

Memorandum



CITY OF DALLAS

DATE April 12, 2019

TO Members of the Government Performance and Financial Management Committee

SUBJECT **FY 2017-18 Budget versus Actual End of Year Report**

Attached for your review is the Fiscal Year 2017-18 Budget versus Actual End of Year Report.

The purpose of the End of Year Report is to communicate the final status of year-end total expenditures compared to appropriations, total revenues compared to budget, and significant expenditure and revenue variances (compared to budget) for all operating funds. This report is the conclusion of Financial Forecast Reports that were provided through FY 2017-18. In addition, the report provides a status of compliance with the Financial Management Performance Criteria (FMPC).

Through September 30, 2018, General Fund revenues exceeded budget by \$11,690,000 while General Fund expenditures were less than budget by \$21,537,000, resulting in a net excess of revenues over expenditures of \$33,227,000. Details related to other budget variances may be found throughout the report.

Please let me know if you need additional information.

A handwritten signature in blue ink that reads "M. Elizabeth Reich".

M. Elizabeth Reich

Chief Financial Officer

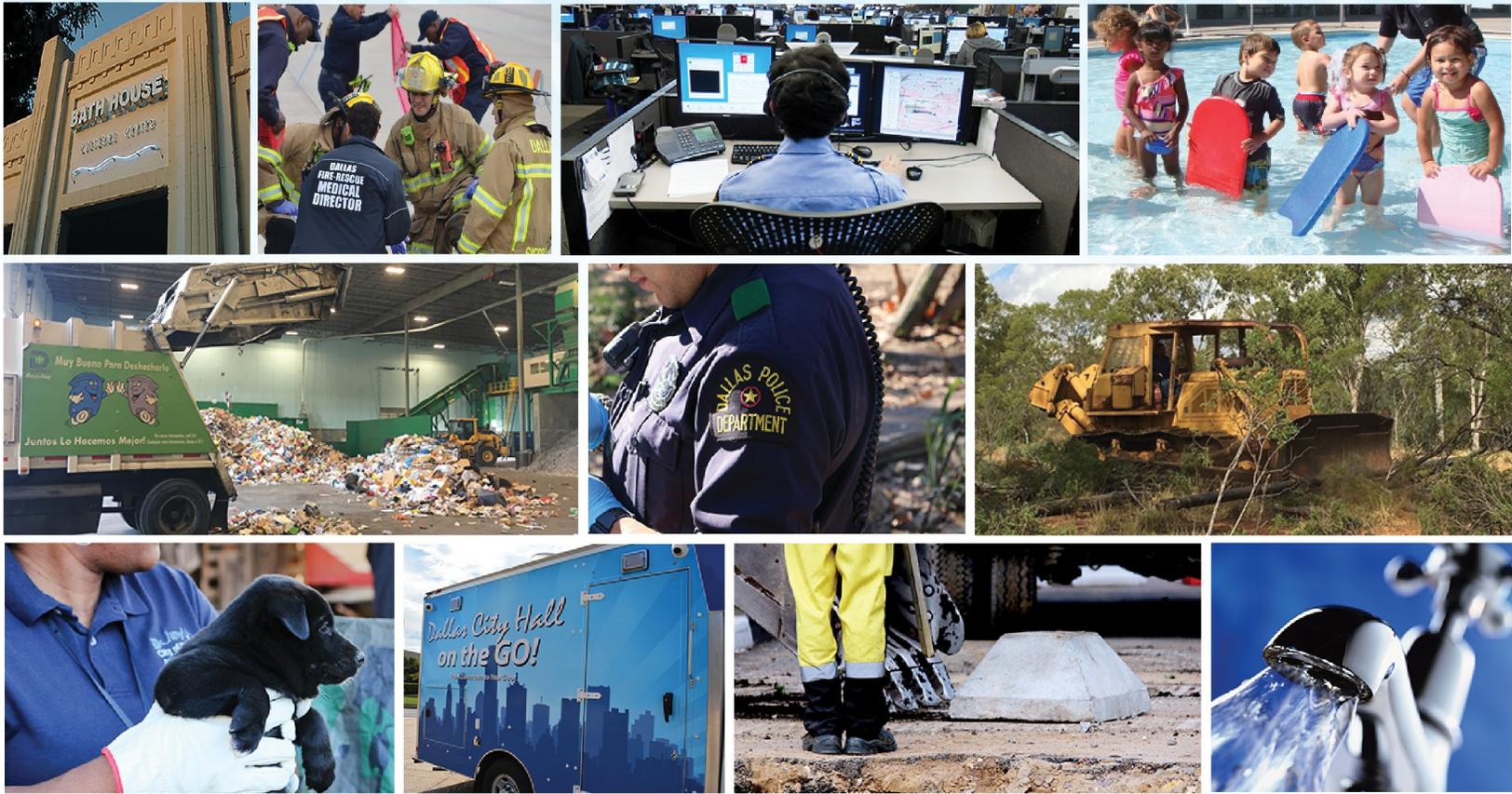
c: T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Billierae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
Michael Mendoza, Chief of Economic Development and Neighborhood Services
Laila Alequresh, Chief Innovation Officer
Directors and Assistant Directors



FY 2017-18
BUDGET VERSUS ACTUAL
END OF YEAR REPORT
Information as of September 30, 2018

SERVICE FIRST



GENERAL FUND OVERVIEW

As of September 30, 2018

	Adopted Budget	Amended Budget	Actual	Over/(Under) Budget
Revenues	\$1,276,420,942	\$1,288,486,300	\$1,300,176,402	\$11,690,102
Expenditures	\$1,276,420,942	\$1,288,486,300	\$1,266,949,468	(\$21,536,832)
Net Excess of Revenues Over Expenditure/Transfers	\$0	\$0	\$33,226,933	\$33,226,933

SUMMARY

The General Fund overview provides a summary of audited financial activity for Fiscal Year 2017-18. The Adopted Budget reflects the budget adopted by City Council on September 20, 2017 effective October 1 through September 30. The Amended Budget column reflects City Council approved transfers between funds and programs and approved use of contingency.

Revenues. Revenues exceeded budget by \$11,690,000 primarily due to electric, fiber optic, and natural gas franchise fees; sales tax; interest; Fire Watch fees; ambulance supplement from the Texas Human Health and Services Commission; and a new contract with the State Fair for patrol services.

Expenditures. General Fund expenditures were below budget by \$21,537,000. Most departments are under budget as a result of vacancies.

Amendments. The General Fund budget was amended based on Council's approved use of contingency reserve funds, approved transfer of appropriations from one department to another in accordance with Chapter XI, Section 4, of Dallas City Charter, and approved appropriation of excess revenues in accordance with Chapter XI, Section 5, of the Dallas City Charter, as follows:

- October 25, 2017 by resolution #17-1652 in the amount of \$120,000 for a Regional Assessment of Fair Housing;
- November 8, 2017 by resolution #17-1735 in the amount of \$139,000 to reimburse the AT&T Performing Arts Center (ATTPAC) for emergency flood remediation and repairs at the Dee and Charles Wyly Theatre;
- January 17, 2018 by resolution #18-0125 in the amount of \$1,640,000 to continue the operation of the Dallas County Schools school crossing guard program through the end of the current school year;
- February 14, 2018 by resolution #18-0282 in the amount of \$303,000 to accept donations from the Communities Foundation of Texas on behalf of various contributors to the Dallas Cultural Plan 2018;
- March 28, 2018 by resolution #18-0442 in the amount of \$189,300 for emergency flood remediation and related repairs related to the theater automation system at the Dee and Charles Wyly Theatre;
- April 25, 2018 by ordinance #30843 for mid-year appropriation ordinance adjustments consisting of a \$294,000 appropriation decrease in Non-Departmental, \$165,000 appropriation increase in Housing and Neighborhood Revitalization, \$60,300 appropriation increase in 311 Customer Service Center, \$68,700 appropriation increase in Office of Community Care, \$115,000 transfer of appropriations from Dallas Police Department to Transportation; and \$3,700,000 appropriation increase in Dallas Fire Rescue from excess revenue;

