

# CITY OF DALLAS, TEXAS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

### FOR FISCAL YEAR ENDED SEPTEMBER 30, 2011





# **CITY OF DALLAS, TEXAS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT For Fiscal Year Ended September 30, 2011**

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

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**CITY OF DALLAS, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2011**

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# **INTRODUCTORY SECTION**



*“Dallas, the City that works:  
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Honorable Mayor and City Council  
City of Dallas, Texas

May 14, 2012

### Introduction

We are pleased to present the City of Dallas (The City) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2011. This report was prepared by the City Controller's Office. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

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

Grant Thornton LLP has issued an unqualified ("clean") opinion on the City of Dallas financial statements for the fiscal year ended September 30, 2011. The independent auditors' report is located at the front of the financial section of this report.

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

### General Information

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

The financial statements of the City of Dallas include all activities, organizations, and functions for which the City is financially accountable. The City provides the full range of municipal services established by statute or charter. These include public safety (police and fire), streets, sanitation, human services, culture and recreation, public improvements,

planning and zoning, and general administrative services. In addition to general government activities, the Dallas Water Utilities, Airport Revenues, Convention Center, Municipal Radio and several other enterprise and internal service fund activities are a part of the City's legal entity. Eighteen tax-increment-financing districts are also included in the City's reporting entity.

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 as blended component units. The Love Field Airport Modernization Corporation (LFAMC) is also a separate legal entity included in the City's reporting entity as a blended component unit. It was created to facilitate the reconstruction of Love Field Airport with modern, convenient air travel facilities. More information regarding the LFAMC is included in Note 10 (I) and (J).

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

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

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

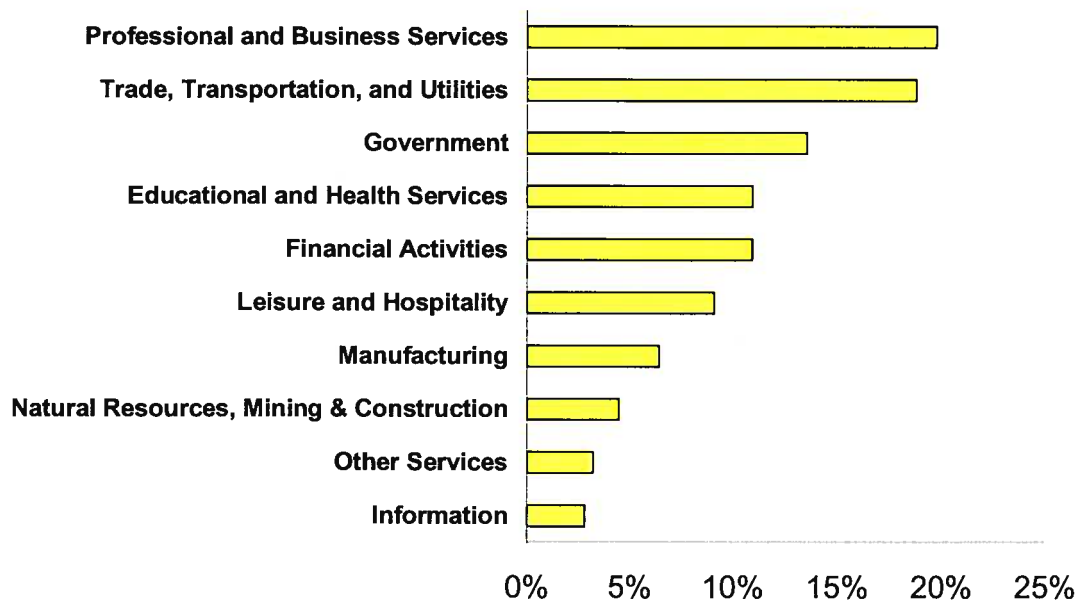


## Economic Condition and Outlook

The City of Dallas is the largest local economy in the nation's fourth largest metropolitan area. The City is home to over one million jobs and 65,000 businesses (Dun & Bradstreet). Dallas monthly payroll employment estimate averaged 1,055,000 for FY 2011. While this was a 1.6 percent increase over the FY 2010 estimate, job growth has not returned to FY 2009 levels. Dallas' diverse industry employment mix continues to dampen negative effects of the last recession and generally aid in steady and progressive local economic improvement. (Figure 1.)

Monthly sales tax revenue continued to increase for same month, prior year comparison since fiscal year 2010, and produced net growth for fiscal year 2011. Indicators, such as the unemployment rate, job change and housing values, reflect Dallas' continued better performance when compared to peer cities and the nation to the extent that the Brookings Institute ranks Dallas as one of the strongest economies nationally. Dallas' overall employment growth is expected to be better than the nation's over the next several years (U.S. Bureau of Labor Statistics).

Figure 1  
Dallas Employment by Industry



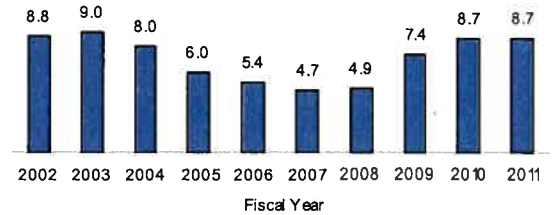
The Dallas monthly labor force (Dallas residents only) averaged 575,286 during fiscal 2011. A monthly average of 49,939 residents were unemployed over this time. Dallas' unemployment has remained below the U.S. average for nearly four years. (U.S. Bureau of Labor Statistics). Dallas' employment base uses a large inventory of business facilities including over 136 million square feet of office space, 209 million square feet of industrial/flex space, and 77 million square feet of retail space (CoStar).

The following charts highlight Dallas' major economic indicators, most of which were affected negatively by the economy in 2011 which is a typical lagging pattern for local governments coming out of a recession.

## Unemployment

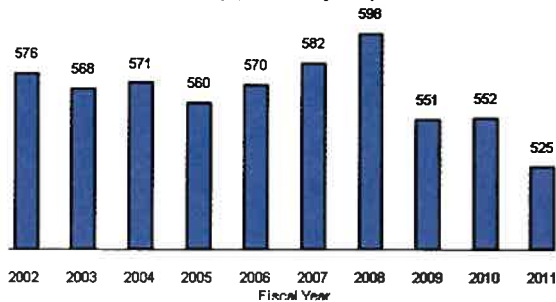
Average monthly unemployment in Dallas remained at 8.7 percent in fiscal year 2011, moving in tandem with, but below the national rate. The U.S. rate averaged 9.2 percent in fiscal year 2011. (Source: U.S. Bureau of Labor Statistics – non-seasonally adjusted values).

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



## Employment

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

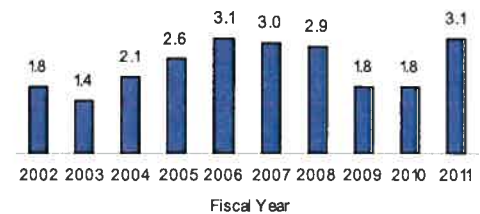


The number of employed Dallas residents decreased during the year. Approximately 525,000 Dallas residents were working in fiscal year 2011. (Source: U.S. Bureau of Labor Statistics).

## Construction Activity

The annual value of construction permits grew to \$3.1 billion. This includes a combination of new and redeveloped projects throughout the city, including a large number of hospital projects. The multifamily market also saw more activity last year. (Source: Department of Sustainable Building and Development).

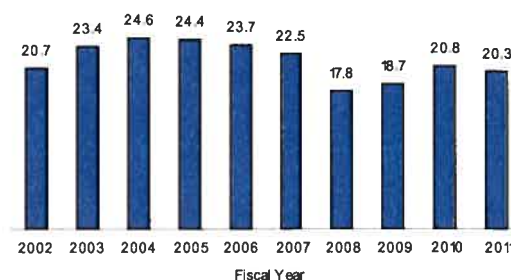
**Figure 4. Dallas Building Activity (\$ billions)**



## Office Vacancy

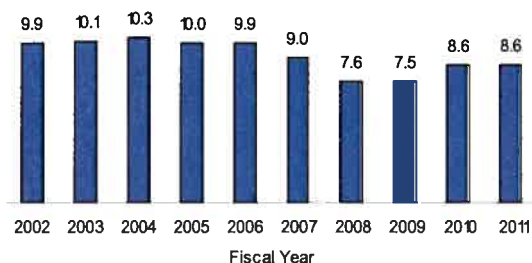
Office vacancy rates were relatively flat in fiscal year 2011; however, there was modest improvement in the office vacancy rate from fiscal year 2009 to fiscal year 2010. While the local economy experienced small employment gains, professional and financial services industries remain hesitant to expand and per-worker space demands continue to fall. (Source: CoStar).

Figure 5. Dallas Office Vacancy Rate (percent)



## Industrial Vacancy

Figure 6. Dallas Industrial Vacancy Rate (percent)

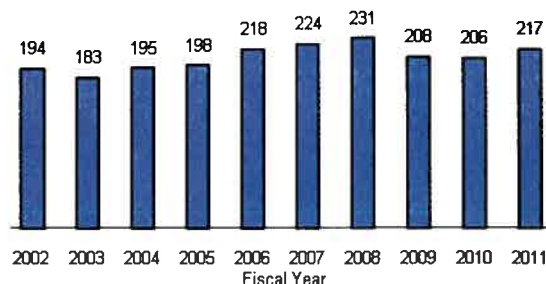


The industrial vacancy rate was flat in fiscal year 2011 at 8.6 percent. Despite the economic growth in manufacturing and distribution activity, Dallas has increased its production without increasing its demand for industrial space and only marginally increasing manufacturing employment. (Source: CoStar).

## Sales Tax

Fiscal year 2011 total revenues grew to \$217 million. This is an increase after two consecutive years of decline in the wake of the national recession. (Source: City of Dallas Office of Financial Services).

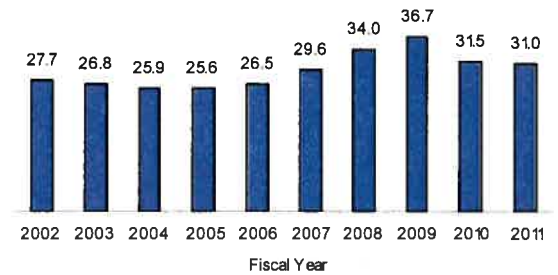
Figure 7. Dallas Sales Tax Revenue (\$ millions)



## Commercial Property

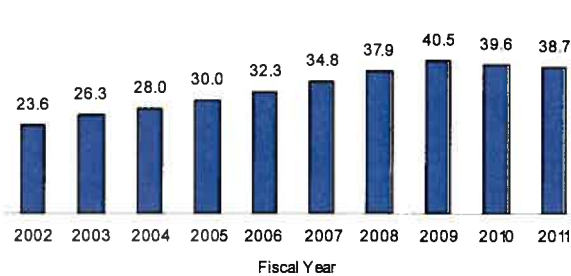
Dallas' real commercial tax base was relatively flat at \$31 billion. Lack of relative change in commercial vacancy rates reflect adjustments in demand for space coming out of the recession. (Source: Certified Tax Rolls, Office of Financial Services).

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



## Residential Property

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

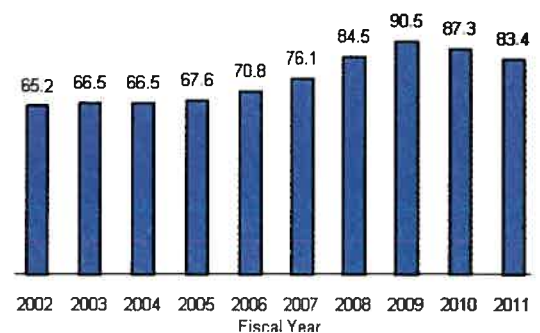


Residential tax base decreased to \$38.7 billion in fiscal year 2011 from \$39.6 billion in fiscal year 2010. Dallas did not see a severe property valuation bubble like most U.S. cities. Dallas' relatively better performance reflects continued in-migration and a diverse housing stock that can accommodate various household needs. (Source: Certified Tax Rolls, Office of Financial Services).

## Total Property

Total taxable value of property decreased to \$83.4 billion in 2011. (Source: Certified Tax Rolls, Office of Financial Services).

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





## Economic Development Strategy

In 2011, Dallas' economy continued to outperform peer cities across the U.S. This can be attributed to a diverse local economy, lack of a severe real estate collapse, and continued favorable migration to the region. Dallas' development strategy also contributed positively to the way the local economy responded to the recession. A coordinated effort since 2005 has strengthened the downtown housing market, promoted industrial development in Southern Dallas and facilitated the relocation of major national corporations to the City. The City continued to monitor the changing national economic condition and identified remaining gaps that need to be addressed in the next strategic plan.

Dallas' existing plan is best summarized by two objectives. One, create a thriving urban economy centered on an expanded downtown, connected to revitalized in-town neighborhoods and the rest of the city through transit. Two, increase Dallas' share of global and regional trade (including retail, wholesale and logistics). Implementation continued on five geographically-focused catalyst initiatives. These initiatives include: the expanded downtown, the University of North Texas at Dallas, the International Inland Port of Dallas, transit-oriented-development and the Trinity River Corridor Project. In addition to these efforts, the City maintains a full complement of development services to recruit and retain businesses, redevelop neighborhoods and market Dallas nationally and globally. The remainder of this economic overview summarizes progress on each of these major initiatives. During 2011, the City began an update of its development strategy that will bring greater focus on Southern Dallas, Downtown, and both small and large business development.

### Expanded Downtown

At the end of fiscal year 2011, 5,481 residential units were either available or under construction in the Central Business District (CBD) supporting an estimated downtown residential population of almost 7,000. Downtown also continues its growth of corporate relocations and business expansions. TRT Holdings (owner of Gold's Gym and Omni Hotels) relocated its headquarters from the suburbs, constituting a 200 job increase and investment of \$32 million within the CBD. PFSweb-Priority Fulfillment Services, Inc. opened a call center with 600 employees downtown (a \$2M Investment)

### University of North Texas Dallas

With the completion of its second academic building, Fall 2011 enrollment at the University of North Texas Dallas campus exceeded 2,040, with full-time enrollment exceeding 1,100 students. The new campus is expected to ultimately enroll 25,000 students. The City completed a final draft of an area plan for the surrounding undeveloped acreage as part of its comprehensive land use strategy. The plan accommodates a university town urban development, research and other commercial operations. The campus area includes two DART light rail stations in the transit agency's 2030 master plan.

## International Inland Port of Dallas (IIPOD)

During 2011, progress continued at the IIPOD, a major logistics hub in the southeast quadrant of the City. The current long range infrastructure plan completion is projected for August 2012. The plan, jointly funded by Dallas and neighboring cities, will guide capital investments over the life of the project. Approximately 2,500 acres of land within the City limits have become the gateway to a major distribution hub that will exceed 60 million square feet of industrial and warehouse space at build out. Of the 8 million square feet of warehouse space constructed, over 7 million square feet has been absorbed. Additionally, over 130 City of Dallas residents are enrolled in a logistics workforce development program.

## Transit-Oriented Development (TOD)

Dallas' count of DART rail stations remained at 44 in fiscal year 2011 after completion of the Green Line. Serving the southeast and northwest quadrants of the city, development projects are in the proposal stage for several stops along the Green Line, and mixed-use developments have already opened near some stations even before service began. Additional light-rail service connecting the City with the rest of region is on-going with construction of the Orange line. This line starts at the existing Bachman Station with phases 1 and 2 extending in to Irving during fiscal year 2012 and eventually ending at Dallas-Fort Worth Airport in 2014.

## Trinity River Corridor Project

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

Besides flood protection, great strides were made in the areas of recreation and transportation as well. Three projects have been completed (Rochester Gateway Park Improvements and Trinity Trails Phases 1 & 2). Four additional projects were still under construction as of September 30, 2011 (Margaret Hunt Hill Bridge, Standing Wave, Santa Fe Trestle Trail, and Pavaho Pump Station). Multiple other recreational, flood control and transportation projects are in the design phase.

## Financial Information

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

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

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

Annually, each department is required to conduct a self-assessment of internal controls. The results of these assessments are reported to the City Manager with an action plan to correct any identified deficiencies. The City Auditor reviews, on a sample basis, the departments' internal control evaluations each year to ensure the integrity of the program and provide constructive comments for improvement.

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

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

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

#### Major Initiatives

The major initiatives during fiscal year 2011 were to continue maintaining the City's commitment to public safety, while living within the financial means of the City, focusing municipal management on core services, while shrinking government, finding efficiencies and positioning the City for recovery, investing in the City's infrastructure

and economic development projects to grow the tax base, and continuing the commitment to be a “green” organization.

Other Information

*Awards.* The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dallas for its CAFR for the fiscal year ended September 30, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

*Acknowledgments.* We wish to take this opportunity to thank the Mayor and each member of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

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

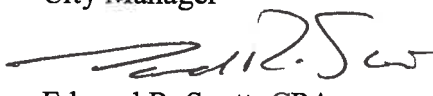
Respectfully submitted,



Mary K. Suhm  
City Manager



Jeanne Chipperfield  
Chief Financial Officer



Edward R. Scott, CPA  
City Controller



# CITY OF DALLAS

## FISCAL YEAR 2010 - 11 ELECTED OFFICIALS



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

Mayor Pro Tem Pauline Medrano - *District 2*  
 Deputy Mayor Pro Tem Tennell Atkins - *District 8*  
 Carolyn R. Davis - *District 7*  
 Delia D. Jasso - *District 1*  
 Scott Griggs - *District 3*  
 Dallas Mayor Mike Rawlings  
 Ann Margolin - *District 13*  
 Vonciel Jones Hill - *District 5*

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

Dwaine R. Caraway - *District 4*  
 Sandy Greyson - *District 12*  
 Jerry R. Allen - *District 10*  
 Sheffie Kadane - *District 9*  
 Angela Hunt - *District 14*  
 Monica R. Alonzo - *District 6*  
 Linda Koop - *District 11*



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

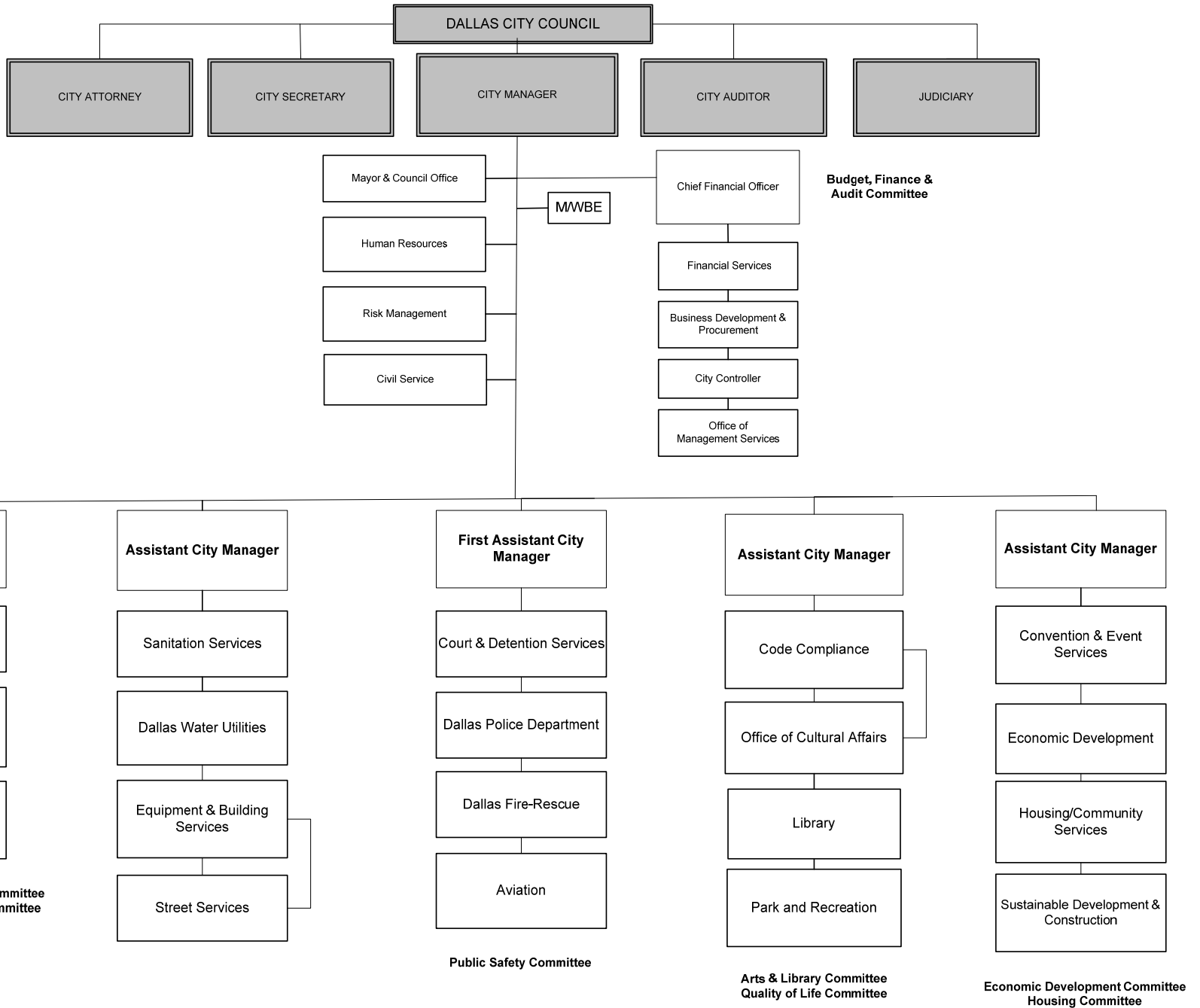
**CITY MANAGER**



Mary K. Suhm

# City of Dallas Organizational Chart

## September 30, 2011



# 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, 2010

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.



*Linda C. Sandson*

President

*Jeffrey R. Emer*

Executive Director



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

# **FINANCIAL SECTION**



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



## Report of Independent Certified Public Accountants

Audit • Tax • Advisory

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Dallas, TX 75201-4667

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[www.GrantThornton.com](http://www.GrantThornton.com)

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dallas, Texas (the City), as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dallas Police and Fire Pension System and Supplemental Police and Fire Pension Plan of the City of Dallas, which are blended component units which represent 41%, 47% and 30%, respectively, of the assets, net assets and revenues of the aggregate remaining fund information. We also did not audit the financial statements of the Dallas Housing Finance Corporation, the Dallas Housing and Acquisition Development Corporation, and the Dallas Development Fund, which are discretely presented component units which represent 0%, 3% and 10%, respectively, of the assets, net assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based on the reports of the other auditors. We also did not audit the financial statements of Dallas/Fort Worth International Airport, a joint venture, which is disclosed in Note 6.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.



In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dallas, Texas, as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2012 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 12, and the Schedules of Funding Progress on pages 94 and 95 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

GRANT THORNTON LLP

Dallas, Texas  
May 14, 2012

**CITY OF DALLAS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
SEPTEMBER 30, 2011  
(Unaudited)

As management of the City of Dallas (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2011. The City's management's discussion and analysis is designed to (1) assist the reader in focusing on significant issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual major fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter, which can be found on pages v-xiv of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

**FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by approximately \$5 billion (net assets).
- The City's governmental activities net assets increased by \$138 million while the business-type activities net assets increased by \$135 million.
- As of the close of fiscal year 2011, the City's governmental funds reported combined ending fund balances of \$812 million, a decrease of \$99 million in comparison to the prior year fund balance.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$83 million, or approximately 9% of the total general fund expenditures, including transfers out.
- The City's governmental long-term liabilities had a net decrease of \$121 million from the prior year's balance of \$2.5 billion and business-type activities increased \$345 million from the prior year's balance of \$2 billion. The decrease for governmental activities occurred primarily from debt service principal payments during the fiscal year and a lower worker's compensation claims liability. During the fiscal year, the City issued \$142 million of general obligation bonds, \$18 million in equipment acquisition obligations, and \$78 million in pension obligation refunding bonds (allocated between governmental and enterprise funds). The City also issued \$239 million in water works and sewer revenue bonds.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

The business-type activities of the City include water utilities, convention center, airport, municipal radio and building inspections. The aviation revenue fund includes the activities of the Love Field Airport Modernization Corporation (LFAMC), a blended component unit. The government-wide financial statements reflect not only the activities of the City itself (known as the primary government), but also those of the five separate legal entities for which the City is financially accountable – Housing Finance Corporation, the Housing Acquisition and Development Corporation, Dallas Development Fund, the Downtown Dallas Development Authority (DDDA), and the Convention Center Hotel Corporation, which are reported as discretely presented component units separately from the primary government itself.

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

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

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

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

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

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

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

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

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

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

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

**CITY OF DALLAS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 SEPTEMBER 30, 2011  
 (Unaudited)

**Notes to the Basic Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found immediately following the basic financial statements. The notes to the financial statements can be found on pages 32-93 of this report.

**Other Information:** In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other post employment benefits to City employees. Required supplementary information can be found on pages 94 and 95 of this report. The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds, internal service funds, and discretely presented component units are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 100-126 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The City's combined net assets were approximately \$5 billion as of September 30, 2011. Analyzing the net assets of governmental and business-type activities separately, the business-type activities net assets were approximately \$3 billion and the governmental activities were approximately \$2 billion. This analysis focuses on the assets, liabilities, and net assets (Table 1) and changes in revenues and expenses (Table 2) of the City's governmental and business-type activities.

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

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 1,368,525	\$ 1,466,323	\$ 997,005	\$ 851,389	\$ 2,365,530	\$ 2,317,712
Capital assets	3,217,883	3,119,139	4,996,438	4,657,514	8,214,321	7,776,653
Total assets	4,586,408	4,585,462	5,993,443	5,508,903	10,579,851	10,094,365
Long-term liabilities	2,344,440	2,465,037	2,734,897	2,390,141	5,079,337	4,855,178
Other liabilities	167,394	183,951	209,993	205,509	377,387	389,460
Total liabilities	2,511,834	2,648,988	2,944,890	2,595,650	5,456,724	5,244,638
Net assets:						
Invested in capital assets,						
net of related debt	2,151,167	2,128,770	2,636,664	2,533,106	4,787,831	4,661,876
Restricted	188,550	73,825	172,515	184,874	361,065	258,699
Unrestricted	(265,143)	(266,121)	239,374	195,273	(25,769)	(70,848)
Total net assets	\$ 2,074,574	\$ 1,936,474	\$ 3,048,553	\$ 2,913,253	\$ 5,123,127	\$ 4,849,727

The largest portion of the City's net assets reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens, and consequently, they are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The current and other assets in governmental activities decreased primarily from a decrease in cash and cash equivalents in capital project funds for various bond projects. An additional portion of the City's net assets (9% governmental activities and 7% business-type activities) represents resources that are subject to external restrictions on how they may be used. The remaining balance in net assets is unrestricted. In governmental activities, there is a deficit unrestricted net asset balance of \$265 million as a result of long-term liabilities for items such as compensated absences, unfunded risk liabilities, other post employment benefits, landfill liability, pollution remediation, pension obligation bonds, and sales tax liability. Because of the focus on current assets and liabilities, the City's budget is developed to address the needs of current operations. The City plans to fund long term liabilities in future budgets as those liabilities consume current assets. Unrestricted net assets in business-type activities are \$239 million.

**CITY OF DALLAS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 SEPTEMBER 30, 2011  
 (Unaudited)

**Analysis of the City's Operations**

The following table provides a summary of the City's operations for the year ended September 30, 2011. Governmental activities net assets increased by \$138 million and business-type activities increased the City's net assets by \$135 million. Key elements of these changes in net assets are as follows:

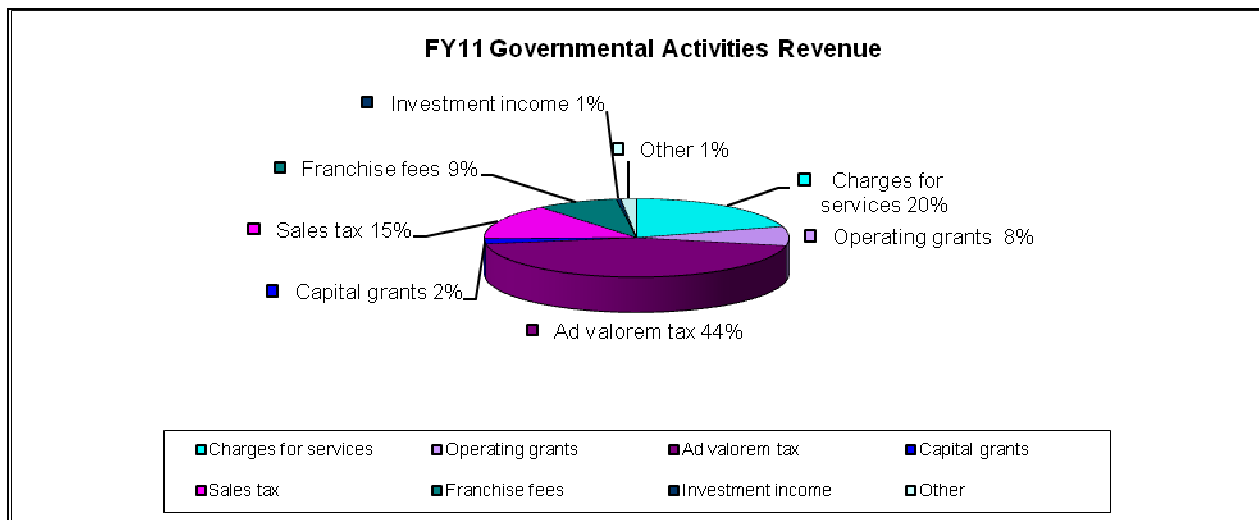
	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 303,360	\$ 307,430	\$ 635,492	\$ 567,216	\$ 938,852	\$ 874,646
Operating grants and contributions	118,369	104,839	-	-	118,369	104,839
Capital grants and contributions	32,267	342,031	33,754	30,519	66,021	372,550
General revenues:						
Ad valorem tax	659,400	637,304	-	-	659,400	637,304
Tax increment financing revenue	6,601	6,739	-	-	6,601	6,739
Sales tax	217,148	205,933	-	-	217,148	205,933
Franchise fees	128,757	123,721	-	-	128,757	123,721
Hotel occupancy tax	-	-	44,969	42,114	44,969	42,114
Motor vehicle rental tax	-	-	3,470	4,373	3,470	4,373
Alcohol beverage tax	-	-	7,656	7,398	7,656	7,398
Investment income	6,830	9,045	4,439	4,097	11,269	13,142
Other	18,252	20,531	887	1,057	19,139	21,588
Total revenues	<u>1,490,984</u>	<u>1,757,573</u>	<u>730,667</u>	<u>656,774</u>	<u>2,221,651</u>	<u>2,414,347</u>
<b>Expenses:</b>						
General government	180,347	193,144	-	-	180,347	193,144
Public safety	640,010	658,225	-	-	640,010	658,225
Streets, street lighting, sanitation	175,984	156,411	-	-	175,984	156,411
Environmental and health services	23,304	12,128	-	-	23,304	12,128
Public works and transportation	59,553	52,285	-	-	59,553	52,285
Equipment and building services	26,848	27,194	-	-	26,848	27,194
Culture and recreation	128,323	139,581	-	-	128,323	139,581
Housing	7,849	17,298	-	-	7,849	17,298
Human services	32,911	34,018	-	-	32,911	34,018
Interest on long-term debt	93,542	90,822	-	-	93,542	90,822
Dallas water utilities	-	-	420,488	425,750	420,488	425,750
Convention center	-	-	75,985	77,056	75,985	77,056
Airport revenues	-	-	63,209	43,760	63,209	43,760
Municipal radio	-	-	3,121	3,031	3,121	3,031
Building inspection	-	-	16,777	16,659	16,777	16,659
Total expenses	<u>1,368,671</u>	<u>1,381,106</u>	<u>579,580</u>	<u>566,256</u>	<u>1,948,251</u>	<u>1,947,362</u>
Increase (decrease) in net assets before transfers	122,313	376,467	151,087	90,518	273,400	466,985
Transfers	15,787	21,508	(15,787)	(21,508)	-	-
Increase (decrease) in net assets	138,100	397,975	135,300	69,010	273,400	466,985
Net assets - beginning of year	1,936,474	1,538,499	2,913,253	2,844,243	4,849,727	4,382,742
Net assets - end of year	<u>\$ 2,074,574</u>	<u>\$ 1,936,474</u>	<u>\$ 3,048,553</u>	<u>\$ 2,913,253</u>	<u>\$ 5,123,127</u>	<u>\$ 4,849,727</u>

**CITY OF DALLAS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
SEPTEMBER 30, 2011  
(Unaudited)

**Governmental Activities**

Governmental activities net assets increased \$138 million during fiscal year 2011. Total revenues and transfers decreased \$272 million, or 15% from fiscal year 2010. Significant changes in revenue include the following:

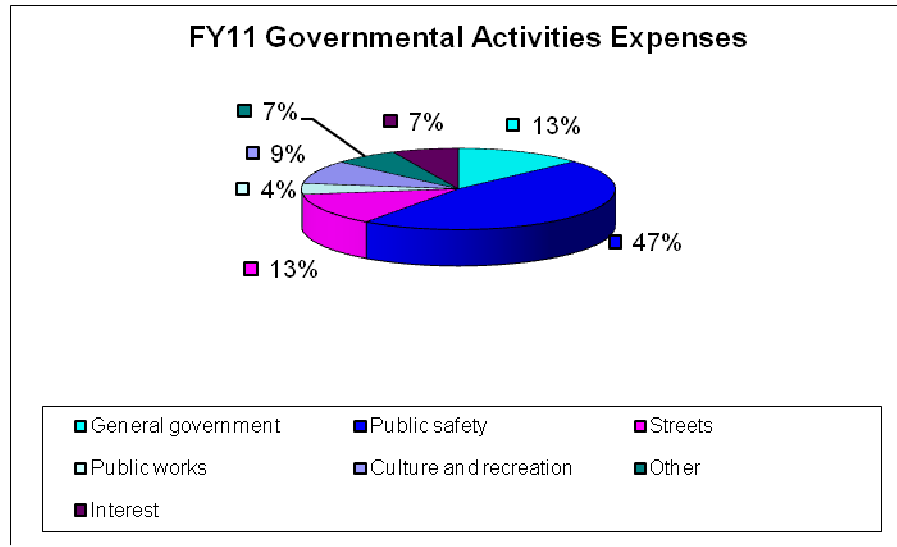
- Ad Valorem Tax revenues increased \$22 million due to a rate increase from \$0.7479 to \$0.7970.
- Sales tax revenue increased \$11 million due to an improvement in the economy, which resulted in increased discretionary customer spending.
- Operating grants and contributions increased \$14 million primarily from additional revenue received for the following programs: energy efficiency and alternative fuel program, community development, residential weatherization assistance program for energy efficiency, and urban area security initiative.
- Capital grants and contributions decreased \$310 million due to the capital contribution of the performing art center for \$332 million in the previous fiscal year.
- Investment income decreased \$2 million or 24% due to a decline in interest rates. The yield on investments was 0.66% at September 30, 2011 and 0.83% at September 30, 2010.



Total governmental activities expenses decreased approximately \$12 million, less than 1%, from fiscal year 2010. The most significant portion of expenses related to governmental activities is the cost of personnel. A discussion of major changes in governmental activity expenses follows:

- Public safety government expenses decreased by \$18 million primarily due a reduction in overtime pursuant to the meet and confer agreement for uniform employees.
- General government expenses decreased by \$13 million or 7%, primarily from cost saving strategies due to budget constraints. The City also recognized less administration fees from the JAG grants during the fiscal year.
- The streets, street lighting, sanitation, and code enforcement activities of the City incurred \$176 million in expenses, an increase of \$20 million, or 13% from the prior fiscal year. The increase resulted primarily from street and transportation improvements, including asphalt and concrete street repair, mowing and street sweeping, and TXDOT row maintenance.
- Public works and transportation expenses increased \$7 million or 14%, primarily from an increase in depreciation expense from additional completed projects during the fiscal year.
- Environmental and health services expenses increased \$11 million during the fiscal year from the following grants: Homeless Opportunities with AIDS, CDBG, Homeless Assistance Center, and MLK Trust.
- Cultural and recreation expenses decreased \$11 million or 8% during the fiscal year. The decrease was due to a reduction of library, park and recreation, and cultural affair services and personnel. Additional reductions occurred from decreased library contractual services such as security expenses and equipment rental.

