

Memorandum

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DATE: May 20, 2010

CITY SECRETARY  
DALLAS, TEXAS

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

SUBJECT: **Budget, Finance & Audit Committee Meeting**  
**Monday, May 24, 2010, 9:30 – 11:30 a.m.**  
**1500 Marilla Street, City Hall, Room 6ES, Dallas, Texas 75201**

**AGENDA**

1. Consideration of minutes from the May 10, 2010 Budget, Finance and Audit Committee Meeting
2. The Lamplighter School - Bond Issue Consent Jeanne Chipperfield, CFO
3. External Auditing Services Contract Edward Scott, City Controller  
Controller's Office
4. FY 2010-11 E<sup>3</sup> Government Key Focus Area Preliminary Ranking of Bids Jeanne Chipperfield, CFO
5. Equipment & Building Services Electricity Program Carolyn M. Bray, Director & Zaida Basora, Assistant Director,  
Equipment & Building Services

FYI:

6. Electricity Supply 2011 – May 26<sup>th</sup> Agenda Item #13
7. March 2010 Financial Forecast 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  
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  
May 10, 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:** May 10, 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:**

Tennell Atkins

**Staff Members Present:**

Mary K. Suhm, Jeanne Chipperfield, Molly McCall, Laura Carrillo, Shelia Robinson, Edward Scott, Lance Sehorn, Corrine Steeger, Zarin Gracey, Karl Zavitkovsky, Jody Puckett, Terry Lowery, Erica Robinson, Jeannie Eneh, Gwen Satterthwaite, Chris Bowers, Ileana Fernandez, Rhonn Ramirez, Craig Kinton

**Meeting called to order at 9:32 a.m.**

**AGENDA:**

**1. Consideration of Minutes from April 26, 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

The motion passed unanimously

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

**Follow up:**

**2. Dallas Central Appraisal District (DCAD) FY 10 – 11 Budget**

**Presenter(s):** Ken Nolan

**Information Only:** Yes

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

Motion made by:

Motion seconded by:

**Follow up:**

3. **Dallas Water Utilities (DWU) Revenue Memorandum of Agreement with Wholesale Treated Water Customers**

**Presenter(s):** Jody Puckett

**Information Only:**

**Action Taken/Committee Recommendation(s):** The Budget, Finance & Audit Committee made a motion to move the Dallas Water Utilities (DWU) Memorandum of Agreement with Wholesale Treated Water Customers briefing forward to full City Council on May 12, 2010.

Motion made by: Jerry R. Allen

Motion seconded by: Vonciel Jones Hill

The motion passed unanimously

**Follow up:**

4. **Employee Benefits and Compensation Overview**

**Presenter(s):** Mary K. Suhm & Molly McCall

**Information Only:** Yes

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

Motion made by:

Motion seconded by:

**Follow up:**

5. **1998, 2000, 2004 Cityplace Area TIF District Special Tax Revenue Bonds Optional Redemption**

**Presenter(s):** Karl Zavitkovsky

**Information Only:**

**Action Taken/Committee Recommendation(s):** The Budget, Finance & Audit Committee made a motion to move the 1998, 2000, 2004 Cityplace Area TIF District Special Tax Revenue Bonds Optional Redemption briefing forward to full City Council on May 26, 2010.

Motion made by: David A. Neumann

Motion seconded by: Vonciel Jones Hill

The motion passed unanimously

**Follow up:**

**FYI Only:**

6. **Quarterly Investment Report**

**Presenter(s):** Jeanne Chipperfield

**Information Only:** Yes

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

Motion made by:

Motion seconded by:

**Follow up:**

Meeting adjourned at 11:13 a.m.

# Memorandum



DATE May 20, 2010

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

SUBJECT The Lamplighter School – Bond Issue Consent

The Budget, Finance & Audit Committee's May 24, 2010 agenda includes the Subject briefing. Briefing materials are attached.

Please contact me if you need additional information.



Jeanne Chipperfield  
Chief Financial Officer

C: Honorable Mayor & Members of the City Council  
Mary K. Suhm, City Manager  
Deborah A. 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

# **The Lamplighter School**

## **Bond Issuance**

### **TEFRA Approval**

**Budget, Finance & Audit Committee Meeting  
May 24, 2010**

## **DISCUSSION MATERIALS**

### **SUBJECT**

- The Red River Education Finance Corporation (“RREFC”), a nonstock nonprofit education finance corporation duly created by the City of Windthorst, Texas, is empowered by Chapter 53A, Texas Education Code, to enter into contractual obligations in order to assist educational institutions in financing or refinancing the acquisition, purchase, or lease, or the construction, renovation or other improvement of, education facilities or housing facilities and facilities incidental, subordinate or related thereto or appropriate in connection therewith, and the acquisition of land in furtherance of such purposes. RREFC is proposing to issue bonds in one or more series in an amount not to exceed \$7.30 million for the benefit of The Lamplighter School (the "School").
- The Bonds will be issued to acquire approximately 13 acres of land on which the School’s campus is sited. The School is located at 11611 Inwood Road, Dallas, Texas 75229.

### **BACKGROUND**

- The School is an independent, co-educational day school for students in Pre-Kindergarten through fourth grade. The School was originally incorporated in 1967. The School is an organization described under section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”) and is exempt from federal income taxation under section 501(a) of the Code.
- The School holds membership in the National Association of Independent Schools (NAIS) and the Independent Schools Association of the Southwest (ISAS). The school is accredited by ISAS.
- The School intends to use funds received to acquire the land upon which the campus of the School is sited. The School and RREFC intend to enter into one or more tri-party loan

agreements with Bank of Texas, N.A. (the “Bank”), pursuant to which RREFC will act as a conduit issuer in facilitating one or more tax-exempt loans from the Bank to the School to finance the Project. The School has advised RREFC that it can realize substantial cost savings by utilizing tax-exempt loans to finance the Project.

- RREFC is a statutorily created corporation organized for the purpose of financing educational facilities. RREFC has financed projects for schools including The Hockaday School, St. Mark’s School of Texas and The Episcopal School of Dallas, Inc., each of which were previously presented to the City Council. RREFC has no taxing power, no police powers, and no powers of eminent domain. RREFC is a conduit financing corporation that issues bonds which are secured by revenues and/or property pledged from a private educational institution.
- The City of Dallas is not being asked to make a loan, guarantee the credit of the School, or to provide funds or credit support for the financing in any manner. The bonds will not be a debt or liability of the City and the City’s name will not appear on the bonds issued by RREFC.
- Because the Project is located within the City of Dallas, Section 147(f) of the Internal Revenue Code of 1986, and the Treasury regulations promulgated thereunder, require that in order for interest paid on the Bonds to be exempt from United States federal income taxation, an “applicable elected representative” of the City of Dallas must approve the issuance of the bonds after a public hearing following reasonable notice. A public hearing was held following a reasonable public notice on June 7, 2010, at the campus of the School.

## **RECOMMENDATION**

- Forward the School's request to the City Council, with a recommendation to approve an item on the June 9, 2010 City Council Agenda.



# Memorandum



CITY OF DALLAS

DATE May 20, 2010

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

SUBJECT External Auditing Services Contract

The May 24, 2010 Budget, Finance & Audit meeting agenda includes a briefing on the External Auditing Services Contract. Attached is a copy of the briefing.

Please let me know if you need additional information.

A handwritten signature in cursive script that reads "Jeanne Chipperfield".

Jeanne Chipperfield  
Chief Financial Officer

Attachment

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  
Deborah A. Watkins, City Secretary  
Tom P. Perkins, City Attorney  
Craig Kinton, City Auditor

# External Auditing Services Contract

Budget, Finance and Audit Committee

May 24, 2010



# Purpose

- Provide historical background
- Brief the committee on available options for the Fiscal Year 2010 external audit contract

# Background

- The City is required by Charter to have an annual independent audit
- Unlike most contracts, the City Council evaluates and recommends award of the auditing services contract without a recommendation from City staff
  - The purpose of the audit is to issue an opinion on the financial statements prepared by management.
  - The City Charter states that the auditors “shall be selected by the city council, and shall be responsible to the council.”
- In 2007, the City requested proposals for the annual audit for fiscal years 2007, 2008 and 2009
- Two firms submitted proposals: Grant Thornton LLP and KPMG
- On November 2, 2007, Council awarded a three year contract to Grant Thornton LLP for fiscal years beginning 2007
- The original contract expires after the Fiscal Year 2009 audit, and a contract for auditing services needs to be awarded for the upcoming fiscal year 2010 financial statements

# Options

The City Council can elect to either:

- Solicit new proposals from qualified certified public accounting firms; or
- Extend the current contract with Grant Thornton LLP

# Option 1:

## Request for Proposals

- The RFP (Appendix A) outlining the requirements for the auditing services contract would be issued for consideration to certified public accounting firms
- All proposals received will be forwarded to the members of the Budget, Finance and Audit Committee
- Committee will select firms for oral interviews
- Committee will select proposer deemed most qualified
- Committee recommendation will be forwarded to full council for contract award

# Option 2: Extend Current Contract

- Grant Thornton submitted a proposal (Appendix B) to extend the current contract for two years (fiscal years 2010 and 2011 audits)
- The proposal will extend the current contract from three years to five years
- Proposed audit fees for the City of Dallas primary government financial statements will decrease by \$100,000 annually, from \$982,000 to \$882,000

# Requested Action

- Provide direction to staff to proceed with either an RFP or contract extension

Appendix A

**REQUEST FOR PROPOSAL**  
**Auditing Services**



May 20, 2010

Dear Sir or Madam:

The City of Dallas is accepting proposals from qualified firms of Certified Public Accountants to provide audit services. Enclosed is a Request for Proposal for professional audit services for fiscal years ending September 30, 2010 through September 30, 2012, with the option of auditing the City of Dallas' financial statements for the two subsequent fiscal years, as well as certain component units with varying fiscal year ends. If your firm desires to present a proposal, please submit by 10:00 a.m. June 18, 2010.

City of Dallas  
c/o Purchasing Agent  
1500 Marilla, Room 3FN  
Dallas, TX 75201  
(214) 670-3326

At a later date, we will schedule presentations before the Budget, Finance and Audit Committee for the firms short-listed. A final selection will be made sometime after the presentations.

We look forward to your participation in this proposal process.

Sincerely,

Jeanne Chipperfield  
Chief Financial Officer

**REQUEST FOR PROPOSAL**  
**Auditing Services**

I. Introduction

The City of Dallas (the City) is soliciting proposals from qualified certified public accounting firms to perform the City's annual audits, including the audits of certain component units of the City, issue opinions on the related financial statements and to provide other auditing services as described within this request for proposal for fiscal years ending September 30, 2010 through September 30, 2012, and certain component unit fiscal years ending December 31, 2010 through December 31, 2012, with the option of auditing financial statements for each of the two subsequent fiscal years. The auditor is not required to audit the introductory or statistical information sections of the Comprehensive Annual Financial Report.

The audits are to be performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial auditing committees in the Government Auditing Standards, July 2007 Revision, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of states, local governments and non-profit organizations.

After reviewing all proposals submitted, the City will notify those firms it wishes to consider further and will schedule oral presentations before the Council's Budget, Finance and Audit Committee. The successful firm will be selected using the criteria identified in Section X and audit fees negotiated. The City reserves the right to reject any and all proposals submitted and to request additional information. It should be noted that the use of the auditor's opinion and audited financial statements is at the discretion of the City. The successful firm will be required, in the contract, to consent to the use by the City of the auditor's opinion and the City's audited financial statements in connection with City debt offering documents.

For the past 3 years, Grant Thornton LLP has been the City's auditor. The City's fiscal year 2008

Comprehensive Annual Financial Report was submitted for review by the Government Finance Officers Association of the United States and Canada and was awarded the Certificate of Achievement for Excellence in Financial Reporting.

II. Minority Participation

The City of Dallas is committed to providing women-and minority-owned business enterprises with all available opportunities possible under the law. Compliance with the City's Good Faith Effort Plan is essential (please see attachment). We, therefore, encourage the prime contractor to extend an opportunity to qualified women and/or minority firms to participate in a joint venture agreement or as a subcontractor(s) in the engagement. A list of Minority Business Enterprise firms, or other information or assistance can be obtained from:

Business Development & Procurement Services  
City Hall  
1500 Marilla, Room 3FN  
Dallas, TX 75201  
(214) 671-9814

III. Description of the City

The City of Dallas, incorporated in 1856, adopted the City Charter in 1907 and has had a Council-Manager form of government since 1931. The City Council consists of fourteen single district council members and a mayor elected at-large. The estimated population of the City as of 2009 was 1,306,350.

The City Council's Budget, Finance and Audit Committee consists of six council members. The committee is charged with the responsibility of financial and audit oversight of the operations of the City. A list of elected officials, and members of the Budget, Finance and Audit Committee are included in Exhibit E-3.

- The City's 2010 budget provides for \$2.23 billion in operating expenditures and \$745 million in capital improvements to furnish the full array of municipal services to its citizens.

The following component units included in this request for proposal are not included in the City's budget:

- Employees' Retirement Fund Pension Plan
- Dallas Police and Fire Pension System Pension Plan
- Police & Fire Supplemental Pension Fund Pension Plan
- Convention Center Hotel Corporation
- Love Field Modernization Corporation
- Downtown Dallas Development Authority

Additional information for the component units included in this request for proposal can be found in Exhibit B-1. In addition, the City may establish one or more additional local government corporations or other special purpose entities which may require reporting as a component unit of the City during the contract period.

The City Controller's Office is responsible for preparing the audited financial statements for the City. The department is headed by the City Controller, Assistant City Controller and Assistant Director for Cash and Debt. Organizational charts are included in Exhibit E.

#### IV. Audit Requirements

The City Council is required by the City Charter to have an independent audit of "the books of account, records and transactions of all the administrative departments of the City." The City maintains numerous individual funds and groups of accounts to record these transactions. The number and type of funds, grants and component units will change over time; the lists presented throughout this request for proposal are current as of the proposal date.

All component units maintain financial information in systems other than the City's. Additional information can be found in Exhibit B-1.

Certain difficulties may arise in the future which may increase the level of service required in past audits due to additional grant reporting requirements, implementation of new accounting standards and financial system upgrades. Such foreseeable difficulties include significant reporting requirements set forth by the Federal Government for entities receiving American Recovery and Reinvestment Act (ARRA) funds anticipated by the City; upgrading the Lawson Human Resource Information System; and a possible upgrade of the City's Advantage financial system (see Section V.E.1) within the audit timeframe. Additionally, audits for the past 3 years would be required for Oak Cliff Gateway TIF district if bonds are sold.

- A. Exhibit A lists the reporting entities included in the City's financial statements, by fund type, and the number of funds maintained for each type as of September 30, 2009. Exhibit A-2 lists the funds included in Exhibit A-1 which require a separate audit of their respective basic financial statements. These funds are included as part of this request for proposal, but should be separately identified.
- B. Exhibit B lists the City's component units, which are reported and audited separately. Exhibit B-1 lists the component units which are included in this request for proposal. The individual boards must also approve the bids; therefore, audit fees should be separately stated for each of these component units. Audits of the component units listed in Exhibit B-2 are not included as part of this request for proposal, but the funds are considered component units of the City. Related organizations not included as component units of the City include the Dallas/Fort Worth International Airport, Dallas Housing Authority and Dallas Area Rapid Transit (please refer to Note 1, page 34 of the City's Fiscal Year 2008 CAFR for additional information).
- C. Exhibit C includes those funds requiring compliance audits as prescribed by other governmental agencies or revenue bond ordinances.
- D. Dallas Water Utilities and Aviation Revenue require a certificate of adequate net revenue coverage for each bond sale. Verification of arithmetical computation of adequacy of escrowed securities and interest will be required for DWU bond refunding as well as

infrequent comfort letter(s) (last required in 1988). All such fees should be separately stated per bond sale.

- E. Other reports required by the City related to: (1) Agreed upon procedures satisfying the Texas Commission on Environmental Quality financial assurance test special report requirements of the Texas Administrative Code, Chapter 37, Subchapter C, which must be filed within six months after the fiscal year end; (2) Passenger Facility Charge audit in accordance with 14 Code of Federal Regulations (CFR) Part 158; and, (3) review of each official statement in conjunction with bond offerings.
- F. A compliance audit is required of management controls on investments and adherence to the City's established investment policy and the Public Funds Investment Act.
- G. The City also requires the performance of a Single Audit (Schedule of Grant Expenditures) of federal, state and local grant funds as prescribed by the "Single Audit Act of 1984" as amended and the U.S. Office of Management and Budget (OMB) Circular A-133 and the State of Texas Single Audit Circular (the Circular) in accordance with the State Uniform Grant Management Standards. Exhibit D lists various federal, state and local agencies that currently provide grant funds to the City.
- H. Required Auditor Communication
  - 1. The Auditor will provide a letter to management setting forth any reportable conditions found during the audit as required by generally accepted auditing standards. A written report of all irregularities and illegal, or indications of illegal, acts must be immediately given to the City Manager, Chief Financial Officer, City Controller, City Auditor and the City Attorney. If the Auditor becomes aware of fraud involving senior management, the Auditor will report this matter directly to the City Manager and City Auditor. If the Auditor becomes aware of fraud that causes a material misstatement of the financial statements, the Auditor will report this matter directly to the City Manager, Chief Financial Officer, City Controller, City Auditor and

the City Attorney.

2. The Auditor will communicate certain independence matters to the Chief Financial Officer, City Controller and City Auditor. In addition, the Auditor will provide information outlining any services other than auditing services that the Auditor performed for the City during the year under audit.
3. Pursuant to an agreed upon schedule established at the beginning of the audit, Auditor will meet regularly with the City Controller and the City Auditor and provide audit status updates. These updates will include, but are not limited to, the planned scope and timing of the audit, preliminary assessments of internal accounting and administrative controls, compliance with laws and regulations, as applicable, and adherence to accounting principles generally accepted in the United States of America.
4. Auditor will provide the City Controller and City Auditor, upon request, electronic files of flowcharts, narratives, and other internal control documentation developed during the audit in a format that can be updated.
5. If illegal acts come to Auditor's attention, the Auditor will inform the City Manager, Chief Financial Officer, City Controller and City Auditor unless the illegal acts are clearly inconsequential.
6. Auditor will inform the City Auditor of significant audit adjustments noted during the audit.
7. Auditor will advise the City Auditor of material oral and written communications between management and Auditor.
8. Auditor will communicate to the City Controller and City Auditor any material weaknesses and reportable conditions that are noted during the course of its audit.
9. Auditor will communicate to the City Controller and City Auditor all significant deficiencies and material weaknesses in internal control over financial reporting that

it identifies during the course of the audit.

10. Auditor will communicate to the City Controller and City Auditor all internal control deficiencies (that is, those deficiencies in internal control over financial reporting that are of a lesser magnitude than significant deficiencies) identified during the audit and not previously communicated by Auditor.
11. Auditor may also communicate to the City Controller and City Auditor other opportunities for economies in or improved controls over the City's operations.
12. Auditor will communicate to the Chief Financial Officer, City Controller and City Auditor the existence of any significant deficiency or material weakness as a result of ineffective oversight by the Budget, Finance and Audit Committee for external financial reporting and internal control over financial reporting.
13. Auditor will communicate certain matters related to the conduct and results of the audit to the City Auditor. Such matters include, when applicable,
  - a) The auditor's views about the qualitative aspects and acceptability of the City's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures.
  - b) Changes in the City's significant accounting policies and methods for accounting for significant unusual transactions or for controversial or emerging areas.
  - c) Difficulties encountered in performing the audit.
  - d) Uncorrected misstatements, other than those the auditor believes are trivial.
  - e) Material corrected misstatements that were brought to the attention of management as a result of audit procedures.
  - f) Disagreements with management, whether or not resolved.
  - g) The Auditor's level of responsibility under auditing standards generally accepted in the United States for the financial statements, for internal

control, and for other information in documents containing the audited financial statements.

- h) Unadjusted audit differences that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements as a whole.
- i) The basis for the Auditor's conclusions regarding sensitive accounting estimates.
- j) Management's consultations with other accountants which the Auditor is aware of.
- k) Major issues discussed with management prior to the Auditor's retention.

V. Accounting Information

- A. The modified accrual basis of accounting is used for all governmental fund types; revenues are recorded when measurable and available. The City budget represents departmental appropriations authorized by the annual appropriation ordinance and as revised by the City Council during the fiscal year. Appropriations, estimated revenues and encumbrances are recorded in the accounting records.
- B. Expenditures are recorded when incurred as fund liabilities according to generally accepted accounting principles.
- C. All proprietary fund types use the accrual basis of accounting, and economic resources measurement flows.
- D. All funds are restated to the accrual basis of accounting and economic resources measurement focus for the government-wide financial statements.
- E. Financial System
  - 1. The City uses the integrated accounting system Advantage version 3.5, a product of CGI-AMS, Inc., Fairfax, Virginia. Advantage is a financial management system which provides general ledger functions including encumbrance and budget controls, and

modules for purchasing, fixed assets, inventory management, and job cost.

The Lawson Human Resources Information System interfaces with Advantage and is not part of the integrated system. Water utilities, sanitation, aviation, security alarm permits, and several other revenues sources are maintained in SAP. The information is interfaced with Advantage. Various other billing and cash receipts systems other than SAP also interface with Advantage.

2. Approximately 7,500 journal vouchers are entered annually by approximately 390 data entry personnel and general system users. Another 75,000 transactions annually are input as interface files from 'feeder' systems such as payroll, water utilities customer information accounting billing system, license and permit billing systems, equipment services billing and inventory systems.
3. The accounting structure of Advantage includes approximately:
  - a) 1,183 Funds
  - b) 9.526 Units
  - c) 1,105 Balance Sheet Accounts
  - d) 695 Expenditure Object Categories
  - e) 1,020 Revenue Source Categories
4. The City processes about 109,000 payment vouchers annually. The City also processes approximately 3,103 wire transfers per year.
5. The Advantage Financial data base consists of four components, all of them Oracle tables:
  - a) Document Catalog contains all documents which were processed. Documents may be archived, but encumbrances which are still open will not be archived.

- b) Tables contain chart of accounts, configuration options and various repositories of information, such as vendors.
- c) Journals contain chronological accounting activity in detail.
- d) Ledgers contain summary-level accounting data.

6. Documentation for the City's systems, policies, and procedures is provided by various manuals including:

- a) Administrative Directives Manual
- b) Advantage Information Guide
- c) Advantage Financial User Guides
- d) Human Resources Information System (HRIS) Manual
- e) Records Management Manual
- f) Personnel Rules
- g) Online help for pages and individual fields
- h) City Charter

F. Centralized Computer Center

The City of Dallas has a Centralized Computer Center. The Advantage financial system is supported, as follows:

1. Four Sun V480 servers, Solaris 9: Database, Vendor Self-Service, Web/Application and Test.
2. The application is written in Java. IBM Websphere serves HTML pages to standard web browsers on the Intranet.
3. The database is Oracle 9i.
4. The data extraction tool is Oracle PL/SQL (SQL Plus), or other database utilities.
5. The end-user reporting tool is InfoAdvantage (a vendor-provided configuration of Business Objects), which runs on a Wintel platform.

VI. Assistance Available to Auditors

The City Controller's Office staff will prepare workpapers, provide documentation and make available training aids for orientation of the auditor's staff. The preparation of confirmation letters will be the responsibility of the City Controller's Office. The City will provide reasonable workspace for the auditor. Access to telephone, fax, internet and photocopier machines will also be provided.

VII. Proposal Requirements

Each firm should submit their proposal in twenty copies. Items to be included are:

A. Table of Contents

Include a clear identification of the material submitted by section and by page number.

B. Scope of Service Section

Clearly describe the scope of the required services to be provided defined in terms of both financial statement audit and compliance audit.

C. Audit Staff

Identify the responsible partner(s) and appropriate partner, manager, and other supervisors who will work on the audit, including staff from other than the local office. Resumes for each should be included, containing specific governmental experience and whether they are licensed to practice as a Certified Public Accountant in the State of Texas. The depth of the staff available should be included and the firm's intent regarding continuity of assigned staff during future years. Also indicate any joint venture or subcontractor participation by other audit firms and staff profiles as appropriate. State whether the proposed staff have received continuing professional education in governmental accounting and auditing during the last two years. If the firm or joint venture has performed or assisted the City's audit within the prior five years, state the firm's approach to rotating the partner and manager off the audit.

