

DEBT SERVICE

TAX-SUPPORTED DEBT

Introduction

The Debt Service Fund provides for the payment of principal and interest on the City's outstanding general obligation bonds, certificates of obligation and equipment acquisition notes. Debt financing is used to pay for large capital projects by spreading the cost of the project over the life of the asset. Capital projects may include improvements to and/or construction of the City's street system; parks and recreational facilities; libraries, police and fire protection facilities; and the flood protection and storm drainage system. The Financial Management Performance Criteria (FMPC) address debt management, and among other requirements, necessitate voter approval prior to issuance of general obligation bonds and restrict the maturities, amounts of and purposes for which bonded debt may be issued.

The primary source of revenue for the debt service fund is the ad valorem property tax. The proposed ad valorem tax rate of 69.98¢ per \$100 assessed value is split into two rates. Approximately one-fourth (18.87%) of the tax revenue is used to pay principal and interest on the City's outstanding general obligation debt. The remaining three-fourths (51.11%) of the revenue generated by the tax rate is used to pay for operating and maintenance costs incurred in the General Fund.

Credit Rating

The City of Dallas' General Obligation debt currently holds AAA/Aaa ratings from Standard & Poor's and Moody's Investors Service, respectively. These are the highest achievable ratings and reflect the sound management of the City of Dallas' financial resources. These excellent credit ratings allow the City of Dallas to issue relatively low cost debt.

Legal Debt Margin

The City of Dallas Charter (Chapter XXI, Section 3) limits the maximum bonded indebtedness to 10% of assessed property value. However, the City's Financial Management Performance Criteria (FMPC) further limits the net general obligation debt to 4% of the true market valuation of the taxable property of Dallas. Existing debt plus new debt of \$11.2 million would constitute 1.0% of the taxable value of \$66.5 billion. Thus, the City would continue to be in compliance with this criterion as of 9/30/2003.

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FY 2002-03 Debt Service Budget

The FY 2002-03 budget includes principal and interest payments on \$761.7 million of existing debt. New debt to be issued includes \$11.2 million in equipment acquisition notes. Principal and interest expenses for existing debt and new debt are \$81.3 million and \$47.4 million, respectively, and are summarized in the table below.

	Principal	Interest	Total
Existing Debt	\$ 79,082,827	\$ 47,043,589	\$ 126,126,416
\$11.2m Equipment Acquisition Notes	2,240,000	375,344	2,615,344
Total	\$ 81,322,827	\$ 47,418,933	\$ 128,741,760

Selected Financial Management Performance Criteria - Debt Management

These key criteria, established to ensure sound management of the City's financial resources, are listed below to detail the effects of the issuance of new debt.

Criteria	9/30/01 Actual	9/30/02 Estimate	9/30/03 Adopted ¹
Total direct plus overlapping debt not to exceed 8% of the market value of taxable property	2.51% In compliance	2.31% In compliance	2.27% In compliance
Weighted average general obligation bond maturities not to exceed 10 years	7.11 years In compliance	7.06 years In compliance	6.59 years In compliance
Certificate of obligation debt not to exceed 15% of total authorized and issued general obligation debt	3.73% In compliance	3.98% In compliance	3.57% In compliance
Per capita general obligation debt not to exceed 10% of latest authoritative computation of per capita annual income	1.93% In compliance	1.74% In compliance	1.58% In compliance

¹9/30/03 Adopted includes the issuance of \$11.2 million of new debt.

