	42	41
Intergovernmental revenues	35,485	35,485	34,899	(586)
Miscellaneous	<u>24</u>	<u>24</u>	<u>20</u>	<u>(4)</u>
Total revenues	<u>35,524</u>	<u>35,524</u>	<u>34,990</u>	<u>(534)</u>
EXPENDITURES:				
Public welfare	<u>35,984</u>	<u>35,984</u>	<u>32,742</u>	<u>3,242</u>
Total public welfare	35,984	35,984	32,742	3,242
Excess (deficiency) of revenues over (under) expenditures	<u>(460)</u>	<u>(460)</u>	<u>2,248</u>	<u>2,708</u>
Net change in fund balance	(460)	(460)	2,248	2,708
Fund balance - beginning	<u>3,527</u>	<u>3,527</u>	<u>3,527</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,067</u>	<u>\$ 3,067</u>	<u>\$ 5,775</u>	<u>\$ 2,708</u>

DALLAS COUNTY, TEXAS
Academy for Academic Excellence Grants Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2018
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 26	\$ 26	\$ 31	\$ 5
Intergovernmental revenues	<u>7,270</u>	<u>7,270</u>	<u>8,108</u>	<u>838</u>
Total revenues	<u>7,296</u>	<u>7,296</u>	<u>8,139</u>	<u>843</u>
EXPENDITURES:				
Education	<u>6,937</u>	<u>6,937</u>	<u>7,698</u>	<u>(761)</u>
Total education	<u>6,937</u>	<u>6,937</u>	<u>7,698</u>	<u>(761)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>359</u>	<u>359</u>	<u>441</u>	<u>82</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(160)</u>	<u>(160)</u>	<u>(160)</u>	<u>-</u>
Total other financing sources (uses)	<u>(160)</u>	<u>(160)</u>	<u>(160)</u>	<u>-</u>
Net change in fund balance	199	199	281	82
Fund balance - beginning	<u>2,740</u>	<u>2,740</u>	<u>2,740</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,939</u>	<u>\$ 2,939</u>	<u>\$ 3,021</u>	<u>\$ 82</u>



FIDUCIARY SECTION

DALLAS COUNTY, TEXAS
FIDUCIARY FUNDS – ALL AGENCY FUNDS

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

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

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

State Reports (Fund 166) - used to account for State fees collected by the County and subsequently disbursed to the State.

County Clerk, District Clerk, Sheriff, Justices of the Peace and Constables Fee Funds (Funds 501-506, 580-587) - used to account for monies received with ultimate disposition of receipts to be determined at a future date.

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

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

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

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

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

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

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

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

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

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

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

DALLAS COUNTY, TEXAS
 Combining Statement of Fiduciary Assets and Liabilities- Agency Funds
 September 30, 2018
 (in thousands of dollars)

	<u>Fee Office Funds</u>									Housing Finance Corporation - 1993 Refunding
	Administrative Fund Escrow	Sheriff Inmate Funds	State Reports	County Clerk	District Clerk	Sheriff	Community Supervision and Corrections	Justices of the Peace	Constables	
Assets:										
Cash and investments	\$ 10,906	\$ 464	\$ 3,590	\$ 30,992	\$ 28,950	\$ 235	\$ 10,342	\$ 1,728	\$ 130	\$ 65
Accrued interest and other receivables	-	-	-	-	-	-	1	-	-	-
Assets held in escrow	9,115	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 20,021</u>	<u>\$ 464</u>	<u>\$ 3,590</u>	<u>\$ 30,992</u>	<u>\$ 28,950</u>	<u>\$ 235</u>	<u>\$ 10,343</u>	<u>\$ 1,728</u>	<u>\$ 130</u>	<u>\$ 65</u>
Liabilities:										
Due to other governmental units and others	\$ 20,021	\$ 464	\$ 3,590	\$ 30,992	\$ 28,950	\$ 235	\$ 10,343	\$ 1,728	\$ 130	\$ 65
Total liabilities	<u>\$ 20,021</u>	<u>\$ 464</u>	<u>\$ 3,590</u>	<u>\$ 30,992</u>	<u>\$ 28,950</u>	<u>\$ 235</u>	<u>\$ 10,343</u>	<u>\$ 1,728</u>	<u>\$ 130</u>	<u>\$ 65</u>

DALLAS COUNTY, TEXAS
 Combining Statement of Fiduciary Assets and Liabilities- Agency Funds
 September 30, 2018
 (in thousands of dollars)

	<u>Departmental Special Funds</u>					<u>District Attorney Seized 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	\$ 720	\$ 991	\$ 2,955	\$ 1	\$ 52,739	\$ 37	\$ 27	\$ 60	\$ 33	\$ 144,965
Accrued interest and other receivables	-	-	-	-	124	-	-	-	-	125
Assets held in escrow	-	-	-	-	-	-	-	-	-	9,115
Total assets	<u>\$ 720</u>	<u>\$ 991</u>	<u>\$ 2,955</u>	<u>\$ 1</u>	<u>\$ 52,863</u>	<u>\$ 37</u>	<u>\$ 27</u>	<u>\$ 60</u>	<u>\$ 33</u>	<u>\$ 154,205</u>
Liabilities:										
Due to other governmental units and others	\$ 720	\$ 991	\$ 2,955	\$ 1	\$ 52,863	\$ 37	\$ 27	\$ 60	\$ 33	\$ 154,205
Total liabilities	<u>\$ 720</u>	<u>\$ 991</u>	<u>\$ 2,955</u>	<u>\$ 1</u>	<u>\$ 52,863</u>	<u>\$ 37</u>	<u>\$ 27</u>	<u>\$ 60</u>	<u>\$ 33</u>	<u>\$ 154,205</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
Balance September 30, 2018
(in thousands of dollars)

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
<hr/> Administrative Fund - Escrow <hr/>				
Assets:				
Cash and investments	\$ 12,864	\$ 29,789	\$ (31,747)	\$ 10,906
Accrued interest and other receivable	15	-	(15)	-
Assets held in escrow	9,415	475	(775)	\$ 9,115
Total assets	\$ 22,294	\$ 30,264	\$ (32,537)	\$ 20,021
Liabilities:				
Due to other governmental units and others - administrative	\$ 22,294	\$ 30,264	\$ (32,537)	\$ 20,021
Total liabilities	\$ 22,294	\$ 30,264	\$ (32,537)	\$ 20,021
 <hr/> Sheriff Inmate Funds <hr/>				
Assets:				
Cash and investments	\$ 497	\$ -	\$ (33)	\$ 464
Total assets	\$ 497	\$ -	\$ (33)	\$ 464
Liabilities:				
Due to other governmental units and others	\$ 497	\$ -	\$ (33)	\$ 464
Total liabilities	\$ 497	\$ -	\$ (33)	\$ 464

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2018
(in thousands of dollars)

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
<hr/> Fee Office Fund - State Reports <hr/>				
Assets:				
Cash and investments	\$ 3,491	\$ 31,823	\$ (31,724)	\$ 3,590
Total assets	\$ 3,491	\$ 31,823	\$ (31,724)	\$ 3,590
Liabilities:				
Due to other governmental units and others - fee office	\$ 3,491	\$ 28,112	\$ (28,013)	\$ 3,590
Total liabilities	\$ 3,491	\$ 28,112	\$ (28,013)	\$ 3,590
 <hr/> Fee Office Fund - County Clerk <hr/>				
Assets:				
Cash and investments	\$ 27,745	\$ 178,311	\$ (175,064)	\$ 30,992
Total assets	\$ 27,745	\$ 178,311	\$ (175,064)	\$ 30,992
Liabilities:				
Due to other governmental units and others - fee office	\$ 27,745	\$ 121,302	\$ (118,055)	\$ 30,992
Total liabilities	\$ 27,745	\$ 121,302	\$ (118,055)	\$ 30,992

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2018
(in thousands of dollars)

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
<hr/> Fee Office Fund - District Clerk <hr/>				
Assets:				
Cash and investments	\$ 24,550	\$ 105,491	\$ (101,091)	\$ 28,950
Total assets	\$ 24,550	\$ 105,491	\$ (101,091)	\$ 28,950
Liabilities:				
Due to other governmental units and others - fee office	\$ 24,550	\$ 71,005	\$ (66,605)	\$ 28,950
Total liabilities	\$ 24,550	\$ 71,005	\$ (66,605)	\$ 28,950
 <hr/> Fee Office Fund - Sheriff <hr/>				
Assets:				
Cash and investments	\$ 331	\$ 50,449	\$ (50,545)	\$ 235
Total assets	\$ 331	\$ 50,449	\$ (50,545)	\$ 235
Liabilities:				
Due to other governmental units and others - fee office	\$ 331	\$ 36,903	\$ (36,999)	\$ 235
Total liabilities	\$ 331	\$ 36,903	\$ (36,999)	\$ 235

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2018
(in thousands of dollars)

