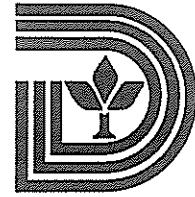


# Memorandum

RECEIVED

2010 SEP 23 PM 2: 54

CITY SECRETARY  
DALLAS, TEXAS



CITY OF DALLAS

DATE September 23, 2010

TO Members of the Budget, Finance & Audit Committee:  
Ann Margolin, Vice-Chair, Vonciel Jones Hill, Angela Hunt, Delia D. Jasso, Ron Natinsky, David A. Neumann

SUBJECT **Budget, Finance & Audit Committee Meeting**  
**Monday, September 27, 2010, 9:30 – 11:30 a.m.**  
**1500 Marilla Street, City Hall, Room 6ES, Dallas, Texas 75201**

## AGENDA

1. Consideration of minutes from the September 14, 2010 Budget, Finance and Audit Committee Meeting

2. General Obligation Debt Issuance October 2010

Corinne Steeger, Assistant Director  
City Controller's Office

### FYI:

3. FY 2008 - 09 End of Year Report

4. July 2010 Financial Forecast Report



Jerry R. Allen, Chair  
Budget, Finance & Audit Committee

C: Honorable Mayor & Members of the City Council  
Mary K. Suhm, City Manager  
Deborah A. Watkins, City Secretary  
Tom P. Perkins, City Attorney  
Craig D. Kinton, City Auditor  
Ryan S. Evans, First Assistant City Manager  
A.C. Gonzalez, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Forest E. Turner, Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer

A closed executive session may be held if the discussion concerns one of the following:

1. Contemplated or pending litigation or matter where legal advice is requested of the City Attorney. Section 551.071 of the Texas Open Meetings Act.
2. Personnel matters involving discussions of the qualifications for performance of identifiable individuals already employed or being considered for employment by the City. Section 551.074 of the Texas Open Meetings Act.
3. The deployment, or specific occasions for implementation of security personnel or devices. Section 551.074 of the Texas Open Meetings Act.
4. Discussions concerning sale or lease of real property, or negotiated contracts for donations to the City, when such discussions would have a detrimental effect on negotiating position of the City. Section 551.072 of the Texas Open Meetings Act.

**BUDGET, FINANCE, AND AUDIT COMMITTEE  
DRAFT MEETING MINUTES  
September 14, 2010**

The Council's Budget, Finance, and Audit Committee meetings are recorded. Agenda materials and audiotapes may be reviewed by contacting the City Manager's Office Staff Coordinator Laura L. Carrillo at 214-670-7804.

**Meeting Date:** September 14, 2010

**Committee Members Present:**

Jerry R. Allen, Chair, Ann Margolin, Vice – Chair, Vonciel Jones Hill, Delia D. Jasso, Ron Natinsky, David A. Neumann

**Committee Members Absent:**

None

**Other Council members present who attended a partial or duration of the meeting:**

None

**Staff Members Present:**

Jeanne Chipperfield, Laura Carrillo, Edward Scott, Lance Sehorn, Anna Holmes, Rhonn Ramirez, Jeannie Eneh, Donna Lowe

**Meeting called to order at 9:35 a.m.**

**AGENDA:**

1. **Consideration of Minutes from August 24, 2010 Budget, Finance, and Audit**

**Presenter(s):**

**Information Only:**

**Action Taken/Committee Recommendation(s):**

Motion made by: Jerry R. Allen

Motion seconded by: Ron Natinsky

**Note:** The motion passed unanimously

Follow up:

2. **Dallas/Fort Worth International Airport Briefing**

- New Use Agreement
- Terminal Renewal and Improvement Program
- Master Bond Ordinance and Supplemental Bond Issuances
- FY 2011 Budget

**Presenter(s):** Jeff Fegan and Chris Poinatte

**Information Only:**

**Action Taken/Committee Recommendation(s):** The Budget, Finance and Audit Committee made a motion to recommend the Dallas/Fort Worth International Airport approval of budget and bond sale agenda items to full City council on September 22, 2010.

Motion made by: Ron Natinsky

Motion seconded by: Delia D. Jasso

**Note:**

Follow up:

**FYI Only:**

3. **FY 2008 – 09 End of Year Report**

**Presenter(s):**

**Information Only:**

**Action Taken/Committee Recommendation(s):**

Motion made by:

Note: The FY 2008 – 09 End of year Report FYI item will be included on the September 27, 2010 Budget, Finance and Committee Meeting.

Follow up:

4. **Excess Workers' Compensation Insurance Memo**

**Presenter(s):** Jeanne Chipperfield

**Information Only:**

**Action Taken/Committee Recommendation(s):** The Budget, Finance and Audit Committee made a motion to recommend this item to full City council on September 22, 2010.

Motion made by: Delia D. Jasso

Motion seconded by: Ron Natinsky

Note:

Follow up:

**Meeting adjourned at 10:12 a.m.**

# Memorandum



CITY OF DALLAS

DATE September 23, 2010

TO Members of the Budget, Finance & Audit Committee:  
Chair Jerry R. Allen, Vice-Chair Ann Margolin, Vonciel Jones Hill, Angela Hunt,  
Delia D. Jasso, Ron Natinsky, David A. Neumann

SUBJECT General Obligation Debt Issuance October 2010

The September 27, 2010 Budget, Finance & Audit Committee meeting agenda includes a briefing on the General Obligation Bond Issuance. Attached is a copy of the briefing.

Please let me know if you need additional information.

A handwritten signature in black ink that reads "Jeanne Chipperfield".

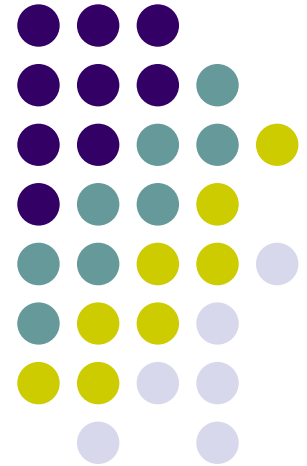
Jeanne Chipperfield  
Chief Financial Officer

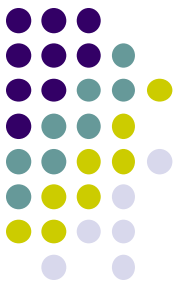
Attachment

c: Honorable Mayor & Members of the City Council  
Mary K. Suhm, City Manager  
Deborah A. Watkins, City Secretary  
Tom P. Perkins, City Attorney  
Craig D. Kinton, City Auditor  
Ryan S. Evans, First Assistant City Manager  
A.C. Gonzalez, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Forest E. Turner, Assistant City Manager  
Deborah A. Watkins, City Secretary  
Frank Libro, Public Information Office  
Helena Stevens-Thompson, Assistant to the City Manager

# General Obligation Debt Issuance October 2010

Budget, Finance & Audit Committee  
September 27, 2010

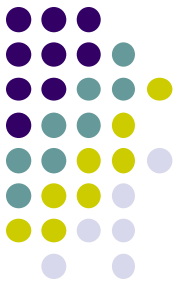




# Purpose

- The purpose of the briefing is to provide information regarding the sales of up to:
  - \$400 million in General Obligation Refunding Bonds
  - \$80 million in Taxable General Obligation Refunding Bonds
  - \$19.34 million in Equipment Acquisition Notes
- Seek recommendation for parameters ordinances for the sales of these obligations on the October 13<sup>th</sup> City Council Addendum

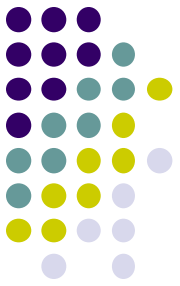
# General Obligation Refunding Bonds



- Bond sale size currently estimated up to \$400 million based on current market conditions
  - Refunding candidates include specified maturities from the following bond issues:
    - General Obligation Bonds (Series 2001, 2003, 2004, 2005, 2006, 2007)
    - Certificates of Obligation (Series 2008)

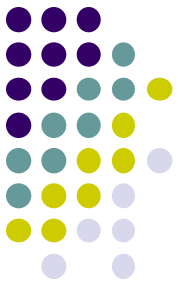


# General Obligation Refunding Bonds



- Minimum total net present value (NPV) savings of \$13.5 million are estimated
  - Exceeds 4.05% NPV savings as a percentage of the bonds being refunded
    - Meets the FMPC criterion of a 4% NPV for advance refunding
- Co-Financial Advisors will continue to monitor the market to ensure feasibility of refunding
  - Refunding may be restructured or deleted based on market conditions prior to November 9<sup>th</sup>

# Taxable General Obligation Refunding Bonds



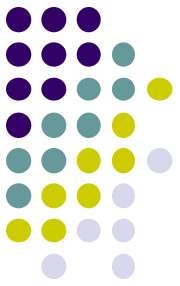
- \$399,347,609 in taxable general obligation pension bonds were issued in February 2005 to partially fund the City's Employee Retirement Fund's unfunded actuarial accrued liability
- Three series of bonds were issued, two of which do not include a call provision
- Series 2005C bonds (\$75 million in principal maturing in February 2024) are callable on any interest payment date after February 15, 2009
- Current market conditions favor a refunding of Series 2005C at this time

# Taxable General Obligation Refunding Bonds

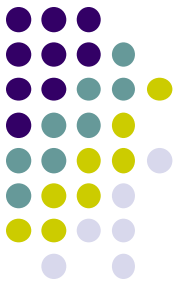


- Series 2005C bonds issued as “step-up coupon bonds”
  - \$75 million in principal maturing on February 15, 2024
    - Mandatory redemption of \$35,350,000 in 2023
  - Interest rates on bonds increase from 5.25% at issuance as follows:
    - 5.50% for interest payments on February 15, 2009 through 2012
    - 6.00% for interest payments on February 15, 2013 through 2015
    - 6.75% for interest payments on February 15, 2016 through 2019
    - 8.00% for interest payments on February 15, 2020 through 2024
- Refunding will establish fixed rate maturities in years 2020 through 2024 at projected interest rates of 3.7% to 4.35%

# Taxable General Obligation Refunding Bonds

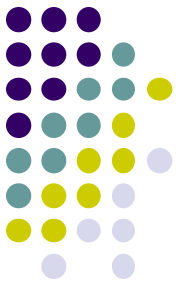


- Based on current interest rates the estimated savings are:
  - Minimum total net present value (NPV) savings of \$14 million are estimated
  - Exceeds 19% NPV savings as a percentage of the bonds being refunded
    - Exceeds the FMPC Criterion of a 4% NPV for advance refunding
- Co-Financial Advisors will continue to monitor the market to ensure feasibility of refunding
  - Refunding may be restructured or deleted based on market conditions prior to November 9<sup>th</sup>



# Equipment Acquisition Notes

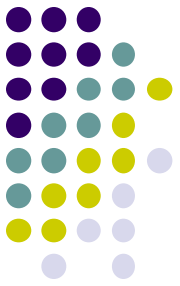
- \$19.34 million in Equipment Acquisition Notes will be issued to fund:
  - Court and Detention Services (\$7 million)
    - Court case management system replacement
  - Dallas Fire-Rescue (\$8.35 million)
    - See Appendix for equipment detail
  - Sanitation Services (\$3.985 million)
    - See Appendix for equipment detail
- Purchases included in adopted FY 2010-11 budget



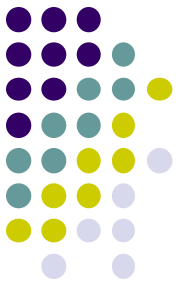
# Bond Sale Overview

- The Co-Financial Advisors recommend a negotiated sale due to the issuance of refunding bonds
- In a negotiated sale, the issuer sells bonds to an underwriting syndicate at rates and terms that are “negotiated”
  - Underwriting syndicate is selected in advance of the sale
  - Underwriters price the bonds on the day of the sale based on investor demand
  - Allows for flexibility in the structuring and timing of the sale

# Underwriting Syndicate



- On April 21<sup>st</sup>, City Council approved two underwriting teams for future negotiated sales. Council approval provided that:
  - Team A would underwrite the first negotiated sale, which occurred in June (\$295.85 million Waterworks and Sewer System Revenue Refunding Bonds, Series 2010)
  - Team B would underwrite the second negotiated transaction
  - Bookrunning senior manager position would rotate between national and M/WBE firms
  - Co-senior manager would be the highest ranking national or regional firm if the bookrunning senior manager position is assigned to the M/WBE firm



# Underwriting Syndicate

- Team B consists of the following firms:

## National

Citigroup Global Markets, Inc.

