

Memorandum

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DATE: February 4, 2010

CITY SECRETARY
DALLAS, TEXAS

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, February 8, 2010, 9:30 – 11:30 a.m.
1500 Marilla Street, City Hall, Room 6ES, Dallas, Texas 75201

AGENDA

1. Consideration of minutes from the January 11, 2009 Budget, Finance and Audit Committee Meeting
2. Economic Outlook Mine K. Yucel, Ph.D., Senior Economist & Vice President
3. Office of the City Auditor Fiscal Year 2010 – Second Quarter Update Craig Kinton, City Auditor
4. Bond Underwriter and Commercial Paper Dealer Selection Process Jeanne Chipperfield, Director of Financial Services

FYI:

5. November 2009 Financial Forecast Report
6. December 2009 Quarterly Investment Report

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

- C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Tom Perkins, City Attorney
Craig 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
Dave Cook, 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.

FYI Only:

4. **American Recovery and Reinvestment Act (ARRA) Status Report**

Presenter(s): Brett Wilkinson

Information Only: Yes

Action Taken/Committee Recommendation(s)

Motion made by:

Motion seconded by:

Follow up:

5. **October 2009 Financial Forecast Report**

Presenter(s): Jeanne Chipperfield

Information Only: Yes

Action Taken/Committee Recommendation(s)

Motion made by:

Motion seconded by:

Follow up:

Meeting adjourned at 11:09 a.m.

Memorandum



DATE February 4, 2010

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

SUBJECT **Economic Outlook**

The Budget, Finance & Audit Committee's February 8th agenda includes the Subject briefing. Ms. Mine K. Yucel, Senior Economist & Vice President of the Dallas Federal reserve will brief the Committee. Her briefing materials and a short biography are attached.

Should you require additional information, please let me know.

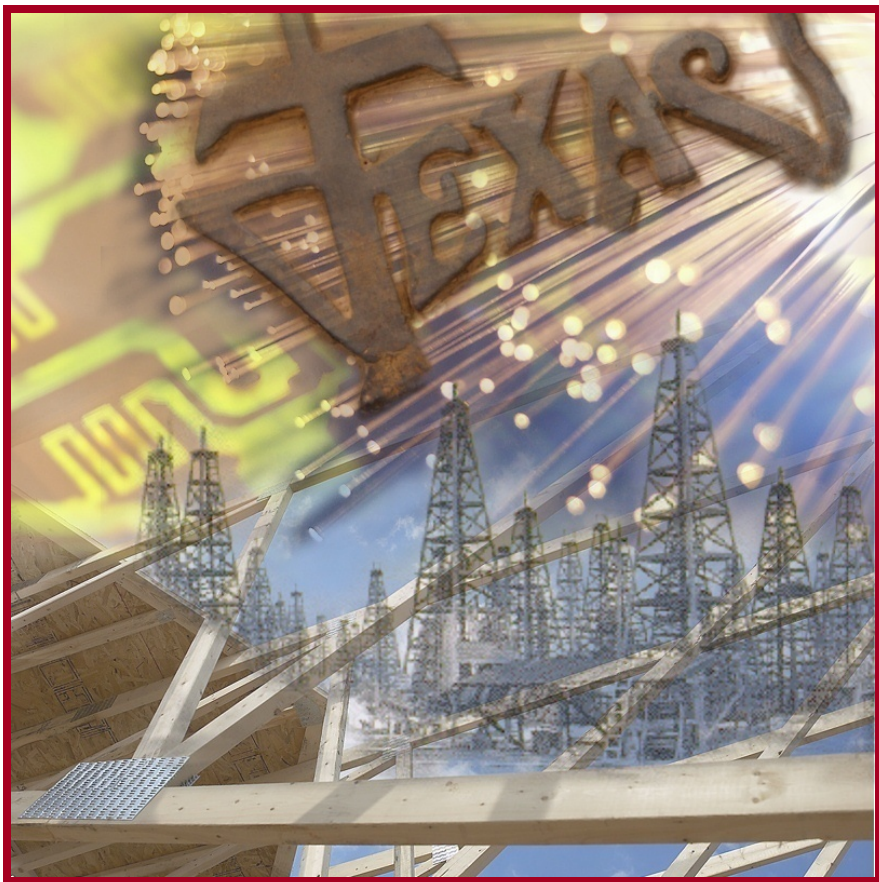


David Cook
Chief Financial Officer

Attachment

C: Honorable Mayor & Members of the City Council
Mary K. Suhm, City Manager
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Tom Perkins, City Attorney
Craig Kinton, City Auditor
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A. C. Gonzalez, Assistant City Manager
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Forest E. Turner, Assistant City Manager

Texas Economic Update



Mine Yücel
Federal Reserve Bank of Dallas
February 8, 2010



Texas Economic Update

- Texas may be out of recession
- Lost 334,600 jobs in 2009
- Decline broad based across sectors
- Manufacturing stabilizing
- Housing expanding
- Worst may have passed

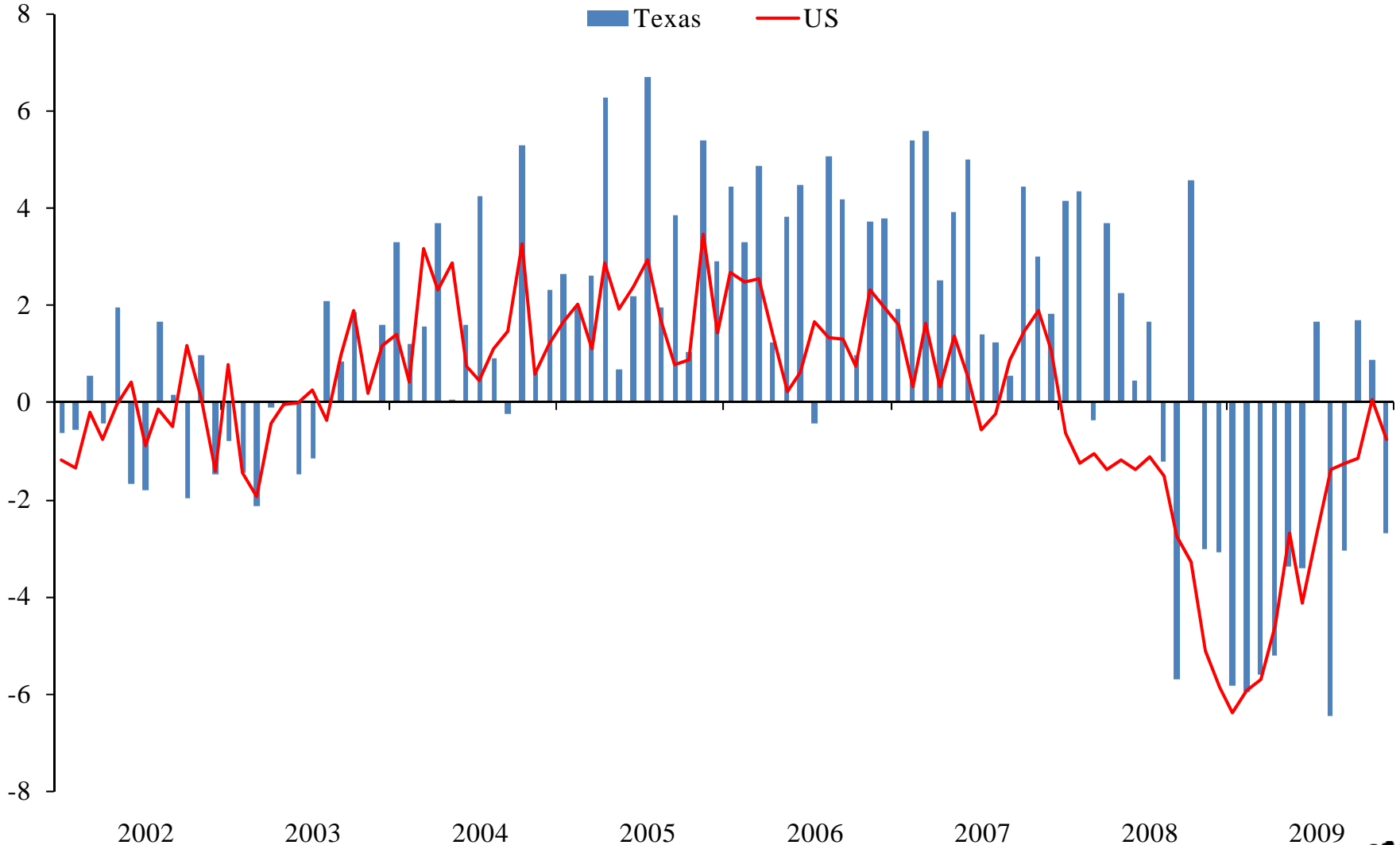
Best Performing Metros (Milken Institute)

- **Top 5**
 - Austin #1, Killeen-Temple-Fort Hood #2, McAllen-Edinburg-Mission #4, Houston-Sugarland-Baytown #5
- **Top 20**
 - San Antonio #11, FW-Arlington #12, Dallas-Plano-Irving #13, El Paso #14, Corpus Christi #16
- **Top 25 Smallest Metros**
 - Midland #1, Longview #2, Tyler #4, Odessa #5, College Station-Bryan #14, Texarkana #17, Waco #18, Laredo #20, Abilene #21.