D. Audit Approach

Clearly describe your firm's approach to conducting the audit. Include in this description your proposed utilization of City staff, methodology for accomplishing the varied audit

requirements in a timely and efficient manner and any special techniques you may employ to facilitate the first year engagement. Also include proposed segmentation of the engagement, level of staff assigned to each segment, approach to determining sample sizes, approach to determining compliance with laws and regulation, and the approach to be used in gaining an understanding of the internal control structure. It is the City's goal to issue audited financial statements within 180 days after the fiscal year end. Therefore, indicate procedures and/or work schedules that would be used to facilitate the completion of the audit within this time frame.

E. Identify any potential audit problems, the firm's approach to resolving these problems, and any special assistance that will be requested from the City.

F. Independence

State whether your firm is independent of the City of Dallas as defined by generally accepted auditing standards. List and describe the firm's professional relationships involving the City of Dallas, elected or appointed officials or any of its agencies for the past five years. Include a statement explaining why such relationships, if any, do not constitute a conflict of interest.

G. Profile of the Firm

State whether your firm is local, national or international. Give the location of the office from which the work is to be done and the number of partners, managers, supervisors, seniors and other professional staff employed at that office and your proposed billing rates for each. Provide a statement that the firm, engagement partners, concurring partners and senior manager are licensed to practice public accounting by the State of Texas.

H. List of all lawsuits pending as of January 2005 or filed since that date, including subject matter and status. Disclose any disciplinary action brought against your firm or employees by state regulators, bodies, or professional organizations during the past five years.

I. Governmental Experience

Describe recent experience in governmental auditing, pension fund auditing, Single Audit,

and grant auditing similar to the type requested and emphasize any local office engagements. Include whether those clients received the GFOA certificate for excellence in financial reporting for each of the years the client was served by your firm. Provide as references the names and telephone numbers of client officials responsible for those audits.

- J. Compliance with Auditing Standards Generally Accepted in the United States of America. State whether your firm intends to comply with auditing standards generally accepted in the United States of America and the standards applicable to financial auditing committees in the Government Auditing Standards, July 2007 Revision, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of states, local governments and non-profit organizations, including special reporting on internal controls and on compliance with applicable laws and regulations. State whether your firm has complied with applicable requirements for external quality control review and continuing professional education. Include a copy of the report on the firm's most recent external quality control review with a statement whether that review included a review of specific government engagements. State also whether your firm has complied with continuing professional education in governmental accounting and auditing as specified by the GAO.

- K. Additional Information

The successful proposer will be required to purchase, and maintain during the term of the contract, insurance. Give any additional information considered essential to this proposal, including involvement in state and local government organizations, seminars, etc. Indicate any planned participation by certified women- or minority-owned firms. Indicate your availability in providing a minimum of 16 hours of continuing professional education annually for the City's professional accounting staff. Indicate your firm's availability for providing ongoing accounting, financial management systems, and pension/actuarial consultation throughout the year.

L. Audit Fees

The City Council is required to approve the fees for this contract at the time the auditor is selected and the contract is approved. The City will not be in a position to include any provisions in the contract that could result in additional obligations on the part of the City. The estimated fee provided in the response should indicate:

- 1) a combined not-to-exceed fee and estimated hours for the simultaneous audit of the CAFR and Schedule of Grant Activity (Single Audit);
- 2) the fee and estimated hours for each review of the City's official statement in conjunction with its bond offerings;
- 3) the fee and estimated hours for the Texas Commission on Environmental Quality Financial Assurance report and Passenger Facility Charge audit;
- 4) the fee and estimated hours for verification of arithmetical computation of adequacy of escrowed securities and interest for DWU bond refunding and infrequent comfort letter(s) (last required in 1988);
- 5) the fee and estimated hours for the audit of each component unit identified in Exhibit B-1;
- 6) the maximum percentage increase in 1), 2), 3), 4) and 5) that can be anticipated in subsequent years (see Section IX); and
- 7) maximum hourly rates for services which may be requested outside the scope of the audits for each of the following: Partner, Manager, Senior Accountant, and Staff Accountants.

VIII. Selection Process

The Budget, Finance and Audit Committee of the City Council will review the proposals, choose the firms for oral presentations and select the firm it deems most qualified.

IX. Contract

The professional audit firm selected by the City to perform this service will be required to sign a contract prepared by the City Attorney's Office (sample contracts are provided). Any modifications to the contract should be addressed in the proposer's response to this RFP. Modifications to the contract are subject to review and approval by the City Attorney's Office. The contract will be a three year contract with an option to renew the contract for up to two successive one year periods.

X. Criteria for Evaluation

The criteria for evaluation will include, but not be limited to, the following areas with the approximate weightings as noted:

- |    |   |    |
|----|---|----|
| A. | Prior governmental auditing experience  | 30 |
|    | <ul style="list-style-type: none"><li>- current governmental clients</li><li>- experience in comparable audits and single audits</li><li>- participation in municipal leagues and associations</li></ul>  |    |
| B. | Qualifications of staff to be assigned to the audit   | 30 |
|    | <ul style="list-style-type: none"><li>- quality assurance review - unqualified opinion</li><li>- extent of continuing education received by staff</li><li>- size of local office</li><li>- extent of on-site staff experienced<br/>in electronic data processing audits</li></ul> |    |
| C. | Audit approach  | 15 |
|    | <ul style="list-style-type: none"><li>- extent of City staff utilization during engagement</li><li>- reasonableness of audit timetable</li><li>- reasonableness of audit hours</li><li>- adequacy of sampling techniques and analytical procedures</li></ul>                      |    |
| D. | Fees  | 25 |

If you have any questions prior to the pre-proposal conference, please contact Jan Hollins (214) 671-8149.

**Reporting Entities to be Audited**  
**As of September 30, 2009**

Governmental Funds:		
General Fund	28	
Debt Service	3	
Special Revenue Fund	676	
Capital Project Fund	298	
Permanent Fund	5	
Internal Service Funds:		
Equipment Services	1	
Communication Services	2	
Office Services	2	
Information Systems	1	
Risk Funds	8	
Enterprise Funds:		
Water Utilities	76	
Convention Center	28	
Aviation Revenue	29	
Municipal Radio	2	
Building Inspection	1	
Fiduciary Funds		
Agency Fund	21	
Pension Trust Fund	3	(None maintained in City's financial system)
Other		
General Fixed Assets	1	
General Long-Term Debt	1	
Component Units	<u>5</u>	(None maintained in City's financial system)
Total	1,191	

Note: number of funds may change based on new requirements through the end of the current fiscal year.

**Enterprise Funds Requiring Separate Audited Financial Statements**

The City is requesting bids for the audit of the following Enterprise Funds as part of this request for proposal. These funds require the audit of basic financial statements prepared by the City Controller's Office due to bond requirements. The bids for these audits should be separately identified, but do not require additional approval.

Water Utilities

Aviation Revenue

Vickery Meadow TIF

Cityplace TIF

**City Component Units**  
**Included in the Request for Proposal**

The City is requesting bids for the audit of the following component units as part of this request for proposal. The bids should be separately identified, and are subject to approval by the respective boards.

	<u>Report Date</u>
Employees' Retirement Fund Pension Plan <span style="float: right;">(1)</span> Established for the benefit of all eligible City employees, excluding firefighters and police officers.	12/31
Dallas Police and Fire Pension System Pension Plan <span style="float: right;">(1)</span> Defined benefit pension plan designed to provide retirement, death and disability benefits for firefighters and police officers.	12/31
Police & Fire Supplemental Pension Fund Pension Plan <span style="float: right;">(1)</span> Established for officials in the Fire and Police Departments who hold rank higher than the highest corresponding Civil Service and available as a result of competitive examination.	12/31
Convention Center Hotel Corporation <span style="float: right;">(2)</span> Nonprofit local government corporation created and organized by the City to finance the costs required to acquire land and to develop, construct, furnish and equip the City of Dallas Convention Center Hotel.	12/31
Love Field Modernization Corporation <span style="float: right;">(2)</span> Nonprofit local government corporation created and organized by the City to finance the costs required to demolish and rebuild terminals at Love Field airport as a result of the repeal of the Wright Amendment.	09/30
Downtown Dallas Development Authority <span style="float: right;">(1)</span> Organized to increase the property tax base in the downtown area of the City in a manner similar to other tax increment financing zones of the City, but with a separate board.	09/30

**City Component Units**  
**Included in the Request for Proposal (continued)**

- (1) Financial information is maintained in a separate financial system from the City's. The staff responsible for preparation of financial statements is substantially different from the City's.
- (2) Financial information is maintained and prepared by the City. The component unit does not use the City's financial system, but instead uses either Peachtree or Excel to maintain financial activity.

**City Component Units**  
**Not Included in the Request for Proposal**

The following component units are reported in the City's financial statements. The boards of each of the component units procure auditing services independent from the City's procurement process.

	<u>Report Date</u>
<p>Housing Finance Corporation                      Organized to issue tax-exempt mortgage revenue bonds to encourage low to moderate-income citizens opportunities for single-family residential home ownership.</p>	<p>- 12/31</p>
<p>Housing Acquisition and Development Corporation                      Organized solely and exclusively for the public purpose of providing safe, affordable housing facilities for low and moderate income persons.</p>	<p>09/30</p>

**Funds Requiring Compliance Audit**

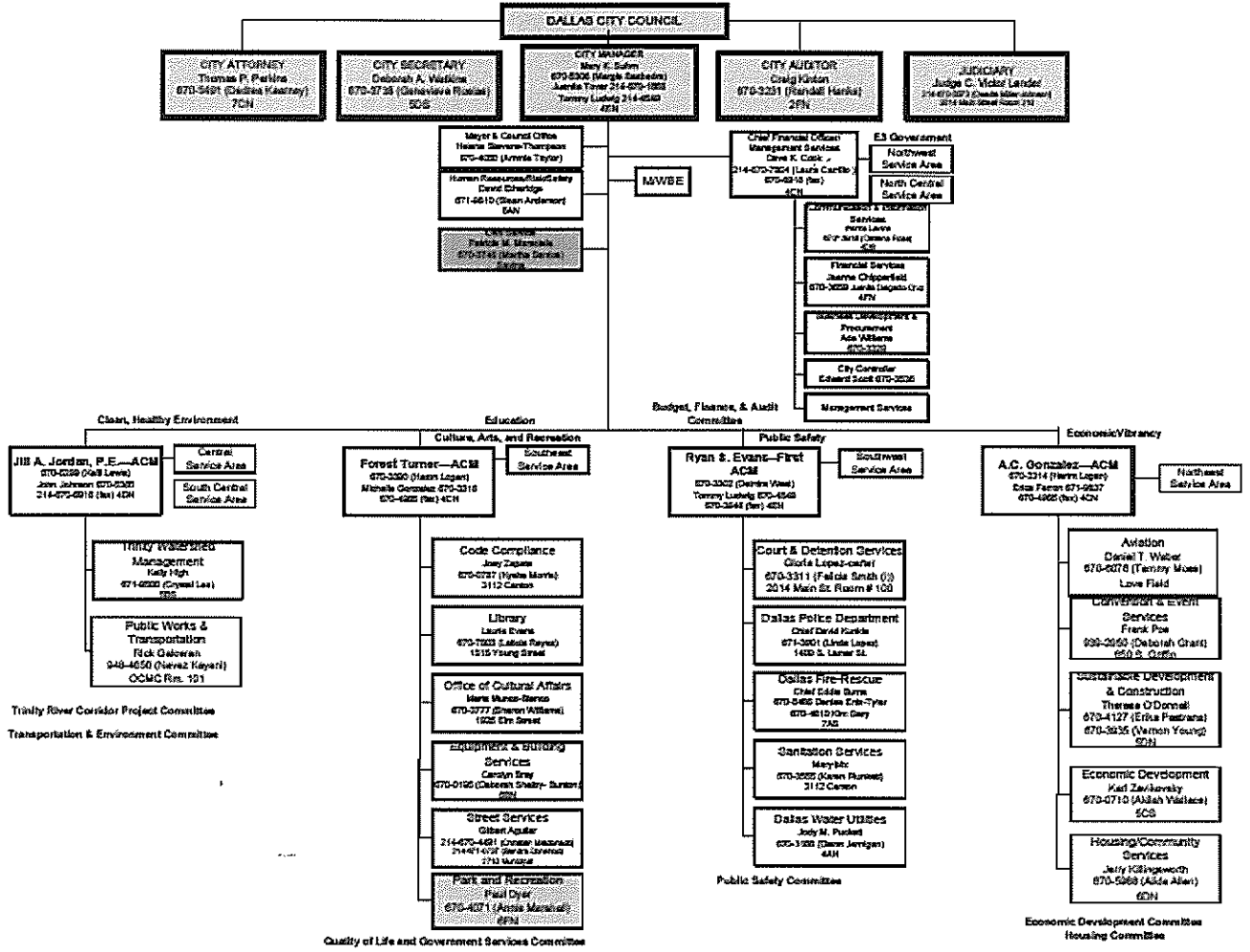
<u>Fund</u>	<u>Compliance Required By</u>	<u>Report Date</u>
Federal/State Grants	Single Audit Act of 1984	09/30
Water Utilities	Revenue Bond Ordinance	09/30
Convention Center	Revenue Bond Ordinance	09/30
Airport Revenue	Revenue Bond Ordinance	09/30

Agencies Providing Grant Funds to City of Dallas

**Agencies Providing Grant Funds to City of Dallas**

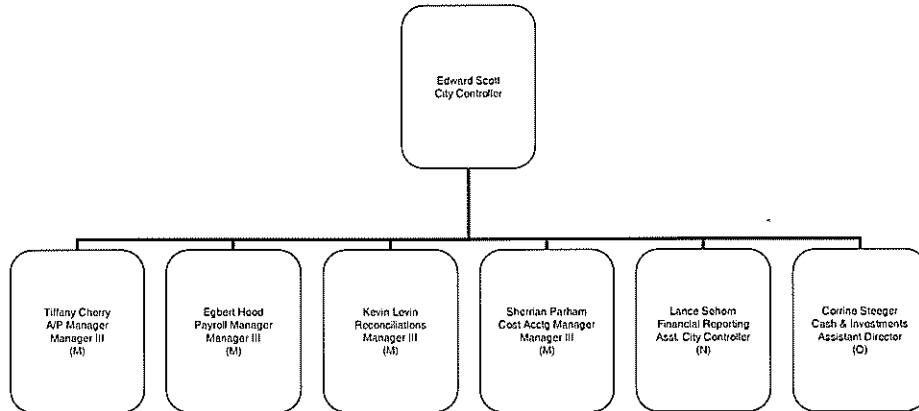
U.S. Department of Agriculture  
U.S. Department of Commerce  
U.S. Department of Education  
U.S. Department of Health and Human Services  
U.S. Department of Homeland Security  
U.S. Department of Housing and Urban Development  
U.S. Department of Interior, National Park Services  
U.S. Department of Justice  
U.S. Department of Transportation  
U.S. Army Corps of Engineers  
U.S. Environmental Protection Agency  
Texas Department of Agriculture  
Texas Department of Health  
Texas Department of Transportation  
Tax Allocation Section of State Comptroller's Office  
Texas Automobile Theft Prevention Authority  
Texas Commission on Alcohol and Drug Abuse  
Texas Commission on Environmental Quality  
Texas Commission on the Arts  
Texas Engineering Extension Services  
Texas Health and Human Services Commission  
Texas State Library and Archives Commission  
Texas Water Development Board  
Texas Workforce Commission  
State of Texas Comptroller of Public Accounts  
State of Texas Office of the Attorney General  
National Association of County and City Health Officials  
National Endowment for the Arts  
National Endowment for Humanities  
National Highway and Traffic Safety Administration  
North Central Texas Council of Government  
Institute of Museum and Library Services  
Federal Aviation Administration  
Governor's Office of General Council and Criminal Justice  
Telecommunications Infrastructure Fund Board

**City of Dallas Organizational Chart  
(As of 10/01/09)**



Updated 10/01/09

**City Controller's Office Organizational Chart**



**List of Key Personnel**

**Elected Officials:**

Tom Leppert	Mayor, Place 15
Delia Jasso	Councilmember, Place 1
Pauline Medrano	Councilmember, Place 2
Dave Neumann	Councilmember, Place 3
Dwaine Caraway	Councilmember, Place 4
Vonciel Jones Hill	Councilmember, Place 5
Steve Salazar	Councilmember, Place 6
Carolyn Davis	Councilmember, Place 7
Tennell Atkins	Councilmember, Place 8
Sheffield Kadane, Jr	Councilmember, Place 9
Jerry Allen	Councilmember, Place 10
Linda Koop	Councilmember, Place 11
Ron Natinsky	Councilmember, Place 12
Ann Margolin	Councilmember, Place 13
Angela Hunt	Councilmember, Place 14

**Budget, Finance and Audit Committee**

Jerry Allen	Chair
Ann Margolin	Vice-Chair
Delia Jasso	Member
Dave Neumann	Member
Vonciel Jones Hill	Member
Ron Natinsky	Member

**List of Key Personnel, continued**

**Selected Administrative Staff**

Mary Suhm	City Manager
Ryan Evans	First Assistant City Manager
A.C. Gonzalez	Assistant City Manager
Jill Jordan	Assistant City Manager
Forest Turner	Assistant City Manager
Jeanne Chipperfield	Chief Financial Officer
Thomas Perkins, Jr.	City Attorney
Deborah Watkins	City Secretary
Craig Kinton	City Auditor
Edward Scott	City Controller
Lance Sehorn	Assistant City Controller
Corrine Steeger	Assistant Director, Cash and Debt

Appendix B

**PROPOSAL FROM GRANT THORNTON**





The skill you require,  
the attention you deserve.

Our focus on delivering distinctive client service  
as we continue to serve the **City of Dallas**.

May 6, 2010

GRANT THORNTON LLP

Ben Kohnle  
1717 Main Street, Suite 1500  
Dallas, Texas 75201

T: 214.561.2260  
F: 214.561.2370  
E: [Ben.Kohnle@gt.com](mailto:Ben.Kohnle@gt.com)

A hand-drawn equation enclosed in a hand-drawn oval. The equation is written in capital letters and consists of the words "SERVICE QUALITY" above a horizontal line, followed by "FEES" below the line, an equals sign, and the word "VALUE".
$$\frac{\text{SERVICE QUALITY}}{\text{FEES}} = \text{VALUE}$$



# Grant Thornton

May 6, 2010

Mr. Jerry Allen  
Budget, Finance and Audit Committee Chair  
Dallas City Hall  
1500 Marilla, 5FS  
Dallas, Texas 75201

Audit • Tax • Advisory  
Grant Thornton LLP  
1717 Main Street, Suite 1500  
Dallas, TX 75201-9436  
T 214.561.2300  
F 214.561.2370  
[www.GrantThornton.com](http://www.GrantThornton.com)

Dear Mr. Allen:

On behalf of Grant Thornton LLP (“Grant Thornton”), I appreciate the opportunity to reintroduce our firm’s qualifications to provide independent financial audit and related professional services to the City of Dallas (the “City”). This proposal is for the City’s annual year-end financial audit for the fiscal years ending September 30, 2010 and 2011. We are pleased to submit our proposal, which we believe conveys our enthusiasm, our commitment and our strong desire to continue serving the City.

We know the City and its people. We are very proud to have served the City for the last three years. Over the years we have built a long lasting relationship with the City and its people. We understand the issues the City faces and we look forward to continuing to offer the City of Dallas the expertise and in-depth knowledge specific to the municipal government industry.

While serving the City, we have seen the firsthand results of what it means to “Live Large. (and) Think Big.” Your commitment and dedication to the people of this City is evidenced in your community revitalization efforts and business development initiatives throughout the City. That level of leadership in your service delivery is one of the many reasons why we have enjoyed serving the City. We share a similar vision of excellence in our service delivery. You deserve a service provider that is knowledgeable, resourceful, proactive, communicative, responsive, and timely. I personally commit to continue delivering distinctive client service that cannot be rivaled by other firms, and at the fee we mutually agreed upon. The City of Dallas has and will continue to be a premier client for our firm and our practice, and will continue to receive attentive service from some of our most experienced government professionals.

Throughout this proposal, we will present our ability, experience and commitment to continue to meet the needs of the City including:

- Our commitment to providing you with uncompromising, comprehensive and distinctive client service
- A team of partners and managers with extensive government industry experience



- A high level of partner involvement throughout the engagement to ensure a collaborative relationship
- An issue resolution model, including both local and national resources, that results in rapid responses to complex business issues
- Effective continuous engagement planning, close coordination with management and your internal audit team, and continuous communication of issues and engagement status
- On-going and proactive communications throughout the year to discuss emerging business trends and industry issues. Moreover, your engagement team will discuss the impact of trends and issues on the City and share best practices in addressing these matters
- Continuing to provide 16 hours of continuing professional education (CPE) credits on an annual basis to those employees that desire it

We are excited about the opportunity to continue to provide services to the City of Dallas. In view of our highly experienced client service team, our firm's commitment to government, our firm's experience in serving other state and local government entities, and our strong desire to continue working with you, we are positioned to provide an outstanding value proposition to the City. In fact, as previously discussed, we are reducing our fees for 2010 by \$100,000 from 2009 and have also committed to that same fee for 2011. As the engagement partner, I want to emphasize that we want to strengthen our relationship with the City by providing value-added insight on industry best practices, new regulations and pronouncements, current trends, and operational recommendations. If you have any questions regarding this proposal or need additional information upon which to base your decision, please feel free to contact me at 214.561.2260

Very truly yours,

GRANT THORNTON

A handwritten signature in black ink that reads "Ben D. Kohnle".

Ben Kohnle  
Engagement Partner  
Central Region Government/Not-for-Profit/Education Leader

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## Scope of Service

Grant Thornton LLP (“Grant Thornton”) will audit the basic financial statements of the City of Dallas (“City”) for the fiscal years ending September 30, 2010 and 2011.

We will also perform audit procedures on the combining statements and individual fund statements and schedules, including the schedules of expenditures of federal and state awards that is presented for purposes of additional analysis as required by OMB A-133 and State of Texas Single Audit Circular (collectively, “supplementary information”). The purpose of our auditing procedures will be to determine whether, in our opinion, the supplementary information, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

The introductory section and statistical section are presented to fulfill the requirements of a Government Finance Officers’ Association Comprehensive Annual Financial Report (“CAFR”) and are not a required part of the basic financial statements. They will not be subjected to the auditing procedures applied in the audit of the basic financial statements and, therefore, we will express no opinion on them.

We will apply certain limited procedures consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information (RSI) (management’s discussion and analysis, and pension supplementary schedules as required by GASB 34). The RSI will not be subjected to the auditing procedures applied in the audit of the basic financial statements and, therefore, we will express no opinion on RSI. We will also perform separate audits of Aviation Revenue, Dallas Water Utilities and the Employees’ Retirement Fund.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America (“US GAAS”) established by the American Institute of Certified Public Accountants (“AICPA”), the standards for financial audits of the U.S. General Accounting Office’s (“GAO”) *Government Auditing Standards* (“GAGAS”) issued by the Comptroller General of the United States, the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (“OMB Circular A-133”), and the State of Texas Uniform Grant Management Standards Single Audit Circular.

Our audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant judgments and estimates made by management, as well as evaluating the overall financial statement presentation. Additionally, our audit will also include examining, on a test basis, evidence about the City's compliance with the requirements of laws, regulations, and provisions of contracts or grants applicable to each major federal and state program and performing such other procedures as considered necessary to render our report.

### **Management's responsibilities**

As you are aware, the financial statements are the responsibility of management and the City Council's Budget Finance and Audit Committee, City staff and the City Auditor. Management is responsible for the data and information set forth therein, as well as for the evaluation of the capability and integrity of the City's personnel.

### **Our responsibilities**

We are responsible to determine that certain matters which are more fully detailed in your request for proposal related to the conduct of the audit that come to our attention are communicated to the City Auditor, including:

- fraud, illegal acts, violations of provisions of contracts or grant agreements, and abuse that causes a material misstatement of the financial statements or non-compliance with the provisions of a major federal or state financial assistance program.
- disagreements with management, reportable events, and other serious difficulties encountered in performing the engagement.
- various matters related to the City's accounting policies and financial statements, such as the basis for our conclusions regarding the reasonableness of significant judgments and estimates made by management, audit adjustments, uncorrected misstatements and accounting policies.
- significant deficiencies or material weaknesses in internal control over financial reporting and federal or state financial assistance that come to our attention during the course of our engagement.

### **Use of our reports**

When delivered to the City, the audit reports and financial statements produced under this contract are public records and may be used to fulfill the requirements of continuing disclosure under SEC rule 15c2-12; as inserts or incorporated by reference in offering documents issued by the City; and for any lawful purpose of the City, all without subsequent consent. Occasionally, the City may request us to perform additional procedures related to official statements and regulatory filings. To avoid unnecessary delays or misunderstandings, it is important that you give us timely notice of the City's intention to issue any such documents. If the City chooses to issue official statements without retaining us to perform additional procedures thereon, the following must accompany the financial statements included in those official statements:

Grant Thornton LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report, nor have they performed any procedures relating to this official statement.

