

Memorandum



CITY OF DALLAS

DATE April 18, 2025

Honorable Members of the Government Performance and Financial Management
TO Committee: Chad West (Chair), Paula Blackmon (Vice Chair), Cara Mendelsohn,
Jesse Moreno, Jaime Resendez

SUBJECT **FY 2023-24 Budget versus Actual End of Year Report**

The End of Year (EOY) Report communicates 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 culmination of Financial Forecast Reports provided by Budget & Management Services through the previous fiscal year.

In addition, the report provides a status of compliance with the Financial Management Performance Criteria (FMPC). The final EOY report incorporates data from our recently published Annual Comprehensive Financial Report: therefore, we are now providing the final FY 2023-24 EOY report.

If you have any questions, please contact me or Janette Weedon, Director of Budget & Management Services.

A handwritten signature in blue ink that reads "Jack Ireland".

Jack Ireland
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of the City Council
Kimberly Bizer Tolbert, City Manager
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Dominique Artis, Chief of Public Safety

Dev Rastogi, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Alina Ciocan, Assistant City Manager
Donzell Gipson, Assistant City Manager
Robin Bentley, Assistant City Manager
Elizabeth Saab, Chief of Strategy, Engagement, and Alignment (I)
Directors and Assistant Directors

FY 2023-24

Budget versus Actual

End of Year Report

As of September 30, 2024



Cover Photo Credit: "Trinity Flood Plain" by Don Raines, Jr., Planning & Development



**Budget & Management
Services**

GENERAL FUND OVERVIEW

	FY 2023-24 Adopted Budget	FY 2023-24 Amended Budget	Actual	Variance
Revenues	1,837,576,470	1,842,444,518	1,821,250,420	(21,194,098)
Expenditures	1,837,576,470	1,842,444,518	1,821,203,525	(21,240,993)
Net Excess of Revenues Over Expenditure/Transfers	\$0	\$0	\$46,895	\$46,895

VARIANCE

The General Fund Overview provides a summary of audited financial activity for Fiscal Year (FY) 2023-24. The Adopted Budget column reflects the budget adopted by City Council on September 20, 2023, effective October 1, 2023 through September 30, 2024. The Amended Budget column reflects City Council approved transfers between funds and programs, department-initiated transfers between expense objects, approved use of contingency, and other amendments supported by revenue or fund balance.

Revenues. General Fund revenues were below budget by \$21,194,000 due to reduced property tax, sales tax, and operating transfers in, partially offset by increased interest earnings, intergovernmental revenue, and franchise and other fees.

Expenditures. General Fund expenditures were below budget by \$21,241,000 due to salary savings from vacant uniform and non-uniform positions across General Fund departments and better-than-budgeted reimbursements, partially offset by uniform and non-uniform overtime expenses and contractual services.

FY 2023-24 Amended Budget. City Council amended the General Fund budget on:

- May 8, 2024, by ordinance #32723 in the amount of \$2,796,000 due to use of contingency reserve. This allocation will be used for Fair Park maintenance, Old City Park programming, and real estate appraisals and brokerage services.
- June 26, 2024, by ordinance #32759 to consolidate Planning & Urban Design and Development Services into Planning & Development, and to transfer functions from Small Business Center into Human Resources, the Office of Community Care, the Office of Government Affairs, the Office of Economic Development, and Procurement Services.
- August 14, 2024, by ordinance #32790 to transfer Real Estate services from Public Works to Building Services and rename Building Services as Facilities & Real Estate Management, to consolidate 311 Customer Service Center and Communication, Outreach, & Marketing into Communications and Customer Experience/311, and to consolidate the Office of Emergency Management and the Office of Integrated Public Safety Solutions into the Office of Emergency Management & Crisis Response.
- September 11, 2024, by resolution #24-1312 for costs related to the November 2024 Charter Review election.
- September 25, 2024, by ordinance #32866 to transfer unencumbered balances across various departments, divisions, or purposes.

FY 2023-24 Financial Forecast Report

GENERAL FUND REVENUE

Revenue Category		FY 2023-24 Adopted Budget	FY 2023-24 Amended Budget	Actual	Variance
1	Property Tax	\$1,047,595,636	\$1,047,595,636	\$1,020,700,732	(\$26,894,904)
2	Sales Tax	451,745,839	451,745,839	439,665,818	(12,080,021)
3	Franchise and Other	126,633,664	126,633,664	131,883,033	5,249,369
4	Charges for Services	117,236,140	109,655,867	109,855,008	199,141
5	Fines and Forfeitures	20,117,759	20,117,759	19,520,237	(597,522)
6	Operating Transfers In	28,086,049	32,954,097	33,886,257	932,160
7	Intergovernmental	16,177,900	16,177,900	22,578,977	6,401,077
8	Miscellaneous	9,882,543	9,882,543	5,804,830	(4,077,713)
9	Licenses and Permits	6,100,940	13,681,213	11,834,166	(1,847,047)
10	Interest	14,000,000	14,000,000	25,521,363	11,521,363
	Total Revenue	\$1,837,576,470	\$1,842,444,518	\$1,821,250,420	(\$21,194,098)

VARIANCE NOTES

General Fund revenue variance notes are provided below for revenue categories with YE variances of +/- five percent or revenue with an Amended Budget.

1 Property Tax. Property Tax revenue was \$26,895,000 under budget due to declining revenue collections for current year property tax due to property dispute litigation which lowers certified value. Certified value in July 2023 totaled approximately \$198.3 billion. As of September 30, 2024, valuation has decreased to \$195.2 billion, representing a 1.5% decrease. In addition, there are still 70 active lawsuits that total \$2.1 billion in valuation to be litigated.

3 Franchise & Other. Franchise & Other revenues were \$5,249,000 over budget due to an increase in commercial container revenues.

7 Intergovernmental. Intergovernmental revenue was \$6,401,000 over budget due to higher-than-budgeted payments from the DFW Airport revenue-sharing agreement with the City of Euless, the City of Irving, the City of Grapevine, anticipated revenues from the school resource officer program, and an increase in reimbursement from TxDOT for litter and mowing services.

8 Miscellaneous. Miscellaneous revenue was \$4,078,000 under budget due to decreased collections from Dallas Auto Pound auction sales, delays in implementing traffic-related developer review fees, and setbacks in the online application and payment system for convenience store and vacant lot registration due to PCI compliance issues. Additionally, a court injunction halted enforcement and registration for the CCS short-term rental program, leading to reduced projected revenues.