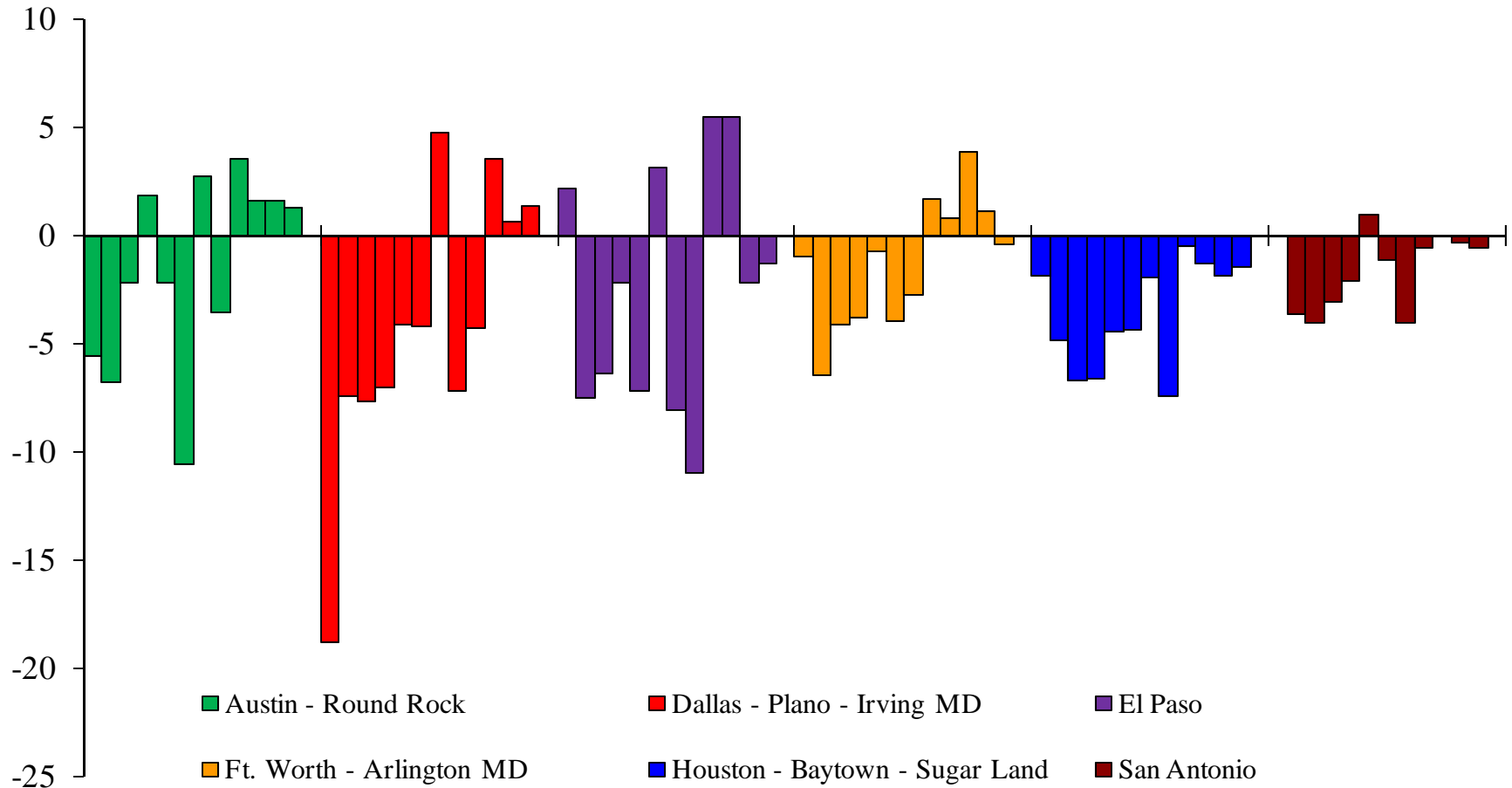
Texas' employment growth bests nation's

M/M,
SAAR



Metro employment growth

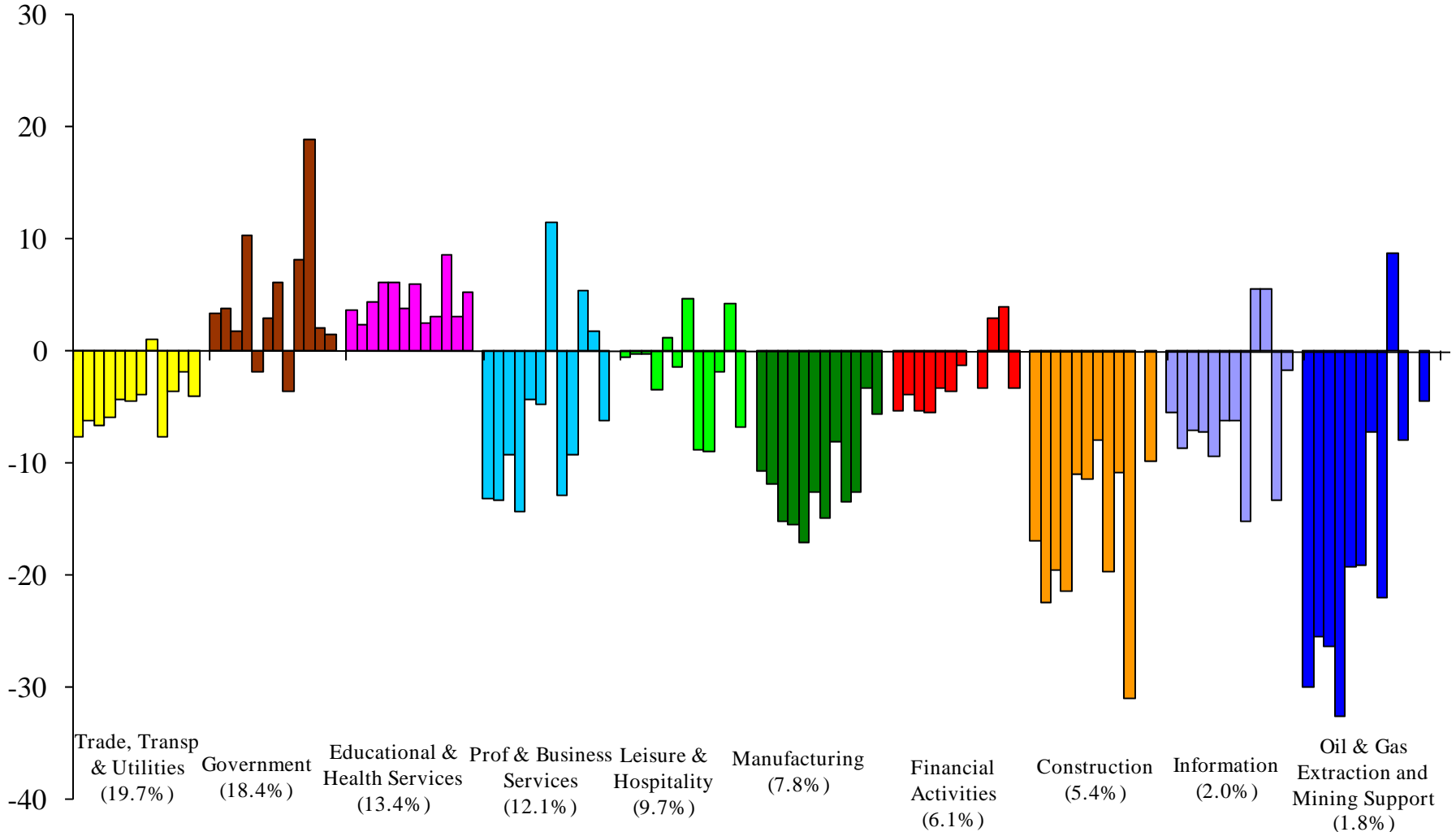
M/M, SAAR



Industry Employment Growth

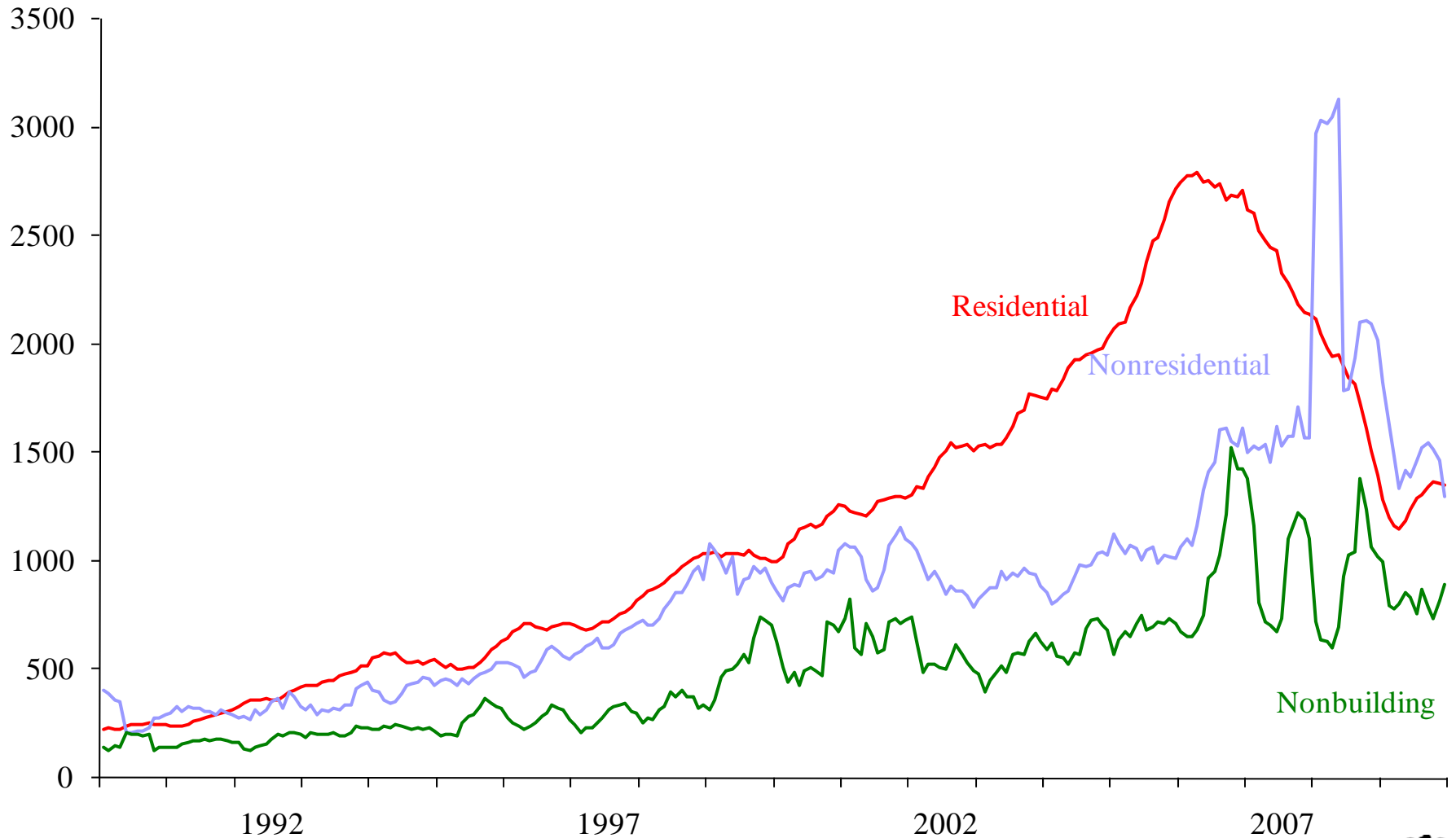
(NAICS Super Sectors, SA by FRB Dallas
Monthly Growth. Jan. 2009 - Dec. 2009)

M/M,
SAAR



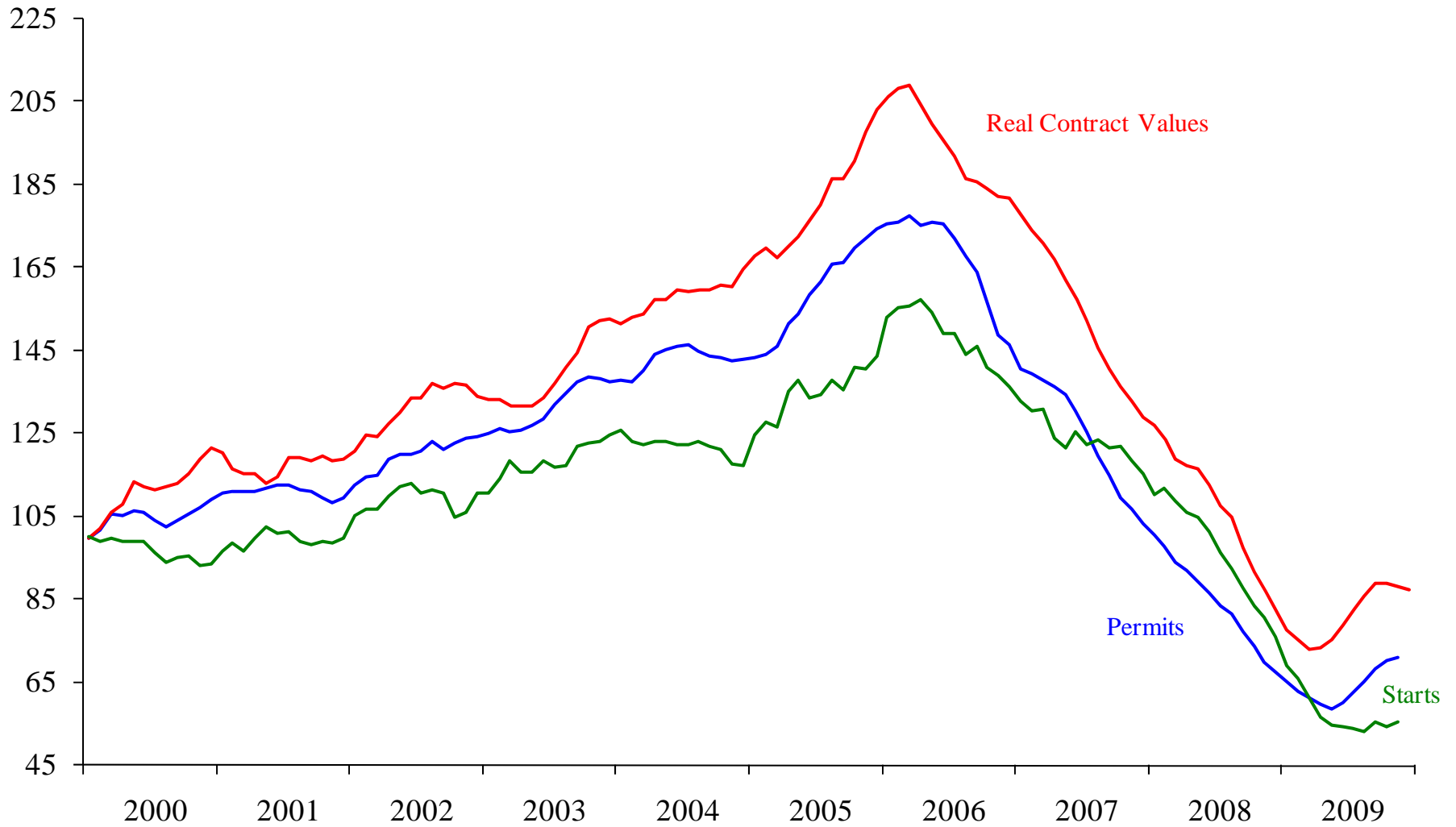
Construction bottoming out?

