



DALLAS COUNTY, TEXAS

Federal Single Audit

September 30, 2014

DALLAS COUNTY, TEXAS

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KPMG LLP
Suite 3100
717 North Harwood Street
Dallas, TX 75201-6585

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable County Judge
and the Commissioners' Court:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Governmental Activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dallas County, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Dallas County's basic financial statements, and have issued our report thereon dated March 23, 2015. Our report includes a reference to another auditor who audited the financial statements of the Dallas County Hospital District of Dallas County, which represents all of the discretely component unit, as described in our report on Dallas County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dallas County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dallas County's internal control. Accordingly, we do not express an opinion on the effectiveness of Dallas County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Dallas County’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dallas County’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

March 23, 2015



KPMG LLP
Suite 3100
717 North Harwood Street
Dallas, TX 75201-6585

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*

The Honorable County Judge
and the Commissioners' Court:

Report on Compliance for Each Major Federal Program

We have audited Dallas County, Texas' (Dallas County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Dallas County's major federal programs for the year ended September 30, 2014. Dallas County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Dallas County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dallas County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified and modified audit opinions on compliance. However, our audit does not provide a legal determination of Dallas County's compliance.

Basis for Qualified Opinion on the Equitable Sharing program

As described in the accompanying schedule of findings and questioned costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of Dallas County with CFDA 16.922-Equitable Sharing program as described in finding number 2014-002 for Equipment and Real Property Management, because we were unable to obtain a complete listing of equipment. Consequently, we were unable to determine whether Dallas County complied with the requirements applicable to that program.



As described in the accompanying schedule of findings and questioned costs, Dallas County did not comply with requirements regarding CFDA 16.922 Equitable Sharing program as described below:

Finding number	CFDA number	Program (or cluster) name	Compliance requirement
2014-001	16.922	Equitable Sharing	Activities Allowed or Unallowed/Allowable Costs
2014-003	16.922	Equitable Sharing	Procurement Suspension and Debarment

Compliance with such requirements is necessary, in our opinion, for Dallas County to comply with the requirements applicable to that program.

Qualified Opinion on the Equitable Sharing program

In our opinion, except for the possible effects of the matter related to finding number 2014-002 and the noncompliance related to findings number 2014-001 and 2014-003 described in the Basis for Qualified Opinion paragraph, Dallas County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Equitable Sharing program for the year ended September 30, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Dallas County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended September 30, 2014.

Other Matters

Dallas County’s responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Dallas County’s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of Dallas County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Dallas County’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Dallas County’s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.



A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-001, 2014-002 and 2014-003 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We did not identify any significant deficiencies.

Dallas County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Dallas County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the 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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 23, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

April 21, 2015, except for our report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133, for which the date is March 23, 2015.

DALLAS COUNTY, TEXAS
Schedule of Expenditures of Federal Awards
September 30, 2014

Federal grantor / pass-through grantor / other grantor / program title / grant title	Federal CFDA number	Grant number	Expenditure	Amounts passed to through subrecipients
U.S. Department of Health and Human Services:				
Texas Department of State Health Services:				
Program:				
Hansen's Disease National Ambulatory Care Program:				
Federal:				
Pass Through:				
870514 Hansen's Disease		2014-00028-00	\$ 64,279	—
870515 Hansen's Disease		2015-000028-00	6,007	—
Total Indirect			70,286	—
Total Program			70,286	—
Total CFDA NA.000			70,286	—
U.S. Department of Agriculture:				
Texas Health and Human Services Commission:				
Program:				
School Breakfast Program:				
Federal:				
Pass Through:				
51101 Juvenile Department School Breakfast Program	10.553	2003-705	283,293	—
Total Indirect			283,293	—
Total Program			283,293	—
Total CFDA 10.553			283,293	—
U.S. Department of Agriculture:				
Texas Health and Human Services Commission:				
Program:				
National School Lunch Program:				
Federal:				
Pass Through:				
5110-5116 Juvenile Department School Lunch/Snack Program	10.555	057-204	565,114	—
Total Indirect			565,114	—
Total Program			565,114	—
Total CFDA 10.555			565,114	—
Total Child Nutrition Cluster			848,407	—
U.S. Elections Assistance Commission:				
Program:				
Electronic Absentee Systems for Elections:				
Federal:				
Direct:				
230812 EASE Grant	12.217	H98210-12-1-0032	32,110	—
Total Direct			32,110	—
Total Program			32,110	—
Total CFDA 12.217			32,110	—
U.S. Department of Housing and Urban Development:				
Program:				
Community Development Block/Entitlement Grants:				
Federal:				
Direct:				
Community Development Block Grants	14.218	B-08-UC-48-0003	51,397	10,120
Community Development Block Grants	14.218	B-09-UC-48-0003	87,750	—
Community Development Block Grants	14.218	B-10-UC-48-0003	122,596	—
Community Development Block Grants	14.218	B-11-UC-48-0003	241,778	38,539
Community Development Block Grants	14.218	B-12-UC-48-0003	294,562	138,425
Community Development Block Grants	14.218	B-13-UC-48-0003	1,287,578	397,090
Total Direct			2,085,661	584,174
Total Program			2,085,661	584,174
Total CFDA 14.218			2,085,661	584,174
Total CDBG – Entitlement Grants Cluster			2,085,661	584,174
U.S. Department of Housing and Urban Development:				
Program:				
Emergency Shelter Grant Program:				
Federal:				
Direct:				
960012 Emergency Shelter Grant	14.231	E11-UC-48-0005	12,877	12,877
960013 Emergency Solution Grant	14.231	E12-UC-48-0005	122,306	113,981
Total Direct			135,183	126,858
Total Program			135,183	126,858
Total CFDA 14.231			135,183	126,858
U.S. Department of Housing and Urban Development:				
Program:				
Shelter Plus Care:				
Federal:				
Direct:				
290613 Shelter Plus Care	14.238	TX0307L6T001202	206,634	206,634
290614 Shelter Plus Care	14.238	TX0307L6T001303	17,032	17,032
Total Direct			223,666	223,666
Total Program			223,666	223,666
Total CFDA 14.238			223,666	223,666

DALLAS COUNTY, TEXAS
Schedule of Expenditures of Federal Awards
September 30, 2014

Federal grantor / pass-through grantor / other grantor / program title / grant title	Federal CFDA number	Grant number	Expenditure	Amounts passed to through subrecipients
U.S. Department of Housing and Urban Development:				
Program:				
HOME Investment Partnerships Program:				
Federal:				
Direct:				
HOME Investment Partnerships Program	14.239	M-10-UC-48-0221	\$ 94,203	—
HOME Investment Partnerships Program	14.239	M-11-UC-48-0221	208,359	—
HOME Investment Partnerships Program	14.239	M-12-UC-48-0221	322,491	—
HOME Investment Partnerships Program	14.239	M-13-UC-48-0221	7,500	—
Total Direct			<u>632,553</u>	<u>—</u>
Total Program			<u>632,553</u>	<u>—</u>
Total CFDA 14.239			<u>632,553</u>	<u>—</u>
City of Dallas:				
Program:				
Housing Opportunities for Persons with AIDS:				
Federal:				
Pass Through:				
820013 Housing Opportunities for Persons With AIDS	14.241	13-1564	1,268,952	—
820113 Housing Opportunities for Persons with AIDS (HOPWA)	14.241	13-1564	88,827	—
Total Indirect			<u>1,357,779</u>	<u>—</u>
Total Program			<u>1,357,779</u>	<u>—</u>
Department of State Health Services:				
Program:				
Housing Opportunities for Persons with AIDS:				
Federal:				
Pass Through:				
820314 DSHS HOPWA/HIV	14.241	2013-043224-001	26,877	26,877
820315 DSHS HOPWA/HIV	14.241	2014-002568-00	41,631	41,631
820414 DSHS Program HIV HOPWA	14.241	2013-043224-001	2	—
Total Indirect			<u>68,510</u>	<u>68,508</u>
Total Program			<u>68,510</u>	<u>68,508</u>
Total CFDA 14.241			<u>1,426,289</u>	<u>68,508</u>
U.S. Department of Housing and Urban Development:				
Program:				
Section 8 Housing Choice Vouchers:				
Federal:				
Direct:				
800114 Section 8 Housing Choice Vouchers	14.871	TX559	30,683,326	—
805004 Section 8 Voucher Program Admin Fee 467	14.871	TX559	17,127	—
805105 Section 8 Undesignated Fund Balance	14.871	TX559	10,546	—
806014 Section 8 – Homeownership Program 467	14.871	TX559	237,115	—
Total Direct			<u>30,948,114</u>	<u>—</u>
Total Program			<u>30,948,114</u>	<u>—</u>
Total CFDA 14.871			<u>30,948,114</u>	<u>—</u>
Total Housing Voucher Cluster			<u>30,948,114</u>	<u>—</u>
U.S. Department of Justice:				
Program:				
Violence Against Women Act Court Training and Improvement Grants:				
Federal:				
Direct:				
251112 Domestic Violence Court Enhancement	16.013	2011-WC-AX-K011	48,298	—
251114 Domestic Violence Court Enhancement	16.013	2013-FL-AX-0012	101,513	—
251214 OVW FY 2013 Domestic Violence Mentor Court Program	16.013	2013-FL-AX-0003	5,558	—
Total Direct			<u>155,369</u>	<u>—</u>
Total Program			<u>155,369</u>	<u>—</u>
Total CFDA 16.013			<u>155,369</u>	<u>—</u>
Office of the Governor, Criminal Justice Division:				
Program:				
Juvenile Accountability Block Grants:				
Federal:				
Pass Through:				
701214 Dallas County Juvenile Drug Court	16.523	JB-12-23630-04	81,012	—
701215 Dallas County Juvenile Drug Court	16.523	JB-23630-05	6,634	—
730214 Juvenile Case Management System	16.523	JB-12-XXX-13292-15	57,546	—
730215 Juvenile Case Management System	16.523	JB-13292-16	6,531	—
Total Indirect			<u>151,723</u>	<u>—</u>
Total Program			<u>151,723</u>	<u>—</u>
Total CFDA 16.523			<u>151,723</u>	<u>—</u>
Office of Justice Programs/Bureau of Justice Assistance:				
Program:				
Supervised Visitation, Safe Havens for Children:				
Federal:				
Direct:				
601314 Safe Havens: Supervised Visit & Safe Exchange Program	16.527	2013-FL-AX-K017	104,329	104,329
Total Direct			<u>104,329</u>	<u>104,329</u>
Total Program			<u>104,329</u>	<u>104,329</u>
Total CFDA 16.527			<u>104,329</u>	<u>104,329</u>

DALLAS COUNTY, TEXAS
Schedule of Expenditures of Federal Awards
September 30, 2014

Federal grantor / pass-through grantor / other grantor / program title / grant title	Federal CFDA number	Grant number	Expenditure	Amounts passed to through subrecipients
U.S. Department of Justice: Office of Juvenile Justice and Delinquency Prevention Program: Juvenile Justice and Delinquency Prevention Allocation to States: Federal: Pass Through: 640112 Internet Crimes against Children	16.543	2010-MC-CX-K037	\$ 20,793	—
Total Indirect			20,793	—
Total Program			20,793	—
Total CFDA 16.543			20,793	—
U. S. Department of Justice: Office of the Governor, Criminal Justice Division: Program: Crime Victim Assistance: Federal: Pass Through: 600814 Child Victim's Assistant	16.575	VA-13-V30-15793-13	55,328	—
600815 Child Victim's Assistant	16.575	VA-15793-14	6,624	—
Total Indirect			61,952	—
Total Program			61,952	—
U.S. Department of Justice: Dallas Community Supervision and Corrections: Program: Residential Substance Abuse Treatment for State Prisoners: Federal: Pass Through: 100414 RSAT Wilmer	16.575	RT-12-A10-14879-15	181,650	—
Total Indirect			181,650	—
Total Program			181,650	—
Total CFDA 16.575			243,602	—
U.S. Department of Justice: Office of the Governor, Criminal Justice Division: Program: Violence Against Women Formula Grants: Federal: Pass Through: 602914 Violence Against Women Formula	16.588	WF-10-V30-26690-01	487,385	—
602915 Violence Against Women Formula	16.588	WF-26690-02	17,225	—
Total Indirect			504,610	—
Total Program			504,610	—
Total CFDA 16.588			504,610	—
U.S. Department of Justice: Program: Encourage to Arrest Policies and Enforcement of Protection Orders Program: Federal: Direct: 620013 DC Domestic Violence Project	16.590	2012-WE-AX-0015	478,591	—
Total Direct			478,591	—
Total Program			478,591	—
Total CFDA 16.590			478,591	—
U.S. Department of Justice: Office of the Governor, Criminal Justice Division: Program: Edward Byrne Memorial Justice Assistance Grant Program: Federal: Pass Through: 700614 Juvenile Residential Drug Treatment Center	16.593	RT-13-A10-14874-16	124,873	—
Total Indirect			124,873	—
Total Program			124,873	—
Total CFDA 16.593			124,873	—
U.S. Department of Justice: Program: State Criminal Alien Assistance Program: Federal: Direct: 47220 SCAAP 2009	16.606	2009-1902	796,272	—
Total Direct			796,272	—
Total Program			796,272	—
Total CFDA 16.606			796,272	—
U.S. Department of Justice: Program: Bulletproof Vest Partnership Program: Federal: Direct: 48050-12 Bulletproof Vest Program FY 12	16.607	2012BOBX11057434	(3,770)	—
Total Direct			(3,770)	—
Total Program			(3,770)	—
Total CFDA 16.607			(3,770)	—

DALLAS COUNTY, TEXAS
Schedule of Expenditures of Federal Awards
September 30, 2014

Federal grantor / pass-through grantor / other grantor / program title / grant title	Federal CFDA number	Grant number	Expenditure	Amounts passed to through subrecipients
U.S. Department of Justice:				
Program:				
Prison Rape Elimination Act:				
Federal:				
Direct:				
762013 PREA Implementation Project Grant	16.735	2010-RP-BX-K001	\$ 46,549	—
Total Direct			46,549	—
Total Program			46,549	—
Total CFDA 16.735			46,549	—
U.S. Department of Justice:				
City of Dallas:				
Program:				
Edward Byrne Memorial Justice Assistance Grant Program:				
Federal:				
Pass Through:				
202011 Justice Assistance Grant FY11	16.738	2011-DJ-BX-2895	130,371	—
202012 Justice Assistance Grant FY12	16.738	2012-DJ-BX-0199	143,799	—
202013 Justice Assistance Grant FY13	16.738	2013-DJ-BX-0502	65,733	—
Total Indirect			339,903	—
Total Program			339,903	—
U.S. Department of Justice:				
Office of the Governor, Criminal Justice Division:				
Program:				
Edward Byrne Memorial Justice Assistance Grant Program:				
Federal:				
Pass Through:				
100414 RSAT Wilmer	16.738	DJ-11-A10-14879-15	355,311	—
Total Indirect			355,311	—
Total Program			355,311	—
Total CFDA 16.738			695,214	—
Total JAG Program Cluster			695,214	—
U. S. Department of Justice				
National Institute of Justice				
Program:				
Forensic DNA Backlog Reduction Program:				
Federal:				
Direct:				
340013 DNA Backlog Reduction Program	16.741	2012-DN-BX-0083	163,420	—
340014 DNA Backlog Reduction Program	16.741	2012-DN-BX-0083	14,948	—
Total Direct			178,368	—
Total Program			178,368	—
Total CFDA 16.741			178,368	—
U.S. Department of Justice:				
Program:				
Coverdell Forensic Science Improvement:				
Federal:				
Direct:				
340313 Enhancement of Local Crime Lab & Medical Examiner Services	16.742	2012-CD-BX-0072	114,423	—
Total Direct			114,423	—
Total Program			114,423	—
Total CFDA 16.742			114,423	—
U.S. Department of Justice:				
Program:				
Bureau of Justice Assistance				
Federal:				
Direct:				
660614 Wrongful Conviction Review Program	16.746	2013-FA-BX-0005	78,898	—
Total Direct			78,898	—
Total Program			78,898	—
Total CFDA 16.746			78,898	—
U.S. Department of Justice:				
Program:				
Edward Byrne Memorial Justice Assistance Grant Program:				
Federal:				
Direct:				
202511 National Justice Information Sharing Initiative	16.751	2010-DB-BX-K060	67,700	—
Total Direct			67,700	—
Total Program			67,700	—
Total CFDA 16.751			67,700	—

DALLAS COUNTY, TEXAS
Schedule of Expenditures of Federal Awards
September 30, 2014

Federal grantor / pass-through grantor / other grantor / program title / grant title	Federal CFDA number	Grant number	Expenditure	Amounts passed to through subrecipients
U.S. Department of Justice:				
Drug Enforcement Agency:				
Program:				
State and Local Narcotics Control Assistance:				
Federal:				
Direct:				
91001 Confiscated Funds Constable Pct. 4 – Federal	16.922	N/A	\$ 6,193	—
91002 Sheriff Federal Asset Sharing	16.922	N/A	528,223	—
91004 Federal Forfeiture Funds Pct. 2	16.922	N/A	36,131	—
91005 Federal Forfeiture Funds Pct. 1	16.922	N/A	497	—
91006 Federal Forfeiture Funds Pct. 3	16.922	N/A	12,185	—
540 DA Forfeiture – Federal	16.922	N/A	127,643	—
Total Direct			<u>710,872</u>	<u>—</u>
Total Program			<u>710,872</u>	<u>—</u>
Total CFDA 16.922			<u>710,872</u>	<u>—</u>
U.S. Department of Transportation:				
North Central Texas Council of Governments:				
Program:				
Highway Planning and Construction:				
Federal:				
Pass Through:				
530413 Courtesy Patrol Program	20.205	18-2XXF5001	515,025	—
530414 Courtesy Patrol Program	20.205	18-4XXF5002	2,746,782	—
530415 Courtesy Patrol Program	20.205	18-4XXF5002	272,253	—
Total Indirect			<u>3,534,060</u>	<u>—</u>
Total Program			<u>3,534,060</u>	<u>—</u>
Total CFDA 20.205			<u>3,534,060</u>	<u>—</u>
Total Highway Planning & Construction Cluster			<u>3,534,060</u>	<u>—</u>
U.S. Department of Transportation:				
Texas Department of Transportation:				
Program:				
State and Community Highway Safety:				
Federal:				
Pass Through:				
530313 STEP Single Year – 2013 Comprehensive	20.600	2013-DallasCo-S-IYG-0064	(4,043)	—
530314 STEP Single Year – 2013 Comprehensive	20.600	584EGF5166	81,779	—
Total Indirect			<u>77,736</u>	<u>—</u>
Total Program			<u>77,736</u>	<u>—</u>
Total CFDA 20.600			<u>77,736</u>	<u>—</u>
Total Highway Safety Cluster			<u>77,736</u>	<u>—</u>
U.S. Department of Energy:				
Texas Department of Housing and Community Affairs:				
Program:				
Weatherization Assistance for Low-Income Persons:				
Federal:				
Pass Through:				
830513 DOE Weatherization	81.042	56130001927	236,135	—
832013 DOE Weatherization	81.042	56110001902	101,994	—
Total Indirect			<u>338,129</u>	<u>—</u>
Total Program			<u>338,129</u>	<u>—</u>
Total CFDA 81.042			<u>338,129</u>	<u>—</u>
U.S. Department of Education:				
Texas Education Agency:				
Program:				
Title I Grants to Local Education Agencies:				
Federal:				
Pass Through:				
750214 Title I Part A Improving Basic Program	84.010	14610101057950	397,642	—
750914 Title I Part D Subpart 2 Delinquent Programs	84.010	14610103057814	955,089	—
Total Indirect			<u>1,352,731</u>	<u>—</u>
Total Program			<u>1,352,731</u>	<u>—</u>
Total CFDA 84.010			<u>1,352,731</u>	<u>—</u>
Total Title I, Part A Cluster			<u>1,352,731</u>	<u>—</u>
U.S. Department of Education:				
Texas Education Agency:				
Program:				
Special Education Grants to States:				
Federal:				
Pass Through:				
750614 Individuals with Disabilities Act (IDEA)	84.027	146600010578146600	93,569	—
Total Indirect			<u>93,569</u>	<u>—</u>
Total Program			<u>93,569</u>	<u>—</u>
Total CFDA 84.027			<u>93,569</u>	<u>—</u>
Total Special Education Cluster (IDEA)			<u>93,569</u>	<u>—</u>

DALLAS COUNTY, TEXAS
Schedule of Expenditures of Federal Awards
September 30, 2014

Federal grantor / pass-through grantor / other grantor / program title / grant title	Federal CFDA number	Grant number	Expenditure	Amounts passed to through subrecipients
U.S. Department of Education:				
Region 10 Education Services (ESC10):				
Program:				
English Language Acquisition Grants:				
Federal:				
Pass Through:				
751114 Title III Part A LEP	84.365	14671001057950	\$ 3,901	—
Total Indirect			3,901	—
Total Program			3,901	—
Total CFDA 84.365			3,901	—
U.S. Department of Education:				
Region 10 Education Services (ESC10):				
Program:				
Improving Teacher Quality State Grants:				
Federal:				
Pass Through:				
750314 Title II Part A Teacher and Principal Training and Recruiting	84.367	14694501057950	51,766	—
Total Indirect			51,766	—
Total Program			51,766	—
Total CFDA 84.367			51,766	—
U.S. Department of Health and Human Services:				
National Assn of County and City Health Officials:				
Program:				
Medical Reserve Corps. Small Grant Program:				
Federal:				
Pass Through:				
890211 National Association of County and City Health Official Medical R Corp	93.008	MRC#11154	1,133	—
890212 National Association of County and City	93.008	MRC#12154	1,102	—
890213 National Association of County and City Health Official Medical R Corp	93.008	MRC # 13 154	1,949	—
890214 N Assoc. of CO. / City Health Officials Medical Reserve Corp (Donation)	93.008	5MRCSG101005-04-00	8,634	—
Total Indirect			12,818	—
Total Program			12,818	—
Total CFDA 93.008			12,818	—
U.S. Department of Health and Human Services:				
Dallas Area Agency on Aging:				
Program:				
Grants for Supportive Services and Senior Centers:				
Federal:				
Pass Through:				
840114 Nutrition Transportation 2014	93.044	2013 – 1437	290,183	—
Total Indirect			290,183	—
Total Program			290,183	—
Total CFDA 93.044			290,183	—
U.S. Department of Health and Human Services:				
Dallas Area Agency on Aging:				
Program:				
Special Programs for Aging Title III Part C Nutrition Services:				
Federal:				
Pass Through:				
840014 Nutrition 2014	93.045	2013-1437	305,882	—
840314 Congregate Meals	93.045	2013-1437	812,762	—
840315 Congregate Meals	93.045	2014-1203	1,241	—
Total Indirect			1,119,885	—
Total Program			1,119,885	—
Total CFDA 93.045			1,119,885	—
Total Aging Cluster			1,410,068	—
U.S. Department of Health and Human Services:				
Department of State Health Services:				
Program:				
CPS – Laboratory Response Network – PHEP:				
Federal:				
Pass Through:				
872014 Bioterrorism Preparedness Lab	93.069	2014-001065-00	168,456	—
872015 CPS-Laboratory Response Network	93.069	2015-001065-00	6,403	—
872314 CPS/Bioterrorism Preparedness	93.069	2014-001110-00	1,273,768	—
872315 Public Health Emergency Preparedness (PHEP)	93.069	2015-001110-00	101,786	—
872514 CPS – Cities Readiness Initiative	93.069	2014-001112-00	363,213	—
872515 CPS Cities Readiness Initiative	93.069	2015-047015-001	15,867	—
874314 Bioterrorism Discretionary	93.069	2014-045405	1,002	—
Total Indirect			1,930,495	—
Total Program			1,930,495	—
Total CFDA 93.069			1,930,495	—
U.S. Department of Health and Human Services:				
Department of State Health Services:				
Program:				
Project Grants and Cooperative Agreements for Tuberculosis Control Programs:				
Federal:				
Pass Through:				
870714 Tuberculosis	93.116	2014-001403-00	723,237	—
870715 Tuberculosis	93.116	2015-001403-00	72,863	—
Total Indirect			796,100	—
Total Program			796,100	—
Total CFDA 93.116			796,100	—

DALLAS COUNTY, TEXAS
Schedule of Expenditures of Federal Awards
September 30, 2014

Federal grantor / pass-through grantor / other grantor / program title / grant title	Federal CFDA number	Grant number	Expenditure	Amounts passed to through subrecipients
U.S. Department of Health and Human Services:				
Department of State Health Services:				
Program:				
HIV/Substance Abuse and Mental Health Prevention:				
Federal:				
Pass Through:				
873614 HIV/Substance abuse and Metal Health Prevention	93.243	2014-003152-00	\$ 89,492	—
873615 Substance Abuse & Mental Health Prevention	93.243		(454)	—
Total Indirect			89,038	—
Total Program			89,038	—
Total CFDA 93.243			89,038	—
U.S. Department of Health and Human Services:				
Department of State Health Services:				
Program:				
Immunization Grants:				
Federal:				
Pass Through:				
870814 Immunization Registry	93.268	2014-001068-00	1,537,947	—
870815 Immunization Registry	93.268	2015-001068-00	53,209	—
871014 Immunization Registry P.I.	93.268	2014-001068-00	(33,140)	—
871015 Immunization Registry P.I.	93.268	2015-001068-00	5,987	—
871514 Adult Safety Net Program Income	93.268	2014-001068-00	(10,283)	—
Total Indirect			1,553,720	—
Total Program			1,553,720	—
Total CFDA 93.268			1,553,720	—
U.S. Department of Health and Human Services:				
Centers for Disease Control and Prevention				
Program:				
Strengthening Public Health Infrastructure				
Federal:				
Direct:				
890314 Strengthening Public Health Infrastructure	93.292	5U58CD001278-04	167,401	—
Total Indirect			167,401	—
Total Program			167,401	—
Total CFDA 93.292			167,401	—
U.S. Department of Health and Human Services:				
Department of State Health Services:				
Program:				
HIV Prevention Plan to Address Gaps in Dallas Area:				
Federal:				
Pass Through:				
870414 HIV Prevention Plan	93.523	2014-001161-00	206,622	—
Total Indirect			206,622	—
Total Program			206,622	—
Total CFDA 93.523			206,622	—
U.S. Department of Health and Human Services:				
Attorney General of Texas:				
Program:				
Child Support Enforcement:				
Federal:				
Pass Through:				
31901 IV-D Fees Dist. Clerk	93.563	N/A	735,607	—
31902 IV-D Fees Constable	93.563	N/A	63,393	—
31903 IV-D Fees Sheriff	93.563	N/A	25,443	—
31903 IV-D Fees Child Support	93.563	N/A	1,203,662	—
31904 Child Support Customer Service	93.563	N/A	18,855	—
31905 Child Support IV-D Local Rule Incentive	93.563	N/A	88,179	—
Total Indirect			2,135,139	—
Total Program			2,135,139	—
Total CFDA 93.563			2,135,139	—
U.S. Department of Health and Human Services:				
Department of State Health Services:				
Program:				
Refugee and Entrant Assistance-State Administered Programs:				
Federal:				
Pass Through:				
870214 TB Refugee	93.566	2014-001035-00	1,334,049	—
870215 TB Refugee	93.566	2015-001035-00	56,044	—
Total Indirect			1,390,093	—
Total Program			1,390,093	—
Total CFDA 93.566			1,390,093	—
U.S. Department of Health and Human Services:				
Texas Department of Housing and Community Affairs:				
Program:				
Low-Income Home Energy Assistance:				
Federal:				
Pass Through:				
830014 CEAP Supplement	93.568	58130001961	1,860,570	—
830113 CEAP	93.568	58130001632	1,982,260	—
830114 CEAP	93.568	58140001800	1,089,476	—
830213 LIHEAP Weatherization	93.568	811300001725	1,167,225	—
830214 LIHEAP Weatherization	93.568	81140001877	744,185	—
Total Indirect			6,843,716	—
Total Program			6,843,716	—
Total CFDA 93.568			6,843,716	—

DALLAS COUNTY, TEXAS
Schedule of Expenditures of Federal Awards
September 30, 2014

Federal grantor / pass-through grantor / other grantor / program title / grant title	Federal CFDA number	Grant number	Expenditure	Amounts passed to through subrecipients
U.S. Department of Health and Human Services:				
Department of State Health Services:				
Program:				
Refugee and Entrant Assistance Discretionary Grants:				
Federal:				
Pass Through:				
870214 TB Refugee	93.576	2014-001035-00	\$ 1,335	—
870215 TB Refugee	93.576	2015-001035-00	56	—
Total Indirect			1,391	—
Total Program			1,391	—
Total CFDA 93.576			1,391	—
U.S. Department of Health and Human Services:				
National Association of County & City Health Officials (NACCHO)				
Program:				
YMCA Pre-Diabetes Project				
Federal:				
Pass Through:				
890614 National Association of County & City Health Officials YMCA Pre-Diabetes Project	93.610	2014-070102	20,000	—
Total Indirect			20,000	—
Total Program			20,000	—
Total CFDA 93.610			20,000	—
U.S. Department of Health and Human Services:				
Texas Department of Family and Protective Services:				
Program:				
Foster Care -Title IV E:				
Federal:				
Pass Through:				
47530 CPS Attorney	93.658	23,357,384	580,078	—
47760 Child Specific Expense	93.658	23,380,594	26,283	—
Total Indirect			606,361	—
Total Program			606,361	—
Texas Juvenile Justice Department:				
Program:				
Foster Care – Title IV:				
Federal:				
Pass Through:				
710714 Title IV-E Federal Foster Care Program – Administration	93.658	TJJD-E-057-2014	10,931	—
Total Indirect			10,931	—
Total Program			10,931	—
Total CFDA 93.658			617,292	—
U.S. Department of Health and Human Services:				
Department of State Health Services:				
Program:				
CPS – Laboratory Response Network – HPP:				
Federal:				
Pass Through:				
872814 CPS-LRN – HPP Preparedness and Prevention	93.889	2014-001064-00	11,599	—
Total Indirect			11,599	—
Total Program			11,599	—
Total CFDA 93.889			11,599	—
U.S. Department of Health and Human Services:				
Health Resources and Services Administration:				
Program:				
HIV Emergency Relief Project Grants:				
Federal:				
Direct:				
6550213 RW HIV/AIDS TEA 2009 Part A Formula Admin Agency	93.914	H89HA00014-23-00	3,413,359	2,926,867
6550214 RW HIV/AIDS TEA 2009 Part A Formula Admin Agency	93.914	H89HA00014-24-00	5,263,868	4,894,746
6550313 RW HIV/AIDS TEA 2009 Part A Formula Quality Management	93.914	H89HA00014-23-00	151,164	—
6550314 RW HIV/AIDS TEA 2009 Part A Formula Quality Management	93.914	H89HA00014-24-00	182,735	—
6550613 RW HIV/AIDS TEA 2009 Part A Formula	93.914	H89HA00014-23-00	34,352	—
6550614 RW HIV/AIDS TEA 2009 Part A Formula	93.914	H89HA00014-24-00	64,481	—
6550813 RW HIV/AIDS TEA 2009 Part A Supplemental	93.914	H89HA00014-23-02	3,111,997	3,062,294
6550814 RW HIV/AIDS TEA 2009 Part A Supplemental	93.914	H89HA00014-24-00	1,014,022	1,014,022
6550913 RW TMA 2006 Part A Supplemental	93.914	H89HA00014-23-02	67,967	—
6551013 RW HIV/AIDS TEA 2009 Minority AIDS Initiative Admin Agency	93.914	H89HA00014-23-00	481,238	462,576
6551014 RW HIV/AIDS TEA 2009 Minority AIDS Initiative Admin Agency	93.914	H89HA00014-24-00	584,888	560,786
6551113 RW HIV/AIDS TEA 2009 Minority AIDS Initiative Quality Management	93.914	H89HA00014-23-00	10,314	—
6551114 RW HIV/AIDS TEA 2009 Minority AIDS Initiative Quality Management	93.914	H89HA00014-24-00	13,652	—
6551213 RW HIV / AIDS Treatment Extension Act of 2009 MAI Offset	93.914	H89HA00014-23-02	49,789	49,789
6551313 RW HIV / AIDS Treatment Extension Act of 2009 MAI Offset	93.914	H89HA00014-23-02	28,371	28,371
Total Direct			14,472,197	12,999,451
Total Program			14,472,197	12,999,451
Total CFDA 93.914			14,472,197	12,999,451

DALLAS COUNTY, TEXAS
Schedule of Expenditures of Federal Awards
September 30, 2014

Federal grantor / pass-through grantor / other grantor / program title / grant title	Federal CFDA number	Grant number	Expenditure	Amounts passed to through subrecipients
U.S. Department of Health and Human Services:				
Department of State Health Services:				
Program:				
HIV Care Formula Grants:				
Federal:				
Pass Through:				
6560014 DSHS PROGRAM: HIV-RYAN WHITE AA	93.917	2014-001459-00	\$ 348,799	—
6560015 DSHS PROGRAM: HIV-RYAN WHITE AA	93.917	2015-001459-00	23,042	—
6560314 DSHS PROGRAM – HIV-RYAN WHITE SD	93.917	2014-001459-00	3,176,876	3,176,876
Total Indirect			3,548,717	3,176,876
Total Program			3,548,717	3,176,876
Total CFDA 93.917			3,548,717	3,176,876
U.S. Department of Health and Human Services:				
Department of State Health Services:				
Program:				
HIV Prevention:				
Federal:				
Pass Through:				
870315 AIDS Surveillance	93.940	2015-047008-001	20,901	—
872715 AIDS Surveillance Prenatal	93.940	2015-047015-001	4,586	—
870614 VD Epidemiology	93.940	2014-001333-00	190,380	—
874014 Syphilis Elimination Effort Program	93.940	2014-001333-00	52,035	—
874114 HIV Prevention Special Projects	93.940	2014-001333-00	14,476	—
Total Indirect			282,378	—
Total Program			282,378	—
Total CFDA 93.940			282,378	—
U.S. Department of Health and Human Services:				
Department of State Health Services:				
Program:				
Human Immune Virus/Acquired Immune-Deficiency Syndrome Surveillance:				
Federal:				
Pass Through:				
870314 AIDS Surveillance	93.944	2014-001393-00	271,559	—
872714 AIDS Surveillance Prenatal	93.944	2015-047015-001	49,482	—
Total Indirect			321,041	—
Total Program			321,041	—
Total CFDA 93.944			321,041	—
U.S. Department of Health and Human Services:				
Department of State Health Services:				
Program:				
Preventive Health Services Sexually Transmitted Disease Control Grants:				
Federal:				
Pass Through:				
870614 VD Epidemiology	93.977	2014-001333-00	867,287	—
874014 Syphilis Elimination Effort Program	93.977	2014-001333-00	237,047	—
874114 HIV Prevention Special Projects	93.977	2014-001333-00	65,948	—
Total Indirect			1,170,282	—
Total Program			1,170,282	—
Total CFDA 93.977			1,170,282	—

DALLAS COUNTY, TEXAS
Schedule of Expenditures of Federal Awards
September 30, 2014

Federal grantor / pass-through grantor / other grantor / program title / grant title	Federal CFDA number	Grant number	Expenditure	Amounts passed to through subrecipients
Social Security Administration:				
Social Security Administration:				
Program:				
Social Security Disability Insurance:				
Federal:				
Direct:				
590013 Social Security Fraud Investigation	96.001	SS06-10-60012	\$ 184,207	—
590014 Social Security Fraud Investigation	96.001	SS06-10-60012	207,270	—
47750 Social Security Recovery	96.001	N/A	731,600	—
Total Direct			<u>1,123,077</u>	—
Total Program			<u>1,123,077</u>	—
Total CFDA 96.001			<u>1,123,077</u>	—
Total Disability Insurance/SSI Cluster			<u>1,123,077</u>	—
U.S. Department of Homeland Security:				
Governors Division of Emergency Management:				
Program:				
Urban Area Security Initiative:				
Federal:				
Pass Through:				
410713 Urban Areas Security Initiative	97.008	2010-SS-T0-0008	72,828	—
Total Indirect			<u>72,828</u>	—
Total Program			<u>72,828</u>	—
Total CFDA 97.008			<u>72,828</u>	—
Governors Division of Emergency Management:				
Program:				
Urban Area Security Initiative:				
Federal:				
Pass Through:				
410714 Urban Areas Security Initiative	97.067	EMW-2013-SS-00045	109,417	—
Total Indirect			<u>109,417</u>	—
Total Program			<u>109,417</u>	—
Total CFDA 97.067			<u>109,417</u>	—
U.S. Department of Homeland Security:				
Federal Emergency Management Agency:				
Program:				
Pre – Disaster Mitigation Program:				
Federal:				
Pass-Through:				
410913 Pre-Disaster Mitigation Program	97.047	PL-06-TX-2012-032	49,324	—
Total Indirect			<u>49,324</u>	—
Total Program			<u>49,324</u>	—
Total CFDA 97.047			<u>49,324</u>	—
U.S. Department of Homeland Security:				
Office of Health Affairs:				
Program:				
Homeland Security Biowatch Program:				
Federal:				
Direct:				
880113 Homeland Security (BIO WATCH)	97.091	HSHQVC-12-P-00113	32,467	—
880114 Homeland Security (BIO WATCH)	97.091	ROHB-13-00093	36,355	—
880115 Homeland Security (BIO WATCH)	97.091	ROHB-14-00077	7,029	—
Total Direct			<u>75,851</u>	—
Total Program			<u>75,851</u>	—
Total CFDA 97.091			<u>75,851</u>	—
Grand total federal			<u>\$ 84,733,181</u>	<u>17,283,862</u>

See accompanying notes to schedule of expenditures of federal awards.

