

COMPREHENSIVE ANNUAL FINANCIAL REPORT
DALLAS COUNTY, TEXAS



REPORT FOR THE YEAR ENDED
SEPTEMBER 30, 2020

DALLAS COUNTY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2020

Prepared by:
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Office of County Auditor
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DALLAS COUNTY, TEXAS
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended September 30, 2020

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INTRODUCTORY SECTION
(Unaudited)



DALLAS COUNTY
DARRYL D. THOMAS
COUNTY AUDITOR

March 31, 2021

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

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, 2020.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Accounting requirements for Governmental Accounting Standards Board (GASB) Statement Number 95 was implemented in FY20. This statement is 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 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 financial statements were audited by Deloitte & Touche LLP, an independent audit firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County, for fiscal year ended September 30, 2020, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements are fairly presented in conformity with GAAP in all material respects. The independent auditor's report is presented as the first component of the financial section of this report. Management's discussion and analysis (MD&A), which immediately follows the independent auditor's report, provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

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 11.3%. 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 seven 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 71.1% since 2010 to \$350.4 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, 2020, was 7.3%. It should be noted the Commissioners Court may use funds from other funds to meet financial needs or requirements of the General Fund. Those funds include but are not limited to Major Projects, Permanent Improvement and Major Technology. 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. Dallas-Fort Worth-Arlington, Texas inflation adjusted median household income was 10% greater than the U.S. median household income as reported in the latest U.S. Census Bureau data. This represents a 6.89% increase over the prior three years, which compares favorably with a U.S. increase of 6.92%. Dallas per capita income was \$36,274 compared to U.S. of \$35,672 and Texas of \$32,267. The unemployment rate for Dallas-Fort Worth-Arlington, Texas was 7.6% at September 30, 2020, which is lower than the national rate of 8.1%. The area enjoys relatively low taxes with no personal or corporate state income tax and maximum state and city sales tax of 8.25%.

Dallas home prices increased 4.9% 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 assessed valuation of the 10 largest taxpayers total 2.31% of the County’s total 2020 total assessed valuation. 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 in fiscal 2020 and 4.947 cents per hundred for fiscal 2021.

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 this Fund is to 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 (AFR) for the fiscal year ended September 30, 2019. 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 AFR, whose contents conform to program standards. The AFR 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 39 consecutive years (fiscal years ended 1981 through 2019). 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 AFR 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

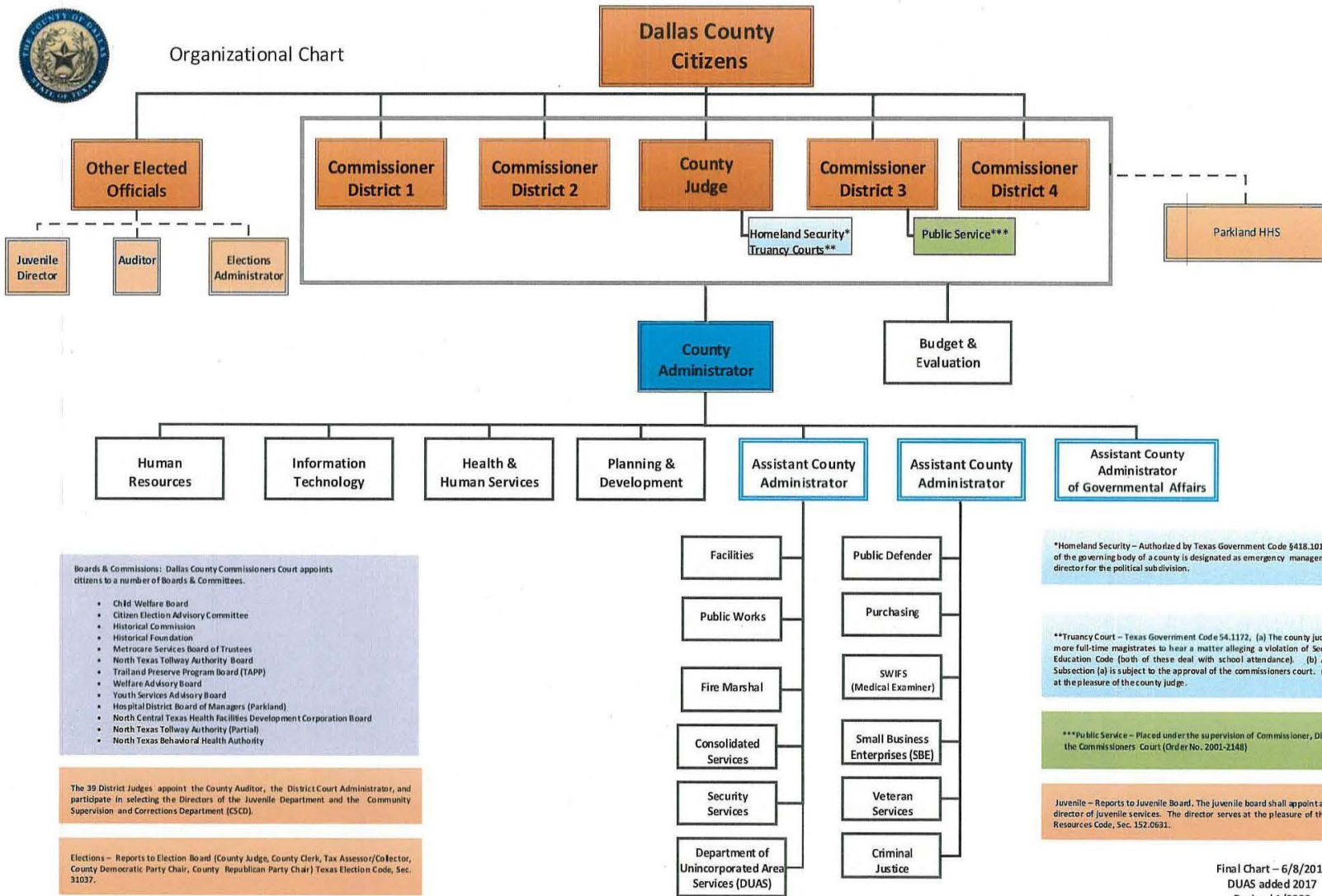
September 30, 2019

Christopher P. Morrill

Executive Director/CEO



Organizational Chart



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

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

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

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

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

**Truancy Court - Texas Government Code §4.1172. (a) The county judge may appoint one or more full-time magistrates to hear a matter alleging a violation of Section 25.093 or 25.094, Education Code (both of these deal with school attendance). (b) An appointment under Subsection (a) is subject to the approval of the commissioners court. (c) A magistrate serves at the pleasure of the county judge.

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

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

DALLAS COUNTY, TEXAS

Principal Officials

As of September 30, 2020

<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

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, 2020, 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, 2020, 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 Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual: 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 Employer Pension Contributions—Primary Government, the Schedule of Changes in Other Post Employment Benefit Liability—Primary Government, the Schedule of Changes in Net Pension Liability and Related Ratios—Discretely Presented Component Unit, and the Schedule of Employer Pension 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, 2021

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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, 2020. 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 \$43,764 from current year operations. Total net position is comprised of:
 - 16.4 % - restricted by external regulators
 - 0.7 % - restricted for debt
 - (18.3) % - unrestricted deficit funds that may be used to meet on-going obligations to citizens and creditors, negative due to pension and other post-employment benefit (OPEB) liabilities
 - 101.2 % - net investment in capital assets
- Major factors contributing to change in net position are:
 - pay increases of 4% and a 2% merit increase.
 - OPEB liability increased as a result of a change in the discount rate used to evaluate the OPEB liability and a change in health cost trend assumptions.
 - decreasing pension liability as a result of net gain 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 2019 taxable values which increased 7.5% over 2018 taxable values.

Governmental Funds Financial Statements

- The County's governmental funds reported combined fund balances of \$542,734; compared to \$577,343 in the prior year. Components of fund balance are:
 - 4.0% - non-spendable: inventories and prepaids
 - 0.4% - restricted to major grants
 - 20.0% - restricted to non-major governmental funds
 - 9.0% - restricted for County building improvements fund
 - 1.0% - restricted to debt service
 - 50.5% - committed major projects
 - 4.6% - committed to non-major governmental funds
 - 2.5% - assigned general fund
 - 8.0% - unassigned general fund
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$43,560 or 7.3% of general fund expenditures and represents a \$13,380 increase compared to the prior fiscal period. Budget policy requires this ratio to be 10.5%. The 7.3% ratio is less than the budget policy due to accrued

expenditures, encumbrances, and nonspendable inventory and prepaids, which total \$26,820 or 4.5% of general fund expenditures.

- Tax revenues realized during the period increased, reflecting strong collection experience on 2019 taxable values which increased 7.5% over 2018 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.

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 eleven-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, 2020 and 2019 are summarized as follows:

Dallas County's Net Position
Governmental Activities
 (in thousands of dollars)

	<u>2020</u>	<u>2019</u>	Increase (Decrease)
Current and other assets	\$ 1,466,193	\$ 1,339,166	\$ 127,027
Capital assets (net of depreciation)	<u>861,307</u>	<u>798,507</u>	<u>62,800</u>
Total assets	<u>2,327,500</u>	<u>2,137,673</u>	<u>189,827</u>
Deferred outflows of resources	<u>99,252</u>	<u>172,772</u>	<u>(73,520)</u>
Current and other liabilities	285,802	124,532	161,270
Long-term liabilities	<u>657,065</u>	<u>773,107</u>	<u>(116,042)</u>
Total liabilities	<u>942,867</u>	<u>897,639</u>	<u>45,228</u>
Deferred inflows of resources	<u>809,013</u>	<u>781,698</u>	<u>27,315</u>
Net investment in capital assets	683,253	654,323	28,930
Restricted	115,265	112,738	2,527
Unrestricted (deficit)	<u>(123,646)</u>	<u>(135,953)</u>	<u>12,307</u>
Total Net Position	<u>\$ 674,872</u>	<u>\$ 631,108</u>	<u>\$ 43,764</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 FY20 with a minor decrease in amounts receivable at September 30, 2020. Real estate tax revenue increase was due to increased taxable values without an increase in the County’s tax rate. Current and other liabilities increased \$161,270 between FY19 and FY20 as a result of funds received in prior years from other governments for future road and highway expenditures and from receipt of \$239,952 for the CARES Act Coronavirus Relief Fund for State and Local Governments. (At September 30, 2020, \$106,607 remains available to be spent.) Long-term liabilities decreased as a result of the County’s pension liability between FY19 and FY20. The County’s pension liability decrease was due to a net gain from invested assets of \$307,647 as compared to a net loss in the prior year of \$36,221. During the year, an additional capital lease was executed. The amount financed was \$8,832. These changes were partly offset by a change in health cost trend assumptions and a decrease in the discount rate used to evaluate the OPEB liability. This discount rate decreased between FY19 and FY20 from 4.18% to 2.66%.

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 a capital lease. 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 \$43,764.

Governmental activities. Program revenues and expenses are presented net of inter-fund eliminations. Key elements for the years ended September 30, 2020 and 2019 are as follows:

Dallas County's Change in Net Position (in thousands of dollars)			
	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Revenues:			
Net program revenues:			
Charges for services	\$ 158,892	\$ 176,608	\$ (17,716)
Operating grants and contributions	<u>271,858</u>	<u>131,662</u>	<u>140,196</u>
Sub-total:	430,750	308,270	122,480
General revenues:			
Property taxes	596,936	552,091	44,845
Other taxes	39,287	43,565	(4,278)
Grants and contributions not restricted	3,598	2,494	1,104
Investment earnings	<u>7,677</u>	<u>22,676</u>	<u>(14,999)</u>
Total revenues:	<u>1,078,248</u>	<u>929,096</u>	<u>149,152</u>
Expenses:			
General government	151,512	149,704	1,808
Judicial	199,758	215,018	(15,260)
Public safety	345,599	346,225	(626)
Highways and streets	35,268	35,959	(691)
Health	105,794	71,518	34,276
Education	8,591	8,725	(134)
Public welfare	164,493	73,438	91,055
Interest and fiscal charges on long-term debt	<u>7,653</u>	<u>7,166</u>	<u>487</u>
Total expenses:	<u>1,018,668</u>	<u>907,753</u>	<u>110,915</u>
Special Item	(15,816)	-	15,816
Change in net position:	43,764	21,343	22,421
Net position - beginning	<u>631,108</u>	<u>609,765</u>	<u>21,343</u>
Net position - ending	<u>\$ 674,872</u>	<u>\$ 631,108</u>	<u>\$ 43,764</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:

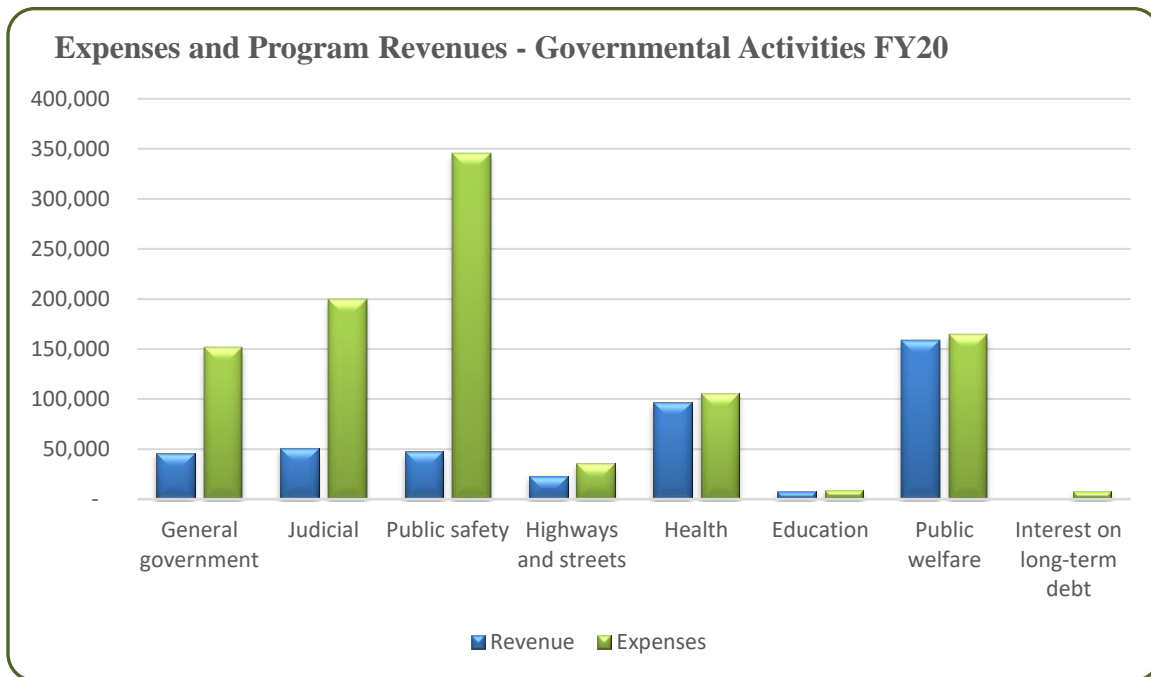
General Revenue

- Property taxes increased \$44,845 during the year from increases in taxable assessed valuations without an increase of the County’s tax rate.
- Investment earnings reflect a decrease of \$14,999 due to a decrease of the weighted average investment yield between FY19 and FY20 from 2.11% to 0.33%.

The tax rate assessed for January 1, 2020, valuation date remained flat at 24.31 cents per \$100. Taxable assessed valuations for that period increased 7.5%. (Property taxes levied prior to year-end are reflected as unearned revenue and taxes receivable.)

Program Revenue

Program revenues decreased between FY19 and FY20.



Program revenue of \$430,750 less expenses of \$1,018,668 for FY20 was a net expense of \$587,918. Program revenue less expenses was a net expense of \$599,483 in 2019. The change between FY20 and FY19 was primarily due to:

- Salaries increased October 1 with structural increases of 4% and a merit increase of 2%. Similarly pension costs increased as a result of salary increases.
- OPEB expense increased for the current year due to a decrease in the discount rate used to determine this liability and a decrease of health cost trend assumptions.
- The Pension liability decreased from \$307,832 in FY19 to \$156,475 in FY20. Pension expense and liability decreased as a result of investment earnings. Investment earnings was a net gain in FY20 of \$307,647 as compared to a net loss in FY19 of \$36,221.

Special Item

County management determined that certain software under development and not yet implemented was not suitable for County purposes in accordance with accounting policies this was determined to be an impairment. The costs have been removed from the County's Construction-in-progress balance.

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 \$34,609 in the current fiscal year to \$542,734. Decreases were noted for the Debt Service, Major Projects, County Building Improvements and Major Grants funds. Tax revenues increased \$42,655 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 \$43,560 in contrast to \$30,180 in the prior year. Total fund balance is \$62,426. Increased expenditures were recorded in most expenditure categories as a result of structural salary increases of 4% and merit increases of 2%. 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. FY20 reflects unassigned fund balance to total fund expenditures (excluding other financing uses) at 7.3%. This ratio was impacted from salary increases, accrued expenditures, encumbrances and nonspendable inventory and prepaids.

In FY20, the Debt Service fund balance decreased between FY19 and FY20 as a result of decreasing debt service requirements.

The Major Projects Fund reflects a fund balance of \$277,368 in FY20 compared to \$281,882 in FY19. Tax revenue increased as a result of assessed values increasing with a level tax rate for this individual fund. The increase in tax revenues was offset with a corresponding decrease in investment income, which resulted from decreasing interest rates and interest payable on amounts due to other governmental units.

Funding of capital outlay and capital lease payments decreased from FY19 as a result of fewer capital leases executed in FY20.

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, including \$239,952 for CARES Act Coronavirus Relief Fund for State and Local Governments. 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.

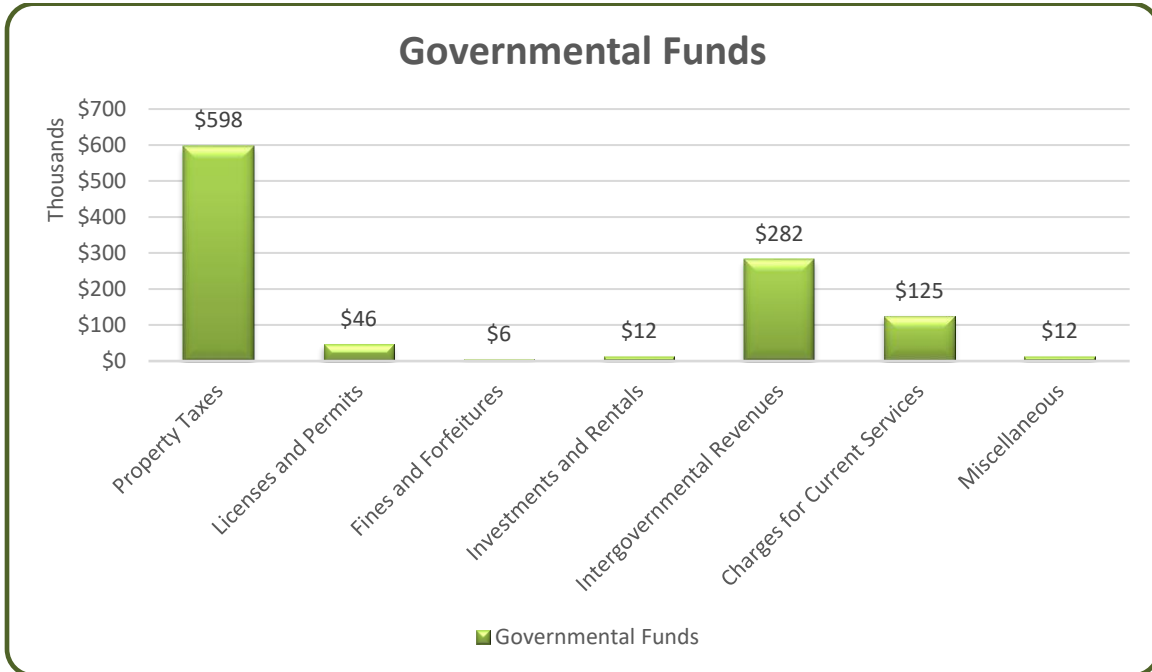
The following table presents the amount of revenues from various sources, as well as increases or decreases from the prior year.

Governmental Funds - Revenues Classified by Source
(in thousands of dollars)

	2020	2019	Increase (Decrease)	Percent Change
Property taxes	\$ 597,853	\$ 555,198	\$ 42,655	7.68%
Licenses and permits	46,078	47,474	(1,396)	(2.94)
Fines and forfeitures	5,752	7,320	(1,568)	(21.42)
Investments and rentals	11,801	27,486	(15,685)	(57.07)
Intergovernmental revenues	282,173	142,332	139,841	98.25
Charges for current services	125,082	132,157	(7,075)	(5.35)
Miscellaneous	12,405	19,995	(7,590)	(37.96)
Total	<u>\$ 1,081,144</u>	<u>\$ 931,962</u>	<u>\$ 149,182</u>	16.01

- Property taxes – increased by \$42,655 primarily due to a 7.5% increase in the 2019 assessed taxable values with a flat tax rate. New construction values increased \$17,127, 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 – decreased from average yield on investments, which decreased from 2.11% in FY19 to 0.33% in FY20.
- Intergovernmental revenues increased as a result of the County receiving \$239,952 for the CARES Act Coronavirus Relief Fund for State and Local Governments in April 2020. As of September 30, 2020, \$106,607 remains available to be spent.

Revenues Classified by Source – Governmental Activities – FY20



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

**Expenditures by Function - Governmental Funds
(in thousands of dollars)**

Function:	2020	2019	Increase (Decrease)	Percent Change
General Government	\$ 141,396	\$ 126,700	\$ 14,696	11.60%
Judicial	191,486	191,479	7	0.00
Public Safety	328,686	308,740	19,946	6.46
Highways and Streets	35,394	35,434	(40)	(0.11)
Health	104,871	68,883	35,988	52.25
Public Welfare	163,742	71,850	91,892	127.89
Education	8,436	8,049	387	4.81
Capital Outlays	110,171	150,542	(40,371)	(26.82)
Debt Service - principal	28,854	26,423	2,431	9.20
Debt Service - interest and fiscal charges	11,549	11,657	(108)	(0.93)
Total	<u>\$ 1,124,585</u>	<u>\$ 999,757</u>	<u>\$ 124,828</u>	12.49

Salaries increased October 1 with increases of 4% and a 2% merit increase. Pension expense increased as a result. The impact of salary increases was reduced by a net gain from invested pension assets in FY20 compared to a net loss in FY19.

- Health and Public Welfare expenditures increased significantly as a result of expenditures in response to meeting needs of the County, other local governmental entities and citizens of the County. These expenditures were funded by the \$239,952 funded by the CARES Act Coronavirus Relief Fund for State and Local Governments.
- Capital outlay expenditures decreased. In FY19, two capital leases were executed whereas only one lease was executed in FY20.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Commissioner’s Court on September 17, 2019, adopted the General Fund budget totaling \$658,840 (prior to including prior period carry forward of encumbrances) an increase of \$50,013 from FY19 budget. Valid encumbrances from prior year are added completing the approved budget. The FY20 legally adopted budget for all funds prior to encumbrance and available funds rollovers totaled \$1,139,187.

Highlights from Dallas County FY20 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 structural increases of 4% and a 2% merit increase. Accordingly, pension costs budgeted increased.
- A net total of 36 positions were added.
- Budgetary amounts include encumbered funds for various products or services not yet ordered.

General Fund

Budgeted revenues totaled \$568,667 and actuals totaled \$570,876. Total revenues and property tax revenue exceeded budget by 0.39% and 1.61%, respectively, which are only modest variances. However, actual Charges for Current Services were less than budget by 8.1% and Miscellaneous Revenues was greater than budget by 167.5%. Those variations are due to the following:

Charges for Current Services were less than budget due to \$5,887 decrease of mixed beverage fees and \$2,310 decrease of Constable fees, both of which were impacted by the coronavirus pandemic.

Miscellaneous revenue includes sale of a building in FY20, which was not budgeted. Additionally, retiree medical premiums of \$5,333 are not budgeted as miscellaneous revenue or as an expenditure.

Budgeted operating expenditures in each classification were less than actual expenditures. This was a result of the County-imposed strict cost control measures based upon the coronavirus pandemic that was declared in the spring of 2020.