The report on compliance with laws, regulations, and provisions of contracts or grants agreements and internal control over financial reporting and the report on compliance issued in accordance with OMB A-133 and State of Texas Single Audit Circular will include a statement that restricts the use of the reports to specified parties.

**Other audit-related services**

Even after we perform and report the results of additional tests of compliance with specified laws, regulations, contracts, and grants, some reasonable needs of report users still may be unmet. We could, as a separate engagement, be engaged to perform agreed-upon procedures or examine and report on management's written assertion on compliance with specified laws, regulations, contracts, and grants or on management's written assertion about internal control over financial reporting. Such engagements would be conducted in accordance with AICPA standards for attestation engagements.

# Our Qualifications

## Dallas office practice/governmental audit staff

The Dallas office practice, which will perform the audit services for the City, has approximately 300 full-time audit, tax and advisory professionals, including four partners dedicated to the governmental/not-for-profit/higher education industries and 30 staff members who spend a significant portion of their time in these industries.



Dallas office	
Personnel	300
Partners	Over 20

## Governmental experience

While Grant Thornton provides a full range of audit, tax and management consulting services to commercial, governmental and not-for-profit entities, of primary importance to you in evaluating our qualifications is our extensive experience serving governmental entities. We have an extensive practice in auditing and consulting for governmental entities. The types of services provided to governmental entities include financial and compliance audits, design and implementation of accounting and reporting systems, preparation of rate studies, assistance with preparation of indirect cost rate proposals, preparation of computer cost rate studies, calculation of arbitrage rebate amounts, preparation of cost studies for specialized service facilities, design, analysis and implementation assistance with comprehensive information processing systems, and technology transfer control issues.

We currently, or within the past three years, serve or have served over thirty entities requiring reports associated with the receipt of federal financial assistance. We are considered one of the major providers of governmental compliance audits in the Dallas market and have an unparalleled depth of experience with federal compliance requirements.

Our proposed engagement team currently serves, or has recently served, several governmental entities. The clients have included:

- City of Dallas, Texas
- City of San Antonio, Texas
- City of Oklahoma City, Oklahoma
- City of Irving, Texas
- City of Plano, Texas
- City of Carrollton, Texas
- City of Coppell, Texas
- City of Farmers Branch, Texas
- City of Lewisville, Texas
- City of Mesquite, Texas
- Brazos River Authority
- Collin County Community College District
- Dallas County Community College District

We have been among the profession’s pioneers in developing programs, planning, and budgeting systems for governmental and not-for-profit entities. We have assisted clients in developing public sector planning techniques, performance measures, evaluation criteria, and financial management systems. We have served as a contractor for virtually every department in the federal government, either directly and/or indirectly through grant programs. We have served as consultants and/or auditors to numerous state and local governments.

This broad range of experience means that we are familiar with the challenges faced by entities such as the City of Dallas and, therefore, are prepared to be more than just auditors - we will assist you with the identification of problems and the development of alternative solutions.

Our success in serving our clients is a direct function of the experience, education, and commitment of our professionals. We understand what it takes to provide outstanding professional service and we commit the key personnel necessary to ensure that we exceed your expectations with the following:

- An engagement team that understands the government industry.
- A group of responsive professionals dedicated to providing distinctive client service.
- Ready access to national expertise and specialized knowledge of reporting requirements, industry practice, and information technology matters, when needed. Significant experience auditing federal and state grant programs and assisting clients in compliance with federal regulations including OMB Circulars A-133, A-87, A-102 and federal acquisition regulations, as well as the State of Texas Single Audit requirements.

**Similar engagements with other government entities**

Client	Scope of Work	Engagement Date	Principal Client Contact
City of San Antonio	Audit & A133 Services	2007 – present	Mr. Troy Elliott Asst. Director of Finance 210.207.8604
City of Carrollton	Audit & A133 Services	2006 – present	Bob Scott Chief Financial Officer 972.466.3103
City of Farmers Branch	Audit Services	2007 – present	Charles Cox Director of Finance 972.919.2518
City of Irving	Audit & A133 Services	2008 – present	Ms. Regina Givens Controller 972.721.4975
City of Plano	Audit & A133 Services	2007 – present	Ms. Denise Tacke Director of Finance 972.941.5233
City of Mesquite	Audit & A133 Services	2008 – present	Mr. Don Simons Director of Finance 972.216.6207
City of Coppell	Audit Services	2004 – present	Ms. Kim Tiehan Chief Accountant 972.304.3693

# Engagement Team

We have thoroughly enjoyed serving the City over the past three years and therefore we commit to staffing the engagement with the same team members to optimize our efficiency and effectiveness. The individuals selected for your engagement will continue to be accessible, able to render professional advice and services on a timely basis, aware of your concerns, receptive to your needs and are highly qualified to effectively serve the needs of the City. Your team members and their roles are described briefly below followed by detailed résumés:

Engagement team member	Role
<b>Ben Kohnle</b> <i>Client Services and Lead Engagement Audit Partner</i>	Ben will have ultimate responsibility for your engagement. He will be proactive in giving advice and counsel, provide you with innovative ideas, provide suggestions as to how accounting operations might be improved and ensure that our services to you are conducted with the highest level of quality.
<b>Rusty Hale, Andrea Cockrell and Fulya Bayolken</b> <i>Audit Managers</i>	Rusty, Andrea and Fulya will be responsible for the day-to-day aspects of your audit and will work closely with Ben.

## Team Résumés



**Ben Kohnle**  
Engagement Partner

Ben Kohnle is an audit partner in the Dallas office of Grant Thornton with more than 24 years of accounting experience. Ben is the Central Region Not-for-Profit Industry Leader and regularly provides audit services to a variety of not-for-profit, higher education and government entities. Prior to joining Grant Thornton, Ben held several positions, including principal, with two international accounting firms. Ben is a Certified Public Accountant in Texas, California and New York, and is a member of the American Institute of Certified Public Accountants and Texas State Society of Certified Public Accountants, the Government Finance Officers Association and Government Finance Officers Association of Texas.

*Selected governmental entities served*

- |                          |  |
|--------------------------|--|
| City of Dallas           | City of Mesquite                         |
| Brazos River Authority   | City of Oklahoma City, OK                |
| City of Arlington        | City of Plano                            |
| City of Coppell          | City of Richardson                       |
| City of El Paso          | City of San Antonio                      |
| City of Farmers Branch   | Collin County Community College District |
| City of Fayetteville, AR | Dallas County Community College District |
| City of Fort Smith, AR   | Dallas Housing Authority                 |
| City of Irving           | State of Arkansas                        |
| City of Lewisville       | State of Maryland                        |
| City of Las Cruces, NM   | State of Oklahoma                        |
| City of Mansfield        | State of Wyoming                         |

*Professional qualifications and memberships*

- Member, American Institute of Certified Public Accountants
- Member, Texas State Board of Public Accountancy
- Member, Government Finance Officers Association
- Member, Government Finance Officers Association of Texas
- Board member, Texas Tech University Accounting Advisory Board
- Certified Public Accountant, licensed in Texas, California and New York
- Past speaker and former Advisory Board Member, Southwest School of Governmental Finance (Texas Tech University)
- Member National Association of College and University Business Officers
- Member Texas Society of Certified Public Accountants
- Formerly oversaw the Dallas office government/not-for-profit/higher education practice of an international accounting firm
- More than 24 years of experience serving government/not-for-profit/higher education organizations
- Speaker and participant in the Annual AICPA government and Not-for-Profit National Conferences
- Taught many government/not-for-profit/higher education training programs throughout the country

*Education*

Ben received a Bachelors of Business Administration in Accounting from Texas Tech University.



**Rusty Hale**  
Senior Manager

Rusty Hale is an audit senior manager in the Dallas office of Grant Thornton with more than 10 years of public accounting experience. Rusty has served many governmental entities including the City of Dallas. Rusty’s background also includes numerous public and private debt offerings.

*Selected governmental entities served*

- |                    |                        |
|--------------------|------------------------|
| City of Dallas     | City of Farmers Branch |
| City of Carrollton | City of Lewisville     |

*Professional qualifications and memberships*

- Certified Public Accountant, licensed in Texas
- Member, American Institute of Certified Public Accountants
- Adjunct professor, University of North Texas
- Member, Dallas Chamber of Commerce’s Young Professionals

*Education*

Rusty received a Master and Bachelor of Science in Accounting from Oklahoma State University.



**Andrea Cockrell**  
Manager, Audit

Andrea Cockrell is an audit manager in the Dallas office of Grant Thornton and is a CPA with nine years of public accounting experience. Andrea has significant experience with audits of state and local governments, including single audits. For the last six years, Andrea has served primarily not-for-profit/higher education/government clients. **Andrea spends approximately 90% of her time on government/not-for-profits clients.**

*Selected governmental entities served*

City of Dallas  
City of Coppell  
City of Mesquite  
City of San Antonio

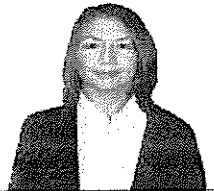
Texas Christian University  
Abilene Christian University  
TML Intergovernmental Employee Benefits Pool

*Professional qualifications and memberships*

- Certified Public Accountant, licensed in Texas
- Member, American Institute of Certified Public Accountants
- Member, Texas Society of Certified Public Accountants

*Education*

Andrea received a Master of Science in Accounting and a Bachelor of Business Administration in Accounting from Texas A&M University.



**Fulya Bayolken**  
Manager, Audit

Fulya Bayolken is an audit manager in the Dallas Office of Grant Thornton. She has over 10 years of audit and related experience, including extensive experience working on OMB Circular A-133 audits. Fulya has worked in the US and Asia; serving the government, services, manufacturing, financial services, not-for-profit, and hospitality industries.

*Selected governmental entities served*

City of Dallas  
Dallas County Community College District  
Collin County Community College District

*Professional qualifications and memberships*

- Certified Public Accountant, licensed in Texas and Georgia
- Member, AICPA

*Education*

Fulya obtained a Bachelor of Business Administration from Middle East Technical University. She is currently pursuing her Masters of Accounting and Financial Management degree from Devry University.

### **Subcontractors**

Our subcontractors will continue to work with our engagement team as a key resource in all aspects of the audit. Listed below are the subcontractors who will work with us on the City of Dallas engagement.

- Serna & Company P.C.
- Hopkins & Associates
- Logan & Associates
- Owens & Thurman P.C.
- Webb Watch Corporation

Our subcontractors will continue to work with us as an important resource in all aspects of our service to the City. They will be primarily involved in the single audit and Employees' Retirement Fund, but will also have an important role in the financial statement audits of Aviation Revenue and Dallas Water Utilities.

The Partners (10-15%), Manager (20%) and subcontractors (40%) will work on your audit on a part-time basis. The seniors and staff will work on your engagement on a full-time basis throughout the course of fieldwork.

#### **Dan Serna, Serna & Company P.C.**

The firm has previously performed on contracts with the U.S. Environmental Protection Agency, the Small Business Administration, the U.S. Department of Labor, and the Internal Revenue Service. Currently, the firm performs on contracts with the U.S. Department of Energy and DOE – Strategic Petroleum Reserve. In recent years, the firm has expanded its services to include local governments, including Dallas County, DCCCD, and DFW Airport PFIC.

#### **Reginald Hopkins, Hopkins & Associates**

Texas firm with expertise in government, not-for-profit and financial audits. They provide “above quality” services to their clients that are geared to serve their needs presently, as well as in the future. The Firm has served an array of government clients, including the City of Dallas, DART, DISD, Dallas County, and Dallas Housing Authority.

#### **Thaland Logan, Logan & Associates**

The Firm has expertise in performing government audits, including single audits. Thaland has worked on the City of Dallas and North Texas Tollway Authority.

#### **Dickey Thurman, Owens & Thurman P.C.**

Provides accounting, audit, tax and consulting services to government and not-for-profit entities. They use a constructive approach in auditing, with an emphasis on achieving audit efficiency. The Firm has served many government clients, including the City of Dallas, DART, and DFW Airport.

#### **Calvin Webb, Webb Watch Corporation**

Calvin has over 25 years of experience, including many of those years spent serving governmental entities while in public accounting with an international firm. Calvin currently specializes in the use of computer data acquisition and analysis primarily for governmental entities, and has served many local governments including but not limited to the Cities of Dallas, Ft. Worth, Mesquite, Richardson, Arlington, Southlake, Oklahoma City, Hurst, and DCCCD, CCCC, and Brazos River Authority.

### **Engagement team qualifications and continuity**

Each member of Grant Thornton's audit staff holds a college degree with a concentration in accounting. Most of our entry-level staff graduated with honors and have a master's or other advanced degrees. The majority of our new staff have graduated from Texas Tech University, Texas A&M University, Southern Methodist University, University of North Texas, and the University of Texas. Each has passed all or part of the Certified Public Accountant Examination. Staff members each receive a minimum of 40 hours per year in continuing education, with at least 24 hours every two years in governmental accounting and auditing. All audit staff assigned to the City of Dallas' audit and all of our subcontractors will meet the continuing professional education requirements for governmental accounting and auditing.

We have several strategies to educate our staff and our subcontractors in the specialized issues of government and not-for-profit organizations:

- **National teleconferences.** The firm holds conferences, at least quarterly, dealing exclusively with government and not-for-profit business and technical issues.
- **Local training.** Each Grant Thornton office conducts in-house training programs at various times during the year, including various government and not-for-profit topics.
- **Seminars.** Our professionals are encouraged to attend programs of industry and trade groups focused on government and not-for-profit matters. This participation helps to broaden their business understanding of the larger issues impacting your organization.
- **Board involvement.** Our staff is encouraged to enhance their professional and personal development through involvement in not-for-profit boards and various government and not-for-profit boards and various government and not-for-profit trade groups.

### **Staff turnover**

Nationally, our staff voluntary turnover rate dropped steadily over the past three years. We keep our talent through a wide variety of human resource programs such as a formal coaching and mentoring program, extensive training, a focus on work/life balance, and a competitive compensation program.

We have served you for the past three years with minimal turnover, particularly at the manager and senior levels. While we anticipate that our personnel will progress to higher levels of responsibility in their professional careers, we will make every effort to maintain continuity. If we do experience turnover, the partner and manager will increase their involvement to the extent necessary to ensure that work is completed with as minimum disruption as possible. While no firm can guarantee 100 percent continuity of staff, we expect that our approach to hiring and staffing recurring engagements will result in better continuity. We consider it our responsibility to mitigate any transitional issues that arise from turnover, and agree to give the City the right to approve or deny any changes in assigned personnel.

### **Training and continuing education**



For our clients and our firm to fully realize the benefits of a business-oriented audit approach, we staff our engagements with professionals who have appropriate industry backgrounds, experience and technical skills, while providing opportunities for personal growth. Formalized programs of continuing education are required by the AICPA, state boards of accountancy and the U.S. General Accounting Office. Grant Thornton's national and local office continuing education programs are designed to comply with those requirements.

Continuing education programs are designed to improve our ability to serve our clients' needs. However, to be fully effective, these programs are supplemented by on-the-job training and self-directed study. Additionally, staff members are encouraged to consider additional outside training, such as technical seminars or programs sponsored by professional societies or universities, to enhance their skills and obtain information concerning changes to accounting standards and procedures.

# Audit Approach

Our audit approach encourages us to leverage your internal resources to minimize audit costs and maximize efficiencies. The coordination of our risk-based, top-down approach and assessment of both quantitative and qualitative materiality factors will result in a customized audit plan for the City.

Our audit methodology is driven by a five-step approach that is designed to focus on the critical and significant aspects of the City’s financial operations.

## Our five-step approach



Phase I	Phase II	Phase III	Phase IV	Phase V
<p>We obtain an understanding of your operations, control environment, accounting and financial reporting systems.</p> <p>Together, we agree on a timetable for service delivery.</p>	<p>We use our understanding of your City to identify financial statement risks.</p> <p>We customize our audit approach to focus our efforts on the financial statement risks we identify.</p>	<p>We evaluate whether your significant accounting applications and financial reporting systems are well-controlled and whether such controls are effective. Based on the result of this evaluation, we design appropriate audit tests.</p>	<p>We use the software tool IDEA to perform electronic testing and analyze your financial data files.</p> <p>Using IDEA, our teams thoroughly and quickly execute tests where most effective.</p>	<p>In the concluding phase of the audit, we bring together all the work performed by the audit team. The most experienced team members confirm that the financial statements make sense, based on their understanding of your City. They also ensure the delivery of a high-quality audit.</p>
Benefits to you				
<ul style="list-style-type: none"> <li>• Smooth transition and an agreed-upon timetable</li> <li>• Saves time</li> <li>• Lessens staff burden</li> <li>• On-time service</li> <li>• Opportunity to review and address concerns</li> <li>• No surprises.</li> </ul>	<ul style="list-style-type: none"> <li>• Customized audit focused on risks</li> <li>• Issues identified early in the process</li> <li>• Extent of audit effort commensurate with the level of risk – resulting in a more effective audit</li> <li>• Audit team with a deeper understanding of your City to provide recommendations.</li> </ul>	<ul style="list-style-type: none"> <li>• Comprehensive assessment of internal controls and suggestions for strengthening internal controls</li> <li>• Stronger internal control over time.</li> </ul>	<ul style="list-style-type: none"> <li>• Less time spent gathering and analyzing data</li> </ul>	<ul style="list-style-type: none"> <li>• Advice and recommendations to improve operations</li> <li>• An audit opinion from a firm with a reputation for high-quality audits.</li> </ul>

**Audit planning**

The audit plan provides an overall framework for the performance of our audit procedures. This document broadly states our objectives and is revised periodically throughout the audit as a direct result of our ongoing evaluation of the tests performed. As each phase of the audit is completed, the objectives and procedures of the succeeding phase are refined based upon professional judgment and sampling techniques.

Each year as part of our audit planning process, we will meet with key financial and executive personnel of the City, as well as the City Auditor and his key staff, and your Budget, Finance & Audit Committee to review your strategic goals, objectives, business plan and risk areas. These sessions accomplish several objectives:

- Obtain/update our understanding of the key strengths and weaknesses of the City and your current systems and processes
- Enhance communication and a common understanding of issues
- Refine the timeline and audit plan to ensure that key objectives are met efficiently
- Define specific risk areas and concerns for the City
- Leverage internal resources to minimize audit costs and maximize efficiencies

During the planning phase, we will increase our level of familiarization with your organizational and reporting structure, your key business processes, and audit risks to heighten the efficiency of the audit. This familiarization will be accomplished by completing the following tasks:

Task	Level of Staff Assigned
Develop an overall strategy for the conduct and scope of our procedures	Partner/Manager
Determine whether the control environment is such that it is likely to provide reasonable assurance that internal accounting control objectives will be achieved	Partner/Manager
Consider technical accounting or audit issues coming to our attention that may affect the engagement	Partner/Manager
Determine the nature, timing and extent of auditing procedures that are considered necessary to formulate a professional opinion on compliance with applicable requirements	Partner/Manager
Coordinate with the City and others, as appropriate, to develop an audit plan to efficiently meet cognizant agency requirements and comply with professional standards	Partner/Manager
Develop analytical procedures to test the reasonableness of relationships between account balances	Senior/Staff
Develop a sampling plan to ensure adequate coverage for all significant accounting cycles	Partner/Manager
Perform selected computer data acquisition and analysis in selected areas (primarily payroll and disbursements) to identify potential exceptions	Manager/Senior
Review compliance audits prepared by other auditors, if any, in accordance with OMB Circular A-133 and other Single Audit requirements regarding requirements not covered by our audit	Manager/Senior

**Audit execution and testing**

Our primary responsibility as your auditors is to provide the City with a high-quality, cost-effective audit. To accomplish this, we have committed and coordinated an experienced and dedicated service team that will communicate frequently with your management group, and will use our firm’s advanced technology.

Our approach is based on a risk assessment orientation. Long before any detailed procedures are performed, we spend considerable time evaluating the overall environment in which the City operates as well as the internal control structure. In making an overall risk assessment, we consider such factors as the historical accuracy of internal financial reporting, industry trends, management turnover, the soundness of the City's financial condition, the emphasis placed by management on a positive control environment, and the overall design of the accounting system.

Using our risk-based audit approach allows us to focus audit efforts on those financial statement assertions that have the potential for the greatest risk of material misstatement. Based upon our knowledge of the City and experience with other governmental entities, we expect to perform a combination of substantive tests of details and analytical procedures, such as:

- confirmations
- sampling
- examination of high value and/or unusual items
- cut-off tests
- trend analysis
- predictive tests
- reasonableness tests

Our audit procedures will be tailored to those that are best suited for the City. This efficient approach means that we do not waste your time or our time on less important areas.

### **Reporting**

Following the completion of the audit of the fiscal year's financial statements, we will issue the following reports as applicable:

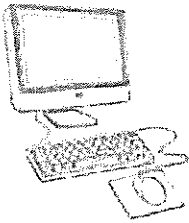
1. A report on the fair presentation of the City's financial statements including Aviation, DWU, DDDA and City Place TIF's in conformity with generally accepted accounting principles.
2. A report on compliance and internal control over compliance applicable to the entity as well as each major federal and state program, as required by OMB Circular A-133 and the State of Texas Single Audit Circular.
3. Agreed-upon procedures report for TCEQ.
4. An internal control deficiency letter (formerly management letter) identifying control deficiencies, areas for improvement, and other business implication matters, if applicable.

As required under Statement of Auditing Standards No. 115 "Communicating Internal Control Related Matters Identified in an Audit," we will communicate to you and the Audit Committee in writing, any significant deficiencies or material weaknesses identified during the course of the audit. This is a change from the previous requirements of communicating reportable conditions and material weaknesses and will be more comprehensive than in the past. Additionally, matters that may have historically been presented in a management letter related to internal control over financial reporting will be required to be evaluated under the new requirements and included in an internal control letter if deemed to be a control deficiency. We will continue to issue a management advisory letter that will primarily relate to business improvement opportunities.

### **Extent of use of EDP software in the engagement**

Our leading-edge electronic audit tools improve performance and efficiency by providing the most comprehensive and efficient assessment of your business operations. The depth of technological resources available to your Grant Thornton audit team is second to none. We lead the industry in incorporating innovative computer applications into our procedures, enhancing our level of service and reducing your internal and external costs. Our audit approach is automated to reduce impact on client operations. Each tool not only reduces the risk of human error but also provides cost efficiencies by allowing professionals to spend their time adding value.

Some tools used throughout the engagement include:



- **VOYAGER** is our proprietary paperless electronic audit program. Voyager, will be specifically tailored to the City of Dallas to produce an audit program based on our assessments of financial statement and control risks for significant transaction cycles and assertions, which ensures that the audit is thorough and well balanced in relation to the high and low risk areas. The planning process begins with a master template for companies that are customized to your operation. The audit program is fully electronic and we will perform, with your assistance, a thoroughly documented paperless audit.
- **IDEA** is a powerful internal audit software that allows us to access your computer files in a machine-readable format, facilitates review of entire data files and/or records and performs calculations and other functions. These functions include analyzing data files, extracting desired information and printing reports in a format that we specify.
- **GEL** (Grant Electronic Library) is a unique on-line research tool that enables us to access and study in-depth informational databases containing current audit and assurance and tax rulings, bulletins and guidelines as set forth by the AICPA, GASB, FASB, GAO and SEC.
- **TBEAM** is a software product that automates many of the clerical tasks associated with the audit, including tracking audit adjustments.

A distinguishing factor in our audit approach is the use of computer data acquisition analysis. This analysis looks at 100% of your data in the areas of payroll, disbursements, vendor and human resource files and identifies potential matters that may require further investigation. Results of this analysis have identified items such as bid splitting and nepotism but also opportunities to improve efficiencies in the disbursement process.

### **Type and extent of analytical procedures to be used in the engagement**

Analytical procedures include a variety of procedures designed to evaluate financial information by the study of plausible relationships among both financial and non-financial data, including the use of the City's budget and expenditure reports. Such procedures are used for various purposes, some of which include:

- Assistance in planning the nature, timing and extent of other auditing procedures;
- As a substantive test to obtain evidential matter about particular assertions related to account balances or classes of transactions; and
- As an overall review of the financial information in the final review stage of the audit.

Auditing standards generally accepted in the U.S. require that analytical procedures be applied in all audits, specifically in planning and in the overall review stage. Grant Thornton's Guide to Audit Objectives and Procedures considers these requirements and specifically requires appropriate analytical procedures at various stages during the audit.