9 Licenses & Permits. Licenses & Permits were \$1,847,000 under budget due to legislative changes that resulted in decreased applications for food inspection, as well as decreased applications for Multi-tenant registrations, home repairs, food permits and other various licenses and permits such as liquor licenses, pool permits, and tire businesses.

10 Interest. Interest earnings were \$11,521,000 over budget due to improved market conditions.

FY 2023-24 Financial Forecast Report

GENERAL FUND EXPENDITURES

	Expenditure Category	FY 2023-24 Adopted Budget	FY 2023-24 Amended Budget	Actual	Variance
	Non-uniform Pay	\$298,421,415	\$294,990,978	\$287,221,087	(\$7,769,891)
	Non-uniform Overtime	7,963,253	8,045,917	14,175,257	6,129,340
	Non-uniform Pension	42,275,230	42,304,367	41,861,056	(443,311)
	Uniform Pay	544,271,659	544,271,664	533,519,612	(10,752,052)
	Uniform Overtime	72,658,144	88,538,390	98,494,607	9,956,217
	Uniform Pension	187,861,142	187,857,480	186,598,334	(1,259,146)
	Health Benefits	97,632,432	97,624,253	94,900,631	(2,723,622)
	Workers Comp	13,051,299	13,051,300	13,051,300	0
	Other Personnel Services	14,204,686	14,219,301	13,947,171	(272,130)
1	Total Personnel Services	\$1,278,339,260	\$1,290,903,650	\$1,283,769,056	(\$7,134,594)
2	Supplies	92,646,763	93,215,994	95,373,475	2,157,482
3	Contractual Services	531,126,582	697,138,357	702,069,250	4,930,893
4	Capital Outlay	25,239,244	32,339,516	28,526,625	(3,812,891)
5	Reimbursements	(89,775,379)	(271,152,998)	(288,534,880)	(17,381,882)
	Total Expenditures	\$1,837,576,470	\$1,842,444,518	\$1,821,203,525	(\$21,240,993)

VARIANCE NOTES

General Fund expenditure variance notes are provided below for expenditure categories with YE variances of +/- five percent. The Amended Budget column reflects department-initiated transfers between expense objects.

1 Personnel Services. Personnel Services were \$7,135,000 under budget due to salary savings associated with vacant uniform and non-uniform positions across General Fund departments, partially offset by uniform overtime expenses in DPD (\$7,914,000), DFR (\$2,042,000), and non-uniform overtime expenses.

2 Supplies. Supplies were \$2,157,000 over budget due to DFR expenses for fleet maintenance, repair, and medical supplies and non-reimbursable utility costs from Fair Park.

3 Contractual Services. City Council increased the Contractual Services budget by \$159,316,000 on February 28, 2024 by ordinance #32663 and by \$19,857,314 on September 25, 2024 by ordinance #32866 in order to fund a transfer to the ARPA Redevelopment Fund. This funding will be used for the continuation of projects originally funded under the American Rescue Plan Act (ARPA). City Council increased the Contractual Services budget by \$2,796,000 on May 8, 2024 by ordinance #32723 for Fair Park maintenance, Old City Park programming, and real estate appraisals and brokerage services, and by \$2,072,000 on September 11, 2024 by resolution #24-1312 for costs related to the November 2024 Charter Review election.

4 Capital Outlay. Capital Outlay was \$3,813,000 under budget due to delayed building improvements in Park & Recreation facilities.

FY 2023-24 Financial Forecast Report

GENERAL FUND EXPENDITURES

VARIANCE NOTES

General Fund expenditure variance notes are provided below for expenditure categories with YE variances of +/- five percent. The Amended Budget column reflects department-initiated transfers between expense objects.

5 Reimbursements. City Council increased Reimbursements budget by \$159,316,000 on February 28, 2024 by ordinance #32663 and by \$19,857,314 on September 25, 2024 by ordinance #32866 due to ARPA funding to be used for eligible DFR salary expenses. Reimbursements were \$17,382,000 greater than budget due to reimbursements to PKR from various multi-year funds and Fair Park, reimbursements to DFR from the deployable expense fund, and AVI reimbursements to DPD for increased Love Field Security.



FY 2023-24 Financial Forecast Report

GENERAL FUND EXPENDITURES

#	Expenditure by Department	FY 2023-24 Adopted Budget	FY 2023-24 Amended Budget	Actual	Variance
1	Budget & Management Services	\$4,420,110	\$4,365,977	\$4,069,542	(\$296,435)
2	City Attorney's Office	23,799,058	23,595,047	23,306,177	(288,870)
3	City Auditor's Office	3,266,138	3,180,464	2,908,075	(272,389)
4	City Controller's Office	9,162,430	8,954,620	8,790,375	(164,245)
5	Independent Audit	767,071	767,071	757,500	(9,571)
6	City Manager's Office	3,389,700	4,108,393	3,699,664	(408,729)
7	City Marshal's Office	21,905,930	21,984,594	21,981,826	(2,768)
8	Jail Contract	8,594,776	8,594,776	8,594,776	(0)
9	City Secretary's Office	3,509,388	3,568,821	3,447,411	(121,410)
10	Elections	1,946,292	4,018,340	3,911,179	(107,161)
11	Civil Service	2,762,162	2,762,162	2,762,161	(1)
12	Code Compliance	45,562,455	44,612,455	42,003,275	(2,609,180)
13	Dallas Animal Services	19,180,051	20,869,937	20,786,001	(83,936)
14	Dallas Fire-Rescue	413,381,222	415,731,698	415,731,698	0
15	Dallas Municipal Court	8,370,958	8,103,921	7,978,092	(125,829)
16	Dallas Police Department	656,936,353	662,161,049	662,161,049	0
17	Data Analytics & Business Intelligence	6,108,162	6,091,723	5,714,929	(376,794)
18	Facilities & Real Estate Management	31,078,791	31,448,243	29,460,689	(1,987,554)
19	Housing & Neighborhood Revitalization	6,920,100	6,833,897	6,539,864	(294,033)
20	Human Resources	9,186,760	9,604,221	9,552,195	(52,026)
21	Judiciary	4,397,241	4,443,114	4,355,193	(87,921)
22	Library	43,489,755	43,197,485	42,198,942	(998,543)
	Management Services				
23	311 Customer Service Center	6,331,204	0	0	0
24	Communications, Outreach, & Marketing	3,777,588	0	0	0
25	Communications & Customer Experience/311	0	8,958,792	8,730,775	(228,017)
26	Office of Community Care	10,114,699	9,885,835	8,668,549	(1,217,286)
27	Office of Community Development	754,620	679,910	511,919	(167,991)
28	Office of Community Police Oversight	784,565	689,422	561,578	(127,844)
29	Office of Emergency Management	1,251,963	-0	-0	0
30	Office of Emergency Management & Crisis Response	0	6,374,850	6,330,406	(44,444)
31	Office of Environmental Quality & Sustainability	6,244,743	5,992,959	5,703,307	(289,652)
32	Office of Equity & Inclusion	3,785,554	3,566,163	3,363,740	(202,423)
33	Office of Government Affairs	1,112,725	1,081,046	1,062,075	(18,971)
34	Office of Homeless Solutions	17,850,149	17,811,646	16,623,343	(1,188,303)
35	Office of Integrated Public Safety Solutions	5,822,887	0	0	0
36	Small Business Center	4,354,640	2,573,373	2,484,147	(89,226)
37	Mayor & City Council	7,399,447	7,381,202	6,922,445	(458,757)
38	Non-Departmental	128,443,112	126,972,765	125,107,136	(1,865,629)
39	Office of Arts & Culture	23,180,773	23,180,773	19,188,117	(3,992,656)
40	Office of Economic Development	3,679,042	3,731,044	3,672,388	(58,656)
41	Park & Recreation	120,076,933	123,643,966	123,604,731	(39,235)
42	Planning & Development	8,024,033	7,224,033	6,771,702	(452,331)
43	Procurement Services	3,500,823	3,381,886	3,067,951	(313,935)
44	Public Works	88,552,090	88,803,363	88,318,242	(485,121)
45	Transportation	59,125,541	58,125,541	56,412,422	(1,713,119)
	Total Departments	\$1,832,302,034	\$1,839,056,577	\$1,817,815,584	(\$21,240,993)
46	Liability/Claims Fund Transfer	3,387,941	3,387,941	3,387,941	0
47	Salary & Benefit Stabilization	1,886,495	0	0	0
	Total Expenditures	\$1,837,576,470	\$1,842,444,518	\$1,821,203,525	(\$21,240,993)

