

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
DALLAS COUNTY, TEXAS



REPORT FOR THE YEAR ENDED  
SEPTEMBER 30, 2019

# **DALLAS COUNTY, TEXAS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**SEPTEMBER 30, 2019**

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, 2019

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**INTRODUCTORY SECTION**  
(Unaudited)



**DALLAS COUNTY**  
**DARRYL D. THOMAS**  
**COUNTY AUDITOR**

March 31, 2020

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, 2019.

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 83 and 88 were implemented in FY19. Only GASB 88 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, 2019, 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 approximately 11.4%. 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 70.2% since 2010 to \$349.9 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, 2019 was 5.3%. 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) 97.0% 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 3.2%, 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 3.0% 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 2.53% of the County’s total 2019 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 1.933 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, 2018. 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 38 consecutive years (fiscal years ended 1981 through 2018). 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

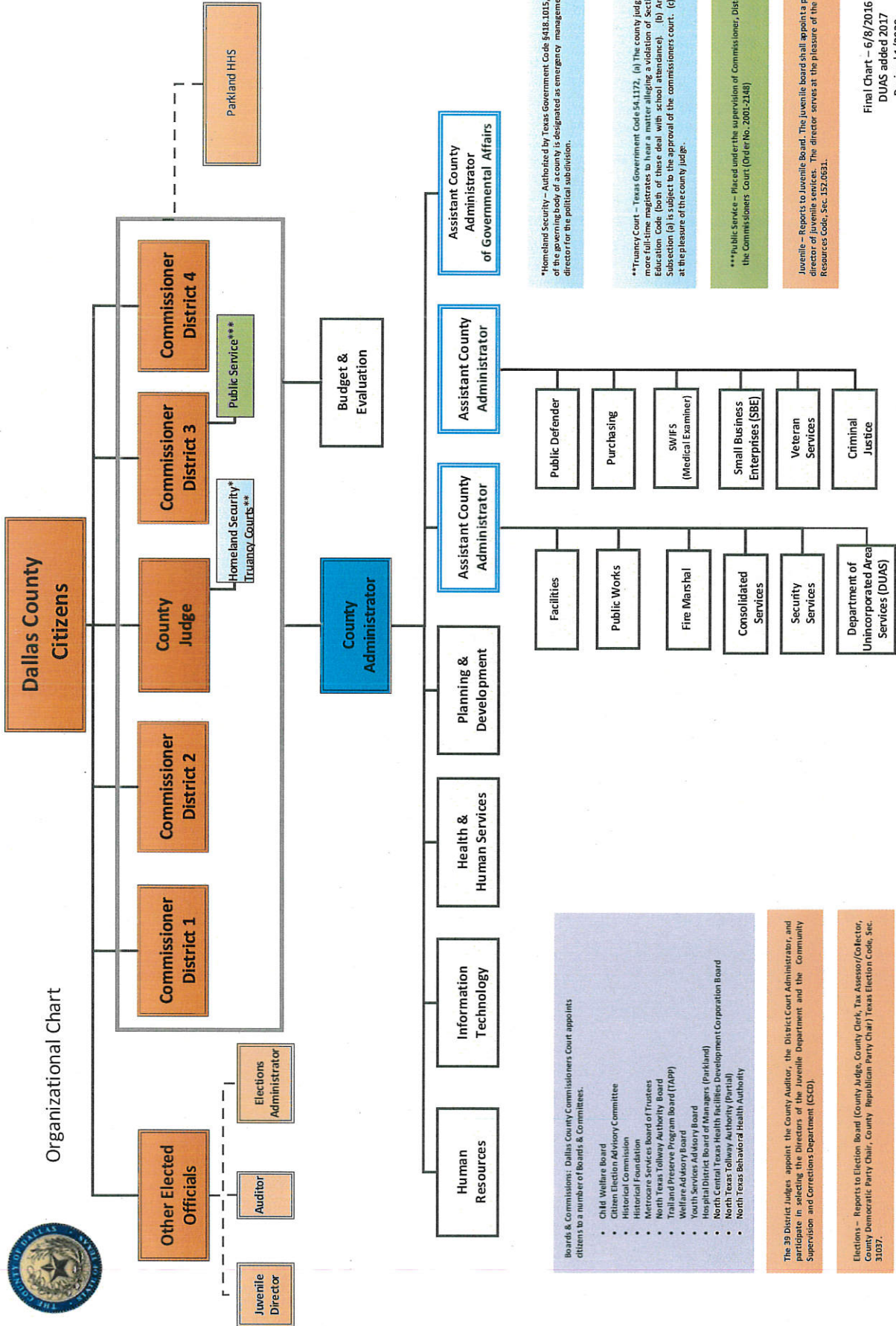
**September 30, 2018**

*Christopher P. Morrill*

Executive Director/CEO



# Organizational Chart



\*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 §41.172. (a) The county judge may appoint one or more full-time registrars to have notice, including subjecting to the jurisdiction of the Education Code (both of these deal with school attendance). (b) An appointee 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.

Final Chart - 6/8/2016  
DUAS added 2017  
Revised 1/2020

- Boards & Commissions: Dallas County Commissioners Court appoints citizens to a number of Boards & Committees.
- Child Welfare Board
  - Citizen Election Advisory Committee
  - Historical Commission
  - Juvenile Board
  - North Texas Tollway Authority Board
  - North Texas Behavioral Health Authority
  - North 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.

**DALLAS COUNTY, TEXAS**

**Principal Officials**

As of September 30, 2019

<u>Official Title</u>	<u>Incumbent</u>
County Judge	Clay Lewis Jenkins
Commissioner, Precinct 1	Dr. Theresa Daniel
Commissioner, Precinct 2	J.J. Koch
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	John Creuzot
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, 2019, 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, 2019, 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.

## **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 30, 2020

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## 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, 2019. 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 \$21,343 from current year operations. Total net position is comprised of:
  - 16.6 % - restricted by external regulators
  - 1.2 % - restricted for debt
  - (21.5) % - 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
  - 103.7 % - net investment in capital assets
- Major factors contributing to change in net position are:
  - pay increases of 4%.
  - OPEB liability decreased as a result of a change in the discount rate used to evaluate the OPEB liability and a change in health cost trend assumptions.
  - increasing pension liability as a result of net loss from invested pension assets.
  - increasing property tax values without a tax rate change.
- Tax revenues realized during the period increased, reflecting strong collection experience on 2018 taxable values which increased 8.9% over 2017 taxable values.

##### Governmental Funds Financial Statements

- The County's governmental funds reported combined fund balances of \$577,343; compared to \$612,333 in the prior year. Components of fund balance are:
  - 2.7% - non-spendable: inventories and prepaids
  - 0.9% - restricted to major grants
  - 17.3% - restricted to non-major governmental funds
  - 1.5% - restricted to debt service
  - 47.9% - committed major projects
  - 18.0% - restricted for County building improvements fund
  - 3.9% - committed to non-major governmental funds
  - 2.6% - assigned general fund
  - 5.2% - unassigned general fund
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$30,180 or 5.3% of general fund expenditures and represents a \$5,383 decrease compared to the prior fiscal period. Budget policy requires this ratio to be 10.5%. The 5.3% ratio is less than the budget policy due to accrued

expenditures, encumbrances, and nonspendable inventory and prepaids, which total \$29,069 or 5.1% of general fund expenditures.

- Tax revenues realized during the period increased, reflecting strong collection experience on 2018 taxable values which increased 8.9% over 2017 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 Statements 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.

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, 2019 and 2018 are summarized as follows:

Dallas County's Net Position			
<u>Governmental Activities</u>			
	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
Current and other assets	\$ 1,339,166	\$ 1,339,663	\$ (497)
Capital assets (net of depreciation)	<u>798,507</u>	<u>695,359</u>	<u>103,148</u>
Total assets	<u>2,137,673</u>	<u>2,035,022</u>	<u>102,651</u>
 Deferred outflows of resources	 <u>172,772</u>	 <u>59,553</u>	 <u>113,219</u>
 Current and other liabilities	 124,532	 132,104	 (7,572)
Long-term liabilities	<u>773,107</u>	<u>714,660</u>	<u>58,447</u>
Total liabilities	<u>897,639</u>	<u>846,764</u>	<u>50,875</u>
 Deferred inflow of resources	 <u>781,698</u>	 <u>638,046</u>	 <u>143,652</u>
 Net investment in capital assets	 654,323	 607,806	 46,517
Restricted	112,738	107,194	5,544
Unrestricted (deficit)	<u>(135,953)</u>	<u>(105,235)</u>	<u>(30,718)</u>
Total Net Position	<u>\$ 631,108</u>	<u>\$ 609,765</u>	<u>\$ 21,343</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 FY19 with a minor increase in amounts receivable at September 30, 2019. 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 decreased \$7,572 between FY18 and FY19 as a result of funds received in prior years from other governments for future road and highway expenditures were being expended for such projects . Long-term liabilities increased as a result of the County’s pension liability, which is a long-term liability, increased \$180,554 between FY18 and FY19. This was due to a net loss from invested assets of \$36,221 as compared to a net gain in the prior year of \$246,954. During the year, two additional capital leases were executed. Amount financed was \$32,805. These increases were partly offset by a change in health cost trend assumptions and an increase in the discount rate used to evaluate the OPEB liability. This discount rate increased between FY18 and FY19 from 3.64% to 4.18%.

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 such as statutory requirements, bond covenants, or grantor conditions, which limit use. 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 \$21,343.

**Governmental activities.** Program revenues and expenses are presented net of inter-fund eliminations. Key elements for the years ended September 30, 2019 and 2018 are as follows:

Dallas County's Change in Net Position

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
Revenues:			
Net program revenues:			
Charges for services	\$ 176,608	\$ 170,729	\$ 5,879
Operating grants and contributions	<u>131,662</u>	<u>120,823</u>	<u>10,839</u>
Sub-total:	308,270	291,552	16,718
General revenues:			
Property taxes	552,091	509,444	42,647
Other taxes	43,565	42,226	1,339
Grants and contributions not restricted	2,494	2,252	242
Investment earnings	22,676	10,159	12,517
Gain (loss) on sale of assets	<u>-</u>	<u>2,181</u>	<u>(2,181)</u>
Total revenues:	<u>929,096</u>	<u>857,814</u>	<u>71,282</u>
Expenses:			
General government	149,704	121,734	27,970
Judicial	215,018	203,030	11,988
Public safety	346,225	314,959	31,266
Highways and streets	35,959	44,619	(8,660)
Health	71,518	60,760	10,758
Education	8,725	8,086	639
Public welfare	73,438	66,980	6,458
Interest and fiscal charges on long-term debt	<u>7,166</u>	<u>5,025</u>	<u>2,141</u>
Total expenses:	<u>907,753</u>	<u>825,193</u>	<u>82,560</u>
Change in net position:	<u>21,343</u>	<u>32,621</u>	<u>(11,278)</u>
Net position - beginning	609,765	478,521	131,244
Restatement	<u>-</u>	<u>98,623</u>	<u>-</u>
Net position - as restated beginning of year	<u>609,765</u>	<u>577,144</u>	<u>32,621</u>
Net position - ending	<u>\$ 631,108</u>	<u>\$ 609,765</u>	<u>\$ 21,343</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:

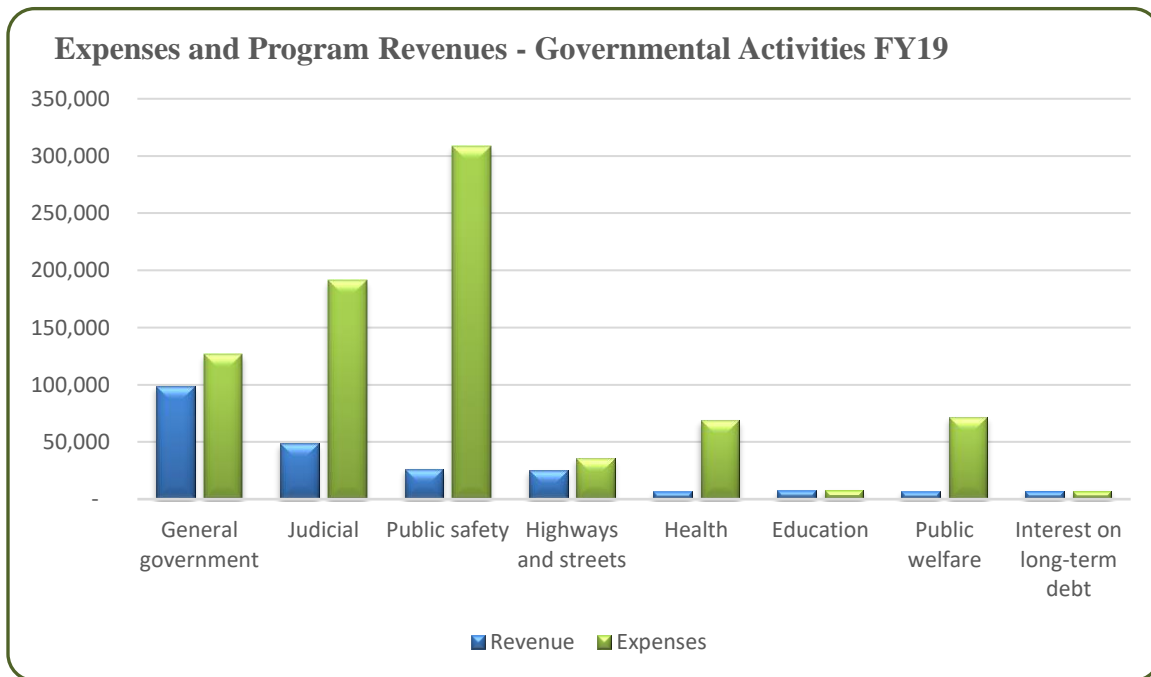
## General Revenue

- Property taxes increased \$42,647 during the year from increases in taxable assessed valuations without an increase of the County's tax rate.
- Investment earnings, reflects an increase of \$12,517 due to an increase of the weighted average investment yield between FY18 and FY19 from 1.94% to 2.11%.

The tax rate assessed for January 1, 2019, valuation date remained flat at 24.31 cents per \$100. Taxable assessed valuations for that period increased 8.9%. (Property taxes levied prior to year-end are reflected as unearned revenue and taxes receivable.)

## Program Revenue

Program revenues remained flat between FY18 and FY19.



Program revenue of \$308,270 less expenses of \$907,753 for FY19 was a net expense of \$599,483. Program revenue less expenses was a net expense of \$533,641 in 2018. The change between FY19 and FY18 was primarily due to:

- Salaries increased October 1 with structure increases of 4%. 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 decrease of health cost trend assumptions.
- The Pension liability increased from \$127,278 in FY18 to \$307,832 in FY19. Pension expense and liability increased as a result of investment earnings was a net loss in FY19 of \$36,221 as compared to a net gain in FY18 of \$246,954.



## 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 decreased \$34,990 in the current fiscal year to \$577,343. An increase was noted for the Debt Service and Major Projects funds. Tax revenues increased \$45,776 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 \$30,180 in contrast to \$35,563 in the prior year. Total fund balance is \$49,035. Increased expenditures were recorded in most expenditure categories as a result of structural salary increases of 4%. 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. FY19 reflects unassigned fund balance to total fund expenditures (excluding other financing uses) at 5.3%. This ratio was impacted from salary increases, accrued expenditures, encumbrances and nonspendable inventory and prepaids.

In FY19, the Debt Service fund balance was relatively level between FY18 and FY19.

The Major Projects Fund reflects a fund balance of \$281,882 in FY19 compared to \$278,546 in FY18. Tax revenue increased as a result of assessed values increasing and increased tax rate for this individual fund. The increase in tax revenues was partly offset by increased capital outlays for road and building improvements.

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.

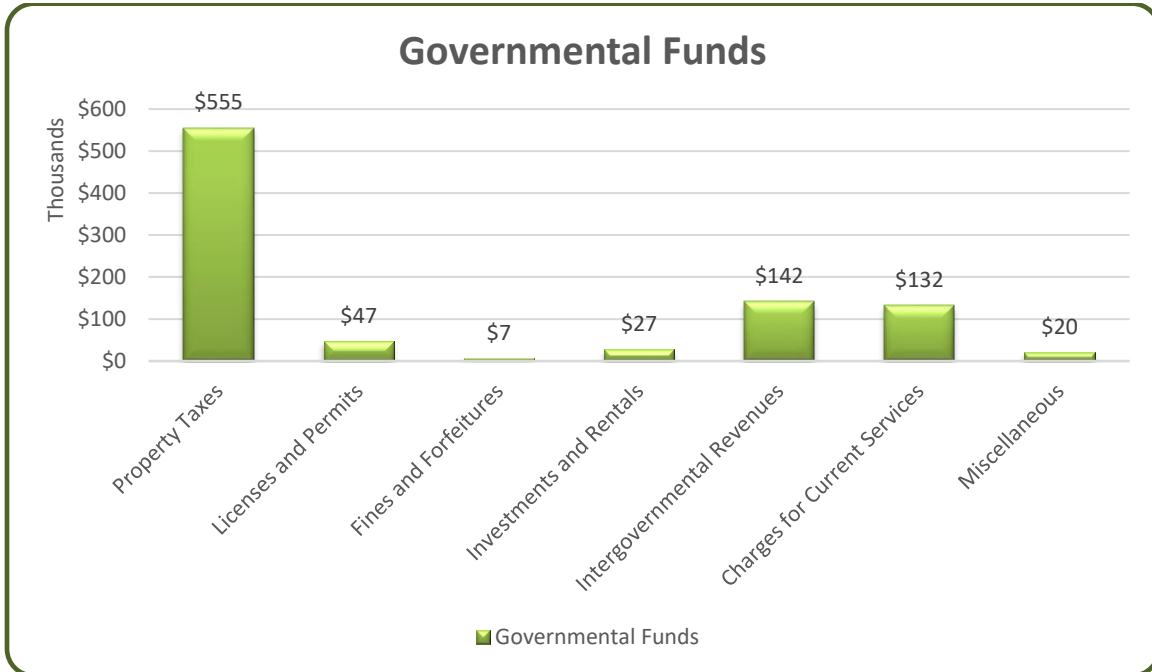
**Governmental Funds - Revenues Classified by Source**

	2019	2018	Increase (Decrease)	Percent Change
Property taxes	\$ 555,198	\$ 509,422	\$ 45,776	8.99%
Licenses and permits	47,474	46,661	813	1.74
Fines and forfeitures	7,320	8,659	(1,339)	(15.46)
Investments and rentals	27,486	14,774	12,712	86.04
Intergovernmental revenues	142,332	138,637	3,695	2.67
Charges for current services	132,157	133,565	(1,408)	(1.05)
Miscellaneous	19,995	20,120	(125)	(0.62)
<b>Total</b>	<u>\$ 931,962</u>	<u>\$ 871,838</u>	<u>\$ 60,124</u>	6.90

- Property taxes – increased by \$45,776 primarily due to a 8.9% increase in the 2018 assessed taxable values with a flat tax rate. New construction values increased \$14,608, 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 1.94% in FY18 to 2.11% in FY19.

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**Revenues Classified by Source – Governmental Activities – FY19**



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

**Expenditures by Function - Governmental Funds**

Function:	2019	2018	Increase (Decrease)	Percent Change
General Government	\$ 126,700	\$ 117,374	\$ 9,326	7.95%
Judicial	191,479	181,285	10,194	5.62
Public Safety	308,740	295,882	12,858	4.35
Highways and Streets	35,434	43,709	(8,275)	(18.93)
Health	68,883	59,529	9,354	15.71
Public Welfare	71,850	65,874	5,976	9.07
Education	8,049	7,698	351	4.56
Capital Outlays	150,542	108,663	41,879	38.54
Debt Service - principal	26,423	28,751	(2,328)	(8.10)
Debt Service - interest and fiscal charges	11,657	10,219	1,438	14.07
<b>Total</b>	<u>\$ 999,757</u>	<u>\$ 918,984</u>	<u>\$ 80,773</u>	8.79

Salaries increased October 1 with increases of 4%. Pension expense increased as a result of net loss from invested pension assets and salary increases.

- Highway and streets expenditures decreased. Funds (federal and State) were expended to fund projects.
- Health expenditures increased from increased funding of Ryan White and lab supply grants.
- Capital outlay expenditures increased due to renovation of certain County buildings and two capital leases executed in FY19.
- Debt service – interest payments increased due to debt issued in FY16 and two additional capital lease agreements executed in FY19.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Commissioner’s Court on September 18, 2018, adopted the General Fund budget totaling \$608,827 (prior to including prior period carry forward of encumbrances) an increase of \$27,295 from FY18 budget. Valid encumbrances from prior year are added completing the approved budget. The FY19 legally adopted budget for all funds prior to encumbrance and available funds rollovers totaled \$996,028.

Highlights from Dallas County FY19 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 4%. Accordingly, pension costs budgeted increased.
- A net total of 10 positions were added.
- 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 \$534,836 and actuals totaled \$553,135. Property tax revenue and Charges for Current services exceeded budget by 1.49% and 3.44%, respectively, which are only modest variances. However, Investment Income and Miscellaneous exceeded budget by 60.0% and 219.70%, respectively. Those variations are due to the following:

- a. Investment Income reflects an increase of the weighted average investment yield from 1.94% in the prior year to 2.11% in the current year. This, along with an increase in average cash balances from increased tax revenue accounted for this increase.
- b. Retiree medical health premiums of \$5,174 are not budgeted as miscellaneous revenues.

Budgeted operating expenditures in each of the following classifications differed from actual expenditures.

- a. General Government actual operating expenditures exceeded budgeted operating expenditures for retiree medical health premiums which are not budgeted.
- b. Public Safety budgeted expenditures exceeded actual expenditures for \$930 transferred to Major Grants and \$1,105 was not spent for third party security personnel. County used its staff for security purposes.
- c. Health budgeted operating expenditures included \$3,145 budgeted in prior years carried forward to the current year which amount was not required. Additionally, \$1,800 was not expended but was budgeted for mental health issues.

## Major Projects

Budgeted revenues totaled \$94,392 and actual revenues totaled \$106,741. The variation was due to increased investment yield on invested funds, proceeds from sale of a County building, settlement of a performance bond claim, and repayment of amounts due under a TIF agreement with City of Dallas.

Budgeted expenditures for highways and streets exceeded actual expenditures. 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.

## Grants

Difference between actual and budgeted revenues were due to increased funding received from various grantors, including HUD Section 8 Grants.

- Budgeted Public Welfare expenditures in Major Grants exceeded actual by \$193 due to timing in certain programs.
- Budgeted Public Welfare expenditures in HUD Section 8 Grants exceeded actual by \$3,053 due to increased funding.

## DEBT ADMINISTRATION AND CAPITAL ASSETS

**Long-term debt.** At September 30, 2019, the County had limited tax, unlimited tax, and general obligation bonds outstanding in the amount of \$151,495, with debt premium of \$21,936. 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 \$151,495. The debt limits for the two authorizations are \$76,003,985 (25% of real property assessed valuation), and \$17,134,093 (5% of assessed valuation of all taxable property); therefore, the County has legal debt margins on general obligation debt of

\$76,003,985, and \$17,134,093, 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 FY19.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental Activities:				
Bonds and Certificates of Obligation	\$ 198,567	\$ -	\$ 25,136	\$ 173,431
Capital Leases	50,244	32,805	5,653	77,396
Other Post Employment Benefits	300,743	24,126	151,169	173,700
Claims and Judgments	2,000	1,619	1,619	2,000
Compensated Absences	34,465	46,030	43,966	36,529
Net Pension Liability	127,278	251,713	71,159	307,832
Worker’s Compensation	1,363	2,534	1,678	2,219
	<u>\$ 714,660</u>	<u>\$ 358,827</u>	<u>\$ 300,380</u>	<u>\$ 773,107</u>

Legal counsel and subject experts are contracted to review workers’ compensation claims and other legal matters as needed. The FY19 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, 2018. Only a fraction of OPEB expense is actually paid in any given year. OPEB liability decreased as a result of the discount rate used to calculate OPEB liability increased to 4.18% from 3.64% at the prior measurement date of September 30, 2017. 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, 2019, net capital assets of the governmental activities totaled \$798,507, reflecting a net increase of \$103,148. Depreciation of capital assets (except for infrastructure assets which are reported under the Modified Approach basis) is recognized in the government-wide financial statements. FY19 depreciation for buildings, improvements, and M&E totaled \$28,387. 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 FY19 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 \$2,091 on county road maintenance for the year ended September 30, 2019. These expenditures delayed deterioration; however, overall road conditions were not significantly improved. Incurred bridge maintenance costs in FY19 were \$247. Additional details on infrastructure assets can be found in Required Supplementary Information of this report.

