

DALLAS



City of Dallas, Texas • Comprehensive Annual Financial Report • For Fiscal Year Ending September 30, 2004

CITY OF DALLAS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT Year Ended September 30, 2004

**Issued by
City Controller's Office
Richard G. Summerlin, Acting City Controller
David K. Cook, Chief Financial Officer**

**Mushtaq Ali
Mary DeLaGarza
Ester Dogans
Nancy Hong
Marianne Yarbrough**

**Terelandur Kasturi
Sunil King
Edward Scott
Egbert Hood**



**CITY OF DALLAS, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR YEAR ENDED SEPTEMBER 30, 2004**

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January 28, 2005

Honorable Mayor and City Council
City of Dallas, Texas

Introduction

We are pleased to present the City of Dallas Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2004. This report was prepared by the City's financial staff and audited by the firm of KPMG LLP. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

The City Charter requires an annual audit of the books of account, records, and transactions of all administrative departments of the City by independent certified public accountants selected by the City Council. The Comprehensive Annual Financial Report is the summary of these activities for the past fiscal year. We believe this data, as presented, is accurate in all material aspects; 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.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City's organizational chart, and a list of principal officials. The financial section includes the MD&A (Management's Discussion and Analysis), Government-wide and Major Fund presentations, Required Supplementary Information, Combining Individual Fund Statements, as well as the independent auditors report on the financial statements and schedules. This letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors. The statistical section includes selected financial and demographic information generally presented on a multi-year basis.

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.

General Information

Dallas is the ninth largest city in the nation and has a Council-Manager form of government. There are fourteen 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 criteria considered in determining the activities to be reported within the City's financial statements include: 1) whether an organization is part of the City's legal entity; or 2) whether the City appoints the voting majority of the organization's governing body, and either the City is able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City. In addition, an organization may be fiscally dependent on the City and also included in its reporting entity. These criteria are based upon, and are consistent with, those set forth in the Codification of Governmental Accounting Standards, Section 2100, "Defining the Financial Reporting Entity".

The City provides the full range of municipal services contemplated by statute or charter.

The City provides the full range of municipal services contemplated 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, Dallas Aviation Department, Convention Center, Municipal Radio and several other enterprise and internal service fund activities are a part of the City's legal entity. Seven tax increment-financing districts and four public improvement districts (none of which are legally separate entities) are included in the City's reporting entity because the City sets their assessment rates and approves their budgets. Although the pension trust funds are separate legal entities, they exist to exclusively serve or benefit the City's employees, retirees, and their beneficiaries and are included in the City's reporting entity.

Other legally separate entities are also included in the City's reporting entity based on the criteria discussed above:

- Housing Finance Corporation - issues tax-exempt mortgage revenue bonds to assist low-to-moderate income citizens in purchasing homes

- Housing Acquisition and Development Corporation - provides safe, affordable housing for low and moderate income persons

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 commitment of Dallas city government, local business leaders and voters to improving the quality of life in our city will continue to strengthen the economic vitality of the entire city. The overall well being of any City's neighborhoods, businesses, schools and community is closely tied to investment in economic development. There are a number of initiatives currently underway which will transform our city and improve the quality of life for every Dallas citizen. From the expansion of parks throughout Dallas, to the Trinity River Corridor Project, to the renovation and completion of the Arts District and continued investment in making downtown a 24/7 destination, these projects will significantly alter the landscape of our city and attract visitors for years to come.

In 2004, the City of Dallas hired renowned urban planner John Fregonese to spearhead Dallas' comprehensive land-use plan. The plan will define goals and policy statements for issues such as future land use, infrastructure, governmental facilities, economic development, urban design, historic preservation, air quality, water quality and other environmental resources. Public participation will be an integral part of the process.

The Trinity River Corridor Project is the largest public works project in Dallas history and is a glowing testament to community mobilization. The Trinity River and the Great Trinity Forest will become the centerpieces for establishing an improved quality of life for Dallas' citizens and for encouraging economic development. Besides providing improved flood protection for thousands of homes and businesses, this corridor will be transformed into a gathering place for people to enjoy nature and engage in recreational activities. Trails, wetlands, lakes, forests and prairies, currently being planned for the corridor, will attract both residents and tourists to this 9,000 acre area, the largest urban park in the country. The Santiago Calatrava designed Woodall Rogers Signature Bridge will provide more direct connections between the Central Business District and West Dallas. Plans are nearing completion for determining where

The Trinity River Corridor Project is the largest public works project in Dallas history and is a glowing testament to community mobilization.

Creating a downtown with large open spaces remains a commitment of City officials ...

Today, Dallas draws both national and worldwide acclaim as a city with unparalleled opportunities for business.

best to place a Trinity Interpretive/Equestrian Center adjacent to the Great Trinity Forest. One of the major components, the Trinity Parkway, will become a major asset in improving regional transportation.

Dallas already boasts the fourth largest park system in the United States. The Dallas Park and Recreation Department maintains more than 21,000 park acres including 17 lakes, 18,000 acres of greenbelt / park land, and 62 miles of jogging and bike trails at 24 locations. Designated as a National Historic Landmark, Fair Park has the largest collection of 1930's Art Deco architecture in the United States and is the only unaltered pre-1950's World's Fair site in the nation. The Fair Park Comprehensive Development Plan will provide a blueprint for the future economic and structural development of Fair Park. The goal is to establish Fair Park as a thriving asset for Dallas that works in harmony with its adjacent communities.

Creating a downtown with large open spaces remains a commitment of City officials and the Park Department is currently studying the creation of a Downtown Parks Master Plan. The goal of this study will be to identify future green space and park needs in downtown, including the feasibility of a 4.7-acre park between the Mercantile block on Main and the Police and Municipal Courts Building on Harwood. This \$365,000 study, the cost of which is being split between the Park and Recreation Department and the Inside the Loop Committee will focus on potential sites for large downtown open areas, green spaces, urban parks, plazas and off-leash parks. The study will also address the potential for development under and over freeways and potential for underground parking areas in conjunction with these green spaces.

Today, Dallas draws both national and worldwide acclaim as a city with unparalleled opportunities for business. After designating economic development as a critical priority in 2004, the Dallas City Council increased the operating budget in the Economic Development Department and moved to double staffing. Goals are being redefined and new initiatives are being undertaken in order to increase economic development opportunities.

The City remains committed to transforming the City Center into a dynamic urban area, with a variety of business, cultural, entertainment and living choices. In our efforts to revitalize downtown and create a 24-hour, 7-day a week mixed-use neighborhood, we have targeted a minimum of 200,000 square feet of retail in the Main Street Retail Initiative Area. Entrepreneurs are successfully opening restaurants and nightclubs downtown as a result of these efforts. A retail recruitment initiative was created to stimulate a high performance retail district in the Main Street core area of downtown. Recent projects have had an enormous impact on rehabilitation of historic buildings into retail,

residential and hospitality space. These include Stone Street Gardens (29,000 sq. ft. retail space), the Kirby Building (156 residential units), the Wilson Building (133 residential units) and the Magnolia Hotel (330 hotel units). Statistics from the Central Dallas Association show the in-town housing market, which added 1,823 units from 1990 to 1996, has since exploded. At the end of 2002 there were 10,516 units, with an additional 3,451 planned or under construction. Merchants and property owners have helped develop revitalization strategies and have aided in the management of downtown on a day-to-day basis.

Building downtown Dallas into a vibrant, thriving cultural center remains a priority for the City of Dallas. The public and private sectors continue to collaborate to make the Arts District a reality. Situated in downtown Dallas at the base of the City's skyline, the Nasher Sculpture Center represents Ray Nasher's vision to create an outdoor "roof-less" museum that will serve as a peaceful retreat for reflection of art and nature and a public home for his collection of 20th-century sculpture. The goal was to produce a structure of lasting significance that will sustain the legacy of the collection. The Nasher Sculpture Collection, comprised of more than 300 pieces, is one of the foremost collections, private or public, of 20th century sculpture in the world. The collection has been presented at major museums across the United States and around the world, including the Reina Sofia in Madrid, Spain, Palace of the Legion of Honor in San Francisco, the Solomon R. Guggenheim Museum in New York City and the National Gallery of Art in Washington, D.C. In addition to the Nasher Sculpture Center, the Latino Cultural Center is a visually stunning building containing a world-class cultural, performance and education complex that is uniquely focused on Latino culture and contributions. The mission of the Center is to foster the preservation, development and promotion of Latino and Hispanic arts and culture in Dallas.

Whereas, the City had historically depended primarily on the northern portion of the City for economic expansion, all neighborhoods surrounding downtown today have either redeveloped or are currently redeveloping. The southern sector neighborhoods are coming back at a historic pace. Approximately \$500 million in private investment has been made since 1998 as a result of alliances to promote under-developed areas of the city. Priority projects in the southern sector include Pinnacle Park, Mountain Creek, Southport, University of North Texas, South Dallas/Fair Park, EcoPark, and the redevelopment of Hensley Field. Cumulatively, these projects will create over 15,000 new jobs in Dallas.

Transportation is another area where Dallas has several major advantages. As Dallas Area Rapid Transit (DART) continues to expand, it provides greater express transportation between suburban communities and

Building downtown Dallas into a vibrant, thriving cultural center remains a priority for the City of Dallas.

Transportation is another area where Dallas has several major advantages.

The City of Dallas is committed to working with stakeholders to develop new investment options throughout the city.

downtown Dallas. A \$2.8 billion DART Transit System Plan is designed to provide a balanced combination of transit services and facilities to meet the range of mobility needs associated with the projected population growth of the Dallas region. By 2010, more than 185,000 daily passengers are expected to ride DART, linking neighborhoods and cultural institutions and providing a valuable resource to Dallas citizens.

Dallas has three airports: Dallas/ Fort Worth International; Dallas Love Field; and Dallas Executive. These constitute the best combination of airports operated by a single city in the United States. D/FW International is the third busiest airport in the world, moving over 63 million passengers and almost one million tons of cargo in 2000. The airport is easily accessible from anywhere in North and South America and 4 hours or less to other commercial centers including New York, Los Angeles, Chicago, Toronto and Mexico City. City owned and operated Dallas Love Field provides scheduled air and general aviation services and Dallas Executive is a general aviation reliever airport with foreign trade zone status.

The City of Dallas is committed to working with stakeholders to develop new investment options throughout the city. The success of these partnerships is not measured by the number of new businesses and new jobs but in the improvements to families' lives.

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 generally accepted accounting principles.

Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition; 2) the reliability of financial records for preparing financial statements; and 3) accountability for assets. The concept of reasonable assurance recognizes the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

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

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

The City Auditor reviews, on a sample basis, one or more 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 that the City's single audit for the fiscal year provided no instances of material weakness in internal control or significant violations of 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.

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

General Government Functions

Cash Management. The objectives of the City's Investment Policy, in order of priority, are: safety of principal, liquidity, diversification, maturity and yield. Deposits are fully collateralized by government securities held in third party safekeeping. Cash not needed for day-to-day operations is invested pursuant to the Investment Policy. These monies were invested

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.

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 for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2003.

in U.S. Government and U.S. Government Agency securities, repurchase agreements, and overnight investments.

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 for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2003. This was the 22nd consecutive year the City has achieved this award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, which conforms to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is applicable to a CAFR presenting the financial position and operations of one particular year. We believe this year's CAFR continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Mary K. Suhm
Acting City Manager



David Cook
Chief Financial Officer



Richard Summerlin, CPA
Acting City Controller

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ELECTED OFFICIALS

Laura Miller	Mayor District 15(At large)
John Loza	Mayor Pro Tem District 2
Donald W. Hill	Deputy Mayor Pro Tem District 5
D. Elba Garcia	Councilwoman District 1
Ed Oakley	Councilman District 3
Dr. Maxine Thornton-Reese	Councilwoman District 4
Steve Salazar	Councilman District 6
Leo V. Chaney, Jr.	Councilman District 7
James L. Fantroy	Councilman District 8
Gary Griffith	Councilman District 9
Bill Blaydes	Councilman District 10
Lois Finkelman	Councilwoman District 11
Sandy Greyson	Councilwoman District 12
Mitchell Rasansky	Councilman District 13
Veletta Foresythe Lill	Councilwoman District 14

APPOINTED OFFICIALS

**Mary K. Suhm
Acting City Manager**

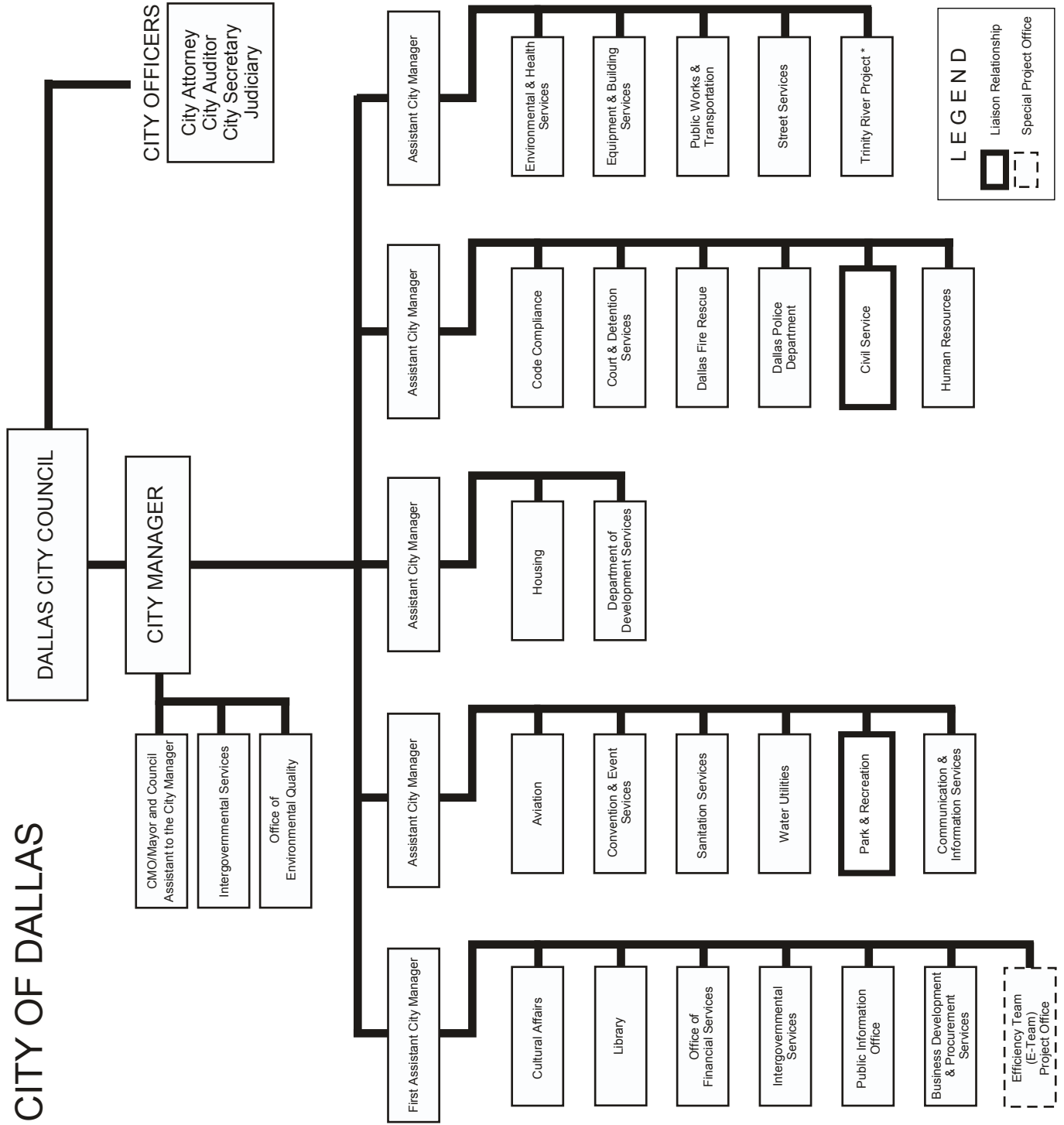
**Madeleine B. Johnson
City Attorney**

**Shirley Acy
City Secretary**

**Thomas M. Taylor
City Auditor**

**John a. Wright
City Treasurer**

CITY OF DALLAS



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, 2003

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.



Nancy L. Ziehl

President

Jeffrey R. Emer

Executive Director

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

Independent Auditors' Report

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, 2004, 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, blended component units which represent 46%, 49%, and 44%, respectively, of the assets, net assets and revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion insofar as it relates to the amounts included for those entities is based solely on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the 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 a report dated January 28, 2005 on our consideration of the City of Dallas' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 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 and schedules of funding progress on pages 5 through 12, and page 73 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We 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, combining financial statements, capital assets used in the operation of governmental funds and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements and 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, 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 in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

January 28, 2005

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CITY OF DALLAS, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2004

As management of the City of Dallas (the City), we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2004. 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-xii 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 \$3.7 billion (net assets). The negative unrestricted net assets in the governmental activities of \$203 million are primarily related to unfunded obligations related to compensated absences of \$175 million, net pension obligations of \$100 million and risk related unfunded claims of \$105 million less other increases in net assets of \$177 million.
- The City's governmental activities net assets increased by \$30.1 million while the business-type activities net assets increased by \$76.7 million, resulting in a \$106.8 million increase in total net assets for the current fiscal year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$541 million, an increase of \$125 million in comparison to the prior year. At the City's discretion, \$278 million of these fund balances (unreserved) are available for spending.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$71 million, or 8.7% of the total general fund expenditures.
- The City's long-term debt had a net increase of \$248 million from the prior year's balance of \$2.8 billion. During the current fiscal year, the City issued \$261 million of total general obligation bonds, which included \$58 million in general obligation refunding bonds, \$174 million of general obligation bonds, \$8 million of tax increment bonds and \$21 million in equipment notes. The City also issued \$169.2 million in revenue refunding bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The statement of activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g. uncollected taxes and earned but 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2004

The business-type activities of the City include water utilities, convention center, airport revenue, municipal radio and building inspection operations.

The government-wide financial statements reflect not only the activities of the City itself (known as the primary government), but also those of the two separate legal entities in its report – Housing Finance Corporation and the Housing Acquisition and Development Corporation for which the City is financially accountable. Financial information for these “component units” is reported separately from the financial information presented for the primary government itself.

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

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general and debt service funds, both of which are considered to be major funds. Data from the other eighteen funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this 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 and 18 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. 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 form of combining 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
SEPTEMBER 30, 2004**

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 33-70 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to City employees and budgetary information for the general fund. Required supplementary information can be found on page 73 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 77-109 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net assets were \$3.6 billion as of September 30, 2004. Analyzing the net assets and net expenses of governmental and business-type activities separately, the business-type activities net assets are \$2.3 billion and the governmental type activities are \$1.3 billion. This analysis focuses on the net assets (table 1) and changes in general revenues (table 2) and significant expenses of the City's governmental and business-type activities.

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, 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.

**Table 1
Net Assets
(In thousands)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$732,749	\$594,359	\$661,399	\$641,007	\$1,394,148	\$1,235,366
Capital assets	1,979,979	1,931,316	3,697,329	3,466,749	5,677,308	5,398,065
Total assets	2,712,728	2,525,675	4,358,728	4,107,756	7,071,456	6,633,431
Long-term debt outstanding	1,285,180	1,163,505	1,744,715	1,618,610	3,029,895	2,782,115
Other liabilities	137,263	102,034	256,202	208,037	393,465	310,071
Total liabilities	1,422,443	1,265,539	2,000,917	1,826,647	3,423,360	3,092,186
Net assets:						
Invested in capital assets, net of related debt	1,385,085	1,328,590	2,070,434	1,938,648	3,455,519	3,267,238
Restricted	108,138	124,645	162,494	140,991	270,632	265,636
Unrestricted	(202,938)	(193,099)	124,883	201,470	(78,055)	8,371
Total net assets	\$1,290,285	\$1,260,136	\$2,357,811	\$2,281,109	\$3,648,096	\$3,541,245

An additional portion of the City's net assets (7%) represents resources that are subject to external restrictions on how they may be used. The negative net assets in the governmental activities are primarily related to unfunded obligations related to compensated absences, net pension obligations, and risk related unfunded claims.

**CITY OF DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2004**

Analysis of the City's Operations

The following table provides a summary of the City's operations for the year ended September 30, 2004. Business-type activities increased the City's net assets by \$76.7 million and governmental activities increased by 30.1 million thereby accounting for the total growth in net assets of the City. Key elements of this increase are as follows:

**Table 2
Changes in Net Assets
(In thousands)**

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program revenues:						
Charges for services	\$218,078	\$193,064	\$414,238	\$384,849	\$632,316	\$577,913
Operating grants and contributions	73,925	56,641	0	0	73,925	56,641
Capital grants and contributions	11,642	67,428	77,068	58,574	88,710	126,002
General revenues:						
Ad valorem tax	458,137	477,596	0	0	458,137	477,596
Sales tax	194,989	183,229	0	0	194,989	183,229
Franchise taxes	114,313	115,751	47,105	46,076	161,418	161,827
Investment income	12,263	15,824	9,864	12,784	22,127	28,608
Miscellaneous	13,341	3,855	16,643	5,743	29,984	9,598
Total revenues	1,096,688	1,113,388	564,918	508,026	1,661,606	1,621,414
Expenses:						
General government	138,258	148,380	0	0	138,258	148,380
Public safety	532,891	533,689	0	0	532,891	533,689
Streets, street lighting, sanitation	130,377	129,552	0	0	130,377	129,552
Environmental and health services	26,960	26,012	0	0	26,960	26,012
Public works and transportation	30,404	12,362	0	0	30,404	12,362
Equipment and building services	30,864	29,054	0	0	30,864	29,054
Culture and recreation	113,135	109,886	0	0	113,135	109,886
Housing	1,515	1,308	0	0	1,515	1,308
Human services	31,750	31,781	0	0	31,750	31,781
Interest on long-term debt	34,161	34,862	0	0	34,161	34,862
Water utilities	0	0	341,238	290,327	341,238	290,327
Convention center	0	0	77,486	69,641	77,486	69,641
Airport	0	0	41,499	33,991	41,499	33,991
Municipal radio	0	0	3,789	2,914	3,789	2,914
Building inspection	0	0	20,428	14,105	20,428	14,105
Total expenses	1,070,315	1,056,886	484,440	410,978	1,554,755	1,467,864
Increase in net assets before transfers	26,373	56,502	80,478	97,048	106,851	153,550
Transfers	3,776	11,470	(3,776)	(11,470)	0	0
Increase in net assets	30,149	67,972	76,702	85,578	106,851	153,550
Loss on disposal of capital assets	0	(72,852)	0	(23,955)	0	(96,807)
Net assets – October 1, 2003	1,260,136	1,265,016	2,281,109	2,219,486	3,541,245	3,484,502
Net assets – September 30, 2004	\$1,290,285	\$1,260,136	\$2,357,811	\$2,281,109	\$3,648,096	\$3,541,245

The most significant governmental expense for the City was in providing public safety, which incurred expenses of \$532.8 million. Revenues collected from a variety of sources, with the largest being from fines (\$30 million for the fiscal year ended September 30, 2004) offset these expenses. The most significant portion of police activity is the cost of personnel, which is approximately at \$280 million. Other significant governmental expenses for the City include fire, which incurred approximately \$169 million in expenses (including reimbursement of \$14 million), of which \$169 million represented personnel charges. The streets, street lighting, sanitation, and code enforcement activities of the City incurred \$130 million in expenses, of which \$68 million represented personnel expenses.

Business-type Activities

CITY OF DALLAS, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2004

Revenues of the City's business-type activities were \$564.9 million for the fiscal year ending September 30, 2004. Expenses for the City's business-type activities were \$484 million for the year, resulting in an increase of net assets before transfers of \$80.5 million. Key elements of this increase:

- Net Income increased \$15.1million as compared to fiscal year 2003; revenues from Customer Charges were sufficient to provide income before transfers and contributions of \$18.1million. Much of this excess was reinvested in long-lived assets or restricted for the future construction thereof.
- Contributions of infrastructure from outside sources were \$17.5 million
- Airport Revenues fund had \$59 million increase in capital contributions by tenants at the two city owned airports.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$540.6 million an increase of \$125.3 million in comparison with the prior year. Approximately \$277.7 million constitutes unreserved, undesignated fund balance, which is available for spending at the government's discretion. 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 (\$192.2 million), 2) to pay debt service (\$11.9 million), or 3) the remainder for a variety of other restricted purposes.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$28.8 million while total fund balance reached \$83.2 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 3.4 percent of total general fund expenditures, while total fund balance represents 6.6 percent of that same amount.

The fund balance of the City's general fund increased by a moderate \$2.4 million during the current fiscal year. Due to the uncertain economic conditions, expenditures were closely monitored and correlated to revenues received.

The debt service fund has a total fund balance of \$15.9 million all of which is reserved for the payment of debt service. The overall net increase in debt service fund balance during the current year (\$6.1 million) was partly due to an increase in transfers during the current period of \$7 million.

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 \$20 million, Convention Center was \$50.5 million and Airport Revenue was \$48.9 million. The total change in net assets was an increase of \$36.1 million in Dallas Water utilities, a decrease of \$9 million in Convention Center and an increase of \$50.7 million in the airport funds.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$2.8 million. All midyear budget adjustments were funded from the contingency reserve. Primarily due to increasing sales taxes, revenues were \$23.7 million above budgeted revenues. Expenditures exceeded the original budget by \$11.3 million. These overages were primarily due to an unexpected increase in employee health care costs and utility expenses.

**CITY OF DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2004**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2004, the City had \$5.7 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 below.) This amount represents a net increase (including additions and deductions) of \$279 million or 5.2 percent, over the prior fiscal year.