Our auditing approach also includes the use of analytical procedures as a substantive test in conjunction with other audit procedures to obtain sufficient competent evidential matter. Some types of analytical procedures to be used in the conduct of the City's audit are trend analysis, ratio analysis, reasonableness test and variance analysis.

Analytical procedures generally enhance audit efficiency by reducing tests of transactions and balances. By focusing on the basic relationships underlying financial and operating data, analytical procedures can be performed relatively quickly to direct attention to areas requiring further attention or to reduce the need for time consuming and costly tests of details.

**Proposed schedule**

We are committed to meeting all required reporting dates as specified in your request for proposal. Our audit activities will be planned and administered according to the City of Dallas' desires. We will assure final completion of our procedures and the related reports thereon as you requested. This timetable will be fine-tuned as required during our preliminary fieldwork to assure proper coordination of the audit team's activities with the planned activities of the City of Dallas' staff. Coordination of our schedule allows for completion of the engagement in an efficient and timely manner and assures maximum utilization of the audit team and minimum disruption of your ongoing activities.

Key dates for performance of audit work and audit reports for 2010 and 2011 are as follows:

Activity or Deadline	Date or Timeframe
Fiscal year end.	September 30
Preliminary planning meetings and audit plan development. PBC listing provided to the City.	October
City prepares all required PBC's and preliminary drafts of financial statements.	December/January
Auditors begin year-end work.	February
All fieldwork will be completed. Final weekly status meeting/exit conference to discuss results of fieldwork, provide final comments on financial statement drafts and to review significant findings.	Mid April
Draft reports provided to City.	Mid April
Report results of audit to City and issue reports.	April 30

If the City has the capability to do so, we would certainly work to accelerate these dates by approximately one month in 2011.

We will conduct status meetings at the agreed-upon frequency determined by both the City of Dallas and Grant Thornton personnel. These meetings will include the engagement partner, manager and senior.

**Identification of anticipated potential audit problems**

Based on our current knowledge of the City of Dallas, we are not aware of any potential audit problems at this time. As part of our audit approach, we continue to encourage upfront planning and coordination with management, as well as weekly status meetings throughout the course of the engagement and other special meetings with City management, as necessary.

Although we don't anticipate any audit problems, we thought it important to reiterate that there are a number of Governmental Accounting Standards Board Statements that may be applicable to the City during the course of this engagement period. Those statements are as follows:

- GASB Statement No. 51: *Accounting and Financial Reporting for Intangible Assets* (Effective Fiscal Year 2010)
- GASB Statement No. 53: *Accounting and Financial Reporting for Derivative Instruments* (Effective FY 2010)
- GASB Statement No. 54: *Fund Balance Reporting and Governmental Fund Type Definitions* (Effective FY 2011)

As always, we will be happy to assist the City in understanding the implications of these statements, as well as others issued that won't be implemented during the course of the audit engagement, to the City's financial reporting process and implementation for the current year.

From a single audit standpoint, during the course of the engagement period, the City will receive funding under the American Recovery and Reinvestment Act of 2009. As a result, single audit requirements have become more stringent as it relates to this funding and separate processes have to be put in place to monitor the spending of these funds.

**A methodical audit approach that results in a report delivery without last minute "fire drills"**

The hallmarks to our approach include professionals who have a core competency well above the norm, are diverse and are dedicated solely to handling the increasing complexities involved in benefit plans.

- Regular status meetings or updates are held to ensure there are no surprises.
- We listen to our clients needs and plan accordingly.
- We utilize leading-edge electronic audit tools to provide the most comprehensive and efficient assessment of the City's plan operations and compliance.
- We have developed specialized risk based audit procedures that address the unique nature of benefit plans.

## Value for Fees

	Estimated Hours	FEES		
		2009 <i>(in progress)</i>	2010	2011
Simultaneous audit of the CAFR and Schedule of Grant Activity (Single Audit)	7,000	\$982,000	\$882,000	\$882,000
Audit of the Employees' Retirement Fund	300	\$45,500	\$45,000	\$45,000
Audit review of the City's official statement in conjunction with its initial annual bond offerings*	100	\$9,500	\$9,500	\$9,500
Verification of arithmetical computation of adequacy of escrowed securities and interest for DWJ bond refunding and infrequent comfort letter(s)	100	\$9,500	\$9,500	\$9,500
All inclusive	7,500	\$1.046M	\$946M	\$946M

\* For subsequent debt offerings, the fee will be \$5,000 per issue.

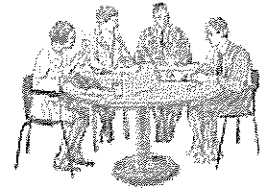
As previously discussed we agree to reduce our fees for 2010 by \$100,000 from 2009 and to hold 2011 flat, and commit to no change orders.

All work will be performed and completed within the timeframe stipulated by you, subject to the standard level of cooperation from client personnel. The fees shown are based on the understanding that your accounting staff will: (1) prepare account analyses; (2) provide key subsidiary ledger information in an appropriate electronic format as requested; (3) ensure the books and records have been maintained accurately; (4) prepare financial statements and other reports, including related footnotes without **significant** adjustments; and (5) have adequate procedures and controls in place to properly account for and report all significant areas in accordance with generally accepted accounting principles. Additionally, these fees assume no significant changes in your operations or changes in professional requirements that would result in additional effort, and therefore, cost. Should circumstances arise which require us to perform work beyond what is presently contemplated, we would discuss the nature of that work and the related fees with you before performing the additional work.

Our fees are based upon the experience level of our engagement team as well as the hours we estimate that we will spend on this engagement. Our objective is to provide outstanding client service at a reasonable fee, and to perform a quality audit, while generating significant value in the form of meaningful business advice.

We believe that our fee estimate is mutually beneficial based upon our understanding of the work to be performed and on past experience. However, if it is inconsistent with your expectations, we would appreciate the opportunity to discuss it further.

Throughout the term of this contract, we agree to continue to provide 16 hours of continuing professional education credits to all City staff that are interested in attending.



**We will maintain fees at a reasonable level**

Each year, we will meet with you to discuss your current business status and growth in or changes to your operations and come together to a mutually agreeable fee. A significant change in the size or operations of the City, substantial process changes such as information systems conversions or changes in accounting or reporting standards could result in additional audit effort. As such events occur, the fees would be adjusted by a mutually agreed-upon amount and in advance of incurring any additional fees. Similar to the past three years, we would plan to absorb any additional effort, assuming not real significant.

The level of effort and costs associated with issuing any additional reports (i.e. TIFS and others not currently audited) will be discussed and agreed-upon by both parties (City of Dallas and Grant Thornton) before work begins.

At Grant Thornton, we practice a policy of “no surprises.” If you decide to engage our firm for other services, we will estimate the cost of additional services in advance and will quote our estimates in writing and obtain your concurrence, before moving forward.

## Appendix A – The Grant Thornton Difference

### **We have served the City for three years and we understand your business**

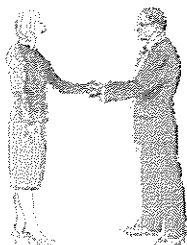
It has been a pleasure serving the City over the last three years. We have built a long-lasting relationship with the City team. We have gained a deeper understanding of your activities and operations which has yielded greater insight into the City's financial statements and business operations. We understand intimately the issues the City faces. We hope to continue serving the City and offer you the confidence in knowing that you have a committed, experienced, and specialized team on your side.

### **We have an integrated audit approach**

At Grant Thornton, our audit approach blends our government audit, and technology expertise with automated audit tools to provide an objective and thorough audit. As part of our overall service delivery strategy, we are committed to significant partner and manager involvement throughout the audit process. This approach helps our staff remain focused, minimizes errors and promotes adherence to agreed-upon delivery times – resulting in “no surprises.”

### **We offer highly responsive and timely service**

At Grant Thornton, we take pride in delivering attentive service that brings high levels of satisfaction to our clients. Our skills have been developed working many government organizations in the state. The experience we have developed in working with these institutions will be shared with the City as well, offering you the benefit of the industry best practices that we have incorporated into our methodologies. At Grant Thornton, you will have access to our Senior Partners throughout the year, not just during the course of the audit. Inquiries and concerns will be addressed immediately, because your management team will work **directly** with our partners and managers to receive timely and responsive service.



### **We are committed to the government and not-for-profit sector**

Grant Thornton has extensive experience serving Texas governmental and not-for-profit entities and others receiving federal financial assistance. Our firm provides the following services to units of government and not-for-profits:

- Financial and compliance audits
- Design and implementation of accounting and reporting systems
- Preparation of rate studies
- Assistance with preparation of indirect cost rate proposals
- Preparation of computer cost rate studies
- Calculation of arbitrage rebate amounts and escrow verifications
- Preparation of cost studies for specialized service facilities,
- Design, analysis and implementation assistance with comprehensive information processing systems
- Technology transfer control issues

Grant Thornton has been among the profession's pioneers in developing programs, planning, and budgeting systems for governmental and not-for-profit entities. We have assisted clients in developing public sector planning techniques, performance measures, evaluation criteria, and financial management systems. We have served as a contractor for virtually every department in the federal government, directly and/or indirectly through grant programs. Additionally, we have served as consultants and/or auditors to numerous state and local governments.

This broad range of experience means that we are familiar with the challenges that entities such as the City face. We are prepared to be more than just auditors — we will assist you with identifying problems and developing alternative solutions.

**We provide value that surpasses fees**

The cornerstone of our service approach is value. Our professionals provide constructive, value-added business advice, not just tax return and financial statement preparation. The internal control letters we issue are designed to give insightful recommendations on ways to improve controls and procedures. In addition, we often issue management letters to senior management and the audit committee that provide observations and recommendations relating to current trends, best practices, revenue generating activities, tax matters, and other operational issues.

We understand that the City deserves excellence in service delivery and we are committed to continuing to provide you with the skill you require and the attention you deserve.

**The Grant Thornton experience for our clients**

We are excited about the opportunity to continue working with the City and to build on the relationship already established. We are convinced that Grant Thornton continues to be the right fit to fulfill your needs. The Grant Thornton Experience for our clients is exemplified by several hallmarks. The people of Grant Thornton live our guiding principles by demonstrating respect for clients and their stakeholders, performing with integrity and professional excellence, and leading within the firm and the community. This means that:

- Our clients enjoy easy access to our senior partners and other personnel and to the resources of our member firms around the world
- Our service teams communicate effectively with clients and provide useful ideas and recommendations to help them achieve their objectives
- We anticipate client needs and respond to requests more quickly than our competitors
- We work to maintain continuity of team service
- We know each client's business and industry, and provide value to our clients
- We deliver quality services on time, without surprises
- We have a passion for what we do, and it shows

We maintain high client service standards to ensure that every local partner-led team understands the issues of their client's business, and works hard to provide ideas and recommendations to make their client's business grow and thrive. And we measure our success. The Service Quality Measurement process involves requesting feedback from our clients annually on our performance, analyzing the data to uncover points of leverage for improvement, meeting with each client to discuss continuous

improvement actions, then repeating the process the next year. This approach provides ongoing value to each client, and results in high client satisfaction and loyalty.

There are many reasons why we believe selecting Grant Thornton continues to be the best decision the City could make. Our integrated approach, the Grant Thornton Experience for our clients, and our people all combine to make us the superior choice. Other firms may express a similar promise, but the success with which we actually deliver the *Grant Thornton Experience* is how we really differentiate our firm in the marketplace.

## Appendix B – Peer Review Report

### **External Quality Review**

Grant Thornton has a program of inter-office quality reviews performed by selected teams from other offices and a program of external quality review. Grant Thornton contracts with another national accounting firm to perform a triennial external quality review according to AICPA guidelines to assure compliance with professional standards. Findings of these reviews, which are based on the AICPA's most stringent requirements for firms participating in its SEC Practice Section, are incorporated into our procedures so that our clients receive the highest quality professional services. Additionally, we are pleased to report that we received an unqualified report as a result of our most recent peer review, which included governmental engagements. The engagements performed by our office have been reviewed by federal and state agencies and found to be acceptable. Our most recent peer review report, which included a review of specific government engagements is included on the following pages.



To the Partners of Grant Thornton LLP and  
the Center for Public Company Audit Firms  
Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Grant Thornton LLP (the firm) applicable to non-SEC issuers in effect for the year ended May 31, 2008. The firm's accounting and auditing practice applicable to SEC issuers was not reviewed by us since the Public Company Accounting Oversight Board (PCAOB) is responsible for inspecting that portion of the firm's accounting and auditing practice in accordance with PCAOB requirements. A system of quality control encompasses the firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of complying with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (the AICPA). The design of the system, and compliance with it, are the responsibilities of the firm. Our responsibility is to express an opinion on the design of the system, and the firm's compliance with that system based on our review.

Our review was conducted in accordance with standards established by the Peer Review Committee of the Center for Public Company Audit Firms and included procedures to plan and perform the review that are summarized in the attached description of the peer review process. Our review would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it since it was based on selective tests. Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice applicable to the non-SEC issuers of Grant Thornton LLP in effect for the year ended May 31, 2008, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and was complied with during the year then ended to provide the firm with reasonable assurance of complying with applicable professional standards.

As is customary in a peer review, we have issued a letter under this date that sets forth comments relating to certain policies and procedures or compliance with them. The matter described in the letter was not considered to be of sufficient significance to affect the opinion expressed in this report.

*BKO, LLP*

Springfield, Missouri  
December 4, 2008

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2230 Hammors Boulevard  
P.O. Box 1824  
Japan, MO 64852-1824  
417.824.0225 Fax 417.824.1451

Beyond Your Numbers

1034 W. Main Street  
P.O. Box 1277  
Branson, MO 64616-1277  
417.234.3155 Fax 417.334.4921



## **Attachment to the Peer Review Report of Grant Thornton, LLP Description of the Peer Review Process**

### **Overview**

Firms enrolled in the AICPA Center for Public Company Audit Firms' (the Center) Peer Review Program have their system of quality control periodically reviewed by independent peers. These reviews are system and compliance oriented with the objectives of evaluating whether:

- The reviewed firm's system of quality control for its accounting and auditing practice applicable to non-SEC issuers has been designed to meet the requirements of the Quality Control Standards established by the AICPA.
- The reviewed firm's quality control policies and procedures applicable to non-SEC issuers were being complied with to provide the firm with reasonable assurance of complying with professional standards.

A peer review is based on selective tests and directed at assessing whether the design of and compliance with the firm's system of quality control for its accounting and auditing practice applicable to non-SEC issuers provides the firm with reasonable, not absolute, assurance of complying with professional standards. Consequently, a peer review on the firm's system of quality control is not intended to, and does not, provide assurance with respect to any individual engagement conducted by the firm or that none of the financial statements audited by the firm should be restated.

The Center's Peer Review Committee (PRC) establishes and maintains peer review standards. At regular meetings and through report evaluation task forces, the PRC considers each peer review, evaluates the reviewer's competence and performance and examines every report, letter of comments and accompanying response from the reviewed firm that states its corrective action plan before the peer review is finalized. The Center's staff plays a key role in overseeing the performance of peer reviews working closely with the peer review teams and the PRC.

Once the PRC accepts the peer review reports, letters of comments and reviewed firms' responses, these documents are maintained in a file available to the public. In some situations, the public file also includes a signed undertaking by the firm agreeing to specific follow up action requested by the PRC.

Firms that perform audits or play a substantial role in the audit of one or more SEC issuers, as defined by the Public Company Accounting Oversight Board (PCAOB), are required to be registered with and have their accounting and auditing practice applicable to SEC issuers inspected by the PCAOB. Therefore, we did not review the firm's accounting and auditing practice applicable to SEC issuers.

### **Planning the Review for the Firm's Accounting and Auditing Practice Applicable to Non-SEC Issuers**

To plan the review of Grant Thornton, LLP, we obtained an understanding of (1) the nature and extent of the firm's accounting and auditing practice and (2) the design of the firm's system of quality control sufficient to assess the inherent and control risks implicit in its practice. Inherent risks were assessed by obtaining an understanding of the firm's practice, such as the industries of its clients and other factors of complexity in serving those clients, and the organization of the firm's personnel into practice units. Control risks were assessed by obtaining an understanding of the design of the firm's system of quality control, including its audit methodology, and monitoring procedures. Assessing control risk is the process of evaluating the effectiveness of the reviewed firm's system of quality control in preventing the performance of engagements that do not comply with professional standards.

***Performing the Review for the Firm's Accounting and Auditing Practice Applicable to Non-SEC Issuers***

Based on our assessment of the combined level of inherent and control risks, we identified practice units and selected engagements within those units to test for compliance with the firm's system of quality control. The engagements selected for review included engagements performed under the Government Auditing Standards, audits performed under FDICIA, multi-office audits and audits of employee benefit plans. The engagements selected for review represented a cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagement reviews included examining working paper files and reports and interviewing engagement personnel.

The scope of the peer review also included examining selected administrative and personnel files to determine compliance with the firm's policies and procedures for the elements of quality control pertaining to independence, integrity and objectivity, personnel management, and acceptance and continuance of clients and engagements. Prior to concluding the review, we reassessed the adequacy of scope and conducted a meeting with firm management to discuss our findings and recommendations.



To the Partners of Grant Thornton LLP and  
the Center for Public Company Audit Firms  
Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Grant Thornton LLP (the "Firm") applicable to non-SEC issuers in effect for the year ended May 31, 2008, and have issued our report thereon dated December 4, 2008. The matter described below was not considered to be of sufficient significance to affect the opinion expressed in the report, which should be read in conjunction with this letter.

**Engagement Performance**

**Comment**

The Firm's quality control policies and procedures appropriately address the performance and documentation requirements pertaining to communications with those charged with governance, management and others during the various phases of an audit. However we concluded that these policies and procedures are not consistently applied across the practice, as we noted several engagements where audit teams did not timely perform required communications or fully document the conclusions reached or items communicated. Additionally, audit teams frequently did not interview certain key management personnel or others regarding error or fraud risk. In all instances the reviewers were satisfied that the firm had taken appropriate steps to support its audit opinions.

**Recommendation**

We recommend the firm enhance compliance with existing policies and procedures by providing additional training regarding communication and inquiry with management and those charged with governance. The Firm should also consider expanding procedures in its audit programs, better describing the communication protocols and documentation policies.

**Comment**

The Firm's system of quality control requires a critical review of the key aspects of the audit by the entire engagement team with a focus on key issues. While we believe the Firm's audit policies and procedures are sound, we noted several audits where deficiencies resulted from engagement teams misapplying the Firm's guidance or the related professional standards. These deficiencies included the omission or improper evaluation of the results of auditing procedures on unique and discreet issues. In all instances, the Firm has taken appropriate action to address the deficiencies noted.

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3300 Harrison Boulevard  
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417-224-2100 Fax 417-224-2400



To the Partners of Grant Thornton LLP and  
the Center for Public Company Audit Firms  
Peer Review Committee

**Recommendation**

We recommend the Firm continue its recently implemented monitoring program. The monitoring program includes robust processes to evaluate partner and other professional performance on an individual basis. This includes one-on-one communications including the consequences of not improving performance, creating a tailored action plan to improve performance and monitoring progress against that plan. We believe that such individualized monitoring will improve performance.

*BKD, LLP*

December 4, 2008



This proposal is the work of Grant Thornton LLP, the U.S. member firm of Grant Thornton International Ltd, and is in all respects subject to negotiation, agreement and signing of specific contracts. The information contained within this document is intended only for the entity or person to which it is addressed and contains confidential and/or proprietary material. Dissemination to third-parties, copying or use of this information is strictly prohibited without the prior written consent of Grant Thornton LLP.



# Memorandum



CITY OF DALLAS

DATE May 21, 2010

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

SUBJECT FY 2010-11 Budget: Key Focus Area Preliminary Rankings

On May 19<sup>th</sup>, Council was provided an overview of the preliminary rankings of each Key Focus Area during FY 2010-11 Budget Workshop #5. During your May 24<sup>th</sup> committee meeting, the preliminary rankings for E3 Government will be further reviewed. Staff from various departments will be available to answer questions that you may have.

Please let me know if I can provide any additional information.

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

Jeanne Chipperfield  
Chief Financial Officer

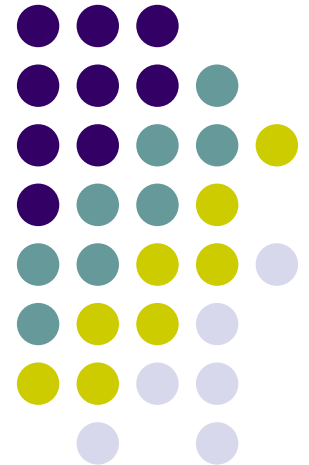
## Attachment

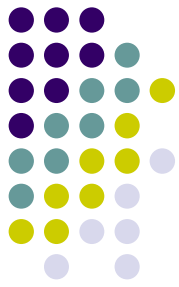
c: Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Thomas P. Perkins, Jr., City Attorney  
Deborah A. Watkins, City Secretary  
Craig Kinton, City Auditor  
C. Victor Lander, Judiciary  
Ryan S. Evans, First Assistant City Manager  
A.C. Gonzales, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Forest Turner, Assistant City Manager  
Helena Stevens-Thompson, Assistant to the City Manager

# FY 2010-11 Budget: E3 Government Preliminary Ranking of Bids

Budget, Finance and Audit Committee

May 24, 2010

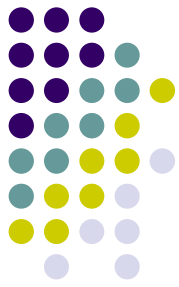




# Purpose

- Review Price of Government process
- Recap May 19th briefing
- Discuss E3 Government preliminary rankings, including:
  - Services above funding line
  - Higher Priority \*\*\* Services to be funded should additional funding become available
  - Lower Priority Services that are currently below funding line and subject to elimination

# Review Price of Government Process



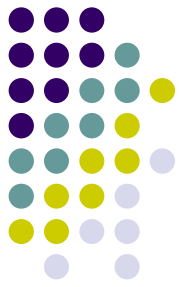
- ✓ July 29<sup>th</sup> – Budget Workshop #1 – During Council retreat, Citywide results and indicators were established
- ✓ October 19<sup>th</sup> – Budget Workshop #2 – During Council meeting, work completed at July council retreat was confirmed and Strategic Plan was finalized
- ✓ January 20<sup>th</sup> – Budget Workshop #3 – Council reviewed strategies for each Key Focus Area that are designed to achieve desired results
- ✓ February 1<sup>st</sup> – Departments were asked to submit offers that will carry out strategies in order to achieve desired results

# Review Price of Government Process



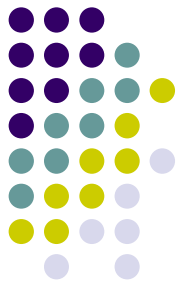
- ✓ April 7<sup>th</sup> – Budget Workshop #4 – Set overall “price” of Dallas government for FY 2010-11
- ✓ April – Each KFA Team was given an allocation of funds based on the preliminary price of government set by Council and based on revenue forecasts for FY 2010-11
- ✓ April – KFA Teams reviewed offers, developed initial rankings, and spent their allocation on offers until money ran out (“drew the line”)
- ✓ April – City Manager met with KFA Teams to discuss rankings and reviewed “funding line”

# Review Price of Government Process



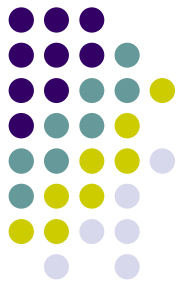
- ✓ April – City Manager and KFA Teams prioritized offers/services into three categories
  - ✓ Above Funding Line Services – bids which are currently above funding line on attached ranking sheets and are considered to be funded in preliminary FY 2010-11 budget
  - ✓ Higher Priority \*\*\* Services – bids which fall “below funding line” but are designated as higher priority to be restored to FY 2010-11 budget, should additional funding become available
  - ✓ Lower Priority Services – bids which fall “below funding line” and are subject to elimination
- ✓ May 19<sup>th</sup> – Preliminary rankings briefed to City Council
- May and June – Hold Committee meetings to review preliminary ranking sheets

# FY 2010-11 Outlook – May 19<sup>th</sup> Briefing Recap



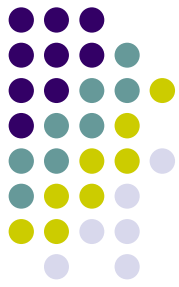
- FY 2010-11 budget development is equally if not more challenging than FY 2009-10
- Property tax revenues account for 42% of General Fund
  - Property values are appraised once per year and changes lag behind other economic conditions
  - Property values decreased by 3.5% in tax year 2009 and greater value loss is expected for tax year 2010

