

City of Dallas, Texas

Comprehensive Annual Financial Report

For Fiscal Year Ended September 30, 2008



“Dallas, the City that works: diverse, vibrant, and progressive.”



City of Dallas

CITY OF DALLAS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT For Fiscal Year Ended September 30, 2008

Issued by City Controller's Office

**David Cook, Chief Financial Officer
Edward R. Scott, CPA, City Controller
Lance Sehorn, CPA, Assistant City Controller
Abby Neil, Financial Reporting Manager**

**Junior Compass
Ester Dogans
Nancy Hong
Teralandur Kasturi
Sunil King**

**Gerry Lington, CPA
Sherrian Parham, CPA
Shirley Samuel
Janet Williams**



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**CITY OF DALLAS, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 2008**

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INTRODUCTORY SECTION



*“Dallas, the City that works:
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City of Dallas

Honorable Mayor and City Council
City of Dallas, Texas

July 15, 2009

Introduction

We are pleased to present the City of Dallas (The City) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2008. This report was prepared by the City's financial staff and audited by the firm of Grant Thornton LLP. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

The City Charter requires an annual audit of the books of account, records, and transactions of all administrative departments of the City by independent certified public accountants selected by the City Council. The CAFR is the summary of these activities for the past fiscal year. We believe this data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditors' Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

General Information

Dallas is the eighth largest city in the nation and has a Council-Manager form of government. There are 14 single-district Council Members and a Mayor elected at large. The Mayor and Council appoint the City Manager, City Attorney, City Auditor, City Secretary, and the Municipal Court Judges. The Director of the Civil Service Department is appointed by the Civil Service Board and the Director of Parks and Recreation is appointed by the Parks and Recreation Board. All other department directors are appointed by the City Manager.

The financial statements of the City of Dallas include all activities, organizations, and functions for which the City is financially accountable. The criteria considered in determining the activities to be reported within the City's financial statements include: 1) whether an organization is part of the City's legal entity; or 2) whether the City appoints the voting majority of the organization's governing body, and either the City is able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City. In addition, an organization may be fiscally dependent on the City and also included in its

reporting entity. These criteria are based upon, and are consistent with, those set forth in the Codification of Governmental Accounting Standards, Section 2100, *Defining the Financial Reporting Entity*.

The City provides the full range of municipal services established by statute or charter. These include public safety (police and fire), streets, sanitation, health and human services, culture and recreation, public improvements, planning and zoning, and general administrative services. In addition to general government activities, the Dallas Water Utilities, Airport Revenues, Convention Center, Municipal Radio and several other enterprise and internal service fund activities are a part of the City's legal entity. Sixteen tax-increment-financing districts and six public improvement districts are included in the City's reporting entity because the City sets their assessment rates and approves their budgets. Although the pension trust funds are separate legal entities, they exist to exclusively serve or benefit the City's employees, retirees, and their beneficiaries and are included in the City's reporting entity.

Other legally separate entities such as the discretely presented component units are also included in the City's reporting entity based on the criteria discussed above:

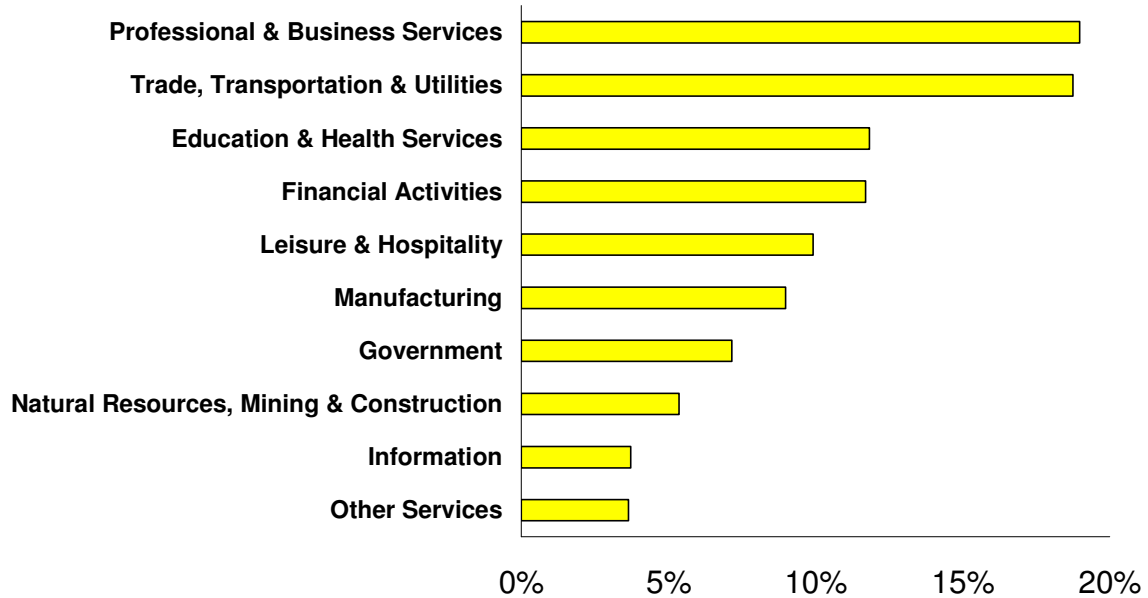
- Housing Finance Corporation - issues tax-exempt mortgage revenue bonds to assist low-to-moderate income citizens in purchasing homes
- Housing Acquisition and Development Corporation - provides safe, affordable housing for low and moderate income persons
- The Downtown Dallas Development Authority is a separate legal entity which was established to promote economic development of the downtown area and improve the tax base.

Related organizations not included as part of the reporting entity are the Dallas/Fort Worth International Airport, the Dallas Housing Authority, and Dallas Area Rapid Transit. The reason for not including these entities is because the City's accountability does not extend beyond appointing members to the Boards.

Economic Condition and Outlook

The City of Dallas is the largest local economy in the nation's fourth largest metropolitan area. The city is home to over one million jobs and 65,000 businesses (Dun & Bradstreet). Dallas continued to add jobs through the end of the fiscal year in its leading industries: business professional services, trade and transportation, health care and financial services (Figure 1.) Through the first seven months of fiscal year 2009, sales tax revenues have fallen short of forecast due to the global recession. By a number of indicators including unemployment rate, job change and housing values, Dallas continues to out perform its peer city group and the nation as a whole. Dallas' overall employment growth is expected to be better than the nation's over the next several years (U.S. Bureau of Labor Statistics).

Figure 1
Dallas Employment by Industry

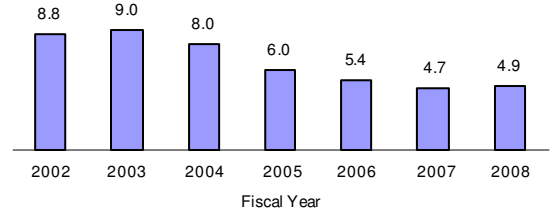


The Dallas labor force, consisting of Dallas residents only, stood at approximately 598,000 in fiscal 2008 (U.S. Bureau of Labor Statistics). Dallas' business facilities include 130.0 million square feet of office space, 209.1 million square feet of industrial/flex space, and 70.7 million square feet of retail space (CoStar). The following charts highlight Dallas' major economic indicators, most of which improved in 2008.

Unemployment

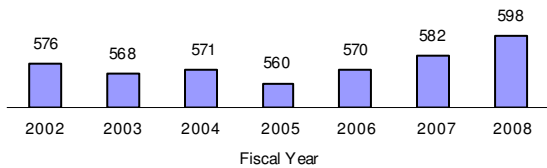
Unemployment in Dallas rose to 4.9 percent in FY 2008 reflecting growing national unemployment. This compared favorably to the 5.6 percent national rate over the same period. (Source: U.S. Bureau of Labor Statistics).

Figure 2. Dallas Unemployment Rate (percent)



Employment

Figure 3. Dallas Household Employment (1,000's of jobs)

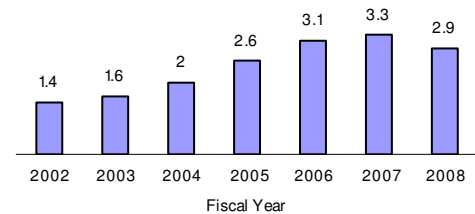


The number of employed Dallas residents continued to grow over the year. Over 598,000 Dallas residents were working in fiscal 2008. (Source: U.S. Bureau of Labor Statistics).

Construction Activity

Total construction permits were valued at \$2.9 billion. This includes a combination of new and redeveloped projects in the central city (offices, hotels, residential and cultural projects) as well as mixed-use, industrial and residential developments throughout the city.

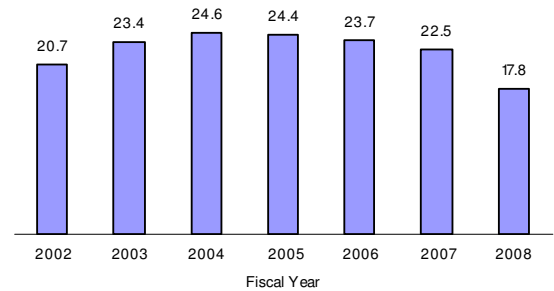
Figure 4. Dallas Building Activity (\$ billions)



Office Vacancy

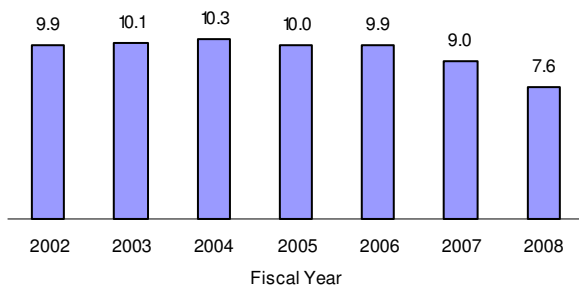
Office vacancy rates improved in fiscal 2008, falling for the fourth consecutive year. Employment growth and conversion of vacant, historic downtown towers to residential uses contributed to this trend. The 2008 citywide vacancy rate was down to 17.8 percent, a 4.7 point decline. (Source: CoStar).

Figure 5. Dallas Office Vacancy Rate (percent)



Industrial Vacancy

Figure 6. Dallas Industrial Vacancy Rate (percent)

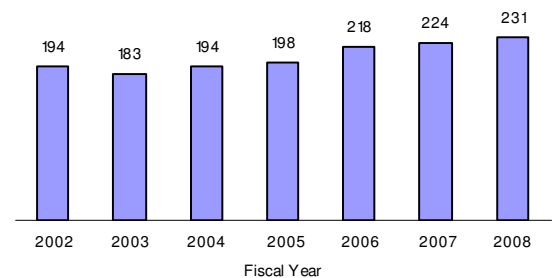


The industrial vacancy rate also fell in 2008, to 7.6 percent. The vacancy rate declined 1.4 points even though 2.6 million square feet of new inventory was added during the year. Dallas continues to attract distribution activity because of its highway and rail infrastructure and the growing global awareness of the International Inland Port of Dallas. (Source: CoStar).

Sales Tax

In fiscal 2008, sales taxes grew for a fourth consecutive year to an estimated \$231 million. Sales tax revenue has continued to expand because of major retail developments in the city. (Source: City of Dallas Office of Financial Services).

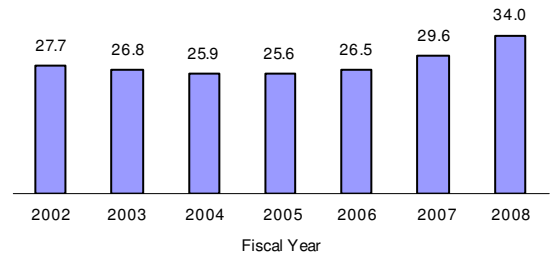
Figure 7. Dallas Sales Tax Revenue (\$ millions)



Commercial Property

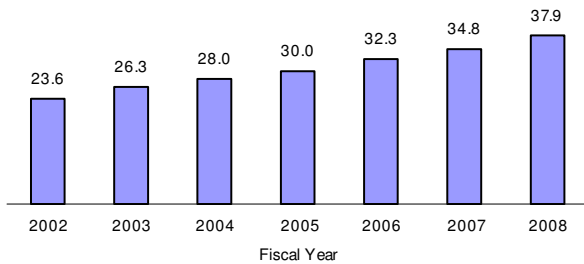
Dallas' commercial tax base increased for the third consecutive year to \$34 billion in taxable value. The recent increase in commercial values has been driven by a balanced pattern of construction that includes office, industrial, residential, hotel, retail and institutional developments in central Dallas and throughout the city. (Source: Dallas, Collin, Denton, Kaufman and Rockwall appraisal districts).

Figure 8. Dallas Commercial Property Tax Base
Taxable Value (\$ billions)



Residential Property

Figure 9. Dallas Residential Tax Base
Taxable Value (\$ billions)

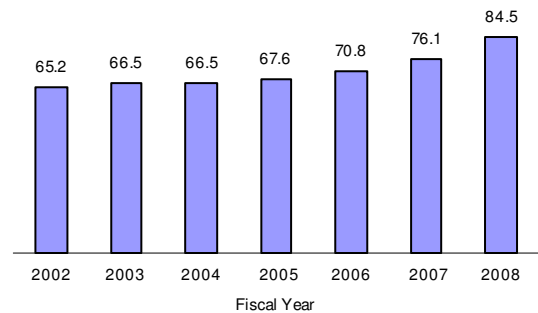


Residential taxable value continues to increase in Dallas. In FY 2008, total taxable value of residential property was \$37.9 billion. Steady growth signals the improving desirability of in-town neighborhoods. Dallas did not experience a severe property bubble and value increased from mixed-use, townhome and condo developments and replenishment and restoration of single family housing stock. (Source: Dallas, Collin, Denton, Kaufman and Rockwall appraisal districts).

Total Property

Total taxable value of property (including business personal property of \$14.2 billion) grew by \$8.4 billion to \$84.5 billion in 2008. This is an 11 percent increase. (Source: Dallas, Collin, Denton, Kaufman and Rockwall appraisal districts).

Figure 10. Dallas Total Property Tax Base
Taxable Value (\$ billions)



Economic Development Strategy

In 2008, continued local progress in the face of growing national problems confirmed the appropriateness of Dallas' development strategy. Adopted in 2005, the strategy represented a new aggressive policy to put the City's economy on a sound footing for continued growth and prosperity. The first three-year development plan drew to a close at the end of the fiscal year and the preliminary estimate is that the City accomplished over 80 percent of the 126 milestones set in the plan. Macroeconomic statistics improved through the period. More important, these initiatives are setting the stage for a more fiscally sustainable Dallas and one that is more competitive, within the vibrant North Texas economy and internationally. The plan can be summarized by two approaches. One, the City is creating a thriving urban economy centered on an expanded downtown connected to revitalized in-town neighborhoods and the rest of the city through transit. Two, the City is increasing Dallas' share of global and regional trade (including retail, wholesale and logistics). Implementation has taken the form of five catalyst initiatives that will drive Dallas development for decades. These initiatives include: an expanded downtown, the Trinity River Corridor Project, the International Inland Port of Dallas, the University of North Texas at Dallas and transit-oriented-development. In addition to these efforts, the City maintains a full complement of development services to recruit and retain businesses, redevelop neighborhoods and market itself nationally and globally. The remainder of this economic overview summarizes progress on each of these major initiatives.

Expanded Downtown:

At the end of fiscal year 2008, 4,242 residential units were available in the Central Business District (CBD) supporting an estimated downtown residential population of over 5,090. In 2008, residents began moving into the 146 unit West End Station, the Mercantile Tower (213 units) and the first of 72 new town house units in two Farmers Market area developments. On the south side of downtown in the Cedars neighborhood, the 73 unit Beat was within months of opening. The \$338 million Arts District expansion continued and restaurant, retail and hotel redevelopments also opened in downtown's historic Main Street core.

University of North Texas Dallas

Enrollment at the University of North Texas Dallas campus continued to grow to over 2,200. Growth is averaging 14 percent annually at the new campus that is expected to ultimately build-out at 25,000 students. The City neared a final draft on an area plan for the surrounding undeveloped acreage as part of its comprehensive land use strategy. The plan will accommodate a university town urban development, research and other commercial operations. The campus area includes two DART light rail stations in the transit agencies' 2030 master plan.

International Inland Port of Dallas (IIPOD)

In 2008, progress continued related to the IIPOD, a major logistics hub in the southeast quadrant of the City. Approximately 2,500 acres of land within the City limits are slated to be the gateway to a major distribution hub that will exceed 60 million square feet of industrial and warehouse space at build out. Construction was completed on the first 800,000 square feet of distribution space and new developments for 4.3 million additional square feet were approved.

Transit-Oriented Development (TOD)

Dallas' count of 29 DART rail stations will grow to 44 with the completion of the \$1.7 billion Green line. The new line will serve the southeast and northwest quadrants of the city. Several development projects were completed in 2008 at Green line stations including in Deep Ellum and the Southwestern Medical District area. Other TOD projects continued at several tax increment finance districts including Park Lane Place (\$750 million) and Lake Highlands Town Center (\$ 400 million.)

Trinity River Corridor Project

Work continued on the Trinity River Corridor Project in 2008 with citizens reaffirming their support by referendum for the \$2.0 billion flood control, transportation, recreation and development project. The 21,000 square foot Trinity Audubon Center opened and includes 140 acres of restored wetlands and river bottom hardwood forests that will educate visitors on the ecology of the 44,000 acre corridor. Visible progress was also made on the first Calatrava bridge including installation of the pilings within the flood plain. Rezoning continued on several sites along the corridor to promote redevelopment. The rezoning is based on a comprehensive master plan of the entire corridor to facilitate more dense, urban and mixed-use residential and commercial developments to take advantage of the river's recreational amenities and views.

These initiatives are having a positive impact on the city's tax base both in the core and in the southern sector. Taxable real property values in the southern sector increased by \$600 million, a 5.3 percent increase.

Financial Information

Discussion of Controls. The City's management is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft or misuse, and to ensure adequate accounting data are compiled to allow for preparation of financial statements in conformity with U.S. generally accepted accounting principles.

Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition, 2) the reliability of financial records for preparing financial statements, and

3) accountability for assets. The concept of reasonable assurance recognizes the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

The City Council is required by Charter to appoint a City Auditor who is independent of City management and reports directly to the City Council. The City Auditor supports the internal control structure within the City by performing independent evaluations of existing accounting and administrative controls and by ascertaining compliance with existing plans, policies and procedures.

Annually, each department is required to conduct a self-assessment of internal controls. The results of these assessments are reported to the City Manager with an action plan to correct any identified deficiencies.

The City Auditor reviews, on a sample basis, the departments' internal control evaluations each year to ensure the integrity of the program and provide constructive comments for improvement.

Furthermore, as a recipient of federal and state assistance, the City is also responsible for ensuring adequate internal controls are in place to comply with applicable laws, regulations, contracts, and grants related to those programs. Internal controls are subject to periodic evaluation by management and the City Auditor. As part of the City's single audit, tests are made to determine the adequacy of the internal control, including that portion relative to federal and state financial awards, as well as to determine whether the City has complied with applicable laws, regulations, contracts, and grants.

Budgetary controls. The City Charter provides that the City Council shall annually appropriate adequate funds in an amount to execute the policies and service delivery plans of the City. City management annually prepares the plan of services for the upcoming fiscal year and their estimated costs. The plan is reviewed by the City Council and is formally adopted by the passage of a budget ordinance. The ordinance provides for budgetary control at the department level and these budgets cannot be exceeded without Council approval. Budgetary control is enforced at the department level by reserving appropriations and by encumbering purchase orders and contracts. Open encumbrances are reported, where applicable, as reservations of fund balance.

General Government Functions

Cash Management. The objectives of the City's Investment Policy, in order of priority, are: safety of principal, liquidity, diversification, maturity and yield. As of September 30, 2008, all uninsured deposits were fully collateralized by government securities held in third party safekeeping. Cash not needed for day-to-day operations is invested pursuant to the Investment Policy. These monies were invested in U.S. Treasury and U.S. Government agency securities during fiscal year 2008.

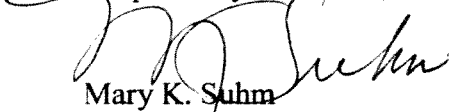
Other Information

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dallas for its CAFR for the fiscal year ended September 30, 2007. 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 governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments. We wish to take this opportunity to thank each member of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. In closing, the preparation of this report was not accomplished without the efficient and dedicated services of key staff in the Office of Financial Services, City Controller's Office; Department of Aviation; and the Department of Communication and Information Services. Thanks to each individual involved.

Respectfully submitted,



Mary K. Suhm
City Manager



David Cook
Chief Financial Officer



Edward R. Scott, CPA
City Controller

**CITY OF DALLAS
FISCAL YEAR 2007 - 08 ELECTED OFFICIALS**



STANDING (left to right):

Vonciel Jones Hill - *District 5*
 Mitchell Rasansky - *District 13*
 Carolyn R. Davis - *District 7*
 David A. Neumann - *District 3*
 Tennell Atkins - *District 8*
 Steve Salazar - *District 6*
 Linda Koop - *District 11*
 Ron Natinsky- *District 12*
 Sheffie Kadane - *District 9*
 Mayor Pro Tem Dr. Elba Garcia - *District 1*
 Dallas Mayor Tom Leppert

SEATED (left to right):

Angela Hunt - *District 14*
 Pauline Medrano - *District 2*
 Jerry R. Allen - *District 10*
 Deputy Mayor Pro Tem Dwaine Caraway - *District 4*

CITY MANAGER

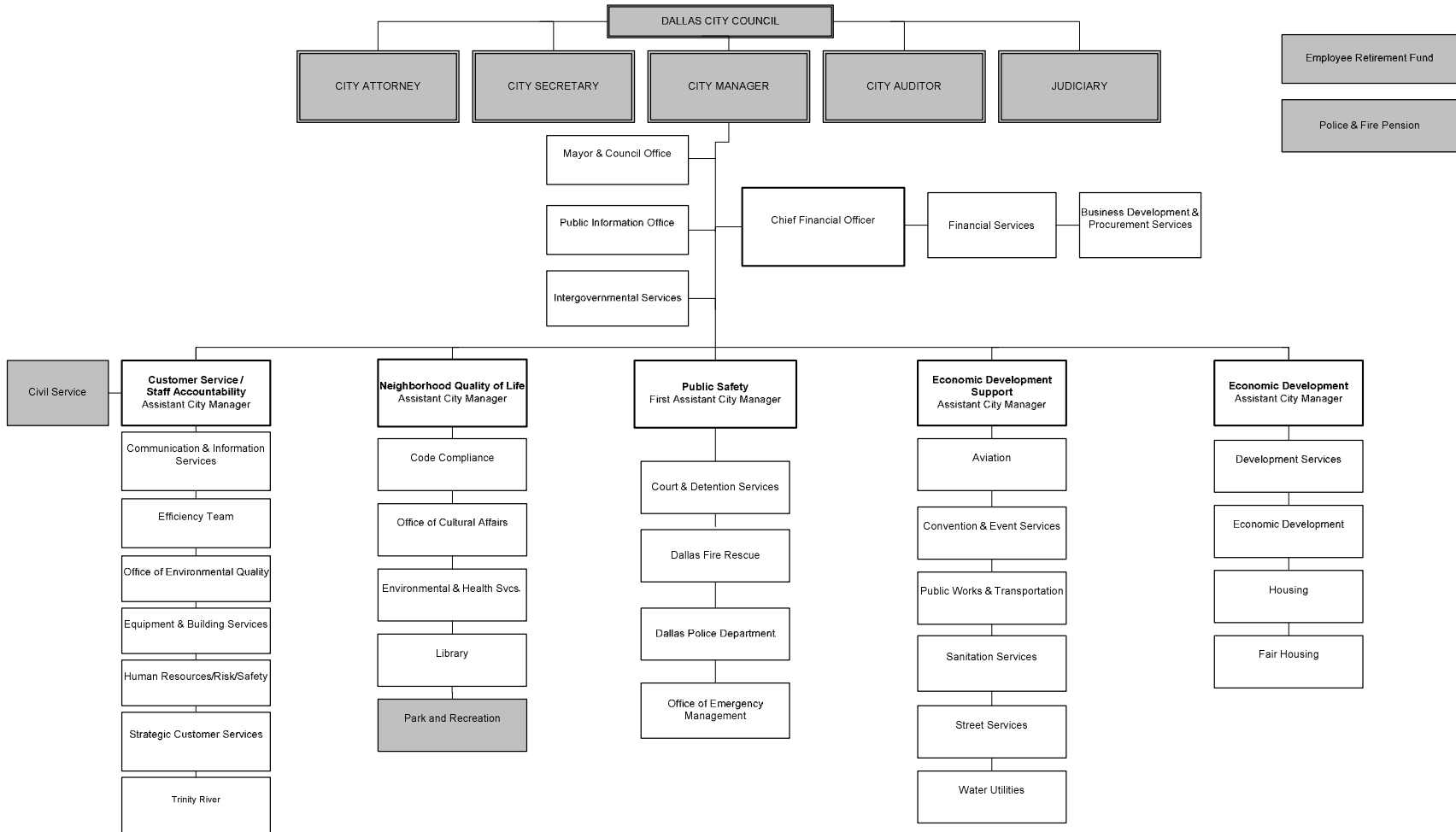


*“Dallas, the City that works:
diverse, vibrant and progressive.”*



Mary K. Suhm

City of Dallas Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Dallas
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. R. R. T.", written in a cursive style.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", written in a cursive style.

Executive Director



*“Dallas, the City that works:
diverse, vibrant and progressive.”*

FINANCIAL SECTION



*“Dallas, the City that works:
diverse, vibrant and progressive.”*



Independent Auditor's Report

Audit • Tax • Advisory

Grant Thornton LLP
1717 Main Street, Suite 1500
Dallas, TX 75201-4667

T 214.561.2300
F 214.561.2370
www.GrantThornton.com

The Honorable Mayor and Members of the City Council
City of Dallas, Texas:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dallas, Texas (the City), as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinion on these financial statements based on our audit. We did not audit the financial statements of the Dallas Police and Fire Pension System and Supplemental Police and Fire Pension Plan of the City of Dallas, which are blended component units which represent 40%, 47% and 39%, respectively, of the assets, net assets and revenues of the aggregate remaining fund information. We also did not audit the financial statements of the Dallas Housing and Acquisition Development Corporation, a discretely presented component unit which represents 2%, 1% and 28%, respectively, of the assets, net assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dallas, Texas, as of September 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 17 of the basic financial statements, effective October 1, 2007, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

As described in Note 20, the 2007 basic financial statements have been restated to properly present the Downtown District Development Authority as a discretely presented component unit, rather than a blended component unit, and to correct calculation errors related to various net asset components.

The management's discussion and analysis on pages 3 through 11, and the Schedule of Funding Progress on pages 95 and 96 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining financial statements, schedules of capital assets used in the operation of governmental funds, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements, and schedules of capital assets used in the operation of governmental funds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

GRANT THORNTON LLP

Dallas, Texas
July 15, 2009

CITY OF DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008
(Unaudited)

As management of the City of Dallas (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2008. The City's management's discussion and analysis is designed to (1) assist the reader in focusing on significant issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual major fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter, which can be found on pages v-xiv of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by approximately \$4.3 billion (net assets).
- The City's governmental activities net assets increased by \$31.1 million while the business-type activities net assets increased by \$110.6 million.
- As of the close of fiscal year 2008, the City's governmental funds reported combined ending fund balances of \$1 billion, an increase of \$85.8 million in comparison to the prior year fund balance. At the City's discretion, \$727 million of these fund balances (unreserved, undesignated) are available for spending, with \$623 million allocated for capital projects and \$61 million for activities in special revenue funds.
- At the end of the current fiscal year, unreserved and undesignated fund balance for the general fund was \$42 million, or approximately 4% of the total general fund expenditures, including transfers out.
- The City's governmental long-term liabilities had a net increase of \$308 million from the prior year's balance of \$2 billion and business-type activities increased \$77 million from the prior year's balance of \$2.2 billion. The increases resulted primarily from the City issuing \$443 million of bonds, capital leases and other long term debt for governmental activities: \$363 million of general obligation bonds, \$46 million in combination tax and revenue certificates of obligation, \$31 million in equipment acquisition notes, and \$3 million relating to a capital lease. The City also issued \$159 million in water works and sewer revenue refunding bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City'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 supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business and are made up of the following two statements: the statement of net assets and the statement of activities. Both of these statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of net assets combines and consolidates governmental funds current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base, the condition of the City's property tax base, and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.) to assess the overall health or financial condition of the City.

The statement of activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when 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. uncollected taxes and unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets, environmental and health services, public works and transportation, equipment and building services, cultural and recreation services, and housing and human services.

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The business-type activities of the City include water utilities, convention center, airport, municipal radio and building inspections. The government-wide financial statements reflect not only the activities of the City itself (known as the primary government), but also those of the three separate legal entities for which the City is financially accountable – Housing Finance Corporation, the Housing Acquisition and Development Corporation, and the Downtown Dallas Development Authority (DDDA), which are reported as discretely presented component units separately from the primary government itself.

The government-wide financial statements can be found on pages 13 -15 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, 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 City 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. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the 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 funds balance sheet and the governmental fund statements of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty-three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, building capital projects, and debt service funds, all of which are considered to be major funds. Data from the other twenty funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the combining financial statements section of this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16, 18 and 20 of this report.

Proprietary Funds: Proprietary funds are generally used to account for services for which the City charges customers – either outside customers, or to other units within the City. Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The proprietary funds financial statements provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains two types of proprietary funds:

- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the airport, convention center, municipal radio, building inspection and water utilities operations. All of the City's enterprise funds, except the municipal radio and building inspection are considered major funds.
- Internal Service funds accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for its equipment services, communication equipment, office supplies, information services, and risk management programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the combining financial statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 22-29 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City's pension trust and agency funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 30-31 of this report.

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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. The notes can be found immediately following the basic financial statements. The notes to the financial statements can be found on pages 32-93 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to City employees. Required supplementary information can be found on page 95 of this report. The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds, internal service funds, and discretely presented component units are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 100-126 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net assets were approximately \$4.3 billion as of September 30, 2008. Analyzing the net assets of governmental and business-type activities separately, the business-type activities net assets were approximately \$2.8 billion and the governmental activities were approximately \$1.6 billion. This analysis focuses on the assets, liabilities, and net assets (Table 1) and changes in revenues and expenses (Table 2) of the City's governmental and business-type activities.

Table 1
Net Assets (In thousands)

	Governmental Activities		Business-type Activities		Totals	
		2007				2007
	2008	Restated	2008	2007	2008	Restated
Current and other assets	\$1,639,101	\$1,480,123	\$907,969	\$1,022,911	\$2,547,070	\$2,503,034
Capital assets	2,487,883	2,256,111	4,338,874	4,129,006	6,826,757	6,385,117
Total assets	4,126,984	3,736,234	5,246,843	5,151,917	9,373,827	8,888,151
Long-term liabilities	2,328,455	2,020,334	2,258,765	2,182,091	4,587,220	4,202,425
Other liabilities	241,627	190,143	213,719	306,066	455,346	496,209
Total liabilities	2,570,082	2,210,477	2,472,484	2,488,157	5,042,566	4,698,634
Net assets:						
Invested in capital assets, net of related debt:	1,657,571	1,568,170	2,357,750	2,276,773	4,015,321	3,844,943
Restricted	60,532	70,916	194,824	181,481	255,356	252,397
Unrestricted	(161,201)	(113,329)	221,785	205,506	60,584	92,177
Total net assets	\$1,556,902	\$1,525,757	\$2,774,359	\$2,663,760	\$4,331,261	\$4,189,517

The largest portion of the City's net assets reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens, and consequently, they are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The current and other assets in Governmental activities increased by \$159 million primarily due to unspent proceeds from the issuance of bonds. The current and other assets in Business-type activities decreased \$114.9 million primarily from a decrease in cash and cash equivalents. An additional portion of the City's net assets (4% governmental activities and 6% business-type activities) represents resources that are subject to external restrictions on how they may be used. The remaining balance in net assets is unrestricted. In governmental activities, there is a deficit unrestricted net asset balance of \$161 million as a result of long-term liabilities for items such as compensated absences, unfunded risk liabilities, other post employment benefits, landfill liability, pension obligation bonds, and sales tax liability. Unrestricted net assets in governmental activities decreased by \$47.9 million from the prior fiscal year primarily as a result of implementing GASB 45, which required the City to accrue other post employment benefit liabilities for the first time. Because of the focus on current assets and liabilities, the City's budget is developed to address the needs of current operations. The City plans to fund long term liabilities in future budgets as those liabilities consume current assets. Unrestricted net assets in business-type activities are \$221 million.

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Analysis of the City's Operations

The following table provides a summary of the City's operations for the year ended September 30, 2008. Business-type activities increased the City's net assets by \$110.6 million and governmental activities increased by \$31.1 million. Key elements of these changes in net assets are as follows:

Table 2
 Changes in Net Assets
 (In thousands)

	Governmental Activities		Business-type Activities		Totals	
	2008	2007 Restated	2008	2007	2008	2007 Restated
Revenues						
Program revenues:						
Charges for services	\$ 267,344	\$ 275,947	\$ 545,070	\$ 499,988	\$ 812,414	\$ 775,935
Operating grants and contributions	71,772	71,041	-	-	71,772	71,041
Capital grants and contributions	15,821	2,912	29,779	33,467	45,600	36,379
General revenues:						
Ad valorem tax	623,625	553,033	-	-	623,625	553,033
Tax increment financing revenue	8,857	6,090	-	-	8,857	6,090
Sales tax	231,108	224,078	-	-	231,108	224,078
Franchise fees	127,551	118,745	-	-	127,551	118,745
Alcohol beverage tax	-	-	7,856	7,569	7,856	7,569
Motor vehicle rental tax	-	-	4,471	4,495	4,471	4,495
Hotel occupancy tax	-	-	49,235	49,641	49,235	49,641
Investment income	47,644	62,776	27,720	39,970	75,364	102,746
Other	41,273	30,755	1,295	7,014	42,568	37,769
Total revenues	1,434,995	1,345,377	665,426	642,144	2,100,421	1,987,521
Expenses:						
General government	187,857	164,498	-	-	187,857	164,498
Public safety	659,915	612,318	-	-	659,915	612,318
Streets, street lighting, sanitation	176,503	166,335	-	-	176,503	166,335
Environmental and health services	33,230	29,099	-	-	33,230	29,099
Public works and transportation	57,315	60,490	-	-	57,315	60,490
Equipment and building services	31,047	41,265	-	-	31,047	41,265
Culture and recreation	144,178	127,043	-	-	144,178	127,043
Housing	1,706	936	-	-	1,706	936
Human services	25,547	26,785	-	-	25,547	26,785
Interest on long-term debt	89,525	87,320	-	-	89,525	87,320
Dallas water utilities	-	-	396,771	360,886	396,771	360,886
Convention center	-	-	84,608	83,429	84,608	83,429
Airport revenues	-	-	43,144	44,702	43,144	44,702
Municipal radio	-	-	3,313	3,466	3,313	3,466
Building inspection	-	-	24,018	23,897	24,018	23,897
Total expenses	1,406,823	1,316,089	551,854	516,380	1,958,677	1,832,469
Increase in net assets before transfers	28,172	29,288	113,572	125,764	141,744	155,052
Transfers	2,973	3,302	(2,973)	(3,302)	-	-
Increase in net assets	31,145	32,590	110,599	122,462	141,744	155,052
Net assets - beginning of year	1,525,757	1,493,167	2,663,760	2,541,298	4,189,517	4,034,465
Net assets - end of year	\$ 1,556,902	\$ 1,525,757	\$ 2,774,359	\$ 2,663,760	\$ 4,331,261	\$ 4,189,517

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Governmental Activities

Governmental activities net assets increased \$31.1 million during fiscal year 2008. Total revenues increased approximately \$90 million or 7% from fiscal year 2007. Although total revenues increased during the fiscal year, investment income decreased \$15 million or 24% primarily due to a decline in interest rates. The most significant increases in revenues were due to the following:

- Ad Valorem Tax revenues increased \$71 million from an increase in the tax rate from \$0.7292 to \$0.7479.
- Sales tax increased \$7 million in fiscal year 2008 because of improvements in retail sales during the year.
- Tax increment financing revenue increased \$2.8 million from an increase in total taxable property value, along with an increase in the total direct tax rate.
- Franchise fees increased \$9 million or 7% during fiscal year 2008 primarily from additional right of way fees and additional real estate license fees from increased property values and new licenses during the fiscal year. Furthermore, franchise fees paid from Dallas Water Utilities increased from a respective increase in water and wastewater revenues during the fiscal year.
- Operating grants and contributions increased \$731 thousand primarily from additional grant money from the U.S. Department of Homeland Security to purchase a records management system, hire intelligence analysts, purchase software, and provide training.
- Capital grants and contributions increased \$13 million primarily from an increase in developer contributions for the Victory Sustainable Development project, construction of Lake Highland Town Center project, and the Dallas Heritage Village (Old City Park) project.
- Other revenue increased by \$10 million or 34% primarily from a gain on sale of capital assets.

Total governmental activities expenses increased approximately \$91 million, or 7%, from fiscal year 2007. The most significant portion of expenses related to governmental activities is the cost of personnel. A discussion of major increases in governmental activity expenses follows:

- The most significant increase in governmental activity expense for the City was personnel cost in providing public safety, which incurred expenses of \$660 million, an increase of \$48 million or 8% from fiscal year 2007. The primary increase in the police department from the prior year was due to hiring additional police officers and increasing the fleet of squad cars in addition to normal replacement. During the fiscal year, the second year of the Dallas Police Department's enhanced compensation package was implemented. This phase included increased pay steps from two year intervals to a one year interval, an additional \$100 per month for officers with a Master Peace Officer Certification, one step addition to the compensation schedule for each rank, and a retention incentive for officers with ten years of service. Increases in the fire department occurred from increased salary expenses for the implementation of the Dallas Fire-Rescue enhanced compensation package, which includes a compression of all two year pay steps to one year and an additional step of 5% added to each rank at the top. Also, additional expenses were made for increases in reimbursable grants for public safety.
- General government expenses increased by \$23 million or 14%. Increases occurred in salaries expenses from an average 4% merit pay raise effective January 2, 2008, along with increases in compensated absences liability and other postemployment benefits liability, and an increase in bad debt expense.
- The streets, street lighting, sanitation, and code enforcement activities of the City incurred \$177 million in expenses, an increase of \$10 million, or 6% from the prior fiscal year. Street lighting costs increased from higher electricity costs due to rising fuel prices and street light maintenance costs. Personnel expenses increased from the addition of a full time position to patrol for outages, along with increased street service requests for maintenance and repairs. Supplies and materials increased from higher costs of asphalt and concrete street construction materials. Expenses also increased from moves and reconfigurations for positioning code compliance resources in regional service centers, community code sweeps and clean-up efforts, and animal control expenses.
- Environmental and health services increased \$4 million or 14% during the fiscal year. The increase was due to increased electricity charges, rent increases, the opening of a homeless assistance center, additional WIC expenses for opening a new clinic and for remodeling existing clinics.
- Housing expenses increased \$770 thousand or 82% from the prior fiscal year primarily from increased custodial services, security services, electricity charges, and home repair labor and material costs.
- Culture and recreation expenses increased \$17 million or 13% during the fiscal year. The increase was due to higher utilities expenses at the Dallas Museum of Art, because of a 100% increase in public hours during the Tutankhamun exhibition. Furthermore, expenses increased from continued construction on the Dallas Center for Performing Arts complex and additional staff for continued operation of the Bahama Beach Waterpark.