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Statement of General Obligation Bonded Indebtedness As of 09/30/2002 (by Series)

Series Number	Issue Name	Date of Issue	Term Years	Outstanding Principal
514	General Obligation Refunding	8/15/85	18.5	4,285,548
543	General Obligation Refunding	4/15/92	13	10,390,000
547	General Obligation Various Purpose	10/15/92	20	9,000,000
549	General Obligation Refunding	6/15/93	18	86,935,000
551	General Obligation Various Purpose	6/15/94	20	30,000,000
556	General Obligation Various Purpose	11/1/95	20	19,250,000
560	General Obligation Various Purpose	11/1/96	19	41,040,000
563	General Obligation Various Purpose	11/1/97	19	43,180,000
571	General Obligation Refunding and Improvement	11/1/98	20	210,765,000
574	General Obligation Various Purpose	11/1/99	19	58,940,000
578	General Obligation Various Purpose	11/1/00	19	97,545,000
583	General Obligation Various Purpose	11/1/01	19	64,655,000
Total General Obligation Bonds				\$675,985,548
572	Equipment Acquisition Contractual Obligations	11/1/98	5	6,170,000
575	Equipment Acquisition Contractual Obligations	11/1/99	5	4,870,000
579	Equipment Acquisition Contractual Obligations	11/1/00	5	18,120,000
584	Equipment Acquisition Contractual Obligations	11/1/01	5	26,270,000
Total Equipment Acquisition Contractual Obligations				\$55,430,000
544	Certificates of Obligation	6/1/92	20	485,000
546	Certificates of Obligation	10/15/92	20	1,100,000
558	Certificates of Obligation	11/1/95	10	540,000
565	Certificates of Obligation	11/1/97	10	3,220,000
580	Certificates of Obligation	11/1/00	10	18,295,000
585	Risk Management Notes, Taxable	11/1/01	10	6,660,000
Total Certificates of Obligation				\$30,300,000
Total General Obligation, Equipment Acquisition Contractual Obligations, and Certificates of Obligation				\$761,715,548

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Debt Service Requirements

As of 09/30/2002

Fiscal Year	Outstanding Debt		
	Principal	Interest	Total
2003	\$ 79,082,827	\$ 47,043,589	\$ 126,126,416
2004	79,282,721	38,037,751	117,320,472
2005	79,030,000	28,378,425	107,408,425
2006	71,295,000	24,549,156	95,844,156
2007	52,315,000	21,352,781	73,667,781
2008	47,685,000	18,854,067	66,539,067
2009	47,710,000	16,490,925	64,200,925
2010	44,780,000	14,208,021	58,988,021
2011	38,720,000	12,150,390	50,870,390
2012	38,170,000	10,257,384	48,427,384
2013	36,970,000	8,402,037	45,372,037
2014	31,770,000	6,690,175	38,460,175
2015	26,710,000	5,220,912	31,930,912
2016	24,515,000	3,925,688	28,440,688
2017	21,080,000	2,758,866	23,838,866
2018	18,105,000	1,743,025	19,848,025
2019	12,280,000	944,750	13,224,750
2020	8,815,000	385,181	9,200,181
2021	3,400,000	76,500	3,476,500
	<u>\$ 761,715,548</u>	<u>\$ 261,469,624</u>	<u>\$ 1,023,185,172</u>

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Statement of Revenues and Expenditures *Tax Supported Debt*

	<u>FY 2000-01</u> <u>Actual</u>	<u>FY 2001-02</u> <u>Budget</u>	<u>FY 2001-02</u> <u>Estimate</u>	<u>FY 2002-03</u> <u>Adopted</u>
Beginning Cash Balance	\$ 3,772,270	\$ 4,118,790	\$ 4,785,697	\$ 2,271,510
<u>Revenues</u>				
Ad Valorem Taxes	118,133,890	123,170,325	123,170,325	124,583,435
Interest/Transfers/Other	8,625,284	9,451,005	7,945,389	4,756,795
Total	126,759,174	132,621,330	131,115,714	129,340,230
Total Available Resources	\$ 130,531,444	\$ 136,740,120	\$ 135,901,411	\$ 131,611,740
<u>Expenses</u>				
Principal Payments	85,350,000	81,330,122	81,330,122	81,322,827
Interest Payments	38,028,314	52,083,104	50,426,550	47,418,933
Other Expenses	2,367,433	1,929,170	1,873,229	1,479,246
Total	125,745,747	135,342,396	133,629,901	130,221,006
Ending Cash Balance	\$ 4,785,697	\$ 1,397,724	\$ 2,271,510	\$ 1,390,734