VARIANCE NOTES

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

1 Budget & Management Services. City Council decreased BMS' budget by \$54,000 on September 25, 2024 by ordinance #32866 due to salary savings. BMS was \$296,000 under budget due to salary savings.

2 City Attorney's Office. City Council decreased ATT's budget by \$204,000 on September 25, 2024 by ordinance #32866 due to salary savings.

3 City Auditor's Office. City Council decreased AUD's budget by \$86,000 on September 25, 2024 by ordinance #32866 due to salary savings and a decrease in spending related to co-sourcing services. AUD was \$272,000 under budget due to salary savings and a decrease in spending related to co-sourcing services.

4 City Controller's Office. City Council decreased CCO's budget by \$208,000 on September 25, 2024 by ordinance #32866 due to salary savings.

6 City Manager's Office. City Council increased CMO's budget by \$420,000 on May 8, 2024 by ordinance #32723 for anticipated termination payouts for the City Manager. City Council increased CMO's budget by \$299,000 on September 25, 2024 by ordinance #32866 due to salary expenses related to position classification actions to better meet department operations and executive support functions and termination payments for retiring employees. CMO was \$409,000 under budget due to salary savings.

7 City Marshal's Office. City Council increased MSH's budget by \$77,000 on September 25, 2024 by ordinance #32866 due to psychological testing for new hires and electric repairs on equipment.

9 City Secretary's Office. City Council increased SEC's budget by \$59,000 on September 25, 2024 by ordinance #32866 due to temporary help needed to assist with DPD open record requests.

10 Elections. City Council increased the Elections budget by \$2,072,000 on September 11, 2024 by resolution #24-1312 for costs associated with the November 2024 Charter Review election.

12 Code Compliance. City Council decreased CCS' budget by \$950,000 on September 25, 2024 by ordinance #32866 due to salary savings. CCS was \$2,609,000 under budget primarily due to salary savings.

13 Dallas Animal Services. City Council increased DAS' budget by \$1,690,000 on September 25, 2024 by ordinance #32866 due to expenses related to animal food, security services, day labor, and professional service expenditures as a result of shelters being over capacity.

14 Dallas Fire-Rescue. City Council increased DFR's budget by \$2,350,000 on September 25, 2024 by ordinance #32866 due to uniform overtime expenses, civilian overtime expenses due to shortages in fleet maintenance division, medical supplies, the high cost of repairs to fire engines damaged in accidents, and costs of parts and labor for routine maintenance expenses.

15 Dallas Municipal Court. City Council decreased CTS' budget by \$267,000 on September 25, 2024 by ordinance #32866 due to salary savings.

VARIANCE NOTES

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

16 Dallas Police Department. City Council increased DPD's budget by \$5,225,000 on September 25, 2024 by ordinance #32866 due to uniform overtime expenses related to increased Priority 1 calls, helicopter maintenance and repair, an increase in the volume of drug testing for suspected fentanyl exposure, and an increase in the number of cell phones issued to patrol officers for e-citations in traffic and other app-based reporting.

17 Data Analytics & Business Intelligence. City Council decreased DBI's budget by \$16,000 on September 25, 2024 by ordinance #32866 due to salary savings. DBI was \$377,000 under budget due to salary savings and lower-than-budgeted participation in the Data Academy.

18 Facilities & Real Estate Management. As part of a Citywide realignment, City Council transferred Real Estate services from Public Works to Building Services and renamed the department as Facilities & Real Estate Management (FRM) on August 14, 2024, by ordinance #32790. FRM was \$1,988,000 under budget due to salary savings, savings from the unoccupied 7800 Stemmons custodial contract, and the improved efficiency of the Non-Maintenance Request (NMR) program.

19 Housing & Neighborhood Revitalization. City Council decreased HOU's budget by \$86,000 on September 25, 2024 by ordinance #32866 due to salary savings.

20 Human Resources. As part of a Citywide realignment, City Council increased HR's budget by \$63,000 on June 26, 2024 by ordinance #32759 to transfer workforce functions from Small Business Center. City Council increased HR's budget by \$354,000 on September 25, 2024 by ordinance #32866 due to temporary staffing expenses associated with Workday system expansion.

21 Judiciary. City Council increased CTJ's budget by \$46,000 on September 25, 2024 by ordinance #32866 due to expenses related to interpreter services.

22 Library. City Council decreased LIB's budget by \$292,000 on September 25, 2024 by ordinance #32866 due to salary savings.

23311 Customer Service Center. As part of a Citywide realignment, City Council consolidated 311 Customer Service Center and Communications, Outreach, & Marketing into one department called Communications and Customer Experience/311 (CCX) on August 14, 2024, by ordinance #32790.