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

	Governmental Activities		Business-type Activities		Totals	
	2004	2003	2004	2003	2004	2003
Land	\$317,893	\$299,998	\$213,741	\$213,822	\$531,634	\$513,820
Water rights	0	0	280,267	283,813	280,267	283,813
Buildings	395,356	345,675	960,826	727,706	1,356,182	1,073,381
Improvements other than buildings	100,078	76,517	119,928	117,935	220,006	194,452
Infrastructure	776,083	774,932	269,208	278,573	1,045,291	1,053,505
Equipment	96,274	113,641	183,513	198,608	279,787	312,249
Artwork	48,702	48,677	0	0	48,702	48,677
Utility property	0	0	1,101,178	1,113,214	1,101,178	1,113,214
Construction in progress	245,593	271,876	568,668	533,078	814,261	804,954
Totals	\$1,979,979	\$1,931,316	\$3,697,329	\$3,466,749	\$5,677,308	\$5,398,065

Some of this year's major additions included (in millions):

Street and Transportation Improvements	\$54.4
Flood and Storm Drainage Improvements	4.3
Library Facilities	9.5
Police and Fire Facilities	2.8
Animal Control Facilities	11.7
Lake fork pipeline	35.1
Completion of Cell 5- McCommas Bluff Landfill	1.4
Neighborhood and Community Park Improvements	<u>10.8</u>
Total	<u>\$130.0</u>

In addition to the itemized list above, major capital asset additions for FY04 included approximately \$235.7 million in water and wastewater improvements, \$2.6 million for major maintenance of City facilities, \$.75 million for renovations of the fifth floor at the Central Library, and \$1.2 million for demolition projects in Code Compliance.

The City's fiscal year 2005 capital budget provides another \$408.4 million for capital projects, principally for two major categories: \$172.3 million for General Purpose Capital Improvements and \$236.1 million for Water Utilities Capital Improvements.

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

The Capital Improvement Program for the enterprise departments consists of improvements to and/or construction of water and wastewater systems; venues for convention activities, and air transportation facilities. Primarily 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, 2004**

Debt

At year-end, the City had \$2.5 billion in bonds outstanding as compared to \$2.3 billion at the end of the prior fiscal year, an increase of 1.0 percent – as shown in Table 4.

Table 4
Outstanding Debt at Year End
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2004	2003	2004	2003	2004	2003
General obligation bonds	\$741,889	\$626,856	\$0	\$84	\$741,889	\$626,940
Equipment Acquisition Contractual	43,323	43,171	0	0	43,323	43,171
Certificates of obligation	52,067	60,321	0	0	52,067	60,321
Tax increment bonds	14,943	9,195	0	0	14,943	9,195
Revenue bonds	0	0	1,681,305	1,581,102	1,681,305	1,581,102
Contractual obligation	0	0	7,233	18,745	7,233	18,745
Totals	\$852,222	\$739,543	\$1,688,538	\$1,599,931	\$2,540,760	\$2,339,474

During the fiscal year, the City issued \$261.9 million in general obligation bonds and equipment acquisition and tax increment bonds. Bond proceeds will be used to pay costs of various equipment purchases, replenishment of emergency reserve, improvement of street and thoroughfare, playgrounds, recreation facilities, library facilities, and other City facilities.

The City also issued \$169.2 million of Waterworks and Sewer System Revenue Refunding and Improvement Bonds (Series 2003-A).

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

	Moody's Investors Service	Standard & Poor's
General Obligation Bonds.....	Aa1	AA+
Tax Increment Financing Reinvestment Zone No.2 (*).....		AA
Revenue Bonds:		
Waterworks and Sewer System.....	Aa2	AA+
Civic Center Convention Complex (*).....	Aaa	AAA
Sports Arena Project Special Tax (*).....	Aaa	AAA
Airport System (*).....	Aaa	AAA

(*) These bonds are insured and the ratings are those of the bond insurer.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In the 2004-05 Budget, core city services will be maintained at current levels and increased funding for significant improvements in the five City Council-designated priority areas: public safety, economic development, neighborhood quality of life, the Trinity River Corridor Project and staff accountability. Current sales tax revenues, while improving during the current year, indicate a need for continued prudence in building future budgets. There will be a \$1.99 increase in the property tax rate, which will provide an additional \$13 million for public safety enhancements.

The 2004-05 Budget also includes a 7.9 percent increase in water and wastewater rates. Dallas Water Utilities provides efficient, high-quality service at a reasonable cost. Additional funds are needed to meet continued increases in service demands, continue upgrading aging infrastructure and to operate recently constructed facilities required by state and federal regulatory agencies. In addition, funds will be used to offset the increased costs of electricity and chemicals that are required to operate these facilities.

**CITY OF DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2004**

In fiscal year 2004-05, work will continue on the Trinity River Corridor Project, the Fair Park Master plan, downtown redevelopment, business parks development, and Runyon Springs. These significant investments will help assure future fiscal stability for the city and its citizens.

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, 2004
(in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets:				
Cash and cash equivalents	\$580,711	\$93,381	\$674,092	767
Other investments, at fair value	31,157	0	31,157	0
Receivables	99,546	51,378	150,924	22
Interfund balances	(1,241)	1,241	0	0
Inventories, at cost	8,188	4,965	13,153	0
Other assets	2,670	9,028	11,698	0
Special assessments	11,718	0	11,718	0
Restricted assets:				
Cash and cash equivalents	0	419,019	419,019	0
Other investments	0	82,387	82,387	0
Capital assets:				0
Land and water rights	317,893	567,651	885,544	0
Artwork	48,702	0	48,702	0
Construction in progress	245,593	568,668	814,261	0
Infrastructure assets	1,285,861	412,868	1,698,729	0
Buildings	662,456	1,277,115	1,939,571	0
Improvements	149,887	173,249	323,136	0
Equipment	373,586	384,547	758,133	0
Utility property	0	1,606,442	1,606,442	0
Less accumulated depreciation	(1,103,999)	(1,293,211)	(2,397,210)	0
Total assets	<u>2,712,728</u>	<u>4,358,728</u>	<u>7,071,456</u>	<u>789</u>
Liabilities:				
Accrued payroll	12,593	728	13,321	0
Accounts payable	28,678	12,597	41,275	0
Due to other governments	1	6	7	0
Other	71,776	1,759	73,535	0
Construction accounts payable	0	33,087	33,087	0
Accrued bond interest payable	10,525	33,397	43,922	0
Commercial notes payable	0	160,872	160,872	0
Deferred revenue	8,775	1,067	9,842	0
Customer deposits	4,915	6,073	10,988	0
Customer construction advances	0	6,616	6,616	0
Noncurrent liabilities:				
Due within one year	213,844	98,546	312,390	0
Due in more than one year	1,071,336	1,646,169	2,717,505	0
Total liabilities	<u>1,422,443</u>	<u>2,000,917</u>	<u>3,423,360</u>	<u>0</u>
Net assets (liabilities):				
Invested in capital assets, net of related debt	1,385,085	2,070,434	3,455,519	0
Restricted for:				
Capital projects	67,389	0	67,389	0
Debt service	13,063	162,494	175,557	0
Permanent funds - nonexpendable	8,183	0	8,183	0
Other external restrictions	19,503	0	19,503	0
Unrestricted	(202,938)	124,883	(78,055)	789
Total net assets	<u>\$1,290,285</u>	<u>\$2,357,811</u>	<u>\$3,648,096</u>	<u>\$789</u>

See accompanying notes to basic financial statements.

CITY OF DALLAS, TEXAS
STATEMENT OF ACTIVITIES
Year Ended September 30, 2004
(in thousands)

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$138,258	\$65,589	\$14,297	\$55
Public safety	532,891	33,649	9,683	0
Streets, street lighting, sanitation and code enforcement	130,377	69,929	1,403	52
Environmental and health services	26,960	5,812	22,134	0
Public works and transportation	30,404	10,800	515	4,406
Equipment and building services	30,864	1,400	0	7,023
Culture and recreation	113,135	15,741	7,599	106
Housing	1,515	36	0	0
Human services	31,750	15,122	18,294	0
Interest on long-term debt	34,161	0	0	0
Total governmental activities	1,070,315	218,078	73,925	11,642
Business-type activities:				
Water utilities	341,238	341,789	0	17,489
Convention center	77,486	18,611	0	0
Airport	41,499	30,646	0	59,544
Municipal radio	3,789	2,977	0	0
Building inspection	20,428	20,215	0	35
Total business-type activities	484,440	414,238	0	77,068
Total primary government	1,554,755	632,316	73,925	88,710
Component units:	162	209	0	0
Total component units	\$162	\$209	\$0	\$0

General revenues:

- Sales taxes
- Ad valorem tax
- Franchise tax
- Other taxes
- Investment income
- Miscellaneous
- Transfers
- Total general revenues and transfers
- Change in net assets
- Net assets - beginning
- Net assets - ending

See accompanying notes to basic financial statements.

Net (expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
(\$58,317)		(\$58,317)	\$0
(489,559)		(489,559)	0
(58,993)		(58,993)	0
986		986	0
(14,683)		(14,683)	0
(22,441)		(22,441)	0
(89,689)		(89,689)	0
(1,479)		(1,479)	0
1,666		1,666	0
(34,161)		(34,161)	0
<u>(766,670)</u>		<u>(766,670)</u>	
0	\$18,040	18,040	0
0	(58,875)	(58,875)	0
0	48,691	48,691	0
0	(812)	(812)	0
0	(178)	(178)	0
<u>0</u>	<u>6,866</u>	<u>6,866</u>	
<u>(766,670)</u>	<u>6,866</u>	<u>(759,804)</u>	
			<u>47</u>
			<u>\$47</u>
194,989	0	194,989	0
458,137	0	458,137	0
114,313	0	114,313	0
0	47,105	47,105	0
12,263	9,864	22,127	10
13,341	16,643	29,984	0
3,776	(3,776)	0	0
<u>796,819</u>	<u>69,836</u>	<u>866,655</u>	<u>10</u>
30,149	76,702	106,851	57
1,260,136	2,281,109	3,541,245	732
<u>\$1,290,285</u>	<u>\$2,357,811</u>	<u>\$3,648,096</u>	<u>\$789</u>

CITY OF DALLAS, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
As of September 30, 2004
(in thousands)

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Pooled cash and cash equivalents	\$71,319	\$6,169	\$482,765	\$560,253
Receivables:				
Ad valorem tax	27,732	11,165	0	38,897
Sales tax	34,202	0	0	34,202
Notes	1	0	11,720	11,721
Accounts	31,566	0	3,885	35,451
Accrued interest	160	4	832	996
Allowance for uncollectible accounts	(34,332)	(8,559)	(1,162)	(44,053)
Due from other governments	0	0	22,302	22,302
Due from other funds	1,321	2,762	0	4,083
Other investments, at fair value	14,191	2,382	14,584	31,157
Inventories, at cost	5,461	0	0	5,461
Special assessments	0	0	11,718	11,718
Notes receivable from other funds	0	4,031	4,469	8,500
Total assets	151,621	17,954	551,113	720,688
Liabilities and Fund Balances				
Liabilities:				
Accrued payroll	12,242	0	142	12,384
Accounts payable	11,796	67	12,891	24,754
Due to other funds	2,324	0	1,729	4,053
Deferred revenues	18,255	1,916	32,825	52,996
Due to other governments	0	0	1	1
Notes payable to other funds	308	0	9,463	9,771
Customer deposits	4,906	0	9	4,915
Other	18,541	49	52,613	71,203
Total liabilities	68,372	2,032	109,673	180,077
Fund balances:				
Reserved for:				
Encumbrances	12,248	0	179,933	192,181
General government	0	0	344	344
Culture and recreation	0	0	7,839	7,839
Notes Receivable	0	4,031	4,469	8,500
Debt service	0	11,891	0	11,891
Unreserved, designated in:				
General fund	42,165	0	0	42,165
Unreserved, undesignated in:				
General fund	28,836	0	0	28,836
Capital project funds	0	0	209,095	209,095
Special revenue funds	0	0	39,760	39,760
Total fund balance	83,249	15,922	441,440	540,611
Total liabilities and fund balance	\$151,621	\$17,954	\$551,113	\$720,688

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, 2004
(in thousands)

Total fund balances - governmental funds \$540,611

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

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

Land	316,197	
Artwork	48,702	
Construction in progress	244,219	
Infrastructure assets	1,284,039	
Buildings	658,021	
Improvements	148,898	
Equipment	199,958	
Accumulated depreciation	(981,590)	
Total capital assets	<u>1,918,444</u>	1,918,444

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. 44,221

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 (30,296) (30,296)

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 and capital leases, less unamortized bond premium	854,494	
Unamortized bond issue cost	(1,409)	
Accrued interest on bonds	10,525	
Net pension obligations	100,191	
Section 108 HUD notes	6,190	
Arbitrage rebate payable	474	
Judgment related to landfill	25,723	
Compensated absences	168,759	
Landfill closure & post-closure	<u>17,748</u>	
Total long-term liabilities	<u>1,182,695</u>	(1,182,695)
Net assets of governmental activities		<u>\$1,290,285</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, 2004
(in thousands)

	General	Debt Service	Other Governmental Funds	Total
Revenues				
Ad valorem tax	\$341,620	\$114,783	\$12,213	\$468,616
Sales tax	194,989	0	0	194,989
Other tax	114,103	0	210	114,313
Licenses and permits	3,044	0	0	3,044
Intergovernmental	5,127	0	72,241	77,368
Service to others	111,555	0	32,356	143,911
Fines and forfeits	30,135	0	107	30,242
Investment income	2,511	505	8,604	11,620
Gifts	0	0	7,924	7,924
Confiscated money awards	0	0	1,450	1,450
Other	21,347	1,336	19,535	42,218
Total revenues	824,431	116,624	154,640	1,095,695
Expenditures				
General government	83,854	0	47,197	131,051
Public safety	473,873	0	10,410	484,283
Streets, street lighting, sanitation, and code enforcement	112,832	0	5,104	117,936
Environmental and health services	12,466	0	12,035	24,501
Public works and transportation	19,268	0	0	19,268
Equipment and building services	28,049	0	0	28,049
Culture and recreation	90,103	0	11,244	101,347
Housing	1,377	0	0	1,377
Human services	0	0	28,854	28,854
Debt service:				
Principal	0	90,256	0	90,256
Interest and fiscal charges	0	38,226	0	38,226
Capital outlay	0	0	121,433	121,433
Total expenditures	821,822	128,482	236,277	1,186,581
Excess (deficiency) of revenues over (under) expenditures	2,609	(11,858)	(81,637)	(90,886)
Other financing sources (uses)				
Capital Contribution	0	0	1,120	1,120
Transfers in	10,285	16,906	19,230	46,421
Transfers out	(10,449)	(245)	(25,427)	(36,121)
Proceeds from sale of fixed assets	0	0	1,175	1,175
Premium on bonds	0	4,460	949	5,409
Bond proceeds	0	750	201,360	202,110
Proceeds of refunding bonds	0	56,015	0	56,015
Payment to refunded bond escrow agent	0	(59,943)	0	(59,943)
Total other financing sources and uses	(164)	17,943	198,407	216,186
Excess of revenues and transfers in over expenditures and transfers out	2,445	6,085	116,770	125,300
Fund balances, beginning of year	80,804	9,837	324,670	415,311
Fund balances, end of year	\$83,249	\$15,922	\$441,440	\$540,611

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, 2004
(in thousands)

Net change in fund balances--total governmental funds \$125,300

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 expenditures	107,607	
Depreciation expense	(56,543)	
Net adjustment	51,064	51,064

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.

(10,479)

The issuance of long-term debt (e.g., bonds, tax anticipation notes) 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 issuance	5,409	
Refunding bonds	56,015	
General obligation bonds and certificates of obligation	202,110	

Repayments:

Deferred loss on refunding	(3,043)	
Payment of section 108 loans	(6,710)	
Payment of refunded bonds escrow	(59,943)	
To bondholders	(90,256)	

Net adjustment	103,582	(103,582)
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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.

Accrued interest on general obligation bonds & tax anticipation notes	(1,663)	
Bond issuance costs	(1,432)	
Amortization of premium and deferred charges	(970)	
Decrease in the net pension obligation	(9,940)	
Increase in the amount of compensated absences	25,866	
Decrease in arbitrage rebate liability	(2,550)	
Increase in landfill closure cost	604	
Decrease in judgement related to landfill	(9,277)	
Decrease in unfunded claims	(1,864)	
Total adjustment	(1,226)	1,226

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.

(33,380)

Change in net assets of governmental activities

\$30,149

See accompanying notes to basic financial statements.

CITY OF DALLAS, TEXAS
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-NON-GAAP BUDGETARY BASIS
Year Ended September 30, 2004
(in thousands)

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Ad valorem taxes	\$344,207	\$344,207	\$345,138	\$931
Sales tax	178,391	178,391	194,989	16,598
Other tax	100,980	116,576	114,103	(2,473)
Licenses and permits	6,843	3,419	3,044	(375)
Intergovernmental	4,837	5,944	5,127	(817)
Services to others	110,089	109,433	111,555	2,122
Fines and forfeitures	33,737	33,246	29,159	(4,087)
Interest	3,142	3,334	2,511	(823)
Other	7,137	8,655	21,348	12,693
Total revenues	<u>789,363</u>	<u>803,205</u>	<u>826,974</u>	<u>23,769</u>
Expenditures:				
General government	91,875	82,419	83,401	(982)
Public safety	469,221	468,905	473,897	(4,992)
Streets, street lightning, sanitation, and code enforcement	98,864	110,659	113,890	(3,231)
Environmental and health services	13,089	12,971	12,433	538
Public works and transportation	19,063	20,063	19,156	907
Equipment and building services	28,022	27,996	27,752	244
Culture and recreation	88,982	88,908	89,983	(1,075)
Housing	1,407	1,407	1,326	81
Total expenditures	<u>810,523</u>	<u>813,328</u>	<u>821,838</u>	<u>(8,510)</u>
Excess (deficiency) of revenues over (under) expenditures	(21,160)	(10,123)	5,136	15,259
Other financing sources (uses):				
Transfers in	35,426	24,707	10,285	(14,422)
Transfers out	(14,098)	(14,213)	(10,449)	3,764
Total other financing sources	<u>21,328</u>	<u>10,494</u>	<u>(164)</u>	<u>(10,658)</u>
Excess of revenues and other financing source over expenditures and other use:	168	371	4,972	4,601
Fund balances, beginning of year	<u>80,804</u>	<u>80,804</u>	<u>80,804</u>	<u>0</u>
Fund balances, end of year	<u><u>\$80,972</u></u>	<u><u>\$81,175</u></u>	<u><u>\$85,776</u></u>	<u><u>\$4,601</u></u>

See accompanying notes to basic financial statements

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CITY OF DALLAS, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
As of September 30, 2004
(in thousands)

	Business-type Activities Enterprise Funds					Governmental Activities- Internal Service Funds
	Dallas Water Utilities	Convention Center	Airport Revenues	Nonmajor Enterprise Funds	Total	
Assets:						
Current assets:						
Pooled cash and cash equivalents	\$16,979	\$11,501	\$52,793	\$12,108	\$93,381	\$20,458
Receivables:						
Accounts	44,551	7,569	2,025	1,478	55,623	12
Accrued interest	608	54	49	13	724	18
Allowance for uncollectibles	(3,373)	0	(1,879)	(29)	(5,281)	0
Due from other governments	0	0	312	0	312	0
Due from other funds	408	0	2,324	0	2,732	0
Prepaid expenses	0	0	0	0	0	12
Inventories, at cost	4,625	152	188	0	4,965	2,727
Restricted assets:						
Held for construction purposes:						
Pooled cash and cash equivalents	147,943	7,157	0	0	155,100	0
Cash and cash equivalents	116,399	0	0	0	116,399	0
Customer assessments	412	0	0	0	412	0
Pooled cash and cash equivalents for current debt service	99,564	6,293	0	0	105,857	0
Customer deposits:						
Pooled cash and cash equivalents	5,918	0	0	0	5,918	0
Other	0	0	0	0	0	1,249
Total current assets	<u>434,034</u>	<u>32,726</u>	<u>55,812</u>	<u>13,570</u>	<u>536,142</u>	<u>24,476</u>
Capital Assets:						
Land and water rights	426,203	87,820	53,628	0	567,651	1,696
Buildings	353,779	615,971	307,044	321	1,277,115	4,435
Improvements other than buildings	19,460	52,799	100,919	71	173,249	989
Infrastructure	396,488	11,094	5,286	0	412,868	1,822
Equipment	335,184	39,809	7,548	2,006	384,547	173,628
Utility property	1,606,442	0	0	0	1,606,442	0
Accumulated depreciation	(1,027,087)	(114,890)	(149,702)	(1,532)	(1,293,211)	(122,409)
Construction in progress	523,365	1,792	43,330	181	568,668	1,374
Total capital assets	<u>2,633,834</u>	<u>694,395</u>	<u>368,053</u>	<u>1,047</u>	<u>3,697,329</u>	<u>61,535</u>
Other noncurrent assets:						
Restricted assets:						
Pooled cash and cash equivalents for future debt service	124	35,621	0	0	35,745	0
Other investments						
for future debt service at fair value	53,563	28,412	0	0	81,975	0
Notes receivable from other funds	5,302	0	0	0	5,302	0
Other assets	5,031	3,997	0	0	9,028	0
Total other noncurrent assets	<u>64,020</u>	<u>68,030</u>	<u>0</u>	<u>0</u>	<u>132,050</u>	<u>0</u>
Total assets	<u>\$3,131,888</u>	<u>\$795,151</u>	<u>\$423,865</u>	<u>\$14,617</u>	<u>\$4,365,521</u>	<u>\$86,011</u>

See accompanying notes to the basic financial statements

CITY OF DALLAS, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS (continued)
As of September 30, 2004
(in thousands)

	Business-type Activities Enterprise Funds					Governmental Activities- Internal Service Funds
	Dallas Water Utilities	Convention Center	Airport Revenues	Nonmajor Enterprise Funds	Total	
Liabilities:						
Current liabilities:						
Accrued payroll	\$528	\$50	\$50	\$100	\$728	\$209
Accounts payable	9,554	1,747	1,146	150	12,597	3,924
Accrued vacation and sick	6,347	470	585	1,276	8,678	2,837
Due to other governments	0	6	0	0	6	0
Due to other funds	2,762	0	0	0	2,762	0
Estimated unpaid health claims	0	0	0	0	0	16,603
Estimated unpaid claims - general	0	0	0	0	0	9,330
Workers' compensation	0	0	0	0	0	18,500
Accrued bond interest payable	0	0	1,097	0	1,097	0
Revenue bonds	0	0	5,555	0	5,555	0
Other	75	1,028	571	85	1,759	142
Total current liabilities	19,266	3,301	9,004	1,611	33,182	51,545
Current liabilities (payable from restricted assets):						
Construction accounts payable	33,087	0	0	0	33,087	0
Commercial paper notes payable	160,872	0	0	0	160,872	0
Accrued water supply obligation	7,233	0	0	0	7,233	0
Accrued interest on contractual obligations	134	0	0	0	134	0
Accrued bond interest payable	29,481	2,685	0	0	32,166	0
Revenue bonds	65,550	11,530	0	0	77,080	0
Total current liabilities (payable from restricted assets)	296,357	14,215	0	0	310,572	0
Noncurrent liabilities:						
Notes payable to other funds	4,031	0	0	0	4,031	0
Revenue bonds	1,163,306	395,814	39,550	0	1,598,670	0
Total long-term debt	1,167,337	395,814	39,550	0	1,602,701	0
Other liabilities:						
Estimated unpaid claims-general	0	0	0	0	0	11,201
Workers compensation	0	0	0	0	0	48,874
Deferred revenue	0	919	148	0	1,067	0
Customer deposits	5,910	163	0	0	6,073	0
Customer construction advances	6,608	0	8	0	6,616	0
Accrued vacation and sick	9,520	705	877	1,914	13,016	4,256
Net pension obligation	25,598	1,831	2,395	4,659	34,483	0
Other	0	0	0	0	0	431
Total other liabilities	47,636	3,618	3,428	6,573	61,255	64,762
Total liabilities	1,530,596	416,948	51,982	8,184	2,007,710	116,307
Net Assets						
Invested in capital assets, net of related debt	1,447,858	298,581	322,948	1,047	2,070,434	61,535
Restricted:						
Revenue bond requirements	133,415	29,079	0	0	162,494	0
Unrestricted	20,019	50,543	48,935	5,386	124,883	(91,831)
Total net assets	\$1,601,292	\$378,203	\$371,883	\$6,433	\$2,357,811	(\$30,296)

See accompanying notes to the basic financial statements

CITY OF DALLAS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year Ended September 30, 2004
(in thousands)

	Business-type Activities Enterprise Funds				Governmental Activities- Internal Service Funds
	Dallas Water Utilities	Convention Center	Airport Revenue	Nonmajor Enterprise Funds	Total
Operating revenues:					
Customer charges	\$341,789	\$18,611	\$30,646	\$23,192	\$414,238
Charges to other City departments	0	0	183	0	183
Service to others	0	0	0	0	0
Intergovernmental	0	0	494	0	494
Other	10,615	4,525	278	548	15,966
Total operating revenues	352,404	23,136	31,601	23,740	430,881
Operating expenses:					
Personal Services	97,523	8,864	9,834	19,068	135,289
Supplies and materials	66,945	7,821	2,899	643	78,308
Contractual and other services	65,477	25,547	15,415	5,826	112,265
Reimbursement	0	0	(620)	(1,486)	(2,106)
Depreciation/amortization	64,641	11,823	11,547	166	88,177
Total operating expenses	294,586	54,055	39,075	24,217	411,933
Operating income (loss)	57,818	(30,919)	(7,474)	(477)	18,948
Nonoperating revenues (expenses):					
Investment income	6,972	1,580	1,146	166	9,864
Alcohol beverage tax	0	6,255	0	0	6,255
Motor vehicle rental tax	0	3,325	0	0	3,325
Hotel occupancy tax	0	37,525	0	0	37,525
Interest on revenue bonds and notes	(47,330)	(23,431)	(1,157)	0	(71,918)
Other Interest	(506)	0	0	0	(506)
Gain (loss) on property disposals	1,184	0	(1,267)	0	(83)
Total nonoperating revenues (expenses)	(39,680)	25,254	(1,278)	166	(15,538)
Income (loss) before operating transfers and contributions	18,138	(5,665)	(8,752)	(311)	3,410
Capital contributions	17,489	-	59,544	35	77,068
Transfers in	504	245	0	0	749
Transfers out	0	(3,563)	(46)	(916)	(4,525)
	17,993	(3,318)	59,498	(881)	73,292
Change in net assets	36,131	(8,983)	50,746	(1,192)	76,702
Total net assets, beginning of year	1,565,161	387,186	321,137	7,625	2,281,109
Total net assets, end of year	\$1,601,292	\$378,203	\$371,883	\$6,433	\$2,357,811

See accompanying notes to the basic financial statements



CITY OF DALLAS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended September 30, 2004
(in thousands)