# FY 2010-11 Outlook – May 19<sup>th</sup> Briefing Recap



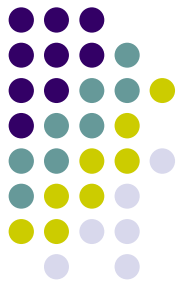
- Sales tax revenues account for 21% of General Fund
  - Monthly sales tax receipts have been down for 16 consecutive months when compared to same month of previous year
    - On May 12, received notification of first month since October 2008 that monthly receipts were up slightly when compared to same month of previous year
  - FY 2009-10 (current year) is estimated to be \$27.5m less or 12% less than actual receipts received in FY 2007-08 before recession

# FY 2010-11 Outlook – May 19<sup>th</sup> Briefing Recap



FY 2009-10 Adopted Revenue Budget	\$1,018.4m
Property Tax	-\$53.6m
Sales Tax	-\$6.6m
Franchise Fees	-\$0.4m
Non-recurring revenues and use of fund balance	-\$29.5m
Other miscellaneous revenues	-\$9.5m
Total Revenue Changes	-\$99.6m
FY 2010-11 Forecast Revenue	\$918.8m
FY 2010-11 Forecast Expense – to fund same services and service levels as in FY 2009-10	\$1049.9m
Differential	-\$131.1m
Reduction or elimination of Lower Priority Services	\$49.8m
Revised Differential	-\$81.3m

# FY 2010-11 Outlook – May 19<sup>th</sup> Briefing Recap



Key Focus Area	Services Above the Line – <u>Is Funded</u>	Higher Priority *** Services – <u>Not Funded, but Should Be</u>	Lower Priority Services <u>Isn't Funded</u>
Public Safety	\$583.6m	\$45.0m	\$14.1m
Economic Vibrancy	\$52.3m	\$10.2m	\$8.2m
Clean Healthy Environment	\$102.8m	\$2.8m	\$1.1m
Culture, Arts & Recreation	\$42.6m	\$5.1m	\$17.0m
Educational Enhancements	\$12.5m	\$5.3m	\$4.2m
E3 Government	\$125.0m	\$12.9m	\$5.2m
Total	\$918.8m	\$81.3m	\$49.8m

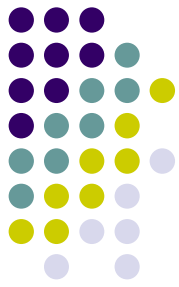


## FY 2010-11 Outlook – E3 Government

- See Appendix for E3 Government bids and rankings

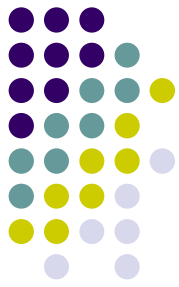
Services Above the Line (Is Funded)	Higher Priority *** Services (Should be Funded)	Lower Priority Services (Isn't Funded)
\$125.0m	\$12.9m	\$5.2m

# E3 Government – Highlights, Services Above the Line (Is Funded)



- Funds programs such as appraisal districts, tax collection, independent audit, cash and debt management, TIF payments, electricity, payroll, financial reporting, etc.
- Funds May 2011 election
- Funds Liability/Claims fund and Contingency Reserve fund

## E3 Government – Highlights, Higher Priority \*\*\* Services (Should be Funded)



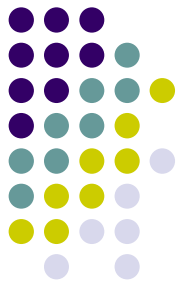
- Should restore contracted custodial services to 112 City facilities including administrative offices, libraries, police facilities, etc. (only location funded is City Hall with limited service)
- Should restore City Secretary board and commission support
- Should restore general counsel, police legal liaison/prosecution, and neighborhood integrity/advocacy
- Should restore 8 positions that conduct audits, reviews, and investigations in City Auditor Office
- Should restore service area coordinators

## E3 Government – Highlights, Lower Priority Services (Isn't Funded)



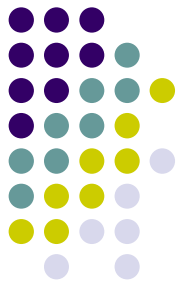
- Does not fund 13 attorneys or 13 support positions in litigation section and neighborhood integrity/advocacy section
- Does not fully fund records management in City Secretary Office
- Does not fund 2 staff in Auditor Office for grant monitoring
- Does not fund 21% of City Manager's Office including reduction of 7 support positions and one ACM

# E3 Government – Highlights, Lower Priority Services (Isn't Funded)



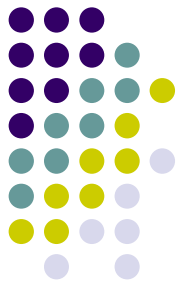
- Does not fund Civil Service fire applicant testing, development and validation, uniform employee applicant processing, and civilian applicant processing at current levels
- Does not fund Efficiency Team
- Does not fund facility maintenance such as HVAC, plumbing, electrical, and roofing at current level

# FY 2010-11 Outlook – Balancing Strategies



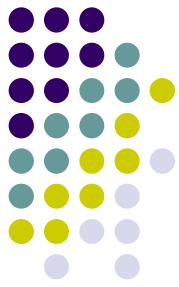
- Combination of strategies is necessary to eliminate \$81.3m current forecasted differential
- Following strategies for additional cost reductions and revenue enhancements for consideration and legal review
  - Implement additional civilian furlough days
  - Implement uniform furlough days
  - Examine civilian pay reductions
  - Examine uniform pay reductions
  - Review employee/retiree health benefits costs
  - Implement reduction-in-force
  - Continue restrictive hiring throughout FY 2009-10 and FY 2010-11

# FY 2010-11 Outlook – Balancing Strategies

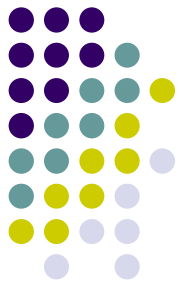


- Minimize police officer attrition replacement
- Review new fee study and prior year studies to ensure fees are set to full cost recovery where possible
- Evaluate new revenue sources
  - Transportation user fee
  - Garage sale permit fee
  - Off-duty police officer fee
- Evaluate expanding existing revenue sources
  - Property tax
  - Multi-tenant registration
  - Solid waste franchise

# FY 2010-11 Outlook – Balancing Strategies



- Continue review and analysis of all bids to eliminate lower priority spending
- Review of internal service costs
- Continue to seek out efficiencies
- Evaluate outsourcing options
- Capitalize bond program in-house implementation expenses

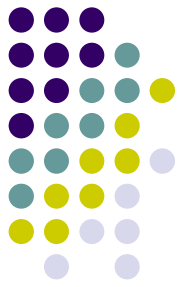


# Next Steps

- May and June – Preliminary rankings reviewed by committees
- June 23 – Budget Workshop #6 – FY 2010-11 preliminary budget outlook
- July 26 – Receive certified tax rolls from Appraisal Districts
- August 9 – City Manager’s proposed FY 2010-11 budget presentation



# FY 2010-11 Preliminary Ranking Sheets



# Ranking Sheets

- Bid (Offer) Number (Column 1) unique identifier assigned to each bid
- Bid Name (Column 2) – service title
- Bid to Maintain Current Service Level (Column 3) – amount requested to fund the current year’s service level. For FY 2010-11, this amount may not produce the same level of service as the current year
- New Services / Enhancements to Increase Current Year Service Level (Column 4) – amount requested by departments for a new service or to increase current year service level of the Basic Bid, such as opening new facilities or increasing hours of operation at libraries
- KFA Team Recommended Amount (Column 5) – amount of funding recommended by the KFA Team which may be less than the bid price
- Running Total (Column 6) – remaining amount available to “spend”

If the cost of the service is reimbursed from another department, the cost is shown net of the reimbursement. The remainder of the cost is shown in the reimbursing department’s bid.



# Ranking Sheets

- “Is Funded” – Above the Funding Line Services are those services which currently are above funding line on Ranking Sheets and are considered to be funded in preliminary FY 2010-11 budget
- “Should be Funded” – Higher Priority \*\*\* Services are those services which fall “below funding line” but are designated as a higher priority to be restored to FY 2010-11 budget, should funding become available
- “Isn’t Funded” – Lower Priority Services are those services which fall “below funding line” and are subject to elimination and not restored in FY 2010-11 budget



# E<sup>3</sup> Government Ranking Sheets



KEY FOCUS AREA: E<sup>3</sup> GOVERNMENT

GENERAL FUND \$ 124,898,882

1	2	3	4	5	6	7	
Line	BID NUMBER	BID NAME	Bid to Maintain Current Year Service Level	New Services / Enhancements to Increase Current Year Service	Recommend Amount	Running Total	Comments/Impact Statements
1	BMS-009	Appraisal Districts	\$ 3,262,264	\$ -	\$ 3,262,264	\$ 121,636,618	<b>CURRENT YEAR SERVICE</b> This bid funds contracts with Dallas, Collin, Denton, and Rockwall Central Appraisal Districts for appraising property for the purpose of ad valorem property tax assessment, as required by state law.
2	BMS-010	Dallas County Tax Collection	\$ 575,854	\$ -	\$ 575,854	\$ 121,060,764	<b>CURRENT YEAR SERVICE</b> This bid funds the contract with Dallas County Tax Office for billing and collection of ad valorem taxes from nearly 391,000 accounts, constituting 42% of the City's general fund revenue.
3	CCO-009	Special Collections	\$ 3,338,269	\$ -	\$ 3,338,269	\$ 117,722,495	<b>CURRENT YEAR SERVICE</b> This bid funds billing and collection of multiple general fund revenues. Special Collections Division (SCD) is responsible for revenue including security alarm permits, weed cutting and multi-tenant registration. This does not include the billing and collection of emergency medical services (ambulance), hotel occupancy tax and short-term motor vehicle revenue, for which SCD is responsible for collecting but are included in other bids.
4	CCO-012	Independent Audit	\$ 1,253,357	\$ -	\$ 1,253,357	\$ 116,469,138	<b>CURRENT YEAR SERVICE</b> This bid funds the contractual amount for the external accounting firm that performs the annual audit to support the amounts and disclosures in the Comprehensive Annual Financial Report (CAFR).
5	CCO-013	Debt Management	\$ 132,684	\$ -	\$ 132,684	\$ 116,336,454	<b>CURRENT YEAR SERVICE</b> The bid funds 1 FTE to manage the City's existing debt, issuance of new debt and bond payment fees.

KEY FOCUS AREA: E<sup>3</sup> GOVERNMENT

GENERAL FUND \$ 124,898,882

1	2	3	4	5	6	7	
Line	BID NUMBER	BID NAME	Bid to Maintain Current Year Service Level	New Services / Enhancements to Increase Current Year Service	Recommend Amount	Running Total	Comments/Impact Statements
6	BMS-006	Liability/Claims Fund Transfer	\$ 8,304,528	\$ -	\$ 8,304,528	\$ 108,031,926	<b>CURRENT YEAR SERVICE</b> This bid funds the Liability Reserve/Claims Fund, used to pay claims, settlements and judgments for property damage and personal injury resulting from work-related actions by City employees or agents.
7	BMS-013	Contingency Reserve	\$ 3,445,769	\$ -	\$ 3,445,769	\$ 104,586,157	<b>CURRENT YEAR SERVICE</b> This bid funds unanticipated, non-recurrent expenses such as unbudgeted new services, public safety or health emergencies and revenue shortfalls. This bid ensures compliance with the City's Financial Management Performance Criteria.
8	BMS-004	Tax Increment Financing Districts Payments	\$ 11,893,550	\$ -	\$ 11,467,121	\$ 93,119,036	<b>CURRENT YEAR SERVICE</b> This bid fulfills contractual obligations to reimburse developers for eligible expenses in City-designated TIF reinvestment zones, as proceeds become available from the incremental growth of the zones' tax bases.
9	BMS-001	Non-Departmental	\$ 10,749,635	\$ -	\$ 10,749,635	\$ 82,369,401	<b>CURRENT YEAR SERVICE</b> This bid funds 2.9 FTEs for miscellaneous items not falling within single departmental activity, and that can be handled most efficiently in aggregate for the entire General Fund. They include the General Fund's portion of unemployment insurance payment, professional services for legislative services, bank contracts, wrecker services, city-wide memberships, council travel, public improvement district (PID) payments and development fee rebates.  <i>See also BMS-001-A (Line 81)</i>

KEY FOCUS AREA: E<sup>3</sup> GOVERNMENT

GENERAL FUND \$ 124,898,882

1	2	3	4	5	6	7	
Line	BID NUMBER	BID NAME	Bid to Maintain Current Year Service Level	New Services / Enhancements to Increase Current Year Service	Recommend Amount	Running Total	Comments/Impact Statements
10	MGT-003	311 Customer Service Center	\$ 129,859	\$ -	\$ 129,859	\$ 82,239,542	<p><b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b></p> <p>This bid funds 85 FTEs who answer service requests for departments other than Police and Fire Rescue, including Water customer service. It is the City's most direct link with its customers.</p> <p>The bid does not fund 5 FTEs and reduces funding for temporary help by 45% from \$231,053 to \$128,000. This reduction will result in an additional 420 calls per day that will need to be absorbed by existing staff. This will continue to increase wait times which are currently 94 seconds, up from 82 seconds in FY08/09 and 63 seconds in FY07/08.</p> <p><i>See also MGT-003-A (Line 79)</i></p> <p>Partially reimbursed by SAN (<b>\$364k</b>) and DWU (<b>\$3.8 million</b>).</p>
11	PBW-013	Public Works and Transportation Enterprise GIS Services	\$ -	\$ -	\$ 70,000	\$ 82,169,542	<p><b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b></p> <p>This bid funds 15 FTEs for the maintenance and delivery of information to citizens and staff through GIS technology. This bid recommends the merging of two Public Works and Transportation GIS groups with Enterprise GIS. The consolidation results in a net reduction of 3 positions across the department. This bid reduces the amount of staff available for ad hoc and special maps and requests from citizens, city council and departments.</p> <p>This bid does not fund 2 FTEs (GIS Analysts) and service to non-reimbursing departments. Services to non-reimbursing departments include data for Dallas Police Crime reporting and special project requests from City Council, citizens, and departments.</p> <p><i>See also PBW-013-A (Line 74)</i></p> <p>Reimbursed by SAN, AVI, DWU, and Storm Water Drainage Management (<b>\$1.2 million</b>).</p>

KEY FOCUS AREA: E<sup>3</sup> GOVERNMENT

GENERAL FUND \$ 124,898,882

1	2	3	4	5	6	7	
Line	BID NUMBER	BID NAME	Bid to Maintain Current Year Service Level	New Services / Enhancements to Increase Current Year Service	Recommend Amount	Running Total	Comments/Impact Statements
12	CCO-006	Cash and Investments	\$ 315,973	\$ -	\$ 315,973	\$ 81,853,569	<b>CURRENT YEAR SERVICE</b> This bid funds 3 FTEs for cash and investment services provided to manage the City's \$1.8B of liquidity and cash investments a year.
13	PBW-011	Public Works Capital Program Implementation - Survey Services	\$ 390,409	\$ -	\$ 386,028	\$ 81,467,541	<b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b>  This bid funds 7.2 FTEs for archival management and accessibility to the Survey Records Vault to citizens, and consultants to utilize survey and engineering records and drawings in support of their projects.  This bid does not fund 6 FTEs (1 Chief City Surveyor, 2 Registered Professional Land Surveyors, 2 Surveyors in Training, and 1 Computer Aided Drafting Technician). This reduction will result in an increase in time to process survey requests from the City Attorney's Office and the Police Department, including those for Sexually Oriented Business applicants.  <i>See also bid PBW-011-A (Line 94)</i>  Partially reimbursed by Storm Water Drainage Management, Convention Center, DWU, and Trinity Watershed Management (\$261k).  <b>Team recommends eliminating overtime. (\$4,300)</b>

KEY FOCUS AREA: E<sup>3</sup> GOVERNMENT

GENERAL FUND \$ 124,898,882

1	2	3	4	5	6	7	
Line	BID NUMBER	BID NAME	Bid to Maintain Current Year Service Level	New Services / Enhancements to Increase Current Year Service	Recommend Amount	Running Total	Comments/Impact Statements
14	PER-004	Human Resource Consulting	\$ 881,264	\$ -	\$ 881,264	\$ 80,586,277	<p><b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b></p> <p>This bid funds 10.8 FTEs and consolidates City University with Human Resources – Employee Relations (Generalists) who support the departments human resources needs by providing managers with the information needed to apply personnel rules uniformly and protect the organization from EEOC charges and litigation.</p> <p>This bid does not fund 3 FTEs (Human Resource Generalists) and eliminates the Volunteer Center contract. The reduction in FTEs results in an increase in the Human Resource Generalist to employee ration from 1: 1,350 to 1: 1,928 (industry standard is 1:423).</p> <p><i>See also PER-004-A (Line 96)</i></p>
15	POM-002	Purchasing/Contract Management	\$ 2,298,449	\$ -	\$ 2,298,449	\$ 78,287,828	<p><b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b></p> <p>This bid funds 15 FTEs to maintain the City's centralized procurement model, ensuring compliance with requirements that all requests for goods and services be competitively bid.</p> <p>This bid does not fund 6 FTEs (1 Manager, 1 Senior Buyer, 2 Buyers, 1 Coordinator, and 1 Office Assistant). The reduction in FTEs will result in an increase in time to award master agreements from 90 to 120 days and will result in decentralization of the agenda process, with departments being responsible for submitting agenda items to Council for approval for contracts less than \$2.5 million.</p> <p><i>See also POM-002-A (Line 72)</i></p>

KEY FOCUS AREA: E<sup>3</sup> GOVERNMENT

GENERAL FUND \$ 124,898,882

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Line	BID NUMBER	BID NAME	Bid to Maintain Current Year Service Level	New Services / Enhancements to Increase Current Year Service	Recommend Amount	Running Total	Comments/Impact Statements
16	CCO-003	Deferred Compensation	\$ 2,950	\$ -	\$ 2,950	\$ 78,284,878	<p><b>CURRENT YEAR SERVICE</b></p> <p>This bid funds 1 FTEs who oversee the mandatory 457 PST plan and voluntary 401(k) and 457 Plans.</p> <p>Partially reimbursed by plan participants and City departments <b>(\$180k)</b>.</p>
17	CMO-001	City Administration	\$ 1,244,161	\$ -	\$ 1,244,161	\$ 77,040,717	<p><b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b></p> <p>This bid funds 13 FTEs in City Administration, which is a critical part of the implementation of key policy decisions and the day to day management of City departments.</p> <p>This bid does not fund 7 FTEs (1 Executive Secretary and 6 Management Development Associates, and holds a current ACM position vacant). It also downgrades a third tier executive position to a Manager III.</p> <p><i>See also CMO-001-A (Line 103).</i></p> <p>Partially reimbursed by CCS, AVI, ECO, DPD, DWU, SAN, and Storm Water Drainage Management <b>(\$313k)</b>.</p>

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GENERAL FUND \$ 124,898,882

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Line	BID NUMBER	BID NAME	Bid to Maintain Current Year Service Level	New Services / Enhancements to Increase Current Year Service	Recommend Amount	Running Total	Comments/Impact Statements
18	EBS-012	Energy Procurement, Monitoring and Conservation	\$ 7,463,237	\$ -	\$ 7,423,470	\$ 69,617,247	<p><b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b></p> <p>This bid funds 6.7 FTEs who procure energy, monitor its use and conservation, establish new accounts, ensure compliance with state and federal rules and process nearly 6,000 utility account payments for electric, gas and water.</p> <p>This bid does not fund 6 FTEs and reduces funding by raising thermostats in multi-use City buildings (from 74F to 76F). This bid eliminates funds for electricity payments for enterprise, parks, single-occupant, and new City buildings. This bid also eliminates funds for professional services for procuring electricity services for FY12.</p> <p><i>See also EBS-012-A (Line 91).</i></p> <p><b>Team recommends eliminating \$40k used for educational posters on energy conservation.</b></p>
19	SEC-002	City Secretary's Office Customer Service	\$ 135,362	\$ -	\$ 135,362	\$ 69,481,885	<p><b>CURRENT YEAR SERVICE</b></p> <p>This bid funds 3 FTEs for customer service to internal and external customers in person, telephone and email. This unit handles service and open record requests, answers general questions and manages the lobbyist registration program.</p>
20	BMS-011	Citywide Capital and Operating Budget Development and Monitoring	\$ 837,106	\$ -	\$ 837,106	\$ 68,644,779	<p><b>CURRENT YEAR SERVICE</b></p> <p>This bid funds 10.8 FTEs for the centralized preparation and oversight of the operating and capital budgets. Services includes financial forecasting and analysis and presentations.</p>
21	MGT-007	Internal Environmental Training/Education	\$ -	\$ -	\$ -	\$ 68,644,779	<p><b>CURRENT YEAR SERVICE</b></p> <p>This bid funds 2 FTEs who administer environmental compliance, education and training programs, in compliance with a Department of Justice Consent Decree.</p> <p>Reimbursed through Stormwater fees (<b>\$114k</b>).</p>

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GENERAL FUND \$ 124,898,882

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Line	BID NUMBER	BID NAME	Bid to Maintain Current Year Service Level	New Services / Enhancements to Increase Current Year Service	Recommend Amount	Running Total	Comments/Impact Statements
22	MGT-012	City Agenda Process	\$ 118,909	\$ -	\$ 118,909	\$ 68,525,870	<b>CURRENT YEAR SERVICE</b> This bid funds 2 FTEs who ensure that all City Council voting and briefing agenda items are presented in a clear, timely and consistent manner, with all applicable deadlines met, including state posting requirements.
23	HOU-005	Contracts & Grants Administration	\$ 361,910	\$ -	\$ 361,910	\$ 68,163,960	<b>CURRENT YEAR SERVICE</b> This bid funds 4.6 FTEs for contract administration and technical assistance for approximately 87 public service contracts and compliance monitoring/risk analysis of over 200 housing development and repair projects, all public service contracts, and portfolio management of several thousand multi-family and single family housing loans.  See also AUD-002-A (Line 77) and AUD-002-Z (Line 102).  <b>Team recommends that this service take responsibility for all grant monitoring required by HOPWA and ESG.</b>
24	BMS-012	Utility Management	\$ 159,283	\$ -	\$ 159,283	\$ 68,004,677	<b>CURRENT YEAR SERVICE</b> This bid funds 1.4 FTEs responsible for oversight and management of franchised utilities and telecommunications providers using public rights-of-ways, including electric, natural gas and cable TV.  This bid generates \$94 million in revenue from franchises.
25	MCC-001	Administrative Support for the Mayor and City Council	\$ 3,405,599	\$ -	\$ 3,405,599	\$ 64,599,078	<b>CURRENT YEAR SERVICE</b> This bid funds 34.8 FTEs that are responsible for providing administrative and secretarial support to the Mayor and 14 City Council members. Administrative and secretarial support provides customer service to the citizens of Dallas which include resolving issues, directing citizens' requests to the appropriate department, responding to questions regarding city services, and coordinating approximately 80 town hall meetings annually.