Wells Fargo Bank, N.A.

Goldman, Sachs & Co.

## Regional

Morgan Keegan & Co., Inc.

Piper Jaffray

Stifel, Nicolaus & Co., Inc.

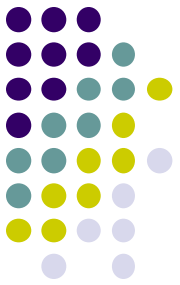
## MWBE

Loop Capital Markets, LLC

Samuel A. Ramirez & Co.

Jackson Securities, LLC





# Underwriting Syndicate

- Team B is proposed to underwrite the bond sales:

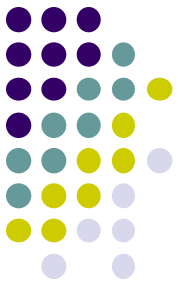
## Co-Senior Managers:

Loop Capital Markets, LLC (Bookrunning Senior Manager)  
Citigroup Global Markets, Inc.

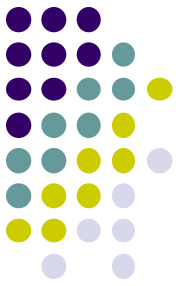
## Co-Managers:

Wells Fargo Bank, N.A.  
Goldman, Sachs & Co.  
Morgan Keegan & Co., Inc.  
Piper Jaffray  
Stifel, Nicolaus & Co., Inc.  
Samuel A. Ramirez & Co.  
Jackson Securities, LLC

# Bond Sale Summary



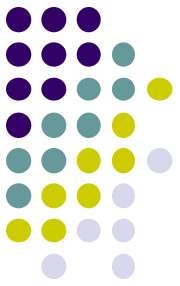
- Proposed bond sales include:
  - General Obligation Refunding Bonds up to \$400 million
  - Taxable General Obligation Refunding Bonds up to \$80 million
  - Equipment Acquisition Notes in the amount of \$19.34 million
- Issuance costs of \$954,170 will be paid from bond proceeds and interest earnings on the notes proceeds (schedule attached)
- Refunding does not extend the maturity of existing debt
- Equipment Acquisition Notes mature over five years



# Schedule of Events

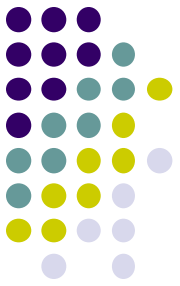
October 13	Council approves Parameters Ordinances
October 28	Receive bond ratings
November 1	Preliminary Official Statement Posted to i-Deal
November 9	Pricing
November 10	Execute Bond Purchase Agreements
December 1	Deliver bonds and receive proceeds

# Recommendation



- Recommend the approval of parameters ordinances on the October 13<sup>th</sup> Council Addendum for the sale of up to:
  - \$400 million General Obligation Refunding Bonds, Series 2010C
  - \$80 million General Obligation Refunding Bonds, Taxable Series 2010
  - \$19.34 million Equipment Acquisition Notes, Series 2010

# Appendix



Sources and Uses – General Obligation Refunding Bonds – Page 17

Refunding Results - General Obligation Refunding Bonds – Page 18

Savings - General Obligation Refunding Bonds – Page 19

Debt Service Schedule – General Obligation Refunding Bonds – Page 20

Refunding Bond Summary - General Obligation Refunding Bonds – Page 21 and 22

Sources and Uses – Pension Obligation Refunding Bonds – Page 23

Refunding Results - Pension Obligation Refunding Bonds – Page 24

Savings - Pension Obligation Refunding Bonds – Page 25

Debt Service Schedule – Pension Obligation Refunding Bonds – Page 26

Refunding Bond Summary - Pension Obligation Refunding Bonds – Page 27

Sources and Uses – Equipment Acquisition Notes – Page 28

Debt Service Schedule – Equipment Acquisition Notes – Page 29

Equipment Acquisition Notes Summary – Page 30

Estimated Issuance Costs – Page 31

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**SOURCES AND USES OF FUNDS**  
**\*\*\* PRELIMINARY - FOR DISCUSSION PURPOSES ONLY \*\*\***

City of Dallas, TX

General Obligation Refunding Bonds, Series 2010

'Aa1/AA+' Rates as of 12:00pm CT, Sept 16, 2010

No Savings in 2011 with Open Market Escrow

Ref All Bonds With Positive Savings

Dated Date 11/1/2010

Delivery

Date 11/18/2010

**Sources:**

**Bond Proceeds:**

Par Amount	321,805,000.00
Accrued Interest	759,817.36
Premium	53,102,716.80
	<u>375,667,534.16</u>

**Other Sources of Funds:**

I&S Fund	64.18
	<u>375,667,598.34</u>

**Uses:**

**Refunding Escrow Deposits:**

Cash Deposit	206.16
Open Market Purchases	372,534,623.82
	<u>372,534,829.98</u>

**Other Fund Deposits:**

Accrued Interest	759,817.36
------------------	------------

**Delivery Date Expenses:**

Cost of Issuance	600,000.00
Underwriter's Discount	1,769,927.50
	<u>2,369,927.50</u>

**Other Uses of Funds:**

Additional Proceeds	3,023.50
	<u>375,667,598.34</u>

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**SUMMARY OF REFUNDING RESULTS**  
**\*\*\* PRELIMINARY - FOR DISCUSSION PURPOSES ONLY \*\*\***  
City of Dallas, TX  
General Obligation Refunding Bonds, Series 2010  
'Aa1/AA+' Rates as of 12:00pm CT, Sept 16, 2010  
No Savings in 2011 with Open Market Escrow  
Ref All Bonds With Positive Savings

Dated Date	11/1/2010
Delivery Date	11/18/2010
Arbitrage yield	2.442610%
Escrow yield	0.949270%
Bond Par Amount	321,805,000.00
True Interest Cost	2.732441%
Net Interest Cost	3.023051%
All-In TIC	2.756454%
Average Coupon	5.000000%
Average Life	8.022
Par amount of refunded bonds	336,280,000.00
Average coupon of refunded bonds	4.746113%
Average life of refunded bonds	7.836
PV of prior debt to 11/18/2010 @ 2.756454%	386,155,340.00
Net PV Savings	13,620,510.02
Percentage savings of refunded bonds	4.050348%

SAVINGS

\*\*\* PRELIMINARY - FOR DISCUSSION PURPOSES ONLY \*\*\*

City of Dallas, TX

General Obligation Refunding Bonds, Series 2010

'Aa1/AA+' Rates as of 12:00pm CT, Sept 16, 2010

No Savings in 2011 with Open Market Escrow

Ref All Bonds With Positive Savings

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Refunding Receipts	Refunding Net Cash Flow	Savings
9/30/2011	15,682,541.26	64.18	15,682,477.08	16,442,294.44	759,817.36	15,682,477.08	0.00
9/30/2012	23,188,366.26		23,188,366.26	22,177,000.00		22,177,000.00	1,011,366.26
9/30/2013	31,822,488.13		31,822,488.13	21,855,000.00		21,855,000.00	9,967,488.13
9/30/2014	33,276,578.75		33,276,578.75	29,762,000.00		29,762,000.00	3,514,578.75
9/30/2015	41,762,122.50		41,762,122.50	41,761,250.00		41,761,250.00	872.50
9/30/2016	51,946,655.00		51,946,655.00	51,941,875.00		51,941,875.00	4,780.00
9/30/2017	41,763,231.25		41,763,231.25	41,760,625.00		41,760,625.00	2,606.25
9/30/2018	30,786,743.75		30,786,743.75	30,785,500.00		30,785,500.00	1,243.75
9/30/2019	28,482,681.25		28,482,681.25	28,477,750.00		28,477,750.00	4,931.25
9/30/2020	43,133,775.00		43,133,775.00	43,129,250.00		43,129,250.00	4,525.00
9/30/2021	35,268,462.50		35,268,462.50	35,268,375.00		35,268,375.00	87.50
9/30/2022	30,480,587.50		30,480,587.50	30,476,000.00		30,476,000.00	4,587.50
9/30/2023	29,164,325.00		29,164,325.00	29,161,500.00		29,161,500.00	2,825.00
9/30/2024	18,938,375.00		18,938,375.00	18,938,375.00		18,938,375.00	
9/30/2025	9,696,500.00		9,696,500.00	9,696,500.00		9,696,500.00	
	465,393,433.15	64.18	465,393,368.97	451,633,294.44	759,817.36	450,873,477.08	14,519,891.89

Savings Summary

Savings PV date	11/18/2010
Savings PV rate	2.756454%
PV of savings from cash flow	13,617,486.52
Plus: Refunding funds on hand	3,023.50
	-----
Net PV Savings	13,620,510.02



**BOND DEBT SERVICE**  
**\*\*\* PRELIMINARY - FOR DISCUSSION PURPOSES ONLY \*\*\***

City of Dallas, TX

General Obligation Refunding Bonds, Series 2010

'Aa1/AA+' Rates as of 12:00pm CT, Sept 16, 2010

No Savings in 2011 with Open Market Escrow

Ref All Bonds With Positive Savings

Period Ending	Principal	Coupon	Interest	Debt Service
9/30/2011	3,845,000	5.000%	12,597,294.44	16,442,294.44
9/30/2012	6,440,000	5.000%	15,737,000.00	22,177,000.00
9/30/2013	6,440,000	5.000%	15,415,000.00	21,855,000.00
9/30/2014	14,880,000	5.000%	14,882,000.00	29,762,000.00
9/30/2015	27,950,000	5.000%	13,811,250.00	41,761,250.00
9/30/2016	39,825,000	5.000%	12,116,875.00	51,941,875.00
9/30/2017	31,425,000	5.000%	10,335,625.00	41,760,625.00
9/30/2018	21,780,000	5.000%	9,005,500.00	30,785,500.00
9/30/2019	20,530,000	5.000%	7,947,750.00	28,477,750.00
9/30/2020	36,610,000	5.000%	6,519,250.00	43,129,250.00
9/30/2021	30,425,000	5.000%	4,843,375.00	35,268,375.00
9/30/2022	27,070,000	5.000%	3,406,000.00	30,476,000.00
9/30/2023	27,110,000	5.000%	2,051,500.00	29,161,500.00
9/30/2024	18,015,000	5.000%	923,375.00	18,938,375.00
9/30/2025	9,460,000	5.000%	236,500.00	9,696,500.00
	<b>321,805,000</b>		<b>129,828,294.44</b>	<b>451,633,294.44</b>