24 Communications, Outreach, & Marketing. As part of a Citywide realignment, City Council consolidated 311 Customer Service Center and Communications, Outreach, & Marketing into one department called Communications and Customer Experience/311 (CCX) on August 14, 2024, by ordinance #32790.

25 Communications & Customer Experience/311. As part of a Citywide realignment, City Council consolidated 311 Customer Service Center and Communications, Outreach, & Marketing into one department called Communications and Customer Experience/311 (CCX) on August 14, 2024, by ordinance #32790. City Council decreased CCX' budget by \$1,150,000 on September 25, 2024 by ordinance #32866 due to salary savings and contractual savings related to LSAP funding.

26 Office of Community Care. As part of a Citywide realignment, City Council increased OCC's budget by \$35,000 on June 26, 2024 by ordinance #32759 to transfer small business inclusion and day labor outreach functions from Small Business Center. City Council decreased OCC's budget by \$264,000 on September 25, 2024 by ordinance #32866 due to salary savings. OCC was \$1,217,000 under budget due to salary savings, use of prior-year capacity for Financial Empowerment programming and other professional services, and savings from expired service contracts.

VARIANCE NOTES

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

27 Office of Community Development. City Council decreased CDV's budget by \$75,000 on September 25, 2024 by ordinance #32866 due to salary savings. CDV was \$168,000 under budget due to salary savings.

28 Office of Community Police Oversight. City Council decreased OCPO's budget by \$95,000 on September 25, 2024 by ordinance #32866 due to salary savings. OCPO was \$128,000 under budget due to salary savings.

29 Office of Emergency Management. As part of a Citywide realignment, City Council consolidated the Office of Emergency Management and the Office of Integrated Public Safety Solutions into one department called the Office of Emergency Management and Crisis Response (ECR) on August 14, 2024, by ordinance #32790.

30 Office of Emergency Management & Crisis Response. As part of a Citywide realignment, City Council consolidated the Office of Emergency Management and the Office of Integrated Public Safety Solutions into one department called the Office of Emergency Management and Crisis Response (ECR) on August 14, 2024, by ordinance #32790. City Council decreased ECR's budget by \$700,000 on September 25, 2024 by ordinance #32866 due to salary savings and decreased contractual services expenses for violence intervention and blight remediation contracts.

31 Office of Environmental Quality & Sustainability. City Council decreased OEQS' budget by \$252,000 on September 25, 2024 by ordinance #32866 due to salary savings.

32 Office of Equity & Inclusion. City Council decreased OEI's budget by \$219,000 on September 25, 2024 by ordinance #32866 due to salary savings. OEI was \$202,000 under budget due to delayed procurement for ADA compliance software (BlueDag) and savings related to the Dallas SAFE Program, which is planned to be operated by an external partner in future years.

33 Office of Government Affairs. As part of a Citywide realignment, City Council increased OGA's budget by \$20,000 on June 26, 2024 by ordinance #32759 to transfer entrepreneurship functions from Small Business Center. City Council decreased OGA's budget by \$51,000 on September 25, 2024 by ordinance #32866 due to salary savings.

34 Office of Homeless Solutions. City Council decreased OHS' budget by \$39,000 on September 25, 2024 by ordinance #32866 due to savings in supplies. OHS was \$1,188,000 under budget primarily due to the sanctioned encampment project still being under development.

35 Office of Integrated Public Safety Solutions. As part of a Citywide realignment, City Council consolidated the Office of Emergency Management and the Office of Integrated Public Safety Solutions into one department called the Office of Emergency Management and Crisis Response (ECR) on August 14, 2024, by ordinance #32790.

36 Small Business Center. As part of a Citywide realignment, City Council decreased SBC's budget by \$281,000 on June 26, 2024 by ordinance #32759 to transfer SBC functions to Human Resources, the Office of Community Care, the Office of Government Affairs, the Office of Economic Development, and Procurement Services. City Council decreased SBC's budget by \$1,500,000 on September 25, 2024 by ordinance #32866 due to salary savings and decreased utilization of contractual services.

VARIANCE NOTES

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

37 Mayor & City Council. City Council decreased MCC's budget by \$18,000 on September 25, 2024 by ordinance #32866 due to salary savings. MCC was \$459,000 under budget due to salary savings associated with nine vacant positions.

38 Non-Departmental. City Council decreased Non-Departmental's budget by \$1,470,347 on September 25, 2024 by ordinance #32866 due to a non-uniform equity adjustment.

39 Office of Arts & Culture. OAC was \$3,993,000 under budget due to a higher-than-budgeted reimbursement from Convention & Event Services due to increased Hotel Occupancy Tax (HOT) revenues.

40 Office of Economic Development. As part of a Citywide realignment, City Council increased ECO's budget by \$52,000 on June 26, 2024 by ordinance #32759 to transfer small business center development functions from Small Business Center.

41 Park & Recreation. City Council increased PKR's budget by \$2,160,000 on May 8, 2024 by ordinance #32723 for Fair Park building and grounds maintenance and Old City Park programming costs for summer 2024. City Council increased PKR's budget by \$1,407,000 on September 25, 2024 by ordinance #32866 due to increased personnel expenses and unplanned maintenance and repairs related to the May storm.

42 Planning & Development. As part of a Citywide realignment, City Council consolidated Planning & Urban Design and Development Services into one department called Planning & Development (PDV) on June 26, 2024 by ordinance #32759. City Council decreased PDV's budget by \$800,000 on September 25, 2024 by ordinance #32866 due to salary savings. PDV expense was \$452,000 under budget due to salary savings and a reduction in scope of the citywide Historic Resource Survey.

43 Procurement Services. City Council increased OPS' budget by \$111,000 on June 26, 2024 by ordinance #32759 to transfer Minority/Women Business Enterprise (M/WBE) functions from Small Business Center. City Council decreased OPS' budget by \$230,000 on September 25, 2024 by ordinance #32866 due to salary savings. OPS was \$314,000 under budget due to salary savings.

44 Public Works. City Council increased PBW's budget by \$636,000 on May 8, 2024 by ordinance #32723 for appraisal costs, brokerage services, and Request for Proposals (RFP) development services for potential redevelopment of city-owned properties. As part of a Citywide realignment, City Council transferred Real Estate services from Public Works to Building Services and renamed the department as Facilities & Real Estate Management (FRM) on August 14, 2024, by ordinance #32790. City Council decreased PBW's budget by \$15,000 on September 25, 2024 by ordinance #32866 due to salary savings.

45 Transportation. City Council decreased TRN's budget by \$1,000,000 on September 25, 2024 by ordinance #32866 due to salary savings.