		Business-type Activities Enterprise Funds	
	Dallas Water Utilities	Convention Center	Airport Revenue
Cash flows from operating activities:			
Cash received from customers	\$349,471	\$24,160	\$31,702
Cash payments to suppliers for goods and services	(68,420)	(7,839)	(2,957)
Cash payments to employees for services	(70,497)	(6,925)	(7,369)
Cash payments for contractual services	(65,577)	(25,498)	(17,203)
Cash refunds and reimbursements	0	0	620
Other operating cash receipts	1,118	89	1,866
Net cash provided (used) in operating activities	<u>146,095</u>	<u>(16,013)</u>	<u>6,659</u>
Cash flows from non capital financing activities:			
Alcohol beverage tax	0	6,255	0
Motor vehicle tax	0	3,325	0
Hotel occupancy tax	0	37,525	0
Transfers from other funds	504	245	0
Transfers to other funds	0	(3,563)	(46)
Net cash provided (used) in non capital financing activities	<u>504</u>	<u>43,787</u>	<u>(46)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(215,673)	(3,735)	(15,673)
Proceeds from sale of capital assets	1,041	0	0
Proceeds from sale of revenue bonds	164,000	0	0
Principal paid on revenue and general obligation bond maturities	(50,915)	(9,979)	(5,534)
Interest paid on revenue bonds	(44,281)	(23,496)	(1,291)
Proceeds from sale of commercial paper notes	162,316	0	0
Retirement of commercial paper notes	(123,037)	0	0
Interest paid other	(506)	0	0
Construction loan from other City fund	(352)	0	0
Capital contribution	0	0	1,034
Loans to other city funds	(679)	0	0
Principal paid on water supply and wastewater treatment obligation	(11,512)	0	0
Interest paid on water supply and wastewater treatment obligation	(934)	0	0
Increase in customer and developer advances	275	0	0
Net cash used for capital and related financing activities	<u>(120,257)</u>	<u>(37,210)</u>	<u>(21,464)</u>
Cash flows from investing activities:			
Purchase from investments	19,060	(4,869)	0
Maturity of investments	(23,808)	5,014	0
Investment income	6,633	1,538	1,106
Net cash provided by investing activities	<u>1,885</u>	<u>1,683</u>	<u>1,106</u>
Net increase (decrease) in cash and cash equivalents	28,227	(7,753)	(13,745)
Cash and cash equivalents, beginning of year	358,700	68,325	66,538
Cash and cash equivalents, end of year	<u>\$386,927</u>	<u>\$60,572</u>	<u>\$52,793</u>

See accompanying notes to basic financial statements

Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
\$23,601	\$428,934	\$174,847
(641)	(79,857)	(14,736)
(14,006)	(98,797)	(58,075)
(5,779)	(114,057)	(116,599)
1,486	2,106	0
456	3,529	7,069
5,117	141,858	(7,494)
0	6,255	0
0	3,325	0
0	37,525	0
0	749	38
(916)	(4,525)	(6,562)
(916)	43,329	(6,524)
(195)	(235,276)	(931)
0	1,041	831
0	164,000	0
0	(66,428)	0
0	(69,068)	0
0	162,316	0
0	(123,037)	0
0	(506)	0
0	(352)	0
0	1,034	0
0	(679)	0
0	(11,512)	0
0	(934)	0
0	275	0
(195)	(179,126)	(100)
0	14,191	0
0	(18,794)	0
155	9,432	643
155	4,829	643
4,161	10,890	(13,475)
7,947	501,510	33,933
\$12,108	\$512,400	\$20,458

CITY OF DALLAS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (continued)
Year Ended September 30, 2004
(in thousands)

		Business-type Activities Enterprise Funds	
	Dallas Water Utilities	Convention Center	Airport Revenue
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$57,818	(\$30,919)	(\$7,474)
Adjustments not affecting cash:			
Depreciation	64,641	11,823	11,547
Change in assets and liabilities:			
(Increase) decrease in accounts and other receivables	(2,651)	116	(1,644)
Increase customer assessments receivable	(104)	0	0
(Increase) decrease in inventories	38	12	(22)
(Increase) decrease in other assets	(128)	1,296	0
Decrease in due from other governments	0	0	64
Increase in due from other funds	0	0	(2,324)
Increase in due to other governments	0	3	0
Increase (decrease) in accounts and contracts payable	(1,513)	22	(523)
Increase in accrued compensation	528	108	70
Increase in accrued vacation and sick	900	0	0
Increase (decrease) in allowance for doubtful accounts	(282)	0	1,879
Decrease in deferred revenue	0	(200)	(134)
Decrease in customer deposits	0	(188)	0
Increase in other liabilities	26,848	1,914	5,220
Total adjustments	88,277	14,906	14,133
Net cash provided by (used) in operating activities:	\$146,095	(\$16,013)	\$6,659
Noncash investing, capital, and financing activities:			
Change in fair value of investments	(\$1,866)	(\$606)	(\$326)
Capital contributions	17,489	0	58,510
Total noncash investing, capital, and financing activities	\$15,623	(\$606)	\$58,184

See accompanying notes to basic financial statements

Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
(\$477)	\$18,948	(\$34,839)
166	88,177	15,581
(166)	(4,345)	(20)
0	(104)	0
0	28	(339)
5	1,173	(337)
0	64	0
0	(2,324)	0
0	3	0
47	(1,967)	1,656
403	1,109	558
0	900	0
25	1,622	0
0	(334)	0
(3)	(191)	0
5,117	39,099	10,246
5,594	122,910	27,345
\$5,117	\$141,858	(\$7,494)
(\$81)	(\$2,879)	\$0
0	75,999	7,078
(\$81)	\$73,120	\$7,078

CITY OF DALLAS, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
As of September 30, 2004
(in thousands)

	Agency Funds	Pension Trust Funds
Assets		
Pooled cash and cash equivalents	\$12,822	\$0
Cash and cash equivalents	0	545,738
Receivables:		
Accounts	46	47,471
Forward current contracts	0	87,915
Accrued Interest	0	18,581
Domestic equities	0	860,215
U.S. and foreign government securities	0	332,371
Domestic corporate fixed income	0	357,621
International fixed income	0	274,835
International equities and fixed income	0	919,341
Commingled index funds	0	952,495
Venture capital(real estate)	0	324,063
Certificate of Deposit	2	0
Total assets	<u>12,870</u>	<u>4,720,646</u>
Liabilities		
Accounts payable	0	3,431
Payable for securities purchased	0	93,276
Forward current contracts	0	87,320
Securities lending obligation	0	421,449
Other	12,870	5,412
Total liabilities	<u>12,870</u>	<u>610,888</u>
Net assets		
Held in trust for pension benefits	<u>0</u>	<u>4,109,758</u>
Total net assets	<u>\$0</u>	<u>\$4,109,758</u>

See accompanying notes to basic financial statements.

CITY OF DALLAS, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the year ended September 30, 2004
(in thousands)

	Pension Trust Funds
ADDITIONS:	
Contributions:	
Employer	\$114,052
Employee	36,902
Total contributions	<u>150,954</u>
Net investment income:	
Dividends	33,785
Interest	54,688
Real estate income	14,397
Net appreciation in fair value of investments	854,797
Securities lending income	4,474
Less investment expenses:	
Investment management fees	(5,147)
Custody fees	(125)
Consultant fees	(230)
Securities lending borrower rebates	(3,068)
Securities lending management fees	(200)
Total investment expenses	<u>(8,770)</u>
Net investment income	953,371
Other income	<u>1,017</u>
Total increases	<u>1,105,342</u>
DEDUCTIONS:	
Benefit payments	205,612
Refund of contributions	3,239
Administrative expenses	15,853
Total deductions	<u>224,704</u>
Net increase in net assets available for benefits	880,638
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
Beginning of year	<u>3,229,120</u>
End of year	<u>\$4,109,758</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

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CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

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 issued prior to December 1, 1989 are generally followed in the enterprise funds and the business-type activities to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance. The more significant accounting and reporting policies and practices used by the City are described below:

B. Financial Statement Presentation

The City's basic financial statements are comprised of five components: 1) management and discussion analysis 2) government-wide financial statements, 3) fund financial statements 4) notes to the financial statements and 5) required supplementary information. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements – Prepared using the economic resources measurement focus and accrual basis of accounting. Government-wide financial statements do not provide information by individual fund or fund types, but distinguish between the City's primary government and its discretely presented component units and between governmental activities and business-type activities on the statement of net assets and statement of activities. Significantly, the City's statement of net assets includes both noncurrent assets and noncurrent liabilities of the City, which were previously recorded in the General Fixed Assets Account Group and the General Long-term Obligations Account Group (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter. Neither the fiduciary funds nor component units that are fiduciary in nature are included in the Government-wide financial statements.

Additionally, the government-wide statement of activities reflects depreciation expense on the City's capital assets, including infrastructure. In addition to the government-wide financial statements, the City has prepared fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus. Accordingly, the accounting and financial reporting for the City's General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Funds is similar to that previously presented in the City's financial statements, although the format of financial statements has been modified by GASB Statement No. 34.

Statement of Net Assets – The Statement of Net Assets is designed to display the financial position of the primary government (government and business-type activities) and its discretely presented component units. The City reports all capital assets, including infrastructure, in the government-wide Statement of Net Assets and reports depreciation expense – the cost of "using up" capital assets – in the Statement of Activities. The net assets of the City are broken down into three categories: 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted. Long-term liabilities are reported in two categories – the amount due in one year and the amount due in more than one year.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 1. Summary of Significant Accounting Policies (continued)

B. Financial Statement Presentation (continued)

Statement of Activities – The government-wide statement of activities reports net (expense) revenue in a format that focuses on the cost of each of the business-type activities of the City and for each of the City's governmental activities. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants). General revenues (including all taxes), investment earnings, contributions to term and permanent endowments, contributions to permanent fund principal, special and extraordinary items, and transfers between governmental and business-type activities are reported separately after the total net expenses of the government's functions, ultimately arriving at the change in net assets for the period. Program revenues are segregated into three categories: 1) charges for services; 2) operating grants and contributions; and 3) capital grants and contributions.

Budgetary Comparison Statement – Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The City and many other governments revise their original budgets over the course of the year for a variety of reasons. Under the reporting model, the City will continue to provide budgetary comparison information for the General Fund within the basic financial statements. An important change, however, is a requirement to add the government's original budget to the current comparison of final budget and actual results.

C. 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 holds the corporate powers of the organization
- 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, health and human services, culture and recreation, public improvements, planning and zoning, tax increment financing districts and general administrative services, are included in the accompanying basic financial statements.

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

Pension Trust Funds (Blended Component Units)

The Pension Trust Funds are blended component units and have a December 31 year-end. Blended component units are included as part of the primary government because they meet the above criteria as well as serve or benefit the City exclusively.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 1. Summary of Significant Accounting Policies (continued)

C. Reporting Entity (continued)

Pension Trust Funds (Blended Component Units)

The City contributes on behalf of its employees, to three defined benefit pension plans administered by two legally separate entities--the Employees' Retirement Fund and the Police and Fire Pension System.

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 two entities are classified as blended component units of the City because they benefit the City's employees, retirees and their beneficiaries exclusively.

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.

Fund financial statements are available for Housing Acquisition and Development Corporation and the Housing Finance Corporation on pages 104-105.

Related Organization

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

The Dallas/Fort Worth International Airport (DFW Airport) is jointly governed by the cities of Dallas and Fort Worth. DFW Airport is governed by an 11-member board (Board) comprised of seven members representing the City of Dallas and four members representing the City of Fort Worth. Members of the board are appointed by the respective 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 Dallas Area Rapid Transit (DART) is a regional transportation authority created pursuant to Article 1118y of the State Statutes 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.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 1. Summary of Significant Accounting Policies (continued)

D. Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its 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 its legally separate component units, which are presented discretely.

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.

E. 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.

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 45 days of year-end, in accordance with the City's accounting policy, which is not materially different than 60 days as allowed under GAAP.

Revenues susceptible to accrual are ad valorem taxes, sales tax, sanitation collection fees, disposal fees, 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 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 receivables are deemed immaterial.

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

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 1. Summary of Significant Accounting Policies (continued)

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

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.

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 airport services and administration of Dallas Love Field and Executive Airport. 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.

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.

The Internal Service Funds are used to centralize certain services and then allocate the cost of those services on a cost-reimbursement basis.

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

The Agency Funds are used to account for assets held by the City, as an agent for individuals, private organizations, other governments and/or other funds for assets held by the City, in a trustee capacity.

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 and other charges between the government's water and sewer function and various other functions of the government. 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 nonoperating 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, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 1. Summary of Significant Accounting Policies (continued)

E. 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. Unbilled water and wastewater utility service receivables are recorded in the Dallas Water Utilities fund under "Accounts Receivable" at year-end. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

F. 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.

The City's Investment Policy requires investments in accordance with applicable State law. However, the Policy does not permit investment of City funds in all eligible investments permitted by State law. 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 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.

Investments in certificates of deposit, U.S. Government obligations and other investments are recorded at fair value. Pension investments are recorded at fair value based on quoted market values, where available, as of the trade date.

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.

G. Inventories

Inventory is valued at average cost. Inventory for all funds generally consists of expendable supplies and automotive parts held for consumption and are recorded as expenditures (or expense) when consumed. Since the City uses the consumption method of accounting for inventories and has no minimum quantity requirements, no reserve has been established within the fund balances of the Governmental Fund types.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2004, are recorded as prepaid items.

I. 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 because their use is limited by applicable covenants. The capital project funds record proceeds of revenue debt issuances restricted for construction. The current Debt Service Funds are used to segregate resources accumulated for debt service payments over the next twelve months.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 1. Summary of Significant Accounting Policies (continued)

I. Restricted Assets (continued)

The revenue bond future Debt Service Funds are used to report resources set aside to fulfill revenue bond debt reserve requirements. Other restricted assets include funds restricted for construction from revenue sources, construction receivables, contractual obligation debt service funds, customer deposits, and funds held for arbitrage rebate.

J. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (example include streets and bridges) are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets. Generally, assets with an individual cost of at least \$5 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 during the year ended September 30, 2004 was \$8.2 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.....	-	50 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.....	-	33-75 years

The City has certain scientific equipment and zoo animals that are not capitalized or 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 collection.

K. Compensated Absences

The City's employees earn vacation and sick leave which may be used or accumulated up to certain amounts. Unused vacation 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.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 1. Summary of Significant Accounting Policies (continued)

K. Compensated Absences (continued)

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 statement 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 as a result of employee resignations, retirements, or terminations.

L. 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, and 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 liabilities for allocated expenses.

M. Deferred Revenue

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

N. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the 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.

O. Bond Premiums, Discounts and Issuance Costs

In the government- wide financial statements and proprietary fund financial statements, bond premiums and discounts as well as issuance costs 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. Bond issuance costs, are reported as deferred charges and amortized over the life of the bonds. 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.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 1. Summary of Significant Accounting Policies (continued)

O. Bond Premiums, Discounts and Issuance Costs (continued)

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

P. Property Taxes

The City's property tax is levied each October 1 on the assessed value as of the previous January 1 for all real and income-producing (or business personal) property. Appraised values are established by the Dallas Central Appraisal District equal to 100 percent of appraised market value as required under the State Property Tax Code. The value of real property within the Appraisal District must be reviewed every three years. The City may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. The City establishes tax rates on property within its jurisdiction. If the adopted tax rate, excluding tax rates for bonds and other contractual obligations, exceeds the effective tax rate by more than 8 percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate increase to no more than 8 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, 2004, were 96.46 percent of the tax levy. Property taxes are recorded as revenue when they are measurable and available. 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. Therefore, the City could have generated a tax margin (additional taxes not presently generated) of \$1.2 billion in 2004.

Q. 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 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.

R. 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. Short-term and long-term interfund loans are classified as notes receivable or payable from other funds.

S. 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.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 1. Summary of Significant Accounting Policies (continued)

T. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional and participants select investment options. Investment options include the following: stock funds, bond funds, and money market accounts, including various risk alternatives. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Deferred compensation investments from this plan are not reported in the City's financial statements.

Investments are managed by the plan trustees under one of various pools of investment options offered by Fidelity Investments, at the direction of the covered employee.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of the participants and their beneficiaries.

U. Fund Equity/Net Assets

In the government-wide financial statements, the net assets are reported in three components (1) invested in capital assets, net of related debt, (2) restricted, and (3) unrestricted. In the 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.

V. Statement of Cash Flows

For purposes of the statement of cash flows, the City considers pooled cash and investments and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents, excluding the Pension Trust Funds which consider all highly liquid debt instruments to be investments.

W. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

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 generally must be approved by the City Council. The legal level of budgetary control is the department level. A supplemental budgetary appropriation was necessary during the year for the General Fund budget. It was amended by Council resolution from \$810.5 million to \$813.3 million.
- 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 generally accepted accounting principles. 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 GAAP basis. The budget and all transactions of the General Fund are presented in accordance with the City's budget basis in the Statement of Revenues, Expenditures and Changes in Fund Balances 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 expenditures budgeted on a non-annual basis and the fact that encumbrances are recorded as the equivalent of expenditures (budget) rather than a reservation of fund balance (GAAP) in the Governmental Funds. Adjustments necessary to convert the excess of revenues and other financing sources over expenditures and other uses on the budget basis to a GAAP basis for the General Fund are provided below.

Excess of revenues and other financing sources over expenditures and other uses--budget basis	\$4,972
Actual expenditures budgeted on non-annual budgets	(4,433)
Decrease in fund balances designated for future authorized expenditures	(46)
Tax increment transfer eliminated under GAAP	3,634
Increase in encumbrances	<u>(1,682)</u>
 Excess of revenues and other financing sources over expenditures and other uses--GAAP basis	 <u>\$2,445</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

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 during the subsequent year.

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.

General Fund budgetary expenditures over appropriations are described in the following functions: General Government exceeded their budget by \$1 million primarily due to the unexpected increase of employee health cost. Public Safety exceeded their budget by \$5 million primarily due to civilian overtime, uniform overtime, termination payments, expenses for computer leases and unexpected increase of employee health cost in the police and fire department. Streets, Street Lighting, Sanitation and Code Enforcement exceeded their budget by \$3.2 million primarily due to repair and maintenance of machinery, fleet charges for vehicles, unexpected repair damages due to flooding at the McCommas Bluff Landfill and an unexpected increase of employee health cost. Culture and Recreation exceeded their budget by \$1.1 million due to an unexpected increase in electrical costs and the increase of employee health costs.

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 \$42.2 million is as follows:

9-1-1 Program	\$399
Cultural Programs	1,958
Risk reserve	1,250
Future expenditures	485
Emergencies	18,763
Contingencies	3,825
TU rate case reserve	<u>15,485</u>
Total	<u>\$42,165</u>

The Risk Fund has a deficit net assets balance of \$99.9 million associated with the City's self-insured workers' compensation, auto, and general liability activities. The City will have to address this deficit during future budget development over the next few years and implement methods to fund this deficit over a period of time. Stormwater Operations had a deficit of \$645 thousand which will continue to be recovered through increased fees.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS

Year Ended September 30, 2004

(all \$ amounts in thousands unless otherwise noted)

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 and these overdrafts are reported as liabilities, (due to/due from other funds) on the balance sheet.

A summary of pooled cash and other investments for all City funds including \$12.8 million held in agency funds at September 30, 2004, is presented below:

	Cash and Investments With City Treasurer	Other Cash and Investments Pension Trust	Total
Pooled Cash and Investments	\$686,914	\$0	\$686,914
Cash and cash equivalents	0	545,738	545,738
Other Investments	31,157	4,020,943	4,052,100
Restricted cash and investments	501,406	0	501,406
Total	<u>\$1,219,477</u>	<u>\$4,566,681</u>	<u>\$5,786,158</u>

A summary of the carrying amount of cash on hand, deposits and investments at September 30, 2004, is as follows:

	Cash and Pooled Investments With City Treasurer	Other Cash and Investments	Components Unit Cash	Total
Deposits	\$(2,395)	\$545,738	\$767	\$544,110
Investments	<u>1,221,872</u>	<u>4,020,943</u>	<u>0</u>	<u>5,242,815</u>
Total	<u>\$1,219,477</u>	<u>\$4,566,681</u>	<u>\$767</u>	<u>\$5,786,925</u>

At September 30, 2004, the investments held in the City Treasury's General and Investment Pool Programs are as follows:

Types of Investments	Category 1	Total
Categorized Investments		
Treasury Bonds	\$8,905	\$8,905
Treasury Strip	23,768	23,768
Treasury Bills	3,561	3,561
Federal Farm Credit Bank Note	126,589	126,589
Federal Farm Credit Bank Discount Note	10,000	10,000
Federal Home Loan Bank Notes	255,733	255,733
Federal Home Loan Mortgage Corporation Discount Notes	19,894	19,894
Federal Home Loan Mortgage Corporation Notes	168,473	168,473
Federal National Mortgage Discount Notes	47,760	47,760
Federal National Mortgage Notes	102,832	102,832
United States Treasury Notes	<u>173,810</u>	<u>173,810</u>
Total Categorized Investments	<u>\$941,325</u>	<u>\$941,325</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 3. Cash, Deposits and Investments (continued)

<u>Types of Investments</u>	
Investments Not Categorized	
Trust Funds	\$8,183
Agency Funds	2
Short-term Municipal Obligation	116,399
AIM Liquid Assets	57,767
TexPool	97,266
One Group Government Money Market Fund	930
Total Investments Not Categorized	<u>\$280,547</u>
Total General and Investment	
Pool Programs in City Treasury	<u>\$1,221,872</u>

At December 31, 2003, the investments held in the City's Pension Trust Funds are as follows:

<u>Types of Investments</u>	<u>Category 1</u>	<u>Total</u>
Categorized Investments:		
Employees' Retirement Fund (at quoted market value)		
Domestic Equities	\$368,256	\$368,256
U.S. and Foreign Government Securities	133,229	133,229
Domestic corporate fixed income	293,715	293,715
International Equities	372,653	372,653
Commingled Index Funds	495,721	495,721
Dallas Police and Fire Pension System		
Commingled Index Funds	439,886	439,886
Domestic corporate fixed-income	197,080	197,080
International Fixed-Income	101,452	101,452
U.S. Government and Agency Securities	38,347	38,347
Domestic Equities	334,216	334,216
International equities	489,489	489,489
Police and Fire Supplemental Fund		
Bank Commingled Trust Funds	16,888	16,888
Total Categorized Investments	<u>\$3,280,932</u>	<u>\$3,280,932</u>

<u>Types of Investments</u>	
Investments Not Categorized:	
Employees' Retirement Fund	
U.S. Government and Agency Securities	\$52,560
Domestic corporate fixed-income	63,906
Domestic equities	95,803
International equities	21,019
Venture capital	354
Dallas Police and Fire Pension System	
U.S. Government and Agency Securities	2,820
Domestic corporate fixed-income	77,755
Domestic equities	61,940
International equities and fixed-income	40,145
At appraised value (real estate)	<u>323,709</u>
Total Not Categorized	<u>740,011</u>
Total investments in City's Pension Trust funds	<u>\$4,020,943</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 3. Cash, Deposits and Investments (continued)

Investments of the City, other than for 2a7-like pools, are valued based upon quotes obtained from Interactive Data Corporation. Investments in 2a7-like pools are valued based upon the value of pool shares. 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. ch. 791 and the Texas Government Code Ann. ch. 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. ch. 2256.

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

The City's deposits at year-end are shown below. 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." These amounts exclude petty cash accounts of \$283. The fair value of these deposits approximates their costs.

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

Primary Government	Interest Rates (%)	Carrying Value	Bank Balance
Pooled Demand Deposits		\$(2,395)	\$2,797
Cash and cash equivalents-Pension Trust Funds	1.084	0	30,957
Total		<u>\$(2,395)</u>	<u>\$33,754</u>

Note 4. Receivables

Receivables at September 30, 2004 for the government's individual major and nonmajor governmental and internal service funds including the applicable allowances for uncollectible accounts, consist of the following:

	General	Debt service	Nonmajor Governmental Funds	Internal Service Funds	Total Governmental Activities
Receivables:					
Property taxes	\$27,732	\$11,165	\$0	\$0	\$38,897
Sales taxes	34,202	0	0	0	34,202
Accounts	31,566	0	3,885	12	35,463
Notes	1	0	11,720	0	11,721
Due from other governments	0	0	22,302	0	22,302
Accrued interest	160	4	832	18	1,014
Gross receivables	93,661	11,169	38,739	30	143,599
Less allowance for doubtful accounts	<u>(34,332)</u>	<u>(8,559)</u>	<u>(1,162)</u>	<u>0</u>	<u>(44,053)</u>
Net total receivables	<u>\$59,329</u>	<u>\$2,610</u>	<u>\$37,577</u>	<u>\$30</u>	<u>\$99,546</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 4. Receivables (continued)

Receivables at September 30, 2004 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:

	Dallas Water Utilities	Convention Center	Airport Revenue	Nonmajor Enterprise Funds	Total Business Type Activities
Receivables:					
Accounts	\$44,551	\$7,569	\$2,025	\$1,478	\$55,623
Due from other governments	0	0	312	0	312
Accrued interest	608	54	49	13	724
Gross receivables	45,159	7,623	2,386	1,491	56,659
Less allowance for doubtful accounts	(3,373)	0	(1,879)	(29)	(5,281)
Net total receivables	<u>\$41,786</u>	<u>\$7,623</u>	<u>\$507</u>	<u>\$1,462</u>	<u>\$51,378</u>

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.

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. At September 30, 2004, the various components of deferred revenue reported in the governmental funds were as follows:

Taxes	\$6,771
Accounts	38,108
Intergovernmental	8,117
Total Deferred Revenue For Governmental Funds	<u>\$52,996</u>

Note 5. Restricted Assets

The primary government's business-type restricted assets of \$501,406 are composed of the following at September 30, 2004:

	Business-Type Activities
Cash and Investments:	
Pooled Cash and Cash Equivalents	\$302,620
Cash and Cash Equivalents	116,399
Other Investments	82,387
Total	<u>\$501,406</u>

For the business-type activities, the restricted amounts are for accumulated resources for debt service payments, a self-insurance reserve, deposits from service users, 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 an 11-member board comprised of seven members from Dallas and four members from Fort Worth appointed by the respective City Councils.

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.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 6. Joint Ventures (continued)

Dallas/Fort Worth International Airport (continued)

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, 2004 was \$4 billion which is net of \$16 million deferred loss on refunding.

The following summary financial information for Airport is as of September 30, 2004:

Total assets	\$5,805,179
Less, total liabilities	<u>(4,409,740)</u>
Total net assets	<u>\$1,395,439</u>
Operating revenues	\$316,467
Non-operating revenues	126,725
Less, operating expenses	(277,558)
Change in net assets	165,634
Net assets, beginning of year	<u>1,229,805</u>
Net assets, end of year	<u>\$1,395,439</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.