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AVIATION

Introduction

The Aviation Debt Service Fund provides for the payment of principal and interest on the Department of Aviation's outstanding revenue bonded indebtedness. In April 2001, the Department of Aviation issued \$59.385 million in Series 2001 Airport System Revenue Bonds for construction of an additional parking facility at Dallas Love Field. Construction of the new garage began in August of 2001 with completion slated for March of 2003. Operating revenues from Aviation operations and interest earned on the cash balance in the debt service fund are pledged for repayment of the debt. Revenues are transferred from the Aviation operating fund to the debt service fund to meet annual principal and interest obligations.

Credit Rating

The Department of Aviation currently holds A/A1 underlying ratings from Standard & Poor's and Moody's Investors Service, respectively. The bonds are rated AAA/Aaa based on the bond insurance policy that AMBAC Assurance Corporation is providing.

FY 2002-03 Debt Service Budget

The FY 2002-03 budget includes payments of \$5.16 million in principal repayments and \$2.72 million in interest payments. There are no plans to issue debt in the upcoming fiscal year.

Statement of Revenue Bonded Indebtedness, as of 09/30/02

<u>Series Number</u>	<u>Issue Name</u>	<u>Date of Issue</u>	<u>Term Years</u>	<u>Outstanding Principal</u>
581	Airport System Revenue Bonds	04/01/01	10	54,390,000
Total Aviation Department Outstanding Debt				\$54,390,000

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Debt Service Requirements

As of 09/30/2002

Fiscal Year	Outstanding Debt		
	Principal	Interest	Total
2003	5,160,000	2,719,500	7,879,500
2004	5,350,000	2,461,500	7,811,500
2005	5,555,000	2,194,000	7,749,000
2006	5,770,000	1,916,250	7,686,250
2007	6,000,000	1,627,750	7,627,750
2008	6,240,000	1,327,750	7,567,750
2009	6,495,000	1,015,750	7,510,750
2010	6,765,000	691,000	7,456,000
2011	7,055,000	352,750	7,407,750
	<u>\$ 54,390,000</u>	<u>\$ 14,306,250</u>	<u>\$ 68,696,250</u>

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Statement of Debt Service Revenues and Expenditures *Aviation*

	<u>FY 2000-01</u> <u>Actual</u>	<u>FY 2001-02</u> <u>Budget</u>	<u>FY 2001-02</u> <u>Estimate</u>	<u>FY 2002-03</u> <u>Adopted</u>
Beginning Cash Balance	\$ -	\$ 3,755,079	\$ 3,752,257	\$ 5,739,608
<u>Revenues</u>				
Transfers	2,086,973	8,148,920	9,747,523	6,568,132
Interest/Other	1,665,284	140,000	204,078	237,000
Total	3,752,257	8,288,920	9,951,601	6,805,132
Total Available Resources	\$ 3,752,257	\$ 12,043,999	\$ 13,703,858	\$ 12,544,740
<u>Expenses</u>				
Principal Payments	-	4,995,000	4,995,000	5,160,000
Interest Payments	-	2,969,250	2,969,250	2,719,500
Total	-	7,964,250	7,964,250	7,879,500
Ending Cash Balance	\$ 3,752,257	\$ 4,079,749	\$ 5,739,608	\$ 4,665,240

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CONVENTION CENTER

Introduction

The Convention Center Debt Service Fund provides for the payment of principal and interest on the Convention Center's outstanding revenue bonded indebtedness. In April 1998, the Convention Center Complex issued \$326.23 million in revenue bonds. This issue included the refunding of all of the Convention Center's \$236.60 million outstanding debt and a new money issuance of \$110.76 million. The new money issuance of \$110.76 million is invested so as to generate total funding for a \$125 million expansion and renovation of the complex that will be completed in 2002.