County's Capital Assets  
(net of depreciation)

	2019	2018
Governmental Activities:		
Land	\$ 48,200	\$ 43,515
Historical treasures	32,042	32,042
Buildings	409,468	385,259
Machinery and equipment	89,170	68,966
Infrastructure	26,671	26,671
Construction in progress	192,956	138,906
Total	\$ 798,507	\$ 695,359

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 FY20 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 FY20 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 \$29,239, or an increase of 7.59%. The property tax revenue to be raised from new property added to the tax roll is \$17,127.

Highlights from Dallas County FY20 Budget include the following:

- The overall tax rate was unchanged from 2019 tax year and has remained unchanged for ten years.
- Compensation increases for all levels were approved at 4% with a 2% merit increase.
- An increase of 36 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](http://www.dallascounty.org).





# **BASIC FINANCIAL STATEMENTS**

**DALLAS COUNTY, TEXAS**

Statement of Net Position  
September 30, 2019  
(in thousands of dollars)

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Hospital District</u>
<b>ASSETS</b>		
Cash, cash equivalents, and investments	\$ 657,351	\$ 734,821
Receivables (net of allowance for uncollectible)	627,896	210,747
Accrued interest	1,467	-
Due from other government units	36,857	44,546
Inventories	2,172	25,622
Prepayments and advances	13,423	-
Assets limited to use	-	152,363
Other noncurrent assets	-	4,209
Capital assets not being depreciated		
Land	48,200	144,625
Construction - in - progress	192,956	72,531
Infrastructure	26,671	-
Historical treasures	32,042	-
Capital assets (net of accumulated depreciation)		
Buildings	409,468	1,155,618
Machinery and equipment	89,170	169,331
Total capital assets	<u>798,507</u>	<u>1,542,105</u>
Total assets	<u>2,137,673</u>	<u>2,714,413</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflow of resources - Other post employment benefit (OPEB)	4,713	-
Deferred outflow of resources - pension	<u>168,059</u>	<u>108,287</u>
Deferred outflows of resources	<u>172,772</u>	<u>108,287</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	65,867	271,648
Accrued interest payable	903	4,847
Other current liabilities	7,092	152,669
Unearned revenues	13,273	-
Due to other government units	37,397	-
Long-term liabilities:		
Due within one year	68,271	17,000
Due in more than one year	228,017	687,048
Due in more than one year - net pension liability	307,832	487,086
Due in more than one year - OPEB	<u>168,987</u>	<u>-</u>
Total liabilities	<u>897,639</u>	<u>1,620,298</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflow of resources - OPEB	163,511	-
Deferred inflow of resources - pension	3,004	784
Deferred inflow - property taxes	<u>615,183</u>	<u>-</u>
Total deferred inflows of resources	<u>781,698</u>	<u>784</u>
<b>NET POSITION</b>		
Net investment in capital assets	654,323	824,198
Restricted for:		
Highways and streets	29,895	-
Debt service	7,626	-
Major Grants, HUD Section 8 and Academy for Academic Excellence	10,889	-
Record management and capital projects	64,328	-
Third parties	-	57,790
Unrestricted (deficit) position	<u>(135,953)</u>	<u>319,630</u>
Total net position	<u>\$ 631,108</u>	<u>\$ 1,201,618</u>

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

**DALLAS COUNTY, TEXAS**  
Statement of Activities  
For the Year Ended September 30, 2019  
(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
<b>Primary government:</b>						
<b>Governmental activities:</b>						
General government	\$ 149,704	\$ 53,561	\$ -	\$ -	\$ (96,143)	\$ -
Judicial	215,018	50,389	5,187	-	(159,442)	-
Public safety	346,225	29,336	19,642	-	(297,247)	-
Highways and streets	35,959	27,684	-	-	(8,275)	-
Health	71,518	8,684	39,734	-	(23,100)	-
Education	8,725	-	7,771	-	(954)	-
Public welfare	73,438	6,954	59,328	-	(7,156)	-
Interest and fiscal charges - debt	7,166	-	-	-	(7,166)	-
Total primary government	\$ 907,753	\$ 176,608	\$ 131,662	\$ -	\$ (599,483)	\$ -
<b>Component unit:</b>						
Hospital district	\$ 2,725,692	\$ 2,173,279	\$ -	\$ 2,606	\$ -	\$ (549,807)
<b>General revenues:</b>						
Property taxes				\$ 552,091	\$ 679,133	
Alcoholic beverage and other taxes				43,565	-	
Grants and contributions not restricted to specific programs				2,494	33,990	
Investment earnings				22,676	35,110	
Gain on sale of asset				-	10	
Total general revenue				620,826	748,243	
Change in net position				21,343	198,436	
<b>Net position - beginning of year</b>				609,765	1,003,182	
<b>Net position - ending of year</b>				\$ 631,108	\$ 1,201,618	

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

**DALLAS COUNTY, TEXAS**  
Balance Sheet  
Governmental Funds  
September 30, 2019  
(in thousands of dollars)

	General	Debt Service	Major Projects	County Building Improvements	Major Grants	Other Non-major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash, cash equivalents and investments	\$ 76,520	\$ 8,579	\$ 314,124	\$ 109,027	\$ 9,620	\$ 129,055	\$ 646,925
Property tax receivables (net of allowance for uncollectible)	433,470	24,502	104,199	-	-	53,490	615,661
Accounts receivable (net of allowance for uncollectible)	5,331	-	2,816	-	-	4,088	12,235
Accrued interest	235	-	886	-	-	346	1,467
Due from other funds	181	-	-	-	331	389	901
Due from other governmental units	9,816	-	8,614	-	18,141	286	36,857
Inventories	1,781	-	-	-	-	391	2,172
Prepayments and advances	2,239	1	5,267	275	252	5,389	13,423
Total assets	<u>\$ 529,573</u>	<u>\$ 33,082</u>	<u>\$ 435,906</u>	<u>\$ 109,302</u>	<u>\$ 28,344</u>	<u>\$ 193,434</u>	<u>\$ 1,329,641</u>
<b>LIABILITIES</b>							
Liabilities:							
Accounts payable and accrued liabilities	\$ 30,389	\$ -	\$ 13,721	\$ 4,919	\$ 9,526	\$ 6,807	\$ 65,362
Due to other funds	9,418	52	13	-	165	198	9,846
Due to other governmental units	332	-	35,688	-	-	1,377	37,397
Unearned revenue - other	-	-	-	-	13,273	-	13,273
Total liabilities	<u>40,139</u>	<u>52</u>	<u>49,422</u>	<u>4,919</u>	<u>22,964</u>	<u>8,382</u>	<u>125,878</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - other	6,740	-	340	-	-	3,393	10,473
Unavailable revenue - property taxes	433,659	24,500	104,262	-	-	53,526	615,947
Total deferred inflows	<u>440,399</u>	<u>24,500</u>	<u>104,602</u>	<u>-</u>	<u>-</u>	<u>56,919</u>	<u>626,420</u>
<b>FUND BALANCES</b>							
Nonspendable: inventories and prepaids	4,020	1	5,267	275	252	5,780	15,595
Restricted	-	8,529	-	104,108	5,128	99,984	217,749
Committed	-	-	276,615	-	-	22,369	298,984
Assigned	14,835	-	-	-	-	-	14,835
Unassigned	30,180	-	-	-	-	-	30,180
Total fund balances	<u>49,035</u>	<u>8,530</u>	<u>281,882</u>	<u>104,383</u>	<u>5,380</u>	<u>128,133</u>	<u>577,343</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 529,573</u>	<u>\$ 33,082</u>	<u>\$ 435,906</u>	<u>\$ 109,302</u>	<u>\$ 28,344</u>	<u>\$ 193,434</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.	798,507
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.	11,237
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.	10,060
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.	(766,039)
Net position of governmental activities.	<u>\$ 631,108</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, 2019  
(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>
<b>REVENUES</b>							
Property taxes	\$ 390,946	\$ 26,115	\$ 89,968	\$ -	\$ -	\$ 48,169	\$ 555,198
Licenses and permits	24,513	-	-	-	-	22,961	47,474
Fines and forfeitures	364	-	-	-	-	6,956	7,320
Investment income	4,209	3,803	10,144	-	525	3,798	22,479
Rental revenues	4,891	-	116	-	-	-	5,007
Intergovernmental revenues	6,643	-	646	-	83,015	52,028	142,332
Charges for current services	110,971	-	-	-	384	20,802	132,157
Miscellaneous	10,598	-	5,867	-	1,670	1,860	19,995
Total revenues	<u>553,135</u>	<u>29,918</u>	<u>106,741</u>	<u>-</u>	<u>85,594</u>	<u>156,574</u>	<u>931,962</u>
<b>EXPENDITURES</b>							
Current:							
General government	83,938	-	8,159	3,253	-	31,350	126,700
Judicial	172,232	-	-	-	5,975	13,272	191,479
Public safety	280,104	-	-	-	22,520	6,116	308,740
Highways and streets	-	-	21,473	-	-	13,961	35,434
Health	29,166	-	-	-	39,647	70	68,883
Education	-	-	-	-	-	8,049	8,049
Public welfare	740	-	6,427	-	21,539	43,144	71,850
Debt service:							
Principal	-	20,770	5,653	-	-	-	26,423
Interest and fiscal charges	-	8,086	3,571	-	-	-	11,657
Capital outlay	-	-	107,735	42,807	-	-	150,542
Total expenditures	<u>566,180</u>	<u>28,856</u>	<u>153,018</u>	<u>46,060</u>	<u>89,681</u>	<u>115,962</u>	<u>999,757</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,045)</u>	<u>1,062</u>	<u>(46,277)</u>	<u>(46,060)</u>	<u>(4,087)</u>	<u>40,612</u>	<u>(67,795)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	17,671	-	16,808	-	5,734	-	40,213
Transfers (out)	(5,650)	-	-	(11,308)	(1,955)	(21,300)	(40,213)
Capital lease	-	-	32,805	-	-	-	32,805
Total other financing sources (uses)	<u>12,021</u>	<u>-</u>	<u>49,613</u>	<u>(11,308)</u>	<u>3,779</u>	<u>(21,300)</u>	<u>32,805</u>
Net change in fund balances	(1,024)	1,062	3,336	(57,368)	(308)	19,312	(34,990)
Fund balances - beginning	50,059	7,468	278,546	161,751	5,688	108,821	612,333
Fund balances - ending	<u>\$ 49,035</u>	<u>\$ 8,530</u>	<u>\$ 281,882</u>	<u>\$ 104,383</u>	<u>\$ 5,380</u>	<u>\$ 128,133</u>	<u>\$ 577,343</u>

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

**DALLAS COUNTY, TEXAS**  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds to the  
 Statement of Activities  
 for the Year Ended September 30, 2019  
 (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	\$	(34,990)
<p>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.</p>		
		104,605
<p>The net effect of various transactions (e.g. sale of capital of assets). See - Notes to the Basic Financial Statements for details.</p>		
		(1,457)
<p>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.</p>		
		(2,956)
<p>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.</p>		
		(80,075)
<p>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.</p>		
		30,789
<p>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.</p>		
		5,427
Change in net position of governmental activities	\$	21,343

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, 2019

(in thousands of dollars)

	<b>Governmental Activities - Internal Service Fund</b>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 10,426
Due from other funds	<u>8,945</u>
Total current assets	<u>\$ 19,371</u>
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Medical claims	\$ 7,092
Workers' compensation claims - current	<u>1,465</u>
Total current liabilities	8,557
<b>Non-Current Liability:</b>	
Workers' compensation claims non-current	<u>754</u>
Total liabilities	<u>9,311</u>
<b>NET POSITION</b>	
Unrestricted	<u>10,060</u>
Total net position	<u>\$ 10,060</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, 2019  
(in thousands of dollars)

	<u><b>Governmental Activities- Internal Service Fund</b></u>
<b>Operating revenues:</b>	
Premiums	\$ <u>86,648</u>
<b>Operating expenses:</b>	
Benefit payments	75,735
Administration	<u>5,577</u>
<b>Total operating expenses</b>	<u>81,312</u>
<b>Operating income</b>	5,336
<b>Non-operating revenues:</b>	
Interest income	<u>91</u>
<b>Change in net position</b>	5,427
<b>Total net position - beginning of year</b>	4,633
<b>Total net position - ending of year</b>	<u>\$ <u>10,060</u></u>

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



**DALLAS COUNTY, TEXAS**

Statement of Cash Flows

Proprietary Fund

September 30, 2019

(in thousands of dollars)

	<b>Governmental Activities - Internal Service Fund</b>
	<u>                    </u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash for premiums and reimbursements	\$ 81,295
Cash payments for benefit claims	(73,466)
Cash payments for administrative fees	<u>(5,577)</u>
Net cash used by operating activities	<u>2,252</u>
 <b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Interest on investments	<u>91</u>
Net cash provided by investing activities	<u>91</u>
Net increase in cash and cash equivalents	2,343
Cash and cash equivalents at beginning of year	<u>8,083</u>
Cash and cash equivalents at end of year	<u>\$ 10,426</u>
 <b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 5,336
Changes in current assets and liabilities:	
Due from other funds	(5,353)
Liabilities	<u>2,269</u>
Net cash operating activities	<u>\$ 2,252</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, 2019  
(in thousands of dollar)

	<u>Total</u>
<b>Assets:</b>	
Cash and investments	\$ 167,767
Accrued interest and other receivable	13
Assets held in escrow	8,623
	<hr/>
Total assets	<u>\$ 176,403</u>
<b>Liabilities:</b>	
Due to other governmental units and others	<u>\$ 176,403</u>
Total liabilities	<u>\$ 176,403</u>

The Notes to the basic financial statement are an integral part of this statement

**DALLAS COUNTY**  
**Notes to the Basic Financial Statements**  
**September 30, 2019**  
**(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.

The following GASB Statements were implemented in FY19. Only GASB Statement No. 88 impacted the County. See footnote VI Long-Term Liabilities, subparagraph Significant Debt Covenants.

**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.

**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.

**A. 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 discretely presented component unit of the County.

**DALLAS COUNTY**  
**Notes to the Basic Financial Statements**  
**September 30, 2019**  
**(in thousands of dollars)**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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, Commissions and Other Entity***

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

The County has formed a Local Government Corporation, along with certain other government organizations, to coordinate the joint development of court software, known as Techshare. The arrangement is organized as a hybrid of a joint venture and joint operations. To date all investment into Techshare has been made as undivided interests in separately-owned assets and is accounted for as such.

**B. Government–Wide and Fund Financial Statements**

The government-wide financial statements include the Statements 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. However, inter-fund services provided and used are not eliminated in the process of consolidation. Governmental activities are supported mainly by taxes, intergovernmental revenues and charges for services. The primary government is reported separately from the component unit within the government-wide statements.

The statement of activities reflects the degree to which 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.

**DALLAS COUNTY**  
**Notes to the Basic Financial Statements**  
**September 30, 2019**  
**(in thousands of dollars)**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General, 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.

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

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

Revenues are classified as *program revenues* and *general revenues*. Program revenues include 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, grants and contributions not restricted to specific programs, 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, 2019, and became due October 1, 2019 have been assessed to finance the budget of the fiscal year beginning October 1, 2019 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, 2019.

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.

**DALLAS COUNTY**  
**Notes to the Basic Financial Statements**  
**September 30, 2019**  
**(in thousands of dollars)**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 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

**DALLAS COUNTY**  
**Notes to the Basic Financial Statements**  
**September 30, 2019**  
**(in thousands of dollars)**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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.

DCS Administration – Dallas County Schools (DCS) was legislatively abolished effective November 15, 2017 and Dallas County Schools Dissolution Committee (Committee) was

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

statutorily appointed to administer dissolution of DCS. Prior to FY19, neither were ever associated with Dallas County (County).

Effective September 1, 2019, the Committee was abolished by Texas Senate Bill No. 2018. On that same date, all duties and obligations of the Committee were transferred to Dallas County Commissioners (DCC). While Senate Bill 2018 transferred control of and responsibility for administering all obligations of the abolished DCS and its now-abolished dissolution committee to the Commissioners Court of Dallas County, it explicitly forbade the use of County assets (including ad valorem tax revenue) to pay any liability, debt, contract, or other obligation of DCS or the Committee.

All outstanding debts and obligations of DCS are described in the final judgment of the 134<sup>th</sup> Judicial District Court dated May 22, 2018 in Cause No. DC-18-04952. These outstanding debts may only be paid from proceeds collected under the tax previously adopted by DCS and reauthorized under SB 2018, levied annually at the rate of one cent per \$100 of ad valorem valuation until all said debt is discharged under the terms of the final judgment. The County Commissioners Court is collecting these ad valorem taxes and paying down the outstanding debt. All other claims, including claims for worker's compensation and unemployment compensation filed on or before September 1, 2019, may only be paid from the sinking fund created by the Committee or any other funds transferred from the Committee to the County.

As of September 30, 2019, debt obligations payable from ad valorem taxes have interest rates varying from 3.00% to 8.75% with anticipated maturity dates ranging between March 31, 2023 and March 31, 2024. Ad valorem taxes are to be collected and paid annually on or before March 30, until debt obligations plus accrued interest are paid in full.

As of September 30, 2019, \$14,900 was available in the sinking fund to pay workers' compensation and unemployment claims.

**D. 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,



**DALLAS COUNTY**  
**Notes to the Basic Financial Statements**  
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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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);

**DALLAS COUNTY**  
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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- 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).

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:

**DALLAS COUNTY**  
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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

<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 Statements 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 below its carrying amount. Footnote XIV Subsequent Event describes a material impairment event, which occurred subsequent to the County's fiscal year end.

**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, 2019, 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.

**DALLAS COUNTY**  
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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 Statements 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 Other Post Employment Benefits (OPEB) discussed in Note VIII Retirement Commitments. These amounts are amortized over a period of five or six years.

In addition to liabilities, the Statements 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 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 five years. OPEB amounts are amortized over a period of twelve 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 Statements 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

**DALLAS COUNTY**  
**Notes to the Basic Financial Statements**  
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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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, 2019, is composed of \$8,529 restricted as a result of bond requirements for future debt service, \$5,128 restricted by State and federal authorities for grants awarded to the County. Special Revenue Fund balance of \$95,558 is restricted by federal and State statutes. County Building Improvements Fund and Capital Projects Fund balances of \$104,108 and \$4,426 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, 2019, Major Project Fund committed balance is \$276,615. The balance of committed fund balance \$22,369 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, 2019, the assigned fund balance of \$14,835 is primarily composed of amounts assigned by officials for various operational expenditures.

**DALLAS COUNTY**  
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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- 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.

**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 Statements 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 Statements 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:

**DALLAS COUNTY**  
**Notes to the Basic Financial Statements**  
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**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**  
**(Continued)**

Property taxes – assessed in current year which remain uncollected within 60 days of year-end	\$ 764
Other receivables and accrued interest – which remain uncollected within 60 days of year-end	10,473
Net adjustment to increase fund balance – total governmental funds to arrive at net position - governmental activities	\$ 11,237

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	\$ (151,495)
Premium on bonds payable	(21,936)
Capital leases payable	(77,396)
Other post employment benefits	(173,700)
Accrued interest payable	(903)
Accrued liabilities	(505)
Claims and judgments	(2,000)
Compensated absences	(36,529)
Net pension liability	(307,832)
Deferred inflow resources – OPEB	(163,511)
Deferred outflow of resources – OPEB	4,713
Deferred inflow of resources – pension	(3,004)
Deferred outflow of resources – pension	168,059
Net adjustment to decrease fund balance – total government funds to arrive at net position - governmental activities	\$ (766,039)

**DALLAS COUNTY**  
**Notes to the Basic Financial Statements**  
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**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	\$	165,797
Capital leases executed		(32,805)
Depreciation expense		<u>(28,387)</u>
Net adjustment to increase net changes in fund balances - total government funds to arrive at changes in net position of governmental activities.	\$	<u><u>104,605</u></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>(1,457)</u>
Net adjustment to decrease net changes in fund balances – total government funds to arrive at changes in net position of governmental activities	\$	<u><u>(1,457)</u></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, 2018	Unavailable Revenue	\$	(590,797)
September 30, 2019	Unavailable Revenue		626,420
		Statement of Net Position	
September 30, 2018	Deferred Inflows		576,604
September 30, 2019	Deferred Inflows		<u>(615,183)</u>
		\$	<u><u>(2,956)</u></u>



**DALLAS COUNTY**  
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**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	\$	(2,064)
Workers compensation		(856)
Pension		(40,513)
Accrued interest		125
Other post employment benefits		(4,852)
Accounts payable and accrued liabilities		(505)
Capital lease obligation		(32,805)
Other liabilities		1,395
Net adjustment to decrease net changes in fund balances	\$	<u><u>(80,075)</u></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	\$	20,770
Capital lease principal payments		5,653
Amortization of debt premium		4,366
Net adjustment to increase net changes in fund balances	\$	<u><u>30,789</u></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.

**DALLAS COUNTY**  
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**III. DEPOSITS, INVESTMENTS, AND INVESTMENT POLICIES (Continued)**

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.

**Deposits**

At September 30, 2019, the carrying amount of the County's demand deposits and investments was as follows:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash <sup>(a)</sup>	\$ (8,565)	\$ 7,629	\$ (936)	\$ 148,123	\$ 147,187
Investments and cash equivalents <sup>(a)</sup>	<u>655,490</u>	<u>2,797</u>	<u>658,287</u>	<u>19,644</u>	<u>677,931</u>
Total cash, cash equivalents and investments	<u>\$ 646,925</u>	<u>\$ 10,426</u>	<u>\$ 657,351</u>	<u>\$ 167,767</u>	<u>\$ 825,118</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 and fair value of both pools equals the value of pool shares. The pools are subject to regulatory oversight by the Texas State Comptroller, although they are not registered with the SEC.

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**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, 2019, 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	\$ 21,959	2.66 %	1,227	2.32 %	Note 1
Federal Home Loan Mortgage Corporation Notes	127,666	15.47	850	2.16	Note 1
Federal National Mortgage Association Notes	57,636	6.99	286	1.52	Note 1
Federal Farm Credit Bank Notes	87,520	10.61	935	2.04	Note 1
Certificates of Deposit	<u>12,642</u>	<u>1.53</u>	<u>572</u>	<u>2.77</u>	
Investments	<u>307,423</u>	<u>37.26</u>	<u>784</u>	<u>2.04</u>	
TexPool Prime Deposits	6,625	0.80	1	2.27	Note 2
TexPool Deposits	<u>363,883</u>	<u>44.10</u>	<u>1</u>	<u>2.16</u>	Note 2
Cash Equivalents	<u>370,508</u>	<u>44.90</u>	<u>1</u>	<u>2.16</u>	
Cash	<u>147,187</u>	<u>17.84</u>	<u>-</u>	<u>-</u>	
Investments, Cash and Cash Equivalents	<u>\$ 825,118</u>	<u>100.00 %</u>	<u>367</u>	<u>2.11 %</u>	

*Note 1: Moody's Investor Services, Standard & Poor's (S&P) AAA, Fitch AAA. There 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**  
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**III. DEPOSITS, INVESTMENTS, AND INVESTMENT POLICIES (Continued)**

At September 30, 2019, the County had the following investments and cash equivalents, and maturities:

	<b>Investment Maturities (in years)</b>					
	<b>Fair Value</b>	<b>Less than 1</b>	<b>1 – 2</b>	<b>2 – 3</b>	<b>3 – 4</b>	<b>4 – 5</b>
U.S. agencies and government sponsored enterprises	\$ 294,781	\$ 139,656	\$ 24,961	\$ 24,973	\$ 16,259	\$ 88,932
Certificates of Deposit	12,642	6,662	2,012	1,998	249	1,721
Investment Pools:			-	-	-	
TexPool Prime <sup>(1)</sup>	6,625	6,625	-	-	-	-
TexPool <sup>(1)</sup>	<u>363,883</u>	<u>363,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments and cash equivalents	<u>\$ 677,931</u>	<u>\$ 516,826</u>	<u>\$ 26,973</u>	<u>\$ 26,971</u>	<u>\$ 16,508</u>	<u>\$ 90,653</u>

<sup>(1)</sup> 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 37 and 28 weighted average maturity days, respectively.

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

**Credit Risk**

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

The County's formal investment policy permits investment in 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 37.26% invested in federal agencies as of September 30, 2019, with 15.47% 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 87 entities: 4 county entities, 10 school districts, 23 cities, 2 flood control districts, 2 levee districts, and 46 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 additional homestead exemption of \$69 and effective January 1, 2008 an over 65 tax freeze.