**CITY OF DALLAS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 SEPTEMBER 30, 2011  
 (Unaudited)



**Business-type Activities**

Business-type activities net assets increased \$135 million during fiscal year 2011. Total revenues increased \$74 million from fiscal year 2010. Significant changes in revenues include the following:

- During fiscal year 2011, airport revenues from customer charges and passenger facility charges increased by \$5 million, primarily from landing and international arriving fees, fuel flow fees, and security badge fees. Capital contributions increased from federal grant revenues and tenant contributions and a contribution of a cargo building from Southwest Airlines. Additional increases resulted from Federal Aviation Administration (FAA) grants for the Lovefield Modernization Program (LFMP) apron and hydrant fueling system projects and Transportation Security Administration (TSA) grant for the LFMP Advance Surveillance program.
- During fiscal year 2011, Dallas Water Utilities customer charges increased \$57 million from a rate increase on October 1, 2010 for retail water of 3.1% and wholesale water of 1.7%.
- Convention Center customer charges increased \$2 million from the previous fiscal year primarily from the increase of contract services for food and beverage revenues, additional contract services revenue, and convention center parking revenue from an increase in events held.
- Building inspection charges for services increased \$4 million from the previous fiscal year primarily from building permit applications for significant projects.

Total business-type activities expenses increased by \$13 million during the fiscal year, primarily from increased supplies and materials. The following expense items contributed to changes in expenses during fiscal year 2011:

- Airport contractual services increased from project costs for the Love Field Modernization Program and advance surveillance program.
- Dallas Water Utilities personnel services decreased due to water and sewer maintenance crews, workers compensation, health insurance, and pension contributions. Contractual and other services decreased due to lower electric charges and lower consulting charges.
- Dallas Water Utilities transfers out increased for payment in lieu of taxes to support economic initiatives of the City.

**Financial Analysis of the Government's Funds**

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

**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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**CITY OF DALLAS, TEXAS**  
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(Unaudited)

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$812 million, a decrease of \$99 million in comparison with the prior fiscal year. Approximately \$83 million constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted, committed, or assigned to indicate that it is not available for new spending because it is 1) nonspendable in form or required to be maintained intact; 2) restricted for a specific purpose by constitution, external resource providers, or through enabling legislation; 3) committed by a formal action of Council for a specific purpose; or 4) assigned and intended to be used by the government for a specific purpose for contracts and purchase orders of the prior period.

The general fund is the chief operating fund of the City. At the end of fiscal year 2011, unassigned fund balance of the general fund was \$83 million while total fund balance was \$121 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 9% of total general fund expenditures and transfers out, while total fund balance represents 12% of that same amount.

The City's general fund balance increased \$29 million during fiscal year 2011, primarily from increases in ad valorem tax and sales tax revenue. Ad valorem taxes increased \$18 million due to a rate increase from \$0.7479 to \$0.7970. Sales tax revenue increased \$11 million due to improvements in the economy.

The debt service fund had a total fund balance of \$6 million at September 30, 2011 restricted for the payment of debt service. The increase in debt service fund balance during the current year of \$1 million was primarily from an increase in ad valorem tax and a decrease in debt service payments.

**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 \$90 million, Convention Center was \$81 million and Airport Revenues was \$61 million. The total change in net assets was an increase of \$100 million in Dallas Water Utilities, an increase of \$379 thousand in Convention Center and an increase of \$28 million in Airport Revenues Fund. Factors regarding the finances of these funds have already been addressed in the discussion of the City's business-type activities.

**General Fund Budgetary Highlights**

During the fiscal year, the final amended revenue budget increased less than 1% from the original budget primarily to estimate additional fines and forfeitures revenue. Final budgeted expenses and interfund transfers increased \$3 million from the original budget primarily from higher than expected elections expenditures and sanitation fuel expenditures.

Actual budgetary basis revenues and transfers in increased by \$50 thousand, less than 1% from final budgeted amounts. The most significant increases were from higher than anticipated sales tax revenue, ad valorem revenue, and franchise fees, offset by decreases in interfund transfers. Actual budgetary expenditures and transfers out decreased \$14 million from the final amended budget, because the City continued a restrictive hiring policy and a plan to reduce expenditures during the fiscal year. Significant decreases occurred in the police department from higher than expected retirements, 9-1-1 operations, communication expenditures, and sanitation expenditures.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of September 30, 2011, the City had \$8 billion invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, and water and sewer lines. (See Table 3) This amount represents a net increase of \$438 million or 6% over the prior fiscal year.



**CITY OF DALLAS, TEXAS**  
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**Table 3**  
**Capital Assets**  
**(Net of Accumulated Depreciation, in thousands)**

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	\$ 461,019	\$ 444,934	\$ 224,730	\$ 219,371	\$ 685,749	\$ 664,305
Artwork	49,090	48,972	-	-	49,090	48,972
Construction in progress	362,628	283,631	637,326	388,309	999,954	671,940
Water Rights	-	-	255,264	259,036	255,264	259,036
Buildings	801,289	814,656	899,703	878,481	1,700,992	1,693,137
Improvements other than buildings	373,883	365,286	198,400	184,363	572,283	549,649
Infrastructure assets	1,033,054	1,016,069	252,271	248,294	1,285,325	1,264,363
Equipment	136,920	145,591	170,513	182,622	307,433	328,213
Utility Property	-	-	2,358,231	2,297,038	2,358,231	2,297,038
Totals	<u>\$ 3,217,883</u>	<u>\$ 3,119,139</u>	<u>\$ 4,996,438</u>	<u>\$ 4,657,514</u>	<u>\$ 8,214,321</u>	<u>\$ 7,776,653</u>

Some of the major additions for fiscal year 2011 included (gross additions - in millions):

Street and Transportation Improvements	\$ 123.1
Steven's Golf Course Improvements	8.7
Community Center Development	2.8
Water and Wastewater facilities	223.6
Airport Improvements	216.5
Total	<u>\$ 574.7</u>

The City's fiscal year 2012 capital budget provides another \$597 million for capital projects, principally for two major categories: \$311 million for General Purpose Capital Improvements and \$286 million for Water Utilities Capital Improvements.

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

The Capital Improvement Program for the enterprise funds consists primarily of improvements to and/or construction of water and wastewater systems, venues for convention activities, and air transportation facilities. The transfer of enterprise revenues and the issuance of debt such as commercial paper and/or revenue bonds fund these projects.

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

### **Debt**

At fiscal year-end, the City had \$4 billion in bonds and obligation for revenue credit agreement (including accrued unpaid interest) outstanding for both governmental and business-type activities, as shown in Table 4.

**CITY OF DALLAS, TEXAS**  
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 (Unaudited)

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

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$ 1,404,720	\$ 1,510,245	\$ -	\$ -	\$ 1,404,720	\$ 1,510,245
Equipment Acquisition Obligations	42,640	44,915	-	-	42,640	44,915
Certificates of Obligation	35,700	57,730	-	-	35,700	57,730
Pension Obligation Bonds	235,509	242,951	79,763	82,285	315,272	325,236
Revenue Bonds	-	-	2,207,158	2,174,153	2,207,158	2,174,153
Obligation for revenue credit agreement	-	-	300,201	-	300,201	-
Total	<u>\$ 1,718,569</u>	<u>\$ 1,855,841</u>	<u>\$ 2,587,122</u>	<u>\$ 2,256,438</u>	<u>\$ 4,305,691</u>	<u>\$ 4,112,279</u>

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

In November 2010, the City issued General Obligation Refunding Bonds Series 2010C of \$142 million with an interest rate range of 3 to 5 percent and a final maturity of February 15, 2023. The bonds were issued to refund previously issued general obligation bonds. Proceeds of \$160.4 million were deposited with an escrow agent to be used to pay the outstanding amount of the bonds. As a result, \$150.6 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the financial statements. The refunding resulted in a difference of \$10.8 million between the net carrying amount of the old debt and the acquisition price. This difference, reported in the accompanying financial statements as a decrease to bonds payable, is being amortized to interest expense over the life of the bonds. Total debt service payments decreased by \$8.7 million as a result of the refunding. The City also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$8.2 million. The City also issued \$17.57 million in Equipment Acquisition Contractual Obligations Series 2010 with an interest rate range of 3 to 5 percent and a final maturity of August 15, 2015 for the purchase of various types of capital equipment.

Additionally, the City issued Pension General Obligation Refunding Bonds Series 2010 of \$77.7 million with an interest rate range of 0.295 to 4.66 percent and a final maturity of February 15, 2024. The bonds were issued to refund previously issued pension obligation bonds Series 2005C. Proceeds of \$77 million were deposited with an escrow agent to be used to pay the outstanding amount of the bonds. As a result, \$75 million of these bonds are considered defeased and the liability of these bonds has been removed from the financial statements. The refunding resulted in a difference of \$2 million between the net carrying amount of the old debt and the acquisition price. This difference, reported in the accompanying financial statements as a decrease to bonds payable, is being amortized to interest expense over the life of the bonds. Total debt service payments decreased by \$18.2 million as a result of the refunding. The City also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$12.5 million. The pension obligation bonds are allocated between governmental and enterprise funds.

In July 2011, Dallas Water Utilities issued Waterworks and Sewer System Revenue Bonds Series 2011 of \$239.4 million with an interest rate range of 3.0 to 5.0 percent and a final maturity of October 1, 2040. The bonds were issued to refund previously issued waterworks and sewer system bonds and to refund outstanding commercial paper used by Dallas Water Utilities to fund capital construction projects. Proceeds of \$112 million were deposited with an escrow agent to be used to pay the outstanding amount of the bonds. As a result, \$105.3 million of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the financial statements. The refunding resulted in a difference of \$6.6 million between the net carrying amount of the old debt and the acquisition price. This difference, reported in the accompanying financial statements as a decrease to bonds payable, is being amortized to interest expense over the life of the bonds. Total debt service payments decreased by \$7.9 million as a result of the refunding. The City also incurred an economic gain (difference between the present value of the old debt and new debt service payments) of \$7.5 million.

The Love Field Airport Modernization Corporation (LFAMC), a blended component unit of the City, issued \$310 million in Special Facilities Revenue Bonds during November 2010 for capital improvements at Dallas Love Field. The bonds do not constitute a debt or pledge of the faith and credit of the LFAMC or the City. At that time, the City entered into a revenue credit agreement with an airline carrier and has recorded this obligation as a liability in the financial statements. The interest rate is 5.48% and will be amortized over 30 years.

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

**CITY OF DALLAS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 SEPTEMBER 30, 2011  
 (Unaudited)

	Moody's Investors Service	Standard & Poor's	Fitch
General Obligation Bonds.....	Aa1	AA+	N/A
General Obligation Pension Bonds.....	Aa1	AA+	N/A
Revenue Bonds:			
Waterworks and Sewer System.....	Aa1	AAA	N/A
Civic Center Convention Complex.....	A1	A	N/A
Dallas Convention Center Development Corp.....	A2	A+	N/A

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

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Dallas City Council has identified key focus areas – Public Safety; Economic Vibrancy; Clean, Healthy Environment; Culture, Arts and Recreation; Education; and E3 Government, that is an efficient, effective, economical government. Property values decreased 4 percent during the current fiscal year from \$87.3 billion to \$83.5 billion. The adopted fiscal year 2011-12 tax rate of \$79.70 per \$100 valuation will remain the same as the fiscal year 2010-2011 adopted tax rate and most fees will not be increased. The fiscal year 2011-12 budget of \$2.5 billion is balanced, utilizing various cost containment strategies, service reductions, revenue enhancements, and operational efficiencies.

Retail Water and Wastewater rates were increased 5.9% in the fiscal year 2012 budget. With the multitude of water challenges across Texas, the City will continue to focus on maintaining infrastructure, conserving resources, and providing for future needs through replacement of 9,000 miles of aged water and wastewater mains; improvements at water treatment plants to improve reliability and water quality as well as increase capacity; continued water conservation efforts; and the Tarrant Regional Water District integrated pipeline project to connect Lake Palestine to Dallas' water supply system to meet future needs. In order to achieve these goals, it is necessary to implement a water rate increase.

Despite the City's challenges during a period of economic uncertainty over the past two years, the City is experiencing some improvement in economic indicators, after three years of declining revenues due to the global economic downturn. Slight improvements are noted in the housing and construction sectors. Employment remains a troubling area, with across-the-board increases in unemployment rates and slow job growth. After several years of recession, during which the City has focused on core services and reorganized to live within its means, economic stabilization is beginning to occur, as evidenced by sales tax and property tax revenues. The fiscal year 2011-2012 budget has been developed in a manner that allows the City to continue to operate within its resources; reflects the City's established priorities and maintains core services; utilizes various operational efficiencies; and continues to position the organization to seize additional recovery opportunities. The City will continue its commitment to public safety by increasing fire staffing to reduce overtime requirements and hiring new police officers to replace officers leaving the force to maintain the strength of the force. The budget is constructed to ensure the City's continued growth and prosperity while meeting residents' basic expectations of government and maintaining the Council's long range strategic plan. Guiding principles include the following: maintaining the City's commitment to public safety while living within its financial means, focusing municipal management on core services, finding additional efficiencies and seizing recovery opportunities, investing in the City's infrastructure and economic development projects to grow the tax base.

### **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 2BS, Dallas, Texas 75201.

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

As of September 30, 2011

(in thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Governmental	Business-type
<b>Assets</b>					
Cash and cash equivalents	\$ 210,528	\$ 275,040	\$ 485,568	\$ 1,576	\$ -
Other investments, at fair value	12,120	-	12,120	-	3,441
Receivables, net	178,286	82,410	260,696	43	5,687
Internal balances	(8,206)	8,206	-	-	-
Inventories, at cost	11,897	10,218	22,115	-	-
Net pension asset	306,273	105,408	411,681	-	-
Other assets	13,692	15,773	29,465	3,312	7,205
Restricted assets:					
Cash and cash equivalents	643,935	404,193	1,048,128	39,213	3,115
Other investments, at fair value	-	95,133	95,133	-	267,194
Customer assessments	-	624	624	-	-
Capital assets:					
Land	461,019	224,730	685,749	-	27,511
Artwork	49,090	-	49,090	-	-
Construction in progress	362,628	637,326	999,954	-	211,477
Water rights	-	353,910	353,910	-	-
Buildings	1,203,517	1,369,073	2,572,590	-	-
Improvements other than buildings	498,606	291,475	790,081	-	-
Equipment	550,680	536,904	1,087,584	-	-
Infrastructure assets	1,776,128	457,344	2,233,472	-	-
Utility property	-	3,155,712	3,155,712	-	-
Less accumulated depreciation	(1,683,785)	(2,030,036)	(3,713,821)	-	-
Total assets	4,586,408	5,993,443	10,579,851	44,144	525,630
<b>Liabilities</b>					
Accrued payroll	17,309	3,067	20,376	-	-
Accounts payable	46,786	26,302	73,088	215	48,246
Due to other governments	4,753	4	4,757	-	-
Contracts payable	18,128	-	18,128	-	-
Other	5,156	251	5,407	-	-
Construction accounts payable	35,552	80,463	116,015	-	-
Accrued bond interest payable	15,892	48,989	64,881	181	15,717
Commercial paper notes payable	-	36,860	36,860	-	-
Unearned revenue	23,074	1,169	24,243	74	-
Customer deposits	744	10,869	11,613	-	-
Customer construction advances	-	2,019	2,019	-	-
Noncurrent liabilities:					
Due within one year	234,204	95,060	329,264	1,913	-
Due in more than one year	2,110,236	2,639,837	4,750,073	93,517	481,300
Total liabilities	2,511,834	2,944,890	5,456,724	95,900	545,263
<b>Net assets</b>					
Invested in capital assets, net of related debt	2,151,167	2,636,664	4,787,831	-	55,976
Restricted for:					
Capital projects	76,420	-	76,420	-	-
Debt service	-	172,515	172,515	7,956	-
General government	22,582	-	22,582	-	-
Culture and recreation	62,405	-	62,405	-	-
Other purposes	19,330	-	19,330	-	-
Permanent funds - nonexpendable	7,813	-	7,813	-	-
Unrestricted	(265,143)	239,374	(25,769)	(59,712)	(75,609)
Total net assets	\$ 2,074,574	\$ 3,048,553	\$ 5,123,127	\$ (51,756)	\$ (19,633)

See accompanying notes to basic financial statements.

**CITY OF DALLAS, TEXAS**  
**STATEMENT OF ACTIVITIES**  
Year Ended September 30, 2011  
(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	\$ 180,347	\$ 100,470	\$ 11,213	\$ 4,602
Public safety	640,010	59,955	25,848	-
Streets, street lighting, sanitation and code enforcement	175,984	103,828	743	-
Environmental and health services	23,304	4	25,396	-
Public works and transportation	59,553	10,356	8,326	13,888
Equipment and building services	26,848	571	259	-
Culture and recreation	128,323	16,286	4,096	13,777
Housing	7,849	2,557	-	-
Human services	32,911	9,333	42,488	-
Interest on long-term debt	93,542	-	-	-
Total governmental activities	1,368,671	303,360	118,369	32,267
Business-type activities:				
Dallas water utilities	420,488	524,281	-	8,040
Convention center	75,985	20,640	-	-
Airport revenues	63,209	64,456	-	25,714
Municipal radio	3,121	3,008	-	-
Building inspection	16,777	23,107	-	-
Total business-type activities	579,580	635,492	-	33,754
Total primary government	1,948,251	938,852	118,369	66,021
Component units:				
Governmental	7,100	1,650	138	500
Business-type	28,005	-	-	-
Total component units	35,105	1,650	138	500

General revenues:

- Ad valorem tax
- Tax increment financing, intergovernmental revenue
- Sales taxes
- Franchise fees
- Hotel occupancy tax
- Motor vehicle tax
- Alcohol beverage tax
- Investment income
- Other

Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning of year

Net assets, end of year

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Governmental	Business-type
\$ (64,062)	\$ -	\$ (64,062)	\$ -	\$ -
(554,207)	-	(554,207)	-	-
(71,413)	-	(71,413)	-	-
2,096	-	2,096	-	-
(26,983)	-	(26,983)	-	-
(26,018)	-	(26,018)	-	-
(94,164)	-	(94,164)	-	-
(5,292)	-	(5,292)	-	-
18,910	-	18,910	-	-
(93,542)	-	(93,542)	-	-
(914,675)	-	(914,675)	-	-
-	111,833	111,833	-	-
-	(55,345)	(55,345)	-	-
-	26,961	26,961	-	-
-	(113)	(113)	-	-
-	6,330	6,330	-	-
-	89,666	89,666	-	-
(914,675)	89,666	(825,009)	-	-
			(4,812)	-
			-	(28,005)
			(4,812)	(28,005)
659,400	-	659,400	-	-
6,601	-	6,601	8,182	-
217,148	-	217,148	-	-
128,757	-	128,757	-	-
-	44,969	44,969	-	-
-	3,470	3,470	-	-
-	7,656	7,656	-	-
6,830	4,439	11,269	6	4,498
18,252	887	19,139	-	9,631
15,787	(15,787)	-	-	-
1,052,775	45,634	1,098,409	8,188	14,129
138,100	135,300	273,400	3,376	(13,876)
1,936,474	2,913,253	4,849,727	(55,132)	(5,757)
\$ 2,074,574	\$ 3,048,553	\$ 5,123,127	\$ (51,756)	\$ (19,633)

See accompanying notes to basic financial statements.

**CITY OF DALLAS, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
As of September 30, 2011  
(in thousands)

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Pooled cash and cash equivalents	\$ 86,446	\$ 5,839	\$ 87,369	\$ 179,654
Other investments, at fair value	-	-	12,120	12,120
Receivables:				
Ad valorem tax	29,376	13,158	-	42,534
Sales tax	37,031	-	-	37,031
Notes	49	-	24,307	24,356
Accounts	105,298	-	22,912	128,210
Accrued interest	405	9	2,338	2,752
Allowance for uncollectible accounts	(62,930)	(11,034)	(26,365)	(100,329)
Due from other governments	195	-	33,078	33,273
Due from other funds	8,882	-	-	8,882
Inventories, at cost	8,515	-	-	8,515
Special assessments-paving notes	-	-	4,866	4,866
Restricted cash and cash equivalents	-	-	643,935	643,935
Notes receivable from other funds	-	-	4,161	4,161
Total assets	<u>213,267</u>	<u>7,972</u>	<u>808,721</u>	<u>1,029,960</u>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Accrued payroll	15,627	-	838	16,465
Accounts payable	25,333	-	10,915	36,248
Due to other funds	268	-	9,349	9,617
Deferred revenue	46,223	1,859	8,416	56,498
Unearned revenue	1,035	-	22,033	23,068
Due to other governments	2,625	-	2,128	4,753
Construction accounts payable	-	-	35,552	35,552
Notes payable to other funds	-	-	11,644	11,644
Customer deposits	735	-	9	744
Contracts payable	-	-	18,128	18,128
Other	-	48	4,724	4,772
Total liabilities	<u>91,846</u>	<u>1,907</u>	<u>123,736</u>	<u>217,489</u>
<b>Fund balances</b>				
Nonspendable	8,515	-	11,974	20,489
Restricted	7,431	6,065	662,263	675,759
Committed	1,740	-	10,748	12,488
Assigned	20,446	-	-	20,446
Unassigned	83,289	-	-	83,289
Total fund balance	<u>121,421</u>	<u>6,065</u>	<u>684,985</u>	<u>812,471</u>
Total liabilities and fund balance	<u>\$ 213,267</u>	<u>\$ 7,972</u>	<u>\$ 808,721</u>	<u>\$ 1,029,960</u>

See accompanying notes to basic financial statements.

**CITY OF DALLAS, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS**  
As of September 30, 2011  
(in thousands)

Total fund balances - governmental funds	\$ 812,471
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Amounts reported for governmental activities in the statement of net assets are different because:

Net pension assets are not financial resources and therefore are not reported in the funds. These are:

Net Pension Asset	306,273
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	459,323	
Artwork	49,090	
Construction in progress	360,863	
Infrastructure assets	1,774,306	
Buildings	1,199,082	
Improvements other than buildings	497,617	
Equipment	394,290	
Accumulated depreciation	(1,544,631)	
Total capital assets	3,189,940	3,189,940

Bond issuance costs, reported as an expenditure in governmental funds, are allocated as an expense over the life of the debt on a full accrual basis.	11,808
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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.	56,498
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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	(23,242)
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Some long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds payable, plus unamortized bond premium and accretion	1,944,287	
Capital leases	6,231	
Accrued interest on bonds and notes	15,892	
Developer payable	26,019	
Arbitrage rebate payable	17	
Notes payable	5,826	
Compensated absences	116,565	
Sales tax refund	10,490	
Other postemployment benefits	103,263	
Pollution remediation	16,567	
Landfill closure & post-closure	34,017	
Total long-term liabilities	2,279,174	(2,279,174)
Net assets of governmental activities		\$ 2,074,574

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, 2011  
(in thousands)

	General	Debt Service	Nonmajor Governmental Funds	Total
Revenues:				
Ad valorem tax	\$ 429,255	\$ 213,073	\$ 17,465	\$ 659,793
Tax increment financing, intergovernmental			6,601	6,601
Sales tax	217,148	-	-	217,148
Franchise fees	128,757	-	-	128,757
Licenses and permits	5,798	-	-	5,798
Intergovernmental	6,123	-	122,277	128,400
Service to others	169,787	-	62,563	232,350
Fines and forfeits	30,683	-	8,098	38,781
Investment income	1,273	290	5,101	6,664
Contributions and gifts	-	-	22,236	22,236
Confiscated money awards	-	-	1,784	1,784
Other	2,951	2,067	687	5,705
Total revenues	<u>991,775</u>	<u>215,430</u>	<u>246,812</u>	<u>1,454,017</u>
Current expenditures:				
General government	85,716	-	76,755	162,471
Public safety	598,270	-	24,029	622,299
Streets, street lighting, sanitation and code enforcement	141,157	-	17,895	159,052
Environmental and health services	-	-	23,419	23,419
Public works and transportation	12,471	-	3,210	15,681
Equipment and building services	19,374	-	453	19,827
Culture and recreation	92,443	-	12,810	105,253
Housing	7,249	-	-	7,249
Human services	-	-	33,035	33,035
Debt service:				
Principal	3,881	148,312	-	152,193
Interest and fiscal charges	661	93,565	4,854	99,080
Capital outlay	3,279	-	204,083	207,362
Total expenditures	<u>964,501</u>	<u>241,877</u>	<u>400,543</u>	<u>1,606,921</u>
Excess (deficiency) of revenues over (under) expenditures	<u>27,274</u>	<u>(26,447)</u>	<u>(153,731)</u>	<u>(152,904)</u>
Other financing sources (uses):				
Transfers in	7,086	26,011	9,849	42,946
Transfers out	(10,180)	-	(11,318)	(21,498)
Proceeds from sale of capital assets	5,058	-	5,604	10,662
Premium on debt issued	-	19,712	1,901	21,613
General obligation bonds issued	-	142,035	17,570	159,605
Refunding bonds issued	-	58,019	-	58,019
Payment to refunded bond escrow agent	-	(217,974)	-	(217,974)
Capital lease	211	-	-	211
Total other financing sources (uses)	<u>2,175</u>	<u>27,803</u>	<u>23,606</u>	<u>53,584</u>
Net change in fund balances	29,449	1,356	(130,125)	(99,320)
Fund balances, beginning of year	<u>91,972</u>	<u>4,709</u>	<u>815,110</u>	<u>911,791</u>
Fund balances, end of year	<u>\$ 121,421</u>	<u>\$ 6,065</u>	<u>\$ 684,985</u>	<u>\$ 812,471</u>

See accompanying notes to basic financial statements.

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

Year Ended September 30, 2011  
(in thousands)

Net change in fund balances--total governmental funds \$ (99,320)

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	207,362	
Depreciation expense	(101,853)	
Net adjustment		105,509

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

Proceeds from Sale of Capital Assets	(10,662)	
Gain on Disposal of Capital Assets	9,733	
		(929)

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.

9,037

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

Debt issued:		
Premium on debt issued	(21,613)	
Refunding bonds	(58,019)	
General obligation bonds and certificates of obligation	(159,605)	
Repayments:		
Capital lease principal payment	1,052	
Sales Tax Refund Liability	822	
Note principal payment	2,007	
Payment to refunded bond escrow agent	217,974	
Bond principal payments	148,312	
Net adjustment		130,930

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Decrease in Accrued Interest Payable	4,382	
Bond issuance costs	934	
Amortization of premium, discount and refunding deferral	8,836	
Accretion on capital appreciation bonds	(9,088)	
Decrease in net pension asset	(4,835)	
Increase in other postemployment benefits	(24,472)	
Increase in pollution remediation liability	(324)	
Decrease in compensated absences	6,375	
Decrease in arbitrage rebate liability	474	
Increase in landfill closure cost	(1,204)	
Increase in developer payable	(3,355)	
Increase in capital lease	(211)	
Total adjustment		(22,488)

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.

15,361

Change in net assets of governmental activities

\$ 138,100

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, 2011

(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	\$ 435,785	\$ 435,785	\$440,922	\$ 5,137
Sales tax	204,810	204,810	215,893	11,083
Other tax and franchise revenues	119,058	119,058	125,307	6,249
Licenses and permits	9,877	9,893	9,271	(622)
Intergovernmental	6,312	6,312	5,688	(624)
Services to others	148,056	150,838	138,808	(12,030)
Fines and forfeitures	41,938	39,337	40,530	1,193
Investment income	2,413	2,413	1,203	(1,210)
Other	12,946	14,000	13,980	(20)
Total revenues	<u>981,195</u>	<u>982,446</u>	<u>\$991,602</u>	<u>9,156</u>
Expenditures:				
General government				
City attorney's office	9,944	9,944	9,684	260
City auditor's office	2,075	2,157	2,077	80
Office of financial services	1,532	1,532	1,394	138
Independent audit	772	1,072	1,072	-
Dallas central appraisal district	3,258	3,216	3,216	-
Dallas county tax collection	576	552	552	-
Non-departmental	30,666	30,697	29,995	702
City controller's office	3,558	3,558	3,245	313
City manager's office	1,496	1,546	1,567	(21)
Municipal court - Judiciary	2,964	2,964	2,755	209
Court and detention services	10,849	10,849	10,175	674
Jail contract-Lew Sterrett	8,116	8,116	8,116	-
Civil service	1,012	1,057	1,070	(13)
Sustainable development and construction	915	810	571	239
Economic development	492	540	555	(15)
Mayor and city council	3,618	3,658	3,434	224
Office of management services	2,524	2,524	2,539	(15)
Human resources	3,053	3,064	2,935	129
Business development and procurement services	2,029	2,088	2,035	53
Elections	1,092	2,790	2,786	4
City secretary's office	1,470	1,640	1,624	16
Total general government	<u>92,011</u>	<u>94,374</u>	<u>91,397</u>	<u>2,977</u>
Public safety				
Dallas police department	403,070	402,198	399,297	2,901
Dallas fire department	195,131	197,226	197,774	(548)
9-1-1 systems operations	13,912	13,912	10,187	3,725
Total public safety	<u>612,113</u>	<u>613,336</u>	<u>607,258</u>	<u>6,078</u>
Streets, street lighting, sanitation and code enforcement				
Code compliance	26,846	26,896	26,325	571
Sanitation services	72,748	73,673	70,907	2,766
Street services	48,912	49,002	48,861	141
Street lighting	17,337	17,337	17,228	109
Total streets, street lighting, sanitation and code enforcement	<u>165,843</u>	<u>166,908</u>	<u>163,321</u>	<u>3,587</u>
Public works and transportation	<u>11,875</u>	<u>11,875</u>	<u>12,017</u>	<u>(142)</u>

continued

See accompanying notes to basic financial statements.

**CITY OF DALLAS, TEXAS**  
**GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES-NON-GAAP BUDGETARY BASIS (continued)**

Year Ended September 30, 2011  
(in thousands)

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis)	Final Budget- Positive (Negative)
Trinity Watershed Management	\$ 105	\$ 276	\$ 357	(81)
Building services	20,838	20,928	20,806	122
Culture and recreation				
Library	19,591	19,591	19,485	106
Office of cultural affairs	12,530	12,680	12,581	99
Park and recreation	63,700	63,700	63,993	(293)
Total culture and recreation	95,821	95,971	96,059	(88)
Housing/Community services	7,438	7,470	7,489	(19)
Total expenditures	1,006,044	1,011,138	998,704	12,434
Excess (deficiency) of revenues over (under) expenditures	(24,849)	(28,692)	(7,102)	21,590
Other financing sources (uses):				
Interfund transfers in	30,754	32,330	\$ 23,124	(9,206)
Interfund reserved and transfers out	(13,915)	(11,647)	(10,215)	1,432
Total other financing sources (uses)	16,839	20,683	12,909	(7,774)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	(8,010)	(8,009)	5,807	13,816
Fund balances, beginning of year	90,477	65,647	111,681	-
Fund balances, end of year	<u>\$ 82,467</u>	<u>\$ 57,638</u>	<u>\$ 117,488</u>	<u>\$ 13,816</u>

See accompanying notes to basic financial statements.

**CITY OF DALLAS, TEXAS**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
As of September 30, 2011  
(in thousands)

	Business-type Activities Enterprise Funds					Governmental Activities- Internal Service Funds
	Dallas Water Utilities	Convention Center	Airport Revenues	Nonmajor Enterprise Funds	Total	
<b>Assets</b>						
Current assets:						
Pooled cash and cash equivalents	\$ 121,492	\$ 62,497	\$ 74,872	\$ 16,179	\$ 275,040	\$ 30,874
Receivables:						
Accounts	81,788	2,387	2,898	493	87,566	5,516
Taxes	-	4,844	-	-	4,844	-
Accrued interest	1,441	250	250	46	1,987	77
Allowance for uncollectibles	(14,680)	(756)	(9)	(2)	(15,447)	-
Due from other governments	-	-	3,460	-	3,460	-
Due from other funds	352	371	-	-	723	12
Prepaid items	-	-	-	-	-	29
Inventories, at cost	9,736	156	326	-	10,218	3,382
Restricted assets:						
Customer assessments	624	-	-	-	624	-
Pooled cash and cash equivalents for current debt service	120,645	-	6,955	-	127,600	-
Cash and cash equivalents Held for construction purposes	99,335	-	113,939	-	213,274	-
Customer deposits:						
Pooled cash and cash equivalents	9,834	-	-	-	9,834	-
Other	121	-	-	-	121	1,855
Total current assets	<u>430,688</u>	<u>69,749</u>	<u>202,691</u>	<u>16,716</u>	<u>719,844</u>	<u>41,745</u>
Noncurrent assets:						
Capital Assets:						
Land	82,921	87,820	53,089	900	224,730	1,696
Construction in progress	392,970	12,652	231,402	302	637,326	1,765
Water Rights	353,910	-	-	-	353,910	-
Buildings	434,280	548,178	386,278	337	1,369,073	4,435
Improvements other than buildings	72,206	68,754	150,242	273	291,475	989
Infrastructure assets	440,964	11,094	5,286	-	457,344	1,822
Equipment	461,457	40,226	31,598	3,623	536,904	156,390
Utility property	3,155,712	-	-	-	3,155,712	-
Accumulated depreciation	(1,583,474)	(237,270)	(205,977)	(3,315)	(2,030,036)	(139,154)
Total capital assets	<u>3,810,946</u>	<u>531,454</u>	<u>651,918</u>	<u>2,120</u>	<u>4,996,438</u>	<u>27,943</u>
Other noncurrent assets:						
Restricted assets:						
Pooled cash and cash equivalents for future debt service	19,247	-	18,776	-	38,023	-
Other investments						
for future debt service at fair value	72,280	22,853	-	-	95,133	-
Cash and cash equivalents held by escrow agent	15,462	-	-	-	15,462	-
Notes receivable from other funds	7,483	-	-	-	7,483	-
Net pension asset	78,250	5,597	7,321	14,240	105,408	-
Other assets	11,077	4,547	10	18	15,652	-
Total other noncurrent assets	<u>203,799</u>	<u>32,997</u>	<u>26,107</u>	<u>14,258</u>	<u>277,161</u>	<u>-</u>
Total noncurrent assets	<u>4,014,745</u>	<u>564,451</u>	<u>678,025</u>	<u>16,378</u>	<u>5,273,599</u>	<u>27,943</u>
Total assets	<u>\$ 4,445,433</u>	<u>\$ 634,200</u>	<u>\$ 880,716</u>	<u>\$ 33,094</u>	<u>\$ 5,993,443</u>	<u>\$ 69,688</u>

See accompanying notes to basic financial statements.

**CITY OF DALLAS, TEXAS**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS (continued)**  
As of September 30, 2011  
(in thousands)

	Business-type Activities Enterprise Funds					Governmental Activities- Internal Service Funds
	Dallas Water Utilities	Convention Center	Airport Revenues	Nonmajor Enterprise Funds	Total	
<b>Liabilities</b>						
Current liabilities:						
Accrued payroll	\$ 2,316	\$ 145	\$ 265	\$ 341	\$ 3,067	\$ 844
Accounts payable	13,842	4,642	7,623	195	26,302	10,538
Compensated absences	4,622	347	594	846	6,409	1,627
Due to other governments	-	4	-	-	4	-
Unearned Revenue	-	301	868	-	1,169	6
Estimated unpaid health claims	-	-	-	-	-	8,479
Estimated unpaid claims - general	-	-	-	-	-	4,399
Workers' compensation	-	-	-	-	-	9,317
Accrued interest on bonds and notes	231	16	27	42	316	-
Pension obligation bonds	1,957	140	183	356	2,636	-
Notes payable	-	1,257	223	-	1,480	-
Other	-	-	-	251	251	384
Total current liabilities	22,968	6,852	9,783	2,031	41,634	35,594
Current liabilities (payable from restricted assets):						
Construction accounts payable	66,151	-	14,312	-	80,463	-
Commercial paper notes payable	36,860	-	-	-	36,860	-
Accrued interest payable	39,657	2,061	6,955	-	48,673	-
Revenue bonds	82,330	2,205	-	-	84,535	-
Total current liabilities (payable from restricted assets)	224,998	4,266	21,267	-	250,531	-
Total current liabilities	247,966	11,118	31,050	2,031	292,165	35,594
Noncurrent liabilities:						
Notes payable	-	8,017	1,263	-	9,280	-
Revenue bonds	1,857,406	310,095	-	-	2,167,501	-
Obligation for revenue credit agreement	-	-	300,201	-	300,201	-
Accreted interest on pension obligation bonds	19,494	1,391	1,827	3,550	26,262	-
Pension obligation bonds	81,622	5,812	7,648	14,869	109,951	-
Total long-term debt	1,958,522	325,315	310,939	18,419	2,613,195	-
Other long-term liabilities:						
Estimated unpaid claims - general	-	-	-	-	-	8,914
Other postemployment benefits	14,378	872	1,786	1,774	18,810	4,159
Workers compensation	-	-	-	-	-	42,274
Customer deposits	9,862	1,007	-	-	10,869	-
Customer construction advances	2,019	-	-	-	2,019	-
Compensated absences	5,649	425	726	1,032	7,832	1,989
Total other long-term liabilities	31,908	2,304	2,512	2,806	39,530	57,336
Total noncurrent liabilities	1,990,430	327,619	313,451	21,225	2,652,725	57,336
Total liabilities	2,238,396	338,737	344,501	23,256	2,944,890	92,930
<b>Net Assets</b>						
Invested in capital assets, net of related debt	1,944,535	214,420	475,589	2,120	2,636,664	27,943
Restricted:						
Debt service	172,515	-	-	-	172,515	-
Unrestricted	89,987	81,043	60,626	7,718	239,374	(51,185)
Total net assets	\$ 2,207,037	\$ 295,463	\$ 536,215	\$ 9,838	\$ 3,048,553	\$ (23,242)

See accompanying notes to basic financial statements.