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.

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CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 7. Capital Assets

Capital asset activity for the year ended September 30, 2004 is as follows:

	Balance at Beginning Of Year	Additions	Transfers And Retirements	Balance at End Of Year
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$299,998	\$17,900	5	\$317,893
Artwork	48,677	201	176	48,702
Construction in Progress	<u>271,876</u>	<u>83,097</u>	<u>109,380</u>	<u>245,593</u>
Total capital assets, not being depreciated	<u>620,551</u>	<u>101,198</u>	<u>109,561</u>	<u>612,188</u>
Capital assets, being depreciated:				
Buildings	599,646	63,452	642	662,456
Improvements other than buildings	123,353	28,884	2,350	149,887
Equipment	365,182	24,808	16,404	373,586
Infrastructure	<u>1,273,489</u>	<u>23,313</u>	<u>10,941</u>	<u>1,285,861</u>
Total capital assets, being depreciated:	<u>2,361,670</u>	<u>140,457</u>	<u>30,337</u>	<u>2,471,790</u>
Less accumulated depreciation for:				
Buildings	(253,971)	(16,620)	3,491	(267,100)
Improvements other than buildings	(46,836)	(3,745)	772	(49,809)
Equipment	(251,541)	(32,388)	6,617	(277,312)
Infrastructure	<u>(498,557)</u>	<u>(19,371)</u>	<u>8,150</u>	<u>(509,778)</u>
Total accumulated depreciation	<u>(1,050,905)</u>	<u>(72,124)</u>	<u>19,030</u>	<u>(1,103,999)</u>
Total capital assets, being depreciated, net	<u>1,310,765</u>	<u>68,333</u>	<u>11,307</u>	<u>1,367,791</u>
Governmental activities capital assets, net	<u>\$1,931,316</u>	<u>\$169,531</u>	<u>\$120,868</u>	<u>\$1,979,979</u>
Depreciation expense charged to functions :				
General government				11,967
Public safety				6,784
Streets, street lighting, sanitation, & code enforcement				1,690
Environmental & Health Services				315
Public works and transportation				23,329
Equipment & building services				15,159
Culture and recreation				11,995
Housing				55
Human Services				<u>830</u>
Total depreciation expense – governmental activities (includes \$15,581 of depreciation expense for the Internal Service Funds and \$56,543 for the governmental type assets)				<u>\$72,124</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 7. Capital Assets (continued)

	Balance at Beginning Of Year	Additions	Transfers And Retirements	Balance at End Of Year
<u>Total business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$213,822	\$182	\$263	\$213,741
Construction in Progress	<u>533,078</u>	<u>257,555</u>	<u>221,965</u>	<u>568,668</u>
Total capital assets, not being depreciated	<u>746,900</u>	<u>257,737</u>	<u>222,228</u>	<u>782,409</u>
Capital assets, being depreciated:				
Water rights	353,910	0	0	353,910
Buildings	1,020,209	260,647	3,741	1,277,115
Improvements other than buildings	168,274	4,975	0	173,249
Infrastructure	412,847	21	0	412,868
Equipment	383,267	4,575	3,295	384,547
Utility property	<u>1,587,029</u>	<u>19,452</u>	<u>39</u>	<u>1,606,442</u>
Total capital assets, being depreciated	<u>\$3,925,536</u>	<u>\$289,670</u>	<u>\$7,075</u>	<u>\$4,208,131</u>
Less accumulated depreciation for:				
Water wastewater rights	(70,097)	(3,546)	0	(73,643)
Buildings	(292,503)	(25,697)	1,911	(316,289)
Improvements other than buildings	(50,339)	(3,763)	781	(53,321)
Infrastructure	(134,274)	(9,427)	41	(143,660)
Equipment	(184,659)	(19,035)	2,660	(201,034)
Utility property	<u>(473,815)</u>	<u>(26,709)</u>	<u>(4,740)</u>	<u>(505,264)</u>
Total accumulated depreciation	<u>(1,205,687)</u>	<u>(88,177)</u>	<u>653</u>	<u>(1,293,211)</u>
Total capital assets, being depreciated, net	<u>2,719,849</u>	<u>201,493</u>	<u>6,422</u>	<u>2,914,920</u>
Business-type activities capital assets, net	<u>\$3,466,749</u>	<u>\$459,230</u>	<u>\$228,650</u>	<u>\$3,697,329</u>

Business-type activities depreciation expense by function:

Dallas Water Utilities	\$64,641
Convention Center	11,823
Aviation	11,547
Non-major	<u>166</u>
Total depreciation expense— business—type activities	<u>\$88,177</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 8. Interfund Receivables, Payables and Transfers

The following tables are summaries of the City's interfund balances at September 30, 2004:

Due To/From Other Funds

	<u>Due To</u>	<u>Due From</u>
Governmental Major Fund:		
General Fund	\$2,324	\$1,321
Debt Service Fund	0	2,762
Non-major governmental	1,729	0
Business-Type Major Fund:		
Airport Revenue	0	2,324
Dallas Water Utilities	<u>2,762</u>	<u>408</u>
Total	<u>\$6,815</u>	<u>\$6,815</u>

The majority of the balances in the Due To/Due From accounts at September 30, 2004 represent the current portion of the related note receivable/payable in the following table.

Interfund Notes Receivables and Payables

Interfund notes receivable and payable balances at September 30, 2004 were as follows:

	<u>Interfund Notes Receivables</u>	<u>Interfund Notes Payables</u>
Governmental Major Funds:		
General	\$0	\$308
Debt Service	4,031	0
Nonmajor Governmental funds	4,469	9,463
Business type Major Funds:		
Dallas Water Utilities	<u>5,302</u>	<u>4,031</u>
Total	<u>\$13,802</u>	<u>\$13,802</u>

The majority of these balances relate to long-term borrowing by the City's enterprise funds from the governmental funds and other enterprise funds. The proceeds of those loans were utilized to finance various capital acquisitions.

Transfers In/Out

Transfers made between funds during the year are listed below:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Major Funds:		
General Fund	\$10,285	\$10,449
Debt Service	16,906	245
Nonmajor governmental funds	19,230	25,427
Business-type Major Funds:		
Dallas Water Utilities	504	0
Convention Center	245	3,563
Airport Revenue	0	46
Nonmajor business-type funds	0	916
Internal Service Funds	<u>38</u>	<u>6,562</u>
	<u>\$47,208</u>	<u>\$47,208</u>

The majority of the transfers were transactions to the General Fund, Debt Service Funds and non-major governmental funds to support construction projects, purchase equipment and service the debt associated with bonds.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 9. Accounts Payable and Accrued Expenses

The primary government's accounts payable and accrued expenses at September 30, 2004 is broken down as follows:

	General	Debt Service	Other Governmental	Internal Service	Total Governmental Activities
Accounts, Contracts and Retainage Payable	\$11,796	\$67	\$12,891	\$3,924	\$28,678
Accrued payroll	12,242	0	142	209	12,593
Due to other government	0	0	1	0	1
Other liabilities	<u>18,541</u>	<u>49</u>	<u>52,613</u>	<u>573</u>	<u>71,776</u>
Total	<u>\$42,579</u>	<u>\$116</u>	<u>\$65,647</u>	<u>\$4,706</u>	<u>\$113,048</u>

	Dallas Water Utilities	Convention Center	Airport Revenue	Non-major Enterprise Funds	Business-Type Activities
Accounts, Contracts and Retainage Payable	\$9,554	\$1,747	\$1,146	\$150	\$12,597
Accrued payroll	528	50	50	100	728
Due to other government	0	6	0	0	6
Other liabilities	<u>75</u>	<u>1,028</u>	<u>571</u>	<u>85</u>	<u>1,759</u>
Total	<u>\$10,157</u>	<u>\$2,831</u>	<u>\$1,767</u>	<u>\$335</u>	<u>\$15,090</u>

Note 10. Long-Term Debt

A. Governmental Activities

The changes in the governmental activities long-term liabilities for the year ended September 30, 2004 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One year
<u>Governmental Activities</u>					
General Obligation Refunding Bonds					
Series 1985	\$6,776	\$314	\$7,090	\$0	\$0
General Obligation Bonds Series 1994	25,000	0	25,000	0	0
General Obligation Bonds Series 1995	16,500	0	13,750	2,750	2,750
Combination Tax and Revenue Certificates of Obligation Series 1995	360	0	180	180	180
General Obligation Bonds Series 1996	37,620	0	17,100	20,520	3,420
General Obligation Bonds Series 1997	40,300	0	14,395	25,905	2,880
Equipment Acquisition Contractual Combination Tax and Revenue Certificates of Obligation Series 1997	2,575	0	645	1,930	645
General Obligation Refunding and Improvement Bonds, Series 1998	207,560	0	12,160	195,400	17,000

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 10. Long-Term Debt (continued)

A. Governmental Activities (continued)

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One year
Tax Increment Financing Reinvestment					
Zone Number Two Bonds, Series 1998	3,355	0	305	3,050	320
Equipment Acquisition Obligations, Series 1999	2,435	0	2,435	0	0
General Obligation Bonds Series 1999	55,470	0	3,470	52,000	3,470
General Obligation Bonds Series 2000	92,125	0	5,420	86,705	5,420
Equipment Acquisition Obligations, Series 2000	12,080	0	6,040	6,040	6,040
Combination Tax and Revenue Certificates of Obligation Series 2000	16,220	0	2,130	14,090	2,190
Tax Increment Financing Reinvestment					
Zone Number Two Bonds, Series 2000	5,840	0	640	5,200	675
General Obligation Bonds Series 1999	61,250	0	3,405	57,845	3,405
Equipment Acquisition Obligations, Series 2001	19,695	0	6,570	13,125	6,565
Risk Management Certificate of Obligation					
Taxable Series 2001	4,995	0	1,665	3,330	1,665
Equipment Acquisition Obligations, Series 2002	8,961	0	2,243	6,718	2,240
Certificates of Obligation Series 2003	36,171	0	3,634	32,537	3,600
General Obligation Refunding Bonds, Series 2003	84,255	577	15,364	69,468	19,050
General Obligation Refunding Bonds, Series 2003-A	0	57,965	781	57,184	5,100
General Obligation Bonds, Series 2003	0	174,194	82	174,112	9,125
Equipment Acquisition Obligations, Series 2003	0	21,315	3,875	17,440	4,345
Tax Increment Bonds, Series 2004	<u>0</u>	<u>7,549</u>	<u>856</u>	<u>6,693</u>	<u>770</u>
Total General Obligation Bonds	<u>\$739,543</u>	<u>\$261,914</u>	<u>\$149,235(*)</u>	<u>\$852,222</u>	<u>\$100,855</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 10. Long-Term Debt (continued)

A. Governmental Activities (continued)

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One year
Other Liabilities:					
Arbitrage Rebate	3,024	0	2,550	474	0
Compensated Absences	149,115	70,234	43,497	175,852	43,414
Net Pension Obligation	110,131		9,940	100,191	0
Landfill closure/postclosure	17,144	604	0	17,748	17,748
Judgment related to landfill	35,000	0	9,277	25,723	0
Estimated unpaid claims	94,784	106,060	96,336	104,508	44,433
Unfunded claims	1,864	0	1,864	0	0
Section 108 HUD Notes	12,900	0	6,710	6,190	6,190
Capital Leases	<u>0</u>	<u>3,492</u>	<u>1,220</u>	<u>2,272</u>	<u>1,204</u>
Total other liabilities	<u>423,962</u>	<u>180,390</u>	<u>171,394</u>	<u>432,958</u>	<u>112,989</u>
Governmental activities long-term liabilities	<u>\$1,163,505</u>	<u>\$442,304</u>	<u>\$320,629</u>	<u>\$1,285,180</u>	<u>\$213,844</u>

(*) General Obligation payments are as follows: \$56.9 million represent various other refunded bonds, \$90.2 million represents principal payments and \$2.1 million for amortization of premium/bond issuance cost. For governmental activities, general fund resources will be utilized to liquidate compensated absences, and the net pension obligation.

B. Governmental General Obligation Bonds (GO Bonds)

General Obligation Bonds are direct obligations of the City for which its full faith and credit are pledged and are payable from taxes levied on all taxable property located within the City. In November 2003, the City issued \$173.3 million (excludes premium of \$1 million) of General Obligation Bonds, Series 2003 with an interest rate of 3.5 to 4.5 percent and maturities through fiscal year 2023. In November 2003, the City issued \$21.2 million (excludes premium of \$75 thousand) of Equipment Acquisition Contractual Obligations, Series 2003 with an interest rate range of 2.0 to 2.5 percent and maturities through fiscal year 2008 for various capital equipment. In February 2004, the City issued \$7.5 million (excludes premium of \$49 thousand) of Tax Increment Bonds, Series 2004 with an interest rate range of 2.5 to 3.25 percent and maturities through fiscal year 2012 for various public improvements located within the zone. In February 2004, the City issued \$56 million (excluding a premium of \$4.5 million) of General Obligation Refunding Bonds, Series 2003A with a interest rate of 4.0 to 5.0 percent and maturities through fiscal year 2014. The economic gain on refunding was \$1.4 million and the accounting loss on refunding was \$3 million The debt service savings on refunding was \$1.5 million.

The GO bonds outstanding as of September 30, 2004 are as follows:

	Final Maturity	Interest Rates	Amount
Series 556	2009	5.0%	\$2,750
Series 560	2016	4.0% to 6.0%	20,520
Series 563	2017	4.3% to 5.5%	25,905
Series 571	2018	4.0% to 5.0%	195,400
Series 574	2019	5.125% to 5.5%	52,000
Series 578	2020	5.0% to 5.75%	86,705
Series 583	2021	4.0% to 5.0%	57,845
Series 589	2011	2.50% to 5.0%	69,468
Series 592	2014	4.0% to 5.0%	57,184
Series 593	2023	3.5% to 4.5%	<u>174,112</u>
Total			<u>\$741,889</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 10. Long-Term Debt (continued)

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

The Equipment Acquisition Contractual Obligations outstanding as of September 30, 2004 are as follows:

	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
Series 579	2005	5.25%	\$6,040
Series 584	2006	2.75% to 3.0%	13,125
Series 588	2006	2.0% to 2.25%	6,718
Series 594	2008	2.0% to 2.5%	17,440
			<u>\$43,323</u>

The Certificate of Obligations bonds outstanding as of September 30, 2004 are as follows:

	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
Series 558	2005	4.65%	\$180
Series 565	2007	4.4% to 4.5%	1,930
Series 580	2010	4.75%	14,090
Series 585	2006	3.6% to 4.5%	3,330
Series 591	2006	2.0% to 3.25%	32,537
			<u>\$52,067</u>

C. Tax Increment Bonds

The Tax Increment bonds outstanding as of September 30, 2004 are as follows:

	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
Series 566	2012	4.6% to 5.6%	\$3,050
Series 577	2012	4.75% to 5.75%	5,200
Series 596	2012	2.5% to 3.25%	6,693
			<u>\$14,943</u>

D. Governmental Debt Service Requirement

The following is a summary of the future principal and interest requirements for the City's long-term debt excluding interfund debts, at September 30, 2004.

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
Fiscal year ended September 30:		
2005	\$100,855	\$36,556
2006	94,044	32,470
2007	74,570	28,871
2008	67,469	25,823
2009	63,002	22,891
2010-2014	256,865	75,340
2015-2019	148,445	27,607
2020-2024	<u>46,972</u>	<u>3,746</u>
Total	<u>\$852,222</u>	<u>\$253,304</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS

Year Ended September 30, 2004

(all \$ amounts in thousands unless otherwise noted)

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, 2004 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One year
Water Utilities Revenue Bonds:					
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 1993-A	4,715	0	0	4,715	0
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 1997	2,210	0	0	2,210	2,210
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 1998	310,075	0	4,415	305,660	2,480
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 1999	54,930	0	1,990	52,940	2,105
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2000	69,895	0	2,395	67,500	2,525
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2001	120,045	0	4,130	115,915	4,310
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2002	38,975	0	5,425	33,550	5,620
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2002A	179,350	0	23,500	155,850	30,000
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2003	307,410	0	9,060	298,350	10,315
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2003A	0	164,000	0	164,000	5,985
Revenue Bonds Payable	1,087,605	164,000	50,915	1,200,690	65,550
Add : Unamortized Premium	35,597	5,240	5,642	35,195	0
Less: Refunding Deferral	(9,004)	0	(1,975)	(7,029)	0
Total Revenue Bonds for Water Utilities	<u>\$1,114,198</u>	<u>\$169,240</u>	<u>\$54,582</u>	<u>\$1,228,856</u>	<u>\$65,550</u>
Water Utilities Contractual Obligation:					
Sabine River Authority of Texas Water Supply Facilities Revenue Bonds (Lake Fork Project) Series 1978, 1979, 1991 and 1993	18,745	0	11,512	7,233	7,233
Total Water Utilities Contractual Obligation	<u>\$18,745</u>	<u>\$0</u>	<u>\$11,512</u>	<u>\$7,233</u>	<u>\$7,233</u>
Other: Compensated Absences	13,617	9,617	7,367	15,867	6,347
Arbitrage rebate liability	186	0	186	0	0
Net Pension Obligation	0	25,598	0	25,598	0
Total Long-Term Debt for Water Utilities	<u>\$1,146,746</u>	<u>\$204,455</u>	<u>\$73,647</u>	<u>\$1,277,554</u>	<u>\$79,130</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
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Note 10. Long-Term Debt (continued)

E. Business-type Activities (continued)

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One year
<u>Convention Center Revenue Bonds:</u>					
General Obligation Refunding Bonds Series 1985 to be serviced by Enterprise Fund (Convention Center) through February 15, 2004	\$84	\$0	\$84	\$0	\$0
Civic Center Convention Complex Revenue Refunding and Improvement Bonds, Series 1998	294,258	908	7,290	287,876	8,805
Sports Arena Project-Tax Exempt Special Tax Bonds, Series 1998A	88,916	49	1,990	86,975	2,070
Sports Arena Project-Taxable Special Tax and Lease Bonds, Series 1998B	<u>33,091</u>	<u>17</u>	<u>615</u>	<u>32,493</u>	<u>655</u>
Total Convention Center Revenue Bonds	<u>\$416,349</u>	<u>\$974</u>	<u>\$9,979</u>	<u>\$407,344</u>	<u>\$11,530</u>
Other: Compensated Absences	1,031	513	369	1,175	470
Net Pension Obligation	0	1,831	0	1,831	0
Total Long-Term Debt for Convention Center	<u>\$417,380</u>	<u>\$3,318</u>	<u>\$10,348</u>	<u>\$410,350</u>	<u>\$12,000</u>
<u>Airport Revenue Bonds:</u>					
Texas Airport System Revenue Bonds, Series 2001	50,639	0	5,534	45,105	5,555
Other: Compensated Absences	<u>1,413</u>	<u>576</u>	<u>527</u>	<u>1,462</u>	<u>585</u>
Net Pension Obligation	0	2,395	0	2,395	0
Total Long-Term Debt for Airport	<u>\$52,052</u>	<u>\$2,971</u>	<u>\$6,061</u>	<u>\$48,962</u>	<u>\$6,140</u>
<u>Non-Major Business-Type</u>					
Other: Compensated Absences	2,432	1,537	779	3,190	1,276
Net Pension Obligation	<u>0</u>	<u>4,659</u>	<u>0</u>	<u>4,659</u>	<u>0</u>
Total Business-Type Long-Term Liabilities	<u>\$1,618,610</u>	<u>\$216,940</u>	<u>\$90,835</u>	<u>\$1,744,715</u>	<u>\$98,546</u>

The Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2003A was issued for \$164 million with interest rates ranging from 3.50 to 5.00 percent and maturities through fiscal year 2024 with a premium of \$5.2 million. The proceeds of the bonds were used to retire \$123 million of outstanding commercial paper and the remaining \$41million will be used for current and future construction projects.

F. Water Works and Sewer System Revenue Bonds

The Water Works and Sewer System Revenue Bonds outstanding as of September 30, 2004 are as follows:

	Final Maturity	Interest Rates	Amount
Series 554	2014	4.0%	\$4,715
Series 562	2005	5.0%	2,210
Series 570	2029	4.25% to 5.0%	303,928
Series 573	2020	4.75% to 5.50%	52,940
Series 576	2021	5.25% to 5.75%	68,598
Series 582	2022	5.0% to 5.25%	119,749
Series 586	2014	3.0% to 5.50%	34,430
Series 587	2011	4.0% to 5.0%	158,604
Series 590	2023	3.0% to 5.375%	314,887
Series B595	2024	3.50% to 5.00%	<u>168,795</u>
		Total	<u>\$1,228,856</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS

Year Ended September 30, 2004

(all \$ amounts in thousands unless otherwise noted)

Note 10. Long-Term Debt (continued)

G. Convention Center (Revenue Bonds)

The 7% Hotel Occupancy Tax, operating revenues of the Convention Center Complex, and interest earned on cash balances in the bond reserve and debt service funds are pledged for repayment of the debt. 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 revenue bonds outstanding as of September 30, 2004 are as follows:

	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
Civic Center Convention Complex	2028	4.6% to 6.0%	\$287,876
Special Tax Revenue Bonds	2028	4.2% to 5.375%	86,975
Special tax and Lease Revenue Bonds	2027	6.02% to 6.65%	<u>32,493</u>
Total Outstanding			<u>\$407,344</u>

H. Airport (Revenue Bonds)

The Airport Debt Service Fund provides for the payment of principal and interest on the Department of Aviation's outstanding revenue bonded indebtedness. 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 outstanding as of September 30, 2004 are as follows:

	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
Airport System Revenue Bonds	2011	5.0%	\$45,105

I. Business-Type Activities Debt Service Requirement

The debt service requirement to maturity at September 30, 2004, for the business-type activities revenue bonds are as follows:

<u>Fiscal year</u>	<u>Water Utilities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$65,550	\$57,670	\$123,220
2006	73,971	54,802	128,773
2007	71,717	51,665	123,382
2008	74,453	48,320	122,773
2009	77,280	44,775	122,055
2010-2014	338,734	171,154	509,888
2015-2019	251,669	99,427	351,096
2020-2024	199,357	40,323	239,680
2025-2029	61,840	11,603	73,443
2030-2034	14,285	357	14,642
Total	<u>\$1,228,856</u>	<u>\$580,096</u>	<u>\$1,808,952</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 10. Long-Term Debt (continued)

I. Business-type Activities Debt Service Requirement (continued)

Fiscal year	Convention Center		
	Principal	Interest	Total
2005	\$11,530	\$21,919	\$33,449
2006	12,671	21,247	33,918
2007	13,389	20,535	33,924
2008	13,209	19,779	32,988
2009	15,021	18,983	34,004
2010-2014	82,892	82,925	165,817
2015-2019	108,572	58,480	167,052
2020-2024	93,552	29,773	123,325
2025-2029	<u>56,508</u>	<u>8,396</u>	<u>64,904</u>
Total	<u>\$407,344</u>	<u>\$282,037</u>	<u>\$689,391</u>

Fiscal year	Airport Revenue Fund		
	Principal	Interest	Total
2005	\$5,555	\$2,194	\$7,749
2006	5,945	1,916	7,861
2007	6,175	1,628	7,803
2008	6,415	1,328	7,743
2009	6,670	1,016	7,686
2010-2014	<u>14,345</u>	<u>1,043</u>	<u>15,388</u>
Total	<u>\$45,105</u>	<u>\$9,125</u>	<u>\$54,230</u>

J. Other Long Term Indebtedness

Contractual Obligation to Sabine River Authority for water rights in Lake Fork

Fiscal year	Water Utilities		
	Principal	Interest	Total
2005	<u>\$7,233</u>	<u>\$199</u>	<u>\$7,432</u>
Total	<u>\$7,233</u>	<u>\$199</u>	<u>\$7,432</u>

K. Bonds Authorized and Unissued

At September 30, 2004, authorized and unissued bonds consisted of General Obligation Bonds in the amount of \$611.7 million. After a period of ten years, unissued bonds are deemed abandoned unless the City obtains prior approval from the State Attorney General's Office to signify the City's intent to issue. An election must be held to deauthorize bonds. No such election has been held in connection with the 1982 Capital Improvement Program bonds. The following is a schedule of authorized but unissued bonds at September 30, 2004.

	Date of Authorization	Amount Authorized	Amount Unissued
1982 Capital Improvement Program	08-03-82	\$5,800	\$5,800
1998 Capital Improvement Program	05-02-98	543,500	189,450
2003 Capital Improvement Program	05-03-03	<u>579,290</u>	<u>416,470</u>
Total		<u>\$1,128,590</u>	<u>\$611,720</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 10. Long-Term Debt (continued)

L. Compliance With Debt Covenants

For the year ended September 30, 2004, management of the City believes that it was in compliance with all financial bond covenants on outstanding revenue and general obligation bonded debt.

M. Commercial Paper Notes

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

On an annual basis, Dallas Water Utilities retires commercial paper through refinancing with revenue bonds or use of other available water and wastewater funds. In FY 2004, the City issued commercial paper of \$162.3 million and retired \$123 million. As of September 30, 2004, \$160.9 million commercial paper notes were outstanding with an average maturity from issue of 12 days, and an average interest rate of 1.44%.

Commercial paper notes are supported by two JP Morgan Chase Bank line of credit agreements. The credit agreements supporting the Series B notes, which extends to January 14, 2005 is in an aggregate amount not exceeding \$161.1 million and the credit agreement supporting the Series C notes which extends to October 21, 2004 is in an aggregate amount not exceeding \$51.2 million constitute an obligation subordinate to the City's water and wastewater system revenue bonds. On August 25, 2004 the City Council authorized Bank of America N.A. with line of credit agreements of \$214.8 million for the B Series and \$102.5 million for the C Series effective October 1, 2004. Any advances for payments of commercial paper under the line of credit are secured by a subordinate lien on water and wastewater revenues. No such advances have occurred.

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, 2004, amounted to \$4.3 million.