**SUMMARY OF BONDS REFUNDED**  
**\*\*\* PRELIMINARY - FOR DISCUSSION PURPOSES ONLY \*\*\***

City of Dallas, TX

General Obligation Refunding Bonds, Series 2010

'Aa1/AA+' Rates as of 12:00pm CT, Sept 16, 2010

No Savings in 2011 with Open Market Escrow

Ref All Bonds With Positive Savings

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
<b>\$64,655,000 General Obligation Bonds, Series 2001:</b>					
TERM	2/15/2021	4.500%	3,400,000.00	2/15/2011	100.000
<b>\$173,370,000 General Obligation Bonds, Series 2003:</b>					
SERIAL	2/15/2013	3.750%	9,125,000.00	2/15/2012	100.000
	2/15/2014	3.750%	9,125,000.00	2/15/2012	100.000
	2/15/2015	4.000%	9,125,000.00	2/15/2012	100.000
	2/15/2016	4.000%	9,125,000.00	2/15/2012	100.000
	2/15/2017	4.250%	9,125,000.00	2/15/2012	100.000
	2/15/2018	4.250%	9,125,000.00	2/15/2012	100.000
	2/15/2019	4.250%	9,125,000.00	2/15/2012	100.000
	2/15/2020	4.500%	9,125,000.00	2/15/2012	100.000
	2/15/2021	4.500%	9,125,000.00	2/15/2012	100.000
	2/15/2022	4.500%	9,125,000.00	2/15/2012	100.000
	2/15/2023	4.500%	9,120,000.00	2/15/2012	100.000
			<b>100,370,000.00</b>		
<b>\$162,580,000 General Obligation Bonds, Series 2004:</b>					
SERIAL	2/15/2012	5.000%	6,390,000.00		
	2/15/2013	5.000%	6,390,000.00		
	2/15/2014	5.000%	8,555,000.00	2/15/2013	100.000
	2/15/2015	4.000%	8,555,000.00	2/15/2013	100.000
	2/15/2016	4.500%	8,555,000.00	2/15/2013	100.000
	2/15/2021	5.000%	8,555,000.00	2/15/2013	100.000
	2/15/2022	5.000%	8,555,000.00	2/15/2013	100.000
	2/15/2023	5.000%	8,555,000.00	2/15/2013	100.000
	2/15/2024	5.000%	8,555,000.00	2/15/2013	100.000
			<b>72,665,000.00</b>		
<b>\$179,810,000 General Obligation Bonds, Series 2005:</b>					
SERIAL	2/15/2015	5.000%	9,465,000.00	2/15/2014	100.000
	2/15/2016	5.000%	9,465,000.00	2/15/2014	100.000
	2/15/2017	5.000%	9,465,000.00	2/15/2014	100.000
	2/15/2020	5.000%	9,465,000.00	2/15/2014	100.000
	2/15/2021	5.000%	9,460,000.00	2/15/2014	100.000
	2/15/2022	5.000%	9,460,000.00	2/15/2014	100.000
	2/15/2023	5.000%	9,460,000.00	2/15/2014	100.000
	2/15/2024	5.000%	9,460,000.00	2/15/2014	100.000
	2/15/2025	5.000%	9,460,000.00	2/15/2014	100.000
			<b>85,160,000.00</b>		
<b>\$221,830,000 General Obligation Bonds, Series 2006:</b>					
SERIAL	2/15/2016	5.000%	11,675,000.00	2/15/2015	100.000
	2/15/2017	5.000%	11,675,000.00	2/15/2015	100.000
	2/15/2018	5.000%	11,675,000.00	2/15/2015	100.000
	2/15/2019	5.000%	11,675,000.00	2/15/2015	100.000
	2/15/2020	4.500%	11,675,000.00	2/15/2015	100.000
			<b>58,375,000.00</b>		

**SUMMARY OF BONDS REFUNDED**  
**\*\*\* PRELIMINARY - FOR DISCUSSION PURPOSES ONLY \*\*\***  
**City of Dallas, TX**  
**General Obligation Refunding Bonds, Series 2010**  
**'Aa1/AA+' Rates as of 12:00pm CT, Sept 16, 2010**  
**No Savings in 2011 with Open Market Escrow**  
**Ref All Bonds With Positive Savings**

\$130,775,000 General Obligation Bonds, Series 2007:

SERIAL	2/15/2020	5.000%	6,540,000.00	2/15/2017	100.000
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\$40,280,000 Combination Tax and Revenue Certificates of Obligation, Series 2008:

SERIAL	2/15/2012	3.000%	1,295,000.00	12/20/2010	100.000
	2/15/2013	3.125%	1,335,000.00	12/20/2010	100.000
	2/15/2014	3.500%	1,385,000.00	12/20/2010	100.000
	2/15/2015	3.500%	1,430,000.00	12/20/2010	100.000
	2/15/2016	3.600%	1,485,000.00	12/20/2010	100.000
	2/15/2017	4.000%	1,540,000.00	12/20/2010	100.000
	2/15/2018	5.000%	1,300,000.00	12/20/2010	100.000

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9,770,000.00

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336,280,000.00

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**SOURCES AND USES OF FUNDS**  
**\*\*\* PRELIMINARY FOR DISCUSSION PURPOSES ONLY \*\*\***  
 City of Dallas, Texas  
 Pension Obligation Refunding Bonds, Series 2011 (Taxable)  
 Aa1/AA+ Uninsured Rates as of 12:04pm CT, 9/16/10  
 Assumes 10 Year Par Call

Dated Date 11/18/2010  
 Delivery  
 Date 11/18/2010

<b>Sources:</b>		
<hr/>		
<b>Bond Proceeds:</b>		
	Par Amount	77,880,000.00
<b>Other Sources of Funds:</b>		
	DSF	667.29
		<hr/>
		<b>77,880,667.29</b>
		<hr/> <hr/>

<b>Uses:</b>		
<hr/>		
<b>Refunding Escrow Deposits:</b>		
	PV cost of cashflows	77,062,500.00
<b>Delivery Date Expenses:</b>		
	Cost of Issuance	233,640.00
	Underwriter's Discount	584,100.00
		<hr/>
		817,740.00
<b>Other Uses of Funds:</b>		
	Additional Proceeds	427.29
		<hr/>
		<b>77,880,667.29</b>
		<hr/> <hr/>

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**SUMMARY OF REFUNDING RESULTS**  
**\*\*\* PRELIMINARY FOR DISCUSSION PURPOSES ONLY \*\*\***  
City of Dallas, Texas  
Pension Obligation Refunding Bonds, Series 2011 (Taxable)  
Aa1/AA+ Uninsured Rates as of 12:04pm CT, 9/16/10  
Assumes 10 Year Par Call

Dated Date	11/18/2010
Delivery Date	11/18/2010
Arbitrage yield	4.295364%
Escrow yield	
Bond Par Amount	77,880,000.00
True Interest Cost	4.374683%
Net Interest Cost	4.356360%
All-In TIC	4.406620%
Average Coupon	4.296011%
Average Life	12.428
Par amount of refunded bonds	75,000,000.00
Average coupon of refunded bonds	
Average life of refunded bonds	12.770
PV of prior debt to 11/18/2010 @ 4.406620%	91,704,607.69
Net PV Savings	14,642,107.69
Percentage savings of refunded bonds	19.522810%

**SAVINGS**

\*\*\* PRELIMINARY FOR DISCUSSION PURPOSES ONLY \*\*\*

City of Dallas, Texas

Pension Obligation Refunding Bonds, Series 2011 (Taxable)

Aa1/AA+ Uninsured Rates as of 12:04pm CT, 9/16/10

Assumes 10 Year Par Call

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings
9/30/2011	4,125,000.00	667.29	4,124,332.71	4,124,332.71	0.00
9/30/2012	4,125,000.00		4,125,000.00	3,271,362.50	853,637.50
9/30/2013	4,312,500.00		4,312,500.00	3,271,362.50	1,041,137.50
9/30/2014	4,500,000.00		4,500,000.00	3,271,362.50	1,228,637.50
9/30/2015	4,500,000.00		4,500,000.00	3,271,362.50	1,228,637.50
9/30/2016	4,781,250.00		4,781,250.00	3,271,362.50	1,509,887.50
9/30/2017	5,062,500.00		5,062,500.00	3,271,362.50	1,791,137.50
9/30/2018	5,062,500.00		5,062,500.00	3,271,362.50	1,791,137.50
9/30/2019	5,062,500.00		5,062,500.00	3,271,362.50	1,791,137.50
9/30/2020	5,531,250.00		5,531,250.00	3,624,702.50	1,906,547.50
9/30/2021	6,000,000.00		6,000,000.00	4,091,042.50	1,908,957.50
9/30/2022	6,000,000.00		6,000,000.00	4,090,678.75	1,909,321.25
9/30/2023	39,936,000.00		39,936,000.00	38,030,815.00	1,905,185.00
9/30/2024	41,236,000.00		41,236,000.00	39,327,157.50	1,908,842.50
	<b>140,234,500.00</b>	<b>667.29</b>	<b>140,233,832.71</b>	<b>119,459,628.96</b>	<b>20,774,203.75</b>

Savings Summary

Savings PV date	11/18/2010
Savings PV rate	4.406620%
PV of savings from cash flow	14,641,680.40
Plus: Refunding funds on hand	427.29
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Net PV Savings	14,642,107.69

**BOND DEBT SERVICE**  
**\*\*\* PRELIMINARY FOR DISCUSSION PURPOSES ONLY \*\*\***  
 City of Dallas, Texas  
 Pension Obligation Refunding Bonds, Series 2011 (Taxable)  
 Aa1/AA+ Uninsured Rates as of 12:04pm CT, 9/16/10  
 Assumes 10 Year Par Call

Period Ending	Principal	Coupon	Interest	Debt Service
9/30/2011	1,695,000	0.750%	2,429,332.71	4,124,332.71
9/30/2012			3,271,362.50	3,271,362.50
9/30/2013			3,271,362.50	3,271,362.50
9/30/2014			3,271,362.50	3,271,362.50
9/30/2015			3,271,362.50	3,271,362.50
9/30/2016			3,271,362.50	3,271,362.50
9/30/2017			3,271,362.50	3,271,362.50
9/30/2018			3,271,362.50	3,271,362.50
9/30/2019			3,271,362.50	3,271,362.50
9/30/2020	360,000	3.700%	3,264,702.50	3,624,702.50
9/30/2021	850,000	4.000%	3,241,042.50	4,091,042.50
9/30/2022	885,000	4.150%	3,205,678.75	4,090,678.75
9/30/2023	35,600,000	4.250%	2,430,815.00	38,030,815.00
9/30/2024	38,490,000	4.350%	837,157.50	39,327,157.50
	<b>77,880,000</b>		<b>41,579,628.96</b>	<b>119,459,628.96</b>

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**SUMMARY OF BONDS REFUNDED**

**\*\*\* PRELIMINARY FOR DISCUSSION PURPOSES ONLY \*\*\***

**City of Dallas, Texas**

**Pension Obligation Refunding Bonds, Series 2011 (Taxable)**

**Aa1/AA+ Uninsured Rates as of 12:04pm CT, 9/16/10**

**Assumes 10 Year Par Call**

	Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
<b>\$75,000,000</b>	<b>Taxable General Obligation Pension Bonds, Series 2005C (Step-up), 2005C:</b>					
	SERIAL	2/15/2023		35,350,000.00	2/15/2011	100.000
		2/15/2024		39,650,000.00	2/15/2011	100.000
				75,000,000.00		

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**SOURCES AND USES OF FUNDS**

**General Obligation**

**City of Dallas, Texas Equipment Acquisition Contractual Obligations, Series 2010**

Dated Date 11/1/2010

Delivery

Date 11/18/2010

Sources:	Sanitation Services Equipment	Court and Detention Equipment	Fire Equipment	Total
<b>Bond Proceeds:</b>				
Par Amount	3,880,000.00	6,765,000.00	8,075,000.00	18,720,000.00
Accrued Interest	4,030.42	7,187.22	8,577.92	19,795.56
Premium	140,884.40	287,221.75	342,780.00	770,886.15
	<u>4,024,914.82</u>	<u>7,059,408.97</u>	<u>8,426,357.92</u>	<u>19,510,681.71</u>

Uses:	Equipment Notes - Sanitary System Projects	Equipment Notes - Court Projects	Equipment Notes - Fire Dept Projects	Total
<b>Project Fund Deposits:</b>				
Project Fund	3,985,000.00	7,000,000.00	8,350,000.00	19,335,000.00
<b>Other Fund Deposits:</b>				
Accrued Interest	4,030.42	7,187.22	8,577.92	19,795.56
<b>Delivery Date Expenses:</b>				
Underwriter's Discount	21,340.00	37,207.50	44,412.50	102,960.00
Cost of Issuance	10,363.25	18,068.91	21,567.84	50,000.00
	<u>31,703.25</u>	<u>55,276.41</u>	<u>65,980.34</u>	<u>152,960.00</u>
<b>Other Uses of Funds:</b>				
Additional Proceeds	4,181.15	-3,054.66	1,799.66	2,926.15
	<u>4,024,914.82</u>	<u>7,059,408.97</u>	<u>8,426,357.92</u>	<u>19,510,681.71</u>

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**BOND DEBT SERVICE**  
**General Obligation**  
**City of Dallas, Texas Equipment Acquisition Contractual Obligations, Series 2010**

<u>Period Ending</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Debt Service</u>
9/30/2011	780,000	2.000%	330,702.23	1,110,702.23
9/30/2012	4,490,000	2.000%	403,600.00	4,893,600.00
9/30/2013	4,485,000	2.000%	313,800.00	4,798,800.00
9/30/2014	4,485,000	2.000%	224,100.00	4,709,100.00
9/30/2015	4,480,000	3.000%	134,400.00	4,614,400.00
	<b>18,720,000</b>		<b>1,406,602.23</b>	<b>20,126,602.23</b>