DALLAS COUNTY, TEXAS

Notes to Schedule of Expenditures of Federal Awards

Year ended September 30, 2014

(1) General

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal award programs of Dallas County, Texas (the County), except for the federal award programs of the Dallas County Hospital District (the District), a component unit of the County, which has been excluded. The District issued a separate single audit report for the year ended September 30, 2014. The County's reporting entity is defined in note 1.A to the County's basic financial statements.

(2) Basis of Accounting

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

(3) Immunization Vaccines

Dallas County is a vaccine provider for the State of Texas Health Department Childhood Immunization Grant. The value of vaccines received from the State was \$4,487,504 for the fiscal year ended September 30, 2014. The vaccines are not awards under the grant and have not been included in the Schedule.

DALLAS COUNTY, TEXAS

Schedule of Findings and Questioned Costs

September 30, 2014

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? X yes _____ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditors’ report issued on compliance for major programs

Qualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

 X yes _____ no

CFDA number	Name of state program or cluster
16.922	Equitable Sharing Program
Various	Highway Planning and Construction Cluster
93.568	Low-Income Home Energy Assistance
93.914	HIV Emergency Relief Project Grants

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

Federal \$2,541,995

Auditee qualified as low-risk auditee?

Federal X yes _____ no

DALLAS COUNTY, TEXAS
Schedule of Findings and Questioned Costs
September 30, 2014

Section II – Financial Statement Findings

None Noted.

DALLAS COUNTY, TEXAS

Schedule of Findings and Questioned Costs

September 30, 2014

Section III – Federal Award Findings and Questioned Costs

<u>Program name</u>	<u>CFDA</u>	<u>Expenditures</u>
Equitable Sharing Program	16.922	\$ 710,872

Federal Award Number: N/A

FINDING #2014-001: Activities Allowed or Unallowed/Allowable Costs

Criteria or Specific Requirement

Per OMB Circular A-87 (2 CFR Part 225), Attachment A, Paragraph C, to be allowable under Federal awards, costs must be necessary and reasonable for the performance and administration of Federal awards and be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit. In addition, based on the Guide to Equitable Sharing for State and Local Law Enforcement Agencies, published by the Department of Justice, a permissible use of the equitably shared funds is law enforcement training.

Condition

Control

The County’s policy is to have requests for payment provided to management for review prior to processing. However, the underlying support for the transactions included in the payment requests were not submitted as part of this review for this program. Thus, resulting in a deficiency in the design of this control.

Compliance

During our testwork over activities allowed and allowable costs for this major program, we selected a sample of 65 expenditures which totaled \$561,842. Within our sample, we noted one expenditure for \$51,191 related to bar dues for attorneys from the County’s District Attorney’s office. Expenditures related to bar dues are not considered to be expenditures related to law enforcement training as allowed per the Guide to Equitable Sharing for State and Local Law Enforcement Agencies published by the Department of Justice.

Questioned Costs

\$51,191 – The amount of the dues paid by the County.

Possible Asserted Cause and Effect

Management failed to establish and maintain an effective control environment over the allowable costs/allowable activities compliance requirement for this major program.

The effect of this absence of effective control procedures is an increased likelihood of noncompliance and questioned costs related to this compliance requirement.

An important element of this control environment is to ensure that there is proper oversight of the expenditures of the program by individuals that are knowledgeable of the program’s requirement and understand, which activities or costs are permissible or not under the program.

DALLAS COUNTY, TEXAS

Schedule of Findings and Questioned Costs

September 30, 2014

Recommendation

We recommend the County's management design and implement control activities to ensure transactions are appropriately reviewed prior to processing.

View of the Responsible Officials

Funds have been deposited in County accounts where the County's management will maintain effective control activities to ensure transactions are appropriately reviewed prior to processing and allow for more transparency. Corrections for past errors have been made.

It is agreed that State Bar dues are an impermissible use of federal forfeiture funds (they are an appropriate expenditure of State Bar dues). The District Attorney's Office has disbursed a check totaling \$153,876 (for three years of State Bar dues) from the District Attorney's state forfeiture account (such an expenditure is authorized under Code of Criminal Procedure, Art. 59.06 [d-4] [9]) to reimburse the Department of Justice federal forfeiture account.

A control environment has already been put in place to ensure that there is proper oversight of the expenditures of the program by individuals that are knowledgeable of the program's requirements and that understand which activities or costs are permissible or not under the programs. Such transactions will be appropriately reviewed prior to processing and allow for more transparency. The District Attorney's Office will maintain an effective control environment to ensure the procurement for all goods and services are processed through the County's Purchasing Department in accordance with Dallas County Code and the Guide to Equitable Sharing for State and Local Law Enforcement Agencies.

DALLAS COUNTY, TEXAS

Schedule of Findings and Questioned Costs

September 30, 2014

<u>Program</u>	<u>CFDA</u>	<u>Expenditures</u>
Equitable Sharing Program	16.922	\$ 710,872

Federal Award Number: N/A

FINDING #2014-002: Equipment and Real Property Management

Criteria or Specific Requirement

Per 2 CFR Section 215.34 (f):

- (1) Equipment records shall be maintained accurately and shall include the following information:
 - (i) A description of the equipment.
 - (ii) Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.
 - (iii) Source of the equipment, including the award number.
 - (iv) Whether title vests in the recipient or the Federal Government.
 - (v) Acquisition date (or date received, if the equipment was furnished by the Federal Government) and cost.
 - (vi) Information from which one can calculate the percentage of Federal participation in the cost of the equipment (not applicable to equipment furnished by the Federal Government).
 - (vii) Location and condition of the equipment and the date the information was reported.
 - (viii) Unit acquisition cost.
 - (ix) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the Federal awarding agency for its share.
- (2) Equipment owned by the Federal Government shall be identified to indicate Federal ownership.
- (3) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment.

DALLAS COUNTY, TEXAS

Schedule of Findings and Questioned Costs

September 30, 2014

Condition

Control

Management failed to establish an effective control environment to ensure that the population of equipment was complete and accurate as of September 30, 2014.

Compliance

During our testwork over Equipment for this major program, the engagement team requested but was unable to obtain a complete listing of equipment. The listing obtained only included recent purchases and inquiry with management regarding the subject matter did not lead to resolution of the matter.

Questioned Costs

Undetermined

Possible Asserted Cause and Effect

The effect of this absence of effective control procedures is an increased likelihood of noncompliance and questioned costs related to this compliance requirement.

An important element of this control environment is to ensure that there are proper procedures in place for the maintenance of equipment and the related records. Proper procedures would include charging knowledgeable individuals with the responsibilities of maintaining and tracking the equipment and related records.

Recommendation

We recommend the County's management design and implement control activities to ensure proper records are maintained for equipment and that the equipment itself be tracked and accounted for at an appropriately detailed level.

View of the Responsible Officials

The County maintains a listing of property purchases (capital assets) valued at \$5,000 or more in accordance with Dallas County Code Section 70.361. The District Attorney's Office has developed a more complete list (of both capital and non-capital assets) of vehicles, equipment, firearms and personal equipment, furniture, computers, software, etc. for items seized via forfeiture or purchased with forfeiture funds. The District Attorney's Office management has designed and implemented control activities to ensure proper records are maintained in accordance with 2 CFR Section 215.34(f)(1) and Dallas County Code Section 90-373 for equipment/property and that the equipment/property itself is accounted for and tracked at an appropriately detailed level.

DALLAS COUNTY, TEXAS

Schedule of Findings and Questioned Costs

September 30, 2014

<u>Program</u>	<u>CFDA</u>	<u>Expenditures</u>
Equitable Sharing Program	16.922	\$ 710,872

Federal Award Number: N/A

FINDING #2014-003: Procurement and Suspension and Debarment

Criteria or Specific Requirement

Per 2 CFR Part 215.46, procurement records and files for purchases in excess of the small purchase threshold shall include the following at a minimum:

- (a) Basis for contractor selection;
- (b) Justification for lack of competition when competitive bids or offers are not obtained; and
- (c) Basis for award cost or price.

Per 2 CFR 180.300, an entity shall do the following before entering into a covered transaction with an entity or person:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the contract related to the covered transaction.

Condition

Control

Through inquiry with management, purchases for goods and services for this major program are not processed through the County's Purchasing Department. Therefore, the procurement transactions related to this program were not subject to the County's established control environment.

Compliance

During our testwork over Procurement and Suspension and Debarment for this major program, we selected all three (3) entities with which the County entered into a covered transaction during the fiscal year. For one of three entities selected, the procurement documentation of significant history of the procurement, including the rationale for the method of the procurement, selection of the contract type, contractor selection, or rejection, and the basis of the contract price did not exist.

For each of the three entities, there was not any documentation that the County performed the necessary procedures to ensure that the entities were not suspended or debarred as described above. We independently performed a search for the three entities and determined that they were not suspended or debarred.

DALLAS COUNTY, TEXAS

Schedule of Findings and Questioned Costs

September 30, 2014

Questioned Costs

None

Possible Asserted Cause and Effect

The County's management failed to establish an effective control environment over purchases of goods and services related to this major program.

The effect of this absence of effective control procedures is an increased likelihood of noncompliance and questioned costs related to this compliance requirement.

Recommendation

We recommend Management establish and maintain an effective control environment to ensure that the procurement of all goods and services related to this major program are processed through the County's Purchasing Department.

View of the responsible officials

The District Attorney's Office will maintain an effective control environment to ensure the procurement for all goods and services are processed through the County's Purchasing Department in the future in accordance with 2 CFR Part 215.46 with particular attention that the necessary procedures are followed to ensure that the entities are not suspended or debarred in accordance with 2 CFR 180.300. A control environment has already been put in place to ensure that there is proper oversight of the expenditures of the program by individuals that are knowledgeable of the program's requirements and understand which activities or costs are permissible or not under the programs. Such transactions will be appropriately reviewed prior to processing.

Checks and balances have been and are being implemented to ensure that proper procedures will be implemented and enforced now and in the future.

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



**REPORT FOR THE YEAR ENDED
SEPTEMBER 30, 2014**

DALLAS COUNTY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2014

Prepared by:
Virginia Porter, CPA
Office of County Auditor
509 Main Street, Room 407
Dallas, Texas 75202

DALLAS COUNTY, TEXAS
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended September 30, 2014

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DALLAS COUNTY, TEXAS
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended September 30, 2014

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INTRODUCTORY SECTION
(Unaudited)



**DALLAS COUNTY
COUNTY AUDITOR**

March 24, 2015

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

State law, V.T.C.A. Local Government Code 114.025 and 115.045, requires issuance of an annual financial report and an annual independent audit of all matters relating to fiscal affairs of the County. Pursuant to those requirements, we hereby release the comprehensive annual financial report of the County of Dallas for the fiscal year ended September 30, 2014.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Accounting requirements for Governmental Accounting Standards Board (GASB) Statement Numbers 66, 67 and 70 were reviewed for implementation in FY2014; however, it was determined none effected the County's financial statements. These statements are explained on page 35 of the Notes. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the basic financial statements will be free from material misstatement. Responsibility for internal controls is shared by Commissioners Court, which is the governing body; the County Auditor, (appointed by the District Judges); the Office of Budget and Evaluation (appointed by Commissioners Court); and, the County Treasurer (an elected position). We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. We assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's basic financial statements have been audited by KPMG, LLP. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the County, for the fiscal year ended September 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors' report is presented as the first component of the financial section of this report.

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

PROFILE OF DALLAS COUNTY

The County is located in north central Texas, and is strategically central to the economic region of Texas, Louisiana, Arkansas, Oklahoma, and New Mexico, as well as centrally located within the United States. The County region was opened for settlement by the Mexican colonization laws and was included in an empresario grant before 1836, but actual settlement was delayed until 1841. The first Texas legislature created the County from parts of Robertson and Nacogdoches counties on March 30, 1846, and designated the town of Dallas (a post office since 1844) as a temporary “Seat of Justice.” The act does not state whom the County’s name honors; it probably was George M. Dallas, then vice president of the United States. Two elections were held in 1850 to fix the city of Dallas as the permanent county seat. The County encompasses an area of 900 square miles. The 2010 census reported population for the County of 2,368,139. The County has participated in building 36.2 miles of trails for the public. The County is a public corporation and political subdivision of the State of Texas. The general governing body of the County is the elected five-member Commissioners Court in accordance with Article 5, Paragraph 18 of the Texas Constitution. Commissioners serve four-year staggered terms, two members elected every two years. The County Judge is elected at large to serve a four-year term.

The Commissioners Court sets the tax rates, establishes policies for County operations, approves contracts for the County and develops and adopts the County budget within the resources as estimated by the County Auditor. The Commissioners Court is also responsible for development of policies and orders, approving financial commitments and appointment of various department heads. The management and leadership provided by members of the Commissioners Court and the elected and appointed officials of other key County offices is crucial to the success of the County in financial management and growth. The commissioners serve on various boards and committees including the 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 the systems and procedures for handling the finances of the County, certifying available funds for county budgets, and “examining, auditing, and approving” all disbursements from County funds prior to their submission to the Commissioners Court for approval. It is the Auditor’s duty under statutory mandates to determine if claims are in conformance to laws governing county finance 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 state financial award programs; Juvenile Programs and Adult Probation Departments.

Financial management controls regarding banking and investment are managed by the County Treasurer, an elected position. The Treasurer chairs the County Finance Committee and submits for annual recertification an official investment policy. In accordance to Texas state statutes, the County’s investment policy was reviewed and certified 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 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. 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 current expenditures, and used to smooth uneven revenue flows. Cost savings initiatives of recent years have been positive and pay raises were approved for 2014. 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, sets tax rate and operational and financial relationship with the County is significant.

Discretely Presented Component Unit - The Dallas County Hospital District (the District) is under the direction of a seven-member board of managers who are appointed by the Commissioners Court. Although the Commissioners Court approves the District's budget, sets its tax rate, and approves major contracts, the District is an organization separate from the County. These factors dictate the inclusion of the District in the County's financial statements. According to the Texas Constitution, the hospital 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, the independent power of eminent domain and the individual right of ownership of property. The District maintains a medical facility, which provides service to indigents residing within 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. Dallas and Fort Worth (DFW) have seen dramatic growth in the video game studios and gaming software development jobs. Public transit options continue to expand significantly, though in several outlying suburbs, it remains limited. The area also reflects art, fashion, and entertainment. It is the site of a district Federal Reserve Bank and Dallas – Fort Worth International Airport. Together with the Fort Worth Metropolitan area, DFW comprises the nation's fourth largest urban economy with per capita personal income (PCPI) 105% of national average (U.S. Department of Commerce, BEA). The benefits component of compensation costs continued to increase in DFW metropolitan area according to U.S.

Bureau of Labor statistics. The local unemployment rate dropped from 6.1% to 5.0%. 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 7.4% in September from a year earlier, according to S&P Case-Shiller Home Price Index. Dallas is one of only two cities to see an annual gains increase as of September 2014. 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 banking, telecom, and food industries. The combined appraisal value of the 10 largest taxpayers total 3.63% of the County's total 2012-2013 appraised value. A schedule listing the 10 largest taxpayers can be found in statistical sections of this report. The Federal Open Market Committee has maintained the target range for federal fund rates at 0% - .25% since December 2008.

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 (success with jail certification), transportation funding (cooperative City projects), and inmate health/security (overcrowding). Management initiatives and tight budget controls have resulted in strong general fund reserves while achieving success with long-term goals and options to provide employee compensation increases. Significant budgetary challenges are housing needs for the homeless, insurance/hospital options for the employees, and inmate housing/care. Technology planning is focused on development of the 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. In Dallas, approximately 1.8% of commuters walk to work.

Long-term Financial Planning – The County's Strategic Plan (2007 – 2017) adopted in 2007 outlines planning and documentation of all County issues.

Financial planning is affected by the adopted strategies:

- Development of a proactive public policy agenda that continues to be friendly to businesses and meets the needs of Dallas County stakeholders.
- Maintenance of a strong, seamless infrastructure, including systems, processes, and programs.
- Tracking and marketing Dallas County's natural resources and assets – locally, regionally, statewide, and nationally.

The County 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 Capital Development Fund (MCDF) 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 three 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 is devoted to large scale capital projects. A total of 5.155 (4.5 plus .655) cents per hundred for tax rate is committed to combined Debt Service and MCDF.

The Major Technology Fund receives dedicated property taxes and is used to fund long-term objectives related to computer technology. A dedicated tax rate of 1.36 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 the County's 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 the premium are reviewed annually. Focus remains on providing high level care for employees with reasonable rates and offering a Health Savings Account (HSA), but components of the plan are being addressed for the 2016 effective date of the Affordable Health Care Act.

Major initiatives – County programs were addressed emphasizing public safety and transportation while focusing on minimizing any need for increasing property tax rates, as well as implementing cost reduction measures. Significant health safety and care issues were addressed with the Ebola care need, flu epidemic, and mosquito control. The public safety emphasis includes a project to add an in-house jail medical/mental health facility to the County jails replacing most of the current medical and mental health services, as well as ongoing technology enhancement projects for criminal and civil courts. Technology enhancements included access management controls, partnering with other Texas entities to build judicial tracking systems, evaluate upgrade options for financial systems and justice courts, and expanding e-commerce options, while maintaining strong PCI compliance. IT strategies focus on efficiencies and application security.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Dallas County for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. The CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The County has received a Certificate of Achievement for the last 33 consecutive years (fiscal years ended 1981 through 2013). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

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

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

Respectfully submitted,



Virginia Porter, CPA
Office of County Auditor



Government Finance Officers Association

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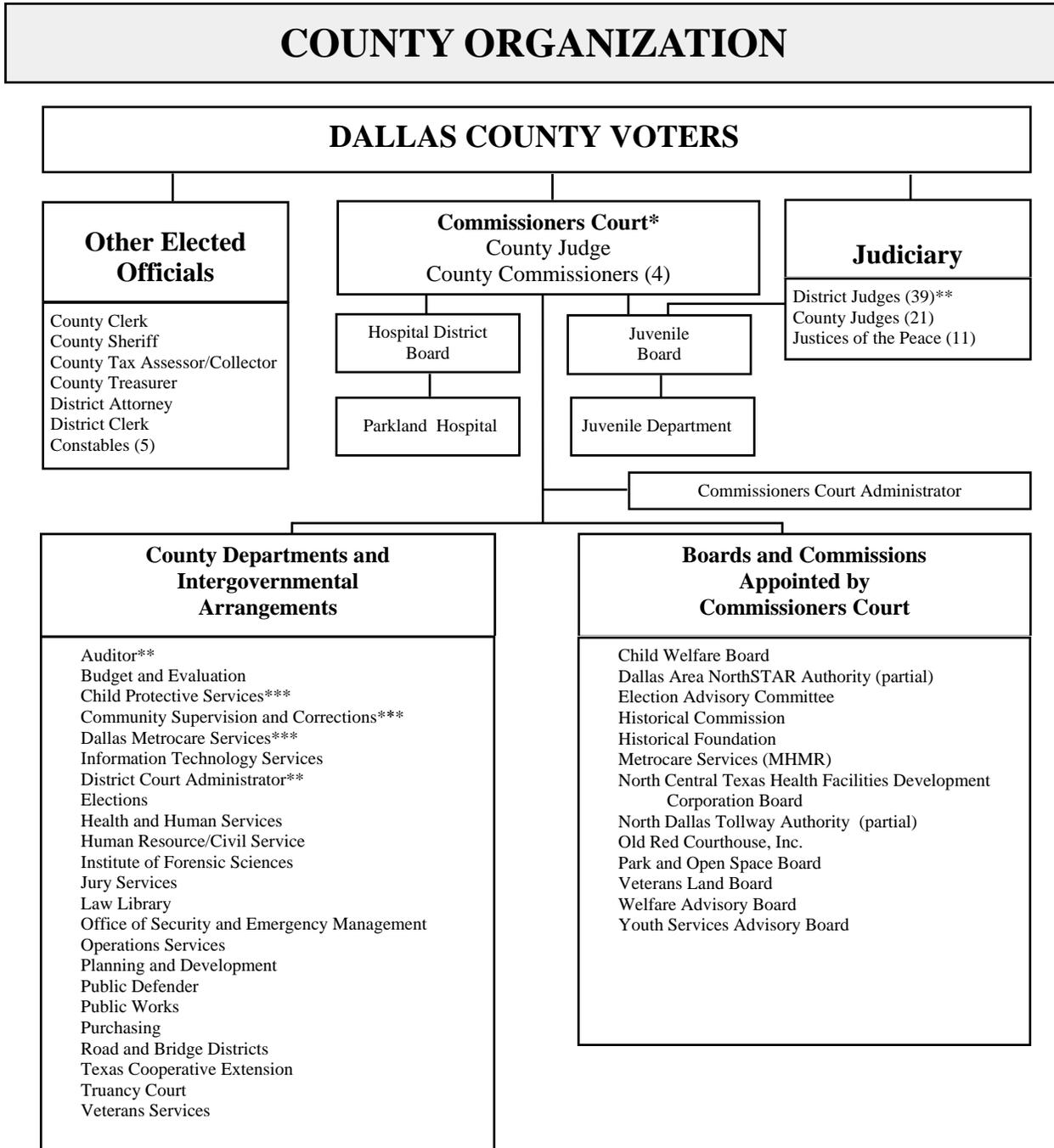
**Dallas County
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

COUNTY ORGANIZATION



* Members of the Commissioners Court serve on the following boards and committees: Texas Jail Standards Commission, Texas Juvenile Probation Commission, Dallas County Juvenile Board, National Association of Counties (NACO), Deferred Compensation Committee, NACO Large Urban Counties Caucus, Texas Conference of Urban Counties Chair, Texas Association of Regional Councils, IH635 Coordination Committee, North Central Texas Council of Governments (NCTCOG) Board, Dallas Regional Mobility Coalition, Public Health Advisory Board, North Texas Commission, DFW Partners in Mobility, Regional Transportation Council, NCTCOG Air Carrier Policy Council, Loop 9 Policy Advisory Group, Texas 21 Statewide Transportation Coalition, Mental Health Task Force, Dallas County DWI Task Force, Community Justice Council, Dallas County Housing Finance Corporation, Dalhoma Trail Advisory Committee, Dallas County Civil Service Commission, and Public Employee Benefit Cooperative Board.

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

*** CSCD, CPS and Dallas Metrocare Services (formerly Dallas County MHMR) are independent agencies with important County programmatic connections.

DALLAS COUNTY, TEXAS

Principal Officials

As of September 30, 2014

Official Title	Incumbent
County Judge	Clay Lewis Jenkins
Commissioner, Precinct 1	Dr. Theresa Daniel
Commissioner, Precinct 2	Mike Cantrell
Commissioner, Precinct 3	John Wiley Price
Commissioner, Precinct 4	Dr. Elba Garcia
County Auditor	Virginia Porter
County Treasurer	Joe Wells
Assessor-Collector of Taxes	John R. Ames
County Clerk	John Warren
District Attorney	Craig Watkins
District Clerk	Gary Fitzsimmons
Sheriff	Lupe Valdez

FINANCIAL SECTION



KPMG LLP
Suite 3100
717 North Harwood Street
Dallas, TX 75201-6585

Independent Auditors' Report

The Honorable County Judge and Commissioners Court
Dallas County, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Dallas County, Texas (the County), as of and for the year ended September 30, 2014, 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 U.S. generally accepted accounting principles; 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 for the year ended September 30, 2014, which represents all of the assets, net position, and revenues of the discretely presented component unit. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dallas County Hospital District, are based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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, 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 the Dallas County, Texas, as of September 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, the budgetary comparison schedules, infrastructure assets under modified approach, and the schedules of funding progress on pages 13-25 and 90-99 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 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.

Supplementary and 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 introductory section, the combining financial statements, the budget and actual in the supplementary information, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements and the budget and actual in the supplementary information 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 the budget and actual in the supplementary information 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.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2015 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

KPMG LLP

March 23, 2015

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DALLAS COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Primary Governmental Activities
(Unaudited)

This management 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, 2014. 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 financial position declined \$9,700 in net position from the previous year. The total net position is comprised of:
 - 13.6 % - restricted by external regulators
 - 0.6 % - restricted for debt
 - (9.4)% - unrestricted net position funds that may be used to meet on-going obligations to citizens and creditors (negative due to unfunded OPEB liability)
 - 95.2 % - amounts invested in capital assets, net of related debt
- Major factors contributing to change in net position are:
 - pay increases of 2%, approximately \$8 million, including benefits
 - increasing liability for other post-employment benefits (OPEB)
 - increasing depreciation expense for major initiatives
 - increasing property tax values
- Deferred revenue from property taxes based on the 2014 levy embody a flat tax rate and a 6.4% increase in the assessed taxable value after qualified exemptions for real and business personal property.

Governmental Funds Financial Statements

- The County's governmental funds reported combined fund balances of \$364,017; compared to \$396,804 of prior year. Components of fund balances are:
 - 0.9% - non-spendable: inventories and prepaids
 - 1.5% - restricted to major grants
 - 22.7% - restricted to special projects
 - 1.1% - restricted to debt service
 - 47.8% - committed major projects
 - 3.5% - committed special projects
 - 1.8% - assigned general fund
 - 20.7% - unassigned general fund
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$75,533 or 16.9% of general fund expenditures. This represents a \$4,838 decrease compared to the prior fiscal period.
- Tax revenues realized during the period increased, reflecting strong collection experience on taxable values which increased 4.1% over prior tax year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The *Statement of Net Position* presents information on the assets, deferred outflows of resources, liabilities, and deferred inflows of resources for the County and its component unit. Components of net position exclude fiduciary accounts. Increases or decreases in net position contrasted with budgetary decisions serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how net position changed during the most recent fiscal year using full 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 27 individual governmental funds (excluding fiduciary funds), 20 special revenue funds, two capital project funds, one Debt Service Fund, one Major Grants Fund, one Major Projects Fund, one Internal Service Fund and the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Major Projects Fund, and Major Grant Fund which are classified as major funds. Data from the other non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this Comprehensive Annual Financial Report (CAFR).

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

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

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning infrastructure assets reported using the modified approach, pension, 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 (District) is under the direction of a seven-member Board of Managers appointed by the Commissioners Court. Although the Commissioners Court approves the District’s budget, sets its tax rate, and approves major contracts, the District is an organization separate from the County. These factors dictate the inclusion of the District in the County’s financial statements. The County, however, does not have financial responsibility for the District’s debt. 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. Only the dissolution of the District by a vote of the County’s voters would terminate the District’s responsibility to provide health care to its indigent eligible residents. The District also has a separate constitutional tax limitation, the independent power of eminent domain, and the individual right of ownership of property.

Complete financial statements for the District may be obtained from:

Parkland Health & Hospital System
5201 Harry Hines Boulevard
Dallas, Texas 75235
Attn: Elizabeth McMullen
Vice President Finance and Controller

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The County's net position at September 30, 2014 and 2013 are summarized as follows:

Dallas County's Net Position Governmental Activities

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
Current and other assets	\$ 877,465	\$ 884,472	\$ (7,007)
Capital assets (net of depreciation)	582,966	542,472	40,494
Total assets	<u>1,460,431</u>	<u>1,426,944</u>	<u>33,487</u>
Deferred outflow of resources	<u>294</u>	<u>404</u>	<u>(110)</u>
Current and other liabilities	75,752	73,173	2,579
Long-term liabilities	<u>429,849</u>	<u>414,729</u>	<u>15,120</u>
Total liabilities	<u>505,601</u>	<u>487,902</u>	<u>17,699</u>
Deferred inflow of resources	<u>418,341</u>	<u>392,963</u>	<u>25,378</u>
Net investment in capital assets	511,162	484,639	26,523
Restricted	76,172	81,686	(5,514)
Unrestricted	<u>(50,551)</u>	<u>(19,842)</u>	<u>(30,709)</u>
Total net position	<u>\$ 536,783</u>	<u>\$ 546,483</u>	<u>\$ (9,700)</u>

The current financial reporting model focusing on net position serves as a useful indicator of a government's financial position. Categories of net position are unrestricted, subject to external restrictions as to how they may be used, or invested in capital assets less any related outstanding debt used to acquire those assets. Considering recent years' sales of medium term debt, overall debt remains low, consistent with strategic planning. Increases of long-term liabilities reflect an increasing other post-employment benefit cost (OPEB), albeit with a large actuarial adjustment for the current fiscal year. The County's unrestricted category is impacted by the OPEB liability of \$277,079, which is unfunded and asserted as not mandated according to Texas statutes. Current year gains for operational decisions partially offset the OPEB costs resulting in a \$9,700 decrease in net position.

The largest portion of net position reflects investments in capital assets (e.g., land, buildings, machinery, and equipment), less any related and outstanding debt used to acquire those assets. Current activity for capital assets reflects increases in construction in progress for major building improvements and purchases of machinery and equipment. The County uses capital assets 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," it should be noted that the resources needed to repay any necessary debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of net position represents resources that are subject to external restrictions on how they may be used. Restrictions on net position include statutory requirements, bond covenants, and grantor conditions.

Current period activity reflects significant permanent improvement spending for prior commitments. The remaining balance of *unrestricted net position* is negative due to an OPEB liability.

The Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Government Funds on page 30 provides further details of the decrease in net position of \$9,700 as indicated on page 27.

Governmental activities. Program revenues and expenses are presented net of inter-fund eliminations. Key elements for the years ended September 30, 2014 and 2013 are as follows:

Dallas County's Changes in Net Position

	2014	2013	Increase (Decrease)
Revenues:			
Net program revenues:			
Charges for services	\$ 151,554	\$ 154,875	\$ (3,321)
Operating grants and contributions	121,420	125,456	(4,036)
General revenues:			
Property taxes	384,097	370,052	14,045
Other taxes	32,943	25,961	6,982
Grants and contributions not restricted	1,622	2,115	(493)
Investment earnings	2,036	1,078	958
	<u>693,672</u>	<u>679,537</u>	<u>14,135</u>
Expenses:			
General government	152,854	156,248	(3,394)
Judicial	156,170	147,927	8,243
Public safety	238,937	236,798	2,139
Highways and streets	25,894	23,756	2,138
Health	49,190	48,216	974
Education	8,158	9,009	(851)
Public welfare	68,769	70,960	(2,191)
Interest on long-term debt	3,400	3,683	(283)
	<u>703,372</u>	<u>696,597</u>	<u>6,775</u>
Change in net position	(9,700)	(17,060)	7,360
Net position - beginning	546,483	563,543	(17,060)
Net position - ending	<u>\$ 536,783</u>	<u>\$ 546,483</u>	<u>\$ (9,700)</u>

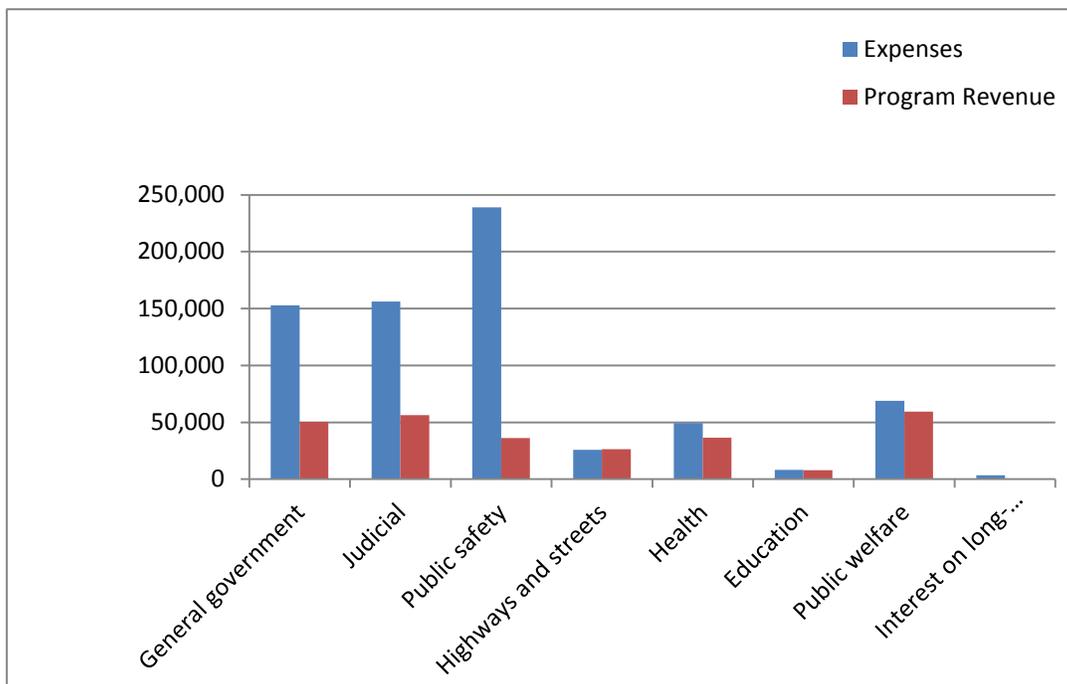
General Revenues and Program Revenues

General revenues are revenues that 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.