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Line	BID NUMBER	BID NAME	Bid to Maintain Current Year Service Level	New Services / Enhancements to Increase Current Year Service	Recommend Amount	Running Total	Comments/Impact Statements
26	AUD-003	Grants Compliance	\$ -	\$ -	\$ -	\$ 64,599,078	<p><b>CURRENT YEAR SERVICE</b></p> <p>This bid funds 12 FTEs for on-side monitoring of recipients funded through the City's Consolidated Plan Grant.</p> <p>This bid is fully funded by Community Development Block Grant (\$882k).</p>
27	MGT-013	Intergovernmental/Fund Development	\$ -	\$ -	\$ -	\$ 64,599,078	<p><b>CURRENT YEAR SERVICE</b></p> <p>Fund Development Team's primary function is to generate additional revenue through public and private sources. Serves as the primary point of contact for City departments for identification, writing, reviewing and tracking of grants submitted and received by the City. Since 2004, the Fund Development team has secured over \$453 million in funding. In FY 08-09, the Fund Development team worked to secure over \$88.6 million in grants, including nearly \$45.7 million in stimulus funds, \$7.5 million in Homeland Security funds, \$4.6 million to support public safety initiatives, \$4.4 million for Environmental and Health Services, \$7.9 million for housing initiatives, and \$1.5 million for libraries.</p> <p>This bid is fully funded by JAG/UASI/EECBC Grant Funds in the amount of (\$245k).</p>

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28	EBS-010	City Facility Operation, Maintenance and Repair	\$ 7,325,329	\$ -	\$ 7,280,329	\$ 57,318,749	<p><b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b></p> <p>This bid funds 96.9 FTEs for operation, maintenance and repair of building systems including HVAC, plumbing, electrical, structural and roofing at over 800 facilities.</p> <p>The bid does not fund 14.7 FTEs. This bid reduces service for Jack Evans Police Headquarters, Central Library, and OCMC. The FTE reduction will result in an increase from 7-10 days to 10-20 days to respond to service requests. 2,790 work orders will be delayed or go unanswered (15%).</p> <p><i>See also EBS-010-A (Line 92) and EBS-010-B (Line 93).</i></p> <p>Service is partially reimbursed from other departments (<b>\$833k</b>).</p> <p><b>Team recommends reducing funding for building materials by 45k from \$1,046,156 to \$1,001,156.</b></p>
29	AUD-001	Audits, Reviews & Investigations	\$ 1,447,800	\$ -	\$ 1,447,800	\$ 55,870,949	<p><b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b></p> <p>This bid funds 13 FTEs that conduct financial audits, mandated by City Charter Chapter IX.</p> <p>This bid does not fund 8 FTEs (3 asst City Aud III, 3 Asst City Aud II, 1 Sr. Office Asst, and 1 Dept Tech Analyst). FTE reduction results in a reduction in external deliverables (reports, audits, presentations, etc.) of 55, from 125 to 70 per year.</p> <p><i>See also AUD-001-A (Line 73).</i></p>

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30	PER-005	HRIS and HR Payroll Services	\$ 984,937	\$ -	\$ 984,937	\$ 54,886,012	<p><b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b></p> <p>This bid funds 13.7 FTEs for payroll management for City of Dallas employees. The Human Resources Payroll Division manages and maintains all employee information, including payroll data and history in HRIS. HR recommends as part of this bid consolidating the civilian and uniform payroll process and to moving from a close Tuesday/pay Thursday to a close Friday/pay next Friday to allow more time for personnel to conduct audits. E-Team is studying the viability of this change but has not developed a recommendation.</p> <p>This bid does not fund 4 FTEs and will diminish the City's ability to audit payroll accuracy and ensure compliance to governing mandates regarding employee wages, electronic data retention, and public funds accountability.</p> <p><i>See also PER-005-B (Line 70)</i></p>
31	SEC-001	City Council Meeting Support	\$ 363,368	\$ -	\$ 363,368	\$ 54,522,644	<p><b>CURRENT YEAR SERVICE</b></p> <p>This bid funds 4 FTEs who provide administrative support for City Council, records management, boards/commissions, elections, customer service, lobbyist program, and archives.</p>
32	CCO-004	Financial Reporting	\$ 1,020,459	\$ -	\$ 1,020,459	\$ 53,502,185	<p><b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b></p> <p>This bid funds 12 FTEs who prepare the City's Comprehensive Annual Financial Report (CAFR). Also responsible for approving journal vouchers, month end closing, establishing City-wide internal control, preparation of various reports, compliance documents, review of financial information in the City's official statements for bonds and all other official financial reporting requirements.</p> <p>Partially reimbursed by the Convention Center. (<b>\$259k</b>).</p>

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33	CCO-007	Payroll	\$ 386,559	\$ -	\$ 386,559	\$ 53,115,626	<p><b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b></p> <p>This bid funds 5 FTEs for payroll management for City of Dallas employees. The Payroll Division monitors time entries, establishes payroll deductions and direct deposit requests in accordance with employee wishes and in compliance with City policies and existing laws. Payroll processes over 456,000 biweekly checks annually.</p> <p>This bid does not fund 5 FTEs. This reduction in FTEs could result in numerous errors and delays in issuing paychecks.</p> <p><i>See also CCO-007-A (Line 69).</i></p>
34	POM-004	Business Inclusion & Development Compliance Monitoring	\$ 211,937	\$ -	\$ 211,937	\$ 52,903,689	<p><b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b></p> <p>This bid funds 2 FTEs for the Business Inclusion &amp; Development (BID) review of agenda items over \$2.5 million to ensure compliance with the City's BID Policy, a City Council mandated program to involve Minority/Women Business Enterprise to the greatest extent feasible on public projects.</p> <p>This bid does not fund 2 FTEs. The reduction in FTEs results in departments having to evaluate M/WBE inclusion compliance on projects less than \$2.5 million. BID compliance review will increase from 10 days to 20 days.</p> <p><i>See also POM-004-A (Line 98)</i></p>
35	CCO-001	Accounts Payable	\$ 830,875	\$ -	\$ 830,875	\$ 52,072,814	<p><b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b></p> <p>This bid funds 10 FTEs in the Accounts Payable Division of the City Controller's Office, which is responsible for the payment of goods and services used in the operations of the City of Dallas. This division also maintains the accounts payable records and systems to provide reports to assist in management decisions.</p>

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36	SEC-003	Elections	\$ 1,092,077	\$ -	\$ 1,092,077	\$ 50,980,737	<b>CURRENT YEAR SERVICE</b> This bid funds 1 FTE, the election manager, appointed by the City Secretary to carry out functions required by federal, state and local laws relating to all City of Dallas elections. In addition, the election manager has assumed the direct responsibility of the lobbyist registration program.
37	MGT-015	Intergovernmental/Legislative Services	\$ 7,824	\$ -	\$ 7,824	\$ 50,972,913	<b>CURRENT YEAR SERVICE</b> This bid funds 3 FTEs who represent the City's interests with local, state, and federal public agencies and legislative offices. In the current fiscal year, this section has worked with the Fund Development group to secure \$135 million in federal stimulus funds, \$15 million for the Trinity River Corridor and \$20 million for homeless services. Service is partially reimbursed by Convention Center, DWU, AVI, and Homeland Security Grant Funds, \$271k.
38	BMS-005	Grant Administration	\$ 200,392	\$ -	\$ 200,392	\$ 50,772,521	<b>CURRENT YEAR SERVICE</b> This bid funds 3.5 FTEs to provide planning & oversight and ensure compliance with regulations for the Consolidated Plan & federal grants.
39	CVS-004	Applicant Processing - Civilian	\$ 171,481	\$ -	\$ 171,481	\$ 50,601,040	<b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b> This bid funds 3 FTEs for applicant processing for civilians including recruiting services, development of minimum qualifications for approximately 800 job titles and classification subsets, and uses multiple strategies to seek job applicants.  This bid does not fund 3 FTEs (1 Sr. HR Analyst, 2 HR Analysts). The reduction in FTEs will result in an increase in the set-up time for posting in NEOGOV from 2-3 days to 5-7 days, review of applications and release of lists will double from 7-10 days to 14-20 days, and test administration will be reduced from 4 days per week to 2.  <i>See also CVS-004-A (Line 88).</i>

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40	CTJ-005	Language Services	\$ 133,074	\$ -	\$ 130,320	\$ 50,470,720	<p><b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b></p> <p>This bid funds 2 FTEs who provide verbal Spanish interpretation and translation assistance to approximately 37,000 defendants during a variety of court proceedings, including arraignment, pre-trial hearings, entering of pleas, trials before the court, and jury trials as mandated by the State of Texas. This bid also funds a contract with an outside agency for approximately 50 other languages.</p> <p><i>See also CTJ-005-Z (Line 111).</i></p> <p><b>Team recommends eliminating \$2,754 in overtime. Impact is that the court docket process would need to be revamped to prevent scheduling the start of trials that require language services after 3:30pm.</b></p>
41	CCO-005	Reconciliations	\$ 402,149	\$ -	\$ 402,149	\$ 50,068,571	<p><b>CURRENT YEAR SERVICE</b></p> <p>This bid funds 6 FTEs that are responsible for bank reconciliations city-wide with 31 active accounts, monitoring and verifying financial data for DWU Accounts Receivable.</p>
42	CVS-001	Civil Service Board Administration/Employee Appeals Process	\$ 317,590	\$ -	\$ 317,590	\$ 49,750,981	<p><b>CURRENT YEAR SERVICE</b></p> <p>This bid funds 3 FTEs for coordination of the Employee Appeals &amp; Grievance Process; arranges and schedules monthly Board meeting and appeals for terminated and demoted employee; coordinates and schedules rehire appeals for former employees, rule grievances and discrimination services.</p>
43	SEC-004	Archives	\$ 91,281	\$ -	\$ 91,281	\$ 49,659,700	<p><b>CURRENT YEAR SERVICE</b></p> <p>This bid funds 1 FTE, a certified archivist responsible for the management, preservation and access to 2,000 cubic feet of historical city documents. Archives contain unique, crucial documents of City owned or built facilities.</p>

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Line	BID NUMBER	BID NAME	Bid to Maintain Current Year Service Level	New Services / Enhancements to Increase Current Year Service	Recommend Amount	Running Total	Comments/Impact Statements
44	EBS-006	Major Maintenance Design and Construction	\$ 639,474	\$ -	\$ 639,474	\$ 49,020,226	<p><b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b></p> <p>This bid funds 20.7 FTEs to manage 228 building design and construction projects, including major maintenance, space planning, building renovation/repair, facility condition assessment and planning Green Building practices. It includes over \$100 million in bond projects.</p> <p>This bid does not fund 1 FTE (Coordinator II). The impact of the FTE reduction is that 25 major projects will be delayed one fiscal year.</p> <p><i>See also EBS-006-A (Line 97).</i></p> <p>Partially reimbursed by bond funds (<b>\$769k</b>).</p>
45	EBS-008	City Facility Elevator and Escalator Management	\$ 394,235	\$ -	\$ 394,235	\$ 48,625,991	<p><b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b></p> <p>This bid funds contract services to inspect and maintain as needed 98 elevators, 8 escalators, 4 wheelchair lifts and 2 material lifts in 37 buildings so that the City meets State-mandated certification requirements.</p> <p>The base bid reduces funding for unscheduled maintenance and after-hours emergency service by 75% (\$98,560) and does not fund major repairs, upgrades and modernization. The impact is that the City may not comply with State certification and could face daily fines of \$1,000.</p> <p><i>See also EBS-008-A (Line 75).</i></p>

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46	PER-003	Compensation Analysis / Classification	\$ 264,251	\$ -	\$ 264,251	\$ 48,361,740	<p><b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b></p> <p>This bid funds 2.9 FTEs responsible for Compensation Analysis, Classification Review, and Special Projects in Human Resources.</p> <p>This bid does not fund professional services costs for Deaf Action Center and Language Testing. The impact of not funding language testing is that departments would have to pay to have language testing for language assignment pay.</p> <p><i>See also PER-003-A (Line 109)</i></p>
47	CCO-008	Cost Accounting and Fixed Assets	\$ 161,906	\$ -	\$ 161,906	\$ 48,199,834	<p><b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b></p> <p>This bids funds 2 FTEs responsible for maintaining the City's capital assets (valued at \$6.4B) for financial reporting purposes.</p> <p>This bid does not fund 1 FTE (Senior Accountant). The impact of the reduction is a delay in preparing the CAFR and potential errors. Material weaknesses will be reported in the internal control letter.</p> <p><i>See also CCO-008-A (Line 76).</i></p>

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48	CVS-005	Applicant Processing for Uniform Employees	\$ 73,622	\$ -	\$ 73,622	\$ 48,126,212	<p><b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b></p> <p>This bid funds 1 FTE for applicant processing for uniform employees involving screening Police and Fire applications annually for entry-level positions and promotions.</p> <p>This bid does not fund 2 FTEs (1 Sr. Human Resources Analyst and 1 Office Assistant). The result of the reduction is that applications and qualifying documents will take 7-10 days longer than the current 5 day turn around; weekend test administration for police officer training will be reduced from 3 times per month to 1 time per month; the eligible lists to departments will be delayed from the current 3 days to 5-8 days.</p> <p>See also CVS-005A (Line 100).</p>
49	MGT-016	Fair Housing and Human Rights Compliance	\$ 22,602	\$ -	\$ 22,602	\$ 48,103,610	<p><b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b></p> <p>This bid funds .5 FTE to investigate housing, employment and public accommodation discrimination complaints and conduct mediation and education. The general fund portion of the bid funds human rights community education.</p> <p>Partially reimbursed by FHAP grant funds and CDBG (\$807k).</p>
50	HOU-023	Housing Federal Grants Administration	\$ -	\$ -	\$ -	\$ 48,103,610	<p><b>CURRENT YEAR SERVICE</b></p> <p>This bid funds 14 FTEs who provide management and oversight for Housing Department including approximately \$23.2M in Federal grant funds, and implementation of Housing program service delivery.</p> <p>Fully funded by CBDG and HOME grant funds (\$838k).</p>

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51	HOU-024	Support for Home Repair/Replacement Programs	\$ -	\$ -	\$ -	\$ 48,103,610	<p><b>CURRENT YEAR SERVICE</b></p> <p>This bid funds 25 FTEs responsible for annual loans/grants including loan processing, inspections and portfolio management for home repair/replacement programs that benefit low-income homeowners.</p> <p>Fully funded by grant funds (\$1.8 million).</p>
52	HOU-025	Support for Housing Development Programs	\$ -	\$ -	\$ -	\$ 48,103,610	<p><b>CURRENT YEAR SERVICE</b></p> <p>This bid funds 17 FTEs who implement the housing development programs including loan processing, contract administration, and portfolio management for loans/grants for Federal Grant-funded Mortgage Assistance/CHDO Programs that benefit low-to moderate income homebuyers.</p> <p>Fully funded by grant funds (\$1.1 million).</p>
53	DEV-004	Real Estate for Public Property Transactions	\$ -	\$ -	\$ -	\$ 48,103,610	<p><b>CURRENT YEAR SERVICE</b></p> <p>Bid funds 10 FTEs who provide real estate services for public use and acquire land for capital improvement projects for DWU, PWT, PKR, and other departments.</p>
54	MGT-017	Boards and Commissions Liaison	\$ -	\$ -	\$ -	\$ 48,103,610	<p><b>CURRENT YEAR SERVICE</b></p> <p>This bid funds 1 FTE for administrative support for the City Council's Public Safety Committee and Ad Hoc Legislative Committee for Judicial Appointments, Citizens/Police Review Board, Regulated Property Advisory Committee and Judicial Nominating Commission.</p> <p>Fully funded by DPD (\$60k).</p>

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55	CVS-002-A	Fire Applicant - Physical Abilities Testing	\$ 25,762	\$ -	\$ 25,762	\$ 48,077,848	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE</b></p> <p>This bid restores .5 FTE that will provide a minimum service level for the Fire Applicant Physical Abilities Test. Testing is mandatory for FY10-11 because it was canceled by DFR in FY09-10.</p> <p>This bid does not fund .5 FTE. As a result, the time to qualify candidates will double and only 250 tests will be given verse 500.</p> <p><i>See also CVS-002 (Line 110) and CVS-002-B (99).</i></p>
56	CVS-003	Analysis/Development and Validation	\$ 133,391	\$ -	\$ 133,391	\$ 47,944,457	<p><b>CURRENT YEAR SERVICE</b></p> <p>This bid funds 1 FTE (Assistant Director) to develop/validate tests to assess candidates for Police/Fire. Bid provides a minimum level of service.</p> <p>This bid does not fund 5 FTEs required to increase the level of service from the previous year. Without the 5 FTEs, the service will not be able to develop new tests, promotional or otherwise. Without new tests, the current lists for all 11 uniform ranks will expire by March 2011.</p> <p><i>See also CVS-003-A (Line 104).</i></p>

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1	2	3	4	5	6	7	
Line	BID NUMBER	BID NAME	Bid to Maintain Current Year Service Level	New Services / Enhancements to Increase Current Year Service	Recommend Amount	Running Total	Comments/Impact Statements
57	EBS-011	Custodial Service for City Facilities	\$ 378,683	\$ -	\$ 378,683	\$ 47,565,774	<p><b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b></p> <p>This bid funds 1 FTE and the cleaning of City Hall (5 days a week for restrooms and locker rooms; Clean Mayor/Council office areas, Council Chamber areas, and Flag Room; Maintenance and care of carpet/hard surface floor areas; vacuum hallways and other pedestrian traffic areas once a week; provide 911 coverage on weekends, holidays, and furloughs).</p> <p>This bid does not fund 29.3 FTEs and custodial contracts for 112 facilities other than City Hall. The impact will be a decrease in health and safety of city employees and visitors. Employees will be responsible for cleaning their own work areas and departments will have to provide supplies (not currently budgeted for).</p> <p><i>See also EBS-011-A (Line 68) and EBS-011-B (Line 95).</i></p>
58	SEC-005-A	Records Management	\$ 199,823	\$ -	\$ 199,823	\$ 47,365,951	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE</b></p> <p>This no-FTE bid restores funding for offsite storage of records for all City departments as required by City Code.</p> <p><i>See also SEC-005 (Line 60) and SEC-005-B (Line 108).</i></p>

KEY FOCUS AREA: E<sup>3</sup> GOVERNMENT

GENERAL FUND \$ 124,898,882

Line	1 BID NUMBER	2 BID NAME	3 Bid to Maintain Current Year Service Level	4 New Services / Enhancements to Increase Current Year Service	5 Recommend Amount	6 Running Total	7 Comments/Impact Statements
59	MGT-001	Public Information Office / Marketing & Media Relations	\$ 320,825	\$ -	\$ -	\$ 47,365,951	<p><b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b></p> <p>This bid funds 4.9 FTE's who provide external and internal communications, general media relations, executive speeches/presentations, Spanish translation and Spanish media relations, Open Records Request management, graphic design, and public relations services as well as management of the City's Green Dallas initiative and content management for GreenDallas.net and DallasCityHall.com Web sites.</p> <p>This bid does not fund 1 FTE who provides daily media relations/public relations services for the Library system, provides communications services to Council offices, manages City publications and produces the City's monthly e-newsletter City Hall Highlights.</p> <p>Service is partially reimbursed by: DWU, Stormwater, Aviation and CCS (\$218,000)</p>

KEY FOCUS AREA: E<sup>3</sup> GOVERNMENT

GENERAL FUND \$ 124,898,882

1	2	3	4	5	6	7	
Line	BID NUMBER	BID NAME	Bid to Maintain Current Year Service Level	New Services / Enhancements to Increase Current Year Service	Recommend Amount	Running Total	Comments/Impact Statements
60	SEC-005	Records Management	\$ 223,898	\$ -	\$ 153,729	\$ 47,212,222	<p><b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b></p> <p>This bid funds 4 FTEs for the management of public records, ensures public access requirements are met, operates centralized storage of inactive records for all departments, identifies and coordinates destruction of records which have reached the end of their required retention under the law and assists with quality control of Council action records. This bid funds one management officer and three support staff.</p> <p>This bid does not fund the storage contract for records retention. Contract amount is \$199k. The elimination of the contract will result in departments having to pay to have their boxes shipped back to them and then would be responsible for storing the records. The cost for termination of the contract and shipping of the boxes is \$200k.</p> <p><i>See also SEC-005-A (Line 58) and SEC-005-B (Line 108)</i></p> <p><b>Team recommends funding 2 FTEs. The reduction in FTEs will result in a decrease in service to departments for records to be cataloged, stored, and destroyed at the storage facility.</b></p>
61		FY 2010-11 Projected CIS Charges	\$ -	\$ -	\$ 28,648,978	\$ 18,563,244	FY 2010-11 CIS Charges to be allocated to the General Fund Services
62		FY 2010-11 Projected Risk Charges	\$ -	\$ -	\$ 13,169,398	\$ 5,393,846	FY 2010-11 Risk Charges to be allocated to the General Fund Services
63	ATT-006-A	DFW International Airport Legal Counsel	\$ 422,745	\$ -	\$ 422,745	\$ 4,971,101	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE LEVEL</b></p> <p>This bid restores 3 FTEs (attorney positions) which provide legal services , including drafting, training, and litigation services for the Airport Board on all legal subjects.</p>

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GENERAL FUND \$ 124,898,882

1	2	3	4	5	6	7	
Line	BID NUMBER	BID NAME	Bid to Maintain Current Year Service Level	New Services / Enhancements to Increase Current Year Service	Recommend Amount	Running Total	Comments/Impact Statements
64	ATT-001	Litigation	\$ 2,614,286	\$ -	\$ 2,614,286	\$ 2,356,815	<p><b>CURRENT YEAR SERVICE AT A REDUCE LEVEL</b></p> <p>This bid funds the City Attorney's Litigation division which represents the City and its officers and employees in legal proceedings and make recommendations to the City Council for or against the settlement or dismissal of legal proceedings. This division specializes in the areas of personal injury, civil rights, employment, general litigation and appellate.</p> <p>This bid does not fund 18 FTE's (9 attorney positions and 9 legal support staff positions). These reductions will result in increased caseloads for remaining staff, the inability to handle additional lawsuits and legal proceedings, and increased use of outside counsel at a higher cost to the City.</p> <p><i>See also ATT-001-A (Line 86)</i></p>
65	ATT-002	General Counsel	\$ 2,633,955	\$ -	\$ 2,633,955	\$ (277,140)	<p><b>CURRENT YEAR SERVICE AT A REDUCE LEVEL</b></p> <p>This bid funds the City's General Counsel which provides support to City departments, boards and commissions, and City Council. This division prepares all city contracts, ordinances, real estate transaction documents, and provides legal advise and counsel regarding a wide range of issues.</p> <p>This bid does not fund 8 FTE's (4 attorney position and 4 legal support staff positions). These reductions will result in an increased # of contracts, resolutions, ordinances, and deeds assigned to each attorney by at least 33%, and an increased use of outsel counsel at a higher cost to the City.</p> <p><i>See also ATT-002-A (Line 82)</i></p>
* 66	BMS-007	Salary and Benefit Reserve	\$ 2,917,550	\$ -	\$ 2,917,550	\$ (3,194,690)	<p><b>CURRENT YEAR SERVICE</b></p> <p>This bid funds employees' termination payments.</p>

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GENERAL FUND \$ 124,898,882

1	2	3	4	5	6	7	
Line	BID NUMBER	BID NAME	Bid to Maintain Current Year Service Level	New Services / Enhancements to Increase Current Year Service	Recommend Amount	Running Total	Comments/Impact Statements
* 67	MGT-004	Strategic Customer Services/Service Area Coordinators	\$ 306,974	\$ -	\$ 306,974	\$ (3,501,664)	<p><b>CURRENT YEAR SERVICE AT A REDUCE LEVEL</b></p> <p>This bid funds 9 FTEs dedicated to customer service improvement through service area coordination teams, Action Plan, Dallas Measures, CSI Dallas and the 2011 Citizen Survey.</p> <p>This bid does not fund 2 FTEs (1 GIS analyst and 1 Coordinator). This bid eliminates funding for Loving My Community neighborhood partnership grants.</p> <p><i>See also MGT-004-A (Line 78) and MGT-004-B (Line 106).</i></p> <p>Partially reimbursed by PBW, SAN, CCS, and DWU (\$478k).</p>
* 68	EBS-011-A	Custodial Service for City Facilities	\$ 3,829,534	\$ -	\$ 3,829,534	\$ (7,331,198)	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE</b></p> <p>This bid restores funding to 29.3 FTEs and \$2.5 million in contracted services to clean 112 City Facilities. The impact of restoration is the increase in health and safety of city employees and citizens.</p> <p><i>See also EBS-011 (Line 57) and EBS-011-B (Line 95).</i></p>
* 69	CCO-007-A	Payroll	\$ 297,343	\$ -	\$ 297,343	\$ (7,628,541)	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE</b></p> <p>This bid restores funding for 5 FTEs to continue normal payroll deposits in a timely manner, avoid delays in paying employees, and avoid paycheck errors.</p> <p><i>See also CCO-007 (Line 33).</i></p>
* 70	PER-005-B	HRIS and HR Payroll Services	\$ 183,594	\$ -	\$ 183,594	\$ (7,812,135)	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE LEVEL</b></p> <p>This bid restores 4 FTEs. The impact is that the City's ability to audit payroll accuracy and ensure compliance to governing mandates regarding employee wages, electronic data retention, and public funds accountability will remain at current year levels.</p> <p><i>See also PER-005 (Line 30)</i></p>