The 7% Hotel Occupancy Tax, operating revenues of the Convention Center Complex, and interest earned on cash balances in the bond reserve and debt service funds are pledged for repayment of the debt. Additionally, the City has covenanted to provide for the payment of operating and maintenance expenses of the Convention Center Complex, should a shortfall in Convention Center revenues occur. Revenue from the Convention Center operating fund is transferred to the debt service fund to meet annual principal and interest payments.

Credit Rating

The Convention Center Complex currently holds A/A1 underlying ratings from Standard & Poor's and Moody's Investors Service, respectively. The bonds are rated AAA/ Aaa based on the bond insurance policy that MBIA Insurance Corporation is providing.

FY 2002-03 Debt Service Budget

The FY 2002-03 budget includes payments on existing debt of \$5.9 million in principal repayments and \$15.6 million in interest payments. There are no plans to issue debt in the upcoming fiscal year.

Statement of Revenue Bonded Indebtedness, as of 9/30/02

<u>Series Number</u>	<u>Issue Name</u>	<u>Date of Issue</u>	<u>Term Years</u>	<u>Outstanding Principal</u>
567	Civic Center Convention Complex, Revenue Refunding Bonds, Series 1998	04/01/98	30	311,825,000
Total Convention Center Outstanding Debt				<u>\$311,825,000</u>

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Debt Service Requirements As of 09/30/2002

Fiscal Year	Outstanding Debt		Total
	Principal	Interest	
2003	5,915,000	15,622,243	21,537,243
2004	7,290,000	15,326,493	22,616,493
2005	8,805,000	14,889,092	23,694,092
2006	10,685,000	14,360,792	25,045,792
2007	11,245,000	13,799,830	25,044,830
2008	11,835,000	13,209,467	25,044,467
2009	12,460,000	12,588,130	25,048,130
2010	12,065,000	12,014,970	24,079,970
2011	12,635,000	11,447,915	24,082,915
2012	13,240,000	10,841,435	24,081,435
2013	13,890,000	10,192,675	24,082,675
2014	14,585,000	9,498,175	24,083,175
2015	15,315,000	8,768,925	24,083,925
2016	16,080,000	8,003,175	24,083,175
2017	16,885,000	7,199,175	24,084,175
2018	17,725,000	6,354,925	24,079,925
2019	18,615,000	5,468,675	24,083,675
2020	19,520,000	4,561,194	24,081,194
2021	20,470,000	3,609,594	24,079,594
2022	6,470,000	2,611,681	9,081,681
2023	6,785,000	2,296,269	9,081,269
2024	7,115,000	1,965,500	9,080,500
2025	7,470,000	1,609,750	9,079,750
2026	7,845,000	1,236,250	9,081,250
2027	8,235,000	844,000	9,079,000
2028	8,645,000	432,250	9,077,250
	<u>\$311,825,000</u>	<u>\$208,752,580</u>	<u>\$520,577,580</u>

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Statement of Debt Service Revenues and Expenditures *Convention Center*

	FY 2000-01 <u>Actual</u>	FY 2001-02 <u>Budget</u>	FY 2001-02 <u>Estimate</u>	FY 2002-03 <u>Adopted</u>
Beginning Cash Balance	\$ 3,922,825	\$ 4,243,398	\$ 4,082,302	\$ 4,189,218
<u>Revenues</u>				
Transfers	20,095,469	20,593,268	20,593,268	21,325,202
Interest/Other	<u>399,651</u>	<u>350,000</u>	<u>409,391</u>	<u>391,915</u>
Total	20,495,120	20,943,268	21,002,659	21,717,117
Total Available Resources	\$ 24,417,945	\$ 25,186,666	\$ 25,084,961	\$ 25,906,335
<u>Expenses</u>				
Principal Payments	4,165,000	4,975,000	4,975,000	5,915,000
Interest Payments	<u>16,170,643</u>	<u>15,920,743</u>	<u>15,920,743</u>	<u>15,622,243</u>
Total	20,335,643	20,895,743	20,895,743	21,537,243
Ending Cash Balance	<u>\$ 4,082,302</u>	<u>\$ 4,290,923</u>	<u>\$ 4,189,218</u>	<u>\$ 4,369,092</u>