SUMMARY

- May 23, 2018 by resolution #18-0773 in the amount of \$200,000 for a service contract to provide school crossing guard services;
- September 5, 2018 by resolution #18-1215 and #18-1216 for the special election held on November 6, 2018 in the amount of \$73,000; and on
- September 12, 2018 by ordinance #30972 for year-end appropriation ordinance adjustments consisting of \$200,000 appropriation decrease to the City Auditor's Office, \$134,000 appropriation increase to the City Secretary's Office, \$66,000 appropriation increase to Civil Service, \$275,000 appropriation decrease to Code Compliance, \$174,000 appropriation decrease to Court Services, \$10,300,000 appropriation increase to Dallas Fire-Rescue, \$275,000 appropriation decrease to Library, \$345,000 appropriation decrease to Non-Departmental, \$3,100,000 appropriation decrease to Dallas Police Department, \$120,000 appropriation decrease to 311 Customer Service Center, \$170,000 appropriation decrease to Office of Public Affairs, \$70,000 appropriation decrease to Office of Strategic Partnerships and Government Affairs, and \$19,000 appropriation increase to the City Agenda Office.

GENERAL FUND REVENUES

As of September 30, 2018

Revenue Category	Adopted Budget	Amended Budget	Actual	Over/(Under) Budget
Property Tax ¹	\$652,067,958	\$653,667,958	\$652,462,497	(\$1,205,461)
Sales Tax ²	\$303,349,086	\$304,549,086	\$305,397,782	\$848,696
Franchise & Other ³	\$135,319,609	\$139,819,609	\$141,897,120	\$2,077,511
Charges for Services ⁴	\$103,578,036	\$104,878,036	\$114,565,493	\$9,687,457
Fines and Forfeitures ⁵	\$36,515,082	\$36,515,082	\$35,170,662	(\$1,344,420)
Operating Transfers In ⁶	\$22,777,865	\$25,020,660	\$21,580,964	(\$3,439,696)
Intergovernmental	\$9,548,046	\$9,667,609	\$10,194,079	\$526,470
Miscellaneous ⁷	\$6,580,004	\$7,683,004	\$9,633,532	\$1,950,528
Licenses & Permits	\$4,668,685	\$4,668,685	\$4,824,006	\$155,321
Interest ⁸	\$2,016,571	\$2,016,571	\$4,450,267	\$2,433,696
Total Revenue	\$1,276,420,942	\$1,288,486,300	\$1,300,176,402	\$11,690,102

VARIANCE NOTES

General Fund revenue variance notes are provided below for revenue categories with year-end (YE) variances of +/- five percent and revenue with an Amended Budget.

1 Property Tax. Property Tax budgeted revenue was increased by \$1,600,000 on April 25, 2018 by ordinance #30843 due to higher collections.

2 Sales Tax. Sales Tax budgeted revenue was increased by \$1,200,000 on September 18, 2018 by ordinance #30972 due to higher sales tax collections.

3 Franchise and Other. Franchise and other budgeted revenues were increased by \$4,500,000 on September 12, 2018 by ordinance #30972 due to higher electric, fiber optics, street rental charges, and natural gas collections.

4 Charges for Service. Charges for Services budgeted revenue was increased by \$1,300,000 on April 25, 2018 by ordinance #30843 due to additional Emergency Ambulance supplemental payment revenue. Charges for services revenues are greater than budget by 9.2 percent (\$9,687,000) due to fees for ambulance services and ambulance supplement from the Texas Health and Human Services Commission (\$3,800,000); Fire Watch inspection revenues (\$2,800,000); a new agreement with the State Fair for police patrol services in which the City now bills directly after services are incurred (\$1,000,000 received from prior years and \$958,000 in FY 2017-18); increases in construction permits (\$1,070,000); and increases in paid liens from weed cutting (\$1,070,000 million). Overages are offset by a decrease in swimming pool fees (\$618,000) due to the delayed opening of three aquatic centers; and special event and building rental fees (\$769,000).

5 Fines and Forfeitures. Fines and forfeitures are 3.7 percent (\$1,344,000) under budget as a result of a decrease in parking citations issued due to staff turnover in the Parking Management and Enforcement division of Transportation (\$1,600,000); a decrease of 8,000 traffic citations over the same time period last year (\$1,400,000), a decrease in forfeiture hearings due to compliance of bond terms by defendants (\$289,000); a decrease in fines for towed vehicles at the auto pound (\$208,000); and fines for late fees at the Library due to automatic electronic renewal (\$189,000). Revenue underruns are offset by increased collection of fines for red light cameras (\$2,500,000).

VARIANCE NOTES

6 Operating Transfer In. Operating Transfers In is under budget by 13.7 percent (\$3,440,000) due to deferred inter-fund transfers from other funds. The revenue budget for Operating Transfer In was amended on:

- October 25, 2017 by resolution #17-1652 for a Regional Assessment of Fair Housing;
- November 8, 2017 by resolution #17-1735 to reimburse the AT&T Performing Arts Center (ATTPAC) for emergency flood remediation and repairs at the Dee and Charles Wylie Theatre;
- January 17, 2018 by resolution #18-0125 to continue the operation of the Dallas County Schools school crossing guard program through the end of the current school year;
- February 14, 2018 by resolution #18-0282 to accept donations from the Communities Foundation of Texas on behalf of various contributors to the Dallas Cultural Plan 2018;
- March 28, 2018 by resolution #18-0442 for emergency flood remediation and repairs related to the theater automation system at the Dee and Charles Wylie Theatre;
- May 23, 2018 by resolution #18-0773 for a service contract to provide school crossing guard services;
- September 5, 2018 by resolution #18-1215 for an increase to the Interlocal Agreement with Dallas County for assistance and services related to verifying a City petition;
- September 5, 2018 by resolution #18-1216 for the special election to be held on November 6, 2018; and
- September 12, 2018 by ordinance 30972 to increase the general fund operating revenue appropriation budget by \$5,400,000 due to additional one-time revenue

7 Miscellaneous. Miscellaneous revenues are 25 percent (\$1,950,000) over budget due to reimbursements from Atmos Energy and the sale of fixed assets (\$450,000). Budgeted revenue was increased \$800,000 on April 25, 2018 by ordinance 30843 due to additional one-time revenue from Atmos Energy for the City's support provided to residents affected by the gas emergency. Reimbursement from Atmos was greater than anticipated (\$1,120,000).

8 Interest. Interest earned revenues are 121 percent (\$2,434,000) over budget due to an increase in the market interest rate.

