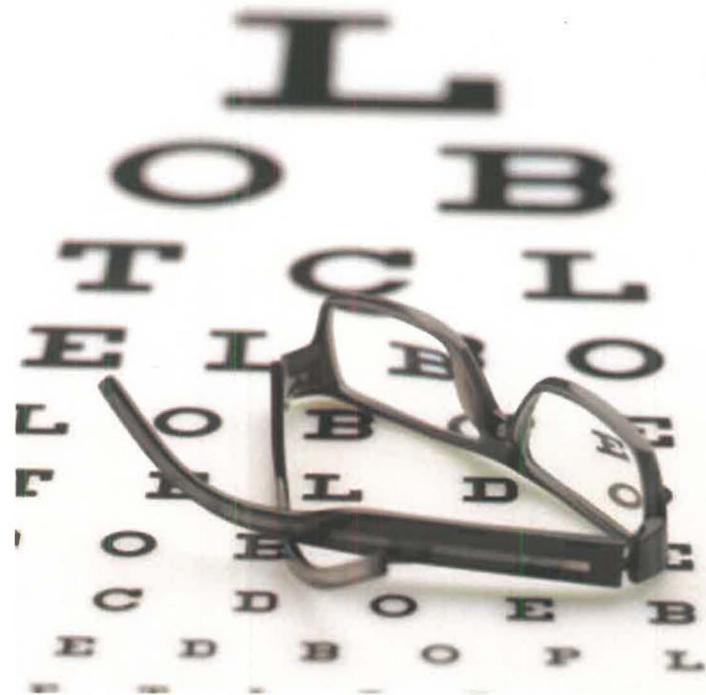


City of Richardson, Texas

2011-2012 Municipal Budget Overview

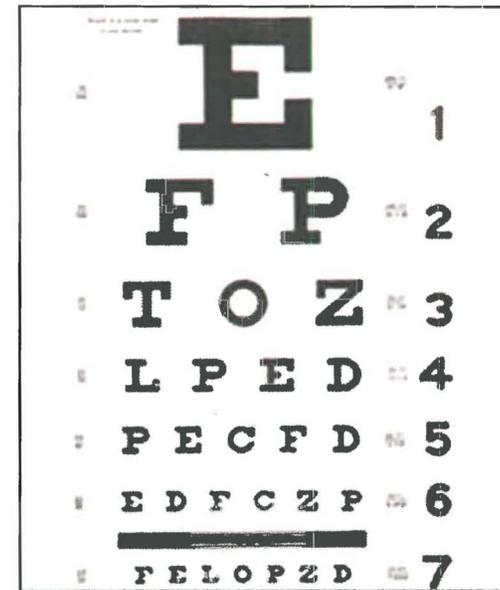
Keeping the Focus

City Council Budget Retreat
July 19-20, 2011



Keeping the Focus

- Many methods are suggested for developing the city's budget. The City of Richardson's strong bond rating position and fiscal management success has been focused with a **Goals-Driven Budget process** and the continued adherence to the our financial policies.
 - As examples, staffing and resource levels in Police, Fire, Code/Neighborhood Services, Parks & Recreation, Communications, Convention & Visitors Services, Information Technology Services, and Capital Engineering are directly related to recent policy direction by the City Council.

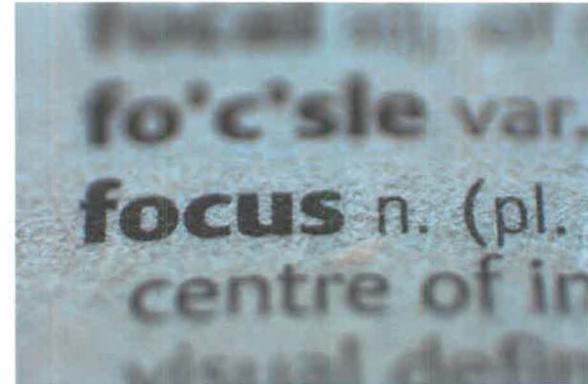


Keeping the Focus

- The City's budget development process conforms to a variety of guidance features:
 - City Council Goals
 - State & Federal Laws
 - City Charter
 - City Financial & Investment Policies
 - Fund Accounting Standards
 - Bond Rating Criteria

Keeping the Focus

- The 2011 General Election and the 2010 Bond referendum are two key directives of the community that provide important policy guidance.
- The recent Series 2011 rating agency results of Aaa/AAA by Moody's and S&P reconfirm the City's fiscal management approach and City Council policy directions.
- Given the dynamic world of today, continued future adjustments are likely.
- Effective local government services will continue to be vital to economic recovery and future attractiveness for growth.



July 19-20: Suggested Retreat Approach

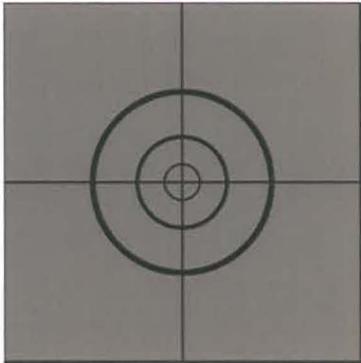
- We await several elements to complete the preparation effort: final certified property tax roll, updated revenue collections for July (ie. sales tax), etc.
- Departmental expenditure reviews continue.
- We utilize this early retreat to assess the over-arching strategy and dynamics expected for the development of the 2011-2012 budget.
 - Over the two evenings, a fund-by-fund overview report will be presented.
- At this retreat, we will focus on the key operating funds that speak to most of the City's annual resources and deliver services. A budget for all funds will be submitted with the required filing in August.
- Confirm the suggested strategies and game plans for completing the current fiscal year and developing the next year's budget.

Budget Development Objectives



- Respond to the City Council's newly-crafted 2011-2013 Goals & Near-Term Action Items
- Develop a 2011-2012 Budget and Work Plan that requires no new property tax rate change.
- Where fee adjustments are warranted, proposed adjustments are recommended.
- Continue the strong alignment of municipal resources around the key themes of the Council's goals: strong comprehensive planning, quality public safety services, neighborhood integrity and renewal, sustained infrastructure enhancements, active economic development, and strong fiscal management.

Budget Development Objectives



- Continue the active implementation of the 2010 G.O. Bond Program.
- Support the implementation game plan for the West Spring Valley Reinvestment Study. Evaluate the next Special Study area for review.
- Support transit-oriented development initiatives around the existing and proposed DART Light Rail stations – and seek continued support of DART transit enhancements for Richardson.
- Complete the activation of public safety radio and technology infrastructure enhancements.
- Continue the strengthening work plan for enhanced community outreach, marketing and promotion.

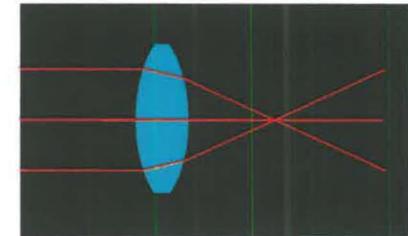
Budget Development Objectives



- Continue to leverage with personal and corporate donations and volunteerism to strengthen community arts, city services, and community assets.
- Maximize the economic development retention and recruitment opportunities to strengthen our tax base – including retail initiatives and international business development.
- Foster the redevelopment of Richardson’s older assets through quality planning updates and financial support efforts like Tax Increment Financing (TIF) and active infrastructure upgrades.

Budget Development Objectives

- Continue to support the strong work plan for Community Services – including the partnership with HOA's and volunteers with the Neighborhood Services emphasis and ongoing attention to building quality and sustainable development practices.
- Sustain Richardson's leadership posture with DART, NTTA and TxDOT initiatives to sustain good transportation access and air quality efforts.
- Support the planning and fiscal requirements for regional utility services for water supply, sewer treatment, and solid waste management to assure the future of these important infrastructure assets and resources.



Budget Development Objectives



- Continue our strong alliance commitments with our community partnerships: RISD, PISD, MRMC & UTDallas
- Sustain our focus on the quality-of-life components of municipal services devoted to parks, recreation and open space/trail. Be attentive to refining service delivery in these areas as we design and construct the bond and grant-funded recreation assets.
- Continue to support a competitive employment environment to sustain and recruit a high-quality public service work force.

Key Budget Elements for 2011-2012:

Property Tax

- Our tracking efforts with the DCAD and CCAD appraisal districts suggest that 2011-2012 will be a third year of reduced property values. A **-2.0% reduction** has been predicated in this current preliminary budget draft.
 - Commercial values are suspected to continue to reflect the dampened impacts of the larger economic environment.
 - The specific components of the tax base and their trends will be known with the certified rolls to be received by July 25th.
- **No tax rate change is proposed.** The current \$0.63516 rate will be used in budget development.
- With no upward pressure expected in residential property values, the Senior Exemption's current \$55,000 value amount will maintain the 30% protection objective for 2011-2012.
- Property taxes provide about 37% of the entire General Fund resources.

Key Budget Elements for 2011-2012: Sales Tax

- Sales tax revenue estimating continues to be a challenge to determine a true trend or pattern. Additionally, periodic audit adjustments must be factored into any forecast estimate.
- This current 2010-2011 year has had a mixed pattern – but generally dampened.
- We are estimating an -\$800,000 decline (-3.1%) for next year, in an effort to stay conservative on this revenue front.
 - We will again assess this estimate as we receive the July remittance and prepare the final budget for filing in August.
- This preliminary 2011-2012 estimate of \$23.8 million just matches the FY2000-2001 level.
- This revenue provides about 25% of the entire General Fund resources.

Key Budget Elements for 2011-2012: Rates & Fees

- The earlier advisory that this next budget will need to evaluate rate adjustments for both **Water/Sewer Utility and Solid Waste** is accurate. Exact amounts of adjustment are under evaluation with key evaluations to be completed following this 2010-2011 year end.
- Interim uses of available Rate Stabilization reserves are included to allow for a timely review in the new fiscal year of these possible rate considerations.
 - Water rates were last adjusted in 2007-2008.
 - The last sewer rate adjustment occurred in 2008-2009.
 - The Utility Fund has been able to postpone this rate adjustment to this next 2011-2012 fiscal year, even as the regional providers (NTMWD, DWU, Garland) have made periodic rate changes to Richardson for the wholesale price of these services.
 - During the period since our last adjustment(2008-2009), NTMWD's wholesale water rate has increased by \$0.19 per thousand gallons – a 16% change to date, with an additional projected increase of \$0.14 or 10.2% change planned for the next 2011-2012 fiscal year.
 - A residential solid waste rate change may be recommended during this next fiscal year. (These rates were last adjusted in 2008-2009.) An exact plan will be related to the results of the currently-active Solid Waste service study, with a Spring/Summer 2012 completion. Commercial rates are proposed for market-based adjustment.

Key Budget Elements for 2011-2012:

Rates & Fees (more)

- We are proposing to implement the **Drainage Utility Fee** that was introduced for review in 2010 during 2011-2012. Richardson is one of the few remaining cities in the DFW area that has not established this fee, even as our General Fund has absorbed the mandates of the State's Stormwater Quality Management regulations.
 - Upon the City Council's direction, about \$1 million of current General Fund expenses related to this program (engineering, enforcement, inspection, etc.) will be redirected and assigned to a new Drainage Utility Fund. Additionally, about \$1.5 million in annual stormwater/drainage capital improvements will be funded.
- Selected fees and rates are proposed for adjustment:
 - Several building permit, registration and inspection fees are proposed for adjustment.
 - Ambulance fees are also proposed to be adjusted.
- A rate adjustment is proposed for the Golf Course. This is the first adjustment since 2002.

Key Budget Elements for 2011-2012: Debt & Capital Program

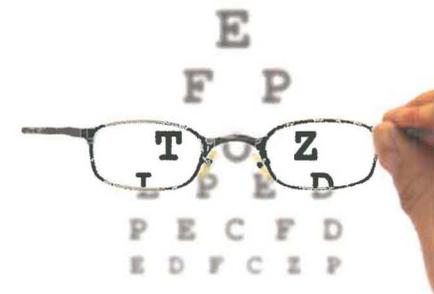
- Following the approval of the \$66 million 2010 G.O. Bond program and related debt-assigned \$0.06 tax rate change, the current focus is on active implementation of the program.
- Debt service requirements now reflect these recently added obligations, and are handled in 2011-2012 through the multi-year debt plan that was developed.
- For 2011-2012, **\$ 7.87 million** across all funds is proposed for the Series 2012 C.O. debt program. This will cover the annual capital replacement requirements and the Utility Fund C.I.P. needs:
 - \$2.9 million for General Fund capital equipment
 - \$0.975 million for Fire Equipment
 - \$0.995 million for Solid Waste equipment
 - \$3.0 million for Utility Fund C.I.P.

Key Budget Elements for 2011-2012: Staffing & Compensation

- Personal Services comprise the largest expense category of the General Fund. Staff continues to hold vacant positions and to understaff to assist in managing these expenses. Overall staffing remains below the level of 2001-2002.
- Currently, 17 positions are frozen for 2011-2012.
- Significant revisions in the City's retirement benefit program will result in a reduction in the annual contribution rate and the long term liability for this program. Beginning Jan. 2012, the rate will be 14.79% of payroll, a reduction from the current year's rate of 19.31%. The long term liability will drop by \$30 million for this program.
- Significant adjustments in the City's employee health insurance program are under review. An increase in City funding for this program is proposed, reflecting a participation ratio similar to other area municipal entities.
- No compensation adjustment is presently proposed for employees in 2011-2012.

Summary

- As drafted, year-end and new year budgets are balanced and maintain adequate fund balances.
- This budget continues to reflect the economic conditions of the area and preserves key services as we await signs of improvement.
- The fiscal plan can allow continued “Focus” on the important missions that the City Council’s new Goals and Action Items identify.
- Attached with further specifics are the narratives and key fund summary reports for:
 - General Fund & Debt Service Plan
 - Utility Fund
 - Solid Waste Fund
 - Hotel/Motel Fund
 - Golf Fund



Summary

- Many tasks and further detailing is required before the August 12, 2011 budget filing.
- Further opportunities to provide access and to gain public input are scheduled before final adoption.
 - Council Budget Retreat - Web/Cable Access
 - Council Budget Work Session – Web/Cable Access
 - Web, City Secretary & Library copies of the filed budget provided
 - Budget/Tax Rate Public Hearings
- The City Council's input is sought at this early stage to confirm that the proposed 2011-2012 budget will be responsive and adequate.

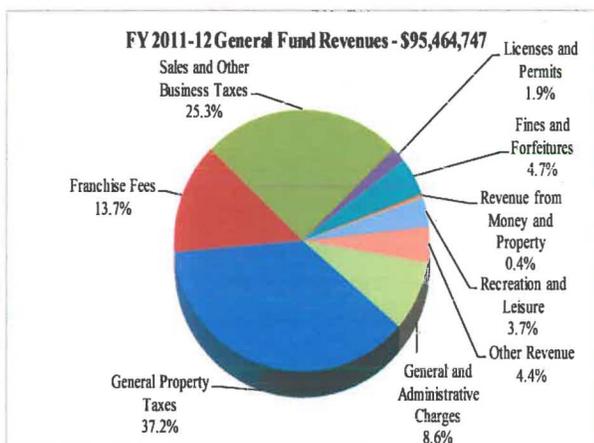


GENERAL FUND

The General Fund is the largest of the City's five operating funds, accounting for most financial resources except those required for debt or specifically attributable to the enterprise funds.

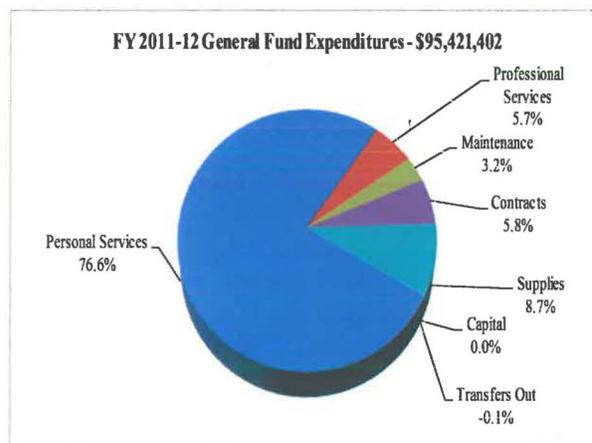
Sources

Resources are generated by Property Taxes, Sales Taxes, Franchise Fees, Fines, Licenses, and fees for city services. Property Tax, Sales Tax and Franchise Fee revenues account for 76.3% of all revenues in the fund.



Uses

Operating expenditures provide support for most traditional tax-supported municipal services such as Public Safety, Parks and Recreation, Development Services, Traffic and Transportation, Library, Building Inspection, Finance, Human Resources, Health and General Administration. Personal Services account for 76.6% of all expenditures in the fund.



Fund Balance

The Fund Balance target for the General Fund is 60 days of expenditures.

GENERAL DEBT SERVICE FUND

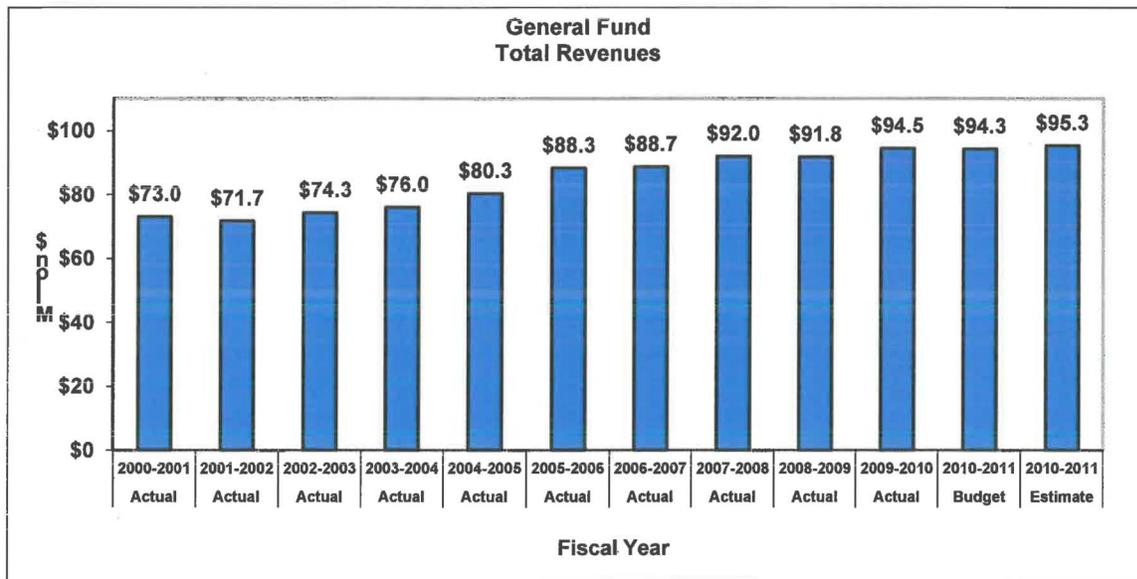
The General Debt Service Fund hosts the revenue and expenses for general debt service obligations. The primary source of revenue is general property taxes and expenditures include the annual debt services payments for outstanding debt not financed through other debt service funds.

GENERAL FUND

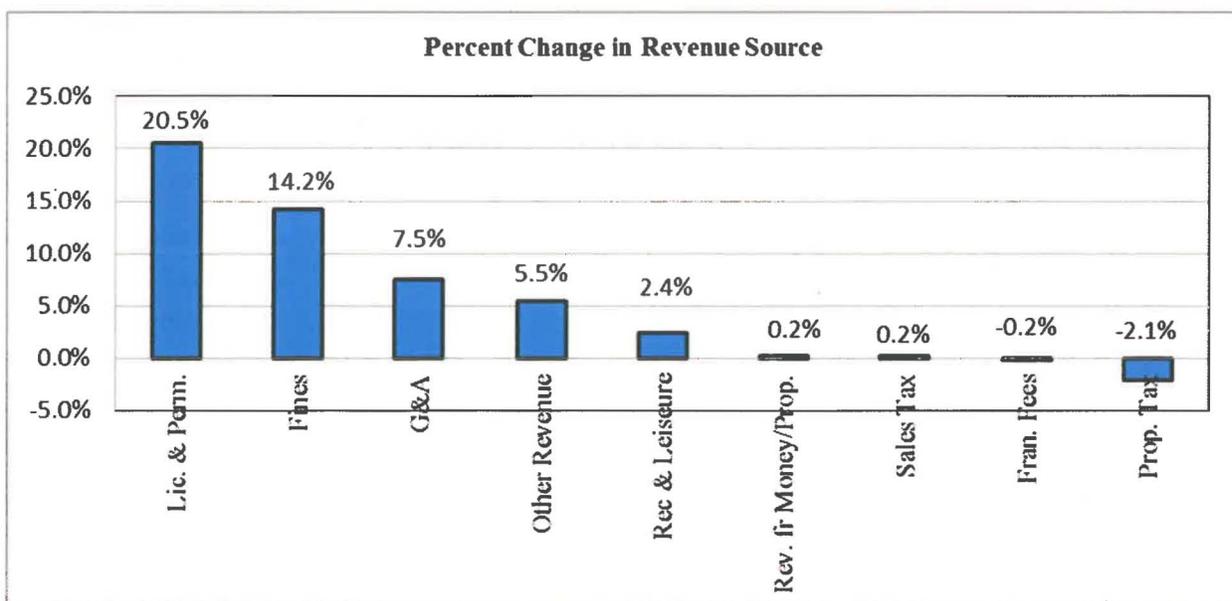
2010-2011 Year End Estimate

Revenues

- Total Revenues for the General Fund have been revised based on 9 months of actual revenues received to date across all revenue sources. Total Revenues are now projected to end the year at \$95.3 Million or \$1.0 Million over the original budget projections.



- Of the 9 major categories of revenue sources, 5 are expected to be at or above original revenue projections while the remaining 4 categories are expected to be lower than original budget estimates.



General Property Taxes

- Original 2010-2011 Budget projections for revenue from General Property Taxes assumed 100% collection. Property Tax revenues for 2010-2011 were predicated on a citywide assessed value tax base of \$9.7 Billion which included a July 2010 Certified Tax Base of \$9.7 Billion, \$20.1 Million of values in dispute still outstanding at the time of DCAD roll certification and a reduction of \$34.6 Million for the Tax Increment Financing District. Year-end estimates call for total collections, including prior year taxes and penalties of \$35.1 Million for General Fund operations, a decline of (\$742,000). Throughout the year, the City receives supplemental adjustments to the roll that happen as a result of the settlement of any outstanding cases from the Appraisal Review Board process and lawsuits associated with valuation disputes. Many times, these adjustments are positive and add value to the tax roll, but the inverse can also happen whereby value is removed from the tax roll. Such is the case this year where as some of the outstanding protests with the appraisal districts have been settled, the values of the property were reset to a lower number, thereby reducing the amount of revenue the City receives. Likewise in the category Prior Taxes, if an outstanding dispute is settled that includes taxes from a prior year, the City may see reductions in Prior Taxes collected, just as we have this year where large refunds were required lowering collections for prior taxes to just \$56,000 from what is normally around \$300,000 per year.