Business-type Activities

Business-type activities net assets increased \$111 million during fiscal year 2008. Total revenues increased approximately \$23 million or 4% from fiscal year 2007. Although total revenues increased during the fiscal year, investment income decreased \$12 million or 31% due primarily to a decline in interest rates. The most significant changes in revenues were due to the following:

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- Charges for Services increased \$45 million from fiscal year 2007 to 2008. This increase resulted primarily from increased water and wastewater revenues. The overall increase from the previous fiscal year was attributable to a very hot summer and fall season, along with a rate increase of 7.7% for both water and wastewater effective October 1, 2007. Furthermore, treated water pumpage increased 10.6 billion gallons or 7.4% from the previous fiscal year.
- During fiscal year 2008, airport revenues from customer charges increased by \$9.6 million, or 25%. The increase is primarily attributable to \$6.7 million from Passenger Facility Charges (PFC) revenues. Effective February 1, 2008, the collection of Passenger Facility Charges (PFC) from commercial air carriers at Dallas Love Field (DAL) at \$3.00 per passenger was approved by the Federal Aviation Administration (FAA). In addition, concession revenues increased by \$2.4 million or 10.51% and landing fee and rental revenues increased in total by 4.9% or \$700 thousand.
- Convention Center customer charges decreased \$2 million compared to fiscal year 2007. This was due to less events held during the fiscal year. Some of the events held in 2007 but not 2008 were Home Depot, Educasue and Water Environment Federation.

The following expense items contributed to the increase in expenses during fiscal year 2008:

- Personnel services for business-type activities increased during the fiscal year due to an average 4% merit pay raise effective January 2, 2008.
- Airport contractual services expenses decreased \$2.6 million or 13% during the fiscal year primarily from higher repair and maintenance costs in the prior fiscal year from flood damage expenses. Additional reductions occurred in marketing, and supplies and materials expenses, and Dallas Police Department Love Field Security by \$206 thousand, \$69 thousand, and \$579 thousand, respectively.
- Contractual and other services expenses for business-type activities overall increased \$12 million or 8.8% during the fiscal year primarily in Dallas Water Utilities. Higher operating costs resulted from a rise of electricity cost from an increase in sales volume. Contractual services also increased from higher street rental payments, additional advertising costs associated with the Water Conservation Program's Public Outreach, water conservation costs, and additional building and grounds repairs for sludge removal work done in Elm Fork Treatment Plant.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1 billion, an increase of \$86 million in comparison with the prior year. Approximately \$727 million constitutes unreserved, undesignated fund balance, which is available for spending at the government's discretion, with \$623 million allocated for capital projects and \$61 million for activities in special revenue funds. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$219 million), 2) to pay debt service (\$11 million), 3) for inventories (\$8 million), or 4) for a variety of other purposes.

The general fund is the chief operating fund of the City. At the end of the fiscal year 2008, unreserved, undesignated fund balance of the general fund was \$42 million while total fund balance reached \$118 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved, undesignated fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 4 percent of total general fund expenditures and transfers out, while total fund balance represents 11 percent of that same amount.

The fund balance of the City's general fund decreased \$15 million during fiscal year 2008 from an increase in expenditures, primarily for public safety, streets, and culture and recreation departments for reasons previously discussed. Revenues showed a slight increase from the prior fiscal year, including a \$7 million increase in sales tax due to an increase in consumer spending and a \$15 million increase in ad valorem due to an increase in the tax rate.

The debt service fund had a total fund balance of \$10 million at September 30, 2008. \$9.8 million is reserved for the payment of debt service. The overall increase in debt service fund balance during the current year of \$62 thousand is due to interest earnings on investments during the fiscal year.

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The building capital project fund had a total fund balance of \$247 million at September 30, 2008. The overall increase in fund balance of \$44 million was primarily from proceeds of general obligation bonds and an increase in developer contributions for the Victory Sustainable Development project, construction of Lake Highland Town Center project, and the Dallas Heritage Village (Old City Park) project in excess of current year capital outlay.

Proprietary funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets in Dallas Water Utilities at the end of the year amounted to \$91 million, Convention Center was \$78 million and Airport Revenues was \$42 million. The total change in net assets was an increase of \$92 million in Dallas Water Utilities, an increase of \$3 million in Convention Center and an increase of \$17 million in Airport Revenues Fund. Factors regarding the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the fiscal year, the final amended budget increased less than 1% from the original amended budget from other unanticipated revenue. Final budgeted expenses and interfund transfers out decreased \$15.8 million from the original budget primarily from lower than expected municipal court and court and detention service expenses.

Actual budgetary basis revenues and transfers in increased by \$1.2 million from final budgeted amounts. The most significant increases were from receiving more than anticipated franchise fees from a mineral lease and higher revenues for services to others. Services to others increased from emergency ambulance revenues, park and recreation charges, security alarm fees, concession fees for cultural affairs, and environmental health charges for child care and immunization and food protection and education. Although revenues increased overall, fines and forfeiture revenue decreased \$20.9 million during the fiscal year primarily from fewer citations issued (2,000 fewer than the prior period), along with less payments received from customers. Actual budgetary expenditures and transfers out decreased by \$21 million from the final amended budget, because the City implemented a restrictive hiring policy and a plan to reduce expenditures during the fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2008, the City had \$6.8 billion invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, and water and sewer lines. (See Table 3) This amount represents a net increase of \$442 million or 7 percent, over the prior fiscal year.

Table 3
 Capital Assets
 (Net of Accumulated Depreciation, in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Land	\$423,836	\$359,563	\$215,156	\$214,080	\$638,992	\$573,643
Water Rights	-	-	266,112	269,653	266,112	269,653
Buildings	440,068	451,532	904,384	934,828	1,344,452	1,386,360
Improvements other than buildings	225,285	213,329	167,256	147,669	392,541	360,998
Infrastructure assets	925,128	844,738	259,315	244,408	1,184,443	1,089,146
Equipment	133,904	118,314	196,288	213,964	330,192	332,278
Artwork	48,795	48,795	-	-	48,795	48,795
Utility Property	-	-	1,830,226	1,729,203	1,830,226	1,729,203
Construction in progress	290,867	219,840	500,137	375,201	791,004	595,041
Totals	\$2,487,883	\$2,256,111	\$4,338,874	\$4,129,006	\$6,826,757	\$6,385,117

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Some of the major additions for fiscal year 2008 included (gross additions - in millions):

Street and Transportation Improvements	\$ 126.9
Dallas Convention Center expansion	40.0
Cotton Bowl renovation	43.3
Water and Wastewater facilities	249.0
Airport Improvements	10.1
Total	<u>\$ 469.3</u>

The City's fiscal year 2009 capital budget provides another \$674 million for capital projects, principally for two major categories: \$348 million for General Purpose Capital Improvements and \$326 million for Water Utilities Capital Improvements.

The General Purpose Capital Improvement Program provides for improvements to and/or construction of the City's street system; parks and recreational facilities; libraries; police and fire protection facilities; cultural art facilities; and the flood protection and storm drainage system. General Obligation Bonds are the primary financing mechanism for these capital improvements.

The Capital Improvement Program for the enterprise funds consists primarily of improvements to and/or construction of water and wastewater systems and improvements at Love Field airport. The transfer of enterprise revenues and the issuance of debt such as commercial paper and/or revenue bonds fund these projects.

More detailed information about the City's capital assets is presented in Note 7 to the financial statements.

Debt

At fiscal year-end, the City had \$3.97 billion in bonds outstanding for both governmental and business-type activities, a 7.6% increase, as shown in Table 4.

Table 4
 Outstanding Debt at Fiscal Year-End (In thousands)

	Governmental Activities		Business-type Activities		Totals	
	2008	2007 Restated	2008	2007	2008	2007 Restated
General Obligation Bonds	\$ 1,403,765	\$ 1,206,045	\$ -	\$ -	\$ 1,403,765	\$ 1,206,045
Equipment Acquisition Obligations	57,760	45,860	-	-	57,760	45,860
Certificates of Obligation	80,210	43,045	-	-	80,210	43,045
Pension Obligation Bonds	266,301	279,374	90,192	94,619	356,493	373,993
Tax Increment Bonds	7,445	9,415	-	-	7,445	9,415
Revenue Bonds	-	-	2,061,835	2,007,705	2,061,835	2,007,705
Notes Payable	11,609	-	15,733	-	27,342	-
Total	<u>\$ 1,827,090</u>	<u>\$ 1,583,739</u>	<u>\$ 2,167,760</u>	<u>\$ 2,102,324</u>	<u>\$ 3,994,850</u>	<u>\$ 3,686,063</u>

Bond proceeds for governmental activities will be used to pay costs of various equipment purchases, street systems, playgrounds, recreation facilities, library facilities, and other City infrastructure and facilities.

During fiscal year 2008, the City issued \$363.2 million in General Obligation Bonds with a premium of \$16.6 million, \$31.1 million of Equipment Acquisition Obligations with a premium of \$511 thousand, \$5.5 million in Combination Tax and Revenue Certificates of Obligation with a premium of \$80 thousand, and \$40.3 million in Combination Tax and Revenue Certificates of Obligation with a premium of \$261 thousand. During the fiscal year, the City also recorded three notes payable totaling \$14,764 plus \$211 thousand of accrued interest added to principal, for total additions of \$14,975. The notes were issued for utility improvements and are payable in quarterly installments with interest rates ranging from 3.00% to 3.916%.

CITY OF DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2008
 (Unaudited)

The City also issued \$158.7 million in Waterworks and Sewer System Revenue Refunding and Improvement Bonds with a premium of \$6.7 million (Series 2008) to retire outstanding commercial paper and to provide funds for improvements to water and wastewater facilities.

The City's General Obligation, Tax Increment Financing Reinvestment Zone No. 2, General Obligation Pension Bonds, Waterworks and Sewer System, Civic Center Convention Complex, Sports Arena Project Special Tax and Airport System Revenue Bond ratings are listed below.

	Underlying Ratings			Insured Ratings		
	Moody's Service	Standard & Poor's	Fitch	Moody's Service	Standard & Poor's	Fitch
General Obligation Bonds.....	Aa1	AA+	N/A	N/A	N/A	N/A
Tax Increment Financing Reinvestment Zone No. 2	N/A	N/A	N/A	N/A	BBB+	N/A
General Obligation Pension Bonds.....	Aa1	AA+	N/A	N/A	N/A	N/A
Revenue Bonds:						
Waterworks and Sewer System.....	Aa2	AAA	N/A	N/A	N/A	N/A
Civic Center Convention Complex	A1	A	N/A	A2	AA	N/A
Sports Arena Project Special Tax	Baa1	A	A+	N/A	N/A	N/A
Airport System	Baa2	BBB+	N/A	Aa3	AA	N/A

Certain maturities of the DWU and General Obligation Bonds may be insured but not all maturities are.

More detailed information about the City's long-term liabilities is presented in Note 10 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Dallas City Council has identified key focus areas – Public Safety; Economic Vibrancy; Clean, Healthy Environment; Culture, Arts and Recreation; Education and E3 Government, that is an efficient, effective, economical government. The City-wide taxable value grew 7.04 percent during the fiscal year, with the majority of the growth occurring in the commercial side of the base and new construction. The fiscal year 2008-09 budget of \$2.7 billion does not include a tax rate increase, but rather the support of a growing tax base and by finding new revenue sources and trimming expenses and some services.

The fiscal year 2008-09 budget also includes a 6.3% increase in water and wastewater rates and a 9.2% wholesale water rate increase. The fiscal year 2008-09 budget also includes a 6.3% increase in water and wastewater rates and a 9.2% wholesale water rate increase. The increase was necessary to meet continued focus on maintaining infrastructure and conserving resources with enhanced programs for water and wastewater pipeline systems maintenance, to meet continued commitment to the City's water conservation program to reduce per capita water consumption, and to fund capital program for water supply and infrastructure replacement and maintenance. In addition, operating funds will be used to offset the increased cost of operation and necessary investments in the system maintenance and future growth.

The fiscal year 2008-09 budget also includes an increase in the monthly residential sanitation fee of \$1.45 per month from \$19.53 to \$20.98 to recover the costs of providing the service.

The City of Dallas faces future economic challenges with rising costs such as energy, fuel, employee benefits, and debt obligations. For fiscal year 2009, the City has implemented a restrictive hiring policy and a plan to reduce expenditures. To help offset these costs, the City has identified new revenue streams such as non-resident accident response fees, bus shelter advertising, ad space on appropriate City vehicles, recapture of indirect costs on grants and contracts, and a third party audit of gas, electric, and telecommunications bills.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the City Controller's Office, at City of Dallas, 1500 Marilla, Room 4BN, Dallas, Texas 75201.



*“Dallas, the City that works:
diverse, vibrant and progressive.”*

CITY OF DALLAS, TEXAS
STATEMENT OF NET ASSETS

As of September 30, 2008
(in thousands)

	Primary Government		Total	Component Units
	Governmental Activities	Business-Type Activities		
Assets				
Cash and cash equivalents	\$ 244,519	\$ 261,443	\$ 505,962	\$ 753
Other investments, at fair value	33,366	-	33,366	-
Receivables, net	142,362	81,711	224,073	109
Internal balances	(4,371)	4,371	-	-
Inventories, at cost	11,356	9,790	21,146	-
Net pension asset	302,016	103,944	405,960	-
Other assets	12,888	12,258	25,146	2,866
Special assessments-paving notes	4,467	-	4,467	-
Restricted assets:				
Cash and cash equivalents	892,498	332,198	1,224,696	25,189
Other investments, at fair value	-	101,630	101,630	-
Customer assessments	-	624	624	-
Capital assets:				
Land	423,836	215,156	638,992	-
Water rights	-	353,910	353,910	-
Artwork	48,795	-	48,795	-
Construction in progress	290,867	500,137	791,004	-
Buildings	781,249	1,297,379	2,078,628	-
Improvements other than buildings	311,262	239,821	551,083	-
Equipment	487,509	497,181	984,690	-
Infrastructure assets	1,571,720	439,369	2,011,089	-
Utility property	-	2,469,355	2,469,355	-
Less accumulated depreciation	(1,427,355)	(1,673,434)	(3,100,789)	-
Total assets	<u>4,126,984</u>	<u>5,246,843</u>	<u>9,373,827</u>	<u>28,917</u>
Liabilities				
Accrued payroll	22,246	2,101	24,347	-
Accounts payable	45,825	32,474	78,299	878
Notes payable	-	-	-	100
Due to other governments	4,538	12	4,550	-
Contracts payable	45,484	-	45,484	-
Other	14,370	612	14,982	-
Construction accounts payable	47,042	56,023	103,065	-
Accrued bond interest payable	19,392	42,703	62,095	181
Commercial paper notes payable	-	67,242	67,242	-
Unearned revenue	42,410	965	43,375	-
Customer deposits	320	9,258	9,578	-
Customer construction advances	-	2,329	2,329	-
Noncurrent liabilities:				
Due within one year	228,060	122,478	350,538	-
Due in more than one year	2,100,395	2,136,287	4,236,682	87,309
Total liabilities	<u>2,570,082</u>	<u>2,472,484</u>	<u>5,042,566</u>	<u>88,468</u>
Net assets				
Invested in capital assets, net of related debt	1,657,571	2,357,750	4,015,321	-
Restricted for:				
Capital projects	16,291	-	16,291	-
Debt service	-	194,824	194,824	11,035
General government	14,744	-	14,744	-
Culture and recreation	8,990	-	8,990	-
Other purposes	12,227	-	12,227	-
Permanent funds - nonexpendable	8,280	-	8,280	-
Unrestricted	(161,201)	221,785	60,584	(70,586)
Total net assets	<u>\$ 1,556,902</u>	<u>\$ 2,774,359</u>	<u>\$ 4,331,261</u>	<u>\$ (59,551)</u>

See accompanying notes to basic financial statements.

CITY OF DALLAS, TEXAS
STATEMENT OF ACTIVITIES
Year Ended September 30, 2008
(in thousands)

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 187,857	\$ 80,647	\$ 10,648	\$ -
Public safety	659,915	52,475	16,261	-
Streets, street lighting, sanitation and code enforcement	176,503	99,803	1,199	-
Environmental and health services	33,230	5,895	18,753	-
Public works and transportation	57,315	11,977	551	15,821
Equipment and building services	31,047	994	246	-
Culture and recreation	144,178	15,499	1,656	-
Housing	1,706	40	16,224	-
Human services	25,547	14	6,234	-
Interest on long-term debt	89,525	-	-	-
Total governmental activities	1,406,823	267,344	71,772	15,821
Business-type activities:				
Dallas water utilities	396,771	451,408	-	20,700
Convention center	84,608	20,392	-	-
Airport revenues	43,144	48,224	-	9,079
Municipal radio	3,313	3,227	-	-
Building inspection	24,018	21,819	-	-
Total business-type activities	551,854	545,070	-	29,779
Total primary government	1,958,677	812,414	71,772	45,600
Component units:				
Total component units	7,267	390	296	153
Total component units	7,267	390	296	153

General revenues:
Ad valorem tax
Tax increment financing, intergovernmental revenue
Sales taxes
Franchise fees
Hotel occupancy tax
Motor vehicle tax
Alcohol beverage tax
Investment income
Other
Transfers
Total general revenues and transfers
Change in net assets
Net assets, beginning of year - restated (Note 20)
Net assets, end of year

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (96,562)		\$ (96,562)	\$ -
(591,179)		(591,179)	-
(75,501)		(75,501)	-
(8,582)		(8,582)	-
(28,966)		(28,966)	-
(29,807)		(29,807)	-
(127,023)		(127,023)	-
14,558		14,558	-
(19,299)		(19,299)	-
(89,525)		(89,525)	-
<u>(1,051,886)</u>		<u>(1,051,886)</u>	<u>-</u>
-	75,337	75,337	-
-	(64,216)	(64,216)	-
-	14,159	14,159	-
-	(86)	(86)	-
-	(2,199)	(2,199)	-
-	22,995	22,995	-
<u>(1,051,886)</u>	<u>22,995</u>	<u>(1,028,891)</u>	<u>-</u>
			<u>(6,428)</u>
			<u>(6,428)</u>
623,625	-	623,625	-
8,857	-	8,857	3,397
231,108	-	231,108	-
127,551	-	127,551	-
-	49,235	49,235	-
-	4,471	4,471	-
-	7,856	7,856	-
47,644	27,720	75,364	943
41,273	1,295	42,568	-
2,973	(2,973)	-	-
<u>1,083,031</u>	<u>87,604</u>	<u>1,170,635</u>	<u>4,340</u>
31,145	110,599	141,744	(2,088)
<u>1,525,757</u>	<u>2,663,760</u>	<u>4,189,517</u>	<u>(57,463)</u>
<u>\$ 1,556,902</u>	<u>\$ 2,774,359</u>	<u>\$ 4,331,261</u>	<u>\$ (59,551)</u>

See accompanying notes to basic financial statements.

CITY OF DALLAS, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
As of September 30, 2008
(in thousands)

	General	Debt Service	Building Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Pooled cash and cash equivalents	\$ 115,539	\$ 6,180	\$ -	\$ 80,659	\$ 202,378
Other investments, at fair value	13,434	2,395	-	17,537	33,366
Receivables:					
Ad valorem tax	33,065	13,177	-	-	46,242
Sales tax	37,398	-	-	-	37,398
Notes	1	-	1,500	8,086	9,587
Accounts	76,502	-	-	19,492	95,994
Accrued interest	1,334	470	1,784	4,773	8,361
Allowance for uncollectible accounts	(52,053)	(10,869)	(1,500)	(7,814)	(72,236)
Due from other governments	425	-	485	15,860	16,770
Due from other funds	2,762	627	-	-	3,389
Inventories, at cost	7,904	-	-	-	7,904
Special assessments-paving notes	-	-	-	4,467	4,467
Restricted cash and cash equivalents	-	-	271,335	621,163	892,498
Notes receivable from other funds	-	445	-	4,224	4,669
Other assets	2,564	-	-	-	2,564
Total assets	<u>238,875</u>	<u>12,425</u>	<u>273,604</u>	<u>768,447</u>	<u>1,293,351</u>
Liabilities and fund balances					
Liabilities					
Accrued payroll	21,478	-	-	410	21,888
Accounts payable	27,950	-	-	7,326	35,276
Due to other funds	268	-	43	3,181	3,492
Deferred revenue	29,983	1,660	-	11,024	42,667
Unearned revenue	30,121	-	-	12,165	42,286
Due to other governments	2,410	-	-	2,128	4,538
Construction accounts payable	-	-	21,676	25,366	47,042
Notes payable to other funds	64	-	-	8,885	8,949
Customer deposits	311	-	-	9	320
Contracts payable	-	-	2,963	42,521	45,484
Other	7,952	517	1,286	3,727	13,482
Total liabilities	<u>120,537</u>	<u>2,177</u>	<u>25,968</u>	<u>116,742</u>	<u>265,424</u>
Fund balances					
Reserved for:					
Encumbrances	18,966	-	51,649	148,800	219,415
General government	-	-	-	368	368
Culture and recreation	-	-	-	7,912	7,912
Notes receivable	-	445	-	4,224	4,669
Inventories	7,904	-	-	-	7,904
Debt service	-	9,803	-	1,651	11,454
Unreserved, designated in:					
General fund	48,984	-	-	-	48,984
Unreserved, undesignated in:					
General fund	42,484	-	-	-	42,484
Capital project funds	-	-	195,987	427,458	623,445
Special revenue funds	-	-	-	61,292	61,292
Total fund balance	<u>118,338</u>	<u>10,248</u>	<u>247,636</u>	<u>651,705</u>	<u>1,027,927</u>
Total liabilities and fund balance	<u>\$ 238,875</u>	<u>\$ 12,425</u>	<u>\$ 273,604</u>	<u>\$ 768,447</u>	<u>\$ 1,293,351</u>

See accompanying notes to basic financial statements.

CITY OF DALLAS, TEXAS
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

As of September 30, 2008
(in thousands)

Total fund balances - governmental funds		\$ 1,027,927
Amounts reported for governmental activities in the statement of net assets are different because:		
Net pension assets are not financial resources and therefore are not reported in the funds. These are:		
Net Pension Asset		302,016
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	422,140	
Artwork	48,795	
Construction in progress	289,102	
Infrastructure assets	1,569,899	
Buildings	776,814	
Improvements other than buildings	310,273	
Equipment	316,444	
Accumulated depreciation	<u>(1,281,677)</u>	
Total capital assets	<u>2,451,790</u>	2,451,790
Bond issuance costs, reported as an expenditure in governmental funds, are allocated as an expense over the life of the debt on a full accrual basis.		
		8,609
Some revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year-end. On the accrual basis, however, those revenues would be recognized, regardless of when they are collected.		
		42,667
Internal service funds are used by management to charge the costs of certain activities, such as equipment services, communication equipment services, office services, information services, and insurance. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets		
		(26,620)
Some long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Bonds payable, plus unamortized bond premium	2,001,015	
Capital leases	10,732	
Accrued interest on bonds and notes	19,392	
Arbitrage rebate payable	2,907	
Notes payable	11,609	
Compensated absences	129,459	
Sales tax refund	12,863	
Other postemployment benefits	30,974	
Landfill closure & post-closure	<u>30,536</u>	
Total long-term liabilities	<u>2,249,487</u>	<u>(2,249,487)</u>
Net assets of governmental activities		<u>\$ 1,556,902</u>

See accompanying notes to basic financial statements.

CITY OF DALLAS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended September 30, 2008
(in thousands)

	General	Debt Service	Building Capital Projects Fund	Nonmajor Governmental Funds	Total
Revenues:					
Ad valorem tax	\$ 421,237	\$ 184,581	\$ -	\$ 13,389	\$ 619,207
Tax increment financing, intergovernmental	-	-	-	8,857	8,857
Sales tax	231,108	-	-	-	231,108
Franchise fees	127,551	-	-	-	127,551
Licenses and permits	3,696	-	-	-	3,696
Intergovernmental	7,047	-	2,253	67,479	76,779
Service to others	160,239	-	-	36,548	196,787
Fines and forfeits	31,118	-	-	6,758	37,876
Investment income	7,440	4,364	10,012	24,624	46,440
Contributions and gifts	924	-	9,933	2,669	13,526
Confiscated money awards	-	-	-	2,924	2,924
Other	9,592	7	49	7,948	17,596
Total revenues	999,952	188,952	22,247	171,196	1,382,347
Current expenditures:					
General government	94,172	-	8,212	55,741	158,125
Public safety	602,019	-	-	9,735	611,754
Streets, street lighting, sanitation and code enforcement	140,206	-	-	18,791	158,997
Environmental and health services	18,892	-	-	15,165	34,057
Public works and transportation	18,766	-	-	-	18,766
Equipment and building services	23,331	-	-	-	23,331
Culture and recreation	118,470	-	-	6,280	124,750
Housing	1,487	-	-	-	1,487
Human services	-	-	-	24,593	24,593
Debt service:					
Principal	7,203	134,577	-	-	141,780
Interest and fiscal charges	1,298	78,657	1,637	1,818	83,410
Capital outlay					
	7,163	-	177,762	146,095	331,020
Total expenditures	1,033,007	213,234	187,611	278,218	1,712,070
 Excess (deficiency) of revenues over (under) expenditures	 (33,055)	 (24,282)	 (165,364)	 (107,022)	 (329,723)
Other financing sources (uses):					
Transfers in	8,381	24,113	-	4,523	37,017
Transfers out	(14,025)	-	(692)	(17,045)	(31,762)
Proceeds from sale of capital assets	5,816	-	-	3,424	9,240
Premium on debt issued	-	3,772	6,577	7,147	17,496
General obligation bonds issued	-	-	203,359	166,156	369,515
Refunding bonds issued	-	70,610	-	-	70,610
Payment to refunded bond escrow agent	-	(74,151)	-	-	(74,151)
Capital lease	2,755	-	-	-	2,755
Proceeds from notes issued	14,764	-	-	-	14,764
Total other financing sources (uses)	17,691	24,344	209,244	164,205	415,484
 Net change in fund balances	 (15,364)	 62	 43,880	 57,183	 85,761
Fund balances, beginning of year - restated (Note 20)	133,702	10,186	203,756	594,522	942,166
Fund balances, end of year	<u>\$ 118,338</u>	<u>\$ 10,248</u>	<u>\$ 247,636</u>	<u>\$ 651,705</u>	<u>\$ 1,027,927</u>

See accompanying notes to basic financial statements.

CITY OF DALLAS, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended September 30, 2008
(in thousands)

Net change in fund balances--total governmental funds \$ 85,761

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	331,020	
Depreciation expense	(94,725)	
Net adjustment	236,295	236,295

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.

Proceeds from Sale of Capital Assets	(9,240)	
Gain on Disposal of Capital Assets	8,710	(530)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This adjustment is to recognize the net change in "unavailable" revenues.

15,085

The issuance of long-term debt (e.g., bonds, certificates of obligation) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issued:		
Premium on debt issued	(17,496)	
Notes Payable and capitalized interest	(14,975)	
Refunding bonds	(70,610)	
General obligation bonds and certificates of obligation	(369,515)	
Repayments:		
Capital lease principal payment	2,937	
Sales Tax Refund Liability	731	
Note principal payment	3,535	
Payment to refunded bond escrow agent	74,151	
Bond principal payments	134,577	(256,665)
Net adjustment		

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.

Increase in Accrued Interest Payable	(1,030)	
Bond issuance costs	1,932	
Amortization of bond issuance costs	(1,019)	
Amortization of premium, discount and refunding deferral	7,732	
Accretion on Capital Appreciation Bonds	(13,625)	
Increase in net pension asset	15,479	
Increase in other postemployment benefits	(30,974)	
Increase in the amount of compensated absences	(6,178)	
Decrease in arbitrage rebate liability	106	
Increase in landfill closure cost	(673)	
Increase in capital lease	(2,755)	(31,005)
Total adjustment		

Internal service funds are used by management to charge the costs of certain activities, such as fleet management, insurance, compensated absences and computer replacement, to individual funds. The external revenue generated by these funds (interest income and gain on sale of equipment) is reported with the governmental activities.

(17,796)

Change in net assets of governmental activities

\$ 31,145

See accompanying notes to basic financial statements.

CITY OF DALLAS, TEXAS
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-NON-GAAP BUDGETARY BASIS
Year Ended September 30, 2008
(in thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 434,958	\$ 434,958	\$ 430,539	\$ (4,419)
Sales tax	237,196	237,196	229,853	(7,343)
Other tax and franchise revenues	142,060	142,060	156,628	14,568
Licenses and permits	7,634	7,634	9,064	1,430
Intergovernmental	4,708	4,708	7,032	2,324
Services to others	145,980	145,981	156,405	10,424
Fines and forfeitures	52,016	52,016	37,081	(14,935)
Investment income	8,440	8,440	7,930	(510)
Other	11,772	11,839	15,718	3,879
Total revenues	1,044,764	1,044,832	1,050,250	5,418
Expenditures:				
General government				
City attorney's office	12,779	12,779	12,542	237
City auditor's office	2,893	2,893	2,583	310
Dallas central appraisal district	2,592	2,592	2,592	-
Elections	82	95	94	1
Independent audit	1,150	1,150	915	235
Office of financial services	17,305	17,305	17,078	227
Dallas county tax collection	534	534	534	-
City manager's office	2,686	2,686	2,607	79
Office of environmental quality	1,695	1,695	1,676	19
Mayor and city council	3,502	3,512	3,494	18
Civil service	2,040	2,040	1,954	86
Human resources	6,425	6,425	6,289	136
Development services	1,302	1,302	1,247	55
Non-departmental	20,681	21,457	20,514	943
City secretary's office	1,973	1,973	1,862	111
Office of purchasing/business diversity	2,755	2,787	2,699	88
Economic development	4,095	4,095	4,087	8
Municipal court - Judiciary	2,549	2,732	2,670	62
Court and detention services	12,542	12,721	12,390	331
Jail contract-Lew Sterrett	6,824	6,824	6,824	-
Total general government	106,404	107,597	104,651	2,946
Public safety				
Dallas police department	401,072	402,843	398,121	4,722
Dallas fire department	189,301	192,134	191,467	667
Office of emergency management	900	900	748	152
9-1-1 systems operations	14,365	14,587	13,888	699
Total public safety	605,638	610,464	604,224	6,240
Streets, street lighting, sanitation and code enforcement				
Code compliance	25,267	27,960	27,372	588
Sanitation services	70,655	73,594	71,025	2,569
Street services	39,066	39,302	38,361	941
Street lighting	16,945	17,388	17,148	240
Total streets, street lighting, sanitation and code enforcement	151,933	158,244	153,906	4,338
Environmental and health services	18,990	19,520	17,846	1,674

continued

See accompanying notes to basic financial statements.

CITY OF DALLAS, TEXAS
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-NON-GAAP BUDGETARY BASIS (continued)
Year Ended September 30, 2008
(in thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
Public works and transportation	\$ 30,667	\$ 28,811	\$ 24,720	\$ 4,091
Equipment and building services	15,784	16,005	15,522	483
Culture and recreation				
Library	32,158	32,461	32,350	111
Office of cultural affairs	15,333	15,333	14,697	636
Park and recreation	73,074	74,380	74,022	358
Total culture and recreation	120,565	122,174	121,069	1,105
Housing	1,545	1,545	1,403	142
Total expenditures	1,051,526	1,064,360	1,043,341	21,019
Excess (deficiency) of revenues over (under) expenditures	(6,762)	(19,528)	6,909	26,437
Other financing sources (uses):				
Interfund transfers in	11,846	14,246	10,057	(4,189)
Interfund reserved and transfers out	(5,943)	(2,946)	(2,946)	-
Total other financing sources (uses)	5,903	11,300	7,111	(4,189)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	(859)	(8,228)	14,020	22,248
Fund balances, beginning of year	129,606	119,358	139,661	-
Fund balances, end of year	<u>\$ 128,747</u>	<u>\$ 111,130</u>	<u>\$ 153,681</u>	<u>\$ 22,248</u>

See accompanying notes to basic financial statements.

CITY OF DALLAS, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
As of September 30, 2008
(in thousands)

	Business-type Activities Enterprise Funds					Governmental Activities- Internal Service Funds
	Dallas Water Utilities	Convention Center	Airport Revenues	Nonmajor Enterprise Funds	Total	
Assets						
Current assets:						
Pooled cash and cash equivalents	\$ 123,540	\$ 73,999	\$ 46,332	\$ 17,572	\$ 261,443	\$ 42,141
Receivables:						
Accounts	72,175	2,744	878	687	76,484	45
Taxes	-	7,216	-	-	7,216	-
Accrued interest	3,246	928	322	125	4,621	201
Allowance for uncollectibles	(10,109)	(524)	-	(2)	(10,635)	-
Due from other governments	-	-	4,025	-	4,025	-
Due from other funds	347	371	-	-	718	12
Prepaid items	-	-	-	-	-	29
Inventories, at cost	9,391	117	282	-	9,790	3,452
Restricted assets:						
Customer assessments	624	-	-	-	624	-
Pooled cash and cash equivalents for current debt service	129,632	-	-	-	129,632	-
Customer deposits:						
Pooled cash and cash equivalents	8,672	-	-	-	8,672	-
Other	-	-	-	-	-	1,686
Total current assets	<u>337,518</u>	<u>84,851</u>	<u>51,839</u>	<u>18,382</u>	<u>492,590</u>	<u>47,566</u>
Noncurrent assets:						
Capital Assets:						
Land	72,808	87,820	53,628	900	215,156	1,696
Water Rights	353,910	-	-	-	353,910	-
Construction in progress	475,632	159	24,091	255	500,137	1,765
Buildings	356,726	548,178	392,138	337	1,297,379	4,435
Improvements other than buildings	39,476	68,754	131,318	273	239,821	989
Infrastructure assets	422,989	11,094	5,286	-	439,369	1,821
Equipment	443,493	39,989	10,131	3,568	497,181	171,065
Utility property	2,469,355	-	-	-	2,469,355	-
Accumulated depreciation	<u>(1,303,562)</u>	<u>(182,878)</u>	<u>(184,399)</u>	<u>(2,595)</u>	<u>(1,673,434)</u>	<u>(145,678)</u>
Total capital assets	<u>3,330,827</u>	<u>573,116</u>	<u>432,193</u>	<u>2,738</u>	<u>4,338,874</u>	<u>36,093</u>
Other noncurrent assets:						
Restricted assets:						
Held for construction purposes:						
Cash and cash equivalents	191,219	-	-	-	191,219	-
Pooled cash and cash equivalents for future debt service	2,675	-	-	-	2,675	-
Other investments for future debt service at fair value	73,350	28,280	-	-	101,630	-
Notes receivable from other funds	4,725	-	-	-	4,725	-
Net pension asset	77,162	5,520	7,219	14,043	103,944	-
Other assets	8,995	3,263	-	-	12,258	-
Total other noncurrent assets	<u>358,126</u>	<u>37,063</u>	<u>7,219</u>	<u>14,043</u>	<u>416,451</u>	<u>-</u>
Total noncurrent assets	<u>3,688,953</u>	<u>610,179</u>	<u>439,412</u>	<u>16,781</u>	<u>4,755,325</u>	<u>36,093</u>
Total assets	<u>\$ 4,026,471</u>	<u>\$ 695,030</u>	<u>\$ 491,251</u>	<u>\$ 35,163</u>	<u>\$ 5,247,915</u>	<u>\$ 83,659</u>

See accompanying notes to basic financial statements.

CITY OF DALLAS, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS (continued)

As of September 30, 2008
(in thousands)

	Business-type Activities					Governmental Activities- Internal Service Funds
	Enterprise Funds					
	Dallas Water Utilities	Convention Center	Airport Revenues	Nonmajor Enterprise Funds	Total	
Liabilities						
Current liabilities:						
Accrued payroll	\$ 1,501	\$ 130	\$ 148	\$ 322	\$ 2,101	\$ 358
Accounts payable	25,320	3,305	3,708	141	32,474	10,549
Accrued vacation and sick	3,106	319	393	798	4,616	1,466
Due to other governments	-	12	-	-	12	-
Due to other funds	627	-	-	-	627	-
Unearned Revenue	-	210	755	-	965	124
Estimated unpaid health claims	-	-	-	-	-	8,470
Estimated unpaid claims - general	-	-	-	-	-	6,743
Workers' compensation	-	-	-	-	-	12,220
Accrued bond interest payable on pension obligation bonds	260	18	24	48	350	-
Revenue bonds	-	-	6,495	-	6,495	-
Pension obligation bonds	2,326	166	218	424	3,134	-
Other	-	22	493	97	612	888
Total current liabilities	<u>33,140</u>	<u>4,182</u>	<u>12,234</u>	<u>1,830</u>	<u>51,386</u>	<u>40,818</u>
Current liabilities (payable from restricted assets):						
Construction accounts payable	56,023	-	-	-	56,023	-
Commercial paper notes payable	67,242	-	-	-	67,242	-
Notes payable	-	1,000	198	-	1,198	-
Accrued bond interest payable	39,520	2,318	515	-	42,353	-
Revenue bonds	91,215	15,820	-	-	107,035	-
Total current liabilities (payable from restricted assets)	<u>254,000</u>	<u>19,138</u>	<u>713</u>	<u>-</u>	<u>273,851</u>	<u>-</u>
Total current liabilities	<u>287,140</u>	<u>23,320</u>	<u>12,947</u>	<u>1,830</u>	<u>325,237</u>	<u>40,818</u>
Noncurrent liabilities:						
Notes payable to other funds	445	-	-	-	445	-
Notes payable	-	12,629	1,906	-	14,535	-
Revenue bonds	1,620,619	336,281	13,921	-	1,970,821	-
Accreted interest on pension obligation bonds	10,969	783	1,028	1,997	14,777	-
Pension obligation bonds	90,698	6,457	8,498	16,523	122,176	-
Total long-term debt	<u>1,722,731</u>	<u>356,150</u>	<u>25,353</u>	<u>18,520</u>	<u>2,122,754</u>	<u>-</u>
Other long-term liabilities:						
Estimated unpaid claims - general	-	-	-	-	-	17,781
Arbitrage rebate	1,181	-	-	-	1,181	-
Other postemployment benefits	3,747	283	425	814	5,269	561
Workers compensation	-	-	-	-	-	48,729
Customer deposits	8,698	560	-	-	9,258	-
Customer construction advances	2,329	-	-	-	2,329	-
Accrued vacation and sick	5,067	520	641	1,300	7,528	2,390
Total other long-term liabilities	<u>21,022</u>	<u>1,363</u>	<u>1,066</u>	<u>2,114</u>	<u>25,565</u>	<u>69,461</u>
Total noncurrent liabilities	<u>1,743,753</u>	<u>357,513</u>	<u>26,419</u>	<u>20,634</u>	<u>2,148,319</u>	<u>69,461</u>
Total liabilities	<u>2,030,893</u>	<u>380,833</u>	<u>39,366</u>	<u>22,464</u>	<u>2,473,556</u>	<u>110,279</u>
Net Assets						
Invested in capital assets, net of related debt	1,737,953	207,386	409,673	2,738	2,357,750	36,093
Restricted:						
Revenue bond requirements	166,137	28,687	-	-	194,824	-
Unrestricted	91,488	78,124	42,212	9,961	221,785	(62,713)
Total net assets	<u>\$ 1,995,578</u>	<u>\$ 314,197</u>	<u>\$ 451,885</u>	<u>\$ 12,699</u>	<u>\$ 2,774,359</u>	<u>\$ (26,620)</u>

See accompanying notes to basic financial statements.