- Property taxes increased by \$14,045 during the year due to increases in taxable assessed valuations and increasing new construction taxable assessed valuations. Combined, these factors increased total taxable assessed valuations.
- General revenues include a 10% increase of other taxes collected due to increasing vehicle sales.
- Program revenues reflect a decrease of \$4,036 for public welfare awards, primarily due to a decrease in federal funding.

The tax rate assessed for January 1, 2014, valuation date remained flat at 24.31 cents per \$100. Taxable assessed valuations for that period increased 6.4%. (Property taxes levied prior to year-end are reflected as unearned revenue and taxes receivable.)

Expenses and Program Revenues – Governmental Activities – FY2014



Net functions/program costs include revenue generated from a particular service and costs of the function. For FY2014, the net (expense) revenue was (\$430,398) compared to (\$416,266) in FY2013. Net (expense) increased primarily as a result of:

- Salaries increased October 1 with a 2% structure increase. Pension costs increased 6.5% on January 1 for all salary levels in all functions.
- General government – Charges for Proprietary Fund services (insurance) are expensed in the Governmental Funds financials. Reported loss is generally due to actuarially determined OPEB

liability. OPEB annually determined contribution reflected a \$13 million decrease for the current year due to changes in medical trend rates.

- Judicial – As noted above, salaries and pension costs including development of improved court management systems were the primary reason for the increases in net (expense).
- Public safety – As noted above, salaries and pension costs including increase of inmate jail related costs were reasons for the increase in the net (expense).
- Public welfare – Federal and state funding was reduced from several agencies.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

Governmental funds. The general government functions are reported in the General, Special Revenue, Debt Service, and Capital Project Funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's annual financing and budgeting requirements. In particular, *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 \$32,787 in the current fiscal year to \$364,017. However, increases were noted for the Debt Service and Major Project funds. Tax revenues increased \$12,509 due to increasing property tax values.

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 \$75,533 in contrast to \$80,371 in the prior year. Total fund balance is \$85,190. To better manage utility costs and effects of enhanced programs, actual utility costs and associated tax revenue of approximately \$12,000 was transferred from the General Fund to the Major Projects Fund. Increased expenditures were recorded in public safety and were partially offset by receipt of higher reimbursement rates for inmates and court activity. 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. FY2014 reflects unassigned fund balance to total fund expenditures (excluding other financing uses) at 16.9%.

In FY2014, the Debt Service fund balance increase reflects requirements for principal and interest payments due on debt sold in FY2013. Since recent debt issuances included borrowings with maturity terms not past 2025, County management anticipates full debt retirement in 2025.

The Major Projects Fund reflects a fund balance of \$173,934 compared to \$162,241 in FY2013. In accordance with formal policy on funding capital improvements, a tax rate decrease of 0.461 cents per \$100 assessed valuation was approved to offset the increase in Debt Service Fund requirements, and an increase of 0.655 cents to fund utility costs transferred from the General Fund.

Major Grants Fund includes federal and Texas awards except HUD Section 8 grants and Academy for Academic Excellence (Charter School), which are included in Other Non-Major Governmental Funds.

Other Non-Major Governmental Funds include capital project funds (funded by bond sales), non-major grant awards, and other activity for special funds administered by local officials in accordance to statutes. These funds continue to be restricted for statutory purposes. Also included in non-major governmental funds is a Major Technology fund with balances committed by the governing body. Special Funds total fund balance is comprised of \$82,495 restricted, and \$12,737 committed. The FY2014 balances declined

in Non-Major Governmental Funds, reflecting increased capital outlay for energy management projects when compared to prior year.

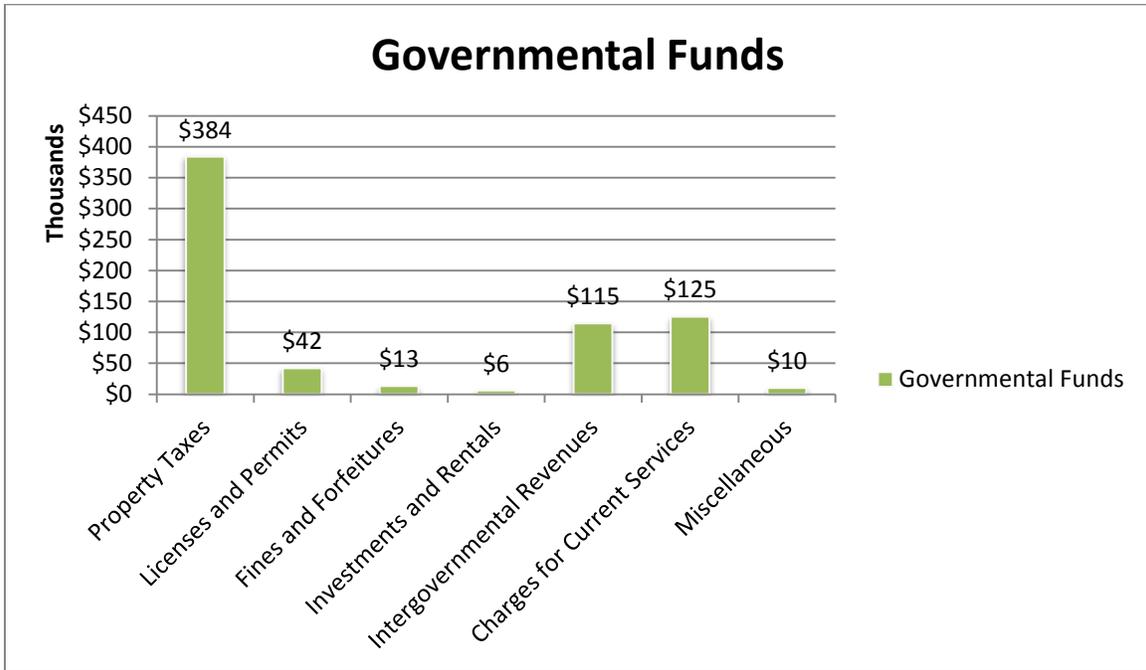
The following table presents the amount of revenues from various sources, as well as increases or decreases from the prior year.

Governmental Funds - Revenues Classified by Source

	2014	2013	Increase (Decrease)	Percent of Change
Property taxes	\$ 383,772	\$ 371,263	\$ 12,509	3.37 %
Licenses and permits	42,191	39,154	3,037	7.76 %
Fines and forfeitures	13,061	14,151	(1,090)	(7.70)%
Investments and rentals	5,947	4,269	1,678	39.31 %
Intergovernmental revenues	114,511	125,820	(11,309)	(8.99)%
Charges for current services	125,497	117,558	7,939	6.75 %
Miscellaneous	10,350	11,241	(891)	(7.93)%
Total	<u>\$ 695,329</u>	<u>\$ 683,456</u>	<u>\$ 11,873</u>	1.74 %

- Property taxes – increased by \$12,509 primarily due to a 4.1% increase in the 2013 assessed taxable values with a flat tax rate. New construction values totaled \$1.841 million, an increase compared to the previous year.
- Licenses and permits – increased \$3,037 primarily due to a \$1,764 (10%) increase in sales tax collections as market demand for vehicles continues to increase.
- Fines and forfeitures – decreased due to declining collection rate for aged receivables for criminal fines as well as continuing decline of traffic program.
- Intergovernmental revenues – decreased primarily due to \$2,000 decline in contributions from other legal entities and \$9,000 decrease in grant awards.
- Charges for current services – net increase from several factors:
 - \$3,300 increased for legislative change in gross receipt tax for mixed beverages;
 - \$3,000 increased for housing additional federal inmates;
 - (\$1,750) decreased for clerk fees primarily due to drop in new financing;
 - \$2,000 increased for special fund income from newly authorized medical waiver authority;
 - \$2,000 increased for special fund for legislative fee for records management.

Revenues Classified by Source – Governmental Activities – FY2014



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

Expenditures by Function - Governmental Funds				
Function:	2014	2013	Increase (Decrease)	Percent of Change
General government	\$ 101,451	\$ 102,684	\$ (1,233)	(1.20)%
Judicial	147,613	140,185	7,428	5.29 %
Public Safety	233,675	225,436	8,239	3.65 %
Highways and streets	24,646	23,244	1,402	6.03 %
Health	49,058	48,154	904	1.88 %
Public Welfare	67,898	70,475	(2,577)	(3.66)%
Education	8,021	8,888	(867)	(9.75)%
Capital outlays	64,788	54,018	10,770	19.94 %
Debt service - principal	25,080	20,075	5,005	24.93 %
Debt service - interest	5,886	5,383	503	9.34 %
Total	<u>\$ 728,116</u>	<u>\$ 698,542</u>	<u>\$ 29,574</u>	4.23 %

- Salaries were increased with a 2% structure allocation for all functions; health insurance costs increased, and retirement benefits percent of contribution increased January 1.
- General government – In addition to expected increases for salary and benefits, expenditures were reduced for technology projects and initiatives.
- Judicial – Court costs increased for attorney payments; the judicial salary plan was expanded, increasing coordinator salaries and expected county-wide salary increases were approved.
- Public safety – In addition to expected increases for salary and benefits, overtime in jails increased more than \$500 thousand, and vehicle purchases decreased by \$2 million.
- Highways and streets – Salaries and benefits reflected a high turnover and lower base salaries offset by increased contract costs; however, matching costs for construction on city roads declined after increasing in the prior year.
- Health – Salaries and benefits increased for structure raises and health costs; however, overall costs were low as vacant positions were held open pending workload reviews.
- Public welfare – State and federal awards decreased for several agencies.
- Capital outlays – included expenditures from planned building projects previously placed on hold and energy preservation projects.
- Debt service – Payments increased for short term debt sales in prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The FY2014 legally adopted cash budget was adopted on September 17, 2013, for the General Fund totaling \$491,040 (prior to including prior period carry forwards) a decrease of \$6,960 from FY2013 budget. Valid encumbrances from prior year are added completing the approved budget. The FY2014 legally adopted budget for all funds prior to encumbrance rollover totaled \$866,499.

Highlights from Dallas County FY2014 Budget include the following:

- The tax rate was set at 24.31 cents per \$100 assessed valuation; without a change since tax year 2010; however, the general fund allocation was reduced 0.655 from 18.27 cents to 17.615 per \$100 assessed valuation with an offset in the Major Projects Fund, for countywide utility costs.

- Salaries increases were approved with a 2% schedule increase; however, step increases for programs remained unchanged. Required contribution for the defined benefit plan increased 6.5% (10.8% – 11.5%) effective January 2014.
- A total of 17 positions were deleted with 22 new positions added for a net increase of five positions.
- The budgeted General Fund unassigned reserve balance meets Commissioners Court policy.

Budgetary variances (refer to pages 90-93) reflect encumbered funds for various products or services not yet ordered. Contingencies for juvenile detention and health welfare costs did not materialize and purchase of capital assets for facilities were deferred.

DEBT ADMINISTRATION AND CAPITAL ASSETS

Long-term debt. At September 30, 2014, the County had limited tax, unlimited tax, and general obligation bonds outstanding in the amount of \$111,350, net of debt premium of \$7,431. 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 \$111,350. The debt limits for the two authorizations are \$49,152 (25% of real property assessed valuation), and \$11,463 (5% of assessed valuation of all taxable property); therefore, the County has legal debt margins on general obligation debt of \$49,152, and \$11,355, 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 December 2013; at which time the County’s outlook was rated as STABLE.

The following represents the activity of the long-term debt of the County for FY2014 (refer to page 64 for additional information).

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
Bonds and Certificates of Obligation	\$ 146,138	\$ -	\$ 27,357	\$ 118,781
Compensated Absences	26,737	35,354	33,940	28,151
Other Postemployment Benefits	236,194	45,156	4,271	277,079
Claims and Judgments	3,500	1,301	1,301	3,500
Workers’ Compensation	2,160	1,794	1,616	2,338
	<u>\$ 414,729</u>	<u>\$ 83,605</u>	<u>\$ 68,485</u>	<u>\$ 429,849</u>

Legal counsel and subject experts are contracted to review workers’ compensation claims and other legal matters as needed. The FY2014 claims and judgments are for treatment, improper pursuit decisions, and noncompliance with proper termination notice. Actual workers’ compensation expenditures decreased reflecting costing adjustments certified by new third party administrator and reflected in County management’s historical analysis updated annually. The County’s OPEB actuarial study last updated October 1, 2013, reflects significantly lower unfunded actuarial accrued liability (UAAL) materially due to decline in health care trend cost (6.5% from 8.57%). The discount rate for calculating OPEB was 2.5%. More detailed information about the County’s long-term liabilities is presented in Note VI to the financial statements.

Capital assets. The capital assets of the County are those assets (land, buildings, improvements, and machinery 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, 2014, net capital assets of the governmental activities totaled \$582,966, reflecting a net increase of \$40,494. Depreciation of capital assets (except for infrastructure assets which are reported under the modified approach basis) is recognized in the government-wide financial statements. FY2014 depreciation for buildings, improvements, and M&E totaled \$21,860. 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 \$0.05155 (\$0.045 plus \$0.00655) per \$100 assessed valuation is split between the Debt Service Fund and Major Projects Fund. The rate of \$0.00655 was approved for funding utility costs county wide. Construction or contract development needs are analyzed during the budget cycle and encumbrances/obligations revised. The 2014 allocation reflects transfer of \$0.00461 per \$100 assessed valuation from the Major Projects Fund to the Debt Service Fund consistent with “pay-as-you-go” strategy and requirement for recent debt issues.

The County has elected to use the “Modified Approach” as defined in GASB 34 for reporting infrastructure assets which includes 120.146 miles of roads, and 26 bridges and culverts. The FY2014 assessment revealed the condition of the roads was maintained consistent with County policy, whereas 99.2% 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 of the County’s bridges are in very good condition as rated 6.0 or better on a 9.0 scale.

The County expended \$1,280 on county road maintenance for the year ended September 30, 2014. These expenditures delayed deterioration; however, overall road conditions were not improved. Incurred bridge maintenance costs in FY2014 were \$409. Additional details on infrastructure assets can be found in Required Supplementary Information pages 96 and 97 of this report.

County's Capital Assets (net of depreciation)		
	2014	2013
Governmental Activities:		
Land	\$ 27,986	\$ 27,298
Historical Treasures	32,042	32,042
Buildings	365,529	366,501
Machinery and Equipment	22,388	20,681
Infrastructure	26,671	26,671
Construction-in-Progress	<u>108,350</u>	<u>69,279</u>
Total	<u>\$ 582,966</u>	<u>\$ 542,472</u>

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

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The Dallas County budget is developed annually and intended to provide efficient, effective, and controlled usage of the County's resources, as well as a means to accomplish the highest priorities of the Dallas County Commissioners. Through the budget, the County Commissioners set the direction of the County, allocate its resources, and establish its priorities. The FY2015 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 FY2015 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 by \$24,211, or an increase of 5.09%. The property tax revenue to be raised from new property added to the tax roll is \$7,191.

Highlights from Dallas County FY2015 Budget include the following:

- The overall tax rate was unchanged from 2014 tax year budget rates (unchanged for five years).
- Compensation increases for all levels were approved for a 5% merit/schedule increase with step increases for approved programs approved. Required contributions for the defined benefit plan remained constant at 11.5%.
- A net increase of 36 positions was approved; 59 added and 23 deleted.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report, separate report of the County's component unit, or need any additional financial information, contact the appropriate financial office (County Auditor, County Treasurer, or Budget Director) at 509 Main Street, Dallas, TX 75202, or visit the County's website at www.dallascounty.org.



BASIC FINANCIAL STATEMENTS

DALLAS COUNTY, TEXAS

Statement of Net Position

September 30, 2014

(in thousands of dollars)

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Hospital District</u>
ASSETS		
Cash, cash equivalents, and investments	\$ 406,670	\$ -
Receivables (net of allowance for uncollectibles)	433,717	276,918
Accrued interest	549	-
Due from other government units	33,151	-
Inventories	1,892	13,299
Prepayments and advances	1,486	-
Assets limited as to use - investments	-	325,128
Other noncurrent assets	-	21,276
Capital assets not being depreciated		
Land	27,986	116,314
Construction - in - progress	108,350	1,066,596
Infrastructure	26,671	-
Historical treasures	32,042	-
Capital assets (net of accumulated depreciation)		
Buildings	365,529	217,807
Machinery and equipment	22,388	135,412
Total capital assets	<u>582,966</u>	<u>1,536,129</u>
Total assets	<u>1,460,431</u>	<u>2,172,750</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	294	-
Total deferred outflows of resources	<u>294</u>	<u>-</u>
LIABILITIES		
Accounts payable and accrued liabilities	38,587	202,833
Accrued interest payable	619	5,105
Other current liabilities	4,777	64,926
Unearned revenues	10,227	-
Due to other government units	21,542	-
Non-current liabilities:		
Due within one year	52,556	8,267
Due in more than one year	377,293	755,949
Total liabilities	<u>505,601</u>	<u>1,037,080</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue - property taxes	418,341	-
Total deferred inflows of resources	<u>418,341</u>	<u>-</u>
NET POSITION		
Net Investment in capital assets	511,162	792,727
Restricted for:		
Highways and streets	20,664	-
Debt service	3,280	-
Major Grants, HUD Section 8 and Academy for Academic Excellence	11,899	-
Record management and capital projects	40,329	-
Unrestricted	(50,551)	342,943
Total net position	<u>\$ 536,783</u>	<u>\$ 1,135,670</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, 2014
(in thousands of dollars)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Hospital District
Primary government:						
Governmental activities:						
General government	\$ 152,854	\$ 50,306	\$ -	\$ -	\$ (102,548)	\$ -
Judicial	156,170	42,780	13,595	-	(99,795)	-
Public safety	238,937	24,267	11,841	-	(202,829)	-
Highways and streets	25,894	26,494	-	-	600	-
Health	49,190	6,585	29,716	-	(12,889)	-
Education	8,158	-	7,938	-	(220)	-
Public welfare	68,769	1,122	58,330	-	(9,317)	-
Interest on long-term debt	3,400	-	-	-	(3,400)	-
Total primary government	<u>\$ 703,372</u>	<u>\$ 151,554</u>	<u>\$ 121,420</u>	<u>\$ -</u>	<u>\$ (430,398)</u>	<u>\$ -</u>
Component unit:						
Hospital district	<u>\$ 1,314,627</u>	<u>\$ 815,469</u>	<u>\$ 8,214</u>	<u>\$ 3,805</u>	<u>\$ -</u>	<u>\$ (487,139)</u>
General revenues:						
Property taxes					\$ 384,097	\$ 449,537
Alcoholic beverage and other taxes					32,943	-
Grants and contributions not restricted to specific programs					1,622	24,309
Investment earnings					2,036	14,811
Gain on sale					-	(99)
Total general revenue					<u>420,698</u>	<u>488,558</u>
Change in net position					<u>(9,700)</u>	<u>1,419</u>
Net position - beginning					546,483	1,138,944
Restatement (Note I)					-	(4,693)
Net position as restated					<u>546,483</u>	<u>1,134,251</u>
Net position - ending					<u>\$ 536,783</u>	<u>\$1,135,670</u>

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

DALLAS COUNTY, TEXAS

Balance Sheet
Governmental Funds
September 30, 2014
(in thousands of dollars)

	<u>General</u>	<u>Debt Service</u>	<u>Major Projects</u>	<u>Major Grants</u>	<u>Other Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash, cash equivalents, and investments	\$ 94,542	\$ 3,951	\$ 198,055	\$ 3,899	\$ 102,336	\$ 402,783
Property tax receivables (net of allowance for uncollectibles of \$ 28,126)	305,192	30,281	58,956	-	26,671	421,100
Accounts receivable	7,085	-	-	4	5,528	12,617
Accrued interest	163	1	311	9	65	549
Due from other funds	125	-	-	7	-	132
Due from other governmental units	9,633	-	8,513	14,161	844	33,151
Inventories	1,660	-	-	-	232	1,892
Prepayments and advances	1,460	-	10	3	13	1,486
Total assets	<u>\$ 419,860</u>	<u>\$ 34,233</u>	<u>\$ 265,845</u>	<u>\$ 18,083</u>	<u>\$ 135,689</u>	<u>\$ 873,710</u>
LIABILITIES						
Liabilities :						
Accounts payable and accrued liabilities	\$ 19,197	\$ -	\$ 11,887	\$ 3,678	\$ 3,825	\$ 38,587
Due to other funds	3,671	-	81	533	319	4,604
Due to other governmental units	991	-	18,843	-	1,708	21,542
Unearned revenue - other	5,155	-	2,054	8,355	7,645	23,209
Total liabilities	<u>29,014</u>	<u>-</u>	<u>32,865</u>	<u>12,566</u>	<u>13,497</u>	<u>87,942</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	305,656	30,334	59,046	-	26,715	421,751
Total deferred inflows - property taxes	<u>305,656</u>	<u>30,334</u>	<u>59,046</u>	<u>-</u>	<u>26,715</u>	<u>421,751</u>
FUND BALANCES						
Nonspendable: inventories and prepaids	3,120	-	10	3	245	3,378
Restricted	-	3,899	-	5,514	82,495	91,908
Committed	-	-	173,924	-	12,737	186,661
Assigned	6,537	-	-	-	-	6,537
Unassigned	75,533	-	-	-	-	75,533
Total fund balances	<u>85,190</u>	<u>3,899</u>	<u>173,934</u>	<u>5,517</u>	<u>95,477</u>	<u>364,017</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 419,860</u>	<u>\$ 34,233</u>	<u>\$ 265,845</u>	<u>\$ 18,083</u>	<u>\$ 135,689</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.	582,966
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in governmental funds. See page 52.	16,392
Internal service funds are used by management to charge costs related to this fund. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	1,328
Certain liabilities, including bonds payable and related interest, are not due and payable in the current period and therefore are not included in governmental funds. See page 53.	(427,920)
Net position of governmental activities	<u>\$ 536,783</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, 2014
(in thousands of dollars)

	<u>General</u>	<u>Debt Service</u>	<u>Major Projects</u>	<u>Major Grants</u>	<u>Other Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Property taxes	\$ 278,099	\$ 31,154	\$ 50,226	\$ -	\$ 24,293	\$ 383,772
Licenses and permits	18,612	-	-	-	23,579	42,191
Fines and forfeitures	7,043	-	-	-	6,018	13,061
Investment income	2,138	35	(195)	16	-	1,994
Rental revenues	3,953	-	-	-	-	3,953
Intergovernmental revenues	8,088	-	2,226	67,587	36,610	114,511
Charges for current services	99,108	856	-	-	25,533	125,497
Miscellaneous	9,333	-	30	-	987	10,350
Total revenues	<u>426,374</u>	<u>32,045</u>	<u>52,287</u>	<u>67,603</u>	<u>117,020</u>	<u>695,329</u>
EXPENDITURES						
Current:						
General government	64,185	-	10,046	-	27,220	101,451
Judicial	138,516	-	-	3,477	5,620	147,613
Public safety	222,907	-	-	6,672	4,096	233,675
Highways and streets	-	-	16,180	-	8,466	24,646
Health	19,357	-	-	29,701	-	49,058
Education	-	-	-	1,102	6,919	8,021
Public welfare	470	-	4,963	28,680	33,785	67,898
Debt service:						
Principal	-	25,080	-	-	-	25,080
Interest	-	5,886	-	-	-	5,886
Capital outlay	-	-	31,885	-	32,903	64,788
Total expenditures	<u>445,435</u>	<u>30,966</u>	<u>63,074</u>	<u>69,632</u>	<u>119,009</u>	<u>728,116</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(19,061)</u>	<u>1,079</u>	<u>(10,787)</u>	<u>(2,029)</u>	<u>(1,989)</u>	<u>(32,787)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	16,314	-	22,548	2,103	1,136	42,101
Transfers (out)	(3,014)	-	(68)	(1,570)	(37,449)	(42,101)
Total other financing sources (uses)	<u>13,300</u>	<u>-</u>	<u>22,480</u>	<u>533</u>	<u>(36,313)</u>	<u>-</u>
Net change in fund balances	(5,761)	1,079	11,693	(1,496)	(38,302)	(32,787)
Fund balances - beginning	90,951	2,820	162,241	7,013	133,779	396,804
Fund balances - ending	<u>\$ 85,190</u>	<u>\$ 3,899</u>	<u>\$ 173,934</u>	<u>\$ 5,517</u>	<u>\$ 95,477</u>	<u>\$ 364,017</u>

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

DALLAS COUNTY, TEXAS

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances to the
Statement of Activities
For the Year Ended September 30, 2014
(in thousands of dollars)

Amounts reported for governmental activities in the statement of activities
(page 27) are different because:

Net change in fund balances total governmental funds (page 29)	\$ (32,787)
<p>Governmental funds report all capital outlays as expenditures. However, in the statement of activities, the cost of some of the assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays for County - owned assets exceeds depreciation in the current period. See page - 53 - Notes to the Basic Financial Statements for details.</p>	40,604
<p>The net effect of various transactions (e.g. sale of capital of assets). See page 53 - Notes to the Basic Financial Statements for details.</p>	(110)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. See page 54 - Notes to the Basic Financial Statements for details.</p>	(1,657)
<p>Some expenses reported in statement of activities are not fund expenditures (e.g. compensated absences that are liabilities not normally liquidated with current financial resources). See page 54 - Notes to the Basic Financial Statements for details.</p>	(41,979)
<p>The issuance of long-term debt (e.g., bonds, tax notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. See page 54 - Notes to the Basic Financial Statements for details.</p>	27,247
<p>Internal service funds are used by management to charge the costs to account for group medical self-insurance and workers compensation. The net revenue (loss) is reported with governmental activities. See page 32 - Statement of Revenues, Expenses and Changes in Fund Net Position for details.</p>	<u>(1,018)</u>
Change in net position of governmental activities (page 27)	<u><u>\$ (9,700)</u></u>

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

DALLAS COUNTY, TEXAS

Statement of Net Position

Proprietary Fund

September 30, 2014

(in thousands of dollars)

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 3,887
Due from other funds	4,472
Total assets	<u>\$ 8,359</u>
LIABILITIES	
Current Liabilities:	
Medical claims	\$ 4,693
Workers' compensation claims - current	1,541
Total current liabilities	<u>6,234</u>
Non-Current Liability:	
Workers' compensation claims - non-current	797
Total liabilities	<u>7,031</u>
NET POSITION	
Unrestricted	1,328
Total net position	<u>\$ 1,328</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, 2014
(in thousands of dollars)

	Governmental Activities - Internal Service Fund
Operating revenues:	
Premiums	<u>\$ 69,534</u>
Operating expenses:	
Benefit payments	66,039
Administration	4,513
Total operating expenses	<u>70,552</u>
Operating profit	(1,018)
Non-operating revenues:	
Interest income	<u>-</u>
Change in net position	(1,018)
Total net position - beginning of year	<u>2,346</u>
Total net position - ending of year	<u><u>\$ 1,328</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, 2014
(in thousands of dollars)

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash for premiums and reimbursements	\$ 68,786
Cash payments for benefit claims	(65,218)
Cash payments for administrative fees	(4,488)
	(920)
 CASH FLOW FROM INVESTING ACTIVITIES	
Interest on investments	-
	—
Net cash provided by investing activities	—
	—
Net (decrease) in cash and cash equivalents	(920)
Cash and cash equivalents at beginning of year	4,807
	4,807
Cash and cash equivalents at end of year	\$ 3,887
	3,887
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating profit (loss)	\$ (1,018)
Adjustments to reconcile operating profit to net cash provided by operating activities:	
(Increase) in due from other funds	(747)
Increase in liabilities	845
	845
Net cash (used) by operating activities	\$ (920)
	(920)

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, 2014
(in thousands of dollars)

	<u>Total</u>
Assets:	
Cash and investments	\$ 173,708
Accrued interest and other receivable	240
Cash and investments held in escrow	9,893
	<u> </u>
Total assets	<u><u>\$ 183,841</u></u>
Liabilities:	
Due to other governmental units and others	<u>\$ 183,841</u>
	<u> </u>
Total liabilities	<u><u>\$ 183,841</u></u>

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(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 financial statements.

In the current year, the County implemented or considered the implementation of the following:

- **GASB 66: Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No.62**, which is intended to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this statement are effective for periods beginning after December 15, 2012. The statement did not have any impact on the County's financial statements.
- **GASB 67: Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25**, which is intended to improve financial reporting by state and local governmental pension plans. This statement requires defined benefit pension plans to present two financial statements – a statement of fiduciary net position and a statement of changes in fiduciary net position. This statement is effective for TCDRS, which is responsible for administration of the County's defined benefit plan. The pronouncement did not impact the County's financial statements.
- **GASB 70: Accounting and Financial Reporting for Nonexchange Financial Guarantees**, which is intended to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. As a part of a nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. The statement is effective for financial periods beginning after June 15, 2013. The pronouncement did not have any impact on the County's financial statements.

A. Reporting Entity

Primary Government

The County is a public corporation and political subdivision of the State of Texas (Texas). 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 basic financial statements present the government and its discretely presented component unit.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discretely Presented Component Unit

The Dallas County Hospital District, dba Parkland Health & Hospital System (District), is a political subdivision of Texas, and is a discretely presented component unit of the County. The District is composed of Parkland Memorial Hospital (Hospital); Parkland Community Health Plan, Inc. (Health Plan); Parkland Foundation (Foundation); and Parkland Center for Clinical Innovation (PCCI). The County determined that the following component units of the District are not component units of the County: the Health Plan, Foundation, and PCCI. The District is a hospital district, and accordingly, its income is excluded under Section 115 of the Internal Revenue Code (Code), and it is recognized as an organization described in Section 501(c)(3) of the Code and, as such, is exempt from federal income taxes. During 2014, all income was related to essential government functions. The Hospital, the Foundation, and PCCI have fiscal years ending September 30. The Health Plan's fiscal year ends December 31. All references to annual periods refer to the year ended September 30.

The Hospital operates 741 inpatient beds, 53 neonatal beds, numerous outpatient clinics, and an emergency room. The Hospital also operates the Community Oriented Primary Care clinics in the community and on the Hospital campus. Additionally, the Hospital serves as the major teaching hospital for the UT Southwestern Medical Center at Dallas (UT Southwestern), which is located adjacent to the Hospital, in accordance with an affiliation agreement effective September 1, 2006. The Hospital also manages the County's jail health system. The County's jail is the seventh largest jail in the nation with approximately 6,200 inmates. The District provides direct patient care at five adult facilities and contracts for services at five juvenile facilities. The District is accounted for as a single-column business-type entity on an accrual basis of accounting.

The Foundation is a nonprofit corporation organized in Texas in 1985, to support and benefit the District 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 quests of the District. The foundation is a component unit of the District.

The Health Plan is a nonprofit corporation organized in Texas in 1995. 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. It does not have debt that is expected to be repaid by the District.

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 specialized in real-time predictive and surveillance analytics for healthcare. Its software interprets EMR data in real-time, transforming such data into useful intervention warning tools that assist physicians and hospitals on complex clinical decisions in every field of medicine.

The District is governed by a Board of Managers (Board) appointed by, but not composed of, County Commissioners or County Judge. The Commissioners Court of the County approves the District's tax rate and annual budget; however, the District operates under different statutory and constitutional authority. The District also has a separate constitutional tax limitation, independent power of eminent domain, and individual right of ownership of property. County taxpayers provide ad valorem tax revenues to the District, but the County does not hold title to any of the District's assets and does not have any rights to any surpluses

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

of the District. The component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. Complete financial statements for the District may be obtained from:

Parkland Health & Hospital System
5201 Harry Hines Boulevard
Dallas, Texas 75235
Attn: Elizabeth McMullen
Vice President Finance and Controller

B. Government-Wide and Fund Financial Statements

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

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

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, and Major Grants Funds meet criteria as *major governmental funds*. Each major fund is reported in a separate column in the fund financial statements. Non-major funds include other Special Revenue, and Capital Projects. The combined amounts for these funds are reflected in a single column in the fund financial statements.

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

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

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

Governmental fund level financial statements are reported using current financial resources measurement focus and 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 60 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, 2014, and became due October 1, 2014 have been assessed to finance the budget of the fiscal year beginning October 1, 2014 and, accordingly, have been reflected as unavailable revenue and property taxes receivable in the governmental fund financial statements. Receivables and deferred revenue associated with these property taxes are included in the government-wide statements at September 30, 2014.

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

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. 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. Revenue sources are primarily property taxes levied specifically for debt service and revenues generated by a parking garage. Expansion of this parking garage was financed with debt. Interest earnings from investment of idle funds of the Capital Projects Funds are deposited and recorded in the Debt Service Fund to assist in bonded debt retirement.

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Non-Major Funds include special revenue funds (other than major projects) and capital projects funds. The funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specified purposes. As an example, the Road and Bridge Fund is legally restricted unlike the Major Technology Fund, which is administratively committed.

Other fund types include proprietary and fiduciary funds:

Proprietary Fund financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows. The County's only Proprietary Fund is the Internal Service Fund used to account for the County's group medical insurance program, workers' compensation, self-insurance program, and flexible spending accounts of employees who participate in the medical and dependent care flexible spending option of the County's cafeteria-style plan. Revenues are derived from County contributions, employee and COBRA premiums, investment of idle funds, and stop-loss collections. Committed expenses are for claims and administrative expenses.

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

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

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

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the receipt and distribution of restitution payments made by probationers.

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

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

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

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

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

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

Sheriff Inmate Trust – used to account for monies held in trust from individuals in County custody.

Discretely Presented Component Unit

The District is considered a governmental organization and is subject to the pronouncements of GASB. The District has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, unless they conflict with or contradict GASB pronouncements.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Reporting – The financial statements include the accounts of the District, as described above. In fiscal year 2013, the District implemented GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements Nos. 14 and 34*. As a result, the District reported the Health Plan and PCCI, as well as the Foundation, as discretely presented component units in its financial statements. The County determined that these discretely presented component units of the District are not component units of the County.

In the current year, the District implemented:

GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The statement’s provisions are effective for financial statement periods beginning after December 15, 2012, and was adopted by the District effective October 1, 2012. As a result, the District’s net position as previously reported as of September 30, 2013, was reduced for bond issuance costs in the amount of \$4,693.

	<u>As of September 30, 2013</u>		
	As		
<u>Statement of Activities</u>	<u>Previously Reported</u>	<u>As Restated</u>	<u>Adjustment</u>
Net Position as of September 30, 2013	\$1,138,944	\$1,134,251	\$ (4,693)

D. Assets, Liabilities, and Net Position

1. Cash, Cash Equivalents, and Investments

Primary Government

For the purpose of the Statement of Cash Flows, 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, and obligations of the Texas Local Government Investment Pool (TexPool), which is a local government investment pool sponsored by the Texas Controller of Public Accounts and managed by Federated Investors, U.S. Treasury securities, direct obligations of, or participation certificates guaranteed by the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Home Loan Bank, U.S. Small Business Administration, Federal Farm Credit Bank, and Federal Agricultural Mortgage Corporation. To be eligible to receive funds from and investments on behalf of the County, an investment pool must be rated no lower than AAA or AA-m or at an equivalent rating of at least one nationally recognized rating service.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discretely Presented Component Unit

The District 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 District demand deposits are insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized with securities pledged to the District and held in safekeeping at a third-party bank on behalf of the District's depository institution.