Franchise Fees

- Franchise Fees are charged to utility service providers for the use of City owned right-of-way for placement of the necessary infrastructure to provide their service to clients. Total revenue received from franchise fees is anticipated to end the year (\$21,000) below budget. The largest decrease was due to lower than expected fees from the Natural Gas provider. Even in light of the cold winter experienced by the area, record low wholesale prices for natural gas dampened company revenues thereby affecting their franchise fees. We expect smaller declines in Telecommunication and Solid Waste franchise fees. These declines are offset by increases in electric, cable television services and water and sewer franchise fees.

Sales Taxes

- Total Sales and Other Business Taxes were budgeted at \$24.9 Million for 2010-2011 representing a 3.0% increase from the “base” year-end estimate. We expect to end the year with \$25.0 Million in Sales Tax collections, even with our original budget. Both the Bingo Tax and the Mixed Beverage Tax will be approximately even with the original budget.

License and Permits

- For FY 2010-2011, we are seeing decreases in the number of new permits for both new buildings and additions and non-residential alterations while residential alteration permits increased 17.8%, however, with the exception of New Buildings/Non-Residential, the value of those permits increases. Revenues from License & Permits are projected to end the year at \$1.7 Million or \$288,000 above the original budget projections and includes 2 large permits, one for the first phase of Fossil and one for the Evergreen Development.

| No. Of Permits Comparison | | | | |
|------------------------------------|--------------------------|--------------------------|--------------------------|---------------------|
| | YTD 2008-2009 | YTD 2009-2010 | YTD 2010-2011 | % Change |
| New Buildings | | | | |
| Residential | 36 | 44 | 39 | (11.4%) |
| Non-residential | 28 | 34 | 20 | (41.2%) |
| Subtotal | 64 | 78 | 59 | (24.4%) |
| Additions & Alterations | | | | |
| Residential | 354 | 371 | 437 | 17.8% |
| Non-Residential | 145 | 200 | 191 | (4.5%) |
| Subtotal | 499 | 571 | 628 | 10.0% |
| Total | 563 | 649 | 687 | 5.9% |

| Permit Valuation Comparison | | | | |
|------------------------------------|--------------------------|--------------------------|--------------------------|---------------------|
| | YTD 2008-2009 | YTD 2009-2010 | YTD 2010-2011 | % Change |
| New Buildings | | | | |
| Residential | \$36,479,351 | \$14,325,882 | \$20,316,126 | 41.8% |
| Non-residential | \$19,153,958 | \$40,791,388 | \$6,896,113 | (83.1%) |
| Subtotal | \$55,633,309 | \$55,117,190 | \$27,212,239 | (50.6%) |
| Additions & Alterations | | | | |
| Residential | \$5,063,998 | \$4,907,419 | \$6,697,418 | 36.5% |
| Non-Residential | \$26,651,398 | \$38,946,980 | \$59,733,908 | 53.4% |
| Subtotal | \$31,715,396 | \$43,854,399 | \$66,431,326 | 51.5% |
| Total | \$87,348,705 | \$98,971,589 | \$93,643,565 | (5.4%) |

Fines and Forfeits

- Revenue from Fines and Forfeits are expected to be \$553,000 or 14.2% above the original budget. The number of violations processed through the court is tracking up 26.6% compared to last year. In addition to current year citations, the City actively works citations that have gone to warrant status, ever mindful of the cost effectiveness of doing so since approximately 85% of warrants are for addresses outside the City.

| | Neighborhood Services | Police Issued | YTD Violations |
|-----------|----------------------------------|--------------------------|---------------------------|
| 2009-2010 | 1,132 | 31,039 | 32,171 |
| 2010-2011 | 1,256 | 39,472 | 40,728 |

Revenue from Money/Property

- Revenue from Money/Property, which includes interest earnings and the Civic Center revenues, is expected to end the year \$900 over the original budget of \$379,000.

Recreation and Leisure Services

- Revenue received from the variety of city-sponsored Recreation and Leisure Services is expected to exceed the original budget of \$3.3 Million by \$78,000. Decreases in Season

Swim Passes, Tennis, Class, and Athletic Fees are offset by increases in the other categories.

Other Revenues

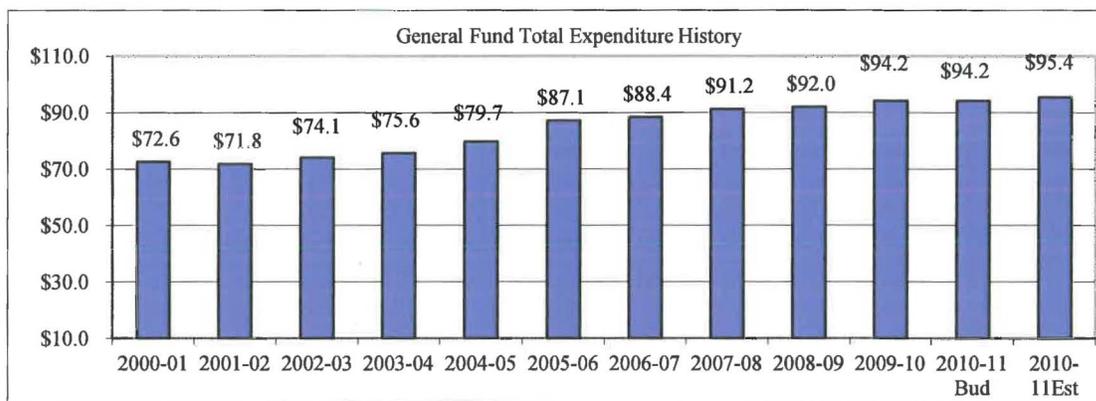
- The Other Revenues category is expected to end the year at \$4.2 Million or \$216,000 above the original budget. The increase of \$274,000 in the Miscellaneous Revenue category is offset by the small declines in Auction and 911 fees. While auction fees are down for smaller items, the vehicles sold (and recorded as a sale of general fixed assets in the miscellaneous category) were very successful this year generating over \$237,000 in revenue. As a reminder, this category is a compendium of 37 small revenue accounts that do not fit cleanly into other categories.

General & Administrative

- The General and Administrative (G&A) Transfer revenue category is expected to end the year up \$598,000 due to a mid-year changes in both the Capital Projects G&A and the transfer from the Wireless Fund, and the implementation of the Hotel/Motel G&A charge. These general and administrative charges represent the indirect cost associated with operating that fund by personnel in another fund.

Expenditures

- Total Expenditures and Transfers for the General Fund are estimated to end the year at \$95.4 Million or \$1.2 Million above the original budget.



- With 9 months of actual expenditures and an eye towards year-end, departments have submitted year-end estimated operating expenditures totaling \$93.9 Million, an increase of \$710,000 or 0.8% from original budget.
- Departments have recognized (\$503,000) in savings in the Personal Services category as a result of natural attrition throughout the year. This savings includes freezing 17 authorized positions.
 - 1 Detention Officer and 1 Police Specialist in the Police Department
 - 1 Librarian, 2 Library Clerks, 1 Sr. Library Clerk, 1 Administrative Secretary I and 1 Sr. Library Clerk.
 - 1 Sr. Custodian and 1 Sr. Maint. Tech in Facilities
 - 5 Maintenance Help I's and 1 Maintenance Helper II in PARD
 - 1 Signs and Markings Supervisor in Traffic and Transportation.

- Professional Services increases \$160,000 and includes payments made to Kasner and Associates LLC for their work in sales tax that netted us a combined \$500,000 in audit adjustments.
- Maintenance is expected to end the year down (\$131,000) from original budget. Information Technology realized \$70,000 in savings on software maintenance. The remaining savings is spread across several smaller line items throughout the departments.
- Contracts increase \$545,000 from budget. The Judgments and Damages account increased \$170,000, while our economic development agreements are trending \$60,000 over budget due to increased sales activity. Bank charges are up an additional \$83,000 for credit card processing fees and the depository charge. The remaining \$232,000 increase is across many departments and several smaller accounts.
- Supplies increase \$517,000 from the original budget of \$7.7 million. This includes \$214,000 in prior year encumbrances, recorded here as an expense, and funded from a reserve of last year's ending fund balance. Rising fuel costs are estimated to end the year \$317,000 higher than the \$1.1 Million originally budgeted.
- Operating Transfers Out is estimated to end the year \$495,000 over the original budget due to the balancing transfer for General Debt Service and the year-end treatment of the Golf Fund.
 - Each year the City budgets 100% of the tax levy and every dollar received is split into the O&M piece and the Debt Service piece. When the City collects less than 100% of the levy, the Debt Service Fund collects less as well. Since there are only two sources of revenue in the Debt Service Fund (property taxes and the interest it earns) the deficit is corrected by a year-end transfer from operations to debt service. The transfer is "tuned" to keep the fund balance in the debt service fund at the 30 day level as prescribed by the Council approved financial policy.
 - As the Golf Fund continues to recover from the early season rainfall and late season playability issues with the greens last year, the General Fund will transfer just enough funds to maintain the fund at the minimum level of the 30 days building to 60 days in fund balance financial policy.

Fund Balance

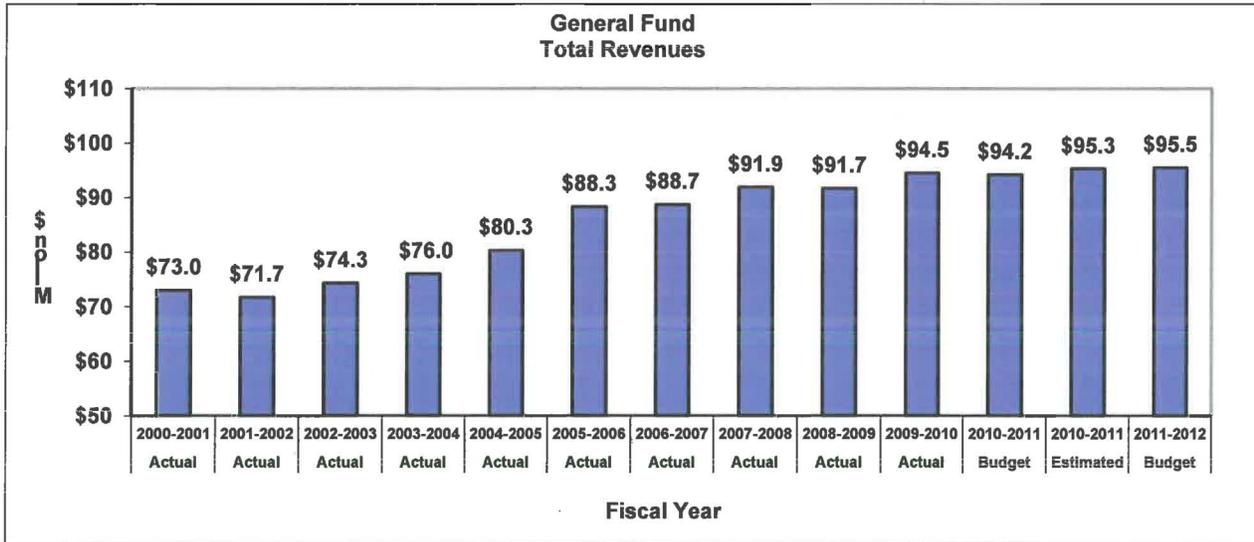
- With Total Revenues of \$95.3 Million and Total Expenditures and Transfers of \$95.4 Million, the fund balance of the General Fund is estimated to end the year at 60.2 days. We will continue to monitor and adjust revenues and expenditures through the remaining months of the fiscal year so as to end the year at 60 days of fund balance.

GENERAL FUND

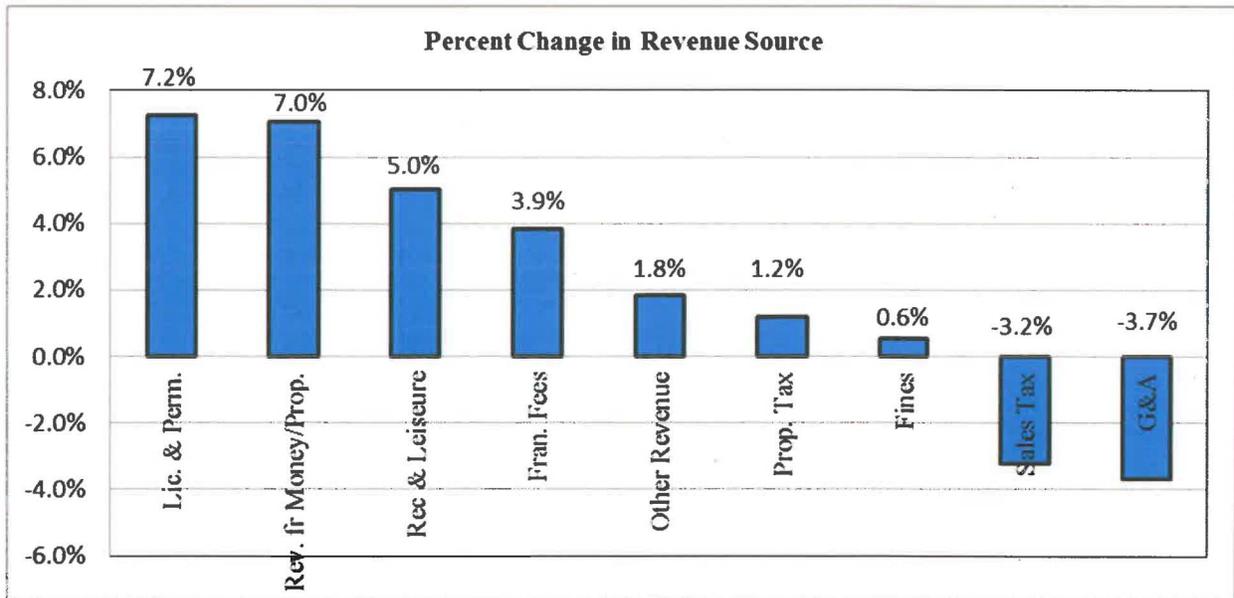
2011-2012 Budget

Revenues

- Total Revenues for the General Fund of \$95.4 million, an increase \$205,000 from the estimated year-end revenues of \$95.3 Million.



- Of the nine major revenue categories, revenue from Property Tax, Sales Tax and Franchise Fees comprise 76.3% of all projected General Fund revenues for 2011-2012. Seven of the nine revenue sources are anticipated to be higher for 2011-2012 than year-end estimates for 2010-2011.



Property Taxes

- Based on information provided to us by DCAD, the table below summarizes the percent of parcels in each category reappraised by DCAD for the last three years. CCAD reappraises 100% of all parcels each year.

| DCAD 2011 Tax Roll – Percent of Parcels Reappraised | | | |
|--|------|------|------|
| | 2009 | 2010 | 2011 |
| Residential | 29% | 46% | 28% |
| Commercial | 89% | 42% | 65% |
| BPP | 100% | 100% | 100% |
| All | 45% | 54% | 42% |

- The following table represents the percent changes in the DCAD valuations from the current 2010-2011 Supplemental Rolls to the first Preliminary Roll for 2011-2012.

| | Grand | Commercial | BPP | Residential |
|---------------------------------|--------------|-------------------|-------------|--------------------|
| Richardson | 3.0% | 5.2% | 6.3% | 0.3% |
| Dallas County | 2.3% | 4.5% | 4.7% | (0.1%) |
| R.I.S.D. | 1.9% | 4.7% | 3.2% | (0.2%) |
| Other Dallas Co. Cities: | | | | |
| Addison | 6.6% | 8.0% | 7.2% | 0.3% |
| Carrollton | 5.6% | 5.7% | 10.8% | (0.1%) |
| Irving | 2.8% | 3.3% | 4.3% | 0.8% |
| Grand Prairie | 2.7% | 3.8% | 14.4% | (1.0%) |
| Dallas | 2.4% | 4.9% | 4.2% | (0.2%) |
| Farmers Branch | 1.7% | 4.6% | (1.5%) | (1.5%) |
| Mesquite | 0.6% | 3.4% | 2.6% | (1.5%) |
| Garland | 0.6% | 3.0% | 3.0% | (1.2%) |

- In June 2011, total Preliminary Values for the 2011-2012 tax roll were \$9.76 Billion combined from Dallas Central Appraisal District (DCAD) and Collin Central Appraisal District (CCAD), indicating a 0.5% increase in assessed valuations from the overall 2010 Certified Roll of \$9.71 Billion. As before, reductions to these preliminary values routinely occur through taxpayer challenges of appraisal values.
- For DCAD, the preliminary value of \$6.48 Billion represents a 2.4% increase from the 2010 Certified Roll of \$6.33 Billion. While in CCAD, a \$3.28 Billion preliminary roll represents a (3.1%) decrease from the 2010 Certified Roll of \$3.38 Billion.

| | Certified 2010 | First Preliminary 2010 | \$ Change | % Change |
|--------------|---------------------------|-----------------------------------|---------------------|---------------------|
| CCAD | \$3,383,595,727 | \$3,277,900,000 | (\$105,695,727) | (3.1%) |
| DCAD | \$6,327,562,641 | \$6,477,999,591 | \$150,436,950 | 2.4% |
| Total | \$9,711,158,368 | \$9,755,899,591 | \$44,741,223 | 0.5% |

- Over the course of the last two months, several interim appraisal reports have been received as the DCAD Appraisal Review Board works toward resolution of appeals. Through July 14, 2011, the preliminary \$6.48 Billion DCAD roll has been adjusted downward by a total of (\$311 Million), a decline of (3.2%) from the first Preliminary Estimate from DCAD.

- Given the expected further changes in the tax rolls before we receive Certified Finals on or about July 22, the 2011-2012 General Fund Budget is predicated on a -2.0% decrease in assessed values from the certified values for 2010-2011. The forecasting technique used to predict the -2.0% is based on a 5-year history of adjustment from the first preliminary roll through actual certified. As certified rolls are received from the 2 appraisal districts at the end of this month, assessed valuation assumptions in the proposed 2011-2012 Budget will be updated to reflect final figures.
- Using the projected value, each 1% of the 2011 tax roll is worth about \$617,000 of tax revenue. Each \$0.01 cent of the tax rate is worth about \$947,000. These will adjust slightly as a certified roll is resolved.
- The current 2010-2011 tax rates for the Big 10 + 3.

| Current 2010-2011 Adopted Rates | | | | |
|--|-------------------|-------------------|-----------------|------------------------|
| City | 2010 Tax Rate | 2010 Homestead | 2010 Over 65 | 2010 Over 65 Freeze |
| Frisco | \$0.465000 | N/A | \$50,000 | No |
| Plano | \$0.488600 | 20% | \$40,000 | Yes |
| Allen | \$0.554000 | N/A | \$50,000 | No |
| Irving | \$0.576100 | 20% | \$30,000 | No |
| McKinney | \$0.585500 | N/A | \$50,000 | No |
| Carrollton | \$0.617875 | 20% | \$60,000 | No |
| <i>AVERAGE</i> | <i>\$0.633603</i> | | <i>\$50,769</i> | |
| Richardson | \$0.635160 | N/A | \$55,000 | No |
| Mesquite | \$0.640000 | N/A | \$65,000 | Yes |
| Arlington | \$0.648000 | 20% | \$60,000 | Yes |
| Grand Prairie | \$0.669998 | 1% | \$45,000 | Yes |
| Garland | \$0.704600 | 8% | \$51,000 | No |
| Dallas | \$0.797000 | 20% | \$64,000 | No |
| Ft. Worth | \$0.855000 | 20% | \$40,000 | Yes |

- Property Tax Revenues for operations are projected at \$34.4 million reflecting a (\$388,000) decrease from budgeted 2010-2011 Property Tax Revenues.

| History of Taxable Value, Tax Levy and Tax Rates | | | | | | | |
|---|------------------------|---------------------|----------------------------|------------------|------------------|-----------------------|-------------------|
| 1997 to Budget 2011-2012 | | | | | | | |
| Tax Year | Taxable Value | Tax Levy | Operation & Maintenance | | Total O & M | Interest & Sinking | Total Tax Rate |
| | | | Street* | Operations | | | |
| 2011 | \$9,444,511,217 | \$60,155,517 | \$0.01 | \$0.35281 | \$0.36281 | \$0.27235 | \$0.63516 |
| 2010 | \$ 9,696,775,165 | \$61,590,037 | \$0.01 | \$0.35281 | \$0.36281 | \$0.27235 | \$0.63516 |
| 2009 | \$ 9,993,609,491 | \$57,479,244 | \$0.01 | \$0.35281 | \$0.36281 | \$0.21235 | \$0.57516 |
| 2008 | \$9,940,193,373 | \$57,172,016 | \$0.01 | \$0.35281 | \$0.36281 | \$0.21235 | \$0.57516 |
| 2007 | \$9,554,151,301 | \$54,951,657 | \$0.01 | \$0.35281 | \$0.36281 | \$0.21235 | \$0.57516 |
| 2006 | \$9,244,635,756 | \$53,171,447 | \$0.01 | \$0.34868 | \$0.35868 | \$0.21648 | \$0.57516 |
| 2005 | \$8,704,066,596 | \$45,710,276 | \$200,000 | \$0.35868 | \$0.35868 | \$0.16648 | \$0.52516 |
| 2004 | \$8,331,996,860 | \$43,756,315 | \$200,000 | \$0.34934 | \$0.34934 | \$0.17582 | \$0.52516 |
| 2003 | \$8,458,454,017 | \$40,418,723 | \$200,000 | \$0.30377 | \$0.30377 | \$0.17408 | \$0.47785 |
| 2002 | \$8,665,263,100 | \$41,406,960 | \$200,000 | \$0.29809 | \$0.30416 | \$0.17369 | \$0.47785 |
| 2001 | \$8,807,923,102 | \$39,093,967 | \$200,000 | \$0.25857 | \$0.25857 | \$0.18528 | \$0.44385 |
| 2000 | \$7,933,433,019 | \$35,212,542 | \$0.01 | \$0.24653 | \$0.25653 | \$0.18732 | \$0.44385 |

| | | | | | | | |
|------|-----------------|--------------|--------|-----------|-----------|-----------|-----------|
| 1999 | \$7,339,616,763 | \$32,576,889 | \$0.01 | \$0.23900 | \$0.24900 | \$0.19485 | \$0.44385 |
| 1998 | \$6,703,049,848 | \$29,751,487 | \$0.01 | \$0.24350 | \$0.25350 | \$0.19035 | \$0.44385 |
| 1997 | \$6,257,348,811 | \$27,773,243 | \$0.01 | \$0.24004 | \$0.25004 | \$0.19381 | \$0.44385 |

* Street Rehabilitation Funding

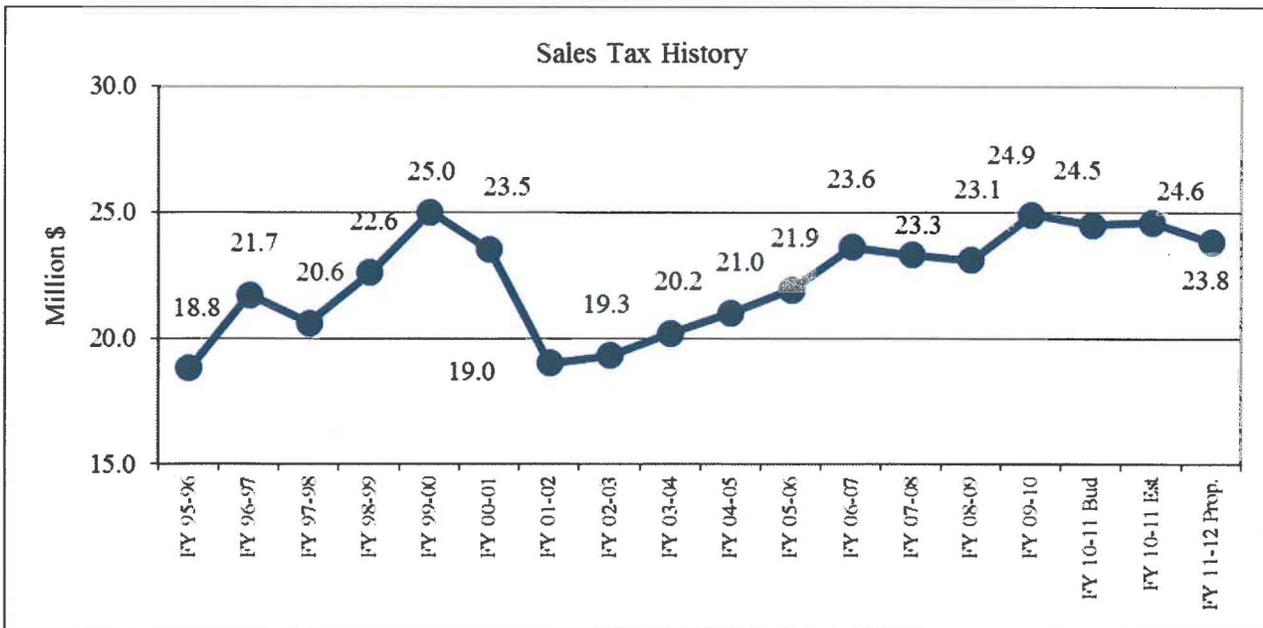
Franchise Fees

- Franchise Fees are projected at \$13.1 million for 2011-2012, an increase of \$485,000 or 3.9% over estimated year-end. The Electric Franchise reflects normal growth in kw hours sold as well as the recent Rate Settlement Agreement calling for a rate increase per kw hour of 5%. The natural gas fee reflects an expected rise in prices as the market recovers from record low pricing during this past winter. The only decline in fees is expected in the water and sewer amount saw those sales return to an average sales year.

