



**City of Dallas, Texas**  
**Comprehensive Annual Financial Report**  
**For Fiscal Year Ended September 30, 2010**



# **CITY OF DALLAS, TEXAS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT For Fiscal Year Ended September 30, 2010**

### **Issued by City Controller's Office**

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Li Yang**



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

**CITY OF DALLAS, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED SEPTEMBER 30, 2010**

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diverse, vibrant and progressive.”*



# **INTRODUCTORY SECTION**





Honorable Mayor and City Council  
City of Dallas, Texas

June 10, 2011

### Introduction

We are pleased to present the City of Dallas (The City) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2010. This report was prepared by the City Controller's Office. 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.

Grant Thornton LLP has issued an unqualified ("clean") opinion on the City of Dallas financial statements for the fiscal year ended September 30, 2010. The independent auditors' report is located at the front of the financial section of this report.

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 ninth 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 Park and Recreation is appointed by the Park 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 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. Seventeen tax-increment-financing 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.

Discretely presented component units are other legally separate entities which are also included in the City's reporting entity based on the criteria set forth in the Codification of Governmental Accounting Standards, Section 2100, *Defining the Financial Reporting Entity*. The criteria considered in determining the activities to be reported within the City's financial statements are included in Note 1, Section B. Based on those criteria, the following organizations are included as discretely presented component units of the City of Dallas for financial reporting purposes:

- The Housing Finance Corporation issues tax-exempt mortgage revenue bonds to assist low-to-moderate income citizens in purchasing homes.
- The Housing Acquisition and Development Corporation provides safe and 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.
- The Dallas Development Fund was organized to assist in carrying out the economic development program and objectives of the City by generating private investment capital through the New Markets Tax Credit Program to be made available for investment in low-income communities.
- The Dallas Convention Center Hotel Development Corporation was organized to promote the development of the geographic area of the City included at or in the vicinity of the Dallas Convention Center, in furtherance of the promotion, development, encouragement and maintenance of employment, commerce, convention and meeting activity, tourism, and economic development in the City including specifically, without limitation, the development and financing of a convention center hotel to be located within 1,000 feet of the Dallas Convention Center.

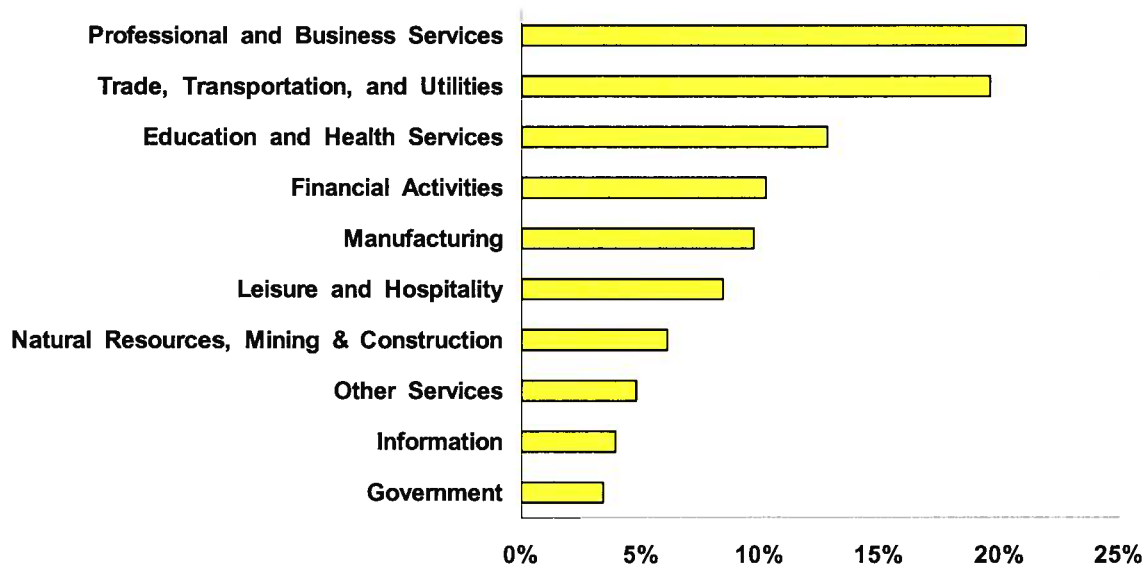
Related organizations not included as part of the reporting entity are the Dallas/Fort Worth International Airport, the Dallas Housing Authority, and Dallas Area Rapid Transit. The reason for not including these entities is because the City's accountability does not extend beyond appointing members to 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 monthly payroll employment averaged 1,038,000 for FY 2010. While this was a slight decrease in the monthly average, September to September payroll employment was up slightly in 2010. This reflects a partial recovery over recession losses. Dallas' diverse job base dampened the blow of the recent recession locally (Figure 1.)

Monthly sales tax revenue started to increase for same month, prior year comparison by May of 2010, but the final five months of growth could not produce net growth for the full fiscal year. By a number of indicators, however, including unemployment rate, job change and housing values, Dallas continues outperforming peer cities and the nation to the extent that the Brookings Institute ranks Dallas as one of the strongest economies nationally. 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



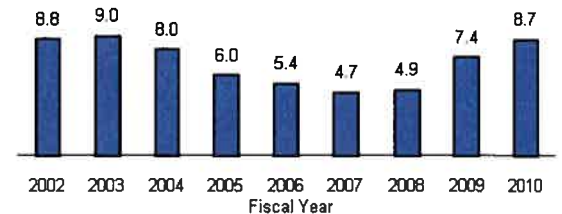
The Dallas monthly labor force (Dallas residents only) averaged 605,307 during fiscal 2010. A monthly average of 52,818 residents were unemployed over this time. Dallas' unemployment has remained below the U.S. average for three years. (U.S. Bureau of Labor Statistics). Dallas' employment base uses a large inventory of business facilities including 133 million square feet of office space, 211 million square feet of industrial/flex space, and 76 million square feet of retail space (CoStar).

The following charts highlight Dallas' major economic indicators, most of which were affected negatively by the economy in 2010.

### Unemployment

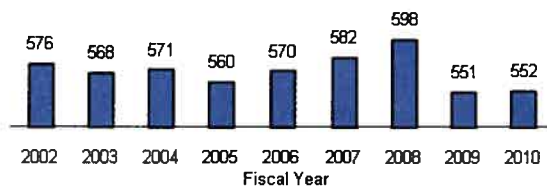
Average monthly unemployment in Dallas rose to 8.7 percent in fiscal year 2010, moving in tandem with but below the national rate. The U.S. rate averaged 9.7 percent in fiscal year 2010. (Source: U.S. Bureau of Labor Statistics – non-seasonally adjusted values).

**Figure 2. Dallas Unemployment Rate (percent)**



### Employment

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

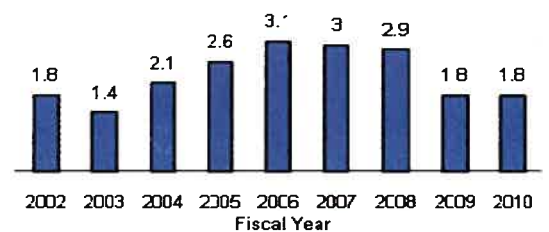


The number of employed Dallas residents minimally increased during the year. Approximately 552,000 Dallas residents were working in fiscal year 2010. (Source: U.S. Bureau of Labor Statistics).

### Construction Activity

The annual value of construction permits remained unchanged at \$1.8 billion. This includes a combination of new and redeveloped projects throughout the city including a large number of hospital projects. The multifamily market also saw more activity last year. (Source: Department of Sustainable Building and Development).

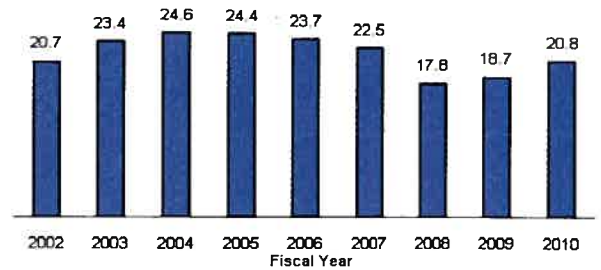
**Figure 4. Dallas Building Activity (\$ billions)**



## Office Vacancy

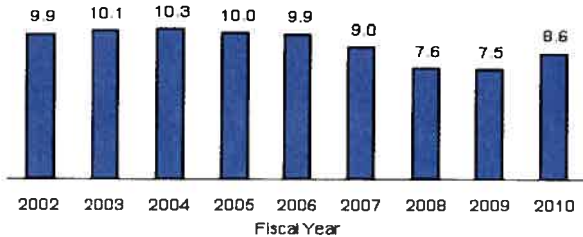
Office vacancy rates rose again (by 2.1 points) in fiscal year 2010. Before fiscal year 2009, the office rate improved for four consecutive years. While the local economy experienced small employment gains, professional and financial services industries are hesitant to expand and per-worker space demands continue to fall. (Source: CoStar).

Figure 5. Dallas Office Vacancy Rate (percent)



## Industrial Vacancy

Figure 6. Dallas Industrial Vacancy Rate (percent)

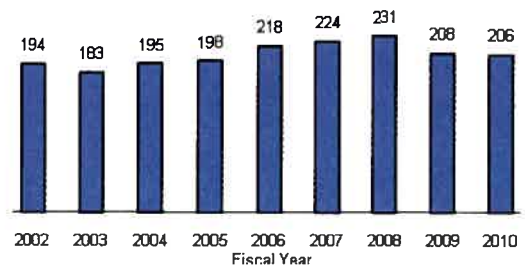


The industrial vacancy rate grew in fiscal year 2010 to 8.6 percent. Despite the economic slowdown, Dallas continues to attract distribution activity because of its highway and rail infrastructure and the growing global awareness of the International Inland Port of Dallas. (Source: CoStar).

## Sales Tax

Monthly sales tax revenue started increasing for same month, prior year comparison by May 2010, and continued to grow the rest of the fiscal year. Fiscal year 2010 total revenue, however, was down compared to the prior year. Revenue fell from \$208 million in 2009 to \$206 million in 2010. (Source: City of Dallas Office of Financial Services).

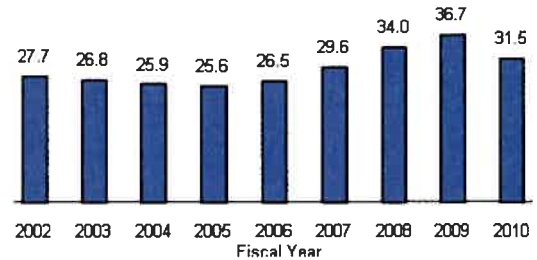
Figure 7. Dallas Sales Tax Revenue (\$ millions)



## Commercial Property

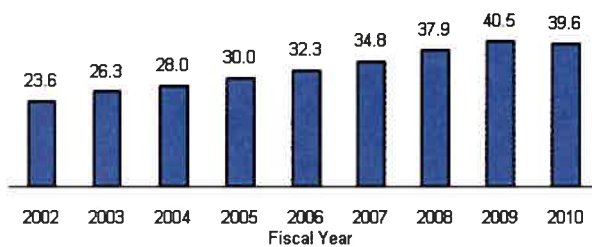
Dallas' real commercial tax base decreased \$5.2 billion to \$31.5 billion. Slightly increasing vacancy rates reflect lower demand for space as the recession came to a close. (Source: Certified Tax Rolls, Office of Financial Services).

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



## Residential Property

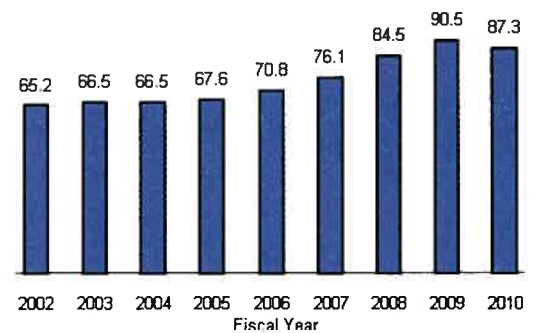
Figure 9. Dallas Residential Tax Base Taxable Value (\$ billions)



Residential tax base decreased to \$39.6 billion in fiscal year 2010 from \$40.3 billion in fiscal year 2009. Dallas did not see a severe property valuation bubble like most U.S. cities. Dallas' relatively better performance reflects continued in-migration and a diverse housing stock that can accommodate various household needs. (Source: Certified Tax Rolls, Office of Financial Services).

Total taxable value of property decreased by \$3.2 billion to \$87.3 billion in 2010 (total includes \$16.2 billion in business personal property). (Source: Certified Tax Rolls, Office of Financial Services).

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



## Economic Development Strategy

In 2010, Dallas' economy continued to outperform peer cities across the U.S. This can be attributed to a diverse local economy, lack of severe real estate collapse and continued favorable migration to the region. Dallas' development strategy also contributed positively to the way the local economy responded to the recession. A coordinated effort since 2005 has strengthened the downtown housing market, promoted industrial



development in southern Dallas and facilitated the relocation of major national corporations to the city. The City continued to monitor the changing national economic condition and identified remaining gaps that need to be addressed in the next strategic plan.

Dallas' existing plan is best summarized by two objectives. One, create a thriving urban economy centered on an expanded downtown, connected to revitalized in-town neighborhoods and the rest of the city through transit. Two, increase Dallas' share of global and regional trade (including retail, wholesale and logistics). Implementation continued on five geographically-focused catalyst initiatives. These initiatives include: the expanded downtown, the University of North Texas at Dallas, the International Inland Port of Dallas, transit-oriented-development and the Trinity River Corridor Project. In addition to these efforts, the City maintains a full complement of development services to recruit and retain businesses, redevelop neighborhoods and market Dallas 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 2010, 4,988 residential units were available in the Central Business District (CBD) supporting an estimated downtown residential population of almost 7,000. In 2010, residential construction and redevelopment began on 331 units. The mostly privately funded \$338 million Arts District expansion continued and restaurant and retail developments also opened in the historic Main Street core. Downtown attracted several corporate relocations. MoneyGram relocated its international headquarters from Minneapolis. Cushman & Wakefield of Texas relocated its headquarters from the suburbs. Deloitte consolidated regional operations, increasing its downtown employment.

#### University of North Texas Dallas

A second academic building opened on campus in 2010. Fall 2010 enrollment at the University of North Texas Dallas campus exceeded 2,100. The new campus is expected to ultimately enroll 25,000 students. The City completed a final draft on an area plan for the surrounding undeveloped acreage as part of its comprehensive land use strategy. The plan accommodates a university town urban development, research and other commercial operations. The campus area includes two DART light rail stations in the transit agency's 2030 master plan.

#### International Inland Port of Dallas (IIPOD)

In 2010, progress continued at the IIPOD, a major logistics hub in the southeast quadrant of the City. A long range infrastructure plan was underway in 2010. The plan, jointly funded by Dallas and neighboring cities, will guide capital investments over the life of the project. Approximately 2,500 acres of land within the City limits have become the gateway to a major distribution hub that will exceed 60 million square feet of industrial

and warehouse space at build out. Construction has been completed on over 6 million square feet of distribution space, with over 3.8 million leased.  
Transit-Oriented Development (TOD)

Dallas' count of DART rail stations grew to 38 in fiscal year 2010. The final phase of the \$1.7 billion Green Line was completed by calendar year end. The Green Line serves the southeast and northwest quadrants of the city. Real estate development projects have been proposed at several stops along the line, and mixed-use developments have already opened near some stations even before service began. The City continued its strategy of partnering with developers to deliver mixed use neighborhoods along the Green and Blue Lines in traditionally under served portions of southern Dallas. Council approval was secured for the first southern Dallas Blue line development in fiscal year 2010.

### Trinity River Corridor Project

The Trinity River Corridor Project provides funding for flood protection. Plans are underway to improve the levees from the current operating levels to meet the US Army Corps of Engineers new standards. A substantial number of improvements have already been made, and the City continues to push forward to improve the levees.

Besides flood protection, great strides were made in the areas of recreation and transportation as well. Six projects have been completed (Loop 12 Boat Launch, Sylvan Avenue Boat Launch, Trinity River Audubon Center, eight miles of soft surface trails, Texas Buckeye Trail ADA-accessible segment, Lower Chain in Wetlands). Six projects are under construction (Margaret Hunt Hill Bridge, Standing Wave, Santa Fe Trestle Trail, Rochester Gateway Park Improvements, Pavaho Pump Station and Trinity Trails Phases 1 & 2.) Multiple other recreational, flood control and transportation projects are in the design phase.

### 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 accounting principles generally accepted in the United States of America.

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.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

*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 the 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.

#### Major Initiatives

The major initiatives during fiscal year 2010 were to continue growing the police force, maintain the fire department's uniform staffing levels and continue an aggressive fire apparatus replacement plan, continue funding the Code Compliance department's priorities and functions, and pursue aggressive schedule to fix the levee system to ensure flood protection for citizens and business owners and to safeguard the City's tax base. All of the initiatives were implemented without a tax rate increase, and still maintaining other key government services.

#### 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, 2009. 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 the Mayor and 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.

The preparation of this report was accomplished through the efficient and dedicated services of key staff in the City Controller's Office, Office of Economic Development and the Department of Communication and Information Services. Thanks to everyone involved.


Respectfully submitted,



Mary K. Suhm  
City Manager



Jeanne Chipperfield  
Chief Financial Officer



Edward R. Scott, CPA  
City Controller

**CITY OF DALLAS  
FISCAL YEAR 2009 - 10 ELECTED OFFICIALS**



**FRONT ROW** (left to right):

Mayor Pro Tem Dwaine Caraway - District 4  
Dallas Mayor Tom Leppert  
Deputy Mayor Pro Pauline Medrano - District 2

**MIDDLE ROW** (left to right):

Carolyn R. Davis - District 7  
Steve Salazar - District 6  
Tennell Atkins - District 8  
Jerry R. Allen - District 10  
Angela Hunt - District 14  
Vonciel Jones Hill - District 5

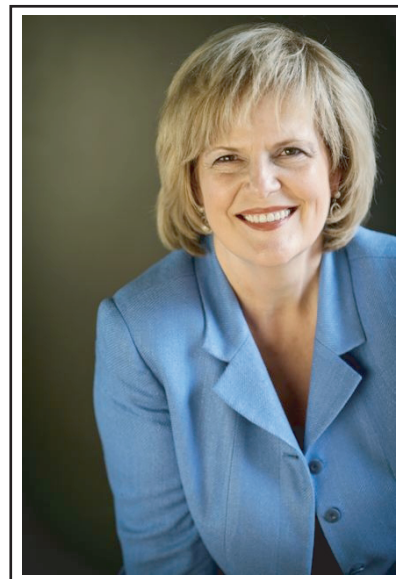
**BACK ROW**(left to right):

Ann Margolin - District 13  
Linda Koop - District 11  
David A. Neumann - District 3  
Sheffie Kadane - District 9  
Ron Natinsky - District 12  
Delia D. Jasso - District 1

**CITY MANAGER**

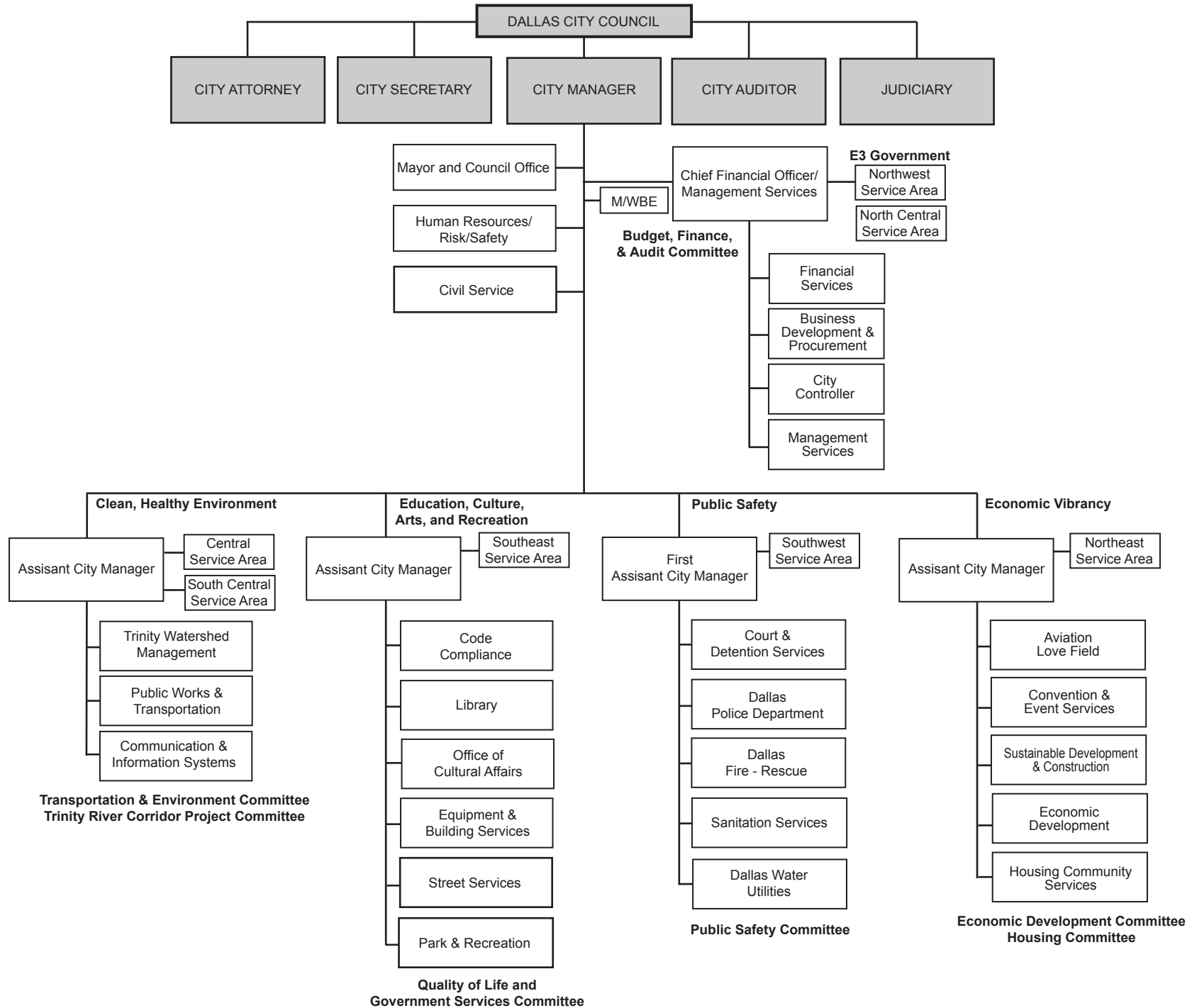


*“Dallas, the City that works:  
diverse, vibrant and progressive.”*



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, 2009

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 stylized, handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director



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



# **FINANCIAL SECTION**





## Report of Independent Certified Public Accountants

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](http://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, 2010, 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 opinions 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 41%, 46% and 8%, 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 Finance Corporation, the Dallas Housing and Acquisition Development Corporation, and the Dallas Development Fund, which are discretely presented component units which represents 0%, 3% and 13%, 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 also did not audit the financial statements of Dallas/Fort Worth International Airport, a joint venture, which is disclosed in Note 6.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of United States. 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 opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the 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, 2010, and the respective changes in financial position and cash flows, where applicable, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2011 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 12, and the Schedules 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 opinions 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  
June 10, 2011

**CITY OF DALLAS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
SEPTEMBER 30, 2010  
(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, 2010. 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 \$4.8 billion (net assets).
- The City's governmental activities net assets increased by \$398 million while the business-type activities net assets increased by \$69 million.
- As of the close of fiscal year 2010, the City's governmental funds reported combined ending fund balances of \$912 million, a decrease of \$114 million in comparison to the prior year fund balance. At the City's discretion, \$623 million of these fund balances (unreserved, undesignated) are available for spending, with \$540 million allocated for capital projects and \$42 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 \$40 million, or approximately 4% of the total general fund expenditures, including transfers out.
- The City's governmental long-term liabilities had a net decrease of \$44 million from the prior year's balance of \$2.5 billion and business-type activities increased \$119 million from the prior year's balance of \$2.3 billion. The decrease occurred primarily from higher debt service principal payments during the fiscal year and decreased compensated absences liability. During the fiscal year, the City issued \$304 million of bonds, which included \$282 million of general obligation bonds and \$22 million in combination tax and revenue certificates of obligation. The City also issued \$296 million in water works and sewer revenue 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.

**CITY OF DALLAS, TEXAS**  
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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 five separate legal entities for which the City is financially accountable – Housing Finance Corporation, the Housing Acquisition and Development Corporation, Dallas Development Fund, the Downtown Dallas Development Authority (DDDA), and the Convention Center Hotel Corporation, 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 funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty-two individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general and debt service funds, which are considered to be major funds. Data from the other twenty-one 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.

**CITY OF DALLAS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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 (Unaudited)

**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 32-94 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 and other post employment 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 \$4.8 billion as of September 30, 2010. Analyzing the net assets of governmental and business-type activities separately, the business-type activities net assets were approximately \$2.9 billion and the governmental activities were approximately \$1.9 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	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 1,466,323	\$ 1,608,876	\$ 851,389	\$ 917,890	\$ 2,317,712	\$ 2,526,766
Capital assets	3,119,139	2,653,120	4,657,514	4,507,808	7,776,653	7,160,928
Total assets	4,585,462	4,261,996	5,508,903	5,425,698	10,094,365	9,687,694
Long-term liabilities	2,465,037	2,509,489	2,390,141	2,271,529	4,855,178	4,781,018
Other liabilities	183,951	214,008	205,509	309,926	389,460	523,934
Total liabilities	2,648,988	2,723,497	2,595,650	2,581,455	5,244,638	5,304,952
Net assets:						
Invested in capital assets, net of related debt	2,128,770	1,699,281	2,533,106	2,452,779	4,661,876	4,152,060
Restricted	73,825	46,353	184,874	205,547	258,699	251,900
Unrestricted	(266,121)	(207,135)	195,273	185,917	(70,848)	(21,218)
Total net assets	\$ 1,936,474	\$ 1,538,499	\$ 2,913,253	\$ 2,844,243	\$ 4,849,727	\$ 4,382,742

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 decreased by \$143 million primarily from a decrease in cash and cash equivalents in capital project funds for various bond projects. 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 \$266 million as a result of long-term liabilities for items such as compensated absences, unfunded risk liabilities, other post employment benefits, landfill liability, pollution remediation, pension obligation bonds, and sales tax liability. Unrestricted net assets deficit in governmental activities increased by \$59 million from the prior fiscal year primarily from an increase in other post employment benefits, a decrease in the net pension asset, and an increase in accretion on pension capital appreciation bonds. 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 \$195 million.

**CITY OF DALLAS, TEXAS**  
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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, 2010. Governmental activities net assets increased by \$398 million and business-type activities increased the City's net assets by \$69 million. Key elements of these changes in net assets are as follows:

**Table 2**  
**Change in Net Assets**

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 307,430	\$ 281,561	\$ 567,216	\$ 554,768	\$ 874,646	\$ 836,329
Operating grants and contributions	104,839	79,204	-	-	104,839	79,204
Capital grants and contributions	342,031	4,986	30,519	26,195	372,550	31,181
General revenues:						
Ad valorem tax	637,304	662,433	-	-	637,304	662,433
Tax increment financing revenue	6,739	10,764	-	-	6,739	10,764
Sales tax	205,933	208,169	-	-	205,933	208,169
Franchise fees	123,721	124,891	-	-	123,721	124,891
Hotel occupancy tax	-	-	42,114	41,969	42,114	41,969
Motor vehicle rental tax	-	-	4,373	4,171	4,373	4,171
Alcohol beverage tax	-	-	7,398	7,533	7,398	7,533
Investment income	9,045	35,762	4,097	20,909	13,142	56,671
Other	20,531	27,063	1,057	1,141	21,588	28,204
<b>Total revenues</b>	<b>1,757,573</b>	<b>1,434,833</b>	<b>656,774</b>	<b>656,686</b>	<b>2,414,347</b>	<b>2,091,519</b>
<b>Expenses:</b>						
General government	193,144	211,380	-	-	193,144	211,380
Public safety	658,225	688,891	-	-	658,225	688,891
Streets, street lighting, sanitation	156,411	159,930	-	-	156,411	159,930
Environmental and health services	12,128	37,590	-	-	12,128	37,590
Public works and transportation	52,285	40,749	-	-	52,285	40,749
Equipment and building services	27,194	21,001	-	-	27,194	21,001
Culture and recreation	139,581	158,040	-	-	139,581	158,040
Housing	17,298	1,270	-	-	17,298	1,270
Human services	34,018	32,384	-	-	34,018	32,384
Interest on long-term debt	90,822	93,412	-	-	90,822	93,412
Dallas water utilities	-	-	425,750	425,165	425,750	425,165
Convention center	-	-	77,056	81,926	77,056	81,926
Airport revenues	-	-	43,760	46,808	43,760	46,808
Municipal radio	-	-	3,031	2,976	3,031	2,976
Building inspection	-	-	16,659	21,638	16,659	21,638
<b>Total expenses</b>	<b>1,381,106</b>	<b>1,444,647</b>	<b>566,256</b>	<b>578,513</b>	<b>1,947,362</b>	<b>2,023,160</b>
Increase (decrease) in net assets before transfers	376,467	(9,814)	90,518	78,173	466,985	68,359
Transfers	21,508	8,289	(21,508)	(8,289)	-	-
Increase (decrease) in net assets	397,975	(1,525)	69,010	69,884	466,985	68,359
Net assets - beginning of year	1,538,499	1,540,024	2,844,243	2,774,359	4,382,742	4,314,383
<b>Net assets - end of year</b>	<b>\$ 1,936,474</b>	<b>\$ 1,538,499</b>	<b>\$ 2,913,253</b>	<b>\$ 2,844,243</b>	<b>\$ 4,849,727</b>	<b>\$ 4,382,742</b>

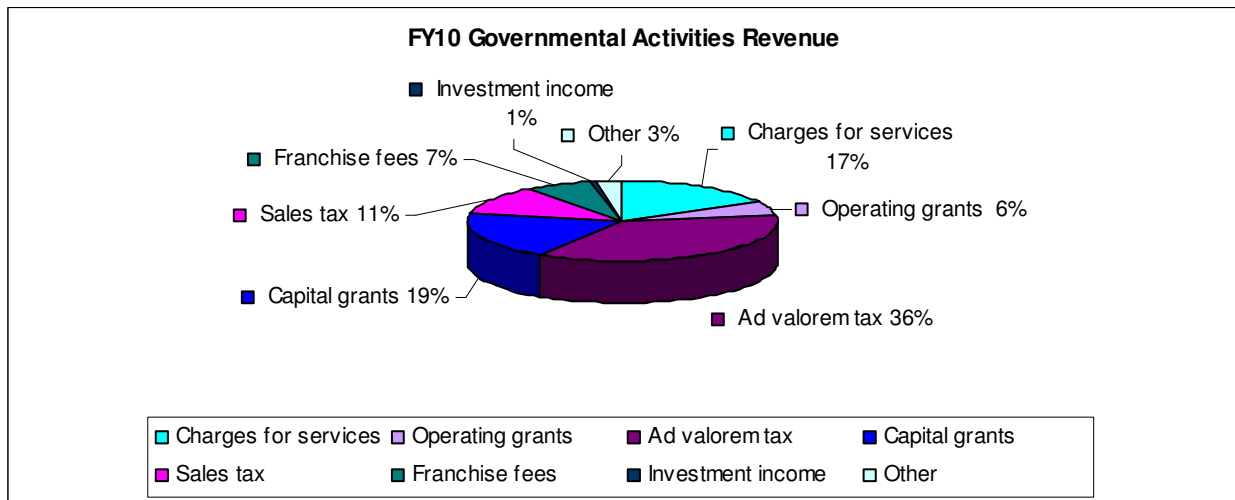


**CITY OF DALLAS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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 (Unaudited)

**Governmental Activities**

Governmental activities net assets increased \$398 million during fiscal year 2010. Total revenues and transfers increased approximately \$336 million, or 23% from fiscal year 2009. Significant changes in revenue include the following:

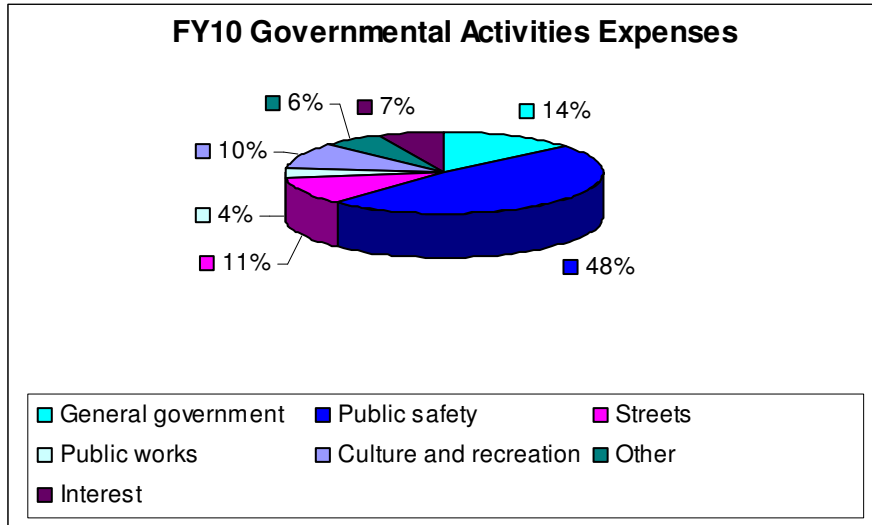
- Ad Valorem Tax revenues decreased \$25 million. Total taxable value of property decreased by \$3 billion from \$90 billion to \$87 billion in fiscal year 2010.
- Charges for services revenue increased \$26 million during fiscal year 2010 from a significant rate increase and adjustment to the rate structure in storm water, mineral lease revenues, and new revenue streams such as annual food inspection permit, multi-tenant registration fees, and non-resident accident response fees.
- Sales tax revenue decreased \$2 million and tax increment financing revenue decreased \$4 million in fiscal year 2010 due to a decline in the economy. Rising utility and fuel costs limited consumer discretionary spending.
- Operating grants and contributions increased \$26 million primarily from additional revenue received for the following programs: homeless prevention program, weatherization energy efficiency program, hiring more police officer program, urban area security program, and control and prevent crime program.
- Capital grants and contributions increased \$337 million primarily from the capital contribution of the performing art center for \$332 million.
- Investment income decreased \$27 million or 75% due to a decline in interest rates and average invested balances. The yield on investments was 1.92% at September 30, 2009 and 0.83% at September 30, 2010.