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
Fee Office Fund - Community Supervision and Corrections				
Assets:				
Cash and investments	\$ 10,050	\$ 127,505	\$ (127,213)	\$ 10,342
Accrued interest and other receivable	1	-	-	1
Total assets	\$ 10,051	\$ 127,505	\$ (127,213)	\$ 10,343
Liabilities:				
Due to other governmental units and others - fee office	\$ 10,051	\$ 40,091	\$ (39,799)	\$ 10,343
Total liabilities	\$ 10,051	\$ 40,091	\$ (39,799)	\$ 10,343
Fee Office Fund - Justices of the Peace				
Assets:				
Cash and investments	\$ 1,806	\$ 940	\$ (1,018)	\$ 1,728
Total assets	\$ 1,806	\$ 940	\$ (1,018)	\$ 1,728
Liabilities:				
Due to other governmental units and others - fee office	\$ 1,806	\$ 1,049	\$ (1,127)	\$ 1,728
Total liabilities	\$ 1,806	\$ 1,049	\$ (1,127)	\$ 1,728

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2018
(in thousands of dollars)

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
Fee Office Fund - Constables				
Assets:				
Cash and investments	\$ 146	\$ 3,498	\$ (3,514)	\$ 130
Total assets	\$ 146	\$ 3,498	\$ (3,514)	\$ 130
Liabilities:				
Due to other governmental units and others - fee office	\$ 146	\$ 3,862	\$ (3,878)	\$ 130
Total liabilities	\$ 146	\$ 3,862	\$ (3,878)	\$ 130
Departmental Special Fund - Housing Finance Corporation - 1993 Refunding				
Assets:				
Cash and investments	\$ 63	\$ 3	\$ (1)	\$ 65
Total assets	\$ 63	\$ 3	\$ (1)	\$ 65
Liabilities:				
Due to other governmental units and others - departmental special	\$ 63	\$ 2	\$ -	\$ 65
Total liabilities	\$ 63	\$ 2	\$ -	\$ 65

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2018
(in thousands of dollars)

	<u>Balance October 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2018</u>
Departmental Special Fund - Juvenile Department Child Support				
Assets:				
Cash and investments	\$ <u>703</u>	\$ <u>2,183</u>	\$ <u>(2,166)</u>	\$ <u>720</u>
Total assets	\$ <u><u>703</u></u>	\$ <u><u>2,183</u></u>	\$ <u><u>(2,166)</u></u>	\$ <u><u>720</u></u>
Liabilities:				
Due to other governmental units and others - departmental special	<u>703</u>	<u>1,155</u>	<u>(1,138)</u>	<u>720</u>
Total liabilities	\$ <u><u>703</u></u>	\$ <u><u>1,155</u></u>	\$ <u><u>(1,138)</u></u>	\$ <u><u>720</u></u>
Departmental Special Fund - Housing Finance Corporation - 1994 Refunding				
Assets:				
Cash and investments	\$ <u>976</u>	\$ <u>31</u>	\$ <u>(16)</u>	\$ <u>991</u>
Total assets	\$ <u><u>976</u></u>	\$ <u><u>31</u></u>	\$ <u><u>(16)</u></u>	\$ <u><u>991</u></u>
Liabilities:				
Due to other governmental units and others - departmental special	<u>976</u>	<u>16</u>	<u>(1)</u>	<u>991</u>
Total liabilities	\$ <u><u>976</u></u>	\$ <u><u>16</u></u>	\$ <u><u>(1)</u></u>	\$ <u><u>991</u></u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2018
(in thousands of dollars)

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
Departmental Special Fund - Community Supervision and Corrections Special				
Assets:				
Cash and investments	\$ 2,669	\$ 9,790	\$ (9,504)	\$ 2,955
Total assets	\$ 2,669	\$ 9,790	\$ (9,504)	\$ 2,955
Liabilities:				
Due to other governmental units and others - departmental special	\$ 2,669	\$ 6,806	\$ (6,520)	2,955
Total liabilities	\$ 2,669	\$ 6,806	\$ (6,520)	\$ 2,955
Departmental Special Fund - Youth Village				
Assets:				
Cash and investments	\$ 1	\$ -	\$ -	\$ 1
Total assets	\$ 1	\$ -	\$ -	\$ 1
Liabilities:				
Due to other governmental units and others - departmental special	\$ 1	\$ -	\$ -	\$ 1
Total liabilities	\$ 1	\$ -	\$ -	\$ 1

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2018
(in thousands of dollars)

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
Departmental Special Fund - Tax Assessor - Collector				
Assets:				
Cash and investments	50,284	623,983	(621,528)	52,739
Accrued interest receivable	0	128	(4)	124
Total assets	50,284	624,111	(621,532)	52,863
Liabilities:				
Due to other governmental units and others - departmental special	50,284	852,277	(849,698)	52,863
Total liabilities	50,284	852,277	(849,698)	52,863
District Attorney Seized Funds - Police Agencies				
Assets:				
Cash and investments	37	0	0	37
Total assets	37	0	0	37
Liabilities:				
Due to other governmental units and others	37	0	0	37
Total liabilities	37	0	0	37

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2018
(in thousands of dollars)

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
District Attorney Seized Funds - Attorney General				
Assets:				
Cash and investments	\$ 27	\$ -	\$ -	\$ 27
Total assets	\$ 27	\$ -	\$ -	\$ 27
Liabilities:				
Due to other governmental units and others	\$ 27	\$ -	\$ -	\$ 27
Total liabilities	\$ 27	\$ -	\$ -	\$ 27
District Attorney Seized Funds - Gambling				
Assets:				
Cash and investments	\$ 59	\$ 1	\$ -	\$ 60
Total assets	\$ 59	\$ 1	\$ -	\$ 60
Liabilities:				
Due to other governmental units and others	\$ 59	\$ 1	\$ -	\$ 60
Total liabilities	\$ 59	\$ 1	\$ -	\$ 60

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2018
(in thousands of dollars)

	<u>Balance October 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2018</u>
District Attorney Seized Funds - Narcotics				
Assets:				
Cash and investments	\$ 190	\$ 343	\$ (500)	\$ 33
Total assets	<u>\$ 190</u>	<u>\$ 343</u>	<u>\$ (500)</u>	<u>\$ 33</u>
Liabilities:				
Due to other governmental units and others	\$ 190	\$ 297	\$ (454)	\$ 33
Total liabilities	<u>\$ 190</u>	<u>\$ 297</u>	<u>\$ (454)</u>	<u>\$ 33</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2018
(in thousands of dollars)

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
Assets:				
Cash and investments	\$ 136,489	\$ 1,164,138	\$ (1,155,662)	\$ 144,965
Accrued interest and other receivable	16	128	(19)	125
Assets held in escrow	9,415	475	(775)	9,115
Total assets	\$ 145,920	\$ 1,164,741	\$ (1,156,456)	\$ 154,205
Liabilities:				
Due to other governmental units and others	\$ 145,920	\$ 1,193,143	\$ (1,184,858)	\$ 154,205
Total liabilities	\$ 145,920	\$ 1,193,143	\$ (1,184,858)	\$ 154,205

STATISTICAL SECTION
(Unaudited)

STATISICAL 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	147
These schedules contain trend information to aid in understanding how the County’s financial performance and well-being have changed over time.	
Revenue Capacity	152
These schedules contain information to aid in assessing the County’s most significant local revenue source – property tax.	
Debt Capacity	157
These schedules present information to aid in assessing the County’s ability to issue additional debt in the future.	
Demographic and Economic Information	162
These schedules offer demographic and economic indicators to aid in understanding the environment within which the County’s financial activities take place.	
Operating Information	164
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 Position of Primary Government
 Last Ten Fiscal Years
 (accrual basis of accounting)
 (in thousands of dollars)
 (unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 455,302	\$ 453,807	\$ 455,452	\$ 454,302	\$ 496,797	\$ 511,162	\$ 536,199	\$ 559,389	581,267	607,806
Restricted	63,686	61,654	66,840	78,434	81,686	76,172	78,822	87,072	87,893	107,194
Unrestricted	28,797	26,672	41,628	30,807	(32,000)	(50,551)	(93,878)	(126,204)	(190,639)	(105,235)
Total governmental activities net position	<u>\$ 547,785</u>	<u>\$ 542,133</u>	<u>\$ 563,920</u>	<u>\$ 563,543</u>	<u>\$ 546,483</u>	<u>\$ 536,783</u>	<u>\$ 521,143</u>	<u>\$ 520,257</u>	<u>\$ 478,521</u>	<u>\$ 609,765</u>

Source: Dallas County Financial Records

DALLAS COUNTY, TEXAS

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands of dollars)
(unaudited)