KEY FOCUS AREA: E<sup>3</sup> GOVERNMENT

GENERAL FUND \$ 124,898,882

1	2	3	4	5	6	7	
Line	BID NUMBER	BID NAME	Bid to Maintain Current Year Service Level	New Services / Enhancements to Increase Current Year Service	Recommend Amount	Running Total	Comments/Impact Statements
* 71	SEC-006	Boards and Commissions Support	\$ 219,530	\$ -	\$ 161,510	\$ (7,973,645)	<p><b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b></p> <p>This bid funds 3 FTEs for support of the Boards and Commissions service and manage the process for qualifying citizens for City board service. Provides support to the Permit &amp; License Appeal Board and the Ethics Advisory Commission.</p> <p>This bid does not fund a part-time employee who tracks Councilmember attendance. Impact is that if the rules of procedure for City Council are not changed to eliminate the requirement to track attendance, then the service will not be able to provide this support.</p> <p><i>See also SEC-006-A (Line 90)</i></p> <p><b>Team recommends reducing bid by not funding 1 FTE (Coordinator III). Reduction will result in a longer timeframe to process board and commission nominees and could increase City's liability for missed financial statements.</b></p>
* 72	POM-002-A	Purchasing/Contract Management	\$ 364,145	\$ -	\$ 364,145	\$ (8,337,790)	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE LEVEL</b></p> <p>This bid restores 6 FTEs (1 Manager, 1 Senior Buyer, 2 Buyers, 1 Coordinator, and 1 Office Assistant). The restoration of the FTEs will prevent an increase in time to award master agreements from 90 to 120 days and will allow agenda coordination to remain centralized.</p> <p><i>See also POM-002 (Line 15)</i></p>
* 73	AUD-001-A	Audits, Reviews & Investigations	\$ 613,621	\$ -	\$ 613,621	\$ (8,951,411)	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE LEVEL</b></p> <p>Bid restores 6 FTEs (3 Asst City Aud III, 3 Asst City Aud II, 1 Sr Office Asst and 1 Dept Tech Analyst). FTE restoration results in an increase in external deliverables (reports, audits, presentations, etc.) by 55 from the base bid, from 70 to 125 per year.</p> <p><i>See also AUD-001 (Line 29).</i></p>

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1	2	3	4	5	6	7	
Line	BID NUMBER	BID NAME	Bid to Maintain Current Year Service Level	New Services / Enhancements to Increase Current Year Service	Recommend Amount	Running Total	Comments/Impact Statements
* 74	PBW-013-A	Public Works and Transportation Enterprise GIS Services	\$ 165,643	\$ -	\$ 165,643	\$ (9,117,054)	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE LEVEL</b></p> <p>This bid restores 3 FTEs (GIS Analysts) and service to non-reimbursing departments. Services to non-reimbursing departments include data for Dallas Police Crime reporting and special project requests from City Council, citizens, and departments.</p> <p><i>See also PBW-013 (Line 11).</i></p>
* 75	EBS-008-A	City Facility Elevator and Escalator Management	\$ 98,560	\$ -	\$ 98,560	\$ (9,215,614)	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE LEVEL</b></p> <p>This bid restores funding for unscheduled maintenance and after-hours emergency service to current levels.. The impact is that the City will comply with State certification and will not face daily fines of \$1000.</p> <p>This bid does not fund any major repairs, upgrades, or modernizations.</p> <p><i>See also EBS-008 (Line 45).</i></p>
* 76	CCO-008-A	Cost Accounting and Fixed Assets	\$ 58,724	\$ -	\$ 58,724	\$ (9,274,338)	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE LEVEL</b></p> <p>This bid restores 1 FTE (Senior Accountant). The impact is that the balances in the general ledger will have fewer errors with more employees to review.</p> <p><i>See also CCO-008 (Line 47).</i></p>
* 77	AUD-002-A	HOPWA and ESG Funds Monitoring	\$ 61,475	\$ -	\$ 61,475	\$ (9,335,813)	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE LEVEL</b></p> <p>This bid restores 2 FTEs (Sr. Contract Compliance Officers) that provide on-site monitoring of sub-recipients funded via HOPWA and ESG. Compliance and oversight required by federal mandate.</p> <p><i>See also HOU-005 (Line 23) and AUD-002-Z (Line 102).</i></p> <p><b>Team recommends that HOU-005 take responsibility for all grant monitoring required by HOPWA and ESG.</b></p>

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1	2	3	4	5	6	7	
Line	BID NUMBER	BID NAME	Bid to Maintain Current Year Service Level	New Services / Enhancements to Increase Current Year Service	Recommend Amount	Running Total	Comments/Impact Statements
* 78	MGT-004-A	Strategic Customer Services	\$ 126,089	\$ -	\$ 126,089	\$ (9,461,902)	<b>BID TO MAINTAIN CURRENT YEAR SERVICE LEVEL</b> This bid restores 2 FTEs and GIS tools, ensuring adequate response to neighborhood mapping and other service requests. <i>See also MGT-004 (Line 67) and MGT-004-B (Line 106).</i>
* 79	MGT-003-A	311 Customer Service Center	\$ 427,214	\$ -	\$ 427,214	\$ (9,889,116)	<b>BID TO MAINTAIN CURRENT YEAR SERVICE LEVEL</b> The bid restores 5 FTEs and funding for temporary help. The restored FTEs will handle 420 calls per day that would have otherwise had to be absorbed by existing staff. This will prevent an increase in wait times which are currently 94 seconds, up from 82 seconds in FY08/09 and 63 seconds in FY07/08. <i>See also MGT-003 (Line 10).</i>
* 80	ATT-004	Neighborhood Integrity and Advocacy (Legal Services)	\$ 291,755		\$ 291,755	\$ (10,180,871)	<b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b> This bid funds legal services to many city departments to increase quality of life for citizens in the city through civil enforcement of code and zoning violations, criminal nuisances, and fair housing laws and increase the diversity of owner-occupied housing stock. This bid does not fund 8 FTE's (4 attorney positions and 4 legal support staff positions). The reduction in service will lower the # of code enforcement and criminal nuisance lawsuits filled against property owners and the number of demolitions by at least 67% decreasing the quality of life and public safety in many neighborhoods. <i>See also ATT-004-A (Line 87)</i>
* 81	BMS-001-A	Non-Departmental	\$ -	\$ 315,614	\$ 315,614	\$ (10,496,485)	<b>ENHANCEMENT</b> This bid restores 2 FTEs and equipment and software to prepare for City Council redistricting when 2010 Census data is complete. <i>See also BMS-001 (Line 9).</i>

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1	2	3	4	5	6	7	
Line	BID NUMBER	BID NAME	Bid to Maintain Current Year Service Level	New Services / Enhancements to Increase Current Year Service	Recommend Amount	Running Total	Comments/Impact Statements
* 82	ATT-002 -A	General Counsel	\$ 857,419	\$ -	\$ 857,419	\$ (11,353,904)	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE LEVEL</b></p> <p>This bid restores 8 FTE's (4 attorney positions and 4 legal support staff positions) which enables current year level of service regarding processing and executing additional ordinance and contracts, and provide the necessary legal services for the City's extensive real estate matters.</p> <p><i>See also ATT-002 (Line 65)</i></p>
* 83	ATT-003-A	Police Legal Liaison & Prosecution	\$ 878,020	\$ -	\$ 878,020	\$ (12,231,924)	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE LEVEL</b></p> <p>This bid restores 14 FTE's (10 attorney positions and 4 legal support staff), which restores prosecutions to the current level which fights crime and code violations. This also restores funding for the Domestic Advocacy Program that assists victims of family violence and legal trainin services to the Police Department.</p> <p><i>See also ATT-003 (Line 84)</i></p>
* 84	ATT-003	Police Legal Liaison & Prosecution	\$ 949,578	\$ -	\$ 949,578	\$ (13,181,502)	<p><b>CURRENT YEAR SERVICE AT A REDUCE LEVEL</b></p> <p>This bid funds general legal counsel to the Dallas Police Department and prosecutes all Class C misdemeanors, including citations for violations of state laws and the city ordinances, in the municipal courts and handles related criminal law matters in the municipal, magistrate, and community courts.</p> <p>This bid does not fund does not fund 14 FTEs (10 attorney positions and 4 legal support staff). These reductions will reduce the amount of revenue collected by the City's Municipal Courts by approximately 50%. In addition, this service will no longer provide the Domestic Violence Advocacy Program that assists victims of family violence or advice to the Police Academy.</p> <p><i>See also ATT-003-A (Line 83)</i></p>

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1	2	3	4	5	6	7	
Line	BID NUMBER	BID NAME	Bid to Maintain Current Year Service Level	New Services / Enhancements to Increase Current Year Service	Recommend Amount	Running Total	Comments/Impact Statements
85	ATT-005	Environmental Enforcement, Compliance, and Support (Legal Services)	\$ 1,053		\$ 1,053	\$ (13,182,555)	<p><b>CURRENT YEAR SERVICE</b></p> <p>This bid funds the Environmental Enforcement, Compliance, and Support service which is responsible for prosecuting environmental ordinance violations in the City's Municipal Courts including storm water permit violations, water pollution matters, illegal dumping, and other environmentally related ordinance violations.</p> <p>Storm Water Management Fund Reimbursement \$86,474</p>
86	ATT-001 -A	Litigation	\$ 1,390,055	\$ -	\$ 1,390,055	\$ (14,572,610)	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE LEVEL</b></p> <p>This bid restores 18 FTEs (9 attorney positions and 9 legal support staff positions), which would restore to the current level and eliminates the risk of pending lawsuits, the amount of revenue collected, and higher cost associated with using outside counsel on a regular basis.</p> <p>See also ATT-001 (Line 64)</p>
87	ATT-004-A	Neighborhood Integrity and Advocacy (Legal Services)	\$ 614,451	\$ -	\$ 614,451	\$ (15,187,061)	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE LEVEL</b></p> <p>This bid restores 8 FTEs ( 4 attorney positions and 4 legal support staff positions). Restored funding will enable adequate prosecution of code, environmental and zoning violations and continued collection of judgements.</p> <p>See also ATT-004 (Line 80)</p>

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1	2	3	4	5	6	7	
Line	BID NUMBER	BID NAME	Bid to Maintain Current Year Service Level	New Services / Enhancements to Increase Current Year Service	Recommend Amount	Running Total	Comments/Impact Statements
88	CVS-004-A	Applicant Processing - Civilian	\$ 187,063	\$ -	\$ 187,063	\$ (15,374,124)	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE LEVEL</b></p> <p>This bid restores 3 FTEs (1 Sr. HR Analyst, 2 HR Analysts). The restoration in the set-up time for posting in NEOGOV remaining at 2-3 days rather than increasing to 5-7 days, review of applications and release of lists will remain at 7-10 days rather than doubling to 14-20 days, and test administration will continue to be administered 4 days per week.</p> <p><i>See also CVS-004 (Line 39).</i></p>
89	MGT-002	Efficiency Team	\$ 238,246	\$ -	\$ 238,246	\$ (15,612,370)	<p><b>CURRENT YEAR SERVICE AT A REDUCED LEVEL</b></p> <p>This bid funds 2 FTEs who facilitate projects using ZIP process improvement methodology, implement ISO Quality Management Systems. Since 2005, Efficiency Team projects have added value of more than \$20 million.</p> <p>The bid does not fund 1 FTE and cost saving/revenue enhancing projects with estimated value of \$1 million. This FTE has been consolidated into OEQ bid MGT-005 (under Clean, Healthy Environment KFA).</p> <p>Partially reimbursed by Storm Water Drainage Management (\$182k) for ISO implementation and other departments (\$59k).</p>
90	SEC-006-A	Boards and Commissions Support	\$ -	\$ 75,000	\$ 75,000	\$ (15,687,370)	<p><b>ENHANCEMENT</b></p> <p>This bid funds an increase in current year service by funding the distribution of the board and commission application electronically to the various departments to begin the background checks and return to the City Secretary Office for final review. This bid allows incremental funding of \$75,000 with no additional FTE's.</p> <p><i>See also SEC-006 (Line 71).</i></p>

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1	2	3	4	5	6	7	
Line	BID NUMBER	BID NAME	Bid to Maintain Current Year Service Level	New Services / Enhancements to Increase Current Year Service	Recommend Amount	Running Total	Comments/Impact Statements
91	EBS-012-A	Energy Procurement, Monitoring and Conservation	\$ 296,908	\$ -	\$ 336,675	\$ (16,024,045)	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE LEVEL</b></p> <p>This bid restores department and team reductions. This no-FTE bid restores full funding to maintain current thermostat settings and retain engaged professional services to assure that the City takes maximum advantage of buying opportunities for energy.</p> <p><i>See also EBS-012 (Line 18).</i></p>
92	EBS-010-A	City Facility Operation, Maintenance and Repair	\$ 1,066,405	\$ -	\$ 1,111,405	\$ (17,135,450)	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE LEVEL</b></p> <p>This bid restores department and team reductions. This bid restores 14.7 FTEs and allows an additional 2,790 work orders to be completed. In addition to avoiding delays in completing needed work, this will prevent premature equipment breakdown, which has already become a persistent problem in the current year due to budget cuts. This bid also restores \$45k in team reductions to building materials.</p> <p><i>See also EBS-010 (Line 28) and EBS-010-B (Line 93).</i></p>
93	EBS-010-B	City Facility Operation, Maintenance and Repair	\$ -	\$ 105,803	\$ 105,803	\$ (17,241,253)	<p><b>ENHANCEMENT</b></p> <p>This bid funds 2 new FTEs and supplies to maintain 3 new facilities opening during FY 10-11 (Fire Station 50, Oak Cliff Cultural Center &amp; Prairie Creek Library) and 2 expanding facilities (Pleasant Grove Library, Kleberg Rylie Rec Center). LEED certification of all 5 increases maintenance requirements.</p> <p><i>See also EBS-010 (Line 28) and EBS-010-A (Line 92).</i></p>

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1	2	3	4	5	6	7	
Line	BID NUMBER	BID NAME	Bid to Maintain Current Year Service Level	New Services / Enhancements to Increase Current Year Service	Recommend Amount	Running Total	Comments/Impact Statements
94	PBW-011-A	Public Works Capital Program Implementation - Survey Services	\$ 406,491	\$ -	\$ 406,491	\$ (17,647,744)	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE LEVEL</b></p> <p>This bid restores department and team reductions. This bid restores 6 FTEs (1 Chief City Surveyor, 2 Registered Professional Land Surveyors, 2 Surveyors in Training, and 1 Computer Aided Drafting Technician). This restoration will result in a decrease in time to process survey requests from the City Attorney's Office and the Police Department. This bid also restores overtime that was eliminated by team recommendation.</p> <p><i>See also PBW-011 (Line 13).</i></p>
95	EBS-011-B	Custodial Service for City Facilities - New Facilities Custodial Service	\$ -	\$ 63,000	\$ 63,000	\$ (17,710,744)	<p><b>ENHANCEMENT</b></p> <p>This no-FTE bid adds contract custodial service for two new facilities, the Prairie Creek and Pleasant Grove libraries.</p> <p><i>See also EBS-011 (Line 57) and EBS-011-A (Line 68).</i></p>
96	PER-004-A	Human Resource Consulting	\$ 248,769	\$ -	\$ 248,769	\$ (17,959,513)	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE</b></p> <p>This bid restores 3 FTEs (Human Resource Generalists) and the volunteer center. The restoration of FTEs results in an decrease in the HRG to employee ratio from 1:1928 to 1:1350 (industry standard is 1:423).</p> <p><i>See also PER-004 (Line 14)</i></p>
97	EBS-006-A	Major Maintenance Design and Construction	\$ 103,344	\$ -	\$ 103,344	\$ (18,062,857)	<p><b>CURRENT YEAR SERVICE</b></p> <p>This bid restores 1 FTE (Coordinator II). The effect of the restoration is that 25 additional major projects will be completed in FY10-11.</p> <p><i>See also EBS-006 (Line 44).</i></p>

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Line	BID NUMBER	BID NAME	Bid to Maintain Current Year Service Level	New Services / Enhancements to Increase Current Year Service	Recommend Amount	Running Total	Comments/Impact Statements
98	POM-004-A	Business Inclusion & Development Compliance Monitoring	\$ 107,916	\$ -	\$ 107,916	\$ (18,170,773)	<b>BID TO MAINTAIN CURRENT YEAR SERVICE LEVEL</b> This bid restores 2 FTEs. The restoration allows M/WBE inclusion compliance on projects less than \$2.5 million to continue to be centralized. BID compliance review will remain at 10 days instead of increasing to 20 days. <i>See also POM-004 (Line 34)</i>
99	CVS-002-B	Fire Applicant - Physical Abilities Testing	\$ -	\$ 25,156	\$ 25,156	\$ (18,195,929)	<b>ENHANCEMENT</b> This bid funds an additional .5 FTE, with CVS-002-A this becomes 1 FTE. As a result, the time to qualify candidates will decrease by 50% and 500 tests will be given versus 250. <i>See also CVS-002 (Line 110) and CVS-002-A (Line 55).</i>
100	CVS-005-A	Applicant Processing for Uniform Employees	\$ 116,227	\$ -	\$ 116,227	\$ (18,312,156)	<b>BID TO MAINTAIN CURRENT YEAR SERVICE LEVEL</b> This bid restores 2 FTEs (1 Sr. Human Resources Analyst and 1 Office Assistant). The result of the restoration is that applications and qualifying documents will continue to have a 5 day turn around versus increasing by 7-10 days; weekend test administration for police officer training will be remain 3 times per month versus 1; the eligible lists to departments will be issued at the current 3 days rather than increasing to 5-8 days. <i>See also CVS-005 (Line 48).</i>
101	DFD-002-C	Fire Training and Recruitment	\$ -	\$ 230,000	\$ 230,000	\$ (18,542,156)	<b>ENHANCEMENT</b> This bid funds Civil Service for the non-staff costs to develop and administer promotional exams for all ranks below deputy chief. Failure to fund will affect Fire staffing at most levels.

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GENERAL FUND \$ 124,898,882

1	2	3	4	5	6	7	
Line	BID NUMBER	BID NAME	Bid to Maintain Current Year Service Level	New Services / Enhancements to Increase Current Year Service	Recommend Amount	Running Total	Comments/Impact Statements
102	AUD-002-Z	HOPWA and ESG Funds Monitoring	\$ 61,475	\$ -	\$ -	\$ (18,542,156)	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE LEVEL</b> This bid restores 2 FTEs (Sr. Contract Compliance Officers) that provide on-site monitoring of sub-recipients funded via HOPWA and ESG. Compliance and oversight required by federal mandate. <i>See also HOU-005 (Line 23) and AUD-002-A (Line 77).</i></p> <p><b>Team recommends that HOU-005 take responsibility for all grant monitoring required by HOPWA and ESG.</b></p>
103	CMO-001-A	City Administration	\$ 366,643	\$ -	\$ 366,643	\$ (18,908,799)	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE LEVEL</b> This bid restores 7 FTEs (1 executive secretary, 6 Management Development Associates) and restores a MGR-III to Third Tier Executive. <i>See also CMO-001 (Line 17).</i></p>
104	CVS-003-A	Analysis/Development and Validation	\$ -	\$ 295,318	\$ 296,318	\$ (19,205,117)	<p><b>ENHANCEMENT</b> This bid funds an additional 5 FTEs required to increase the level of service from the previous year. Without the 5 FTEs, the service will not be able to develop new tests, promotional or otherwise. Without new tests, the current lists for all uniform ranks will expire by March 2011. <i>See also CVS-003 (Line 56)</i></p>
105	EBS-009	City Facility Environmental Hazards Testing and Abatement	\$ 63,733	\$ -	\$ 63,733	\$ (19,268,850)	<p><b>CURRENT YEAR SERVICE</b> This bid funds 1 FTE for building-related hazardous material testing, abatement and records management, in accordance with Texas Department of Human Services regulations. The work includes employee training.</p>

KEY FOCUS AREA: E<sup>3</sup> GOVERNMENT

GENERAL FUND \$ 124,898,882

1	2	3	4	5	6	7	
Line	BID NUMBER	BID NAME	Bid to Maintain Current Year Service Level	New Services / Enhancements to Increase Current Year Service	Recommend Amount	Running Total	Comments/Impact Statements
106	MGT-004-B	Strategic Customer Services	\$ 100,000	\$ -	\$ 100,000	\$ (19,368,850)	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE LEVEL</b></p> <p>This bid restores funding for the Loving My Community program that made grants to neighborhood and community groups for collaborative community projects. It was funded in FY 09-10 by the Communities Foundation of Texas.</p> <p><i>See also MGT-004 (Line 67) and MGT-004-A (Line 78).</i></p>
107	DFD-003-B	Inspection and Life Safety Education	\$ -	\$ 54,759	\$ 54,759	\$ (19,423,609)	<p><b>ENHANCEMENT</b></p> <p>This bid funds an additional .8 FTEs to ensure DFD is in compliance with records retention policies. A backlog of inventory, archiving and destruction needs has grown too large for current staff to handle, and limits the ability to comply with Open Records requests and to provide information to management in a timely manner.</p>
108	SEC-005-B	Records Management	\$ 102,623	\$ -	\$ -	\$ (19,423,609)	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE LEVEL</b></p> <p>This bid partially restores funding to offsite storage of records for all City departments at \$102,623. This is about 50% of the amount needed for this service for part of the fiscal year, but contractual obligations still require payment for the full year.</p> <p>This bid does not fund the additional \$77k required to fund the storage contract for the entire year.</p> <p><i>See also SEC-005 (Line 60) and SEC-005-A (Line 58).</i></p> <p><b>Team recommends funding the contract for the entire year (SEC-005-A). Team does not recommend funding for only part of the year because the entire year's contract obligation would remain.</b></p>

KEY FOCUS AREA: E<sup>3</sup> GOVERNMENT

GENERAL FUND \$ 124,898,882

1	2	3	4	5	6	7	
Line	BID NUMBER	BID NAME	Bid to Maintain Current Year Service Level	New Services / Enhancements to Increase Current Year Service	Recommend Amount	Running Total	Comments/Impact Statements
109	PER-003-A	Compensation Analysis / Classification	\$ 32,800	\$ -	\$ 32,800	\$ (19,456,409)	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE LEVEL</b></p> <p>This bid restores professional service costs for the Language Testing and Def Action Center. HR recommends that departments be billed directly for Language Testing (\$18,000) and Deaf Action Center services (\$14,000).</p> <p><i>See also PER-003 (Line 46)</i></p>
110	CVS-002	Fire Applicant - Physical Abilities Testing	\$ -	\$ -	\$ -	\$ (19,456,409)	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE LEVEL</b></p> <p>This bid does not fund 1 FTE that would provide a minimum service level for the Fire Applicant Physical Abilities Test. The result of not funding testing is that new Fire candidates cannot be tested.</p> <p><i>See also CVS-002-A (Line 55) and CVS-002-B (Line 99).</i></p>
111	CTJ-005-Z	Language Services	\$ 2,754	\$ -	\$ 2,754	\$ (19,459,163)	<p><b>BID TO MAINTAIN CURRENT YEAR SERVICE LEVEL</b></p> <p>This bid restores the Team recommended cut of \$2,754 in overtime. Impact is that the court docket process would need to be revamped to prevent scheduling the start of trials that require language services after 3:30pm. does not fund 1 FTE that would provide a minimum service level for the Fire Applicant Physical Abilities Test. The result of not funding testing is that new Fire candidates cannot be tested.</p> <p><i>See also CTJ-005 (Line 40)</i></p>

# Memorandum



CITY OF DALLAS

DATE: May 21, 2010

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

SUBJECT: Equipment and Building Services Electricity Program

On Monday, May 24, 2010, you will be briefed on the Equipment and Building Services Electricity Program. The briefing material is attached for your review.

If you have questions or need additional information, please let me know.

A handwritten signature in black ink, appearing to read 'Forest E. Turner'.