Total governmental activities expenses decreased approximately \$64 million, or 4%, from fiscal year 2009. The most significant portion of expenses related to governmental activities is the cost of personnel. A discussion of major decreases in governmental activity expenses follows:

- The most significant decrease in governmental activity expense for the City was personnel cost in providing public safety, which incurred expenses of \$658 million, a decrease of \$30 million or 4%, from fiscal year 2009. The primary decrease was due to pay reductions and furlough days.
- General government expenses decreased by \$18 million or 9%. Decreases occurred in building facility projects and net pension asset.
- The streets, street lighting, sanitation, and code enforcement activities of the City incurred \$156 million in expenses, a decrease of \$3 million, or 2% from the prior fiscal year. The decrease resulted primarily from reductions in street and transportation improvements, including construction of 2009 Asphalt Concrete Street resurfacing of 118 improved street segments.
- Public works and transportation expenses increased \$12 million or 28%, primarily from an increase in depreciation expense.
- Environmental and health services expenses decreased \$25 million while Housing services expenses increased \$16 million, a net decrease of \$9 million. The shift in expenses was due to the combination of environmental and health services department and housing services department. This change reduced personnel services by \$8 million.
- Cultural and recreation expenses decreased \$18 million or 12% during the fiscal year. The decrease was due to a reduction of Library, Park and Recreation, and Cultural Affairs services and personnel. In total, personnel services decreased \$14 million, which included \$11 million from Park and Recreation and \$2 million from Library. Additional reductions occurred from decreased supplies and other expenses such as utility expenses, security expenses, data services, and artistic services, library book purchases, and aquarium expenses.

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**Business-type Activities**

Business-type activities net assets increased \$69 million during fiscal year 2010. Total revenues increased approximately \$86 thousand from fiscal year 2009. Significant changes in revenues include the following:

- Charges for Services for all business-type activities increased \$12 million during fiscal year 2010. This increase resulted primarily from increased airport revenues, convention center revenues, and building inspection services.
- During fiscal year 2010, airport revenues from customer charges increased by \$7 million, or 14%. Increases in revenue include the following: landing fees, building and ground rental revenue, Passenger Facility Charges (PFC) revenues, and security badge revenue. Capital contributions increased from federal grant revenues and tenant contributions. Southwest Airlines contributed Fuel Storage Facility equipment of \$13.7 million for use at Dallas Love Field.
- Convention Center customer charges increased \$2 million from the previous fiscal year primarily from the increase of contract services for food and beverage revenues. The motor vehicle rental tax and hotel occupancy tax also increased during the fiscal year.
- Investment income decreased \$17 million, or 80% from the previous fiscal year primarily due to a decline in interest rates and average invested balances.
- Building inspection charges for services increased \$3 million from the previous fiscal year primarily from building permit applications for significant projects requiring review and inspection services and commercial remodel permits.

Total business-type activities expenses decreased by \$12 million during the fiscal year, primarily from reduced supplies and materials and contractual and other services. The following expense items contributed to changes in expenses during fiscal year 2010:

- Contractual and other services expenses for business-type activities decreased \$12 million or 7% during the fiscal year, primarily in Dallas Water Utilities. Major factors contributing to the decrease include decreased electricity and power charges; professional services, including consulting, design, and engineering services; and other repairs and maintenance.
- Airport personnel services increased by 16% due to an increase in staff of 17 full time equivalent employees. Dallas Water personnel services increased for additional water and sewer maintenance crews, workers compensation, health insurance, and pension contributions.
- Dallas Water Utilities transfers out increased for payment in lieu of taxes to support economic initiatives of the City.

**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.

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**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 \$912 million, a decrease of \$114 million in comparison with the prior fiscal year. Approximately \$623 million constitutes unreserved, undesignated fund balance, which is available for spending at the government's discretion, with \$540 million allocated for capital projects and \$42 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 (\$237 million), 2) to pay debt service (\$6 million), 3) for inventories (\$9 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 2010, unreserved, undesignated fund balance of the general fund was \$40 million while total fund balance was \$92 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% of total general fund expenditures and transfers out, while total fund balance represents 9% of that same amount.

The City's general fund balance decreased \$12 million during fiscal year 2010. The most significant decrease in revenues occurred in ad valorem tax and sales tax which can be attributed to a decline in the economy.

The debt service fund had a total fund balance of \$5 million at September 30, 2010 reserved for the payment of debt service. The decrease in debt service fund balance during the current year of \$30 million was primarily from a decrease in transfers in from other funds. Furthermore, debt service principal payments increased from the previous fiscal year, primarily from a \$27 million payment on the 2008 certificates of obligation to purchase land. In the previous fiscal year, proceeds from the sale of the land to the Convention Center Hotel Corporation were transferred to the debt service fund but the payment of \$27 million was made in the current fiscal year.

**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 \$65 million, Convention Center was \$70 million and Airport Revenues was \$60 million. The total change in net assets was an increase of \$43 million in Dallas Water Utilities, a decrease of \$8 million in Convention Center and an increase of \$37 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 revenue budget increased less than 1% from the original budget primarily to estimate additional transfers in from other funds. Final budgeted expenses and interfund transfers increased \$10 million from the original budget primarily from higher than expected public works and transportation, street services and trinity watershed management.

Actual budgetary basis revenues and transfers in decreased by \$5 million from final budgeted amounts. The most significant decreases were from less than anticipated sales tax revenue; fines and forfeitures, primarily red light and parking fines; and service to others, primarily from sanitation revenue, 9-1-1 service receipts, and wireless revenue. Furthermore, the actual franchise revenue includes a reduction of \$834 paid to Time Warner Cable for a previous overpayment. Actual budgetary expenditures and transfers out decreased \$9 million from the final amended budget, because the City implemented a restrictive hiring policy and a plan to reduce expenditures during the fiscal year. Significant decreases occurred in the equipment and building services, sanitation, and public works departments as a result of the reduction plan.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of September 30, 2010, the City had \$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 \$616 million or 9% over the prior fiscal year.

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

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	\$ 444,934	\$ 426,762	\$ 219,371	\$ 219,347	\$ 664,305	\$ 646,109
Artwork	48,972	48,795	-	-	48,972	48,795
Construction in progress	283,631	283,640	388,309	468,312	671,940	751,952
Water Rights	-	-	259,036	262,575	259,036	262,575
Buildings	814,656	471,970	878,481	907,825	1,693,137	1,379,795
Improvements other than buildings	365,286	312,204	184,363	176,386	549,649	488,590
Infrastructure assets	1,016,069	975,191	248,294	250,930	1,264,363	1,226,121
Equipment	145,591	134,558	182,622	188,842	328,213	323,400
Utility Property	-	-	2,297,038	2,033,591	2,297,038	2,033,591
<b>Totals</b>	<b>\$ 3,119,139</b>	<b>\$ 2,653,120</b>	<b>\$ 4,657,514</b>	<b>\$ 4,507,808</b>	<b>\$ 7,776,653</b>	<b>\$ 7,160,928</b>

Some of the major additions for fiscal year 2010 included (gross additions - in millions):

Street and Transportation Improvements	\$ 92.5
African Savanna Development	27.2
City Performance Hall	6.3
Water and Wastewater facilities	222.5
Performing Arts Center	331.9
Airport Improvements	26.7
<b>Total</b>	<b>\$ 707.1</b>

The City's fiscal year 2011 capital budget provides another \$822 million for capital projects, principally for two major categories: \$469 million for General Purpose Capital Improvements and \$353 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; other City-owned facilities; and economic initiatives. 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, venues for convention activities, and air transportation facilities. 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.

**CITY OF DALLAS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 SEPTEMBER 30, 2010  
 (Unaudited)

**Debt**

At fiscal year-end, the City had \$4.1 billion in bonds outstanding for both governmental and business-type activities, as shown in Table 4.

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

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	\$ 1,510,245	\$ 1,511,785	\$ -	\$ -	\$ 1,510,245	\$ 1,511,785
Equipment Acquisition Obligations	44,915	69,510	-	-	44,915	69,510
Certificates of Obligation	57,730	75,465	-	-	57,730	75,465
Pension Obligation Bonds	242,951	257,051	82,285	87,060	325,236	344,111
Tax Increment Bonds	-	5,400	-	-	-	5,400
Revenue Bonds	-	-	2,174,153	2,075,938	2,174,153	2,075,938
<b>Total</b>	<b>\$ 1,855,841</b>	<b>\$ 1,919,211</b>	<b>\$ 2,256,438</b>	<b>\$ 2,162,998</b>	<b>\$ 4,112,279</b>	<b>\$ 4,082,209</b>

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.

In March 2010, the City issued general obligation bonds of \$196.6 million (excludes premium of \$30.6 million) with an interest rate range of 3.0 to 5.0 percent and a final maturity of February 15, 2020. The bonds were issued to fund various permanent public improvements and to refund previously issued general obligation bonds. Additionally, the City issued General Obligation Bonds Taxable Series 2010B (Build America Bonds) of \$85.3 million with an interest rate range of 4.39 to 5.61 percent and a final maturity of February 15, 2030 to fund various permanent public improvements in the City. The City also issued \$21.6 million (excludes premium of \$1.4 million) in Combination Tax and Revenue Certificates of Obligation with an interest rate range of 2.0 to 4.0 percent and a final maturity of February 15, 2019 for the purchase of various types of capital equipment and to construct police facilities in the Bexar Street Redevelopment Corridor.

In June 2010, Dallas Water Utilities issued Waterworks and Sewer System Revenue Bonds Series 2010 of \$298.85 million with an interest rate range of 3.0 to 5.0 percent and a final maturity of October 1, 2039. The bonds were issued to refund previously issued waterworks and sewer system bonds and to refund outstanding commercial paper used by Dallas Water Utilities to fund capital construction projects.

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 underlying ratings are listed below.

	Underlying Ratings		
	Moody's Investors Service	Standard & Poor's	Fitch
General Obligation Bonds.....	Aa1	AA+	N/A
General Obligation Pension Bonds.....	Aa1	AA+	N/A
Revenue Bonds:			
Waterworks and Sewer System.....	Aa1	AAA	N/A
Civic Center Convention Complex.....	A1	A	N/A
Sports Arena Project Special Tax.....	A1	A	AA
Airport System.....	Baa2	BBB+	N/A
Dallas Convention Center Development Corp.....	A1	A+	N/A

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

**CITY OF DALLAS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
SEPTEMBER 30, 2010  
(Unaudited)

**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. Property values decreased 4.4 percent during the current fiscal year from \$87.3 billion to \$83.4 billion, while the proposed tax rate of \$74.79 per \$100 valuation remained the same as the fiscal year 2008-2009 adopted tax rate. The tax rate for the 2010-2011 adopted budget will increase from \$74.79 to \$79.70 per \$100 valuation. The fiscal year 2010-11 budget of \$2.8 billion is balanced, utilizing various cost containment strategies, service reductions, revenue enhancements, and operational efficiencies.

Retail Water and Wastewater rates were increased 3.1% in the fiscal year 2011 budget. The rate increase was necessitated by an increase in debt service payments, implementation of payment in lieu of taxes, additional personnel, and other operating costs and various enhancements to the current level of service including capital expenditures.

The fiscal year 2010-2011 budget includes a decrease in the monthly residential sanitation fee of \$0.09 per month from \$20.34 to \$20.25. This is the second residential rate decrease in two years, primarily due to the implementation of OneDAY Dallas, a once-weekly collection and fuel savings.

Despite the City's challenges during a period of economic uncertainty over the past two years, the City has been able to provide core services while moving the City forward. The fiscal year 2010-11 budget remains cautious in revenue and expenditure forecasts and has been developed to safeguard a commitment to public safety efforts, to effectively manage economic conditions, to protect the City's assets, and to maintain basic service levels for the most fundamental City services. It is constructed to ensure the City's continued growth and prosperity while meeting both resident's basic expectations of government and maintaining the Council's long range strategic plan. The City will continue to invest in infrastructure and economic development projects to grow the tax base and will continue the commitment to be a "green" organization. Identified efficiencies and revenue enhancements include issuing an RFP for privatization of the auto pound, enhancing construction and plan review permitting, consolidating geographic information systems from various departments, reduction in workforce, salary reductions, implement street cut and inspection fee, implement a garage sale permit fee, and increase multi-family registration fee and coin operated amusement machine tax. Savings through new or amended contracts include electricity, police headquarters parking garage lease, office supplies, and bank contracts.

**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.

**CITY OF DALLAS, TEXAS**  
**STATEMENT OF NET ASSETS**

As of September 30, 2010  
(in thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Governmental	Business-type
<b>Assets</b>					
Cash and cash equivalents	\$ 169,383	\$ 267,481	\$ 436,864	\$ 715	\$ -
Other investments, at fair value	14,490	-	14,490	-	4,625
Receivables, net	157,649	66,122	223,771	25	1,100
Internal balances	(5,107)	5,107	-	-	-
Inventories, at cost	12,949	10,534	23,483	-	-
Net pension asset	311,108	107,075	418,183	-	-
Other assets	13,524	15,165	28,689	3,402	7,403
Restricted assets:					
Cash and cash equivalents	792,327	272,576	1,064,903	34,644	6,417
Other investments, at fair value	-	106,705	106,705	-	410,443
Customer assessments	-	624	624	-	-
Capital assets:					
Land	444,934	219,371	664,305	-	27,511
Artwork	48,972	-	48,972	-	-
Construction in progress	283,631	388,309	671,940	-	40,157
Water rights	-	353,910	353,910	-	-
Buildings	1,192,684	1,320,173	2,512,857	-	-
Improvements other than buildings	475,766	268,318	744,084	-	-
Equipment	552,932	528,069	1,081,001	-	-
Infrastructure assets	1,723,373	445,259	2,168,632	-	-
Utility property	-	3,043,999	3,043,999	-	-
Less accumulated depreciation	(1,603,153)	(1,909,894)	(3,513,047)	-	-
Total assets	<u>4,585,462</u>	<u>5,508,903</u>	<u>10,094,365</u>	<u>38,786</u>	<u>497,656</u>
<b>Liabilities</b>					
Accrued payroll	17,025	3,242	20,267	-	-
Accounts payable	34,998	28,758	63,756	79	12,332
Due to other governments	5,192	4	5,196	-	-
Contracts payable	24,992	-	24,992	-	-
Other	8,374	743	9,117	-	-
Construction accounts payable	36,440	60,639	97,079	-	-
Accrued bond interest payable	20,274	41,681	61,955	181	10,449
Commercial paper notes payable	-	58,000	58,000	-	-
Unearned revenue	35,500	713	36,213	-	26
Customer deposits	1,156	9,799	10,955	-	-
Customer construction advances	-	1,930	1,930	-	-
Noncurrent liabilities:					
Due within one year	235,273	93,005	328,278	1,458	-
Due in more than one year	2,229,764	2,297,136	4,526,900	92,200	480,606
Total liabilities	<u>2,648,988</u>	<u>2,595,650</u>	<u>5,244,638</u>	<u>93,918</u>	<u>503,413</u>
<b>Net assets</b>					
Invested in capital assets, net of related debt	2,128,770	2,533,106	4,661,876	-	12,286
Restricted for:					
Capital projects	12,373	-	12,373	-	-
Debt service	-	184,874	184,874	8,895	-
General government	11,781	-	11,781	-	-
Culture and recreation	28,448	-	28,448	-	-
Other purposes	12,846	-	12,846	-	-
Permanent funds - nonexpendable	8,377	-	8,377	-	-
Unrestricted	(266,121)	195,273	(70,848)	(64,027)	(18,043)
Total net assets	<u>\$ 1,936,474</u>	<u>\$ 2,913,253</u>	<u>\$ 4,849,727</u>	<u>\$ (55,132)</u>	<u>\$ (5,757)</u>

See accompanying notes to basic financial statements.

**CITY OF DALLAS, TEXAS**  
**STATEMENT OF ACTIVITIES**  
Year Ended September 30, 2010  
(in thousands)

Function/Program Activities	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 193,144	\$ 94,646	\$ 10,903	\$ -
Public safety	658,225	75,160	24,782	-
Streets, street lighting, sanitation and code enforcement	156,411	98,043	1,052	7
Environmental and health services	12,128	-	20,097	-
Public works and transportation	52,285	10,004	1,611	9,858
Equipment and building services	27,194	561	1,737	224
Culture and recreation	139,581	15,182	2,366	331,942
Housing	17,298	637	232	-
Human services	34,018	13,197	42,059	-
Interest on long-term debt	90,822	-	-	-
Total governmental activities	1,381,106	307,430	104,839	342,031
Business-type activities:				
Dallas water utilities	425,750	467,527	-	10,345
Convention center	77,056	19,104	-	-
Airport revenues	43,760	59,229	-	20,174
Municipal radio	3,031	2,887	-	-
Building inspection	16,659	18,469	-	-
Total business-type activities	566,256	567,216	-	30,519
Total primary government	1,947,362	874,646	104,839	372,550
Component units:				
Governmental	6,423	579	102	461
Business-type	10,676	-	-	-
Total component units	17,099	579	102	461

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  
Net assets, end of year

See accompanying notes to basic financial statements.



Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Governmental	Business-type
\$ (87,595)	\$ -	\$ (87,595)	\$ -	\$ -
(558,283)	-	(558,283)	-	-
(57,309)	-	(57,309)	-	-
7,969	-	7,969	-	-
(30,812)	-	(30,812)	-	-
(24,672)	-	(24,672)	-	-
209,909	-	209,909	-	-
(16,429)	-	(16,429)	-	-
21,238	-	21,238	-	-
(90,822)	-	(90,822)	-	-
<u>(626,806)</u>	<u>-</u>	<u>(626,806)</u>	<u>-</u>	<u>-</u>
-	52,122	52,122	-	-
-	(57,952)	(57,952)	-	-
-	35,643	35,643	-	-
-	(144)	(144)	-	-
-	1,810	1,810	-	-
<u>-</u>	<u>31,479</u>	<u>31,479</u>	<u>-</u>	<u>-</u>
<u>(626,806)</u>	<u>31,479</u>	<u>(595,327)</u>	<u>-</u>	<u>-</u>
			(5,281)	-
			-	(10,676)
			<u>(5,281)</u>	<u>(10,676)</u>
637,304	-	637,304	-	-
6,739	-	6,739	7,886	-
205,933	-	205,933	-	-
123,721	-	123,721	-	-
-	42,114	42,114	-	-
-	4,373	4,373	-	-
-	7,398	7,398	-	-
9,045	4,097	13,142	1	1,735
20,531	1,057	21,588	2	3,184
21,508	(21,508)	-	-	-
<u>1,024,781</u>	<u>37,531</u>	<u>1,062,312</u>	<u>7,889</u>	<u>4,919</u>
397,975	69,010	466,985	2,608	(5,757)
1,538,499	2,844,243	4,382,742	(57,740)	-
<u>\$ 1,936,474</u>	<u>\$ 2,913,253</u>	<u>\$ 4,849,727</u>	<u>\$ (55,132)</u>	<u>\$ (5,757)</u>

See accompanying notes to basic financial statements.

**CITY OF DALLAS, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
As of September 30, 2010  
(in thousands)

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Pooled cash and cash equivalents	\$ 64,505	\$ 4,202	\$ 76,547	\$ 145,254
Other investments, at fair value	3	-	14,487	14,490
Receivables:				
Ad valorem tax	30,423	13,310	-	43,733
Sales tax	35,407	-	-	35,407
Notes	49	-	17,724	17,773
Accounts	91,842	-	22,361	114,203
Accrued interest	534	19	4,782	5,335
Allowance for uncollectible accounts	(60,707)	(11,171)	(19,736)	(91,614)
Due from other governments	512	-	27,044	27,556
Due from other funds	7,557	-	-	7,557
Inventories, at cost	9,034	-	-	9,034
Special assessments-paving notes	-	-	5,078	5,078
Restricted cash and cash equivalents	-	-	792,327	792,327
Notes receivable from other funds	-	-	4,161	4,161
Total assets	<u>179,159</u>	<u>6,360</u>	<u>944,775</u>	<u>1,130,294</u>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Accrued payroll	15,158	-	993	16,151
Accounts payable	18,643	-	8,128	26,771
Due to other funds	268	-	8,023	8,291
Deferred revenue	36,544	1,605	9,312	47,461
Unearned revenue	8,369	-	27,125	35,494
Due to other governments	3,064	-	2,128	5,192
Construction accounts payable	-	-	36,440	36,440
Notes payable to other funds	-	-	8,546	8,546
Customer deposits	1,147	-	9	1,156
Contracts payable	-	-	24,992	24,992
Other	3,994	46	3,969	8,009
Total liabilities	<u>87,187</u>	<u>1,651</u>	<u>129,665</u>	<u>218,503</u>
<b>Fund balances</b>				
Reserved for:				
Encumbrances	18,230	-	218,333	236,563
General government	-	-	368	368
Culture and recreation	-	-	8,009	8,009
Notes receivable	-	-	4,161	4,161
Inventories	9,034	-	-	9,034
Debt service	-	4,709	1,651	6,360
Unreserved, designated in:				
General fund	24,488	-	-	24,488
Unreserved, undesignated in:				
General fund	40,220	-	-	40,220
Capital project funds	-	-	540,398	540,398
Special revenue funds	-	-	42,190	42,190
Total fund balance	<u>91,972</u>	<u>4,709</u>	<u>815,110</u>	<u>911,791</u>
Total liabilities and fund balance	<u>\$ 179,159</u>	<u>\$ 6,360</u>	<u>\$ 944,775</u>	<u>\$ 1,130,294</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, 2010  
(in thousands)

Total fund balances - governmental funds \$ 911,791

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 311,108

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	443,238	
Artwork	48,972	
Construction in progress	281,709	
Infrastructure assets	1,721,552	
Buildings	1,188,249	
Improvements other than buildings	474,777	
Equipment	378,900	
Accumulated depreciation	<u>(1,452,038)</u>	
Total capital assets	<u>3,085,359</u>	3,085,359

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. 11,640

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. 47,461

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 (38,603)

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 and accretion	2,071,850	
Capital leases	7,072	
Accrued interest on bonds and notes	20,274	
Developer payable	22,664	
Arbitrage rebate payable	491	
Notes payable	7,833	
Compensated absences	122,939	
Sales tax refund	11,312	
Other postemployment benefits	78,791	
Pollution remediation	16,243	
Landfill closure & post-closure	32,813	
Total long-term liabilities	<u>2,392,282</u>	(2,392,282)
Net assets of governmental activities		<u>\$ 1,936,474</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, 2010  
(in thousands)

	General	Debt Service	Nonmajor Governmental Funds	Total
<b>Revenues:</b>				
Ad valorem tax	\$ 411,969	\$ 213,970	\$ 17,578	\$ 643,517
Tax increment financing, intergovernmental			6,739	6,739
Sales tax	205,933	-	-	205,933
Franchise fees	123,721	-	-	123,721
Licenses and permits	5,349	-	-	5,349
Intergovernmental	6,344	-	108,584	114,928
Service to others	172,134	-	58,239	230,373
Fines and forfeits	33,645	-	7,719	41,364
Investment income	1,597	414	6,951	8,962
Contributions and gifts	884	-	4,940	5,824
Confiscated money awards			3,758	3,758
Other	2,463	-	2,213	4,676
<b>Total revenues</b>	<b>964,039</b>	<b>214,384</b>	<b>216,721</b>	<b>1,395,144</b>
<b>Current expenditures:</b>				
General government	87,699	-	90,078	177,777
Public safety	625,381	-	14,824	640,205
Streets, street lighting, sanitation and code enforcement	132,804	-	17,165	149,969
Environmental and health services	36	-	19,973	20,009
Public works and transportation	13,803	-	-	13,803
Equipment and building services	21,260	-	-	21,260
Culture and recreation	98,323	-	8,817	107,140
Housing	8,257	-	-	8,257
Human services	-	-	32,819	32,819
<b>Debt service:</b>				
Principal	5,303	197,445	-	202,748
Interest and fiscal charges	1,199	82,948	5,433	89,580
Capital outlay	5,695	-	225,169	230,864
<b>Total expenditures</b>	<b>999,760</b>	<b>280,393</b>	<b>414,278</b>	<b>1,694,431</b>
 Excess (deficiency) of revenues over (under) expenditures	 (35,721)	 (66,009)	 (197,557)	 (299,287)
<b>Other financing sources (uses):</b>				
Transfers in	28,886	34,743	8,747	72,376
Transfers out	(10,132)	-	(36,112)	(46,244)
Proceeds from sale of capital assets	4,825	-	1,118	5,943
Premium on debt issued	-	25,560	6,472	32,032
General obligation bonds issued	-	-	146,155	146,155
Refunding bonds issued	-	157,415	-	157,415
Payment to refunded bond escrow agent	-	(182,181)	-	(182,181)
Capital lease	116	-	-	116
<b>Total other financing sources (uses)</b>	<b>23,695</b>	<b>35,537</b>	<b>126,380</b>	<b>185,612</b>
 Net change in fund balances	 (12,026)	 (30,472)	 (71,177)	 (113,675)
Fund balances, beginning of year	103,998	35,181	886,287	1,025,466
Fund balances, end of year	<u>\$ 91,972</u>	<u>\$ 4,709</u>	<u>\$ 815,110</u>	<u>\$ 911,791</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, 2010  
(in thousands)

Net change in fund balances--total governmental funds \$ (113,675)

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	230,864	
Capital contribution	331,942	
Depreciation expense	<u>(99,873)</u>	
Net adjustment		462,933

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	(5,943)	
Gain on Disposal of Capital Assets	<u>5,639</u>	
		(304)

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.

4,248

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	(32,032)	
Refunding bonds	(157,415)	
General obligation bonds and certificates of obligation	(146,155)	
Repayments:		
Capital lease principal payment	2,570	
Sales Tax Refund Liability	791	
Note principal payment	1,941	
Payment to refunded bond escrow agent	182,181	
Bond principal payments	<u>197,445</u>	
Net adjustment		49,326

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.

Decrease in Accrued Interest Payable	500	
Bond issuance costs	1,603	
Amortization of premium, discount and refunding deferral	11,558	
Accretion on capital appreciation bonds	(15,072)	
Decrease in net pension asset	(5,031)	
Increase in other postemployment benefits	(18,661)	
Decrease in pollution remediation liability	2,088	
Decrease in compensated absences	11,340	
Decrease in arbitrage rebate liability	170	
Increase in landfill closure cost	(1,143)	
Increase in developer payable	(2,664)	
Increase in capital lease	<u>(116)</u>	
Total adjustment		(15,428)

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.

10,875

Change in net assets of governmental activities \$ 397,975

**CITY OF DALLAS, TEXAS**  
**GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES-NON-GAAP BUDGETARY BASIS**  
Year Ended September 30, 2010  
(in thousands)

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Ad valorem taxes	\$ 420,799	\$ 420,799	\$ 423,468	\$ 2,669
Sales tax	206,574	206,574	204,678	(1,896)
Other tax and franchise revenues	118,721	118,721	120,542	1,821
Licenses and permits	7,970	7,970	8,532	562
Intergovernmental	7,312	7,312	5,968	(1,344)
Services to others	147,799	147,799	144,440	(3,359)
Fines and forfeitures	44,050	44,050	40,131	(3,919)
Investment income	3,077	3,077	2,197	(880)
Other	9,512	9,612	10,625	1,013
Total revenues	<u>965,814</u>	<u>965,914</u>	<u>960,581</u>	<u>(5,333)</u>
<b>Expenditures:</b>				
<b>General government</b>				
City attorney's office	10,164	10,916	10,916	-
City auditor's office	2,254	2,254	2,179	75
Office of financial services	1,525	1,625	1,477	148
Independent audit	1,253	845	833	12
Dallas central appraisal district	3,355	3,355	3,347	8
Dallas county tax collection	554	554	554	-
Non-departmental	22,068	25,019	23,510	1,509
City Controller's Office	7,190	7,329	7,231	98
City manager's office	1,872	1,872	1,741	131
Municipal court - Judiciary	2,856	3,046	2,911	135
Court and detention services	11,066	11,281	10,584	697
Jail contract-Lew Sterrett	7,222	7,222	7,222	-
Civil service	1,183	1,310	1,310	-
Development services	1,535	1,536	1,279	257
Economic development	2,533	2,661	2,660	1
Mayor and city council	3,718	3,813	3,644	169
Management services	3,250	3,523	3,518	5
Human resources	3,304	3,177	2,673	504
Office of purchasing/business diversity	3,304	3,154	2,962	192
City secretary's office	1,464	3,041	2,957	84
Total general government	<u>91,670</u>	<u>97,533</u>	<u>93,508</u>	<u>4,025</u>
<b>Public safety</b>				
Dallas police department	412,704	418,976	418,901	75
Dallas fire department	201,252	201,715	201,685	30
9-1-1 systems operations	13,965	16,129	15,605	524
Total public safety	<u>627,921</u>	<u>636,820</u>	<u>636,191</u>	<u>629</u>
<b>Streets, street lighting, sanitation and code enforcement</b>				
Code compliance	28,399	28,561	27,906	655
Sanitation services	74,462	74,462	73,491	971
Street services	28,110	27,711	27,216	495
Street lighting	16,977	18,398	18,016	382
Total streets, street lighting, sanitation and code enforcement	<u>147,948</u>	<u>149,132</u>	<u>146,629</u>	<u>2,503</u>
<b>Public works and transportation</b>				
	<u>18,048</u>	<u>14,580</u>	<u>13,349</u>	<u>1,231</u>

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, 2010  
(in thousands)

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
Trinity Watershed Management	\$ 1,645	\$ 714	\$ 1,685	(971)
Equipment and building services	27,789	26,580	25,761	819
Culture and recreation				
Library	22,044	22,396	22,201	195
Office of cultural affairs	12,145	12,145	12,860	(715)
Park and recreation	64,267	66,369	65,701	668
Total culture and recreation	98,456	100,910	100,762	148
Housing	7,425	8,197	8,277	(80)
Total expenditures	1,020,902	1,034,466	1,026,162	8,304
Excess (deficiency) of revenues over (under) expenditures	(55,088)	(68,552)	(65,581)	2,971
Other financing sources (uses):				
Interfund transfers in	43,010	46,766	47,149	383
Interfund transfers out	(11,422)	(7,505)	(7,005)	500
Total other financing sources (uses)	31,588	39,261	40,144	883
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	(23,500)	(29,291)	(25,437)	3,854
Fund balances, beginning of year	113,977	94,938	137,118	-
Fund balances, end of year	\$ 90,477	\$ 65,647	\$ 111,681	\$ 3,854

See accompanying notes to basic financial statements.