DEBT ADMINISTRATION AND CAPITAL ASSETS

Long-term debt. At September 30, 2020, the County had limited tax, unlimited tax, and general obligation bonds outstanding in the amount of \$130,445, with debt premium of \$18,173. 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 \$130,445. The debt limits for the two authorizations are \$77,114,475 (25% of real property assessed valuation), and \$17,374,411 (5% of assessed valuation of all taxable property); therefore, the County has legal debt margins on general obligation debt of \$77,114,475, and \$17,374,411, 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 FY20.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
	(in thousands of dollars)			
Governmental Activities:				
Bonds and Certificates of Obligation	\$ 173,431	\$ -	\$ 24,813	\$ 148,618
Capital Leases	77,396	8,832	7,804	78,424
Other Post Employment Benefits	173,700	59,260	4,949	228,011
Claims and Judgments	2,000	1,761	1,761	2,000
Compensated Absences	36,529	42,717	38,605	40,641
Net Pension Liability	307,832	232,408	383,765	156,475
Worker's Compensation	2,219	2,208	1,531	2,896
	<u>\$ 773,107</u>	<u>\$ 347,186</u>	<u>\$ 463,228</u>	<u>\$ 657,065</u>

Legal counsel and subject experts are contracted to review workers' compensation claims and other legal matters as needed. The FY20 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, 2019. Only a fraction of OPEB expense is actually paid in any given year. OPEB liability increased as a result of the discount rate used to calculate OPEB liability decreased to 2.66% from 4.18% at the prior measurement date of September 30, 2018. 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, 2020, net capital assets of the governmental activities totaled \$861,307, reflecting a net increase of \$62,800. Depreciation of capital assets (except for infrastructure assets which are reported under the Modified Approach basis) is recognized in the government-wide financial statements. FY20 depreciation for buildings, improvements, and M&E totaled \$32,612. 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 107.58 miles of roads, and 26 bridges and culverts. The FY20 assessment revealed the condition of the roads was maintained consistent with County policy, whereas 98.8% 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 three, of the County's bridges are in very good condition rated 6.0 or better on a 9.0 scale. Three bridges are in good condition rated between 4.0 and 5.9 on a 9.0 scale.

The County expended \$2,296 on county road maintenance for the year ended September 30, 2020. These expenditures delayed deterioration; however, overall road conditions were not significantly improved. Incurred bridge maintenance costs in FY20 were \$202. Additional details on infrastructure assets can be found in Required Supplementary Information of this report.

County's Capital Assets
(net of depreciation)
(in thousands of dollars)

	2020	2019
Governmental Activities:		
Land	\$ 48,200	\$ 48,200
Historical treasures	32,042	32,042
Buildings	425,743	409,468
Machinery and equipment	89,558	89,170
Infrastructure	26,671	26,671
Construction in progress	239,093	192,956
Total	\$ 861,307	\$ 798,507

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 FY21 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 FY21 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 \$24,007, or an increase of 5.79%. The property tax revenue to be raised from new property added to the tax roll is \$15,908.

Highlights from Dallas County FY21 Budget include the following:

- The overall tax rate decreased 1.38% from 2020 tax year. Prior to the FY21 Budget, the overall tax rate remained unchanged for ten years.
- Compensation increases for all levels were approved at 2%. All part-time employees will be paid a minimum of \$15 per hour.
- An increase of 9 positions was approved.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report, separate report of the County's component unit, or need any additional financial information, contact the appropriate financial office (County Auditor, County Treasurer, or Budget Director) at 1201 Elm Street, Suite 2300, Dallas, TX 75270, or visit the County's website at www.dallascounty.org.



BASIC FINANCIAL STATEMENTS

DALLAS COUNTY, TEXAS

Statement of Net Position

September 30, 2020

(in thousands of dollars)

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Hospital District</u>
ASSETS		
Cash, cash equivalents, and investments	\$ 788,614	\$ 967,285
Receivables (net of allowance for uncollectible)	615,201	220,203
Accrued interest	497	-
Due from other government units	40,311	29,672
Due from third-party reimbursement programs	-	16,929
Inventories	2,485	40,705
Prepayments and advances	19,085	-
Assets limited to use	-	193,506
Other noncurrent assets	-	4,290
Capital assets not being depreciated		
Land	48,200	148,603
Construction-in-progress	239,093	203,247
Infrastructure	26,671	-
Historical treasures	32,042	-
Capital assets (net of accumulated depreciation)		
Buildings	425,743	1,125,853
Machinery and equipment	89,558	154,667
Total capital assets	<u>861,307</u>	<u>1,632,370</u>
Total assets	<u>2,327,500</u>	<u>3,104,960</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow of resources - Other post employment benefit (OPEB)	44,980	-
Deferred outflow of resources - pension	54,272	200,934
Deferred outflows of resources	<u>99,252</u>	<u>200,934</u>
LIABILITIES		
Accounts payable and accrued liabilities	105,208	285,216
Accrued interest payable	771	3,495
Other current liabilities	5,198	228,576
Unearned revenues	118,234	-
Due to other government units	56,391	-
Long-term liabilities		
Due within one year	58,388	14,930
Due in more than one year	218,238	680,300
Due in more than one year - net pension liability	156,475	564,536
Due in more than one year - OPEB	223,964	-
Total liabilities	<u>942,867</u>	<u>1,777,053</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow of resources - OPEB	148,104	-
Deferred inflow of resources - pension	53,827	56,655
Deferred inflow - property taxes	607,082	-
Total deferred inflows of resources	<u>809,013</u>	<u>56,655</u>
NET POSITION		
Net investment in capital assets	683,253	935,390
Restricted for:		
Highways and streets	30,752	-
Debt service	4,505	-
Major Grants, HUD Section 8 and Academy for Academic Excellence	9,255	-
Record management and capital projects	70,753	-
Third parties	-	53,925
Unrestricted (deficit) position	(123,646)	482,871
Total net position	<u>\$ 674,872</u>	<u>\$ 1,472,186</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, 2020
(in thousands of dollars)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					
	Expenses	Program Revenues			Primary Government	Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Hospital District
Primary government:						
Governmental activities:						
General government	\$ 151,512	\$ 46,362	\$ -	\$ -	\$ (105,150)	\$ -
Judicial	199,758	45,268	5,825	-	(148,665)	-
Public safety	345,599	28,787	18,860	-	(297,952)	-
Highways and streets	35,268	23,120	-	-	(12,148)	-
Health	105,794	9,204	87,417	-	(9,173)	-
Education	8,591	-	7,600	-	(991)	-
Public welfare	164,493	6,151	152,156	-	(6,186)	-
Interest and fiscal charges - debt	7,653	-	-	-	(7,653)	-
Total primary government	<u>\$ 1,018,668</u>	<u>\$ 158,892</u>	<u>\$ 271,858</u>	<u>\$ -</u>	<u>\$ (587,918)</u>	<u>\$ -</u>
Component unit:						
Hospital district	<u>\$ 2,972,933</u>	<u>\$ 2,421,683</u>	<u>\$ -</u>	<u>\$ 13,879</u>	<u>\$ -</u>	<u>\$ (537,371)</u>
General revenues:						
Property taxes				\$ 596,936		\$ 704,893
Alcoholic beverage and other taxes				39,287		-
Grants and contributions not restricted to specific programs				3,598		76,151
Investment earnings				7,677		27,162
Loss on sale of asset				-		(267)
Total general revenue				<u>647,498</u>		<u>807,939</u>
Special Item				<u>(15,816)</u>		<u>-</u>
Change in net position				<u>43,764</u>		<u>270,568</u>
Net position - beginning of year				<u>631,108</u>		<u>1,201,618</u>
Net position - ending of year				<u>\$ 674,872</u>		<u>\$ 1,472,186</u>

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

DALLAS COUNTY, TEXAS
Balance Sheet
Governmental Funds
September 30, 2020
(in thousands of dollars)

	General	Debt Service	Major Projects	County Building Improvements	Major Grants	Other Non-major Governmental Funds	Total Governmental Funds
ASSETS							
Cash, cash equivalents and investments	\$ 88,846	\$ 5,244	\$ 333,212	\$ 54,461	\$ 153,923	\$ 141,985	\$ 777,671
Property tax receivables (net of allowance for uncollectible)	427,720	21,011	104,086	-	-	53,433	606,250
Accounts receivable (net of allowance for uncollectible)	4,619	-	120	-	-	4,212	8,951
Accrued interest	86	-	296	-	-	115	497
Due from other funds	13,471	36	-	-	342	3	13,852
Due from other governmental units	8,202	-	10,759	-	20,953	397	40,311
Inventories	2,253	-	-	-	-	232	2,485
Prepayments and advances	3,013	1	3,135	-	567	12,369	19,085
Total assets	<u>\$ 548,210</u>	<u>\$ 26,292</u>	<u>\$ 451,608</u>	<u>\$ 54,461</u>	<u>\$ 175,785</u>	<u>\$ 212,746</u>	<u>\$ 1,469,102</u>
LIABILITIES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 34,240	-	\$ 15,180	\$ 5,707	\$ 41,285	\$ 8,290	\$ 104,702
Due to other funds	17,842	-	16	-	13,471	317	31,646
Due to other governmental units	332	-	54,765	-	-	1,294	56,391
Unearned revenue - other	-	-	-	-	118,234	-	118,234
Total liabilities	<u>52,414</u>	<u>-</u>	<u>69,961</u>	<u>5,707</u>	<u>172,990</u>	<u>9,901</u>	<u>310,973</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - other	5,191	-	51	-	-	3,224	8,466
Unavailable revenue - property taxes	428,179	21,015	104,228	-	-	53,507	606,929
Total deferred inflows	<u>433,370</u>	<u>21,015</u>	<u>104,279</u>	<u>-</u>	<u>-</u>	<u>56,731</u>	<u>615,395</u>
FUND BALANCES							
Nonspendable: inventories and prepaids	5,266	1	3,135	-	567	12,601	21,570
Restricted	-	5,276	-	48,754	2,228	108,532	164,790
Committed	-	-	274,233	-	-	24,981	299,214
Assigned	13,600	-	-	-	-	-	13,600
Unassigned	43,560	-	-	-	-	-	43,560
Total fund balances	<u>62,426</u>	<u>5,277</u>	<u>277,368</u>	<u>48,754</u>	<u>2,795</u>	<u>146,114</u>	<u>542,734</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 548,210</u>	<u>\$ 26,292</u>	<u>\$ 451,608</u>	<u>\$ 54,461</u>	<u>\$ 175,785</u>	<u>\$ 212,746</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.	861,307
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.	8,313
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.	20,642
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.	(758,124)
Net position of governmental activities.	<u>\$ 674,872</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, 2020
(in thousands of dollars)

	General	Debt Service	Major Projects	County Building Improvements	Major Grants	Other Non-major Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 421,084	\$ 23,840	\$ 101,051	\$ -	\$ -	\$ 51,878	\$ 597,853
Licenses and permits	25,301	-	-	-	-	20,777	46,078
Fines and forfeitures	223	-	-	-	-	5,529	5,752
Investment income	2,146	1,034	2,397	-	641	1,906	8,124
Rental revenues	3,600	-	77	-	-	-	3,677
Intergovernmental revenues	6,450	-	343	-	215,282	60,098	282,173
Charges for current services	103,829	-	-	-	687	20,566	125,082
Miscellaneous	8,243	-	2,751	-	991	420	12,405
Total revenues	<u>570,876</u>	<u>24,874</u>	<u>106,619</u>	<u>-</u>	<u>217,601</u>	<u>161,174</u>	<u>1,081,144</u>
EXPENDITURES							
Current:							
General government	91,734	-	8,493	2,464	-	38,705	141,396
Judicial	175,230	-	-	-	6,211	10,045	191,486
Public safety	299,942	-	-	-	22,439	6,305	328,686
Highways and streets	-	-	22,870	-	-	12,524	35,394
Health	30,300	-	-	-	74,424	147	104,871
Education	-	-	-	-	-	8,436	8,436
Public welfare	684	-	6,920	-	108,224	47,914	163,742
Debt service:							
Principal	-	21,050	7,804	-	-	-	28,854
Interest and fiscal charges	-	7,077	4,472	-	-	-	11,549
Capital outlay	-	-	57,006	53,165	-	-	110,171
Total expenditures	<u>597,890</u>	<u>28,127</u>	<u>107,565</u>	<u>55,629</u>	<u>211,298</u>	<u>124,076</u>	<u>1,124,585</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(27,014)</u>	<u>(3,253)</u>	<u>(946)</u>	<u>(55,629)</u>	<u>6,303</u>	<u>37,098</u>	<u>(43,441)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	46,763	-	5,600	-	6,421	-	58,784
Transfers (out)	(6,358)	-	(18,000)	-	(15,309)	(19,117)	(58,784)
Capital lease	-	-	8,832	-	-	-	8,832
Total other financing sources (uses)	<u>40,405</u>	<u>-</u>	<u>(3,568)</u>	<u>-</u>	<u>(8,888)</u>	<u>(19,117)</u>	<u>8,832</u>
Net change in fund balances	13,391	(3,253)	(4,514)	(55,629)	(2,585)	17,981	(34,609)
Fund balances - beginning	49,035	8,530	281,882	104,383	5,380	128,133	577,343
Fund balances - ending	<u>\$ 62,426</u>	<u>\$ 5,277</u>	<u>\$ 277,368</u>	<u>\$ 48,754</u>	<u>\$ 2,795</u>	<u>\$ 146,114</u>	<u>\$ 542,734</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, 2020
(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	\$	(34,609)
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.		63,830
The net effect of various transactions (e.g. sale of capital of assets). See - Notes to the Basic Financial Statements for details.		(1,030)
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.		(2,924)
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.		(24,672)
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.		32,617
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.		10,552
Change in net position of governmental activities	\$	<u>43,764</u>

DALLAS COUNTY, TEXAS

Statement of Net Position

Proprietary Fund

September 30, 2020

(in thousands of dollars)

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 10,943
Due from other funds	<u>17,794</u>
Total current assets	<u>\$ 28,737</u>
LIABILITIES	
Current Liabilities:	
Medical claims	\$ 5,198
Workers' compensation claims - current	<u>2,428</u>
Total current liabilities	7,626
Non-Current Liability:	
Workers' compensation claims non-current	<u>469</u>
Total liabilities	<u>8,095</u>
NET POSITION	
Unrestricted	<u>20,642</u>
Total net position	<u>\$ 20,642</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, 2020
(in thousands of dollars)

	<u>Governmental Activities- Internal Service Fund</u>
Operating revenues:	
Premiums	\$ <u>90,040</u>
Operating expenses:	
Benefit payments	73,739
Administration	<u>5,749</u>
Total operating expenses	<u>79,488</u>
Operating income	10,552
Non-operating revenues:	
Interest income	<u>30</u>
Change in net position	10,582
Total net position - beginning of year	10,060
Total net position - ending of year	<u>\$ <u>20,642</u></u>

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

DALLAS COUNTY, TEXAS
Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2020
(in thousands of dollars)

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash for premiums and reimbursements	\$ 81,191
Cash payments for benefit claims	(74,955)
Cash payments for administrative fees	(5,749)
Net cash provided by operating activities	487
 CASH FLOW FROM INVESTING ACTIVITIES	
Interest on investments	30
Net cash provided by investing activities	30
Net increase in cash and cash equivalents	517
Cash and cash equivalents at beginning of year	10,426
Cash and cash equivalents at end of year	\$ 10,943
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating income	\$ 10,552
Changes in current assets and liabilities:	
Due from other funds	(8,849)
Liabilities	(1,216)
Net cash operating activities	\$ 487

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, 2020
(in thousands of dollar)

	Total
Assets:	
Cash and investments	\$ 172,853
Accrued interest and other receivable	4
Assets held in escrow	7,396
Total assets	\$ 180,253
 Liabilities:	
Due to other governmental units and others	\$ 180,253
Total liabilities	\$ 180,253

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2020
(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 Statement was implemented in FY20.

GASB Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance.*

The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions in several Statements are postponed by one year.

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.

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

COVID-19 Pandemic and CARES Act Funding

On March 11, 2020, the World Health Organization designated the SARS-CoV-2 virus and the incident of COVID-19 (COVID-19) as a global pandemic.

In April 2020, the County received and recorded in the Major Grants Fund \$239,952 for the CARES Act Coronavirus Relief Fund for State and Local Governments (CARES Act). As of September 30, 2020, \$106,607 remains available to be spent.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2020
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The extent of the COVID-19 pandemic's adverse effect on the County's operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond the County's control and ability to forecast. Such factors include, but are not limited to, the scope and duration of stay-at-home practices and business closures and restrictions, government-imposed or recommended suspensions. Higher sustained rates of unemployment, incremental expenses required for supplies and personal protective equipment have occurred.

Because of these and other uncertainties, the County cannot estimate the length or severity of the effect of the pandemic on the County's operations. Decreases in cash flows and results of operations may have an effect on the inputs and assumptions used in significant accounting estimates, including estimated operating revenues, collections of property taxes, bad debts and contractual adjustments.

Special Item

County management determined that certain software under development and not yet implemented was not suitable for County purposes in accordance with accounting policies this was determined to be an impairment. The costs totaling \$15,816 have been removed from the County's Construction-in-progress balance.

Other Boards, Commissions and Other Entity

The Commissioners Court appoints individuals to certain boards and commissions, only Parkland is a component unit 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 Statement of Net Position and 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,

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2020
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

intergovernmental revenues and charges for services. The primary government is reported separately from the component unit within the government-wide statements.

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

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General, Debt Service, Major Projects, County Building Improvements, and Major Grants Funds are reported 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, 2020, and became due October 1, 2020 have been assessed to finance the budget of the fiscal year beginning October 1, 2020 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, 2020.

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.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2020
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County reports the following major governmental funds:

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

Debt Service Fund is used to account for accumulation of resources for, and the payment of, general long-term debt principal and interest. The revenue source is primarily property taxes levied specifically for debt service. Interest earnings from investment of idle funds of County Building Improvements and Capital Project Funds are deposited and recorded in the Debt Service Fund to assist in bonded debt retirement.

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

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

Major Grants Fund is used to account for programs supported by federal (including CARES Act), 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.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2020
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

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

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.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2020
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 statutorily appointed to administer dissolution of DCS. Prior to FY19, neither were ever associated with the 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 134th 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, 2020, 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, 2020, \$15,350 was available in a fiduciary 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

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

pool must be rated not lower than AAA or AA-m or at an equivalent rating of at least one nationally recognized rating service.

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

2. Receivables and Payables

Property taxes are levied prior to September 30 based on taxable values as of January 1, and become due October 1 and past due after January 31. Accordingly, receivables and revenues for property taxes are reflected in the government-wide financial statements based on the accrual method of accounting. Property tax receivables are shown net of an allowance for uncollectible accounts. Property taxes owed for a future period are deferred and recognized as revenue in the periods they were earned.

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.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2020
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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Restricted Assets/Funds

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

- Debt Service fund balance (amount restricted for future debt service expenditures according to debt covenants);
- County Building Improvements fund balance (amount restricted for County building improvements, which was funded with 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
Notes to the Basic Financial Statements
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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 Statement of Net Position. Infrastructure assets are recorded at historical cost but not depreciated. Under the modified approach, the County reports annual expenses for maintaining County roads and bridges including estimated costs for preservation at specified levels.

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

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, 2020, but compensated absences are accrued in the government-wide statements.

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

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

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

service, increasing thereafter at 5% for each additional 5 years of service to a maximum of 50%.

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

7. Deferred Outflows / Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The County has two items that qualify for reporting in this category. These are the deferred outflows of resources related to pensions and 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 Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has three 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 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 Statement of Net Position. Bond premiums and discounts are deferred and amortized over the term of the bonds. Bonds payable are reported net of unamortized premiums or discounts.

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

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

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2020
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020, is composed of \$5,276 restricted as a result of bond requirements for future debt service, \$2,228 restricted by State and federal authorities for grants awarded to the County. Special Revenue Fund balance of \$105,098 is restricted by federal and State statutes. County Building Improvements Fund and Capital Projects Fund balances of \$48,754 and \$3,434 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, 2020, Major Project Fund committed balance is \$274,233. The balance of committed fund balance \$24,981 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, 2020, the assigned fund balance of \$13,600 is primarily composed of amounts assigned by officials for various operational expenditures.

DALLAS COUNTY
Notes to the Basic Financial Statements
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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.

13. Budgets

The County controls appropriations at the category level (i.e., salaries, operating 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 operating category. Certain appropriation transfers may be made between categories or departments only with approval of the Commissioners Court. Other transfers may be authorized by the Budget Director. Transfers made during fiscal 2020 did not increase the County's overall budget. Unencumbered amounts for annually budgeted funds lapse at fiscal year-end. The original budgets including prior period encumbered funds are the approved budgets before amendments and transfers. Final budgets reflect budgets as amended for all appropriation transfers processed during the fiscal year. More comprehensive accounting of budget activity (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.

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

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position

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

Property taxes – assessed in current year which remain uncollected within 60 days of year-end	\$ 153
Other receivables and accrued interest – which remain uncollected within 60 days of year-end	(8,466)
Net adjustment to increase fund balance – total governmental funds to arrive at net position - governmental activities	\$ <u>8,313</u>

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

Bonds payable	\$ (130,445)
Premium on bonds payable	(18,173)
Capital leases payable	(78,424)
Other post employment benefits	(228,011)
Accrued interest payable	(771)
Accrued liabilities	(505)
Claims and judgments	(2,000)
Compensated absences	(40,641)
Net pension liability	(156,475)
Deferred inflow resources – OPEB	(148,104)
Deferred outflow of resources – OPEB	44,980
Deferred inflow of resources – pension	(53,827)
Deferred outflow of resources – pension	54,272
Net adjustment to decrease fund balance – total government funds to arrive at net position - governmental activities	\$ <u>(758,124)</u>

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	\$	103,426
Special item		(15,816)
Capital leases executed		8,832
Depreciation expense		<u>(32,612)</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>63,830</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>(1,030)</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>(1,030)</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, 2019	Unavailable Revenue	\$ (626,420)
September 30, 2020	Unavailable Revenue	615,395
Statement of Net Position		
September 30, 2019	Deferred Inflows	615,183
September 30, 2020	Deferred Inflows	<u>(607,082)</u>
		<u><u>\$ (2,924)</u></u>

DALLAS COUNTY
Notes to the Basic Financial Statements
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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	\$	(4,112)
Workers compensation		(677)
Pension		(13,253)
Accrued interest		132
Other post employment benefits		1,363
Accounts payable and accrued liabilities		(506)
Capital lease obligation		(8,832)
Other liabilities		1,213
Net adjustment to decrease net changes in fund balances	\$	(24,672)

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	\$	21,050
Capital lease principal payments		7,804
Amortization of debt premium		3,763
Net adjustment to increase net changes in fund balances	\$	32,617

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 of collateral.

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

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

DALLAS COUNTY
Notes to the Basic Financial Statements
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III. DEPOSITS, INVESTMENTS, AND INVESTMENT POLICIES (Continued)

Deposits

At September 30, 2020, 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 ^(a)	\$ (23,984)	\$	6,599	\$	(17,385)	\$	138,286	\$	120,901
Investments and cash equivalents ^(a)	<u>801,655</u>		<u>4,344</u>		<u>805,999</u>		<u>34,567</u>		<u>840,566</u>
Total cash, cash equivalents and investments	<u>\$ 777,671</u>	\$	<u>10,943</u>	\$	<u>788,614</u>	\$	<u>172,853</u>	\$	<u>961,467</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.

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.

TexPool and TexPool Prime invest 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.

