

DALLAS COUNTY

OFFICE OF BUDGET AND EVALUATION

December 10, 2001

TO: Commissioners Court, Elected Officials,
Employees and Citizens of Dallas County

FROM: Ryan Brown
Budget Officer

SUBJECT: **APPROVED FY2002 BUDGET**

INTRODUCTION

This document contains the approved operating and capital budgets for Dallas County's fiscal year which begins on October 1, 2001 and ends on September 30, 2002 (FY2002). The budget was approved unanimously by the Dallas County Commissioners Court on September 18, 2001, after a five-month budget process, during which County Department Heads, Elected Officials, and citizens presented their ideas and requests for analysis and discussion.

The purpose of this letter is to provide background on the budget process and to summarize the most significant decisions made by the Court during the FY2002 resource allocation process.

GENERAL STRUCTURE OF THE COUNTY'S BUDGET

Dallas County accounts for its financial resources through the use of "*funds*," each of which has a self-contained set of accounts and an ending balance which is carried forward to the subsequent year. The Operating Budget consists of 17 funds, although the most significant public service and financial decisions made by the Commissioners Court are embodied in the following six funds:

- **The General Fund** - accounts for the majority of all County revenues and most large expenditures related to the County's mission;
- **The Permanent Improvement Fund** - provides a dedicated funding source for maintenance of County infrastructures;
- **The Major Technology Fund** - provides a dedicated funding source for major information

C **The Major Capital Development Fund** - provides a dedicated funding source to transition Dallas County from a debt-dependent capital structure to a program of all cash financing of large projects;

C The Interest and Debt Fund - dedicated to repaying principal and interest on County debt;

C The Road and Bridge Fund - serves as the source of funding for County road projects and as a reserve for debt service on tax-exempt bonds issued for road projects;

Each of these funds except the Road and Bridge Fund receives a portion of the annual tax levied on all County property. The Road and Bridge Fund receives its funding from a vehicle license fee.

Table II-1 in Part II, “Trends and Summaries” of this document lists and describes all operating funds which are part of the operating budget process.

BASIS OF BUDGETING, ACCOUNTING, AND TAXATION

The County Auditor is by law the officer charged with maintaining the books of account of County government, and is functionally and organizationally independent of the Commissioners Court. The County Auditor provides revenue estimates and the budget must be balanced utilizing these estimates.

The County utilizes the modified accrual basis of accounting for financial reporting in accordance with generally accepted accounting principles. The Auditor’s revenue estimates count only cash expected to be actually received in the next fiscal year.

Encumbrance accounting is utilized for materials, goods and services documented by purchase orders or contracts. It has been the practice of the County to increase the subsequent year’s appropriation, but only if necessary, to complete these transactions. The approved annual budget, with amendments as approved by Commissioners Court, is the management control device utilized by the County.

All governmental bodies in Texas utilize the same tax cycle, as established by state law. Property tax bills must be mailed by October 1st and are based on a certified tax roll created by an independent Central Appraisal District and delivered to the County on the prior August 1st. Taxes are not delinquent until after the subsequent February 1st, with penalties accruing for late payment.

The County Auditor prepares a Comprehensive Annual Financial Report (CAFR) for each fiscal

year. Each CAFR shows expenditures on a GAAP basis and budget basis for comparison. The County's CAFR has been awarded the GFOA Certificate of Excellence in Financing Reporting for the last 19 years. This document, and the internal controls associated with the County's finance management, is subject to an annual independent audit.

One additional noteworthy budgeting technique should be understood by the reader of this document. The County provides full funding in each department's budget for all authorized staff positions and associated fringe benefits. This allows department managers to concentrate on service delivery rather than vacancy management. To avoid over-appropriation, an aggregate estimate of vacancy savings appears as a negative appropriation in a General Fund countywide account under the heading "Salary Lag." One effect of this technique is to make each year's personnel budget for a department *appear* larger than the previous year's actual spending, even if no personnel have been added to the department's budget.

FINANCIAL POLICIES

Dallas County has operated for many years with a set of financial policies that transcend a particular budget year. These policies are provided in their entirety in Part II "Trends and Summaries." Strict adherence to these policies is a key factor in the financial strength of the County, as evidenced by the County's long-standing AAA/Aaa bond ratings.

The most significant policy directives that mold the formulation of the annual budget are summarized below:

- The Budget Officer is required by policy to present the Commissioners Court with a balanced budget that contains a no-tax-increase assumption as a starting point for budget discussions. This "Baseline" budget must assume that the tax rate is adjusted downward to the "effective rate" which counteracts the revenue-enhancing effects of an increasing tax base.
- The budget, as presented by the Budget Officer, and as finally adopted, must contain a projected unencumbered cash ending balance which is no less than 10.5% of budgeted expenditures.
- The budget as presented, and as finally adopted, may utilize a drawdown of beginning balance only to the extent that such drawdown does not exceed 4% of total General Fund resources.

These policies, and other less significant policies, create a budget process characterized by a "resource-limited" discussion, rather than a "service needs" discussion. The Commissioners Court may increase the property tax rate above the effective rate, if sufficient justification is presented during the budget process that service enhancements are necessary or advisable. FY2002, in particular, was a year in which the approved tax rate is above the effective rate.

FY2002 is the third year of a policy directive that limits capital expenditures to only those

projects that can be funded without incurring long-term debt. In FY2001 Dallas County sold the last of the remaining debt authorized by the 1991 bond election. This move toward a “debt-free” financial structure is a significant departure from the County’s prior practice, see Capital Improvements tab.

COUNTY MISSION AND STRATEGIC PLAN

The assigned missions of county government in Texas are those narrowly delegated by state law (see First Preface). Accordingly, Dallas County Commissioners Court has chosen not to create an overall strategic plan for service delivery but rather to target those areas in which inter-governmental coordination and/or rapidly changing environmental conditions have created the need for a more formalized process.

Within the last five years, the areas which have been the subject of formal, targeted planning are as follows: **•** regional transportation, **•** juvenile justice, **•** data processing, and **•** tax collection.

Transportation - Regional transportation planning finds its way into the County’s bond programs which are discussed in Part VI of this document. The County’s Public Works Department created an extensive multi-year strategic plan which is updated every quarter.