**CITY OF DALLAS, TEXAS**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
As of September 30, 2010  
(in thousands)

	Business-type Activities Enterprise Funds				Total	Governmental Activities- Internal Service Funds
	Dallas Water Utilities	Convention Center	Airport Revenues	Nonmajor Enterprise Funds		
<b>Assets</b>						
<b>Current assets:</b>						
Pooled cash and cash equivalents	\$ 118,942	\$ 71,782	\$ 67,686	\$ 9,071	\$ 267,481	\$ 24,129
Receivables:						
Accounts	67,909	1,124	2,031	984	72,048	94
Taxes	-	7,154	-	-	7,154	-
Accrued interest	2,224	413	383	62	3,082	84
Allowance for uncollectibles	(18,996)	(877)	(15)	(2)	(19,890)	-
Due from other governments	-	-	3,728	-	3,728	-
Due from other funds	352	370	-	-	722	12
Prepaid items	-	-	-	-	-	29
Inventories, at cost	10,161	127	246	-	10,534	3,915
Restricted assets:						
Customer assessments	624	-	-	-	624	-
Pooled cash and cash equivalents for current debt service	114,783	-	-	-	114,783	-
Cash and cash equivalents Held for construction purposes	130,875	-	-	-	130,875	-
Customer deposits:						
Pooled cash and cash equivalents	9,160	-	-	-	9,160	-
Other	-	485	-	-	485	1,855
Total current assets	<u>436,034</u>	<u>80,578</u>	<u>74,059</u>	<u>10,115</u>	<u>600,786</u>	<u>30,118</u>
<b>Noncurrent assets:</b>						
<b>Capital Assets:</b>						
Land	77,765	87,820	52,886	900	219,371	1,696
Water Rights	353,910	-	-	-	353,910	-
Construction in progress	349,203	1,997	36,807	302	388,309	1,922
Buildings	391,082	548,178	380,576	337	1,320,173	4,435
Improvements other than buildings	55,282	68,754	144,009	273	268,318	989
Infrastructure assets	428,879	11,094	5,286	-	445,259	1,821
Equipment	452,989	40,035	31,454	3,591	528,069	174,032
Utility property	3,043,999	-	-	-	3,043,999	-
Accumulated depreciation	<u>(1,493,288)</u>	<u>(219,349)</u>	<u>(194,155)</u>	<u>(3,102)</u>	<u>(1,909,894)</u>	<u>(151,115)</u>
Total capital assets	<u>3,659,821</u>	<u>538,529</u>	<u>456,863</u>	<u>2,301</u>	<u>4,657,514</u>	<u>33,780</u>
<b>Other noncurrent assets:</b>						
<b>Restricted assets:</b>						
Pooled cash and cash equivalents for future debt service	2,303	-	-	-	2,303	-
Other investments for future debt service at fair value	83,686	23,019	-	-	106,705	-
Cash and cash equivalents held by escrow agent	15,455	-	-	-	15,455	-
Notes receivable from other funds	4,385	-	-	-	4,385	-
Net pension asset	79,486	5,685	7,437	14,467	107,075	-
Other assets	9,847	4,833	-	-	14,680	-
Total other noncurrent assets	<u>195,162</u>	<u>33,537</u>	<u>7,437</u>	<u>14,467</u>	<u>250,603</u>	<u>-</u>
Total noncurrent assets	<u>3,854,983</u>	<u>572,066</u>	<u>464,300</u>	<u>16,768</u>	<u>4,908,117</u>	<u>33,780</u>
<b>Total assets</b>	<u>\$ 4,291,017</u>	<u>\$ 652,644</u>	<u>\$ 538,359</u>	<u>\$ 26,883</u>	<u>\$ 5,508,903</u>	<u>\$ 63,898</u>

See accompanying notes to basic financial statements.



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

As of September 30, 2010  
(in thousands)

	Business-type Activities				Total	Governmental Activities- Internal Service Funds
	Enterprise Funds					
	Dallas Water Utilities	Convention Center	Airport Revenues	Nonmajor Enterprise Funds		
<b>Liabilities</b>						
Current liabilities:						
Accrued payroll	\$ 2,425	\$ 184	\$ 283	\$ 350	\$ 3,242	\$ 874
Accounts payable	17,727	2,777	8,165	89	28,758	8,227
Compensated absences	4,695	412	566	898	6,571	1,494
Due to other governments	-	4	-	-	4	-
Unearned Revenue	-	182	531	-	713	6
Estimated unpaid health claims	-	-	-	-	-	7,904
Estimated unpaid claims - general	-	-	-	-	-	7,789
Workers' compensation	-	-	-	-	-	14,523
Accrued interest on bonds and notes	273	18	205	44	540	-
Revenue bonds	-	-	7,065	-	7,065	-
Pension obligation bonds	2,085	149	195	382	2,811	-
Notes payable	-	1,168	215	-	1,383	-
Other	-	-	-	743	743	365
Total current liabilities	<u>27,205</u>	<u>4,894</u>	<u>17,225</u>	<u>2,506</u>	<u>51,830</u>	<u>41,182</u>
Current liabilities (payable from restricted assets):						
Construction accounts payable	60,639	-	-	-	60,639	-
Commercial paper notes payable	58,000	-	-	-	58,000	-
Accrued bond interest payable	38,917	2,224	-	-	41,141	-
Revenue bonds	73,445	1,730	-	-	75,175	-
Total current liabilities (payable from restricted assets)	<u>231,001</u>	<u>3,954</u>	<u>-</u>	<u>-</u>	<u>234,955</u>	<u>-</u>
Total current liabilities	<u>258,206</u>	<u>8,848</u>	<u>17,225</u>	<u>2,506</u>	<u>286,785</u>	<u>41,182</u>
Noncurrent liabilities:						
Notes payable	-	9,671	1,485	-	11,156	-
Revenue bonds	1,796,194	329,928	-	-	2,126,122	-
Accreted interest on pension obligation bonds	17,209	1,228	1,613	3,133	23,183	-
Pension obligation bonds	84,297	6,000	7,898	15,356	113,551	-
Total long-term debt	<u>1,897,700</u>	<u>346,827</u>	<u>10,996</u>	<u>18,489</u>	<u>2,274,012</u>	<u>-</u>
Other long-term liabilities:						
Estimated unpaid claims - general	-	-	-	-	-	9,261
Other postemployment benefits	10,857	770	1,371	1,281	14,279	3,192
Workers compensation	-	-	-	-	-	46,856
Customer deposits	9,238	561	-	-	9,799	-
Customer construction advances	1,930	-	-	-	1,930	-
Compensated absences	6,321	554	761	1,209	8,845	2,010
Total other long-term liabilities	<u>28,346</u>	<u>1,885</u>	<u>2,132</u>	<u>2,490</u>	<u>34,853</u>	<u>61,319</u>
Total noncurrent liabilities	<u>1,926,046</u>	<u>348,712</u>	<u>13,128</u>	<u>20,979</u>	<u>2,308,865</u>	<u>61,319</u>
Total liabilities	<u>2,184,252</u>	<u>357,560</u>	<u>30,353</u>	<u>23,485</u>	<u>2,595,650</u>	<u>102,501</u>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	1,880,460	202,032	448,313	2,301	2,533,106	33,780
Restricted:						
Revenue bond requirements	161,855	23,019	-	-	184,874	-
Unrestricted	64,450	70,033	59,693	1,097	195,273	(72,383)
Total net assets	<u>\$ 2,106,765</u>	<u>\$ 295,084</u>	<u>\$ 508,006</u>	<u>\$ 3,398</u>	<u>\$ 2,913,253</u>	<u>\$ (38,603)</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, 2010  
(in thousands)

	Business-type Activities Enterprise Funds					Governmental Activities- Internal Service Funds
	Dallas Water Utilities	Convention Center	Airport Revenues	Nonmajor Enterprise Funds	Total	
Operating revenues:						
Customer charges	\$ 467,527	\$ 14,179	\$ 59,229	\$ 21,356	\$ 562,291	\$ -
Charges to other City departments	-	-	-	-	-	177,090
Service to others	-	4,925	-	-	4,925	43,516
Intergovernmental	-	1	623	-	624	-
Other	-	-	454	72	526	872
Total operating revenues	<u>467,527</u>	<u>19,105</u>	<u>60,306</u>	<u>21,428</u>	<u>568,366</u>	<u>221,478</u>
Operating expenses:						
Personnel services	84,184	7,148	10,277	13,011	114,620	44,763
Supplies and materials	75,896	3,549	3,840	560	83,845	23,820
Contractual and other services	98,426	27,499	15,994	4,895	146,814	130,100
Depreciation	99,283	18,060	12,587	234	130,164	7,141
Total operating expenses	<u>357,789</u>	<u>56,256</u>	<u>42,698</u>	<u>18,700</u>	<u>475,443</u>	<u>205,824</u>
Operating income (loss)	<u>109,738</u>	<u>(37,151)</u>	<u>17,608</u>	<u>2,728</u>	<u>92,923</u>	<u>15,654</u>
Nonoperating revenues (expenses):						
Investment income	2,677	793	554	73	4,097	83
Alcohol beverage tax	-	7,398	-	-	7,398	-
Motor vehicle rental tax	-	4,373	-	-	4,373	-
Hotel occupancy tax	-	42,114	-	-	42,114	-
Interest on bonds and notes	(67,961)	(20,800)	(1,072)	(990)	(90,823)	-
Net gain (loss) on property disposals	(93)	-	10	-	(83)	(238)
Total nonoperating revenues (expenses)	<u>(65,377)</u>	<u>33,878</u>	<u>(508)</u>	<u>(917)</u>	<u>(32,924)</u>	<u>(155)</u>
Income (loss) before transfers and contributions	44,361	(3,273)	17,100	1,811	59,999	15,499
Capital contributions	10,345	-	20,174	-	30,519	-
Transfers in	1,270	-	-	-	1,270	-
Transfers out	(13,308)	(4,266)	(4)	(5,200)	(22,778)	(4,624)
	<u>(1,693)</u>	<u>(4,266)</u>	<u>20,170</u>	<u>(5,200)</u>	<u>9,011</u>	<u>(4,624)</u>
Change in net assets	42,668	(7,539)	37,270	(3,389)	69,010	10,875
Net assets, beginning of year	<u>2,064,097</u>	<u>302,623</u>	<u>470,736</u>	<u>6,787</u>	<u>2,844,243</u>	<u>(49,478)</u>
Net assets, end of year	<u>\$ 2,106,765</u>	<u>\$ 295,084</u>	<u>\$ 508,006</u>	<u>\$ 3,398</u>	<u>\$ 2,913,253</u>	<u>\$ (38,603)</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, 2010  
(in thousands)

	Business-type Activities Enterprise Funds		
	Dallas Water Utilities	Convention Center	Airport Revenues
Cash flows from operating activities:			
Cash received from customers	\$ 474,241	\$ 18,528	\$ 60,091
Cash payments to suppliers for goods and services	(78,121)	(3,563)	(3,743)
Cash payments to employees for services	(77,542)	(6,709)	(9,515)
Cash payments for contractual services	(103,274)	(27,341)	(14,365)
Other operating cash receipts (payments)	(1,701)	(992)	(1,242)
Net cash provided by (used in) operating activities	<u>213,603</u>	<u>(20,077)</u>	<u>31,226</u>
Cash flows from non capital financing activities:			
Alcohol beverage tax	-	7,398	-
Motor vehicle tax	-	4,373	-
Hotel occupancy tax	-	42,114	-
Transfers from other funds	1,270	-	-
Transfers to other funds	(13,308)	(4,266)	(4)
Net cash provided by (used in) non capital financing activities	<u>(12,038)</u>	<u>49,619</u>	<u>(4)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(214,400)	(1,852)	(18,530)
Proceeds from sale of capital assets	-	-	40
Proceeds from sale of revenue refunding bonds	317,166	-	-
Payment to refunding bond escrow agent	(80,200)	-	-
Principal paid on revenue and general obligation bond maturities	(95,330)	(15,593)	(7,097)
Principal paid on notes payable	-	(1,790)	(206)
Interest paid on bonds	(81,716)	(18,797)	(882)
Bond issuance costs	-	-	-
Proceeds from sale of commercial paper notes	123,503	-	-
Retirement of commercial paper notes	(235,486)	-	-
Interest paid on commercial paper	(2,249)	-	-
Capital contribution	-	-	6,467
Increase in arbitrage rebate liability	(146)	-	-
Net cash provided by (used in) capital and related financing activities	<u>(268,858)</u>	<u>(38,032)</u>	<u>(20,208)</u>
Cash flows from investing activities:			
Purchase of investments	(59,397)	(22,986)	-
Maturity of investments	25,780	21,172	-
Investment income	4,271	1,287	514
Net cash provided by (used in) investing activities	<u>(29,346)</u>	<u>(527)</u>	<u>514</u>
Net increase (decrease) in cash and cash equivalents	(96,639)	(9,017)	11,528
Cash and cash equivalents, beginning of year	488,157	80,799	56,158
Cash and cash equivalents, end of year	<u>\$ 391,518</u>	<u>\$ 71,782</u>	<u>\$ 67,686</u>

See accompanying notes to basic financial statements.

Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
\$ 21,276	\$ 574,136	\$ 221,443
(889)	(86,316)	(27,030)
(12,842)	(106,608)	(44,143)
(4,918)	(149,898)	(136,332)
-	(3,935)	-
<u>2,627</u>	<u>227,379</u>	<u>13,938</u>
-	7,398	-
-	4,373	-
-	42,114	-
-	1,270	-
<u>(5,200)</u>	<u>(22,778)</u>	<u>(4,624)</u>
<u>(5,200)</u>	<u>32,377</u>	<u>(4,624)</u>
(22)	(234,804)	(10,531)
-	40	(238)
-	317,166	-
-	(80,200)	-
(645)	(118,665)	-
-	(1,996)	-
(374)	(101,769)	-
-	-	-
-	123,503	-
-	(235,486)	-
-	(2,249)	-
-	6,467	-
-	(146)	-
<u>(1,041)</u>	<u>(328,139)</u>	<u>(10,769)</u>
-	(82,383)	-
-	46,952	-
79	6,151	113
<u>79</u>	<u>(29,280)</u>	<u>113</u>
(3,535)	(97,663)	(1,342)
12,606	637,720	25,471
<u>\$ 9,071</u>	<u>\$ 540,057</u>	<u>\$ 24,129</u>

See accompanying notes to basic financial statements.

**CITY OF DALLAS, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (continued)**  
Year Ended September 30, 2010  
(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)	\$ 109,738	\$ (37,151)	\$ 17,608
Adjustments not affecting cash:			
Depreciation	99,283	18,060	12,587
Change in assets and liabilities			
(Increase) Decrease in accounts and other receivables	5,805	(263)	61
(Increase) Decrease in notes receivables from other funds	175	-	-
(Increase) Decrease in inventories	(2,225)	-	97
(Increase) Decrease in other assets	29	(152)	120
(Increase) Decrease in due from other governments	-	-	(1,242)
(Increase) Decrease in due from other funds	-	(740)	-
Increase (Decrease) in due to other funds	(445)	-	-
Increase (Decrease) in due to other governments	-	(8)	-
Increase (Decrease) in accounts and contracts payable	(4,656)	158	1,629
Increase (Decrease) in accrued payroll	617	47	92
Increase (Decrease) in compensated absences	1,776	82	120
Increase (Decrease) in allowance for doubtful accounts	462	(291)	15
Increase (Decrease) in unearned revenue	-	(123)	(291)
Increase (Decrease) in customer deposits	272	100	-
Increase (Decrease) in other post employment benefits	2,964	218	430
Increase (Decrease) in customer construction advances	(192)	-	-
Increase (Decrease) in other liabilities	-	(14)	-
Total adjustments	<u>103,865</u>	<u>17,074</u>	<u>13,618</u>
Net cash provided by (used in) operating activities	<u>213,603</u>	<u>(20,077)</u>	<u>31,226</u>
Current Assets:			
Pooled cash and cash equivalents	118,942	71,782	67,686
Pooled cash and cash equivalents for current debt service	114,783	-	-
Customer Deposits pooled cash and cash equivalents	9,160	-	-
Held for Construction purposes:			
Cash and cash equivalents held by escrow agent	15,455	-	-
Cash and cash equivalents	130,875	-	-
Pooled cash and cash equivalents for future debt service	2,303	-	-
Total cash and cash equivalents end of year	<u>\$ 391,518</u>	<u>\$ 71,782</u>	<u>\$ 67,686</u>
Noncash investing, capital, and financing activities:			
Capital contribution	10,345	-	13,707
Change in fair value of non-pooled investments	(784)	(298)	-
Change in fair value of pooled investments	(3,431)	(564)	(381)
Premium/discount amortization	7,832	525	68
Bond issuance cost amortization	572	175	-
Accretion on capital appreciation bonds	3,789	270	355
Amortization of deferred gain/loss on refunding	2,012	1,762	-

See accompanying notes to basic financial statements.

Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
\$ 2,728	\$ 92,923	\$ 15,654
234	130,164	7,141
(152)	5,451	(35)
-	175	-
-	(2,128)	(476)
233	230	(1)
-	(1,242)	-
-	(740)	-
-	(445)	-
-	(8)	-
(23)	(2,892)	(1,278)
(35)	721	158
156	2,134	(528)
-	186	-
-	(414)	-
-	372	-
(185)	3,427	990
-	(192)	-
(329)	(343)	(7,687)
(101)	134,456	(1,716)
<u>2,627</u>	<u>227,379</u>	<u>13,938</u>
9,071	267,481	24,129
-	114,783	-
-	9,160	-
-	15,455	-
-	130,875	-
-	2,303	-
<u>\$ 9,071</u>	<u>\$ 540,057</u>	<u>\$ 24,129</u>
-	24,052	-
-	(1,082)	-
(96)	(4,472)	(176)
69	8,494	-
-	747	-
690	5,104	-
	3,774	-

See accompanying notes to basic financial statements.

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

As of September 30, 2010  
(in thousands)

	Agency Funds	Pension Trust Funds (1)
	<u>          </u>	<u>          </u>
<b>Assets</b>		
Pooled cash and cash equivalents	\$ 4,386	\$ -
Cash and cash equivalents	-	456,601
Receivables:		
Accounts	32	188,135
Accrued interest	26	12,049
Domestic equities	-	914,290
U.S. and foreign government securities	-	167,335
Domestic corporate fixed income	-	539,799
International equities and fixed income	-	549,403
Commingled index funds	-	355,299
Private equities and venture capital funds	-	3,713
Plan interest in Group Master Trust	-	2,890,705
Total assets	<u>4,444</u>	<u>6,077,329</u>
<b>Liabilities</b>		
Accounts payable	1,001	4,597
Payable for securities purchased	-	23,939
Securities lending obligation	-	370,363
Other	3,443	184,611
Total liabilities	<u>4,444</u>	<u>583,510</u>
<b>Net Assets</b>		
Held in trust for pension benefits	<u>-</u>	<u>5,493,819</u>
Total net assets	<u>\$ -</u>	<u>\$ 5,493,819</u>

(1) Information presented for the pension trust funds is as of December 31, 2009.



**CITY OF DALLAS, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
Year Ended September 30, 2010  
(in thousands)

	<u>Pension Trust Funds (1)</u>
Additions:	
Contributions:	
Employer	\$ 134,309
Employee	51,869
Total contributions	<u>186,178</u>
Net investment income:	
Dividends	34,573
Interest	42,697
Net depreciation in fair value of investments	549,631
Net investment loss from Group Master Trust	381,498
Securities lending income	1,913
Less investment expenses:	
Investment management fees	(8,859)
Custody fees	(150)
Consultant fees	(310)
Securities lending management fees	(318)
Total investment expenses	<u>(9,637)</u>
Net investment income	1,000,675
Other income	<u>345</u>
Total increases	<u>1,187,198</u>
Deductions:	
Benefit payments	329,307
Refund of contributions	5,044
Administrative expenses	9,853
Total deductions	<u>344,204</u>
Net increase in net assets available for benefits	842,994
Net assets held in trust for pension benefits:	
Beginning of year	<u>4,650,825</u>
End of year	<u><u>\$ 5,493,819</u></u>

(1) Information presented for the pension trust funds is as of December 31, 2009.

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

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**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

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 accounting principles generally accepted in the United States of America (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 proprietary funds and the government-wide financial statements 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, although legally separate entities, are included as part of the primary government because they meet the above criteria as well as serve or benefit the City exclusively. The information reported for the pension trust funds is as of December 31, 2009.

- 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. 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.

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

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 1. Summary of Significant Accounting Policies (continued)

B. Reporting Entity (continued)

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. It's primary purpose is to issue revenue bonds to finance major improvements by developers.
- Dallas Development Fund – organized to assist in carrying out the economic development program and objectives of the City by generating private investment capital through the New Markets Tax Credit Program to be made available for investment in low-income communities.
- Dallas Convention Center Hotel Development Corporation – organized to promote the development of the geographic area of the City included at or in the vicinity of the Dallas Convention Center, in furtherance of the promotion, development, encouragement and maintenance of employment, commerce, convention and meeting activity, tourism, and economic development in the City, including specifically, without limitation, the development and financing of a convention center hotel to be located within 1,000 feet of the Dallas Convention Center.

Entity financial statements are available for all of the above entities by contacting the City Controller's Office, 1500 Marilla, Room 4BN, 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 the 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 DFW 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, 2010

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 are 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, landfill closure and post-closure care costs, other postemployment benefits, and pollution remediation 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.

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

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, 2010

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, Denton, Collin, and Rockwall Central Appraisal Districts 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, 2010 were 97.67 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 2010 was \$0.7479 per \$100 dollars of assessed valuation, \$0.4918 for general governmental services and \$0.2561 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 expenses) when consumed.

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

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, 2010. 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, 2010 was \$10.5 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

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, 2010

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. Receivables that will not be collected within the available period are reported as deferred revenue on the fund financial statements and reclassified to revenue on the government-wide financial statements. 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.

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.

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 1. Summary of Significant Accounting Policies (continued)

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

There are three deferred compensation plans. Two of these plans are voluntary for city employees who participate in the city's pension plans. The third plan is mandatory for all employees and councilmembers who are not covered by the city's pension plans. These plans comply with sections 401(k) and 457(b) of the Internal Revenue Code. Participants in the city's voluntary 457 and 401(k) plans have full discretion to choose investments from a list of standard plan options, a linked brokerage account, and a commingled pool managed by Fidelity Management Trust Company. The list of standard plan options includes mutual funds with varying styles and levels of investment risk. All the account balances in the mandatory 457 plan are invested in the same commingled pool. All contributions to these plans are deferred by plan participants from their compensation and all the earnings are allocated to each participant's account. Distributions from all the deferred compensation plans are available after termination of employment. Additionally, participants in the city's voluntary plans may also take out loans and may receive hardship withdrawals in accordance with federal regulations. The assets held in these plans are not included in the city's financial statements and cannot be used for purposes other than the exclusive benefit of the participants or their beneficiaries or to pay the reasonable expenses of plan administration.

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, 2010

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 2010, the City adopted the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement Number 51, "Accounting and Financial Reporting for Intangible Assets" 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. Additions of intangible capital assets were \$3.3 million during the fiscal year.

GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments" 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 implementation of this statement did not result in any change to the financial statements.

GASB Statement Number 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies" provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. 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 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, 2011. 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 result in reclassifications of fund balance categories on the financial statements.

GASB Statement Number 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Employer Plans" will be implemented by the City as required by the GASB during the fiscal year ending September 30, 2012. This statement addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The implementation of this statement will not result in any change to the financial statements.

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

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 (deficiency) of revenues and other financing sources under expenditures and other uses--budgetary basis	\$ (25,437)
Change in fair market value of investments	(618)
Change in encumbrances	7,003
Funds not included in General fund budget	(213)
Revenue recognized for GAAP basis but not budgetary basis	11,399
Other items budgeted on a non-GAAP basis	(4,160)
Excess (deficiency) of revenues and other financing sources under expenditures and other uses--GAAP basis	<u><u>\$ (12,026)</u></u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

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 \$24 million is as follows:

9-1-1 Program	\$ 2,599
Cultural Programs	738
Risk reserve	1,250
Future expenditures	971
Emergencies	17,563
Contingencies	1,367
Total	\$ 24,488

The Risk Fund has a deficit net asset balance of \$84 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, 2010

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 (Chapter 2256, Texas Government Code) 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 approved 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, agency funds, and discretely presented component units at September 30, 2010, is presented below. However, the cash and investment balances of the pension trust funds and discretely presented component units reflect the balances as of December 31, 2009, their fiscal year-end.

	Cash and Pooled Investments with City Treasury	Other Cash and Investments Pension Trust	Total	Cash with Discretely Presented Component Units
Pooled cash and investments	\$ 441,250	\$ -	\$ 441,250	\$ 571
Cash and cash equivalents	-	456,601	456,601	-
Other investments	14,490	5,420,544	5,435,034	4,625
Restricted cash and investments	1,171,608	-	1,171,608	451,504
Total	<u>\$ 1,627,348</u>	<u>\$ 5,877,145</u>	<u>\$ 7,504,493</u>	<u>\$ 456,700</u>

A summary of the carrying amount of cash on hand, deposits and investments at fiscal year-end, is as follows:

	Cash and Pooled Investments with City Treasury	Other Cash and Investments Pension Trust	Total	Cash with Discretely Presented Component Units
Deposits	\$ 79,637	\$ 456,601	\$ 536,238	\$ 6,988
Investments	<u>1,547,711</u>	<u>5,420,544</u>	<u>6,968,255</u>	<u>449,712</u>
Total	<u>\$ 1,627,348</u>	<u>\$ 5,877,145</u>	<u>\$ 7,504,493</u>	<u>\$ 456,700</u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 3. Cash, Deposits and Investments (continued)

At September 30, 2010, the City had the following investments:

Categorized Investments:	
United States Treasury Notes	\$ 76,293
Federal Farm Credit Bank Notes	188,775
Federal Home Loan Bank Notes	354,880
Federal Home Loan Mortgage Corporation Notes	294,315
Federal Home Loan Mortgage Corporation Notes Callable	33,476
Federal National Mortgage Association Notes	310,672
Federal National Mortgage Association Notes Callable	10,983
Total Categorized Investments	<u>\$ 1,269,394</u>
Investments Not Categorized:	
BlackRock Money Muni Fund	37,832
Columbia Government Fund - Trinity Escrow Fund	2,021
Columbia Government Fund - Oncor Escrow Fund	540
Federated Government Fund	319
First American Government Obligation Money Market Fund	15,455
Federated Tax-Free Fund	7,843
AIM Government Fund	18,486
Reserve Primary Fund	20
Non-expendable Trust Funds	8,377
TexPool - Money Market Mutual Funds	100,100
TexStar - Money Market Mutual Funds	87,324
Total Investments Not Categorized	<u>\$ 278,317</u>
Total General and Investment Pool Programs	<u>\$ 1,547,711</u>

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**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 3. Cash, Deposits and Investments (continued)

At December 31, 2009, 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	\$	914,290
U.S. and Foreign Government Securities		167,335
Domestic Corporate Fixed Income		539,799
International Equities		549,403
Dallas Police and Fire Pension System		
Plan Interest in Group Master Trust		2,870,025
Plan Interest in Group Master Trust - Supplemental		20,680
	Total Categorized \$	5,061,532
Investments Not Categorized:		
Employees' Retirement Fund		
Venture Capital	\$	5
Private Equities		3,708
Commingled Index Funds		355,299
	Total Not Categorized \$	359,012
	Total Investments in City's Pension Trust Funds \$	5,420,544

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 require that the amount of all deposits in excess of those that are federally insured be secured. The City's investment policy and the contract with its depository bank provide that the bank continuously pledge and maintain collateral in a form and amount in compliance with the approved policy. 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, 2010

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	\$ -	\$ 98,690
Cash and cash equivalents - Pension Trust Funds	456,601	456,601
Total	\$ 456,601	\$ 555,291

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, 2009. 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 99.284% at December 31, 2009. The Supplemental Plan's interest in the Group Trust was approximately 0.716% at December 31, 2009. 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, 2009

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**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 3. Cash, Deposits and Investments (continued)

The following summarizes the fair value of investments for the Group Trust as of December 31, 2009.

Investments, at fair value		
Cash and cash equivalents	\$	357,488
United States Government Securities		9,008
United States government sponsored enterprises		4,145
Foreign government securities		95,161
Commingled funds		21,173
Domestic equities		431,665
International equities		1,264,842
Corporate securities		342,764
Investments, at appraised value - real estate equity funds		1,123,902
Total Investments		<u>3,650,148</u>
Receivables:		
Accrued interest and dividends		8,363
Forward currency contracts		159,951
Securities sold		1,923
Total receivables		<u>170,237</u>
Total assets		<u>3,820,385</u>
Liabilities and Net Assets		
Repurchase loan agreement		31,147
Payable for securities purchased		77,255
Professional fees payable		3,389
Forward currency contracts		159,017
Securities lending collateral		220,696
Line of Credit		438,176
Total liabilities		<u>929,680</u>
Net assets in the Group Trust	\$	<u>2,890,705</u>

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**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 3. Cash, Deposits and Investments (continued)

Deposit and Investment Risk Disclosures

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, 2009, \$98,690 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.

On October 13, 2008, the FDIC adopted the Temporary Liquidity Guarantee Program (TLGP). The Program provides full coverage of non-interest bearing deposit transaction accounts. The coverage was in effect until the end of calendar 2009. In its most recent amendment, this date was extended to December 31, 2010. Due to this program, at September 30, 2010, there were no uninsured deposits.

Fully collateralized and insured deposits held by custodian banks:

Demand Deposits	\$ 98,690
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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, 2010, the City's investments held by the counterparty, and not insured, are as follows:

Security Type	Fair Value
U.S. Treasury Securities	\$ 76,293
U.S. Agency Securities	1,193,101
Total	\$ <u>1,269,394</u>

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 \$687, or .026% of the total Plan investments of \$1.9 billion exposed to custodial credit risk as follows:

Uninsured and uncollateralized held by custodian bank outside the United States	\$687
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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, 2010

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)	\$ 321,655	21.09%
Federal Home Loan Mortgage Corporation (FHLMC)	327,791	21.50%
Federal Home Loan Bank (FHLB)	354,880	23.28%
Federal Farm Credit Bank (FFCB)	188,775	12.39%
<b>Total Agency Securities</b>	<b>\$ <u>1,193,101</u></b>	<b><u>78.26%</u></b>

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'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.

