

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



**REPORT FOR THE YEAR ENDED
SEPTEMBER 30, 2015**

DALLAS COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2015

Prepared by:
Darryl D. Thomas
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, 2015

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION (Unaudited)	
Letter of Transmittal	1
GFOA Certificate of Achievement	6
Organizational Chart	7
List of Elected and Appointed Officials	8
FINANCIAL SECTION	
Independent Auditors' Report	9
Management's Discussion and Analysis (Unaudited)	13
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	26
Statement of Activities	27
Fund Financial Statements:	
Balance Sheet – Governmental Funds	28
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	29
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
Statement of Net Position – Proprietary Fund	31
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	32
Statement of Cash Flows – Proprietary Fund	33
Statement of Fiduciary Assets and Liabilities – All Agency Funds	34
Notes to the Basic Financial Statements	35
Required Supplementary Information: (Unaudited)	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	96
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Major Projects Special Revenue Fund	98
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Major Grants Special Revenue Fund	99
Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	100
Infrastructure Assets under Modified Approach	102
Schedule of Changes in Net Pension Liability and Related Ratios – Primary Government	104
Schedule of County Contributions – Primary Government	105
Schedule of Funding Progress for Other Postemployment Benefits Plan – Primary Government	106
Schedule of Changes in Net Pension Liability and Related Ratios – Discretely Presented Component Unit	107
Schedule of Employer Contributions – Discretely Presented Component Unit	108
Schedule of Funding Progress for Other Postemployment Benefits Plan – Discretely Presented Component Unit	109

DALLAS COUNTY, TEXAS
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended September 30, 2015

TABLE OF CONTENTS

	Page
SUPPLEMENTARY INFORMATION	
Combining and Individual Funds Statements and Schedules:	
Combining Balance Sheet – Non-Major Governmental Funds	113
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	116
Schedules of Revenues, Expenditures, and Changes in Fund Balances	
Budget and Actual:	
Debt Service Fund – Countywide Fund	119
Non-Major Special Revenue Funds	120
Combining Statement of Fiduciary Assets and Liabilities – All Agency Funds	131
Combining Statement of Changes in Fiduciary Assets and Liabilities – All Agency Funds	133
STATISTICAL SECTION (Unaudited)	
Net Position by Component	145
Changes in Net Position	146
Governmental Activities Tax Revenues by Source	147
Fund Balances of Governmental Funds	148
Changes in Fund Balances of Governmental Funds	149
Assessed Value and Estimated Actual Value of Taxable Property	150
Property Tax Rates and Tax Levies	151
Property Tax Rates – Direct and Overlapping Governments	152
Principal Property Taxpayers	153
Property Tax Levies and Collections	154
Ratios of Outstanding Debt	155
Direct and Overlapping Bonded Debt	156
Legal Debt Margin	158
Pledged Revenue Coverage	159
Demographic and Economic Statistics	160
Principal Employers	161
Full-time Equivalent County Government Employees by Function	162
Operating Indicators by Function	163
Capital Asset Statistics by Function	164

INTRODUCTORY SECTION
(Unaudited)



**DALLAS COUNTY
COUNTY AUDITOR**

March 31, 2016

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, 2015.

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 68 and 71 were implemented in FY2015. These statements are explained on page 35 of the Notes to the Basic Financial Statements. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the basic financial statements will be free from material misstatement. Responsibility for internal controls is shared by Commissioners Court, which is the governing body; the County Auditor, (appointed by the District Judges); the Office of Budget and Evaluation (appointed by Commissioners Court); and, the County Treasurer (an elected position). We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. We assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's basic financial statements have been audited by Deloitte & Touche, LLP. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the County, for the fiscal year ended September 30, 2015, 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 2015. 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 (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 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 studies 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) 108% 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 5.3% to 4.1%. The area enjoys relatively low taxes with no personal or corporate state income tax and maximum state and city sales tax of 8.25%.

Dallas home prices increased 9.0% 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 2015. Construction starts for apartment buildings, offices, and warehouse locations are strong. Research indicates the number of Dallas-area homes posted for foreclosure continues to decline. Economic declines noted for the top 10 employers and taxpayers were noted in insurance, telecom, and electronic industries. The combined appraisal value of the 10 largest taxpayers total 3.37% of the County's total 2015 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.

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 are 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).

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. 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 on-going 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, 2014. 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 34 consecutive years (fiscal years ended 1981 through 2014). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

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

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

Respectfully submitted,



Darryl D. Thomas
Office of County Auditor



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

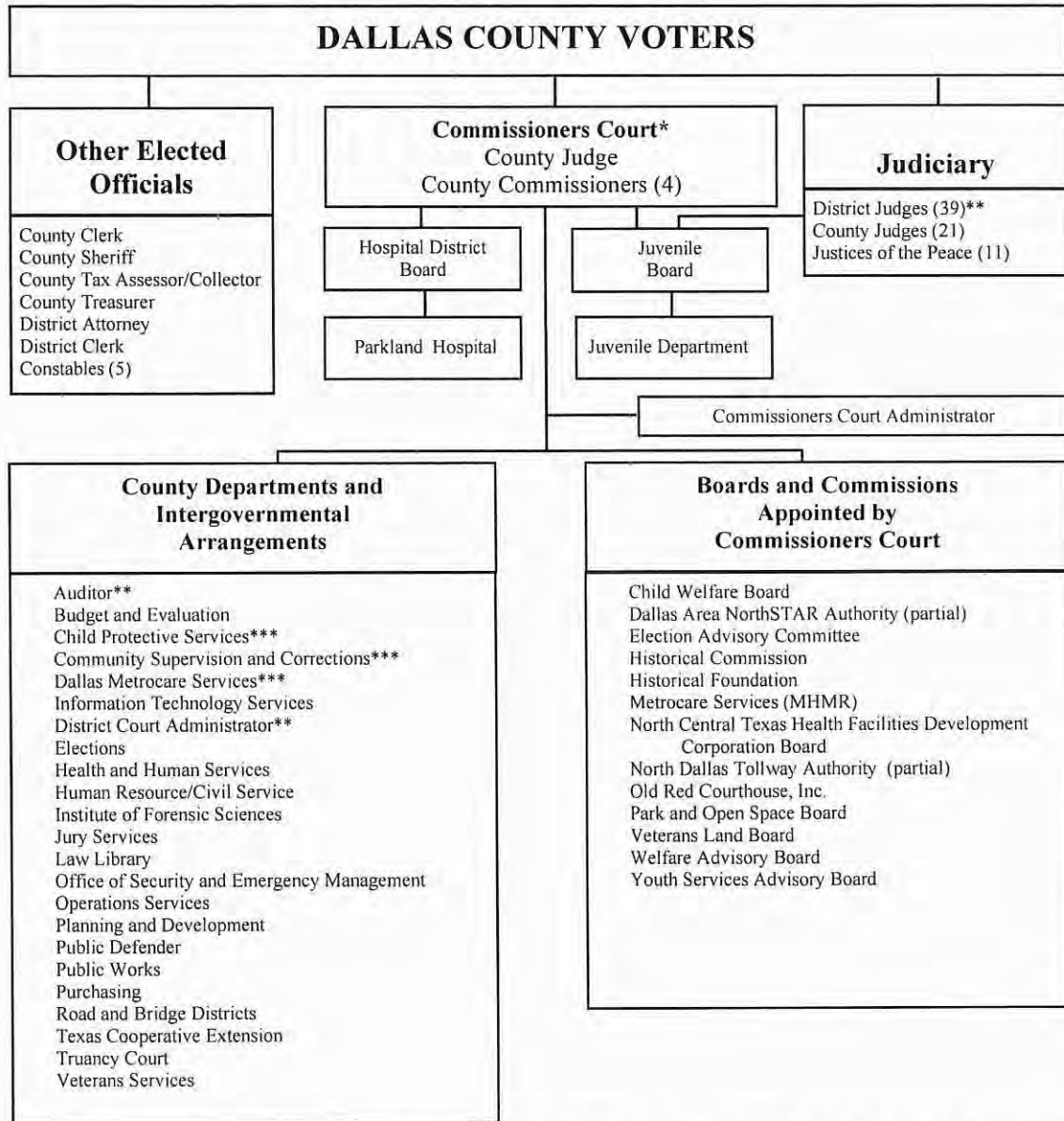
Dallas County
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

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, 2015

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	Darryl D. Thomas
County Treasurer	Pauline Medrano
Assessor-Collector of Taxes	John R. Ames
County Clerk	John Warren
District Attorney	Susan Hawk
District Clerk	Felicia Pitre
Sheriff	Lupe Valdez

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

The Honorable County Judge and Commissioners Court
Dallas County, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dallas County, Texas (the County), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dallas County Hospital District, which represents 100% of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dallas County Hospital District, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dallas County, Texas, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, the County restated its net position as of September 30, 2014, to reflect the impact of implementation of Governmental Accounting Standards Board (“GASB”) Statements No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this change.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining financial statements and budgetary compliance schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on the procedures performed as described above, the combining financial statements and budgetary compliance schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2016 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.

Deloitte & Touche LLP

March 31, 2016

THIS PAGE INTENTIONALLY LEFT BLANK

DALLAS COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Primary Governmental Activities (Unaudited)

This management's discussion and analysis (MD&A) of Dallas County (County) financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2015. The MD&A should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements. *All amounts, unless otherwise indicated, are expressed in thousands of dollars.* The MD&A includes comparative data for the prior year.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

- The government-wide total net position decreased \$15,640 from the previous year. The total net position is comprised of:
 - 14.7 % - restricted by external regulators
 - 0.4 % - restricted for debt
 - (18.0) % - unrestricted net position funds that may be used to meet on-going obligations to citizens and creditors (negative due to unfunded OPEB liability and implementation of new accounting standard)
 - 102.9 % - amount invested in capital assets, net of related debt
- Major factors contributing to change in net position are:
 - pay increases of 5%, and 4.6% for civilian and law enforcement employees, respectively
 - increasing liability for other post-employment benefits (OPEB)
 - implementation of new accounting standard
 - increasing property tax values
- Deferred revenue from property taxes based on the 2015 levy embody a flat tax rate and a 7.5% 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 \$388,100; compared to \$364,017 of prior year. Components of fund balances are:
 - 0.9% - non-spendable: inventories and prepaids
 - 1.5% - restricted to major grants
 - 21.0% - restricted to non-major governmental funds
 - 0.7% - restricted to debt service
 - 52.6% - committed major projects
 - 2.9% - committed to non-major governmental funds
 - 1.6% - assigned general fund
 - 18.8% - unassigned general fund
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$73,023 or 15.9% of general fund expenditures. This represents a \$2,510 decrease compared to the prior fiscal period.

- Tax revenues realized during the period increased, reflecting strong collection experience on taxable values which increased 6.6% 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
5200 Harry Hines Boulevard
Dallas, Texas 75235
Attention: John G. Moore
Executive President Finance and Chief Financial Officer

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The County's net position at September 30, 2015 and 2014 are summarized as follows:

Dallas County's Net Position <u>Governmental Activities</u>			
	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>
Current and other assets	\$ 942,411	\$ 877,465	\$ 64,946
Capital assets (net of depreciation)	590,446	582,966	7,480
Total assets	<u>1,532,857</u>	<u>1,460,431</u>	<u>72,426</u>
Deferred outflow of resources	<u>43,962</u>	<u>294</u>	<u>43,668</u>
Current and other liabilities	142,072	75,752	66,320
Long-term liabilities	<u>464,726</u>	<u>429,849</u>	<u>34,877</u>
Total liabilities	<u>606,798</u>	<u>505,601</u>	<u>101,197</u>
Deferred inflow of resources	<u>448,878</u>	<u>418,341</u>	<u>30,537</u>
Net investment in capital assets	536,199	511,162	25,037
Restricted	78,822	76,172	2,650
Unrestricted	<u>(93,878)</u>	<u>(50,551)</u>	<u>(43,327)</u>
Total net position	<u>\$ 521,143</u>	<u>\$ 536,783</u>	<u>\$ (15,640)</u>

The financial reporting model focuses 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. Current and other assets increased due to real estate taxes collected in fiscal 15 and amounts receivable at September 30, 2015. These increases were due to real estate valuation increases and not an increase in the County's overall tax rate. Additionally, at September 30, 2015, Major Grants Fund received significant unearned grant funds. Considering recent years' refinancing of 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 which reflects changes in the medical plans offered to employees and additional costs passed on to employees. The County's unrestricted category is impacted by the OPEB liability of \$306,904, which is unfunded. Texas statutes do not require this liability to be reflected in the County's financials. In addition to the County's OPEB liability which increased \$29,825 in FY2015, The County recorded a net pension liability of \$89,266 as a result of implementation of a new accounting standard. This same new accounting standard also caused the County's deferred outflow of resources to increase \$43,962 and resulted in a decrease of pension expense of \$7,970. The reduction in pension expense resulted from a difference between an actuarial determined expense compared to the County's actual expenditure.

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 and the implementation of a new accounting standard for pensions.

The Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Government Funds on page 30 provides further details of the increase in net position of \$37,733 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, 2015 and 2014 are as follows:

Dallas County's Changes in Net Position

	2015	2014	Increase (Decrease)
Revenues:			
Net program revenues:			
Charges for services	\$ 151,108	\$ 151,554	\$ (446)
Operating grants and contributions	139,729	121,420	18,309
Sub-total:	<u>290,837</u>	<u>272,974</u>	<u>17,863</u>
General revenues:			
Property taxes	407,431	384,097	23,334
Other taxes	37,708	32,943	4,765
Grants and contributions not restricted	2,092	1,622	470
Investment earnings	2,973	2,036	937
Total revenues:	<u>741,041</u>	<u>693,672</u>	<u>47,369</u>
Expenses:			
General government	144,978	152,854	(7,876)
Judicial	153,781	156,170	(2,389)
Public safety	240,701	238,937	1,764
Highways and streets	25,404	25,894	(490)
Health	54,826	49,190	5,636
Education	7,618	8,158	(540)
Public welfare	73,541	68,769	4,772
Interest on long-term debt	2,459	3,400	(941)
Total expenses:	<u>703,308</u>	<u>703,372</u>	<u>(64)</u>
Change in net position	<u>37,733</u>	<u>(9,700)</u>	<u>47,433</u>
Net position – beginning, as previously stated	536,783	546,483	(9,700)
Implementation of new accounting standard	(53,373)	-	(53,373)
Net position – beginning as restated	<u>483,410</u>	<u>546,483</u>	<u>(63,073)</u>
Net position - ending	<u>\$ 521,143</u>	<u>\$ 536,783</u>	<u>\$ (15,640)</u>

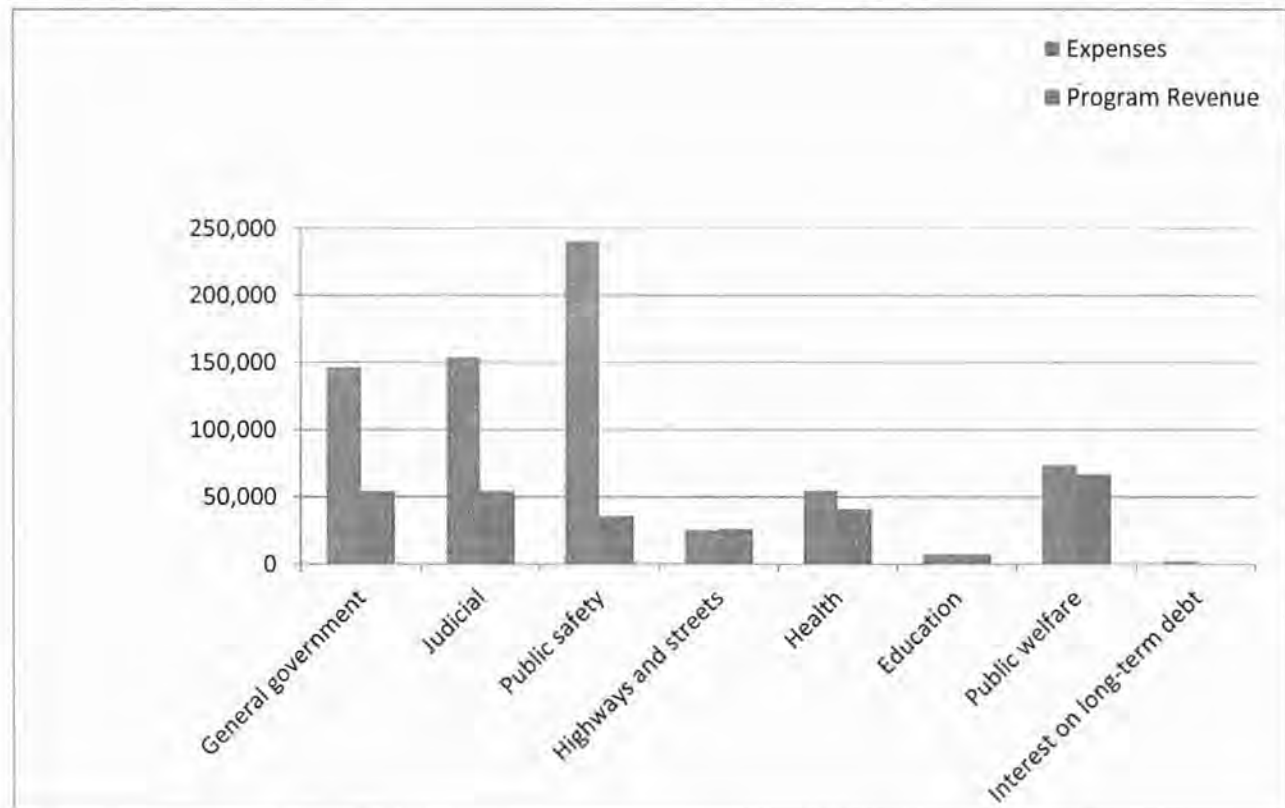
General Revenues and Program Revenues

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 \$23,334 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 7% increase of other taxes collected due to increasing vehicle sales.
- Program revenues reflect an increase of \$18,309 for health and public welfare awards, due to an increase in state and federal funding between FY2014 and FY2015.
- Operating grants and contributions increased from timing differences of certain Health subrecipient billings which were delayed from 2014 to 2015 and timely accrual of 2015 Health subrecipient billings, 11% additional award of HUD Section 8 funds, and a 9.3% additional award of a public welfare grant to assist more eligible clients in 2015.

The tax rate assessed for January 1, 2015, valuation date remained flat at 24.31 cents per \$100. Taxable assessed valuations for that period increased 6.5%. (Property taxes levied prior to year-end are reflected as unearned revenue and taxes receivable.)

Expenses and Program Revenues – Governmental Activities – FY2015



Net program revenue of \$290,837 less expenses of \$703,308 for FY2015 was a net expense of \$412,471. Net program revenue less expenses was a net expense of \$430,398 in FY2014. The change between FY2015 and FY2014 was primarily a result of:

- Salaries increased October 1 with structure increases of 5% and 4.6% for civilian and law enforcement employees, respectively. Pension costs increased as a result of salary increases and as a result of an implementation of a new accounting standard.
- General government – OPEB annually determined expense reflected a \$9,863 decrease for the current year due to changes in medical insurance plans offered to employees plus increased medical plan costs passed on to employees.
- Health and Public welfare – Federal and state grant funding was increased, which resulted in increased expenses.
- In FY2015, a new accounting standard was implemented which resulted in a pension liability of \$89,266. Pension expense decreased \$7,970 as a result of the County's expense exceeding the actuary's determined expense.

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 increased \$24,083 in the current fiscal year to \$388,100. However, a decrease was noted for the Debt Service fund with an increase in the Major Project fund. Tax revenues increased \$23,940 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 \$73,023 in contrast to \$75,533 in the prior year. Total fund balance is \$82,420. 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. FY2015 reflects unassigned fund balance to total fund expenditures (excluding other financing uses) at 15.9%.

In FY2015, the Debt Service fund balance decrease reflects decreasing requirements for principal and interest payments due to continued repayment of existing debt without new debt issues except in instances of refinancing, which reduced interest costs. County management anticipates full debt retirement in 2025.

The Major Projects Fund reflects a fund balance of \$204,106 compared to \$173,934 in FY2014. In accordance with formal policy on funding capital improvements, a tax rate increase of 0.221 cents per \$100 assessed valuation was approved.

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. Other Non-Major Governmental Funds total fund balance is comprised of \$81,417 restricted, and \$11,139 committed. The FY2015 balances declined in Non-Major Governmental Funds, reflecting increased capital outlay for energy management projects when compared to prior year.

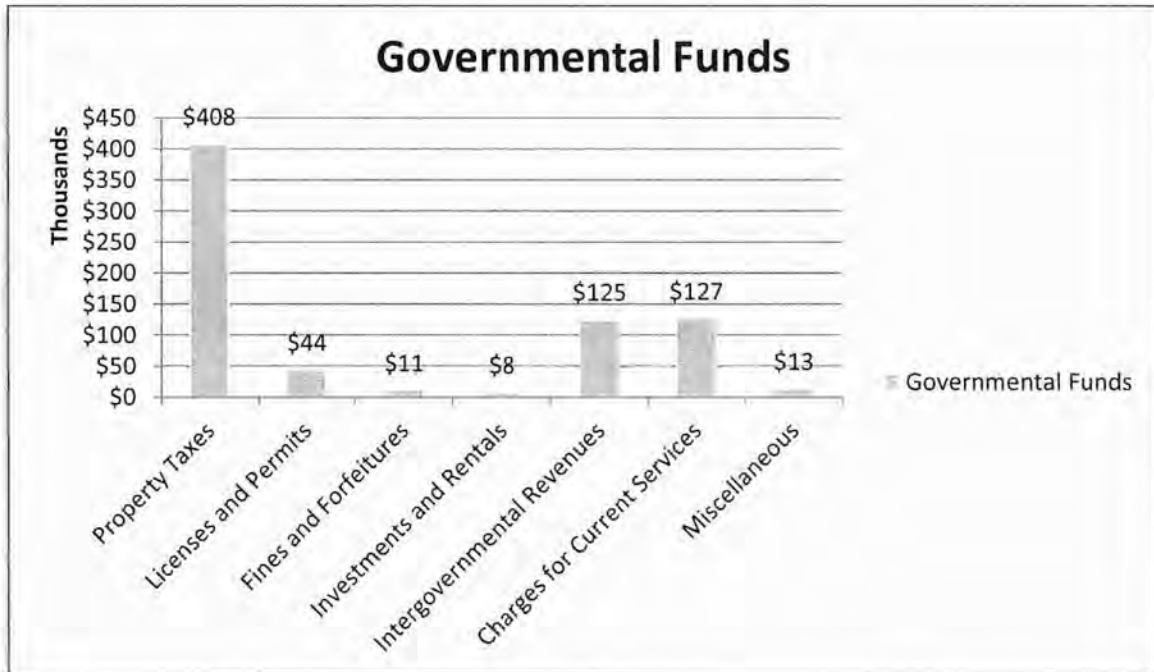
The following table presents the amount of revenues from various sources, as well as increases or decreases from the prior year.

Governmental Funds - Revenues Classified by Source

	2015	2014	Increase (Decrease)	Percent of Change
Property taxes	\$ 407,712	\$ 383,772	\$ 23,940	6.24 %
Licenses and permits	43,716	42,191	1,525	3.61
Fines and forfeitures	11,106	13,061	(1,955)	(14.97)
Investments and rentals	7,788	5,947	1,841	30.96
Intergovernmental revenues	125,783	114,511	11,272	9.84
Charges for current services	131,988	125,497	6,491	5.17
Miscellaneous	13,352	10,350	3,002	29.0
Total	<u>\$ 741,445</u>	<u>\$ 695,329</u>	<u>\$ 46,116</u>	6.63

- Property taxes – increased by \$23,940 primarily due to a 6.6% increase in the 2014 assessed taxable values with a flat tax rate. New construction values totaled \$2,944, an increase compared to the previous year.
- Licenses and permits – increased \$1,525 primarily due to a \$1,413 (7%) 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 – increased due to an 8.9% increase in federal grants received by the HUD Section 8 Fund, along with an increase of state and federal grants of 24.2% and 8.6% received by the Major Grants Fund.