**CITY OF DALLAS, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
Year Ended September 30, 2011  
(in thousands)

	Business-type Activities Enterprise Funds					Governmental Activities- Internal Service Funds
	Dallas Water Utilities	Convention Center	Airport Revenues	Nonmajor Enterprise Funds	Total	
Operating revenues:						
Customer charges	\$ 524,281	\$ 16,254	\$ 47,578	\$ 26,115	\$ 614,228	\$ -
Charges to other City departments	-	-	-	-	-	185,866
Service to others	-	4,386	-	-	4,386	47,297
Intergovernmental	-	-	696	-	696	-
Other	-	-	1	112	113	1,088
Total operating revenues	<u>524,281</u>	<u>20,640</u>	<u>48,275</u>	<u>26,227</u>	<u>619,423</u>	<u>234,251</u>
Operating expenses:						
Personnel services	78,188	5,999	9,848	12,368	106,403	30,252
Supplies and materials	82,494	4,583	4,274	847	92,198	29,937
Contractual and other services	90,613	27,772	20,923	5,549	144,857	146,217
Depreciation	95,160	17,921	17,098	213	130,392	6,931
Total operating expenses	<u>346,455</u>	<u>56,275</u>	<u>52,143</u>	<u>18,977</u>	<u>473,850</u>	<u>213,337</u>
Operating income (loss)	<u>177,826</u>	<u>(35,635)</u>	<u>(3,868)</u>	<u>7,250</u>	<u>145,573</u>	<u>20,914</u>
Nonoperating revenues (expenses):						
Investment income	3,001	597	730	111	4,439	166
Alcohol beverage tax	-	7,656	-	-	7,656	-
Motor vehicle rental tax	-	3,470	-	-	3,470	-
Hotel occupancy tax	-	44,969	-	-	44,969	-
Passenger facility charges	-	-	16,878	-	16,878	-
Interest on bonds and notes	(74,033)	(19,710)	(11,066)	(921)	(105,730)	-
Net gain (loss) on property disposals	75	-	3	-	78	(58)
Total nonoperating revenues (expenses)	<u>(70,957)</u>	<u>36,982</u>	<u>6,545</u>	<u>(810)</u>	<u>(28,240)</u>	<u>108</u>
Income (loss) before transfers and contributions	106,869	1,347	2,677	6,440	117,333	21,022
Capital contributions	8,040	-	25,714	-	33,754	-
Transfers in	953	-	-	-	953	-
Transfers out	(15,590)	(968)	(182)	-	(16,740)	(5,661)
	<u>(6,597)</u>	<u>(968)</u>	<u>25,532</u>	<u>-</u>	<u>17,967</u>	<u>(5,661)</u>
Change in net assets	100,272	379	28,209	6,440	135,300	15,361
Net assets, beginning of year	<u>2,106,765</u>	<u>295,084</u>	<u>508,006</u>	<u>3,398</u>	<u>2,913,253</u>	<u>(38,603)</u>
Net assets, end of year	<u>\$ 2,207,037</u>	<u>\$ 295,463</u>	<u>\$ 536,215</u>	<u>\$ 9,838</u>	<u>\$ 3,048,553</u>	<u>\$ (23,242)</u>

See accompanying notes to basic financial statements.



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



**CITY OF DALLAS, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

Year Ended September 30, 2011  
(in thousands)

	Business-type Activities Enterprise Funds		
	Dallas Water Utilities	Convention Center	Airport Revenues
Cash flows from operating activities:			
Cash received from customers	\$ 503,463	\$ 22,131	\$ 47,739
Cash payments to suppliers for goods and services	(82,069)	(4,612)	(4,354)
Cash payments to employees for services	(74,285)	(6,042)	(9,342)
Cash payments for contractual services	(94,409)	(25,907)	(21,465)
Other operating cash receipts (payments)	(1,230)	770	268
Net cash provided by (used in) operating activities	251,470	(13,660)	12,846
Cash flows from non capital financing activities:			
Alcohol beverage tax	-	7,656	-
Motor vehicle tax	-	3,470	-
Hotel occupancy tax	-	44,969	-
Passenger facility charges	-	-	16,878
Principal paid on pension obligation bonds	(2,372)	(170)	(222)
Interest paid on pension obligation bonds	(3,338)	(238)	(313)
Transfers from other funds	953	-	-
Transfers to other funds	(15,590)	(968)	(182)
Net cash provided by (used in) non capital financing activities	(20,347)	54,719	16,161
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(221,793)	(11,112)	(183,222)
Proceeds from obligation for revenue credit	-	-	300,113
Proceeds from sale of revenue refunding bonds	261,214	-	-
Payment to refunding bond escrow agent	(112,035)	-	-
Principal paid on revenue bonds	(73,445)	(20,635)	(7,055)
Principal paid on notes payable and obligation for RCA	-	(1,565)	(7,594)
Interest paid on bonds	(79,313)	(17,937)	(419)
Bond issuance costs	-	-	-
Proceeds from sale of commercial paper notes	126,860	-	-
Retirement of commercial paper notes	(148,000)	-	-
Interest paid on commercial paper	(5,431)	-	-
Capital contribution	-	-	15,155
Increase in arbitrage rebate liability	-	-	-
Net cash provided by (used in) capital and related financing activities	(251,943)	(51,249)	116,978
Cash flows from investing activities:			
Purchase of investments	(22,132)	(3,953)	-
Maturity of investments	32,872	4,000	-
Investment income	4,577	858	871
Net cash provided by investing activities	15,317	905	871
Net increase (decrease) in cash and cash equivalents	(5,503)	(9,285)	146,856
Cash and cash equivalents, beginning of year	391,518	71,782	67,686
Cash and cash equivalents, end of year	\$ 386,015	\$ 62,497	\$ 214,542

See accompanying notes to basic financial statements.

Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
\$ 26,718	\$ 600,051	\$ 228,829
(1,339)	(92,374)	(27,771)
(11,886)	(101,555)	(29,203)
(5,443)	(147,224)	(158,470)
-	(192)	-
8,050	258,706	13,385
-	7,656	-
-	3,470	-
-	44,969	-
-	16,878	-
(430)	(3,194)	-
(607)	(4,496)	-
-	953	-
-	(16,740)	(5,661)
(1,037)	49,496	(5,661)
(32)	(416,159)	(1,152)
-	300,113	-
-	261,214	-
-	(112,035)	-
-	(101,135)	-
-	(9,159)	-
-	(97,669)	-
-	-	-
-	126,860	-
-	(148,000)	-
-	(5,431)	-
-	15,155	-
-	-	-
(32)	(186,246)	(1,152)
-	(26,085)	-
-	36,872	-
127	6,433	173
127	17,220	173
7,108	139,176	6,745
9,071	540,057	24,129
\$ 16,179	\$ 679,233	\$ 30,874

See accompanying notes to basic financial statements.

**CITY OF DALLAS, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (continued)**  
Year Ended September 30, 2011  
(in thousands)

	Business-type Activities Enterprise Funds		
	Dallas Water Utilities	Convention Center	Airport Revenues
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 177,826	\$ (35,635)	\$ (3,868)
Adjustments not affecting cash:			
Depreciation	95,160	17,921	17,098
Change in assets and liabilities			
(Increase) Decrease in accounts and other receivables	(14,000)	1,047	(867)
(Increase) Decrease in notes receivables from other funds	(3,098)	-	-
(Increase) Decrease in inventories	425	(29)	(80)
(Increase) Decrease in other assets	6	859	116
(Increase) Decrease in due from other governments	-	-	268
(Increase) Decrease in due from other funds	-	(1)	-
Increase (Decrease) in due to other funds	-	-	-
Increase (Decrease) in due to other governments	-	-	-
Increase (Decrease) in accounts and contracts payable	(3,885)	1,865	(542)
Increase (Decrease) in accrued payroll	(109)	(39)	(18)
Increase (Decrease) in compensated absences	(745)	(194)	(7)
Increase (Decrease) in allowance for doubtful accounts	(4,316)	(121)	(6)
Increase (Decrease) in unearned revenue	-	119	337
Increase (Decrease) in customer deposits	596	446	-
Increase (Decrease) in other post employment benefits	3,521	102	415
Increase (Decrease) in customer construction advances	89	-	-
Increase (Decrease) in other liabilities	-	-	-
Total adjustments	73,644	21,975	16,714
Net cash provided by (used in) operating activities	251,470	(13,660)	12,846
Current Assets:			
Pooled cash and cash equivalents	121,492	62,497	74,872
Pooled cash and cash equivalents for current debt service	120,645	-	6,955
Customer Deposits pooled cash and cash equivalents	9,834	-	-
Held for Construction purposes:			
Cash and cash equivalents held by escrow agent	15,462	-	-
Cash and cash equivalents	99,335	-	113,939
Pooled cash and cash equivalents for future debt service	19,247	-	18,776
Total cash and cash equivalents end of year	\$ 386,015	\$ 62,497	\$ 214,542
Noncash investing, capital, and financing activities:			
Capital contribution	8,040	-	10,559
Change in fair value of non-pooled investments	(793)	(98)	-
Change in fair value of pooled investments	221	(14)	50
Premium/discount amortization	8,851	429	64
Proceeds from pension obligation refunding bonds	14,586	1,041	1,367
Pension obligation bonds refunded	14,087	1,002	1,320
Bond issuance cost amortization	636	173	-
Accretion on capital appreciation bonds	3,943	281	369
Amortization of deferred gain/loss on refunding	2,474	1,667	3

See accompanying notes to basic financial statements.

Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
\$ 7,250	\$ 145,573	\$ 20,914
213	130,392	6,931
491	(13,329)	(5,422)
-	(3,098)	-
-	316	533
227	1,208	-
-	268	-
-	(1)	-
-	-	-
-	-	-
106	(2,456)	1,614
(9)	(175)	(30)
(229)	(1,175)	112
-	(4,443)	-
-	456	-
-	1,042	-
493	4,531	967
-	89	-
(492)	(492)	(12,234)
800	113,133	(7,529)
8,050	258,706	13,385
16,179	275,040	30,874
-	127,600	-
-	9,834	-
-	15,462	-
-	213,274	-
-	38,023	-
\$ 16,179	\$ 679,233	\$ 30,874
-	18,599	-
-	(891)	-
25	282	18
106	9,450	-
2,656	19,650	-
2,566	18,975	-
1	810	-
718	5,311	-
6	4,150	-

See accompanying notes to basic financial statements.

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

As of September 30, 2011  
(in thousands)

	Agency Funds	Pension Trust Funds (1)
<b>Assets</b>		
Pooled cash and cash equivalents	\$ 5,205	\$ -
Cash and cash equivalents	-	467,497
Receivables:		
Accounts	32	273,947
Accrued interest	18	4,148
Domestic equities	-	1,194,162
U.S. and foreign government securities	-	183,148
Domestic corporate fixed income	-	602,180
International equities and fixed income	-	405,246
Commingled index funds	-	255,126
Private equities and venture capital funds	-	151,487
Plan interest in Group Master Trust	-	3,130,438
Total assets	<u>5,255</u>	<u>6,667,379</u>
<b>Liabilities</b>		
Accounts payable	1,200	3,891
Payable for securities purchased	-	34,158
Securities lending obligation	-	368,396
Other	4,055	258,932
Total liabilities	<u>5,255</u>	<u>665,377</u>
<b>Net Assets</b>		
Held in trust for pension benefits	<u>-</u>	<u>6,002,002</u>
Total net assets	<u>\$ -</u>	<u>\$ 6,002,002</u>

(1) Information presented for the pension trust funds is as of December 31, 2010.

**CITY OF DALLAS, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
Year Ended September 30, 2011  
(in thousands)

	Pension Trust Funds (1)
Additions:	
Contributions:	
Employer	\$ 137,031
Employee	51,524
Total contributions	<u>188,555</u>
Net investment income:	
Dividends	30,251
Interest	47,864
Net depreciation in fair value of investments	330,364
Net investment loss from Group Master Trust	289,360
Securities lending income	1,407
Less investment expenses:	
Investment management fees	(10,422)
Custody fees	(150)
Consultant fees	(320)
Securities lending management fees	(281)
Total investment expenses	<u>(11,173)</u>
Net investment income	688,073
Other income	<u>888</u>
Total increases	<u>877,516</u>
Deductions:	
Benefit payments	354,306
Refund of contributions	5,290
Administrative expenses	9,737
Total deductions	<u>369,333</u>
Net increase in net assets available for benefits	508,183
Net assets held in trust for pension benefits:	
Beginning of year	<u>5,493,819</u>
End of year	<u><u>\$ 6,002,002</u></u>

(1) Information presented for the pension trust funds is as of December 31, 2010.

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

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**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 1. Summary of Significant Accounting Policies

A. General

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

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

B. Reporting Entity

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

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

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

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

Blended Component Units

Blended component units, although legally separate entities, are included as part of the primary government because they meet the above criteria as well as serve or benefit the City exclusively. The information reported for the pension trust funds is as of December 31, 2010 and the Love Field Airport Modernization Corporation (LFAMC) is as of September 30, 2011.

- **Pension Trust Funds** – The Pension Trust Funds have a December 31 year-end. The primary functions of the pension entities are investment and benefit management activities. Each board has contracted with various investment managers and banks for management of the portfolios of the plans. The City contributes on behalf of its employees to three defined benefit pension plans administered by two legally separate entities: the Employees' Retirement Fund of the City of Dallas, at 600 North Pearl Street, Suite 2450, Dallas, TX 75201; and Dallas Police and Fire Pension System, at 2301 N. Akard Road, Suite 200, Dallas, TX 75201. Complete financial statements of each plan may be obtained at the administrative offices.
- **Love Field Airport Modernization Corporation (LFAMC)** – The City created the LFAMC, a Texas nonprofit local government corporation organized under Subchapter D of Chapter 431 of the Texas Transportation Code. The Corporation was formed to serve as a conduit financing entity for the purpose of issuing bonds to promote the development of the geographic area of the City included at or in the vicinity of Love Field Airport to promote, develop, and maintain the employment, commerce, aviation activity, tourism, and economic development in the City.



**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

B. Reporting Entity (continued)

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

- Housing Finance Corporation - organized to issue tax-exempt mortgage revenue bonds to encourage low to moderate-income citizens opportunities for single-family residential home ownership.
- Housing Acquisition and Development Corporation - organized solely and exclusively for the public purpose of providing safe, affordable housing facilities for low and moderate income persons.
- Downtown Dallas Development Authority – The primary function of the Downtown Dallas Development Authority (DDDA) is to increase the property tax base in the downtown area of the city. The DDDA operates in a manner similar to other tax increment financing zones of the City, but has a separate board. Its primary purpose is to issue revenue bonds to finance major improvements by developers.
- Dallas Development Fund – organized to assist in carrying out the economic development program and objectives of the City by generating private investment capital through the New Markets Tax Credit Program to be made available for investment in low-income communities.
- Dallas Convention Center Hotel Development Corporation – organized to promote the development of the geographic area of the City included at or in the vicinity of the Dallas Convention Center, in furtherance of the promotion, development, encouragement and maintenance of employment, commerce, convention and meeting activity, tourism, and economic development in the City, including specifically, without limitation, the development and financing of a convention center hotel to be located within 1,000 feet of the Dallas Convention Center.

Entity financial statements are available for all of the above entities by contacting the City Controller's Office, 1500 Marilla, Room 2BS, Dallas, TX 75201.

Related Organizations

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

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

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

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

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

C. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

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

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following funds:

The Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

The Special Revenue Funds are used to account for proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

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

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

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

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

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

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

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

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

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

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

E. Cash and Cash Equivalents

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

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

F. Property Taxes

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

Taxes are due October 1. Full payment can be made prior to the following January 31 to avoid penalty and interest charges. Current tax collections for the year ended September 30, 2011 were 98.39 percent of the tax levy. The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per one hundred dollars of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The tax rate for fiscal year 2011 was \$0.797 per \$100 dollars of assessed valuation, \$0.5324 for general governmental services and \$0.2646 for the payment of principal and interest on general obligation long-term debt.

G. Federal and State Grants and Entitlements

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

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

H. Inventories

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

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

I. Prepaid Items

Prepaid Items are payments made to vendors for services that will benefit periods beyond September 30, 2011. Prepaid items are recorded using the consumption method and are included with other assets.

J. Restricted Assets

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

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

K. Capital Assets

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

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

The business-type activities and proprietary funds capitalize interest costs during construction. Interest capitalized in the Dallas Water Utilities fund during the year ended September 30, 2011 was \$10.9 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 beginning on the date of acquisition or the date placed in service.

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

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

Artwork is capitalized but not depreciated. These assets are maintained for public exhibition, education or research and are being preserved for future generations. The proceeds from sales of any pieces of the collection are used to purchase other items for the collection.

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

L. Compensated Absences

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

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

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

M. Risk Management

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

N. Deferred Revenue/Unearned Revenue

Deferred revenue in the governmental funds occurs when potential revenue does not meet both the "measurable" and "available" criteria for recognition. Receivables that will not be collected within the available period are reported as deferred revenue on the fund financial statements and reclassified to revenue on the government-wide financial statements. Unearned revenue is recognized when cash has been received prior to the City earning this revenue.

O. Long-term Obligations

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

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

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

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

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

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

Q. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund level balance sheets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Short-term and long-term interfund loans are classified as notes receivable or payable from other funds with interest rates ranging from 1.5%-4.25%.

R. Transactions Between Funds

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

S. Deferred Compensation Plan

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

T. Net Assets

In the government-wide and proprietary funds financial statements, the net assets are reported in three components: (1) invested in capital assets, net of related debt; (2) restricted; and (3) unrestricted. Invested in capital assets, net of related debt represents the City's total investment in capital assets, net of depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained in perpetuity, and invested for the purpose of producing present and future income, which may be either expended for operation and maintenance of City parks or added to principal. The City is subject to the State of Texas Uniform Prudent Management of Institutional Funds Act (SPMIFA) in relation to endowment funds.

The risk fund has a deficit net asset balance of \$65 million associated with the City's self-insured workers' compensation, auto, and general liability activities. The deficit results from the recognition of certain liabilities that will be paid in future periods. Those liabilities will be funded in the fiscal year in which they will be paid through annual budget appropriations. The City's approach for addressing this deficit is consistent with the budgetary basis of accounting for all funds as indicated in Note 2.B

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

U. Statement of Cash Flows

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

V. Use of Estimates

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

W. New Accounting Pronouncements

During fiscal year 2011, the City adopted the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions" establishes accounting and financial reporting standards for all governments that report governmental funds. This statement establishes the criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The implementation of this statement resulted in reclassifications of fund balance categories on the financial statements and the reclassification of a one fund to the general fund.

GASB Statement Number 59, "Financial Instruments Omnibus" updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools. The requirements of this Statement will improve financial reporting by providing more complete information, by improving consistency of measurements, and by providing clarifications of existing standards. The implementation of this statement did not result in any changes to the financial statements.

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

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

GASB Statement Number 60, "Accounting and Financial Reporting for Service Concession Arrangements" will be implemented by the City as required by GASB during the fiscal year ending September 30, 2013. The statement improves financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The statement also provides guidance for governments that are operators in an SCA. The City is currently evaluating potential changes to the financial statements as a result of the implementation of this statement.

GASB Statement Number 61, "The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 34" will be implemented by the City as required by GASB during the fiscal year ending September 30, 2013. This statement modifies certain requirements for inclusion of component units in the financial reporting entity and clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination. The statement also amends the criteria for blending component units and provides additional guidance for blending a component unit if the primary government is a business-type activity and clarifies the reporting of equity interests in legally separate organizations. The implementation of this statement will not result in any changes to the financial statements.



**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

GASB Statement Number 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" will be implemented by the City as required by GASB during the fiscal year ending September 30, 2013. This statement incorporates into GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. The requirements of this statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so they derive from a single source. The implementation of this statement will not result in any change to the financial statements.

GASB Statement Number 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," will be implemented by the City as required by GASB during fiscal year ending September 30, 2013. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The City is currently evaluating potential changes to the financial statements as a result of the implementation of this statement.

GASB Statement Number 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement Number 53," will be implemented by the City as required by GASB during the fiscal year ending September 30, 2012. The objective of this statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The requirements of this Statement enhance comparability and improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty or a swap counterparty's credit support provider is replaced. The implementation of this statement will not result in any change to the financial statements.

Note 2. Stewardship, Compliance and Accountability

A. Legal Compliance – Budgets

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

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

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 2. Stewardship, Compliance and Accountability (continued)

B. Budgets and Budgetary Basis of Accounting

The City prepares its annual appropriated general fund, debt service fund and proprietary operating funds' budgets on the budget basis which differs from the GAAP basis. The budget and all transactions of the general fund are presented in accordance with the City's budget basis in the general fund statement of revenues, expenditures and changes in fund balances – Non-GAAP Budgetary Basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget and GAAP basis are attributable to the elimination of certain revenues and expenditures budgeted on a non-annual basis and the fact that encumbrances are recorded as the equivalent of expenditures (budget) rather than fund balance (GAAP) in the governmental funds. Adjustments necessary to convert the excess of revenues and other financing sources over expenditures and other uses on the budget basis to a GAAP basis for the general fund are provided below:

Excess (deficiency) of revenues and other financing sources over expenditures and other uses--budgetary basis	\$ 5,807
Change in fair market value of investments	59
Change in encumbrances	11,443
Funds not included in general fund budget	(102)
Revenue recognized for GAAP basis but not budgetary basis	7,766
Other items budgeted on a non-GAAP basis	4,476
Excess (deficiency) of revenues and other financing sources over expenditures and other uses--GAAP basis	<u>\$ 29,449</u>

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to assign 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 the general fund, outstanding encumbrances are reported as assigned fund balances. For other governmental funds, encumbrances are reported as either restricted or committed. These balances do not constitute expenditures or liabilities for GAAP purposes since the goods and services have not been received

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

C. Nature and Purpose of Classifications of Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provision or enabling legislation. Fund balance should be reported as committed when amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Fund balance should be reported as assigned for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Unassigned fund balance is the residual classification for the general fund and includes amounts that are available for any purpose. Positive amounts are reported only in the general fund.

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 2. Stewardship, Compliance and Accountability (continued)

The City Council is the City's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution or ordinance approved by the City Council. This can also be done through adoption or amendment of the budget. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

The City Council has authorized the City Manager as the official authorized to assign fund balance up to \$25 thousand by administrative action, pursuant to Section 2-30 of the City Code. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

When multiple categories of fund balance are available for expenditure (for example, a construction project is being funded partly by a grant, funds set aside by the City Council, and unassigned fund balance), the City will start with the most restricted category and spend those funds first before the next category with available funds.

It is the desire of the City to maintain adequate general fund balance to maintain liquidity and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain a general fund minimum unassigned fund balance of not less than 5 percent of the general fund operating expenditures less debt service.

The table below presents additional detail of fund balances as of September 30, 2011.

	General	Debt Service	Special Revenue	Capital Projects	Permanent	Total
Fund balances						
Nonspendable						
Inventory	\$ 8,515	\$ -	\$ -	\$ -	\$ -	\$ 8,515
Long-term note receivable		-		4,161		4,161
Permanent fund principal	-	-	-		7,813	7,813
Restricted for						
9-1-1	7,431	-	-	-	-	7,431
Debt service	-	6,065	-	-	-	6,065
Culture and recreation	-	-	7,504	29,788	-	37,292
Public safety	-	-	11,785	-	-	11,785
Other purposes	-	-	9,538	-	-	9,538
General government	-	-	29,143	-	-	29,143
Storm water operations	-	-	29,782	-	-	29,782
Streets and transportation	-	-	-	321,895	-	321,895
Other capital projects	-	-	-	222,828	-	222,828
Committed to						
Risk reserve	1,250	-	-	-	-	1,250
Culture and recreation	490	-	10,748	-	-	11,238
Assigned to						
Encumbrances	20,446	-	-	-	-	20,446
Unassigned	83,289	-	-	-	-	83,289
Total fund balance	<u>\$ 121,421</u>	<u>\$ 6,065</u>	<u>\$ 98,500</u>	<u>\$ 578,672</u>	<u>\$ 7,813</u>	<u>\$ 812,471</u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

**Note 3. Cash, Deposits and Investments**

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

In 1987, the City Council adopted the City's Investment Policy which was in compliance with federal and state law and the City Charter. Subsequent amendments were made by the City Council to incorporate changes to the Public Funds Investment Act (Chapter 2256, Texas Government Code) and to improve management of the City's investments. The Public Funds Investment Act requires that investments shall be made in accordance with written policies approved at least annually by the governing body. Investment policies must address safety of principal, liquidity, yield, diversification and maturity, with primary emphasis on safety of principal. In accordance with this Policy, the City may invest in direct or guaranteed obligations of the U.S. Treasury, certain U.S. agencies and instrumentalities, and the State of Texas or its agencies and instrumentalities with a credit rating no less than A; fully collateralized certificates of deposit and repurchase agreements; no-load money market mutual funds and local government investment pools with credit ratings no less than AAA. The City's Investment Pool is an aggregation of the majority of City funds which includes tax receipts, enterprise fund revenues, fine and fee revenues, as well as some, but not all, bond proceeds, grants, gifts and endowments. This portfolio is maintained to meet anticipated daily cash needs for City of Dallas operations, capital projects and debt service. The City is precluded from investing in bankers' acceptances, commercial paper, collateralized mortgage obligations, reverse repurchase agreements, and obligations of cities, counties and political subdivisions of other states, all of which are authorized by State law.

Employees' Retirement Fund and Police and Fire Pension Plans, component units of the City, are included under Pension Trust in the following table. Police and Fire Pension Plans include Dallas Police and Fire Pension System (the system) and Supplemental Police and Fire Pension Plan (supplemental plan). A summary of pooled cash and other investments for all City funds, including blended and discretely presented component units and \$5.2 million held in agency funds is presented below. Balances are presented as of September 30, 2011 or December 31, 2010, depending on the fiscal year-end of the entity.

	Cash and Pooled Investments with City Treasury	Other Cash and Investments Pension Trust	Total	Cash with Discretely Presented Component Units
Pooled cash and investments	\$ 490,773	\$ -	\$ 490,773	\$ -
Cash and cash equivalents	-	467,497	467,497	1,576
Other investments	12,120	5,921,787	5,933,907	3,441
Restricted cash and investments	1,143,261	-	1,143,261	309,522
Total	<u>\$ 1,646,154</u>	<u>\$ 6,389,284</u>	<u>\$ 8,035,438</u>	<u>\$ 314,539</u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 3. Cash, Deposits and Investments (continued)

A summary of the carrying amount of cash on hand, deposits and investments at September 30, 2011, is as follows:

	Cash and Pooled Investments with City Treasury	Other Cash and Investments Pension Trust	Total	Cash with Discretely Presented Component Units
Deposits	\$ 110,272	\$ 467,497	\$ 577,769	\$ 1,576
Investments	1,535,882	5,921,787	7,457,669	312,963
Total	<u>\$ 1,646,154</u>	<u>\$ 6,389,284</u>	<u>\$ 8,035,438</u>	<u>\$ 314,539</u>

At September 30, 2011, the City had the following investments:

Type of Investment	Total
<b>Categorized Investments:</b>	
United States Treasury Notes	\$ 20,070
Federal Farm Credit Bank Notes	247,449
Federal Farm Credit Bank Notes Callable	90,076
Federal Home Loan Bank Notes	305,028
Federal Home Loan Bank Notes Callable	53,068
Federal Home Loan Mortgage Corporation Notes	188,433
Federal Home Loan Mortgage Corporation Notes Callable	17,657
Federal National Mortgage Association Notes	251,623
Federal National Mortgage Association Notes Callable	50,107
Total Categorized Investments	<u>\$ 1,223,511</u>
<b>Investments Not Categorized:</b>	
BlackRock Money Muni Fund	25,886
Columbia Government Fund - Trinity Escrow Fund	1,474
Columbia Government Fund - Oncor Escrow Fund	540
First American Government Obligation Money Market Fund	15,462
Reserve Primary Fund	4
Non-Expendable Trust Funds	7,813
Goldman Sachs Financial Square Tax-Free Money Market Funds	83,632
Wells Fargo Advantage Municipal Cash Mgmt Money Market Funds	27,262
TexPool - Money Market Mutual Funds	76,018
TexStar - Money Market Mutual Funds	74,280
Total Investments Not Categorized	<u>\$ 312,371</u>
Total General and Investment Pool Programs	<u><u>\$ 1,535,882</u></u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 3. Cash, Deposits and Investments (continued)

At December 31, 2010, the investments held in the City's Pension Trust Funds are as follows:

Type of Investment	
Categorized Investments:	
Employees' Retirement Fund (at quoted market values)	
Domestic Equities	\$ 1,194,162
U.S. and Foreign Government Securities	183,148
Domestic Corporate Fixed Income	602,180
International Equities and fixed income	405,246
Police and Fire Pension Plan	
Plan Interest in Group Master Trust - the System	3,109,319
Plan Interest in Group Master Trust - Supplemental Plan	21,119
Total Categorized	\$ <u>5,515,174</u>
Investments Not Categorized:	
Employees' Retirement Fund	
Venture Capital	\$ 4
Private Equities	16,434
Real Estate	135,049
Commingled Index Funds	255,126
Total Not Categorized	\$ <u>406,613</u>
Total Investments in City's Pension Trust Funds	\$ <u>5,921,787</u>

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

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

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

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 3. Cash, Deposits and Investments (continued)

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

Primary Government	Carrying Value	Bank Balance
Pooled Demand Deposits	\$ -	\$ 118,547
Cash and cash equivalents - Pension Trust Funds	467,497	467,497
Total	\$ <u>467,497</u>	\$ <u>586,044</u>

Plan interest in Group Master Trust

The Dallas Police and Fire Pension System's (the System) investments are held in the Group Master Trust (Group Trust). JP Morgan Chase served as custodian for the year ended December 31, 2010. The fair value of the System interests in the Group Trusts is based on the unitized interests that it has in the Group Trust. The System's interest in the Group Trust was approximately 99.325% at December 31, 2010. The Supplemental Plan's interest in the Group Trust was approximately 0.675% at December 31, 2010. The allocation of investment income between the System and the Supplemental Plan is based on the number of units owned of the Group Trust. Benefits, contributions and administrative expenses are allocated to each plan directly.

Investments and Plan Interest in Group Master Trust:

The following disclosures on investments and plan interest in Group Trust are as of and for the year ended December 31, 2010.

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 3. Cash, Deposits and Investments (continued)

The following summarizes the fair value of investments for the Group Trust as of December 31, 2010.

Investments, at fair value		
Cash and cash equivalents	\$	216,646
United States Government Securities		13,720
United States government sponsored enterprises		1,162
Foreign government securities		101,358
Commingled funds		21,128
Domestic equities		655,491
International equities		1,380,897
Corporate securities		309,834
Investments, at appraised value - real estate equity funds		1,082,550
Total Investments		<u>3,782,786</u>
Receivables:		
Accrued interest and dividends		7,269
Forward currency contracts		132,127
Securities sold		<u>3,407</u>
Total receivables		<u>142,803</u>
Total assets		<u>3,925,589</u>
Liabilities and Net Assets		
Repurchase loan agreement		29,957
Payable for securities purchased		3,641
Professional fees payable		7,119
Forward currency contracts		132,260
Securities lending collateral		160,248
Line of Credit		<u>461,926</u>
Total liabilities		<u>795,151</u>
Net assets in the Group Trust	\$	<u><u>3,130,438</u></u>



**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 3. Cash, Deposits and Investments (continued)

Deposit and Investment Risk Disclosures

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

Custodial Credit Risk

Custodial credit risk is the risk that, in event of the failure of the counterparty, the City will not be able to recover the value of its deposit or collateral securities that are in the possession of an outside party. The city's pension plans do not have policies for custodial credit risk. As of September 30, 2011, \$118,547 was fully collateralized and insured by U.S. Federal Agency securities and the Federal Deposit Insurance Corporation. The collateral pledged to the City is held in the City's name at the Federal Reserve Bank.

On October 13, 2008, the FDIC adopted the Temporary Liquidity Guarantee Program (TLGP). The Program provided full coverage of non-interest bearing deposit transaction accounts. The initial coverage was to be in effect until the end of calendar year 2009 but was subsequently amended, extending the coverage through calendar year 2010. After December 31, 2010, section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act provides similar transaction insurance through December 31, 2012. Due to this program, at September 30, 2011, there were no uninsured deposits. Fully collateralized and insured deposits held by custodian banks:

Demand Deposits	\$ 118,547
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Safekeeping of investment securities is provided by the City's depository and trust institutions. Securities are held in street name with the bank as nominee. As of September 30, 2011, the City's investments held by the counterparty, and not insured, are as follows:

Security Type	Fair Value
U.S. Treasury Securities	\$ 20,070
U.S. Agency Securities	1,203,441
Total	<u>\$ 1,223,511</u>

The Dallas Police and Fire Pension Plan security investments that were not subject to custodial credit risk were the investments in fixed income and equity investments. The Employees' Retirement Fund had \$2.5 million, or .09% of the total Plan investments of \$2.8 billion exposed to custodial credit risk as follows:

Uninsured and uncollateralized held by custodian bank outside the United States \$2.5 million.

Concentration of Credit Risk

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

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 3. Cash, Deposits and Investments (continued)

Concentration of Credit Risk (continued)

<u>Agency Securities by Issuer</u>	<u>Fair Value</u>	<u>% of Total Portfolio</u>
Federal National Mortgage Association (FNMA)	\$ 301,730	19.65%
Federal Home Loan Mortgage Corporation (FHLMC)	206,090	13.42%
Federal Home Loan Bank (FHLB)	358,096	23.32%
Federal Farm Credit Bank (FFCB)	337,525	21.97%
Total Agency Securities	<u>\$ 1,203,441</u>	<u>78.36%</u>

The Employees' Retirement Fund board has contracted with investment managers to manage the investment portfolio of the Plan, subject to the policies and guidelines established by the board. Northern Trust Company, as the Plan's custodian bank, had responsibility for the safekeeping of certain investments, handling of transactions based on the instructions of investment managers, and accounting for the investment transactions. The Plan had no investments that individually represented 5% or more of the net assets available for benefits at December 31, 2010. The Plan's concentration of credit risk policy is communicated to individual managers in their guidelines through limitations or restrictions to securities, sectors, debt ratings, and other factors that may be applicable to a particular manager.