Sales and Other Business Taxes

- Sales and Other Business Taxes are projected at \$24.2 Million for next year reflecting a decrease of (\$802,000) or -3.2% from estimated year-end revenues.
- Our top 20 remitters account for 33.3% of total receipts this year, down from the 38.2% last year. The majority of this decline is due to large one time sales last year in the wholesale sector industry.
- Mixed Beverage receipts are anticipated to drop (\$40,000), or -11.0% as a result of legislative changes in Austin while the Bingo tax is proposed at a 3% growth or \$1,600 over year-end. Sales Tax, the largest of the three in this category, is projected to decrease (\$764,000) or -3.1% from year-end estimates based on current trends and expectations of flat "base to base" activity. Year-end 2010-2011 estimate includes \$764,000 in non-recurring audit adjustments. Those adjustments are not included in the forecast for next year, only the "base" collection.

| FY 10-11 Base Estimate | Projected Growth Rate | FY 10-11 Budget |
|---------------------------|--------------------------|--------------------|
| \$ 23,809,511 | 0.00% | \$ 23,809,511 |



License and Permits

- License and Permits is projected to increase \$122,000 from the year-end estimate of \$1.7 million and includes increases in several building inspection fees. The increases (listed in the table below) account for a \$200,000 in increased revenue in three areas; building permits, rental registration and apartment inspections.

| Type of Permit | COR Current | Average | COR Ranking | COR Recommended | COR Ranking | Increase | Increased 11/12 Revenue* |
|---|-------------|---------|-------------|-----------------|-------------|----------|--------------------------|
| Rental Registration | \$50 | \$63.75 | 5/5 tie | \$75 | way tie 1 | \$25 | \$60,000 |
| Apartment Inspection | \$10 | \$12.33 | 7/7 | \$13 | 3/7 tie | \$3 | \$40,000 |
| Miscellaneous trade work (residential) | \$25 | \$42 | 11 | \$50 | 5 | \$25 | \$46,560 |
| New single family (3,500 sf; \$72.45/sf; \$253,575) | \$800 | \$1,258 | 11 | \$1,200 | 8 | \$400 | \$15,200 |
| Miscellaneous trade work (commercial) | \$50 | \$57 | 7 | \$75 | 4 | \$25 | \$7,450 |
| Temporary sign | \$25 | \$51 | 11 | \$50 | 6 | \$25 | \$7,325 |
| Clean & Show | \$50 | \$110 | 13 | \$100 | 3 | \$50 | \$6,200 |
| Fence (residential - \$1,500 value) | \$15 | \$39 | 12 | \$30 | 8 | \$15 | \$6,075 |
| Sign (new; reface; 50 st) | \$75 | \$90 | 10 | \$100 | 4 | \$25 | \$4,300 |
| Minimum permit fee (commercial) | \$60 | \$130 | 8 | \$75 | 7 | \$15 | \$4,050 |
| Minimum permit fee (residential) | \$25 | \$56 | 10 | \$50 | 7 | \$25 | \$3,200 |
| Swimming pools (\$35,500 value) | \$100 | \$244 | 11 | \$200 | 7 | \$100 | \$2,300 |
| New multi-family (850 sf unit;\$68.25/sf; \$58,013) | \$400 | \$513 | 9 | \$500 | 7 | \$100 | \$1,500 |
| Residential detached bldg <150 sf | \$15 | \$46 | 13 | \$30 | 8 | \$15 | \$1,050 |
| Demolition permit | \$30 | \$52 | 13 | \$50 | 4 | \$20 | \$500 |
| Residential detached bldg >150 sf (600 sf; \$30.00/sf; \$ | \$50 | \$157 | 10 | \$100 | 8 | \$50 | \$400 |
| Spas, hot tubs, above ground pools (\$5,000 value) | \$50 | \$92 | 9 | \$100 | 6 | \$50 | \$100 |
| Sign repair | \$25 | \$55 | 10 | \$50 | 5 | \$25 | \$25 |
| Concrete (commercial) | \$30 | \$49 | 9 | \$50 | 4 | \$20 | \$20 |
| Fence (commercial - \$3,500 value) | \$50 | \$59 | 7 | \$50 | 7 | \$0 | \$0 |

*Assumes the number of permits issued in FY 11/12 will be consistent with the number of permits issued in the past 12 months.

- The increase in building permits area is not readily evidenced if you just look at the numbers. FY 2010-2011 included the two large permits mentioned previously in this presentation. Before any projection can be made for next year, those non-recurring large fees must be removed from the equation.

Fines and Forfeits

- Fines and Forfeits are expected to increase \$25,000 or 0.6% from the 2010-2011 estimated year-end position of \$4.4 Million. The revenue in this category is received through the Municipal Court and Library with the majority of the growth expected in Court activity.

Revenue from Money and Property

- Interest earnings are expected to show modest recoveries next year as the investment market continues to stabilize. Bookings at the Civic Center continue to reflect the communities need for affordable meeting space. Both areas combine for an additional \$27,000 or a 7.0%.

Recreation and Leisure Services

- Recreation and Leisure Services revenues are budgeted at \$3.5 Million, an increase of \$168,000 over 2010-2011 year-end estimates and includes modest growth across all categories except season swim passes and pool revenue. These two areas will be affected by

the construction on the Heights Pool. Swim program shows normal growth as PARD expects that program to move to other facilities and continue as normal.

Other Revenue

- Projected at \$4.2 million or \$76,000 above estimated year-end for 2010-2011. The increase is primarily due to the new contract and fee increases for ambulance service. Under the new contract, all collected fees come to the City. We then cut a check to the billing service. Under the old contract, the billing service fees were retained by the agency before the proceeds were sent to the City. The Fire Department also proposes raising the transport fees from \$575 for residents and \$650 for non-residents to \$675 and \$775 respectively. According to survey work completed by the fire department, this proposal will place Richardson below the average and near the median for comparative cities. Along with the new billing procedures, these two changes are expected to generate \$200,000 in additional fees. The \$160,000 annual cable access fee is eliminated this year and replaced by a new 1% franchise fee known as Public, Education and Government (PEG) Fees. These fees have to be segregated in a separate fund for use in providing facility and capital support for our C.I.T.V. department. The other revenue sources are expected to see minimal growth next year.

General and Administrative/Transfers

- Total revenue from G & A Transfers is projected at \$8.2 million, a decrease of (\$315,000) from FY 2010-2011. In addition to a reactivation of the Child Safety Fund Transfer to offset school crossing guards, the recently completed indirect cost analysis performed by DMG Maximus realigned our G&A transfers to reflect the level of work the General Fund does in the administration of the other operating funds. While the G&A from the Golf Fund increases, the Solid Waste and Water and Sewer G&A decrease under the new study. The G&A from the capital projects fund will also decrease (\$249,000). The CVB transfer will offset \$405,000 of that budget this year while the other categories remain unchanged for the proposed budget including a continuation of the \$450,000 transfer from the Wireless Fund. That transfer is used to help offset the cost of 911 telecommunicators in the Police Department.

Expenditures

Total Expenditures and Transfers for the General Fund are projected at \$95.4 Million, even with the FY 2010-2011 year-end estimates and include a recommended January implementation of the drainage fee. One effect of the implementation will be \$1 Million relief to the General Operating Fund. Further discussion on the specific features of that relief and the mechanics of implementation of the fee will be provided during the formal budget presentation in August.

For FY 2011-2012 and with minimal growth in revenue to offset rising costs, great care was taken to insure that basic services, notably Police and Fire are able to continue with minimal service impacts to the residents.

- **Personal Services** – Personnel is always the largest expense and most valuable resource for an organization whose primary purpose is the provision of services to the public. Personal Services are presented at \$73.1 Million, an increase of \$1.4 Million or 2.0% higher than year-end estimate of \$71.7 Million and account for 76.6% of the total General Fund operating budget. The key personnel issues addressed in this proposal, include:
 - ***Continued Full Year Freeze on 17 positions and Understaffing of 5 positions for a total savings of (\$1.2 Million).***
 - The frozen positions currently include,
 - Police – 1 Detention Officer, 1 Police Specialist
 - Traffic and Transportation – 1 Signs and Markings Supervisor
 - Facility Services – 1 Sr. Custodian, 1 Sr. Maintenance Technician.
 - PARD - 1 Maintenance Helper II, 5 maintenance Helper I
 - Library – 1 Librarian, 2 Library Clerks, 2 Sr. Library Clerks, 1 Administrative Secretary I
 - The idea is to maintain a consistent level of savings from frozen positions, while allowing the “mix” of positions to change as other positions open up throughout the year. Management will fill selected positions as warranted while attempting to maintain the targeted (\$856,000) savings.
 - Understaffing is a way of recognizing savings that occur during the year through normal vacancy rates and is a particularly useful tool in larger, personnel intensive departments like Police and Fire. The City has always understaffed a certain number of sworn and non-sworn personnel in recognition that over the course of 12 months, a certain amount of salary savings is always achieved as employees come and go. The Police Department does not slow down or otherwise change hiring and staffing objectives, but we recognize the salary savings up front, rather than at the end of the year. For FY 2011-2012, 5 Police Officer positions are understaffed for an estimated year-end savings of (\$309,000)
 - ***Continued Funding for the Employee Retirement Program*** – The City of Richardson experienced rapid growth and expansion during the 60’s, 70’s and 80’s. City Staff, in particular Police and Fire had to expand along with a growing population. The City is proud of, and well served by the tenure and experience our employees bring to their jobs. Of the 955 employees currently on payroll, 155 or 16% have over 20 years of service while another 146 or 15% have over 15 years’ experience with the City. Together, they account for 31% of our full time staff. We remain committed to funding our retirement system for these, and indeed all our employees.

- The state legislature approved changes to the statewide Texas Municipal Retirement System (TMRS) that restructured the internal account structure to resemble the pension system structure common to the vast majority of public retirement systems. This change lowered the city's unfunded liability by \$29.6 million from \$75.7 million to \$46.1 million, while lowering the contribution rate to 14.79% of payroll beginning January 2012. This is a reduction from the current 19.31%, a 23.4% reduction in the City's contribution rate while protecting the stability of the employee's retirement.
- Additionally, the legislative change improved the city's funding ratio from 71.6% to 87.2%. The city's total actuarial accrued liability is \$359,151,109. This amount consists of the actuarial value of the city's assets of \$313,084,736 (87.2%) and the unfunded actuarial accrued liability of \$46,066,373 (12.8%).
- **CORplan – Health Insurance** – Sensitive to the economic environment of the last couple of years, the City has not adjusted employee contributions to the CORPlan despite rising costs for providing health care and no adjustment to employee or retiree contributions are proposed this year. Current claims patterns do require an increase in funding however. The City has not altered its contribution rate for employee and retiree premiums since 2008-2009, while also recognizing the constraints on employee salaries. For 2011-2012, the City will increase its contributions to CORPlan by \$2.8 Million; thereby protecting the quality of health care we provide our employees and retirees.
- **Personnel Items Not Addressed By This Budget Include,**
 - **Movement within approved pay plan ranges** – (\$500,000) - Approximately 52% of all city personnel are at the top of their pay range. The remaining 48% have room to grow within their approved pay plan ranges. Historically the annual movement has been on a 5% growth step that can be earned for each year service until the top of the pay range is reached, usually within a 4-5 year period, which is a consistent pay plan program utilized in public safety across the Dallas-Fort Worth Metroplex.
 - **Market Adjustment** – (\$638,000) - Since 1995-1996, the City has proactively reviewed approved pay ranges to insure market compatibility once these ranges have been coordinated with the merit package in an effort to recruit and retain high quality employees.
 - **Merit Salary Increase** – The City has only provided merit increases 2 times in the past 10 years. A 1% merit adjustment would account for a \$571,000 commitment.
- **Non-Personnel Operations** – For FY 2011-2012, Non-Personal Services operating line items account for \$22.3 Million or 23.4% of the operating budget for the General Fund. Through a general tightening across all departments and line items, the 2011-2012 budget reflects an increase of \$147,000 or 0.7% from the estimated 2009-2010 expenditures.
 - **Professional Services** – Increase \$212,000 or 4.1%. The majority of this increase, or \$162,000, is related general increases in the cost of maintenance contracts through the Parks department.
 - **Maintenance** – This category will increase \$27,000, or less than 1%.
 - **Contracts** – Decreases (\$114,000) or -2.0%. The reduction is through a continued tightening of accounts and is spread minimally throughout the departments.
 - **Supplies** - Increases \$159,000 or 1.9% over year-end. Older Adults will see an increase of \$50,000 for expenses related to the trips sponsored through the center. The expenses

are offset by matching revenue. If the trip doesn't make, the expenses are reduced. Another \$70,000 is allocated to PARD Maintenance for botanical.

- **Street Rehabilitation** – For the last 15 years, the City dedicated a portion of the total tax rate to street rehabilitation. This year, we again dedicate a full one-cent of the tax rate or \$947,000. This funding will allow for ongoing street leveling, crack sealing and “clean sweep” projects. Along with \$350,000 of operations funds, this will keep our commitment funded at over \$1.3 Million.
- **Alternative Funding** – The Traffic Safety Fund, as funded through the red light enforcement program, is able to absorb \$577,000 of expenses from the Police and Traffic Departments that would otherwise have to be funded in the General Fund. These items include signs, markings, signal and video camera maintenance, as well as overtime and supplies for traffic safety emergency issues for the Police Department. All expenditures from this fund are in compliance with allowable uses according to state law.
- **Fund Balance** – The proposed budget ends the year at the Council prescribed 60 days of fund balance.
- **Capital Requests** – Funding of capital equipment and non-recurring program enhancements in the 2011-2012 Budget will be handled through the use of \$2.9 Million in short-term C.O.'s. Following are the key items included in the \$5.8 Million worth of capital requests currently under review.

| | | |
|-------------------------------------|--|-----------|
| Community Services | Tablet Computer and Software - Sign Enforcement | \$5,500 |
| Information Technology | Public Safety Mobile Data Computer Replacement | \$325,008 |
| Police | Tahoe - Patrol (12) - Replacement of 12 Chargers | \$490,764 |
| Fire | Thermal Imagers (7) | \$108,024 |
| | Fire Hose Replacement | \$10,000 |
| | Rescue/Pumper with CAFS System - Replacement (1) | \$596,000 |
| | Ambulance - MICU - Replacement (1) | \$155,000 |
| | Ambulance - MICU and req'd equipment - New (1) | \$225,000 |
| | Wellness Equipment - Various Stations | \$16,000 |
| Streets | Utility Trailer with Toolbox - Replacement | \$3,000 |
| Facility Services | Boiler Replacement - Municipal Court | \$47,500 |
| | Cooling Tower Upgrades - City Hall | \$55,000 |
| | Fire Alarm System Upgrades | \$30,000 |
| | Overhead Door Replacement - Central Fire | \$26,500 |
| | Stair Tread Upgrade - Library | \$18,000 |
| | Parking Lot Renovations - Electrical - Service Center | \$13,000 |
| | Floor Renovations - Service Center | \$3,900 |
| Traffic & Transportation | Sign Post Driver and Drill - Replacement (2) | \$10,000 |
| Parks - Recreation | Electrical System Expansion - Cottonwood Arts Festival | \$66,000 |
| | Spring Flooring - Gymnastics | \$7,200 |
| | Trench Bar - Gymnastics | \$5,000 |
| | Pit Foam - Gymnastics | \$20,000 |
| | Space Bars - Gymnastics (4) | \$4,080 |
| | Carpet Bind Foam - Gymnastics | \$9,000 |
| | Trampolines - Gymnastics (6) | \$13,200 |
| | Vault Table - Gymnastics | \$3,800 |
| | TAC 10 Spring Boards - Gymnastics (2) | \$2,000 |

| | | |
|-----------------------------|---|-----------|
| | Resin Bar Mat - Gymnastics | \$1,000 |
| | Place Carpet for under mats - Gymnastics | \$1,500 |
| | Trampoline Springs - Gymnastics | \$1,000 |
| | Heights Fitness Equipment | \$141,750 |
| Parks - Older Adults | Card Tables - Replacement (7) | \$1,365 |
| | Stacking Arm Chairs - Replacement (52) | \$10,400 |
| | Carpet and Flooring | \$20,200 |
| Parks - Pools | Filter Replacement - Cottonwood | \$44,750 |
| | Filter Replacement - Glenville | \$31,200 |
| | Filter Replacement - Canyon Creek | \$31,200 |
| | Handicap Chair (1) | \$5,500 |
| | Iron Fencing - Canyon Creek | \$17,940 |
| | Pool Furniture | \$5,000 |
| Parks - Tennis | Shade Structure | \$8,000 |
| Parks - Maintenance | Matching Fund Beautification | \$164,600 |
| | Hydraulic Irrigation System - Heights Park | \$45,000 |
| | Playground Safety Surface - Custer Park and Galatyn Preserve) | \$25,000 |
| | Cottonwood Erosion Project | \$60,000 |
| | Mimosa Park Erosion Project | \$40,000 |
| | SCNA Trail Renovation / Drainage | \$35,000 |
| | Prairie Creek Park Erosion Project | \$40,000 |
| | Smooth Wire Fence at Breckenridge Park | \$10,000 |
| | Galatyn Plaza Tree Grates | \$10,000 |
| | Soil for Breckenridge Athletic Fields | \$299,999 |
| | Breckenridge Park Baseball Field Parking Lot Lighting (4) | \$60,000 |
| | Renner Road Median Improvements | \$250,000 |
| | Breckenridge Park Baseball Field Parking | \$15,000 |
| | Lake Aerification - Galatyn Woodland Preserve | \$30,000 |
| | Lake Aerification - Fire Station #5 | \$17,000 |
| | Lake Aerification - Crowley Park | \$40,000 |
| | Lake Aerification - Breckenridge Park | \$75,000 |
| | Galatyn Serpentine Wall Renovation | \$300,000 |
| | McKamy Springs Park Signage | \$10,000 |
| | Erosion Project - Breckenridge Park Bridges | \$250,000 |
| | City Hall Fountain Copper Ring | \$38,000 |
| | Pavilion Roof Replacement (4) | \$96,000 |
| | Greenhouse Interior Road Renovation | \$20,000 |
| | Greenhouse Entry Road Replacement | \$100,000 |
| | Outfield Mow Strips (2) | \$50,000 |
| | City Hall Fountain Basin Renovation | \$21,000 |
| | Hilltop Cemetery Fencing (Chain Link to Wrought Iron) | \$12,000 |
| | Soccer Goals | \$15,000 |
| | Picnic Tables and Benches (22) | \$14,300 |
| | Toro Workman - New | \$20,000 |
| | Wheel Loader - New | \$170,000 |
| | Water Cannon - Replacement | \$38,000 |

| | | |
|--------------------------------|--|--------------------|
| | Skid Steer Track System - New | \$18,000 |
| | Toro Workman Trailer - New (2) | \$6,000 |
| | Storage Mezzanine - New | \$45,500 |
| | Power Buggy - New | \$10,000 |
| | Reel Mower - New (2) | \$113,000 |
| | 3/4 Ton Extended Cab Pickup - New (Breckenridge Litter) | \$29,000 |
| | 3/4 Ton Extended Cab Pickup - New (Greenhouse/Landscaping) | \$29,000 |
| | Crew Cab Pickup with 2 Yard Dump Body - Replacement | \$39,000 |
| | Chipper Truck - Replacement | \$72,000 |
| | SCNA Monumnet Sign | \$10,000 |
| Library | Books and Media Items | \$275,000 |
| Citizens Info. Services | 70-200mm/2.8f Camera Lens | \$2,400 |
| Health | Office Furniture | \$10,000 |
| Animal Control | Animal Control Vehicle - Replacement | \$45,000 |
| Fleet | Diesel Exhaust Fluid Infrastructure | \$38,000 |
| | On-Site Oil Analysis System | \$43,000 |
| | Tire Master Vertical Carousel | \$42,000 |
| Total | | \$5,787,080 |