Table 2

Expenses	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
General government	\$ 120,224	\$ 147,707	\$ 137,867	\$ 149,009	\$ 156,248	\$ 152,854	\$ 144,978	\$ 168,648	\$ 192,894	\$ 121,734
Judicial	139,852	136,703	138,104	133,061	147,927	156,170	153,781	179,924	193,293	203,030
Public Safety	234,898	236,728	233,243	222,386	236,798	238,937	240,701	275,315	305,656	314,959
Highways and Streets	30,119	23,787	21,195	27,349	23,756	25,894	25,404	25,378	24,927	44,619
Health	48,598	51,033	53,264	50,924	48,216	49,190	54,826	55,674	63,496	60,760
Education	11,470	11,104	9,994	9,340	9,009	8,158	7,618	6,879	7,819	8,086
Public Welfare	82,019	85,635	97,261	76,449	70,960	68,769	73,541	72,374	76,760	66,980
Libraries	-	-	-	-	-	-	-	-	-	-
Interest on long term debt	6,939	6,475	5,189	4,681	3,683	3,400	2,459	2,757	4,476	5,026
Total primary government expenses	\$ 674,119	\$ 699,172	\$ 696,117	\$ 673,199	\$ 696,597	\$ 703,372	\$ 703,308	\$ 786,949	\$ 869,321	\$ 825,194
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 50,104	\$ 46,405	\$ 47,054	\$ 44,792	\$ 50,236	\$ 50,306	\$ 53,390	\$ 44,338	\$ 57,254	\$ 48,066
Judicial	68,280	50,648	43,797	44,746	46,204	42,780	39,802	53,533	53,506	54,042
Public Safety	23,143	21,133	23,527	22,422	24,490	24,267	22,822	24,869	30,363	24,991
Highways and Streets (1)	40,002	36,968	27,340	26,511	25,193	26,494	26,619	25,425	26,200	25,630
Health	7,171	7,607	7,882	6,138	7,483	6,585	7,396	7,028	7,899	8,262
Public Welfare	1,323	1,399	1,499	1,237	1,269	1,122	1,079	7,626	6,625	9,738
Operating grants and contributions										
General government	156	819	947	971	-	-	387	-	-	-
Judicial	28,398	15,259	16,198	13,309	11,825	13,595	14,162	2,732	2,817	4,987
Public Safety	8,066	10,935	10,835	8,875	11,204	11,841	12,594	20,754	20,807	17,894
Health	29,948	33,309	32,894	32,932	30,037	29,716	33,613	37,985	28,412	34,470
Education	10,742	8,971	12,042	10,165	9,199	7,938	7,718	6,920	6,907	8,108
Public Welfare	67,345	74,318	89,732	67,718	63,191	58,330	71,255	61,037	60,932	55,364
Capital grants and contributions:										
Judicial	-	50	257	-	-	-	-	-	-	-
Public Safety	-	389	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
Public Welfare	1,843	76	-	-	-	-	-	-	-	-
Total governmental activities program revenue	\$ 336,521	\$ 308,286	\$ 314,004	\$ 279,816	\$ 280,331	\$ 272,974	\$ 290,837	\$ 292,247	\$ 301,722	\$ 291,552
Total net (expense) revenue	\$(337,598)	\$(390,886)	\$(382,113)	\$(393,383)	\$(416,266)	\$(430,398)	\$(412,471)	\$(494,702)	\$(567,599)	\$(533,642)
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 372,201	\$ 364,868	\$ 371,618	\$ 366,998	\$ 370,052	\$ 384,097	\$ 407,431	\$ 436,426	\$ 476,351	\$ 509,444
Alcoholic beverage taxes (1)	11,742	11,732	19,953	21,300	25,961	32,943	37,708	40,062	41,873	42,226
Unrestricted grants and contributions	1,750	5,161	6,758	1,392	2,115	1,622	2,092	7,430	2,388	2,252
Investment earnings	11,524	3,521	4,258	3,259	1,078	2,036	2,973	2,945	5,251	10,159
Gain (Loss) on Sale	-	-	-	-	-	-	-	-	-	2,181
Insurable gain, net of insurance proceeds	-	-	2,850	57	-	-	-	-	-	-
Donated Capital Asset	-	3,967	-	-	-	-	-	6,953	-	-
Total primary government	\$ 397,217	\$ 389,249	\$ 405,437	\$ 393,006	\$ 399,206	\$ 420,698	\$ 450,204	\$ 493,816	\$ 525,863	\$ 566,262
Other activities:										
Insurable loss, net of insurance proceeds	-	(4,015)	-	-	-	-	-	-	-	-
Loss on retirement of capital assets	-	-	(804)	-	-	-	-	-	-	-
Interest paid - advance refunding	-	-	(733)	-	-	-	-	-	-	-
Total other expenses	\$ -	\$(4,015)	\$(1,537)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Position										
Governmental activities	\$ 59,619	\$ (5,652)	\$ 21,787	\$ (377)	\$ (17,060)	\$ (9,700)	\$ 37,733	\$ (886)	\$ (41,736)	\$ 32,620
Total primary government	\$ 59,619	\$ (5,652)	\$ 21,787	\$ (377)	\$ (17,060)	\$ (9,700)	\$ 37,733	\$ (886)	\$ (41,736)	\$ 32,620

Note:

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

Source: Dallas County Financial Records

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

Table 3

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Property Taxes	\$ 372,201	\$ 364,868	\$ 371,618	\$ 366,998	\$ 370,052	\$ 384,097	\$ 407,431	\$436,426	\$476,351	\$509,444
Alcoholic beverage / other taxes	11,742	11,732	19,953	21,300	25,961	32,943	37,708	40,062	41,873	42,226
Total Taxes	\$ 383,943	\$ 376,600	\$ 391,571	\$ 388,298	\$ 396,013	\$ 417,040	\$ 445,139	\$476,488	\$518,224	\$551,670

Source: Dallas County Financial Records

Note: Other taxes reflect \$8,221 increase in Fiscal Year 2011 due to changes in presentation of special highway taxes; previously reported as charges for services.

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

Table 4

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund (GASB 54)										
Nonspendable	\$ -	\$ -	\$ 3,562	\$ 3,366	\$ 3,794	\$ 3,120	\$ 3,160	\$ 3,995	\$ 5,126	4,064
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	7,871	7,778	6,786	6,537	6,237	12,255	10,061	10,432
Unassigned	-	-	56,700	78,044	80,371	75,533	73,023	57,522	33,826	35,563
General Fund (before GASB 54)										
Reserved	8,734	9,886	-	-	-	-	-	-	-	-
Unreserved	35,762	41,353	-	-	-	-	-	-	-	-
Total General Fund	<u>\$ 44,496</u>	<u>\$ 51,239</u>	<u>\$ 68,133</u>	<u>\$ 89,188</u>	<u>\$ 90,951</u>	<u>\$ 85,190</u>	<u>\$ 82,420</u>	<u>\$ 73,772</u>	<u>\$ 49,013</u>	<u>\$ 50,059</u>
All Other Governmental Funds (GASB 54)										
Nonspendable	\$ -	\$ -	\$ 282	\$ 208	\$ 283	\$ 219	\$ 425	\$ 2,287	\$ 3,389	\$ 7,436
Restricted	-	-	108,201	108,777	129,988	91,947	90,010	293,504	276,287	269,703
Committed	-	-	166,590	173,340	175,582	186,661	215,245	245,943	279,075	285,134
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
All Other Governmental Funds (before GASB 54)										
Reserved	72,436	56,123	-	-	-	-	-	-	-	-
Unreserved reported in:										
Debt Service	2,785	3,128	-	-	-	-	-	-	-	-
Major Projects	29,567	77,906	-	-	-	-	-	-	-	-
Grants Funds	1,819	(3,786)	-	-	-	-	-	-	-	-
Special Revenue	46,103	44,354	-	-	-	-	-	-	-	-
Capital Projects	19,019	18,632	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 171,729</u>	<u>\$ 196,357</u>	<u>\$ 275,073</u>	<u>\$ 282,325</u>	<u>\$ 305,853</u>	<u>\$ 278,827</u>	<u>\$ 305,680</u>	<u>\$ 541,734</u>	<u>\$ 558,751</u>	<u>\$ 562,273</u>

