CARROLLTON, TEXAS-
PERSPECTIVES OF A SMALLER ISSUER

Securities and Exchange Commission
Birmingham, Alabama Hearing
July 29, 2011
• Affluent NW Dallas Suburb of 122,000
• Diversified Manufacturing and Distribution Center
• Grew by 95,000 residents between 1970 and 2000 and is now approaching build out.
• Most infrastructure in the City was built with a 25-30 year design life.
• Replacement cost of its existing infrastructure is estimated at approximately $2 billion.
• The city addresses its capital replacement needs primarily through bond issuance and pay as you go capital programs.
• Total outstanding debt at 9/30/2010 is $193 million.
• Total FY 2011 operating budget is $170 million vs. $172 million in 2010.
• In 2001 recognizing approaching build out and the need to shift emphasis from managing growth to capital replacement and redevelopment, the City re-invented itself through re-engineering, right-sizing and managed competition by reducing its payroll from over 1000 to under 800 employees at a time when the City was still growing in population.
• Finance and accounting actually have less staff than in 1990 when population was 82,000.
- In spite of all staff wearing multiple hats, Official Statement is prepared in house both to reduce issuance costs and to have a better understanding of debt related commitments.
- Debt markets are accessed a maximum of once a year to reduce burden on staff.
- Virtually all G.O. debt issued is voted debt and is a result of an extensive capital project prioritization process.
Carrollton’s financial disclosure approach is influenced by the following:

- State law
- Limited staff resources with none solely dedicated to financial reporting or investor relations
- Debt covenants and continuing disclosure requirements
- Wealth of information available on its website
- Wealth of information available on other websites
Two Primary Financial Disclosure Documents

- **Comprehensive Annual Financial Report (CAFR)**
  - Issuance target of February 1st (four months after year end)
  - Filed with EMMA upon issuance
  - Includes all 15c2-12 continuing disclosure requirements (GFOA Best Practice)

- **Preliminary, Proposed, Adopted Budgets**
  - Preliminary issued by August 1st
  - Detailed fund by fund including multi-year capital and planned debt issuance
• Additional requirements do not necessarily mean additional resources
• Further staff cuts could mean outsourcing OS preparation to Financial Advisor
• Misapplication of Accountability
• Proliferation of GASB standards in number and complexity
  ◦ Shelf life of standards appear to be getting shorter
  ◦ Ever increasing reporting requirements working against desire to increase timeliness of annual report