Juvenile Justice - The juvenile justice strategic plan was completed in FY94 and called for large scale improvements to facilities and tracking tools to insure continuous improvement of outcomes. The Henry Wade Juvenile Justice Center was completed in FY96 and the old detention center was reactivated in FY98 as a privatized residential facility, all in conformance with the long-term plan. Future expansions for the Wade Center are incorporated into the five-year capital plan to be discussed below. The County maintains extensive recidivism tracking tools to measure the outcomes of its juvenile programs, another major result of the strategic planning effort.

Data Processing - The ten-year data processing improvement plan was created by the County’s outsourced data processing department and calls for migration from a mainframe to a distributed environment. Thus far, elections, civil courts, general ledger/purchasing and payroll have moved either partially or fully toward the distributed environment. The plan is updated annually and discussed during the data processing budget hearing. In FY2002, the plan will be further implemented with the addition of a new civil courts system.

Tax Collection - A long term strategic goal of the County will be realized in FY2002 when consolidated tax collection becomes effective. In particular, the City of Dallas and Dallas Independent School District will join the County, the Hospital District and 26 smaller jurisdictions in a consolidated collection effort expected to offer economies of scale to all governmental bodies.

Most other departments have plans which can be considered more tactical than strategic, and since most are headed by independently-elected officials (e.g., District Attorney, District Clerk,

Tax Assessor/Collector, County Clerk, etc.), no formal mechanism other than the annual budget process exists to create or enforce a coordinated planning process.

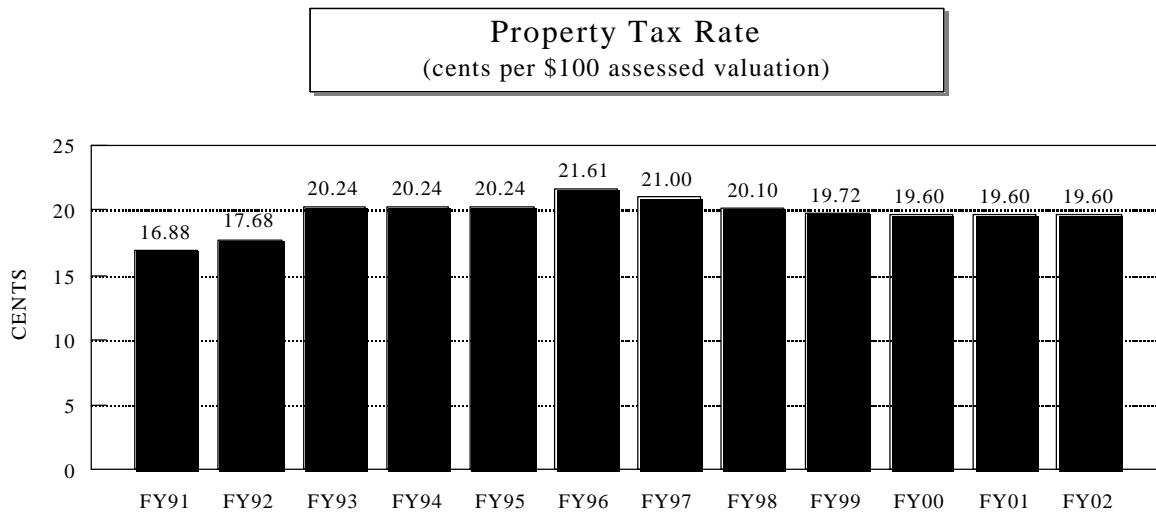
The FY2002 budget includes a five-year capital improvement plan. During the budget process, each department was asked to review its facility and technology needs through the year 2006. These plans were reviewed by the Commissioners Court and prioritized to fall within the constraints of an all-cash financing strategy (which is discussed later in this letter). The results are presented after the “Capital Improvements” tab in this document.

OVERVIEW OF FY2002 BUDGET

The FY2002 tax rate was adopted on September 18, 2001. The tax rate was set at 19.6 cents per \$100 assessed valuation, which was equal to the tax rate of the previous two years. Figure I-1 displays the historical trend of the County’s tax rate.

Figure I-1

Table I-1 summarizes the FY2002 appropriations and reserves for all operating funds. As

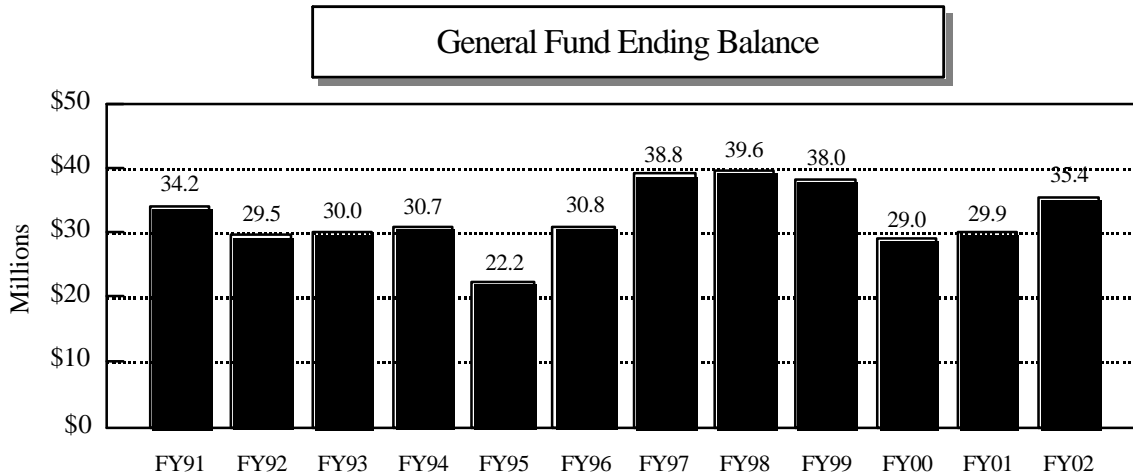


shown, the adopted budget totals \$651.2 million. Table I-2 places the FY2002 budget in historical perspective and provides additional detail on the sources and use of funds.