Forest E. Turner  
Assistant City Manager

cc: Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Deborah A. Watkins, City Secretary  
Thomas P. Perkins, Jr., City Attorney  
Craig D. Kinton, City Auditor  
C. Victor Lander, Administrative Judge  
Ryan S. Evans, First Assistant City Manager  
A.C. Gonzalez, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Frank Libro, Public Information Office  
Helena Stevens-Thompson, Assistant to the City Manager

# EQUIPMENT AND BUILDING SERVICES

## Electricity Program

Budget, Finance and  
Audit Committee

May 24, 2010



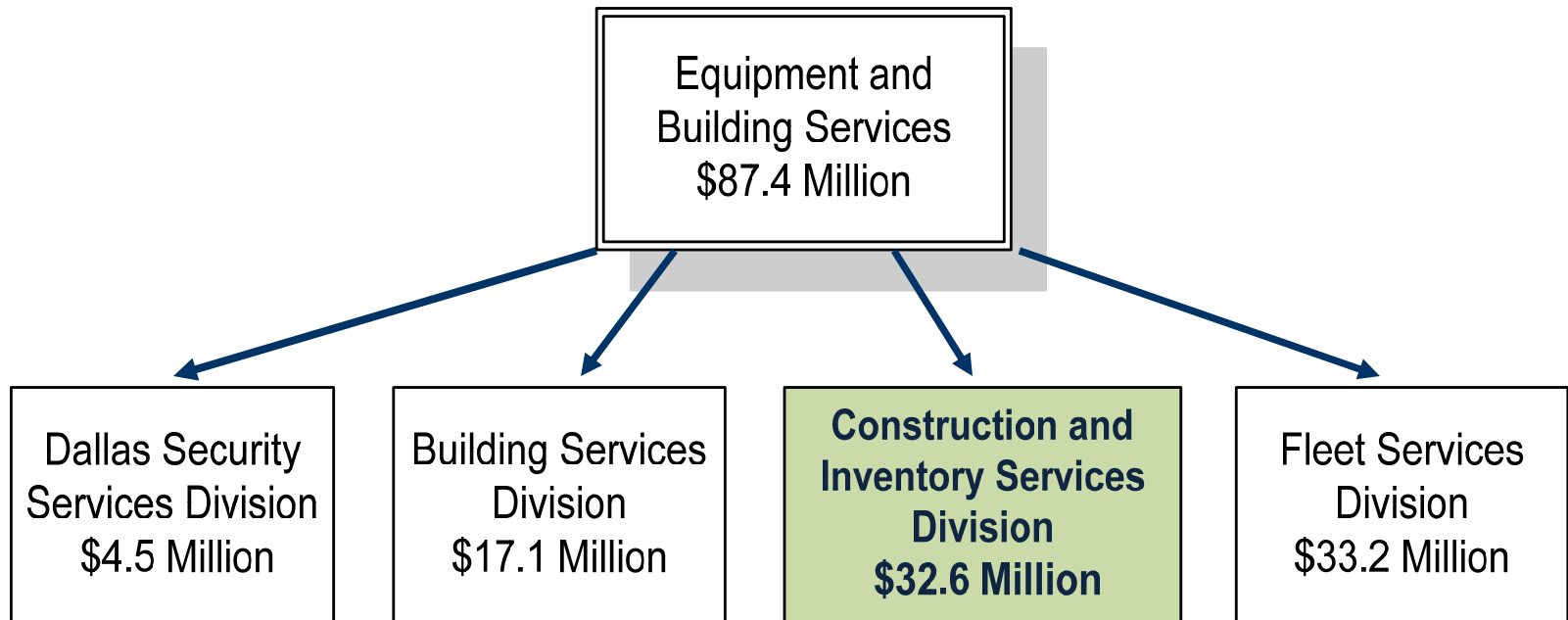
# Purpose

To provide an overview of the City's Electricity Program and the customers it serves.

# Department Overview

- Equipment and Building Services is responsible for:
  - Security in city facilities
  - Building operations and maintenance
  - Building design and construction
  - Building and fleet parts inventory
  - City fleet and fuel operations
- Equipment and Building Services is also responsible for the electricity program citywide

# Department Overview



- **Construction and Inventory Services is responsible for the electricity program**

# Department Overview

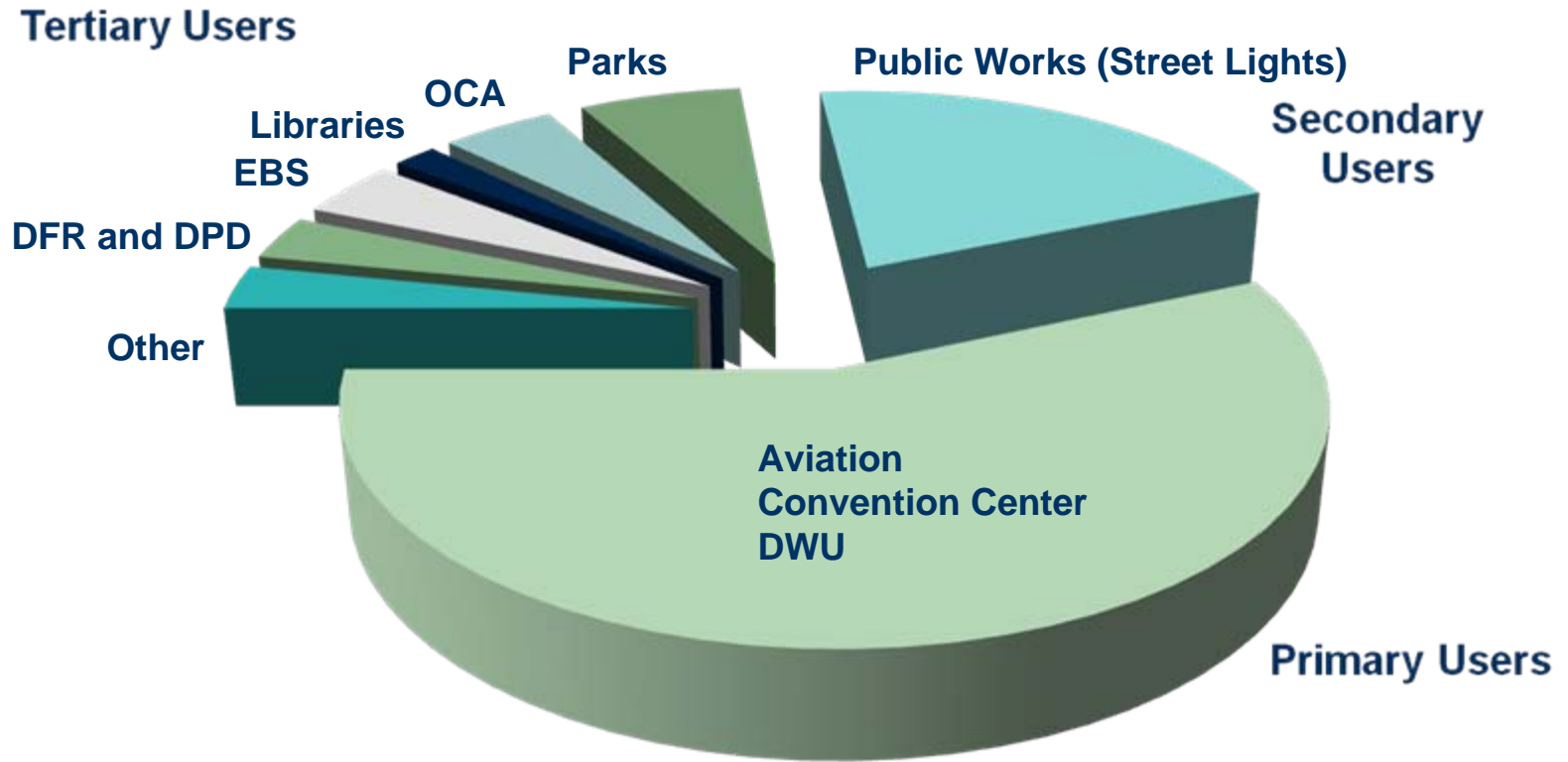
- The annual electricity budget is over \$80 M
  - EBS budget includes \$3.3 M and the balance is allocated to other city departments
- Electricity is used for 800+ city-owned facilities, 1,308 traffic lights and 86,000 street lights
- The Electricity Program includes purchasing electricity and implementing strategies to assist in managing consumption

# Electricity Program

- City consumes over 752,000 megawatt hours (MWh) per year of electricity (enough to power over 40,000 homes)
- Major users:
  - Dallas Water Utilities is the single largest user in the City – over 50%
  - Public Works street lights and traffic lights is the single largest user in the General Fund

Department	Budget	Consumption
DWU	\$37 M	413,519 MWh
Public Works	\$16 M	92,761 MWh
Aviation	\$3.4 M	37,466 MWh
Convention Center	\$4.4 M	30,702 MWh
Parks	\$5.3	48,515 MWh
OCA	\$3.7	40,477 MWh
Police/Fire	\$2.6	27,829 MWh
Library	\$1.4	14,218 MWh
EBS	\$3.3	34,619 MWh
Other	\$2.6	12,128 MWh

# Approximate Electricity Use



# Electricity Program

- Electricity is purchased through Retail Electric Providers (REPs)
  - EBS manages the REP contract(s) because of its responsibility for facility operations and maintenance in 800+ city-owned buildings
- EBS reviews and pays bills for:
  - Fire Stations, Libraries, Service Centers and multi-tenant buildings such as City Hall and Oak Cliff Municipal Building
- Department representatives review and pay their electric bills at the following departments:
  - DWU, Cultural Affairs, Park and Recreation, Public Works, Sanitation, Streets, Trinity Watershed, Aviation, Convention Center, and CIS

# Electricity Program

- City of Dallas is currently exploring becoming its own REP
- Hired Priority Power Management to study feasibility of creating a city-serving REP
- Other cities in the state are their own REP (Austin, Denton, Garland)
- Becoming a REP does not require Dallas to generate its own power
- May take at least 12 months to prepare

# Electricity Program

- EBS is continuously monitoring consumption to:
  - Ensure most efficient use of power
  - Identify opportunities to reduce consumption
- Ongoing implementation of cost-effective energy management practices through:
  - Energy conservation actions by city staff
  - Use of energy-efficient products and systems
  - Design of energy efficient buildings

# Questions

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# Memorandum



CITY OF DALLAS

DATE: May 20, 2010

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

SUBJECT: Electricity Supply 2011 – May 26<sup>th</sup> Agenda Item #13

On December 9, 2009, Council authorized a professional services contract with Priority Power Management for consulting services related to electricity procurement. This contract provided for deliverables including: development of specifications, issuing a request for proposals and review and evaluation of those proposals. City staff worked in conjunction with the consultant to complete this work.

We advertised for Request for Proposals and sent notifications to all Retail Electric Providers (REP) registered in the state of Texas. Nine proposals were received. The consultant along with city staff reviewed the proposals and revised the list to seven proposers who met the qualifications criteria. Below is the list:

- Constellation New Energy, Inc.
- GDF SUEZ Energy Resources NA, Inc.
- Gexa Energy, L.P.
- Reliant Energy Retail Services, LLC.
- Sempra Energy Solutions, LLC
- Texas General Land Office
- TXU Energy Retail Company, LLC.

The agenda item for consideration on May 26<sup>th</sup>, seeks Council approval to proceed with negotiations with the above firms to select a Retail Electric Provider(s). Since the price of electricity can vary daily, the item grants authority to the City Manager to execute a contract and lock prices at the most advantageous time. As you are aware, this is similar to the process used to negotiate bond sales.

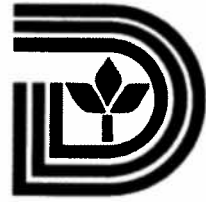
Please let me know if I can provide additional information.



Forest E. Turner  
Assistant City Manager

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

# Memorandum



CITY OF DALLAS

DATE May 21, 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 March 2010. General Fund revenues are projected to be \$10,188,000 below budget and expenditures are projected to be \$10,388,000 below budget.

The revenue decline is primarily due to Sales Tax that is now projected to be approximately \$6,588,000 less than budget. This forecast assumes continued decline through the spring before flattening in the summer.

The reductions in expenditures are a result of 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 keep you informed.

  
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 MARCH 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	\$998,959	\$621,634	\$988,772	(\$10,188)
Expenditures	\$1,020,654	\$507,372	\$1,010,267	(\$10,388)
Sub Total	(\$21,695)	\$114,262	(\$21,495)	\$200
Use of one time resources	21,695		21,695	
Net Excess/(Deficiency) of Revenues Over Expenditures and Transfers to Reserves	<u>\$0</u>		<u>\$200</u>	

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

**GENERAL FUND**

**Revenues**

- Total General Fund revenues are estimated to be \$10,188,000 below budget.
  - Atmos Energy revenues are projected to be \$1,400,000 above budget due to increased consumption during the winter months.
  - Interest Earned revenues are projected to be \$664,000 below budget primarily due to lower than budgeted interest rates.
  - Municipal Court revenues are projected to be \$2,489,000 below budget primarily due to a decrease in the number of citations issued.
  - Vehicle Towing and Storage revenues are projected to be \$1,316,000 above budget primarily due to towing of vehicles lacking proof of auto insurance.
  - Park revenues are projected to be \$658,000 above budget due to a procedural change offset by a corresponding increase in expenses.
  - Private Disposal revenues are projected to be \$3,202,000 below budget primarily due to the weak economy.
  - 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.
  - Miscellaneous revenues are projected to be \$944,000 above budget primarily due to unbudgeted revenue anticipated as a result of the utility audit.

**Expenditures**

- Total General Fund expenditures are estimated to be \$10,388,000 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 \$2,126,000 below budget primarily due to delays in hiring and additional reimbursements.
  - City Manager's Office is projected to be \$132,000 below budget primarily due to delays in hiring.
  - City Secretary's Office is projected to be \$100,000 above budget primarily due to expenses for records management.
  - Human Resources is projected to be \$193,000 below budget primarily due to savings in contract services resulting from providing HRIS maintenance in-house.
  - Management Services is projected to be \$317,000 below budget primarily due to delays in hiring.
  - Office of Financial Services is projected to be \$90,000 below budget primarily due to delays in hiring.
  - Public Works and Transportation is projected to be \$4,581,000 below budget primarily due to reimbursable work completed for the Bond Program and delays in hiring.
  - Street Lighting is projected to be \$1,026,000 above budget primarily due to higher than budgeted expenses for electricity due to rate increase.
  - Trinity Watershed Management is projected to be \$600,000 below budget primarily due to reimbursements for storm water related activities offset by higher than budgeted expenses for electricity.

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

- Liability/Claims Fund is projected to be \$1,000,000 below budget primarily due to less than anticipated funding requirements for liability claims.

**ENTERPRISE FUND**

- Convention and Event Services revenues are projected to be \$6,128,000 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 \$3,743,000 below budget primarily due to delays in hiring and a lower than budgeted transfer to Convention and Visitors Bureau.
- Sustainable Development/Construction revenues are projected to be \$2,043,000 below budget due to a reduction in construction activity. This is reflective of the national economy and trends in the construction industry
- Water Utilities revenues are projected to be \$37,559,000 below budget due to lower than budgeted water pumpage. Expenses are projected to be \$37,559,000 below budget primarily due to vacancies and a reduced cash transfer to capital construction.

**OTHER FUNDS**

- Employee Benefits expenses are projected to be \$60,000 below budget primarily due to delays in hiring.
- 9-1-1 System Operations expenses are projected to be \$1,930,000 above budget primarily due to higher than budgeted transfers.

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

	<b>BUDGET</b>	<b>REVENUES YEAR TO DATE</b>	<b>YEAR-END FORECAST</b>	<b>BUDGET VS FORECAST VARIANCE</b>
<b>TAXES</b>				
Ad Valorem Tax	\$420,799	\$408,572	\$421,513	\$714
Sales Tax	206,574	66,926	199,986	(6,588)
<b>FRANCHISE REVENUES</b>				
Oncor Electric	48,658	25,019	47,758	(900)
AT&T	21,000	5,109	21,000	0
Atmos Energy	10,600	2,794	12,000	1,400
Time Warner Cable	5,800	2,269	5,800	0
Other	11,097	3,529	11,086	(11)
<b>TOTAL TAXES &amp; FRANCHISE REVENUES</b>	<b>724,528</b>	<b>514,219</b>	<b>719,143</b>	<b>(5,385)</b>
<b>LICENSES AND PERMITS</b>	<b>7,970</b>	<b>4,701</b>	<b>8,528</b>	<b>557</b>
<b>INTEREST EARNED</b>	<b>3,077</b>	<b>870</b>	<b>2,413</b>	<b>(664)</b>
<b>INTERGOVERNMENTAL</b>	<b>7,312</b>	<b>4,497</b>	<b>7,022</b>	<b>(290)</b>
<b>FINES AND FORFEITURES</b>				
Municipal Court	19,382	7,486	16,893	(2,489)
Vehicle Towing & Storage	6,786	4,030	8,101	1,316
Parking Fines	8,788	1,477	8,047	(741)
Red Light Camera Fines	8,484	0	7,577	(908)
Public Library	611	314	608	(3)
<b>TOTAL FINES</b>	<b>44,050</b>	<b>13,307</b>	<b>41,225</b>	<b>(2,825)</b>
<b>CHARGES FOR SERVICE</b>				
Sanitation Service	60,545	30,294	59,860	(685)
Parks	7,602	3,010	8,260	658
Private Disposal Fees	23,552	8,201	20,350	(3,202)
Emergency Ambulance	19,250	9,318	19,250	0
Security Alarm	4,650	1,444	3,698	(952)
Street Lighting	1,392	482	1,392	0
Vital Statistics	2,390	895	1,853	(537)
Other	16,257	8,207	14,611	(1,645)
<b>TOTAL CHARGES</b>	<b>135,638</b>	<b>61,852</b>	<b>129,275</b>	<b>(6,363)</b>
<b>INTERFUND REVENUE</b>	<b>66,771</b>	<b>18,192</b>	<b>70,610</b>	<b>3,839</b>
<b>MISCELLANEOUS</b>	<b>9,612</b>	<b>3,997</b>	<b>10,556</b>	<b>944</b>
<b>TOTAL REVENUE</b>	<b>998,959</b>	<b>621,634</b>	<b>988,772</b>	<b>(10,188)</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>\$1,020,654</b>	<b>\$621,634</b>	<b>\$1,010,467</b>	<b>(\$10,188)</b>

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

DEPARTMENT	BUDGET	EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
Building Services	\$28,120	\$15,445	\$25,994	(\$2,126)
Business Dev/Procurement Svcs	\$3,304	\$1,391	\$3,280	(\$24)
City Attorney's Office	\$10,332	\$5,342	\$10,540	\$209
City Auditor's Office	\$2,254	\$1,010	\$2,196	(\$58)
City Controller's Office	\$7,210	\$3,600	\$7,181	(\$28)
City Manager's Office	\$1,872	\$1,045	\$1,741	(\$132)
City Secretary's Office	\$1,516	\$775	\$1,616	\$100
Civil Service	\$1,223	\$648	\$1,282	\$59
Code Compliance	\$28,399	\$13,516	\$28,092	(\$307)
Court Services	\$11,065	\$5,094	\$11,006	(\$60)
Elections	\$83	\$37	\$83	\$0
Fire	\$201,252	\$96,293	\$200,084	(\$1,168)
Housing / Community Services	\$7,703	\$6,133	\$8,171	\$468
Human Resources	\$3,304	\$1,728	\$3,111	(\$193)
Independent Audit	\$1,253	\$0	\$1,253	\$0
Judiciary	\$2,856	\$1,461	\$2,977	\$120
Library	\$22,246	\$11,428	\$21,880	(\$367)
Management Services	\$3,250	\$2,242	\$2,933	(\$317)
Mayor and Council	\$3,718	\$1,680	\$3,737	\$19
Non-Departmental	\$23,798	\$6,630	\$23,336	(\$462)
Office of Cultural Affairs	\$12,145	\$7,840	\$11,810	(\$334)
Office of Economic Development	\$2,633	\$1,747	\$2,526	(\$108)
Office of Financial Services	\$1,585	\$994	\$1,495	(\$90)
Park and Recreation	\$65,786	\$34,507	\$65,747	(\$39)
Police	\$412,955	\$198,781	\$418,245	\$5,290
Public Works and Transportation	\$18,428	\$13,310	\$13,847	(\$4,581)
Sanitation Services	\$74,461	\$32,610	\$72,838	(\$1,623)
Street Lighting	\$16,977	\$15,470	\$18,003	\$1,026
Street Services	\$28,110	\$12,771	\$27,514	(\$596)
Sustainable Dev/Construction	\$1,535	\$1,123	\$1,512	(\$24)
Trinity Watershed Management	\$1,645	\$1,600	\$1,045	(\$600)
<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
Fuel Savings (to be allocated)	\$0	\$0	(\$3,442)	(\$3,442)
<b><u>RESERVES AND TRANSFERS</u></b>				
Contingency Reserve	\$200	\$0	\$200	\$0
Liability/Claims Fund	\$8,305	\$0	\$7,305	(\$1,000)
Salary and Benefit Reserve	\$0	\$0	\$0	\$0
<b>EXPENDITURES</b>	<b>\$1,020,654</b>	<b>\$507,372</b>	<b>\$1,010,267</b>	<b>(\$10,388)</b>

**PROPRIETARY FUNDS  
FORECAST OF FY 2009-10 REVENUES AND EXPENDITURES  
AS OF MARCH 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	\$21,626	\$42,870	\$381
Expenses	\$41,926	\$15,240	\$42,104	\$179
Net Excess of Revenues Over Expenses/Transfer	\$563	\$6,386	\$765	\$202
<b><u>Convention Center</u></b>				
Revenues	\$60,076	\$20,893	\$53,948	(\$6,128)
Expenses	\$61,347	\$26,674	\$57,604	(\$3,743)
Net Excess of Revenues Over Expenses/Transfer	(\$1,271)	(\$5,781)	(\$3,655)	(\$2,384)
<b><u>Municipal Radio Fund</u></b>				
Revenues	\$2,919	\$1,385	\$2,794	(\$125)
Expenses	\$3,120	\$1,520	\$2,984	(\$137)
Net Excess of Revenues Over Expenses/Transfer	(\$201)	(\$135)	(\$189)	\$12
<b><u>Sustainable Dev/ Construction</u></b>				
Revenues	\$16,583	\$8,985	\$14,540	(\$2,043)
Expenses	\$16,019	\$7,565	\$16,222	\$203
Net Excess of Revenues Over Expenses/Transfer	\$564	\$1,420	(\$1,683)	(\$2,247)
<b><u>Water Utilities</u></b>				
Revenues	\$530,365	\$206,900	\$492,806	(\$37,559)
Expenses	\$530,365	\$194,458	\$492,806	(\$37,559)
Net Excess of Revenues Over Expenses/Transfer	\$0	\$12,442	\$0	\$0
<b><u>Communication &amp; Information Svcs</u></b>				
Revenues	\$48,266	\$17,365	\$46,592	(\$1,675)
Expenses	\$48,434	\$26,389	\$48,399	(\$36)
Net Excess of Revenues Over Expenses/Transfer	(\$168)	(\$9,024)	(\$1,807)	(\$1,639)

**PROPRIETARY FUNDS  
FORECAST OF FY 2009-10 REVENUES AND EXPENDITURES  
AS OF MARCH 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	\$13,475	\$45,312	(\$2,714)
Expenses	<u>\$47,885</u>	<u>\$28,065</u>	<u>\$46,354</u>	<u>(\$1,531)</u>
Net Excess of Revenues Over Expenses/Transfer	<u>\$142</u>	<u>(\$14,590)</u>	<u>(\$1,042)</u>	<u>(\$1,183)</u>
<b><u>Office Services</u></b>				
Revenues	\$4,266	\$1,917	\$3,932	(\$335)
Expenses	<u>\$4,384</u>	<u>\$2,194</u>	<u>\$4,204</u>	<u>(\$179)</u>
Net Excess of Revenues Over Expenses/Transfer	<u>(\$117)</u>	<u>(\$277)</u>	<u>(\$272)</u>	<u>(\$155)</u>

**OTHER FUNDS  
FORECAST OF FY 2009-10 REVENUES AND EXPENDITURES  
AS OF MARCH 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	\$305	\$664	(\$60)
<b><u>Risk Management</u></b>	\$1,264	\$633	\$1,282	\$18
<b><u>9-1-1 System Operations</u></b>				
Revenues	\$12,161	\$7,402	\$13,655	\$1,494
Expenses	<u>\$13,965</u>	<u>\$2,651</u>	<u>\$15,896</u>	<u>\$1,930</u>
Net Excess of Revenues				
Over Expenses/Transfer	<u>(\$1,804)</u>	<u>\$4,751</u>	<u>(\$2,241)</u>	<u>(\$437)</u>
<b><u>Storm Water Drainage</u></b>				
Revenues	\$44,674	\$24,078	\$46,300	\$1,626
Expenses	<u>\$44,674</u>	<u>\$10,934</u>	<u>\$46,375</u>	<u>\$1,701</u>
Net Excess of Revenues				
Over Expenses/Transfer	<u>\$0</u>	<u>\$13,144</u>	<u>(\$74)</u>	<u>(\$74)</u>

**DEBT SERVICE FUND  
FORECAST OF 2009-10 REVENUES AND EXPENDITURES  
AS OF MARCH 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	\$31,279	\$821
Revenues	\$261,586	\$218,369	\$260,543	(\$1,043)
Expenses	\$289,164	\$220,162	\$288,820	(\$344)
Ending Balance	<u>\$2,880</u>	<u>(\$1,793)</u>	<u>\$3,002</u>	<u>\$122</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)
<b>Balance as of March 31, 2010</b>	<b><u>\$2,677,236</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)
<b>Balance as of March 31, 2010</b>	<b><u><u>\$7,761,390</u></u></b>