Statutes give the District authority to invest the funds in obligations of the United States, as well as direct obligations of Texas and other obligations guaranteed or insured by Texas 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 investment firm, and certificates of deposit guaranteed, insured, or secured by approved obligations and prime domestic bankers' acceptances. Other authorized investments include prime commercial paper; fully collateralized repurchase agreements; Securities and Exchange Commission-registered, no-load money market mutual funds whose assets consist exclusively of approved obligations; and approved local government investment pools. All investments at September 30, 2014, are reported at fair value based on quoted market prices with realized and unrealized gains and losses included in the Statement of Activities. Obligations of the United States government with maturity dates in excess of one year that are not expected to be expended within one year are reported as long-term investments in the accompanying Statement of Net Position.

Primary Government and Discretely Presented Component Unit

Both the County and the District record investments at fair market value in accordance with provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. All investment income 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. The District's investment income including realized and unrealized gains and losses are included in investment earnings in the Statement of Activities. Deposit and investment risk disclosures are in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an Amendment of GASB Statement No. 3*.

2. Receivables and Payables

Primary Government

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

based on the full accrual method of accounting. Property tax receivables for the prior years' levy are shown net of an allowance for uncollectible accounts.

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

Reimbursements for services performed are recorded as receivables and revenues when earned in the government-wide financial statements. Included are fines and costs assessed by court action, and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as 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.

Discretely Presented Component Unit

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.

Patient accounts receivable are presented net of allowances for charity, contractual discounts, and bad debts of \$433,461 as of September 30, 2014.

3. Inventories and Prepayments

Primary Government

Various methods are used to cost 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.

Discretely Presented Component Unit

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Restricted Assets/Funds

Primary Government

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

- Debt Service fund balance net of accrued interest (amount restricted for future debt service expenditures according to debt covenants);
- Major and HUD Section 8 Grant and Academy for Academic Excellence fund balances (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:

- 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. Assets Limited as to Use

Discretely Presented Component Unit

Assets limited as to use represent those assets whose use has been legally restricted, including the 2009 Bond proceeds (see Note VI). Resources are also set aside for Board designated purposes or self-insurance arrangements. It has been the general practice of the District, due to the timing of cash flows, to temporarily use Board designated funds to fund operating activities. Current assets limited as to use represent assets related to capital projects and debt service to be paid in the next year.

Assets limited as to use at September 30, 2014, consist of investments in TexPool and U.S. government-sponsored enterprises for the following purposes.

Debt Service

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

Bonds Proceeds for Construction

Bonds proceeds used for construction represent the unspent proceeds on the bonds issued to fund the construction on the District's new campus.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Designated for Capital Uses

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

Other Designated

Other assets limited as to use include funds designated by the Board to fund the District's hospital professional liability program.

6. Capital Assets

Primary Government

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

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

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

The 1892 Old Red Courthouse is recorded as a Historical Treasure at historical cost but not depreciated. Infrastructure assets (roads and bridges) include assets acquired prior to June 30, 1980, through the current period. The County uses the modified approach to report infrastructure assets in the government-wide statement of net position. Infrastructure assets are recorded at historical cost but not depreciated. Under the modified approach allowed by GASB Statement No. 34, the County reports annual expenses for maintaining County roads and bridges including estimated costs for preservation at specified levels.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County evaluates capital assets regularly for impairment under the provisions of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. 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. No material impairment charges to capital assets were recorded for the fiscal year ended September 30, 2014.

Discretely Presented Component Unit

Capital assets are recorded at cost or, if donated, fair market value at the date of receipt. Costs of major renewals and betterments that extend useful lives are capitalized, while maintenance and repairs are charged to current operations. Assets with a purchase price of \$5 or more are capitalized and assets with a purchase price less than \$5 are expensed. Disposals are removed at carrying cost, less accumulated depreciation, with any resulting gain or loss included in other non-operating revenue or expense. Depreciation is recorded on the straight-line method over the estimated useful lives of the assets. Estimated useful lives for buildings are 10 to 40 years and for equipment 3 to 20 years.

Capitalized interest is calculated based upon interest cost for the period, less investment income related to long term debt for the same period.

The District evaluates long-lived assets regularly for impairment under the provisions of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. 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. No material impairment charges to long-lived assets were recorded for the fiscal year ended September 30, 2014.

7. Compensated Absences

Primary Government

A liability for unused vacation and sick time for all full time employees is reported in the government-wide financial statements in accordance with GASB Statement No.16. 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).

In accordance with GASB Interpretation No. 6, *“Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements,”* 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, 2014, 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,

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

and 160 hours in excess of 15 years of continuous employment. The maximum accrual is 4, 5 or 6 weeks of vacation for the respective accrual categories specified. Upon termination, an employee is entitled to payment for total accrued but unused hours of vacation.

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

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

Discretely Presented Component Unit

The District accrues an estimated liability for compensated absences as they are earned by employees based on the District's policy. The District's liability related to compensated absences was \$37,000 as of September 30, 2014, and is recorded in the financial statements in accounts payable and accrued liabilities.

8. 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 only has one item that qualifies for reporting in this category. It is the deferred charge on refunding in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 only one type of item that qualifies 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.

9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the term of

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Issuance costs, whether or not withheld from the actual proceeds received, are reported as debt service expenditures.

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

10. 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).

11. Fund Balances

Primary Government

The fund balance amounts for governmental funds are classified in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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, 2014, is composed of \$3,899 restricted for future debt service, \$5,514 restricted for grants awarded to the County. The balance of \$82,495 is restricted by law both federal and Texas.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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, 2014, the committed fund balance of \$186,661 is primarily committed for thoroughfare projects, jail modifications, expansion of records storage facilities, sub-courthouse facilities and upgrades to information technology systems, and other 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, 2014, the assigned fund balance of \$6,537 is primarily composed of encumbered amounts assigned by officials for various operational expenditures.
- Unassigned fund balance is the residual amount of the General Fund not included in the four categories above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

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

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

The composition of the fund balances of the governmental funds for the fiscal year are shown on pages 28 and 103 through 105.

12. Net Position

Primary Government

In the government-wide financial statements, net position is categorized into three categories. The first is net investment in capital assets, reduced by accumulated depreciation and any outstanding debt incurred to acquire, construct or improve those assets excluding unexpended bond proceeds, restricted or unrestricted. The second

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 all assets that do not meet the definition of either of the other two categories of net position.

Discretely Presented Component Unit

The District classifies net position into three components: invested in capital assets, net of related debt; 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 invested in capital assets, net of related debt.

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 “invested in capital assets, net of related debt.”

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

For purposes of financial statement presentation, operating revenues include those generated from direct patient care and related support services. Non-operating revenues consist of those revenues that are related to financing and investing types of activities and result from non-exchange 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 the District’s policy to apply those expenditures to restricted net position, to the extent that such are available, and then to unrestricted net position.

13. Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimate 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 expenditures during the reporting period.

14. Program Revenues – Health Care

Net Patient Services Revenue - The District has agreements with third-party payors that provide for reimbursement to the District at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

difference between the District's established rates for services and the amounts reimbursed by the third-party payors. The District's more significant third-party payors are the Medicare and Medicaid programs, which accounted for gross charges of approximately 14% in fiscal 2014. 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 \$3,900,000 for the year ended September 30, 2014.

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, medical education, and bad debts, additional reimbursement is provided based on cost pass-through payments and the cost report.

Cost-reimbursable items are reimbursed to the District at a tentative rate, with final settlement determined after submission of annual cost reports by the District, which are subject to audit by the fiscal intermediaries 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 \$1,300 in fiscal 2014. The District's cost reports have been audited and settled by the fiscal intermediaries through 2010 for Medicare and Medicaid. Cost reports for both programs are subject to certain re-openings and appeals as per federal and state regulations.

Pharmaceutical Costs – The District participates in replacement pharmaceutical programs on behalf of patients who enroll and meet eligibility requirements of these programs.

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. The Obama Administration's February 2009 stimulus bill, *American Recovery and Reinvestment Act (ARRA)*, established rules for the "meaningful use" of electronic health records. Government incentives for implementing electronic medical records were established under the *Health Information Technology for Economic and Clinical Health Act*. The U.S. Department of Health and Human Services released final "meaningful use" rules during 2010 on how healthcare providers could access federal economic stimulus money by using electronic medical records. Health care providers are eligible to receive these incentives during 2014. The District recognized revenue of \$800 in federal stimulus funds related to their implementation of electronic medical records during 2014. This amount has been recorded as grants revenue.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Uncompensated Care

Discretely Presented Component Unit

The District provides services to uninsured patients who qualify for tax-supported care. The program is called The Parkland Health*Plus* and is designed for County indigent patients with family incomes up to 200% of the federal poverty level and no third-party coverage, such as Medicaid, Medicare, or commercial insurance. The District recognized ad valorem tax revenues of approximately \$449,537 in 2014, to fund services for qualified patients and debt service obligations.

The District 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. Costs for services to these patients were approximately \$411,400 in 2014, and are reflected in the Statement of Activities.

Management estimates the cost of uncompensated health care, by applying a ratio of overall costs to gross charges applied to the gross uncompensated charges during the year ended September 30, 2014, at approximately \$751,000, of which approximately \$380,000 is charity care.

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 (see page 59)	\$ 3,410
Other receivables and accrued interest (see page 59)	<u>12,982</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position – governmental activities	<u>\$ 16,392</u>

DALLAS COUNTY
Notes to the Basic Financial Statements

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

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

Bonds Payable	\$ (111,350)
Less: deferred outflow – deferred charge on refunding	294
Premium on Bonds Payable	(7,431)
Other post-employment benefits	(277,079)
Accrued interest payable	(619)
Arbitrage rebate accrued	(84)
Claims and judgments	(3,500)
Compensated absences	<u>(28,151)</u>
Net adjustment to decrease fund balance – total government funds to arrive at net position – governmental activities	\$ <u>(427,920)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances, total governmental funds, and changes in net 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 (see page 61)	\$ 62,464
Depreciation expense (see page 61)	<u>(21,860)</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>40,604</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 (see page 61)	\$ <u>(110)</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>(110)</u></u>

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

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:

Unearned and Unavailable Revenue – Fund Basis	
September 30, 2013	\$ (421,888)
September 30, 2014	444,960
Unearned and Deferred Revenue - Statement of Net Position	
September 30, 2013	403,839
September 30, 2014	(428,568)
Net adjustment to decrease net changes in fund balances	\$ <u>(1,657)</u>

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

Compensated absences	\$ (1,414)
Accrued interest	302
Other postemployment benefits	(40,885)
Arbitrage rebate accrued	18
Net adjustment to decrease net changes in fund balances	\$ <u>(41,979)</u>

Another element of the reconciliation states, “The issuance of long-term debt (e.g., bonds, tax notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net 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 repayment	\$ 25,080
Amortization of bond refunding charge	(110)
Amortization of premium	2,277
Net adjustment to increase net changes in fund balances	\$ <u>27,247</u>

DALLAS COUNTY
Notes to the Basic Financial Statements

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III. DEPOSITS, INVESTMENTS, AND INVESTMENT POLICIES

Primary Government

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

The County's demand deposits and bank certificates of deposit are fully collateralized by securities held in the County's name by 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 comprise Federal National Mortgage Association Notes; Federal Home Loan Bank Notes; Federal Home Loan Mortgage Corporation Notes, Federal Agricultural Mortgage Corp Notes, Federal Farm Credit Bank Notes; U.S. Small Business Administration Notes, and Tex Pool deposits.

Deposits

At September 30, 2014, the carrying amount of the County's demand deposits and investments was as follows:

	Governmental	Proprietary		Fiduciary	
	<u>Funds</u>	<u>Funds</u>	<u>Total</u>	<u>Funds</u>	<u>Total</u>
Cash (a)	\$ 145,676	\$ 1,575	\$ 147,251	\$ 69,979	\$ 217,230
Investments and cash equivalents (a)	<u>257,107</u>	<u>2,312</u>	<u>259,419</u>	<u>103,729</u>	<u>363,148</u>
Total cash, cash equivalents and investments	<u>\$ 402,783</u>	<u>\$ 3,887</u>	<u>\$ 406,670</u>	<u>\$ 173,708</u>	<u>\$ 580,378</u>

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

Custodial Credit Risk – Deposits

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

Custodial Credit Risk – Investments

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
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III. DEPOSITS, INVESTMENTS, AND INVESTMENT POLICIES (Continued)

Investments

At September 30, 2014, County and Fiduciary investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Investments</u>	<u>Weighted Average Days to Maturity</u>	<u>Weighted Average Stated Interest Rate</u>	<u>Rating</u>
Federal Agricultural Mortgage Corp Notes	\$ 5,007	1.4%	98	0.78%	Note 1
Federal Home Loan Bank Notes U.S. Small Business Administration Notes	110,375	30.4%	931	0.99%	Note 1
Federal Home Loan Mortgage Corporation Notes	1,095	0.3%	800	3.21%	Note 1
Federal National Mortgage Association Notes	52,348	14.4%	991	1.03%	Note 1
Federal Farm Credit Bank Notes	7,959	2.2%	954	0.69%	Note 1
TexPool deposits	47,287	13.0%	1,114	1.21%	Note 1
	<u>139,077</u>	<u>38.3%</u>	1	0.03%	Note 2
	<u>\$ 363,148</u>	<u>100.00%</u>	599	0.66%	

Note 1: Moody's Investor Services, Standard & Poor's (S&P) AAA, Fitch AAA.

Note 2: Tex Pool'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. TexPool is rated AAA by S&P.

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.

Credit Risk

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

The County's formal investment policy permits investment in Texas 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 of Credit Risk

Permitted investments, other than securities issued by federal or local governments and certificates of deposit, include various concentration limits as to issuer and maturity. The largest percentage of any one issuer is in the form of TexPool deposits (38.3%).

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
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III. DEPOSITS, INVESTMENTS, AND INVESTMENT POLICIES (Continued)

Discretely Presented Component Unit

As of September 30, 2014, the District had deposits and investments as follows:

<u>Description</u>	<u>Fair Value</u>	<u>Weighted Average Days to Maturity</u>
Bank Deposits	\$ 311	N/A
TexPool Deposits	86,800	1
Money Market Fund Deposits	15,421	1
	<u>102,532</u>	
Federal National Mortgage Association Notes	62,728	920
Federal Home Loan Bank Notes	47,439	834
Federal Home Loan Mortgage Corporation Notes	65,581	539
Federal Farm Credit Bureau	17,459	1,008
United States Treasury	29,389	760
	<u>222,596</u>	
	<u>\$ 325,128</u>	
 Description on Statement of Net Position		
Assets limited as to use – current portion	\$ 81,444	
Assets limited as to use – noncurrent portion	243,684	
	<u>\$ 325,128</u>	
 Investment Maturities		
One year or less	\$ 18,557	
After one through five years	176,798	
After five through ten years	-	
After ten years	27,241	
	<u>\$ 222,596</u>	

Estimated fair values have been determined by the District using appropriate valuation methodologies by third parties, quoted market prices and information available to management as of September 30, 2014. The District adjusts the carrying value of financial instruments classified as assets to reflect their appropriate fair value. For fiscal year 2014, deferral of payments from supplemental Medicaid programs resulted in a reduction of cash and cash equivalents. As of September 30, 2014, the District had not yet received \$165,900 of accrued revenue related to the supplemental programs. Cash and cash equivalents included in assets limited as to use were \$133,300 as of September 30, 2014.

Interest Rate Risk

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
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III. DEPOSITS, INVESTMENTS, AND INVESTMENT POLICIES (Continued)

Credit Risk

The District has a comprehensive investment policy that is designed to comply with Texas law and the Public Funds Investment Act. The debt securities issued by Federal National Mortgage Association (FNMA), the Federal Home Loan Bank (FHLB), the Federal Home Loan Mortgage Corporation (FHLMC), and the Federal Farm Credit Bureau (FFCB) are rated AAA 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 demand deposits are collateralized by FDIC insurance and with securities pledged to the District held in safekeeping at a third-party bank on behalf of the District's depository institutions.

Concentration of Credit Risk

Per the District's investment policy, no more than 40% of the investment portfolio can be invested in any one issuer of U.S. government agencies and government sponsored enterprises, including, but not limited to, FNMA, FHLB, and FHLMC. The largest percentage in any one issuer is invested with FHLMC at 20% as of September 30, 2014.

Custodial Credit Risk

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

Investment Earnings – Investment income for the year ended September 30, 2014, consisted of interest income of \$16,395 and unrealized loss on investments of \$1,584 for total investment earnings of \$14,811.

IV. PROPERTY TAXES AND OTHER RECEIVABLES

Primary Government

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied prior to September 30, become due on October 1 and are delinquent after January 31. Dallas County Tax Office collects property taxes for 75 entities: 4 county entities, 8 school districts, 22 cities, 2 flood control districts, a levee district, and 38 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, Levee Districts 4 and 8. The County and Levee Districts are the only entities controlled by the Commissioners Court.

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
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IV. PROPERTY TAXES AND OTHER RECEIVABLES (Continued)

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 (\$0.17615), Debt Service (\$0.01971), Major Projects (\$0.03184), and Non-Major Funds - Permanent Improvement (\$0.0018), and Major Technology (\$0.0136). 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.

Property tax receivables are affected by participation in several Tax Increment Finance (TIF) Districts. In the fiscal year ended September 30, 2014, the County either financially participated in or had authorization to participate in 25 TIF districts at various percentage participation levels. The 2014 total incremental taxable value prior to participation and new construction after participation increased from the prior year value. The County's decision to participate is influenced by level of proposed development in blighted/distressed areas and is determined by the amount of County property taxes levied and collected each tax year on the captured appraised value of real property located in the TIF district less the tax increment base for the year in which the TIF was designated, multiplied by the County's increment provided per agreement. TIF funds are not recognized as County revenue but are used by the TIF district to finance project costs within the district and/or pay bonds or notes issued for the TIF.

Governmental funds report unavailable and unearned revenue in connection with receivables that are not considered available to liquidate liabilities of the current period. Under GASB 33, "Accounting and Financial Reporting for Nonexchange Transactions," (GASB 33) 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. In accordance with GASB 33, the County has recorded property taxes receivable including an amount for unavailable revenue as of September 30, 2014.

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
Property taxes	\$ 305,656	\$ 30,334	\$ 59,046	\$ -	\$ 26,715	\$ 421,751
Unearned other receivables and accrued interest	5,155	-	2,054	5	7,645	14,859
Unearned - other	-	-	-	8,350	-	8,350
Unavailable and unearned - Fund Basis	<u>\$ 310,811</u>	<u>\$ 30,334</u>	<u>\$ 61,100</u>	<u>\$ 8,355</u>	<u>\$ 34,360</u>	444,960
Property taxes (see page 52)						(3,410)
Other receivables and accrued interest (see page 52)						<u>(12,982)</u>
Deferred revenue - Government wide						<u>\$ 428,568</u>

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
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IV. PROPERTY TAXES AND OTHER RECEIVABLES (Continued)

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 the payment of principal and interest on certain permanent improvement long-term debt. The tax rate adopted September 2013 for fiscal year 2014 was \$0.2431 per one hundred dollars of assessed value.

Receivables as of September 30, 2014, for governmental funds, net of applicable allowances for uncollectible accounts, as required by GASB 34 are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Major Projects</u>	<u>Major Grants</u>	<u>Other Non-Major Governmental</u>	<u>Total</u>
Receivables:						
Property taxes	\$ 325,980	\$ 32,141	\$ 62,676	\$ -	\$ 28,429	\$ 449,226
Less allowance for uncollectible property taxes	<u>(20,788)</u>	<u>(1,860)</u>	<u>(3,720)</u>	<u>-</u>	<u>(1,758)</u>	<u>(28,126)</u>
Subtotal	<u>305,192</u>	<u>30,281</u>	<u>58,956</u>	<u>-</u>	<u>26,671</u>	<u>421,100</u>
Accounts receivable	175,956	-	-	4	308,077	484,037
Less allowance for uncollectible accounts receivable	<u>(168,871)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(302,549)</u>	<u>(471,420)</u>
Subtotal	<u>7,085</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>5,528</u>	<u>12,617</u>
Total net receivables	<u>\$ 312,277</u>	<u>\$ 30,281</u>	<u>\$ 58,956</u>	<u>\$ 4</u>	<u>\$ 32,199</u>	<u>\$ 433,717</u>

Discretely Presented Component Unit

Receivables as of September 30, 2014:

Receivables:

Property taxes	\$ 21,039
Patient accounts	517,866
Due from affiliates	8,565
Other	<u>179,795</u>
Gross receivables	<u>727,265</u>
Less allowance for uncollectible:	
Property taxes	(16,886)
Patient accounts	<u>(433,461)</u>
Total allowance for uncollectible:	<u>(450,347)</u>
Net total receivables	<u>\$ 276,918</u>

Discretely Presented Component Unit

The District received approximately 34.2% of its total revenues from ad valorem taxes in 2014. 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.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
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V. CAPITAL ASSETS

Primary Government

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

	<u>Beginning Balance</u>		<u>Increases</u>		<u>Decreases</u>		<u>Ending Balance</u>
Governmental activities:							
Capital assets, not being depreciated:							
Land	\$ 27,298	\$	688	\$	-	\$	27,986
Construction-in-progress	69,279		53,943		(14,872)		108,350
Infrastructure	26,671		-		-		26,671
Historical treasures	32,042		-		-		32,042
Total capital assets, not being depreciated	<u>155,290</u>		<u>54,631</u>		<u>(14,872)</u>		<u>195,049</u>
Capital assets, being depreciated:							
Buildings	608,400		10,512		-		618,912
Machinery and equipment	113,988		12,193		(5,545)		120,636
Total capital assets, being depreciated	<u>722,388</u>		<u>22,705</u>		<u>(5,545)</u>		<u>739,548</u>
Less accumulated depreciation for:							
Buildings	(241,899)		(11,484)		-		(253,383)
Machinery and equipment	(93,307)		(10,376)		5,435		(98,248)
Total accumulated depreciation	<u>(335,206)</u>		<u>(21,860)</u>		<u>5,435</u>		<u>(351,631)</u>
Total capital assets, being depreciated, net	<u>387,182</u>		<u>845</u>		<u>(110)</u>		<u>387,917</u>
Governmental activities capital assets, net	<u>\$ 542,472</u>	\$	<u>55,476</u>	\$	<u>(14,982)</u>	\$	<u>582,966</u>

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

Governmental activities:	
General government	\$ 13,150
Public safety	5,422
Health	266
Highways and streets	361
Public welfare	835
Education	113
Judicial	1,713
Total depreciation expense	<u>\$ 21,860</u>

DALLAS COUNTY
Notes to the Basic Financial Statements

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V. CAPITAL ASSETS (Continued)

Discretely Presented Component Unit

The District's capital assets at September 30, 2014 are summarized as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 763,984	\$ 341,690	\$ (39,078)	\$ 1,066,596
Land and improvements	115,730	584	-	116,314
Capital lease	<u>-</u>	<u>12,937</u>	<u>-</u>	<u>12,937</u>
Total capital assets, not being depreciated	<u>879,714</u>	<u>355,211</u>	<u>(39,078)</u>	<u>1,195,847</u>
Capital assets, being depreciated:				
Buildings	542,881	4,611	-	547,492
Machinery and equipment	<u>445,187</u>	<u>33,942</u>	<u>(829)</u>	<u>478,300</u>
Total capital assets, being depreciated	<u>988,068</u>	<u>38,553</u>	<u>(829)</u>	<u>1,025,792</u>
Less accumulated depreciation for:				
Land improvements	(3,936)	(503)	-	(4,439)
Buildings	(308,312)	(16,934)	-	(325,246)
Machinery and equipment	<u>(320,277)</u>	<u>(36,203)</u>	<u>655</u>	<u>(355,825)</u>
Total accumulated depreciation	<u>(632,525)</u>	<u>(53,640)</u>	<u>655</u>	<u>(685,510)</u>
Total capital assets, being depreciated, net	<u>355,543</u>	<u>(15,087)</u>	<u>(174)</u>	<u>340,282</u>
Capital assets, net	\$ <u>1,235,257</u>	\$ <u>340,124</u>	\$ <u>(39,252)</u>	\$ <u>1,536,129</u>

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
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VI. LONG -TERM LIABILITIES

Long-Term Debt

Primary Government

The following are General Obligation, Certificates of Obligation (COs), and Revenue Bonds outstanding at September 30, 2014:

<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 2005					
Current Interest Bonds	5.00 - 5.25%	2005	2020	\$ 21,270	\$ 15,345
Combination Tax and Parking Garage Revenue					
Certificates of Obligation Series 2006	4.125 - 5.00	2006	2016	63,220	15,140
Unlimited Tax Refunding Bonds Series 2011 A					
	3.00 - 5.00	2011	2021	30,495	13,495
Limited Tax Notes Series 2011					
	3.00 - 5.00	2011	2018	41,545	25,480
Limited Tax Notes Series 2013					
	2.00 - 5.00	2013	2020	35,825	31,375
Limited Tax Refunding Bonds Series 2013					
	2.00 - 5.00	2013	2025	10,515	<u>10,515</u>
Subtotal					111,350
Premium on Debt					<u>7,431</u>
Total					<u>\$ 118,781</u>

Pledged Future Revenues

The County pledged future net revenues from certain parking facilities. Pledged net revenues and cash and investments in the respective sinking fund secured the Combination Tax and parking Garage Revenue Certificates of Obligation Series 2004, which was fully repaid during fiscal 2014. Net revenues were \$731 in fiscal year 2014. Principal and interest paid for the current fiscal year were \$650 and \$26, respectively.

Arbitrage Rebate Liabilities

The Tax Recovery Act of 1986 established regulations for rebate to the federal government of arbitrage earnings on certain local governmental bonds issued after December 31, 1985, and all local governmental bonds issued after August 31, 1986. Issuing governments must calculate any rebate due on an annual basis and remit the amount due at least every five years. The County has recorded an arbitrage liability of \$84 in governmental activities on the government-wide financial statements at September 30, 2014.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

VI. LONG-TERM LIABILITIES (Continued)

Changes in Long-Term Liabilities

Long-term liabilities for the year ended September 30, 2014 were as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Funding for Liquidation</u>
Bonds and COs	\$ 146,138	\$ -	\$ 27,357	\$ 118,781	\$ 25,840	a
Other postemployment benefits	236,194	45,156	4,271	277,079	-	b
Claims and judgments	3,500	1,301	1,301	3,500	600	c
Compensated absences	26,737	35,354	33,940	28,151	24,575	c
Workers' compensation	2,160	1,794	1,616	2,338	1,541	c
Total	<u>\$ 414,729</u>	<u>\$ 83,605</u>	<u>\$ 68,485</u>	<u>\$ 429,849</u>	<u>\$ 52,556</u>	

Funding for liquidation: a=Debt Service Fund: b=Unfunded: 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 guaranteed by 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>
2015	\$ 25,840	\$ 4,769
2016	24,690	3,757
2017	17,410	2,662
2018	16,265	1,803
2019	9,765	1,172
2020 – 2025	17,380	1,673
Subtotal	111,350	15,836
Premium on debt	7,431	-
Total	<u>\$ 118,781</u>	<u>\$ 15,836</u>

The Debt Service Fund has \$3,899 available to service the general long-term bond retirement. There are a number of limitations and restrictions contained in the various bond indentures. County management believes that it complies with all significant limitations and restrictions.

Discretely Presented Component Unit

On September 17, 2009, the District issued three series of Dallas County Hospital District Limited Tax Bonds (Bonds), with a total principal amount of \$705,000. The Bonds were authorized by an affirmative vote of the County electorate on November 4, 2008, and were issued pursuant to an order by the Dallas County Commissioners Court. Proceeds of the Bonds will be used to fund the replacement hospital campus pursuant to the District's master facility plan. The Bonds pay interest on February 15th and August 15th each year, based upon a 360 day year consisting of twelve 30 day months. Payment of principal and interest on the Bonds is supported by a tax levy initially \$0.02

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VI. LONG-TERM LIABILITIES (Continued)

per \$100 of taxable assessed valuation on the taxable residential real estate, commercial real estate, and business personal property of the County. The Bonds are rated “AA+” by both Standard & Poor’s and Fitch.

Tax Exempt Series 2009A Bonds were issued with a total principal amount of \$24,800, bear interest at effective rates ranging from 2.06% to 2.59% (stated fixed interest rates of 3.0% and 5.0%), mature from August 15, 2014 to 2016, and were sold at a premium of \$2,500. The Tax Exempt Series 2009A Bonds are not subject to redemption prior to maturity. As of September 30, 2014, \$7,000 of the Series 2009A bonds was paid on the maturity date of August 14, 2014.

Taxable Series 2009B Bonds were issued in accordance with provisions of the Build America Bonds program with a total principal amount of \$222,500, bear interest at fixed interest rates (before interest rate subsidy) ranging from 4.948% to 6.171%, mature from August 15, 2020 through August 15, 2034, and were sold at par. The Taxable Series 2009B Bonds are subject to redemption prior to maturity on August 15, 2019 or on any date thereafter, in whole or in part, at the option of the District, at the par amount plus any accrued interest. Prior to August 15, 2019, the Taxable Series 2009B Bonds are subject to “make-whole” redemption, at a redemption price which is the greater of (a) the issue price, or (b) the sum of the present value of the remaining scheduled payments of principal and interest to maturity date of the bonds to be redeemed, discounted at the Treasury Rate plus 25 basis points. If the interest rate subsidy from the U.S. Treasury is reduced or eliminated, the Taxable Series 2009B Bonds may be redeemed, at the option of the District, at the Extraordinary redemption price which is the greater of (a) the issue price, or (b) the sum of the present value of the remaining scheduled payments of principal and interest to maturity date of the bonds to be redeemed, discounted at the Treasury Rate plus 100 basis points.

Taxable Series 2009C Bonds were issued in accordance with provisions of the Build America Bonds program with a total principal amount of \$457,700, bear interest at fixed interest rates (before interest rate subsidy) ranging from 4.148% to 5.621%, mature from August 15, 2017 through August 15, 2044, and were sold at par. The Taxable Series 2009C Bonds are subject to “make-whole” redemption, at a redemption price which is the greater of (a) the issue price, or (b) the sum of the present value of the remaining scheduled payments of principal and interest to maturity date of the bonds to be redeemed, discounted at the Treasury Rate plus 25 basis points. If the interest rate subsidy from the U.S. Treasury is reduced or eliminated, the Taxable Series 2009C Bonds may be redeemed, at the option of the District, at the Extraordinary redemption price that is the greater of (a) the issue price, or (b) the sum of the present value of the remaining schedule payments of principal and interest to maturity date of the bonds to be redeemed, discounted at the Treasury Rate plus 100 basis points.

Under the provisions of the Build America Bond program’s Direct Payment Method, the Taxable Series 2009B and Series 2009C Bonds qualify for interest rate subsidies from the U.S. Treasury of 35% of the interest costs paid on each payment date. Under the Sequestration Transparency Act of 2012, the federal subsidies were reduced by 8.7% effective for payments to issuers between March 2, 2013 and September 30, 2013. The Sequestration reduction of the subsidies was lowered to 7.2% effective for payments to issuers between October 1, 2013 and September 30, 2014. The Sequestration loss to the District was \$1,000 in fiscal year 2014.

The remaining bonds authorized by the 2008 election were delivered on December 11, 2013. These Tax Exempt Series 2013 Bonds were issued with a total principal amount of \$38,300, bear interest at effective rates ranging from 1.3% to 4.7% (stated fixed interest rates between 4.0% and 5.0%), and mature from August 15, 2018 to 2038. The District may redeem, at its option, the bonds having

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VI. LONG-TERM LIABILITIES (Continued)

stated maturity dates on or after August 15, 2024 on August 15, 2023 or on any date thereafter, in whole or in part, at the par amount plus any accrued interest. The Term Bonds maturing on August 15, 2038 are subject to mandatory sinking fund redemption prior to their stated maturity each year beginning August 15, 2034. Proceeds of the Bonds were used to fund the replacement hospital campus pursuant to the District's master facility plan. Payment of principal and interest on the Series 2013 Bonds is supported by parking revenues up to \$3,000 annually and by a tax levy for required debt service payments above \$3,000.

The following is a summary of long-term debt for the year ended September 30, 2014:

	Beginning Balance	Additions	Amortization of Premiums	Reductions	Ending Balance
Tax-Exempt Series 2009A Bonds	\$ 24,770	\$ -	\$ -	\$ (7,015)	\$ 17,755
Tax-Exempt Series 2009A Bonds premium	1,057	-	(368)	-	689
Taxable Series 2009B Bonds	222,490	-	-	-	222,490
Taxable Series 2009C Bonds	457,740	-	-	-	457,740
Tax-Exempt 2013 Bonds	-	38,250	-	-	38,250
Tax-Exempt 2013 Bonds premium	-	1,946	(138)	-	1,808
Capital Lease	-	12,937	-	-	12,937
Total Debt	<u>\$ 706,057</u>	<u>\$ 53,133</u>	<u>\$ (506)</u>	<u>\$ (7,015)</u>	<u>\$ 751,669</u>
Debt due within one year		\$ 8,267			
Debt due in more than one year		743,402			
		<u>751,669</u>			
Other non-current liabilities due in more than one year		12,547			
		<u>\$ 764,216</u>			

Long-term debt maturities (including mandatory redemptions), interest payments, net of subsidy, and total debt service at September 30, 2014 are as follows:

Years Ending September 30,	Principal and Mandatory Redemptions	Interest Payments, Net of Subsidy	Total Debt Service
2015	\$ 8,230	\$ 28,212	\$ 36,442
2016	9,525	27,858	37,383
2017	14,710	27,456	42,166
2018	15,995	27,044	43,039
2019	16,485	26,556	43,041
2020 - 2024	91,240	123,962	215,202
2025 - 2029	109,515	105,688	215,203
2030 - 2034	133,694	81,505	215,199
2035 - 2039	159,590	52,283	211,873
2040 - 2044	177,250	20,664	197,914
Subtotal	736,234	521,228	1,257,462
Bond premium	4,489	-	4,489
Accumulated amortization	<u>(1,991)</u>	<u>-</u>	<u>(1,991)</u>
Total	<u>\$ 738,732</u>	<u>\$ 521,228</u>	<u>\$ 1,259,960</u>

DALLAS COUNTY
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VI. LONG-TERM LIABILITIES (Continued)

As of September 30, 2014, the aggregate fair market value of the Bonds was approximately \$837,000 based on quoted market prices. The District is subject to federal arbitrage regulations which limit investment yields on bond proceeds.

The District's ability to issue debt payable from taxes is limited by tax rate limitations imposed by the Texas State Constitution. The District's ad valorem tax rate for all purposes cannot exceed \$0.75 per \$100 valuation. The District's ad valorem tax rate for fiscal 2014 is below the limit at \$0.276 per \$100 valuation.

Interest costs totaled \$40,000 for fiscal 2014. Of total interest costs, \$12,300 was expensed during fiscal 2014. The remaining \$27,700 was capitalized during fiscal 2014.

VII. INTERFUND RECEIVABLES AND PAYABLE BALANCES AND TRANSFERS

Primary Government

The composition of inter-fund balances as of September 30, 2014 is as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Major Grants	\$ 118
General	Other Non-Major Governmental	7
Major Grants	General	7
Internal Service	General	3,664
Internal Service	Major Projects	81
Internal Service	Major Grants	415
Internal Service	Other Non-Major Governmental	<u>312</u>
Total		<u>\$ 4,604</u>

Transactions between funds of the County can result in receivables and payables at year end when there is a reasonable expectation of repayment. The General Fund receivable represents a reimbursement from the Major Grants and Other Non-Major Governmental funds for indirect costs and salaries. The Major Grants receivable fund represents indirect costs and salaries that are reimbursed to the General Fund. The Internal Service Fund receivable from General, Major Projects, Major Grants, and Other Non-Major Governmental funds relates to health insurance liabilities expected to be funded in fiscal 2015.