Table I-3 focuses on the General Fund, the fund that includes most (but not all) of the important functions performed by County government. As shown, resources available for budgeting total \$372.9 million, which is \$15.6 million (4.4%) higher than FY2001. Budgeted General Fund expenditures of \$337.4 million are \$10.1 million (3.1%) higher than actual FY2001 expenditures.

General Fund ending balance of \$35.4 million exceeds the important policy test established by Commissioners Court. Figure I-2 places this balance in historical context.

Figure I-2



General Fund sources of \$372.9 million include \$29.8 million in unencumbered cash carried forward from FY2001 plus new revenues of \$343 million, of which approximately half comes from the property tax. The FY2002 tax rate of \$19.6 cents per \$100 assessed valuation is expected to produce \$178.2 million, or \$14.4 million more than was available in FY2001. This tax rate represents a continuation of the rate approved in FY2000. The following figure depicts the historical level of the County’s property tax roll.

Beginning on page 62, each revenue source available to the County is discussed in detail.

Figure I-3

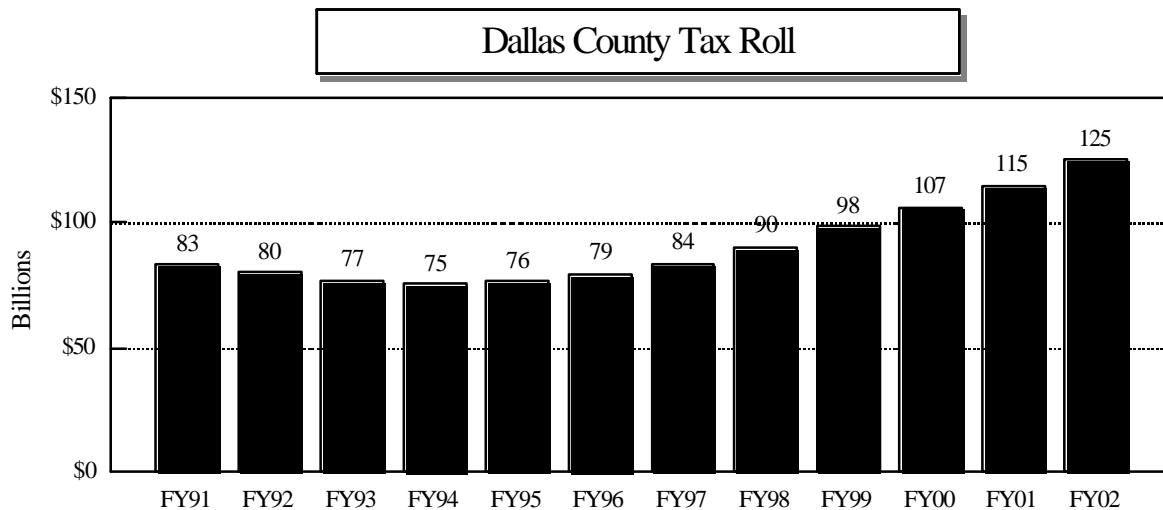


Table I -1
Summary of Major Sources and Uses of Funds
and Uses of Funds
(\$1,000)

| | General Fund | Child Support Fund | Dispute Res. Fund | General Fund Group Total |
|-------------------------------|-----------------|-----------------------|----------------------|-----------------------------|
| Beginning Balance | \$29,883 | \$287 | \$142 | \$30,312 |
| Revenues | | | | |
| Ad Valorem Taxes | 178,237 | 0 | 0 | 178,237 |
| License Fees | 0 | 0 | 0 | 0 |
| Fines and Forfeitures | 11,321 | 0 | 0 | 11,321 |
| Fees of Office | 56,722 | 10 | 0 | 56,732 |
| Interest and Rentals | 9,550 | 39 | 6 | 9,595 |
| Reimbursement for Services | 33,205 | 740 | 472 | 34,417 |
| Miscellaneous | 19,732 | 4 | 0 | 19,736 |
| C.O. Proceeds | 0 | 0 | 0 | 0 |
| Transfers In | 34,210 | 827 | 0 | 35,037 |
| Grants | 0 | 0 | 0 | 0 |
| Sub-Total Revenues | \$342,977 | \$1,620 | \$478 | \$345,075 |
| Total Sources | \$372,860 | \$1,907 | \$620 | \$375,387 |
| Expenditures | | | | |
| Justice Administration | 87,686 | 0 | 0 | 87,686 |
| Law Enforcement | 106,384 | 0 | 0 | 106,384 |
| Health & Social Services | 66,734 | 0 | 0 | 66,734 |
| Community Services | 9,388 | 1,897 | 370 | 11,655 |
| Management Services | 59,015 | 0 | 0 | 59,015 |
| Non-Departmental | 3,594 | 0 | 0 | 3,594 |
| Debt Service | 0 | 0 | 0 | 0 |
| Transfers Out | 4,622 | 0 | 150 | 4,772 |
| Sub-Total Expenditures | \$337,423 | \$1,897 | \$520 | \$339,840 |
| Ending Balance | \$35,437 | \$10 | \$100 | \$35,547 |
| Total Uses | \$372,860 | \$1,907 | \$620 | \$375,387 |

Notes:

Smaller Funds that are not subject to Commissioners Court discretion are not shown

Capital Project Fund category includes Permanent Improvement, Major Technology, and Major Capital Development Funds.