Collections of the property taxes and subsequent remittances to the proper entities are accounted for in the Tax Assessor/Collector's Agency Fund. Tax collections are recorded net of the entities' related collection commission paid to the County in this agency fund according to the levy year for which taxes are collected. Tax collections deposited for the County are distributed on a monthly basis to the following funds (amounts are for each one hundred dollars of valuation): General (\$0.17115), Debt Service (\$0.00966), Major Projects (\$0.04116), and Non-Major Funds - Permanent Improvement (\$0.0018), and Major Technology (\$0.01933). 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.

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**IV. PROPERTY TAXES AND OTHER RECEIVABLES (Continued)**

Tax abatements for FY19 total \$791. 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 45% 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 FY19, gross tax revenues abated was \$537.

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 FY19, gross tax revenues abated was \$228.

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 70% 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 FY19, gross tax revenues abated was \$26.

Property tax receivables are affected by participation in several Tax Increment Finance (TIF) Districts. In the fiscal year ended September 30, 2019, the County either financially participated in or had authorization to participate in 24 TIF districts at various percentage participation levels. The 2019 total incremental taxable value prior to participation and new construction after participation increased from the prior year value.

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**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, 2019.

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

<u>Unavailable and Unearned Arising From</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Major Projects</u>	<u>Major Grants</u>	<u>Other Non-Major Governmental</u>	<u>Total</u>
Unavailable and unearned property taxes	\$ 433,659	\$ 24,500	\$ 104,262	\$ -	\$ 53,526	\$ 615,947
Unearned revenue – other	-	-	-	13,273	-	13,273
Unavailable revenue – other	6,740	-	340	-	3,393	10,473
Unavailable and unearned – Fund Basis	<u>\$ 440,399</u>	<u>\$ 24,500</u>	<u>\$ 104,602</u>	<u>\$ 13,273</u>	<u>\$ 56,919</u>	639,693
Unavailable property taxes						(764)
OPEB						163,511
Pension						3,004
Unavailable – other						(10,473)
						<u>\$ 794,971</u>
						Deferred inflows and unearned revenue – Government wide

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 2018 and 2019 for each FY18 and FY19 was \$0.2431 per one hundred dollars of assessed value.

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**IV. PROPERTY TAXES AND OTHER RECEIVABLES (Continued)**

Receivables as of September 30, 2019, 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	\$ 455,540	\$ 26,679	\$ 108,355	\$ 55,657	\$ 646,231
Less allowance for uncollectible property taxes	<u>(22,070)</u>	<u>(2,177)</u>	<u>(4,156)</u>	<u>(2,167)</u>	<u>(30,570)</u>
Subtotal	<u>433,470</u>	<u>24,502</u>	<u>104,199</u>	<u>53,490</u>	<u>615,661</u>
Accounts receivable	159,703	-	5,031	351,498	516,232
Less allowance for uncollectible accounts receivable	<u>(154,372)</u>	<u>-</u>	<u>(2,215)</u>	<u>(347,410)</u>	<u>(503,997)</u>
Subtotal	<u>5,331</u>	<u>-</u>	<u>2,816</u>	<u>4,088</u>	<u>12,235</u>
Total net receivables	<u>\$ 438,801</u>	<u>\$ 24,502</u>	<u>\$ 107,015</u>	<u>\$ 57,578</u>	<u>\$ 627,896</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 being depreciated:				
Land	\$ 43,515	\$ 5,050	\$ (365)	\$ 48,200
Construction-in-progress	138,906	101,657	(47,607)	192,956
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>241,134</u>	<u>106,707</u>	<u>(47,972)</u>	<u>299,869</u>
Capital assets, being depreciated:				
Buildings	670,138	46,615	(2,774)	713,979
Machinery and equipment	<u>188,038</u>	<u>27,642</u>	<u>(1,142)</u>	<u>214,538</u>
Total capital assets, being depreciated	<u>858,176</u>	<u>74,257</u>	<u>(3,916)</u>	<u>928,517</u>
Less accumulated depreciation for:				
Buildings	(284,879)	(20,789)	1,157	(304,511)
Machinery and equipment	<u>(119,072)</u>	<u>(7,598)</u>	<u>1,302</u>	<u>(125,368)</u>
Total accumulated depreciation	<u>(403,951)</u>	<u>(28,387)</u>	<u>2,459</u>	<u>(429,879)</u>
Total capital assets, being depreciated, net	<u>454,225</u>	<u>45,870</u>	<u>(1,457)</u>	<u>498,638</u>
Governmental activities capital assets, net	<u>\$ 695,359</u>	<u>\$ 152,577</u>	<u>\$ (49,429)</u>	<u>\$ 798,507</u>



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**V. CAPITAL ASSETS (Continued)**

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

Governmental activities:	
General government	\$ 20,429
Public safety	5,504
Health	185
Highways and streets	308
Public welfare	378
Education	5
Judicial	1,578
Total depreciation expense	<u>\$ 28,387</u>

**VI. LONG-TERM LIABILITIES**

***Long-Term Debt***

The following are General Obligation, Certificates of Obligation (COs), and Revenue Bonds outstanding at September 30, 2019.

Description	Interest Rates	Year of Issue	Year of Maturity	Original Amount of Debt	Bonds Outstanding
Unlimited Tax Refunding Bonds Series 2011 A	4.00 – 5.00 %	2011	2021	\$ 30,495	\$ 3,220
Limited Tax Notes Series 2013	5.00	2013	2020	35,825	5,865
Limited Tax Refunding Bonds Series 2013	2.50 – 5.00	2013	2025	10,515	6,620
Unlimited Tax Refunding Bonds Series 2015	5.00	2015	2020	11,115	1,470
Combination Tax and Parking Garage Revenue Certificates of Obligation Series 2016	3.00 – 5.00	2016	2031	167,900	134,320
Subtotal					<u>151,495</u>
Premium on Debt – amortized over life of debt using a method which approximates an effective interest rate.					21,936
Total					<u>\$ 173,431</u>

***Significant Debt Covenants***

The above long-term obligations are payable and secured by ad valorem taxes required to be deposited in a sinking fund which is sufficient to pay required debt service. The County is further obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events to the Municipal Securities Rulemaking Board.

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 FY19, net revenue from these parking facilities was approximately \$1,254. In FY19, debt service for these bond was \$11,195 and \$6,940 for principal and interest, respectively.

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**VI. LONG-TERM LIABILITIES (Continued)**

*Changes in Long-Term Liabilities*

Long-term liabilities for the year ended September 30, 2019, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Funding for Liquidation
Governmental Activities:						
Bonds and Certificates of Obligation	\$ 198,567	\$ -	\$ 25,136	\$ 173,431	\$ 21,050	a
Capital Leases	50,244	32,805	5,653	77,396	7,008	b
Other Post Employment Benefits	300,743	24,126	151,169	173,700	4,713	c
Claims and Judgments	2,000	1,619	1,619	2,000	600	d
Compensated Absences	34,465	46,030	43,966	36,529	33,435	d
Net Pension Liability	127,278	251,713	71,159	307,832	-	d
Worker's Compensation	1,363	2,534	1,678	2,219	1,465	d
	<u>\$ 714,660</u>	<u>\$ 358,827</u>	<u>\$ 300,380</u>	<u>\$ 773,107</u>	<u>\$ 68,271</u>	

*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
2020	\$ 21,050	\$ 7,076
2021	13,780	6,170
2022	12,250	5,497
2023	12,325	4,885
2024	12,420	4,269
2025 - 2029	57,280	12,380
2030 - 2031	22,390	1,120
Subtotal	151,495	41,397
Premium on debt	21,936	-
Total	<u>\$ 173,431</u>	<u>\$ 41,397</u>

The Debt Service Fund has \$8,529 available to service the general long-term bond retirement.

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**VII. INTERFUND RECEIVABLES AND PAYABLE BALANCES AND TRANSFERS**

The composition of inter-fund balances as of September 30, 2019, is as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Other Non-Major	\$ 49
General	Major Grants	80
General	Debt Service	52
Other Non-Major	General	304
Other Non-Major	Major Grants	85
Major Grants	Other Non-Major	120
Major Grants	General	198
Major Grants	Major Projects	13
Internal Service	General	8,916
Internal Service	Other Non-Major	29
Total		<u>\$ 9,846</u>

The Internal Service Fund receivable from General and Other Non-Major Governmental relates to health insurance liabilities expected to be funded in FY20.

**Transfer In:**

<u>Transfer Out:</u>	<u>General Fund</u>	<u>Major Projects</u>	<u>Major Grants</u>	<u>Total</u>
General	\$ -	\$ -	\$ 5,650	\$ 5,650
Major Grants	1,955	-	-	1,955
County Building Improvements	-	11,308	-	11,308
Other Non-Major Governmental Funds	15,716	5,500	84	21,300
Total	<u>\$ 17,671</u>	<u>\$ 16,808</u>	<u>\$ 5,734</u>	<u>\$ 40,213</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 \$18,414. Transfers from the Road and Bridge fund were primarily from vehicle registration fees, criminal fines, and forfeitures and were for various transportation related projects. Major Projects transfers from County Building Improvements was for reimbursement of building improvement expenditures paid directly from the Major Projects fund.

A condition of certain Major Grants requires the County to provide matching funds in order to obtain grant funding. In FY19, the General fund provided matching funds aggregating \$3,695. The majority of these transfers were for health, juvenile, and law enforcement grants.

**ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Approximately 29.8% of the \$65,362 balance in accounts payable and accrued liabilities at September 30, 2019, represents accrued payroll liabilities with the balance payable to vendors or contractors.

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**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 780 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](http://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, 2018, the following inactive or active County employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3,328
Inactive employees entitled but not yet receiving benefits	4,006
Active employees	6,097
Total	13,431

*(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 biweekly contributions from both the County and its employees based on the covered payroll of employee members. Regulated by the TCDRS Act, the previously required 12.27% contribution rate by the County (effective January 1, 2018) increased to 12.43% January 1, 2019, 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.

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**VIII. RETIREMENT COMMITMENTS (Continued)**

**(c) Net Pension Liability**

The County's net pension liability was measured as of December 31, 2018, 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: a) age 61 b) earliest retirement
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.

<sup>(1)</sup> 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.

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**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 2019 information for a 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</u> (1)	<u>Geometric Real Rate of Return (Expected Minus Inflation)</u> (2)
US Equities	Dow Jones U.S. Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(3)</sup>	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
International Equities – Developed Markets	MSCI World Ex USA (net) Index	10.00%	5.40%
International Equities – Emerging Markets	MSCI Emerging Markets (net) Index	7.00%	5.90%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>(4)</sup>	2.00%	7.20%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited – Partnerships (MLPs)	Alerian MLP Index	3.00%	5.35%
Private Real Estate – Partnerships	Cambridge Associates Real Estate Index <sup>(5)</sup>	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	13.00%	3.90%

<sup>(1)</sup> Target asset allocation adopted at the April 2019 TCDRS Board meeting.

<sup>(2)</sup> Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.70%, per Cliffwater's 2019 capital market assumptions.

<sup>(3)</sup> Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

<sup>(5)</sup> Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

**DALLAS COUNTY**  
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**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 <sup>(1)</sup>	8.10%
Long-term expected rate of return, net of investment expense <sup>(1)</sup>	8.10%
Municipal bond rate <sup>(2)</sup>	Does not apply

<sup>(1)</sup> 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.

<sup>(2)</sup> 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 \$180,554 as described below.

**Changes in Net Pension Liability / (Asset)**

<b>Changes in Net Pension Liability / (Asset)</b>	<b>Total Pension Liability (a)</b>	<b>Fiduciary Net Position (b)</b>	<b>Net Pension Liability / (Asset) (a) - (b)</b>
Balance as of December 31, 2017	\$ 2,023,260	\$ 1,895,982	\$ 127,278
Changes for the year:			
Service cost	45,971	-	45,971
Interest on total pension liability <sup>(1)</sup>	166,480	-	166,480
Effect of economic/demographic gains or losses	-	-	-
Effect of assumptions changes or inputs	913	-	913
Refund of contributions	(5,043)	(5,043)	-
Benefit payments	(94,101)	(94,101)	-
Administrative expenses	-	(1,495)	1,495
Member contributions	-	25,849	(25,849)
Net investment loss	-	(36,221)	36,221
Employer contributions	-	45,309	(45,309)
Other <sup>(2)</sup>	-	(632)	632
Balance as of December 31, 2018	<u>\$ 2,137,480</u>	<u>\$ 1,829,648</u>	<u>\$ 307,832</u>

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

<sup>(2)</sup> Relates to allocation of system-wide items.

**DALLAS COUNTY**  
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**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 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.

	<b>1% Decrease 7.10%</b>	<b>Current Discount Rate 8.10%</b>	<b>1% Increase 9.10%</b>
Total pension liability	\$ 2,460,049	\$ 2,137,480	\$ 1,930,568
Fiduciary net position	1,829,648	1,829,648	1,829,648
Net pension liability	<u>\$ 630,401</u>	<u>\$ 307,832</u>	<u>\$ 100,920</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 108).

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

For the year ended September 30, 2019, the County recognized pension expense of \$88,250.

<b>Pension Expense / (Income)</b>	<b>January 1, 2018 to December 31, 2018</b>
Service cost	\$ 45,971
Interest on total pension liability	166,480
Administrative expenses	1,495
Member contributions	(25,849)
Expected investment return (net of investment expenses)	(154,929)
Recognition of deferred inflow/outflow of resources	-
Economic/demographic (gain) or loss	(1,128)
Assumption changes or inputs	5,948
Investment (gain) or loss	49,630
Other	632
Pension expense / (income)	<u>\$ 88,250</u>



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**VIII. RETIREMENT COMMITMENTS (Continued)**

As of September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Deferred Inflows / Outflows of Resources**

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (3,004)	\$ 3,333
Changes of assumptions	-	9,574
Net difference between projected and actual earnings	-	118,000
Contributions made subsequent to measurement date	-	37,152
	\$ (3,004)	\$ 168,059

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:

<b>Year ending December 31,</b>	<b>Amount</b>
2019	\$ 50,346
2020	21,261
2021	17,883
2022	38,413
	\$ 127,903

***(e) Payable to the Pension Plan***

At September 30, 2019, the County reported a payable of \$1,869 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2019.

***Deferred Compensation Plan***

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The County has established a custodial legal trust arrangement with an investment company which administers the plan. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the employees. Accordingly, the amounts deferred are not included in the County's financial statements.

***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 FY19, employee and County contributions were \$159 and \$33, respectively. The County Treasurer administers the investment policy for employee and County contributions.

**DALLAS COUNTY**  
**Notes to the Basic Financial Statements**  
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**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 State 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 Commissioners Court's annual budgetary discretion.

For the year ended September 30, 2019, combined County and retiree contributions totaled \$10,342 for the Plan. Retiree Plan members receiving benefits contributed \$5,174 or approximately 50.02% 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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	739
Active employees	5,896
Total	6,635

***Total OPEB Liability***

The County's total OPEB liability of \$173,700 was measured as of September 30, 2018, and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 %
Salary increases	Varies by age and service. 4.9% over career including inflation.
Discount rate	4.18 %
Healthcare cost trend rates	6.50 % for 2018, decreasing 0.5 % per year to ultimate rate of 4.5 % for 2022 and later years
Medicare cost trend rates	6.50 % for 2018, decreasing 0.5 % per year to ultimate rate of 4.5 % for 2022 and later years
Retirees' share of benefit-related costs	50.02 % of projected health insurance premiums for retirees

**DALLAS COUNTY**  
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**VIII. RETIREMENT COMMITMENTS (Continued)**

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 20-Bond-Go Index as reported in the Bond Buyer.

Mortality rates were based on the Pub-2010 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale MP-2019.

The actuarial assumptions used in the September 30, 2018 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**

	<b>Total OPEB Liability 2018</b>
<b>Total OPEB Liability - Start of Year</b>	\$ 300,743
Changes for the year:	
Service cost	12,826
Interest	11,300
Differences between expected and actual experience	(117,539)
Changes in assumptions or other inputs	(29,077)
Benefit payments	(4,553)
Net change in total OPEB liability	<u>(127,043)</u>
<b>Total OPEB Liability - End of Year</b>	<u>\$ 173,700</u>
Covered employee payroll	<u>\$ 340,450</u>
Total OPEB liability as a percent of covered employee payroll	<u>51.00%</u>

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 4.18% as of September 30, 2018 and 3.64% as of September 30, 2017 based on the Bond Buyer 20-Bond-Go Index, as reported in The Bond Buyer.

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

*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% lower (3.18 %) or 1% higher (5.18%) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	<u>3.18%</u>	<u>4.18%</u>	<u>5.18%</u>
Total OPEB liability	<u>\$ 203,438</u>	<u>\$ 173,700</u>	<u>\$ 147,727</u>

**DALLAS COUNTY**  
**Notes to the Basic Financial Statements**  
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**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 % lower (5.5 %) or 1% higher (7.5%) than the current healthcare cost trend rates:

	1% Decrease <u>5.5%</u>	Healthcare Cost Trend Rate <u>6.5%</u>	1% Increase <u>7.5%</u>
Total OPEB liability	\$ 149,401	\$ 173,700	\$ 203,517

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

For the year ended September 30, 2019, the County recognized OPEB expense of \$8,716.

<b>OPEB Expense</b>	
Service cost	\$ 12,826
Interest cost	11,300
Assumption changes and other inputs <sup>1</sup>	(5,455)
Difference between expected and actual experience	<u>(9,955)</u>
OPEB Expense	<u>\$ 8,716</u>

<sup>1</sup> Assumption changes and other inputs reflect a change in the discount rate of 3.64 % in 2017 to 4.18 % in 2018.

At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions after measurement date	\$ 4,713	\$ -
Assumptions changes or other inputs	-	55,927
Difference between expected and actual experience	-	<u>107,584</u>
Total	<u>\$ 4,713</u>	<u>\$ 163,511</u>

**DALLAS COUNTY**  
**Notes to the Basic Financial Statements**  
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**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:

<b>Year ending September 30,</b>	<b>Amount</b>
2020	\$ (15,410)
2021	(15,410)
2022	(15,410)
2023	(15,410)
2024	(15,410)
Thereafter	(86,461)
Total	\$ (163,511)

**IX. LEASES**

**Operating leases**

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

<b>Year ending September 30,</b>	<b>Amount</b>
2020	\$ 5,188
2021	4,630
2022	1,799
2023	1,243
2024	1,109
2025 - 2029	2,358
Total	\$ 16,327

Rental expense for FY19, for all County operating leases was approximately \$5,178 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:

<b>Year ending September 30,</b>	<b>Amount</b>
2020	\$ 751
2021	739
2022	560
2023	562
2024	422
2025	423
Total	\$ 3,457

**DALLAS COUNTY**  
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**IX. LEASES (Continued)**

Rental receipts for multi-year leases were approximately \$735, additionally, the County received parking revenues of \$4,042.

**Capital leases**

The County has four capital lease agreements for the purchase of a building and land to be improved with three buildings. Two of the four capital lease agreements were entered into in the current fiscal year. Amount capitalized for the two leases totaled \$32,805. Payments during the fiscal year for all four leases totaled \$9,224. Interest was imputed at 5%. Principal and interest are due as follows:

Year ending September 30,	Principal	Interest	Total
2020	\$ 7,008	\$ 3,977	\$ 10,985
2021	7,391	3,594	10,985
2022	7,798	3,187	10,985
2023	8,225	2,760	10,985
2024	8,676	2,309	10,985
2025 – 2029	38,298	4,244	42,542
Total	\$ 77,396	\$ 20,071	\$ 97,467

Leases are payable over ten years with nominal purchase options at the end of each lease. Beginning with the end of the 18<sup>th</sup> month each lease has a purchase option. Purchase options vary between \$21,877 and \$29,299. If a lease purchase option is exercised, a termination amount is due. Amounts vary from \$1,175 to \$2,637.

Each of the properties subject to capital leases have not been placed in service as of September 30, 2019. Capitalized cost of property financed with capital leases as of September 30, 2019, is as follows:

Assets Financed with Capital Lease	2019
Land	\$ 16,927
Buildings	67,593
Subtotal	84,520
Less: Accumulated Depreciation	-
Total	\$ 84,520

**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**  
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**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, 2019. The County has not recently experienced any losses which exceeded stop loss coverage.

Changes in the medical and workers’ compensation claims liability amounts in FY18 and FY19 follow:

	<b>Beginning Liability</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Ending Liability</b>
2018 Medical	\$ 6,559	\$ 68,241	\$ 69,121	\$ 5,679
2019 Medical	5,679	79,736	78,323	7,092
2018 Workers’ compensation	1,718	1,345	1,700	1,363
2019 Workers’ compensation	1,363	2,534	1,678	2,219

**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 Statements of Net Position to provide coverage for the estimated maximum cost to the County. Lawsuits settled in the fiscal year totaled \$1,619. 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**  
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**XI. COMMITMENTS AND CONTENGENCIES (Continued)**

The County has encumbrances for the following purposes at September 30, 2019.

General Fund	
Public welfare contracts	\$ 2,901
Professional services	6,758
Equipment	671
Maintenance and supplies	3,660
Rental contracts	357
Other	488
	<u>\$ 14,835</u>
County Building Improvement Fund	
Building improvements	\$ 94,687
Professional services	3,094
Rental contracts	1,005
Equipment	4,351
Other	6
	<u>\$ 103,143</u>
Major Projects Fund	
Thoroughfares and trails	\$ 93,599
Buildings and improvements	23,750
Professional services	7,495
Equipment	5,753
Building maintenance and supplies	2,476
Computer software	2,546
Rental contracts	3,952
Other	132
	<u>\$ 139,703</u>
Major Grants	
Professional services	\$ 13,653
Equipment	1,269
Rental contracts	67
Maintenance and supplies	390
Public welfare contracts	197
Other	384
	<u>\$ 15,960</u>



**DALLAS COUNTY**  
**Notes to the Basic Financial Statements**  
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**XI. COMMITMENTS AND CONTENGENCIES (Continued)**

Non – Major Governmental Funds	
Special Revenue Funds	
Maintenance and supplies	\$ 1,324
Building maintenance and supplies	67
Professional services	7,483
Bridge repairs	582
Rental contracts	103
Equipment	2,606
Other	485
Total	\$ <u>12,650</u>
Capital project roads	\$ <u><u>1,555</u></u>

**XII. DALLAS COUNTY HOSPITAL DISTRICT**

**Organization**

The Dallas County Hospital District, dba Parkland Health & Hospital System (Parkland), is a political subdivision of the 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). 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 (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 2019, 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 eighth largest jail in the nation with approximately 5,500 adult and juvenile inmates.

The Hospital acquired the licenses and operations of twelve nursing homes in February 2015 and seventeen nursing homes in April 2017. In 2019, seven additional nursing homes were acquired effective September 1, 2019 while one home exited the Hospital program. 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 Managers (Board) are appointed by the County Commissioners Court. County taxpayers provide ad valorem tax revenues to the Hospital, but the County does not hold 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.

**DALLAS COUNTY**  
**Notes to the Basic Financial Statements**  
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**XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)**

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 its 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 its 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](http://www.ParklandHospital.com).

**DALLAS COUNTY**  
**Notes to the Basic Financial Statements**  
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**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, the Health Plan, PCCI or the Plan.

**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.

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

**Statements of Revenues, Expenses and Changes in Net Position**

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, liabilities and deferred inflows and outflows of resources, 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.

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**XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)**

**Parkland Foundation Net Position**

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 position 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 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 the 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, 2019 are reported at fair value based on quoted market prices with realized and unrealized gains and losses included in Build America Bonds Subsidy and investment income (loss) 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 Statement 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.

**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

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**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 Revenue or Expenses 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 and land improvements 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* (GASB 42). 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.

An impairment loss of \$4,800 was recognized in 2019 related to damage of a building owned by the Hospital. The loss was determined based on the restoration cost approach in accordance with GASB 42. Additionally, the Hospital received a settlement of \$5,300 resulting in a gain of \$470. The net gain is included in the accompanying Statement of Activities as a component of General Revenue.

**Assets Limited as to Use**

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 \$679,100 in 2019, 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, 2019, the estimated cost of uncompensated care is approximately \$947,100, of which approximately \$398,000 is charity care.

**Ad Valorem Taxes**

The Hospital received approximately 29% of its total revenues from ad valorem taxes in 2019. The Hospital's ad valorem taxes receivable is net of an allowance for uncollectible taxes of \$15,800 as of September 30, 2019.