Credit Risk

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

<u>Security Type</u>	<u>Fair Value</u>	<u>% of Total Portfolio</u>	<u>S&amp;P/Moody's Ratings</u>
Money Market Mutual Funds and Pools	\$ 312,371	20.34%	AAAM/Aaa
U.S. Treasury Securities	20,070	1.30%	NR
U.S. Agency securities	1,203,441	78.36%	AAA/Aaa
Total Portfolio	<u>\$ 1,535,882</u>	<u>100%</u>	

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 3. Cash, Deposits and Investments (continued)

Credit Risk (continued)

The Employees' Retirement Fund investment policy allocates 30 percent of the total assets to fixed income. The policy provides for investments of up to 15 percent of fixed income assets in investment grade assets and up to 15 percent of fixed income assets in below investment grade assets. The investment grade allocation allows the managers to invest up to 20 percent of their portfolio assets in non-US dollar issues. Long term bond ratings for the Employees' Retirement Fund as of December 31, 2010 are as follows:

Quality Rating	Fair Value	% of Bond Portfolio
AAA	\$ 183,403	23.36%
AA+	3,015	0.38%
AA	7,584	0.96%
AA-	8,358	1.06%
A+	8,160	1.04%
A	33,706	4.29%
A-	10,824	1.37%
BBB+	26,232	3.34%
BBB	23,406	2.98%
BBB-	23,413	2.98%
BB+	31,416	4.00%
BB	52,606	6.70%
BB-	99,627	12.69%
B+	64,629	8.23%
B	77,860	9.92%
B-	49,849	6.35%
CCC+	14,287	1.82%
CCC	11,223	1.43%
CCC-	3,423	0.44%
D	1,449	0.18%
Not Rated	25,051	3.19%
U.S. Government fixed income securities - NR	25,807	3.29%
Total	\$ <u>785,328</u>	<u>100.00%</u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 3. Cash, Deposits and Investments (continued)

Credit Risk (continued)

The Dallas Police and Fire Pension System does not have a formal policy limiting investment credit risk, but rather mandates such limits within the Investment Management Services Contract. The System's exposure to investment credit risk in fixed income securities as of December 31, 2010 is as follows:

Type	Moody Rating	Amount	Percentage of Holdings
Corporate Securities:			
Convertible Bonds:			
	B+	\$ 408	0.09%
	B	3,901	0.87%
	CCC	550	0.12%
Total Convertible Bonds: \$		4,859	1.08%
Corporate Bonds:			
	Aaa	\$ 9,786	2.19%
	Aa+	3,388	0.76%
	Aa-	1,305	0.29%
	A+	7,852	1.76%
	A	3,820	0.85%
	A-	4,654	1.04%
	Bbb+	3,385	0.76%
	Bbb	6,955	1.56%
	Bbb-	8,742	1.95%
	Bb+	9,302	2.08%
	Bb	21,204	4.74%
	Bb-	27,731	6.20%
	B+	29,715	6.64%
	B	24,947	5.58%
	B-	12,903	2.89%
	Ccc+	13,510	3.02%
	Ccc	5,397	1.21%
	Ccc-	7,203	1.61%
	C	696	0.16%
	D	2,252	0.50%
	NR	90,243	20.18%
Total Corporate Bonds: \$		294,990	65.97%

continued

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 3. Cash, Deposits and Investments (continued)

Type	Moody Rating	Amount	Percentage of Holdings
Mortgage Bonds:			
	Aaa	\$ 701	0.16%
	Aa	638	0.14%
	A+	562	0.13%
	Bb-	448	0.10%
	B	850	0.19%
	Ccc	441	0.10%
	NR	4,891	1.09%
Total Mortgage Bonds:		\$ 8,531	1.91%
Total Corporate Securities:		\$ 308,380	68.96%
Government Sponsored Enterprises:			
	Aaa	1,162	0.26%
Foreign Government Securities:			
	Aaa	\$ 34,198	7.65%
	Aa+	2,529	0.57%
	Aa	19,013	4.25%
	Aa-	2,420	0.54%
	A+	5,615	1.26%
	A	16,956	3.79%
	A-	3,424	0.77%
	Bbb+	589	0.13%
	Bbb	944	0.21%
	Bbb-	1,505	0.34%
	Bb+	227	0.05%
	Bb-	69	0.02%
	NR	13,870	3.10%
Total Foreign Government Securities		\$ 101,359	22.68%
Municipal Bonds:			
Municipal Bond(s)	A+	\$ 694	0.16%
	NR	760	0.17%
Total Municipal Bonds:		\$ 1,454	0.33%
Commingled:			
Various	NR	\$ 21,128	4.72%
Total Commingled:		\$ 21,128	4.72%
Total Credit Risk Debt Securities:		\$ 433,483	96.95%

Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government totaling \$13,720 are not considered to have credit risk and therefore, have not been included in this disclosure.

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 3. Cash, Deposits and Investments (continued)

Interest Rate Risk

In order to ensure the ability of the City to meet obligations and to minimize potential liquidation losses, the dollar-weighted average stated maturity of the Investment Pool shall not exceed 1.5 years. The weighted average maturity of the City's investments at September 30, 2011 is as follows:

Security Type	Fair Value	Weighted Average Maturity (days)
Money Market Mutual Funds and Pools	\$ 312,371	1
U.S. Treasury Securities	20,070	31
U.S. Agency Securities	1,203,441	439
Total Portfolio	<u>\$ 1,535,882</u>	

In the Employee's Retirement Fund, Government Mortgage Backed Securities are most sensitive to changes in interest rates as their payments can vary significantly with interest rate changes. This change in prepayments will generally cause the duration, or interest rate risk, of these securities to increase when interest rates rise and decrease when interest rates fall. These securities represent 12% of the total fixed income portfolio with a fair market value of \$92,049 at year end 2010. The Employees' Retirement Fund does not have a separate policy for interest rate risk.

As of December 31, 2010, the Employees' Retirement Fund weighted-average maturity of the fixed income securities is as follows:

Fixed Income Securities	Par Value	Weighted Average Maturity (Years)
Asset Backed	\$ 13,574	5.96
Bank Loans	22,099	4.63
Commercial Mortgage-Backed	36,712	30.27
Corporate Bonds	501,949	12.74
Government Agencies	14,420	4.56
Government Bonds	72,861	8.54
Government Mortgage-Backed Securities	92,049	24.14
Government Issued Commercial Mortgage-Backed Securities	227	9.41
Guaranteed Fixed Income	778	0.94
Index Linked Government Bonds	1,885	29.15
Municipal/Provincial Bonds	2,476	19.09
Non-Government Backed C.M.O.s	26,298	24.39
Total	<u>\$ 785,328</u>	
Portfolio weighted average maturity in years		14.45

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 3. Cash, Deposits and Investments (continued)

Interest Rate Risk (continued)

As of December 31, 2010, the Police and Fire Pension Plans had the following investments and maturities:

Investment Type	Fair Value	Investment Maturity in Years			
		Less Than 1 Year	1 - 5 Years	6 - 10 Years	More Than 10 Years
Fixed maturity domestic:					
U.S. Treasury Securities	\$ 13,720	\$ -	\$ 561	\$ 4,577	\$ 8,582
U.S. Gov't Agency Securities	1,162	-	-	-	1,162
Municipal Bonds	1,453	-	-	-	1,453
Collateralized Mortgage Obligation	8,531	-	-	-	8,531
Corporate Bonds	294,990	4,813	97,777	52,734	139,666
Commingled Funds	21,127	-	-	-	21,127
Convertible Bonds	4,859	192	2,209	1,501	957
International government bonds:					
Australian Dollar	14,435	-	8,199	6,236	-
Brazil Real	5,030	-	755	-	4,275
British Pound Sterling	4,512	-	675	-	3,837
Canadian Dollar	4,704	3,048	1,656	-	-
EURO Currency	15,670	-	4,652	7,043	3,975
Hungarian Forint	1,505	-	1,505	-	-
Indonesian Rupiah	2,835	2,835	-	-	-
Japanese Yen	20,365	582	13,779	6,004	-
Malaysian Ringgit	3,860	1,420	2,440	-	-
Mexican New Peso	4,807	-	4,026	-	781
New Zealand Dollar	3,024	-	2,213	811	-
Norway Krone	3,326	-	3,326	-	-
Poland New Zloty	8,425	-	6,358	2,067	-
South Korean Won	3,507	-	-	3,507	-
Swedish Krona	5,354	-	4,674	680	-
Total	\$ 447,201	\$ 12,890	\$ 154,805	\$ 85,160	\$ 194,346

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

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 3. Cash, Deposits and Investments (continued)

Foreign Currency Risk

The Employees' Retirement Fund investment policies limit the aggregate amount that can be invested in each class of investments. The equity investment policy sets an allocation of 18% of assets to international equity. The fixed income policy permits up to 20% of the global manager's portfolio to be invested in global investment grade fixed income bonds. The Fund's positions in these equity securities, invested directly and through commingled funds, was 14.52% of invested assets at December 31, 2010. The Fund's positions in such fixed income assets invested directly were 1.07% of invested assets at December 31, 2010. Employees' Retirement Fund non-US Dollar denominated investments at December 31, 2010 were as follows:

Currency	Investment Type	Balance of Investment (U.S. Dollars)
Australian Dollars	Equity	\$ 6,657
Australian Dollars	Fixed Income	6,901
Brazil Real	Equity	6,424
Brazil Real	Fixed Income	10,360
British Pound Sterling	Equity	50,758
Canadian Dollars	Equity	22,436
Denmark Krone	Equity	1,938
Euro	Equity	97,811
Hong Kong Dollars	Equity	16,873
Indonesia Rupiahs	Equity	4,898
Israel Shekel	Equity	2,387
Japanese Yen	Equity	64,342
Korean Won	Equity	24,298
Malaysia Ringgit	Equity	9,225
Mexican Peso	Equity	5,738
Mexican Peso	Fixed Income	5,771
Norwegian Krone	Equity	3,704
Philippines Peso	Equity	1,347
Poland Zlotych	Equity	3,337
Poland Zlotych	Fixed Income	4,290
Singapore Dollar	Equity	6,761
South Africa Rand	Equity	1,646
Swedish Krona	Equity	4,475
Swiss Francs	Equity	5,624
Thailand Baht	Equity	7,435
Turkish Lira	Equity	7,733
Total		\$ <u>383,169</u>



**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 3. Cash, Deposits and Investments (continued)

Police and Fire Pension Plans do not have specific policy guidelines other than the constraints included in the individual investment manager contracts. Police and Fire Pension Plans non-US Dollar denominated investments at December 31, 2010 were as follows:

<u>Currency</u>	<u>Investment Type</u>	<u>Balance of Investment (U.S. Dollars)</u>
Australian Dollar	Government Bonds	\$ 14,435
Brazil Real	Government Bonds	5,030
British Pound Sterling	Government Bonds	4,513
Canadian Dollar	Government Bonds	4,704
EURO Currency	Government Bonds	15,670
Hungarian Forint	Government Bonds	1,505
Indonesian Rupiah	Government Bonds	2,834
Japanese Yen	Government Bonds	20,365
Malaysian Ringgit	Government Bonds	3,860
Mexican New Peso	Government Bonds	4,807
New Zealand Dollar	Government Bonds	3,024
Norway Krone	Government Bonds	3,326
Poland New Zloty	Government Bonds	8,425
South Korean Won	Government Bonds	3,507
Swedish Krona	Government Bonds	5,354
	Total International Bonds	\$ <u>101,359</u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

**Note 4. Receivables**

Receivables at September 30, 2011 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	Internal Service Funds	Total Governmental Activities
Receivables:					
Ad Valorem tax	\$ 29,376	\$ 13,158	\$ -	\$ -	\$ 42,534
Sales taxes	37,031	-	-	-	37,031
Accounts	105,298	-	22,912	5,516	133,726
Notes	49	-	24,307	-	24,356
Special Assessments - paving notes	-	-	4,866	-	4,866
Due from other governments	195	-	33,078	-	33,273
Accrued interest	405	9	2,338	77	2,829
Gross receivables	172,354	13,167	87,501	5,593	278,615
Less allowance for doubtful accounts	(62,930)	(11,034)	(26,365)	-	(100,329)
Net total receivables	<u>\$ 109,424</u>	<u>\$ 2,133</u>	<u>\$ 61,136</u>	<u>\$ 5,593</u>	<u>\$ 178,286</u>

Receivables at September 30, 2011 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 Revenues	Nonmajor Enterprise	Total Business-type Activities
Receivables:					
Accounts	\$ 81,788	\$ 2,387	\$ 2,898	\$ 493	\$ 87,566
Taxes	-	4,844	-	-	4,844
Due from other governments	-	-	3,460	-	3,460
Accrued interest	1,441	250	250	46	1,987
Gross receivables	83,229	7,481	6,608	539	97,857
Less allowance for doubtful accounts	(14,680)	(756)	(9)	(2)	(15,447)
Net total receivables	<u>\$ 68,549</u>	<u>\$ 6,725</u>	<u>\$ 6,599</u>	<u>\$ 537</u>	<u>\$ 82,410</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Intergovernmental revenues and related receivables arise through funding received from federal and state grants. These revenues and receivables are earned through expenditures of monies for grant purposes. At September 30, 2011, the various components of deferred revenue and unearned revenue reported in the governmental funds and internal service funds were as follows:

	Deferred	Unearned	Internal Service Funds Unearned	Total Governmental Unearned
Taxes	\$ 5,997	\$ -	\$ -	\$ -
Accounts	50,501	1,035	6	1,041
Intergovernmental	-	22,033	-	22,033
Total	<u>\$ 56,498</u>	<u>\$ 23,068</u>	<u>\$ 6</u>	<u>\$ 23,074</u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

**Note 5. Restricted Assets**

The primary government's governmental and business-type restricted assets of \$644 million and \$500 million are composed of the following at September 30, 2011:

	Governmental Activities	Business-Type Activities
Cash and Investments:		
Pooled Cash and Cash Equivalents	\$ 643,935	\$ 404,193
Other Investments	-	95,133
Customer Assessments	-	624
Total	<u>\$ 643,935</u>	<u>\$ 499,950</u>

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

**Note 6. Joint Ventures**

Dallas/Fort Worth International Airport (DFW)

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

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

The outstanding debt and related debt service are accounted for by the DFW Airport Board. The Joint Revenue Bonds outstanding at September 30, 2011 were \$3.9 billion which is net of deferred loss on refunding and unamortized discount/premium. The Public Facility Improvement Corporation Revenue Bonds at September 30, 2011 were \$70.7 million which is net of unamortized discount/premium.

The summary financial information for DFW Airport as of September 30, 2011 is presented below and is not included in the City's financial statements.

Total assets	\$ 5,484,562
Less, total liabilities	(4,237,301)
Total net assets	<u>\$ 1,247,261</u>
Operating revenues	\$ 514,600
Non-operating revenues (expenses)	(8,707)
Less: operating expenses	(611,470)
Change in net assets	(105,577)
Net assets, beginning of year	1,352,838
Net assets, end of year	<u>\$ 1,247,261</u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 6. Joint Ventures (continued)

Dallas/Fort Worth International Airport (continued)

The Board has entered into agreements with air carriers and other parties utilizing DFW Airport to provide for adjustments to rentals, fees and other charges which management believes precludes the need for a maintenance tax. To date, the cities have levied no maintenance tax. To obtain the financial statements of the joint venture contact the finance department of DFW Airport at (972) 973-5443.

Note 7. Capital Assets

Capital asset activity for the year ended September 30, 2011 is as follows:

	Balance, Beginning of Year	Additions	Transfers And Retirements	Balance, End Of Year
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 444,934	\$ 16,085	\$ -	\$ 461,019
Artwork	48,972	118	-	49,090
Construction in Progress	283,631	169,878	(90,881)	362,628
Total capital assets, not being depreciated	<u>777,537</u>	<u>186,081</u>	<u>(90,881)</u>	<u>872,737</u>
Capital assets, being depreciated:				
Buildings	1,192,684	10,833	-	1,203,517
Improvements other than buildings	475,766	22,840	-	498,606
Equipment	552,932	27,465	(29,717)	550,680
Infrastructure assets	1,723,373	52,755	-	1,776,128
Total capital assets, being depreciated:	<u>3,944,755</u>	<u>113,893</u>	<u>(29,717)</u>	<u>4,028,931</u>
Less accumulated depreciation for:				
Buildings	(378,028)	(24,200)	-	(402,228)
Improvements other than buildings	(110,480)	(14,243)	-	(124,723)
Equipment	(407,341)	(34,571)	28,152	(413,760)
Infrastructure assets	(707,304)	(35,770)	-	(743,074)
Total accumulated depreciation	<u>(1,603,153)</u>	<u>(108,784)</u>	<u>28,152</u>	<u>(1,683,785)</u>
Total capital assets being depreciated, net	<u>2,341,602</u>	<u>5,109</u>	<u>(1,565)</u>	<u>2,345,146</u>
Governmental activities capital assets, net	<u>\$ 3,119,139</u>	<u>\$ 191,190</u>	<u>\$ (92,446)</u>	<u>\$ 3,217,883</u>

Depreciation expense charged to functions:

General government	\$ 15,095
Public safety	10,823
Streets, street lighting, sanitation and code enforcement	5,087
Environment and Health Services	296
Public works and transportation	43,508
Equipment and building services	14,700
Culture and recreation	18,585
Housing	175
Human Services	515
Total depreciation expense – governmental activities	<u>\$ 108,784</u>
(includes \$6,931 of depreciation expense for the Internal Service and \$101,853 for the governmental type assets)	

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 7. Capital Assets (continued)

	Balance, Beginning of Year	Additions	Transfers And Retirements	Balance, End of Year
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 219,371	\$ 5,359	\$ -	\$ 224,730
Construction in Progress	388,309	448,984	(199,967)	637,326
Total capital assets, not being depreciated	<u>607,680</u>	<u>454,343</u>	<u>(199,967)</u>	<u>862,056</u>
Capital assets, being depreciated:				
Water rights	353,910	-	-	353,910
Buildings	1,320,173	54,447	(5,547)	1,369,073
Improvements other than buildings	268,318	23,167	(10)	291,475
Equipment	528,069	10,215	(1,380)	536,904
Infrastructure assets	445,259	12,085	-	457,344
Utility property	3,043,999	115,604	(3,891)	3,155,712
Total capital assets, being depreciated:	<u>5,959,728</u>	<u>215,518</u>	<u>(10,828)</u>	<u>6,164,418</u>
Less accumulated depreciation for:				
Water rights	(94,874)	(3,772)	-	(98,646)
Buildings	(441,692)	(32,847)	5,169	(469,370)
Improvements other than buildings	(83,955)	(9,120)	-	(93,075)
Infrastructure assets	(196,965)	(8,108)	-	(205,073)
Equipment	(345,447)	(22,134)	1,190	(366,391)
Utility property	(746,961)	(54,411)	3,891	(797,481)
Total accumulated depreciation	<u>(1,909,894)</u>	<u>(130,392)</u>	<u>10,250</u>	<u>(2,030,036)</u>
Total capital assets, being depreciated, net	<u>4,049,834</u>	<u>85,126</u>	<u>(578)</u>	<u>4,134,382</u>
Business-type activities capital assets, net	<u>\$ 4,657,514</u>	<u>\$ 539,469</u>	<u>\$ (200,545)</u>	<u>\$ 4,996,438</u>

Depreciation expense charged to business-type activities:

Dallas Water Utilities	\$ 95,160
Convention Center	17,921
Airport Revenues	17,098
Nonmajor Enterprise Funds	213
Total depreciation expense – business-type activities	<u>\$ 130,392</u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

**Note 8. Interfund Receivables, Payables and Transfers**

**Due To Other Funds/Due From Other Funds**

These balances represent amounts due for services provided for Environmental Health Services, equipment notes for Dallas Water Utilities, IKE shelter Operation for Convention Center, construction for Environmental Health Services, and construction for Sanitation and Storm water. A portion of the interfund payable due from nonmajor governmental funds to the general fund was a result of a bank overdraft from other fund's share of pooled cash.

Interfund receivable and payable balances at September 30, 2011 were as follows:

		<u>Payable Fund</u>	
<u>Receivable Fund</u>	<u>Amount</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>
General fund	\$ 8,882	\$ -	\$ 8,882
Dallas Water Utilities	352	268	84
Convention Center	371	-	371
Internal Service funds	12	-	12
Total	<u>\$ 9,617</u>	<u>\$ 268</u>	<u>\$ 9,349</u>

**Interfund Notes Receivable and Payable**

Interfund notes receivable and payable balances at September 30, 2011 were as follows:

<u>Note receivable</u>	<u>Note payable Nonmajor Governmental Funds</u>
Nonmajor Governmental funds	\$ 4,161
Dallas Water Utilities	7,483
Total	<u>\$ 11,644</u>

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

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

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

Transfers In/Out

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

Transfers In	Amount Transferred	Transfers Out					
		General fund	Nonmajor Governmental funds	Dallas Water Utilities	Convention Center	Airport Revenues	Internal Service funds
General fund	\$ 7,086	\$ -	\$ 586	\$ 6,500		\$ -	\$ -
Debt Service	26,011	9,914	8,996	290	968	182	5,661
Nonmajor Governmental funds	9,849	266	783	8,800	-	-	-
Dallas Water Utilities	953		953	-	-	-	-
Total	<u>\$ 43,899</u>	<u>\$ 10,180</u>	<u>\$ 11,318</u>	<u>\$ 15,590</u>	<u>\$ 968</u>	<u>\$ 182</u>	<u>\$ 5,661</u>

These transfers were primarily for support of operation and maintenance, construction projects, equipment purchases, and to service the debt associated with the respective funds. Transfers were also made from Dallas Water Utilities fund for payments-in-lieu-of-taxes (PILOT), which are recorded as transfers rather than operation and maintenance expenses due to the nonreciprocal nature of the transactions. Under the terms of the bond ordinance, PILOT and other similar payments are not considered operation and maintenance of the Water Utilities Fund; therefore, they are not included in the debt coverage calculation.

Note 9. Accounts Payable and Accrued Expenses

The primary government's accounts payable and accrued expenses at September 30, 2011 are as follows:

	General	Debt Service	Nonmajor Governmental	Internal Service	Total Governmental Activities
Accrued payroll	\$ 15,627	\$ -	\$ 838	\$ 844	\$ 17,309
Accounts payable	25,333	-	10,915	10,538	46,786
Due to other governments	2,625	-	2,128	-	4,753
Construction accounts payable	-	-	35,552	-	35,552
Contracts payable	-	-	18,128	-	18,128
Other	-	48	4,724	384	5,156
Total	<u>\$ 43,585</u>	<u>\$ 48</u>	<u>\$ 72,285</u>	<u>\$ 11,766</u>	<u>\$ 127,684</u>

	Dallas Water Utilities	Convention Center	Airport Revenues	Nonmajor	Total Business-type Activities
Accrued payroll	\$ 2,316	\$ 145	\$ 265	\$ 341	\$ 3,067
Accounts payable	13,842	4,642	7,623	195	26,302
Due to other governments	-	4	-	-	4
Construction accounts payable	66,151	-	14,312	-	80,463
Other	-	-	-	251	251
Total	<u>\$ 82,309</u>	<u>\$ 4,791</u>	<u>\$ 22,200</u>	<u>\$ 787</u>	<u>\$ 110,087</u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 10. Long-Term Debt

A. Governmental Activities

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<u>General Obligation Bonds</u>					
Series 2001	\$ 6,805	\$ -	\$ 6,805	\$ -	\$ -
Refunding Bonds Series 2003	380	-	380	-	-
Refunding Bonds Series 2003-A	24,795	-	6,255	18,540	2,835
Series 2003	118,620	-	109,495	9,125	9,125
Series 2004	79,960	-	39,980	39,980	5,760
Refunding Bonds Series 2005	143,895	-	13,315	130,580	20,355
Series 2005	123,020	-	9,465	113,555	9,465
Series 2006	186,800	-	11,675	175,125	11,675
Series 2007	98,075	-	6,540	91,535	6,540
Refunding Series 2007A	269,220	-	25,310	243,910	26,935
Series 2008	176,680	-	11,045	165,635	11,045
Refunding Series 2010A	196,615	-	5,640	190,975	5,855
Build America Bonds Series 2010B	85,380	-	-	85,380	-
Refunding Bonds Series 2010C	-	142,035	1,655	140,380	2,845
<u>Equipment Acquisition Obligations</u>					
Series 2005	2,400	-	480	1,920	480
Series 2006	2,955	-	2,955	-	-
Series 2007	14,930	-	7,465	7,465	7,465
Series 2008	24,630	-	8,210	16,420	8,210
Series 2010	-	17,570	735	16,835	4,210
<u>Tax and Revenue Certificates</u>					
Series 2003	10,800	-	3,600	7,200	3,600
Series 2004	2,605	-	620	1,985	640
Series 2005	3,465	-	640	2,825	665
Series 2007	4,270	-	610	3,660	610
Series 2008	11,030	-	11,030	-	-
Series 2008A	4,800	-	600	4,200	600
Series 2010	20,760	-	4,930	15,830	4,920
<u>Pension Obligation Bonds</u>					
Taxable Refunding Bonds Series 2010	-	58,019	1,146	56,873	-
Taxable Series 2005A	93,259	-	-	93,259	-
Series 2005B	93,667	-	8,290	85,377	7,783
Taxable Series 2005C	56,025	-	56,025	-	-
Total Bonds, Notes, and Certificates	1,855,841	217,624	354,896	1,718,569	151,618
Add: Unamortized Premium/Discount	157,381	21,613	15,796	163,198	-
Add: Accretion	68,451	15,682	6,594	77,539	-
Less: Refunding Deferral	(9,824)	(12,343)	(7,148)	(15,019)	-
Total Bonds, Notes, and Certificates	2,071,849	242,576	370,138	1,944,287	151,618
Other Liabilities:					
Arbitrage rebate	491	17	491	17	-
Compensated absences	126,444	124,387	130,650	120,181	54,086
Other postemployment benefits	81,983	40,381	14,942	107,422	-
Landfill closure/post closure	32,813	1,552	348	34,017	532
Pollution remediation	16,243	1,900	1,576	16,567	2,857
Developer payable	22,664	3,400	45	26,019	352
Estimated unpaid claims	86,333	126,669	139,619	73,383	22,195
Notes payable	7,833	-	2,007	5,826	1,124
Sales tax refund liability	11,312	-	822	10,490	855
Capital leases	7,072	211	1,052	6,231	585
Total other liabilities	393,188	298,517	291,552	400,153	82,586
Total governmental long-term debt	\$ 2,465,037	\$ 541,093	\$ 661,690	\$ 2,344,440	\$ 234,204



**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 10. Long-Term Debt (continued)

For governmental activities, tax increment financing revenues from Non-major capital project funds will be utilized to liquidate the developer payable and general fund resources will be utilized to liquidate other long-term liabilities.

B. Governmental General Obligation Bonds (GO Bonds)

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged and are payable from taxes levied on all taxable property located within the City.

In November 2010, the City issued general obligation refunding and improvement bonds Series 2010C of \$142 million with an interest rate range of 3 to 5 percent and a final maturity of February 15, 2023. The bonds were issued to refund previously issued general obligation bonds and to fund various permanent public improvements in the City. Proceeds of \$160.4 million were deposited with an escrow agent to be used to pay the outstanding amount of the bonds. As a result, \$150.6 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the financial statements. The refunding resulted in a difference of \$10.8 million between the net carrying amount of the old debt and the acquisition price. This difference, reported in the accompanying financial statements as a decrease to bonds payable, is being amortized to interest expense over the life of the bonds. Total debt service payments decreased by \$8.7 million as a result of the refunding. The City also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$8.2 million. The City also issued \$17.57 million in equipment acquisition contractual obligations Series 2010 with an interest rate range of 3 to 5 percent and a final maturity of August 15, 2015 for the purchase of various types of capital equipment.

Additionally, the City issued pension general obligation refunding and improvement bonds Series 2010 of \$77.7 million with an interest rate range of 0.295 to 4.66 percent and a final maturity of February 15, 2024. The bonds were issued to refund previously issued pension obligation bonds Series 2005C. Proceeds of \$77 million were deposited with an escrow agent to be used to pay the outstanding amount of the bonds. As a result, \$75 million of these bonds are considered defeased and the liability of these bonds has been removed from the financial statements. The refunding resulted in a difference of \$2 million between the net carrying amount of the old debt and the acquisition price. This difference, reported in the accompanying financial statements as a decrease to bonds payable, is being amortized to interest expense over the life of the bonds. Total debt service payments decreased by \$18.2 million as a result of the refunding. The City also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$12.5 million. The pension obligation bonds are allocated between governmental and enterprise funds.

The General Obligation Bonds outstanding as of September 30, 2011 are as follows:

	Final	Interest Rates	Amount
Series 592	2014	4.0% to 5.0%	\$ 18,540
Series 593	2023	3.5% to 5.0%	9,125
Series 597	2024	4.0% to 5.0%	39,980
Series 604	2020	5.00%	130,580
Series 606	2025	3.25% to 5.00%	113,555
Series 611	2026	4.5% to 5.0%	175,125
Series 614	2027	5.0% to 5.25%	91,535
Series 615	2027	4.0% to 5.0%	243,910
Series 620	2028	4.0% to 5.25%	165,635
Series 627	2020	3.0% to 5.0%	190,975
Series 628	2030	4.39% to 5.61%	85,380
Series 631	2023	3.0% to 5.0%	140,380
Total			<u>\$ 1,404,720</u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 10. Long-Term Debt (continued)

The Equipment Acquisition Contractual Obligations outstanding as of September 30, 2011 are as follows:

	Final	Interest Rates	Amount
Series 608	2015	3.50% to 4.00%	\$ 1,920
Series 616	2012	3.50% to 4.00%	7,465
Series 621	2013	4.00% to 4.00%	16,420
Series 633	2015	3.00% to 5.00%	16,835
Total			<u>\$ 42,640</u>

The Certificates of Obligation outstanding as of September 30, 2011 are as follows:

	Final	Interest Rates	Amount
Series 591	2013	2.00% to 3.25%	\$ 7,200
Series 599	2014	3.00% to 3.55%	1,985
Series 607	2015	3.75% to 4.125%	2,825
Series 617	2017	3.50% to 4.00%	3,660
Series 622	2018	3.50% to 5.00%	4,200
Series 629	2019	2.00% to 4.00%	15,830
Total			<u>\$ 35,700</u>

The Pension Obligation Bonds outstanding as of September 30, 2011 are as follows:

	Final	Interest Rates	Amount
Series 600	2035	3.24% to 5.19%	\$ 93,259
Series 601	2035	4.10% to 5.48%	85,377
Series 632	2024	0.295% to 4.66%	56,873
Total			<u>\$ 235,509</u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 10. Long-Term Debt (continued)

C. Long-term Notes Payable

In a previous fiscal year, the City issued notes for the purpose of making utility efficiency improvements to various buildings owned by the City and for building improvements. The notes are payable in quarterly installments. The total outstanding notes payable as of September 30, 2011 are as follows:

	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
All American Investment Group	2018	3.92%	\$ 4,040
State Energy Conservation Office - 192	2015	3.00%	1,539
State Energy Conservation Office - 188	2011	3.00%	247
Total			<u>\$ 5,826</u>

D. Governmental Debt Service Requirements

The following is a summary of the future debt service principal and interest payment requirements for the City's General Obligation, Contractual Obligations, Tax Increment Bonds, Equipment Acquisition Obligations, and Pension Obligation Bonds at September 30, 2011.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 151,618	\$ 83,972	\$ 235,590
2013	138,037	78,291	216,328
2014	130,730	70,226	200,956
2015	117,782	68,087	185,869
2016	110,079	63,607	173,686
2017-2021	503,624	239,844	743,468
2022-2026	431,237	124,474	555,711
2027-2031	106,290	164,485	270,775
2032-2035	29,172	143,949	173,121
	<u>\$ 1,718,569</u>	<u>\$ 1,036,935</u>	<u>\$ 2,755,504</u>

The following is a summary of the future principal and interest payment requirements for the City's long-term notes payable at September 30, 2011.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,124	\$ 195	\$ 1,319
2013	908	161	1,069
2014	941	129	1,070
2015	986	95	1,081
2016	598	65	663
2017-2018	1,269	57	1,326
	<u>\$ 5,826</u>	<u>\$ 702</u>	<u>\$ 6,528</u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

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, 2011 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One year
<u>Dallas Water Utilities</u>					
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds					
Series 2000	\$ 3,485	\$ -	\$ 3,485	\$ -	\$ -
Series 2001	5,570	-	5,570	-	-
Series 2002	4,090	-	1,990	2,100	2,100
Series 2002-A	17,000	-	17,000	-	-
Series 2003	100,110	-	18,160	81,950	19,155
Series 2003-A	126,490	-	112,105	14,385	7,060
Series 2005	101,065	-	6,840	94,225	10,465
Series 2006	231,460	-	6,595	224,865	6,890
Series 2007	669,065	-	3,540	665,525	24,025
Series 2008	152,455	-	2,790	149,665	2,875
Series 2009A	14,450	-	655	13,795	655
Series 2009B	8,280	-	-	8,280	-
Series 2009C	94,723	-	-	94,723	-
Series 2010	295,850	-	-	295,850	9,105
Series 2011	-	239,425	-	239,425	-
Total Revenue Bonds Payable	1,824,093	239,425	178,730	1,884,788	82,330
Add : Unamortized Premium	58,865	21,789	8,273	72,381	-
Less: Deferred Amount on Refunding	(13,319)	(6,557)	(2,443)	(17,433)	-
Total Revenue Bonds for Water Utilities	1,869,639	254,657	184,560	1,939,736	82,330
Pension Obligation Bonds	61,087	14,586	16,459	59,214	1,957
Add: Accretion on Capital Appreciation Bonds	17,209	3,943	1,658	19,494	-
Add: Net Premium/Discount	25,295	-	578	24,717	-
Less: Deferred Amount on Refunding	-	(383)	(31)	(352)	-
Total Water Utilities Bonds	1,973,230	272,803	203,224	2,042,809	84,287
Other: Compensated Absences	11,016	4,425	5,170	10,271	4,622
Other: Postemployment Benefits	10,857	5,521	2,000	14,378	-
Total Long-Term Debt for Water Utilities	1,995,103	282,749	210,394	2,067,458	88,909
<u>Convention Center:</u>					
Revenue Bonds					
Sports Arena Project-Taxable Special Tax and Lease Bonds, Series 1998B	18,905	-	18,905	-	-
Civic Center Refunding and Improvement Bonds, Series 2009	324,100	-	1,730	322,370	2,205
Revenue Bonds Payable	343,005	-	20,635	322,370	2,205
Add : Net Premium/Discount	1,795	-	388	1,407	-
Less: Deferred Amount on Refunding	(13,142)	-	(1,665)	(11,477)	-
Total Convention Center Revenue Bonds	331,658	-	19,358	312,300	2,205
Pension Obligation Bonds	4,344	1,041	1,172	4,213	140
Add: Accretion on Capital Appreciation Bonds	1,228	281	118	1,391	-
Add: Net Premium/Discount	1,805	-	41	1,764	-
Less: Deferred Amount on Refunding	-	(27)	(2)	(25)	-
Total Convention Center Bonds	339,035	1,295	20,687	319,643	2,345
Other: Compensated Absences	966	235	429	772	347
Other: Note Payable	10,839	-	1,565	9,274	1,257
Other: Postemployment Benefits	770	223	121	872	-
Total Long-Term Debt for Convention Center	\$ 351,610	\$ 1,753	\$ 22,802	\$ 330,561	\$ 3,949

continued

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 10. Long-Term Debt (continued)

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One year
<u>Airport Revenues:</u>					
Revenue Bonds					
Texas Airport System Revenue Bonds, Series 2001	\$ 7,055	\$ -	\$ 7,055	\$ -	\$ -
Add : Unamortized Premium	10	-	10	-	-
Revenue Bonds Payable	7,065	-	7,065	-	-
Pension Obligation Bonds	5,723	1,367	1,542	5,548	183
Add: Accretion on Capital Appreciation Bonds	1,613	369	155	1,827	-
Add: Net Premium/Discount	2,370	-	54	2,316	-
Less: Deferred Amount on Refunding	-	(36)	(3)	(33)	-
Other: Compensated Absences	1,327	522	529	1,320	594
Other: Note Payable	1,700	-	214	1,486	223
Other: Obligation for revenue credit agreement	-	300,113	-	300,113	-
Other: Revenue credit agreement accrued interest	-	88	-	88	-
Other: Postemployment Benefits	1,371	663	248	1,786	-
Total Long-Term Debt for Airport Revenues	21,169	303,086	9,804	314,451	1,000
<u>Non-Major Business-Type:</u>					
Pension Obligation Bonds	11,131	2,656	2,999	10,788	356
Add: Accretion on Capital Appreciation Bonds	3,133	718	301	3,550	-
Add: Net Premium/Discount	4,607	-	106	4,501	-
Less: Deferred Amount on Refunding	-	(70)	(6)	(64)	-
Other: Compensated Absences	2,107	729	958	1,878	846
Other: Postemployment Benefits	1,281	741	248	1,774	-
Total Long-Term Debt for Non-major Business-type funds	22,259	4,774	4,606	22,427	1,202
Total Business-Type Activities - Long-Term Liabilities	\$ 2,390,141	\$ 592,362	\$ 247,606	\$ 2,734,897	\$ 95,060

In July 2011, Dallas Water Utilities issued Waterworks and Sewer System Revenue Bonds Series 2011 of \$239.4 million with an interest rate range of 3.0 to 5.0 percent and a final maturity of October 1, 2040. The bonds were issued to refund previously issued waterworks and sewer system bonds and to refund outstanding commercial paper used by Dallas Water Utilities to fund capital construction projects. Proceeds of \$112 million were deposited with an escrow agent to be used to pay the outstanding amount of the bonds. As a result, \$105.3 million of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the financial statements. The refunding resulted in a difference of \$6.6 million between the net carrying amount of the old debt and the acquisition price. This difference, reported in the accompanying financial statements as a decrease to bonds payable (deferred amount on refunding), is being amortized to interest expense over the life of the bonds. Total debt service payments decreased by \$7.9 million as a result of the refunding. The City also incurred an economic gain (difference between the present value of the old debt and new debt service payments) of \$7.5 million.