Table I -1 (Continued)
Summary of Major Sources and Uses of Funds
and Uses of Funds

(\$1,000)

| | Road & Bridge Fund | Debt Service Fund | Capital Projects Funds | Grant Funds | Grand Total |
|-------------------------------|-----------------------|----------------------|---------------------------|----------------|----------------|
| Beginning Balance | \$24,164 | \$17,159 | \$32,597 | (\$751) | \$103,481 |
| Revenues | | | | | |
| Ad Valorem Taxes | 0 | 37,469 | 26,140 | 0 | 241,846 |
| License Fees | 35,471 | 0 | 0 | 0 | 35,471 |
| Fines and Forfeitures | 10,380 | 0 | 0 | 0 | 21,701 |
| Fees of Office | 0 | 0 | 0 | 0 | 56,732 |
| Interest and Rentals | 301 | 4,673 | 698 | 0 | 15,267 |
| Reimbursement for Services | 2,933 | 0 | 0 | 105 | 37,455 |
| Miscellaneous | 13 | 0 | 0 | 0 | 19,749 |
| C.O. Proceeds | 0 | 0 | 0 | 0 | 0 |
| Transfers In | 0 | 3,878 | 5,402 | 3,945 | 48,262 |
| Grants | 0 | 0 | 0 | 71,201 | 71,201 |
| Sub-Total Revenues | \$49,098 | \$46,020 | \$32,240 | \$75,251 | \$547,684 |
| Total Sources | \$73,262 | \$63,179 | \$64,837 | \$74,500 | \$651,165 |
| Expenditures | | | | | |
| Justice Administration | 0 | 0 | 11,726 | 5,960 | 105,372 |
| Law Enforcement | 0 | 0 | 5,953 | 2,980 | 115,317 |
| Health & Social Services | 0 | 0 | 6,839 | 61,835 | 135,408 |
| Community Services | 16,484 | 0 | 4,772 | 3,725 | 36,636 |
| Management Services | 0 | 0 | 3,200 | 0 | 62,215 |
| Non-Departmental | 0 | 0 | 8,919 | 0 | 12,513 |
| Debt Service | 0 | 47,268 | 0 | 0 | 47,268 |
| Transfers Out | 42,189 | 0 | 1,301 | 0 | 48,262 |
| Sub-Total Expenditures | \$58,673 | \$47,268 | \$42,710 | \$74,500 | \$562,991 |
| Ending Balance | \$14,589 | \$15,911 | \$22,127 | \$0 | \$88,174 |
| Total Uses | \$73,262 | \$63,179 | \$64,837 | \$74,500 | \$651,165 |

Notes:

Smaller Funds that are not subject to Commissioners Court discretion are not shown

Capital Project Fund category includes Permanent Improvement, Major Technology, and Major Capital Development Funds.

Do not include interfund transfers

Table I-2
Historical Summary of Major
Sources and Uses of Funds
(\$1,000)

| | FY98 Total | FY99 Total | FY2000 Total | FY2001 Total | FY2002 Total |
|-------------------------------|---------------|---------------|-----------------|-----------------|-----------------|
| Beginning Balance | \$78,708 | \$81,357 | \$76,701 | \$80,815 | 103,481 |
| Revenues | | | | | |
| Ad Valorem Taxes | 179,536 | 189,868 | 204,452 | 223,901 | 241,846 |
| License Fees | 30,992 | 33,795 | 34,226 | 35,768 | 35,471 |
| Fines and Forfeitures | 16,358 | 18,763 | 17,095 | 22,007 | 21,701 |
| Fees of Office | 46,885 | 50,504 | 53,229 | 53,874 | 56,732 |
| Interest and Rentals | 20,060 | 22,886 | 19,601 | 18,751 | 15,267 |
| Reimbursement for Services | 37,452 | 33,388 | 39,937 | 40,762 | 37,455 |
| Miscellaneous | 10,497 | 12,372 | 16,399 | 17,265 | 19,749 |
| C.O. Proceeds | 8,000 | 8,633 | 0 | 0 | 0 |
| Transfers In | 37,470 | 45,575 | 51,439 | 51,508 | 48,262 |
| Grants | 44,391 | 49,660 | 52,068 | 60,958 | 71,201 |
| Sub-Total Revenues | \$431,641 | \$465,444 | \$488,446 | \$524,794 | \$547,684 |
| Total Sources | \$510,349 | \$546,801 | \$565,147 | \$605,609 | \$651,165 |
| Expenditures | | | | | |
| Justice Administration | 76,544 | 79,031 | 84,740 | 89,167 | 105,372 |
| Law Enforcement | 95,843 | 102,448 | 108,542 | 113,004 | 115,317 |
| Health & Social Services | 88,220 | 98,119 | 104,283 | 118,558 | 135,408 |
| Community Services | 20,732 | 22,120 | 25,675 | 40,215 | 36,636 |
| Management Services | 43,035 | 62,735 | 56,213 | 56,021 | 62,215 |
| Non-Departmental | 8,902 | 7,131 | 3,435 | 2,735 | 12,513 |
| Debt Service | 58,246 | 52,941 | 50,006 | 48,641 | 47,268 |
| Transfers Out | 37,470 | 45,575 | 51,438 | 51,508 | 48,262 |
| Sub-Total Expenditures | \$428,992 | \$470,100 | \$484,332 | \$519,849 | \$562,991 |
| Ending Balance | \$81,357 | \$76,701 | \$80,815 | \$85,760 | \$88,174 |
| Total Uses | \$510,349 | \$546,801 | \$565,147 | \$605,609 | \$651,165 |

Note:

Smaller Fund that are not subject to Commissioners Court discretion are not shown.

Table I-3
**General Fund FY2002 Budget
 Compared to FY2001**
 (\$1,000)

| | <u>FY2001 Actual</u> | <u>FY2002 Budget</u> | <u>Change</u> |
|---------------------|--------------------------|--------------------------|---------------------|
| Beginning Balance | 30,007 | 29,883 | (124) |
| Revenue | | | |
| Taxes | 163,804 | 178,237 | 14,433 |
| Prisoner Contracts | 5,508 | 5,245 | (263) |
| Other Recurring | <u>156,420</u> | <u>159,495</u> | <u>3,075</u> |
| Total Revenue | 325,732 | 342,977 | 17,245 |
| Disencumbered Funds | 1,500 | - | (1,500) |
| Total Sources | 357,239 | 372,860 | 15,621 |
| Total Expenditures | <u>327,356</u> | <u>337,423</u> | <u>10,067</u> |
| Ending Balance | <u><u>29,883</u></u> | <u><u>35,437</u></u> | <u><u>5,554</u></u> |

GENERAL FUND EXPENDITURES

Key Themes - The FY2002 budget process was characterized by activities centered on providing additional funding for workforce investment without raising the tax rate above 19.6 cents. This goal was accomplished with Commissioners Court authorizing a 3% increase for most County employees. Dallas County ended FY2001 with over 160 Detention Service Officer vacancies. In order to assist the Sheriff's Office fill these vacancies the Detention Service Officer pay range was increased an additional 5.8%.