CITY OF DALLAS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year Ended September 30, 2008
(in thousands)

	Business-type Activities Enterprise Funds				Total	Governmental Activities- Internal Service Funds
	Dallas Water Utilities	Convention Center	Airport Revenues	Nonmajor Enterprise Funds		
Operating revenues:						
Customer charges	\$ 451,408	\$ 15,776	\$ 48,224	\$ 25,046	\$ 540,454	\$ -
Charges to other City departments	-	-	42	-	42	158,248
Service to others	-	4,616	-	-	4,616	35,117
Intergovernmental	-	9	708	-	717	-
Other	-	251	167	118	536	8,556
Total operating revenues	<u>451,408</u>	<u>20,652</u>	<u>49,141</u>	<u>25,164</u>	<u>546,365</u>	<u>201,921</u>
Operating expenses:						
Personnel services	74,034	6,520	7,701	17,484	105,739	42,902
Supplies and materials	82,874	5,200	5,277	597	93,948	30,924
Contractual and other services	95,744	28,492	17,564	7,920	149,720	135,303
Depreciation	76,887	21,150	10,935	359	109,331	10,286
Total operating expenses	<u>329,539</u>	<u>61,362</u>	<u>41,477</u>	<u>26,360</u>	<u>458,738</u>	<u>219,415</u>
Operating income (loss)	<u>121,869</u>	<u>(40,710)</u>	<u>7,664</u>	<u>(1,196)</u>	<u>87,627</u>	<u>(17,494)</u>
Nonoperating revenues (expenses):						
Investment income	20,012	4,854	2,114	740	27,720	1,204
Alcohol beverage tax	-	7,856	-	-	7,856	-
Motor vehicle rental tax	-	4,471	-	-	4,471	-
Hotel occupancy tax	-	49,235	-	-	49,235	-
Interest on bonds and notes	(66,327)	(21,526)	(1,667)	(971)	(90,491)	-
Net gain (loss) on property disposals	(905)	(1,720)	-	-	(2,625)	776
Total nonoperating revenues (expenses)	<u>(47,220)</u>	<u>43,170</u>	<u>447</u>	<u>(231)</u>	<u>(3,834)</u>	<u>1,980</u>
Income (loss) before transfers and contributions	74,649	2,460	8,111	(1,427)	83,793	(15,514)
Capital contributions	20,700	-	9,079	-	29,779	-
Transfers in	-	3,944	-	-	3,944	-
Transfers out	(3,213)	(3,419)	(23)	(262)	(6,917)	(2,282)
	<u>17,487</u>	<u>525</u>	<u>9,056</u>	<u>(262)</u>	<u>26,806</u>	<u>(2,282)</u>
Change in net assets	92,136	2,985	17,167	(1,689)	110,599	(17,796)
Net assets, beginning of year	1,903,442	311,212	434,718	14,388	2,663,760	(8,824)
Net assets, end of year	<u>\$ 1,995,578</u>	<u>\$ 314,197</u>	<u>\$ 451,885</u>	<u>\$ 12,699</u>	<u>\$ 2,774,359</u>	<u>\$ (26,620)</u>

See accompanying notes to basic financial statements.



*“Dallas, the City that works:
diverse, vibrant and progressive.”*

CITY OF DALLAS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Year Ended September 30, 2008
(in thousands)

	Business-type Activities Enterprise Funds		
	Dallas Water Utilities	Convention Center	Airport Revenues
Cash flows from operating activities:			
Cash received from customers	\$ 441,490	\$ 19,970	\$ 50,863
Cash payments to suppliers for goods and services	(86,776)	(6,807)	(5,245)
Cash payments to employees for services	(73,212)	(6,563)	(7,517)
Cash payments for contractual services	(64,915)	(28,044)	(16,528)
Other operating cash receipts (payments)	(292)	(539)	(1,729)
Net cash provided by (used in) operating activities	<u>216,295</u>	<u>(21,983)</u>	<u>19,844</u>
Cash flows from non capital financing activities:			
Alcohol beverage tax	-	7,856	-
Motor vehicle tax	-	4,471	-
Hotel occupancy tax	-	49,235	-
Transfers from other funds	-	3,944	-
Transfers to other funds	(3,213)	(3,419)	(23)
Net cash provided by (used in) non capital financing activities	<u>(3,213)</u>	<u>62,087</u>	<u>(23)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(266,504)	(16,161)	(14,290)
Proceeds from sale of capital assets	42	-	-
Proceeds from sale of revenue refunding bonds	165,335	-	-
Proceeds from issuance of notes payable	-	15,631	2,303
Principal paid on revenue and general obligation bond maturities	(86,552)	(15,254)	(6,548)
Principal paid on notes payable	-	(2,002)	(199)
Interest paid on bonds	(79,217)	(20,524)	(1,610)
Proceeds from sale of commercial paper notes	52,544	-	-
Retirement of commercial paper notes	(165,000)	-	-
Interest paid on commercial paper	(5,371)	-	-
Capital contribution	-	-	7,704
Increase in Arbitrage Rebate Liability	1,181	-	-
Net cash provided by (used in) capital and related financing activities	<u>(383,542)</u>	<u>(38,310)</u>	<u>(12,640)</u>
Cash flows from investing activities:			
Purchase of investments	(60,680)	(27,803)	-
Maturity of investments	56,639	28,589	-
Investment income	20,934	4,437	2,110
Net cash provided by (used in) investing activities	<u>16,893</u>	<u>5,223</u>	<u>2,110</u>
Net increase (decrease) in cash and cash equivalents	(153,567)	7,017	9,291
Cash and cash equivalents, beginning of year	609,305	66,982	37,041
Cash and cash equivalents, end of year	<u>\$ 455,738</u>	<u>\$ 73,999</u>	<u>\$ 46,332</u>

See accompanying notes to basic financial statements.

Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
\$ 25,321	\$ 537,644	\$ 203,313
(619)	(99,447)	(29,991)
(17,470)	(104,762)	(41,172)
(7,966)	(117,453)	(135,303)
-	(2,560)	1,776
<u>(734)</u>	<u>213,422</u>	<u>(1,377)</u>
-	7,856	-
-	4,471	-
-	49,235	-
-	3,944	-
<u>(262)</u>	<u>(6,917)</u>	<u>(2,282)</u>
<u>(262)</u>	<u>58,589</u>	<u>(2,282)</u>
(1,067)	(298,022)	(6,318)
-	42	801
-	165,335	-
-	17,934	-
(599)	(108,953)	-
-	(2,201)	-
(377)	(101,728)	-
-	52,544	-
-	(165,000)	-
-	(5,371)	-
-	7,704	-
-	1,181	-
<u>(2,043)</u>	<u>(436,535)</u>	<u>(5,517)</u>
-	(88,483)	-
-	85,228	-
763	28,244	1,291
<u>763</u>	<u>24,989</u>	<u>1,291</u>
(2,276)	(139,535)	(7,885)
19,848	733,176	50,026
<u>\$ 17,572</u>	<u>\$ 593,641</u>	<u>\$ 42,141</u>

See accompanying notes to basic financial statements.

CITY OF DALLAS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (continued)
Year Ended September 30, 2008
(in thousands)

	Business-type Activities Enterprise Funds		
	Dallas Water Utilities	Convention Center	Airport Revenues
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 121,869	\$ (40,710)	\$ 7,664
Adjustments not affecting cash:			
Depreciation	76,887	21,150	10,935
Change in assets and liabilities			
(Increase) Decrease in accounts and other receivables	(8,936)	(753)	1,210
(Increase) Decrease in notes receivables from other funds	(470)	-	-
(Increase) Decrease in customer assessments receivable	(219)	-	-
(Increase) Decrease in inventories	(3,902)	22	(63)
(Increase) Decrease in other assets	(3,648)	(460)	(370)
(Increase) Decrease in due from other governments	-	-	(1,729)
(Increase) Decrease in due from other funds	(79)	(371)	-
Increase (Decrease) in due to other funds	(520)	-	-
Increase (Decrease) in due to other governments	-	9	-
Increase (Decrease) in accounts and contracts payable	31,597	448	1,043
Increase (Decrease) in accrued payroll	574	43	59
Increase (Decrease) in accrued vacation and sick leave	456	(86)	70
Increase (Decrease) in allowance for doubtful accounts	(844)	(167)	-
Increase (Decrease) in deferred revenue	-	30	512
Increase (Decrease) in customer deposits	551	208	(7)
Increase (Decrease) in other post employment benefits	3,747	283	425
Increase (Decrease) in customer construction advances	(768)	-	-
Increase (Decrease) in other liabilities	-	(1,629)	95
Total adjustments	<u>94,426</u>	<u>18,727</u>	<u>12,180</u>
Net cash provided by (used in) operating activities	<u>216,295</u>	<u>(21,983)</u>	<u>19,844</u>
Current Assets:			
Pooled cash and cash equivalents	123,540	73,999	46,332
Pooled cash and cash equivalents for current debt service	129,632	-	-
Customer Deposits pooled cash and cash equivalent	8,672	-	-
Held for Construction purposes:			
Cash and cash equivalents	191,219	-	-
Pooled cash and cash equivalents for future debt service	2,675	-	-
Total cash and cash equivalents end of year	<u>\$ 455,738</u>	<u>\$ 73,999</u>	<u>\$ 46,332</u>
Noncash investing, capital, and financing activities:			
Capital contribution	20,700	-	1,375
Change in fair value of investments	(1,827)	(251)	(235)
	<u>18,873</u>	<u>(251)</u>	<u>1,140</u>

See accompanying notes to basic financial statements.

Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
\$ (1,196)	\$ 87,627	\$ (17,494)
359	109,331	10,286
157	(8,322)	1,392
-	(470)	-
-	(219)	-
-	(3,943)	(879)
(719)	(5,197)	(1,392)
-	(1,729)	-
-	(450)	(12)
-	(520)	-
-	9	-
(46)	33,042	1,832
131	807	53
(212)	228	1,116
-	(1,011)	-
-	542	124
-	752	-
814	5,269	561
-	(768)	-
(22)	(1,556)	3,036
<u>462</u>	<u>125,795</u>	<u>16,117</u>
<u>(734)</u>	<u>213,422</u>	<u>(1,377)</u>
17,572	261,443	42,141
-	129,632	-
-	8,672	-
-	191,219	-
-	2,675	-
<u>\$ 17,572</u>	<u>\$ 593,641</u>	<u>\$ 42,141</u>
-	22,075	-
(84)	(2,397)	(175)
<u>(84)</u>	<u>19,678</u>	<u>(175)</u>

See accompanying notes to basic financial statements.

CITY OF DALLAS, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

As of September 30, 2008
(in thousands)

	Agency Funds	Pension Trust Funds
Assets		
Pooled cash and cash equivalents	\$ 8,320	\$ -
Cash and cash equivalents	-	612,730
Receivables:		
Accounts	40	467,577
Accrued interest	39	15,803
Domestic equities	-	1,397,506
U.S. and foreign government securities	-	274,031
Domestic corporate fixed income	-	595,881
International equities and fixed income	-	682,651
Commingled index funds	-	132,433
Venture capital (real estate)	-	38
Other investments	2	-
Plan interest in Group Master Trust	-	3,376,595
Total assets	8,401	7,555,245
Liabilities		
Accounts payable	849	4,842
Payable for securities purchased	-	73,716
Securities lending obligation	-	478,743
Other	7,552	435,485
Total liabilities	8,401	992,786
Net Assets		
Held in trust for pension benefits	-	6,562,459
Total net assets	\$ -	\$6,562,459

CITY OF DALLAS, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended September 30, 2008
(in thousands)

	Pension Trust Funds
Additions:	
Contributions:	
Employer	\$ 122,596
Employee	49,758
Total contributions	172,354
Net investment income:	
Dividends	39,870
Interest	58,548
Net appreciation in fair value of investments	22,766
Net investment gain from Group Master Trust	247,547
Securities lending income	29,330
Less investment expenses:	
Investment management fees	(12,069)
Custody fees	(125)
Consultant fees	(283)
Securities lending borrower rebates	(26,820)
Securities lending management fees	(558)
Total investment expenses	(39,855)
Net investment income	358,206
Other income	459
Total increases	531,019
Deductions:	
Benefit payments	279,751
Refund of contributions	3,969
Administrative expenses	8,809
Total deductions	292,529
Net increase in net assets available for benefits	238,490
Net assets held in trust for pension benefits:	
Beginning of year	6,323,969
End of year	\$ 6,562,459

See accompanying notes to basic financial statements.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

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CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 1. Summary of Significant Accounting Policies

A. General

The City of Dallas, Texas ("the City") is a municipal corporation incorporated under Article XI, Section 5 of the Constitution of the State of Texas (Home Rule Amendment). The City operates under the Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety, and convenience of the City and its inhabitants.

The accounting policies of the City conform to U.S. generally accepted accounting principles (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Private-sector standards of accounting and financial reporting as promulgated by the Financial Accounting Standards Board issued prior to December 1, 1989 are followed in the enterprise funds and the business-type activities to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance. Unless otherwise indicated, amounts are presented in thousands (000's). The more significant accounting and reporting policies and practices used by the City are described below:

B. Reporting Entity

The basic financial statements present the City and its component units and include all activities, organizations and functions for which the City is considered to be financially accountable. The criteria considered in determining activities to be reported within the City's basic financial statements include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

The City's municipal services, which include public safety (police and fire), streets, sanitation, code enforcement, environmental and health services, public works and transportation, equipment and building, culture and recreation, housing and human services, and general administrative services, are included in the accompanying basic financial statements.

In addition, the City owns and operates certain enterprise funds including water utilities, convention services, airport and other enterprise activities that are also included in the accompanying basic financial statements.

Blended Component Units

Blended component units are included as part of the primary government because they meet the above criteria as well as serve or benefit the City exclusively.

- Pension Trust Funds – The Pension Trust Funds have a December 31 year-end. The primary functions of the pension entities are investment and benefit management activities. Although the entities are legally separate from the City, they are reported as part of the primary government because the above criteria are met. Each board has contracted with various investment managers and banks for management of the portfolios of the plans. The City contributes on behalf of its employees to three defined benefit pension plans administered by two legally separate entities: the Employees' Retirement Fund of the City of Dallas, at 600 North Pearl Street, Suite 2450, Dallas, TX 75201; and Dallas Police and Fire Pension System, at 2301 N. Akard Road, Suite 200, Dallas, TX 75201.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 1. Summary of Significant Accounting Policies (continued)

B. Reporting Entity (continued)

Complete financial statements for each of the component units may be obtained at the administrative offices listed above.

Discretely Presented Component Units - The following legally separate entities are reported as discretely presented component units of the City because the City appoints a voting majority of the boards, approves budgets and maintains the ability to impose its will on the entities.

- Housing Finance Corporation - organized to issue tax-exempt mortgage revenue bonds to encourage low to moderate-income citizens opportunities for single-family residential home ownership.
- Housing Acquisition and Development Corporation - organized solely and exclusively for the public purpose of providing safe, affordable housing facilities for low and moderate income persons.
- Downtown Dallas Development Authority – The primary function of the Downtown Dallas Development Authority (DDDA) is to increase the property tax base in the downtown area of the city. The DDDA operates in a manner similar to other tax increment financing zones of the City, but has a separate board. Its primary purpose is to issue revenue bonds to finance major improvements by developers. Financial information can be obtained from: City of Dallas Economic Development Department, 1500 Marilla, Room 6BS, Dallas, TX 75201.

Entity financial statements are available for Housing Acquisition and Development Corporation and the Housing Finance Corporation by contacting the City of Dallas Housing Department, 1500 Marilla, Room 6DN, Dallas, TX 75201.

Related Organizations

City officials are also responsible for appointing members to the boards of the following organizations, but the City's accountability for these organizations does not extend beyond making appointments.

The Dallas/Fort Worth International Airport (DFW Airport) is jointly governed by the cities of Dallas and Fort Worth. The Cities approve the Airport's annual budget and all bond sales, but have no responsibility for the Airport's debt service requirements. DFW Airport is governed by a 12-member board (Board) comprised of seven members representing the City of Dallas, four members representing the City of Fort Worth and on an annual basis, one non-voting member from the neighboring cities of Irving, Grapevine, Euless and Coppell. Members of the Board are appointed by the respective City Councils. The Board is a semi-autonomous body charged with governing the Airport and may enter into contracts without approval of the City Councils.

The Dallas Housing Authority (Authority) is an independent organization, which has a scope of public service within the geographic boundaries of the City. Under Texas State Statutes, the responsibility for the administration and operations of the Authority is vested solely with the Authority's Board of Commissioners. The Authority is dependent on Federal funds from the Department of Housing and Urban Development and, as a result, is not financially dependent on the City. In addition, the City is not responsible for any deficits incurred and has no fiscal management control. The governing body of the Authority is its Board of Commissioners, composed of five members appointed by the Mayor of the City of Dallas. The Authority is not considered a component unit of the City, as defined by pronouncements of GASB 14, amended by GASB 39, since the City is not financially accountable for the operations of the Authority, has no responsibility to fund deficits or receive surpluses, and has not guaranteed the Authority's debt.

The Dallas Area Rapid Transit (DART) is a regional transportation authority under Chapter 452 of the Texas Transportation Code and is controlled by a 15-member board. The Dallas City Council appoints seven members and participating suburban City Councils appoint eight board members. Its purpose is to provide transportation services in the DART service area. The voters in the DART service area approved a one percent sales tax to fund the authority annually. DART is not fiscally dependent on the City.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 1. Summary of Significant Accounting Policies (continued)

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on the primary government and its non-fiduciary component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund level financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows; however, agency funds report only assets and liabilities and have no measurement focus.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues received within 60 days of year-end to be available, in accordance with the City's accounting policy, except as noted in the paragraph below.

Revenues susceptible to accrual include ad valorem taxes, sales tax, sanitation collection fees, disposal fees, ambulance fees, parking fines, franchise fees and interest. In applying the susceptible to accrual concept to Federal and State grants, revenues are recognized when applicable eligibility requirements, including time requirements, are met. The grant revenues and developer and intergovernmental contributions availability period is considered to be one year. All other revenue items are considered to be measurable and available only when the City receives the cash as the resulting net receivables are deemed immaterial, such as court fines and fees.

Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, rebatable arbitrage, claims and judgments, and landfill closure and post-closure care costs are recorded only when matured and payment is due.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

The Building Capital Project Fund is used to account for the construction of City-owned buildings.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 1. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets.

The City reports the following major proprietary funds:

The Dallas Water Utilities Fund accounts for water and wastewater services for Dallas, area customer cities and governmental entities. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance, and related debt service.

The Convention Center Fund accounts for convention and event services for the Dallas Convention Center. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance, and related debt service.

The Airport Revenue Fund accounts for Dallas Airports System, which includes airport services and administration of Dallas Love Field, Executive Airport and Heliport. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance, and related debt service. DFW airport activity is not included in the financial statements.

Additionally, the City reports the following funds:

The Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of those major capital facilities which are not financed by Enterprise Funds, Internal Service Funds, and Trust Funds.

The Special Revenue Funds are used to account for proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes.

Non-major Enterprise Funds are used to account for operations, other than the major proprietary funds listed above, which are operated in a manner similar to private business enterprises. Non-major Enterprise Funds include the operation of the municipal radio station and building inspections.

The Internal Service Funds are used to allocate associated costs of centralized services on a cost-reimbursement basis. The services provided to other City departments are vehicles, vehicle maintenance and fuel and lubrication, providing communication services, providing data processing and programming services, providing office supplies, printing, copying and mailing services and providing risk financing and insurance-related activities.

The Pension Trust Funds account for the activities of the City's three contributory defined benefit pension plans: Employees' Retirement System; Police and Fire Pension System; and Supplemental Police and Fire Pension Plan.

The Agency Funds are used to account for assets held by the City, as an agent for individuals (employee war and savings bond fund, cash escrow, confiscated money, disposal deposit fund), private organizations (Travelers Express, Deferred compensation) and other funds for assets held by the City, in a trustee capacity (Walker housing, tax distribution, and employee benefits).

Permanent Funds are used to account for private endowments whereby interest earnings are restricted in accordance with the endowment terms.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes (PILOT) and other charges between the Dallas Water Utilities Fund and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 1. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The principal operating revenues of the City's enterprise funds are charges to customers for sales and services while operating expenses include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Cash and Cash Equivalents

Cash includes amounts in demand deposits as well as short-term investments with the exception of the Pension Trust Funds (which consider short-term investments as regular investments). Investment income on the pooled investments is prorated monthly based upon the average daily cash balance in each fund.

Investments in certificates of deposit, U.S. government obligations and other investments are recorded at fair value based on quoted market prices. Pension investments are recorded at fair value based on quoted market values, where available. The amounts recorded in the Pension Trust Funds for real estate funds and venture capital funds represent estimated fair values based upon appraised values or other comparable methods. The Commingled Index Funds estimated fair values are based upon audited financial statements.

F. Property Taxes

The City's property tax is levied each October 1 on the assessed value as of the previous January 1 for all real and income-producing (or business personal) property. Appraised values are established by the Dallas Central Appraisal District equal to 100 percent of appraised market value as required under the State Property Tax Code. The value of real property within the Appraisal District must be reviewed every three years. The City may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. The City establishes tax rates on property within its jurisdiction. If the adopted tax rate, excluding tax rates for bonds and other contractual obligations, exceeds the effective tax rate by more than eight percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate increase to no more than eight percent above the effective tax rate. Property taxes attach as an enforceable lien on property as of January 1 of the subsequent year.

Taxes are due October 1. Full payment can be made prior to the following January 31 to avoid penalty and interest charges. Current tax collections for the year ended September 30, 2008 were 95.96 percent of the tax levy. The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per one hundred dollars of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The tax rate for fiscal year 2008 was \$0.7479 per \$100 dollars of assessed valuation, \$0.5196 for general governmental services and \$0.2283 for the payment of principal and interest on general obligation long-term debt.

G. Federal and State Grants and Entitlements

Grants and entitlements received for purposes normally financed through the general government are accounted for within the Special Revenue Funds. Community Development Block Grants are the more significant grants so classified. Grants and similar items are recognized as revenue as soon as all applicable eligibility requirements, including time requirements, have been met.

Current revenues received for operating purposes of enterprise funds for either operations or capital expenditures are recognized in the applicable enterprise fund.

H. Inventories

Inventory is valued at average cost. Inventory for all funds generally consists of expendable supplies and automotive parts held for consumption and are recorded as expenditures (or expense) when consumed.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 1. Summary of Significant Accounting Policies (continued)

I. Prepaid Items

Prepaid Items are payments made to vendors for services that will benefit periods beyond September 30, 2008. Prepaid items are recorded using the consumption method and are included with other assets.

J. Restricted Assets

Proceeds of Enterprise Fund revenue bonds and commercial paper notes, as well as resources set aside for revenue bond repayment, are classified as restricted assets on the balance sheet when their use is limited by applicable covenants. The capital project funds record proceeds of debt issuances restricted for construction. The current Debt Service Funds are used to segregate resources accumulated for debt service payments over the next 12 months.

The assets restricted for revenue bond future debt service is used to report resources set aside to fulfill revenue bond debt reserve requirements. Other restricted assets include funds restricted for construction from revenue bond proceeds, contractual obligation debt service funds, unspent grant proceeds, and customer deposits. Assets restricted for a specific purpose are utilized before the use of unrestricted assets to pay related obligations when authorized to do so.

K. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (examples include streets and bridges), are reported in the applicable governmental or business-type activities columns, in both the government-wide and proprietary fund level statement of net assets. Generally, equipment with an individual cost of at least \$5 thousand, infrastructure with a cost of at least \$25 thousand, and buildings with a cost of at least \$50 thousand and an estimated useful life of more than one year, are capitalized. Purchased or constructed capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Assets acquired by donation are recorded at estimated fair value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The business-type activities and proprietary funds capitalize interest costs during construction. Interest capitalized in the Dallas Water Utilities fund during the year ended September 30, 2008 was \$13 million.

Depreciation, which includes amortization of assets under capital leases, is computed using the straight-line method over the estimated useful or service lives of the related assets.

The estimated useful lives of the primary government's capital assets are as follows:

	Useful Life	
	Governmental Activities	Business-type Activities
Infrastructure.....	10-50 years	50 -100 years
Reservoirs and water rights.....	N/A	100 years
Buildings.....	10-50 years	10-50 years
Improvements other than buildings.....	10-50 years	10-100 years
Equipment.....	3-20 years	3-25 years
Utility property.....	N/A	33-75 years

The City has certain scientific equipment and zoo animals that are not capitalized or depreciated as they are treated as collections, as prescribed by GAAP. Artwork is capitalized but not depreciated. These assets are maintained for public exhibition, education or research and are being preserved for future generations. The proceeds from sales of any pieces of the collection are used to purchase other items for the collection.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 1. Summary of Significant Accounting Policies (continued)

L. Compensated Absences

The City's employees earn vacation, sick, and attendance incentive leave which may be used or accumulated up to certain amounts. Unused vacation and attendance incentive leave is paid upon death, retirement or termination. Unused sick leave is reduced to a specified limit when paid upon retirement, certain terminations, or death.

In accordance with the criteria established in the Codification of Governmental Accounting Standards, Section C60, "Compensated Absences," a liability is recorded for vacation leave earned by employees attributable to past service and sick leave earned by employees attributable to past service only to the extent it is probable that such leave will result in termination pay. In addition, a liability has been recorded for certain salary related payments associated with the payment of accrued vacation and sick leave.

In the government-wide and proprietary fund statements of net assets, all compensated absence liabilities incurred are recorded as liabilities. However, a liability is recorded in the governmental funds balance sheet only if they have matured and are due as a result of employee resignations, retirements, or termination.

M. Risk Management

The City is self-funded for workers' compensation, employee health insurance, most property damage and the majority of tort liability exposures. Commercial insurance is used where it is legally required, contractually required, or judged to be the most effective way to finance risk. Indemnity and insurance protection is also required for all City contractors, vendors, lessees and permit holders. Claims and judgments are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The recorded estimated liability for claims and judgments includes a provision for Incurred But Not Reported (IBNR) liabilities for workers' compensation, tort cases, and employee health insurance.

N. Deferred Revenue/Unearned Revenue

Deferred revenue in the governmental funds occurs when potential revenue does not meet both the "measurable" and "available" criteria for recognition. Deferred revenue also occurs when the City receives resources before it has a legal claim to them. In subsequent periods, when both the revenue criteria are met, or when the City has a legal claim to the resources, the deferred revenue is removed from the balance sheet/statement of net assets and revenue is recognized. Unearned revenue is recognized when cash has been received prior to the City earning this revenue.

O. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund financial Statements of Net Assets.

General obligation bonds are issued to fund capital projects of both the general government and certain Proprietary Funds and are to be repaid from tax revenues of the City. Accreted interest on capital appreciation bonds is reflected as interest expense in the governmental activities Statement of Activities and as an addition to general obligations payable in the Statement of Net Assets.

P. Bond Premiums, Discounts, Issuance Costs, and Deferred Amount on Refunding

In the government-wide financial statements and proprietary fund financial statements, bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are deferred and amortized over the term of the bonds based on the straight-line method.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 1. Summary of Significant Accounting Policies (continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as issuance costs in the current period. The face amount of debt issued is reflected as other financing sources. Premiums are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The deferred amount on refunding related to refunded bonds (difference between the reacquisition price and the net carrying amount of the old debt) is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Q. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund level balance sheets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Short-term and long-term interfund loans are classified as notes receivable or payable from other funds with interest rates ranging from 2-4%.

R. Transactions Between Funds

Transactions between funds, which would have been treated as revenues, expenditures, or expenses if they involved organizations external to the government unit, are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expenses in the fund reimbursed. All other nonreciprocal transactions between funds which are not reimbursements and where the funds do not receive equivalent goods or services for the transaction are classified as transfers.

S. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional, and participants select investment options. Investment options include stock funds, bond funds, and money market accounts, including various risk alternatives. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Deferred compensation investments from this plan are not reported in the City's financial statements. Investments are managed by the plan trustees under one of various pools of investment options offered by Fidelity Investments, at the direction of the covered employee. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable thereto are held in trust for the exclusive benefit of the participants and their beneficiaries.

T. Net Assets

In the government-wide and proprietary funds financial statements, the net assets are reported in three components: (1) invested in capital assets, net of related debt; (2) restricted; and (3) unrestricted. Invested in capital assets, net of related debt represents the City's total investment in capital assets, net of depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained in perpetuity, and invested for the purpose of producing present and future income, which may be either expended for operation and maintenance of City parks or added to principal. The City is subject to the State of Texas Uniform Prudent Management of Institutional Funds Act (SPMIFA) in relation to endowment funds. In the governmental fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose, unless a separate fund is utilized for only that purpose. The use of the separate fund itself communicates the legal segregation for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 1. Summary of Significant Accounting Policies (continued)

U. Statement of Cash Flows

For purposes of the statement of cash flows, the City considers pooled cash and all highly liquid debt instruments purchased with an original maturity of three months or less or that have general characteristics of demand deposits in that additional funds may be deposited or withdrawn at any time without prior notice or penalty to be cash equivalents.

V. Use of Estimates

The preparation of financial statements in conformity with GAAP, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

W. New Accounting Pronouncements

During fiscal year 2008, the City adopted the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan.

GASB Statement No. 47, "Accounting for Termination Benefits" is effective for the City in two parts: 1) for those benefits that relate to other post-employment benefits, the City is to implement at the same time as GASB 45 and 2) for other termination benefits, the effective date was fiscal year 2006. This statement defined the accounting for voluntary and involuntary termination benefits (i.e. early retirement incentives). This pronouncement had no impact on current financial statements.

GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50, "Pension Disclosures – An amendment of GASB Statements No. 25 and No. 27" requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

GASB Statement Number 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments" identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with generally accepted accounting principles. The implementation of this statement did not result in any change to the financial statements.

The GASB has issued the following statements which will be effective in futures years as described below:

GASB Statement Number 49, "Accounting and Financial Reporting for Pollution Remediation Obligations" will be implemented by the City as required by the GASB during the fiscal year ending September 30, 2009. The statement addresses accounting and financial reporting standards for pollution remediation obligations. The City has not yet determined the impact of the implementation of this statement on its financial statements.

GASB Statement Number 51, "Accounting and Financial Reporting for Intangible Assets" will be implemented by the City as required by the GASB during the fiscal year ending September 30, 2010. The statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. The City has not yet determined the impact of the implementation of this statement on its financial statements.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 1. Summary of Significant Accounting Policies (continued)

GASB Statement Number 52, "Land and Other Real Estate Held as Investments by Endowments" will be implemented by the City as required by the GASB during the fiscal year ending September 30, 2009. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. The City has not yet determined the impact of the implementation of this statement on its financial statements.

GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments" will be implemented by the City as required by the GASB during the fiscal year ending September 30, 2010. The statement is intended to improve how state and local governments report information about derivative instruments – financial arrangements used by governments to manage specific risks or make investments – in their financial statements. The City has not yet determined the impact of the implementation of this statement on its financial statements.

GASB Statement Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions" will be implemented by the City as required by the GASB during the fiscal year ending September 30, 2010. This statement establishes accounting and financial reporting standards for all governments that report governmental funds. This statement establishes the criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The implementation of this statement will not result in any change to the financial statements.

GASB Statement Number 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards" will be implemented by the City as required by the GASB during the fiscal year ending September 30, 2009. This Statement establishes accounting and financial reporting standards for related party transactions, subsequent events, and going concern considerations for all state and local governments. The implementation of this statement will not result in any change to the financial statements.

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CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 2. Stewardship, Compliance and Accountability

A. Legal Compliance – Budgets

The City Council adheres to the following procedures in establishing the budgets reflected in the accompanying combined financial statements.

- 1) By the fifteenth day of August each year, the City Manager is required to submit to the City Council a proposed budget for the fiscal year beginning the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are conducted to obtain taxpayers' comments.
- 3) Prior to October 1, the budget is legally enacted by the City Council through passage of an ordinance.
- 4) The City Manager is authorized to transfer budgeted amounts between accounts within any department; however, any revisions that alter the total expenditures of any department must be approved by the City Council. The legal level of budgetary control is the department level.
- 5) Formal budgetary integration is employed as a management control device during the year for the General Fund and Debt Service Fund. Formal budgetary integration is employed as a management control device in the Capital Project Funds for the life of the projects.
- 6) Annual budgets are legally adopted for the General Fund, Debt Service Fund and Proprietary Funds. Certain differences exist between the basis of accounting used for budgetary purposes and that used for financial reporting in accordance with GAAP. Budgets for the Capital Project Funds are normally established pursuant to the terms of the related bond ordinances on a project basis.

B. Budgets and Budgetary Basis of Accounting

The City prepares its annual appropriated General Fund, Debt Service Fund and Proprietary operating funds' budgets on the budget basis which differs from the GAAP basis. The budget and all transactions of the General Fund are presented in accordance with the City's budget basis in the General Fund Statement of Revenues, Expenditures and Changes in Fund Balances – Non-GAAP Budgetary Basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget and GAAP basis are attributable to the elimination of certain revenues and expenditures budgeted on a non-annual basis and the fact that encumbrances are recorded as the equivalent of expenditures (budget) rather than a reservation of fund balance (GAAP) in the Governmental Funds. Adjustments necessary to convert the excess of revenues and other financing sources over expenditures and other uses on the budget basis to a GAAP basis for the General Fund are provided below:

Excess of revenues and other financing sources over expenditures and other uses--budget basis	\$ 14,020
Change in fair market value of investments	(490)
Change in encumbrances	1,769
Funds not included in General fund budget	(1,786)
Revenue recognized for budget purposes but deferred for GAAP purposes	(30,120)
Other items budgeted on a non-GAAP basis	1,243
Excess of revenues and other financing sources over expenditures and other uses--GAAP basis	\$ (15,364)

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 2. Stewardship, Compliance and Accountability (continued)

B. Budgets and Budgetary Basis of Accounting (continued)

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is utilized as an extension of formal budgetary integration in the governmental funds. For budgetary purposes, appropriations lapse at fiscal year end except for that portion related to encumbered amounts. For Governmental Funds, outstanding encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities for GAAP purposes since the goods and services have not been received and the commitments will be honored.

Certain individual funds within the Special Revenue Funds reflect reserves for encumbrances and corresponding deficits in undesignated fund balances. In accordance with City policy, these reserves are recorded for contractual obligations and other commitments entered into by the City, and for which revenues will not be recognized until the related expenditures are made.

Encumbrances outstanding at year-end are carried forward to the new fiscal year. Such encumbrances constitute the equivalent of expenditures for budgetary purposes and, accordingly, the accompanying financial statements present comparisons of actual results to budget of Governmental Funds on the budget basis of accounting.

C. Fund Balances – Reserves, Designations and Deficit

Reserves of fund balances represent those amounts which are not available for appropriation in future periods or which are legally segregated for specific future uses.

Fund designations indicate tentative plans for utilization of financial resources. The City's designated fund balance in the General Fund of \$49 million is as follows:

9-1-1 Program	\$ 4,768
Cultural Programs	1,209
Risk reserve	1,250
Future expenditures	6,070
Emergencies	17,563
Contingencies	3,200
TU rate case reserve	14,924
Total	\$ 48,984

The Risk Fund has a deficit net asset balance of \$78.9 million associated with the City's self-insured workers' compensation, auto, and general liability activities. The deficit results from the recognition of certain liabilities that will be paid in future periods. Those liabilities will be funded in the fiscal year in which they will be paid through annual budget appropriations. The City's approach for addressing this deficit is consistent with the budgetary basis of accounting for all funds as indicated in Note 2.B.

Note 3. Cash, Deposits and Investments

The City maintains a cash and investment pool available for use by all City funds. Each fund's portion of this pool is displayed on the balance sheet as "Pooled cash and cash equivalents." The City treats pooled investments and short-term non-pooled investments as cash equivalents. Long-term non-pooled investments are reported as "Other investments, at fair value" in the appropriate funds. In addition, several City funds have investments, which are separately held. A fund may overdraw its account in the pool, with the overdrafts reported as liabilities (due to other funds) on the balance sheet.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 3. Cash, Deposits and Investments (continued)

- A. In 1987, the City Council adopted the City's Investment Policy which was in compliance with federal and state law and the City Charter. Subsequent amendments were made by the City Council to incorporate changes to the Public Funds Investment Act and to improve management of the City's investments. The Public Funds Investment Act requires that investments shall be made in accordance with written policies at least annually by the governing body; investment policies must address safety of principal, liquidity, yield, diversification and maturity, with primary emphasis on safety of principal. In accordance with this Policy, the City may invest in direct or guaranteed obligations of the U.S. Treasury, certain U.S. agencies and instrumentalities, and the State of Texas or its agencies and instrumentalities with a credit rating no less than A; fully collateralized certificates of deposit and repurchase agreements; no-load money market mutual funds and local government investment pools with credit ratings no less than AAA. The City's Investment Pool is an aggregation of the majority of City Funds which includes tax receipts, enterprise fund revenues, fine and fee revenues, as well as some, but not all, bond proceeds, grants, gifts and endowments. This portfolio is maintained to meet anticipated daily cash needs for City of Dallas operations, capital projects and debt service. The City is precluded from investing in bankers' acceptances, commercial paper, collateralized mortgage obligations, reverse repurchase agreements, and obligations of cities, counties and political subdivisions of other states, all of which are authorized by State law.