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**XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)**

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:

<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>
2019	\$ 245,669,119	\$ 0.279	\$ 679,133	\$ 947,119	\$ 267,986

(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 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 \$69,000 in 2019.

**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 initial five-year waiver period, UC reimbursement generally moved downward while available DSRIP monies increased, so there was an even split between UC and DSRIP by the last year of the initial 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 a phase out of the DSRIP program over a five-year period. Revenue recognized related to the 1115 Waiver was \$211,100 in 2019. The Hospital recognizes all fund 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 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 the HHSC. Parkland estimates amounts expected to be repaid based upon historical experience and existing facts and circumstances related to the supplemental funding programs. Any differences between final settlements and amounts accrued at the end of the prior reporting period are included in the Statement of Activities in the year those differences become known. Government program revenues were increased by \$55,600 in 2019, as a result of recognition of those differences.

**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,

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**XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)**

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 2019, the Hospital collected \$259,800 from the LPPF in mandatory payments and made intergovernmental transfers of \$204,400. At September 30, 2019, the Hospital held \$80,100 in mandatory payments that will be transferred in 2020. The rate increases for the Hospital associated with UHRIP for the year ending September 30, 2019 ranged from 55% to 63%.

**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 17.5% and 29.8%, respectively in 2019. Allowances for uncollectible amounts are estimated using historical experience, current trends and policy information, aged account balances, and a collectability analysis. Net patient services revenue in the accompanying Statement of Activities is net of contractual adjustments and bad debt provisions totaling approximately \$6,600, for the year ended September 30, 2019.

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 settlements and amounts accrued at the end of the prior reporting period are included currently in the Statement of Activities as an adjustment to the appropriate allowance account. Such adjustments increased net patient services revenue by \$10,700 in 2019. The Hospital's cost reports have generally been audited and settled by the administrative contractors through 2015 for Medicare and 2014 for 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 revenues are recognized in the period in which the members of the Health Plan are entitled to receive health care services. 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.

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**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 the eligibility criteria to receive the subsidy. The Hospital recorded approximately \$12,100 in 2019, for the BAB interest subsidy. The BAB subsidy was reduced by 6.2% in 2019, 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 \$41,400 for 2019, and is recorded in the financial statements 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, workers 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.



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**XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)**

**Deposits and Investments**

As of September 30, 2019, the Hospital had deposits and investments as follows:

	<b>Hospital</b>		
<b>Description</b>	<b>Fair Value</b>	<b>Weighted Average Days to Maturity</b>	
Bank deposits	\$ 1,893	N/A	
TexPool deposits	392,437	1	
Money market	15,517	1	
FNMA	110,888	617	
FHLB	102,952	396	
FHLMC	75,129	412	
US treasury	604	783	
	\$ 699,420		

	<b>Hospital</b>	<b>Foundation, Health Plan and PCCI</b>	<b>Total</b>
<b>Descriptions on Statement of Net Position</b>			
Cash and cash equivalents	\$ 547,057	\$ 187,764	\$ 734,821
Assets limited to use			
Current portion	87,473	-	87,473
Noncurrent portion	64,890	-	64,890
	\$ 699,420	\$ 187,764	\$ 887,184

<b>Investment Maturities</b>	
One year or less	\$ 128,034
After one through five years	173,323
After five through ten years	-
After ten years	3,733
Investments	305,090
Bank deposits	1,893
TexPool deposits	392,437
Total	\$ 699,420

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, 2019. 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 equivalents included in assets limited to use was \$3,600 as of September 30, 2019.

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 fair value of the assets. Level 1 are quoted prices in an active market for identical assets; Level 2 are

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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, 2019.

<b>Fair Value Measurements Using</b>			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
U.S. Government securities	\$ 604	\$ -	\$ 604
U.S. Government obligations	255,337	33,632	288,969
Money market funds	15,517	-	15,517
Total investments and cash equivalents by fair value level	\$ 271,458	\$ 33,632	\$ 305,090

These exclude investments in local government investment pools which are recorded at amortized cost. These investments total \$392,437 as of September 30, 2019.

**Interest Rate Risk**

The Hospital invests in fixed rate debt securities that primarily have average maturities of approximately one to five 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), and the Federal Home Loan Mortgage Corporation (FHLMC), 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 \$581 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 15.9% as of September 30, 2019.

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**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**

Investment income for the year ended September 30, 2019, consists of the following:

Hospital:	<u>Amount</u>
Interest income, including realized gains/(losses)	\$ 27,693
Unrealized loss on investments	4,013
Health Plan	2,316
Foundation	<u>1,088</u>
Total	\$ <u>35,110</u>

**Assets Limited to Use**

Assets limited to use at September 30, 2019, consist of the following funds which are all investments in TexPool and U.S. government sponsored enterprises:

	<u>Amount</u>
Debt service	\$ 3,629
Designated for capital uses	138,631
Other designated	<u>10,103</u>
Total	152,363
Less current	<u>(87,473)</u>
Noncurrent	\$ <u><u>64,890</u></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 to fund the Hospital's professional liability program.

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**XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)**

**Capital Assets**

Capital assets at September 30, 2019, 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	\$ 144,625	\$	-	\$	-	\$	144,625
Buildings	1,649,788		7,634		(4,810)		1,652,612
Capital leases	14,569		34		-		14,603
Equipment	763,710		23,891		(12,324)		775,277
Total capital assets	<u>2,572,692</u>		<u>31,559</u>		<u>(17,134)</u>		<u>2,587,117</u>
Less accumulated depreciation:							
Land and improvements	(8,104)		(1,106)		-		(9,210)
Buildings	(449,673)		(38,111)		-		(487,784)
Capital leases	(2,662)		(774)		-		(3,436)
Equipment	(585,309)		(56,843)		12,322		(629,830)
Total accumulated depreciation	<u>(1,045,748)</u>		<u>(96,834)</u>		<u>12,322</u>		<u>(1,130,260)</u>
Net	1,526,944		(65,275)		(4,812)		1,456,857
Construction in progress	21,609		50,922		-		72,531
Capital assets, net	<u>\$ 1,548,553</u>	\$	<u>(14,353)</u>	\$	<u>(4,812)</u>	\$	<u>1,529,388</u>

The above does not include PCCI capital leases which net \$12,717.

**Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities, at September 30, 2019 consist of the following:

	<u>Amount</u>
Hospital:	
Accounts payable	\$ 29,996
Accrued expenses	95,757
Accrued payroll	66,395
Employee health care and benefit liability	14,166
Other employee benefits	4,881
Health Plan	59,562
PCCI	714
Foundation	177
Total accounts payable and accrued liabilities	<u>\$ 271,648</u>

The liabilities, described in the table below as of September 30, 2019 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.

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**XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)**

	<b>Balance at Beginning of Year</b>	<b>Current- Year Claims &amp; Changes in Estimates</b>	<b>Claim Payments</b>	<b>Balance at End of Year</b>
Hospital professional and general liability				
2018	\$ 8,799	\$ 4,493	\$ (2,732)	\$ 10,560
2019	10,560	(458)	(921)	9,181
Employee health care benefit liability				
2018	13,645	133,335	(133,327)	13,653
2019	13,653	116,008	(115,495)	14,166
Worker's compensation liability				
2018	3,901	134	(859)	3,176
2019	3,176	1,853	(1,414)	3,615

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 liabilities in the Statement of Net Position. 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.

Employees Health Care Benefit Liability – The Hospital manages a self-insurance plan that provides for the payment of employee health claims. 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 amount provided for the estimated liability is based on settlement of claims. The estimated liability is reported in other current liabilities in the Statement of Net Position.

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**Operating Leases**

The Hospital leases facilities under operating leases that expire over periods of up to seventeen years. Renewal and purchase options are available on certain of these leases. At September 30, 2019, future minimum rental payments for operating leases, including escalations were as follows:

<u>Years Ending</u>	<u>Amount</u>
2020	\$ 37,874
2021	6,770
2022	6,620
2023	6,320
2024	5,177
2025 - 2029	11,145
2030 - 2034	5,575
2035 - 2037	1,201
Total	\$ <u>80,682</u>

Rental expense for all operating leases is recorded in Expenses in the accompanying Statement of Activities. Rental expense was approximately \$34,800 in 2019.

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 Program Revenues, net in the accompanying Statement of Activities.

Minimum future rentals to be received under operating leases at September 30, 2019, are as follows:

<u>Years Ending</u>	<u>Amount</u>
2020	\$ 992
2021	910
2022	324
2023	150
2024	153
2025 - 2029	774
2030 - 2034	806
2035 - 2039	840
2040 - 2044	481
2045 - 2049	507
2050 - 2054	551
2055 - 2059	570
2060 - 2064	516
2065 - 2069	558
2070 - 2074	604
2075 - 2079	654
2080 - 2084	708
2085 - 2088	523
	\$ <u>10,621</u>

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**XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)**

**Capital Leases**

The Hospital is also a lessee of real estate and equipment under capital leases. At September 30, 2019, future minimum rental payments applicable to the capital leases were as follows:

Years Ending	Amount
2020	\$ 1,474
2021	1,319
2022	1,309
2023	1,309
2024	1,309
2025 - 2085	23,857
Total minimum future lease payments	30,577
Less: amount representing interest	(17,840)
Present value of net minimum lease payments	\$ 12,737

The capital leases have a current liability of \$270 and long term liability of \$12,467 as of September 30, 2019.

Class of Property	Asset Balance at September 30, 2019
Real estate	\$ 13,832
Equipment	771
	14,603
Less: accumulated depreciation	(3,436)
Net capital assets	\$ 11,167

Amortization of assets held under capital leases is included as a component of depreciation expense and is amortized over the shorter of the lease or useful life of the asset.

**Retirement Plans**

***Defined Benefit Plan***

Plan participation as of January 1, 2019 includes 11,378 active participants, 3,918 inactive employees entitled to but not yet receiving benefits, and 2,839 retirees and beneficiaries. The Plan is administered by the Board. The annual payroll for employees covered by the Plan for the year ended December 31, 2018, which is included in the actuarial valuation as of January 1, 2019, was approximately \$659,891.

Effective January 1, 2018, employees are required to contribute 6.2% 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.

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**XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)**

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 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***

	<u>2019</u>	<u>2018</u>
Valuation date	January 1, 2019	January 1, 2018
Measurement date	December 31, 2018	December 31, 2017
Investment rate of return	7.00%	7.00%
Inflation	2.50%	2.50%
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	30 year, closed	30 year, closed
Amortization growth rate	4.00%	4.00%
Salary increases including inflation	Graded table	Graded table
Mortality	Separate rates using Pub-2010 Public General Mortality Tables by gender And MP-2018 (generational with convergence to long term rate of 0.75% in 2034).	Non-annuitants: RP-2000 "Employees" table projected to 2033 using scale AA; Annuitant: RP-2000: "Healthy Annuitants" table projected to 2025 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**  
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**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	BAML 3-Mon Tbill	0.63 %	0.06 %
Core Fixed Income	Barclays Aggregate	12.17	1.70
Short Bonds	Barclays 1-3 Year	1.42	1.17
Government Bonds	Barclays Government	5.23	1.12
Long Government Bonds	Barclays Long Government	2.05	1.07
Mortgages	Barclays Mortgage	8.00	1.94
Municipal Bonds	Barclays Muni	0.36	1.35
High Yield Bonds	BAML High Yield	1.31	3.23
Emerging Market Bonds	JPM EMBI Plus	1.89	2.70
Large Caps	S&P 500	23.39	3.36
Small and Mid Caps	Russell 2500	7.35	3.56
Non-US Equity	MSCI ACWI xUS NR	8.67	4.27
Foreign Developed Equity	MSCI EAFE NR	8.86	4.03
Emerging Markets Equity	MSCI EM NR	4.23	4.74
Non-US Small Cap	MSCI EAFE Small Cap NR	3.68	4.38
REITs	FTSE NAREIT Equity REIT	10.53	3.26
Hedge FOF Strategic	HFRI FOF Strategic	0.23	2.31
Assumed Inflation - Mean			2.43
Portfolio Nominal Mean Return			6.03
Portfolio Standard Deviaiton			10.57
Long-Term Expected Rate of Return			7.00

GASB 68 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. GASB 68 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.

**DALLAS COUNTY**  
**Notes to the Basic Financial Statements**  
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**XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)**

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.

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

	Total Pension Liability	Plan Fiduciary Net Pension	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances of December 31, 2017	\$ 1,340,177	\$ 972,044	\$ 368,133
Changes for the year			
Service cost	47,055	-	47,055
Interest on total pension liability	95,249	-	95,249
Effect of economic/demographic gains or (losses)	7,645	-	7,645
Effect of assumption changes or inputs	(1,022)	-	(1,022)
Contributions - employee	-	44,223	(44,223)
Contributions - employer	-	40,000	(40,000)
Net investment income	-	(51,595)	51,595
Benefit payments, including refunds of employee contributions	(53,984)	(53,984)	-
Administrative expenses	-	(2,654)	2,654
Net changes	94,943	(24,010)	118,953
Balances at December 31, 2018	\$ 1,435,120	\$ 948,034	\$ 487,086

***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	\$ 1,633,707	\$ 1,435,120	\$ 1,270,364
Fiduciary net position	948,034	948,034	948,034
Net pension liability	\$ 685,673	\$ 487,086	\$ 322,330

During the Plan year ended December 31, 2018 \$44,223 of employee contributions were made in accordance with the contribution requirements described above. During the fiscal year ended September 30, 2019, \$45,700 of employee contributions were made in accordance with the contribution requirements described above. The Hospital contributed approximately \$40,000 to the Plan during the year ended December 31, 2018, in accordance with contribution requirements determined by the January 1, 2018 actuarial valuation, including \$11,200 of surplus funding approved by the Board. An additional \$35,000 was contributed between January 1, 2019 and September 30, 2019. These amounts were recorded as a deferred outflow of resources at September 30, 2019.

**DALLAS COUNTY**  
**Notes to the Basic Financial Statements**  
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**XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)**

For the year ended September 30, 2019, the Hospital recognized pension expense of \$60,200. As of September 30, 2019, the deferred inflows and outflows of resources are as follows:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 8,161	\$ -
Changes of assumptions	-	784
Employer contributions subsequent to measurement date	35,025	-
Net difference between projected and actual earnings on Plan investments	65,101	-
Total	\$ 108,287	\$ 784

At September 30, 2019, the Hospital reported approximately \$35,025, 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources at September 30, 2019, related to pensions will be recognized in pension expense as follows:

<b>Years Ending September 30,</b>		<b>Amount</b>
2019	\$	25,608
2020		10,973
2021		11,317
2022		24,580
	\$	72,478

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 at [ParklandHospital.com](http://ParklandHospital.com)

***(e) Defined Contribution Plan***

The Hospital also maintains voluntary defined contribution plans covering all employees with at least one year of service. The defined contribution plans include a 401(a), 403(b) and 457(b) plan, collectively the Supplemental Plans, and are administered by the Board. The Supplemental Plans 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 time 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, 2019, were approximately \$26,500 from the Hospital and \$57,100 from employees.

**DALLAS COUNTY**  
**Notes to the Basic Financial Statements**  
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**(in thousands of dollars)**

**XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)**

**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, 2019 is as follows:

		<u>Amount</u>	<u>Percentage</u>
Commercial insurance	\$	52,646	32%
Medicaid		58,715	35%
Medicare		54,508	32%
Patients		416	1%
Total	\$	<u>166,285</u>	<u>100%</u>

**Commitments and Contingencies**

As a local governmental unit, the Hospital is subject to the provisions of the Texas statute known as 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 these 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 our business, financial condition or results of operations.

**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 were to mature from August 15, 2020 through August 15, 2034. The Taxable Series 2009B Bonds were 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. The 2009B Bonds were refinanced subsequent to year end as disclosed in Subsequent Events included in this footnote.

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%

**DALLAS COUNTY**  
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**XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)**

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.

The following is a summary of long term debt for the year ended September 30, 2019:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Amortization</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>
Taxable Series 2009B Bonds	\$ 222,490	\$ -	\$ -	\$ -	\$ 222,490
Taxable Series 2009C Bonds	427,925	-	-	(15,530)	412,395
Tax Exempt 2013 Bonds	37,360	-	-	(955)	36,405
Tax Exempt 2013 Bonds premium	942	-	(198)	-	744
Total debt	<u>\$ 688,717</u>	<u>\$ -</u>	<u>\$ (198)</u>	<u>\$ (16,485)</u>	<u>\$ 672,034</u>
Short-term debt					\$ 17,000
Long-term debt					655,034
Total debt					<u>\$ 672,034</u>

Long term debt maturities (including mandatory redemptions), interest payments, net of estimated subsidy, and total debt service at September 30, 2019 are as follows:

<u>Years Ending</u> <u>September 30,</u>	<u>Principal</u> <u>Payments</u> <u>and</u> <u>Mandatory</u> <u>Redemptions</u>	<u>Interest</u> <u>Payments</u>	<u>BAB</u> <u>Interest</u> <u>Subsidy</u>	<u>Total</u> <u>Debt Service</u>
2020	\$ 17,000	\$ 37,747	\$ (11,832)	\$ 42,915
2021	17,585	36,905	(11,575)	42,916
2022	18,200	36,024	(11,303)	42,921
2023	18,875	35,056	(11,007)	42,924
2024	19,580	34,040	(10,694)	42,925
2025 - 2029	109,515	153,517	(48,345)	214,688
2030 - 2034	133,695	118,654	(37,551)	214,799
2035 - 2039	159,590	76,769	(24,750)	211,609
2040 - 2044	177,250	30,605	(10,048)	197,807
Subtotal	671,290	559,317	(177,105)	1,053,504
Bond premium	4,489	-	-	4,489
Accumulated amortization	(3,745)	-	-	(3,745)
Total	<u>\$ 672,034</u>	<u>\$ 559,317</u>	<u>\$ (177,105)</u>	<u>\$ 1,054,248</u>

Total interest costs were \$39,500 for fiscal year 2019.

**DALLAS COUNTY**  
**Notes to the Basic Financial Statements**  
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**XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)**

**Subsequent Events**

Subsequent to year end, the District issued the Limited Tax Refunding Bonds, Series 2019 in the amount of \$191,400 dated October 1, 2019. The Series 2019 bonds were used to refund \$222,500 of the Series 2009B bonds, resulting in a net present value savings of \$27,600. The Series 2019 Bonds mature in various amounts annually starting February 15, 2020 through August 15, 2034, with stated coupon rates ranging from 4.0% to 5.0%. The 2019 Bonds are collateralized by a levy of ad valorem tax revenue. As a result of the refunding, the District decreased its total debt service requirements by \$33,540 and incurred no accounting gain or loss.

**XIII. NEW ACCOUNTING PRONOUNCEMENTS**

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

**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

**DALLAS COUNTY**  
**Notes to the Basic Financial Statements**  
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**XIII. NEW ACCOUNTING PRONOUNCEMENTS (Continued)**

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 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. 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.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

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

**GASB Statement No. 91 – Conduit Debt Obligations.** The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.

**DALLAS COUNTY**  
**Notes to the Basic Financial Statements**  
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**XIII. NEW ACCOUNTING PRONOUNCEMENTS (Continued)**

- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities.

Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities



**DALLAS COUNTY**  
**Notes to the Basic Financial Statements**  
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**(in thousands of dollars)**

**XIII. NEW ACCOUNTING PRONOUNCEMENTS (Continued)**

related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

**XIV. SUBSEQUENT EVENTS**

On October 3, 2019, a new capital lease was signed. This lease is for construction of a building on land financed with an existing capital lease. Amount capitalized totaled \$8,811, interest imputed at 7% with principal and interest due as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 740	\$ 613	\$ 1,353
2021	795	558	1,353
2022	855	498	1,353
2023	918	435	1,353
2024	987	366	1,353
2025 - 2029	4,517	668	5,185
Total	<u>\$ 8,811</u>	<u>\$ 3,137</u>	<u>\$ 11,948</u>

On October 20, 2019, a portion of Dallas County suffered significant property damage due to several tornados. A County building was heavily damaged and considered a total loss.

In response to the Coronavirus (COVID-19), the County Judge issued a Declaration of Local Disaster for Public Health Emergency on March 22, 2020. The effect of COVID-19 on the financial condition of the County is undeterminable at this date.

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## 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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 385,188	\$ 385,188	\$ 390,946	\$ 5,758
Licenses and permits	25,185	25,185	24,513	(672)
Fines and forfeitures	319	319	364	45
Investment income	2,630	2,630	4,209	1,579
Rental revenues	4,574	4,574	4,891	317
Intergovernmental revenues	6,346	6,346	6,643	297
Charges for current services	107,279	107,279	110,971	3,692
Miscellaneous	3,315	3,315	10,598	7,283
Total revenues	<u>534,836</u>	<u>534,836</u>	<u>553,135</u>	<u>18,299</u>
<b>EXPENDITURES:</b>				
General government:				
Salaries	56,694	49,977	50,043	(66)
Operating	27,359	28,810	31,244	(2,434)
Property	2,994	2,944	2,651	293
Total general government	<u>87,047</u>	<u>81,731</u>	<u>83,938</u>	<u>(2,207)</u>
Judicial:				
Salaries	135,327	138,943	138,806	137
Operating	32,744	34,106	33,415	691
Property	-	14	11	3
Total judicial	<u>168,071</u>	<u>173,063</u>	<u>172,232</u>	<u>831</u>
Public safety:				
Salaries	239,655	257,364	257,402	(38)
Operating	24,453	26,615	21,397	5,218
Property	1,100	1,926	1,305	621
Total public safety	<u>265,208</u>	<u>285,905</u>	<u>280,104</u>	<u>5,801</u>
Health:				
Salaries	11,744	10,897	11,317	(420)
Operating	22,809	22,943	17,720	5,223
Property	18	244	129	115
Total health	<u>34,571</u>	<u>34,084</u>	<u>29,166</u>	<u>4,918</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Welfare:				
Salaries	\$ 829	\$ 715	\$ 716	\$ (1)
Operating	20	32	24	8
Total Public welfare	849	747	740	7
Reserves	41,674	21,890	-	21,890
Total expenditures and reserves	597,420	597,420	566,180	31,240
Excess ( deficiency) of revenues over (under) expenditures	(62,584)	(62,584)	(13,045)	49,539
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	18,175	18,175	17,671	(504)
Transfers (out)	(5,650)	(5,650)	(5,650)	-
Total other financing sources (uses)	12,525	12,525	12,021	(504)
Net change in fund balance	(50,059)	(50,059)	(1,024)	49,035
Fund balance - beginning	50,059	50,059	50,059	-
Fund balance - ending	\$ -	\$ -	\$ 49,035	\$ 49,035

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, 2019  
 (in thousands of dollars)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$ 88,869	\$ 88,869	\$ 89,968	\$ 1,099
Investment income	4,823	4,823	10,144	5,321
Rental revenues	-	-	116	116
Intergovernmental revenues	700	700	646	(54)
Miscellaneous	-	-	5,867	5,867
Total revenues	<u>94,392</u>	<u>94,392</u>	<u>106,741</u>	<u>12,349</u>
<b>EXPENDITURES:</b>				
General government	12,111	12,111	8,159	3,952
Highways and streets	185,414	185,414	21,473	163,941
Public welfare	6,806	6,806	6,427	379
Judicial	521	521	-	521
Debt Service - Capital leases				
Principal	-	-	5,653	(5,653)
Interest and fiscal charges	-	-	3,571	(3,571)
Capital outlay	<u>173,506</u>	<u>173,506</u>	<u>107,735</u>	<u>65,771</u>
Total expenditures	<u>378,358</u>	<u>378,358</u>	<u>153,018</u>	<u>225,340</u>
Excess ( deficiency) of revenues over (under) expenditures	<u>(283,966)</u>	<u>(283,966)</u>	<u>(46,277)</u>	<u>237,689</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	5,500	5,500	16,808	11,308
Transfers (out)	(80)	(80)	-	80
Capital Lease	-	-	32,805	32,805
Total other financings sources (uses)	<u>5,420</u>	<u>5,420</u>	<u>49,613</u>	<u>44,193</u>
Net change in fund balance	(278,546)	(278,546)	3,336	281,882
Fund balance - beginning	<u>278,546</u>	<u>278,546</u>	<u>278,546</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 281,882</u>	<u>\$ 281,882</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, 2019  
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment income	\$ 329	\$ 329	\$ 525	\$ 196
Intergovernmental revenues	79,560	83,015	83,015	-
Charges for current services	190	190	384	194
Miscellaneous	411	1,670	1,670	-
Total revenues	<u>80,490</u>	<u>85,204</u>	<u>85,594</u>	<u>390</u>
<b>EXPENDITURES:</b>				
Judicial	5,990	6,024	5,975	49
Public safety	22,537	22,739	22,520	219
Health	38,676	39,676	39,647	29
Public welfare	20,668	21,732	21,539	193
Total expenditures	<u>87,871</u>	<u>90,171</u>	<u>89,681</u>	<u>490</u>
Excess ( deficiency) of revenues over (under) expenditures	<u>(7,381)</u>	<u>(4,967)</u>	<u>(4,087)</u>	<u>880</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	5,407	5,407	5,734	327
Transfers (out)	<u>(3,532)</u>	<u>(3,532)</u>	<u>(1,955)</u>	<u>1,577</u>
Total other financing sources (uses)	<u>1,875</u>	<u>1,875</u>	<u>3,779</u>	<u>1,904</u>
Net change in fund balance	(5,506)	(3,092)	(308)	2,784
Fund balance - beginning	<u>5,688</u>	<u>5,688</u>	<u>5,688</u>	<u>-</u>
Fund balance - ending	<u>\$ 182</u>	<u>\$ 2,596</u>	<u>\$ 5,380</u>	<u>\$ 2,784</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, 2019

**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 1.933 cents per \$100 valuation.
- Major Capital Development fund – dedicated tax rate of 4.116 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 2019 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, 2019**

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, 2019  
 (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 2019. The County policy is to maintain roads at a minimum of 2.5 on a 4.0 scale. The following conditions were defined and associated to a rating:

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

Percentage of Roads with 2.5 or better condition:

<u>Road and Bridge District</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District 1 <sup>(1)</sup>	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
District 2	100.0	100.0	100.0	100.0	100.0
District 3	99.1	99.1	99.1	97.8	97.9
District 4	100.0	100.0	100.0	100.0	100.0
Overall System	99.7	99.7	99.7	99.3	99.3

Comparison of estimated to actual maintenance costs:

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Estimated	\$ 1,126	\$ 1,018	\$ 1,018	\$ 950	\$ 901
Actual	2,091	1,907	1,370	2,013	1,431

<sup>(1)</sup> District 1 does not have any lane miles of County roads.