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SPORTS ARENA

Introduction

On January 17, 1998, the Dallas voters approved a proposition authorizing the City to impose an additional 2% Hotel Occupancy Tax and a 5% Motor Vehicle Rental Tax to be used solely to pay for a new sports arena. On June 24, 1998, \$140.38 million of revenue bonds were issued to fund the City's \$125 million contribution to build the new arena. Of the \$140.38 million issued, \$104.81 million of the bonds are tax-exempt and the other \$35.57 million of the bonds are taxable. The debt service fund provides for the payment of principal and interest on both series of bonds.

Credit Rating

These bonds currently hold AAA/Aaa/AAA ratings from Standard & Poor's, Moody's Investors Service and Fitch IBCA, respectively. These ratings reflect the assessment of the likelihood of repayment of principal and interest based on the bond insurance policy that Ambac Assurance Corporation is providing.

FY 2002-03 Debt Service Budget

The FY 2002-03 budget includes scheduled debt service payments of \$9.3 million. Of this total, \$2.49 million and \$6.8 million are for principal payments and interest payments, respectively. These payments are funded with transfers of the 2% Hotel Occupancy Tax, the 5% Motor Vehicle Rental Tax and interest earnings on the cash balance. Tax revenues in excess of the required debt service payments are retained in the Surplus Debt Redemption Fund until required for the payment of debt service. The Statement of Expenditures and Revenues shown on page F-10 reflects both of the Sports Arena Debt Service Funds and the Sports Arena Surplus Debt Redemption Fund.

Statement of Revenue Bonded Indebtedness as of 9/30/02

Series Number	Issue Name	Date of Issue	Term Years	Outstanding Principal
568	Special Tax Revenue Bonds	06/15/98	30	91,560,000
569	Special Tax and Lease Revenue Bonds	06/15/98	30	33,920,000
Total Sports Arena Revenue Bonds				\$125,480,000

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Debt Service Requirements

As of 09/30/2002

Fiscal Year	Outstanding Debt		
	Principal	Interest	Total
2003	2,490,000	6,827,495	9,317,495
2004	2,605,000	6,712,359	9,317,359
2005	2,725,000	6,590,454	9,315,454
2006	2,870,000	6,447,326	9,317,326
2007	3,020,000	6,296,237	9,316,237
2008	3,185,000	6,130,557	9,315,557
2009	3,360,000	5,955,389	9,315,389
2010	3,550,000	5,767,369	9,317,369
2011	3,750,000	5,568,604	9,318,604
2012	3,960,000	5,358,499	9,318,499
2013	4,180,000	5,136,529	9,316,529
2014	4,415,000	4,902,029	9,317,029
2015	4,665,000	4,650,124	9,315,124
2016	4,935,000	4,383,825	9,318,825
2017	5,210,000	4,106,863	9,316,863
2018	5,495,000	3,823,856	9,318,856
2019	5,795,000	3,525,056	9,320,056
2020	6,110,000	3,209,713	9,319,713
2021	6,440,000	2,876,913	9,316,913
2022	6,790,000	2,525,744	9,315,744
2023	7,160,000	2,155,206	9,315,206
2024	7,555,000	1,764,056	9,319,056
2025	7,965,000	1,350,963	9,315,963
2026	8,400,000	915,094	9,315,094
2027	8,850,000	469,781	9,319,781
	<u>\$ 125,480,000</u>	<u>\$ 107,450,041</u>	<u>\$ 232,930,041</u>