Employees' Retirement Fund and Police and Fire Pension Plans, component units of the City, are included under Pension Trust in the following table. Police and Fire Pension Plans include Dallas Police and Fire Pension System and Supplemental Police and Fire Pension Plan. A summary of pooled cash and other investments for all City funds including \$7.8 million held in agency funds at September 30, 2008, is presented below:

	Cash and Pooled Investments with City Treasury	Other Cash and Investments Pension Trust	Total	Cash with Discretely Presented Component Units
Pooled cash and investments	\$ 514,282	\$ -	\$ 514,282	\$ 25,942
Cash and cash equivalents	-	612,730	612,730	-
Other investments	33,366	6,459,135	6,492,501	-
Restricted cash and investments	1,326,326	-	1,326,326	-
Total	\$ 1,873,974	\$ 7,071,865	\$ 8,945,839	\$ 25,942

A summary of the carrying amount of cash on hand, deposits and investments at September 30, 2008, is as follows:

	Cash and Pooled Investments with City Treasury	Other Cash and Investments Pension Trust	Total	Cash with Discretely Presented Component Units
Deposits	\$ 368	\$ 612,730	\$ 613,098	\$ 25,942
Investments	1,873,606	6,459,136	8,332,742	-
Total	\$ 1,873,974	\$ 7,071,866	\$ 8,945,840	\$ 25,942

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 3. Cash, Deposits and Investments (continued)

At September 30, 2008, the investments held in the City Treasury's General and Investment Pool Programs are as follows:

Type of Investment	Total
Categorized Investments:	
United States Treasury Notes	\$ 218,172
Federal Farm Credit Bank Notes	298,506
Federal Home Loan Bank Notes	583,580
Federal Home Loan Bank Notes Callable	25,019
Federal Home Loan Mortgage Corporation Discount Notes	7,712
Federal Home Loan Mortgage Corporation Notes	237,857
Federal Home Loan Mortgage Corporation Notes Callable	28,997
Federal National Mortgage Discount Notes	32,296
Federal National Mortgage Association Notes	143,864
Federal National Mortgage Association Notes Callable	9,963
Total Categorized Investments	\$ 1,585,966
Investments Not Categorized:	
BlackRock Money Market Mutual Fund	17,253
Columbia Treasury Escrow Fund - Trinity Escrow	1,889
Columbia Treasury Escrow Fund - Oncor Electric	4,548
Federated Tax-Free Fund	6,606
AIM Government Fund	72,335
Reserve Primary Fund	2,073
TexPool - Money Market Mutual Funds	174,647
Total Investments Not Categorized	\$ 279,351
Total General and Investment Pool Programs in City Treasury	\$ 1,865,317

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CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 3. Cash, Deposits and Investments (continued)

At December 31, 2007, the investments held in the City's Pension Trust Funds are as follows:

Type of Investment		
Categorized Investments:		
Employees' Retirement Fund (at quoted market values)		
Domestic Equities	\$	1,397,506
U.S. and Foreign Government Securities		274,031
Domestic Corporate Fixed Income		595,881
International Equities		682,651
Dallas Police and Fire Pension System		
Plan Interest in Group Master Trust		3,352,842
Plan Interest in Group Master Trust - Supplemental		23,753
Total Categorized	\$	6,326,664
Investments Not Categorized:		
Employees' Retirement Fund		
Venture Capital	\$	38
Commingled Index Funds		132,433
Total Not Categorized	\$	132,471
Total Investments in City's Pension Trust Funds	\$	6,459,135

Investments of the City, other than for 2a7-like pools, are valued based upon quoted market values obtained by the City. For investments in 2a7-like pools, the value of the position in the external investment pool is the same as the value of the pool shares, which are valued based on quoted market rates. No investments are reported at amortized cost. The City invests in one 2a7 - like pool, the Texas Local Government Investment Pool (TexPool), which was created under the Interlocal Cooperation Act, Texas Government Code Ann. chapter 791 and the Texas Government Code Ann. chapter 2256. The Texas Treasury Safekeeping Trust Company (the Trust) is trustee of TexPool and is a limited purpose trust company authorized pursuant to Texas Government Code Ann. Section 404.103 for which the Texas State Comptroller is sole officer, director and shareholder. The advisory board of TexPool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act, Texas Government Code Ann. chapter 2256.

Texas statutes and City policy authorize operating, capital projects, bond reserve and trust monies to be deposited in demand deposits, time deposits, or certificates of deposit. Texas statutes require all uninsured collected deposits to be fully collateralized.

At year end, the following deposits and bank balance were covered by federal depository insurance or by collateral held by the City's third-party agents pledged in the City's name which is category 1 as defined in the Codification of Governmental Accounting Standards Section C20, "Cash Deposits with Financial Institutions." The fair value of these deposits approximates their costs.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 3. Cash, Deposits and Investments (continued)

The collateral pledged to the City is held in a joint safekeeping account at the Federal Reserve Bank.

Primary Government	Carrying Value	Bank Balance
Pooled Demand Deposits	\$ -	\$ 6,128,912
Cash and cash equivalents - Pension Trust Funds	612,730	612,730
Total	\$ 612,730	\$ 6,741,642

Plan interest in Group Master Trust

The Dallas Police and Fire Pension System's (the System) investments are held in the Group Master Trust (Group Trust). JP Morgan Chase served as custodian for the year ended December 31, 2007. The fair value of the System interests in the Group Trusts is based on the unitized interests that it has in the Group Trust. The System's interest in the Group Trust was approximately 99.2975% at December 31, 2007. The Supplemental Plan's interest in the Group Trust was approximately 0.7025% at December 31, 2007. The allocation of investment income between the System and the Supplemental Plan is based on the number of units owned of the Group Trust. Benefits, contributions and administrative expenses are allocated to each plan directly.

Investments and Plan Interest in Group Master Trust:

The following disclosures on investments and plan interest in Group Trust are as of and for the year ended December 31, 2007.

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CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 3. Cash, Deposits and Investments (continued)

The following summarizes the fair value of investments for the Group Trust as of December 31, 2007.

Investments, at fair value	
Cash and cash equivalents	\$ 288,682
United States Government Securities	10,880
United States government sponsored enterprises	20,496
Foreign government securities	204,014
Commingled funds	85,940
Domestic equities	1,045,750
International equities	990,823
Corporate securities	306,457
Investments, at appraised value - real estate equity funds	943,190
Total Investments	3,896,232
Receivables:	
Accrued interest and dividends	11,957
Forward currency contracts	166,741
Securities sold	32,273
Total receivables	210,971
Total assets	4,107,203
Liabilities and Net Assets	
Repurchase loan agreement	32,573
Payable for securities purchased	31,691
Professional fees payable	4,770
Forward currency contracts	166,353
Securities lending collateral	218,371
Line of Credit	276,850
Total liabilities	730,608
Net assets in the Group Trust	\$ 3,376,595

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CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 3. Cash, Deposits and Investments (continued)

Deposit and Investment Risk Disclosures of Funds with the City Treasurer

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires disclosure information related to common risks inherent in deposit and investment transactions. Investments are subject to certain types of risks, including custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk. Exposure of deposited funds and investment risk are disclosed in the following sections of this note.

Custodial Credit Risk

Custodial credit risk is the risk that, in event of the failure of the counterparty, the City will not be able to recover the value of its deposit or collateral securities that are in the possession of an outside party. The city's pension plans do not have policies for custodial credit risk. As of September 30, 2008, \$1,034 was fully collateralized and insured by U.S. Federal Agency securities and the Federal Deposit Insurance Corporation. The collateral pledged to the City is held in the City's name at the Federal Reserve Bank.

Fully collateralized and insured deposits held by custodian banks:

Demand Deposits	\$ 1,034
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At September 30, 2008, total uninsured deposits were \$900. Safekeeping of investment securities is provided by the City's depository and trust institutions. Securities are held in street name with the bank as nominee. As of September 30, 2008, the City's investments held by the counterparty, and not insured, are as follows:

Security Type	Fair Value
U.S. Treasury Securities	\$ 218,172
U.S. Agency Securities	1,367,794
Total	\$ 1,585,966

The Dallas Police and Fire Pension System security investments that were not subject to custodial credit risk were the investments in fixed income and equity investments. The Employees' Retirement Fund had \$228, or .007% of the total Plan investments of \$3.1 billion exposed to custodial credit risk as follows:

Uninsured and uncollateralized held by custodian bank outside the United States	\$228.
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Concentration of Credit Risk

Investments that individually represent 5% or more of net portfolio assets are stated below. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 3. Cash, Deposits and Investments (continued)

Concentration of Credit Risk (continued)

<u>Agency Securities by Issuer</u>	<u>Fair Value</u>	<u>% of Total Portfolio</u>
Federal National Mortgage Association (FNMA)	\$ 186,123	9.98%
Federal Home Loan Mortgage Corporation (FHLMC)	286,960	15.38%
Federal Home Loan Bank (FHLB)	596,205	31.96%
Federal Farm Credit Bank (FFCB)	298,506	16.00%
 Total Agency Securities	 \$ <u>1,367,794</u>	 <u>73.32%</u>

The Employees' Retirement Fund board has contracted with investment managers to manage the investment portfolio of the Plan, subject to the policies and guidelines established by the board. Northern Trust Company, as the Plan's custodian bank, had responsibility for the safekeeping of certain investments, handling of transactions based on the instructions of investment managers, and accounting for the investment transactions. The Plan had no investments that individually represented 5% or more of the net assets available for benefits at December 31, 2007. The Plan's concentration of credit risk policy is communicated to individual managers in their guidelines through limitations or restrictions to securities, sectors, debt ratings, and other factors that may be applicable to a particular manager.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Money Market Mutual Funds and Local Government Investment Pools in the City's portfolio are rated AAAM by Standard & Poor's and/or Aaa by Moody's. U.S. Treasury Notes and Bills are obligations of the U.S. government and are not considered to have credit risk and thus are not rated (NR). Long-term bond ratings are used for the U.S. Government Agencies. Ratings for the City's portfolio are listed on the following table.

<u>Security Type</u>	<u>Fair Value</u>	<u>% of Total Portfolio</u>	<u>S&P/Moody's Ratings</u>
Money Market Mutual Funds and Pools	\$ 279,351	14.98%	AAAM/Aaa
U.S. Treasury Securities	218,172	11.70%	NR
U.S. Agency securities	1,367,794	73.32%	AAA/Aaa
 Total Portfolio	 \$ <u>1,865,317</u>	 <u>100%</u>	

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CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 3. Cash, Deposits and Investments (continued)

Credit Risk (continued)

The Employees' Retirement Fund investment policy allocates 30 percent of the total assets to fixed income. The policy provides for investments of up to 20 percent of fixed income assets in investment grade assets and up to 10 percent of fixed income assets in below investment grade assets. The investment grade allocation allows the managers to invest up to 20 percent of their portfolio assets in non-US dollar issues. Long term bond ratings for the Employees' Retirement Fund as of December 31, 2007 are as follows:

Quality Rating	Fair Value	% of Bond Portfolio
AAA	\$ 292,443	33.62%
AA1	4,829	0.55%
AA2	3,238	0.37%
AA3	5,867	0.67%
A1	13,638	1.57%
A2	9,903	1.14%
A3	7,508	0.86%
BAA1	20,564	2.36%
BAA2	33,110	3.81%
BAA3	32,521	3.74%
BA1	11,342	1.30%
BA2	16,794	1.93%
BA3	40,430	4.65%
B1	52,025	5.98%
B2	38,839	4.46%
B3	66,704	7.67%
CAA1	25,885	2.98%
CAA2	5,225	0.60%
CAA3	668	0.08%
CA	1,735	0.20%
Not Rated	97,509	11.21%
U.S. Government fixed income securities - NR	89,135	10.25%
Total	\$ 869,912	100.00%

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CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 3. Cash, Deposits and Investments (continued)

Credit Risk (continued)

The Dallas Police and Fire Pension System does not have a formal policy limiting investment credit risk, but rather mandates such limits within the Investment Management Services Contract. The System's exposure to investment credit risk in fixed income securities as of December 31, 2007 is as follows:

Type	Moody Rating	Amount
Corporate Securities:		
Convertible Bonds:		
	Ba2	\$ 1,116
	NR	3,277
	Total Convertible Bonds:	\$ 4,393
Corporate Bonds:		
	A1	\$ 3,330
	A2	412
	Aa2	1,516
	B1	45,366
	B2	15,506
	B3	27,098
	B3e	1,168
	Ba1	4,107
	Ba2	21,136
	Ba3	20,621
	Baa1	2,185
	Baa2	5,645
	Baa3	3,005
	Ca	343
	Caa1	28,686
	Caa2	12,866
	Caa3	3,169
	NR	101,578
	Total Corporate Bonds:	\$ 297,737

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 3. Cash, Deposits and Investments (continued)

Type	Moody Rating	Amount	Percentage of Holdings
Mortgage Bonds:			
	Aaa	\$ 3,460	0.55%
Total Mortgage Bonds:		\$ 3,460	0.55%
Investment Fund:			
	NR	\$ 127	0.02%
Total Investment Fund:		\$ 127	0.02%
Total Corporate Securities:		\$ 305,717	48.70%
Government Sponsored Enterprises:			
	Aaa	\$ 5,742	0.91%
	NR	14,755	2.35%
Total Convertible Bonds:		\$ 20,497	3.26%
Foreign Government Securities:			
	A1	\$ 38,262	6.09%
	A2	20,318	3.24%
	A3	9,574	1.53%
	Aa1	3,478	0.55%
	Aa2	901	0.14%
	Aa3	4,028	0.64%
	Aaa	86,645	13.80%
	Ba1	3,724	0.59%
	Baa1	16,386	2.61%
	Baa2	2,048	0.33%
	Ca	499	0.08%
	NR	12,179	1.94%
	WR	5,972	0.95%
Total Foreign Government Securities		\$ 204,014	32.49%
Municipal Bonds:			
Municipal Bond(s)	Baa2	\$ 740	0.12%
Total Municipal Bonds:		\$ 740	0.12%
Commingled:			
Various	NR	\$ 85,940	13.70%
Total Commingled:		\$ 85,940	13.70%
Total Credit Risk Debt Securities:		\$ 616,908	98.27%

Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government totaling \$10,880 are not considered to have credit risk and therefore, have not been included in this disclosure.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 3. Cash, Deposits and Investments (continued)

Interest Rate Risk

In order to ensure the ability of the City to meet obligations and to minimize potential liquidation losses, the dollar-weighted average stated maturity of the Investment Pool shall not exceed 1.5 years. The weighted average maturity of the securities held in the City's portfolio is as follows:

<u>Security Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (days)</u>
Money Market Mutual Funds and Pools	\$ 279,351	1
U.S. Treasury Securities	218,172	337
U.S. Agency Securities	1,367,794	375
 Total Portfolio	 \$ <u>1,865,317</u>	 <u>314</u>

In the Employee's Retirement Fund, Government Mortgage Backed Securities are most sensitive to changes in interest rates as their payments can vary significantly with interest rate changes. This change in prepayments will generally cause the duration, or interest rate risk, of these securities to increase when interest rates rise and decrease when interest rates fall. These securities represent 16% of the total fixed income portfolio with a fair market value of \$142,477 at year end 2007. The Employees' Retirement Fund does not have a separate policy for interest rate risk.

As of December 31, 2007, the Employees' Retirement Fund weighted-average maturity of the fixed income securities is as follows:

<u>Fixed Income Securities</u>	<u>Par Value</u>	<u>Weighted Average Maturity (Years)</u>
Asset Backed	\$ 14,785	0.10
Commercial Mortgage-Backed	73,611	3.01
Corporate Bonds	468,425	5.38
Government Agencies	31,174	0.13
Government Bonds	92,229	0.62
Government Mortgage-Backed Securities	142,477	4.40
Index Linked Government Bonds	5,811	0.08
Municipal/Provincial Bonds	396	0.01
Non-Government Backed C.M.O.s	41,004	1.26
 Total	 \$ <u>869,912</u>	
Portfolio weighted average maturity in years:		4.00

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CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 3. Cash, Deposits and Investments (continued)

Interest Rate Risk (continued)

As of December 31, 2007, the Dallas Police and Fire Pension Plans had the following investments and maturities:

Investment Type	Fair Value	Less Than 1 Year	Investment Maturity in Years		
			1 - 5 Years	6 - 10 Years	More Than 10 Years
Fixed maturity domestic:					
U.S. Treasury Securities	\$ 10,880	\$ -	\$ 8,852	\$ -	\$ 2,028
U.S. Gov't Agency Securities	20,496	-	-	-	20,496
Municipal Bonds	740	-	-	-	740
Collateralized Mortgage Obligation	3,460	-	-	-	3,460
Corporate Bonds	290,969	4,848	30,831	104,107	151,183
Commingled Funds	85,940	-	-	-	85,940
Convertible Bonds	4,393	-	3,277	-	1,116
Investment Interests	127	-	-	-	127
International government bonds:					
Australian Dollar	15,433	-	4,453	10,980	-
Brazil Real	7,732	-	4,008	-	3,724
British Pound Sterling	24,595	-	8,757	13,259	2,579
Canadian Dollar	8,092	-	8,092	-	-
EURO Currency	42,574	2,793	17,076	14,524	8,181
Japanese Yen	37,823	10,757	22,509	4,557	-
Iceland Krona	1,778	1,778	-	-	-
Indonesian Rupiah	2,088	-	2,088	-	-
Malaysian Ringgit	5,872	109	2,672	3,091	-
Mexican New Peso	12,303	-	10,856	-	1,447
New Zealand Dollar	6,319	-	6,319	-	-
Norway Krone	7,598	-	7,598	-	-
Poland	10,141	10,141	-	-	-
Singapore Dollar	8,738	2,159	6,579	-	-
Swedish Krona	12,928	4,051	8,877	-	-
International corporate bonds:					
Philippines Corporate Bonds	1,168	-	-	1,168	-
South African Rand Corporate Bonds	5,601	827	4,774	-	-
Total	\$ 627,788	\$ 37,463	\$ 157,618	\$ 151,686	\$ 281,021

While the Plans do not have a specific investment policy to limit investment maturities as a means of managing their exposure to interest rate risk, the Plans do manage this exposure by mandating maturity limits within the Investment Management Service Contracts.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 3. Cash, Deposits and Investments (continued)

Foreign Currency Risk

The Employees' Retirement Fund investment policies limit the aggregate amount that can be invested in each class of investments. The equity investment policy sets an allocation of 20% of assets to international equity. The fixed income policy permits up to 20% of the global manager's portfolio to be invested in global investment grade fixed income bonds. The Fund's positions in these equity securities, invested directly and through commingled funds, was 22.15% of invested assets at December 31, 2007. The Fund's positions in such fixed income assets invested directly were 0.65% of invested assets at December 31, 2007. Employees' Retirement Fund non-US Dollar denominated investments at December 31, 2007 were as follows:

Currency	Investment Type	Balance of Investment (U.S. Dollars)
Australian Dollars	Equity	\$ 31,782
Brazil Real	Equity	1,146
British Pound Sterling	Equity	78,489
British Pound Sterling	Fixed Income	3,407
Canadian Dollars	Equity	784
Canadian Dollars	Fixed Income	4,044
Denmark Krone	Equity	4,044
Euro	Equity	130,544
Hong Kong Dollars	Equity	9,987
Israel Shekel	Equity	298
Japanese Yen	Equity	85,567
Korean Won	Equity	4,304
Malaysia Ringgit	Equity	680
Mexican Peso	Equity	938
Mexican Peso	Fixed Income	7,825
Norwegian Krone	Equity	3,000
Pakistan Rupee	Equity	642
Singapore Dollar	Equity	3,173
Singapore Dollar	Fixed Income	12,443
South Africa Rand	Equity	147
Swedish Krona	Equity	9,617
Swiss Francs	Equity	21,105
Turkish Lira	Equity	1,069
Total \$		<u><u>415,035</u></u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 3. Cash, Deposits and Investments (continued)

Police and Fire Pension Plans do not have specific policy guidelines other than the constraints included in the individual investment manager contracts. Police and Fire Pension Plans non-US Dollar denominated investments at December 31, 2007 were as follows:

<u>Currency</u>	<u>Investment Type</u>	<u>Balance of Investment (U.S. Dollars)</u>
Australian Dollar	Government Bonds	\$ 15,433
Brazil Real	Government Bonds	7,732
British Pound Sterling	Government Bonds	24,595
Canadian Dollar	Government Bonds	8,092
EURO Currency	Government Bonds	42,574
Japanese Yen	Government Bonds	37,823
Iceland Krona	Government Bonds	1,778
Indonesian Rupiah	Government Bonds	2,088
Malaysian Ringgit	Government Bonds	5,872
Mexican New Peso	Government Bonds	12,303
New Zealand Dollar	Government Bonds	6,319
Norway Krone	Government Bonds	7,598
Poland	Government Bonds	10,141
Singapore Dollar	Government Bonds	8,738
Swedish Krona	Government Bonds	12,928
Philippines	Corporate Bonds	1,168
South African Rand	Corporate Bonds	5,601
Total International Bonds		<u>\$ 210,783</u>

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CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 4. Receivables

Receivables at September 30, 2008 for the government's individual major and nonmajor governmental and internal service funds, including the applicable allowances for uncollectible accounts, consist of the following:

Receivables:	General	Debt service	Building Capital Projects	Nonmajor	Internal Service Funds	Total Governmental Activities
Ad Valorem tax	\$ 33,065	\$ 13,177	\$ -	\$ -	\$ -	\$ 46,242
Sales taxes	37,398	-	-	-	-	37,398
Accounts	76,502	-	-	19,492	45	96,039
Notes	1	-	1,500	8,086	-	9,587
Due from other governments	425	-	485	15,860	-	16,770
Accrued interest	1,334	470	1,784	4,773	201	8,562
Gross receivables	148,725	13,647	3,769	48,211	246	214,598
Less allowance for doubtful accounts	(52,053)	(10,869)	(1,500)	(7,814)	-	(72,236)
Net total receivables	<u>\$ 96,672</u>	<u>\$ 2,778</u>	<u>\$ 2,269</u>	<u>\$ 40,397</u>	<u>\$ 246</u>	<u>\$ 142,362</u>

Receivables at September 30, 2008 for the primary government's individual major and nonmajor enterprise funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

Receivables:	Dallas Water Utilities	Convention Center	Airport Revenues	Nonmajor Enterprise	Total Business-type Activities
Accounts	\$ 72,175	\$ 2,744	\$ 878	\$ 687	\$ 76,484
Taxes	-	7,216	-	-	7,216
Due from other governments	-	-	4,025	-	4,025
Accrued interest	3,246	928	322	125	4,621
Gross receivables	75,421	10,888	5,225	812	92,346
Less allowance for doubtful accounts	(10,109)	(524)	-	(2)	(10,635)
Net total receivables	<u>\$ 65,312</u>	<u>\$ 10,364</u>	<u>\$ 5,225</u>	<u>\$ 810</u>	<u>\$ 81,711</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Intergovernmental revenues and related receivables arise through funding received from federal and state grants. These revenues and receivables are earned through expenditures of monies for grant purposes. At September 30, 2008, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Deferred	Unearned
Taxes	\$ 5,886	\$ -
Accounts	36,781	30,121
Intergovernmental	-	12,165
Total	<u>\$ 42,667</u>	<u>\$ 42,286</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 5. Restricted Assets

The primary government's governmental and business-type restricted assets of \$892 million and \$434 million are composed of the following at September 30, 2008:

	Governmental Activities	Business-Type Activities
Customer Assessments	\$ -	\$ 624
Cash and Investments:		
Pooled Cash and Cash Equivalents	-	332,198
Cash and Cash Equivalents	892,498	-
Other Investments	-	101,630
Total	\$ 892,498	\$ 434,452

The restricted amounts are for accumulated resources for debt service payments, deposits from service users, unspent bond proceeds for construction, and retention guarantees from contractors.

Note 6. Joint Ventures

Dallas/Fort Worth International Airport

DFW Airport is owned jointly by the cities of Dallas and Fort Worth and operated by a 12-member board comprised of seven members from Dallas and four members from Fort Worth appointed by the respective City Councils, and on an annual basis, one non-voting member from the neighboring cities of Irving, Grapevine, Euless and Coppell.

Joint Revenue Bonds and Special Facility Revenue Bonds were issued to construct DFW Airport. Concurrent Bond Ordinances provide that the Board shall set rentals, rates, fees and charges such that they are sufficient to produce in each fiscal year gross revenues adequate to pay (a) the operation and maintenance expenses, (b) 1.25 times the amount required to be deposited into the Joint Revenue Bonds Interest and Sinking Fund and (c) an amount equal to any other obligations payable from the revenues of DFW Airport. The Special Facility Revenue Bonds are payable from and secured by the net lease rentals derived from the special facilities.

The outstanding debt and related debt service are accounted for by the DFW Airport Board. The long-term portion of the Joint Revenue Bonds, the Special Facility Revenue Bonds, Facility Improvement Corporation Revenue Bonds and Public Facility Improvement Corporation Revenue Bonds at September 30, 2008 was \$3.9 billion which is net of \$16.4 million deferred loss on refunding.

The following summary financial information for DFW Airport is as of September 30, 2008:

Total assets	\$ 5,650,429
Less, total liabilities	(4,111,979)
Total net assets	\$ 1,538,450
Operating revenues	\$ 627,160
Non-operating revenues (expenses)	(7,780)
Less: operating expenses	(566,023)
Change in net assets	53,357
Net assets, beginning of year	1,485,093
Net assets, end of year	\$ 1,538,450

The cities have executed covenants individually, by ordinance, to levy a maintenance tax, if necessary, to ensure DFW Airport will be efficiently operated and maintained. The amount of such tax is limited for each city in their respective ratios to the lesser of 5 cents per one hundred dollars of assessed valuation of the property in each city or the amount of the maintenance tax required.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 6. Joint Ventures (continued)

Dallas/Fort Worth International Airport (continued)

The Board has entered into agreements with air carriers and other parties utilizing DFW Airport to provide for adjustments to rentals, fees and other charges which management believes precludes the need for a maintenance tax. To date, the cities have levied no maintenance tax. To obtain the financial statement of the joint venture contact the finance department of DFW Airport at (972) 574-6732.

Note 7. Capital Assets

Capital asset activity for the year ended September 30, 2008 is as follows:

	Balance, Beginning of Year	Additions	Transfers And Retirements	Balance, End Of Year
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 359,563	\$ 64,273	\$ -	\$ 423,836
Artwork	48,795	-	-	48,795
Construction in Progress	219,840	230,694	(159,667)	290,867
Total capital assets, not being depreciated	<u>628,198</u>	<u>294,967</u>	<u>(159,667)</u>	<u>763,498</u>
Capital assets, being depreciated:				
Buildings	770,141	11,108	-	781,249
Improvements other than buildings	286,647	28,277	(3,662)	311,262
Equipment	445,740	51,652	(9,883)	487,509
Infrastructure assets	1,457,421	114,299	-	1,571,720
Total capital assets, being depreciated:	<u>2,959,949</u>	<u>205,336</u>	<u>(13,545)</u>	<u>3,151,740</u>
Less accumulated depreciation for:				
Buildings	(318,609)	(22,572)	-	(341,181)
Improvements other than buildings	(73,318)	(12,659)	-	(85,977)
Equipment	(327,426)	(35,872)	9,692	(353,606)
Infrastructure assets	(612,683)	(33,908)	-	(646,591)
Total accumulated depreciation	<u>(1,332,036)</u>	<u>(105,011)</u>	<u>9,692</u>	<u>(1,427,355)</u>
Total capital assets being depreciated, net	<u>1,627,913</u>	<u>100,325</u>	<u>(3,853)</u>	<u>1,724,385</u>
Governmental activities capital assets, net	<u>\$ 2,256,111</u>	<u>\$ 395,292</u>	<u>\$ (163,520)</u>	<u>\$ 2,487,883</u>

Depreciation expense charged to functions:

General government	\$ 22,578
Public safety	8,482
Streets, street lighting, sanitation and code enforcement	5,076
Environment and Health Services	310
Public works and transportation	36,777
Equipment and building services	14,932
Culture and recreation	16,312
Housing	50
Human Services	494
Total depreciation expense – governmental activities	<u>\$ 105,011</u>

(includes \$10,286 of depreciation expense for the Internal Service Funds and \$94,725 for the governmental type assets)

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 7. Capital Assets (continued)

	Balance, Beginning of Year	Additions	Transfers And Retirements	Balance, End of Year
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 214,080	\$ 1,076	\$ -	\$ 215,156
Construction in Progress	375,201	295,443	(170,507)	500,137
Total capital assets, not being depreciated	<u>589,281</u>	<u>296,519</u>	<u>(170,507)</u>	<u>715,293</u>
Capital assets, being depreciated:				
Water rights	353,910	-	-	353,910
Buildings	1,326,355	2,189	(31,165)	1,297,379
Improvements other than buildings	216,183	23,638	-	239,821
Infrastructure assets	416,400	22,969	-	439,369
Equipment	492,027	5,600	(446)	497,181
Utility property	2,329,150	141,419	(1,214)	2,469,355
Total capital assets, being depreciated:	<u>5,134,025</u>	<u>195,815</u>	<u>(32,825)</u>	<u>5,297,015</u>
Less accumulated depreciation for:				
Water rights	(84,257)	(3,541)	-	(87,798)
Buildings	(391,527)	(30,913)	29,444	(392,996)
Improvements other than buildings	(68,514)	(4,051)	-	(72,565)
Infrastructure assets	(171,992)	(8,062)	-	(180,054)
Equipment	(278,063)	(23,246)	416	(300,893)
Utility property	(599,947)	(39,516)	335	(639,128)
Total accumulated depreciation	<u>(1,594,300)</u>	<u>(109,329)</u>	<u>30,195</u>	<u>(1,673,434)</u>
Total capital assets, being depreciated, net	<u>3,539,725</u>	<u>86,486</u>	<u>(2,630)</u>	<u>3,623,581</u>
Business-type activities capital assets, net	<u>\$ 4,129,006</u>	<u>\$ 383,005</u>	<u>\$ (173,137)</u>	<u>\$ 4,338,874</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 8. Interfund Receivables, Payables and Transfers

Due To Other Funds/Due From Other Funds

These balances represent amounts due for services provided for Environmental Health Services, equipment notes for Dallas Water Utilities, construction for Environmental Health Services, construction for Sanitation and Storm water.

Interfund receivable and payable balances at September 30, 2008 were as follows:

Due from other funds	Amount	Due to other funds			
		General Fund	Building Capital Projects Fund	Nonmajor Governmental Funds	Dallas Water Utilities
General fund	\$ 2,762	\$ -	\$ 43	\$ 2,719	\$ -
Debt Service funds	627	-	-	-	627
Convention Center	371	-	-	371	-
Dallas Water Utilities	347	268	-	79	-
Internal Service funds	12	-	-	12	-
Total	\$ 4,119	\$ 268	\$ 43	\$ 3,181	\$ 627

Interfund Notes Receivable and Payable

Interfund notes receivable and payable balances at September 30, 2008 were as follows:

Note receivable	Amount	Note payable		
		General Fund	Nonmajor Governmental Funds	Dallas Water Utilities
Debt Service	\$ 445	\$ -	\$ -	\$ 445
Nonmajor Governmental funds	4,224	64	4,160	-
Dallas Water Utilities	4,725	-	4,725	-
Total	\$ 9,394	\$ 64	\$ 8,885	\$ 445

These balances relate to long-term borrowings to finance various capital acquisitions and equipment purchases.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 8. Interfund Receivables, Payables and Transfers (continued)

Transfers In/Out

Transfers made between funds during the year are listed below:

Transfers In	Amount Transferred	Transfers Out							
		General fund	Building Capital Projects Fund	Nonmajor Governmental funds	Dallas Water Utilities	Convention Center	Airport Revenues	Nonmajor Business-Type funds	Internal Service funds
General fund	\$ 8,381	\$ -	\$ -	\$ 4,878	\$ -	\$ 3,400	\$ -	\$ 103	\$ -
Debt Service	24,113	9,299	692	11,572	213	19	23	13	2,282
Nonmajor Governmental funds	4,523	782	-	595	3,000	-	-	146	-
Convention Center	3,944	3,944	-	-	-	-	-	-	-
Total	\$ 40,961	\$ 14,025	\$ 692	\$ 17,045	\$ 3,213	\$ 3,419	\$ 23	\$ 262	\$ 2,282

These transfers were for support of construction projects, to purchase equipment, and to service the debt associated with the respective funds.

Note 9. Accounts Payable and Accrued Expenses

The primary government's accounts payable and accrued expenses at September 30, 2008 are as follows:

	Debt		Building Capital Projects		Internal Service		Total Governmental Activities
	General	Service	Projects	Nonmajor	Service		
Accrued payroll	\$ 21,478	\$ -	\$ -	\$ 410	\$ 358	\$ 22,246	
Accounts payable	27,950	-	-	7,326	10,549	45,825	
Due to other governments	2,410	-	-	2,128	-	4,538	
Construction accounts payable	-	-	21,676	25,366	-	47,042	
Contracts Payable	-	-	2,963	42,521	-	45,484	
Other	7,952	517	1,286	3,727	888	14,370	
Total	\$ 59,790	\$ 517	\$ 25,925	\$ 81,478	\$ 11,795	\$ 179,505	

	Dallas			Total Business-type Activities	
	Water Utilities	Convention Center	Airport Revenues	Nonmajor	
Accrued payroll	\$ 1,501	\$ 130	\$ 148	\$ 322	\$ 2,101
Accounts payable	25,320	3,305	3,708	141	32,474
Due to other governments	-	12	-	-	12
Construction accounts payable	56,023	-	-	-	56,023
Other	-	22	493	97	612
Total	\$ 82,844	\$ 3,469	\$ 4,349	\$ 560	\$ 91,222

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 10. Long-Term Debt

A. Governmental Activities

	Beginning Balance Restated	Additions	Deletions	Ending Balance	Due Within One Year
General Obligation Bonds, Series 2006	\$ 6,840	\$ -		\$ 6,840	\$ -
General Obligation Bonds, Series 2007	5,760	-	2,880	2,880	2,880
General Obligation Refunding and Improvement Bonds, Series 1998	92,585	-	92,585	-	-
Tax Increment Financing Reinvestment Zone Number Two Bonds, Series 1998	2,045	-	370	1,675	390
General Obligation Bonds, Series 1999	10,405	-	3,470	6,935	3,470
General Obligation Bonds, Series 2000	21,680	-	5,420	16,260	5,420
Combination Tax and Revenue Certificates of Obligation, Series 2000	7,345	-	2,375	4,970	2,445
Tax Increment Financing Reinvestment Zone Number Two Bonds, Series 2000	3,060	-	785	2,275	820
General Obligation Bonds, Series 1999 Combination Tax and Revenue	40,830	-	3,405	37,425	3,405
Certificates of Obligation, Series 2003	21,600	-	3,600	18,000	3,600
General Obligation Bonds, Series 2003	16,255	-	6,260	9,995	6,145
General Obligation Bonds, Series 2006	221,830	-	11,680	210,150	11,675
General Obligation Bonds, Series 2007	130,775	-	6,540	124,235	6,540
General Obligation Bonds, Series 2007A	-	363,240	-	363,240	28,980
Equipment Acquisition Obligations, Series 2006	11,825	-	2,960	8,865	2,955
General Obligation Refunding Bonds, Series 2003-A	40,435	-	6,130	34,305	6,130
General Obligation Bonds, Series 2003	145,995	-	9,125	136,870	9,125
Equipment Acquisition Obligations, Series 2003	4,350	-	4,350	-	-
Tax Increment Bonds, Series 2004	4,310	-	815	3,495	835
General Obligation Bonds, Series 2004	145,460	-	8,560	136,900	8,560
Equipment Acquisition Obligations, Series 2004	9,415	-	4,705	4,710	4,710
Combination Tax and Revenue Certificates of Obligation, Series 2004	4,360	-	570	3,790	585
Taxable General Obligation Pension Pension Bonds, Series 2005A	120,432	-	13,073	107,359	-
Taxable General Obligation Pension Pension Bonds, Series 2005B	102,917	-	-	102,917	9,250
Taxable General Obligation Pension Pension Bonds, Series 2005C	56,025	-	-	56,025	-
General Obligation Refunding Bonds, Series 2005	\$ 156,850	\$ -		\$ 156,850	\$ -

continued

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 10. Long-Term Debt (continued)

	Beginning Balance <u>Restated</u>	Additions	Deletions	Ending Balance	Due Within One Year
Risk Management Certificates of Obligation Taxable, Series 2005	\$ 4,500	\$ -	\$ 1,500	\$ 3,000	\$ 1,500
General Obligation Refunding Bonds, Series 2006	170,345	-	9,465	160,880	9,465
Combination Tax and Revenue Certificates of Obligation, Series 2006	5,240	-	570	4,670	590
Combination Tax and Revenue Certificates of Obligation, Series 2008	-	40,280	-	40,280	810
Combination Tax and Revenue Certificates of Obligation, Series 2007	-	5,500	-	5,500	615
Equipment Acquisition Notes, Series 2006	20,270	-	5,955	14,315	5,955
Equipment Acquisition Notes, Series 2007	-	31,105	1,235	29,870	7,470
Bonds, Notes, Certificates of Obligation	<u>1,583,739</u>	<u>440,125</u>	<u>208,383</u>	<u>1,815,481</u>	<u>144,325</u>
Add: Unamortized Premium/Discount	139,997	17,496	9,069	148,424	-
Add: Accretion on Capital Appreciation Bonds	30,004	13,625	-	43,629	-
Less: Refunding Deferral	<u>(7,511)</u>	<u>(345)</u>	<u>1,337</u>	<u>(6,519)</u>	<u>-</u>
Total Bonds, Notes, Certificates Of Obligation	<u>1,746,229</u>	<u>470,901</u>	<u>218,789</u>	<u>2,001,015</u>	<u>144,325</u>
Other Liabilities:					
Arbitrage Rebate	3,013	2,907	3,013	2,907	-
Compensated Absences	126,021	57,156	49,862	133,315	50,659
Other postemployment benefits	-	31,535	-	31,535	-
Landfill closure/post closure	29,863	1,801	1,128	30,536	518
Estimated unpaid claims	90,531	70,226	66,814	93,943	27,433
Notes Payable	169	14,975	3,535	11,609	1,643
Sales Tax Refund Liability	13,594	-	731	12,863	760
Capital Leases	10,914	2,755	2,937	10,732	2,722
Total other liabilities	<u>274,105</u>	<u>181,355</u>	<u>128,020</u>	<u>327,440</u>	<u>83,735</u>
Total governmental activities long-term liabilities	<u>\$ 2,020,334</u>	<u>\$ 652,256</u>	<u>\$ 346,809</u>	<u>\$ 2,328,455</u>	<u>\$ 228,060</u>

For governmental activities, General Fund resources will be utilized to liquidate other liabilities.

B. Governmental General Obligation Bonds (GO Bonds)

General Obligation Bonds are direct obligations of the City for which its full faith and credit are pledged and are payable from taxes levied on all taxable property located within the City. In November 2007, the City issued \$363.2 million (excludes premium of \$16.6 million) of General Obligation Bonds, Series 2007A with an interest rate of 4.0 to 5.0 percent and maturities through fiscal year 2027. The bonds were issued to refund the 1998 General Obligation Refunding and Improvement Bonds and to fund various permanent improvements in the City.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 10. Long-Term Debt (continued)

B. Governmental General Obligation Bonds (GO Bonds) (continued)

Proceeds of \$76.7 million were deposited with an escrow agent to be used to pay the outstanding amount of the bonds. As a result, \$74.8 million of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the financial statements. The refunding resulted in a difference of \$345 thousand between the net carrying amount of the old debt and the acquisition price. This difference, reported in the accompanying financial statements as a decrease to bonds payable, is being amortized to interest expense over the life of the bonds using the straight-line method. Total debt service payments decreased by \$4.4 million as a result of the refunding. The City also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$3.6 million.

In November 2007, the City issued \$31.1 million (excludes premium of \$511 thousand) of Equipment Acquisition Obligations, Series 2007 with an interest rate of 3.5 to 4.0 percent and maturities through fiscal year 2012 for various capital equipment purchases. In November 2007, the City also issued \$5.5 million (excludes premium of \$80 thousand) in Combination Tax and Revenue Certificates of Obligation, Series 2007 with an interest rate of 3.5 to 4.0 percent and maturities through fiscal year 2017. The certificates were issued to fund relocation of electric utilities in furtherance of the Trinity River project and to renovate and replace HVAC equipment and systems.

During May 2008, the City issued \$40.3 million (excludes premium of \$261 thousand) in Combination Tax and Revenue Certificates of Obligation, Series 2008 with an interest rate range of 2 to 5 percent and maturities through fiscal year 2018. The certificates were issued to purchase land.

During the fiscal year, the City recorded three notes payable totaling \$14,764. Two of the notes were issued for the purpose of making utility efficiency improvements to various buildings owned by the City and one for building improvements. In addition, \$211 thousand dollars of accrued interest was added to the principal balance for total additions of \$14,975. The notes are payable in quarterly installments with interest rates ranging from 3.00% to 3.916%. The maturity dates for the notes range from November 2011 to October 2018.

