



City of Dallas

Financial Management Performance Criteria (FMPC) Review

**Government Performance &
Financial Management Committee
June 27, 2022**

**Jack Ireland, Director
Ivan Guel, Interim Assistant Director
Budget & Management Services**



- Provide overview of the City's Financial Management Performance Criteria (FMPC)
- Discuss proposed revisions to existing criteria
- Review next steps



Background



- City Council initially adopted FMPC in 1978 to set financial policies and standards to guide decision making
- FMPC contains 54 criteria in seven different categories
 - Operating Program: Criteria 1-14
 - Pension Program: Criteria 15-16
 - Budgeting and Planning: Criteria 17-24
 - Capital and Debt Management: Criteria 25-41
 - Economic Development: Criteria 42-49
 - Accounting, Auditing, and Financial Planning: Criteria 50-52
 - Grants and Trusts: Criteria 53-54
- Dallas Water Utilities has a separate set of 13 criteria
- Most recent revisions to FMPC approved June 2021



Proposed FMPC Revisions



- Proposed revisions are based on feedback received from the City Council and from City departments/staff
- Revisions/edits are recommended for two current criteria
 - User Fees Review (#12)
 - Actuarial Analysis Required on Retirement Systems (#16)
- No deletions or additions are being proposed





Operating Program

- **User Fees Review**. An annual review of selected fees and charges will be conducted to determine the extent to which the full cost of associated services is being recovered by revenues. All fees and charges will be reviewed at least once every four years. Where feasible and desirable, the City shall set fees and charges to achieve full cost recovery. The City may subsidize the services funded by fees or charges based on other City objectives. If an individual fee increase to achieve full cost recovery is greater than 50 percent, the City may opt to phase the fee increase over three years.
- Status – In compliance
- Recommendation – add an option to phase a fee increase when the full cost recovery fee is greater than 50 percent





Pension Program

- **Actuarial Analysis Required on Retirement Systems**. Actuarial analysis will be performed annually on all retirement systems. Adjustments in benefits and contributions will be authorized only after meeting the test of actuarial soundness. All health plans should have actuarial reviews performed at least ~~biannually~~ biennially to determine the required levels of funding necessary. These health plans shall be financed in a manner to ensure sufficient funds are available to fund current liabilities and provide some reserve levels for extraordinary claims.
- Status – In Compliance
- Recommendation – change text from biannually (twice per year) to biennially (every two years) to be grammatically accurate.



Next Steps



- Receive feedback from Government Performance and Financial Management Committee
- Seek City Council approval of revisions to FMPC on August 10
- Continue review of FMPC for compliance during annual budget development, at year-end, and with each debt issuance





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