Revenues Classified by Source – Governmental Activities – FY2015



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

Expenditures by Function - Governmental Funds

Function:	2015	2014	Increase (Decrease)	Percent of Change
General government	\$ 104,325	\$ 101,451	\$ 2,874	2.83 %
Judicial	151,036	147,613	3,423	2.32
Public Safety	239,729	233,675	6,054	2.59
Highways and streets	25,963	24,646	1,317	5.34
Health	54,964	49,058	5,906	12.04
Public Welfare	73,128	67,898	5,230	7.70
Education	7,628	8,021	(393)	(4.90)
Capital outlays	29,985	64,788	(34,803)	(53.72)
Debt service - principal	25,840	25,080	760	3.03
Debt service – interest and fiscal charges	4,937	5,886	(949)	(16.14)
Total	<u>\$ 717,535</u>	<u>\$ 728,116</u>	<u>\$ (10,581)</u>	(1.45)

- Salaries increased October 1 with structure increases of 5% and 4.6% for civilian and law enforcement employees, respectively. Pension costs increased as a result of salary increases and as a result of an implementation of a new accounting standard.
- Expenditures for each of the above functions except Health, Public Welfare, Capital Outlays and Debt Service are primarily due to costs associated with salary increases. Such costs include salaries and related benefit such as medical and pension costs.
- Health and Public Welfare costs increased as a result of increased state and federal grants received.
- Capital outlay expenditures decreased because of planned projects being completed or nearing completion.
- Debt service – Interest payments decreased primarily due to scheduled payments of principal.

GENERAL FUND BUDGETARY HIGHLIGHTS

The FY2015 legally adopted cash budget was adopted on September 16, 2014, for the General Fund totaling \$513,335 (prior to including prior period carry forwards) an increase of \$22,295 from FY2014 budget. Valid encumbrances from prior year are added completing the approved budget. The FY2015 legally adopted budget for all funds prior to encumbrance rollover totaled \$901,170.

Highlights from Dallas County FY2015 Budget include the following:

- The tax rate was set at 24.31 cents per \$100 assessed valuation; without a change since tax year 2010.
- Salaries increased October 1 with structure increases of 5% and 4.6% for civilian and law enforcement employees, respectively. Pension costs increased as a result of salary increases and as a result of an implementation of a new accounting standard.
- A total of 23 positions were deleted with 59 new positions added for a net increase of 36 positions.
- The budgeted General Fund unassigned reserve balance meets Commissioners Court policy.

Budgetary variances (refer to pages 96-99) 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, 2015, the County had limited tax, unlimited tax, and general obligation bonds outstanding in the amount of \$84,725, net of debt premium of \$5,792. 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 \$84,725. The debt limits for the two authorizations are \$52,996,003 (25% of real property assessed valuation), and \$12,257,931 (5% of assessed valuation of all taxable property); therefore, the County has legal debt margins on general obligation debt of \$52,993,003, and \$12,257,931, respectively.

The County’s bond ratings are “AAA” from Standard & Poor’s and “Aaa” rating from Moody’s for general obligation debt. These ratings have been upheld since 1978 with the latest evaluation in credit rating action June 2015; 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 FY2015 (refer to page 64 for additional information).

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
Bonds and Certificates of Obligation	\$ 118,781	\$ 12,073	\$ 40,337	\$ 90,517
Compensated Absences	28,151	35,894	36,127	27,918
Other Post Employment Benefits	277,079	38,239	8,414	306,904
Claims and Judgments	3,500	791	2,291	2,000
Net Pension Liability	79,851*	169,564	160,149	89,266
Workers’ Compensation	2,338	2,081	1,716	2,703
	<u>\$ 509,700</u>	<u>\$ 258,642</u>	<u>\$ 249,034</u>	<u>\$ 519,308</u>

*Restated

Legal counsel and subject experts are contracted to review workers’ compensation claims and other legal matters as needed. The FY2015 claims and judgments were mostly settled for property damages. Workers’ compensation expenditures and liability increased as a result of higher average claims due to increased medical costs. The County’s OPEB actuarial study last updated October 1, 2013, reflects an annual decrease in OPEB expense due to changes in medical insurance plans offered to employees, plus increased medical plan costs passed on to employees. However, the OPEB liability continues to increase because only a fraction of the OPEB expense is actually paid in any given year. 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, 2015, net capital assets of the governmental activities totaled \$590,446, reflecting a net increase of \$7,480. Depreciation of capital assets (except for infrastructure assets which are reported under the Modified Approach basis) is recognized in the government-wide financial statements. FY2015

depreciation for buildings, improvements, and M&E totaled \$20,665. 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 beginning with tax year 2013. Construction or contract development needs are analyzed during the budget cycle and encumbrances/obligations revised. The 2015 allocation reflects transfer of \$0.00221 per \$100 assessed valuation from the Debt Service Fund to the Major Project Fund to fund capital improvements.

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 FY2015 assessment revealed the condition of the roads was maintained consistent with County policy, whereas 99.3% 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 \$1,431 on county road maintenance for the year ended September 30, 2015. These expenditures delayed deterioration; however, overall road conditions were not significantly improved. Incurred bridge maintenance costs in FY2015 were \$861. Additional details on infrastructure assets can be found in Required Supplementary Information pages 102 and 103 of this report.

County's Capital Assets (net of depreciation)		
	2015	2014
Governmental Activities:		
Land	\$ 28,701	\$ 27,986
Historical Treasures	32,042	32,042
Buildings	413,258	365,529
Machinery and Equipment	23,253	22,388
Infrastructure	26,671	26,671
Construction-in-Progress	<u>66,521</u>	<u>108,350</u>
Total	<u>\$ 590,446</u>	<u>\$ 582,966</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 FY2016 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 FY2016 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 \$21,921, or an increase of 5.5%. The property tax revenue to be raised from new property added to the tax roll is \$8,923.

Highlights from Dallas County FY2016 Budget include the following:

- The overall tax rate was unchanged from 2015 tax year budget rates (unchanged for six years).
- Compensation increases for all levels were approved for a 3% merit/schedule increase with step increases for approved programs. Required contributions for the defined benefit plan remained constant at 11.5%.
- A net increase of 39 positions was approved; 44 added and 5 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, 2015

(in thousands of dollars)

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Hospital District</u>
ASSETS		
Cash, cash equivalents, and investments	\$ 443,535	\$ -
Receivables (net of allowance for uncollectibles)	466,798	263,686
Accrued interest	609	-
Due from other government units	27,884	-
Inventories	2,229	18,352
Prepayments and advances	1,356	-
Assets limited as to use - investments	-	157,809
Other noncurrent assets	-	890
Capital assets not being depreciated		
Land	28,701	116,052
Construction - in - progress	66,521	29,865
Infrastructure	26,671	-
Historical treasures	32,042	-
Capital assets (net of accumulated depreciation)		
Buildings	413,258	1,260,968
Machinery and equipment	23,253	294,954
Total capital assets	<u>590,446</u>	<u>1,701,839</u>
Total assets	<u>1,532,857</u>	<u>2,142,576</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow of resources - pension	<u>43,962</u>	<u>28,472</u>
LIABILITIES		
Accounts payable and accrued liabilities	38,913	176,503
Accrued interest payable	466	5,061
Other current liabilities	6,067	36,261
Unearned revenues	17,280	-
Due to other government units	24,764	-
Non-current liabilities due within one year	54,582	9,900
Non-current liabilities:		
Net pension liability	89,266	336,104
Other post employment benefits (OPEB)	306,904	4,069
Other non-current liabilities due in more than one year	68,556	746,981
Total liabilities	<u>606,798</u>	<u>1,314,879</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow of resources - pension	101	-
Deferred inflow - property taxes	448,777	-
Total deferred inflows of resources	<u>448,878</u>	<u>-</u>
NET POSITION		
Net Investment in capital assets	536,199	971,912
Restricted for:		
Highways and streets	14,868	-
Debt service	2,220	-
Major Grants, HUD Section 8 and Academy for Academic Excellence	11,610	-
Record management and capital projects	50,124	-
Unrestricted	<u>(93,878)</u>	<u>(115,743)</u>
Total net position	<u>\$ 521,143</u>	<u>\$ 856,169</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, 2015
(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	\$ 144,978	\$ 53,390	\$ 387	\$ -	\$ (91,201)	\$ -
Judicial	153,781	39,802	14,162	-	(99,817)	-
Public safety	240,701	22,822	12,594	-	(205,285)	-
Highways and streets	25,404	26,619	-	-	1,215	-
Health	54,826	7,396	33,613	-	(13,817)	-
Education	7,618	-	7,718	-	100	-
Public welfare	73,541	1,079	71,255	-	(1,207)	-
Interest and fiscal charges - long-term debt	2,459	-	-	-	(2,459)	-
Total primary government	\$ 703,308	\$ 151,108	\$ 139,729	\$ -	\$ (412,471)	\$ -
Component unit:						
Hospital district	\$ 1,531,457	\$ 977,010	\$ -	\$ 56,195	\$ -	\$ (498,252)
General revenues:						
Property taxes					\$ 407,431	\$ 496,300
Alcoholic beverage and other taxes					37,708	-
Grants and contributions not restricted to specific programs					2,092	20,032
Investment earnings					2,973	14,222
Gain on sale					-	1,504
Total general revenue					450,204	532,058
Change in net position					37,733	33,806
Net position - beginning of year					536,783	1,135,670
Implementation of new accounting standard (Note I)					(53,373)	(313,307)
Net position - beginning of year as restated					483,410	822,363
Net position - ending of year					\$ 521,143	\$ 856,169

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

DALLAS COUNTY, TEXAS

Balance Sheet
Governmental Funds
September 30, 2015
(in thousands of dollars)

	General	Debt Service	Major Projects	Major Grants	Other Non-major Governmental Funds	Total Governmental Funds
ASSETS						
Cash, cash equivalents, and investments	\$ 94,113	\$ 2,747	\$ 229,839	\$ 14,500	\$ 96,316	\$ 437,515
Property tax receivables (net of allowance for uncollectibles)	323,125	28,371	67,184	-	32,250	450,930
Accounts receivable (net of allowance for uncollectibles)	6,388	-	299	4	9,177	15,868
Accrued interest	146	6	395	1	61	609
Due from other funds	110	1	-	-	29	140
Due from other governmental units	8,090	-	4,009	15,142	643	27,884
Inventories	1,818	-	-	-	411	2,229
Prepayments and advances	1,342	-	-	3	11	1,356
Total assets	<u>\$ 435,132</u>	<u>\$ 31,125</u>	<u>\$ 301,726</u>	<u>\$ 29,650</u>	<u>\$ 138,898</u>	<u>\$ 936,531</u>
LIABILITIES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 20,883	\$ -	\$ 7,461	\$ 6,739	\$ 3,830	\$ 38,913
Due to other funds	2,359	-	16	169	165	2,709
Due to other governmental units	944	-	22,728	-	1,092	24,764
Unearned revenue - other	38	-	85	16,832	325	17,280
Total liabilities	<u>24,224</u>	<u>-</u>	<u>30,290</u>	<u>23,740</u>	<u>5,412</u>	<u>83,666</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - other	4,665	-	-	-	8,195	12,860
Unavailable revenue - property taxes	323,823	28,439	67,330	-	32,313	451,905
Total deferred inflows - property taxes	<u>328,488</u>	<u>28,439</u>	<u>67,330</u>	<u>-</u>	<u>40,508</u>	<u>464,765</u>
FUND BALANCES						
Nonspendable: inventories and prepaids	3,160	-	-	3	422	3,585
Restricted	-	2,686	-	5,907	81,417	90,010
Committed	-	-	204,106	-	11,139	215,245
Assigned	6,237	-	-	-	-	6,237
Unassigned	73,023	-	-	-	-	73,023
Total fund balances	<u>82,420</u>	<u>2,686</u>	<u>204,106</u>	<u>5,910</u>	<u>92,978</u>	<u>388,100</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 435,132</u>	<u>\$ 31,125</u>	<u>\$ 301,726</u>	<u>\$ 29,650</u>	<u>\$ 138,898</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.	590,446
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in governmental funds. See page 52.	15,988
Internal service fund is 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.	(119)
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.	(473,272)
Net position of governmental activities	<u>\$ 521,143</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, 2015
(in thousands of dollars)

	General	Debt Service	Major Projects	Major Grants	Other Non-major Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 295,492	\$ 29,353	\$ 57,049	\$ -	\$ 25,818	\$ 407,712
Licenses and permits	21,969	-	-	-	21,747	43,716
Fines and forfeitures	6,236	-	-	-	4,870	11,106
Investment income	1,091	37	1,695	26	314	3,163
Rental revenues	4,625	-	-	-	-	4,625
Intergovernmental revenues	8,209	-	3,591	75,006	38,977	125,783
Charges for current services	98,519	1	-	-	33,468	131,988
Miscellaneous	10,043	-	2,575	-	734	13,352
Total revenues	<u>446,184</u>	<u>29,391</u>	<u>64,910</u>	<u>75,032</u>	<u>125,928</u>	<u>741,445</u>
EXPENDITURES						
Current:						
General government	64,390	-	9,725	-	30,210	104,325
Judicial	143,893	-	-	2,095	5,048	151,036
Public safety	227,890	-	-	7,956	3,883	239,729
Highways and streets	-	-	15,903	-	10,060	25,963
Health	21,441	-	-	33,523	-	54,964
Education	-	-	-	1,230	6,398	7,628
Public welfare	565	-	4,901	31,248	36,414	73,128
Debt service:						
Principal	-	25,840	-	-	-	25,840
Interest and fiscal charges	-	4,937	-	-	-	4,937
Capital outlay	-	-	24,169	-	5,816	29,985
Total expenditures	<u>458,179</u>	<u>30,777</u>	<u>54,698</u>	<u>76,052</u>	<u>97,829</u>	<u>717,535</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,995)</u>	<u>(1,386)</u>	<u>10,212</u>	<u>(1,020)</u>	<u>28,099</u>	<u>23,910</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	13,785	-	20,601	3,550	1,005	38,941
Transfers (out)	(4,560)	-	(641)	(2,137)	(31,603)	(38,941)
Debt issuance - advance refunding bonds	-	11,115	-	-	-	11,115
Premium on advance refunding bonds	-	958	-	-	-	958
Payment to advance refunded bond escrow agent	-	(11,900)	-	-	-	(11,900)
Total other financing sources (uses)	<u>9,225</u>	<u>173</u>	<u>19,960</u>	<u>1,413</u>	<u>(30,598)</u>	<u>173</u>
Net change in fund balances	(2,770)	(1,213)	30,172	393	(2,499)	24,083
Fund balances - beginning	85,190	3,899	173,934	5,517	95,477	364,017
Fund balances - ending	<u>\$ 82,420</u>	<u>\$ 2,686</u>	<u>\$ 204,106</u>	<u>\$ 5,910</u>	<u>\$ 92,978</u>	<u>\$ 388,100</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, 2015
(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)	\$ 24,083
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.	13,051
The net effect of various transactions (e.g. loss on disposal of capital of assets). see page 53 - Notes to the Basic Financial Statements for details.	(5,571)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. See page 53 - Notes to the Basic Financial Statements for details.	(505)
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.	(19,848)
The issuance of long term debt (e.g., bonds, tax notes) provides current financial resources to governmental funds, while repayment of long term debt principle consumes current financial resources of governmental funds. Governmental funds report the effect of premiums and discounts when debt is first issued, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long term debt. See page 54-Notes to the Basic Financial Statements for details.	27,970
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.	<u>(1,447)</u>
Change in net position of governmental activities (page 27)	<u>\$ 37,733</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, 2015

(in thousands of dollars)

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 6,020
Due from other funds	2,569
Total assets	<u>\$ 8,589</u>
LIABILITIES	
Current Liabilities:	
Medical claims	\$ 6,005
Workers' compensation claims - current	1,911
Total current liabilities	<u>7,916</u>
Non-Current Liability:	
Workers' compensation claims - non-current	792
Total liabilities	<u>8,708</u>
NET POSITION (DEFICIT)	
Unrestricted	(119)
Total net position	<u>\$ (119)</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, 2015
(in thousands of dollars)

	Governmental Activities - Internal Service Fund
Operating revenues:	
Premiums	<u>\$ 66,975</u>
Operating expenses:	
Benefit payments	63,649
Administration	<u>4,773</u>
Total operating expenses	<u>68,422</u>
Operating (loss)	<u>(1,447)</u>
Change in net position	(1,447)
Total net position - beginning of year	<u>1,328</u>
Total net position - ending of year	<u><u>\$ (119)</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, 2015
(in thousands of dollars)

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash for premiums and reimbursements	\$ 68,877
Cash payments for benefit claims	(61,977)
Cash payments for administrative fees	<u>(4,767)</u>
Net cash provided by operating activities	<u>2,133</u>
Net increase in cash and cash equivalents	2,133
Cash and cash equivalents at beginning of year	<u>3,887</u>
Cash and cash equivalents at end of year	<u><u>\$ 6,020</u></u>
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (1,447)
Adjustments to reconcile operating profit to net cash provided by operating activities:	
Decrease in due from other funds	1,903
Increase in liabilities	<u>1,677</u>
Net cash provided by operating activities	<u><u>\$ 2,133</u></u>

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

DALLAS COUNTY, TEXAS
Statement of Fiduciary Assets and Liabilities
All Agency Funds
September 30, 2015
(in thousands of dollars)

	<u>Total</u>
Assets:	
Cash and investments	\$ 146,351
Accrued interest and other receivable	8
Assets held in escrow	10,140
	<hr/>
Total assets	\$ 156,499
	<hr/> <hr/>
Liabilities:	
Due to other governmental units and others	\$ 156,499
	<hr/>
Total liabilities	\$ 156,499
	<hr/> <hr/>

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(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 and its discretely presented component unit, the Dallas County Hospital District (District), implemented the following:

- **GASB Statement No. 68** – *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*. The statement's objective is to improve accounting and financial reporting by pension plan sponsors. The statement requires recognition of the entire net pension liability and a more comprehensive measure of pension expense, as well as new footnote disclosures and required supplemental information. The statement is effective for financial statements prepared by state and local governments for periods beginning after June 15, 2014. All applicable provisions have been included in the accompanying financial statements as of fiscal 2015. Adoption for the County of this statement resulted in recognition of an additional \$53,373 in net pension liability and a corresponding reduction in unrestricted net position, and net deferred inflows and outflows of resources of \$43,861. Adoption for the District of this statement resulted in recognition of an additional \$313,307 in net pension liability and a corresponding reduction in unrestricted net position, and net deferred inflows and outflows of resources of \$28,472.

- **GASB Statement No. 71** – *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*. The statement is required to be applied simultaneously with the provisions of Statement No. 68 which is effective for financial statements for periods beginning after June 15, 2014. All applicable provisions have been included in the accompanying financial statements as of fiscal 2015.

A. Reporting Entity

Primary Government

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

The accompanying basic financial statements present the government and its discretely presented component unit.

Discretely Presented Component Unit

The District, dba Parkland Health & Hospital System, is a political subdivision of the State of Texas (State), and is a discretely presented component unit of the County. The District is composed of Parkland Health & Hospital System (Hospital); Parkland Community Health Plan, Inc. (Health Plan); Parkland Foundation (Foundation); and Parkland Center for Clinical

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2015, all income was related to essential government functions. The Hospital, 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.

In August 2015, the Hospital opened the new Parkland Hospital (Parkland). Parkland operates 770 inpatient beds, 96 neonatal beds, numerous outpatient clinics, and an emergency department. Parkland also operates the Community Oriented Primary Care Clinics and Acute Response Clinics in the community. Additionally, Parkland serves as the major teaching hospital for the UT Southwestern Medical Center at Dallas (UT Southwestern) in accordance with an affiliation agreement effective September 1, 2006. Parkland also manages the County's jail health system. The County's jail is the seventh largest jail in the nation with approximately 5,900 inmates. The District provides direct patient care at three adult facilities and contracts for services at four juvenile facilities. The District is accounted for as a single-column business-type entity on an accrual basis of accounting.

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

The 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. Because these resources can only be used by, or for the benefit of Parkland, the Foundation is considered a component unit of Parkland. In addition, because Parkland is entitled to these economic resources and they are significant to Parkland, the Foundation is discretely presented in Parkland's financial statements.

The Health Plan is a nonprofit corporation organized in Texas in 1995 and is reported as a component unit of the District because its Board of Directors is appointed by the District's Board of Managers and the District can impose its will on the Health Plan. It is discretely presented because its board is not substantively the same as the District's board, it does not provide services entirely, or almost entirely, for the benefit of the District, nor does it have any outstanding debt that is expected to be repaid by the District. 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.

PCCI is a nonprofit research and development corporation organized in Texas in 2012. It is an organization as described in Section 501 (c) (3) of the Code. PCCI is included in the District's financial statements because its Board of Directors is appointed by the District's Board of Managers and the District can impose its will on PCCI. It does not provide services entirely, or

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

almost entirely, for the benefit of the District, nor does it have any outstanding debt that is expected to be repaid by the District.

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 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
5200 Harry Hines
Dallas, Texas 75235
Attention: John G. Moore
Executive Vice President and Chief Financial Officer

Other Boards and Commissions

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

Child Welfare Board
Dallas Area NorthSTAR Authority (partial)
Election Advisory Committee
Historical Commission
Historical Foundation
Metrocare Services (MHMR)
North Central Texas Health Facilities Development Corporation Board
North Dallas Tollway Authority (partial)
Old Red Courthouse, Inc.
Park and Open Space Board
Veterans Land Board
Welfare Advisory Board
Youth Services Advisory Board

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. 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.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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, 2015, and became due October 1, 2015 have been assessed to finance the budget of the fiscal year beginning October 1, 2015 and, accordingly, have been reflected as unavailable revenue and property taxes receivable in the governmental

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

fund financial statements. Receivables and deferred inflows associated with these property taxes are included in the government-wide statements at September 30, 2015.

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

The County reports the following major governmental funds:

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

Debt Service Fund is used to account for accumulation of resources for, and the payment of, general long-term debt principal and interest. Revenue source is primarily property taxes levied specifically for debt service. 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.

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

Non-Major Funds include special revenue funds (other than major projects) and capital 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.

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 economic resources. The County's only Proprietary Fund is the Internal Service Fund used to account for the County's group medical insurance program, workers' compensation, self-insurance program, 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.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 by the Courts.

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

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

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

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

Community Supervision and Corrections Special - used to account for 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.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

All investments at September 30, 2015, 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 traded 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 value. 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.

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 based on the full accrual method of accounting. Property tax receivables 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.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 is presented net of allowances for charity, contractual discounts, and bad debts of \$525,465 as of September 30, 2015.

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.

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 (amount restricted for future debt service expenditures according to debt covenants);
- Major Grants and the following grant funds are included with Non-Major Governmental Funds, HUD Section 8 Grants and Academy for Academic Excellence (amounts restricted for future grant expenditures according to award restrictions);

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Other Non-Major Governmental fund balances (except for Permanent Improvement and Major Technology) (amounts restricted for other specific purposes according to Texas statutes).

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

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

5. Assets Limited as to Use

Discretely Presented Component Unit

Assets limited as to use represents those assets whose use has been legally restricted, including 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 to use represent assets related to capital projects and debt service to be paid in the next year.