- Also under review are Expanded Programs for the General Fund totaling \$4.2 Million.

| | | |
|---|---|-----------|
| Convention and Visitors Services | Sales Manager | \$89,445 |
| Emergency Management | Vehicle - New | \$26,500 |
| Information Services | AS400 Upgrade/Replacement | \$150,000 |
| | Public Safety Mobile Data Computer Replacement | \$325,008 |
| | Accounting Imaging and Public Access Software | \$62,000 |
| | Web Master Position | \$71,718 |
| Civic Center | Audio/Visual System Replacement - Richardson Room | \$3,000 |
| | Audio/Visual System Replacement - Grand Hall | \$18,000 |
| | Repainting of City Hall Interior | \$68,000 |
| | Replacement of Furniture in Common Areas | \$30,000 |
| | Grand Hall Flooring and Electrical Upgrade | \$48,000 |
| | Remodel of Civic Center Kitchens and Storage | \$134,000 |
| | Break Room Renovation | \$45,000 |
| | Updating of Concourse Directional Maps | \$7,500 |
| | Replacement of Concourse Artwork | \$100,000 |
| Replacement of Concourse Plants/Trees | \$12,919 | |
| Police | Public Safety Officers (2) | \$151,398 |
| | Investigative Specialist (1) | \$50,057 |
| | Police Officers (5) | \$520,257 |
| | Property and Evidence Technician (1) | \$40,710 |
| | Public Safety Telecommunicators (3) | \$119,534 |
| | Public Safety Telecommunicator Supervisor (1) | \$67,849 |
| Fire | Place Ambulance in Service at Station #3 | \$848,875 |

| | | |
|-------------------------------------|--|--------------------|
| | Vehicle for Fire Marshal's Division | \$32,000 |
| | Public Education Specialist (1) | \$70,849 |
| Planning | Enhancement/Redevelopment Area Meetings | \$313,029 |
| Streets | Vehicle for Special Projects Employee (1) | \$25,000 |
| Traffic & Transportation | Emergency Traffic Signal Trailers (2) | \$36,000 |
| | Additional watch Room Personnel (1) | \$45,620 |
| | Additional Bucket Truck (1) | \$96,000 |
| Facilities Services | Senior Maintenance Technician - Buildings (1) | \$41,314 |
| Park - Administration | Part-Time Receptionist/Clerk | \$11,778 |
| | Superintendent of Urban Forestry | \$88,255 |
| | Superintendent of Business Affairs | \$98,479 |
| | Conceptual Master Plan - Glenville New Land | \$30,000 |
| Parks - Recreation | Recreation Coordinator - Huffhines Recreation Center (1) | \$59,657 |
| Parks - Older Adults | Older Adults Coordinator (1) | \$59,552 |
| Parks - Tennis | Assistant Tennis Center and Program Coordinator | \$52,377 |
| Parks - Maintenance | Staff (1 Contract Administrator and 9 Maintenance Helper II's) | \$332,099 |
| | Labor/Cost Management System | \$165,916 |
| Library | Overdrive Downloadable Audio Books/Ebooks | \$20,000 |
| | Restoration of Online Resources and Databases | \$32,235 |
| | Restoration of Training | \$8,750 |
| | Security Cameras/Monitoring System | \$70,000 |
| | Construction of Study Rooms in Basement (5) | \$106,800 |
| Citizens Info. Services | State of the City Production | \$8,850 |
| Animal Control | Part-Time Clerk | \$22,530 |
| | Part-Time Kennel Attendant | \$10,765 |
| | Fund Spaying/Neutering of all adopted animals | \$144,000 |
| | Construct a Spay/Neuter Clinic at the Shelter | \$150,000 |
| Total | | \$5,121,625 |

**CITY OF RICHARDSON
SUMMARY OF REVENUES AND EXPENDITURES
GENERAL FUND**

| 7/20/2011 16:47 | ACTUAL FY 2009-10 | BUDGET FY 2010-11 | ESTIMATE FY 2010-11 | BUDGET FY 2011-12 | VARIANCE | |
|--|----------------------|----------------------|------------------------|----------------------|------------|------------|
| | | | | | BUD to BUD | EST to BUD |
| Beginning Designated Fund Balance | \$ 15,256,919 | \$ 15,489,779 | \$ 15,541,074 | \$ 15,729,504 | 1.5% | 1.2% |
| Reserve for Encumbrances | 217,882 | - | 313,101 | - | N/A | -100.0% |
| Adjusted Beginning Fund Balance | \$ 15,474,801 | \$ 15,489,779 | \$ 15,854,175 | \$ 15,729,504 | 1.5% | -0.8% |
| Revenues | | | | | | |
| General Property Taxes | \$ 36,792,431 | \$ 35,852,870 | \$ 35,111,143 | \$ 35,528,838 | -0.9% | 1.2% |
| Franchise Fees | 12,274,990 | 12,614,167 | 12,592,875 | 13,077,851 | 3.7% | 3.9% |
| Sales and Other Business Taxes | 25,255,573 | 24,943,951 | 24,988,892 | 24,187,266 | -3.0% | -3.2% |
| Licenses and Permits | 1,461,182 | 1,401,691 | 1,689,547 | 1,811,972 | 29.3% | 7.2% |
| Fines and Forfeitures | 3,981,148 | 3,892,914 | 4,445,946 | 4,470,594 | 14.8% | 0.6% |
| Revenue from Money and Property | 437,860 | 377,995 | 378,860 | 405,537 | 7.3% | 7.0% |
| Recreation and Leisure | 3,275,011 | 3,269,357 | 3,347,522 | 3,515,771 | 7.5% | 5.0% |
| Other Revenue | 3,839,020 | 3,938,434 | 4,154,335 | 4,230,738 | 7.4% | 1.8% |
| General and Administrative Charges | 7,226,515 | 7,952,998 | 8,550,998 | 8,236,180 | 3.6% | -3.7% |
| Total Revenues | \$ 94,543,730 | \$ 94,244,376 | \$ 95,260,118 | \$ 95,464,747 | 1.3% | 0.2% |
| Total Available Funds | \$ 110,018,531 | \$ 109,734,155 | \$ 111,114,293 | \$ 111,194,251 | 1.3% | 0.1% |
| Expenditures | | | | | | |
| Personal Services | \$ 68,317,472 | \$ 72,231,413 | \$ 71,728,537 | \$ 73,135,634 | 1.3% | 2.0% |
| Professional Services | 5,243,430 | 5,059,822 | 5,219,955 | 5,431,734 | 7.4% | 4.1% |
| Maintenance | 2,651,060 | 3,144,614 | 3,013,712 | 3,040,712 | -3.3% | 0.9% |
| Contracts | 5,795,718 | 5,105,034 | 5,650,179 | 5,536,322 | 8.4% | -2.0% |
| Supplies | 7,897,435 | 7,654,263 | 8,171,013 | 8,329,908 | 8.8% | 1.9% |
| Capital | 37,880 | 15,178 | 136,715 | - | -100.0% | -100.0% |
| Total Expenditures | \$ 89,942,995 | \$ 93,210,324 | \$ 93,920,111 | \$ 95,474,310 | 2.4% | 1.7% |
| Transfers Out | | | | | | |
| Street Rehabilitation | \$ 991,361 | \$ 969,678 | \$ 969,678 | \$ 947,092 | -2.3% | -2.3% |
| Special Projects | 2,200,000 | - | - | - | N/A | N/A |
| Additional Transfer to Debt Service | 455,000 | - | 330,000 | - | N/A | -100.0% |
| Transfer Out - Golf Fund | 575,000 | - | 165,000 | - | N/A | -100.0% |
| Drainage Fee Expenditure Reduction | - | - | - | (1,000,000) | N/A | N/A |
| Total Transfers Out | \$ 4,221,361 | \$ 969,678 | \$ 1,464,678 | \$ (52,908) | -105.5% | -103.6% |
| Total Expenditures and Transfers | \$ 94,164,356 | \$ 94,180,002 | \$ 95,384,789 | \$ 95,421,402 | 1.3% | 0.0% |
| Revenue Over/(Under) | \$ 379,374 | \$ 64,374 | \$ (124,671) | \$ 43,345 | -32.7% | -134.8% |
| Reserve for Encumbrances | \$ 313,101 | \$ - | \$ - | \$ - | N/A | N/A |
| Ending Designated Fund Balance | \$ 15,541,074 | \$ 15,554,153 | \$ 15,729,504 | \$ 15,772,849 | 1.4% | 0.3% |
| Days of Fund Balance | 60.24 | 60.28 | 60.19 | 60.33 | 0.1% | 0.2% |

**CITY OF RICHARDSON
REVENUE BY DETAIL
GENERAL FUND**

| | <u>ACTUAL</u> <u>FY 2009-10</u> | <u>BUDGET</u> <u>FY 2010-11</u> | <u>ESTIMATE</u> <u>FY 2010-11</u> | <u>BUDGET</u> <u>FY 2011-12</u> | <u>VARIANCE</u> | |
|---|------------------------------------|------------------------------------|--------------------------------------|------------------------------------|---------------------|---------------------|
| | | | | | <u>BUD to BUD</u> | <u>EST to BUD</u> |
| <u>General Property Taxes</u> | | | | | | |
| Current Taxes | \$ 36,066,148 | \$ 35,180,870 | \$ 34,751,097 | \$ 34,362,838 | \$ (818,032) | \$ (388,259) |
| Prior Taxes | 367,391 | 350,000 | 56,437 | 866,000 | 516,000 | 809,563 |
| Penalties and Interest | 358,892 | 322,000 | 303,609 | 300,000 | (22,000) | (3,609) |
| Total | \$ 36,792,431 | \$ 35,852,870 | \$ 35,111,143 | \$ 35,528,838 | \$ (324,032) | \$ 417,695 |
| <u>Franchise Fees</u> | | | | | | |
| Electric | \$ 5,344,801 | \$ 5,489,308 | \$ 5,578,598 | \$ 5,801,742 | \$ 312,434 | \$ 223,144 |
| Telecommunications | 1,941,288 | 2,088,439 | 2,052,751 | 2,093,806 | 5,367 | 41,055 |
| Gas | 1,201,783 | 1,269,828 | 1,057,788 | 1,270,677 | 849 | 212,889 |
| Cable Television | 1,117,986 | 1,059,863 | 1,125,703 | 1,148,217 | 88,354 | 22,514 |
| Water & Sewer | 2,094,014 | 2,124,366 | 2,208,424 | 2,183,822 | 59,456 | (24,602) |
| Solid Waste Services | 575,117 | 582,363 | 569,611 | 579,587 | (2,776) | 9,976 |
| Others | - | - | - | - | - | - |
| Total | \$ 12,274,990 | \$ 12,614,167 | \$ 12,592,875 | \$ 13,077,851 | \$ 463,684 | \$ 484,976 |
| <u>Sales and Other Business Taxes</u> | | | | | | |
| Sales Tax | \$ 24,863,750 | \$ 24,539,694 | \$ 24,573,596 | \$ 23,809,511 | \$ (730,183) | \$ (764,085) |
| Mixed Beverage Tax | 337,044 | 348,392 | 361,620 | 322,469 | (25,923) | (39,151) |
| Bingo Tax | 54,779 | 55,865 | 53,676 | 55,286 | (579) | 1,610 |
| Total | \$ 25,255,573 | \$ 24,943,951 | \$ 24,988,892 | \$ 24,187,266 | \$ (756,685) | \$ (801,626) |
| <u>License and Permits</u> | | | | | | |
| Building Permits | \$ 509,020 | \$ 414,108 | \$ 695,964 | \$ 698,762 | \$ 284,654 | \$ 2,798 |
| Food Establishment Permits | 206,330 | 207,864 | 219,628 | 224,021 | 16,157 | 4,393 |
| Animal License & Shelter Fees | 40,495 | 41,709 | 34,881 | 35,579 | (6,130) | 698 |
| Alarm Fees | 225,143 | 232,247 | 253,491 | 258,561 | 26,314 | 5,070 |
| Apartment Inspection Fee | 107,970 | 104,000 | 113,834 | 154,972 | 50,972 | 41,138 |
| Rental Registration | 102,100 | 111,555 | 125,696 | 186,953 | 75,398 | 61,257 |
| Miscellaneous License and Permits | 95,651 | 101,547 | 88,805 | 91,469 | (10,078) | 2,664 |
| Construction Inspection Fees | 56,873 | 65,146 | 31,048 | 31,669 | (33,477) | 621 |
| Contractor Fees | 117,600 | 123,515 | 126,200 | 129,986 | 6,471 | 3,786 |
| Total | \$ 1,461,182 | \$ 1,401,691 | \$ 1,689,547 | \$ 1,811,972 | \$ 410,281 | \$ 122,425 |
| <u>Fines and Forfeitures</u> | | | | | | |
| Municipal Court | \$ 3,817,181 | \$ 3,725,125 | \$ 4,284,724 | \$ 4,306,148 | \$ 581,023 | \$ 21,424 |
| Library Fines | 163,967 | 167,789 | 161,222 | 164,446 | (3,343) | 3,224 |
| Total | \$ 3,981,148 | \$ 3,892,914 | \$ 4,445,946 | \$ 4,470,594 | \$ 577,680 | \$ 24,648 |
| <u>Revenue from Money and Property</u> | | | | | | |
| Interest Earnings | \$ 109,356 | \$ 50,229 | \$ 50,143 | \$ 70,246 | \$ 20,017 | \$ 20,103 |
| Civic Center Use | 328,504 | 327,766 | 328,717 | 335,291 | 7,525 | 6,574 |
| Total | \$ 437,860 | \$ 377,995 | \$ 378,860 | \$ 405,537 | \$ 27,542 | \$ 26,677 |

**CITY OF RICHARDSON
REVENUE BY DETAIL
GENERAL FUND**

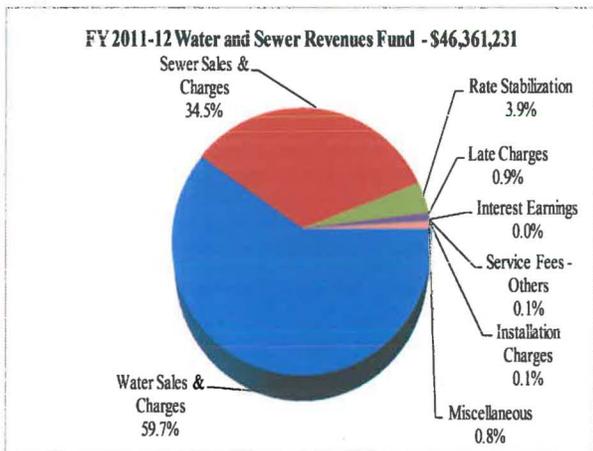
| | <u>ACTUAL</u> <u>FY 2009-10</u> | <u>BUDGET</u> <u>FY 2010-11</u> | <u>ESTIMATE</u> <u>FY 2010-11</u> | <u>BUDGET</u> <u>FY 2011-12</u> | <u>VARIANCE</u> | |
|--|------------------------------------|------------------------------------|--------------------------------------|------------------------------------|---------------------|---------------------|
| | | | | | <u>BUD to BUD</u> | <u>EST to BUD</u> |
| <u>Recreation and Leisure Services</u> | | | | | | |
| Season Swim Passes | \$ 25,245 | \$ 25,968 | \$ 25,250 | \$ 20,200 | \$ (5,768) | \$ (5,050) |
| Pool Fees | 67,736 | 62,364 | 67,750 | 54,180 | (8,184) | (13,570) |
| Swim Program | 127,768 | 125,719 | 116,952 | 127,800 | 2,081 | 10,848 |
| Tennis Fees | 114,635 | 140,000 | 131,523 | 136,100 | (3,900) | 4,577 |
| Classes/Entrance Fees | 770,718 | 735,068 | 714,451 | 764,000 | 28,932 | 49,549 |
| Athletic Fees | 332,314 | 347,220 | 335,366 | 342,073 | (5,147) | 6,707 |
| Gymnastic Fees | 351,673 | 358,831 | 364,014 | 370,000 | 11,169 | 5,986 |
| Arts Festivals | 369,516 | 348,450 | 390,216 | 394,118 | 45,668 | 3,902 |
| Wildflower Festival | 820,903 | 806,500 | 829,300 | 838,000 | 31,500 | 8,700 |
| Older Adults | 259,707 | 285,200 | 320,172 | 387,700 | 102,500 | 67,528 |
| Miscellaneous | 34,796 | 34,037 | 52,528 | 81,600 | 47,563 | 29,072 |
| Total | \$ 3,275,011 | \$ 3,269,357 | \$ 3,347,522 | \$ 3,515,771 | \$ 246,414 | \$ 168,249 |
| <u>Other Revenue</u> | | | | | | |
| Access Fee - Cable TV | \$ 160,000 | \$ 160,000 | \$ 220,000 | \$ - | \$ (160,000) | \$ (220,000) |
| Ambulance | 1,400,795 | 1,424,927 | 1,418,357 | 1,632,541 | 207,614 | 214,184 |
| Miscellaneous | 857,941 | 871,980 | 1,136,154 | 1,192,962 | 320,982 | 56,808 |
| R.I.S.D. Participation | 289,875 | 273,971 | 273,971 | 287,670 | 13,699 | 13,699 |
| Auction & Storage | 51,267 | 120,000 | 43,502 | 44,590 | (75,410) | 1,088 |
| 9-1-1 | 1,079,142 | 1,087,556 | 1,062,351 | 1,072,975 | (14,581) | 10,624 |
| Total | \$ 3,839,020 | \$ 3,938,434 | \$ 4,154,335 | \$ 4,230,738 | \$ 292,304 | \$ 76,403 |
| <u>General and Administrative Charges</u> | | | | | | |
| G & A Water & Sewer Fund | \$ 3,746,523 | \$ 3,771,116 | \$ 3,771,116 | \$ 3,706,308 | \$ (64,808) | \$ (64,808) |
| G & A Golf Operations | 91,236 | 29,917 | 29,917 | 84,981 | 55,064 | 55,064 |
| G & A Solid Waste Operations | 2,102,373 | 2,121,965 | 2,121,965 | 2,014,891 | (107,074) | (107,074) |
| G & A Hote/Motel Fund | - | - | 250,000 | 250,000 | 250,000 | - |
| Transfer - Hotel/Motel Tax - C.V.B. | 330,000 | 330,000 | 404,000 | 405,000 | 75,000 | 1,000 |
| Transfer - Wireless Fund | 400,000 | 350,000 | 450,000 | 450,000 | 100,000 | - |
| Transfer - Child Safety Fund | - | - | - | 50,000 | 50,000 | 50,000 |
| Transfer - Special Revenue Fund Close Out | 81,383 | - | - | - | - | - |
| G & A TIF | 150,000 | 150,000 | 150,000 | 150,000 | - | - |
| G & A Capital Projects | 325,000 | 1,200,000 | 1,374,000 | 1,125,000 | (75,000) | (249,000) |
| Total | \$ 7,226,515 | \$ 7,952,998 | \$ 8,550,998 | \$ 8,236,180 | \$ 283,182 | \$ (314,818) |
| Grand Total General Fund | \$ 94,543,730 | \$ 94,244,376 | \$ 95,260,118 | \$ 95,464,747 | \$ 1,220,371 | \$ 204,629 |

WATER AND SEWER FUND

The Water & Sewer Fund, an enterprise fund and second largest operating fund, provides for the administration, operation, and maintenance of the City's water and wastewater system, and billing and collection activities.

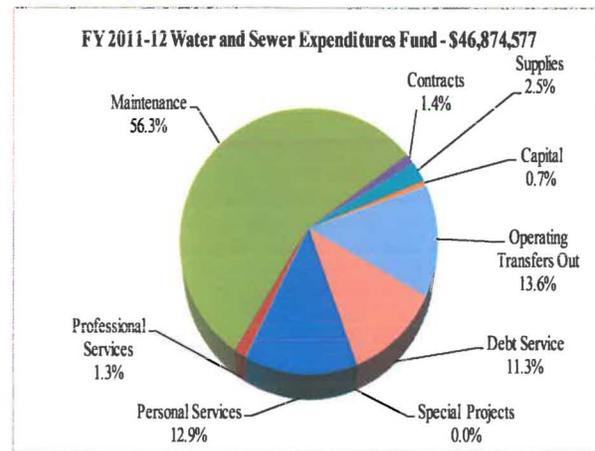
Sources

The services provided by the Water & Sewer Fund are financed through utility customer user fees charged to residential and commercial customers. Water and Sewer rates are periodically reviewed and adjusted to assure that revenues collected are sufficient to fund expenses related to providing water and sewer services.



Uses

The expenditures of the Water and Sewer Fund relate to the purchase of water and sewer services from service providers as well as water and sewer daily operations and infrastructure maintenance and renewal. The purchase of water from North Texas Municipal Water District and sewer services from NTMWD, the City of Garland and the City of Dallas accounts for 53.5% of the expenditures in the Fund.



Fund Balance

The Fund Balance Target for the Water and Sewer Fund is 90 days of expenditures.

WATER AND SEWER DEBT SERVICE FUND

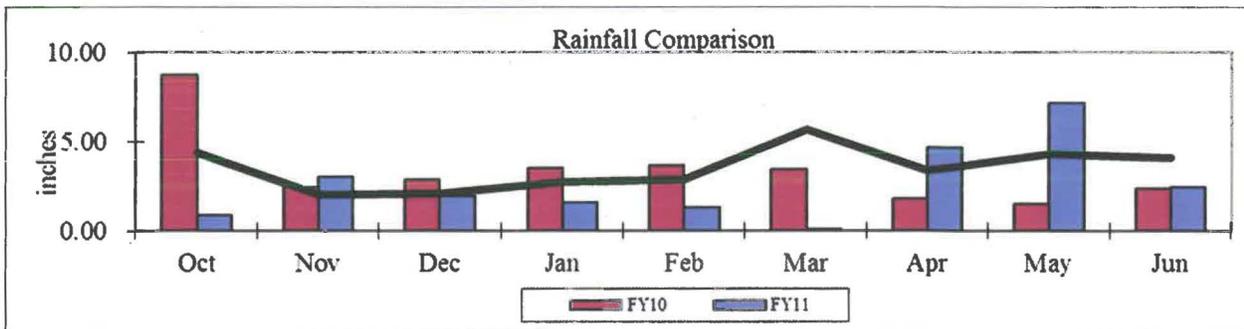
The Water and Sewer Debt Service Fund hosts revenue and expenses for utility debt service obligations. The primary source of revenue is a transfer of revenues from the Water and Sewer Fund generated through the sale of water and sewer services to residential and commercial customers. The expenditures include the annual debt service payments for water and sewer infrastructure renewal projects funded through the issuance of utility certificates of obligations.