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

Transfer In:

	<u>General Fund</u>	<u>Major Projects</u>	<u>Major Grants</u>	<u>Other Non- Major Governmental Funds</u>	<u>Total</u>
Transfer Out:					
General	\$ -	\$ -	\$ 2,103	\$ 911	\$ 3,014
Major Projects	68	-	-	-	68
Major Grants	1,520	-	-	50	1,570
Other Non-Major Governmental Funds	<u>14,726</u>	<u>22,548</u>	<u>-</u>	<u>175</u>	<u>37,449</u>
Total	<u>\$ 16,314</u>	<u>\$ 22,548</u>	<u>\$ 2,103</u>	<u>\$ 1,136</u>	<u>\$ 42,101</u>

Transfers from Other Non-Major Governmental funds to the General and Major Projects funds were mainly from Road and Bridge, Technology, Local Government, and Record Management funds. Transfers to the General and Major Projects funds totaled \$16,314, and \$22,548, respectively. Transfers from the Road and Bridge fund were primarily from vehicle registration fees, criminal fines, and forfeitures and were for various transportation related projects. Transfers from the Technology, Local Government, and Record Management funds funded current expenditures for record management, local government, and technology expenditures approved by the respective official custodians to support approved expenditures.

A condition of certain Major Grants requires the County to provide matching funds in order to obtain grant funding. In fiscal 2014, the General fund provided matching funds aggregating \$2,103. The majority of transfers were for health, juvenile, and law enforcement grants.

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Primary Government

Approximately 24.9% of the \$38,587 balance in accounts payable and accrued liabilities at September 30, 2014 represents accrued payroll liabilities with the balance being payable to vendors and contractors.

Discretely Presented Component Unit

Accounts payable and accrued liabilities in the Statement of Net Position includes accounts payable and accrued expenses of \$124,596, accrued payroll of \$62,791, employee healthcare liabilities of \$9,298, and other employee benefits of \$6,148.

DALLAS COUNTY
Notes to the Basic Financial Statements

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

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

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

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 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 fiscal 2014, employee and County contributions were \$95 and \$20, respectively. The County Treasurer administers the investment policy for employee and County contributions.

(b) Funding Policy

The County has chosen a fixed rate plan under the provisions of the TCDRS Act. County employees with 1,000 or more hours of service a year are members of the plan. The plan is funded by monthly contributions from both the County and its employees based on the covered payroll of employee members. Regulated by the TCDRS Act, the required 11.5% contribution rate (effective January 1, 2014) of the County is a fixed percentage matched by a 7% contribution rate payable by employee members and adopted by the Commissioners Court.

DALLAS COUNTY
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VIII. RETIREMENT COMMITMENTS (Continued)

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.

The schedule of funding progress, presented as Required Supplementary Information (see page 98) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Plan asset values continue to increase in value.

(c) Annual Pension Cost

For the year ended September 30, 2014, the County's annual pension cost and actual contributions for the TCDRS plan was \$33,924. This excludes contributions for Community Supervision and Corrections Department (CSCD), which is not a department or component unit of the County; however, actuarial valuation information below includes CSCD. Any experience adjustment based on the TCDRS actuarial studies, is passed to CSCD based on the associated covered payroll. The annual required contributions actuarially determined as a percentage of the covered actuarial payroll of the participating employees for fiscal 2014 complied with GASB Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers," parameters based on the actual actuarial valuation as of December 31, 2012.

Actuarial Valuation Information			
Fiscal year	2012	2013	2014
<u>GASB 27 Calculation Information</u>			
GASB 27 compliant contribution rate	10.00%	10.80%	11.50%
Actuarial assumed investment return rate	9.00%	9.00%	9.00%
Actuarial amortization factor	12.9447	12.9447	12.9447
Rate actually used to make contributions	10.00%	10.80%	11.50%
<u>Actuarial Information</u>			
Actuarial valuation date	12/31/2010	12/31/2011	12/31/2012
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization cost method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period	20.0 years	20.0 years	20.0 years
Asset valuation method	¹ SAF: 10 years smoothed value ² ESF: Fund value	¹ SAF: 10 years smoothed value ² ESF: Fund value	¹ SAF: 10 years smoothed value ² ESF: Fund value
Actuarial Assumptions:			
Investment return	8.0%	8.0%	8.0%
Projected salary increases	5.4%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

DALLAS COUNTY
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VIII. RETIREMENT COMMITMENTS (Continued)

Actuarial Valuation Information

Fiscal year	2012	2013	2014
<u>Schedule of Funding Information</u>			
Actuarial valuation date	12/31/2010	12/31/2011	12/31/2012
Actuarial value of assets	991,089	1,010,337	1,049,340
Actuarial present value of future normal cost contributions	170,609	164,144	164,128
Actuarial accrued liability (AAL)	1,129,476	1,169,677	1,234,321
Unfunded actuarial accrued Liability (UAAL)	138,387	159,340	184,981
Funded ratio	87.75%	86.38%	85.01%
Actuarial covered payroll	320,891	310,878	309,423
UAAL as percentage of covered payroll	43.13%	51.25%	59.78%
<u>Required employer rates</u>			
Normal cost	6.54%	6.52%	6.52%
UAAL	<u>3.46%</u>	<u>4.28%</u>	<u>4.98%</u>
Total required rate	10.00%	10.80%	11.50%

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

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

Annual Pension Cost

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2012	\$27,539	100%	—
September 30, 2013	30,760	100%	—
September 30, 2014	33,924	100%	—

Post Retirement Benefits Other Than Pension (OPEB)

OPEB Plan Description

The County's group medical plans (Plan) are administered through the Public Employee Benefits Cooperative. The Plan is a single-employer defined benefit healthcare plan funded on a pay-as-you-go basis. OPEB includes health insurance and Medicare supplements. Contribution, adjustment or elimination of the contribution and adjustments to OPEB eligibility are subject to the governing body's annual budgetary discretion. The County allows retirees and dependents to continue health, dental and other insurance benefits upon retirement.

Age-adjusted premium amounts are not incorporated with the policy, except after the age of 65 when the Plan is secondary payer to Medicare Parts A and B. All retirement credits must be earned within the County for insurance eligibility. Retiree plan participants who opt for other than basic or enhanced coverage must contribute 100% of the costs.

DALLAS COUNTY
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VIII. RETIREMENT COMMITMENTS (Continued)

Funding Policy

The County is not required by Texas law or contractual agreement to provide funding for OPEB other than the pay-as-you-go amount necessary to provide current budget year benefits to retirees and eligible beneficiaries and their dependents. Contribution, adjustment, or elimination of the contribution and adjustments to eligibility are subject to the governing body's annual budgetary discretion. For the year ended September 30, 2014, combined County and retiree contributions totaled \$7,948 for the Plan. Retiree Plan members receiving benefits contributed \$3,677 or approximately 46.27% of total cost through their required contributions.

The schedule of funding progress, presented as Required Supplementary Information (see page 98) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of OPEB assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost (expense) calculation is based on the annual required contribution of the employer (ARC), an amount that was actuarially determined by using the Projected Unit Credit method. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This allocation is performed for the group as a whole.

The Projected Unit Credit method allocates costs from date of hire to expected retirement date based on experience by aging active claims to retirement. The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. Under this method, actuarial gain or losses, as they occur, reduce or increase future Normal Costs. The following table shows the elements of the County's annual OPEB cost for each of the three fiscal years ended September 30, the amount actually paid on behalf of the Plan, and changes in the County's net OPEB obligation to the Plan:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Normal cost	\$ 31,938	\$ 41,548	\$ 41,548
Amortization of Unfunded Actuarial Accrued Liability	13,218	16,524	16,524
Interest on net OPEB obligation	5,905	4,527	3,150
Adjustment to annual required contribution	<u>(5,905)</u>	<u>(4,527)</u>	<u>(3,150)</u>
Annual OPEB expense	45,156	58,072	58,072
Contributions made	<u>(4,271)</u>	<u>(2,950)</u>	<u>(3,005)</u>
Change in net OPEB obligation	40,885	55,122	55,067
Net OPEB obligation – beginning of year	<u>236,194</u>	<u>181,072</u>	<u>126,005</u>
Net OPEB obligation – end of year	<u>\$ 277,079</u>	<u>\$ 236,194</u>	<u>\$ 181,072</u>

The County decided against funding any Unfunded Actuarial Accrued Liability (UAAL) at transition and will amortize it over the maximum period of thirty years, open basis, as allowed under GASB 45, "Accounting and Financial Reporting by Employers for Postemployment Pensions."

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VIII. RETIREMENT COMMITMENTS (Continued)

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

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$ 58,072	5.17%	\$ 181,072
2013	58,072	5.08%	236,194
2014	45,156	9.46%	277,079

Funding Status and Funding Progress

The most recent actuarial valuation (dated October 1, 2013) includes an actuarial accrued liability of \$367,933 and an actuarial value of assets of \$0, resulting in an unfunded actuarial balance. There are no Plan assets because the County funds on a pay-as-you-go basis. The covered payroll (annual payroll of active employees covered by the Plan) was \$288,556, and the ratio of the UAAL to the covered payroll was (127.5%).

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Decreases in the most recent actuarial valuation are due to actuarial assumptions for decreasing post-retirement healthcare costs. Medical costs trend rate was reduced to 7.0% from 9.0% and graded down 0.5% per year to 5.0% vs. 5.5%. The discount rate of 2.5% remains flat from the 2011 valuation. Other estimates include assumptions about future employment mortality, age of retirement and continuance of retiree coverage.

The schedule of funding progress, presented as Required Supplementary Information (see page 98) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of OPEB assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan, which include actuarial valuations as classified by the TCDRS; the types of benefits provided at the time of each valuation; and the historical pattern of benefit costs between the employer and the plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations. The demographic assumptions requiring approval were accepted by the County's finance leaders.

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VIII. RETIREMENT COMMITMENTS (Continued)

Summary information as of the October 1, 2013 actuarial valuation is as follows:

Actuarial valuation data	October 1, 2013
Actuarial cost method	Projected Unit Credit
Amortization period	30 years
Asset valuation method	Unfunded
Actuarial assumptions:	
Investment rate of return	2.5% compounded annually
Inflation rate	2.5%
Projected salary increases	2.0%
Increases in postretirement healthcare costs	7.0% (first year) 5.0% (ultimate – 2017)
Participant data	
Active	
- Number	5,380
- Average age	43.9
- Average past service	9.7
- Average future service to expected retirement	11.0
Retired participants and surviving spouses	
- Number	625
- Average age	68.8
Dependents	
- Number	208
- Average age	65.6

Additional Disclosure

The County holds the authority to pay OPEB for its retired employees; therefore, it may incur a debt obligation to pay for OPEB, so long as the County follows the constitutional requirement that it have sufficient taxing authority available at the time such debt is incurred. Any debt incurred in contravention of this constitutional requirement is considered void and payment will not be due.

The County has not incurred a legal debt obligation for OPEB and has not levied a tax for the same. The County funds the cost associated with OPEB on a current “pay-as-you-go” basis for a single fiscal year through an annual appropriation authorization by Commissioners Court during the County’s annual budget adoption process.

GAAP requires governmental organizations to recognize an actuarially calculated accrued liability for OPEB, even though it may not have a legally enforceable obligation to pay OPEB benefits. Information and amounts presented in the County’s Comprehensive Annual Financial Report (CAFR) relative to OPEB expense/expenditures, related liabilities (assets), note disclosures, and supplementary information are intended to achieve compliance with the requirements of generally accepted accounting principles (GASB 45) and does not constitute or imply that the County is legally obligated to provide OPEB benefits.

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VIII. RETIREMENT COMMITMENTS (Continued)

Discretely Presented Component Unit

Defined Benefit Plan

The District maintains the Dallas County Hospital District Retirement Income Plan, a single-employer, defined benefit pension plan (Plan), which covers substantially all of its full-time employees. The Plan is administered by the Board. Plan provisions and contribution requirements are established and may be amended by the Board. The annual payroll for employees covered by the Plan for the year ended December 31, 2013, which is included in the actuarial valuation as of January 1, 2014, was approximately \$564,000. For the year ended September 30, 2014, the District's total payroll was approximately \$706,100.

Employees are required to contribute 4.5% of their annual salaries to the Plan. The District is required by the Plan to contribute the remaining amounts necessary to fund the Plan using actuarial methods. In accordance with the GASB pronouncements applicable to benefit plan accounting and reporting, revenues, including contributions, are recognized when earned and expenses are recognized when the underlying translation or event occurs, regardless of the timing of related cash flows. Benefit payments to participants are recorded upon distribution.

Employees attaining the age of 65 who have completed five or more years of service are entitled to annual benefits of 1.25% of their final average annual earnings for each year of service prior to 1982, plus 2.50% of their final average earnings for each year of service after 1981 up to a maximum of 60% of final average earnings, subject to Internal Revenue Service limitations. The Plan permits early retirement, for which the participant is eligible for a reduced benefit at age 55, provided the employee has completed five years of service.

Effective July 1, 2010, the Plan was amended to assure parity with Social Security benefits for some participants. The greater of the above described "normal" benefit accrual rates or the following alternative rates will apply: 4% of the Participant's final average earnings up to \$10 multiplied by his years of service (capped at 25 years) plus 2% of that portion of the final average earnings, if any, which is between \$10 and \$30, multiplied by his years of service (capped at 25 years). For calendar years following 2010, the breakpoint values of \$10 and \$30 will be indexed to the Social Security Taxable Wage Base. The Plan document was restated effective January 1, 2014 to incorporate three prior amendments.

If an employee terminates his or her employment with the District prior to the completion of five years of service, the employee is entitled to a refund of his or her contribution. After five years of service, the employee, upon termination, is entitled to the pension accrued to the date of termination, payable commencing at his or her normal retirement date or at the age of 55 upon early retirement. Actual benefits to be paid, however, may vary depending on, among other things, actual retirement date, form of payment elected, and certain limitations as described in the Plan document.

The District's funding policy is to make periodic actuarially determined employer contributions in amounts designed to accumulate sufficient assets to pay benefits when due. The projected unit credit method is used to determine both the funding and the pension benefit obligation.

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.

DALLAS COUNTY
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(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8% per year, compounded annually; (b) projected salary increases of 4%; (c) inflation of 4.25% and (d) the assumption that benefits will not increase after retirement. The amortization method used is the level percentage of projected open payroll over a period of 30 years. The actuarial value of assets is equal to a five-year rolling phase-in of the excess of actual investment income over expected investment income, based on the market value.

The District's annual pension cost and net pension asset related to the Plan for the year ended September 30, 2014, were as follows:

Annual required contribution	\$ 22,811
Interest on net pension asset	(1,702)
Adjustment to annual required contribution	1,256
Annual pension cost	22,365
Contributions	22,119
Decrease in net pension asset	(246)
Net pension asset – beginning of year	19,873
Net pension asset – end of year	\$ 19,627

The annual pension costs related to the Plan are as follows:

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
September 30, 2012	\$ 15,579	98%	\$ 20,749
September 30, 2013	20,840	96%	19,873
September 30, 2014	22,365	99%	19,627

During the year ended September 30, 2014, \$27,000 of employee contributions were made in accordance with the established contribution requirements described above. The District contributed approximately \$22,100 to the Plan during the year ended September 30, 2014, in accordance with contribution requirements determined by the January 1, 2014 actuarial valuation. Three-year historical trend information presenting the progress in accumulating sufficient assets to pay benefits when due is presented in the Required Supplementary Information (see page 99) following the notes to the basic financial statements based on the Plan's year-end of December 31.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. This report may be obtained by writing to the District's accounting office. At January 1, 2014, 2013 and 2012, the actuarial value of assets was sufficient to fund 83.0%, 80.0%, and 86.0%, respectively, of the actuarial accrued liability. The unfunded liability as a percentage of the annual payroll for employees covered as of January 1, 2014, 2013, and 2012, was 25.0%, 28.0%, and 18.0%, respectively.

Defined Contribution Plan

The District also maintains a voluntary defined contribution plan covering all employees with at least one year of service. The defined contribution plan is administered by the Board. The defined contribution plan provisions and contribution requirements are established and may be amended by the Board. The payroll for employees covered by the defined contribution plan for the year ended September 30, 2014, was approximately \$627,400. The District's total payroll was approximately \$706,100 for the year ended September 30, 2014. Eligible employees can choose to contribute from

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

2% to 20% of their base salaries. The District will match employees' contributions 100%, up to 6% of their base salaries. Employees are fully vested at all times in their voluntary contributions, plus earnings thereon. Vesting in the District's matching contributions is based on years of service. After one year of service, employees vest at the rate of 20% per year for five years. Should an employee terminate prior to vesting completely in the District's contributions, the unvested portion can be used to reduce the District's matching contributions in the aggregate in the following year.

Contributions for the year ended September 30, 2014, were approximately \$17,600 from the District and \$41,300 from employees, or 6.6% of covered payroll. The required contribution by the District for 2014 has been increased by \$400 representing increased employee participation contributions.

Post Retirement Benefits Other Than Pension (OPEB)

In addition to providing pension benefits, the District provides certain healthcare benefits for retired employees until age 65 (OPEB Plan). As of January 1, 2014, the number of retirees and eligible beneficiaries was 64.

The OPEB Plan is administered by the Board. The OPEB Plan provisions and contribution requirements are established and may be amended by the Board. The OPEB Plan does not issue a publicly available financial report. In September 2011, the Plan provisions were modified to discontinue allowing new enrollees in the Plan effective January 1, 2013.

The District's annual OPEB cost or expense is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities, or funding excess, over a period not to exceed 30 years. The following table shows the components of the District's OPEB cost for the year ended September 30, 2014, the amount actually contributed to the OPEB Plan, and changes in the District's net OPEB obligation to the OPEB Plan.

Annual required contribution	\$	64
Interest on net OPEB obligation		237
Adjustment to annual required contribution		<u>(190)</u>
Annual OPEB cost		111
Contributions		<u>(513)</u>
Decrease in net OPEB obligation		(402)
Net OPEB obligation - beginning of year		<u>4,745</u>
Net OPEB obligation - end of year	\$	<u><u>4,343</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Contributed</u>	<u>Net OPEB Obligation</u>
September 30, 2012	\$ 227	275%	\$ 5,222
September 30, 2013	144	431%	4,745
September 30, 2014	111	463%	4,343

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

As of the January 1, 2014 actuarial valuation date, the OPEB Plan was not prefunded. Contributions made were for current year costs incurred only. As of January 1, 2014, the actuarially accrued liability for benefits was \$1,600, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$1,600.

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

In the January 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5% investment rate of return. The amortization method used is the level percentage of projected open payroll over a period of 30 years.

IX. LEASES

Primary Government

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

<u>Year Ending September 30</u>	<u>Amount</u>
2015	\$ 2,043
2016	1,166
2017	891
2018	226
2019 - 2023	475
Total	<u>\$ 4,801</u>

Rental expense for fiscal 2014, for all County operating leases was approximately \$2,353 including \$125 for lease pass-through expenses such as common area maintenance.

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

<u>Year Ending September 30</u>	<u>Amount</u>
2015	\$ 662
2016	551
2017	432
2018	352
2019	341
Total	<u>\$ 2,338</u>

Rental payments received for fiscal 2014 were approximately \$662.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

IX. LEASES (Continued)
Discretely Presented Component Unit

Operating Leases

The District leases facilities under operating leases that expire over periods of up to nine years. Renewal and purchase options are available on certain of these leases. At September 30, 2014, future minimum rental payments applicable to the operating leases were as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2015	\$ 4,235
2016	2,104
2017	1,486
2018	1,412
2019	829
2020 - 2023	<u>525</u>
Total	\$ <u>10,591</u>

Rental expense was approximately \$4,700 for the year ended September 30, 2014 and is recorded in the accompanying Statement of Activities.

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

Minimum future rentals to be received under operating leases at September 30, 2014, are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2015	\$ 1,095
2016	674
2017	341
2018	171
2019	148
2020 - 2024	746
2025 - 2029	763
2030 - 2034	731
2035 - 2039	385
2040 - 2044	376
2045 - 2049	407
2050 - 2054	441
2055 - 2059	477
2060 - 2064	517
2065 - 2069	560
2070 - 2074	606
2075 - 2079	656
2080 - 2084	710
2085 - 2088	<u>607</u>
Total	\$ <u>10,411</u>

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

IX. LEASES (Continued)

Capital Lease

In July 2014, the District entered into a 25 year capital lease with Frazier Revitalization, Inc. for construction of Hatcher Station Health Center, a 44,378 square foot community clinic. The clinic is in a low income area of Dallas that will support patient population needs. The clinic is currently under construction with an estimated completion in March 2015.

Total rental payments over the 25 year lease term are \$36,200. The District is also responsible for the operating expenses, taxes, and insurance on the building. The lease has a seven year, or any future time thereafter, purchase option at the then fair value. There is no renewal option in the lease.

The asset and related obligation are recorded at the present value of \$12,900. The capital lease asset will be depreciated over the 25 year life which will begin upon completion of construction and at which time the lease payments will commence.

At September 30, 2014, future minimum rental payments applicable to the capital lease were as follows:

<u>Years Ending September 30</u>	<u>Amount</u>
2015	\$ 873
2016	1,309
2017	1,309
2018	1,309
2019	1,309
2020 - 2040	<u>30,074</u>
Total minimum future lease payment	36,183
Less: Amount representing interest	<u>(23,246)</u>
Present value of net minimum lease payments	<u>\$ 12,937</u>

The capital lease has a current liability of \$37.2 and long term liability of \$12,900.

The District's investments in capital assets under capital lease, which are included in construction in progress as of September 30, 2014, are \$12,937.

X. RISK MANAGEMENT

Primary Government

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 the Office of County Tax Assessor Collector, and the Office of County Treasurer), and any and all other claims asserted by employees and/or third parties against the County arising out of the normal conduct of County business. The County has chosen to be a reimbursing employer under the unemployment compensation program administered by the Texas Workforce Commission.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

X. RISK MANAGEMENT (Continued)

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 \$0.39 cents 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. A fiscal 2014 internal analysis of historical data, trends, and policies supports an experience rate reduction for aged-out claims. Actual experience for fiscal 2014 reflects increased payroll costs but reduced coverage claim losses. 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. A new third-party administrator selected by bid process in 2014, reviewed and increased liability estimates for prior period claims by \$719.

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, 2014.

Changes in the medical and workers' compensation claims liability amounts in fiscal years 2013 and 2014 follow:

	Beginning Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability
2013 Medical	\$ 3,992	\$ 62,891	\$ 62,857	\$ 4,026
2014 Medical	4,026	68,758	68,091	4,693
2013 Workers' compensation	2,248	2,217	2,305	2,160
2014 Workers' compensation	2,160	1,794	1,616	2,338

Discretely Presented Component Unit

The liabilities described below as of September 30, 2014 and 2013, are based on requirements that a liability for claims be reported if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These liabilities include estimates for both reported claims

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

X. RISK MANAGEMENT (Continued)

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.

	<u>Beginning Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
Hospital professional and general liability:				
2013	\$ 4,522	\$ 2,186	\$ (1,759)	\$ 4,949
2014	4,949	2,042	(2,991)	4,000
Employee healthcare benefit liability:				
2013	7,085	87,173	(85,742)	8,516
2014	8,516	102,512	(101,730)	9,298
Workers' compensation liability:				
2013	4,354	1,674	(1,241)	4,787
2014	4,787	1,695	(1,321)	5,161

Hospital Professional and General Liability – The District is involved in certain legal actions and claims arising in the ordinary course of operations. The District records estimated self-insurance costs for medical malpractice and general liabilities as other current and non-current liabilities due in more than one year. The amounts provided for funding and the estimated liabilities are based on settlement of claims limited to \$100 per claim and \$300 per occurrence in accordance with the limited liability provisions of the Texas Tort Claim Act. The funding estimate used an actuarially determined 2.0% discount rate for 2014, and is reported in non-current liabilities due in more than one year in the Statement of Net Position.

Employee Health Care Benefit Liability – The District manages a self-insurance program that provides for the payment of employee health claims. The District records estimated self-insurance costs for health claims as current liabilities. The amount of the estimated liability is derived from a claims modeling system. To obtain coverage, employees authorize payroll 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 District. The administrative contract between the District and the third-party administrator is renewable annually, and administrative fees are included in the contractual provisions. The employee health care benefit liability is reported in accounts payable and accrued liabilities in the Statement of Net Position.

Workers' Compensation Liability – The District maintains a self-insurance plan for workers' compensation benefits, managed by a third-party administrator. The District records estimated self-insurance costs for workers' compensation as current liabilities. The amount provided for the estimated liability is based on settlement of claims. The funding estimate used an actuarially determined 2.0% discount rate for 2014, and is reported in accounts payable and accrued liabilities in the Statement of Net Position.

XI. COMMITMENTS AND CONTINGENCIES

Primary Government

Several lawsuits that could affect the County's financial position are in various stages of litigation. An estimated liability of \$3,500 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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

XI. COMMITMENTS AND CONTINGENCIES (Continued)

fiscal year include \$350 for alleged negligence in pursuit, and \$800 for a 2008 inmate death. 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.

As of September 30, 2014, the County has encumbered amounts intended to be honored in the subsequent year for the following governmental funds:

General Fund	
Public welfare contracts	\$ 2,708
Equipment	1,749
Maintenance and supplies	1,363
Rental contracts	216
Other	501
	6,537
Major Projects	
Thoroughfares and trails	53,918
Jail modification	11,296
Telecommunications	1,848
Energy management/improvements	1,446
Other	1,938
	70,446
Major Grants	3,826
Other Non-major	9,989
	\$ 90,798

Other non-major encumbrances include capital projects funded by the Limited Tax Notes Series 2011 and 2013, which encumbrances aggregate \$4,188. These notes were issued to fund improvements and remodeling of certain County buildings including the jail, and improvements expected to increase energy savings. Additionally, other non-major encumbrances includes \$4,503 for permanent improvements and major technology projects.

In conjunction with other entities, the County manages significant commitments (\$19,885) to fund improvements that will not lead to the construction of County owned assets, but will improve the quality of life for its citizens.

Discretely Presented Component Unit

Litigation and Other Matters

The District is involved in litigation and compliance investigations arising in the normal course of business or as a result of routine internal compliance reviews conducted by management. The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Government activity has continued with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in exclusion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. Management believes that the District has appropriately reserved for any

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

XI. COMMITMENTS AND CONTINGENCIES (Continued)

existing or unasserted claims related to such potential regulatory actions and the ultimate outcome will not have a material effect the financial statements.

In July 2011, surveyors from the Centers for Medicare and Medicaid Services (CMS) assessed the District's compliance with the CMS Conditions of Participation, the health and safety standards health care organizations must meet in order to participate in the Medicare and Medicaid programs, including the Emergency Medical Treatment and Active Labor Act. The CMS assessment found that the District was not fully compliant. Accordingly, in September 2011, CMS notified the District that it intended to terminate the District's participation in the Medicare and Medicaid program due to failure to meet certain standards. Recognizing the vital role the District serves in providing health care to the people of Dallas County, CMS suspended that termination when the District entered into a Systems Improvement Agreement (SIA).

After an additional series of CMS audits in June 2013, CMS notified the District in August 2013 that the District was in substantial compliance with the Conditions of Participation, that the District had successfully completed the requirements of the SIA, and that CMS was rescinding its Termination Notice. On August 22, 2013, CMS notified the District that it had restored the District's deemed status for full participation in the federal healthcare programs.

In August 2014, surveyors from CMS again found that the District was not in compliance with the CMS Conditions of Participation, and the District was again notified that CMS intended to terminate the District's participation in the Medicare and Medicaid programs. After an additional survey in September 2014, CMS removed the immediate jeopardy to patient health and safety finding but found that the District remained out of compliance with the CMS Conditions of Participation. A third survey in October 2014 found the District was in substantial compliance with the applicable regulations and in November 2014, CMS formally restored the District's deemed status for full participation in these federal programs.

The District has been named as a defendant or co-defendant in certain legal actions alleging medical malpractice, negligence, civil rights, and employment claims. The District maintains employment practices liability insurance.

As a local governmental unit, the District is subject to the provisions of the Texas statute known as the Texas Tort Claims Act, including the provisions thereof which limit liability in tort claims involving personal injury and death caused by a condition or use of tangible personal or real property. Currently, the District's liability is limited under the Act to money damages in a maximum amount of \$100 for each person, \$300 for each single occurrence for bodily injury or death, and \$100 for each single occurrence for injury to or destruction of property. These liability limitations apply to claims and lawsuits covered by the Texas Tort Claims Act and do not apply to other types of claims and lawsuits, including, among others, civil rights and employment related litigation.

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

XI. COMMITMENTS AND CONTINGENCIES (Continued)

The District has established and currently maintains, in lieu of any policy of liability insurance against damage or loss, a program of self-insurance which is maintained at or above the amounts which annually, in the opinion of an independent actuary, who is a fellow of the Casualty Actuary Society, are required to satisfy future losses which may result from past acts or omissions not subject to statutory limitation.

In response to a *qui tam* lawsuit filed in March 2010 alleging that the District had submitted certain claims for payment relating to the provision of physical medicine and rehabilitation services that were impermissible under then applicable Medicare and Medicaid program billing regulations, the District entered a settlement agreement in May 2013 with the United States of America, acting through the United States Department of Justice and on behalf of the Office of Inspector General (OIG-HHS) of the United States Department of Health and Human Services, and the State of Texas. Under the settlement agreement, the District paid \$1,400 to settle the allegations and entered into a five-year Corporate Integrity Agreement (CIA) with the OIG-HHS. Under the CIA, among other things the District agreed to (1) implement corrective action to improve systemic performance in compliance, ethics, clinical quality and patient safety; (2) measure, analyze, and track quality indicators, including adverse patient events, and implement written policies and procedures designed to ensure the District's compliance with the federal health care program requirements on billing and reimbursement; (3) engage an outside monitoring organization to review the District's submission of claims for reimbursement from federal healthcare programs; and (4) engage an outside monitoring organization to review the District's clinical quality systems. Under the CIA, if the District fails to comply with its provisions, the District is entitled to notice of such non-compliance from the OIG-HHS and an opportunity to cure any alleged non-compliance. The CIA also contains provisions for imposition of monetary penalties for any non-compliance that is not timely cured by the District. Further, for any material breaches of the CIA that are not cured by the District, the CIA provides that the District could be excluded from participation in the Medicare and Medicaid programs, but the CIA also contains dispute resolution provisions for any proceeding seeking to exclude the District from participation in the Medicare and Medicaid programs for non-compliance.

The Patient Protection and Affordable Care Act (PPACA), was signed into law on March 23, 2010. The Health Care and Education Affordability Reconciliation Act (Reconciliation Act), which contains a number of amendments to PPACA, was signed into law on March 30, 2010. These healthcare bills (collectively, the Reform Legislation) seek to increase the number of persons with access to health insurance in the United States by requiring substantially all U.S. citizens to maintain medical insurance coverage. The Reform Legislation makes a number of other changes to Medicare and Medicaid, such as reductions to the annual market basket update for federal fiscal years 2010 through 2019, a productivity offset to the market basket update beginning October 1, 2011 and a reduction to the disproportionate share payments. The various provisions in the Reform Legislation that directly or indirectly affect reimbursement are scheduled to take effect over a number of years.

Also included in the Reform Legislation are provisions aimed at reducing fraud, waste, and abuse in the healthcare industry. These provisions allocate significant additional resources to federal enforcement agencies and expand the use of private contractors to recover potentially inappropriate Medicare and Medicaid payments. The Reform Legislation amends several existing federal laws, including the Medicare Anti-Kickback Statute and the False Claims Act, making it easier for government agencies and private plaintiffs to prevail in lawsuits brought against healthcare

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

XI. COMMITMENTS AND CONTINGENCIES (Continued)

providers. These amendments also make it easier for potentially severe fines and penalties to be imposed on healthcare providers accused of violating applicable laws and regulations.

Management cannot predict the positive or negative impact the Reform Legislation may have on the District's Statements of Net Position or Activities.

As of September 30, 2014, the District had commitments outstanding of approximately \$135,000 related to the construction of the New District Campus.

Disproportionate Share

The disproportionate share program is a supplemental reimbursement program that allows additional funding for hospitals that provide a significant proportion of Medicaid and indigent care services. Under program guidelines, the District may use the funds to benefit the indigent in either current or future periods. The District recognizes all funds received under the program as operating revenue in the applicable year, and any amounts relating to that year that are not yet received are included in Receivables (net of allowance for uncollectibles) in the accompanying Statement of Net Position. There is no guarantee that this program will continue into future years. Total revenue recognized related to the disproportionate share program was \$65,300 in 2014.

1115 Transformation Waiver Funds

The 1115 Transformation Waiver began October 1, 2011. Under this waiver, the former Upper Payment Limit (UPL) programs are 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 5 year waiver period, UC reimbursement generally moves downward while available DSRIP monies increase, so there is an even split between UC and DSRIP by the last year of the waiver. The program divides Texas into 20 Regional Health Partnerships (RHPs), creating an environment where regional collaboration is essential in order to earn available monies. The District serves as an "anchor" hospital for one of these regions. This mixture of new partners, a relatively new program, and new costs to create meaningful change in quality create some risk of delayed payments to the District. There is no guarantee that this program will be renewed upon initial completion, which could result in a reduction of funding. Also, as the disproportionate share distribution formula increases, the total amount allocated for 1115 Waiver programs decreases. Revenue recognized related to the 1115 Waiver was \$126,200 in 2014. The District recognizes all funds received under the program as Program Revenue in the Statement of Activities, and any amounts relating to that year that are not yet received are net of amounts to be distributed to other participating hospitals in the region and is included in Receivables (net of allowances for uncollectibles), 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 Texas Health and Human Services Commission (HHSC).

In September 2014, HHSC was notified by the CMS of a deferral of UC payments. Management understands that a deferral is not a denial. The CMS position poses questions related to potentially impermissible provider related donations for the previously approved program. HHSC has vigorously defended the current 1115 Transformation Waiver and has formally requested that this deferral promptly be lifted. They cite access to care and a previous successful review of the program as reasons the deferral is not appropriate. The District has recorded revenue based on the facts outlined by HHSC, as well as on the previous approval of the indigent care model by CMS. On December 1, 2014, the District received notification that CMS plans to lift the current deferral

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2014
(in thousands of dollars)

XI. COMMITMENTS AND CONTINGENCIES (Continued)

and work with HHSC and Texas stakeholders in the coming year to understand and resolve concerns CMS has regarding Texas' financing arrangement for supplemental payments to private hospitals.

Tobacco Settlement Funds

In the fiscal year ended September 30, 2014, the District received a portion of its funds from the settlement of the State's lawsuit against the tobacco industry. Under the program guidelines, the District is free to use the funds in either current or future periods without restriction. The District recognizes all funds received from the settlement as operating revenue in the period funds are received.

XII. NEW ACCOUNTING PRONUCEMENTS

GASB 68: Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27

The requirements of this Statement will improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and will enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information. This Statement is effective for fiscal years beginning after June 15, 2014.