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# FY 2010-11 Equipment Acquisition Notes Summary

## Equipment Acquisition Notes

### **Fire & Rescue Department**

Fire Engines (8 units)	\$4,192,800
Quint Engine (1 unit)	\$813,750
Aerial Trucks (3 units)	\$2,899,050
Battalion Vehicles (3 units)	\$146,130
EMS SDO Vehicles (2 units)	\$85,000
Ford Escapes (8 units)	\$176,400
Arson Vehicle (1 unit)	\$31,175
	<hr/>
	<b>\$8,344,305</b>

### **Court and Detention Services**

Court Case Management System	<b>\$7,000,000</b>
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### **Sanitation Services**

Rotobooms (7 units)	\$606,940
Transfer Trucks & Trailers (7 units)	\$710,692
Box Vans (2 units)	\$80,000
Pick Up Trucks (7 unit)	\$123,960
Broom Trucks (3 unit)	\$362,154
Light Plants (2 unit)	\$22,000
Skid Steer Sweeper (1 unit)	\$50,000
Stationary Knuckle Brooms (1 unit)	\$170,000
Dozer (1 unit)	\$586,743
Wheel Loader (1 unit)	\$715,800
Articulating Dump Truck (1 unit)	\$555,660
	<hr/>
	<b>\$3,983,949</b>

### **Total Equipment Acquisition Notes**

**\$19,328,254**

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## Estimated Issuance Costs

	General Obligation Refunding	Pension Obligation Refunding	Equipment Acquisition Notes	Total Issuance Costs
<b>Co-Bond Counsel</b>				
Vinson and Elkins L.L.P.	\$ 200,000	\$ 40,000	\$ 15,000	\$ 255,000
West & Associates L.L.P.*	92,123	18,425	4,452	115,000
<b>Co-Financial Advisors</b>				
First Southwest Company	157,200	42,000	17,601	216,801
Estrada Hinojosa*	104,800	28,000	11,734	144,534
<b>Official Statement Printing</b>				
TBD	8,011	1,602	387	10,000
<b>Structuring fees</b>				
First Southwest Company	48,000	-	-	48,000
Estrada Hinojosa*	12,000	-	-	12,000
<b>Rating Agencies</b>				
Moody's Investors Service	53,575	10,715	2,590	66,880
Standard & Poor's	38,415	7,683	1,857	47,955
<b>External Auditor</b>				
Grant Thornton L.L.P.	7,610	1,522	368	9,500
<b>Filing Fee</b>				
Attorney General	9,500	9,500	9,500	28,500
<b>Total Issuance Costs</b>	<b>\$ 731,234</b>	<b>\$ 159,447</b>	<b>\$ 63,489</b>	<b>\$ 954,170</b>

\*Total M/WBE Participation as % of Total Issuance Costs: 28.46%

# Memorandum



**Date** September 24, 2010

**To** Honorable Members of the Budget, Finance, & Audit Committee:  
Chair Jerry Allen, Vice-Chair Ann Margolin, Vonciel Jones Hill, Delia Jasso, Ron Natinsky,  
David A. Neumann

**Subject** FY 2008-09 Year End Report

Attached for your review is the FY 2008-09 Year End Report. The purpose of the Year End Report is to communicate the final status of year-end total expenditures compared to appropriations, total revenues compared to budget, and significant expenditure and revenue variances (compared to budget) for all operating funds. This report is the conclusion of Financial Forecast Reports that were provided through FY 2008-09. In addition, the report provides a status of compliance with the Financial Management Performance Criteria (FMPC).

Please let me know if you have any questions.



Jeanne Chipperfield  
Chief Financial Officer

## Attachment

c: Mary K. Suhm, City Manager  
Ryan S. Evans, First Assistant City Manager  
A.C. Gonzalez, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Forest Turner, Assistant City Manager  
Deborah Watkins, City Secretary  
Thomas P. Perkins, Jr., City Attorney  
Craig Kinton, City Auditor

**General Fund  
Comparison of Year End 2008-09  
Revenues and Expenditures  
(000s)**

<b>ITEM</b>	<b>AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>OVER/(UNDER) BUDGET</b>
Revenues	\$1,080,995	\$1,021,770	(\$59,224)
Expenditures	1,094,516	1,037,499	(57,017)
Sub Total	(13,522)	(15,729)	(2,207)
Use of One Time Resources	13,522	15,729	
Net Excess/(Deficiency) of Revenues Over Expenditures and Transfers to Reserves		<u><u>0</u></u>	

# End of Year Report FY 2008-09

## General Fund

### REVENUES:

- Total General Fund revenues are \$59,224,000 below budget.
  - Sales Tax revenues are \$29,221,000 below budget due to the weak economy.
  - Atmos Energy Franchise Fees are \$2,866,000 below budget due to a warmer than average winter, which decreased gas usage.
  - Interest earned revenues are \$2,195,000 below budget due to lower than projected interest rates.
  - Municipal Court Fines revenue are \$2,970,000 below budget due to a decrease in the number of citations issued and increases in partial payments of fines and work-release in lieu of fines.
  - Vehicle Towing and Storage revenues are \$1,100,000 above budget primarily due to towing of vehicles lacking proof of auto insurance.
  - Red Light Camera Fines are \$4,291,000 below budget primarily due to decreased citations as a result of delays in getting TXDOT's approval to install new cameras.
  - Public Library Fines revenues are \$73,000 above budget primarily due to an increase in collections.
  - Park and Recreation revenues are \$1,057,000 above budget primarily due to a one-time payment from the Live Nation audit.
  - Private Disposal Fees are \$6,378,000 below budget primarily due to the effects of the economy and reduced waste streams from two major customers
  - Emergency Ambulance Response revenues are \$2,308,000 above budget primarily due to improved data collection methods and billing efforts through the electronic patient care reporting system and the corresponding yield from the fee increase.
  - Security Alarm revenues are \$952,000 below budget due to lower than anticipated fees for false calls.
  - Street Lighting revenues are \$184,000 above budget due to higher than anticipated revenues from Texas Department of Transportation (TxDOT).
  - Vital Statistics revenues are \$267,000 below budget primarily due to a decrease in the sale of death certificates as a result of implementation of the State's new on-line death registration system.
  - Miscellaneous Revenues are \$5,820,000 below budget primarily due to a drop in the re-sale value of recyclable paper and cardboard and revenue from the utility audit will be received in FY09-10.

## **EXPENDITURES:**

- Total General Fund expenditures are \$57,017,000 below budget.
  - Court and Detention Services is \$1,465,000 below budget primarily due to delays in hiring and the worker's compensation rebate
  - Development Services is \$184,000 below budget primarily due to delays in hiring.
  - Elections are \$266,000 below budget primarily due to lower than anticipated costs for the May 2009 general election.
  - Office of Emergency Management is \$556,000 below budget primarily due to receipt of the Emergency Management Performance Grant and the CIS rebate.
  - Office of Environmental Quality is \$94,000 below budget primarily due to delays in hiring.
  - Public Works and Transportation is \$6,055,000 below budget primarily due to a reduced payment to the State for Red Light Camera fines, delays in hiring, fuel and electricity savings.
  - Sanitation Services is \$11,164,000 below budget primarily due to lower than anticipated costs for storm clean-up, fuel savings, worker's compensation rebate, delay of equipment rebuilds at the landfill, city facility garbage collection costs, and recycling education initiatives.
  - Street Services is \$8,225,000 below budget primarily due to elimination of the micro and slurry sealant preventative maintenance contracts, delays in hiring, fuel savings, and the worker's compensation rebate.
  - Contingency Reserve is \$941,000 below budget due to a lower than anticipated transfer to replenish the prior year's usage of the reserve.
  - Liability/Claims Fund is \$961,000 below budget primarily due to lower than anticipated funding requirements for liability claims.



## **Other Funds**

- Aviation expenditures are \$4,409,000 below budget primarily due to delays in hiring, electricity savings, and reduction in professional services contract for Legend Terminal litigation.
- Convention and Event Services expenses are \$14,605,000 below budget primarily due to debt service savings realized as a result of the February 2009 restructuring of the Convention Center's outstanding debt, which are partially offset by partial repayment of General Fund loans made in FY 07 and FY 08. Revenues are \$15,485,000 below budget primarily due to lower than budgeted Hotel Occupancy Tax revenue and the elimination of the planned transfer from the General Fund.
- The \$5,021,000 reduction in Development Services' expenses is primarily the result of holding vacancies, and the sub-contracting of services to Code Compliance. Also contributing to the reductions are savings in materials, supplies, fuel, travel and training. Revenues are \$6,348,000 below budget due to a reduction in construction activity.
- Municipal Radio expenses are \$588,000 below budget primarily due to delays in hiring. Revenues are \$754,000 below budget due to a decrease in local and national advertising sales.
- Equipment Services revenues are \$11,694,000 below budget and expenses are \$11,132,000 below budget primarily due to lower than budgeted fuel prices.
- Office Services expenses are \$801,000 below budget primarily due to a decrease in the cost of goods sold and revenues are \$537,000 below budget primarily due a decrease in the number of vehicles auctioned due to abandonment at the auto pound as a result of transferring accident response on some highways to the Dallas County Sheriff's Office.
- Employee Benefits are \$209,000 below budget primarily due to delays in hiring.
- 9-1-1 System Operations expenses are \$2,311,000 below budget primarily due to lower than budgeted expenditures for telephone service and transfers.
- Storm Water Drainage expenses are \$4,880,000 below budget due to lower than budgeted expenditures eligible for reimbursement.

## **Debt Service Fund**

- Debt Service revenues are \$35,259,000 above budget primarily due to an unbudgeted reimbursement from the proceeds of the Convention Hotel Bonds. The proceeds were used to call the portion of the certificates of obligation (CO's) issued to acquire land for the hotel site, on October 5, 2009. There were also additional transfers from bond interest earnings that offset the lower than anticipated revenues from property taxes.

**General Fund  
Year End 2008-09 Revenues  
(000s)**

	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>OVER/(UNDER) BUDGET</u>
<b>TAXES</b>			
Ad Valorem Tax	\$467,275	\$460,471	(\$6,804)
Sales Tax	236,135	206,914	(29,221)
<b>FRANCHISE REVENUES</b>			
Oncor Electric	48,186	49,437	1,251
AT&T	22,500	21,258	(1,242)
Atmos Energy	14,000	11,134	(2,866)
Time Warner Cable	6,000	6,316	316
Other	12,844	14,551	1,707
<b>TOTAL TAXES &amp; FRANCHISE REVENUES</b>	<b>806,940</b>	<b>770,080</b>	<b>(36,860)</b>
<b>LICENSES AND PERMITS</b>	<b>8,378</b>	<b>8,246</b>	<b>(133)</b>
<b>INTEREST EARNED</b>	<b>5,872</b>	<b>3,677</b>	<b>(2,195)</b>
<b>INTERGOVERNMENTAL</b>	<b>5,975</b>	<b>6,470</b>	<b>495</b>
<b>FINES AND FORFEITURES</b>			
Municipal Court	19,153	16,183	(2,970)
Vehicle Towing and Storage	6,555	7,654	1,100
Parking Fines	5,770	5,248	(522)
Red Light Camera Fines	11,369	7,078	(4,291)
Public Library	650	723	73
<b>TOTAL FINES</b>	<b>43,497</b>	<b>36,886</b>	<b>(6,611)</b>
<b>CHARGES FOR SERVICE</b>			
Sanitation Service	61,667	61,477	(190)
Parks	9,279	10,335	1,057
Private Disposal Fees	28,667	22,289	(6,378)
Emergency Ambulance	16,650	18,958	2,308
Security Alarm	4,650	3,698	(952)
Street Lighting	1,392	1,576	184
Vital Statistics	2,400	2,133	(267)
Other	13,117	12,835	(282)
<b>TOTAL CHARGES FOR SERVICE</b>	<b>137,821</b>	<b>133,302</b>	<b>(4,519)</b>
<b>INTERFUND REVENUE</b>	<b>57,948</b>	<b>54,367</b>	<b>(3,581)</b>
<b>MISCELLANEOUS</b>	<b>14,563</b>	<b>8,743</b>	<b>(5,820)</b>
<b>TOTAL REVENUE</b>	<b>1,080,995</b>	<b>1,021,770</b>	<b>(59,224)</b>
<b>USE OF ONE TIME RESOURCES</b>	<b>13,522</b>	<b>15,729</b>	<b>2,207</b>
<b>TOTAL RESOURCES</b>	<b>\$1,094,516</b>	<b>\$1,037,499</b>	<b>(\$57,017)</b>