Real \$, Mil
5MMA, SA



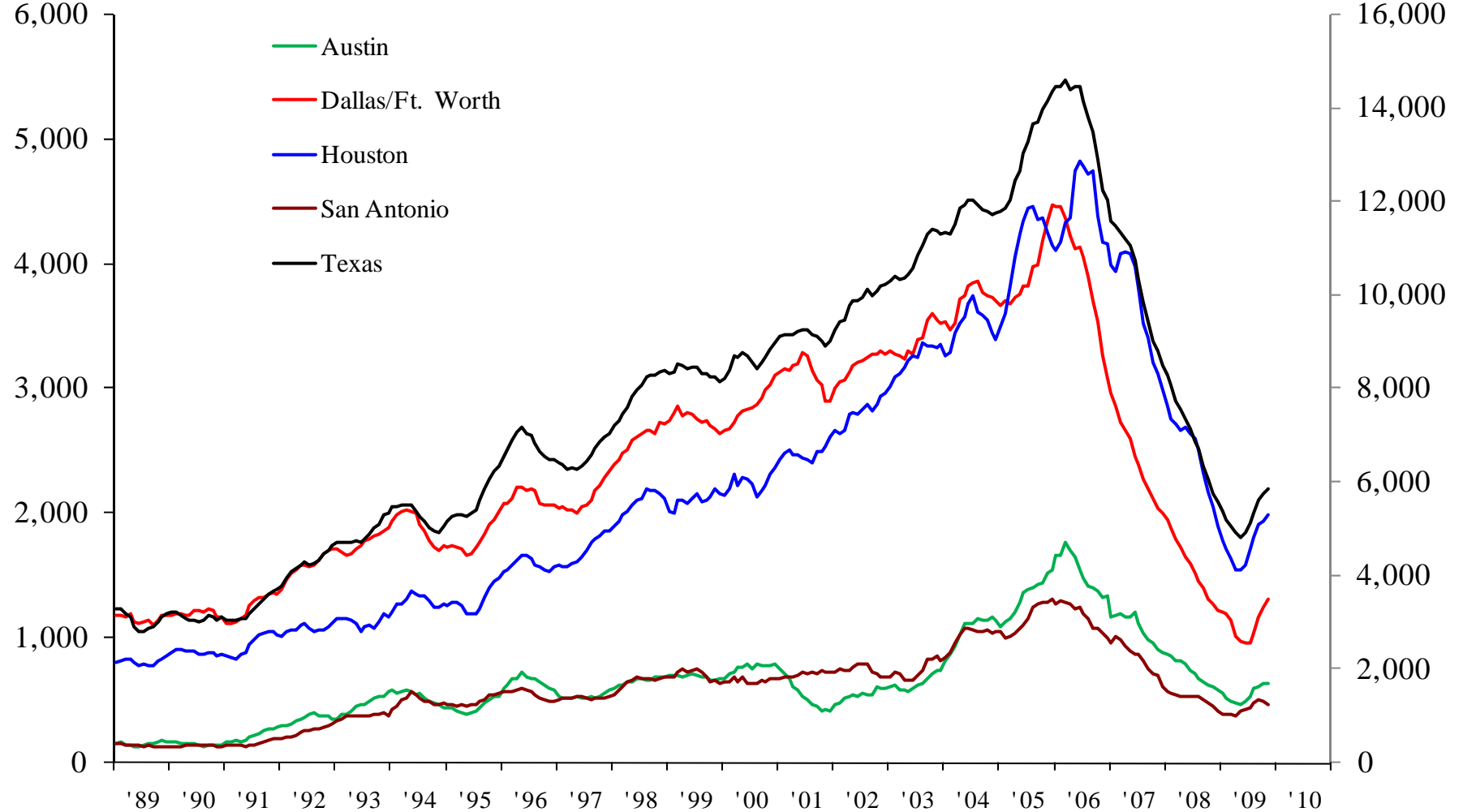
New home construction steady

Index, SA, 5MMA
Jan 2000= 100



Housing permits picking up

Number of permits
SA, 5MMA



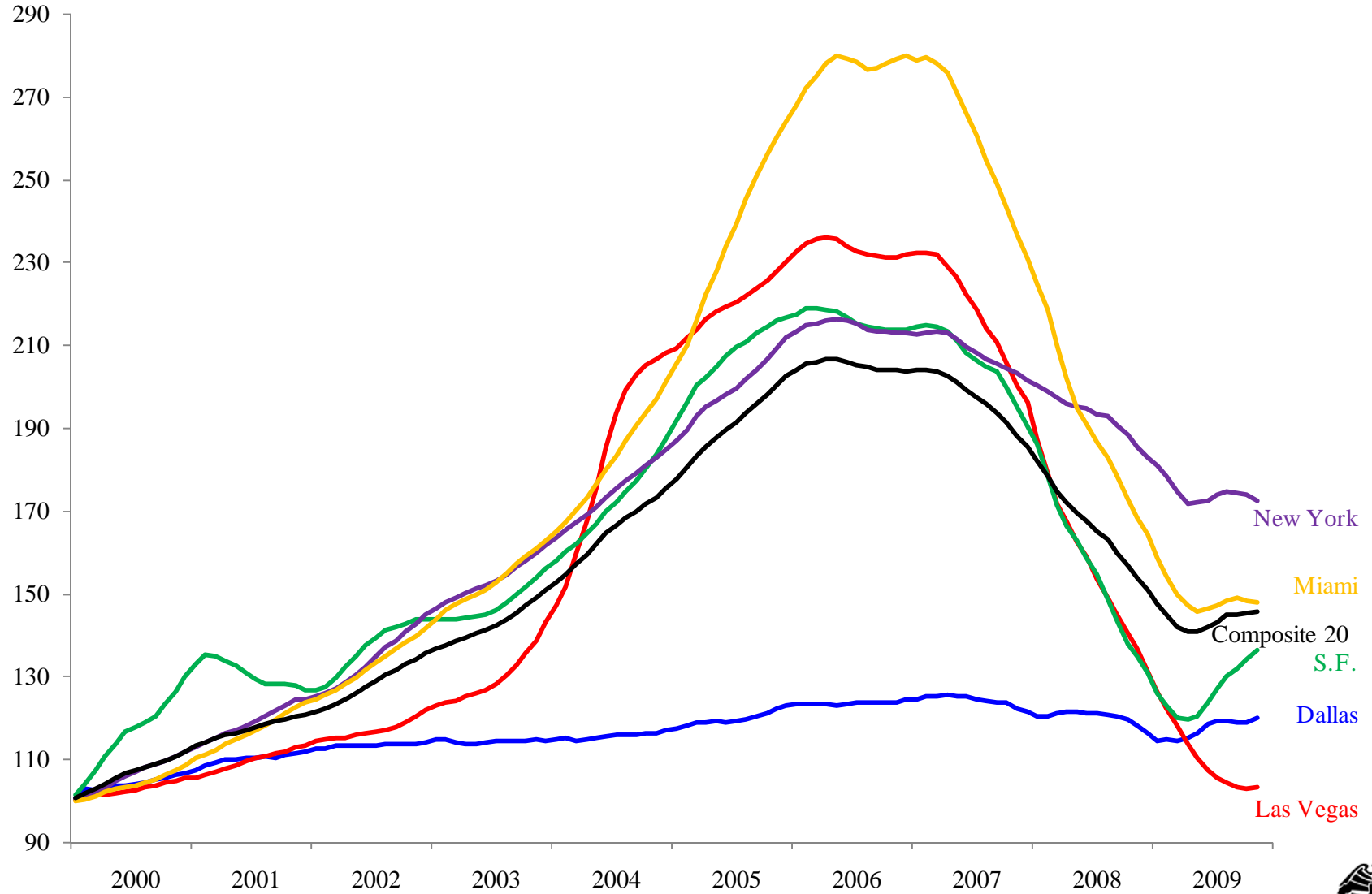
Number of permits
SA, 5MMA

Source: Census Bureau, seasonal adjustment by FRB Dallas



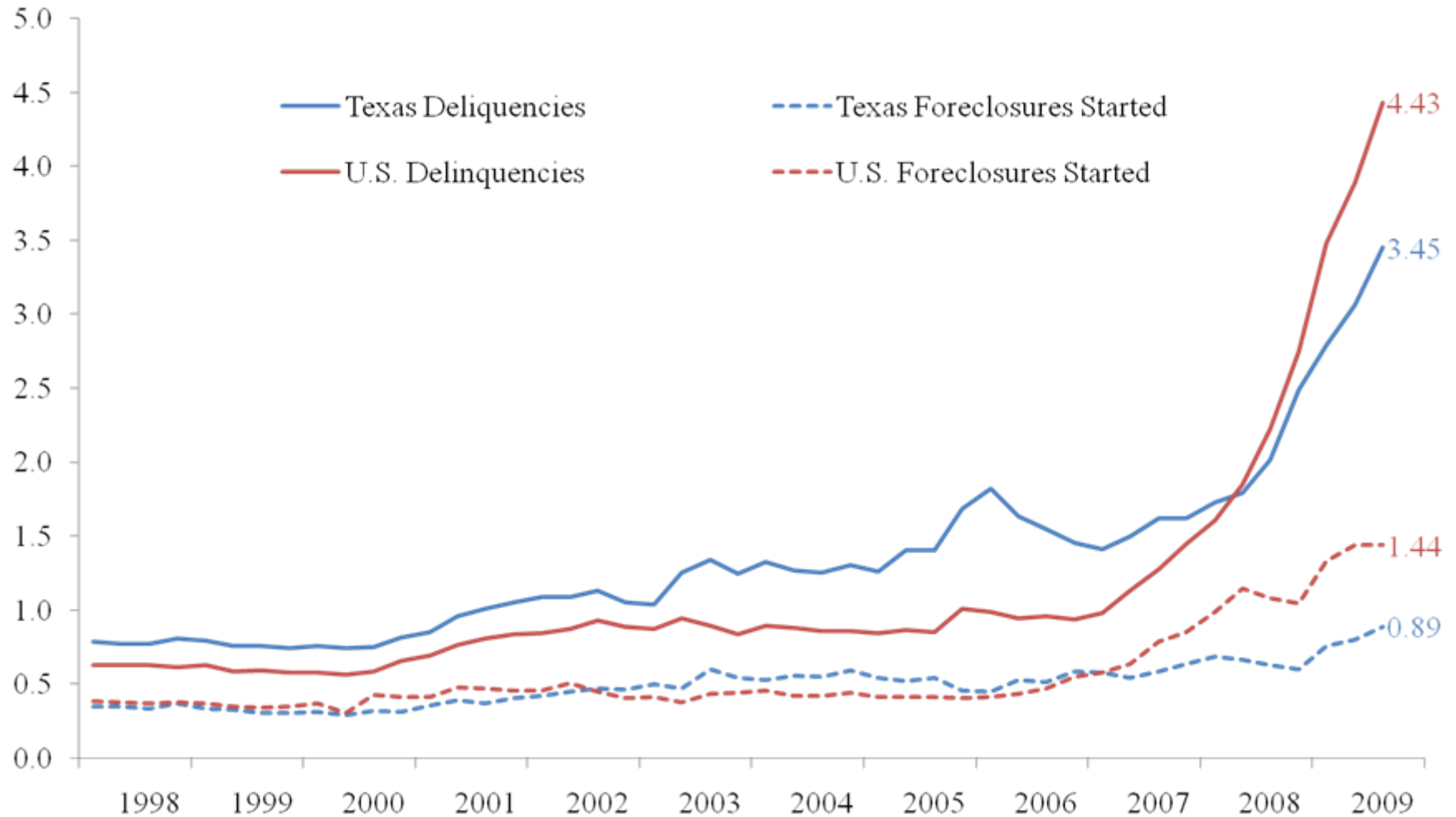
Dallas home prices stable

Index, 2000= 100

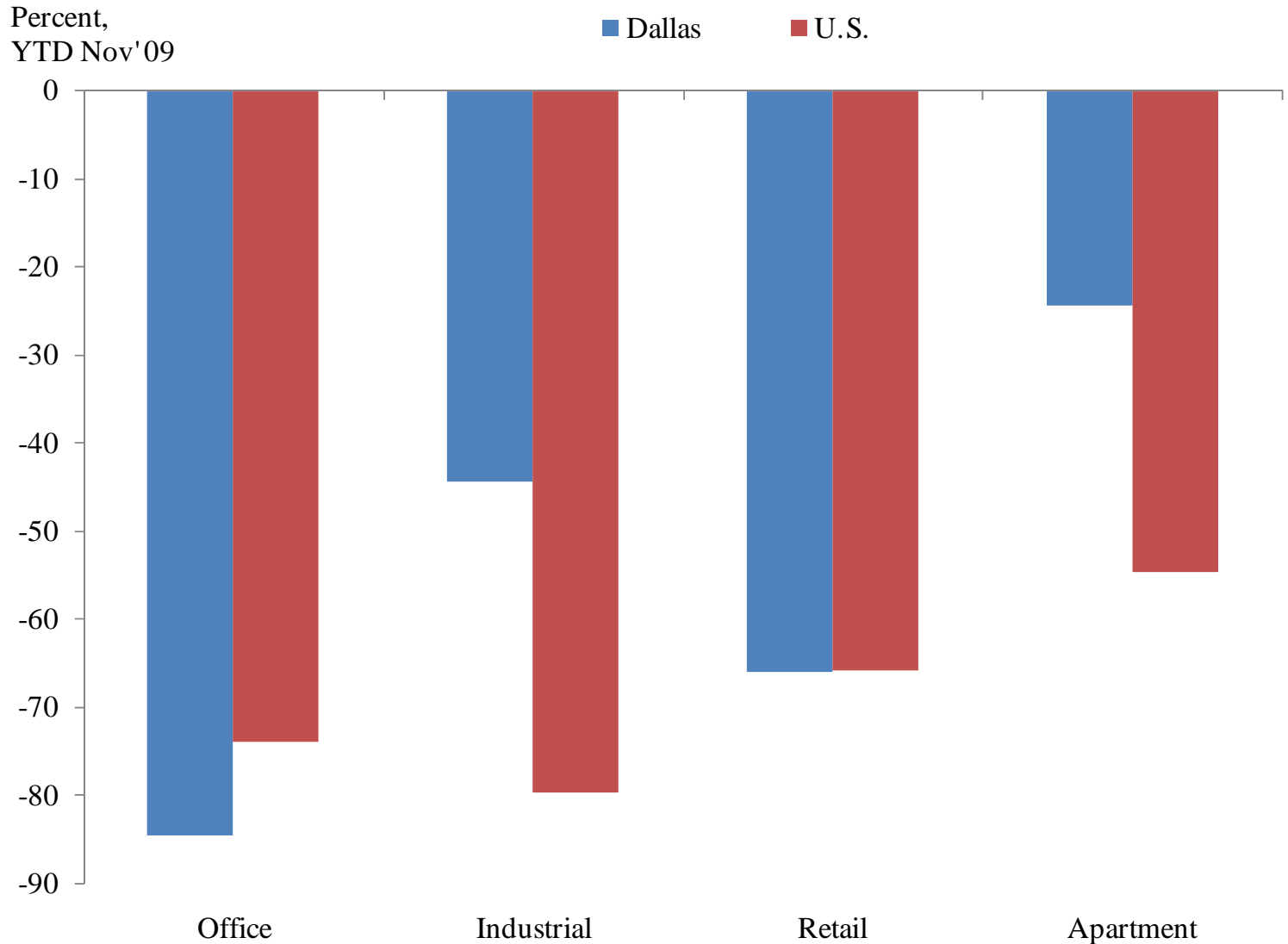


Mortgage delinquencies rising

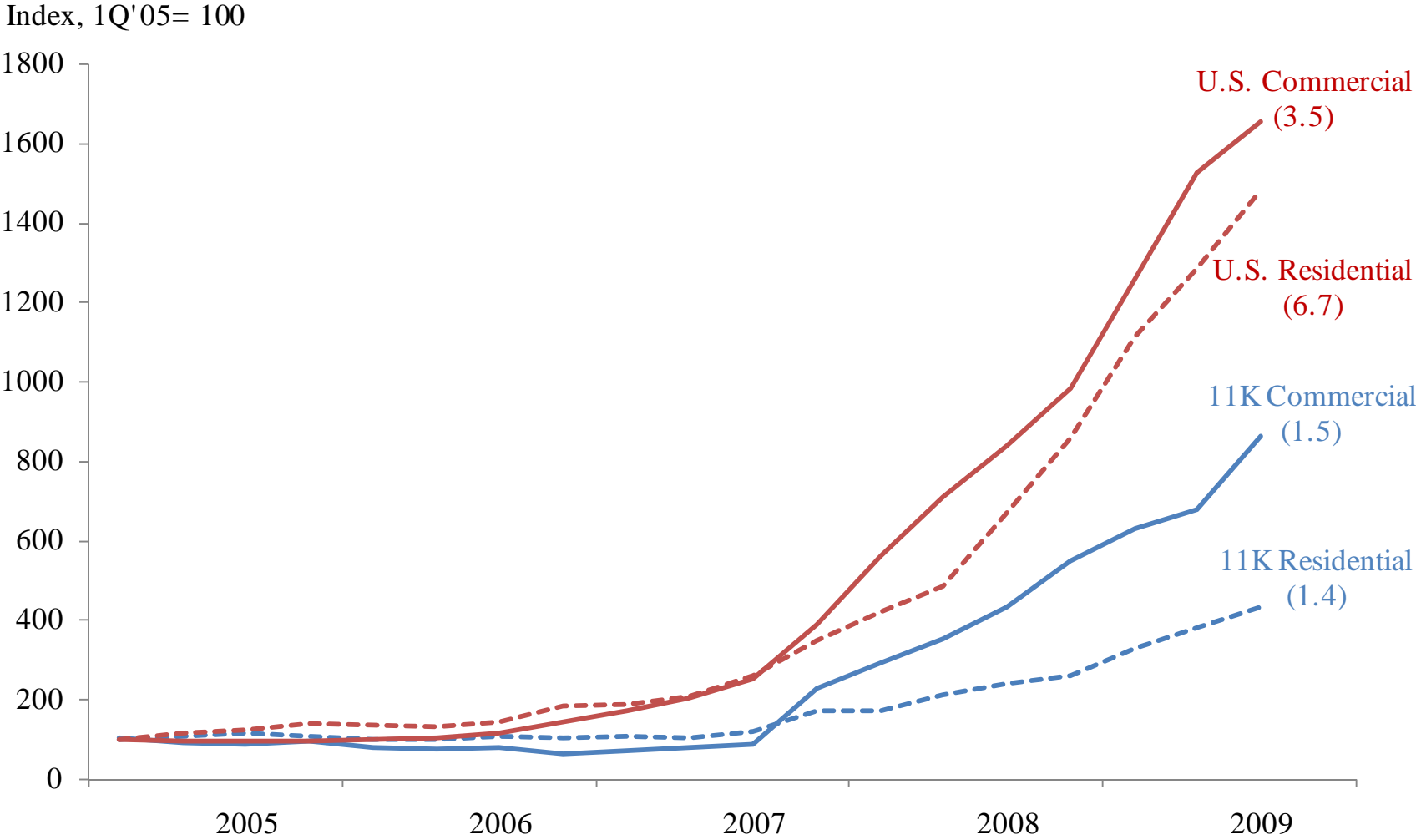
Percent, SA



Commercial real estate investment declines



Noncurrent Commercial Loans Rising



Note: Figures in parenthesis denote nonperforming loans as a percentage of gross loans of that specific type

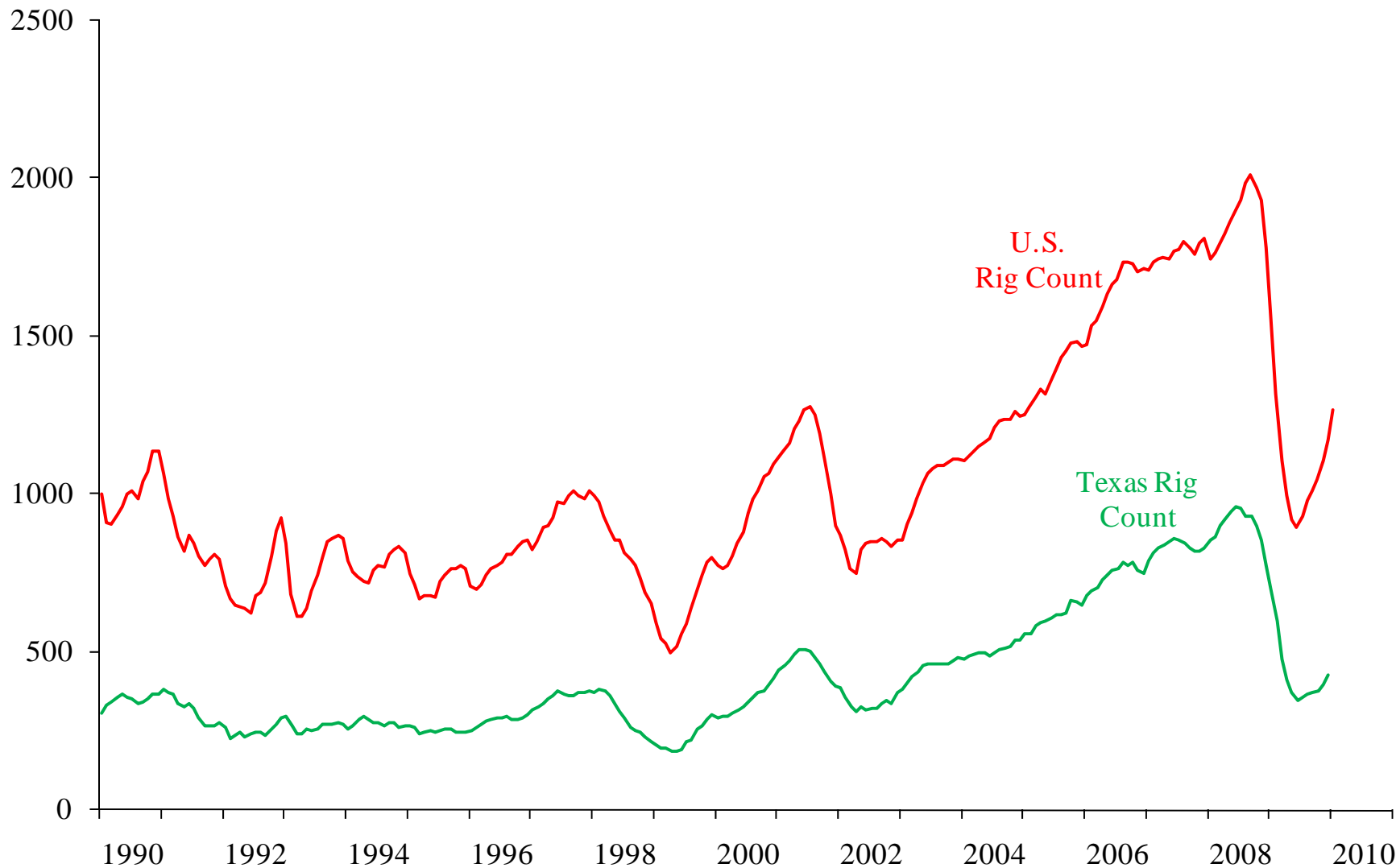
Commercial banks' exposure to real estate by Federal Reserve District (Q3 2009)

	Total Commercial Real Estate Loans (% of gross assets)
Atlanta	28.3
St. Louis	28.3
Dallas	27.7
Chicago	25.8
Kansas City	25.2
U.S.	13.6
Minneapolis	13.4
New York	12.2
Richmond	12.0
San Francisco	10.6
Philadelphia	10.3
Cleveland	8.8
Boston	6.8



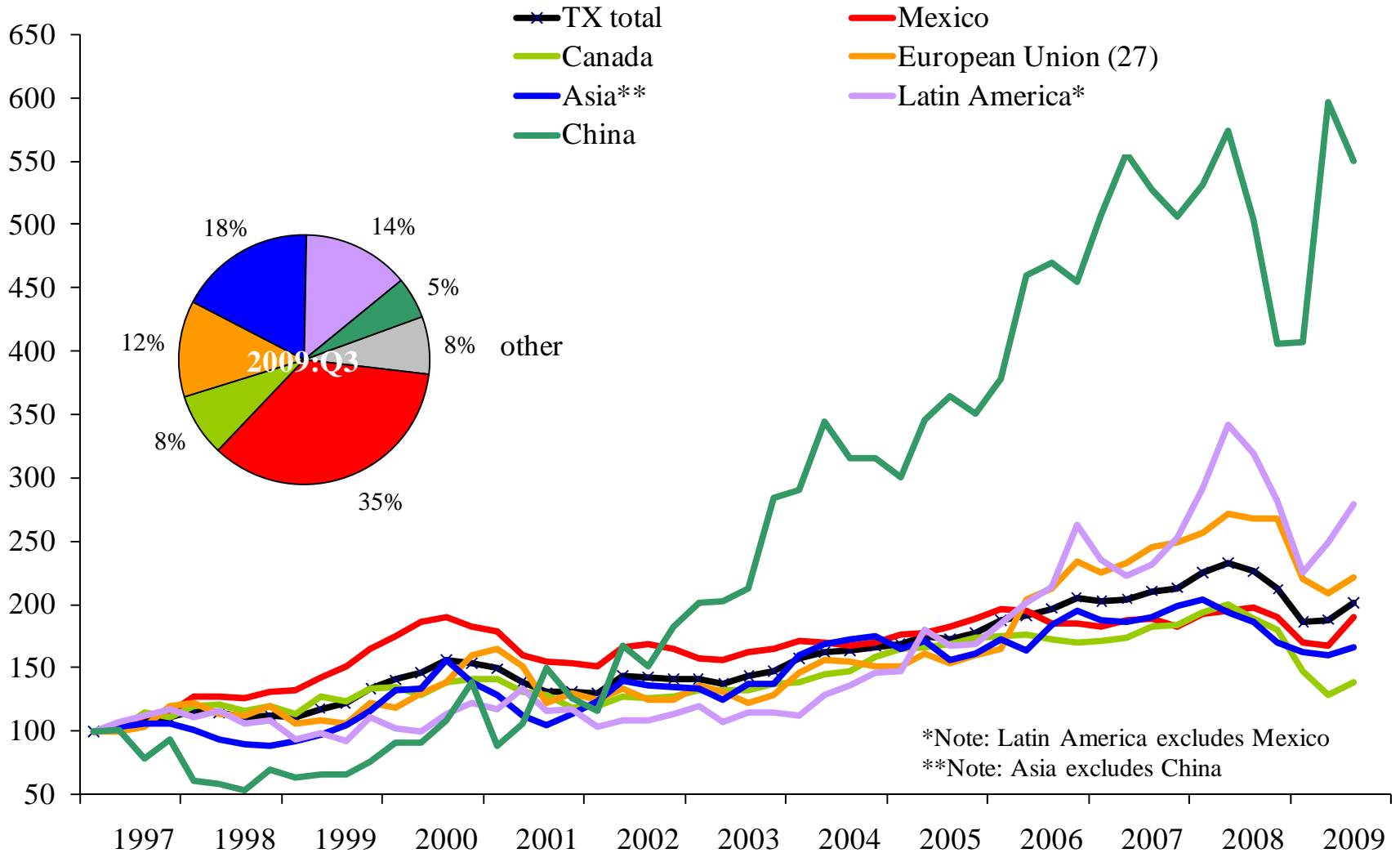
Rig counts mirror energy price uptick

Rig Count



Texas exports up

Index 97Q1= 100
Real \$, SA



*Note: Latin America excludes Mexico
**Note: Asia excludes China

Texas Population Growth

- Texas population grew by 478,000 in 08-09
- #1 in total population growth
- #3 in % growth
 - 245,000 natural increase;
 - 213,000 net migration
 - 88,000 international
 - 143,000 domestic

Summary

- National and state economies may be out of recession
- Lost 334,600 jobs year-to-date
- Economy may be turning the corner
- Texas long-term fundamentals strong



Questions?