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.

Designated for Capital Uses

Assets limited to use designated for capital uses represent funds designated at the discretion of the Board of Managers 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 of Managers to fund the District's hospital professional liability program.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 and improvements	20 - 50
Furniture and fixtures	7
Telecommunication equipment	20
General equipment	5
Construction equipment	10 - 15
Trucks and transportation	7 - 8
Autos	3
Computer hardware and software	5

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

The County evaluates capital assets regularly for impairment. If circumstances suggest that assets may be impaired, an assessment of recoverability is performed prior to any write-down of assets. An impairment charge is recorded on those assets for which the estimated fair value is below its carrying amount. No material impairment charges to capital assets were recorded for the fiscal year ended September 30, 2015.

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 nonoperating revenue or expense. Depreciation is

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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. In 2015, assets valued at \$37,700 related to the old Parkland Hospital building, were impaired. The impairment was calculated based on the square footage of space that is no longer being utilized by Parkland as a percent of the total building.

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. This includes related amounts for Social Security, Medicare, and County retirement benefits. The following criteria must be met to be considered as compensated absences:

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

Liabilities for compensated absences are recognized in the fund statements to the extent such liabilities have matured (e.g. are due for payment). Accordingly, there is none in the fund statements as of September 30, 2015, but compensated absences are accrued in the government-wide statements.

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

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

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$39,800 as of September 30, 2015, and is recorded in the financial statements in accounts payable and accrued liabilities.

8. Deferred Outflows / Inflows of Resources

Primary Government and Discretely Presented Component Unit

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 and the District have one item that qualifies for reporting in this category. It is the deferred outflow of resources related to pensions discussed in Note VIII Retirement Commitments. These amounts are amortized over a period of five years.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, the County has an inflow of resources related to pensions discussed in Note VIII Retirement Commitments. This amount is amortized over a period of six years.

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 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 from the Debt Service Fund. Net pension obligations are liquidated through a trust managed by Texas County and District Retirement System. OPEB obligations remain unfunded.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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. Non-spendable fund balances are as listed on pages 28 and 115 through 117.
- 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, 2015, is composed of \$2,686 restricted as a result of bond requirements (see page 28) for future debt service, \$5,907 restricted by State and federal authorities (see page 28) for grants awarded to the County. Special Revenue Fund balance of \$59,131 is restricted by federal and State statutes. See pages 115 through 117. Capital Projects Fund balance of \$22,286 is restricted as a result of bond requirements. Bonds were issued to fund improvements and remodeling of certain County buildings including improvements expected to increase energy savings. (See page 117.)
- 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, 2015, Major Project Fund committed balance of \$204,106 is detailed on page 28. The balance of committed fund balance (\$11,139) is for permanent building improvements and major technology projects. (See page 115.)

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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, 2015, the assigned fund balance of \$6,237 is primarily composed of amounts assigned by officials for various operational expenditures. Details of assigned fund balance are listed on page 89.
- 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 is shown on pages 28 and 115 through 117.

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. The second category is restricted, which represents assets restricted by requirement of bond covenants, grantor regulations, other externally imposed constraints, or by legislation, in excess of the related liabilities payable from restricted assets. The third category; unrestricted portion of net position, consists of all assets that do not meet the definition of either of the other two categories of net position.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 net investment in capital assets.

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

Unrestricted – This component of net position consists of those assets that do not meet the definition of “restricted” or “net investment in capital assets.” The negative unrestricted balance as of September 30, 2015 is directly attributable to the \$313,307 recorded as an adjustment for accounting change in conjunction with the implementation of GABS 68.

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. Nonoperating revenues consist of those revenues that are related to financing and investing types of activities and result from nonexchange transactions or investment income. When an expenditure is incurred for the purposes for which there are both restricted and unrestricted net position available, it is 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

Primary Government and Discretely Presented Component Unit

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Program Revenues – Health Care

Discretely Presented Component Unit

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 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 14.7% in 2015. 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 \$4,300,000 for the year ended September 30, 2015.

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 \$9,000 in 2015. 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.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(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 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 \$496,300 in 2015, 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 \$419,200 in 2015, 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, 2015, the estimated cost of uncompensated care is approximately \$816,500, of which approximately \$388,700 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 60)	\$ 3,128
Other receivables and accrued interest (see page 60)	<u>12,860</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	\$ <u>15,988</u>

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:

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

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

Bonds payable	\$	(84,725)
Premium on bonds payable		(5,792)
Other post employment benefits		(306,904)
Accrued interest payable		(466)
Arbitrage rebate accrued		(62)
Claims and judgments		(2,000)
Compensated absences		(27,918)
Net pension liability		(89,266)
Deferred inflow of resources – pension		(101)
Deferred outflow of resources – pension		43,962
Net adjustment to decrease fund balance – total government funds to arrive at net position – governmental activities	\$	<u>(473,272)</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 (derived from page 62)	\$	33,716
Depreciation expense (derived from page 62)		<u>(20,665)</u>
Net adjustment to increase net changes in fund balances – total government funds to arrive at changes in net position of governmental activities	\$	<u>13,051</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 62)	\$	<u>(5,571)</u>
Net adjustment to decrease net changes in fund balances – total government funds to arrive at changes in net position of governmental activities	\$	<u>(5,571)</u>

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

Unearned and Unavailable Revenue – Fund Basis		
September 30, 2014	\$	(444,960)
September 30, 2015		482,045
Unearned and Deferred Inflows - Statement of Net Position		
September 30, 2014		428,568
September 30, 2015		<u>(466,158)</u>
Net adjustment to decrease net changes in fund balances	\$	<u>(505)</u>

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

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

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

Compensated absences	\$	233
Pension		8,071
Claims and Judgments		1,500
Accrued interest		153
Other postemployment benefits		(29,825)
Arbitrage rebate accrued		20
Net adjustment to decrease net changes in fund balances	\$	<u>(19,848)</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	\$	25,840
Debt principal issued		(11,115)
Debt premium issued		(958)
Payment to advance refunded bond escrow agent		11,900
Amortization of bond refunding charge		(294)
Amortization of premium		2,597
Net adjustment to increase net changes in fund balances	\$	<u>27,970</u>

III. DEPOSITS, INVESTMENTS, AND INVESTMENT POLICIES

Primary Government

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

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

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

The County's investments are comprised of Federal National Mortgage Association Notes; Federal Home Loan Bank Notes; Federal Home Loan Mortgage Corporation Notes, Security Repurchase Agreements, Federal Farm Credit Bank Notes; U.S. Small Business Administration Notes, and Tex Pool Prime deposits.

Deposits

At September 30, 2015, the carrying amount of the County's demand deposits and investments was as follows:

	Governmental	Proprietary		Fiduciary	
	Funds	Funds	Total	Funds	Total
Cash (a)	\$ 188,943	\$ 4,140	\$ 193,083	\$ 104,322	\$ 297,405
Investments and cash equivalents (a)	<u>248,572</u>	<u>1,880</u>	<u>250,452</u>	<u>42,029</u>	<u>292,481</u>
Total cash, cash equivalents and investments	<u>\$ 437,515</u>	<u>\$ 6,020</u>	<u>\$ 443,535</u>	<u>\$ 146,351</u>	<u>\$ 589,886</u>

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

Custodial Credit Risk – Deposit

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

Custodial Credit Risk – Investments

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

TexPool and TexPool Prime – Deposits

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

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

TexPool and TexPool Prime operate in a manner consistent with SEC Rule 2a7 of the Investment Company Act of 1940, as amended. TexPool and TexPool Prime are reported at net asset value per share (which approximates fair value). The pools are subject to regulatory oversight by the Texas State Comptroller, although they are not registered with the SEC.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

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

TexPool invests in obligations of the United States Government, its agencies or instrumentalities, fully collateralized repurchase agreements or reverse repurchase agreements, or no-load money market funds that are registered with and regulated by the SEC. TexPool Prime invests in obligations of the United States Government, its agencies or instrumentalities, fully collateralized repurchase agreements or reverse repurchase agreements, no-load money market funds that are registered with and regulated by the SEC, certificates of deposit issued by national or state banks or credit unions, including savings banks, provided that such bank or credit union are domiciled in Texas, or commercial paper that matures in 270 days or less from the date of its issuance.

Investments

At September 30, 2015, investments held by the County and Fiduciary funds 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>
Security Repurchase Agreements	\$ 23,216	3.9%	1	0.12%	Note 3
Federal Home Loan Bank Notes	24,000	4.1	1,037	1.33	Note 1
U.S. Small Business Administration Notes	534	0.1	437	3.20	Note 1
Federal Home Loan Mortgage Corporation Notes	125,133	21.2	1,118	1.18	Note 1
Federal National Mortgage Association Notes	12,463	2.1	1,162	1.46	Note 1
Federal Farm Credit Bank Notes	84,678	14.4	984	1.24	Note 1
TexPool Prime deposits	22,457	3.8	1	0.15	Note 2
Investments	292,481	49.6	899	1.06	
Cash	297,405	50.4	1	-	
Investments, Cash and Cash Equivalents	\$ 589,886	100.0%	446	0.53%	

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

Note 2: Tex Pool's Prime 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 Prime is rated AAAM by S&P.

Note 3: Collateralized securities are U.S. government securities.

Interest Rate Risk

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

Credit Risk

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

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

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/Diversification of Credit Risk

County investment policy includes various concentration limits as to issues and maturity. These limits apply to securities issues by federal, state and local governments and related agencies and consider all funds under the County's control. The limit for federal agencies is 80% of the County's investment portfolio. As detailed earlier, the County has 41.9% invested in federal agencies as of September 30, 2015, with 21.2% invested in Federal Home Loan Mortgage Corporation notes.

Discretely Presented Component Unit

As of September 30, 2015, the District had deposits and investments as follows:

Description	Fair Value	Weighted Average Days to Maturity
Bank Deposits	\$ 2,653	-
TexPool Deposits	56,308	1
Money Market Fund Deposits	9,794	1
	<u>68,755</u>	
Federal National Mortgage Association Notes	43,980	810
Federal Home Loan Bank Notes	10,610	201
Federal Home Loan Mortgage Corporation Notes	25,349	520
Federal Farm Credit Bureau	9,015	225
United States Treasury	100	777
	<u>89,054</u>	
Assets limited as to use	<u>\$ 157,809</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, 2015. The District adjusts the carrying value of financial instruments classified as assets to reflect their appropriate fair value. For fiscal year 2015, delays in payments from supplemental Medicaid programs resulted in a reduction of cash and cash equivalents. As of September 30, 2015, the District had not yet received \$120,600 of accrued revenue related to the supplemental programs.

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, 2015
(in thousands of dollars)

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

Credit Risk

The District has a comprehensive investment policy that is designed to comply with State law and the Texas Public Funds Investment Act. The debt securities issued by Federal National Mortgage Association (FNMA), the Federal Home Loan Bank (FHLB), the Federal Home Loan Mortgage Corporation (FHLMC), and the Federal Farm Credit Bureau (FFCB) are rated 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 FNMA at 28% as of September 30, 2015.

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 Income

Investment income for the year ended September 30, 2015, consisted of interest income of \$14,754 and unrealized loss on investments of \$532 for total investment earnings of \$14,222.

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 78 entities: 4 county entities, 10 school districts, 22 cities, 2 flood control districts, 2 levee districts, 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 and Levee Districts 4 and 14.

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

IV. PROPERTY TAXES AND OTHER RECEIVABLES (Continued)

Collections of the property taxes and subsequent remittances to the proper entities are accounted for in the Tax Assessor/Collector's Agency Fund. Tax collections are recorded net of the entities' related collection commission paid to the County in this agency fund according to the levy year for which taxes are collected. Tax collections deposited for the County are distributed on a monthly basis to the following funds (amounts are for each one hundred dollars of valuation): General (\$0.17615), Debt Service (\$0.0175), Major Projects (\$0.03405), 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, 2015, the County either financially participated in or had authorization to participate in 24 TIF districts at various percentage participation levels. The 2015 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. Property taxes are an imposed non-exchange revenue. Assets from imposed non-exchange transactions are recorded when the entity has an enforceable legal claim to the asset or when the entity receives resources, whichever comes first. The enforceable legal claim date for property taxes is the assessment date as designated in the enabling legislation. The County has a valid lien on January 1 with property assessed at the tax rate adopted prior to the fiscal year-end. The County has recorded property taxes receivable including an amount for unavailable revenue as of September 30, 2015.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

IV. PROPERTY TAXES AND OTHER RECEIVABLES (Continued)

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

<u>Unavailable and Unearned Arising From</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Major Projects</u>	<u>Major Grants</u>	<u>Other Non-Major Governmental</u>	<u>Total</u>
Property taxes	\$ 323,823	\$ 28,439	\$ 67,330	\$ -	\$ 32,313	\$ 451,905
Unearned revenue – other	38	-	85	16,832	325	17,280
Unavailable revenue – other	4,665	-	-	-	8,195	12,860
Unavailable and unearned – Fund Basis	<u>\$ 328,526</u>	<u>\$ 28,439</u>	<u>\$ 67,415</u>	<u>\$ 16,832</u>	<u>\$ 40,833</u>	482,045
Property taxes (see page 52)						(3,128)
Pension (see page 26)						101
Unavailable – other (see page 52)						(12,860)
Deferred inflows and unearned revenue – Government wide						<u>\$ 466,158</u>

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

The County is authorized by the tax laws of Texas to levy taxes up to \$0.80 per one hundred dollars of assessed valuation for general governmental services and payment of principal and interest on certain permanent improvement long-term debt. The total tax rate adopted during September 2014 and 2015 for each fiscal year 2015 and 2016 was \$0.2431 per one hundred dollars of assessed value.

Receivables as of September 30, 2015, for governmental funds, net of applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Major Projects</u>	<u>Major Grants</u>	<u>Other Non- Major Governmental</u>	<u>Total</u>
Receivables:						
Property taxes	\$ 342,782	\$ 30,062	\$ 70,709	\$ -	\$ 33,913	\$ 477,466
Less allowance for uncollectible property taxes	(19,657)	(1,691)	(3,525)	-	(1,663)	(26,536)
Subtotal	<u>323,125</u>	<u>28,371</u>	<u>67,184</u>	<u>-</u>	<u>32,250</u>	<u>450,930</u>
Accounts receivable	181,522	-	2,514	4	315,654	499,694
Less allowance for uncollectible accounts receivable	(175,134)	-	(2,215)	-	(306,477)	(483,826)
Subtotal	<u>6,388</u>	<u>-</u>	<u>299</u>	<u>4</u>	<u>9,177</u>	<u>15,868</u>
Total net receivables	<u>\$ 329,513</u>	<u>\$ 28,371</u>	<u>\$ 67,483</u>	<u>\$ 4</u>	<u>\$ 41,427</u>	<u>\$ 466,798</u>

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

IV. PROPERTY TAXES AND OTHER RECEIVABLES (Continued)

Discretely Presented Component Unit

Receivables as of September 30, 2015:

Property taxes	\$ 20,150
Patient accounts	637,227
Due from affiliates	3,233
Other	<u>144,382</u>
Gross receivables	<u>804,992</u>
Less allowance for uncollectible:	
Property taxes	(15,841)
Patient accounts	<u>(525,465)</u>
Total allowance for uncollectible:	<u>(541,306)</u>
Net total receivables	<u>\$ 263,686</u>

The District grants credit without collateral to its patients, most of whom are County residents. The mix of receivables from patients and third-party payors, as of September 30, 2015 is as follows:

	<u>Percentage</u>
Commercial insurance	31%
Medicaid	39
Medicare	29
Patients	<u>1</u>
Total	<u>100%</u>

The District received approximately 33.7% of its total revenues from ad valorem taxes in 2015. 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, 2015
(in thousands of dollars)

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:

	Beginning Balance	Increases / Transfers	Decreases / Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 27,986	\$ 1,131	\$ (416)	\$ 28,701
Construction-in-progress	108,350	26,298	(68,127)	66,521
Infrastructure	26,671	-	-	26,671
Historical treasures	32,042	-	-	32,042
Total capital assets, not being depreciated	195,049	27,429	(68,543)	153,935
Capital assets, being depreciated:				
Buildings	618,912	64,365	(11,498)	671,779
Machinery and equipment	120,636	10,465	(11,322)	119,779
Total capital assets, being depreciated	739,548	74,830	(22,820)	791,558
Less accumulated depreciation for:				
Buildings	(253,383)	(12,202)	7,064	(258,521)
Machinery and equipment	(98,248)	(8,463)	10,185	(96,526)
Total accumulated depreciation	(351,631)	(20,665)	17,249	(355,047)
Total capital assets, being depreciated, net	387,917	54,165	(5,571)	436,511
Governmental activities capital assets, net	\$ 582,966	\$ 81,594	\$ (74,114)	\$ 590,446

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

Governmental activities:	
General government	\$ 12,290
Public safety	5,226
Health	297
Highways and streets	309
Public welfare	765
Education	86
Judicial	1,692
Total depreciation expense	\$ 20,665

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

V. CAPITAL ASSETS (Continued)

Discretely Presented Component Unit

The District's capital assets at September 30, 2015 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	\$ 1,066,596	\$ 268,230	\$ (1,304,961)	\$ 29,865
Land and improvements	116,314	419	(681)	116,052
Capital leases	12,937	-	(12,937)	-
Total capital assets, not being depreciated	<u>1,195,847</u>	<u>268,649</u>	<u>(1,318,579)</u>	<u>145,917</u>
Capital assets, being depreciated:				
Buildings	547,492	1,101,034	(39,709)	1,608,817
Equipment	478,300	216,598	(811)	694,087
Total capital assets, being depreciated	<u>1,025,792</u>	<u>1,317,632</u>	<u>(40,520)</u>	<u>2,302,904</u>
Less accumulated depreciation for:				
Land improvements	(4,439)	(215)	-	(4,654)
Buildings	(325,246)	(19,662)	1,713	(343,195)
Equipment	(355,825)	(44,103)	795	(399,133)
Total accumulated depreciation	<u>(685,510)</u>	<u>(63,980)</u>	<u>2,508</u>	<u>(746,982)</u>
Total capital assets, being depreciated, net	<u>340,282</u>	<u>1,253,652</u>	<u>(38,012)</u>	<u>1,555,922</u>
Capital assets, net	<u>\$ 1,536,129</u>	<u>\$ 1,522,301</u>	<u>\$ (1,356,591)</u>	<u>\$ 1,701,839</u>

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

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, 2015:

Description	Interest Rates	Year of Issue	Year of Maturity	Original Amount of Debt	Bonds Outstanding
Combination Tax and Parking Garage Revenue Certificates of Obligation Series 2006	4.125 – 5.00%	2006	2016	\$ 63,220	\$ 7,745
Unlimited Tax Refunding Bonds Series 2011 A	3.00 – 5.00	2011	2021	30,495	9,895
Limited Tax Notes Series 2011	3.00 – 5.00	2011	2018	41,545	19,510
Limited Tax Notes Series 2013	2.00 – 5.00	2013	2020	35,825	26,645
Limited Tax Refunding Bonds Series 2013	2.00 – 5.00	2013	2025	10,515	9,815
Unlimited Tax Refunding Bonds Series 2015	2.00 – 5.00	2015	2020	11,115	11,115
Subtotal					84,725
Premium on Debt					5,792
Total					<u>\$ 90,517</u>

Long-Term Debt Issued in Fiscal 2015

On August 20, 2015, the County issued Unlimited Tax Refunding Bonds Series 2015 with a principal amount of \$11,115, and a premium of \$958. This bond advanced refunded \$11,900 of Unlimited Tax Refunding Bonds Series 2005. Proceeds of this bond issuance amounting to \$11,900 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, this bond is considered defeased, and the liability for these bonds has been removed from the Government Wide Statement of Net Position. The purpose of this refunding was to reduce future debt service payments by \$1,182; thereby obtaining an economic gain. The present value of the economic gain from this refunding amounted to \$1,155.

Pledged Future Revenues

Under the terms of the Combination Tax and Parking Garage Revenue Certificates of Obligation Series 2006 the County agreed to pledge \$1 of future net revenues from certain parking facilities.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

VI. LONG-TERM LIABILITIES (Continued)

Changes in Long-Term Liabilities

Long-term liabilities for the year ended September 30, 2015 were as follows:

Governmental Activities	Beginning Balance (as restated)	Additions	Reductions	Ending Balance	Due Within One Year	Funding for Liquidation
Bonds and Cos	\$ 118,781	\$ 12,073	\$ 40,337	\$ 90,517	\$ 24,645	a
Other postemployment benefits	277,079	38,239	8,414	306,904	-	b
Claims and judgments	3,500	791	2,291	2,000	600	c
Compensated absences	28,151	35,894	36,127	27,918	27,426	c
Net pension liability	79,851	169,564	160,149	89,266	-	c
Workers' compensation	2,338	2,081	1,716	2,703	1,911	c
Total	<u>\$ 509,700</u>	<u>\$ 258,642</u>	<u>\$ 249,034</u>	<u>\$ 519,308</u>	<u>\$ 54,582</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:

Year Ending September 30	Principal	Interest
2016	\$ 24,645	\$ 3,580
2017	17,245	2,604
2018	16,085	1,762
2019	9,575	1,144
2020	9,860	696
2021 – 2025	7,315	962
Subtotal	84,725	10,748
Premium on debt	5,792	-
Total	<u>\$ 90,517</u>	<u>\$ 10,748</u>

The Debt Service Fund has \$2,686 available to service the general long-term bond retirement. There are a number of limitations and restrictions contained in the various bond indentures. County management believes that it has complied with all significant limitations and restrictions.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

VI. LONG-TERM LIABILITIES (Continued)

Discretely Presented Component Unit

In 2009, the District issued three series of Dallas County Hospital District Limited Tax Bonds (Bonds), with a total principal amount of \$705,000. Payment of principal and interest on the Bonds is supported by ad valorem tax revenue. The Bonds are rated AA by Standard & Poor's and AA+ by Fitch.

Tax-Exempt Series 2009A Bonds were issued with stated fixed interest rates ranging from 3.00% to 5.00%. These bonds mature from August 15, 2014 to 2016. The Tax-Exempt Series 2009A Bonds are not subject to redemption prior to maturity.

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

Taxable Series 2009C Bonds were issued, with total principal amount of \$457,700, in accordance with provisions of the Build America Bonds program and bear interest at fixed interest rates (before interest rate subsidy) ranging from 4.1% to 5.6%. These bonds mature from August 15, 2017 through August 15, 2044.

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

The following is a summary of long-term debt for the year ended September 30, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Amortization of Premiums</u>	<u>Reductions</u>	<u>Ending Balance</u>
Tax-Exempt Series 2009A Bonds	\$ 17,755	\$ -	\$ -	\$ (8,230)	\$ 9,525
Tax-Exempt Series 2009A Bonds premium	689	-	(367)	-	322
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	1,808	-	(209)	-	1,599
Total debt	<u>\$ 738,732</u>	<u>\$ -</u>	<u>\$ (576)</u>	<u>\$ (8,230)</u>	<u>\$ 729,926</u>
Debt due within one year		\$ 9,525			
Debt due in more than one year		720,401			
		<u>729,926</u>			
Capital lease due within one year		375			
Capital lease due in more than one year		13,968			
Other non-current liabilities due in more than one year		12,612			
		<u>\$ 756,881</u>			

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

VI. LONG-TERM LIABILITIES (Continued)

Long-term debt maturities (including mandatory redemptions), interest payments, net of subsidy, and total debt service at September 30, 2015 are as follows:

<u>Years Ending September 30,</u>	<u>Principal and Mandatory Redemptions</u>	<u>Interest Payments, Net of Subsidy</u>	<u>Total Debt Service</u>
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	17,000	26,042	43,042
2021 – 2025	94,530	120,671	215,201
2026 – 2030	113,830	101,374	215,204
2031- 2035	139,245	75,953	215,198
2036 – 2040	162,385	46,125	208,510
2041 – 2044	144,300	13,935	158,235
Subtotal	728,005	493,014	1,221,019
Bond premium	4,489	-	4,489
Accumulated amortization	(2,568)	-	(2,568)
Total	<u>\$ 729,926</u>	<u>\$ 493,014</u>	<u>\$ 1,222,940</u>

Interest costs totaled \$40,500 for fiscal 2015. Of total interest costs, \$16,000 was expensed during 2015. The remaining \$24,500 was capitalized during 2015.