**General Fund  
Year End 2008-09 Expenditures  
(000s)**

<b>DEPARTMENT</b>	<b>AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>OVER/(UNDER) BUDGET</b>
Building Services	\$15,422	\$15,369	(\$53)
Business Development and Procurement Services	3,043	2,960	(83)
City Attorney's Office	13,043	12,920	(123)
City Auditor's Office	2,801	2,681	(119)
City Manager's Office	2,610	2,595	(15)
City Secretary's Office	1,950	1,925	(25)
Civil Service	2,091	2,002	(89)
Code Compliance	26,024	24,189	(1,835)
Court Services	12,206	10,741	(1,465)
Development Services	1,162	979	(184)
Elections	1,460	1,194	(266)
Environmental and Health Services	20,648	19,208	(1,441)
Fire	202,748	199,090	(3,658)
Housing	1,341	1,309	(32)
Human Resources	6,054	5,578	(476)
Independent Audit	982	982	0
Judiciary	2,884	2,675	(209)
Library	31,485	28,671	(2,813)
Mayor and Council	3,932	3,652	(280)
Non-Departmental	22,024	21,922	(103)
Office of Cultural Affairs	16,281	15,640	(640)
Office of Economic Development	3,930	3,786	(144)
Office of Emergency Management	1,178	622	(556)
Office of Environmental Quality	909	815	(94)
Office of Financial Services	17,428	17,266	(162)
Park and Recreation	75,889	74,287	(1,602)
Police	423,839	411,050	(12,789)
Public Works and Transportation	27,831	21,776	(6,055)
Sanitation Services	79,120	67,956	(11,164)
Street Lighting	18,987	18,572	(414)
Street Services	38,041	29,816	(8,225)
<b>OTHER</b>			
Appraisal Districts	3,383	3,383	0
Jail Contract - Lew Sterrett	6,839	6,839	0
Dallas County Tax Collection	542	542	0
<b>RERSERVES AND TRANSFERS</b>			
Contingency Reserve	3,211	2,270	(941)
Liability/Claims Fund	3,199	2,238	(961)
<b>TOTAL EXPENDITURES</b>	<b>\$1,094,516</b>	<b>\$1,037,499</b>	<b>(\$57,017)</b>

**Proprietary Funds**  
**Year End 2008-09 Revenues and Expenditures**  
**(000s)**

<b>DEPARTMENT</b>	<b>AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>OVER/(UNDER) BUDGET</b>
<b>AVIATION</b>			
Revenues	\$44,150	\$43,746	(\$404)
Expenditures	42,514	38,105	(4,409)
Net Excess of Revenues Over Expenditures	<u><b>\$1,636</b></u>	<u><b>\$5,641</b></u>	<u><b>\$4,005</b></u>
<b>CONVENTION CENTER</b>			
Revenues	\$67,330	\$51,845	(\$15,485)
Expenditures	67,165	52,559	(14,605)
Net Excess of Revenues Over Expenditures	<u><b>\$165</b></u>	<u><b>(\$715)</b></u>	<u><b>(\$880)</b></u>
<b>DEVELOPMENT SERVICES</b>			
Revenues	\$22,271	\$15,924	(\$6,348)
Expenditures	26,765	21,744	(5,021)
Net Excess of Revenues Over Expenditures	<u><b>(\$4,493)</b></u>	<u><b>(\$5,820)</b></u>	<u><b>(\$1,327)</b></u>
<b>MUNICIPAL RADIO</b>			
Revenues	\$3,623	\$2,869	(\$754)
Expenditures	3,459	2,870	(588)
Net Excess of Revenues Over Expenditures	<u><b>\$165</b></u>	<u><b>(\$2)</b></u>	<u><b>(\$166)</b></u>
<b>WATER UTILITIES</b>			
Revenues	\$511,159	\$480,393	(\$30,766)
Expenditures	511,159	480,568	(30,591)
Net Excess of Revenues Over Expenditures	<u><b>\$0</b></u>	<u><b>(\$175)</b></u>	<u><b>(\$175)</b></u>
<b>COMMUNICATION &amp; INFORMATION SVCS</b>			
Revenues	\$46,472	\$42,177	(\$4,294)
Expenditures	44,520	40,571	(3,949)
Net Excess of Revenues Over Expenditures	<u><b>\$1,951</b></u>	<u><b>\$1,606</b></u>	<u><b>(\$345)</b></u>
<b>EQUIPMENT SERVICES</b>			
Revenues	\$56,835	\$45,141	(\$11,694)
Expenditures	56,783	45,651	(11,132)
Net Excess of Revenues Over Expenditures	<u><b>\$52</b></u>	<u><b>(\$510)</b></u>	<u><b>(\$562)</b></u>
<b>OFFICE SERVICES</b>			
Revenues	\$4,657	\$3,856	(\$801)
Expenditures	4,681	4,144	(537)
Net Excess of Revenues Over Expenditures	<u><b>(\$24)</b></u>	<u><b>(\$288)</b></u>	<u><b>(\$264)</b></u>

**Other Funds**  
**Year End 2008-09 Revenues and Expenditures**  
**(000s)**

<b>DEPARTMENT</b>	<b>AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>OVER/(UNDER) BUDGET</b>
<b>EMPLOYEE BENEFITS</b>	<b>\$857</b>	<b>\$648</b>	<b>(\$209)</b>
<b>RISK MANAGEMENT</b>	<b>\$2,784</b>	<b>\$2,555</b>	<b>(\$229)</b>
<b>9-1-1 SYSTEM OPERATIONS</b>			
Revenues	\$13,391	\$12,810	(\$581)
Expenditures	16,061	13,750	(2,311)
Net Excess of Revenues Over Expenditures	<u><b>(\$2,670)</b></u>	<u><b>(\$940)</b></u>	<u><b>\$1,730</b></u>
<b>STORM WATER DRAINAGE MANAGEMENT</b>			
Revenues	\$35,110	\$35,589	\$479
Expenditures	36,181	31,301	(4,880)
Net Excess of Revenues Over Expenditures	<u><b>(\$1,072)</b></u>	<u><b>\$4,288</b></u>	<u><b>\$5,359</b></u>

**Debt Service Fund**  
**Year End 2008-09 Revenues and Expenditures**  
**(000s)**

<u>DEPARTMENT</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>OVER/(UNDER) BUDGET</u>
Beginning Balance	\$6,385	\$3,470	(\$2,915)
Revenues	242,349	277,608	35,259
Expenditures	250,279	250,034	(245)
Ending Balance	<u><u>(\$1,545)</u></u>	<u><u>\$31,044</u></u>	<u><u>\$32,589</u></u>

# FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

## Year Ending September 30, 2009

### Operating Program Status

1. The City shall operate on a current funding basis. Expenditures shall be budgeted and controlled so as not to exceed current revenues plus the planned use of undesignated fund balance accumulated through prior year surplus. Nonrecurring or one-time revenues should, to the extent possible, only be used for one-time expenditures (expenditures not expected to reoccur and requiring future appropriations) to avoid future shortfalls.
  
2. The year-to-year increase of actual revenue from the levy of the ad valorem tax will generally not exceed 8%:
  - Excluding taxable value gained through annexation or consolidation;
  - Excluding the value gained through new construction;
  - Excluding expenditure increases mandated by the voters or another governmental entity; and
  - Not excluding the valuation gained through revaluation or equalization programs.
  
3. Debt will not be used to fund current operating expenditures.
  
4. All retirement systems will be financed in a manner to systematically fund liabilities. The City will assure sufficient funds are provided to pay current service plus interest on unfunded liabilities plus amortization of the unfunded liabilities over a programmed period. No less than annual reviews will be provided to Council by the pension funds.

### Status

In Compliance  
 Current revenues were sufficient to support current expenditures in all operating funds in FY 2008-09.

In Compliance  
 The % change in base revenue (from FY 2007-08 to FY 2008-09) was 1.92%.

Adjusted revenues cannot exceed "base" revenues more than 8%.

Base revenues = FY 2007-08 actual revenues from current tax roll (in 000's)	\$ 606,410
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2008-09 Ad-Valorem Tax Revenue	\$ 647,697
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Less: Voter Mandated-Debt Service	\$ 15,950
Growth from Annexation	\$ 0
Growth from New Construction	<u>\$ 13,709</u>

Adjusted revenue recommendation:	\$ 618,038
% Change from base revenues:	1.92%

In Compliance  
 No debt was programmed in the Operating Budget to fund current expenses.

In Compliance

# FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2009

## Operating Program Status (Continued)

## Status

5. Actuarial analysis will be performed annually on all retirement systems. Adjustments in benefits and contributions will be authorized only after meeting the test of actuarial soundness. All health plans should have actuarial reviews performed bi-annually to determine the required levels of funding necessary. These health plans shall be financed in a manner to ensure sufficient funds are available to fund current liabilities and provide some reserve levels for extraordinary claims.
- In Compliance
6. Each enterprise fund of the City will maintain revenues which support the full (direct and indirect) cost of the utility. In addition, each Enterprise Fund and Internal Service Fund should maintain at least 30 days of budgeted operations and maintenance expense in net working capital, and avoid cash deficits.
- Not In Compliance  
Some funds do not have sufficient fund balance to meet the 30 day guideline.
7. The Emergency Reserve shall be used to provide for temporary financing of unanticipated or unforeseen extraordinary needs of an emergency nature; for example, costs related to a natural disaster or calamity, a 5% decline in property values, or an unexpected liability created by Federal or State legislative action. Funds shall be allocated from the Emergency Reserve only after an analysis has been prepared by the City Manager and presented to City Council. The analysis shall provide sufficient evidence to establish that the remaining balance is adequate to offset potential downturns in revenue sources. The analysis shall address the nature of the proposed expenditure and the revenue requirement in subsequent budget years. Prior to allocating funds from the Emergency Reserve, the City Council shall find that an emergency or extraordinary need exists to justify the use of these funds. Funds shall be allocated each year in the budget process to replace any use of the Emergency Reserve funds during the preceding fiscal year to maintain the balance of the Emergency Reserve levels.
- In Compliance



# FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2009

## Operating Program Status (Continued)

## Status

8. The Contingency Reserve shall be used to provide for unanticipated needs that arise during the year: for example, expenses associated with new service needs that have been identified after the budget process, new public safety or health needs, revenue shortfalls, service enhancements, or opportunities to achieve cost savings. Funds shall be allocated from the Contingency Reserve only after an analysis has been prepared by the City Manager and presented to the City Council outlining the initial and recurring costs associated with the proposed expenditure. Additionally, these funds would be used prior to use of the Emergency Reserve funds. Funds shall be allocated each year in the budget process to replace any use of the Contingency Reserve funds during the preceding fiscal year and to maintain the balance of the Contingency Reserve at a level ranging from ½% to 1% of budgeted departmental expenditures.

In Compliance

The Contingency Reserve was funded at \$5,469,847, 0.50% of the General Fund budget. The Contingency Reserve ending balance was \$4,923,005 on 9/30/09.

9. The combined levels of the Emergency Reserve and the Contingency Reserve shall be maintained at a level which, when added to the end-of-year unreserved, undesignated fund balances of the General Fund is not less than 5% of the General Fund operating expenditures less debt service.

In Compliance

Emergency Reserve 9/30/09 (actual)	\$ 17.6M
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Contingency Reserve 9/30/09 (actual)	\$ 4.9M
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Fund Balance 9/30/09 (actual)	<u>\$ 47.4M</u>
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Combined	\$ 69.9M
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\$69.9M is 6.74% of \$1,037.5M

**FINANCIAL MANAGEMENT PERFORMANCE CRITERIA**  
**Year Ending September 30, 2009**

**Operating Program Status (Continued)**

**Status**

10. A Risk Reserve shall be maintained at a level, which, together with purchased insurance policies, adequately protects the City's assets against loss. An analysis shall be conducted every three years or when the deductible level of the City's property insurance is modified (whichever is earlier), to determine the appropriate level of this reserve.

