

CITY OF DALLAS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013



CITY OF DALLAS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT For Fiscal Year Ended September 30, 2013

Issued by City Controller's Office

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

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2013
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INTRODUCTORY SECTION



Honorable Mayor and City Council
City of Dallas, Texas

September 30, 2014

Introduction

We are pleased to present the City of Dallas (The City) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2013. 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. This report was prepared by the City Controller's Office to fulfill that requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Grant Thornton LLP has issued an unqualified ("clean") opinion on the City of Dallas financial statements for the fiscal year ended September 30, 2013. 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. Seventeen 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 (J) and (K).

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(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 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 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 North Oak Cliff Municipal Management District was organized to promote, develop, encourage and maintain employment, commerce, transportation, housing, tourism, recreation, and the arts, entertainment, economic development, safety, the public welfare in the District, and educational scholarships for college-bound students residing in or out of the District.
- The Cypress Waters Municipal Management District was organized to promote, develop, encourage and maintain employment, commerce, transportation, housing, tourism, recreation, and the arts, entertainment, economic development, safety, and the public welfare in the District.
- The Dallas Convention Center Hotel Development Corporation was created 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.

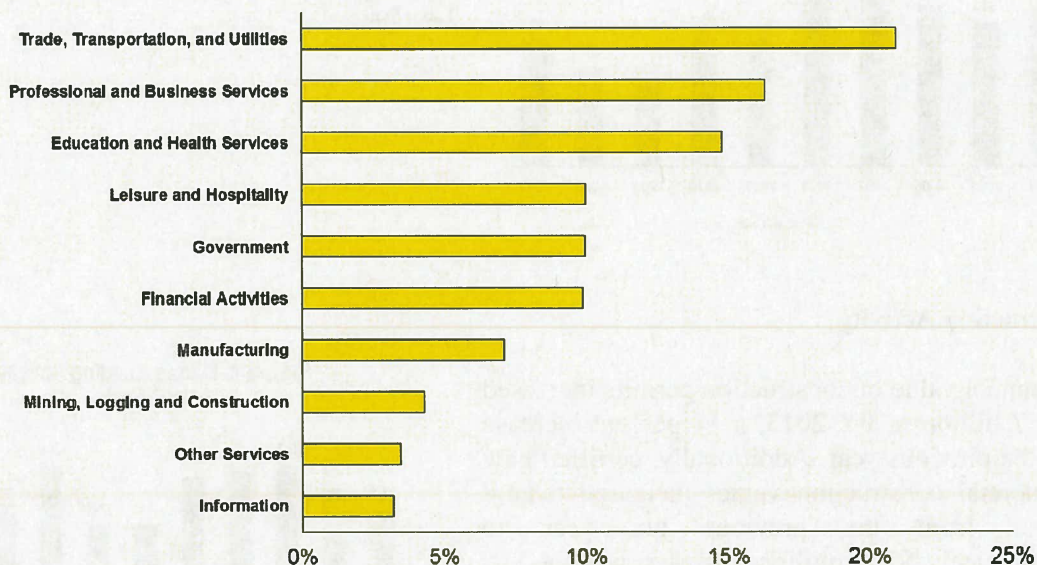
Related organizations not included as part of the reporting entity are the Dallas/Fort Worth International Airport, the Dallas Housing Authority, and Dallas Area Rapid Transit. The reason for not including these entities is because the City's accountability does not extend beyond appointing members to 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 62,000 businesses (Reference USA). Dallas' diverse industry employment mix continues to dampen negative effects of the last recession and generally aids in steady and progressive local economic improvement. For the second year in a row, the Trade, Transportation and Utilities sector continued to be the city's largest employment industry. The Education and Health Services and the Leisure and Hospitality sectors' employment shares grew to the third and fourth largest in fiscal year 2013. (Bureau of Labor Statistics and Info USA). (Figure 1.)

Monthly sales tax revenue continued to increase for same month, prior year comparison since fiscal year 2011, and produced a net growth for fiscal year 2013. Indicators such as the unemployment rate, job change and housing values reflect Dallas' continued better performance when compared to peer cities and the nation. (COD Office of Financial Services, Bureau of Labor Statistics).

Figure 1
Dallas Employment by Industry



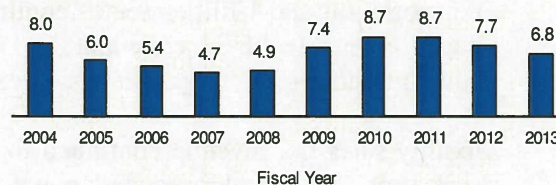
The Dallas monthly labor force (Dallas residents only) averaged 591,278 during fiscal year 2013. A monthly average of 39,966 residents was unemployed over this time. Dallas' unemployment has remained below the U.S. average for nearly six fiscal years. (U.S. Bureau of Labor Statistics). Dallas' employment base uses a large inventory of business facilities including over 133 million square feet of office space, 200 million square feet of industrial/flex space, and 75 million square feet of retail space (CoStar).

The following charts highlight Dallas' major economic indicators, presenting a continued modest recovery from the negative effects of the recession. The economy in fiscal year 2013 shows a local economy in growth.

Unemployment

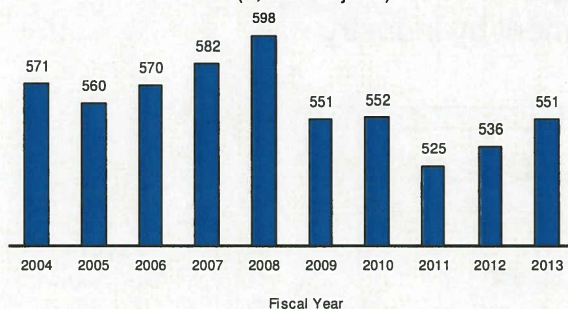
Average monthly unemployment in Dallas was 6.8 percent in fiscal year 2013, below the national rate. The U.S. rate averaged 7.6 percent in fiscal year 2013. (Source: U.S. Bureau of Labor Statistics – non-seasonally adjusted values).

Figure 2. Dallas Unemployment Rate (percent)



Employment

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

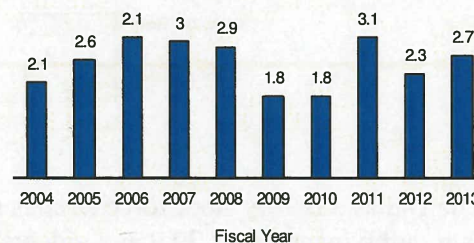


The number of employed Dallas residents increased during the fiscal year. Approximately 551,000 Dallas residents were working in fiscal year 2013. (Source: U.S. Bureau of Labor Statistics).

Construction Activity

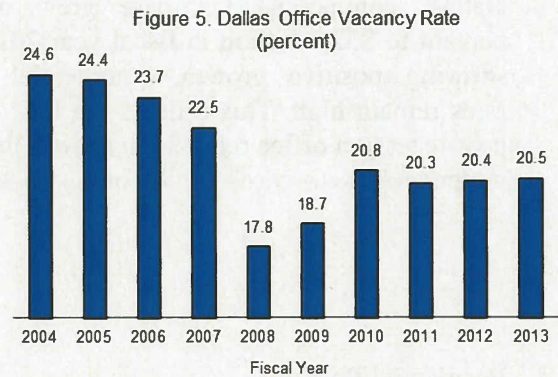
The annual value of construction permits increased to \$2.7 billion in FY 2013, a 17 percent increase over the previous year. Additionally, certified new commercial construction values increased over 8 percent from the previous tax year to approximately \$793 million. (Sources: COD Department of Sustainable Building and Development; Office of Financial Services).

Figure 4. Dallas Building Activity (\$ billions)



Office Vacancy

Office vacancy rates remained relatively flat in fiscal year 2013 for the third consecutive fiscal year. While interest rates remained low and the local economy experienced employment gains in the Information, Professional and Financial Services industries, firms remain hesitant for a second year to expand, and per-worker space demand growth was relatively stagnant. (Source: CoStar, BLS).



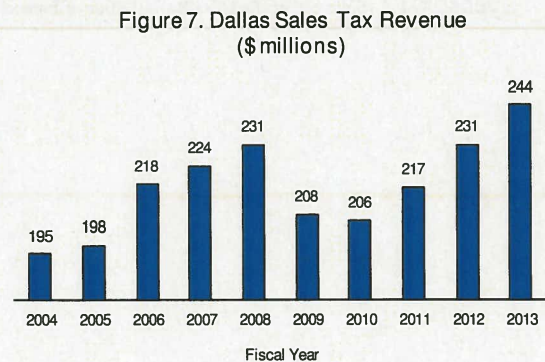
Industrial Vacancy



The industrial vacancy rate declined in fiscal year 2013 to 7.1 percent. Economic growth in both distribution activity and area manufacturing employment has increased Dallas' demand for warehousing and production space. (Source: CoStar, BLS).

Sales Tax

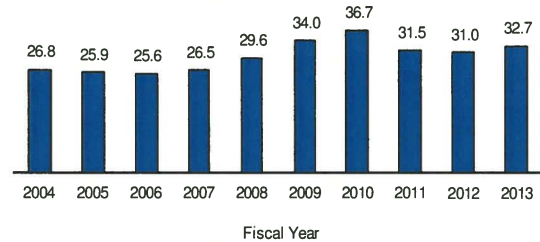
Fiscal year 2013 total sales tax revenues grew for the third consecutive year to \$244 million. Sales tax revenue continues to grow after the two years of decline in the wake of the 2007-2009 national recession. (Source: City of Dallas Office of Financial Services).



Commercial Property

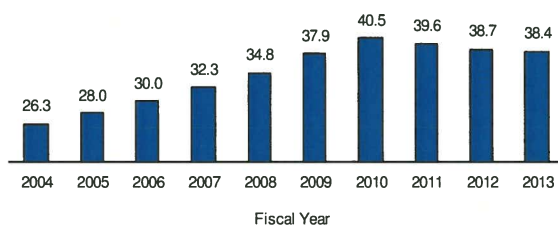
Dallas' commercial tax base grew over five percent to \$32.7 billion in fiscal year 2013. While showing positive growth, commercial vacancy rates remain high. This reflects the lack of strong post-recession office related job growth that results in demand. (Source: Certified Tax Rolls, Office of Financial Services).

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



Residential Property

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

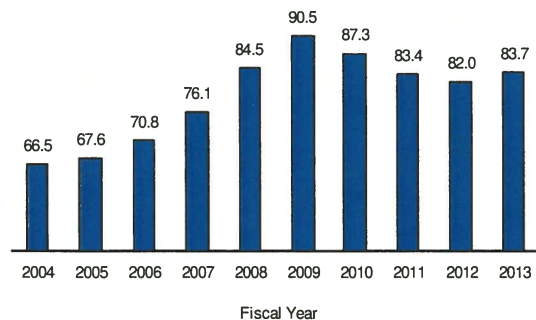


The residential tax base decreased slightly from \$38.7 billion in fiscal year 2012. Dallas did not see a severe property valuation bubble like most U.S. cities prior to the recession. Dallas' relatively better performance reflects continued inward migration and a diverse housing stock that can accommodate various household needs. (Source: Certified Tax Rolls, Office of Financial Services).

Total Property

Total taxable value of property increased to \$83.7 billion in fiscal year 2013 from \$82 billion in fiscal year 2012 (Source: Certified Tax Rolls, Office of Financial Services).

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



Economic Development Strategy

Dallas' economy continued to outperform peer cities across the U.S. This can be attributed to a diverse local economy, a resilient real estate market 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 and transit-oriented 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.

The Strategic Plan for economic development is driven by four key goals: growth in the economy through expanding employment and the size of the labor force, increased economic opportunities for City residents, a broadened and diversified tax base, and development assistance toward more sustainable communities. Dallas' updated plan places special emphasis on two focus areas. First is an expanded downtown, supporting a thriving urban economy centered on connection to revitalized in-town neighborhoods and the rest of the city through transit. Second is a revitalized Southern Dallas through leveraging public sector funding in key focus areas to stimulate private investment. Additionally, ongoing initiatives include increasing Dallas' share of global and regional trade (including retail, wholesale and logistics), recruitment and retention of businesses and marketing Dallas nationally and globally.

Expanded Downtown

At the end of fiscal year 2013, 6,359 residential units were either available or under construction in the Central Business District (CBD), supporting an estimated downtown residential population over 7,500. The Farmer's Market has been transitioned into a privately operated venue and will be enhanced by retail and residential development.

University of North Texas Dallas

With the completion of its second academic building, Fall 2013 enrollment at the University of North Texas Dallas campus was 2,140, with full-time enrollment at 1,191 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 an extension of DART's Blue Line, scheduled to begin service in 2016.

International Inland Port of Dallas (IIPOD)

During fiscal year 2013, progress continued at the IIPOD, a major logistics hub in the southeast quadrant of the City. *The Southern Dallas County Infrastructure Analysis*, a long range infrastructure plan focused on water, wastewater, stormwater and roads, was completed in November 2012. The plan, jointly funded by the City of Dallas, Dallas County, NCTCOG 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. In the IIPOD region, of the 16.7 million square feet of warehouse space constructed or under construction as a build-to-suit, almost 13 million square feet has been absorbed. Over 3.7 million square feet of this leased space is in Dallas.

Transit-Oriented Development (TOD)

The number of DART light rail stations remained at 44 in Dallas in fiscal year 2013 after completion of the Green Line. 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 begins. Additional light-rail service connecting the City with the rest of region is ongoing with construction of the Orange Line. This line starts at Bachman Station and currently extends through Irving. Construction on this portion was completed during fiscal year 2012. Construction on the remaining portion of the line that will stop at the Dallas/Fort Worth International Airport is scheduled for completion in 2014.

Trinity River Corridor Project

The Trinity River Corridor Project remains one of the largest and most complex urban development projects in the nation, operating within the guidelines of the Balanced Vision Plan (BVP). The project provides flood protection, transportation components, recreation elements, environmental stewardship, and business development along 20 miles and 10,000 acres of the Trinity River. The Dallas Floodway System has been rated to withstand at least a 1,500+ year flood level with future plans to raise and fatten the existing levees, implement the BVP project, and make continued improvements of the interior drainage facilities behind the East and West Levees. The Environmental Impact Statement by the USACE is scheduled for completion in 2014.

Projects under construction as of September 30, 2013 are the Elm Fork Athletic Complex, California Crossing Canoe Launches, Baker Pump Station, Sylvan Avenue Bridge, Continental Avenue Bridge, West Dallas Gateway, Trinity Skyline Trails, Texas Horse Park, and AT&T Trail. All of these are scheduled to open during 2014. The Texas Department of Transportation Horseshoe Project including Margaret McDermott Bridge (IH-30), is under construction and scheduled to open in 2017. Currently under design are the Able Pump Station, the Riverfront Boulevard Redesign Plan and the Elm Fork Greenbelt Study.

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 2013 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, finding additional efficiencies and seizing recovery opportunities and investing in the City's infrastructure and economic development projects to grow the tax base.

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, 2012. 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, the Office of Economic Development and the Department of Communication and Information Services. Thanks to everyone involved.


Respectfully submitted,



A.C. Gonzalez
City Manager



Jeanne Chipperfield
Chief Financial Officer



Edward R. Scott, CPA, CGMA
City Controller

CITY OF DALLAS

FISCAL YEAR 2013 ELECTED OFFICIALS



FRONT ROW (Seated, left to right):

Vonciel Jones Hill - District 3
 Jerry R. Allen - District 10
 Deputy Mayor Pro Tem Monica R. Alonzo - District 6
 Dallas Mayor Mike Rawlings
 Mayor Pro Tem Tennell Atkins - District 8
 Adam Medrano - District 2
 Carolyn R. Davis - District 7

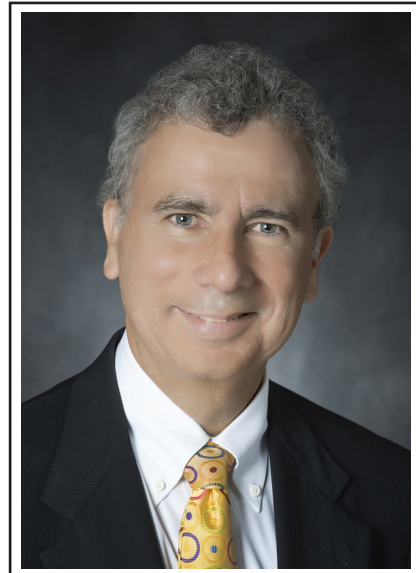
BACK ROW (Standing, left to right):

Scott Griggs - District 1
 Sandy Greyson - District 12
 Lee M. Kleinman - District 11
 Rick Callahan - District 5
 Jennifer S. Gates - District 13
 Sheffie Kadane - District 9
 Philip T. Kingston - District 14
 Dwaine R. Caraway - District 4



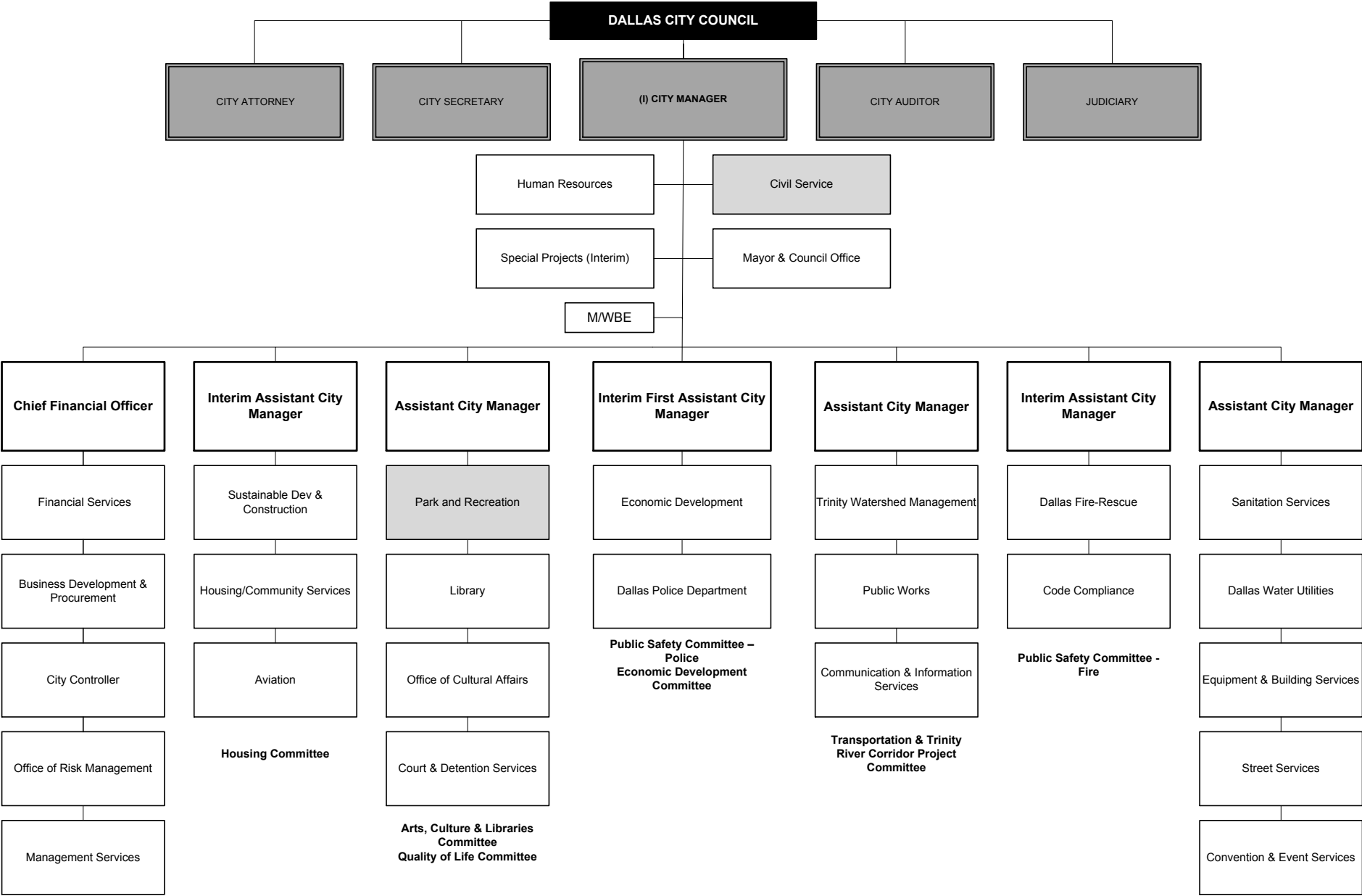
*"Dallas, the City that works:
 diverse, vibrant and progressive."*

CITY MANAGER



A. C. Gonzalez

City of Dallas Organizational Chart
September 30, 2013



■ Indicates Liaison Department



Government Finance Officers Association

**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, 2012

Executive Director/CEO



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

FINANCIAL SECTION



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

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Report on the financial statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dallas Police and Fire Pension System and Supplemental Police and Fire Pension Plan of the City of Dallas, which are blended component units which represent 42%, 48% and 33%, respectively, of the assets, net position 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%, 2% and 1%, respectively, of the assets, net position 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 12, and the Schedules of Funding Progress on pages 94 and 95 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements, budgetary comparison schedule – debt service fund, and the schedules of capital assets used in the operation of governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements, budgetary comparison schedule – debt service fund, and the schedules of capital assets used in the operation of governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other information

The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated September 30, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Dallas, Texas

September 30, 2014

CITY OF DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013
(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, 2013. 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 position).
- The City's governmental activities net position increased by \$83 million while the business-type activities net position increased by \$119 million.
- As of the close of fiscal year 2013, the City's governmental funds reported combined ending fund balances of \$731 million, an increase of \$36 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 \$121 million, or approximately 12% of the total general fund expenditures, including transfers out.
- The City's governmental long-term liabilities had a net increase of \$136 million from the prior year's balance of \$2.3 billion and business-type activities increased \$45 million from the prior year's balance of \$3.1 billion. The increase for governmental activities occurred primarily from a net increase in general obligation bonds, notes and certificates of obligation of \$28 million and a net increase in bond premiums and discounts of \$45 million. Additionally, the change in long-term liabilities was due to net accretion on pension obligation bonds of \$7.2 million, a net increase of \$31 million in other postemployment benefits, a net increase in landfill closure/post closure liabilities of \$1.2 million, a net increase in notes payable of \$27 million, a net increase in the net pension obligation of \$8.2 million and a net increase of \$11.2 million in capital leases. Commercial paper notes payable decreased \$25 million, as these notes were refunded with general obligation bonds. The increase in long-term liabilities of business-type activities was primarily due to a net increase of \$60 million in water and sewer revenue refunding bonds, offset by a \$5 million decrease in convention center debt, due to principal payments for bonds and notes payable and a decrease of \$10 million in the Airport Revenues obligation for revenue credit agreement related to principal payments.

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 position 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 position presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of net position 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 position changed during the fiscal year. All changes in net position 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 portion of their costs

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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.

The business-type activities of the City include water utilities, convention center, airport, municipal radio and building inspections. The airport 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 seven separate legal entities for which the City is financially accountable – the Housing Finance Corporation, the Housing Acquisition and Development Corporation, Dallas Development Fund, the Downtown Dallas Development Authority (DDDA), the North Oak Cliff Municipal Management District, the Cypress Waters Municipal Management District 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, 20 and 21 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.

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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.

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 position was approximately \$5 billion as of September 30, 2013. Analyzing the net position of governmental and business-type activities separately, the business-type activities net position was approximately \$3 billion and the governmental activities were approximately \$2 billion. This analysis focuses on the assets and deferred outflows, and liabilities and deferred inflows and net position (Table 1) and changes in revenues and expenses (Table 2) of the City's governmental and business-type activities.

Table 1
Net Position (in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 1,357,700	\$ 1,250,092	\$ 1,004,622	\$ 1,132,491	\$ 2,362,322	\$ 2,382,583
Capital assets	3,413,315	3,289,740	5,592,196	5,281,603	9,005,511	8,571,343
Total assets	4,771,015	4,539,832	6,596,818	6,414,094	11,367,833	10,953,926
Deferred outflows	22,735	9,567	34,180	38,960	56,915	48,527
Long-term liabilities	2,425,992	2,290,228	3,187,805	3,142,525	5,613,797	5,432,753
Other liabilities	204,340	178,483	199,712	186,327	404,052	364,810
Total liabilities	2,630,332	2,468,711	3,387,517	3,328,852	6,017,849	5,797,563
Net position:						
Net investment						
in capital assets	2,241,628	2,201,645	2,738,208	2,648,976	4,979,836	4,850,621
Restricted	216,280	159,022	212,472	214,249	428,752	373,271
Unrestricted	(294,490)	(279,979)	292,801	260,977	(1,689)	(19,002)
Total net position	\$ 2,163,418	\$ 2,080,688	\$ 3,243,481	\$ 3,124,202	\$ 5,406,899	\$ 5,204,890

The largest portion of the City's net position reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens, and consequently, they are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The current and other assets in governmental activities increased primarily from an increase in cash and cash equivalents in capital project funds for various bond projects and from land sales. In addition, there was an increase in receivables, which was mainly due to an increase in receivables from the Ambulance Supplemental Payment Program. An additional portion of the City's net position (10% governmental activities and 6% business-type activities) represents resources that are subject to external restrictions on how they may be used. The remaining balance in net position is unrestricted.

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In governmental activities, there is a deficit unrestricted net position of \$294 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, net pension obligation, 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 position in business-type activities is \$293 million.

Analysis of the City's Operations

The following table provides a summary of the City's operations for the year ended September 30, 2013. Governmental activities net position increased by \$83 million and business-type activities increased the City's net assets by \$119 million. Key elements of these changes in net position are as follows:

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012 *	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 316,060	\$ 294,876	\$ 678,774	\$ 642,557	\$ 994,834	\$ 937,433
Operating grants and contributions	77,534	112,654	5,192	4,029	82,726	116,683
Capital grants and contributions	39,035	13,823	53,977	21,734	93,012	35,557
General revenues:						
Ad valorem tax	659,693	649,459	-	-	659,693	649,459
Tax increment financing revenue	6,937	6,172	-	-	6,937	6,172
Sales tax	243,697	231,327	-	-	243,697	231,327
Franchise fees	131,009	129,508	-	-	131,009	129,508
Hotel occupancy tax	-	-	45,182	40,047	45,182	40,047
Alcohol beverage tax	-	-	7,648	6,728	7,648	6,728
Investment income	2,526	6,469	1,964	3,626	4,490	10,095
Other	14,448	17,558	908	866	15,356	18,424
Total revenues	<u>1,490,939</u>	<u>1,461,846</u>	<u>793,645</u>	<u>719,587</u>	<u>2,284,584</u>	<u>2,181,433</u>
Expenses:						
General government	191,643	190,927	-	-	191,643	190,927
Public safety	684,636	690,906	-	-	684,636	690,906
Streets, street lighting, sanitation and code enforcement	194,248	177,005	-	-	194,248	177,005
Environmental and health services	19,026	20,689	-	-	19,026	20,689
Public works and transportation	66,755	120,640	-	-	66,755	120,640
Equipment and building services	28,259	22,999	-	-	28,259	22,999
Culture and recreation	135,934	119,466	-	-	135,934	119,466
Housing	12,998	10,230	-	-	12,998	10,230
Human services	21,995	25,640	-	-	21,995	25,640
Interest on long-term debt	74,193	84,824	-	-	74,193	84,824
Dallas water utilities	-	-	436,858	429,313	436,858	429,313
Convention center	-	-	93,115	80,412	93,115	80,412
Airport revenues	-	-	77,516	65,526	77,516	65,526
Municipal radio	-	-	2,312	2,390	2,312	2,390
Building inspection	-	-	21,021	17,579	21,021	17,579
Total expenses	<u>1,429,687</u>	<u>1,463,326</u>	<u>630,822</u>	<u>595,220</u>	<u>2,060,509</u>	<u>2,058,546</u>
Increase (decrease) in net position before transfers and special item	61,252	(1,480)	162,823	124,367	224,075	122,887
Transfers	21,478	19,402	(21,478)	(19,402)	-	-
Special item	-	-	(22,066)	(13,664)	(22,066)	(13,664)
Increase in net position	<u>82,730</u>	<u>17,922</u>	<u>119,279</u>	<u>91,301</u>	<u>202,009</u>	<u>109,223</u>
Net position - beginning of year	<u>2,080,688</u>	<u>2,062,766</u>	<u>3,124,202</u>	<u>3,032,901</u>	<u>5,204,890</u>	<u>5,095,667</u>
Net position - end of year	<u>\$ 2,163,418</u>	<u>\$ 2,080,688</u>	<u>\$ 3,243,481</u>	<u>\$ 3,124,202</u>	<u>\$ 5,406,899</u>	<u>\$ 5,204,890</u>

* \$3,432 was reclassified from charges for services to intergovernmental revenues and \$13,664 was reclassified from contractual and other services to special item to conform with the 2013 presentation.

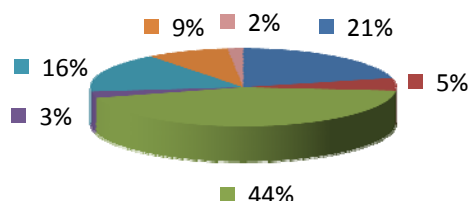
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Governmental Activities

Governmental activities net position increased \$83 million during fiscal year 2013. Total revenues and transfers increased \$32 million, or 2% from fiscal year 2012. Significant changes in revenue include the following:

- Ad Valorem Tax revenues increased \$10 million due to an increase in the certified property tax values.
- Sales tax revenue increased \$12 million due to a continuing improvement in the economy, which resulted in increased discretionary customer spending.
- Charges for services increased \$21 million primarily due to a reimbursement from the Ambulance Supplemental Payment Program.
- Operating grants and contributions decreased \$35 million primarily due to the expiration of the American Reinvestment and Recovery Act (ARRA) grant program in 2012, a reduction in federal funding for the Community Development Block Grant (CDBG) program and HOME grant, a reduction in Section 108 loans during fiscal year 2013 and a decrease in grant revenue from the Environmental Protection Agency.
- Capital grants and contributions increased \$25 million primarily due to additional grant revenue related to public works infrastructure and private donations for hiking and biking trails, as well as a pedestrian bridge.
- Investment income decreased \$4 million due to a decline in the average yield on investments from 0.55% during fiscal year 2012 to 0.42% during fiscal year 2013.

FY13 Governmental Activities Revenues

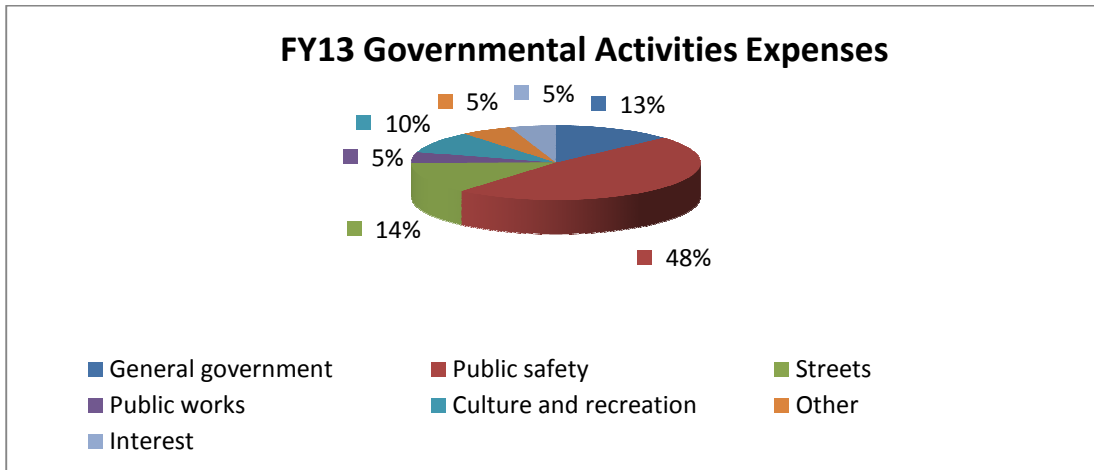


■ Charges for services ■ Operating grants ■ Ad valorem tax ■ Capital grants
■ Sales tax ■ Franchise fees ■ Investment income ■ Other

Total governmental activities expenses decreased approximately \$33 million, or 2%, from fiscal year 2012. The most significant portion of expenses related to governmental activities is the cost of personnel. During fiscal year 2013, the City had overall increases in salaries and benefits related to pay restoration from furlough days required in prior fiscal years, merit increases and increased pension and benefit costs. A discussion of other major changes in governmental activity expenses follows:

- Streets, street lighting and sanitation expenses increased \$17 million or 10%, mainly due to increases in salaries and benefits as mentioned above, as well as additional funding for street repairs and maintenance.
- Public works and transportation expenses decreased \$54 million or 45%. During fiscal year 2012, the City made capital contributions of approximately \$61 million to other government agencies for various infrastructure projects. These contributions did not reoccur during fiscal year 2013. This was offset by increases in expenses related to the salaries and benefits, as well as net pension asset and other postemployment benefits.
- Culture and recreation expenses increased \$16 million or 14% during the fiscal year. The increase was due to additional salaries and benefits as mentioned above, as well as additional funding for library materials, 6 new positions added to the office of cultural affairs, increased utilities and operational expenses, funding for 14 reopened recreational centers, operation and maintenance expenses for 85 new, expanded and renovated parks and recreational facilities and funding for expanded events at the Cotton Bowl complex.
- Interest expense decreased \$11 million in fiscal year 2013 as a result of advanced refunding of general obligation bonds, which carried a lower interest rate than previous outstanding debt.