Future minimum lease payments for these leases are as follows:

Year ending September 30	Rental Payments	Governmental Activities	Business-type Activities
2005	\$3,974	\$2,868	\$1,106
2006	3,600	2,514	1,086
2007	2,976	2,120	856
2008	2,347	1,583	764
2009	1,875	1,374	501
Thereafter	10,053	9,128	925
Minimum future rentals	<u>\$24,825</u>	<u>\$19,587</u>	<u>\$5,238</u>

The City is also committed under a capital lease for the purchase of computer equipment. The liability for future capital lease payments totals \$2.4 million.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 11. Leases (continued)

A. As Lessee (continued)

Future minimum lease payments for capital leases including interest and principal are as follows:

Year ending September 30	Rental Payments
2005	\$1,204
2006	773
2007	358
2008	<u>28</u>
Total minimum future lease payments	2,363
Less: Amount representing interest	(91)
Present value of net minimum lease payments	<u>\$2,272</u>

The following schedule provides an analysis of the City's investments in computer equipment under capital lease arrangements as of September 30, 2004

Equipment	\$2,789
Less: Accumulated depreciation	<u>(2,185)</u>
Total	<u>\$604</u>

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, convention center facilities, 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, 2004 were \$17.2 million. The following is a schedule of minimum future rentals on noncancelable operating leases as of September 30, 2004:

Year ending September 30	Rental Receipts	Government Activities	Dallas Water Utilities	Convention Center	Airport Revenue
2005	\$14,309	\$2,563	\$101	\$10	\$11,635
2006	12,467	2,555	100	0	9,812
2007	11,215	2,560	77	0	8,578
2008	10,729	2,587	42	0	8,100
2009	8,914	1,193	0	0	7,721
Thereafter	<u>89,594</u>	<u>26,817</u>	<u>0</u>	<u>0</u>	<u>62,777</u>
Minimum future rentals	<u>\$147,228</u>	<u>\$38,275</u>	<u>\$320</u>	<u>\$10</u>	<u>\$108,623</u>

The above amounts do not include contingent rentals of the Airport Revenue Fund, which may be received under certain leases; such contingent rentals totaled \$1.1 million in 2004.

The following schedule provides an analysis of the Airport's investment in property under operating lease arrangements as of September 30, 2004:

Buildings	\$173,983
Land	<u>6,255</u>
Sub-total	180,238
Less: Accumulated depreciation	<u>(71,935)</u>
Total	<u>\$108,303</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 12. Prior Years 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.

In 2004, the City defeased \$56.9 million in general obligation bonds. The amount of defeased bonds repaid was \$56.6 million in FY 2004. As of September 30, 2004, the City has a total of \$64 million defeased outstanding in General Obligation Bonds.

In 2004, the City retired \$90.9 million of defeased revenue bonds. The City has no defeased outstanding in revenue bonds as of September 30, 2004.

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 \$250 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 by Risk Management 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 \$67.4 million at September 30, 2004, is recorded in the Risk Funds. The City maintains a group health insurance plan for employees and dependents which is self-insured by the City. The City also offers enrollment in one health maintenance organization as an alternative. Premiums are determined based on the annual budget. The City also maintains a group life insurance plan which offers term-life and accidental death and dismemberment for employees and dependents. The City is fully insured for employee term-life. Health claims and claims incurred but not reported that are probable and can be reasonably estimated are accrued in the accompanying basic financial statements at September 30, 2004, in the amount of \$16.6 million in the Risk Funds.

At September 30, 2004, the City estimates its workers' compensation liability at \$67.4 million. Of this amount, \$18.5 million is estimated to be payable in the next fiscal year.

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

	<u>Workers'</u> <u>Compensation</u>		<u>Health</u>		<u>General</u> <u>Liability</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Unpaid claims, beginning of year	\$57,177	\$49,165	\$12,772	\$10,511	\$24,835	\$25,165
Incurred claims (including IBNRs and changes in estimates)	28,373	24,302	75,418	63,347	2,269	4,702
Claim payments	<u>(18,176)</u>	<u>(16,290)</u>	<u>(71,587)</u>	<u>(61,086)</u>	<u>(6,573)</u>	<u>(5,032)</u>
Unpaid claims, end of year	<u>\$67,374</u>	<u>\$57,177</u>	<u>\$16,603</u>	<u>\$12,772</u>	<u>\$20,531</u>	<u>\$24,835</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS

Year Ended September 30, 2004

(all \$ amounts in thousands unless otherwise noted)

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

As a result of a lawsuit filed against the City, the City has submitted an application to participate in the Texas Commission on Environmental Quality's Voluntary Clean-up Program related to an unauthorized dumping site. The City estimates that the cost of the containment closure plan will be approximately \$26 million. The City financed these costs through tax-supported debt and general fund revenues.

Note 14. Accrued Landfill Liability

The City owns and operates the McCommas Bluff landfill located in the southern portion of the City with an estimated remaining useful life of 44 years. The remaining calculated life expectancy has decreased from the previous year's report due to landfill volume consumption in the past year. Closure and postclosure 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.

Although 27.2 percent of the landfill's capacity has been depleted, the City has not yet initiated closure of any of this landfill or incurred closure expenses because final contours have not been achieved. Therefore, the estimated \$17.7 million liability for closure/postclosure care is based on 27.2 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 \$63.2 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 Postclosure Care Costs," the City has recorded a closure and postclosure liability of \$17.7 million as a long-term liability. Closure and postclosure care are funded through current General Fund revenues generated by landfill operations. Effective April 9, 1997, Sections 330.280-284 of Title 30 of the Texas Administrative Code requires landfill owners to demonstrate financial assurance on an annual basis that they will have sufficient financial resources to satisfy closure and postclosure care expenditures at such time as these become payable.

Note 15. Pension Plans

A. Plan Descriptions

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

The excess of required pension expense (as computed in accordance with GASB No. 27) over contributions made to the Police and Fire Pension System and Employees' Retirement Fund is recorded as a net pension obligation in the Statement of Net Assets in accordance with Codification of Governmental Accounting Standards, Section P20. The City is legally obligated to contribute to the Police and Fire Pension System a specified range of covered payroll (21.5%-28.5%) and an amount at least equal to employee contributions (6.5%) to the Employees' Retirement Fund. Actual contributions made by the City and the members for the Employee Retirement Fund are less than the normal cost component of the Actuarially Required Contribution (ARC) calculation for 2003, and do not include contribution necessary to cover the Amortization of Unfunded Liability or the Expense Allowance components of the ARC calculation.

The City is also legally obligated to fund the Police & Fire Supplemental Pension Fund 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, 2003 are reported in the City's Pension Trust Funds. Their separate audited financial statements may be obtained through the City.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 15. Pension Plans (continued)

A. Plan Descriptions (continued)

The pension plans are as follows:

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 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 6.5 percent for employees and 11.0 percent for the City.

	2003 Number of <u>People</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>5,306</u>
Current employees:	
Vested	5,337
Non vested	<u>2,201</u>
Total current employees	<u>7,538</u>

Dallas Police and Fire Pension System. The legal authority for this plan is Article 6243a of the Texas Revised Civil Statutes. The Fund is comprised of three defined benefit plans, commonly known as "Old Plan", "Plan A," and "Plan B," designed to provide retirement, death and disability benefits for firefighters, police officers and fire alarm operators. All eligible employees of the Fire Department and Police Department participate in one of the plans with "Plan B" covering 99 percent of eligible employees. Participation in "Plan B" is mandatory for those employed on or after March 1, 1973. Under the "Old Plan", employees with 20 years or more of service are entitled to monthly pension benefits beginning at normal retirement age 50. Under "Plan A", employees with 20 years or more of service are entitled to monthly pension benefits beginning at normal retirement age 55. Under "Plan B", employees with five or more years of service are entitled to annual pension benefits beginning at normal retirement age 50. Contribution percentages of covered wages are 27.5 percent for the City for all three plans and 6.5 percent for employees in the "Old Plan" and "Plan A" and 8.5 percent for employees in "Plan B". In the opinion of the City Attorney, the City is not legally obligated to fund any additional amounts.

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CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 15. Pension Plans (continued)

A. Plan Descriptions (continued)

	2003 <u>Number of People</u>
Retirees and beneficiaries currently receiving benefits:	
Firefighters	1,313
Police Officers	1,634
Terminated vested members not yet receiving benefits	<u>152</u>
Total	<u>3,099</u>
Current Vested Employees:	
Firefighters	1,382
Police Officers	2,334
Current Nonvested:	
Firefighters	291
Police Officers	<u>599</u>
Total	<u>4,606</u>

Police and Fire Supplemental Pension Fund. 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. The City's contributions shall be made in accordance with actuarial requirements as established by the qualified actuary and the Police and Fire Supplemental Pension Fund Board. In the opinion of the City Attorney, the City is not legally obligated to fund any amount exceeding the actuarially determined amount.

	2003 <u>Number of People</u>
Retirees and beneficiaries currently receiving benefits:	
Firefighters	44
Police Officers	60
Total	<u>104</u>
Current vested employees:	
Firefighters	15
Police Officers	16
Current nonvested:	
Firefighters	0
Police Officers	<u>0</u>
Total	<u>31</u>

B. Schedule of Employer Contribution

	<u>Employees' Retirement Fund</u>		<u>Dallas Police and Fire Pension System</u>		<u>Police and Fire Supplemental Pension Fund</u>	
	<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>
12/31/03	\$65,849	52.7	\$78,323	100.0	\$1,000	100.0
12/31/02	49,475	74.0	77,085	100.0	900	100.0
12/31/01	31,728	111.0	75,592	100.0	800	100.0

(Net Annual Required Contributions is calculated by subtracting employees' contributions from Annual Required Contribution.)

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 15. Pension Plans (continued)

C. Net Pension Obligation (NPO) for 2003, 2002 and 2001

Employee Retirement Fund

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Annual required contribution (ARC)	\$86,429	\$71,246	\$52,542
Interest on NPO	7,434	6,982	7,674
Adjustment to the ARC	<u>(14,011)</u>	<u>(13,160)</u>	<u>(14,463)</u>
Annual Pension Cost	79,852	65,068	45,753
Contribution Made	<u>55,309</u>	<u>58,377</u>	<u>55,996</u>
Change in NPO	24,543	6,691	(10,243)
NPO, beginning of year	<u>110,131</u>	<u>103,440</u>	<u>113,683</u>
NPO, end of year	<u>\$134,674</u>	<u>\$110,131</u>	<u>\$103,440</u>

The net pension obligation has been allocated between governmental activities and business type activities based on percentage of contribution by each.

D. Net Pension Obligation (NPO) for 2003, 2002 and 2001

Dallas Police and Fire Pension System

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Annual required contribution (ARC)	\$94,610	\$93,359	\$91,736
Interest on NPO	0	0	0
Adjustment to the ARC	<u>0</u>	<u>0</u>	<u>0</u>
Annual Pension Cost	94,610	93,359	91,736
Contribution Made	<u>94,610</u>	<u>93,359</u>	<u>91,736</u>
Change in NPO	0	0	0
NPO, beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
NPO, end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Dallas Police and Fire Pension System Supplemental Plan

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Annual required contribution (ARC)	\$1,000	\$948	\$841
Interest on NPO	0	0	0
Adjustment to the ARC	<u>0</u>	<u>0</u>	<u>0</u>
Annual Pension Cost	1,000	948	841
Contribution Made	<u>1,000</u>	<u>948</u>	<u>841</u>
Change in NPO	0	0	0
NPO, beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
NPO, end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

E. Significant Actuarial Methods and Assumptions

Assumptions	Employees' Retirement Fund	Dallas Police and Fire Pension System	Police and Fire Supplemental Pension Fund
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	Level Percentage	Level Percentage	Level Percentage
Asset valuation method	Open Market	Fair market value	Fair market value
	30 Years – Open	38 Years – Open	13 Years – Open
Amortization period	Period	Period	Period
Investment rate of return	8.5%	8.5%	8.5%
Inflation rate	4.0%	4.0%	4.0%
Projected salary increase	4.0%	4.3%-10.0%	4.3%-10.0%

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 15. Pension Plans (continued)

F. Securities Lending Transactions

The Employees' Retirement Fund and Dallas Police and Fire Pension System Boards have authorized the Plans to enter into agreements with the Northern Trust ("Northern Trust") and State Street Bank and Trust Company ("State Street") 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, 2003 fiscal year, State Street and JP Morgan lent on behalf of the Dallas Police and Fire Pension System, securities held by State Street and JP Morgan as a custodian, and received United States dollar cash and United States Government securities as collateral. State Street and 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. The collateral held and market value of securities on loan for the System as of December 31, 2003 and 2002 were \$182.7 million and \$188.6 million and \$167 million and \$172.7 million respectively.

During the December 31, 2003 fiscal year, Northern Trust loaned, on behalf of the Employees' Retirement Fund, securities held by Bankers Trust, as a custodian, and received United States dollar cash, United States government agency securities and irrevocable bank letters of credit as collateral. Northern Trust did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to put up collateral for each loan equal to: (i) in the case of loaned securities in which collateral is all denominated in the same currency as the loaned securities, 102% of the fair market value of the loaned securities plus any accrued but unpaid distributions thereon, and (ii) in the case of loaned securities denominated in a different currency from the loaned securities, 105% of the fair market value of the loaned securities plus any accrued but unpaid distributions thereon. 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 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, 2003.

Collateral Type	Collateral Market Value	Market Value	Collateral Percentage	Collateral Market Value	Market Value	Collateral Percentage
	12/31/03	12/31/03		12/31/02	12/31/02	
Cash	\$223,289	\$239,829	103%	\$162,588	\$166,588	102%
Non-cash	28,857	29,620	103%	24,538	25,013	102%
Total	<u>\$252,146</u>	<u>\$269,449</u>		<u>\$187,126</u>	<u>\$191,601</u>	

The Boards did not impose any restrictions during the fiscal year on the amount of the loans that Northern Trust and State Street 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 Trust and State Street. Northern Trust is contractually obligated to fully indemnify the Plan for a borrower's failure to return the loaned securities. State Street maintains a Banker's Blanket Bond in the amount of \$75 million and has insurance coverage in the amount of \$50 million for any losses which could result from a borrower's default.

Note 16. Commitments and Contingencies

A. Pending Lawsuits and Claims

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

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 16. Commitments and Contingencies (continued)

A. Pending Lawsuits and Claims (continued)

In the opinion of the City Attorney the potential loss resulting from all significant claims which are considered reasonably possible, excluding condemnation proceedings, is approximately \$4.2 million as of September 30, 2004. At September 30, 2004, approximately \$11.9 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. The City is a defendant in certain class action lawsuits arising from City Ordinance #16084, adopted on January 22, 1979, and involving a dispute regarding salary schedules and the maintenance of percentage pay differentials between grades for sworn members of the ranks of the City's fire and police departments. In two of the class action lawsuits, the plaintiffs have alleged damages of approximately \$94 million. The amount of alleged damages has not been specified in the other lawsuits. The City disputes the plaintiffs' allegations and has asserted various special exceptions and affirmative defenses in response to plaintiffs' lawsuits. The ultimate outcome of these lawsuits cannot be determined at this time and accordingly, no amounts related to these claims have been accrued in the City's financial statements as of September 30, 2004.

The City and seven individual police officers are defendants in ten civil rights lawsuits, brought by twenty-five plaintiffs, alleging federal constitutional violations and state law claims arising out of the arrests and prosecutions of the plaintiffs for delivery or possession with intent to deliver large quantities of controlled substances. All of the arrests were based on information from confidential informants. Some of the substances seized contained either no controlled substance or only trace amounts of controlled substance. The Dallas County District Attorney dismissed the criminal cases against the plaintiffs.

The plaintiffs' federal claims include alleged violations of the Fourth and Fourteenth Amendments, unlawful detention and arrest, excessive force and deprivation of liberty. The state claims include allegations of false arrest, false imprisonment, assault and battery, and intentional infliction of emotional distress. The City has authorized an independent investigation of the matter, the results of which have been publicly disclosed. At September 30, 2004, approximately \$7.8 million has been recorded for claims and lawsuits considered to be probable.

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, 2004. These projects are evidenced by contractual commitments and include the following: \$236.1 million for water and wastewater improvements; \$77.8 million for street and thoroughfares; \$43.9 million for park and recreation projects and \$33.5 million to continue projects in the Trinity River Corridor.

C. Conduit Debt Obligations

In January 2001, the City approved issuance of City of Dallas Housing Finance Corporation Single Family Mortgage Revenue Bonds Series 2001A and Series 2001B, in an aggregate principal amount not to exceed \$25 million. The approval by the City is provided solely for the purpose of satisfying the conditions and requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended, and receiving the City's consent to issuance and plan of financing of these Bonds shall not be construed so as to subject the City, its officers or employees to any liability or obligation with respect to the Bonds. The Bonds specifically provide that they are not a debt of the City of Dallas and the State of Texas and that the City of Dallas and the State of Texas are not liable with respect to the Bonds and accordingly no amounts related to these Bonds have been accrued in the City's financial statements as of September 30, 2004. Total debt outstanding is \$17.1 million as of September 30, 2004.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2004
(all \$ amounts in thousands unless otherwise noted)

Note 17. Post Employment Benefits

In addition to pension benefits, various Council resolutions require the City to provide certain health care and life insurance benefits for retired employees. The City is self insured for these programs. The costs of these benefits are recognized as expenditures on a cash basis when the underlying claims are paid.

For retired employees over 65, the City pays approximately \$343.00 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 46 percent and the retiree pays approximately 54 percent of the plan. There were 4,748 retiree participants in the health plan in September, 2004. Total claim payments for FY 2004 were approximately \$12.5 million net of participants' and pension plans' contributions.

Note 18. Discretely Presented Component Units' Condensed Financial Information

Housing Finance Corporation is the only "major" discretely presented component unit, as defined by the Codification of Governmental Accounting Standards, Section 2100, "Defining the Financial Reporting Entity". Summary component unit condensed financial information as of September 30, 2004, is presented below:

	<u>Condensed Statement of Net Assets</u>		
	Housing Finance Corporation	Non-Major Component Units	Totals
Current assets	\$787	\$2	\$789
Current liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Net Assets-unrestricted	787	2	789
Total net assets	<u>\$787</u>	<u>\$2</u>	<u>\$789</u>

	<u>Condensed Statement of Revenues, Expenses and Changes in Net Assets</u>		
	Housing Finance Corporation	Non-Major Component Units	Totals
Operating revenues	\$209	\$0	\$209
Operating expenses, excluding depreciation	<u>162</u>	<u>0</u>	<u>162</u>
Operating income	47	0	47
Non-operating revenues	<u>10</u>	<u>0</u>	<u>10</u>
Change in net assets	<u>\$57</u>	<u>\$0</u>	<u>\$57</u>

Note 19. Subsequent Events

In November 2004, the City issued Equipment Acquisition Contractual Obligation Bonds, Series 2004 of \$23.5 million (excludes premium of \$228 thousand) with an interest rate range of 3.0 to 4.0 percent and serial maturities through FY 2009 for various type of capital equipment.

In November 2004, the City issued General Obligation Bonds, Series 2004 of \$162.6 million (excludes premium of \$9.8 million) with an interest rate range of 4.0 to 5.0 percent and serial maturities through FY 2024 for various permanent public improvements in the City.

In November 2004, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2004 of \$6 million (excludes premium of \$3 thousand) with an interest rate range of 3.0 to 3.25 percent and serial maturities through FY 2014 to fund capital improvements to various City facilities to comply with the City's separate municipal storm sewer system.

In February 2005, the City will issue Taxable General Obligation Pension Bonds, Series 2005 in the amount of \$399.3 million to partially fund an actuarial loss in the civilian employees pension fund.

In February 2005, the City plans to issue \$235.8 million in Waterworks and Sewer System Revenue Refunding bonds series 2005. Series 2005 will be issued to retire \$173 million in commercial paper notes and advance refund a portion of Series 1999 and Series 2000 outstanding bonds.

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CITY OF DALLAS, TEXAS
Required Supplementary Information
Schedule of Funding Progress (unaudited)
Employee's Retirement Fund, Dallas Police and Fire Pension System and Police and Fire
Supplemental Pension Plan
Year Ended September 30, 2004
(in millions)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/03	\$1,843	\$2,489	(\$646)	74.0%	\$318	202.8%
12/31/02	1,864	2,400	(536)	77.7%	325	165.0%
12/31/01	2,017	2,276	(259)	88.6%	333	77.9%
12/31/03	\$2,286	\$2,889	(\$603)	79.1%	\$265	227.5%
12/31/02	1,992	2,738	(746)	72.8%	270	276.3%
12/31/01	2,158	2,554	(396)	84.5%	251	157.8%
12/31/03	\$17	\$23	(\$6)	72.7%	\$1	873.3%
12/31/02	14	23	(9)	62.9%	1	969.3%
12/31/01	15	21	(6)	71.4%	1	775.8%

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, retirement, mortality and the time value of money to the accumulated plan benefits.

Significant actuarial assumptions used include: (a) an annual rate of return on the investment of present and future assets of 8.5% in 2003 and 2002, respectively, compounded annually, (b) projected salary increases based on certain factors, such as changes in benefit provisions, the size or composition of the population (c) postretirement benefit increases of 4% in 2003 and 2002 calculated annually, and (d) asset valuation method three year smoothed market



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 grants 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 Operating Fund – to account for the administration and operational activities of the Storm Water Program. A Storm Water fee provides financing.

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

Building – to account for construction of City owned buildings.

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

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.



CITY OF DALLAS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of September 30, 2004
(in thousands)

	Special Revenue				
	Community Development	Health and Human Services	Library	Police	Recreation
Assets:					
Pooled cash and cash equivalents	\$4,879	\$223	\$5,319	\$3,821	\$10,730
Receivables:					
Notes	9,677	0	0	0	0
Accounts	2,207	0	0	0	417
Accrued interest	385	5	4	4	9
Allowance for uncollectible accounts	(991)	0	0	0	(75)
Due from other governments	14,158	6,077	100	1,016	243
Special assessments	0	0	0	0	0
Notes receivable from other funds	0	0	0	0	0
Other investments, at fair market value	3,561	0	997	0	0
Total assets	<u>33,876</u>	<u>6,305</u>	<u>6,420</u>	<u>4,841</u>	<u>11,324</u>
Liabilities and Fund Balance					
Liabilities:					
Accrued payroll	64	54	2	6	4
Accounts payable	1,515	127	136	244	183
Due to other governments	0	0	0	0	0
Due to other funds	0	1,277	0	0	0
Notes payable to other funds	0	0	0	0	2,933
Deferred revenue	13,401	3,046	59	2,137	1,034
Customer deposits	0	0	0	0	0
Other	7,410	0	0	79	270
Total liabilities	<u>22,390</u>	<u>4,504</u>	<u>197</u>	<u>2,466</u>	<u>4,424</u>
Fund balances (deficit)					
Reserved for:					
Encumbrances	16,181	1,661	202	547	1,275
General government	0	0	0	0	0
Culture and recreation	0	0	0	0	0
Notes receivable from other funds	0	0	0	0	0
Unreserved:					
Undesignated	(4,695)	140	6,021	1,828	5,625
Total fund balances (deficit)	<u>11,486</u>	<u>1,801</u>	<u>6,223</u>	<u>2,375</u>	<u>6,900</u>
Total liabilities and fund balance	<u>\$33,876</u>	<u>\$6,305</u>	<u>\$6,420</u>	<u>\$4,841</u>	<u>\$11,324</u>

Transportation	Management Improvement	Storm Water Operations	Municipal	General Citizen	Arts and Cultural	Total Nonmajor Special Revenue Funds
\$19,051	\$8,015	\$343	\$13,053	\$1,688	\$1,492	\$68,614
0	0	0	0	0	0	9,677
0	0	1,261	0	0	0	3,885
18	5	7	12	1	3	453
0	0	(96)	0	0	0	(1,162)
0	15	0	0	0	0	21,609
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	913	5,471
19,069	8,035	1,515	13,065	1,689	2,408	108,547
0	0	0	12	0	0	142
1,498	531	0	0	16	2	4,252
0	0	0	0	0	0	0
0	0	121	0	0	0	1,398
0	0	2,039	0	0	0	4,972
69	85	0	16	0	0	19,847
0	0	0	0	0	0	0
145	0	0	0	30	0	7,934
1,712	616	2,160	28	46	2	38,545
6,373	1,189	7	2,633	173	1	30,242
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
10,984	6,230	(652)	10,404	1,470	2,405	39,760
17,357	7,419	(645)	13,037	1,643	2,406	70,002
\$19,069	\$8,035	\$1,515	\$13,065	\$1,689	\$2,408	\$108,547

CITY OF DALLAS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of September 30, 2004
(in thousands)

	Capital Projects			
	Neighborhood Projects	Parks	Streets and Drainage	Building
Assets:				
Pooled cash and cash equivalents	\$67,058	\$42,204	\$138,103	\$122,787
Receivables:				
Notes	0	0	2,043	0
Accounts	0	0	0	0
Accrued interest	60	36	129	111
Allowance for uncollectible accounts	0	0	0	0
Due from other governments	0	57	0	636
Special assessments	0	0	11,718	0
Notes receivable from other funds	0	0	4,469	0
Other investments, at fair market value	0	0	0	0
Total assets	<u>67,118</u>	<u>42,297</u>	<u>156,462</u>	<u>123,534</u>
Liabilities and Fund Balance				
Liabilities:				
Accrued payroll	0	0	0	0
Accounts payable	1,336	841	4,056	2,357
Due to other governments	0	0	1	0
Due to other funds	0	0	0	331
Notes payable to other funds	4,491	0	0	0
Deferred revenue	34	0	12,944	0
Customer deposits	0	0	9	0
Other	41,378	424	1,593	1,255
Total liabilities	<u>47,239</u>	<u>1,265</u>	<u>18,603</u>	<u>3,943</u>
Fund balances (deficit)				
Reserved for:				
Encumbrances	13,139	10,433	55,305	43,411
General government	0	0	0	0
Culture and recreation	0	0	0	0
Notes receivable from other funds	0	0	4,469	0
Unreserved:				
Undesignated	<u>6,740</u>	<u>30,599</u>	<u>78,085</u>	<u>76,180</u>
Total fund balances (deficit)	<u>19,879</u>	<u>41,032</u>	<u>137,859</u>	<u>119,591</u>
Total liabilities and fund balance	<u>\$67,118</u>	<u>\$42,297</u>	<u>\$156,462</u>	<u>\$123,534</u>

Trans- portation	Total Nonmajor Capital Project Funds
\$43,999	\$414,151
0	2,043
0	0
43	379
0	0
0	693
0	11,718
0	4,469
930	930
<u>44,972</u>	<u>434,383</u>

0	0
49	8,639
0	1
0	331
0	4,491
0	12,978
0	9
29	44,679
<u>78</u>	<u>71,128</u>

27,403	149,691
0	0
0	0
0	4,469
<u>17,491</u>	<u>209,095</u>
<u>44,894</u>	<u>363,255</u>
<u>\$44,972</u>	<u>\$434,383</u>