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

The Waterworks and Sewer System debt service fund provides for the payment of principal and interest on the water department outstanding revenue bonds. Operating revenues from water operations and interest earned on the cash balance in the debt service fund are pledged for repayment of the debt. Revenues are transferred from the Water Operating Fund to the debt service fund to meet annual principal and interest obligations. Pension Obligation bonds are paid through increased contributions to the debt service fund. The Water Works and Sewer System bonds outstanding as of September 30, 2011 are as follows:

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 10. Long-Term Debt (continued)

<u>Series Description</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
586 Rev Bonds	2012	3.00% - 5.50%	\$ 2,100
590 Rev Bonds	2023	3.00% - 5.375%	81,950
B595 Rev Bonds	2024	3.50% - 5.00%	14,385
603 Rev Bonds	2025	5.00%	94,225
610 Rev Bonds	2036	4.25% - 5.50%	224,865
613 Rev Bonds	2037	4.00% - 5.00%	665,525
619 Rev Bonds	2038	4.00% - 5.00%	149,665
624 Rev Bonds	2029	0.423% - 2.877%	13,795
625 Rev Bonds	2029	1.303% - 2.877%	8,280
626 Rev Bonds	2029	0.148% - 3.018%	94,723
630 Rev Bonds	2030	3.00% - 5.00%	295,850
634 Rev Bonds	2040	3.00% - 5.00%	239,425
Total Revenue Bonds			1,884,788
Pension Obligation Bonds	2035	0.295% - 5.48%	59,214
Total Outstanding			<u>\$ 1,944,002</u>

Utility Revenues Pledged

The City has pledged future water and wastewater customer revenues, net of specified operating expenses, to repay \$1.9 billion in water and wastewater system revenue bonds, of which \$239.4 million was issued during the current fiscal year and the remaining balance in prior fiscal years. Proceeds from the bonds provided financing for construction. The bonds are payable solely from water customer net revenues and are payable through fiscal year 2040. Net revenues for each year are expected to be at least equal to 1.25 times the principal and interest requirements of all outstanding previously issued bonds and additional bonds for the year. The total principal and interest remaining to be paid on the bonds at September 30, 2011 is \$2.9 billion. Principal and interest paid during fiscal year 2011 was \$73.4 million and \$78.9 million, respectively.

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

The 7% Hotel Occupancy Tax, operating revenues of the Convention Center Complex, and interest earned on cash balances in the bond reserve and debt service funds are pledged for repayment of the debt. Pension Obligation bonds are paid through increased contributions to the debt service fund. Additionally, the City has reserve funds to provide for the payment of operating and maintenance expenses of the Convention Center Complex, should a shortfall in Convention Center revenues occur. Revenue from the Convention Center operating fund is transferred to the debt service fund to meet annual principal and interest payments. The Convention Center bonds outstanding as of September 30, 2011 are as follows:

<u>Series Description</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
Civic Center Convention Complex	2038	3.0% - 5.25%	\$ 322,370
Pension Obligation Bonds	2035	0.295% - 5.48%	4,213
Total Outstanding			<u>\$ 326,583</u>

In a previous fiscal year, the City issued notes with an interest rate of 3.92% for the purpose of making utility efficiency improvements to the Convention Center. The notes are payable in quarterly installments and reach final maturity during fiscal year 2018. The total outstanding note payable as of September 30, 2011 is \$9,274.

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 10. Long-Term Debt (continued)

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

The Airport Revenues debt service fund provides for the payment of principal and interest on certain Department of Aviation's obligations.

Pension Obligation bonds are paid through increased contributions to the Debt service fund. Operating revenues from Airport operations and interest earned on the cash balance in the debt service fund are pledged for repayment of the debt. Revenues are transferred from the Airport operating fund to the debt service fund to meet annual principal and interest obligations.

Airport pension obligation bonds outstanding as of September 30, 2011 are as follows:

	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
Pension Obligation Bonds	2035	0.295% - 5.48%	5,548

In a previous fiscal year, the City issued notes with an interest rate of 3.92% for the purpose of making utility efficiency improvements to various buildings at Love Field. The notes are payable in quarterly installments and reach final maturity during fiscal year 2018. The total outstanding note payable as of September 30, 2011 is \$1,486.

I. Airport Revenues Conduit Debt

The Love Field Airport Modernization Corporation (LFAMC), a Texas non-profit "local government corporation" and blended component unit of the City, issued \$310 million in Special Facilities Revenue Bonds during November 2010. The bonds were issued to finance the acquisition, construction, expansion, installation and equipping of certain capital improvements at Dallas Love Field Airport. Major construction commenced during 2010, with completion of the project scheduled for the second half of 2014. It is currently expected that the total amount spent on the project will be approximately \$519 million. Although the City has received commitments from various sources (federal grants, PFC charges and other Airport Revenues fund revenues), the majority of the funds used are expected to be from the issuance of bonds. Depending on the funding needs and the timing of these funds from other sources, an additional tranche of bonds is expected to be issued prior to the completion of the project.

Prior to the issuance of the bonds, the City entered into two separate funding agreements with an airline carrier: (1) a "Facilities Agreement" pursuant to which the airline carrier is obligated to make debt service payments on the principal and interest amounts associated with the bonds (Facilities Payments), less other sources of funds the City may apply to the repayment of the bonds (including, but not limited to, passenger facility charges collected from passengers originating from Love Field Airport); and (2) a "Revenue Credit Agreement" pursuant to which the City will reimburse the airline carrier for the Facilities Payments made by the carrier.

A majority of the monies transferred from the City to the airline carrier under the Revenue Credit Agreement are expected to originate from a reimbursement account created in a "Use and Lease Agreement" between the City and the airline carrier. The Use and Lease Agreement is a 20-year agreement providing for, among other things, the lease of space at the Airport from the City. The remainder of such monies transferred from the City to the airline carrier under the Revenue Credit Agreement is expected to originate from (1) use and lease agreements with other airlines, (2) various concession agreements, and (3) other miscellaneous revenues generated at Love Field Airport.

All of the assets ultimately acquired by the bonds will belong to the City at the time of acquisition pursuant to an Agreement for Donation and Assignment entered into between the City and the airline carrier. The bonds are a special obligation for which the airline carrier has guaranteed the principal and interest payments on the bonds, payable solely from the facilities payments to be made pursuant to the terms of the Special Facilities Agreement and other funds constituting the trust estate under the indenture, including any amounts received under the guaranty. The bonds do not constitute a debt or pledge of the faith and credit of the LFAMC, the City, the County, or the State of Texas, and accordingly have not been reported in the accompanying financial statements. At September 30, 2011, the Special Facilities Revenue Bonds outstanding was \$310 million.

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 10. Long-Term Debt (continued)

J. Airport Revenues Obligation for Revenue Credit Agreement

The Revenue Credit Agreement entered into between the City and the airline carrier was made possible as a result of the rate making provisions of the Airport Use and Lease Agreement which provide for the annual calculation of airline rates and charges sufficient to recover among other things, debt service on the bonds. While the crediting back of money to the airline carrier under the Revenue Credit Agreement will be done pursuant to a contractual agreement between the City and the airline carrier, such revenue credits are not pledged to the payment of debt service on the Bonds. The City has determined the obligation under the Revenue Credit Agreement to be a liability, and accordingly has recorded the obligation in the accompanying financial statements. The interest rate for the obligation is 5.48%, and the obligation will be amortized over a period of 30 years. The balance of the obligation for the Revenue Credit Agreement was \$300 million, including \$88 thousand of unpaid accrued interest, at September 30, 2011. The schedule of principal and interest payments required for the obligation is provided below:

Fiscal Year	Airport Revenues - LFAMC		
	Obligation for Revenue Credit Agreement		
	Principal	Interest	Total
2012	\$ -	\$ 16,476	\$ 16,476
2013	-	16,488	16,488
2014	-	16,499	16,499
2015	-	16,512	16,512
2016	-	16,525	16,525
2017-2021	-	82,851	82,851
2022-2026	-	83,309	83,309
2027-2031	40,999	81,334	122,333
2032-2036	113,075	57,555	170,630
2037-2040	146,039	21,450	167,489
	<u>\$ 300,113</u>	<u>\$ 408,999</u>	<u>\$ 709,112</u>



**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 10. Long-Term Debt (continued)

K. Non-major Enterprise Funds (Pension Obligation Bonds)

The Non-major enterprise funds provide for the payment of principal and interest on a portion of Pension Obligation bonds, which are paid through increased contributions to the debt service fund. The bonds outstanding as of September 30, 2011 are as follows:

<u>Series Description</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
Pension Obligation Bonds	2035	0.295% - 5.48%	\$ 10,788

L. Business-Type Activities Debt Service Requirements

The debt service principal and interest payment requirement to maturity at September 30, 2011, for the business-type activities revenue bonds and pension obligation bonds are as follows:

<u>Fiscal Year</u>	<u>Dallas Water Utilities</u>					
	<u>Revenue Bonds</u>			<u>Pension Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 82,330	\$ 80,906	\$ 163,236	\$ 1,957	\$ 3,766	\$ 5,723
2013	96,115	80,444	176,559	1,823	4,004	5,827
2014	90,020	76,334	166,354	2,373	3,570	5,943
2015	91,835	72,351	164,186	1,622	4,478	6,100
2016	90,510	68,227	158,737	1,512	4,707	6,219
2017-2021	443,105	281,207	724,312	12,011	21,683	33,694
2022-2026	360,865	187,452	548,317	23,034	16,991	40,025
2027-2031	265,953	119,163	385,116	7,548	40,028	47,576
2032-2036	240,665	60,942	301,607	7,334	36,193	43,527
2037-2040	123,390	11,780	135,170	-	-	-
	<u>\$ 1,884,788</u>	<u>\$ 1,038,806</u>	<u>\$ 2,923,594</u>	<u>\$ 59,214</u>	<u>\$ 135,420</u>	<u>\$ 194,634</u>

(continued)

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 10. Long-Term Debt (continued)

Convention Center						
Fiscal Year	Revenue Bonds			Pension Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 2,205	\$ 16,487	\$ 18,692	\$ 140	\$ 269	\$ 409
2013	2,775	16,420	19,195	130	286	416
2014	3,675	16,282	19,957	163	255	418
2015	4,640	16,098	20,738	116	319	435
2016	5,740	15,866	21,606	108	336	444
2017-2021	42,505	73,948	116,453	851	1,547	2,398
2022-2026	55,415	62,001	117,416	1,643	1,212	2,855
2027-2031	70,760	46,652	117,412	539	2,856	3,395
2032-2036	91,145	26,267	117,412	523	2,582	3,105
2037-2038	43,510	3,456	46,966	-	-	-
	<u>\$ 322,370</u>	<u>\$ 293,477</u>	<u>\$ 615,847</u>	<u>\$ 4,213</u>	<u>\$ 9,662</u>	<u>\$ 13,875</u>

Convention Center						
Fiscal Year	Long-term Notes Payable			Non-major Enterprise Funds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 1,257	\$ 274	\$ 1,531	\$ 356	\$ 686	\$ 1,042
2013	1,757	304	2,061	332	729	1,061
2014	1,838	230	2,068	434	650	1,084
2015	1,915	153	2,068	295	815	1,110
2016	2,507	78	2,585	275	857	1,132
2017-2021	-	-	-	2,191	3,948	6,139
2022-2026	-	-	-	4,196	3,094	7,290
2027-2031	-	-	-	1,373	7,289	8,662
2032-2035	-	-	-	1,336	6,590	7,926
	<u>\$ 9,274</u>	<u>\$ 1,039</u>	<u>\$ 10,313</u>	<u>\$ 10,788</u>	<u>\$ 24,658</u>	<u>\$ 35,446</u>

Airport Revenues						
Fiscal Year	Pension Obligation Bonds			Long-term Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 183	\$ 352	\$ 535	\$ 223	\$ 57	\$ 280
2013	171	375	546	232	48	280
2014	221	335	556	242	38	280
2015	152	420	572	252	28	280
2016	142	441	583	537	24	561
2017-2021	1,126	2,032	3,158	-	-	-
2022-2026	2,159	1,592	3,751	-	-	-
2027-2031	707	3,751	4,458	-	-	-
2032-2035	687	3,392	4,079	-	-	-
	<u>\$ 5,548</u>	<u>\$ 12,690</u>	<u>\$ 18,238</u>	<u>\$ 1,486</u>	<u>\$ 195</u>	<u>\$ 1,681</u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 10. Long-Term Debt (continued)

M. Discretely Presented Component Unit Debt Service Requirements

The changes in the DDDA discretely presented component unit's long-term liabilities for the year ended September 30, 2011 are as follows:

	Balance 9/30/10	Additions	Deletions	Balance 09/30/11	Due Within One Year
Tax Increment Revenue					
Bonds - Series 2006	\$ 49,497	\$ -	\$ 1,458	\$ 48,039	\$ 1,627
Bonds - Series 2007	28,951	-	-	28,951	286
Accretion	15,210	3,989	759	18,440	-
Total Bonds	<u>\$ 93,658</u>	<u>\$ 3,989</u>	<u>\$ 2,217</u>	<u>\$ 95,430</u>	<u>\$ 1,913</u>

The changes in the Dallas Convention Center Hotel Development Corporation discretely presented component unit's long-term liabilities for the year ended December 31, 2010 are as follows:

	Balance 12/31/09	Additions	Deletions	Balance 12/31/10	Due Within One Year
2009A Current Interest Bonds	\$ 62,530	\$ -	\$ -	\$ 62,530	\$ -
2009A Capital Appreciation Bonds	11,881	-	-	11,881	-
2009B Taxable Build America Bonds	388,175	-	-	388,175	-
2009C Taxable Bonds	17,235	-	-	17,235	-
Total Revenue Bonds	<u>479,821</u>	<u>-</u>	<u>-</u>	<u>479,821</u>	<u>-</u>
Add: Unamortized Premium	939	-	(69)	870	-
Less: Unamortized Discount	(389)	-	24	(365)	-
Add: Accretion on Capital	-	-	-	-	-
Appreciation Bonds	235	739	-	974	-
Total Long-term Debt	<u>\$ 480,606</u>	<u>\$ 739</u>	<u>\$ (45)</u>	<u>\$ 481,300</u>	<u>\$ -</u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 10. Long-Term Debt (continued)

The DDDA discretely presented component unit has issued tax increment bonds that are payable solely from the pledged tax increments of the zone. The tax increment bonds outstanding as of September 30, 2011 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
Series DDDA - Series 2006	2036	5.25% - 5.66%	\$ 48,039
Series DDDA - Series 2007	2036	5.49% - 6.28%	28,951
Total Outstanding			<u>\$ 76,990</u>

The Dallas Convention Center Hotel Development Corporation discretely presented component unit bonds outstanding as of December 31, 2010 are as follows:

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

The debt service principal and interest payment requirement to maturity at September 30, 2011, for the DDDA discretely presented component unit activities tax increment financing bonds and at December 31, 2010 for the Dallas Convention Center Hotel Development Corporation bonds are as follows:

Fiscal Year	DDD A			Calendar Year	Dallas Convention Center Hotel Development Corporation		
	Principal	Interest	Total		Principal	Interest	Total
2012	\$ 1,913	\$ 2,186	\$ 4,099	2011	\$ -	\$ 31,607	\$ 31,607
2013	2,442	2,547	4,989	2012	-	31,607	31,607
2014	2,516	2,802	5,318	2013	-	31,607	31,607
2015	2,772	3,182	5,954	2014	-	31,607	31,607
2016	2,831	3,523	6,354	2015	3,700	31,514	35,214
2017-2021	14,194	21,620	35,814	2016-2020	36,202	156,040	192,242
2022-2026	14,562	27,099	41,661	2021-2025	49,737	150,635	200,372
2027-2031	15,550	30,052	45,602	2026-2030	73,752	130,002	203,754
2032-2036	20,210	29,299	49,509	2031-2035	105,670	94,325	199,995
Totals	<u>\$ 76,990</u>	<u>\$ 122,310</u>	<u>\$ 199,300</u>	2036-2040	141,830	50,711	192,541
				2041-2042	68,930	4,953	73,883
				Totals	<u>\$ 479,821</u>	<u>\$ 744,608</u>	<u>\$ 1,224,429</u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 10. Long-Term Debt (continued)

N. Bonds Authorized and Unissued

The following is a schedule of authorized but unissued bonds at September 30, 2011:

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

O. Compliance with Debt Covenants

For the year ended September 30, 2011, management of the City believes that it was in compliance with all financial bond covenants on outstanding revenue and general obligation bonded debt.

P. Commercial Paper Notes

The commercial paper notes are supported by three credit agreements through three banks and two pension funds. The credit agreement supporting Series B notes is through Bank of America, which was extended to September 30, 2014. The Series B has an aggregate available principal amount not to exceed \$214.8 million, which includes \$200 million of principal together with \$14.8 million of accrued interest for a period of 270 days at the rate of 10% per annum. The credit agreement supporting Series C notes, through JP Morgan was also extended to September 30, 2014. The Series C has an aggregate available principal amount not to exceed \$107.4 million, which includes \$100 million of principal together with \$7.4 million of accrued interest for a period of 270 days at the rate of 10% per annum. The credit agreement supporting the Series D notes is through U.S. Bank National Association, California Public Employees' Retirement System and California State Teachers' Retirement System extends to March 17, 2012. The Series D has an aggregate principal amount not to exceed \$326.6 million, which includes \$300 million of principal together with \$26.6 million of accrued interest for a period of 270 days at the rate of 12% per annum. All three commercial paper programs constitute an obligation subordinate to the City's water and wastewater system revenue bonds. Any advances for payments of commercial paper under the line of credit are secured by a subordinate lien on water and wastewater revenues. During fiscal year 2011, \$126.7 million was issued and \$148 million was refunded. Changes in short-term obligations during fiscal year 2011 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Commercial Paper	\$ 58,000	\$ 126,860	\$ 148,000	\$ 36,860

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

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, 2011, amounted to \$4.2 million.

Future minimum lease payments for these leases are as follows:

Year Ending September 30	Total Rental Payments	Governmental Activities	Business-Type Activities
2012	\$ 6,536	\$ 5,311	\$ 1,225
2013	5,409	4,625	784
2014	4,882	4,524	358
2015	4,431	4,291	140
2016	3,975	3,831	144
2017-2021	4,181	3,387	794
2022-2026	990	54	936
Thereafter	1,229	284	945
Minimum Future Rentals	<u>\$ 31,633</u>	<u>\$ 26,307</u>	<u>\$ 5,326</u>

The City is also committed under capital leases for the purchase of computer equipment and for the purchase of a parking garage. The liability for future capital lease payments totals \$6.2 million. Future minimum lease payments for capital leases including interest and principal are as follows:

Fiscal Year	Rental Payments
2012	\$ 845
2013	496
2014	413
2015	350
2016	350
2017-2021	3,050
2022-2024	<u>3,000</u>
Total minimum future lease payments	8,504
Less: Amount representing interest	<u>(2,273)</u>
Present value of net minimum lease payments	<u>\$ 6,231</u>

The following schedule provides an analysis of the City's investments in capital assets under capital lease arrangements as of September 30, 2011.

Building and Equipment	\$ 20,924
Less: Accumulated depreciation	<u>(15,797)</u>
Total	<u>\$ 5,127</u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 11. Leases (continued)

B. As Lessor

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

Revenues for the fiscal year ended September 30, 2011 were \$32.2 million. The following is a schedule of minimum future rentals on noncancelable operating leases as of September 30, 2011:

Year ending September 30	Government Activities	Dallas Water Utilities	Convention Center	Airport Revenues	Total
2012	\$ 1,021	\$ 46	\$ 170	\$ 23,017	\$ 24,254
2013	998	46	170	22,125	23,339
2014	983	46	170	14,823	16,022
2015	981	46	170	7,681	8,878
2016	975	46	170	7,678	8,869
2017-2021	3,733	229	850	36,690	41,502
2022-2026	1,491	208	411	28,581	30,691
Thereafter	886	83	-	19,490	20,459
Minimum Future Rentals	<u>\$ 11,068</u>	<u>\$ 750</u>	<u>\$ 2,111</u>	<u>\$ 160,085</u>	<u>\$ 174,014</u>

The above amounts do not include contingent rentals of the Airport Revenues fund, which may be received under certain leases; such contingent rentals received totaled \$1 million in 2011.

The following schedule provides an analysis of the Airport's Revenues fund investment in property under operating lease arrangements as of September 30, 2011:

Buildings	\$ 324,686
Land	<u>11,796</u>
Subtotal	336,482
Less: Accumulated Depreciation	<u>(100,078)</u>
Total	<u>\$ 236,404</u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

**Note 12. Defeasance of Debt**

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

As of September 30, 2011, the City had a total of \$265 million defeased outstanding General Obligation Bonds and \$350 million defeased outstanding revenue bonds. The following is a schedule of defeased bonds during the fiscal year:

	Beginning Balance	Additions	Deletions	Ending Balance
General Obligation Bonds	\$ 164,035	\$ 225,560	\$ 124,380	\$ 265,215
Water and Sewer Revenue Bonds	377,185	105,285	132,820	349,650
	<u>\$ 541,220</u>	<u>\$ 330,845</u>	<u>\$ 257,200</u>	<u>\$ 614,865</u>

**Note 13. Risk Management – Estimated Claims and Judgments Payable**

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

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

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

All workers' compensation losses are accumulated in a clearing fund which is being reimbursed by the premiums collected. When losses exceed premiums, the deficiencies are prorated and supplemented by the various applicable funds. Accrued workers' compensation liability consists of incurred but not reported as well as unpaid reported claims of which \$51.6 million at September 30, 2011, is recorded in the risk funds. Of this amount, \$9.3 million is estimated to be payable in the next fiscal year.

The City maintains a group health insurance plan for employees and dependents which is self-insured by the City. The City also offers enrollment in one health maintenance organization as an alternative. Premiums are determined based on the annual budget. The City also maintains a group life insurance plan which offers term-life and accidental death and dismemberment for employees and dependents. The City is fully insured for employee term-life. Health claims and claims incurred but not reported that are probable and can be reasonably estimated are accrued in the accompanying basic financial statements at September 30, 2011, in the amount of \$8.5 million in the risk funds.

At September 30, 2011, the City estimates its general liability at \$13.3 million, which includes \$11.3 million for automobile and general liability and \$2 million for probable claims and lawsuits. Of this amount, \$4.4 million is estimated to be payable in the next fiscal year.



**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

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

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

	Workers' Compensation		Health		General Liability	
	2011	2010	2011	2010	2011	2010
Unpaid claims, beginning of year	\$ 61,379	\$ 60,621	\$ 7,904	\$ 9,219	\$ 17,050	\$ 23,981
Incurred claims, including incurred but not reported claims (IBNRs) and changes in estimates)	12,853	16,070	105,454	97,558	8,362	5,306
Claim payments	(22,641)	(15,312)	(104,879)	(98,873)	(12,099)	(12,237)
Unpaid claims, end of year	<u>\$ 51,591</u>	<u>\$ 61,379</u>	<u>\$ 8,479</u>	<u>\$ 7,904</u>	<u>\$ 13,313</u>	<u>\$ 17,050</u>

Note 14. Accrued Landfill Liability

The City owns and operates the McCommas Bluff landfill located in the southern portion of the City with an estimated remaining useful life of 46 years. Closure and post-closure care of this landfill is subject to the requirements of Subtitle D of the Resource Conservation and Recovery Act (P.L. 94-580) and Sections 330.250-256 of Title 30 of the Texas Administrative Code administered by the Texas Commission on Environmental Quality (TCEQ). These regulations require the City to place a final cover on each cell of the landfill when it ceases to accept waste and perform certain maintenance and monitoring functions for thirty years after the closure of each cell.

Because final contours have not been achieved, the City has not yet initiated closure of any of this landfill or incurred closure expenses. Therefore, the estimated \$28 million liability for closure/post-closure care is based on 37.3 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 \$74.5 million is based on current dollar average cost per acre calculations for this specific landfill as originally provided by consulting firms and has been revised annually by the City to accommodate inflation, deflation, technology, and developmental or regulation changes. In accordance with the provisions of Codification of Governmental Accounting and Financial Reporting Standards, Section L10, "Landfill Closure and Post closure Care Costs," the City has recorded a closure and post-closure liability of \$28 million as a long-term liability. Closure and post-closure care are funded through current general fund revenues generated by landfill operations. Effective April 9, 1997, Sections 330.280-284 of Title 30 of the Texas Administrative Code (TAC) require landfill owners to demonstrate financial assurance on an annual basis that they will have sufficient financial resources to satisfy closure and post-closure care expenditures at such time as these become payable.

The City also owns and operates the Deepwood & Loop 12 landfill located at South Miller Road and SW of Loop 12. The estimated total annual liability for post closure care costs for the entire 47 acres of the closed landfill (132 acres of the Landfill Property) of the landfill is \$222 thousand, and the total liability for 30 years would be \$6 million. In addition to the \$222 thousand, there will also be a onetime payment of \$313 thousand in fiscal year 2012, making the total amount presented as due in one year \$532 thousand. The total closure and post-closure liability for both landfills at September 30, 2011 is \$34 million.

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

**Note 15. Pollution Remediation**

The City is responsible for following all applicable environmental rules when managing sites with environmental clean-up or management requirements. The Texas Commission on Environmental Quality (TCEQ) is the State regulatory agency that regulates all projects being reported. The method used to calculate the liability is the current value of outlays to remediate the properties – the amount that would be paid if all equipment, facilities, and services included in the estimate were acquired during the current period. The liability is an estimate and is subject to revision because of price increases or reductions, changes in technology, or changes in applicable laws or regulations. As of September 30, 2011, the total environmental remediation liability is \$16.6 million and \$2.9 million is estimated to be paid in fiscal year 2012. At this time, the City is unable to estimate any recoveries to reduce the liability. The specific issues related to the City's remediation efforts include:

The City is constructing a park over a closed landfill and all activities are conducted in compliance with TAC Ch. 330, Subchapter T (Use of land over a closed municipal landfill). Environmental remediation for this site is expected to be completed in fiscal year 2012 with an estimated cost of \$2.7 million.

The City is managing four sites that are regulated by the Texas Risk Reduction Program, TAC Ch. 350. For the first site, the City is excavating soil impacted with metals and polycyclic aromatic hydrocarbons and disposing at an approved facility offsite prior to construction of a City park. Remediation was completed in fiscal year 2011. For the second site, the City has investigated the environmental impact of a closed landfill and will be conducting remediation as required. Activities at this site are expected to be complete in fiscal year 2014 with an estimated cost of \$13.1 million of which \$39 thousand is estimated to be completed in fiscal year 2012. For the third site, the city has completed phase I and phase II environmental site assessment. Additional investigation of metals impacted soil and reporting to TCEQ is required. Activities at this site are expected to be completed in FY 2014 with an estimated cost of \$500 thousand. For the fourth site, the City has completed phase I and phase II environmental site assessment; future response actions included excavation of metal impacted soil and removal of any battery casings encountered. Activities are expected to be completed by FY 2013 with an estimated cost of \$27 thousand.

The City is also managing an environmental corrective action at four leaking petroleum storage tank (LPST) sites. Activities at these sites are conducted in compliance with the rule for Underground and Aboveground Storage Tanks, TAC Ch 334. Environmental remediation for the first of these three sites was completed in fiscal year 2011, the second site will be completed in fiscal year 2012, and the third site will be completed in fiscal year 2015. The total estimated liability for LPST is \$299 thousand with \$157 thousand estimated to be paid in fiscal year 2012.

**Note 16. Pension Plans**

**A. Plan Descriptions**

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

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

The City is also legally obligated to fund the Dallas Police & Fire Pension Plan and the Supplemental Police and Fire Pension Plan in an amount actuarially determined each year. In the opinion of the City Attorney, the City is not legally obligated to fund any additional amounts. The activities of the entities as of December 31, 2010 are reported in the City's Pension Trust Funds. Their separate audited financial statements may be obtained through the City.

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

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 16. Pension Plans (continued)

Employees' Retirement Fund: The legal authority for this plan is Chapter 40A of the Dallas City Code. This plan is for the benefit of all eligible employees of the City, excluding firefighters and police officers. Members have vested rights to retirement benefits after five years of service. Benefits are based on credited service and the average monthly earnings for the three highest paid calendar years. Members of the Fund are entitled to normal retirement pension at age 60; early retirement pension at age 55 if employed prior to May 9, 1972 or age 50 and years of service total 78; service retirement pension at any age after 30 years of credited service and disability retirement pension as determined by the board of trustees. Contribution percentages of covered wages are 9.81% for employees and 16.7% for the City. The City's contribution of 16.7% is divided into 8.59% cash to the Plan and 8.11% for debt service payments on the pension obligation bonds. The maximum contribution percentage of covered wages is 36%, with 63% from the City and 37% from employees. The maximum increase or decrease from one year to the next is 10%.

	2010 Membership Consisted of Persons
Retirees and beneficiaries currently receiving benefits and inactive entitled to benefits but not yet receiving them	
Total inactive members	7,104
Current members:	
Vested	4,606
Non vested	2,428
Subtotal	7,034
Total	14,138

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

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 16. Pension Plans (continued)

A. Plan Descriptions (continued)

	2010 Membership Consisted of
Nonactive Member:	
Retirees and beneficiaries currently receiving benefits and employees entitled to benefits but not yet receiving them:	
Firefighters	1,511
Police Officers	2,024
Terminated vested members not yet receiving benefits	135
Total inactive members	<u>3,670</u>
Current Vested Employees:	
Firefighters	1,406
Police Officers	2,474
Current Nonvested Employees:	
Firefighters	408
Police Officers	1,194
Total current employees	<u>5,482</u>

Supplemental Police and Fire Pension Plan. The legal authority for this Plan is Subsection 35 of Chapter II of the Charter of the City of Dallas and Ordinance 14084 of 1973. This plan includes officials in the Fire and Police Departments who hold rank higher than the highest corresponding Civil Service rank available as a result of competitive examination. Employees with five or more years of service are entitled to annual pension benefits beginning at normal retirement age 50. Members of the Supplemental Plan contribute 8.5% of their pay that is applicable to the Supplemental Plan on a bi-weekly basis. The City does a one time annual contribution to the Supplemental Plan based on the actuarial analysis, not to exceed a \$100,000 increase over the previous year. For 2010 the City contribution was \$1.44 million.

	2010 Membership consisted of
Nonactive members	
Retirees and beneficiaries currently	
Firefighters	49
Police Officers	64
Total non-active members	<u>113</u>
Current Vested Employees:	
Firefighters	17
Police Officers	22
	<u>39</u>

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 16. Pension Plans (continued)

B. Schedule of Employer Contributions

	Employees' Retirement Fund		Dallas Police and Fire Pension System		Supplemental Police and Fire Pension Plan	
	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
12/31/10	\$41,099	66.48%	\$108,264	100.0%	\$1,444	100.0%
12/31/09	\$39,386	64.06%	\$107,700	100.0%	\$1,344	100.0%
12/31/08	\$10,798	210.41%	\$104,373	100.0%	\$1,244	100.0%

	Employees' Retirement Fund		Dallas Police and Fire Pension System		Supplemental Police and Fire Pension Plan	
	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
12/31/10	\$33,825	80.78%	\$108,264	100.0%	\$1,444	100.0%
12/31/09	\$31,993	78.87%	\$107,700	100.0%	\$1,344	100.0%
12/31/08	\$3,736	608.14%	\$104,373	100.0%	\$1,244	100.0%

C. Employees' Retirement Fund - Net Pension Asset (NPA) for 2010, 2009, and 2008.

	2010	2009	2008
Annual required contribution (ARC)	\$ 41,099	\$ 39,386	\$ 10,798
Interest on NPA	(34,499)	(35,058)	(33,492)
Adjustment to the ARC	27,225	27,665	26,430
Annual Pension Cost	33,825	31,993	3,736
Contribution Made	(27,323)	(25,232)	(22,720)
Change in NPA	6,502	6,761	(18,984)
NPA, beginning of year	(418,183)	(424,944)	(405,960)
NPA, end of year	<u>\$ (411,681)</u>	<u>\$ (418,183)</u>	<u>\$ (424,944)</u>

The net pension obligation (asset) has been allocated between governmental activities and business-type activities based on percentage of contribution by each. For governmental activities, this was 74.4% (\$306,273) and for business-type activities, 25.6% (\$105,408). The amount of net pension asset allocated by business-type activity is 18.9% (\$78,250) to Dallas Water Utilities; 1.4% (\$5,597) to Convention Center; 1.8% (\$7,321) to Airport Revenues; and 3.5% (\$14,240) to nonmajor enterprise funds.

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

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 16. Pension Plans (continued)

D. Police and Fire Pension - Net Pension Obligation (NPO) for 2010, 2009, and 2008

<u>Dallas Police and Fire Pension System</u>	2010	2009	2008
Annual required contribution (ARC)	\$ 108,264	\$ 107,700	\$ 104,373
Interest on NPO	-	-	-
Adjustment to the ARC	-	-	-
Annual Pension Cost	108,264	107,700	104,373
Contribution Made	(108,264)	(107,700)	(104,373)
Change in NPO	-	-	-
NPO, beginning of year	-	-	-
NPO, end of year	\$ -	\$ -	\$ -

<u>Supplemental Police and Fire Pension Plan</u>	2010	2009	2008
Annual required contribution (ARC)	\$ 1,444	\$ 1,344	\$ 1,244
Interest on NPO	-	-	-
Adjustment to the ARC	-	-	-
Annual Pension Cost	1,444	1,344	1,244
Contribution Made	(1,444)	(1,344)	(1,244)
Change in NPO	-	-	-
NPO, beginning of year	-	-	-
NPO, end of year	\$ -	\$ -	\$ -

E. Significant Actuarial Methods and Assumptions

<u>Assumptions</u>	<u>Employees' Retirement Fund</u>	<u>Dallas Police and Fire Pension System</u>	<u>Supplemental Police and Fire Pension Plan</u>
Actuarial valuation date	12/31/2010	01/01/2011	01/01/2011
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	Level Percentage	Level Percentage	Level Percentage
Asset valuation method	5-year smoothed market	5-year smoothing	Fair market value
Remaining Amortization period	30 Years – Open Period	21 Years – Open Period	5 Years – Open Period
Investment rate of return	8.25%	8.50%	8.50%
Inflation rate	3.00%	4.00%	4.00%
Projected salary increase	3.00%-7.00%	4.00%-9.64%	4.00%
Projected post-retirement benefit increase	3.00%	4.00%	4.00%

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 16. Pension Plans (continued)

F. Securities Lending Transactions

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

During the December 31, 2010 fiscal year, Northern lent, on behalf of the Employees' Retirement Fund, securities held by Northern, as a custodian, and received United States dollar cash, United States government agency securities, agency securities, and irrevocable bank letters of credit as collateral. Northern did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to put up collateral for each loan equal to: (i) in the case of loaned securities in which collateral is all denominated in the same currency as the loaned securities, 102% of the fair market value of the loaned securities plus any accrued but unpaid distributions thereon, and (ii) in the case of loaned securities denominated in a different currency from the loaned securities, 105% of the fair market value of the loaned securities plus any accrued but unpaid distributions thereon. The following table shows the type of collateral held, the market value of the securities on loan, and the market value of the collateral held for open loans at December 31, 2010 and 2009.