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Business-type Activities

Business-type activities net position increased \$119 million during fiscal year 2013. Total operating revenues increased \$36 million from fiscal year 2012 and total revenues increased \$74 million from fiscal year 2012. Significant changes in revenues include the following:

- During fiscal year 2013, airport revenues from customer charges increased by \$6.4 million, primarily from an increase in concession fees and rental fees. Capital contributions increased \$26.3 million primarily due to buildings contributed by tenants and an increase in grant revenues during fiscal year 2013.
- During fiscal year 2013, Dallas Water Utilities customer charges increased \$24 million from a rate increase combined with increased sales. Capital contributions rose due to increases in amounts spent on construction by outside developers.
- Convention Center operating revenue increased \$4 million from the previous fiscal year primarily from the increase of events held at the Dallas Convention Center Hotel and related event revenue. Major events held during the fiscal year included the Southwest Dental Conference, Keller Williams Realty Annual Conference, the Southwest Foodservice Expo and MegaFest 2013. Hotel occupancy tax revenues increased \$5 million during the fiscal year due to increased travel to the City of Dallas. Contractual and other services increased \$7 million due to the increase in events during the fiscal year. Additionally, there was a \$5 million loss on the disposal of property, due to the sale of a majority of the Dallas Farmers' Market during fiscal year 2013.

Total business-type activities expenses increased by \$36 million during the fiscal year. The following expense items contributed to changes in expenses during fiscal year 2013:

- Airport personnel services increased \$2.2 million due to the hiring of additional staff to service the new gates opened in 2013 at Love Field. Depreciation expense increased \$3.3 million due to completed building renovations at the airport during 2013. Additionally, the special item for the loss on impairment of airport property as a result of the airport renovations increased \$8.4 million during fiscal year 2013.
- Dallas Water Utilities personnel services increased \$12.3 million due to increases in salaries and benefits. Other operation and maintenance expenses decreased primarily due to the completion in 2012 of a large sludge cleaning project at the Elm Fork water treatment facility, as well as decreases in data services expenses from 2012 to 2013. Additionally, in 2012, the City refunded revenue bonds, which resulted in lower average outstanding balances and therefore, lower interest expense in 2013 than in 2012.

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.

As of the end of fiscal year 2013, the City's governmental funds reported combined ending fund balances of \$731 million, an increase of \$36 million in comparison with the prior fiscal year. Approximately \$121 million constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, 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

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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 2013, unassigned fund balance of the general fund was \$121 million while total fund balance was \$157 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 12% of total general fund expenditures and transfers out, while total fund balance represents 15% of that same amount.

The City's general fund balance increased \$8 million during fiscal year 2013, primarily from increases in ad valorem revenue and sales tax revenue. Ad valorem tax revenue increased \$10 million due to an increase in certified tax values. Sales tax revenue increased \$12 million due to improvements in the economy.

The debt service fund had a total fund balance of \$6 million at September 30, 2013 restricted for the payment of debt service. The decrease in debt service fund balance during the current year of \$502 thousand was primarily from a decrease in transfers in from other funds.

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 position in Dallas Water Utilities at the end of the year amounted to \$141 million, Convention Center was \$88 million and Airport Revenues was \$95 million. The total change in net position was an increase of \$108 million in Dallas Water Utilities, a decrease of \$9 million in Convention Center and an increase of \$14 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, there was no change between the total final amended budget and the total original budget for either revenues or expenditures.

Actual budgetary basis revenues and transfers-in decreased by \$3 million, or less than 1% from final budgeted amounts. The most significant increases were from higher than anticipated sales tax revenue, offset by decreases in transfers, investment income and miscellaneous revenues. Actual budgetary expenditures and transfers out decreased \$11 million from the final amended budget, due to the City's continued commitment to reduce expenditures during the fiscal year. Significant decreases occurred in the non-departmental, sustainable development and construction, human resources, 9-1-1 systems operations, code compliance, street services and office of cultural affairs expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2013, the City had \$9 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 \$432 million or 5% over the prior fiscal year.

Table 3
Capital Assets

(Net of Accumulated Depreciation, in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 478,654	\$ 471,345	\$ 225,107	\$ 227,972	\$ 703,761	\$ 699,317
Artwork	49,197	49,090	2,276	-	49,197	49,090
Construction in progress	340,489	368,634	639,248	857,580	979,737	1,226,214
Water Rights	-	-	248,185	251,722	248,185	251,722
Buildings	772,686	780,875	1,160,895	905,514	1,933,581	1,686,389
Improvements other than buildings	436,964	384,838	297,648	209,803	734,612	594,641
Equipment	117,326	137,111	191,180	164,871	308,506	301,982
Infrastructure assets	1,217,999	1,097,847	334,330	248,973	1,552,329	1,346,820
Utility property	-	-	2,493,327	2,415,168	2,493,327	2,415,168
Totals	<u>\$ 3,413,315</u>	<u>\$ 3,289,740</u>	<u>\$ 5,592,196</u>	<u>\$ 5,281,603</u>	<u>\$ 9,003,235</u>	<u>\$ 8,571,343</u>

CITY OF DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2013
 (Unaudited)

Some of the major additions for fiscal year 2013 included (gross additions - in millions):

Street and transportation improvements	\$ 85.0
Flood control/storm drainage improvements	40.0
Cotton Bowl improvements	22.5
Water and wastewater facilities	251.7
Pipeline reserve capacity rights	60.0
Airport improvements	188.4
Total	<u>\$ 647.6</u>

The City's fiscal year 2014 capital budget provides another \$616.5 million for capital projects, principally for two major categories: \$297.1 million for General Purpose Capital Improvements and \$319.4 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 \$5 billion in bonds, an obligation for revenue credit agreement (including accrued unpaid interest), and water transmission facilities financing agreement outstanding for both governmental and business-type activities, as shown in Table 4.

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

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 1,352,940	\$ 1,292,285	\$ -	\$ -	\$ 1,352,940	\$ 1,292,285
Equipment acquisition obligations	9,375	22,275	-	-	9,375	22,275
Certificates of obligation	33,725	46,595	-	-	33,725	46,595
Pension obligation bonds	220,472	227,725	74,672	77,127	295,144	304,852
Revenue bonds	-	-	2,322,438	2,264,788	2,322,438	2,264,788
Water transmission facilities financing agreement	-	-	129,005	131,710	129,005	131,710
Obligation for revenue credit agreement	-	-	442,074	452,682	442,074	452,682
Total	<u>\$ 1,616,512</u>	<u>\$ 1,588,880</u>	<u>\$ 2,968,189</u>	<u>\$ 2,926,307</u>	<u>\$ 4,584,701</u>	<u>\$ 4,515,187</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 October 2012, the City issued general obligation refunding bonds, Series 2012, of \$214 million with an interest rate range of 2 to 5 percent and a final maturity of February 15, 2026. The bonds were issued to refund certain previously issued outstanding obligations of the City. Proceeds of \$260 million were deposited with an escrow agent to be used to pay the outstanding amounts of the refunded bonds. As a result, \$239 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 \$16 million between the net carrying amount of the old debt and the acquisition price. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being amortized to interest expense over the life of the bonds. Total debt service payments decreased by \$30 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 \$28 million.

CITY OF DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2013
 (Unaudited)

In July 2013, the City issued general obligation refunding and improvement bonds, Series 2013A and B, of \$237 million with an interest rate range of 2 to 5 percent and a final maturity of February 15, 2032. The bonds were issued to refund certain previously issued outstanding obligations, including general obligation bonds and commercial paper of the City and for various City improvements. Proceeds of \$43 million were deposited with an escrow agent to be used to pay the outstanding amounts of the refunded bonds. As a result, \$40 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 \$3 million between the net carrying amount of the old debt and the acquisition price. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being amortized to interest expense over the life of the bonds. Total debt service payments decreased by \$2 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 \$2 million.

In June 2013, the City defeased a portion of general obligation bonds Series 2005 and Series 2007A, as well as a portion of general obligation refunding bonds Series 2010A, Series 2010C and Series 2012 with proceeds from the sale of the Dallas Farmers' Market. The City deposited \$2.2 million with an escrow agent to be used to pay the outstanding amounts of the bonds defeased. As a result, \$1.9 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 \$336 thousand between the net carrying amount of the old debt and the amount deposited with the escrow agent. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being amortized to interest expense over the life of the bonds.

In September 2013, Dallas Water Utilities issued Waterworks and Sewer System Revenue Bonds Series 2013 of \$157 million with an interest rate range of 2 to 5 percent and a final maturity of October 1, 2042. The bonds were issued to refund outstanding commercial paper used by Dallas Water Utilities to fund capital construction projects.

The City's General Obligation, General Obligation Pension Bonds, Waterworks and Sewer System, Civic Center Convention Complex, and Dallas Convention Center Development Corp Bond underlying ratings are listed below.

	Moody's Investors Service	Standard & Poor's
General Obligation Bonds.....	Aa1	AA+
General Obligation Pension Bonds.....	Aa1	AA+
Revenue Bonds:		
Waterworks and Sewer System.....	Aa1	AAA
Civic Center Convention Complex.....	A1	A
Dallas Convention Center Development Corp.....	A1	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; Educational Enhancements; and E3 Government, that is an efficient, effective, economical government. Property values increased 2 percent during the current fiscal year from \$82 billion to \$83.7 billion. The adopted fiscal year 2013-14 tax rate of \$79.70 per \$100 valuation will remain the same as the fiscal year 2012-2013 adopted tax rate and most fees will not be increased. The fiscal year 2013-14 budget of \$2.8 billion is balanced, utilizing various cost containment strategies, revenue enhancements, and operational efficiencies.

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 and wastewater rate increase of 4.5% for retail revenue and 2.8% for wholesale revenue.

While the Texas economy churns on a path of expansion, the City continues its post-recession stabilization and is experiencing areas of measured economic growth. The City's unemployment rate of 6.8% is below the national average of 7.6% and existing home sales and housing starts are increasing. Although this period of growth is expected to continue, the City maintains a cautionary approach, realizing that a world event could slow or moderate expansion in the Dallas economy during the next 12 months.

CITY OF DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013
(Unaudited)

The Mayor, City Council and City management have worked diligently over the past five years to offset the economic effects of the global recession by operating with the City's resources; establishing priorities; focusing on core services; finding operational efficiencies and positioning the City for recovery.

Key revenue resources are recovering, and there is encouraging news in the numbers. Property tax revenue is the single largest revenue source and accounts for 43% of General fund revenue. After three years of significant decline, fiscal year 2014 will mark the second consecutive year of growth, with values increasing 4.27%, which amounts to approximately \$28.5 million in additional revenue.

Guiding principles include the following:

- Maintain current year service levels and restore some discontinued services;
- Funding of on-going obligations; and
- Addressing the most critical needs.

Developmental goals include the following:

- Continuing to focus on crime reduction by:
 - Adding 20 officers above attrition to begin to address population growth;
 - Adding cameras to deter criminal behavior;
 - Funding one step pay increase and full-year fund education pay for uniform police and fire personnel to retain younger officers; and
 - Adding 10 call takers and providing additional training in the 9-1-1 operations center.
- Continuing strategic restoration of services and strategic service increases, such as street maintenance to slow the rate of required replacement;
- Continuing to invest in key economic development opportunities to encourage private development and continue to grow the tax base;
- Continuing development efforts in South Dallas and attract more visitors to Fair Park by restoring amenities and promoting park events and assets, and working to improve neighborhoods surrounding Fair Park.

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 POSITION
As of September 30, 2013
(in thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Governmental	Business-type
Assets					
Cash and cash equivalents	\$ 315,210	\$ 316,610	\$ 631,820	\$ 931	\$ 22,245
Other investments, at fair value	21,116	-	21,116	457	-
Receivables, net	187,367	94,448	281,815	269	5,848
Internal balances	(7,615)	7,615	-	-	-
Prepaid items	-	454	454	-	-
Inventories, at cost	13,199	12,839	26,038	-	401
Net pension asset	308,144	106,055	414,199	-	-
Other assets	5,998	120	6,118	702	1,182
Restricted assets:					
Cash and cash equivalents	514,281	301,396	815,677	43,749	42,790
Other investments, at fair value	-	99,067	99,067	-	37,052
Future pipeline reserve capacity rights	-	65,393	65,393	-	-
Customer assessments	-	625	625	-	-
Capital assets:					
Land	478,654	225,107	703,761	-	27,511
Artwork	49,197	2,276	51,473	-	-
Construction in progress	340,489	639,248	979,737	-	438
Water rights	-	353,910	353,910	-	-
Buildings	1,222,996	1,660,421	2,883,417	-	304,172
Improvements other than buildings	592,135	378,530	970,665	-	-
Equipment	581,417	600,599	1,182,016	-	40,563
Infrastructure assets	2,010,629	555,480	2,566,109	-	-
Utility property	-	3,360,900	3,360,900	-	-
Less accumulated depreciation	(1,862,202)	(2,184,275)	(4,046,477)	-	(15,246)
Total assets	<u>4,771,015</u>	<u>6,596,818</u>	<u>11,367,833</u>	<u>46,108</u>	<u>466,956</u>
Deferred outflows of resources					
Deferred loss on refunding	<u>22,735</u>	<u>34,180</u>	<u>56,915</u>	<u>-</u>	<u>-</u>
Liabilities					
Accrued payroll	19,691	3,954	23,645	-	1,093
Accounts payable	48,560	36,799	85,359	96	1,354
Due to other governments	4,982	3	4,985	-	-
Contracts payable	13,035	-	13,035	-	-
Other	6,420	1,102	7,522	129	6,343
Construction accounts payable	39,082	86,325	125,407	-	-
Accrued bond interest payable	14,415	51,653	66,068	181	15,717
Unearned revenue	57,086	4,686	61,772	-	-
Customer deposits	1,069	13,311	14,380	-	-
Customer construction advances	-	1,879	1,879	-	-
Noncurrent liabilities:					
Due within one year	224,725	108,541	333,266	2,516	-
Due in more than one year	<u>2,201,267</u>	<u>3,079,264</u>	<u>5,280,531</u>	<u>94,947</u>	<u>488,818</u>
Total liabilities	<u>2,630,332</u>	<u>3,387,517</u>	<u>6,017,849</u>	<u>97,869</u>	<u>513,325</u>
Deferred inflows of resources					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26</u>
Net position					
Net investment in capital assets	2,241,628	2,738,208	4,979,836	-	(22,997)
Restricted for:					
Capital projects	43,834	-	43,834	-	-
Debt service	8	212,472	212,480	7,957	-
General government	53,049	-	53,049	-	-
Storm water operations	54,786	-	54,786	-	-
Public safety	10,507	-	10,507	-	-
Culture and recreation	28,738	-	28,738	-	-
Streets and transportation	8,813	-	8,813	-	-
Other purposes	7,061	-	7,061	-	-
Permanent funds - nonexpendable	9,486	-	9,486	-	-
Unrestricted	<u>(294,490)</u>	<u>292,801</u>	<u>(1,689)</u>	<u>(59,718)</u>	<u>(23,398)</u>
Total net position	<u>\$ 2,163,418</u>	<u>\$ 3,243,481</u>	<u>\$ 5,406,899</u>	<u>\$ (51,761)</u>	<u>\$ (46,395)</u>

CITY OF DALLAS, TEXAS
STATEMENT OF ACTIVITIES
Year Ended September 30, 2013
(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	\$ 191,643	\$ 101,896	\$ 12,958	\$ 1,559
Public safety	684,636	74,746	17,125	-
Streets, street lighting, sanitation and code enforcement	194,248	102,117	2,209	313
Environmental and health services	19,026	-	18,124	-
Public works and transportation	66,755	13,361	443	32,888
Equipment and building services	28,259	807	1	-
Culture and recreation	135,934	19,503	1,189	4,275
Housing	12,998	3,488	1,192	-
Human services	21,995	142	24,293	-
Interest on long-term debt	74,193	-	-	-
Total governmental activities	1,429,687	316,060	77,534	39,035
Business-type activities:				
Dallas water utilities	436,858	551,498	-	11,411
Convention center	93,115	27,936	4,662	-
Airport revenues	77,516	70,553	530	42,566
Municipal radio	2,312	1,920	-	-
Building inspection	21,021	26,867	-	-
Total business-type activities	630,822	678,774	5,192	53,977
Total primary government	2,060,509	994,834	82,726	93,012
Component units:				
Governmental	7,352	1,127	-	-
Business-type	98,165	71,809	6,804	-
Total component units	105,517	72,936	6,804	-

General revenues:

Ad valorem tax
Tax increment financing, intergovernmental revenue
Sales taxes
Franchise fees
Hotel occupancy tax
Alcohol beverage tax
Investment income
Other
Transfers
Special item
Total general revenues and transfers
Change in net position
Net position, beginning of year
Net position, end of year

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	Governmental	Business-type	
\$ (75,230)	\$ -	\$ (75,230)	\$ -	\$ -	
(592,765)	-	(592,765)	-	-	
(89,609)	-	(89,609)	-	-	
(902)	-	(902)	-	-	
(20,063)	-	(20,063)	-	-	
(27,451)	-	(27,451)	-	-	
(110,967)	-	(110,967)	-	-	
(8,318)	-	(8,318)	-	-	
2,440	-	2,440	-	-	
(74,193)	-	(74,193)	-	-	
(997,058)	-	(997,058)	-	-	
-	126,051	126,051	-	-	
-	(60,517)	(60,517)	-	-	
-	36,133	36,133	-	-	
-	(392)	(392)	-	-	
-	5,846	5,846	-	-	
-	107,121	107,121	-	-	
(997,058)	107,121	(889,937)	-	-	
			(6,225)	-	
			-	(19,552)	
			(6,225)	(19,552)	
659,693	-	659,693	-	-	
6,937	-	6,937	10,025	-	
243,697	-	243,697	-	-	
131,009	-	131,009	-	-	
-	45,182	45,182	-	-	
-	7,648	7,648	-	-	
2,526	1,964	4,490	7	1,135	
14,448	908	15,356	5	9,630	
21,478	(21,478)	-	-	-	
-	(22,066)	(22,066)	-	-	
1,079,788	12,158	1,091,946	10,037	10,765	
82,730	119,279	202,009	3,812	(8,787)	
2,080,688	3,124,202	5,204,890	(55,573)	(37,608)	
\$ 2,163,418	\$ 3,243,481	\$ 5,406,899	\$ (51,761)	\$ (46,395)	

CITY OF DALLAS, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
As of September 30, 2013
(in thousands)

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Pooled cash and cash equivalents	\$ 136,014	\$ 5,574	\$ 131,543	\$ 273,131
Other investments, at fair value	-	-	21,116	21,116
Receivables:				
Ad valorem tax	28,192	12,744	-	40,936
Sales tax	41,554	-	-	41,554
Notes	83	-	55,064	55,147
Accounts	113,329	-	23,061	136,390
Accrued interest	143	5	783	931
Allowance for uncollectible accounts	(66,979)	(10,807)	(31,497)	(109,283)
Due from other governments	167	-	16,108	16,275
Due from other funds	5,231	-	-	5,231
Prepaid Expenses	-	-	4,072	4,072
Inventories, at cost	9,324	-	-	9,324
Special assessments-paving notes	-	-	5,291	5,291
Restricted cash and cash equivalents	-	-	514,281	514,281
Notes receivable from other funds	-	-	4,161	4,161
Total assets	<u>267,058</u>	<u>7,516</u>	<u>743,983</u>	<u>1,018,557</u>
Liabilities, deferred inflows, and fund balances				
Liabilities				
Accrued payroll	17,472	-	1,165	18,637
Accounts payable	30,016	-	7,547	37,563
Due to other funds	268	-	5,698	5,966
Unearned revenue	6,946	-	55,921	62,867
Due to other governments	2,856	-	2,126	4,982
Construction accounts payable	-	-	39,082	39,082
Notes payable to other funds	-	-	11,053	11,053
Customer deposits	1,049	-	20	1,069
Contracts payable	-	-	13,035	13,035
Other	2,435	-	2,555	4,990
Total liabilities	<u>61,042</u>	<u>-</u>	<u>138,202</u>	<u>199,244</u>
Deferred inflows of resources				
Unavailable revenue	<u>49,011</u>	<u>1,524</u>	<u>37,412</u>	<u>87,947</u>
Fund balances				
Nonspendable	9,324	-	13,647	22,971
Restricted	8,506	5,992	540,316	554,814
Committed	1,250	-	14,406	15,656
Assigned	17,086	-	-	17,086
Unassigned	120,839	-	-	120,839
Total fund balance	<u>157,005</u>	<u>5,992</u>	<u>568,369</u>	<u>731,366</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 267,058</u>	<u>\$ 7,516</u>	<u>\$ 743,983</u>	<u>\$ 1,018,557</u>

CITY OF DALLAS, TEXAS
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
As of September 30, 2013
(in thousands)

Total fund balances - governmental funds	\$	731,366
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Amounts reported for governmental activities in the statement of net position are different because:

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

Net Pension Asset		308,144
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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	476,958	
Artwork	49,197	
Construction in progress	340,489	
Infrastructure assets	2,008,807	
Buildings	1,218,561	
Improvements other than buildings	591,146	
Equipment	442,823	
Accumulated depreciation	(1,736,326)	
Total capital assets	3,391,655	3,391,655

Deferred outflows represent a consumption of net position that applies to future periods and therefore will not be recognized as an outflow of resources until then. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.		22,735
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Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		87,947
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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		(20,701)
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A portion of unearned revenue represents funds received in advance for Section 108 loans that have not been loaned to developers.		5,781
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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	1,905,445	
Capital leases	17,737	
Accrued interest on bonds and notes	14,415	
Developer payable	35,543	
Notes payable	31,635	
Compensated absences	115,962	
Sales tax refund	12,193	
Other postemployment benefits	167,284	
Pollution remediation	8,378	
Net pension obligation - police and fire	21,723	
Landfill closure & post-closure	33,194	
Total long-term liabilities	2,363,509	(2,363,509)
Net position of governmental activities		\$ 2,163,418

CITY OF DALLAS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended September 30, 2013
(in thousands)

	General	Debt Service	Nonmajor Governmental Funds	Total
Revenues:				
Ad valorem tax	\$ 437,442	\$ 203,548	\$ 19,506	\$ 660,496
Tax increment financing, intergovernmental	-	-	6,937	6,937
Sales tax	243,697	-	-	243,697
Franchise fees	131,009	-	-	131,009
Licenses and permits	6,271	-	-	6,271
Intergovernmental	8,194	-	94,685	102,879
Service to others	168,712	-	68,199	236,911
Fines and forfeitures	26,529	-	8,996	35,525
Investment income	553	226	1,675	2,454
Contributions and gifts	8	-	19,359	19,367
Confiscated money awards	-	-	2,253	2,253
Other	632	1,471	1,112	3,215
Total revenues	1,023,047	205,245	222,722	1,451,014
Current expenditures:				
General government	85,682	-	87,228	172,910
Public safety	619,730	-	23,780	643,510
Streets, street lighting, sanitation and code enforcement	163,072	-	2,803	165,875
Environmental and health services	-	-	18,629	18,629
Public works and transportation	5,271	-	23,277	28,548
Equipment and building services	21,216	-	74	21,290
Culture and recreation	104,557	-	6,119	110,676
Housing	9,499	-	-	9,499
Human services	-	-	22,747	22,747
Debt service:				
Principal	4,031	143,262	-	147,293
Interest and fiscal charges	1,078	76,629	904	78,611
Payment to refunded bond escrow agent	-	3,204	-	3,204
Capital outlay	8,389	-	231,807	240,196
Total expenditures	1,022,525	223,095	417,368	1,662,988
Excess (deficiency) of revenues over (under) expenditures	522	(17,850)	(194,646)	(211,974)
Other financing sources (uses):				
Transfers in	9,603	15,475	13,430	38,508
Transfers out	(7,323)	-	(6,855)	(14,178)
Proceeds from sale of capital assets	4,272	-	13,155	17,427
Premium on debt issued	-	69,304	-	69,304
General obligation bonds issued	-	313,428	138,152	451,580
Payment to refunded bond escrow agent	-	(380,859)	-	(380,859)
Capital lease	895	-	12,196	13,091
Proceeds from notes issued	-	-	53,000	53,000
Total other financing sources (uses)	7,447	17,348	223,078	247,873
Net change in fund balances	7,969	(502)	28,432	35,899
Fund balances, beginning of year	149,036	6,494	539,937	695,467
Fund balances, end of year	\$ 157,005	\$ 5,992	\$ 568,369	\$ 731,366

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, 2013
(in thousands)

Net change in fund balances--total governmental funds \$ 35,899

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	240,196	
Capital contributions	300	
Depreciation expense	(101,668)	
Net adjustment		138,828

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	(17,427)	
Gain on disposal of capital assets	6,369	
		(11,058)

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.

49,118

The unspent portion of proceeds from Section 108 loans is reported as unearned revenue in the governmental funds.

5,781

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 position. 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 position. 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	(69,304)	
Commercial paper notes payable	(53,000)	
General obligation bonds and certificates of obligation	(451,580)	
Notes payable	(27,842)	
Capital leases	(13,091)	
Repayments:		
Capital lease principal payment	1,880	
Sales tax refund liability	1,242	
Note principal payment	909	
Bond principal payments	143,262	
Payment to refunded bond escrow agent	384,063	
Net adjustment		(83,461)

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

Increase in Accrued Interest Payable	(731)	
Amortization of premium, discount and refunding deferral	12,308	
Accretion on capital appreciation bonds	(7,164)	
Decrease in net pension asset	(8,459)	
Increase in net pension obligation - police and fire	(8,227)	
Increase in other postemployment benefits	(29,168)	
Decrease in pollution remediation liability	5,607	
Increase in compensated absences	(3,556)	
Decrease in arbitrage rebate liability	5	
Increase in landfill closure cost	(1,170)	
Increase in developer payable	(5,111)	
Total adjustment		(45,666)

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.

(6,711)

Change in net position of governmental activities

\$ 82,730

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

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

Year Ended September 30, 2013

(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 tax	\$ 451,489	\$ 451,489	\$ 450,752	\$ (737)
Sales tax	231,463	231,463	241,946	10,483
Other tax and franchise revenues	122,373	122,373	127,579	5,206
Licenses and permits	9,808	9,808	9,776	(32)
Intergovernmental	5,589	5,589	8,170	2,581
Services to others	150,420	150,420	149,220	(1,200)
Fines and forfeitures	37,650	37,650	34,217	(3,433)
Investment income	755	755	508	(247)
Miscellaneous revenue	12,311	12,311	10,705	(1,606)
Total revenues	<u>1,021,858</u>	<u>1,021,858</u>	<u>1,032,873</u>	<u>11,015</u>
Expenditures:				
General government				
City attorney's office	12,663	12,915	12,895	20
City auditor's office	2,180	2,180	2,087	93
Office of financial services	2,147	2,147	1,757	390
Independent audit	803	903	903	-
Dallas central appraisal district	3,286	3,286	3,282	4
Dallas county tax collection	534	534	532	2
Non-departmental	32,719	29,036	27,668	1,368
City controller's office	4,176	4,066	3,878	188
City manager's office	1,509	1,509	1,503	6
Municipal court - Judiciary	3,286	3,286	2,980	306
Court and detention services	11,519	10,854	10,734	120
Jail contract-Lew Sterrett	8,229	8,229	8,229	-
Civil service	1,804	1,829	1,735	94
Sustainable development and construction	1,328	1,238	463	775
Office of economic development	760	760	756	4
Mayor and city council	3,864	3,864	3,706	158
Office of management services	4,646	4,646	4,478	168
Human resources	3,802	3,752	3,237	515
Business development and procurement services	2,331	2,410	2,229	181
Elections	1,119	1,502	1,318	184
City secretary's office	1,743	1,758	1,697	61
Total general government	<u>104,448</u>	<u>100,704</u>	<u>96,067</u>	<u>4,637</u>
Public safety				
Dallas police department	401,237	402,252	401,902	350
Dallas fire department	203,346	207,275	207,273	2
9-1-1 systems operations	18,230	18,230	17,135	1,095
Total public safety	<u>622,813</u>	<u>627,757</u>	<u>626,310</u>	<u>1,447</u>
Streets, street lighting, sanitation and code enforcement				
Code compliance	30,287	30,663	30,096	567
Sanitation services	73,596	73,596	73,350	246
Street services	57,262	57,262	55,620	1,642
Street lighting	19,058	18,318	18,029	289
Total streets, street lighting, sanitation and code enforcement	<u>180,203</u>	<u>179,839</u>	<u>177,095</u>	<u>2,744</u>
Public works and transportation	<u>5,659</u>	<u>5,279</u>	<u>5,053</u>	<u>226</u>

continued

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

Year Ended September 30, 2013
(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	\$ 244	\$ 244	\$ 205	39
Building services	22,102	22,602	22,042	560
Culture and recreation				
Library	20,294	20,295	19,845	450
Office of cultural affairs	16,025	16,025	15,083	942
Park and recreation	72,747	73,442	73,292	150
Total culture and recreation	109,066	109,762	108,220	1,542
Housing/Community services	9,119	9,516	9,512	4
Total expenditures	1,053,654	1,055,703	1,044,504	11,199
Excess (deficiency) of revenues over (under) expenditures	(31,796)	(33,845)	(11,631)	22,214
Other financing sources (uses):				
Interfund transfers in	37,675	37,675	23,353	(14,322)
Interfund transfers out	(5,879)	(3,830)	(3,830)	-
Total other financing sources (uses)	31,796	33,845	19,523	(14,322)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	-	-	7,892	7,892
Fund balances, beginning of year	81,636	57,100	133,612	-
Fund balances, end of year	<u>\$ 81,636</u>	<u>\$ 57,100</u>	<u>\$ 141,504</u>	<u>\$ 7,892</u>

CITY OF DALLAS, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of September 30, 2013
(in thousands)