VII. INTERFUND RECEIVABLES AND PAYABLE BALANCES AND TRANSFERS

Primary Government

The composition of inter-fund balances as of September 30, 2015 is as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Major Grants	\$ 34
General	Other Non-Major Governmental	76
Debt Service	General	1
Other Non-Major Governmental	Major Grants	29
Internal Service	General	2,358
Internal Service	Major Projects	16
Internal Service	Major Grants	106
Internal Service	Other Non-Major Governmental	89
Total		<u>\$ 2,709</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 Debt Service receivable is for parking revenue in response to a bond covenant. The Other Non-Major Governmental receivable is due from Major Grants for the Academy for

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

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

Academic Excellence. 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.

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	\$ -	\$ 1,076	\$ 3,484	\$ -	\$ 4,560
Major Projects	641	-	-	-	641
Major Grants	2,137	-	-	-	2,137
Other Non-Major Governmental Funds	11,007	19,525	66	1,005	31,603
Total	<u>\$ 13,785</u>	<u>\$ 20,601</u>	<u>\$ 3,550</u>	<u>\$ 1,005</u>	<u>\$ 38,941</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 \$11,007, and \$19,525, 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 2015, the General fund provided matching funds aggregating \$3,484. The majority of these transfers was for health, juvenile, and law enforcement grants.

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Primary Government

Approximately 29.0% of the \$38,913 balance in accounts payable and accrued liabilities at September 30, 2015 represents accrued payroll liabilities with the balance 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 \$92,776, accrued payroll of \$69,544, employee health care liabilities of \$11,937, and other employee benefits.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS

Primary Government

(a) Retirement Plan Description

Texas County and District Retirement System

The County provides retirement, disability, and death benefits for all of its full-time employees through a non-traditional 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 677 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available online at www.tcdrs.org or upon written request from the Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

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

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

At December 31, 2014, the following inactive or active County employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2,686
Inactive employees entitled but not yet receiving benefits	545
Active employees	6,155
Total	<u>9,386</u>

(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
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

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.

(c) Net Pension Liability

The County's net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal ⁽¹⁾
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	3.00%
Salary Increases	3.50% The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee.
Investment Rate of Return	8.10%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Dallas County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Deferred members are assumed to retire (100% probability) at the later of: a) age 60 b) earliest retirement eligibility.
Turnover	For all eligible members ages 75 and later, retirement is assumed to occur immediately.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

(c) Net Pension Liability (continued)

Mortality ⁽²⁾

Depositing members ⁽²⁾	The RP-2000 Active Employee Mortality Table for males with two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year set-back, both with the projected scale AA.
Service retirees, beneficiaries and non-depositing members ⁽²⁾	The RP-2000 Combined Mortality Table with the projected scale AA, with a one-year set-forward for males and no age adjustment for females.
Disabled retirees ⁽²⁾	RP-2000 Disabled Mortality Table for males with no age adjustment and RP-2000 Disabled Mortality Table for females with a two-year set-forward, both with the projection scale AA.

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

⁽²⁾ Studies were prepared in July 2000.

Long-Term Expected Rate of Return

Long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant. The amounts shown are based on January 2015 information for a 7 – 10 year time horizon.

The valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (continued)

(c) Net Pension Liability (continued)

<u>Asset class</u>	<u>Benchmark</u>	<u>Target allocation</u> ⁽¹⁾	<u>Geometric real rate of return (expected minus Inflation)</u> ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	16.50%	5.35%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	12.00%	8.35%
Global Equities	MSCI World (net) Index	1.50%	5.65%
International Equities – Developed	50% MSCI World Ex USA (net) + 50% MSCI World ex USA 100% Hedged to USD (net) Index	11.00%	5.35%
International Equities – Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index	9.00%	6.35%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	0.55%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.75%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	5.00%	5.54%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.80%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	6.75%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	4.00%
Commodities	Bloomberg Commodities Index	2.00%	-0.20%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	3.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.15%

⁽¹⁾ Target asset allocation adopted at the April 2015 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return in addition to assumed inflation of 1.7%, per Cliffwater's 2015 capital market assumptions.

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

⁽⁴⁾ Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

(c) Net Pension Liability (continued)

The \$9,415 change in pension liability for the County is described below.

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Increase (Decrease) Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) – (b)
Balance as of December 31, 2013	\$ 1,599,245	\$ 1,519,394	\$ 79,851
Service cost	40,094	-	40,094
Interest on total pension liability ⁽¹⁾	128,267	-	128,267
Effect of economic/demographic gains or losses	(121)	-	(121)
Refund of contributions	(5,303)	(5,303)	-
Benefit payments	(66,815)	(66,815)	-
Administrative expenses	-	(1,203)	1,203
Member contributions	-	21,250	(21,250)
Net investment income	-	103,088	(103,088)
Employer contributions	-	34,859	(34,859)
Other ⁽²⁾	-	831	(831)
Balance as of December 31, 2014	<u>\$ 1,695,367</u>	<u>\$ 1,606,101</u>	<u>\$ 89,266</u>

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

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

Discount rate

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

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

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

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

(c) Net Pension Liability (continued)

Sensitivity Analysis

Sensitivity of the net pension liability to changes in the discount rate is below. The following presents the net pension liability of the County, calculated using the discount rate of 8.10%, as well as the effect of a 1% higher and 1% lower discount rate.

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$ 1,923,186	\$ 1,695,367	\$ 1,508,647
Fiduciary net position	1,606,100	1,606,101	1,606,101
Net pension liability / (asset)	<u>\$ 317,086</u>	<u>\$ 89,266</u>	<u>\$ (97,454)</u>

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

For the year ended September 30, 2015, the County recognized pension expense of \$27,946.

Pension Expense / (Income)

	January 1, 2014 to December 31, 2014
Service cost	\$ 40,094
Interest on total pension liability ⁽¹⁾	128,267
Administrative expenses	1,203
Member contributions	(21,250)
Expected investment return net of investment expenses	(123,624)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(20)
Recognition of investment gains or losses	4,107
Other ⁽²⁾	(831)
Pension expense / (income)	<u>\$ 27,946</u>

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

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

As of September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Inflows / Outflows of Resources

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 101	\$ -
Net difference between projected and actual earnings	-	16,428
Contributions made subsequent to measurement date	-	27,534
	\$ 101	\$ 43,962

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

Year ended December 31,	Amount
2015	\$ 4,087
2016	4,087
2017	4,087
2018	4,087
2019	4,087
2020	(21)
	\$ 20,414

(e) Payable to the Pension Plan

At September 30, 2015, the County reported a payable of \$2,728 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2015.

Public Agency Retirement Services

County employees with less than 1,000 hours of annual service are required to participate in the Public Agency Retirement Services Plan (PARS), as an alternative to participation in Social Security. PARS is a 457 Deferred Compensation Plan administered by Phase II Systems, a California corporation. Employee and County contributions are fixed as a percentage of an employee's salary, which percentages are 6.2% and 1.3%, respectively. In fiscal 2015, employee and County contributions were \$99 and \$21, respectively. The County Treasurer administers the investment policy for employee and County contributions.

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

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.

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, 2015, combined County and retiree contributions totaled \$9,419 for the Plan. Retiree Plan members receiving benefits contributed \$3,938 or approximately 41.81% of total cost through their required contributions.

The schedule of funding progress, presented as Required Supplementary Information (see page 108) 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.

The Projected Unit Credit method allocates costs from date of hire to expected retirement date based on experience with 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 gains 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:

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Normal cost	\$ 25,021	\$ 31,938	\$ 41,548
Amortization of Unfunded Actuarial Accrued Liability	13,218	13,218	16,524
Interest on net OPEB obligation	6,754	5,905	4,527
Adjustment to annual required contribution	<u>(9,700)</u>	<u>(5,905)</u>	<u>(4,527)</u>
Annual OPEB expense	35,293	45,156	58,072
Contributions made	<u>(5,468)</u>	<u>(4,271)</u>	<u>(2,950)</u>
Change in net OPEB obligation	29,825	40,885	55,122
Net OPEB obligation – beginning of year	<u>277,079</u>	<u>236,194</u>	<u>181,072</u>
Net OPEB obligation – end of year	<u>\$ 306,904</u>	<u>\$ 277,079</u>	<u>\$ 236,194</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.

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>
2013	\$ 58,072	5.08%	\$ 236,194
2014	45,156	9.46	277,079
2015	35,239	15.50	306,904

OPEB long-term liabilities will be funded in future periods.

Funding Status and Funding Progress

The most recent actuarial valuation (dated October 1, 2013) includes an actuarial accrued liability of \$367,933 and 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 \$298,611, and the ratio of the UAAL to the covered payroll was (123.2%).

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Decreases in the most recent actuarial evaluation are due to actuarial assumptions for decreasing post-retirement healthcare costs. 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 page108) following the notes to the financial statements, presents multi-year trend information

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

about whether the actuarial value of OPEB assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of payroll
		(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/c
2013	October 1, 2011	-	\$ 459,971	\$ (459,971)	0.00%	\$ 281,890	(163.2)%
2014	October 1, 2013	-	367,933	(367,933)	0.00	288,566	(127.5)
2015	October 1, 2013	-	367,933	(367,933)	0.00	298,611	(123.2)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan, which include actuarial valuations; 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.

The County uses a discount rate of 2.5% based on the rate of return on short-term investments that are used to pay benefits. The health cost trend rate for ages 65 and under is 7% in 2013, reducing 0.5% per year, reaching 5% in 2017 and after. The amortization period is over the maximum period of 30 years, open basis.

The following is participant data.

Active:	
Number	5,380
Average age	43.9
Average 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 has 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 has 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.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

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 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 and does not constitute or imply that the County is legally obligated to provide OPEB benefits.

Discretely Presented Component Unit

(a) 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 years ended December 31, 2014 and 2013, which is included in the actuarial valuation as of January 1, 2015 and 2014, respectively, was approximately \$554,120 and \$519,193. For the years ended September 30, 2015 and 2014, the District’s total payroll was approximately \$736,900 and \$706,100, respectively.

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.

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.

(b) Calculation of Money Weighted Rate of Return

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

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

(c) Actuarial methods and assumptions

	Fiscal Year	
	2015	2014
Valuation date	January 1, 2015	January 1, 2014
Measurement date	December 31, 2014	December 31, 2013
Investment rate of return	7.0%	8.0%
Inflation	2.5%	2.5%
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	29 year, closed	30 year, closed
Amortization growth rate	4.0%	4.0%
Salary increases including inflation	Graded table	Graded table
Mortality	Non-annuitants: RP-2000 "Employees" table projected to 2030 using scale AA; Annuitant: RP-2000 "Healthy Annuitants" table projected to 2022 using scale AA	Non-annuitants: RP-2000 "Employees" table projected to 2029 using scale AA; Annuitant: RP-2000 "Healthy Annuitants" table projected to 2021 using scale AA

GASB 68 requires a blended discount rate be used to measure the total pension liability (the actuarial accrued liability calculated using the individual entry age normal cost method). The long-term expected return on Plan investments may be used to discount liabilities to the extent that the Plan's fiduciary net position (fair value of assets) is projected to cover benefit payments and administrative expenses. A 20 year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. GASB 68 does allow for alternative evaluations of projected solvency. The following circumstances justify an alternative evaluation of sufficiency for the Plan:

- The District has at least a five year history of paying at least 100% of the actuarially determined contribution (previously termed the annual required contribution).
- The actuarially determined contribution is based on a closed amortization period, which means that payment of the actuarially determined contribution each year will bring the Plan to a 100% funded position by the end of the amortization period.
- The projections regarding future solvency assume that Plan assets earn the assumed rate of return and there are no future changes in the Plan provisions or actuarial methods and assumptions.

Therefore, the projections will not reflect any adverse future experience which might impact the Plan's funded position.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

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

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Total pension liability	\$ 1,102,908	\$ 1,016,398
Fiduciary net position	766,804	707,566
Net pension liability	336,104	308,832
Fiduciary net position as a % of total pension liability	69.53%	69.62%
Covered payroll	554,120	519,193
Net pension liability as a % of covered payroll	60.66%	59.48%

GASB Statement No. 68 requires a schedule of changes in net pension liability from year to year. In 2014, the beginning of year, net pension liability was not previously calculated. However, our actuaries have calculated the net pension liability as of December 31, 2013 in a manner consistent with the requirements for the calculation of the total pension liability.

(d) Sensitivity Analysis

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

	<u>Decreased to 6.0%</u>	<u>Current Rate 7.0%</u>	<u>Increase to 8.0%</u>
Total pension liability	\$ 1,248,946	\$ 1,102,908	\$ 982,273
Fiduciary net position	766,804	766,804	766,804
Net pension liability	482,142	336,104	215,469

During the years ended December 31, 2014 and 2013, \$27,400 and \$25,300, respectively, of employee contributions were made in accordance with the established contribution requirements described above. The District contributed approximately \$22,800 to the Plan during the year ended December 31, 2014, in accordance with contribution requirements determined by the January 1, 2014 actuarial valuation. An additional \$18,400 was contributed between January 1, 2015 and September 30, 2015. This amount was recorded as a deferred outflow of resources. The District contributed approximately \$21,300 to the Plan during the year ended December 31, 2013, in accordance with contribution requirements determined by the January 1, 2013 actuarial valuation.

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.

(e) 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, 2015 was approximately \$654,900. The District's total payroll was approximately \$736,900 for the year ended September 30, 2015. Eligible employees can choose to contribute from

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(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, 2015, were approximately \$21,100 from the District and \$44,100 from employees.

(f) Postretirement Benefits Other Than Pension (OPEB)

In addition to providing pension benefits, the District provides certain health care benefits for retired employees until age 65 (OPEB Plan). As of January 1, 2015, the number of retirees and eligible beneficiaries of the OPEB Plan was 48.

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 OPEB Plan provisions were modified to discontinue allowing new enrollees in the OPEB Plan effective January 1, 2014.

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 each of the years ended September 30, 2015, September 30, 2014 and September 30, 2013, the amount actually contributed to the OPEB Plan, and changes in the District's net OPEB obligation to the OPEB plan:

	2015	2014	2013
Annual required contribution	\$ 45	\$ 64	\$ 92
Interest on net OPEB obligation	217	237	261
Adjustment to annual required contribution	(174)	(190)	(209)
Annual OPEB cost	88	111	144
Contributions	(362)	(513)	(620)
Decrease in net OPEB obligation	(274)	(402)	(476)
Net OPEB obligation – beginning of year	4,343	4,745	5,221
Net OPEB obligation – end of year	<u>\$ 4,069</u>	<u>\$ 4,343</u>	<u>\$ 4,745</u>

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

VIII. RETIREMENT COMMITMENTS (Continued)

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, 2013	\$ 144	431%	\$ 4,745
September 30, 2014	111	462	4,343
September 30, 2015	88	411	4,069

As of the January 1, 2015 and 2014 actuarial valuation dates, the OPEB Plan was not prefunded. Contributions made were for current year costs incurred only. As of January 1, 2015, the actuarially accrued liability for benefits was \$1,100, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$1,100.

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, 2015 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>
2016	\$ 2,304
2017	2,086
2018	1,423
2019	1,345
2020	1,120
2021 – 2025	3,026
Total	\$ <u>11,304</u>

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

IX. LEASES (Continued)

Rental expense for fiscal 2015, for all County operating leases was approximately \$2,328 including \$122 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>
2016	\$ 551
2017	432
2018	352
2019	341
2020	341
2021	329
Total	<u>\$ 2,346</u>

Rental receipts for multi-year leases were approximately \$662, additionally, the County received parking revenues of \$3,821.

Discretely Presented Component Unit

Operating Leases

The District leases facilities under operating leases that expire over periods of up to ten years. Renewal and purchase options are available on certain of these leases. At September 30, 2015, future minimum rental payments applicable to the operating leases were as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2016	\$ 14,018
2017	4,444
2018	3,987
2019	2,003
2020	590
2021 - 2026	<u>2,072</u>
Total	<u>\$ 27,114</u>

Rental expense was approximately \$11,500 for the year ended September 30, 2015 and is recorded in the accompanying Statement of Activities.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

IX. LEASES (Continued)

The District is also a lessor of land, office space, and parking space under operating leases. Renewal options are available on certain of these leases. Rentals received under these arrangements are recorded in the accompanying Statement of Activities. Minimum future rentals to be received under operating leases at September 30, 2015, are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2016	\$ 1,014
2017	566
2018	205
2019	148
2020	148
2021 - 2025	752
2026 - 2030	754
2031 - 2035	736
2036 - 2040	353
2041 - 2045	383
2046 - 2050	414
2051 - 2055	448
2056 - 2060	485
2061 - 2065	525
2066 - 2070	569
2071 - 2075	615
2076 - 2080	666
2081 - 2085	721
2086 - 2088	394
Total	\$ <u>9,896</u>

Capital Leases

In July 2014, the District entered into a 25 year capital lease with Frazier Revitalization, Inc. for 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 and replaces East Dallas Health Center. The clinic opened in May 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 is being depreciated over the 25 year life which began in May 2015 at the time lease payments commenced.

Additional capital leases for equipment, totaling \$1,600, were added in 2015.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

IX. LEASES (Continued)

At September 30, 2015, future minimum rental payments applicable to the capital leases were as follows:

<u>Years Ending September 30,</u>	<u>Amount</u>
2016	\$ 1,671
2017	1,671
2018	1,671
2019	1,671
2020	1,453
2021 - 2040	<u>29,092</u>
Total minimum future lease payment	37,229
Less: Amount representing interest	<u>(22,886)</u>
Present value of net minimum lease payments	<u>\$ 14,343</u>

Capital leases have a current liability of \$375 and long term liability of \$13,968

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

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

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

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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

X. RISK MANAGEMENT (Continued)

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, 2015.

Changes in the medical and workers' compensation claims liability amounts in fiscal years 2014 and 2015 follow:

	Beginning Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability
2014 Medical	\$ 4,026	\$ 68,758	\$ 68,091	\$ 4,693
2015 Medical	4,693	66,341	65,028	6,006
2014 Workers' compensation	2,160	1,794	1,616	2,338
2015 Workers' compensation	2,338	2,081	1,716	2,703

In 2013, claim payments exceeded worker's compensation coverages by \$88.

Discretely Presented Component Unit

The liabilities, described in the table below as of September 30, 2015 and 2014, are based on requirements that a liability for claims be reported if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These liabilities include estimates for both reported claims and incurred, but not reported claims. As a result of settled claims, the frequency of new claims, and other economic and social factors, claims liabilities are reevaluated periodically.

	Beginning Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability
Hospital professional and general liability:				
2014	\$ 4,949	\$ 2,042	\$ (2,991)	\$ 4,000
2015	4,000	1,888	(1,834)	4,054
Employee health care benefit liability:				
2014	8,516	102,512	(101,730)	9,298
2015	9,298	114,623	(111,984)	11,937
Workers' compensation liability:				
2014	4,787	1,695	(1,321)	5,161
2015	5,161	1,764	(1,655)	5,270

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 2015 and is reported in non-current liabilities due in more than one year in the Statement of Net Position.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

X. RISK MANAGEMENT (Continued)

Employee Health Care Benefit Liability – The District manages a self-insurance plan 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 2015 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 \$2,000 has been established in the government-wide Statement of Net Position to provide coverage for the estimated maximum cost to the County. Lawsuits settled in the fiscal year totaled \$791. Most were settled for property damages. There are other outstanding lawsuits and claims in which the County is involved. Based upon the representations of the District Attorney and legal counsel for the Commissioners Court, management believes that potential claims, if any, against the County, resulting from such litigation would not materially affect the financial position or operations of the County.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

XI. COMMITMENTS AND CONTINGENCIES (Continued)

The County has assigned, committed and restricted fund balances for the following purposes:

General Fund – Assigned Fund Balance	
Public welfare contracts	\$ 2,033
Professional services	1,051
Equipment	935
Maintenance and supplies	1,658
Rental contracts	390
Other	170
	\$ 6,237
Debt Service –Restricted Fund Balance	
Debt service	\$ 2,686
Major Projects – Committed Fund Balance	
Thoroughfares and trails	\$ 58,641
Buildings and improvements	3,500
Telecommunications	526
Energy management/improvements	325
Utilities	3,088
Other	315
Committed for future projects	137,711
	\$ 204,106
Major Grants – Restricted Fund Balance	\$ 5,907

Other Non-Major Governmental Funds include funds with Restricted or Committed Fund Balances, which are determined based upon the nature of the funds.

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. 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 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 programs 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).

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

XI. COMMITMENTS AND CONTINGENCIES (Continued)

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.

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

As to litigation or other proceedings pending, or to its knowledge, threatened in any court, agency or other administrative body (either state or federal) that are not specifically disclosed in the these footnotes, 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.

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 healthcare 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

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

XI. COMMITMENTS AND CONTINGENCIES (Continued)

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.

As of September 30, 2015, the District had commitments outstanding of approximately \$64,800 related to construction of Parkland.

Disproportionate Share

The disproportionate share program is a supplemental reimbursement program for hospitals that provide a significant proportion of Medicaid and indigent care services. Under program guidelines, the 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 \$72,600 in 2015.

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 five year waiver period, UC reimbursement generally moves downward while available DSRIP monies increase, so there is an even split between UC and DSRIP by the last year of the waiver. The program divides 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 (administrative lead) 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. While there is no guarantee that this program will be renewed upon initial completion, the State is actively working with the Centers for Medicare & Medicaid Services (CMS) to extend the current waiver for 18 to 24 months until the election is complete and political policy is determined. Revenue recognized related to the 1115 Waiver was \$135,600 in 2015. 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 included in Receivables, net of amounts to be distributed to other participating hospitals in the region, in the accompanying Statement of Net Position. These amounts involve a considerable amount of judgment and are subject to audit and final reconciliation by the Texas Health and Human Services Commission (HHSC).

XII. SUBSEQUENT EVENT

During fiscal 2015, the Commissioners Court approved renovation of the County's Records Building. Renovation of this fully depreciated building is expected to be completed within five

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

XII. SUBSEQUENT EVENT (Continued)

years. The County anticipates financing the renovation with issuance of a County bond. Currently, this building includes offices of several elected officials, judges, and appointed County officials. During renovation, the preceding will be temporarily moved to either other County owned buildings or leased space in a building not owned by the County.

In November 2015, the Commissioners Court approved a lease with a third party for a term beginning March 1, 2016, and ending August 31, 2021. Total leased space is 108,000 square feet. Terms include a free rent provision for the first six months of the lease and thereafter monthly base rent of \$135. Additionally, the County is obligated for its prorated share of real estate taxes, electrical and operating expenses, and defined additional pass through costs.

XIII. NEW ACCOUNTING PRONOUCEMENTS

GASB Statement No. 72 – *Fair Value Measurement and Application*. The statement provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The statement requires donated capital assets be measured at acquisition value versus the previous requirement of measurement at fair value. The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2015.

GASB Statement No. 73 - *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions and pensions that are within their respective scopes. The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2015, except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2016.

GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2017.

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

XIII. NEW ACCOUNTING PRONOUNCEMENTS (Continued)

GASB Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2015.