- Please go to www.dallasfed.org for data and regional information.



FEDERAL RESERVE BANK OF DALLAS WEB SITE: www.dallasfed.org[Back to Entire Page View](#) ▶▶▶You are here: [FRB Dallas Home](#) > [Economic Research](#) > [Economists](#) > [Mine K. Yücel](#)

January 27, 2010

Mine K. Yücel**Senior Economist and Vice President**
Federal Reserve Bank of Dallas

Mine Yücel is vice president and senior economist at the Federal Reserve Bank of Dallas. She has been with the Bank since 1989. As an energy economist and head of the Bank's regional group, she analyzes the regional economy and energy markets on an ongoing basis and has published numerous articles on energy and regional growth.

Yücel is past president of the United States Association of Energy Economics (USAEE), and the Dallas Area Business Economists. She has served on the executive boards of the USAEE and the Dallas Chapter of Women in Technology International, Inc. In 2006, she was chosen as one of the recipients of the Key Women in Energy—Global award. She received the USAEE Senior Fellow Award in 2007. Currently, she serves on the Greater Dallas Chamber's Life Sciences Committee, the Chamber's Board of Economists, and the executive boards of the International Association of Energy Economics and Executive Women of Dallas.

Before joining the Bank, she was an assistant professor of economics at Louisiana State University. She has a B.S. and M.S. in mathematics from Bogazici University in Istanbul, Turkey, and a Ph.D. in economics from Rice University in Houston, Texas.

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Memorandum



DATE: February 4, 2010

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

SUBJECT: Presentation to the Budget, Finance & Audit Committee:
Office of the City Auditor Fiscal Year 2010 – Second Quarter Update

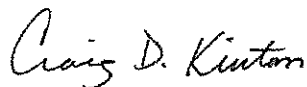
The Office of the City Auditor (Office) is an independent appraisal activity for the review of operations as a service to the City Council and to City management. Audit work carried out by the Office functions as a general control by measuring and evaluating the effectiveness of other controls.

The objective of audit work carried out by the Office is to assist the City Council in fulfilling its governance responsibilities and City management in the effective discharge of their responsibilities by furnishing analyses, appraisals, recommendations, and pertinent comments concerning activities reviewed.

I will provide a short briefing to the members of the Budget, Finance & Audit Committee on Monday, February 8, 2010 regarding:

1. An overview of the Office of the City Auditor
2. Fiscal Year 2010 Audit Plan Status Update – Second Quarter

Sincerely,



Craig D. Kinton
City Auditor

Budget, Finance and Audit Committee

Office of the City Auditor Fiscal Year 2010 – Second Quarter Update



City of Dallas
Office of the City Auditor
February 8, 2010





Objectives

- Overview of the Office of City Auditor
- Fiscal Year 2010 Audit Plan Status Update
 - Second Quarter



Overview of Office of the City Auditor

“The principles of transparency and accountability for the use of public resources are key to our nation's governing processes.”

“Government officials and recipients of federal moneys are responsible for carrying out public functions efficiently, economically, effectively, ethically, and equitably, while achieving desired program objectives.”

“High-quality auditing is essential for government accountability to the public and transparency regarding linking resources to related program results.”

David M. Walker
Comptroller General of the United States
July 2007



Overview of Office of the City Auditor

“The Office of the City Auditor is an independent appraisal activity within the City organization for the review of operations as a service to the City Council and to management. Audit work carried out by the Office functions as a general control by measuring and evaluating the effectiveness of other controls.”

“The objective of audit work carried out by the Office is to assist all members of the City Council and City management in the effective discharge of their responsibilities by furnishing them with analyses, appraisals, recommendations, and pertinent comments concerning activities reviewed.”

Council Resolution 904027



Overview of Office of the City Auditor

The Office of the City Auditor is established by the City Charter. Chapter IX. City Auditor is comprised of four sections:

- Sec. 1. Selection of City Auditor
- Sec. 2. Assistants and Employees
- Sec. 3. Duties of the City Auditor
- Sec. 4. Special Audit

Overview of Office of the City Auditor

The City Charter, Chapter IX. City Auditor is comprised of four sections:

- **Sec. 1. Selection of City Auditor**
 - Creates the office of the City Auditor
 - Establishes a two-year term of office
 - Requires the City Council to establish nominating procedures by ordinance
 - Requires the City Council to appoint the City Auditor after being nominated
 - Establishes qualifications of the City Auditor
 - Must be a licensed Certified Public Accountant (CPA)
 - Must be knowledgeable in public administration, public financial and fiscal theory, municipal accounting, and auditing
 - Must be a City of Dallas resident or move into City

Overview of Office of the City Auditor

The City Charter, Chapter IX. City Auditor is comprised of four sections:

- **Sec. 2. Assistants and Employees**
 - Requires Council to provide assistants as it deems necessary
 - Allows the Council to establish compensation levels for assistants
 - Grants City Auditor right to discharge assistants “at any time”
 - Allows City Auditor to delegate all powers and duties to Assistant City Auditors

Overview of Office of the City Auditor

The City Charter, Chapter IX. City Auditor is comprised of four sections:

- **Sec. 3. Duties of the City Auditor**
 - Conduct financial, compliance, economy and efficiency, special audits, and investigations
 - Audit or investigate entities receiving City funds (at Council direction)
 - Ensure, monitor, evaluate, examine, and appraise:
 - The quality and accuracy of information used for business decision making
 - Processes and controls used to manage City resources
 - Accounting and property records
 - Report to the City Council, the Budget, Finance and Audit Committee, and the City Manager “any irregularities or failures to maintain adequate and accurate records.”
 - Serve as liaison to external auditing agencies for Federal or State funds

Overview of Office of the City Auditor

The City Charter, Chapter IX. City Auditor is comprised of four sections:

- **Sec. 4. Special Audit.**

Requires:

- The City Auditor to audit and investigate accounts of City officers upon separation
- The City Manager to audit and investigate accounts of the City Auditor upon separation

Overview of Office of the City Auditor

City Code establishes additional authorities and responsibilities for the City Auditor including:

City Code, Chapter 40a – Retirement

Creates the Employees' Retirement Fund of the City of Dallas and establishes the City Auditor as one of seven trustees (three appointed by City Council, three elected City employees)

City Council Rules of Procedure establish responsibility for the City Auditor:

Sec 2.9 City Auditor Participation

The City Auditor or designated Assistant City Auditor shall be available in City Hall during all City Council meetings to respond to inquiries made by the City Council. Upon request of any City Council member, the City Auditor shall attend the briefing or deliberation of any specific agenda item.

Overview of Office of the City Auditor

Council Resolutions establish additional authorities and responsibilities for the City Auditor, including:

Council Resolution 904027 – City Auditor Responsibilities and Administrative Procedures establishes responsibilities and administrative procedures for the City Auditor, including:

- Exercising **due professional care**
- Submitting **annual audit plans** to the City Council for approval
- Reporting of violations of law**, misfeasance or nonfeasance to the Mayor, the Chairman of the Budget, Finance and Audit Committee, and the City Attorney
- Preparing and **submitting audit reports** to the City Council
- Obtaining and **including management written responses** to audit reports
- Conducting **follow-up reviews**
- Retaining records**
- Reviewing and **verifying reasonableness of revenue estimate** included in City Manager's proposed budget
- Granting City Auditor **access to City records**, City property, equipment and facilities

Overview of Office of the City Auditor

Council Resolutions establish additional authorities and responsibilities for the City Auditor including:

Council Resolution 920779 – Authorizes the City Auditor to implement and operate the City of Dallas **Fraud Hotline**.

Council Resolution 980751 – Adopts the City of Dallas Policy and Procedures Regarding Fraud, Waste and Abuse as official policy (published as Administrative Directive 2-14):

- Establishes the City Auditor's Office with the **primary responsibility for investigation of all suspected fraudulent activity** as defined in this policy
- Grants **authority to make investigations**, subpoena witnesses, administer oaths, and compel the production of books, papers, and other evidence material relevant to investigations
- **Treats all information received as confidential**, to the extent allowed by law
- Requires all City departments / employees and officers to comply with this policy

Overview of Office of the City Auditor

The Grants Compliance Group was established as a separate function within the Office of the City Auditor through City Council action in 1998.

Responsibilities include monitoring of contracts/grants awarded and administered by City departments to fund projects/activities under the U.S. Department of Housing and Urban Development (HUD) **Consolidated Plan**.

The following programs are included in the Consolidated Plan:

- CDBG Community Development Block Grant
- HOME Home Investment Partnership Program
- ESG Emergency Shelter Grant
- HOPWA Housing Opportunity for Persons With AIDS
- Section 108 Loan Guarantee



Overview of Office of the City Auditor

The Grants Compliance Group is also providing monitoring services for funding received under the American Recovery and Reinvestment Act (ARRA).

Programs monitored under ARRA include:

- HPRP Homeless Prevention and Rapid Rehousing
- CDBG–R Community Development Block Grants – Recovery
- State Weatherization Program



Overview of Office of the City Auditor

The Grants Compliance Group monitoring activities include:

- Reviews of recipient reports and supporting documentation
- On-site monitoring visits
- Written reports to departmental management regarding compliance of Federal, State and Local regulations



Overview of Office of the City Auditor

Strategic Direction

The City Auditor's Office statements of vision, mission and values address our responsibilities and acknowledge the core values that guide our work:

Vision

A dynamic audit organization that is a catalyst for accountable, efficient, and effective government for the citizens of Dallas

Mission

To promote public trust and advance accountability by providing independent, objective, and useful professional services for the City of Dallas

Statement of Values

We achieve our mission with:

Professionalism

Respect

Integrity

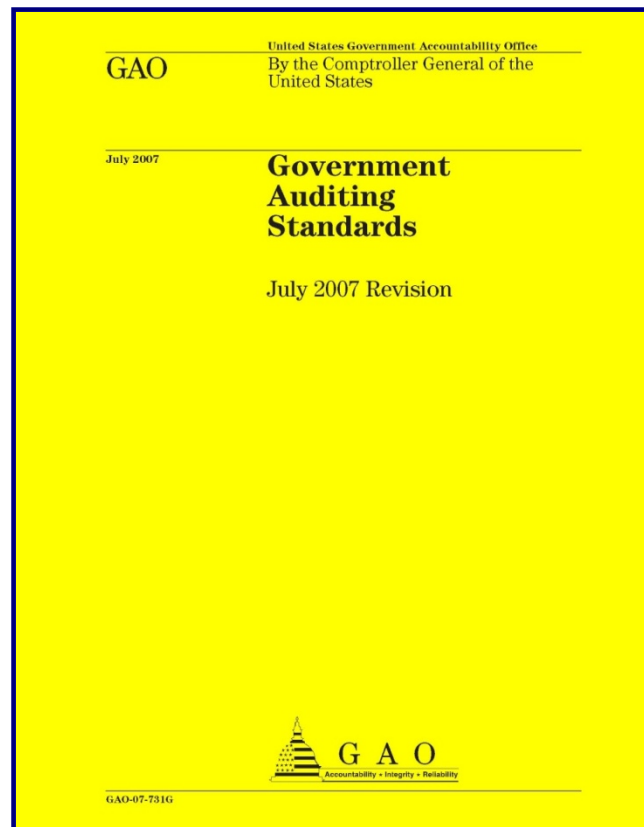
Diversity

Excellence

Overview of Office of the City Auditor

Generally Accepted Government Auditing Standards


The requirement to exercise “due professional care” requires the City Auditor to establish standards, policies, and procedures consistent with generally accepted professional practice. The Office of the City Auditor conducts all audit work under government auditing standards established by the Comptroller General of the United States.



Overview of Office of the City Auditor

Generally Accepted Government Auditing Standards

Government Auditing standards establish: ethical principles; general standards applicable to all government audits; and, fieldwork and reporting standards for financial audits, attestation engagements, and performance audits.



By the Comptroller General of the United States
July 2007

Government Auditing Standards


July 2007 Revision
GAO-07-731G (PDF, 867 KB)

Letter

- Chapter 1: Use and Application of GAGAS
- Chapter 2: Ethical Principles in Government Auditing
- Chapter 3: General Standards
- Chapter 4: Field Work Standards for Financial Audits
- Chapter 5: Reporting Standards for Financial Audits
- Chapter 6: General, Field Work, and Reporting Standards for Attestation Engagements
- Chapter 7: Field Work Standards for Performance Audits
- Chapter 8: Reporting Standards for Performance Audits

The July 2007 revision of Government Auditing Standards supersedes the 2003 revision and updates the January 2007 revision. The July 2007 revision represents the complete 2007 revision of Government Auditing Standards, and is the version that should be used by government auditors until further updates and revisions are made. An electronic version of this document can be accessed on GAO's Yellow Book Web page at <http://www.gao.gov/govaud/yb101.htm>.

The July 2007 revision of Government Auditing Standards will be effective for financial audits and attestation engagements for periods beginning on or after January 1, 2008, and for performance audits beginning on or after January 1, 2008. Early implementation is permissible and encouraged. For financial audits, certain standards of the Auditing Standards Board (ASB) that affect Government Auditing Standards become effective prior to these dates.



Overview of Office of the City Auditor

Generally Accepted Government Auditing Standards Ethical Principals in Government Auditing

The ethical principles that guide the work of the office of the City Auditor are:

a. The Public Interest;

“The public interest is defined as the collective well-being of the community of people and entities the auditors serve. Observing integrity, objectivity, and independence in discharging their professional responsibilities assists auditors in meeting the principle of serving the public interest and honoring the public trust.”

b. Integrity;

“Integrity includes auditors' conducting their work with an attitude that is objective, fact-based, non-partisan, and non-ideological with regard to audited entities and users of the auditors' reports.”

c. Objectivity;

“Objectivity includes being independent in fact and appearance when providing audit and attestation engagements, maintaining an attitude of impartiality, having intellectual honesty, and being free of conflicts of interest.”



Overview of Office of the City Auditor

Generally Accepted Government Auditing Standards Ethical Principals in Government Auditing

The ethical principles that guide the work of the office of the City Auditor are:

d. Proper Use of Government Information, Resources, and Position; and,

“Government information, resources, or positions are to be used for official purposes and not inappropriately for the auditor's personal gain or in a manner contrary to law or detrimental to the legitimate interests of the audited entity or the audit organization.”

e. Professional Behavior

“High expectations for the auditing profession include compliance with laws and regulations and avoidance of any conduct that might bring discredit to auditors' work, including actions that would cause an objective third party with knowledge of the relevant information to conclude that the auditors' work was professionally deficient.”



Overview of Office of the City Auditor

Generally Accepted Government Auditing Standards General Standards

General standards along with the overarching ethical principles establish a foundation for credibility of auditors' work.

General standards **emphasize** the **independence** of the audit organization and its individual auditors; the exercise of **professional judgment** in the performance of work and the preparation of related reports; the **competence** of audit staff; audit **quality control** and assurance; and, **external peer reviews**.

Overview of Office of the City Auditor

Generally Accepted Government Auditing Standards General Standards – Independence

In all matters relating to the audit work, the audit organization and the individual auditor, must be free from personal, external, and organizational impairments to independence and must avoid the appearance of such impairments of independence.

- **Personal Impairments** – Auditors participating on an audit assignment must be free from personal impairments to independence
- **External Impairments** – Audit organizations must be free from external impairments to independence. External impairments to independence occur when auditors are deterred from acting objectively and exercising professional skepticism by pressures, actual or perceived, from management and employees of the audited entity or oversight organizations.
- **Organizational Independence** – The ability of audit organizations in government entities to perform work and report the results objectively can be affected by placement within government and the structure of the government entity being audited.