	Business-type Activities Enterprise Funds					Governmental Activities- Internal Service Funds
	Dallas Water Utilities	Convention Center	Airport Revenues	Nonmajor Enterprise Funds	Total	
Assets						
Current assets:						
Pooled cash and cash equivalents	\$ 145,921	\$ 32,612	\$ 103,532	\$ 34,545	\$ 316,610	\$ 42,079
Receivables:						
Accounts	76,099	3,401	5,799	434	85,733	89
Taxes	-	6,036	-	-	6,036	-
Accrued interest	462	76	121	36	695	37
Allowance for uncollectibles	(11,867)	(634)	(6)	(2)	(12,509)	-
Due from other governments	-	-	14,493	-	14,493	-
Due from other funds	352	371	-	-	723	12
Prepaid items	454	-	-	-	454	28
Inventories, at cost	11,595	352	892	-	12,839	3,875
Restricted assets:						
Customer assessments	625	-	-	-	625	-
Pooled cash and cash equivalents for current debt service	131,479	3,228	-	-	134,707	-
Cash and cash equivalents Held for construction purposes	45,190	26,136	-	-	71,326	-
Customer deposits:						
Pooled cash and cash equivalents	11,955	-	-	-	11,955	-
Other	120	-	-	-	120	1,898
Total current assets	<u>412,385</u>	<u>71,578</u>	<u>124,831</u>	<u>35,013</u>	<u>643,807</u>	<u>48,018</u>
Noncurrent assets:						
Capital Assets:						
Land	88,390	82,728	53,089	900	225,107	1,696
Artwork	-	-	2,276	-	2,276	-
Construction in progress	545,536	35,201	58,209	302	639,248	-
Water rights	353,910	-	-	-	353,910	-
Buildings	489,321	545,668	625,095	337	1,660,421	4,435
Improvements other than buildings	69,897	64,133	244,228	272	378,530	989
Infrastructure assets	541,332	9,252	4,896	-	555,480	1,822
Equipment	497,485	40,553	58,760	3,801	600,599	138,594
Utility property	3,360,900	-	-	-	3,360,900	-
Accumulated depreciation	(1,736,201)	(266,242)	(178,085)	(3,747)	(2,184,275)	(125,876)
Total capital assets	<u>4,210,570</u>	<u>511,293</u>	<u>868,468</u>	<u>1,865</u>	<u>5,592,196</u>	<u>21,660</u>
Other noncurrent assets:						
Restricted assets:						
Future pipeline reserve capacity rights	65,393	-	-	-	65,393	-
Held for construction purposes:						
LFAMC cash and cash equivalents	-	-	35,467	-	35,467	-
Pooled cash and cash equivalents for future debt service	15,772	4,181	13,218	-	33,171	-
Other investments						
for future debt service at fair value	80,130	18,937	-	-	99,067	-
Cash and cash equivalents held by escrow agent	14,770	-	-	-	14,770	-
Notes receivable from other funds	6,892	-	-	-	6,892	-
Net pension asset	78,728	5,631	7,367	14,329	106,055	-
Total other noncurrent assets	<u>261,685</u>	<u>28,749</u>	<u>56,052</u>	<u>14,329</u>	<u>360,815</u>	<u>-</u>
Total noncurrent assets	<u>4,472,255</u>	<u>540,042</u>	<u>924,520</u>	<u>16,194</u>	<u>5,953,011</u>	<u>21,660</u>
Total assets	<u>\$ 4,884,640</u>	<u>\$ 611,620</u>	<u>\$ 1,049,351</u>	<u>\$ 51,207</u>	<u>\$ 6,596,818</u>	<u>\$ 69,678</u>
Deferred outflows of resources						
Deferred loss on refunding	25,626	8,474	27	53	34,180	-

CITY OF DALLAS, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (continued)
As of September 30, 2013
(in thousands)

	Business-type Activities Enterprise Funds					Governmental Activities- Internal Service Funds
	Dallas Water Utilities	Convention Center	Airport Revenues	Nonmajor Enterprise Funds	Total	
Liabilities						
Current liabilities:						
Accrued payroll	\$ 2,914	\$ 168	\$ 366	\$ 506	\$ 3,954	\$ 1,054
Accounts payable	17,408	7,149	11,897	345	36,799	10,997
Compensated absences	4,890	337	656	945	6,828	1,804
Due to other governments	-	3	-	-	3	-
Unearned Revenue	-	608	726	3,352	4,686	-
Estimated unpaid health claims	-	-	-	-	-	7,016
Estimated unpaid claims - general	-	-	-	-	-	9,254
Workers' compensation	-	-	-	-	-	7,606
Accrued interest on bonds and notes	231	17	2	42	292	-
Pension obligation bonds	2,369	169	222	432	3,192	-
Pollution remediation	-	59	96	-	155	-
Notes payable	-	1,908	251	-	2,159	-
Obligation for revenue credit agreement	-	-	492	-	492	-
Other	-	-	-	1,102	1,102	1,430
Total current liabilities	27,812	10,418	14,708	6,724	59,662	39,161
Current liabilities (payable from restricted assets):						
Construction accounts payable	69,428	1,317	15,580	-	86,325	-
Accrued interest payable	41,024	718	9,619	-	51,361	-
Water transmission facilities financing agreement	2,530	-	-	-	2,530	-
Revenue bonds	89,510	3,675	-	-	93,185	-
Total current liabilities (payable from restricted assets)	202,492	5,710	25,199	-	233,401	-
Total current liabilities	230,304	16,128	39,907	6,724	293,063	39,161
Noncurrent liabilities:						
Notes payable	-	3,925	783	-	4,708	-
Revenue bonds	2,016,107	313,757	-	-	2,329,864	-
Obligation for revenue credit agreement	-	-	442,084	-	442,084	-
Accreted interest on pension obligation bonds	23,333	1,665	2,187	4,249	31,434	-
Pension obligation bonds	76,602	5,454	7,177	13,956	103,189	-
Water transmission facilities financing agreement	126,475	-	-	-	126,475	-
Total long-term debt	2,242,517	324,801	452,231	18,205	3,037,754	-
Other long-term liabilities:						
Estimated unpaid claims - general	-	-	-	-	-	7,516
Other postemployment benefits	24,288	1,198	3,306	3,575	32,367	7,811
Workers compensation	-	-	-	-	-	33,594
Customer deposits	12,051	1,260	-	-	13,311	-
Customer construction advances	1,879	-	-	-	1,879	-
Pollution remediation	-	-	446	-	446	-
Compensated absences	6,227	430	836	1,204	8,697	2,297
Total other long-term liabilities	44,445	2,888	4,588	4,779	56,700	51,218
Total noncurrent liabilities	2,286,962	327,689	456,819	22,984	3,094,454	51,218
Total liabilities	2,517,266	343,817	496,726	29,708	3,387,517	90,379
Net Position						
Net investment in capital assets	2,065,533	212,847	457,963	1,865	2,738,208	21,660
Restricted:						
Debt service	186,126	26,346	-	-	212,472	-
Unrestricted	141,341	37,084	94,689	19,687	292,801	(42,361)
Total net position	\$ 2,393,000	\$ 276,277	\$ 552,652	\$ 21,552	\$ 3,243,481	\$ (20,701)

CITY OF DALLAS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended September 30, 2013
(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	\$ 551,493	\$ 27,936	\$ 54,768	\$ 28,787	\$ 662,984	\$ -
Charges to other City departments	-	-	-	-	-	145,051
Service to others	-	-	-	-	-	88,229
Intergovernmental	5	4,662	530	-	5,197	-
Other	-	104	653	151	908	1,886
Total operating revenues	<u>551,498</u>	<u>32,702</u>	<u>55,951</u>	<u>28,938</u>	<u>669,089</u>	<u>235,166</u>
Operating expenses:						
Personnel services	86,839	6,492	12,405	16,111	121,847	41,036
Supplies and materials	82,874	3,862	5,650	483	92,869	33,340
Contractual and other services	89,843	42,496	26,436	5,566	164,341	160,734
Depreciation	105,528	17,165	19,803	218	142,714	4,704
Total operating expenses	<u>365,084</u>	<u>70,015</u>	<u>64,294</u>	<u>22,378</u>	<u>521,771</u>	<u>239,814</u>
Operating income (loss)	<u>186,414</u>	<u>(37,313)</u>	<u>(8,343)</u>	<u>6,560</u>	<u>147,318</u>	<u>(4,648)</u>
Nonoperating revenues (expenses):						
Investment income	1,127	288	433	116	1,964	72
Alcohol beverage tax	-	7,648	-	-	7,648	-
Hotel occupancy tax	-	45,182	-	-	45,182	-
Passenger facility charges	-	-	15,785	-	15,785	-
Interest on bonds and notes	(71,164)	(17,676)	(13,222)	(955)	(103,017)	-
Net gain (loss) on property disposals	(610)	(5,424)	-	-	(6,034)	717
Total nonoperating revenues (expenses)	<u>(70,647)</u>	<u>30,018</u>	<u>2,996</u>	<u>(839)</u>	<u>(38,472)</u>	<u>789</u>
Income (loss) before contribution, transfers and special item	<u>115,767</u>	<u>(7,295)</u>	<u>(5,347)</u>	<u>5,721</u>	<u>108,846</u>	<u>(3,859)</u>
Capital contributions	11,411	-	42,566	-	53,977	-
Transfers in	1,560	-	-	-	1,560	-
Transfers out	(20,568)	(1,574)	(831)	(65)	(23,038)	(2,852)
Special item: Loss on impairment of airport property	-	-	(22,066)	-	(22,066)	-
	<u>(7,597)</u>	<u>(1,574)</u>	<u>19,669</u>	<u>(65)</u>	<u>10,433</u>	<u>(2,852)</u>
Change in net position	<u>108,170</u>	<u>(8,869)</u>	<u>14,322</u>	<u>5,656</u>	<u>119,279</u>	<u>(6,711)</u>
Net position, beginning of year	<u>2,284,830</u>	<u>285,146</u>	<u>538,330</u>	<u>15,896</u>	<u>3,124,202</u>	<u>(13,990)</u>
Net position, end of year	<u>\$ 2,393,000</u>	<u>\$ 276,277</u>	<u>\$ 552,652</u>	<u>\$ 21,552</u>	<u>\$ 3,243,481</u>	<u>\$ (20,701)</u>



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

CITY OF DALLAS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended September 30, 2013
(in thousands)

	Business-type Activities Enterprise Funds		
	Dallas Water Utilities	Convention Center	Airport Revenues
Cash flows from operating activities:			
Cash received from customers	\$ 552,414	\$ 31,022	\$ 53,599
Cash payments to suppliers for goods and services	(83,261)	(3,889)	(5,920)
Cash payments to employees for services	(79,105)	(6,240)	(11,208)
Cash payments for contractual services	(86,106)	(41,688)	(18,342)
Net cash provided by (used in) operating activities	<u>303,942</u>	<u>(20,796)</u>	<u>18,129</u>
Cash flows from non capital financing activities:			
Alcohol beverage tax	-	7,648	-
Hotel occupancy tax	-	45,182	-
Principal paid on pension obligation bonds	(1,823)	(130)	(171)
Interest paid on pension obligation bonds	(4,004)	(286)	(375)
Transfers from other funds	949	-	-
Transfers to other funds	(20,568)	(1,574)	(831)
Net cash provided by (used in) non capital financing activities	<u>(25,446)</u>	<u>50,840</u>	<u>(1,377)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(246,552)	(8,068)	(111,099)
Proceeds from sale of revenue refunding bonds	165,448	-	-
Principal paid on revenue bonds	(96,115)	(2,775)	-
Principal paid on notes payable and other obligations	(2,705)	(1,872)	(10,412)
Interest paid on bonds, notes and other obligations	(86,531)	(16,552)	(22,394)
Bond issuance costs	(448)	-	-
Proceeds from sale of commercial paper notes	165,000	-	-
Retirement of commercial paper notes	(165,000)	-	-
Other assets-prepaid construction cost	(454)	-	-
Passenger facility charges	-	-	15,841
Intergovernmental capital contribution	-	-	17,451
Net cash provided by (used in) capital and related financing activities	<u>(267,357)</u>	<u>(29,267)</u>	<u>(110,613)</u>
Cash flows from investing activities:			
Purchase of investments	(50,078)	-	-
Maturity of investments	34,000	-	-
Investment income	2,272	333	342
Net cash provided by investing activities	<u>(13,806)</u>	<u>333</u>	<u>342</u>
Net increase (decrease) in cash and cash equivalents	(2,667)	1,110	(93,519)
Cash and cash equivalents, beginning of year	367,754	65,047	245,736
Cash and cash equivalents, end of year	<u>\$ 365,087</u>	<u>\$ 66,157</u>	<u>\$ 152,217</u>

Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
\$ 29,501	\$ 666,536	\$ 235,160
(416)	(93,486)	(31,379)
(14,560)	(111,113)	(38,805)
(5,537)	(151,673)	(159,912)
8,988	310,263	5,064
-	7,648	-
-	45,182	-
(681)	(2,805)	-
(379)	(5,044)	-
-	949	-
(65)	(23,038)	(2,852)
(1,125)	22,892	(2,852)
(177)	(365,896)	208
-	165,448	-
-	(98,890)	-
-	(14,989)	-
-	(125,477)	-
-	(448)	-
-	165,000	-
-	(165,000)	-
-	(454)	-
-	15,841	-
-	17,451	-
(177)	(407,414)	208
-	(50,078)	-
-	34,000	-
100	3,047	72
100	(13,031)	72
7,786	(87,290)	2,492
26,759	705,296	39,587
\$ 34,545	\$ 618,006	\$ 42,079
continued		

CITY OF DALLAS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (continued)
Year Ended September 30, 2013
(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)	\$ 186,414	\$ (37,313)	\$ (8,343)
Adjustments not affecting cash:			
Depreciation	105,528	17,165	19,803
Change in assets and liabilities			
(Increase) Decrease in accounts and other receivables	1,906	(2,042)	(2,332)
(Increase) Decrease in notes receivables from other funds	361	-	-
(Increase) Decrease in inventories	(387)	(27)	(270)
(Increase) Decrease in other assets	2,162	155	201
(Increase) Decrease in due to other governments	-	(1)	-
(Increase) Decrease in due from other funds	-	-	-
Increase (Decrease) in accounts payable	4,001	749	8,582
Increase (Decrease) in accrued payroll	343	5	60
Increase (Decrease) in compensated absences	570	11	115
Increase (Decrease) in allowance for doubtful accounts	(2,534)	(81)	1
Increase (Decrease) in unearned revenue	-	74	(21)
Increase (Decrease) in customer deposits	1,183	369	-
Increase (Decrease) in other post employment benefits	4,659	81	821
Increase (Decrease) in customer construction advances	(264)	-	-
Increase (Decrease) in other liabilities	-	59	(488)
Total adjustments	117,528	16,517	26,472
Net cash provided by (used in) operating activities	303,942	(20,796)	18,129
Current Assets:			
Pooled cash and cash equivalents	145,921	32,612	103,532
Pooled cash and cash equivalents for current debt service	131,479	3,228	-
Customer Deposits pooled cash and cash equivalents	11,955	-	-
Cash and cash equivalents held by escrow agent	14,770	-	-
Cash and cash equivalents			
Held for construction purposes	45,190	26,136	35,467
For future debt service	15,772	4,181	13,218
Total cash and cash equivalents end of year	\$ 365,087	\$ 66,157	\$ 152,217
Noncash investing, capital, and financing activities:			
Capital contributions	11,411	-	25,115
Special item: Loss on impairment of airport property	-	-	(22,066)
Capital assets transferred from Airport Revenues Fund	610	-	-
Change in fair value of non-pooled investments	(217)	(74)	-
Change in fair value of pooled investments	(567)	(278)	(113)
Premium/discount amortization	13,026	726	55
Accretion on capital appreciation bonds	1,801	129	328
Amortization of deferred gain/loss on refunding	3,310	1,460	3
Capital assets acquired through			
water transmission financing agreement	59,642	-	-
Other assets acquired through			
water transmission financing agreement	(59,642)	-	-

<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities- Internal Service Funds</u>
--	--------------	--

\$ 6,560	\$ 147,318	\$ (4,648)
----------	------------	------------

218	142,714	4,704
37	(2,431)	(6)
-	361	-
-	(684)	(113)
394	2,912	246
-	(1)	-
-	-	154
29	13,361	1,891
109	517	-
139	835	339
-	(2,614)	-
526	579	-
-	1,552	-
909	6,470	1,738
-	(264)	-
67	(362)	759
<u>2,428</u>	<u>162,945</u>	<u>9,712</u>
<u>8,988</u>	<u>310,263</u>	<u>5,064</u>

34,545	316,610	42,079
-	134,707	-
-	11,955	-
-	14,770	-
-	106,793	-
-	33,171	-
<u>\$ 34,545</u>	<u>\$ 618,006</u>	<u>\$ 42,079</u>

-	36,526	-
-	(22,066)	-
-	610	-
-	(291)	-
(13)	(971)	(54)
107	13,914	-
328	2,586	-
6	4,779	-
-	59,642	-
-	(59,642)	-

CITY OF DALLAS, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
As of September 30, 2013
(in thousands)

	Agency Funds	Pension Trust Funds (1)
Assets		
Pooled cash and cash equivalents	\$ 5,313	\$ -
Cash and cash equivalents	-	399,328
Receivables:		
Accounts	32	312,835
Accrued interest	6	4,680
Domestic equities	-	887,888
U.S. and foreign government securities	-	187,518
Domestic corporate fixed income	-	698,086
International equities and fixed income	-	809,243
Commingled index funds	-	74,337
Private equities and venture capital funds	-	255,785
Other investments	120	-
Plan interest in Group Master Trust	-	3,284,006
Total assets	<u>5,471</u>	<u>6,913,706</u>
Liabilities		
Accounts payable	1,007	5,712
Payable for securities purchased	-	33,456
Securities lending obligation	-	311,684
Other	4,464	291,556
Total liabilities	<u>5,471</u>	<u>642,408</u>
Net Position		
Held in trust for pension benefits	-	6,271,298
Total net position	<u>\$ -</u>	<u>\$ 6,271,298</u>

(1) Information presented for the pension trust funds is as of December 31, 2012

CITY OF DALLAS, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended September 30, 2013
(in thousands)

	Pension Trust Funds (1)
Additions:	
Contributions:	
Employer	\$ 136,259
Employee	58,416
Total contributions	<u>194,675</u>
Net investment income:	
Dividends	38,241
Interest	57,531
Net appreciation in fair value of investments	638,481
Securities lending income	1,916
Less investment expenses:	
Investment management fees	(14,995)
Custody fees	(150)
Consultant fees	(326)
Securities lending management fees	(383)
Total investment expenses	<u>(15,854)</u>
Net investment income	720,315
Other income	<u>429</u>
Total increases	<u>915,419</u>
Deductions:	
Benefit payments	412,481
Refund of contributions	5,905
Administrative expenses	9,804
Total deductions	<u>428,190</u>
Net increase in net position available for benefits	487,229
Net position held in trust for pension benefits:	
Beginning of year	<u>5,784,069</u>
End of year	<u>\$ 6,271,298</u>

(1) Information presented for the pension trust funds is as of December 31, 2012.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

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CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

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. 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, environmental and health services, code enforcement, 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, 2012 and the Love Field Airport Modernization Corporation (LFAMC) is as of September 30, 2013.

- 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 4100 Harry Hines Boulevard, Ste. 100, Dallas, TX 75219. 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.

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. The information reported for the Dallas Convention Center Hotel Development Corporation and the Housing Finance Corporation is as of December 31, 2012 and all others are as of September 30, 2013.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

- 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.
- 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.
- 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.
- North Oak Cliff Municipal Management District – organized to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, and the arts, entertainment, economic development, safety, the public welfare in the district, and educational scholarships for college-bound students residing in or out of the District.
- Cypress Waters Municipal Management District – organized to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, and the arts, entertainment, economic development, safety, and the public welfare in the District.
- 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 which is 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 and GASB 61, 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, 2013

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 position 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, 2013

Note 1. Summary of Significant Accounting Policies (continued)

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of operating income, change in net position, financial position and cash flow. All assets, deferred outflows, liabilities, and deferred inflows are included on the statement of net position.

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 Revenues 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), a private organization (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, 2013

Note 1. Summary of Significant Accounting Policies (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, 2013 were 97.53 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 2013 was \$0.797 per \$100 dollars of assessed valuation, \$0.5439 for general governmental services and \$0.2531 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, excluding time requirements, have been met. Amounts received before time requirements are met, but after all other eligibility requirements have been met are reported as a deferred inflow of resources.

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.

I. Prepaid Items

Prepaid Items are payments made to vendors for services that will benefit periods beyond September 30, 2013. Prepaid items are recorded using the consumption method.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

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 position. 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 and Aviation Revenues during the year ended September 30, 2013 was \$17 million and \$10 million, respectively.

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.

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.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

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 position, 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 Inflows/Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflow is reclassified to revenue on the government-wide financial statements. The Dallas Convention Center Hotel Development Corporation discretely presented component unit reports a deferred inflow also.

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 position.

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 position.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

P. Bond Premiums, Discounts, and Issuance Costs

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, except any portion related to prepaid insurance costs (if applicable), are recognized as an expense in the period incurred.

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.

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/statement of net position. 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 4.25% to 5.44%.

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 Position

In the government-wide and proprietary funds financial statements, the net position is reported in three components: (1) net investment in capital assets; (2) restricted; and (3) unrestricted. Net investment in capital assets 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 position consists 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 (UPMIFA) in relation to endowment funds.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

The risk fund has a deficit net position of \$52 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

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 2013, the City has adopted the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement Number 60, "Accounting and Financial Reporting for Service Concession Arrangements," 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 implementation of this statement did not result in any changes to the financial statements.

GASB Statement Number 61, "The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 34," 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 did not result in any changes to the financial statements.

GASB Statement Number 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements," 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 did not result in any change to the financial statements.

GASB Statement Number 66, "Technical Corrections – 2012 – an amendment of GASB Statement No. 10 and No. 62," improves financial reporting by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. This statement amends Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. This statement also amends Statement No. 62 by modifying the specific guidance on accounting for operating leases. The implementation of this statement did not result in any changes to the financial statements.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

The GASB has issued the following statements which will be effective in futures years as described below: GASB Statement Number 67, "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25," will be implemented as required by GASB during the fiscal year ending September 30, 2014. The objective of this statement is to improve financial reporting by state and local government pension plans. The implementation of this statement will not result in any changes to the financial statements.

GASB Statement Number 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27," will be implemented as required by GASB during the fiscal year ending September 30, 2015. The objective of this statement is to improve accounting and financial reporting by state and local government pensions and improve the decision-usefulness of information in contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. Note disclosure and required supplementary information requirements about pensions also are addressed. This statement requires the liability of employers and nonemployer contributing entities to employees for defined benefit pensions (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. The City is currently evaluating potential changes to the financial statements as a result of the implementation of this statement. The impact of the implementation of this statement is expected to be significant.

GASB Statement Number 69, "Government Combinations and Disposals of Government Operations," will be implemented by the City as required by GASB during fiscal year ending September 30, 2015. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations, which includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The implementation of this statement is not expected to result in any changes to the financial statements.

GASB Statement Number 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees," will be implemented by the City as required by GASB during fiscal year ending September 30, 2014. The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The City is currently evaluating potential changes to the financial statements as a result of the implementation of this statement.

GASB Statement Number 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68," will be implemented by the city as required by GASB during fiscal year ending September 30, 2015. The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The City is currently evaluating potential changes to the financial statements as a result of the implementation of this statement.

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.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 2. Stewardship, Compliance and Accountability (continued)

- 6) Annual budgets are legally adopted for the general fund, debt service fund and proprietary funds. Certain differences exist between the basis of accounting used for budgetary purposes and that used for financial reporting in accordance with GAAP. Budgets for the capital project funds are normally established pursuant to the terms of the related bond ordinances on a project basis.

B. Budgets and Budgetary Basis of Accounting

The City prepares its annual appropriated general fund, debt service fund and proprietary operating funds' budgets on the budget basis which differs from the GAAP basis. The budget and all transactions of the general fund are presented in accordance with the City's budget basis in the general fund statement of revenues, expenditures and changes in fund balances – non-GAAP budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget and GAAP basis are attributable to the elimination of certain revenues and expenditures budgeted on a non-annual basis and the fact that encumbrances are recorded as the equivalent of expenditures (budget) rather than 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	\$ 7,892
Change in fair market value of investments	13
Change in encumbrances	726
Funds not included in general fund budget	(885)
Revenue recognized for GAAP basis but not budgetary basis	895
Other items budgeted on a non-GAAP basis	(672)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses--GAAP basis	<u>\$ 7,969</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

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 2. Stewardship, Compliance and Accountability (continued)

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.

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 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 \$50 to \$70 thousand, depending on the type of goods or services 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, 2013.

	General	Debt Service	Special Revenue	Capital Projects	Permanent	Total
Fund balances						
Nonspendable						
Inventory	\$ 9,324	\$ -	\$ -	\$ -	\$ -	\$ 9,324
Long-term note receivable	-	-	-	4,161	-	4,161
Permanent fund principal	-	-	-	-	9,486	9,486
Restricted for						
9-1-1	8,506	-	-	-	-	8,506
Debt service	-	5,992	-	-	-	5,992
Culture and recreation	-	-	7,638	10,583	-	18,221
Public safety	-	-	8,060	-	-	8,060
Community development	-	-	4,130	-	-	4,130
Health and human services	-	-	1,286	-	-	1,286
Economic development	-	-	14,155	-	-	14,155
Municipal court technology	-	-	5,505	-	-	5,505
Public television cable system	-	-	5,249	-	-	5,249
Grants and other purposes	-	-	15,784	-	-	15,784
Storm water operations	-	-	42,025	-	-	42,025
Streets and transportation	-	-	6,760	263,871	-	270,631
Other capital projects	-	-	-	155,270	-	155,270
Committed to						
Risk reserve	1,250	-	-	-	-	1,250
Culture and recreation	-	-	14,406	-	-	14,406
Assigned to						
Encumbrances	17,086	-	-	-	-	17,086
Unassigned	120,839	-	-	-	-	120,839
Total fund balance	<u>\$ 157,005</u>	<u>\$ 5,992</u>	<u>\$ 124,998</u>	<u>\$ 433,885</u>	<u>\$ 9,486</u>	<u>\$ 731,366</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

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/statement of net position 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 \$5.3 million held in agency funds is presented below. Balances are presented as of September 30, 2013 or December 31, 2012, depending on the fiscal year 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	\$ 720,428	\$ -	\$ 720,428	\$ -
Cash and cash equivalents	-	399,328	399,328	23,176
Other investments	21,116	6,196,863	6,217,979	457
Restricted cash and investments	831,449	-	831,449	123,592
Total	<u>\$ 1,572,993</u>	<u>\$ 6,596,191</u>	<u>\$ 8,169,184</u>	<u>\$ 147,225</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 3. Cash, Deposits and Investments (continued)

A summary of the carrying amount of cash on hand, deposits and investments at September 30, 2013, is as follows:

	Cash and Pooled Investments with City Treasury	Other Cash and Investments Pension Trust	Total	Cash with Discretely Presented Component Units
Deposits	\$ 181,941	\$ 399,328	\$ 581,269	\$ 109,716
Investments	1,391,052	6,196,863	7,587,915	37,509
Total	<u>\$ 1,572,993</u>	<u>\$ 6,596,191</u>	<u>\$ 8,169,184</u>	<u>\$ 147,225</u>

At September 30, 2013, the City had the following investments:

Type of Investment	Total
Categorized Investments:	
Federal Agricultural Mortgage Corporation Notes	\$ 50,222
Federal Farm Credit Bank Notes	260,595
Federal Farm Credit Bank Notes Callable	10,000
Federal Home Loan Bank Notes	207,553
Federal Home Loan Bank Notes Callable	4,981
Federal Home Loan Mortgage Corporation Notes	229,306
Federal Home Loan Mortgage Corporation Notes Callable	100,066
Federal National Mortgage Association Notes	114,408
Federal National Mortgage Association Notes Callable	24,997
Total Categorized Investments	<u>\$ 1,002,128</u>
Investments Not Categorized:	
BlackRock Money Muni Fund	12,573
Columbia Government Fund - Trinity Escrow Fund	603
Columbia Government Fund - Oncor Escrow Fund	55
First American Government Obligation Money Market Fund	14,770
Bank of America Money Market Fund	15,000
LOGIC Local Government Investment Pool	80,000
Federated Tax-Free Fund	1,175
AIM Government Fund	784
Reserve Primary Fund	4
Non-Expendable Trust Funds	9,486
Goldman Sachs Financial Square Tax-Free Money Market Funds	35,467
Wells Fargo Advantage Municipal Cash Mgt Money Market Funds	3,184
Morgan Stanley Prime Money Market Funds	45,000
TexPool - Money Market Mutual Funds	123,022
TexStar - Money Market Mutual Funds	4,084
Western Asset Prime Money Market Mutual Funds	43,717
Total Investments Not Categorized	<u>\$ 388,924</u>
Total General and Investment Pool Programs	<u>\$ 1,391,052</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 3. Cash, Deposits and Investments (continued)

At December 31, 2012, 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	\$ 887,888
U.S. and Foreign Government Securities	187,518
Domestic Corporate Fixed Income	698,086
International Equities	809,243
Dallas Police and Fire Pension System	
Plan Interest in Group Master Trust	3,261,305
Plan Interest in Group Master Trust - Supplemental	22,701
Total Categorized	<u>\$ 5,866,741</u>
Investments Not Categorized:	
Employees' Retirement Fund	
Private Equities	\$ 64,220
Real Estate	191,565
Commingled Index Funds	74,337
Total Not Categorized	<u>\$ 330,122</u>
Total Investments in City's Pension Trust Funds	<u><u>\$ 6,196,863</u></u>

Investments of the City, other than money market mutual funds and local government investment pools (LGIP's), are valued based upon quoted market values obtained by the City. The value of the City's position in the LGIP's is the same as the value of the pools' shares. The money market mutual funds seek to maintain a net asset value of \$1.00 per unit.

The City invests in TexSTAR, TexPool, TexPool Prime and LOGIC, which are LGIP's created under the Interlocal Cooperation Act, Texas Government Code Chapter 791 and the Public Funds Investment Act, Texas Government Code Chapter 2256. These two acts provide for the creation of LGIP's and authorize eligible governmental entities to invest their public funds and funds under their control through the investment pools. The LGIP's follow all requirements of the Public Funds Investment Act, including being rated by a nationally recognized rating agency, and seek to maintain a net asset value of \$1.00 per unit.

J.P. Morgan Investment Management Inc. and First Southwest Company serve as co-administrators for the TexSTAR & LOGIC programs under agreements with each pool's respective board of directors. The TexSTAR governing board is a five-member Board consisting of three representatives of employees, officers or elected officials of participating government entities and one member designated by each of the co-administrators. In addition, TexSTAR has an Advisory Board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool. The governing body of LOGIC is a five-member board of directors comprised of employees, officers or elected officials of participating government entities or individuals who do not have a business relationship with LOGIC and are qualified to advise the pool. A maximum of two advisory board members represent the co-administrators of LOGIC.

The Comptroller of Public Accounts for the State of Texas is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool and TexPool Prime. Pursuant to the TexPool Participation Agreement, administrative and investment services to the TexPool Portfolios are provided by Federated Investors, Inc., under an agreement with the State Comptroller, acting on behalf of the Trust Company. In addition, TexPool has an Advisory Board composed equally of participants in the TexPool Portfolios and other persons who do not have a business relationship with the TexPool Portfolios who are qualified to advise the TexPool Portfolios.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 3. Cash, Deposits and Investments (continued)

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.

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

<u>Primary Government</u>	<u>Carrying Value</u>	<u>Bank Balance</u>
Pooled Demand Deposits	\$ -	\$ 187,465
Cash and cash equivalents - Pension Trust Funds	399,328	399,328
Total	<u>\$ 399,328</u>	<u>\$ 586,793</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, 2012. The book 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 99.332% at December 31, 2012. The Supplemental Plan's interest in the Group Trust was approximately 0.668% at December 31, 2012. 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.

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CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 3. Cash, Deposits and Investments (continued)

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, 2012.

The following summarizes the book value of investments for the Group Trust as of December 31, 2012.

Investments	
Cash and cash equivalents	\$ 251,480
United States Government Securities	6,447
United States government sponsored enterprises	825
Foreign government securities	114,556
Commingled funds	1,320,281
Domestic equities	454,741
International equities	275,834
Corporate securities	207,910
Investments - real estate equity funds	1,288,179
Total Investments	<u>3,920,253</u>
Receivables	
Accrued interest and dividends	6,800
Forward currency contracts	36,812
Securities sold	1,765
Total receivables	<u>45,377</u>
Total assets	<u>3,965,630</u>
Liabilities and Net Assets	
Payable for securities purchased	2,468
Professional fees payable	3,426
Forward currency contracts	36,976
Securities lending collateral	196,323
Line of Credit	442,431
Total liabilities	<u>681,624</u>
Net assets in the Group Trust	<u>\$ 3,284,006</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

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, 2013, \$187,215 million was fully collateralized by U.S. Federal Agency securities and \$250 thousand was insured by 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 provided similar transaction insurance through December 31, 2012. As of January 1, 2013, the FDIC insures demand accounts up to \$250 thousand in the aggregate. At September 30, 2013, total uninsured deposits were \$187,215 million.