<u>Agency Securities by Issuer</u>	<u>Fair Value</u>	<u>% of Total Portfolio</u>
NTGI S&P 500 Equity Index Fund	\$ 243,874	8.17%
Investments less than 5% of net assets	2,742,566	91.83%
<b>Total Cash and Investments</b>	<b>\$ <u>2,986,440</u></b>	<b><u>100.00%</u></b>

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&amp;P/Moody's Ratings</u>
Money Market Mutual Funds and Pools	\$ 254,485	16.74%	AAAM/Aaa
U.S. Treasury Securities	76,293	5.00%	NR
U.S. Agency securities	1,193,101	78.26%	AAA/Aaa
<b>Total Portfolio</b>	<b>\$ <u>1,523,879</u></b>	<b><u>100.00%</u></b>	

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

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, 2009 are as follows:

Quality Rating	Fair Value	% of Bond Portfolio
AAA	\$ 206,004	29.13%
AA1	5,646	0.80%
AA2	7,864	1.11%
AA3	5,708	0.81%
A1	7,974	1.13%
A2	23,658	3.35%
A3	14,086	1.99%
BAA1	20,461	2.89%
BAA2	28,182	3.99%
BAA3	18,115	2.56%
BA1	30,651	4.33%
BA2	47,425	6.71%
BA3	84,732	11.98%
B1	69,668	9.85%
B2	41,047	5.80%
B3	47,867	6.77%
CAA1	12,955	1.83%
CAA2	9,968	1.41%
CAA3	3,228	0.46%
CA	136	0.02%
C	278	0.04%
D	3,331	0.47%
Not Rated	12,436	1.76%
U.S. Government fixed income securities - NR	<u>5,714</u>	0.81%
Total	<u>\$ 707,134</u>	100.00%

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**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

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, 2010 is as follows:

<u>Type</u>	<u>Moody Rating</u>	<u>Amount</u>	<u>Percentage of Holdings</u>
Corporate Securities:			
Convertible Bonds:			
	B	\$ -	0.00%
	NR	3,348	0.71%
Total Convertible Bonds:		\$ 3,348	0.71%
Corporate Bonds:			
	Aaa	\$ 6,775	1.43%
	Aa+	454	0.10%
	Aa	3,024	0.64%
	Aa-	2,837	0.60%
	A+	4,560	0.97%
	A	6,319	1.34%
	A-	2,834	0.60%
	Bbb+	6,741	1.43%
	Bbb	9,842	2.08%
	Bbb-	15,062	3.19%
	Bb+	6,069	1.29%
	Bb	21,985	4.66%
	Bb-	34,003	7.20%
	B+	24,432	5.17%
	B	22,625	4.79%
	B-	13,934	2.95%
	Ccc+	17,460	3.70%
	Ccc	11,040	2.34%
	Ccc-	3,147	0.67%
	D	7,168	1.52%
	NR	107,918	22.85%
Total Corporate Bonds:		\$ 328,229	69.50%

continued

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 3. Cash, Deposits and Investments (continued)

Mortgage Bonds:				
	Aaa	\$ 1,186	0.25%	
	Aa	691	0.15%	
	A+	504	0.11%	
	Bb-	485	0.10%	
	B	701	0.15%	
	B-	1,243	0.26%	
	Ccc	940	0.20%	
	NR	4,767	1.01%	
	Total Mortgage Bonds:	<u>\$ 10,517</u>	<u>2.23%</u>	
	Total Corporate Securities:	<u>342,094</u>	<u>72.46%</u>	
Foreign Government Securities:				
	Aaa	\$ 23,901	5.05%	
	Aa+	2,497	0.53%	
	Aa	14,525	3.08%	
	Aa-	575	0.12%	
	A+	2,364	0.50%	
	A	18,555	3.93%	
	A-	5,343	1.13%	
	Bbb+	734	0.16%	
	Bbb	991	0.21%	
	Bbb-	1,220	0.26%	
	Bb-	4,893	1.04%	
	B	1,181	0.25%	
	D	1,329	0.28%	
	NR	17,053	3.61%	
	Total Foreign Government Securities	<u>\$ 95,161</u>	<u>20.15%</u>	
Municipal Bonds:				
	Municipal Bond(s)	Aaa	\$ 670	0.14%
	Total Municipal Bonds:	<u>\$ 670</u>	<u>0.14%</u>	
Commingled:				
	Various	NR	\$ 21,173	4.48%
	Total Commingled:	<u>\$ 21,173</u>	<u>4.48%</u>	
	Total Credit Risk Debt Securities:	<u><u>\$ 459,098</u></u>	<u><u>97.23%</u></u>	

Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government totaling \$13,152 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, 2010

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 City's investments at September 30, 2010 is as follows:

<u>Security Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (days)</u>
Money Market Mutual Funds and Pools	\$ 254,485	1
U.S. Treasury Securities	76,293	353
U.S. Agency Securities	1,193,101	248
Total Portfolio	<u>\$ 1,523,879</u>	211

In the Employee's Retirement Fund, Government Mortgage Backed Securities are most sensitive to changes in interest rates as their prepayments 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 14% of the total fixed income portfolio with a fair market value of \$100,592 at year end 2009. The Plan's interest rate risk policy is communicated to the fixed income managers through the Fixed Income Asset Policy and each manager's guidelines.

As of December 31, 2009, 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	\$ 13,951	5.01
Bank Loans	17,985	4.20
Commercial Mortgage-Backed	32,735	29.47
Corporate Bonds	463,064	38.86
Government Agencies	11,773	5.41
Government Bonds	45,442	10.80
Government Mortgage-Backed Securities	100,592	7.81
Government Issued Commercial Mortgage-Backed Securities	148	9.41
Guaranteed Fixed Income	1,492	1.46
Index Linked Government Bonds	7,478	10.30
Municipal/Provincial Bonds	735	12.05
Non-Government Backed C.M.O.s	11,739	26.12
Total	<u>\$ 707,134</u>	
Portfolio weighted average maturity in years:		29.47



**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 3. Cash, Deposits and Investments (continued)

Interest Rate Risk (continued)

As of December 31, 2009, the Dallas Police and Fire Pension Plans had the following investments and maturities:

Investment Type	Fair Value	Investment Maturity in Years			
		Less Than 1 Year	1 - 5 Years	6 - 10 Years	More Than 10 Years
Fixed maturity domestic:					
U.S. Treasury Securities	\$ 9,008	\$ -	\$ 273	\$ 5,139	\$ 3,596
U.S. Gov't Agency Securities	4,145	-	394	656	3,095
Municipal Bonds	670	-	-	-	670
Collateralized Mortgage Obligation	10,517	-	-	-	10,517
Corporate Bonds	328,229	11,811	106,169	55,964	154,285
Commingled Funds	21,173	-	-	-	21,173
Convertible Bonds	3,348	-	3,348	-	-
International government bonds:					
Australian Dollar	14,311	-	3,792	10,519	-
Brazil Real	4,699	738	-	-	3,961
British Pound Sterling	10,425	6,664	189	1,492	2,080
Canadian Dollar	2,721	2,721	-	-	-
EURO Currency	15,225	-	1,351	7,452	6,422
Iceland Krona	344	344	-	-	-
Indonesian Rupiah	2,506	2,506	-	-	-
Japanese Yen	14,066	4,217	6,398	2,193	1,258
Korean Won	1,292	-	-	1,292	-
Malaysian Ringgit	3,988	275	3,713	-	-
Mexican New Peso	8,028	-	3,534	2,531	1,963
New Zealand Dollar	4,292	1,220	3,072	-	-
Norway Krone	17	17	-	-	-
Poland New Zloty	6,586	-	1,522	5,064	-
South African Rand	1,072	-	-	-	1,072
Swedish Krona	5,589	-	3,666	-	1,923
Total	\$ 472,251	\$ 30,513	\$ 137,421	\$ 92,302	\$ 212,015

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, 2010

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 18.37% of invested assets at December 31, 2009. The Fund's positions in such fixed income assets invested directly were 0.60% of invested assets at December 31, 2009. Employees' Retirement Fund non-US Dollar denominated investments at December 31, 2009 were as follows:

Currency	Investment Type	Balance of Investment (U.S. Dollars)
Australian Dollars	Equity	\$ 8,827
Australian Dollars	Fixed Income	1,663
Brazil Real	Equity	1,702
Brazil Real	Fixed Income	5,339
British Pound Sterling	Equity	57,327
Canadian Dollars	Equity	3,836
Canadian Dollars	Fixed Income	1,467
Denmark Krone	Equity	13
Euro	Equity	118,408
Euro	Fixed Income	4,136
Hong Kong Dollars	Equity	7,761
Hugary Forint	Equity	324
Indonesia Rupiahs	Equity	1,482
Israel Shekel	Equity	2,650
Iceland Krona	Fixed Income	348
Japanese Yen	Equity	60,544
Korean Won	Equity	9,009
Malaysia Ringgit	Equity	3,236
Mexican Peso	Equity	1,100
Norwegian Krone	Equity	6,634
Philippines Peso	Equity	598
Poland Zlotych	Equity	559
Singapore Dollar	Equity	4,398
South Africa Rand	Equity	3,307
Swedish Krona	Equity	6,503
Swiss Francs	Equity	9,829
Thailand Baht	Equity	6,265
Turkish Lira	Equity	6,871
Total \$		<u><u>334,136</u></u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

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, 2009 were as follows:

<u>Currency</u>	<u>Investment Type</u>	<u>Balance of Investment (U.S. Dollars)</u>
Australian Dollar	Government Bonds	\$ 14,311
Brazil Real	Government Bonds	4,699
British Pound Sterling	Government Bonds	10,425
Canadian Dollar	Government Bonds	2,721
EURO Currency	Government Bonds	15,224
Iceland Krona	Government Bonds	344
Indonesian Rupiah	Government Bonds	2,506
Japanese Yen	Government Bonds	14,067
Korean Won	Government Bonds	1,292
Malaysian Ringgit	Government Bonds	3,989
Mexican New Peso	Government Bonds	8,028
New Zealand Dollar	Government Bonds	4,292
Norway Krone	Government Bonds	17
Poland New Zloty	Government Bonds	6,586
South African Rand	Government Bonds	1,072
Swedish Krona	Government Bonds	5,588
Total International Bonds		<u>\$ 95,161</u>

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**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 4. Receivables

Receivables at September 30, 2010 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	Nonmajor	Internal Service Funds	Total Governmental Activities
Ad Valorem tax	\$ 30,423	\$ 13,310	\$ -	\$ -	\$ 43,733
Sales taxes	35,407	-	-	-	35,407
Accounts	91,842	-	22,361	94	114,297
Special assessments paving notes	-	-	5,078	-	5,078
Notes	49	-	17,724	-	17,773
Due from other governments	512	-	27,044	-	27,556
Accrued interest	534	19	4,782	84	5,419
Gross receivables	158,767	13,329	76,989	178	249,263
Less allowance for doubtful accounts	(60,707)	(11,171)	(19,736)	-	(91,614)
Net total receivables	<u>\$ 98,060</u>	<u>\$ 2,158</u>	<u>\$ 57,253</u>	<u>\$ 178</u>	<u>\$ 157,649</u>

Receivables at September 30, 2010 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	\$ 67,909	\$ 1,124	\$ 2,031	\$ 984	\$ 72,048
Taxes	-	7,154	-	-	7,154
Due from other governments	-	-	3,728	-	3,728
Accrued interest	2,224	413	383	62	3,082
Gross receivables	70,133	8,691	6,142	1,046	86,012
Less allowance for doubtful accounts	(18,996)	(877)	(15)	(2)	(19,890)
Net total receivables	<u>\$ 51,137</u>	<u>\$ 7,814</u>	<u>\$ 6,127</u>	<u>\$ 1,044</u>	<u>\$ 66,122</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, 2010, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Deferred	Unearned
Taxes	\$ 5,339	\$ -
Accounts	42,122	8,402
Intergovernmental	-	27,092
Total	<u>\$ 47,461</u>	<u>\$ 35,494</u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 5. Restricted Assets

The primary government's governmental and business-type restricted assets of \$792 million and \$380 million are composed of the following at September 30, 2010:

	Governmental Activities	Business-Type Activities
Customer Assessments	\$ -	\$ 624
Cash and Investments:		
Pooled Cash and Cash Equivalents	792,327	272,576
Other Investments	-	106,705
Total	<u>\$ 792,327</u>	<u>\$ 379,905</u>

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, 2010 was \$3.6 billion which is net of \$12.2 million deferred loss on refunding.

The summary financial information for DFW Airport as of September 30, 2010 is presented below and is not included in the City's financial statements.

Total assets	\$ 5,316,851
Less, total liabilities	(3,964,013)
Total net assets	<u>\$ 1,352,838</u>
Operating revenues	\$ 500,953
Non-operating revenues (expenses)	(33,145)
Less: operating expenses	(552,252)
Change in net assets	(84,444)
Net assets, beginning of year	1,437,282
Net assets, end of year	<u>\$ 1,352,838</u>

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, 2010

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 statements 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, 2010 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	\$ 426,762	\$ 18,172	\$ -	\$ 444,934
Artwork	48,795	177	-	48,972
Construction in Progress	283,640	178,871	(178,880)	283,631
Total capital assets, not being depreciated	<u>759,197</u>	<u>197,220</u>	<u>(178,880)</u>	<u>777,537</u>
Capital assets, being depreciated:				
Buildings	826,578	366,136	(30)	1,192,684
Improvements other than buildings	408,048	67,718	-	475,766
Equipment	519,222	45,853	(12,143)	552,932
Infrastructure assets	1,647,593	78,563	(2,783)	1,723,373
Total capital assets, being depreciated:	<u>3,401,441</u>	<u>558,270</u>	<u>(14,956)</u>	<u>3,944,755</u>
Less accumulated depreciation for:				
Buildings	(354,608)	(23,428)	8	(378,028)
Improvements other than buildings	(95,844)	(14,636)	-	(110,480)
Equipment	(384,664)	(34,048)	11,371	(407,341)
Infrastructure assets	(672,402)	(34,902)	-	(707,304)
Total accumulated depreciation	<u>(1,507,518)</u>	<u>(107,014)</u>	<u>11,379</u>	<u>(1,603,153)</u>
Total capital assets being depreciated, net	<u>1,893,923</u>	<u>451,256</u>	<u>(3,577)</u>	<u>2,341,602</u>
Governmental activities capital assets, net	<u>\$ 2,653,120</u>	<u>\$ 648,476</u>	<u>\$ (182,457)</u>	<u>\$ 3,119,139</u>

Depreciation expense charged to functions:

General government	\$ 21,270
Public safety	10,027
Streets, street lighting, sanitation and code enforcement	4,676
Environment and Health Services	296
Public works and transportation	36,130
Equipment and building services	14,011
Culture and recreation	19,919
Housing	174
Human Services	511
Total depreciation expense – governmental activities	<u>\$ 107,014</u>

(includes \$7,141 of depreciation expense for the Internal Service Funds and \$99,873 for the governmental type assets)

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

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	\$ 219,347	\$ 24	\$ -	\$ 219,371
Construction in Progress	468,312	247,496	(327,499)	388,309
Total capital assets, not being depreciated	<u>687,659</u>	<u>247,520</u>	<u>(327,499)</u>	<u>607,680</u>
Capital assets, being depreciated:				
Water rights	353,910	-	-	353,910
Buildings	1,319,105	1,696	(628)	1,320,173
Improvements other than buildings	254,790	13,528	-	268,318
Infrastructure assets	439,369	5,890	-	445,259
Equipment	511,848	19,184	(2,963)	528,069
Utility property	2,722,590	321,409	-	3,043,999
Total capital assets, being depreciated:	<u>5,601,612</u>	<u>361,707</u>	<u>(3,591)</u>	<u>5,959,728</u>
Less accumulated depreciation for:				
Water rights	(91,335)	(3,539)	-	(94,874)
Buildings	(411,280)	(30,915)	503	(441,692)
Improvements other than buildings	(78,404)	(5,551)	-	(83,955)
Infrastructure assets	(188,439)	(8,526)	-	(196,965)
Equipment	(323,005)	(23,672)	1,230	(345,447)
Utility property	(689,000)	(57,961)	-	(746,961)
Total accumulated depreciation	<u>(1,781,463)</u>	<u>(130,164)</u>	<u>1,733</u>	<u>(1,909,894)</u>
Total capital assets, being depreciated, net	<u>3,820,149</u>	<u>231,543</u>	<u>(1,858)</u>	<u>4,049,834</u>
Business-type activities capital assets, net	<u>\$ 4,507,808</u>	<u>\$ 479,063</u>	<u>\$ (329,357)</u>	<u>\$ 4,657,514</u>

Depreciation expense charged to business-type activities:

Dallas Water Utilities	\$ 99,283
Convention Center	18,060
Airport Revenues	12,587
Nonmajor Enterprise Funds	234
Total depreciation expense – business-type activities	<u>\$ 130,164</u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

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, IKE shelter Operation for Convention Center, construction for Environmental Health Services, and construction for Sanitation and Storm water. A portion of the interfund payable due from nonmajor governmental funds to the General Fund was a result of a bank overdraft from other fund's share of pooled cash.

Interfund receivable and payable balances at September 30, 2010 were as follows:

Due from other funds	Amount	Due to other funds	
		General Fund	Nonmajor Governmental Funds
General fund	\$ 7,557	\$ -	\$ 7,557
Dallas Water Utilities	352	268	84
Convention Center	370	-	370
Internal Service funds	12	-	12
Total	\$ 8,291	\$ 268	\$ 8,023

Interfund Notes Receivable and Payable

Interfund notes receivable and payable balances at September 30, 2010 were as follows:

Note receivable	Amount	Note payable	
		Nonmajor Governmental Funds	
Nonmajor Governmental funds	\$ 4,161	\$	4,161
Dallas Water Utilities	4,385		4,385
Total	\$ 8,546	\$	8,546

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, 2010

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

Transfers In/Out

Transfers made between funds during the fiscal year are listed below:

Transfers In	Transfers Out							
	Amount Transferred	General fund	Nonmajor Governmental funds	Dallas Water Utilities	Convention Center	Airport Revenue	Nonmajor Enterprise funds	Internal Service funds
General fund	\$ 28,886	\$ -	\$ 12,920	\$ 6,500	\$ 4,266	\$ -	\$ 5,200	\$ -
Debt Service	34,743	9,597	20,510	8	-	4	-	4,624
Nonmajor Governmental funds	8,747	222	1,725	6,800	-	-	-	-
Dallas Water Utilities	1,270	313	957	-	-	-	-	-
<b>Total</b>	<b>\$ 73,646</b>	<b>\$ 10,132</b>	<b>\$ 36,112</b>	<b>\$ 13,308</b>	<b>\$ 4,266</b>	<b>\$ 4</b>	<b>\$ 5,200</b>	<b>\$ 4,624</b>

These transfers were primarily for support of operation and maintenance, construction projects, to purchase equipment, payments-in-lieu of taxes (PILOT), 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, 2010 are as follows:

	General	Debt Service	Nonmajor Governmental	Internal Service	Total Governmental Activities
Accrued payroll	\$ 15,158	\$ -	\$ 993	\$ 874	\$ 17,025
Accounts payable	18,643	-	8,128	8,227	34,998
Due to other governments	3,064	-	2,128	-	5,192
Construction accounts payable	-	-	36,440	-	36,440
Contracts Payable	-	-	24,992	-	24,992
Other	3,994	46	3,969	365	8,374
<b>Total</b>	<b>\$ 40,859</b>	<b>\$ 46</b>	<b>\$ 76,650</b>	<b>\$ 9,466</b>	<b>\$ 127,021</b>

	Dallas Water Utilities	Convention Center	Airport Revenues	Nonmajor Governmental	Total Business-type Activities
Accrued payroll	\$ 2,425	\$ 184	\$ 283	\$ 350	\$ 3,242
Accounts payable	17,727	2,777	8,165	89	28,758
Due to other governments	-	4	-	-	4
Construction accounts payable	60,639	-	-	-	60,639
Other	-	-	-	743	743
<b>Total</b>	<b>\$ 80,791</b>	<b>\$ 2,965</b>	<b>\$ 8,448</b>	<b>\$ 1,182</b>	<b>\$ 93,386</b>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 10. Long-Term Debt

A. Governmental Activities

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
General Obligation Bonds, Series 2006	\$ 6,840	\$ -	\$ 6,840	\$ -	\$ -
General Obligation Bonds, Series 2007	-	-	-	-	-
Tax Increment Financing Reinvestment Zone Number Two Bonds, Series 1998	1,285	-	1,285	-	-
General Obligation Bonds, Series 1999	3,465	-	3,465	-	-
General Obligation Bonds, Series 2000 Combination Tax and Revenue Certificates of Obligation, Series 2000	10,840	-	10,840	-	-
Tax Increment Financing Reinvestment Zone Number Two Bonds, Series 2000	2,525	-	2,525	-	-
General Obligation Bonds, Series 1999 Combination Tax and Revenue Certificates of Obligation, Series 2003	1,455	-	1,455	-	-
General Obligation Bonds, Series 1999 Combination Tax and Revenue Certificates of Obligation, Series 2003	34,020	-	27,215	6,805	3,405
General Obligation Bonds, Series 2003	14,400	-	3,600	10,800	3,600
General Obligation Bonds, Series 2003	3,850	-	3,470	380	380
General Obligation Bonds, Series 2006	198,475	-	11,675	186,800	11,675
General Obligation Bonds, Series 2007	117,695	-	19,620	98,075	6,540
General Obligation Bonds, Series 2007A	334,260	-	65,040	269,220	25,310
Equipment Acquisition Obligations, Series 2006	5,910	-	2,955	2,955	2,955
General Obligation Refunding Bonds, Series 2003-A	28,175	-	3,380	24,795	6,255
General Obligation Bonds, Series 2003	127,745	-	9,125	118,620	9,125
Tax Increment Bonds, Series 2004	2,660	-	2,660	-	-
General Obligation Bonds, Series 2004	128,340	-	48,380	79,960	2,960
Equipment Acquisition Obligations, Series 2004	-	-	-	-	-
Combination Tax and Revenue Certificates of Obligation, Series 2004	3,205	-	600	2,605	620
Taxable General Obligation Pension Pension Bonds, Series 2005A	107,359	-	14,100	93,259	-
Taxable General Obligation Pension Pension Bonds, Series 2005B	93,667	-	-	93,667	8,290
Taxable General Obligation Pension Pension Bonds, Series 2005C	56,025	-	-	56,025	-
General Obligation Refunding Bonds, Series 2005	156,850	-	12,955	143,895	13,315
Risk Management Certificates of Obligation Taxable, Series 2005	\$ 1,500	\$ -	\$ 1,500	\$ -	\$ -

continued

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 10. Long-Term Debt (continued)

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
General Obligation Refunding Bonds, Series 2005	\$ 151,415	\$ -	\$ 28,395	\$ 123,020	\$ 9,465
Combination Tax and Revenue Certificates of Obligation, Series 2006	4,080	-	615	3,465	640
Combination Tax and Revenue Certificates of Obligation, Series 2008	39,470	-	28,440	11,030	1,260
Combination Tax and Revenue Certificates of Obligation, Series 2007	4,885	-	615	4,270	610
Equipment Acquisition Notes, Series 2006	8,360	-	5,960	2,400	480
Equipment Acquisition Notes, Series 2007	22,400	-	7,470	14,930	7,465
General Obligation Bonds, Series 2008	209,815	-	33,135	176,680	11,045
Risk Management Certificates of Obligation Taxable, Series 2008	5,400	-	600	4,800	600
Equipment Acquisition Notes, Series 2008	32,840	-	8,210	24,630	8,210
General Obligation Refunding and Improvement Bonds, Series 2010A	-	196,615	-	196,615	5,640
General Obligation Refunding and Improvement Bonds, Series 2010B, Build America Bonds	-	85,380	-	85,380	-
Combination Tax and Revenue Certificates of Obligation, Series 2010		21,575	815	20,760	4,930
Bonds, Notes, Certificates of Obligation	1,919,211	303,570	366,940	1,855,841	144,775
Add: Unamortized Premium/Discount	145,519	32,032	20,170	157,381	-
Add: Accretion on Capital Appreciation Bonds	53,379	15,072	-	68,451	-
Less: Refunding Deferral	(5,151)	(6,751)	(2,078)	(9,824)	-
Total Bonds, Notes, Certificates Of Obligation	2,112,958	343,923	385,032	2,071,849	144,775
Other Liabilities:					
Arbitrage rebate	661	491	661	491	-
Compensated absences	138,312	51,376	63,244	126,444	53,897
Other postemployment benefits	62,332	35,803	16,152	81,983	-
Landfill closure/post closure	31,670	1,355	212	32,813	675
Pollution remediation	18,331	887	2,975	16,243	1,161
Developer payable	20,000	2,664	-	22,664	-
Estimated unpaid claims	93,822	118,933	126,422	86,333	30,216
Notes payable	9,774	-	1,941	7,833	1,881
Sales tax refund liability	12,103	-	791	11,312	822
Capital leases	9,526	116	2,570	7,072	1,846
Total other liabilities	396,531	211,625	214,968	393,188	90,498
Total governmental activities long-term liabilities	\$ 2,509,489	\$ 555,548	\$ 600,000	\$ 2,465,037	\$ 235,273

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 10. Long-Term Debt (continued)

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.

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

In March 2010, the City issued general obligation bonds of \$196.6 million (excludes premium of \$30.6 million) with an interest rate range of 3.0 to 5.0 percent and a final maturity of February 15, 2020. The bonds were issued to fund various permanent public improvements and to refund previously issued general obligation bonds. Proceeds of \$186.3 million were deposited with an escrow agent to be used to pay the outstanding amount of the bonds. As a result, \$169.5 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 \$6.8 million 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. Total debt service payments decreased by \$8.7 million as a result of the refunding. The City also incurred an economic gain (difference between the present value of the old and new debt service payments) of \$8.4 million. Additionally, the City issued General Obligation Bonds Taxable Series 2010B (Build America Bonds) of \$85.4 million with an interest rate range of 4.39 to 5.61 percent and a final maturity of February 15, 2030 to fund various permanent public improvements in the City. The City also issued \$21.6 million (excludes premium of \$1.4 million) in Combination Tax and Revenue Certificates of Obligation with an interest rate range of 2.0 to 4.0 percent and a final maturity of February 15, 2019 for the purchase of various types of capital equipment and to construct police facilities in the Bexar Street Redevelopment Corridor.

The General Obligation Bonds outstanding as of September 30, 2010 are as follows:

	<u>Final</u>	<u>Interest Rates</u>	<u>Amount</u>
Series 583	2021	4.0% to 5.0%	\$ 6,805
Series 589	2011	2.5% to 5.0%	380
Series 592	2014	4.0% to 5.0%	24,795
Series 593	2023	3.5% to 5.0%	118,620
Series 597	2024	4.0% to 5.0%	79,960
Series 604	2020	5.00%	143,895
Series 606	2025	3.25% to 5.00%	123,020
Series 611	2026	4.5% to 5.0%	186,800
Series 614	2027	5.0% to 5.25%	98,075
Series 615	2027	4.0% to 5.0%	269,220
Series 620	2028	4.0% to 5.25%	176,680
Series 627	2020	3.0% to 5.0%	196,615
Series 628	2030	4.39% to 5.61%	85,380
Total			<u>\$ 1,510,245</u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 10. Long-Term Debt (continued)

The Equipment Acquisition Contractual Obligations outstanding as of September 30, 2010 are as follows:

	<u>Final</u>	<u>Interest Rates</u>	<u>Amount</u>
Series 612	2011	3.75% to 4.00%	\$ 2,955
Series 608	2015	3.50% to 4.00%	2,400
Series 616	2012	3.50% to 4.00%	14,930
Series 621	2013	4.00% to 4.00%	24,630
Total			<u>\$ 44,915</u>

The Certificates of Obligation outstanding as of September 30, 2010 are as follows:

	<u>Final</u>	<u>Interest Rates</u>	<u>Amount</u>
Series 591	2013	2.00% to 3.25%	\$ 10,800
Series 599	2014	3.00% to 3.55%	2,605
Series 607	2015	3.75% to 4.125%	3,465
Series 617	2017	3.50% to 4.00%	4,270
Series 618	2018	2.00% to 5.00%	11,030
Series 622	2018	3.50% to 5.00%	4,800
Series 629	2019	2.00% to 4.00%	20,760
Total			<u>\$ 57,730</u>

The Pension Obligation Bonds outstanding as of September 30, 2010 are as follows:

	<u>Final</u>	<u>Interest Rates</u>	<u>Amount</u>
Series 600	2035	3.24% to 5.19%	\$ 93,259
Series 601	2035	4.10% to 5.48%	93,667
Series 602	2024	5.25% to 8.00%	56,025
Total			<u>\$ 242,951</u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 10. Long-Term Debt (continued)

C. Long-term Notes Payable

In a previous fiscal year, the City issued notes for the purpose of making utility efficiency improvements to various buildings owned by the City and for building improvements. The notes are payable in quarterly installments. The total outstanding notes payable as of September 30, 2010 are as follows:

	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
All American Investment Group	2018	3.92%	\$ 4,533
State Energy Conservation Office - 192	2015	3.00%	1,894
State Energy Conservation Office - 188	2011	3.00%	<u>1,406</u>
Total			<u>\$ 7,833</u>

D. 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, Tax Increment Bonds, Equipment Acquisition Obligations, and Pension Obligation Bonds at September 30, 2010.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 144,775	\$ 94,309	\$ 239,084
2012	148,659	83,649	232,308
2013	141,442	78,081	219,523
2014	126,925	70,275	197,200
2015	113,807	68,408	182,215
2016-2020	510,429	280,625	791,054
2021-2025	476,291	124,836	601,127
2026-2030	158,338	163,983	322,321
2031-2035	35,175	178,108	213,283
	<u>\$ 1,855,841</u>	<u>\$ 1,142,274</u>	<u>\$ 2,998,115</u>

The following is a summary of the future principal and interest payment requirements for the City's long-term notes payable at September 30, 2010.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,881	\$ 212	\$ 2,093
2012	1,120	200	1,320
2013	903	166	1,069
2014	936	135	1,071
2015	969	101	1,070
2016-2018	2,024	141	2,165
	<u>\$ 7,833</u>	<u>\$ 955</u>	<u>\$ 8,788</u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 10. Long-Term Debt (continued)

E. Business-type Activities

The changes in the business-type activities long-term liabilities for the year ended September 30, 2010 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One year</u>
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	88,930	-	88,930	-	-
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 1999	2,785	-	2,785	-	-
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2000	6,785	-	3,300	3,485	3,485
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2001	10,910	-	5,340	5,570	5,570
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2002	5,975	-	1,885	4,090	1,990
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2002-A	45,000	-	28,000	17,000	17,000
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2003	117,360	-	17,250	100,110	18,160
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2003-A	133,100	-	6,610	126,490	6,820
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2005	104,690	-	3,625	101,065	6,840
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2006	237,805	-	6,345	231,460	6,595
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2007	672,465	-	3,400	669,065	3,540
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2008	155,150	-	2,695	152,455	2,790
City of Dallas Waterworks and Sewer System Revenue Bonds, Series 2009A	15,100	-	650	14,450	655
City of Dallas Waterworks and Sewer System Revenue Bonds, Series 2009B	8,280	-	-	8,280	-
City of Dallas Waterworks and Sewer System Revenue Bonds, Series 2009C	94,723	-	-	94,723	-
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2010	-	295,850	-	295,850	-
Revenue Bonds Payable	1,703,773	295,850	175,530	1,824,093	73,445
Add : Unamortized Premium	43,471	22,846	7,452	58,865	-
Less: Deferred Amount on Refunding	(13,854)	(1,477)	(2,012)	(13,319)	-
Total Revenue Bonds for Water Utilities	<u>\$ 1,733,390</u>	<u>\$ 317,219</u>	<u>\$ 180,970</u>	<u>\$ 1,869,639</u>	<u>\$ 73,445</u>

continued

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 10. Long-Term Debt (continued)