WATER AND SEWER FUND

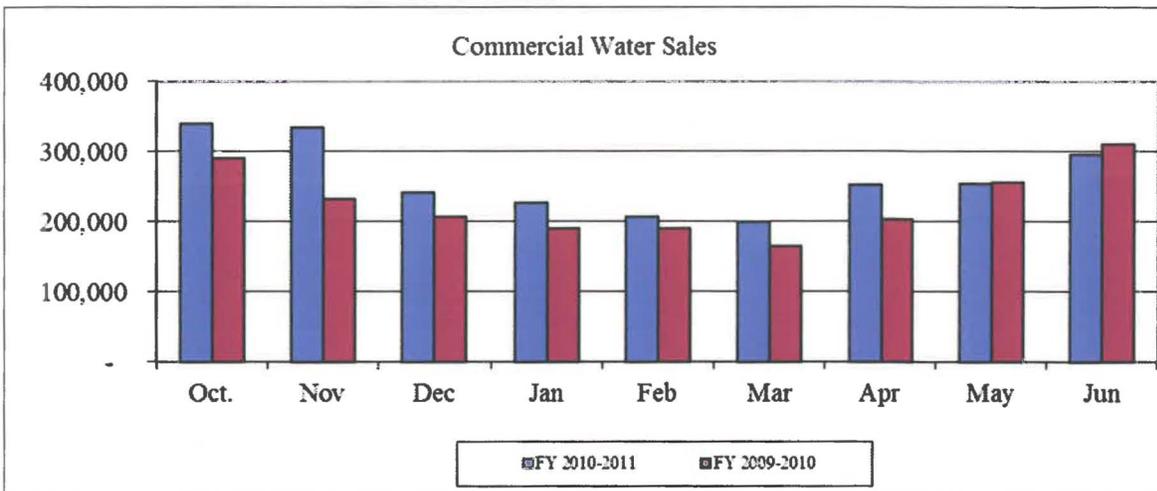
2010-2011 Year End Estimates

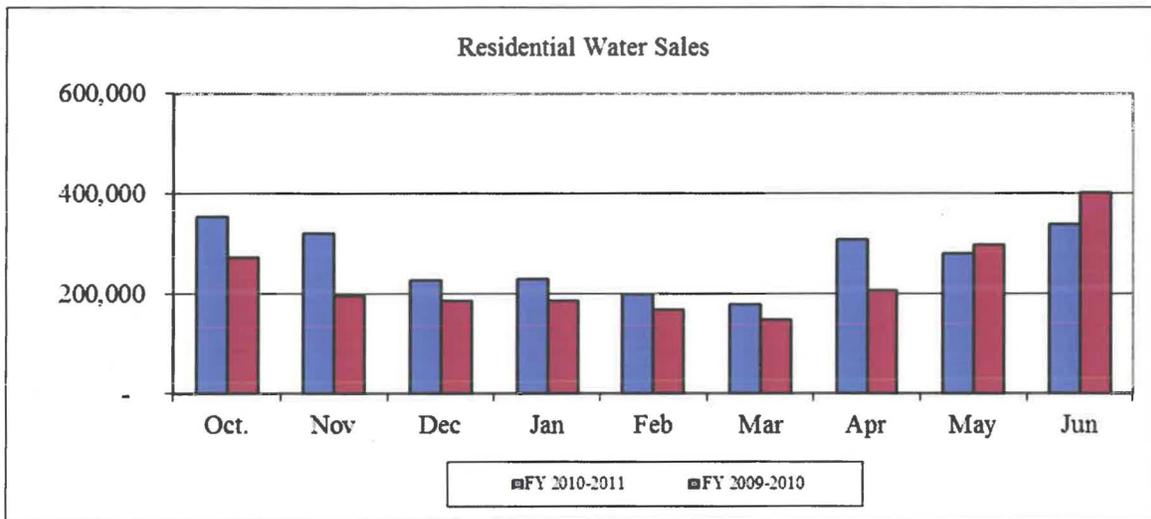
Revenues

- Revenue in the water and sewer fund is a function of the rate structure and expected sales of service. Sales are affected by several factors including weather, consumption patterns, and vacancy rates in commercial and residential properties. In light of continued increasing costs for water and sewer wholesale services, as well as fluctuating demand, Council passed a mid-summer rate increase of 15.50% in FY 2007-2008 followed by a 9.5% increase for sewer at the beginning of FY 2008-2009.
- Revenue projections call for an increase of \$999,000 or 2.3% at year-end over the original budget of \$44.0 Million. This increase also includes the deactivation of the budgeted \$700,000 in rate stabilization. Better than anticipated sales of water and sewer services generated higher revenues than anticipated at this time last summer.
- Through the end of June this year, the City received 23.0” compared to the YTD for FY 2009-2010 of 30.4” and the five-year average of 31.5”.

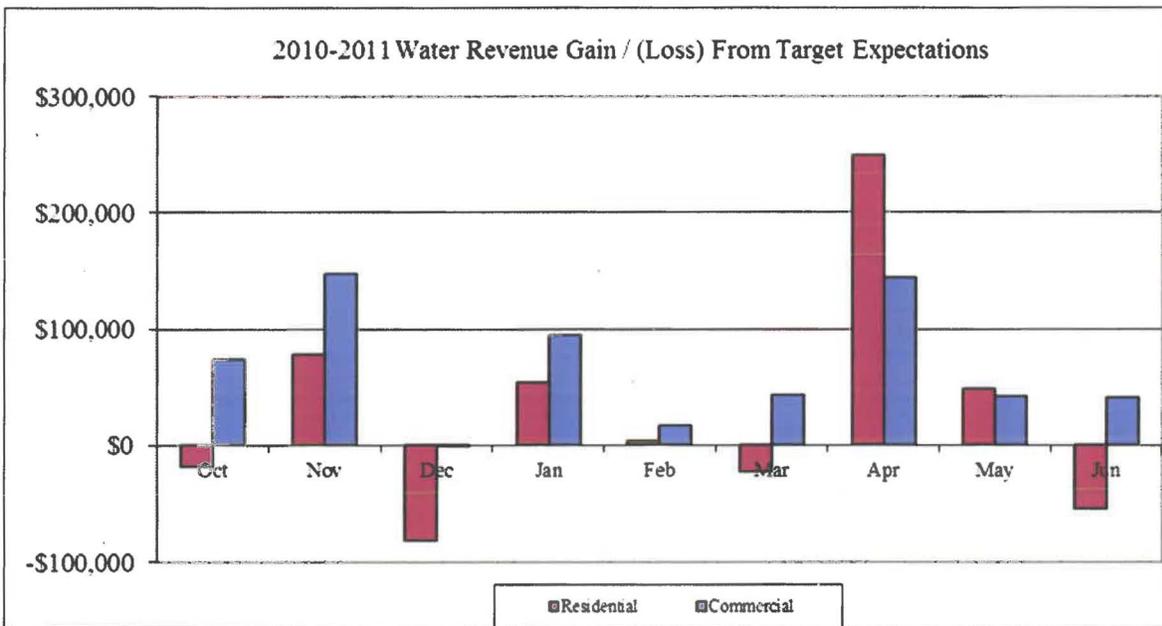


- The following graphics compare current year consumption with last year. Through the end of June, commercial consumption is up 15.0% from last year while residential is up 18.0%.





- This graph measures revenue gain/(loss) from the expected targets for each month this year. When all the variances are added together, water sales are ahead of budget targets by \$861,000.



- The following chart illustrates the changes to our tier structure that have resulted from the NTMWD increases to the wholesale rate since 2001-2002.

| Fiscal Year | 01-02 | 02-03 | 03-04 | 04-05 | 05-06 | 06-07 | 07-08 | 08-09 | 09-10 | 10-11 | |
|-------------------|---------|---------|---------|---------|---------|---------|---------|---------|--------------------|---------|--|
| NTMWD/1,000 gal. | \$ 0.80 | \$ 0.87 | \$ 0.92 | \$ 0.97 | \$ 0.97 | \$ 1.02 | \$ 1.08 | \$ 1.18 | \$ 1.25 | \$ 1.37 | |
| % Increase | 11.30% | 8.80% | 5.85% | 5.40% | 0.00% | 5.20% | 5.90% | 9.25% | 5.90% | 9.60% | |
| City Rates | | | | | | | | | Mid-Yer Adjustment | | |
| Minimum | \$ 6.00 | \$ 6.00 | \$ 6.00 | \$ 6.00 | \$ 6.00 | \$ 6.00 | \$ 6.00 | \$ 7.00 | \$ 7.00 | \$ 7.00 | |
| 0-11,000 gallons | \$ 1.91 | \$ 1.91 | \$ 2.23 | \$ 2.23 | \$ 2.55 | \$ 2.55 | \$ 2.55 | \$ 2.95 | \$ 2.95 | \$ 2.95 | |
| 11,001-20,000 | \$ 2.07 | \$ 2.07 | \$ 2.41 | \$ 2.41 | \$ 2.76 | \$ 2.76 | \$ 2.76 | \$ 3.19 | \$ 3.19 | \$ 3.19 | |
| 20,001-40,000 | \$ 2.16 | \$ 2.16 | \$ 2.52 | \$ 2.52 | \$ 2.88 | \$ 2.88 | \$ 2.88 | \$ 3.33 | \$ 3.33 | \$ 3.33 | |
| 40,001-60,000 | \$ 2.51 | \$ 2.51 | \$ 2.92 | \$ 2.92 | \$ 3.35 | \$ 3.35 | \$ 3.35 | \$ 3.87 | \$ 3.87 | \$ 3.87 | |
| Over 60,000 | \$ 2.63 | \$ 2.63 | \$ 3.07 | \$ 3.07 | \$ 3.51 | \$ 3.51 | \$ 3.51 | \$ 4.05 | \$ 4.05 | \$ 4.05 | |
| % Increase | 9.70% | 0.00% | 16.50% | 0.00% | 14.50% | 0.00% | 0.00% | 15.50% | 0.00% | 0.00% | |

- Year end revenue projections for Water Sales of \$28.0 Million increase \$1.3 Million or 4.7% from our original budget.
- Sewer Sales are projected to end the year up \$427,000 or 2.7% from the original budget of \$15.8 Million.
- As mentioned above, the original budget called for the activation of \$700,000 in rate stabilization which will be deactivated so it remains available for future years.
- Late Charges are expected to be up \$6,000 from the original budget of \$419,000.
- Interest Earnings are expected to finish the year up \$9,000 from the \$3,000 original budget.
- Service Fees are also expected to be up \$5,000 from the \$37,000 originally budgeted.
- Installation Charges are up \$9,000 from the original budget of \$20,000.
- Miscellaneous Revenue is expected to finish the year (\$12,000) below the \$370,000 original budget

Expenditures

- Overall, expenditures and transfers are projected to end the year down (\$271,000) or -0.6% from the original budget of \$44.9 Million.
- Personal Services should finish the year (\$30,000) or -0.5% below the original budget due to standard vacancies throughout the year.
- Professional Services shows a slight decrease of (\$12,000) with small decreases in several line items.
- The Maintenance category is expected to finish the year (\$377,000) below the original budget of \$24.8 Million. Traditionally, we've not estimated rebates from the NTMWD since it's a "board voted" rebate at the end of the Districts fiscal year with no contractual obligation of certainty. With the sizeable declines in water and sewer sales in recent years, we are recognizing rebates for both water and sewer at the same level as last year, \$1.5 Million for water and \$200,000 for sewer services. Most of the decrease comes from estimating final Dallas billings less than anticipated.
- Contracts will show a decrease of (\$39,000) by year-end estimates due to minor decreases across several line items.
- Supplies increase \$97,000 from original budget and can be attributed the inclusion of \$229,000 for prior year encumbrances. This increase is partially offset by \$97,000 in savings for light and power, as well as minor savings across the remainder of the category.
- The Capital category is expected to finish the year just slightly ahead of the \$541,000 budget.
- Operating Transfers Out increase \$84,000 due to increased franchise fees resulting from increased water and sewer sales. This fee is a direct calculation of 5% of water and sewer sales revenue. The General and Administrative Transfer and the BABIC Transfer remain unchanged.
- There is no change to the planned debt service payment of \$4.9 Million.

Fund Balance

- Fund Balance is projected to be 98.9 days at year-end, 8.9 days above the Council approved Financial Policy for the Water and Sewer Fund of “90 Days in Fund Balance”.

Conclusion

- During the Fall of 2011, the City will conduct a thorough rate review and analysis. Given the projected performance of revenue and the increasing costs for services, it is expected that an increase will possibly be needed mid-year 2011-2012.

WATER AND SEWER FUND

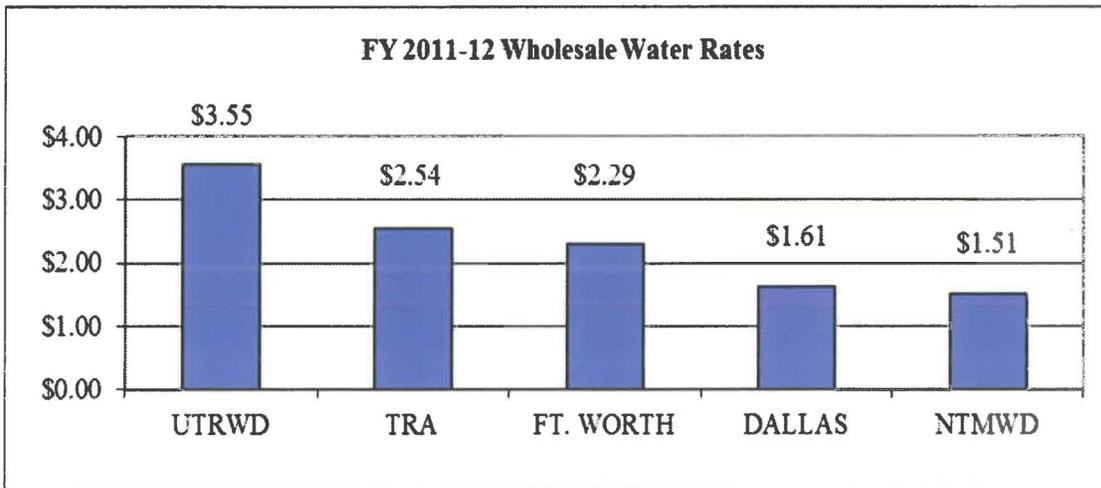
2011-2012 Proposed

Revenues

- Projected revenues for FY 2011-2012 are based on a five-year average of consumption. That period includes the back to back phenomenon of a record setting rainfall and a record setting drought. The other three years in the calculations are considered to be “normal” in their consumption patterns. No rate increase is requested at this time, despite facing a 10.2% increase in wholesale water costs and smaller adjustments from our sewer treatment providers. Staff will report their findings from the aforementioned rate analysis on the completion of that work as anticipated by the end of the 1st Quarter of 2011-2012. If warranted, a recommendation for a rate increase could be made at that time.
- Revenue from Water Sales and Charges is programmed at \$27.7 Million representing a - 1.1% decrease from year-end and is based on an average consumption year.
- Sewer Sales are budgeted at \$16.0 Million or -1.2% below year-end.
- \$1.8 Million of rate stabilization funds will be utilized to assist the fund while the rate study is conducted.
- Late charges rise slightly to \$433,000.
- Remaining revenues should see moderate increases.

Expenditures

- Expenditures and Transfers are proposed at \$46.9 Million representing an increase of \$2.2 Million or 5.0% over year-end estimates. 98% of the increase is attributed to water and sewer services contract increases. The combined increase in the other categories is only \$51,000.
- The Maintenance category is the largest operational expenditure in this fund and includes the costs of water and sewer services. The City is not expecting to set a new “minimum purchase”, however we will be charged an additional \$0.14/1,000 in the price of wholesale water from the NTMWD. This represents an increase of \$1.5 Million or 10.2% over last year. For FY 2011-2012, the total cost of wholesale water increases to \$16.6 Million. We are again assuming a rebate at year end for unsold water of \$1.5 Million making the total “budgeted” charge for water \$15.1 Million.



| Fiscal Year | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 |
|--------------------|---------|---------|---------|---------|------------|
| NTMWD/1,000 gal. | \$ 1.08 | \$ 1.18 | \$ 1.25 | \$ 1.37 | \$ 1.51 |
| % Increase | 5.90% | 9.25% | 5.90% | 9.60% | 10.20% |
| Mid-Yer Adjustment | | | | | <i>TBD</i> |
| City Rates | | | | | |
| Minimum | \$ 6.00 | \$ 7.00 | \$ 7.00 | \$ 7.00 | \$ - |
| 0-11,000 gallons | \$ 2.55 | \$ 2.95 | \$ 2.95 | \$ 2.95 | \$ - |
| 11,001-20,000 | \$ 2.76 | \$ 3.19 | \$ 3.19 | \$ 3.19 | \$ - |
| 20,001-40,000 | \$ 2.88 | \$ 3.33 | \$ 3.33 | \$ 3.33 | \$ - |
| 40,001-60,000 | \$ 3.35 | \$ 3.87 | \$ 3.87 | \$ 3.87 | \$ - |
| Over 60,000 | \$ 3.51 | \$ 4.05 | \$ 4.05 | \$ 4.05 | \$ - |
| % Increase | 0.00% | 15.50% | 0.00% | 0.00% | 0.00% |

| Water Purchases | | | | |
|-----------------------------|--------------|--------------|--------------|--------------|
| | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 |
| Minimum Purchase | 11.0 billion | 11.0 billion | 11.0 billion | 11.0 billion |
| Projected Purchase | 7.3 billion | 7.3 billion | 7.3 billion | 7.5 billion |
| Actual Purchase | 8.3 billion | 7.9 billion | N/A | N/A |
| Purchase as a % of Contract | 76% | 72% | N/A | N/A |
| Wholesale Cost | \$11,538,591 | \$13,774,139 | \$15,096,456 | \$16,639,160 |
| Rebate per 1,000 Gals. | \$0.53 | \$0.44 | N/A | N/A |
| Total Rebate | \$1,464,195 | \$1,355,631 | N/A | N/A |
| Rebate as a % of Total Cost | 12.7% | 9.8% | N/A | N/A |

- Sewer treatment services are expected to increase \$379,000 over the year end estimate of \$9.5 Million. We are again budgeting for a year-end “true-up” of \$200,000 in an effort to recognize variations in flow.
- Together, the wholesale cost of water and sewer treatment services account for \$25.0 Million or 53.5% of the total expenses.
- Personal Services is proposed at \$6.1 Million, an increase of 2.8% over year-end estimates and reflects full staffing and an increase for the City share of employee healthcare premiums.

- Professional Services increase of 9.5% or \$54,000. The Meter Shop will receive an additional \$15,000 to replace 3 large meter vaults and an additional \$8,500 for large meter testing. This proposal provides an additional \$20,000 for the I&I study bringing this year's total to \$100,000. This budget also maintains the current \$125,000 support for the Household Hazardous Waste Disposal Program.
- Contracts increase of \$68,000 or 11.9% over year end and is made up of small increases across several line items including an additional \$23,000 for general liability premiums.
- Supplies show a decrease of (\$164,000) from year-end estimates due to the inclusion of \$229,000 in prior year encumbrances in 2010-2011 year-end estimates. The remaining line items consist of minor increases and decreases from their year-end positions.
- Continuing the "pay-as-you-go" initiative, \$343,000 of capital equipment is proposed in operations.
- Three annual operations programs will be funded through the annual Certificates of Obligation program due to the life expectancy of those repairs, including; \$564,000 for water line replacement, \$184,000 for repair of utility cuts and \$355,000 for the reconstruction of sanitary sewers.
- Operating Transfer Out sees modest decreases in the G&A Transfer and Franchise Fee while the BABIC Transfer remains unchanged at \$467,000.
- The debt service transfer increases \$365,000 to \$5.3 Million to cover debt obligations for this fund.

Fund Balance

- Fund Balance is budgeted at 90.2 days in accordance with the Council approved Financial Policies.