Overview of Office of the City Auditor

Generally Accepted Government Auditing Standards General Standards

Professional Judgment – Professional judgment includes exercising reasonable care and professional skepticism.

- Reasonable care concerns acting diligently in accordance with applicable professional standards and ethical principles.
- Professional skepticism is an attitude that includes a questioning mind and a critical assessment of evidence.

Competence – The staff assigned to perform the audit or attestation engagement must collectively possess adequate professional competence for the tasks required.

- Audit organizations should have a process for recruitment, hiring, continuous development, assignment, and evaluation of staff to maintain a competent workforce.
- Competence is derived from a blending of education and experience.

Overview of Office of the City Auditor

Generally Accepted Government Auditing Standards General Standards

Continuing Professional Education – Auditors performing work under GAGAS should maintain their professional competence through continuing professional education (CPE).

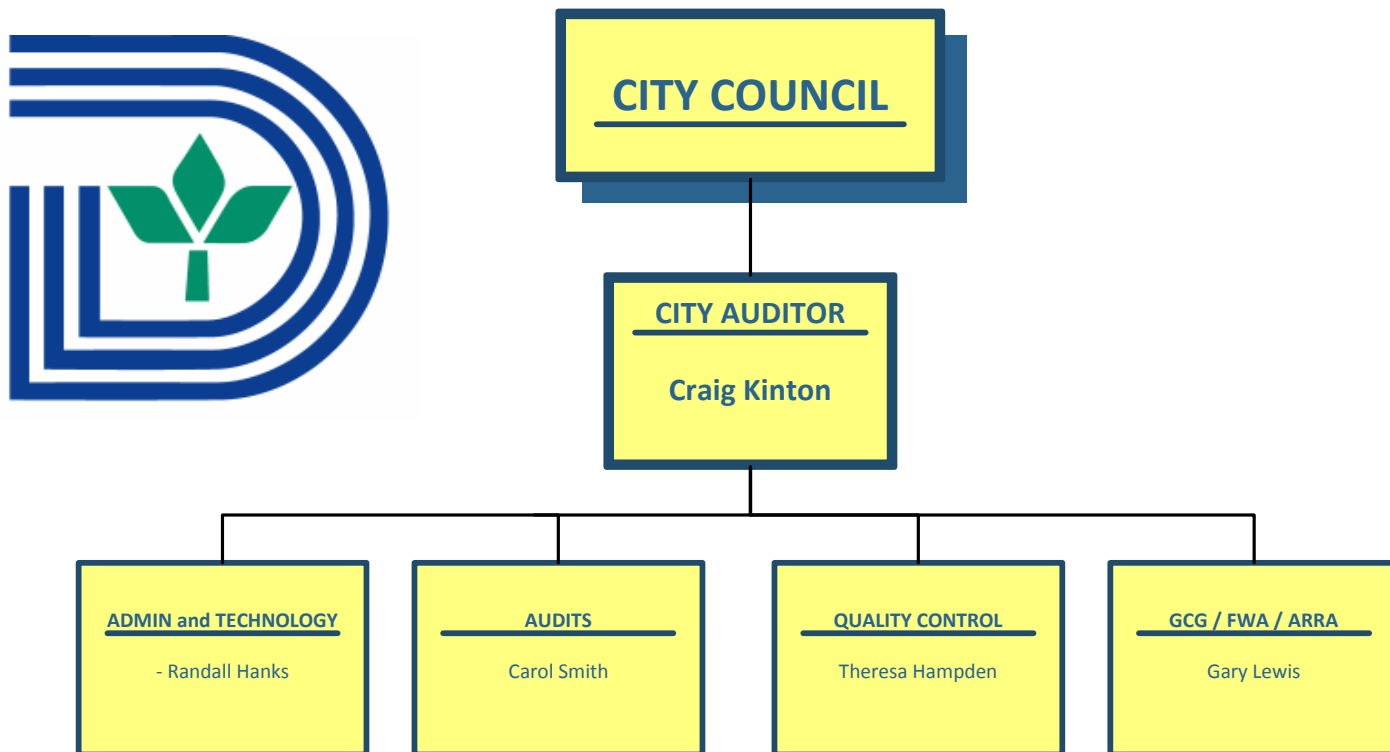
- Complete, every two years, at least 24 hours of CPE that directly relates to government auditing, the government environment, or the specific or unique environment in which the audited entity operates
- Obtain at least an additional 56 hours of CPE (for a total of 80 hours of CPE in every two-year period)

Quality Control and Assurance

- Establish a system of quality control that is designed to provide the audit organization with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements
- Have an external peer review at least once every three years

Overview of Office of the City Auditor

The structure of the Office is designed to meet its responsibilities and ensure applicable professional standards are followed.



Overview of Office of the City Auditor

Staff Qualifications

The Office of the City Auditor employs a professional staff whose qualifications are evidenced by educational and professional achievements.

Current staff hold the following degrees and professional certifications:

Education

Undergraduate Degrees	26
Graduate Degrees	<u>10</u>
Total Degrees	<u>36</u>

Professional Certifications

Certified Public Accountants	8
Certified Internal Auditors	9
Certified Fraud Examiners	5
Certified Information Systems Auditors	3
Other Professional Certifications	<u>13</u>
Total Professional Certifications	<u>38</u>



**Office of the City Auditor
Fiscal Year 2010 –
Second Quarter Update**



Office of the City Auditor

Audit and Attestation Services Update

Fiscal Year 2010 – Second Quarter

Audit Reports Released

First Quarter

- Audit Reports
 - Inappropriate Tax Exemptions and Delinquent Property Taxes
 - Accounts Payable Application Controls
 - Implementation of the American Recovery and Reinvestment Act
 - Revenue Sharing with the City of Grapevine
 - Maintenance of City-Owned Buildings

- Follow-Up Audits
 - Multi-Occupancy Structure Program
 - South Dallas Fair Park Trust Fund



Office of the City Auditor

Audit and Attestation Services

Update Fiscal Year 2010 – Second Quarter

Attestation Reports Released

First Quarter

- Agreed-Upon Procedures
 - Fiscal Year 2010 # 1 Drug Destruction
 - Fiscal Year 2010 # 2 Weapons Destructions

- Single Bid Reviews
 - Mortgage Assistance Program (Department of Housing)
 - Virtual Viewer Software (Dallas Police Department)
 - UPS and Emergency Power Distribution Equipment Preventive Maintenance, Testing and Repair (Equipment and Building Services)

- Sole Source Procurement
 - Software Maintenance Locution Systems (Dallas Fire-Rescue)
 - Software and Hardware Maintenance Custom Logic Design, Inc. (Communication and Information Services)
 - Fiserv Bank Reconciliation Software Upgrade (Office of Financial Services / Communication and Information Services)



Office of the City Auditor

Audit and Attestation Services

Update Fiscal Year 2010 – Second Quarter

Audit Highlights

First Quarter

■ Inappropriate Tax Exemptions and Delinquent Property Taxes

- Property tax exemptions compared to death records identifying 35 properties with potential inappropriate exemptions. Results provided to Dallas County Appraisal District for follow-up.
- Vendor payment files compared to delinquent property tax records identifying 12 vendors receiving payments. Results provided to City Controller for possible action.

■ Implementation of the American Recovery and Reinvestment Act (ARRA)

- Preliminary risk assessment of internal control systems conducted to ensure compliance with ARRA
- Key transparency and accountability requirements and applicable City internal controls to ensure compliance identified and status of controls determined as either established, in-progress, or recommended

■ Revenue Sharing with the City of Grapevine

- City of Grapevine was found to have accurately determined and timely paid the City of Dallas \$68,356.73 which is its portion of the Fiscal Year 2007 shared revenue related to Dallas/Fort Worth Airport



Office of the City Auditor

Audit and Attestation Services

Update Fiscal Year 2010 – Second Quarter

Audit Highlights

First Quarter

■ Accounts Payable Application Controls

- Data was adequately protected during transmission to bank and no transactions were identified that were not completely and accurately processed
- The City faces increased risk that fraud could occur and remain undetected due to:
 - System security control weaknesses
 - Security logging feature not enabled
 - Use of a bypass feature to circumvent controls and speed processing
 - Transmission of electronic funds transfers prior to obtaining or documenting required management approvals
- Early payment discounts missed due to slow invoice processing

■ Maintenance of City-Owned Buildings

- Facility condition assessment completed in Calendar Year 2008 was a major accomplishment
- Equipment and Building Services does not contain a complete inventory of City-owned buildings and is not consistent in identifying their building maintenance responsibilities



**Office of the City Auditor
Audit and Attestation Services
Update Fiscal Year 2010 – Second Quarter**

Follow-up Audit Highlights

First Quarter

■ **Multi-Occupancy Structure Program (Code Compliance)**

- Five of nine recommendations from two previous audit reports were implemented. Recommendations not addressed included: (1) developing a complete and accurate list of properties subject to registration and inspection; (2) checking for outstanding inspection fees prior to issuance of certificates of registration; and, (3) taking action to establish minimum fines for other City code violations by owners of multi-occupancy structures.

■ **South Dallas Fair Park Trust Fund**

- One of four recommendations was implemented, but risk remained from not revising loan underwriting guidelines to provide sufficient criteria to evaluate the likelihood of loan repayments and inconsistent application of Loan Delinquency Management/Reserve Guidelines.



**Office of the City Auditor
Audit and Attestation Services
Update Fiscal Year 2010 – Second Quarter**

Attestation Highlights

First Quarter

■ **Fiscal Year 2010 - Drug Destruction # 1**

- 3,033 drug invoices and associated 5,357 drug articles totaling 2,369.4 pounds destroyed according to Agreed-Upon Procedures to assist the Dallas Police Department

■ **Fiscal Year 2010 - Weapons Destruction # 1**

- 400 Weapons destroyed according to Agreed-Upon Procedures to assist the Dallas Police Department



**Office of the City Auditor
Audit and Attestation Services
Update Fiscal Year 2010 – Second Quarter**

Single Bid / Sole Source Highlights
First Quarter

■ **Single Bid Reviews**

Three single bid procurements (total of \$5,593,765) reviewed and determined to comply with Administrative Directive (AD) 4-5 provisions for processing single bid items and making reasonable efforts to increase bid participation. No information was available to determine the price reasonableness for one procurement (Virtual Viewer Software - \$202,400)

■ **Sole Source Reviews**

Three sole source procurements (total of \$738,577) reviewed and determined to meet the exemptions from competitive bidding as specified in the State of Texas Local Government Code, Chapter 252.022. For one procurement, the reasonableness of continuing to upgrade software for 11 years rather than seek competitive bids for new software was not clear and no information was available to determine the price reasonableness for the upgrade (Fiserv Bank Reconciliation Software - \$218,000)



**Office of the City Auditor
Audit and Attestation Services
Update Fiscal Year 2010 – Second Quarter**

**Anticipated Report Releases
Second Quarter**

- Dallas Police Department Employee Morale Fund
- American Recovery and Reinvestment Act (ARRA) –
October 1, 2009 to December 31, 2009
- Audit Follow-Up of Dallas Police Department Cash Handling
- Police Crime and Information Statistics and Studies
- Sole Source and Single Bid Reviews (as requested)



**Office of the City Auditor
Audit and Attestation Services
Update Fiscal Year 2010 – Second Quarter**

Projects In-Progress
Second Quarter

- General Computer Controls (Dallas Police Department / Dallas Fire-Rescue)
- Zoo Transfer
- Reduction-in-Force Employee Processing Controls
- Uniform Overtime (Dallas Police Department / Dallas Fire-Rescue)
- American Recovery and Reinvestment Act (ARRA) –
January 1, 2010 to March 31, 2010
- Fleet Management



**Office of the City Auditor
Audit and Attestation Services
Update Fiscal Year 2010 – Second Quarter**

**Anticipated Project Starts
Second Quarter**

- Music Hall at Fair Park Contract
- Points of Sale (Park and Recreation Department)
- Special Audit – Chief Financial Officer (Retirement)
- Confiscated Funds (Dallas Police Department)
- Assistance to City Attorney's Office
- Single Bid and Sole Source Reviews (as requested)
- Drug and Weapons Destructions (as requested)
- Sales Tax Audits (contracted services)
- Franchise Fee Audits (contracted services)

QUESTIONS?



City of Dallas
Office of the City Auditor
February 8, 2010



Memorandum



CITY OF DALLAS

DATE February 5, 2010

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

SUBJECT Bond Underwriter and Commercial Paper Dealer Selection
Process

The February 8, 2010 Budget, Finance & Audit meeting agenda includes a briefing on the City's selection process for bond underwriters and commercial paper dealer. Attached is a copy of the briefing.

Please let me know if you need additional information.

A handwritten signature in cursive script, appearing to read 'David Cook'.

for David Cook
Chief Financial Officer

c: Honorable Mayor & Members of the City Council
Mary K. Suhm, City Manager
Ryan S. Evans, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Forest E. Turner, Assistant City Manager
Craig Kinton, City Auditor

CITY OF DALLAS

BOND UNDERWRITER AND COMMERCIAL PAPER DEALER SELECTION PROCESS

BUDGET, FINANCE & AUDIT
COMMITTEE

February 8, 2010



BOND UNDERWRITER SELECTION PROCESS

UNDERWRITER SELECTION PROCESS

- UNDERWRITING – “The process of purchasing all or any part of a new issue of municipal securities from the issuer and offering such securities for sale to investors.”
- SYNDICATE – “A group of underwriters formed to purchase a new issue of municipal securities from the issuer and offer it for resale to the general public.”

Municipal Securities Rulemaking Board

UNDERWRITER SELECTION PROCESS

- The City maintains a pool of securities firms for negotiated sales divided into two syndicates, called Team A and Team B, originally selected in 1999
 - The teams alternate financings
 - The firms within each team alternate roles as Lead Senior Manager, Co-Senior Manager, or Co-Manager
- Teams were modified in 2002 and 2008 due to industry consolidations

UNDERWRITER SELECTION PROCESS

- Underwriting Syndicates Approved by City Council on May 12, 1999

Team A

Apex Prior Securities, Inc.

Banc of America Securities, LLC

Citigroup

Merrill Lynch & Co.

Morgan Keegan & Co., Inc.

Ramirez & Co.

UBS PaineWebber Inc.

Team B

Goldman Sachs & Co.

JPMorgan/Banc One

Lehman Brothers

Morgan Stanley

RBC Dain Rauscher

Siebert Brandford Shank & Co.

SWS Securities

Walton Johnson & Co.

UNDERWRITER SELECTION PROCESS

■ Underwriting Syndicates As Modified

Team A

Bank of America Merrill Lynch

Citigroup

JPMorgan

Morgan Keegan & Co., Inc.

Ramirez & Co.

Rice Financial Products*

Team B

Barclays Capital

Goldman Sachs & Co.

Morgan Stanley

RBC Capital Markets

Siebert Brandford Shank & Co.

SWS Securities

Walton Johnson & Co.

*Formerly Apex Pryor Securities, Inc.

UNDERWRITER SELECTION PROCESS

- Both teams have completed a full cycle of negotiated financings in which all eligible team members have served as Lead Senior or Co-Senior Manager
- A Request for a Statement of Qualifications has been prepared to select new teams composed of national, regional, and MWBE firms
 - Syndicate structure has been modified to allow regional firms to serve as Lead Senior Manager or Co-Senior Manager in rotation with national and MWBE firms

UNDERWRITER SELECTION PROCESS

- Selection Criteria
 - 30% Experience
 - Experience of the firm and its representatives
 - 30% Capacity
 - Capital
 - Municipal securities sales force
 - Public finance professional and support staff
 - 20% Commitment to Dallas and/or Texas
 - Location of offices and public finance personnel
 - 20% Other Qualifications

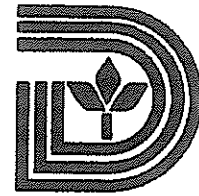
UNDERWRITER SELECTION PROCESS

- February 8 Brief Budget Finance & Audit Committee on the bond underwriter and commercial paper dealer selection process
- February 11 Request for Statement of Qualifications Released
- March 3 Responses Due
- April 12 Budget, Finance & Audit Committee Briefing
- April 14 City Council Action

COMMERCIAL PAPER DEALER SELECTION PROCESS

- Qualifications for commercial paper dealer are included in the Request for Statement of Qualifications
- Dealer selection will coincide with City Council approval establishing a general obligation commercial paper program, expected in August/September

Memorandum




CITY OF DALLAS

DATE January 29, 2010
TO The Honorable Mayor and Members of the City Council
SUBJECT Financial Forecast Report

For your information, attached is the financial forecast for FY2009-10, based on information through November. General Fund revenues are projected to be \$2,387,000 below budget and expenditures are projected to be \$2,537,000 below budget.

Sales Tax revenues are projected to be \$3,798,000 below budget. The overall financial forecast anticipates savings from a continued restrictive hiring freeze and lower than budgeted fuel costs which are not allocated to department forecasts at this time.