Source: Dallas County Financial Records

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

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

Table 5

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Property taxes	\$ 372,285	\$ 364,620	\$ 372,074	\$ 367,478	\$ 371,263	\$ 383,772	\$ 407,712	\$ 436,192	\$ 475,867	\$ 509,422
Licenses and permits (3)	29,253	26,422	33,520	36,009	39,154	42,191	43,716	46,558	47,200	46,661
Fines and forfeitures	25,280	21,512	17,732	16,206	14,151	13,061	11,106	9,473	10,280	8,659
Investment income and rental revenues	15,173	6,790	7,017	6,221	4,269	5,947	7,788	7,558	9,569	14,774
Intergovernmental revenues	151,373	128,861	145,937	120,670	125,820	114,511	125,783	133,226	137,222	138,637
Charges for current services (3)	128,905	126,521	123,235	115,139	117,558	125,497	131,988	128,935	124,854	133,565
Miscellaneous revenues	10,635	14,603	17,035	11,275	11,241	10,350	13,352	17,521	16,199	20,120
Total revenues	732,904	689,329	716,550	672,998	683,456	695,329	741,445	779,463	821,191	871,838
Expenditures										
General government and judicial	238,079	232,214	233,904	223,855	242,869	249,064	255,361	272,284	295,662	298,659
Public safety	228,083	225,898	222,489	213,771	225,436	233,675	239,729	262,171	284,174	295,887
Highways and streets	23,116	22,122	20,152	26,790	23,244	24,646	25,963	25,267	24,914	43,709
Health	48,711	51,094	52,967	50,829	48,154	49,058	54,964	54,927	62,247	59,524
Public welfare	79,815	83,677	96,448	75,603	70,475	67,898	73,128	71,024	75,417	65,874
Libraries	-	-	-	-	-	-	-	-	-	-
Education	11,358	10,981	10,065	9,224	8,888	8,021	7,628	6,523	7,381	7,698
Capital outlay (1)	39,660	15,454	11,394	15,188	54,018	64,788	29,985	31,670	41,119	108,663
Debt service										
Principal	19,955	17,355	18,190	22,780	20,075	25,080	25,840	24,645	28,435	28,751
Interest	7,583	6,625	5,284	6,708	5,383	5,886	4,937	4,724	9,582	10,220
Total expenditures (a)	696,360	665,420	670,893	644,748	698,542	728,116	717,535	753,235	828,931	918,985
Excess of revenues over (under) expenditures	36,544	23,909	45,657	28,250	(15,086)	(32,787)	23,910	26,228	(7,740)	(47,147)
Other financing sources (uses)										
Transfers in	63,473	47,570	49,046	47,154	40,841	42,101	38,941	32,777	36,259	28,185
Transfers (out)	(63,473)	(47,570)	(49,046)	(47,154)	(40,841)	(42,101)	(38,941)	(32,777)	(36,259)	(28,185)
Debt issuance - advance refunding bonds	-	-	32,400	-	10,515	-	11,115	-	-	-
Debt issuance - limited tax notes	-	-	41,545	-	35,825	-	-	-	-	-
Debt issuance - Costs	-	-	-	-	-	-	-	-	-	-
Debt issuance - Principal	-	-	-	-	-	-	-	167,900	-	-
Debt issuance - Premium	-	-	-	-	-	-	-	33,278	-	-
Capital Leases	-	-	-	-	-	-	-	-	-	51,715
Premium on advance refunding bonds	-	-	2,132	-	1,669	-	958	-	-	-
Premium on limited tax notes	-	-	3,749	-	4,423	-	-	-	-	-
Interest on advance refunding bonds	-	-	57	-	-	-	-	-	-	-
Interest on limited tax notes	-	-	82	-	-	-	-	-	-	-
Payment to advance refunded bond escrow agent	-	-	(34,270)	-	(12,055)	-	(11,900)	-	-	-
Sale of capital assets	-	4,462	-	-	-	-	-	-	-	-
Insurance proceeds	-	3,000	4,258	57	-	-	-	-	-	-
Total other financing sources (uses)	-	7,462	49,953	57	40,377	-	173	201,178	-	51,715
Net change in fund balance	\$ 36,544	\$ 31,371	\$ 95,610	\$ 28,307	\$ 25,291	\$ (32,787)	\$ 24,083	\$ 227,406	\$ (7,740)	\$ 4,568
Sum of expenditures (a)	696,360	665,420	670,893	644,748	698,542	728,116	717,535	753,235	828,931	918,985
Less: Expenditures capitalized for government-wide statement of net position. (2)	(39,508)	(12,711)	(14,007)	(18,988)	(55,629)	(62,464)	(33,716)	(53,312)	(38,210)	(102,747)
Non-capital expenditures	\$ 656,852	\$ 652,709	\$ 656,886	\$ 625,760	\$ 642,913	\$ 665,652	\$ 683,819	\$ 699,923	\$ 790,721	\$ 816,238
Debt service as a percentage of non-capital expenditures	4.2%	3.7%	3.6%	4.7%	4.0%	4.7%	4.5%	4.2%	4.8%	4.8%

Source: Dallas County Financial Records

Notes:

- (1) Some purchases are considered capital expenditures and are recorded at the functional level in the fund basic financials in addition to being recorded as capital outlay.
- (2) Expenditures capitalized for governmentwide financials are less than amounts included in Note (1) because certain capital outlays do not meet the County's capitalization threshold.
- (3) In FY 2011, the County reclassified \$8,221 from Charges for current services to Licenses and permits. This classification has been applied going forward.

DALLAS COUNTY, TEXAS
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars, except for Note 1)
(unaudited)

Table 6

Year (3)	Real Property		Personal Property		Total		Total Primary Government Direct Tax Rate	Statutory Ratio of Assessed Value to True Value
	Assessed Value Notes (1) & (4)	Estimated True Value Note (2)	Assessed Value Notes (1) & (4)	Estimated True Value Note (2)	Assessed Value Notes (1) & (4)	Estimated True Value Note (2)		
2009	182,573,892	183,604,362	30,712,196	30,712,196	213,286,088	214,316,558	0.22810	99.52%
2010	176,079,924	176,830,527	28,685,037	28,685,037	204,764,961	205,515,564	0.24310	99.63%
2011	173,840,792	174,569,081	28,953,511	28,953,511	202,794,303	203,522,592	0.24310	99.64%
2012	176,477,746	177,340,633	31,732,599	31,732,599	208,210,345	209,073,232	0.24310	99.59%
2013	183,537,954	184,293,875	31,732,599	31,732,599	215,270,553	216,026,474	0.24310	99.65%
2014	196,639,097	197,090,173	32,644,515	32,644,515	229,283,612	229,734,688	0.24310	99.80%
2015	212,019,082	212,646,789	34,815,379	34,815,379	246,834,461	247,462,168	0.24310	99.75%
2016	234,902,414	235,437,422	36,749,521	36,749,521	271,651,935	272,186,943	0.24310	99.80%
2017	252,142,781	254,467,411	37,440,442	37,440,442	289,583,223	291,907,853	0.24310	99.20%
2018	280,850,606	282,733,570	38,454,754	38,454,754	319,305,360	321,188,323	0.24310	99.41%

Source: Dallas County Tax Assessor-Collector.

Note (1) Assessed values shown in this table includes rolling stock and amounts allowed for all exemptions. The Dallas County Commissioners Court approved the greater of 20% or \$5,000 allowance for homestead exemptions for all taxpayers. The Dallas County Commissioners Court approved an additional \$69,000 allowance for homestead exemptions for taxpayers 65 years of age or older. The approved allowance for disabled veterans is \$5,000 for disabilities of 10% but less than 30%, \$7,500 for disabilities of 30% but less than 50%, \$10,000 for disabilities of 50% but less than 70%, and \$12,000 for disabilities 70% or more.

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

Note (3) Effective January 1, 2008 the Dallas County Commissioners Court approved a deferral on the total taxes imposed by the County on property held by disabled and 65 or older homeowners.

Note (4) The assessment date is January 1.

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

Table 7

<u>Tax Year</u>	<u>General Fund</u>	<u>Major Technology Fund</u>	<u>Permanent Improvement Fund</u>	<u>Major Capital Development Fund</u>	<u>Debt Service Funds</u>	<u>Total Primary Government</u>	<u>Component Unit</u>	<u>Total Reporting Entity</u>
Rates (1)								
2009	0.16870	0.01260	0.00180	0.03064	0.01436	0.22810	0.27400	0.50210
2010	0.18370	0.01260	0.00180	0.03083	0.01417	0.24310	0.27100	0.51410
2011	0.18370	0.01260	0.00180	0.03120	0.01380	0.24310	0.27100	0.51410
2012	0.18270	0.01360	0.00180	0.02990	0.01510	0.24310	0.27100	0.51410
2013	0.17615	0.01360	0.00180	0.03184	0.01971	0.24310	0.27600	0.51910
2014	0.17615	0.01360	0.00180	0.03405	0.01750	0.24310	0.28600	0.52910
2015	0.17415	0.01560	0.00180	0.03625	0.01530	0.24310	0.28600	0.52910
2016	0.17315	0.01733	0.00180	0.03071	0.02011	0.24310	0.27940	0.52250
2017	0.17315	0.01733	0.00180	0.03372	0.01710	0.24310	0.27940	0.52250
2018	0.17115	0.01933	0.00180	0.03946	0.01136	0.24310	0.27940	0.52250
Tax levies (1)								
(in thousands of dollars)								
2009	278,064	20,768	2,967	50,500	23,673	375,972 (a)	453,929	829,901
2010	287,607	19,727	2,818	48,270	22,183	380,605 (b)	429,605	810,210
2011	284,368	19,505	2,786	48,298	21,362	376,319 (c)	422,501	798,820
2012	286,951	21,361	2,827	46,961	23,716	381,816 (c)	428,355	810,171
2013	288,053	22,240	2,943	52,067	32,231	397,534 (d)	454,275	851,809
2014	306,407	23,657	3,131	59,229	30,441	422,865 (e)	502,058	924,923
2015	324,639	29,081	3,355	67,575	28,521	453,171 (f)	541,282	994,453
2016	353,896	35,420	3,679	62,767	41,102	496,864 (g)	582,178	1,079,042
2017	377,435	37,776	3,924	73,503	37,275	529,913 (h)	623,342	1,153,255
2018	408,197	46,103	4,293	94,113	27,094	579,800 (i)	683,317	1,263,117