E. Business-type Activities (continued)

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One year
<u>Dallas Water Utilities (continued):</u>					
Pension Obligation Bonds	\$ 64,632	\$ -	\$ 3,545	\$ 61,087	\$ 2,085
Add: Accretion on Capital Appreciation Bonds	13,420	3,789	-	17,209	-
Add: Net Premium/Discount	25,675	-	380	25,295	-
Total Water Utilities Bonds	<u>1,837,117</u>	<u>321,008</u>	<u>184,895</u>	<u>1,973,230</u>	<u>75,530</u>
Other: Arbitrage Rebate	146	-	146	-	-
Other: Compensated Absences	9,240	7,922	6,146	11,016	4,695
Other: Postemployment Benefits	7,893	5,103	2,139	10,857	-
Total Long-Term Debt for Water Utilities	<u>1,854,396</u>	<u>334,033</u>	<u>193,326</u>	<u>1,995,103</u>	<u>80,225</u>
<u>Convention Center:</u>					
Revenue Bonds					
Civic Center Convention Complex Revenue Refunding and Improvement Bonds, Series 1998	-	-	-	-	-
Sports Arena Project-Tax Exempt Special Tax Bonds, Series 1998A	4,370	-	4,370	-	-
Sports Arena Project-Taxable Special Tax and Lease Bonds, Series 1998B	29,035	-	10,130	18,905	-
Civic Center Refunding and Improvement Bonds, Series 2009	<u>324,940</u>	-	840	<u>324,100</u>	<u>1,730</u>
Revenue Bonds Payable	358,345	-	15,340	343,005	1,730
Add: Net Premium/Discount	2,292	-	497	1,795	-
Less: Deferred Amount on Refunding	<u>(14,904)</u>	-	<u>(1,762)</u>	<u>(13,142)</u>	-
Total Convention Center Revenue Bonds	345,733	-	14,075	331,658	1,730
Pension Obligation Bonds	4,597	-	253	4,344	149
Add: Accretion on Capital Appreciation	958	270	-	1,228	-
Add: Net Premium/Discount	1,833	-	28	1,805	-
Total Convention Center Bonds	<u>353,121</u>	<u>270</u>	<u>14,356</u>	<u>339,035</u>	<u>1,879</u>
Other: Compensated Absences	884	501	419	966	412
Other: Note Payable	12,629	-	1,790	10,839	1,168
Other: Postemployment Benefits	552	370	152	770	-
Total Long-Term Debt for Convention Center	<u>367,186</u>	<u>1,141</u>	<u>16,717</u>	<u>351,610</u>	<u>3,459</u>
<u>Airport Revenues:</u>					
Revenue Bonds					
Texas Airport System Revenue Bonds, Series 2001	13,820	-	6,765	7,055	\$ 7,055
Add: Unamortized Premium	42	-	32	10	10
Revenue Bonds Payable	<u>13,862</u>	-	<u>6,797</u>	<u>7,065</u>	<u>7,065</u>
Pension Obligation Bonds	6,055	-	332	5,723	195
Add: Accretion on Capital Appreciation	1,258	355	-	1,613	-
Add: Net Premium/Discount	2,406	-	36	2,370	-
Other: Compensated Absences	1,207	709	589	1,327	566
Other: Note Payable	1,906	-	206	1,700	215
Other: Postemployment Benefits	941	700	270	1,371	-
Total Long-Term Debt for Airport Revenues	<u>\$ 27,635</u>	<u>\$ 1,764</u>	<u>\$ 8,230</u>	<u>\$ 21,169</u>	<u>\$ 8,041</u>

continued



**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 10. Long-Term Debt (continued)

E. Business-type Activities (continued)

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One year
<u>Non-Major Business-Type:</u>					
Pension Obligation Bonds	\$ 11,776	\$ -	\$ 645	\$ 11,131	\$ 382
Add: Accretion on Capital Appreciation Bonds	2,443	690	-	3,133	-
Add: Net Premium/Discount	4,676	-	69	4,607	-
Other: Compensated Absences	1,951	1,072	916	2,107	898
Other: Postemployment Benefits	1,466	67	252	1,281	-
Total Long-Term Debt for Non-major Business-type funds	<u>22,312</u>	<u>1,829</u>	<u>1,882</u>	<u>22,259</u>	<u>1,280</u>
Total Business-Type Activities - Long-Term Liabilities	<u>\$ 2,271,529</u>	<u>\$ 338,767</u>	<u>\$ 220,155</u>	<u>\$ 2,390,141</u>	<u>\$ 93,005</u>

In June 2010, Dallas Water Utilities issued Waterworks and Sewer System Revenue Bonds Series 2010 of \$295.85 million with an interest rate range of 3.0 to 5.0 percent and a final maturity of October 1, 2039. The bonds were issued to refund previously issued waterworks and sewer system bonds and to refund outstanding commercial paper used by Dallas Water Utilities to fund capital construction projects. Proceeds of \$81.7 million were deposited with an escrow agent to be used to pay the outstanding amount of the bonds. As a result, \$80.2 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 \$1.5 million 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. Total debt service payments decreased by \$7.4 million as a result of the refunding. The City also incurred an economic gain (difference between the present value of the old debt and new debt service payments) of \$7.3 million.

F. 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. 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. Pension Obligation bonds are paid through increased contributions to the Debt Service fund. The Water Works and Sewer System bonds outstanding as of September 30, 2010 are as follows:

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 10. Long-Term Debt (continued)

Series Description	Final Maturity	Interest Rates	Amount
576 Rev Bonds	2011	5.25% - 5.75%	\$ 3,485
582 Rev Bonds	2011	5.00% - 5.25%	5,570
586 Rev Bonds	2012	3.00% - 5.50%	4,090
587 Rev Bonds	2011	3.00% - 5.00%	17,000
590 Rev Bonds	2023	3.00% - 5.375%	100,110
B595 Rev Bonds	2024	3.50% - 5.00%	126,490
603 Rev Bonds	2025	5.00%	101,065
610 Rev Bonds	2036	4.25% - 5.50%	231,460
613 Rev Bonds	2037	4.00% - 5.00%	669,065
619 Rev Bonds	2038	4.00% - 5.00%	152,455
624 Rev Bonds	2029	0.423% - 2.877%	14,450
625 Rev Bonds	2029	1.303% - 2.877%	8,280
626 Rev Bonds	2029	0.148% - 3.018%	94,723
630 Rev Bonds	2030	3.00% - 5.00%	295,850
Total Revenue Bonds			1,824,093
Pension Obligation Bonds	2035	3.240% - 8.00%	61,087
Total Outstanding			<u>\$ 1,885,180</u>

Utility Revenues Pledged

The City has pledged future water and wastewater customer revenues, net of specified operating expenses, to repay \$1.9 billion in water and wastewater system revenue bonds, of which \$295.85 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, 2010 is \$2.8 billion. Principal and interest paid during fiscal year 2010 was \$95.3 million and \$81.7 million, respectively.

G. Convention Center (Revenue Bonds, Pension Obligation Bonds, and Note Payable)

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 contributions to the 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, 2010 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
Civic Center Convention Complex	2038	3.0% - 5.25%	\$ 324,100
Special Tax and Lease Revenue Bonds	2027	5.77% - 6.65%	18,905
Total Revenue Bonds			343,005
Pension Obligation Bonds	2035	3.24% - 8.0%	4,344
Total Outstanding			<u>\$ 347,349</u>

In a previous fiscal year, the City issued notes with an interest rate of 3.92% for the purpose of making utility efficiency improvements to the Convention Center. The notes are payable in quarterly installments and reach final maturity during fiscal year 2018. The total outstanding note payable as of September 30, 2010 is \$10,839.

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 10. Long-Term Debt (continued)

H. Airport Revenues (Revenue Bonds, Pension Obligation Bonds, and Note Payable)

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 contributions to the 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, 2010 are as follows:

	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
Airport System Revenue Bonds	2011	5.00%	\$ 7,055
Pension Obligation Bonds	2035	3.24% - 8.0%	5,723
Total Outstanding			<u>\$ 12,778</u>

In a previous fiscal year, the City issued notes with an interest rate of 3.92% for the purpose of making utility efficiency improvements to various buildings at Love Field. The notes are payable in quarterly installments and reach final maturity during fiscal year 2018. The total outstanding note payable as of September 30, 2010 is \$1,700.

I. Non-major Enterprise funds (Pension Obligation Bonds)

The Non-major enterprise funds provide for the payment of principal and interest on a portion of Pension Obligation bonds, which are paid through increased contributions to the Debt service fund. The bonds outstanding as of September 30, 2010 are as follows:

<u>Series Description</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
Pension Obligation Bonds	2035	3.24% - 8.0%	\$ 11,131

J. Business-Type Activities Debt Service Requirements

The debt service principal and interest payment requirement to maturity at September 30, 2010, 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
2011	\$ 73,445	\$ 78,890	\$ 152,335	\$ 2,085	\$ 1,969	\$ 4,054
2012	82,330	78,005	160,335	1,957	3,627	5,584
2013	96,115	73,987	170,102	1,823	3,921	5,744
2014	93,190	69,803	162,993	2,373	4,169	6,542
2015	89,270	65,759	155,029	1,622	4,668	6,290
2016-2020	427,295	270,556	697,851	7,906	26,333	34,239
2021-2025	381,650	176,981	558,631	26,929	12,985	39,914
2026-2030	252,953	109,367	362,320	7,549	38,607	46,156
2031-2035	199,085	56,721	255,806	8,843	44,782	53,625
2036-2040	128,760	11,782	140,542	-	-	-
	<u>\$ 1,824,093</u>	<u>\$ 991,851</u>	<u>\$ 2,815,944</u>	<u>\$ 61,087</u>	<u>\$ 141,061</u>	<u>\$ 202,148</u>

(continued)

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 10. Long-Term Debt (continued)

Fiscal Year	Convention Center					
	Revenue Bonds			Pension Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 1,730	\$ 17,791	\$ 19,521	\$ 149	\$ 259	\$ 408
2012	2,205	17,740	19,945	140	277	417
2013	2,775	17,673	20,448	130	297	427
2014	3,675	17,535	21,210	163	268	431
2015	4,640	17,351	21,991	116	333	449
2016-2020	46,115	81,226	127,341	564	1,879	2,443
2021-2025	63,010	67,173	130,183	1,912	905	2,817
2026-2030	68,605	50,140	118,745	539	2,754	3,293
2031-2035	86,600	30,812	117,412	631	3,195	3,826
2036-2038	63,650	6,797	70,447	-	-	-
	<u>\$ 343,005</u>	<u>\$ 324,238</u>	<u>\$ 667,243</u>	<u>\$ 4,344</u>	<u>\$ 10,167</u>	<u>\$ 14,511</u>

Fiscal Year	Convention Center			Non-major Enterprise Funds		
	Long-term Notes Payable			Pension Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 1,168	\$ 323	\$ 1,491	\$ 382	\$ 660	\$ 1,042
2012	1,654	374	2,028	356	708	1,064
2013	1,757	304	2,061	332	757	1,089
2014	1,838	230	2,068	434	685	1,119
2015	1,915	153	2,068	295	850	1,145
2016-2020	2,507	78	2,585	1,441	4,795	6,236
2021-2025	-	-	-	4,905	2,310	7,215
2026-2030	-	-	-	1,376	7,030	8,406
2031-2035	-	-	-	1,610	8,154	9,764
	<u>\$ 10,839</u>	<u>\$ 1,462</u>	<u>\$ 12,301</u>	<u>\$ 11,131</u>	<u>\$ 25,949</u>	<u>\$ 37,080</u>

Fiscal Year	Airport Revenues					
	Revenue Bonds			Pension Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 7,055	\$ 352	\$ 7,407	\$ 195	\$ 340	\$ 535
2012	-	-	-	183	364	547
2013	-	-	-	171	390	561
2014	-	-	-	221	352	573
2015	-	-	-	152	437	589
2016-2020	-	-	-	741	2,468	3,209
2021-2025	-	-	-	2,524	1,189	3,713
2026-2030	-	-	-	707	3,618	4,325
2031-2035	-	-	-	829	4,196	5,025
	<u>\$ 7,055</u>	<u>\$ 352</u>	<u>\$ 7,407</u>	<u>\$ 5,723</u>	<u>\$ 13,354</u>	<u>\$ 19,077</u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 10. Long-Term Debt (continued)

Fiscal Year	Airport Revenues		
	Long-term Notes Payable		
	Principal	Interest	Total
2011	\$ 215	\$ 66	\$ 281
2012	223	57	280
2013	232	48	280
2014	242	38	280
2015	252	28	280
2015-2017	536	25	561
	\$ 1,700	\$ 262	\$ 1,962

K. Discretely Presented Component Unit Debt Service Requirements

The changes in the DDDA discretely presented component unit's long-term liabilities for the year ended September 30, 2010 are as follows:

	Balance 9/30/09	Additions	Deletions	Balance 09/30/10	Due Within One Year
Tax Increment Revenue					
Bonds - Series 2006	\$ 50,605	\$ -	\$ 1,108	\$ 49,497	\$ 1,458
Bonds - Series 2007	28,951	-	-	28,951	-
Accretion	11,383	3,827	-	15,210	-
Total Bonds	\$ 90,939	\$ 3,827	\$ 1,108	\$ 93,658	\$ 1,458

The changes in the Dallas Convention Center Hotel Development Corporation discretely presented component unit's long-term liabilities for the year ended December 31, 2009 are as follows:

	Balance 12/31/08	Additions	Deletions	Balance 12/31/09	Due Within One Year
2009A Current Interest Bonds	\$ -	\$ 62,530	\$ -	\$ 62,530	\$ -
2009A Capital Appreciation Bonds	-	11,881	-	11,881	-
2009B Taxable Build America Bonds	-	388,175	-	388,175	-
2009C Taxable Bonds	-	17,235	-	17,235	-
Total Revenue Bonds	-	479,821	-	479,821	-
Add: Unamortized Premium	-	972	(33)	939	-
Less: Unamortized Discount	-	(400)	11	(389)	-
Add: Accretion on Capital	-	-	-	-	-
Appreciation Bonds	-	235	-	235	-
Total Long-term Debt	\$ -	\$ 480,628	\$ (22)	\$ 480,606	\$ -

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 10. Long-Term Debt (continued)

The DDDA discretely presented component unit has issued tax increment bonds that are payable solely from the pledged tax increments of the zone. The tax increment bonds outstanding as of September 30, 2010 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
Series DDDA - Series 2006	2036	5.25% - 5.66%	\$ 49,497
Series DDDA - Series 2007	2036	5.49% - 6.28%	28,951
Total Outstanding			<u>\$ 78,448</u>

The Dallas Convention Center Hotel Development Corporation discretely presented component unit bonds outstanding as of December 31, 2009 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
2009A Current Interest Bonds	2024	4.25%-5.25%	\$ 62,530
2009A Capital Appreciation Bonds	2026	5.43%-6.46%	11,881
2009B Taxable Build America Bonds	2042	7.09%	388,175
2009C Taxable Bonds	2018	4.99%-5.58%	17,235
Total Outstanding			<u>\$ 479,821</u>

The debt service principal and interest payment requirement to maturity at September 30, 2010, for the DDDA discretely presented component unit activities tax increment financing bonds and at December 31, 2009 for the Dallas Convention Center Hotel Development Corporation bonds are as follows:

Fiscal Year	DDDA			Year	Dallas Convention Center Hotel Development Corporation		
	Principal	Interest	Total		Principal	Interest	Total
2011	\$ 1,458	\$ 1,926	\$ 3,384	2010	\$ -	\$ 26,339	\$ 26,339
2012	1,913	2,186	4,099	2011	-	31,607	31,607
2013	2,442	2,547	4,989	2012	-	31,607	31,607
2014	2,516	2,802	5,318	2013	-	31,607	31,607
2015	2,772	3,182	5,954	2014	-	31,607	31,607
2016-2020	13,817	20,542	34,359	2015-2019	30,776	157,514	188,290
2021-2025	15,531	25,925	41,456	2020-2024	53,730	144,889	198,619
2026-2030	13,947	29,767	43,714	2025-2029	61,390	142,739	204,129
2031-2035	19,832	29,679	49,511	2030-2034	99,410	101,593	201,003
2036	4,220	5,680	9,900	2035-2039	133,895	60,483	194,378
Totals	<u>\$ 78,448</u>	<u>\$ 124,236</u>	<u>\$ 202,684</u>	2040-2042	100,620	10,962	111,582
				Totals	<u>\$ 479,821</u>	<u>\$ 770,947</u>	<u>\$ 1,250,768</u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 10. Long-Term Debt (continued)

L. Bonds Authorized and Unissued

The following is a schedule of authorized but unissued bonds at September 30, 2010:

	Date of Authorization	Amount Authorized	Amount Unissued
1998 Capital Improvement Program	5/2/1998	\$ 246,000	\$ 34,538
2006 Capital Improvement Program	11/7/2006	1,353,520	575,775
Total		<u>\$ 1,599,520</u>	<u>\$ 610,313</u>

M. Compliance with Debt Covenants

For the year ended September 30, 2010, 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 ten-year tax exempt commercial paper program, Series B, 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 March 17, 2009, Dallas Water Utilities authorized an additional \$300 million in a new Commercial Paper program, Series D, the third Commercial Paper program in the City.

Commercial paper notes are supported by three credit agreements through two banks and two pension funds. The credit agreement supporting Series B notes is through Bank of America, which extends to September 28, 2011 and has an aggregate amount not exceeding \$214.8 million. The credit agreement supporting the Series C notes, through Bank of America as well extends to September 28, 2011 and has aggregate amount not exceeding \$102.5 million. The credit agreement supporting the Series D notes is through U.S. Bank National Association, California Public Employees' Retirement System and California State Teachers' Retirement System extends to March 17, 2012 and has an aggregate amount not exceeding \$326.6 million. All three commercial paper programs 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 2010, \$123.5 million was issued and \$235.5 million was refunded. Changes in short-term obligations during fiscal year 2010 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Commercial Paper	\$ 169,983	\$ 123,503	\$ 235,486	\$ 58,000

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

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, 2010, amounted to \$6.9 million.

Future minimum lease payments for these leases are as follows:

Year Ending September 30	Total Rental Payments	Governmental Activities	Business-Type Activities
2011	\$ 4,099	\$ 3,013	\$ 1,086
2012	3,571	2,550	1,021
2013	2,450	1,876	574
2014	1,922	1,650	272
2015	1,471	1,471	-
2016-2020	3,896	3,896	-
2021-2025	971	971	-
Thereafter	1,498	1,498	-
Minimum Future Rentals	<u>\$ 19,878</u>	<u>\$ 16,925</u>	<u>\$ 2,953</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 \$7.1 million. Future minimum lease payments for capital leases including interest and principal are as follows:

Fiscal Year	Rental Payments
2011	\$ 2,147
2012	1,418
2013	1,074
2014	675
2015	350
2016-2020	1,750
2021-2023	1,050
Total minimum future lease payments	8,464
Less: Amount representing interest	(1,392)
Present value of net minimum lease payments	<u>\$ 7,072</u>

The following schedule provides an analysis of the City's investments in capital assets under capital lease arrangements as of September 30, 2010.

Building and Equipment	\$ 20,771
Less: Accumulated depreciation	(14,357)
Total	<u>\$ 6,414</u>



**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

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, 2010 were \$39.5 million. The following is a schedule of minimum future rentals on noncancelable operating leases as of September 30, 2010:

Year ending September 30	Government Activities	Dallas Water Utilities	Airport Revenues	Total
2011	\$ 8,739	\$ 46	\$ 24,290	\$ 33,075
2012	1,184	46	24,331	25,561
2013	1,161	46	21,361	22,568
2014	1,145	46	13,116	14,307
2015	1,144	46	6,966	8,156
2016-2020	4,962	232	30,644	35,838
2021-2025	2,541	212	30,967	33,720
Thereafter	1,110	124	22,341	23,575
Minimum Future Rentals	<u>\$ 21,986</u>	<u>\$ 798</u>	<u>\$ 174,016</u>	<u>\$ 196,800</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 \$0.8 million in 2010.

The following schedule provides an analysis of the Airport's Revenues Fund investment in property under operating lease arrangements as of September 30, 2010:

Buildings	\$ 222,538
Land	11,796
Subtotal	<u>234,334</u>
Less: Accumulated Depreciation	(70,545)
Total	<u>\$ 163,789</u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

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, 2010, the City had a total of \$164 million defeased outstanding General Obligation Bonds and \$377.2 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	\$ 55,565	\$ 169,495	\$ 61,025	\$ 164,035
Water and Sewer Revenue Bonds	558,495	80,200	261,510	377,185
	<u>\$ 614,060</u>	<u>\$ 249,695</u>	<u>\$ 322,535</u>	<u>\$ 541,220</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 \$61.4 million at September 30, 2010, is recorded in the Risk Funds. Of this amount, \$14.5 million is estimated to be payable in the next fiscal year.

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, 2010, in the amount of \$7.9 million in the Risk Funds.

At September 30, 2010, the City estimates its general liability at \$17 million, which includes \$11.6 million for automobile and general liability and \$5.4 million for probable claims and lawsuits. Of this amount, \$7.8 million is estimated to be payable in the next fiscal year.

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

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

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

	Workers' Compensation		Health		General Liability	
	2010	2009	2010	2009	2010	2009
Unpaid claims, beginning of year	\$ 60,621	\$ 60,949	\$ 9,219	\$ 8,470	\$ 23,981	\$ 24,524
Incurred claims, including incurred but not reported claims (IBNRs) and changes in estimates)	16,070	14,763	97,558	86,881	5,306	6,814
Claim payments	(15,312)	(15,091)	(98,873)	(86,132)	(12,237)	(7,357)
Unpaid claims, end of year	<u>\$ 61,379</u>	<u>\$ 60,621</u>	<u>\$ 7,904</u>	<u>\$ 9,219</u>	<u>\$ 17,050</u>	<u>\$ 23,981</u>

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 42 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.

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**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 14. Accrued Landfill Liability (continued)

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 \$26.6 million liability for closure/post-closure care is based on 36.22 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 \$72.3 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 \$26.6 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 (TAC) require 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 \$221 thousand, and the total liability for 30 years would be \$6.2 million. In addition to the \$221 thousand, there will also be a one time payment of \$454 thousand in fiscal year 2011, making the total amount presented as due in one year \$675 thousand.

Note 15. Pollution Remediation

The City is responsible for following all applicable environmental rules when managing sites with environmental clean-up or management requirements. The Texas Commission on Environmental Quality (TCEQ) is the State regulatory agency that regulates all projects being reported. The method used to calculate the liability is the current value of outlays to remediate the properties – the amount that would be paid if all equipment, facilities, and services included in the estimate were acquired during the current period. The liability is an estimate and is subject to revision because of price increases or reductions, changes in technology, or changes in applicable laws or regulations. As of September 30, 2010, the total environmental remediation liability is \$16.24 million. At this time, the City is unable to estimate any recoveries to reduce the liability. The specific issues related to the City's remediation efforts include:

The City is constructing a park over a closed landfill and all activities are conducted in compliance with TAC Ch. 330, Subchapter T (Use of land over a closed municipal landfill). Environmental remediation for this site is expected to be completed in fiscal year 2012 with an estimated cost of \$1.1 million.

The City is managing four sites that are regulated by the Texas Risk Reduction Program, TAC Ch. 350. For the first site, the City is excavating soil impacted with metals and polycyclic aromatic hydrocarbons and disposing at an approved facility offsite prior to construction of a City park. Remediation is expected to be complete in fiscal year 2011 with an estimated cost of \$0.8 million. For the second site, the City has investigated the environmental impact of a closed landfill and will be conducting remediation as required. Activities at this site are expected to be complete in fiscal year 2014 with an estimated cost of \$13.1 million. For the third site, the city has completed phase I and phase II environmental site assessment. Additional investigation of metals impacted soil and reporting to TCEQ is required. Activities at this site are expected to be completed in FY 2014 with an estimated cost of \$0.5 million. For the fourth site, the City has completed phase I and phase II environmental site assessment; Future response actions included excavation of metal impacted soil and removal of any battery casings encountered. Activities expected to be completed by FY 2013 with an estimated cost of 0.04 million.

The City is also managing an environmental corrective action at four leaking petroleum storage tank (LPST) sites. Activities at these sites are conducted in compliance with the rule for Underground and Aboveground Storage Tanks, TAC Ch 334. Environmental remediation for these sites is expected to be complete in fiscal year 2013 with an estimated cost of \$0.7 million.

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 16. 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, 2008 are reported in the City's Pension Trust Funds. Their separate audited financial statements may be obtained through the City.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 9.16% for employees and 15.60% for the City. The City's contribution of 15.6% is divided into 7.64% cash to the Plan and 7.96% for debt service payments on the pension obligation bonds. The maximum contribution percentage of covered wages is 36%, with 63% from the City and 37% from employees. The maximum increase or decrease from one year to the next is 10%.

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 16. Pension Plans (continued)

A. Plan Descriptions (continued)

	2009 Membership Consisted of Number of Persons
Retirees and beneficiaries currently receiving benefits and inactive entitled to benefits but not yet receiving them	6,925
Current members:	
Vested	4,763
Non vested	2,891
Total current	7,654
Total	14,579

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. The maximum contribution percentage of covered wages is 36%, with 63% from the City and 37% from employees. The maximum increase or decrease from one year to the next is 10%.

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 16. Pension Plans (continued)

A. Plan Descriptions (continued)

	2009 Membership Consisted of
Nonactive Member:	
Retirees and beneficiaries currently receiving benefits and employees entitled to benefits but not yet receiving them:	
Firefighters	1,481
Police Officers	1,969
Terminated vested members not yet receiving benefits	144
Total inactive members	3,594
Current Vested Employees:	
Firefighters	1,409
Police Officers	2,466
Current Nonvested Employees:	
Firefighters	424
Police Officers	1,177
Total current employees	5,476

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 2009 the City contribution was \$1.34 million.

	2009 Membership consisted of
Nonactive members	
Retirees and beneficiaries currently receiving	
Firefighters	51
Police Officers	61
Total non-active members	112
Current Vested Employees:	
Firefighters	16
Police Officers	24
	40

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 16. Pension Plans (continued)

B. Schedule of Employer Contributions

	Employees' Retirement Fund		Dallas Police and Fire Pension System		Supplemental Police and Fire Pension Plan	
	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
12/31/09	\$39,386	64.06%	\$107,700	100.0%	\$1,344	100.0%
12/31/08	\$10,798	210.41%	\$104,373	100.0%	\$1,244	100.0%
12/31/07	\$9,387	250.27%	\$97,762	100.0%	\$1,340	100.0%

	Employees' Retirement Fund		Dallas Police and Fire Pension System		Supplemental Police and Fire Pension Plan	
	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
12/31/09	\$31,993	78.87%	\$107,700	100.0%	\$1,344	100.0%
12/31/08	\$3,736	608.14%	\$104,373	100.0%	\$1,244	100.0%
12/31/07	\$2,687	874.32%	\$97,762	100.0%	\$1,340	100.0%

C. Employees' Retirement Fund - Net Pension Asset (NPA) for 2009, 2008, and 2007

	2009	2008	2007
Annual required contribution (ARC)	\$ 39,386	\$ 10,798	\$ 9,387
Interest on NPA	(35,058)	(33,492)	(31,775)
Adjustment to the ARC	27,665	26,430	25,075
Annual Pension Cost	31,993	3,736	2,687
Contribution Made	(25,232)	(22,720)	(23,493)
Change in NPA	6,761	(18,984)	(20,806)
NPA, beginning of year	(424,944)	(405,960)	(385,154)
NPA, end of year	<u>\$ (418,183)</u>	<u>\$ (424,944)</u>	<u>\$ (405,960)</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% (\$311,108) and for business-type activities, 25.6% (\$107,075). The amount of net pension asset allocated by business-type activity is 18.9% (\$79,486) to Dallas Water Utilities; 1.4% (\$5,685) to Convention Center; 1.8% (\$7,437) to Airport Revenues; and 3.5% (\$14,467) 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, 2010

Note 16. Pension Plans (continued)

D. Police and Fire Pension - Net Pension Obligation (NPO) for 2009, 2008, and 2007

<u>Dallas Police and Fire Pension System</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Annual required contribution (ARC)	\$ 107,700	\$ 104,373	\$ 97,762
Interest on NPO	-	-	-
Adjustment to the ARC	-	-	-
Annual Pension Cost	107,700	104,373	97,762
Contribution Made	(107,700)	(104,373)	(97,762)
Change in NPO	-	-	-
NPO, beginning of year	-	-	-
NPO, end of year	\$ -	\$ -	\$ -

<u>Supplemental Police and Fire Pension Plan</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Annual required contribution (ARC)	\$ 1,344	\$ 1,244	\$ 1,340
Interest on NPO	-	-	-
Adjustment to the ARC	-	-	-
Annual Pension Cost	1,344	1,244	1,340
Contribution Made	(1,344)	(1,244)	(1,340)
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	12/31/2009	01/01/2010	01/01/2010
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	Level Percentage	Level Percentage	Level Percentage
Asset valuation method	5-year smoothed market	5-year smoothing	Fair market value
Remaining Amortization period	30 Years – Open Period	33 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%	4.00%-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, 2010

Note 16. 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, 2009 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 than 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, 2009 and 2008.

Collateral Type	Collateral Market Value	Fair Value	Collateral Percentage	Collateral Market Value	Fair Value	Collateral Percentage
Cash	\$ 369,108	\$ 357,454	103%	\$ 305,649	\$ 300,653	102%
Non-cash	95	93	102%	382	360	106%
Total	<u>\$ 369,203</u>	<u>\$ 357,547</u>		<u>\$ 306,031</u>	<u>\$ 301,013</u>	

During the December 31, 2009 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, 2009 and December 31, 2008 were \$220.7 and \$148.8 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, 2009 and 2008, the Plan had no credit risk exposure to borrowers.

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 16. 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	15.60%	27.50%	N/A
Plan members	9.16%	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	39,386	107,700	1,344
Contributions made	25,232	107,700	1,344

(1) During 2009 and 2008, 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.

H. Funded Status and Funding Progress

The funded status of the plan as of January 1, 2009, (the most recent valuation date) was 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>
Actuarial accrued liability (AAL)	3,192	4,133	33
Actuarial value of plan assets	3,032	3,383	21
Unfunded actuarial accrued liability (UAAL)	160	750	13
Funded ratio (actuarial value of plan assets / AAL)	94.97%	81.80%	62.00%
Covered payroll	375	367	1
UAAL as a percentage of covered payroll	42.80%	204.40%	1223.00%

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 17. Commitments and Contingencies

A. Pending Lawsuits and Claims

Various claims and lawsuits are pending against the City. 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 \$5.9 million as of September 30, 2010. At September 30, 2010, approximately \$5.4 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, 2010. These projects are evidenced by contractual commitments and include the following: \$201 million for General Purpose Capital Improvements and \$318 million for Water Utilities Capital Improvements.

Note 18. 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 \$450 (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 4,910 retiree participants and surviving spouses in the health plan at October 1, 2010.

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 an open basis. The discount rate used for the determination of the expense for fiscal year 2010 is 4.50%. Total claim payments for fiscal year 2010 were approximately \$19 million net of participants' and pension plans' contributions.