DALLAS COUNTY
Notes to the Basic Financial Statements
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III. DEPOSITS, INVESTMENTS, AND INVESTMENT POLICIES (Continued)

Investments

At September 30, 2020, 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	\$ 18,048	1.88 %	1,532	0.67 %	Note 1
Federal Home Loan Mortgage Corporation Notes	133,627	13.90	1,416	0.64	Note 1
Federal National Mortgage Association Notes	28,670	2.98	1,671	1.00	Note 1
Federal Farm Credit Bank Notes	29,980	3.12	1,564	0.62	Note 1
Certificates of Deposit	<u>17,225</u>	<u>1.79</u>	<u>546</u>	<u>1.51</u>	
Investments	<u>227,550</u>	<u>23.67</u>	<u>1,412</u>	<u>0.75</u>	
TexPool Prime Deposits	104,820	10.90	1	0.26	Note 2
TexPool Deposits	<u>508,196</u>	<u>52.86</u>	<u>1</u>	<u>0.15</u>	Note 2
Cash Equivalents	<u>613,016</u>	<u>63.76</u>	<u>1</u>	<u>0.17</u>	
Cash	<u>120,901</u>	<u>12.57</u>	<u>-</u>	<u>-</u>	
Investments, Cash and Cash Equivalents	<u>\$ 961,467</u>	<u>100.00 %</u>	<u>400</u>	<u>0.33 %</u>	

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

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

DALLAS COUNTY
Notes to the Basic Financial Statements
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III. DEPOSITS, INVESTMENTS, AND INVESTMENT POLICIES (Continued)

At September 30, 2020, the County had the following investments and cash equivalents, and maturities:

	Investment Maturities (in years)					
	Fair Value	Less than 1	1 – 2	2 – 3	3 – 4	4 – 5
U.S. agencies and government sponsored enterprises	\$ 210,325	\$ -	\$ -	\$ 29,990	\$ 49,147	\$ 131,188
Certificates of Deposit	17,225	9,207	2,282	1,777	2,164	1,795
Investment Pools:			-	-	-	
TexPool Prime ⁽¹⁾	104,820	104,820	-	-	-	-
TexPool ⁽¹⁾	508,196	508,196	-	-	-	-
Total investments and cash equivalents	<u>\$ 840,566</u>	<u>\$ 622,223</u>	<u>\$ 2,282</u>	<u>\$ 31,767</u>	<u>\$ 51,311</u>	<u>\$ 132,983</u>

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

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

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

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

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

Interest Rate Risk

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

The County invests in two external investment pools. Investments held by TexPool Prime and TexPool have 49 and 38 weighted average maturity days, respectively.

Credit Risk

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

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

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

Concentration/Diversification of Credit Risk

County investment policy includes various concentration limits as to issues and maturity. These limits apply to securities issued by federal, state and local governments and related agencies and consider all funds under the County's control. The limit for federal agencies is 80% of the County's investment portfolio. The County has 21.88% invested in federal agencies as of September 30, 2020, with 13.90% 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.

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IV. PROPERTY TAXES AND OTHER RECEIVABLES (Continued)

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.

Tax abatements for FY20 total \$825. 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 40% 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 FY20, gross tax revenues abated was \$575.

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 FY20, gross tax revenues abated was \$225.

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 FY20, gross tax revenues abated was \$25.

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IV. PROPERTY TAXES AND OTHER RECEIVABLES (Continued)

Property tax receivables are affected by participation in several Tax Increment Finance (TIF) Districts. In the fiscal year ended September 30, 2020, the County either financially participated in or had authorization to participate in 24 TIF districts at various percentage participation levels. The 2020 total incremental taxable value prior to participation and new construction after participation decreased from the prior year value.

The County's decision to participate is influenced by level of proposed development in blighted/distressed areas. Amount is determined by County property taxes levied and collected each tax year on the captured appraised value of real property located in the TIF district. Amount is reduced by 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, 2020.

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

Unavailable and Unearned Arising From	General Fund	Debt Service	Major Projects	Major Grants	Other Non-Major Governmental	Total
Unavailable and unearned property taxes	\$ 428,179	\$ 21,015	\$ 104,228	\$ -	\$ 53,507	\$ 606,929
Unearned revenue – other	-	-	-	118,234	-	118,234
Unavailable revenue – other	5,191	-	51	-	3,224	8,466
Unavailable and unearned – Fund Basis	<u>\$ 433,370</u>	<u>\$ 21,015</u>	<u>\$ 104,279</u>	<u>\$ 118,234</u>	<u>\$ 56,731</u>	733,629
Unavailable property taxes						153
OPEB						148,104
Pension						53,827
Unavailable – other						(8,466)
					Deferred inflows and unearned revenue – Government wide	<u>\$ 927,247</u>

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

The County is authorized by the tax laws of Texas to levy taxes up to \$0.80 per one hundred dollars of assessed valuation for general governmental services and payment of principal and interest on certain permanent improvement long-term debt. The total tax rate adopted during September 2019 and 2020 for each FY19 and FY20 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, 2020, 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	\$ 452,688	\$ 23,099	\$ 109,337	\$ 56,118	\$ 641,242
Less allowance for uncollectible property taxes	<u>(24,968)</u>	<u>(2,088)</u>	<u>(5,251)</u>	<u>(2,685)</u>	<u>(34,992)</u>
Subtotal	<u>427,720</u>	<u>21,011</u>	<u>104,086</u>	<u>53,433</u>	<u>606,250</u>
Accounts receivable	143,401	-	2,335	352,503	498,239
Less allowance for uncollectible accounts receivable	<u>(138,782)</u>	<u>-</u>	<u>(2,215)</u>	<u>(348,291)</u>	<u>(489,288)</u>
Subtotal	<u>4,619</u>	<u>-</u>	<u>120</u>	<u>4,212</u>	<u>8,951</u>
Total net receivables	<u>\$ 432,339</u>	<u>\$ 21,011</u>	<u>\$ 104,206</u>	<u>\$ 57,645</u>	<u>\$ 615,201</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	\$ 48,200	\$ -	\$ -	\$ 48,200
Construction-in-progress	192,956	95,861	(49,724)	239,093
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>299,869</u>	<u>95,861</u>	<u>(49,724)</u>	<u>346,006</u>
Capital assets, being depreciated:				
Buildings	713,979	34,730	(2,425)	746,284
Machinery and equipment	<u>214,538</u>	<u>15,575</u>	<u>(1,596)</u>	<u>228,517</u>
Total capital assets, being depreciated	<u>928,517</u>	<u>50,305</u>	<u>(4,021)</u>	<u>974,801</u>
Less accumulated depreciation for:				
Buildings	(304,511)	(17,444)	1,414	(320,541)
Machinery and equipment	<u>(125,368)</u>	<u>(15,168)</u>	<u>1,577</u>	<u>(138,959)</u>
Total accumulated depreciation	<u>(429,879)</u>	<u>(32,612)</u>	<u>2,991</u>	<u>(459,500)</u>
Total capital assets, being depreciated, net	<u>498,638</u>	<u>17,693</u>	<u>(1,030)</u>	<u>515,301</u>
Governmental activities capital assets, net	<u>\$ 798,507</u>	<u>\$ 113,554</u>	<u>\$ (50,754)</u>	<u>\$ 861,307</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	\$	24,616
Public safety		5,390
Health		175
Highways and streets		417
Public welfare		414
Education		35
Judicial		<u>1,565</u>
Total depreciation expense	\$	<u><u>32,612</u></u>

VI. LONG-TERM LIABILITIES

Long-Term Debt

The following are General Obligation, Certificates of Obligation (COs), and Revenue Bonds outstanding at September 30, 2020.

<u>Description</u>	<u>Interest Rates</u>	<u>Year of Issue</u>	<u>Year of Maturity</u>	<u>Original Amount of Debt</u>	<u>Bonds Outstanding</u>
Unlimited Tax Refunding Bonds Series 2011 A	4.00 – 5.00 %	2011	2021	\$ 30,495	\$ 1,605
Limited Tax Refunding Bonds Series 2013	2.50 – 5.00	2013	2025	10,515	5,710
Combination Tax and Parking Garage Revenue Certificates of Obligation Series 2016	3.00 – 5.00	2016	2031	167,900	<u>123,130</u>
Subtotal					130,445
Premium on Debt – amortized over life of debt using a method which approximates an effective interest rate.					<u>18,173</u>
Total					<u><u>\$ 148,618</u></u>

DALLAS COUNTY
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VI. LONG-TERM LIABILITIES (Continued)

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 FY20, net revenue from these parking facilities was approximately \$842. In FY20, debt service for these bonds was \$11,190 and \$6,380 for principal and interest, respectively.

Changes in Long-Term Liabilities

Long-term liabilities for the year ended September 30, 2020, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Funding for Liquidation</u>
	(in thousands of dollars)					
Governmental Activities:						
Bonds and Certificates of Obligation	\$ 173,431	\$ -	\$ 24,813	\$ 148,618	\$ 13,780	a
Capital Leases	77,396	8,832	7,804	78,424	8,221	b
Other Post Employment Benefits	173,700	59,260	4,949	228,011	4,047	c
Claims and Judgments	2,000	1,761	1,761	2,000	600	c
Compensated Absences	36,529	42,717	38,605	40,641	29,312	c
Net Pension Liability	307,832	232,408	383,765	156,475	-	c
Worker's Compensation	2,219	2,208	1,531	2,896	2,428	c
	<u>\$ 773,107</u>	<u>\$ 347,186</u>	<u>\$ 463,228</u>	<u>\$ 657,065</u>	<u>\$ 58,388</u>	

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

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

Contractual Maturities

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

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 13,780	\$ 6,170
2022	12,250	5,497
2023	12,325	4,885
2024	12,420	4,269
2025	12,505	3,648
2026 - 2030	55,970	9,515
2031	11,195	336
Subtotal	130,445	34,320
Premium on debt	18,173	-
Total	<u>\$ 148,618</u>	<u>\$ 34,320</u>

The Debt Service Fund has \$5,276 available to service the general long-term bond retirement.

DALLAS COUNTY
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VII. INTERFUND RECEIVABLES AND PAYABLE BALANCES AND TRANSFERS

The composition of inter-fund balances as of September 30, 2020, is as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Major Grants	\$ 13,471
Debt Service	General	36
Major Grants	Other Non-Major	285
Major Grants	General	44
Major Grants	Major Projects	13
Other Non-Major	Major Projects	3
Internal Service	General	17,762
Internal Service	Other Non-Major	32
Total		<u>\$ 31,646</u>

The Internal Service Fund receivable from General and Other Non-Major Governmental relates to health insurance liabilities expected to be funded in FY21.

Transfer In:

<u>Transfer Out:</u>	<u>General Fund</u>	<u>Major Projects</u>	<u>Major Grants</u>	<u>Total</u>
General	\$ -	\$ -	\$ 6,358	\$ 6,358
Major Projects	18,000	-	-	18,000
Major Grants	15,309	-	-	15,309
Other Non-Major Governmental Funds	13,454	5,600	63	19,117
Total	<u>\$ 46,763</u>	<u>\$ 5,600</u>	<u>\$ 6,421</u>	<u>\$ 58,784</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 \$16,614. Transfers from the Road and Bridge fund were primarily from vehicle registration fees, criminal fines, and forfeitures and were for various transportation related projects. General fund transfers from Major Projects were for an adjustment of General fund unassigned reserve.

A condition of certain Major Grants requires the County to provide matching funds in order to obtain grant funding. In FY20, the General fund provided matching funds aggregating \$6,358. The majority of these transfers were for health, juvenile, and law enforcement grants.

In accordance with terms and restrictions of the CARES Act, the Major Grants fund reimbursed the General Fund for certain expenditures in the amount of \$13,214. Additionally, as in prior years Major Grants reimbursed the General Fund for indirect costs and salaries.

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Approximately 24.4% of the \$104,702 balance in accounts payable and accrued liabilities at September 30, 2020, represents accrued payroll liabilities with the balance payable to vendors or contractors.

DALLAS COUNTY
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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 nearly 800 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report on a calendar year basis, which is available online at www.tcdrs.org or upon written request from the Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

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

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

At December 31, 2019, the following inactive or active County employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3,513
Inactive employees entitled but not yet receiving benefits	4,141
Active employees	6,206
Total	13,860

(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 12.43% contribution rate by the County (effective January 1, 2019) increased to 13.36% January 1, 2020, is a fixed percentage adopted by the Commissioners Court matched by a 7% contribution rate payable by employee members.

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

DALLAS COUNTY
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VIII. RETIREMENT COMMITMENTS (Continued)

(c) Net Pension Liability

The County's net pension liability was measured as of December 31, 2019, 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 60 b) earliest retirement eligibility
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.

⁽¹⁾ Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.

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 April 2020 information for a 10 year time horizon.

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VIII. RETIREMENT COMMITMENTS (Continued)

(c) Net Pension Liability (continued)

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</u> ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.20%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	20.00%	8.20%
Global Equities	MSCI World (net) Index	2.50%	5.50%
International Equities – Developed Markets	MSCI World Ex USA (net) Index	7.00%	5.20%
International Equities – Emerging Markets	MSCI Emerging Markets (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.20%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	3.14%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.16%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	3.00%	4.50%
Master Limited – Partnerships (MLPs)	Alerian MLP Index	2.00%	8.40%
Private Real Estate – Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	5.50%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	8.00%	2.30%

⁽¹⁾ Target asset allocation adopted at the June 2020 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.80%, per Cliffwater's 2020 capital market assumptions.

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

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

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

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

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

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

The beginning balance of \$307,832 and ending balance of \$156,475 represent a decrease in pension liability of \$151,357 as described below.

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balance as of December 31, 2018	\$ 2,137,480	\$ 1,829,648	\$ 307,832
Changes for the year:			
Service cost	46,770	-	46,770
Interest on total pension liability ⁽¹⁾	176,481	-	176,481
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	6,637	-	6,637
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(6,399)	(6,399)	-
Benefit payments	(104,162)	(104,162)	-
Administrative expenses	-	(1,634)	1,634
Member contributions	-	27,438	(27,438)
Net investment gain	-	307,647	(307,647)
Employer contributions	-	48,680	(48,680)
Other ⁽²⁾	-	(886)	886
Balance as of December 31, 2019	<u>\$ 2,256,807</u>	<u>\$ 2,100,332</u>	<u>\$ 156,475</u>

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

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

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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.

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$ 2,607,348	\$ 2,256,807	\$ 2,051,948
Fiduciary net position	2,100,332	2,100,332	2,100,332
Net pension liability	\$ 507,016	\$ 156,475	\$ (48,384)

Pension Plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the Required Supplementary Information.

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

For the year ended September 30, 2020, the County recognized pension expense of \$68,265.

	January 1, 2019 to December 31, 2019
Service cost	\$ 46,770
Interest on total pension liability	176,481
Effect on plan changes	-
Administrative expenses	1,634
Member contributions	(27,438)
Expected investment return (net of investment expenses)	(150,259)
Recognition of deferred inflow/outflow of resources	-
Economic/demographic (gain) or loss	198
Assumption changes or inputs	5,948
Investment (gain) or loss	14,045
Other	886
Pension expense / (income)	\$ 68,265

DALLAS COUNTY
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VIII. RETIREMENT COMMITMENTS (Continued)

As of September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Inflows / Outflows of Resources

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 394	\$ 7,157
Changes of assumptions	-	3,626
Net difference between projected and actual earnings	53,433	-
Contributions made subsequent to measurement date ⁽¹⁾	-	43,489
	<u>\$ 53,827</u>	<u>\$ 54,272</u>

(1) Amounts will be recognized as reduction of the Net Pension liability in FY21.

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

<u>Year ending December 31,</u>	<u>Amount</u>
2020	\$ (8,889)
2021	(12,267)
2022	8,262
2023	(30,150)
	<u>\$ (43,044)</u>

(e) Payable to the Pension Plan

At September 30, 2020, the County reported a payable of \$2,136 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2020.

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 FY20, employee and County contributions were \$147 and \$31,

DALLAS COUNTY
Notes to the Basic Financial Statements
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VIII. RETIREMENT COMMITMENTS (Continued)

respectively. The County Treasurer administers the investment policy for employee and County contributions.

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, 2020, combined County and retiree contributions totaled \$9,380 for the Plan. Retiree Plan members receiving benefits contributed \$5,333 or approximately 56.85% 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	774
Active employees	5,874
Total	6,648

Total OPEB Liability

The County's total OPEB liability of \$228,011 was measured as of September 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the September 30, 2019 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	2.66 %
Healthcare cost trend rates	6.00 % for 2019, decreasing 0.5 % per year to ultimate rate of 4.5 % for 2022 and later years
Medicare cost trend rates	6.00 % for 2019, 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

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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, 2019 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

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total

	Total OPEB Liability 2019
Total OPEB Liability - Start of Year	\$ <u>173,700</u>
Changes for the year:	
Service cost	7,086
Interest	7,453
Differences between expected and actual experience	-
Changes in assumptions or other inputs	44,721
Benefit payments	<u>(4,949)</u>
Net change in total OPEB liability	<u>54,311</u>
Total OPEB Liability - End of Year	\$ <u>228,011</u>
Covered employee payroll	<u>\$ 350,346</u>
Total OPEB liability as a percent of covered employee payroll	<u>65.08%</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 2.66% as of September 30, 2019 and 4.18% as of September 30, 2018 based on the Bond Buyer 20-Bond-Go Index, as reported in The Bond Buyer.

OPEB 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 (1.66 %) or 1% higher (3.66%) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	<u>1.66%</u>	<u>2.66%</u>	<u>3.66%</u>
Total OPEB liability	\$ <u>267,047</u>	\$ <u>228,011</u>	\$ <u>193,918</u>

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

DALLAS COUNTY
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VIII. RETIREMENT COMMITMENTS (Continued)

be if it were calculated using healthcare cost trend rates that are 1 % lower (5.0 %) or 1% higher (6.0%) than the current healthcare cost trend rates:

	1% Decrease <u>5.00%</u>	Healthcare Cost Trend Rate <u>6.00%</u>	1% Increase <u>7.00%</u>
Total OPEB liability	<u>\$ 196,114</u>	<u>\$ 228,011</u>	<u>\$ 267,152</u>

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

For the year ended September 30, 2020, the County recognized OPEB expense of \$2,918.

OPEB Expense

Service cost	\$ 7,086
Interest cost	7,453
Assumption changes and other inputs ¹	(1,666)
Difference between expected and actual experience	<u>(9,955)</u>
OPEB Expense	<u>\$ 2,918</u>

¹ Assumption changes and other inputs reflect a change in the discount rate of 4.18 % in 2018 to 2.66 % in 2019.

At September 30, 2020, 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	\$ 4,047	\$ -
Assumptions changes or other inputs	40,933	50,475
Difference between expected and actual experience	<u>-</u>	<u>97,629</u>
Total	<u>\$ 44,980</u>	<u>\$ 148,104</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:

Year ending September 30,	Amount
2021	\$ (11,621)
2022	(11,621)
2023	(11,621)
2024	(11,621)
2025	(11,621)
Thereafter	(49,066)
Total	\$ (107,171)

IX. LEASES

Operating leases

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

Year ending September 30,	Amount
2021	\$ 5,155
2022	3,362
2023	2,931
2024	1,372
2025	1,061
2026 - 2030	1,750
Total	\$ 15,631

Rental expense for FY20, for all County operating leases was approximately \$5,421 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:

Year ending September 30,	Amount
2021	\$ 734
2022	555
2023	557
2024	417
2025	418
Total	\$ 2,681

Rental receipts for multi-year leases were approximately \$630, additionally, the County received parking revenues of \$2,990.

DALLAS COUNTY
Notes to the Basic Financial Statements
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IX. LEASES (Continued)

Capital leases

The County has five capital lease agreements for the purchase of a building and land to be improved with four buildings. One of the five capital lease agreements was entered into in the current fiscal year for the construction of a building on previously leased land. Amount capitalized for this new lease was \$8,832. Payments during the fiscal year for all five leases totaled \$12,276. Interest was imputed between 5-6%. Principal and interest are due as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 8,221	\$ 4,055	\$ 12,276
2022	8,677	3,599	12,276
2023	9,159	3,117	12,276
2024	9,668	2,608	12,276
2025	10,206	2,070	12,276
2026 – 2030	32,493	2,713	35,206
Total	<u>\$ 78,424</u>	<u>\$ 18,162</u>	<u>\$ 96,586</u>

Leases are payable over ten years with nominal purchase options at the end of each lease. Beginning with the end of the 18th month each lease has a purchase option. Purchase options vary between \$21,877 and \$37,980. If a lease purchase option is exercised, a termination amount is due. Amounts vary from \$1,175 to \$3,418.

Only one property subject to a capital lease has been placed in service, the others remain in construction-in-progress as of September 30, 2020. Capitalized cost of property financed with capital leases as of September 30, 2020, is as follows:

<u>Assets Financed with Capital Lease</u>	<u>Amount</u>
Land	\$ 16,927
Buildings – Construction-in-progress	59,653
Buildings	16,772
Subtotal	93,352
Less: Accumulated Depreciation	(438)
Total	<u>\$ 92,914</u>

X. RISK MANAGEMENT

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

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

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

DALLAS COUNTY
Notes to the Basic Financial Statements
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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, 2020. The County has not recently experienced any losses which exceeded stop loss coverage.

Changes in the medical and workers’ compensation claims liability amounts in FY19 and FY20 follow:

	Beginning Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability
2019 Medical	\$ 5,679	\$ 79,736	\$ 78,323	\$ 7,092
2020 Medical	7,092	77,092	78,986	5,198
2019 Workers’ compensation	1,363	2,534	1,678	2,219
2020 Workers’ compensation	2,219	2,208	1,531	2,896

XI. COMMITMENTS AND CONTINGENCIES

Several lawsuits that could affect the County’s financial position are in various stages of litigation. An estimated liability of \$2,000 has been established in the government wide Statement of Net Position to provide coverage for the estimated maximum cost to the County. Lawsuits settled in the fiscal year totaled \$1,761. Most were settled for property damages. There are other outstanding lawsuits and claims in which the County is involved. Based upon the representations of the District Attorney and legal counsel for the Commissioners Court, management believes that potential claims, if any, against the County, resulting from such litigation would not materially affect the financial position or operations of the County.

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

The County has encumbrances for the following purposes at September 30, 2020.

General Fund	
Public welfare contracts	\$ 2,268
Professional services	6,222
Equipment	1,879
Building maintenance and supplies	19
Maintenance and supplies	2,573
Rental contracts	341
Other	298
	<u>\$ 13,600</u>
County Building Improvement Fund	
Building improvements	\$ 44,437
Professional services	1,303
Rental contracts	12
Equipment	4,350
	<u>\$ 50,102</u>
Major Projects Fund	
Thoroughfares and trails	\$ 98,939
Buildings and improvements	9,852
Professional services	7,810
Equipment	12,602
Building maintenance and supplies	3,764
Computer software	317
Capital leases	2,843
Rental contracts	387
Other	55
	<u>\$ 136,569</u>
Major Grants	
Professional services	\$ 14,480
Building improvements	10,033
Equipment	1,328
Rental contracts	49
Building maintenance and supplies	389
Maintenance and supplies	9,388
Public welfare contracts	1,070
Other	1,034
	<u>\$ 37,771</u>

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XI. COMMITMENTS AND CONTENGENCIES (Continued)

Non – Major Governmental Funds	
Special Revenue Funds	
Maintenance and supplies	\$ 745
Building maintenance and supplies	5
Professional services	10,383
Repairs	211
Rental contracts	66
Computer software	256
Equipment	4,164
Other	375
Total	\$ 16,205
Capital project roads	\$ 75

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 2020, 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.

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, seventeen nursing homes in April 2018 and seven nursing homes in September 2019. One home exited the program in September 2019. Two additional nursing homes were acquired effective May 1, 2020. 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.

DALLAS COUNTY
Notes to the Basic Financial Statements
September 30, 2020
(in thousands of dollars)

XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

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

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

The Health Plan is a nonprofit corporation organized in Texas in 1995 and is reported as a component unit of Parkland because its Board of Directors is appointed by the Hospital's Board and the Hospital can impose its will on the Health Plan. It is discretely presented because 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.

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, Health Plan, PCCI or 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.

DALLAS COUNTY
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XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

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, 2020 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 a purchase price of less than \$5 are expensed. Disposals are removed at carrying cost, less accumulated depreciation and amortization, with any resulting gain or loss included in either General Revenue or Expenses in the Statement of Activities. Depreciation and amortization 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*

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

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.

There was no impairment recognized in 2020.

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 \$704,893 in 2020, 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, 2020, the estimated cost of uncompensated care is approximately \$1,113,503, of which approximately \$458,000 is charity care.

Ad Valorem Taxes

The Hospital received approximately 27% of its total revenues from ad valorem taxes in 2020. The Hospital's ad valorem taxes receivable is net of an allowance for uncollectible taxes of \$19,100 as of September 30, 2020.