GENERAL FUND EXPENDITURES

As of September 30, 2018

Department	Adopted Budget	Amended Budget	Actual	Over/(Under) Budget
Building Services	\$28,590,583	\$28,667,529	\$28,390,210	(\$277,319)
City Attorney's Office	\$16,788,175	\$16,788,175	\$16,524,863	(\$263,312)
City Auditor's Office ¹	\$3,360,043	\$3,160,043	\$3,104,363	(\$55,680)
City Controller's Office	\$5,351,812	\$5,379,331	\$5,290,357	(\$88,974)
Independent Audit	\$891,157	\$891,157	\$860,887	(\$30,270)
City Manager's Office	\$2,266,902	\$2,344,267	\$2,247,912	(\$96,355)
City Secretary ²	\$2,367,327	\$2,839,606	\$2,750,145	(\$89,461)
Civil Service ³	\$3,080,815	\$3,146,870	\$3,058,526	(\$88,344)
Code Compliance ⁴	\$30,438,826	\$30,163,826	\$28,995,433	(\$1,168,393)
Court Services ⁵	\$11,627,393	\$11,453,393	\$11,047,556	(\$405,837)
Jail Contract	\$8,484,644	\$8,484,644	\$8,484,644	\$0
Dallas Animal Services	\$14,007,159	\$14,007,159	\$13,817,436	(\$189,723)
Dallas Fire-Rescue ⁶	\$267,026,909	\$281,026,909	\$277,814,246	(\$3,212,663)
Dallas Police Department ⁷	\$465,522,805	\$461,548,484	\$460,394,903	(\$1,153,581)
Housing and Neighborhood Services ⁸	\$3,668,283	\$4,010,682	\$3,842,265	(\$168,417)
Human Resources	\$5,234,618	\$5,234,618	\$5,216,577	(\$18,041)
Judiciary	\$3,454,079	\$3,454,079	\$3,392,777	(\$61,302)
Library	\$31,279,877	\$31,004,877	\$30,810,580	(\$194,297)
Office of Management Services				
311 Customer Services ⁹	\$3,509,120	\$3,449,390	\$2,986,571	(\$462,819)
Center for Performance Excellence ¹⁰	\$1,265,811	\$1,265,811	\$1,088,473	(\$177,338)
Council Agenda Office ¹¹	\$224,495	\$247,782	\$206,945	(\$40,837)
EMS Compliance Program ¹²	\$340,988	\$340,988	\$296,449	(\$44,539)
Ethics and Diversity ¹³	\$97,631	\$119,855	\$91,896	(\$27,959)
Fair Housing ¹⁴	\$278,274	\$397,837	\$387,950	(\$9,887)
Office of Strategic Partnerships ¹⁵	\$726,947	\$3,256,947	\$3,198,131	(\$58,816)
Office of Business Diversity	\$793,297	\$793,297	\$782,668	(\$10,629)
Office of Community Care ¹⁶	\$4,932,564	\$5,001,285	\$3,859,190	(\$1,142,095)
Office of Emergency Management	\$715,020	\$715,020	\$695,507	(\$19,513)
Office of Environmental Quality ¹⁷	\$1,197,487	\$1,270,712	\$1,269,239	(\$1,473)
Office of Homeless Solutions ¹⁸	\$10,081,328	\$10,008,103	\$8,936,236	(\$1,071,868)
Public Affairs and Outreach ¹⁹	\$1,666,011	\$1,230,645	\$1,045,752	(\$184,893)
Resiliency Office ²⁰	\$353,875	\$353,875	\$324,799	(\$29,076)
Welcoming Communities	\$428,845	\$428,845	\$418,479	(\$10,366)
Mayor and City Council	\$4,820,561	\$4,827,575	\$4,632,662	(\$194,913)
Non-Departmental ²¹	\$77,323,336	\$76,684,120	\$72,250,181	(\$4,433,939)
Office of Budget	\$3,406,338	\$3,406,338	\$3,274,193	(\$132,145)
Office of Cultural Affairs ²²	\$20,268,063	\$20,899,767	\$20,862,998	(\$36,769)
Office of Economic Development	\$4,840,594	\$4,840,594	\$4,831,028	(\$9,566)
Park and Recreation	\$98,005,546	\$98,269,651	\$96,968,671	(\$1,300,980)
Planning and Urban Design	\$2,911,297	\$2,911,297	\$2,852,047	(\$59,250)
Procurement Services	\$2,389,442	\$2,389,442	\$2,376,875	(\$12,567)
Public Works	\$73,137,927	\$73,137,927	\$72,151,675	(\$986,252)
Sustainable Development	\$1,656,869	\$1,656,869	\$1,647,825	(\$9,044)
Transportation ²³	\$44,325,574	\$44,440,574	\$43,188,575	(\$1,251,999)
Trinity Watershed Management ²⁴	\$1,302,754	\$1,302,754	\$951,231	(\$351,523)
Total Departments	\$1,264,441,401	\$1,277,252,949	\$1,257,619,927	(\$19,633,022)
Liability/Claim Fund Transfer	\$4,642,666	\$4,642,666	\$4,642,666	\$0
Contingency Reserve	\$4,686,875	\$4,686,875	\$4,686,875	\$0
Salary and Benefit Reserve ²⁵	\$2,650,000	\$1,903,810	\$0	(\$1,903,810)
Total Expenditures	\$1,276,420,942	\$1,288,486,300	\$1,266,949,468	(\$21,536,832)

VARIANCE NOTES

General Fund variance notes are provided below for departments with YE variances of +/- five percent, and departments with an Amended Budget.

1 City Auditor's Office. City Auditor's Office budget was reduced \$200,000 on September 12, 2018 by ordinance 30972 for year-end appropriation adjustments.

2 City Secretary. City Secretary Office's budget was increased by \$265,000 on October 11, 2017 by CR#17-1608 for oversight and responsibility of the open records function transferred from the Office of Management Services (Public Affairs and Outreach), by \$73,000 on September 5, 2018 by CR#18-1215 and CR#18-1216 (approved use of contingency reserve funds) to cover costs related to the November 6, 2018 special election, and increased by \$134,000 on September 12, 2018 by ordinance 30972 to cover unforeseen expenditures related to petition verification, an office reconfiguration, and salaries.

3 Civil Service. Civil Service's budget was increased by \$66,000 on September 12, 2018 by ordinance 30972 to offset costs related to a nationwide search for a Civil Service Director and remodel of the Civil Service Board Room.

4 Code Compliance. Code Compliance's budget was decreased by \$275,000 on September 12, 2018 by ordinance 30972 for year-end appropriation adjustments.

5 Court Services. Court Services budget was decreased by \$174,000 on September 12, 2018 by ordinance 30972 for year-end appropriation adjustments.

6 Dallas Fire-Rescue. Dallas Fire-Rescue budget was increased by \$3,700,000 on April 25, 2018 by ordinance 30843 and by \$10,300,000 on September 12, 2018 by ordinance 30972 for greater than budgeted use of overtime. This was due to attrition in prior fiscal years that exceeded hiring, affecting mandatory minimum staffing. Fire Department ultimately ended the year under budget primarily by altering their training schedule, and not utilizing the increased overtime funding.

7 Dallas Police Department. Dallas Police Department budget was decreased by \$759,000 on January 17, 2018 by CR#18-0125 to reallocate Child Safety Funds held by the Dallas Police Department to Management Services (Office of Strategic Partnerships), by \$115,000 on April 25, 2018 by ordinance 30843 to transfer Parking Enforcement division overtime and merit funding to Transportation, and by \$3,100,000 on September 12, 2018 by ordinance 30972 for year-end appropriation adjustments.

8 Housing and Neighborhood Services. Housing and Neighborhood Services budget was increased by \$165,000 on April 25, 2018 by ordinance 30843 to fund a caseworker for the High Impact Landlord Initiative, additional home repair work at eight Home Repair Program properties and expenses associated with moving support staff from Bexar Street offices to City Hall.

9 311 Customer Services. 311 Customer Services budget was increased by \$60,000 on April 25, 2018 by ordinance 30843 due to higher than expected usage of a third-party vendor that used to translate calls for non-English speakers. The budget was decreased by \$120,000 on September 12, 2018 by ordinance 30972 for year-end appropriation adjustments. 311 Customer Services is \$462,000 under budget primarily due to salary savings from vacancies.

10 Center for Performance Excellence. Center for Performance Excellence expenditures are \$177,000 under budget primarily due to salary savings from vacant positions.