**CITY OF RICHARDSON
SUMMARY OF REVENUES AND EXPENDITURES
WATER AND SEWER FUND**

| 7/20/2011 16:47 | ACTUAL | BUDGET | ESTIMATE | BUDGET | VARIANCE | |
|---|----------------------|----------------------|----------------------|----------------------|------------|------------|
| | FY 2009-10 | FY 2010-11 | FY 2010-11 | FY 2011-12 | BUD to BUD | EST to BUD |
| Beginning Designated Fund Balance | \$ 10,578,969 | \$ 9,679,837 | \$ 11,450,722 | \$ 12,097,322 | 25.0% | 5.6% |
| Reserve for Encumbrances | 200,763 | - | 265,927 | - | N/A | -100.0% |
| Adjusted Beginning Fund Balance | <u>\$ 10,779,732</u> | <u>\$ 9,679,837</u> | <u>\$ 11,716,649</u> | <u>\$ 12,097,322</u> | 25.0% | 3.2% |
| Revenues | | | | | | |
| Water Sales & Charges | \$ 26,490,906 | \$ 26,716,490 | \$ 27,970,407 | \$ 27,674,956 | 3.6% | -1.1% |
| Sewer Sales & Charges | 15,389,382 | 15,770,838 | 16,198,074 | 16,001,492 | 1.5% | -1.2% |
| Rate Stabilization | - | 700,000 | - | 1,800,000 | 157.1% | N/A |
| Late Charges | 401,644 | 418,690 | 424,883 | 433,381 | 3.5% | 2.0% |
| Interest Earnings | 20,449 | 3,374 | 12,545 | 14,101 | 317.9% | 12.4% |
| Service Fees - Others | 37,794 | 36,890 | 42,167 | 43,010 | 16.6% | 2.0% |
| Installation Charges | 24,777 | 20,000 | 28,677 | 29,251 | 46.3% | 2.0% |
| Miscellaneous | 518,950 | 369,402 | 357,883 | 365,041 | -1.2% | 2.0% |
| Total Revenues | <u>\$ 42,883,902</u> | <u>\$ 44,035,684</u> | <u>\$ 45,034,636</u> | <u>\$ 46,361,231</u> | 5.3% | 2.9% |
| Total Available Funds | <u>\$ 53,663,634</u> | <u>\$ 53,715,521</u> | <u>\$ 56,751,285</u> | <u>\$ 58,458,553</u> | 8.8% | 3.0% |
| Expenditures | | | | | | |
| Personal Services | \$ 5,565,828 | \$ 5,918,475 | \$ 5,888,443 | \$ 6,056,018 | 2.3% | 2.8% |
| Professional Services | 473,453 | 579,205 | 567,687 | 621,646 | 7.3% | 9.5% |
| Maintenance | 23,003,636 | 24,750,567 | 24,373,969 | 26,394,475 | 6.6% | 8.3% |
| Contracts | 703,266 | 613,003 | 573,895 | 642,139 | 4.8% | 11.9% |
| Supplies | 1,198,546 | 1,241,057 | 1,338,537 | 1,174,772 | -5.3% | -12.2% |
| Capital | 264,152 | 540,507 | 544,796 | 343,078 | -36.5% | -37.0% |
| Total Expenditures | <u>\$ 31,208,882</u> | <u>\$ 33,642,814</u> | <u>\$ 33,287,327</u> | <u>\$ 35,232,128</u> | 4.7% | 5.8% |
| Operating Transfers Out | | | | | | |
| General and Administrative Charges | \$ 3,746,523 | \$ 3,771,116 | \$ 3,771,116 | \$ 3,706,308 | -1.7% | -1.7% |
| Franchise Fees | 2,094,014 | 2,124,366 | 2,208,424 | 2,183,822 | 2.8% | -1.1% |
| BABIC Program | 466,666 | 466,666 | 466,666 | 466,666 | 0.0% | 0.0% |
| Total Operating Transfers Out | <u>\$ 6,307,203</u> | <u>\$ 6,362,148</u> | <u>\$ 6,446,206</u> | <u>\$ 6,356,796</u> | -0.1% | -1.4% |
| Total Exp. And Oper. Transfers Out | <u>\$ 37,516,085</u> | <u>\$ 40,004,962</u> | <u>\$ 39,733,533</u> | <u>\$ 41,588,924</u> | | |
| Transfers Out | | | | | | |
| Debt Service | \$ 4,430,900 | \$ 4,920,430 | \$ 4,920,430 | \$ 5,285,653 | 7.4% | 7.4% |
| Special Projects | - | - | - | - | N/A | N/A |
| Total Transfers Out | <u>\$ 4,430,900</u> | <u>\$ 4,920,430</u> | <u>\$ 4,920,430</u> | <u>\$ 5,285,653</u> | 7.4% | 7.4% |
| Total Expenditures and Transfers | <u>\$ 41,946,985</u> | <u>\$ 44,925,392</u> | <u>\$ 44,653,963</u> | <u>\$ 46,874,577</u> | 4.3% | 5.0% |
| Revenue Over/(Under) | <u>\$ 936,917</u> | <u>\$ (889,708)</u> | <u>\$ 380,673</u> | <u>\$ (513,346)</u> | -42.3% | -234.9% |
| Reserve for Encumbrances | <u>\$ 265,927</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | N/A | N/A |
| Ending Designated Fund Balance | <u>\$ 11,450,722</u> | <u>\$ 8,790,129</u> | <u>\$ 12,097,322</u> | <u>\$ 11,583,976</u> | 31.8% | -4.2% |
| Days of Fund Balance | 99.64 | 71.42 | 98.88 | 90.20 | 26.3% | -8.8% |

**CITY OF RICHARDSON
REVENUE BY DETAIL
WATER AND SEWER FUND**

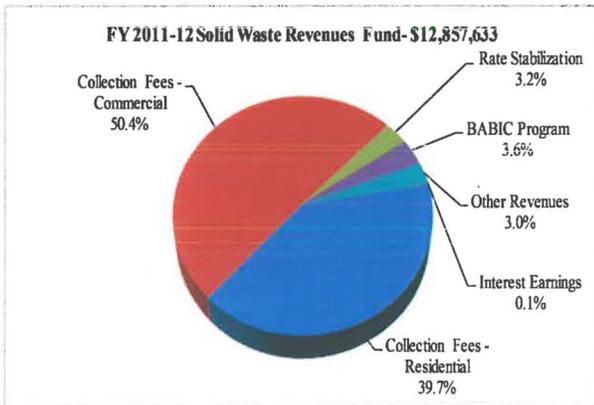
| | ACTUAL | BUDGET | ESTIMATE | BUDGET | VARIANCE | |
|---|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|
| | FY 2009-10 | FY 2010-11 | FY 2010-11 | FY 2011-12 | BUD to BUD | EST to BUD |
| <u>Water and Sewer Revenue</u> | | | | | | |
| Water Sales & Charges | \$ 26,490,906 | \$ 26,716,490 | \$ 27,970,407 | \$ 27,674,956 | \$ 958,466 | \$ (295,451) |
| Sewer Sales & Charges | 15,389,382 | 15,770,838 | 16,198,074 | 16,001,492 | 230,654 | (196,582) |
| Rate Stabilization | - | 700,000 | - | 1,800,000 | 1,100,000 | 1,800,000 |
| Late Charges | 401,644 | 418,690 | 424,883 | 433,381 | 14,691 | 8,498 |
| Interest Earnings | 20,449 | 3,374 | 12,545 | 14,101 | 10,727 | 1,556 |
| Service Fees - Others | 37,794 | 36,890 | 42,167 | 43,010 | 6,120 | 843 |
| Installation Charges | 24,777 | 20,000 | 28,677 | 29,251 | 9,251 | 574 |
| Miscellaneous | 518,950 | 369,402 | 357,883 | 365,041 | (4,361) | 7,158 |
| Total | \$ 42,883,902 | \$ 44,035,684 | \$ 45,034,636 | \$ 46,361,231 | \$ 2,325,547 | \$ 1,326,595 |
| | | | | | | |
| Grand Total Water and Sewer Fund | \$ 42,883,902 | \$ 44,035,684 | \$ 45,034,636 | \$ 46,361,231 | \$ 2,325,547 | \$ 1,326,595 |

SOLID WASTE SERVICES FUND

The Solid Waste Services Fund, an Enterprise Fund, accounts for the residential and commercial solid waste collection services, including residential recycling collection and brush and bulky item collection.

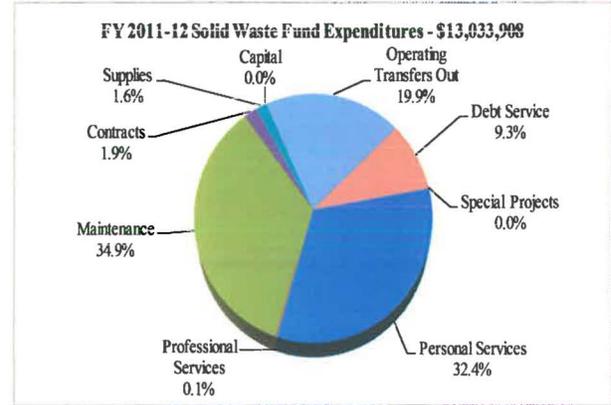
Sources

Monthly services fees charged to residential and commercial customers provide the revenues for the fund. Rates are reviewed annually to confirm that sufficient revenue is generated to fund the anticipated expenses related to solid waste services.



Uses

Expenditures for the daily operations, fleet maintenance and replacement, and disposal fees charged by the North Texas Municipal Water District are hosted in the Solid Waste Services Fund. Disposal Fees comprise 33.4% of the overall expenditures of the fund.



Fund Balance

The established target Fund Balance for the Solid Waste Services Fund is 60 days building to 90 days.

SOLID WASTE SERVICES DEBT SERVICE FUND

The Solid Waste Services Debt Service hosts revenue and expenses for solid waste equipment debt service obligations. The primary source of revenue is a transfer of revenues from the Solid Waste Services Operating Fund generated through the collection of solid waste service fees from residential and commercial customers. The expenditures include the annual debt service payments for solid waste vehicle and equipment replacements funded through the issuance of public property certificates of obligations.

SOLID WASTE SERVICES FUND

2010-2011 Year End Estimates

Revenues

- Solid Waste revenues are projected to end the year (\$610,000) or -4.8% below their original budget of \$12.8 Million and includes the deactivation of the budgeted \$410,000 in rate stabilization funds.
- Residential Collections are tracking down (\$68,000) or -1.3% from the programmed \$5.2 Million. While standard residential accounts are down slightly, we are seeing an increase in the senior discount accounts as the population continues to age. The senior discount program allows a 20% reduction in residential fees for persons 65 years of age and older.
- The FY 2008-2009 residential rate increase of \$1.85 per month increased the monthly rate to \$18.00. The following chart shows the actual cost of service. With a rate of \$18.00/month and an estimated year-end true cost of \$22.75, it's clear Commercial Collections subsidizes Residential Collection \$4.75 per resident each month or almost \$60 per year. For the proposed 2011-2012 budget, that subsidy rises to \$5.42 or \$65 per year.

| Residential Cost Breakdown | | | | |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Actual | Budget | Estimate | Budget |
| | FY 2009-10 | FY 2010-11 | FY 2010-11 | FY 2011-12 |
| Operating Cost | \$7.49 | \$7.99 | \$7.64 | \$7.84 |
| Disposal Costs | 4.29 | 5.17 | 4.61 | 4.96 |
| BABIC | 2.35 | 2.19 | 2.28 | 2.34 |
| Recycling | 1.77 | 1.61 | 1.73 | 1.68 |
| G&A and Fran. Fees | 4.72 | 4.99 | 4.74 | 4.55 |
| Debt | 1.08 | 1.12 | 1.75 | 2.06 |
| | \$21.70 | \$23.08 | \$22.75 | \$23.42 |

- Commercial Collections are tracking down (\$187,000) or -2.9% from an original budget of \$6.4 Million. Commercial clients continue to refine their level of service to achieve better efficiency in their collection schedules.
- This time last year, \$410,000 of rate stabilization funds were budgeted as we began to look at a possible mid-year rate adjustment. Because of the expected year-end position of expenditures, that money will not be activated making it available for future use.
- The BABIC transfer from the Water and Sewer fund will end the year as budgeted at \$467,000.
- The Other Revenue category is expected to finish the year \$55,000 or 17.3% above the original budget of \$315,000 as the markets for recyclables continues to recover from the stagnation of FY 2008-2009.
- Interest Earnings are tracking just slightly up from the original budget of \$2,800.

Expenditures

- Total Expenditures and Transfers are expected to end the year (\$444,000) or -3.5% below the \$12.9 Million programmed for FY 2010-2011.
- Personal Services should finish the year (\$321,000) or -7.4% below its original budget due to savings achieved through normal vacancies and lower contractual labor costs.

- Professional Services is expected to finish the year \$3,000 above its adopted level of \$16,000 as a result of a mid-year use of consultant to assist with the multi-year plan and rate study for the current year.
- Maintenance is expected to decrease (\$35,000) or -0.8% due to minor savings across several accounts in several departments. There is no change in the projected year-end disposal fees paid to the North Texas Municipal Water District. The cost per ton rises slightly again this year, but the City's actual final cost is based on our proportionate share of actual usage at the landfill. At the end of their fiscal year, the District looks at total usage by all five member cities and assigns each their proportionate share based on how many tons, of the total, each city delivered to the landfill.
- Contracts are projected to finish the year (\$21,000) or -8.3% below the original budget of \$250,000. The majority of this savings is due to lower than anticipated property and risk insurance premiums.
- Supplies are expected to end the year (\$58,000) or -21.4% below its budgeted position of \$269,000. The savings is the result of minor savings across several line items.
- The debt service transfer remains unchanged from the budgeted \$1.0 Million.

Fund Balance

- Days in Fund balance are expected to end the year with 99.7 days, in compliance with the adopted financial policy of "60 days building towards 90 days."

SOLID WASTE SERVICES FUND

2011-2012 Proposed

Revenues

- Total revenues are projected to be \$626,000 or 5.1% over year-end estimates.
- Residential Collections are budgeted with a small decline with the ebb and flow of residents and an increasing number of senior discount accounts.
- Commercial Collections Fees are expected to increase 3.6% or \$225,000 over the year-end estimate and includes minor adjustments to the commercial rate structure as well as the expectation of continued improvement in the local economy.
- Rate Stabilization of \$410,000 is activated this year, but will only be used at year-end if necessary based on year-end revenue and expenditure performance. This activation allows the fund to maintain the required 90 days of fund balance. HDR is currently conducting a thorough review of solid waste operations with expected completion by early summer 2012. A rate analysis for both residential and commercial customers will be conducted based on the accepted service enhancements recommended by that work.
- The BABIC transfer from the Water and Sewer fund will remain at \$467,000. This allocation acknowledges the water supply protection provided by the BABIC program.
- Other Revenue increases \$12,000 from year-end estimates as the recyclable market continues to improve.
- Interest Earnings are expected to increase next year as investment opportunities continue to improve.

Expenditures

- Total expenditures and transfers are proposed at \$13.0 Million, an increase of \$611,000 or 4.9% over the year-end estimate of \$12.4 Million.
- Personal Services increase \$217,000 or 5.4% over year-end estimate. The majority of this increase can be attributed to an increase in the City share of employee healthcare premiums. Also included are small increases in overtime for both BABIC and Commercial Collection, as well as the understaffing of 3 positions in Residential Collections in an effort to recognize normal vacancies throughout the year.
- Professional Services decreases -17.4% or (\$3,000) from the year-end estimate and includes funding for an offseason rate analysis.
- The Maintenance category is projected to increase \$298,000 or 7.0% over the year-end estimate due to anticipated growth in tonnage and a minor increase of 2.8% in the disposal fees charged by NTMWD.
- Minor increases in general liability policy premiums and advertising account for the majority of the \$24,000, or 10.3% increase in the Contracts category.
- Supplies decreases (\$8,000) or -3.7% due in large part to savings in the purchase of blue bags for the recycling program.
- The General and Administrative transfer decreases (\$107,000) as a result of the recently completed indirect cost allocation study performed by DMG Maximus.
- Franchise Fees are expected to increase \$10,000 and are calculated as 5% of residential and commercial collection fees.

- The Debt Service Transfer of \$1.2 Million accounts for \$180,000 of the total increase in the fund and is a 17.5% increase over the year-end debt service payment of \$1.0 Million. The increase is the result of the increased equipment replacement debt resulting from the service enhancements enacted over the last few years.

Fund Balance

- FY 2011-2012 fund balance is proposed at 90.1 days. This achieves the goal established in the adopted financial policy of “60 days building towards 90.”

**CITY OF RICHARDSON
SUMMARY OF REVENUES AND EXPENDITURES
SOLID WASTE SERVICES FUND**

| 7/20/2011 16:47 | ACTUAL | BUDGET | ESTIMATE | BUDGET | VARIANCE | |
|---|----------------------|----------------------|----------------------|----------------------|---------------|--------------|
| | FY 2009-10 | FY 2010-11 | FY 2010-11 | FY 2011-12 | BUD to BUD | EST to BUD |
| Beginning Designated Fund Balance | \$ 3,006,997 | \$ 3,318,641 | \$ 3,580,860 | \$ 3,391,848 | 2.2% | -5.3% |
| Reserve for Encumbrances | 714 | - | 1,832 | - | N/A | -100.0% |
| Adjusted Beginning Fund Balance | \$ 3,007,711 | \$ 3,318,641 | \$ 3,582,692 | \$ 3,391,848 | 2.2% | -5.3% |
| Revenues | | | | | | |
| Collection Fees - Residential | \$ 5,143,713 | \$ 5,200,754 | \$ 5,132,694 | \$ 5,107,031 | -1.8% | -0.5% |
| Collection Fees - Commercial | 6,358,636 | 6,446,509 | 6,259,524 | 6,484,714 | 0.6% | 3.6% |
| Rate Stabilization | - | 410,000 | - | 410,000 | 0.0% | N/A |
| BABIC Program | 466,666 | 466,666 | 466,666 | 466,666 | 0.0% | 0.0% |
| Other Revenues | 357,283 | 315,481 | 369,981 | 382,381 | 21.2% | 3.4% |
| Interest Earnings | 4,291 | 2,875 | 3,233 | 6,841 | 137.9% | 111.6% |
| Total Revenues | \$ 12,330,589 | \$ 12,842,285 | \$ 12,232,098 | \$ 12,857,633 | 0.1% | 5.1% |
| Total Available Funds | \$ 15,338,300 | \$ 16,160,926 | \$ 15,814,790 | \$ 16,249,481 | 0.5% | 2.7% |
| Expenditures | | | | | | |
| Personal Services | \$ 4,059,735 | \$ 4,320,246 | \$ 3,999,126 | \$ 4,216,611 | -2.4% | 5.4% |
| Professional Services | 35,654 | 15,550 | 18,829 | 15,550 | 0.0% | -17.4% |
| Maintenance | 3,853,438 | 4,279,681 | 4,245,157 | 4,542,835 | 6.1% | 7.0% |
| Contracts | 274,980 | 250,146 | 229,318 | 252,989 | 1.1% | 10.3% |
| Supplies | 220,411 | 268,850 | 211,241 | 203,460 | -24.3% | -3.7% |
| Capital | - | - | - | - | N/A | N/A |
| Total Expenditures | \$ 8,444,218 | \$ 9,134,473 | \$ 8,703,671 | \$ 9,231,445 | 1.1% | 6.1% |
| Operating Transfers Out | | | | | | |
| General and Administrative Charges | \$ 2,102,373 | \$ 2,121,965 | \$ 2,121,965 | \$ 2,014,891 | -5.0% | -5.0% |
| Franchise Fees | 575,117 | 582,363 | 569,611 | 579,587 | -0.5% | 1.8% |
| Total Operating Transfers Out | \$ 2,677,490 | \$ 2,704,328 | \$ 2,691,576 | \$ 2,594,478 | -4.1% | -3.6% |
| Total Exp. And Oper. Transfers Out | \$ 11,121,708 | \$ 11,838,801 | \$ 11,395,247 | \$ 11,825,923 | | |
| Transfers Out | | | | | | |
| Debt Service | \$ 633,900 | \$ 1,027,695 | \$ 1,027,695 | \$ 1,207,985 | 17.5% | 17.5% |
| Special Projects | - | - | - | - | N/A | N/A |
| Total Transfers Out | \$ 633,900 | \$ 1,027,695 | \$ 1,027,695 | \$ 1,207,985 | 17.5% | 17.5% |
| Total Expenditures and Transfers | \$ 11,755,608 | \$ 12,866,496 | \$ 12,422,942 | \$ 13,033,908 | 1.3% | 4.9% |
| Revenue Over/(Under) | \$ 574,981 | \$ (24,211) | \$ (190,844) | \$ (176,275) | 628.1% | -7.6% |
| Reserve for Encumbrances | \$ 1,832 | \$ - | \$ - | \$ - | N/A | N/A |
| Ending Designated Fund Balance | \$ 3,580,860 | \$ 3,294,430 | \$ 3,391,848 | \$ 3,215,573 | -2.4% | -5.2% |
| Days of Fund Balance | 111.18 | 93.46 | 99.66 | 90.05 | -3.6% | -9.6% |

**CITY OF RICHARDSON
REVENUE BY DETAIL
SOLID WASTE SERVICES FUND**

| | ACTUAL | BUDGET | ESTIMATE | BUDGET | VARIANCE | |
|--|----------------------|----------------------|----------------------|----------------------|------------------|-------------------|
| | FY 2009-10 | FY 2010-11 | FY 2010-11 | FY 2011-12 | BUD to BUD | EST to BUD |
| Solid Waste Services Revenue | | | | | | |
| Collection Fees - Residential | \$ 5,143,713 | \$ 5,200,754 | \$ 5,132,694 | \$ 5,107,031 | \$ (93,723) | \$ (25,663) |
| Collection Fees - Commercial | 6,358,636 | 6,446,509 | 6,259,524 | 6,484,714 | 38,205 | 225,190 |
| Rate Stabilization | - | 410,000 | - | 410,000 | - | 410,000 |
| BABIC Program | 466,666 | 466,666 | 466,666 | 466,666 | - | - |
| Other Revenues | 357,283 | 315,481 | 369,981 | 382,381 | 66,900 | 12,400 |
| Interest Earnings | 4,291 | 2,875 | 3,233 | 6,841 | 3,966 | 3,608 |
| Total | \$ 12,330,589 | \$ 12,842,285 | \$ 12,232,098 | \$ 12,857,633 | \$ 15,348 | \$ 625,535 |
| | | | | | | |
| Grand Total Solid Waste Services Fund | \$ 12,330,589 | \$ 12,842,285 | \$ 12,232,098 | \$ 12,857,633 | \$ 15,348 | \$ 625,535 |

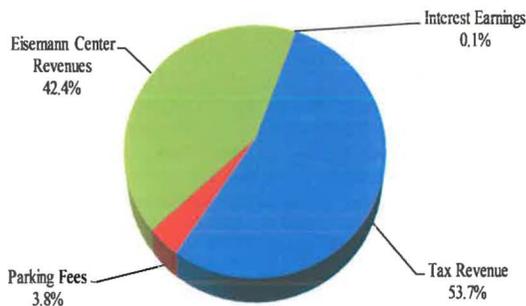
HOTEL MOTEL TAX FUND

The Hotel Motel Tax Fund, an enterprise fund, accounts for the administration, operation, and maintenance of the Charles W. Eisemann Center, parking garage, Convention and Visitors Services and annual grants to local arts organizations.

Sources

The fund is supported by the Hotel/Motel Occupancy Tax, which is restricted by State law to tourism promotion, capital construction, the operation of meeting facilities, or cultural activities as well as the operating revenues received on user fees charged for the use of the Eisemann Center and Parking Garage.

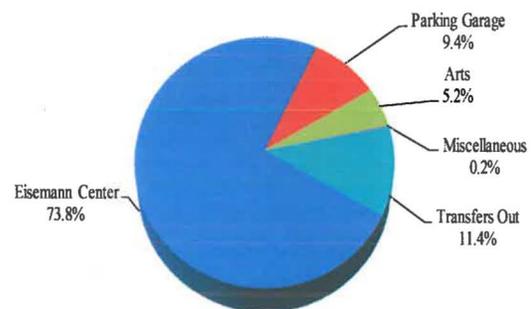
FY 2011-12 Hotel/Motel Tax Fund Revenues - \$5,679,850



Uses

Daily operations at the Eisemann Center and Parking Garage account for 83.2% of the expenditures in the Hotel Motel Tax Fund. Resources for Convention and Visitors Services and local arts grants are also allocated in the Hotel Motel Tax Fund.

FY 2011-12 Hotel/Motel Tax Fund Expenditures - \$5,726,886



Fund Balance

There is no pre-established Fund Balance Target for the Hotel Motel Tax Fund.

HOTEL MOTEL TAX DEBT SERVICE

Hotel Motel Tax Fund resources are transferred to the General Debt Service Fund to assist in funding the annual debt service payment on the Eisemann Center.

HOTEL MOTEL TAX FUND

2010-2011 Year End Estimates

Revenues

- Based on 9-months of revenue receipts and projected activities for the 3 remaining months, the Hotel Motel Tax Fund year-end revenues are projected to end the year up \$190,000 or 3.6% from their budgeted position of \$5.3 Million for 2010-2011.