47 Salary & Benefit Stabilization. The FY 2023-24 Budget Ordinance authorizes the City Manager to transfer appropriations from S&B to any department as allowed by City Charter Chapter XI (Section 3). \$565,000 was transferred to CMO to address overages related to termination payouts. City Council reallocated the remaining \$1,321,000 S&B budget on September 25, 2024 by ordinance #32866 to address overages in various departments.

FY 2023-24 Financial Forecast Report

ENTERPRISE FUNDS

Department	FY 2023-24 Adopted Budget	FY 2023-24 Amended Budget	Actual	Variance
1 AVIATION				
Total Revenues	182,592,444	182,592,444	212,691,580	30,099,136
Total Expenditures	184,832,684	184,832,684	180,516,425	(4,316,259)
Net Excess of Revenues Over Expenditures	(\$2,240,240)	(\$2,240,240)	\$32,175,155	\$34,415,395
2 CONVENTION & EVENT SERVICES				
Total Revenues	137,145,998	137,145,998	146,461,635	9,315,637
Total Expenditures	137,145,998	152,931,223	146,048,049	(6,883,174)
Net Excess of Revenues Over Expenditures	\$0	(\$15,785,225)	\$413,586	\$16,198,811
3 MUNICIPAL RADIO				
Total Revenues	636,398	636,398	465,807	(170,591)
Total Expenditures	636,398	636,398	422,760	(213,638)
Net Excess of Revenues Over Expenditures	\$0	\$0	\$43,047	\$43,047
4 PLANNING & DEVELOPMENT				
Total Revenues	45,465,884	45,465,884	39,459,712	(6,006,172)
Total Expenditures	53,952,347	53,952,347	49,394,365	(4,557,982)
Net Excess of Revenues Over Expenditures	(\$8,486,463)	(\$8,486,463)	(\$9,934,653)	(\$1,448,190)
5 SANITATION SERVICES				
Total Revenues	152,709,535	152,709,535	170,319,245	17,609,710
Total Expenditures	153,689,531	166,458,555	163,826,409	(2,632,146)
Net Excess of Revenues Over Expenditures	(\$979,996)	(\$13,749,020)	\$6,492,836	\$20,241,856
6 STORM DRAINAGE MANAGEMENT—DALLAS WATER UTILITIES				
Total Revenues	80,093,972	80,093,972	81,109,597	1,015,625
Total Expenditures	80,093,972	89,089,948	87,513,923	(1,576,025)
Net Excess of Revenues Over Expenditures	\$0	(\$8,995,976)	(\$6,404,326)	\$2,591,650
7 WATER UTILITIES				
Total Revenues	791,276,133	791,276,133	848,491,422	57,215,289
Total Expenditures	791,275,376	891,965,520	885,787,216	(6,178,304)
Net Excess of Revenues Over Expenditures	\$757	(\$100,689,387)	(\$37,295,794)	\$63,393,593

FY 2023-24 Financial Forecast Report

INTERNAL SERVICE FUNDS

Department	FY 2023-24 Adopted Budget	FY 2023-24 Amended Budget	Actual	Variance
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8 BOND & CONSTRUCTION MANAGEMENT

Total Revenues	22,043,477	22,043,477	19,461,356	(2,582,121)
Total Expenditures	22,043,477	22,043,477	19,994,638	(2,048,839)
Net Excess of Revenues Over Expenditures	\$0	\$0	(\$533,282)	(\$533,282)

9 EQUIPMENT & FLEET MANAGEMENT

Total Revenues	68,778,781	71,089,693	67,609,516	(3,480,177)
Total Expenditures	71,794,210	74,105,122	69,897,425	(4,207,697)
Net Excess of Revenues Over Expenditures	(\$3,015,429)	(\$3,015,429)	(\$2,287,909)	\$727,520

10 EXPRESS BUSINESS CENTER

Total Revenues	2,868,790	2,868,790	2,794,886	(73,904)
Total Expenditures	2,152,280	2,152,280	1,896,695	(255,585)
Net Excess of Revenues Over Expenditures	\$716,510	\$716,510	\$898,192	\$181,682

11 INFORMATION TECHNOLOGY

Total Revenues	121,639,867	121,639,867	123,272,843	1,632,976
Total Expenditures	131,784,124	131,784,124	121,751,038	(10,033,086)
Net Excess of Revenues Over Expenditures	(\$10,144,257)	(\$10,144,257)	\$1,521,805	\$11,666,062

12 RADIO SERVICES

Total Revenues	22,264,018	22,264,018	22,545,022	281,004
Total Expenditures	18,873,781	18,873,781	14,426,058	(4,447,723)
Net Excess of Revenues Over Expenditures	\$3,390,237	\$3,390,237	\$8,118,963	\$4,728,726

FY 2023-24 Financial Forecast Report

OTHER FUNDS

Department	FY 2023-24 Adopted Budget	FY 2023-24 Amended Budget	Actual	Variance
13 9-1-1 SYSTEM OPERATIONS				
Total Revenues	12,897,076	12,897,076	13,168,959	271,883
Total Expenditures	12,866,761	12,866,761	7,704,153	(5,162,608)
Net Excess of Revenues Over Expenditures	\$30,315	\$30,315	\$5,464,807	\$5,434,492
14 DEBT SERVICE				
Total Revenues	443,871,742	443,871,742	428,697,232	(15,174,510)
Total Expenditures	420,687,511	420,687,511	405,690,638	(14,996,873)
Net Excess of Revenues Over Expenditures	\$23,184,231	\$23,184,231	\$23,006,594	(\$177,637)
15 EMPLOYEE BENEFITS				
City Contributions	134,878,640	134,878,640	133,260,427	(1,618,213)
Employee Contributions	46,665,178	46,665,178	49,194,983	2,529,805
Retiree	25,583,019	25,583,019	22,652,447	(2,930,572)
Other	0	0	185,320	185,320
Total Revenues	207,126,836	207,126,836	205,293,176	(1,833,660)
Total Expenditures	205,942,598	205,942,598	212,238,365	6,295,767
Net Excess of Revenues Over Expenditures	\$1,184,238	\$1,184,238	(\$6,945,189)	(\$8,129,427)
16 RISK MANAGEMENT				
Worker's Compensation	18,362,599	18,362,599	19,176,119	813,520
Third Party Liability	10,033,670	10,033,670	10,865,184	831,514
Purchased Insurance	18,139,030	18,139,030	18,128,146	(10,884)
Interest and Other	0	0	1,909,234	1,909,234
Total Revenues	46,535,299	46,535,299	50,078,683	3,543,384
Total Expenditures	60,094,967	60,094,967	48,400,198	(11,694,769)
Net Excess of Revenues Over Expenditures	(\$13,559,668)	(\$13,559,668)	\$1,678,486	\$15,238,154

VARIANCE NOTES

The Enterprise, Internal Service, and Other Funds summaries include the YE revenue and expenditure variances. Variance notes are provided below for funds with a YE variance of +/- five percent, funds that exceed budget, or funds that use fund balance.