In Compliance  
The Risk Reserve was funded at \$1,250,000. The ending balance was \$1,250,000 on 9/30/09.

11. A General Fund liability fund shall be budgeted annually to provide for outstanding and anticipated claims expense and resulting liabilities during the budget year. An individual judgment settlement cap is set at \$5,000,000. The Emergency Reserve will be accessed should the cap be exceeded. An independent actuarial analysis shall be conducted every two years to determine the appropriate level of this fund.

In Compliance

12. Consider the establishment of a Landfill Closure / Post-Closure Reserve to provide for any future potential liabilities. Analysis will be performed periodically to determine appropriate timing and amount of funding needs. Funds could be allocated from an increase in user fees.

Establishment of reserve not recommended at this time.

13. Operating expenditures will be programmed to include current costs of fully maintaining City facilities, including parks, streets, levees, vehicles, buildings, and equipment. A cost benefit analysis will be performed on replacement cost versus projected required maintenance costs to determine the level at which City facilities should be maintained. The analysis will also determine the long-term cost of any potential deferred maintenance cost. Normal maintenance will be funded through the operating budget.

Not In Compliance

**FINANCIAL MANAGEMENT PERFORMANCE CRITERIA**  
**Year Ending September 30, 2009**

**Operating Program Status (Continued)**

**Status**

- |   |  |
|---|--|
| 14. An annual assessment and five year projection for all equipment and maintenance needs should be performed, and a maintenance and replacement schedule developed based on the projection.  | In Compliance  |
| 15. An annual review of selected fees and charges will be conducted to determine the extent to which the full cost of associated services is being recovered by revenues. All fees and charges will be reviewed at least once every four years. | In Compliance<br>A fees and charges study was completed for approximately 25% of all fees in FY 2008-09. |

**Capital and Debt Management**

- |  |                            |
|--|----------------------------|
| 16. Any capital projects financed through the issuance of bonds shall be financed for a period not to exceed the expected useful life of the project. (Bonds issued for street resurfacing shall be financed for a period not to exceed 10 years.)   | In Compliance              |
| 17. The net (non self-supporting) General Obligation (G.O.) Debt of Dallas will not exceed 4% of the true market valuation of the taxable property of Dallas.  | In Compliance<br>1.8%      |
| 18. Total direct plus overlapping debt shall be managed so as to not exceed 8% of market valuation of taxable property of Dallas. All debt, which causes total direct plus overlapping debt to exceed 6% of market valuation, shall be carefully planned and coordinated with all overlapping jurisdictions. | In Compliance<br>3.7%      |
| 19. Interest expenses and other capital related expenses incurred prior to actual operation will be capitalized only for facilities of enterprise activities.  | In Compliance              |
| 20. Average (weighted) General Obligation bond maturities (exclusive of Pension Obligation Bonds) shall be kept at or below 10 years.  | In Compliance<br>7.6 Years |

**FINANCIAL MANAGEMENT PERFORMANCE CRITERIA**  
**Year Ending September 30, 2009**

**Capital and Debt Management (Continued)**

**Status**

- |  |  |
|--|--|
| <p>21. Annual General Obligation debt service (contribution) including certificates of obligation debt for risk management funding shall not exceed 20% of the total governmental fund expenditures (comprised of general fund, special funds, debt service funds and capital project funds).</p>  | <p>In Compliance<br/>13.6%</p>                                     |
| <p>22. Per Capita General Obligation Debt including Certificates of Obligation, Equipment Acquisition Notes and General Obligation Bonds will be managed to not exceed 10% of the latest authoritative computation of Dallas' per capita annual personal income.</p>   | <p>In Compliance<br/>3.6% - Total Debt<br/>2.8% - GO Bond Debt</p> |
| <p>23. Debt may be used to finance betterments intended to extend service life of original permanent capital improvements under the following conditions:</p> <ul style="list-style-type: none"> <li>• the original improvement is at or near the end of its expected service life;</li> <li>• the betterment extends the life of the original improvement by at least one third of the original service life;</li> <li>• the life of the financing is less than the life of the betterment;</li> <li>• the betterment is financed through either C.O.'s or G.O.'s.</li> </ul> | <p>In Compliance</p>   |
| <p>24. Interest earnings from G.O. Bonds shall be used solely to fund capital expenditures, debt service, or used to fund a reserve for capital contingencies.</p>   | <p>In Compliance</p>   |
| <p>25. Certificates of Obligation should be used only to fund tax-supported projects previously approved by the voters; or for risk management funding as authorized by the City Council; or non-tax revenue-supported projects approved by City Council.</p>  | <p>In Compliance</p>   |

# FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2009

<u>Capital and Debt Management (Continued)</u>	<u>Status</u>
<p>26. Certificates of Obligation (C.O.) Debt including that for risk management funding supported by an ad valorem tax pledge should not exceed 15% of total authorized and issued General Obligation (G.O.) Debt.</p> <ul style="list-style-type: none"><li>• All C.O.'s issued in lieu of revenue bonds should not exceed 10% of outstanding G.O. Debt.</li></ul>	In Compliance 1.4%
<p>27. Certificates of Obligation will be limited to projects consistent with Financial Management Performance Criteria for debt issuance.</p>	In Compliance
<p>28. Certificates of Obligation for an enterprise system will be limited to only those projects, which can demonstrate the capability to support the certificate debt either through its own revenues, or another pledged source other than ad valorem taxes.</p>	In Compliance
<p>29. Certificates of Obligation authorization will remain in effect for no more than five years from the date of approval by the City Council.</p>	In Compliance
<p>30. Certificates of Obligation authorized for risk management funding shall be issued for a term not to exceed 20 years.</p>	In Compliance
<p>31. Tax Increment Financing zones should be established where revenues will recover 1.25 times the public cost of debt in order to provide an adequate safety margin.</p>	In Compliance
<p>32. No more than 10% of the property (i.e. parcels) in a Tax Increment Financing zone, excluding property dedicated for public use, may be used for residential purposes. "Residential purposes" includes property occupied by a house, which has less than five living units.</p>	In Compliance

# FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2009

## Capital and Debt Management (Continued)

## Status

33. Pursuant to the provisions of the Texas Tax Code, the City creates reinvestment zones both for tax increment financing ("TIF RZ") and for the tax abatement ("TA RZ"). TA RZs are created for the purpose of granting tax abatement on real or business personal property or both located in the TA RZ. For the FMPC, TIF RZs and TA RZs shall be referred to as Reinvestment Zones ("RZ").

In Compliance

No RZ can be created if the total property tax base of certain TIF RZs plus the total real property and business personal property tax base (if there is business personal property tax being abated) of TA RZs exceeds 10% of the total tax base (all real and business personal property) of the City. Reinvestment zones that are no longer collecting tax increment or abating taxes (i.e. now contributing 100% to the City of Dallas property tax revenues) will be excluded from the calculation.

34. All PID and TIF proposals, even "pay-as-you-go" projects, will be evaluated for service impact. A five-year fiscal note must accompany any request to establish a PID or TIF including repayment terms of any inter-fund borrowing.

In Compliance

# FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2009

## Capital and Debt Management (Continued)

### Status

35. All adopted PID or TIF debt issuances supported by a district's revenues, are subject to the following criteria:

In Compliance

- Coverage Tests - The project should provide for revenues, net of overlapping taxes, of 1.25 times maximum annual debt service requirement. The issuance of TIF bonds may be considered prior to achieving coverage ratio of 1.25 if:

< a developer or property owner provides a credit enhancement such as a letter of credit or bond insurance from an AAA-rated financial institution for the entire amount of the debt issue; and

< in the event that there is insufficient TIF increment revenues to retire TIF bonds, which event consequently requires that the credit enhancement mechanism be called upon to service the TIF bonded indebtedness, contingent liability to reimburse a credit-enhancer would be the sole liability of the developer or its affiliates; and

< in the event that there are changes in the rating of the financial institution providing credit enhancement, then that institution shall be replaced with an AAA-rated financial institution within 90 days; and

< in the event that no replacement of an AAA-rated institution is provided, no further TIF bonds in advance of the 1.25 coverage ratio will be provided for any additional TIF projects undertaken by the developer or its affiliates.

**FINANCIAL MANAGEMENT PERFORMANCE CRITERIA**  
**Year Ending September 30, 2009**

**Capital and Debt Management (Continued)**

**Status**

- Additional Bonds Test - the project should include an additional bonds test parallel to the coverage test.
- Reserve Fund - the project should include a debt service reserve fund equal to the maximum annual debt service requirements.
- Limitations on Amount of PID/TIF Bonds- The total amount of PID/TIF indebtedness will be included and managed as part of the City's overlapping debt, and
- The total amount of PID/TIF debt outstanding should generally not exceed 20% of the City's outstanding general obligation indebtedness.
- PID/TIF bonds should be limited to projects consistent with the City's previously adopted Financial Management Performance Criteria for debt issuance.
- PID bonds should be limited to those projects, which can demonstrate the ability to support the debt either through its own revenues or another pledge source other than ad valorem taxes.
- PID/TIF bond authorizations should remain in effect for no more than five years from the date of City Council approval.

In Compliance

36. All adopted PID or TIF debt issuances must mature on or before the termination date of the respective PID or TIF district and, further, all bonds must also conform to the district's Financial Plan by maturing on or before the plan's projected date by which all district expenses would be paid, including repayment of bonds.

In Compliance



**FINANCIAL MANAGEMENT PERFORMANCE CRITERIA**  
**Year Ending September 30, 2009**

**Capital and Debt Management (Continued)**

**Status**

- |   |                      |
|---|----------------------|
| <p>37. The City will not propose the issuance of any unrated, high yield PID/TIF bond which could be labeled a "high risk bond" except for small (less than \$5 million) private placements coordinated with the City's Financial Advisor.</p> <ul style="list-style-type: none"><li>• All projects must be carefully evaluated for credit-worthiness and meet the criteria above whether or not a credit rating is obtained.</li></ul> | <p>In Compliance</p> |
| <p>38. The City should use PID/TIF bonds only when other options have been considered.</p>  | <p>In Compliance</p> |
| <p>39. Advance refunding and forward delivery refunding transactions should be considered when the net present value savings as a percentage of the par amount of refunded bonds is at least 4%.</p> <p>Current refunding transactions should be considered when the net present value savings as a percentage of the par amount of refunded bonds is at least 3%.</p>  | <p>In Compliance</p> |
| <p>40. Each Enterprise Fund (where applicable) will maintain fully funded debt service reserves. A surety bond (or other type of credit facility such as a letter of credit) may be used in lieu of funding the reserve if the former is economically advantageous.</p>   | <p>In Compliance</p> |

**FINANCIAL MANAGEMENT PERFORMANCE CRITERIA**  
**Year Ending September 30, 2009**

**Accounting, Auditing, and Financial Planning**

**Status**

41. The City will establish and maintain a high degree of accounting practices; accounting practices will conform to generally accepted accounting principles as set forth by the authoritative standard setting body for units of local government.

In Compliance  
The basis of budgeting for all funds essentially follows the basis of accounting (modified accrual). The major differences between the budgeting and accounting basis are: 1) encumbrances are recorded as expenditures (budget basis) rather than as a reservation of fund balance (accounting basis); 2) compensated absences (accrued but unused leave) are not reflected in the budget; 3) depreciation expense is not included in the budget basis.

42. An annual audit will be performed by an independent public accounting firm, with the subsequent issue of an official Comprehensive Annual Financial Report (CAFR) within 120 days of the City's fiscal year end.

Not in Compliance  
FY 2008-09 CAFR was issued in June 2010.

43. Full disclosure will be provided in the annual financial statements and bond representations.

In Compliance

**Budget**

44. Revenues and expenditures will be projected annually for at least three years beyond the current budget projections.

In Compliance

45. Financial systems will be maintained to monitor expenditures, revenues and performance of all municipal programs on an ongoing basis.