Hotel/Motel Tax Receipts

- Hotel Motel Tax Receipts are a factor of both room rate and occupancy levels. From January to June 2011, all three major measures are up from last year with the average occupancy over 60%, the average daily rate up 4.1% and the RevPAR (revenue per available room) up 17.9%.

| Year | Occupancy Rate | Average Daily Rate | RevPAR |
|---------------|----------------|--------------------|---------|
| Jan-June 2010 | 56.4% | \$81.01 | \$45.77 |
| Jan-June 2011 | 63.2% | \$84.32 | \$53.97 |

- While the local Hotel/Motel market is continuing the slow recovery begun in the early part of 2010. Hotel/Motel Tax Receipts are anticipated to end the year \$346,000 or 12.8% higher than the 2010-2011 budget projection of \$2.7 Million. A breakdown of the receipts by property is provided below.

| Hotel Property | Actual 2009-2010 | Budget 2010-2011 | Estimated 2010-2011 | Variance Bud to Est |
|------------------------------------|---------------------|---------------------|------------------------|------------------------|
| Como Motel | \$ 18,030 | \$ 18,808 | \$ 20,466 | \$ 1,658 |
| Continental Inn | 20,067 | 20,824 | 20,321 | (503) |
| DoubleTree Hotel | 289,201 | 290,706 | 427,653 | 136,947 |
| Econo Lodge | 28,996 | 29,783 | 39,107 | 9,324 |
| Hampton Inn | 126,245 | 138,853 | 170,547 | 31,694 |
| Hawthorne Suites | 88,623 | 42,291 | 39,011 | (3,280) |
| Hilton Garden Inn | 220,085 | 200,662 | 242,958 | 42,296 |
| Holiday Inn | 189,170 | 188,590 | 192,823 | 4,233 |
| Homestead Suites | 60,700 | 62,511 | 79,521 | 17,010 |
| Hyatt Regency | 429,388 | 450,479 | 512,712 | 62,233 |
| Hyatt Summerfield | 130,927 | 134,899 | 203,727 | 68,828 |
| Mariott Courtyard - Galatyn | 163,959 | 172,732 | 182,945 | 10,213 |
| Marriott Courtyard - Spring Valley | 138,094 | 141,673 | 160,435 | 18,762 |
| Marriott Renaissance | 597,841 | 611,995 | 555,615 | (56,380) |
| Residence Inn | 142,756 | 158,476 | 158,973 | 497 |
| Super 8 | 38,255 | 40,344 | 42,930 | 2,586 |
| TOTAL | \$2,682,337 | \$2,703,626 | \$3,049,744 | \$346,1118 |

Remaining Revenues

- Total Eisemann Center revenues are expected to be down (\$148,000) or -6.2% below budget. Revenues from fees and tickets sales and surcharges and concessions are expected to be down (\$63,000), due primarily to renters cutting back on production/rehearsal days while total performance/event dates are on par with last year. Eisemann Center Presents revenue is

expected to end the year down (\$153,000) due to three shows falling below budget expectations; Ira without George, Bixby, and Reduced Shakespeare Company. There is offsetting expenditure savings for the same reason. The \$68,000 increase under the “miscellaneous” category is the insurance settlement on the broken pipe in the lobby.

- Parking Garage revenues are anticipated to finish the year down (\$9,000) or -4.4% from its budgeted position of \$215,000.

Expenditures

- Total Expenditures and Transfers for 2010-2011 are projected to end the year \$184,000 above the original budget \$5.3 Million.
- The \$15,000 increase in daily operations expenditures at the Eisemann Center is due to the repairs for the broken pipe. This overage is offset by the insurance settlement.
- Eisemann Center Presents Series will recognize (\$140,000) in savings for the reasons mentioned in the revenue discussion.
- Parking Garage expenditures are projected to end the year down (\$4,000) or -0.8%.
- The transfer to the General Fund for funding of the Convention Services Bureau will increase \$74,000 to match the actual estimated expenditures for that department.
- New this year, the fund will begin paying a portion of the indirect costs associated with administering the fund. The recent DMG Maximus study supported an actual G&A transfer of almost \$1 Million. Obviously the fund can't support that level of indirect cost transfer, but with improving stability of revenues, a fractional transfer of \$250,000 will begin at year end.
- The remaining expenditures in the Fund will be on target with the original allocations.

Fund Balance

- The Hotel Motel Tax Fund balance is anticipated to end the year at \$651,000. There is no formal designated fund balance policy for the Hotel Motel Tax Fund.

HOTEL MOTEL TAX FUND

2011-2012 Proposed

Revenues

- Total Revenues for the Hotel/Motel Tax Fund are projected at \$5.7 Million for next year, reflecting a 3.0% increase in overall revenues.

Hotel/Motel Tax Receipts

- Beginning in January of 2011, all hotel properties were required to begin remitting hotel tax receipts every month as opposed to quarterly as allowed by the previous ordinance. This change only affected 7 of our 16 properties, as the others had been remitting monthly already. When a change like this occurs, it's not unusual to get a "bump" in revenue the first year the change occurs since the early quarterly payments may have included one or two months receipts from the prior City of Richardson fiscal year. Such was the case in 2010-2011. When projections are made for the proposed year, these anomalies have to be taken into account and nullified prior to any forecast. It's this reason that hotel receipts are only expected to increase \$2,600 in 2011-2012. If you think of our sales tax calculation where any audit adjustment is removed to get to our "base" level of activity, the same thing has been done here. Once those have been accounted for, each hotels growth was projected between 2% and 4% for 2011-2012.
- For 2011-2012, Hotel/Motel Tax Receipts are budgeted at \$3.0 Million.

| Hotel Property | Actual 2009-2010 | Budget 2010-2011 | Estimated 2010-2011 | Budget 2011-2012 |
|------------------------------------|---------------------|---------------------|------------------------|---------------------|
| Como Motel | \$18,030 | \$18,808 | \$20,466 | \$18,505 |
| Continental Inn | 20,067 | 20,824 | 20,321 | 20,524 |
| DoubleTree Hotel | 289,201 | 290,706 | 427,653 | 440,483 |
| Econo Lodge | 28,996 | 29,783 | 39,107 | 34,201 |
| Hampton Inn | 126,245 | 138,853 | 170,547 | 153,358 |
| Hawthorne Suites | 88,623 | 42,291 | 39,011 | 33,952 |
| Hilton Garden Inn | 220,085 | 200,662 | 242,958 | 247,817 |
| Holiday Inn | 189,170 | 188,590 | 192,823 | 196,679 |
| Homestead Suites | 60,700 | 62,511 | 79,521 | 70,051 |
| Hyatt Regency | 429,388 | 450,479 | 512,712 | 522,966 |
| Hyatt Summerfield | 130,927 | 134,899 | 203,727 | 185,806 |
| Mariott Courtyard - Galatyn | 163,959 | 172,732 | 182,945 | 188,433 |
| Marriott Courtyard - Spring Valley | 138,094 | 141,673 | 160,435 | 166,852 |
| Marriott Renaissance | 597,841 | 611,995 | 555,615 | 572,284 |
| Residence Inn | 142,756 | 158,476 | 158,973 | 162,152 |
| Super 8 | 38,255 | 40,344 | 42,930 | 38,304 |
| TOTAL | \$2,682,337 | \$2,703,626 | \$3,049,744 | \$3,052,367 |

Parking Garage Revenues

- Parking Garage fees are projected at \$215,000, an increase of \$10,000 or 4.8% over year-end.

Eisemann Center Revenues

- Eisemann Center revenues are projected at \$2.4 Million reflecting a \$150,000 or 6.6% increase from estimated year-end. Operations revenue is estimated based on performance

levels similar to FY 2010-2011 levels with some recovery in rental fees. The majority of the revenue increase is due to the Eisemann Center Presents Series for FY 2011-2012 reflecting a normal ticket revenue model after the three shows last year fell below expectations.

Expenditures

- Total Expenditures and Transfers for 2011-2012 are proposed at \$5.7 Million reflecting a \$196,000 increase over current year-end expenditures.
- The Eisemann Center expenditures increase \$155,000 over year-end. The Eisemann Center's daily operations increase \$15,000 and Eisemann Center Presents Series expenditures increase \$140,000, which is offset by matching revenue.
- Parking Garage Expenditures increase 6.9% or \$34,000 based on the parking garage services agreement. The City budgets the maximum allowable by contract. It's worth noting that the contractor has yet to bill the City the whole amount due to good contract performance.
- The Transfer to General Fund – CVB matches the department budget at \$405,000.
- The Hotel/Motel G&A remains static at \$250,000.

Fund Balance

The Fund Balance is projected to end the year at \$609,000.

**CITY OF RICHARDSON
SUMMARY OF REVENUES AND EXPENDITURES
HOTEL/MOTEL TAX FUND**

7/20/2011 16:47

| | ACTUAL FY 2009-10 | BUDGET FY 2010-11 | ESTIMATE FY 2010-11 | BUDGET FY 2011-12 | VARIANCE | |
|--|----------------------|----------------------|------------------------|----------------------|------------|------------|
| | | | | | BUD to BUD | EST to BUD |
| Beginning Designated Fund Balance | \$ 375,676 | \$ 347,494 | \$ 648,006 | \$ 651,471 | 87.5% | 0.5% |
| Reserve for Encumbrances | 6,846 | - | 14,445 | - | N/A | -100.0% |
| Adjusted Beginning Fund Balance | \$ 382,522 | \$ 347,494 | \$ 662,451 | \$ 651,471 | 87.5% | -1.7% |
| Revenues | | | | | | |
| Tax Revenue | \$ 2,682,337 | \$ 2,703,626 | \$ 3,049,744 | \$ 3,052,367 | 12.9% | 0.1% |
| Parking Fees | 178,774 | 214,500 | 205,168 | 215,000 | 0.2% | 4.8% |
| Eisemann Center Revenues | 2,000,314 | 2,406,790 | 2,258,662 | 2,408,519 | 0.1% | 6.6% |
| Interest Earnings | 1,805 | 744 | 1,629 | 3,964 | 432.8% | 143.3% |
| Total Revenues | \$ 4,863,230 | \$ 5,325,660 | \$ 5,515,203 | \$ 5,679,850 | 6.7% | 3.0% |
| Total Available Funds | \$ 5,245,752 | \$ 5,673,154 | \$ 6,177,654 | \$ 6,331,322 | 11.6% | 2.5% |
| Operating Expenditures | | | | | | |
| Eisemann Center | \$ 3,511,503 | \$ 4,195,838 | \$ 4,069,982 | \$ 4,225,436 | 0.7% | 3.8% |
| Parking Garage | 437,493 | 505,654 | 501,801 | 536,250 | 6.1% | 6.9% |
| Total Expenditures | \$ 3,948,996 | \$ 4,701,492 | \$ 4,571,783 | \$ 4,761,686 | 1.3% | 4.2% |
| Other Uses | | | | | | |
| Arts | \$ 295,000 | \$ 300,000 | \$ 300,000 | \$ 300,000 | 0.0% | 0.0% |
| Miscellaneous | 9,305 | 10,200 | 400 | 10,200 | 0.0% | 2450.0% |
| Total Other Uses | \$ 304,305 | \$ 310,200 | \$ 300,400 | \$ 310,200 | 0.0% | 3.3% |
| Total Exp. And Other Uses | \$ 4,253,301 | \$ 5,011,692 | \$ 4,872,183 | \$ 5,071,886 | | |
| Transfers Out | | | | | | |
| Transfer to General Fund - C.V.B. | \$ 330,000 | \$ 330,000 | \$ 404,000 | \$ 405,000 | 22.7% | 0.2% |
| General and Administrative Charges | - | - | 250,000 | 250,000 | N/A | 0.0% |
| Total Transfers Out | \$ 330,000 | \$ 330,000 | \$ 654,000 | \$ 655,000 | 98.5% | 0.2% |
| Total Expenditures and Transfers | \$ 4,583,301 | \$ 5,341,692 | \$ 5,526,183 | \$ 5,726,886 | 7.2% | 3.6% |
| Revenue Over/(Under) | \$ 279,929 | \$ (16,032) | \$ (10,980) | \$ (47,036) | 193.4% | 328.4% |
| Reserve for Encumbrances | \$ 14,445 | \$ - | \$ - | \$ - | N/A | N/A |
| Ending Designated Fund Balance | \$ 648,006 | \$ 331,462 | \$ 651,471 | \$ 604,436 | 82.4% | -7.2% |

**CITY OF RICHARDSON
REVENUE BY DETAIL
HOTEL/MOTEL TAX FUND**

| | ACTUAL | BUDGET | ESTIMATE | BUDGET | VARIANCE | |
|---|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|
| | FY 2009-10 | FY 2010-11 | FY 2010-11 | FY 2011-12 | BUD to BUD | EST to BUD |
| <u>Tax Revenue</u> | | | | | | |
| Como Motel | \$ 18,030 | \$ 18,808 | \$ 20,466 | \$ 18,505 | \$ (303) | \$ (1,961) |
| Continental Inn | 20,067 | 20,824 | 20,321 | 20,524 | (300) | 203 |
| DoubleTree Hotel | 289,201 | 290,706 | 427,653 | 440,483 | 149,777 | 12,830 |
| Econo Lodge | 28,996 | 29,783 | 39,107 | 34,201 | 4,418 | (4,906) |
| Hampton Inn | 126,245 | 138,853 | 170,547 | 153,358 | 14,505 | (17,189) |
| Hawthorne Suites | 88,623 | 42,291 | 39,011 | 33,952 | (8,339) | (5,059) |
| Hilton Garden Inn | 220,085 | 200,662 | 242,958 | 247,817 | 47,155 | 4,859 |
| Holiday Inn | 189,170 | 188,590 | 192,823 | 196,679 | 8,089 | 3,856 |
| Homestead Suites | 60,700 | 62,511 | 79,521 | 70,051 | 7,540 | (9,470) |
| Hyatt Regency | 429,388 | 450,479 | 512,712 | 522,966 | 72,487 | 10,254 |
| Hyatt Summerfield | 130,927 | 134,899 | 203,727 | 185,806 | 50,907 | (17,921) |
| Mariott Courtyard - Galatyn | 163,959 | 172,732 | 182,945 | 188,433 | 15,701 | 5,488 |
| Marriott Courtyard - Spring Valley | 138,094 | 141,673 | 160,435 | 166,852 | 25,179 | 6,417 |
| Marriott Renaissance | 597,841 | 611,995 | 555,615 | 572,284 | (39,711) | 16,669 |
| Residence Inn | 142,756 | 158,476 | 158,973 | 162,152 | 3,676 | 3,179 |
| Super 8 | 38,255 | 40,344 | 42,930 | 38,304 | (2,040) | (4,626) |
| Total | \$ 2,682,337 | \$ 2,703,626 | \$ 3,049,744 | \$ 3,052,367 | \$ 348,741 | \$ 2,623 |
| <u>Parking Fees</u> | | | | | | |
| Parking Garage | \$ 178,774 | \$ 214,500 | \$ 205,168 | \$ 215,000 | \$ 500 | \$ 9,832 |
| Total | \$ 178,774 | \$ 214,500 | \$ 205,168 | \$ 215,000 | \$ 500 | \$ 9,832 |
| <u>Eisemann Center Revenue</u> | | | | | | |
| Fees | \$ 619,238 | \$ 707,000 | \$ 655,573 | \$ 710,000 | \$ 3,000 | \$ 54,427 |
| Ticket Sales and Surcharges | 162,522 | 200,000 | 187,095 | 200,000 | - | 12,905 |
| Concessions | 16,000 | 17,000 | 18,106 | 19,000 | 2,000 | 894 |
| Eisemann Presents Revenue | 1,104,654 | 1,419,790 | 1,266,869 | 1,419,519 | (271) | 152,650 |
| Miscellaneous | 97,900 | 63,000 | 131,019 | 60,000 | (3,000) | (71,019) |
| Total | \$ 2,000,314 | \$ 2,406,790 | \$ 2,258,662 | \$ 2,408,519 | \$ 1,729 | \$ 149,857 |
| <u>Interest Earnings</u> | | | | | | |
| Interest Earnings | \$ 1,805 | \$ 744 | \$ 1,629 | \$ 3,964 | \$ 3,220 | \$ 2,335 |
| Total | \$ 1,805 | \$ 744 | \$ 1,629 | \$ 3,964 | \$ 3,220 | \$ 2,335 |
| Grand Total Hotel/Motel Tax Fund | \$ 4,863,230 | \$ 5,325,660 | \$ 5,515,203 | \$ 5,679,850 | \$ 354,190 | \$ 164,647 |

EISEMANN CENTER EXPENDITURE DETAIL

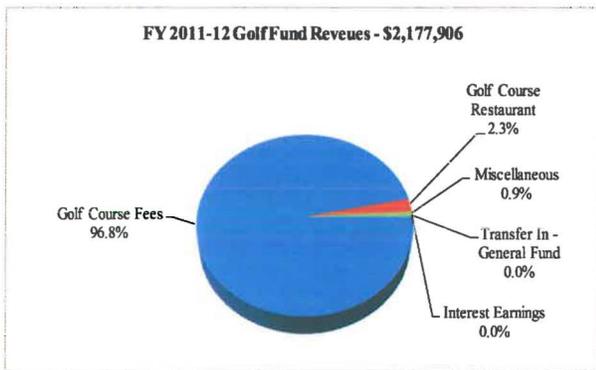
| <u>Eisemann Center Expenditures</u> | ACTUAL | BUDGET | ESTIMATE | BUDGET | VARIANCE | |
|--|---------------------|---------------------|---------------------|---------------------|------------------|-------------------|
| | FY 2009-10 | FY 2010-11 | FY 2010-11 | FY 2011-12 | BUD to BUD | EST to BUD |
| Eisemann Center | \$ 2,594,410 | \$ 2,776,048 | \$ 2,790,635 | \$ 2,805,918 | \$ 29,870 | \$ 15,283 |
| Eisemann Center Presents | 917,093 | 1,419,790 | 1,279,347 | 1,419,518 | (272) | 140,171 |
| Total Eisemann Center Expenditures | \$ 3,511,503 | \$ 4,195,838 | \$ 4,069,982 | \$ 4,225,436 | \$ 29,598 | \$ 155,454 |

GOLF FUND

The Golf Fund, an enterprise fund, provides for the administration, operation, maintenance, and periodic renovation of Sherrill Park Golf Course.

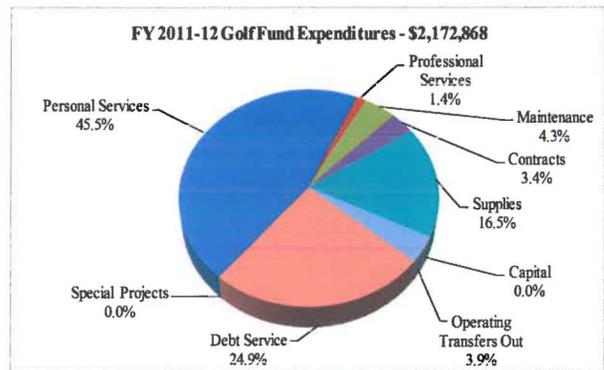
Sources

Revenues for the Golf Fund are generated through golf fees charged to patrons. The number of rounds of golf played on annual basis drive the revenues of the Fund. The number of rounds played is affected by the weather climate and competition in the regional golf market.



Uses

Expenditures include expenses related to daily operations, course maintenance, fleet maintenance and replacement, and special projects. Personal Services account for 45.5% of all expenditures in the Golf Fund.



Fund Balance

The established target Fund Balance for the Golf Fund is 30 days building to 60 days.

GOLF DEBT SERVICE FUND

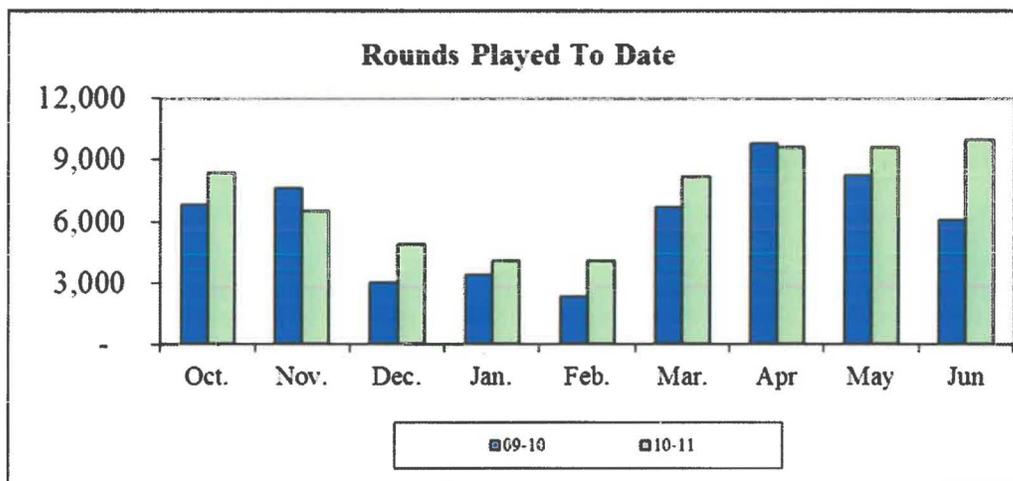
The Golf Debt Service Fund host the annual debt service payment associated with major course improvements or renovations. Revenues generated in the Golf Operating Fund are transferred to the Golf Debt Service Fund to provide the resources for the annual expenditures.

GOLF FUND

2010-2011 Year End Estimates

Revenues

- Revenues for the Golf Fund are expected to end the year \$45,000 or -2.1% below the budgeted \$2.1 Million.
- Course Fees are expected to finish the year at \$1.8 Million, down (\$237,000) or -11.4% below the original budget amount for 2010-2011. Rounds played of 65,231 are up 11,337 or 21.0% from this time last year but still below the five year average (excluding last year) of 68,180. It's also important to note when the rounds are played as that has a direct impact on the course fee. The lower priced twilight rounds are up while regular price day rounds are down, more people are waiting till the lower price goes into effect to play.



- The economy continues to affect play as evidenced by the shift toward the lower priced twilight rounds. The General Fund will again provide support to the fund with a transfer of \$165,000 in FY 2010-11. This transfer will help the fund achieve and maintain the Council approved financial policy fund balance of “30 building to 60” days in fund balance.
- Revenue from the golf course restaurant is projected to finish the year up slightly to \$49,000 from the original \$47,000
- Miscellaneous revenue is anticipated to be \$26,000 above the \$17,000 budgeted due to in large part to the insurance settlement of \$19,000 on the damage to the wall and gate at Sherrill Park.

Expenditures

- Total Golf Fund Expenditures and Transfers are expected to end the year at \$2.1 Million, a savings of (\$33,000) from the original budget. Excluding the capital expense of \$19,000 to repair the fence and gate, the other expenditure categories combine for savings of (\$53,000) from original budget.

Fund Balance

- Given the projected revenue and expenditure performance, the days in fund balance in the Golf Fund will end the year at 30.6 days, in compliance with the Council approved financial policy of “30 days building to 60.”