GASB Statement No. 77 – *Tax Abatement Disclosures*. The statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
- The gross dollar amount of taxes abated during the period.
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.
- The requirements of this statement are effective for financial statements for reporting periods beginning after December 15, 2015.

GASB Statement No. 78 – *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have these characteristics. The requirements of this statement are effective for financial statements for reporting periods beginning after December 15, 2015.

GASB Statement No. 79 – *Certain External Investment Pools and Participants*. The statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23-26, and 40, which are effective for reporting periods beginning after December 15, 2015.

GASB Statement No. 80 – *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not

DALLAS COUNTY
Notes to the Basic Financial Statements

September 30, 2015
(in thousands of dollars)

XIII. NEW ACCOUNTING PRONOUNCEMENTS (Continued)

apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2016.

Management is in the process of determining the impact and application of these statements.

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2015
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 297,700	\$ 297,700	\$ 295,492	\$ (2,208)
Licenses and permits	20,988	20,988	21,969	981
Fines and forfeitures	6,238	6,238	6,236	(2)
Investment income	829	829	1,091	262
Rental revenues	4,443	4,443	4,625	182
Intergovernmental revenues	7,170	7,170	8,209	1,039
Charges for current services	92,479	92,479	98,519	6,040
Miscellaneous	3,367	3,367	10,043	6,676
Total revenues	<u>433,214</u>	<u>433,214</u>	<u>446,184</u>	<u>12,970</u>
EXPENDITURES:				
General government:				
Salaries	42,555	38,440	38,435	5
Operating	25,505	26,893	23,367	3,526
Property	3,243	3,715	2,588	1,127
Total general government	<u>71,303</u>	<u>69,048</u>	<u>64,390</u>	<u>4,658</u>
Judicial:				
Salaries	114,199	113,659	113,656	3
Operating	30,069	32,576	30,237	2,339
Property	131	152	-	152
Total judicial	<u>144,399</u>	<u>146,387</u>	<u>143,893</u>	<u>2,494</u>
Public safety:				
Salaries	199,288	208,104	208,100	4
Operating	25,060	25,953	19,269	6,684
Property	1,013	1,445	521	924
Total public safety	<u>225,361</u>	<u>235,502</u>	<u>227,890</u>	<u>7,612</u>
Health:				
Salaries	10,198	8,835	8,837	(2)
Operating	14,164	14,729	12,490	2,239
Property	100	207	114	93
Total health	<u>24,462</u>	<u>23,771</u>	<u>21,441</u>	<u>2,330</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, 2015
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public welfare:				
Salaries	\$ 585	\$ 547	\$ 547	\$ -
Operating	14	31	18	13
Total public welfare	<u>599</u>	<u>578</u>	<u>565</u>	<u>13</u>
Reserves	<u>51,570</u>	<u>42,064</u>	<u>-</u>	<u>42,064</u>
Total expenditures	<u>517,694</u>	<u>517,350</u>	<u>458,179</u>	<u>59,171</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(84,480)</u>	<u>(84,136)</u>	<u>(11,995)</u>	<u>72,141</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	16,558	16,558	13,785	(2,773)
Transfers (out)	<u>(4,563)</u>	<u>(4,907)</u>	<u>(4,560)</u>	<u>347</u>
Total other financing sources (uses)	<u>11,995</u>	<u>11,651</u>	<u>9,225</u>	<u>(2,426)</u>
Net change in fund balance	(72,485)	(72,485)	(2,770)	69,715
Fund balance - beginning	<u>85,190</u>	<u>85,190</u>	<u>85,190</u>	<u>-</u>
Fund balance - ending	<u>\$ 12,705</u>	<u>\$ 12,705</u>	<u>\$ 82,420</u>	<u>\$ 69,715</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, 2015
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 57,571	\$ 57,571	\$ 57,049	\$ (522)
Investment income	937	937	1,695	758
Intergovernmental revenues	-	-	3,591	3,591
Miscellaneous	-	-	2,575	2,575
Total revenues	<u>58,508</u>	<u>58,508</u>	<u>64,910</u>	<u>6,402</u>
EXPENDITURES:				
General government	13,252	12,387	9,725	2,662
Highways and streets	134,430	112,423	15,903	96,520
Public welfare	5,506	4,981	4,901	80
Capital outlay	33,185	59,751	24,169	35,582
Total expenditures	<u>186,373</u>	<u>189,542</u>	<u>54,698</u>	<u>134,844</u>
Reserves	29,890	26,718	-	26,718
Total expenditures	<u>216,263</u>	<u>216,260</u>	<u>54,698</u>	<u>161,562</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(157,755)</u>	<u>(157,752)</u>	<u>10,212</u>	<u>167,964</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	14,185	14,185	20,601	6,416
Transfers (out)	(646)	(649)	(641)	8
Total other financing sources (uses)	<u>13,539</u>	<u>13,536</u>	<u>19,960</u>	<u>6,424</u>
Net change in fund balance	(144,216)	(144,216)	30,172	174,388
Fund balance - beginning	173,934	173,934	173,934	-
Fund balance - ending	<u>\$ 29,718</u>	<u>\$ 29,718</u>	<u>\$ 204,106</u>	<u>\$ 174,388</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, 2015
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 3	\$ 3	\$ 26	\$ 23
Intergovernmental revenues	76,216	76,216	75,006	(1,210)
Total revenues	<u>76,219</u>	<u>76,219</u>	<u>75,032</u>	<u>(1,187)</u>
EXPENDITURES:				
Judicial	2,227	2,095	2,095	-
Public safety	8,457	7,956	7,956	-
Health	35,634	33,523	33,523	-
Education	1,307	1,230	1,230	-
Public welfare	33,215	31,248	31,248	-
Total expenditures	<u>80,840</u>	<u>76,052</u>	<u>76,052</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,621)</u>	<u>167</u>	<u>(1,020)</u>	<u>(1,187)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,746	2,746	3,550	804
Transfers (out)	<u>(941)</u>	<u>(3,837)</u>	<u>(2,137)</u>	<u>1,700</u>
Total other financing sources and (uses)	<u>1,805</u>	<u>(1,091)</u>	<u>1,413</u>	<u>2,504</u>
Net change in fund balance	(2,816)	(924)	393	1,317
Fund balance - beginning	5,517	5,517	5,517	-
Fund balance - ending	<u>\$ 2,701</u>	<u>\$ 4,593</u>	<u>\$ 5,910</u>	<u>\$ 1,317</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, 2015

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

The following are the funds that have legally adopted annual budgets prepared on a basis consistent with GAAP (with the exception of budgeting for reserves): General Fund, Debt Service Fund and Special Revenue Funds (except for District Attorney funds). 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 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.
- Actual expenditures exceeded budgeted expenditures of the Historical Exhibit Special Revenue Fund by \$20.

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

DALLAS COUNTY, TEXAS

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

September 30, 2015

Commissioners Court. Other transfers (e.g. court costs) may be authorized by the Budget Director. Transfers that were made during the current fiscal year 2015 did not increase the County's overall budget. Unencumbered amounts for annually budgeted funds lapse at fiscal year-end. The original budgets inclusive of prior period encumbered funds presented in the report are the approved budgets before amendments and transfers. The final budgets presented in this report reflect the budgets as amended for all appropriation transfers processed during the fiscal year. More comprehensive accounting of activity on the 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
 Required Supplementary Information
Infrastructure Assets under Modified Approach
 September 30, 2015
 (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. 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:

Road and Bridge					
<u>District</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
District 1	-%	-%	-%	-%	-%
District 2	100.0	100.0	100.0	100.0	100.0
District 3	97.9	97.5	97.9	97.9	98.0
District 4	100.0	100.0	100.0	100.0	100.0
Overall System	99.3	99.2	99.3	99.3	99.3

Comparison of estimated to actual maintenance costs:

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Estimated	\$ 901	\$ 937	\$ 937	\$ 924	\$ 924
Actual	1,431	1,280	1,397	1,717	1,258

DALLAS COUNTY
 Required Supplementary Information
Infrastructure Assets under Modified Approach
 September 30, 2015
 (in thousands of dollars)
 (Unaudited)

Bridges

	Rating	Number	2015	2014	2013	2012	2011
Very Good	6.0 – 9.0	26	100%	100%	100%	97%	97%
Good	4.0 – 5.9	1	-	-	-	3	3
Fair	3.0 – 3.9	-	-	-	-	-	-
Poor	0.0 – 2.9	-	-	-	-	-	-
			100%	100%	100%	100%	100%

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

There was no change in the County’s bridge inventory for 2015.

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:

	2015	2014	2013	2012	2011
Estimated	\$ 1,100	\$ 1,093	\$ 1,067	\$ 1,380	\$ 1,000
Actual	861	409	196	1,526	228

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

	Year Ended December 31, 2014
Total Pension Liability	
Service costs	\$ 40,094
Interest on total pension liability	128,267
Effect of plan changes	-
Effect of assumption changes or inputs	-
Effect of economic/demographic (gains) or losses	(121)
Benefit payments/refunds of contributions	<u>(72,118)</u>
Net change in total pension liability	96,122
Total pension liability, beginning	<u>1,599,245</u>
Total pension liability, ending (a)	<u>\$ 1,695,367</u>
Fiduciary Net Position	
Employer contributions	\$ 34,859
Member contributions	21,250
Investment income net of investment expenses	103,088
Benefit payments/refunds of contributions	(72,118)
Administrative expenses	(1,203)
Other	<u>831</u>
Net change in fiduciary net position	86,707
Fiduciary net position, beginning	<u>1,519,394</u>
Fiduciary net position, ending (b)	<u>\$ 1,606,101</u>
Net pension liability /(asset), ending = (a) – (b)	<u>\$ 89,266</u>
Fiduciary net position as a % of total pension liability	94.73%
Pensionable covered payroll	\$ 303,122
Net pension liability as a % of covered payroll	29.45%

Note: GASB Statement No. 68 was implemented in fiscal 2015 and prior year is not available.

DALLAS COUNTY
 Required Supplementary Information
Primary Government
 Scheduled of County Contributions
 (in thousands of dollars)
 (Unaudited)

<u>Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2014	\$ 34,859	\$ 34,859	\$ -	\$ 303,122	11.50%

DALLAS COUNTY
 Required Supplementary Information
Primary Government
 Schedule of Funding Progress for Other Postemployment Benefits Plan
 (in thousands of dollars)
 (Unaudited)

Fiscal Year	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}
2013	October 1, 2011	\$ -	\$ 459,971	\$ (459,971)	- %	\$ 281,890	(163.2)%
2014	October 1, 2013	-	367,933	(367,933)	-	288,556	(127.5)
2015	October 1, 2013	-	367,933	(367,933)	-	298,611	(123.2)

Note: The above table is for GASB 45 disclosure reporting requirements effective beginning with fiscal year 2013. For additional information see Note VIII on page 76.

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

	Year Ended December 31, 2014
Total Pension Liability	
Service costs	\$ 37,881
Interest on total pension liability	72,677
Effect of plan changes	-
Effect of assumption changes or inputs	-
Effect of economic/demographic (gains) or losses	8,589
Benefit payments/refunds of contributions	(32,637)
Net change in total pension liability	86,510
Total pension liability, beginning	1,016,398
Total pension liability, ending (a)	\$ 1,102,908
Fiduciary Net Position	
Employer contributions	\$ 22,812
Member contributions	27,378
Investment income net of investment expenses	43,705
Benefit payments/refunds of contributions	(32,637)
Administrative expenses	(2,020)
Net change in fiduciary net position	59,238
Fiduciary net position, beginning	707,566
Fiduciary net position, ending (b)	\$ 766,804
Net pension liability/asset = (a) – (b)	\$ 336,104
Fiduciary net position as a % of total pension liability	69.53%
Pensionable covered payroll	\$ 554,120
Net pension liability as a % of covered payroll	60.66%

Note: GASB Statement No. 68 was implemented in fiscal 2015 and prior year is not available.

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

	2015
Actuarially determined contribution	\$ 22,812
Contributions in relation to the actuarially determined contribution	(22,812)
Contribution excess	\$ -
Covered employee payroll	\$ 554,120
Contributions as a percentage of covered employee payroll	4.12%

Notes:

(1) Valuation date:

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

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

Actuarial cost method	Entry age normal cost
Amortization method	30 years, closed
Remaining amortization period	29 years, closed
Asset valuation method	5-year rolling phase-in
Inflation	2.5%
Salary increases	4.0%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation
Retirement age	65
Mortality	RP-2000, projected

DALLAS COUNTY
 Required Supplementary Information
Discretely Presented Component Unit
 Schedule of Funding Progress for Other Postemployment Benefits Plan
 (in thousands of dollars)
 (Unaudited)

Fiscal Year	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 $\frac{(b-a)}{c}$
2013	January 1, 2013	\$ -	\$ 2,300	\$ (2,300)	- %	N/A	N/A
2014	January 1, 2014	-	1,600	(1,600)	-	N/A	N/A
2015	January 1, 2015	-	1,100	(1,100)	-	N/A	N/A

Note: The above table is for GASB 45 disclosure reporting requirements effective beginning with fiscal year 2013. For additional information see Note VIII on page 82.

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.

Academy for Academic Excellence 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, 2015
 (in thousands of dollars)

	Special Revenue										
	<u>District Attorney</u>					<u>District Attorney Forfeitures</u>					
	<u>Road and Bridge</u>	<u>Permanent Improvement</u>	<u>Law Library</u>	<u>Major Technology</u>	<u>HIDTA Federal</u>	<u>Special</u>	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Historical Commission</u>	<u>Historical Exhibit</u>
ASSETS											
Cash and investments	\$ 15,420	\$ 3,826	\$ 314	\$ 9,411	\$ 1	\$ 64	\$ 1	\$ 1	\$ 165	\$ 9	\$ 840
Receivables:											
Taxes - current	-	3,535	-	30,378	-	-	-	-	-	-	-
Less allowance for uncollectible	-	(196)	-	(1,467)	-	-	-	-	-	-	-
Net taxes receivable	-	3,339	-	28,911	-	-	-	-	-	-	-
Accounts	266,739	-	4,760	-	-	-	-	-	-	-	-
Less allowance	(262,787)	-	(4,720)	-	-	-	-	-	-	-	-
Accounts receivable	3,952	-	40	-	-	-	-	-	-	-	-
Accrued interest	27	7	-	17	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-	-	-	-	-	-
Inventories	372	-	-	-	-	-	-	-	-	-	-
Prepayments and advances	9	-	2	-	-	-	-	-	-	-	-
Total assets	<u>\$ 19,780</u>	<u>\$ 7,172</u>	<u>\$ 356</u>	<u>\$ 38,339</u>	<u>\$ 1</u>	<u>\$ 64</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 165</u>	<u>\$ 9</u>	<u>\$ 840</u>
LIABILITIES											
Accounts payable	\$ 659	\$ 291	\$ 20	\$ 1,423	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	22	4	8	24	-	-	-	-	-	-	73
Due to other governmental units	953	-	-	-	-	-	-	-	-	-	-
Unearned revenue - other	6	314	-	3	-	-	-	-	-	-	-
Total liabilities	<u>1,640</u>	<u>609</u>	<u>28</u>	<u>1,450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73</u>
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenue - other	3,272	-	37	-	-	-	-	-	-	-	-
Unavailable revenue - property taxes	-	3,346	-	28,967	-	-	-	-	-	-	-
Total deferred inflows - property taxes	<u>3,272</u>	<u>3,346</u>	<u>37</u>	<u>28,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES											
Nonspendable: inventories and prepaids	381	-	2	-	-	-	-	-	-	-	-
Restricted	14,487	-	289	-	1	64	1	1	165	9	767
Committed	-	3,217	-	7,922	-	-	-	-	-	-	-
Total fund balances	<u>14,868</u>	<u>3,217</u>	<u>291</u>	<u>7,922</u>	<u>1</u>	<u>64</u>	<u>1</u>	<u>1</u>	<u>165</u>	<u>9</u>	<u>767</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 19,780</u>	<u>\$ 7,172</u>	<u>\$ 356</u>	<u>\$ 38,339</u>	<u>\$ 1</u>	<u>\$ 64</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 165</u>	<u>\$ 9</u>	<u>\$ 840</u>

DALLAS COUNTY, TEXAS

Combining Balance Sheet
Non-major Governmental Funds
September 30, 2015
(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	\$ 2,767	\$ 269	\$ 2,660	\$ 3,178	\$ 1,552	\$ 1,028	\$ 9,714	\$ 6,903	\$ 15,740	\$ 73,863
Receivables:										
Taxes - current	-	-	-	-	-	-	-	-	-	33,913
Less allowance for uncollectible	-	-	-	-	-	-	-	-	-	(1,663)
Net taxes receivable	-	-	-	-	-	-	-	-	-	32,250
Accounts	4,154	1,563	-	-	10,363	1,221	13,509	160	13,185	315,654
Less allowance	(4,120)	(1,552)	-	-	(10,107)	(1,173)	(9,237)	(160)	(12,621)	(306,477)
Accounts receivable	34	11	-	-	256	48	4,272	-	564	9,177
Accrued interest	5	-	-	5	-	-	-	-	-	61
Due from other funds	-	-	29	-	-	-	-	-	-	29
Due from other governmental units	-	-	173	170	-	-	-	-	-	343
Inventories	-	-	-	-	-	-	-	39	-	411
Prepayments and advances	-	-	-	-	-	-	-	-	-	11
Total assets	<u>\$ 2,806</u>	<u>\$ 280</u>	<u>\$ 2,862</u>	<u>\$ 3,353</u>	<u>\$ 1,808</u>	<u>\$ 1,076</u>	<u>\$ 13,986</u>	<u>\$ 6,942</u>	<u>\$ 16,304</u>	<u>\$ 116,145</u>
LIABILITIES										
Accounts payable	\$ 6	\$ 12	\$ 273	\$ 215	\$ 30	\$ -	\$ 388	\$ 179	\$ 167	\$ 3,663
Due to other funds	1	-	7	19	-	-	3	4	-	165
Due to other governmental units	-	-	-	-	-	-	-	-	-	953
Unearned revenue - other	1	-	-	1	-	-	-	-	-	325
Total liabilities	<u>8</u>	<u>12</u>	<u>280</u>	<u>235</u>	<u>30</u>	<u>-</u>	<u>391</u>	<u>183</u>	<u>167</u>	<u>5,106</u>
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue - other	33	11	-	-	246	48	4,179	-	208	8,034
Unavailable revenue - property taxes	-	-	-	-	-	-	-	-	-	32,313
Total deferred inflows - property taxes	<u>33</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>246</u>	<u>48</u>	<u>4,179</u>	<u>-</u>	<u>208</u>	<u>40,347</u>
FUND BALANCES										
Nonspendable - inventories and prepaids	-	-	-	-	-	-	-	39	-	422
Restricted	2,765	257	2,582	3,118	1,532	1,028	9,416	6,720	15,929	59,131
Committed	-	-	-	-	-	-	-	-	-	11,139
Total fund balances	<u>2,765</u>	<u>257</u>	<u>2,582</u>	<u>3,118</u>	<u>1,532</u>	<u>1,028</u>	<u>9,416</u>	<u>6,759</u>	<u>15,929</u>	<u>70,692</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,806</u>	<u>\$ 280</u>	<u>\$ 2,862</u>	<u>\$ 3,353</u>	<u>\$ 1,808</u>	<u>\$ 1,076</u>	<u>\$ 13,986</u>	<u>\$ 6,942</u>	<u>\$ 16,304</u>	<u>\$ 116,145</u>

DALLAS COUNTY, TEXAS

Combining Balance Sheet
 Non-major Governmental Funds
 September 30, 2015
 (in thousands of dollars)

Capital Projects

	Permanent Improvement	Roads	Total	Total Non-major Governmental Funds
ASSETS				
Cash and investments	\$ 13,918	\$ 8,535	\$ 22,453	\$ 96,316
Receivables				
Taxes - current	-	-	-	33,913
Less allowance for uncollectible	-	-	-	(1,663)
Net taxes receivable	-	-	-	32,250
Accounts	-	-	-	315,654
Less allowance	-	-	-	(306,477)
Accounts receivable	-	-	-	9,177
Accrued interest	-	-	-	61
Due from other funds	-	-	-	29
Due from other governmental units	-	300	300	643
Inventories	-	-	-	411
Prepayments and advances	-	-	-	11
Total assets	<u>\$ 13,918</u>	<u>\$ 8,835</u>	<u>\$ 22,753</u>	<u>\$ 138,898</u>
LIABILITIES				
Accounts payable	\$ 167	\$ -	\$ 167	\$ 3,830
Due to other funds	-	-	-	165
Due to other governmental units	-	139	139	1,092
Unearned revenue - other	-	-	-	325
Total liabilities	<u>167</u>	<u>139</u>	<u>306</u>	<u>5,412</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - other	-	161	161	8,195
Unavailable revenue - property taxes	-	-	-	32,313
Total deferred inflows - property taxes	<u>-</u>	<u>161</u>	<u>161</u>	<u>40,508</u>
FUND BALANCES				
Nonspendable: inventories and prepaids	-	-	-	422
Restricted	13,751	8,535	22,286	81,417
Committed	-	-	-	11,139
Total fund balances	<u>13,751</u>	<u>8,535</u>	<u>22,286</u>	<u>92,978</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 13,918</u>	<u>\$ 8,835</u>	<u>\$ 22,753</u>	<u>\$ 138,898</u>

DALLAS COUNTY, TEXAS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended September 30, 2015
(in thousands of dollars)

Special Revenue

	Road and Bridge	Permanent Improvement	Law Library	Major Technology	District Attorney		District Attorney Forfeitures			Historical Commission	Historical Exhibit
					HIDTA Federal	Special	Federal	State	Other		
REVENUES											
Property taxes	\$ -	\$ 3,020	\$ -	\$ 22,798	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highway license fees	21,747	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	4,870	-	-	-	-	-	-	-	-	-	-
Investment income	145	32	-	90	-	-	-	-	-	-	-
Intergovernmental revenues	41	-	-	-	-	-	-	-	-	-	-
Charges for current services	1,781	-	977	-	-	-	-	-	-	-	3,841
Miscellaneous	43	7	-	294	-	118	2	270	-	-	-
Total revenues	28,627	3,059	977	23,182	-	118	2	270	-	-	3,841
EXPENDITURES											
Current:											
General government	-	3,498	-	22,631	-	-	-	-	-	1	3,823
Judicial	-	-	754	-	-	96	1	441	7	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-
Highways and streets	10,060	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-	-
Public welfare	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	10,060	3,498	754	22,631	-	96	1	441	7	1	3,823
Excess (deficiency) of revenues over (under) expenditures	18,567	(439)	223	551	-	22	1	(171)	(7)	(1)	18
OTHER FINANCING SOURCES (USES)											
Transfers in	-	-	-	234	-	-	-	-	-	-	-
Transfers (out)	(24,363)	-	(175)	(1,944)	(303)	-	(40)	(253)	-	-	(168)
Total other financing sources (uses)	(24,363)	-	(175)	(1,710)	(303)	-	(40)	(253)	-	-	(168)
Net change in fund balance	(5,796)	(439)	48	(1,159)	(303)	22	(39)	(424)	(7)	(1)	(150)
Fund balance - beginning	20,664	3,656	243	9,081	304	42	40	425	172	10	917
Fund balance - ending	\$ 14,868	\$ 3,217	\$ 291	\$ 7,922	\$ 1	\$ 64	\$ 1	\$ 1	\$ 165	\$ 9	\$ 767

(Continued)