In Compliance

46. Operating expenditures will be programmed to include the cost of implementing service of the capital improvements, and future revenues necessary for these expenditures will be estimated and provided for prior to undertaking the capital improvement.

In Compliance

**FINANCIAL MANAGEMENT PERFORMANCE CRITERIA**  
**Year Ending September 30, 2009**

**Budget (Continued)**

**Status**

- |   |               |
|---|---------------|
| 47. A report reflecting end of fiscal year status of performance against these criteria will be prepared within 60 days after official presentation of the Comprehensive Annual Financial Report to the City Council. A pro forma report reflecting Proposed budget status will be submitted with the City Manager's Proposed Budget each year. | In Compliance |
|---|---------------|

**Cash Management**

- |   |               |
|---|---------------|
| 48. Investments will be made in conformance with the City's investment policy, with the primary objectives of preservation of capital, maintenance of sufficient liquidity and maximization of return on the portfolio. | In Compliance |
| 49. The accounting system and cash forecasting system will provide regular information concerning cash position and investment.   | In Compliance |
| 50. Internal Service Funds and Enterprise Funds will maintain positive cash balances.   | In Compliance |

**Grants and Trusts**

- |  |               |
|--|---------------|
| 51. All grants will be managed to comply with the laws, regulations and guidance of the grantor; and all gifts and donations will be managed and expended according to the wishes and instructions of the donor.   | In Compliance |
| 52. Prior to acceptance of proposed gifts and donations and governmental grants a fiscal review will be conducted. The review should consider matching requirements, impacts on both revenues and expenditures for the next five years, whether the objectives of the gifts, donation or grants meet the strategic goals of the City, and any potential impact of loss of funds. | In Compliance |

**FINANCIAL MANAGEMENT PERFORMANCE CRITERIA**  
**Year Ending September 30, 2009**

**Dallas Water Utilities**

**Status**

- |   |               |
|---|---------------|
| 1. Current revenues will be sufficient to support current expenses including debt service and other obligations of the system.  | In Compliance |
| 2. Long-term debt will be used only for capital expansion, replacement and improvement of plant, not for current expenses.  | In Compliance |
| 3. Short-term debt, including tax-exempt commercial paper, will be used as authorized for interim financing of projects which result in capital improvements. The authorization of tax-exempt commercial paper will be limited to 20% of the 10-year capital improvement program in effect at the time of the commercial paper authorization. No commercial paper program will be authorized for more than ten years. Outstanding tax-exempt commercial paper will never exceed the amount authorized by Council. | In Compliance |
| 4. Contingency reserves will be appropriated at a level sufficient to provide for unanticipated, nonrecurring expenditures.   | In Compliance |
| 5. Debt financing for capital projects will not exceed the useful life of the asset, and in no case shall the term exceed 30 years.   | In Compliance |
| 6. An unreserved cash balance will be maintained such that it provides a minimum quick ratio of 1.50 and at least 30 days of budgeted expenditures for operations and maintenance in net working capital.   | In Compliance |
| 7. Net revenues available for debt service should be at least 1.5 times the maximum annual principal and interest requirements of relevant outstanding revenue bonds at the end of the fiscal year, and at least 1.3 times maximum-year requirements at all times, measured during a fiscal year using the previous year net revenues available for debt service.   | In Compliance |

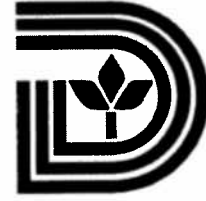
**FINANCIAL MANAGEMENT PERFORMANCE CRITERIA**  
**Year Ending September 30, 2009**

**Dallas Water Utilities (Continued)**

**Status**

- |   |   |
|---|---|
| 8. Current revenues which are more than operating expenses and debt service will be used for capital expenditures and other water and wastewater purposes.  | In Compliance   |
| 9. Funds available from current rates in each fiscal year for system rehabilitation, replacement, and expansion will be appropriated equal to or more than financial statement depreciation expense reasonably estimated in the same year.  | In Compliance   |
| 10. Capital financing will be provided through a combination of revenue bonds, current revenues, contributed capital, and short-term debt. An equity to debt ratio of at least 20% should be maintained on all capital projects.  | Not In Compliance<br>Actual transfers were 18% of the total capital program |
| 11. Retail cost of service studies will be performed at least every two years and reviewed annually. Rate adjustments will be recommended when required, but, normally, no more frequently than annually.   | In Compliance   |
| 12. Wholesale treated water rates for customer cities and other governmental entities will be determined on the basis of the inter-city agreement of 1979. Wholesale wastewater and untreated water rates will be determined on the basis of contractual agreements with wholesale customers. Rates shall be adjusted annually if cost of service studies indicates a need therefore. | In Compliance   |
| 13. Funds generated by Dallas Water Utilities will be used solely for the development, operation, and maintenance of the water and wastewater utility system.   | In Compliance   |

# Memorandum



CITY OF DALLAS

DATE September 24, 2010  
TO The Honorable Mayor and Members of the City Council  
SUBJECT Financial Forecast Report

An updated financial forecast report for FY2009-10 is attached for July 2010. General Fund revenues are projected to be \$6,089,000 below budget and expenditures are projected to be \$6,114,000 below budget.

A number of major revenues are projected to be below budget. Therefore, expenditures have been reduced including operational savings, continued restrictive hiring freeze, reduction in growth in the police force and "belt tightening" throughout the organization. Additional savings are being realized as fuel prices and consumption are lower than anticipated.

We will continue to closely monitor revenues and expenditures and provide additional information as it becomes available.

  
 Mary K. Suhm  
City Manager

## Attachment

c: Ryan S. Evans, First Assistant City Manager  
A.C. Gonzales, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Forest Turner, Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer

**GENERAL FUND  
COMPARISON OF 2009-10 REVENUES AND EXPENDITURES  
AS OF JULY 31, 2010  
(000s)**

<u>ITEM</u>	<u>BUDGET</u>	<u>YEAR TO DATE</u>	<u>YEAR-END FORECAST</u>	<u>BUDGET VS FORECAST VARIANCE</u>
Revenues	\$1,000,519	\$814,154	\$994,431	(\$6,089)
Expenditures	\$1,022,214	\$836,780	\$1,016,101	(\$6,114)
Sub Total	(\$21,695)	(\$22,626)	(\$21,670)	\$25
Use of one time resources	21,695		21,695	
Net Excess/(Deficiency) of Revenues Over Expenditures and Transfers to Reserves	<u>\$0</u>		<u>\$25</u>	

**FINANCIAL FORECAST REPORT**  
**FY 2009-10**  
**AS OF JULY 31, 2010**

**GENERAL FUND**

**Revenues**

- Total General Fund revenues are estimated to be \$6,089,000 below budget.
  - AT&T Telephone revenues are projected to be \$1,141,000 below budget due to fewer customer accounts.
  - Atmos Energy revenues are projected to be \$1,993,000 above budget due to an increase in consumption during the winter months.
  - Time Warner Cable revenues are projected to be \$738,000 above budget due to more customers and rate increases.
  - Other Franchise Fees are projected to be \$1,039,000 above budget primarily due to increases in actual collections from AT&T Video as they continue to expand their systems and reach more customers.
  - Interest Earned is projected to be \$964,000 below budget primarily due to lower than budgeted interest rates.
  - Municipal Court revenues are projected to be \$2,739,000 below budget primarily due to a decrease in the number of citations issued.
  - Vehicle Towing and Storage revenues are projected to be \$1,346,000 above budget primarily due to towing of vehicles lacking proof of auto insurance.
  - Parking Fines revenues are projected to be \$1,173,000 below budget primarily due to the weak economy.
  - Red Light Camera Fines revenues are projected to be \$1,147,000 below budget due to decreased citations.
  - Private Disposal revenues are projected to be \$4,443,000 below budget primarily due to the weak economy.
  - Security Alarm revenues are projected to be \$723,000 below budget primarily due to less than anticipated fees for false calls.
  - Vital Statistics revenues are projected to be \$537,000 below budget due to a decrease in the number of requests for birth and death certificates.
  - Other Charges for Service revenues are projected to be \$2,826,000 below budget primarily due to lower than budgeted revenue from motor vehicle accident clean up fees and accident reports.
  - Interfund Revenue is projected to be \$3,859,000 above budget due to increased transfers from other City funds.
  - Miscellaneous revenues are projected to be \$1,607,000 above budget primarily due to unbudgeted revenue as a result of the utility audit.

**Expenditures**

- Total General Fund expenditures are estimated to be \$6,114,000 below budget.
  - The expenses for termination payments are included in the departments' estimates. The appropriations from the Salary and Benefit Reserve have been allocated to those departments.
  - Building Services is projected to be \$2,096,000 below budget primarily due to delays in hiring and reimbursements.
  - City Secretary's Office is projected to be \$107,000 above budget primarily due to expenses for records management.
  - Independent Audit is projected to be \$425,000 below budget due to lower than anticipated cost for contract.



**FINANCIAL FORECAST REPORT  
FY 2009-10  
AS OF JULY 31, 2010**

- Management Services is projected to be \$361,000 below budget primarily due to delays in hiring.
- Public Works and Transportation is projected to be \$4,065,000 below budget primarily due to reimbursable work completed for the Bond Program and delays in hiring.
- Street Lighting is projected to be \$1,241,000 above budget primarily due to a maintenance fee increase.
- Trinity Watershed Management is projected to be \$924,000 below budget primarily due to reimbursements for storm water related activities offset by higher than budgeted expenses for electricity.
- Liability/Claims Fund is projected to be \$2,300,000 below budget primarily due to less than anticipated funding requirements for liability claims.

**ENTERPRISE FUND**

- Convention and Event Services revenues are projected to be \$5,387,000 below budget primarily due to lower than budgeted Hotel Occupancy Tax and other revenues sources impacted by lower than anticipated attendance at scheduled events. Expenses are projected to be \$3,159,000 below budget primarily due to delays in hiring and a lower than budgeted transfer to Convention and Visitors Bureau.
- Municipal Radio revenues are projected to be \$261,000 below budget due to lower than anticipated sales. Expenses are projected to be \$328,000 below budget due to delays in hiring.
- Water Utilities revenues are projected to be \$63,949,000 below budget due to lower than budgeted water pumpage. Expenses are projected to be \$63,949,000 below budget primarily due to vacancies and a reduced cash transfer to capital construction.
- Express Business Center revenues are projected to be \$247,000 below budget primarily due to fewer requests for printing and copying services.

**OTHER FUNDS**

- Employee Benefits expenses are projected to be \$86,000 below budget primarily due to delays in hiring.
- 9-1-1 System Operations revenues are projected to be \$1,459,000 above budget due to higher than anticipated revenue from service receipts. Expenses are projected to be \$1,809,000 above budget primarily due to higher than budgeted transfers.