Fully collateralized and insured deposits held by custodian banks:

Demand Deposits	\$ 250 thousand
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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, 2013, the City's investments held by the counterparty, and not insured, are as follows:

Security Type	Fair Value
U.S. Agency Securities	\$ 1,002,128

The Dallas Police and Fire Pension System security investments that were not subject to custodial credit risk were the investments in fixed income and equity investments. The Employees' Retirement Fund had \$3.3 million, or .11% of the total Plan investments of \$2.9 billion exposed to custodial credit risk as follows:

Uninsured and uncollateralized held by custodian bank outside the United States \$3.3 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, 2013

Note 3. Cash, Deposits and Investments (continued)

Concentration of Credit Risk (continued)

Agency Securities by Issuer	Fair Value	% of Total Portfolio
Federal Agricultural Mortgage Corporation (FAMC)	\$ 50,222	5.01%
Federal National Mortgage Association (FNMA)	270,595	27.00%
Federal Home Loan Mortgage Corporation (FHLMC)	212,534	21.21%
Federal Home Loan Bank (FHLB)	329,372	32.87%
Federal Farm Credit Bank (FFCB)	139,405	13.91%
Total Agency Securities	<u>\$ 1,002,128</u>	<u>100.00%</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, 2012. 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.

Security Type	Fair Value	% of Total Portfolio	S&P/Moody's Ratings
Money Market Mutual Funds and Pools	\$ 388,924	27.96%	AAAM/Aaa
U.S. Agency securities	1,002,128	72.04%	AAA/Aaa
Total Portfolio	<u>\$ 1,391,052</u>	<u>100%</u>	

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

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, 2012 are as follows:

Quality Rating	Fair Value	% of Bond Portfolio
AAA	\$ 153,887	17.38%
AA+	15,047	1.69%
AA	10,891	1.23%
AA-	9,429	1.06%
A+	12,628	1.42%
A	16,017	1.81%
A-	27,965	3.19%
A-1+	2,727	0.31%
BBB+	37,584	4.24%
BBB	34,908	3.94%
BBB-	22,194	2.50%
BB+	37,922	4.28%
BB	39,857	4.50%
BB-	71,944	8.12%
B+	9,225	1.04%
B	87,351	9.86%
B-	4,450	0.50%
CCC+	212	0.02%
CCC	76,141	8.60%
CC	55,610	6.28%
C	32,368	3.66%
DDD	15,915	1.80%
D	1,777	0.20%
Not Rated	50,259	5.68%
U.S. Government fixed income securities - NR	59,296	6.69%
Total	\$ 885,604	100.00%

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

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, 2012 is as follows:

Quality Rating	Corporate Bonds	U.S. Government Treasury Securities	U.S. Government Agencies	Foreign Government Securities	Grand Total Book Value	Percentage of Holdings
AAA	\$ 5,077	\$ -	\$ -	\$ 7,613	\$ 12,690	3.85%
AA+	1,903	-	-	8,018	9,921	3.01%
AA	2,221	-	-	-	2,221	0.67%
AA-	294	-	-	3,134	3,428	1.04%
A+	1,746	-	-	2,746	4,492	1.36%
A	2,024	-	-	15,015	17,039	5.17%
A-	6,332	-	-	16,207	22,539	6.84%
BBB+	2,996	-	-	4,141	7,137	2.16%
BBB	6,204	-	-	-	6,204	1.88%
BBB-	8,365	-	-	928	9,293	2.82%
BB+	14,473	-	-	67	14,540	4.41%
BB	25,647	-	-	1,706	27,353	8.30%
BB-	20,359	-	-	2,207	22,566	6.84%
B+	1,780	-	-	-	1,780	0.54%
B	13,887	-	-	-	13,887	4.21%
B-	519	-	-	58	577	0.17%
Below CCC	81,408	-	-	-	81,408	24.69%
NA	12,674	6,448	825	52,715	72,662	22.04%
Subtotal	\$ 207,909	6,448	825	114,555	329,737	100.00%
Total credit risk debt securities					329,737	8.41%
Other investments					3,590,564	91.59%
Total investments					\$ 3,920,301	100.00%

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CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

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, 2013 is as follows:

Security Type	Fair Value	Weighted Average Maturity (days)
Money Market Mutual Funds and Pools	\$ 388,924	1
U.S. Agency Securities	1,002,128	316
Total Portfolio	<u>\$ 1,391,052</u>	<u>228</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 \$106,539 at December 31, 2012. The Employees' Retirement Fund does not have a separate policy for interest rate risk.

As of December 31, 2012, the Employees' Retirement Fund weighted-average maturity of the fixed income securities is as follows:

Fixed Income Securities	Fair Value	Weighted Average Maturity (Years)
Asset Backed	\$ 23,670	5.29
Bank Loans	25,238	4.57
Commercial Mortgage-Backed	35,104	29.38
Corporate Bonds	558,989	7.81
Government Agencies	13,483	3.91
Government Bonds	78,760	8.99
Government Mortgage-Backed Securities	106,539	25.43
Government Issued Commercial Mortgage-Backed Securities	2,082	7.57
Index Linked Government Bonds	6,672	3.28
Municipal/Provincial Bonds	17,133	18.11
Non-Government Backed C.M.O.s	17,934	22.72
Total	<u>\$ 885,604</u>	
Portfolio weighted average maturity in years:		11.14

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 3. Cash, Deposits and Investments (continued)

Interest Rate Risk (continued)

As of December 31, 2012, the Dallas Police and Fire Pension Plans had the following investments and maturities:

	Investment Maturity in Years				
Investment Type	Book Value	Less Than 1 Year	1 - 5 Years	6 - 10 Years	More Than 10 Years
Fixed maturity domestic:					
U.S. Treasury Securities	\$ 6,448	\$ -	\$ 2,858	\$ -	\$ 3,590
U.S. Gov't Agency Securities	825	-	-	-	825
Corporate Bonds	207,909	3,978	67,921	78,806	57,204
International government bonds:					
Australian Dollar	16,722	-	8,593	8,129	-
Brazil Real	3,791	-	635	3,156	-
British Pound Sterling	8,009	5,864	933	1,212	-
Canadian Dollar	2,207	-	-	2,207	-
EURO Currency	14,283	-	3,837	4,021	6,425
Hungarian Forint	1,706	1,706	-	-	-
Indonesian Rupiah	2,745	-	1,911	834	-
Japanese Yen	20,865	1,640	13,715	4,860	650
Malaysian Ringgit	3,487	1,430	2,057	-	-
Mexican New Peso	15,496	-	4,608	1,754	9,134
New Zealand Dollar	3,174	-	491	2,683	-
Poland New Zloty	11,129	-	3,167	7,962	-
South African Rand	5,113	-	1,330	2,844	939
South Korean Won	3,689	964	2,725	-	-
Swedish Krona	2,139	-	1,009	1,130	-
Total	\$ 329,737	\$ 15,582	\$ 115,790	\$ 119,598	\$ 78,767

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, 2013

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 22.5% 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 27.82% of invested assets at December 31, 2012. The Fund's positions in such fixed income assets invested directly were 6.40% of invested assets at December 31, 2012. Employees' Retirement Fund non-US Dollar denominated investments at December 31, 2012 were as follows:

Currency	Investment Type	Balance of Investment (U.S. Dollars)
Australian Dollars	Equity	\$ 13,925
Australian Dollars	Fixed Income	13,106
Brazil Real	Equity	3,947
Brazil Real	Fixed Income	9,546
British Pound Sterling	Equity	77,414
Canadian Dollars	Equity	30,752
Canadian Dollars	Fixed Income	8,756
Columbian Peso	Equity	193
Denmark Krone	Equity	2,693
Euro	Equity	88,340
Euro	Fixed Income	2,235
Hong Kong Dollars	Equity	30,627
Hungary Forint	Equity	129
Indonesia Rupiahs	Equity	5,310
Israel Shekel	Equity	1,143
Japanese Yen	Equity	80,873
Korean Won	Equity	24,561
Malaysia Ringgit	Equity	8,731
Mexican Peso	Equity	6,610
Mexican Peso	Fixed Income	7,834
Norwegian Krone	Equity	10,008
Philippines Peso	Equity	1,179
Poland Zlotych	Equity	4,048
Singapore Dollar	Equity	8,467
South Africa Rand	Equity	4,396
Swedish Krona	Equity	9,550
Swiss Francs	Equity	30,625
Thailand Baht	Equity	7,509
Turkish Lira	Equity	11,980
Total		\$ <u>504,487</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

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, 2012 were as follows:

<u>Currency</u>	<u>Investment Type</u>	<u>Balance of Investment (U.S. Dollars)</u>
Australian Dollar	Government Bonds	\$ 16,722
Brazil Real	Government Bonds	3,791
British Pound Sterling	Government Bonds	8,009
Canadian Dollar	Government Bonds	2,207
EURO Currency	Government Bonds	14,283
Hungarian Forint	Government Bonds	1,706
Indonesian Rupiah	Government Bonds	2,745
Japanese Yen	Government Bonds	20,865
Malaysian Ringgit	Government Bonds	3,487
Mexican New Peso	Government Bonds	15,496
New Zealand Dollar	Government Bonds	3,174
Poland New Zloty	Government Bonds	11,129
South African Rand	Government Bonds	5,113
South Korean Won	Government Bonds	3,689
Swedish Krona	Government Bonds	2,139
Total International Bonds		\$ <u>114,555</u>

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CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 4. Receivables

Receivables at September 30, 2013 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	\$ 28,192	\$ 12,744	\$ -	\$ -	\$ 40,936
Sales tax	41,554	-	-	-	41,554
Notes	83	-	55,064	-	55,147
Accounts	113,329	-	23,061	89	136,479
Accrued interest	143	5	783	37	968
Due from other governments	167	-	16,108	-	16,275
Special Assessments - paving notes	-	-	5,291	-	5,291
Gross receivables	183,468	12,749	100,307	126	296,650
Less allowance for doubtful accounts	(66,979)	(10,807)	(31,497)	-	(109,283)
Net total receivables	<u>\$ 116,489</u>	<u>\$ 1,942</u>	<u>\$ 68,810</u>	<u>\$ 126</u>	<u>\$ 187,367</u>

Receivables at September 30, 2013 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	\$ 76,099	\$ 3,401	\$ 5,799	\$ 434	\$ 85,733
Taxes	-	6,036	-	-	6,036
Accrued interest	462	76	121	36	695
Due from other governments	-	-	14,493	-	14,493
Gross receivables	76,561	9,513	20,413	470	106,957
Less allowance for doubtful accounts	(11,867)	(634)	(6)	(2)	(12,509)
Net total receivables	<u>\$ 64,694</u>	<u>\$ 8,879</u>	<u>\$ 20,407</u>	<u>\$ 468</u>	<u>\$ 94,448</u>

Governmental funds report deferred inflows 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, 2013, the various components of deferred inflows – unavailable revenue and unearned revenue reported in the governmental funds and internal service funds were as follows:

	Total Governmental Unearned	Deferred Inflows Unavailable Revenue
Taxes	\$ -	\$ 4,915
Accounts	6,946	45,620
Intergovernmental	55,921	37,412
Total	<u>\$ 62,867</u>	<u>\$ 87,947</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 5. Restricted Assets

The primary government's governmental and business-type restricted assets of \$514 million and \$433 million are composed of the following at September 30, 2013:

	Governmental Activities	Business-Type Activities
Cash and Investments:		
Pooled Cash and Cash Equivalents	\$ 514,281	\$ 267,851
Other Investments	-	99,067
Future pipeline reserve capacity rights	-	65,393
Customer Assessments	-	625
Total	<u>\$ 514,281</u>	<u>\$ 432,936</u>

The restricted amounts are for accumulated resources for debt service payments, deposits from service users, unspent bond and other proceeds for construction, retention guarantees from contractors, and future pipeline reserve capacity rights (see Note 10.R for additional information).

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, 2013 were \$6.3 billion which is net of deferred loss on refunding and unamortized discount/premium.

The summary financial information for DFW Airport as of September 30, 2013 is presented below and is not included in the City's financial statements.

Total assets	\$ 7,508,539
Less: Total liabilities	(6,558,829)
Total net position	<u>\$ 949,710</u>
Operating revenues	\$ 577,481
Non-operating revenues (expenses)	(90,970)
Less: operating expenses	(637,546)
Change in net position	(151,035)
Net position, beginning of year	1,100,745
Net position, end of year	<u>\$ 949,710</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

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, 2013 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	\$ 471,345	\$ 11,550	\$ (4,241)	\$ 478,654
Artwork	49,090	107	-	49,197
Construction in progress	368,634	199,603	(227,748)	340,489
Total capital assets, not being depreciated	889,069	211,260	(231,989)	868,340
Capital assets, being depreciated:				
Buildings	1,207,295	18,484	(2,783)	1,222,996
Improvements other than buildings	525,334	72,395	(5,594)	592,135
Equipment	567,210	32,025	(17,818)	581,417
Infrastructure assets	1,876,635	133,994	-	2,010,629
Total capital assets, being depreciated:	4,176,474	256,898	(26,195)	4,407,177
Less accumulated depreciation for:				
Buildings	(426,420)	(24,171)	281	(450,310)
Improvements other than buildings	(140,496)	(16,649)	1,974	(155,171)
Equipment	(430,099)	(33,992)	-	(464,091)
Infrastructure assets	(778,788)	(31,560)	17,718	(792,630)
Total accumulated depreciation	(1,775,803)	(106,372)	19,973	(1,862,202)
Total capital assets being depreciated, net	2,400,671	150,526	(6,222)	2,544,975
Governmental activities capital assets, net	\$ 3,289,740	\$ 361,786	\$ (238,211)	\$ 3,413,315

Depreciation expense charged to functions:

General government	\$ 15,443
Public safety	10,911
Streets, street lighting, sanitation and code enforcement	4,612
Environment and Health Services	295
Public works and transportation	41,787
Equipment and building services	12,546
Culture and recreation	20,364
Housing	198
Human Services	216
Total depreciation expense – governmental activities	<u>\$ 106,372</u>
(includes \$4,704 of depreciation expense for the Internal Service Funds and \$101,668 for the governmental type assets)	

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 7. Capital Assets (continued)

	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 227,972	\$ 3,298	\$ (6,163)	\$ 225,107
Artwork	-	2,276	-	2,276
Construction in progress	857,580	481,763	(700,095)	639,248
Total capital assets, not being depreciated	<u>1,085,552</u>	<u>487,337</u>	<u>(706,258)</u>	<u>866,631</u>
Capital assets, being depreciated:				
Water rights	353,910	-	-	353,910
Buildings	1,402,663	305,574	(47,816)	1,660,421
Improvements other than buildings	288,706	108,164	(18,340)	378,530
Equipment	552,307	49,162	(870)	600,599
Infrastructure assets	462,223	95,099	(1,842)	555,480
Utility property	3,249,706	142,190	(30,996)	3,360,900
Total capital assets, being depreciated:	<u>6,309,515</u>	<u>700,189</u>	<u>(99,864)</u>	<u>6,909,840</u>
Less accumulated depreciation for:				
Water rights	(102,188)	(3,537)	-	(105,725)
Buildings	(497,149)	(34,815)	32,438	(499,526)
Improvements other than buildings	(78,903)	(9,694)	7,715	(80,882)
Equipment	(387,436)	(22,838)	855	(409,419)
Infrastructure assets	(213,250)	(8,556)	656	(221,150)
Utility property	(834,538)	(63,274)	30,239	(867,573)
Total accumulated depreciation	<u>(2,113,464)</u>	<u>(142,714)</u>	<u>71,903</u>	<u>(2,184,275)</u>
Total capital assets, being depreciated, net	<u>4,196,051</u>	<u>557,475</u>	<u>(27,961)</u>	<u>4,725,565</u>
Business-type activities capital assets, net	<u><u>\$ 5,281,603</u></u>	<u><u>\$ 1,044,812</u></u>	<u><u>\$ (734,219)</u></u>	<u><u>\$ 5,592,196</u></u>

Depreciation expense charged to business-type activities:

Dallas Water Utilities	\$ 105,528
Convention Center	17,165
Airport Revenues	19,803
Nonmajor Enterprise Funds	218
Total depreciation expense – business-type activities	<u><u>\$ 142,714</u></u>

The Airport Revenues fund reported a special item for the loss on impairment of airport property. The special item is related to the renovation of airport property at Love Field. The amount of the impairment was related to the following asset classes:

Buildings	\$ 43,742
Improvements other than buildings	13,718
Less: Accumulated depreciation	<u>(35,394)</u>
Total	<u><u>\$ 22,066</u></u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 8. Interfund Receivables, Payables and Transfers

Due To Other Funds/Due From Other Funds

These balances represent amounts due for services provided for equipment notes for Dallas Water Utilities, Hurricane 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, 2013 were as follows:

		<u>Payable Fund</u>	
<u>Receivable Fund</u>	<u>Amount</u>	<u>General</u>	<u>Nonmajor Governmental</u>
General	\$ 5,231	\$ -	\$ 5,231
Dallas Water Utilities	352	268	84
Convention Center	371	-	371
Internal Service	12	-	12
Total	<u>\$ 5,966</u>	<u>\$ 268</u>	<u>\$ 5,698</u>

Interfund Notes Receivable and Payable

Interfund notes receivable and payable balances at September 30, 2013 were as follows:

<u>Note receivable</u>	<u>Note payable Nonmajor Governmental</u>
Nonmajor governmental	\$ 4,161
Dallas Water Utilities	6,892
Total	<u>\$ 11,053</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, 2013

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

Transfers In/Out

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

		Transfers Out						
Transfers In	Amount Transferred	General	Nonmajor Governmental	Dallas Water Utilities	Convention Center	Airport Revenues	Nonmajor Enterprise funds	Internal Service
General	\$ 9,603	\$ -	\$ 3	\$ 9,600	\$ -	\$ -	\$ -	\$ -
Debt Service	15,475	6,710	3,685	368	1,574	221	65	2,852
Nonmajor Governmental	13,430	613	2,217	10,600	-	-	-	-
Dallas Water Utilities	1,560	-	950	-	-	610	-	-
Total	<u>\$ 40,068</u>	<u>\$ 7,323</u>	<u>\$ 6,855</u>	<u>\$ 20,568</u>	<u>\$ 1,574</u>	<u>\$ 831</u>	<u>\$ 65</u>	<u>\$ 2,852</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. In addition, a transfer of \$610 thousand in capital assets was made between the Airport Revenues fund and the Dallas Water Utilities fund.

Note 9. Accounts Payable and Accrued Expenses

The primary government's accounts payable and accrued expenses at September 30, 2013 are as follows:

	General	Nonmajor Governmental	Internal Service	Total Governmental Activities
Accrued payroll	\$ 17,472	\$ 1,165	\$ 1,054	\$ 19,691
Accounts payable	30,016	7,547	10,997	48,560
Due to other governments	2,856	2,126	-	4,982
Construction accounts payable	-	39,082	-	39,082
Contracts payable	-	13,035	-	13,035
Other	2,435	2,555	1,430	6,420
Total	<u>\$ 52,779</u>	<u>\$ 65,510</u>	<u>\$ 13,481</u>	<u>\$ 131,770</u>

	Dallas Water Utilities	Convention Center	Airport Revenues	Nonmajor	Total Business-type Activities
Accrued payroll	\$ 2,914	\$ 168	\$ 366	\$ 506	\$ 3,954
Accounts payable	17,408	5,832	11,897	345	35,482
Due to other governments	-	3	-	-	3
Construction accounts payable	69,428	1,317	15,580	-	86,325
Other	-	-	-	1,102	1,102
Total	<u>\$ 89,750</u>	<u>\$ 7,320</u>	<u>\$ 27,843</u>	<u>\$ 1,953</u>	<u>\$ 126,866</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 10. Long-Term Debt

A. Governmental Activities

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<u>General Obligation Bonds</u>					
Refunding Bonds Series 2003-A	\$ 15,705	\$ -	\$ 7,845	\$ 7,860	\$ 7,860
Series 2004	34,220	-	34,220	-	-
Refunding Bonds Series 2005	110,225	-	56,800	53,425	16,335
Series 2005	104,090	-	94,685	9,405	9,405
Series 2006	163,450	-	140,100	23,350	11,675
Series 2007	84,995	-	6,540	78,455	6,540
Refunding Series 2007A	216,975	-	24,020	192,955	19,490
Series 2008	154,590	-	11,045	143,545	11,045
Refunding Series 2010A	185,120	-	8,220	176,900	7,975
Build America Bonds Series 2010B	85,380	-	-	85,380	-
Refunding Bonds Series 2010C	137,535	-	3,335	134,200	10,070
Refunding Bonds Series 2012	-	214,495	4,115	210,380	6,540
Refunding Bonds Series 2013A	-	194,470	-	194,470	10,240
Refunding Bonds Series 2013B	-	42,615	-	42,615	-
<u>Equipment Acquisition Obligations</u>					
Series 2005	1,440	-	480	960	480
Series 2008	8,210	-	8,210	-	-
Series 2010	12,625	-	4,210	8,415	4,210
<u>Tax and Revenue Certificates</u>					
Series 2003	3,600	-	3,600	-	-
Series 2004	1,345	-	660	685	685
Series 2005	2,160	-	690	1,470	720
Series 2007	3,050	-	610	2,440	610
Series 2008A	3,600	-	600	3,000	600
Series 2010	10,910	-	4,920	5,990	4,915
Series 2012	21,930	-	1,790	20,140	1,945
<u>Pension Obligation Bonds</u>					
Taxable Series 2005A	93,259	-	-	93,259	4,482
Series 2005B	77,593	-	7,253	70,340	4,943
Taxable Refunding Bonds Series 2010	56,873	-	-	56,873	-
Total Bonds, Obligations, and Certificates	1,588,880	451,580	423,948	1,616,512	140,765
Add: Unamortized Premium/Discount	151,335	69,304	24,517	196,122	-
Add: Accretion	85,647	15,738	8,574	92,811	-
Total Bonds, Obligations, and	1,825,862	536,622	457,039	1,905,445	140,765
Other Liabilities:					
Arbitrage rebate	5	-	5	-	-
Commercial paper notes payable	25,000	53,000	78,000	-	-
Compensated absences	116,168	57,887	53,992	120,063	52,809
Other postemployment benefits	144,189	40,966	10,060	175,095	-
Landfill closure/post closure	32,024	1,363	193	33,194	238
Pollution remediation	13,985	-	5,607	8,378	733
Developer payable	30,432	7,692	2,581	35,543	2,538
Estimated unpaid claims	64,404	128,395	127,813	64,986	22,710
Notes payable	4,702	27,842	909	31,635	941
Net pension obligation	13,496	113,980	105,753	21,723	-
Sales tax refund liability	13,435	-	1,242	12,193	1,292
Capital leases	6,526	13,091	1,880	17,737	2,699
Total other liabilities	464,366	444,216	388,035	520,547	83,960
Total governmental long-term debt	\$ 2,290,228	\$ 980,838	\$ 845,074	\$ 2,425,992	\$ 224,725

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 10. Long-Term Debt (continued)

The liabilities for the arbitrage rebate and commercial paper notes will be fully liquidated by the Debt Service Fund. The liabilities for the compensated absences and other postemployment benefits will be liquidated by General Fund, Community Development Fund, Health and Human Services Fund, Library Fund, Police Fund, Recreation Fund, Management Improvement Fund, Storm Water Operations Fund, Municipal Fund, General Citizen Fund, Equipment Services Fund, Communication Equipment Services Fund, Office Services Fund, Information Systems Fund, and the Risk Fund. The liabilities for the landfill closure/post closure and pollution remediation will be fully liquidated by the General Fund. The liability for the developer payable will be liquidated by the Neighborhood Projects Fund. The entire estimated unpaid claims liability is reported in the Risk Fund and will be liquidated by that fund. The liabilities for the notes payable, net pension obligation, sales tax refund, and capital leases will be liquidated by the General Fund.

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 October 2012, the City issued general obligation refunding bonds, Series 2012, of \$214 million with an interest rate range of 2 to 5 percent and a final maturity of February 15, 2026. The bonds were issued to refund certain previously issued outstanding obligations of the City. Proceeds of \$260 million were deposited with an escrow agent to be used to pay the outstanding amounts of the refunded bonds. As a result, \$239 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 \$16 million between the net carrying amount of the old debt and the acquisition price. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being amortized to interest expense over the life of the bonds. Total debt service payments decreased by \$30 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 \$28 million.

In July 2013, the City issued general obligation refunding and improvement bonds, Series 2013A and B, of \$237 million with an interest rate range of 0.76 to 5 percent and a final maturity of February 15, 2032. The bonds were issued to refund certain previously issued outstanding obligations, including general obligation bonds and commercial paper of the City and for various City improvements. Proceeds of \$43 million were deposited with an escrow agent to be used to pay the outstanding amounts of the refunded bonds. As a result, \$40 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 \$3 million between the net carrying amount of the old debt and the acquisition price. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being amortized to interest expense over the life of the bonds. Total debt service payments decreased by \$2 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 \$2 million.

In June 2013, the City defeased a portion of general obligation bonds Series 2005 and Series 2007A, as well as a portion of general obligation refunding bonds Series 2010A, Series 2010C and Series 2012 with proceeds from the sale of the Dallas Farmers' Market. The City deposited \$2.2 million with an escrow agent to be used to pay the outstanding amounts of the bonds defeased. As a result, \$1.9 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 \$336 thousand between the net carrying amount of the old debt and the amount deposited with the escrow agent. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being amortized to interest expense over the life of the bonds.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 10. Long-Term Debt (continued)

The General Obligation Bonds outstanding as of September 30, 2013 are as follows:

	Final	Interest Rates	Amount
Series 592	2014	4.0% to 5.0%	\$ 7,860
Series 604	2020	5.00%	53,425
Series 606	2025	3.25% to 5.00%	9,405
Series 611	2026	4.5% to 5.0%	23,350
Series 614	2027	5.0% to 5.25%	78,455
Series 615	2027	4.0% to 5.0%	192,955
Series 620	2028	4.0% to 5.25%	143,545
Series 627	2020	3.0% to 5.0%	176,900
Series 628	2030	4.39% to 5.61%	85,380
Series 631	2023	3.0% to 5.0%	134,200
Series 637	2026	2.0% to 5.0%	210,380
Series 638	2032	0.76% to 5.0%	237,085
Total			<u>\$ 1,352,940</u>

The Equipment Acquisition Contractual Obligations outstanding as of September 30, 2013 are as follows:

	Final	Interest Rates	Amount
Series 608	2015	3.50% to 4.00%	\$ 960
Series 633	2015	3.00% to 5.00%	8,415
Total			<u>\$ 9,375</u>

The Certificates of Obligation outstanding as of September 30, 2013 are as follows:

	Final	Interest Rates	Amount
Series 599	2014	3.00% to 3.55%	\$ 685
Series 607	2015	3.75% to 4.125%	1,470
Series 617	2017	3.50% to 4.00%	2,440
Series 622	2018	3.50% to 5.00%	3,000
Series 629	2019	2.00% to 4.00%	5,990
Series 635	2022	2.00% to 5.00%	20,140
Total			<u>\$ 33,725</u>

The Pension Obligation Bonds outstanding as of September 30, 2013 are as follows:

	Final	Interest Rates	Amount
Series 600	2035	3.24% to 5.19%	\$ 93,259
Series 601	2035	4.10% to	70,340
Series 632	2024	0.295% to 4.66%	56,873
Total			<u>\$ 220,472</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

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. These notes are payable in quarterly installments. In addition, the City recorded three U.S. Department of Housing and Urban Development Section 108 HUD notes. The total outstanding notes payable as of September 30, 2013 are as follows:

	<u>Final Maturity</u>	<u>Payments Due</u>	<u>Interest Rates</u>	<u>Amount</u>
All American Investment Group	2018	Quarterly	1.89%	\$ 2,996
State Energy Conservation Office - 192	2015	Quarterly	3.00%	797
Section 108 B-09-MC-48-0009	2021	Semi-Annually	Variable	7,600
Section 108 B-09-MC-48-0009-A	2032	Quarterly	Variable	11,750
Section 108 B-09-MC-48-0009-B	2022	Quarterly	Variable	8,492
Total				<u>\$ 31,635</u>

D. General Obligation Commercial Paper Notes

The commercial paper notes are supported by two credit agreements through two banks. The credit agreement supporting Series A notes is through JP Morgan Chase, and extends through December 2, 2016. The Series A has an aggregate available principal amount not to exceed approximately \$214.8 million, which includes \$200 million of principal together with approximately \$14.8 million of accrued interest for a maximum maturity date not to exceed 270 days at a rate not to exceed 10% per annum. The credit agreement supporting Series C notes, through Wells Fargo Bank extends to December 2, 2016. The Series C has an aggregate available principal amount not to exceed approximately \$161.1 million, which includes \$150 million of principal together with \$11.1 million of accrued interest for a maximum maturity date not to exceed 270 days at a rate not to exceed 10% per annum. The two commercial paper programs constitute an obligation subordinate to the City's general obligation bonds. Any advances for payments of commercial paper under the line of credit are secured by proceeds of the applicable portion of the tax levy as set forth in the Credit Agreements. During fiscal year 2013, \$53 million was issued and \$78 million was refunded. Upon maturity, the notes will be remarketed by the commercial paper dealers or extinguished with long-term debt.

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CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 10. Long-Term Debt (continued)

E. Governmental Debt Service Requirements

The following is a summary of the future debt service principal and interest payment requirements for the City's General Obligation, Equipment Acquisition Obligations, Tax Increment Bonds, Pension Obligation Bonds and Contractual Obligations at September 30, 2013.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 140,765	\$ 78,243	\$ 219,008
2015	124,242	75,827	200,069
2016	117,474	71,246	188,720
2017	113,426	66,263	179,689
2018	110,458	61,778	172,236
2019-2023	559,235	198,998	758,233
2024-2028	346,091	163,495	509,586
2029-2033	87,658	175,619	263,277
2034-2035	17,163	71,952	89,115
	<u>\$ 1,616,512</u>	<u>\$ 963,421</u>	<u>\$ 2,579,933</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, 2013.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 941	\$ 372	\$ 1,313
2015	974	339	1,313
2016	608	308	916
2017	2,142	283	2,425
2018	2,167	227	2,394
2019-2023	16,669	512	17,181
2024-2028	4,520	118	4,638
2029-2032	3,614	34	3,648
	<u>\$ 31,635</u>	<u>\$ 2,193</u>	<u>\$ 33,828</u>

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CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 10. Long-Term Debt (continued)

F. Business-type Activities

The changes in the business-type activities long-term liabilities for the year ended September 30, 2013 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 2003	\$ 17,930	\$ -	\$ 17,930	\$ -	\$ -
Series 2003-A	7,325	-	7,325	-	-
Series 2005	26,615	-	11,005	15,610	15,610
Series 2006	96,010	-	7,200	88,810	7,550
Series 2007	641,500	-	31,360	610,140	36,735
Series 2008	146,790	-	2,965	143,825	3,065
Series 2009A	13,140	-	665	12,475	670
Series 2009B	8,280	-	-	8,280	445
Series 2009C	94,723	-	5,105	89,618	5,105
Series 2010	286,745	-	12,560	274,185	10,445
Series 2011	239,425	-	-	239,425	4,440
Series 2012	366,140	-	-	366,140	5,445
Series 2013	-	156,540	-	156,540	-
Total Revenue Bonds Payable	1,944,623	156,540	96,115	2,005,048	89,510
Add : Unamortized Premium	103,375	9,627	12,433	100,569	-
Total Revenue Bonds for Water Utilities	2,047,998	166,167	108,548	2,105,617	89,510
Pension Obligation Bonds	57,257	-	1,823	55,434	2,369
Add: Net Premium/Discount	24,130	-	593	23,537	-
Add: Accretion on Capital Appreciation Bonds	21,532	3,956	2,155	23,333	-
Total Water Utilities Bonds	2,150,917	170,123	113,119	2,207,921	91,879
Other: Compensated Absences	10,547	6,023	5,453	11,117	4,890
Other: Postemployment Benefits	19,629	6,120	1,461	24,288	-
Other: Water Transmission Facilities Financing Agreement	131,710	-	2,705	129,005	2,530
Total Long-Term Debt for Water Utilities	2,312,803	182,266	122,738	2,372,331	99,299
<u>Convention Center:</u>					
Revenue Bonds					
Civic Center Refunding and Improvement Bonds, Series 2009	320,165	-	2,775	317,390	3,675
Add : Net Premium/Discount	726	-	684	42	-
Total Convention Center Revenue Bonds	320,891	-	3,459	317,432	3,675
Pension Obligation Bonds	4,073	-	129	3,944	169
Add: Net Premium/Discount	1,722	-	43	1,679	-
Add: Accretion on Capital Appreciation Bonds	1,536	283	154	1,665	-
Total Convention Center Bonds	328,222	283	3,785	324,720	3,844
Other: Compensated Absences	756	351	340	767	337
Other: Note Payable	7,704	-	1,871	5,833	1,908
Other: Pollution Remediation	-	59	-	59	59
Other: Postemployment Benefits	1,117	153	72	1,198	-
Total Long-Term Debt for Convention Center	\$ 337,799	\$ 846	\$ 6,068	\$ 332,577	\$ 6,148

continued

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 10. Long-Term Debt (continued)

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One year
<u>Airport Revenues:</u>					
Pension Obligation Bonds	\$ 5,365	\$ -	\$ 171	\$ 5,194	\$ 222
Add: Net Premium/Discount	2,261	-	56	2,205	-
Add: Accretion on Capital Appreciation Bonds	2,018	371	202	2,187	-
Other: Compensated Absences	1,377	715	600	1,492	656
Other: Note Payable	1,281	-	247	1,034	251
Other: Pollution remediation	1,030	-	488	542	96
Other: Obligation for revenue credit agreement	452,393	-	10,319	442,074	492
Other: Revenue credit agreement accrued interest	289	213	-	502	-
Other: Postemployment Benefits	2,485	1,020	199	3,306	-
Total Long-Term Debt for Airport Revenues	<u>\$ 468,499</u>	<u>\$ 2,319</u>	<u>\$ 12,282</u>	<u>\$ 458,536</u>	<u>\$ 1,717</u>
<u>Non-Major Business-Type:</u>					
Pension Obligation Bonds	\$ 10,432	\$ -	\$ 332	\$ 10,100	\$ 432
Add: Net Premium/Discount	4,395	-	107	4,288	-
Add: Accretion on Capital Appreciation Bonds	3,921	721	393	4,249	-
Other: Compensated Absences	2,010	1,029	890	2,149	945
Other: Postemployment Benefits	2,666	1,124	215	3,575	-
Total Long-Term Debt for Non-major Business-type funds	<u>23,424</u>	<u>2,874</u>	<u>1,937</u>	<u>24,361</u>	<u>1,377</u>
Total Business-Type Activities - Long-Term Liabilities	<u>\$ 3,142,525</u>	<u>\$ 188,305</u>	<u>\$ 143,025</u>	<u>\$ 3,187,805</u>	<u>\$ 108,541</u>

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

In September 2013, Dallas Water Utilities issued Waterworks and Sewer System Revenue Bonds Series 2013 of \$157 million with an interest rate range of 2 to 5 percent and a final maturity of October 1, 2042. The bonds were issued to refund outstanding commercial paper used by Dallas Water Utilities to fund capital construction projects.