11 Council Agenda Office. Council Agenda Office expenditures are \$41,000 under budget primarily due to salary savings.

VARIANCE NOTES

12 EMS Compliance Program. EMS Compliance Program expenditures are \$45,000 under budget primarily due to the non-renewal of the ComplyAssistant contract that was used to document and monitor the City's healthcare compliance activities.

13 Ethics and Diversity. Ethics and Diversity is \$28,000 under budget due to salary savings from vacant positions.

14 Fair Housing Office. Fair Housing Office budget was increased by \$120,000 on October 25, 2017 by CR#17-1652 for a Regional Assessment of Fair Housing.

15 Office of Strategic Partnerships. Office of Strategic Partnerships' budget was increased by \$2,400,000 million on January 17, 2018 by CR #18-0125 to appropriate funds for the Dallas County School Dissolution Committee Crossing Guard payroll, and by \$200,000 on May 23, 2018 by CR 18-0773 for a service contract to provide school crossing guard services. Office of Strategic Partnerships' budget was decreased by \$70,000 on September 12, 2018 by ordinance 30972 for year-end appropriation adjustments.

16 Office of Community Care. Office of Community Care's budget was increased by \$68,700 on April 25, 2018 by ordinance 30843 for unbudgeted contract temporary help, overtime, and building maintenance expenses. Office of Community Care's expenditures are \$1,142,000 under budget due to unexecuted contracts and salary savings due to vacancies.

17 Office of Environmental Quality. Savings from other Management Services divisions were used to cover overruns in the Office of Environmental Quality due to lower than budgeted state grant reimbursements.

18 Office of Homeless Solutions. Savings from Office of Homeless Solutions were used to cover overruns in other Management Service divisions. Office of Homeless Solutions is under budget due to salary savings from vacancies and unexecuted contracts.

19 Public Affairs and Outreach. Public Affairs and Outreach budget was decreased by \$265,000 on October 11, 2017 by CR#17-1608 for oversight and responsibility of the open records function transferred to the City Secretary, and decreased by \$170,000 on September 12, 2018 by ordinance 30972 for year-end appropriation adjustments. Public Affairs and Outreach expenditures are \$184,000 under budget primarily due to salary savings from vacant positions.

20 Resiliency Office. Resiliency Office is \$29,000 under budget due to salary savings from vacant positions.

21 Non-Departmental. Non-Departmental budget was decreased by \$294,000 on April 25, 2018 by ordinance 30843 for mid-year appropriation adjustments, and decreased by \$345,225 on September 12, 2018 by ordinance 30972 for year-end appropriation adjustments. Non-Departmental expenditures are \$4,434,000 less than budget primarily due to a delay in Master Lease draw for new equipment purchases.

22 Office of Cultural Affairs. Office of Cultural Affairs budget was increased by \$139,000 on November 8, 2017 by CR#17-1735; increased by \$189,300 on March 28, 2018 by CR 18#0442 (approved use of contingency reserve funds) to reimburse the ATTPAC for emergency flood remediation and repairs at the Dee and Charles Wylie Theatre; and increased by \$303,000 on February 14, 2018 by resolution #18-0282 to accept donations from the Communities Foundation of Texas on behalf of various contributors to the Dallas Cultural Plan 2018.

23 Transportation. Transportation budget was increased by \$115,000 on April 25, 2018 by ordinance 30843 to transfer Parking Enforcement division overtime and merit funding from Police to

VARIANCE NOTES

Transportation.

24 Trinity Watershed Management. Trinity Watershed Management expenditures are \$351,000 under budget due to salary savings from vacant positions.

25 Salary and Benefit Reserve. Salary and Benefit Reserve funds totaling \$747,000 were allocated to Building Services (\$77,000), the City Controller's Office (\$28,000), the City Manager's Office (\$77,000), the City Secretary's Office (\$70,000), Housing and Neighborhood Revitalization (\$177,000), City Agenda Office (\$25,000), Ethics and Diversity (\$22,000), Mayor and Council (\$7,000), and Park and Recreation (\$264,000) for personnel related expenditures, primarily unbudgeted vacation/sick termination payments.

ENTERPRISE FUNDS

As of September 30, 2018

Department	Adopted Budget	Amended Budget	Actual	Over/(Under) Budget
AVIATION				
Total Revenues:	\$127,028,405	\$127,028,405	\$126,421,730	(\$606,675)
Total Expenditures:	\$127,028,405	\$127,028,405	\$126,917,722	(\$110,683)
Net Excess of Revenues Over Expenditures	\$0	\$0	(\$495,992)	(\$495,992)
CONVENTION AND EVENT SERVICES¹				
Total Revenues:	\$97,787,266	\$104,430,364	\$106,303,012	\$1,872,648
Total Expenditures:	\$97,787,266	\$104,430,364	\$100,937,490	(\$3,492,874)
Net Excess of Revenues Over Expenditures	\$0	\$0	\$5,365,522	\$5,365,522
MUNICIPAL RADIO²				
Total Revenues:	\$2,098,813	\$2,098,813	\$1,859,193	(\$239,620)
Total Expenditures:	\$2,051,318	\$2,051,318	\$1,892,876	(\$158,442)
Net Excess of Revenues Over Expenditures	\$47,495	\$47,495	(\$33,683)	(\$81,178)
SANITATION SERVICES³				
Total Revenues:	\$102,279,097	\$109,056,415	\$111,638,134	\$2,581,719
Total Expenditures:	\$102,279,097	\$109,056,415	\$108,885,498	(\$170,917)
Net Excess of Revenues Over Expenditures	\$0	\$0	\$2,752,637	\$2,752,637
STORM DRAINAGE MANAGEMENT⁴				
Total Revenues:	\$55,987,895	\$55,987,895	\$55,337,503	(\$650,392)
Total Expenditures:	\$55,987,895	\$55,936,837	\$53,060,005	(\$2,876,832)
Net Excess of Revenues Over Expenditures	\$0	\$51,058	\$2,277,498	\$2,226,440
SUSTAINABLE DEVELOPMENT AND CONSTRUCTION⁵				
Total Revenues:	\$31,711,218	\$31,711,218	\$35,907,690	\$4,196,472
Total Expenditures:	\$32,376,190	\$32,376,190	\$32,176,584	(\$199,606)
Net Excess of Revenues Over Expenditures	(\$664,972)	(\$664,972)	\$3,731,106	\$4,396,078
Note: FY 2017-18 Budget reflects planned use of fund balance.				
DALLAS WATER UTILITIES⁶				
Total Revenues:	\$667,471,388	\$667,471,388	\$676,232,551	\$8,761,163
Total Expenditures:	\$667,471,388	\$667,471,388	\$628,810,744	(\$38,660,644)
Net Excess of Revenues Over Expenditures	\$0	\$0	\$47,421,807	\$47,421,807

INTERNAL SERVICES FUNDS

As of September 30, 2018

Department	Adopted Budget	Amended Budget	Actual	Over/(Under) Budget
INFORMATION TECHNOLOGY⁷				
Total Revenues:	\$67,963,283	\$67,963,283	\$68,115,690	\$152,407
Total Expenditures:	\$70,242,680	\$74,242,680	\$72,873,369	(\$1,369,311)
Net Excess of Revenues Over Expenditures	(\$2,279,397)	(\$6,279,397)	(\$4,757,679)	\$1,521,718
Note: FY 2017-18 Budget reflects planned use of fund balance.				
RADIO SERVICES⁸				
Total Revenues:	\$4,823,063	\$4,823,063	\$4,766,268	(\$56,795)
Total Expenditures:	\$4,823,063	\$4,823,063	\$4,523,143	(\$299,920)
Net Excess of Revenues Over Expenditures	\$0	\$0	\$243,125	\$243,125
EQUIPMENT SERVICES⁹				
Total Revenues:	\$52,652,059	\$54,152,059	\$54,838,838	\$686,779
Total Expenditures:	\$52,652,059	\$56,760,634	\$55,853,493	(\$907,141)
Net Excess of Revenues Over Expenditures	\$0	(\$2,608,575)	(\$1,014,655)	\$1,593,920
EXPRESS BUSINESS CENTER¹⁰				
Total Revenues:	\$4,231,450	\$4,231,450	\$3,154,970	(\$1,076,480)
Total Expenditures:	\$3,740,420	\$3,740,420	\$2,413,615	(\$1,326,805)
Net Excess of Revenues Over Expenditures	\$491,030	\$491,030	\$741,355	\$250,325