The following table shows the components of the City's annual OPEB cost fiscal years 2010, 2009, and 2008, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (in thousands):

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 18. Other Post Employment Benefits (continued)

	2010	2009	2008
Annual OPEB Cost	\$ 42,043	\$ 48,330	\$ 52,168
Contributions Made	(18,965)	(11,950)	(15,364)
Increase in net OPEB	23,078	36,380	36,804
Net OPEB Obligation, beginning of year	73,184	36,804	-
Net OPEB Obligation, end of year	<u>\$ 96,262</u>	<u>\$ 73,184</u>	<u>\$ 36,804</u>

	2010
Net OPEB Obligation reported by governmental funds	\$ 78,791
Net OPEB Obligation reported in business type activities funds	14,279
Net OPEB Obligation reported in internal service funds	3,192
	<u>\$ 96,262</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2010, 2009, and 2008 are as follows (in thousands):

Fiscal Year Ended	Net OPEB Obligation Beginning of Year	Annual OPEB Cost	Employer Contributions	Net OPEB Obligation End of Year	Annual OPEB Cost Contributed
2010	\$ 73,184	\$ 42,043	\$ 18,965	\$ 96,262	45.1%
2009	\$ 36,804	\$ 48,330	\$ 11,950	\$ 73,184	24.7%
2008	\$ -	\$ 52,168	\$ 15,364	\$ 36,804	29.5%

The funded status of the plan for fiscal years 2010, 2009, and 2008 are as follows (in thousands):

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
10/1/2009	\$ -	\$ 516,184	\$ 516,184	0%	N/A	N/A
10/1/2008	\$ -	\$ 590,856	\$ 590,856	0%	N/A	N/A
10/1/2007	\$ -	\$ 688,083	\$ 688,083	0%	N/A	N/A

The actuarial accrued liability of \$516,184 includes \$319,239 for active employees and \$196,945 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, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 18. Other Post Employment Benefits (continued)

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.

At October 1, 2009, membership was as follows:	Uniformed	Non-Uniformed	Total
Active participants not eligible to retire	3,017	6,120	9,137
Active participants eligible to retire	2,081	957	3,038
Total active participants	<u>5,098</u>	<u>7,077</u>	<u>12,175</u>

Note 19. Discretely Presented Component Units' Condensed Financial Information

DDDA and the Dallas Convention Center Hotel Development Corporation are the only "major" discretely presented component units, as considered by management. Summary component unit condensed financial information as of September 30, 2010, for the governmental component units and as of December 31, 2009, for the Dallas Convention Center Hotel Development Corporation is presented below:

Condensed Statement of Net Assets

	Governmental			Business-type
	DDDA	Nonmajor	Total Governmental	Convention Center Hotel Development Corporation
<b>Assets</b>				
Current and other assets	36,918	1,868	38,786	429,988
Capital assets	-	-	-	67,668
Total assets	<u>36,918</u>	<u>1,868</u>	<u>38,786</u>	<u>497,656</u>
<b>Liabilities</b>				
Current liabilities	190	70	260	22,807
Non current liabilities	93,658	-	93,658	480,606
Total liabilities	<u>93,848</u>	<u>70</u>	<u>93,918</u>	<u>503,413</u>
<b>Net assets</b>				
Invested in capital assets, net of related debt	-	-	-	12,286
Restricted for debt service	8,895	-	8,895	-
Unrestricted	(65,825)	1,798	(64,027)	(18,043)
Total net assets	<u>(56,930)</u>	<u>1,798</u>	<u>(55,132)</u>	<u>(5,757)</u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 19. Discretely Presented Component Units' Condensed Financial Information (continued)

	Governmental			Business-type
	DDDA	Nonmajor	Total Governmental	Convention
				Center Hotel Development Corporation
Operating revenues				
Intergovernmental	7,886	-	7,886	-
Other	-	1,142	1,142	-
Total operating revenues	7,886	1,142	9,028	-
Operating expenses	5,649	674	6,323	10,676
Operating income	2,237	468	2,705	(10,676)
Nonoperating income	-	2	2	-
Other	-	-	-	3,184
Investment income	-	1	1	1,735
Income before contributions	2,237	471	2,708	(5,757)
Contributions	-	(100)	(100)	-
Change in net assets	2,237	371	2,608	(5,757)
Total net assets, beginning of year	(59,167)	1,427	(57,740)	-
Total net assets, end of year	(56,930)	1,798	(55,132)	(5,757)

Note 20. Subsequent Events

In November 2010, the City issued General Obligation Refunding and Improvement Bonds Series 2010C of \$142 million with an interest rate range of 3 to 5 percent and a final maturity of February 15, 2023. The bonds were issued to refund previously issued general obligation bonds and to fund various permanent public improvements in the City. The City also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$8.2 million. Additionally, the City issued General Obligation Refunding and Improvement Bonds Series 2010 of \$77.67 million with an interest rate range of 0.295 to 4.66 percent and a final maturity of February 15, 2024. The City also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$12.5 million. The City also issued \$17.57 million in Equipment Acquisition Contractual Obligations Series 2010 with an interest rate range of 3 to 5 percent and a final maturity of August 15, 2015 for the purchase of various types of capital equipment.

The City of Dallas created the Love Field Airport Modernization Corporation (the Corporation), a Texas nonprofit local government corporation organized under Subchapter D of Chapter 431 of the Texas Transportation Code. The Corporation is a discretely presented component unit of the City of Dallas with a September 30 fiscal year end. There was no financial activity for the Corporation as of September 30, 2010; therefore, financial activity for the Corporation is not included in the City's September 30, 2010 financial statements.

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2010

Note 20. Subsequent Events (continued)

The Corporation was formed to serve as a conduit financing entity for the purpose of issuing bonds to promote the development of the geographic area of the City included at or in the vicinity of Love Field to promote, develop, and maintain the employment, commerce, aviation activity, tourism, and economic development in the City. The Corporation issued a total of \$310 million in bonds dated November 3, 2010 which will be reflected in the Corporation's September 30, 2011 financial statements, as well as the City's September 30, 2011 financial statements as a component unit of the City. The bonds were issued to finance a portion of the costs of the development and construction by Southwest Airlines of a new terminal building complex, aircraft parking apron, fuel systems, baggage handling system, roadways, and certain other new and renovated facilities at Dallas Love Field for use by Southwest, as the primary user, and other commercial air carriers.



**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, 2010  
(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)
12/31/09	ERF	3,032	3,192	160	94.97%	375	42.8%
12/31/08	ERF	2,958	3,075	118	96.17%	389	30.1%
12/31/07	ERF	3,183	2,915	(268)	109.2%	370	(72.4%)
01/01/10	DPFPS	3,383	4,133	750	81.8%	367	204.4%
01/01/09	DPFPS	3,040	3,878	838	78.4%	348	240.8%
01/01/08	DPFPS	3,259	3,644	385	89.4%	321	119.9%
01/01/10	SPFPP	21	33	13	62.0%	1	1,223%
01/01/09	SPFPP	18	32	14	57.0%	1	1,334%
01/01/08	SPFPP	25	30	5	84.0%	1	516.0%

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, 2010  
(in thousands)

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)
9/30/2010	\$ -	\$ 516,184	\$ 516,184	0%	N/A	N/A
9/30/2009	\$ -	\$ 590,856	\$ 590,856	0%	N/A	N/A
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 PROJECTS 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.

Buildings – to account for construction of City-owned buildings

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.



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

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

As of September 30, 2010

(in thousands)

	Special Revenue				
	Community Development	Health and Human Services	Library	Police	Recreation
<b>Assets</b>					
Pooled cash and cash equivalents	\$ -	\$ -	\$ 1,986	\$ 5,700	\$ 17,209
Other investments, at fair value	-	-	1,002	-	-
Receivables:					
Notes	2,763	-	-	-	-
Accounts	2,147	-	-	1	527
Accrued interest	28	3	15	61	130
Allowance for uncollectible accounts	(2,408)	-	-	-	(220)
Due from other governments	10,743	4,951	63	5,678	330
Due from other funds	-	-	-	-	-
Special assessments- paving notes	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Notes receivable from other funds	-	-	-	-	-
Total assets	<u>13,273</u>	<u>4,954</u>	<u>3,066</u>	<u>11,440</u>	<u>17,976</u>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Accrued payroll	364	378	9	37	15
Accounts payable	4,320	594	68	696	719
Due to other governments	-	-	-	-	-
Due to other funds	1,875	2,645	-	-	-
Deferred revenue	-	-	-	-	104
Unearned revenue	90	66	173	430	-
Construction accounts payable	-	-	-	-	-
Notes payable to other funds	-	-	-	-	3,108
Customer deposits	-	-	-	-	-
Contracts payable	-	-	-	-	-
Other	2,772	17	3	90	36
Total liabilities	<u>9,421</u>	<u>3,700</u>	<u>253</u>	<u>1,253</u>	<u>3,982</u>
<b>Fund balances</b>					
Reserved for:					
Encumbrances	24,531	1,054	34	3,637	781
General government	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Notes receivable	-	-	-	-	-
Debt Service	-	-	-	-	-
Unreserved, undesignated	(20,679)	200	2,779	6,550	13,213
Total fund balances	<u>3,852</u>	<u>1,254</u>	<u>2,813</u>	<u>10,187</u>	<u>13,994</u>
Total liabilities and fund balance	<u>\$ 13,273</u>	<u>\$ 4,954</u>	<u>\$ 3,066</u>	<u>\$ 11,440</u>	<u>\$ 17,976</u>

Transportation	Management Improvement	Storm Water Operations	Municipal	General Citizen	Arts and Cultural	Total Nonmajor Special Revenue Funds
\$ 3,973	\$ 12,711	\$ 16,983	\$ 13,027	\$ 2,900	\$ 2,058	\$ 76,547
-	-	-	-	-	2,547	3,549
-	-	-	9,386	-	-	12,149
9,445	58	8,901	330	-	-	21,409
116	65	108	82	15	16	639
(3,370)	-	(2,995)	(2,686)	-	-	(11,679)
457	617	-	-	-	-	22,839
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>10,621</u>	<u>13,451</u>	<u>22,997</u>	<u>20,139</u>	<u>2,915</u>	<u>4,621</u>	<u>125,453</u>
-	10	44	111	25	-	993
24	189	-	1,518	-	-	8,128
-	1	-	2,125	-	-	2,126
841	2,132	-	-	-	-	7,493
5,398	-	1,217	16	-	-	6,735
-	-	-	2,665	-	-	3,424
-	-	-	-	-	-	-
-	-	947	-	-	-	4,055
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,044	-	-	7	-	3,969
<u>6,263</u>	<u>3,376</u>	<u>2,208</u>	<u>6,435</u>	<u>32</u>	<u>-</u>	<u>36,923</u>
201	1,199	9,290	5,601	12	-	46,340
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,157	8,876	11,499	8,103	2,871	4,621	42,190
<u>4,358</u>	<u>10,075</u>	<u>20,789</u>	<u>13,704</u>	<u>2,883</u>	<u>4,621</u>	<u>88,530</u>
<u>\$ 10,621</u>	<u>\$ 13,451</u>	<u>\$ 22,997</u>	<u>\$ 20,139</u>	<u>\$ 2,915</u>	<u>\$ 4,621</u>	<u>\$ 125,453</u>

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

As of September 30, 2010  
(in thousands)

	Capital Projects					Total Nonmajor Capital Project Funds
	Neighborhood Projects	Parks	Streets and Drainage	Building	Trans- portation	
<b>Assets</b>						
Pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other investments, at fair value	-	-	-	-	2,561	2,561
Receivables:						
Notes	4,075	-	-	1,500	-	5,575
Accounts	7	-	-	87	858	952
Accrued interest	277	167	1,033	1,459	1,207	4,143
Allowance for uncollectible accounts	(4,075)	-	(2,482)	(1,500)	-	(8,057)
Due from other governments	-	-	16	1,962	2,227	4,205
Due from other funds	-	-	-	-	-	-
Special assessments- paving notes	-	-	5,078	-	-	5,078
Restricted cash and cash equivalents	53,598	31,540	195,892	274,669	236,628	792,327
Notes receivable from other funds	-	-	4,161	-	-	4,161
<b>Total assets</b>	<b>53,882</b>	<b>31,707</b>	<b>203,698</b>	<b>278,177</b>	<b>243,481</b>	<b>810,945</b>
<b>Liabilities and fund balances</b>						
<b>Liabilities</b>						
Accrued payroll	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Due to other governments	-	-	2	-	-	2
Due to other funds	486	-	-	44	-	530
Deferred revenue	-	-	2,577	-	-	2,577
Unearned revenue	-	4,536	6	-	19,159	23,701
Construction accounts payable	1,901	2,687	11,624	12,475	7,753	36,440
Notes payable to other funds	4,491	-	-	-	-	4,491
Customer deposits	-	-	9	-	-	9
Contracts payable	19,688	203	2,091	2,730	280	24,992
Other	-	-	-	-	-	-
<b>Total liabilities</b>	<b>26,566</b>	<b>7,426</b>	<b>16,309</b>	<b>15,249</b>	<b>27,192</b>	<b>92,742</b>
<b>Fund balances</b>						
Reserved for:						
Encumbrances	19,079	4,223	36,294	75,504	36,893	171,993
General government	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Notes receivable	-	-	4,161	-	-	4,161
Debt Service	1,651	-	-	-	-	1,651
Unreserved, undesignated	6,586	20,058	146,934	187,424	179,396	540,398
<b>Total fund balances</b>	<b>27,316</b>	<b>24,281</b>	<b>187,389</b>	<b>262,928</b>	<b>216,289</b>	<b>718,203</b>
<b>Total liabilities and fund balance</b>	<b>\$ 53,882</b>	<b>\$ 31,707</b>	<b>\$ 203,698</b>	<b>\$ 278,177</b>	<b>\$ 243,481</b>	<b>\$ 810,945</b>



**CITY OF DALLAS, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of September 30, 2010  
(in thousands)**

	Permanent Funds					Total Permanent Funds	Total Nonmajor Governmental Funds
	Samuell Park	Grauwyler Memorial	Craddock Park	Martin Weiss Park	Hale Davis		
<b>Assets</b>							
Pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,547
Other investments, at fair value	7,135	79	725	70	368	8,377	14,487
Receivables:							
Notes	-	-	-	-	-	-	17,724
Accounts	-	-	-	-	-	-	22,361
Accrued interest	-	-	-	-	-	-	4,782
Allowance for uncollectible accounts	-	-	-	-	-	-	(19,736)
Due from other governments	-	-	-	-	-	-	27,044
Due from other funds	-	-	-	-	-	-	-
Special assessments- paving notes	-	-	-	-	-	-	5,078
Restricted cash and cash equivalents	-	-	-	-	-	-	792,327
Notes receivable from other funds	-	-	-	-	-	-	4,161
Total assets	<u>7,135</u>	<u>79</u>	<u>725</u>	<u>70</u>	<u>368</u>	<u>8,377</u>	<u>944,775</u>
<b>Liabilities and fund balances</b>							
<b>Liabilities</b>							
Accrued payroll	-	-	-	-	-	-	993
Accounts payable	-	-	-	-	-	-	8,128
Due to other governments	-	-	-	-	-	-	2,128
Due to other funds	-	-	-	-	-	-	8,023
Deferred revenue	-	-	-	-	-	-	9,312
Unearned revenue	-	-	-	-	-	-	27,125
Construction accounts payable	-	-	-	-	-	-	36,440
Notes payable to other funds	-	-	-	-	-	-	8,546
Customer deposits	-	-	-	-	-	-	9
Contracts payable	-	-	-	-	-	-	24,992
Other	-	-	-	-	-	-	3,969
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,665</u>
<b>Fund balances</b>							
Reserved for:							
Encumbrances	-	-	-	-	-	-	218,333
General government	-	-	-	-	368	368	368
Culture and recreation	7,135	79	725	70	-	8,009	8,009
Notes receivable	-	-	-	-	-	-	4,161
Debt Service	-	-	-	-	-	-	1,651
Unreserved, undesignated	-	-	-	-	-	-	582,588
Total fund balances	<u>7,135</u>	<u>79</u>	<u>725</u>	<u>70</u>	<u>368</u>	<u>8,377</u>	<u>815,110</u>
Total liabilities and fund balance	<u>\$ 7,135</u>	<u>\$ 79</u>	<u>\$ 725</u>	<u>\$ 70</u>	<u>\$ 368</u>	<u>\$ 8,377</u>	<u>\$ 944,775</u>

**CITY OF DALLAS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
Year Ended September 30, 2010  
(in thousands)

	Special Revenue				
	Community Development	Health and Human Services	Library	Police	Recreation
Revenues:					
Ad valorem tax	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increment financing, intergovernmental	-	-	-	-	-
Intergovernmental	51,696	19,664	881	15,662	660
Service to others	662	-	23	-	3,851
Fines and forfeits	-	-	-	343	-
Investment income	6	9	22	78	76
Contributions and gifts	343	189	491	123	312
Confiscated money awards	-	-	-	3,758	-
Other	18	-	1	7	65
Total revenues	<u>52,725</u>	<u>19,862</u>	<u>1,418</u>	<u>19,971</u>	<u>4,964</u>
Expenditures:					
Current					
General government	12,646	-	-	-	-
Public safety	374	-	-	14,450	-
Streets, street lighting, sanitation and code enforcement	905	-	-	-	-
Environmental and health services	695	19,278	-	-	-
Culture and recreation	827	-	1,101	-	5,395
Human services	32,819	-	-	-	-
Debt service:					
Interest and fiscal charges	-	-	-	-	-
Capital outlay	3,046	367	597	4,436	756
Total expenditures	<u>51,312</u>	<u>19,645</u>	<u>1,698</u>	<u>18,886</u>	<u>6,151</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,413</u>	<u>217</u>	<u>(280)</u>	<u>1,085</u>	<u>(1,187)</u>
Other financing sources (uses):					
Transfers in	1,462	-	-	122	314
Transfers out	(2,274)	(460)	(804)	(24)	(677)
Premium on bonds issued	-	-	-	-	-
General obligation bonds issued	-	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	2	-
Total other financing sources (uses)	<u>(812)</u>	<u>(460)</u>	<u>(804)</u>	<u>100</u>	<u>(363)</u>
Net change in fund balances	<u>601</u>	<u>(243)</u>	<u>(1,084)</u>	<u>1,185</u>	<u>(1,550)</u>
Fund balances, beginning of year	<u>3,251</u>	<u>1,497</u>	<u>3,897</u>	<u>9,002</u>	<u>15,544</u>
Fund balances, end of year	<u>\$ 3,852</u>	<u>\$ 1,254</u>	<u>\$ 2,813</u>	<u>\$ 10,187</u>	<u>\$ 13,994</u>

Transportation	Management Improvement	Storm Water Operations	Municipal	General Citizen	Arts and Cultural	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
882	743	-	8,307	-	-	98,495
874	121	49,469	2,013	-	-	57,013
6,546	830	-	-	-	-	7,719
169	86	227	85	20	32	810
-	550	-	25	203	-	2,236
-	-	-	-	-	-	3,758
1	362	-	265	100	429	1,248
<u>8,472</u>	<u>2,692</u>	<u>49,696</u>	<u>10,695</u>	<u>323</u>	<u>461</u>	<u>171,279</u>
-	1,896	32,735	18,950	451	-	66,678
-	-	-	-	-	-	14,824
7,237	-	-	-	-	-	8,142
-	-	-	-	-	-	19,973
-	-	-	-	-	-	7,323
-	-	-	-	-	-	32,819
-	-	-	-	-	-	-
437	-	25	880	-	-	10,544
<u>7,674</u>	<u>1,896</u>	<u>32,760</u>	<u>19,830</u>	<u>451</u>	<u>-</u>	<u>160,303</u>
798	796	16,936	(9,135)	(128)	461	10,976
-	-	-	6,816	-	-	8,714
(12,102)	(2)	(7,979)	(163)	-	-	(24,485)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	2
<u>(12,102)</u>	<u>(2)</u>	<u>(7,979)</u>	<u>6,653</u>	<u>-</u>	<u>-</u>	<u>(15,769)</u>
<u>(11,304)</u>	<u>794</u>	<u>8,957</u>	<u>(2,482)</u>	<u>(128)</u>	<u>461</u>	<u>(4,793)</u>
<u>15,662</u>	<u>9,281</u>	<u>11,832</u>	<u>16,186</u>	<u>3,011</u>	<u>4,160</u>	<u>93,323</u>
<u>\$ 4,358</u>	<u>\$ 10,075</u>	<u>\$ 20,789</u>	<u>\$ 13,704</u>	<u>\$ 2,883</u>	<u>\$ 4,621</u>	<u>\$ 88,530</u>

**CITY OF DALLAS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
Year Ended September 30, 2010  
(in thousands)

	Capital Projects			
	Neighborhood Projects	Parks	Streets and Drainage	Building
Revenues:				
Ad valorem tax	\$ 17,578	\$ -	\$ -	\$ -
Tax increment financing, intergovernmental	6,739	-	-	-
Intergovernmental	-	-	7	6,506
Service to others	77	1,134	10	-
Fines and forfeits	-	-	-	-
Investment income	405	223	1,370	1,796
Contributions and gifts	-	1,083	-	494
Confiscated money awards	-	-	-	-
Other	3	-	432	-
Total revenues	<u>24,802</u>	<u>2,440</u>	<u>1,819</u>	<u>8,796</u>
Expenditures:				
Current				
General government	13,031	-	-	10,369
Public safety	-	-	-	-
Streets, street lighting, sanitation and code enforcement	-	-	6,760	-
Environmental and health services	-	-	-	-
Culture and recreation	-	1,494	-	-
Human services	-	-	-	-
Debt service:				
Interest and fiscal charges	4,823	-	-	506
Capital outlay	7,625	12,973	49,141	105,054
Total expenditures	<u>25,479</u>	<u>14,467</u>	<u>55,901</u>	<u>115,929</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(677)</u>	<u>(12,027)</u>	<u>(54,082)</u>	<u>(107,133)</u>
Other financing sources (uses):				
Transfers in	-	-	-	33
Transfers out	(3,058)	-	(3,494)	(1,625)
Premium on bonds issued	1,615	-	-	4,143
General obligation bonds issued	12,585	-	-	85,757
Proceeds from sale of fixed assets	-	-	1,116	-
Total other financing sources (uses)	<u>11,142</u>	<u>-</u>	<u>(2,378)</u>	<u>88,308</u>
Net change in fund balance	<u>10,465</u>	<u>(12,027)</u>	<u>(56,460)</u>	<u>(18,825)</u>
Fund balances, beginning of year	<u>16,851</u>	<u>36,308</u>	<u>243,849</u>	<u>281,753</u>
Fund balances, end of year	<u>\$ 27,316</u>	<u>\$ 24,281</u>	<u>\$ 187,389</u>	<u>\$ 262,928</u>

<u>Trans- portation</u>	<u>Total Nonmajor Capital Project Funds</u>
\$ -	\$ 17,578
-	6,739
3,576	10,089
5	1,226
-	-
1,635	5,429
1,127	2,704
-	-
530	965
<u>6,873</u>	<u>44,730</u>

-	23,400
-	-
2,263	9,023
-	-
-	1,494
-	-
-	-
104	5,433
<u>39,832</u>	<u>214,625</u>
<u>42,199</u>	<u>253,975</u>
<u>(35,326)</u>	<u>(209,245)</u>

-	33
(3,222)	(11,399)
714	6,472
47,813	146,155
-	1,116
<u>45,305</u>	<u>142,377</u>
<u>9,979</u>	<u>(66,868)</u>
<u>206,310</u>	<u>785,071</u>
<u>\$ 216,289</u>	<u>\$ 718,203</u>

**CITY OF DALLAS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
Year Ended September 30, 2010  
(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	590	8	79
Contributions and gifts	-	-	-
Confiscated money awards	-	-	-
Other	-	-	-
Total revenues	<u>590</u>	<u>8</u>	<u>79</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>590</u>	<u>8</u>	<u>79</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(181)	(2)	(27)
Premiums on bonds issued	-	-	-
General obligation bonds issued	-	-	-
Proceeds from sale of capital assets	-	-	-
Total other financing sources (uses)	<u>(181)</u>	<u>(2)</u>	<u>(27)</u>
Net change in fund balances	<u>409</u>	<u>6</u>	<u>52</u>
Fund balances, beginning of year	<u>6,726</u>	<u>73</u>	<u>673</u>
Fund balances, end of year	<u>\$ 7,135</u>	<u>\$ 79</u>	<u>\$ 725</u>

;

Martin Weiss Park	Hale Davis	Total Permanent Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 17,578
-	-	-	6,739
-	-	-	108,584
-	-	-	58,239
-	-	-	7,719
8	27	712	6,951
-	-	-	4,940
-	-	-	3,758
-	-	-	2,213
<u>8</u>	<u>27</u>	<u>712</u>	<u>216,721</u>
-	-	-	90,078
-	-	-	14,824
-	-	-	17,165
-	-	-	19,973
-	-	-	8,817
-	-	-	32,819
-	-	-	5,433
-	-	-	225,169
<u>-</u>	<u>-</u>	<u>-</u>	<u>414,278</u>
<u>8</u>	<u>27</u>	<u>712</u>	<u>(197,557)</u>
-	-	-	8,747
(3)	(15)	(228)	(36,112)
-	-	-	6,472
-	-	-	146,155
-	-	-	1,118
<u>(3)</u>	<u>(15)</u>	<u>(228)</u>	<u>126,380</u>
<u>5</u>	<u>12</u>	<u>484</u>	<u>(71,177)</u>
<u>65</u>	<u>356</u>	<u>7,893</u>	<u>886,287</u>
<u>\$ 70</u>	<u>\$ 368</u>	<u>\$ 8,377</u>	<u>\$ 815,110</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, 2010  
(in thousands)

	Municipal Radio	Building Inspection	Total Nonmajor Enterprise Funds
<b>Assets</b>			
Current assets:			
Pooled cash and cash equivalents	\$ 2,362	\$ 6,709	\$ 9,071
Receivables:			
Accounts	891	93	984
Accrued interest	28	34	62
Allowance for uncollectibles	(2)	-	(2)
Total current assets	<u>3,279</u>	<u>6,836</u>	<u>10,115</u>
Capital assets:			
Land	-	900	900
Buildings	337	-	337
Improvements other than building	273	-	273
Equipment	1,842	1,749	3,591
Construction in progress	-	302	302
Less accumulated depreciation	<u>(1,625)</u>	<u>(1,477)</u>	<u>(3,102)</u>
Total capital assets	<u>827</u>	<u>1,474</u>	<u>2,301</u>
Net pension asset	<u>1,751</u>	<u>12,716</u>	<u>14,467</u>
Total noncurrent assets	<u>2,578</u>	<u>14,190</u>	<u>16,768</u>
Total assets	<u>5,857</u>	<u>21,026</u>	<u>26,883</u>
<b>Liabilities</b>			
Current liabilities:			
Accrued payroll	44	306	350
Accounts payable	16	73	89
Accrued vacation and sick leave	61	837	898
Pension obligation bonds - current	47	335	382
Other	508	235	743
Due to other fund	-	-	-
Accrued bond interest payable	5	39	44
Total current liabilities	<u>681</u>	<u>1,825</u>	<u>2,506</u>
Noncurrent liabilities:			
Accreted interest on pension obligation bonds	376	2,757	3,133
Pension obligation bonds	<u>1,891</u>	<u>13,465</u>	<u>15,356</u>
Total long-term debt	<u>2,267</u>	<u>16,222</u>	<u>18,489</u>
Other noncurrent liabilities			
Accrued vacation and sick leave	82	1,127	1,209
Other postemployment benefits	92	1,189	1,281
Total other noncurrent liabilities	<u>174</u>	<u>2,316</u>	<u>2,490</u>
Total long-term liabilities	<u>2,441</u>	<u>18,538</u>	<u>20,979</u>
Total liabilities	<u>3,122</u>	<u>20,363</u>	<u>23,485</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	827	1,474	2,301
Unrestricted	<u>1,908</u>	<u>(811)</u>	<u>1,097</u>
Total net assets	<u>\$ 2,735</u>	<u>\$ 663</u>	<u>\$ 3,398</u>

**CITY OF DALLAS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
Year Ended September 30, 2010  
(in thousands)

	Municipal Radio	Building Inspection	Total Nonmajor Enterprise Funds
Operating revenues:			
Customer charges	\$ 2,887	\$ 18,469	\$ 21,356
Other	1	71	72
Total operating revenues	<u>2,888</u>	<u>18,540</u>	<u>21,428</u>
Operating expenses:			
Personnel services	1,570	11,441	13,011
Supplies and materials	386	174	560
Contractual and other services	839	4,056	4,895
Depreciation	117	117	234
Total operating expenses	<u>2,912</u>	<u>15,788</u>	<u>18,700</u>
Operating income (loss)	<u>(24)</u>	<u>2,752</u>	<u>2,728</u>
Nonoperating revenues (expenses):			
Investment income	22	51	73
Interest on bonds and notes	(119)	(871)	(990)
Total nonoperating revenues (expenses)	<u>(97)</u>	<u>(820)</u>	<u>(917)</u>
Income before contribution and transfers	<u>(121)</u>	<u>1,932</u>	<u>1,811</u>
Transfers out	<u>(5,200)</u>	<u>-</u>	<u>(5,200)</u>
Change in net assets	<u>(5,321)</u>	<u>1,932</u>	<u>(3,389)</u>
Net assets, beginning of year	<u>8,056</u>	<u>(1,269)</u>	<u>6,787</u>
Net assets, end of year	<u>\$ 2,735</u>	<u>\$ 663</u>	<u>\$ 3,398</u>

**CITY OF DALLAS, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
Year Ended September 30, 2010  
(in thousands)

	Municipal Radio	Building Inspection	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Cash received from customers	\$ 2,734	\$ 18,542	\$ 21,276
Cash payments to suppliers for goods and services	(154)	(735)	(889)
Cash payments to employees for services	(1,542)	(11,300)	(12,842)
Cash payments for contractual services	(847)	(4,071)	(4,918)
Net cash provided by (used in) operating activities	<u>191</u>	<u>2,436</u>	<u>2,627</u>
Cash flows from non capital financing activities:			
Transfers to other funds	(5,200)	-	(5,200)
Net cash provided by (used in) non capital and related financing activities	<u>(5,200)</u>	<u>-</u>	<u>(5,200)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(22)	-	(22)
Interest paid on bonds	(46)	(328)	(374)
Principal paid on bonds	(77)	(568)	(645)
Net cash provided by (used for) capital and related financing activities	<u>(145)</u>	<u>(896)</u>	<u>(1,041)</u>
Cash flows from investing activities:			
Investment income	35	44	79
Net cash provided by (used in) investing activities	<u>35</u>	<u>44</u>	<u>79</u>
Net increase (decrease) in cash and cash equivalents	(5,119)	1,584	(3,535)
Cash and cash equivalents, beginning of year	7,481	5,125	12,606
Cash and cash equivalents, end of year	<u>2,362</u>	<u>6,709</u>	<u>9,071</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income	(24)	2,752	2,728
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	117	117	234
Change in assets and liabilities:			
(Increase) decrease in accounts and other receivables	(154)	2	(152)
(Increase) decrease in other assets	29	204	233
Increase (decrease) in accounts and contracts payable	(8)	(15)	(23)
Increase (decrease) in accrued payroll	1	(36)	(35)
Increase (decrease) in accrued vacation and sick leave	20	136	156
Increase (decrease) in other postemployment benefits	(22)	(163)	(185)
Increase (decrease) in other liabilities	232	(561)	(329)
Total adjustments	<u>215</u>	<u>(316)</u>	<u>(101)</u>
Net cash provided by (used in) operating activities	<u>191</u>	<u>2,436</u>	<u>2,627</u>
Noncash investing, capital, and financing activities:			
Change in fair value of pooled investments	(65)	(31)	(96)
Premium/discount amortization	8	61	69
Bond issuance cost amortization	-	-	-
Accretion on capital appreciation bonds	83	607	690
Amortization of deferred gain/loss on refunding	-	-	-