1 Aviation. AVI revenues were \$30,099,000 over budget due to greater-than-forecasted enplanements, which have driven higher garage parking, concessions, terminal rental, and landing fee revenues.

2 Convention & Event Services. City Council increased CCT's expense budget by \$15,785,000 on May 8, 2024 by ordinance #32723 for a capital construction transfer. CCT revenues were \$9,136,000 over budget due to increased tourism-related revenues, specifically Hotel Occupancy Tax (HOT) and Alcohol Beverage Tax (ABT). CCT expenses were \$6,883,000 under budget due to lower capital construction transfers, which reduced expenditure levels and ensure that capital funding aligned with available financial resources.

3 Municipal Radio. WRR revenues were \$171,000 under budget due to a lower KERA reimbursement driven by lower-than-budgeted expenses and timing of reimbursements. WRR expenses were \$214,000 under budget due to lower indirect costs than initially budgeted to reflect updated staffing.

4 Planning & Development. As part of a Citywide realignment, City Council consolidated Planning & Urban Design and Development Services into one department called Planning & Development (PDV) on June 26, 2024 by ordinance #32759. PDV revenues were \$6,006,000 under budget due to delayed implementation of the 2023 fee recommendations. City Council approved the fee updates on March 27, 2024; the new fees went into effect on May 1, 2024. PDV expenses were \$4,558,000 under budget due to salary savings.

5 Sanitation Services. City Council increased SAN's expense budget by \$12,769,000 on September 25, 2024 by ordinance #32866 for costs associated with the May 2024 storm. SAN revenues were \$17,610,000 over budget due to higher volume of disposal business from commercial haulers.

6 Storm Drainage Management. City Council increased SDM's expense budget by \$5,996,000 on December 13 by resolution 23-1699 for a construction contract with Merrell Bros, Inc. for dredging at five locations and by \$3,000,000 on May 8, 2024 by ordinance #32723 for a capital construction transfer.

7 Water Utilities. City Council increased DWU's expense budget by \$74,000,000 on May 8, 2024 by ordinance #32723 for a transfer to capital construction and by \$26,691,000 on September 25, 2024 by ordinance #32866 for higher prices for chemicals and higher water consumption. DWU revenues were \$57,215,000 over budget due to warmer than normal weather, which led to increased water consumption.

8 Bond & Construction Management. BCM revenues were \$2,582,000 under budget due to lower expenses and \$120,000 of FY 2023-34 expenses that will be recovered in FY 2024-25. BCM expenses were \$2,049,000 under budget due to salary savings. BCM charges each capital project budget for project implementation costs. Savings in actual implementation expenses result in fewer charges to the capital project.

VARIANCE NOTES

The Enterprise, Internal Service, and Other Funds summaries include the YE revenue and expenditure variances. Variance notes are provided below for funds with a YE variance of +/- five percent, funds that exceed budget, or funds that use fund balance.

9 Equipment and Fleet Management. City Council increased EFM's expense budget by \$2,311,000 on May 8, 2024 by ordinance #32723 for vehicle parts and outside labor. EFM revenues were \$3,480,000 under budget due to underruns in maintenance costs. EFM expenses were \$4,208,000 under budget due to salary savings.

10 Express Business Center. EBC expenses were \$256,000 under budget due to cost of goods sold, partially offset by overages in office supplies.

11 Information Technology. ITS revenues were \$1,633,000 over budget due to interest earnings. ITS expenses were \$10,033,000 under budget due to a delay in the Master Lease program, contract savings and salary savings, offset by use of temporary staffing.

12 Radio Services. Radio Services revenues were \$281,000 over budget due to interest earnings. Radio Services expenses were \$4,448,000 under budget due to a delay in the Master Lease program and lower-than-expected expenses for in-car DVR software licencing fee.

13 9-1-1 System Operations. 9-1-1 System Operations revenues were \$272,000 over budget due to interest earnings. 9-1-1 System Operations expenses were \$5,163,000 under budget due to the use of grant funds to pay for 9-1-1 system maintenance as well as a delay in the Master Lease program.

14 Debt Service. Debt Service revenues were \$15,175,000 under budget due reduced property tax revenues, partially offset by higher interest earnings. Debt Service expenses were \$14,997,000 below budget primarily due to the delayed implementation of the Master Lease program, refunding of the General Obligation Refunding and Improvement Bonds, Series 2013A and Series 2014, and a more advantageous debt structure for the litigation judgment bond and General Obligation Refunding Bonds Series 2024B.

15 Employee Benefits. Employee Benefits revenues were \$1,834,000 under budget due to retiree savings. Benefits expenses were \$6,296,000 over budget due to the increased cost of inpatient, outpatient, and pharmacy claims from October 2023 to September 2024. The 2024 health plan enrollment also increased 3.7 percent, with 434 new participants joining in 2024 compared to 2023. The FY 2023-24 overage will be absorbed with fund balance. The FY 2022-23 ending fund balance was \$7.8 million.

16 Risk Management. Risk Management revenues were \$3,543,000 over budget due to interest earnings and higher-than-budgeted Worker's Compensation subrogation recovery. Risk Management expenses were \$11,695,000 under budget due to lower-than-budgeted insurance claims and a delay in anticipated claims that have been moved from FY 2023-24 to FY 2024-25.



FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2024 (FY 2023-24)

OVERVIEW

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 55 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 17-25

Capital and Debt Management: Criteria 26-41

Economic Development: Criteria 42-49

Accounting, Auditing, and Financial Planning: Criteria 50-52

Grants and Trusts: Criteria 53-55

Dallas Water Utilities: Criteria DWU 1-13

City Council approved the most recent revision to the FMPC in March 2025. The status of each criterion is updated annually and presented with the annual budget, at year-end, and for each debt issuance.

Revisions:

09/27/1978

07/08/1981

09/28/2011

10/08/2014

12/13/2017

06/09/2021

08/10/2022

03/26/2025*

*March 26, 2025 revisions not reflected in this FY 2023-24 year-end report.