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>
2020	\$ 265,610,617	\$ 0.270	\$ 704,893	\$ 1,113,503	\$ 408,610

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

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XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

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 \$67,800 in 2020.

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 \$384,100 in 2020. 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 \$10,600 in 2020, 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, 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. The rate increases were effective March 1, 2018 and are adjusted every six months. The rate increases for the Hospital associated with UHRIP for the year ending September 30, 2020 were 63%. The rate increase for the period from March 1, 2019 through September 30, 2019 ranged from 55% to 63%.

During 2020, the Hospital collected \$195,700 from the LPPF in mandatory payments and made intergovernmental transfers of \$200,600 in 2020. At September 30, 2020, the Hospital held \$75,497 in mandatory payments that will be transferred in 2021.

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XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

Net Patient Services Revenue

The Hospital has agreements with third-party payors that provide for reimbursement to the Hospital at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's established rates for services and the amounts reimbursed by the third-party payors. The Hospital's more significant third-party payors are the Medicare and Medicaid programs, which accounted for gross charges of approximately 16.8% and 29.9%, respectively in 2020. 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 \$5,900,000 for the year ended September 30, 2020.

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 \$2,300 in 2020. The Hospital's cost reports have generally been audited and settled by the administrative contractors through 2016 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 \$7,900 in 2020, for the BAB interest subsidy. The BAB subsidy was reduced by 5.9% in 2020, 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 \$48,700 for 2020, 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, 2020, the Hospital had deposits and investments as follows:

	Hospital		
Description	Fair Value	Weighted Average Days to Maturity	
Bank deposits	\$ 5,762	N/A	
TexPool deposits	607,926	1	
Money market	23,472	1	
FNMA	138,306	391	
FHLB	112,017	285	
FHLMC	87,698	504	
FFCB	15,273	555	
US treasury	612	418	
	\$ 991,066		

	Hospital	Foundation, Health Plan and PCCI	Total
Descriptions on Statement of Net Position			
Cash, cash equivalents and investments	\$ 797,560	\$ 169,725	\$ 967,285
Assets limited to use			
Current portion	128,699	-	128,699
Noncurrent portion	64,807	-	64,807
	\$ 991,066	\$ 169,725	\$ 1,160,791

Investment Maturities	
One year or less	\$ 182,020
After one through five years	192,410
After five through ten years	2,948
After ten years	-
Investments	377,378
Bank deposits	5,762
TexPool deposits	607,926
Total	\$ 991,066

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, 2020. 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 \$6,700 as of September 30, 2020.

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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XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

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, 2020.

Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
U.S. Government securities	\$ 612	\$ -	\$ 612
U.S. Government obligations	309,423	43,871	353,294
Money market funds	23,472	-	23,472
Total investments and cash equivalents by fair value level	\$ 333,507	\$ 43,871	\$ 377,378

These amounts exclude investments in local government investment pools which are recorded at amortized cost. These investments total \$607,926 as of September 30, 2020.

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), Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC) and Federal Farm Credit Bank (FFCB) are rated AA+ by Standard & Poor's rating agency. TexPool's portfolio consists exclusively of U.S. government securities; repurchase agreements collateralized by U.S. government securities; and AAA-rated, no-load money market mutual funds. All bank deposits are collateralized by FDIC insurance and with securities pledged to the Hospital held in safekeeping at a third-party bank on behalf of the Hospital's depository institutions with the exception of \$580 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 14.0% as of September 30, 2020.

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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, 2020, consists of the following:

Hospital:	<u>Amount</u>
Interest income, including realized gains/(losses)	\$ 18,908
Unrealized loss on investments	2,646
Health Plan	4,124
PCCI	427
Foundation	1,057
Total	<u>\$ 27,162</u>

Assets Limited to Use

Assets limited to use at September 30, 2020, consist of the following funds which are all investments in TexPool and U.S. government sponsored enterprises:

	<u>Amount</u>
Debt service	\$ 6,668
Designated for capital uses	176,104
Other designated	10,734
Total	<u>193,506</u>
Less current	(128,699)
Noncurrent	<u>\$ 64,807</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 capital 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, 2020, 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	\$ 4,739	\$ (761)	\$ 148,603
Buildings	1,652,612	9,730	-	1,662,342
Capital leases	14,603	-	-	14,603
Equipment	775,277	41,915	-	817,192
Total capital assets	<u>2,587,117</u>	<u>56,384</u>	<u>(761)</u>	<u>2,642,740</u>
Less accumulated depreciation:				
Land and improvements	(9,210)	(1,332)	-	(10,542)
Buildings	(487,784)	(38,163)	-	(525,947)
Capital leases	(3,436)	(730)	-	(4,166)
Equipment	(629,830)	(53,553)	-	(683,383)
Total accumulated depreciation	<u>(1,130,260)</u>	<u>(93,778)</u>	<u>-</u>	<u>(1,224,038)</u>
Net	1,456,857	(37,394)	(761)	1,418,702
Construction in progress	72,531	130,716	-	203,247
Capital assets, net	<u>\$ 1,529,388</u>	<u>\$ 93,322</u>	<u>\$ (761)</u>	<u>\$ 1,621,949</u>

The above does not include PCCI capital leases which net \$10,421.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities, at September 30, 2020 consist of the following:

	<u>Amount</u>
Hospital:	
Accounts payable	\$ 37,585
Accrued expenses	89,374
Accrued payroll	69,165
Employee health care and benefit liability	16,788
Other employee benefits	6,063
Health Plan	65,471
PCCI	649
Foundation	121
Total accounts payable and accrued liabilities	<u>\$ 285,216</u>

The liabilities, described in the table below as of September 30, 2020 are based on requirements that a liability for claims be reported if it is probable that a liability has been incurred and 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)

	Balance at Beginning of Year	Current- Year Claims & Changes in Estimates	Claim Payments	Balance at End of Year
Hospital professional and general liability				
2019	\$ 10,560	(458)	(921)	9,181
2020	9,181	4,103	(1,470)	11,814
Employee health care benefit liability				
2019	13,653	116,008	(115,495)	14,166
2020	14,166	131,948	(129,326)	16,788
Worker's compensation liability				
2019	3,176	1,853	(1,414)	3,615
2020	3,615	1,281	(1,438)	3,458

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

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

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XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

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 leases. At September 30, 2020, future minimum rental payments for operating leases, including escalations, were as follows:

<u>Years Ending</u>	<u>Amount</u>
2021	\$ 39,967
2022	7,086
2023	6,665
2024	5,530
2025	2,728
2026 - 2030	12,521
2031 - 2035	4,957
2036 - 2037	241
Total	\$ <u>79,695</u>

Rental expense for all operating leases is recorded in Expenses in the accompanying Statement of Activities. Rental expense was approximately \$41,200 in 2020.

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, 2020, are as follows:

<u>Years Ending</u>	<u>Amount</u>
2021	\$ 994
2022	471
2023	275
2024	254
2025	257
2026 - 2030	1,399
2031 - 2035	823
2036 - 2040	779
2041 - 2045	475
2046 - 2050	516
2051 - 2055	560
2056 - 2060	553
2061 - 2065	524
2066 - 2070	567
2071 - 2075	614
2076 - 2080	664
2081 - 2085	719
2086 - 2088	374
	\$ <u>10,818</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, 2020, future minimum rental payments applicable to the capital leases were as follows:

Years Ending	Amount
2021	\$ 1,324
2022	1,314
2023	1,314
2024	1,314
2025	1,325
2026 - 2040	22,536
Total minimum future lease payments	29,127
Less: amount representing interest	(16,660)
Present value of net minimum lease payments	\$ 12,467

The capital leases have a current liability of \$129 and long term liability of \$12,338 as of September 30, 2020.

Class of Property	Asset Balance at September 30, 2020
Real estate	\$ 14,547
Equipment	10,477
	25,024
Less: accumulated depreciation	(4,166)
Net capital assets	\$ 20,858

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

Retirement Plans

Defined Benefit Plan

Plan participation as of January 1, 2020 includes 11,647 active participants, 4,035 inactive employees entitled to but not yet receiving benefits, and 3,022 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, 2019, which is included in the actuarial valuation as of January 1, 2020, was approximately \$685,500.

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>2020</u>	<u>2019</u>
Valuation date	January 1, 2020	January 1, 2019
Measurement date	December 31, 2019	December 31, 2018
Investment rate of return	6.00%	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-2019 (generational with convergence to long term rate of 0.75% in 2035).	Separate rates using Pub-2010 Public General Mortality Tables by gender And MP-2019 (generational with convergence to long term rate of 0.75% in 2034).

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:

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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	BofAML 3-Mon Tbill	0.58 %	-0.37 %
Core Fixed Income	Barclays Aggregate	12.40 %	1.01 %
Short Bonds	Barclays 1-3 Year	1.73 %	0.30 %
Government Bonds	Barclays Government	3.73 %	0.48 %
Long Government Bonds	Barclays Long Government	2.02 %	0.78 %
Mortgages	Barclays Mortgage	6.47 %	1.06 %
Municipal Bonds	Barclays Muni	0.35 %	0.54 %
High Yield Bonds	BofAML High Yield	1.20 %	2.27 %
Emerging Market Bonds	JPM EMBI Plus	1.40 %	2.14 %
Large Caps	S&P 500	26.48 %	2.95 %
Small and Mid Caps	Russell 2500	9.12 %	3.14 %
Non-US Equity	MSCI ACWI xUS NR	7.89 %	4.01 %
Foreign Developed Equity	MSCI EAFE NR	8.13 %	3.87 %
Emerging Markets Equity	MSCI EM NR	4.42 %	4.68 %
Non-US Small Cap	MSCI EAFE Small Cap NR	4.64 %	4.26 %
REITs	FTSE NAREIT Equity REIT	9.43 %	2.78 %
Assumed Inflation - Mean			2.39 %
Portfolio Nominal Mean Return			5.58 %
Portfolio Standard Deviaiton			11.21 %
Long-Term Expected Rate of Return			6.00 %

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.

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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, 2018	\$ 1,435,120	\$ 948,034	\$ 487,086
Changes for the year			
Service cost	51,517	-	51,517
Interest on total pension liability	102,108	-	102,108
Effect of economic/demographic gains or (losses)	(1,105)	-	(1,105)
Effect of assumption changes or inputs	207,476	-	207,476
Contributions - employee	-	46,107	(46,107)
Contributions - employer	-	46,700	(46,700)
Net investment income	-	192,482	(192,482)
Benefit payments, including refunds of employee contributions	(56,859)	(56,859)	-
Administrative expenses	-	(2,743)	2,743
Net changes	<u>303,137</u>	<u>225,687</u>	<u>77,450</u>
Balances at December 31, 2019	\$ <u><u>1,738,257</u></u>	\$ <u><u>1,173,721</u></u>	\$ <u><u>564,536</u></u>

Sensitivity Analysis

The following presents the net pension liability of the Hospital, using the discount rate of 6.0%, as well as a calculation of the net pension liability if it were calculated using a discount rate that is one percentage point lower (5.0%) or one percentage point higher (7.0%) than the current rate.

	Decreased to 5.0%	Current Rate 6.0%	Increase to 7.0%
Total pension liability	\$ 1,995,232	\$ 1,738,257	\$ 1,528,098
Fiduciary net position	<u>1,173,721</u>	<u>1,173,721</u>	<u>1,173,721</u>
Net pension liability	\$ <u><u>821,511</u></u>	\$ <u><u>564,536</u></u>	\$ <u><u>354,377</u></u>

During the Plan year ended December 31, 2019, \$46,107 of employee contributions were made in accordance with the contribution requirements described above. During the fiscal year ended September 30, 2020, \$49,107 of employee contributions were made in accordance with the contribution requirements described above. The Hospital contributed approximately \$46,700 to the Plan during the year ended December 31, 2019, in accordance with contribution requirements determined by the January 1, 2019 actuarial valuation, including \$9,700 of surplus funding approved by the Board. An additional \$39,350 was contributed between January 1, 2020 and September 30, 2020. These amounts were recorded as a deferred outflow of resources at September 30, 2020.

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XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

For the year ended September 30, 2020, the Hospital recognized pension expense of \$91,700. As of September 30, 2020, the deferred inflows and outflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,089	\$ 846
Changes of assumptions	157,495	546
Employer contributions subsequent to measurement date	39,350	-
Net difference between projected and actual earnings on Plan investments	-	55,263
Total	<u>\$ 200,934</u>	<u>\$ 56,655</u>

At September 30, 2020, the Hospital reported approximately \$39,350, 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources at September 30, 2020, related to pensions will be recognized in pension expense as follows:

<u>Years Ending September 30,</u>	<u>Amount</u>
2020	\$ 34,308
2021	34,652
2022	47,914
2023	(11,945)
	<u>\$ 104,929</u>

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

(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, 2020, were approximately \$27,600 from the Hospital and \$62,100 from employees.

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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, 2020, is as follows:

		<u>Amount</u>	<u>Percentage</u>
Commercial insurance	\$	60,422	36%
Medicaid		50,552	30%
Medicare		55,678	33%
Patients		656	1%
Total	\$	<u>167,308</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.

As of September 30, 2020, the Hospital had construction commitments outstanding of \$50,400 related to the construction of the new outpatient clinic and other construction projects.

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 Aa2 by Moody's.

Taxable Series 2009B Bonds were issued with a total principal amount of \$222,490, 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 refinanced on October 1, 2020, by the Limited Tax Refunding, Series 2019 Bonds.

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XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

Taxable Series 2009C Bonds were issued with total principal amount of \$457,700, in accordance with provisions of the Build America Bond program and bear interest at fixed interest rates ranging from 4.1% to 5.6%. These bonds mature from August 15, 2020 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, 2020 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 Limited Tax Refunding, Series 2019 Bonds bear interest at stated fixed interest rates between 4.0% to 5.0% and mature from February 15, 2020 through August 15, 2034. The Series 2019 Bonds, with stated maturities on and after August 15, 2029, are subject to redemption prior to maturity on August 15, 2028 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 2019 Bonds are supported by a levy of ad valorem tax revenue.

The following is a summary of long term debt for the year ended September 30, 2020:

	2020				2020
	Beginning	Additions	Amortization	Reductions	Ending
	Balance				Balance
Taxable Series 2009B Bonds	\$ 222,490	\$ -	\$ -	\$ (222,490)	\$ -
Taxable Series 2009C Bonds	412,395	-	-	-	412,395
Tax Exempt 2013 Bonds	36,405	-	-	(1,185)	35,220
Tax Exempt 2013 Bonds premium	744	-	(173)	-	571
Tax Exempt 2019 Bonds	-	191,380	-	(16,995)	174,385
Tax Exempt 2019 Bonds premium	-	35,552	(3,764)	-	31,788
Total debt	<u>\$ 672,034</u>	<u>\$ 226,932</u>	<u>\$ (3,937)</u>	<u>\$ (240,670)</u>	<u>\$ 654,359</u>
Short-term debt					\$ 14,930
Long-term debt					<u>639,429</u>
Total debt					<u>\$ 654,359</u>

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

Long term debt maturities (including mandatory redemptions), interest payments, net of estimated subsidy, and total debt service at September 30, 2020 are as follows:

<u>Years Ending September 30,</u>	<u>Principal Payments and Mandatory Redemptions</u>	<u>Interest Payments</u>	<u>BAB Interest Subsidy</u>	<u>Total Debt Service</u>
2021	\$ 14,930	\$ 32,922	\$ (7,551)	\$ 40,301
2022	15,624	32,181	(7,500)	40,305
2023	16,410	31,399	(7,500)	40,309
2024	17,180	30,577	(7,443)	40,314
2025	17,810	29,696	(7,186)	40,320
2026 - 2030	103,705	133,367	(32,847)	204,225
2031 - 2035	129,655	105,750	(31,009)	204,396
2036 - 2040	162,385	67,907	(22,087)	208,205
2041 - 2044	<u>144,301</u>	<u>20,642</u>	<u>(6,798)</u>	<u>158,145</u>
Subtotal	622,000	484,441	(129,921)	976,520
Bond premium	37,499	-	-	37,499
Accumulated amortization	<u>(5,140)</u>	<u>-</u>	<u>-</u>	<u>(5,140)</u>
Total	<u>\$ 654,359</u>	<u>\$ 484,441</u>	<u>\$ (129,921)</u>	<u>\$ 1,008,879</u>

Total interest costs were \$31,173 for fiscal year 2020.

COVID-19 Pandemic and CARES Act Funding

On March 11, 2020, the World Health Organization designated the SARS-CoV-2 virus and the incident of COVID-19 (COVID-19) as a global pandemic. Patient volumes and the related revenues were significantly affected by COVID-19 as various policies were implemented by federal, state, and local governments in response to the pandemic that led many people to remain at home and forced the closure of or limitations on certain businesses, as well as suspended elective procedures by health care facilities.

While some of these policies have been eased and states have lifted moratoriums on non-emergent procedures, some restrictions remain in place, and some State and local governments are re-imposing certain restrictions due to increasing rates of COVID-19 cases.

Beginning in mid-March, the Hospital deferred all nonessential medical and surgical procedures and suspended elective procedures, which resumed at different dates during the final quarter of the fiscal year.

The Hospital's pandemic response plan has multiple facets and continues to evolve as the pandemic unfolds. The Hospital has taken precautionary steps to enhance its operational and financial flexibility, and react to the risks the COVID-19 pandemic presents to its business, including implementing targeted cost reduction initiatives and reducing certain planned projects and capital expenditures.

In addition, the Hospital received approximately \$124,517 in general and targeted Provider Relief Fund distributions provided for under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act as discussed below.

The extent of the COVID-19 pandemic's adverse effect on the Hospital's operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond the Hospital's control and ability to forecast. Such factors include, but are not limited to, the scope and duration of stay-at-home practices and business closures and restrictions, government-imposed or

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XII. DALLAS COUNTY HOSPITAL DISTRICT (Continued)

recommended suspensions of elective procedures, continued declines in patient volumes for an indeterminable length of time, increases in the number of uninsured and underinsured patients as a result of higher sustained rates of unemployment, incremental expenses required for supplies and personal protective equipment, and changes in professional and general liability exposure.

Because of these and other uncertainties, the Hospital cannot estimate the length or severity of the effect of the pandemic on the Hospital's business. Decreases in cash flows and results of operations may have an effect on the inputs and assumptions used in significant accounting estimates, including estimated bad debts and contractual adjustments related to uninsured and other patient accounts.

Provider Relief Fund

During the year ended September 30, 2020, the Hospital received \$124,517 of distributions from the CARES Act Provider Relief Fund (collectively, the Provider Relief Fund). These distributions from the Provider Relief Fund are not subject to repayment, provided the Hospital is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for qualifying expenses or lost revenue attributable to COVID-19, as defined by the U.S. Department of Health and Human Services (HHS).

The Hospital is accounting for such payments as conditional contributions. Payments are recognized as General revenue once the applicable terms and conditions required to retain the funds have been met. Based on an analysis of the compliance and reporting requirements of the Provider Relief Fund and the effect of the pandemic on the Hospital's operating revenues and expenses through September 30, 2020, the Hospital recognized \$45,838, related to the Provider Relief Fund, and these payments are recorded as Grants and contributions not restricted to specific programs in our Statement of Activities. The unrecognized amount of Provider relief fund distributions are recorded as part of Provider relief funds received in advance in the accompanying Statement of Net Position.

Subsequent Events

Subsequent to year-end, HHS issued further guidance on the use of payments from the Provider Relief Fund. The Hospital considers the guidance issued subsequent to year end to be substantive changes in guidance rather than clarifications of guidance existing at September 30, 2020. As a result, the amounts recorded in the financial statements compared to the Hospital's Provider relief fund reporting could differ. This difference cannot be currently estimated but could be material.

The Hospital will continue to monitor compliance with the terms and conditions of the Provider Relief Fund and the effect of the pandemic on the Hospital's revenues and expenses. The terms and conditions governing the Provider Relief Funds are complex and subject to interpretation and change. If the Hospital is unable to attest to or comply with current or future terms and conditions the Hospital's ability to retain some or all of the distributions received may be affected. Provider Relief Fund payments are subject to government oversight, including potential audits.

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

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XIII. NEW ACCOUNTING PRONOUNCEMENTS (Continued)

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 postemployment benefit arrangements that are fiduciary activities.

GASB Statement No. 95 changed the effective date for reporting periods to beginning after December 15, 2019.

GASB Statement No. 87 – Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and, a lessor is required to recognize 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 June 15, 2021.

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.
- 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.

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XIII. NEW ACCOUNTING PRONOUNCEMENTS (Continued)

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 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, 2021.

GASB Statement No. 92 – Omnibus 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions.

GASB Statement No. 95 changed the effective date for reporting periods to beginning after June 15, 2021.

GASB Statement No. 93 – Replacement of Interbank Offered Rates. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates,

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XIII. NEW ACCOUNTING PRONOUNCEMENTS (Continued)

by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Requirements after June 15, 2021.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the GASB Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities*.

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XIII. NEW ACCOUNTING PRONOUNCEMENTS (Continued)

The effective dates of the following pronouncements are postponed by 18 months:

Statement No. 87, *Leases*
Implementation Guide No. 2019-3, *Leases*.

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued.

The requirements of this Statement are effective immediately.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

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XIII. NEW ACCOUNTING PRONOUNCEMENTS (Continued)

This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively.

This Statement (1) requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

This Statement supersedes the remaining provisions of Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of all Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

IX. SUBSEQUENT EVENTS

On November 19, 2020, the County agreed to purchase land for approximately \$9,000 for future development.

On December 17, 2020, the County received \$3,920 from the sale of a County building.