CITY OF DALLAS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of September 30, 2004
(in thousands)

	Permanent Funds			
	Samuell Park	Grauwylor Memorial	Craddock Park	Martin Weiss Park
Assets:				
Pooled cash and cash equivalents	\$0	\$0	\$0	\$0
Receivables:				
Notes	0	0	0	0
Accounts	0	0	0	0
Accrued interest	0	0	0	0
Allowance for uncollectible accounts	0	0	0	0
Due from other governments	0	0	0	0
Special assessments	0	0	0	0
Notes receivable from other funds	0	0	0	0
Other investments, at fair market value	7,028	73	673	65
Total assets	<u>7,028</u>	<u>73</u>	<u>673</u>	<u>65</u>
Liabilities and Fund Balance				
Liabilities:				
Accrued payroll	0	0	0	0
Accounts payable	0	0	0	0
Due to other governments	0	0	0	0
Due to other funds	0	0	0	0
Notes payable to other funds	0	0	0	0
Deferred revenue	0	0	0	0
Customer deposits	0	0	0	0
Other	0	0	0	0
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances (deficit)				
Reserved for:				
Encumbrances	0	0	0	0
General government	0	0	0	0
Culture and recreation	7,028	73	673	65
Notes receivable from other funds	0	0	0	0
Unreserved:				
Undesignated	0	0	0	0
Total fund balances (deficit)	<u>7,028</u>	<u>73</u>	<u>673</u>	<u>65</u>
Total liabilities and fund balance	<u>\$7,028</u>	<u>\$73</u>	<u>\$673</u>	<u>\$65</u>

<u>Hale Davis</u>	<u>Total Permanent Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$0	\$0	\$482,765
0	0	11,720
0	0	3,885
0	0	832
0	0	(1,162)
0	0	22,302
0	0	11,718
0	0	4,469
344	8,183	14,584
<u>344</u>	<u>8,183</u>	<u>551,113</u>
0	0	142
0	0	12,891
0	0	1
0	0	1,729
0	0	9,463
0	0	32,825
0	0	9
0	0	52,613
<u>0</u>	<u>0</u>	<u>109,673</u>
0	0	179,933
344	344	344
0	7,839	7,839
0	0	4,469
0	0	248,855
<u>344</u>	<u>8,183</u>	<u>441,440</u>
<u>\$344</u>	<u>\$8,183</u>	<u>\$551,113</u>

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2004
(in thousands)

	Special Revenue				
	Community Development	Health and Human Services	Library	Police	Recreation
Revenues:					
Intergovernmental	\$46,002	\$12,844	\$823	\$7,872	\$504
Customer charges	0	0	0	0	356
Service to others	53	91	8	0	2,780
Fines and forfeitures	0	0	1	14	1
Investment income	248	73	129	101	145
Gifts	90	226	425	47	273
Confiscated money awards	0	0	0	1,450	0
Other Tax	0	0	0	0	0
Other	14,206	273	64	14	467
Total revenues	60,599	13,507	1,450	9,498	4,526
Expenditures:					
Current:					
General government	20,899	0	0	0	0
Public safety	819	0	0	9,591	0
Streets, street lighting, sanitation	950	0	0	0	0
Public health	586	11,449	0	0	0
Culture and recreation	2,642	0	1,344	0	7,180
Human services	27,062	1,792	0	0	0
Capital outlay	0	0	0	0	0
Total expenditures	52,958	13,241	1,344	9,591	7,180
Excess (deficiency) of revenues over (under) expenditures	7,641	266	106	(93)	(2,654)
Other financing sources (uses):					
Transfers in	0	0	89	926	920
Transfers out	0	0	(89)	(42)	(911)
Total other financing sources (uses)	0	0	0	884	9
Change in net assets	7,641	266	106	791	(2,645)
Fund balances, beginning of year	3,845	1,535	6,117	1,584	9,545
Fund balances, ending of year	\$11,486	\$1,801	\$6,223	\$2,375	\$6,900

Transportation	Management Improvement	Storm Water Operations	Municipal	General Citizen	Arts and Cultural	Total Nonmajor Special Revenue Funds
\$415	\$338	\$0	\$0	\$0	\$0	\$68,798
0	0	0	0	0	0	356
0	156	23,312	1,805	0	0	28,205
0	91	0	0	0	0	107
79	105	92	189	26	31	1,218
0	0	0	13	474	228	1,776
0	0	0	0	0	0	1,450
0	210	0	0	0	0	210
602	2,184	0	0	13	2	17,825
1,096	3,084	23,404	2,007	513	261	119,945
0	1,833	21,433	2,708	324	0	47,197
0	0	0	0	0	0	10,410
4,154	0	0	0	0	0	5,104
0	0	0	0	0	0	12,035
0	0	0	0	0	78	11,244
0	0	0	0	0	0	28,854
0	0	0	0	0	0	0
4,154	1,833	21,433	2,708	324	78	114,844
(3,058)	1,251	1,971	(701)	189	183	5,101
0	344	0	9,955	0	20	12,254
(429)	(172)	(1,545)	(303)	0	(19)	(3,510)
(429)	172	(1,545)	9,652	0	1	8,744
(3,487)	1,423	426	8,951	189	184	13,845
20,844	5,996	(1,071)	4,086	1,454	2,222	56,157
\$17,357	\$7,419	(\$645)	\$13,037	\$1,643	\$2,406	\$70,002

CITY OF DALLAS, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (continued)
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended September 30, 2004
 (in thousands)

	Capital Projects			
	Neighborhood Projects	Parks	Streets and Drainage	Building
Revenues:				
Ad valorem tax	\$12,213	\$0	\$0	\$0
Intergovernmental	0	106	52	636
Service to others	108	1,383	2,303	1
Fines and forfeitures	0	0	0	0
Investment income	1,126	637	2,208	1,716
Gifts	0	148	0	0
Confiscated money awards	0	0	0	0
Other	509	128	1,018	55
Total revenues	13,956	2,402	5,581	2,408
Expenditures:				
Current:				
General government	0	0	0	0
Public safety	0	0	0	0
Streets, street lighting, sanitation	0	0	0	0
Public health	0	0	0	0
Culture and recreation	0	0	0	0
Human services	0	0	0	0
Capital outlay	19,942	15,640	39,496	32,864
Total expenditures	19,942	15,640	39,496	32,864
Excess (deficiency) of revenues over (under) expenditures	(5,986)	(13,238)	(33,915)	(30,456)
Other financing sources (uses):				
Capital Contribution	0	0	0	1,120
Transfers in	174	5,898	0	904
Transfers out	(12,495)	(656)	(3,088)	(5,352)
Premium on bonds	49	120	445	285
Proceeds of general obligation bonds	6,750	25,130	93,546	65,384
Proceeds from sale of fixed assets	0	85	1,090	0
Total other financing sources (uses)	(5,522)	30,577	91,993	62,341
Change in net assets	(11,508)	17,339	58,078	31,885
Fund balances, beginning of year	31,387	23,693	79,781	87,706
Fund balances, ending of year	\$19,879	\$41,032	\$137,859	\$119,591

<u>Trans- portation</u>	<u>Total Nonmajor Capital Project Funds</u>
\$0	\$12,213
2,649	3,443
0	3,795
0	0
957	6,644
6,000	6,148
0	0
0	1,710
<u>9,606</u>	<u>33,953</u>

0	0
0	0
0	0
0	0
0	0
0	0
0	0
13,491	121,433
<u>13,491</u>	<u>121,433</u>
<u>(3,885)</u>	<u>(87,480)</u>

0	1,120
0	6,976
(50)	(21,641)
50	949
10,550	201,360
0	1,175
<u>10,550</u>	<u>189,939</u>
<u>6,665</u>	<u>102,459</u>
<u>38,229</u>	<u>260,796</u>
<u>\$44,894</u>	<u>\$363,255</u>

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (continued)
NONMAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2004
(in thousands)

	Samuell Park	Grauwyler Memorial	Craddock Park	Martin Weiss Park
Revenues:				
Ad valorem tax	\$0	\$0	\$0	\$0
Intergovernmental	0	0	0	0
Customer charges	0	0	0	0
Service to others	0	0	0	0
Fines and forfeitures	0	0	0	0
Investment income	629	7	72	7
Gifts	0	0	0	0
Confiscated money awards	0	0	0	0
Other Tax	0	0	0	0
Other	0	0	0	0
Total revenues	<u>629</u>	<u>7</u>	<u>72</u>	<u>7</u>
Expenditures:				
Current:				
General government	0	0	0	0
Public safety	0	0	0	0
Streets, street lighting, sanitation	0	0	0	0
Public health	0	0	0	0
Culture and recreation	0	0	0	0
Human services	0	0	0	0
Capital outlay	0	0	0	0
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess(deficiency) of revenues over (under)expenditures	<u>629</u>	<u>7</u>	<u>72</u>	<u>7</u>
Other financing sources (uses):				
Capital Contribution	0	0	0	0
Transfers in	0	0	0	0
Transfers out	(249)	(1)	(19)	(2)
Premiums on bonds	0	0	0	0
Proceeds of general obligation bonds	0	0	0	0
Proceeds from sale of fixed assets	0	0	0	0
Total other financing sources (uses)	<u>(249)</u>	<u>(1)</u>	<u>(19)</u>	<u>(2)</u>
Net change in fund balances	<u>380</u>	<u>6</u>	<u>53</u>	<u>5</u>
Fund balances, beginning of year	<u>6,648</u>	<u>67</u>	<u>620</u>	<u>60</u>
Fund balances, ending of year	<u><u>\$7,028</u></u>	<u><u>\$73</u></u>	<u><u>\$673</u></u>	<u><u>\$65</u></u>

Hale Davis	Total Permanent Funds	Total Nonmajor Governmental Funds
\$0	\$0	\$12,213
0	0	72,241
0	0	356
0	0	32,000
0	0	107
27	742	8,604
0	0	7,924
0	0	1,450
0	0	210
0	0	19,535
<u>27</u>	<u>742</u>	<u>154,640</u>
0	0	47,197
0	0	10,410
0	0	5,104
0	0	12,035
0	0	11,244
0	0	28,854
0	0	121,433
<u>0</u>	<u>0</u>	<u>236,277</u>
<u>27</u>	<u>742</u>	<u>(81,637)</u>
0	0	1,120
0	0	19,230
(5)	(276)	(25,427)
0	0	949
0	0	201,360
0	0	1,175
<u>(5)</u>	<u>(276)</u>	<u>198,407</u>
<u>22</u>	<u>466</u>	<u>116,770</u>
<u>322</u>	<u>7,717</u>	<u>324,670</u>
<u>\$344</u>	<u>\$8,183</u>	<u>\$441,440</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, 2004
(in thousands)

	Municipal Radio	Building Inspection	Total Nonmajor Enterprise Funds
Assets			
Current assets:			
Pooled cash and cash equivalents	\$5,334	\$6,774	\$12,108
Receivables:			
Accounts	1,422	56	1,478
Accrued interest	5	8	13
Allowance for uncollectibles	(29)	0	(29)
Total current assets	<u>6,732</u>	<u>6,838</u>	<u>13,570</u>
Capital assets:			
Buildings	321	0	321
Improvements other than building	71	0	71
Infrastructure	0	0	0
Equipment	1,006	1,000	2,006
Construction in progress	138	43	181
Less accumulated depreciation	(871)	(661)	(1,532)
Total capital assets	<u>665</u>	<u>382</u>	<u>1,047</u>
Total assets	<u>7,397</u>	<u>7,220</u>	<u>14,617</u>
Liabilities			
Current liabilities:			
Accrued Payroll	8	92	100
Accounts payable	46	104	150
Accrued vacation and sick leave	122	1,154	1,276
Other	85	0	85
Total current liabilities	<u>261</u>	<u>1,350</u>	<u>1,611</u>
Noncurrent liabilities:			
Accrued vacation and sick	183	1,731	1,914
Net pension obligation	564	4,095	4,659
Total noncurrent liabilities	<u>747</u>	<u>5,826</u>	<u>6,573</u>
Total liabilities	<u>1,008</u>	<u>7,176</u>	<u>8,184</u>
Net assets			
Invested in capital assets, net of related debt	665	382	1,047
Unrestricted	<u>5,724</u>	<u>(338)</u>	<u>5,386</u>
Total net assets	<u>\$6,389</u>	<u>\$44</u>	<u>\$6,433</u>

CITY OF DALLAS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
Year Ended September 30, 2004
(in thousands)

	Municipal Radio	Building Inspection	Total Nonmajor Enterprise Funds
Operating revenues:			
Customer charges	\$2,977	\$20,215	\$23,192
Other	430	118	548
Total operating revenues	<u>3,407</u>	<u>20,333</u>	<u>23,740</u>
Operating expenses:			
Personal services	2,267	16,801	19,068
Supplies and materials	415	228	643
Contractual and other services	1,032	4,794	5,826
Depreciation	75	91	166
Refunds and reimbursements	0	(1,486)	(1,486)
Total operating expenses	<u>3,789</u>	<u>20,428</u>	<u>24,217</u>
Operating loss	<u>(382)</u>	<u>(95)</u>	<u>(477)</u>
Nonoperating revenues:			
Investment income	92	74	166
Total nonoperating revenues	<u>92</u>	<u>74</u>	<u>166</u>
Income before contribution and transfer	<u>(290)</u>	<u>(21)</u>	<u>(311)</u>
Capital contribution	0	35	35
Transfers out	<u>(1)</u>	<u>(915)</u>	<u>(916)</u>
Change in net assets	<u>(291)</u>	<u>(901)</u>	<u>(1,192)</u>
Net assets, beginning of year	<u>6,680</u>	<u>945</u>	<u>7,625</u>
Net assets, ending of year	<u><u>\$6,389</u></u>	<u><u>\$44</u></u>	<u><u>\$6,433</u></u>

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
Year Ended September 30, 2004
(in thousands)

	Municipal Radio	Building Inspection	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Cash received from customers	\$3,263	\$20,338	\$23,601
Cash payments to suppliers for goods and services	(413)	(228)	(641)
Cash payments to employees for services	(1,672)	(12,334)	(14,006)
Cash payments for contractual services	(1,062)	(4,717)	(5,779)
Cash refunds and reimbursements	0	1,486	1,486
Other operating cash receipts	37	419	456
Net cash provided by operating activities	153	4,964	5,117
Cash flows from non capital financing activities:			
Transfers to other funds	(1)	(915)	(916)
Net cash used for non capital and related financing activities	(1)	(915)	(916)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(124)	(71)	(195)
Net cash used for capital and related financing activities	(124)	(71)	(195)
Cash flows from investing activities:			
Investment interest received	87	68	155
Net cash provided by investing activities	87	68	155
Net increase in cash and cash equivalents	115	4,046	4,161
Cash and cash equivalents, beginning of year	5,219	2,728	7,947
Cash and cash equivalents, end of year	\$5,334	\$6,774	\$12,108
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	(\$382)	(\$95)	(\$477)
Adjustments not affecting cash:			
Depreciation	75	91	166
Change in assets and liabilities:			
(Increase) decrease in accounts and other receivables	(171)	5	(166)
Decrease in Other Assets	5	0	5
Increase (decrease) in accounts and contracts payable	(30)	77	47
Increase in accrued payroll	8	92	100
Increase in accrued compensation	23	280	303
Decrease in allowance for doubtful accounts	25	0	25
Decrease in customer deposits	(3)	0	(3)
Increase in other liabilities	603	4,514	5,117
Total adjustments	535	5,059	5,594
Net cash provided by operating activities	\$153	\$4,964	\$5,117

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 Services Fund - to account for the cost of providing office supplies, printing, copying and mail services to other City departments.

Information Services 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, 2004
(in thousands)

	Equipment Services	Communciation Equipment Services	Office Services	Information Systems	Risk Funds	Total
Assets						
Current assets:						
Pooled cash and cash equivalents	\$5,534	\$1,325	\$308	\$8,380	\$4,911	\$20,458
Receivables:						
Accounts	0	0	0	11	1	12
Accrued interest	4	1	0	11	2	18
Inventories	2,149	106	472	0	0	2,727
Prepaid expenses	0	0	0	0	12	12
Other	0	0	0	0	1,249	1,249
Total current assets	7,687	1,432	780	8,402	6,175	24,476
Property, plant, and equipment:						
Land	1,696	0	0	0	0	1,696
Buildings	2,772	1,663	0	0	0	4,435
Improvements other than buildings	285	456	0	248	0	989
Infrastructure	1,137	685	0	0	0	1,822
Equipment	143,183	16,348	217	13,544	336	173,628
Construction in progress	515	153	0	217	489	1,374
Less accumulated depreciation	(95,796)	(12,914)	(215)	(13,161)	(323)	(122,409)
Net property, plant, and equipment	53,792	6,391	2	848	502	61,535
Total assets	61,479	7,823	782	9,250	6,677	86,011
Liabilities						
Current liabilities:						
Accrued payroll	87	17	5	82	18	209
Accounts payable	1,501	45	100	963	1,315	3,924
Accrued vacation and sick leave	1,045	246	46	1,266	234	2,837
Estimated unpaid health claims	0	0	0	0	16,603	16,603
Estimated unpaid claims - general	0	0	0	0	9,330	9,330
Workers' compensation	0	0	0	0	18,500	18,500
Other	15	0	19	105	3	142
Total current liabilities	2,648	308	170	2,416	46,003	51,545
Noncurrent liabilities:						
Estimated unpaid claims - general	0	0	0	0	11,201	11,201
Workers' compensation	0	0	0	0	48,874	48,874
Accrued vacation and sick	1,568	369	69	1,899	351	4,256
Other	0	0	6	217	208	431
Total noncurrent liabilities	1,568	369	75	2,116	60,634	64,762
Total liabilities	4,216	677	245	4,532	106,637	116,307
Net Assets						
Invested in capital assets, net of related debt	53,792	6,391	2	848	502	61,535
Unrestricted	3,471	755	535	3,870	(100,462)	(91,831)
Total net assets	\$57,263	\$7,146	\$537	\$4,718	(\$99,960)	(\$30,296)

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
Year Ended September 30, 2004
(in thousands)

	Equipment Services	Communciation Equipment Services	Office Services	Information Systems	Risk Funds	Total
Operating revenues						
Charges to other city departments	\$32,922	\$2,694	\$2,661	\$25,472	\$83,590	\$147,339
Services to others	0	214		0	25,021	25,235
Other	0	0	1,416	100	1,116	2,632
Total operating revenues	<u>32,922</u>	<u>2,908</u>	<u>4,077</u>	<u>25,572</u>	<u>109,727</u>	<u>175,206</u>
Operating expenses						
Personnel services	12,025	2,497	781	12,064	31,265	58,632
Supplies and materials	15,116	1,114	36	439	16	16,721
Contractual and other services	6,301	631	3,248	13,525	95,405	119,110
Depreciation	13,604	1,413	3	559	3	15,582
Total operating expenses	<u>47,046</u>	<u>5,655</u>	<u>4,068</u>	<u>26,587</u>	<u>126,689</u>	<u>210,045</u>
Operating income (loss)	<u>(14,124)</u>	<u>(2,747)</u>	<u>9</u>	<u>(1,015)</u>	<u>(16,962)</u>	<u>(34,839)</u>
Nonoperating revenues (expenses):						
Investment income	50	39	0	132	422	643
Gain (loss) on property disposals	262	0	0	0	0	262
Total nonoperating revenues	<u>312</u>	<u>39</u>	<u>0</u>	<u>132</u>	<u>422</u>	<u>905</u>
Income (loss) before operating transfers and contributions	<u>(13,812)</u>	<u>(2,708)</u>	<u>9</u>	<u>(883)</u>	<u>(16,540)</u>	<u>(33,934)</u>
Capital contributions	7,023	23	0	32	0	7,078
Transfers in	38	0	0	0	0	38
Transfers out	<u>(198)</u>	<u>0</u>	<u>(9)</u>	<u>(880)</u>	<u>(5,475)</u>	<u>(6,562)</u>
Change in net assets	(6,949)	(2,685)	0	(1,731)	(22,015)	(33,380)
Total net assets, beginning of year	<u>64,212</u>	<u>9,831</u>	<u>537</u>	<u>6,449</u>	<u>(77,945)</u>	<u>3,084</u>
Total net assets, end of year	<u>\$57,263</u>	<u>\$7,146</u>	<u>\$537</u>	<u>\$4,718</u>	<u>(\$99,960)</u>	<u>(\$30,296)</u>

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended September 30, 2004
(in thousands)

	Equipment Services	Communciation Equipment Services	Office Services	Information Systems	Risk Funds	Total
Cash flows from operating activities:						
Cash received from other funds for services	\$32,919	\$2,907	\$4,077	\$25,553	\$109,391	\$174,847
Cash payments to suppliers for goods and services	(14,523)	(1,254)	(284)	(213)	1,538	(14,736)
Cash payments to employees for services	(11,921)	(2,463)	(766)	(11,748)	(31,177)	(58,075)
Cash payments for contractual services	(6,276)	(605)	(3,231)	(13,174)	(93,313)	(116,599)
Other operating cash receipts	0	0	0	0	7,069	7,069
Net cash provided by (used) in operating activities	199	(1,415)	(204)	418	(6,492)	(7,494)
Cash flows from noncapital financing activities:						
Transfers from other funds	38	0	0	0	0	38
Transfers to other funds	(198)	0	(9)	(880)	(5,475)	(6,562)
Net cash used in noncapital financing activities	(160)	0	(9)	(880)	(5,475)	(6,524)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(762)	(125)	0	(44)	0	(931)
Proceeds from sale of assets	830	0	0	1	0	831
Net cash provided by (used) in capital and related financing activities	68	(125)	0	(43)	0	(100)
Cash flows from investing activities:						
Investment income	50	39	0	132	422	643
Net cash provided by investing activities	50	39	0	132	422	643
Net increase (decrease) in pooled cash and cash equivalents	157	(1,501)	(213)	(373)	(11,545)	(13,475)
Cash and cash equivalents, beginning of year	5,377	2,826	521	8,753	16,456	33,933
Cash and cash equivalents, end of year	\$5,534	\$1,325	\$308	\$8,380	\$4,911	\$20,458
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	(\$14,124)	(\$2,747)	\$9	(\$1,015)	(\$16,962)	(\$34,839)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:						
Depreciation	13,604	1,413	3	559	2	15,581
Change in assets and liabilities:						
Increase (decrease) in accounts receivables	(4)	(1)	0	(16)	1	(20)
Decrease in inventories	(117)	(106)	(116)	0	0	(339)
Increase in other assets	0	0	0	0	(337)	(337)
Decrease in accrued compensatation	104	34	16	316	88	558
Increase (decrease) in accounts and notes payable	695	(34)	(133)	225	903	1,656
Increase in other liabilities	41	26	17	349	9,813	10,246
Total adjustments	14,323	1,332	(213)	1,433	10,470	27,345
Net cash provided by (used) in operating activities	199	(1,415)	(204)	418	(6,492)	(7,494)
Noncash investing, capital, and financing activities:						
Capital contribution	7,023	23	0	32	0	7,078
Change in fair value of investments	(28)	(10)	0	(82)	38	(82)
Total noncash investing, capital, and financing activities	\$6,995	\$13	\$0	(\$50)	\$38	\$6,996

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 Expendable Trust Funds, Nonexpendable Trust Funds, 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 Fund 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.

Street Excavation Fund - to account for deposits by contractors to guarantee street repairs when utility lines are placed under roadways.