Collateral Type	Collateral Market Value	Fair Value	Collateral Percentage	Collateral Market Value	Fair Value	Collateral Percentage
	12/31/2010	12/31/2010		12/31/2009	12/31/2009	
Cash	\$ 368,396	\$ 359,382	103%	\$ 369,108	\$ 357,454	103%
Non-cash	3,837	3,755	102%	95	93	102%
Total	<u>\$ 372,233</u>	<u>\$ 363,137</u>		<u>\$ 369,203</u>	<u>\$ 357,547</u>	

During the December 31, 2010 fiscal year, JP Morgan lent, on behalf of the Dallas Police and Fire Pension System, securities held by JP Morgan as a custodian, and received United States dollar cash and United States Government securities as collateral. JP Morgan did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to put up collateral for each loan equal to: (i) in the case of loaned securities denominated in United States dollars or whose primary trading market was In the United States or sovereign debt issued by foreign governments, 102% of the fair market value of the loaned securities, and (ii) in the case of loaned securities not denominated in United States dollars or whose primary trading market was not in the United States dollars, 105% of the fair market value of the loaned securities. At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System. The collateral held for the System as of December 31, 2010 and December 31, 2009 were \$160.2 and \$220.7 million, respectively.

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

During the fiscal year, the Board and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral was invested, together with the collateral of other qualified tax-exempt plan lenders, in a collective investment pool maintained by Northern. The relationship between the average maturities of the investment pool and the Plan's loans was affected by the maturities of the loans made by other plans' entities that invested cash collateral in the collective investment pool, which the Board could not determine. On December 31, 2010 and 2009, the Plan had no credit risk exposure to borrowers.

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 16. Pension Plans (continued)

G. Funding Policy and Annual Pension Cost

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

	<u>Employees'</u> <u>Retirement Fund</u>	<u>Dallas Police</u> <u>and Fire</u> <u>Pension System</u>	<u>Supplemental</u> <u>Police and</u> <u>Fire Pension Plan</u>
Contribution rates:			
City	16.70%	27.50%	N/A
Plan members	9.81%	N/A	8.50% (2)
Plan members-group A	N/A	6.5% (1)	N/A
Plan members-group B	N/A	8.50%	N/A
Annual pension cost	33,825	108,264	1,444
Contributions made	27,323	108,264	1,444

(1) During 2010 and 2009, no member elected contribution under Group A.

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

H. Funded Status and Funding Progress

The funded status of the plan as of January 1, 2011, (the most recent valuation date) was as follows:

	<u>Employees'</u> <u>Retirement Fund</u>	<u>Dallas Police</u> <u>and Fire</u> <u>Pension System</u>	<u>Supplemental</u> <u>Police and</u> <u>Fire Pension Plan</u>
Actuarial accrued liability (AAL)	3,282	4,316	34
Actuarial value of plan assets	3,027	3,431	21
Unfunded actuarial accrued liability (UAAL)	255	885	13
Funded ratio (actuarial value of plan assets / AAL)	92.24%	79.50%	62.00%
Covered payroll	332	365	1
UAAL as a percentage of covered payroll	76.70%	242.50%	1488.00%



**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 17. Commitments and Contingencies

A. Pending Lawsuits and Claims

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

In the opinion of the City Attorney, the potential loss resulting from all significant claims which are considered reasonably possible, excluding condemnation proceedings, is approximately \$3.4 million as of September 30, 2011. At September 30, 2011, approximately \$2 million has been recorded in the risk funds for claims and lawsuits considered to be probable. In the opinion of the City Attorney, this is the total of all such claims which represent probable loss to the City.

B. Commitments and Contingencies

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

The City has several major construction projects planned or in progress as of September 30, 2011. These projects are evidenced by contractual commitments and include the following: \$220 million for General Purpose Capital Improvements and \$352 million for Water Utilities Capital Improvements.

Note 18. Other Post Employment Benefits

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

For retired employees over 65, the City pays on average \$450 (not in thousands) per month for Medicare "A" if the retirees are not eligible for Social Security coverage. The retirees are responsible for Medicare "B".

For retirees who qualify and choose the City health plan, the City pays approximately 50 percent of the retiree premium and the retiree pays the other 50 percent. Spouses of retirees, like active employees, pay 100% of premiums. There were 4,468 retired participants and surviving spouses in the health plan at October 1, 2010.

The City's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The actuarial cost method used in this valuation to determine the actuarial accrued liability and the annual required contribution (ARC) is the projected until credit method with service prorated. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The City has elected to amortize the unfunded actuarial liability over 30 years as a level percentage of payroll on an open basis. The discount rate used for the determination of the expense for fiscal year 2011 is 4.50%. In determining the level percent amortization of the UAAL, the payroll of plan participants is assumed to increase at 3% per year. The initial healthcare cost trend rate is 9% and the ultimate trend rate is 5%. The claim payments for fiscal year 2011 were approximately \$18 million net of participants' and pension plans' contributions.

The following table shows the components of the City's annual OPEB cost fiscal years 2011, 2010, and 2009, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (in thousands):

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 18. Other Post Employment Benefits (continued)

	2011	2010	2009
Annual OPEB Cost	\$ 47,529	\$ 42,043	\$ 48,330
Contributions Made	(17,559)	(18,965)	(11,950)
Increase in net OPEB	29,970	23,078	36,380
Net OPEB Obligation, beginning of year	96,262	73,184	36,804
Net OPEB Obligation, end of year	<u>\$ 126,232</u>	<u>\$ 96,262</u>	<u>\$ 73,184</u>

	2011
Net OPEB Obligation reported by governmental funds	\$ 103,263
Net OPEB Obligation reported in business type activities funds	18,810
Net OPEB Obligation reported in internal service funds	4,159
	<u>\$ 126,232</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2011, 2010, and 2009 are as follows (in thousands):

Fiscal Year Ended	Net OPEB Obligation Beginning of Year	Annual OPEB Cost	Employer Contributions	Net OPEB Obligation End of Year	Annual OPEB Cost Contributed
2011	\$ 96,262	\$ 47,529	\$ 17,559	\$ 126,232	36.9%
2010	\$ 73,184	\$ 42,043	\$ 18,965	\$ 96,262	45.1%
2009	\$ 36,804	\$ 48,330	\$ 11,950	\$ 73,184	24.7%

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/1/2010	\$ -	\$ 594,437	\$ 594,437	0%	N/A	N/A
10/1/2009	\$ -	\$ 516,184	\$ 516,184	0%	N/A	N/A
10/1/2008	\$ -	\$ 590,856	\$ 590,856	0%	N/A	N/A

The actuarial accrued liability of \$594,437 includes \$356,509 for active employees and \$237,928 for retirees.

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

Actuarial Valuations

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

Note 18. Other Post Employment Benefits (continued)

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

		Non-	
At October 1, 2010, membership was as follows:	Uniformed	Uniformed	Total
Active participants not eligible to retire	2,791	5,697	8,488
Active participants eligible to retire	2,110	915	3,025
Total active participants	4,901	6,612	11,513

Note 19. Discretely Presented Component Units' Condensed Financial Information

DDDA and the Dallas Convention Center Hotel Development Corporation are the only "major" discretely presented component units, as considered by management. Summary component unit condensed financial information as of September 30, 2011, for the governmental component units and as of December 31, 2010, for the Dallas Convention Center Hotel Development Corporation is presented below:

Condensed Statement of Net Assets

	Governmental			Business-type
	DDDA	Nonmajor	Total Governmental	Convention Center Hotel Development Corporation
<b>Assets</b>				
Current and other assets	\$ 41,400	\$ 2,744	\$ 44,144	\$ 286,642
Capital assets	-	-	-	238,988
Total assets	41,400	2,744	44,144	525,630
<b>Liabilities</b>				
Current liabilities	190	280	470	63,963
Non current liabilities	95,430	-	95,430	481,300
Total liabilities	95,620	280	95,900	545,263
<b>Net assets</b>				
Invested in capital assets, net of related debt	-	-	-	55,976
Restricted for debt service	7,956	-	7,956	-
Unrestricted	(62,176)	2,464	(59,712)	(75,609)
Total net assets	\$ (54,220)	\$ 2,464	\$ (51,756)	\$ (19,633)

**CITY OF DALLAS, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
Year Ended September 30, 2011

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

	Governmental			Business-type
	DDDA	Nonmajor	Total Governmental	Convention Center Hotel Development Corporation
Operating revenues				
Intergovernmental	\$ 8,182	\$ 639	\$ 8,821	\$ -
Other	-	1,897	1,897	-
Total operating revenues	<u>8,182</u>	<u>2,536</u>	<u>10,718</u>	<u>-</u>
Operating expenses	229	1,752	1,981	1,324
Operating income (loss)	7,953	784	8,737	(1,324)
Nonoperating income	-	-	-	-
Other	-	-	-	9,631
Interest on bonds	(5,243)	-	(5,243)	(26,681)
Investment income	-	6	6	4,498
Income before contributions	2,710	790	3,500	(13,876)
Contributions	-	(150)	(150)	-
Change in net assets	2,710	640	3,350	(13,876)
Total net assets, beginning of year	(56,930)	1,798	(55,132)	(5,757)
Total net assets, end of year	<u>\$ (54,220)</u>	<u>\$ 2,438</u>	<u>\$ (51,782)</u>	<u>\$ (19,633)</u>

Note 20. Subsequent Events

On March 5, 2012, the City issued \$15,000,000 in general obligation commercial paper for streets and park and recreation projects. The notes were issued with a 0.19% coupon rate and have a maturity date of June 7, 2012; however, the City plans to refund the commercial paper notes with general obligation bonds.

**CITY OF DALLAS, TEXAS**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS (UNAUDITED)**  
Employee's Retirement Fund (ERF)  
Dallas Police and Fire Pension System (DPFPS)  
and  
Supplemental Police and Fire Pension Plan (SPFPP)  
Year Ended September 30, 2011  
(in millions)

Actuarial Valuation Date	Plan	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/10	ERF	3,027	3,282	255	92.24%	332	76.7%
12/31/09	ERF	3,032	3,192	160	94.97%	375	42.8%
12/31/08	ERF	2,958	3,075	118	96.17%	389	30.1%
01/01/11	DPFPS	3,431	4,316	885	79.5%	365	242.5%
01/01/10	DPFPS	3,383	4,133	750	81.8%	367	204.4%
01/01/09	DPFPS	3,040	3,878	838	78.4%	348	240.8%
01/01/11	SPFPP	21	34	13	62.0%	1	1,488%
01/01/10	SPFPP	21	33	13	62.0%	1	1,223%
01/01/09	SPFPP	18	32	14	57.0%	1	1,334%

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

**CITY OF DALLAS, TEXAS**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS (UNAUDITED)**  
Other Postemployment Benefits  
Year Ended September 30, 2011  
(in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ((b-a)/c))
9/30/2011	\$ -	\$ 594,437	\$ 594,437	0%	N/A	N/A
9/30/2010	\$ -	\$ 516,184	\$ 516,184	0%	N/A	N/A
9/30/2009	\$ -	\$ 590,856	\$ 590,856	0%	N/A	N/A

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



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

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

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

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

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

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

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

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

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

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

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

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

### **CAPITAL PROJECTS FUNDS**

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned for capital outlays, including the acquisition or construction of capital facilities and other capital assets which are not financed by Enterprise Funds, Internal Service Funds, and Trust Funds.

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

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

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

Buildings – to account for construction of City-owned buildings

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



## **NONMAJOR GOVERNMENTAL FUNDS**

### **PERMANENT FUNDS**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs that is, for the benefit of the government or its citizenry.

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

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

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

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

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



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

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

As of September 30, 2011  
(in thousands)

	Special Revenue				
	Community Development	Health and Human Services	Library	Police	Recreation
<b>Assets</b>					
Pooled cash and cash equivalents	\$ -	\$ -	\$ 2,795	\$ 2,286	\$ 17,906
Other investments, at fair value	-	-	-	-	-
Receivables:					
Notes	7,256	-	-	-	-
Accounts	2,766	27	2	-	508
Accrued interest	18	6	5	33	95
Allowance for uncollectible accounts	(6,890)	-	-	-	(220)
Due from other governments	8,145	8,849	41	9,879	58
Special assessments- paving notes	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Notes receivable from other funds	-	-	-	-	-
Total assets	<u>11,295</u>	<u>8,882</u>	<u>2,843</u>	<u>12,198</u>	<u>18,347</u>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Accrued payroll	314	366	8	43	17
Accounts payable	3,565	2,653	58	206	863
Due to other governments	-	-	-	-	-
Due to other funds	977	4,854	-	-	-
Deferred revenue	-	-	-	-	103
Unearned revenue	8	-	12	78	-
Construction accounts payable	-	-	-	-	-
Notes payable to other funds	-	-	-	-	6,425
Customer deposits	-	-	-	-	-
Contracts payable	-	-	-	-	-
Other	2,969	17	3	86	191
Total liabilities	<u>7,833</u>	<u>7,890</u>	<u>81</u>	<u>413</u>	<u>7,599</u>
<b>Fund balances</b>					
Nonspendable	-	-	-	-	-
Restricted	3,462	992	2,762	11,785	-
Committed	-	-	-	-	10,748
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>3,462</u>	<u>992</u>	<u>2,762</u>	<u>11,785</u>	<u>10,748</u>
Total liabilities and fund balance	<u>\$ 11,295</u>	<u>\$ 8,882</u>	<u>\$ 2,843</u>	<u>\$ 12,198</u>	<u>\$ 18,347</u>

Transportation	Management Improvement	Storm Water Operations	Municipal	General Citizen	Arts and Cultural	Total Nonmajor Special Revenue Funds
\$ 4,453	\$ 13,991	\$ 25,441	\$ 14,766	\$ 3,049	\$ 2,682	\$ 87,369
-	-	-	-	-	2,293	2,293
-	-	-	9,538	-	-	16,794
9,178	76	9,375	72	-	-	22,004
34	35	82	47	9	23	387
(3,364)	-	(3,085)	(2,838)	-	-	(16,397)
632	213	-	46	-	-	27,863
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>10,933</u>	<u>14,315</u>	<u>31,813</u>	<u>21,631</u>	<u>3,058</u>	<u>4,998</u>	<u>140,313</u>
-	14	-	76	-	-	838
57	307	555	2,367	28	256	10,915
-	1	-	2,125	-	-	2,126
841	2,133	-	-	-	-	8,805
4,951	-	748	16	-	-	5,818
-	-	-	1,336	-	-	1,434
-	-	-	-	-	-	-
-	-	728	-	-	-	7,153
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,451	-	-	7	-	4,724
<u>5,849</u>	<u>3,906</u>	<u>2,031</u>	<u>5,920</u>	<u>35</u>	<u>256</u>	<u>41,813</u>
-	-	-	-	-	-	-
5,084	10,409	29,782	15,711	3,023	4,742	87,752
-	-	-	-	-	-	10,748
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>5,084</u>	<u>10,409</u>	<u>29,782</u>	<u>15,711</u>	<u>3,023</u>	<u>4,742</u>	<u>98,500</u>
<u>\$ 10,933</u>	<u>\$ 14,315</u>	<u>\$ 31,813</u>	<u>\$ 21,631</u>	<u>\$ 3,058</u>	<u>\$ 4,998</u>	<u>\$ 140,313</u>

**CITY OF DALLAS, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
As of September 30, 2011  
(in thousands)

	Capital Projects					Total Nonmajor Capital Project Funds
	Neighborhood Projects	Parks	Streets and Drainage	Building	Trans- portation	
<b>Assets</b>						
Pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other investments, at fair value	-	-	-	-	2,014	2,014
Receivables:						
Notes	6,013	-	-	1,500	-	7,513
Accounts	8	-	-	41	859	908
Accrued interest	130	107	452	655	607	1,951
Allowance for uncollectible accounts	(6,013)	-	(2,455)	(1,500)	-	(9,968)
Due from other governments	-	40	-	2,622	2,553	5,215
Special assessments- paving notes	-	-	4,866	-	-	4,866
Restricted cash and cash equivalents	42,921	35,687	149,123	213,659	202,545	643,935
Notes receivable from other funds	-	-	4,161	-	-	4,161
Total assets	<u>43,059</u>	<u>35,834</u>	<u>156,147</u>	<u>216,977</u>	<u>208,578</u>	<u>660,595</u>
<b>Liabilities and fund balances</b>						
<b>Liabilities</b>						
Accrued payroll	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Due to other governments	-	-	2	-	-	2
Due to other funds	500	-	-	44	-	544
Deferred revenue	-	-	2,598	-	-	2,598
Unearned revenue	-	4,536	6	-	16,057	20,599
Construction accounts payable	3,549	1,336	8,179	14,046	8,442	35,552
Notes payable to other funds	4,491	-	-	-	-	4,491
Customer deposits	-	-	9	-	-	9
Contracts payable	11,601	174	2,356	2,977	1,020	18,128
Other	-	-	-	-	-	-
Total liabilities	<u>20,141</u>	<u>6,046</u>	<u>13,150</u>	<u>17,067</u>	<u>25,519</u>	<u>81,923</u>
<b>Fund balances</b>						
Nonspendable	-	-	4,161	-	-	4,161
Restricted	22,918	29,788	138,836	199,910	183,059	574,511
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>22,918</u>	<u>29,788</u>	<u>142,997</u>	<u>199,910</u>	<u>183,059</u>	<u>578,672</u>
Total liabilities and fund balance	<u>\$ 43,059</u>	<u>\$ 35,834</u>	<u>\$ 156,147</u>	<u>\$ 216,977</u>	<u>\$ 208,578</u>	<u>\$ 660,595</u>

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

As of September 30, 2011

(in thousands)

	Permanent Funds					Total Permanent Funds	Total Nonmajor Governmental Funds
	Samuell Park	Grauwyler Memorial	Craddock Park	Martin Weiss Park	Hale Davis		
<b>Assets</b>							
Pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,369
Other investments, at fair value	6,634	76	696	67	340	7,813	12,120
Receivables:							
Notes	-	-	-	-	-	-	24,307
Accounts	-	-	-	-	-	-	22,912
Accrued interest	-	-	-	-	-	-	2,338
Allowance for uncollectible accounts	-	-	-	-	-	-	(26,365)
Due from other governments	-	-	-	-	-	-	33,078
Special assessments- paving notes	-	-	-	-	-	-	4,866
Restricted cash and cash equivalents	-	-	-	-	-	-	643,935
Notes receivable from other funds	-	-	-	-	-	-	4,161
Total assets	<u>6,634</u>	<u>76</u>	<u>696</u>	<u>67</u>	<u>340</u>	<u>7,813</u>	<u>808,721</u>
<b>Liabilities and fund balances</b>							
<b>Liabilities</b>							
Accrued payroll	-	-	-	-	-	-	838
Accounts payable	-	-	-	-	-	-	10,915
Due to other governments	-	-	-	-	-	-	2,128
Due to other funds	-	-	-	-	-	-	9,349
Deferred revenue	-	-	-	-	-	-	8,416
Unearned revenue	-	-	-	-	-	-	22,033
Construction accounts payable	-	-	-	-	-	-	35,552
Notes payable to other funds	-	-	-	-	-	-	11,644
Customer deposits	-	-	-	-	-	-	9
Contracts payable	-	-	-	-	-	-	18,128
Other	-	-	-	-	-	-	4,724
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,736</u>
<b>Fund balances</b>							
Nonspendable	6,634	76	696	67	340	7,813	11,974
Restricted	-	-	-	-	-	-	662,263
Committed	-	-	-	-	-	-	10,748
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>6,634</u>	<u>76</u>	<u>696</u>	<u>67</u>	<u>340</u>	<u>7,813</u>	<u>684,985</u>
Total liabilities and fund balance	<u>\$ 6,634</u>	<u>\$ 76</u>	<u>\$ 696</u>	<u>\$ 67</u>	<u>\$ 340</u>	<u>\$ 7,813</u>	<u>\$ 808,721</u>

**CITY OF DALLAS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
Year Ended September 30, 2011  
(in thousands)

	Special Revenue				
	Community Development	Health and Human Services	Library	Police	Recreation
Revenues:					
Ad valorem tax	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increment financing, intergovernmental	-	-	-	-	-
Intergovernmental	56,250	24,324	927	22,507	1,213
Service to others	3,349	1	14	-	4,448
Fines and forfeits	-	-	-	299	-
Investment income	27	12	18	78	121
Contributions and gifts	51	252	523	83	640
Confiscated money awards	-	-	-	1,784	-
Other	-	-	-	-	-
Total revenues	<u>59,677</u>	<u>24,589</u>	<u>1,482</u>	<u>24,751</u>	<u>6,422</u>
Expenditures:					
Current					
General government	14,588	-	-	-	-
Public safety	401	-	-	21,151	-
Streets, street lighting, sanitation and code enforcement	1,611	-	-	-	-
Environmental and health services	496	22,923	-	-	-
Public works and transportation	-	-	-	-	-
Equipment and building services	-	-	-	-	-
Culture and recreation	761	-	1,150	-	5,867
Human services	33,035	-	-	-	-
Debt service:					
Interest and fiscal charges	-	-	-	-	-
Capital outlay	8,502	1,583	366	2,114	4,464
Total expenditures	<u>59,394</u>	<u>24,506</u>	<u>1,516</u>	<u>23,265</u>	<u>10,331</u>
Excess (deficiency) of revenues over (under) expenditures	<u>283</u>	<u>83</u>	<u>(34)</u>	<u>1,486</u>	<u>(3,909)</u>
Other financing sources (uses):					
Transfers in	188	20	-	146	682
Transfers out	(861)	(365)	(17)	(35)	(19)
Premium on bonds issued	-	-	-	-	-
General obligation bonds issued	-	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	1	-
Total other financing sources (uses)	<u>(673)</u>	<u>(345)</u>	<u>(17)</u>	<u>112</u>	<u>663</u>
Net change in fund balances	<u>(390)</u>	<u>(262)</u>	<u>(51)</u>	<u>1,598</u>	<u>(3,246)</u>
Fund balances, beginning of year	<u>3,852</u>	<u>1,254</u>	<u>2,813</u>	<u>10,187</u>	<u>13,994</u>
Fund balances, end of year	<u>\$ 3,462</u>	<u>\$ 992</u>	<u>\$ 2,762</u>	<u>\$ 11,785</u>	<u>\$ 10,748</u>

Transportation	Management Improvement	Storm Water Operations	Municipal	General Citizen	Arts and Cultural	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
945	548	-	3,259	-	-	109,973
873	417	50,126	2,004	-	-	61,232
6,868	931	-	-	-	-	8,098
99	84	181	107	21	26	774
-	400	-	1	323	-	2,273
-	-	-	-	-	-	1,784
-	2	-	-	112	352	466
<u>8,785</u>	<u>2,382</u>	<u>50,307</u>	<u>5,371</u>	<u>456</u>	<u>378</u>	<u>184,600</u>
-	2,027	31,488	9,341	316	-	57,760
-	-	-	2,375	-	-	23,927
7,637	-	-	-	-	-	9,248
-	-	-	-	-	-	23,419
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	257	8,035
-	-	-	-	-	-	33,035
-	-	-	-	-	-	-
422	5	1,534	20	-	-	19,010
<u>8,059</u>	<u>2,032</u>	<u>33,022</u>	<u>11,736</u>	<u>316</u>	<u>257</u>	<u>174,434</u>
<u>726</u>	<u>350</u>	<u>17,285</u>	<u>(6,365)</u>	<u>140</u>	<u>121</u>	<u>10,166</u>
-	-	-	8,813	-	-	9,849
-	(16)	(8,292)	(441)	-	-	(10,046)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1
<u>-</u>	<u>(16)</u>	<u>(8,292)</u>	<u>8,372</u>	<u>-</u>	<u>-</u>	<u>(196)</u>
<u>726</u>	<u>334</u>	<u>8,993</u>	<u>2,007</u>	<u>140</u>	<u>121</u>	<u>9,970</u>
<u>4,358</u>	<u>10,075</u>	<u>20,789</u>	<u>13,704</u>	<u>2,883</u>	<u>4,621</u>	<u>88,530</u>
<u>\$ 5,084</u>	<u>\$ 10,409</u>	<u>\$ 29,782</u>	<u>\$ 15,711</u>	<u>\$ 3,023</u>	<u>\$ 4,742</u>	<u>\$ 98,500</u>



**CITY OF DALLAS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**

Year Ended September 30, 2011  
(in thousands)

	Capital Projects			
	Neighborhood Projects	Parks	Streets and Drainage	Building
Revenues:				
Ad valorem tax	\$ 17,465	\$ -	\$ -	\$ -
Tax increment financing, intergovernmental	6,601	-	-	-
Intergovernmental	-	540	15	5,816
Service to others	316	829	186	-
Fines and forfeits	-	-	-	-
Investment income	326	261	1,087	1,616
Contributions and gifts	1,624	13,216	-	123
Confiscated money awards	-	-	-	-
Other	-	40	-	181
Total revenues	<u>26,332</u>	<u>14,886</u>	<u>1,288</u>	<u>7,736</u>
Expenditures:				
Current				
General government	15,076	-	-	3,919
Public safety	-	-	-	102
Streets, street lighting, sanitation and code enforcement	-	-	4,083	-
Environmental and health services	-	-	-	-
Public works and transportation	-	-	-	3,210
Equipment and building services	-	-	-	453
Culture and recreation	-	949	-	3,826
Human services	-	-	-	-
Debt service:	-	-	-	-
Interest and fiscal charges	4,401	-	-	453
Capital outlay	11,253	7,341	45,095	78,900
Total expenditures	<u>30,730</u>	<u>8,290</u>	<u>49,178</u>	<u>90,863</u>
Excess (deficiency) of revenues over (under)	<u>(4,398)</u>	<u>6,596</u>	<u>(47,890)</u>	<u>(83,127)</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	(1,089)	-	-
Premium on bonds issued	-	-	-	1,901
General obligation bonds issued	-	-	-	17,570
Proceeds from sale of fixed assets	-	-	3,498	638
Total other financing sources (uses)	<u>-</u>	<u>(1,089)</u>	<u>3,498</u>	<u>20,109</u>
Net change in fund balance	<u>(4,398)</u>	<u>5,507</u>	<u>(44,392)</u>	<u>(63,018)</u>
Fund balances, beginning of year	<u>27,316</u>	<u>24,281</u>	<u>187,389</u>	<u>262,928</u>
Fund balances, end of year	<u>\$ 22,918</u>	<u>\$ 29,788</u>	<u>\$ 142,997</u>	<u>\$ 199,910</u>

<u>Trans- portation</u>	<u>Total Nonmajor Capital Project Funds</u>
\$ -	\$ 17,465
-	6,601
5,933	12,304
-	1,331
-	-
1,418	4,708
5,000	19,963
-	-
-	221
<u>12,351</u>	<u>62,593</u>

-	18,995
-	102
4,564	8,647
-	-
-	3,210
-	453
-	4,775
-	-
-	-
-	4,854
<u>42,484</u>	<u>185,073</u>
<u>47,048</u>	<u>226,109</u>
<u>(34,697)</u>	<u>(163,516)</u>

-	-
-	(1,089)
-	1,901
-	17,570
<u>1,467</u>	<u>5,603</u>
<u>1,467</u>	<u>23,985</u>
<u>(33,230)</u>	<u>(139,531)</u>
<u>216,289</u>	<u>718,203</u>
<u>\$ 183,059</u>	<u>\$ 578,672</u>

**CITY OF DALLAS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**

Year Ended September 30, 2011  
(in thousands)

	Permanent Funds		
	Samuell Park	Grauwylor Memorial	Craddock Park
Revenues:			
Ad valorem tax	\$ -	\$ -	\$ -
Tax increment financing, intergovernmental	-	-	-
Intergovernmental	-	-	-
Service to others	-	-	-
Fines and forfeits	-	-	-
Investment income	(347)	(2)	(16)
Contributions and gifts	-	-	-
Confiscated money awards	-	-	-
Other	-	-	-
Total revenues	<u>(347)</u>	<u>(2)</u>	<u>(16)</u>
Expenditures:			
Current			
General government	-	-	-
Public safety	-	-	-
Streets, street lighting, sanitation, and code enforcement	-	-	-
Environment and health services	-	-	-
Public works and transportation	-	-	-
Equipment and building services	-	-	-
Culture and recreation	-	-	-
Human services	-	-	-
Debt service:			
Interest and fiscal charges	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(347)</u>	<u>(2)</u>	<u>(16)</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(154)	(1)	(13)
Premiums on bonds issued	-	-	-
General obligation bonds issued	-	-	-
Proceeds from sale of capital assets	-	-	-
Total other financing sources (uses)	<u>(154)</u>	<u>(1)</u>	<u>(13)</u>
Net change in fund balances	<u>(501)</u>	<u>(3)</u>	<u>(29)</u>
Fund balances, beginning of year	<u>7,135</u>	<u>79</u>	<u>725</u>
Fund balances, end of year	<u>\$ 6,634</u>	<u>\$ 76</u>	<u>\$ 696</u>

Martin Weiss Park	Hale Davis	Total Permanent Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 17,465
-	-	-	6,601
-	-	-	122,277
-	-	-	62,563
-	-	-	8,098
(2)	(14)	(381)	5,101
-	-	-	22,236
-	-	-	1,784
-	-	-	687
<u>(2)</u>	<u>(14)</u>	<u>(381)</u>	<u>246,812</u>
-	-	-	76,755
-	-	-	24,029
-	-	-	17,895
-	-	-	23,419
-	-	-	3,210
-	-	-	453
-	-	-	12,810
-	-	-	33,035
-	-	-	4,854
-	-	-	204,083
<u>-</u>	<u>-</u>	<u>-</u>	<u>400,543</u>
<u>(2)</u>	<u>(14)</u>	<u>(381)</u>	<u>(153,731)</u>
-	-	-	9,849
(1)	(14)	(183)	(11,318)
-	-	-	1,901
-	-	-	17,570
-	-	-	5,604
<u>(1)</u>	<u>(14)</u>	<u>(183)</u>	<u>23,606</u>
<u>(3)</u>	<u>(28)</u>	<u>(564)</u>	<u>(130,125)</u>
<u>70</u>	<u>368</u>	<u>8,377</u>	<u>815,110</u>
<u>\$ 67</u>	<u>\$ 340</u>	<u>\$ 7,813</u>	<u>\$ 684,985</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, 2011  
(in thousands)

	Municipal Radio	Building Inspection	Total Nonmajor Enterprise Funds
<b>Assets</b>			
Current assets:			
Pooled cash and cash equivalents	\$ 2,538	\$ 13,641	\$ 16,179
Receivables:			
Accounts	399	94	493
Accrued interest	7	39	46
Allowance for uncollectibles	(2)	-	(2)
Total current assets	<u>2,942</u>	<u>13,774</u>	<u>16,716</u>
Capital assets:			
Land	-	900	900
Buildings	337	-	337
Improvements other than building	273	-	273
Equipment	1,874	1,749	3,623
Construction in progress	-	302	302
Less accumulated depreciation	<u>(1,745)</u>	<u>(1,570)</u>	<u>(3,315)</u>
Total capital assets	<u>739</u>	<u>1,381</u>	<u>2,120</u>
Net pension asset	1,722	12,518	14,240
Other	<u>2</u>	<u>16</u>	<u>18</u>
Total noncurrent assets	<u>2,463</u>	<u>13,915</u>	<u>16,378</u>
Total assets	<u>5,405</u>	<u>27,689</u>	<u>33,094</u>
<b>Liabilities</b>			
Current liabilities:			
Accrued payroll	24	317	341
Accounts payable	60	135	195
Accrued vacation and sick leave	54	792	846
Pension obligation bonds - current	41	315	356
Other	131	120	251
Due to other fund	-	-	-
Accrued bond interest payable	<u>5</u>	<u>37</u>	<u>42</u>
Total current liabilities	<u>315</u>	<u>1,716</u>	<u>2,031</u>
Noncurrent liabilities:			
Accreted interest on pension obligation bonds	426	3,124	3,550
Pension obligation bonds	<u>1,836</u>	<u>13,033</u>	<u>14,869</u>
Total long-term debt	<u>2,262</u>	<u>16,157</u>	<u>18,419</u>
Other noncurrent liabilities			
Accrued vacation and sick leave	65	967	1,032
Other postemployment benefits	<u>115</u>	<u>1,659</u>	<u>1,774</u>
Total other noncurrent liabilities	<u>180</u>	<u>2,626</u>	<u>2,806</u>
Total long-term liabilities	<u>2,442</u>	<u>18,783</u>	<u>21,225</u>
Total liabilities	<u>2,757</u>	<u>20,499</u>	<u>23,256</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	739	1,381	2,120
Unrestricted	<u>1,909</u>	<u>5,809</u>	<u>7,718</u>
Total net assets	<u>\$ 2,648</u>	<u>\$ 7,190</u>	<u>\$ 9,838</u>

**CITY OF DALLAS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
Year Ended September 30, 2011  
(in thousands)

	Municipal Radio	Building Inspection	Total Nonmajor Enterprise Funds
Operating revenues:			
Customer charges	\$ 3,008	\$ 23,107	\$ 26,115
Other	-	112	112
Total operating revenues	<u>3,008</u>	<u>23,219</u>	<u>26,227</u>
Operating expenses:			
Personnel services	1,417	10,951	12,368
Supplies and materials	634	213	847
Contractual and other services	840	4,709	5,549
Depreciation	120	93	213
Total operating expenses	<u>3,011</u>	<u>15,966</u>	<u>18,977</u>
Operating income (loss)	<u>(3)</u>	<u>7,253</u>	<u>7,250</u>
Nonoperating revenues (expenses):			
Investment income	26	85	111
Interest on bonds and notes	(110)	(811)	(921)
Total nonoperating revenues (expenses)	<u>(84)</u>	<u>(726)</u>	<u>(810)</u>
Change in net assets	<u>(87)</u>	<u>6,527</u>	<u>6,440</u>
Net assets, beginning of year	<u>2,735</u>	<u>663</u>	<u>3,398</u>
Net assets, end of year	<u><u>\$ 2,648</u></u>	<u><u>\$ 7,190</u></u>	<u><u>\$ 9,838</u></u>

**CITY OF DALLAS, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
Year Ended September 30, 2011  
(in thousands)

	Municipal Radio	Building Inspection	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Cash received from customers	\$ 3,500	\$ 23,218	\$ 26,718
Cash payments to suppliers for goods and services	(1,011)	(328)	(1,339)
Cash payments to employees for services	(1,409)	(10,477)	(11,886)
Cash payments for contractual services	(796)	(4,647)	(5,443)
Net cash provided by operating activities	<u>284</u>	<u>7,766</u>	<u>8,050</u>
Cash flows from non capital financing activities:			
Principal paid on pension obligation bonds	(53)	(377)	(430)
Interest paid on pension obligation bonds	(70)	(537)	(607)
Net cash provided by (used in) non capital and related financing activities	<u>(123)</u>	<u>(914)</u>	<u>(1,037)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(32)	-	(32)
Net cash used for capital and related financing activities	<u>(32)</u>	<u>-</u>	<u>(32)</u>
Cash flows from investing activities:			
Investment income	47	80	127
Net cash provided by (used in) investing activities	<u>47</u>	<u>80</u>	<u>127</u>
Net increase (decrease) in cash and cash equivalents	176	6,932	7,108
Cash and cash equivalents, beginning of year	2,362	6,709	9,071
Cash and cash equivalents, end of year	<u>2,538</u>	<u>13,641</u>	<u>16,179</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	(3)	7,253	7,250
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	120	93	213
Change in assets and liabilities:			
(Increase) decrease in accounts and other receivables	492	(1)	491
(Increase) decrease in other assets	29	198	227
Increase (decrease) in accounts and contracts payable	44	62	106
Increase (decrease) in accrued payroll	(20)	11	(9)
Increase (decrease) in accrued vacation and sick leave	(24)	(205)	(229)
Increase (decrease) in other postemployment benefits	23	470	493
Increase (decrease) in other liabilities	(377)	(115)	(492)
Total adjustments	<u>287</u>	<u>513</u>	<u>800</u>
Net cash provided by (used in) operating activities	<u>284</u>	<u>7,766</u>	<u>8,050</u>
Noncash investing, capital, and financing activities:			
Change in fair value of pooled investments	4	21	25
Premium/discount amortization	13	93	106
Proceeds from pension obligation refunding bonds	318	2,338	2,656
Pension obligation bonds refunded	316	2,319	2,635
Bond issuance cost amortization	-	1	1
Accretion on capital appreciation bonds	86	632	718
Amortization of deferred gain/loss on refunding	1	5	6