We will continue to closely monitor revenues and expenditures and keep you informed.


Mary K. Suhm *for*
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
David Cook, Chief Financial Officer
Jeanne Chipperfield, Director – Office of Financial Services

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**GENERAL FUND
COMPARISON OF 2009-10 REVENUES AND EXPENDITURES
AS OF NOVEMBER 30, 2009
(000s)**

<u>ITEM</u>	<u>BUDGET</u>	<u>YEAR TO DATE</u>	<u>YEAR-END FORECAST</u>	<u>BUDGET VS FORECAST VARIANCE</u>
Revenues	\$998,628	\$75,419	\$996,241	(\$2,387)
Expenditures	\$1,020,323	\$189,086	\$1,017,786	(\$2,537)
Sub Total	(\$21,695)	(\$113,667)	(\$21,545)	\$150
Use of one time resources	21,695		21,695	
Net Excess/(Deficiency) of Revenues Over Expenditures and Transfers to Reserves	<u>\$0</u>		<u>\$150</u>	

**FINANCIAL FORECAST REPORT
FY 2009-10
AS OF NOVEMBER 30, 2009**

GENERAL FUND

Revenues

- Total General Fund revenues are estimated to be \$2,387,000 below budget.
 - Vehicle Towing and Storage revenues are projected to be \$1,300,000 above budget primarily due to towing of vehicles lacking proof of auto insurance.
 - Private Disposal revenues are projected to be \$1,398,000 below budget primarily due to the weak economy.
 - Vital Statistics revenues are projected to be \$297,000 below budget due to a decrease in the number of requests for birth and death certificates.
 - Miscellaneous revenues are projected to be \$2,049,000 above budget primarily due to unbudgeted revenue anticipated as a result of the utility audit.

Expenditures

- Total General Fund expenditures are estimated to be \$2,537,000 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.
 - City Secretary's Office is projected to be \$100,000 above budget primarily due to higher than budgeted expenses for records management.

**GENERAL FUND
FORECAST OF FY 2009-10 REVENUES
AS OF NOVEMBER 30, 2009
(000s)**

	<u>BUDGET</u>	<u>REVENUES YEAR TO DATE</u>	<u>YEAR-END FORECAST</u>	<u>BUDGET VS FORECAST VARIANCE</u>
TAXES				
Ad Valorem Tax	\$420,799	\$18,861	\$420,799	\$0
Sales Tax	206,574	0	202,776	(3,798)
FRANCHISE REVENUES				
Oncor Electric	48,658	14,575	48,658	0
AT&T	21,000	5,207	21,000	0
Atmos Energy	10,600	1,515	10,600	0
Time Warner Cable	5,800	1,683	5,800	0
Other	11,097	3,237	11,097	0
TOTAL TAXES & FRANCHISE REVENUES	724,528	45,078	720,730	(3,798)
LICENSES AND PERMITS	7,970	1,038	7,933	(37)
INTEREST EARNED	3,077	0	3,077	0
INTERGOVERNMENTAL	7,312	0	7,434	122
FINES AND FORFEITURES				
Municipal Court	19,382	1,820	18,838	(543)
Vehicle Towing & Storage	6,786	1,370	8,086	1,300
Parking Fines	8,788	1,475	8,788	0
Red Light Camera Fines	8,484	0	8,484	0
Public Library	611	89	611	0
TOTAL FINES	44,050	4,754	44,807	757
CHARGES FOR SERVICE				
Sanitation Service	60,545	10,204	61,312	767
Parks	7,602	385	7,602	0
Private Disposal Fees	23,552	3,522	22,155	(1,398)
Emergency Ambulance	19,250	2,963	19,250	0
Security Alarm	4,650	507	4,650	0
Street Lighting	1,392	91	1,392	0
Vital Statistics	2,390	267	2,093	(297)
Other	16,257	2,144	16,035	(221)
TOTAL CHARGES	135,638	20,083	134,490	(1,149)
INTERFUND REVENUE	66,440	3,410	65,692	(748)
MISCELLANEOUS	9,612	1,442	12,077	2,466
TOTAL REVENUE	998,628	75,804	996,241	(2,387)
USE OF ONE-TIME RESOURCES	21,695	0	21,695	0
TOTAL RESOURCES	\$1,020,323	\$75,804	\$1,017,936	(\$2,387)

**GENERAL FUND
FORECAST OF FY 2009-10 EXPENDITURES
AS OF NOVEMBER 30, 2009
(000s)**

DEPARTMENT	BUDGET	EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
Building Services	\$27,789	\$8,065	\$27,779	(\$10)
Business Dev/Procurement Svcs	\$3,304	\$397	\$3,307	\$3
City Attorney's Office	\$10,332	\$1,475	\$10,331	\$0
City Auditor's Office	\$2,254	\$293	\$2,253	(\$1)
City Controller's Office	\$7,210	\$920	\$7,240	\$31
City Manager's Office	\$1,872	\$286	\$1,847	(\$25)
City Secretary's Office	\$1,516	\$184	\$1,616	\$100
Civil Service	\$1,223	\$189	\$1,261	\$38
Code Compliance	\$28,399	\$3,527	\$28,349	(\$50)
Court Services	\$11,065	\$1,213	\$11,052	(\$14)
Elections	\$83	\$12	\$83	\$0
Fire	\$201,252	\$34,713	\$201,189	(\$63)
Housing / Community Services	\$7,703	\$4,396	\$7,990	\$287
Human Resources	\$3,304	\$569	\$3,304	\$0
Independent Audit	\$1,253	\$0	\$1,253	\$0
Judiciary	\$2,856	\$390	\$2,956	\$100
Library	\$22,116	\$3,335	\$22,169	\$53
Management Services	\$3,250	\$1,196	\$3,204	(\$46)
Mayor and Council	\$3,718	\$424	\$3,718	\$0
Non-Departmental	\$23,798	\$1,490	\$23,135	(\$663)
Office of Cultural Affairs	\$12,145	\$885	\$12,137	(\$7)
Office of Economic Development	\$2,633	\$496	\$2,633	(\$1)
Office of Financial Services	\$1,525	\$201	\$1,525	\$0
Park and Recreation	\$65,328	\$12,446	\$65,305	(\$23)
Police	\$412,955	\$64,678	\$415,717	\$2,762
Public Works and Transportation	\$18,428	\$4,664	\$18,453	\$25
Sanitation Services	\$74,461	\$11,471	\$73,322	(\$1,139)
Street Lighting	\$16,977	\$15,439	\$16,977	\$0
Street Services	\$28,110	\$3,763	\$27,741	(\$370)
Sustainable Dev/Construction	\$1,535	\$397	\$1,511	(\$24)
Trinity Watershed Management	\$1,645	\$1,299	\$1,638	(\$7)
<u>OTHER</u>				
Appraisal District	\$3,355	\$3,052	\$3,355	\$0
Dallas County Tax Collection	\$554	\$0	\$554	\$0
Jail Contract - Lew Sterrett	\$7,222	\$7,222	\$7,222	\$0
Fuel Savings (to be allocated)	\$0	\$0	(\$2,041)	(\$2,041)
Savings from Restrictive Hiring Freeze	\$0	\$0	(\$1,452)	(\$1,452)
<u>RESERVES AND TRANSFERS</u>				
Contingency Reserve	\$200	\$0	\$200	\$0
Liability/Claims Fund	\$8,305	\$0	\$8,305	\$0
Salary and Benefit Reserve	\$647	\$0	\$647	\$0
EXPENDITURES	\$1,020,323	\$189,086	\$1,017,786	(\$2,537)

**PROPRIETARY FUNDS
FORECAST OF FY 2009-10 REVENUES AND EXPENDITURES
AS OF NOVEMBER 30, 2009
(000s)**

DEPARTMENT	BUDGET	REVENUES AND EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
<u>Aviation</u>				
Revenues	\$42,489	\$7,105	\$42,227	(\$261)
Expenses	\$41,926	\$3,819	\$41,886	(\$39)
Net Excess of Revenues Over Expenses/Transfer	\$563	\$3,286	\$341	\$222
<u>Convention Center</u>				
Revenues	\$60,076	\$2,901	\$59,342	(\$734)
Expenses	\$61,347	\$6,468	\$61,245	(\$102)
Net Excess of Revenues Over Expenses/Transfer	(\$1,271)	(\$3,568)	(\$1,903)	\$632
<u>Municipal Radio Fund</u>				
Revenues	\$2,919	\$470	\$2,919	\$0
Expenses	\$3,120	\$639	\$3,120	\$0
Net Excess of Revenues Over Expenses/Transfer	(\$201)	(\$169)	(\$201)	\$0
<u>Sustainable Dev/ Construction</u>				
Revenues	\$16,583	\$2,312	\$16,433	(\$150)
Expenses	\$16,019	\$1,740	\$16,197	\$178
Net Excess of Revenues Over Expenses/Transfer	\$564	\$573	\$235	\$329
<u>Water Utilities</u>				
Revenues	\$530,365	\$72,038	\$515,075	(\$15,290)
Expenses	\$530,365	\$51,405	\$514,814	(\$15,551)
Net Excess of Revenues Over Expenses/Transfer	\$0	\$20,634	\$261	(\$261)
<u>Communication & Information Svcs</u>				
Revenues	\$48,266	\$18	\$48,266	\$0
Expenses	\$48,434	\$12,411	\$48,434	\$0
Net Excess of Revenues Over Expenses/Transfer	(\$168)	(\$12,393)	(\$168)	\$0

**PROPRIETARY FUNDS
FORECAST OF FY 2009-10 REVENUES AND EXPENDITURES
AS OF NOVEMBER 30, 2009
(000s)**

DEPARTMENT	BUDGET	REVENUES AND EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
<u>Equipment Services</u>				
Revenues	\$48,026	\$28	\$45,681	(\$2,345)
Expenses	<u>\$47,885</u>	<u>\$13,491</u>	<u>\$45,511</u>	<u>(\$2,374)</u>
Net Excess of Revenues Over Expenses/Transfer	<u>\$142</u>	<u>(\$13,464)</u>	<u>\$170</u>	<u>(\$28)</u>
<u>Office Services</u>				
Revenues	\$4,266	\$582	\$4,197	(\$70)
Expenses	<u>\$4,384</u>	<u>\$724</u>	<u>\$4,384</u>	<u>\$0</u>
Net Excess of Revenues Over Expenses/Transfer	<u>(\$117)</u>	<u>(\$142)</u>	<u>(\$187)</u>	<u>\$70</u>

**OTHER FUNDS
FORECAST OF FY 2009-10 REVENUES AND EXPENDITURES
AS OF NOVEMBER 30, 2009
(000s)**

DEPARTMENT	BUDGET	REVENUES AND EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
<u>Employee Benefits</u>	\$724	\$40	\$724	\$0
<u>Risk Management</u>	\$1,264	\$155	\$1,264	\$0
<u>9-1-1 System Operations</u>				
Revenues	\$12,161	\$2,804	\$12,161	\$0
Expenses	\$13,965	\$636	\$13,965	\$0
Net Excess of Revenues Over Expenses/Transfer	<u>(\$1,804)</u>	<u>\$2,168</u>	<u>(\$1,804)</u>	<u>\$0</u>
<u>Storm Water Drainage</u>				
Revenues	\$44,674	\$7,408	\$44,674	\$0
Expenses	\$44,674	\$701	\$44,674	\$0
Net Excess of Revenues Over Expenses/Transfer	<u>\$0</u>	<u>\$6,707</u>	<u>\$0</u>	<u>\$0</u>

**DEBT SERVICE FUND
FORECAST OF 2009-10 REVENUES AND EXPENDITURES
AS OF NOVEMBER 30, 2009
(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	\$30,458	\$0
Revenues	\$261,586	\$9,718	\$261,586	\$0
Expenses	\$289,164	\$27,230	\$289,164	\$0
Ending Balance	<u>\$2,880</u>	<u>(\$17,512)</u>	<u>\$2,880</u>	<u>\$0</u>

CONTINGENCY RESERVE STATUS

Beginning Balance October 1, 2009	\$5,123,005
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)
Balance as of November 30, 2009	<u>\$3,258,236</u>

LIABILITY/CLAIMS FUND

Beginning Balance October 1, 2009	\$11,025,299
Paid October 2009	(\$217,299)
Paid November 2009	(\$747,600)
Balance as of November 30, 2009	<u>\$10,060,400</u>

Memorandum



CITY OF DALLAS

DATE February 4, 2010

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

SUBJECT Quarterly Investment Report as of December 31, 2009

The City of Dallas Investment Policy, in accordance with the Texas Public Funds Investment Act, requires that the City Council and City Manager receive quarterly investment reports. The purpose of this report is to provide a means for Council members, Council committee members and staff to regularly review and monitor the City's investment position and to demonstrate compliance with the City's Investment Policy and the Public Funds Investment Act. Detail and summary reports on each of the City's portfolios are included as well as summary information on the portfolio as a whole. Trade activity for the quarter is shown on page five and includes the percentages of opportunities offered and awarded to M/WBE dealers.

For the quarter ended December 31, 2009 the City's individual portfolios and the combined portfolio are in compliance with the relevant provisions of the City's Investment Policy and the Public Funds Investment Act.

Additionally, this memo provides an updated status of distributions to the City from the Reserve Primary Fund. The City's investment in the Reserve Primary Fund was frozen on September 17, 2008, when the Fund suffered losses in the value of some of its investments. The City received a sixth distribution of \$139,318 on January 29, 2010. As of today, the City has received a total of \$2,046,831 from The Reserve Primary Fund. As reflected on the following table, the remaining balance is now \$28,390.

Distributions from The Reserve Primary Fund

*Balance as of September 17, 2008: \$ 2,075,221

Distribution Date	Amount	Remaining Balance
10/31/08	\$ 1,052,944	\$ 1,022,277
12/03/08	583,243	439,034
02/20/09	137,672	301,362
04/17/09	93,155	208,207
10/02/09	40,499	167,708
01/29/10	139,318	28,390

for 
David Cook
Chief Financial Officer


Corrine Steeger
Treasury Manager


Edward R. Scott
City Controller

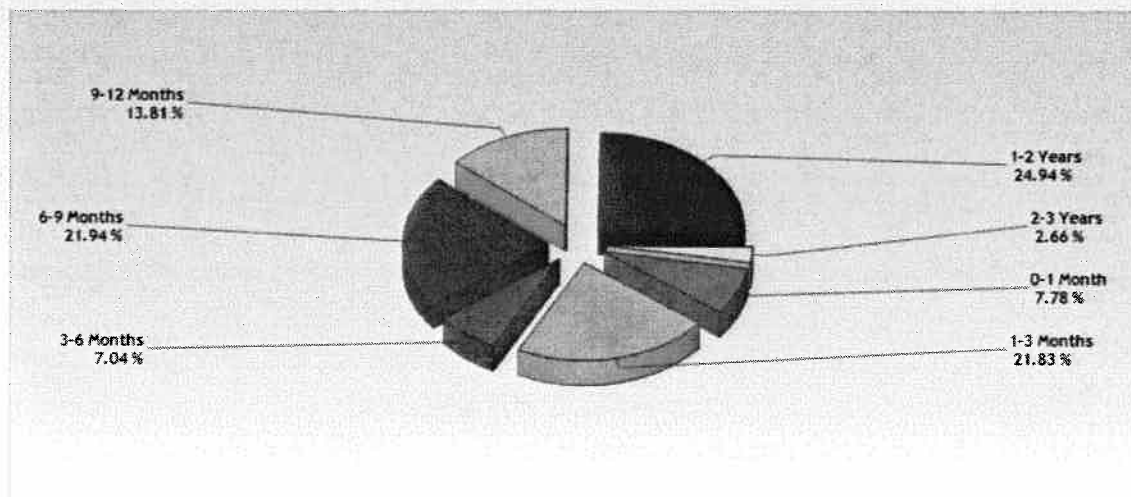
c: Honorable Mayor & Members of the City Council
Mary K. Suhm, City Manager
Ryan S. Evans, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Forest E. Turner, Assistant City Manager
Craig Kinton, City Auditor

City of Dallas
Cash and Investment Summary
December 31, 2009

Portfolio Summary			
	12/31/09	09/30/09	Net Change
Face Value	\$ 1,512,619,341	\$ 1,736,323,693	\$ (223,704,352)
Book Value	1,527,932,726	1,755,873,356	(227,940,630)
Market Value	1,538,412,069	1,772,511,259	(234,099,190)
Accrued Interest	16,231,449	10,354,374	5,877,075
Cash Value	1,554,643,517	1,782,865,632	(228,222,115)
Unrealized Gain (Loss)	10,479,343	16,637,902	(6,158,560)
Weighted Average Maturity (days)	252	273	-21
Buy Yield	1.93%	1.92%	0.01%