## **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, 2010  
(in thousands)

	Equipment Services	Communication Equipment Services	Office Services	Information Systems	Risk Funds	Total
<b>Assets</b>						
Current assets:						
Pooled cash and cash equivalents	\$ 2,890	\$ 1,065	\$ 1,080	\$ 15,567	\$ 3,527	\$ 24,129
Receivables:						
Accounts	2	9	26	39	18	94
Accrued interest	-	11	4	64	5	84
Inventories, at cost	3,437	427	51	-	-	3,915
Prepaid expenses	-	-	-	-	29	29
Due from other funds	-	12	-	-	-	12
Other	-	-	-	-	1,855	1,855
Total current assets	<u>6,329</u>	<u>1,524</u>	<u>1,161</u>	<u>15,670</u>	<u>5,434</u>	<u>30,118</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	138,870	17,289	210	17,327	336	174,032
Construction in progress	910	360	-	495	157	1,922
Less accumulated depreciation	<u>(116,855)</u>	<u>(18,250)</u>	<u>(210)</u>	<u>(15,464)</u>	<u>(336)</u>	<u>(151,115)</u>
Net property, plant, and equipment	<u>28,814</u>	<u>2,203</u>	<u>-</u>	<u>2,606</u>	<u>157</u>	<u>33,780</u>
Total assets	<u>35,143</u>	<u>3,727</u>	<u>1,161</u>	<u>18,276</u>	<u>5,591</u>	<u>63,898</u>
<b>Liabilities</b>						
Current liabilities:						
Accrued payroll	324	51	20	435	44	874
Accounts payable	1,342	94	157	3,706	2,928	8,227
Accrued vacation and sick leave	340	88	26	988	52	1,494
Unearned revenue	-	-	6	-	-	6
Estimated unpaid health claims	-	-	-	-	7,904	7,904
Estimated unpaid claims - general	-	-	-	-	7,789	7,789
Workers' compensation	-	-	-	-	14,523	14,523
Other	21	1	20	322	1	365
Total current liabilities	<u>2,027</u>	<u>234</u>	<u>229</u>	<u>5,451</u>	<u>33,241</u>	<u>41,182</u>
Noncurrent liabilities:						
Estimated unpaid claims - general	-	-	-	-	9,261	9,261
Workers' compensation	-	-	-	-	46,856	46,856
Accrued vacation and sick	457	118	36	1,329	70	2,010
Other postemployment benefits	1,493	145	84	1,356	114	3,192
Total noncurrent liabilities	<u>1,950</u>	<u>263</u>	<u>120</u>	<u>2,685</u>	<u>56,301</u>	<u>61,319</u>
Total liabilities	<u>3,977</u>	<u>497</u>	<u>349</u>	<u>8,136</u>	<u>89,542</u>	<u>102,501</u>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	28,814	2,203	-	2,606	157	33,780
Unrestricted	2,352	1,027	812	7,534	(84,108)	(72,383)
Total net assets	<u>\$ 31,166</u>	<u>\$ 3,230</u>	<u>\$ 812</u>	<u>\$ 10,140</u>	<u>\$ (83,951)</u>	<u>\$ (38,603)</u>

**CITY OF DALLAS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
Year Ended September 30, 2010  
(in thousands)

	Equipment Services	Communication Equipment Services	Office Services	Information Systems	Risk Funds	Total
<b>Operating revenues</b>						
Charges to other city departments	\$ 44,352	\$ 2,200	\$ 2,631	\$ 43,772	\$ 84,135	\$ 177,090
Services to others	-	249	1,087	111	42,069	43,516
Other	-	-	16	-	856	872
Total operating revenues	<u>44,352</u>	<u>2,449</u>	<u>3,734</u>	<u>43,883</u>	<u>127,060</u>	<u>221,478</u>
<b>Operating expenses</b>						
Personnel services	11,875	2,002	739	16,781	13,366	44,763
Supplies and materials	22,344	665	295	503	13	23,820
Contractual and other services	90	1,164	3,042	22,806	102,998	130,100
Depreciation	6,563	286	-	292	-	7,141
Total operating expenses	<u>40,872</u>	<u>4,117</u>	<u>4,076</u>	<u>40,382</u>	<u>116,377</u>	<u>205,824</u>
Operating income (loss)	<u>3,480</u>	<u>(1,668)</u>	<u>(342)</u>	<u>3,501</u>	<u>10,683</u>	<u>15,654</u>
<b>Nonoperating revenues (expenses):</b>						
Investment income	(45)	8	3	33	84	83
Gain on property disposals	(412)	-	174	-	-	(238)
Total nonoperating revenues	<u>(457)</u>	<u>8</u>	<u>177</u>	<u>33</u>	<u>84</u>	<u>(155)</u>
Income (loss) before operating transfers and contributions	<u>3,023</u>	<u>(1,660)</u>	<u>(165)</u>	<u>3,534</u>	<u>10,767</u>	<u>15,499</u>
Capital contributions	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(763)	(103)	(34)	(3,658)	(66)	(4,624)
Change in net assets	<u>2,260</u>	<u>(1,763)</u>	<u>(199)</u>	<u>(124)</u>	<u>10,701</u>	<u>10,875</u>
Net assets (deficit), beginning of year	<u>28,906</u>	<u>4,993</u>	<u>1,011</u>	<u>10,264</u>	<u>(94,652)</u>	<u>(49,478)</u>
Net assets (deficit), end of year	<u>\$ 31,166</u>	<u>\$ 3,230</u>	<u>\$ 812</u>	<u>\$ 10,140</u>	<u>\$ (83,951)</u>	<u>\$ (38,603)</u>

**CITY OF DALLAS, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
Year Ended September 30, 2010  
(in thousands)

	Equipment Services	Communication Equipment Services	Office Services	Information Systems	Risk Funds	Total
<b>Cash flows from operating activities:</b>						
Cash received from other funds for services	\$ 44,352	\$ 2,441	\$ 3,718	\$ 43,874	\$ 127,058	\$ 221,443
Cash payments to suppliers for goods and services	(24,520)	(633)	(401)	(504)	(972)	(27,030)
Cash payments to employees for services	(11,837)	(2,005)	(769)	(16,001)	(13,531)	(44,143)
Cash payments for contractual services	(90)	(1,164)	(3,042)	(21,549)	(110,487)	(136,332)
Net cash provided by (used in) operating activities	<u>7,905</u>	<u>(1,361)</u>	<u>(494)</u>	<u>5,820</u>	<u>2,068</u>	<u>13,938</u>
<b>Cash flows from noncapital financing activities:</b>						
Transfers to other funds	(763)	(103)	(34)	(3,658)	(66)	(4,624)
Net cash provided by (used in) noncapital financing activities	<u>(763)</u>	<u>(103)</u>	<u>(34)</u>	<u>(3,658)</u>	<u>(66)</u>	<u>(4,624)</u>
<b>Cash flows from capital and related financing activities:</b>						
Acquisition and construction of capital assets	(9,648)	(70)	-	(674)	(139)	(10,531)
Proceeds from sale of assets	(412)	-	174	-	-	(238)
Net cash provided by (used in) capital and related financing activities	<u>(10,060)</u>	<u>(70)</u>	<u>174</u>	<u>(674)</u>	<u>(139)</u>	<u>(10,769)</u>
<b>Cash flows from investing activities:</b>						
Investment income	(45)	9	5	19	125	113
Net cash provided by investing activities	<u>(45)</u>	<u>9</u>	<u>5</u>	<u>19</u>	<u>125</u>	<u>113</u>
Net increase (decrease) in pooled cash and cash equivalents	(2,963)	(1,525)	(349)	1,507	1,988	(1,342)
Cash and cash equivalents, beginning of year	5,853	2,590	1,429	14,060	1,539	25,471
Cash and cash equivalents, end of year	<u>2,890</u>	<u>1,065</u>	<u>1,080</u>	<u>15,567</u>	<u>3,527</u>	<u>24,129</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>						
Operating income (loss)	<u>3,480</u>	<u>(1,668)</u>	<u>(342)</u>	<u>3,501</u>	<u>10,683</u>	<u>15,654</u>
<b>Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:</b>						
Depreciation	6,563	286	-	292	-	7,141
Gain/Loss on Disposals	-	-	-	-	-	-
<b>Change in assets and liabilities:</b>						
(Increase) Decrease in accounts receivables	-	(8)	(16)	(9)	(2)	(35)
(Increase) Decrease in inventories	(537)	48	13	-	-	(476)
Increase (Decrease) in other assets	-	-	-	-	(1)	(1)
Increase (Decrease) in accrued payroll	65	3	4	90	(4)	158
Increase (Decrease) in accounts and notes payable	(1,660)	(16)	(121)	-	519	(1,278)
Increase (Decrease) in accrued vacation and sick leave	(579)	(37)	(53)	280	(139)	(528)
Increase (Decrease) in other post employment benefits	552	31	19	410	(22)	990
Increase in other liabilities	21	-	2	1,256	(8,966)	(7,687)
Total adjustments	<u>4,425</u>	<u>307</u>	<u>(152)</u>	<u>2,319</u>	<u>(8,615)</u>	<u>(1,716)</u>
Net cash provided by (used in) operating activities	<u>7,905</u>	<u>(1,361)</u>	<u>(494)</u>	<u>5,820</u>	<u>2,068</u>	<u>13,938</u>
<b>Noncash investing, capital, and financing activities:</b>						
Change in fair value of pooled investments	(46)	(21)	(10)	(91)	(8)	(176)

## 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**

September 30, 2010 (1)  
(in thousands)

	Employees' Retirement Fund	Dallas Police & Fire Pension System	Police & Fire Supplemental Pension Fund	Total Pension Trust Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 456,601	\$ -	\$ -	\$ 456,601
Receivables:				
Accounts	184,948	3,186	1	188,135
Accrued interest and dividends	12,049	-	-	12,049
Domestic equities	914,290	-	-	914,290
U.S. and foreign government securities	167,335	-	-	167,335
Domestic corporate fixed income	539,799	-	-	539,799
International equities and fixed income	549,403	-	-	549,403
Commingled index funds	355,299	-	-	355,299
Private equities and venture capital funds	3,713	-	-	3,713
Plan interest in Group Master Trust	-	2,870,025	20,680	2,890,705
Total assets	<u>3,183,437</u>	<u>2,873,211</u>	<u>20,681</u>	<u>6,077,329</u>
<b>Liabilities</b>				
Accounts payable	4,324	271	2	4,597
Payable for securities purchased	23,939	-	-	23,939
Securities lending collateral	370,363	-	-	370,363
Other	184,611	-	-	184,611
Total liabilities	<u>583,237</u>	<u>271</u>	<u>2</u>	<u>583,510</u>
<b>Net Assets</b>				
Held in trust for pension benefits and other purposes	2,600,200	2,872,940	20,679	5,493,819
Total net assets	<u>\$ 2,600,200</u>	<u>\$ 2,872,940</u>	<u>\$ 20,679</u>	<u>\$ 5,493,819</u>

(1) Although the City has a fiscal year-end of September 30, the pension trust funds have a calendar year-end; therefore, the information presented above is as of December 31, 2010.

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

Year Ended September 30, 2010 (1)  
(in thousands)

	Employees' Retirement Fund	Dallas Police & Fire Pension System	Police & Fire Supplemental Pension Fund	Total Pension Trust Funds
Additions:				
Contributions				
Employer	\$ 25,265	\$ 107,700	\$ 1,344	\$ 134,309
Employee	32,229	19,584	56	51,869
Total contributions	<u>57,494</u>	<u>127,284</u>	<u>1,400</u>	<u>186,178</u>
Net investment income:				
Dividends	34,573	-	-	34,573
Interest	42,697	-	-	42,697
Net appreciation/(depreciation) in fair value of investments	549,631	-	-	549,631
Net investment gain from Group Master Trust	-	378,796	2,702	381,498
Securities lending income	1,913	-	-	1,913
Less investment expenses:				
Investment management fees	(8,859)	-	-	(8,859)
Custody fees	(150)	-	-	(150)
Consultant fees	(310)	-	-	(310)
Securities lending management fees	(318)	-	-	(318)
Total investment expenses	<u>(9,637)</u>	<u>-</u>	<u>-</u>	<u>(9,637)</u>
Net investment income	619,177	378,796	2,702	1,000,675
Other income	<u>345</u>	<u>-</u>	<u>-</u>	<u>345</u>
Total increases	<u>677,016</u>	<u>506,080</u>	<u>4,102</u>	<u>1,187,198</u>
Deductions:				
Benefit payments	172,493	155,343	1,471	329,307
Refund of contributions	4,273	771	-	5,044
Administrative expenses	3,315	6,491	47	9,853
Total deductions	<u>180,081</u>	<u>162,605</u>	<u>1,518</u>	<u>344,204</u>
Net increase in net assets available for benefits	496,935	343,475	2,584	842,994
Net assets held in trust for pension benefits				
Beginning of year	<u>2,103,265</u>	<u>2,529,465</u>	<u>18,095</u>	<u>4,650,825</u>
End of year	<u>\$ 2,600,200</u>	<u>\$ 2,872,940</u>	<u>\$ 20,679</u>	<u>\$ 5,493,819</u>

(1) Although the City has a fiscal year-end of September 30, the pension trust fund have a calendar year-end; therefore, the information presented above is as of December 31, 2010.

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

Year Ended September 30, 2010  
(in thousands)

	Balance September 30, 2009	Additions	Deductions	Balance September 30, 2010
<b>CASH ESCROW DEPOSIT FUND</b>				
Assets				
Cash and other assets	\$ 916	\$ 6	\$ 203	\$ 719
Liabilities				
Due to other governments and other liabilities	916	6	203	719
<b>CONFISCATED MONEY FUND</b>				
Assets				
Cash and other assets	3,275	29	247	3,057
Liabilities				
Other liabilities	3,275	29	247	3,057
<b>DISPOSAL DEPOSIT FUND</b>				
Assets				
Cash and other assets	1,052	73	-	1,125
Liabilities				
Customer deposits	1,052	73	-	1,125
<b>WALKER HOUSING FUND</b>				
Assets				
Cash and other assets	17	-	3	14
Liabilities				
Accrual for Walker settlement and other liabilities	17	-	3	14
<b>TAX DISTRIBUTION FUND</b>				
Assets				
Cash and other assets	104	1	1	104
Liabilities				
Due to other funds and other liabilities	104	1	1	104
<b>EMPLOYEE WAR AND SAVINGS BOND FUND</b>				
Assets				
Cash and other assets	2	-	-	2
Liabilities				
Other liabilities	2	-	-	2
<b>DEFERRED COMPENSATION FUND</b>				
Assets				
Investments and other assets	99	38,900	38,902	97
Liabilities				
Due to employees - deferred compensation and other liabilities	99	38,900	38,902	97
<b>EMPLOYEE BENEFITS FUND</b>				
Assets				
Cash	(750)	12,553	12,477	(674)
Liabilities				
Other liabilities	(750)	12,553	12,477	(674)
<b>TOTALS - ALL AGENCY FUNDS</b>				
Assets				
Cash and other assets	4,715	51,562	51,833	4,444
Liabilities				
Due to other funds and other liabilities	\$ 4,715	\$ 51,562	\$ 51,833	\$ 4,444

## **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, 2010  
(in thousands)

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget-- Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes	\$ 218,270	\$ 218,270	\$ 219,909	\$ 1,639
Investment income	-	-	765	765
Total revenues	<u>218,270</u>	<u>218,270</u>	<u>220,674</u>	<u>2,404</u>
<b>Expenditures:</b>				
Principal	196,860	196,860	197,445	(585)
Interest and fiscal charges	86,110	86,110	82,948	3,162
Other	6,193	6,193	5,939	254
Total expenditures	<u>289,163</u>	<u>289,163</u>	<u>286,332</u>	<u>2,831</u>
Deficiency of revenues over expenditures	<u>(70,893)</u>	<u>(70,893)</u>	<u>(65,658)</u>	<u>5,235</u>
<b>Other financing sources:</b>				
Transfers	43,315	43,315	34,743	(8,572)
Refunding bonds and premium issued	-	-	182,975	182,975
Payment to refunded bond escrow agent	-	-	(182,181)	(182,181)
Total other financing sources	<u>43,315</u>	<u>43,315</u>	<u>35,537</u>	<u>(7,778)</u>
Deficiency of revenues and other financing sources over expenditures	<u>(27,578)</u>	<u>(27,578)</u>	<u>(30,121)</u>	<u>(2,543)</u>
Fund balance, beginning of year	456	456	34,765	34,309
Fund balance, end of year	<u>\$ (27,122)</u>	<u>\$ (27,122)</u>	<u>\$ 4,644</u>	<u>\$ 31,766</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	\$ (30,121)
Change in fair market value of investments	<u>(351)</u>
Deficiency of revenues and other financing sources over expenditures and other uses-GAAP basis	<u>\$ (30,472)</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, 2010  
(in thousands)

	Governmental-type Activities Component Units				Total Governmental
	Housing Finance Corporation*	Housing Acquisition and Development Corporation	Dallas Development Fund	Downtown Dallas Development Authority	
<b>Assets:</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 635	\$ 80	\$ -	\$ -	\$ 715
Investments, at fair value	-	-	-	-	-
Receivables	25	-	-	-	25
Land held for resale	-	1,128	-	-	1,128
Unamortized bond issuance costs	-	-	-	2,274	2,274
<b>Restricted assets:</b>					
Cash and cash equivalents	-	-	-	34,644	34,644
Investments, at fair value	-	-	-	-	-
<b>Capital assets:</b>					
Land	-	-	-	-	-
Construction in Progress	-	-	-	-	-
<b>Total assets</b>	<b>660</b>	<b>1,208</b>	<b>-</b>	<b>36,918</b>	<b>38,786</b>
<b>Liabilities:</b>					
Accounts payable	43	-	27	9	79
Notes payable	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Accrued interest payable	-	-	-	181	181
<b>Long-term liabilities:</b>					
Due within one year	-	-	-	1,458	1,458
Due in more than one year	-	-	-	92,200	92,200
<b>Total liabilities</b>	<b>43</b>	<b>-</b>	<b>27</b>	<b>93,848</b>	<b>93,918</b>
<b>Net assets:</b>					
Invested in capital assets, net of related debt	-	-	-	-	-
Restricted for debt service	-	-	-	8,895	8,895
Unrestricted	617	1,208	(27)	(65,825)	(64,027)
<b>Total net assets</b>	<b>\$ 617</b>	<b>\$ 1,208</b>	<b>\$ (27)</b>	<b>\$ (56,930)</b>	<b>\$ (55,132)</b>

\*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, 2010  
(in thousands)

	Governmental-type Activities Component Units				Total
	Housing Finance Corporation*	Housing Acquisition and Development Corporation	Dallas Development Fund	Downtown Dallas Development Authority	
Operating revenues:					
Other	\$ 415	\$ 166	\$ -	\$ -	\$ 581
Intergovernmental	-	563	-	7,886	8,449
Total operating revenues	<u>415</u>	<u>729</u>	<u>-</u>	<u>7,886</u>	<u>9,030</u>
Operating expenses:					
Personnel services	108	123	-	-	231
Contractual and other services	68	348	27	4	447
Interest and service charges	-	-	-	5,645	5,645
Total operating expenses	<u>176</u>	<u>471</u>	<u>27</u>	<u>5,649</u>	<u>6,323</u>
Operating income	<u>239</u>	<u>258</u>	<u>(27)</u>	<u>2,237</u>	<u>2,707</u>
Nonoperating revenues(expenses):					
Interest and dividends	1	-	-	-	1
Contributions	(100)	-	-	-	(100)
Total nonoperating revenues(expenses)	<u>(99)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(99)</u>
Change in net assets	<u>140</u>	<u>258</u>	<u>(27)</u>	<u>2,237</u>	<u>2,608</u>
Net assets, beginning of year	<u>477</u>	<u>950</u>	<u>-</u>	<u>(59,167)</u>	<u>(57,740)</u>
Net assets, end of year	<u>\$ 617</u>	<u>\$ 1,208</u>	<u>\$ (27)</u>	<u>\$ (56,930)</u>	<u>\$ (55,132)</u>

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





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

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

As of September 30, 2010  
(in thousands)

Governmental funds capital assets:	
Land	\$ 443,238
Construction in progress	281,709
Buildings	1,188,249
Improvements other than buildings	474,777
Equipment	378,900
Infrastructure	1,721,552
Artwork	48,972
Total governmental funds capital assets	\$ 4,537,397
Investments in governmental funds capital assets by source:	
General fund	\$ 377,309
Other trust and agency funds - municipality	110,296
Special revenue fund	120,216
Capital projects fund	3,263,177
Transfer from (to) enterprise funds	243,139
Gifts and forfeitures	423,260
	\$ 4,537,397

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, 2010  
(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	34,480	1,491	-	37,557
Municipal Court	-	-	522	-	311	30	-	863
City secretary	-	-	-	-	104	-	-	104
Civil service	-	-	-	-	118	-	-	118
Planning and Development	19,474	-	11,055	35,735	18,506	17,167	-	101,937
Employee retirement	-	-	-	-	13	-	-	13
Equipment, communications and information services	(5)	-	14,195	2,587	50,823	(86)	-	67,514
Human resources	-	-	-	-	5,474	-	-	5,474
International Affairs	-	-	-	-	28	-	-	28
Mayor and council	-	-	-	-	212	-	-	212
Police and fire pension	-	-	-	-	30	-	-	30
Public safety								
Fire	3,493	-	26,939	52	64,729	21	-	95,234
Police	9,329	-	93,749	50	22,682	3,181	-	128,991
Public market	4,771	-	4,355	515	199	741	-	10,581
Street, sanitation, and code enforcement	53,326	-	10,796	14,549	31,483	366,545	-	476,699
Environmental and health services	3,738	-	7,234	866	905	478	-	13,221
Public works and transportation	172,210	-	513,035	64,353	31,287	1,200,317	177	1,981,379
Culture and recreation	142,938	-	398,449	353,909	13,799	29,311	48,795	987,201
Library	1,178	-	63,255	29	96,959	348	-	161,769
Housing	3,192	-	4,922	704	97	6,639	-	15,554
Unallocated - Primarily assets acquired prior to 1977	29,431	-	39,740	-	6,206	95,369	-	170,746
Construction in progress	-	281,708	-	-	-	-	-	281,708
<b>Total Capital Assets of governmental funds</b>	<b>\$ 443,238</b>	<b>\$ 281,708</b>	<b>\$ 1,188,250</b>	<b>\$ 474,776</b>	<b>\$ 378,901</b>	<b>\$ 1,721,552</b>	<b>\$ 48,972</b>	<b>\$ 4,537,397</b>

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, 2010  
(in thousands)

Function and Activity	Governmental Funds Capital Assets October 1, 2009	Additions	Dispositions	Governmental Funds Capital Assets September 30, 2010
General government				
City attorney	\$ 352	\$ -	\$ -	\$ 352
City auditor	112	-	-	112
Office of financial services	33,491	4,066	-	37,556
Municipal court	863	-	-	863
City secretary	104	-	-	104
Civil service	118	-	-	118
Planning and development	93,277	8,660	-	101,937
Employee retirement	13	-	-	13
Equipment, communications and information services	62,035	5,575	96	67,514
Human resources	5,474	-	-	5,474
International affairs	28	-	-	28
Mayor and council	212	-	-	212
Police and fire pension	30	-	-	30
Public safety	-	-	-	-
Fire	84,628	10,683	77	95,234
Police	127,668	1,859	536	128,991
Public market	10,581	-	-	10,581
Street, sanitation, and code enforcement	465,766	10,938	5	476,699
Environmental and health services	13,221	-	-	13,221
Public works and transportation	1,536,004	448,159	2,784	1,981,379
Culture and recreation	917,173	73,606	3,578	987,201
Housing	13,540	2,014	-	15,554
Library	161,591	178	-	161,769
Unallocated - primarily assets acquired prior to 1977	170,746	-	-	170,746
Construction in progress	281,857	178,732	178,880	281,709
Total capital assets used in the operation of governmental funds	<u>\$ 3,978,884</u>	<u>\$ 744,470</u>	<u>\$ 185,956</u>	<u>\$ 4,537,397</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**



**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.

		<b>Tables</b>
<b>Financial Trends</b>	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
<b>Revenue Capacity</b>	These schedules present information to help the reader assess the City's most significant local revenue source, the property tax.	5-9
<b>Debt Capacity</b>	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.	10-15
<b>Demographic &amp; Economic Information</b>	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	16-17
<b>Operating information</b>	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.	18-20

**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.

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental activities			
Invested in Capital Assets, net of related debt	\$ 1,328,590	\$ 1,385,085	\$ 1,485,097
Restricted	124,645	108,138	112,756
Unrestricted	<u>(193,099)</u>	<u>(132,320)</u>	<u>(151,991)</u>
 Total Governmental activities Net Assets	 <u>1,260,136</u>	 <u>1,360,903</u>	 <u>1,445,862</u>
Business-type Activities			
Invested in Capital Assets, net of related debt	1,938,648	2,070,434	2,128,113
Restricted for Debt Service	140,991	162,494	154,584
Unrestricted	<u>201,470</u>	<u>112,143</u>	<u>138,893</u>
 Total Business-type activities Net Assets	 <u>2,281,109</u>	 <u>2,345,071</u>	 <u>2,421,590</u>
Primary Government			
Invested in Capital Assets, net of related debt	3,267,238	3,455,519	3,613,210
Restricted	265,636	270,632	267,340
Unrestricted	<u>8,371</u>	<u>(20,177)</u>	<u>(13,098)</u>
 Total Primary Government Net Assets	 <u>\$ 3,541,245</u>	 <u>\$ 3,705,974</u>	 <u>\$ 3,867,452</u>

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



**Table 1**

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 1,495,420	\$ 1,568,170	\$ 1,657,571	\$ 1,699,281	\$ 2,128,770
65,938	70,916	60,532	46,353	73,825
<u>(68,191)</u>	<u>(113,329)</u>	<u>(178,079)</u>	<u>(207,135)</u>	<u>(266,121)</u>
<u>1,493,167</u>	<u>1,525,757</u>	<u>1,540,024</u>	<u>1,538,499</u>	<u>1,936,474</u>
2,196,675	2,276,773	2,357,750	2,452,779	2,533,106
168,535	181,481	194,824	205,547	184,874
<u>176,088</u>	<u>205,506</u>	<u>221,785</u>	<u>185,917</u>	<u>195,273</u>
<u>2,541,298</u>	<u>2,663,760</u>	<u>2,774,359</u>	<u>2,844,243</u>	<u>2,913,253</u>
3,692,095	3,844,943	4,015,321	4,152,060	4,661,876
234,473	252,397	255,356	251,900	258,699
<u>107,897</u>	<u>92,177</u>	<u>43,706</u>	<u>(21,218)</u>	<u>(70,848)</u>
<u>\$ 4,034,465</u>	<u>\$ 4,189,517</u>	<u>\$ 4,314,383</u>	<u>\$ 4,382,742</u>	<u>\$ 4,849,727</u>

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

<b>Expenses</b>	2003	2004	2005	2006
<b>Governmental Activities:</b>				
General government	\$ 148,380	\$ 135,431	\$ 153,096	\$ 186,202
Public safety	533,689	485,678	515,936	522,796
Streets, lighting, sanitation, code enforcement	129,552	127,802	123,289	148,608
Environmental and health services	26,012	26,028	25,777	25,596
Public works and transportation	12,362	28,890	38,728	38,038
Equipment and building services	29,054	29,848	30,037	46,402
Cultural and recreational	109,886	109,276	114,398	120,041
Housing	1,308	1,257	1,398	1,308
Human Services	31,781	31,539	27,536	58,810
Interest on Long-term Debt	34,862	34,161	44,854	75,002
Total governmental activities	<u>1,056,886</u>	<u>1,009,910</u>	<u>1,075,049</u>	<u>1,222,803</u>
<b>Business-type activities:</b>				
Dallas water utilities	290,327	335,399	309,957	345,217
Convention center	69,641	105,227	80,923	85,733
Airport revenues	33,991	33,428	42,249	40,383
Municipal radio	2,914	3,618	3,265	4,011
Building inspection	14,105	19,508	19,027	20,921
Total business-type activities	<u>410,978</u>	<u>497,180</u>	<u>455,421</u>	<u>496,265</u>
Total primary government expenses	<u>1,467,864</u>	<u>1,507,090</u>	<u>1,530,470</u>	<u>1,719,068</u>
<b>Program revenues</b>				
<b>Governmental Activities:</b>				
Charges for services				
General government	73,204	65,171	114,147	113,844
Public safety	28,199	33,649	17,762	26,813
Streets, lighting, sanitation, code	61,928	69,929	74,182	81,821
Environmental and health services	4,880	5,812	6,496	5,545
Public works and transportation	11,181	10,800	10,467	10,720
Equipment and building services	378	1,400	1,871	1,216
Cultural and recreational	13,293	15,741	14,440	14,820
Housing	1	36	157	452
Human Services	-	15,122	6,431	16,600
Operating grants and contributions	56,641	73,925	65,153	63,838
Capital grants and contributions	67,428	11,642	21,076	6,690
Total governmental activities	<u>317,133</u>	<u>303,227</u>	<u>332,182</u>	<u>342,359</u>
<b>Business-type activities:</b>				
Dallas water utilities	322,102	341,789	369,484	438,219
Convention center	17,984	18,611	15,443	22,867
Airport revenues	25,480	30,646	29,550	33,151
Municipal radio	3,019	2,977	3,160	3,488
Building inspection	16,264	20,215	21,231	23,437
Capital grants and contributions	58,574	77,068	28,086	46,235
Total business-type activities	<u>443,423</u>	<u>491,306</u>	<u>466,954</u>	<u>567,397</u>
Total primary government program revenues	<u>760,556</u>	<u>794,533</u>	<u>799,136</u>	<u>909,756</u>
<b>Net (Expense) Revenue</b>				
Governmental Activities	(739,753)	(706,683)	(742,867)	(880,444)
Business -type activities	32,445	(5,874)	11,533	71,132
Total primary government net expense	<u>(707,308)</u>	<u>(712,557)</u>	<u>(731,334)</u>	<u>(809,312)</u>
<b>General Revenues:</b>				
Taxes:				
Ad valorem tax	470,434	450,775	476,389	510,065
Sales taxes	183,229	194,989	198,441	217,836
Franchise taxes	115,751	124,944	113,669	123,225
Tax increment financing, intergovernmental	7,162	7,362	4,261	4,159
Interest on investments	15,824	12,263	21,651	37,156
Miscellaneous	3,855	13,341	9,719	27,918
Loss on disposal of capital assets	(72,852)	-	-	-
Transfer	11,470	3,776	3,696	7,390
Total general revenues	<u>734,873</u>	<u>807,450</u>	<u>827,826</u>	<u>927,749</u>
<b>Business-type activities:</b>				
Hotel occupancy tax	-	-	38,135	46,483
Motor vehicle tax	-	-	3,422	3,853
Alcohol beverage tax	-	-	6,537	7,091
Other taxes	46,076	47,105	-	-
Investment Income	12,784	9,864	13,081	23,154
Miscellaneous	5,743	16,643	7,507	3,795
Loss on disposal of capital assets	(23,955)	-	-	-
Transfer	(11,470)	(3,776)	(3,696)	(7,390)
Special item	-	-	-	(28,410)
Total business-type activities	<u>29,178</u>	<u>69,836</u>	<u>64,986</u>	<u>48,576</u>
<b>Change in Net Assets</b>				
Governmental Activities	(4,880)	100,767	84,959	47,305
Business -type activities	61,623	63,962	76,519	119,708
Total primary government	<u>\$ 56,743</u>	<u>\$ 164,729</u>	<u>\$ 161,478</u>	<u>\$ 167,013</u>