OTHER FUNDS

As of September 30, 2018

Department	Adopted Budget	Amended Budget	Actual	Over/(Under) Budget
9-1-1 SYSTEM OPERATIONS¹¹				
Total Revenues:	\$12,539,195	\$12,539,195	\$12,439,202	(\$99,993)
Total Expenditures:	\$15,048,378	\$16,748,378	\$14,412,666	(\$2,335,712)
Net Excess of Revenues Over Expenditures	(\$2,509,183)	(\$4,209,183)	(\$1,973,464)	\$2,235,719
Note: FY 2017-18 Budget reflects planned use of fund balance.				
DEBT SERVICE¹²				
Total Revenues:	\$278,149,358	\$278,149,358	\$279,969,982	\$1,820,624
Total Expenditures:	\$267,322,998	\$267,322,998	\$259,623,576	(\$7,699,422)
Net Excess of Revenues Over Expenditures	\$10,826,360	\$10,826,360	\$20,346,405	\$9,520,045
EMPLOYEE BENEFITS				
Total Revenues:	\$154,293,007	\$154,293,007	\$160,383,729	\$6,090,722
Total Expenditures:	\$154,293,007	\$154,293,007	\$154,241,243	(\$51,764)
Net Excess of Revenues Over Expenditures	\$0	\$0	\$6,142,486	\$6,142,486
RISK MANAGEMENT¹³				
Total Revenues:	\$26,919,550	\$26,919,550	\$21,222,818	(\$5,696,732)
Total Expenditures:	\$29,406,225	\$29,406,225	\$20,580,620	(\$8,825,605)
Net Excess of Revenues Over Expenditures	(\$2,486,675)	(\$2,486,675)	\$642,198	\$3,128,873

VARIANCE NOTES

The Enterprise, Internal Service, and Other Funds summary includes the beginning fund balance with the YE revenue and expenditures. Variance notes are provided below for funds with a YE variance of +/- five percent, funds that exceed budget, and funds that use fund balance.

1 Convention and Event Services. Convention and Event Services budget was increased by \$1,600,000 on April 25, 2018 by ordinance 30843 and by \$5,000,000 on September 12, 2018 by ordinance 30972 due to increased food and beverage expenses offset by additional catering service revenues.

2 Municipal Radio. Municipal Radio revenues are under budget by \$240,000 due to a decrease in local radio advertisement sales. Local arts groups and small retailers (which account for the largest portion of local sales) have difficulty with the cost of media buys in DFW's large media market. Expenditures are \$158,000 under budget primarily due to salary savings from vacant positions.

3 Sanitation Services. Sanitation Services budget was increased by \$2,100,000 on April 25, 2018 by ordinance 30843 and by \$4,600,000 on September 12, 2018 by ordinance 30972 for an additional transfer to the Sanitation capital improvement fund, increased landfill equipment usage and repair costs, increased fuel costs, and increased overtime and contracted labor expenses related to high truck driver turnover.

4 Storm Drainage Management Storm Drainage Management expenses are \$2,877,000 under budget due to salary savings from vacant positions.

5 Sustainable Development and Construction. Sustainable Development and Construction revenues are \$4,196,000 over budget primarily due to greater than anticipated construction permit activity and corresponding charges for service for Express Plan Review and Private Development Review.

6 Dallas Water Utilities. Water Utilities expenditures are \$38,660,000 under budget due to a settlement with the Sabine River Authority (SRA). The escrow payment savings will be used to minimize future rate increases. City Council was briefed on this topic in February 2018. Revenues are \$8,761,000 over budget due to excess water consumption accompanying high temperatures during the months of July and August.

7 Information Technology. Information Technology budget was increased by \$4,000,000 on September 12, 2018 by ordinance 30972 to fund an additional technology construction fund transfer using fund balance.

8 Radio Services Radio Services expenditures are \$300,000 under budget due to salary savings from vacant positions.

9 Equipment Services. Equipment Services budget was increased by \$475,000 on April 11, 2018 for a fleet consultant study, by \$1,200,000 on April 25, 2018 by ordinance 30843 due to unbudgeted equipment maintenance charges for retained vehicles, increased motor pool use, and increased costs for make ready of new vehicles and by \$2,300,000 on September 12, 2018 due to increased fuel costs offset by additional revenue.

10 Express Business Center. Express Business Center expenditures are \$1,327,000 under budget and revenues \$1,077,000 under budget primarily due to the transfer of the water bill printing services to Dallas Water Utilities (DWU) at the end of September 2017.

11 9-1-1 System Operations. 9-1-1 System Operations budget was increased by \$1,700,000 on April 25, 2018 by ordinance 30843 for a greater than budgeted \$1,700,000 reimbursement to Dallas Fire Rescue. 9-1-1 System Operations expenditures were \$2,335,000 under budget due to lower than expected equipment and software maintenance, and a lower reimbursement to Dallas Fire Rescue.

12 Debt Service Fund. Debt Service Fund expenditures are \$7,600,000 under budget due to the refunding in November 2017 of 2007 GO Bonds.

13 Risk Management. Risk Management expenditures are \$8,826,000 under budget primarily due to the resolution of settlements in FY 2017-18 moving to FY 2018-19.



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FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2018

City Council originally adopted the Financial Management Performance Criteria (FMPC) on March 15, 1978, to provide standards and guidelines for the City's financial managerial decision making and to provide for a periodic review of the criteria to maintain standards and guidelines consistent with current economic conditions. The FMPC contain 54 criteria in seven different categories, in addition to 13 criteria specific to Dallas Water Utilities.

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: Criteria DWU 1-13

City Council approved the most recent revision to the FMPC in December 2017. The status of each criterion is updated annually and presented with the annual budget, at year-end, and for each debt issuance.

Revisions:

9/27/1978

7/8/1981

9/28/2011

10/8/2014

12/13/2017

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2018

OPERATING PROGRAM

Number: 1

Name: Property tax revenue limit

Type: Operating Program

Description: The year-to-year increase of actual revenue from the levy of the ad valorem tax will generally not exceed eight percent, excluding taxable value gained through annexation or consolidation; excluding the value gained through new construction; excluding expenditure increases mandated by the voters or another governmental entity; and not excluding the valuation gained through revaluation or equalization programs.

Status: In compliance. 2.74 percent.

Number: 2

Name: Unassigned fund balance minimum

Type: Operating Program

Description: The unassigned fund balance of the General Fund, which includes the Emergency and Contingency Reserves, shall be maintained at a level not less than 40 days of the General Fund operating expenditures less debt service. Funds will be allocated from unassigned fund balance only after the City Manager has prepared an analysis and presented it to the City Council.

Status: In compliance.

\$207.9 million is 59.9 days of the FY 18 (Actual) General Fund budget.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2018

Number: 3
Name: Contingency Reserve
Type: Operating Program

Description: The Contingency Reserve, a component of unassigned fund balance, shall be used to provide for unanticipated needs that arise during the year: for example, expenses associated with new service needs that have been identified after the budget process, new public safety or health needs, revenue shortfalls, service enhancements, or opportunities to achieve cost savings. Funds shall be allocated from the Contingency Reserve only after an analysis has been prepared by the City Manager and presented to the City Council outlining the initial and recurring costs associated with the adopted expenditure. Additionally, these funds would be used prior to use of the Emergency Reserve funds. Funds shall be allocated each year in the budget process to replace any use of the Contingency Reserve funds during the preceding fiscal year and to maintain the balance of the Contingency Reserve at a level ranging from 0.5 percent to 1.0 percent of budgeted departmental expenditures.