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 414,427	\$ 414,427	\$ 421,084	\$ 6,657
Licenses and permits	23,925	23,925	25,301	1,376
Fines and forfeitures	362	362	223	(139)
Investment income	2,859	2,859	2,146	(713)
Rental revenues	4,434	4,434	3,600	(834)
Intergovernmental revenues	6,639	6,639	6,450	(189)
Charges for current services	112,945	112,945	103,829	(9,116)
Miscellaneous	3,076	3,076	8,243	5,167
Total revenues	<u>568,667</u>	<u>568,667</u>	<u>570,876</u>	<u>2,209</u>
EXPENDITURES:				
General government:				
Salaries	65,462	54,400	54,580	(180)
Operating	31,256	36,880	34,322	2,558
Property	3,105	3,705	2,832	873
Total general government	<u>99,823</u>	<u>94,985</u>	<u>91,734</u>	<u>3,251</u>
Judicial:				
Salaries	144,594	150,133	150,134	(1)
Operating	34,928	35,826	25,096	10,730
Property	-	-	-	-
Total judicial	<u>179,522</u>	<u>185,959</u>	<u>175,230</u>	<u>10,729</u>
Public safety:				
Salaries	254,893	278,697	278,659	38
Operating	27,500	28,933	20,739	8,194
Property	907	816	544	272
Total public safety	<u>283,300</u>	<u>308,446</u>	<u>299,942</u>	<u>8,504</u>
Health:				
Salaries	13,293	12,403	12,377	26
Operating	27,256	25,692	17,707	7,985
Property	571	571	216	355
Total health	<u>41,120</u>	<u>38,666</u>	<u>30,300</u>	<u>8,366</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Welfare:				
Salaries	\$ 839	\$ 667	\$ 668	\$ (1)
Operating	<u>22</u>	<u>28</u>	<u>16</u>	<u>12</u>
Total Public welfare	<u>861</u>	<u>695</u>	<u>684</u>	<u>11</u>
Reserves	<u>41,034</u>	<u>16,924</u>	<u>-</u>	<u>16,924</u>
Total expenditures and reserves	<u>645,660</u>	<u>645,675</u>	<u>597,890</u>	<u>47,785</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(76,993)</u>	<u>(76,993)</u>	<u>(27,014)</u>	<u>49,979</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	34,315	34,315	46,763	12,448
Transfers (out)	<u>(6,357)</u>	<u>(6,357)</u>	<u>(6,358)</u>	<u>(1)</u>
Total other financing sources (uses)	<u>27,958</u>	<u>27,958</u>	<u>40,405</u>	<u>12,447</u>
Net change in fund balance	(49,035)	(49,035)	13,391	62,426
Fund balance - beginning	<u>49,035</u>	<u>49,035</u>	<u>49,035</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,426</u>	<u>\$ 62,426</u>

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

DALLAS COUNTY, TEXAS
 Required Supplementary Information
 Major Projects Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended September, 2020
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 99,606	\$ 99,606	\$ 101,051	\$ 1,445
Investment income	6,024	6,024	2,397	(3,627)
Rental revenues	60	60	77	17
Intergovernmental revenues	652	652	343	(309)
Miscellaneous	-	-	2,751	2,751
Total revenues	<u>106,342</u>	<u>106,342</u>	<u>106,619</u>	<u>277</u>
EXPENDITURES:				
General government	86,900	22,447	8,493	13,954
Highways and streets	196,935	177,894	22,870	155,024
Public welfare	8,583	7,512	6,920	592
Judicial	521	521	-	521
Debt Service - Capital leases				
Principal	-	-	7,804	(7,804)
Interest and fiscal charges	-	-	4,472	(4,472)
Capital outlay	<u>90,585</u>	<u>157,150</u>	<u>57,006</u>	<u>100,144</u>
Total expenditures	<u>383,524</u>	<u>365,524</u>	<u>107,565</u>	<u>257,959</u>
Reserves	<u>10,300</u>	<u>10,300</u>	-	<u>10,300</u>
Total expenditures and reserves	393,824	375,824	107,565	268,259
Excess (deficiency) of revenues over (under) expenditures	<u>(287,482)</u>	<u>(269,482)</u>	<u>(946)</u>	<u>268,536</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	5,600	5,600	5,600	-
Transfers (out)	-	(18,000)	(18,000)	-
Capital Lease	-	-	8,832	8,832
Total other financing sources (uses)	<u>5,600</u>	<u>(12,400)</u>	<u>(3,568)</u>	<u>8,832</u>
Net change in fund balance	(281,882)	(281,882)	(4,514)	277,368
Fund balance - beginning	<u>281,882</u>	<u>281,882</u>	<u>281,882</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 277,368</u>	<u>\$ 277,368</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, 2020
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 258	\$ 258	\$ 641	\$ 383
Intergovernmental revenues	215,000	215,000	215,282	282
Charges for current services	634	634	687	53
Miscellaneous	1,911	1,911	991	(920)
Total revenues	<u>217,803</u>	<u>217,803</u>	<u>217,601</u>	<u>(202)</u>
EXPENDITURES:				
Judicial	6,333	6,333	6,211	122
Public safety	22,516	22,516	22,439	77
Health	74,500	74,500	74,424	76
Public welfare	108,285	108,285	108,224	61
Total expenditures	<u>211,634</u>	<u>211,634</u>	<u>211,298</u>	<u>336</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,169</u>	<u>6,169</u>	<u>6,303</u>	<u>134</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	5,080	5,080	6,421	1,341
Transfers (out)	<u>(15,309)</u>	<u>(15,309)</u>	<u>(15,309)</u>	<u>-</u>
Total other financing sources (uses)	<u>(10,229)</u>	<u>(10,229)</u>	<u>(8,888)</u>	<u>1,341</u>
Net change in fund balance	(4,060)	(4,060)	(2,585)	1,475
Fund balance - beginning	<u>5,380</u>	<u>5,380</u>	<u>5,380</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,320</u>	<u>\$ 1,320</u>	<u>\$ 2,795</u>	<u>\$ 1,475</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, 2020

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.

The following State of Texas Local Government codes, among others, guide the County in preparation of its annual budget:

Sec. 111.039. ADOPTION OF BUDGET. (b) The commissioners court may make any changes in the proposed budget that it considers warranted by the facts and law and required by the interest of the taxpayers, but the amounts budgeted in a fiscal year for expenditures from the various funds of the county may not exceed the balances in those funds as of the first day of the fiscal year, plus the anticipated revenue for the fiscal year as estimated by the county auditor.

Sec. 111.041. EXPENDITURE OF FUNDS UNDER BUDGET; EMERGENCY EXPENDITURE; BUDGET TRANSFER. (c) The commissioners court by order may amend the budget to transfer an amount budgeted for one item to another budgeted item without authorizing an emergency expenditure.

Sec. 111.0415. CHANGES IN BUDGET FOR COUNTY PURPOSES. This subchapter does not prevent the commissioners court from making changes in the budget for county purposes.

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.

DALLAS COUNTY, TEXAS

Notes to Schedules of Revenues, Expenditures and Changes in Fund Balances Budget and Actual September 30, 2020

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 2020 did not increase the County's overall budget. Unencumbered amounts for annually budgeted funds lapse at fiscal year-end. The original budgets inclusive of prior period encumbered funds presented in the report are the approved budgets before amendments and transfers. The final budgets presented in this report reflect the budgets as amended for all appropriation transfers processed during the fiscal year. More comprehensive accounting of activity on the 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.

General Fund Budgetary Highlights

The Management's discussion and analysis includes a summary of only significant General Fund variances between actual results in FY20 as compared to the final budget for the General Fund.

In April 2020, the County received and recorded in the Major Grants Fund \$239,952 for the CARES Act Coronavirus Relief Fund for State and Local Governments (CARES Act). As of September 30, 2020, \$106,607 remains available to be spent. Funds received and spent were not budgeted.

DALLAS COUNTY
 Required Supplementary Information
Infrastructure Assets Under Modified Approach
 September 30, 2020
 (in thousands of dollars)

Roads

A federal highway administration pavement condition rating (PCR) was utilized to assess the condition of the 107.58 lane miles of County roads. City of Hutchins annexed Vanderbilt Road in 2020. The County policy is to maintain roads at a minimum of 2.5 on a 4.0 scale. The following conditions were defined and associated to a rating:

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

Percentage of Roads with 2.5 or better condition:

Road and Bridge District	2020	2019	2018	2017	2016
District 1 ⁽¹⁾	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
District 2	100.0	100.0	100.0	100.0	100.0
District 3	98.6	99.1	99.1	99.1	97.8
District 4	100.0	100.0	100.0	100.0	100.0
Overall System	98.8	99.7	99.7	99.7	99.3

Comparison of estimated to actual maintenance costs:

	2020	2019	2018	2017	2016
Estimated	\$ 1,126	\$ 1,126	\$ 1,018	\$ 1,018	\$ 950
Actual	2,296	2,091	1,907	1,370	2,013

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

DALLAS COUNTY
 Required Supplementary Information
Infrastructure Assets Under Modified Approach
 September 30, 2020
 (in thousands of dollars)

		Bridges										
	<u>Rating</u>	<u>Number</u>	<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>	
Very Good	6.0 – 9.0	23	88	%	92	%	92	%	100	%	100	%
Good	4.0 – 5.9	3	12		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 2020.

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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Estimated	\$ 1,120	\$ 1,113	\$ 1,115	\$ 1,098	\$ 1,098
Actual	202	247	250	147	218

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

	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Total Pension Liability						
Service costs	\$ 46,770	\$ 45,971	\$ 46,920	\$ 43,906	\$ 41,338	\$ 40,094
Interest on total pension liability	176,481	166,480	156,177	144,675	136,590	128,267
Effect of plan changes	-	-	-	-	(9,604)	-
Effect of assumption changes or inputs	-	-	9,066	-	20,674	-
Effect of economic/demographic (gains) or losses	6,637	913	(986)	6,501	(11,965)	(121)
Benefit payments	(110,561)	(99,144)	(92,524)	(84,328)	(78,547)	(72,118)
Net change in total pension liability	119,327	114,220	118,653	110,754	98,486	96,122
Total pension liability, beginning	2,137,480	2,023,260	1,904,607	1,793,853	1,695,367	1,599,245
Total pension liability, ending (a)	\$ 2,256,807	\$ 2,137,480	\$ 2,023,260	\$ 1,904,607	\$ 1,793,853	\$ 1,695,367
Fiduciary Net Position						
Employer contributions	\$ 48,680	\$ 45,309	\$ 43,304	\$ 39,234	\$ 35,839	\$ 34,859
Employee contributions	27,438	25,849	24,870	23,918	21,864	21,250
Investment income net of investment expenses	307,647	(36,221)	246,954	117,495	(6,146)	103,088
Benefit payments	(110,561)	(99,144)	(92,524)	(84,328)	(78,547)	(72,118)
Administrative expenses	(1,634)	(1,495)	(1,274)	(1,277)	(1,147)	(1,203)
Other	(886)	(632)	(339)	1,977	8	831
Net change in plan fiduciary net position	270,684	(66,334)	220,991	97,019	(28,129)	86,707
Fiduciary net position, beginning	1,829,648	1,895,982	1,674,991	1,577,972	1,606,101	1,519,394
Fiduciary net position, ending (b)	\$ 2,100,332	\$ 1,829,648	\$ 1,895,982	\$ 1,674,991	\$ 1,577,972	\$ 1,606,101
Net pension liability/(asset), ending=(a)-(b)	\$ 156,475	\$ 307,832	\$ 127,278	\$ 229,616	\$ 215,881	\$ 89,266
Fiduciary net position as a % of total pension liability	93.07%	85.60%	93.71%	87.94%	87.97%	94.73%
Covered payroll	\$ 391,817	\$ 357,160	\$ 354,950	\$ 341,163	\$ 311,763	\$ 303,122
Net pension liability as a % of covered payroll	39.94%	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>
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
2020	55,262	55,262	-	420,265	13.0

Methods and assumptions used to determine contribution rates:

Actuarial Cost	Method Entry Age
Amortization Method	Level percentage of payroll, closed.
Remaining Amortization Period	12.3 years (based on contribution rate calculated in 12/31/2019 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	8.00%, net of administrative and 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 assumptions and methods reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions reflected in the Schedule of Employer Contributions*	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. 2019: No changes in plan provisions were reflected in the Schedule.

*Only changes that affect the benefit amount and that are 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)

	Total OPEB Liability 2019	Total OPEB Liability 2018	Total OPEB Liability 2017
Total OPEB Liability - Start of Year	\$ 173,700	\$ 300,743	\$ 315,446
Changes for the year:			
Service Cost	7,086	12,826	15,815
Interest	7,453	11,300	10,056
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	(117,539)	-
Changes in assumptions or other inputs	44,721	(29,077)	(35,297)
Other changes, separately identified if significant	-	-	-
Benefit payments	(4,949)	(4,553)	(5,277)
Administrative expense	-	-	-
Net change in total OPEB liability	54,311	(127,043)	(14,703)
Total OPEB Liability - End of Year	\$ 228,011	\$ 173,700	\$ 300,743
Covered employee payroll	\$ 350,346	\$ 340,450	\$ 334,562
Total OPEB liability as a percent of covered employee payroll	65.08%	51.02%	89.89%

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 2.66% as of September 30, 2019, 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)

<u>Total Pension Liability</u>	<u>Year Ended December 31, 2019</u>	<u>Year Ended December 31, 2018</u>	<u>Year Ended December 31, 2017</u>	<u>Year Ended December 31, 2016</u>	<u>Year Ended December 31, 2015</u>	<u>Year Ended December 31, 2014</u>
Service cost	\$ 51,517	\$ 47,055	\$ 44,516	\$ 41,024	\$ 39,886	37,881
Interest on total pension liability	102,108	95,249	89,044	83,216	78,296	72,677
Effect of plan changes	-	-	(4,577)	-	-	-
Effect of economic/demographic gains or (losses)	(1,105)	7,645	8,896	2,439	(2,122)	8,589
Effect of assumption changes or inputs	207,476	(1,022)	-	-	-	-
Benefit payments	<u>(56,859)</u>	<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	303,137	94,943	88,234	82,367	66,668	86,510
Total pension liability, beginning	<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>	<u>1,016,398</u>
Total pension liability, ending (a)	<u>\$ 1,738,257</u>	<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>
Fiduciary Net Pension						
Employer contributions	\$ 46,700	\$ 40,000	\$ 27,915	\$ 28,083	\$ 24,500	22,812
Member contributions	46,107	44,223	38,686	30,270	29,471	27,378
Investment income net of investment expenses	192,482	(51,595)	130,137	55,203	(7,945)	43,705
Benefit payments	(56,859)	(53,984)	(49,645)	(44,312)	(49,392)	(32,637)
Administrative expenses	<u>(2,743)</u>	<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	225,687	(24,010)	143,290	67,363	(5,413)	59,238
Fiduciary net position, beginning	<u>948,034</u>	<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>\$ 1,173,721</u>	<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>\$ 564,536</u>	<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	67.52%	66.06%	72.53%	66.20%	65.10%	69.53%
Covered payroll	\$ 685,520	\$ 659,891	\$ 632,669	\$ 613,367	\$ 574,215	554,120
Net pension liability as a % of covered payroll	82.35%	73.81%	58.19%	68.99%	71.09%	60.66%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Hospital will present information for those years for which information is available.

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

	December 31,					
	2019	2018	2017	2016	2015	2014
Contributions in relation to the actuarially determined contributions	\$ 46,700	\$ 40,000	\$ 27,915	\$ 28,123	\$ 24,500	\$ 22,812
Actuarially determined contributions	37,005	28,827	27,915	28,083	24,540	22,812
Contribution surplus	\$ 9,695	\$ 11,173	\$ -	\$ 40	\$ (40)	\$ -
Covered payroll	\$ 685,520	\$ 659,891	\$ 632,669	\$ 613,367	\$ 574,215	\$ 554,120
Contributions as a percentage of covered employee payroll	6.80%	6.10%	4.40%	4.60%	4.30%	4.10%

Notes:

(1) *Valuation date:*

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

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

	As of December 31,		
	2019	2018	2017
Actuarial cost method	Entry age normal cost	Entry age normal cost	Entry age normal cost
Amortization method	30 year, closed	30 year, closed	30 year, closed
Asset valuation method	5-year rolling phase-in	5-year rolling phase-in	5-year rolling phase-in
Inflation	2.5%	2.5%	2.5%
Investment rate of return	6.00%, net of pension plan investment expense, including inflation	7.00%, net of pension plan investment expense, including inflation	7.25%, net of pension plan investment expense, including inflation
Retirement age	65	65	65
Mortality	Pub-2010 Public General and MP-2019	Pub-2010 Public General and MP-2018	RP-2000, projected

	As of December 31,		
	2016	2015	2014
Actuarial cost method	Entry age normal cost	Entry age normal cost	Entry age normal cost
Amortization method	30 year, closed	30 year, closed	30 year, closed
Asset valuation method	5-year rolling phase-in	5-year rolling phase-in	5-year rolling phase-in
Inflation	2.5%	2.5%	3.0%
Investment rate of return	7.50%, net of pension plan investment expense, including inflation	7.75%, net of pension plan investment expense, including inflation	8.00%, net of pension plan investment expense, including inflation
Retirement age	65	65	65
Mortality	RP-2000, projected	RP-2000, projected	RP-2000, projected

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Hospital will present information for those years for which information is available.

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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, 2020
 (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
ASSETS										
Cash and investments	\$ 33,489	\$ 6,535	\$ 614	\$ 22,243	\$ 1	\$ 222	\$ 1	\$ -	\$ 181	\$ -
Receivables:										
Taxes - current	-	4,811	-	51,307	-	-	-	-	-	-
Less allowance for uncollectible	-	(260)	-	(2,425)	-	-	-	-	-	-
Net taxes receivable	-	4,551	-	48,882	-	-	-	-	-	-
Accounts	311,051	-	6,347	-	-	-	-	-	-	-
Less allowance	(308,345)	-	(6,306)	-	-	-	-	-	-	-
Accounts receivable	2,706	-	41	-	-	-	-	-	-	-
Accrued interest	29	6	-	20	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-	-	-	-	-
Inventories	178	-	-	-	-	-	-	-	-	-
Prepayments and advances	5	69	8	8,028	-	-	-	-	-	-
Total assets	\$ 36,407	\$ 11,161	\$ 663	\$ 79,173	\$ 1	\$ 222	\$ 1	\$ -	\$ 181	\$ -
LIABILITIES										
Accounts payable	\$ 2,049	\$ 168	\$ 47	\$ 3,577	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	8	-	-	-	-	-	-	-
Due to other governmental units	1,212	-	-	-	-	-	-	-	-	-
Total liabilities	3,261	168	55	3,577	-	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue - other	2,211	1	39	3	-	-	-	-	-	-
Unavailable revenue - property taxes	-	4,557	-	48,950	-	-	-	-	-	-
Total deferred inflows	2,211	4,558	39	48,953	-	-	-	-	-	-
FUND BALANCES										
Nonspendable: inventories and prepaids	183	69	8	8,028	-	-	-	-	-	-
Restricted	30,752	-	561	-	1	222	1	-	181	-
Committed	-	6,366	-	18,615	-	-	-	-	-	-
Total fund balances	30,935	6,435	569	26,643	1	222	1	-	181	-
Total liabilities, deferred inflows and fund balances	\$ 36,407	\$ 11,161	\$ 663	\$ 79,173	\$ 1	\$ 222	\$ 1	\$ -	\$ 181	\$ -

(Continued)

DALLAS COUNTY, TEXAS
Combining Balance Sheet
Non-major Governmental Funds
September 30, 2020
(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
ASSETS										
Cash and investments	\$ 5,062	\$ 814	\$ 5,848	\$ 1,895	\$ 1,972	\$ 1,440	\$ 17,331	\$ 8,677	\$ 32,155	\$ 138,480
Receivables:										
Taxes - current	-	-	-	-	-	-	-	-	-	56,118
Less allowance for uncollectible	-	-	-	-	-	-	-	-	-	(2,685)
Net taxes receivable	-	-	-	-	-	-	-	-	-	53,433
Accounts	4,924	1,923	-	-	5,882	1,328	5,559	663	14,826	352,503
Less allowance	(4,893)	(1,913)	-	-	(5,790)	(1,295)	(4,890)	(161)	(14,698)	(348,291)
Accounts receivable	31	10	-	-	92	33	669	502	128	4,212
Accrued interest	4	-	-	2	2	1	15	8	28	115
Due from other funds	-	-	3	-	-	-	-	-	-	3
Due from other governmental units	-	-	244	142	-	-	-	-	-	386
Inventories	-	-	-	-	-	-	-	54	-	232
Prepayments and advances	-	-	3,496	6	-	-	271	362	124	12,369
Total assets	<u>\$ 5,097</u>	<u>\$ 824</u>	<u>\$ 9,591</u>	<u>\$ 2,045</u>	<u>\$ 2,066</u>	<u>\$ 1,474</u>	<u>\$ 18,286</u>	<u>\$ 9,603</u>	<u>\$ 32,435</u>	<u>\$ 209,230</u>
LIABILITIES										
Accounts payable	\$ 4	\$ 31	\$ 542	\$ 256	\$ 31	\$ -	\$ 532	\$ 629	\$ 424	\$ 8,290
Due to other funds	-	-	309	-	-	-	-	-	-	317
Due to other governmental units	-	-	-	-	-	-	-	-	-	1,212
Total liabilities	<u>4</u>	<u>31</u>	<u>851</u>	<u>256</u>	<u>31</u>	<u>-</u>	<u>532</u>	<u>629</u>	<u>424</u>	<u>9,819</u>
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue - other	31	10	-	-	93	33	671	2	130	3,224
Unavailable revenue - property taxes	-	-	-	-	-	-	-	-	-	53,507
Total deferred inflows	<u>31</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>93</u>	<u>33</u>	<u>671</u>	<u>2</u>	<u>130</u>	<u>56,731</u>
FUND BALANCES										
Nonspendable: inventories and prepaids	-	-	3,496	6	-	-	271	416	124	12,601
Restricted	5,062	783	5,244	1,783	1,942	1,441	16,812	8,556	31,757	105,098
Committed	-	-	-	-	-	-	-	-	-	24,981
Total fund balances	<u>5,062</u>	<u>783</u>	<u>8,740</u>	<u>1,789</u>	<u>1,942</u>	<u>1,441</u>	<u>17,083</u>	<u>8,972</u>	<u>31,881</u>	<u>142,680</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 5,097</u>	<u>\$ 824</u>	<u>\$ 9,591</u>	<u>\$ 2,045</u>	<u>\$ 2,066</u>	<u>\$ 1,474</u>	<u>\$ 18,286</u>	<u>\$ 9,603</u>	<u>\$ 32,435</u>	<u>\$ 209,230</u>

(Continued)

DALLAS COUNTY, TEXAS
Combining Balance Sheet
Non-major Governmental Funds
September 30, 2020
(in thousands of dollars)

	Capital Project		
	Roads	Total	Total Non-major Governmental Funds
ASSETS			
Cash and investments	\$ 3,505	\$ 3,505	\$ 141,985
Receivables:			
Taxes - current	-	-	56,118
Less allowance for uncollectible	-	-	(2,685)
Net taxes receivable	-	-	53,433
Accounts	-	-	352,503
Less allowance	-	-	(348,291)
Accounts receivable	-	-	4,212
Accrued interest	-	-	115
Due from other funds	-	-	3
Due from other governmental units	11	11	397
Inventories	-	-	232
Prepayments and advances	-	-	12,369
Total assets	<u>\$ 3,516</u>	<u>\$ 3,516</u>	<u>\$ 212,746</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 8,290
Due to other funds	-	-	317
Due to other governmental units	82	82	1,294
Total liabilities	<u>82</u>	<u>82</u>	<u>9,901</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - other	-	-	3,224
Unavailable revenue - property taxes	-	-	53,507
Total deferred inflows	<u>-</u>	<u>-</u>	<u>56,731</u>
FUND BALANCES			
Nonspendable: inventories and prepaids	-	-	12,601
Restricted	3,434	3,434	108,532
Committed	-	-	24,981
Total fund balances	<u>3,434</u>	<u>3,434</u>	<u>146,114</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,516</u>	<u>\$ 3,516</u>	<u>\$ 212,746</u>

(Concluded)

DALLAS COUNTY, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended September 30, 2020
(in thousands of dollars)

Special Revenue

	Special Revenue									
	Road and Bridge	Permanent Improvement	Law Library	Major Technology	District Attorney		District Attorney Forfeiture			Historical Commission
HIDTA Federal					Special	Federal	State	Other		
REVENUES										
Property taxes	\$ -	\$ 4,425	\$ -	\$ 47,453	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highway license fees	20,777	-	-	-	-	-	-	-	-	-
Fines and forfeitures	5,529	-	-	-	-	-	-	-	-	-
Investment income	432	81	2	379	-	-	-	-	2	-
Intergovernmental revenues	42	-	-	-	-	-	-	-	-	-
Charges for current services	2,055	-	962	-	-	-	-	-	-	-
Miscellaneous	8	-	-	-	-	26	-	-	-	-
Total revenues	28,843	4,506	964	47,832	-	26	-	-	2	-
EXPENDITURES										
Current:										
General government	-	1,070	-	37,082	-	-	-	-	-	1
Judicial	-	378	954	2,960	-	22	-	-	-	-
Public safety	-	1,097	-	1,017	-	-	-	-	-	-
Highways and streets	11,532	-	-	-	-	-	-	-	-	-
Health	-	147	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Public Welfare	-	-	-	-	-	-	-	-	-	-
Total expenditures	11,532	2,692	954	41,059	-	22	-	-	-	1
Excess (deficiency) of revenues over (under) expenditures	17,311	1,814	10	6,773	-	4	-	-	2	(1)
OTHER FINANCING SOURCES (USES)										
Transfers (out)	(16,614)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(16,614)	-	-	-	-	-	-	-	-	-
Net change in fund balance	697	1,814	10	6,773	-	4	-	-	2	(1)
Fund balance - beginning	30,238	4,621	559	19,870	1	218	1	-	179	1
Fund balance - ending	\$ 30,935	\$ 6,435	\$ 569	\$ 26,643	\$ 1	\$ 222	\$ 1	\$ -	\$ 181	\$ -

(Continued)

DALLAS COUNTY, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended September 30, 2020
(in thousands of dollars)