Table 2

2007	2008	2009	2010
\$ 164,498	\$ 188,879	\$ 211,380	\$ 193,144
612,318	659,915	688,891	658,225
166,335	176,503	159,930	156,411
29,099	33,230	37,590	12,128
60,490	70,931	40,749	52,285
41,265	31,047	21,001	27,194
127,043	146,418	158,040	139,581
936	1,706	1,270	17,298
26,785	25,547	32,384	34,018
87,320	89,525	93,412	90,822
<u>1,316,089</u>	<u>1,423,701</u>	<u>1,444,647</u>	<u>1,381,106</u>
360,886	396,771	425,165	425,750
83,429	84,608	81,926	77,056
44,702	43,144	46,808	43,760
3,466	3,313	2,976	3,031
23,897	24,018	21,638	16,659
<u>516,380</u>	<u>551,854</u>	<u>578,513</u>	<u>566,256</u>
<u>1,832,469</u>	<u>1,975,555</u>	<u>2,023,160</u>	<u>1,947,362</u>
66,803	80,647	88,636	94,646
32,451	52,475	68,455	75,160
94,223	99,803	88,010	98,043
5,856	5,895	5,946	-
23,567	11,977	9,968	10,004
1,007	994	1,707	561
29,894	15,499	17,950	15,182
807	40	868	637
21,339	14	21	13,197
71,041	71,772	79,204	104,839
2,912	15,821	4,986	342,031
<u>349,900</u>	<u>354,937</u>	<u>365,751</u>	<u>754,300</u>
411,998	451,408	467,929	467,527
22,473	20,392	16,754	19,104
38,581	48,224	51,836	59,229
3,675	3,227	2,640	2,887
23,261	21,819	15,609	18,469
33,467	29,779	26,195	30,519
<u>533,455</u>	<u>574,849</u>	<u>580,963</u>	<u>597,735</u>
<u>883,355</u>	<u>929,786</u>	<u>946,714</u>	<u>1,352,035</u>
(966,189)	(1,068,764)	(1,078,896)	(626,806)
17,075	22,995	2,450	31,479
<u>(949,114)</u>	<u>(1,045,769)</u>	<u>(1,076,446)</u>	<u>(595,327)</u>
553,033	623,625	662,433	637,304
224,078	231,108	208,169	205,933
118,745	127,551	124,891	123,721
6,090	8,857	10,764	6,739
62,776	47,644	35,762	9,045
30,755	41,273	27,063	20,531
-	-	-	-
3,302	2,973	8,289	21,508
<u>998,779</u>	<u>1,083,031</u>	<u>1,077,371</u>	<u>1,024,781</u>
49,641	49,235	41,969	42,114
4,495	4,471	4,171	4,373
7,569	7,856	7,533	7,398
-	-	-	-
39,970	27,720	20,909	4,097
7,014	1,295	1,141	1,057
-	-	-	-
(3,302)	(2,973)	(8,289)	(21,508)
-	-	-	-
<u>105,387</u>	<u>87,604</u>	<u>67,434</u>	<u>37,531</u>
32,590	14,267	(1,525)	397,975
122,462	110,599	69,884	69,010
<u>\$ 155,052</u>	<u>\$ 124,866</u>	<u>\$ 68,359</u>	<u>\$ 466,985</u>

**CITY OF DALLAS, TEXAS**  
**FUND BALANCES, GOVERNMENTAL FUNDS**

Last Ten Fiscal Years (Unaudited)  
(modified accrual basis of accounting)  
(in thousands)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Fund				
Reserved	\$ 13,193	\$ 9,524	\$ 10,566	\$ 12,248
Unreserved	<u>64,810</u>	<u>69,072</u>	<u>70,238</u>	<u>81,632</u>
Total general fund	<u>78,003</u>	<u>78,596</u>	<u>80,804</u>	<u>93,880</u>
All Other Governmental Funds				
Reserved	219,135	169,384	139,763	208,507
Unreserved, reported in:				
Special revenue funds	18,207	11,359	27,383	39,342
Capital project funds	<u>184,234</u>	<u>216,551</u>	<u>167,361</u>	<u>209,095</u>
Total all other governmental funds	<u>421,576</u>	<u>397,294</u>	<u>334,507</u>	<u>456,944</u>
Total all governmental funds	<u>\$ 499,579</u>	<u>\$ 475,890</u>	<u>\$ 415,311</u>	<u>\$ 550,824</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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 17,293	\$ 30,385	\$ 47,120	\$ 26,870	\$ 25,683	\$ 27,264
<u>83,724</u>	<u>103,016</u>	<u>86,582</u>	<u>91,468</u>	<u>78,315</u>	<u>64,708</u>
<u>101,017</u>	<u>133,401</u>	<u>133,702</u>	<u>118,338</u>	<u>103,998</u>	<u>91,972</u>
205,305	176,630	214,416	224,852	334,838	237,231
37,474	70,372	55,872	61,292	59,617	42,190
<u>263,079</u>	<u>333,768</u>	<u>538,176</u>	<u>623,445</u>	<u>527,013</u>	<u>540,398</u>
<u>505,858</u>	<u>580,770</u>	<u>808,464</u>	<u>909,589</u>	<u>921,468</u>	<u>819,819</u>
<u>\$ 606,875</u>	<u>\$ 714,171</u>	<u>\$ 942,166</u>	<u>\$ 1,027,927</u>	<u>\$ 1,025,466</u>	<u>\$ 911,791</u>

**CITY OF DALLAS, TEXAS**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

Last Ten Fiscal Years (Unaudited)  
(modified accrual basis)  
(in thousands)

	2001	2002	2003	2004
<b>REVENUES:</b>				
Ad valorem taxes	\$ 423,897	\$ 436,201	\$ 457,121	\$ 461,254
Tax increment financing, intergovernmental	-	13,866	7,162	7,362
Sales taxes	210,749	194,133	183,229	194,989
Franchise fees	124,801	122,029	115,751	124,944
Licenses and permits	2,881	2,804	3,011	3,044
Intergovernmental	58,587	78,680	61,105	77,368
Service to others	114,134	122,846	131,693	143,493
Fines and forfeitures	36,251	32,990	32,065	30,242
Investment income	44,541	9,003	14,741	11,620
Contributions and gifts	7,661	1,670	2,683	7,924
Confiscated money awards	1,223	852	694	1,450
Other	31,716	34,769	23,557	42,218
Total revenues	<u>1,056,441</u>	<u>1,049,843</u>	<u>1,032,812</u>	<u>1,105,908</u>
<b>EXPENDITURES:</b>				
Current:				
General government	144,261	137,593	127,974	131,051
Public safety	442,803	462,375	480,288	484,283
Streets, lighting, sanitation and code	111,830	113,741	116,422	117,936
Environmental and health services	23,600	23,819	23,409	24,501
Public works and transportation	16,928	15,998	13,011	19,268
Equipment and building services	26,586	25,895	26,147	28,049
Culture and recreation	102,615	103,904	99,145	101,347
Housing	2,539	3,236	1,190	1,377
Human services	23,222	18,613	28,601	28,854
Debt Service:				
Principal	92,402	82,081	92,654	90,256
Interest and fiscal charges	37,495	50,150	33,867	38,226
Other	2,367	1,873	3,240	-
Capital outlay	148,940	167,976	121,935	121,433
Administration:				
Disbursement to employee retirement fund	-	-	-	-
Total expenditures	<u>1,175,588</u>	<u>1,207,254</u>	<u>1,167,883</u>	<u>1,186,581</u>
Excess(deficiency) of revenues over expenditures	<u>(119,147)</u>	<u>(157,411)</u>	<u>(135,071)</u>	<u>(80,673)</u>
<b>OTHER FINANCING SOURCES(USES):</b>				
Long-term debt issued	164,242	104,560	47,195	202,110
Capital Contribution	-	-	-	1,120
Sec 108-HUD loan proceeds	8,505	1,954	5,981	-
Proceeds from sale of capital assets	6,550	2,391	1,082	1,175
Payment to refunded bond escrow	-	-	(87,560)	(59,943)
Premium on bonds issued	-	164	4,525	5,409
Refunding bonds issued	-	-	82,790	56,015
Transfers in	50,640	47,519	45,033	46,421
Transfers out	(25,120)	(22,866)	(24,554)	(36,121)
Total Other Financing Sources(Uses)	<u>204,817</u>	<u>133,722</u>	<u>74,492</u>	<u>216,186</u>
Net change in fund balance	<u>\$ 85,670</u>	<u>\$ (23,689)</u>	<u>\$ (60,579)</u>	<u>\$ 135,513</u>
Debt service as a percentage of noncapital expenditures	12.65%	12.72%	12.01%	11.91%

(1) The capital expenditures can be obtained from the Reconciliation of Revenues, Expenditures, and Change 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**

2005	2006	2007	2008	2009	2010
\$ 483,838	\$ 522,486	\$ 551,476	\$ 619,207	\$ 658,195	\$ 643,517
4,261	4,159	5,714	8,857	-	6,739
198,441	217,836	224,078	231,108	208,169	205,933
113,669	123,225	118,745	127,551	124,891	123,721
2,911	2,757	3,028	3,696	3,569	5,349
69,294	69,340	73,953	76,779	94,954	114,928
156,437	198,806	213,951	196,787	215,197	230,373
31,535	36,445	51,378	37,876	37,774	41,364
20,857	35,949	60,659	46,440	34,996	8,962
3,237	8,654	3,610	13,526	6,988	5,824
1,569	2,807	2,788	2,924	2,101	3,758
55,068	24,904	17,970	17,596	8,468	4,676
<u>1,141,117</u>	<u>1,247,368</u>	<u>1,327,350</u>	<u>1,382,347</u>	<u>1,395,302</u>	<u>1,395,144</u>
142,182	159,627	159,819	158,125	178,832	177,777
508,518	513,366	575,215	611,754	629,199	640,205
120,467	143,183	152,178	158,997	149,060	149,969
25,467	25,277	27,938	34,057	37,639	20,009
14,600	13,047	21,928	18,766	15,452	13,803
28,628	29,506	34,352	23,331	12,280	21,260
102,529	104,884	109,995	124,750	124,073	107,140
1,348	1,260	834	1,487	1,303	8,257
27,068	58,380	25,797	24,593	28,991	32,819
106,130	122,570	123,179	141,780	150,909	202,748
48,271	67,785	64,495	83,410	96,037	89,580
-	-	-	-	-	-
189,473	151,337	199,146	331,020	279,211	230,864
396,939	-	-	-	-	-
<u>1,711,620</u>	<u>1,390,222</u>	<u>1,494,876</u>	<u>1,712,070</u>	<u>1,702,986</u>	<u>1,694,431</u>
<u>(570,503)</u>	<u>(142,854)</u>	<u>(167,526)</u>	<u>(329,723)</u>	<u>(307,684)</u>	<u>(299,287)</u>
497,884	218,310	368,431	387,034	250,838	303,686
-	9,514	-	-	-	-
-	-	-	-	-	-
9,041	4,188	9,509	9,240	33,762	5,943
(167,600)	-	-	(74,151)	-	(182,181)
126,572	7,389	13,690	17,496	7,945	32,032
156,850	-	-	70,610	-	-
44,909	59,928	57,083	37,017	85,603	72,376
(41,102)	(49,179)	(53,192)	(31,762)	(72,925)	(46,244)
<u>626,554</u>	<u>250,150</u>	<u>395,521</u>	<u>415,484</u>	<u>305,223</u>	<u>185,612</u>
<u>\$ 56,051</u>	<u>\$ 107,296</u>	<u>\$ 227,995</u>	<u>\$ 85,761</u>	<u>\$ (2,461)</u>	<u>\$ (113,675)</u>
10.10%	15.32%	14.53%	16.31%	17.34%	19.97%

Table 5

**CITY OF DALLAS, TEXAS**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE**  
**OF TAXABLE PROPERTY**  
 Last Ten Fiscal Years (Unaudited)  
 (in thousands)

Fiscal Year	Real Property Assessed Value <sup>(1) (2)</sup>	Personal Property Assessed Value <sup>(2)</sup>	Less Tax-Exempt Property Assessed Value <sup>(2)</sup>	Total Taxable Value <sup>(4)</sup>	Total Direct Tax Rate <sup>(3)</sup>
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
2009	100,983,132	14,859,528	(25,364,727)	90,477,933	0.7479
2010	97,533,425	15,055,400	(25,324,730)	87,264,095	0.7479

## Notes:

- <sup>(1)</sup> Assessed value is 100% of estimated market value for all years as determined by the Dallas Appraisal District.
- <sup>(2)</sup> Values for each fiscal year reflect the tax rolls of the previous year (i.e., 2002 fiscal year reflects 2001 tax roll). See Note 1 in the Notes to the Financial Statements for more information.
- <sup>(3)</sup> Per \$100 of valuation.
- <sup>(4)</sup> 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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund	\$ 0.4723	\$ 0.4780	\$ 0.5111	\$ 0.5243	\$ 0.5483	\$ 0.5445	\$ 0.5448	\$ 0.5196	\$ 0.5230	\$ 0.4918
Debt Service Fund	<u>0.1952</u>	<u>0.1895</u>	<u>0.1887</u>	<u>0.1755</u>	<u>0.1714</u>	<u>0.1972</u>	<u>0.1844</u>	<u>0.2283</u>	<u>0.2249</u>	<u>0.2561</u>
Total City Tax Rate	<u>\$ 0.6675</u>	<u>\$ 0.6675</u>	<u>\$ 0.6998</u>	<u>\$ 0.6998</u>	<u>\$ 0.7197</u>	<u>\$ 0.7417</u>	<u>\$ 0.7292</u>	<u>\$ 0.7479</u>	<u>\$ 0.7479</u>	<u>\$ 0.7479</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 <sup>(2)</sup>			Overlapping Rates <sup>(1)</sup>				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	
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
2009	0.52300	0.22490	0.22810	0.08940	1.18340	0.00493	0.25400	2.50280
2010	0.49180	0.25610	0.22810	0.09490	1.27134	0.00521	0.27400	2.61624

Source: Dallas Central Appraisal District

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

<sup>(2)</sup> 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
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	97.28%	6,599	546,573	98.46%
2008	2007	632,177	606,659	95.96%	6,445	613,104	96.98%
2009	2008	676,684	647,697	95.72%	4,413	652,110	96.37%
2010	2009	652,648	631,848	96.81%	5,590	637,438	97.67%

Source: Dallas County Tax Assessor/Collector

Table 9

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

Name of Taxpayer	Nature of Property	2010		2001		Percent of Total Taxable Assessed Valuation	Percent of Total Taxable Assessed Valuation
		Taxable Assessed Valuation	Rank	Taxable Assessed Valuation	Rank		
Texas Instruments	Electronic Manufacturing	\$ 767,741	1	0.92%	\$ 1,456,287	1	2.23%
AT&T/TCI Cable	Telephone Utility	701,514	2	0.84%	-		-
Oncor Electric/Texas Utilities	Electric Utility	627,391	3	0.75%	803,397	3	1.23%
Northpark Land Partners	Developer	530,065	4	0.64%	-		1.15%
Southwest Airlines	Air Transportation	473,596	5	0.57%	563,478	5	0.86%
Crescent Real Estate	Real Estate/Developer	353,060	6	0.42%	725,220	4	1.11%
Galleria Mall Investors LP	Developer	326,981	7	0.39%	-		-
YPI Thanksgiving Tower/Central Expy Etal	Real Estate/Developer	314,560	8	0.38%	-		-
PC Village Apartments Dallas LP	Developer	289,505	9	0.35%	243,611	10	0.37%
HCP CRSI North Central	Corporate Services	220,599	10	0.26%	-		-
Southwestern Bell Co	Telephone Utility	-		-	1,087,136	2	1.67%
Trammell Crow	Developer	-		-	316,137	6	0.48%
Metropolitan Life	Insurance Company	-		-	295,164	7	0.45%
Dallas Main LP	Developer	-		-	250,944	9	0.38%
Post Apartment Homes LP	Developer	-		-	267,071	8	0.41%
		<u>\$ 4,605,012</u>		<u>5.52%</u>	<u>\$ 6,008,445</u>		<u>10.34%</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 Property Value	Per Capita	TIF Bonds	Capital Leases Payable	Long-term Notes Payable
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
2009	1,511,785	75,465	69,510	257,051	2.12%	1,495	5,400	9,526	9,774
2010	1,510,245	57,730	44,915	242,951	2.13%	1,450	-	7,072	7,833

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 16).

**Table 10**

Business-Type								
General Obligation Bonds	Revenue and Refunding Bonds	Pension Obligation Bonds	Other Contractual Obligations	Long-term Notes Payable	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)	
\$ 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	
-	2,075,938	87,060	-	14,535	4,116,044	0.01%	3,218	
-	2,174,153	82,285	-	12,539	4,139,723	0.01%	3,146	

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

	2001	2002	2003
Total Assessed Valuation	\$60,178,612	\$65,218,426	\$66,483,637
Overall debt limitation - 10% of assessed valuation	6,017,861	6,521,843	6,648,364
Net Debt Subject to Limitation	773,403	791,213	739,543
Legal debt margin within 10% limitation (1)	<u>\$5,244,458</u>	<u>\$5,730,630</u>	<u>\$5,908,821</u>
Legal Debt Margin as a Percentage of the Debt Limit	87.1%	87.9%	88.9%

Notes:

<sup>(1)</sup> 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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$66,501,655	\$67,579,878	\$70,843,802	\$76,124,191	\$84,526,934	\$90,477,933	\$87,264,095
<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>	<u>9,047,793</u>	<u>8,726,410</u>
852,222	1,357,657	1,437,489	1,668,943	1,898,228	2,000,870	1,938,125
<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>	<u>\$7,046,923</u>	<u>\$6,788,285</u>
87.2%	79.9%	79.7%	78.1%	77.5%	77.9%	77.8%

Table 12

**CITY OF DALLAS, TEXAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
Year Ended September 30, 2010 (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	\$ 1,510,245		\$ 1,510,245
Certificates of Obligation	57,730		57,730
Equipment Acquisition Notes	44,915		44,915
Pension Obligation Bonds	242,951		242,951
Other Debt			
Capital Leases Payable	7,072		7,072
Long-term Notes Payable	7,833		7,833
<i>Subtotal, direct debt</i>	<u>1,870,746</u>	<u>100.00 %</u>	<u>1,870,746</u>
Overlapping Debt:			
Carrollton-Farmers Branch ISD	355,595	0.26 %	925
Collin County	383,805	5.41 %	20,764
Collin County Community College District	45,690	5.41 %	2,472
Coppell Independent School District	122,061	0.44 %	537
Dallas County	122,030	48.63 %	59,343
Dallas County Community College District	401,605	48.63 %	195,301
Dallas County Hospital District	705,000	48.63 %	342,841
Dallas Independent School District	1,697,480	87.94 %	1,492,764
Denton County	496,900	1.77 %	8,795
Duncanville Independent School District	160,035	40.01 %	64,030
Garland Independent School District	384,154	3.22 %	12,370
Grand Prairie Independent School District	464,078	4.04 %	18,749
Highland Park Independent School District	118,000	8.18 %	9,652
Irving Independent School District	550,311	2.47 %	13,593
Lancaster Independent School District	102,249	2.01 %	2,055
Mesquite Independent School District	448,657	1.10 %	4,935
Plano Independent School District	1,047,089	12.68 %	132,771
Richardson Independent School District	411,500	58.42 %	240,398
<i>Subtotal, overlapping debt</i>	<u>\$ 8,016,239</u>		<u>\$ 2,622,295</u>
City Of Dallas (direct debt)	<u>1,870,746</u>	<u>100.00 %</u>	<u>1,870,746</u>
<i>Total direct and overlapping debt</i>	<u>\$ 9,886,985</u>		<u>\$ 4,493,041</u>
<i>Ratio of Direct and Estimated Share of Overlapping Tax Debt to Taxable Assessed Valuation</i>			4.45%
<i>Per Capita Direct and Overlapping Tax Debt (not in thousands)</i>			3,440

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)

Fiscal Year	Net Revenue Available for Debt Service			Debt Service Requirements <sup>(2)</sup>			Revenue Bond Coverage <sup>(3)</sup>
	Gross Revenue	Expense <sup>(1)</sup>	Net Revenue	Principal	Interest	Total	
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
2009	490,729	245,846	244,883	95,330	75,940	171,270	1.43
2010	478,512	240,117	238,395	96,115	73,987	170,102	1.40

## Notes:

<sup>(1)</sup> 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.

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

<sup>(3)</sup> 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)

Fiscal Year	Net Revenue Available for Debt Service			Debt Service Requirements			Revenue Bond Coverage <sup>(2)</sup>
	Gross Revenue	Expenditures <sup>(1)</sup>	Net Revenue	Principal	Interest	Total	
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
2009	73,871	40,170	33,701	1,725	18,696	20,421	1.7
2010	73,783	38,196	35,587	1,730	17,791	19,521	1.8

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

<sup>(2)</sup> 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 FUND**  
Last Ten Fiscal Years (Unaudited)  
(in thousands)

Fiscal Year	Net Revenue Available for Debt Service				Debt Service Requirements			Revenue Bond Coverage <sup>(3)</sup>
	Gross Revenue	Available Cash <sup>(1)</sup>	Expenditure <sup>(2)</sup>	Net Revenue	Principal	Interest	Total	
2001	29,789	-	19,661	10,128	-	-	-	N/A
2002 <sup>(4)</sup>	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
2009	54,314	56,158	32,427	78,045	6,765	691	7,456	10.5
2010	60,237	67,686	30,111	97,812	7,055	352	7,407	13.2

Notes: N/A = Information not available

<sup>(1)</sup> Pooled cash and cash equivalents

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

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

<sup>(4)</sup> Revenue bonds were issued April 2001.



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

Table 16

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

Fiscal Year	Population <sup>(1)</sup>	Personal Income	Per Capita Personal Income	Median Household Income	Median Age	Assessed Valuation (in thousands)	Labor Force	Unemployment <sup>(2)</sup>	Unemployment Rate <sup>(2)</sup>
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 <sup>(3)</sup>	24,691 <sup>(3)</sup>	38,276 <sup>(3)</sup>	31.90 <sup>(3)</sup>	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 %
2009	1,306,350	33,048,042,300 <sup>(4)</sup>	25,298 <sup>(4)</sup>	40,473 <sup>(4)</sup>	32.00 <sup>(4)</sup>	90,477,933	592,403	48,435	7.4 %
2010	1,316,350	34,473,231,975 <sup>(5)</sup>	26,189 <sup>(5)</sup>	39,813 <sup>(5)</sup>	31.75 <sup>(5)</sup>	87,264,095	605,307	52,818	8.7 %

<sup>(1)</sup> North Central Texas Council of Governments estimate

<sup>(2)</sup> U.S. Bureau of Labor Statistics

<sup>(3)</sup> 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.

<sup>(4)</sup> The 2009 Personal Income, Per Capita Personal Income, Median Household Income, and Median Age is an average of 2007 and 2008 U.S. Census Bureau.

<sup>(5)</sup> The 2010 Personal Income, Per Capita Personal Income, Median Household Income, and Median Age is an average of 2008 and 2009 U.S. Census Bureau, American Community Survey.

Table 17

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

Name of Employers	2010			2001		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Dallas Independent School District	20,554	1	18.40%	18,600	1	13.30%
City of Dallas	13,427	2	12.00%	14,465	3	10.40%
UT Southwestern Medical Center	12,671	3	11.30%	-		0.00%
Texas Instruments Incorporated	9,800	4	8.80%	11,000	5	7.90%
Parkland Health and Hospital System	9,405	5	8.40%	6,000	10	4.30%
Dallas County Community College District	7,230	6	6.50%	-		0.00%
United States Post Office	6,674	7	6.00%	-		0.00%
Dallas County Personnel/Civial Service	6,150	8	5.50%	6,000	9	4.30%
Pilgrim's Pride	5,350	9	4.80%	-		-
Baylor Health Care System	4,425	10	4.00%	13,200	4	9.50%
Southwestern Bell	-		-	14,636	2	10.50%
Baylor Health Care System	-		-	13,200	4	9.50%
Columbia/HCS	-		-	10,300	6	7.40%
Bank of America	-		-	10,300	7	7.40%
Brinker International	-		-	8,650	8	6.20%
	<u>95,686</u>		<u>85.69%</u>	<u>126,351</u>		<u>90.70%</u>

Source: City of Dallas, Office of Economic Development  
Dallas Business Journal Book of Lists, 2010, Dun & Bradstreet 2009 and Hoovers



Table 18

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

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Government</b>								
City Manager's Office	55	23	28	50	49	45	39	45
City Attorney	153	128	141	146	156	170	156	120
City Auditor	36	36	29	34	36	36	36	31
City Controller's Office								42
City Secretary	21	16	17	19	24	21	20	16
Code Compliance	335	314	333	334	345	361	410	461
Communication & Info. Svcs.	157	205	196	168	160	186	196	197
Economic Development	43	-	29	44	47	50	47	41
Environment & Health Service	427	410	435	435	432	435	438	-
Environmental Quality	19	-	11	11	19	21	22	-
Equipment & Bldg. Services	406	420	421	403	413	433	413	384
Financial Services	151	111	117	109	156	242	236	26
Human Resources	144	74	72	81	163	164	79	54
Housing	67	77	69	74	76	71	72	428
Housing Compliance	-	2	-	-	-	-	-	-
Cultural Affairs	92	89	86	85	98	98	65	46
Emergency Management	7	-	7	6	7	5	6	-
Municipal Court-Judiciary	52	46	51	48	51	43	31	40
Courts & Detention Services	176	182	181	180	185	182	175	170
Purchasing/Bus. Diversity	45	47	46	48	48	46	47	42
Library	490	465	478	485	488	511	487	360
Management Services								145
<b>Subtotal</b>	<b>2,876</b>	<b>2,645</b>	<b>2,747</b>	<b>2,760</b>	<b>2,953</b>	<b>3,120</b>	<b>2,975</b>	<b>2,648</b>
<b>Public Safety</b>								
Police-Uniform	3,049	2,931	2,960	3,011	3,155	3,369	3,455	3,662
Police-Civilian	951	893	934	932	987	980	712	582
Fire-Uniform	1,652	1,680	1,653	1,687	1,648	1,693	1,768	1,776
Fire-Civilian	262	247	259	265	253	199	95	84
<b>Subtotal</b>	<b>5,914</b>	<b>5,751</b>	<b>5,806</b>	<b>5,895</b>	<b>6,043</b>	<b>6,241</b>	<b>6,030</b>	<b>6,104</b>
<b>Development Services</b>	<b>277</b>	<b>278</b>	<b>258</b>	<b>271</b>	<b>279</b>	<b>294</b>	<b>292</b>	<b>198</b>
<b>Public Works</b>								
Public Works & Transportation	416	374	367	391	428	469	448	305
Sanitation	493	454	475	470	493	517	503	456
Streets Services	533	599	532	520	583	522	514	371
Trinity Watershed Management								141
<b>Subtotal</b>	<b>1,442</b>	<b>1,427</b>	<b>1,374</b>	<b>1,381</b>	<b>1,504</b>	<b>1,508</b>	<b>1,465</b>	<b>1,273</b>
<b>Parks and Recreation</b>	<b>1,273</b>	<b>1,229</b>	<b>1,254</b>	<b>1,312</b>	<b>1,477</b>	<b>1,319</b>	<b>955</b>	<b>634</b>
<b>Water Utilities</b>	<b>1,389</b>	<b>1,397</b>	<b>1,438</b>	<b>1,416</b>	<b>1,403</b>	<b>1,455</b>	<b>1,459</b>	<b>1,425</b>
<b>Convention &amp; Events Services</b>	<b>107</b>	<b>126</b>	<b>113</b>	<b>108</b>	<b>109</b>	<b>110</b>	<b>102</b>	<b>101</b>
<b>Aviation</b>	<b>152</b>	<b>152</b>	<b>151</b>	<b>146</b>	<b>154</b>	<b>165</b>	<b>174</b>	<b>180</b>
<b>Other</b>								
Mayor & Council	27	30	30	30	30	36	35	36
Employee Retirement	19	15	15	18	20	19	19	20
Civil Services	19	23	22	21	21	23	21	14
Police & Fire Pension	1	6	4	1	1	1	1	1
<b>Subtotal</b>	<b>66</b>	<b>74</b>	<b>71</b>	<b>70</b>	<b>72</b>	<b>79</b>	<b>76</b>	<b>71</b>
<b>Total</b>	<b>13,496</b>	<b>13,079</b>	<b>13,212</b>	<b>13,359</b>	<b>13,994</b>	<b>14,291</b>	<b>13,528</b>	<b>12,634</b>

Source: City HR Records

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

Function/Program	2001	2002	2003
<u>Public Safety</u>			
Police Stations	6	6	6
Fire Stations	55	55	55
<u>Public Works</u>			
Streets - Paved (miles)	3,495	3,500	3,506
Lane miles	11,461	11,493	11,519
Traffic signals	1,255	1,271	1,279
Street Lights	82,780	83,643	84,284
<u>Parks and Recreation</u>			
Parks	336	368	406
Parks Acres	N/A	N/A	N/A
Miles of trails (jogging, hiking & biking)	62	92	91
Number of lakes	21	21	26
Swimming pools	20	25	26
Spraygrounds " Water-enhanced playground"	N/A	N/A	N/A
Athletic fields (soccer, football, baseball & rugby)	590	275	262
Tennis centers	5	5	5
Number of tennis courts	N/A	N/A	N/A
Neighborhood Tennis Courts	258	168	259
Multi-use courts	125	154	154
Golf courses (18 holes)	6	6	6
Recreation centers (community)	44	45	45
<u>Water</u>			
Water mains (miles)	3,077	4,635	4,655
Fire Hydrants	24,788	25,829	26,653
<u>Wastewater</u>			
Miles of sanitary sewers	3,560	3,572	4,099
Miles of storm sewers	N/A	N/A	N/A

Source: City capital asset records

Note:

N/A - Information not available

TABLE 19

2004	2005	2006	2007	2008	2009	2010
6	6	6	7	8	8	8
55	55	55	55	56	56	56
3,523	3,525	3,519	3,511	3,519	3,585	3,541
11,590	11,604	11,595	11,580	11,607	11,633	11,672
1,283	1,286	1,295	1,296	1,298	1,315	1,329
83,263	83,760	85,255	85,693	86,500	86,902	86,514
379	379	374	374	376	376	368
17,494	17,493	18,619	23,018	23,040	23,042	23,080
91	91	86	90	99	99	107
18	18	18	18	18	18	18
26	27	27	27	22	22	22
N/A	N/A	7	7	8	8	8
260	260	279	277	277	277	278
5	5	5	5	5	5	5
87	87	81	81	81	81	81
171	171	177	177	177	177	171
153	153	154	154	154	154	154
6	6	6	6	6	6	6
45	47	47	47	47	43	43
4,676	4,739	4,781	4,840	4,862	4,980	5,024
26,935	27,076	27,210	27,222	27,969	28,373	27,800
3,587	4,130	4,178	4,831	4,831	4,267	4,293
N/A	N/A	1,755	1,755	1,744	1,749	1,768

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

<b>Function/Program</b>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Public Safety			
Police			
Calls for Service	954,123	1,004,354	1,006,723
Fire			
Calls for Service - Fire	103,821	112,981	114,341
Calls for Service - EMS	147,885	152,431	162,232
Recreation			
Number of Users	6,165,417	6,461,270	5,624,941
Building Permits			
Permits issued	29,767	34,845	35,289
Estimated Value	\$ 1,363,701,434	\$ 2,129,229,005	\$ 2,634,495,534
Airport			
Airport Operations (Takeoffs and Landings)	249,085	249,400	234,615
Utilities (millions of gallons)			
Water Usage - Peak	692	584	621
Water Usage - Average	422	410	417

Source: Department annual records

**Table 20**

2006	2007	2008	2009	2010
958,110	872,162	728,404	690,768	596,742
120,680	116,813	120,203	117,721	115,462
166,067	170,352	172,278	163,100	166,585
6,069,690	7,759,756	6,688,450	5,585,730	5,987,922
32,323	30,563	31,160	28,408	26,997
\$ 3,109,299,698	\$ 3,035,761,645	\$ 2,895,410,156	\$ 1,841,471,331	\$ 1,843,819,294
248,805	242,914	231,656	176,977	168,373
681	575	670	626	638
467	388	416	406	388



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diverse, vibrant and progressive.”*





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diverse, vibrant and progressive."*

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