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

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

- (a) \$ 3.2 million
- (b) \$ 2.7 million
- (c) \$ 2.9 million
- (d) \$ 3.1 million
- (e) \$ 4.6 million
- (f) \$ 5.5 million
- (g) \$ 7.1 million
- (h) \$ 9.6 million
- (i) \$ 12.2 million

Note (2) Legal Limitation

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

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

Delinquent tax penalty and interest:

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

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

Table 8

Name	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Dallas County	\$ 0.22810	\$ 0.24310	\$ 0.24310	\$ 0.24310	\$ 0.24310	\$ 0.24310	0.24310	0.24310	0.24310	0.24310
Dallas County Schools	0.00521	0.01000	0.01000	0.00994	0.01000	0.01000	0.01000	0.00927	0.01	0.01
Dallas County Hospital Dist.	0.27400	0.27100	0.27100	0.27100	0.27600	0.28600	0.28600	0.27940	0.27940	0.27940
Dallas County Community College District	0.09490	0.09923	0.09967	0.11938	0.12470	0.12478	0.12365	0.12293	0.12423	0.12400
School Districts										
Carrollton-Farmers Branch	1.34220	1.34690	1.35680	1.33060	1.32350	1.30330	1.28170	1.39170	1.38100	1.37000
Cedar Hill	1.40000	1.44000	1.44000	1.44000	1.52500	1.52500	1.52500	1.51600	1.51600	1.37600
Coppell	1.28340	1.42420	1.42420	1.41880	1.43240	1.44900	1.43900	1.49270	1.47770	1.46050
Dallas	1.27134	1.23781	1.29035	1.29035	1.28209	1.28209	1.28209	1.28209	1.28209	1.41204
DeSoto	1.49000	1.49000	1.44000	1.44000	1.49000	1.47000	1.46000	1.46000	1.49000	1.49000
Duncanville	1.41800	1.41800	1.41800	1.43000	1.41000	1.41000	1.52950	1.52148	1.52148	1.52000
Ferris	1.27720	1.31785	1.30630	1.31000	1.31000	1.32500	1.35500	1.38730	1.38730	1.51730
Garland	1.25330	1.25330	1.25330	1.25330	1.25330	1.25330	1.35330	1.46000	1.46000	1.46000
Grand Prairie	1.46500	1.46500	1.46500	1.46500	1.46500	1.46500	1.46500	1.59500	1.59500	1.59500
Grapevine-Colleyville	1.29000	1.29000	1.31000	1.32010	1.32010	1.32010	1.32010	1.39670	1.39670	1.39670
Highland Park	1.11000	1.11500	1.13420	1.13420	1.12670	1.11810	1.11190	1.15270	1.20320	1.23550
Irving	1.42500	1.46500	1.46500	1.46500	1.46500	1.43500	1.44500	1.44500	1.43140	1.40110
Lancaster	1.41270	1.41270	1.41270	1.41800	1.41800	1.37012	1.54000	1.54000	1.54000	1.53000
Mesquite	1.42000	1.42000	1.42000	1.42000	1.41000	1.41000	1.41000	1.46000	1.46000	1.52000
Richardson	1.34005	1.34005	1.34005	1.34005	1.34005	1.34005	1.34005	1.39005	1.39005	1.52000
Sunnyvale	1.36000	1.35100	1.41000	1.41000	1.41000	1.41000	1.41000	1.42600	1.52000	1.52000
Special Districts										
Dallas County FCD #1	2.83554	2.83554	2.90000	3.05000	2.75000	2.75000	2.65000	2.25000	2.00000	1.80000
Dallas County URD	1.76300	2.05000	2.12200	1.84000	1.79100	1.98300	1.59000	1.29500	1.24900	1.11130
Denton County LID #1**	0.16500	0.16350	0.16350	0.20700	0.18500	0.18500	0.18500	0.18400	0.18300	0.18200
Denton County RUD #1***	0.35000	0.17000	0.11000	0.01000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Grand Prairie Metro URD	2.18000	2.12000	2.06500	0.60000	0.60000	0.60000	0.60000	0.60000	0.60000	0.60000
Irving FCD, Section I	0.29143	0.35549	0.43000	0.46530	0.50000	0.50470	0.52000	0.45300	0.44600	0.45500
Irving FCD, Section III	0.27400	0.27400	0.13400	0.13900	0.14210	0.14410	0.12800	0.12500	0.12500	0.12500
Lancaster MUD #1	1.06000	1.06000	1.06000	1.06000	1.06000	1.06000	1.06000	1.06000	1.00000	1.00000
Northwest Dallas Co FCD	0.30000	0.30000	0.30000	0.30000	0.30000	0.30000	0.30000	0.30000	0.30000	0.30000
Valwood Improvement Auth	0.30750	0.30750	0.30750	0.30750	0.29000	0.27000	0.27000	0.25000	0.22000	2.00000
Cities and Towns										
Addison	0.49600	0.53000	0.58000	0.58000	0.57180	0.56180	0.57915	0.56047	0.55000	0.55000
Bach Springs	0.76000	0.76000	0.78000	0.80300	0.77000	0.80300	0.80300	0.80300	0.80300	0.80300
Carrollton	0.61788	0.61788	0.61788	0.61788	0.61788	0.61538	0.61288	0.60370	0.59970	0.59497
Cedar Hill	0.64140	0.67000	0.68588	0.69569	0.69876	0.69876	0.69876	0.69876	0.69876	0.69703
Cockrell Hill	0.78811	0.81109	0.81109	0.82315	0.81191	0.81166	1.13244	1.11941	1.05883	0.98895
Combine**	0.23000	0.23000	0.23000	0.25000	0.27000	0.29000	0.31000	0.33000	0.35000	0.35000
Coppell	0.64146	0.69046	0.69046	0.67046	0.63750	0.60649	0.58400	0.57950	0.57950	0.56950
Dallas	0.74790	0.79700	0.79700	0.79700	0.79700	0.79700	0.79700	0.78250	0.78040	0.77670
Desoto	0.69973	0.73512	0.75740	0.75740	0.75740	0.75740	0.74990	0.74490	0.73990	0.72139
Duncanville	0.69600	0.73769	0.73769	0.73769	0.75845	0.75845	0.75845	0.75845	0.75845	0.74845
Farmers Branch	0.51950	0.52950	0.52950	0.52950	0.55310	0.60227	0.60227	0.60227	0.60227	0.59951
Ferris**	0.64809	0.68713	0.68713	0.68713	0.68713	0.68713	0.68713	0.68713	0.68713	0.68713
Garland	0.70460	0.70460	0.70460	0.70460	0.70460	0.70460	0.70460	0.70460	0.70460	0.70460
Glenn Heights	0.73932	0.79500	0.79500	0.79500	0.79500	0.79500	0.79340	0.93553	0.88543	0.87918
Grand Prairie	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000
Grapevine**	0.35000	0.35000	0.34800	0.34570	0.34250	0.33244	0.32844	0.28927	0.28927	0.28927
Highland Park	0.22000	0.22000	0.22000	0.22000	0.22000	0.22000	0.22000	0.22000	0.22000	0.22000
Hutchins	0.56300	0.58100	0.60672	0.66091	0.69091	0.71091	0.68246	0.68246	0.68246	0.68246
Irving	0.54060	0.57610	0.59860	0.59860	0.59860	0.59410	0.59410	0.59410	0.59410	0.59410
Lancaster	0.77750	0.86750	0.86750	0.86750	0.86750	0.86750	0.86750	0.86750	0.86750	0.86750
Lewisville**	0.44021	0.44021	0.44021	0.44021	0.44021	0.43609	0.43609	0.43609	0.43609	0.43609
Mesquite	0.64000	0.64000	0.64000	0.64000	0.64000	0.64000	0.64000	0.68700	0.68700	0.73400
Ovilla**	0.66790	0.67460	0.66380	0.66750	0.67190	0.67190	0.70000	0.70000	0.68040	0.66000
Richardson	0.57516	0.63516	0.63516	0.63516	0.63516	0.63516	0.63516	0.62516	0.62516	0.62516
Rowlett	0.74717	0.74717	0.74717	0.74717	0.74717	0.78717	0.78717	0.78173	0.77717	0.75717
Sachse	0.70582	0.70582	0.77082	0.77082	0.77082	0.77082	0.75728	0.75728	0.74728	0.72000
Seagoville	0.65000	0.66500	0.69085	0.69085	0.71379	0.71380	0.71380	0.74380	0.74380	0.74380
Sunnyvale	0.40796	0.40796	0.40796	0.40796	0.40796	0.40796	0.40796	0.40796	0.41309	0.41290
University Park	0.26548	0.27845	0.27845	0.27845	0.27432	0.26979	0.25893	0.24876	0.24876	0.24538
Wilmer	0.43599	0.43599	0.40000	0.36682	0.38944	0.43660	0.47660	0.50300	0.50300	0.51290
Wylie**	0.89890	0.89890	0.89890	0.88890	0.88390	0.87890	0.86890	0.84890	0.78100	0.72585

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

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

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

+ Denton County RUD #1 was dissolved in 2013 and will no longer collect taxes.