	<u>Final</u>	<u>Interest Rates</u>	<u>Amount</u>
Series 560	2016	4.0% to 6.0%	\$ 6,840
Series 563	2009	4.30% to 5.5%	2,880
Series 574	2010	5.0% to 5.5%	6,935
Series 578	2011	5.0% to 5.75%	16,260
Series 583	2021	4.0% to 5.0%	37,425
Series 589	2011	2.5 % to 5.0%	34,305
Series 592	2014	4.0% to 5.0%	9,995
Series 593	2023	3.5% to 5.0%	136,870
Series 597	2024	4.0% to 5.0%	136,900
Series 604	2020	5.00%	156,850
Series 606	2025	3.25% to 5.00%	160,880
Series 611	2026	4.5% to 5.0%	210,150
Series 617	2027	5.0% to 5.25%	124,235
Series 615	2027	4.0% to 5.0%	363,240
Total			<u>\$ 1,403,765</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 10. Long-Term Debt (continued)

The Equipment Acquisition Contractual Obligations outstanding as of September 30, 2008 are as follows:

	<u>Final</u>	<u>Interest Rates</u>	<u>Amount</u>
Series 616	2011	3.75% to 4.00%	\$ 8,865
Series 598	2009	3.00%	4,710
Series 608	2015	3.25% to 5.00%	14,315
Series 616	2012	3.50% to 4.00%	29,870
Total			<u>\$ 57,760</u>

The Certificates of Obligation outstanding as of September 30, 2008 are as follows:

	<u>Final</u>	<u>Interest Rates</u>	<u>Amount</u>
Series 580	2010	4.75% to 5.25%	\$ 4,970
Series 591	2013	2.00% to 3.25%	18,000
Series 599	2014	3.00% to 3.55%	3,790
Series 605	2010	4.00% to 4.49%	3,000
Series 607	2015	3.50% to 4.00%	4,670
Series 618	2018	2.00% to 5.00%	40,280
Series 617	2018	3.5% to 4.00%	5,500
Total			<u>\$ 80,210</u>

The Pension Obligation Bonds outstanding as of September 30, 2008 are as follows:

	<u>Final</u>	<u>Interest Rates</u>	<u>Amount</u>
Series 600	2035	3.24 % to 5.19%	\$ 107,359
Series 601	2035	3.81 % to 5.50%	102,917
Series 602	2024	5.25% to 8.00%	56,025
Total			<u>\$ 266,301</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 10. Long-Term Debt (continued)

C. Tax Increment Financing Bonds

The City has also issued Tax Increment bonds. The total of these bonds outstanding as of September 30, 2008 are as follows:

	Final	Interest Rates	Amount
Series 566	2012	4.60% to 5.00%	\$ 1,675
Series 577	2012	4.75% to 5.75%	2,275
Series 596	2012	2.50% to 3.25%	3,495
			\$ 7,445

Tax Increment Revenues Pledged

The City has pledged a portion of future ad valorem tax increments to repay tax increment financing bonds issued in prior years to fund various public improvements located in the TIF zone. The bonds are payable solely from the pledged tax increments of the zone and are payable through fiscal year 2012. Incremental tax sales were projected to produce at least 1.25 percent of the maximum annual principal and interest requirements on an annual fiscal year basis (based on 100% collection). Total principal and interest remaining on the bonds at September 30, 2008 is \$8.2 million. Principal and interest paid during fiscal year 2008 were \$2 million and \$377 thousand, respectively.

D. Long-term Notes Payable

The total outstanding notes payable as of September 30, 2008 are as follows:

	Final Maturity	Interest Rates	Amount
Chase Note Payable	2011	Non-interest bearing	\$ 119
All American Investment Group	2018	3.92%	5,294
State Energy Conservation Office - 192	2015	3.00%	2,572
State Energy Conservation Office - 188	2011	3.00%	3,624
Total			\$ 11,609

E. Governmental Debt Service Requirements

The following is a summary of the future debt service principal and interest payment requirements for the City's General Obligation, Contractual Obligations, Certificates of Obligation and Tax Increment Bonds at September 30, 2008.

Fiscal Year	Principal	Interest	Total
2009	\$ 144,325	\$ 83,700	\$ 228,025
2010	145,889	72,639	218,528
2011	127,165	73,002	200,167
2012	123,309	68,489	191,798
2013	112,307	64,197	176,504
2014-2018	499,795	264,670	764,465
2019-2023	411,631	137,168	548,799
2024-2028	203,874	131,158	335,032
2029-2033	30,023	170,940	200,963
2034-2035	17,163	71,952	89,115
	\$ 1,815,481	\$ 1,137,915	\$ 2,953,396

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 10. Long-Term Debt (continued)

The following is a summary of the future principal and interest payment requirements for the City's long-term notes payable at September 30, 2008.

Fiscal Year	Principal	Interest	Total
2009	\$ 1,643	\$ 500	\$ 2,143
2010	1,979	329	2,308
2011	2,011	266	2,277
2012	1,144	202	1,346
2013	903	167	1,070
2014-2018	3,763	374	4,137
2019	166	2	168
	<u>\$ 11,609</u>	<u>\$ 1,840</u>	<u>\$ 13,449</u>

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CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 10. Long-Term Debt (continued)

F. Business-type Activities

The changes in the business-type activities long-term liabilities for the year ended September 30, 2008 are as follows:

<u>Dallas Water Utilities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One year</u>
Revenue Bonds:					
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 1993-A	\$ 4,715	\$ -	\$ -	\$ 4,715	\$ -
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 1998	127,135	-	18,960	108,175	19,245
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 1999	7,905	-	2,490	5,415	2,630
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2000	12,880	-	2,965	9,915	3,130
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2001	20,925	-	4,900	16,025	5,115
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2002	11,195	-	3,430	7,765	1,790
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2002-A	84,135	-	18,985	65,150	20,150
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2003	147,580	-	13,830	133,750	16,390
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2003-A	145,805	-	6,275	139,530	6,430
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2005	110,990	-	2,825	108,165	3,475
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2006	249,750	-	5,855	243,895	6,090
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2007	678,480	-	2,750	675,730	3,265
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2008	-	158,655	-	158,655	3,505
Revenue Bonds Payable	1,601,495	158,655	83,265	1,676,885	91,215
Add : Unamortized Premium	54,288	6,680	9,194	51,774	-
Less: Deferred Amount on Refunding	(18,799)		(1,974)	(16,825)	-
Total Revenue Bonds for Water Utilities	<u>\$ 1,636,984</u>	<u>\$ 165,335</u>	<u>\$ 90,485</u>	<u>\$ 1,711,834</u>	<u>\$ 91,215</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 10. Long-Term Debt (continued)

F. Business-type Activities (continued)

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<u>Dallas Water Utilities (continued)</u>					
Pension Obligation Bonds	\$ 70,243	\$ -	\$ 3,286	\$ 66,957	\$ 2,326
Add: Accretion on Capital Appreciation Bonds	7,543	3,426	-	10,969	-
Add: Net Premium/Discount	26,287	-	220	26,067	-
Total Water Utilities Bonds	1,741,057	168,761	93,991	1,815,827	93,541
Other: Arbitrage Rebate	-	1,181	-	1,181	-
Other: Compensated Absences	7,717	5,468	5,012	8,173	3,106
Other: Postemployment Benefits	-	3,747	-	3,747	-
Total Long-Term Debt for Water Utilities	1,748,774	179,157	99,003	1,828,928	96,647
<u>Convention Center:</u>					
Revenue Bonds					
Civic Center Convention Complex Revenue Refunding and Improvement Bonds, Series 1998	267,885	-	11,835	256,050	12,460
Sports Arena Project-Tax Exempt Special Tax Bonds, Series 1998A	81,125	-	2,405	78,720	2,530
Sports Arena Project-Taxable Special Tax and Lease Bonds, Series 1998B	30,645	-	780	29,865	830
Revenue Bonds Payable	379,655	-	15,020	364,635	15,820
Add : Net Premium/Discount	(6,378)	-	(205)	(6,173)	-
Less: Deferred Amount on Refunding	(7,030)	-	(669)	(6,361)	-
Total Convention Center Revenue Bonds	366,247	-	14,146	352,101	15,820
Pension Obligation Bonds	4,997	-	234	4,763	166
Add: Accretion on Capital Appreciation Bonds	538	245	-	783	-
Add: Net Premium/Discount	1,876	-	16	1,860	-
Total Convention Center Bonds	373,658	245	14,396	359,507	15,986
Other: Compensated Absences	925	340	426	839	319
Other: Note Payable	-	15,716	2,087	13,629	1,000
Other: Postemployment Benefits	-	283	-	283	-
Total Long-Term Debt for Convention Center	374,583	16,584	16,909	374,258	17,305
<u>Airport Revenues:</u>					
Revenue Bonds					
Texas Airport System Revenue Bonds, Series 2001	26,555	-	6,240	20,315	6,495
Add : Unamortized Premium	194	-	93	101	-
Pension Obligation Bonds	6,581	-	308	6,273	218
Add: Accretion on Capital Appreciation Bonds	707	321	-	1,028	-
Add: Net Premium/Discount	2,464	-	21	2,443	-
Other: Compensated Absences	964	518	448	1,034	393
Other: Note Payable	-	5,270	3,166	2,104	198
Other: Postemployment Benefits	-	425	-	425	-
Total Long-Term Debt for Airport Revenues	\$ 37,465	\$ 6,534	\$ 10,276	\$ 33,723	\$ 7,304

continued

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 10. Long-Term Debt (continued)

F. Business-type Activities (continued)

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<u>Non-Major Business-Type:</u>					
Pension Obligation Bonds	\$ 12,798	\$ -	\$ 599	\$ 12,199	\$ 424
Add: Accretion on Capital Appreciation Bonds	1,374	623	-	1,997	-
Add: Net Premium/Discount	4,787	-	39	4,748	-
Other: Compensated Absences	2,310	996	1,208	2,098	798
Other: Postemployment Benefits	-	814	-	814	-
Total Long-Term Debt for Non-major Business-type funds	<u>21,269</u>	<u>2,433</u>	<u>1,846</u>	<u>21,856</u>	<u>1,222</u>
Total Business-Type Activities - Long-Term Liabilities	<u>\$ 2,182,091</u>	<u>\$ 204,708</u>	<u>\$ 128,034</u>	<u>\$ 2,258,765</u>	<u>\$ 122,478</u>

The Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2008 were issued for \$158.7 million with interest rates of 4.0% to 5.0% and maturities through fiscal year 2038 with a premium of \$6.7 million. The proceeds of the bonds and the premium received were used to retire \$165.0 million of outstanding commercial paper.

G. Water Works and Sewer System Revenue Bonds and Pension Obligation Bonds

The Waterworks and Sewer System Debt Service Fund provides for the payment of principal and interest on the water department outstanding revenue bonds. Pension Obligation bonds are paid through increased City contributions to the Pension Debt Service fund. Operating revenues from water operations and interest earned on the cash balance in the debt service fund are pledged for repayment of the debt. Revenues are transferred from the Water Operating Fund to the Debt Service Fund to meet annual principal and interest obligations. The Water Works and Sewer System bonds outstanding as of September 30, 2008 are as follows:

<u>Series Description</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
554 Rev Bonds	2014	4.00%	\$ 4,715
570 Rev Bonds	2030	4.25% - 5.00 %	108,175
573 Rev Bonds	2010	5.50%	5,415
576 Rev Bonds	2011	5.25% - 5.50 %	9,915
582 Rev Bonds	2011	5.00% - 5.25 %	16,025
586 Rev Bonds	2012	5.00% - 5.50 %	7,765
587 Rev Bonds	2011	3.00% - 5.00 %	65,150
590 Rev Bonds	2023	3.00% - 5.375%	133,750
595 Rev Bonds	2024	4.00% - 5.00 %	139,530
603 Rev Bonds	2025	5.00%	108,165
610 Rev Bonds	2036	4.25% - 5.00 %	243,895
613 Rev Bonds	2037	4.00% - 5.00 %	675,730
619 Rev Bonds	2038	4.00% - 5.00 %	158,655
Pension Obligation Bonds	2035	3.81% - 8.0 %	66,957
Total Outstanding			<u>\$ 1,743,842</u>

Utility Revenues Pledged

The City has pledged future water and wastewater customer revenues, net of specified operating expenses, to repay \$1,676.9 million in water and wastewater system revenue bonds, of which \$158.7 million (excluding premium of \$6.7 million) was issued during the current fiscal year and the remaining balance in prior fiscal years. Proceeds from the bonds provided financing for construction. The bonds are payable solely from water customer net revenues and are payable through fiscal year 2038. Net revenues for each year are expected to be at least equal to 1.25 times the principal and interest requirements of all outstanding previously issued bonds and additional bonds for the year. The total principal and interest remaining to be paid on the bonds at September 30, 2008 is \$2,591.4 million. Principal and interest paid during fiscal year 2008 were \$83.3 million and \$76.5 million, respectively.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 10. Long-Term Debt (continued)

H. Convention Center (Revenue Bonds and Pension Obligation Bonds)

The 7% Hotel Occupancy Tax, operating revenues of the Convention Center Complex, and interest earned on cash balances in the bond reserve and Debt Service Funds are pledged for repayment of the debt. Pension Obligation bonds are paid through increased City contributions to the Pension Debt Service fund. Additionally, the City has reserve funds to provide for the payment of operating and maintenance expenses of the Convention Center Complex, should a shortfall in Convention Center revenues occur. Revenue from the Convention Center Operating Fund is transferred to the Debt Service Fund to meet annual principal and interest payments. The Convention Center bonds outstanding as of September 30, 2008 are as follows:

<u>Series Description</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
Civic Center Convention Complex	2028	4.6% - 5.23%	\$ 256,050
Special Tax Revenue Bonds	2028	4.625% - 5.25%	78,720
Special Tax and Lease Revenue Bonds	2027	6.65% - 6.8%	29,865
Pension Obligation Bonds	2035	3.81% - 8.0%	4,763
Total Outstanding			<u>\$ 369,398</u>

During the year, the City recorded a note in the amount of \$15,631 for the purpose of making utility efficiency improvements to the Convention Center. In addition, \$85 thousand dollars of accrued interest was added to the principal balance for total additions of \$15,716. The note is payable in quarterly installments with an interest rate of 4.13%. The note matures in October 2016.

I. Airport Revenues (Revenue Bonds and Pension Obligation Bonds)

The Airport Debt Service Fund provides for the payment of principal and interest on the Department of Aviation's outstanding revenue bonds. Pension Obligation bonds are paid through increased City contributions to the Pension Debt service fund. Operating revenues from Airport operations and interest earned on the cash balance in the debt service fund are pledged for repayment of the debt. Revenues are transferred from the Airport operating fund to the debt service fund to meet annual principal and interest obligations.

Airport revenue bonds and pension obligation bonds outstanding as of September 30, 2008 are as follows:

	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
Airport System Revenue Bonds	2011	5.00%	\$ 20,315
Pension Obligation Bonds	2035	3.81% - 8.0%	6,273
Total Outstanding			<u>\$ 26,588</u>

During the fiscal year, the City recorded a note in the amount of \$5,244 for the purpose of making utility efficiency improvements to various buildings at the Love Field. In addition, \$26 thousand dollars of accrued interest was added to the principal balance for total additions of \$5,270. The note is payable in quarterly installments with an interest rate of 4.05%. The note matures in September 2017.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 10. Long-Term Debt (continued)

J. Business-Type Activities Debt Service Requirements

The debt service principal and interest payment requirement to maturity at September 30, 2008, for the business-type activities revenue bonds and pension obligation bonds are as follows:

Fiscal Year	Dallas Water Utilities					
	Revenue Bonds			Pension Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 91,215	\$ 77,606	\$ 168,821	\$ 2,326	\$ 2,098	\$ 4,424
2010	94,680	74,019	168,699	3,545	2,042	5,587
2011	77,430	69,789	147,219	2,085	1,969	4,054
2012	78,805	65,920	144,725	1,957	1,969	3,926
2013	86,210	61,812	148,022	1,823	2,004	3,827
2014-2018	382,570	249,731	632,301	8,725	10,203	18,928
2019-2023	366,595	160,670	527,265	14,508	9,155	23,663
2024-2028	205,680	92,525	298,205	20,125	2,527	22,652
2029-2033	164,025	49,496	213,521	7,549	1,382	8,931
2034-2038	129,675	12,987	142,662	4,314	205	4,519
	<u>\$ 1,676,885</u>	<u>\$ 914,555</u>	<u>\$ 2,591,440</u>	<u>\$ 66,957</u>	<u>\$ 33,554</u>	<u>\$ 100,511</u>

Fiscal Year	Convention Center					
	Revenue Bonds			Pension Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 15,820	\$ 18,543	\$ 34,363	\$ 166	\$ 227	\$ 393
2010	15,615	17,782	33,397	252	143	395
2011	16,385	17,016	33,401	148	255	403
2012	17,200	16,199	33,399	139	274	413
2013	18,070	15,329	33,399	130	291	421
2014-2018	105,310	61,691	167,001	621	1,625	2,246
2019-2023	104,155	32,840	136,995	1,031	1,059	2,090
2024-2028	72,080	10,587	82,667	1,432	2,140	3,572
2029-2033	-	-	-	537	3,057	3,594
2034-2035	-	-	-	307	1,287	1,594
	<u>\$ 364,635</u>	<u>\$ 189,987</u>	<u>\$ 554,622</u>	<u>\$ 4,763</u>	<u>\$ 10,358</u>	<u>\$ 15,121</u>

Fiscal Year	Convention Center Long-term Notes Payable		
	Principal	Interest	Total
	2009	\$ 1,000	\$ 182
2010	1,422	499	1,921
2011	1,536	439	1,975
2012	1,654	374	2,028
2013	1,757	304	2,061
2014-2016	6,260	461	6,721
	<u>\$ 13,629</u>	<u>\$ 2,259</u>	<u>\$ 15,888</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 10. Long-Term Debt (continued)

J. Business-Type Activities Debt Service Requirements (continued)

Fiscal Year	Airport Revenues					
	Revenue Bonds			Pension Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 6,495	\$ 1,016	\$ 7,511	\$ 218	\$ 197	\$ 415
2010	6,765	691	7,456	332	191	523
2011	7,055	352	7,407	195	185	380
2012	-	-	-	183	185	368
2013	-	-	-	171	188	359
2014-2018	-	-	-	817	956	1,773
2019-2023	-	-	-	1,982	858	2,840
2024-2028	-	-	-	1,264	237	1,501
2029-2033	-	-	-	707	129	836
2034-2035	-	-	-	404	19	423
	<u>\$ 20,315</u>	<u>\$ 2,059</u>	<u>\$ 22,374</u>	<u>\$ 6,273</u>	<u>\$ 3,145</u>	<u>\$ 9,418</u>

Fiscal Year	Airport Revenues		
	Principal	Interest	Total
2009	\$ 198	\$ 82	\$ 280
2010	206	74	280
2011	215	66	281
2012	223	57	280
2013	232	48	280
2014-2017	1,030	91	1,121
	<u>\$ 2,104</u>	<u>\$ 418</u>	<u>\$ 2,522</u>

K. Discretely Presented Component Unit Debt Service Requirements

The debt service principal and interest payment requirement to maturity at September 30, 2008, for the discretely presented component unit activities tax increment financing bonds are as follows:

Fiscal Year	Revenue Bonds		
	Principal	Interest	Total
2009	\$ -	\$ 1,448,793	\$ 1,448,793
2010	1,107,705	1,731,088	2,838,793
2011	1,458,003	1,925,790	3,383,793
2012	1,912,619	2,186,174	4,098,793
2013	2,441,790	2,547,003	4,988,793
2014-2018	13,603,046	17,360,920	30,963,966
2019-2023	15,202,781	23,840,313	39,043,094
2024-2028	13,259,655	28,903,953	42,163,608
2029-2033	18,204,226	30,133,735	48,337,961
2034-2036	12,366,032	17,338,639	29,704,671
Totals	<u>\$ 79,555,857</u>	<u>\$ 127,416,408</u>	<u>\$ 206,972,265</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 10. Long-Term Debt (continued)

L. Bonds Authorized and Unissued

At September 30, 2008, authorized and unissued bonds consisted of General Obligation Bonds in the amount of \$86.7 million and Water and Sewer Revenue Bonds in the amount of \$558.4 million. An election must be held to deauthorize bonds.

The following is a schedule of authorized but unissued bonds at September 30, 2008:

	Date of Authorization	Amount Authorized	Amount Unissued
1998 Capital Improvement Program	5/2/1998	\$ 246,000	\$ 40,238
2006 Capital Improvement Program	11/7/2006	1,353,520	913,625
Total		<u>\$ 1,599,520</u>	<u>\$ 953,863</u>

M. Compliance with Debt Covenants

For the year ended September 30, 2008, management of the City believes that it was in compliance with all financial bond covenants on outstanding revenue and general obligation bonded debt. Compliance was met in the Airport Revenue Fund by including available cash with revenues.

N. Commercial Paper Notes

On September 24, 1997, the Dallas City Council authorized a second ten-year exempt commercial paper program for improvements to the City's water and wastewater system, limited to \$120 million commercial paper outstanding and maturity terms of not more than 270 days for interim financing of capital improvements. On December 12, 2001, the Dallas City Council approved increasing the commercial paper program Series B to an aggregate principal amount of \$150 million. On September 30, 2002, the City Council authorized additional commercial paper notes, Series C, limited at any one time to \$50 million principal amount outstanding. On August 25, 2004, the City Council authorized an increase of \$50 million to the Series B program to an aggregate principal amount of \$200 million and an increase of \$50 million to the Series C program to an aggregate principal amount of \$100 million. The City Council also established a 10-year program by extending the maturity date to September 30, 2014.

On an annual basis, Dallas Water Utilities retires commercial paper through refinancing with revenue bonds or use of other available water and wastewater funds. In fiscal year 2008, the City issued commercial paper of \$52.5 million and retired \$165 million. As of September 30, 2008, \$67.2 million commercial paper notes were outstanding with an average maturity from issue of 11 days, and a weighted average interest rate of 1.70%.

Commercial paper notes are supported by two Bank of America N.A. line of credit agreements. The credit agreements supporting the Series B notes, which extend to September 28, 2011 are an aggregate amount not exceeding \$214.8 million, and the credit agreement supporting the Series C notes, which extends to September 28, 2011, an aggregate amount not exceeding \$102.5 million constitute an obligation subordinate to the City's water and wastewater system revenue bonds. Any advances for payments of commercial paper under the line of credit are secured by a subordinate lien on water and wastewater revenues. During fiscal year 2008, \$52.5 million was advanced. Changes in short-term obligations during fiscal year 2008 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Commercial Paper	\$ 179,698	\$ 52,544	\$ 165,000	\$ 67,242

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 11. Leases

A. As Lessee

As lessee, the City is committed under various leases for building and office space, data processing and communications equipment. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the fiscal year ended September 30, 2008, amounted to \$4.4 million.

Future minimum lease payments for these leases are as follows:

Year Ending September 30	Total Rental Payments	Governmental Activities	Business-Type Activities
2009	\$ 5,356	\$ 4,588	\$ 768
2010	4,571	4,155	416
2011	2,938	2,512	426
2012	2,400	1,970	430
2013	1,374	1,267	107
2014-2018	2,744	2,744	-
2019-2023	902	902	-
Thereafter	1,494	1,494	-
Minimum Future Rentals	<u>\$ 21,779</u>	<u>\$ 19,632</u>	<u>\$ 2,147</u>

The City is also committed under capital leases for the purchase of computer equipment and for the purchase of a parking garage. The liability for future capital lease payments totals \$10.7 million. Future minimum lease payments for capital leases including interest and principal are as follows:

Fiscal Year	Payments
2009	\$ 3,197
2010	2,357
2011	1,490
2012	1,000
2013	1,000
2014-2018	2,075
2019-2023	1,750
Total Minimum future lease payments	12,869
Less: Amount Representing interest	(2,137)
Present value of net minimum lease payments	<u>\$ 10,732</u>

The following schedule provides an analysis of the City's investments in capital assets under capital lease arrangements as of September 30, 2008.

Building and Equipment	\$ 19,514
Less: Accumulated depreciation	(7,251)
Total	<u>\$ 12,263</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 11. Leases (continued)

B. As Lessor

The City is also under several lease agreements as lessor whereby it receives revenues from leasing airport terminal space, hangars, parking spaces, ramps, land, buildings, and office space to air carriers and other tenants. These revenue leases are considered for accounting purposes to be operating leases. Additionally, other City departments receive revenues under various agreements for the operation of concessions. Most of these revenues are determined based on various percentages of gross sales for the concessions.

Revenues for the fiscal year ended September 30, 2008 were \$26.2 million. The following is a schedule of minimum future rentals on noncancelable operating leases as of September 30, 2008:

Year ending September 30	Government Activities	Dallas Water Utilities	Airport Revenues	Total
2009	\$ 12,321	\$ 42	\$ 25,133	\$ 37,496
2010	12,313	42	16,026	28,381
2011	8,585	42	15,677	24,304
2012	1,030	42	13,337	14,409
2013	1,010	42	13,128	14,180
2014-2018	4,958	208	40,601	45,767
2019-2023	2,671	208	19,776	22,655
Thereafter	1,143	166	19,362	20,671
Minimum Future Rentals	\$ <u>44,031</u>	\$ <u>792</u>	\$ <u>163,040</u>	\$ <u>207,863</u>

The above amounts do not include contingent rentals of the Airport Revenues Fund, which may be received under certain leases; such contingent rentals received totaled \$0.9 million in 2008.

The following schedule provides an analysis of the Airport's Revenues Fund investment in property under operating lease arrangements as of September 30, 2008:

Buildings	\$ 232,469
Land	10,611
Subtotal	<u>243,080</u>
Less: Accumulated Depreciation	<u>(70,551)</u>
Total	<u>\$ 172,529</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 12. Defeasance of Debt

In prior years, the City legally defeased certain outstanding general obligation, mortgage revenue and enterprise bonds and certificates of obligation by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments of the refunded bonds. Accordingly, the trust accounts and the defeased bonds are not included in the City's basic financial statements.

As of September 30, 2008, the City had a total of \$86.75 million defeased outstanding General Obligation Bonds and \$558.4 million defeased outstanding revenue bonds. The following is a schedule of defeased bonds during the fiscal year:

	Beginning Balance	Additions	Deletions	Ending Balance
General Obligation Bonds	\$ 143,465	\$ 74,835	\$ 131,550	\$ 86,750
Water and Sewer Revenue Bonds	558,495	-	-	558,495
	<u>\$ 701,960</u>	<u>\$ 74,835</u>	<u>\$ 131,550</u>	<u>\$ 645,245</u>

Note 13. Risk Management – Estimated Claims and Judgments Payable

The City is self-insured for all third-party general liability claims. Claims adjusting services are provided by an administrative services contractor. Interfund premiums are based primarily upon the insured funds' claims experience and exposure and are reported as cost reimbursement interfund transactions. The liability for unpaid claims includes the effects of specific incremental claims, adjustment expenses and if probable and material, salvage and subrogation.

All known City property, primarily buildings and contents, is insured through commercial insurance policies, subject to a \$1 million deductible per loss occurrence. The amount of settlements has not exceeded insurance coverage for the past three fiscal years.

The City is insured for workers' compensation losses in excess of \$750 thousand per occurrence. Claims adjusting services are provided by an independent "administrative services" only contractor. Workers' compensation premiums are billed periodically to the different funds based on the loss experience and full time equivalents (FTE's) in the respective departments.

All workers' compensation losses are accumulated in a clearing fund which is being reimbursed by the premiums collected. When losses exceed premiums, the deficiencies are prorated and supplemented by the various applicable funds. Accrued workers' compensation liability consists of incurred but not reported as well as unpaid reported claims of which \$60.9 million at September 30, 2008, is recorded in the Risk Funds. The City maintains a group health insurance plan for employees and dependents which is self-insured by the City. The City also offers enrollment in one health maintenance organization as an alternative. Premiums are determined based on the annual budget. The City also maintains a group life insurance plan which offers term-life and accidental death and dismemberment for employees and dependents. The City is fully insured for employee term-life. Health claims and claims incurred but not reported that are probable and can be reasonably estimated are accrued in the accompanying basic financial statements at September 30, 2008, in the amount of \$8.5 million in the Risk Funds.

At September 30, 2008, the City estimates its workers' compensation liability at \$60.9 million. Of this amount, \$11 million is estimated to be payable in the next fiscal year.

At September 30, 2008, the City estimates its general liability at \$24.5 million, which includes \$17.8 million for automobile and general liability and \$6.7 million for probable claims and lawsuits.

Changes in the balances of claims liabilities during the past fiscal year are as follows:

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 13. Risk Management – Estimated Claims and Judgments Payable (continued)

	Workers' Compensation		Health		General Liability	
	2007	2008	2007	2008	2007	2008
Unpaid claims, beginning of year	\$ 59,564	\$ 59,872	\$ 6,730	\$ 10,070	\$ 17,374	\$ 20,589
Incurred claims (including IBNRs claims and changes in estimates)	11,276	15,823	51,882	45,353	6,195	9,050
Claim payments	(10,968)	(14,746)	(48,542)	(46,953)	(2,980)	(5,115)
Unpaid claims, end of year	<u>\$ 59,872</u>	<u>\$ 60,949</u>	<u>\$ 10,070</u>	<u>\$ 8,470</u>	<u>\$ 20,589</u>	<u>\$ 24,524</u>

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CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 14. Accrued Landfill Liability

The City owns and operates the McCommas Bluff landfill located in the southern portion of the City with an estimated remaining useful life of 44 years. Closure and post-closure care of this landfill is subject to the requirements of Subtitle D of the Resource Conservation and Recovery Act (P.L. 94-580) and Sections 330.250-256 of Title 30 of the Texas Administrative Code administered by the Texas Commission on Environmental Quality (TCEQ). These regulations require the City to place a final cover on each cell of the landfill when it ceases to accept waste and perform certain maintenance and monitoring functions for thirty years after the closure of each cell.

Because final contours have not been achieved, the City has not yet initiated closure of any of this landfill or incurred closure expenses. Therefore, the estimated \$24.1 million liability for closure/post-closure care is based on 33.52 percent of the capacity subject to TCEQ regulations--none of which is expected to be paid from current available resources.

The estimated total liability of \$71.3 million is based on current dollar average cost per acre calculations for this specific landfill as originally provided by consulting firms and has been revised annually by the City to accommodate inflation, deflation, technology, and developmental or regulation changes. In accordance with the provisions of Codification of Governmental Accounting and Financial Reporting Standards, Section L10, "Landfill Closure and Post closure Care Costs," the City has recorded a closure and post-closure liability of \$24.1 million as a long-term liability. Closure and post-closure care are funded through current General Fund revenues generated by landfill operations. Effective April 9, 1997, Sections 330.280-284 of Title 30 of the Texas Administrative Code requires landfill owners to demonstrate financial assurance on an annual basis that they will have sufficient financial resources to satisfy closure and post-closure care expenditures at such time as these become payable.

The City also owns and operates the Deepwood & Loop 12 landfill located at South Miller Road and SW of Loop 12. The estimated total annual liability for post closure care costs for the entire 47 acres of the closed landfill (132 acres of the Landfill Property) of the landfill is \$218, and the total liability for 30 years would be \$6.4 million. In addition to the \$218, there will also be a one time payment of \$300 in fiscal year 2009, making the total amount presented as due in one year \$518.

Note 15. Pension Plans

A. Plan Descriptions

The City participates in funding three contributory, defined benefit employee pension plans. These plans are single-employer pension plans and use the entry-age-normal cost method. Membership is a condition of employment for all full-time, permanent employees.

The excess of contributions made to the Employees' Retirement Fund over required pension contributions (as computed in accordance with GASB No. 27) is recorded as a net pension asset in the Statement of Net Assets in accordance with Codification of Governmental Accounting Standards, Section P20.

The City is also legally obligated to fund the Dallas Police & Fire Pension Plan and the Supplemental Police and Fire Pension Plan in an amount actuarially determined each year. In the opinion of the City Attorney, the City is not legally obligated to fund any additional amounts. The activities of the entities as of December 31, 2007 are reported in the City's Pension Trust Funds. Their separate audited financial statements may be obtained through the City.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 15. Pension Plans (continued)

A. Plan Descriptions (continued)

Employees' Retirement Fund: The legal authority for this plan is Chapter 40A of the Dallas City Code. This plan is for the benefit of all eligible employees of the City, excluding firefighters and police officers. Members have vested rights to retirement benefits after five years of service. Benefits are based on credited service and the average monthly earnings for the three highest paid calendar years. Members of the Fund are entitled to normal retirement pension at age 60; early retirement pension at age 55 if employed prior to May 9, 1972 or age 50 and years of service total 78; service retirement pension at any age after 30 years of credited service and disability retirement pension as determined by the board of trustees. Contribution percentages of covered wages are 8.40% for employees and 14.31% for the City. The City's contribution of 14.31% is divided into 5.93% cash to the Plan and 8.38% for debt service payments on the pension obligation bonds.

	2008 Membership Consisted of Number of Persons
Retirees and beneficiaries currently receiving benefits and inactive entitled to benefits but not yet receiving them	Total inactive 6,347
Current members:	
Vested	5,000
Non vested	3,117
Total current	8,117
Total	14,464

Dallas Police and Fire Pension System: The System is a retirement fund for police officers and firefighters employed by the City of Dallas. The System is comprised of a single defined benefit pension plan, called the "Combined Pension Plan," designed to provide retirement, death and disability benefits for firefighters and police officers (members). The legal authority for the Plan is former Article 6243a-1 of the Revised Civil Statutes of Texas. All active, eligible police officers and firefighters employed by the City are required to participate. The Plan consists of Group A and Group B membership. Group A members may elect to receive one of two benefit structures Options 1 and 2. Option 1: members with 20 years or more of pension service are entitled to normal monthly pension benefits beginning at age 50 equal to 50% of the base pay as defined as the maximum monthly civil service pay established by the City at the time of retirement plus 50% of the longevity pay the member was receiving at the time he or she left active service with the City or the effective date the member joined the Deferred Retirement Option Plan (DROP). Option 2: members with 20 years or more of pension service are entitled to normal monthly pension benefits beginning at age 55 equal to 3% of the base pay computed as noted in Option 1 for each year with a maximum of 32 years. In addition, a member receives 50% of the longevity pay and 1/24 of any City service incentive pay the member was receiving at the time he or she left active service with the City or the effective date the member joined DROP. Under Group B, members with five or more years of pension service are entitled to monthly pension benefits beginning at age 50 equal to 3% of the member's average computation pay determined over the highest 36 consecutive months of computation pay, multiplied by the number of years of pension service, up to maximum of 32 years. In addition, Group B benefits are increased by 4% of the initial benefit amount each October 1. The City is required to make contributions of 27.5% of total wages and salaries as defined in the System's plan document. The contribution percentage for members in Group A is 6.5% of their base pay. Group B members are required to contribute 8.5% of their computation pay.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 15. Pension Plans (continued)

A. Plan Descriptions (continued)

	2008 Membership Consisted of
Nonactive Member:	
Retirees and beneficiaries currently receiving benefits and employees entitled to benefits but not yet receiving them:	
Firefighters	1,423
Police Officers	1,870
Terminated vested members not yet receiving benefits	183
Total inactive members	3,476
Current Vested Employees:	
Firefighters	1,417
Police Officers	2,435
Current Nonvested Employees:	
Firefighters	274
Police Officers	783
Total current employees	4,909

Supplemental Police and Fire Pension Plan. The legal authority for this Plan is Subsection 35 of Chapter II of the Charter of the City of Dallas and Ordinance 14084 of 1973. This plan includes officials in the Fire and Police Departments who hold rank higher than the highest corresponding Civil Service rank available as a result of competitive examination. Employees with five or more years of service are entitled to annual pension benefits beginning at normal retirement age 50. Members of the Supplemental Plan contribute 8.5% of their pay that is applicable to the Supplemental Plan on a bi-weekly basis. The City does a one time annual contribution to the Supplemental Plan based on the actuarial analysis, not to exceed a \$100,000 increase over the previous year. For 2007 the City contribution was \$1.34 million.

	2008 Membership consisted of
Nonactive members	
Retirees and beneficiaries currently receiving	
Firefighters	46
Police Officers	65
Total non-active members	111
Current Vested Employees:	
Firefighters	16
Police Officers	24
	40

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 15. Pension Plans (continued)

B. Schedule of Employer Contributions

	Employees' Retirement Fund		Dallas Police and Fire Pension System		Supplemental Police and Fire Pension Plan	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
12/31/07	\$9,387	250.27%	\$97,762	100.0%	\$1,340	100.0%
12/31/06	\$14,380	159.94%	\$91,653	100.0%	\$1,300	100.0%
12/31/05	\$27,898	2,027.30%	\$87,373	100.0%	\$1,200	100.0%

	Employees' Retirement Fund		Dallas Police and Fire Pension System		Supplemental Police and Fire Pension Plan	
	Annual Pension Cost	Percentage Contributed	Annual Pension Cost	Percentage Contributed	Annual Pension Cost	Percentage Contributed
12/31/07	\$2,687	874.32%	\$97,762	100.0%	\$1,340	100.0%
12/31/06	\$7,942	289.60%	\$91,653	100.0%	\$1,300	100.0%
12/31/05	\$21,643	148.65%	\$87,373	100.0%	\$1,200	100.0%

C. Employees' Retirement Fund - Net Pension Obligation (NPO)/ Net Pension Asset (NPA) for 2007, 2006 and 2005

	2007	2006	2005
Annual required contribution (ARC)	\$ 9,387	\$ 14,380	\$ 27,898
Interest on NPO/(NPA)	(31,775)	(30,533)	(29,664)
Adjustment to the ARC	25,075	24,095	23,409
Annual Pension Cost	2,687	7,942	21,643
Contribution Made	(23,493)	(23,000)	(32,172)
Change in NPO/(NPA)	(20,806)	(15,058)	(10,529)
NPO/(NPA), beginning of year	(385,154)	(370,096)	(359,567)
NPO/ (NPA), end of year	<u>\$ (405,960)</u>	<u>\$ (385,154)</u>	<u>\$ (370,096)</u>

The net pension obligation (asset) has been allocated between governmental activities and business-type activities based on percentage of contribution by each. For governmental activities, this was 74.4% (\$302,016) and for business-type activities, 25.6% (\$103,944). The amount of net pension asset allocated by business-type activity is 18.9% (\$77,162) to Dallas Water Utilities; 1.4% (\$5,520) to Convention Center; 1.8% (\$7,219) to Airport Revenues; and 3.5% (\$14,043) to nonmajor enterprise funds.