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Statement of Debt Service Revenues and Expenditures *Sports Arena*

	<u>FY 2000-01</u> <u>Actual</u>	<u>FY 2001-02</u> <u>Budget</u>	<u>FY 2001-02</u> <u>Estimate</u>	<u>FY 2002-03</u> <u>Adopted</u>
Beginning Cash Balance	\$ 6,372,295	\$ 13,420,738	\$ 12,343,354	\$ 17,547,822
<u>Revenues</u>				
2% Hotel Occupancy Tax	9,860,574	11,190,000	8,714,286	9,714,000
5% Motor Vehicle Rental Tax	4,379,038	4,630,000	4,000,000	4,200,000
Interest/Transfers/Other	496,231	2,024,080	1,529,678	1,052,556
Total	14,735,843	17,844,080	14,243,964	14,966,556
Total Available Resources	\$ 21,108,138	\$ 31,264,818	\$ 26,587,318	\$ 32,514,378
<u>Expenses</u>				
Principal	1,760,000	2,115,000	2,115,000	2,490,000
Interest	7,004,784	6,924,496	6,924,496	6,827,496
Total	8,764,784	9,039,496	9,039,496	9,317,496
Ending Cash Balance	\$ 12,343,354	\$ 22,225,322	\$ 17,547,822	\$ 23,196,882

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WATER UTILITIES

Introduction

The debt service component of the Operating Budget for Dallas Water Utilities (DWU) provides for payment of principal and interest on DWU's indebtedness. The budget for these payments is prescribed by the following standards:

- ◆ The Dallas City Charter provides in Chapter XI, Section 14 that all water and wastewater costs (including debt requirements) shall be paid for from customer service revenues.
- ◆ Revenue bond ordinances provide that customer service revenues solely secure water and wastewater bonds.
- ◆ Financial criteria for DWU provide for financing of capital improvements (effectively defined as capital projects with useful lives of 20 years or longer) either from debt or directly from revenues, to maintain system equity levels.

In addition to revenue bonds, debt sources include tax-exempt commercial paper notes (CP), which are utilized for interim financing of capital construction projects. On an annual basis, commercial paper is refinanced and retired with revenue bonds. This process lowers overall interest costs and provides greater financing flexibility. Debt sources also include certain contractual obligations whereby DWU reimburses other agencies for debt incurred to construct joint-use facilities. Under these contractual agreements DWU makes payments in proportion to its allocated share of the joint use facilities.

Credit Ratings

The City of Dallas Waterworks and Sewer System Revenue Bonds are judged to be of high quality by all standards. These credit ratings reflect the sound management of DWU financial resources and allow issuance of bonds with relatively low interest costs. The City of Dallas Waterworks and Sewer System Commercial Paper Notes hold similarly high credit ratings. Current ratings of the City's debt instruments are shown in the table below.

<u>Credit Rating Service</u>	<u>Revenue Bonds</u>	<u>Commercial Paper Notes</u>
Moody's	Aa2	P-1
Standard & Poor's	AA+	A-1+

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Revenue Bond and Commercial Paper Note Coverage

The following are established standards for DWU net revenue in relation to future debt service payments.

- ◆ Revenue bond ordinances require net revenues equal to at least 1.25 times bond principal and interest requirements of the future year when those requirements are highest.
- ◆ DWU financial criteria state that net revenues should be 1.5 times maximum annual bond requirements at the end of each fiscal year.
- ◆ Commercial Paper coverage requirements state that net revenues should be 1.10 times the maximum annual principal and interest payments required on all debt outstanding in the future year when those requirements are highest.

For fiscal year 2001 coverage at September 30, 2001 is summarized in the table below.