GOLF FUND

2011-2012 Proposed

Revenues

- Revenues for the Golf Fund are projected at \$2.2 Million for FY 2011-2012. This represents a 3.9% growth in anticipated revenues over year-end estimates. This projection is based on an increase in green fees and a return to 100,000 rounds played, a full recovery from FY 2009-2010. The green fee increase consists of a \$4.00 increase to the weekend rack rate and a \$2.00 increase to all other green fee categories. There will be no change to resident and senior punch card rates.

| | | Current | Proposed | Proposed w/ Cart |
|-------------------|--------------------------|---------|----------|------------------|
| #1 Weekend | Regular Rate | \$34 | \$38 | \$47 |
| | 1 st Twilight | \$24 | \$26 | \$35 |
| | 2 nd Twilight | \$18 | \$20 | \$29 |
| | Super Twilight | \$14 | \$16 | \$25 |
| #1 Weekday | Regular Rate | \$24 | \$26 | \$35 |
| | 1 st Twilight | \$18 | \$20 | \$29 |
| | 2 nd Twilight | \$16 | \$18 | \$27 |
| | Super Twilight | \$12 | \$14 | \$23 |
| | Sr./Jr. | \$16 | \$18 | \$27 |
| #2 Weekend | Regular Rate | \$28 | \$32 | \$41 |
| | 1 st Twilight | \$18 | \$20 | \$29 |
| | 2 nd Twilight | \$14 | \$16 | \$25 |
| | Super Twilight | \$10 | \$12 | \$21 |
| #2 Weekday | Regular Rate | \$20 | \$22 | \$31 |
| | 1 st Twilight | \$14 | \$16 | \$25 |
| | 2 nd Twilight | \$12 | \$14 | \$23 |
| | Super Twilight | \$8 | \$10 | \$19 |
| | Sr./Jr. | \$14 | \$16 | \$25 |

Expenditures

- Total Expenditures and Transfers for the Golf Fund are proposed at \$2.2 Million, an increase of \$62,000 or 2.9% from year-end estimates.
- Personal Services will increase \$66,000 or 7.1% from year-end and consists of an increase in the City's employee healthcare premiums, as well as full staffing and a slight increase in both part-time and overtime.
- Professional Services, which hosts the alarm monitoring and courier service, as well as the tree pruning contract, will increase \$1,500 for contract increases in alarm monitoring and courier service. The tree pruning contract has been excluded this year.
- Maintenance increases \$1,500 or 1.6%. Irrigation system maintenance will increase \$2,700 to \$22,700 while small equipment rental fees will increase \$1,200 for the ice

machine rental and occasional use of trenchers, jack hammers, etc. Maintenance for the smaller equipment will decrease from \$65,000 to \$62,600.

- Contracts increases \$11,000 or 16.7% primarily due to an additional \$7,000 for a course wide reprint of scorecards and tee sheets. Another \$1,500 is for an increase in the general liability insurance and another \$1,500 for advertising.
- Supplies increase \$4,600 or 1.3% and include increased botanical services, janitorial supplies as well as minor increases in office supplies.
- At this point in time, no funding is being made available for the purchase of capital equipment though the golf professional will continue his annual replacement of the golf cart fleet.
- The General and Administrative charge increases \$55,000 as a result of the aforementioned indirect costs analysis performed on all funds.
- Debt Service continues to represent the full, yearly obligation of outstanding debt for the fund.

Fund Balance

- Given the projected revenue and expenditure performance, the days in fund balance of 30.5 will be in compliance with Council approved “30 building to 60” days.

**CITY OF RICHARDSON
SUMMARY OF REVENUES AND EXPENDITURES
GOLF FUND**

| 7/20/2011 16:47 | ACTUAL FY 2009-10 | BUDGET FY 2010-11 | ESTIMATE FY 2010-11 | BUDGET FY 2011-12 | VARIANCE | |
|---|----------------------|----------------------|------------------------|----------------------|----------------|----------------|
| | | | | | BUD to BUD | EST to BUD |
| Beginning Designated Fund Balance | \$ 267,809 | \$ 184,061 | \$ 191,378 | \$ 176,689 | -4.0% | -7.7% |
| Reserve for Encumbrances | 573 | - | 1,341 | - | N/A | -100.0% |
| Adjusted Beginning Fund Balance | \$ 268,382 | \$ 184,061 | \$ 192,719 | \$ 176,689 | -4.0% | -8.3% |
| Revenues | | | | | | |
| Golf Course Fees | \$ 1,488,442 | \$ 2,075,564 | \$ 1,838,141 | \$ 2,107,299 | 1.5% | 14.6% |
| Golf Course Restaurant | 36,346 | 47,456 | 48,614 | 51,045 | 7.6% | 5.0% |
| Miscellaneous | 132,213 | 17,474 | 43,509 | 19,221 | 10.0% | -55.8% |
| Transfer In - General Fund | 575,000 | - | 165,000 | - | N/A | -100.0% |
| Interest Earnings | 119 | 61 | 37 | 341 | 459.0% | 821.6% |
| Total Revenues | \$ 2,232,120 | \$ 2,140,555 | \$ 2,095,301 | \$ 2,177,906 | 1.7% | 3.9% |
| Total Available Funds | \$ 2,500,502 | \$ 2,324,616 | \$ 2,288,020 | \$ 2,354,595 | 1.3% | 2.9% |
| Expenditures | | | | | | |
| Personal Services | \$ 914,991 | \$ 953,007 | \$ 923,533 | \$ 989,133 | 3.8% | 7.1% |
| Professional Services | 37,825 | 28,673 | 28,650 | 30,183 | 5.3% | 5.4% |
| Maintenance | 85,499 | 95,690 | 92,500 | 94,008 | -1.8% | 1.6% |
| Contracts | 79,641 | 85,591 | 63,257 | 73,813 | -13.8% | 16.7% |
| Supplies | 324,017 | 351,800 | 354,105 | 358,750 | 2.0% | 1.3% |
| Capital | 165,626 | - | 19,459 | - | N/A | -100.0% |
| Total Expenditures | \$ 1,607,599 | \$ 1,514,761 | \$ 1,481,504 | \$ 1,545,887 | 2.1% | 4.3% |
| Operating Transfers Out | | | | | | |
| General and Administrative Charges | \$ 91,236 | \$ 29,917 | \$ 29,917 | \$ 84,981 | 184.1% | 184.1% |
| Total Operating Transfers Out | \$ 91,236 | \$ 29,917 | \$ 29,917 | \$ 84,981 | 184.1% | 184.1% |
| Total Exp. And Oper. Transfers Out | \$ 1,698,835 | \$ 1,544,678 | \$ 1,511,421 | \$ 1,630,868 | | |
| Transfers Out | | | | | | |
| Debt Service | \$ 608,948 | \$ 599,910 | \$ 599,910 | \$ 542,000 | -9.7% | -9.7% |
| Special Projects | - | - | - | - | N/A | N/A |
| Total Transfers Out | \$ 608,948 | \$ 599,910 | \$ 599,910 | \$ 542,000 | -9.7% | -9.7% |
| Total Expenditures and Transfers | \$ 2,307,783 | \$ 2,144,588 | \$ 2,111,331 | \$ 2,172,868 | 1.3% | 2.9% |
| Revenue Over/(Under) | \$ (75,663) | \$ (4,033) | \$ (16,030) | \$ 5,038 | -224.9% | -131.4% |
| Reserve for Encumbrances | \$ 1,341 | \$ - | \$ - | \$ - | N/A | N/A |
| Ending Designated Fund Balance | \$ 191,378 | \$ 180,028 | \$ 176,689 | \$ 181,727 | 0.9% | 2.9% |
| Days of Fund Balance | 30.27 | 30.64 | 30.55 | 30.53 | -0.4% | -0.1% |

**CITY OF RICHARDSON
REVENUE BY DETAIL
GOLF FUND**

| | ACTUAL | BUDGET | ESTIMATE | BUDGET | VARIANCE | |
|------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|
| | FY 2009-10 | FY 2010-11 | FY 2010-11 | FY 2011-12 | BUD to BUD | EST to BUD |
| <u>Golf Revenue</u> | | | | | | |
| Golf Course Fees | \$ 1,488,442 | \$ 2,075,564 | \$ 1,838,141 | \$ 2,107,299 | \$ 31,735 | \$ 269,158 |
| Golf Course Restaurant | 36,346 | 47,456 | 48,614 | 51,045 | 3,589 | 2,431 |
| Miscellaneous | 132,213 | 17,474 | 43,509 | 19,221 | 1,747 | (24,288) |
| Transfer In - General Fund | 575,000 | - | 165,000 | - | - | (165,000) |
| Interest Earnings | 119 | 61 | 37 | 341 | 280 | 304 |
| Total | \$ 2,232,120 | \$ 2,140,555 | \$ 2,095,301 | \$ 2,177,906 | \$ 37,351 | \$ 82,605 |
| | | | | | | |
| Grand Total Golf Fund | \$ 2,232,120 | \$ 2,140,555 | \$ 2,095,301 | \$ 2,177,906 | \$ 37,351 | \$ 82,605 |

2011-12 CAPITAL IMPROVEMENT PROGRAM AND DEBT SERVICE PLAN OVERVIEW

Background & Overview

- The City closely coordinates the Capital Improvement Plan (CIP) and the related debt service planning with the annual Operating Budget development. This allows an integrated and accurate development of the Debt Service fund segments of the overall budget.
- Funding resources for the City's capital program occur through a variety of sources, both of local city origin and from other agencies, and can be a dynamic process within the fiscal year. The City has taken an active posture in seeking "external" funding support for capital efforts, which can lower the local expense component of a project.
- The main budgetary aspects to the capital program are the debt service requirements, and properly tracking the special revenues, grant funding, capital surplus transfers and other capital funds that the City oversees. Key funding types include:
 - Annual short-term Certificate of Obligation (C.O.) Bond property notes.
 - General Capital Special Projects from year ending transfers, when available.
 - General Obligation (G.O.) Bond & Certificate of Obligation (C.O.) funding.
 - Utility Special Capital Projects from year ending transfers, when available.
 - Self-supporting enterprise debt for the Golf, Solid Waste Services, and Water and Sewer Funds
 - Other developer-financed or special project capital funding.
 - Tax Increment Financing (TIF) revenue of the City
 - Court Technology Funds
 - Federal and/or State Transportation Grants
 - Dallas County Parks and Trail Pay As You Go Program.
 - Dallas County Capital Program Pay As You Go Program.
 - Collin County Bond Program – Open Space and Transportation
 - Texas Parks and Wildlife
 - Federal/State Homeland Security Grants
 - Philanthropy Gifts & Sponsorship Funding
 - Federal or State Pass-Through Stimulus Grants

An Active Current Capital Improvement Program

- Following the favorable passage of the \$66 million 2010 G.O. Bond referendum in May 2010, the City of Richardson has been active with implementation for these capital projects. Also as an active capital program element has been the \$8.5 million C.O. Bond that was part of Series 2010 to implement an important public safety radio technology upgrade.
- As explained to the voters in the referendum information, a required \$0.06 property tax rate for debt only would be required if all propositions passed.
- With the completion of the Series 2010 bond sale and the development of the subsequent 2010-2011 budget, the debt service tax rate was adjusted by the \$0.06 as this

current 2010-2011 budget would experience the first year of the higher debt service requirements.

- The \$7.965 million Series 2011 Bond Issue program was implemented by an April 11, 2011 City Council action. Series 2011 was greatly reduced from the prior year's activity, and returned to a debt program for only equipment purchases and our ongoing Utility infrastructure program.
 - In the related bond rating efforts this past Spring 2011, Moody's and S&P were able to fully assess the City's actions of the previous year associated with the implementation of the \$66 million G.O. bond program and related debt service tax rate increase. They also viewed the modest Series 2011 program that was pending at that time. The resulting bond ratings of **AAA by S&P and Aaa by Moody's** confirmed again that the City's debt management practices met all recognized credit quality standards for this highest grading.
 - Series 2011 was fashioned to continue the City's short-term notes program for capital replacements for the General and Solid Waste funds, scheduled fire apparatus upgrade, and the ongoing Utility C.I.P. program only.

| Series 2011: 2010-2011 Debt Issuance Program– All Funds | | | |
|--|------------------|--|---------------------------|
| Amount | Bond Type | Purpose | Debt Service |
| \$2.900 million | C.O. | General Fund Capital Equipment – 4 yr. | General Debt Service |
| \$0.185 million | C.O. | General Fund Fire Equipment – 8 yr. | General Debt Service |
| \$1.380 million | C.O. | Solid Waste Services Capital Equipment – 8 yr. | Solid Waste Debt Service |
| \$3.500 million | C.O. | 2010-2011 Water and Sewer C.I.P. – 20 yr. | Utility Fund Debt Service |
| \$7.965 million | Total | | |

2010-2011 General Debt Service Fund Balance Maintenance Adjustments

- With the recent pattern of tax roll supplement reductions following the formal certification, an ongoing debt management attention has been focused on maintaining our General Debt Service fund balances (30 days). Ongoing appraisal reviews and related appraisal litigation has yielded reductions from the annual certified roll which was used to establish the property tax revenue intended for general debt service. Other debt service supporting revenue assumptions can also change. When this occurs, the City must take fund balance maintenance steps, both in year-ending reviews and in upcoming budget preparations.
 - For the current 2010-2011 year, the property tax allocation to General Debt Service is below budget by about \$330,000. A supplemental **\$330,000** is proposed to be transferred in from the General Fund during this current fiscal year to resolve this shortfall and not allow a fund balance reduction.

**2011-2012 Capital Improvement Program
AND RELATED DEBT SERVICE PLAN**

- The key focuses for the capital program in 2011-12 are:
 - Continued implementation of the large 2010 \$66 million G.O. and radio technology C.O. capital program in keeping with the project construction sequence and strategy discussions provided by the City Council.
 - Continue community awareness efforts through web-based and other communication media on the variety of interests in the new C.I.P. program: design updates, construction phasing and progress, project completions / openings, etc.
- The Series 2010 bond sale was a significant event to gain important new capital resources to meet the next era of infrastructure and facility improvements for Richardson. Implementation of these capital projects will be a multi-year effort. The scope of these projects was also very forward-looking, providing key facility and infrastructure upgrades to provide benefits for decades to come.
- Below is a reference table of the debt tax rate actions for the recent fiscal years and for the coming FY 2011-2012 Fiscal Year.

| Year | Debt Rate | Operations Rate | TOTAL |
|---------|------------|-----------------|-----------|
| 2008-09 | \$0.21235 | \$0.36281 | \$0.57516 |
| 2009-10 | \$0.21235 | \$0.36281 | \$0.57516 |
| 2010-11 | *\$0.27235 | \$0.36281 | \$0.63516 |
| 2011-12 | \$0.27235 | \$0.36281 | \$0.63516 |

* Six cent revision for 2010 G.O. program to debt service side only

- The attached updated General Debt Service scenario plan evaluated the impact of the following factors in providing the debt management plan for 2011-2012:
 - For 2011-2012, this updated model has factored the currently anticipated **-2.0%** property tax roll reduction (-2.33% after V.I.D. and T.I.F. adjustments to the tax base).
 - This plan was updated on a tax base outlook that considers a cautious recovery of **0%** for 2012-2013, **1%** for 2013-2014, and **2%** for 2014-2017.
 - The outlook years also factor the continuation of the City’s short-term notes program for capital replacements and periodic fire apparatus upgrades to assure their baseline inclusion.
- Importantly, this updated debt plan shows no anticipated “spikes” in debt tax rate requirements for the existing or newly added debt under the assumptions above of some future modest tax base growth to meet the next few years’ new obligations. The debt tax rate begins to show a steady/gradual decline, as future tax base growth strengthens the impact of each tax penny, and older debt obligations are retired.

- The City will continue to monitor all debt management assumptions over 2011-2012.

Series 2012: 2011-2012 Proposed Debt Issue Activities

- The proposed Series 2012 Bond Issue program will continue be very modest compared to prior efforts, maintaining our capital program for only equipment purchases and our ongoing Utility infrastructure program:
 - Continuation of the City’s short-term notes program for capital replacements for the General and Solid Waste funds, scheduled fire/emergency apparatus upgrades, and the ongoing Utility C.I.P. program.
- For the Series 2012 bond issue, the proposed components are:
 - The 4-year C.O. element provides the funding for the routine general fleet and equipment replacement requirements of the General Fund.
 - The 8-year C.O. element will provide for the next scheduled fire equipment replacements: a replacement ambulance, replacement CAFS fire engine and an additional ambulance in preparation for a future implementation plan.
 - The 8-year C.O. element will provide for the needed Solid Waste heavy equipment, containers, and fleet replacements.
 - The 20-year C.O. element will provide for next year’s planned Water and Sewer CIP.
- The following debt issuance plan for 2011-2012 (“Series 2012”) summarizes the proposed \$7.870 million debt elements:

| Series 2012: 2011-2012 Debt Issuance Program <u>Under Evaluation</u> – All Funds | | | |
|---|------------------|--|---------------------------|
| For Discussion | | | |
| Amount | Bond Type | Purpose | Debt Service |
| \$2.900 million | C.O. | General Fund Capital Equipment – 4 yr. | General Debt Service |
| \$0.975 million | C.O. | General Fund Fire Equipment – 8 yr. | General Debt Service |
| \$0.995 million | C.O. | Solid Waste Services Capital Equipment – 8 yr. | Solid Waste Debt Service |
| \$3.000 million | C.O. | 2011-2011 Water and Sewer C.I.P. – 20 yr. | Utility Fund Debt Service |
| \$7.870 million | Total | | |

Summary

- The debt management program continues to meet required financial policy requirements, even with debt revenue challenges.
- Our history and practice of this debt review process has been an important element of the rating agency’s positive review of the City of Richardson.

(-2.0% (-2.33%) FSW Debt Scenario attachment)

**2012 Planning - Base Case
CITY OF RICHARDSON, TEXAS**

Does not Include any Hotel/Motel Tax Revenues;

Projected Growth Rates (-2.33% for FYE 2012, 0% for FYE 2013, 1% for FYE 2014, 2% for FYE 2015, 2% for FYE 2016 and 2% for FYE 2017)

\$3,875,000 issued in 2012, \$3,655,000 issued in 2013, \$3,905,000 issued in 2014, \$3,720,000 issued in 2015, and \$4,050,000 issued in 2016

| FYE | Projected Taxable Assessed Valuation (1) | Projected % of Growth (1) | Net Outstanding Debt Payable from Tax Levy (2) | Series 2012 \$2.9M - 4 Yr \$975K 8 Yr at 4.70% | Series 2013 \$2.9M - 4 Yr \$755K 8 Yr at 4.70% | Series 2014 \$2.9M - 4 Yr \$1,005K 8 Yr at 4.70% | Series 2015 \$2.9M - 4 Yr \$820K 8 Yr at 4.70% | Series 2016 \$2.9M - 4 Yr \$1,150K 8 Yr at 4.70% | Less: Projected Interest Earnings | Proposed Total Debt Service | Required Tax Rate for All Debt (3) |
|---------------------------|--|---------------------------|--|---|---|---|---|---|-----------------------------------|-----------------------------|------------------------------------|
| 2011/12 | \$ 9,470,923,395 | -2.33% | \$ 25,802,679 | | | | | | \$ (10,000) | \$ 25,792,679 | \$ 0.27234 |
| 2012/13 | 9,470,923,395 | 0.00% | 24,848,507 | \$ 955,678 | | | | | (10,000) | 25,794,186 | 0.2724 |
| 2013/14 | 9,565,632,629 | 1.00% | 24,191,929 | 958,310 | \$ 922,362 | | | | (20,000) | 26,052,600 | 0.2724 |
| 2014/15 | 9,756,945,282 | 2.00% | 23,756,661 | 953,478 | 924,498 | \$ 957,558 | | | (20,000) | 26,572,194 | 0.2723 |
| 2015/16 | 9,952,084,187 | 2.00% | 23,345,283 | 956,765 | 920,840 | 964,603 | \$ 931,318 | | (20,000) | 27,098,808 | 0.2723 |
| 2016/17 | 10,151,125,871 | 2.00% | 23,715,911 | 147,443 | 925,303 | 959,535 | 937,083 | \$ 981,293 | (20,000) | 27,646,566 | 0.2723 |
| 2017/18 | 10,151,125,871 | | 24,522,621 | 146,450 | 117,155 | 962,588 | 928,073 | 985,360 | (20,000) | 27,642,246 | 0.2723 |
| 2018/19 | 10,151,125,871 | | 23,336,764 | 150,105 | 112,455 | 153,030 | 932,300 | 979,588 | (20,000) | 25,644,242 | 0.2526 |
| 2019/20 | 10,151,125,871 | | 21,734,287 | 148,408 | 112,638 | 151,803 | 123,918 | 981,935 | (20,000) | 23,232,987 | 0.2289 |
| 2020/21 | 10,151,125,871 | | 19,692,257 | | 112,585 | 150,340 | 123,865 | 176,555 | (20,000) | 20,235,602 | 0.1993 |
| 2021/22 | 10,151,125,871 | | 15,352,374 | | | 153,525 | 123,578 | 174,388 | (20,000) | 15,783,864 | 0.1555 |
| 2022/23 | 10,151,125,871 | | 14,539,014 | | | | 127,938 | 176,868 | (20,000) | 14,823,819 | 0.1460 |
| 2023/24 | 10,151,125,871 | | 14,147,268 | | | | | 173,995 | (20,000) | 14,301,263 | 0.1409 |
| 2024/25 | 10,151,125,871 | | 13,478,586 | | | | | | (20,000) | 13,458,586 | 0.1326 |
| 2025/26 | 10,151,125,871 | | 10,757,225 | | | | | | (20,000) | 10,737,225 | 0.1058 |
| 2026/27 | 10,151,125,871 | | 5,740,500 | | | | | | (20,000) | 5,720,500 | 0.0564 |
| 2027/28 | 10,151,125,871 | | 5,743,250 | | | | | | (20,000) | 5,723,250 | 0.0564 |
| 2028/29 | 10,151,125,871 | | 5,743,250 | | | | | | (20,000) | 5,723,250 | 0.0564 |
| 2029/30 | 10,151,125,871 | | 5,740,000 | | | | | | (20,000) | 5,720,000 | 0.0563 |
| 2030/31 | 10,151,125,871 | | - | | | | | | | - | 0.0000 |
| Totals 2011/12 - 2030/31: | | | <u>\$ 326,188,366</u> | <u>\$ 4,416,636</u> | <u>\$ 4,147,834</u> | <u>\$ 4,452,981</u> | <u>\$ 4,228,070</u> | <u>\$ 4,629,980</u> | <u>\$ (367,722)</u> | <u>\$ 374,113,034</u> | |

Assumptions:

- (1) The 2011/12 value estimate is based on a total value reduction of 2.0%. The final taxable value for debt service purposes will show a different percent change from the prior year due to an estimated addition of \$20,185,613 of values in dispute and a value reduction of \$66,197,419 for the incremental value in the Tax Increment Financing District.
- (2) Issues subsequent to 2010 are presumed to be dated April 15 and the first coupon payment is due on February 15 of following year.
- (3) Tax Collections at 100% for debt service