DALLAS COUNTY, TEXAS
Principal Property Taxpayers
September 30, 2018
(in thousands of dollars)
(unaudited)

Table 9

Name of Taxpayer	Nature of Business	2018			2009		
		Total Assessed Valuation	Rank	Percent of Dallas County Assessed Valuation	Total Assessed Valuation	Rank	Percent of Dallas County Assessed Valuation
Oncor Electric Delivery	Electric Utility	\$ 1,509,118	1	0.54 %	\$ 1,226,132	2	0.67 %
AT&T Mobility LLC	Telephone Utility	907,666	2	0.32	1,332,017	1	0.73
Wal-Mart Stores Inc.	Retail	731,156	3	0.26	545,857	5	0.30
NorthPark Land Partners	Real Estate	700,213	4	0.25	545,522	6	0.30
Texas Instruments	Electronics	602,986	5	0.21	966,444	3	0.53
Southwest Airlines	Airline	578,256	6	0.21	494,765	8	0.27
DCI Tech Infomart LP	Technology	508,215	7	0.18	—	—	—
Post Apartment Homes LP	Real Estate	499,463	8	0.18	—	—	—
FM Village Fixed Rate LLC	Real Estate	494,727	9	0.18	—	—	—
Atmos Energy	Electric Utility	460,345	10	0.16	—	—	—
Galleria Mall Investors LP	Real Estate	—	—	-	364,051	9	0.20
Verizon	Telephone Utility	—	—	—	508,920	7	0.28
Teachers Insurance	Insurance	—	—	—	339,904	10	0.19
Crescent TC Investors LP	Real Estate	—	—	—	703,343	4	0.39
Total		<u>\$ 6,992,144</u>		<u>2.49 %</u>	<u>\$ 7,026,955</u>		<u>3.86 %</u>

Source: Dallas County Tax Assessor-Collector.

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

Table 10

<u>Year</u>	<u>Tax Levies (f)(g)</u>	<u>Collections of Current Tax Levy During Fiscal Period (a)</u>	<u>Percentage of Collected During Fiscal Period (a)</u>	<u>Collections of Delinquent Tax During Fiscal Period (b)</u>	<u>Total Collections (e)</u>	<u>Percentage of Total Collections to Tax Levies</u>
2009	822,915 (c)	808,714	98.27	7,512	816,226	99.19
2010	806,297 (c)	794,219	98.50	7,091	801,310	99.38
2011	794,950 (c)	784,883	98.73	6,202	791,085	99.51
2012	804,531 (c)	795,230	98.84	4,859	800,089	99.45
2013	843,739 (c)	834,645	98.92	4,677	839,322	99.48
2014	914,827 (c)	905,875	99.02	4,569	910,444	99.52
2015	985,722 (c)	975,742	98.99	4,882	980,624	99.48
2016	1,067,106 (c)	1,056,699	99.02	5,884	1,062,583	99.58
2017	1,152,203 (c)	1,141,591	99.08	4,642	1,146,233	99.48
2018	1,263,117 (d)					

Source: Dallas County Financial Records.

- Notes:
- (a) Current fiscal period collections are those collected between October 1 and September 30.
 - (b) Delinquent taxes include taxes collected in subsequent fiscal years.
 - (c) Total levy as of the last supplement processed during the fiscal year.
 - (d) Collections on the 2019 tax roll are incomplete until the end of the fiscal year, September 30, 2020
 - (e) Tax collections exclude TIF payments and are reported net of commission for the office of the Tax Assessor-Collector.
 - (f) Original levy excludes property under protest which is subsequently added to tax rolls as a result of arbitration.
 - (g) Tax levies include Dallas County and its component unit. Refer to Table 7 for tax levies and tax rates for Dallas County and its component unit.

Taxes due: October 1

Taxes delinquent: February 1 year following levy

Tax lien and assessment date: January 1 year of levy

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

Delinquent tax penalty and interest:

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

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

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

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

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

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

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

DALLAS COUNTY, TEXAS

Table 11

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

Year	Estimated Population (3)	Assessed Value	Bonded Debt (1)	Bonded Debt Percentage of Assessed Value	Bonded Debt Percentage of Personal Income (2)	Bonded Debt Per Capita
2009	2,471	214,316,558	141,850	0.06619	0.1322	57
2010	2,368	205,515,564	124,211	0.06044	0.1151	52
2011	2,374	203,522,592	151,613	0.07449	0.1362	64
2012	2,386	209,073,232	127,203	0.06084	0.1120	53
2013	2,454	216,026,474	146,138	0.06765	0.1264	60
2014	2,480	229,734,688	118,781	0.05170	0.1016	48
2015	2,519	247,462,168	90,517	0.03658	0.0778	36
2016	2,553	272,186,943	264,933	0.09733	0.2243	104
2017	2,618	291,907,853	230,874	0.07909	0.1908	88
2018	2,618 (3)	321,188,323	198,567	0.06182	0.1594	76

Source: Dallas County Financial Records.

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

(1) Bonded debt for the primary government includes all general obligation bonds. All years have been updated to net premiums from bonded debt amounts.

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

(3) US Census Bureau population Estimated (<http://quickfacts.census.gov>). 2018 US Census Bureau population estimate not available, 2017 U.S. Census Bureau population used. (<http://quickfacts.census.gov>).

DALLAS COUNTY, TEXAS
Computation of Direct and Overlapping Bonded Debt
September 30, 2018
(in thousands of dollars)
(unaudited)

Table 12

<u>Name</u>	<u>Indebtedness as of</u>	<u>Bonded Debt</u>	<u>Percentage of Debt Applicable to Dallas County</u>	<u>Dallas County's Share of Debt</u>
Dallas County	9/30/2018	\$ 198,567	100.00%	\$ 198,567
Total direct		<u>\$ 198,567</u>		<u>\$ 198,567</u>
Overlapping Debt:				
Intermediate educational agency:				
Dallas County Schools	9/30/2018	\$ 36,600	100.00%	\$ 36,600
Independent school districts:				
Carrollton-Farmers Branch	9/30/2018	178,785	80.78%	144,423
Cedar Hill	9/30/2018	118,249	100.00%	118,249
Coppell	9/30/2018	322,504	100.00%	322,504
Dallas	9/30/2018	2,817,050	100.00%	2,817,050
Desoto	9/30/2018	128,364	100.00%	128,364
Duncanville	9/30/2018	209,011	100.00%	209,011
Ferris	9/30/2018	32,440	4.01%	1,301
Garland	9/30/2018	595,540	100.00%	595,540
Grand Prairie	9/30/2018	499,730	100.00%	499,730
Grapevine-Colleyville	9/30/2018	415,917	13.06%	54,319
Highland Park	9/30/2018	387,485	100.00%	387,485
Irving	9/30/2018	428,970	100.00%	428,970
Lancaster	9/30/2018	206,147	100.00%	206,147
Mesquite	9/30/2018	637,013	100.00%	637,013
Richardson	9/30/2018	557,015	100.00%	557,015
Sunnyvale	9/30/2018	97,145	100.00%	97,145
Total intermediate educational agency		<u>\$ 7,667,965</u>		<u>\$ 7,240,865</u>
Special districts:				
Dallas County FCD #1	9/30/2018	24,595	100.00%	24,595
Dallas County Community College	9/30/2018	228,350	100.00%	228,350
Dallas County Hospital District	9/30/2018	687,775	100.00%	687,775
Dallas County Utility & Reclamation Dist.	9/30/2018	196,675	100.00%	196,675
Denton County LID #1	9/30/2018	7,560	5.57%	421
Irving FCD, Section I	9/30/2018	5,330	100.00%	5,330
Lancaster MUD #1	9/30/2018	6,770	100.00%	6,770
Northwest Dallas Co FCD	9/30/2018	14,915	100.00%	14,915
Valwood Improvement Authority	9/30/2018	11,130	100.00%	11,130
Water Control and Imp. District No. 6	9/30/2018	6,890	100.00%	6,890
Total special districts		<u>\$ 1,189,990</u>		<u>\$ 1,182,851</u>

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

- Notes:
- Overlapping governments are those taxing entities that are within the geographic boundaries of Dallas County.
 - Percentages of Debt Applicable to Dallas County are based on the Market Value of properties within each entity.
 - Information was not provided by the Municipal Advisory Council of Texas for the Water Control and Improvement District No. 6; entity provided information to the Dallas County Auditor's Office.