**DALLAS COUNTY**  
 Required Supplementary Information  
**Infrastructure Assets Under Modified Approach**  
 September 30, 2019  
 (in thousands of dollars)

		<b>Bridges</b>										
	<u>Rating</u>	<u>Number</u>	<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>	
Very Good	6.0 – 9.0	24	92	%	92	%	100	%	100	%	100	%
Good	4.0 – 5.9	2	8		8		-		-		-	
Fair	3.0 – 3.9	-	-		-		-		-		-	
Poor	0.0 – 2.9	-	-		-		-		-		-	
		<u>26</u>	<u>100</u>	%	<u>100</u>	%	<u>100</u>	%	<u>100</u>	%	<u>100</u>	%

The condition of the County’s bridges is determined using the State of Texas Bridge Inventory Inspection System (BRINSAP). A numerical condition range 0.0 (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 2019.

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:

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Estimated	\$ 1,113	\$ 1,115	\$ 1,098	\$ 1,098	\$ 1,100
Actual	247	250	147	218	861

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

<b>Total Pension Liability</b>	<b>Year Ended December 31, 2018</b>	<b>Year Ended December 31, 2017</b>	<b>Year Ended December 31, 2016</b>	<b>Year Ended December 31, 2015</b>	<b>Year Ended December 31, 2014</b>
Service costs	\$ 45,971	\$ 46,920	\$ 43,906	\$ 41,338	\$ 40,094
Interest on total pension liability	166,480	156,177	144,675	136,590	128,267
Effect of plan changes	-	-	-	(9,604)	-
Effect of assumption changes	-	9,066	-	20,674	-
Effect of economic/demographic (gains) or losses	913	(986)	6,501	(11,965)	(121)
Benefit payments/refunds of contributions	<u>(99,144)</u>	<u>(92,524)</u>	<u>(84,328)</u>	<u>(78,547)</u>	<u>(72,118)</u>
Net change in total pension liability	114,220	118,653	110,754	98,486	96,122
Total pension liability, beginning	<u>2,023,260</u>	<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>\$ 2,137,480</u>	<u>\$ 2,023,260</u>	<u>\$ 1,904,607</u>	<u>\$ 1,793,853</u>	<u>\$ 1,695,367</u>
<b>Fiduciary Net Position</b>					
Employer contributions	\$ 45,309	\$ 43,304	\$ 39,234	\$ 35,839	\$ 34,859
Employee contributions	25,849	24,870	23,918	21,864	21,250
Investment income net of investment expenses	(36,221)	246,954	117,495	(6,146)	103,088
Benefit payments/refunds of contributions	(99,144)	(92,524)	(84,328)	(78,547)	(72,118)
Administrative expenses	(1,495)	(1,274)	(1,277)	(1,147)	(1,203)
Other	<u>(632)</u>	<u>(339)</u>	<u>1,977</u>	<u>8</u>	<u>831</u>
Net change in fiduciary net position	(66,334)	220,991	97,019	(28,129)	86,707
Fiduciary net position, beginning	<u>1,895,982</u>	<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>\$ 1,829,648</u>	<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>\$ 307,832</u>	<u>\$ 127,278</u>	<u>\$ 229,616</u>	<u>\$ 215,881</u>	<u>\$ 89,266</u>
Fiduciary net position as a percent of total pension liability	85.60%	93.71%	87.94%	87.97%	94.73%
Pensionable covered payroll	\$ 357,160	\$ 354,950	\$ 341,163	\$ 311,763	\$ 303,122
Net pension liability as a percent of covered payroll	86.19%	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 Employer Pension Contributions  
(in thousands of dollars)

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
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
2019	48,070	48,070	-	387,849	12.4

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 normal
Amortization Method	Level percentage of payroll, closed.
Remaining Amortization Method	13.2 years (based on contribution rate calculated in 12/31/2018 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	8.10%, 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*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule.

\*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)

	<b>Total OPEB Liability 2018</b>	<b>Total OPEB Liability 2017</b>
<b>Total OPEB Liability - Start of Year</b>	\$ <u>300,743</u>	\$ <u>315,446</u>
Changes for the year:		
Service cost	12,826	15,815
Interest	11,300	10,056
Changes of benefit terms	-	-
Differences between expected and actual experience	(117,539)	-
Changes in assumptions or other inputs	(29,077)	(35,297)
Other changes, separately identified if significant	-	-
Benefit payments	(4,553)	(5,277)
Administrative expense	-	-
Net change in total OPEB liability	<u>(127,043)</u>	<u>(14,703)</u>
<b>Total OPEB Liability - End of Year</b>	\$ <u><u>173,700</u></u>	\$ <u><u>300,743</u></u>
Covered employee payroll	\$ <u><u>340,450</u></u>	\$ <u><u>334,562</u></u>
Total OPEB liability as a percent of covered employee payroll	<u><u>51.00%</u></u>	<u><u>89.89%</u></u>

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 4.18% as of September 30, 2018 and 3.64% as of September 30, 2017 based on the Bond Buyer 20-Bond-Go 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)

<b>Total Pension Liability</b>	<b>Year Ended December 31, 2018</b>	<b>Year Ended December 31, 2017</b>	<b>Year Ended December 31, 2016</b>	<b>Year Ended December 31, 2015</b>	<b>Year Ended December 31, 2014</b>
Service cost	\$ 47,055	\$ 44,516	\$ 41,024	\$ 39,886	\$ 37,881
Interest on total pension liability	95,249	89,044	83,216	78,296	72,677
Effect of plan changes	-	(4,577)	-	-	-
Effect of economic/demographic gains or (losses)	7,645	8,896	2,439	(2,122)	8,589
Effect of assumption changes or inputs	(1,022)	-	-	-	-
Benefit payments	<u>(53,984)</u>	<u>(49,645)</u>	<u>(44,312)</u>	<u>(49,392)</u>	<u>(32,637)</u>
Net change in total pension liability	94,943	88,234	82,367	66,668	86,510
Total pension liability, beginning	<u>1,340,177</u>	<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>\$ 1,435,120</u>	<u>\$ 1,340,177</u>	<u>\$ 1,251,943</u>	<u>\$ 1,169,576</u>	<u>\$ 1,102,908</u>
<b>Fiduciary Net Pension</b>					
Employer contributions	\$ 40,000	\$ 27,915	\$ 28,083	\$ 24,500	\$ 22,812
Employee contributions	44,223	38,686	30,270	29,471	27,378
Investment income net of investment expenses	(51,595)	130,137	55,203	(7,945)	43,705
Benefit payments	(53,984)	(49,645)	(44,312)	(49,392)	(32,637)
Administrative expenses	<u>(2,654)</u>	<u>(3,803)</u>	<u>(1,881)</u>	<u>(2,047)</u>	<u>(2,020)</u>
Net change in plan fiduciary net position	(24,010)	143,290	67,363	(5,413)	59,238
Fiduciary net position, beginning	<u>972,044</u>	<u>828,754</u>	<u>761,391</u>	<u>766,804</u>	<u>707,566</u>
Fiduciary net position, ending (b)	<u>\$ 948,034</u>	<u>\$ 972,044</u>	<u>\$ 828,754</u>	<u>\$ 761,391</u>	<u>\$ 766,804</u>
Net pension liability / (asset), ending = (a)-(b)	<u>\$ 487,086</u>	<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	66.06%	72.53%	66.20%	65.10%	69.53%
Covered payroll	\$ 659,891	\$ 632,699	\$ 613,367	\$ 574,215	\$ 554,120
Net pension liability as a % of covered payroll	73.81%	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)

	<b>December 31,</b>	
	<b>2018</b>	<b>2017</b>
Contributions in relation to the actuarially determined contributions	\$ 40,000	\$ 27,915
Actuarially determined contributions	(28,827)	(27,915)
Contribution surplus	\$ 11,173	\$ -
Covered payroll	\$ 659,891	\$ 632,669
Contributions as a percentage of covered employee payroll	6.1%	4.4%

**Notes:**

(1) *Valuation date:*

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

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

	<b>As of December 31,</b>	
	<b>2018</b>	<b>2017</b>
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	7.00%, net of pension plan investment expense, including inflation	7.25%, net of pension plan investment expense, including inflation
Retirement age	65	65
Mortality	Pub-2010 Public General and MP-2018	RP-2000, projected



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# 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, 2019  
(in thousands of dollars)

	Special Revenue									
	District Attorney					District Attorney Forfeitures				
	Road and Bridge	Permanent Improvement	Law Library	Major Technology	HIDTA Federal	Special	Federal	State	Other	Historical Commission
<b>ASSETS</b>										
Cash and investments	\$ 32,952	\$ 4,770	\$ 594	\$ 19,680	\$ 1	\$ 218	\$ 1	\$ -	\$ 179	\$ 1
Receivables:										
Taxes - current	-	4,790	-	50,867	-	-	-	-	-	-
Less allowance for uncollectible	-	(232)	-	(1,935)	-	-	-	-	-	-
Net taxes receivable	-	4,558	-	48,932	-	-	-	-	-	-
Accounts	311,531	-	6,123	-	-	-	-	-	-	-
Less allowance	(308,783)	-	(6,081)	-	-	-	-	-	-	-
Accounts receivable	2,748	-	42	-	-	-	-	-	-	-
Accrued interest	94	13	-	56	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-	-	-	-	-
Inventories	337	-	-	-	-	-	-	-	-	-
Prepayments and advances	6	37	9	2,085	-	-	-	-	-	-
Total assets	<u>\$ 36,137</u>	<u>\$ 9,378</u>	<u>\$ 645</u>	<u>\$ 70,753</u>	<u>\$ 1</u>	<u>\$ 218</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 179</u>	<u>\$ 1</u>
<b>LIABILITIES</b>										
Accounts payable	\$ 2,303	\$ 191	\$ 38	\$ 1,897	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	7	-	-	-	-	-	-	-
Due to other governmental units	1,295	-	-	-	-	-	-	-	-	-
Total liabilities	<u>3,598</u>	<u>191</u>	<u>45</u>	<u>1,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable revenue - other	2,301	5	41	21	-	-	-	-	-	-
Unavailable revenue - property taxes	-	4,561	-	48,965	-	-	-	-	-	-
Total deferred inflows	<u>2,301</u>	<u>4,566</u>	<u>41</u>	<u>48,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>										
Nonspendable: inventories and prepaids	343	37	9	2,085	-	-	-	-	-	-
Restricted	29,895	-	550	-	1	218	1	-	179	1
Committed	-	4,584	-	17,785	-	-	-	-	-	-
Total fund balances	<u>30,238</u>	<u>4,621</u>	<u>559</u>	<u>19,870</u>	<u>1</u>	<u>218</u>	<u>1</u>	<u>-</u>	<u>179</u>	<u>1</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 36,137</u>	<u>\$ 9,378</u>	<u>\$ 645</u>	<u>\$ 70,753</u>	<u>\$ 1</u>	<u>\$ 218</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 179</u>	<u>\$ 1</u>

(Continued)

**DALLAS COUNTY, TEXAS**  
Combining Balance Sheet  
Non-major Governmental Funds  
September 30, 2019  
(in thousands of dollars)

**Special Revenue**

	<b>Alternative Dispute Resolution</b>	<b>Appellate Justice System</b>	<b>HUD Section 8 Grants</b>	<b>Academy for Academic Excellence</b>	<b>Judicial</b>	<b>Technology</b>	<b>Local Government</b>	<b>Local Official</b>	<b>Record Management</b>	<b>Total</b>
<b>ASSETS</b>										
Cash and investments	\$ 4,578	\$ 832	\$ 3,106	\$ 2,694	\$ 1,987	\$ 1,329	\$ 16,059	\$ 8,363	\$ 26,379	\$ 123,723
Receivables:										
Taxes - current	-	-	-	-	-	-	-	-	-	55,657
Less allowance for uncollectible	-	-	-	-	-	-	-	-	-	(2,167)
Net taxes receivable	-	-	-	-	-	-	-	-	-	53,490
Accounts	5,039	1,853	-	-	5,444	1,314	5,359	485	14,350	351,498
Less allowance	(5,005)	(1,843)	-	-	(5,375)	(1,280)	(4,689)	(149)	(14,205)	(347,410)
Accounts receivable	34	10	-	-	69	34	670	336	145	4,088
Accrued interest	13	-	-	8	6	4	45	24	83	346
Due from other funds	-	-	382	-	-	-	7	-	-	389
Due from other governmental units	-	-	135	140	-	-	-	-	-	275
Inventories	-	-	-	-	-	-	-	54	-	391
Prepayments and advances	-	-	2,970	5	-	-	177	20	80	5,389
Total assets	<u>\$ 4,625</u>	<u>\$ 842</u>	<u>\$ 6,593</u>	<u>\$ 2,847</u>	<u>\$ 2,062</u>	<u>\$ 1,367</u>	<u>\$ 16,958</u>	<u>\$ 8,797</u>	<u>\$ 26,687</u>	<u>\$ 188,091</u>
<b>LIABILITIES</b>										
Accounts payable	\$ 2	\$ 22	\$ 413	\$ 98	\$ 18	\$ -	\$ 503	\$ 264	\$ 223	\$ 5,972
Due to other funds	-	-	190	-	-	-	1	-	-	198
Due to other governmental units	-	-	-	-	-	-	-	-	-	1,295
Total liabilities	<u>2</u>	<u>22</u>	<u>603</u>	<u>98</u>	<u>18</u>	<u>-</u>	<u>504</u>	<u>264</u>	<u>223</u>	<u>7,465</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable revenue - other	37	10	-	3	70	35	685	10	175	3,393
Unavailable revenue - property taxes	-	-	-	-	-	-	-	-	-	53,526
Total deferred inflows	<u>37</u>	<u>10</u>	<u>-</u>	<u>3</u>	<u>70</u>	<u>35</u>	<u>685</u>	<u>10</u>	<u>175</u>	<u>56,919</u>
<b>FUND BALANCES</b>										
Nonspendable: inventories and prepaids	-	-	2,970	5	-	-	177	74	80	5,780
Restricted	4,586	810	3,020	2,741	1,974	1,332	15,592	8,449	26,209	95,558
Committed	-	-	-	-	-	-	-	-	-	22,369
Total fund balances	<u>4,586</u>	<u>810</u>	<u>5,990</u>	<u>2,746</u>	<u>1,974</u>	<u>1,332</u>	<u>15,769</u>	<u>8,523</u>	<u>26,289</u>	<u>123,707</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 4,625</u>	<u>\$ 842</u>	<u>\$ 6,593</u>	<u>\$ 2,847</u>	<u>\$ 2,062</u>	<u>\$ 1,367</u>	<u>\$ 16,958</u>	<u>\$ 8,797</u>	<u>\$ 26,687</u>	<u>\$ 188,091</u>

(Continued)

**DALLAS COUNTY, TEXAS**  
Combining Balance Sheet  
Non-major Governmental Funds  
September 30, 2019  
(in thousands of dollars)

	<b>Capital Project</b>		<b>Total Non-major Governmental Funds</b>
	<b>Roads</b>	<b>Total</b>	<b>Funds</b>
<b>ASSETS</b>			
Cash and investments	\$ 5,332	\$ 5,332	\$ 129,055
Receivables:			
Taxes - current	-	-	55,657
Less allowance for uncollectible	-	-	(2,167)
Net taxes receivable	-	-	53,490
Accounts	-	-	351,498
Less allowance	-	-	(347,410)
Accounts receivable	-	-	4,088
Accrued interest	-	-	346
Due from other funds	-	-	389
Due from other governmental units	11	11	286
Inventories	-	-	391
Prepayments and advances	-	-	5,389
Total assets	\$ 5,343	\$ 5,343	\$ 193,434
<b>LIABILITIES</b>			
Accounts payable	\$ 835	\$ 835	\$ 6,807
Due to other funds	-	-	198
Due to other governmental units	82	82	1,377
Total liabilities	917	917	8,382
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - other	-	-	3,393
Unavailable revenue - property taxes	-	-	53,526
Total deferred inflows	-	-	56,919
<b>FUND BALANCES</b>			
Nonspendable: inventories and prepaids	-	-	5,780
Restricted	4,426	4,426	99,984
Committed	-	-	22,369
Total fund balances	4,426	4,426	128,133
Total liabilities, deferred inflows and fund balances	\$ 5,343	\$ 5,343	\$ 193,434

(Concluded)

**DALLAS COUNTY, TEXAS**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Non-major Governmental Funds  
For the Year Ended September 30, 2019  
(in thousands of dollars)

**Special Revenue**

	<u>District Attorney</u>					<u>District Attorney Forfeiture</u>			<u>Historical Commission</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>
<b>REVENUES</b>										
Property taxes	\$ -	\$ 4,109	\$ -	\$ 44,060	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highway license fees	22,961	-	-	-	-	-	-	-	-	-
Fines and forfeitures	6,942	-	-	-	-	-	-	-	-	-
Investment income	924	112	5	498	-	-	-	-	4	-
Intergovernmental revenues	42	-	-	-	-	-	-	-	-	-
Charges for current services	2,200	-	1,083	-	-	-	-	-	-	-
Miscellaneous	339	450	-	321	-	67	-	-	37	-
Total revenues	<u>33,408</u>	<u>4,671</u>	<u>1,088</u>	<u>44,879</u>	<u>-</u>	<u>67</u>	<u>-</u>	<u>-</u>	<u>41</u>	<u>-</u>
<b>EXPENDITURES</b>										
Current:										
General government	-	728	-	30,159	-	-	-	-	-	3
Judicial	-	242	934	2,627	-	48	-	-	8	-
Public safety	-	1,099	-	482	-	-	-	-	-	-
Highways and streets	11,194	-	-	-	-	-	-	-	-	-
Health	-	70	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Public Welfare	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>11,194</u>	<u>2,139</u>	<u>934</u>	<u>33,268</u>	<u>-</u>	<u>48</u>	<u>-</u>	<u>-</u>	<u>8</u>	<u>3</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,214</u>	<u>2,532</u>	<u>154</u>	<u>11,611</u>	<u>-</u>	<u>19</u>	<u>-</u>	<u>-</u>	<u>33</u>	<u>(3)</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers (out)	(18,414)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(18,414)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	3,800	2,532	154	11,611	-	19	-	-	33	(3)
Fund balance - beginning	<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>
Fund balance - ending	<u>\$ 30,238</u>	<u>\$ 4,621</u>	<u>\$ 559</u>	<u>\$ 19,870</u>	<u>\$ 1</u>	<u>\$ 218</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 179</u>	<u>\$ 1</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, 2019  
(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
<b>REVENUES</b>										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,169
Highway license fees	-	-	-	-	-	-	-	-	-	22,961
Fines and forfeitures	-	-	14	-	-	-	-	-	-	6,956
Investment income	122	9	48	87	21	10	205	312	1,441	3,798
Intergovernmental revenues	-	-	38,778	7,771	-	-	5,437	-	-	52,028
Charges for current services	907	335	1	-	549	185	2,212	4,807	8,523	20,802
Miscellaneous	-	-	29	-	9	-	361	247	-	1,860
Total revenues	<u>1,029</u>	<u>344</u>	<u>38,870</u>	<u>7,858</u>	<u>579</u>	<u>195</u>	<u>8,215</u>	<u>5,366</u>	<u>9,964</u>	<u>156,574</u>
<b>EXPENDITURES</b>										
Current:										
General government	-	-	-	-	-	-	-	460	-	31,350
Judicial	225	402	-	-	343	2	798	1,203	6,440	13,272
Public safety	-	-	-	-	-	-	46	4,489	-	6,116
Highways and streets	-	-	-	-	-	-	-	-	-	11,194
Health	-	-	-	-	-	-	-	-	-	70
Education	-	-	-	8,049	-	-	-	-	-	8,049
Public Welfare	-	-	38,655	-	-	-	4,489	-	-	43,144
Total expenditures	<u>225</u>	<u>402</u>	<u>38,655</u>	<u>8,049</u>	<u>343</u>	<u>2</u>	<u>5,333</u>	<u>6,152</u>	<u>6,440</u>	<u>113,195</u>
Excess (deficiency) of revenues over (under) expenditures	<u>804</u>	<u>(58)</u>	<u>215</u>	<u>(191)</u>	<u>236</u>	<u>193</u>	<u>2,882</u>	<u>(786)</u>	<u>3,524</u>	<u>43,379</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers (out)	(218)	-	-	(84)	(376)	-	(1,500)	-	(708)	(21,300)
Total other financing sources (uses)	<u>(218)</u>	<u>-</u>	<u>-</u>	<u>(84)</u>	<u>(376)</u>	<u>-</u>	<u>(1,500)</u>	<u>-</u>	<u>(708)</u>	<u>(21,300)</u>
Net change in fund balance	586	(58)	215	(275)	(140)	193	1,382	(786)	2,816	22,079
Fund balance - beginning	<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>
Fund balance - ending	<u>\$ 4,586</u>	<u>\$ 810</u>	<u>\$ 5,990</u>	<u>\$ 2,746</u>	<u>\$ 1,974</u>	<u>\$ 1,332</u>	<u>\$ 15,769</u>	<u>\$ 8,523</u>	<u>\$ 26,289</u>	<u>\$ 123,707</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, 2019  
(in thousands of dollars)

	<b>Capital Project</b>		
	<b>Roads</b>	<b>Total</b>	<b>Total Non-major Governmental Funds</b>
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ 48,169
Highway license fees	-	-	22,961
Fines and forfeitures	-	-	6,956
Investment income	-	-	3,798
Intergovernmental revenues	-	-	52,028
Charges for current services	-	-	20,802
Miscellaneous	-	-	1,860
Total revenues	-	-	156,574
<b>EXPENDITURES</b>			
Current:			
General government	-	-	31,350
Judicial	-	-	13,272
Public safety	-	-	6,116
Highways and streets	2,767	2,767	13,961
Health	-	-	70
Education	-	-	8,049
Public Welfare	-	-	43,144
Total expenditures	2,767	2,767	115,962
Excess (deficiency) of revenues over (under) expenditures	(2,767)	(2,767)	\$ 40,612
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers (out)	-	-	(21,300)
Total other financing sources (uses)	-	-	(21,300)
Net change in fund balance	(2,767)	(2,767)	19,312
Fund balance - beginning	7,193	7,193	108,821
Fund balance - ending	\$ 4,426	\$ 4,426	\$ 128,133