Debt Service Coverage Requirements FY 2001

Coverage Net Revenue (CNR) = \$ 161, 880 (000 omitted)

<u>Authority</u>	<u>Ratio</u>	<u>Requirement</u>	<u>Denominator \$</u>	<u>Actual</u>
Bond Ordinance	CNR/Max YR	1.25	107,265	1.51
DWU Criteria	CNR/Max YR	1.50	107,265	1.51
DWU Criteria	CNR/Max CP	1.10	114,748	1.41
Rating Agencies	CNR/AVG	N/A	47,411	3.41

Max Yr = Maximum amount of debt service required in a single fiscal year for Principal and Interest payments on Outstanding Revenue Bond indebtedness.

Max CP = Maximum amount of debt service required in a single fiscal year for Principal and Interest payments on all Outstanding Debt.

FY 2002-03 Debt Service Budget

The FY 2002-03 budget provides transfers for principal and interest of \$78.0m and \$53.1m, respectively. New debt to be issued includes \$200m in revenue bonds to refinance and retire \$200m in commercial paper. The 2003 bond issue is projected to require \$7.6m in interest payments for FY 2002-03. Commercial paper issues in FY 2002-03 are forecast at \$200m with an estimated interest cost of \$2m, which is paid from the Water Utilities Operating Fund.

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Water Utilities Financial Criteria for Debt Management

Financial criteria have been established to ensure sound management of DWU's financial resources. Financial criteria that apply to DWU indebtedness are listed below. Compliance with each of the criteria is projected both for FY 2001-02 and for FY 2002-03.

- (1) Current revenues will be sufficient to support current expenditures including debt service and other obligations of the system.
- (2) Long-term debt will be used only for capital expansion, replacement and improvement of plant, not for current expenses.
- (3) Short-term debt, including tax-exempt commercial paper, will be used as authorized for interim financing of projects that will result in capital improvements.
- (4) Capital projects financed through the issuance of debt will be financed for a period not to exceed the expected useful lives of the projects.
- (5) An equity target will be maintained for each fiscal year-end of at least 50% of the total capital structure, excluding current liabilities.
- (6) Net revenues available for debt service should be at least 1.5 times the maximum annual principal and interest requirements of relevant outstanding revenue bonds at the end of the same fiscal year, and at least 1.3 times maximum-year requirements at all times, measured during a fiscal year using the previous year net revenues available for debt service.
- (7) Capital financing will be provided through revenue bonds, current revenues, contributed capital, and short-term debt.
- (8) Revenue bonds will be issued with serial maturities not to exceed twenty (20) years.
- (9) Debt refinancing will only be provided through revenue bonds, current revenues, contributed capital, and short-term debt.
- (10) Fully funded debt service reserves shall be maintained. A surety bond (or other type of credit facility such as a letter of credit) may be used in lieu of funding the reserve if the former is economically advantageous.

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Statement of Indebtedness As of 09/30/02

Series Number	Issue Name	Date of Issue	Term Years	Outstanding Principal
<u>Water Works and Sewer System Revenue Bonds</u>				
548	Refunding	02/15/93	18	38,120,000
550	Refunding & Improvement	09/01/93	20	12,710,000
554	Refunding & Improvement	04/01/95	20	4,730,000
555	Refunding & Improvement	09/01/95	20	24,425,000
559	Refunding & Improvement	09/01/96	20	52,650,000
562	Refunding & Improvement	05/01/97	20	44,715,000
570	Refunding *	09/01/98	31	318,990,000
573	Refunding	09/01/99	20	56,810,000
576	Refunding	09/01/00	20	72,165,000
582	Refunding & Improvement	09/01/01	20	124,000,000
586	Refunding	02/01/02	20	43,455,000
587	Refunding**	09/01/02	8	179,350,000
Total Dallas Water Utilities Revenue Bonds				<u><u>\$ 972,120,000</u></u>

*Longer term authorized to prepay previous 50 year contractual obligation

**Estimated

Other Long Term Indebtedness

Contractual obligation to Sabine River Authority - SRA revenue bonds - for water rights in Lake Fork	30,175,000
Contractual obligation to Trinity River Authority - TRA revenue bonds - for wastewater treatment (estimated as of 09/30/01)	<u>14,182,000</u>
Total Other Long Term Indebtedness	<u><u>\$ 44,357,000</u></u>