DALLAS COUNTY, TEXAS
Direct and Overlapping Bonded Debt
September 30, 2018
(in thousands of dollars)
(unaudited)

Table 12

Name	Indebtedness as of	Gross Debt Less Sinking Funds	Percentage of Debt Applicable to Dallas County	Dallas County's Share of Debt
Overlapping Debt (Continued):				
Cities and towns:				
Addison	9/30/2018	\$ 84,840	100.00%	\$ 84,840
Balch Springs	9/30/2018	11,200	100.00%	11,200
Carrollton	9/30/2018	174,275	47.45%	82,693
Cedar Hill	9/30/2018	75,685	97.29%	73,634
Cockrell Hill	9/30/2018	4,815	100.00%	4,815
Coppell	9/30/2018	100,075	97.99%	98,063
Dallas	9/30/2018	1,822,867	94.95%	1,730,812
Desoto	9/30/2018	67,290	100.00%	67,290
Farmers Branch	9/30/2018	56,460	100.00%	56,460
Ferris	9/30/2018	1,610	7.58%	122
Garland	9/30/2018	443,035	99.81%	442,193
Glenn Heights	9/30/2018	16,085	70.33%	11,313
Grand Prairie	9/30/2018	245,945	49.52%	121,792
Grapevine	9/30/2018	149,818	2.02%	3,026
Hutchins	9/30/2018	13,980	100.00%	13,980
Irving	9/30/2018	423,280	100.00%	423,280
Lancaster	9/30/2018	83,060	100.00%	83,060
Lewisville	9/30/2018	127,715	0.77%	983
Mesquite	9/30/2018	185,140	99.60%	184,399
Ovilla	9/30/2018	4,670	8.22%	384
Richardson	9/30/2018	305,195	57.68%	176,036
Rowlett	9/30/2018	89,270	86.35%	77,085
Sachse	9/30/2018	55,790	59.26%	33,061
Seagoville	9/30/2018	7,155	98.55%	7,051
Sunnyvale	9/30/2018	10,505	100.00%	10,505
Wilmer	9/30/2018	2,446	100.00%	2,446
Wylie	9/30/2018	89,910	83.00%	74,625
Total cities and towns		\$ 4,652,116		\$ 3,875,148
Total Overlapping		\$ 13,510,071		\$ 12,298,864
Total Direct and Overlapping		\$ 13,708,638		\$ 12,497,431

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

- Notes:
- Overlapping governments are those taxing entities that are within the geographic boundaries of Dallas County.
 - Percentages of Debt Applicable to Dallas County are based on the Market Value of properties within each entity.

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

Table 13

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit (Article 3, Section 52 of the Texas Constitution)	\$ 45,638,690	\$ 44,015,299	\$ 43,454,874	\$ 44,114,339	\$ 45,878,850	\$ 49,152,098	\$ 52,996,003	\$ 58,715,672	63,024,754	70,200,955 (1)
Total net debt applicable to limit	46,415	37,565	-	-	-	-	-	-	-	-
Legal debt margin	\$ 45,592,275	\$ 43,977,734	\$ 43,454,874	\$ 44,114,339	\$ 45,878,850	\$ 49,152,098	\$ 52,996,003	\$ 58,715,672	63,024,754	70,200,955
Total net debt applicable to the limit as a percentage of debt limit	0.10%	0.09%	0.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Debt Limit (Under Texas General Law)	\$ 10,663,348	\$ 10,237,312	\$ 10,138,650	\$ 10,331,630	\$ 10,762,400	\$ 11,462,645	\$ 12,339,970	\$ 13,580,611	14,476,973	15,962,929 (2)
Total net debt applicable to limit	89,859	81,145	141,966	117,884	133,610	107,451	82,039	225,927	194,457	191,100
Legal debt margin	\$ 10,573,489	\$ 10,156,167	\$ 9,996,684	\$ 10,213,746	\$ 10,628,790	\$ 11,355,194	\$ 12,257,931	\$ 13,354,684	14,282,516	15,771,829
Total net debt applicable to the limit as a percentage of debt limit	0.84%	0.79%	1.40%	1.14%	1.24%	0.94%	0.66%	1.66%	1.34%	1.20%

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed valuation of real property*		\$ 280,803,820
Assessed valuation of all taxable property*		319,258,574
Bonds issued under Article 3, Section 52b of the Texas Constitution:		
Debt limit, one-fourth of real property assessed valuation		70,200,955 (1)
Amount of debt applied to debt limit:		
Bonded debt	\$	—
Less debt service funds - appropriation for future debt payments		—
Total amount of debt applicable to debt limit		—
Legal debt margin, bonds issued under Article 3, section 52b, of the Texas Constitution		\$ 70,200,955
Bonds issued under Texas General Laws:		
Debt limit, five percent of assessed valuation of all taxable property		— 15,962,929 (2)
Amount of debt applied to debt limit:		
Bonded debt	\$	(198,567)
Less debt service funds - appropriation for future debt payments		7,467
Total amount of debt applicable to debt limit		(191,100)
Legal debt margin, bonds issued under Texas General Laws		\$ 15,771,829

(1) As to bonds issued under Article 3, Section 52b 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) "total indebtedness for the purposes described by this chapter may not be increased by the issuance of bonds to an amount that exceeds five percent of the county's taxable values."

	Real Property	Real and Personal
* Assessed values	\$ 280,850,606	\$ 319,305,360
Rolling Stock	(46,786)	(46,786)
Adjusted Assessed Values	\$ 280,803,820	\$ 319,258,574

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

Table 14

Tax and Parking Garage Revenue Bonds							
Debt Service							
Fiscal Year (1)	Total Resources	Less: Operating Expenses (1)	Net Available Revenue	Principal	Interest	Total	Coverage (2)
2009	1,155	136	1,019	445	700	1,145	0.89
2010	1,092	173	919	480	686	1,166	0.79
2011	1,309	204	1,105	520	669	1,189	0.93
2012	1,340	176	1,164	560	649	1,209	0.96
2013 (3)	1,448	176	1,272	605	569	1,174	1.08
2014 (3)	864	133	731	650	26	676	1.08
2015 (4)	-	-	-	-	-	-	-
2016 (5)	-	-	-	-	-	-	-
2017 (5)	1,444	228	1,216	11,190	6,977	18,167	0.07
2018 (5)	1,568	262	1,306	11,195	7,500	18,695	0.07

- (1) Operating expenses from fiscal year 2009 forward include expenses for Founders Plaza and George Allen parking garage systems.
- (2) Funds on deposit in sinking fund in addition to net available revenue provide adequate coverage in compliance with bond covenants.
- (3) Debt service is net of amounts attributable to advance refunded debt.
- (4) Total resources decreased due to parking garage debt was paid in full in FY 2014.
- (5) On September 15, 2016, the County issued debt for which net revenues of \$1 from certain parking operations are pledged.

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

Table 15

Year	Population (1)	Personal Income (in millions of dollars) (2)	Wage Mean (3)	Median Age (4)	School Enrollment (5)	Unemployment Rate (6) (b)
2009	2,471,000	107,337	45,422	33.2	157,524	8.7
2010	2,368,139	107,915	47,351	31.7	157,158	8.4
2011	2,373,870	111,292	48,078	32.3	157,575	8.9
2012	2,385,990	113,590	48,808	32.4	158,932	6.7
2013	2,453,843	115,607	48,596	32.6	159,713	6.6
2014	2,480,331	116,890	49,682	33.1	160,253	5.3
2015	2,518,638	116,412	50,690	32.9	158,604	4.2
2016	2,553,385	118,113	51,898	33.1	157,886	4.2
2017	2,618,148	121,017	53,174	33.2	156,832	3.5
2018	2,618,148 (a)	124,595	54,049	33.3	155,119	3.6

Source:

- 1) The North Texas Commission was used for population estimate for all years except in 2010 and 2014 (ntc-dfw.org/ntppop)
 For years 2010 & 2014-2018, the US Census Bureau population figure was used (<http://quickfacts.census.gov>).
- 2) Texas Workforce Commission LMI Tracer (www.texasindustryprofiles.com/apps/win/eds.php) was used for amounts through Fiscal Year 2012. For fiscal years 2013 and on, LWDA Wages figures are used (www.texaswages.com).
- 3) U.S. Census Bureau - ACS Survey (factfinder.census.gov) for Dallas County, TX.
- 4) U.S. Census Bureau (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 Counties and equivalents: Dallas County, Texas. (<http://www.bls.gov/lau/data.htm>)

Note:

- (a) 2018 US Census Bureau population estimate not available, 2017 US Census Bureau population used. (<http://quickfacts.census.gov>).