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, 2013 are as follows:

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 10. Long-Term Debt (continued)

<u>Series Description</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
603 Rev Bonds	2014	5.00%	15,610
610 Rev Bonds	2036	4.25% - 5.50%	88,810
613 Rev Bonds	2037	4.00% - 5.00%	610,140
619 Rev Bonds	2038	4.00% - 5.00%	143,825
624 Rev Bonds	2029	0.423% - 2.877%	12,475
625 Rev Bonds	2029	1.303% - 2.877%	8,280
626 Rev Bonds	2029	0.148% - 3.018%	89,618
630 Rev Bonds	2030	3.00% - 5.00%	274,185
634 Rev Bonds	2040	3.00% - 5.00%	239,425
636 Rev Bonds	2042	0.595% - 5.00%	366,140
639 Rev Bonds	2043	2.00% - 5.00%	156,540
Total Revenue Bonds			2,005,048
Pension Obligation Bonds	2035	0.295% - 5.48%	55,434
Total Outstanding			<u><u>\$ 2,060,482</u></u>

Utility Revenues Pledged

The City has pledged future water and wastewater customer revenues, net of specified operating expenses, to repay \$2 billion in water and wastewater system revenue bonds, of which \$156.5 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 2043. 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, 2013 is \$3.1 billion. Principal and interest paid during fiscal year 2013 was \$96 million and \$77.3 million, respectively.

H. 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, 2013 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%	\$ 317,390
Pension Obligation Bonds	2035	0.295% - 5.48%	3,944
Total Outstanding			<u><u>\$ 321,334</u></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, 2013 is \$5,833.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 10. Long-Term Debt (continued)

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

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, 2013 are as follows:

	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
Pension Obligation Bonds	2035	0.295% - 5.48%	\$ 5,194

In a previous fiscal year, the City issued notes with an interest rate of 1.89% 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 2017. The total outstanding note payable as of September 30, 2013 is \$1,034.

J. Airport Revenues Conduit Debt and Revenue Credit Agreement

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, and \$146.26 million in May 2012. 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.

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, 2013, the Special Facilities Revenue Bonds outstanding was \$442.6 million.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 10. Long-Term Debt (continued)

K. 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 rates for the obligation range between 4.39% to 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 \$442.6 million, including \$502 thousand of unpaid accrued interest, at September 30, 2013. The schedule of principal and interest payments required for the obligation is provided below (in thousands):

Fiscal Year	Airport Revenues - LFAMC		
	Obligation for Revenue Credit Agreement		
	Principal	Interest	Total
2014	\$ 492	\$ 22,727	\$ 23,219
2015	514	22,718	23,232
2016	7,505	22,555	30,060
2017	7,834	22,232	30,066
2018	8,180	21,895	30,075
2019-2023	46,633	103,879	150,512
2024-2028	70,804	92,968	163,772
2029-2033	82,792	74,901	157,693
2034-2038	125,258	44,260	169,518
2039-2040	92,062	7,983	100,045
	<u>\$ 442,074</u>	<u>\$ 436,118</u>	<u>\$ 878,192</u>

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CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 10. Long-Term Debt (continued)

L. 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, 2013 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%	\$ 10,100

M. Business-Type Activities Debt Service Requirements

The debt service principal and interest payment requirement to maturity at September 30, 2013, for the business-type activities revenue bonds and pension obligation bonds are as follows:

Fiscal Year	Dallas Water Utilities					
	Revenue Bonds			Pension Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 89,510	\$ 84,269	\$ 173,779	\$ 2,369	\$ 3,570	\$ 5,939
2015	94,545	84,134	178,679	1,623	4,478	6,101
2016	93,825	80,399	174,224	1,513	4,707	6,220
2017	95,365	76,535	171,900	1,544	4,806	6,350
2018	89,370	72,819	162,189	1,679	4,863	6,542
2019-2023	479,665	301,445	781,110	21,557	14,271	35,828
2024-2028	342,885	209,145	552,030	13,286	29,884	43,170
2029-2033	297,118	137,643	434,761	7,548	42,980	50,528
2034-2038	290,965	66,776	357,741	4,315	18,091	22,406
2039-2043	131,800	12,666	144,466	-	-	-
	<u>\$ 2,005,048</u>	<u>\$ 1,125,831</u>	<u>\$ 3,130,879</u>	<u>\$ 55,434</u>	<u>\$ 127,650</u>	<u>\$ 183,084</u>

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CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 10. Long-Term Debt (continued)

Convention Center						
Fiscal Year	Revenue Bonds			Pension Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 3,675	\$ 16,282	\$ 19,957	\$ 169	\$ 255	\$ 424
2015	4,640	16,098	20,738	116	319	435
2016	5,740	15,866	21,606	108	336	444
2017	6,945	15,579	22,524	110	343	453
2018	8,250	15,232	23,482	120	347	467
2019-2023	47,870	69,545	117,415	1,527	1,018	2,545
2024-2028	61,095	56,318	117,413	948	2,132	3,080
2029-2033	78,210	39,202	117,412	538	3,066	3,604
2034-2038	100,965	16,444	117,409	308	1,291	1,599
	<u>\$ 317,390</u>	<u>\$ 260,566</u>	<u>\$ 577,956</u>	<u>\$ 3,944</u>	<u>\$ 9,107</u>	<u>\$ 13,051</u>

Convention Center				Non-major Enterprise Funds		
Fiscal Year	Long-term Notes Payable			Pension Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 1,908	\$ 97	\$ 2,005	\$ 432	\$ 650	\$ 1,082
2015	1,945	60	2,005	295	815	1,110
2016	1,980	23	2,003	275	857	1,132
2017	-	-	-	281	875	1,156
2018	-	-	-	306	886	1,192
2019-2023	-	-	-	3,931	2,599	6,530
2024-2028	-	-	-	2,419	5,442	7,861
2029-2033	-	-	-	1,375	7,826	9,201
2034-2035	-	-	-	786	3,294	4,080
	<u>\$ 5,833</u>	<u>\$ 180</u>	<u>\$ 6,013</u>	<u>\$ 10,100</u>	<u>\$ 23,244</u>	<u>\$ 33,344</u>

Airport Revenues						
Fiscal Year	Pension Obligation Bonds			Long-term Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 222	\$ 335	\$ 557	\$ 251	\$ 18	\$ 269
2015	152	420	572	256	13	269
2016	142	441	583	261	8	269
2017	145	450	595	266	3	269
2018	157	456	613	-	-	-
2019-2023	2,020	1,337	3,357	-	-	-
2024-2028	1,245	2,800	4,045	-	-	-
2029-2033	707	4,028	4,735	-	-	-
2034-2035	404	1,695	2,099	-	-	-
	<u>\$ 5,194</u>	<u>\$ 11,962</u>	<u>\$ 17,156</u>	<u>\$ 1,034</u>	<u>\$ 42</u>	<u>\$ 1,076</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 10. Long-Term Debt (continued)

N. 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, 2013 are as follows:

	Balance 9/30/12	Additions	Deletions	Balance 09/30/13	Due Within One Year
Tax Increment Revenue					
Bonds - Series 2006	\$ 46,412	\$ -	\$ 1,645	\$ 44,767	\$ 1,706
Bonds - Series 2007	28,665	-	797	27,868	810
Total Bonds	75,077	-	2,442	72,635	2,516
Accretion	21,763	4,164	1,099	24,828	-
Total Bonds	<u>\$ 96,840</u>	<u>\$ 4,164</u>	<u>\$ 3,541</u>	<u>\$ 97,463</u>	<u>\$ 2,516</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, 2012 are as follows:

	Balance 12/31/11	Additions	Deletions	Balance 12/31/12	Due Within One Year
2009A Current Interest Bonds	\$ 62,530	\$ -	\$ -	\$ 62,530	\$ -
2009A Capital Appreciation Bonds	11,881	-	-	11,881	-
2009B Taxable Build America Bonds	388,175	-	-	388,175	-
2009C Taxable Bonds	17,235	-	-	17,235	-
Total Revenue Bonds	479,821	-	-	479,821	-
Add: Unamortized Premium	797	-	(76)	721	-
Less: Unamortized Discount	(340)	-	26	(314)	-
Add: Accretion on Capital	-	-	-	-	-
Appreciation Bonds	1,758	832	-	2,590	-
Key Money Payable	6,000	-	-	6,000	-
Total Long-term Debt	<u>\$ 488,036</u>	<u>\$ 832</u>	<u>\$ (50)</u>	<u>\$ 488,818</u>	<u>\$ -</u>

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CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

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, 2013 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
Series DDDA - Series 2006	2036	5.25% - 5.66%	\$ 44,767
Series DDDA - Series 2007	2036	5.49% - 6.28%	27,868
Total Outstanding			<u>\$ 72,635</u>

The Dallas Convention Center Hotel Development Corporation discretely presented component unit bonds outstanding as of December 31, 2012 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, 2013, for the DDDA discretely presented component unit activities tax increment financing bonds and at December 31, 2012 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
2014	\$ 2,516	\$ 2,802	\$ 5,318	2014	\$ -	\$ 31,607	\$ 31,607
2015	2,772	3,182	5,954	2015	-	31,607	31,607
2016	2,831	3,523	6,354	2016	3,700	31,514	35,214
2017	2,769	3,795	6,564	2017	5,790	31,266	37,056
2018	2,715	4,059	6,774	2018	7,415	30,907	38,322
2019-2023	15,203	23,840	39,043	2019-2023	43,576	152,449	196,025
2024-2028	13,260	28,904	42,164	2024-2028	53,610	149,377	202,987
2029-2033	18,204	30,134	48,338	2029-2033	87,760	114,850	202,610
2033-2036	12,365	17,339	29,704	2033-2037	119,115	78,404	197,519
Totals	<u>\$ 72,635</u>	<u>\$ 117,578</u>	<u>\$ 190,213</u>	2038-2042	158,855	29,413	188,268
				Totals	<u>\$ 479,821</u>	<u>\$ 681,394</u>	<u>\$ 1,161,215</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 10. Long-Term Debt (continued)

O. Bonds Authorized and Unissued

The following is a schedule of authorized but unissued bonds at September 30, 2013:

	Date of Authorization	Amount Authorized	Amount Unissued
1998 Capital Improvement Program	5/2/1998	\$ 246,000	\$ 32,908
2006 Capital Improvement Program	11/7/2006	1,338,940	380,151
2012 Capital Improvement Program	11/6/2012	642,000	624,255
Total		<u>\$ 2,226,940</u>	<u>\$ 1,037,314</u>

P. Compliance with Debt Covenants

For the year ended September 30, 2013, management of the City believes that it was in compliance with all financial bond covenants on outstanding revenue and general obligation bonded debt.

Q. Dallas Water Utilities Commercial Paper Notes

The commercial paper notes are supported by three liquidity agreements through three banks and one pension funds. The Series B and Series C programs have liquidity agreements with Bank of America, N.A., and JPMorgan Chase Bank, National Association, which was extended to September 30, 2014. The liquidity program supporting 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 liquidity agreement supporting Series C notes 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 liquidity agreement supporting the Series D notes is through State Street Bank and Trust and the California State Teachers' Retirement System and extends to March 16, 2015. 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 2013, \$165 million was issued and \$165 million was refunded. Changes in short-term obligations during fiscal year 2013 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Commercial Paper	\$ -	\$ 165,000	\$ 165,000	\$ -

R. Dallas Water Utilities Obligation for Water Transmission Facilities Financing Agreement

Tarrant Regional Water District (TRWD), a water control and improvement district and political subdivision of the State of Texas, issued \$131.9 million in Water Facilities Contract Revenue Bonds during February 2012. The bonds were issued to finance the Dallas Water Utilities share of costs for designing, acquiring, constructing, improving, repairing, rehabilitating, and or replacing water transmission facilities capable of delivering additional raw water supply to the customers of the Dallas Water Utilities and TRWD for their respective customers (the Project). The Project is tentatively scheduled to be completed in 2025. The City's share of the total cost of the Project is estimated to be \$832 million. Upon completion of the Project, Dallas Water Utilities will have reserve capacity rights in the amount of 150 million gallons per day. Depending on the timing of construction, additional bonds are expected to be issued throughout the construction period.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 10. Long-Term Debt (continued)

In order to ensure adequate funding from Dallas Water Utilities for the payment of principal and interest, the City entered into a separate funding agreement with TRWD, a Water Transmission Facilities Financing Agreement (the Agreement). Under this Agreement, the City is obligated to make payments to TRWD for the principal and interest amounts associated with the bonds. The Agreement establishes through State statutes that those payments will be treated as operating and maintenance expenses. The treatment of payments to TRWD as operating and maintenance expenses is only being applied to the Schedule of Revenue Bond Coverage for the Dallas Water Utilities and for purposes of establishing rates.

The Agreement establishes that TRWD shall own and operate the Project, subject to Dallas' reserve capacity rights in the Project. The bonds are a special obligation of TRWD. Principal and interest are secured by and payable solely from payments to be received by TRWD from the City to the extent required and provided in the Agreement. The bonds do not constitute a debt or pledge of the faith and credit of the City and accordingly have not been reported in the accompanying financial statements. At September 30, 2013, the TRWD Water Facilities Contract Revenue Bonds outstanding was \$129.2 million.

The City has determined the obligation under the Agreement to be a liability to the extent that such obligations are for the payment of bonds issued to fund Dallas Water Utilities' share of costs for the Project. The City has capitalized the development of an intangible asset, Pipeline Reserve Capacity Rights, in Construction in Progress for the actual Project costs incurred by TRWD. The unspent proceeds held by TRWD for future construction costs have been recorded in Other Noncurrent Assets – Future Pipeline Reserve Capacity Rights. The interest rates for the obligation range from 2.0% to 4.0%. The obligation will be amortized over a period of 30 years. The balance of the obligation for the Agreement was \$129 million at September 30, 2013. The schedule of principal and interest payments required for the obligation is provided below:

Fiscal Year	Principal	Interest	Total
2014	\$ 2,530	\$ 5,149	\$ 7,679
2015	2,835	5,066	7,901
2016	2,895	4,953	7,848
2017	2,955	4,808	7,763
2018	3,015	4,660	7,675
2019-2023	16,030	20,978	37,008
2024-2028	18,895	17,265	36,160
2029-2033	23,000	13,952	36,952
2034-2038	28,890	9,172	38,062
2039-2042	27,960	2,848	30,808
	<u>\$ 129,005</u>	<u>\$ 88,851</u>	<u>\$ 217,856</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

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, 2013, amounted to \$6.2 million.

Future minimum lease payments for these leases are as follows:

<u>Year Ending September 30</u>	<u>Total Rental Payments</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2014	\$ 6,751	\$ 5,737	\$ 1,014
2015	6,158	5,413	745
2016	5,682	4,958	724
2017	2,864	2,124	740
2018	2,264	1,990	274
2019-2023	5,944	5,096	848
2024-2028	1,055	54	1,000
Thereafter	853	273	580
Minimum Future Rentals	<u>\$ 31,571</u>	<u>\$ 25,645</u>	<u>\$ 5,925</u>

The City is also committed under capital leases for the purchase of computer equipment, vehicles and heavy equipment and for the purchase of a parking garage. The liability for future capital lease payments totals \$17.7 million. Future minimum lease payments for capital leases including interest and principal are as follows:

<u>Fiscal Year</u>	<u>Rental Payments</u>
2014	\$ 3,162
2015	3,016
2016	2,692
2017	2,440
2018	1,353
2019-2023	6,623
2024	1,000
Total minimum future lease payments	<u>20,286</u>
Less: Amount representing interest	<u>(2,549)</u>
Present value of net minimum lease payments	<u>\$ 17,737</u>

The following schedule provides an analysis of the City's investments in capital assets under capital lease arrangements as of September 30, 2013.

Building and equipment	\$ 32,941
Less: Accumulated depreciation	<u>(19,307)</u>
Total	<u>\$ 13,634</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

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, 2013 were \$30.3 million. The following is a schedule of minimum future rentals on noncancelable operating leases as of September 30, 2013:

Year ending September 30	Government Activities	Dallas Water Utilities	Convention Center	Airport Revenues	Total
2014	\$ 998	\$ 46	\$ 180	\$ 35,775	\$ 36,999
2015	997	46	200	41,318	42,561
2016	991	46	200	41,329	42,566
2017	990	46	200	40,196	41,432
2018	990	46	200	31,401	32,637
2019-2023	2,662	219	1,000	141,032	144,913
2024-2028	1,120	207	191	95,759	97,277
Thereafter	488	41	470	9,273	10,272
Minimum Future Rentals	<u>\$ 9,236</u>	<u>\$ 697</u>	<u>\$ 2,641</u>	<u>\$ 436,083</u>	<u>\$ 448,657</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 \$810 thousand in fiscal year 2013.

The following schedule provides an analysis of the Airport's Revenues fund investment in property under operating lease arrangements as of September 30, 2013:

Buildings	\$ 440,856
Land	<u>11,796</u>
Subtotal	452,652
Less: Accumulated Depreciation	<u>(107,095)</u>
Total	<u>\$ 345,557</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 12. Defeasance of Debt

In current and prior years, the City legally defeased certain outstanding general obligation and enterprise revenue bonds 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, 2013, the City had a total of \$349 million defeased outstanding General Obligation Bonds and \$302 million defeased outstanding water and sewer revenue bonds. The following is a schedule of defeased bonds during the fiscal year:

	<u>9/30/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>9/30/2013</u>
General Obligation Bonds	\$ 162,045	\$ 280,685	\$ 94,105	\$ 348,625
Water and Sewer Revenue Bonds	566,485	-	264,875	301,610
	<u>\$ 728,530</u>	<u>\$ 280,685</u>	<u>\$ 358,980</u>	<u>\$ 650,235</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 the City's internal staff. 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 the deductible loss per occurrence for the past two fiscal years.

The City is self insured for workers' compensation claims that occurred prior to October 1, 1999. Effective October 1, 1999, 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" contractor. Workers' compensation premiums are based primarily upon the insured funds' claims experience and exposure and are reported as cost reimbursement interfund transactions.

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 \$41.2 million at September 30, 2013, is recorded in the risk funds. Of this amount, \$8 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, 2013, in the amount of \$7 million in the risk funds.

At September 30, 2013, the City estimates its general liability at \$16.8 million, which includes \$10.1 million for automobile and general liability and \$6.7 million for probable claims and lawsuits. Of this amount, \$9.3 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, 2013

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:

	Compensation		Health		Liability	
	2013	2012	2013	2012	2013	2012
Unpaid claims, beginning of year	\$ 41,951	\$ 51,591	\$ 9,556	\$ 8,479	\$ 12,897	\$ 13,313
Incurred claims, including incurred but not reported claims (IBNRs) and changes in estimates	9,133	1,565	104,875	108,074	14,387	6,956
Claim payments	(9,884)	(11,205)	(107,415)	(106,997)	(10,514)	(7,372)
Unpaid claims, end of year	<u>\$ 41,200</u>	<u>\$ 41,951</u>	<u>\$ 7,016</u>	<u>\$ 9,556</u>	<u>\$ 16,770</u>	<u>\$ 12,897</u>

Note 14. Accrued Landfill Liability

The City owns and operates the McCommas Bluff landfill located in the southern portion of the City. The developed 379 acres of the landfill has an estimated remaining useful life of 1 year. The undeveloped 431 acres of the landfill has an estimated useful life of 50 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 \$27.5 million liability for closure/post-closure care is based on 90.5 percent of the capacity of the developed landfill subject to TCEQ regulations--none of which is expected to be paid from current available resources.

The City also owns and operates three transfer stations. The estimated post closure cost is \$222 thousand for the transfer stations at September 30, 2013.

The estimated total liability of \$30.4 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 \$27.5 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 the Deepwood & Loop 12 landfill located at South Miller Road, southwest of Loop 12. This landfill is closed. The estimated total liability for post closure care costs for the entire 47 acres of the closed landfill (132 acres of the Landfill Property) is estimated to be \$5.5 million during the next 23 years, of which \$238 thousand is due within one year.

The total closure and post-closure liability for both landfills and three transfer stations at September 30, 2013 is \$33 million.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

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, 2013, the total environmental remediation liability is \$8.98 million and \$888 thousand is estimated to be paid in fiscal year 2014. 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 was completed in fiscal year 2013.

The City is managing five sites that are regulated by the Texas Risk Reduction Program, TAC Ch. 350. For the first site, the City has investigated the environmental impact from two permitted closed landfills 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 \$7.77 million. For the second site, the City has completed a Phase I and Phase II Environmental Site Assessment (ESA). Additional investigation of metals impacted soil and reporting to TCEQ is required. This site was withdrawn from the regulatory program with future acquisition by TxDOT expected. Activities at this site were completed in fiscal year 2013. For the third site, the City has completed a Phase I and Phase II ESA. Future response actions include excavation of metal impacted soil and removal of any battery casings encountered and addressing impacted groundwater with a municipal setting designation (MSD). Remediation is expected to be complete by fiscal year 2014 with an estimated cost of \$465 thousand. For the fourth site, the City conducted pre-demolition environmental investigation at a former Aviation Tenant property with the expectation to lease in the future. Activities also include additional subsurface investigation to investigate historical solvent usage. Remediation is expected to be complete by fiscal year 2014 with an estimated cost of \$462 thousand. For the fifth site, the City completed a Phase II ESA as part of pre-acquisition due diligence. Additional activities include a municipal setting designation (MSD) and reporting. Activities at this site are expected to be complete in fiscal year 2014 with an estimated cost of \$59 thousand.

The City is also managing environmental corrective action at two leaking petroleum storage tank (LPST) sites and removal of underground storage tanks at one site. Activities at these sites are conducted in compliance with the rule for Underground and Aboveground Storage Tanks, TAC Ch 334. The first site will be complete in fiscal year 2014 with an estimated cost of \$144 thousand. For the second site, the City managed removal of underground storage tanks and conducted additional subsurface investigation and groundwater monitoring at an aviation tenant property that will be redeveloped as an Enterprise Car Rental facility. Activities at this site are expected to be complete in fiscal year 2014 with an estimated cost of \$80 thousand. For the third site, the City is managing removal of underground storage tanks from an aviation tenant site. Activities at this site were completed in fiscal year 2013.

The City is also managing asbestos abatement at two sites. Activities at these sites are conducted in compliance with the National Emission Standards for Hazardous Air Pollutants (NESHAPS), 40 CFR Part 61.140-157, Subpart M. Both sites are structures associated with Water Treatment Plants. One is a structure being demolished and the other is being renovated. Activities at both sites were completed in fiscal year 2013.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

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 position 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, 2012 are reported in the City's Pension Trust Funds. Their separate audited financial statements may be obtained through the City.

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

Employees' Retirement Fund: The legal authority for this plan is Chapter 40A of the Dallas City Code. This plan is for the benefit of all eligible employees of the City, excluding firefighters and police officers. Members have vested rights to retirement benefits after five years of service. Benefits are based on credited service and the average monthly earnings for the three highest paid calendar years. Members of the Fund are entitled to normal retirement pension at age 60; early retirement pension at age 55 if employed prior to May 9, 1972 or age 50 and years of service total 78; service retirement pension at any age after 30 years of credited service and disability retirement pension as determined by the board of trustees. Contribution percentages of covered wages are 11.87% for employees and 20.21% for the City. The City's contribution of 20.21% is divided into 10.48% cash to the Plan and 9.73% 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%.

	2012 Membership
Retirees and beneficiaries currently receiving benefits and inactive members entitled to benefits but not yet receiving them	7,363
Current members:	
Vested	4,843
Non vested	2,021
Subtotal	6,864
Total	14,227

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 16. Pension Plans (continued)

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. No member elected contribution under Group A. Group A members may elect to receive one of two benefit structures Options 1 and 2. Option 1: members with 20 years or more of pension service are entitled to normal monthly pension benefits beginning at age 50 equal to 50% of the base pay as defined as the maximum monthly civil service pay established by the City at the time of retirement plus 50% of the longevity pay the member was receiving at the time he or she left active service with the City or the effective date the member joined the Deferred Retirement Option Plan (DROP). Option 2: members with 20 years or more of pension service are entitled to normal monthly pension benefits beginning at age 55 equal to 3% of the base pay computed as noted in Option 1 for each year with a maximum of 32 years. In addition, a member receives 50% of the longevity pay and 1/24 of any City service incentive pay the member was receiving at the time he or she left active service with the City or the effective date the member joined DROP. Under Group B, members with five or more years of pension service are entitled to monthly pension benefits beginning at age 50 equal to 3% of the member's average computation pay determined over the highest 36 consecutive months of computation pay, multiplied by the number of years of pension service, up to maximum of 32 years. In addition, Group B benefits are increased by 4% of the initial benefit amount each October 1. The City is required to make contributions of 27.5% of total wages and salaries as defined in the System's plan document. The contribution percentage for members in Group A is 6.5% of their base pay. Group B members are required to contribute 8.5% of their computation pay.

The System's membership approved the following changes to Plan provisions in an election conducted in February 2011: removing the 0.25% restricted on DROP interest rate changes; requiring member contributions while in active DROP; allowing a one-time opportunity for active DROP election; providing benefits for members hired after February 28, 2011 with the following provisions: 2% accrual rate for the first 20 years of service, 2.5% accrual rate for the next 5 years of service and 3% accrual rate for service after 25 years, average computation pay based on 60 months of pay, and retirement eligibility at age 55 with 20 years of service; disability benefits with the following provisions: own occupation definition for the first two years of disability, any occupation definition after two years of disability, on-duty disability retirement benefit based on a minimum of 25% of average computation pay; and survivor benefits for members who die while on active service based on a minimum of 25% of average computation pay.

	2012 Membership Consisted of
Nonactive Member:	
Retirees and beneficiaries currently receiving benefits and employees entitled to benefits but not yet receiving them:	
Firefighters	1,599
Police Officers	2,184
Terminated vested members not yet receiving benefits	96
Total inactive members	<u>3,879</u>
Current Vested Employees:	
Firefighters	1,390
Police Officers	2,627
Current Nonvested Employees:	
Firefighters	528
Police Officers	855
Total current employees	<u>5,400</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 16. Pension Plans (continued)

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 makes an annual contribution to the Supplemental Plan based on the actuarial analysis. For 2012 the City contribution was \$1.95 million.

	2012 Membership consisted of
Nonactive members	
Retirees and beneficiaries currently receiving benefits:	
Firefighters	52
Police Officers	68
Total non-active members	<u>120</u>
Current Vested Employees:	
Firefighters	14
Police Officers	25
Total current employees	<u>39</u>

B. Schedule of Employer Contributions

	Employees' Retirement Fund		Dallas Police and Fire Pension System		Supplemental Police and Fire Pension Plan	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
9/30/13	\$54,289	65.42%	\$113,550	93.13%	\$1,944	100.0%
9/30/12	\$37,822	76.46%	\$119,863	85.46%	\$1,544	100.0%
9/30/11	\$32,865	83.08%	\$103,081	103.45%	\$1,444	100.0%

	Employees' Retirement Fund		Dallas Police and Fire Pension System		Supplemental Police and Fire Pension Plan	
	Annual Pension Cost	Percentage Contributed	Annual Pension Cost	Percentage Contributed	Annual Pension Cost	Percentage Contributed
9/30/13	\$40,886	75.75%	\$113,980	92.78%	\$1,954	100.0%
9/30/12	\$30,393	95.14%	\$119,742	85.54%	\$1,544	100.0%
9/30/11	\$25,468	107.20%	\$103,073	103.45%	\$1,444	100.0%

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 16. Pension Plans (continued)

C. Employees' Retirement Fund - Net Pension Asset (NPA) for 2013, 2012, and 2011

	9/30/2013	9/30/2012	9/30/2011
Annual required contribution (ARC)	\$ 54,289	\$ 37,822	\$ 32,865
Interest on NPA	(35,109)	(35,231)	(35,080)
Adjustment to the ARC	27,706	27,802	27,683
Annual Pension Cost	46,886	30,393	25,468
Contribution Made	(35,515)	(28,917)	(27,303)
Change in NPA	11,371	1,476	(1,835)
NPA, beginning of year	(425,570)	(427,046)	(425,211)
NPA, end of year	<u>\$ (414,199)</u>	<u>\$ (425,570)</u>	<u>\$ (427,046)</u>

The amounts above are calculated as of the City's fiscal year-end, September 30, rather than the year-end of the Dallas Employees' Retirement Fund, December 31.

The net pension 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% (\$308,144) and for business-type activities, 25.6% (\$106,055). The amount of net pension asset allocated by business-type activity is 19.0% (\$78,728) to Dallas Water Utilities; 1.4% (\$5,631) to Convention Center; 1.8% (\$7,367) to Airport Revenues; and 3.5% (\$14,329) 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.

D. Police and Fire Pension - Net Pension Obligation (NPO) for 2013, 2012, and 2011

Dallas Police and Fire Pension System	9/30/2013	9/30/2012	9/30/2011
Annual required contribution (ARC)	\$ 113,550	\$ 119,863	\$ 103,081
Interest on NPO	1,147	(324)	(22)
Adjustment to the ARC	(717)	203	14
Annual Pension Cost	113,980	119,742	103,073
Contribution Made	(105,753)	(102,431)	(106,633)
Change in NPO	8,227	17,311	(3,560)
NPO (NPA), beginning of year	13,496	(3,815)	(255)
NPO (NPA), end of year	<u>\$ 21,723</u>	<u>\$ 13,496</u>	<u>\$ (3,815)</u>

Supplemental Police and Fire Pension Plan	9/30/2013	9/30/2012	9/30/2011
Annual required contribution (ARC)	\$ 1,954	\$ 1,544	\$ 1,444
Interest on NPO	-	-	-
Adjustment to the ARC	-	-	-
Annual Pension Cost	1,954	1,544	1,444
Contribution Made	(1,954)	(1,544)	(1,444)
Change in NPO	-	-	-
NPO, beginning of year	-	-	-
NPO, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 16. Pension Plans (continued)

The amounts above are calculated as of the City's fiscal year-end, September 30, rather than the year-end of the Dallas Police and Fire Pension System and Supplemental Police and Fire Pension Plan, December 31. The amounts are allocated only to governmental funds.