DALLAS COUNTY, TEXAS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended September 30, 2015
(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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,818
Highway license fees	-	-	-	-	-	-	-	-	-	21,747
Fines and forfeitures	-	-	-	-	-	-	-	-	-	4,870
Investment income	20	-	-	27	-	-	-	-	-	314
Intergovernmental revenues	-	-	32,390	6,546	-	-	-	-	-	38,977
Charges for current services	741	342	-	-	675	222	11,356	4,790	8,743	33,468
Miscellaneous	-	-	-	-	-	-	-	-	-	734
Total revenues	761	342	32,390	6,573	675	222	11,356	4,790	8,743	125,928
EXPENDITURES										
Current										
General government	-	-	-	-	-	-	-	257	-	30,210
Judicial	181	164	-	-	327	47	737	122	2,171	5,048
Public safety	-	-	-	-	-	-	260	3,623	-	3,883
Highways and streets	-	-	-	-	-	-	-	-	-	10,060
Education	-	-	-	6,398	-	-	-	-	-	6,398
Public welfare	-	-	33,096	-	-	-	3,318	-	-	36,414
Capital outlay	-	-	-	-	-	-	-	-	-	-
Total expenditures	181	164	33,096	6,398	327	47	4,315	4,002	2,171	92,013
Excess (deficiency) of revenues over (under) expenditures	580	178	(706)	175	348	175	7,041	788	6,572	33,915
OTHER FINANCING SOURCES										
Transfers in	-	-	-	-	175	-	-	596	-	1,005
Transfers (out)	(272)	-	-	(151)	(336)	-	(1,543)	(37)	(2,018)	(31,603)
Total other financing sources (uses)	(272)	-	-	(151)	(161)	-	(1,543)	559	(2,018)	(30,598)
Net change in fund balance	308	178	(706)	24	187	175	5,498	1,347	4,554	3,317
Fund balance - beginning	2,457	79	3,288	3,094	1,345	853	3,918	5,412	11,375	67,375
Fund balance - ending	\$ 2,765	\$ 257	\$ 2,582	\$ 3,118	\$ 1,532	\$ 1,028	\$ 9,416	\$ 6,759	\$ 15,929	\$ 70,692

(Continued)

DALLAS COUNTY, TEXAS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended September 30, 2015
(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	\$ -	\$ -	\$ -	\$ 25,818
Highway license fees	-	-	-	21,747
Fines and forfeitures	-	-	-	4,870
Investment income	-	-	-	314
Intergovernmental revenues	-	-	-	38,977
Charges for current services	-	-	-	33,468
Miscellaneous	-	-	-	734
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,928</u>
EXPENDITURES				
Current:				
General government	-	-	-	30,210
Judicial	-	-	-	5,048
Public safety	-	-	-	3,883
Highways and streets	-	-	-	10,060
Education	-	-	-	6,398
Public welfare	-	-	-	36,414
Capital outlay	5,811	5	5,816	5,816
Total expenditures	<u>5,811</u>	<u>5</u>	<u>5,816</u>	<u>97,829</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,811)</u>	<u>(5)</u>	<u>(5,816)</u>	<u>28,099</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	-	1,005
Transfers (out)	-	-	-	(31,603)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,598)</u>
Net change in fund balance	(5,811)	(5)	(5,816)	(2,499)
Fund balance - beginning	19,562	8,540	28,102	95,477
Fund balance - ending	<u>\$ 13,751</u>	<u>\$ 8,535</u>	<u>\$ 22,286</u>	<u>\$ 92,978</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, 2015
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 29,551	\$ 29,551	\$ 29,353	\$ (198)
Investment income	152	152	37	(115)
Charges for current services	1	1	1	-
Total revenues	<u>29,704</u>	<u>29,704</u>	<u>29,391</u>	<u>(313)</u>
EXPENDITURES:				
Debt service				
Principal	25,840	25,840	25,840	-
Interest and fiscal charges	4,769	5,942	4,937	1,005
Total debt service	<u>30,609</u>	<u>31,782</u>	<u>30,777</u>	<u>1,005</u>
Reserves	2,221	1,048	-	1,048
Total expenditures	<u>32,830</u>	<u>32,830</u>	<u>30,777</u>	<u>2,053</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,126)</u>	<u>(3,126)</u>	<u>(1,386)</u>	<u>1,740</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance - advance refunding bonds	11,115	11,115	11,115	-
Premium on advance refunding bonds	958	958	958	-
Payment to advance refunded bond escrow agent	(11,900)	(11,900)	(11,900)	-
Total other financing sources (uses)	<u>173</u>	<u>173</u>	<u>173</u>	<u>-</u>
Net change in fund balance	(2,953)	(2,953)	(1,213)	1,740
Fund balance - beginning	3,899	3,899	3,899	-
Fund balance - ending	<u>\$ 946</u>	<u>\$ 946</u>	<u>\$ 2,686</u>	<u>\$ 1,740</u>

DALLAS COUNTY, TEXAS
Road and Bridge Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2015
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Highway license fees	\$ 21,234	\$ 21,234	\$ 21,747	\$ 513
Fines and forfeitures	6,325	6,325	4,870	(1,455)
Investment income	8	8	145	137
Intergovernmental revenues	35	35	41	6
Charges for current services	2,650	2,650	1,781	(869)
Miscellaneous	42	42	43	1
Total revenues	<u>30,294</u>	<u>30,294</u>	<u>28,627</u>	<u>(1,667)</u>
EXPENDITURES:				
Highways and streets:				
Salaries	5,831	4,940	4,940	-
Operating	2,179	4,265	3,476	789
Property	2,455	3,239	1,644	1,595
Total highways and streets	<u>10,465</u>	<u>12,444</u>	<u>10,060</u>	<u>2,384</u>
Reserves	14,560	12,581	-	12,581
Total expenditures	<u>25,025</u>	<u>25,025</u>	<u>10,060</u>	<u>14,965</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,269</u>	<u>5,269</u>	<u>18,567</u>	<u>13,298</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(25,933)</u>	<u>(25,933)</u>	<u>(24,363)</u>	<u>1,570</u>
Total other financing sources (uses)	<u>(25,933)</u>	<u>(25,933)</u>	<u>(24,363)</u>	<u>1,570</u>
Net change in fund balance	(20,664)	(20,664)	(5,796)	14,868
Fund balance - beginning	20,664	20,664	20,664	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,868</u>	<u>\$ 14,868</u>

DALLAS COUNTY, TEXAS
 Permanent Improvement Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2015
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 3,049	\$ 3,049	\$ 3,020	\$ (29)
Investment income	1	1	32	31
Miscellaneous	-	-	7	7
Total revenues	<u>3,050</u>	<u>3,050</u>	<u>3,059</u>	<u>9</u>
EXPENDITURES:				
General government:				
Property	2,707	5,704	3,498	2,206
Total general government	<u>2,707</u>	<u>5,704</u>	<u>3,498</u>	<u>2,206</u>
Reserves	3,999	1,002	-	1,002
Total expenditures	<u>6,706</u>	<u>6,706</u>	<u>3,498</u>	<u>3,208</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,656)</u>	<u>(3,656)</u>	<u>(439)</u>	<u>3,217</u>
Net change in fund balance	(3,656)	(3,656)	(439)	3,217
Fund balance - beginning	<u>3,656</u>	<u>3,656</u>	<u>3,656</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,217</u>	<u>\$ 3,217</u>

DALLAS COUNTY, TEXAS
 Law Library Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2015
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Charges for current services	\$ 908	\$ 908	\$ 977	\$ 69
Total revenues	<u>908</u>	<u>908</u>	<u>977</u>	<u>69</u>
EXPENDITURES:				
Judicial:				
Salaries	491	473	473	-
Operating	485	486	281	205
Total judicial	<u>976</u>	<u>959</u>	<u>754</u>	<u>205</u>
Reserves	-	17	-	17
Total expenditures	<u>976</u>	<u>976</u>	<u>754</u>	<u>222</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(68)</u>	<u>(68)</u>	<u>223</u>	<u>291</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	(243)	(243)	48	291
Fund balance - beginning	243	243	243	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 291</u>	<u>\$ 291</u>

DALLAS COUNTY, TEXAS
Major Technology Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2015
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 23,153	\$ 23,153	\$ 22,798	\$ (355)
Investment income	57	57	90	33
Miscellaneous	-	-	294	294
Total revenues	<u>23,210</u>	<u>23,210</u>	<u>23,182</u>	<u>(28)</u>
EXPENDITURES:				
General government:				
Salaries	10,166	10,273	10,243	30
Operating	14,448	12,074	8,905	3,169
Property	3,008	4,674	3,483	1,191
Reserves	(12)	589	-	589
Total expenditures	<u>27,610</u>	<u>27,610</u>	<u>22,631</u>	<u>4,979</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,400)</u>	<u>(4,400)</u>	<u>551</u>	<u>4,951</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	234	234
Transfers (out)	<u>(1,672)</u>	<u>(1,672)</u>	<u>(1,944)</u>	<u>(272)</u>
Total other financing sources (uses)	<u>(1,672)</u>	<u>(1,672)</u>	<u>(1,710)</u>	<u>(38)</u>
Net change in fund balance	(6,072)	(6,072)	(1,159)	4,913
Fund balance - beginning	<u>9,081</u>	<u>9,081</u>	<u>9,081</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,009</u>	<u>\$ 3,009</u>	<u>\$ 7,922</u>	<u>\$ 4,913</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, 2015
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
General government:				
Operating	\$ 2	\$ 2	\$ 1	\$ 1
Reserves	7	7	-	7
Total expenditures	<u>9</u>	<u>9</u>	<u>1</u>	<u>8</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9)</u>	<u>(9)</u>	<u>(1)</u>	<u>8</u>
Net change in fund balance	(9)	(9)	(1)	8
Fund balance - beginning	<u>10</u>	<u>10</u>	<u>10</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 1</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 9</u></u>	<u><u>\$ 8</u></u>

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:				
Charges for current services	\$ 3,500	\$ 3,500	\$ 3,841	\$ 341
Total revenues	<u>3,500</u>	<u>3,500</u>	<u>3,841</u>	<u>341</u>
EXPENDITURES:				
General government:				
Operating	3,803	3,803	3,823	(20)
Total expenditures	<u>3,803</u>	<u>3,803</u>	<u>3,823</u>	<u>(20)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(303)</u>	<u>(303)</u>	<u>18</u>	<u>321</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(116)</u>	<u>(116)</u>	<u>(168)</u>	<u>(52)</u>
Total other financing sources (uses)	<u>(116)</u>	<u>(116)</u>	<u>(168)</u>	<u>(52)</u>
Net change in fund balance	(419)	(419)	(150)	269
Fund balance - beginning	917	917	917	-
Fund balance - ending	<u>\$ 498</u>	<u>\$ 498</u>	<u>\$ 767</u>	<u>\$ 269</u>

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, 2015
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 1	\$ 1	\$ 20	\$ 19
Charges for current services	680	680	741	61
Total revenues	<u>681</u>	<u>681</u>	<u>761</u>	<u>80</u>
EXPENDITURES:				
Judicial:				
Salaries	187	171	171	-
Operating	2,453	2,453	10	2,443
Reserves	-	16	-	16
Total expenditures	<u>2,640</u>	<u>2,640</u>	<u>181</u>	<u>2,459</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,959)</u>	<u>(1,959)</u>	<u>580</u>	<u>2,539</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(379)</u>	<u>(379)</u>	<u>(272)</u>	<u>107</u>
Total other financing sources (uses)	<u>(379)</u>	<u>(379)</u>	<u>(272)</u>	<u>107</u>
Net change in fund balances	(2,338)	(2,338)	308	2,646
Fund balances - beginning	<u>2,457</u>	<u>2,457</u>	<u>2,457</u>	<u>-</u>
Fund balances - ending	<u>\$ 119</u>	<u>\$ 119</u>	<u>\$ 2,765</u>	<u>\$ 2,646</u>

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, 2015
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Charges for current services	\$ 298	\$ 298	\$ 342	\$ 44
Total revenues	<u>298</u>	<u>298</u>	<u>342</u>	<u>44</u>
EXPENDITURES:				
Judicial:				
Operating	<u>251</u>	<u>251</u>	<u>164</u>	<u>87</u>
Total judicial	<u>251</u>	<u>251</u>	<u>164</u>	<u>87</u>
Total expenditures	<u>251</u>	<u>251</u>	<u>164</u>	<u>87</u>
Excess (deficiency) of revenues over (under) expenditures	<u>47</u>	<u>47</u>	<u>178</u>	<u>131</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(126)</u>	<u>(126)</u>	<u>-</u>	<u>126</u>
Total other financing sources (uses)	<u>(126)</u>	<u>(126)</u>	<u>-</u>	<u>126</u>
Net change in fund balance	(79)	(79)	178	257
Fund balance - beginning	<u>79</u>	<u>79</u>	<u>79</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 257</u>	<u>\$ 257</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, 2015
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 34,179	\$ 34,179	\$ 32,390	\$ (1,789)
Total revenues	<u>34,179</u>	<u>34,179</u>	<u>32,390</u>	<u>(1,789)</u>
EXPENDITURES:				
Public welfare	40,734	34,462	33,096	1,366
Total expenditures	<u>40,734</u>	<u>34,462</u>	<u>33,096</u>	<u>1,366</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,555)</u>	<u>(283)</u>	<u>(706)</u>	<u>(423)</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(105)</u>	<u>(110)</u>	<u>-</u>	<u>110</u>
Total other financing sources (uses)	<u>(105)</u>	<u>(110)</u>	<u>-</u>	<u>110</u>
Net change in fund balance	(6,660)	(393)	(706)	(313)
Fund balance - beginning	<u>3,288</u>	<u>3,288</u>	<u>3,288</u>	<u>-</u>
Fund balance - ending	<u>\$ (3,372)</u>	<u>\$ 2,895</u>	<u>\$ 2,582</u>	<u>\$ (313)</u>

DALLAS COUNTY, TEXAS
 Academy for Academic Excellence Grants Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2015
 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 1	\$ 1	\$ 27	\$ 26
Intergovernmental revenues	6,821	6,821	6,546	(275)
Total revenues	<u>6,822</u>	<u>6,822</u>	<u>6,573</u>	<u>(249)</u>
EXPENDITURES:				
Education	7,571	6,900	6,398	502
Total expenditures	<u>7,571</u>	<u>6,900</u>	<u>6,398</u>	<u>502</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(749)</u>	<u>(78)</u>	<u>175</u>	<u>253</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	145	-	-	-
Transfers (out)	-	(152)	(151)	1
Total other financing sources (uses)	<u>145</u>	<u>(152)</u>	<u>(151)</u>	<u>1</u>
Net change in fund balance	(604)	(230)	24	254
Fund balance - beginning	3,094	3,094	3,094	-
Fund balance - ending	<u>\$ 2,490</u>	<u>\$ 2,864</u>	<u>\$ 3,118</u>	<u>\$ 254</u>



FIDUCIARY SECTION

DALLAS COUNTY, TEXAS
FIDUCIARY FUNDS – ALL AGENCY FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DALLAS COUNTY, TEXAS
Combining Statement of Fiduciary Assets and Liabilities- Agency Funds
September 30, 2015
(in thousands of dollars)

	<u>Fee Office Funds</u>									Housing Finance Corporation - 1993 Refunding
	Administrative Fund Escrow	Sheriff Inmate Funds	State Reports	County Clerk	District Clerk	Sheriff	Community Supervision and Corrections	Justices of the Peace	Constables	
Assets:										
Cash and investments	\$ 16,644	\$ 366	\$ 3,258	\$ 32,630	\$ 26,287	\$ 875	\$ 9,207	\$ 2,164	\$ 73	\$ 60
Accrued interest and other receivables	7	-	-	-	-	-	1	-	-	-
Assets held in escrow	10,140	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 26,791</u>	<u>\$ 366</u>	<u>\$ 3,258</u>	<u>\$ 32,630</u>	<u>\$ 26,287</u>	<u>\$ 875</u>	<u>\$ 9,208</u>	<u>\$ 2,164</u>	<u>\$ 73</u>	<u>\$ 60</u>
Liabilities:										
Due to other governmental units and others	\$ 26,791	\$ 366	\$ 3,258	\$ 32,630	\$ 26,287	\$ 875	\$ 9,208	\$ 2,164	\$ 73	\$ 60
Total liabilities	<u>\$ 26,791</u>	<u>\$ 366</u>	<u>\$ 3,258</u>	<u>\$ 32,630</u>	<u>\$ 26,287</u>	<u>\$ 875</u>	<u>\$ 9,208</u>	<u>\$ 2,164</u>	<u>\$ 73</u>	<u>\$ 60</u>

DALLAS COUNTY, TEXAS
Combining Statement of Fiduciary Assets and Liabilities- Agency Funds
September 30, 2015
(in thousands of dollars)

	Departmental Special Funds					District Attorney Seized Funds				Total
	Juvenile Department Child Support	Housing Finance Corporation - 1994 Refunding	Community Supervision and Corrections Special	Youth Village	Tax Assessor - Collector	Police Agencies	Attorney General	Gambling	Narcotics	
Assets:										
Cash and investments	\$ 1,019	\$ 965	\$ 2,209	\$ 1	\$ 50,393	\$ 37	\$ 27	\$ 58	\$ 78	\$ 146,351
Accrued interest and other receivables	-	-	-	-	-	-	-	-	-	8
Assets held in escrow	-	-	-	-	-	-	-	-	-	10,140
Total assets	<u>\$ 1,019</u>	<u>\$ 965</u>	<u>\$ 2,209</u>	<u>\$ 1</u>	<u>\$ 50,393</u>	<u>\$ 37</u>	<u>\$ 27</u>	<u>\$ 58</u>	<u>\$ 78</u>	<u>\$ 156,499</u>
Liabilities:										
Due to other governmental units and others	\$ 1,019	\$ 965	\$ 2,209	\$ 1	\$ 50,393	\$ 37	\$ 27	\$ 58	\$ 78	\$ 156,499
Total liabilities	<u>\$ 1,019</u>	<u>\$ 965</u>	<u>\$ 2,209</u>	<u>\$ 1</u>	<u>\$ 50,393</u>	<u>\$ 37</u>	<u>\$ 27</u>	<u>\$ 58</u>	<u>\$ 78</u>	<u>\$ 156,499</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2015
(in thousands of dollars)

	Balance October 1, 2014	Additions	Deductions	Balance September 30, 2015
<hr/> Administrative Fund - Escrow <hr/>				
Assets:				
Cash and investments	\$ 8,560	\$ 24,838	\$ (16,754)	\$ 16,644
Accrued interest and other receivable	56	7	(56)	7
Assets held in escrow	9,893	878	(631)	\$ 10,140
 Total assets	 \$ 18,509	 \$ 25,723	 \$ (17,441)	 \$ 26,791
Liabilities:				
Due to other governmental units and others - administrative	\$ 18,509	\$ 25,723	\$ (17,441)	\$ 26,791
 Total liabilities	 \$ 18,509	 \$ 25,723	 \$ (17,441)	 \$ 26,791
 <hr/> Sheriff Inmate Funds <hr/>				
Assets:				
Cash and investments	\$ 340	\$ 26	\$ -	\$ 366
 Total assets	 \$ 340	 \$ 26	 \$ -	 \$ 366
Liabilities:				
Due to other governmental units and others	\$ 340	\$ 26	\$ -	\$ 366
 Total liabilities	 \$ 340	 \$ 26	 \$ -	 \$ 366

(Continued)

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2015
(in thousands of dollars)

	Balance October 1, 2014	Additions	Deductions	Balance September 30, 2015
<hr/> Fee Office Fund - State Reports <hr/>				
Assets:				
Cash and investments	\$ 3,445	\$ 30,833	\$ (31,020)	\$ 3,258
Total assets	\$ 3,445	\$ 30,833	\$ (31,020)	\$ 3,258
Liabilities:				
Due to other governmental units and others - fee office	\$ 3,445	\$ 26,383	\$ (26,570)	\$ 3,258
Total liabilities	\$ 3,445	\$ 26,383	\$ (26,570)	\$ 3,258
 <hr/> Fee Office Fund - County Clerk <hr/>				
Assets:				
Cash and investments	\$ 80,958	\$ 301,641	\$ (349,969)	\$ 32,630
Total assets	\$ 80,958	\$ 301,641	\$ (349,969)	\$ 32,630
Liabilities:				
Due to other governmental units and others - fee office	\$ 80,958	\$ 304,934	\$ (353,262)	\$ 32,630
Total liabilities	\$ 80,958	\$ 304,934	\$ (353,262)	\$ 32,630

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2015
(in thousands of dollars)

	<u>Balance October 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2015</u>
<hr/> Fee Office Fund - District Clerk <hr/>				
Assets:				
Cash and investments	\$ 18,996	\$ 99,195	\$ (91,904)	\$ 26,287
Total assets	<u>\$ 18,996</u>	<u>\$ 99,195</u>	<u>\$ (91,904)</u>	<u>\$ 26,287</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 18,996	\$ 88,784	\$ (81,493)	\$ 26,287
Total liabilities	<u>\$ 18,996</u>	<u>\$ 88,784</u>	<u>\$ (81,493)</u>	<u>\$ 26,287</u>
 <hr/> Fee Office Fund - Sheriff <hr/>				
Assets:				
Cash and investments	\$ 874	\$ 35,046	\$ (35,045)	\$ 875
Total assets	<u>\$ 874</u>	<u>\$ 35,046</u>	<u>\$ (35,045)</u>	<u>\$ 875</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 874	\$ 23,695	\$ (23,694)	\$ 875
Total liabilities	<u>\$ 874</u>	<u>\$ 23,695</u>	<u>\$ (23,694)</u>	<u>\$ 875</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2015
(in thousands of dollars)

	Balance October 1, 2014	Additions	Deductions	Balance September 30, 2015
Fee Office Fund - Community Supervision and Corrections				
Assets:				
Cash and investments	\$ 8,911	\$ 144,555	\$ (144,259)	\$ 9,207
Accrued interest and other receivable	184	1,721	(1,904)	1
Total assets	<u>\$ 9,095</u>	<u>\$ 146,276</u>	<u>\$ (146,163)</u>	<u>\$ 9,208</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 9,095	\$ 43,505	\$ (43,392)	\$ 9,208
Total liabilities	<u>\$ 9,095</u>	<u>\$ 43,505</u>	<u>\$ (43,392)</u>	<u>\$ 9,208</u>
Fee Office Fund - Justices of the Peace				
Assets:				
Cash and investments	\$ 2,461	\$ 930	\$ (1,227)	\$ 2,164
Total assets	<u>\$ 2,461</u>	<u>\$ 930</u>	<u>\$ (1,227)</u>	<u>\$ 2,164</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 2,461	\$ 1,072	\$ (1,369)	\$ 2,164
Total liabilities	<u>\$ 2,461</u>	<u>\$ 1,072</u>	<u>\$ (1,369)</u>	<u>\$ 2,164</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2015
(in thousands of dollars)

	<u>Balance October 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2015</u>
<hr/> Fee Office Fund - Constables <hr/>				
Assets:				
Cash and investments	\$ 131	\$ 1,763	\$ (1,821)	\$ 73
Total assets	<u>\$ 131</u>	<u>\$ 1,763</u>	<u>\$ (1,821)</u>	<u>\$ 73</u>
Liabilities:				
Due to other governmental units and others - fee office	\$ 131	\$ 1,244	\$ (1,302)	\$ 73
Total liabilities	<u>\$ 131</u>	<u>\$ 1,244</u>	<u>\$ (1,302)</u>	<u>\$ 73</u>
 <hr/> Departmental Special Fund - Housing Finance Corporation - 1993 Refunding <hr/>				
Assets:				
Cash and investments	\$ 49	\$ 71	\$ (60)	\$ 60
Total assets	<u>\$ 49</u>	<u>\$ 71</u>	<u>\$ (60)</u>	<u>\$ 60</u>
Liabilities:				
Due to other governmental units and others - departmental special	\$ 49	\$ 11	\$ -	\$ 60
Total liabilities	<u>\$ 49</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 60</u>