DALLAS COUNTY, TEXAS

Table 16

Principal Employers

September 30, 2018

(unaudited)

2018					2009				
Company	Product	Employees	Rank	Percentage of Total County Employment	Company	Product	Employees	Rank	
Wal-Mart	Retail	34,000	1	1.30 %	Wal-Mart Stores, Inc.	Retail	41,400	1	
American Airlines Group	Airline, Technology	27,000	2	1.03	AMR Corporation (American Airlines)	Airline, Technology and Management Service	24,781	2	
Texas Health Resource	Non-profit Health Care	22,296	3	0.85	Dallas Public Schools	Public Independent School District	20,000	3	
Dallas Independent School District	Public Independent School District	19,740	4	0.75	Bank of America	Financial Services	19,000	4	
AT&T	Telecommunications	17,000	5	0.65	Baylor Health Care System	Health Care Provider	18,000	5	
Baylor Scott & White Health	Health Care Provider	16,500	6	0.63	Texas Health Resource	Non-profit Health Care	17,485	6	
The Kroger Co.	Retail	15,397	7	0.59	City of Dallas	Municipality	14,848	7	
Medical City Healthcare	Health Care	14,000	8	0.53	AT&T Inc.	Telecommunications	14,400	8	
Bank of America	Financial Services	13,500	9	0.52	Lockheed Martin Aeronautics Co.	Military Aircraft Design and Production	14,000	9	
City of Dallas	Municipality	13,350	10	0.51	Verizon Communications	Firm	14,000	9	
UT Southwestern Medical	Health Care Provider	13,048	11	0.50	HCA North Texas Division	Health Care Provider	12,000	11	
JPMorgan Chase	Financial Services	12,676	12	0.48	Target Corp.	Retail	10,000	12	
Parkland Health & Hospital System	Health Care to Dallas County	9,986	13	0.38	JPMorgan Chase	Financial Services	10,000	13	
Southwest Airlines	Commercial Airline	9,931	14	0.38	Citigroup Inc.	Financial Services	9,650	14	
State Farm Life Insurance Co	Life Insurance	8,900	15	0.35	Texas Instruments	Electronics and Semiconductor	9,600	15	
Raytheon Co	Defense contractor	8,500	16	0.32	Dallas County Hospital District	Health Care to Dallas County	9,125	16	
Target	Retail	8,355	17	0.32	Raytheon Co.	Defense Systems & Electronics	9,100	17	
Methodist Health System	Health Care Provider	7,922	18	0.30	Dallas County	Government	7,831	18	
Garland Independent School District	Public Independent School District	7,225	19	0.28	United Parcel Service Inc.	Package Distribution Company	7,452	19	
Childrens Health System	Health Care Provider	7,170	20	0.27	J.C. Penney Company, Inc.	Retail	7,300	20	

Source: 2018 Dallas Business Journal, NTC-DFW.org Publications

DALLAS COUNTY, TEXAS

Table 17

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

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	4,517	736	648	660	671	681	695	722	738	732
Judicial										
Truancy	22	34	32	35	37	36	35	33	29	20
Courts*	-	1,382	1,337	1,375	1,404	1,419	1,428	1,452	1,479	1,477
Public Safety										
Constable	270	181	136	114	115	111	109	114	121	113
Sheriff	2,203	2,242	2,231	2,201	2,200	2,210	2,144	2,231	2,188	1,915
Juvenile*	731	678	673	666	669	661	659	640	674	640
Other*	-	221	213	206	212	261	258	277	277	435
Highways and streets										
Road and Bridge	88	78	71	71	62	63	72	70	67	72
Public Works*	-	62	62	56	57	53	57	60	63	64
Health*	-	284	284	270	278	273	266	258	255	263
Education*	-	158	136	129	116	107	101	109	115	115
Public Welfare*	-	228	220	221	216	215	212	206	206	190
Total	7,831	6,284	6,043	6,004	6,037	6,090	6,036	6,172	6,212	6036

* Reported in General Government category prior to 2010
Source: Dallas County Financial Records

Full-time equivalent employee information:

- Full-time equivalent county employee totals are filled positions.
- Starting in 2010, the total full-time equivalent County employee totals do not include temporary employees. Temporary employees are considered to be those who are working but are not employed directly through the County.
- Truancy classification includes full-time equivalent County employees in addition to 7 Truancy Judges.

Significant budget changes:

- In 2010, 71 positions were rifted from the Constable Traffic Section.
- In 2011, 253 positions were deleted due to budgetary cuts.
- In 2017, 40 positions were added.
- In 2018, 263 positions were deleted.

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

Table 18

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessor-Collector of Taxes:										
Budgeted employees	229	222	223	223	222	222	215	253	228	226
Ad valorem assessment notices issued	797,621	797,652	797,821	799,639	802,161	804,627	806,081	811,123	804,151	809,913
Motor vehicle registrations	2,076,773	2,060,385	2,029,531	2,094,546	2,110,732	2,155,088	2,147,841	2,180,294	2,245,252	2,202,744
Number of entity collection contracts	55	59	69	74	74	78	77	78	80	84
Constables:										
Budgeted employees	309	277	182	125	124	120	109	114	121	113
Civil process papers served	115,865	111,996	108,507	76,636	72,107	70,771	74,840	87,768	88,247	88,794
County Clerk (4):										
Budgeted employees	210	191	207	207	201	199	194	198	184	200
Marriage licenses	15,937	15,443	16,531	16,038	16,359	16,024	17,683	19,067	20,989	17,809
Civil suits	11,456	11,574	11,489	10,349	9,785	8,482	8,170	7,911	7,820	7,776
Probate cases	11,396	12,128	12,373	12,268	12,582	12,741	13,266	12,419	12,570	11,189
Criminal cases	67,305	70,540	59,390	57,296	58,240	43,853	46,369	42,974	45,440	41,501
District Clerk:										
Budgeted employees	264	264	254	249	257	260	241	243	243	230
Civil process cases	49,629	47,849	47,508	47,007	48,002	47,502	47,884	49,211	50,360	50,971
Criminal cases	26,280	24,560	23,556	23,130	23,131	23,214	25,262	22,994	23,326	17,814
Jurors	99,459	90,894	102,176	108,911	116,967	106,714	101,417	103,660	105,151	99,501
Justice of the Peace Courts:										
Budgeted employees	166	166	149	144	128	110	107	109	106	97
Cases	423,508	340,175	222,409	196,264	166,138	165,626	149,337	142,156	173,729	172,232
Sheriff:										
Budgeted employees	2,420	2,392	2,202	2,169	2,157	1,878	2,091	2,269	2,134	2,012
Daily average in county jail	5,983	6,550	6,494	6,018	6,028	6,127	5,808	5,334	5,277	5,010
Persons booked	98,821	96,533	91,696	85,001	82,537	74,337	69,988	67,822	82,972	64,847
Civil process papers served (5)	485	749	705	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Truancy Courts (1) :										
Budgeted employees	29	32	32	32	37	41	23	31	20	18
Cases Filed	40,439	47,012	48,871	36,673	35,127	30,604	30,216	30,216	15,708	14,502
County Treasurer										
Budgeted employees	17	16	14	14	14	14	14	15	15	15
Total Receipts (2) (3) (6)	\$ 11,985,157	\$ 14,036,054	\$ 34,952,589	\$ 41,055,225	\$ 24,793,695	\$ 23,512,483	\$ 3,533,943	\$ 3,133,254	\$ 3,274,700	\$ 3,972,430
Total Disbursements (2) (3) (6)	\$ 12,004,698	\$ 14,013,885	\$ 34,910,215	\$ 41,059,939	\$ 24,856,829	\$ 23,550,432	\$ 3,529,020	\$ 3,142,155	\$ 3,337,904	\$ 3,896,625
Investment Earnings (2)	\$ 9,234	\$ 4,746	\$ 5,224	\$ 5,166	\$ 2,805	\$ 2,603	\$ 3,478	\$ 4,093	\$ 7,232	\$ 13,163

Sources: Dallas County Financial Records

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

(2): In thousands of dollars.

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

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

(5): Civil Process served by Sheriff cannot be determined at this time.

(6): County Treasurer's office implemented a new policy for rolling over investments in which investments are recorded monthly. Past years encompassed rolling investments daily.

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

Table 19

<u>Function</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Government										
Number of buildings	21	21	22 (a)	22	23 (b)	23	22	22	23 (h)	23
Public Safety										
Number of buildings	9 (c)	9	9	9	9	9	6	6	6	6
Number of jails	4 (d)	4	4	4	4	4	4	4	4	4
Number of vehicles	713	816	756	718	709	691	688	687	683	683
Highways and streets										
Number of buildings	4	4	4	4	4	4	3 (i)	3	3	3
Streets (lane miles)	135	133	133	124	122 (e)	120	120	112	108	108
Number of bridges	36	36	32	28	26 (e)	26	26	26	26	26
Health										
Number of buildings	1	1	1	1	1	1	1	1	1	1
Public Welfare										
Number of buildings	3	2 (f)	2	2	2	2	2	2	2	2
Judicial										
Number of buildings	7	7	7	7	7	7	7	7	7	7
Number of Juvenile beds	710 (g)	787	618	618	618	618	714	714	714	714
Number of courts	71	71	71	71	71	71	70	71	71	71

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

Notes:

- (a) Forensic building completed in 2008 but not put into use until 2011 due to construction issues.
- (b) Building purchased for record storage in January 2013.
- (c) Building reduction due to the swap of Auto Service Center Building for future location.
- (d) George Allen Jail is depopulated.
- (e) See infrastructure assets for more information; pages 100-101.
- (f) Building reduction due to the sale of the Juvenile Administration/ Detention Building.
- (g) Budget ramifications and re-structuring of internal programs reduced number of juvenile beds.
- (h) Building purchased for Auto Service Center.
- (i) Reduction due to the sale of Road & Bridge #1.