## **INTERNAL SERVICE FUNDS**

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

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

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

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

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

**CITY OF DALLAS, TEXAS**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
As of September 30, 2011  
(in thousands)

	Equipment Services	Communication Equipment Services	Office Services	Information Systems	Risk Funds	Total
<b>Assets</b>						
Current assets:						
Pooled cash and cash equivalents	\$ 3,155	\$ 1,233	\$ 1,196	\$ 19,802	\$ 5,488	\$ 30,874
Receivables:						
Accounts	2	2	12	37	5,463	5,516
Accrued interest	-	-	3	47	27	77
Inventories, at cost	2,901	416	65	-	-	3,382
Prepaid expenses	-	-	-	-	29	29
Due from other funds	-	12	-	-	-	12
Other	-	-	-	-	1,855	1,855
Total current assets	<u>6,058</u>	<u>1,663</u>	<u>1,276</u>	<u>19,886</u>	<u>12,862</u>	<u>41,745</u>
Property, plant, and equipment:						
Land	1,696	-	-	-	-	1,696
Buildings	2,772	1,663	-	-	-	4,435
Improvements other than buildings	285	456	-	248	-	989
Infrastructure	1,137	685	-	-	-	1,822
Equipment	121,049	17,290	210	17,505	336	156,390
Construction in progress	910	360	-	495	-	1,765
Less accumulated depreciation	<u>(104,594)</u>	<u>(18,440)</u>	<u>(210)</u>	<u>(15,574)</u>	<u>(336)</u>	<u>(139,154)</u>
Net property, plant, and equipment	<u>23,255</u>	<u>2,014</u>	<u>-</u>	<u>2,674</u>	<u>-</u>	<u>27,943</u>
Total assets	<u>29,313</u>	<u>3,677</u>	<u>1,276</u>	<u>22,560</u>	<u>12,862</u>	<u>69,688</u>
<b>Liabilities</b>						
Current liabilities:						
Accrued payroll	380	50	20	351	43	844
Accounts payable	1,559	50	219	4,403	4,307	10,538
Accrued vacation and sick leave	629	77	25	804	92	1,627
Unearned revenue	-	-	6	-	-	6
Estimated unpaid health claims	-	-	-	-	8,479	8,479
Estimated unpaid claims - general	-	-	-	-	4,399	4,399
Workers' compensation	-	-	-	-	9,317	9,317
Other	23	1	18	341	1	384
Total current liabilities	<u>2,591</u>	<u>178</u>	<u>288</u>	<u>5,899</u>	<u>26,638</u>	<u>35,594</u>
Noncurrent liabilities:						
Estimated unpaid claims - general	-	-	-	-	8,914	8,914
Workers' compensation	-	-	-	-	42,274	42,274
Accrued vacation and sick	769	94	30	983	113	1,989
Other postemployment benefits	2,164	189	116	1,522	168	4,159
Total noncurrent liabilities	<u>2,933</u>	<u>283</u>	<u>146</u>	<u>2,505</u>	<u>51,469</u>	<u>57,336</u>
Total liabilities	<u>5,524</u>	<u>461</u>	<u>434</u>	<u>8,404</u>	<u>78,107</u>	<u>92,930</u>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	23,255	2,014	-	2,674	-	27,943
Unrestricted	534	1,202	842	11,482	(65,245)	(51,185)
Total net assets	<u>\$ 23,789</u>	<u>\$ 3,216</u>	<u>\$ 842</u>	<u>\$ 14,156</u>	<u>\$ (65,245)</u>	<u>\$ (23,242)</u>

**CITY OF DALLAS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
Year Ended September 30, 2011  
(in thousands)

	Equipment Services	Communication Equipment Services	Office Services	Information Systems	Risk Funds	Total
Operating revenues						
Charges to other city departments	\$ 44,372	\$ 3,444	\$ 2,498	\$ 44,442	\$ 91,110	\$ 185,866
Services to others	2,495	243	1,489	34	43,036	47,297
Other	13	-	2	3	1,070	1,088
Total operating revenues	<u>46,880</u>	<u>3,687</u>	<u>3,989</u>	<u>44,479</u>	<u>135,216</u>	<u>234,251</u>
Operating expenses						
Personnel services	12,640	1,782	670	13,398	1,762	30,252
Supplies and materials	27,199	439	1,190	709	400	29,937
Contractual and other services	6,689	1,162	2,055	22,029	114,282	146,217
Depreciation	6,631	190	-	110	-	6,931
Total operating expenses	<u>53,159</u>	<u>3,573</u>	<u>3,915</u>	<u>36,246</u>	<u>116,444</u>	<u>213,337</u>
Operating income (loss)	<u>(6,279)</u>	<u>114</u>	<u>74</u>	<u>8,233</u>	<u>18,772</u>	<u>20,914</u>
Nonoperating revenues (expenses):						
Investment income	(1)	1	6	110	50	166
Gain (loss) on property disposals	(58)	-	-	-	-	(58)
Total nonoperating revenues (expenses)	<u>(59)</u>	<u>1</u>	<u>6</u>	<u>110</u>	<u>50</u>	<u>108</u>
Income (loss) before operating transfers and contributions	<u>(6,338)</u>	<u>115</u>	<u>80</u>	<u>8,343</u>	<u>18,822</u>	<u>21,022</u>
Transfers out	<u>(1,039)</u>	<u>(129)</u>	<u>(50)</u>	<u>(4,327)</u>	<u>(116)</u>	<u>(5,661)</u>
Change in net assets	<u>(7,377)</u>	<u>(14)</u>	<u>30</u>	<u>4,016</u>	<u>18,706</u>	<u>15,361</u>
Net assets (deficit), beginning of year	<u>31,166</u>	<u>3,230</u>	<u>812</u>	<u>10,140</u>	<u>(83,951)</u>	<u>(38,603)</u>
Net assets (deficit), end of year	<u>\$ 23,789</u>	<u>\$ 3,216</u>	<u>\$ 842</u>	<u>\$ 14,156</u>	<u>\$ (65,245)</u>	<u>\$ (23,242)</u>

**CITY OF DALLAS, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
Year Ended September 30, 2011  
(in thousands)

	Equipment Services	Communication Equipment Services	Office Services	Information Systems	Risk Funds	Total
Cash flows from operating activities:						
Cash received from other funds for services	\$ 46,880	\$ 3,694	\$ 4,003	\$ 44,481	\$ 129,771	\$ 228,829
Cash payments to suppliers for goods and services	(26,444)	(472)	(1,144)	(690)	979	(27,771)
Cash payments to employees for services	(11,312)	(1,774)	(645)	(13,846)	(1,626)	(29,203)
Cash payments for contractual services	(6,689)	(1,162)	(2,055)	(21,332)	(127,232)	(158,470)
Net cash provided by (used in) operating activities	2,435	286	159	8,613	1,892	13,385
Cash flows from noncapital financing activities:						
Transfers to other funds	(1,039)	(129)	(50)	(4,327)	(116)	(5,661)
Net cash provided by (used in) noncapital financing activities	(1,039)	(129)	(50)	(4,327)	(116)	(5,661)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(1,130)	(1)	-	(178)	157	(1,152)
Net cash provided by (used in) capital and related financing activities	(1,130)	(1)	-	(178)	157	(1,152)
Cash flows from investing activities:						
Investment income	(1)	12	7	127	28	173
Net cash provided by investing activities	(1)	12	7	127	28	173
Net increase (decrease) in pooled cash and cash equivalents	265	168	116	4,235	1,961	6,745
Cash and cash equivalents, beginning of year	2,890	1,065	1,080	15,567	3,527	24,129
Cash and cash equivalents, end of year	3,155	1,233	1,196	19,802	5,488	30,874
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	(6,279)	114	74	8,233	18,772	20,914
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:						
Depreciation	6,631	190	-	110	-	6,931
Change in assets and liabilities:						
(Increase) Decrease in accounts receivables	-	7	14	2	(5,445)	(5,422)
(Increase) Decrease in inventories	536	11	(14)	-	-	533
Increase (Decrease) in other assets	-	-	-	-	-	-
Increase (Decrease) in accrued payroll	56	(1)	-	(84)	(1)	(30)
Increase (Decrease) in accounts and notes payable	217	(44)	62	-	1,379	1,614
Increase (Decrease) in accrued vacation and sick leave	601	(35)	(7)	(530)	83	112
Increase (Decrease) in other post employment benefits	671	44	32	166	54	967
Increase in other liabilities	2	-	(2)	716	(12,950)	(12,234)
Total adjustments	8,714	172	85	380	(16,880)	(7,529)
Net cash provided by (used in) operating activities	2,435	286	159	8,613	1,892	13,385
Noncash investing, capital, and financing activities:						
Change in fair value of pooled investments	(1)	(2)	(1)	14	8	18

## **FIDUCIARY FUNDS**

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

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

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

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

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

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

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

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

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

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

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

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

**CITY OF DALLAS, TEXAS**  
**COMBINING STATEMENT OF PLAN NET ASSETS**  
**PENSION TRUST FUNDS**  
September 30, 2011 (1)  
(in thousands)

	Employees' Retirement Fund	Dallas Police & Fire Pension System	Police & Fire Supplemental Pension Fund	Total Pension Trust Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 467,497	\$ -	\$ -	\$ 467,497
Receivables:				
Accounts	270,524	3,422	1	273,947
Accrued interest and dividends	4,148	-	-	4,148
Domestic equities	1,194,162	-	-	1,194,162
U.S. and foreign government securities	183,148	-	-	183,148
Domestic corporate fixed income	602,180	-	-	602,180
International equities and fixed income	405,246	-	-	405,246
Commingled index funds	255,126	-	-	255,126
Private equities and venture capital funds	151,487	-	-	151,487
Plan interest in Group Master Trust	-	3,109,320	21,118	3,130,438
Total assets	<u>3,533,518</u>	<u>3,112,742</u>	<u>21,119</u>	<u>6,667,379</u>
<b>Liabilities</b>				
Accounts payable	3,836	55	-	3,891
Payable for securities purchased	34,158	-	-	34,158
Securities lending collateral	368,396	-	-	368,396
Other	258,932	-	-	258,932
Total liabilities	<u>665,322</u>	<u>55</u>	<u>-</u>	<u>665,377</u>
<b>Net Assets</b>				
Held in trust for pension benefits and other purposes	2,868,196	3,112,687	21,119	6,002,002
Total net assets	<u>\$ 2,868,196</u>	<u>\$ 3,112,687</u>	<u>\$ 21,119</u>	<u>\$ 6,002,002</u>

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

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

Year Ended September 30, 2011 (1)  
(in thousands)

	Employees' Retirement Fund	Dallas Police & Fire Pension System	Police & Fire Supplemental Pension Fund	Total Pension Trust Funds
Additions:				
Contributions				
Employer	\$ 27,323	\$ 108,264	\$ 1,444	\$ 137,031
Employee	31,666	19,824	34	51,524
Total contributions	<u>58,989</u>	<u>128,088</u>	<u>1,478</u>	<u>188,555</u>
Net investment income:				
Dividends	30,251	-	-	30,251
Interest	47,864	-	-	47,864
Net appreciation/(depreciation) in fair value of investments	330,364	-	-	330,364
Net investment gain from Group Master Trust	-	288,389	971	289,360
Securities lending income	1,407	-	-	1,407
Less investment expenses:				
Investment management fees	(10,422)	-	-	(10,422)
Custody fees	(150)	-	-	(150)
Consultant fees	(320)	-	-	(320)
Securities lending management fees	(281)	-	-	(281)
Total investment expenses	<u>(11,173)</u>	<u>-</u>	<u>-</u>	<u>(11,173)</u>
Net investment income	398,713	288,389	971	688,073
Other income	<u>888</u>	<u>-</u>	<u>-</u>	<u>888</u>
Total increases	<u>458,590</u>	<u>416,477</u>	<u>2,449</u>	<u>877,516</u>
Deductions:				
Benefit payments	182,883	169,459	1,964	354,306
Refund of contributions	4,476	814	-	5,290
Administrative expenses	3,235	6,457	45	9,737
Total deductions	<u>190,594</u>	<u>176,730</u>	<u>2,009</u>	<u>369,333</u>
Net increase in net assets available for benefits	267,996	239,747	440	508,183
Net assets held in trust for pension benefits				
Beginning of year	<u>2,600,200</u>	<u>2,872,940</u>	<u>20,679</u>	<u>5,493,819</u>
End of year	<u>\$ 2,868,196</u>	<u>\$ 3,112,687</u>	<u>\$ 21,119</u>	<u>\$ 6,002,002</u>

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

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

Year Ended September 30, 2011  
(in thousands)

	Balance September 30, 2010	Additions	Deductions	Balance September 30, 2011
<b>CASH ESCROW DEPOSIT FUND</b>				
Assets				
Cash and other assets	<u>\$ 719</u>	<u>\$ 647</u>	<u>\$ 267</u>	<u>\$ 1,099</u>
Liabilities				
Due to other governments and other liabilities	<u>719</u>	<u>647</u>	<u>267</u>	<u>1,099</u>
<b>CONFISCATED MONEY FUND</b>				
Assets				
Cash and other assets	<u>3,057</u>	<u>1,784</u>	<u>295</u>	<u>4,546</u>
Liabilities				
Other liabilities	<u>3,057</u>	<u>1,784</u>	<u>295</u>	<u>4,546</u>
<b>DISPOSAL DEPOSIT FUND</b>				
Assets				
Cash and other assets	<u>1,125</u>	<u>12</u>	<u>37</u>	<u>1,100</u>
Liabilities				
Customer deposits	<u>1,125</u>	<u>12</u>	<u>37</u>	<u>1,100</u>
<b>WALKER HOUSING FUND</b>				
Assets				
Cash and other assets	<u>14</u>	<u>-</u>	<u>10</u>	<u>4</u>
Liabilities				
Accrual for Walker settlement and other liabilities	<u>14</u>	<u>-</u>	<u>10</u>	<u>4</u>
<b>TAX DISTRIBUTION FUND</b>				
Assets				
Cash and other assets	<u>104</u>	<u>1</u>	<u>-</u>	<u>105</u>
Liabilities				
Due to other funds and other liabilities	<u>104</u>	<u>1</u>	<u>-</u>	<u>105</u>
<b>EMPLOYEE WAR AND SAVINGS BOND FUND</b>				
Assets				
Cash and other assets	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
Liabilities				
Other liabilities	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
<b>DEFERRED COMPENSATION FUND</b>				
Assets				
Investments and other assets	<u>97</u>	<u>35,693</u>	<u>35,734</u>	<u>56</u>
Liabilities				
Due to employees - deferred compensation and other liabilities	<u>97</u>	<u>35,693</u>	<u>35,734</u>	<u>56</u>
<b>EMPLOYEE BENEFITS FUND</b>				
Assets				
Cash	<u>(674)</u>	<u>14,718</u>	<u>15,701</u>	<u>(1,657)</u>
Liabilities				
Other liabilities	<u>(674)</u>	<u>14,718</u>	<u>15,701</u>	<u>(1,657)</u>
<b>TOTALS - ALL AGENCY FUNDS</b>				
Assets				
Cash and other assets	<u>4,444</u>	<u>52,855</u>	<u>52,044</u>	<u>5,255</u>
Liabilities				
Due to other funds and other liabilities	<u>\$ 4,444</u>	<u>\$ 52,855</u>	<u>\$ 52,044</u>	<u>\$ 5,255</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, 2011  
(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budget	Final Budget--
			Basis	Positive
				(Negative)
Revenues:				
Ad valorem taxes	\$ 215,596	\$ 215,596	\$ 218,872	\$ 3,276
"Build American Bonds" Federal Subsidy	2,067	2,067	2,067	-
Investment income	-	-	286	286
Total revenues	<u>217,663</u>	<u>217,663</u>	<u>221,225</u>	<u>3,562</u>
Expenditures:				
Principal	153,580	153,580	148,312	5,268
Interest and fiscal charges	101,266	101,266	93,565	7,701
Other	5,839	5,839	5,799	40
Total expenditures	<u>260,685</u>	<u>260,685</u>	<u>247,676</u>	<u>13,009</u>
Deficiency of revenues over expenditures	<u>(43,022)</u>	<u>(43,022)</u>	<u>(26,451)</u>	<u>16,571</u>
Other financing sources:				
Transfers	41,996	41,996	26,011	(15,985)
General obligation bonds and premium issued	-	-	161,747	161,747
Refunding bonds	-	-	58,019	58,019
Payment to refunded bond escrow agent	-	-	(217,974)	(217,974)
Total other financing sources	<u>41,996</u>	<u>41,996</u>	<u>27,803</u>	<u>(14,193)</u>
Deficiency of revenues and other financing sources over expenditures	<u>(1,026)</u>	<u>(1,026)</u>	<u>1,352</u>	<u>2,378</u>
Fund balance, beginning of year	<u>(27,122)</u>	<u>(27,122)</u>	<u>4,644</u>	<u>31,766</u>
Fund balance, end of year	<u>\$ (28,148)</u>	<u>\$ (28,148)</u>	<u>\$ 5,996</u>	<u>\$ 34,144</u>

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

Deficiency of revenues and other financing sources over expenditures and other uses-budget basis	\$ 1,352
Change in fair market value of investments	<u>4</u>
Deficiency of revenues and other financing sources over expenditures and other uses-GAAP basis	<u>\$ 1,356</u>

## **DISCRETELY PRESENTED COMPONENT UNITS**

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

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

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

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**CITY OF DALLAS, TEXAS**  
**COMBINING STATEMENT OF NET ASSETS**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
As of September 30, 2011  
(in thousands)

	Governmental-type Activities Component Units				
	Housing Finance Corporation*	Housing Acquisition and Development Corporation	Dallas Development Fund	Downtown Dallas Development Authority	Total Governmental
<b>Assets:</b>					
Current assets:					
Cash and cash equivalents	\$ 678	\$ 440	\$ 458	\$ -	\$ 1,576
Investments, at fair value	-	-	-	-	-
Receivables	12	12	19	-	43
Land held for resale	-	1,125	-	-	1,125
Unamortized bond issuance costs	-	-	-	2,187	2,187
Restricted assets:					
Cash and cash equivalents	-	-	-	39,213	39,213
Investments, at fair value	-	-	-	-	-
Capital assets:					
Land	-	-	-	-	-
Construction in Progress	-	-	-	-	-
<b>Total assets</b>	<b>690</b>	<b>1,577</b>	<b>477</b>	<b>41,400</b>	<b>44,144</b>
<b>Liabilities:</b>					
Accounts payable	42	120	44	9	215
Notes payable	-	-	-	-	-
Unearned revenue	-	74	-	-	74
Accrued interest payable	-	-	-	181	181
Long-term liabilities:					
Due within one year	-	-	-	1,913	1,913
Due in more than one year	-	-	-	93,517	93,517
<b>Total liabilities</b>	<b>42</b>	<b>194</b>	<b>44</b>	<b>95,620</b>	<b>95,900</b>
<b>Net assets:</b>					
Invested in capital assets, net of related debt	-	-	-	-	-
Restricted for debt service	-	-	-	7,956	7,956
Unrestricted	648	1,383	433	(62,176)	(59,712)
<b>Total net assets</b>	<b>\$ 648</b>	<b>\$ 1,383</b>	<b>\$ 433</b>	<b>\$ (54,220)</b>	<b>\$ (51,756)</b>

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

**CITY OF DALLAS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
As of September 30, 2011  
(in thousands)

	Governmental-type Activities Component Units				
	Housing Finance Corporation*	Housing Acquisition and Development Corporation	Dallas Development Fund	Downtown Dallas Development Authority	Total
Operating revenues:					
Other	\$ 371	\$ 575	\$ 951	\$ -	\$ 1,897
Intergovernmental	-	638	-	8,182	8,820
Total operating revenues	<u>371</u>	<u>1,213</u>	<u>951</u>	<u>8,182</u>	<u>10,717</u>
Operating expenses:					
Personnel services	131	532	-	-	663
Contractual and other services	65	506	491	229	1,291
Interest and service charges	-	-	-	5,243	5,243
Total operating expenses	<u>196</u>	<u>1,038</u>	<u>491</u>	<u>5,472</u>	<u>7,197</u>
Operating income	<u>175</u>	<u>175</u>	<u>460</u>	<u>2,710</u>	<u>3,520</u>
Nonoperating revenues(expenses):					
Interest and dividends	6	-	-	-	6
Contributions	(150)	-	-	-	(150)
Total nonoperating revenues(expenses)	<u>(144)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(144)</u>
Change in net assets	<u>31</u>	<u>175</u>	<u>460</u>	<u>2,710</u>	<u>3,376</u>
Net assets, beginning of year	<u>617</u>	<u>1,208</u>	<u>(27)</u>	<u>(56,930)</u>	<u>(55,132)</u>
Net assets, end of year	<u>\$ 648</u>	<u>\$ 1,383</u>	<u>\$ 433</u>	<u>\$ (54,220)</u>	<u>\$ (51,756)</u>

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



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

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

As of September 30, 2011  
(in thousands)

Governmental funds capital assets:

Land	\$ 459,323
Construction in progress	360,863
Buildings	1,199,082
Improvements other than buildings	497,617
Equipment	394,290
Infrastructure	1,774,306
Artwork	49,090
Total governmental funds capital assets	<u>\$ 4,734,571</u>

Investments in governmental funds capital assets by source:

General fund	\$ 297,713
Other trust and agency funds - municipality	113,752
Special revenue fund	134,750
Capital projects fund	3,440,953
Transfer from (to) enterprise funds	324,144
Gifts and forfeitures	423,259
	<u>\$ 4,734,571</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, 2011  
(in thousands)

Function and Activity	Land	Construction in Progress	Buildings	Improvements Other than Buildings	Equipment	Infrastructure	Artwork	Total
General government								
City attorney	\$ -	\$ -	\$ -	\$ 8	\$ 344	\$ -	\$ -	\$ 352
City auditor	-	-	-	-	112	-	-	112
Office of financial services	163	-	4	1,419	36,367	1,491	-	39,444
Municipal Court	-	-	522	-	316	30	-	868
City secretary	-	-	-	-	104	-	-	104
Civil service	-	-	-	-	118	-	-	118
Planning and Development	19,571	-	11,055	36,330	18,679	22,602	-	108,237
Employee retirement	-	-	-	-	13	-	-	13
Equipment, communications and information services	(5)	-	16,669	2,587	54,826	(86)	-	73,991
Human resources	-	-	-	-	5,653	-	-	5,653
International Affairs	-	-	-	-	28	-	-	28
Mayor and council	-	-	-	-	212	-	-	212
Police and fire pension	-	-	-	-	30	-	-	30
Public safety								
Fire	3,493	-	26,939	52	70,630	21	-	101,135
Police	9,329	-	93,787	50	17,317	3,181	-	123,664
Public market	4,771	-	4,355	515	199	741	-	10,581
Street, sanitation, and code	53,347	-	10,796	14,549	34,266	366,545	-	479,503
Environmental and health services	3,738	-	7,234	866	905	478	-	13,221
Public works and transportation	184,923	-	518,066	68,619	32,303	1,247,101	177	2,051,189
Culture and recreation	145,845	-	401,738	371,639	15,618	29,344	48,913	1,013,097
Library	1,178	-	63,255	29	99,947	348	-	164,757
Housing	3,540	-	4,922	954	97	7,141	-	16,654
Unallocated - Primarily assets acquired prior to 1977	29,430	-	39,740	-	6,206	95,369	-	170,745
Construction in progress	-	360,863	-	-	-	-	-	360,863
Total Capital Assets of governmental funds	<u>\$ 459,323</u>	<u>\$ 360,863</u>	<u>\$ 1,199,082</u>	<u>\$ 497,617</u>	<u>\$ 394,290</u>	<u>\$ 1,774,306</u>	<u>\$ 49,090</u>	<u>\$ 4,734,571</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**  
As of September 30, 2011  
(in thousands)

<b>Function and Activity</b>	<b>Governmental Funds Capital Assets October 1, 2010</b>	<b>Additions</b>	<b>Dispositions</b>	<b>Governmental Funds Capital Assets September 30, 2011</b>
General government				
City attorney	\$ 352	\$ -	\$ -	\$ 352
City auditor	112	-	-	112
Office of financial services	37,556	1,888	-	39,444
Municipal court	863	5	-	868
City secretary	104	-	-	104
Civil service	118	-	-	118
Planning and development	101,937	6,300	-	108,237
Employee retirement	13	-	-	13
Equipment, communications and information services	67,514	6,621	144	73,991
Human resources	5,474	179	-	5,653
International affairs	28	-	-	28
Mayor and council	212	-	-	212
Police and fire pension	30	-	-	30
Public safety	-	-	-	-
Fire	95,234	8,843	2,942	101,135
Police	128,991	443	5,770	123,664
Public market	10,581	-	-	10,581
Street, sanitation, and code enforcement	476,699	3,324	520	479,503
Environmental and health services	13,221	-	-	13,221
Public works and transportation	1,981,379	70,553	745	2,051,187
Culture and recreation	987,201	25,901	5	1,013,097
Housing	15,554	1,100	-	16,654
Library	161,769	2,989	-	164,758
Unallocated - primarily assets acquired prior to 1977	170,746	-	-	170,746
Construction in progress	281,709	169,878	90,724	360,863
Total capital assets used in the operation of governmental funds	<u>\$ 4,537,397</u>	<u>\$ 298,024</u>	<u>\$ 100,850</u>	<u>\$ 4,734,571</u>

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

# **STATISTICAL SECTION**



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

## STATISTICAL SECTION

(Unaudited)

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

		Tables
<b>Financial Trends</b>	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1-4
<b>Revenue Capacity</b>	These schedules present information to help the reader assess the City's most significant local revenue source, the property tax.	5-9
<b>Debt Capacity</b>	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	10-14
<b>Demographic &amp; Economic Information</b>	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	15-16
<b>Operating information</b>	These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	17-19

**Sources:** Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

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

	2002	2003	2004	2005
Governmental activities				
Invested in Capital Assets, net of related debt	\$ 1,314,665	\$ 1,328,590	\$ 1,385,085	\$ 1,485,097
Restricted	191,139	124,645	108,138	112,756
Unrestricted	<u>(240,788)</u>	<u>(193,099)</u>	<u>(132,320)</u>	<u>(151,991)</u>
 Total Governmental activities Net Assets	 <u>1,265,016</u>	 <u>1,260,136</u>	 <u>1,360,903</u>	 <u>1,445,862</u>
Business-type Activities				
Invested in Capital Assets, net of related debt	1,865,949	1,938,648	2,070,434	2,128,113
Restricted for Debt Service	53,361	140,991	162,494	154,584
Unrestricted	<u>300,176</u>	<u>201,470</u>	<u>112,143</u>	<u>138,893</u>
 Total Business-type activities Net Assets	 <u>2,219,486</u>	 <u>2,281,109</u>	 <u>2,345,071</u>	 <u>2,421,590</u>
Primary Government				
Invested in Capital Assets, net of related debt	3,180,614	3,267,238	3,455,519	3,613,210
Restricted	244,500	265,636	270,632	267,340
Unrestricted	<u>59,388</u>	<u>8,371</u>	<u>(20,177)</u>	<u>(13,098)</u>
 Total Primary Government Net Assets	 <u>\$ 3,484,502</u>	 <u>\$ 3,541,245</u>	 <u>\$ 3,705,974</u>	 <u>\$ 3,867,452</u>

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

**Table 1**

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 1,495,420	\$ 1,568,170	\$ 1,657,571	\$ 1,699,281	\$ 2,128,770	\$ 2,151,167
65,938	70,916	60,532	46,353	73,825	188,550
<u>(68,191)</u>	<u>(113,329)</u>	<u>(178,079)</u>	<u>(207,135)</u>	<u>(266,121)</u>	<u>(265,143)</u>
<u>1,493,167</u>	<u>1,525,757</u>	<u>1,540,024</u>	<u>1,538,499</u>	<u>1,936,474</u>	<u>2,074,574</u>
2,196,675	2,276,773	2,357,750	2,452,779	2,533,106	2,636,664
168,535	181,481	194,824	205,547	184,874	172,515
<u>176,088</u>	<u>205,506</u>	<u>221,785</u>	<u>185,917</u>	<u>195,273</u>	<u>239,374</u>
<u>2,541,298</u>	<u>2,663,760</u>	<u>2,774,359</u>	<u>2,844,243</u>	<u>2,913,253</u>	<u>3,048,553</u>
3,692,095	3,844,943	4,015,321	4,152,060	4,661,876	4,787,831
234,473	252,397	255,356	251,900	258,699	361,065
<u>107,897</u>	<u>92,177</u>	<u>43,706</u>	<u>(21,218)</u>	<u>(70,848)</u>	<u>(25,769)</u>
<u>\$ 4,034,465</u>	<u>\$ 4,189,517</u>	<u>\$ 4,314,383</u>	<u>\$ 4,382,742</u>	<u>\$ 4,849,727</u>	<u>\$ 5,123,127</u>

# CITY OF DALLAS, TEXAS

## CHANGE IN NET ASSETS

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

(in thousands)

Expenses	2002	2003	2004
<b>Governmental Activities:</b>			
General government	\$ 138,324	\$ 148,380	\$ 135,431
Public safety	482,106	533,689	485,678
Streets, lighting, sanitation, code enforcement	153,659	129,552	127,802
Environmental and health services	24,807	26,012	26,028
Public works and transportation	37,868	12,362	28,890
Equipment and building services	42,237	29,054	29,848
Cultural and recreational	118,904	109,886	109,276
Housing	3,382	1,308	1,257
Human Services	19,160	31,781	31,539
Interest on Long-term Debt	52,779	34,862	34,161
Total governmental activities	1,073,226	1,056,886	1,009,910
<b>Business-type activities:</b>			
Dallas water utilities	294,685	290,327	335,399
Convention center	68,672	69,641	105,227
Airport revenues	32,089	33,991	33,428
Municipal radio	3,095	2,914	3,618
Building inspection	11,389	14,105	19,508
Total business-type activities	409,930	410,978	497,180
Total primary government expenses	1,483,156	1,467,864	1,507,090
<b>Program revenues</b>			
<b>Governmental Activities:</b>			
Charges for services			
General government	60,226	73,204	65,171
Public safety	32,754	28,199	33,649
Streets, lighting, sanitation, code	52,727	61,928	69,929
Environmental and health services	3,842	4,880	5,812
Public works and transportation	20,420	11,181	10,800
Equipment and building services	664	378	1,400
Cultural and recreational	11,470	13,293	15,741
Housing	1	1	36
Human Services	-	-	15,122
Operating grants and contributions	88,524	56,641	73,925
Capital grants and contributions	13,779	67,428	11,642
Total governmental activities	284,407	317,133	303,227
<b>Business-type activities:</b>			
Dallas water utilities	322,734	322,102	341,789
Convention center	22,374	17,984	18,611
Airport revenues	25,161	25,480	30,646
Municipal radio	3,616	3,019	2,977
Building inspection	10,752	16,264	20,215
Capital grants and contributions	13,614	58,574	77,068
Total business-type activities	398,251	443,423	491,306
Total primary government program revenues	682,658	760,556	794,533
<b>Net (Expense) Revenue</b>			
Governmental Activities	(788,819)	(739,753)	(706,683)
Business -type activities	(11,679)	32,445	(5,874)
Total primary government net expense	(800,498)	(707,308)	(712,557)
<b>General Revenues:</b>			
<b>Taxes:</b>			
Ad valorem tax	438,547	470,434	450,775
Sales taxes	194,133	183,229	194,989
Franchise taxes	122,029	115,751	124,944
Tax increment financing, intergovernmental	13,866	7,162	7,362
Interest on investments	10,063	15,824	12,263
Miscellaneous	4,913	3,855	13,341
Transfer	12,673	11,470	3,776
Total general revenues	796,224	734,873	807,450
<b>Business-type activities:</b>			
Hotel occupancy tax	-	-	-
Motor vehicle tax	-	-	-
Alcohol beverage tax	-	-	-
Other taxes	48,348	46,076	47,105
Investment Income	12,121	12,784	9,864
Miscellaneous	-	5,743	16,643
Transfer	(12,673)	(11,470)	(3,776)
Special item	-	-	-
Total business-type activities	47,796	29,178	69,836
<b>Change in Net Assets</b>			
Governmental Activities	7,405	(4,880)	100,767
Business -type activities	36,117	61,623	63,962
Total primary government	\$ 43,522	\$ 56,743	\$ 164,729

Table 2

2005	2006	2007	2008	2009	2010	2011
\$ 153,096	\$ 186,202	\$ 164,498	\$ 188,879	\$ 211,380	\$ 193,144	\$ 180,347
515,936	522,796	612,318	659,915	688,891	658,225	640,010
123,289	148,608	166,335	176,503	159,930	156,411	175,984
25,777	25,596	29,099	33,230	37,590	12,128	23,304
38,728	38,038	60,490	70,931	40,749	52,285	59,553
30,037	46,402	41,265	31,047	21,001	27,194	26,848
114,398	120,041	127,043	146,418	158,040	139,581	128,323
1,398	1,308	936	1,706	1,270	17,298	7,849
27,536	58,810	26,785	25,547	32,384	34,018	32,911
44,854	75,002	87,320	89,525	93,412	90,822	93,542
1,075,049	1,222,803	1,316,089	1,423,701	1,444,647	1,381,106	1,368,671
309,957	345,217	360,886	396,771	425,165	425,750	420,488
80,923	85,733	83,429	84,608	81,926	77,056	75,985
42,249	40,383	44,702	43,144	46,808	43,760	63,209
3,265	4,011	3,466	3,313	2,976	3,031	3,121
19,027	20,921	23,897	24,018	21,638	16,659	16,777
455,421	496,265	516,380	551,854	578,513	566,256	579,580
1,530,470	1,719,068	1,832,469	1,975,555	2,023,160	1,947,362	1,948,251
114,147	113,844	66,803	80,647	88,636	94,646	100,470
17,762	26,813	32,451	52,475	68,455	75,160	59,955
74,182	81,821	94,223	99,803	88,010	98,043	103,828
6,496	5,545	5,856	5,895	5,946	-	4
10,467	10,720	23,567	11,977	9,968	10,004	10,356
1,871	1,216	1,007	994	1,707	561	571
14,440	14,820	29,894	15,499	17,950	15,182	16,286
157	452	807	40	868	637	2,557
6,431	16,600	21,339	14	21	13,197	9,333
65,153	63,838	71,041	71,772	79,204	104,839	118,369
21,076	6,690	2,912	15,821	4,986	342,031	32,267
332,182	342,359	349,900	354,937	365,751	754,300	453,996
369,484	438,219	411,998	451,408	467,929	467,527	524,281
15,443	22,867	22,473	20,392	16,754	19,104	20,640
29,550	33,151	38,581	48,224	51,836	59,229	64,456
3,160	3,488	3,675	3,227	2,640	2,887	3,008
21,231	23,437	23,261	21,819	15,609	18,469	23,107
28,086	46,235	33,467	29,779	26,195	30,519	33,754
466,954	567,397	533,455	574,849	580,963	597,735	669,246
799,136	909,756	883,355	929,786	946,714	1,352,035	1,123,242
(742,867)	(880,444)	(966,189)	(1,068,764)	(1,078,896)	(626,806)	(914,675)
11,533	71,132	17,075	22,995	2,450	31,479	89,666
(731,334)	(809,312)	(949,114)	(1,045,769)	(1,076,446)	(595,327)	(825,009)
476,389	510,065	553,033	623,625	662,433	637,304	659,400
198,441	217,836	224,078	231,108	208,169	205,933	217,148
113,669	123,225	118,745	127,551	124,891	123,721	128,757
4,261	4,159	6,090	8,857	10,764	6,739	6,601
21,651	37,156	62,776	47,644	35,762	9,045	6,830
9,719	27,918	30,755	41,273	27,063	20,531	18,252
3,696	7,390	3,302	2,973	8,289	21,508	15,787
827,826	927,749	998,779	1,083,031	1,077,371	1,024,781	1,052,775
38,135	46,483	49,641	49,235	41,969	42,114	44,969
3,422	3,853	4,495	4,471	4,171	4,373	3,470
6,537	7,091	7,569	7,856	7,533	7,398	7,656
-	-	-	-	-	-	-
13,081	23,154	39,970	27,720	20,909	4,097	4,439
7,507	3,795	7,014	1,295	1,141	1,057	887
(3,696)	(7,390)	(3,302)	(2,973)	(8,289)	(21,508)	(15,787)
-	(28,410)	-	-	-	-	-
64,986	48,576	105,387	87,604	67,434	37,531	45,634
84,959	47,305	32,590	14,267	(1,525)	397,975	138,100
76,519	119,708	122,462	110,599	69,884	69,010	135,300
\$ 161,478	\$ 167,013	\$ 155,052	\$ 124,866	\$ 68,359	\$ 466,985	\$ 273,400