Status: In compliance. FY 2017-18 (Actual) Contingency Reserve level \$9.18 million, or 0.72% of the FY 2017-18 (Actual) General Fund budget.

Number: 4
Name: Emergency Reserve
Type: Operating Program

Description: The Emergency Reserve, a component of unassigned fund balance, shall be used to provide for temporary financing of unanticipated or unforeseen extraordinary needs of an emergency nature; for example, costs related to a natural disaster or calamity, a five percent decline in property values, or an unexpected liability created by federal or state legislative action. Funds shall be allocated from the Emergency Reserve only after an analysis has been prepared by the City Manager and presented to City Council. The analysis shall provide sufficient evidence to establish that the remaining balance is adequate to offset potential downturns in revenue sources. The analysis shall address the nature of the adopted expenditure and the revenue requirement in subsequent budget years. Prior to allocating funds from the Emergency Reserve, the City Council shall find that an emergency or extraordinary need exists to justify the use of these funds. Management shall designate up to 20 percent of the General Fund's projected unassigned fund balance but not less than \$25 million to the Emergency Reserve. Use of the Emergency Reserve shall require a super-majority of City Council.

Status: In compliance. FY 2017-18 (Actual) Emergency Reserve - \$35.0 million.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2018

Number: 5
Name: Risk Reserve
Type: Operating Program

Description: The Risk Reserve shall be maintained at a level that, together with purchased insurance policies, adequately protects the City's assets against loss. An analysis shall be conducted every three years or when the deductible level of the City's property insurance is modified (whichever is earlier), to determine the appropriate level of this reserve.

Status: In compliance. FY 2017-18 (Actual) Risk Reserve is \$1.25 million.

Number: 6
Name: Prohibition of debt for operating expenditures
Type: Operating Program

Description: Debt will not be used to fund current operating expenditures.

Status: In compliance.

Number: 7
Name: Enterprise Funds full-cost funding and minimum net working capital
Type: Operating Program

Description: Each Enterprise Fund of the City will maintain revenues that support the full (direct and indirect) cost of the fund. In addition, each Enterprise Fund should maintain at least 30 days of budgeted operations and maintenance expense in net working capital and avoid cash deficits. Enterprise Funds will maintain positive balances.

Status: In compliance.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2018

Number: 8
Name: Liability/Claims Fund
Type: Operating Program

Description: A General Fund Liability Fund shall be budgeted annually to provide for outstanding and anticipated claims expense and resulting liabilities during the budget year. An individual judgment settlement cap is set at \$5 million. The Emergency Reserve will be accessed should the cap be exceeded. An independent actuarial analysis shall be conducted every two years to determine the appropriate level of this fund. Additionally, the Liability Fund will include an allocation for unanticipated affirmative litigation.

Status: In compliance.

Number: 9
Name: Landfill Closure/Post-Closure Reserve
Type: Operating Program

Description: Consider the establishment of a Landfill Closure/Post-Closure Reserve to provide for any future potential liabilities. Analysis will be performed periodically to determine appropriate timing and amount of funding needs. Funds could be allocated from an increase in user fees.

Status: Establishment of reserve is not recommended at this time.

Number: 10
Name: Facilities replacement versus maintenance analysis
Type: Operating Program

Description: Operating expenditures will be programmed to include current costs of fully maintaining City facilities, including parks, streets, levees, vehicles, buildings, and equipment. A cost-benefit analysis will be performed on replacement cost versus projected required maintenance costs to determine the level at which City facilities should be maintained. The analysis will also determine the long-term cost of any potential deferred maintenance cost. Normal maintenance will be funded through the operating budget.

Status: Not in compliance.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2018

Number: 11

Name: Annual assessment for equipment and maintenance needs

Type: Operating Program

Description: An annual assessment and five-year projection for all equipment and maintenance needs should be performed and a maintenance and replacement schedule developed based on the projection.

Status: Not in compliance. Annual assessment completed – December 2018.

Number: 12

Name: User fees review

Type: Operating Program

Description: 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.

Status: In compliance.

Number: 13

Name: Employee Benefits Fund minimum cash reserve

Type: Operating Program

Description: The Employee Benefits Fund will maintain a cash reserve of at least the anticipated end-of-year claims incurred but not paid, and other current liabilities. This does not include incurred but not reported (IBNR) claims. The Employee Benefits Fund will maintain a positive cash balance.

Status: In compliance.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2018

Number: 14

Name: Internal Service Funds and Enterprise Funds cash balances

Type: Operating Program

Description: Internal Service Funds and Enterprise Funds will maintain positive cash balances.

Status: In compliance.

PENSION PROGRAM

Number: 15

Name: Sufficient funding for retirement systems

Type: Pension Program

Description: All retirement systems will be financed in a manner to systematically fund liabilities. The City will ensure sufficient funds are provided to pay current service plus interest on unfunded liabilities plus amortization of the unfunded liabilities over a programmed period. No less than annual reviews will be provided to City Council by the pension funds.

Status: In compliance.

Number: 16

Name: Actuarial analysis required on retirement systems

Type: Pension Program

Description: 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 biannually 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.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2018

BUDGETING AND PLANNING

Number: 17

Name: Balanced budget

Type: Budgeting and Planning

Description: The City shall operate on a current funding basis. Expenditures shall be budgeted and controlled so as not to exceed current revenues plus the planned use of unassigned fund balance accumulated through prior year surplus. Nonrecurring or one-time revenues should, to the extent possible, be used only for one-time expenditures (expenditures not expected to reoccur and requiring future appropriations) to avoid future shortfalls.

Status: In compliance.

Number: 18

Name: Five-year revenue and expenditure projection

Type: Budgeting and Planning

Description: Management will project revenues and expenditures annually for at least five years beyond the current year for the General Fund and each Enterprise Fund of the City.

Status: In compliance.

Number: 19

Name: Financial monitoring

Type: Budgeting and Planning

Description: Financial systems will be maintained to monitor expenditures, revenues, and performance of all municipal programs on an ongoing basis.

Status: In compliance.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2018

Number: 20

Name: Operating impact of capital improvements

Type: Budgeting and Planning

Description: Operating expenditures will be programmed to include the cost of implementing service of the capital improvements, and future revenues necessary for these expenditures will be estimated and provided for prior to undertaking the capital improvement.

Status: In compliance.

Number: 21

Name: Comparison of financial performance to FMPC

Type: Budgeting and Planning

Description: A report reflecting end of fiscal year status of performance against these criteria will be prepared within 60 days after official presentation of the Comprehensive Annual Financial Report (CAFR) to the City Council. A pro forma report reflecting Adopted Budget status will be submitted with the City Manager's Adopted Budget each year.

Status: In compliance.

Number: 22

Name: Two-year balanced budget

Type: Budgeting and Planning [Effective 12/2017]

Description: Each year, the City Manager shall develop and present to the City Council a two-year balanced budget. The City Council will adopt a one-year budget and set the property tax rate in accordance with state law annually. Expenditures shall be budgeted and controlled so as not to exceed current revenues in each year or City Council approved use of fund balance.

Status: In compliance.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2018

Number: 23

Name: Over-65 and disabled homestead exemption modification [Effective 12/2017]

Type: Budgeting and Planning

Description: The City will compare the current disabled and over-65 exemption to the most recent annual Consumer Price Index (CPI) every two years and provide the analysis to City Council for consideration prior to June 30 for possible increase of this property tax exemption. Changes to property tax exemptions must be provided to the appraisal districts no later than June 30.