(Continued)

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2015
(in thousands of dollars)

	Balance October 1, 2014	Additions	Deductions	Balance September 30, 2015
Departmental Special Fund - Juvenile Department Child Support				
Assets:				
Cash and investments	\$ 1,017	\$ 1,654	\$ (1,652)	\$ 1,019
Total assets	\$ 1,017	\$ 1,654	\$ (1,652)	\$ 1,019
Liabilities:				
Due to other governmental units and others - departmental special	\$ 1,017	\$ 828	\$ (826)	\$ 1,019
Total liabilities	\$ 1,017	\$ 828	\$ (826)	\$ 1,019
Departmental Special Fund - Housing Finance Corporation - 1994 Refunding				
Assets:				
Cash and investments	\$ 1,203	\$ 1,444	\$ (1,682)	\$ 965
Total assets	\$ 1,203	\$ 1,444	\$ (1,682)	\$ 965
Liabilities:				
Due to other governmental units and others - departmental special	\$ 1,203	\$ 417	\$ (655)	\$ 965
Total liabilities	\$ 1,203	\$ 417	\$ (655)	\$ 965

(Continued)

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2015
(in thousands of dollars)

	<u>Balance October 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2015</u>
Departmental Special Fund - Community Supervision and Corrections Special				
Assets:				
Cash and investments	\$ 1,905	\$ 9,333	\$ (9,029)	\$ 2,209
Total assets	<u>\$ 1,905</u>	<u>\$ 9,333</u>	<u>\$ (9,029)</u>	<u>\$ 2,209</u>
Liabilities:				
Due to other governmental units and others - departmental special	\$ 1,905	\$ 6,420	\$ (6,116)	2,209
Total liabilities	<u>\$ 1,905</u>	<u>\$ 6,420</u>	<u>\$ (6,116)</u>	<u>\$ 2,209</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, 2015
(in thousands of dollars)

	<u>Balance October 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2015</u>
Departmental Special Fund - Tax Assessor - Collector				
Assets:				
Cash and investments	\$ 44,672	\$ 50,783	\$ (45,062)	\$ 50,393
Total assets	<u>\$ 44,672</u>	<u>\$ 50,783</u>	<u>\$ (45,062)</u>	<u>\$ 50,393</u>
Liabilities:				
Due to other governmental units and others - departmental special	\$ 44,672	\$ 474,631	\$ (468,910)	\$ 50,393
Total liabilities	<u>\$ 44,672</u>	<u>\$ 474,631</u>	<u>\$ (468,910)</u>	<u>\$ 50,393</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>

(Continued)

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2015
(in thousands of dollars)

	<u>Balance October 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2015</u>
District Attorney Seized Funds - Attorney General				
<hr/>				
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				
<hr/>				
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, 2015
(in thousands of dollars)

	<u>Balance October 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2015</u>
District Attorney Seized Funds - Narcotics				
<hr/>				
Assets:				
Cash and investments	\$ 63	\$ 198	\$ (183)	\$ 78
Total assets	<u>\$ 63</u>	<u>\$ 198</u>	<u>\$ (183)</u>	<u>\$ 78</u>
Liabilities:				
Due to other governmental units and others	\$ 63	\$ 127	\$ (112)	\$ 78
Total liabilities	<u>\$ 63</u>	<u>\$ 127</u>	<u>\$ (112)</u>	<u>\$ 78</u>

DALLAS COUNTY, TEXAS
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2015
(in thousands of dollars)

	<u>Balance October 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2015</u>
Assets:				
Cash and investments	\$ 173,708	\$ 702,310	\$ (729,667)	\$ 146,351
Accrued interest and other receivable	240	1,728	(1,960)	8
Assets held in escrow	<u>9,893</u>	<u>878</u>	<u>(631)</u>	<u>10,140</u>
 Total assets	 <u>\$ 183,841</u>	 <u>\$ 704,916</u>	 <u>\$ (732,258)</u>	 <u>\$ 156,499</u>
 Liabilities:				
Due to other governmental units and others	<u>\$ 183,841</u>	<u>\$ 997,800</u>	<u>\$ (1,025,142)</u>	<u>\$ 156,499</u>
 Total liabilities	 <u>\$ 183,841</u>	 <u>\$ 997,800</u>	 <u>\$ (1,025,142)</u>	 <u>\$ 156,499</u>

(Concluded)

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	145
These schedules contain trend information to aid in understanding how the County's financial performance and well-being have changed over time.	
Revenue Capacity	150
These schedules contain information to aid in assessing the County's most significant local revenue source - property tax.	
Debt Capacity	155
These schedules present information to aid in assessing the County's ability to issue additional debt in the future.	
Demographic and Economic Information	160
These schedules offer demographic and economic indicators to aid in understanding the environment within which the County's financial activities take place.	
Operating Information	162
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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 343,757	\$ 371,524	\$ 429,277	\$ 455,302	\$ 453,807	\$ 455,452	\$ 454,302	\$ 496,797	\$ 511,162	\$ 536,199
Restricted	21,548	59,017	-40,360	63,686	61,654	66,840	78,434	81,686	76,172	78,822
Unrestricted	91,806	46,414	18,529	28,797	26,672	41,628	30,807	(32,000)	(50,551)	(93,878)
Total governmental activities net position	<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>	<u>\$ 521,143</u>

Source: Dallas County Financial Records

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

Table 2

Expenses	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
General government	\$ 77,465	\$ 99,805	\$ 126,656	\$ 120,224	\$ 142,707	\$ 137,867	\$ 149,009	\$ 156,248	\$ 152,854	\$ 144,978
Judicial	115,244	126,971	134,413	139,852	136,703	138,104	133,061	147,927	156,170	153,781
Public Safety	198,138	216,521	225,161	234,898	236,728	233,243	222,386	226,798	238,937	240,701
Highways and Streets	29,174	32,955	34,689	30,119	23,787	21,195	27,349	23,756	25,894	25,404
Health	45,948	41,590	46,735	48,598	31,033	53,264	50,924	48,216	49,190	54,826
Education	9,547	10,189	11,699	11,470	11,104	9,994	9,340	9,009	8,158	7,618
Public Welfare	65,908	66,913	72,374	82,019	85,635	97,261	76,449	70,960	68,769	73,541
Libraries	12	10	3	-	-	-	-	-	-	-
Interest on long term debt	9,288	10,599	9,784	6,929	6,475	5,189	4,681	3,683	3,400	2,459
Total primary government expenses	\$ 550,724	\$ 605,553	\$ 671,514	\$ 674,119	\$ 699,172	\$ 696,117	\$ 673,199	\$ 696,597	\$ 703,372	\$ 703,308
Program Revenues										
Governmental activities										
Charges for services:										
General government	\$ 50,809	\$ 47,125	\$ 55,659	\$ 50,104	\$ 46,405	\$ 47,054	\$ 44,792	\$ 50,236	\$ 50,306	\$ 53,290
Judicial	58,257	58,164	60,655	68,280	50,048	43,797	44,746	46,204	42,780	39,802
Public Safety	20,337	22,848	21,156	23,143	21,133	23,527	22,422	24,490	24,267	22,822
Highways and Streets (1)	41,849	42,244	44,405	46,002	36,968	27,340	26,511	25,193	26,494	26,619
Health	6,409	6,150	6,385	7,171	7,607	7,882	6,138	7,483	6,585	7,396
Public Welfare	2,530	1,134	1,423	1,323	1,399	1,499	1,237	1,269	1,122	1,079
Operating grants and contributions:										
General government	-	-	-	156	819	947	971	-	-	387
Judicial	3,330	1,636	2,475	28,398	15,259	16,198	13,309	11,825	13,595	14,162
Public Safety	5,977	5,419	5,373	8,066	10,935	10,835	8,875	11,204	11,841	12,594
Health	26,359	26,472	28,943	29,948	33,309	32,894	32,932	30,037	29,716	33,613
Education	9,444	7,879	12,155	10,742	8,971	12,042	10,165	9,199	7,938	7,718
Public Welfare	47,706	51,880	59,293	67,345	74,318	89,732	67,718	63,191	58,330	71,255
Capital grants and contributions:										
Judicial	-	26	-	-	50	257	-	-	-	-
Public Safety	-	480	621	-	389	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
Public Welfare	10,649	5,650	442	1,843	76	-	-	-	-	-
Total governmental activities program revenue	\$ 283,656	\$ 277,104	\$ 209,075	\$ 236,521	\$ 308,286	\$ 314,004	\$ 279,816	\$ 280,321	\$ 272,974	\$ 290,837
Total net (expense) revenue	\$ (267,068)	\$ (328,449)	\$ (472,439)	\$ (437,598)	\$ (390,886)	\$ (382,113)	\$ (393,383)	\$ (416,266)	\$ (430,398)	\$ (412,471)
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 284,946	\$ 309,560	\$ 356,396	\$ 372,201	\$ 364,868	\$ 371,618	\$ 366,998	\$ 370,052	\$ 384,097	\$ 407,431
Alcoholic beverage taxes (1)	11,129	11,858	12,119	11,742	11,732	19,953	21,300	25,961	32,943	37,708
Unrestricted grants and contributions	3,640	3,534	4,659	1,750	5,161	6,758	1,392	2,115	1,622	2,092
Investment earnings	19,832	23,341	10,276	11,524	3,521	4,258	3,259	1,078	2,036	2,973
Insurable gain, net of insurance proceeds	-	-	-	-	-	2,850	57	-	-	-
Gain on the sale of property	-	-	-	-	3,967	-	-	-	-	-
Total primary government	\$ 319,547	\$ 348,293	\$ 383,650	\$ 397,217	\$ 389,249	\$ 405,437	\$ 393,006	\$ 399,206	\$ 420,694	\$ 450,204
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:										
Total primary government	\$ 52,479	\$ 19,844	\$ 11,211	\$ 59,619	\$ (5,632)	\$ 21,787	\$ (377)	\$ (17,060)	\$ (9,700)	\$ 37,733

Note:

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

Source: Dallas County Financial Records

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

Table 3

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Property Taxes	\$ 284,946	\$ 309,560	\$ 356,596	\$ 372,201	\$ 364,868	\$ 371,618	\$ 366,998	\$ 370,052	\$ 384,097	\$ 407,431
Alcoholic beverage / other taxes	11,129	11,858	12,119	11,742	11,732	19,953	21,300	25,961	32,943	37,708
Total Taxes	<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>	<u>\$ 445,139</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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund (GASB 54)										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,562	\$ 3,366	\$ 3,794	\$ 3,120	\$ 3,160
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	7,871	7,778	6,786	6,537	6,237
Unassigned	-	-	-	-	-	56,700	78,044	80,371	75,533	73,023
General Fund (before GASB 54)										
Reserved	12,050	7,822	8,073	8,734	9,886	-	-	-	-	-
Unreserved	44,346	32,139	26,737	35,762	41,353	-	-	-	-	-
Total General Fund	\$ 56,396	\$ 39,961	\$ 34,810	\$ 44,496	\$ 51,239	\$ 68,133	\$ 89,188	\$ 90,951	\$ 85,190	\$ 82,420
All Other Governmental Funds (GASB 54)										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 282	\$ 208	\$ 283	\$ 219	\$ 425
Restricted	-	-	-	-	-	108,201	108,777	129,988	91,947	90,010
Committed	-	-	-	-	-	166,590	173,340	175,582	186,661	215,245
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
All Other Governmental Funds (before GASB 54)										
Reserved	40,519	107,960	90,351	72,436	56,123	-	-	-	-	-
Unreserved reported in:										
Debt Service	13,420	7,631	3,381	2,785	3,128	-	-	-	-	-
Major Projects	65,709	6,091	6,249	29,567	77,906	-	-	-	-	-
Grants Funds	6,437	9,298	1,993	1,819	(3,786)	-	-	-	-	-
Special Revenue	21,091	19,916	29,840	46,103	44,354	-	-	-	-	-
Capital Projects	81,422	45,263	13,057	19,019	18,632	-	-	-	-	-
Total all other governmental funds	\$ 228,598	\$ 196,159	\$ 144,871	\$ 171,729	\$ 196,357	\$ 275,073	\$ 282,325	\$ 305,853	\$ 278,827	\$ 305,680

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Property taxes	\$ 286,792	\$ 308,443	\$ 356,136	\$ 372,285	\$ 364,620	\$ 372,074	\$ 367,478	\$ 371,263	\$ 383,772	\$ 407,712
Licenses and permits (7)	32,704	33,826	31,413	29,233	26,422	33,520	36,009	39,154	42,191	43,716
Fines and forfeitures	26,060	25,691	27,507	25,280	21,512	17,732	16,206	14,151	13,061	11,106
Investment income and rental revenues	22,851	26,654	14,558	15,173	6,790	7,017	6,221	4,269	5,947	7,788
Intergovernmental revenues	104,752	105,944	112,951	151,373	128,861	145,937	120,670	125,820	114,511	125,783
Charges for current services (3)	115,239	114,991	123,353	128,905	126,521	123,235	115,139	117,558	125,497	131,988
Miscellaneous revenues	16,277	11,579	17,852	10,635	14,603	17,035	11,275	11,241	10,350	13,352
Total revenues	604,675	625,128	683,770	732,904	689,329	716,550	672,098	683,456	695,329	741,445
Expenditures										
General government and judicial	194,847	221,496	234,758	238,079	232,214	233,904	223,855	242,869	249,064	255,361
Public safety	192,710	211,970	231,062	228,085	225,898	222,489	215,771	225,436	233,675	239,729
Highways and streets	22,040	22,728	26,107	23,116	22,122	20,152	26,790	23,244	24,646	25,963
Health	45,484	41,020	46,584	48,711	51,094	52,967	50,829	48,154	49,058	54,964
Public welfare	70,261	65,364	70,484	79,815	83,677	90,448	75,603	70,475	67,898	73,128
Libraries	-	-	-	-	-	-	-	-	-	-
Education	9,512	10,102	11,599	11,358	10,981	10,065	9,224	8,888	8,021	7,628
Capital outlay (1)	34,748	59,172	82,708	39,660	15,454	11,394	15,188	54,018	64,788	29,985
Debt service										
Principal	32,180	30,980	27,915	19,955	17,355	18,190	22,780	20,075	25,080	25,840
Interest	8,310	11,170	8,902	7,583	6,625	5,284	6,708	5,383	5,886	4,937
Total expenditures (a)	610,092	674,002	740,209	696,360	665,420	670,893	644,748	698,542	728,116	717,535
Excess of revenues over (under) expenditures	(5,417)	(48,874)	(56,439)	36,544	23,909	45,657	28,250	(15,086)	(32,787)	23,910
Other financing sources (uses)										
Transfers in	59,833	71,749	67,551	63,473	47,570	49,046	47,154	40,841	42,101	38,941
Transfers (out)	(59,833)	(71,749)	(67,551)	(63,473)	(47,570)	(49,046)	(47,154)	(40,841)	(42,101)	(38,941)
Debt issuance - advance refunding bonds	-	-	-	-	-	32,400	-	10,515	-	11,115
Debt issuance - limited tax notes	63,220	-	-	-	-	41,545	-	35,825	-	-
Premium on advance refunding bonds	-	-	-	-	-	2,132	-	1,609	-	958
Premium on limited tax notes	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	-	-	-	-	-	(34,270)	-	(12,055)	-	(11,900)
Sale of capital assets	-	-	-	-	4,462	-	-	-	-	-
Insurance proceeds	-	-	-	-	3,000	4,258	57	-	-	-
Total other financing sources (uses)	65,416	-	-	-	7,462	49,953	57	40,377	-	173
Net change in fund balance	\$ 59,999	\$ (48,874)	\$ (56,439)	\$ 36,544	\$ 31,371	\$ 95,610	\$ 28,307	\$ 25,291	\$ (32,787)	\$ 24,083
Sum of expenditures (a)	610,092	674,002	740,209	696,360	665,420	670,893	644,748	698,342	728,116	717,535
Less: Expenditures capitalized for government-wide statement of net position (2)	(45,354)	(66,128)	(84,369)	(39,508)	(12,711)	(14,007)	(18,988)	(55,629)	(62,464)	(33,716)
Non-capital expenditures	\$ 564,738	\$ 607,874	\$ 655,840	\$ 656,852	\$ 652,709	\$ 656,886	\$ 625,760	\$ 642,913	\$ 665,652	\$ 683,819
Debt service as a percentage of non-capital expenditures	7.2%	6.9%	5.6%	4.2%	3.7%	3.0%	4.7%	4.0%	4.7%	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 on page 62 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)		
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	31,732,599	31,732,599	208,210,345	209,073,232	0.24310	99.59%
2013	183,537,954	184,293,875	31,732,599	31,732,599	215,270,553	216,026,474	0.24310	99.65%
2014	196,639,097	197,090,173	32,644,515	32,644,515	229,283,612	229,734,688	0.24310	99.80%
2015	212,019,082	212,646,789	34,815,379	34,815,379	246,834,461	247,462,168	0.24310	99.75%

Source: Dallas County Tax Assessor-Collector.

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

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

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

Note (4) The assessment date is January 1.

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

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)								
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
2015	0.17415	0.01560	0.00180	0.03625	0.01530	0.24310	0.28600	0.52910
Tax levies (1) (in thousands of dollars)								
2006	226,423	18,466	2,638	37,004	28,944	313,475 (a)	372,243	685,718
2007	272,413	20,346	2,907	41,871	30,794	368,331 (b)	410,153	778,484
2008	287,381	21,464	3,066	51,041	25,617	388,569 (c)	433,936	822,505
2009	278,064	20,768	2,967	50,500	23,673	375,972 (d)	453,929	829,901
2010	287,607	19,727	2,818	48,270	22,183	380,605 (e)	429,605	810,210
2011	284,368	19,505	2,786	48,298	21,362	376,319 (f)	422,501	798,820
2012	286,951	21,361	2,827	46,961	23,716	381,816 (f)	428,355	810,171
2013	288,053	22,240	2,943	52,067	32,231	397,534 (g)	454,275	851,809
2014	306,407	23,657	3,131	59,229	30,441	422,865 (h)	502,058	924,923
2015	324,639	29,081	3,355	67,575	28,521	453,171 (i)	541,282	994,453

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

Note (2) Legal Limitation

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

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

- (a) \$ 1.7 million
- (b) \$ 2.9 million
- (c) \$ 3.8 million
- (d) \$ 3.2 million
- (e) \$ 2.7 million
- (f) \$2.9 million
- (g) \$3.1 million
- (h) \$4.6 million
- (i) \$5.5 million

Taxes due: October 1

Taxes delinquent: February 1 year following levy

Tax lien and assessment date: January 1 year of levy

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

Delinquent tax penalty and interest:

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

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

Table 8

Name	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Dallas County	\$ 0.21390	\$ 0.22810	\$ 0.22810	\$ 0.22810	\$ 0.24310	\$ 0.24310	\$ 0.24310	\$ 0.24310	\$ 0.24310	\$ 0.24310
Dallas County Schools	0.00503	0.00471	0.00493	0.00521	0.01000	0.01000	0.00994	0.01000	0.01000	0.01000
Dallas County Hospital Dist.	0.25400	0.25400	0.25400	0.27400	0.27100	0.27100	0.27100	0.27600	0.28600	0.28600
Dallas County Community College District	0.08100	0.08040	0.08040	0.09490	0.09923	0.09967	0.11938	0.12470	0.12478	0.12363
School Districts										
Carrollton-Farmers Branch	1.68300	1.36700	1.36230	1.34220	1.34090	1.35680	1.33060	1.32350	1.30330	1.28170
Cedar Hill	1.74330	1.40000	1.50000	1.40000	1.40000	1.44000	1.44000	1.52500	1.52500	1.52500
Coppell	1.59900	1.26900	1.27000	1.28340	1.42420	1.42420	1.41880	1.43240	1.44900	1.43900
Dallas	1.50264	1.19964	1.18340	1.27134	1.23781	1.29033	1.29033	1.28209	1.28209	1.28209
DeSoto	1.76000	1.49000	1.51000	1.49000	1.49000	1.44000	1.44000	1.49000	1.47000	1.46000
Duncanville	1.73600	1.41800	1.41800	1.41800	1.41800	1.41800	1.43000	1.41000	1.41000	1.52950
Ferris	1.57070	1.26970	1.27720	1.27720	1.31785	1.30630	1.31000	1.31000	1.32500	1.35500
Garland	1.54490	1.25330	1.25330	1.25330	1.25330	1.25330	1.25330	1.25330	1.25330	1.35330
Grand Prairie	1.62970	1.46500	1.46500	1.46500	1.46500	1.46500	1.46500	1.46500	1.46500	1.59500
Grapevine-Colleyville	1.57430	1.29000	1.29000	1.29000	1.29000	1.31000	1.32010	1.32010	1.32010	1.32010
Highland Park	1.35570	1.03670	1.09000	1.11000	1.11500	1.13420	1.13420	1.11810	1.11810	1.11190
Irving	1.64400	1.34850	1.39100	1.42500	1.46500	1.46500	1.46500	1.46500	1.43500	1.44500
Lancaster	1.72600	1.40770	1.41270	1.41270	1.41270	1.41800	1.41800	1.41800	1.37012	1.54000
Mesquite	1.66800	1.37670	1.40800	1.42000	1.42000	1.42000	1.42000	1.41000	1.41000	1.41000
Richardson	1.83005	1.34005	1.34005	1.34005	1.34005	1.34005	1.34005	1.34005	1.34005	1.34005
Sunnyvale	1.51905	1.38005	1.37900	1.36000	1.35100	1.41000	1.41000	1.41000	1.41000	1.41000
Wilmer / Hutchins*	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Special Districts										
Dallas County FCD #1	2.83554	2.83554	2.83554	2.83554	2.83554	2.90000	3.05000	2.75000	2.75000	2.65000
Dallas County URD	2.09670	1.62800	1.62600	1.76300	2.05000	2.12200	1.84000	1.79100	1.98300	1.59000
Denton County LID #1**	0.00000	0.15500	0.16300	0.16500	0.16350	0.16350	0.20700	0.18500	0.18500	0.18500
Denton County RUD #1***	0.00000	0.40000	0.38000	0.35000	0.17000	0.11000	0.01000	0.00000	0.00000	0.09000
Grand Prairie Metro URD	2.05000	2.14000	2.14000	2.18000	2.12000	2.06500	0.60000	0.60000	0.60000	0.60000
Irving FCD, Section I	0.22539	0.27139	0.24201	0.29143	0.35549	0.43000	0.46530	0.50000	0.50470	0.52000
Irving FCD, Section III	0.29038	0.27199	0.26335	0.27400	0.27400	0.13400	0.13900	0.14210	0.14410	0.12800
Lancaster MUD #1	0.90000	0.90000	0.90000	1.06000	1.06000	1.06000	1.06000	1.06000	1.06000	1.06000
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	0.34250	0.32250	0.31250	0.30750	0.30750	0.30750	0.30750	0.29000	0.27000	0.27000
Cities and Towns										
Addison	0.46400	0.43370	0.45350	0.49600	0.53000	0.58000	0.58000	0.57180	0.56180	0.57913
Balch Springs	0.57728	0.62098	0.62000	0.76000	0.76000	0.78000	0.80300	0.77000	0.80300	0.80300
Carrollton	0.63288	0.61788	0.61788	0.61788	0.61788	0.61788	0.61788	0.61788	0.61538	0.61288
Cedar Hill	0.64140	0.64140	0.64140	0.64140	0.67000	0.68588	0.69569	0.69876	0.69876	0.69876
Cockrell Hill	0.76853	0.78811	0.78811	0.78811	0.81109	0.81109	0.82315	0.81191	0.81166	1.17244
Combine**	0.00000	0.21000	0.21000	0.23000	0.23000	0.23000	0.25000	0.27000	0.29000	0.31000
Coppell	0.64146	0.64146	0.64146	0.64146	0.69046	0.69046	0.67046	0.63750	0.60649	0.58400
Dallas	0.72920	0.74790	0.74790	0.74790	0.79700	0.79700	0.79700	0.79700	0.79700	0.79700
DeSoto	0.69835	0.70973	0.69973	0.69973	0.73512	0.75740	0.75740	0.75740	0.75740	0.74990
Duncanville	0.69600	0.69600	0.69600	0.69600	0.73760	0.73760	0.73760	0.75845	0.75845	0.75845
Farmers Branch	0.49450	0.49450	0.49450	0.51950	0.52950	0.52950	0.52950	0.55310	0.60227	0.60227
Ferris**	0.00000	0.60000	0.65000	0.64890	0.68713	0.68713	0.68713	0.68713	0.68713	0.68713
Garland	0.67860	0.68860	0.69960	0.70460	0.70460	0.70460	0.70460	0.70460	0.70460	0.70460
Glenn Heights	0.69617	0.68404	0.69436	0.73932	0.79500	0.79500	0.79500	0.79500	0.79500	0.79340
Grand Prairie	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000	0.67000
Grapevine**	0.00000	0.36250	0.35000	0.35000	0.35000	0.34800	0.34570	0.34250	0.33244	0.32844
Highland Park	0.22500	0.22000	0.22000	0.22000	0.22000	0.22000	0.22000	0.22000	0.22000	0.22000
Hutchins	0.54100	0.53755	0.52810	0.56300	0.58100	0.60672	0.66091	0.66091	0.71091	0.68244
Irving	0.54790	0.54060	0.54060	0.54060	0.57610	0.59860	0.59860	0.59860	0.59410	0.59410
Lancaster	0.67170	0.73750	0.77750	0.77750	0.86750	0.86750	0.86750	0.86750	0.86750	0.86750
Lewisville**	0.00000	0.44050	0.44021	0.44021	0.44021	0.44021	0.44021	0.44021	0.43609	0.43609
Mesquite	0.62000	0.64000	0.64000	0.64000	0.64000	0.64000	0.64000	0.64000	0.64000	0.64000
Ovilla**	0.00000	0.66800	0.66800	0.66790	0.67460	0.66380	0.66750	0.67190	0.67190	0.70000
Richardson	0.57516	0.57516	0.57516	0.57516	0.63516	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	0.74717
Sachse	0.55341	0.55341	0.61000	0.70582	0.70582	0.77082	0.77082	0.77082	0.77082	0.75728
Scaggsville	0.63500	0.63500	0.63500	0.65000	0.66500	0.69085	0.69085	0.71379	0.71380	0.71380
Sunnyvale	0.37997	0.37997	0.37796	0.40796	0.40796	0.40796	0.40796	0.40796	0.40796	0.40796
University Park	0.29272	0.26836	0.26548	0.26548	0.27845	0.27845	0.27432	0.26979	0.25892	0.25892
Wilmer**	0.61000	0.61000	0.48566	0.43599	0.43599	0.40000	0.36682	0.38944	0.43660	0.47660
Wylie**	0.00000	0.73325	0.89890	0.89890	0.89890	0.89890	0.88890	0.88390	0.87890	0.86890