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

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

	2002	2003	2004	2005
General Fund				
Nonspendable	\$ 3,771	\$ 3,520	\$ 5,461	\$ 5,028
Restricted	19,704	17,222	15,884	15,869
Committed	3,618	3,422	3,208	3,006
Assigned	9,791	11,096	12,733	17,778
Unassigned	41,712	45,544	56,594	59,336
Total general fund	<u>78,596</u>	<u>80,804</u>	<u>93,880</u>	<u>101,017</u>
All Other Governmental Funds				
Nonspendable	16,122	16,958	16,683	15,602
Restricted	369,428	308,004	433,361	482,349
Committed	11,744	9,545	6,900	7,907
Total all other governmental funds	<u>397,294</u>	<u>334,507</u>	<u>456,944</u>	<u>505,858</u>
Total all governmental funds	<u>\$ 475,890</u>	<u>\$ 415,311</u>	<u>\$ 550,824</u>	<u>\$ 606,875</u>

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

**Table 3**

2006	2007	2008	2009	2010	2011
\$ 5,186	\$ 6,020	\$ 7,904	\$ 9,612	\$ 9,034	\$ 8,515
15,869	19,902	19,692	4,253	2,599	7,431
3,006	2,660	2,459	2,233	1,988	1,740
30,870	42,262	25,036	18,111	19,201	20,446
78,470	62,858	63,247	69,789	59,150	83,289
133,401	133,702	118,338	103,998	91,972	121,421
15,768	15,477	12,504	12,054	12,538	11,974
555,024	781,779	882,170	893,870	793,287	668,328
9,978	11,208	14,915	15,544	13,994	10,748
580,770	808,464	909,589	921,468	819,819	691,050
\$ 714,171	\$ 942,166	\$ 1,027,927	\$ 1,025,466	\$ 911,791	\$ 812,471

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

	2002	2003	2004	2005
<b>REVENUES:</b>				
Ad valorem taxes	\$ 436,201	\$ 457,121	\$ 461,254	\$ 483,838
Tax increment financing, intergovernmental	13,866	7,162	7,362	4,261
Sales taxes	194,133	183,229	194,989	198,441
Franchise fees	122,029	115,751	124,944	113,669
Licenses and permits	2,804	3,011	3,044	2,911
Intergovernmental	78,680	61,105	77,368	69,294
Service to others	122,846	131,693	143,493	156,437
Fines and forfeitures	32,990	32,065	30,242	31,535
Investment income	9,003	14,741	11,620	20,857
Contributions and gifts	1,670	2,683	7,924	3,237
Confiscated money awards	852	694	1,450	1,569
Other	34,769	23,557	42,218	55,068
Total revenues	<u>1,049,843</u>	<u>1,032,812</u>	<u>1,105,908</u>	<u>1,141,117</u>
<b>EXPENDITURES:</b>				
Current:				
General government	137,593	127,974	131,051	142,182
Public safety	462,375	480,288	484,283	508,518
Streets, lighting, sanitation and code	113,741	116,422	117,936	120,467
Environmental and health services	23,819	23,409	24,501	25,467
Public works and transportation	15,998	13,011	19,268	14,600
Equipment and building services	25,895	26,147	28,049	28,628
Culture and recreation	103,904	99,145	101,347	102,529
Housing	3,236	1,190	1,377	1,348
Human services	18,613	28,601	28,854	27,068
Debt Service:				
Principal	82,081	92,654	90,256	106,130
Interest and fiscal charges	50,150	33,867	38,226	48,271
Other	1,873	3,240	-	-
Capital outlay	167,976	121,935	121,433	189,473
Administration:				
Disbursement to employee retirement fund	-	-	-	396,939
Total expenditures	<u>1,207,254</u>	<u>1,167,883</u>	<u>1,186,581</u>	<u>1,711,620</u>
Excess(deficiency) of revenues over expenditures	<u>(157,411)</u>	<u>(135,071)</u>	<u>(80,673)</u>	<u>(570,503)</u>
<b>OTHER FINANCING SOURCES(USES):</b>				
Long-term debt issued	104,560	47,195	202,110	497,884
Capital Contribution	-	-	1,120	-
Sec 108-HUD loan proceeds	1,954	5,981	-	-
Proceeds from sale of capital assets	2,391	1,082	1,175	9,041
Payment to refunded bond escrow	-	(87,560)	(59,943)	(167,600)
Premium on bonds issued	164	4,525	5,409	126,572
Refunding bonds issued	-	82,790	56,015	156,850
Transfers in	47,519	45,033	46,421	44,909
Transfers out	(22,866)	(24,554)	(36,121)	(41,102)
Total Other Financing Sources(Uses)	<u>133,722</u>	<u>74,492</u>	<u>216,186</u>	<u>626,554</u>
Net change in fund balance	<u>\$ (23,689)</u>	<u>\$ (60,579)</u>	<u>\$ 135,513</u>	<u>\$ 56,051</u>
Debt service as a percentage of noncapital expenditures	12.72%	12.01%	11.91%	10.10%

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

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

Table 4

2006	2007	2008	2009	2010	2011
\$ 522,486	\$ 551,476	\$ 619,207	\$ 658,195	\$ 643,517	\$ 659,793
4,159	5,714	8,857	-	6,739	6,601
217,836	224,078	231,108	208,169	205,933	217,148
123,225	118,745	127,551	124,891	123,721	128,757
2,757	3,028	3,696	3,569	5,349	5,798
69,340	73,953	76,779	94,954	114,928	128,400
198,806	213,951	196,787	215,197	230,373	232,350
36,445	51,378	37,876	37,774	41,364	38,781
35,949	60,659	46,440	34,996	8,962	6,664
8,654	3,610	13,526	6,988	5,824	22,236
2,807	2,788	2,924	2,101	3,758	1,784
24,904	17,970	17,596	8,468	4,676	5,705
<u>1,247,368</u>	<u>1,327,350</u>	<u>1,382,347</u>	<u>1,395,302</u>	<u>1,395,144</u>	<u>1,454,017</u>
159,627	159,819	158,125	178,832	177,777	162,471
513,366	575,215	611,754	629,199	640,205	622,299
143,183	152,178	158,997	149,060	149,969	159,052
25,277	27,938	34,057	37,639	20,009	23,419
13,047	21,928	18,766	15,452	13,803	15,681
29,506	34,352	23,331	12,280	21,260	19,827
104,884	109,995	124,750	124,073	107,140	105,253
1,260	834	1,487	1,303	8,257	7,249
58,380	25,797	24,593	28,991	32,819	33,035
122,570	123,179	141,780	150,909	202,748	152,193
67,785	64,495	83,410	96,037	89,580	99,080
-	-	-	-	-	-
151,337	199,146	331,020	279,211	230,864	207,362
-	-	-	-	-	-
<u>1,390,222</u>	<u>1,494,876</u>	<u>1,712,070</u>	<u>1,702,986</u>	<u>1,694,431</u>	<u>1,606,921</u>
<u>(142,854)</u>	<u>(167,526)</u>	<u>(329,723)</u>	<u>(307,684)</u>	<u>(299,287)</u>	<u>(152,904)</u>
218,310	368,431	387,034	250,838	303,686	159,816
9,514	-	-	-	-	-
-	-	-	-	-	-
4,188	9,509	9,240	33,762	5,943	10,662
-	-	(74,151)	-	(182,181)	(217,974)
7,389	13,690	17,496	7,945	32,032	21,613
-	-	70,610	-	-	58,019
59,928	57,083	37,017	85,603	72,376	42,946
(49,179)	(53,192)	(31,762)	(72,925)	(46,244)	(21,498)
<u>250,150</u>	<u>395,521</u>	<u>415,484</u>	<u>305,223</u>	<u>185,612</u>	<u>53,584</u>
<u>\$ 107,296</u>	<u>\$ 227,995</u>	<u>\$ 85,761</u>	<u>\$ (2,461)</u>	<u>\$ (113,675)</u>	<u>\$ (99,320)</u>
15.32%	14.53%	16.31%	17.34%	19.97%	17.95%

Table 5

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

Last Ten Fiscal Years (Unaudited)  
(in thousands)

Fiscal Year	Real Property Assessed Value <sup>(1) (2)</sup>	Personal Property Assessed Value <sup>(2)</sup>	Less Tax-Exempt Property Assessed Value <sup>(2)</sup>	Total Taxable Value <sup>(4)</sup>	Total Direct Tax Rate <sup>(3)</sup>
2002	\$ 67,208,124	\$ 13,342,816	\$ (15,332,514)	\$ 65,218,426	0.6675
2003	69,995,709	13,268,557	(16,780,629)	66,483,637	0.6998
2004	71,361,357	12,419,592	(17,279,294)	66,501,655	0.6998
2005	74,052,678	11,610,480	(18,083,280)	67,579,878	0.7197
2006	78,365,314	11,589,415	(19,110,927)	70,843,802	0.7417
2007	84,505,792	11,694,227	(20,075,828)	76,124,191	0.7292
2008	91,914,767	14,177,424	(21,565,257)	84,526,934	0.7479
2009	100,983,132	14,859,528	(25,364,727)	90,477,933	0.7479
2010	97,533,425	15,055,400	(25,324,730)	87,264,095	0.7479
2011	94,008,753	13,706,221	(24,289,495)	83,425,479	0.7970

Notes:

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

<sup>(2)</sup> Values for each fiscal year reflect the tax rolls of the previous year (i.e., 2002 fiscal year reflects 2001 tax roll). See Note 1 in the Notes to the Financial Statements for more information.

<sup>(3)</sup> Per \$100 of valuation.

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

Source: Dallas Central Appraisal District

Table 6

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund	\$ 0.4780	\$ 0.5111	\$ 0.5243	\$ 0.5483	\$ 0.5445	\$ 0.5448	\$ 0.5196	\$ 0.5230	\$ 0.4918	\$ 0.5324
Debt Service Fund	<u>0.1895</u>	<u>0.1887</u>	<u>0.1755</u>	<u>0.1714</u>	<u>0.1972</u>	<u>0.1844</u>	<u>0.2283</u>	<u>0.2249</u>	<u>0.2561</u>	<u>0.2646</u>
Total City Tax Rate	<u>\$ 0.6675</u>	<u>\$ 0.6998</u>	<u>\$ 0.6998</u>	<u>\$ 0.7197</u>	<u>\$ 0.7417</u>	<u>\$ 0.7292</u>	<u>\$ 0.7479</u>	<u>\$ 0.7479</u>	<u>\$ 0.7479</u>	<u>\$ 0.7970</u>

Source: Dallas Central Appraisal District

Table 7

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

<u>Fiscal Year</u>	<u>City Direct Rates <sup>(2)</sup></u>		<u>Overlapping Rates <sup>(1)</sup></u>					<u>Total Ad valorem Rate</u>
	<u>Operating General Rates</u>	<u>General Obligation Debt Service</u>	<u>Dallas County</u>	<u>Dallas County Community College District</u>	<u>Dallas Independent School District</u>	<u>Dallas County School Equalization</u>	<u>Dallas County Hospital District</u>	
2002	\$ 0.47800	\$ 0.18950	\$ 0.19600	\$ 0.06000	\$ 1.54750	\$ 0.00553	\$ 0.25400	\$ 2.72500
2003	0.51110	0.18870	0.19600	0.06000	1.58750	0.00550	0.25400	2.79730
2004	0.52430	0.17550	0.20390	0.07780	1.63950	0.00546	0.25400	2.87500
2005	0.54830	0.17140	0.21390	0.08030	1.66940	0.00546	0.25400	2.93730
2006	0.54450	0.19720	0.21390	0.08160	1.68836	0.00530	0.25400	2.97956
2007	0.54480	0.18440	0.21390	0.08100	1.50264	0.00503	0.25400	2.78074
2008	0.51960	0.22830	0.22810	0.08040	1.19964	0.00471	0.25400	2.51004
2009	0.52300	0.22490	0.22810	0.08940	1.18340	0.00493	0.25400	2.50280
2010	0.49180	0.25610	0.22810	0.09490	1.27134	0.00521	0.27400	2.61624
2011	0.53240	0.26460	0.24310	0.09967	1.29035	0.01000	0.27100	2.70112

Source: Dallas Central Appraisal District

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

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

Table 8

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

Fiscal Year	Actual Levy Year	Taxes Levied for the Fiscal Year	Collection Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Current tax collections	Percentage of Levy		Total Tax Collections	Percentage of Levy
2002	2001	\$ 435,333	\$ 418,117	96.05%	\$ 5,766	\$ 423,883	97.37%
2003	2002	465,252	446,947	96.07%	5,275	452,222	97.20%
2004	2003	465,379	448,923	96.46%	6,536	455,459	97.87%
2005	2004	486,372	471,205	96.88%	6,235	477,440	98.16%
2006	2005	525,448	511,018	97.25%	5,351	516,369	98.27%
2007	2006	555,098	539,974	97.28%	6,599	546,573	98.46%
2008	2007	632,177	606,659	95.96%	6,445	613,104	96.98%
2009	2008	676,684	647,697	95.72%	4,413	652,110	96.37%
2010	2009	652,648	631,848	96.81%	5,590	637,438	97.67%
2011	2010	664,901	647,605	97.40%	6,562	654,167	98.39%

Source: Dallas County Tax Assessor/Collector



Table 9

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

Name of Taxpayer	Nature of Property	2011			2002		
		Taxable Assessed Valuation	Rank	Percent of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percent of Total Taxable Assessed Valuation
AT&T/TCI Cable	Telephone Utility	\$ 730,979	1	0.89%	-	-	-
Texas Instruments	Electronic Manufacturing	710,942	2	0.87%	-	-	-
Oncor Electric/Texas Utilities	Electric Utility	650,296	3	0.79%	803,397	3	1.23%
Crescent Real Estate	Real Estate/Developer	636,005	4	0.78%	725,220	4	1.11%
Northpark Land Partners	Developer	536,260	5	0.65%	-	-	-
Southwest Airlines	Air Transportation	420,767	6	0.51%	563,478	5	0.86%
YPI Thanksgiving Tower/Central Expy Etal	Real Estate/Developer	312,719	7	0.38%	-	-	-
PC Village Apartments Dallas LP	Developer	279,447	8	0.34%	243,611	10	0.37%
Galleria Mall Investors LP	Developer	279,429	9	0.34%	-	-	-
Walmart	Retailer	243,864	10	0.30%	-	-	-
Raytheon/Texas Instruments	Electronics Manufacturer	-	-	-	1,456,287	1	2.23%
Southwestern Bell Co	Telephone Utility	-	-	-	1,087,136	2	1.67%
Trammell Crow	Developer	-	-	-	316,136	6	0.48%
Metropolitan Life	Developer	-	-	-	295,164	7	0.45%
Post Apartment Homes LP	Developer	-	-	-	267,071	8	0.41%
Dallas Main LP	Developer	-	-	-	250,944	9	0.38%
		<u>\$ 4,800,708</u>		<u>5.85%</u>	<u>\$ 6,008,444</u>		<u>9.19%</u>

Source: Dallas County Tax Office



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

**CITY OF DALLAS, TEXAS**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
 Last Ten Fiscal Years (Unaudited)

Governmental									
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Equipment Acquisition Notes	Pension Obligation Bonds	TIF Bonds	Capital Leases Payable	Long-term Notes Payable	General Obligation Bonds	Revenue and Refunding Bonds
2002	\$ 695,393	\$ 30,300	\$ 55,430	\$ -	\$ 10,090	\$ -	\$ 14,149	\$ 165	\$ 1,521,336
2003	626,856	60,321	43,171	-	9,195	-	12,900	84	1,633,468
2004	741,889	52,067	43,323	-	14,943	2,272	6,190	-	1,739,571
2005	841,903	56,609	43,071	298,313	13,169	3,674	-	-	2,229,265
2006	930,070	52,170	51,280	291,554	11,310	12,587	-	-	2,398,882
2007	1,206,045	43,045	45,860	279,374	9,415	10,914	169	-	2,007,705
2008	1,403,765	80,210	57,760	266,301	7,445	10,732	11,609	-	2,061,835
2009	1,511,785	75,465	69,510	257,051	5,400	9,526	9,774	-	2,075,938
2010	1,510,245	57,730	44,915	242,951	-	7,072	7,833	-	2,174,153
2011	1,404,720	35,700	42,640	235,509	-	6,231	5,826	-	2,207,158

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

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

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

(1) These ratios are calculated using personal income and population data (See Table 16).

Table 10

Business-Type									
Pension Obligation Bonds	Other Contractual Obligations	Long-term Notes Payable	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)	Total Bonded Debt	Percentage of Estimated Actual Property Value	Per Capita	
\$ -	\$ 30,251	\$ -	\$ 2,357,114	\$ 0	\$ 1,951	\$ 781,123	1.20%	\$ 647	
-	18,745	-	2,404,740	0.01%	1,986	730,348	1.10%	603	
-	7,233	-	2,607,488	0.01%	2,148	837,279	1.26%	690	
101,034	-	-	3,587,038	0.01%	2,912	1,340,930	1.98%	1,088	
98,744	-	-	3,846,597	0.01%	3,053	1,423,818	2.01%	1,130	
94,619	-	-	3,697,146	0.01%	2,888	1,668,943	2.19%	1,304	
90,192	-	15,733	4,005,582	0.01%	3,132	1,898,228	2.25%	1,483	
87,060	-	14,535	4,116,044	0.01%	3,218	2,000,871	2.21%	1,532	
82,285	-	12,539	4,139,723	0.01%	3,146	1,938,126	2.22%	1,473	
79,763	-	10,760	4,028,307	0.01%	3,357	1,798,332	2.16%	1,497	

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Total Assessed Valuation	\$65,218,426	\$66,483,637	\$66,501,655	\$67,579,878
Overall debt limitation - 10% of assessed valuation	<u>6,521,843</u>	<u>6,648,364</u>	<u>6,650,166</u>	<u>6,757,988</u>
Net Debt Subject to Limitation	791,213	739,543	852,222	1,357,657
Legal debt margin within 10% limitation (1)	<u>\$5,730,630</u>	<u>\$5,908,821</u>	<u>\$5,797,944</u>	<u>\$5,400,331</u>
Legal Debt Margin as a Percentage of the Debt Limit	87.9%	88.9%	87.2%	79.9%

Notes:

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

**Table 11**

2006	2007	2008	2009	2010	2011
\$70,843,802	\$76,124,191	\$84,526,934	\$90,477,933	\$87,264,095	\$83,425,479
7,084,380	7,612,419	8,452,693	9,047,793	8,726,410	8,342,548
1,437,489	1,668,943	1,898,228	2,000,870	1,938,125	1,798,332
\$5,646,891	\$5,943,476	\$6,554,465	\$7,046,923	\$6,788,285	\$6,544,216
79.7%	78.1%	77.5%	77.9%	77.8%	78.4%

Table 12

**CITY OF DALLAS, TEXAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
Year Ended September 30, 2011 (Unaudited)  
(in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Direct Debt:			
City of Dallas			
Debt repaid with property taxes			
General Obligation Bonds	\$ 1,480,855		\$ 1,480,855
Certificates of Obligation	35,700		35,700
Equipment Acquisition Notes	42,640		42,640
Pension Obligation Bonds	239,137		239,137
Other Debt			
Capital Leases Payable	6,231		6,231
Long-term Notes Payable	5,826		5,826
Subtotal, direct debt	1,810,389	100.00 %	1,810,389
Overlapping Debt:			
Carrollton-Farmers Branch ISD	323,160	6.49 %	20,973
Collin County	387,581	5.22 %	20,232
Collin County Community College District	43,111	5.22 %	2,250
Coppell Independent School District	152,356	0.47 %	716
Dallas County	144,323	49.78 %	71,844
Dallas County Community College District	387,680	49.78 %	192,987
Dallas County Hospital District	706,792	49.78 %	351,841
Dallas Independent School District	2,609,260	87.71 %	2,288,582
Denton County	477,705	1.67 %	7,978
Duncanville Independent School District	152,812	40.23 %	61,476
Garland Independent School District	422,583	2.32 %	9,804
Grand Prairie Independent School District	487,079	4.13 %	20,116
Highland Park Independent School District	115,415	8.22 %	9,487
Irving Independent School District	624,900	2.40 %	14,998
Lancaster Independent School District	119,700	2.50 %	2,993
Mesquite Independent School District	423,945	1.31 %	5,554
Plano Independent School District	942,981	11.83 %	111,555
Richardson Independent School District	381,770	58.49 %	223,297
Subtotal, overlapping debt	\$ 8,903,153		\$ 3,416,683
City Of Dallas (direct debt)	1,810,389	100.00 %	1,810,389
Total direct and overlapping debt	\$ 10,713,542		\$ 5,227,072
Ratio of Direct and Estimated Share of Overlapping Tax Debt to Taxable Assessed Valuation			6.27%
Per Capita Direct and Overlapping Tax Debt (not in thousands)			4,356

(1) Total general obligation (G.O.) bonded debt shown for the City of Dallas excludes self-supporting Water and Sewer G.O., and amount available for repayment in the Debt Service fund.

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

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

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

Fiscal Year	Net Revenue Available for Debt Service			Debt Service Requirements <sup>(2)</sup>			Revenue Bond Coverage <sup>(3)</sup>
	Gross Revenue	Expense <sup>(1)</sup>	Net Revenue	Principal	Interest	Total	
2002	\$ 336,167	\$ 192,539	\$ 143,628	\$ 65,010	\$ 45,182	\$ 110,192	1.30
2003	333,407	187,547	145,860	59,565	50,252	109,817	1.33
2004	356,440	201,568	154,872	65,550	57,670	123,220	1.26
2005	373,213	193,218	179,995	71,200	59,235	130,435	1.38
2006	444,634	213,646	230,988	76,825	71,700	148,525	1.56
2007	427,887	204,221	223,666	83,265	76,550	159,815	1.40
2008	462,424	206,213	256,211	91,215	77,606	168,821	1.52
2009	490,729	245,846	244,883	95,330	75,940	171,270	1.43
2010	478,512	240,117	238,395	96,115	73,987	170,102	1.40
2011	508,040	228,844	279,196	96,115	80,444	176,559	1.58

## Notes:

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

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

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



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

Last Ten Fiscal Years (Unaudited)  
(in thousands)

Fiscal Year	Net Revenue Available for Debt Service			Debt Service Requirements			Revenue Bond Coverage <sup>(2)</sup>
	Gross Revenue	Expenditures <sup>(1)</sup>	Net Revenue	Principal	Interest	Total	
2002	\$ 74,208	\$ 60,563	\$ 13,645	\$ 4,975	\$ 15,921	\$ 20,896	0.7
2003	72,578	59,511	13,067	5,915	15,622	21,537	0.6
2004	71,821	63,287	8,534	7,290	15,326	22,616	0.4
2005	70,706	62,071	8,635	8,805	14,889	23,694	0.4
2006	84,945	62,081	22,864	10,685	14,361	25,046	0.9
2007	89,327	44,971	44,356	14,265	20,096	34,361	1.3
2008	87,068	40,212	46,856	15,820	18,543	34,363	1.4
2009	73,871	40,170	33,701	1,725	18,696	20,421	1.7
2010	73,783	38,196	35,587	1,730	17,791	19,521	1.8
2011	77,332	38,354	38,978	2,205	16,487	18,692	2.1

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

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

Table 15

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

<u>Fiscal Year</u>	<u>Population <sup>(1)</sup></u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Household Income</u>	<u>Median Age</u>	<u>Assessed Valuation (in thousands)</u>	<u>Labor Force</u>	<u>Unemployment <sup>(2)</sup></u>	<u>Unemployment Rate <sup>(2)</sup></u>
2002	1,208,300	\$ 26,424,312,700	\$ 21,869	\$ 35,028	30.40	\$ 65,218,426.00	\$ 723,555	63,673	8.8 %
2003	1,211,300	27,198,530,200	22,454	36,678	30.70	66,483,637	710,155	63,914	9.0 %
2004	1,214,800	28,189,434,000	23,205	38,125	30.60	66,501,655	695,848	55,668	8.0 %
2005	1,232,100	30,158,111,700	24,477	36,403	31.90	67,579,878	612,754	36,765	6.0 %
2006	1,260,950	29,173,772,850	23,136	37,264	31.25	70,843,802	624,861	33,742	5.4 %
2007	1,280,500	31,616,825,500 <sup>(3)</sup>	24,691 <sup>(3)</sup>	38,276 <sup>(3)</sup>	31.90 <sup>(3)</sup>	76,124,191	612,088	28,523	4.7 %
2008	1,279,910	33,154,788,640	25,904	42,670	32.10	84,526,934	606,506	29,719	4.9 %
2009	1,306,350	33,048,042,300 <sup>(4)</sup>	25,298 <sup>(4)</sup>	40,473 <sup>(4)</sup>	32.00 <sup>(4)</sup>	90,477,933	592,403	48,435	7.4 %
2010	1,316,350	34,473,231,975 <sup>(6)</sup>	26,189 <sup>(5)</sup>	39,813 <sup>(5)</sup>	31.75 <sup>(5)</sup>	87,264,095	605,307	52,818	8.7 %
2011	1,200,530 <sup>(7)</sup>	30,042,062,720 <sup>(8)</sup>	25,024 <sup>(8)</sup>	42,911 <sup>(8)</sup>	31.60 <sup>(8)</sup>	81,993,746 <sup>(9)</sup>	607,860	52,851	8.7 %

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

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

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

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

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

<sup>(6)</sup> The 2010 North Central Texas Council of Governments estimate difference from the 2010 Census value.

<sup>(7)</sup> The 2011 North Central Texas Council of Governments estimate is based on 2010 Census and is NOT a continuation of previous 2001-2009 estimates.

<sup>(8)</sup> The 2011 Personal Income, Per Capita Personal Income, Median Household Income, and Median Age is an average of 2009 and 2010 U.S. Census Bureau, American Community Survey.

<sup>(9)</sup> Consolidated Appraisal Value from Budget Office

Table 16

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

Name of Employers	2011			2002		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Dallas Independent School District	18,868	1	16.00%	18,678	2	8.60%
UT Southwestern Medical Center	13,053	2	11.30%	14,465	8	8.60%
City of Dallas	12,219	3	11.10%	-	-	-
Texas Instruments Incorporated	10,025	4	8.50%	11,400	10	5.30%
Parkland Health and Hospital System	9,500	5	8.00%	-	-	-
Baylor University Medical Center	7,847	6	6.60%	-	-	-
Dallas County Personnel/Civil Service	7,427	7	6.30%	-	-	-
Dallas County Community College District	6,001	8	5.10%	-	-	-
Presbyterian Hospital of Dallas	5,917	9	5.00%	-	-	-
Children's Medical Center Dallas	5,605	10	4.70%	-	-	-
AMR Corp	-	-	-	31,732	1	14.70%
Wal-Mart Stores Inc	-	-	-	17,280	3	8.00%
Verizon Communications Inc	-	-	-	14,500	4	6.70%
Texas Health Resources	-	-	-	13,955	6	6.50%
Baylor Health Care System	-	-	-	12,800	7	5.90%
Southwestern Bell	-	-	-	14,000	5	6.50%
United States Post Office - Dallas District	-	-	-	12,218	9	5.60%
	<u>96,462</u>		<u>82.60%</u>	<u>161,028</u>		<u>76.40%</u>

Source: Dallas Business Journal Book of Lists 2012, 2002, Dun & Bradstreet 2011

Table 17

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

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General Government</b>										
City Manager's Office	23	55	23	28	50	49	45	39	45	30
City Attorney	123	153	128	141	146	156	170	156	120	116
City Auditor	40	36	36	29	34	36	36	36	31	28
City Controller's Office	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	42	42
City Secretary	16	21	16	17	19	24	21	20	16	14
Code Compliance	323	335	314	333	334	345	361	410	461	408
Communication & Info. Svcs.	221	157	205	196	168	160	186	196	197	164
Economic Development	26	43	-	29	44	47	50	47	41	40
Environment & Health Service	411	427	410	435	435	432	435	438	-	-
Environmental Quality	-	19	-	11	11	19	21	22	-	-
Equipment & Bldg. Services	484	406	420	421	403	413	433	413	384	360
Financial Services	93	151	111	117	109	156	242	236	26	28
Human Resources	68	144	74	72	81	163	164	79	54	50
Housing	68	67	77	69	74	76	71	72	428	412
Housing Compliance	3	-	2	-	-	-	-	-	-	-
Cultural Affairs	62	92	89	86	85	98	98	65	46	47
Emergency Management	-	7	-	7	6	7	5	6	-	-
Municipal Court-Judiciary	43	52	46	51	48	51	43	31	40	37
Courts & Detention Services	178	176	182	181	180	185	182	175	170	155
Purchasing/Bus. Diversity	49	45	47	46	48	48	46	47	42	40
Library	449	490	465	478	485	488	511	487	360	278
Management Services	-	-	-	-	-	-	-	-	145	137
<b>Subtotal</b>	<b>2,680</b>	<b>2,876</b>	<b>2,645</b>	<b>2,747</b>	<b>2,760</b>	<b>2,953</b>	<b>3,120</b>	<b>2,975</b>	<b>2,648</b>	<b>2,386</b>
<b>Public Safety</b>										
Police-Uniform	2,953	3,049	2,931	2,960	3,011	3,155	3,369	3,455	3,662	3,510
Police-Civilian	939	951	893	934	932	987	980	712	582	550
Fire-Uniform	1,657	1,652	1,680	1,653	1,687	1,648	1,693	1,768	1,776	1,738
Fire-Civilian	268	262	247	259	265	253	199	95	84	84
<b>Subtotal</b>	<b>5,817</b>	<b>5,914</b>	<b>5,751</b>	<b>5,806</b>	<b>5,895</b>	<b>6,043</b>	<b>6,241</b>	<b>6,030</b>	<b>6,104</b>	<b>5,882</b>
<b>Development Services</b>	<b>204</b>	<b>277</b>	<b>278</b>	<b>258</b>	<b>271</b>	<b>279</b>	<b>294</b>	<b>292</b>	<b>198</b>	<b>197</b>
<b>Public Works</b>										
Public Works & Transportation	404	416	374	367	391	428	469	448	305	272
Sanitation	447	493	454	475	470	493	517	503	456	451
Streets Services	594	533	599	532	520	583	522	514	371	400
Trinity Watershed Management	-	-	-	-	-	-	-	-	141	147
<b>Subtotal</b>	<b>1,445</b>	<b>1,442</b>	<b>1,427</b>	<b>1,374</b>	<b>1,381</b>	<b>1,504</b>	<b>1,508</b>	<b>1,465</b>	<b>1,273</b>	<b>1,270</b>
<b>Parks and Recreation</b>	<b>1,225</b>	<b>1,273</b>	<b>1,229</b>	<b>1,254</b>	<b>1,312</b>	<b>1,477</b>	<b>1,319</b>	<b>955</b>	<b>634</b>	<b>594</b>
<b>Water Utilities</b>	<b>1,352</b>	<b>1,389</b>	<b>1,397</b>	<b>1,438</b>	<b>1,416</b>	<b>1,403</b>	<b>1,455</b>	<b>1,459</b>	<b>1,425</b>	<b>1,369</b>
<b>Convention &amp; Events Services</b>	<b>184</b>	<b>107</b>	<b>126</b>	<b>113</b>	<b>108</b>	<b>109</b>	<b>110</b>	<b>102</b>	<b>101</b>	<b>83</b>
<b>Aviation</b>	<b>144</b>	<b>152</b>	<b>152</b>	<b>151</b>	<b>146</b>	<b>154</b>	<b>165</b>	<b>174</b>	<b>180</b>	<b>170</b>
<b>Other</b>										
Mayor & Council	29	27	30	30	30	30	36	35	36	35
Employee Retirement	14	19	15	15	18	20	19	19	20	20
Civil Services	27	19	23	22	21	21	23	21	14	13
Police & Fire Pension	6	1	6	4	1	1	1	1	1	-
<b>Subtotal</b>	<b>76</b>	<b>66</b>	<b>74</b>	<b>71</b>	<b>70</b>	<b>72</b>	<b>79</b>	<b>76</b>	<b>71</b>	<b>68</b>
<b>Total</b>	<b>13,127</b>	<b>13,496</b>	<b>13,079</b>	<b>13,212</b>	<b>13,359</b>	<b>13,994</b>	<b>14,291</b>	<b>13,528</b>	<b>12,634</b>	<b>12,019</b>

Source: City HR Records

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

Function/Program	2002	2003	2004	2005	2006	2007
<u>Public Safety</u>						
Police Stations	6	6	6	6	6	7
Fire Stations	55	55	55	55	55	55
<u>Public Works</u>						
Streets - Paved (miles)	3,500	3,506	3,523	3,525	3,519	3,511
Lane miles	11,493	11,519	11,590	11,604	11,595	11,580
Traffic signals	1,271	1,279	1,283	1,286	1,295	1,296
Street Lights	83,643	84,284	83,263	83,760	85,255	85,693
<u>Parks and Recreation</u>						
Parks	368	406	379	379	374	374
Parks Acres	N/A	N/A	17,494	17,493	18,619	23,018
Miles of trails (jogging, hiking & biking)	92	91	91	91	86	90
Number of lakes	21	26	18	18	18	18
Swimming pools	25	26	26	27	27	27
Spraygrounds " Water-enhanced playground"	N/A	N/A	N/A	N/A	7	7
Athletic fields (soccer, football, baseball & rugby)	275	262	260	260	279	277
Tennis centers	5	5	5	5	5	5
Number of tennis courts	N/A	N/A	87	87	81	81
Neighborhood Tennis Courts	168	259	171	171	177	177
Multi-use courts	154	154	153	153	154	154
Golf courses (18 holes)	6	6	6	6	6	6
Recreation centers (community)	45	45	45	47	47	47
<u>Water</u>						
Water mains (miles)	4,635	4,655	4,676	4,739	4,781	4,840
Fire Hydrants	25,829	26,653	26,935	27,076	27,210	27,222
<u>Wastewater</u>						
Miles of sanitary sewers	3,572	4,099	3,587	4,130	4,178	4,831
Miles of storm sewers	N/A	N/A	N/A	N/A	1,755	1,755

Source: City capital asset records

Note:

N/A - Information not available

TABLE 18

2008	2009	2010	2011
8	8	8	8
56	56	56	56
3,519	3,585	3,541	4,020
11,607	11,633	11,672	11,804
1,298	1,315	1,329	1,328
86,500	86,902	86,514	86,321
376	376	368	371
23,040	23,042	23,080	23,080
99	99	107	107
18	18	18	18
22	22	22	22
8	8	8	8
277	277	278	278
5	5	5	5
81	81	81	81
177	177	171	171
154	154	154	154
6	6	6	6
47	43	43	43
4,862	4,980	5,024	5,166
27,969	28,373	27,800	27,800
4,831	4,267	4,293	4,364
1,744	1,749	1,768	1,788

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

<b>Function/Program</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Public Safety				
Police				
Calls for Service	991,447	954,123	1,004,354	1,006,723
Fire				
Calls for Service - Fire	113,895	103,821	112,981	114,341
Calls for Service - EMS	146,946	147,885	152,431	162,232
Recreation				
Number of Users	N/A	6,165,417	6,461,270	5,624,941
Building Permits				
Permits issued	16,517	29,767	34,845	35,289
Estimated Value	\$ 1,818,745,458	\$ 1,363,701,434	\$ 2,129,229,005	\$ 2,634,495,534
Airport				
Airport Operations (Takeoffs and Landings)	245,564	249,085	249,400	234,615
Utilities (millions of gallons)				
Water Usage - Peak	641	692	584	621
Water Usage - Average	421	422	410	417

Source: Department annual records

**Table 19**

2006	2007	2008	2009	2010	2011
958,110	872,162	728,404	690,768	596,742	632,365
120,680	116,813	120,203	117,721	115,462	145,298
166,067	170,352	172,278	163,100	166,585	173,666
6,069,690	7,759,756	6,688,450	5,585,730	5,987,922	5,678,882
32,323	30,563	31,160	28,408	26,997	34,786
\$ 3,109,299,698	\$ 3,035,761,645	\$ 2,895,410,156	\$ 1,841,471,331	\$ 1,843,819,294	\$ 3,083,719,959
248,805	242,914	231,656	176,977	168,373	178,054
681	575	670	626	638	683
467	388	416	406	388	428





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





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#### COVER PHOTO COURTESY OF OMNI HOTEL / 5G STUDIO

The Omni Dallas Hotel (cover) lies in the center of the revitalized downtown Dallas. The hotel is connected via a sky bridge to the Dallas Convention Center. Owned by the City of Dallas and operated by Omni Hotels and Resorts, it features 1,001 guest rooms, 110,000 square feet of meeting space, several restaurants, spa, rooftop terrace pool and a spacious fitness center with stunning views of downtown. The hotel was built to meet the U.S. Green Building Council LEED Silver Certification standards, placing it on the forefront of environmental awareness and conservation.