The final FY2002 budget for the General Fund contains expenditures of \$337.4 million, or \$10.1 million more than the projected FY2001 expenditures. A total of 19 full-time positions were added to the County payroll in the FY2002 budget, some of which are reimbursable.

Workforce Investment - As mentioned, the Commissioners' first priorities were to adjust salary scales to a more competitive level. The health insurance trust which had been an area of concern for the past few years was stabilized in FY2001. All salary scales were adjusted upward by 3% on October 6, 2001. In addition, Detention Service Officers received an additional 5.5% increase and sworn law enforcement staff who reach their time in step will receive their increase according to plan.

New and Expanded Programs - The FY2002 budget includes very few new or expanded programs. Among the new programs, the most substantial was a Child Protective Service (CPS) employee retention program that included Dallas County funds for retention salary supplements to CPS employees who reached their one and three year anniversary.

Other program expansions include new staff within the jail medical team (reimbursed by the Hospital District), enhanced services for truants, eight new traffic units for County Constables, additional staff for the District Attorney and Public Works. Overall, a net of 43 new staff members were added to the County's 5,000+ workforce.

GENERAL FUND DEPARTMENTS

The County's operations are conveniently grouped into five categories: **â** Justice Administration, **ã** Law Enforcement, **ä** Health and Social Services, **å** Community Services, and **æ** Management Services. The following paragraphs discuss the highlights of the FY2002 budget in each of these categories.

JUSTICE ADMINISTRATION

Overview of Services - Dallas County provides facilities and support services for the operation of District Courts, County Courts, and Justice of the Peace Courts. The District and County Clerks perform those administrative functions associated with processing cases, safeguarding records, and collecting fees, fines, and forfeitures. The District Attorney's Office prosecutes offenders on behalf of the people, while the Public Defender is responsible for the legal defense of individuals who cannot afford representation. Dallas County Judges operate the jury system which provides jurors for the 72 courts. The Frank Crowley Courts Building, the George L. Allen, Sr. Courts Building, the Henry Wade Juvenile Justice Center and the Records Building are largely dedicated to court and court-related activities, while the Justices of the Peace operate from sub-courthouses which are located throughout the County.

The Justice System is funded largely at FY2001 levels, with the exception of the Justice of the Peace Courts. Starting in FY2002, Dallas County Justice of the Peace Courts will no longer hear Dallas Independent School District Truancy cases. These cases will be heard in special City of Dallas Courts which will jointly be funded by the City of Dallas, Dallas Independent School District and Dallas County. This change resulted in nine positions being removed from the Justice of the Peace Courts and placed in the truancy court's budget.

The Texas Fair Defense Act (SB 7) enacted by the 77th Legislature made major changes in criminal justice procedure. In order to comply with Senate Bill 7 the Dallas County Criminal Judiciary identified several major changes. One change involved pre-assigning misdemeanor cases in a manner similar to the assignment of felony cases. This was done in order to meet the timeline in the bill related to the appointment of indigent counsel. In order to meet this requirement, Dallas County added three court clerks in the District Clerk's Office. Another change implemented as a result of the bill is that all prisoners will be transported to the Dallas County Jail within 48 hours of their arrest. In order to meet this requirement two additional deputies were added to the Sheriff's Office.

The District Clerk is responsible for processing child support payment cases through a special set of Courts (IV-D Courts) . The prosecution of the cases is handled by the Attorney General's Office, and the judges are appointed by the presiding judge of the First Administrative Judicial Region. In FY2002 two additional clerks will be added to keep up with the expanding work load. In addition, a billing clerk was added to bill for writ of attachments processed by the District Clerk's Office.

The number of child welfare cases filed by Dallas County Child Protective Services has increased by 55% in the last three years. In response to this increase, the FY2002 budget for the District Attorney's Office includes funding for three additional attorneys to prosecute cases.

LAW ENFORCEMENT

Overview of Services - The County's law enforcement efforts are led by the Sheriff, who is responsible for the six County jails and various related activities including a central kitchen, laundry, photo lab, and print shop. The Sheriff also has a patrol division which operates in the unincorporated portion of the County. The eight elected Constables serve civil papers and certain criminal warrants throughout the County, and in addition, operate as bailiffs in the 14 Justice of the Peace Courts. The Institute of Forensic Sciences is supervised by the County Medical Examiner and encompasses the morgue and a regional crime lab which has a wide array of diagnostic tools available for analyzing evidence in criminal cases. Community Supervision and Corrections and Operations Services operate programs which offer judges work-related alternatives to incarceration.

Dallas County started FY2002 with over 160 Detention Service Officer vacancies. In order to assist the Sheriff's Office fill these vacancies the Detention Service Officer pay range was increased 8.8%. In addition to the pay range increase, the Sheriff's Office has implemented a hiring plan that includes outsourcing a portion of the background investigation and the pre-employment polygraph process.

The County continues to house several hundred inmates from surrounding counties and the Immigration and Naturalization Service. These jail contracts have provided revenue to contribute toward fixed costs and have allowed the Sheriff to maintain a stable staffing level during periods of changing jail population. Dallas County also operates the municipal jail for the City of Dallas. This intergovernmental arrangement, now in its 17th year, provides economies for both jurisdictions.

During FY2001, Commissioners Court approved the reconfiguration of the Constable Precincts. As a result of this reconfiguration of the Constable Precincts the budgets for the individual precincts changed dramatically. However, the total FY2002 budget for the Constable Offices was relatively unchanged. In future years the improved economic efficiencies of the reconfiguration will result in reduced costs to the County taxpayer.

With the creation of the dedicated truancy courts, the way truants and their parents will be notified of the pending case was changed from Constable service to certified mail with Constable service if they do not appear in court. This change allowed the elimination of seven vacant deputy constable positions for a savings to the taxpayer.

One new and two expanded constable traffic programs were approved in FY2002. With these additions, all five of the County's redistricted constable precincts have traffic enforcement functions in cooperation with municipal governments.