**GENERAL FUND  
FORECAST OF FY 2009-10 REVENUES  
AS OF JULY 31, 2010  
(000s)**

	<u>BUDGET</u>	<u>REVENUES YEAR TO DATE</u>	<u>YEAR-END FORECAST</u>	<u>BUDGET VS FORECAST VARIANCE</u>
<b>TAXES</b>				
Ad Valorem Tax	\$420,799	\$420,005	\$422,471	\$1,672
Sales Tax	206,574	133,385	203,329	(3,245)
<b>FRANCHISE REVENUES</b>				
Oncor Electric	48,658	48,641	48,641	(17)
AT&T	21,000	5,109	19,859	(1,141)
Atmos Energy	10,600	8,674	12,593	1,993
Time Warner Cable	5,800	4,427	6,538	738
Other	11,097	12,658	12,137	1,039
<b>TOTAL TAXES &amp; FRANCHISE REVENUES</b>	<b>724,528</b>	<b>632,899</b>	<b>725,568</b>	<b>1,040</b>
<b>LICENSES AND PERMITS</b>	<b>7,970</b>	<b>7,859</b>	<b>8,574</b>	<b>604</b>
<b>INTEREST EARNED</b>	<b>3,077</b>	<b>1,590</b>	<b>2,113</b>	<b>(964)</b>
<b>INTERGOVERNMENTAL</b>	<b>7,312</b>	<b>5,636</b>	<b>7,012</b>	<b>(300)</b>
<b>FINES AND FORFEITURES</b>				
Municipal Court	19,382	13,418	16,642	(2,739)
Vehicle Towing & Storage	6,786	6,736	8,131	1,346
Parking Fines	8,788	3,530	7,615	(1,173)
Red Light Camera Fines	8,484	0	7,338	(1,147)
Public Library	611	523	608	(3)
<b>TOTAL FINES</b>	<b>44,050</b>	<b>24,208</b>	<b>40,334</b>	<b>(3,716)</b>
<b>CHARGES FOR SERVICE</b>				
Sanitation Service	60,545	51,032	60,383	(163)
Parks	7,602	6,334	7,716	115
Private Disposal Fees	23,552	14,942	19,110	(4,443)
Emergency Ambulance	19,250	13,772	19,250	0
Security Alarm	4,650	2,892	3,927	(723)
Street Lighting	1,392	914	1,750	358
Vital Statistics	2,390	1,533	1,853	(537)
Other	16,257	14,231	13,431	(2,826)
<b>TOTAL CHARGES</b>	<b>135,638</b>	<b>105,649</b>	<b>127,420</b>	<b>(8,218)</b>
<b>INTERFUND REVENUE</b>	<b>68,331</b>	<b>27,755</b>	<b>72,190</b>	<b>3,859</b>
<b>MISCELLANEOUS</b>	<b>9,612</b>	<b>8,559</b>	<b>11,219</b>	<b>1,607</b>
<b>TOTAL REVENUE</b>	<b>1,000,519</b>	<b>814,154</b>	<b>994,431</b>	<b>(6,089)</b>
<b>USE OF ONE-TIME RESOURCES</b>	<b>21,695</b>	<b>0</b>	<b>21,695</b>	<b>0</b>
<b>TOTAL RESOURCES</b>	<b>\$1,022,214</b>	<b>\$814,154</b>	<b>\$1,016,126</b>	<b>(\$6,089)</b>

**GENERAL FUND  
FORECAST OF FY 2009-10 EXPENDITURES  
AS OF JULY 31, 2010  
(000s)**

DEPARTMENT	BUDGET	EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
Building Services	\$28,120	\$21,198	\$26,023	(\$2,096)
Business Dev/Procurement Svcs	\$3,304	\$2,357	\$3,126	(\$178)
City Attorney's Office	\$10,392	\$8,937	\$10,763	\$372
City Auditor's Office	\$2,254	\$1,787	\$2,176	(\$78)
City Controller's Office	\$7,210	\$5,699	\$7,194	(\$16)
City Manager's Office	\$1,872	\$1,702	\$1,800	(\$72)
City Secretary's Office	\$1,516	\$1,548	\$1,623	\$107
Civil Service	\$1,223	\$1,059	\$1,273	\$50
Code Compliance	\$28,399	\$22,517	\$28,214	(\$185)
Court Services	\$11,065	\$8,704	\$11,099	\$34
Elections	\$1,393	\$79	\$1,393	\$1
Fire	\$201,252	\$167,225	\$201,230	(\$22)
Housing / Community Services	\$7,643	\$7,396	\$7,739	\$96
Human Resources	\$3,304	\$2,346	\$3,150	(\$154)
Independent Audit	\$1,253	\$0	\$829	(\$425)
Judiciary	\$2,856	\$2,852	\$2,974	\$118
Library	\$22,446	\$18,155	\$22,146	(\$300)
Management Services	\$3,500	\$3,670	\$3,139	(\$361)
Mayor and Council	\$3,718	\$2,931	\$3,704	(\$14)
Non-Departmental	\$23,798	\$20,923	\$23,739	(\$59)
Office of Cultural Affairs	\$12,145	\$10,679	\$11,894	(\$250)
Office of Economic Development	\$2,633	\$2,705	\$2,570	(\$63)
Office of Financial Services	\$1,585	\$1,212	\$1,459	(\$126)
Park and Recreation	\$65,586	\$57,316	\$65,880	\$294
Police	\$412,955	\$335,267	\$417,304	\$4,349
Public Works and Transportation	\$18,428	\$17,830	\$14,363	(\$4,065)
Sanitation Services	\$74,461	\$60,676	\$74,321	(\$140)
Street Lighting	\$16,977	\$15,502	\$18,217	\$1,241
Street Services	\$28,110	\$21,100	\$27,180	(\$931)
Sustainable Dev/Construction	\$1,535	\$1,541	\$1,518	(\$17)
Trinity Watershed Management	\$1,645	\$742	\$721	(\$924)
<b><u>OTHER</u></b>				
Appraisal Districts	\$3,355	\$3,348	\$3,355	\$0
Dallas County Tax Collection	\$554	\$554	\$554	\$0
Jail Contract - Lew Sterrett	\$7,222	\$7,222	\$7,222	\$0
<b><u>RESERVES AND TRANSFERS</u></b>				
Contingency Reserve	\$200	\$0	\$200	\$0
Liability/Claims Fund	\$8,305	\$0	\$6,005	(\$2,300)
Salary and Benefit Reserve	\$0	\$0	\$0	\$0
<b>EXPENDITURES</b>	<b><u>\$1,022,214</u></b>	<b><u>\$836,780</u></b>	<b><u>\$1,016,101</u></b>	<b><u>(\$6,114)</u></b>

**PROPRIETARY FUNDS  
FORECAST OF FY 2009-10 REVENUES AND EXPENDITURES  
AS OF JULY 31, 2010  
(000s)**

DEPARTMENT	BUDGET	REVENUES AND EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
<b><u>Aviation</u></b>				
Revenues	\$42,489	\$37,070	\$44,454	\$1,966
Expenses	\$41,926	\$28,702	\$41,528	(\$398)
Net Excess of Revenues				
Over Expenses/Transfer	\$563	\$8,368	\$2,926	\$2,363
<b><u>Convention Center</u></b>				
Revenues	\$60,076	\$41,737	\$54,689	(\$5,387)
Expenses	\$61,347	\$46,059	\$58,188	(\$3,159)
Net Excess of Revenues				
Over Expenses/Transfer	(\$1,271)	(\$4,323)	(\$3,499)	(\$2,228)
<b><u>Municipal Radio Fund</u></b>				
Revenues	\$2,919	\$2,366	\$2,659	(\$261)
Expenses	\$3,120	\$2,308	\$2,792	(\$328)
Net Excess of Revenues				
Over Expenses/Transfer	(\$201)	\$58	(\$134)	\$67
<b><u>Sustainable Dev/ Construction</u></b>				
Revenues	\$16,583	\$15,565	\$16,755	\$172
Expenses	\$16,019	\$13,376	\$16,254	\$235
Net Excess of Revenues				
Over Expenses/Transfer	\$564	\$2,190	\$501	(\$63)
<b><u>Water Utilities</u></b>				
Revenues	\$530,365	\$366,921	\$466,417	(\$63,949)
Expenses	\$530,365	\$332,753	\$466,417	(\$63,949)
Net Excess of Revenues				
Over Expenses/Transfer	\$0	\$34,168	\$0	\$0
<b><u>Communication &amp; Information Svcs</u></b>				
Revenues	\$48,266	\$37,728	\$46,516	(\$1,751)
Expenses	\$48,434	\$40,041	\$49,327	\$893
Net Excess of Revenues				
Over Expenses/Transfer	(\$168)	(\$2,314)	(\$2,811)	(\$2,643)

**PROPRIETARY FUNDS  
FORECAST OF FY 2009-10 REVENUES AND EXPENDITURES  
AS OF JULY 31, 2010  
(000s)**

DEPARTMENT	BUDGET	REVENUES AND EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
<b><u>Equipment Services</u></b>				
Revenues	\$48,026	\$27,918	\$44,786	(\$3,241)
Expenses	<u>\$47,885</u>	<u>\$42,101</u>	<u>\$45,546</u>	<u>(\$2,339)</u>
Net Excess of Revenues Over Expenses/Transfer	<u>\$142</u>	<u>(\$14,183)</u>	<u>(\$760)</u>	<u>(\$901)</u>
<b><u>Express Business Center</u></b>				
Revenues	\$4,266	\$3,249	\$4,019	(\$247)
Expenses	<u>\$4,384</u>	<u>\$3,485</u>	<u>\$4,223</u>	<u>(\$160)</u>
Net Excess of Revenues Over Expenses/Transfer	<u>(\$117)</u>	<u>(\$237)</u>	<u>(\$204)</u>	<u>(\$87)</u>

**OTHER FUNDS  
FORECAST OF FY 2009-10 REVENUES AND EXPENDITURES  
AS OF JULY 31, 2010  
(000s)**

DEPARTMENT	BUDGET	REVENUES AND EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
<b><u>Employee Benefits</u></b>	\$724	\$424	\$638	(\$86)
<b><u>Risk Management</u></b>	\$1,264	\$1,013	\$1,264	\$0
<b><u>9-1-1 System Operations</u></b>				
Revenues	\$12,161	\$11,890	\$13,620	\$1,459
Expenses	<u>\$13,965</u>	<u>\$8,476</u>	<u>\$15,774</u>	<u>\$1,809</u>
Net Excess of Revenues				
Over Expenses/Transfer	<u>(\$1,804)</u>	<u>\$3,413</u>	<u>(\$2,154)</u>	<u>(\$350)</u>
<b><u>Storm Water Drainage</u></b>				
Revenues	\$44,674	\$41,158	\$48,154	\$3,480
Expenses	<u>\$44,674</u>	<u>\$30,621</u>	<u>\$47,671</u>	<u>\$2,997</u>
Net Excess of Revenues				
Over Expenses/Transfer	<u>\$0</u>	<u>\$10,537</u>	<u>\$482</u>	<u>\$482</u>

**DEBT SERVICE FUND  
FORECAST OF 2009-10 REVENUES AND EXPENDITURES  
AS OF JULY 31, 2010  
(000s)**

<u>DEBT SERVICE</u>	<u>BUDGET</u>	<u>EXPENDITURES AND REVENUES YEAR TO DATE</u>	<u>YEAR-END FORECAST</u>	<u>BUDGET VS FORECAST VARIANCE</u>
Beginning Balance	\$30,458	\$0	\$31,044	\$586
Revenues	\$261,586	\$243,229	\$261,376	(\$210)
Expenses	\$289,164	\$226,101	\$288,788	(\$376)
Ending Balance	<u>\$2,880</u>	<u>\$17,128</u>	<u>\$3,632</u>	<u>\$752</u>

## CONTINGENCY RESERVE STATUS

<b>Beginning Balance October 1, 2009</b>	<b>\$5,123,005</b>
Non-Departmental - Reimbursable deposit with the Texas Comptroller of Public Accounts Major Events Trust Fund for activities related to the 2010 NBA All-Star Game (October 28, 2009, CR# 09-2671)	(\$1,730,000)
City Secretary's Office - Implementation of the lobbyist registration program (November 9, 2009, CR# 09-2833)	(\$134,769)
Building Services - Security enhancements at City Hall (February 24, 2010, CR# 10-0532)	(\$331,000)
Management Services - Corrective actions at five leaking petroleum storage tank sites (May 12, 2010, CR# 10-1202)	(\$250,000)
Elections - Authorization of joint election agreements and election services between the City of Dallas, Dallas, Collin, and Denton counties (June 23, 2010, CR# 10-1714, CR# 10-1715, and CR# 10-1716)	(\$1,220,000)
Elections - Authorization of an increase in appropriations for additional expenses relating to temporary help to verify petitions for the November 2, 2010 special election (September 22, 2010, CR# 10-2464)	(\$90,000)
<b>Balance as of September 22, 2010</b>	<b><u>\$1,367,236</u></b>



**LIABILITY/CLAIMS FUND**

<b>Beginning Balance October 1, 2009</b>	<b>\$10,025,299</b>
Paid October 2009	(\$217,299)
Paid November 2009	(\$747,600)
Paid December 2009	(\$304,906)
Paid January 2010	(\$292,233)
Paid February 2010	(\$306,443)
Paid March 2010	(\$395,428)
Paid April 2010	(\$1,019,050)
Paid May 2010	(\$291,296)
Paid June 2010	(\$412,491)
Paid July 2010	(\$52,303)
<b>Balance as of July 31, 2010</b>	<b><u><u>\$5,986,250</u></u></b>