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

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.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF PLAN NET ASSETS
PENSION TRUST FUNDS
As of September 30, 2004
(in thousands)

	Employees Retirement Fund	Dallas Police & Fire Pension System	Police & Fire Supplemental Pension Fund	Total Pension Trust Funds
Assets				
Cash and cash equivalents	\$298,612	\$247,048	\$78	\$545,738
Receivables:				
Accounts	18,216	29,254	1	47,471
Forward currency contracts	0	87,915	0	87,915
Accrued interest and dividends	8,823	9,758	0	18,581
Domestic equities	464,059	396,156	0	860,215
U.S. and foreign government securities	185,789	146,582	0	332,371
Domestic corporate fixed income	357,621	0	0	357,621
Corporate securities	0	274,835	0	274,835
International equities and fixed income	393,672	525,669	0	919,341
Commingled index funds	495,721	439,886	16,888	952,495
Venture capital(real estate)	354	323,709	0	324,063
Total assets	<u>2,222,867</u>	<u>2,480,812</u>	<u>16,967</u>	<u>4,720,646</u>
Liabilities				
Accounts payable	3,414	0	17	3,431
Payable for securities purchased	68,260	25,016	0	93,276
Forward currency contracts	0	87,320	0	87,320
Securities lending collateral	239,829	181,620	0	421,449
Other	1,615	3,797	0	5,412
Total liabilities	<u>313,118</u>	<u>297,753</u>	<u>17</u>	<u>610,888</u>
Net assets				
Held in trust for pension benefits and other purposes	<u>1,909,749</u>	<u>2,183,059</u>	<u>16,950</u>	<u>4,109,758</u>
Total net assets	<u>\$1,909,749</u>	<u>\$2,183,059</u>	<u>\$16,950</u>	<u>\$4,109,758</u>

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS
Year Ended September 30, 2004
(in thousands)

	Employees Retirement Fund	Dallas Police & Fire Pension System	Police & Fire Supplemental Pension Fund	Total Pension Trust Funds
ADDITIONS:				
Contributions:				
Employer	\$34,729	\$78,323	\$1,000	\$114,052
Employee	20,580	16,287	35	36,902
Total contributions	55,309	94,610	1,035	150,954
Net investment income:				
Dividends	15,997	17,788	0	33,785
Interest	26,732	27,949	7	54,688
Real estate income	17	14,380	0	14,397
Net appreciation in fair value of investments	374,416	477,540	2,841	854,797
Securities lending income	2,288	2,186	0	4,474
Less investment expenses:				
Investment management fees	(5,147)	0	0	(5,147)
Custody fees	(125)	0	0	(125)
Consultant fees	(230)	0	0	(230)
Securities lending borrower rebates	(1,620)	(1,448)	0	(3,068)
Securities lending management fees	(200)	0	0	(200)
Total investment expenses	(7,322)	(1,448)	0	(8,770)
Net investment income	412,128	538,395	2,848	953,371
Other income	644	373	0	1,017
Total increases	468,081	633,378	3,883	1,105,342
DEDUCTIONS:				
Benefit payments	108,402	96,246	964	205,612
Refund of contributions	2,605	584	50	3,239
Administrative expenses	2,119	13,734	0	15,853
Total deductions	113,126	110,564	1,014	224,704
Net increase in net assets available for benefits	354,955	522,814	2,869	880,638
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
Beginning of year	1,554,794	1,660,245	14,081	3,229,120
End of year	<u>\$1,909,749</u>	<u>\$2,183,059</u>	<u>\$16,950</u>	<u>\$4,109,758</u>

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended September 30, 2004
(in thousands)

	Balance September 30, 2003	Additions	Deductions	Balance September 30, 2004
CASH ESCROW DEPOSIT FUND				
ASSETS				
Cash and other assets	<u>\$2,840</u>	<u>\$2,961</u>	<u>\$4,004</u>	<u>\$1,797</u>
LIABILITIES				
Due to other governments and other liabilities	<u>2,840</u>	<u>2,961</u>	<u>4,004</u>	<u>1,797</u>
CONFISCATED MONEY FUND				
ASSETS				
Cash and other assets	<u>3,544</u>	<u>1,129</u>	<u>1,050</u>	<u>3,623</u>
LIABILITIES				
Other liabilities	<u>3,544</u>	<u>1,129</u>	<u>1,050</u>	<u>3,623</u>
DISPOSAL DEPOSIT FUND				
ASSETS				
Cash and other assets	<u>885</u>	<u>43</u>	<u>17</u>	<u>911</u>
LIABILITIES				
Customer deposits	<u>885</u>	<u>43</u>	<u>17</u>	<u>911</u>
STREET EXCAVATION FUND				
ASSETS				
Cash	<u>75</u>	<u>0</u>	<u>0</u>	<u>75</u>
LIABILITIES				
Customer deposits	<u>75</u>	<u>0</u>	<u>0</u>	<u>75</u>
WALKER HOUSING FUND				
ASSETS				
Cash and other assets	<u>528</u>	<u>150</u>	<u>405</u>	<u>273</u>
LIABILITIES				
Accrual for Walker settlement and other liabilities	<u>528</u>	<u>150</u>	<u>405</u>	<u>273</u>
TAX DISTRIBUTION FUND				
ASSETS				
Cash and other assets	<u>619</u>	<u>53</u>	<u>93</u>	<u>579</u>
LIABILITIES				
Due to other funds and other liabilities	<u>619</u>	<u>53</u>	<u>93</u>	<u>579</u>
EMPLOYEE WAR AND SAVINGS BOND FUND				
ASSETS				
Cash	<u>(28)</u>	<u>47</u>	<u>17</u>	<u>2</u>
LIABILITIES				
Other liabilities	<u>(28)</u>	<u>47</u>	<u>17</u>	<u>2</u>
DEFERRED COMPENSATION FUND				
ASSETS				
Investments and other assets	<u>278</u>	<u>27,376</u>	<u>27,666</u>	<u>(12)</u>
LIABILITIES				
Due to employees - deferred compensation and other liabilities	<u>278</u>	<u>27,376</u>	<u>27,666</u>	<u>(12)</u>
EMPLOYEE BENEFITS FUND				
ASSETS				
Cash	<u>5,611</u>	<u>18,177</u>	<u>18,632</u>	<u>5,156</u>
LIABILITIES				
Other liabilities	<u>5,611</u>	<u>18,177</u>	<u>18,632</u>	<u>5,156</u>
TRAVELERS EXPRESS DEPOSITS				
ASSETS				
Cash and other assets	<u>3,618</u>	<u>5,775</u>	<u>8,927</u>	<u>466</u>
LIABILITIES				
Other liabilities	<u>3,618</u>	<u>5,775</u>	<u>8,927</u>	<u>466</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash, investments and other assets	<u>17,970</u>	<u>55,711</u>	<u>60,811</u>	<u>12,870</u>
LIABILITIES				
Due to other funds and other liabilities	<u>\$17,970</u>	<u>\$55,711</u>	<u>\$60,811</u>	<u>\$12,870</u>

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, 2004
(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budget Basis	Final Budget-- Positive (Negative)
Revenues:				
Ad valorem taxes	\$115,681	\$115,681	\$115,999	\$318
Interest	600	600	434	(166)
Other	892	892	1,212	320
Total revenues	<u>117,173</u>	<u>117,173</u>	<u>117,645</u>	<u>472</u>
Expenditures:				
Principal retirements	83,453	90,340	90,340	0
Interest and fiscal charges	43,632	38,213	38,197	16
Advance Refunding-Escrow	0	0	0	0
Other	573	1,485	1,407	78
Total expenditures	<u>127,658</u>	<u>130,038</u>	<u>129,944</u>	<u>94</u>
Deficiency of revenues under expenditures	<u>(10,485)</u>	<u>(12,865)</u>	<u>(12,299)</u>	<u>566</u>
Other financing sources:				
Transfers in	15,945	15,945	18,400	2,455
Total other financing sources	<u>15,945</u>	<u>15,945</u>	<u>18,400</u>	<u>2,455</u>
Excess of revenues and other financing sources over expenditures	<u>5,460</u>	<u>3,080</u>	<u>6,101</u>	<u>3,021</u>
Fund balance, beginning of year	11,518	9,634	6,206	(3,428)
Fund balance, end of year	<u>\$16,978</u>	<u>\$12,714</u>	<u>\$12,307</u>	<u>(\$407)</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:

Excess of revenues and other financing sources over expenditures and other uses-budget basis	\$6,101
Net decrease in interest and the fair value of investment not budgeted	70
Increase in tax increment fund reserve	832
Transfers-in not budgeted	<u>(918)</u>
Excess of expenditures over revenues and other financing sources and other uses-GAAP	<u>\$6,085</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.

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CITY OF DALLAS, TEXAS
 COMBINING STATEMENT OF NET ASSETS
 DISCRETELY PRESENTED COMPONENT UNITS
 As of September 30, 2004
 (in thousands)

	Governmental-type Activities Component Units		
	Housing Finance Corporation	Housing Acquisition and Development Corporation	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$765	\$2	\$767
Accounts Receivable	20	0	20
Accrued interest	2	0	2
Total current assets	<u>787</u>	<u>2</u>	<u>789</u>
Liabilities:			
Current liabilities:			
Accounts payable	<u>0</u>	<u>0</u>	<u>0</u>
Total current liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Net assets:			
Unrestricted	<u>787</u>	<u>2</u>	<u>789</u>
Total net assets	<u><u>\$787</u></u>	<u><u>\$2</u></u>	<u><u>\$789</u></u>

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
Year Ended September 30, 2004
(in thousands)

	Governmental-type Activities Component Units		
	Housing Finance Corporation	Housing Acquisition and Development Corporation	Total
Operating revenues:			
Customer charges	\$209	\$0	\$209
Total operating revenues	<u>209</u>	<u>0</u>	<u>209</u>
Operating expenses:			
Personal services	75	0	75
Contractual and other services	87	0	87
Total operating expenses	<u>162</u>	<u>0</u>	<u>162</u>
Operating income	<u>47</u>	<u>0</u>	<u>47</u>
Nonoperating revenues:			
Interest and dividends	10	0	10
Total nonoperating revenues	<u>10</u>	<u>0</u>	<u>10</u>
Income before contributions and transfers	57	0	57
Change in net assets	<u>57</u>	<u>0</u>	<u>57</u>
Net assets, beginning of year	<u>730</u>	<u>2</u>	<u>732</u>
Net assets, end of year	<u><u>\$787</u></u>	<u><u>\$2</u></u>	<u><u>\$789</u></u>



CITY OF DALLAS, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS BY SOURCE
As of September 30, 2004
(in thousands)

Governmental funds capital assets:

Land	\$316,197
Construction in progress	244,220
Buildings	658,021
Improvements other than buildings	148,898
Equipment	199,958
Infrastructure	1,284,040
Artwork	48,702
Total governmental funds capital assets	<u>\$2,900,036</u>

Investments in governmental funds capital assets by source:

General fund	\$508,174
Other trust and agency funds - municipality	108,792
Special revenue fund	80,746
Capital projects fund	2,192,017
Transfer from (to) enterprise funds	(81,005)
Gifts and forfeitures	91,312
	<u>\$2,900,036</u>

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

CITY OF DALLAS, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
As of September 30, 2004
(in thousands)

Function and Activity	Land	Construction in Progress	Buildings	Improvements Other than Buildings	Equipment	Infrastructure	Artwork	Total
General government								
City attorney	\$0	\$0	\$0	\$8	\$228	\$0	\$0	\$236
City auditor	0	0	0	0	89	0	0	89
Office of financial services	163	0	4	1,004	9,477	1,444	0	12,092
Municipal Court	0	0	522	0	386	30	0	938
City secretary	0	0	0	0	104	0	0	104
Civil service	0	0	0	0	118	0	0	118
Planning and Development	13,133	0	4,644	697	1,254	5,467	0	25,195
Employee retirement	0	0	0	0	13	0	0	13
Equipment, communications and information services	(5)	0	378	57	633	(86)	0	977
Human resources	0	0	0	0	5,107	0	0	5,107
International Affairs	0	0	0	0	28	0	0	28
Mayor and council	0	0	0	0	212	0	0	212
Police and fire pension	0	0	0	0	30	0	0	30
Public safety								
Fire	3,493	0	26,837	38	43,117	21	0	73,506
Police	9,292	0	88,409	50	12,999	3,181	0	113,931
Public market	4,771	0	4,355	515	199	741	0	10,581
Street, sanitation, and code enforcement	53,191	0	6,559	1,817	9,051	364,978	0	435,596
Environmental and health services	3,635	0	7,234	866	928	478	0	13,141
Public works and transportation	88,647	0	82,174	13,221	19,681	780,186	0	983,909
Culture and recreation	109,028	0	333,583	130,437	13,640	28,581	48,702	663,971
Library	1,178	0	58,750	29	76,345	348	0	136,650
Housing	240	0	4,832	159	92	3,302	0	8,625
Unallocated - Primarily assets acquired prior to 1977	29,431	0	39,740	0	6,227	95,369	0	170,767
Construction in progress	0	244,220	0	0	0	0	0	244,220
Total Capital Assets of governmental funds	<u>\$316,197</u>	<u>\$244,220</u>	<u>\$658,021</u>	<u>\$148,898</u>	<u>\$199,958</u>	<u>\$1,284,040</u>	<u>\$48,702</u>	<u>\$2,900,036</u>

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

CITY OF DALLAS, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
Year Ended September 30, 2004
(in thousands)

Function and Activity	Governmental Funds Capital Assets October 1, 2003	Additions	Dispositions	Governmental Funds Capital Assets September 30, 2004
General government				
City attorney	\$236	\$0	\$0	\$236
City auditor	89	0	0	89
Office of financial services	10,136	1,956	0	12,092
Municipal court	938	0	0	938
City secretary	104	0	0	104
Civil service	118	0	0	118
Planning and development	16,091	9,104	0	25,195
Employee retirement	13	0	0	13
Equipment, communications and information services	977	0	0	977
Human resources	176	4,931	0	5,107
International affairs	28	0	0	28
Mayor and council	212	0	0	212
Police and fire pension	30	0	0	30
Public safety				
Fire	71,982	3,899	2,375	73,506
Police	57,960	56,462	491	113,931
Public market	10,581			10,581
Street, sanitation, and code enforcement	433,315	3,213	932	435,596
Environmental and health services	13,126	15		13,141
Public works and transportation	948,943	34,971	5	983,909
Culture and recreation	650,195	14,177	401	663,971
Housing	8,617	8	0	8,625
Library	132,738	3,912	0	136,650
Unallocated - primarily assets acquired prior to 1977	170,767	0	0	170,767
Construction in progress	270,983	82,617	109,380	244,220
Total capital assets used in the operation of governmental funds	<u>\$2,798,355</u>	<u>\$215,265</u>	<u>\$113,584</u>	<u>\$2,900,036</u>

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



CITY OF DALLAS, TEXAS

**STATISTICAL SECTION
(UNAUDITED)
NOT COVERED BY AUDITORS' OPINION**

The statistical section includes ten year trend data for revenues, expenditures, taxes, debt ratios and certain supplemental data. It is subdivided into the following categories:

I. GENERAL HISTORY	Tables 1-5	Pages 115-117
II. ASSESSMENTS AND TAXES	Tables 6-11	Pages 118-121
III. LONG-TERM DEBT	Tables 12-16	Pages 122-127
IV. MISCELLANEOUS	Tables 17-20	Pages 128-132

CITY OF DALLAS, TEXAS

ELECTED OFFICIALS

<u>City Council</u>	<u>Length of Service</u>	<u>Term Expires</u>	<u>Occupation</u>
Laura Miller Mayor-District 15	6 Years, 5 Months	June, 2007	Former Journalist
Donald W. Hill Deputy Mayor Pro Tem Councilmember District 5	5 Years, 4 Months	June, 2005	Attorney
John Loza Mayor Pro Tem Councilmember District 2	7 Years, 4 Months	June, 2005	Attorney
Dr. Elba Garcia Councilmember District 1	3 Years, 4 Months	June, 2005	Dentist
Ed Oakley Councilmember District 3	3 Years, 4 Months	June, 2005	Property Manager & Project Manager
Dr. Maxine Thornton-Reese Councilmember District 4	5 Years, 4 Months	June, 2005	Retired Educator
Steve Salazar Councilmember District 6	1 Year, 4 Months	June, 2005	Attorney
Leo V. Chaney Councilmember District 7	5 Years, 4 Months	June, 2005	Comm. Relations Specialist DISD
James Fantroy Councilmember District 8	4 Years, 5 Months	June, 2005	Business Owner
Gary Griffith Councilmember District 9	1 Year, 4 Months	June, 2005	Owner, Public Relations Firm
Bill Blaydes Councilmember District 10	1 Year, 4 Months	June, 2005	CEO/Chairman, Resource Advisory Services
Lois Finkelman Councilmember District 11	7 Years, 4 Months	June, 2005	Planning/Community Relations Consultant
Sandy Greyson Councilmember District 12	7 Years, 4 Months	June, 2005	Community Volunteer
Mitchell Rasansky Councilmember District 13	3 Years, 4 Months	June, 2005	Banking & Real Estate Investment
Veletta Forsythe Lill Councilmember District 14	7 Years, 4 Months	June, 2005	Community Volunteer

CITY OF DALLAS, TEXAS

APPOINTED OFFICIALS

<u>Name</u>	<u>Position and Length of Time in this Position</u>	<u>Length of Employment with City of Dallas</u>
Mary K. Suhm	Acting City Manager for	26 Years, 6 Months
Madeleine B. Johnson	City Attorney for 5 Years,	5 Years, 3 Months
Shirley Acy	City Secretary for 6 Years,	31 Years, 1 Month
Thomas M. Taylor	City Auditor for 3 Years,	23 Years, 1 Month
John A. Wright	City Treasurer for 3 Years,	3 Years, 1 Month

CERTIFIED PUBLIC ACCOUNTANTS

KPMG, LLP
Hopkins & Associates
Logan & Associates
Marilou Martinez-Stevens

BOND COUNSEL

Vinson & Elkins L.L.P.
West & Gooden, P. C.
McCall, Parkhurst & Horton L.L.P.
Delgado, Acosta, Braden & Jones, P.C.

FINANCIAL ADVISORS

First Southwest Company
Estrada Hinojosa & Company, Inc.

CITY OF DALLAS, TEXAS

SECTION ONE: GENERAL HISTORY (UNAUDITED)
 GOVERNMENT-WIDE EXPENSES BY FUNCTION ⁽¹⁾
 (in thousands)

General Government

Fiscal Year	General Government	Public Safety	Streets, Street Lighting and Sanitation	Environmental and Health Services	Public Works/ Transportation/Equipment and Building Sv	Culture and Recreation	Housing	Human Service	Debt Svc	Total General Government
2002	\$138,324	\$482,106	\$153,659	\$24,807	\$80,105	\$118,904	\$3,382	\$19,160	\$52,779	\$1,073,226
2003	148,380	533,689	129,552	26,012	41,416	109,886	1,308	31,781	34,862	\$1,056,886
2004	138,258	532,891	130,377	26,960	61,268	113,135	1,515	31,750	34,161	\$1,070,315

Business-Type

Fiscal Year	Water Utilities	Convention Center	Airport	Municipal Radio	Building Inspection	Total Business-Type
2002	\$294,685	\$68,672	\$32,089	\$3,095	\$11,389	\$409,930
2003	290,327	69,641	33,991	2,914	14,105	\$410,978
2004	341,238	77,486	41,499	3,789	20,428	\$484,440

SECTION ONE: GENERAL HISTORY (UNAUDITED)
 GOVERNMENT-WIDE REVENUES ⁽¹⁾
 (in thousands)

Program Revenues

Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues
2002	\$566,741	\$88,524	\$27,393	\$682,658
2003	577,913	56,641	126,002	\$760,556
2004	632,316	73,925	88,710	\$794,951

General Revenues

Fiscal Year	Taxes	Investment Income	Miscellaneous	Total General Revenues
2002	\$816,923	\$22,184	\$4,913	\$844,020
2003	822,652	28,608	9,598	\$860,858
2004	814,544	22,127	29,984	\$866,655

Sources: ⁽¹⁾ FY 2004 Government-wide Financials, FY 2003 Comprehensive Annual Financial Report

Note: City of Dallas first applied GASB Statement No.34 in fiscal year 2002; therefore, government-wide financial information for years prior to fiscal year 2002 are not available.

TABLE 2

CITY OF DALLAS, TEXAS

SECTION ONE: GENERAL HISTORY (UNAUDITED)
 GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION ⁽¹⁾
 (in thousands)
 LAST TEN FISCAL YEARS ⁽²⁾

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Streets, Street Lighting and Sanitation</u>	<u>Environmental and Health Services</u>	<u>Public Works/ Transportation/ Equipment and Building Sv</u>	<u>Culture and Recreation</u>	<u>Housing</u>	<u>Human Services</u>	<u>Debt Service</u>	<u>Total</u>
1995	\$80,987	\$316,492	\$69,957	\$17,218	\$29,562	\$64,997	\$431	\$12,993	\$100,371	\$693,008
1996	87,618	333,000	79,873	18,123	32,544	72,779	472	17,538	106,854	748,413
1997	96,367	347,489	79,506	18,480	35,151	75,657	474	16,126	106,425	775,675
1998	106,582	368,888	82,895	19,900	38,144	81,680	1,103	15,456	111,855	826,503
1999	132,461	383,300	89,990	21,561	14,836	90,399	1,102	18,623	121,570	895,548
2000	127,494	403,578	105,505	23,177	36,767	96,639	1,853	30,283	130,905	956,201
2001	138,084	449,533	111,830	23,600	43,514	97,327	2,539	23,222	132,264	1,021,913
2002	137,593	462,375	113,741	23,819	41,893	103,904	3,236	18,613	134,104	1,039,278
2003	127,974	480,288	116,422	23,409	39,158	99,145	1,190	28,601	129,761	1,045,948
2004	131,051	484,283	117,936	24,501	47,317	101,347	1,377	28,854	128,482	1,065,148

TABLE 3

RATIO COMPOSITION OF GOVERNMENTAL
 EXPENDITURES BY FUNCTION ⁽¹⁾ (UNAUDITED)
 LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Streets, Street Lighting and Sanitation</u>	<u>Environmental and Health Services</u>	<u>Public Works/ Transportation/ Equip- ment and Building Svc</u>	<u>Culture and Recreation</u>	<u>Housing</u>	<u>Human Services</u>	<u>Debt Service</u>	<u>Total</u>
1995	11.7	45.7	10.0	2.5	4.3	9.4	.1	1.9	14.4	100.0
1996	11.7	44.5	10.6	2.4	4.4	9.7	.1	2.3	14.3	100.0
1997	12.4	44.8	10.3	2.3	4.5	9.8	.1	2.1	13.7	100.0
1998	13.2	44.1	9.9	2.4	4.6	10.3	.1	1.9	13.5	100.0
1999	15.6	42.4	9.9	2.4	4.0	9.7	.1	2.4	13.5	100.0
2000	13.3	42.3	11.0	2.4	3.8	10.0	.2	3.2	13.8	100.0
2001	13.5	44.0	10.9	2.3	4.3	9.5	.3	2.3	12.9	100.0
2002	13.3	44.7	11.0	2.3	4.0	10.0	.3	1.8	12.6	100.0
2003	13.0	46.0	11.0	2.0	4.0	8.9	.1	2.0	13.0	100.0
2004	12.4	45.3	11.1	1.2	5.5	9.5	.1	2.7	12.2	100.0

⁽¹⁾ Includes General, Debt Service, and Special Revenue Funds.

⁽²⁾ Figures provided by the City of Dallas, Controller's Office, Financial Reporting Section.

Unaudited – See accompanying independent auditors' report

TABLE 4

CITY OF DALLAS, TEXAS

GENERAL REVENUES BY SOURCE ⁽¹⁾ (UNAUDITED)
(in thousands)
LAST TEN FISCAL YEARS⁽³⁾

Fiscal Year	Ad Valorem Tax	Sales Tax	Gross Receipts Tax	Licenses and Permits	Inter-governmental	Service to Others	Fines and Forfeitures	Interest	Other	Total
1995	\$285,041	\$151,148	\$83,043	\$2,819	\$40,244	\$82,966	\$22,085	\$8,203	\$13,361	\$688,910
1996	294,370	164,550	85,389	2,877	46,265	87,329	22,810	8,958	14,012	726,560
1997	308,050	173,032	88,314	2,870	52,859	84,615	26,077	8,644	15,243	759,704
1998	327,100	188,817	92,433	2,878	56,459	83,977	30,018	7,373	20,455	809,510
1999	353,195	195,402	94,848	2,979	59,109	101,007	31,977	6,251	24,805	869,573
2000	375,377	216,933	96,802	2,972	53,546	107,588	34,327	13,141	26,112	926,798
2001	403,373	210,749	124,801	2,881	55,484	110,095	36,251	9,276	35,238	988,148
2002	428,703	194,133	122,029	2,804	77,576	122,565	32,990	10,144	19,850	1,010,794
2003	451,628	183,229	115,751	3,011	57,537	131,023	32,065	8,319	22,767	1,005,330
2004	456,403	194,989	114,313	3,044	73,925	140,116	30,242	4,976	43,734	1,061,742

TABLE 5

RATIO COMPOSITION OF GENERAL REVENUES BY SOURCE ⁽¹⁾ (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year	Ad Valorem Tax	Sales Tax	Gross Receipts Tax	Licenses And Permits	Inter-governmental	Services to Others	Fines and Forfeitures	Interest	Other	Total
1995	41.5	21.9	12.1	.4	5.9	11.8	3.2	1.2	2.0	100.0
1996	40.1	22.6	11.8	.4	6.4	12.0	3.1	1.2	2.4	100.0
1997	40.5	22.8	11.6	.4	7.0	11.1	3.4	1.2	2.0	100.0
1998	40.4	23.3	11.4	.4	7.0	10.4	3.7	0.9	2.5	100.0
1999	40.6	22.5	10.9	.3	6.8	11.6	3.7	0.7	2.9	100.0
2000	40.5	23.4	10.4	.4	5.8	11.6	3.7	1.4	2.8	100.0
2001	40.8	21.3	12.6	.3	5.6	11.1	3.7	0.9	3.7	100.0
2002	42.7	18.4	11.6	.3	7.5	11.7	3.1	0.8	3.9	100.0
2003	45.0	17.8	11.2	.3	5.7	12.7	3.2	1.5	2.6	100.0
2004	43.2	18.0	10.6	.3	7.1	13.3	2.8	1.1	3.6	100.0

⁽¹⁾ Includes General, Special Revenue, and Debt Service Funds.

⁽²⁾ Figures provided by the City of Dallas, Controller's Office- Financial Reporting Section.

Unaudited – See accompanying independent auditors' report

TABLE 6

CITY OF DALLAS, TEXAS

SECTION TWO: ASSESSMENTS AND TAXES
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (UNAUDITED)
(per \$100 assessed valuation)
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>City⁽¹⁾</u>	<u>School⁽¹⁾</u>	<u>County⁽²⁾</u>	<u>DCED⁽³⁾</u>	<u>Hospital⁽²⁾ District</u>	<u>Junior⁽²⁾ College</u>	<u>Total</u>
1995	.6744	1.4181	.2024	---	.1996	.0521	2.5466
1996	.6722	1.4181	.2161	---	.1996	.0521	2.5581
1997	.6701	1.4605	.2100	---	.1941	.0521	2.5868
1998	.6516	1.4605	.1972	---	.1799	.0500	2.5392
1999	.6491	1.4605	.1960	---	.1960	.0500	2.5516
2000	.6675	1.4605	.1960	---	.1960	.0500	2.5700
2001	.6675	1.5478	.1960	---	.2540	.0600	2.7253
2002	.6675	1.5475	.1960	---	.2540	.0600	2.7250
2003	.6998	1.5875	.1960	---	.2540	.0600	2.7973
2004	.6998	1.6395	.2039	---	.2540	.0778	2.8750

TABLE 7

PROPERTY TAX LEVIES (UNAUDITED)
(in thousands)
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>City⁽¹⁾</u>	<u>School⁽²⁾</u>	<u>County⁽²⁾</u>	<u>Hospital⁽²⁾ District</u>	<u>Junior⁽²⁾ College</u>	<u>Total</u>
1995	\$283,404	\$488,239	\$177,705	\$158,566	\$39,934	\$1,147,848
1996	294,362	506,833	171,705	158,566	41,707	1,173,173
1997	307,435	546,880	175,624	162,307	43,895	1,236,141
1998	327,091	578,794	191,259	174,462	49,783	1,321,389
1999	353,459	635,513	208,048	208,098	54,584	1,459,702
2000	374,529	697,791	208,084	204,064	53,822	1,538,290
2001	401,692	856,940	242,377	344,100	76,722	1,921,831
2002	435,333	849,703	241,309	312,690	76,700	1,915,735
2003	465,252	889,178	248,896	322,522	76,099	2,001,947
2004	465,379	948,740	264,290	329,229	107,927	2,115,565

(1) Figures provided by the City of Dallas, Operating Budget Division.