Special Revenue

	Alternative Dispute Resolution	Appellate Justice System	HUD Section 8 Grants	Academy for Academic Excellence	Judicial	Technology	Local Government	Local Official	Record Management	Total
REVENUES										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,878
Highway license fees	-	-	-	-	-	-	-	-	-	20,777
Fines and forfeitures	-	-	-	-	-	-	-	-	-	5,529
Investment income	56	4	17	34	1	-	45	144	709	1,906
Intergovernmental revenues	-	-	47,264	7,600	-	-	5,192	-	-	60,098
Charges for current services	830	185	18	-	530	131	1,748	5,500	8,607	20,566
Miscellaneous	-	-	16	-	8	-	228	134	-	420
Total revenues	<u>886</u>	<u>189</u>	<u>47,315</u>	<u>7,634</u>	<u>539</u>	<u>131</u>	<u>7,213</u>	<u>5,778</u>	<u>9,316</u>	<u>161,174</u>
EXPENDITURES										
Current:										
General government	-	-	-	-	-	-	-	552	-	38,705
Judicial	239	216	-	-	194	22	943	593	3,524	10,045
Public safety	-	-	-	-	-	-	7	4,184	-	6,305
Highways and streets	-	-	-	-	-	-	-	-	-	11,532
Health	-	-	-	-	-	-	-	-	-	147
Education	-	-	-	8,436	-	-	-	-	-	8,436
Public Welfare	-	-	44,565	-	-	-	3,349	-	-	47,914
Total expenditures	<u>239</u>	<u>216</u>	<u>44,565</u>	<u>8,436</u>	<u>194</u>	<u>22</u>	<u>4,299</u>	<u>5,329</u>	<u>3,524</u>	<u>123,084</u>
Excess (deficiency) of revenues over (under) expenditures	<u>647</u>	<u>(27)</u>	<u>2,750</u>	<u>(802)</u>	<u>345</u>	<u>109</u>	<u>2,914</u>	<u>449</u>	<u>5,792</u>	<u>38,090</u>
OTHER FINANCING SOURCES (USES)										
Transfers (out)	(171)	-	-	(155)	(377)	-	(1,600)	-	(200)	(19,117)
Total other financing sources (uses)	<u>(171)</u>	<u>-</u>	<u>-</u>	<u>(155)</u>	<u>(377)</u>	<u>-</u>	<u>(1,600)</u>	<u>-</u>	<u>(200)</u>	<u>(19,117)</u>
Net change in fund balance	476	(27)	2,750	(957)	(32)	109	1,314	449	5,592	18,973
Fund balance - beginning	<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>
Fund balance - ending	<u>\$ 5,062</u>	<u>\$ 783</u>	<u>\$ 8,740</u>	<u>\$ 1,789</u>	<u>\$ 1,942</u>	<u>\$ 1,441</u>	<u>\$ 17,083</u>	<u>\$ 8,972</u>	<u>\$ 31,881</u>	<u>\$ 142,680</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, 2020
(in thousands of dollars)

	Capital Project		
	Roads	Total	Total Non-major Governmental Funds
REVENUES			
Property taxes	\$ -	\$ -	\$ 51,878
Highway license fees	-	-	20,777
Fines and forfeitures	-	-	5,529
Investment income	-	-	1,906
Intergovernmental revenues	-	-	60,098
Charges for current services	-	-	20,566
Miscellaneous	-	-	420
Total revenues	-	-	161,174
EXPENDITURES			
Current:			
General government	-	-	38,705
Judicial	-	-	10,045
Public safety	-	-	6,305
Highways and streets	992	992	12,524
Health	-	-	147
Education	-	-	8,436
Public Welfare	-	-	47,914
Total expenditures	992	992	124,076
Excess (deficiency) of revenues over (under) expenditures	(992)	(992)	\$ 37,098
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	-	-	(19,117)
Total other financing sources (uses)	-	-	(19,117)
Net change in fund balance	(992)	(992)	17,981
Fund balance - beginning	4,426	4,426	128,133
Fund balance - ending	\$ 3,434	\$ 3,434	\$ 146,114

(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, 2020
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 23,333	\$ 23,333	\$ 23,840	\$ 507
Investment income	331	331	1,034	703
Total revenues	<u>23,664</u>	<u>23,664</u>	<u>24,874</u>	<u>1,210</u>
EXPENDITURES:				
Debt service				
Principal	21,050	21,050	21,050	-
Interest and fiscal charges	7,076	7,076	7,077	(1)
Total debt service	<u>28,126</u>	<u>28,126</u>	<u>28,127</u>	<u>(1)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,462)</u>	<u>(4,462)</u>	<u>(3,253)</u>	<u>1,209</u>
Net change in fund balance	(4,462)	(4,462)	(3,253)	1,209
Fund balance - beginning	8,530	8,530	8,530	-
Fund balance - ending	<u>\$ 4,068</u>	<u>\$ 4,068</u>	<u>\$ 5,277</u>	<u>\$ 1,209</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, 2020
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Highway license fees	\$ 22,723	\$ 22,723	\$ 20,777	\$ (1,946)
Fines and forfeitures	5,850	5,850	5,529	(321)
Investment income	452	452	432	(20)
Intergovernmental revenues	39	39	42	3
Charges for current services	1,771	1,771	2,055	284
Miscellaneous	<u>39</u>	<u>39</u>	<u>8</u>	<u>(31)</u>
Total revenues	<u>30,874</u>	<u>30,874</u>	<u>28,843</u>	<u>(2,031)</u>
EXPENDITURES:				
Highways and streets:				
Salaries	6,053	6,555	6,558	(3)
Operating	2,175	5,215	4,389	826
Property	<u>2,341</u>	<u>3,176</u>	<u>585</u>	<u>2,591</u>
Total highways and streets	10,569	14,946	11,532	3,414
Reserves	<u>24,429</u>	<u>19,052</u>	<u>-</u>	<u>19,052</u>
Total expenditures and reserves	<u>34,998</u>	<u>33,998</u>	<u>11,532</u>	<u>22,466</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,124)</u>	<u>(3,124)</u>	<u>17,311</u>	<u>20,435</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(26,114)</u>	<u>(27,114)</u>	<u>(16,614)</u>	<u>10,500</u>
Total other financing sources (uses)	<u>(26,114)</u>	<u>(27,114)</u>	<u>(16,614)</u>	<u>10,500</u>
Net change in fund balance	(30,238)	(30,238)	697	30,935
Fund balance - beginning	<u>30,238</u>	<u>30,238</u>	<u>30,238</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,935</u>	<u>\$ 30,935</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, 2020
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 4,358	\$ 4,358	\$ 4,425	\$ 67
Investment income	68	68	81	13
Total revenues	<u>4,426</u>	<u>4,426</u>	<u>4,506</u>	<u>80</u>
EXPENDITURES:				
General government	1,330	1,151	1,070	81
Public safety	1,028	1,207	1,097	110
Judicial	595	595	378	217
Health	147	147	147	-
Total expenditures	<u>3,100</u>	<u>3,100</u>	<u>2,692</u>	<u>408</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,326</u>	<u>1,326</u>	<u>1,814</u>	<u>488</u>
Net change in fund balance	1,326	1,326	1,814	488
Fund balance - beginning	<u>4,621</u>	<u>4,621</u>	<u>4,621</u>	<u>-</u>
Fund balance - ending	<u>\$ 5,947</u>	<u>\$ 5,947</u>	<u>\$ 6,435</u>	<u>\$ 488</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, 2020
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for current services	\$ 980	\$ 980	\$ 962	\$ (18)
Investment income	<u>3</u>	<u>3</u>	<u>2</u>	<u>(1)</u>
Total revenues	<u>983</u>	<u>983</u>	<u>964</u>	<u>(19)</u>
EXPENDITURES:				
Judicial:				
Salaries	620	615	615	-
Operating	<u>493</u>	<u>493</u>	<u>339</u>	<u>154</u>
Total Judicial	1,113	1,108	954	154
Reserves	<u>5</u>	<u>10</u>	<u>-</u>	<u>10</u>
Total expenditures and reserves	<u>1,118</u>	<u>1,118</u>	<u>954</u>	<u>164</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(135)</u>	<u>(135)</u>	<u>10</u>	<u>145</u>
OTHER FINANCING SOURCES (USES)				
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	(310)	(310)	10	320
Fund balance - beginning	<u>559</u>	<u>559</u>	<u>559</u>	<u>-</u>
Fund balance - ending	<u>\$ 249</u>	<u>\$ 249</u>	<u>\$ 569</u>	<u>\$ 320</u>

(Continued)

DALLAS COUNTY, TEXAS
Major Technology Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2020
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 46,752	\$ 46,752	\$ 47,453	\$ 701
Investment income	338	338	379	41
Total revenues	<u>47,090</u>	<u>47,090</u>	<u>47,832</u>	<u>742</u>
EXPENDITURES:				
General government:				
Salaries	15,946	16,411	16,393	18
Operating	24,696	23,538	15,184	8,354
Property	993	8,811	5,505	3,306
Total general government	<u>41,635</u>	<u>48,760</u>	<u>37,082</u>	<u>11,678</u>
Judicial:				
Property	130	4,200	2,960	1,240
Total judicial government	<u>130</u>	<u>4,200</u>	<u>2,960</u>	<u>1,240</u>
Public safety:				
Property	656	1,376	1,017	359
Total public safety government	<u>656</u>	<u>1,376</u>	<u>1,017</u>	<u>359</u>
Reserves	20,937	9,022	-	9,022
Total expenditures and reserves	<u>63,358</u>	<u>63,358</u>	<u>41,059</u>	<u>22,299</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,268)</u>	<u>(16,268)</u>	<u>6,773</u>	<u>23,041</u>
Net change in fund balance	(16,268)	(16,268)	6,773	23,041
Fund balance - beginning	19,870	19,870	19,870	-
Fund balance - ending	<u>\$ 3,602</u>	<u>\$ 3,602</u>	<u>\$ 26,643</u>	<u>\$ 23,041</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, 2020
 (in thousands of dollars)

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

(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, 2020
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 52	\$ 52	\$ 56	\$ 4
Charges for current services	830	830	830	-
Total revenues	<u>882</u>	<u>882</u>	<u>886</u>	<u>4</u>
EXPENDITURES:				
Judicial:				
Salaries	230	234	234	-
Operating	60	61	5	56
Total Judicial	<u>290</u>	<u>295</u>	<u>239</u>	<u>56</u>
Reserves	4,851	4,846	-	4,846
Total expenditures and reserves	<u>5,141</u>	<u>5,141</u>	<u>239</u>	<u>4,902</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,259)</u>	<u>(4,259)</u>	<u>647</u>	<u>4,906</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(245)</u>	<u>(245)</u>	<u>(171)</u>	<u>74</u>
Total other financing sources (uses)	<u>(245)</u>	<u>(245)</u>	<u>(171)</u>	<u>74</u>
Net change in fund balance	(4,504)	(4,504)	476	4,980
Fund balance - beginning	4,586	4,586	4,586	-
Fund balance - ending	<u>\$ 82</u>	<u>\$ 82</u>	<u>\$ 5,062</u>	<u>\$ 4,980</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, 2020
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Charges for current services	\$ 250	\$ 250	\$ 185	\$ (65)
Investment income	7	7	4	(3)
Total revenues	<u>257</u>	<u>257</u>	<u>189</u>	<u>(68)</u>
EXPENDITURES:				
Judicial:				
Operating	296	296	212	84
Property	80	80	4	76
Total Judicial	<u>376</u>	<u>376</u>	<u>216</u>	<u>160</u>
Reserves	<u>691</u>	<u>691</u>	<u>-</u>	<u>691</u>
Total expenditures and reserves	<u>1,067</u>	<u>1,067</u>	<u>216</u>	<u>851</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(810)</u>	<u>(810)</u>	<u>(27)</u>	<u>783</u>
Net change in fund balance	(810)	(810)	(27)	783
Fund balance - beginning	<u>810</u>	<u>810</u>	<u>810</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 783</u>	<u>\$ 783</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, 2020
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 46	\$ 46	\$ 17	\$ (29)
Charges for current services	2	2	18	16
Fines and forfeitures	15	15	-	(15)
Intergovernmental revenues	47,000	47,000	47,264	264
Miscellaneous	<u>22</u>	<u>22</u>	<u>16</u>	<u>(6)</u>
Total revenues	<u>47,085</u>	<u>47,085</u>	<u>47,315</u>	<u>230</u>
EXPENDITURES:				
Public welfare	<u>45,516</u>	<u>45,516</u>	<u>44,565</u>	<u>951</u>
Total public welfare	45,516	45,516	44,565	951
Excess (deficiency) of revenues over (under) expenditures	<u>1,569</u>	<u>1,569</u>	<u>2,750</u>	<u>1,181</u>
Net change in fund balance	1,569	1,569	2,750	1,181
Fund balance - beginning	<u>5,990</u>	<u>5,990</u>	<u>5,990</u>	<u>-</u>
Fund balance - ending	<u>\$ 7,559</u>	<u>\$ 7,559</u>	<u>\$ 8,740</u>	<u>\$ 1,181</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, 2020
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 52	\$ 52	\$ 34	\$ (18)
Intergovernmental revenues	<u>8,106</u>	<u>8,106</u>	<u>7,600</u>	<u>(506)</u>
Total revenues	<u>8,158</u>	<u>8,158</u>	<u>7,634</u>	<u>(524)</u>
EXPENDITURES:				
Education	<u>8,590</u>	<u>8,590</u>	<u>8,436</u>	<u>154</u>
Total education	<u>8,590</u>	<u>8,590</u>	<u>8,436</u>	<u>154</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(432)</u>	<u>(432)</u>	<u>(802)</u>	<u>(370)</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(155)</u>	<u>(155)</u>	<u>(155)</u>	<u>-</u>
Total other financing sources (uses)	<u>(155)</u>	<u>(155)</u>	<u>(155)</u>	<u>-</u>
Net change in fund balance	(587)	(587)	(957)	(370)
Fund balance - beginning	<u>2,746</u>	<u>2,746</u>	<u>2,746</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,159</u>	<u>\$ 2,159</u>	<u>\$ 1,789</u>	<u>\$ (370)</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.

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 134th Judicial District Court in Cause No. DC-18-04952. For further information see I. Summary of Significant Accounting Policies.

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

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

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

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

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

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

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

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

DALLAS COUNTY, TEXAS
 Combining Statement of Fiduciary Assets and Liabilities- Agency Funds
 September 30, 2020
 (in thousands of dollars)

	<u>Fee Office Funds</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>	<u>Housing Finance Corporation - 1993 Refunding</u>	<u>Juvenile Department Child Support</u>
Assets:											
Cash and investments	\$ 13,560	\$ 746	\$ 2,944	\$ 38,514	\$ 28,657	\$ 213	\$ 11,552	\$ 1,719	\$ 81	\$ 73	\$ 713
Accrued interest and other receivables	-	-	-	-	-	-	1	-	-	-	-
Assets held in escrow	7,396	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 20,956</u>	<u>\$ 746</u>	<u>\$ 2,944</u>	<u>\$ 38,514</u>	<u>\$ 28,657</u>	<u>\$ 213</u>	<u>\$ 11,553</u>	<u>\$ 1,719</u>	<u>\$ 81</u>	<u>\$ 73</u>	<u>\$ 713</u>
Liabilities:											
Due to other governmental units and others	\$ 20,956	\$ 746	\$ 2,944	\$ 38,514	\$ 28,657	\$ 213	\$ 11,553	\$ 1,719	\$ 81	\$ 73	\$ 713
Total liabilities	<u>\$ 20,956</u>	<u>\$ 746</u>	<u>\$ 2,944</u>	<u>\$ 38,514</u>	<u>\$ 28,657</u>	<u>\$ 213</u>	<u>\$ 11,553</u>	<u>\$ 1,719</u>	<u>\$ 81</u>	<u>\$ 73</u>	<u>\$ 713</u>

DALLAS COUNTY, TEXAS
Combining Statement of Fiduciary Assets and Liabilities- Agency Funds
September 30, 2020
(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>	
Assets:										
Cash and investments	\$ 14,474	\$ 1,025	\$ 3,512	\$ 1	\$ 54,853	\$ 39	\$ 28	\$ 62	\$ 87	\$ 172,853
Accrued interest and other receivables	-	-	-	-	3	-	-	-	-	4
Assets held in escrow	-	-	-	-	-	-	-	-	-	7,396
Total assets	\$ 14,474	\$ 1,025	\$ 3,512	\$ 1	\$ 54,856	\$ 39	\$ 28	\$ 62	\$ 87	\$ 180,253
Liabilities:										
Due to other governmental units and others	\$ 14,474	\$ 1,025	\$ 3,512	\$ 1	\$ 54,856	\$ 39	\$ 28	\$ 62	\$ 87	\$ 180,253
Total liabilities	\$ 14,474	\$ 1,025	\$ 3,512	\$ 1	\$ 54,856	\$ 39	\$ 28	\$ 62	\$ 87	\$ 180,253

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
Balance September 30, 2020
(in thousands of dollars)

	Balance October 1, 2019	Additions	Deductions	Balance September 30, 2020
<hr/> Administrative Fund - Escrow <hr/>				
Assets:				
Cash and investments	\$ 11,377	\$ 64,657	\$ (62,474)	\$ 13,560
Accrued interest and other receivable	-	-	-	-
Assets held in escrow	8,623	162	(1,389)	\$ 7,396
 Total assets	 \$ 20,000	 \$ 64,819	 \$ (63,863)	 \$ 20,956
Liabilities:				
Due to other governmental units and others - administrative	\$ 20,000	\$ 64,819	\$ (63,863)	\$ 20,956
 Total liabilities	 \$ 20,000	 \$ 64,819	 \$ (63,863)	 \$ 20,956
 <hr/> Sheriff Inmate Funds <hr/>				
Assets:				
Cash and investments	\$ 323	\$ 423	\$ -	\$ 746
 Total assets	 \$ 323	 \$ 423	 \$ -	 \$ 746
Liabilities:				
Due to other governmental units and others	\$ 323	\$ 423	\$ -	\$ 746
 Total liabilities	 \$ 323	 \$ 423	 \$ -	 \$ 746

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2020
(in thousands of dollars)

	<u>Balance October 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2020</u>
<hr/> Fee Office Fund - State Reports <hr/>				
Assets:				
Cash and investments	\$ 3,748	\$ 30,591	\$ (31,395)	\$ 2,944
Total assets	<u>\$ 3,748</u>	<u>\$ 30,591</u>	<u>\$ (31,395)</u>	<u>\$ 2,944</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 3,748	\$ 24,384	\$ (25,188)	\$ 2,944
Total liabilities	<u>\$ 3,748</u>	<u>\$ 24,384</u>	<u>\$ (25,188)</u>	<u>\$ 2,944</u>
 <hr/> Fee Office Fund - County Clerk <hr/>				
Assets:				
Cash and investments	\$ 36,246	\$ 141,049	\$ (138,781)	\$ 38,514
Total assets	<u>\$ 36,246</u>	<u>\$ 141,049</u>	<u>\$ (138,781)</u>	<u>\$ 38,514</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 36,246	\$ 103,040	\$ (100,772)	\$ 38,514
Total liabilities	<u>\$ 36,246</u>	<u>\$ 103,040</u>	<u>\$ (100,772)</u>	<u>\$ 38,514</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2020
(in thousands of dollars)

	<u>Balance October 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2020</u>
<hr/> Fee Office Fund - District Clerk <hr/>				
Assets:				
Cash and investments	\$ 25,548	\$ 100,253	\$ (97,144)	\$ 28,657
Total assets	<u>\$ 25,548</u>	<u>\$ 100,253</u>	<u>\$ (97,144)</u>	<u>\$ 28,657</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 25,548	\$ 71,618	\$ (68,509)	\$ 28,657
Total liabilities	<u>\$ 25,548</u>	<u>\$ 71,618</u>	<u>\$ (68,509)</u>	<u>\$ 28,657</u>
 <hr/> Fee Office Fund - Sheriff <hr/>				
Assets:				
Cash and investments	\$ 331	\$ 34,951	\$ (35,069)	\$ 213
Total assets	<u>\$ 331</u>	<u>\$ 34,951</u>	<u>\$ (35,069)</u>	<u>\$ 213</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 331	\$ 23,089	\$ (23,207)	\$ 213
Total liabilities	<u>\$ 331</u>	<u>\$ 23,089</u>	<u>\$ (23,207)</u>	<u>\$ 213</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2020
(in thousands of dollars)

	<u>Balance October 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2020</u>
Fee Office Fund - Community Supervision and Corrections				
Assets:				
Cash and investments	\$ 11,098	\$ 118,558	\$ (118,104)	\$ 11,552
Accrued interest and other receivable	<u>1</u>	<u>4</u>	<u>(4)</u>	<u>1</u>
Total assets	<u>\$ 11,099</u>	<u>\$ 118,562</u>	<u>\$ (118,108)</u>	<u>\$ 11,553</u>
Liabilities:				
Due to other governmental units and others - fee office	<u>\$ 11,099</u>	<u>\$ 36,592</u>	<u>\$ (36,138)</u>	<u>\$ 11,553</u>
Total liabilities	<u>\$ 11,099</u>	<u>\$ 36,592</u>	<u>\$ (36,138)</u>	<u>\$ 11,553</u>
Fee Office Fund - Justices of the Peace				
Assets:				
Cash and investments	<u>\$ 1,740</u>	<u>\$ 604</u>	<u>\$ (625)</u>	<u>\$ 1,719</u>
Total assets	<u>\$ 1,740</u>	<u>\$ 604</u>	<u>\$ (625)</u>	<u>\$ 1,719</u>
Liabilities:				
Due to other governmental units and others - fee office	<u>\$ 1,740</u>	<u>\$ 669</u>	<u>\$ (690)</u>	<u>\$ 1,719</u>
Total liabilities	<u>\$ 1,740</u>	<u>\$ 669</u>	<u>\$ (690)</u>	<u>\$ 1,719</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2020
(in thousands of dollars)

	Balance October 1, 2019	Additions	Deductions	Balance September 30, 2020
Fee Office Fund - Constables				
Assets:				
Cash and investments	\$ 140	\$ 2,076	\$ (2,135)	\$ 81
Total assets	\$ 140	\$ 2,076	\$ (2,135)	\$ 81
Liabilities:				
Due to other governmental units and others - fee office	\$ 140	\$ 1,548	\$ (1,607)	\$ 81
Total liabilities	\$ 140	\$ 1,548	\$ (1,607)	\$ 81
Departmental Special Fund - Housing Finance Corporation - 1993 Refunding				
Assets:				
Cash and investments	\$ 66	\$ 14	\$ (7)	\$ 73
Total assets	\$ 66	\$ 14	\$ (7)	\$ 73
Liabilities:				
Due to other governmental units and others - departmental special	\$ 66	\$ 7	\$ -	\$ 73
Total liabilities	\$ 66	\$ 7	\$ -	\$ 73

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2020
(in thousands of dollars)

	<u>Balance October 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2020</u>
Departmental Special Fund - Juvenile Department Child Support				
Assets:				
Cash and investments	\$ 711	\$ 957	\$ (955)	\$ 713
Total assets	<u>\$ 711</u>	<u>\$ 957</u>	<u>\$ (955)</u>	<u>\$ 713</u>
Liabilities:				
Due to other governmental units and others - departmental special	711	497	(495)	713
Total liabilities	<u>\$ 711</u>	<u>\$ 497</u>	<u>\$ (495)</u>	<u>\$ 713</u>
Departmental Special Fund - Housing Finance Corporation - 1994 Refunding				
Assets:				
Cash and investments	\$ 1,014	\$ 23	\$ (12)	\$ 1,025
Total assets	<u>\$ 1,014</u>	<u>\$ 23</u>	<u>\$ (12)</u>	<u>\$ 1,025</u>
Liabilities:				
Due to other governmental units and others - departmental special	1,014	12	(1)	1,025
Total liabilities	<u>\$ 1,014</u>	<u>\$ 12</u>	<u>\$ (1)</u>	<u>\$ 1,025</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2020
(in thousands of dollars)

	<u>Balance October 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2020</u>
Departmental Special Fund - Community Supervision and Corrections Special				
Assets:				
Cash and investments	\$ 3,370	\$ 8,027	\$ (7,885)	\$ 3,512
Total assets	<u>\$ 3,370</u>	<u>\$ 8,027</u>	<u>\$ (7,885)</u>	<u>\$ 3,512</u>
Liabilities:				
Due to other governmental units and others - departmental special	\$ 3,370	\$ 5,697	\$ (5,555)	3,512
Total liabilities	<u>\$ 3,370</u>	<u>\$ 5,697</u>	<u>\$ (5,555)</u>	<u>\$ 3,512</u>
Departmental Special Fund - Youth Village				
Assets:				
Cash and investments	\$ 1	\$ -	\$ -	\$ 1
Total assets	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>
Liabilities:				
Due to other governmental units and others - departmental special	\$ 1	\$ -	\$ -	\$ 1
Total liabilities	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2020
(in thousands of dollars)