Status: Not applicable. Calculated each odd-numbered year.

Number: 24

Name: Effective tax rate-based budget proposal [Effective 12/2017]

Type: Budgeting and Planning

Description: The City Manager will develop an estimated effective tax rate budget scenario and, if different from the City Manager's recommended budget required by Chapter 11, Section 1 of the City Charter, will provide it to the City Council at the same time. The estimated effective tax rate budget scenario will include a prioritized list of services/expenses that could be funded and a prioritized list of services/expenses that could not be funded with the estimated effective tax rate.

Status: Not applicable.

CAPITAL AND DEBT MANAGEMENT

Number: 25

Name: Matching of bond funds and useful life of project

Type: Capital and Debt Management

Description: Any capital projects financed through the issuance of bonds shall be financed for a period not to exceed the expected useful life of the project (for example, bonds issued for street resurfacing shall be financed for a period not to exceed 10 years).

Status: In compliance.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2018

Number: 26

Name: GO debt to market value of taxable property limit

Type: Capital and Debt Management

Description: The net (non-self-supporting) General Obligation (GO) debt of Dallas will not exceed four percent of the true market valuation of the taxable property of Dallas.

Status: In compliance. 1.13 percent.

Number: 27

Name: Direct and overlapping debt to market value of taxable property limit

Type: Capital and Debt Management

Description: Total direct plus overlapping debt shall be managed to not exceed eight percent of market valuation of taxable property of Dallas. All debt, which causes total direct plus overlapping debt to exceed six percent of market valuation, shall be carefully planned and coordinated with all overlapping jurisdictions.

Status: In compliance. 3.96 percent.

Number: 28

Name: Capitalization of interest expense

Type: Capital and Debt Management

Description: Interest expense incurred prior to actual operation will be capitalized only for facilities of enterprise activities.

Status: In compliance.

Number: 29

Name: Average GO bond maturities

Type: Capital and Debt Management

Description: Average (weighted) GO bond maturities (exclusive of Pension Obligation bonds) shall be kept at or below 10 years.

Status: In compliance. 6.8 years.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2018

Number: 30

Name: GO debt service to Governmental Fund expenditures limit

Type: Capital and Debt Management

Description: Annual GO debt service (contribution), including certificates of obligation (CO) debt for risk management funding, shall not exceed 20 percent of the total Governmental Fund expenditures (composed of General Fund, Special Revenue Funds, Debt Service Fund, and Capital Project Funds).

Status: In compliance. 13.95 percent.

Number: 31

Name: Per capita GO debt to personal income limit

Type: Capital and Debt Management

Description: Per capita GO debt, including COs, equipment acquisition notes and GO bonds, will be managed to not exceed 10 percent of the latest authoritative computation of Dallas' per capita annual personal income as determined by the U.S. Department of Commerce Bureau of Economic Analysis.

Status: In compliance. 4.6 percent.

Number: 32

Name: Debt financing for betterment of capital improvements

Type: Capital and Debt Management

Description: Debt may be used to finance betterments intended to extend the service life of original permanent capital improvements under the following conditions: the original improvement is at or near the end of its expected service life; the betterment extends the life of the original improvement by at least one-third of the original service life; the life of the financing is less than the life of the betterment; and the betterment is financed through either COs or GOs.

Status: In compliance.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2018

Number: 33

Name: Interest earnings from GO bond proceeds

Type: Capital and Debt Management

Description: Interest earnings from GO bonds shall be used solely to fund capital expenditures, debt service, or a reserve for capital contingencies.

Status: In compliance.

Number: 34

Name: Certificates of Obligation uses

Type: Capital and Debt Management

Description: COs should be used only to fund tax-supported projects previously approved by the voters or for risk management funding as authorized by the City Council or non-tax revenue-supported projects approved by City Council.

Status: In compliance.

Number: 35

Name: CO limit as percentage of GO debt

Type: Capital and Debt Management

Description: CO debt, including that for risk management funding supported by an ad valorem tax pledge, should not exceed 15 percent of total authorized and issued GO debt. All COs issued in lieu of revenue bonds should not exceed 10 percent of outstanding GO debt.

Status: In compliance. 0.6 percent.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2018

Number: 36
Name: COs for enterprise projects
Type: Capital and Debt Management

Description: COs for an enterprise system will be limited to only those projects that can demonstrate the capability to support the certificate debt either through its own revenues or another pledged source other than ad valorem taxes.

Status: In compliance.

Number: 37
Name: CO authorization limit
Type: Capital and Debt Management

Description: CO authorization will remain in effect for no more than five years from the date of approval by the City Council.

Status: In compliance.

Number: 38
Name: CO authorization limit for risk management funding
Type: Capital and Debt Management

Description: COs authorized for risk management funding shall be issued for a term not to exceed 20 years.

Status: In compliance.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2018

Number: 39
Name: Advance and current refunding criteria
Type: Capital and Debt Management

Description: Advance refunding and forward delivery refunding transactions should be considered when the net present value savings as a percentage of the par amount of refunded bonds is at least four percent.

Current refunding transactions should be considered when the net present value savings as a percentage of the par amount of refunded bonds is at least three percent.

Status: In compliance.

Number: 40
Name: Enterprise Fund debt reserve requirements
Type: Capital and Debt Management

Description: Each Enterprise Fund (where applicable) will maintain fully funded debt service reserves. 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.

Status: In compliance.

Number: 41
Name: GO Debt Service Fund minimum reserve
Type: Capital and Debt Management

Description: The City shall maintain a reserve in the GO Debt Service Fund equal to five percent of the following year's annual principal and interest debt service expense. The Debt Service Fund tax rate and/or future debt will be structured to maintain this debt service reserve.

Status: In compliance.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2018

ECONOMIC DEVELOPMENT

Number: 42

Name: Tax Increment Financing zones revenue coverage

Type: Economic Development

Description: Tax Increment Financing (TIF) zones should be established where revenues will recover 1.25 times the public cost of debt to provide an adequate safety margin.

Status: In compliance.

Number: 43

Name: TIF zone residential limit

Type: Economic Development

Description: A TIF Reinvestment Zone (RZ) may not be created if more than 10 percent of the property in the adopted zone, excluding property dedicated for public use, is used for residential purposes. "Residential purposes" includes property occupied by a house, which is less than five living units.

Status: In compliance.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2018

Number: 44
Name: RZs to total tax base limit
Type: Economic Development

Description: Pursuant to the provisions of the Texas Tax Code, the City creates RZs both for tax increment financing (TIF RZ) and for tax abatement (TA RZ). TA RZs are created to grant tax abatements on real or business personal property or both located in the TA RZ. For the FMPC, TIF RZs and TA RZs shall be referred to collectively as Reinvestment Zones (RZs).

No RZ can be created if the total property tax base of certain TIF RZs plus the total real property and business personal property tax base (if there is business personal property tax being abated) of TA RZs exceeds 15 percent of the total tax base (all real and business personal property) of the City. RZs no longer collecting tax increment or abating taxes (i.e. now contributing 100 percent to the City of Dallas property tax revenues) will be excluded from the calculation.

Status: In compliance.

Number: 45
Name: PID and TIF service impact analysis
Type: Economic Development

Description: All Public Improvement District (PID) and TIF proposals, even pay-as-you-go projects, will be evaluated for service impact. A five-year fiscal note must accompany any request to establish a PID or TIF including repayment terms of any inter-fund borrowing.