(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, 2019  
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 25,649	\$ 25,649	\$ 26,115	\$ 466
Investment income	4,125	4,125	3,803	(322)
Total revenues	<u>29,774</u>	<u>29,774</u>	<u>29,918</u>	<u>144</u>
<b>EXPENDITURES:</b>				
Debt service				
Principal	20,770	20,770	20,770	-
Interest and fiscal charges	8,084	8,084	8,086	(2)
Total debt service	<u>28,854</u>	<u>28,854</u>	<u>28,856</u>	<u>(2)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>920</u>	<u>920</u>	<u>1,062</u>	<u>142</u>
Net change in fund balance	920	920	1,062	142
Fund balance - beginning	<u>7,468</u>	<u>7,468</u>	<u>7,468</u>	<u>-</u>
Fund balance - ending	<u>\$ 8,388</u>	<u>\$ 8,388</u>	<u>\$ 8,530</u>	<u>\$ 142</u>

(Continued)

**DALLAS COUNTY, TEXAS**  
Road and Bridge Special Revenue Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
For the Year Ended September 30, 2019  
(in thousands of dollars)

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Highway license fees	\$ 22,423	\$ 22,423	\$ 22,961	\$ 538
Fines and forfeitures	7,650	7,650	6,942	(708)
Investment income	298	298	924	626
Intergovernmental revenues	39	39	42	3
Charges for current services	1,608	1,608	2,200	592
Miscellaneous	<u>42</u>	<u>42</u>	<u>339</u>	<u>297</u>
Total revenues	<u>32,060</u>	<u>32,060</u>	<u>33,408</u>	<u>1,348</u>
<b>EXPENDITURES:</b>				
Highways and streets:				
Salaries	5,836	6,125	6,126	(1)
Operating	1,551	4,146	4,354	(208)
Property	<u>1,594</u>	<u>3,050</u>	<u>714</u>	<u>2,336</u>
Total highways and streets	8,981	13,321	11,194	2,127
Reserves	<u>20,592</u>	<u>16,252</u>	-	<u>16,252</u>
Total expenditures and reserves	<u>29,573</u>	<u>29,573</u>	<u>11,194</u>	<u>18,379</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,487</u>	<u>2,487</u>	<u>22,214</u>	<u>19,727</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	<u>(28,925)</u>	<u>(28,925)</u>	<u>(18,414)</u>	<u>10,511</u>
Total other financing sources (uses)	<u>(28,925)</u>	<u>(28,925)</u>	<u>(18,414)</u>	<u>10,511</u>
Net change in fund balance	(26,438)	(26,438)	3,800	30,238
Fund balance - beginning	<u>26,438</u>	<u>26,438</u>	<u>26,438</u>	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,238</u>	<u>\$ 30,238</u>

(Continued)

**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, 2019  
 (in thousands of dollars)

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget - Positive (Negative)</b>
<b>REVENUES:</b>				
Property taxes	\$ 4,053	\$ 4,053	\$ 4,109	\$ 56
Investment income	54	54	112	58
Miscellaneous	-	-	450	450
Total revenues	<u>4,107</u>	<u>4,107</u>	<u>4,671</u>	<u>564</u>
<b>EXPENDITURES:</b>				
General government	1,071	1,071	728	343
Public safety	1,208	1,208	1,099	109
Judicial	320	320	242	78
Health	113	113	70	43
Total expenditures	<u>2,712</u>	<u>2,712</u>	<u>2,139</u>	<u>573</u>
Reserves	<u>847</u>	<u>847</u>	-	<u>847</u>
Total expenditures and reserves	<u>3,559</u>	<u>3,559</u>	<u>2,139</u>	<u>1,420</u>
Excess ( deficiency) of revenues over (under) expenditures	<u>548</u>	<u>548</u>	<u>2,532</u>	<u>1,984</u>
Net change in fund balance	548	548	2,532	1,984
Fund balance - beginning	<u>2,089</u>	<u>2,089</u>	<u>2,089</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,637</u>	<u>\$ 2,637</u>	<u>\$ 4,621</u>	<u>\$ 1,984</u>

(Continued)

**DALLAS COUNTY, TEXAS**  
 Law Library Special Revenue Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 For the Year Ended September 30, 2019  
 (in thousands of dollars)

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Charges for current services	\$ 1,000	\$ 1,000	\$ 1,083	\$ 83
Investment income	<u>11</u>	<u>11</u>	<u>5</u>	<u>(6)</u>
Total revenues	<u>1,011</u>	<u>1,011</u>	<u>1,088</u>	<u>77</u>
<b>EXPENDITURES:</b>				
Judicial:				
Salaries	601	601	602	(1)
Operating	<u>460</u>	<u>460</u>	<u>332</u>	<u>128</u>
Total Judicial	1,061	1,061	934	127
Excess (deficiency) of revenues over (under) expenditures	<u>(50)</u>	<u>(50)</u>	<u>154</u>	<u>204</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	<u>(175)</u>	<u>(175)</u>	<u>-</u>	<u>175</u>
Total other financing sources (uses)	<u>(175)</u>	<u>(175)</u>	<u>-</u>	<u>175</u>
Net change in fund balance	(225)	(225)	154	379
Fund balance - beginning	<u>405</u>	<u>405</u>	<u>405</u>	<u>-</u>
Fund balance - ending	<u>\$ 180</u>	<u>\$ 180</u>	<u>\$ 559</u>	<u>\$ 379</u>

(Continued)

**DALLAS COUNTY, TEXAS**  
Major Technology Special Reveune Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
For the Year Ended September 30, 2019  
(in thousands of dollars)

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Property taxes	\$ 43,478	\$ 43,478	\$ 44,060	\$ 582
Investment income	302	302	498	196
Intergovernmental revenues	6	6	-	(6)
Miscellaneous	-	-	321	321
Total revenues	<u>43,786</u>	<u>43,786</u>	<u>44,879</u>	<u>1,093</u>
<b>EXPENDITURES:</b>				
General government:				
Salaries	13,415	15,266	15,266	-
Operating	21,045	19,162	13,682	5,480
Property	513	1,175	1,211	(36)
Total general government	<u>34,973</u>	<u>35,603</u>	<u>30,159</u>	<u>5,444</u>
Judicial:				
Property	(10)	2,026	2,627	(601)
Total judicial government	<u>(10)</u>	<u>2,026</u>	<u>2,627</u>	<u>(601)</u>
Public safety:				
Property	208	1,165	482	683
Total public safety government	<u>208</u>	<u>1,165</u>	<u>482</u>	<u>683</u>
Reserves	10,294	6,671	-	6,671
Total expenditures and reserves	<u>45,465</u>	<u>45,465</u>	<u>33,268</u>	<u>12,197</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,679)</u>	<u>(1,679)</u>	<u>11,611</u>	<u>13,290</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
<hr/>				
Net change in fund balance	(1,679)	(1,679)	11,611	13,290
Fund balance - beginning	8,259	8,259	8,259	-
Fund balance - ending	<u>\$ 6,580</u>	<u>\$ 6,580</u>	<u>\$ 19,870</u>	<u>\$ 13,290</u>

(Continued)

**DALLAS COUNTY, TEXAS**  
 Historical Commission Special Revenue Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 For the Year Ended September 30, 2019  
 (in thousands of dollars)

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

(Continued)



**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, 2019  
 (in thousands of dollars)

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Investment income	\$ 93	\$ 93	\$ 122	\$ 29
Charges for current services	790	790	907	117
Total revenues	<u>883</u>	<u>883</u>	<u>1,029</u>	<u>146</u>
<b>EXPENDITURES:</b>				
Judicial:				
Salaries	205	212	212	-
Operating	28	44	13	31
Total Judicial	<u>233</u>	<u>256</u>	<u>225</u>	<u>31</u>
Reserves	<u>4,356</u>	<u>4,333</u>	-	<u>4,333</u>
Total expenditures and reserves	<u>4,589</u>	<u>4,589</u>	<u>225</u>	<u>4,364</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,706)</u>	<u>(3,706)</u>	<u>804</u>	<u>4,510</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	<u>(245)</u>	<u>(245)</u>	<u>(218)</u>	<u>27</u>
Total other financing sources (uses)	<u>(245)</u>	<u>(245)</u>	<u>(218)</u>	<u>27</u>
Net change in fund balance	(3,951)	(3,951)	586	4,537
Fund balance - beginning	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Fund balance - ending	<u>\$ 49</u>	<u>\$ 49</u>	<u>\$ 4,586</u>	<u>\$ 4,537</u>

(Continued)

**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, 2019  
(in thousands of dollars)

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Charges for current services	\$ 400	\$ 400	\$ 335	\$ (65)
Investment income	18	18	9	(9)
Total revenues	<u>418</u>	<u>418</u>	<u>344</u>	<u>(74)</u>
<b>EXPENDITURES:</b>				
Judicial:				
Operating	226	296	314	(18)
Property	-	95	88	7
Total Judicial	<u>226</u>	<u>391</u>	<u>402</u>	<u>(11)</u>
Reserves	<u>1,059</u>	<u>894</u>	<u>-</u>	<u>894</u>
Total expenditures and reserves	<u>1,285</u>	<u>1,285</u>	<u>402</u>	<u>883</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(867)</u>	<u>(867)</u>	<u>(58)</u>	<u>809</u>
Net change in fund balance	(867)	(867)	(58)	809
Fund balance - beginning	868	868	868	-
Fund balance - ending	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 810</u>	<u>\$ 809</u>

(Continued)

**DALLAS COUNTY, TEXAS**  
 HUD Section 8 Grants Special Revenue Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 For the Year Ended September 30, 2019  
 (in thousands of dollars)

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Investment income	\$ 12	\$ 12	\$ 48	\$ 36
Charges for current services	312	312	1	(311)
Fines and forfeitures	19	19	14	(5)
Intergovernmental revenues	35,908	35,908	38,778	2,870
Miscellaneous	<u>-</u>	<u>-</u>	<u>29</u>	<u>29</u>
Total revenues	<u>36,251</u>	<u>36,251</u>	<u>38,870</u>	<u>2,619</u>
<b>EXPENDITURES:</b>				
Public welfare	<u>41,708</u>	<u>41,708</u>	<u>38,655</u>	<u>3,053</u>
Total public welfare	41,708	41,708	38,655	3,053
Excess (deficiency) of revenues over (under) expenditures	<u>(5,457)</u>	<u>(5,457)</u>	<u>215</u>	<u>5,672</u>
Transfers (out)	<u>(139)</u>	<u>(139)</u>	<u>-</u>	<u>139</u>
Total other financing sources (uses)	<u>(139)</u>	<u>(139)</u>	<u>-</u>	<u>139</u>
Net change in fund balance	(5,596)	(5,596)	215	5,811
Fund balance - beginning	<u>5,775</u>	<u>5,775</u>	<u>5,775</u>	<u>-</u>
Fund balance - ending	<u>\$ 179</u>	<u>\$ 179</u>	<u>\$ 5,990</u>	<u>\$ 5,811</u>

(Continued)

**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, 2019  
 (in thousands of dollars)

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES:</b>				
Investment income	\$ 78	\$ 78	\$ 87	\$ 9
Intergovernmental revenues	<u>8,290</u>	<u>8,290</u>	<u>7,771</u>	<u>(519)</u>
Total revenues	<u>8,368</u>	<u>8,368</u>	<u>7,858</u>	<u>(510)</u>
<b>EXPENDITURES:</b>				
Education	<u>8,280</u>	<u>8,280</u>	<u>8,049</u>	<u>231</u>
Total education	<u>8,280</u>	<u>8,280</u>	<u>8,049</u>	<u>231</u>
Excess (deficiency) of revenues over (under) expenditures	<u>88</u>	<u>88</u>	<u>(191)</u>	<u>(279)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	<u>(2,259)</u>	<u>(2,259)</u>	<u>(84)</u>	<u>2,175</u>
Total other financing sources (uses)	<u>(2,259)</u>	<u>(2,259)</u>	<u>(84)</u>	<u>2,175</u>
Net change in fund balance	(2,171)	(2,171)	(275)	1,896
Fund balance - beginning	<u>3,021</u>	<u>3,021</u>	<u>3,021</u>	<u>-</u>
Fund balance - ending	<u>\$ 850</u>	<u>\$ 850</u>	<u>\$ 2,746</u>	<u>\$ 1,896</u>

(Concluded)



# FIDUCIARY SECTION

DALLAS COUNTY, TEXAS  
FIDUCIARY FUNDS – ALL AGENCY FUNDS

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

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.

DCS - Administration (Fund 600) - used to account for ad valorem tax revenue and reserved funds available to pay all outstanding debts and obligations of Dallas County Schools described in the final judgment of the 134<sup>th</sup> Judicial District Court in Cause No. DC-18-04952. For further information see I. Summary of Significant Accounting Policies.

**DALLAS COUNTY, TEXAS**  
Combining Statement of Fiduciary Assets and Liabilities- Agency Funds  
September 30, 2019  
(in thousands of dollars)

	<u>Fee Office Funds</u>									<u>Housing Finance Corporation - 1993 Refunding</u>	<u>Juvenile Department Child Support</u>
	<u>Administrative Fund Escrow</u>	<u>Sheriff Inmate Funds</u>	<u>State Reports</u>	<u>County Clerk</u>	<u>District Clerk</u>	<u>Sheriff</u>	<u>Community Supervision and Corrections</u>	<u>Justices of the Peace</u>	<u>Constables</u>		
<b>Assets:</b>											
Cash and investments	\$ 11,377	\$ 323	\$ 3,748	\$ 36,246	\$ 25,548	\$ 331	\$ 11,098	\$ 1,740	\$ 140	\$ 66	\$ 711
Accrued interest and other receivables	-	-	-	-	-	-	1	-	-	-	-
Assets held in escrow	8,623	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 20,000</u>	<u>\$ 323</u>	<u>\$ 3,748</u>	<u>\$ 36,246</u>	<u>\$ 25,548</u>	<u>\$ 331</u>	<u>\$ 11,099</u>	<u>\$ 1,740</u>	<u>\$ 140</u>	<u>\$ 66</u>	<u>\$ 711</u>
<b>Liabilities:</b>											
Due to other governmental units and others	\$ 20,000	\$ 323	\$ 3,748	\$ 36,246	\$ 25,548	\$ 331	\$ 11,099	\$ 1,740	\$ 140	\$ 66	\$ 711
<b>Total liabilities</b>	<u>\$ 20,000</u>	<u>\$ 323</u>	<u>\$ 3,748</u>	<u>\$ 36,246</u>	<u>\$ 25,548</u>	<u>\$ 331</u>	<u>\$ 11,099</u>	<u>\$ 1,740</u>	<u>\$ 140</u>	<u>\$ 66</u>	<u>\$ 711</u>



**DALLAS COUNTY, TEXAS**  
 Combining Statement of Fiduciary Assets and Liabilities- Agency Funds  
 September 30, 2019  
 (in thousands of dollars)

	<u>Departmental Special Funds</u>					<u>District Attorney Seized Funds</u>				<u>Total</u>
	<u>DCS Administration</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>	
<b>Assets:</b>										
Cash and investments	\$ 14,900	\$ 1,014	\$ 3,370	\$ 1	\$ 57,004	\$ 38	\$ 28	\$ 61	\$ 23	\$ 167,767
Accrued interest and other receivables	-	-	-	-	12	-	-	-	-	13
Assets held in escrow	-	-	-	-	-	-	-	-	-	8,623
<b>Total assets</b>	<u>\$ 14,900</u>	<u>\$ 1,014</u>	<u>\$ 3,370</u>	<u>\$ 1</u>	<u>\$ 57,016</u>	<u>\$ 38</u>	<u>\$ 28</u>	<u>\$ 61</u>	<u>\$ 23</u>	<u>\$ 176,403</u>
<b>Liabilities:</b>										
Due to other governmental units and others	\$ 14,900	\$ 1,014	\$ 3,370	\$ 1	\$ 57,016	\$ 38	\$ 28	\$ 61	\$ 23	\$ 176,403
<b>Total liabilities</b>	<u>\$ 14,900</u>	<u>\$ 1,014</u>	<u>\$ 3,370</u>	<u>\$ 1</u>	<u>\$ 57,016</u>	<u>\$ 38</u>	<u>\$ 28</u>	<u>\$ 61</u>	<u>\$ 23</u>	<u>\$ 176,403</u>

**DALLAS COUNTY, TEXAS**  
Combining Statement of Changes in Fiduciary Assets and Liabilities  
All Agency Funds  
Balance September 30, 2019  
(in thousands of dollars)

	<b>Balance October 1, 2018</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance September 30, 2019</b>
<hr/> <b>Administrative Fund - Escrow</b> <hr/>				
Assets:				
Cash and investments	\$ 10,906	\$ 54,838	\$ (54,367)	\$ 11,377
Accrued interest and other receivable	-	-	-	-
Assets held in escrow	9,115	447	(939)	\$ 8,623
 Total assets	 \$ 20,021	 \$ 55,285	 \$ (55,306)	 \$ 20,000
Liabilities:				
Due to other governmental units and others - administrative	\$ 20,021	\$ 55,285	\$ (55,306)	\$ 20,000
 Total liabilities	 \$ 20,021	 \$ 55,285	 \$ (55,306)	 \$ 20,000
 <hr/> <b>Sheriff Inmate Funds</b> <hr/>				
Assets:				
Cash and investments	\$ 464	\$ -	\$ (141)	\$ 323
 Total assets	 \$ 464	 \$ -	 \$ (141)	 \$ 323
Liabilities:				
Due to other governmental units and others	\$ 464	\$ -	\$ (141)	\$ 323
 Total liabilities	 \$ 464	 \$ -	 \$ (141)	 \$ 323

**DALLAS COUNTY, TEXAS**  
Combining Statement of Changes in Fiduciary Assets and Liabilities  
All Agency Funds  
For the Year Ended September 30, 2019  
(in thousands of dollars)

	<u>Balance October 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2019</u>
<hr/> <b>Fee Office Fund - State Reports</b> <hr/>				
Assets:				
Cash and investments	\$ 3,590	\$ 37,242	\$ (37,084)	\$ 3,748
Total assets	<u>\$ 3,590</u>	<u>\$ 37,242</u>	<u>\$ (37,084)</u>	<u>\$ 3,748</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 3,590	\$ 27,377	\$ (27,219)	\$ 3,748
Total liabilities	<u>\$ 3,590</u>	<u>\$ 27,377</u>	<u>\$ (27,219)</u>	<u>\$ 3,748</u>
 <hr/> <b>Fee Office Fund - County Clerk</b> <hr/>				
Assets:				
Cash and investments	\$ 30,992	\$ 273,844	\$ (268,590)	\$ 36,246
Total assets	<u>\$ 30,992</u>	<u>\$ 273,844</u>	<u>\$ (268,590)</u>	<u>\$ 36,246</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 30,992	\$ 177,965	\$ (172,711)	\$ 36,246
Total liabilities	<u>\$ 30,992</u>	<u>\$ 177,965</u>	<u>\$ (172,711)</u>	<u>\$ 36,246</u>

**DALLAS COUNTY, TEXAS**  
Combining Statement of Changes in Fiduciary Assets and Liabilities  
All Agency Funds  
For the Year Ended September 30, 2019  
(in thousands of dollars)

	<b>Balance October 1, 2018</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance September 30, 2019</b>
<hr/> <b>Fee Office Fund - District Clerk</b> <hr/>				
Assets:				
Cash and investments	\$ 28,950	\$ 149,109	\$ (152,511)	\$ 25,548
Total assets	\$ 28,950	\$ 149,109	\$ (152,511)	\$ 25,548
Liabilities:				
Due to other governmental units and others - fee office	\$ 28,950	\$ 101,609	\$ (105,011)	\$ 25,548
Total liabilities	\$ 28,950	\$ 101,609	\$ (105,011)	\$ 25,548
 <hr/> <b>Fee Office Fund - Sheriff</b> <hr/>				
Assets:				
Cash and investments	\$ 235	\$ 46,201	\$ (46,105)	\$ 331
Total assets	\$ 235	\$ 46,201	\$ (46,105)	\$ 331
Liabilities:				
Due to other governmental units and others - fee office	\$ 235	\$ 36,272	\$ (36,176)	\$ 331
Total liabilities	\$ 235	\$ 36,272	\$ (36,176)	\$ 331

**DALLAS COUNTY, TEXAS**  
Combining Statement of Changes in Fiduciary Assets and Liabilities  
All Agency Funds  
For the Year Ended September 30, 2019  
(in thousands of dollars)

	<u>Balance October 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2019</u>
<hr/>				
<b>Fee Office Fund - Community Supervision and Corrections</b>				
<hr/>				
Assets:				
Cash and investments	\$ 10,342	\$ 122,591	\$ (121,835)	\$ 11,098
Accrued interest and other receivable	<u>1</u>	<u>18</u>	<u>(18)</u>	<u>1</u>
Total assets	<u>\$ 10,343</u>	<u>\$ 122,609</u>	<u>\$ (121,853)</u>	<u>\$ 11,099</u>
Liabilities:				
Due to other governmental units and others - fee office	<u>\$ 10,343</u>	<u>\$ 39,926</u>	<u>\$ (39,170)</u>	<u>\$ 11,099</u>
Total liabilities	<u>\$ 10,343</u>	<u>\$ 39,926</u>	<u>\$ (39,170)</u>	<u>\$ 11,099</u>
<b>Fee Office Fund - Justices of the Peace</b>				
<hr/>				
Assets:				
Cash and investments	<u>\$ 1,728</u>	<u>\$ 925</u>	<u>\$ (913)</u>	<u>\$ 1,740</u>
Total assets	<u>\$ 1,728</u>	<u>\$ 925</u>	<u>\$ (913)</u>	<u>\$ 1,740</u>
Liabilities:				
Due to other governmental units and others - fee office	<u>\$ 1,728</u>	<u>\$ 962</u>	<u>\$ (950)</u>	<u>\$ 1,740</u>
Total liabilities	<u>\$ 1,728</u>	<u>\$ 962</u>	<u>\$ (950)</u>	<u>\$ 1,740</u>

**DALLAS COUNTY, TEXAS**  
Combining Statement of Changes in Fiduciary Assets and Liabilities  
All Agency Funds  
For the Year Ended September 30, 2019  
(in thousands of dollars)

	<u>Balance October 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2019</u>
<b>Fee Office Fund - Constables</b>				
Assets:				
Cash and investments	\$ 130	\$ 1,758	\$ (1,748)	\$ 140
Total assets	<u>\$ 130</u>	<u>\$ 1,758</u>	<u>\$ (1,748)</u>	<u>\$ 140</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 130	\$ 1,230	\$ (1,220)	\$ 140
Total liabilities	<u>\$ 130</u>	<u>\$ 1,230</u>	<u>\$ (1,220)</u>	<u>\$ 140</u>
<b>Departmental Special Fund - Housing Finance Corporation - 1993 Refunding</b>				
Assets:				
Cash and investments	\$ 65	\$ 3	\$ (2)	\$ 66
Total assets	<u>\$ 65</u>	<u>\$ 3</u>	<u>\$ (2)</u>	<u>\$ 66</u>
Liabilities:				
Due to other governmental units and others - departmental special	\$ 65	\$ 1	\$ -	\$ 66
Total liabilities	<u>\$ 65</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 66</u>

**DALLAS COUNTY, TEXAS**  
Combining Statement of Changes in Fiduciary Assets and Liabilities  
All Agency Funds  
For the Year Ended September 30, 2019  
(in thousands of dollars)

	<u>Balance October 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2019</u>
<b>Departmental Special Fund - Juvenile Department Child Support</b>				
Assets:				
Cash and investments	\$ 720	\$ 1,918	\$ (1,927)	\$ 711
Total assets	<u>\$ 720</u>	<u>\$ 1,918</u>	<u>\$ (1,927)</u>	<u>\$ 711</u>
Liabilities:				
Due to other governmental units and others - departmental special	720	941	(950)	711
Total liabilities	<u>\$ 720</u>	<u>\$ 941</u>	<u>\$ (950)</u>	<u>\$ 711</u>

<b>Departmental Special Fund - Housing Finance Corporation - 1994 Refunding</b>				
Assets:				
Cash and investments	\$ 991	\$ 48	\$ (25)	\$ 1,014
Total assets	<u>\$ 991</u>	<u>\$ 48</u>	<u>\$ (25)</u>	<u>\$ 1,014</u>
Liabilities:				
Due to other governmental units and others - departmental special	991	25	(2)	1,014
Total liabilities	<u>\$ 991</u>	<u>\$ 25</u>	<u>\$ (2)</u>	<u>\$ 1,014</u>

**DALLAS COUNTY, TEXAS**  
Combining Statement of Changes in Fiduciary Assets and Liabilities  
All Agency Funds  
For the Year Ended September 30, 2019  
(in thousands of dollars)