The percent contributed may vary from the legally required rate as the annual required contributions are based upon covered payroll as of the actuarial valuation date, January 1, whereas contributions are calculated and paid based upon actual payrolls throughout the year.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 15. Pension Plans (continued)

D. Police and Fire Pension - Net Pension Obligation (NPO) for 2007, 2006 and 2005

<u>Dallas Police and Fire Pension System</u>	2007	2006	2005
Annual required contribution (ARC)	\$ 97,762	\$ 91,653	\$ 87,373
Interest on NPO	-	-	-
Adjustment to the ARC	-	-	-
Annual Pension Cost	97,762	91,653	87,373
Contribution Made	(97,762)	(91,653)	(87,373)
Change in NPO	-	-	-
NPO, beginning of year	-	-	-
NPO, end of year	\$ -	\$ -	\$ -

<u>Supplemental Police and Fire Pension Plan</u>	2007	2006	2005
Annual required contribution (ARC)	\$ 1,340	\$ 1,300	\$ 1,200
Interest on NPO	-	-	-
Adjustment to the ARC	-	-	-
Annual Pension Cost	1,340	1,300	1,200
Contribution Made	(1,340)	(1,300)	(1,200)
Change in NPO	-	-	-
NPO, beginning of year	-	-	-
NPO, end of year	\$ -	\$ -	\$ -

E. Significant Actuarial Methods and Assumptions

<u>Assumptions</u>	<u>Employees' Retirement Fund</u>	<u>Dallas Police and Fire Pension System</u>	<u>Supplemental Police and Fire Pension Plan</u>
Actuarial valuation date	12/31/2007	01/01/2008	01/01/2008
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	Level Percentage	Level Percentage	Level Percentage
Asset valuation method	3-year smoothed market	5-year smoothing	Fair market value
Remaining Amortization period	30 Years – Open Period	15 Years – Open Period	5 Years – Open Period
Investment rate of return	8.25%	8.50%	8.50%
Inflation rate	3.00%	4.00%	4.00%
Projected salary increase	3.50%-8.00%	4.30%-9.64%	4.30%-9.64%
Projected post-retirement benefit increase	3.00%	4.00%	4.00%

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 15. Pension Plans (continued)

F. Securities Lending Transactions

The Employees' Retirement Fund and Dallas Police and Fire Pension System Boards have authorized the Plans to enter into agreements with the Northern Trust ("Northern") and JP Morgan Chase ("JP Morgan") respectively, for the lending of certain of the Plans' securities (the "Securities Lending Program" or Program) including, but not limited to, stocks and bonds to counter party brokers and banks ("borrowers"), for a predetermined period of time and fee. Such transactions are not prohibited by state statute.

During the December 31, 2007 fiscal year, Northern lent, on behalf of the Employees' Retirement Fund, securities held by Northern, as a custodian, and received United States dollar cash, United States government agency securities and irrevocable bank letters of credit as collateral. Northern did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to put up collateral for each loan equal to: (i) in the case of loaned securities in which collateral is all denominated in the same currency as the loaned securities, 102% of the fair market value of the loaned securities plus any accrued but unpaid distributions thereon, and (ii) in the case of loaned securities denominated in a different currency from the loaned securities, 105% of the fair market value of the loaned securities plus any accrued but unpaid distributions thereon. The following table shows the type of collateral held, the market value of the securities on loan, and the market value of the collateral held for open loans at December 31, 2007 and 2006.

Collateral Type	Collateral		Collateral Percentage	Collateral		Collateral Percentage
	Market Value	Fair Value		Market Value	Fair Value	
Cash	\$ 478,743	\$ 465,908	103%	\$ 502,669	\$ 488,311	103%
Non-cash	16,415	16,024	102%	37,235	36,309	103%
Total	\$ 495,158	\$ 481,932		\$ 539,904	\$ 524,620	

During the December 31, 2007 fiscal year, JP Morgan lent, on behalf of the Dallas Police and Fire Pension System, securities held by JP Morgan as a custodian, and received United States dollar cash and United States Government securities as collateral. JP Morgan did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to put up collateral for each loan equal to: (i) in the case of loaned securities denominated in United States dollars or whose primary trading market was in the United States or sovereign debt issued by foreign governments, 102% of the fair market value of the loaned securities, and (ii) in the case of loaned securities not denominated in United States dollars or whose primary trading market was not in the United States dollars, 105% of the fair market value of the loaned securities. At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System. The market value of securities on loan and collateral held for the System as of December 31, 2007 and December 31, 2006 were \$218.3 million and \$221.3 million, respectively.

The Boards did not impose any restrictions during the fiscal year on the amount of the loans that Northern and JP Morgan made on their behalf. There were no failures by any borrowers to return the loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal years resulting from a default of the borrowers or Northern and JP Morgan. Northern is contractually obligated to fully indemnify the Plan for a borrower's failure to return the loaned securities.

During the fiscal year, the Board and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral was invested, together with the collateral of other qualified tax-exempt plan lenders, in a collective investment pool maintained by Northern. The relationship between the average maturities of the investment pool and the Plan's loans was affected by the maturities of the loans made by other plans' entities that invested cash collateral in the collective investment pool, which the Board could not determine. On December 31, 2007 and 2006, the Plan had no credit risk exposure to borrowers.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 15. Pension Plans (continued)

G. Funding Policy and Annual Pension Cost

The Board of Trustees of each plan establishes and may amend the contribution requirements of plan members and the City. The City's annual pension cost for the current year and related information for each plan is as follows:

	<u>Employees'</u> <u>Retirement Fund</u>	<u>Dallas Police</u> <u>and Fire</u> <u>Pension System</u>	<u>Supplemental</u> <u>Police and</u> <u>Fire Pension Plan</u>
Contribution rates:			
City	14.31%	27.50%	N/A
Plan members	8.40%	N/A	8.5% (2)
Plan members-group A	N/A	6.5% (1)	N/A
Plan members-group B	N/A	8.50%	N/A
Annual pension cost	9,387	97,762	1,340
Contributions made	23,493	97,762	1,340

(1) During 2007 and 2006, no member elected contribution under Group A.

(2) The 8.5% represents the excess of their compensation for the rank held over the compensation of the Civil Service rank held as a result of competitive examinations.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 16. Commitments and Contingencies

A. Pending Lawsuits and Claims

Various claims and lawsuits are pending against the City. In accordance with GAAP, those judgments which are considered "probable" and estimable are accrued, while those claims and judgments which are considered "reasonably possible" are disclosed but not accrued.

In the opinion of the City Attorney, the potential loss resulting from all significant claims which are considered possible, excluding condemnation proceedings, is approximately \$15.3 million as of September 30, 2008. At September 30, 2008, approximately \$6.7 million has been recorded in the Risk Funds for claims and lawsuits considered to be probable. In the opinion of the City Attorney, this is the total of all such claims which represent probable loss to the City.

B. Commitments and Contingencies

The City participates in a number of federally assisted and State grant programs. Principally, the Community Development Block Grant; Women, Infants and Children; and HOME Programs. The programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of the expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amount, if any, to be immaterial.

The City has several major construction projects planned or in progress as of September 30, 2008. These projects are evidenced by contractual commitments and include the following: \$348 million for General Purpose Capital Improvements and \$326 million for Water Utilities Capital Improvements.

Note 17. Other Post Employment Benefits

In addition to pension benefits, various Council resolutions require the City to provide certain healthcare and life insurance benefits for retired employees. Employees who are permanent, full-time employees are eligible to participate in the benefits at retirement. The City is self insured for these programs.

For retired employees over 65, the City pays on average \$443 (not in thousands) per month for Medicare "A" if the retirees are not eligible for Social Security coverage. The retirees are responsible for Medicare "B".

For retirees who qualify and choose the City health plan, the City pays approximately 50 percent of the retiree premium and the retiree pays the other 50 percent. Spouses of retirees, like active employees, pay 100% of premiums. There were 4,272 retiree participants in the health plan at October 1, 2007.

The City has implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, effective October 1, 2007, and is implementing these requirements prospectively. The City's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The actuarial cost method used in this valuation to determine the actuarial accrued liability and the annual required contribution (ARC) is the projected until credit method with service prorated. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The City has elected to amortize the unfunded actuarial liability over 30 years as a level percentage of payroll on a closed basis. The discount rate used for the determination of the expense for fiscal year 2008 is 4.50%. Total claim payments for fiscal year 2008 were approximately \$15.3 million net of participants' and pension plans' contributions.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 17. Other Post Employment Benefits (continued)

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (in thousands):

Annual OPEB Cost	\$ 52,168
Contributions Made	(15,364)
Increase in net OPEB	36,804
Net OPEB Obligation, beginning of year	-
Net OPEB Obligation, end of year	\$ 36,804

Net OPEB Obligation reported by governmental funds	\$ 30,974
Net OPEB Obligation reported in business type activities funds	5,269
Net OPEB Obligation reported in internal service funds	561
	\$ 36,804

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2008 are as follows (in thousands):

Fiscal Year Ended	Net OPEB Obligation 9/30/2007	Annual OPEB Cost	Employer Contributions	Net OPEB Obligation 9/30/2008	Annual OPEB Cost Contributed
2008	\$ -	\$ 52,168	\$ 15,364	\$ 36,804	29.5%

The funded status of the plan as of September 30, 2008 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
9/30/2008	\$ -	\$ 688,083	\$ 688,083	0%	N/A	N/A

The actuarial accrued liability of \$688,083 includes \$451,504 for active employees and \$236,579 for retirees.

This table presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Valuations

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. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements,

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 17. Other Post Employment Benefits (continued)

	Uniformed	Non-Uniformed	Total
At October 1, 2007, membership was as follows:			
Active participants not eligible to retire	1,906	4,709	6,615
Active participants eligible to retire	2,108	1,112	3,220
Total active participants	<u>4,014</u>	<u>5,821</u>	<u>9,835</u>

Note 18. Discretely Presented Component Units' Condensed Financial Information

DDDA is the only "major" discretely presented component unit, as considered by management. Summary component unit condensed financial information as of September 30, 2008, is presented below:

Condensed Statement of Net Assets

	DDDA	Nonmajor	Totals
Assets			
Current assets	\$ 27,525	\$ 1,392	\$ 28,917
Total assets	<u>27,525</u>	<u>1,392</u>	<u>28,917</u>
Liabilities			
Current liabilities	908	151	1,059
Non current liabilities	87,309	100	87,409
Total liabilities	<u>88,217</u>	<u>251</u>	<u>88,468</u>
Net assets			
Restricted for debt service	11,035	-	11,035
Unrestricted	(71,727)	1,141	(70,586)
Total net assets	<u>\$ (60,692)</u>	<u>\$ 1,141</u>	<u>\$ (59,551)</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 18. Discretely Presented Component Units' Condensed Financial Information (continued)

Condensed Statement of Revenues, Expenses and Changes in Net Assets			
	DDDA	Nonmajor	Totals
Operating revenues			
Intergovernmental	\$ 3,397	\$ 420	\$ 3,817
Other	225	194	419
Total operating revenues	3,622	614	4,236
Operating expenses	6,765	269	7,034
Operating income	(3,143)	345	(2,798)
Nonoperating income			
Investment income	923	20	943
Income before contributions	(2,220)	365	(1,855)
Contributions	-	(233)	(233)
Change in net assets	(2,220)	132	(2,088)
Total net assets, beginning of year	(58,472)	1,009	(57,463)
Total net assets, end of year	\$ (60,692)	\$ 1,141	\$ (59,551)

Note 19. Subsequent Events

In February 2009, the Convention Center issued revenue refunding and improvement bonds of \$324.9 million with an interest rate range of 3 to 5.25 percent and a final maturity of August 15, 2038. The bonds are special obligations of the City, payable from pledged hotel occupancy tax and will be used to refund 1998 Series Bonds and to fund construction costs associated with the planned improvements to the Dallas Civic Center Convention Complex.

In November 2008, the City issued general obligation bonds of \$209.8 million with an interest rate range of 4 to 5.125 percent and a final maturity of February 15, 2028 to fund various permanent public improvements. The City also issued \$33.8 million in Equipment Acquisition Contractual Obligations with an interest rate range of 4 to 5 percent and a final maturity of August 2013 to fund various types of capital equipment. The City also issued \$5.4 million in Combination Tax and Revenue Certificates of Obligation with an interest rate range of 3.5 to 5.0 percent and a final maturity of February 15, 2018 for electrical upgrades, HVAC improvements, and replacement of the fire suppression system.

In March 2009, Dallas Water Utilities issued Waterworks and Sewer System Revenue Bonds Series 2009A, 2009B, and 2009C through the Texas Water Development Board of the State of Texas for funding improvements to several projects throughout the City. Bond Series 2009A of \$15.1 million includes principal payments from \$650,000 to \$935,000 with interest rates ranging from 0.423 to 2.877 percent and a final maturity of October 1, 2028. Bond Series 2009B of \$8.28 million includes principal payments from \$445,000 to \$625,000 with interest rates ranging from 1.303 to 2.877 percent and a final maturity of October 1, 2028. Bond Series 2009C of \$94.723 million includes principal payments \$5.1 million to \$6.6 million with interest rates ranging from 0.148 to 3.018 percent and a final maturity of October 1, 2028.

On March 17, 2009, Dallas Water Utilities also issued an additional \$300 million in a new Commercial Paper program, the third Commercial Paper program in the City.

Sales tax revenues for the period October 1, 2008 through May 31, 2009 decreased \$12.5 million from the same period of the prior fiscal year.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2008

Note 20. Restatement of Prior Year Fund Balance and Net Assets

The following restatement of fund balance and net assets at September 30, 2007, was required to properly present DDDA financial activity as a discretely presented component unit, rather than as a blended component unit, and to correct classification errors related to various net asset components. The DDDA change correctly reflects the activity of the component unit as a discretely presented component unit since the direct benefits are to the developers, citizens, and others within the tax increment financing zone rather than exclusively to the City. Reclassifications between unrestricted net assets and invested in capital assets, net of related debt was necessary to only include debt attributable to the acquisition, construction, and improvement of capital assets as part of the invested in capital assets, net of related debt component. The Building Capital Projects Fund did not meet the criteria to be recorded as a major fund as of September 30, 2007 and was correctly reported; however, the criteria was met as of September 30, 2008, which resulted in the financial activity being reflected in a separate column in the fiscal year 2008 financial statements, rather than in the nonmajor column.

	Nonmajor Governmental Funds	Discretely Presented Component Unit		
Fund Balance, September 30, 2007, as previously reported	\$ 793,193			
DDDA Fund Balance	5,085			
Building Capital Projects Fund Balance, reclassified as a major fund	(203,756)			
Fund balance, September 30, 2007, as restated	594,522			
Government-wide Net Assets, September 30, 2007, as previously reported	1,467,285	1,009		
Accounts payable	17,829	(17,829)		
Cash	(12,744)	12,744		
Bonds payable	50,605	(50,605)		
Accretion on DDDA bonds	4,361	(4,361)		
Unamortized bond issuance costs	(1,579)	1,579		
Net Assets, September 30, 2007, as restated	\$ 1,525,757	\$ (57,463)		
	Net Assets 9/30/2007, as previously reported	Adjustments	Net Assets 9/30/2007, as restated	
Invested in capital assets, net of related debt	\$ 1,433,745	\$ 134,425	\$ 1,568,170	
Restricted for:				
Capital projects	53,222	-	53,222	
Debt service	7,576	-	7,576	
Permanent funds - nonexpendable	10,118	-	10,118	
Unrestricted	(37,376)	(75,953)	(113,329)	
	\$ 1,467,285	\$ 58,472	\$ 1,525,757	



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CITY OF DALLAS, TEXAS
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF FUNDING PROGRESS (UNAUDITED)
Employee's Retirement Fund (ERF)
Dallas Police and Fire Pension System (DPFPS)
And
Supplemental Police and Fire Pension Plan (SPFPP)
Year Ended September 30, 2008
(in millions)

Actuarial Valuation Date	Plan	Actuarial Value of Assets (a)	Actuarial Accrued Liability Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/07	ERF	\$ 3,183	\$ 2,915	\$ (268)	109.2%	\$ 370	(72.4%)
12/31/06	ERF	2,998	2,761	(237)	108.6%	345	(68.6%)
12/31/05	ERF	2,739	2,606	(133)	105.1%	332	(40.0%)
01/01/08	DPFPS	3,259	3,644	385	89.4%	321	119.9%
01/01/07	DPFPS	2,962	3,371	409	87.9%	306	133.7%
01/01/06	DPFPS	2,700	3,282	582	82.3%	295	197.3%
01/01/08	SPFPP	25	30	5	83.3%	1	516.0%
01/01/07	SPFPP	23	29	5	79.3%	1	618.0%
01/01/06	SPFPP	20	26	6	76.9%	1	691.0%

The actuarial information presented is determined by an actuarial valuation and is the amount that results from applying various assumptions with regard to termination, disability, mortality and the time value of money to the accumulated plan benefits.

CITY OF DALLAS, TEXAS
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF FUNDING PROGRESS (UNAUDITED)
Other Postemployment Benefits
Year Ended September 30, 2008
(in millions)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
9/30/2008	\$ -	\$ 688,083	\$ 688,083	0%	N/A	N/A

The actuarial information presented is determined by an actuarial valuation and is the amount that results from applying various assumptions with regard future employment, mortality, and the healthcare cost trend.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Community Development Fund – to account for funds received by the City of Dallas pursuant to the Community Development Act of 1974, as amended, and grant funds for community development type programs.

Health and Human Services Fund – to account for private and grant funds received for public health and human services programs.

Library Fund – to account for private and grant funds received for acquisition of library materials and expansion of library services.

Police Fund – to account for private and grant funds received for crime prevention and law enforcement programs.

Recreation Fund – to account for private and grant funds received for summer recreation and other recreation programs.

Transportation Fund – to account for private and grant funds received for transportation studies and construction.

Management Improvement Fund – to account for private and grant funds received for management productivity improvements.

Storm Water Operations Fund – to account for the administration and operational activities of the Storm Water Program. Financing is provided by a Storm Water fee.

Municipal Fund – to account for private contributions restricted to the provision of various employee and citizen municipal purposes.

General Citizen Fund – to account for private contributions restricted to the provision of various general governmental projects.

Arts and Cultural Fund – to account for private contributions restricted for the financing of Museum operations and functions.

Capital Project Funds

To account for financial resources to be used for the acquisition or construction of those major capital facilities which are not financed by Enterprise Funds, Internal Service Funds, and Trust Funds.

Neighborhood Projects – to account for construction of neighborhood facilities and paving projects.

Parks – to account for construction of parks, playgrounds, and recreational facilities.

Streets and Drainage – to account for construction of streets and storm sewers.

Transportation – to account for construction of traffic signals and controls.

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

To report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Samuell Park – to account for the private donation by Dr. W.W. Samuell. The income from this fund is restricted to the operation and improvement of Samuell Park.

Grauwylers Memorial – to account for the private donation by Mrs. Emma H. Grauwylers. The income from the trust is to be used to improve and beautify Grauwylers Park.

Craddock Park – to account for the private donation by Mr. and Mrs. L. Craddock. The earnings from the trust are to be used for improving and maintaining Craddock Park.

Martin Weiss Park – to account for the private donations by Mr. and Mrs. Martin Weiss, the earnings from which are restricted to the use for further improvements of the Martin Weiss Park.

Hale Davis – to account for private donations by Hale Davis, restricted for municipal purposes.



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**CITY OF DALLAS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

As of September 30, 2008
(in thousands)

	Special Revenue				
	Community Development	Health and Human Services	Library	Police	Recreation
Assets					
Pooled cash and cash equivalents	\$ 1,648	\$ -	\$ 3,304	\$ 8,018	\$ 18,120
Other investments, at fair value	-	-	1,004	-	-
Receivables:					
Notes	1,264	-	-	-	-
Accounts	2,261	27	-	-	319
Accrued interest	47	9	26	77	118
Allowance for uncollectible accounts	(792)	-	-	-	(275)
Due from other governments	4,515	3,462	49	3,827	-
Due from other funds	-	-	-	-	-
Special assessments- paving notes	3	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Notes receivable from other funds	-	-	-	-	-
Total assets	<u>8,946</u>	<u>3,498</u>	<u>4,383</u>	<u>11,922</u>	<u>18,282</u>
Liabilities and fund balances					
Liabilities					
Accrued payroll	179	176	5	5	10
Accounts payable	2,814	236	213	1,890	211
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	781	-	-	-	47
Unearned revenue	-	-	21	295	15
Construction accounts payable	-	-	-	-	-
Notes payable to other funds	-	-	-	-	3,044
Customer deposits	-	-	-	-	-
Contracts payable	-	-	-	-	-
Other	2,199	437	-	328	40
Total liabilities	<u>5,973</u>	<u>849</u>	<u>239</u>	<u>2,518</u>	<u>3,367</u>
Fund balances					
Reserved for:					
Encumbrances	13,882	641	261	1,169	1,002
General government	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Notes receivable	-	-	-	-	-
Debt Service	-	-	-	-	-
Unreserved, undesignated	(10,909)	2,008	3,883	8,235	13,913
Total fund balances	<u>2,973</u>	<u>2,649</u>	<u>4,144</u>	<u>9,404</u>	<u>14,915</u>
Total liabilities and fund balance	<u>\$ 8,946</u>	<u>\$ 3,498</u>	<u>\$ 4,383</u>	<u>\$ 11,922</u>	<u>\$ 18,282</u>

Transportation	Management Improvement	Storm Water Operations	Municipal	General Citizen	Arts and Cultural	Total Nonmajor Special Revenue Funds
\$ 14,962	\$ 9,685	\$ 7,026	\$ 13,206	\$ 3,080	\$ 1,610	\$ 80,659
-	-	-	-	-	1,816	2,820
-	-	-	6,700	-	-	7,964
9,682	1	6,227	109	-	-	18,626
97	69	80	95	18	36	672
(2,967)	-	(2,174)	-	-	-	(6,208)
94	3,690	-	-	-	-	15,637
-	-	-	-	-	-	-
-	-	-	-	-	-	3
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>21,868</u>	<u>13,445</u>	<u>11,159</u>	<u>20,110</u>	<u>3,098</u>	<u>3,462</u>	<u>120,173</u>
-	2	-	32	1	-	410
6	726	-	1,066	90	74	7,326
-	1	-	2,125	-	-	2,126
841	1,994	-	-	-	-	2,835
5,872	-	1,225	-	-	-	7,925
16	-	-	1,755	-	-	2,102
-	-	-	-	-	-	-
-	-	1,350	-	-	-	4,394
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	694	-	-	29	-	3,727
<u>6,735</u>	<u>3,417</u>	<u>2,575</u>	<u>4,978</u>	<u>120</u>	<u>74</u>	<u>30,845</u>
378	1,062	2,612	6,929	16	84	28,036
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
14,755	8,966	5,972	8,203	2,962	3,304	61,292
<u>15,133</u>	<u>10,028</u>	<u>8,584</u>	<u>15,132</u>	<u>2,978</u>	<u>3,388</u>	<u>89,328</u>
<u>\$ 21,868</u>	<u>\$ 13,445</u>	<u>\$ 11,159</u>	<u>\$ 20,110</u>	<u>\$ 3,098</u>	<u>\$ 3,462</u>	<u>\$ 120,173</u>

**CITY OF DALLAS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

As of September 30, 2008

(in thousands)

	Capital Projects				Total Nonmajor Capital Project Funds
	Neighborhood Projects	Parks	Streets and Drainage	Trans- portation	
Assets					
Pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Other investments, at fair value	-	-	-	6,437	6,437
Receivables:					
Notes	122	-	-	-	122
Accounts	7	-	-	859	866
Accrued interest	315	374	1,786	1,626	4,101
Allowance for uncollectible accounts	(122)	-	(1,484)	-	(1,606)
Due from other governments	-	-	-	223	223
Due from other funds	-	-	-	-	-
Special assessments- paving notes	-	-	4,464	-	4,464
Restricted cash and cash equivalents	49,422	55,006	270,078	246,657	621,163
Notes receivable from other funds	-	-	4,224	-	4,224
Total assets	<u>49,744</u>	<u>55,380</u>	<u>279,068</u>	<u>255,802</u>	<u>639,994</u>
Liabilities and fund balances					
Liabilities					
Accrued payroll	-	-	-	-	-
Accounts payable	-	-	-	-	-
Due to other governments	-	-	2	-	2
Due to other funds	346	-	-	-	346
Deferred revenue	-	-	3,099	-	3,099
Unearned revenue	-	-	-	10,063	10,063
Construction accounts payable	1,367	5,116	11,862	7,021	25,366
Notes payable to other funds	4,491	-	-	-	4,491
Customer deposits	-	-	9	-	9
Contracts payable	37,895	1,110	2,975	541	42,521
Other	-	-	-	-	-
Total liabilities	<u>44,099</u>	<u>6,226</u>	<u>17,947</u>	<u>17,625</u>	<u>85,897</u>
Fund balances					
Reserved for:					
Encumbrances	8,656	11,447	56,025	44,636	120,764
General government	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Notes receivable	-	-	4,224	-	4,224
Debt Service	1,651	-	-	-	1,651
Unreserved, undesignated	(4,662)	37,707	200,872	193,541	427,458
Total fund balances	<u>5,645</u>	<u>49,154</u>	<u>261,121</u>	<u>238,177</u>	<u>554,097</u>
Total liabilities and fund balance	<u>\$ 49,744</u>	<u>\$ 55,380</u>	<u>\$ 279,068</u>	<u>\$ 255,802</u>	<u>\$ 639,994</u>

**CITY OF DALLAS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

As of September 30, 2008
(in thousands)

	Permanent Funds					Total Permanent Funds	Total Nonmajor Governmental Funds
	Samuell Park	Grauwyler Memorial	Craddock Park	Martin Weiss Park	Hale Davis		
Assets							
Pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,659
Other investments, at fair value	7,074	75	696	67	368	8,280	17,537
Receivables:							
Notes	-	-	-	-	-	-	8,086
Accounts	-	-	-	-	-	-	19,492
Accrued interest	-	-	-	-	-	-	4,773
Allowance for uncollectible accounts	-	-	-	-	-	-	(7,814)
Due from other governments	-	-	-	-	-	-	15,860
Due from other funds	-	-	-	-	-	-	-
Special assessments- paving notes	-	-	-	-	-	-	4,467
Restricted cash and cash equivalents	-	-	-	-	-	-	621,163
Notes receivable from other funds	-	-	-	-	-	-	4,224
Total assets	<u>7,074</u>	<u>75</u>	<u>696</u>	<u>67</u>	<u>368</u>	<u>8,280</u>	<u>768,447</u>
Liabilities and fund balances							
Liabilities							
Accrued payroll	-	-	-	-	-	-	410
Accounts payable	-	-	-	-	-	-	7,326
Due to other governments	-	-	-	-	-	-	2,128
Due to other funds	-	-	-	-	-	-	3,181
Deferred revenue	-	-	-	-	-	-	11,024
Unearned revenue	-	-	-	-	-	-	12,165
Construction accounts payable	-	-	-	-	-	-	25,366
Notes payable to other funds	-	-	-	-	-	-	8,885
Customer deposits	-	-	-	-	-	-	9
Contracts payable	-	-	-	-	-	-	42,521
Other	-	-	-	-	-	-	3,727
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,742</u>
Fund balances							
Reserved for:							
Encumbrances	-	-	-	-	-	-	148,800
General government	-	-	-	-	368	368	368
Culture and recreation	7,074	75	696	67	-	7,912	7,912
Notes receivable	-	-	-	-	-	-	4,224
Debt Service	-	-	-	-	-	-	1,651
Unreserved, undesignated	-	-	-	-	-	-	488,750
Total fund balances	<u>7,074</u>	<u>75</u>	<u>696</u>	<u>67</u>	<u>368</u>	<u>8,280</u>	<u>651,705</u>
Total liabilities and fund balance	<u>\$ 7,074</u>	<u>\$ 75</u>	<u>\$ 696</u>	<u>\$ 67</u>	<u>\$ 368</u>	<u>\$ 8,280</u>	<u>\$ 768,447</u>

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2008
(in thousands)

	Special Revenue				
	Community Development	Health and Human Services	Library	Police	Recreation
Revenues:					
Ad valorem tax	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increment financing, intergovernmental	-	-	-	-	-
Intergovernmental	31,331	16,018	619	10,031	174
Service to others	817	-	5	-	4,401
Fines and forfeits	-	-	-	323	-
Investment income	(105)	178	194	423	466
Contributions and gifts	-	704	646	30	453
Confiscated money awards	-	-	-	2,924	-
Other	-	6	63	154	1,857
Total revenues	<u>32,043</u>	<u>16,906</u>	<u>1,527</u>	<u>13,885</u>	<u>7,351</u>
Expenditures:					
Current					
General government	6,479	-	-	-	-
Public safety	257	-	-	9,478	-
Streets, street lighting, sanitation and code enforcement	-	-	-	-	-
Environmental and health services	650	14,515	-	-	-
Culture and recreation	1,001	-	2,502	-	2,674
Human services	22,562	2,031	-	-	-
Debt service:					
Interest and fiscal charges	-	-	-	-	-
Capital outlay	2,441	-	-	2,563	829
Total expenditures	<u>33,390</u>	<u>16,546</u>	<u>2,502</u>	<u>12,041</u>	<u>3,503</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,347)</u>	<u>360</u>	<u>(975)</u>	<u>1,844</u>	<u>3,848</u>
Other financing sources (uses):					
Transfers in	32	73	-	139	515
Transfers out	(508)	(39)	-	-	(656)
Premium on bonds issued	-	-	-	-	-
General obligation bonds issued	-	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	-
Proceeds of notes issued	-	-	-	-	-
Total other financing sources (uses)	<u>(476)</u>	<u>34</u>	<u>-</u>	<u>139</u>	<u>(141)</u>
Net change in fund balances	<u>(1,823)</u>	<u>394</u>	<u>(975)</u>	<u>1,983</u>	<u>3,707</u>
Fund balances, beginning of year - restated (Note 20)	<u>4,796</u>	<u>2,255</u>	<u>5,119</u>	<u>7,421</u>	<u>11,208</u>
Fund balances, end of year	<u>\$ 2,973</u>	<u>\$ 2,649</u>	<u>\$ 4,144</u>	<u>\$ 9,404</u>	<u>\$ 14,915</u>

Transportation	Management Improvement	Storm Water Operations	Municipal	General Citizen	Arts and Cultural	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	1	-	-	-	-	1
482	3,077	-	2,111	-	-	63,843
-	121	28,641	1,768	-	-	35,753
5,919	516	-	-	-	-	6,758
522	351	517	449	88	155	3,238
-	-	-	-	305	100	2,238
-	-	-	-	-	-	2,924
1,128	256	-	482	101	177	4,224
<u>8,051</u>	<u>4,322</u>	<u>29,158</u>	<u>4,810</u>	<u>494</u>	<u>432</u>	<u>118,979</u>
-	3,906	25,048	5,831	172	-	41,436
-	-	-	-	-	-	9,735
6,549	-	-	-	-	-	6,549
-	-	-	-	-	-	15,165
-	-	-	-	-	103	6,280
-	-	-	-	-	-	24,593
-	-	923	-	-	-	923
101	70	11	862	-	-	6,877
<u>6,650</u>	<u>3,976</u>	<u>25,982</u>	<u>6,693</u>	<u>172</u>	<u>103</u>	<u>111,558</u>
<u>1,401</u>	<u>346</u>	<u>3,176</u>	<u>(1,883)</u>	<u>322</u>	<u>329</u>	<u>7,421</u>
-	-	-	3,007	-	146	3,912
-	(4)	(2,012)	-	-	-	(3,219)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(4)	(2,012)	3,007	-	146	693
<u>1,401</u>	<u>342</u>	<u>1,164</u>	<u>1,124</u>	<u>322</u>	<u>475</u>	<u>8,114</u>
<u>13,732</u>	<u>9,686</u>	<u>7,420</u>	<u>14,008</u>	<u>2,656</u>	<u>2,913</u>	<u>81,214</u>
<u>\$ 15,133</u>	<u>\$ 10,028</u>	<u>\$ 8,584</u>	<u>\$ 15,132</u>	<u>\$ 2,978</u>	<u>\$ 3,388</u>	<u>\$ 89,328</u>

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2008
(in thousands)

	Capital Projects		
	Neighborhood Projects	Parks	Streets and Drainage
Revenues:			
Ad valorem tax	\$ 13,389	\$ -	\$ -
Tax increment financing, intergovernmental	8,856	-	-
Intergovernmental	-	-	83
Service to others	108	638	47
Fines and forfeits	-	-	-
Investment income	1,701	2,518	10,127
Contributions and gifts	-	431	-
Confiscated money awards	-	-	-
Other	2,363	771	590
Total revenues	<u>26,417</u>	<u>4,358</u>	<u>10,847</u>
Expenditures:			
Current			
General government	10,445	3,860	-
Public safety	-	-	-
Streets, street lighting, sanitation and code enforcement	-	-	9,297
Environmental and health services	-	-	-
Culture and recreation	-	-	-
Human services	-	-	-
Debt service:			
Interest and fiscal charges	-	-	427
Capital outlay	3,568	31,770	65,955
Total expenditures	<u>14,013</u>	<u>35,630</u>	<u>75,679</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,404</u>	<u>(31,272)</u>	<u>(64,832)</u>
Other financing sources (uses):			
Transfers in	-	611	-
Transfers out	(2,187)	(12)	(11,204)
Premium on bonds issued	363	-	3,315
General obligation bonds issued	8,241	-	76,175
Inception of capital lease	-	-	-
Proceeds from sale of fixed assets	-	-	3,424
Proceeds of notes issued	-	-	-
Total other financing sources (uses)	<u>6,417</u>	<u>599</u>	<u>71,710</u>
Net change in fund balance	<u>18,821</u>	<u>(30,673)</u>	<u>6,878</u>
Fund balances, beginning of year	<u>(13,176)</u>	<u>79,827</u>	<u>254,243</u>
Fund balances, end of year	<u>\$ 5,645</u>	<u>\$ 49,154</u>	<u>\$ 261,121</u>

Trans- portation	Total Nonmajor Capital Project Funds
\$ -	\$ 13,389
-	8,856
3,553	3,636
2	795
-	-
8,455	22,801
-	431
-	-
-	3,724
<u>12,010</u>	<u>53,632</u>
-	14,305
-	-
2,945	12,242
-	-
-	-
468	895
37,925	139,218
<u>41,338</u>	<u>166,660</u>
<u>(29,328)</u>	<u>(113,028)</u>
-	611
-	(13,403)
3,469	7,147
81,740	166,156
-	-
-	3,424
-	-
<u>85,209</u>	<u>163,935</u>
<u>55,881</u>	<u>50,907</u>
<u>182,296</u>	<u>503,190</u>
<u>\$ 238,177</u>	<u>\$ 554,097</u>

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2008
(in thousands)

	Permanent Funds		
	Samuell Park	Grauwyler Memorial	Craddock Park
Revenues:			
Ad valorem tax	\$ -	\$ -	\$ -
Tax increment financing, intergovernmental	-	-	-
Intergovernmental	-	-	-
Service to others	-	-	-
Fines and forfeits	-	-	-
Investment income	(1,218)	(13)	(102)
Contributions and gifts	-	-	-
Confiscated money awards	-	-	-
Other	-	-	-
Total revenues	<u>(1,218)</u>	<u>(13)</u>	<u>(102)</u>
Expenditures:			
Current			
General government	-	-	-
Public safety	-	-	-
Streets, street lighting, sanitation, and code enforcement	-	-	-
Environment and health services	-	-	-
Culture and recreation	-	-	-
Human services	-	-	-
Debt service:			
Interest and fiscal charges	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,218)</u>	<u>(13)</u>	<u>(102)</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(364)	(3)	(43)
Premiums on bonds issued	-	-	-
General obligation bonds issued	-	-	-
Inception of capital lease	-	-	-
Proceeds from sale of capital assets	-	-	-
Proceeds of notes issued	-	-	-
Total other financing sources (uses)	<u>(364)</u>	<u>(3)</u>	<u>(43)</u>
Net change in fund balances	<u>(1,582)</u>	<u>(16)</u>	<u>(145)</u>
Fund balances, beginning of year - restated (Note 20)	<u>8,656</u>	<u>91</u>	<u>841</u>
Fund balances, end of year	<u>\$ 7,074</u>	<u>\$ 75</u>	<u>\$ 696</u>

Martin Weiss Park	Hale Davis	Total Permanent Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 13,389
-	-	-	8,857
-	-	-	67,479
-	-	-	36,548
-	-	-	6,758
(8)	(74)	(1,415)	24,624
-	-	-	2,669
-	-	-	2,924
-	-	-	7,948
<u>(8)</u>	<u>(74)</u>	<u>(1,415)</u>	<u>171,196</u>
-	-	-	55,741
-	-	-	9,735
-	-	-	18,791
-	-	-	15,165
-	-	-	6,280
-	-	-	24,593
-	-	-	1,818
-	-	-	146,095
-	-	-	<u>278,218</u>
<u>(8)</u>	<u>(74)</u>	<u>(1,415)</u>	<u>(107,022)</u>
-	-	-	4,523
(6)	(7)	(423)	(17,045)
-	-	-	7,147
-	-	-	166,156
-	-	-	-
-	-	-	3,424
-	-	-	-
<u>(6)</u>	<u>(7)</u>	<u>(423)</u>	<u>164,205</u>
<u>(14)</u>	<u>(81)</u>	<u>(1,838)</u>	<u>57,183</u>
<u>81</u>	<u>449</u>	<u>10,118</u>	<u>594,522</u>
<u>\$ 67</u>	<u>\$ 368</u>	<u>\$ 8,280</u>	<u>\$ 651,705</u>

NONMAJOR ENTERPRISE FUNDS

To account for operations which are financed and operated in a manner similar to private business enterprise.

Municipal Radio – to account for City-owned radio broadcast services.