(2) Figures provided by the Dallas County Tax Office

Unaudited – See accompanying independent auditors' report

TABLE 8

CITY OF DALLAS, TEXAS

PROPERTY TAX REVENUES (UNAUDITED)
(in thousands)⁽¹⁾
LAST TEN FISCAL YEARS

Fiscal Year	Current Tax Levy	Current Taxes	Revenues			Percent of Current Tax Levy	Accumulated Delinquent Taxes	
			Percent of Current Tax Levy Collected During Year	Prior Year Taxes	Total		Amount	Percent of Current Levy
1995	\$283,404	\$274,486	96.85	\$6,964	\$281,450	99.31	\$29,989	10.58
1996	294,362	285,247	96.90	5,581	290,828	99.80	30,428	10.34
1997	307,435	298,029	96.94	6,235	304,264	98.97	31,240	10.16
1998	327,091	315,457	96.44	7,229	322,686	98.65	33,167	10.14
1999	353,459	342,041	96.77	6,716	348,757	98.67	38,091	10.78
2000	374,529	365,496	97.59	5,830	371,327	99.15	40,511	10.85
2001	401,692	392,675	97.76	5,033	397,708	99.01	29,894	7.44
2002	435,333	418,117	96.05	5,766	423,883	97.37	33,195	7.63
2003	465,252	446,947	96.06	5,275	452,202	97.19	38,087	8.19
2004	465,379	448,923	96.46	6,536	455,459	97.87	38,897	8.36

TABLE 9

ASSESSED AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY (UNAUDITED)
(in thousands)⁽¹⁾
LAST TEN TAX YEARS

Tax Year	Property Value		Percentage of Taxable Value to Estimated Market Value
	Taxable Value	Estimated Market Value	
1995	\$44,382,238	N/A	N/A
1996	46,078,636	55,346,928	83.3
1997	50,198,483	59,812,828	83.9
1998	54,453,754	62,528,586	87.1
1999	56,109,157	68,592,128	81.8
2000	60,178,612	73,759,701	81.6
2001	65,218,426	80,550,940	81.0
2002	66,483,637	83,264,266	79.8
2003	66,501,655	83,780,949	79.4
2004	67,579,878	85,663,158	78.9

⁽¹⁾ Figures provided by the City of Dallas, Operating Budget Division.

Unaudited – See accompanying independent auditors' report

TABLE 10

CITY OF DALLAS, TEXAS

SPECIAL ASSESSMENT COLLECTIONS ⁽¹⁾ (UNAUDITED)
(in thousands) LAST TEN FISCAL YEARS ⁽³⁾

<u>Fiscal Year</u>	<u>Current Assessments Due ⁽²⁾</u>	<u>Current Assessments Collected</u>	<u>Collections As Percentage of Amount Due</u>	<u>Total Outstanding Assessments</u>
1995	\$1,416	\$1,044	73.7	\$4,345
1996	1,412	990	70.1	4,073
1997	970	634	65.4	3,525
1998	1,083	1,136	104.9	3,757
1999	843	898	106.5	844
2000	706	1,076	152.4	1,689
2001	743	929	125.0	1,547
2002	806	906	112.4	4,546
2003	515	609	118.2	7,971
2004	597	641	107.3	11,718

⁽¹⁾ Special assessment collections are accounted for in the Capital Project Funds.

⁽²⁾ These are estimated current assessments due.

⁽³⁾ Figures provided by City of Dallas.

Unaudited – See accompanying independent auditors' report

PRINCIPAL TAXPAYERS ⁽¹⁾ (UNAUDITED)

<u>Principal Taxpayers</u>	<u>Type of Business</u>	<u>2004 Total Taxable Value (in \$ 000's)</u>	<u>Percentage of Total Assessed Valuation</u>
Raytheon/Texas Instruments	Electronics Manufacturer	\$1,233,143	1.82%
SBC Communications, Inc.	Telephone Utility	1,015,224	1.50%
Texas Utilities	Electric Utility	769,623	1.14%
Crescent Real Estate	Real Estate/Developer	610,798	0.90%
Southwest Airlines	Air Transportation	474,533	0.70%
Trammell Crow/Anatole Partners	Developer	286,718	0.42%
PC Village Apartments	Developer	226,733	0.34%
Post Apartment Homes	Real Estate/Developer	201,207	0.30%
Galleria Mall Investors LP	Developer	197,474	0.29%
Trizec/Trizechahn Properties	Developer	<u>187,318</u>	<u>0.28%</u>
		<u>\$5,202,771</u>	<u>7.69%</u>

⁽¹⁾ These figures are based on name searches of the 2004 City of Dallas certified tax roll.

Unaudited – See accompanying independent auditors' report

CITY OF DALLAS
SECTION THREE: LONG-TERM DEBT
RATIOS OF NET GENERAL LONG-TERM DEBT TO ASSESSED VALUE
AND NET GENERAL LONG-TERM DEBT PER CAPITA (UNAUDITED)
(in thousands)
LAST TEN FISCAL YEARS⁽¹⁾

TABLE 12

Fiscal Year	Population	Assessed Value	<u>Net General Long-term Debt</u>		Less Sinking Fund	<u>Net General Long-term Debt</u>	
			Total	Net		Percentage Of Assessed Value	Per Capita
1995	1,030	\$ 44,382,238	\$639,531 ⁽²⁾	\$6,057	\$633,474	1.43	615.02
1996	1,039	45,078,636	643,539 ⁽³⁾	3,477	640,062	1.42	616.04
1997	1,047	50,198,183	644,873 ⁽⁴⁾	3,282	641,591	1.28	612.79
1998	1,052	54,453,754	651,998 ⁽⁵⁾	5,758	646,240	1.19	614.30
1999	1,075	56,109,157	700,167 ⁽⁶⁾	3,760	696,407	1.24	647.82
2000	1,083	60,178,612	694,591 ⁽⁷⁾	5,018	689,573	1.15	636.72
2001	1,200	65,218,430	773,403 ⁽⁸⁾	15,120	758,283	1.16	631.90
2002	1,208	66,483,637	791,213 ⁽⁹⁾	7,747	783,466	1.18	648.56
2003	1,211	66,501,655	739,543 ⁽¹⁰⁾	9,837	729,706	1.09	601.20
2004	1,215	67,579,878	852,222	15,992	836,230	1.24	688.25

⁽¹⁾ Figures provided by the City of Dallas, Controller's Office, Financial Reporting Section, and the North Central Texas Council of Governments.

⁽²⁾ Includes \$10,956 accreted interest on capital appreciation bonds excluding General Obligation Bonds of \$4,135 recorded in the Enterprise Funds (Convention Center).

⁽³⁾ Includes \$12,704 accreted interest on capital appreciation bonds excluding General Obligation Bonds of \$3,401 recorded in the Enterprise Funds (Convention Center).

⁽⁴⁾ Includes \$14,617 accreted interest on capital appreciation bonds excluding General Obligation Bonds of \$2,685 recorded in the Enterprise Funds (Convention Center).

⁽⁵⁾ Includes \$16,710 accreted interest on capital appreciation bonds excluding General Obligation Bonds of \$1,998 recorded in the Enterprise Funds (Convention Center).

⁽⁶⁾ Includes \$18,999 accreted interest on capital appreciation bonds excluding General Obligation Bonds of \$1,343 recorded in the Enterprise Funds (Convention Center).

⁽⁷⁾ Includes \$21,503 accreted interest on capital appreciation bonds excluding General Obligation Bonds of \$767 recorded in the Enterprise Funds (Convention Center).

⁽⁸⁾ Includes \$24,242 accreted interest on capital appreciation bonds excluding General Obligation Bonds of \$259 recorded in the Enterprise Funds (Convention Center).

⁽⁹⁾ Includes \$19,572 accreted interest on capital appreciation bonds excluding General Obligation Bonds of \$165 recorded in the Enterprise Funds (Convention Center).

⁽¹⁰⁾ Includes \$5,488 accreted interest on capital appreciation bonds excluding General Obligation Bonds of \$84 recorded in the Enterprise Funds (Convention Center).

TABLE 13

CITY OF DALLAS, TEXAS

LEGAL DEBT MARGIN
September 30, 2004 (UNAUDITED)
(in thousands)

Assessed Value	<u>\$67,579,878</u>
Constitutional and Charter Debt Limit: 10% of Assessed Value ⁽¹⁾	\$ 6,757,988
Amount of Debt Applicable to Debt Limit: General Long-term Debt	<u>852,222</u> ⁽²⁾
Legal Debt Margin	<u>\$ 5,905,766</u>

CITY TAX RATE DISTRIBUTION (UNAUDITED)
LAST FIVE FISCAL YEARS
(Per \$100 of Assessed Value)

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
General Fund	\$0.5483	\$0.5243	\$0.5111	\$0.4780	\$0.4723
Debt Service Fund	<u>0.1714</u>	<u>0.1755</u>	<u>0.1887</u>	<u>0.1895</u>	<u>0.1952</u>
Total City Tax Rate	<u>\$0.7197</u>	<u>\$0.6998</u>	<u>\$0.6998</u>	<u>\$0.6675</u>	<u>\$0.6675</u>

⁽¹⁾ Chapter XXI, Section 3 of the City of Dallas Charter states, "The maximum bonded indebtedness of the City outstanding at any one time, and payable from taxation, shall not exceed 10% of the total assessed valuation of property shown by the last assessment roll of the City." (p. 79)

⁽²⁾ Includes \$5,488 accreted interest on capital appreciation bonds excluding General Obligation Bonds of \$84 recorded in the Enterprise Funds (Convention Center).

Unaudited – See accompanying independent auditors' report

CITY OF DALLAS, TEXAS

DIRECT AND OVERLAPPING DEBT (UNAUDITED)
September 30, 2004
(in thousands, except ratio data)

	Net General Long- Term Debt	Percentage ⁽¹⁾ of Debt Applicable to City of Dallas	Overlapping Bonded Debt
City of Dallas	\$834,280 ⁽²⁾	100.00%	\$834,280
City Place Tax Increment Financing District	14,905	100.00	14,905
Dallas Public Schools	916,584	90.69	831,250
County of Dallas	212,547	54.25	115,307
Dallas County Community College District	43,125	54.25	23,395
Denton County	130,778	1.67	2,184
Collin County	248,690	7.51	18,677
Collin County Community College District	44,040	7.51	3,307
Other Independent School Districts	3,250,871	13.37	<u>434,698</u>
Total Direct and Overlapping G. O. Tax Debt			<u>\$2,278,003</u>
Ratio of Direct and Overlapping G. O. Tax Debt to Taxable Assessed Valuation			3.37%
Per Capita Overlapping G. O. Tax Debt			1,881 ⁽³⁾

(1) Source: Municipal Advisory Council of Texas.

(2) Debt, excluding accreted interest and tax increment financing district bonds repayable from ad valorem taxes.

(3) Based on 2004 population estimate of 1,214,800.

Unaudited – See accompanying independent auditors' report

TABLE 15

CITY OF DALLAS, TEXAS

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES (UNAUDITED)
(in thousands)
LAST TEN FISCAL YEARS

Fiscal Year	Debt Service		Total Debt	General Expenditures ⁽¹⁾	Ratio of Debt Service To Expenditures (Percent)
	Principal	Interest			
1995	\$46,826	\$53,545	\$100,371	\$693,008	14.5
1996	71,566	35,288	106,854	748,413	14.3
1997	72,079	34,346	106,425	775,675	13.7
1998	77,273	34,582	111,855	826,503	13.5
1999	86,690	34,880	121,570	903,709	13.5
2000	86,129	38,391	124,520	956,201	13.0
2001	85,692	37,495	123,187	1,021,913	12.1
2002	82,081	50,150	132,231	1,039,278	12.8
2003	92,654	33,867	126,521	1,045,948	12.1
2004	90,256	38,226	128,482	1,065,148	12.0

⁽¹⁾ Includes General, Special Revenue, and Debt Service Funds.

Unaudited – See accompanying independent auditors' report

CITY OF DALLAS, TEXAS

DALLAS WATER UTILITIES REVENUE BOND COVERAGE (UNAUDITED)
 YEAR ENDED SEPTEMBER 30, 2004
 (in thousands)

Net Revenues

Cash receipts:	
Customer charges	\$347,807
Interest earned	8,443
Other receipts	190
Total cash receipts	<u>356,440</u>
Operating disbursements:	
Personal services	70,497
Supplies and materials	71,592
Contractual and other services	59,983
Operating transfers	(504)
Total operating disbursements	<u>201,568</u>
Net revenues available for debt service	<u>\$154,872</u>

Reconciliation to Net Income

Net Income	\$ 61,729
Add (deduct):	
Depreciation/amortization	64,641
Net increase in fair value of investments	1,866
Cash generated from non-revenue sources	48
Interest expense	47,836
Street Rental & Equipment Notes	14,499
Payment of contractual obligations	(12,211)
Accrued items – receivables	(3,186)
- capital contributions	(17,489)
- personal services	1,427
-supplies and materials	(4,647)
-other expenses	<u>359</u>
Net revenues available for debt service	<u>\$154,872</u>

Annual Principal and Interest Requirements

Maximum future year (2005)	\$123,220
Average of all future years (2005-2030)	\$68,492

Revenue Bond Coverage

Maximum	1.26
Average	2.26

Notes:

1. Revenue bond ordinances under which all Water Utilities revenue bonds are issued require a level of net revenues for the preceding year ended September 30 (or 12 consecutive months out of the last 15) equal to at least 1.25 times average annual principal and interest requirements of outstanding and proposed additional revenue bonds as a condition for issuance of additional bonds ("revenue bond coverage"). A Rate Covenant stated in the same ordinances requires the City to maintain Water Utilities customer service rates and charges which are sufficient each year to produce net revenues at least equal to 1.25 times maximum annual principal and interest requirements scheduled in any future year, and to pay all Water Utilities operation and maintenance expenses and other obligations.
2. In computing net revenues available for debt service, the term "net revenues of the system" as used in Water Utilities revenue bond ordinances is interpreted as cash basis receipts less operating disbursements.

Unaudited – See accompanying independent auditors' report

CITY OF DALLAS, TEXAS

DALLAS WATER UTILITIES REVENUE BOND COVERAGE (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2004
(in thousands)
LAST TEN FISCAL YEARS

The following table provides historical data pertaining to revenue bond coverage of maximum year principal and interest requirements at September 30 for each of the last ten years:

<u>Fiscal Year</u>	<u>Cash Receipts</u>	<u>Operating Disbursements</u>	<u>Net Cash Available For Debt Service</u>	<u>Maximum Year Requirements</u>			<u>Coverage of Maximum Year</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1995	\$274,080	\$140,769	\$133,311	\$52,145	\$39,845	\$91,990	1.45
1996	307,895	146,603	161,292	59,780	34,596	94,376	1.71
1997	301,390	149,881	151,509	60,080	44,492	104,572	1.45
1998	325,748	156,850	168,898	63,185	40,914	104,099	1.62
1999	326,565	161,046	165,519	66,260	46,245	112,505	1.47
2000	355,121	178,330	176,791	65,025	46,208	111,233	1.59
2001	347,086	185,206	161,880	63,500	43,765	107,265	1.51
2002	336,167	192,539	143,628	65,010	45,182	110,192	1.25
2003	333,407	187,547	141,930	59,565	50,252	109,817	1.29
2004	356,440	201,568	154,872	65,550	57,670	123,220	1.26

Additional Notes:

3. In August, 2004, the Dallas City Council authorized a ten-year commercial paper program for Dallas Water Utilities, to increase the Series B Notes to an aggregate principal amount of \$200,000 and increase the Series C Notes to an aggregate principal amount of \$100,000, including an additional coverage provision encompassing the requirements of commercial paper, with a required minimum coverage of 110%. Coverage under this provision was 116% as of September 30, 2004.
4. Revenue bond ordinances relating to Water Utilities require maintenance of reasonable insurance for coverage, and annual reporting of compliance. The City's property insurance program satisfies ordinance requirements. As of September 30, 2004, all insurance premiums have been paid to the insurer as they became due. The City does not purchase public liability insurance; however, a funded self-insurance liability program is maintained for claims for which the City is liable. For projects under construction, the contractor is required to carry appropriate insurance and provide satisfactory evidence to the City.
5. On December 2003, the City issued Waterworks and Sewer System Revenue Refunding and Improvement bonds Series 2003A in the principal amount of \$164,000, to retire \$123,037 in commercial paper notes (\$121,593 issued in FY03 and \$1,444 issued in FY04) to provide approximately \$41,000 in additional construction funds and \$405 for issuance cost. A bid premium of \$5,240 was realized by the City.

Unaudited – See accompanying independent auditors' report

CITY OF DALLAS, TEXAS

SECTION FOUR: MISCELLANEOUS STATISTICAL DATAPROPERTY VALUE, CONSTRUCTION (UNAUDITED)
(in thousands, except for unit data)
LAST TEN YEARS

<u>Year</u>	Non-residential Construction ⁽¹⁾	Residential Construction ⁽¹⁾		Real Property Value
	<u>Values</u>	<u>Units</u>	<u>Values</u>	<u>Taxable</u> ⁽²⁾
1995	\$267,638	4,451	\$365,461	\$44,382,238
1996	402,128	3,956	357,057	46,078,636
1997	427,077	5,574	494,122	50,198,483
1998	557,563	7,236	698,687	54,453,754
1999	3,383,012	9,696	1,141,683	56,109,157
2000	1,130,032	4,340	587,041	60,178,612
2001	630,390	5,662	523,627	65,218,426
2002	360,296	3,452	593,453	66,483,637
2003	429,130	8,473	620,896	66,501,655
2004	1,423,680	2,732	731,877	67,579,878

⁽¹⁾ The estimated non-residential and residential construction values are from the City of Dallas, Development Services Department. The figures are based on fiscal years.

⁽²⁾ These figures are based on tax years.

Unaudited – See accompanying independent auditors' report

TABLE 18

CITY OF DALLAS, TEXAS

POPULATION STATISTICS ⁽¹⁾ (UNAUDITED)
 1930-2004
POPULATION TRENDS

Year	Dallas Corporate Limits		Dallas County	Dallas-Ft. Worth SMSA ⁽²⁾		Dallas-Ft. Worth CMSA ⁽³⁾	
	Population	Sq. Mi.		Population	Population	Population	Population
1930	260,475	45.11	325,691	775,999			
1940	294,734	45.59	398,564	867,965			
1950	434,462	117.59	614,799	1,211,139			
1960	679,684	277.07	951,527	1,739,054		1,715,905	
1970	844,401	296.49	1,327,695	2,379,164		2,352,318	
1980	904,078	377.97	1,556,385	2,978,459		2,933,293	
1981	905,350	377.60	1,571,350	3,023,700			
1982	916,050	377.60	1,597,200	3,100,500			
1983	938,250	377.60	1,644,000	3,207,500			
1984	947,950	377.60	1,701,750	3,439,200		3,376,350	
1985	935,150 ⁽³⁾	376.30	1,714,900	3,459,700		3,403,350	
1986	941,700	377.95	1,752,050	3,603,750		3,543,850	
1987	951,150	377.97	1,781,475	3,714,700		3,653,837	
1988	960,850	377.97	1,820,650	3,844,250		3,778,250	
1989	971,100	337.93	1,836,400	3,892,950		3,824,650	
1990	1,006,877	377.95	1,852,810	3,949,075		3,885,415	
1991	1,007,120	377.99	1,858,341	3,975,208		3,911,500	
1992	1,015,944	384.03	1,873,850	4,020,478		3,956,730	
1993	1,013,550	378.40	1,882,400	4,076,600		4,012,450	
1994	1,023,400	378.40	1,911,200	4,334,500		4,108,150	
1995	1,030,150	378.40	1,921,400	4,298,650		4,115,445	
1996	1,039,100	378.40	1,949,500	4,363,800		4,296,500	
1997	1,047,350	378.40	1,976,600	4,592,375		4,411,275	
1998	1,052,300	378.40	2,004,200	4,625,850		4,545,650	
1999	1,075,100	378.40	2,046,585	4,854,135		4,770,935	
2000	1,188,580	378.10	2,218,889	5,311,922		5,222,029	
2001	1,199,809	378.10	2,244,768	5,479,777		5,387,307	
2002	1,208,300	378.40	2,268,150	5,453,500		5,357,500	
2003	1,211,000	378.40	2,285,600	5,598,250		5,499,100	
2004	1,214,800	378.40	2,295,800	5,738,600		5,636,300	

⁽¹⁾ Information for this table is from the North Central Texas Council of Governments, as of January 1 of each year; U.S. Bureau of the Census; and City of Dallas Planning Department. The land area of Dallas County is approximately 906.95 square miles. All 2000 numbers are from the Bureau of the Census; 2000 Census of Population.

⁽²⁾ The Dallas-Ft. Worth SMSA includes Dallas, Collin, Denton, Ellis, Hood, Johnson, Kaufman, Parker, Rockwall, Tarrant, Wise and Hunt Counties.

⁽³⁾ The CMSA reflects federal guidelines. Developed in 1984, it only includes ten counties, deleting Hood and Wise from the former SMSA designation. Information prior to 1960 is not available.

TABLE 18
(CONTINUED)

CITY OF DALLAS, TEXAS

POPULATION STATISTICS ⁽¹⁾ (UNAUDITED)
1930-2004

NET CHANGE IN POPULATION

Year	Dallas Corporate Limits		Dallas County		Dallas -- Ft. Worth SMSA ⁽²⁾		Dallas -- Ft. Worth CMSA ⁽³⁾	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
1930-1940	34,259	13.2	72,873	22.4	91,966	11.9		
1940-1950	139,728	47.4	216,235	54.3	343,174	39.5		
1950-1960	245,222	56.4	336,728	54.8	527,915	43.6		
1960-1970	164,717	24.2	376,168	39.5	640,110	36.8		
1970-1980	59,677	7.1	228,690	17.2	599,295	25.2		
1981	1,272	0.1	14,960	1.0	45,241	1.5		
1982	10,700	1.2	25,850	1.6	76,800	2.5		
1983	22,200	2.4	46,800	2.9	107,000	3.5		
1984	9,700	1.0	57,750	3.5	231,700	7.2		
1985	(12,800) ⁽⁴⁾	(1.4)	13,150	0.8	20,500	0.6	27,000	0.8
1986	6,550	0.7	37,150	2.2	144,050	4.2	140,550	4.1
1987	9,450	1.0	29,425	1.7	110,950	3.1	109,987	3.1
1988	9,700	1.0	39,175	2.2	129,550	3.5	124,413	3.4
1989	10,250	1.1	15,750	.9	48,700	1.3	46,400	1.2
1990	35,777	3.7	16,410	.9	56,125	1.4	60,765	1.6
1991	243	0.0	5,531	.3	26,133	.7	26,085	.7
1992	8,824	0.8	15,509	.8	45,270	1.1	45,230	1.1
1993	(2,394)	(0.2)	8,550	.5	56,122	1.0	55,720	1.0
1994	9,850	0.9	28,800	1.5	257,900	5.9	95,700	2.3
1995	6,750	0.7	10,200	0.5	(35,850)	(0.8)	7,295	0.2
1996	8,950	0.9	28,100	1.5	65,150	1.5	181,055	4.4
1997	8,250	0.8	27,100	1.4	228,575	5.2	114,775	2.7
1998	4,950	0.5	27,600	1.4	33,475	0.7	134,375	3.0
1999	22,800	0.3	42,385	2.1	228,285	4.9	225,285	5.0
2000	113,480	10.6	172,304	8.4	457,787	9.4	451,094	9.5
2001	11,229	0.9	25,879	1.2	167,855	3.2	165,278	3.2
2002	10,720	0.9	29,550	1.3	152,907	2.9	148,000	2.8
2003	2,700	0.2	17,450	0.8	144,750	2.7	141,600	2.6
2004	3,800	0.3	10,200	0.5	140,350	2.5	137,200	2.5

⁽⁴⁾ Information released on births, deaths, and migration from the State Department of Health and Human Services, and the Internal Revenue Service, indicates that the growth of population within the City of Dallas and the region as a whole has not kept pace with the construction of housing. Additional information on local occupancy rates and household sizes confirms this finding. Household sizes have been adjusted downward for the period 1980 to 1986, in accordance with Bureau of Census trends and local survey findings. As a result of the revised household sizes, the 1986 estimates are not directly comparable to previously published estimates.

CITY OF DALLAS, TEXAS

DEMOGRAPHIC STATISTICS (UNAUDITED)
 LAST TEN FISCAL YEARS
 (Unemployment rate is a percentage)

<u>Fiscal Year</u>	<u>Population</u> ⁽¹⁾	<u>Labor Force</u> ⁽²⁾	<u>Unemployment Rate (Percent)</u> ⁽²⁾	<u>School Enrollment</u> ⁽³⁾
1995	1,030,150	599,261	6.2	148,976
1996	1,039,100	641,718	6.4	154,485
1997	1,047,350	648,349	4.8	157,747
1998	1,052,300	664,885	4.0	159,842
1999	1,068,800	682,115	4.1	159,990
2000	1,083,500	699,136	3.3	166,144
2001	1,199,809	714,839	5.9	163,763
2002	1,208,300	723,555	8.5	163,327
2003	1,211,300	710,155	8.8	160,400
2004	1,214,800	695,848	7.4	161,261

⁽¹⁾ Figures were provided by the North Central Texas Council of Governments (NTCCOG).

⁽²⁾ Figures were provided by the Department of Labor.

⁽³⁾ Figures were provided by the Dallas Public Schools.

Unaudited – See accompanying independent auditors' report

TABLE 20

CITY OF DALLAS, TEXAS

ADDITIONAL MISCELLANEOUS STATISTICAL DATA (UNAUDITED)

Date of Incorporation
1856

Date of Adoption of City Charter
1907

Form of Government - Original Charter amended in 1930 to establish
Council-Manager form of government, effective May 1, 1931.

Registered Voters - City of Dallas	637,698
- Dallas County (2002)	1,185,105

City of Dallas Employees:	
Civil Service	10,337
Non-civil Service	<u>1,802</u>
Total	12,139

Fire Protection:	
Number of Stations	55
Number of Employees:	
Uniformed	1,685.2
Civilian	255.4

Police Protection:	
Number of Stations	6
Number of Employees:	
Uniformed	2,930.4
Civilian	647.3

Building Permits:	
Permits issued	34,845
Estimated Value	\$2,129,229,005

	<u>Park Properties Owned or Leased</u>	<u>Total Park Properties Used</u>
Recreation:		
Parks	379	379
Park Acres	17,494	17,494
Miles of trails (jogging, hiking & biking)	91	91
Number of lakes	18	18
Swimming pools	26	26
Athletic fields (soccer, football, baseball & rugby)	260	260
Tennis centers	5	5
Number of tennis courts	87	87
Neighborhood Tennis Courts	171	171
Multi-use courts	153	153
Golf courses (18 hole)	6	6
Recreation centers (community)	45	45
Street Lights		83,263
Streets (miles):		
Paved		11,469
Graded		11

Unaudited – See accompanying independent auditors' report