	<u>Balance October 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2019</u>
<b>Departmental Special Fund - Community Supervision and Corrections Special</b>				
<hr/>				
Assets:				
Cash and investments	\$ 2,955	\$ 8,554	\$ (8,139)	\$ 3,370
Total assets	<u>\$ 2,955</u>	<u>\$ 8,554</u>	<u>\$ (8,139)</u>	<u>\$ 3,370</u>
Liabilities:				
Due to other governmental units and others - departmental special	\$ 2,955	\$ 5,942	\$ (5,527)	3,370
Total liabilities	<u>\$ 2,955</u>	<u>\$ 5,942</u>	<u>\$ (5,527)</u>	<u>\$ 3,370</u>
 <b>Departmental Special Fund - Youth Village</b>				
<hr/>				
Assets:				
Cash and investments	\$ 1	\$ -	\$ -	\$ 1
Total assets	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>
Liabilities:				
Due to other governmental units and others - departmental special	\$ 1	\$ -	\$ -	\$ 1
Total liabilities	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>



**DALLAS COUNTY, TEXAS**  
Combining Statement of Changes in Fiduciary Assets and Liabilities  
All Agency Funds  
For the Year Ended September 30, 2019  
(in thousands of dollars)

	<u>Balance October 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2019</u>
<b>Departmental Special Fund - Tax Assessor - Collector</b>				
<hr/>				
Assets:				
Cash and investments	\$ 52,739	\$ 642,627	\$ (638,362)	\$ 57,004
Accrued interest receivable	<u>124</u>	<u>15</u>	<u>(127)</u>	<u>12</u>
Total assets	<u>\$ 52,863</u>	<u>\$ 642,642</u>	<u>\$ (638,489)</u>	<u>\$ 57,016</u>
Liabilities:				
Due to other governmental units and others - departmental special	<u>\$ 52,863</u>	<u>\$ 644,171</u>	<u>\$ (640,018)</u>	<u>\$ 57,016</u>
Total liabilities	<u>\$ 52,863</u>	<u>\$ 644,171</u>	<u>\$ (640,018)</u>	<u>\$ 57,016</u>
<b>District Attorney Seized Funds - Police Agencies</b>				
<hr/>				
Assets:				
Cash and investments	<u>\$ 37</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 38</u>
Total assets	<u>\$ 37</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 38</u>
Liabilities:				
Due to other governmental units and others	<u>\$ 37</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 38</u>
Total liabilities	<u>\$ 37</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 38</u>

**DALLAS COUNTY, TEXAS**  
Combining Statement of Changes in Fiduciary Assets and Liabilities  
All Agency Funds  
For the Year Ended September 30, 2019  
(in thousands of dollars)

	<u>Balance October 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2019</u>
<b>District Attorney Seized Funds - Attorney General</b>				
<hr/>				
Assets:				
Cash and investments	\$ 27	\$ 1	\$ -	\$ 28
Total assets	<u>\$ 27</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 28</u>
Liabilities:				
Due to other governmental units and others	\$ 27	\$ 1	\$ -	\$ 28
Total liabilities	<u>\$ 27</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 28</u>
<b>District Attorney Seized Funds - Gambling</b>				
<hr/>				
Assets:				
Cash and investments	\$ 60	\$ 1	\$ -	\$ 61
Total assets	<u>\$ 60</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 61</u>
Liabilities:				
Due to other governmental units and others	\$ 60	\$ 1	\$ -	\$ 61
Total liabilities	<u>\$ 60</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 61</u>

**DALLAS COUNTY, TEXAS**  
Combining Statement of Changes in Fiduciary Assets and Liabilities  
All Agency Funds  
For the Year Ended September 30, 2019  
(in thousands of dollars)

	<u>Balance October 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2019</u>
<hr/> <b>District Attorney Seized Funds - Narcotics</b> <hr/>				
Assets:				
Cash and investments	\$ 33	\$ 201	\$ (211)	\$ 23
Total assets	<u>\$ 33</u>	<u>\$ 201</u>	<u>\$ (211)</u>	<u>\$ 23</u>
Liabilities:				
Due to other governmental units and others	\$ 33	\$ 179	\$ (189)	\$ 23
Total liabilities	<u>\$ 33</u>	<u>\$ 179</u>	<u>\$ (189)</u>	<u>\$ 23</u>
<hr/> <b>DCS - Administration</b> <hr/>				
Assets:				
Cash and investments	\$ -	\$ 14,900	\$ -	\$ 14,900
Total assets	<u>\$ -</u>	<u>\$ 14,900</u>	<u>\$ -</u>	<u>\$ 14,900</u>
Liabilities:				
Due to other governmental units and others	\$ -	\$ 14,900	\$ -	\$ 14,900
Total liabilities	<u>\$ -</u>	<u>\$ 14,900</u>	<u>\$ -</u>	<u>\$ 14,900</u>

**DALLAS COUNTY, TEXAS**  
Combining Statement of Changes in Fiduciary Assets and Liabilities  
All Agency Funds  
For the Year Ended September 30, 2019  
(in thousands of dollars)

	<u>Balance October 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2019</u>
Assets:				
Cash and investments	\$ 144,965	\$ 1,354,763	\$ (1,331,961)	\$ 167,767
Accrued interest and other receivable	125	33	(145)	13
Assets held in escrow	9,115	447	(939)	8,623
	<u>9,115</u>	<u>447</u>	<u>(939)</u>	<u>8,623</u>
Total assets	<u>\$ 154,205</u>	<u>\$ 1,355,243</u>	<u>\$ (1,333,045)</u>	<u>\$ 176,403</u>
Liabilities:				
Due to other governmental units and others	<u>\$ 154,205</u>	<u>\$ 1,106,788</u>	<u>\$ (1,084,590)</u>	<u>\$ 176,403</u>
Total liabilities	<u>\$ 154,205</u>	<u>\$ 1,106,788</u>	<u>\$ (1,084,590)</u>	<u>\$ 176,403</u>

# STATISTICAL SECTION

(Unaudited)

## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	148
These schedules contain trend information to aid in understanding how the County's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	153
These schedules contain information to aid in assessing the County's most significant local revenue source – property tax.	
<b>Debt Capacity</b>	158
These schedules present information to aid in assessing the County's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	163
These schedules offer demographic and economic indicators to aid in understanding the environment within which the County's financial activities take place.	
<b>Operating Information</b>	165
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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 453,807	\$ 455,452	\$ 454,302	\$ 496,797	\$ 511,162	\$ 536,199	\$ 559,389	581,267	607,806	654,323
Restricted	61,654	66,840	78,434	81,686	76,172	78,822	87,072	87,893	107,194	112,738
Unrestricted	26,672	41,628	30,807	(32,000)	(50,551)	(93,878)	(126,204)	(190,639)	(105,235)	(135,953)
Total governmental activities net position	<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>	<u>\$ 631,108</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)

Expenses	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental activities:</b>										
General government	\$ 147,707	\$ 137,867	\$ 149,009	\$ 156,248	\$ 152,854	\$ 144,978	\$ 168,648	\$ 192,894	\$ 121,734	\$ 149,704
Judicial	136,703	138,104	133,061	147,927	156,170	153,781	179,924	193,293	203,030	215,018
Public Safety	236,728	233,243	222,386	236,798	238,937	240,701	275,315	305,656	314,959	346,225
Highways and Streets	23,787	21,195	27,349	23,756	25,894	25,404	25,378	24,927	44,619	35,959
Health	51,033	53,264	50,924	48,216	49,190	54,826	55,674	63,496	60,760	71,518
Education	11,104	9,994	9,340	9,009	8,158	7,618	6,879	7,819	8,086	8,725
Public Welfare	85,635	97,261	76,449	70,960	68,769	73,541	72,374	76,760	66,980	73,438
Libraries	-	-	-	-	-	-	-	-	-	-
Interest on long term debt	6,475	5,189	4,681	3,683	3,400	2,459	2,757	4,476	5,026	7,166
<b>Total primary government expenses</b>	<b>\$ 699,172</b>	<b>\$ 696,117</b>	<b>\$ 673,199</b>	<b>\$ 696,597</b>	<b>\$ 703,372</b>	<b>\$ 703,308</b>	<b>\$ 786,949</b>	<b>\$ 869,321</b>	<b>\$ 825,194</b>	<b>\$ 907,753</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government	\$ 46,405	\$ 47,054	\$ 44,792	\$ 50,236	\$ 50,306	\$ 53,390	\$ 44,338	\$ 57,254	\$ 48,066	\$ 53,561
Judicial	50,648	43,797	44,746	46,204	42,780	39,802	53,533	53,506	54,042	50,389
Public Safety	21,133	23,527	22,422	24,490	24,267	22,822	24,869	30,363	24,991	29,336
Highways and Streets (1)	36,968	27,340	26,511	25,193	26,494	26,619	25,425	26,200	25,630	27,684
Health	7,607	7,882	6,138	7,483	6,585	7,396	7,028	7,899	8,262	8,684
Public Welfare	1,399	1,499	1,237	1,269	1,122	1,079	7,626	6,625	9,738	6,954
<b>Operating grants and contributions</b>										
General government	819	947	971	-	-	387	-	-	-	-
Judicial	15,259	16,198	13,309	11,825	13,595	14,162	2,732	2,817	4,987	5,187
Public Safety	10,935	10,835	8,875	11,204	11,841	12,594	20,754	20,807	17,894	19,642
Health	33,309	32,894	32,932	30,037	29,716	33,613	37,985	28,412	34,470	39,734
Education	8,971	12,042	10,165	9,199	7,938	7,718	6,920	6,907	8,108	7,771
Public Welfare	74,318	89,732	67,718	63,191	58,330	71,255	61,037	60,932	55,364	59,328
<b>Capital grants and contributions:</b>										
Judicial	50	257	-	-	-	-	-	-	-	-
Public Safety	389	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
Public Welfare	76	-	-	-	-	-	-	-	-	-
<b>Total governmental activities program revenues</b>	<b>\$ 308,286</b>	<b>\$ 314,004</b>	<b>\$ 279,816</b>	<b>\$ 280,331</b>	<b>\$ 272,974</b>	<b>\$ 290,837</b>	<b>\$ 292,247</b>	<b>\$ 301,722</b>	<b>\$ 291,552</b>	<b>\$ 308,270</b>
<b>Total net (expense) revenue</b>	<b>\$ (390,886)</b>	<b>\$ (382,113)</b>	<b>\$ (393,383)</b>	<b>\$ (416,266)</b>	<b>\$ (430,398)</b>	<b>\$ (412,471)</b>	<b>\$ (494,702)</b>	<b>\$ (567,599)</b>	<b>\$ (533,642)</b>	<b>\$ (599,483)</b>
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
<b>Taxes</b>										
Property taxes	\$ 364,868	\$ 371,618	\$ 366,998	\$ 370,052	\$ 384,097	\$ 407,431	\$ 436,426	\$ 476,351	\$ 509,444	\$ 552,091
Alcoholic beverage taxes (1)	11,732	19,953	21,300	25,961	32,943	37,708	40,062	41,873	42,226	43,565
Unrestricted grants and contributions	5,161	6,758	1,392	2,115	1,622	2,092	7,430	2,388	2,252	2,494
Investment earnings	3,521	4,258	3,259	1,078	2,036	2,973	2,945	5,251	10,159	22,676
Gain (Loss) on Sale	-	-	-	-	-	-	-	-	2,181	-
Insurable gain, net of insurance proceeds	-	2,850	57	-	-	-	-	-	-	-
Donated Capital Asset	3,967	-	-	-	-	-	6,953	-	-	-
<b>Total primary government</b>	<b>\$ 389,249</b>	<b>\$ 405,437</b>	<b>\$ 393,006</b>	<b>\$ 399,206</b>	<b>\$ 420,698</b>	<b>\$ 450,204</b>	<b>\$ 493,816</b>	<b>\$ 525,863</b>	<b>\$ 566,262</b>	<b>\$ 620,826</b>
<b>Other activities:</b>										
Insurable loss, net of insurance proceeds	(4,015)	-	-	-	-	-	-	-	-	-
Loss on retirement of capital assets	-	(804)	-	-	-	-	-	-	-	-
Interest paid - advance refunding	-	(733)	-	-	-	-	-	-	-	-
<b>Total other expenses</b>	<b>\$ (4,015)</b>	<b>\$ (1,537)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Change in Net Position</b>										
Governmental activities	\$ (5,652)	\$ 21,787	\$ (377)	\$ (17,060)	\$ (9,700)	\$ 37,733	\$ (886)	\$ (41,736)	\$ 32,620	\$ 21,343
<b>Total primary government</b>	<b>\$ (5,652)</b>	<b>\$ 21,787</b>	<b>\$ (377)</b>	<b>\$ (17,060)</b>	<b>\$ (9,700)</b>	<b>\$ 37,733</b>	<b>\$ (886)</b>	<b>\$ (41,736)</b>	<b>\$ 32,620</b>	<b>\$ 21,343</b>

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Property Taxes	\$ 364,868	\$ 371,618	\$ 366,998	\$ 370,052	\$ 384,097	\$ 407,431	\$436,426	\$476,351	\$509,444	\$ 552,091
Alcoholic beverage / other taxes	11,732	19,953	21,300	25,961	32,943	37,708	40,062	41,873	42,226	43,565
Total Taxes	\$ 376,600	\$ 391,571	\$ 388,298	\$ 396,013	\$ 417,040	\$ 445,139	\$476,488	\$518,224	\$551,670	\$ 595,656

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Fund (GASB 54)</b>										
Nonspendable	\$ -	\$ 3,562	\$ 3,366	\$ 3,794	\$ 3,120	\$ 3,160	\$ 3,995	\$ 5,126	4,064	4,020
Assigned	-	7,871	7,778	6,786	6,537	6,237	12,255	10,061	10,432	14,835
Unassigned	-	56,700	78,044	80,371	75,533	73,023	57,522	33,826	35,563	30,180
<b>General Fund (before GASB 54)</b>										
Reserved	9,886	-	-	-	-	-	-	-	-	-
Unreserved	41,353	-	-	-	-	-	-	-	-	-
<b>Total General Fund</b>	<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>	<u>\$ 49,035</u>
<b>All Other Governmental Funds (GASB 54)</b>										
Nonspendable	\$ -	\$ 282	\$ 208	\$ 283	\$ 219	\$ 425	\$ 2,287	\$ 3,389	\$ 7,436	\$ 11,575
Restricted	-	108,201	108,777	129,988	91,947	90,010	293,504	276,287	269,703	217,749
Committed	-	166,590	173,340	175,582	186,661	215,245	245,943	279,075	285,134	298,984
<b>All Other Governmental Funds (before GASB 54)</b>										
Reserved	56,123	-	-	-	-	-	-	-	-	-
Unreserved reported in:										
Debt Service	3,128	-	-	-	-	-	-	-	-	-
Major Projects	77,906	-	-	-	-	-	-	-	-	-
Grants Funds	(3,786)	-	-	-	-	-	-	-	-	-
Special Revenue	44,354	-	-	-	-	-	-	-	-	-
Capital Projects	18,632	-	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<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>	<u>\$ 528,308</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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Property taxes	\$ 364,620	\$ 372,074	\$ 367,478	\$ 371,263	\$ 383,772	\$ 407,712	\$ 436,192	\$ 475,867	\$ 509,422	\$ 555,198
Licenses and permits (3)	26,422	33,520	36,009	39,154	42,191	43,716	46,558	47,200	46,661	47,474
Fines and forfeitures	21,512	17,732	16,206	14,151	13,061	11,106	9,473	10,280	8,659	7,320
Investment income and rental revenues	6,790	7,017	6,221	4,269	5,947	7,788	7,558	9,569	14,774	27,486
Intergovernmental revenues	128,861	145,937	120,670	125,820	114,511	125,783	133,226	137,222	138,637	142,332
Charges for current services (3)	126,521	123,235	115,139	117,558	125,497	131,988	128,935	124,854	133,565	132,157
Miscellaneous revenues	14,603	17,035	11,275	11,241	10,350	13,352	17,521	16,199	20,120	19,995
Total revenues	<u>689,329</u>	<u>716,550</u>	<u>672,998</u>	<u>683,456</u>	<u>695,329</u>	<u>741,445</u>	<u>779,463</u>	<u>821,191</u>	<u>871,838</u>	<u>931,962</u>
<b>Expenditures</b>										
General government and judicial	232,214	233,904	223,855	242,869	249,064	255,361	272,284	295,662	298,659	318,179
Public safety	225,898	222,489	213,771	225,436	233,675	239,729	262,171	284,174	295,887	308,740
Highways and streets	22,122	20,152	26,790	23,244	24,646	25,963	25,267	24,914	43,709	35,434
Health	51,094	52,967	50,829	48,154	49,058	54,964	54,927	62,247	59,524	68,883
Public welfare	83,677	96,448	75,603	70,475	67,898	73,128	71,024	75,417	65,874	71,850
Libraries	-	-	-	-	-	-	-	-	-	-
Education	10,981	10,065	9,224	8,888	8,021	7,628	6,523	7,381	7,698	8,049
Capital outlay (1)	15,454	11,394	15,188	54,018	64,788	29,985	31,670	41,119	108,663	150,542
Debt service										
Principal	17,355	18,190	22,780	20,075	25,080	25,840	24,645	28,435	28,751	26,423
Interest	6,625	5,284	6,708	5,383	5,886	4,937	4,724	9,582	10,220	11,657
Total expenditures (a)	<u>665,420</u>	<u>670,893</u>	<u>644,748</u>	<u>698,542</u>	<u>728,116</u>	<u>717,535</u>	<u>753,235</u>	<u>828,931</u>	<u>918,985</u>	<u>999,757</u>
Excess of revenues over (under) expenditures	<u>23,909</u>	<u>45,657</u>	<u>28,250</u>	<u>(15,086)</u>	<u>(32,787)</u>	<u>23,910</u>	<u>26,228</u>	<u>(7,740)</u>	<u>(47,147)</u>	<u>(67,795)</u>
<b>Other financing sources (uses)</b>										
Transfers in	47,570	49,046	47,154	40,841	42,101	38,941	32,777	36,259	28,185	40,213
Transfers (out)	(47,570)	(49,046)	(47,154)	(40,841)	(42,101)	(38,941)	(32,777)	(36,259)	(28,185)	(40,213)
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	32,805
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)	<u>7,462</u>	<u>49,953</u>	<u>57</u>	<u>40,377</u>	<u>-</u>	<u>173</u>	<u>201,178</u>	<u>-</u>	<u>51,715</u>	<u>32,805</u>
Net change in fund balance	<u>\$ 31,371</u>	<u>\$ 95,610</u>	<u>\$ 28,307</u>	<u>\$ 25,291</u>	<u>\$ (32,787)</u>	<u>\$ 24,083</u>	<u>\$ 227,406</u>	<u>\$ (7,740)</u>	<u>\$ 4,568</u>	<u>\$ (34,990)</u>
Sum of expenditures (a)	665,420	670,893	644,748	698,542	728,116	717,535	753,235	828,931	918,985	999,757
Less: Expenditures capitalized for government-wide statement of net position. (2)	<u>(12,711)</u>	<u>(14,007)</u>	<u>(18,988)</u>	<u>(55,629)</u>	<u>(62,464)</u>	<u>(33,716)</u>	<u>(53,312)</u>	<u>(38,210)</u>	<u>(102,747)</u>	<u>(133,357)</u>
Non-capital expenditures	<u>\$ 652,709</u>	<u>\$ 656,886</u>	<u>\$ 625,760</u>	<u>\$ 642,913</u>	<u>\$ 665,652</u>	<u>\$ 683,819</u>	<u>\$ 699,923</u>	<u>\$ 790,721</u>	<u>\$ 816,238</u>	<u>\$ 866,400</u>
Debt service as a percentage of non-capital expenditures	3.7%	3.6%	4.7%	4.0%	4.7%	4.5%	4.2%	4.8%	4.8%	4.4%

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)		
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	321,188,324	0.24310	99.41%
2019	304,062,931	307,920,728	41,963,966	41,963,966	346,026,897	349,884,694	0.24310	98.90%

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

<b>Tax Year</b>	<b>General Fund</b>	<b>Major Technology Fund</b>	<b>Permanent Improvement Fund</b>	<b>Major Capital Development Fund</b>	<b>Debt Service Funds</b>	<b>Total Primary Government</b>	<b>Component Unit</b>	<b>Total Reporting Entity</b>
Rates (1)								
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
2019	0.17115	0.01933	0.00180	0.04116	0.00966	0.24310	0.26950	0.51260
Tax levies (1) (in thousands of dollars)								
2010	287,607	19,727	2,818	48,270	22,183	380,605 (a)	429,605	810,210
2011	284,368	19,505	2,786	48,298	21,362	376,319 (b)	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
2019	437,130	49,370	4,597	105,126	24,672	620,896 (j)	708,080	1,328,976

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.

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>

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
- (j) \$ 13.9 million

Taxes due: October 1

Taxes delinquent: February 1 year following levy

Tax lien and assessment date: January 1 year of levy

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

Delinquent tax penalty and interest:

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

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

Table 8

<u>Name</u>	<u>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>	<u>2019</u>
Dallas County	\$ 0.24310	\$ 0.24310	\$ 0.24310	\$ 0.24310	\$ 0.24310	0.24310	0.24310	0.24310	0.24310	0.24310
Dallas County Schools	0.01000	0.01000	0.00994	0.01000	0.01000	0.01000	0.00927	0.01	0.01	0.01
Dallas County Hospital Dist.	0.27100	0.27100	0.27100	0.27600	0.28600	0.28600	0.27940	0.27940	0.27940	0.27940
Dallas County Community College District	0.09923	0.09967	0.11938	0.12470	0.12478	0.12365	0.12293	0.12423	0.12400	0.12400
<b><u>School Districts</u></b>										
Carrollton-Farmers Branch	1.34690	1.35680	1.33060	1.32350	1.30330	1.28170	1.39170	1.38100	1.37000	1.37000
Cedar Hill	1.44000	1.44000	1.44000	1.52500	1.52500	1.52500	1.51600	1.51600	1.37600	1.37600
Coppell	1.42420	1.42420	1.41880	1.43240	1.44900	1.43900	1.49270	1.47770	1.46050	1.46050
Dallas	1.23781	1.29035	1.29035	1.28209	1.28209	1.28209	1.28209	1.28209	1.41204	1.41204
DeSoto	1.49000	1.44000	1.44000	1.49000	1.47000	1.46000	1.46000	1.49000	1.49000	1.49000
Duncanville	1.41800	1.41800	1.43000	1.41000	1.41000	1.52950	1.52148	1.52148	1.52000	1.52000
Ferris	1.31785	1.30630	1.31000	1.31000	1.32500	1.35500	1.38730	1.51730	1.51730	1.51730
Garland	1.25330	1.25330	1.25330	1.25330	1.25330	1.35330	1.46000	1.46000	1.46000	1.46000
Grand Prairie	1.46500	1.46500	1.46500	1.46500	1.46500	1.59500	1.59500	1.59500	1.59500	1.59500
Grapevine-Colleyville	1.29000	1.31000	1.32010	1.32010	1.32010	1.32010	1.39670	1.39670	1.39670	1.39670
Highland Park	1.11500	1.13420	1.13420	1.12670	1.11810	1.11190	1.15270	1.20320	1.23550	1.23550
Irving	1.46500	1.46500	1.46500	1.46500	1.43500	1.44500	1.44500	1.43140	1.40110	1.40110
Lancaster	1.41270	1.41270	1.41800	1.41800	1.37012	1.54000	1.54000	1.54000	1.53000	1.53000
Mesquite	1.42000	1.42000	1.42000	1.41000	1.41000	1.41000	1.46000	1.46000	1.52000	1.52000
Richardson	1.34005	1.34005	1.34005	1.34005	1.34005	1.34005	1.39005	1.39005	1.52000	1.52000
Sunnyvale	1.35100	1.41000	1.41000	1.41000	1.41000	1.41000	1.42600	1.52000	1.52000	1.52000
<b><u>Special Districts</u></b>										
Dallas County FCD #1	2.83554	2.90000	3.05000	2.75000	2.75000	2.65000	2.25000	2.00000	1.80000	1.80000
Dallas County URD	2.05000	2.12200	1.84000	1.79100	1.98300	1.59000	1.29500	1.24900	1.11130	1.11130
Denton County LID #1**	0.16350	0.16350	0.20700	0.18500	0.18500	0.18500	0.18400	0.18300	0.18200	0.18200
Denton County RUD #1**+	0.17000	0.11000	0.01000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Grand Prairie Metro URD	2.12000	2.06500	0.60000	0.60000	0.60000	0.60000	0.60000	0.60000	0.60000	0.60000
Irving FCD, Section I	0.35549	0.43000	0.46530	0.50000	0.50470	0.52000	0.45300	0.44600	0.45500	0.45500
Irving FCD, Section III	0.27400	0.13400	0.13900	0.14210	0.14410	0.12800	0.12500	0.12500	0.12500	0.12500
Lancaster MUD #1	1.06000	1.06000	1.06000	1.06000	1.06000	1.06000	1.06000	1.00000	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	0.29000	0.27000	0.27000	0.25000	0.22000	0.20000	0.20000
<b><u>Cities and Towns</u></b>										
Addison	0.53000	0.58000	0.58000	0.57180	0.56180	0.57915	0.56047	0.55000	0.55000	0.55000
Balch Springs	0.76000	0.78000	0.80300	0.77000	0.80300	0.80300	0.80300	0.80300	0.80300	0.80300
Carrollton	0.61788	0.61788	0.61788	0.61788	0.61538	0.61288	0.60370	0.59970	0.59497	0.59497
Cedar Hill	0.67000	0.68588	0.69569	0.69876	0.69876	0.69876	0.69876	0.69876	0.69703	0.69703
Cockrell Hill	0.81109	0.81109	0.82315	0.81191	0.81166	1.13244	1.11941	1.05883	0.98895	0.98895
Combine**	0.23000	0.23000	0.25000	0.27000	0.29000	0.31000	0.33000	0.35000	0.35000	0.35000
Coppell	0.69046	0.69046	0.67046	0.63750	0.60649	0.58400	0.57950	0.57950	0.56950	0.56950
Dallas	0.79700	0.79700	0.79700	0.79700	0.79700	0.79700	0.78250	0.78040	0.77670	0.77670
Desoto	0.73512	0.75740	0.75740	0.75740	0.75740	0.74990	0.74490	0.73990	0.72139	0.72139
Duncanville	0.73769	0.73769	0.73769	0.75845	0.75845	0.75845	0.75845	0.75845	0.74845	0.74845
Farmers Branch	0.52950	0.52950	0.52950	0.55310	0.60227	0.60227	0.60227	0.60227	0.59951	0.59951
Ferris**	0.68713	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	0.79500	0.79500	0.79500	0.79500	0.79500	0.79340	0.93553	0.88543	0.87918	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	0.34800	0.34570	0.34250	0.33244	0.32844	0.28927	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	0.58100	0.60672	0.66091	0.69091	0.71091	0.68246	0.68246	0.68246	0.68246	0.68246
Irving	0.57610	0.59860	0.59860	0.59860	0.59410	0.59410	0.59410	0.59410	0.59410	0.59410
Lancaster	0.86750	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	0.43609	0.43609	0.43609	0.43609	0.43609	0.43609
Mesquite	0.64000	0.64000	0.64000	0.64000	0.64000	0.64000	0.68700	0.68700	0.73400	0.73400
Ovilla**	0.67460	0.66380	0.66750	0.67190	0.67190	0.70000	0.70000	0.68040	0.66000	0.66000
Richardson	0.63516	0.63516	0.63516	0.63516	0.63516	0.63516	0.62516	0.62516	0.62516	0.62516
Rowlett	0.74717	0.74717	0.74717	0.74717	0.78717	0.78717	0.78717	0.77717	0.75717	0.75717
Sachse	0.70582	0.77082	0.77082	0.77082	0.77082	0.75728	0.75728	0.74728	0.72000	0.72000
Seagoville	0.66500	0.69085	0.69085	0.71379	0.71380	0.71380	0.74380	0.74380	0.74380	0.74380
Sunnyvale	0.40796	0.40796	0.40796	0.40796	0.40796	0.40796	0.40796	0.41309	0.41290	0.41290
University Park	0.27845	0.27845	0.27845	0.27432	0.26979	0.25893	0.24876	0.24876	0.24538	0.24538
Wilmer	0.43599	0.40000	0.36682	0.38944	0.43660	0.47660	0.50300	0.50300	0.51290	0.51290
Wylie**	0.89890	0.89890	0.88890	0.88390	0.87890	0.86890	0.84890	0.78100	0.72585	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, 2019**

(in thousands of dollars)

(unaudited)

Table 9

Name of Taxpayer	Nature of Business	2019			2010		
		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	\$ 1,679,068	1	0.55 %	\$ 1,225,464	1	0.70 %
AT&T Mobility LLC	Telephone Utility	1,012,003	2	0.33	1,222,824	2	0.69
Wal-Mart Stores Inc.	Retail	745,280	3	0.25	453,385	6	0.26
NorthPark Land Partners	Real Estate	733,711	4	0.24	530,065	4	0.30
Atmos Energy	Electric	695,049	5	0.23	—	—	—
Southwest Airlines	Airline	655,325	6	0.22	473,624	5	0.27
Texas Instruments	Electronics	644,930	7	0.21	769,422	3	0.44
FM Village Fixed Rate LLC	Real Estate	514,687	8	0.17	—	—	—
Post Apartment Homes LP	Real Estate	514,486	9	0.17	—	—	—
Collins Technology Park Partner	Real Estate	495,532	10	0.16	—	—	—
YPI Central Expy LP	Real Estate	—	—	—	337,437	9	0.19
Galleria Mall Investors LP	Real Estate	—	—	—	326,981	10	0.19
Verizon	Telephone Utility	—	—	—	429,566	7	0.24
Crescent TC Investors LP	Real Estate	—	—	—	353,769	8	0.20
<b>Total</b>		<u>\$ 7,690,071</u>		<u>2.53 %</u>	<u>\$ 6,122,537</u>		<u>3.48 %</u>

Source: Dallas County Tax Assessor-Collector.

Notes (1) Estimated amounts based on 2019 and 2010 appraisal roll excluding property under protest.

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

Table 10

<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>
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	1,258,660 (d)	1,246,931	99.07	1,317	1,248,248	99.17
2019	1,328,975 (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



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

<b>Year</b>	<b>Estimated Population (3)</b>	<b>Assessed Value</b>	<b>Bonded Debt (1)</b>	<b>Bonded Debt Percentage of Assessed Value</b>	<b>Bonded Debt Percentage of Personal Income (2)</b>	<b>Bonded Debt Per Capita</b>
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	2,638	321,188,324	198,567	0.06182	0.1594	75
2019	2,638 (4)	349,884,694	173,431	0.04957	0.1363	66

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 net of premiums.

(2) Capital lease obligations are secured with financial assets and not Ad Valorem taxes. See note IX to Basic Financial Statements.

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

(4) US Census Bureau population Estimated (<http://quickfacts.census.gov>). 2019 US Census Bureau population estimate not available, 2018 U.S. Census Bureau population used. (<http://quickfacts.census.gov>).

**DALLAS COUNTY, TEXAS**  
**Computation of Direct and Overlapping Bonded Debt**  
**September 30, 2019**  
(in thousands of dollars)  
(unaudited)

Table 12

Name	Indebtedness as of	Direct Debt	Percentage of Debt Applicable to Dallas County	Dallas County's Share of Debt
Dallas County	9/30/2019	\$ 250,827	100.00%	\$ 250,827
Total direct		<u>\$ 250,827</u>		<u>\$ 250,827</u>
Overlapping Debt:				
Intermediate educational agency:				
Dallas County Schools	9/30/2019	\$ 36,801	100.00%	\$ 36,801
Independent school districts:				
Carrollton-Farmers Branch	9/30/2019	230,980	80.78%	186,586
Cedar Hill	9/30/2019	105,551	100.00%	105,551
Coppell	9/30/2019	382,497	100.00%	382,497
Dallas	9/30/2019	2,676,385	100.00%	2,676,385
Desoto	9/30/2019	143,563	100.00%	143,563
Duncanville	9/30/2019	200,331	100.00%	200,331
Ferris	9/30/2019	31,376	4.01%	1,258
Garland	9/30/2019	554,170	100.00%	554,170
Grand Prairie	9/30/2019	476,255	100.00%	476,255
Grapevine-Colleyville	9/30/2019	435,416	13.06%	56,865
Highland Park	9/30/2019	375,565	100.00%	375,565
Irving	9/30/2019	407,935	100.00%	407,935
Lancaster	9/30/2019	201,127	100.00%	201,127
Mesquite	9/30/2019	693,210	100.00%	693,210
Richardson	9/30/2019	626,380	100.00%	626,380
Sunnyvale	9/30/2019	95,202	100.00%	95,202
Total intermediate educational agency		<u>\$ 7,672,744</u>		<u>\$ 7,219,681</u>
Special districts:				
Dallas County FCD #1	9/30/2019	23,355	100.00%	23,355
Dallas County Community College	9/30/2019	182,800	100.00%	182,800
Dallas County Hospital District	9/30/2019	671,290	100.00%	671,290
Dallas County Utility & Reclamation Dist.	9/30/2019	183,635	100.00%	183,635
Denton County LID #1	9/30/2019	7,125	5.57%	397
Irving FCD, Section I	9/30/2019	4,925	100.00%	4,925
Lancaster MUD #1	9/30/2019	9,930	100.00%	9,930
Northwest Dallas Co FCD	9/30/2019	13,895	100.00%	13,895
Valwood Improvement Authority	9/30/2019	8,480	100.00%	8,480
Water Control and Imp. District No. 6	9/30/2019	6,360	100.00%	6,360
Total special districts		<u>\$ 1,111,795</u>		<u>\$ 1,105,067</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.
  - Direct debt includes bonds, notes, loans and capital leases. Bonds total \$173,431 and capital leases total \$77,396.

**DALLAS COUNTY, TEXAS**  
**Direct and Overlapping Bonded Debt**  
**September 30, 2019**  
**(in thousands of dollars)**  
**(unaudited)**

Table 12-2

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	9/30/2019	\$ 109,205	100.00%	\$ 109,205
Balch Springs	9/30/2019	14,775	100.00%	14,775
Carrollton	9/30/2019	173,540	47.45%	82,345
Cedar Hill	9/30/2019	89,965	97.29%	87,527
Cockrell Hill	9/30/2019	5,160	100.00%	5,160
Combine	9/30/2019	754	12.42%	94
Coppell	9/30/2019	92,305	97.99%	90,450
Dallas	9/30/2019	2,060,812	94.95%	1,956,741
Desoto	9/30/2019	74,290	100.00%	74,290
Duncanville	9/30/2019	24,755	100.00%	24,755
Farmers Branch	9/30/2019	52,780	100.00%	52,780
Ferris	9/30/2019	1,200	7.58%	91
Garland	9/30/2019	435,660	99.81%	434,832
Glenn Heights	9/30/2019	15,280	70.33%	10,746
Grand Prairie	9/30/2019	356,480	49.52%	176,529
Grapevine	9/30/2019	160,053	2.02%	3,233
Hutchins	9/30/2019	20,256	100.00%	20,256
Irving	9/30/2019	433,120	100.00%	433,120
Lancaster	9/30/2019	79,030	100.00%	79,030
Lewisville	9/30/2019	123,280	0.77%	949
Mesquite	9/30/2019	181,125	99.60%	180,401
Ovilla	9/30/2019	4,270	8.22%	351
Richardson	9/30/2019	324,065	57.68%	186,921
Rowlett	9/30/2019	100,555	86.35%	86,829
Sachse	9/30/2019	53,415	59.26%	31,654
Seagoville	9/30/2019	12,535	98.55%	12,353
Sunnyvale	9/30/2019	13,365	100.00%	13,365
Wilmer	9/30/2019	3,432	100.00%	3,432
Wylie	9/30/2019	83,575	83.00%	69,367
Total cities and towns		\$ 5,099,037		\$ 4,241,581
Total Overlapping		\$ 13,883,576		\$ 12,566,329
Total Direct and Overlapping		\$ 14,134,403		\$ 12,817,156

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		
Debt Limit (Article 3, Section 52 of the Texas Constitution)	\$ 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	76,003,985	(1)	
Total net debt applicable to limit	<u>37,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		
Legal debt margin	<u>\$ 43,977,734</u>	<u>\$ 43,454,874</u>	<u>\$ 44,114,339</u>	<u>\$ 45,878,850</u>	<u>\$ 49,152,098</u>	<u>\$ 52,996,003</u>	<u>\$ 58,715,672</u>	<u>\$ 63,024,754</u>	<u>-</u>	<u>70,200,955</u>	<u>-</u>	<u>76,003,985</u>
Total net debt applicable to the limit as a percentage of debt limit	0.09%	0.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Debt Limit (Under Texas General Law)	\$ 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	17,298,995	(2)	
Total net debt applicable to limit	<u>81,145</u>	<u>141,966</u>	<u>117,884</u>	<u>133,610</u>	<u>107,451</u>	<u>82,039</u>	<u>225,927</u>	<u>194,457</u>	<u>191,100</u>	<u>164,902</u>		
Legal debt margin	<u>\$ 10,156,167</u>	<u>\$ 9,996,684</u>	<u>\$ 10,213,746</u>	<u>\$ 10,628,790</u>	<u>\$ 11,355,194</u>	<u>\$ 12,257,931</u>	<u>\$ 13,354,684</u>	<u>\$ 14,282,516</u>	<u>15,771,829</u>	<u>17,134,093</u>		
Total net debt applicable to the limit as a percentage of debt limit	0.79%	1.40%	1.14%	1.24%	0.94%	0.66%	1.66%	1.34%	1.20%	0.95%		

**Legal Debt Margin Calculation for Fiscal Year 2019**

Assessed valuation of real property*	\$ 304,015,939	
Assessed valuation of all taxable property*	<u>345,979,905</u>	
Bonds issued under Article 3, Section 52b of the Texas Constitution:		
Debt limit, one-fourth of real property assessed valuation		76,003,985 (1)
Amount of debt applied to debt limit:		
Bonded debt	\$ —	
Less debt service funds - appropriation for future debt payments	<u>—</u>	
Total amount of debt applicable to debt limit		<u>—</u>
Legal debt margin, bonds issued under Article 3, section 52b, of the Texas Constitution	\$ 76,003,985	
Bonds issued under Texas General Laws:		
Debt limit, five percent of assessed valuation of all taxable property		— 17,298,995 (2)
Amount of debt applied to debt limit:		
Bonded debt	\$ (173,431)	
Less debt service funds - appropriation for future debt payments	<u>8,529</u>	
Total amount of debt applicable to debt limit		<u>(164,902)</u>
Legal debt margin, bonds issued under Texas General Laws	\$ 17,134,093	

(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	\$ 304,062,931	\$ 346,026,897
Rolling Stock	<u>(46,992)</u>	<u>(46,992)</u>
Adjusted Assessed Values	<u>\$ 304,015,939</u>	<u>\$ 345,979,905</u>

**DALLAS COUNTY, TEXAS**

Table 14

Pledged Revenue Coverage  
Last Ten Fiscal Years  
(in thousands of dollars)  
(unaudited)

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)
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
2019 (5)	1,556	302	1,254	11,195	6,940	18,135	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

<b>Year</b>	<b>Population (1)</b>	<b>Personal Income (in millions of dollars) (2)</b>	<b>Wage Mean (3)</b>	<b>Median Age (4)</b>	<b>School Enrollment (5)</b>	<b>Unemployment Rate (6) (b)</b>
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	2,513,054	121,017	53,174	33.2	156,832	3.5
2018	2,618,148	124,595	54,049	33.3	155,119	3.6
2019	2,637,772	127,241	55,464	33.5	153,861	3.2

Source:

- 1) The North Texas Commission was used for population estimate for all years except in 2010 and 2014 ([ntc-dfw.org/ntpoppopest.html](http://ntc-dfw.org/ntpoppopest.html)). 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](http://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](http://www.texaswages.com)).
- 3) U.S. Census Bureau - ACS Survey ([factfinder.census.gov](http://factfinder.census.gov)) for Dallas County, TX.
- 4) U.S. Census Bureau ([factfinder.census.gov](http://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>)

DALLAS COUNTY, TEXAS

Principal Employers

September 30, 2019

(unaudited)

Table 16

2019					2010				
Company	Product	Employees	Rank	Percentage of Total County Employment	Company	Product	Employees	Rank	Percentage of Total County Employment
Wal-Mart	Retail	34,000	1	1.30 %	Wal-Mart Stores, Inc.	Retail	37,100	1	1.49 %
American Airlines Group	Airline, Technology	27,000	2	1.03	AMR Corporation (American Airlines)	Airline, Technology and Management Service	21,935	2	0.88
Texas Health Resource	Non-profit Health Care	22,296	3	0.85	Dallas Public Schools	Public Independent School District	20,076	3	0.81
Dallas Independent School District	Public Independent School District	19,740	4	0.75	Baylor Health Care System	Health Care Provider	18,000	4	0.72
AT&T	Telecommunications	17,000	5	0.65	Texas Health Resource	Non-profit Health Care	17,485	5	0.70
Baylor Scott & White Health	Health Care Provider	16,500	6	0.63	AT&T Inc.	Telecommunications	14,400	6	0.58
The Kroger Co.	Retail	15,397	7	0.59	Lockheed Martin Aeronautics Co.	Military Aircraft Design and Production	14,100	7	0.57
Medical City Healthcare	Health Care	14,000	8	0.53	Verizon Communications	Telecommunications Service Firm	14,000	8	0.56
Bank of America	Financial Services	13,500	9	0.52	City of Dallas	Municipality	12,592	9	0.51
City of Dallas	Municipality	13,350	10	0.51	HCA North Texas Division	Health Care Provider	12,300	9	0.49
UT Southwestern Medical	Health Care Provider	13,048	11	0.50	JPMorgan Chase	Financial Services	10,000	11	0.40
JPMorgan Chase	Financial Services	12,676	12	0.48	Raytheon Co	Defense Systems & Electronics	9,100	12	0.37
Parkland Health & Hospital System	Health Care to Dallas County	9,986	13	0.38	Citigroup Inc.	Financial Services	9,100	13	0.37
Southwest Airlines	Commercial Airline	9,931	14	0.38	Kroger Food Stores	Retail Grocery	9,052	14	0.36
State Farm Life Insurance Co	Life Insurance	8,900	15	0.35	Texas Instruments	Electronics and Semiconductor	8,900	15	0.36
Raytheon Co	Defense contractor	8,500	16	0.32	Target Corp	Retail	8,800	16	0.35
Target	Retail	8,355	17	0.32	Brinker International	Restaurants	8,388	17	0.34
Methodist Health System	Health Care Provider	7,922	18	0.30	Dallas County Hospital Dist	Government	8,100	18	0.32
Garland Independent School District	Public Independent School District	7,225	19	0.28	Bank of America	Financial Services	8,000	19	0.32
Childrens Health System	Health Care Provider	7,170	20	0.27	Dallas County	Government	7,917	20	0.32

Source: 2019 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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	736	648	660	671	681	695	722	738	732	757
Judicial										
Truancy	34	32	35	37	36	35	33	29	20	18
Courts*	1,382	1,337	1,375	1,404	1,419	1,428	1,452	1,479	1,477	1,521
Public Safety										
Constable	181	136	114	115	111	109	114	121	113	112
Sheriff	2,242	2,231	2,201	2,200	2,210	2,144	2,231	2,188	1,915	1,859
Juvenile*	678	673	666	669	661	659	640	674	640	667
Other*	221	213	206	212	261	258	277	277	435	471
Highways and streets										
Road and Bridge	78	71	71	62	63	72	70	67	72	76
Public Works*	62	62	56	57	53	57	60	63	64	59
Health*	284	284	270	278	273	266	258	255	263	260
Education*	158	136	129	116	107	101	109	115	115	115
Public Welfare*	228	220	221	216	215	212	206	206	190	174
<b>Total</b>	<b>6,284</b>	<b>6,043</b>	<b>6,004</b>	<b>6,037</b>	<b>6,090</b>	<b>6,036</b>	<b>6,172</b>	<b>6,212</b>	<b>6,036</b>	<b>6,089</b>

\* 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. The reduction in Truancy is due to the HB 2398 rule change
- In 2019, 53 positions were added and 43 positions deleted.



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

Table 18

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Assessor-Collector of Taxes:</b>										
Budgeted employees	222	223	223	222	222	215	253	228	226	226
Ad valorem assessment notices issued	797,652	797,821	799,639	802,161	804,627	806,081	811,123	804,151	809,913	803,986
Motor vehicle registrations	2,060,385	2,029,531	2,094,546	2,110,732	2,155,088	2,147,841	2,180,294	2,224,525	2,202,744	2,230,741
Number of entity collection contracts	59	69	74	74	78	77	78	80	84	85
<b>Constables:</b>										
Budgeted employees	277	182	125	124	120	109	114	121	113	112
Civil process papers served	111,996	108,507	76,636	72,107	70,771	74,840	87,768	88,247	88,794	93,533
<b>County Clerk (4):</b>										
Budgeted employees	191	207	207	201	199	194	198	184	200	203
Marriage licenses	15,443	16,531	16,038	16,359	16,024	17,683	19,067	20,989	17,809	16,358
Civil suits	11,574	11,489	10,349	9,785	8,482	8,170	7,911	7,820	7,776	9,866
Probate cases	12,128	12,373	12,268	12,582	12,741	13,266	12,419	12,570	11,189	11,719
Criminal cases	70,540	59,390	57,296	58,240	43,853	46,369	42,974	45,440	41,501	44,265
<b>District Clerk:</b>										
Budgeted employees	264	254	249	257	260	241	243	243	230	211
Civil process cases	47,849	47,508	47,007	48,002	47,502	47,884	49,211	50,360	50,971	52,880
Criminal cases	24,560	23,556	23,130	23,131	23,214	25,262	22,994	23,326	17,814	23,486
Jurors	90,894	102,176	108,911	116,967	106,714	101,417	103,660	105,151	99,501	97,523
<b>Justice of the Peace Courts:</b>										
Budgeted employees	166	149	144	128	110	107	109	106	97	101
Cases	340,175	222,409	196,264	166,138	165,626	149,337	142,156	173,729	172,232	176,611
<b>Sheriff:</b>										
Budgeted employees	2,392	2,202	2,169	2,157	1,878	2,091	2,269	2,134	2,012	1,955
Daily average in county jail	6,550	6,494	6,018	6,028	6,127	5,808	5,334	5,277	5,010	4,921
Persons booked	96,533	91,696	85,001	82,537	74,337	69,988	67,822	82,972	64,847	62,639
Civil process papers served (5)	749	705	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Truancy Courts (1) :</b>										
Budgeted employees	32	32	32	37	41	23	31	20	18	16
Cases Filed	47,012	48,871	36,673	35,127	30,604	30,216	30,216	15,708	14,502	24,602
<b>County Treasurer</b>										
Budgeted employees	16	14	14	14	14	14	15	15	15	15
Total Receipts (2) (3) (6)	\$ 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	\$ 3,980,280
Total Disbursements (2) (3) (6)	\$ 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	\$ 4,078,920
Investment Earnings (2)	\$ 4,746	\$ 5,224	\$ 5,166	\$ 2,805	\$ 2,603	\$ 3,478	\$ 4,093	\$ 7,232	\$ 13,163	\$ 18,847

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>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>	<u>2019</u>
<b>General Government</b>										
Number of buildings	21	22 (a)	22	23 (b)	23	22	22	23 (e)	23	23
<b>Public Safety</b>										
Number of buildings	9	9	9	9	9	6	6	6	6	5 (g)
Number of jails	4	4	4	4	4	4	4	4	4	4
Number of vehicles	816	756	718	709	691	688	687	683	681	730
<b>Highways and streets</b>										
Number of buildings	4	4	4	4	4	3 (f)	3	3	3	3
Streets (lane miles)	133	133	124	122 (c)	120	120	112	108	108	108
Number of bridges	36	32	28	26 (c)	26	26	26	26	26	26
<b>Health</b>										
Number of buildings	1	1	1	1	1	1	1	1	1	1
<b>Public Welfare</b>										
Number of buildings	2 (d)	2	2	2	2	2	2	2	2	2
<b>Judicial</b>										
Number of buildings	7	7	7	7	7	7	7	7	7	5 (h)
Number of Juvenile beds	787	618	618	618	618	714	714	714	714	702
Number of courts	71	71	71	71	71	70	71	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) See infrastructure assets for more information; pages 100-101.
- (d) Building reduction due to the sale of the Juvenile Administration/ Detention Building.
- (e) Building purchased for Auto Service Center.
- (f) Reduction due to the sale of Road & Bridge #1 - 11/4/2014
- (g) Reduction due to the sale of 2627 Zelrich Lane - 7/2/19
- (h) Reduction due to the sale Oak Cliff Sub-Courthouse 5/7/19 and Irving Sub-Courthouse 3/19/19.