Building Inspection – to account for construction inspection services for the Dallas area.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS

As of September 30, 2008
(in thousands)

	Municipal Radio	Building Inspection	Total Nonmajor Enterprise Funds
Assets			
Current assets:			
Pooled cash and cash equivalents	\$ 7,347	\$ 10,225	\$ 17,572
Receivables:			
Accounts	596	91	687
Accrued interest	49	76	125
Allowance for uncollectibles	(2)	-	(2)
Total current assets	7,990	10,392	18,382
Capital assets:			
Land	-	900	900
Buildings	337	-	337
Improvements other than building	273	-	273
Equipment	1,819	1,749	3,568
Construction in progress	-	255	255
Less accumulated depreciation	(1,381)	(1,214)	(2,595)
Total capital assets	1,048	1,690	2,738
Net pension asset	1,700	12,343	14,043
Total noncurrent assets	2,748	14,033	16,781
Total assets	10,738	24,425	35,163
Liabilities			
Current liabilities:			
Accrued payroll	23	299	322
Accounts payable	32	109	141
Accrued vacation and sick leave	63	735	798
Pension obligation bonds - current	51	373	424
Other	91	6	97
Due to other fund	-	-	-
Accrued bond interest payable	6	42	48
Total current liabilities	266	1,564	1,830
Noncurrent liabilities:			
Accreted interest on pension obligation bonds	239	1,758	1,997
Pension obligation bonds	2,032	14,491	16,523
Total long-term debt	2,271	16,249	18,520
Other noncurrent liabilities			
Accrued vacation and sick leave	102	1,198	1,300
Other postemployment benefits	57	757	814
Total other noncurrent liabilities	159	1,955	2,114
Total long-term liabilities	2,430	18,204	20,634
Total liabilities	2,696	19,768	22,464
Net assets			
Invested in capital assets, net of related debt	1,048	1,690	2,738
Unrestricted	6,994	2,967	9,961
Total net assets	\$ 8,042	\$ 4,657	\$ 12,699

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
Year Ended September 30, 2008
(in thousands)

	Municipal Radio	Building Inspection	Total Nonmajor Enterprise Funds
Operating revenues:			
Customer charges	\$ 3,227	\$ 21,819	\$ 25,046
Other	66	52	118
Total operating revenues	<u>3,293</u>	<u>21,871</u>	<u>25,164</u>
Operating expenses:			
Personnel services	1,738	15,746	17,484
Supplies and materials	153	444	597
Contractual and other services	1,160	6,760	7,920
Depreciation	146	213	359
Total operating expenses	<u>3,197</u>	<u>23,163</u>	<u>26,360</u>
Operating income (loss)	<u>96</u>	<u>(1,292)</u>	<u>(1,196)</u>
Nonoperating revenues (expenses):			
Investment income	262	478	740
Interest on bonds and notes	(116)	(855)	(971)
Total nonoperating revenues (expenses)	<u>146</u>	<u>(377)</u>	<u>(231)</u>
Income before contribution and transfers	<u>242</u>	<u>(1,669)</u>	<u>(1,427)</u>
Transfers out	<u>(146)</u>	<u>(116)</u>	<u>(262)</u>
Change in net assets	<u>96</u>	<u>(1,785)</u>	<u>(1,689)</u>
Net assets, beginning of year	<u>7,946</u>	<u>6,442</u>	<u>14,388</u>
Net assets, end of year	<u>\$ 8,042</u>	<u>\$ 4,657</u>	<u>\$ 12,699</u>

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
Year Ended September 30, 2008
(in thousands)

	Municipal Radio	Building Inspection	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Cash received from customers	\$ 3,448	\$ 21,873	\$ 25,321
Cash payments to suppliers for goods and services	(181)	(438)	(619)
Cash payments to employees for services	(1,754)	(15,716)	(17,470)
Cash payments for contractual services	(1,218)	(6,748)	(7,966)
Net cash provided by (used in) operating activities	<u>295</u>	<u>(1,029)</u>	<u>(734)</u>
Cash flows from non capital financing activities:			
Transfers to other funds	(146)	(116)	(262)
Net cash provided by (used in) non capital and related financing activities	<u>(146)</u>	<u>(116)</u>	<u>(262)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(34)	(1,033)	(1,067)
Interest paid on bonds	(32)	(345)	(377)
Principal paid on bonds	(72)	(527)	(599)
Net cash provided by (used for) capital and related financing activities	<u>(138)</u>	<u>(1,905)</u>	<u>(2,043)</u>
Cash flows from investing activities:			
Investment income	264	499	763
Net cash provided by (used in) investing activities	<u>264</u>	<u>499</u>	<u>763</u>
Net increase (decrease) in cash and cash equivalents	275	(2,551)	(2,276)
Cash and cash equivalents, beginning of year	7,072	12,776	19,848
Cash and cash equivalents, end of year	<u>7,347</u>	<u>10,225</u>	<u>17,572</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income	96	(1,292)	(1,196)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	146	213	359
Change in assets and liabilities:			
(Increase) decrease in accounts and other receivables	155	2	157
(Increase) decrease in other assets	(87)	(632)	(719)
Increase (decrease) in accounts and contracts payable	(58)	12	(46)
Increase (decrease) in accrued payroll	6	125	131
Increase (decrease) in accrued vacation and sick leave	8	(220)	(212)
Increase (decrease) in other postemployment benefits	57	757	814
Increase (decrease) in other liabilities	(28)	6	(22)
Total adjustments	<u>199</u>	<u>263</u>	<u>462</u>
Net cash provided by (used in) operating activities	<u>295</u>	<u>(1,029)</u>	<u>(734)</u>
Noncash investing, capital, and financing activities:			
Change in fair value of investments	67	138	205

INTERNAL SERVICE FUNDS

Equipment Services Fund – to account for the cost of providing vehicles, vehicle maintenance, and fuel and lubrication to other City departments.

Communication Equipment Services Fund – to account for the cost of providing communication services to other City Departments.

Office Systems Fund – to account for the cost of providing office supplies, printing, copying and mailing services to other City Departments.

Information Systems Fund – to account for the cost of providing data processing and programming services to other City departments.

Risk Funds – to account for the cost of providing risk financing and insurance-related activities to other City departments.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
As of September 30, 2008
(in thousands)

	Equipment Services	Communication Equipment Services	Office Services	Information Systems	Risk Funds	Total
Assets						
Current assets:						
Pooled cash and cash equivalents	\$ 5,834	\$ 2,491	\$ 1,925	\$ 15,825	\$ 16,066	\$ 42,141
Receivables:						
Accounts	-	-	10	13	22	45
Accrued interest	-	13	10	69	109	201
Inventories, at cost	3,075	335	42	-	-	3,452
Prepaid expenses	-	-	-	-	29	29
Due from other funds	-	12	-	-	-	12
Other	-	-	-	-	1,686	1,686
Total current assets	<u>8,909</u>	<u>2,851</u>	<u>1,987</u>	<u>15,907</u>	<u>17,912</u>	<u>47,566</u>
Property, plant, and equipment:						
Land	1,696	-	-	-	-	1,696
Buildings	2,772	1,663	-	-	-	4,435
Improvements other than buildings	285	456	-	248	-	989
Infrastructure	1,136	685	-	-	-	1,821
Equipment	137,348	17,219	210	15,952	336	171,065
Construction in progress	910	360	-	495	-	1,765
Less accumulated depreciation	<u>(112,742)</u>	<u>(17,570)</u>	<u>(210)</u>	<u>(14,822)</u>	<u>(334)</u>	<u>(145,678)</u>
Net property, plant, and equipment	<u>31,405</u>	<u>2,813</u>	<u>-</u>	<u>1,873</u>	<u>2</u>	<u>36,093</u>
Total assets	<u>40,314</u>	<u>5,664</u>	<u>1,987</u>	<u>17,780</u>	<u>17,914</u>	<u>83,659</u>
Liabilities						
Current liabilities:						
Accrued payroll	212	35	14	52	45	358
Accounts payable	4,765	36	710	3,209	1,829	10,549
Accrued vacation and sick leave	490	108	17	704	147	1,466
Unearned revenue	-	108	6	10	-	124
Estimated unpaid health claims	-	-	-	-	8,470	8,470
Estimated unpaid claims - general	-	-	-	-	6,743	6,743
Workers' compensation	-	-	-	-	12,220	12,220
Other	-	1	18	322	547	888
Total current liabilities	<u>5,467</u>	<u>288</u>	<u>765</u>	<u>4,297</u>	<u>30,001</u>	<u>40,818</u>
Noncurrent liabilities:						
Estimated unpaid claims - general	-	-	-	-	17,781	17,781
Workers' compensation	-	-	-	-	48,729	48,729
Accrued vacation and sick	800	176	26	1,148	240	2,390
Other postemployment benefits	15	59	-	420	67	561
Total noncurrent liabilities	<u>815</u>	<u>235</u>	<u>26</u>	<u>1,568</u>	<u>66,817</u>	<u>69,461</u>
Total liabilities	<u>6,282</u>	<u>523</u>	<u>791</u>	<u>5,865</u>	<u>96,818</u>	<u>110,279</u>
Net Assets						
Invested in capital assets, net of related debt	31,405	2,813	-	1,873	2	36,093
Unrestricted	2,627	2,328	1,196	10,042	(78,906)	(62,713)
Total net assets	<u>\$ 34,032</u>	<u>\$ 5,141</u>	<u>\$ 1,196</u>	<u>\$ 11,915</u>	<u>\$ (78,904)</u>	<u>\$ (26,620)</u>

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
Year Ended September 30, 2008
(in thousands)

	Equipment Services	Communication Equipment Services	Office Services	Information Systems	Risk Funds	Total
Operating revenues						
Charges to other city departments	\$ 51,778	\$ 4,022	\$ 3,117	\$ 34,871	\$ 64,460	\$ 158,248
Services to others	-	323	45	12	34,737	35,117
Other	-	-	1,591	94	6,871	8,556
Total operating revenues	<u>51,778</u>	<u>4,345</u>	<u>4,753</u>	<u>34,977</u>	<u>106,068</u>	<u>201,921</u>
Operating expenses						
Personnel services	11,993	2,115	760	12,000	16,034	42,902
Supplies and materials	28,969	1,327	46	576	6	30,924
Contractual and other services	7,863	932	3,634	19,372	103,502	135,303
Depreciation	9,353	522	-	408	3	10,286
Total operating expenses	<u>58,178</u>	<u>4,896</u>	<u>4,440</u>	<u>32,356</u>	<u>119,545</u>	<u>219,415</u>
Operating income (loss)	<u>(6,400)</u>	<u>(551)</u>	<u>313</u>	<u>2,621</u>	<u>(13,477)</u>	<u>(17,494)</u>
Nonoperating revenues (expenses):						
Investment income	3	37	30	322	812	1,204
Gain on property disposals	776	-	-	-	-	776
Total nonoperating revenues	<u>779</u>	<u>37</u>	<u>30</u>	<u>322</u>	<u>812</u>	<u>1,980</u>
Income (loss) before operating transfers and contributions						
	<u>(5,621)</u>	<u>(514)</u>	<u>343</u>	<u>2,943</u>	<u>(12,665)</u>	<u>(15,514)</u>
Capital contributions						
	-	-	-	-	-	-
Transfers in						
	-	-	-	-	-	-
Transfers out						
	<u>(890)</u>	<u>(140)</u>	<u>(58)</u>	<u>(1,053)</u>	<u>(141)</u>	<u>(2,282)</u>
Change in net assets	<u>(6,511)</u>	<u>(654)</u>	<u>285</u>	<u>1,890</u>	<u>(12,806)</u>	<u>(17,796)</u>
Net assets, beginning of year	<u>40,543</u>	<u>5,795</u>	<u>911</u>	<u>10,025</u>	<u>(66,098)</u>	<u>(8,824)</u>
Net assets, end of year	<u>\$ 34,032</u>	<u>\$ 5,141</u>	<u>\$ 1,196</u>	<u>\$ 11,915</u>	<u>\$ (78,904)</u>	<u>\$ (26,620)</u>

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended September 30, 2008
(in thousands)

	Equipment Services	Communication Equipment Services	Office Services	Information Systems	Risk Funds	Total
Cash flows from operating activities:						
Cash received from other funds for services	\$ 51,778	\$ 4,345	\$ 4,753	\$ 34,972	\$ 107,465	\$ 203,313
Cash payments to suppliers for goods and services	(28,419)	(1,533)	416	914	(1,369)	(29,991)
Cash payments to employees for services	(11,261)	(1,922)	(734)	(11,556)	(15,699)	(41,172)
Cash payments for contractual services	(7,863)	(932)	(3,634)	(19,372)	(103,502)	(135,303)
Other operating cash receipts (payments)	-	96	6	10	1,664	1,776
Net cash provided by (used in) operating activities	4,235	54	807	4,968	(11,441)	(1,377)
Cash flows from noncapital financing activities:						
Transfers to other funds	(890)	(140)	(58)	(1,053)	(141)	(2,282)
Net cash provided by (used in) noncapital financing activities	(890)	(140)	(58)	(1,053)	(141)	(2,282)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(5,737)	-	-	(581)	-	(6,318)
Proceeds from sale of assets	801	-	-	-	-	801
Net cash provided by (used in) capital and related financing activities	(4,936)	-	-	(581)	-	(5,517)
Cash flows from investing activities:						
Investment income	3	42	27	322	897	1,291
Net cash provided by investing activities	3	42	27	322	897	1,291
Net increase (decrease) in pooled cash and cash equivalents	(1,588)	(44)	776	3,656	(10,685)	(7,885)
Cash and cash equivalents, beginning of year	7,422	2,535	1,149	12,169	26,751	50,026
Cash and cash equivalents, end of year	5,834	2,491	1,925	15,825	16,066	42,141
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	(6,400)	(551)	313	2,621	(13,477)	(17,494)
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:						
Depreciation	9,353	522	-	408	3	10,286
Gain/Loss on Disposals	-	-	-	-	-	-
Change in assets and liabilities:						
(Increase) Decrease in Accounts Receivables	-	-	-	(5)	1,397	1,392
(Increase) Decrease in Inventories	(892)	(29)	42	-	-	(879)
Increase (Decrease) in other assets	-	-	-	-	(1,392)	(1,392)
Increase (Decrease) in Accrued Payroll	88	14	6	(73)	18	53
Increase (Decrease) in due from other funds	-	(12)	-	-	-	(12)
Increase (Decrease) in accounts and notes payable	1,442	(178)	441	1,490	(1,363)	1,832
Increase (Decrease) in Deferred Revenue	-	108	6	10	-	124
Increase (Decrease) in Accrued Vacation and Sick Leave	629	120	20	97	250	1,116
Increase (Decrease) in other post employment benefits	15	59	-	420	67	561
Increase in Other Liabilities	-	1	(21)	-	3,056	3,036
Total adjustments	10,635	605	494	2,347	2,036	16,117
Net cash provided by (used in) operating activities	4,235	54	807	4,968	(11,441)	(1,377)
Noncash investing, capital, and financing activities:						
Change in fair value of investments	-	(12)	(9)	(76)	(78)	(175)

FIDUCIARY FUNDS

Trust and Agency Funds – to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The City's Trust and Agency Funds include Pension Trust Funds and Agency Funds.

Pension Trust Funds are accounted for in essentially the same manner as proprietary funds, using the same measurement focus and basis of accounting. The Pension Trust Funds are used to account for the assets of the City's Employees' Retirement Fund; Dallas Police and Fire Pension System; and the Police and Fire Supplemental Pension Fund.

Agency Funds are purely custodial and do not involve measurement of results of operations.

Cash Escrow Deposit Fund – to account for cash escrow bonds by jail arrest violators.

Confiscated Money Fund – to account for property confiscated in drug violation arrests.

Disposal Deposit Fund – to account for deposits from sanitary landfill customers that have credit accounts with the City to guarantee payment of accounts.

Walker Housing Fund – to account for the custodian of cash and settlement of the Walker Housing lawsuit.

Tax Distribution Fund – to account for the collection and distribution of ad valorem taxes for the City and the Dallas Independent School District.

Employee War and Savings Bond Fund – to account for employee payroll deductions for the purchase of savings bonds.

Deferred Compensation Fund – to account for the employees' 401k, tax-deferred compensation deductions.

Employee Benefits Fund – to account for employees' Dental, Vision, AD&D, and Dependent Life Insurance deductions and Health Maintenance Organization (HMO) employees' and City deductions. The City collects and remits premiums on behalf of the participants.

Travelers Express Deposits Fund – to account for collections from citizens for local utility company.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF PLAN NET ASSETS
PENSION TRUST FUNDS
As of September 30, 2008
(in thousands)

	Employees' Retirement Fund	Dallas Police & Fire Pension System	Police & Fire Supplemental Pension Fund	Total Pension Trust Funds
Assets				
Cash and cash equivalents	\$ 612,730	\$ -	\$ -	\$ 612,730
Receivables:				
Accounts	465,626	1,950	1	467,577
Accrued interest and dividends	15,803	-	-	15,803
Domestic equities	1,397,506	-	-	1,397,506
U.S. and foreign government securities	274,031	-	-	274,031
Domestic corporate fixed income	595,881	-	-	595,881
International equities and fixed income	682,651	-	-	682,651
Commingled index funds	132,433	-	-	132,433
Venture capital (real estate)	38	-	-	38
Plan interest in Group Master Trust	-	3,352,843	23,752	3,376,595
Total assets	<u>4,176,699</u>	<u>3,354,793</u>	<u>23,753</u>	<u>7,555,245</u>
Liabilities				
Accounts payable	3,345	1,453	44	4,842
Payable for securities purchased	73,716	-	-	73,716
Securities lending collateral	478,743	-	-	478,743
Other	435,485	-	-	435,485
Total liabilities	<u>991,289</u>	<u>1,453</u>	<u>44</u>	<u>992,786</u>
Net Assets				
Held in trust for pension benefits and other purposes	3,185,410	3,353,340	23,709	6,562,459
Total net assets	<u>\$ 3,185,410</u>	<u>\$ 3,353,340</u>	<u>\$ 23,709</u>	<u>\$ 6,562,459</u>

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS

Year Ended September 30, 2008
(in thousands)

	Employees' Retirement Fund	Dallas Police & Fire Pension System	Police & Fire Supplemental Pension Fund	Total Pension Trust Funds
Additions:				
Contributions				
Employer	\$ 23,493	\$ 97,762	\$ 1,341	\$ 122,596
Employee	31,806	17,915	37	49,758
Total contributions	<u>55,299</u>	<u>115,677</u>	<u>1,378</u>	<u>172,354</u>
Net investment income:				
Dividends	39,870	-	-	39,870
Interest	58,548	-	-	58,548
Net appreciation in fair value of investments	22,766	-	-	22,766
Net investment gain from Group Master Trust	-	245,028	2,519	247,547
Securities lending income	29,330	-	-	29,330
Less investment expenses:				
Investment management fees	(12,069)	-	-	(12,069)
Custody fees	(125)	-	-	(125)
Consultant fees	(283)	-	-	(283)
Securities lending borrower rebates	(26,820)	-	-	(26,820)
Securities lending management fees	(558)	-	-	(558)
Total investment expenses	<u>(39,855)</u>	<u>-</u>	<u>-</u>	<u>(39,855)</u>
Net investment income	110,659	245,028	2,519	358,206
Other income	459	-	-	459
Total increases	<u>166,417</u>	<u>360,705</u>	<u>3,897</u>	<u>531,019</u>
Deductions:				
Benefit payments	146,810	131,626	1,315	279,751
Refund of contributions	3,056	913	-	3,969
Administrative expenses	2,675	6,091	43	8,809
Total deductions	<u>152,541</u>	<u>138,630</u>	<u>1,358</u>	<u>292,529</u>
Net increase in net assets available for benefits	13,876	222,075	2,539	238,490
Net assets held in trust for pension benefits				
Beginning of year	<u>3,171,534</u>	<u>3,131,265</u>	<u>21,170</u>	<u>6,323,969</u>
End of year	<u>\$ 3,185,410</u>	<u>\$ 3,353,340</u>	<u>\$ 23,709</u>	<u>\$ 6,562,459</u>

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS

Year Ended September 30, 2008
(in thousands)

	Balance September 30, 2007	Additions	Deductions	Balance September 30, 2008
CASH ESCROW DEPOSIT FUND				
Assets				
Cash and other assets	\$ 1,858	\$ -	\$ 253	\$ 1,605
Liabilities				
Due to other governments and other liabilities	1,858	-	253	1,605
CONFISCATED MONEY FUND				
Assets				
Cash and other assets	4,389	98	866	3,621
Liabilities				
Other liabilities	4,389	98	866	3,621
DISPOSAL DEPOSIT FUND				
Assets				
Cash and other assets	1,061	47	-	1,108
Liabilities				
Customer deposits	1,061	47	-	1,108
WALKER HOUSING FUND				
Assets				
Cash and other assets	219	8	-	227
Liabilities				
Accrual for Walker settlement and other liabilities	219	8	-	227
TAX DISTRIBUTION FUND				
Assets				
Cash and other assets	97	4	-	101
Liabilities				
Due to other funds and other liabilities	97	4	-	101
EMPLOYEE WAR AND SAVINGS BOND FUND				
Assets				
Cash and other assets	2	-	-	2
Liabilities				
Other liabilities	2	-	-	2
DEFERRED COMPENSATION FUND				
Assets				
Investments and other assets	908	38,342	38,166	1,084
Liabilities				
Due to employees - deferred compensation and other liabilities	908	38,342	38,166	1,084
EMPLOYEE BENEFITS FUND				
Assets				
Cash	518	8,752	9,081	189
Liabilities				
Other liabilities	518	8,752	9,081	189
TRAVELERS EXPRESS DEPOSITS				
Assets				
Cash and other assets	466	-	2	464
Liabilities				
Other liabilities	466	-	2	464
TOTALS - ALL AGENCY FUNDS				
Assets				
Cash and other assets	9,518	47,251	48,368	8,401
Liabilities				
Due to other funds and other liabilities	\$ 9,518	\$ 47,251	\$ 48,368	\$ 8,401

DEBT SERVICE FUND

The City maintains one fund to account for payment of principal and interest on the following general obligation debt: bonds, certificates of obligation, and equipment acquisition notes.

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CITY OF DALLAS, TEXAS
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND

Year Ended September 30, 2008
(in thousands)

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget-- Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 190,365	\$ 190,365	\$ 188,668	\$ (1,697)
Investment income	1,586	1,586	4,406	2,820
Other	1,462	1,462	238	(1,224)
Total revenues	<u>193,413</u>	<u>193,413</u>	<u>193,312</u>	<u>(101)</u>
Expenditures:				
Principal	136,210	136,210	134,577	1,633
Interest and fiscal charges	84,736	84,736	78,657	6,079
Other	4,502	4,502	4,087	415
Total expenditures	<u>225,448</u>	<u>225,448</u>	<u>217,321</u>	<u>8,127</u>
Deficiency of revenues over expenditures	<u>(32,035)</u>	<u>(32,035)</u>	<u>(24,009)</u>	<u>8,026</u>
Other financing sources:				
Transfers	29,971	29,971	24,113	(5,858)
Total other financing sources	<u>29,971</u>	<u>29,971</u>	<u>24,113</u>	<u>(5,858)</u>
Deficiency of revenues and other financing sources over expenditures	(2,064)	(2,064)	104	2,168
Fund balance, beginning of year	10,449	10,449	9,460	(989)
Fund balance, end of year	<u>\$ 8,385</u>	<u>\$ 8,385</u>	<u>\$ 9,564</u>	<u>\$ 1,179</u>

Adjustments necessary to convert the deficiency of revenues and other sources under expenditures and other uses on the budget basis to a GAAP basis are provided below:

Deficiency of revenues and other financing sources over expenditures and other uses-budget basis	\$ 104
Change in fair market value of investments	<u>(42)</u>
Deficiency of revenues and other financing sources over expenditures and other uses-GAAP basis	<u>\$ 62</u>

DISCRETELY PRESENTED COMPONENT UNITS

Housing Finance Corporation – organized to issue tax-exempt mortgage revenue bonds to encourage low to moderate income citizens opportunities for single family residential home ownership.

Housing Acquisition and Development Corporation – organized solely and exclusively for the public purpose of providing safe, affordable housing facilities which are incidental thereto for the benefit of low and moderate-income persons.

Downtown Dallas Development Authority – to account for tax increment financing revenue bonds issued to finance major improvements by developers on behalf of the City.

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CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS

As of September 30, 2008
(in thousands)

	Governmental-type Activities Component Units			Total
	Housing Finance Corporation*	Housing Acquisition and Development Corporation	Downtown Dallas Development Authority	
Assets:				
Current assets:				
Cash and cash equivalents	\$ 652	\$ 101	\$ -	\$ 753
Receivables	48	26	35	109
Land held for resale	-	565	-	565
Unamortized bond issuance costs	-	-	2,301	2,301
Restricted cash and cash equivalents	-	-	25,189	25,189
Total assets	<u>700</u>	<u>692</u>	<u>27,525</u>	<u>28,917</u>
Liabilities:				
Accounts payable	125	26	727	878
Notes payable	-	100	-	100
Accrued interest payable	-	-	181	181
Long-term liabilities:				
Due in more than one year	-	-	87,309	87,309
Total liabilities	<u>125</u>	<u>126</u>	<u>88,217</u>	<u>88,468</u>
Net assets:				
Restricted for debt service	-	-	11,035	11,035
Unrestricted	575	566	(71,727)	(70,586)
Total net assets	<u>\$ 575</u>	<u>\$ 566</u>	<u>\$ (60,692)</u>	<u>\$ (59,551)</u>

*The Housing Finance Corporation's government-wide presentation is consistent with the fund level financial statement as there are no reconciling items.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS

As of September 30, 2008
(in thousands)

	Governmental-type Activities Component Units			Total
	Housing Finance Corporation*	Housing Acquisition and Development Corporation	Downtown Dallas Development Authority	
Operating revenues:				
Other	\$ -	\$ 194	\$ 225	\$ 419
Intergovernmental	349	71	3,397	3,817
Total operating revenues	<u>349</u>	<u>265</u>	<u>3,622</u>	<u>4,236</u>
Operating expenses:				
Personal services	121	24	-	145
Contractual and other services	57	67	1,936	2,060
Interest and service charges	-	-	4,829	4,829
Total operating expenses	<u>178</u>	<u>91</u>	<u>6,765</u>	<u>7,034</u>
Operating income	<u>171</u>	<u>174</u>	<u>(3,143)</u>	<u>(2,798)</u>
Nonoperating revenues(expenses):				
Interest and dividends	19	1	923	943
Contributions	<u>(233)</u>	<u>-</u>	<u>-</u>	<u>(233)</u>
Total nonoperating revenues(expenses)	<u>(214)</u>	<u>1</u>	<u>923</u>	<u>710</u>
Change in net assets	<u>(43)</u>	<u>175</u>	<u>(2,220)</u>	<u>(2,088)</u>
Net assets, beginning of year	<u>618</u>	<u>391</u>	<u>(58,472)</u>	<u>(57,463)</u>
Net assets, end of year	<u>\$ 575</u>	<u>\$ 566</u>	<u>\$ (60,692)</u>	<u>\$ (59,551)</u>

*The Housing Finance Corporation's government-wide presentation is consistent with the fund level financial statement as there are no reconciling items.



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CITY OF DALLAS, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS BY SOURCE

As of September 30, 2008
(in thousands)

Governmental funds capital assets:	
Land	\$ 422,140
Construction in progress	289,102
Buildings	776,814
Improvements other than buildings	310,273
Equipment	316,444
Infrastructure	1,569,899
Artwork	48,795
Total governmental funds capital assets	<u>\$ 3,733,467</u>
Investments in governmental funds capital assets by source:	
General fund	\$ 531,815
Other trust and agency funds - municipality	109,243
Special revenue fund	106,670
Capital projects fund	2,813,292
Transfer from (to) enterprise funds	81,129
Gifts and forfeitures	91,318
	<u>\$ 3,733,467</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF DALLAS, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
As of September 30, 2008
(in thousands)

Function and Activity	Land	Construction in Progress	Buildings	Improvements Other than Buildings	Equipment	Infrastructure	Artwork	Total
General government								
City attorney	\$ -	\$ -	\$ -	\$ 8	\$ 344	\$ -	\$ -	\$ 352
City auditor	-	-	-	-	112	-	-	112
Office of financial services	163	-	4	1,419	26,759	1,491	-	29,836
Municipal Court	-	-	522	-	311	30	-	863
City secretary	-	-	-	-	104	-	-	104
Civil service	-	-	-	-	118	-	-	118
Planning and Development	19,146	-	11,055	33,553	15,486	6,287	-	85,527
Employee retirement	-	-	-	-	13	-	-	13
Equipment, communications and information services	(5)	-	378	211	33,386	(86)	-	33,884
Human resources	-	-	-	-	5,107	-	-	5,107
International Affairs	-	-	-	-	28	-	-	28
Mayor and council	-	-	-	-	212	-	-	212
Police and fire pension	-	-	-	-	30	-	-	30
Public safety								
Fire	3,493	-	26,836	52	53,540	21	-	83,942
Police	9,329	-	93,749	50	20,850	3,181	-	127,159
Public market	4,771	-	4,355	515	199	741	-	10,581
Street, sanitation, and code enforcement	53,191	-	10,796	11,010	16,737	366,398	-	458,132
Environmental and health services	3,738	-	7,234	866	897	478	-	13,213
Public works and transportation	173,263	-	140,217	47,700	23,907	1,063,117	-	1,448,204
Culture and recreation	123,513	-	373,751	214,701	16,325	29,222	48,795	806,307
Library	1,178	-	63,255	29	95,681	348	-	160,491
Housing	929	-	4,922	159	92	3,302	-	9,404
Unallocated - Primarily assets acquired prior to 1977	29,431	-	39,740	-	6,206	95,369	-	170,746
Construction in progress	-	289,102	-	-	-	-	-	289,102
Total Capital Assets of governmental funds	\$ 422,140	\$ 289,102	\$ 776,814	\$ 310,273	\$ 316,444	\$ 1,569,899	\$ 48,795	\$ 3,733,467

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF DALLAS, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

As of September 30, 2008
(in thousands)

Function and Activity	Governmental Funds Capital Assets October 1, 2007	Additions	Dispositions	Governmental Funds Capital Assets September 30, 2008
General government				
City attorney	\$ 526	\$ -	\$ 174	\$ 352
City auditor	112	-	-	112
Office of financial services	23,147	6,689	-	29,836
Municipal court	863	-	-	863
City secretary	104	-	-	104
Civil service	118	-	-	118
Planning and development	79,971	5,556	-	85,527
Employee retirement	13	-	-	13
Equipment, communications and information services	21,368	12,516	-	33,884
Human resources	5,107	-	-	5,107
International affairs	28	-	-	28
Mayor and council	212	-	-	212
Police and fire pension	30	-	-	30
Public safety	-	-	-	-
Fire	82,027	5,553	3,638	83,942
Police	125,208	2,139	188	127,159
Public market	10,581	-	-	10,581
Street, sanitation, and code enforcement	450,336	7,838	42	458,132
Environmental and health services	12,978	235	-	13,213
Public works and transportation	1,276,926	174,943	3,665	1,448,204
Culture and recreation	765,815	40,570	78	806,307
Housing	8,986	418	-	9,404
Library	153,654	6,837	-	160,491
Unallocated - primarily assets acquired prior to 1977	170,746	-	-	170,746
Construction in progress	218,075	230,695	159,668	289,102
Total capital assets used in the operation of governmental funds	<u>\$ 3,406,931</u>	<u>\$ 493,989</u>	<u>\$ 167,453</u>	<u>\$ 3,733,467</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net assets.

STATISTICAL SECTION



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STATISTICAL SECTION

(Unaudited)

The City of Dallas comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's health.

		Tables
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1-4
Revenue Capacity	These schedules present information to help the reader assess the City's most significant local revenue source, the property tax.	5-9
Debt Capacity	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	10-16
Demographic & Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	17-18
Operating information	These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	19-21

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in fiscal year 2002; therefore accrual basis financial information for the City as a whole is only available from then.

Table 1

CITY OF DALLAS, TEXAS
NET ASSETS BY COMPONENT
 Last Seven Fiscal Years (Unaudited)
 (accrual basis of accounting)
 (in thousands)

	2002	2003	2004	2005	2006	2007	2008
Governmental activities							
Invested in Capital Assets, net of related debt	\$ 1,314,665	\$ 1,328,590	\$ 1,385,085	\$ 1,485,097	\$ 1,495,420	\$ 1,568,170	\$ 1,657,571
Restricted	191,139	124,645	108,138	112,756	65,938	70,916	60,532
Unrestricted	(240,788)	(193,099)	(132,320)	(151,991)	(68,191)	(113,329)	(161,201)
Total Governmental activities Net Assets	<u>1,265,016</u>	<u>1,260,136</u>	<u>1,360,903</u>	<u>1,445,862</u>	<u>1,493,167</u>	<u>1,525,757</u>	<u>1,556,902</u>
Business-type Activities							
Invested in Capital Assets, net of related debt	1,865,949	1,938,648	2,070,434	2,128,113	2,196,675	2,276,773	2,357,750
Restricted for Debt Service	53,361	140,991	162,494	154,584	168,535	181,481	194,824
Unrestricted	300,176	201,470	112,143	138,893	176,088	205,506	221,785
Total Business-type activities Net Assets	<u>2,219,486</u>	<u>2,281,109</u>	<u>2,345,071</u>	<u>2,421,590</u>	<u>2,541,298</u>	<u>2,663,760</u>	<u>2,774,359</u>
Primary Government							
Invested in Capital Assets, net of related debt	3,180,614	3,267,238	3,455,519	3,613,210	3,692,095	3,844,943	4,015,321
Restricted	244,500	265,636	270,632	267,340	234,473	252,397	255,356
Unrestricted	59,388	8,371	(20,177)	(13,098)	107,897	92,177	60,584
Total Primary Government Net Assets	<u>\$ 3,484,502</u>	<u>\$ 3,541,245</u>	<u>\$ 3,705,974</u>	<u>\$ 3,867,452</u>	<u>\$ 4,034,465</u>	<u>\$ 4,189,517</u>	<u>\$ 4,331,261</u>

*Source: Comprehensive Annual Financial Report for the respective years unless restated, which is from the subsequent years' Comprehensive Annual Financial Report, Management Discussion and Analysis.

Table 2

CITY OF DALLAS, TEXAS
CHANGE IN NET ASSETS
 Last Seven Fiscal Years (Unaudited)
 (accrual basis of accounting)
 (in thousands)

Expenses	2002	2003	2004	2005	2006	2007	2008
Governmental Activities:							
General government	\$ 138,324	\$ 148,380	\$ 135,431	\$ 153,096	\$ 186,202	\$ 164,498	\$ 187,857
Public safety	482,106	533,689	485,678	515,936	522,796	612,318	659,915
Streets, lighting, sanitation, code enforcement	153,659	129,552	127,802	123,289	148,608	166,335	176,503
Environmental and health services	24,807	26,012	26,028	25,777	25,596	29,099	33,230
Public works and transportation	37,868	12,362	28,890	38,728	38,038	60,490	57,315
Equipment and building services	42,237	29,054	29,848	30,037	46,402	41,265	31,047
Cultural and recreational	118,904	109,886	109,276	114,398	120,041	127,043	144,178
Housing	3,382	1,308	1,257	1,398	1,308	936	1,706
Human Services	19,160	31,781	31,539	27,536	58,810	26,785	25,547
Interest on Long-term Debt	52,779	34,862	34,161	44,854	75,002	87,320	89,525
Total governmental activities	<u>1,073,226</u>	<u>1,056,886</u>	<u>1,009,910</u>	<u>1,075,049</u>	<u>1,222,803</u>	<u>1,316,089</u>	<u>1,406,823</u>
Business-type activities:							
Dallas water utilities	294,685	290,327	335,399	309,957	345,217	360,886	396,771
Convention center	68,672	69,641	105,227	80,923	85,733	83,429	84,608
Airport revenues	32,089	33,991	33,428	42,249	40,383	44,702	43,144
Municipal radio	3,095	2,914	3,618	3,265	4,011	3,466	3,313
Building inspection	11,389	14,105	19,508	19,027	20,921	23,897	24,018
Total business-type activities	<u>409,930</u>	<u>410,978</u>	<u>497,180</u>	<u>455,421</u>	<u>496,265</u>	<u>516,380</u>	<u>551,854</u>
Total primary government expenses	<u>1,483,156</u>	<u>1,467,864</u>	<u>1,507,090</u>	<u>1,530,470</u>	<u>1,719,068</u>	<u>1,832,469</u>	<u>1,958,677</u>
Program revenues							
Governmental Activities:							
Charges for services							
General government	60,226	73,204	65,171	114,147	113,844	66,803	80,647
Public safety	32,754	28,199	33,649	17,762	26,813	32,451	52,475
Streets, lighting, sanitation, code	52,727	61,928	69,929	74,182	81,821	94,223	99,803
Environmental and health services	3,842	4,880	5,812	6,496	5,545	5,856	5,895
Public works and transportation	20,420	11,181	10,800	10,467	10,720	23,567	11,977
Equipment and building services	664	378	1,400	1,871	1,216	1,007	994
Cultural and recreational	11,470	13,293	15,741	14,440	14,820	29,894	15,499
Housing	1	1	36	157	452	807	40
Human Services	-	-	15,122	6,431	16,600	21,339	14
Operating grants and contributions	88,524	56,641	73,925	65,153	63,838	71,041	71,772
Capital grants and contributions	13,779	67,428	11,642	21,076	6,690	2,912	15,821
Total governmental activities	<u>284,407</u>	<u>317,133</u>	<u>303,227</u>	<u>332,182</u>	<u>342,359</u>	<u>349,900</u>	<u>354,937</u>
Business-type activities:							
Dallas water utilities	322,734	322,102	341,789	369,484	438,219	411,998	451,408
Convention center	22,374	17,984	18,611	15,443	22,867	22,473	20,392
Airport revenues	25,161	25,480	30,646	29,550	33,151	38,581	48,224
Municipal radio	3,616	3,019	2,977	3,160	3,488	3,675	3,227
Building inspection	10,752	16,264	20,215	21,231	23,437	23,261	21,819
Capital grants and contributions	13,614	58,574	77,068	28,086	46,235	33,467	29,779
Total business-type activities	<u>398,251</u>	<u>443,423</u>	<u>491,306</u>	<u>466,954</u>	<u>567,397</u>	<u>533,455</u>	<u>574,849</u>
Total primary government program revenues	<u>682,658</u>	<u>760,556</u>	<u>794,533</u>	<u>799,136</u>	<u>909,756</u>	<u>883,355</u>	<u>929,786</u>
Net (Expense) Revenue							
Governmental Activities	(788,819)	(739,753)	(706,683)	(742,867)	(880,444)	(966,189)	(1,051,886)
Business -type activities	(11,679)	32,445	(5,874)	11,533	71,132	17,075	22,995
Total primary government net expense	<u>(800,498)</u>	<u>(707,308)</u>	<u>(712,557)</u>	<u>(731,334)</u>	<u>(809,312)</u>	<u>(949,114)</u>	<u>(1,028,891)</u>
General Revenues:							
Taxes:							
Ad valorem tax	438,547	470,434	450,775	476,389	510,065	553,033	623,625
Sales taxes	194,133	183,229	194,989	198,441	217,836	224,078	231,108
Franchise taxes	122,029	115,751	124,944	113,669	123,225	118,745	127,551
Tax increment financing, intergovernmental	13,866	7,162	7,362	4,261	4,159	6,090	8,857
Interest on investments	10,063	15,824	12,263	21,651	37,156	62,776	47,644
Miscellaneous	4,913	3,855	13,341	9,719	27,918	30,755	41,273
Loss on disposal of capital assets	-	(72,852)	-	-	-	-	-
Transfer	12,673	11,470	3,776	3,696	7,390	3,302	2,973
Total general revenues	<u>796,224</u>	<u>734,873</u>	<u>807,450</u>	<u>827,826</u>	<u>927,749</u>	<u>998,779</u>	<u>1,083,031</u>
Business-type activities:							
Hotel occupancy tax	-	-	-	38,135	46,483	49,641	49,235
Motor vehicle tax	-	-	-	3,422	3,853	4,495	4,471
Alcohol beverage tax	-	-	-	6,537	7,091	7,569	7,856
Other taxes	48,348	46,076	47,105	-	-	-	-
Investment Income	12,121	12,784	9,864	13,081	23,154	39,970	27,720
Miscellaneous	-	5,743	16,643	7,507	3,795	7,014	1,295
Loss on disposal of capital assets	-	(23,955)	-	-	-	-	-
Transfer	(12,673)	(11,470)	(3,776)	(3,696)	(7,390)	(3,302)	(2,973)
Special item	-	-	-	-	(28,410)	-	-
Total business-type activities	<u>47,796</u>	<u>29,178</u>	<u>69,836</u>	<u>64,986</u>	<u>48,576</u>	<u>105,387</u>	<u>87,604</u>
Change in Net Assets							
Governmental Activities	7,405	(4,880)	100,767	84,959	47,305	32,590	31,145
Business -type activities	36,117	61,623	63,962	76,519	119,708	122,462	110,599
Total primary government	<u>\$ 43,522</u>	<u>\$ 56,743</u>	<u>\$ 164,729</u>	<u>\$ 161,478</u>	<u>\$ 167,013</u>	<u>\$ 155,052</u>	<u>\$ 141,744</u>

CITY OF DALLAS, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years (Unaudited)
 (modified accrual basis of accounting)
 (in thousands)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Fund					
Reserved	\$ 23,889	\$ 25,271	\$ 13,193	\$ 9,524	\$ 10,566
Unreserved	<u>68,088</u>	<u>61,910</u>	<u>64,810</u>	<u>69,072</u>	<u>70,238</u>
Total general fund	<u>91,977</u>	<u>87,181</u>	<u>78,003</u>	<u>78,596</u>	<u>80,804</u>
All Other Governmental Funds					
Reserved	147,661	179,512	219,135	169,384	139,763
Unreserved, reported in:					
Special revenue funds	2,423	4,679	18,207	11,359	27,383
Capital project funds	<u>162,115</u>	<u>142,537</u>	<u>184,234</u>	<u>216,551</u>	<u>167,361</u>
Total all other governmental funds	<u>312,199</u>	<u>326,728</u>	<u>421,576</u>	<u>397,294</u>	<u>334,507</u>
Total all governmental funds	<u>\$ 404,176</u>	<u>\$ 413,909</u>	<u>\$ 499,579</u>	<u>\$ 475,890</u>	<u>\$ 415,311</u>

Source: Comprehensive Annual Financial Report for the respective years unless restated, which is from the subsequent years' Comprehensive Annual Financial Report, Notes to the financial statements.