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2024 (FY 2023-24)

OPERATING PROGRAM

1. Property Tax Revenue Limit. The year-to-year increase of actual revenue from the levy of the ad valorem tax will generally not exceed 3.5%; 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.

Calculation:

Year-to-year change in revenue: \$120.6 million

Less

Change in Voter Mandated Debt: \$(119.2) million

New Construction: \$27.9 million

Adjusted Revenue: \$(26.5 million)

Percentage Change: (2.0%)

Status: In compliance.

2. Unassigned Fund Balance Minimum. The unassigned fund balance of the General Fund, which includes the Emergency and Contingency Reserves, shall be maintained within a range of not less than 50 days and not more than 70 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. If at any point the unassigned fund balance drops below the 50-day minimum, the City Manager will prepare a plan of how the unassigned fund balance will be brought into compliance, including over multiple years if necessary. If unassigned fund balance exceeds 70 days, the City Manager will recommend to the City Council to use the excess for one-time or non-recurring costs.

Calculation:

FY 2023-24 Emergency Reserve: \$50 million

FY 2023-24 Contingency Reserve: \$10.5 million

FY 2023-24 Residual: \$356.0 million

Total: \$356.0 million (71.4 days)

Status: In compliance.

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2024 (FY 2023-24)

3. Contingency Reserve. 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 establish and maintain the balance of the Contingency Reserve at a level ranging from 0.5 percent to 1.0 percent of General Fund operating expenditures less debt service.

Status: In compliance. The Contingency Reserve level is \$10.3 million, or 0.56% of the FY 2023-24 actuals.

4. Emergency Reserve. 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 5 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 enough evidence to establish that the remaining balance is adequate to offset potential downturns in revenue sources. The analysis shall address the natures 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 5 percent of the General Fund operating expenditures less debt service but not less than \$50 million to the Emergency Reserve. Use of the Emergency Reserve shall require a supermajority of City Council.

Status: In compliance. The FY 2023-24 Emergency Reserve is \$50 million.

5. Operating Reserve. The Risk Reserve shall be maintained at a level, which, 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. The FY 2023-24 Risk Reserve is \$6.6 million.

6. Prohibition of Debt for Operating Expenditures. Debt will not be used to fund current operating expenditures. **Status:** In compliance.

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2024 (FY 2023-24)

7. Enterprise Funds Full Cost Funding. Each enterprise fund of the City will maintain revenues which 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.

8. Liability/Claim Fund. 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 \$5,000,000. 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.

9. Landfill Closure/Post-Closure Reserve. 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:** In compliance.

10. Facilities Replacement versus Maintenance Analysis. 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.

11. Annual Assessment of Equipment and Maintenance. 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.

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2024 (FY 2023-24)

12. 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 increases 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.

13. Employee Benefits Fund Minimum Cash Reserve. 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.

14. Internal Service Funds and Enterprise Funds Cash Balances. Internal Service Funds and Enterprise Funds will maintain positive cash balances. **Status:** Not In compliance.
Note: Office of Bond and Construction Management has a negative fund balance due to encumbrances. Revenue is transferred to operating fund from bond funds only after expense accrued.

PENSION PROGRAM

15. Sufficient Funding for Retirement Systems. All retirement systems will be financed in a manner to systematically fund liabilities. The City will assure 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.

16. 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 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.

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2024 (FY 2023-24)

BUDGETING AND FINANCIAL PLANNING

17. Balanced Budget. 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, only be used for one-time expenditures (expenditures not expected to reoccur and requiring future appropriations) to avoid future shortfalls. **Status:** In compliance.

18. Five-Year Revenue and Expenditure Projection. 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.

19. Financial Monitoring. Financial systems will be maintained to monitor expenditures, revenues, and performance of all municipal programs on an ongoing basis. **Status:** In compliance.

20. Operating Impact of Capital Improvements. Prior to authorization of new or replacement facilities/buildings or renovation of previously decommissioned facilities/buildings, the City Manager will provide the total estimated capital cost and five-year forecast of ongoing operating and maintenance costs to City Council. 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. The City Council will authorize each new or reopened facility/building by super-majority vote. **Status:** In compliance.

21. Comparison of Financial Performance to FMPC. 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 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.

22. Two-Year Balanced Budget. 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 used of fund balance. **Status:** In compliance.

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2024 (FY 2023-24)

23. Over-65 and Disabled Homestead Exemption. The City will compare the current disabled and over-65 exemption to the most recent annual Consumer Price Index for the Elderly (CPI-E), and the year-over-year change in the average residential market value (whichever is greater) annually and provide the analysis of each scenario to City Council for consideration prior to June 30 for possible modification of this property tax exemption. Changes to property tax exemptions must be provided to the appraisal districts no later than June 30. **Status:** In compliance. Increased exemption on June 26, 2024.

24. No-New-Revenue Tax Rate Scenario. The City Manager will develop an estimated No-New-Revenue 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 No-New-Revenue 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 no-new-revenue tax rate. **Status:** In compliance.

25. Competitive Pay. The City shall attract, develop, motivate, reward, and retain a high-performing and diverse workforce. The City Manager shall provide analyses and recommendations for the City Council to consider each year in the budget development process to adjust employee pay. The recommendation for adjustments to uniformed employee pay will conform with the applicable meet and confer agreement. The recommendation for adjustments to non-uniformed/civilian employee pay will consider: (1) an annual survey of peer governmental entities; (2) an annual review of the Massachusetts Institute of Technology living wage; (3) a total compensation study every three years to assess market competitiveness; (4) parity with uniformed employee pay adjustments; and (5) budget capacity. **Status:** Not in compliance.

CAPITAL AND DEBT MANAGEMENT

26. Matching of Bonds and Useful Life of Project. 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, 2024 (FY 2023-24)

27. General Obligation (GO) Debt to Market Value of Taxable Property Limit. The net (non-self-supporting) General Obligation (GO) debt (principal) of Dallas will not exceed 4.0% of the true market valuation of the taxable property of Dallas. **Status:** In compliance. 1.0%.

28. Direct and Overlapping Debt to Market Value of Taxable Property Limit. Total direct plus overlapping debt shall be managed to not exceed 8% of market valuation of taxable property of Dallas. All debt, which causes total direct plus overlapping debt to exceed 6.0% of market valuation, shall be carefully planned and coordinated with all overlapping jurisdictions. **Status:** In compliance. 4.0%.

29. Average GO Bond Maturities. Average (weighted) GO bond maturities (exclusive of Pension Obligation bonds) shall be kept at or below 10 years. **Status:** In compliance. 6.7 years.