GASB 71: Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68

The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of the statement should be applied simultaneously with provisions of Statement No. 68.

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REQUIRED SUPPLEMENTARY
INFORMATION
(UNAUDITED)

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, 2014
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 280,217	\$ 280,217	\$ 278,099	\$ (2,118)
Licenses and permits	17,518	17,518	18,612	1,094
Fines and forfeitures	7,480	7,480	7,043	(437)
Investment income	250	250	2,138	1,888
Rental revenues	4,073	4,073	3,953	(120)
Intergovernmental revenues	5,797	5,797	8,088	2,291
Charges for current services	91,097	91,097	99,108	8,011
Miscellaneous	4,445	4,445	9,333	4,888
Total revenues	<u>410,877</u>	<u>410,877</u>	<u>426,374</u>	<u>15,497</u>
EXPENDITURES:				
General government:				
Salaries	41,870	37,728	36,977	751
Operating	27,734	27,721	24,229	3,492
Property	2,645	4,315	2,979	1,336
Total general government	<u>72,249</u>	<u>69,764</u>	<u>64,185</u>	<u>5,579</u>
Judicial:				
Salaries	107,040	107,706	107,706	-
Operating	29,382	32,468	30,810	1,658
Property	500	-	-	-
Total judicial	<u>136,922</u>	<u>140,174</u>	<u>138,516</u>	<u>1,658</u>
Public safety:				
Salaries	193,653	202,996	202,994	2
Operating	23,764	23,993	19,166	4,827
Property	652	1,113	747	366
Total public safety	<u>218,069</u>	<u>228,102</u>	<u>222,907</u>	<u>5,195</u>
Health:				
Salaries	9,625	8,313	8,313	-
Operating	11,126	13,526	10,732	2,794
Property	305	548	312	236
Total health	<u>21,056</u>	<u>22,387</u>	<u>19,357</u>	<u>3,030</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, 2014
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public welfare:				
Salaries	\$ 508	\$ 450	\$ 450	\$ -
Operating	15	26	20	6
Total public welfare	<u>523</u>	<u>476</u>	<u>470</u>	<u>6</u>
Reserves	<u>46,678</u>	<u>33,929</u>	<u>-</u>	<u>33,929</u>
Total expenditures	<u>495,497</u>	<u>494,832</u>	<u>445,435</u>	<u>49,397</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(84,620)</u>	<u>(83,955)</u>	<u>(19,061)</u>	<u>64,894</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	19,888	19,888	16,314	(3,574)
Transfers (out)	<u>(4,173)</u>	<u>(4,838)</u>	<u>(3,014)</u>	<u>1,824</u>
Total other financing sources (uses)	<u>15,715</u>	<u>15,050</u>	<u>13,300</u>	<u>(1,750)</u>
Net change in fund balance	(68,905)	(68,905)	(5,761)	63,144
Fund balance - beginning	<u>90,951</u>	<u>90,951</u>	<u>90,951</u>	<u>-</u>
Fund balance - ending	<u>\$ 22,046</u>	<u>\$ 22,046</u>	<u>\$ 85,190</u>	<u>\$ 63,144</u>

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

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

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Year Ended September 30, 2014
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 50,651	\$ 50,651	\$ 50,226	\$ (425)
Investment income	343	343	(195)	(538)
Intergovernmental revenues	50	50	2,226	2,176
Miscellaneous	-	-	30	30
Total revenues	<u>51,044</u>	<u>51,044</u>	<u>52,287</u>	<u>1,243</u>
EXPENDITURES:				
General government	-	11,721	10,046	1,675
Highways and streets	103,820	103,733	16,180	87,553
Public welfare	5,668	5,039	4,963	76
Capital outlay	41,189	60,486	31,885	28,601
Total expenditures	<u>150,677</u>	<u>180,979</u>	<u>63,074</u>	<u>117,905</u>
Reserves	<u>85,199</u>	<u>54,894</u>	<u>-</u>	<u>54,894</u>
Total expenditures	<u>235,876</u>	<u>235,873</u>	<u>63,074</u>	<u>172,799</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(184,832)</u>	<u>(184,829)</u>	<u>(10,787)</u>	<u>174,042</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	22,653	22,653	22,548	(105)
Transfers (out)	<u>(62)</u>	<u>(65)</u>	<u>(68)</u>	<u>(3)</u>
Total other financing sources (uses)	<u>22,591</u>	<u>22,588</u>	<u>22,480</u>	<u>(108)</u>
Net change in fund balance	(162,241)	(162,241)	11,693	173,934
Fund balance - beginning	<u>162,241</u>	<u>162,241</u>	<u>162,241</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,934</u>	<u>\$ 173,934</u>

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

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

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2014
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 20	\$ 20	\$ 16	\$ (4)
Intergovernmental revenues	77,087	77,087	67,587	(9,500)
Total revenues	<u>77,107</u>	<u>77,107</u>	<u>67,603</u>	<u>(9,504)</u>
EXPENDITURES:				
Judicial	3,411	3,477	3,477	-
Public safety	10,710	6,672	6,672	-
Health	31,139	29,701	29,701	-
Education	2,201	1,102	1,102	-
Public welfare	40,867	28,680	28,680	-
Total expenditures	<u>88,328</u>	<u>69,632</u>	<u>69,632</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,221)</u>	<u>7,475</u>	<u>(2,029)</u>	<u>(9,504)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,576	4,576	2,103	(2,473)
Transfers (out)	<u>(5,275)</u>	<u>(5,275)</u>	<u>(1,570)</u>	<u>3,705</u>
Total other financing sources and (uses)	<u>(699)</u>	<u>(699)</u>	<u>533</u>	<u>1,232</u>
Net change in fund balance	(11,920)	6,776	(1,496)	(8,272)
Fund balance - beginning	<u>7,013</u>	<u>7,013</u>	<u>7,013</u>	<u>-</u>
Fund balance - ending	<u>\$ (4,907)</u>	<u>\$ 13,789</u>	<u>\$ 5,517</u>	<u>\$ (8,272)</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 (Unaudited)

September 30, 2014

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: General Fund, Debt Service Fund and Special Revenue Funds (except for District Attorney funds). A legally adopted budget is not prepared for the Judicial, Technology, Local Government, Local Official, Record Management and Payroll Special Revenue Funds. Project-length financial plans are adopted for Capital Projects Funds. Budget funds are allocated annually for Major Project's funds in accordance to long-term requirements and projections.

- 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 1.36 cents per \$100 valuation.
- Major Capital Development fund – dedicated tax rate of 4.5 cents per \$100 valuation plus 0.655 cents (for utilities) per \$100 valuation less Debt Service fund requirements.
- Debt Service fund – calculated requirement using current principle and interest payments plus 10.5% reserve balance and compliance with IRS regulations.

Budget laws of the State of Texas provides that “the amounts budgeted for current expenditures from the various funds of the County shall not exceed the balances in said funds plus the anticipated revenues for the current year for which the budget is made as estimated by the County Auditor.” In addition, the law provides that the Commissioners Court “may, upon proper application, transfer an existing budget surplus during the year to a budget of like kind and fund but no such transfer shall increase the total budget.”

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

The County controls appropriations at the category level (i.e., salaries, allowances, operations and property) for each department or project within the General Fund and some of the Special Revenue Funds. Grants are budgeted in total and not at the category level. All Debt Service Fund expenditures for principal and interest on long-term debt are considered to be in the operations category. Certain appropriation transfers may be made between categories or departments only with the approval of the Commissioners Court. Other transfers (e.g. court costs) may be authorized by the Budget Director. Transfers that were made during the current fiscal year 2014 did not increase the County's overall budget.

DALLAS COUNTY, TEXAS

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

September 30, 2014

Unencumbered amounts for annually budgeted funds lapse at fiscal year-end. The original budgets inclusive of prior period encumbered funds presented in the report are the approved budgets before amendments and transfers. The final budgets presented in this report reflect the budgets as amended for all appropriation transfers processed during the fiscal year. More comprehensive accounting of activity on the budgetary basis is provided in a separate report, which is available for public inspection in the office of the Dallas County Auditor, 509 Main Street, Room 407, and Dallas, Texas 75202-3504.

Encumbrances

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

DALLAS COUNTY, TEXAS
 Required Supplementary Information
Infrastructure Assets under Modified Approach
 September 30, 2014
 (in thousands of dollars)
 (Unaudited)

Roads

A federal highway administration pavement condition rating (PCR) was utilized to assess the condition of the 120.146 lane miles of County roads. The City of Grand Prairie annexed 1.85 lane miles during 2014. District 1 does not have any County roads. The County policy is to maintain roads at a minimum of 2.5 on a 4.0 scale. The following conditions were defined and associated to a rating:

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

Percentage of Roads with 2.5 or Better Condition

<u>Road and Bridge District</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
District 1	-%	-%	-%	-%	-%
District 2	100.0	100.0	100.0	100.0	100.0
District 3	97.5	97.9	97.9	98.0	98.0
District 4	100.0	100.0	100.0	100.0	100.0
Overall System	99.2%	99.3%	99.3%	99.3%	91.0%

Comparison of Estimated to Actual Maintenance Costs

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Estimated	\$ 937	\$ 937	\$ 924	\$ 924	\$ 929
Actual	1,280	1,397	1,717	1,258	1,585

DALLAS COUNTY, TEXAS
 Required Supplementary Information
Infrastructure Assets under Modified Approach
 September 30, 2014
 (in thousands of dollars)
 (Unaudited)

Bridges

	<u>Rating</u>	<u>Number</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Very Good	6.0 – 9.0	26	100%	100%	100%	97%	97%
Good	4.0 – 5.9	-	-	-	-	3	3
Fair	3.0 – 3.9	-	-	-	-	-	-
Poor	0.0 – 2.9	-	-	-	-	-	-
Total		<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 (beyond repair) to 9.0 (excellent condition) is used to assess each of seven elements of the structure. These include deck, superstructure, substructure, channel, culvert, approaches, and miscellaneous items.

There was no change in the County’s bridge inventory for 2014.

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 very good condition.

Comparison of Estimated to Actual Maintenance Costs

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Estimated	\$ 1,093	\$ 1,067	\$ 1,380	\$ 1,000	\$ 1,000
Actual	409	196	1,526	228	175

DALLAS COUNTY, TEXAS
Required Supplementary Information
Primary Government
(in thousands of dollars)
(Unaudited)

Schedule of Funding Progress
for the Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Actuarial Covered Payroll (c)	UAAL as a Percentage of Actuarial Covered Payroll {((b-a)/c)}
December 31, 2011	\$ 1,010,337	\$ 1,169,677	\$ (159,340)	86.38%	\$ 310,878	(51.25)%
December 31, 2012	1,049,340	1,234,321	(184,981)	85.01	309,423	(59.78)
December 31, 2013	1,120,101	1,304,725	(184,624)	85.85	321,374	(57.45)

Note (1): The annual required contributions for fiscal 2014 complied with GASB Statement No. 27 parameters based on the actuarial valuation dated December 31, 2012. The actuarial valuation as of December 31, 2013 is used to assess the adequacy of future financing arrangements for Fiscal 2015. For additional information see Note VIII on page 70.

Note (2): The above information includes actuarial valuation information for CSCD, which is not a department or component unit of the County. Any experience adjustment, based on the TCDRS actuarial studies, is passed to CSCD based on the associated actuarial covered payroll. For additional information see Note VIII on page 70.

Schedule of Funding Progress
for Other Postemployment Benefits Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded OAAL (UAAL) (b-a)	Funded Ratio (a/b)	Actuarial Covered Payroll (c)	UAAL as a Percentage of Actuarial Covered Payroll {((b-a)/c)}
October 1, 2011	\$ 0	\$ 459,971	\$ (459,971)	0 %	\$ 270,072	(170.3)%
October 1, 2011	0	459,971	(459,971)	0	281,890	(163.2)
October 1, 2013	0	367,933	(367,933)	0	288,556	(127.5)

Note: The above table is for GASB 45 disclosure reporting requirements effective beginning with fiscal year 2012. For additional information see Note VIII on page 72. Actuarial covered payroll includes amounts for fiscal year 2012 (\$270,072), 2013 (\$281,890), and 2014 (\$288,556).

DALLAS COUNTY, TEXAS
Required Supplementary Information
Discretely Presented Component Unit
(in thousands of dollars)
(Unaudited)

Schedule of Funding Progress
for the Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded OAAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll {((b-a)/c)}
January 1, 2012	\$ 556,900	\$ 645,800	\$ (88,900)	86.2%	\$ 493,400	(18.0)%
January 1, 2013	590,100	737,900	(147,800)	80.0	534,800	(27.6)
January 1, 2014	670,800	812,800	(142,000)	82.5	564,000	(25.2)

Schedule of Funding Progress
for Other Postemployment Benefits Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded OAAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll {((b-a)/c)}
January 1, 2012	\$ 0	\$ 2,900	\$ (2,900)	0%	\$ 450,600	(0.6)%
January 1, 2013	0	2,300	(2,300)	0	N/A	N/A
January 1, 2014	0	1,600	(1,600)	0	N/A	N/A

Note: The above table is for GASB 45 disclosure reporting requirements effective beginning with fiscal year 2011. For additional information see Note VIII on page 76.

SUPPLEMENTARY INFORMATION

DALLAS COUNTY, TEXAS
NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Road and Bridge 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.

Historical Exhibit Fund 169 - used to account for proceeds from the John F. Kennedy Sixth Floor Exhibit.

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.

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

Judicial Fund 532 - 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 532 - used to account for fees from each civil case filed in Justice Courts restricted for the use of technology projects for the Justice Courts.

DALLAS COUNTY, TEXAS
NON-MAJOR GOVERNMENTAL FUNDS

Local Government Fund 532 - 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 532 - 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 532 - 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 Projects Funds

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

Permanent Improvement Bonds Funds 415, 433, 440, 482 and 493 - used to account for proceeds from improvements to various County buildings, in addition to the acquisition and improvement of open-space land.

Road Bond Funds 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, 2014
 (in thousands of dollars)

	Special Revenue										
	Road and Bridge	Permanent Improvement	Law Library	Major Technology	<u>District Attorney</u>		<u>District Attorney Forfeitures</u>			Historical Commission	Historical Exhibit
					HIDTA Federal	Special	Federal	State	Other		
ASSETS											
Cash and investments	\$ 21,692	\$ 3,862	\$ 265	\$ 9,877	\$ 304	\$ 42	\$ 40	\$ 425	\$ 172	\$ 10	\$ 949
Receivables:											
Taxes - current	-	3,332	-	25,097	-	-	-	-	-	-	-
Less allowance for uncollectible	-	(214)	-	(1,544)	-	-	-	-	-	-	-
Net taxes receivable	-	3,118	-	23,553	-	-	-	-	-	-	-
Accounts	266,082	-	4,521	-	-	-	-	-	-	-	168
Less allowance	(261,740)	-	(4,483)	-	-	-	-	-	-	-	-
Accounts receivable	4,342	-	38	-	-	-	-	-	-	-	168
Accrued interest	34	6	-	16	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-	-	-	-	-	-
Inventories	193	-	-	-	-	-	-	-	-	-	-
Prepayments and advances	10	-	3	-	-	-	-	-	-	-	-
Total assets	<u>\$ 26,271</u>	<u>\$ 6,986</u>	<u>\$ 306</u>	<u>\$ 33,446</u>	<u>\$ 304</u>	<u>\$ 42</u>	<u>\$ 40</u>	<u>\$ 425</u>	<u>\$ 172</u>	<u>\$ 10</u>	<u>\$ 1,117</u>
LIABILITIES											
Accounts payable	\$ 522	\$ 188	\$ 12	\$ 653	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200
Due to other funds	82	15	14	111	-	-	-	-	-	-	-
Due to other governmental units	1,569	-	-	-	-	-	-	-	-	-	-
Unearned revenue - other	3,434	4	37	9	-	-	-	-	-	-	-
Total liabilities	<u>5,607</u>	<u>207</u>	<u>63</u>	<u>773</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200</u>
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenue - property taxes	-	3,123	-	23,592	-	-	-	-	-	-	-
Total deferred inflows - property taxes	<u>-</u>	<u>3,123</u>	<u>-</u>	<u>23,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES											
Nonspendable: inventories and prepaids	203	-	3	-	-	-	-	-	-	-	-
Restricted	20,461	-	240	-	304	42	40	425	172	10	917
Committed	-	3,656	-	9,081	-	-	-	-	-	-	-
Total fund balances	<u>20,664</u>	<u>3,656</u>	<u>243</u>	<u>9,081</u>	<u>304</u>	<u>42</u>	<u>40</u>	<u>425</u>	<u>172</u>	<u>10</u>	<u>917</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 26,271</u>	<u>\$ 6,986</u>	<u>\$ 306</u>	<u>\$ 33,446</u>	<u>\$ 304</u>	<u>\$ 42</u>	<u>\$ 40</u>	<u>\$ 425</u>	<u>\$ 172</u>	<u>\$ 10</u>	<u>\$ 1,117</u>

DALLAS COUNTY, TEXAS

Combining Balance Sheet
 Non-major Governmental Funds
 September 30, 2014
 (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	\$ 2,462	\$ 87	\$ 3,309	\$ 3,174	\$ 1,385	\$ 854	\$ 7,683	\$ 5,636	\$ 11,177	\$ 73,405
Receivables:										
Taxes - current	-	-	-	-	-	-	-	-	-	28,429
Less allowance for uncollectible	-	-	-	-	-	-	-	-	-	(1,758)
Net taxes receivable	-	-	-	-	-	-	-	-	-	26,671
Accounts	3,907	1,480	-	-	9,901	1,130	8,745	146	11,998	308,078
Less allowance	(3,871)	(1,469)	-	-	(9,651)	(1,077)	(8,655)	(145)	(11,459)	(302,550)
Accounts receivable	36	11	-	-	250	53	90	1	539	5,528
Accrued interest	4	-	-	5	-	-	-	-	-	65
Due from other funds	-	-	-	-	-	-	-	-	-	-
Due from other governmental units	-	-	240	231	-	-	-	-	-	471
Inventories	-	-	-	-	-	-	-	39	-	232
Prepayments and advances	-	-	-	-	-	-	-	-	-	13
Total assets	<u>\$ 2,502</u>	<u>\$ 98</u>	<u>\$ 3,549</u>	<u>\$ 3,410</u>	<u>\$ 1,635</u>	<u>\$ 907</u>	<u>\$ 7,773</u>	<u>\$ 5,676</u>	<u>\$ 11,716</u>	<u>\$ 106,385</u>
LIABILITIES										
Accounts payable	\$ 4	\$ 7	\$ 228	\$ 288	\$ 48	\$ 1	\$ 388	\$ 244	\$ 140	\$ 2,923
Due to other funds	4	-	33	25	2	-	10	19	4	319
Due to other governmental units	-	-	-	-	-	-	-	-	-	1,569
Unearned revenue - other	37	12	-	3	240	53	3,457	1	197	7,484
Total liabilities	<u>45</u>	<u>19</u>	<u>261</u>	<u>316</u>	<u>290</u>	<u>54</u>	<u>3,855</u>	<u>264</u>	<u>341</u>	<u>12,295</u>
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue - property taxes	-	-	-	-	-	-	-	-	-	26,715
Total deferred inflows - property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,715</u>
FUND BALANCES										
Nonspendable: inventories and prepaids	-	-	-	-	-	-	-	39	-	245
Restricted	2,457	79	3,288	3,094	1,345	853	3,918	5,373	11,375	54,393
Committed	-	-	-	-	-	-	-	-	-	12,737
Total fund balances	<u>2,457</u>	<u>79</u>	<u>3,288</u>	<u>3,094</u>	<u>1,345</u>	<u>853</u>	<u>3,918</u>	<u>5,412</u>	<u>11,375</u>	<u>67,375</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,502</u>	<u>\$ 98</u>	<u>\$ 3,549</u>	<u>\$ 3,410</u>	<u>\$ 1,635</u>	<u>\$ 907</u>	<u>\$ 7,773</u>	<u>\$ 5,676</u>	<u>\$ 11,716</u>	<u>\$ 106,385</u>

DALLAS COUNTY, TEXAS

Combining Balance Sheet
 Non-major Governmental Funds
 September 30, 2014
 (in thousands of dollars)

Capital Projects

	Permanent Improvement	Roads	Total	Total Non-major Governmental Funds
ASSETS				
Cash and investments	\$ 20,464	\$ 8,467	\$ 28,931	\$ 102,336
Receivables:				
Taxes - current	-	-	-	28,429
Less allowance for uncollectible	-	-	-	(1,758)
Net taxes receivable	-	-	-	26,671
Accounts	-	-	-	308,078
Less allowance	-	-	-	(302,550)
Accounts receivable	-	-	-	5,528
Accrued interest	-	-	-	65
Due from other funds	-	-	-	-
Due from other governmental units	-	373	373	844
Inventories	-	-	-	232
Prepayments and advances	-	-	-	13
Total assets	<u>\$ 20,464</u>	<u>\$ 8,840</u>	<u>\$ 29,304</u>	<u>\$ 135,689</u>
LIABILITIES				
Accounts payable	\$ 902	\$ -	\$ 902	\$ 3,825
Due to other funds	-	-	-	319
Due to other governmental units	-	139	139	1,708
Unearned revenue - other	-	161	161	7,645
Total liabilities	<u>902</u>	<u>300</u>	<u>1,202</u>	<u>13,497</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	26,715
Total deferred inflows - property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,715</u>
FUND BALANCES				
Nonspendable: inventories and prepaids	-	-	-	245
Restricted	19,562	8,540	28,102	82,495
Committed	-	-	-	12,737
Total fund balances	<u>19,562</u>	<u>8,540</u>	<u>28,102</u>	<u>95,477</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 20,464</u>	<u>\$ 8,840</u>	<u>\$ 29,304</u>	<u>\$ 135,689</u>

DALLAS COUNTY, TEXAS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended September 30, 2014
(in thousands of dollars)

Special Revenue

					<u>District Attorney</u>		<u>District Attorney Forfeitures</u>			<u>Historical Commission</u>	<u>Historical Exhibit</u>
	<u>Road and Bridge</u>	<u>Permanent Improvement</u>	<u>Law Library</u>	<u>Major Technology</u>	<u>HIDTA Federal</u>	<u>Special</u>	<u>Federal</u>	<u>State</u>	<u>Other</u>		
REVENUES											
Property taxes	\$ -	\$ 2,842	\$ -	\$ 21,451	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highway license fees	23,579	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	6,018	-	-	-	-	-	-	-	-	-	-
Investment income	10	(1)	-	(17)	-	-	-	-	-	-	-
Intergovernmental revenues	39	-	-	-	-	-	-	-	-	-	-
Charges for current services	2,072	-	942	-	-	-	-	-	-	-	4,201
Miscellaneous	265	-	-	19	30	81	12	542	38	-	-
Total revenues	31,983	2,841	942	21,453	30	81	12	542	38	-	4,201
EXPENDITURES											
Current:											
General government	-	3,483	-	20,316	-	-	-	-	-	-	3,421
Judicial	-	-	767	-	-	87	129	717	2	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-
Highways and streets	8,466	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-	-
Public welfare	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	8,466	3,483	767	20,316	-	87	129	717	2	-	3,421
Excess (deficiency) of revenues over (under) expenditures	23,517	(642)	175	1,137	30	(6)	(117)	(175)	36	-	780
OTHER FINANCING SOURCES (USES)											
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers (out)	(32,654)	-	(175)	(1,109)	-	-	-	(60)	-	-	(173)
Total other financing sources (uses)	(32,654)	-	(175)	(1,109)	-	-	-	(60)	-	-	(173)
Net change in fund balance	(9,137)	(642)	-	28	30	(6)	(117)	(235)	36	-	607
Fund balance - beginning	29,801	4,298	243	9,053	274	48	157	660	136	10	310
Fund balance - ending	\$ 20,664	\$ 3,656	\$ 243	\$ 9,081	\$ 304	\$ 42	\$ 40	\$ 425	\$ 172	\$ 10	\$ 917

(Continued)

DALLAS COUNTY, TEXAS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended September 30, 2014
(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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,293
Highway license fees	-	-	-	-	-	-	-	-	-	23,579
Fines and forfeitures	-	-	-	-	-	-	-	-	-	6,018
Investment income	(2)	-	3	7	-	-	-	-	-	-
Intergovernmental revenues	-	-	29,735	6,836	-	-	-	-	-	36,610
Charges for current services	743	342	-	-	680	246	4,168	4,574	7,565	25,533
Miscellaneous	-	-	-	-	-	-	-	-	-	987
Total revenues	741	342	29,738	6,843	680	246	4,168	4,574	7,565	117,020
EXPENDITURES										
Current:										
General government	-	-	-	-	-	-	-	-	-	27,220
Judicial	144	247	-	-	716	56	545	67	2,143	5,620
Public safety	-	-	-	-	-	-	-	4,096	-	4,096
Highways and streets	-	-	-	-	-	-	-	-	-	8,466
Education	-	-	-	6,919	-	-	-	-	-	6,919
Public welfare	-	-	30,948	-	-	-	2,837	-	-	33,785
Capital outlay	-	-	-	-	-	-	-	-	-	-
Total expenditures	144	247	30,948	6,919	716	56	3,382	4,163	2,143	86,106
Excess (deficiency) of revenues over (under) expenditures	597	95	(1,210)	(76)	(36)	190	786	411	5,422	30,914
OTHER FINANCING SOURCES										
Transfers in	-	-	-	-	175	-	961	-	-	1,136
Transfers (out)	(340)	(142)	-	(73)	(320)	-	(1,495)	(226)	(682)	(37,449)
Total other financing sources (uses)	(340)	(142)	-	(73)	(145)	-	(534)	(226)	(682)	(36,313)
Net change in fund balance	257	(47)	(1,210)	(149)	(181)	190	252	185	4,740	(5,399)
Fund balance - beginning	2,200	126	4,498	3,243	1,526	663	3,666	5,227	6,635	72,774
Fund balance - ending	\$ 2,457	\$ 79	\$ 3,288	\$ 3,094	\$ 1,345	\$ 853	\$ 3,918	\$ 5,412	\$ 11,375	\$ 67,375

(Continued)

DALLAS COUNTY, TEXAS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended September 30, 2014
(in thousands of dollars)

Capital Projects

	<u>Permanent Improvement</u>	<u>Roads</u>	<u>Total</u>	<u>Total Non-major Governmental Funds</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ 24,293
Highway license fees	-	-	-	23,579
Fines and forfeitures	-	-	-	6,018
Investment income	-	-	-	-
Intergovernmental revenues	-	-	-	36,610
Charges for current services	-	-	-	25,533
Miscellaneous	-	-	-	987
	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,020</u>
Total revenues				
EXPENDITURES				
Current:				
General government	-	-	-	27,220
Judicial	-	-	-	5,620
Public safety	-	-	-	4,096
Highways and streets	-	-	-	8,466
Education	-	-	-	6,919
Public welfare	-	-	-	33,785
Capital outlay	31,866	1,037	32,903	32,903
	<u>31,866</u>	<u>1,037</u>	<u>32,903</u>	<u>119,009</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(31,866)</u>	<u>(1,037)</u>	<u>(32,903)</u>	<u>(1,989)</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	-	1,136
Transfers (out)	-	-	-	(37,449)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,313)</u>
Net change in fund balance	(31,866)	(1,037)	(32,903)	(38,302)
Fund balance - beginning	51,428	9,577	61,005	133,779
Fund balance - ending	<u>\$ 19,562</u>	<u>\$ 8,540</u>	<u>\$ 28,102</u>	<u>\$ 95,477</u>

(Concluded)

DALLAS COUNTY, TEXAS
Debt Service Fund - County Wide - Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2014
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 31,354	\$ 31,354	\$ 31,154	\$ (200)
Investment income	48	48	35	(13)
Charges for current services	340	340	856	516
Total revenues	<u>31,742</u>	<u>31,742</u>	<u>32,045</u>	<u>303</u>
EXPENDITURES:				
Debt service				
Principal	25,780	25,780	25,080	700
Interest	<u>5,886</u>	<u>5,886</u>	<u>5,886</u>	<u>-</u>
Total expenditures	<u>31,666</u>	<u>31,666</u>	<u>30,966</u>	<u>700</u>
Excess (deficiency) of revenues over (under) expenditures	<u>76</u>	<u>76</u>	<u>1,079</u>	<u>1,003</u>
Net change in fund balance	76	76	1,079	1,003
Fund balance - beginning	<u>2,820</u>	<u>2,820</u>	<u>2,820</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 2,896</u></u>	<u><u>\$ 2,896</u></u>	<u><u>\$ 3,899</u></u>	<u><u>\$ 1,003</u></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, 2014
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Highway license fees	\$ 21,462	\$ 21,462	\$ 23,579	\$ 2,117
Fines and forfeitures	6,784	6,784	6,018	(766)
Investment income	51	51	10	(41)
Intergovernmental revenues	262	262	39	(223)
Charges for current services	1,914	1,914	2,072	158
Miscellaneous	35	35	265	230
Total revenues	<u>30,508</u>	<u>30,508</u>	<u>31,983</u>	<u>1,475</u>
EXPENDITURES:				
Highways and streets:				
Salaries	5,053	4,411	4,411	-
Operating	2,206	4,108	3,574	534
Property	1,365	1,472	481	991
Total highways and streets	<u>8,624</u>	<u>9,991</u>	<u>8,466</u>	<u>1,525</u>
Reserves	22,850	13,091	-	13,091
Total expenditures	<u>31,474</u>	<u>23,082</u>	<u>8,466</u>	<u>14,616</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(966)</u>	<u>7,426</u>	<u>23,517</u>	<u>16,091</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(26,615)</u>	<u>(35,007)</u>	<u>(32,654)</u>	<u>2,353</u>
Total other financing sources (uses)	<u>(26,615)</u>	<u>(35,007)</u>	<u>(32,654)</u>	<u>2,353</u>
Net change in fund balance	(27,581)	(27,581)	(9,137)	18,444
Fund balance - beginning	<u>29,801</u>	<u>29,801</u>	<u>29,801</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,220</u>	<u>\$ 2,220</u>	<u>\$ 20,664</u>	<u>\$ 18,444</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 30, 2014
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 2,863	\$ 2,863	\$ 2,842	\$ (21)
Investment income	12	12	(1)	(13)
Total revenues	<u>2,875</u>	<u>2,875</u>	<u>2,841</u>	<u>(34)</u>
EXPENDITURES:				
General government:				
Property	<u>3,057</u>	<u>7,141</u>	<u>3,483</u>	<u>3,658</u>
Total general government	<u>3,057</u>	<u>7,141</u>	<u>3,483</u>	<u>3,658</u>
Reserves	<u>4,116</u>	<u>32</u>	<u>-</u>	<u>32</u>
Total expenditures	<u>7,173</u>	<u>7,173</u>	<u>3,483</u>	<u>3,690</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,298)</u>	<u>(4,298)</u>	<u>(642)</u>	<u>3,656</u>
Net change in fund balance	(4,298)	(4,298)	(642)	3,656
Fund balance - beginning	<u>4,298</u>	<u>4,298</u>	<u>4,298</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,656</u>	<u>\$ 3,656</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, 2014
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Charges for current services	\$ 964	\$ 964	\$ 942	\$ (22)
Total revenues	<u>964</u>	<u>964</u>	<u>942</u>	<u>(22)</u>
EXPENDITURES:				
Judicial:				
Salaries	492	464	464	-
Operating	<u>427</u>	<u>428</u>	<u>303</u>	<u>125</u>
Total judicial	<u>919</u>	<u>892</u>	<u>767</u>	<u>125</u>
Reserves	<u>71</u>	<u>98</u>	-	<u>98</u>
Total expenditures	<u>990</u>	<u>990</u>	<u>767</u>	<u>223</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26)</u>	<u>(26)</u>	<u>175</u>	<u>201</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(175)</u>	<u>(175)</u>	<u>(175)</u>	<u>-</u>
Total other financing sources (uses)	<u>(175)</u>	<u>(175)</u>	<u>(175)</u>	<u>-</u>
Net change in fund balance	(201)	(201)	-	201
Fund balance - beginning	<u>243</u>	<u>243</u>	<u>243</u>	<u>-</u>
Fund balance - ending	<u>\$ 42</u>	<u>\$ 42</u>	<u>\$ 243</u>	<u>\$ 201</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, 2014
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 21,635	\$ 21,635	\$ 21,451	\$ (184)
Investment income	30	30	(17)	(47)
Miscellaneous	-	-	19	19
Total revenues	<u>21,665</u>	<u>21,665</u>	<u>21,453</u>	<u>(212)</u>
EXPENDITURES:				
General government:				
Property	23,580	26,003	20,316	5,687
Reserves	6,028	3,605	-	3,605
Total expenditures	<u>29,608</u>	<u>29,608</u>	<u>20,316</u>	<u>9,292</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,943)</u>	<u>(7,943)</u>	<u>1,137</u>	<u>9,080</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(1,109)</u>	<u>(1,109)</u>	<u>(1,109)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,109)</u>	<u>(1,109)</u>	<u>(1,109)</u>	<u>-</u>
Net change in fund balance	(9,052)	(9,052)	28	9,080
Fund balance - beginning	<u>9,053</u>	<u>9,053</u>	<u>9,053</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 1</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 9,081</u></u>	<u><u>\$ 9,080</u></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, 2014
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
General government:				
Operating	2	2	-	2
Total expenditures	2	2	-	2
Excess (deficiency) of revenues over (under) expenditures	(2)	(2)	-	2
Net change in fund balance	(2)	(2)	-	2
Fund balance - beginning	10	10	10	-
Fund balance - ending	\$ 8	\$ 8	\$ 10	\$ 2

(Continued)

DALLAS COUNTY, TEXAS
Historical Exhibit Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2014
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 1	\$ 1	\$ -	\$ (1)
Charges for current services	3,472	3,472	4,201	729
Total revenues	<u>3,473</u>	<u>3,473</u>	<u>4,201</u>	<u>728</u>
EXPENDITURES:				
General government:				
Operating	3,468	3,421	3,421	-
Total expenditures	<u>3,468</u>	<u>3,421</u>	<u>3,421</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5</u>	<u>52</u>	<u>780</u>	<u>728</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(126)</u>	<u>(173)</u>	<u>(173)</u>	<u>-</u>
Total other financing sources (uses)	<u>(126)</u>	<u>(173)</u>	<u>(173)</u>	<u>-</u>
Net change in fund balance	(121)	(121)	607	728
Fund balance - beginning	310	310	310	-
Fund balance - ending	<u>\$ 189</u>	<u>\$ 189</u>	<u>\$ 917</u>	<u>\$ 728</u>

(Continued)

DALLAS COUNTY, TEXAS
Alternative Dispute Resolution Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2014
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 4	\$ 4	\$ (2)	\$ (6)
Charges for current services	736	736	743	7
Total revenues	<u>740</u>	<u>740</u>	<u>741</u>	<u>1</u>
EXPENDITURES:				
Judicial:				
Salaries	128	139	139	-
Operating	20	20	5	15
Reserves	2,363	2,352	-	2,352
Total expenditures	<u>2,511</u>	<u>2,511</u>	<u>144</u>	<u>2,367</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,771)</u>	<u>(1,771)</u>	<u>597</u>	<u>2,368</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(429)</u>	<u>(429)</u>	<u>(340)</u>	<u>89</u>
Total other financing sources (uses)	<u>(429)</u>	<u>(429)</u>	<u>(340)</u>	<u>89</u>
Net change in fund balances	(2,200)	(2,200)	257	2,457
Fund balances - beginning	<u>2,200</u>	<u>2,200</u>	<u>2,200</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,457</u>	<u>\$ 2,457</u>