Investment Summary by Type		
Cash and Investments by Type	Book Value	% of Portfolio
U.S. Government Treasury Securities	\$ 81,436,941	5.10%
U.S. Government & Agency Securities		
Federal Farm Credit Bank (FFCB)	292,177,763	18.30%
Federal Home Loan Bank (FHLB)	515,480,730	32.29%
Federal Home Loan Mortgage Corporation (FHLMC)	299,568,878	18.77%
Federal National Mortgage Association (FNMA)	299,955,073	18.79%
Total U.S. Government & Agency Securities	\$ 1,407,182,444	88.15%
Local Government Investment Pool (TexPool)	\$ 2,270,116	0.14%
Money Market Mutual Funds	\$ 37,043,225	2.32%
Total Investments	\$ 1,527,932,726	95.72%
Closing Available Cash*	\$ 68,344,158	4.28%
Total Cash and Investments	\$ 1,596,276,884	100.00%

Portfolio Holdings Distribution by Maturity Range



City of Dallas, Texas
Investment Summary by Portfolio Type
For the quarter ending December 31, 2009

By Portfolio	ID #	Face Value	Book Value	Market Value	Accrued Interest	Cash Value (Mkt Val + Acc Int)	*Unrealized Gain(Loss)	Weighted Average Maturity (days)	Buy Yield
Investment Pool	1	\$ 1,358,169,345	\$ 1,372,604,889	\$ 1,382,603,996	\$ 15,316,930	\$ 1,397,920,926	\$ 9,999,107	252	2.09%
Convention Center Reserve	2	22,299,000	22,389,443	22,508,903	200,890	22,709,793	119,461	184	1.41%
Water Reserve	3	90,652,000	91,356,953	91,634,635	607,561	92,242,196	277,682	550	1.78%
Art Endowment	4	2,500,000	2,526,901	2,535,938	13,193	2,549,131	9,036	135	1.19%
Ida Green Library Fund	5	1,000,000	999,906	1,003,750	4,375	1,008,125	3,844	259	1.51%
DWU Commercial Paper Program	10	25,368,669	25,368,669	25,368,669	1,807	25,370,476	0	1	0.12%
Sports Arena Reserve 1998A	12	0	0	0	0	0	0	0	0.00%
Sports Arena Reserve 1998B	13	2,739,000	2,751,853	2,814,323	51,356	2,865,679	62,469	228	4.19%
Trinity Parkway Escrow	14	3,154,230	3,154,230	3,154,230	769	3,154,999	0	1	0.14%
Cityplace TIF Reserve	15	2,185,000	2,227,785	2,235,528	37,145	2,272,673	7,743	209	0.57%
Oncor Electric Escrow	16	4,552,097	4,552,097	4,552,097	1,083	4,553,181	0	1	0.15%
Total Portfolio		\$ 1,512,619,341	\$ 1,527,932,726	\$ 1,538,412,069	\$ 16,235,109	\$ 1,554,647,177	\$ 10,479,343	252	1.93%
Cash in Bank**		\$ 68,344,158	\$ 68,344,158	\$ 68,344,158					
Total Cash & Investments		\$ 1,580,963,499	\$ 1,596,276,884	\$ 1,606,756,227					

Note: For all non-pooled portfolios, these values do not exactly correspond to the accounting balances for the respective funds. This report summarizes direct investments only; a fund's accounting balance also includes its equity in the Investment Pool (see individual portfolio summary pages for Investment Pool balances).

* Unrealized gain/loss is the difference between the market value and book value and does not represent an actual gain or loss. Gains and losses are realized only when a security is sold prior to maturity. Since it is the City's practice to hold investments until they mature, the temporary gains and losses shown above are unlikely to be realized.

** 100% of all non-interest bearing bank deposits are FDIC Insured through December 31, 2009. Balance continues to stay higher than normal due to an earnings credit rate offered by BofA (currently 0.85% which results in a higher savings on bank fees than interest earned on the City's Money Market Mutual Funds and TexPool.

City of Dallas, Texas
Investment Summary by Security Type & Agency Issuer
For the quarter ending December 31, 2009

All Portfolios Combined							
By Security Type	Face Value	Book Value	Market Value	*Unrealized Gain(Loss)	Weighted Average Maturity (days)	Buy Yield	% of Total Portfolio
Money Market Mutual Funds	\$ 37,043,225	\$ 37,043,225	\$ 37,043,225	\$ -	1	0.12%	2.32%
Local Government Investment Pools	2,270,116	2,270,116	2,270,116	-	1	0.15%	0.14%
Treasury Securities	80,000,000	81,436,941	81,486,330	49,389.17	276	1.67%	5.10%
<u>Agency Securities</u>	<u>1,393,306,000</u>	<u>1,407,182,444</u>	<u>1,417,612,397</u>	<u>10,429,953</u>	<u>269</u>	<u>1.67%</u>	<u>88.15%</u>
Total Portfolio	\$ 1,512,619,341	\$ 1,527,932,726	\$ 1,538,412,069	\$ 10,479,343	252	1.93%	95.72%
Cash In Bank**	\$ 68,344,158	\$ 68,344,158	\$ 68,344,158				4.28%
Total Cash and Investments	\$ 1,580,963,499	\$ 1,596,276,884	\$ 1,606,756,227				100.00%

Agency Securities By Issuer	Face Value	Book Value	Market Value	*Unrealized Gain(Loss)	% of Total Portfolio	S&P/Moody's Ratings
Federal National Mortgage Assoc. (FNMA)	\$ 297,941,000	\$ 299,955,073	\$ 302,007,698	\$ 2,052,625	18.79%	AAA/Aaa
Federal Home Loan Mortgage Corp. (FHLMC)	296,097,000	299,568,878	301,753,393	2,184,515	18.77%	AAA/Aaa
Federal Home Loan Bank (FHLB)	510,310,000	515,480,730	519,245,138	3,764,408	32.29%	AAA/Aaa
<u>Federal Farm Credit Bank (FFCB)</u>	<u>288,958,000</u>	<u>292,177,763</u>	<u>294,606,169</u>	<u>2,428,406</u>	<u>18.30%</u>	<u>AAA/Aaa</u>
Total Agency Securities	\$ 1,393,306,000	\$ 1,407,182,444	\$ 1,417,612,397	\$ 10,429,953	88.15%	AAA/Aaa

* Unrealized gain/loss is the difference between the market value and book value and does not represent an actual gain or loss. Gains and losses are realized only when a security is sold prior to maturity. Since it is the City's practice to hold investments until they mature, the temporary gains and losses are unlikely to be realized.

** See Note on page 3.

City of Dallas, Texas
 Activity Summary - All Portfolios Combined
 For the quarter ending December 31, 2009

Trade Activity		Dealer Activity		Percent of Total Awarded	
	<u>Face Value</u>	<u>Face Value</u>		<u>1Q FY10</u>	<u>FY to Date</u>
		<u>Offered</u>	<u>Awarded</u>		
Beginning Balance	\$ 1,736,323,693				
Purchased/Deposited	165,382,922	\$ 97,100,000	\$ 44,000,000	58.59%	58.59%
Matured/Withdrew	(389,087,274)	76,200,000	21,100,000	28.10%	28.10%
Called	-	42,000,000	10,000,000	13.32%	13.32%
Sold	-				
Ending Balance	<u>\$ 1,512,619,341</u>	<u>\$ 215,300,000 (2)</u>	<u>\$ 75,100,000 (3)</u>	100.00%	100.00%

SUMMARY STATEMENT

	Current 12/31/2009	Prior Qtr 9/30/2009	Period Net Change
Money Market Mutual Funds & Pools	\$ 6,238,346	\$ 231,950,770	\$ (225,712,425)
Face Value -Treasuries	80,000,000	50,000,000	30,000,000
Face Value - Agencies	1,271,931,000	1,362,317,000	(90,386,000)
Total Face Value	\$ 1,358,169,346	\$ 1,644,267,770	\$ (286,098,425)
Money Market Mutual Funds & Pools	\$ 6,238,346	\$ 231,950,770	\$ (225,712,425)
Book Value - Treasuries	81,436,941	50,254,371	31,182,570
Book Value - Agencies	1,284,929,603	1,380,601,188	(95,671,584)
Total Book Value	\$ 1,372,604,889	\$ 1,662,806,329	\$ (290,201,439)
Money Market Mutual Funds & Pools	\$ 6,238,346	\$ 231,950,770	\$ (225,712,425)
Market Value - Treasuries	81,486,330	50,609,376	30,876,954
Market Value - Agencies	1,294,879,321	1,395,834,091	(100,954,771)
Total Market Value	\$ 1,382,603,996	\$ 1,678,394,238	\$ (295,790,242)
Accrued Interest	15,316,930	9,768,872	\$ 5,548,058
Cash Value (Total Market Value + Accrued Interest)	1,397,920,926	1,688,163,110	\$ (290,242,184)
Unrealized Gain(Loss)	9,999,107	15,587,909	\$ (5,588,802)
Change in Mkt Value since 09/30/09 (per PFIA)	(100,954,771)	(6,112,547)	\$ (94,842,224)
Weighted Average Days to Maturity	252	272	(20)
Buy Yield	2.09%	1.93%	0.16%
Portfolio Composition - % of Book Value			
Money Market Mutual Funds and Pools	0.45%	13.95%	-13.50%
Treasuries	5.93%	3.02%	2.90%
Agencies	93.61%	83.03%	10.58%

STRATEGY STATEMENT

The City's Investment Pool is an aggregation of the majority of City funds that 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. 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 objectives of this portfolio are to: a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists; b) ensure that anticipated cash flows are matched with adequate investment liquidity; c) limit market and credit risk through diversification; and d) attain a market rate of return commensurate with the objectives and restrictions set forth in the Investment Policy by managing the portfolio to meet or exceed the 12 month moving average yield on treasury one-year constant maturities as reported by Federal Reserve Statistical Release H.15.

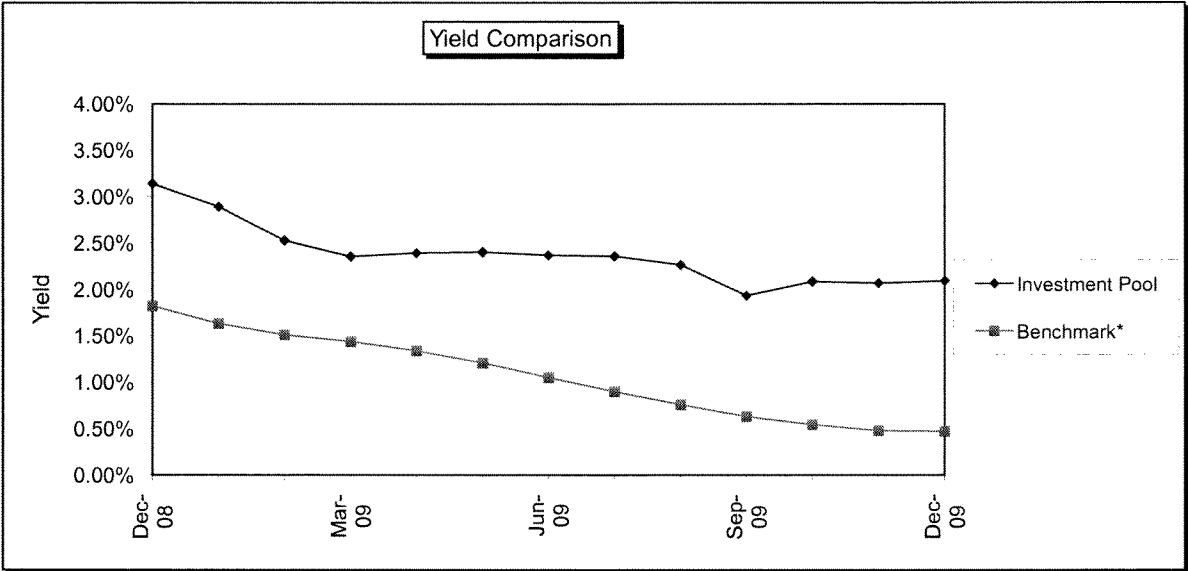
STRATEGY COMPLIANCE STATEMENT

For the quarter ending December 31, 2009, the Investment Pool is in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.1 of the City's Investment Policy.

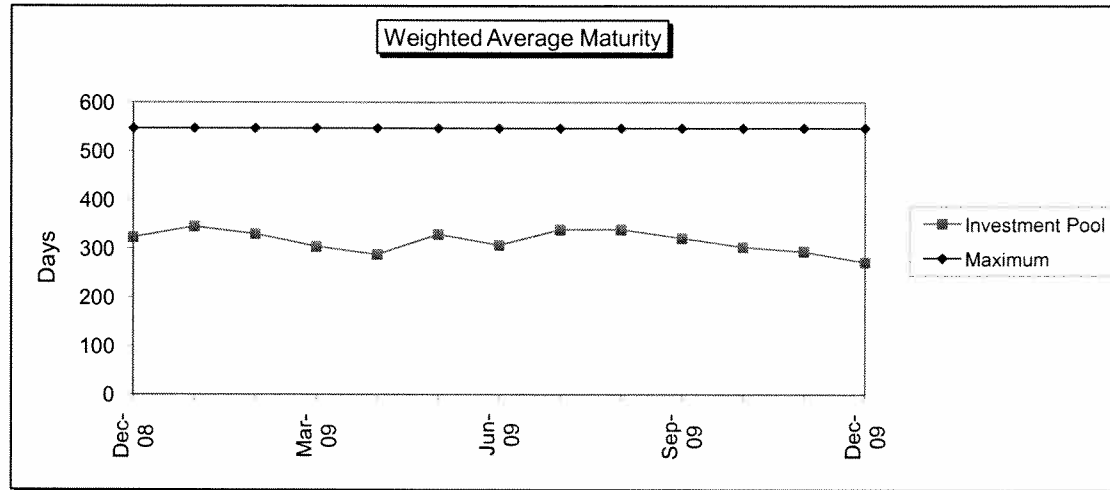
yield_wam history

	Investment Pool	12 mo moving average of 1 yr Treasury Benchmark *	1 yr Constant Maturity		Maximum	Investment Pool
3/31/2002	3.59%	2.91%	2.57%	3/31/2002	547	302
4/30/2002	3.70%	2.79%	2.48%	4/30/2002	547	299
5/31/2002	3.69%	2.67%	2.35%	5/31/2002	547	271
6/30/2002	3.69%	2.55%	2.20%	6/30/2002	547	248

City of Dallas, Texas
Yield Comparison - Investment Pool
For the quarter ending December 31, 2009



* As per Section 17.1 of the City's Investment Policy, the benchmark for the Investment Pool is the 12-month moving average yield on treasury 1 year constant maturities as reported by Federal Reserve Statistical Release H.15.



Investment Maturity Schedule - % of Total Pool					
Mnths/Yrs to Maturity	Current 12/31/2009	4th Qtr 9/30/2009	3 Months Net Change	1 Year Ago 12/31/2008	1 Year Net Change
Less than 3 months:	26.6%	19.4%	7.2%	22.7%	3.9%
3 months to 6 months:	7.7%	21.5%	-13.8%	10.3%	-2.6%
6 months to 9 months:	23.2%	6.3%	16.9%	21.3%	1.9%
9 months to 1 year:	14.8%	22.3%	-7.5%	5.1%	9.7%
1 year to 2 years:	26.2%	29.3%	-3.1%	36.6%	-10.4%
2 years to 5 years:	1.5%	1.2%	0.3%	4.0%	-2.5%
5 years to 10 years:	0.0%	0.0%	0.0%	0.0%	0.0%
More than 10 years:	0.0%	0.0%	0.0%	0.0%	0.0%
Total:	100.0%	100.0%		100.0%	

SUMMARY STATEMENT

	Current 12/31/2009	Prior Qtr 9/30/2009	Period Net Change
Face Value -Treasuries	\$ -	\$ -	\$ -
Face Value - Agencies	22,299,000	18,299,000	4,000,000
Total Face Value	\$ 22,299,000	\$ 18,299,000	\$ 4,000,000
Book Value - Treasuries	\$ -	\$ -	\$ -
Book Value - Agencies	22,389,443	18,442,769	3,946,674
Total Book Value	\$ 22,389,443	\$ 18,442,769	\$ 3,946,674
Market Value - Treasuries	\$ -	\$ -	\$ -
Market Value - Agencies	22,508,903	18,627,808	3,881,096
Total Market Value	\$ 22,508,903	\$ 18,627,808	\$ 3,881,096
Accrued Interest	\$ 200,890	\$ 150,511	\$ 50,379
Cash Value (Market Value + Accrued Interest)	\$ 22,709,793	\$ 18,778,319	\$ 3,931,473
Unrealized Gain(Loss)	\$ 119,461	\$ 185,039	\$ (65,577)
Change in Mkt Value since 09/30/09 (per PFIA)	\$ 3,881,095	\$ (88,852)	\$ 3,969,947
Weighted Average Days to Maturity	184	218	(34)
Buy Yield	1.41%	1.83%	-0.42%
Portfolio Composition - % of Book Value			
Treasuries	0.00%	0.00%	0.00%
Agencies	100.00%	100.00%	0.00%

STRATEGY STATEMENT

Non-pooled reserve funds for outstanding revenue bonds are set at levels required by their respective bond ordinances. These funds will be used to pay principal and/or interest if required to prevent a default. The objectives of this portfolio are to: a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists; b) ensure that anticipated cash flows are matched with adequate investment liquidity; c) manage market and credit risk through diversification; and d) attain the best feasible yield commensurate with the objectives and the restrictions set forth in the Investment Policy and the bond ordinance by managing the portfolio to meet or exceed the bond yield.