HEALTH AND SOCIAL SERVICES

Overview of Services - The County has broad responsibilities for public health, social services, mental health services and acute care for indigents, which it disposes through a combination of intergovernmental arrangements and County staff in the Juvenile and Health and Human Services Departments. Child Protective Services is a state agency which cooperates with the County to insure the safety of abused or neglected children. The County shares certain mental health responsibilities with the Dallas MetroCare Services, an agency whose board is appointed by the Commissioners Court. In addition, the County participates in the NorthSTAR program for managed mental health care.

The Health and Human Services Department was authorized 12 staff members in the FY2002 budgets primarily to improve the health care afforded to individuals incarcerated in the County jails. The cost of the Jail Health staff is reimbursed by the Hospital District, pursuant to an interpretation of State law which designates these individuals as indigent and therefore the responsibility of the District.

During FY2002, Parkland Health and Hospital Systems and Dallas County will review a proposal from the University of Texas Medical Branch at Galveston to provide the jail health services for a fee less than current costs.

The County's welfare program received significant additional funding in FY2001 as a result of a dramatic increase in the number of individuals needing housing assistance. The FY2002 welfare funding was maintained at FY2001 levels, as the number of individuals served leveled off from the increase seen in prior years. With the slowing of the economy Dallas County will track welfare expenditures closely in FY2002.

The County's Health and Human Service Department received three additional staff members dedicated to the Communicable Diseases Surveillance and Control Division to detect and monitor a potential bioterrorist event in Dallas County.

The NorthSTAR program began in FY2000 as a managed-case alternative to behavioral health care and substance abuse treatment previously provided by State-funded agencies. The County has maintained its commitment to the NorthSTAR program by funding the program at the FY2001 level plus an additional position in the forensic diversion unit to allow the program to expand and serve ten additional mentally ill offenders.

Additional funding was also approved for the Personal Family Assistance Program that provides funds to families of mentally retarded consumers to offset the cost for specialized services such as respite care.

Dallas County Commissioners Court encouraged Child Protective Services (CPS) and local advocacy groups to address salary issues with the State Legislature and during the 77th Legislature and several improvements were made. All CPS employees received pay raises.

In addition, two bills were passed and signed by the Governor to encourage local solutions to CPS turnover problems. Specifically, Senate Bill 961 allows County and City governments to supplement caseworker salaries.

During the FY2002 budget process, Commissioners Court approved \$384,000 for a supplement pay program authorized by Senate Bill 961 for Dallas County CPS employees. The intent of the program is to reduce the vacancy and turnover rates and increase the tenure of CPS staff in Dallas County.

CPS data indicates that the average tenure for an entry-level caseworker is 10½ months. In addition, the agencies turnover rate for entry-level caseworkers is 46.8%. Dallas County and CPS will monitor this data and determine if the supplement pay program is able to reduce turnover and vacancy rates

The Juvenile Department continues to experience volume pressure on its programs and facilities, as the rate of juvenile crime remains high. During FY2001, the Texas Juvenile Probation Commission issued a clarification to the definition of 'direct and immediate' supervision to mean that each facility maintains a 1:8 staff to resident ratio within the immediate area during operational hours and 1:18 during non-operational hours. This clarification of 'direct and immediate' supervision required the addition of ten juvenile childcare workers. Dallas County will work with the Texas Juvenile Probation Commission and other Texas Counties to see if the clarified definition of 'direct and immediate' supervision adequately balances appropriate supervision of juvenile residents and good fiscal economics.

During FY2001, Dallas County renewed the operating agreement with Correctional Services Corporation (CSC), the private company operating the Medlock Center and the Last Chance program. Included in the renewal was a rate increase that increased the cost of operating these programs by over \$1 million.

In addition to the rate increase related to the operating of County facilities, Dallas County renewed a variety of residential placement contracts in late FY2001 that resulted in significant additional costs. Dallas County has been able to negotiate per diem rates with private providers that are lower than the state rates.

The FY2002 Capital Budget includes the first year of construction costs related to a 192-bed expansion of the Henry Wade Juvenile Justice Center. The expansion is expected to be completed by the end of FY2004.

In FY2002, the Juvenile Department received funding for an initiative to provide computers to all professional staff with casework responsibility. This initiative will allow these staff members to directly enter information such as risk/needs assessments, court reports, agreed court orders, and warrant information. The department plans to delete five clerical staff positions through attrition within the initiative's first full year of operation.

COMMUNITY SERVICES

Overview of Services - The Community Services departments perform a wide array of functions for individuals in the County. The County is responsible for all elections of a County-Wide nature and provides election-related services on a reimbursement basis for political parties, municipalities, and special districts. The Public Works Department and Road and Bridge Districts share responsibilities for road repair and thoroughfare improvement on roads within and outside the corporate limits of the 26 cities in the County. The Fire Marshal offers emergency services to the unincorporated areas of the County and coordinates County-wide emergency preparedness. The County's Veterans Service Officer assists veterans and their dependents with obtaining government benefits. The Agricultural Extension Service is a joint project among the County, the State and the State University system, to offer programs and expert advice to County residents on agricultural and horticultural topics. The Park and Open Space program provides regional leadership and planning for greenbelt and trail acquisitions.

The Public Works Department received additional staff in the FY2002 budget to enhance their Geographical Information System capabilities and monitor and track project expenses. The department will conclude 1991 Bond Program projects in FY2002. This will allow for Major Impact, Thoroughfare and TEA 21 Projects to be the department's focus in future years.

The Household Hazardous Waste Network, which consists of 15 cities and the County, will open their first fixed site waste collection point for highly toxic pollutants contained in common household and automotive products in FY2002.

The Elections Department budget was significantly increased in FY2002 primarily due to three major elections (the Constitutional Amendment Election and two Gubernatorial primaries). In addition, the Elections Department will mail out over 1.5 million new voter's registration cards.

In FY2002, design and acquisition activities related to trails at the University of Texas at Dallas, Preston Ridge, South Mesquite Creek, Trinity River, Kiest/Five Mile Creek and Ten Mile Creek will be initiated. In addition, Dallas County will improve the amenities at McCommas Bluff Preserves and Cottonwood Creek Preserve.