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	12/31/2012	01/01/2013	01/01/2013
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	Level Percentage	Level Percentage	Level Percentage
Asset valuation method	5-year smoothed market	10-year smoothing	Fair market value
Remaining Amortization period	30 Years – Open Period	30 Years – Open Period	30 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%

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, 2012 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, the collateral for which 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 for open loans at December 31, 2012 and 2011, the type of collateral held, the market value of the securities on loan, and the market value of the collateral held (in thousands except percentages) .

<u>Collateral Type</u>	<u>Collateral Market Value 12/31/2012</u>	<u>Fair Value 12/31/2012</u>	<u>Collateral Percentage</u>	<u>Collateral Market Value 12/31/2011</u>	<u>Fair Value 12/31/2011</u>	<u>Collateral Percentage</u>
Cash	\$ 311,684	\$ 306,258	102%	\$ 306,163	\$ 298,404	103%
Non-cash	2,820	2,703	105%	831	807	103%
Total	<u>\$ 314,504</u>	<u>\$ 308,961</u>		<u>\$ 306,994</u>	<u>\$ 299,211</u>	

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 16. Pension Plans (continued)

During fiscal year ended December 31, 2012, 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, 2012 and December 31, 2011 were \$196 and \$157 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 and JP Morgan. 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, 2011 and 2010, the Plan had no credit risk exposure to borrowers.

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>Dallas Police</u>	<u>Supplemental</u>
	<u>Retirement Fund</u>	<u>and Fire</u>	<u>Police and</u>
		<u>Pension System</u>	<u>Fire Pension Plan</u>
Contribution rates:			
City	20.21%	27.50%	N/A
Plan members	11.87%	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 (9/30/12)	\$46,886	\$113,980	\$1,954
Contributions made (9/30/12)	\$35,515	\$105,753	\$1,954

(1) No member elected contribution under Group A.

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

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 16. Pension Plans (continued)

H. Funded Status and Funding Progress

The funded status of the plan as of January 1, 2012, (the most recent valuation date) was as follows (in millions):

	<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)	\$3,518	\$4,858	\$37
Actuarial value of plan assets	\$2,846	\$3,795	\$22
Unfunded actuarial accrued liability (UAAL)	\$672	\$1,063	\$16
Funded ratio (actuarial value of plan assets / AAL)	80.9%	78.1%	58%
Covered payroll	\$340	\$361	\$450
UAAL as a percentage of covered payroll	197.6%	294.5%	3.6%

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 \$13.1 million as of September 30, 2013. At September 30, 2013, approximately \$6.7 million has been recorded in the risk funds for claims and lawsuits considered to be probable. In the opinion of the City Attorney, this is the total of all such claims which represent probable loss to the City.

B. Commitments and Contingencies

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

The City has several major construction projects planned or in progress as of September 30, 2013. These projects are evidenced by contractual commitments and include the following: \$244 million for General Purpose Capital Improvements and \$236 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 4,615 retired participants and surviving spouses in the health plan at October 1, 2012, the latest data used for this evaluation. An actuarial evaluation can be performed every other year; therefore, new data was not collected but updated claims and assumptions were used.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 18. Other Post Employment Benefits (continued)

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 2013 is 4%. The inflation rate assumption used is 4.5% per year. Total claim payments for fiscal year 2013 were approximately \$12.5 million net of participants' and pension plans' contributions.

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.

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.

The following table shows the components of the City's annual OPEB cost for fiscal year 2013, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (in thousands):

Annual required contribution	\$ 49,808
Interest on net OPEB obligation	6,804
Adjustment to annual required contribution	<u>(6,759)</u>
Annual OPEB cost	49,853
Contributions Made	<u>(12,477)</u>
Increase in net OPEB	37,376
Net OPEB obligation, beginning of year	<u>170,086</u>
Net OPEB obligation, end of year	<u><u>\$ 207,462</u></u>

Net OPEB obligation reported by governmental funds	\$ 167,284
Net OPEB obligation reported in business type activities funds	32,367
Net OPEB obligation reported in internal service funds	<u>7,811</u>
	<u><u>\$ 207,462</u></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 2013, 2012, and 2011 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	Percentage of Annual OPEB Cost Contributed
2013	\$ 170,086	\$ 49,853	\$ 12,477	\$ 207,462	25.0%
2012	\$ 126,232	\$ 50,094	\$ 6,240	\$ 170,086	12.5%
2011	\$ 96,262	\$ 47,529	\$ 17,559	\$ 126,232	36.9%

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2013

Note 18. Other Post Employment Benefits (continued)

The funded status of the plan for fiscal years 2013, 2012, and 2011 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
10/1/2012	\$ -	\$ 635,815	\$ 635,815	0%	\$ 681,861	93.25%
10/1/2011	\$ -	\$ 627,980	\$ 627,980	0%	\$ 684,196	91.78%
10/1/2010	\$ -	\$ 594,437	\$ 594,437	0%	\$ 727,480	81.71%

The actuarial accrued liability of \$635,815 includes \$384,632 for active employees and \$251,183 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.

At October 1, 2012, membership was as follows:	Non-	
	Uniformed	Uniformed
Active participants not eligible to retire	3,201	6,413
Active participants eligible to retire	2,201	1,223
Total active participants	5,402	7,636

Note 19. Subsequent Events

From October 1, 2012 through September 30, 2014, the City issued \$26.5 million in general obligation commercial paper notes, with an average interest rate of .08% and \$123 million in Dallas Water Utilities commercial papers notes, with an average interest rate of 0.08%.

On January 28, 2014, the Tarrant Regional Water District (TRWD) issued \$202.1 million in revenue bonds with a weighted average interest rate of 5.09%, related to the Dallas Water Utilities Obligation for Water Transmission Facilities Financing Agreement mentioned in Note 10R. The bonds were issued to finance the Dallas Water Utilities' share of costs for designing, acquiring, constructing, improving, repairing, rehabilitating and or replacing water transmission facilities capable of delivering additional raw water to supply the customers of the Dallas Water Utilities and the TRWD for their respective customers.

As of December 31, 2012, the carrying values of certain real estate investments reported by the Dallas Police and Fire Pension System (the System) were based on historical cost. During 2013, the System revised the methodology used to estimate the fair value of such real estate investments to include the use of independent third-party appraisals. Management at the System determined that the changes in estimates recorded in 2013 did not have a material impact on the December 31, 2013 or 2012 basic financial statements. Additionally, the carrying value of certain other investments as of December 31, 2012 were based on historical cost since, in the opinion of Management at the System, cost closely approximated the fair value of those investments. Management at the System continues to review the values of those investments.

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, 2013
(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))
12/31/2012	ERF	\$2,846	\$3,518	\$672	80.90%	\$340	197.6%
12/31/2011	ERF	\$2,917	\$3,392	\$475	86.00%	\$319	148.9%
12/31/2010	ERF	\$3,027	\$3,282	\$255	92.24%	\$332	76.8%
01/01/13	DPFPS	\$3,795	\$4,858	\$1,063	78.1%	\$361	294.5%
01/01/12	DPFPS	\$3,379	\$4,569	\$1,190	73.9%	\$349	341.0%
01/01/11	DPFPS	\$3,431	\$4,316	\$885	79.5%	\$365	242.5%
01/01/13	SPFPP	\$22	\$37	\$16	58.0%	\$450	3.6%
01/01/12	SPFPP	\$21	\$36	\$15	58.0%	\$621	2.4%
01/01/11	SPFPP	\$21	\$34	\$13	62.0%	\$886	1.5%

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, 2013

(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))
10/1/2013	\$ -	\$635,815	\$635,815	0.00%	\$681,861	93.25%
10/1/2012	\$ -	\$627,980	\$627,980	0.00%	\$684,196	91.78%
10/1/2011	\$ -	\$594,437	\$594,437	0.00%	\$727,480	81.71%

The actuarial information presented is determined by an actuarial valuation and is the amount that results from applying various assumptions with regard to 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.

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

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

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

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

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



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

CITY OF DALLAS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

As of September 30, 2013

(in thousands)

	Special Revenue				
	Community Development	Health and Human Services	Library	Police	Recreation
Assets					
Pooled cash and cash equivalents	\$ 11,855	\$ -	\$ 1,745	\$ 9,244	\$ 20,601
Other investments, at fair value	-	-	1,001	-	-
Receivables:					
Notes	32,184	-	-	-	-
Accounts	517	-	8	-	386
Accrued interest	13	2	3	13	78
Allowance for uncollectible accounts	(8,157)	-	-	-	(163)
Due from other governments	2,769	3,436	25	1,579	132
Prepaid Expenses	-	-	-	-	-
Special assessments- paving notes	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Notes receivable from other funds	-	-	-	-	-
Total assets	<u>39,181</u>	<u>3,438</u>	<u>2,782</u>	<u>10,836</u>	<u>21,034</u>
Liabilities, deferred inflows, and fund balances					
Liabilities					
Accrued payroll	323	393	-	17	13
Accounts payable	1,836	120	69	2,257	224
Due to other governments	-	-	-	-	-
Due to other funds	-	1,629	-	-	-
Unearned revenue	6,291	-	-	416	11
Construction accounts payable	-	-	-	-	-
Notes payable to other funds	-	-	-	-	6,306
Customer deposits	-	-	-	-	11
Contracts payable	-	-	-	-	-
Other	2,305	10	3	86	34
Total liabilities	<u>10,755</u>	<u>2,152</u>	<u>72</u>	<u>2,776</u>	<u>6,599</u>
Deferred inflows of resources					
Unavailable revenue	24,296	-	-	-	29
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	4,130	1,286	2,710	8,060	-
Committed	-	-	-	-	14,406
Total fund balances	<u>4,130</u>	<u>1,286</u>	<u>2,710</u>	<u>8,060</u>	<u>14,406</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 39,181</u>	<u>\$ 3,438</u>	<u>\$ 2,782</u>	<u>\$ 10,836</u>	<u>\$ 21,034</u>

Transportation	Management Improvement	Storm Water Operations	Municipal	General Citizen	Arts and Cultural	Total Nonmajor Special Revenue Funds
\$ 6,465	\$ 15,965	\$ 39,317	\$ 20,659	\$ 3,002	\$ 2,690	\$ 131,543
-	-	-	-	-	2,234	3,235
-	-	-	11,182	-	-	43,366
10,850	531	9,129	96	-	-	21,517
15	16	27	22	3	4	196
(4,082)	-	(4,069)	(2,982)	-	-	(19,453)
218	215	-	-	-	-	8,374
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
13,466	16,727	44,404	28,977	3,005	4,928	188,778
-	2	339	78	-	-	1,165
14	350	1,279	1,385	13	-	7,547
-	1	-	2,125	-	-	2,126
841	2,209	-	-	-	-	4,679
-	3	-	240	-	-	6,961
-	-	-	-	-	-	-
-	-	256	-	-	-	6,562
-	-	-	-	-	-	11
-	-	-	-	-	-	-
-	103	7	-	7	-	2,555
855	2,668	1,881	3,828	20	-	31,606
5,851	-	498	1,500	-	-	32,174
-	-	-	-	-	-	-
6,760	14,059	42,025	23,649	2,985	4,928	110,592
-	-	-	-	-	-	14,406
6,760	14,059	42,025	23,649	2,985	4,928	124,998
\$ 13,466	\$ 16,727	\$ 44,404	\$ 28,977	\$ 3,005	\$ 4,928	\$ 188,778

continued

CITY OF DALLAS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
As of September 30, 2013
(in thousands)

	Capital Projects				Total Nonmajor Capital Project Funds
	Neighborhood Projects	Parks	Streets and Drainage	Building	Trans- portation
Assets					
Pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Other investments, at fair value	982	-	3,151	1,192	3,070
Receivables:					
Notes	10,198	-	-	1,500	-
Accounts	11	674	-	-	859
Accrued interest	38	18	98	268	165
Allowance for uncollectible accounts	(8,153)	-	(2,391)	(1,500)	-
Due from other governments	-	-	-	4,603	3,131
Prepaid Expenses	-	-	-	-	4,072
Special assessments- paving notes	-	-	5,291	-	-
Restricted cash and cash equivalents	37,013	17,623	147,713	137,592	174,340
Notes receivable from other funds	-	-	4,161	-	-
Total assets	40,089	18,315	158,023	143,655	185,637
Liabilities, deferred inflows, and fund balances					
Liabilities					
Accrued payroll	-	-	-	-	-
Accounts payable	-	-	-	-	-
Due to other governments	-	-	-	-	-
Due to other funds	975	-	-	44	-
Unearned revenue	-	2,861	6	-	46,093
Construction accounts payable	3,630	4,210	9,613	9,281	12,348
Notes payable to other funds	4,491	-	-	-	-
Customer deposits	-	-	9	-	-
Contracts payable	5,024	661	2,296	2,984	2,070
Other	-	-	-	-	-
Total liabilities	14,120	7,732	11,924	12,309	60,511
Deferred inflows of resources					
Unavailable revenue	2,045	-	3,193	-	-
Fund balances					
Nonspendable	-	-	4,161	-	-
Restricted	23,924	10,583	138,745	131,346	125,126
Committed	-	-	-	-	-
Total fund balances	23,924	10,583	142,906	131,346	125,126
Total liabilities, deferred inflows and fund balance	\$ 40,089	\$ 18,315	\$ 158,023	\$ 143,655	\$ 185,637

CITY OF DALLAS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
As of September 30, 2013
(in thousands)

	Permanent Funds					Total Permanent Funds	Total Nonmajor Governmental Funds
	Samuell Park	Grauwylr Memorial	Craddock Park	Martin Weiss Park	Hale Davis		
Assets							
Pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 131,543
Other investments, at fair value	8,051	93	855	82	405	9,486	21,116
Receivables:							
Notes	-	-	-	-	-	-	55,064
Accounts	-	-	-	-	-	-	23,061
Accrued interest	-	-	-	-	-	-	783
Allowance for uncollectible accounts	-	-	-	-	-	-	(31,497)
Due from other governments	-	-	-	-	-	-	16,108
Prepaid Expenses	-	-	-	-	-	-	4,072
Special assessments- paving notes	-	-	-	-	-	-	5,291
Restricted cash and cash equivalents	-	-	-	-	-	-	514,281
Notes receivable from other funds	-	-	-	-	-	-	4,161
Total assets	<u>8,051</u>	<u>93</u>	<u>855</u>	<u>82</u>	<u>405</u>	<u>9,486</u>	<u>743,983</u>
Liabilities, deferred inflows, and fund balances							
Liabilities							
Accrued payroll	-	-	-	-	-	-	1,165
Accounts payable	-	-	-	-	-	-	7,547
Due to other governments	-	-	-	-	-	-	2,126
Due to other funds	-	-	-	-	-	-	5,698
Unearned revenue	-	-	-	-	-	-	55,921
Construction accounts payable	-	-	-	-	-	-	39,082
Notes payable to other funds	-	-	-	-	-	-	11,053
Customer deposits	-	-	-	-	-	-	20
Contracts payable	-	-	-	-	-	-	13,035
Other	-	-	-	-	-	-	2,555
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,202</u>
Deferred inflows of resources							
Unavailable revenue	-	-	-	-	-	-	37,412
Fund balances							
Nonspendable	8,051	93	855	82	405	9,486	13,647
Restricted	-	-	-	-	-	-	540,316
Committed	-	-	-	-	-	-	14,406
Total fund balances	<u>8,051</u>	<u>93</u>	<u>855</u>	<u>82</u>	<u>405</u>	<u>9,486</u>	<u>568,369</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 8,051</u>	<u>\$ 93</u>	<u>\$ 855</u>	<u>\$ 82</u>	<u>\$ 405</u>	<u>\$ 9,486</u>	<u>\$ 743,983</u>

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2013
(in thousands)

	Special Revenue				
	Community Development	Health and Human Services	Library	Police	Recreation
Revenues:					
Ad valorem tax	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increment financing, intergovernmental	-	-	-	-	-
Franchise fees	-	-	-	-	-
Intergovernmental	36,302	18,124	86	14,897	59
Customer charges					
Service to others	5,679	1	14	-	5,014
Fines and forfeits	-	-	2	321	-
Investment income	17	(5)	3	38	53
Contributions and gifts	63	284	352	653	754
Confiscated money awards	-	-	-	2,253	-
Other	-	-	-	4	-
Total revenues	42,061	18,404	457	18,166	5,880
Expenditures:					
Current					
General government	16,327	-	-	-	-
Public safety	293	-	-	22,339	-
Streets, street lighting, sanitation and code enforcement	32	-	-	-	-
Environmental and health services	-	18,629	-	-	-
Public works and transportation	-	-	-	-	-
Equipment and building services	-	-	-	-	-
Culture and recreation	607	-	206	-	3,023
Human services	22,747	-	-	-	-
Debt service:					
Interest and fiscal charges	-	-	-	-	-
Capital outlay	1,178	-	154	1,532	425
Total expenditures	41,184	18,629	360	23,871	3,448
Excess (deficiency) of revenues over (under) expenditures	877	(225)	97	(5,705)	2,432
Other financing sources (uses):					
Transfers in	-	-	-	506	434
Transfers out	(636)	(8)	(6)	(17)	-
Premium on bonds issued	-	-	-	-	-
General obligation bonds issued	-	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	-
Capital lease	-	-	-	-	-
Proceeds from notes issued	-	-	-	-	-
Total other financing sources (uses)	(636)	(8)	(6)	489	434
Net change in fund balances	241	(233)	91	(5,216)	2,866
Fund balances, beginning of year	3,889	1,519	2,619	13,276	11,540
Fund balances, end of year	\$ 4,130	\$ 1,286	\$ 2,710	\$ 8,060	\$ 14,406

						Total Nonmajor Special Revenue Funds
Transportation	Management Improvement	Storm Water Operations	Municipal	General Citizen	Arts and Cultural	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
463	681	-	1,928	-	-	72,540
1,414	2,348	49,359	2,102	4	-	65,935
7,716	957	-	-	-	-	8,996
24	42	24	40	3	13	252
100	234	-	7	322	-	2,769
-	-	-	-	-	-	2,253
-	-	-	-	8	112	124
9,717	4,262	49,383	4,077	337	125	152,869
-	2,251	37,352	7,303	303	-	63,536
-	-	-	1,148	-	-	23,780
-	-	-	-	-	-	32
-	-	-	-	-	-	18,629
8,392	-	-	-	-	-	8,392
-	-	-	-	-	-	-
-	-	-	-	-	-	3,836
-	-	-	-	-	-	22,747
-	-	-	-	-	-	-
118	-	445	124	-	-	3,976
8,510	2,251	37,797	8,575	303	-	144,928
1,207	2,011	11,586	(4,498)	34	125	7,941
-	-	-	10,617	-	-	11,557
-	-	(3,162)	(165)	-	-	(3,994)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(3,162)	10,452	-	-	7,563
1,207	2,011	8,424	5,954	34	125	15,504
5,553	12,048	33,601	17,695	2,951	4,803	109,494
\$ 6,760	\$ 14,059	\$ 42,025	\$ 23,649	\$ 2,985	\$ 4,928	\$ 124,998

continued

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
Year Ended September 30, 2013
(in thousands)

	Capital Projects			
	Neighborhood Projects	Parks	Streets and Drainage	Building
Revenues:				
Ad valorem tax	\$ 19,506	\$ -	\$ -	\$ -
Tax increment financing, intergovernmental	6,937	-	-	-
Franchise fees	-	-	-	-
Intergovernmental	-	2,958	20	2,797
Customer charges	-	-	-	-
Service to others	886	964	414	-
Fines and forfeits	-	-	-	-
Investment income	61	(23)	3	311
Contributions and gifts	-	1,017	-	1,246
Confiscated money awards	-	-	-	-
Other	-	-	875	113
Total revenues	<u>27,390</u>	<u>4,916</u>	<u>1,312</u>	<u>4,467</u>
Expenditures:				
Current				
General government	22,002	-	-	1,690
Public safety	-	-	-	-
Streets, street lighting, sanitation and code enforcement	-	-	2,767	4
Environmental and health services	-	-	-	-
Public works and transportation	-	-	-	213
Equipment and building services	-	-	-	74
Culture and recreation	-	1,634	-	649
Human services	-	-	-	-
Debt service:	-	-	-	-
Interest and fiscal charges	34	-	-	870
Capital outlay	<u>10,318</u>	<u>12,870</u>	<u>50,073</u>	<u>88,582</u>
Total expenditures	<u>32,354</u>	<u>14,504</u>	<u>52,840</u>	<u>92,082</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,964)</u>	<u>(9,588)</u>	<u>(51,528)</u>	<u>(87,615)</u>
Other financing sources (uses):				
Transfers in	85	1,788	-	-
Transfers out	(433)	-	(1,796)	(281)
Premium on bonds issued	-	-	-	-
General obligation bonds issued	3,365	-	59,225	43,772
Proceeds from sale of fixed assets	434	-	12,440	281
Capital lease	-	-	-	12,196
Proceeds from notes issued	<u>4,000</u>	<u>-</u>	<u>14,500</u>	<u>17,500</u>
Total other financing sources (uses)	<u>7,451</u>	<u>1,788</u>	<u>84,369</u>	<u>73,468</u>
Net change in fund balance	<u>2,487</u>	<u>(7,800)</u>	<u>32,841</u>	<u>(14,147)</u>
Fund balances, beginning of year	<u>21,437</u>	<u>18,383</u>	<u>110,065</u>	<u>145,493</u>
Fund balances, end of year	<u>\$ 23,924</u>	<u>\$ 10,583</u>	<u>\$ 142,906</u>	<u>\$ 131,346</u>

		Total
	Trans- portation	Nonmajor Capital Project Funds
\$	-	\$ 19,506
	-	6,937
	-	-
	16,370	22,145
	-	-
	-	2,264
	-	-
	189	541
	14,327	16,590
	-	-
	-	988
	<u>30,886</u>	<u>68,971</u>
	-	23,692
	-	-
	-	2,771
	-	-
	14,672	14,885
	-	74
	-	2,283
	-	-
	-	-
	-	904
	<u>65,988</u>	<u>227,831</u>
	<u>80,660</u>	<u>272,440</u>
	<u>(49,774)</u>	<u>(203,469)</u>
	-	1,873
	-	(2,510)
	-	-
	31,790	138,152
	-	13,155
	-	12,196
	<u>17,000</u>	<u>53,000</u>
	<u>48,790</u>	<u>215,866</u>
	<u>(984)</u>	<u>12,397</u>
	<u>126,110</u>	<u>421,488</u>
\$	<u>125,126</u>	<u>\$ 433,885</u>
		continued

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
Year Ended September 30, 2013
(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	776	7	66
Contributions and gifts	-	-	-
Confiscated money awards	-	-	-
Other	-	-	-
Total revenues	<u>776</u>	<u>7</u>	<u>66</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>776</u>	<u>7</u>	<u>66</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(322)	(1)	(10)
General obligation bonds issued	-	-	-
Proceeds from sale of capital assets	-	-	-
Capital lease	-	-	-
Proceeds from notes issued	-	-	-
Total other financing sources (uses)	<u>(322)</u>	<u>(1)</u>	<u>(10)</u>
Net change in fund balances	<u>454</u>	<u>6</u>	<u>56</u>
Fund balances, beginning of year	<u>7,597</u>	<u>87</u>	<u>799</u>
Fund balances, end of year	<u>\$ 8,051</u>	<u>\$ 93</u>	<u>\$ 855</u>

Martin Weiss Park		Hale Davis	Total Permanent Funds	Total Nonmajor Governmental Funds
\$	-	\$ -	\$ -	\$ 19,506
	-	-	-	6,937
	-	-	-	94,685
	-	-	-	68,199
	-	-	-	8,996
	6	27	882	1,675
	-	-	-	19,359
	-	-	-	2,253
	-	-	-	1,112
	6	27	882	222,722
	-	-	-	87,228
	-	-	-	23,780
	-	-	-	2,803
	-	-	-	18,629
	-	-	-	23,277
	-	-	-	74
	-	-	-	6,119
	-	-	-	22,747
	-	-	-	904
	-	-	-	231,807
	-	-	-	417,368
	6	27	882	(194,646)
	-	-	-	13,430
	(1)	(17)	(351)	(6,855)
	-	-	-	138,152
	-	-	-	13,155
	-	-	-	12,196
	-	-	-	53,000
	(1)	(17)	(351)	223,078
	5	10	531	28,432
	77	395	8,955	539,937
\$	82	\$ 405	\$ 9,486	\$ 568,369

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 within the Dallas city limits.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
As of September 30, 2013
(in thousands)

	Municipal Radio	Building Inspection	Total Nonmajor Enterprise Funds
Assets			
Current assets:			
Pooled cash and cash equivalents	\$ 2,404	\$ 32,141	\$ 34,545
Receivables:			
Accounts	330	104	434
Accrued interest	2	34	36
Allowance for uncollectibles	(2)	-	(2)
Total current assets	<u>2,734</u>	<u>32,279</u>	<u>35,013</u>
Capital assets:			
Land	-	900	900
Artwork	-	-	-
Construction in progress	-	302	302
Buildings	337	-	337
Improvements other than building	272	-	272
Equipment	1,998	1,803	3,801
Accumulated depreciation	(1,989)	(1,758)	(3,747)
Total capital assets	<u>618</u>	<u>1,247</u>	<u>1,865</u>
Noncurrent assets:			
Net pension asset	<u>1,730</u>	<u>12,599</u>	<u>14,329</u>
Total assets	<u>5,082</u>	<u>46,125</u>	<u>51,207</u>
Deferred outflows of resources			
Deferred loss on refunding	<u>6</u>	<u>47</u>	<u>53</u>
Liabilities			
Current liabilities:			
Accrued payroll	32	474	506
Accounts payable	16	329	345
Compensated absences	41	904	945
Pension obligation bonds - current	52	380	432
Other	113	989	1,102
Unearned revenue	-	3,352	3,352
Accrued bond interest payable	5	37	42
Total current liabilities	<u>259</u>	<u>6,465</u>	<u>6,724</u>
Noncurrent liabilities:			
Accreted interest on pension obligation bonds	509	3,740	4,249
Pension obligation bonds	<u>1,724</u>	<u>12,232</u>	<u>13,956</u>
Total long-term debt	<u>2,233</u>	<u>15,972</u>	<u>18,205</u>
Other noncurrent liabilities			
Compensated absences	53	1,151	1,204
Other postemployment benefits	<u>219</u>	<u>3,356</u>	<u>3,575</u>
Total other noncurrent liabilities	<u>272</u>	<u>4,507</u>	<u>4,779</u>
Total long-term liabilities	<u>2,505</u>	<u>20,479</u>	<u>22,984</u>
Total liabilities	<u>2,764</u>	<u>26,944</u>	<u>29,708</u>
Net position			
Net investment in capital assets	618	1,247	1,865
Unrestricted	<u>1,706</u>	<u>17,981</u>	<u>19,687</u>
Total net position	<u>\$ 2,324</u>	<u>\$ 19,228</u>	<u>\$ 21,552</u>

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
Year Ended September 30, 2013
(in thousands)

	Municipal Radio	Building Inspection	Total Nonmajor Enterprise Funds
Operating revenues:			
Customer charges	\$ 1,920	\$ 26,867	\$ 28,787
Other	48	103	151
Total operating revenues	<u>1,968</u>	<u>26,970</u>	<u>28,938</u>
Operating expenses:			
Personnel services	1,354	14,757	16,111
Supplies and materials	127	356	483
Contractual and other services	594	4,972	5,566
Depreciation	123	95	218
Total operating expenses	<u>2,198</u>	<u>20,180</u>	<u>22,378</u>
Operating income (loss)	<u>(230)</u>	<u>6,790</u>	<u>6,560</u>
Nonoperating revenues (expenses):			
Investment income	3	113	116
Interest on bonds and notes	(114)	(841)	(955)
Total nonoperating revenues (expenses)	<u>(111)</u>	<u>(728)</u>	<u>(839)</u>
Income before contribution and transfers	<u>(341)</u>	<u>6,062</u>	<u>5,721</u>
Transfers out	<u>-</u>	<u>(65)</u>	<u>(65)</u>
Change in net position	<u>(341)</u>	<u>5,997</u>	<u>5,656</u>
Net position, beginning of year	<u>2,665</u>	<u>13,231</u>	<u>15,896</u>
Net position, end of year	<u>\$ 2,324</u>	<u>\$ 19,228</u>	<u>\$ 21,552</u>

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
Year Ended September 30, 2013
(in thousands)

	Municipal Radio	Building Inspection	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Cash received from customers	\$ 2,006	\$ 27,495	\$ 29,501
Cash payments to suppliers for goods and services	(128)	(288)	(416)
Cash payments to employees for services	(1,231)	(13,329)	(14,560)
Cash payments for contractual services	(602)	(4,935)	(5,537)
Net cash provided by operating activities	45	8,943	8,988
Cash flows from non capital financing activities:			
Principal paid on pension obligation bonds	(39)	(642)	(681)
Interest paid on pension obligation bonds	(87)	(292)	(379)
Transfers out other funds	-	(65)	(65)
Net cash provided by (used in) non capital and related financing activities	(126)	(999)	(1,125)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(123)	(54)	(177)
Cash flows from investing activities:			
Investment income	6	94	100
Net cash provided by (used in) investing activities	6	94	100
Net increase (decrease) in cash and cash equivalents	(198)	7,984	7,786
Cash and cash equivalents, beginning of year	2,602	24,157	26,759
Cash and cash equivalents, end of year	2,404	32,141	34,545
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	(230)	6,790	6,560
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	123	95	218
Change in assets and liabilities:			
(Increase) decrease in accounts and other receivables	38	(1)	37
(Increase) decrease in other assets	47	347	394
Increase (decrease) in accounts and contracts payable	(8)	37	29
Increase (decrease) in accrued payroll	7	102	109
Increase (decrease) in accrued vacation and sick leave	18	121	139
Increase (decrease) in unearned revenue	-	526	526
Increase (decrease) in other postemployment benefits	51	858	909
Increase (decrease) in other liabilities	(1)	68	67
Total adjustments	275	2,153	2,428
Net cash provided by (used in) operating activities	45	8,943	8,988
Noncash investing, capital, and financing activities:			
Change in fair value of pooled investments	(4)	(9)	(13)
Premium/discount amortization	13	95	108
Accretion on capital appreciation bonds	39	289	328
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 POSITION
INTERNAL SERVICE FUNDS
As of September 30, 2013
(in thousands)

	Equipment Services	Communication Equipment Services	Office Services	Information Systems	Risk Funds	Total
Assets						
Current assets:						
Pooled cash and cash equivalents	\$ 2,328	\$ 1,652	\$ 1,880	\$ 20,257	\$ 15,962	\$ 42,079
Receivables:						
Accounts	2	20	12	32	23	89
Accrued interest	-	2	2	18	15	37
Inventories, at cost	3,588	257	30	-	-	3,875
Prepaid expenses	-	-	-	-	28	28
Due from other funds	-	12	-	-	-	12
Other	-	-	-	-	1,898	1,898
Total current assets	<u>5,918</u>	<u>1,943</u>	<u>1,924</u>	<u>20,307</u>	<u>17,926</u>	<u>48,018</u>
Capital assets:						
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	104,095	15,211	210	18,742	336	138,594
Accumulated depreciation	(93,113)	(16,398)	(210)	(15,819)	(336)	(125,876)
Total capital assets	<u>16,872</u>	<u>1,617</u>	<u>-</u>	<u>3,171</u>	<u>-</u>	<u>21,660</u>
Total assets	<u>22,790</u>	<u>3,560</u>	<u>1,924</u>	<u>23,478</u>	<u>17,926</u>	<u>69,678</u>
Liabilities						
Current liabilities:						
Accrued payroll	458	62	18	441	75	1,054
Accounts payable	2,114	239	154	5,598	2,892	10,997
Accrued vacation and sick leave	728	80	23	874	99	1,804
Estimated unpaid health claims	-	-	-	-	7,016	7,016
Estimated unpaid claims - general	-	-	-	-	9,254	9,254
Workers' compensation	-	-	-	-	7,606	7,606
Other	36	1	18	123	1,252	1,430
Total current liabilities	<u>3,336</u>	<u>382</u>	<u>213</u>	<u>7,036</u>	<u>28,194</u>	<u>39,161</u>
Noncurrent liabilities:						
Estimated unpaid claims - general	-	-	-	-	7,516	7,516
Workers' compensation	-	-	-	-	33,594	33,594
Accrued vacation and sick leave	928	101	29	1,113	126	2,297
Other postemployment benefits	4,099	304	152	2,564	692	7,811
Total noncurrent liabilities	<u>5,027</u>	<u>405</u>	<u>181</u>	<u>3,677</u>	<u>41,928</u>	<u>51,218</u>
Total liabilities	<u>8,363</u>	<u>787</u>	<u>394</u>	<u>10,713</u>	<u>70,122</u>	<u>90,379</u>
Net Position						
Net investment in capital assets	16,872	1,617	-	3,171	-	21,660
Unrestricted	(2,445)	1,156	1,530	9,594	(52,196)	(42,361)
Total net position	<u>\$ 14,427</u>	<u>\$ 2,773</u>	<u>\$ 1,530</u>	<u>\$ 12,765</u>	<u>\$ (52,196)</u>	<u>\$ (20,701)</u>