(Continued)

DALLAS COUNTY, TEXAS
Appellate Justice System Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2014
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 1	\$ 1	\$ -	\$ (1)
Charges for current services	308	308	342	34
Total revenues	<u>309</u>	<u>309</u>	<u>342</u>	<u>33</u>
EXPENDITURES:				
Judicial:				
Operating	272	272	247	25
Total judicial	<u>272</u>	<u>272</u>	<u>247</u>	<u>25</u>
Total expenditures	<u>272</u>	<u>272</u>	<u>247</u>	<u>25</u>
Excess (deficiency) of revenues over (under) expenditures	<u>37</u>	<u>37</u>	<u>95</u>	<u>58</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(158)</u>	<u>(158)</u>	<u>(142)</u>	<u>16</u>
Total other financing sources (uses)	<u>(158)</u>	<u>(158)</u>	<u>(142)</u>	<u>16</u>
Net change in fund balance	(121)	(121)	(47)	74
Fund balance - beginning	126	126	126	-
Fund balance - ending	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 79</u>	<u>\$ 74</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, 2014
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 10	\$ 10	\$ 3	\$ (7)
Intergovernmental revenues	<u>28,751</u>	<u>28,751</u>	<u>29,735</u>	<u>984</u>
Total revenues	<u>28,761</u>	<u>28,761</u>	<u>29,738</u>	<u>977</u>
EXPENDITURES:				
Public welfare	<u>32,861</u>	<u>33,020</u>	<u>30,948</u>	<u>2,072</u>
Total expenditures	<u>32,861</u>	<u>33,020</u>	<u>30,948</u>	<u>2,072</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,100)</u>	<u>(4,259)</u>	<u>(1,210)</u>	<u>3,049</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(70)</u>	<u>(105)</u>	<u>-</u>	<u>105</u>
Total other financing sources (uses)	<u>(70)</u>	<u>(105)</u>	<u>-</u>	<u>105</u>
Net change in fund balance	(4,170)	(4,364)	(1,210)	3,154
Fund balance - beginning	<u>4,498</u>	<u>4,498</u>	<u>4,498</u>	<u>-</u>
Fund balance - ending	<u>\$ 328</u>	<u>\$ 134</u>	<u>\$ 3,288</u>	<u>\$ 3,154</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, 2014
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 10	\$ 10	\$ 7	\$ (3)
Intergovernmental revenues	7,704	7,704	6,836	(868)
Total revenues	<u>7,714</u>	<u>7,714</u>	<u>6,843</u>	<u>(871)</u>
EXPENDITURES:				
Education	6,912	7,280	6,919	361
Total expenditures	<u>6,912</u>	<u>7,280</u>	<u>6,919</u>	<u>361</u>
Excess (deficiency) of revenues over (under) expenditures	<u>802</u>	<u>434</u>	<u>(76)</u>	<u>(510)</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(79)	(79)	(73)	6
Total other financing sources (uses)	<u>(79)</u>	<u>(79)</u>	<u>(73)</u>	<u>6</u>
Net change in fund balance	723	355	(149)	(504)
Fund balance - beginning	3,243	3,243	3,243	-
Fund balance - ending	<u>\$ 3,966</u>	<u>\$ 3,598</u>	<u>\$ 3,094</u>	<u>\$ (504)</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:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DALLAS COUNTY, TEXAS
Combining Statement of Fiduciary Assets and Liabilities- Agency Funds
September 30, 2014
(in thousands of dollars)

Fee Office Funds

	Administrative Fund Escrow	Sheriff Inmate Trust	State Reports	County Clerk	District Clerk	Sheriff	Community Supervision and Corrections	Justices of the Peace	Constables	Housing Finance Corporation - 1993 Refunding
Assets:										
Cash and investments	\$ 8,560	\$ 340	\$ 3,445	\$ 80,958	\$ 18,996	\$ 874	\$ 8,911	\$ 2,461	\$ 131	\$ 49
Accrued interest/ other receivables	56	-	-	-	-	-	184	-	-	-
Cash and investments held in escrow	9,893	-	-	-	-	-	-	-	-	-
Total assets	\$ 18,509	\$ 340	\$ 3,445	\$ 80,958	\$ 18,996	\$ 874	\$ 9,095	\$ 2,461	\$ 131	\$ 49
Liabilities:										
Due to other governmental units and others	\$ 18,509	\$ 340	\$ 3,445	\$ 80,958	\$ 18,996	\$ 874	\$ 9,095	\$ 2,461	\$ 131	\$ 49
Total liabilities	\$ 18,509	\$ 340	\$ 3,445	\$ 80,958	\$ 18,996	\$ 874	\$ 9,095	\$ 2,461	\$ 131	\$ 49

DALLAS COUNTY, TEXAS
 Combining Statement of Fiduciary Assets and Liabilities- Agency Funds
 September 30, 2014
 (in thousands of dollars)

	<u>Departmental Special Funds</u>					<u>District Attorney Seized Funds</u>				<u>Total</u>
	<u>Juvenile Department Child Support</u>	<u>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	\$ 1,017	\$ 1,203	\$ 1,905	\$ 1	\$ 44,672	\$ 37	\$ 27	\$ 58	\$ 63	\$ 173,708
Accrued interest/ other receivables	-	-	-	-	-	-	-	-	-	240
Cash and investments held in escrow	-	-	-	-	-	-	-	-	-	9,893
Total assets	<u>\$ 1,017</u>	<u>\$ 1,203</u>	<u>\$ 1,905</u>	<u>\$ 1</u>	<u>\$ 44,672</u>	<u>\$ 37</u>	<u>\$ 27</u>	<u>\$ 58</u>	<u>\$ 63</u>	<u>\$ 183,841</u>
Liabilities:										
Due to other governmental units and others	\$ 1,017	\$ 1,203	\$ 1,905	\$ 1	\$ 44,672	\$ 37	\$ 27	\$ 58	\$ 63	\$ 183,841
Total liabilities	<u>\$ 1,017</u>	<u>\$ 1,203</u>	<u>\$ 1,905</u>	<u>\$ 1</u>	<u>\$ 44,672</u>	<u>\$ 37</u>	<u>\$ 27</u>	<u>\$ 58</u>	<u>\$ 63</u>	<u>\$ 183,841</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2014
(in thousands of dollars)

	<u>Balance October 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2014</u>
<hr/> Administrative Fund - Escrow <hr/>				
Assets:				
Cash and investments	\$ 7,272	\$ 16,244	\$ (14,956)	\$ 8,560
Accrued interest receivable	32	56	(32)	56
Cash and investments held in escrow	<u>9,830</u>	<u>769</u>	<u>(706)</u>	<u>\$ 9,893</u>
Total assets	<u>\$ 17,134</u>	<u>\$ 17,069</u>	<u>\$ (15,694)</u>	<u>\$ 18,509</u>
Liabilities:				
Due to other governmental units and others - administrative	<u>\$ 17,134</u>	<u>\$ 17,069</u>	<u>\$ (15,694)</u>	<u>\$ 18,509</u>
Total liabilities	<u>\$ 17,134</u>	<u>\$ 17,069</u>	<u>\$ (15,694)</u>	<u>\$ 18,509</u>
<hr/> Sheriff Inmate Trust <hr/>				
Assets:				
Cash and investments	<u>\$ 391</u>	<u>\$ -</u>	<u>\$ (51)</u>	<u>\$ 340</u>
Total assets	<u>\$ 391</u>	<u>\$ -</u>	<u>\$ (51)</u>	<u>\$ 340</u>
Liabilities:				
Due to other governmental units and others	<u>\$ 391</u>	<u>\$ -</u>	<u>\$ (51)</u>	<u>\$ 340</u>
Total liabilities	<u>\$ 391</u>	<u>\$ -</u>	<u>\$ (51)</u>	<u>\$ 340</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2014
(in thousands of dollars)

	<u>Balance October 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2014</u>
<hr/> Fee Office Fund - State Reports <hr/>				
Assets:				
Cash and investments	\$ 3,206	\$ 1,672,333	\$ (1,672,094)	\$ 3,445
Total assets	<u>\$ 3,206</u>	<u>\$ 1,672,333</u>	<u>\$ (1,672,094)</u>	<u>\$ 3,445</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 3,206	\$ 36,722	\$ (36,483)	\$ 3,445
Total liabilities	<u>\$ 3,206</u>	<u>\$ 36,722</u>	<u>\$ (36,483)</u>	<u>\$ 3,445</u>
 <hr/> Fee Office Fund - County Clerk <hr/>				
Assets:				
Cash and investments	\$ 41,209	\$ 536,433	\$ (496,684)	\$ 80,958
Total assets	<u>\$ 41,209</u>	<u>\$ 536,433</u>	<u>\$ (496,684)</u>	<u>\$ 80,958</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 41,209	\$ 537,815	\$ (498,066)	\$ 80,958
Total liabilities	<u>\$ 41,209</u>	<u>\$ 537,815</u>	<u>\$ (498,066)</u>	<u>\$ 80,958</u>

(Continued)

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2014
(in thousands of dollars)

	<u>Balance October 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2014</u>
<hr/> Fee Office Fund - District Clerk <hr/>				
Assets:				
Cash and investments	\$ 18,472	\$ 60,464	\$ (59,940)	\$ 18,996
Total assets	<u>\$ 18,472</u>	<u>\$ 60,464</u>	<u>\$ (59,940)</u>	<u>\$ 18,996</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 18,472	\$ 57,133	\$ (56,609)	\$ 18,996
Total liabilities	<u>\$ 18,472</u>	<u>\$ 57,133</u>	<u>\$ (56,609)</u>	<u>\$ 18,996</u>
 <hr/> Fee Office Fund - Sheriff <hr/>				
Assets:				
Cash and investments	\$ 848	\$ 26,182	\$ (26,156)	\$ 874
Total assets	<u>\$ 848</u>	<u>\$ 26,182</u>	<u>\$ (26,156)</u>	<u>\$ 874</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 848	\$ 17,776	\$ (17,750)	\$ 874
Total liabilities	<u>\$ 848</u>	<u>\$ 17,776</u>	<u>\$ (17,750)</u>	<u>\$ 874</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2014
(in thousands of dollars)

	<u>Balance October 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2014</u>
Fee Office Fund - Community Supervision and Corrections				
Assets:				
Cash and investments	\$ 11,964	\$ 5,470,247	\$ (5,473,300)	\$ 8,911
Accrued interest and other receivable	190	382	(388)	184
Total assets	<u>\$ 12,154</u>	<u>\$ 5,470,629</u>	<u>\$ (5,473,688)</u>	<u>\$ 9,095</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 12,154	\$ 42,473	\$ (45,532)	\$ 9,095
Total liabilities	<u>\$ 12,154</u>	<u>\$ 42,473</u>	<u>\$ (45,532)</u>	<u>\$ 9,095</u>
Fee Office Fund - Justices of the Peace				
Assets:				
Cash and investments	\$ 2,661	\$ 1,025	\$ (1,225)	\$ 2,461
Total assets	<u>\$ 2,661</u>	<u>\$ 1,025</u>	<u>\$ (1,225)</u>	<u>\$ 2,461</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 2,661	\$ 1,082	\$ (1,282)	\$ 2,461
Total liabilities	<u>\$ 2,661</u>	<u>\$ 1,082</u>	<u>\$ (1,282)</u>	<u>\$ 2,461</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2014
(in thousands of dollars)

	<u>Balance October 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2014</u>
Fee Office Fund - Constables				
Assets:				
Cash and investments	\$ 109	\$ 1,699	\$ (1,677)	\$ 131
Total assets	<u>\$ 109</u>	<u>\$ 1,699</u>	<u>\$ (1,677)</u>	<u>\$ 131</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 109	\$ 1,199	\$ (1,177)	\$ 131
Total liabilities	<u>\$ 109</u>	<u>\$ 1,199</u>	<u>\$ (1,177)</u>	<u>\$ 131</u>
Departmental Special Fund - Housing Finance Corporation - 1993 Refunding				
Assets:				
Cash and investments	\$ 49	\$ -	\$ -	\$ 49
Total assets	<u>\$ 49</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49</u>
Liabilities:				
Due to other governmental units and others - departmental special	\$ 49	\$ -	\$ -	\$ 49
Total liabilities	<u>\$ 49</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49</u>

(Continued)

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2014
(in thousands of dollars)

	<u>Balance October 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2014</u>
Departmental Special Fund - Juvenile Department Child Support				
Assets:				
Cash and investments	\$ 692	\$ 2,078	\$ (1,753)	\$ 1,017
Total assets	<u>\$ 692</u>	<u>\$ 2,078</u>	<u>\$ (1,753)</u>	<u>\$ 1,017</u>
Liabilities:				
Due to other governmental units and others - departmental special	\$ 692	\$ 1,395	\$ (1,070)	\$ 1,017
Total liabilities	<u>\$ 692</u>	<u>\$ 1,395</u>	<u>\$ (1,070)</u>	<u>\$ 1,017</u>
Departmental Special Fund - Housing Finance Corporation - 1994 Refunding				
Assets:				
Cash and investments	\$ 753	\$ 100,396	\$ (99,946)	\$ 1,203
Total assets	<u>\$ 753</u>	<u>\$ 100,396</u>	<u>\$ (99,946)</u>	<u>\$ 1,203</u>
Liabilities:				
Due to other governmental units and others - departmental special	\$ 753	\$ 992	\$ (542)	\$ 1,203
Total liabilities	<u>\$ 753</u>	<u>\$ 992</u>	<u>\$ (542)</u>	<u>\$ 1,203</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2014
(in thousands of dollars)

	<u>Balance October 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2014</u>
Departmental Special Fund - Community Supervision and Corrections Special				
Assets:				
Cash and investments	\$ 1,836	\$ 9,855	\$ (9,786)	\$ 1,905
Total assets	<u>\$ 1,836</u>	<u>\$ 9,855</u>	<u>\$ (9,786)</u>	<u>\$ 1,905</u>
Liabilities:				
Due to other governmental units and others - departmental special	\$ 1,836	\$ 7,149	\$ (7,080)	1,905
Total liabilities	<u>\$ 1,836</u>	<u>\$ 7,149</u>	<u>\$ (7,080)</u>	<u>\$ 1,905</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, 2014
(in thousands of dollars)

	<u>Balance October 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>September 30, 2014</u>
Departmental Special Fund - Tax Assessor - Collector				
Assets:				
Cash and investments	\$ 46,798	\$ 45,073	\$ (47,199)	\$ 44,672
Total assets	<u>\$ 46,798</u>	<u>\$ 45,073</u>	<u>\$ (47,199)</u>	<u>\$ 44,672</u>
Liabilities:				
Due to other governmental units and others - departmental special	\$ 46,798	\$ 456,270	\$ (458,396)	\$ 44,672
Total liabilities	<u>\$ 46,798</u>	<u>\$ 456,270</u>	<u>\$ (458,396)</u>	<u>\$ 44,672</u>
District Attorney Seized Funds - Police Agencies				
Assets:				
Cash and investments	\$ 37	\$ -	\$ -	\$ 37
Total assets	<u>\$ 37</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37</u>
Liabilities:				
Due to other governmental units and others	\$ 37	\$ -	\$ -	\$ 37
Total liabilities	<u>\$ 37</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2014
(in thousands of dollars)

	<u>Balance October 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2014</u>
District Attorney Seized Funds - Attorney General				
Assets:				
Cash and investments	\$ 27	\$ -	\$ -	\$ 27
Total assets	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27</u>
Liabilities:				
Due to other governmental units and others	\$ 27	\$ -	\$ -	\$ 27
Total liabilities	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27</u>
District Attorney Seized Funds - Gambling				
Assets:				
Cash and investments	\$ 58	\$ -	\$ -	\$ 58
Total assets	<u>\$ 58</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58</u>
Liabilities:				
Due to other governmental units and others	\$ 58	\$ -	\$ -	\$ 58
Total liabilities	<u>\$ 58</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2014
(in thousands of dollars)

	<u>Balance October 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2014</u>
District Attorney Seized Funds - Narcotics				
<hr/>				
Assets:				
Cash and investments	\$ 78	\$ 211	\$ (226)	\$ 63
Total assets	<u>\$ 78</u>	<u>\$ 211</u>	<u>\$ (226)</u>	<u>\$ 63</u>
Liabilities:				
Due to other governmental units and others	\$ 78	\$ 145	\$ (160)	\$ 63
Total liabilities	<u>\$ 78</u>	<u>\$ 145</u>	<u>\$ (160)</u>	<u>\$ 63</u>

(Continued)

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2014
(in thousands of dollars)

	<u>Balance October 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2014</u>
Assets:				
Cash and investments	\$ 136,461	\$ 7,942,240	\$ (7,904,992)	\$ 173,708
Accrued interest and other receivable	222	438	(420)	240
Cash and investments held in escrow	<u>9,830</u>	<u>769</u>	<u>(706)</u>	<u>9,893</u>
 Total assets	 <u>\$ 146,513</u>	 <u>\$ 7,943,447</u>	 <u>\$ (7,906,119)</u>	 <u>\$ 183,841</u>
 Liabilities:				
Due to other governmental units and others	<u>\$ 146,513</u>	<u>\$ 1,177,220</u>	<u>\$ (1,139,892)</u>	<u>\$ 183,841</u>
 Total liabilities	 <u>\$ 146,513</u>	 <u>\$ 1,177,220</u>	 <u>\$ (1,139,892)</u>	 <u>\$ 183,841</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	135
These schedules contain trend information to aid in understanding how the County's financial performance and well-being have changed over time.	
Revenue Capacity	140
These schedules contain information to aid in assessing the County's most significant local revenue source - property tax.	
Debt Capacity	145
These schedules present information to aid in assessing the County's ability to issue additional debt in the future.	
Demographic and Economic Information	150
These schedules offer demographic and economic indicators to aid in understanding the environment within which the County's financial activities take place.	
Operating Information	152
These schedules contain service and infrastructure data to aid in understanding how the information in the County's financial report relates to services the County provides and the activities it performs.	

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

Table 1

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Invested in capital assets, net of related debt	\$ 318,404	\$ 343,757	\$ 371,524	\$ 429,277	\$ 455,302	\$ 453,807	\$ 455,452	\$ 454,302	\$ 496,797	\$ 511,162
Restricted	16,584	21,548	59,017	40,360	63,686	61,654	66,840	78,434	81,686	76,172
Unrestricted	69,644	91,806	46,414	18,529	28,797	26,672	41,628	30,807	(32,000)	(50,551)
Total governmental activities net position	<u>\$ 404,632</u>	<u>\$ 457,111</u>	<u>\$ 476,955</u>	<u>\$ 488,166</u>	<u>\$ 547,785</u>	<u>\$ 542,133</u>	<u>\$ 563,920</u>	<u>\$ 563,543</u>	<u>\$ 546,483</u>	<u>\$ 536,783</u>

Source: Dallas County Financial Records

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

Table 2

Expenses	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
General government	\$ 72,765	\$ 77,465	\$ 99,805	\$ 126,656	\$ 120,224	\$ 147,707	\$ 137,867	\$ 149,009	\$ 156,248	\$ 152,854
Judicial	102,371	115,244	126,971	134,413	139,852	136,703	138,104	133,061	147,927	156,170
Public Safety	172,347	198,138	216,521	235,161	234,898	236,728	233,243	222,386	236,798	238,937
Highways and Streets	33,852	29,174	32,955	34,689	30,119	23,787	21,195	27,349	23,756	25,894
Health	44,285	45,948	41,590	46,735	48,598	51,033	53,264	50,924	48,216	49,190
Education	7,941	9,547	10,189	11,699	11,470	11,104	9,994	9,340	9,009	8,155
Public Welfare	61,106	65,908	66,913	72,374	82,019	85,635	97,261	76,449	70,960	68,769
Libraries	23	12	10	3	-	-	-	-	-	-
Interest on long term debt	10,131	9,288	10,599	9,784	6,939	6,475	5,189	4,681	3,683	3,400
Total primary government expenses	\$ 504,821	\$ 550,724	\$ 605,553	\$ 671,514	\$ 674,119	\$ 699,172	\$ 696,117	\$ 673,199	\$ 696,597	\$ 703,372
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 44,371	\$ 50,809	\$ 47,125	\$ 55,659	\$ 50,104	\$ 46,405	\$ 47,054	\$ 44,792	\$ 50,236	\$ 50,306
Judicial	52,703	58,257	58,164	60,655	68,280	50,648	43,797	44,746	46,204	42,780
Public Safety	21,046	20,337	22,845	21,156	23,143	21,133	23,527	22,422	24,490	24,267
Highways and Streets (1)	38,954	41,849	42,244	44,495	40,002	36,968	27,340	26,511	25,193	26,494
Health	6,193	6,409	6,150	6,385	7,171	7,607	7,882	6,138	7,483	6,585
Public Welfare	2,671	2,530	1,134	1,423	1,323	1,399	1,499	1,237	1,269	1,122
Operating grants and contributions										
General government	-	-	-	-	156	819	947	971	-	-
Judicial	3,009	3,330	1,636	2,475	28,398	15,259	16,198	13,309	11,825	13,595
Public Safety	4,269	5,977	5,419	5,373	8,066	10,935	10,835	8,875	11,204	11,841
Health	26,892	26,359	26,472	28,943	29,948	33,309	32,894	32,932	30,037	29,716
Education	9,060	9,444	7,879	12,155	10,742	8,971	12,042	10,165	9,199	7,938
Public Welfare	44,132	47,706	51,880	59,293	67,345	74,318	89,732	67,718	63,191	58,330
Capital grants and contributions:										
Judicial	-	-	26	-	-	50	257	-	-	-
Public Safety	-	-	480	621	-	389	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
Public Welfare	4,192	10,649	5,650	442	1,843	76	-	-	-	-
Total governmental activities program revenues	\$ 257,492	\$ 283,656	\$ 277,104	\$ 299,075	\$ 336,521	\$ 308,286	\$ 314,004	\$ 279,816	\$ 280,331	\$ 272,974
Total net (expense) revenue	\$ (247,329)	\$ (267,068)	\$ (328,449)	\$ (372,439)	\$ (337,598)	\$ (390,886)	\$ (382,113)	\$ (393,383)	\$ (416,266)	\$ (430,398)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 267,462	\$ 284,946	\$ 309,560	\$ 356,596	\$ 372,201	\$ 364,868	\$ 371,618	\$ 366,998	\$ 370,052	\$ 384,097
Alcoholic beverage taxes (1)	10,695	11,129	11,858	12,119	11,742	11,732	19,953	21,300	25,961	32,943
Unrestricted grants and contributions	5,243	3,640	3,534	4,659	1,750	5,161	6,758	1,392	2,115	1,622
Investment earnings	9,724	19,832	23,341	10,276	11,524	3,521	4,258	3,259	1,078	2,036
Insurable gain, net of insurance proceeds	-	-	-	-	-	-	2,850	57	-	-
Gain on the sale of property	31,203	-	-	-	-	3,967	-	-	-	-
Total primary government	\$ 324,327	\$ 319,547	\$ 348,293	\$ 383,650	\$ 397,217	\$ 389,249	\$ 405,437	\$ 393,006	\$ 399,206	\$ 420,698
Other activities:										
Insurable loss, net of insurance proceeds	-	-	-	-	-	(4,015)	-	-	-	-
Loss on retirement of capital assets	-	-	-	-	-	-	(804)	-	-	-
Interest paid - advance refunding	-	-	-	-	-	-	(733)	-	-	-
Total other expenses	\$ -	\$ (4,015)	\$ (1,537)	\$ -	\$ -	\$ -				
Change in Net Position										
Governmental activities	\$ 76,998	\$ 52,479	\$ 19,844	\$ 11,211	\$ 59,619	\$ (5,652)	\$ 21,787	\$ (377)	\$ (17,060)	\$ (9,700)
Total primary government	\$ 76,998	\$ 52,479	\$ 19,844	\$ 11,211	\$ 59,619	\$ (5,652)	\$ 21,787	\$ (377)	\$ (17,060)	\$ (9,700)

Note:

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

Source: Dallas County Financial Records

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

Table 3

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Property Taxes	\$ 267,462	\$ 284,946	\$ 309,560	\$ 356,596	\$ 372,201	\$ 364,868	\$ 371,618	\$ 366,998	\$ 370,052	\$ 384,097
Alcoholic beverage / other taxes	10,695	11,129	11,858	12,119	11,742	11,732	19,953	21,300	25,961	32,943
Total Taxes	<u>\$ 278,157</u>	<u>\$ 296,075</u>	<u>\$ 321,418</u>	<u>\$ 368,715</u>	<u>\$ 383,943</u>	<u>\$ 376,600</u>	<u>\$ 391,571</u>	<u>\$ 388,298</u>	<u>\$ 396,013</u>	<u>\$ 417,040</u>

Source: Dallas County Financial Records

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

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

Table 4

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund (GASB 54)										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,562	\$ 3,366	\$ 3,794	\$ 3,120
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	7,871	7,778	6,786	6,537
Unassigned	-	-	-	-	-	-	56,700	78,044	80,371	75,533
General Fund (before GASB 54)										
Reserved	16,925	12,050	7,822	8,073	8,734	9,886	-	-	-	-
Unreserved	38,857	44,346	32,139	26,737	35,762	41,353	-	-	-	-
Total General Fund	<u>\$ 55,782</u>	<u>\$ 56,396</u>	<u>\$ 39,961</u>	<u>\$ 34,810</u>	<u>\$ 44,496</u>	<u>\$ 51,239</u>	<u>\$ 68,133</u>	<u>\$ 89,188</u>	<u>\$ 90,951</u>	<u>\$ 85,190</u>
All Other Governmental Funds (GASB 54)										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 282	\$ 208	\$ 283	\$ 258
Restricted	-	-	-	-	-	-	108,201	108,777	129,988	91,908
Committed	-	-	-	-	-	-	166,590	173,340	175,582	186,661
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
All Other Governmental Funds (before GASB 54)										
Reserved	39,364	40,519	107,960	90,351	72,436	56,123	-	-	-	-
Unreserved reported in:										
Debt Service	7,369	13,420	7,631	3,381	2,785	3,128	-	-	-	-
Major Projects	53,696	65,709	6,091	6,249	29,567	77,906	-	-	-	-
Grants Funds	6,780	6,437	9,298	1,993	1,819	(3,786)	-	-	-	-
Special Revenue	22,153	21,091	19,916	29,840	46,103	44,354	-	-	-	-
Capital Projects	39,851	81,422	45,263	13,057	19,019	18,632	-	-	-	-
Total all other governmental funds	<u>\$ 169,213</u>	<u>\$ 228,598</u>	<u>\$ 196,159</u>	<u>\$ 144,871</u>	<u>\$ 171,729</u>	<u>\$ 196,357</u>	<u>\$ 275,073</u>	<u>\$ 282,325</u>	<u>\$ 305,853</u>	<u>\$ 278,827</u>

Source: Dallas County Financial Records

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

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

Table 5

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Property taxes	\$ 262,124	\$ 286,792	\$ 308,443	\$ 356,136	\$ 372,285	\$ 364,620	\$ 372,074	\$ 367,478	\$ 371,263	\$ 383,772
Licenses and permits (3)	33,458	32,704	33,826	31,413	29,253	26,422	33,520	36,009	39,154	42,191
Fines and forfeitures	24,404	26,060	25,691	27,507	25,280	21,512	17,732	16,206	14,151	13,061
Investment income and rental revenues	14,856	22,851	26,654	14,558	15,173	6,790	7,017	6,221	4,269	5,947
Intergovernmental revenues	94,575	104,752	103,944	112,951	151,373	128,861	145,937	120,670	125,820	114,511
Charges for current services (3)	100,209	115,239	114,991	123,353	128,905	126,521	123,235	115,139	117,558	125,497
Miscellaneous revenues	13,023	16,277	11,579	17,852	10,635	14,603	17,035	11,275	11,241	10,350
Total revenues	542,649	604,675	625,128	683,770	732,904	689,329	716,550	672,998	683,456	695,329
Expenditures										
General government and judicial (a)	179,375	194,847	221,496	234,758	238,079	232,214	233,904	223,855	242,869	249,064
Public safety (a)	169,831	192,710	211,970	231,062	228,083	225,898	222,489	213,771	225,436	233,675
Highways and streets (a)	20,059	22,040	22,728	26,107	23,116	22,122	20,152	26,790	23,244	24,646
Health (a)	43,895	45,484	41,020	46,584	48,711	51,094	52,967	50,829	48,154	49,058
Public welfare (a)	60,225	70,261	65,364	70,484	79,815	83,677	96,448	75,603	70,475	67,898
Libraries (a)	19	-	-	-	-	-	-	-	-	-
Education (a)	8,061	9,512	10,102	11,599	11,358	10,981	10,065	9,224	8,888	8,021
Capital outlay (a) (1)	48,869	34,748	59,172	82,798	39,660	15,454	11,394	15,188	54,018	64,788
Debt service										
Principal	34,940	32,180	30,980	27,915	19,955	17,355	18,190	22,780	20,075	25,080
Interest	9,265	8,310	11,170	8,902	7,583	6,625	5,284	6,708	5,383	5,886
Total expenditures	574,539	610,092	674,002	740,209	696,360	665,420	670,893	644,748	698,542	728,116
Excess of revenues over (under) expenditures	(31,890)	(5,417)	(48,874)	(56,439)	36,544	23,909	45,657	28,250	(15,086)	(32,787)
Other financing sources (uses)										
Transfers in	60,473	59,833	71,749	67,551	63,473	47,570	49,046	47,154	40,841	42,101
Transfers (out)	(60,473)	(59,833)	(71,749)	(67,551)	(63,473)	(47,570)	(49,046)	(47,154)	(40,841)	(42,101)
Debt issuance - advance refunding bonds	24,096	-	-	-	-	-	32,400	-	10,515	-
Debt issuance - limited tax notes	36,535	63,220	-	-	-	-	41,545	-	35,825	-
Premium on advance refunding bonds	-	-	-	-	-	-	2,132	-	1,669	-
Premium on limited tax notes	1,933	2,196	-	-	-	-	3,749	-	4,423	-
Interest on advance refunding bonds	-	-	-	-	-	-	57	-	-	-
Interest on limited tax notes	-	-	-	-	-	-	82	-	-	-
Accrued interest on revenue bonds	-	-	-	-	-	-	-	-	-	-
Payment to advance refunded bond escrow agent	(25,985)	-	-	-	-	-	(34,270)	-	(12,055)	-
Sale of capital assets	-	-	-	-	-	4,462	-	-	-	-
Insurance proceeds	-	-	-	-	-	3,000	4,258	57	-	-
Total other financing sources (uses)	36,579	65,416	-	-	-	7,462	49,953	57	40,377	-
Net change in fund balance	\$ 4,689	\$ 59,999	\$ (48,874)	\$ (56,439)	\$ 36,544	\$ 31,371	\$ 95,610	\$ 28,307	\$ 25,291	\$ (32,787)
Sum of expenditures (a)	530,334	569,602	631,852	703,392	668,822	641,440	647,419	615,260	673,084	697,150
Less: Expenditures capitalized for government-wide statement of net position. (2)	(43,349)	(45,354)	(66,128)	(84,369)	(39,508)	(12,711)	(14,007)	(18,988)	(55,629)	(62,464)
Non-capital expenditures	\$ 486,985	\$ 524,248	\$ 565,724	\$ 619,023	\$ 629,314	\$ 628,729	\$ 633,412	\$ 596,272	\$ 617,455	\$ 634,686
Debt service as a percentage of non-capital expenditures	9.1%	7.7%	7.5%	5.9%	4.4%	3.8%	3.7%	4.9%	4.1%	4.9%

Source: Dallas County Financial Records

Notes:

- (1) Some purchases that have met the County's capitalization threshold are classified as current expenditures at the functional level; these purchases are excluded from capital outlay expenditures.
- (2) The amount of capital expenditures on page 53 of the Notes to the Basic Financial Statements and referenced to page 61 includes capital expenditures recorded within functional expenditure categories and Capital Outlay expenditures noted in (1) which meet the County's capitalization threshold.
- (3) In FY 2011, the County reclassified \$8,221 from Charges for current services to Licenses and permits. This classification has been applied going forward.

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

Table 6

Year	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)		
2005	\$ 145,616,669	\$ 147,709,138	\$ 25,613,845	\$ 25,613,845	\$ 171,230,514	\$ 173,322,983	0.21390	98.79%
2006	158,357,737	161,310,649	25,992,417	25,992,417	184,350,154	187,303,066	0.21390	98.42%
2007	175,200,112	177,328,144	28,323,579	28,323,579	203,523,691	205,651,723	0.22810	98.97%
2008	187,657,752	189,375,558	30,463,426	30,463,426	218,121,178	219,838,984	0.22810	99.22%
2009	182,573,892	183,604,362	30,712,196	30,712,196	213,286,088	214,316,558	0.22810	99.52%
2010	176,079,924	176,830,527	28,685,037	28,685,037	204,764,961	205,515,564	0.24310	99.63%
2011	173,840,792	174,569,081	28,953,511	28,953,511	202,794,303	203,522,592	0.24310	99.64%
2012	176,477,746	177,340,633	30,175,252	30,175,252	206,652,998	207,515,885	0.24310	99.58%
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%

Source: Dallas County Tax Assessor-Collector.

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

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. Deferred taxes accrue interest at an 8% annual rate.