The Public Works Department is in its third year of executing its strategic plan, which focuses on improving the department's capacity to make high value-added transportation improvements for citizens of the County. The strategic plan is monitored quarterly and new objectives are continually added as the original objectives are accomplished.

The County is also participating with cities through local share matching for the federal transportation initiative (TEA21), and by cost sharing on certain local thoroughfare projects. In addition, the County has established dedicated funding to accelerate certain high impact transportation projects expected to have a significant effect on economic development

MANAGEMENT SERVICES

Overview of Services - The Management Services departments operate the machinery of County government. Among the largest of these departments is the Tax Office, which collects taxes for the County, the Hospital District, the Community College District and several smaller jurisdictions. The Tax Office also operates the motor vehicle registration and title transfer process on behalf of the State. Other Management Services departments include the Office of the Court Administrator (which encompasses Communications and Central Services, Facilities Management, and Engineering and Project Management), the County Auditor, the Personnel Department, the Purchasing Department, the Office of Budget and Evaluation, and the Data Services Department, which was outsourced to a private company in 1992.

The County's commitment to e-government was enhanced in FY2001 with a contractual arrangement to provide an internet portal for various county services. In particular, citizens are now able to pay taxes and register motor vehicles online. In FY2002, Dallas County's e-government will be expanded to include the ability to search County data bases, file law suites and pay fines and fees through the internet.

Also in FY2002, Dallas County will begin the collection of taxes for the two largest jurisdictions in the county: the City of Dallas and the Dallas Independent School District. This consolidation will reduce the inefficiencies of a fragmented system that has been in place for many years and will be a convenience to the taxpayer. The two large jurisdictions will join 26 smaller ones as County tax collection clients.

Commissioners Court authorized the Purchasing Department a new technical position to continue and accelerate the rollout of paperless purchasing. In addition, the position will assist the department in the continued use of the internet to save money on purchases.

The County's FY2001 financial documents have again been awarded the highest awards from the Government Finance Officers' Association. The new budget and the Comprehensive Annual Financial Report will be submitted in hopes on continuing this tradition

Dallas County has a five volume set of quarterly performance measure reports, which are produced, graded, analyzed, discussed, and used to make resource allocation decisions. The first three of these volumes are available on the County's web site at <http://www.dallascounty.org>. The Commissioners Court devotes one afternoon each month to in-depth discussion of performance-related topics and communicates with department heads who have made significant progress toward good performance or who may need additional assistance in meeting their performance goals.

CAPITAL IMPROVEMENT PLAN

Overview - The annual Capital Improvement Plan (CIP) consists of those items whose long useful lives distinguish them from recurring operational needs. Capital projects may be funded in one of three ways: a) with cash, b) through the proceeds of voter-approved bonds, or c) through the issuance of an annual Certificate of Obligation. Beginning in FY98, a set-aside of a portion of the County's property tax has been earmarked for major technology improvements. In FY2000 an additional set-aside was established and is intended to serve as a device for accumulating cash for major infrastructure projects so that debt finance can be avoided or minimized.

The funded capital and technology programs for FY2002 are shown on Table I-4. Detailed information on these projects, and on the County's plan to move away from debt finance can be found following the "Capital Improvements" tab in this document.

The County has historically funded large capital improvements with tax-exempt bonds. Beginning in FY2000, the Commissioners Court embarked upon a program to lower the County's long-term debt to zero over a period of time, transitioning to an all-cash financing structure.

In order to accomplish this transition, County staff was requested to prepare a construction schedule for the major types of infrastructure (transportation, buildings, and parks) that might result from the cash flow available from the existing FY2000 debt service tax rate (4.5 cents) as it might be applied to a growing tax base. Under conservative estimates of tax base growth, the funds not needed for declining debt service, together with surplus license fee revenue, create a funding constraint. The Commissioners Court determined that unless economic conditions substantially weaken, sufficient cash will be available from these sources to fund the major infrastructure projects needed. The Capital Improvement Plan contained in Part VI of this document reflects this funding constraint.

Debt finance may be used for interim financing of a short duration, in order to match the larger construction drawdowns to the cash flow available. Thoroughfare improvement and County participation in federal highway initiatives have been scheduled to coincide with the Public Works Department's estimate of the County's project management capacity.

The Major Capital Development Fund is expected to develop a large surplus in the first several years, as cash is accumulated for the largest construction projects (e.g., expansion of the Juvenile Justice Center and construction of a new Institute of Forensic Sciences). Conversely, the Major Technology Fund has immediate needs and has been used heavily. Interfund borrowing between these two funds is currently programmed.

Table I-4
FUNDED CAPITAL AND TECHNOLOGY PROGRAMS
(Combines all funding sources)

| | |
|--|-----------------------------|
| Bond Funds (transportation) | \$62,500,000 |
| | |
| Major Capital Development Fund | |
| Thoroughfare Program Design | 2,400,000 |
| Open Space Trail Acquisition and Improvement | 2,371,766 |
| Civil Courts Renovation | 11,166,666 |
| Institute of Forensic Sciences Design | 2,500,000 |
| Juvenile Detention Center Design | 6,683,333 |
| Old Red Courthouse Renovation | 2,000,000 |
| Old Red Courthouse Stonework | 4,100,000 |
| Government Center Revisions | 2,500,000 |
| Sixth Floor Museum - 7 th Floor Expansion | 1,601,375 |
| | |
| Major Technology Fund | |
| Civil Courts System Replacement | 500,000 |
| Computer Replacement Equipment | 200,000 |
| Criminal / Warrants / Bonds | 3,000,000 |
| Repayment to MCDF | 1,200,000 |
| Jury Services Upgrade | 250,000 |
| Int. on Unused Interfund Transfer | 25,000 |
| Juvenile - Probation Services | 149,933 |
| Infrastructure | 225,000 |
| District Clerk Imaging | 311,990 |
| | |
| General Fund | |
| Major Elevator Upgrades | 390,000 |
| | |
| Permanent Improvement Fund | |
| Health and Human Services Improvements | 55,370 |
| Records Building Improvements | 500,000 |
| Administration Building Improvements | 200,000 |
| Lew Sterrett Justice Center Improvements | 375,000 |
| County-wide Improvements | 517,500 |
| North Tower Improvements | 78,000 |
| George Allen Courts Building Improvements | 60,000 |
| Henry Wade Juvenile Justice Center Improvements | 100,000 |
| Maintenance Items Less Than \$5,000 | 500,000 |
| | |
| Total | <u>\$106,460,933</u> |