<u>Commercial Paper Notes (projected)</u>	<u><u>\$ 148,000,000</u></u>
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<u>Equipment Notes (projected)</u>	<u><u>\$ 13,000,000</u></u>
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DEBT SERVICE

Debt Service Requirements As of 09/30/2002

Fiscal Year	Outstanding Debt		
	Principal	Interest	Total
2003	\$65,010,000	\$45,182,126	\$110,192,126
2004	47,555,000	45,688,859	93,243,859
2005	53,070,000	41,695,141	94,765,141
2006	55,740,000	39,286,389	95,026,389
2007	56,325,000	36,668,630	92,993,630
2008	58,880,000	33,904,985	92,784,985
2009	61,470,000	30,984,165	92,454,165
2010	64,720,000	27,844,504	92,564,504
2011	55,270,000	24,802,003	80,072,003
2012	44,315,000	22,254,947	66,569,947
2013	47,800,000	19,892,865	67,692,865
2014	42,555,000	17,632,505	60,187,505
2015	36,690,000	15,609,469	52,299,469
2016	33,180,000	13,752,819	46,932,819
2017	32,030,000	12,058,413	44,088,413
2018	23,805,000	10,481,850	34,286,850
2019	26,230,000	9,170,288	35,400,288
2020	27,615,000	7,760,088	35,375,088
2021	23,925,000	6,416,775	30,341,775
2022	19,000,000	5,321,750	24,321,750
2023	10,150,000	4,593,000	14,743,000
2024	10,660,000	4,072,750	14,732,750
2025	11,190,000	3,526,500	14,716,500
2026	11,750,000	2,953,000	14,703,000
2027	12,340,000	2,350,750	14,690,750
2028	12,955,000	1,718,375	14,673,375
2029	13,605,000	1,054,375	14,659,375
2030	14,285,000	357,125	14,642,125
	\$972,120,000	\$487,034,446	\$1,459,154,446

DEBT SERVICE

Statement of Debt Service Revenues and Expenditures *Dallas Water Utilities*

	<u>FY 2000-01</u> <u>Actual</u>	<u>FY 2001-02</u> <u>Budget</u>	<u>FY 2001-02</u> <u>Estimate</u>	<u>FY 2002-03</u> <u>Adopted</u>
Beginning Cash Balance	\$ 72,109,441	\$ 71,974,330	\$ 71,974,330	\$ 79,526,033
<u>Revenues</u>				
Operating Fund Transfers*	126,499,321	131,133,819	128,613,080	130,572,979
Storm Water Utility Transfers	<u>572,379</u>	<u>568,463</u>	<u>568,463</u>	<u>565,335</u>
Total	127,071,700	131,702,282	129,181,543	131,138,314
 Total Available Resources	 \$ 199,181,141	 \$ 203,676,612	 \$ 201,155,873	 \$ 210,664,347
<u>Expenses</u>				
Principal Payments**	76,155,000	70,535,000	70,535,000	76,465,000
Interest Payments	<u>51,051,811</u>	<u>51,094,840</u>	<u>51,094,840</u>	<u>46,488,391</u>
Total	127,206,811	121,629,840	121,629,840	122,953,391
 Ending Cash Balance	 <u>\$ 71,974,330</u>	 <u>\$ 82,046,772</u>	 <u>\$ 79,526,033</u>	 <u>\$ 87,710,956</u>

*Commercial paper costs, equipment note debt service, debt fees, and smaller debt expenses are paid directly from Water Utilities Operating Funds, and are therefore not included in these totals.

** These payments are to bond holders and reservoir debt holders (from Funds 109 & 110).
They do not include any additional fees or commercial paper interest.

Note: This schedule reflects the accrual basis of accounting.