STRATEGY COMPLIANCE STATEMENT

For the quarter ending December 31, 2009 the Convention Center Reserve portfolio is in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.3 of the City's Investment Policy.

NOTE: This report summarizes direct investments only; a fund's accounting balance also includes its equity in the Investment Pool.

SUMMARY STATEMENT

	Current 12/31/2009	Prior Qtr 9/30/2009	Period Net Change
Face Value -Treasuries	\$ -	\$ -	\$ -
Face Value - Agencies	90,652,000	49,552,000	41,100,000
Total Face Value	\$ 90,652,000	\$ 49,552,000	\$ 41,100,000
Book Value - Treasuries	\$ -	\$ -	\$ -
Book Value - Agencies	91,356,953	50,293,811	41,063,142
Total Book Value	\$ 91,356,953	\$ 50,293,811	\$ 41,063,142
Market Value - Treasuries	\$ -	\$ -	\$ -
Market Value - Agencies	91,634,635	51,035,043	40,599,592
Total Market Value	\$ 91,634,635	\$ 51,035,043	\$ 40,599,592
Accrued Interest	\$ 607,561	\$ 359,471	\$ 248,090
Cash Value (Market Value + Accrued Interest)	\$ 92,242,196	\$ 51,394,514	\$ 40,847,682
Unrealized Gain(Loss)	\$ 277,682	\$ 741,232	\$ (463,550)
Change in Mkt Value since 09/30/09 (per PFIA)	\$ 40,599,592	\$ 340,456	\$ 40,259,136
Weighted Average Days to Maturity	550	433	117
Buy Yield	1.78%	2.38%	-0.60%
Portfolio Composition - % of Book Value			
Treasuries	0.00%	0.00%	0.00%
Agencies	100.00%	100.00%	0.00%

STRATEGY STATEMENT

Non-pooled reserve funds for outstanding revenue bonds are set at levels required by their respective bond ordinances. These funds will be used to pay principal and/or interest if required to prevent a default. The objectives of this portfolio are to: a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists; b) ensure that anticipated cash flows are matched with adequate investment liquidity; c) manage market and credit risk through diversification; and d) attain the best feasible yield commensurate with the objectives and the restrictions set forth in the Investment Policy and the bond ordinance by managing the portfolio to meet or exceed the bond yield.

STRATEGY COMPLIANCE STATEMENT

For the quarter ending December 31, 2009 the Water Reserve portfolio is in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.3 of the City's Investment Policy.

NOTE: This report summarizes direct investments only; a fund's accounting balance also includes its equity in the Investment Pool.

SUMMARY STATEMENT

	Current 12/31/2009	Prior Qtr 9/30/2009	Period Net Change
Face Value -Treasuries	\$ -	\$ -	\$ -
Face Value - Agencies	2,500,000	2,500,000	-
Total Face Value	\$ 2,500,000	\$ 2,500,000	\$ -
Book Value - Treasuries	\$ -	\$ -	\$ -
Book Value - Agencies	2,526,901	2,545,410	(18,509)
Total Book Value	\$ 2,526,901	\$ 2,545,410	\$ (18,509)
Market Value - Treasuries	\$ -	\$ -	\$ -
Market Value - Agencies	2,535,938	2,558,594	(22,656.50)
Total Market Value	2,535,938	2,558,594	\$ (22,657)
Accrued Interest	\$ 13,193	\$ 38,958	\$ (25,765)
Cash Value (Market Value + Accrued Interest)	\$ 2,549,131	\$ 2,597,552	\$ (48,421)
Unrealized Gain(Loss)	\$ 9,036	\$ 13,184	\$ (4,148)
Change in Mkt Value since 09/30/09 (per PFIA)	\$ (22,657)	\$ (48,525)	\$ 25,869
Weighted Average Days to Maturity	135	227	(92.00)
Buy Yield	1.19%	1.19%	0.00%
Portfolio Composition - % of Book Value			
Treasuries	0.00%	0.00%	0.00%
Agencies	100.00%	100.00%	0.00%

STRATEGY STATEMENT

The Art Endowment Fund was created from a repayment to the General Fund from the Convention Center pursuant to Resolution No. 84-311. Funds received as gifts to the City with instructions that the income generated by the investment of said funds be used for specified purposes are invested as separate non-pooled portfolios in order to maximize return. The objectives of this portfolio are to: a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists; b) ensure that anticipated cash flows are matched with adequate investment liquidity; c) manage market and credit risk through diversification; and d) attain a market value commensurate with the objectives and the restrictions set forth in the Investment Policy.

STRATEGY COMPLIANCE STATEMENT

For the quarter ending December 31, 2009 the Art Endowment portfolio is in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.4 of the City's Investment Policy.

NOTE: This report summarizes direct investments only; a fund's accounting balance also includes its equity in the Investment Pool.

SUMMARY STATEMENT

	Current 12/31/2009	Prior Qtr 9/30/2009	Period Net Change
Face Value -Treasuries	\$ -	\$ -	\$ -
Face Value - Agencies	1,000,000	1,000,000	-
Total Face Value	1,000,000	1,000,000	\$ -
Book Value - Treasuries	\$ -	\$ -	\$ -
Book Value - Agencies	999,906	999,872	34
Total Book Value	\$ 999,906	\$ 999,872	\$ 34
Market Value - Treasuries	\$ -	\$ -	\$ -
Market Value - Agencies	1,003,750	1,009,063	(5,313)
Total Market Value	\$ 1,003,750	\$ 1,009,063	\$ (5,313)
Accrued Interest	\$ 4,375	\$ 625	\$ 3,750
Cash Value (Market Value + Accrued Interest)	\$ 1,008,125	\$ 1,009,688	\$ (1,564)
Unrealized Gain(Loss)	\$ 3,844	\$ 9,191	\$ (5,348)
Change in Mkt Value since 09/30/09 (per PFIA)	\$ (5,313)	\$ 4,888	\$ (10,201)
Weighted Average Days to Maturity	259	351	(92)
Buy Yield	1.51%	1.51%	0.00%
Portfolio Composition - % of Book Value			
Treasuries	0.00%	0.00%	0.00%
Agencies	100.00%	100.00%	0.00%

STRATEGY STATEMENT

The Ida M. Green Endowment Fund was created with the proceeds from the sale of stock from the estate of Ms. Green pursuant to Resolution No. 87-0836. Its purpose is to provide funds for the operating and capital expenses of the library's Texas Center for the Book and Children's Center. Funds received as gifts to the City with instructions that the income generated by the investment of said funds be used for specified purposes are invested as separate non-pooled portfolios in order to maximize return. The objectives of this portfolio are to: a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists; b) ensure that anticipated cash flows are matched with adequate investment liquidity; c) manage market and credit risk through diversification; and d) attain a market value commensurate with the objectives and the restrictions set forth in the Investment Policy.

STRATEGY COMPLIANCE STATEMENT

For the quarter ending December 31, 2009 the Ida Green Library Fund portfolio is in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.4 of the City's Investment Policy.

NOTE: This report summarizes direct investments only; a fund's accounting balance also includes its equity in the Investment Pool.

SUMMARY STATEMENT

	Current 9/30/2009	Prior Qtr 9/30/2009	Period Net Change
Face Value - Money Market Mutual Funds	\$ 25,368,669	\$ 7,103,398	\$ 18,265,271
Book Value - Money Market Mutual Funds	\$ 25,368,669	\$ 7,103,398	\$ 18,265,271
Market Value - Money Market Mutual Funds	\$ 25,368,669	\$ 7,103,398	\$ 18,265,271
Accrued Interest	\$ 1,807	\$ 1,227	\$ 580
Cash Value (Market Value + Accrued Interest)	\$ 25,370,476	\$ 7,104,625	\$ 18,265,851
Unrealized Gain(Loss)	\$ -	\$ -	\$ -
Change in Mkt Value since 09/30/09 (per PFIA)	\$ -	\$ -	\$ -
Weighted Average Days to Maturity	1	1	0
Buy Yield	0.12%	0.21%	-0.09%
Portfolio Composition - % of Book Value			
Money Market Mutual Funds	100.00%	100.00%	0.00%

STRATEGY STATEMENT

Water Utilities issues tax-exempt commercial paper notes as an interim financing tool for construction projects. Proceeds from the issuance of commercial paper debt must be liquid in order to fund periodic payments to contractors and must be invested in tax-exempt securities in order to avoid costly and complex arbitrage rebate computations. In order to meet these requirements, commercial paper proceeds will be invested in tax-exempt money market mutual funds. The objectives of this portfolio are to: a) ensure safety of principal by investing only in AAA-rated tax-exempt money market mutual funds; b) ensure that anticipated cash flows are matched with adequate investment liquidity; c) manage market and credit risk through diversification; and d) attain a market value commensurate with the objectives and the restrictions set forth in the Investment Policy and governing bond ordinances.

STRATEGY COMPLIANCE STATEMENT

For the quarter ending December 31, 2009 the Water Commercial Paper Program Portfolio is in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.7 of the City's Investment Policy.

SUMMARY STATEMENT

	Sports Arena Reserve 1998A			Sports Arena Reserve 1998B - Taxable		
	Current 12/31/2009	Prior Qtr 9/30/2009	Period Net Change	Current 12/31/2009	Prior Qtr 9/30/2009	Period Net Change
Face Value -Treasuries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Face Value - Agencies	-	-	-	2,739,000	2,739,000	-
Total Face Value	\$ -	\$ -	\$ -	\$ 2,739,000	\$ 2,739,000	\$ -
Book Value - Treasuries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Book Value - Agencies	-	-	-	2,751,853	2,757,318	(5,465)
Total Book Value	\$ -	\$ -	\$ -	\$ 2,751,853	\$ 2,757,318	\$ (5,465)
Market Value - Treasuries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Market Value - Agencies	-	-	-	2,814,323	2,846,848	(32,526)
Total Market Value	\$ -	\$ -	\$ -	\$ 2,814,323	\$ 2,846,848	\$ (32,526)
Accrued Interest	\$ -	\$ -	\$ 1	\$ 51,356	\$ 16,738	\$ 34,618
Cash Value (Market Value + Accrued Interest)	\$ -	\$ -	\$ -	\$ 2,865,679	\$ 2,863,586	\$ 2,093
Unrealized Gain(Loss)	\$ -	\$ -	\$ (1)	\$ 62,469	\$ 89,530	\$ (27,061)
Change in Mkt Value since 09/30/09 (per PFIA)	\$ -	\$ (22,290)	\$ 22,290	\$ (32,526)	\$ 24,822	\$ (57,348)
Weighted Average Days to Maturity	0	0	0	228	320	-92
Buy Yield	0.00%	0.00%	0.00%	4.19%	4.19%	0.00%
Portfolio Composition - % of Book Value						
Treasuries	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Agencies	0.00%	100.00%	-100.00%	100.00%	100.00%	0.00%

STRATEGY STATEMENT

Non-pooled reserve funds for outstanding revenue bonds are set at levels required by their respective bond ordinances. These funds will be used to pay principal and/or interest if required to prevent a default. The objectives of this portfolio are to: a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists; b) ensure that anticipated cash flows are matched with adequate investment liquidity; c) manage market and credit risk through diversification; and d) attain a market value commensurate with the objectives and the restrictions set forth in the Investment Policy and the bond ordinance by managing the portfolio to meet or exceed the bond yield.

For the quarter ending December 31, 2009 the Sports Arena Reserve portfolios are in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.3 of the City's Investment Policy.

NOTE: This report summarizes direct investments only; a fund's accounting balance also includes its equity in the Investment Pool.

SUMMARY STATEMENT

	Current 12/31/2009	Prior Qtr 9/30/2009	Period Net Change
Face Value - Money Market Mutual Funds	\$ 3,154,230	\$ 4,127,159	\$ (972,929)
Book Value - Money Market Mutual Funds	\$ 3,154,230	\$ 4,127,159	\$ (972,929)
Market Value - Money Market Mutual Funds	\$ 3,154,230	\$ 4,127,159	\$ (972,929)
Accrued Interest	\$ 768.85	\$ -	\$ 769
Cash Value (Market Value + Accrued Interest)	\$ 3,154,999	\$ 4,127,159	\$ (972,160)
Unrealized Gain(Loss)	\$ -	\$ -	\$ -
Change in Mkt Value since 09/30/09 (per PFIA)	\$ -	\$ -	\$ -
Weighted Average Days to Maturity	1	1	0
Buy Yield	0.14%	0.10%	0.04%
Portfolio Composition - % of Book Value			
Money Market Mutual Funds	100.00%	100.00%	0.00%

STRATEGY STATEMENT

The Trinity Parkway Escrow portfolio was created with the deposit of \$5,000,000 on November 16, 1999 in an escrow account in accordance with an Agreement dated as of January 1, 1999 between the City and the North Texas Tollway Authority ("NTTA") pertaining to development of the Trinity Parkway. These funds will be used to reimburse NTTA for specified payments related to project feasibility. Permitted investments for this account are defined in the Escrow Agreement as those that are consistent with the Public Funds Investment Act. The objectives of this portfolio are to: a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists; b) ensure that anticipated cash flows are matched with adequate investment liquidity; c) manage market and credit risk through diversification; and d) attain a market rate of return commensurate with the objectives and restrictions set forth in the Agreement.

STRATEGY COMPLIANCE STATEMENT

For the quarter ending December 31, 2009 the Trinity Parkway Escrow portfolio is in compliance with the provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.8 of the City's Investment Policy.

SUMMARY STATEMENT

	Current 12/31/2009	Prior Qtr 9/30/2009	Period Net Change
Face Value -Treasuries	\$ -	\$ -	\$ -
Face Value - Agencies	2,185,000	2,185,000	-
Total Face Value	\$ 2,185,000	\$ 2,185,000	\$ -
Book Value - Treasuries	-	-	\$ -
Book Value - Agencies	2,227,785	2,246,925	(19,140)
Total Book Value	\$ 2,227,785	\$ 2,246,925	\$ (19,140)
Market Value - Treasuries	-	-	\$ -
Market Value - Agencies	2,235,528	2,258,744	(23,216)
Total Market Value	\$ 2,235,528	\$ 2,258,744	\$ (23,216)
Accrued Interest	\$ 37,145	\$ 17,972	\$ 19,173
Cash Value (Market Value + Accrued Interest)	\$ 2,272,673	\$ 2,276,716	\$ (4,043)
Unrealized Gain(Loss)	\$ 7,743	\$ 11,819	\$ (4,075)
Change in Mkt Value since 09/30/09 (per PFIA)	\$ (23,216)	\$ (37,489)	\$ 14,273
Weighted Average Days to Maturity	209	301	-92
Buy Yield	0.57%	1.25%	-0.68%
Portfolio Composition - % of Book Value			
Treasuries	0.00%	0.00%	0.00%
Agencies	100.00%	100.00%	0.00%

STRATEGY STATEMENT

Non-pooled reserve funds for outstanding revenue bonds are set at levels required by their respective bond ordinances. These funds will be used to pay principal and/or interest if required to prevent a default. The objectives of this portfolio are to: a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists; b) ensure that anticipated cash flows are matched with adequate investment liquidity; c) manage market and credit risk through diversification; and d) attain a market rate of return commensurate with the objectives and the restrictions set forth in the Investment Policy and the bond ordinance by managing the portfolio to meet or exceed the bond yield.

STRATEGY COMPLIANCE STATEMENT

For the quarter ending December 31, 2009 the Cityplace TIF Reserve portfolio is in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.3 of the City's Investment Policy.

NOTE: This report summarizes direct investments only; a fund's accounting balance also includes its equity in the Investment Pool.

City of Dallas, Texas
 Oncor Electric Escrow
 For the quarter ending December 31, 2009

SUMMARY STATEMENT

	Current 9/30/2009	Prior Qtr 9/30/2009	Period Net Change
Face Value - Money Market Mutual Funds	\$ 4,552,097	\$ 4,550,366	\$ 1,731
Book Value - Money Market Mutual Funds	\$ 4,552,097	\$ 4,550,366	\$ 1,731
Market Value - Money Market Mutual Funds	\$ 4,552,097	\$ 4,550,366	\$ 1,731
Accrued Interest	\$ 1,083	\$ -	\$ 1,083
Cash Value (Market Value + Accrued Interest)	\$ 4,553,181	\$ 4,550,366	\$ 2,815
Unrealized Gain(Loss)	\$ -	\$ -	\$ -
Change in Mkt Value since 09/30/09 (per PFIA)	\$ -	\$ -	\$ -
Weighted Average Days to Maturity	1	1	0
Buy Yield	0.15%	0.10%	0.05%
Portfolio Composition - % of Book Value			
Money Market Mutual Funds	100.00%	100.00%	0.00%

STRATEGY COMPLIANCE STATEMENT

For the quarter ending December 31, 2009 the Oncor Electric Escrow portfolio is in compliance with the provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.8 of the City's Investment Policy.