Table I-5
FUNDED CAPITAL AND TECHNOLOGY PROGRAMS
(Combines all funding sources)

| | |
|--|-----------------------------|
| Bond Funds (transportation) | \$62,500,000 |
| | |
| Major Capital Development Fund | |
| Thoroughfare Program Design | 2,400,000 |
| Open Space Trail Acquisition and Improvement | 2,371,766 |
| Civil Courts Renovation | 11,166,666 |
| Institute of Forensic Sciences Design | 2,500,000 |
| Juvenile Detention Center Design | 6,683,333 |
| Old Red Courthouse Renovation | 2,000,000 |
| Old Red Courthouse Stonework | 4,100,000 |
| Government Center Revisions | 2,500,000 |
| Sixth Floor Museum - 7 th Floor Expansion | 1,601,375 |
| | |
| Major Technology Fund | |
| Civil Courts System Replacement | 500,000 |
| Computer Replacement Equipment | 200,000 |
| Criminal / Warrants / Bonds | 3,000,000 |
| Repayment to MCDF | 1,200,000 |
| Jury Services Upgrade | 250,000 |
| Int. on Unused Interfund Transfer | 25,000 |
| Juvenile - Probation Services | 149,933 |
| Infrastructure | 225,000 |
| District Clerk Imaging | 311,990 |
| | |
| General Fund | |
| Major Elevator Upgrades | 390,000 |
| | |
| Permanent Improvement Fund | |
| Health and Human Services Improvements | 55,370 |
| Records Building Improvements | 500,000 |
| Administration Building Improvements | 200,000 |
| Lew Sterrett Justice Center Improvements | 375,000 |
| County-wide Improvements | 517,500 |
| North Tower Improvements | 78,000 |
| George Allen Courts Building Improvements | 60,000 |
| Henry Wade Juvenile Justice Center Improvements | 100,000 |
| Maintenance Items Less Than \$5,000 | 500,000 |
| | |
| Total | <u>\$106,460,933</u> |

DALLAS COUNTY HOSPITAL DISTRICT

The Dallas County Hospital District's budget and tax rate are approved by the Commissioners Court, although the details of the expenditures are determined by a separate Board of Managers. The district's tax rate was raised substantially in FY2001 as a result of reductions in federal participation through the Medicaid and Medicare programs, which is affecting virtually all private and public hospitals in the country. The FY2001 budget process resulted in substantial cost-cutting plus agreements to study certain aspects of the hospital's operating and capital planning which stabilized the Dallas County Hospital District and allowed for the FY2002 tax rate to remain unchanged. Additional detail on the Dallas County Hospital District's budget is included in the "Other Funds" tab of this document.

BOND RATING

Dallas County had its AAA/Aaa superior credit rating confirmed by both major rating agencies, reflecting steady management, healthy reserves, and modest debt levels. Dallas County is one of the very few counties in the nation to earn a superior credit rating by both Moody's Investors Service and Standard and Poors, Inc. Additional information on the County's bond rating can be found following the "Debt and Debt Service" tab.

PERFORMANCE REPORTING

Dallas County has evolved a system of performance reports that is explained more fully in the "Trends and Summaries" section and in the attachment to this document. The FY98 budget was the first to include mission statements, performance goals, and performance measures for each County department. The FY99 budget was the first which required the development of performance measures prior to the approval of new resources. The FY2000 budget expanded this requirement to all departments, regardless of their requests for new resources. These performance measures are discussed monthly at a "Performance Forum" intended to highlight the importance of establishing accountability standards for County services. The attachment to this budget document is a compilation of all final performance reports for FY2001.

The County's system of management reports and gainsharing programs each was awarded an achievement award by the National Association of Counties in FY98. The Management Report consists of five volumes: ã an overall statistical summary of workload, ã a report consisting of court-by-court comparison of justice system costs, ã a performance indicator report, ã a juvenile recidivism report and æ a major projects review.

REINVENTION AND GAINSHARING

The FY2002 budget continues for the fifth year the Departmental Discretionary Account (D.D.A.), which is a line item in each department's budget with the following characteristics:

- seeded annually in an amount that depends on department size;

- can be increased through distinct management initiative, such as finding a cost savings or holding a position vacant;
- can be spent substantially at the discretion of the Department Head on performance awards, travel, training, employee incentives, amenities, etc.

The last point is a significant departure from historical County procedure, which called for extremely tight oversight on even the smallest expenditures. The new policy replaces the detailed oversight with more general restrictions and departmental discretion.

The ability for a department to share in the proceeds of a management initiative has resulted in several important cost savings to taxpayers. The most significant use of this gainsharing has been to induce departments to leave authorized positions vacant for periods of six months to one year. The D.D.A. award is made only if the Commissioners Court determines that the department can continue to provide adequate services and that there will be no increase in overtime to offset the savings.

BUDGET DOCUMENTATION

The *Dallas Morning News* contained the required notification of the public hearing that was conducted on September 18, 2001. The budget was approved unanimously on that day and made available to department heads immediately thereafter. A thirty-seven page Budget-in-Brief has also been prepared and distributed widely.

SUMMARY

The FY2002 budget provides funding for the two most pressing problems at the County: workforce investment, and long-term capital needs. Major new initiatives include enhanced medical care in the jails and support for Child Protective Services.

Dallas County enters FY2002 with a low tax rate, superior bond ratings, experienced leadership, and the confidence of its constituents. Challenges for FY2002 include the efficient implementation of new programs in a timely fashion, and adaptation to the economic changes occurring.

ACKNOWLEDGMENT

The Office of Budget and Evaluation acknowledges the highly professional assistance of County staff and Elected Officials in the preparation of the FY2002 budget. Noteworthy among those that assisted are the Auditor's Office and the Office of the Court Administrator.