30. GO Debt Service to Governmental Fund Expenditure Limit. Annual GO debt service (contribution), including certificates of obligation (CO) debt for risk management funding, shall not exceed 20% of the total governmental fund expenditures (composed of general fund, special funds, debt service funds, and capital project funds). **Status:** In compliance. 12.6%.

31. Per Capita GO Debt to Personal Income Limit. Per capita GO debt, including COs, equipment acquisition notes and GO bonds, will be managed to not exceed 10% 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. 2.9%.

32. Debt Financing for Betterment of Capital Improvements. Debt may be used to finance betterments intended to extend 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, 2024 (FY 2023-24)

33. Interest Earnings from GO Bond Proceeds. Interest earnings from GO bonds shall be used solely to fund capital expenditures, debt service, or used to fund a reserve for capital contingencies. **Status:** In compliance.

34. Certificate of Obligation Uses. 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.

35. Certificate of Obligation (CO) Limit as Percentage of GO Debt. CO debt, including that for risk management funding supported by an ad valorem tax pledge, should not exceed 15% of total authorized and issued GO debt. All COs issued in lieu of revenue bonds should not exceed 10% of outstanding GO debt. **Status:** Not in compliance. 20.0%. Note: CO's issued on behalf of Storm Drainage Management, and Fair Park (ticket surcharge fee) are reflected in this calculation, the debt is paid by these sources.

36. COs for Enterprise Projects. 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.

37. CO Authorization Limit. CO authorization will remain in effect for no more than five years from the date of approval by the City Council. **Status:** In compliance.

38. CO Authorization Limit for Risk Management Funding. COs authorized for risk management funding shall be issued for a term not to exceed 20 years. **Status:** In compliance.

39. Advance and Current Refunding Criteria. 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 4%. 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 3%. **Status:** In compliance.

40. Enterprise Fund Debt Reserve Requirements. 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.

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2024 (FY 2023-24)

41. GO Debt Service Fund Minimum Reserve. The City shall maintain a reserve in the General Obligation Debt Service Fund equal to 5% 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.

ECONOMIC DEVELOPMENT

42. Tax Increment Financing Zones Revenue Coverage. Tax Increment Financing 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.

43. Tax Increment Financing Zone Residential Limit. A Tax Increment Financing Reinvestment Zone may not be created if more than 10% 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.

44. Reinvestment Zones to Total Tax Base Limit. Pursuant to the provisions of the Texas Tax Code, the City creates reinvestment zones 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 as Reinvestment Zones ("RZ").

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% of the total tax base (all real and business personal property) of the City. Reinvestment zones that are no longer collecting tax increment or abating taxes (i.e. now contributing 100% to the City of Dallas property tax revenues) will be excluded from the calculation. **Status:** In compliance.

45. Public Improvement District (PID) and TIF Service Impact Analysis. 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, 2024 (FY 2023-24)

46. PID and TIF Debt Issuance Criteria. 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 an AAA-rated financial institution, for the entire amount of the debt issue;
 - if there is insufficient TIF increment revenues to retire TIF bonds, which event consequently requires that 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 an AAA-rated financial institution within 90 days; and
 - If no replacement of an 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% of the City's outstanding GO indebtedness.
- PID/TIF bonds should be limited to projects consistent with the City's previously adopted Financial Management Performance Criteria 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, 2024 (FY 2023-24)

47. PID and TIF Debt Issuances Maturity Limit. 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.

48. PID and TIF Unrated, High Yield Bond Limit. 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.

49. PID and TIF Bond Use. The City should use PID/TIF bonds only when other options have been considered. **Status:** In compliance.

ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

50. Conformance with Generally Accepted Accounting Principles (GAAP). The City will establish and maintain a high degree of accounting practices that conform to Generally Accepted Accounting Principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB). The 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.

51. Annual Independent Audit and Financial Report. Management will contract with an independent public accounting firm for an annual audit, with the subsequent issuance of an official Annual Comprehensive Financial Report (ACFR) in conformity with GAAP and applicable State statutes. **Status:** In compliance.

52. Full Disclosure in Financial Statements and Bond Representations. Full disclosure will be provided in the annual financial statements and bond representations. **Status:** In compliance.

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2024 (FY 2023-24)

GRANTS AND TRUSTS

53. Grants and Gifts Compliance. 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.

54. Pre-Acceptance Fiscal Review. Prior to acceptance of proposed gifts and 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, donation or grants meet the strategic goals of the City, and any potential impact of loss of funds. **Status:** In compliance.

55. Full Cost Recovery from Grants. For each federal and state grant received by the City, staff will consider the feasibility and appropriateness of minimizing the use of local funds for indirect and/or administrative costs that are attributable to the grant and eligible or allowable expenses based on the grant agreement. Indirect and/or administrative costs will be recovered from the grant as defined by the grant agreement or as defined on the Indirect Cost Rate Proposal Plan calculated based upon the costs established in the Cost Allocation Plan (prepared annually). **Status:** In compliance.

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2024 (FY 2023-24)

DALLAS WATER UTILITIES (DWU)

DWU-1. Matching of Current Revenues and Expenses. Current revenues will be sufficient to support current expenses including debt service and other obligations of the system. **Status:** In compliance.

DWU-2. Use of Long-Term Debt. Long-term debt will be used only for capital expansion, replacement and improvement of plant, not for current expenses. **Status:** In compliance.

DWU-3. Short-Term Debt Authorization. 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% 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 ten years. Outstanding tax-exempt commercial paper will never exceed the amount authorized by City Council. **Status:** In compliance.

DWU-4. Contingency Reserve Sufficiency. Contingency reserves will be appropriated at a level sufficient to provide for unanticipated, nonrecurring expenditures. **Status:** In compliance.

DWU-5. Debt Financing Maturity Limit. 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.

DWU-6. Unreserved Cash Balance Minimum. 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.

DWU-7. Debt Service Coverage Requirements. 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, 2024 (FY 2023-24)

DWU-8. Use of Excess Current Revenues. Current revenues which are more than operating expenses and debt service will be used for capital expenditures and other water and wastewater purposes. **Status:** In compliance.

DWU-9. Funding from Current Rates Relationship to Depreciation Expense. 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.

DWU-10. Capital Financing Methods and Equity to Debt Ratio. 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% should be maintained on all capital projects. **Status:** In compliance.

DWU-11. Cost of Services Studies. 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.

DWU-12. Wholesale Water and Wastewater Rates. 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 indicates a need therefore. **Status:** In compliance.

DWU-13. Use of Funds Generated by DWU. Funds generated by DWU will be used solely for the development, operation, and maintenance of the water and wastewater utility system. **Status:** In compliance.