	<u>Balance October 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2020</u>
Departmental Special Fund - Tax Assessor - Collector				
Assets:				
Cash and investments	\$ 57,004	\$ 1,303,509	\$ (1,305,660)	\$ 54,853
Accrued interest receivable	<u>12</u>	<u>3</u>	<u>(12)</u>	<u>3</u>
Total assets	<u>\$ 57,016</u>	<u>\$ 1,303,512</u>	<u>\$ (1,305,672)</u>	<u>\$ 54,856</u>
Liabilities:				
Due to other governmental units and others - departmental special	<u>\$ 57,016</u>	<u>\$ 734,848</u>	<u>\$ (737,008)</u>	<u>\$ 54,856</u>
Total liabilities	<u>\$ 57,016</u>	<u>\$ 734,848</u>	<u>\$ (737,008)</u>	<u>\$ 54,856</u>
District Attorney Seized Funds - Police Agencies				
Assets:				
Cash and investments	<u>\$ 38</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 39</u>
Total assets	<u>\$ 38</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 39</u>
Liabilities:				
Due to other governmental units and others	<u>\$ 38</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 39</u>
Total liabilities	<u>\$ 38</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 39</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2020
(in thousands of dollars)

	<u>Balance October 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2020</u>
District Attorney Seized Funds - Attorney General				
Assets:				
Cash and investments	\$ 28	\$ 1	\$ (1)	\$ 28
Total assets	<u>\$ 28</u>	<u>\$ 1</u>	<u>\$ (1)</u>	<u>\$ 28</u>
Liabilities:				
Due to other governmental units and others	\$ 28	\$ 1	\$ (1)	\$ 28
Total liabilities	<u>\$ 28</u>	<u>\$ 1</u>	<u>\$ (1)</u>	<u>\$ 28</u>
 District Attorney Seized Funds - Gambling				
Assets:				
Cash and investments	\$ 61	\$ 1	\$ -	\$ 62
Total assets	<u>\$ 61</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 62</u>
Liabilities:				
Due to other governmental units and others	\$ 61	\$ 1	\$ -	\$ 62
Total liabilities	<u>\$ 61</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 62</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2020
(in thousands of dollars)

	<u>Balance October 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2020</u>
<hr/> District Attorney Seized Funds - Narcotics <hr/>				
Assets:				
Cash and investments	\$ 23	\$ 232	\$ (168)	\$ 87
Total assets	<u>\$ 23</u>	<u>\$ 232</u>	<u>\$ (168)</u>	<u>\$ 87</u>
Liabilities:				
Due to other governmental units and others	\$ 23	\$ 237	\$ (173)	\$ 87
Total liabilities	<u>\$ 23</u>	<u>\$ 237</u>	<u>\$ (173)</u>	<u>\$ 87</u>
<hr/> DCS - Administration <hr/>				
Assets:				
Cash and investments	\$ 14,900	\$ 75,672	\$ (76,098)	\$ 14,474
Total assets	<u>\$ 14,900</u>	<u>\$ 75,672</u>	<u>\$ (76,098)</u>	<u>\$ 14,474</u>
Liabilities:				
Due to other governmental units and others	\$ 14,900	\$ 102,313	\$ (102,739)	\$ 14,474
Total liabilities	<u>\$ 14,900</u>	<u>\$ 102,313</u>	<u>\$ (102,739)</u>	<u>\$ 14,474</u>

DALLAS COUNTY, TEXAS

Combining Statement of Changes in Fiduciary Assets and Liabilities

All Agency Funds

For the Year Ended September 30, 2020

(in thousands of dollars)

	Balance October 1, 2019	Additions	Deductions	Balance September 30, 2020
Assets:				
Cash and investments	\$ 167,767	\$ 1,881,599	\$ (1,876,513)	\$ 172,853
Accrued interest and other receivable	13	7	(16)	\$ 4
Assets held in escrow	<u>8,623</u>	<u>162</u>	<u>(1,389)</u>	<u>\$ 7,396</u>
Total assets	<u>\$ 176,403</u>	<u>\$ 1,881,768</u>	<u>\$ (1,877,918)</u>	<u>\$ 180,253</u>
Liabilities:				
Due to other governmental units and others	<u>\$ 176,403</u>	<u>\$ 1,169,798</u>	<u>\$ (1,165,948)</u>	<u>\$ 180,253</u>
Total liabilities	<u>\$ 176,403</u>	<u>\$ 1,169,798</u>	<u>\$ (1,165,948)</u>	<u>\$ 180,253</u>

STATISTICAL SECTION

(Unaudited)

STATISTICAL SECTION

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

Contents	Page
Financial Trends	150
These schedules contain trend information to aid in understanding how the County's financial performance and well-being have changed over time.	
Revenue Capacity	155
These schedules contain information to aid in assessing the County's most significant local revenue source – property tax.	
Debt Capacity	160
These schedules present information to aid in assessing the County's ability to issue additional debt in the future.	
Demographic and Economic Information	165
These schedules offer demographic and economic indicators to aid in understanding the environment within which the County's financial activities take place.	
Operating Information	167
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.	

Table 1

DALLAS COUNTY, TEXAS
 Net Position of Primary Government
 Last Ten Fiscal Years
 (accrual basis of accounting)
 (in thousands of dollars)
 (unaudited)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 455,452	\$ 454,302	\$ 496,797	\$ 511,162	\$ 536,199	\$ 559,389	\$ 581,267	\$ 607,806	\$ 654,323	\$ 683,253
Restricted	66,840	78,434	81,686	76,172	78,822	87,072	87,893	107,194	112,738	115,265
Unrestricted	41,628	30,807	(32,000)	(50,551)	(93,878)	(126,204)	(190,639)	(105,235)	(135,953)	(123,646)
Total governmental activities net position	\$ 563,920	\$ 563,543	\$ 546,483	\$ 536,783	\$ 521,143	\$ 520,257	\$ 478,521	\$ 609,765	\$ 631,108	\$ 674,872

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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 137,867	\$ 149,009	\$ 156,248	\$ 152,854	\$ 144,978	\$ 168,648	\$ 192,894	\$ 121,734	\$ 149,704	\$ 151,512
Judicial	138,104	133,061	147,927	156,170	153,781	179,924	193,293	203,030	215,018	199,758
Public Safety	233,243	222,386	236,798	238,937	240,701	275,315	305,656	314,959	346,225	345,599
Highways and Streets	21,195	27,349	23,756	25,894	25,404	25,378	24,927	44,619	35,959	35,268
Health	53,264	50,924	48,216	49,190	54,826	55,674	63,496	60,760	71,518	105,794
Education	9,994	9,340	9,009	8,158	7,618	6,879	7,819	8,086	8,725	8,591
Public Welfare	97,261	76,449	70,960	68,769	73,541	72,374	76,760	66,980	73,438	164,493
Libraries	-	-	-	-	-	-	-	-	-	-
Interest on long term debt	5,189	4,681	3,683	3,400	2,459	2,757	4,476	5,026	7,166	7,653
Total primary government expenses	\$ 696,117	\$ 673,199	\$ 696,597	\$ 703,372	\$ 703,308	\$ 786,949	\$ 869,321	\$ 825,194	\$ 907,753	\$ 1,018,668
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 47,054	\$ 44,792	\$ 50,236	\$ 50,306	\$ 53,390	\$ 44,338	\$ 57,254	\$ 48,066	\$ 53,561	\$ 46,362
Judicial	43,797	44,746	46,204	42,780	39,802	53,533	53,506	54,042	50,389	45,268
Public Safety	23,527	22,422	24,490	24,267	22,822	24,869	30,363	24,991	29,336	28,787
Highways and Streets (1)	27,340	26,511	25,193	26,494	26,619	25,425	26,200	25,630	27,684	23,120
Health	7,882	6,138	7,483	6,585	7,396	7,028	7,899	8,262	8,684	9,204
Public Welfare	1,499	1,237	1,269	1,122	1,079	7,626	6,625	9,738	6,954	6,151
Operating grants and contributions										
General government	947	971	-	-	387	-	-	-	-	-
Judicial	16,198	13,309	11,825	13,595	14,162	2,732	2,817	4,987	5,187	5,825
Public Safety	10,835	8,875	11,204	11,841	12,594	20,754	20,807	17,894	19,642	18,860
Health	32,894	32,932	30,037	29,716	33,613	37,985	28,412	34,470	39,734	87,417
Education	12,042	10,165	9,199	7,938	7,718	6,920	6,907	8,108	7,771	7,600
Public Welfare	89,732	67,718	63,191	58,330	71,255	61,037	60,932	55,364	59,328	152,156
Capital grants and contributions:										
Judicial	257	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
Public Welfare	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	\$ 314,004	\$ 279,816	\$ 280,331	\$ 272,974	\$ 290,837	\$ 292,247	\$ 301,722	\$ 291,552	\$ 308,270	\$ 430,750
Total net (expense) revenue	\$ (382,113)	\$ (393,383)	\$ (416,266)	\$ (430,398)	\$ (412,471)	\$ (494,702)	\$ (567,599)	\$ (533,642)	\$ (599,483)	\$ (587,918)
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 371,618	\$ 366,998	\$ 370,052	\$ 384,097	\$ 407,431	\$ 436,426	\$ 476,351	\$ 509,444	\$ 552,091	\$ 596,936
Alcoholic beverage taxes (1)	19,953	21,300	25,961	32,943	37,708	40,062	41,873	42,226	43,565	39,287
Unrestricted grants and contributions	6,758	1,392	2,115	1,622	2,092	7,430	2,388	2,252	2,494	3,598
Investment earnings	4,258	3,259	1,078	2,036	2,973	2,945	5,251	10,159	22,676	7,677
Gain (Loss) on Sale	-	-	-	-	-	-	-	2,181	-	-
Insurable gain, net of insurance proceeds	2,850	57	-	-	-	-	-	-	-	-
Donated Capital Asset	-	-	-	-	-	6,953	-	-	-	-
Special Item	-	-	-	-	-	-	-	-	-	(15,816)
Total primary government	\$ 405,437	\$ 393,006	\$ 399,206	\$ 420,698	\$ 450,204	\$ 493,816	\$ 525,863	\$ 566,262	\$ 620,826	\$ 631,682
Other activities:										
Insurable loss, net of insurance proceeds	-	-	-	-	-	-	-	-	-	-
Loss on retirement of capital assets	(804)	-	-	-	-	-	-	-	-	-
Interest paid - advance refunding	(733)	-	-	-	-	-	-	-	-	-
Total other expenses	\$ (1,537)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Position										
Governmental activities	\$ 21,787	\$ (377)	\$ (17,060)	\$ (9,700)	\$ 37,733	\$ (886)	\$ (41,736)	\$ 32,620	\$ 21,343	\$ 43,764
Total primary government	\$ 21,787	\$ (377)	\$ (17,060)	\$ (9,700)	\$ 37,733	\$ (886)	\$ (41,736)	\$ 32,620	\$ 21,343	\$ 43,764

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

	<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>	<u>2020</u>
Property Taxes	\$ 371,618	\$ 366,998	\$ 370,052	\$ 384,097	\$ 407,431	\$ 436,426	\$476,351	\$509,444	\$552,091	\$ 596,936
Alcoholic beverage / other taxes	19,953	21,300	25,961	32,943	37,708	40,062	41,873	42,226	43,565	39,287
Total Taxes	<u>\$ 391,571</u>	<u>\$ 388,298</u>	<u>\$ 396,013</u>	<u>\$ 417,040</u>	<u>\$ 445,139</u>	<u>\$ 476,488</u>	<u>\$518,224</u>	<u>\$551,670</u>	<u>\$595,656</u>	<u>\$ 636,223</u>

Source: Dallas County Financial Records

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

Table 4

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund (GASB 54)										
Nonspendable	\$ 3,562	\$ 3,366	\$ 3,794	\$ 3,120	\$ 3,160	\$ 3,995	\$ 5,126	\$ 4,064	\$ 4,020	\$ 5,266
Assigned	7,871	7,778	6,786	6,537	6,237	12,255	10,061	10,432	14,835	13,600
Unassigned	56,700	78,044	80,371	75,533	73,023	57,522	33,826	35,563	30,180	43,560
Total General Fund	<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>	<u>\$ 62,426</u>
All Other Governmental Funds (GASB 54)										
Nonspendable	\$ 282	\$ 208	\$ 283	\$ 219	\$ 425	\$ 2,287	\$ 3,389	\$ 7,436	\$ 11,575	\$ 16,304
Restricted	108,201	108,777	129,988	91,947	90,010	293,504	276,287	269,703	217,749	164,790
Committed	166,590	173,340	175,582	186,661	215,245	245,943	279,075	285,134	298,984	299,214
Total all other governmental funds	<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>	<u>\$ 480,308</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.

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Property taxes	\$ 372,074	\$ 367,478	\$ 371,263	\$ 383,772	\$ 407,712	\$ 436,192	\$ 475,867	\$ 509,422	\$ 555,198	\$ 597,853
Licenses and permits (2)	33,520	36,009	39,154	42,191	43,716	46,558	47,200	46,661	47,474	46,078
Fines and forfeitures	17,732	16,206	14,151	13,061	11,106	9,473	10,280	8,659	7,320	5,752
Investment income and rental revenues	7,017	6,221	4,269	5,947	7,788	7,558	9,569	14,774	27,486	11,801
Intergovernmental revenues	145,937	120,670	125,820	114,511	125,783	133,226	137,222	138,637	142,332	282,173
Charges for current services (2)	123,235	115,139	117,558	125,497	131,988	128,935	124,854	133,565	132,157	125,082
Miscellaneous revenues	17,035	11,275	11,241	10,350	13,352	17,521	16,199	20,120	19,995	12,405
Total revenues	716,550	672,998	683,456	695,329	741,445	779,463	821,191	871,838	931,962	1,081,144
Expenditures										
General government and judicial	233,904	223,855	242,869	249,064	255,361	272,284	295,662	298,659	318,179	332,882
Public safety	222,489	213,771	225,436	233,675	239,729	262,171	284,174	295,887	308,740	328,686
Highways and streets	20,152	26,790	23,244	24,646	25,963	25,267	24,914	43,709	35,434	35,394
Health	52,967	50,829	48,154	49,058	54,964	54,927	62,247	59,524	68,883	104,871
Public welfare	96,448	75,603	70,475	67,898	73,128	71,024	75,417	65,874	71,850	163,742
Libraries	-	-	-	-	-	-	-	-	-	-
Education	10,065	9,224	8,888	8,021	7,628	6,523	7,381	7,698	8,049	8,436
Capital outlay (1)	11,394	15,188	54,018	64,788	29,985	31,670	41,119	108,663	150,542	110,171
Debt service										
Principal	18,190	22,780	20,075	25,080	25,840	24,645	28,435	28,751	26,423	28,854
Interest	5,284	6,708	5,383	5,886	4,937	4,724	9,582	10,220	11,657	11,549
Total expenditures (a)	670,893	644,748	698,542	728,116	717,535	753,235	828,931	918,985	999,757	1,124,585
Excess of revenues over (under) expenditures	45,657	28,250	(15,086)	(32,787)	23,910	26,228	(7,740)	(47,147)	(67,795)	(43,441)
Other financing sources (uses)										
Transfers in	49,046	47,154	40,841	42,101	38,941	32,777	36,259	28,185	40,213	58,784
Transfers (out)	(49,046)	(47,154)	(40,841)	(42,101)	(38,941)	(32,777)	(36,259)	(28,185)	(40,213)	(58,784)
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	8,832
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	-	-	-	-	-	-	-	-	-	-
Insurance proceeds	4,258	57	-	-	-	-	-	-	-	-
Total other financing sources (uses)	49,953	57	40,377	-	173	201,178	-	51,715	32,805	8,832
Net change in fund balance	\$ 95,610	\$ 28,307	\$ 25,291	\$ (32,787)	\$ 24,083	\$ 227,406	\$ (7,740)	\$ 4,568	\$ (34,990)	\$ (34,609)
Sum of expenditures (a)	670,893	644,748	698,542	728,116	717,535	753,235	828,931	918,985	999,757	1,124,585
Less: Expenditures capitalized for government-wide statement of net position. (1)	(14,007)	(18,988)	(55,629)	(62,464)	(33,716)	(53,312)	(38,210)	(102,747)	(133,357)	(96,442)
Non-capital expenditures	\$ 656,886	\$ 625,760	\$ 642,913	\$ 665,652	\$ 683,819	\$ 699,923	\$ 790,721	\$ 816,238	\$ 866,400	\$ 1,028,143
Debt service as a percentage of non-capital expenditures	3.6%	4.7%	4.0%	4.7%	4.5%	4.2%	4.8%	4.8%	4.4%	3.9%

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. Expenditures capitalized for governmentwide financials are less than amounts included in Capital Outlay because some amounts do not meet the County's capitalization threshold.
- (2) 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)		
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%
2020	308,504,346	325,903,891	41,897,149	41,897,149	350,401,495	367,801,040	0.23974	95.27%

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 greater than 70%.

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

Note (3) Effective January 1, 2008 the Dallas County Commissioners Court approved a 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

Tax Year	General Fund	Major Technology Fund	Permanent Improvement Fund	Major Capital Development Fund	Debt Service Funds	Total Primary Government	Component Unit	Total Reporting Entity
Rates (1)								
2011	\$ 0.18370	\$ 0.0126	\$ 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
2020	0.16914	0.01933	0.00180	0.04116	0.00831	0.23974	0.26610	0.50584

Tax levies (1)
(in thousands of dollars)

2011	284,368	19,505	2,786	48,298	21,362	376,319 (a)	422,501	798,820
2012	286,951	21,361	2,827	46,961	23,716	381,816 (b)	428,355	810,171
2013	288,053	22,240	2,943	52,067	32,231	397,534 (c)	454,275	851,809
2014	306,407	23,657	3,131	59,229	30,441	422,865 (d)	502,058	924,923
2015	324,639	29,081	3,355	67,575	28,521	453,171 (e)	541,282	994,453
2016	353,896	35,420	3,679	62,767	41,102	496,864 (f)	582,178	1,079,042
2017	377,435	37,776	3,924	73,503	37,275	529,913 (g)	623,342	1,153,255
2018	408,197	46,103	4,293	94,113	27,094	579,800 (h)	683,317	1,263,117
2019	437,130	49,370	4,597	105,126	24,672	620,896 (i)	708,080	1,328,975
2020	432,806	49,463	4,606	105,323	21,264	613,461 (j)	702,644	1,316,106

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

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

- (a) \$ 2.7 million
- (b) \$ 2.9 million
- (c) \$ 3.1 million
- (d) \$ 4.6 million
- (e) \$ 5.5 million
- (f) \$7.1 million
- (g) \$9.6 million
- (h) \$12.2 million
- (i) \$13.9 million
- (j) \$14.26 million

Note (2) Legal Limitation

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

Taxes due: October 1

Taxes delinquent: February 1 year following levy

Tax lien and assessment date: January 1 year of levy

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

Delinquent tax penalty and interest:

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

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

Table 8

Name	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Dallas County	\$ 0.24310	\$ 0.24310	\$ 0.24310	\$ 0.24310	\$ 0.24310	\$ 0.24310	\$ 0.24310	\$ 0.24310	\$ 0.24310	\$ 0.23974
Dallas County Schools	0.01000	0.00994	0.01000	0.01000	0.01000	0.00927	0.01	0.01	0.01	0.01
Dallas County Hospital Dist.	0.27100	0.27100	0.27600	0.28600	0.28600	0.27940	0.27940	0.27940	0.27940	0.26610
Dallas County Community College District	0.09967	0.11938	0.12470	0.12478	0.12365	0.12293	0.12423	0.12400	0.12400	0.12400
School Districts										
Carrollton-Farmers Branch	1.35680	1.33060	1.32350	1.30330	1.28170	1.39170	1.38100	1.37000	1.37000	1.25470
Cedar Hill	1.44000	1.44000	1.52500	1.52500	1.52500	1.51600	1.51600	1.37600	1.37600	1.28330
Coppell	1.42420	1.41880	1.43240	1.44900	1.43900	1.49270	1.47770	1.46050	1.46050	1.31000
Dallas	1.29035	1.29035	1.28209	1.28209	1.28209	1.28209	1.28209	1.41204	1.41204	1.29674
DeSoto	1.44000	1.44000	1.49000	1.47000	1.46000	1.46000	1.49000	1.49000	1.49000	1.52909
Duncanville	1.41800	1.43000	1.41000	1.41000	1.52950	1.52148	1.52148	1.52000	1.52000	1.36760
Ferris	1.30630	1.31000	1.31000	1.32500	1.35500	1.35500	1.38730	1.51730	1.51730	1.31380
Garland	1.25330	1.25330	1.25330	1.25330	1.35330	1.46000	1.46000	1.46000	1.46000	1.25630
Grand Prairie	1.46500	1.46500	1.46500	1.46500	1.59500	1.59500	1.59500	1.59500	1.59500	1.50970
Grapevine-Colleyville	1.31000	1.32010	1.32010	1.32010	1.32010	1.39670	1.39670	1.39670	1.39670	1.30310
Highland Park	1.13420	1.13420	1.12670	1.11810	1.11190	1.15270	1.20320	1.23550	1.23550	1.15190
Irving	1.46500	1.46500	1.46500	1.43500	1.44500	1.44500	1.43140	1.40110	1.40110	1.27510
Lancaster	1.41270	1.41800	1.41800	1.37012	1.54000	1.54000	1.54000	1.53000	1.53000	1.49990
Mesquite	1.42000	1.42000	1.41000	1.41000	1.41000	1.46000	1.46000	1.52000	1.52000	1.44640
Richardson	1.34005	1.34005	1.34005	1.34005	1.34005	1.39005	1.39005	1.52000	1.52000	1.40470
Sunnyvale	1.41000	1.41000	1.41000	1.41000	1.41000	1.42600	1.52000	1.52000	1.52000	1.38920
Special Districts										
Dallas County FCD #1	2.90000	3.05000	2.75000	2.75000	2.65000	2.25000	2.00000	1.80000	1.80000	1.40000
Dallas County URD	2.12200	1.84000	1.79100	1.98300	1.59000	1.29500	1.24900	1.11130	1.11130	0.93700
Denton County LID #1**	0.16350	0.20700	0.18500	0.18500	0.18500	0.18400	0.18300	0.18200	0.18200	0.18200
Denton County RUD #1***	0.11000	0.01000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Grand Prairie Metro URD	2.06500	0.60000	0.60000	0.60000	0.60000	0.60000	0.60000	0.60000	0.60000	0.60000
Irving FCD, Section I	0.43000	0.46530	0.50000	0.50470	0.52000	0.45300	0.44600	0.45500	0.45500	0.50600
Irving FCD, Section III	0.13400	0.13900	0.14210	0.14410	0.12800	0.12500	0.12500	0.12500	0.12500	0.12360
Lancaster MUD #1	1.06000	1.06000	1.06000	1.06000	1.06000	1.06000	1.00000	1.00000	1.00000	0.95000
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	0.29000	0.27000	0.27000	0.25000	0.22000	0.20000	0.20000	0.18000
Cities and Towns										
Addison	0.58000	0.58000	0.57180	0.56180	0.57915	0.56047	0.55000	0.55000	0.55000	0.60868
Bach Springs	0.78000	0.80300	0.77000	0.80300	0.80300	0.80300	0.80300	0.80300	0.80300	0.80300
Carrollton	0.61788	0.61788	0.61788	0.61538	0.61288	0.60370	0.59970	0.59497	0.59497	0.58750
Cedar Hill	0.68588	0.69569	0.69876	0.69876	0.69876	0.69876	0.69876	0.69703	0.69703	0.68810
Cockrell Hill	0.81109	0.82315	0.81191	0.81166	1.13244	1.11941	1.05883	0.98895	0.98895	0.85057
Combine**	0.23000	0.25000	0.27000	0.29000	0.31000	0.33000	0.35000	0.35000	0.35000	0.35000
Coppell	0.69046	0.67046	0.63750	0.60649	0.58400	0.57950	0.57950	0.56950	0.56950	0.58000
Dallas	0.79700	0.79700	0.79700	0.79700	0.79700	0.78250	0.78040	0.77670	0.77670	0.77630
Desoto	0.75740	0.75740	0.75740	0.75740	0.74990	0.74490	0.73990	0.72139	0.72139	0.70155
Duncanville	0.73769	0.73769	0.75845	0.75845	0.75845	0.75845	0.75845	0.74845	0.74845	0.71685
Farmers Branch	0.52950	0.52950	0.55310	0.60227	0.60227	0.60227	0.59951	0.59951	0.59951	0.58900
Ferris**	0.68713	0.68713	0.68713	0.68713	0.68713	0.68713	0.68713	0.68713	0.68713	0.60860
Garland	0.70460	0.70460	0.70460	0.70460	0.70460	0.70460	0.70460	0.70460	0.70460	0.76960
Glenn Heights	0.79500	0.79500	0.79500	0.79500	0.79340	0.93553	0.88543	0.87918	0.87918	0.80443
Grand Prairie	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000
Grapevine**	0.34800	0.34570	0.34250	0.33244	0.32844	0.28927	0.28927	0.28927	0.28927	0.28260
Highland Park	0.22000	0.22000	0.22000	0.22000	0.22000	0.22000	0.22000	0.22000	0.22000	0.23000
Hutchins	0.60672	0.66091	0.69091	0.71091	0.68246	0.68246	0.68246	0.68246	0.68246	0.68246
Irving	0.59860	0.59860	0.59860	0.59410	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	0.81974
Lewisville**	0.44021	0.44021	0.44021	0.43609	0.43609	0.43609	0.43609	0.43609	0.43609	0.44330
Mesquite	0.64000	0.64000	0.64000	0.64000	0.64000	0.68700	0.68700	0.73400	0.73400	0.70862
Ovilla**	0.66380	0.66750	0.67190	0.67190	0.70000	0.70000	0.68040	0.66000	0.66000	0.66000
Richardson	0.63516	0.63516	0.63516	0.63516	0.63516	0.62516	0.62516	0.62516	0.62516	0.62516
Rowlett	0.74717	0.74717	0.74717	0.78717	0.78717	0.78173	0.77717	0.75717	0.75717	0.74500
Sachse	0.77082	0.77082	0.77082	0.77082	0.75728	0.75728	0.74728	0.72000	0.72000	0.72000
Seagoville	0.69085	0.69085	0.71379	0.71380	0.71380	0.74380	0.74380	0.74380	0.74380	0.78880
Sunnyvale	0.40796	0.40796	0.40796	0.40796	0.40796	0.40796	0.41309	0.41290	0.41290	0.45670
University Park	0.27845	0.27845	0.27432	0.26979	0.25893	0.24876	0.24876	0.24538	0.24538	0.26475
Wilmer	0.40000	0.36682	0.38944	0.43660	0.47660	0.50300	0.50300	0.51290	0.51290	0.56290
Wylie**	0.89890	0.88890	0.88390	0.87890	0.86890	0.84890	0.78100	0.72585	0.72585	0.67198