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
Year Ended September 30, 2013
(in thousands)

	Equipment Services	Communication Equipment Services	Office Services	Information Systems	Risk Funds	Total
Operating revenues						
Charges to other city departments	\$ 51,086	\$ 3,231	\$ 112	\$ 3,806	\$ 86,816	\$ 145,051
Services to others	-	286	3,419	37,120	47,404	88,229
Other	14	-	306	-	1,566	1,886
Total operating revenues	<u>51,100</u>	<u>3,517</u>	<u>3,837</u>	<u>40,926</u>	<u>135,786</u>	<u>235,166</u>
Operating expenses						
Personnel services	14,538	1,889	567	13,933	10,109	41,036
Supplies and materials	29,852	781	1,378	1,305	24	33,340
Contractual and other services	8,369	1,551	1,583	27,473	121,758	160,734
Depreciation	4,426	152	-	126	-	4,704
Total operating expenses	<u>57,185</u>	<u>4,373</u>	<u>3,528</u>	<u>42,837</u>	<u>131,891</u>	<u>239,814</u>
Operating income (loss)	<u>(6,085)</u>	<u>(856)</u>	<u>309</u>	<u>(1,911)</u>	<u>3,895</u>	<u>(4,648)</u>
Nonoperating revenues (expenses):						
Investment income	(6)	13	4	22	39	72
Gain (loss) on property disposals	717	-	-	-	-	717
Total nonoperating revenues (expenses)	<u>711</u>	<u>13</u>	<u>4</u>	<u>22</u>	<u>39</u>	<u>789</u>
Income (loss) before operating transfers and contributions	<u>(5,374)</u>	<u>(843)</u>	<u>313</u>	<u>(1,889)</u>	<u>3,934</u>	<u>(3,859)</u>
Transfers out	<u>(1,114)</u>	<u>(125)</u>	<u>(39)</u>	<u>(1,416)</u>	<u>(158)</u>	<u>(2,852)</u>
Change in net position	(6,488)	(968)	274	(3,305)	3,776	(6,711)
Net position (deficit), beginning of year	<u>20,915</u>	<u>3,741</u>	<u>1,256</u>	<u>16,070</u>	<u>(55,972)</u>	<u>(13,990)</u>
Net position (deficit), end of year	<u>\$ 14,427</u>	<u>\$ 2,773</u>	<u>\$ 1,530</u>	<u>\$ 12,765</u>	<u>\$ (52,196)</u>	<u>\$ (20,701)</u>

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended September 30, 2013
(in thousands)

	Communication					
	Equipment Services	Equipment Services	Office Services	Information Systems	Risk Funds	Total
Cash flows from operating activities:						
Cash received from other funds for services	\$ 51,099	\$ 3,506	\$ 3,838	\$ 40,930	\$ 135,787	\$ 235,160
Cash payments to suppliers for goods and services	(29,639)	(519)	(1,365)	113	31	(31,379)
Cash payments to employees for services	(13,354)	(1,813)	(553)	(13,160)	(9,925)	(38,805)
Cash payments for contractual services	(8,369)	(1,551)	(1,589)	(27,473)	(120,930)	(159,912)
Net cash provided by (used in) operating activities	(263)	(377)	331	410	4,963	5,064
Cash flows from noncapital financing activities:						
Transfers to other funds	(1,114)	(125)	(39)	(1,416)	(158)	(2,852)
Net cash provided by (used in) noncapital financing activities	(1,114)	(125)	(39)	(1,416)	(158)	(2,852)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	631	274	-	(697)	-	208
Net cash provided by (used in) capital and related financing activities	631	274	-	(697)	-	208
Cash flows from investing activities:						
Investment income	(6)	11	4	25	38	72
Net cash provided by investing activities	(6)	11	4	25	38	72
Net increase (decrease) in pooled cash and cash equivalents	(752)	(217)	296	(1,678)	4,843	2,492
Cash and cash equivalents, beginning of year	3,080	1,869	1,584	21,935	11,119	39,587
Cash and cash equivalents, end of year	2,328	1,652	1,880	20,257	15,962	42,079
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	(6,085)	(856)	309	(1,911)	3,895	(4,648)
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:						
Depreciation	4,426	152	-	126	-	4,704
Change in assets and liabilities:						
(Increase) Decrease in accounts receivables	(1)	(11)	1	4	1	(6)
(Increase) Decrease in inventories	(233)	100	20	-	-	(113)
(Increase) Decrease in prepaid expenses	-	-	-	-	-	-
(Increase) Decrease in other assets	-	-	-	-	246	246
(Increase) Decrease in due from other funds	70	8	(1)	65	12	154
Increase (Decrease) in accounts and notes payable	434	162	(8)	1,636	(333)	1,891
Increase (Decrease) in accrued vacation and sick leave	156	15	(11)	182	(3)	339
Increase (Decrease) in other post employment benefits	958	53	26	526	175	1,738
Increase (Decrease) in other liabilities	12	-	(5)	(218)	970	759
Total adjustments	5,822	479	22	2,321	1,068	9,712
Net cash provided by (used in) operating activities	(263)	(377)	331	410	4,963	5,064
Noncash investing, capital, and financing activities:						
Change in fair value of pooled investments	(6)	1	(2)	(40)	(7)	(54)

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 collected by the municipal court.

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

Disposal Deposit Fund – to account for deposits from sanitation 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.

Dallas Tourism Public Improvement District (PID) Deposit Fund – to account for the collection and distribution of Tourism Public Improvement District recovery assessment fees for the Tourism PID.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF PLAN NET POSITION
PENSION TRUST FUNDS
September 30, 2013 (1)
(in thousands)

	Employees' Retirement Fund	Dallas Police & Fire Pension System	Police & Fire Supplemental Pension Fund	Total Pension Trust Funds
Assets				
Cash and cash equivalents	\$ 399,328	\$ -	\$ -	\$ 399,328
Receivables:				
Accounts	308,217	4,617	1	312,835
Accrued interest and dividends	4,680	-	-	4,680
Domestic equities	887,888	-	-	887,888
U.S. and foreign government securities	187,518	-	-	187,518
Domestic corporate fixed income	698,086	-	-	698,086
International equities and fixed income	809,243	-	-	809,243
Commingled index funds	74,337	-	-	74,337
Private equities and venture capital funds	255,785	-	-	255,785
Plan interest in Group Master Trust	-	3,261,305	22,701	3,284,006
Total assets	<u>3,625,082</u>	<u>3,265,922</u>	<u>22,702</u>	<u>6,913,706</u>
Liabilities				
Accounts payable	4,715	991	6	5,712
Payable for securities purchased	33,456	-	-	33,456
Securities lending collateral	311,684	-	-	311,684
Other	291,556	-	-	291,556
Total liabilities	<u>641,411</u>	<u>991</u>	<u>6</u>	<u>642,408</u>
Net Position				
Held in trust for pension benefits	2,983,671	3,264,931	22,696	6,271,298
Total net position	<u>\$ 2,983,671</u>	<u>\$ 3,264,931</u>	<u>\$ 22,696</u>	<u>\$ 6,271,298</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, 2012.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
PENSION TRUST FUNDS
Year Ended September 30, 2013 (1)
(in thousands)

	Employees' Retirement Fund	Dallas Police & Fire Pension System	Police & Fire Supplemental Pension Fund	Total Pension Trust Funds
Additions:				
Contributions				
Employer	\$ 30,371	\$ 103,934	\$ 1,954	\$ 136,259
Employee	35,644	22,745	27	58,416
Total contributions	66,015	126,679	1,981	194,675
Net investment income:				
Dividends	38,241	-	-	38,241
Interest	57,531	-	-	57,531
Net appreciation in fair value of investments	303,844	332,416	2,221	638,481
Securities lending income	1,916	-	-	1,916
Less investment expenses:				
Investment management fees	(14,995)	-	-	(14,995)
Custody fees	(150)	-	-	(150)
Consultant fees	(326)	-	-	(326)
Securities lending management fees	(383)	-	-	(383)
Total investment expenses	(15,854)	-	-	(15,854)
Net investment income	385,678	332,416	2,221	720,315
Other income	429	-	-	429
Total increases	452,122	459,095	4,202	915,419
Deductions:				
Benefit payments	209,097	201,565	1,819	412,481
Refund of contributions	4,369	1,536	-	5,905
Administrative expenses	3,446	6,315	43	9,804
Total deductions	216,912	209,416	1,862	428,190
Net increase in net position available for benefits	235,210	249,679	2,340	487,229
Net position, beginning of year	2,748,461	3,015,252	20,356	5,784,069
Net position, end of year	\$ 2,983,671	\$ 3,264,931	\$ 22,696	\$ 6,271,298

(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, 2012.

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

Year Ended September 30, 2013
(in thousands)

	Balance September 30, 2012	Additions	Deductions	Balance September 30, 2013
CASH ESCROW DEPOSIT FUND				
Assets				
Cash and other assets	<u>\$ 929</u>	<u>\$ 704</u>	<u>\$ 1,384</u>	<u>\$ 249</u>
Liabilities				
Due to other governments and other liabilities	<u>929</u>	<u>704</u>	<u>1,384</u>	<u>249</u>
CONFISCATED MONEY FUND				
Assets				
Cash and other assets	<u>4,245</u>	<u>640</u>	<u>1,362</u>	<u>3,523</u>
Liabilities				
Other liabilities	<u>4,245</u>	<u>640</u>	<u>1,362</u>	<u>3,523</u>
DISPOSAL DEPOSIT FUND				
Assets				
Cash and other assets	<u>1,122</u>	<u>67</u>	<u>632</u>	<u>557</u>
Liabilities				
Customer deposits	<u>1,122</u>	<u>67</u>	<u>632</u>	<u>557</u>
WALKER HOUSING FUND				
Assets				
Cash and other assets	<u>4</u>	<u>-</u>	<u>4</u>	<u>-</u>
Liabilities				
Accrual for Walker settlement and other liabilities	<u>4</u>	<u>-</u>	<u>4</u>	<u>-</u>
TAX DISTRIBUTION FUND				
Assets				
Cash and other assets	<u>106</u>	<u>-</u>	<u>-</u>	<u>106</u>
Liabilities				
Due to other funds and other liabilities	<u>106</u>	<u>-</u>	<u>-</u>	<u>106</u>
EMPLOYEE WAR AND SAVINGS BOND FUND				
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>
DEFERRED COMPENSATION FUND				
Assets				
Investments and other assets	<u>59</u>	<u>36,190</u>	<u>36,199</u>	<u>50</u>
Liabilities				
Due to employees - deferred compensation and other liabilities	<u>59</u>	<u>36,190</u>	<u>36,199</u>	<u>50</u>
EMPLOYEE BENEFITS FUND				
Assets				
Cash	<u>92</u>	<u>14,895</u>	<u>14,866</u>	<u>121</u>
Liabilities				
Other liabilities	<u>92</u>	<u>14,895</u>	<u>14,866</u>	<u>121</u>
DALLAS TOURISM PID DEPOSIT FUND				
Assets				
Cash	<u>716</u>	<u>11,080</u>	<u>10,933</u>	<u>863</u>
Liabilities				
Other liabilities	<u>716</u>	<u>11,080</u>	<u>10,933</u>	<u>863</u>
TOTALS - ALL AGENCY FUNDS				
Assets				
Cash and other assets	<u>7,275</u>	<u>63,576</u>	<u>65,380</u>	<u>5,471</u>
Liabilities				
Due to other funds and other liabilities	<u>\$ 7,275</u>	<u>\$ 63,576</u>	<u>\$ 65,380</u>	<u>\$ 5,471</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.

CITY OF DALLAS, TEXAS
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
Year Ended September 30, 2013
(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budget	Final Budget--
			Basis	Positive
				(Negative)
Revenues:				
Ad valorem taxes	\$ 210,058	\$ 210,058	\$ 209,744	\$ (314)
"Build America Bonds" Federal Subsidy	1,503	1,503	1,471	(32)
Investment income	-	-	208	208
Total revenues	<u>211,561</u>	<u>211,561</u>	<u>211,423</u>	<u>(138)</u>
Expenditures:				
Principal	142,283	142,283	143,262	(979)
Interest and fiscal charges	84,624	84,624	76,629	7,995
Other	8,778	8,778	6,196	2,582
Total expenditures	<u>235,685</u>	<u>235,685</u>	<u>226,087</u>	<u>9,598</u>
Deficiency of revenues over expenditures	<u>(24,124)</u>	<u>(24,124)</u>	<u>(14,664)</u>	<u>9,460</u>
Other financing sources:				
Transfers	23,846	23,846	15,475	(8,371)
General obligation bonds and premium issued	-	-	69,304	69,304
Refunding bonds	-	-	313,428	313,428
Payment to refunded bond escrow agent	-	-	(384,063)	(384,063)
Total other financing sources	<u>23,846</u>	<u>23,846</u>	<u>14,144</u>	<u>(9,702)</u>
Deficiency of revenues and other financing sources over expenditures	<u>(278)</u>	<u>(278)</u>	<u>(520)</u>	<u>(242)</u>
Fund balance, beginning of year	<u>(28,499)</u>	<u>(28,499)</u>	<u>6,425</u>	<u>34,924</u>
Fund balance, end of year	<u>\$ (28,777)</u>	<u>\$ (28,777)</u>	<u>\$ 5,905</u>	<u>\$ 34,682</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	\$ (502)
Change in fair market value of investments	<u>(18)</u>
Deficiency of revenues and other financing sources over expenditures and other uses-GAAP basis	<u>\$ (520)</u>

DISCRETELY PRESENTED COMPONENT UNITS

Housing Finance Corporation – organized to issue tax-exempt mortgage revenue bonds to encourage low to moderate income citizen 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.

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.

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

North Oak Cliff Municipal Management District – organized to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, and the arts, entertainment, economic development, safety, the public welfare in the district, and educational scholarships for college-bound students residing in or out of the District.

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.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
As of September 30, 2013
(in thousands)

	Governmental-type Activities Component Units							Business-type Activities
	Housing Finance Corporation	Housing Acquisition and Development Corporation	Dallas Development Fund	Downtown Dallas Development Authority	North Oak Cliff Municipal Management District	Cypress Waters Municipal Management District	Total Governmental	Convention Center Hotel Corporation
Assets:								
Current assets:								
Cash and cash equivalents	\$ 132	\$ 74	\$ 724	\$ -	\$ 1	\$ -	\$ 931	\$ 22,245
Investments, at fair value	451	-	6	-	-	-	457	-
Receivables	-	197	72	-	-	-	269	5,848
Inventory	-	-	-	-	-	-	-	401
Prepaid Expenses	-	-	-	-	-	-	-	1,138
Land held for resale	-	702	-	-	-	-	702	-
Franchise Fee (net of accumulated amortization)	-	-	-	-	-	-	-	44
Restricted assets:								
Cash and cash equivalents	-	-	-	43,749	-	-	43,749	42,790
Investments, at fair value	-	-	-	-	-	-	-	37,052
Capital assets:								
Building	-	-	-	-	-	-	-	304,172
Furniture, fixtures and equipment	-	-	-	-	-	-	-	40,563
Land	-	-	-	-	-	-	-	27,511
Construction in progress	-	-	-	-	-	-	-	438
Less: Accumulated depreciation	-	-	-	-	-	-	-	(15,246)
Total assets	583	973	802	43,749	1	-	46,108	466,956
Liabilities:								
Accrued payroll	-	-	-	-	-	-	-	1,093
Accounts payable	39	-	57	-	-	-	96	1,354
Accrued expenses	-	-	-	-	-	-	-	1,132
Accrued taxes payable	-	-	-	-	-	-	-	773
Developer advances	-	-	-	-	-	-	-	2,925
Unearned revenue	-	-	-	-	-	-	-	-
Accrued interest payable	-	-	-	181	-	-	181	15,717
Accounts payable Omni	-	-	-	-	-	-	-	1,288
Other	-	-	-	-	-	129	129	225
Long-term liabilities:								
Due within one year	-	-	-	2,516	-	-	2,516	-
Due in more than one year	-	-	-	94,947	-	-	94,947	488,818
Total liabilities	39	-	57	97,644	-	129	97,869	513,325
Deferred inflows of resources	-	-	-	-	-	-	-	26
Net position:								
Net investment in capital assets	-	-	-	-	-	-	-	(22,997)
Restricted for debt service	-	-	-	7,957	-	-	7,957	-
Unrestricted	544	973	745	(61,852)	1	(129)	(59,718)	(23,398)
Total net position	\$ 544	\$ 973	\$ 745	\$ (53,895)	\$ 1	\$ (129)	\$ (51,761)	\$ (46,395)

* The information reported for the Housing Finance Corporation is as of December 31, 2012.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
Year Ended September 30, 2013
(in thousands)

	Governmental-type Activities Component Units						Business-type Activities
	Housing Finance Corporation *	Housing Acquisition and Development Corporation	Dallas Development Fund	Downtown Dallas Development Authority	North Oak Cliff Municipal Management District	Cypress Waters Municipal Management District	Convention Center Hotel Corporation
Operating revenues:							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,809
Other	231	394	502	-	-	-	-
Intergovernmental	-	-	-	10,025	-	-	-
Total operating revenues	<u>231</u>	<u>394</u>	<u>502</u>	<u>10,025</u>	<u>-</u>	<u>-</u>	<u>71,809</u>
Operating expenses:							
Personnel services	131	-	-	-	1	-	-
Contractual and other services	55	463	352	229	6	129	52,669
Interest and service charges	-	-	-	5,613	-	-	-
Depreciation and amortization	-	-	-	-	-	-	13,110
Total operating expenses	<u>186</u>	<u>463</u>	<u>352</u>	<u>5,842</u>	<u>7</u>	<u>129</u>	<u>65,779</u>
Operating income	<u>45</u>	<u>(69)</u>	<u>150</u>	<u>4,183</u>	<u>(7)</u>	<u>(129)</u>	<u>6,030</u>
Nonoperating revenues(expenses):							
Interest and dividends	1	-	-	6	-	-	1,135
Interest on bonds	-	-	-	-	-	-	(32,386)
Contributions	(150)	(223)	-	-	-	-	-
City tax revenue	-	-	-	-	5	-	6,804
Other	-	-	-	-	-	-	9,630
Total nonoperating revenues(expenses)	<u>(149)</u>	<u>(223)</u>	<u>-</u>	<u>6</u>	<u>5</u>	<u>-</u>	<u>(14,817)</u>
Change in net position	<u>(104)</u>	<u>(292)</u>	<u>150</u>	<u>4,189</u>	<u>(2)</u>	<u>(129)</u>	<u>(8,787)</u>
Net position, beginning of year	<u>648</u>	<u>1,265</u>	<u>595</u>	<u>(58,084)</u>	<u>3</u>	<u>-</u>	<u>(37,608)</u>
Net position, end of year	<u>\$ 544</u>	<u>\$ 973</u>	<u>\$ 745</u>	<u>\$ (53,895)</u>	<u>\$ 1</u>	<u>\$ (129)</u>	<u>\$ (46,395)</u>

* The information reported for the Housing Finance Corporation is as of December 31, 2012.



*“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, 2013

(in thousands)

Governmental funds capital assets:

Land	\$ 476,958
Construction in progress	340,489
Buildings	1,218,561
Improvements other than buildings	591,146
Equipment	442,823
Infrastructure	2,008,807
Artwork	49,197
Total governmental funds capital assets	<u>\$ 5,127,981</u>

Investments in governmental funds capital assets by source:

General fund	\$ 228,539
Other trust and agency funds - municipality	115,897
Special revenue fund	145,209
Capital projects fund	3,807,424
Transfer from (to) enterprise funds	405,149
Gifts and forfeitures	425,499
	<u>\$ 5,127,717</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 position.

CITY OF DALLAS, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
As of September 30, 2013
(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	(3,572)	-	4	1,419	39,076	1,491	-	38,418
Municipal Court	-	-	522	-	1,832	30	-	2,384
City secretary	-	-	-	-	119	-	-	119
Civil service	-	-	-	-	118	-	-	118
Planning and Development	21,218	-	11,055	31,250	19,286	43,055	-	125,864
Employee retirement	-	-	-	-	13	-	-	13
Equipment, communications and information services	(5)	-	17,086	2,587	64,451	12,259	-	96,378
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	80,117	21	-	110,622
Police	9,329	-	93,787	50	18,300	3,181	-	124,647
Public market	4,771	-	4,355	515	199	741	-	10,581
Street, sanitation, and code	53,356	-	10,796	16,162	45,256	366,546	-	492,116
Environmental and health services	3,738	-	7,234	866	905	478	-	13,221
Public works and transportation	201,294	-	532,738	71,297	37,420	1,448,235	219	2,291,203
Culture and recreation	146,652	-	406,128	465,761	17,437	29,383	48,978	1,114,339
Library	1,178	-	63,255	29	105,612	348	-	170,422
Housing	6,075	-	4,922	1,150	97	7,670	-	19,914
Unallocated - Primarily assets acquired prior to 1977	29,431	-	39,740	-	6,206	95,369	-	170,746
Construction in progress	-	340,489	-	-	-	-	-	340,489
Total capital assets of governmental funds	<u>\$ 476,958</u>	<u>\$ 340,489</u>	<u>\$ 1,218,561</u>	<u>\$ 591,146</u>	<u>\$ 442,823</u>	<u>\$ 2,008,807</u>	<u>\$ 49,197</u>	<u>\$ 5,127,981</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 position.

CITY OF DALLAS, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
As of September 30, 2013
(in thousands)

Function and Activity	Governmental Funds Capital Assets October 1, 2012	Additions	Dispositions	Governmental Funds Capital Assets September 30, 2013
General government				
City attorney	\$ 352	\$ -	\$ -	\$ 352
City auditor	112	-	-	112
Office of financial services	39,444	2,838	3,864	38,418
Municipal court	868	1,516	-	2,384
City secretary	104	15	-	119
Civil service	118	-	-	118
Planning and development	110,507	20,438	5,080	125,865
Employee retirement	13	-	-	13
Equipment, communications and information services	-	-	-	-
	90,956	6,617	1,197	96,376
Human resources	5,653	-	-	5,653
International affairs	28	-	-	28
Mayor and council	212	-	-	212
Police and fire pension	30	-	-	30
Public safety	-	-	-	-
Fire	103,212	7,410	-	110,622
Police	123,698	967	18	124,647
Public market	10,581	-	-	10,581
Street, sanitation, and code enforcement	486,132	6,009	26	492,115
Environmental and health services	13,221	-	-	13,221
Public works and transportation	2,153,541	141,689	4,022	2,291,208
Culture and recreation	1,041,567	73,731	961	1,114,337
Housing	17,201	3,087	374	19,914
Library	167,326	3,095	-	170,421
Unallocated - primarily assets acquired prior to 1977	170,746	-	-	170,746
Construction in progress	366,869	199,603	225,983	340,489
Total capital assets used in the operation of governmental funds	<u>\$ 4,902,491</u>	<u>\$ 467,015</u>	<u>\$ 241,525</u>	<u>\$ 5,127,981</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 position.

STATISTICAL SECTION

STATISTICAL SECTION

(Unaudited)

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

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

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

	2004	2005	2006	2007
Governmental activities				
Net investment in capital assets	\$ 1,385,085	\$ 1,485,097	\$ 1,495,420	\$ 1,568,170
Restricted	108,138	112,756	65,938	70,916
Unrestricted	<u>(132,320)</u>	<u>(151,991)</u>	<u>(68,191)</u>	<u>(113,329)</u>
Total Governmental activities net position	<u>1,360,903</u>	<u>1,445,862</u>	<u>1,493,167</u>	<u>1,525,757</u>
Business-type activities				
Net investment in capital assets	2,070,434	2,128,113	2,196,675	2,276,773
Restricted for debt service	162,494	154,584	168,535	181,481
Unrestricted	<u>112,143</u>	<u>138,893</u>	<u>176,088</u>	<u>205,506</u>
Total Business-type activities net position	<u>2,345,071</u>	<u>2,421,590</u>	<u>2,541,298</u>	<u>2,663,760</u>
Primary government				
Net investment in capital assets	3,455,519	3,613,210	3,692,095	3,844,943
Restricted	270,632	267,340	234,473	252,397
Unrestricted	<u>(20,177)</u>	<u>(13,098)</u>	<u>107,897</u>	<u>92,177</u>
Total Primary government net position	<u>\$ 3,705,974</u>	<u>\$ 3,867,452</u>	<u>\$ 4,034,465</u>	<u>\$ 4,189,517</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 1,657,571	\$ 1,699,281	\$ 2,128,770	\$ 2,144,338	\$ 2,201,645	\$ 2,241,628
60,532	46,353	73,825	188,549	159,022	216,280
<u>(178,079)</u>	<u>(207,135)</u>	<u>(266,121)</u>	<u>(270,121)</u>	<u>(279,979)</u>	<u>(294,490)</u>
<u>1,540,024</u>	<u>1,538,499</u>	<u>1,936,474</u>	<u>2,062,766</u>	<u>2,080,688</u>	<u>2,163,418</u>
2,357,750	2,452,779	2,533,106	2,586,775	2,648,976	2,738,208
194,824	205,547	184,874	172,515	214,249	212,472
<u>221,785</u>	<u>185,917</u>	<u>195,273</u>	<u>273,611</u>	<u>290,977</u>	<u>292,801</u>
<u>2,774,359</u>	<u>2,844,243</u>	<u>2,913,253</u>	<u>3,032,901</u>	<u>3,154,202</u>	<u>3,243,481</u>
4,015,321	4,152,060	4,661,876	4,731,113	4,850,621	4,979,836
255,356	251,900	258,699	361,064	373,271	428,752
<u>43,706</u>	<u>(21,218)</u>	<u>(70,848)</u>	<u>3,490</u>	<u>10,998</u>	<u>(1,689)</u>
<u>\$ 4,314,383</u>	<u>\$ 4,382,742</u>	<u>\$ 4,849,727</u>	<u>\$ 5,095,667</u>	<u>\$ 5,234,890</u>	<u>\$ 5,406,899</u>

**CITY OF DALLAS, TEXAS
CHANGE IN NET POSITION**

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

Expenses	2004	2005	2006	2007
Governmental Activities:				
General government	\$ 135,431	\$ 153,096	\$ 186,202	\$ 164,498
Public safety	485,678	515,936	522,796	612,318
Streets, lighting, sanitation, code enforcement	127,802	123,289	148,608	166,335
Environmental and health services	26,028	25,777	25,596	29,099
Public works and transportation	28,890	38,728	38,038	60,490
Equipment and building services	29,848	30,037	46,402	41,265
Cultural and recreational	109,276	114,398	120,041	127,043
Housing	1,257	1,398	1,308	936
Human services	31,539	27,536	58,810	26,785
Interest on long-term debt	34,161	44,854	75,002	87,320
Total governmental activities	<u>1,009,910</u>	<u>1,075,049</u>	<u>1,222,803</u>	<u>1,316,089</u>
Business-type activities:				
Dallas water utilities	335,399	309,957	345,217	360,886
Convention center	105,227	80,923	85,733	83,429
Airport revenues	33,428	42,249	40,383	44,702
Municipal radio	3,618	3,265	4,011	3,466
Building inspection	19,508	19,027	20,921	23,897
Total business-type activities	<u>497,180</u>	<u>455,421</u>	<u>496,265</u>	<u>516,380</u>
Total primary government expenses	<u>1,507,090</u>	<u>1,530,470</u>	<u>1,719,068</u>	<u>1,832,469</u>
Program revenues				
Governmental Activities:				
Charges for services				
General government	65,171	114,147	113,844	66,803
Public safety	33,649	17,762	26,813	32,451
Streets, lighting, sanitation, code	69,929	74,182	81,821	94,223
Environmental and health services	5,812	6,496	5,545	5,856
Public works and transportation	10,800	10,467	10,720	23,567
Equipment and building services	1,400	1,871	1,216	1,007
Cultural and recreational	15,741	14,440	14,820	29,894
Housing	36	157	452	807
Human Services	15,122	6,431	16,600	21,339
Operating grants and contributions	73,925	65,153	63,838	71,041
Capital grants and contributions	11,642	21,076	6,690	2,912
Total governmental activities	<u>303,227</u>	<u>332,182</u>	<u>342,359</u>	<u>349,900</u>
Business-type activities:				
Dallas water utilities	341,789	369,484	438,219	411,998
Convention center	18,611	15,443	22,867	22,473
Airport revenues	30,646	29,550	33,151	38,581
Municipal radio	2,977	3,160	3,488	3,675
Building inspection	20,215	21,231	23,437	23,261
Operating grants and contributions	-	-	-	-
Capital grants and contributions	77,068	28,086	46,235	33,467
Total business-type activities	<u>491,306</u>	<u>466,954</u>	<u>567,397</u>	<u>533,455</u>
Total primary government program revenues	<u>794,533</u>	<u>799,136</u>	<u>909,756</u>	<u>883,355</u>
Net (Expense) Revenue				
Governmental Activities	(706,683)	(742,867)	(880,444)	(966,189)
Business -type activities	(5,874)	11,533	71,132	17,075
Total primary government net expense	<u>(712,557)</u>	<u>(731,334)</u>	<u>(809,312)</u>	<u>(949,114)</u>
General Revenues:				
Taxes:				
Ad valorem tax	450,775	476,389	510,065	553,033
Sales taxes	194,989	198,441	217,836	224,078
Franchise taxes	124,944	113,669	123,225	118,745
Tax increment financing, intergovernmental	7,362	4,261	4,159	6,090
Interest on investments	12,263	21,651	37,156	62,776
Miscellaneous	13,341	9,719	27,918	30,755
Transfer	3,776	3,696	7,390	3,302
Total general revenues	<u>807,450</u>	<u>827,826</u>	<u>927,749</u>	<u>998,779</u>
Business-type activities:				
Hotel occupancy tax	-	38,135	46,483	49,641
Motor vehicle tax	-	3,422	3,853	4,495
Alcohol beverage tax	-	6,537	7,091	7,569
Other taxes	47,105	-	-	-
Investment Income	9,864	13,081	23,154	39,970
Miscellaneous	16,643	7,507	3,795	7,014
Transfer	(3,776)	(3,696)	(7,390)	(3,302)
Special item	-	-	(28,410)	-
Total business-type activities	<u>69,836</u>	<u>64,986</u>	<u>48,576</u>	<u>105,387</u>
Change in Net Position				
Governmental Activities	100,767	84,959	47,305	32,590
Business -type activities	63,962	76,519	119,708	122,462
Total primary government	<u>\$ 164,729</u>	<u>\$ 161,478</u>	<u>\$ 167,013</u>	<u>\$ 155,052</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 2