Status: In compliance.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2018

Number: 46

Name: PID and TIF debt issuance criteria

Type: Economic Development

Description: All adopted PID or TIF debt issuances supported by a district's revenues are subject to the following criteria:

- Coverage Tests – The project should provide for revenues, net of overlapping taxes, of 1.25 times maximum annual debt service requirement. The issuance of TIF bonds may be considered prior to achieving coverage ratio of 1.25 if:
 - a developer or property owner provides a credit enhancement, such as a letter of credit or bond insurance from a AAA-rated financial institution, for the entire amount of the debt issue;
 - if there is insufficient TIF increment revenues to retire TIF bonds, which consequently requires the credit enhancement mechanism be called upon to service the TIF-bonded indebtedness, contingent liability to reimburse a credit enhancer would be the sole liability of the developer or its affiliates;
 - if there are changes in the rating of the financial institution providing credit enhancement, then that institution shall be replaced with a AAA-rated financial institution within 90 days; and
 - If no replacement of a AAA-rated institution is provided, no further TIF bonds in advance of the 1.25 coverage ratio will be provided for any additional TIF projects undertaken by the developer or its affiliates.
- Additional Bonds Test – The project should include an additional bonds test parallel to the coverage test.
- Reserve Fund – The project should include a debt service reserve fund equal to the maximum annual debt service requirements.
- Limitations on Amount of PID/TIF Bonds:
 - The total amount of PID/TIF indebtedness will be included and managed as part of the City's overlapping debt.
 - The total amount of PID/TIF debt outstanding should generally not exceed 20 percent of the City's outstanding GO indebtedness.
- PID/TIF bonds should be limited to projects consistent with the City's previously adopted FMPC for debt issuance.
- PID bonds should be limited to those projects that can demonstrate the ability to support the debt either through its own revenues or another pledge source other than ad valorem taxes.
- PID/TIF bond authorizations should remain in effect for no more than five years from the date of City Council approval.

Status: In compliance.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2018

Number: 47
Name: PID and TIF debt issuances maturity limit
Type: Economic Development

Description: All adopted PID or TIF debt issuances must mature on or before the termination date of the respective PID or TIF district and, further, all bonds must also conform to the district's Financial Plan by maturing on or before the plan's projected date by which all district expenses would be paid.

Status: In compliance.

Number: 48
Name: PID and TIF unrated, high-yield bond limit
Type: Economic Development

Description: The City will not propose the issuance of any unrated, high-yield PID/TIF bond that could be labeled a "high-risk bond," except for small (less than \$5 million) private placements coordinated with the City's Financial Advisor. All projects must be carefully evaluated for creditworthiness and meet the criteria above, whether a credit rating is obtained.

Status: In compliance.

Number: 49
Name: PID and TIF bond use
Type: Economic Development

Description: The City should use PID/TIF bonds only when other options have been considered.

Status: In compliance.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2018

ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

Number: 50

Name: Conformance with Generally Accepted Accounting Principles (GAAP)

Type: Accounting, Auditing, and Financial Reporting

Description: The City will establish and maintain a high degree of accounting practices that conform to GAAP as set forth by the Governmental Accounting Standards Board (GASB). GASB is the independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments.

Status: In compliance.

Number: 51

Name: Annual independent audit and financial report

Type: Accounting, Auditing, and Financial Reporting

Description: Management will contract with an independent public accounting firm for an annual audit, with the subsequent issuance of an official CAFR in conformity with GAAP and applicable state statutes.

Status: In compliance.

Number: 52

Name: Full disclosure in financial statements and bond representations

Type: Accounting, Auditing, and Financial Reporting

Description: Full disclosure will be provided in the annual financial statements and bond representations.

Status: In compliance.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2018

GRANTS AND TRUSTS

Number: 53
Name: Grants and gifts compliance
Type: Grants and Trusts

Description: All grants will be managed to comply with the laws, regulations, and guidance of the grantor, and all gifts and donations will be managed and expended according to the wishes and instructions of the donor.

Status: In compliance.

Number: 54
Name: Pre-acceptance fiscal review
Type: Grants and Trusts

Description: Prior to acceptance of proposed gifts, donations, and governmental grants, a fiscal review will be conducted. The review should consider matching requirements, impacts on both revenues and expenditures for the next five years, whether the objectives of the gifts, donations, or grants meet the strategic goals of the City, and any potential impact of loss of funds.

Status: In compliance.

DALLAS WATER UTILITIES (DWU)

Number: DWU 1
Name: Matching of current revenues and current expenses
Type: Dallas Water Utilities

Description: Current revenues will be sufficient to support current expenses including debt service and other obligations of the system.

Status: In compliance.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2018

Number: DWU 2
Name: Use of long-term debt
Type: Dallas Water Utilities

Description: Long-term debt will be used only for capital expansion, replacement, and improvement of plant, not for current expenses.

Status: In compliance.

Number: DWU 3
Name: Short-term debt authorization
Type: Dallas Water Utilities

Description: Short-term debt, including tax-exempt commercial paper, will be used as authorized for interim financing of projects which result in capital improvements. The authorization of tax-exempt commercial paper will be limited to 20 percent of the 10-year capital improvement program in effect at the time of the commercial paper authorization. No commercial paper program will be authorized for more than 10 years. Outstanding tax-exempt commercial paper will never exceed the amount authorized by City Council.

Status: In compliance.

Number: DWU 4
Name: Contingency reserve sufficiency
Type: Dallas Water Utilities

Description: Contingency reserves will be appropriated at a level sufficient to provide for unanticipated, nonrecurring expenditures.

Status: In compliance.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2018

Number: DWU 5
Name: Debt financing maturity limit
Type: Dallas Water Utilities

Description: Debt financing for capital projects will not exceed the useful life of the asset, and in no case shall the term exceed 30 years.

Status: In compliance.

Number: DWU 6
Name: Unreserved cash balance minimum
Type: Dallas Water Utilities

Description: An unreserved cash balance will be maintained such that it provides a minimum quick ratio of 1.50 and at least 30 days of budgeted expenditures for operations and maintenance in net working capital.

Status: In compliance.

Number: DWU 7
Name: Debt service coverage requirements
Type: Dallas Water Utilities

Description: 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 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.

Status: In compliance.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2018

Number: DWU 8
Name: Use of excess current revenues
Type: Dallas Water Utilities

Description: Current revenues that are more than operating expenses and debt service will be used for capital expenditures and other water and wastewater purposes.

Status: In compliance.

Number: DWU 9
Name: Funding from current rates relationship to depreciation expense
Type: Dallas Water Utilities

Description: Funds available from current rates in each fiscal year for system rehabilitation, replacement, and expansion will be appropriated equal to or more than financial statement depreciation expense reasonably estimated in the same year.

Status: In compliance.

Number: DWU 10
Name: Capital financing methods and equity-to-debt ratio
Type: Dallas Water Utilities

Description: Capital financing will be provided through a combination of revenue bonds, current revenues, contributed capital, and short-term debt. An equity-to-debt ratio of at least 20 percent should be maintained on all capital projects.

Status: In compliance.

Number: DWU 11
Name: Cost of service studies
Type: Dallas Water Utilities

Description: Retail cost of service studies will be performed at least every two years and reviewed annually. Rate adjustments will be recommended when required, but normally no more frequently than annually.

Status: In compliance.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2018

Number: DWU 12
Name: Wholesale water and wastewater rates
Type: Dallas Water Utilities

Description: Wholesale treated water rates for customer cities and other governmental entities will be determined based on the inter-city agreement currently in effect. Wholesale wastewater and untreated water rates will be determined based on contractual agreements with wholesale customers. Rates shall be adjusted annually if cost of service studies indicate a need.

Status: In compliance.

Number: DWU 13
Name: Use of funds generated by DWU
Type: Dallas Water Utilities

Description: Funds generated by DWU will be used solely for the development, operation, and maintenance of the water and wastewater utility system.

Status: In compliance.