Table 3

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 12,248	\$ 17,293	\$ 30,385	\$ 47,120	\$ 26,870
<u>81,632</u>	<u>83,724</u>	<u>103,016</u>	<u>86,582</u>	<u>91,468</u>
<u>93,880</u>	<u>101,017</u>	<u>133,401</u>	<u>133,702</u>	<u>118,338</u>
208,507	205,305	176,630	214,416	224,852
39,342	37,474	70,372	55,872	61,292
<u>209,095</u>	<u>263,079</u>	<u>333,768</u>	<u>538,176</u>	<u>623,445</u>
<u>456,944</u>	<u>505,858</u>	<u>580,770</u>	<u>808,464</u>	<u>909,589</u>
<u>\$ 550,824</u>	<u>\$ 606,875</u>	<u>\$ 714,171</u>	<u>\$ 942,166</u>	<u>\$ 1,027,927</u>

CITY OF DALLAS, TEXAS
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Last Ten Fiscal Years (Unaudited)
(modified accrual basis)
(in thousands)

	1999	2000	2001	2002	2003
REVENUES:					
Ad Valorem Taxes	\$ 353,195	\$ 375,377	\$ 423,897	\$ 436,201	\$ 457,121
Tax increment financing, intergovernmental	-	-	-	13,866	7,162
Sales Taxes	195,402	216,933	210,749	194,133	183,229
Franchise Fees	94,694	96,802	124,801	122,029	115,751
Licenses and Permits	2,979	2,972	2,881	2,804	3,011
Intergovernmental	74,810	72,213	58,587	78,680	61,105
Service to others	105,733	111,110	114,134	122,846	131,693
Fines and Forfeitures	31,461	34,327	36,251	32,990	32,065
Investment Income	16,258	38,655	44,541	9,003	14,741
Contributions and Gifts	812	1,014	7,661	1,670	2,683
Confiscated money awards	2,431	2,451	1,223	852	694
Other	31,393	31,409	31,716	34,769	23,557
Total revenues	<u>909,168</u>	<u>983,263</u>	<u>1,056,441</u>	<u>1,049,843</u>	<u>1,032,812</u>
EXPENDITURES:					
Current:					
General Government	\$ 145,455	\$ 131,275	\$ 144,261	137,593	127,974
Public Safety	382,957	403,578	442,803	462,375	480,288
Streets, lighting, sanitation and code	89,907	105,505	111,830	113,741	116,422
Environmental and health services	21,548	23,177	23,600	23,819	23,409
Public works and transportation	14,808	13,389	16,928	15,998	13,011
Equipment and Building services	21,689	23,378	26,586	25,895	26,147
Culture and recreation	90,687	101,372	102,615	103,904	99,145
Housing	1,100	1,853	2,539	3,236	1,190
Human Services	21,534	30,283	23,222	18,613	28,601
Debt Service:					
Principal	86,690	92,514	92,402	82,081	92,654
Interest and fiscal charges	34,880	38,391	37,495	50,150	33,867
Other	-	-	2,367	1,873	3,240
Capital outlay	97,694	129,662	148,940	167,976	121,935
Administration:					
Disbursement to employee retirement fund	-	-	-	-	-
Total expenditures	<u>\$ 1,008,949</u>	<u>\$ 1,094,377</u>	<u>\$ 1,175,588</u>	<u>1,207,254</u>	<u>1,167,883</u>
Excess(deficiency) of revenues over expenditures	<u>(99,781)</u>	<u>(111,114)</u>	<u>(119,147)</u>	<u>(157,411)</u>	<u>(135,071)</u>
OTHER FINANCING SOURCES(USES):					
Long-term debt issued	265,637	78,163	164,242	104,560	47,195
Capital Contribution	-	-	-	-	-
Sec 108-HUD loan proceeds	4,405	9,635	8,505	1,954	5,981
Proceeds from sale of capital assets	1,845	12,918	6,550	2,391	1,082
Payment to refunded bond escrow	(132,890)	-	-	-	(87,560)
Premium on bonds issued	-	-	-	164	4,525
Refunding bonds issued	-	-	-	-	82,790
Transfers In	40,385	37,385	50,640	47,519	45,033
Transfers Out	(18,956)	(17,254)	(25,120)	(22,866)	(24,554)
Total Other Financing Sources(Uses)	<u>160,426</u>	<u>120,847</u>	<u>204,817</u>	<u>133,722</u>	<u>74,492</u>
Net change in fund balance	<u>\$ 60,645</u>	<u>\$ 9,733</u>	<u>\$ 85,670</u>	<u>\$ (23,689)</u>	<u>\$ (60,579)</u>
Debt service as a percentage of noncapital expenditures	13.34%	13.57%	12.65%	12.72%	12.01%

(1) The capital expenditures can be obtained from the Reconciliation of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

*Source: Comprehensive Annual Financial Report for the respective years unless restated, which is from the subsequent years' Comprehensive Annual Financial Report, Notes to the financial statements.

Table 4

	2004	2005	2006	2007	2008
\$	461,254	\$ 483,838	\$ 522,486	\$ 551,476	\$ 619,207
	7,362	4,261	4,159	5,714	8,857
	194,989	198,441	217,836	224,078	231,108
	124,944	113,669	123,225	118,745	127,551
	3,044	2,911	2,757	3,028	3,696
	77,368	69,294	69,340	73,953	76,779
	143,493	156,437	198,806	213,951	196,787
	30,242	31,535	36,445	51,378	37,876
	11,620	20,857	35,949	60,659	46,440
	7,924	3,237	8,654	3,610	13,526
	1,450	1,569	2,807	2,788	2,924
	42,218	55,068	24,904	17,970	17,596
	<u>1,105,908</u>	<u>1,141,117</u>	<u>1,247,368</u>	<u>1,327,350</u>	<u>1,382,347</u>
	131,051	142,182	159,627	159,819	158,125
	484,283	508,518	513,366	575,215	611,754
	117,936	120,467	143,183	152,178	158,997
	24,501	25,467	25,277	27,938	34,057
	19,268	14,600	13,047	21,928	18,766
	28,049	28,628	29,506	34,352	23,331
	101,347	102,529	104,884	109,995	124,750
	1,377	1,348	1,260	834	1,487
	28,854	27,068	58,380	25,797	24,593
	90,256	106,130	122,570	123,179	141,780
	38,226	48,271	67,785	64,495	83,410
	-	-	-	-	-
	121,433	189,473	151,337	199,146	331,020
	-	396,939	-	-	-
	<u>1,186,581</u>	<u>1,711,620</u>	<u>1,390,222</u>	<u>1,494,876</u>	<u>1,712,070</u>
	(80,673)	(570,503)	(142,854)	(167,526)	(329,723)
	202,110	497,884	218,310	368,431	387,034
	1,120	-	9,514	-	-
	-	-	-	-	-
	1,175	9,041	4,188	9,509	9,240
	(59,943)	(167,600)	-	-	(74,151)
	5,409	126,572	7,389	13,690	17,496
	56,015	156,850	-	-	70,610
	46,421	44,909	59,928	57,083	37,017
	(36,121)	(41,102)	(49,179)	(53,192)	(31,762)
	<u>216,186</u>	<u>626,554</u>	<u>250,150</u>	<u>395,521</u>	<u>415,484</u>
	<u>\$ 135,513</u>	<u>\$ 56,051</u>	<u>\$ 107,296</u>	<u>\$ 227,995</u>	<u>\$ 85,761</u>
	11.91%	10.10%	15.32%	14.53%	16.31%

Table 5

**CITY OF DALLAS, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY**

Last Ten Fiscal Years (Unaudited)
(in thousands)

<u>Fiscal Year</u>	<u>Real Property Assessed Value ^{(1) (2)}</u>	<u>Personal Property Assessed Value ⁽²⁾</u>	<u>Less Tax-Exempt Property Assessed Value ⁽²⁾</u>	<u>Total Taxable Value ⁽⁴⁾</u>	<u>Total Direct Tax Rate ⁽³⁾</u>
1999	\$ 62,528,586	\$ -	\$ (8,074,832)	\$ 54,453,754	0.6491
2000	57,144,799	11,447,329	(12,482,971)	56,109,157	0.6675
2001	62,176,650	11,583,051	(13,581,089)	60,178,612	0.6675
2002	67,208,124	13,342,816	(15,332,514)	65,218,426	0.6675
2003	69,995,709	13,268,557	(16,780,629)	66,483,637	0.6998
2004	71,361,357	12,419,592	(17,279,294)	66,501,655	0.6998
2005	74,052,678	11,610,480	(18,083,280)	67,579,878	0.7197
2006	78,365,314	11,589,415	(19,110,927)	70,843,802	0.7417
2007	84,505,792	11,694,227	(20,075,828)	76,124,191	0.7292
2008	91,914,767	14,177,424	(21,565,257)	84,526,934	0.7479

Notes:

⁽¹⁾ Assessed value is 100% of estimated market value for all years as determined by the Dallas Appraisal District.

⁽²⁾ Values for each fiscal year reflect the tax rolls of the previous year (i.e., 2002 fiscal year reflects 2001 tax roll). See Note 3 in the Notes to the Financial Statements for more information.

⁽³⁾ Per \$100 of valuation.

⁽⁴⁾ Exemptions are granted by the city within the constraints of Texas Constitutional law SC 5.

Source: Dallas Central Appraisal District

CITY OF DALLAS, TEXAS
CITY TAX RATE DISTRIBUTION
 Last Ten Fiscal Years (Unaudited)
 (Per \$100 of Assessed Value)
 (in thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
General Fund	\$0.5196	\$0.5448	\$ 0.5445	\$ 0.5483	\$ 0.5243	\$ 0.5111	\$ 0.4780	\$ 0.4723	\$ 0.4581	\$ 0.4391
Debt Service Fund	<u>0.2283</u>	<u>0.1844</u>	<u>0.1972</u>	<u>0.1714</u>	<u>0.1755</u>	<u>0.1887</u>	<u>0.1895</u>	<u>0.1952</u>	<u>0.2094</u>	<u>0.2100</u>
Total City Tax Rate	<u>\$0.7479</u>	<u>\$0.7292</u>	<u>\$0.7417</u>	<u>\$0.7197</u>	<u>\$0.6998</u>	<u>\$0.6998</u>	<u>\$0.6675</u>	<u>\$0.6675</u>	<u>\$0.6675</u>	<u>\$0.6491</u>

Source: Dallas Central Appraisal District

Table 7

CITY OF DALLAS, TEXAS
PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING TAX RATES
(PER \$100 OF ASSESSED VALUE)
 Last Ten Fiscal Years (Unaudited)

Fiscal Year	City Direct Rates ⁽²⁾			Overlapping Rates ⁽¹⁾				Total Ad valorem Rate
	Operating General Rates	General Obligation Debt Service	Dallas County	Dallas County Community College District	Dallas Independent School District	Dallas County School Equalization	Dallas County Hospital District	
1999	\$ 0.43910	\$ 0.21000	\$ 0.19600	\$ 0.05000	\$ 1.46050	\$ 0.00597	\$ 0.19600	\$ 2.55160
2000	0.45810	0.20940	0.19600	0.05000	1.46050	0.00570	0.19600	2.57000
2001	0.47230	0.19520	0.19600	0.05000	1.54780	0.00567	0.25400	2.71530
2002	0.47800	0.18950	0.19600	0.06000	1.54750	0.00553	0.25400	2.72500
2003	0.51110	0.18870	0.19600	0.06000	1.58750	0.00550	0.25400	2.79730
2004	0.52430	0.17550	0.20390	0.07780	1.63950	0.00546	0.25400	2.87500
2005	0.54830	0.17140	0.21390	0.08030	1.66940	0.00546	0.25400	2.93730
2006	0.54450	0.19720	0.21390	0.08160	1.68836	0.00530	0.25400	2.97956
2007	0.54480	0.18440	0.21390	0.08100	1.50264	0.00503	0.25400	2.78074
2008	0.51960	0.22830	0.22810	0.08040	1.19964	0.00471	0.25400	2.51004

Source: Dallas Central Appraisal District

⁽¹⁾ Overlapping rates are those of local and county governments that apply to property owners within the City of Dallas.

⁽²⁾ The City's basic property tax rate may be increased only by a majority vote of the City Council up to the limit of the State law, after which the City's residents may petition for a vote. Rates for debt service are set based on each year's requirements.

Table 8

CITY OF DALLAS, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years (Unaudited)
 (in thousands)

Fiscal Year	Actual Levy Year	Taxes Levied for the Fiscal Year	Collection Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Current tax collections	Percentage of Levy		Total Tax Collections	Percentage of Levy
1999	1998	353,459	342,041	96.77%	6,716	348,757	98.67%
2000	1999	374,529	365,496	97.59%	5,830	371,326	99.14%
2001	2000	401,692	392,675	97.76%	5,033	397,708	99.01%
2002	2001	435,333	418,117	96.05%	5,766	423,883	97.37%
2003	2002	465,252	446,947	96.07%	5,275	452,222	97.20%
2004	2003	465,379	448,923	96.46%	6,536	455,459	97.87%
2005	2004	486,372	471,205	96.88%	6,235	477,440	98.16%
2006	2005	525,448	511,018	97.25%	5,351	516,369	98.27%
2007	2006	555,098	539,974	96.43%	6,599	546,573	98.46%
2008	2007	632,177	606,659	95.96%	6,445	613,104	96.98%

Source: Dallas County Tax Assessor/Collector

Table 9

**CITY OF DALLAS, TEXAS
PRINCIPAL PROPERTY TAXPAYERS**
Current Year and Nine Years Ago (Unaudited)
(in thousands)

<u>Name of Taxpayer</u>	<u>Nature of Property</u>	2008			1999		
		<u>Taxable Assessed</u>	<u>Rank</u>	<u>Percent of Total Taxable Assessed</u>	<u>Taxable Assessed</u>	<u>Rank</u>	<u>Percent of Total Taxable Assessed</u>
		<u>Valuation</u>		<u>Valuation</u>	<u>Valuation</u>		<u>Valuation</u>
Raytheon/Texas Instruments	Electronic Manufacturing	\$ 1,305,317	1	1.44%	\$ 634,503	3	1.33%
AT&T/TCI Cable	Telephone Utility	974,700	2	1.08%	189,257	9	0.40%
Texas Utilities	Electric Utility	719,339	3	0.80%	768,631	2	1.62%
Northpark Land Partners	Developer	590,682	4	0.65%	-	-	-
Crescent Real Estate	Real Estate/Developer	566,961	5	0.63%	-	-	-
Southwest Airlines	Air Transportation	491,101	6	0.54%	-	-	-
Teachers Insurance	Insurance	419,265	7	0.46%	-	-	-
Galleria Mall Investors LP	Developer	418,988	8	0.46%	-	-	-
YPI Thanksgiving Tower/Central Expy Etal	Real Estate/Developer	374,059	9	0.41%	-	-	-
PC Village Apartments Dallas LP	Developer	317,965	10	0.35%	-	-	-
Southwestern Bell Telephone Co.	Telephone Utility	-	-	-	904,417	1	1.90%
Dallas Market Center and Hotel	Marketing Facility and Hotel	-	-	-	397,256	4	0.83%
NCNB Texas National Bank	Bank	-	-	-	232,996	5	0.49%
Prudential Insurance and Real Estate	Insurance	-	-	-	221,824	6	0.47%
Gerald D. Hines	Developer	-	-	-	206,806	7	0.43%
Atlantic Richfield	Oil and Gas	-	-	-	197,746	8	0.42%
Sears, Roebuck, and Company	Retailing	-	-	-	189,054	10	0.40%
		<u>\$ 6,178,377</u>		<u>6.82%</u>	<u>\$ 3,942,490</u>		<u>8.29%</u>

Source: Dallas County Tax Office



*“Dallas, the City that works:
diverse, vibrant and progressive.”*

CITY OF DALLAS, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years (Unaudited)

Governmental

Fiscal Year	General Obligation Bonds	Certificates of Obligation	Equipment Acquisition Notes	Pension Obligation Bonds	Percentage of Estimated Actual		Per Capita	TIF Bonds	Capital Leases Payable	Long-term Notes Payable
					Property Value					
1999	\$ 652,847	\$ 10,925	\$ 31,960	\$ -	1.28%		651	\$ 4,435	\$ -	\$ -
2000	650,471	9,065	30,870	-	1.23%		637	4,185	-	-
2001	685,428	27,515	49,525	-	1.27%		636	10,935	-	18,385
2002	695,393	30,300	55,430	-	1.20%		647	10,090	-	14,149
2003	626,856	60,321	43,171	-	1.10%		603	9,195	-	12,900
2004	741,889	52,067	43,323	-	1.26%		690	14,943	2,272	6,190
2005	841,903	56,609	43,071	298,313	1.83%		1,006	13,169	3,674	-
2006	930,070	52,170	51,280	291,554	1.87%		1,052	11,310	12,587	-
2007	1,206,045	43,045	45,860	279,374	2.07%		1,230	9,415	10,914	169
2008	1,403,765	80,210	57,760	266,301	2.14%		1,413	7,445	10,732	11,609

By ordinance, all General Obligation Bond debt is backed by the ad valorem taxing power of the City. The debt for certain specified refunded bonds and certificates will continue to be paid by using funds derived from other sources which are listed below.

Water and Sewer Improvements - Debt paid by operations revenue of the Water and Sewer fund.

Dallas Airport Improvements - Debt paid by operations revenue of the Airport fund.

The Net Tax Supported Debt Service Requirements show the actual ad valorem tax burden placed on the taxpayers, most of which are commercial businesses rather than resident citizens.

These ratios are calculated using personal income and population data (See Table 17).

Table 10

Business-Type

General Obligation Bonds	Revenue and Refunding Bonds	Pension Obligation Bonds	Other Contractual Obligation	Long-term Notes Payable	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 700,167	NA	656
767	1,414,112	-	-	-	2,109,470	0.01%	1,948
259	1,457,527	-	55,949	-	2,305,523	NA	1,923
165	1,521,336	-	30,251	-	2,357,114	0.01%	1,951
84	1,633,468	-	18,745	-	2,404,740	0.01%	1,986
-	1,739,571	-	7,233	-	2,607,488	0.01%	2,148
-	2,229,265	101,034	-	-	3,587,038	0.01%	2,912
-	2,398,882	98,744	-	-	3,846,597	0.01%	3,053
-	2,007,705	94,619	-	-	3,697,146	0.01%	2,888
-	2,061,835	90,192	-	15,733	4,005,582	0.01%	3,132

CITY OF DALLAS, TEXAS
LEGAL DEBT MARGIN
 Last Ten Fiscal Years (Unaudited)
 (in thousands)

	<u>1999</u>	<u>2000</u>	<u>2001</u>
Total Assessed Valuation	\$54,453,754	\$56,109,157	\$60,178,612
Overall debt limitation - 10% of assessed valuation	<u>5,445,375</u>	<u>5,610,916</u>	<u>6,017,861</u>
Net Debt Subject to Limitation	700,167	694,591	773,403
Legal debt margin within 10% limitation (1)	<u>\$4,745,208</u>	<u>\$4,916,325</u>	<u>\$5,244,458</u>
Legal Debt Margin as a Percentage of the Debt Limit	87.1%	87.6%	87.1%

Notes:

- (1) Chapter XXI, Section 3 of the City of Dallas Charter states, "The maximum bonded indebtedness of the City outstanding at any one time, and payable from taxation, shall not exceed 10% of the total assessed valuation of property shown by the last assessment roll of the City."

Table 11

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$65,218,426	\$66,483,637	\$66,501,655	\$67,579,878	\$70,843,802	\$76,124,191	\$84,526,934
<u>6,521,843</u>	<u>6,648,364</u>	<u>6,650,166</u>	<u>6,757,988</u>	<u>7,084,380</u>	<u>7,612,419</u>	<u>8,452,693</u>
791,213	739,543	852,222	1,357,657	1,437,489	1,668,943	1,898,228
<u>\$5,730,630</u>	<u>\$5,908,821</u>	<u>\$5,797,944</u>	<u>\$5,400,331</u>	<u>\$5,646,891</u>	<u>\$5,943,476</u>	<u>\$6,554,465</u>
87.9%	88.9%	87.2%	79.9%	79.7%	78.1%	77.5%

Table 12

CITY OF DALLAS, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
Year Ended September 30, 2008 (Unaudited)
(in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Direct Debt:			
City of Dallas			
Debt repaid with property taxes			
General Obligation Bonds	\$ 1,403,765		\$ 1,403,765
Certificates of Obligation	80,210		80,210
Equipment Acquisition Notes	57,760		57,760
Pension Obligation Bonds	266,301		266,301
Other Debt			
TIF Bonds	7,445		7,445
Capital Leases Payable	10,732		10,732
Long-term Notes Payable	11,609		11,609
<i>Subtotal, direct debt</i>	<u>1,837,822</u>	<u>100.00 %</u>	<u>1,837,822</u>
Overlapping Debt:			
Cityplace Tax Increment Financing District	7,445	100.00 %	7,445
Carrollton-Farmers Branch ISD	411,304	7.29 %	29,984
Collin County	389,985	5.90 %	23,009
Collin County Community College District	50,595	5.90 %	2,985
Coppell Independent School District	133,118	45.00 %	59,903
Dallas County	158,885	48.51 %	77,075
Dallas County Community College District	134,145	48.51 %	65,074
Dallas Independent School District	1,449,872	88.52 %	1,283,427
Denton County	285,616	2.10 %	5,998
Downtown Connection Tax Increment Financing	79,556	100.00 %	79,556
Duncanville Independent School District	174,686	40.00 %	69,874
Garland Independent School District	393,223	1.89 %	7,432
Grand Prairie Independent School District	418,640	4.16 %	17,415
Highland Park Independent School District	121,980	9.34 %	11,393
Irving Independent School District	526,671	2.72 %	14,326
Lancaster Independent School District	121,447	0.48 %	583
Mesquite Independent School District	435,195	0.96 %	4,178
Plano Independent School District	838,043	12.68 %	106,264
Richardson Independent School District	437,250	60.19 %	263,181
<i>Subtotal, overlapping debt</i>	<u>\$ 6,567,656</u>		<u>\$ 2,129,101</u>
City Of Dallas (direct debt)	<u>1,837,822</u>	100.00 %	<u>1,837,822</u>
<i>Total direct and overlapping debt</i>	<u>\$ 8,405,478</u>		<u>\$ 3,966,923</u>
<i>Ratio of Direct and Overlapping Tax Debt to Taxable Assessed Valuation</i>			9.14%
<i>Per Capita Overlapping Tax Debt</i>			5,131

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value. Debt outstanding data was obtained from each governmental unit.

CITY OF DALLAS, TEXAS
SCHEDULE OF REVENUE BOND COVERAGE
DALLAS WATER UTILITIES
 Last Ten Fiscal Years (Unaudited)
 (in thousands)

<u>Fiscal Year</u>	<u>Net Revenue Available for Debt Service</u>			<u>Debt Service Requirements</u> ⁽²⁾			<u>Revenue Bond Coverage</u> ⁽³⁾
	<u>Gross Revenue</u>	<u>Expense</u> ⁽¹⁾	<u>Net Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1999	\$ 326,565	\$ 161,046	\$ 165,519	\$ 66,260	\$ 46,245	\$ 112,505	1.47
2000	355,121	178,330	176,791	65,025	46,208	111,233	1.59
2001	347,086	185,206	161,880	63,500	43,765	107,265	1.51
2002	336,167	192,539	143,628	65,010	45,182	110,192	1.30
2003	333,407	187,547	145,860	59,565	50,252	109,817	1.33
2004	356,440	201,568	154,872	65,550	57,670	123,220	1.26
2005	373,213	193,218	179,995	71,200	59,235	130,435	1.38
2006	444,634	213,646	230,988	76,825	71,700	148,525	1.56
2007	427,887	204,221	223,666	83,265	76,550	159,815	1.40
2008	462,424	206,213	256,211	91,215	77,606	168,821	1.52

Notes:

⁽¹⁾ Operating expenses do not include depreciation or any PILOT payments or similar payments that are not considered expenses of the operation and maintenance of the Water and Wastewater System.

⁽²⁾ Includes principal and interest of revenue bonds only. It does not include the general obligation bonds reported in the enterprise fund.

⁽³⁾ Revenue bond coverage is equal to net revenue available for debt service divided by total principal and interest.

CITY OF DALLAS, TEXAS
SCHEDULE OF REVENUE BOND COVERAGE
CONVENTION CENTER FUND

Last Ten Fiscal Years (Unaudited)
(in thousands)

<u>Fiscal Year</u>	<u>Net Revenue Available for Debt Service</u>			<u>Debt Service Requirements</u>			<u>Revenue Bond Coverage</u> ⁽²⁾
	<u>Gross Revenue</u>	<u>Expenditure</u> ⁽¹⁾	<u>Net Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1999	\$ 94,703	\$ 65,432	\$ 29,271	\$ 2,225	\$ 16,407	\$ 18,632	1.6
2000	95,703	70,086	25,617	3,040	16,307	19,347	1.3
2001	91,303	61,705	29,598	4,165	16,171	20,336	1.5
2002	74,208	60,563	13,645	4,975	15,921	20,896	0.7
2003	72,578	59,511	13,067	5,915	15,622	21,537	0.6
2004	71,821	63,287	8,534	7,290	15,326	22,616	0.4
2005	70,706	62,071	8,635	8,805	14,889	23,694	0.4
2006	84,945	62,081	22,864	10,685	14,361	25,046	0.9
2007	89,327	44,971	44,356	14,265	20,096	34,361	1.3
2008	87,068	40,212	46,856	15,820	18,543	34,363	1.4

⁽¹⁾ Convention Center Revenue bond covenants require only Convention Center expenses be considered when calculating bond coverage.

⁽²⁾ Revenue bond coverage is equal to net revenue available for debt service divided by total principal and interest

CITY OF DALLAS, TEXAS
SCHEDULE OF REVENUE BOND COVERAGE
AIRPORT REVENUES

Last Ten Fiscal Years (Unaudited)
(in thousands)

Fiscal Year	Net Revenue Available for Debt Service				Debt Service Requirements			Revenue Bond Coverage ⁽³⁾
	Gross Revenue	Available Cash ⁽¹⁾	Expenditure ⁽²⁾	Net Revenue	Principal	Interest	Total	
1999	\$ 28,182	\$ -	\$ 17,526	\$ 10,656	\$ -	\$ -	\$ -	N/A
2000	29,252	-	16,861	12,391	-	-	-	N/A
2001	29,789	-	19,661	10,128	-	-	-	N/A
2002 ⁽⁴⁾	30,264	5,873	30,334	5,803	4,995	2,970	7,965	0.7
2003	25,753	9,339	32,334	2,758	5,160	2,719	7,879	0.4
2004	31,601	52,793	39,075	45,319	5,350	2,461	7,811	5.8
2005	30,387	40,920	39,917	31,390	5,555	2,194	7,749	4.1
2006	34,727	35,816	38,259	32,284	5,770	1,916	7,686	4.2
2007	43,984	37,041	32,425	48,600	6,000	1,628	7,628	6.4
2008	49,141	46,332	30,542	64,931	6,495	1,016	7,511	8.6

Notes: N/A = Information not available

⁽¹⁾ Pooled cash and cash equivalents

⁽²⁾ Airport Revenue bond covenants require all reasonable and necessary current expenses in operating, maintaining and repairing the Airport when calculating bond coverage.

⁽³⁾ Revenue bond coverage is equal to net revenue available for debt service divided by total principal and interest

⁽⁴⁾ Revenue bonds were issued April 2001.

CITY OF DALLAS, TEXAS
SCHEDULE OF REVENUE BOND COVERAGE
TIF Bonds
 Last Ten Fiscal Years (Unaudited)
 (in thousands)

<u>Fiscal Year</u>	<u>Net Revenue Available for Debt Service</u>			<u>Debt Service Requirements</u>			<u>Revenue Bond Coverage</u> ⁽¹⁾
	<u>Gross Revenue</u>	<u>Expenditure</u>	<u>Net Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1999	\$ 1,259	\$ 249	\$ 1,010	\$ 240	\$ 237	\$ 477	2.1
2000	1,892	56	1,836	250	224	474	3.9
2001	2,363	224	2,139	850	562	1,412	1.5
2002	3,047	53	2,994	845	565	1,410	2.1
2003	3,195	927	2,268	895	517	1,412	1.6
2004	3,607	454	3,153	1,790	590	2,380	1.3
2005	3,996	96	3,899	1,765	616	2,381	1.6
2006	5,595	386	5,210	1,830	537	2,367	2.2
2007	6,634	119	6,515	1,895	455	2,350	2.8
2008	7,671	108	7,563	2,045	296	2,341	3.2

Notes: N/A = Information not available

⁽¹⁾ Revenue bond coverage is equal to net revenue available for debt service divided by total principal and interest

Table 17

CITY OF DALLAS, TEXAS
DEMOGRAPHIC STATISTICS AND ECONOMIC STATISTICS
 Last Ten Fiscal Years (Unaudited)

Fiscal Year	Population ⁽¹⁾	Personal Income	Per Capita Personal Income	Median Household Income	Median Age	Assessed Valuation (in thousands)	Labor Force	Unemployment ⁽²⁾	Unemployment Rate ⁽²⁾
1999	1,068,800	N/A	N/A	N/A	N/A	\$ 54,453,754	682,115	27,967	4.1 %
2000	1,083,500	24,035,280,500	22,183	37,628	30.50	56,109,157	699,136	23,071	3.3 %
2001	1,199,809	N/A	N/A	N/A	N/A	60,178,612	714,839	42,176	5.9 %
2002	1,208,300	26,424,312,700	21,869	35,028	30.40	65,218,426	723,555	63,673	8.8 %
2003	1,211,300	27,198,530,200	22,454	36,678	30.70	66,483,637	710,155	63,914	9.0 %
2004	1,214,800	28,189,434,000	23,205	38,125	30.60	66,501,655	695,848	55,668	8.0 %
2005	1,232,100	30,158,111,700	24,477	36,403	31.90	67,579,878	612,754	36,765	6.0 %
2006	1,260,950	29,173,772,850	23,136	37,264	31.25	70,843,802	624,861	33,742	5.4 %
2007	1,280,500	31,616,825,500 ⁽³⁾	24,691 ⁽³⁾	38,276 ⁽³⁾	31.90 ⁽³⁾	76,124,191	612,088	28,523	4.7 %
2008	1,279,910	33,154,788,640	25,904	42,670	32.10	84,526,934	606,506	29,719	4.9 %

⁽¹⁾ North Central Texas Council of Governments estimate

⁽²⁾ U.S. Bureau of Labor Statistics

⁽³⁾ The 2007 Personal Income, Per Capita Personal Income, Median Household Income, and Median Age is an average of 2005 and 2006 U.S. Census Bureau.

Note:

N/A = Information not available

Table 18

**CITY OF DALLAS, TEXAS
PRINCIPAL EMPLOYERS**
Current Year and Nine Years Ago (Unaudited)

<u>Name of Employers</u>	<u>2008</u>			<u>1999</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Dallas Independent School District	24,937	1	4.07%	17,620	1	2.65%
City of Dallas	14,291	2	2.33%	14,283	2	2.15%
UT Southwestern Medical System	11,307	3	1.85%	-	-	-
Dallas County	10,263	4	1.68%	5,872	8	0.88%
Texas instruments Incorporated	10,136	5	1.66%	12,000	5	1.80%
Baylor Health Care System	9,455	6	1.54%	12,800	4	1.93%
Parkland Health & Hospital System	8,899	7	1.45%	5,800	9	0.87%
Brinker International	8,700	8	1.42%	-	-	-
United States Post Office	6,620	9	1.08%	-	-	-
AT&T	4,050	10	0.66%	-	-	-
Southwestern Bell	-	-	-	13,350	3	2.01%
Nation Bank Of Texas	-	-	-	8,634	6	1.30%
Delta Airlines	-	-	-	6,000	7	0.90%
Dallas County Community College District	-	-	-	5,773	10	0.87%
	<u>108,658</u>		<u>17.74%</u>	<u>102,132</u>		<u>15.36%</u>

Source: City of Dallas, Office of Economic Development
Dallas Business Journal Book of Lists, 1998

Table 18

CITY OF DALLAS, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
 Last Seven Fiscal Years (Unaudited)

Function/Program	2002	2003	2004	2005	2006	2007	2008
General Government							
City Manager's Office	23	55	23	28	50	49	45
City Attorney	123	153	128	141	146	156	170
City Auditor	40	36	36	29	34	36	36
City Secretary	16	21	16	17	19	24	21
Code Compliance	323	335	314	333	334	345	361
Communication & Info. Svcs.	221	157	205	196	168	160	186
Economic Development	26	43	-	29	44	47	50
Environment & Health Service	411	427	410	435	435	432	435
Environmental Quality	-	19	-	11	11	19	21
Equipment & Bldg. Services	484	406	420	421	403	413	433
Financial Services	93	151	111	117	109	156	242
Human Resources	68	144	74	72	81	163	164
Housing	68	67	77	69	74	76	71
Housing Compliance	3	-	2	-	-	-	-
Cultural Affairs	62	92	89	86	85	98	98
Emergency Management	-	7	-	7	6	7	5
Municipal Court-Judiciary	43	52	46	51	48	51	43
Courts & Detention Services	178	176	182	181	180	185	182
Purchasing/Bus. Diversity	49	45	47	46	48	48	46
Library	449	490	465	478	485	488	511
Subtotal	2,680	2,876	2,645	2,747	2,760	2,953	3,120
Public Safety							
Police-Uniform	2,953	3,049	2,931	2,960	3,011	3,155	3,369
Police-Civilian	939	951	893	934	932	987	980
Fire-Uniform	1,657	1,652	1,680	1,653	1,687	1,648	1,693
Fire-Civilian	268	262	247	259	265	253	199
Subtotal	5,817	5,914	5,751	5,806	5,895	6,043	6,241
Development Services	204	277	278	258	271	279	294
Public Works							
Public Works & Transportation	404	416	374	367	391	428	469
Sanitation	447	493	454	475	470	493	517
Streets Services	594	533	599	532	520	583	522
Subtotal	1,445	1,442	1,427	1,374	1,381	1,504	1,508
Parks and Recreation	1,225	1,273	1,229	1,254	1,312	1,477	1,319
Water Utilities	1,352	1,389	1,397	1,438	1,416	1,403	1,455
Convention & Events Services	184	107	126	113	108	109	110
Aviation	144	152	152	151	146	154	165
Other							
Mayor & Council	29	27	30	30	30	30	36
Employee Retirement	14	19	15	15	18	20	19
Civil Services	27	19	23	22	21	21	23
Police & Fire Pension	6	1	6	4	1	1	1
Subtotal	76	66	74	71	70	72	79
Total	13,127	13,496	13,079	13,212	13,359	13,994	14,291

Source: City HR Records

CITY OF DALLAS, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last ten fiscal years (Unaudited)

Function/Program	1999	2000	2001	2002
<u>Public Safety</u>				
Police Stations	6	6	6	6
Fire Stations	55	55	55	55
<u>Public Works</u>				
Streets - Paved (miles)	3,487	3,486	3,495	3,500
Lane miles	11,406	11,411	11,461	11,493
Traffic signals	1,224	1,231	1,255	1,271
Street Lights	78,000	80,150	82,780	83,643
<u>Parks and Recreation</u>				
Parks	366	336	336	368
Parks Acres	N/A	N/A	N/A	N/A
Miles of trails (jogging, hiking & biking)	62	62	62	92
Number of lakes	24	21	21	21
Swimming pools	20	20	20	25
Spraygrounds " Water-enhanced playground"	N/A	N/A	N/A	N/A
Athletic fields (soccer, football, baseball & rugby)	590	590	590	275
Tennis centers	5	5	5	5
Number of tennis courts	N/A	N/A	N/A	N/A
Neighborhood Tennis Courts	258	258	258	168
Multi-use courts	121	125	125	154
Golf courses (18 holes)	6	6	6	6
Recreation centers (community)	44	44	44	45
<u>Water</u>				
Water mains (miles)	N/A	N/A	3,077	4,635
Fire Hydrants	23,052	23,853	24,788	25,829
<u>Wastewater</u>				
Miles of sanitary sewers	N/A	N/A	3,560	3,572
Miles of storm sewers	N/A	N/A	N/A	N/A

Source: City capital asset records

Note:

N/A - Information not available

Table 20

2003	2004	2005	2006	2007	2008
6	6	6	6	7	8
55	55	55	55	55	56
3,506	3,523	3,525	3,519	3,511	3,519
11,519	11,590	11,604	11,595	11,580	11,607
1,279	1,283	1,286	1,295	1,296	1,298
84,284	83,263	83,760	85,255	85,693	86,500
406	379	379	374	374	376
N/A	17,494	17,493	18,619	23,018	23,040
91	91	91	86	90	99
26	18	18	18	18	18
26	26	27	27	27	22
N/A	N/A	N/A	7	7	8
262	260	260	279	277	277
5	5	5	5	5	5
N/A	87	87	81	81	81
259	171	171	177	177	177
154	153	153	154	154	154
6	6	6	6	6	6
45	45	47	47	47	47
4,655	4,676	4,739	4,781	4,840	4,862
26,653	26,935	27,076	27,210	27,222	27,969
4,099	3,587	4,130	4,178	4,831	4,831
N/A	N/A	N/A	1,755	1,755	1,744

Table 21

**CITY OF DALLAS, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Seven Fiscal Years (Unaudited)**

Function/Program	2002	2003	2004	2005	2006	2007	2008
Public Safety							
Police							
Calls for Service	991,447	954,123	1,004,354	1,006,723	958,110	872,162	728,404
Fire							
Calls for Service - Fire	113,895	103,821	112,981	114,341	120,680	116,813	120,203
Calls for Service - EMS	146,946	147,885	152,431	162,232	166,067	170,352	172,278
Recreation							
Number of Users	N/A	6,165,417	6,461,270	5,624,941	6,069,690	7,759,756	6,688,450
Building Permits							
Permits issued	16,517	29,767	34,845	35,289	32,323	30,563	31,160
Estimated Value	\$ 1,818,745,458	\$ 1,363,701,434	\$ 2,129,229,005	\$ 2,634,495,534	\$ 3,109,299,698	\$ 3,035,761,645	\$ 2,895,410,156
Airport							
Airport Operations (Takeoffs and Landings)	245,564	249,085	249,400	234,615	248,805	242,914	231,656
Utilities (millions of gallons)							
Water Usage - Peak	641	692	584	621	681	575	670
Water Usage - Average	421	422	410	417	467	388	416

Source: Department annual records

Note:

N/A - Information not available



*"Dallas, the City that works:
diverse, vibrant and progressive."*

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