2008	2009	2010	2011	2012	2013
\$ 188,879	\$ 211,380	\$ 193,144	\$ 180,347	\$ 190,927	\$ 191,643
659,915	688,891	658,225	640,010	690,906	684,636
176,503	159,930	156,411	175,984	177,005	194,248
33,230	37,590	12,128	23,304	20,689	19,026
70,931	40,749	52,285	59,553	120,640	66,755
31,047	21,001	27,194	26,848	22,999	28,259
146,418	158,040	139,581	128,323	119,466	135,934
1,706	1,270	17,298	7,849	10,230	12,998
25,547	32,384	34,018	32,911	25,640	21,995
89,525	93,412	90,822	105,350	84,824	74,193
<u>1,423,701</u>	<u>1,444,647</u>	<u>1,381,106</u>	<u>1,380,479</u>	<u>1,463,326</u>	<u>1,429,687</u>
396,771	425,165	425,750	431,565	429,313	436,858
84,608	81,926	77,056	80,532	80,412	93,115
43,144	46,808	43,760	63,219	65,526	77,516
3,313	2,976	3,031	3,123	2,390	2,312
24,018	21,638	16,659	16,793	17,579	21,021
<u>551,854</u>	<u>578,513</u>	<u>566,256</u>	<u>595,232</u>	<u>595,220</u>	<u>630,822</u>
<u>1,975,555</u>	<u>2,023,160</u>	<u>1,947,362</u>	<u>1,975,711</u>	<u>2,058,546</u>	<u>2,060,509</u>
80,647	88,636	94,646	100,470	92,813	101,896
52,475	68,455	75,160	59,955	64,196	74,746
99,803	88,010	98,043	103,828	108,354	102,117
5,895	5,946	-	4	-	-
11,977	9,968	10,004	10,356	8,113	13,361
994	1,707	561	571	911	807
15,499	17,950	15,182	16,286	16,862	19,503
40	868	637	2,557	1,899	3,488
14	21	13,197	9,333	1,728	142
71,772	79,204	104,839	118,369	112,654	77,534
15,821	4,986	342,031	32,267	13,823	39,035
<u>354,937</u>	<u>365,751</u>	<u>754,300</u>	<u>453,996</u>	<u>421,353</u>	<u>432,629</u>
451,408	467,929	467,527	524,281	527,374	551,498
20,392	16,754	19,104	20,640	28,727	27,936
48,224	51,836	59,229	64,456	64,052	70,553
3,227	2,640	2,887	3,008	2,398	1,920
21,819	15,609	18,469	23,107	23,429	26,867
-	-	-	-	606	5,192
29,779	26,195	30,519	33,754	21,734	53,977
<u>574,849</u>	<u>580,963</u>	<u>597,735</u>	<u>669,246</u>	<u>668,320</u>	<u>737,943</u>
<u>929,786</u>	<u>946,714</u>	<u>1,352,035</u>	<u>1,123,242</u>	<u>1,089,673</u>	<u>1,170,572</u>
(1,068,764)	(1,078,896)	(626,806)	(926,483)	(1,041,973)	(997,058)
22,995	2,450	31,479	74,014	73,100	107,121
<u>(1,045,769)</u>	<u>(1,076,446)</u>	<u>(595,327)</u>	<u>(852,469)</u>	<u>(968,873)</u>	<u>(889,937)</u>
623,625	662,433	637,304	659,400	649,459	659,693
231,108	208,169	205,933	217,148	231,327	243,697
127,551	124,891	123,721	128,757	129,508	131,009
8,857	10,764	6,739	6,601	6,172	6,937
47,644	35,762	9,045	6,830	6,469	2,526
41,273	27,063	20,531	18,252	17,558	14,448
2,973	8,289	21,508	15,787	19,402	21,478
<u>1,083,031</u>	<u>1,077,371</u>	<u>1,024,781</u>	<u>1,052,775</u>	<u>1,059,895</u>	<u>1,079,788</u>
49,235	41,969	42,114	44,969	40,047	45,182
4,471	4,171	4,373	3,470	-	-
7,856	7,533	7,398	7,656	6,728	7,648
-	-	-	-	-	-
27,720	20,909	4,097	4,439	3,626	1,964
1,295	1,141	1,057	887	866	908
(2,973)	(8,289)	(21,508)	(15,787)	(19,402)	(21,478)
-	-	-	-	(13,664)	(22,066)
<u>87,604</u>	<u>67,434</u>	<u>37,531</u>	<u>45,634</u>	<u>18,201</u>	<u>12,158</u>
14,267	(1,525)	397,975	126,292	17,922	82,730
110,599	69,884	69,010	119,648	91,301	119,279
<u>\$ 124,866</u>	<u>\$ 68,359</u>	<u>\$ 466,985</u>	<u>\$ 245,940</u>	<u>\$ 109,223</u>	<u>\$ 202,009</u>

CITY OF DALLAS, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund				
Nonspendable	\$ 5,461	\$ 5,028	\$ 5,186	\$ 6,020
Restricted	15,884	15,869	15,869	19,902
Committed	3,208	3,006	3,006	2,660
Assigned	12,733	17,778	30,870	42,262
Unassigned	<u>56,594</u>	<u>59,336</u>	<u>78,470</u>	<u>62,858</u>
Total general fund	<u>93,880</u>	<u>101,017</u>	<u>133,401</u>	<u>133,702</u>
 All Other Governmental Funds				
Nonspendable	16,683	15,602	15,768	15,477
Restricted	433,361	482,349	555,024	781,779
Committed	<u>6,900</u>	<u>7,907</u>	<u>9,978</u>	<u>11,208</u>
Total all other governmental funds	<u>456,944</u>	<u>505,858</u>	<u>580,770</u>	<u>808,464</u>
 Total all governmental funds	<u>\$ 550,824</u>	<u>\$ 606,875</u>	<u>\$ 714,171</u>	<u>\$ 942,166</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

2008	2009	2010	2011	2012	2013
\$ 7,904	\$ 9,612	\$ 9,034	\$ 8,515	\$ 9,289	\$ 9,324
19,692	4,253	2,599	7,431	11,431	8,506
2,459	2,233	1,988	1,740	1,490	1,250
25,036	18,111	19,201	20,446	25,621	17,086
63,247	69,789	59,150	83,289	101,205	120,839
118,338	103,998	91,972	121,421	149,036	157,005
12,504	12,054	12,538	11,974	13,116	13,647
882,170	893,870	793,287	668,328	521,775	546,308
14,915	15,544	13,994	10,748	11,540	14,406
909,589	921,468	819,819	691,050	546,431	574,361
<u>\$ 1,027,927</u>	<u>\$ 1,025,466</u>	<u>\$ 911,791</u>	<u>\$ 812,471</u>	<u>\$ 695,467</u>	<u>\$ 731,366</u>

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

	2004	2005	2006	2007
REVENUES:				
Ad valorem taxes	\$ 461,254	\$ 483,838	\$ 522,486	\$ 551,476
Tax increment financing, intergovernmental	7,362	4,261	4,159	5,714
Sales taxes	194,989	198,441	217,836	224,078
Franchise fees	124,944	113,669	123,225	118,745
Licenses and permits	3,044	2,911	2,757	3,028
Intergovernmental	77,368	69,294	69,340	73,953
Service to others	143,493	156,437	198,806	213,951
Fines and forfeitures	30,242	31,535	36,445	51,378
Investment income	11,620	20,857	35,949	60,659
Contributions and gifts	7,924	3,237	8,654	3,610
Confiscated money awards	1,450	1,569	2,807	2,788
Other	42,218	55,068	24,904	17,970
Total revenues	<u>1,105,908</u>	<u>1,141,117</u>	<u>1,247,368</u>	<u>1,327,350</u>
EXPENDITURES:				
Current:				
General government	131,051	142,182	159,627	159,819
Public safety	484,283	508,518	513,366	575,215
Streets, lighting, sanitation and code	117,936	120,467	143,183	152,178
Environmental and health services	24,501	25,467	25,277	27,938
Public works and transportation	19,268	14,600	13,047	21,928
Equipment and building services	28,049	28,628	29,506	34,352
Culture and recreation	101,347	102,529	104,884	109,995
Housing	1,377	1,348	1,260	834
Human services	28,854	27,068	58,380	25,797
Debt Service:				
Principal	90,256	106,130	122,570	123,179
Interest and fiscal charges	38,226	48,271	67,785	64,495
Payment to refunded bond escrow agent	-	-	-	-
Other	-	-	-	-
Capital outlay	121,433	189,473	151,337	199,146
Administration:				
Disbursement to employee retirement fund	-	396,939	-	-
Total expenditures	<u>1,186,581</u>	<u>1,711,620</u>	<u>1,390,222</u>	<u>1,494,876</u>
Excess(deficiency) of revenues over expenditures	<u>(80,673)</u>	<u>(570,503)</u>	<u>(142,854)</u>	<u>(167,526)</u>
OTHER FINANCING SOURCES(USES):				
Long-term debt issued	202,110	497,884	218,310	368,431
Capital contribution	1,120	-	9,514	-
Proceeds from sale of capital assets	1,175	9,041	4,188	9,509
Payment to refunded bond escrow	(59,943)	(167,600)	-	-
Premium on bonds issued	5,409	126,572	7,389	13,690
Refunding bonds issued	56,015	156,850	-	-
Transfers in	46,421	44,909	59,928	57,083
Transfers out	(36,121)	(41,102)	(49,179)	(53,192)
Total Other Financing Sources(Uses)	<u>216,186</u>	<u>626,554</u>	<u>250,150</u>	<u>395,521</u>
Net change in fund balance	<u>\$ 135,513</u>	<u>\$ 56,051</u>	<u>\$ 107,296</u>	<u>\$ 227,995</u>
Debt service as a percentage of noncapital expenditures	11.91%	10.10%	15.32%	14.53%

(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

2008	2009	2010	2011	2012	2013
\$ 619,207	\$ 658,195	\$ 643,517	\$ 659,793	\$ 650,701	\$ 660,496
8,857	-	6,739	6,601	6,172	6,937
231,108	208,169	205,933	217,148	231,327	243,697
127,551	124,891	123,721	128,757	129,508	131,009
3,696	3,569	5,349	5,798	6,185	6,271
76,779	94,954	114,928	128,400	118,042	102,879
196,787	215,197	230,373	232,350	224,869	236,911
37,876	37,774	41,364	38,781	36,336	35,525
46,440	34,996	8,962	6,664	6,350	2,454
13,526	6,988	5,824	22,236	8,555	19,367
2,924	2,101	3,758	1,784	2,883	2,253
17,596	8,468	4,676	5,705	4,764	3,215
<u>1,382,347</u>	<u>1,395,302</u>	<u>1,395,144</u>	<u>1,454,017</u>	<u>1,425,692</u>	<u>1,451,014</u>
158,125	178,832	177,777	162,471	170,268	172,910
611,754	629,199	640,205	622,299	623,260	643,510
158,997	149,060	149,969	159,052	157,829	165,875
34,057	37,639	20,009	23,419	20,623	18,629
18,766	15,452	13,803	15,681	20,336	28,548
23,331	12,280	21,260	19,827	17,406	21,290
124,750	124,073	107,140	105,253	101,776	110,676
1,487	1,303	8,257	7,249	8,327	9,499
24,593	28,991	32,819	33,035	26,677	22,747
141,780	150,909	202,748	152,193	154,600	147,293
83,410	96,037	89,580	99,080	88,608	78,611
-	-	-	-	-	3,204
-	-	-	-	-	-
331,020	279,211	230,864	207,362	237,055	240,196
-	-	-	-	-	-
<u>1,712,070</u>	<u>1,702,986</u>	<u>1,694,431</u>	<u>1,606,921</u>	<u>1,626,765</u>	<u>1,662,988</u>
<u>(329,723)</u>	<u>(307,684)</u>	<u>(299,287)</u>	<u>(152,904)</u>	<u>(201,073)</u>	<u>(211,974)</u>
387,034	250,838	303,686	159,816	47,888	517,671
-	-	-	-	-	-
9,240	33,762	5,943	10,662	8,157	17,427
(74,151)	-	(182,181)	(217,974)	-	(380,859)
17,496	7,945	32,032	21,613	3,261	69,304
70,610	-	-	58,019	-	-
37,017	85,603	72,376	42,946	48,093	38,508
(31,762)	(72,925)	(46,244)	(21,498)	(23,330)	(14,178)
<u>415,484</u>	<u>305,223</u>	<u>185,612</u>	<u>53,584</u>	<u>84,069</u>	<u>247,873</u>
<u>\$ 85,761</u>	<u>\$ (2,461)</u>	<u>\$ (113,675)</u>	<u>\$ (99,320)</u>	<u>\$ (117,004)</u>	<u>\$ 35,899</u>
16.31%	17.34%	19.97%	17.95%	17.50%	15.88%

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 ^{(1) (2)}	Personal Property Assessed Value ⁽²⁾	Less Tax-Exempt Property Assessed Value ⁽²⁾	Total Taxable Value ⁽⁴⁾	Total Direct Tax Rate ⁽³⁾
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
2012	92,312,007	13,741,870	(24,060,131)	81,993,746	0.7970
2013	94,522,089	14,203,657	(25,044,024)	83,681,722	0.7970

Notes:

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

⁽²⁾ Values for each fiscal year reflect the tax rolls of the previous year (i.e., 2004 fiscal year reflects 2003 tax roll). See Note 1 in the Notes to the Financial Statements for more information.

⁽³⁾ Per \$100 of valuation.

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

Source: Dallas Central Appraisal District

Table 6

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund	\$ 0.5243	\$ 0.5483	\$ 0.5445	\$ 0.5448	\$ 0.5196	\$ 0.5230	\$ 0.4918	\$ 0.5324	\$ 0.5379	\$ 0.5439
Debt Service Fund	<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>	<u>0.2591</u>	<u>0.2531</u>
Total City Tax Rate	<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>	<u>\$ 0.7970</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 ⁽²⁾</u>		<u>Overlapping Rates ⁽¹⁾</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>	
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	0.09923	1.23781	0.01000	0.27100	2.64814
2012	0.53790	0.25910	0.24310	0.09967	1.29035	0.01000	0.27100	2.70112
2013	0.54390	0.25310	0.24310	0.11938	1.29035	0.00994	0.27100	2.72083

Source: Dallas Central Appraisal District

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

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

Table 8

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

Fiscal Year	Actual Levy Year	Taxes Levied for the Fiscal Year	Collection Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Current tax collections	Percentage of Levy		Total Tax Collections	Percentage of Levy
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%
2012	2011	653,490	638,999	97.78%	5,561	644,560	98.63%
2013	2012	666,943	650,496	97.53%	4,572	655,068	98.22%

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	2013				2004			
		Taxable Assessed Valuation	Rank	Percent of Total Taxable Assessed Valuation		Taxable Assessed Valuation	Rank	Percent of Total Taxable Assessed Valuation	
Oncor Electric/Texas Utilities	Electric Utility	\$ 690,026	1	0.82%		\$ 769,623	3	1.14%	
Crescent Real Estate	Real Estate/Developer	681,226	2	0.81%		610,798	4	0.90%	
Texas Instruments	Electronic Manufacturing	678,673	3	0.81%		1,233,143	1	1.82%	
Northpark Land Partners	Developer	578,775	4	0.69%		-	-	-	
AT&T/TCI Cable	Telephone Utility	558,347	5	0.67%		1,015,224	2	1.50%	
Southwest Airlines	Air Transportation	465,747	6	0.56%		474,533	5	0.70%	
PC Village Apartments Dallas LP	Developer	299,138	7	0.36%		226,733	7	0.34%	
Galleria Mall Investors LP	Developer	288,351	8	0.34%		197,474	9	0.29%	
Walmart	Retailer	281,251	9	0.34%		-		-	
Post Properties, Inc.	Real Estate/Developer	208,666	10	0.25%		201,207	8	0.30%	
Trammell Crow	Developer	-	-	-		286,718	6	0.42%	
Trizec Properties, Inc	Developer	-	-	-		187,318	10	0.28%	
		<u>\$ 4,730,201</u>		<u>5.65%</u>		<u>\$ 5,202,771</u>		<u>7.69%</u>	

Source: Dallas County Tax Office

Table 10

CITY OF DALLAS, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
Year Ended September 30, 2013 (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	\$ 1,452,292		\$ 1,452,292
Certificates of Obligation	36,477		36,477
Equipment Acquisition Notes	9,375		9,375
Pension Obligation Bonds	407,301		407,301
Other Debt			
Capital Leases Payable	17,737		17,737
Long-term Notes Payable	31,635		31,635
Subtotal, direct debt	1,954,817	100.00 %	1,954,817
Overlapping Debt:			
Carrollton-Farmers Branch ISD	331,290	6.77 %	22,428
Collin County	393,350	4.97 %	19,550
Collin County Community College District	37,694	4.97 %	1,873
Coppell Independent School District	174,798	0.47 %	822
Dallas County	136,430	49.81 %	67,956
Dallas County Community College District	355,880	49.81 %	177,264
Dallas County Hospital District	705,000	49.81 %	351,161
Dallas Independent School District	2,492,731	88.16 %	2,197,592
Denton County	596,245	1.65 %	9,838
Duncanville Independent School District	147,042	43.48 %	63,934
Garland Independent School District	373,519	2.28 %	8,516
Grand Prairie Independent School District	476,160	3.99 %	18,999
Highland Park Independent School District	101,595	8.54 %	8,676
Irving Independent School District	600,739	2.45 %	14,718
Lancaster Independent School District	100,357	2.72 %	2,730
Mesquite Independent School District	335,664	1.26 %	4,229
Plano Independent School District	984,550	11.38 %	112,042
Richardson Independent School District	477,849	57.97 %	277,009
Subtotal, overlapping debt	\$ 8,820,893		\$ 3,359,337
City Of Dallas (direct debt)	1,954,817	100.00 %	1,954,817
Total direct and overlapping debt	\$ 10,775,710		\$ 5,314,154
Ratio of Direct and Estimated Share of Overlapping Tax Debt to Taxable Assessed Valuation			6.35%
Per Capita Direct and Overlapping Tax Debt (not in thousands)			4,313

(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
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	Commercial Paper	Long-term Notes Payable	Revenue and Refunding Bonds	Pension Obligation Bonds
2004	\$ 741,889	\$ 52,067	\$ 43,323	\$ -	\$ 14,943	\$ 2,272	\$ -	\$ 6,190	\$ 1,739,571	\$ -
2005	841,903	56,609	43,071	402,905	13,169	3,674	-	-	2,229,265	101,034
2006	957,404	52,313	51,503	412,751	11,319	12,587	-	-	1,960,874	137,009
2007	1,241,302	43,145	45,943	413,940	9,410	10,914	-	169	2,055,809	140,195
2008	1,447,695	80,590	58,180	413,618	7,451	10,732	-	11,609	2,107,537	140,087
2009	1,553,177	75,888	71,088	412,559	5,397	9,526	-	9,774	2,121,743	139,729
2010	1,564,938	58,915	45,802	412,018	-	7,072	0	7,833	2,234,823	139,545
2011	1,467,092	36,456	43,038	412,720	-	6,231	0	5,826	2,280,946	139,323
2012	1,343,278	50,031	22,385	410,168	-	6,526	25,000	4,702	2,368,889	138,642
2013	1,452,292	36,477	9,375	407,301	-	17,737	-	31,635	2,423,049	137,815

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) These ratios are calculated using personal income and population data (See Table 15).

(2) See Table 5 for property value data.

Table 11

Business-Type									
Other Contractual Obligations	Commercial Paper	Long-term Notes Payable	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)	Total Bonded Debt	Percentage of Estimated Actual Property Value (2)	Per Capita	
\$ 7,233	\$ 160,872	\$ -	\$ 2,607,488	0.01%	\$ 2,148	\$ 837,279	1.26%	\$ 690	
-	197,526	-	3,691,630	0.01%	2,996	1,445,522	2.14%	1,173	
-	160,538	-	3,595,760	0.01%	2,854	1,610,980	2.27%	1,279	
-	179,698	-	3,960,827	0.01%	3,094	1,884,525	2.48%	1,472	
-	67,242	15,733	4,293,232	0.01%	3,357	2,140,170	2.53%	1,672	
-	169,983	14,535	4,413,416	0.01%	3,379	2,252,441	2.49%	1,725	
-	58,000	12,539	4,483,485	0.01%	3,407	2,221,218	2.55%	1,688	
-	36,860	10,760	4,402,392	0.01%	3,669	2,098,629	2.52%	1,747	
-	-	8,985	4,378,606	0.01%	3,628	1,964,504	2.40%	1,636	
-	-	6,867	4,522,548	0.01%	3,670	2,043,260	2.44%	1,701	

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

	2004	2005	2006	2007
Total Assessed Valuation	\$66,501,655	\$67,579,878	\$70,843,802	\$76,124,191
Overall debt limitation - 10% of assessed valuation	6,650,166	6,757,988	7,084,380	7,612,419
Net Debt Subject to Limitation	837,279	1,445,522	1,610,980	1,884,525
Legal debt margin within 10% limitation (1)	\$5,812,887	\$5,312,466	\$5,473,400	\$5,727,894
Legal Debt Margin as a Percentage of the Debt Limit	87.4%	78.6%	77.3%	75.2%

Notes:

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

Table 12

2008	2009	2010	2011	2012	2013
\$84,526,934	\$90,477,933	\$87,264,095	\$83,425,479	\$81,993,746	\$83,681,722
8,452,693	9,047,793	8,726,410	8,342,548	8,199,375	8,368,172
2,140,170	2,252,441	2,221,218	2,098,629	1,964,504	2,043,260
\$6,312,523	\$6,795,352	\$6,505,192	\$6,243,919	\$6,234,871	\$6,324,912
74.7%	75.1%	74.5%	74.8%	76.0%	75.6%

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 ⁽²⁾			Revenue Bond Coverage ⁽³⁾
	Gross Revenue	Expense ⁽¹⁾	Net Revenue	Principal	Interest	Total	
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
2012	535,289	235,821	299,468	96,115	77,250	173,365	1.73
2013	554,686	233,177	321,509	89,510	84,269	173,779	1.85

Notes:

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

Operating expenses includes payments for the Water Transmission Facilities Financing Agreement, as explained in note 10.R. Per Texas Government Code, Section 1502.056(c), "a contract between a municipality and an issuer, as defined by Section 1201.002, under which the municipality obtains from the issuer or the issuer provides part or all of the facilities or services of a utility system to the municipality may provide that payments made by the municipality from the revenue of the utility system are an operating expense of the municipality's utility system."

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

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

Table 14

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 ⁽²⁾
	Gross Revenue	Expenditures ⁽¹⁾	Net Revenue	Principal	Interest	Total	
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
2012	75,947	44,975	30,972	2,775	16,421	19,196	1.6
2013	85,820	52,850	32,970	3,675	16,282	19,957	1.7

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

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

Table 15

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

Fiscal Year	Population ⁽¹⁾	Personal Income	Per Capita Personal Income	Median Household Income	Median Age	Assessed Valuation (in thousands)	Labor Force	Unemployment ⁽²⁾	Unemployment Rate ⁽²⁾
2004	1,214,800	\$ 28,189,434,000	\$ 23,205	\$ 38,125	30.60	\$ 66,501,655	695,848	55,668	8.0 %
2005	1,232,100	30,158,111,700	24,477	36,403	31.90	67,579,878	612,754	36,765	6.0 %
2006	1,260,950	29,173,772,850	23,136	37,264	31.25	70,843,802	624,861	33,742	5.4 %
2007	1,280,500	31,616,825,500 ⁽³⁾	24,691 ⁽³⁾	38,276 ⁽³⁾	31.90 ⁽³⁾	76,124,191	612,088	28,768	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 ⁽⁴⁾	25,298 ⁽⁴⁾	40,473 ⁽⁴⁾	32.00 ⁽⁴⁾	90,477,933	592,403	43,838	7.4 %
2010	1,316,350	34,473,231,975 ⁽⁶⁾	26,189 ⁽⁵⁾	39,813 ⁽⁵⁾	31.75 ⁽⁵⁾	87,264,095	605,307	52,662	8.7 %
2011	1,200,530 ⁽⁷⁾	30,042,062,720 ⁽⁸⁾	25,024 ⁽⁸⁾	42,911 ⁽⁸⁾	31.60 ⁽⁸⁾	83,425,479 ⁽⁹⁾	607,860	52,884	8.7 %
2012	1,207,420 ⁽⁷⁾	30,842,940,190 ⁽¹⁰⁾	25,545 ⁽¹⁰⁾	43,804 ⁽¹⁰⁾	31.65 ⁽¹⁰⁾	81,993,746 ⁽¹⁰⁾	580,975	44,955	7.7 %
2013	1,232,243 ⁽⁷⁾	30,868,803,800 ⁽¹²⁾	26,164 ⁽¹¹⁾	41,318 ⁽¹¹⁾	32.00 ⁽¹¹⁾	83,681,722 ⁽⁹⁾	591,278	39,966	6.8 %

⁽¹⁾ North Central Texas Council of Governments estimate

⁽²⁾ U.S. Bureau of Labor Statistics

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

⁽⁴⁾ 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.

⁽⁵⁾ 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.

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

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

⁽⁸⁾ 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.

⁽⁹⁾ Consolidated Appraisal Value from Budget Office

⁽¹⁰⁾ The 2012 Personal Income, Per Capita Personal Income, and Median Age is an average of 2011 and 2010 U.S. Census Bureau, American Community Survey.

⁽¹¹⁾ The 2013 Per Capita Personal Income, and Median Age is an average of 2011 and 2012 U.S. Census Bureau, American Community Survey.

⁽¹²⁾ Aggregate household income in the past 12 months (in 2012 inflation-adjusted dollars) Census Bureau, American Community Survey.

Table 16

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

Name of Employers	2013			2004		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Dallas Independent School District	19,800	1	2.40%	19,491	3	2.56%
City of Dallas	13,000	2	1.57%	12,148	11	1.59%
UT Southwestern Medical Center	12,100	3	1.47%	-	-	-
Texas Instruments Incorporated	10,411	4	1.26%	10,191	12	1.34%
Parkland Health and Hospital System	9,442	5	1.14%	-	-	-
Baylor University Medical Center	9,368	6	1.13%	14,730	6	1.93%
AT&T Incorporated	7,500	7	0.91%	-	-	-
Dallas County Personnel/Civil Service*	6,537	8	0.79%	6,650		0.87%
Children's Medical Center	5,600	9	0.68%	-	-	-
Southwest Airlines	4,052	10	0.49%	-	-	-
AMR Corporation	-			28,847	1	3.78%
Wal-Mart	-			20,350	2	2.67%
Texas Health Resources	-			15,324	4	2.01%
Lockheed Martin Aeronautics	-			14,800	5	1.94%
SBC Communications, Inc	-			14,000	7	1.84%
Verizon Communications	-			14,000	7	1.84%
U.S. Postal Service	-			13,919	9	1.83%
Brinker International	-			12,000	10	1.57%
	<u>97,810</u>		<u>11.84%</u>	<u>196,450</u>		<u>25.77%</u>

Source: Dallas Business Journal Book of Lists 2013, 2003. Estimates for total employment based on census data

*Includes locations outside of the City of Dallas.

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

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

Source: City capital asset records

Note:

N/A - Information not available

TABLE 17

2008	2009	2010	2011	2012	2013
8	8	8	8	8	8
56	56	56	56	56	57
3,519	3,585	3,541	4,020	4,028	4,031
11,607	11,633	11,672	11,804	11,676	11,701
1,298	1,315	1,329	1,328	1,333	1,342
86,500	86,902	86,514	86,321	86,406	87,263
376	376	368	371	378	374
23,040	23,042	23,080	23,080	23,164	23,331
99	99	107	107	125	130
18	18	18	18	18	18
22	22	22	22	22	20
8	8	8	8	8	10
277	277	278	278	278	272
5	5	5	5	5	5
81	81	81	81	81	81
177	177	171	171	171	177
154	154	154	154	154	156
6	6	6	6	6	6
47	43	43	43	43	43
4,862	4,980	5,024	5,166	4,915	4,922
27,969	28,373	27,800	27,800	29,028	29,243
4,831	4,267	4,293	4,364	4,020	4,017
1,744	1,749	1,768	1,788	1,790	1,791

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

Function/Program	2004	2005	2006	2007
Public Safety				
Police				
Calls for Service	1,004,354	1,006,723	958,110	872,162
Fire				
Calls for Service - Fire	112,981	114,341	120,680	116,813
Calls for Service - EMS	152,431	162,232	166,067	170,352
Recreation				
Number of Users	6,461,270	5,624,941	6,069,690	7,759,756
Building Permits				
Permits issued	34,845	35,289	32,323	30,563
Estimated Value	\$ 2,129,229,005	\$ 2,634,495,534	\$ 3,109,299,698	\$ 3,035,761,645
Airport				
Airport Operations (Takeoffs and Landings)	249,400	234,615	248,805	242,914
Utilities (millions of gallons)				
Water Usage - Peak	584	621	681	575
Water Usage - Average	410	417	467	388

Source: Department annual records

TABLE 18

2008	2009	2010	2011	2012	2013
728,404	690,768	596,742	632,365	589,865	591,997
120,203	117,721	115,462	145,298	59,784	46,127
172,278	163,100	166,585	173,666	172,032	193,820
6,688,450	5,585,730	5,987,922	5,678,882	5,394,938	350,091
31,160	28,408	26,997	34,786	43,064	38,478
\$ 2,895,410,156	\$ 1,841,471,331	\$ 1,843,819,294	\$ 3,083,719,959	\$ 2,310,325,994	\$ 2,652,432,543
231,656	176,977	168,373	178,054	177,067	178,232
670	626	638	683	649	583
416	406	388	428	395	391

Table 19

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
City Manager's Office	23	28	50	49	45	39	45	30	20	14
City Attorney	128	141	146	156	170	156	120	116	122	144
City Auditor	36	29	34	36	36	36	31	28	20	19
City Controller's Office	N/A	N/A	N/A	N/A	N/A	N/A	42	42	44	42
City Secretary	16	17	19	24	21	20	16	14	14	15
Code Compliance	314	333	334	345	361	410	461	408	401	388
Communication & Info. Svcs.	205	196	168	160	186	196	197	164	168	173
Economic Development	-	29	44	47	50	47	41	40	40	41
Environment & Health Service	410	435	435	432	435	438	-	-	-	-
Environmental Quality	-	11	11	19	21	22	-	-	-	-
Equipment & Bldg. Services	420	421	403	413	433	413	384	360	381	435
Financial Services	111	117	109	156	242	236	26	28	30	39
Human Resources	74	72	81	163	164	79	54	50	40	41
Housing	77	69	74	76	71	72	428	412	391	364
Housing Compliance	2	-	-	-	-	-	-	-	-	-
Cultural Affairs	89	86	85	98	98	65	46	47	56	64
Emergency Management	-	7	6	7	5	6	-	-	-	-
Municipal Court-Judiciary	46	51	48	51	43	31	40	37	32	34
Courts & Detention Services	182	181	180	185	182	175	170	155	161	151
Purchasing/Bus. Diversity	47	46	48	48	46	47	42	40	39	39
Library	465	478	485	488	511	487	360	278	259	264
Management Services	-	-	-	-	-	-	145	137	164	160
Subtotal	2,645	2,747	2,760	2,953	3,120	2,975	2,648	2,386	2,382	2,427
Public Safety										
Police-Uniform	2,931	2,960	3,011	3,155	3,369	3,455	3,662	3,510	3,470	3,463
Police-Civilian	893	934	932	987	980	712	582	550	541	557
Fire-Uniform	1,680	1,653	1,687	1,648	1,693	1,768	1,776	1,738	1,874	1,870
Fire-Civilian	247	259	265	253	199	95	84	84	85	82
Subtotal	5,751	5,806	5,895	6,043	6,241	6,030	6,104	5,882	5,970	5,972
Development Services	278	258	271	279	294	292	198	197	224	237
Public Works										
Public Works & Transportation	374	367	391	428	469	448	305	272	140	143
Sanitation	454	475	470	493	517	503	456	451	458	460
Streets Services	599	532	520	583	522	514	371	400	496	485
Trinity Watershed Management	-	-	-	-	-	-	141	147	172	170
Subtotal	1,427	1,374	1,381	1,504	1,508	1,465	1,273	1,270	1,266	1,258
Parks and Recreation	1,229	1,254	1,312	1,477	1,319	955	634	594	581	598
Water Utilities	1,397	1,438	1,416	1,403	1,455	1,459	1,425	1,369	1,406	1,440
Convention & Events Services	126	113	108	109	110	102	101	83	80	71
Aviation	152	151	146	154	165	174	180	170	178	196
Other										
Mayor & Council	30	30	30	30	36	35	36	35	37	37
Employee Retirement	15	15	18	20	19	19	20	20	21	22
Civil Services	23	22	21	21	23	21	14	13	15	18
Risk Management	-	-	-	-	-	-	-	-	23	24
Police & Fire Pension	6	4	1	1	1	1	1	-	-	-
Subtotal	74	71	70	72	79	76	71	68	96	101
Total	13,079	13,212	13,359	13,994	14,291	13,528	12,634	12,019	12,183	12,300

Source: City HR Records



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

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The Dee and Charles Wyly Theatre is one of the world's most innovative theatre facilities. The 12-level building features a groundbreaking design with an unprecedented "stacked," vertically organized facility that completely rethinks the traditional form of theatre. The Wyly Theatre was designed by REX/OMA, Joshua Prince-Ramus (partner in charge) and Pritzker Prize-winning architect Rem Koolhaas.