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, 2015
(in thousands of dollars)
(unaudited)

Table 9

Name of Taxpayer	Nature of Business	2015			2006		
		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	\$ 1,405,137	1	0.66 %	\$ —	—	— %
AT&T/American Telephone	Telephone Utility	966,731	2	0.46	—	—	—
Wal-Mart Real Estate/Stores	Retail	851,000	3	0.40	485,283	7	0.31
Crescent TC Investors LP	Real Estate	661,172	4	0.31	773,627	4	0.49
NorthPark Land Partners	Real Estate	643,717	5	0.30	—	—	—
Post Properties Inc	Real Estate	556,464	6	0.26	—	—	—
Southwest Airlines	Airline	552,392	7	0.26	512,039	6	0.32
Texas Instruments	Electronics	548,239	8	0.26	1,056,013	3	0.67
Verizon	Telephone Utility	483,791	9	0.23	527,007	5	0.33
PC Village Apts	Real Estate	475,467	10	0.22	—	—	—
Southwestern Bell/Cingular Telephone Company	Telephone Utility	—	—	—	1,702,249	1	1.07
Texas Utilities Electric Company	Electric Utility	—	—	—	1,381,599	2	0.87
Teachers Insurance	Insurance	—	—	—	368,709	8	0.23
Trammell Crow	Real Estate	—	—	—	367,490	9	0.23
Trizec Renaissance Inc	Real Estate	—	—	—	366,948	10	0.23
Total		<u>\$ 7,144,110</u>		<u>3.37 %</u>	<u>\$ 7,540,964</u>		<u>4.76 %</u>

Source: Dallas County Tax Assessor-Collector.

Notes (1) Estimated amounts based on 2015 and 2006 appraisal roll excluding property under protest.

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>
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	914,827 (c)	905,875	99.02	4,569	910,444	99.52
2015	994,453 (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 2015 tax roll are incomplete until the end of the fiscal year, September 30, 2016.
 - (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

Table 11

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

Year	Estimated Population (3)	Assessed Value	Bonded Debt (1)	Bonded Debt Percentage of Assessed Value	Bonded Debt Percentage of Personal Income (2)	Bonded Debt Per Capita
2006	2,383	187,303,067	217,293	0.11601	0.2136	91
2007	2,417	205,651,722	186,676	0.09077	0.1783	77
2008	2,452	219,838,984	158,885	0.07227	0.1457	65
2009	2,471	214,316,558	139,059	0.06488	0.1296	56
2010	2,368	205,515,564	124,211	0.06044	0.1151	52
2011	2,374	203,522,592	144,323	0.07091	0.1297	61
2012	2,386	207,515,885	121,605	0.05860	0.1071	51
2013	2,454	216,026,474	136,430	0.06315	0.1180	56
2014	2,480	229,734,688	111,350	0.04847	0.0953	45
2015	2,519	247,462,168	84,725	0.03424	0.0728	34

Source: Dallas County Financial Records.

Note: Assessed Value includes rolling stock, values under protest as claimed by property owners and adjusted market value.

(1) Bonded debt for the primary government includes all general obligation bonds. All years have been updated to net premiums from bonded debt amounts.

(2) See schedule of Demographic and Economic Statistics on page 152 (Table 15) for personal income data.

(3) US Census Bureau population Estimated (<http://quickfacts.census.gov>).

DALLAS COUNTY, TEXAS
Direct and Overlapping Bonded Debt
September 30, 2015
(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	9/30/2015	\$ 84,725	100.00%	\$ 84,725
Total direct		<u>\$ 84,725</u>		<u>\$ 84,725</u>
Overlapping Debt:				
Intermediate educational agency:				
Dallas County Schools	9/30/2015	\$ 60,215	100.00%	\$ 60,215
Independent school districts:				
Carrollton-Farmers Branch	9/30/2015	274,820	81.01%	222,632
Cedar Hill	9/30/2015	125,306	100.00%	125,306
Coppell	9/30/2015	212,351	100.00%	212,351
Dallas	9/30/2015	2,552,990	100.00%	2,552,990
Desoto	9/30/2015	124,889	100.00%	124,889
Duncanville	9/30/2015	225,991	100.00%	225,991
Ferris	9/30/2015	30,950	4.01%	1,241
Garland	9/30/2015	501,756	100.00%	501,756
Grand Prairie	9/30/2015	441,586	100.00%	441,586
Grapevine-Colleyville	9/30/2015	326,820	13.06%	42,683
Highland Park	9/30/2015	87,110	100.00%	87,110
Irving	9/30/2015	494,413	100.00%	494,413
Lancaster	9/30/2015	144,584	100.00%	144,584
Mesquite	9/30/2015	357,348	100.00%	357,348
Richardson	9/30/2015	414,620	100.00%	414,620
Sunnyvale	9/30/2015	61,933	100.00%	61,933
Total intermediate educational agency & independent school districts		<u>\$ 6,437,682</u>		<u>\$ 6,071,648</u>
Special districts:				
Dallas County FCD #1	9/30/2015	27,750	100.00%	27,750
Dallas County Community College	9/30/2015	321,510	100.00%	321,510
Dallas County Hospital District	9/30/2015	728,005	100.00%	728,005
Dallas County Utility & Reclamation Dist.	9/30/2015	248,760	100.00%	248,760
Denton County LID #1	9/30/2015	9,035	5.92%	535
Irving FCD, Section I	9/30/2015	6,560	100.00%	6,560
Irving FCD, Section III	9/30/2015	785	100.00%	785
Lancaster MUD #1	9/30/2015	2,895	100.00%	2,895
Northwest Dallas Co FCD	9/30/2015	8,424	100.00%	8,424
Valwood Improvement Authority	9/30/2015	16,852	100.00%	16,852
Water Control and Imp. District No. 6	9/30/2015	7,156	100.00%	7,156
Total special districts		<u>\$ 1,377,732</u>		<u>\$ 1,369,232</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

Table 12

Computation of Direct and Overlapping Bonded Debt
September 30, 2015
(in thousands of dollars)
(unaudited)

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	9/30/2015	\$ 108,085	100.00%	\$ 108,085
Balch Springs	9/30/2015	5,915	100.00%	5,915
Carrollton	9/30/2015	162,600	47.45%	77,154
Cedar Hill	9/30/2015	84,450	97.29%	82,161
Cockrell Hill	9/30/2015	5,470	100.00%	5,470
Coppell	9/30/2015	66,740	97.99%	65,399
Dallas	9/30/2015	1,700,336	94.84%	1,612,599
Desoto	9/30/2015	77,760	100.00%	77,760
Duncanville	9/30/2015	9,130	100.00%	9,130
Farmers Branch	9/30/2015	39,720	100.00%	39,720
Ferris	9/30/2015	2,750	7.58%	208
Garland	9/30/2015	509,455	99.80%	508,436
Glenn Heights	9/30/2015	4,675	69.16%	3,233
Grand Prairie	9/30/2015	216,410	49.58%	107,296
Grapevine	9/30/2015	144,159	2.64%	3,806
Hutchins	9/30/2015	6,783	100.00%	6,783
Irving	9/30/2015	372,625	100.00%	372,625
Lancaster	9/30/2015	85,850	100.00%	85,850
Lewisville	9/30/2015	85,590	0.78%	668
Mesquite	9/30/2015	129,350	99.56%	128,781
Ovilla	9/30/2015	5,810	8.22%	478
Richardson	9/30/2015	252,880	57.68%	145,861
Rowlett	9/30/2015	75,992	85.88%	65,262
Sachse	9/30/2015	37,750	60.48%	22,831
Seagoville	9/30/2015	8,395	98.23%	8,246
Sunnyvale	9/30/2015	9,295	100.00%	9,295
Wilmer	9/30/2015	253	100.00%	253
Wylie	9/30/2015	95,260	0.59%	562
Total cities and towns		\$ 4,303,488		\$ 3,553,868
Total Overlapping		\$ 12,118,902		\$ 10,994,748
Total Direct and Overlapping		\$ 12,203,627		\$ 11,079,473

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)

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

Table 13

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit (Article 3, Section 52 of the Texas Constitution)	\$ 39,585,249	\$ 43,795,676	\$ 46,909,632	\$ 45,638,690	\$ 44,015,299	\$ 43,454,874	\$ 44,114,339	\$ 45,878,850	\$ 49,152,098	\$ 52,996,003 (1)
Total net debt applicable to limit	75,736	65,628	55,831	46,415	37,565	-	-	-	-	-
Legal debt margin	\$ 39,509,513	\$ 43,730,048	\$ 39,509,513	\$ 45,592,275	\$ 43,977,734	\$ 45,592,275	\$ 44,114,339	\$ 45,878,850	\$ 49,152,098	\$ 52,996,003
Total net debt applicable to the limit as a percentage of debt limit	0.19%	0.15%	0.12%	0.10%	0.09%	0.10%	0.00%	0.00%	0.00%	0.00%
Debt Limit (Under Texas General Law)	\$ 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	\$ 12,339,970 (2)
Total net debt applicable to limit	128,137	113,417	99,673	89,859	81,145	141,966	117,884	133,610	107,451	82,039
Legal debt margin	\$ 9,088,534	\$ 10,061,897	\$ 9,088,534	\$ 10,573,489	\$ 10,156,167	\$ 10,573,489	\$ 10,213,746	\$ 10,628,790	\$ 11,355,194	\$ 12,257,931
Total net debt applicable to the limit as a percentage of debt limit	1.39%	1.11%	0.91%	0.84%	0.79%	1.40%	1.14%	1.24%	0.94%	0.66%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed valuation of real property*	\$ 211,984,013
Assessed valuation of all taxable property*	246,799,392
Bonds issued under Article 3, Section 52b of the Texas Constitution:	
Debt limit, one-fourth of real property assessed valuation	52,996,003 (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	\$ 52,996,003
Bonds issued under Texas General Laws:	
Debt limit, five percent of assessed valuation of all taxable property	12,339,970 (2)
Amount of debt applied to debt limit:	
Bonded debt	\$ (84,725)
Less debt service funds - appropriation for future debt payments	2,686
Total amount of debt applicable to debt limit	(82,039)
Legal debt margin, bonds issued under Texas General Laws	\$ 12,257,931

(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	\$ 212,019,082	\$ 246,834,461
Rolling Stock	(35,069)	(35,069)
Adjusted Assessed Values	<u>\$ 211,984,013</u>	<u>\$ 246,799,392</u>

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

Table 14

Tax and Parking Garage Revenue Bonds							
Debt Service							
Fiscal Year (1)	Total Resources	Less: Operating Expenses (1)	Net Available Revenue	Principal	Interest	Total	Coverage (2)
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
2015 (4)	-	-	-	-	-	-	-

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)
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	113,590	48,808	32.4	158,932	6.7
2013	2,453,843	115,607	48,596	32.6	159,713	6.6
2014	2,480,331	116,890	49,682	33.1	160,253	5.3
2015	2,518,638	116,449	50,690	32.9	160,253 (a)	4.1

Source:

- 1) The North Texas Commission was used for population estimate for all years except in 2010 and 2014 (ntc-dfw.org/ntpopopest.html). For years 2010, 2014, & 2015, 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) was used for amounts through Fiscal Year 2012. For fiscal years 2013 and on, LWDA Wages figures are used (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 2015 figure is not available; 2014 figure used.
- (b) For years 2006 & 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, 2015

(unaudited)

2015					2006			
Company (*)	Product	Employees	Rank	Percentage of Total County Employment	Company	Product	Employees	Percentage of Total County Employment
Wal-Mart	Retail	25,534	1	1.01 %	AMR Corporation (American Airlines)	Airline, Technology and Management Services	22,077	0.93 %
American Airlines Group	Airline	25,000	2	0.99	Wal-Mart Stores, Inc.	Retail	21,133	0.89
Dallas Independent School District	Public Independent School District	20,000	3	0.79	Dallas Public Schools	Public Independent School District	20,077	0.84
Texas Health resources	Non-profit Health Care	19,131	4	0.76	Texas Health Resource	Non-profit Health Care	16,289	0.68
Baylor Scott & White Health	Health Care Provider	22,000	5	0.87	Lockheed Martin Aeronautics Company	Military Aircraft Design and Production	15,900	0.67
Bank of America	Financial Services	14,465	6	0.57	Baylor Health Care System	Health Care Provider	15,200	0.64
Lockheed Martin Aeronautics Company	Military Aircraft Design and Production	13,700	7	0.54	Southwestern Bell Telephone	Telecommunications	13,729	0.58
City of Dallas	Municipality	13,000	8	0.52	City of Dallas	Municipality	13,203	0.55
Texas Instruments	Semiconductors	13,000	9	0.52	Verizon	Telecommunications	12,500	0.52
JPMorgan Chase	Financial Services	12,600	10	0.50	Texas Instruments, Incorporated	Electronics and Semi-conductors	10,600	0.44
UT - Southwestern Medical Center	Health Care Provider	12,499	11	0.50	Albertson's	Retail Grocery	10,100	0.42
HCA North Texas Division	Health Care Provider	11,612	12	0.47	Brinker International	Restaurants	10,000	0.42
Parkland Health & Hospital	Health Care Provider	9,700	13	0.39	HCA Healthcare	Health Care	9,896	0.42
Southwest Airlines	Commercial Airline	8,910	14	0.35	JPMorgan Chase	Financial Services	8,800	0.37
Target	Retail	8,270	15	0.33	J.C. Penney	Retail	7,900	0.33
Verizon	Telecommunications	8,100	16	0.32	Kroger Food Stores	Retail Grocery	7,600	0.32
Raytheon Company	Defense Systems & Electronics	8,000	17	0.32	Target	Retail	7,554	0.32
Garland ISD	Public Independent School District	7,300	18	0.29	Electronic Data Systems	Information Technology Services	7,300	0.31
Dallas County	Government	6,000	19	0.24	Dallas County	Government	7,285	0.31
The Kroger Co	Retailer	5,732	20	0.23	Bank of America	Financial Services	7,000	0.29

Source: Dallas Business Journal Book of Lists 2015

Note: AT&T, JPS, Carrollton-Farmers Branch Independent School District, and Frito Lay did not submit information. They are believed to also be among the largest North Texas employers

(*) The compiled top 20 employers list are all located within Dallas County. Lockheed Martin Aeronautics is headquartered in Ft Worth but is used to complete the top 20 employers for 2015

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

Table 17

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	5,080	4,260	4,164	4,517	736	648	660	671	681	695
Judicial										
Truancy	18	28	27	22	34	32	35	37	36	35
Courts*	-	-	-	-	1,382	1,337	1,375	1,404	1,419	1,428
Public Safety										
Constable	256	270	293	270	181	136	114	115	111	109
Sheriff	1,828	2,280	2,392	2,203	2,242	2,231	2,201	2,200	2,210	2,144
Juvenile*	-	817	775	731	678	673	666	669	661	659
Other*	-	-	-	-	221	213	206	212	261	258
Highways and streets										
Road and Bridge	103	86	87	88	78	71	71	62	63	72
Public Works*	-	-	-	-	62	62	56	57	53	57
Health*	-	-	-	-	284	284	270	278	273	266
Education*	-	-	-	-	158	136	129	116	107	101
Public Welfare*	-	-	-	-	228	220	221	216	215	212
Total	7,285	7,741	7,738	7,831	5,552	6,043	6,004	6,037	6,090	6,036

* 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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assessor-Collector of Taxes:										
Budgeted employees	229	227	227	229	222	223	223	222	222	215
Ad valorem assessment notices issued	780,046	790,552	795,364	797,621	797,652	797,821	799,659	802,161	804,627	806,081
Motor vehicle registrations	1,981,824	1,987,802	2,036,945	2,076,773	2,060,385	2,029,531	2,094,346	2,110,732	2,155,088	2,147,841
Number of entity collection contracts	51	51	53	55	59	69	74	74	78	77
Constables:										
Budgeted employees	256	288	312	309	277	182	125	124	120	109
Civil process papers served	122,517	123,926	126,021	115,865	111,996	108,507	76,636	72,107	70,771	74,840
County Clerk (4):										
Budgeted employees	201	205	207	210	191	207	207	201	199	194
Marriage licenses	16,533	16,630	17,000	15,937	15,443	16,531	16,038	16,359	16,024	17,683
Civil suits	17,629	18,337	13,462	11,456	11,574	11,489	10,349	9,785	8,482	8,170
Probate cases	10,230	10,891	10,965	11,396	12,128	12,373	12,268	12,582	12,741	13,266
Criminal cases	67,505	64,852	63,000	67,305	70,540	59,390	57,296	58,240	43,853	46,269
District Clerk:										
Budgeted employees	266	267	266	264	264	254	249	257	260	241
Civil process cases	42,152	45,006	47,671	49,629	47,849	47,508	47,007	48,002	47,502	47,884
Criminal cases	28,879	27,379	26,319	26,280	24,560	23,536	23,130	23,131	23,214	25,262
Jurors	102,165	100,003	105,672	99,459	90,894	102,176	108,911	116,967	106,714	101,417
Justice of the Peace Courts:										
Budgeted employees	147	170	167	166	166	149	144	128	110	107
Cases	412,118	411,311	466,453	423,508	340,175	222,409	196,264	166,138	163,626	149,337
Sheriff:										
Budgeted employees	1,878	2,068	2,195	2,420	2,392	2,202	2,169	2,157	1,878	2,091
Daily average in county jail	8,037	6,568	6,060	5,983	6,550	6,494	6,018	6,028	6,127	5,808
Persons booked	107,571	96,751	99,078	98,821	96,533	91,696	85,001	82,537	74,337	69,988
Civil process papers served (5)	589	492	795	485	749	705	N/A	N/A	N/A	N/A
Traffic Courts (1):										
Budgeted employees	18	29	29	29	32	32	32	37	41	23
Cases Filed	20,933	16,270	32,619	40,439	47,012	48,871	36,673	35,127	30,604	30,216
County Treasurer:										
Budgeted employees	18	18	18	17	16	14	14	14	14	14
Total Receipts (2) (3) (6)	\$ 37,138,554	\$ 43,216,196	\$ 45,112,755	\$ 11,985,157	\$ 14,036,054	\$ 34,952,589	\$ 41,055,225	\$ 24,793,695	\$ 25,512,483	\$ 3,533,943
Total Disbursements (2) (3) (6)	\$ 37,044,033	\$ 43,236,585	\$ 45,130,340	\$ 12,004,608	\$ 14,013,885	\$ 34,910,215	\$ 41,059,939	\$ 24,856,829	\$ 25,550,432	\$ 3,529,020
Investment Earnings (2)	\$ 20,525	\$ 26,323	\$ 17,716	\$ 9,234	\$ 4,746	\$ 5,224	\$ 5,166	\$ 2,805	\$ 2,603	\$ 3,478

Sources: Dallas County Financial Records

Note (1): Traffic courts established April 2004. Dallas County currently operates four Traffic courts

(2): In thousands of dollars

(3): Dallas County switched most short term investments to TexPool in FY 2009. The method resulted in a dramatic decrease in overall transactions as investments are not matured and reinvested daily.

(4): In 2012, includes 38 positions funded by the Records Management Fund. The positions were paid by general fund in FY 2013

(5): Civil Process served by Sheriff cannot be determined at this time

(6): County Treasurer's office implemented a new policy for rolling over investments in which investments are recorded monthly. Past years encompassed rolling investments daily.

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

Table 19

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Number of buildings	22	22 (a)	21	21	21	22 (b)	22	23 (c)	23	22
Public Safety										
Number of buildings	10	10	10	9 (d)	9	9	9	9	9	6
Number of jails	4	5	5	4 (e)	4	4	4	4	4	4
Number of vehicles	593	584	640	713	816	756	718	709	691	688
Highways and streets										
Number of buildings	4	4	4	4	4	4	4	4	4	3
Streets (lane miles)	137	137	137	135	133	133	124	122 (f)	120	120
Number of bridges	41	38	37	36	36	32	28	26 (f)	26	26
Health										
Number of buildings	1	1	1	1	1	1	1	1	1	1
Public Welfare										
Number of buildings	3	3	3	3	2 (g)	2	2	2	2	2
Judicial										
Number of buildings	7	7	7	7	7	7	7	7	7	7
Number of Juvenile beds	750	750	762	710 (h)	787	618	618	618	618	714
Number of courts	70	71	71	71	71	71	71	71	71	70

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 98-99.
- (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.