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)

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)								
2005	0.16210	0.00500	0.00180	0.01621	0.02879	0.21390	0.25400	0.46790
2006	0.15450	0.01260	0.00180	0.02525	0.01975	0.21390	0.25400	0.46790
2007	0.16870	0.01260	0.00180	0.02593	0.01907	0.22810	0.25400	0.48210
2008	0.16870	0.01260	0.00180	0.02996	0.01504	0.22810	0.25400	0.48210
2009	0.16870	0.01260	0.00180	0.03064	0.01436	0.22810	0.27400	0.50210
2010	0.18370	0.01260	0.00180	0.03083	0.01417	0.24310	0.27100	0.51410
2011	0.18370	0.01260	0.00180	0.03120	0.01380	0.24310	0.27100	0.51410
2012	0.18270	0.01360	0.00180	0.02990	0.01510	0.24310	0.27100	0.51410
2013	0.17615	0.01360	0.00180	0.03184	0.01971	0.24310	0.27600	0.51910
2014	0.17615	0.01360	0.00180	0.03405	0.01750	0.24310	0.28600	0.52910
Tax levies (1) (in thousands of dollars)								
2005	219,902	6,783	2,442	21,990	39,056	290,173 (a)	344,572	634,745
2006	226,423	18,466	2,638	37,004	28,944	313,475 (b)	372,243	685,718
2007	272,413	20,346	2,907	41,871	30,794	368,331 (c)	410,153	778,484
2008	287,381	21,464	3,066	51,041	25,617	388,569 (d)	433,936	822,505
2009	278,064	20,768	2,967	50,500	23,673	375,972 (e)	453,929	829,901
2010	287,607	19,727	2,818	48,270	22,183	380,605 (f)	429,605	810,210
2011	284,368	19,505	2,786	48,298	21,362	376,319 (g)	422,501	798,820
2012	286,951	21,361	2,827	46,961	23,716	381,816 (g)	428,355	810,171
2013	288,053	22,240	2,943	52,067	32,231	397,534 (h)	454,275	851,809
2014	306,407	23,657	3,131	59,229	30,441	422,865 (i)	502,058	924,923

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) in excess of \$ 1 million
- (b) \$ 1.7 million
- (c) \$ 2.9 million
- (d) \$ 3.8 million
- (e) \$ 3.2 million
- (f) \$ 2.7 million
- (g) \$2.9 million
- (h) \$3.1 million
- (i) \$4.6 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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Dallas County	\$ 0.21390	\$ 0.21390	\$ 0.22810	\$ 0.22810	\$ 0.22810	\$ 0.24310	\$ 0.24310	\$ 0.24310	\$ 0.24310	\$ 0.24310
Dallas County Schools	0.00530	0.00503	0.00471	0.00493	0.00521	0.01000	0.01000	0.00994	0.01000	0.01000
Dallas County Hospital Dist	0.25400	0.25400	0.25400	0.25400	0.27400	0.27100	0.27100	0.27100	0.27600	0.28600
Dallas County Community College District	0.08160	0.08100	0.08040	0.08940	0.09490	0.09923	0.09967	0.11938	0.12470	0.12478
School Districts										
Carrollton-Farmers Branch	1.82590	1.68300	1.36700	1.36230	1.34220	1.34690	1.35680	1.33060	1.32350	1.30330
Cedar Hill	1.84843	1.74330	1.40000	1.50000	1.40000	1.44000	1.44000	1.44000	1.52500	1.52500
Coppell	1.72900	1.59900	1.26900	1.27900	1.28340	1.42420	1.42420	1.41880	1.43240	1.44900
Dallas	1.68836	1.50264	1.19964	1.18340	1.27134	1.23781	1.29035	1.29035	1.28209	1.28209
DeSoto	1.79000	1.76000	1.49000	1.51000	1.49000	1.49000	1.44000	1.44000	1.49000	1.47000
Duncanville	1.86600	1.73600	1.41800	1.41800	1.41800	1.41800	1.41800	1.43000	1.41000	1.41000
Ferris	1.77190	1.57070	1.26970	1.27720	1.27720	1.31785	1.30630	1.31000	1.31000	1.32500
Garland	1.67010	1.54490	1.25330	1.25330	1.25330	1.25330	1.25330	1.25330	1.25330	1.25330
Grand Prairie	1.75860	1.62970	1.46500	1.46500	1.46500	1.46500	1.46500	1.46500	1.46500	1.46500
Grapevine-Colleyville	1.70000	1.57430	1.29000	1.29000	1.29000	1.29000	1.31000	1.32010	1.32010	1.32010
Highland Park	1.53000	1.35570	1.03670	1.09000	1.11000	1.11500	1.13420	1.13420	1.12670	1.11810
Irving	1.81400	1.64400	1.34850	1.39100	1.42500	1.46500	1.46500	1.46500	1.46500	1.43500
Lancaster	1.85446	1.72600	1.40770	1.41270	1.41270	1.41270	1.41270	1.41800	1.41800	1.37012
Mesquite	1.76240	1.66800	1.37670	1.40000	1.42000	1.42000	1.42000	1.42000	1.41000	1.41000
Richardson	1.82000	1.63005	1.34005	1.34005	1.34005	1.34005	1.34005	1.34005	1.34005	1.34005
Sunnyvale	1.66590	1.51905	1.38005	1.37000	1.36000	1.35100	1.41000	1.41000	1.41000	1.41000
Wilmer / Hutchins*	1.28540	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Special Districts										
Dallas County FCD #1	2.78000	2.83554	2.83554	2.83554	2.83554	2.83554	2.90000	3.05000	2.75000	2.75000
Dallas County URD	2.26030	2.09670	1.62800	1.62600	1.76300	2.05000	2.12200	1.84000	1.79100	1.98300
Denton County LID #1**	0.00000	0.00000	0.15500	0.16500	0.16500	0.16350	0.16350	0.20700	0.18500	0.18500
Denton County RUD #1***	0.00000	0.00000	0.40000	0.38000	0.35000	0.17000	0.11000	0.01000	0.00000	0.00000
Grand Prairie Metro URD	2.55000	2.05000	2.14000	2.14000	2.18000	2.12000	2.06500	0.60000	0.60000	0.00000
Irving FCD, Section I	0.21370	0.22539	0.27139	0.24201	0.29143	0.35549	0.43000	0.46530	0.50000	0.50470
Irving FCD, Section III	0.29351	0.29038	0.27199	0.26335	0.27400	0.27400	0.13400	0.13900	0.14210	0.14410
Lancaster MUD #1	0.90000	0.90000	0.90000	0.90000	1.06000	1.06000	1.06000	1.06000	1.06000	0.00000
Northwest Dallas Co FCD	0.30000	0.30000	0.30000	0.30000	0.30000	0.30000	0.30000	0.30000	0.30000	0.30000
Valwood Improvement Auth	0.34500	0.34250	0.32250	0.31250	0.30750	0.30750	0.30750	0.30750	0.29000	0.27000
Cities and Towns										
Addison	0.47600	0.46400	0.43370	0.45350	0.49600	0.53000	0.58000	0.58000	0.57180	0.56180
Balch Springs	0.55571	0.57728	0.62098	0.62000	0.76000	0.76000	0.78000	0.80300	0.77000	0.80300
Carrollton	0.63288	0.63288	0.61788	0.61788	0.61788	0.61788	0.61788	0.61788	0.61788	0.61538
Cedar Hill	0.64140	0.64140	0.64140	0.64140	0.64140	0.67000	0.68588	0.69569	0.69876	0.69876
Cockrell Hill	0.76159	0.76853	0.78811	0.78811	0.78811	0.81109	0.81109	0.82315	0.81191	0.81166
Combine**	0.00000	0.00000	0.21000	0.21000	0.23000	0.23000	0.23000	0.25000	0.27000	0.29000
Coppell	0.64860	0.64146	0.64146	0.64146	0.64146	0.69046	0.69046	0.67046	0.63750	0.60649
Dallas	0.74170	0.72920	0.74790	0.74790	0.74790	0.79700	0.79700	0.79700	0.79700	0.79700
Desoto	0.68499	0.69835	0.70973	0.69973	0.69973	0.73512	0.75740	0.75740	0.75740	0.75740
Duncanville	0.71800	0.69600	0.69600	0.69600	0.69600	0.73769	0.73769	0.73769	0.75845	0.75845
Farmers Branch	0.49450	0.49450	0.49450	0.49450	0.51950	0.52950	0.52950	0.52950	0.55310	0.60227
Ferris**	0.00000	0.00000	0.60000	0.65000	0.64809	0.68713	0.68713	0.68713	0.68713	0.68713
Garland	0.66610	0.67860	0.68860	0.69960	0.70460	0.70460	0.70460	0.70460	0.70460	0.70460
Glenn Heights	0.65310	0.69617	0.68404	0.69436	0.73932	0.79500	0.79500	0.79500	0.79500	0.79500
Grand Prairie	0.67900	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000
Grapevine**	0.00000	0.00000	0.36250	0.35000	0.35000	0.35000	0.34800	0.34570	0.34250	0.33244
Highland Park	0.23000	0.22500	0.22000	0.22000	0.22000	0.22000	0.22000	0.22000	0.22000	0.22000
Hutchins	0.54000	0.54109	0.53755	0.52810	0.56300	0.58100	0.60672	0.66091	0.69091	0.71091
Irving	0.54790	0.54790	0.54060	0.54060	0.54060	0.57610	0.59860	0.59860	0.59860	0.59410
Lancaster	0.67170	0.67170	0.73750	0.77750	0.77750	0.86750	0.86750	0.86750	0.86750	0.86750
Lewisville**	0.00000	0.00000	0.44050	0.44021	0.44021	0.44021	0.44021	0.44021	0.44021	0.43609
Mesquite	0.60148	0.62000	0.64000	0.64000	0.64000	0.64000	0.64000	0.64000	0.64000	0.64000
Ovilla**	0.00000	0.00000	0.66800	0.63000	0.66790	0.67460	0.66360	0.66750	0.67190	0.67190
Richardson	0.52516	0.57516	0.57516	0.57516	0.57516	0.63516	0.63516	0.63516	0.63516	0.63516
Rowlett	0.74717	0.74717	0.74717	0.74717	0.74717	0.74717	0.74717	0.74717	0.74717	0.78717
Sachse	0.55832	0.55341	0.55341	0.61000	0.70582	0.70582	0.77082	0.77082	0.77082	0.77082
Seagoville	0.63500	0.63500	0.63500	0.63500	0.65000	0.66500	0.69085	0.69085	0.71379	0.71380
Sunnyvale	0.37997	0.37997	0.37997	0.37796	0.40796	0.40796	0.40796	0.40796	0.40796	0.40796
University Park	0.30958	0.29272	0.26836	0.26548	0.26548	0.27845	0.27845	0.27845	0.27432	0.26979
Wilmer*	0.66000	0.61000	0.61000	0.48566	0.43599	0.43599	0.40000	0.36682	0.38944	0.43660
Wylie**	0.00000	0.00000	0.73325	0.89890	0.89890	0.89890	0.89890	0.88890	0.88390	0.87890

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.

* Wilmer - Hutchins ISD was absorbed by Dallas ISD beginning in 2006

** 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, 2014
(in thousands of dollars)
(unaudited)

Table 9

Name of Taxpayer	Nature of Business	2014			2005		
		Total Assessed Valuation	Rank	Percent of Dallas County Assessed Valuation	Total Assessed Valuation	Rank	Percent of Dallas County Assessed Valuation
Oncor Electric Delivery	Electric Utility	\$ 1,422,920	1	0.72 %	\$ —		— %
AT&T/American Telephone	Telephone Utility	953,083	2	0.48	—		—
Wal-Mart Real Estate/Stores	Retail	760,546	3	0.39	471,572	7	0.32
Crescent TC Investors LP	Real Estate	756,101	4	0.38	781,402	4	0.54
NorthPark Land Partners	Real Estate	624,382	5	0.32	—		—
Texas Instruments	Electronics	601,569	6	0.31	1,164,396	3	0.80
Southwest Airlines	Airline	577,401	7	0.29	537,242	6	0.37
Post Properties Inc	Real Estate	574,955	8	0.29	276,921	9	0.19
Verizon	Telephone Utility	448,101	9	0.23	549,021	5	0.38
PC Village Apts	Real Estate	422,520	10	0.21	—		—
Southwestern Bell/Cingular Telephone Company	Telephone Utility	—		—	1,590,414	1	1.10
Texas Utilities Electric Company	Electric Utility	—		—	1,322,938	2	0.91
Trammel Crow	Real Estate	—		—	323,381	8	0.22
Exxon / Mobil	Crude Oil & Natural Gas	—		—	262,664	10	0.18
Total		<u>\$ 7,141,578</u>		<u>3.62 %</u>	<u>\$ 7,279,951</u>		<u>5.01 %</u>

Source: Dallas County Tax Assessor-Collector.

Notes (1) Estimated amounts based on 2014 and 2005 appraisal roll excluding property under protest.

Table 10

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

<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>
2005	638,335 (c)	624,911	97.90	7,027	631,938	99.00
2006	683,907 (c)	671,481	98.18	7,951	679,432	99.35
2007	767,576 (c)	756,012	98.49	8,016	764,028	99.54
2008	810,865 (c)	795,692	98.13	7,497	803,189	99.05
2009	822,915 (c)	808,714	98.27	7,512	816,226	99.19
2010	806,297 (c)	794,219	98.50	7,091	801,310	99.38
2011	794,950 (c)	784,883	98.73	6,202	791,085	99.51
2012	804,531 (c)	795,230	98.84	4,859	800,089	99.45
2013	843,739 (c)	834,645	98.92	4,677	839,322	99.48
2014	924,923 (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 2014 tax roll are incomplete until the end of the fiscal year, September 30, 2015.
(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

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

Table 11

<u>Year</u>	<u>Estimated Population</u>	<u>Assessed Value</u>	<u>Bonded Debt (1)</u>	<u>Bonded Debt Percentage of Assessed Value</u>	<u>Bonded Debt Percentage of Personal Income (2)</u>	<u>Bonded Debt Per Capita (2)</u>
2005	2,330	\$ 173,322,983	\$ 188,131	0.10854 %	0.1967 %	81
2006	2,383	187,303,067	221,723	0.11838	0.2179	93
2007	2,417	205,651,722	190,499	0.09263	0.1819	79
2008	2,452	219,838,984	162,128	0.07375	0.1487	66
2009	2,471	214,316,558	141,850	0.06619	0.1322	57
2010	2,368	205,515,564	124,211	0.06044	0.1151	52
2011	2,374	203,522,592	151,613	0.07449	0.1362	64
2012	2,386	207,515,885	127,203	0.06130	0.1120	53
2013	2,454	216,026,474	146,138	0.06765	0.1264	60
2014	2,480	229,734,688	118,781	0.05170	0.1015	48

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.

(2) See schedule of Demographic and Economic Statistics on page 150 (Table 15) for personal income and population data.

DALLAS COUNTY, TEXAS
Direct and Overlapping Bonded Debt
September 30, 2014
(in thousands of dollars)
(unaudited)

Table 12

Name	Indebtedness as of	Bonded Debt	Percentage of Debt Applicable to Dallas County	Dallas County's Share of Debt
Dallas County	9/30/2014	\$ 118,781	100.00%	\$ 118,781
Total direct		<u>\$ 118,781</u>		<u>\$ 118,781</u>
Overlapping Debt:				
Intermediate educational agency:				
Dallas County Schools	9/30/2014	\$ 67,265	100.00%	\$ 67,265
Independent school districts:				
Carrollton-Farmers Branch	9/30/2014	304,535	80.90%	246,369
Cedar Hill	9/30/2014	129,195	100.00%	129,195
Coppell	9/30/2014	218,772	100.00%	218,772
Dallas	9/30/2014	2,557,940	100.00%	2,557,940
Desoto	9/30/2014	124,219	100.00%	124,219
Duncanville	9/30/2014	144,385	100.00%	144,385
Ferris	9/30/2014	30,587	4.20%	1,285
Garland	9/30/2014	346,746	100.00%	346,746
Grand Prairie	9/30/2014	462,964	100.00%	462,964
Grapevine-Colleyville	9/30/2014	338,573	11.15%	37,751
Highland Park	9/30/2014	94,515	100.00%	94,515
Irving	9/30/2014	516,551	100.00%	516,551
Lancaster	9/30/2014	97,500	100.00%	97,500
Mesquite	9/30/2014	365,116	100.00%	365,116
Richardson	9/30/2014	429,805	100.00%	429,805
Sunnyvale	9/30/2014	58,457	100.00%	58,457
Total intermediate educational agency & independent school districts		<u>\$ 6,287,125</u>		<u>\$ 5,898,835</u>
Special districts:				
Dallas County FCD #1	9/30/2014	28,565	100.00%	28,565
Dallas County Community College	9/30/2014	339,035	100.00%	339,035
Dallas County Hospital District	9/30/2014	736,235	100.00%	736,235
Dallas County Utility & Reclamation Dist.	9/30/2014	251,608	100.00%	251,608
Denton County LID #1	9/30/2014	9,410	6.09%	573
Irving FCD, Section I	9/30/2014	6,832	100.00%	6,832
Irving FCD, Section III	9/30/2014	1,130	100.00%	1,130
Lancaster MUD #1	9/30/2014	2,965	100.00%	2,965
Northwest Dallas Co FCD	9/30/2014	8,424	100.00%	8,424
Valwood Improvement Authority	9/30/2014	6,398	100.00%	6,398
Water Control and Imp. District No. 6	9/30/2014	7,817	100.00%	7,817
Total special districts		<u>\$ 1,398,419</u>		<u>\$ 1,389,582</u>

Source: County Auditor's Office and Municipal Advisory Council of Texas, *Estimated Overlapping Debt Statement*

- Notes:
- Overlapping governments are those taxing entities that are within the geographic boundaries of Dallas County.
 - Percentages of Debt Applicable to Dallas County are based on the Market Value of properties within each entity.
 - Information was not provided by the Municipal Advisory Council of Texas for the Water Control and Improvement District No. 6; entity provided information to the Dallas County Auditor's Office.

(Continued)

DALLAS COUNTY, TEXAS
Computation of Direct and Overlapping Bonded Debt
September 30, 2014
(in thousands of dollars)
(unaudited)

Table 12

Name	Indebtedness as of	Gross Debt Less Sinking Funds	Percentage of Debt Applicable to Dallas County	Dallas County's Share of Debt
Overlapping Debt (Continued):				
Cities and towns:				
Addison	9/30/2014	\$ 114,650	100.00%	\$ 114,650
Balch Springs	9/30/2014	6,345	100.00%	6,345
Carrollton	9/30/2014	161,780	48.92%	79,143
Cedar Hill	9/30/2014	81,415	97.12%	79,070
Cockrell Hill	9/30/2014	1,685	100.00%	1,685
Coppell	9/30/2014	73,245	98.06%	71,824
Dallas	9/30/2014	1,547,228	94.86%	1,467,700
Desoto	9/30/2014	77,245	100.00%	77,245
Duncanville	9/30/2014	11,014	100.00%	11,014
Farmers Branch	9/30/2014	42,720	100.00%	42,720
Ferris	9/30/2014	3,105	8.61%	267
Garland	9/30/2014	458,026	99.80%	457,110
Glenn Heights	9/30/2014	4,515	66.39%	2,998
Grand Prairie	9/30/2014	214,055	48.76%	104,373
Grapevine	9/30/2014	151,067	2.28%	3,444
Hutchins	9/30/2014	7,421	100.00%	7,421
Irving	9/30/2014	377,340	100.00%	377,340
Lancaster	9/30/2014	81,000	100.00%	81,000
Lewisville	9/30/2014	95,605	0.97%	927
Mesquite	9/30/2014	121,960	99.60%	121,472
Ovilla	9/30/2014	6,175	8.82%	545
Richardson	9/30/2014	260,840	61.54%	160,521
Rowlett	9/30/2014	74,500	85.01%	63,332
Sachse	9/30/2014	37,980	63.62%	24,163
Seagoville	9/30/2014	4,813	97.98%	4,716
Sunnyvale	9/30/2014	9,375	100.00%	9,375
Wilmer	9/30/2014	110	100.00%	110
Wylie	9/30/2014	103,015	0.36%	371
Total cities and towns		\$ 4,128,229		\$ 3,370,881
Total Overlapping		\$ 11,813,773		\$ 10,659,298
Total Direct and Overlapping		\$ 11,932,554		\$ 10,778,079

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.

(Concluded)

Table 13

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit (Article 3, Section 52 of the Texas Constitution)	\$ 36,400,734	\$ 39,385,249	\$ 43,795,676	\$ 46,909,632	\$ 45,638,690	\$ 44,015,299	\$ 43,454,874	\$ 44,114,339	\$ 45,878,850	\$ 49,152,098 (1)
Total net debt applicable to limit	91,805	75,736	65,628	55,831	46,415	37,565	-	-	-	-
Legal debt margin	\$ 36,308,929	\$ 39,509,513	\$ 43,730,048	\$ 46,853,801	\$ 45,592,275	\$ 43,977,734	\$ 43,454,874	\$ 44,114,339	\$ 45,878,850	\$ 49,152,098
Total net debt applicable to the limit as a percentage of debt limit	0.25%	0.19%	0.15%	0.12%	0.10%	0.09%	0.10%	0.00%	0.00%	0.00%
Debt Limit (Under Texas General Law)	\$ 8,560,839	\$ 9,216,671	\$ 10,175,314	\$ 10,905,098	\$ 10,663,348	\$ 10,237,312	\$ 10,138,650	\$ 10,331,630	\$ 10,762,400	\$ 11,462,645 (2)
Total net debt applicable to limit	86,518	128,137	113,417	99,673	89,859	81,145	141,966	117,884	133,610	107,451
Legal debt margin	\$ 8,474,321	\$ 9,088,534	\$ 10,061,897	\$ 10,805,425	\$ 10,573,489	\$ 10,156,167	\$ 9,996,684	\$ 10,213,746	\$ 10,628,790	\$ 11,355,194
Total net debt applicable to the limit as a percentage of debt limit	1.01%	1.39%	1.11%	0.91%	0.84%	0.79%	1.40%	1.14%	1.24%	0.94%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed valuation of real property*	\$ 196,608,391
Assessed valuation of all taxable property*	229,252,906
Bonds issued under Article 3, Section 52b of the Texas Constitution:	
Debt limit, one-fourth of real property assessed valuation	49,152,098 (1)
Amount of debt applied to debt limit:	
Bonded debt	\$ -
Less debt service funds - appropriation for future debt payments	-
Total amount of debt applicable to debt limit	-
Legal debt margin, bonds issued under Article 3, section 52b, of the Texas Constitution	\$ 49,152,098
Bonds issued under Texas General Laws:	
Debt limit, five percent of assessed valuation of all taxable property	11,462,645 (2)
Amount of debt applied to debt limit:	
Bonded debt	\$ (111,350)
Less debt service funds - appropriation for future debt payments	3,899
Total amount of debt applicable to debt limit	(107,451)
Legal debt margin, bonds issued under Texas General Laws	\$ 11,355,194

(1) As to bonds issued under Article 3, Section 52b of the Texas Constitution, counties "may issue bonds or otherwise lend its credit in any amount not to exceed one-fourth of the assessed valuation of the real property of such district or territory."
 (2) Government Code 1301.003 (c) "total indebtedness for the purposes described by this chapter may not be increased by the issuance of bonds to an amount that exceeds five percent of the county's taxable values."

	Real Property	Real and Personal
* Assessed values	\$ 196,639,097	\$ 229,283,612
Rolling Stock	(30,706)	(30,706)
Adjusted Assessed Values	\$ 196,608,391	\$ 229,252,906

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

Table 14

Fiscal Year (1)	Total Resources	Less: Operating Expenses (1)	Net Available Revenue	Tax and Parking Garage Revenue Bonds			Coverage (2)
				Debt Service			
				Principal	Interest	Total	
2005	\$ 1,046	\$ -	\$ 1,046	\$ 305	\$ 741	\$ 1,046	1.00
2006	1,084	-	1,084	350	734	1,084	1.00
2007	1,201	48	1,153	380	724	1,104	1.04
2008	1,194	150	1,044	410	712	1,122	0.93
2009	1,155	136	1,019	445	700	1,145	0.89
2010	1,092	173	919	480	686	1,166	0.79
2011	1,309	204	1,105	520	669	1,189	0.93
2012	1,340	176	1,164	560	649	1,209	0.96
2013 (3)	1,448	176	1,272	605	569	1,174	1.08
2014 (3)	864 (4)	133	731	650	26	676	1.08

Note: This schedule was prepared starting in 2005; prior fiscal years are not applicable. The George Allen parking garage was opened March 19, 2007, and the parking garage system revenues are available to service the Debt Service fund requirements.

- (1) Operating expenses from fiscal year 2008 forward include expenses for Founders Plaza and George Allen parking garage systems.
- (2) Funds on deposit in sinking fund in addition to net available revenue provide adequate coverage in compliance with bond covenants.
- (3) Debt service is net of amounts attributable to advance refunded debt.
- (4) Total resources decreased due to parking garage debt was paid in full in FY 2014.

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

Table 15

Year	Population (1)	Personal Income (in millions of dollars) (2)	Wage Mean (3)	Median Age (4)	School Enrollment (5)	Unemployment Rate (6) (b)
2005	2,330,050	\$ 95,652	\$ 40,959	32.6	146,216	5.2
2006	2,383,300	101,747	41,321	32.4	158,700	4.6
2007	2,417,650	104,705	42,174	32.8	158,126	4.3
2008	2,451,800	109,053	44,060	33.1	157,631	5.3
2009	2,471,000	107,337	45,422	33.2	157,524	8.7
2010	2,368,139	107,915	47,351	31.7	157,158	8.4
2011	2,373,870	111,292	48,078	32.3	157,575	8.9
2012	2,385,990	113,536	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	116,994	49,682	33.1	159,713 (a)	5.3

Source:

- 1) North Texas Commission population estimate for all years except 2010 and 2014 (ntc-dfw.org/ntpopopest.html). For 2010 and 2014, the US Census Bureau population figure was used (<http://quickfacts.census.gov>).
- 2) Bureau of Economic Analysis - U.S. Department of Commerce (www.bea.gov) for amounts through Fiscal Year 2006. For 2007 and 2008, personal income was estimated using CPI figures based on the South-Urban region, and for years after 2008, personal income is estimated using CPI South Urban - Dallas-Fort Worth, TX figures available from the U.S. Department of Labor. (<http://www.bls.gov/cpi/#data>)
- 3) Texas Workforce Commission LMI Tracer (www.texasindustryprofiles.com/apps/win/eds.php) for amounts through Fiscal Year 2012. For 2013 LWDA Wages by SOC (www.texaswages.com).
- 4) U.S. Census Bureau - ACS Survey (factfinder.census.gov) for Dallas County, TX.
- 5) Dallas Independent School District Financial Report
- 6) U.S. Department of Labor (Bureau of Labor Statistics) for Dallas metropolitan area through 2008, and after 2008, for Counties and equivalents: Dallas County, Texas. (<http://www.bls.gov/lau/data.htm>)

Note:

- (a) The 2014 figure is not available; 2013 figure used.
- (b) For years 2005 through 2007, unemployment figures were reported as an annual average. For years subsequent to 2007, the unemployment rate is reported using the September rate.

DALLAS COUNTY, TEXAS

Table 16

Principal Employers

September 30, 2014

(unaudited)

2014					2005				
Company	Product	Employees	Rank	Percentage of Total County Employment	Company	Product	Employees	Rank	Percentage of Total County Employment
Texas Health Resource	Non-profit Health Care	21,100	1	0.85 %	AMR Corporation (American Airlines)	Airline, Technology and Management Services	22,000		0.94 %
Bank of America	Financial Services	20,000	2	0.81	Wal-Mart Stores, Inc.	Retail	21,300		0.91
Dallas Public Schools	Public Independent School District	19,800	3	0.80	Dallas Public Schools	Public Independent School District	19,244		0.83
AMR Corporation (American Airlines)	Airline, Technology and Management Services	19,219	4	0.77	Lockheed Martin Aeronautics Company	Military Aircraft Design and Production	16,700		0.72
Baylor Health Care System	Health Care Provider	16,850	5	0.68	Baylor Health Care System	Health Care Provider	15,000		0.64
JPMorgan Chase	Financial Services	14,500	6	0.58	Southwestern Bell Telephone	Telecommunications	14,000		0.60
Texas Instruments, Incorporated	Electronics and Semi-conductors	14,000	7	0.58	Verizon	Telecommunications	12,500		0.54
City of Dallas	Municipality	13,000	8	0.56	Texas Health Resource	Non-profit Health Care	12,304		0.53
UT - Southwestern Medical Center	Health Care Provider	12,100	9	0.52	U.S. Postal Service	Mail Delivery	13,225		0.57
Parkland Health & Hospital	Health Care Provider	9,442	10	0.49	The Visiting Nurse Association of Texas	Non-profit Health Related Services	12,897		0.55
Energy Future Holdings	Energy	9,400	11	0.38	City of Dallas	Municipality	10,800		0.46
United Parcel Service Inc.	Package Distribution Company	9,209	12	0.38	Brinker International	Restaurants	10,400		0.45
Target	Retail	8,671	13	0.37	Albertson's	Retail Grocery	10,400		0.45
HCA North Texas Division	Health Care Provider	8,500	14	0.35	Texas Instruments, Incorporated	Electronics and Semi-conductors	10,300		0.44
Raytheon Company	Defense Systems & Electronics	8,500	15	0.34	Electronic Data Systems	Computer and Data Services	8,160		0.35
Southwest Airlines	Commercial Airline	7,708	16	0.34	J.C. Penney	Retail	7,906		0.34
Garland ISD	Public Independent School District	7,300	17	0.31	Bank of America	Financial Services	7,800		0.33
Verizon	Telecommunications	7,281	18	0.29	Target	Retail	7,466		0.32
Citi	Financial Services	7,200	19	0.29	Kroger L.P.I., Dallas Marketing Area	Retail Grocery	7,290		0.31
Dallas County	Local Government	6,537	20	0.26	TXU Corporation	Energy	6,686		0.29

Source: Dallas Business Journal Book of Lists 2014

Note: A source from the Dallas Business Journal indicated for 2014: AT&T Inc., Walmart, Arlington ISD, Lewisville ISD, Tom Thumb Food and Pharmacy, Walgreens and Alcon Laboratories are believed to be among the largest North Texas Employers but declined to release current employment figures.

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

Table 17

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government	4,821	5,080	4,260	4,164	4,517	736	648	660	671	681
Judicial										
Truancy	22	18	28	27	22	34	32	35	37	36
Courts*	-	-	-	-	-	1,382	1,337	1,375	1,404	1,419
Public Safety										
Constable	257	256	270	293	270	181	136	114	115	111
Sheriff	1,693	1,828	2,280	2,392	2,203	2,242	2,231	2,201	2,200	2,210
Juvenile*	-	-	817	775	731	678	673	666	669	661
Other*	-	-	-	-	-	221	213	206	212	261
Highways and streets										
Road and Bridge	117	103	86	87	88	78	71	71	62	63
Public Works*	-	-	-	-	-	62	62	56	57	53
Health*	-	-	-	-	-	284	284	270	278	273
Education*	-	-	-	-	-	158	136	129	116	107
Public Welfare*	-	-	-	-	-	228	220	221	216	215
Total	<u>6,910</u>	<u>7,285</u>	<u>7,741</u>	<u>7,738</u>	<u>7,831</u>	<u>6,284</u>	<u>6,043</u>	<u>6,004</u>	<u>6,037</u>	<u>6,090</u>

* Reported in General Government category prior to 2010
Source: Dallas County Financial Records

Note:

Full-time equivalent employee information:

- Full-time equivalent county employee totals are filled positions.
- Starting in 2010, the total full-time equivalent County employee totals do not include temporary employees. Temporary employees are considered to be those who are working but are not employed directly through the County.
- Truancy classification includes full-time equivalent County employees in addition to 12 Truancy Judges.

Significant budget changes:

- In 2010, 71 positions were rifted from the Constable Traffic Section.
- In 2011, 253 positions were deleted due to budgetary cuts.

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

Table 18

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assessor-Collector of Taxes:										
Budgeted employees	229	229	227	227	229	222	223	223	222	222
Ad valorem assessment notices issued	771,740	780,046	790,552	795,364	797,621	797,652	797,821	799,639	802,161	804,627
Motor vehicle registrations	1,856,256	1,981,824	1,987,802	2,036,945	2,076,773	2,060,385	2,029,531	2,094,546	2,110,732	2,155,088
Number of entity collection contracts	48	51	51	53	55	59	69	74	74	78
Constables:										
Budgeted employees	257	256	288	312	309	277	182	125	124	120
Civil process papers served	128,722	122,517	123,926	126,021	115,865	111,996	108,507	76,636	72,107	70,771
County Clerk (4)										
Budgeted employees	198	201	205	207	210	191	207	207	201	199
Marriage licenses	17,277	16,535	16,630	17,000	15,937	15,443	16,531	16,038	16,359	16,024
Civil suits	16,882	17,629	18,337	13,462	11,456	11,574	11,489	10,349	9,785	8,482
Probate cases	9,566	10,230	10,891	10,965	11,396	12,128	12,373	12,268	12,582	12,741
Criminal cases	66,691	67,505	64,852	63,000	67,305	70,540	59,390	57,296	58,240	43,853
District Clerk:										
Budgeted employees	262	266	267	266	264	264	254	249	257	260
Civil process cases	45,706	42,152	45,006	47,671	49,629	47,849	47,508	47,007	48,002	47,502
Criminal cases	29,907	28,879	27,379	26,319	26,280	24,560	23,556	23,130	23,131	23,214
Jurors	96,219	102,165	100,003	105,672	99,459	90,894	102,176	108,911	116,967	106,714
Justice of the Peace Courts:										
Budgeted employees	149	147	170	167	166	166	149	144	128	110
Cases	366,492	412,118	411,311	466,453	423,508	340,175	222,409	196,264	166,138	165,626
Sheriff:										
Budgeted employees (6)	1,693	1,828	2,068	2,195	2,420	2,392	2,202	2,169	2,157	2,134
Daily average in county jail	7,330	8,037	6,568	6,060	5,983	6,550	6,494	6,018	6,028	6,127
Persons booked	101,080	107,571	96,751	99,078	98,821	96,533	91,696	85,001	82,537	74,337
Civil process papers served (5)	841	589	492	795	485	749	705	N/A	N/A	N/A
Truancy Courts (1)										
Budgeted employees	22	18	29	29	29	32	32	32	37	41
Cases Filed	14,300	20,933	16,270	32,619	40,439	47,012	48,871	36,673	35,127	30,604
County Treasurer:										
Budgeted employees	18	18	18	18	17	16	14	14	14	14
Total Receipts (2) (3)	\$ 34,833,076	\$ 37,138,554	\$ 43,216,196	\$ 45,112,755	\$ 11,985,157	\$ 14,036,054	\$ 34,952,589	\$ 41,055,225	\$ 24,793,695	\$ 23,512,483
Total Disbursements (2) (3)	\$ 34,806,088	\$ 37,044,033	\$ 43,236,585	\$ 45,130,340	\$ 12,004,698	\$ 14,013,885	\$ 34,910,215	\$ 41,059,939	\$ 24,856,829	\$ 23,550,432
Investment Earnings (2)	\$ 11,396	\$ 20,525	\$ 26,323	\$ 17,716	\$ 9,234	\$ 4,746	\$ 5,224	\$ 5,166	\$ 2,805	\$ 2,603

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

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

Table 19

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Number of buildings	22	22	22 (a)	21	21	21	22 (b)	22	23 (c)	23
Public Safety										
Number of buildings	10	10	10	10	9 (d)	9	9	9	9	9
Number of jails	4	4	5	5	4 (e)	4	4	4	4	4
Number of vehicles	479	593	584	640	713	816	756	718	709	691
Highways and streets										
Number of buildings	4	4	4	4	4	4	4	4	4	4
Streets (lane miles)	137	137	137	137	135	133	133	124	122	120 (f)
Number of bridges	51	41	38	37	36	36	32	28	26	26 (f)
Health										
Number of buildings	1	1	1	1	1	1	1	1	1	1
Public Welfare										
Number of buildings	3	3	3	3	3	2 (g)	2	2	2	2
Judicial										
Number of buildings	7	7	7	7	7	7	7	7	7	7
Number of Juvenile beds	706	750	750	762	710 (h)	787	618	618	618	618
Number of courts	69	70	71	71	71	71	71	71	71	71

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

Notes:

- (a) Includes a demolished (FY 07) building. The land was used to construct a new County building (Forensic Science).
- (b) Forensic building completed in 2008 but not put into use until 2011 due to construction issues.
- (c) Building purchased for record storage in January 2013.
- (d) Building reduction due to the swap of Auto Service Center Building for future location.
- (e) George Allen Jail is depopulated.
- (f) See infrastructure assets for more information; pages 96-97.
- (g) Building reduction due to the sale of the Juvenile Administration/ Detention Building.
- (h) Budget ramifications and re-structuring of internal programs reduced number of juvenile beds.