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, 2020
(in thousands of dollars)
(unaudited)

Table 9

Name of Taxpayer	Nature of Business	2020			2011		
		Total Assessed Valuation	Rank	Percent of Dallas County Assessed Valuation (1)	Total Assessed Valuation	Rank	Percent of Dallas County Assessed Valuation (2)
Oncor Electric Delivery	Electric Utility	\$ 1,852,579	1	0.53 %	\$ 1,244,176	2	0.72 %
AT&T Mobility LLC	Telephone Utility	998,133	2	0.28 %	1,277,150	1	0.73 %
NorthPark Land Partners	Real Estate	740,206	3	0.21 %	536,260	6	0.31 %
Atmos Energy	Electric	739,796	4	0.21 %			
Wal-Mart Stores Inc.	Retail	731,106	5	0.21 %	605,196	5	0.35 %
Texas Instruments	Electronics	707,863	6	0.20 %	712,477	3	0.41 %
Southwest Airlines Co.	Airline	653,948	7	0.19 %	420,792	8	0.24 %
FM Village Fixed Rate LLC	Real Estate	565,934	8	0.16 %	—	—	— %
PPF AMLI 1400 HI LINE DR LP	Real Estate	554,965	9	0.16 %	—	—	— %
Post Apartment Homes LP	Real Estate	542,296	10	0.15 %	—	—	— %
SP Millenium Center LP	Real Estate	—		— %	385,595	9	0.22 %
YPI Thanksgiving Tower	Real Estate	—		— %	332,131	10	0.19 %
Verizon	Telephone Utility	—		— %	476,426	7	0.27 %
Crescent Real Estate Group	Real Estate	—		— %	645,301	4	0.37 %
Total		\$ 8,086,826		2.31 %	\$ 6,635,504		3.82 %

Notes:

1. Prior to 2020 Dallas County assessed value includes only real property.
2. Appraisal roll excludes property under protest.

Source: Dallas County Tax Assessor-Collector.

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

Table 10

<u>Year</u>	<u>Tax Levies (f)(g)</u>	<u>Collections of Current Tax Levy During Fiscal Period (a)</u>	<u>Percentage of Collected During Fiscal Period (a)</u>	<u>Collections of Delinquent Tax During Fiscal Period (b)</u>	<u>Total Collections (e)</u>	<u>Percentage of Total Collections to Tax Levies</u>
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 (c)	1,246,931	99.07 %	1,317	1,248,248	99.17 %
2019	1,328,975 (c)	1,320,541	99.37 %	276	1,320,817	99.39 %
2020	1,316,106 (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 2020 tax roll are incomplete until the end of the fiscal year, September 30, 2021
(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

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

Table 11

Year	Estimated Population (2)	Assessed Value	Bonded Debt (1)	Capital Leases	Total Debt	Bonded Debt and Capital Leases Percentage of Assessed Value	Bonded Debt and Capital Leases Percentage of Personal Income	Bonded Debt and Capital Leases Per Capita
2011	2,374	\$ 203,522,592	\$ 151,613	\$ -	\$ 151,613	0.07449 %	0.1362 %	\$ 64
2012	2,386	209,073,232	127,203	-	127,203	0.06084 %	0.1120 %	53
2013	2,454	216,026,474	146,138	-	146,138	0.06765 %	0.1264 %	60
2014	2,480	229,734,688	118,781	-	118,781	0.05170 %	0.1016 %	48
2015	2,519	247,462,168	90,517	-	90,517	0.03658 %	0.0778 %	36
2016	2,553	272,186,943	264,933	-	264,933	0.09733 %	0.2243 %	104
2017	2,618	291,907,853	230,874	-	230,874	0.07909 %	0.1908 %	88
2018	2,638	321,188,324	198,567	50,244	248,811	0.07747 %	0.1997 %	94
2019	2,638	349,884,694	173,431	77,396	250,827	0.07169 %	0.1971 %	95
2020	2,636 (3)	367,801,040	148,618	78,424	227,042	0.06173 %	0.1774 %	86

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 including premiums.

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

(3) US Census Bureau population Estimated (<http://quickfacts.census.gov>). 2020 US Census Bureau population estimate not available, 2019 U.S. Census Bureau population used. (<http://quickfacts.census.gov>).

DALLAS COUNTY, TEXAS

Table 12

Computation of Direct and Overlapping Bonded Debt
September 30, 2020
(in thousands of dollars)
(unaudited)

Name	Indebtedness as of	Direct Debt	Percentage of Debt Applicable to Dallas County	Dallas County's Share of Debt
Dallas County	9/30/2020	\$ 227,043	100.00%	\$ 227,043
Total direct		\$ 227,043		\$ 227,043
Overlapping Debt:				
Intermediate educational agency:				
Dallas County Schools	9/30/2020	\$ 27,204	100.00%	\$ 27,204
Independent school districts:				
Carrollton-Farmers Branch	9/30/2020	198,810	81.62%	162,269
Cedar Hill	9/30/2020	102,473	100.00%	102,473
Coppell	9/30/2020	367,611	100.00%	367,611
Dallas	9/30/2020	3,110,910	100.00%	3,110,910
Desoto	9/30/2020	131,373	100.00%	131,373
Duncanville	9/30/2020	197,615	100.00%	197,615
Ferris	9/30/2020	30,040	6.15%	1,847
Garland	9/30/2020	511,020	100.00%	511,020
Grand Prairie	9/30/2020	452,125	100.00%	452,125
Grapevine-Colleyville	9/30/2020	399,400	2.24%	8,947
Highland Park	9/30/2020	363,035	100.00%	363,035
Irving	9/30/2020	376,200	100.00%	376,200
Lancaster	9/30/2020	195,737	100.00%	195,737
Mesquite	9/30/2020	748,269	100.00%	748,269
Richardson	9/30/2020	569,961	100.00%	569,961
Sunnyvale	9/30/2020	92,988	100.00%	92,988
Total intermediate educational agency		\$ 7,874,771		\$ 7,419,584
Special districts:				
Dallas County FCD #1	9/30/2020	22,050	100.00%	22,050
Dallas County Community College	9/30/2020	135,375	100.00%	135,375
Dallas County Hospital District	9/30/2020	622,000	100.00%	622,000
Dallas County Utility & Reclamation Dist.	9/30/2020	169,355	100.00%	169,355
Denton County LID #1	9/30/2020	6,675	4.99%	333
Irving FCD, Section I	9/30/2020	4,400	100.00%	4,400
Lancaster MUD #1	9/30/2020	9,630	100.00%	9,630
Northwest Dallas Co FCD	9/30/2020	13,330	100.00%	13,330
Valwood Improvement Authority	9/30/2020	13,165	100.00%	13,165
Water Control and Imp. District No. 6	9/30/2020	5,820	100.00%	5,820
Total special districts		\$ 1,001,800		\$ 995,458

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 \$148,618 and capital leases total \$78,425.

DALLAS COUNTY, TEXAS
Direct and Overlapping Bonded Debt
September 30, 2020
(in thousands of dollars)
(unaudited)

Table 12-2

<u>Name</u>	<u>Indebtedness as of</u>	<u>Gross Debt Less Sinking Funds</u>	<u>Percentage of Debt Applicable to Dallas County</u>	<u>Dallas County's Share of Debt</u>
Overlapping Debt (Continued):				
Cities and towns:				
Addison	9/30/2020	\$ 118,065	100.00%	\$ 118,065
Balch Springs	9/30/2020	13,750	100.00%	13,750
Carrollton	9/30/2020	177,945	44.07%	78,420
Cedar Hill	9/30/2020	99,050	97.23%	96,306
Cockrell Hill	9/30/2020	4,835	100.00%	4,835
Combine	9/30/2020	1,608	10.13%	163
Coppell	9/30/2020	111,560	97.78%	109,083
Dallas	9/30/2020	1,943,620	94.63%	1,839,248
Desoto	9/30/2020	67,870	100.00%	67,870
Duncanville	9/30/2020	23,375	100.00%	23,375
Farmers Branch	9/30/2020	57,670	100.00%	57,670
Ferris	9/30/2020	3,885	8.48%	329
Garland	9/30/2020	294,895	98.25%	289,734
Glenn Heights	9/30/2020	14,425	68.27%	9,848
Grand Prairie	9/30/2020	301,605	48.44%	146,097
Grapevine	9/30/2020	147,520	2.51%	3,703
Hutchins	9/30/2020	18,123	100.00%	18,123
Irving	9/30/2020	439,375	100.00%	439,375
Lancaster	9/30/2020	71,685	100.00%	71,685
Lewisville	9/30/2020	111,270	0.76%	846
Mesquite	9/30/2020	189,695	98.81%	187,438
Ovilla	9/30/2020	3,855	7.58%	292
Richardson	9/30/2020	308,360	64.74%	199,632
Rowlett	9/30/2020	109,690	85.65%	93,949
Sachse	9/30/2020	50,700	58.87%	29,847
Seagoville	9/30/2020	11,955	99.35%	11,877
Sunnyvale	9/30/2020	27,300	100.00%	27,300
Wilmer	9/30/2020	6,010	100.00%	6,010
Wylie	9/30/2020	76,870	1.50%	1,153
Total cities and towns		<u>\$ 4,806,566</u>		<u>\$ 3,946,023</u>
Total Overlapping		<u>\$ 13,683,137</u>		<u>\$ 12,361,065</u>
Total Direct and Overlapping		<u>\$ 13,910,180</u>		<u>\$ 12,588,108</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.

Table 13

DALLAS COUNTY, TEXAS
Legal Debt Margin - Primary Government
Last Ten Fiscal Years

(in thousands of dollars)
(unaudited)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit (Article 3, Section 52 of the Texas Constitution)	\$ 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	\$ 77,114,475 (1)
Total net debt applicable to limit	\$ 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	\$ 77,114,475
Legal debt margin	0.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total net debt applicable to the limit as a percentage of debt limit										
Debt Limit (Under Texas General Law)	\$ 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	\$ 17,517,753 (2)
Total net debt applicable to limit	\$ 141,966	\$ 117,884	\$ 133,610	\$ 107,451	\$ 82,039	\$ 225,927	\$ 194,457	\$ 191,100	\$ 164,902	\$ 143,342
Legal debt margin	\$ 9,996,684	\$ 10,213,746	\$ 10,628,790	\$ 11,355,194	\$ 12,257,931	\$ 13,354,684	\$ 14,282,516	\$ 15,771,829	\$ 17,134,093	\$ 17,374,411
Total net debt applicable to the limit as a percentage of debt limit	1.40%	1.14%	1.24%	0.94%	0.66%	1.66%	1.34%	1.20%	0.95%	0.82%

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed valuation of real property*
Assessed valuation of all taxable property*

Bonds issued under Article 3, Section 52b of the

Texas Constitution:

Debt limit, one-fourth of real property assessed valuation

Bonded debt

Less: debt service funds - appropriation for

future debt payments

Total amount of debt applicable to debt limit

Legal debt margin, bonds issued under Article 3, section 52b,

of the Texas Constitution

Bonds issued under Texas General Laws:

Debt limit, five percent of assessed valuation of all

taxable property

Amount of debt applied to debt limit:

Bonded debt

Less: debt service funds - appropriation for

future debt payments

Total amount of debt applicable to debt limit

Legal debt margin, bonds issued under Texas General Laws

\$ 308,457,902
\$ 350,355,051

77,114,475 (1)

\$ 77,114,475

17,517,753 (2)

(148,618)

5,276

(143,342)

\$ 17,374,411

Real Property **Real and Personal**
308,504,346 \$ 350,401,495
(46,444) (46,444)
308,457,902 \$ 350,355,051

(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."

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

Table 14

Tax and Parking Garage Revenue Bonds							
Debt Service							
Fiscal Year (1)	Total Resources	Less: Operating Expenses (1)	Net Available Revenue	Principal	Interest	Total	Coverage (2)
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 %
2020 (5)	1,099	257	842	11,190	6,380	17,570	0.05 %

(1) Operating 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 paid in full FY 2014.

(5) On September 15, 2016, the County issued debt for which net revenues of \$1 from certain parking operations are pledged.

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

Table 15

Year	Population (1)	Personal Income (in millions of dollars) (2)	Wage Mean (3)	Median Age (4)	School Enrollment (5)	Unemployment Rate (6)
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
2020	2,635,516	127,963	53,800	33.7	145,113	8.1

Source:

- 1) The North Texas Commission was used for population estimate for all years except in 2014. (ntc-dfv.org/ntpopopest.html) For years 2014-2018, the US Census Bureau population figure was used. (<http://quickfacts.census.gov>)
- 2) Texas Workforce Commission LMI Tracer (www.texasindustryprofiles.com/apps/win/eds.php) was used for amounts through Fiscal Year 2012. For fiscal years 2013 and on, LWDA Wages figures are used. (www.texaswages.com)
- 3) U.S. Census Bureau - ACS Survey (factfinder.census.gov) for Dallas County, TX.
- 4) U.S. Census Bureau (factfinder.census.gov) for Dallas County, TX.
- 5) Dallas Independent School District Financial Report
- 6) U.S. Department of Labor (Bureau of Labor Statistics) for Dallas Counties and equivalents: Dallas County, Texas. (<http://www.bls.gov/lau/data.htm>)

DALLAS COUNTY, TEXAS

Principal Employers
September 30, 2020
(unaudited)

Table 16

2020					2011				
Company	Product	Employees	Rank	Percentage of Total County Employment	Company	Product	Employees	Rank	Percentage of Total County Employment
Wal-Mart	Retail	34,698	1	1.33 %	Wal-Mart Stores, Inc.	Retail	34,698	1	1.46 %
American Airlines Group	Airline, Technology	24,700	2	0.94 %	Texas Health Resource	Non-Profit Health Care	21,500	2	0.91 %
Bank of America	Financial Services	20,000	3	0.76 %	AMR Corporation	Airline, Technology and Management Services	20,684	3	0.87 %
Texas Health Resources	Non-profit Health Care	19,230	4	0.73 %	Dallas Public Schools	Public Independent School District	20,554	4	0.87 %
Dallas Independent School District	Public Independent School District	18,314	5	0.70 %	Bank of America	Financial Services	20,000	5	0.84 %
Baylor Health Care System	Health Care Provider	17,097	6	0.65 %	Baylor Health Care Systems	Health Care Provider	19,677	6	0.83 %
AT&T	Telecommunications	15,800	7	0.60 %	AT&T Inc.	Telecommunications	17,482	7	0.74 %
Lockheed Martin	Military Aircraft Design and Production	14,126	8	0.54 %	Lockheed Martin Aeronautics Co.	Military Aircraft Design and Production	14,902	8	0.63 %
JPMorgan Chase	Financial Services	13,500	9	0.52 %	City of Dallas	Municipality	13,427	9	0.57 %
UT Southwestern Medical Center	Health Care Provider	13,122	10	0.50 %	JPMorgan Chase	Financial Services	13,000	10	0.55 %
City of Dallas	Municipality	12,836	11	0.49 %	UT-Southwestern Medical Center	Health Care Provider	12,671	11	0.53 %
HCA North Texas Division	Health Care Provider	12,000	12	0.46 %	HCA North Texas Division	Health Care Provider	12,300	12	0.52 %
Fort Worth ISD	Educational Institution	10,129	13	0.38 %	Verizon Communications	Telecommunications Service Firm	11,000	13	0.46 %
Kroger Food Stores	Retail Grocery	10,097	14	0.39 %	United Parcel Service	Package Distribution Company	11,000	14	0.46 %
Texas Instruments	Electronics and Semiconductor	9,100	15	0.35 %	Raytheon Co.	Defense Systems & Electronics	9,900	15	0.42 %
Raytheon Co.	Defense Systems & Electronics	8,700	16	0.33 %	Kroger Food Stores	Retail Grocery	9,717	16	0.41 %
Target Corp	Retail	8,674	17	0.34 %	Dallas County Hospital Dist	Health Care to Dallas County	9,405	17	0.40 %
United Parcel Service	Package Distribution Company	8,555	18	0.32 %	Energy Future Holdings	Energy Provider	9,342	18	0.39 %
Parkland Health & Hospital Systems	Health Care Provider	8,134	19	0.31 %	Texas Instruments	Electronics and Semi-Conductor	8,900	19	0.37 %
J.C.Penney Co.	Retail	7,964	20	0.30 %	Dallas County Community College District	Higher Education Institution	7,230	20	0.30 %

Source: 2020 Dallas Business Journal Book of Lists

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

Table 17

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	648	660	671	681	695	722	738	732	757	784
Judicial										
Truancy	32	35	37	36	35	33	29	20	18	17
Courts	1,337	1,375	1,404	1,419	1,428	1,452	1,479	1,477	1,521	1,519
Public Safety										
Constable	136	114	115	111	109	114	121	113	112	111
Sheriff	2,231	2,201	2,200	2,210	2,144	2,231	2,188	1,915	1,859	2,044
Juvenile	673	666	669	661	659	640	674	640	667	639
Other	213	206	212	261	258	277	277	435	471	454
Highways and streets										
Road and Bridge	71	71	62	63	72	70	67	72	76	76
Public Works	62	56	57	53	57	60	63	64	59	59
Health	284	270	278	273	266	258	255	263	260	272
Education	136	129	116	107	101	109	115	115	115	114
Public Welfare	220	221	216	215	212	206	206	190	174	182
Total	6,043	6,004	6,037	6,090	6,036	6,172	6,212	6,036	6,089	6,271

Source: Dallas County Financial Records

- 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.
- 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.
- In 2020 budget approved 48 positions and 12 positions deleted.

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

Table 18

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assessor-Collector of Taxes:										
Budgeted employees	223	223	222	222	215	253	228	226	226	231
Ad valorem assessment notices issued	797,821	799,639	802,161	804,627	806,081	811,123	804,151	809,913	803,986	779,425
Motor vehicle registrations	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	2,033,904
Number of entity collection contracts	69	74	74	78	77	78	80	84	85	86
Constables:										
Budgeted employees	182	125	124	120	109	114	121	113	112	111
Civil process papers served	108,507	76,636	72,107	70,771	74,840	87,768	88,247	88,794	93,533	64,440
County Clerk (4):										
Budgeted employees	207	207	201	199	194	198	184	200	203	193
Marriage licenses	16,531	16,038	16,359	16,024	17,683	19,067	20,989	17,809	16,358	11,658
Civil suits	11,489	10,349	9,785	8,482	8,170	7,911	7,820	7,776	9,866	6,385
Probate cases	12,373	12,268	12,582	12,741	13,266	12,419	12,570	11,189	11,719	11,778
Criminal cases	59,390	57,296	58,240	43,853	46,369	42,974	45,440	41,501	44,265	23,683
District Clerk:										
Budgeted employees	254	249	257	260	241	243	243	230	211	207
Civil process cases	47,508	47,007	48,002	47,502	47,884	49,211	50,360	50,971	52,880	45,450
Criminal cases	23,556	23,130	23,131	23,214	25,262	22,994	23,326	17,814	23,486	19,638
Jurors	102,176	108,911	116,967	106,714	101,417	103,660	105,151	99,501	97,523	47,239
Justice of the Peace Courts:										
Budgeted employees	149	144	128	110	107	109	106	97	101	101
Cases	222,409	196,264	166,138	165,626	149,337	142,156	173,729	172,232	176,611	123,891
Sheriff:										
Budgeted employees	2,202	2,169	2,157	1,878	2,091	2,269	2,134	2,012	1,955	2,157
Daily average in county jail	6,494	6,018	6,028	6,127	5,808	5,334	5,277	5,010	4,921	5,339
Persons booked	91,696	85,001	82,537	74,337	69,988	67,822	82,972	64,847	62,639	47,738
Civil process papers served (5)	705	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Truancy Courts (1) :										
Budgeted employees	32	32	37	41	23	31	20	18	16	15
Cases Filed	48,871	36,673	35,127	30,604	30,216	30,216	15,708	14,502	24,602	16,977
County Treasurer										
Budgeted employees	14	14	14	14	14	15	15	15	15	15
Total Receipts (2) (3) (6)	\$ 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	4,282,578
Total Disbursements (2) (3) (6)	\$ 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	4,197,565
Investment Earnings (2)	\$ 5,224	\$ 5,166	\$ 2,805	\$ 2,603	\$ 3,478	\$ 4,093	\$ 7,232	\$ 13,163	\$ 18,847	9,543

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

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Number of buildings	22 (a)	22	23 (b)	23	22	22	23 (e)	23	23	22 (i)
Public Safety										
Number of buildings	9	9	9	9	6	6	6	6	5 (g)	5
Number of jails	4	4	4	4	4	4	4	4	4	4
Number of vehicles	756	718	709	691	688	687	683	681	730	728
Highways and streets										
Number of buildings	4	4	4	4	3 (f)	3	3	3	3	3
Streets (lane miles)	133	124	122 (c)	120	120	112	108	108	108	108
Number of bridges	32	28	26 (c)	26	26	26	26	26	26	26
Health										
Number of buildings	1	1	1	1	1	1	1	1	1	1
Public Welfare										
Number of buildings	2	2	2	2	2	2	2	2	2	2
Judicial										
Number of buildings	7	7	7	7	7	7	7	7	5 (h)	5
Number of Juvenile beds	618	618	618	618	714	714	714	714	702	702
Number of courts	71	71	71	71	70	71	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.
- (d) Not used
- (e) Building purchased for Auto Service Center.
- (f) Reduction due to the sale of Road & Bridge #1 building - 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.
- (i) Reduction due to the sale of the North Dallas Government Center 1/24/20.

