

Memorandum



CITY OF DALLAS

DATE May 17, 2018

Honorable Members of the Government Performance & Financial Management
Committee: Jennifer S. Gates (Chair), Scott Griggs (Vice Chair), Sandy Greyson,
TO Lee M. Kleinman, Philip T. Kingston, Tennell Atkins, Kevin Felder

SUBJECT **FY 2016-17 Budget versus Actual End of Year Report**

I am pleased to present the Fiscal Year 2016-17 Budget versus Actual End of Year Report.

The End of Year 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 conclusion of Financial Forecast Reports that were provided throughout FY 2016-17. In addition, the report provides a status of compliance with the Financial Management Performance Criteria (FMPC).

Through September 30, 2017, General Fund revenues exceeded budget by \$1,496,000 while General Fund expenditures were less than budget by \$14,630,000, resulting in a net excess of revenues over expenditures of \$16,126,000. 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

Attachment

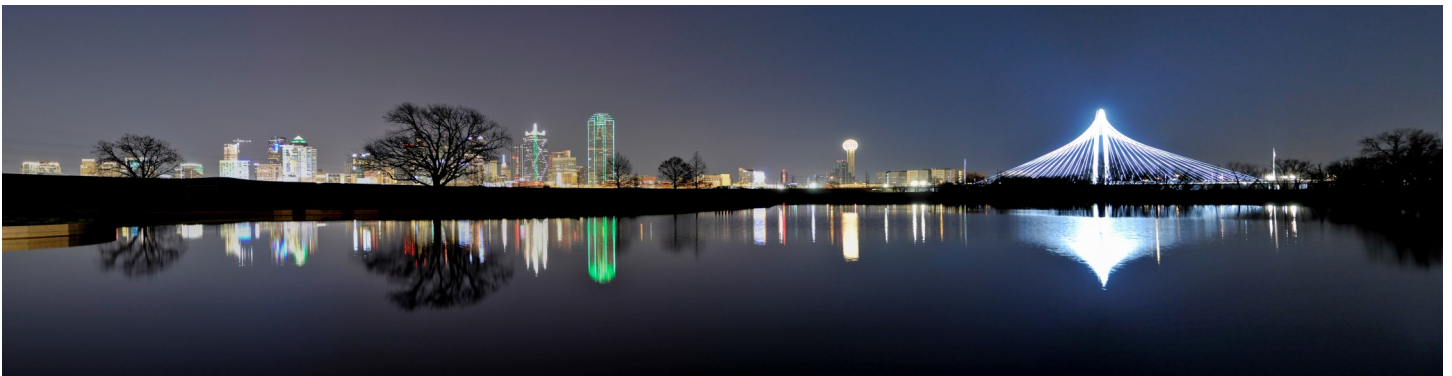
c: Honorable Mayor and Members of City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Billierae Johnson, City Secretary
Daniel F. Solis, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jo M. (Jody) Puckett, Assistant City Manager (Interim)
Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Chief of Community Services
Raquel Favela, Chief of Economic Development & Neighborhood Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors



Fiscal Year 2016-17 Budget versus Actual End of Year Report

Information as of September 30, 2017



GENERAL FUND

As of September 30, 2017
(000s)

	<u>ADOPTED BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>OVER/(UNDER) BUDGET</u>
Revenues	\$1,229,339	\$1,239,518	\$1,241,013	\$1,496
Expenditures	1,229,339	1,239,518	1,224,887	(14,630)
Net Excess of Revenues Over Expenditure/Transfers	<u>\$0</u>	<u>\$0</u>	<u>\$16,126</u>	<u>\$16,126</u>

SUMMARY

This report provides a summary of audited financial activity for Fiscal Year 2016-17. The Amended Budget reflects City Council approved transfers between funds and programs and approved use of contingency. Through September 30, 2017, General Fund revenues exceeded budget by \$1,496 while General Fund expenditures were less than budget by \$14,630, resulting in a net excess of revenues over expenditures of \$16,126.

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:

- Increased by \$490 on December 14, 2016 by CR#16-1987 due to excess revenue for Fair Housing Office for a Regional Assessment of Fair Housing.
- Increased by \$500 on February 22, 2017 by CR# 17-0438 due to use of contingency reserve by the City Attorney's Office for legal fees and services related to the Dallas Police and Fire Pension System.
- Increased by \$759 on March 22, 2017 by CR #17-0483 due to use of contingency reserve by the City Controller's Office for actuarial services related to the Dallas Police and Fire Pension System.
- Increased by \$330 on May 24, 2017 by CR# 17-0889 -1628 due to use of contingency reserve for the May 6, 2017 General Election runoff held on June 10, 2017.
- Increased by \$8,100 on June 14, 2017 by CR #17-0954 for street improvements due to excess Emergency Ambulance revenue; and the net of a \$4,000 decrease in non-departmental department appropriations, \$1,000 decrease in Police department appropriations, and \$13,100 increase in Mobility and Street Services department appropriations.
- Mid-year appropriation ordinance adjustments made on August 11, 2017 by Ordinance No. 30594 consisting of a \$2,100 decrease in non-departmental, \$1,250 increase in Elections, \$50 increase in Mayor and City Council, \$120 increase in Housing, and \$680 increase in Liability Reserve Fund.

GENERAL FUND REVENUES

As of September 30, 2017
(000s)

	<u>ADOPTED BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>OVER/(UNDER) BUDGET</u>
TAXES				
Ad Valorem Tax	\$610,219	\$610,219	\$610,958	\$739
Sales Tax ¹	292,189	292,189	293,611	1,422
TOTAL TAXES	902,408	902,408	904,569	2,161
FRANCHISE REVENUES				
Oncor Electric	51,078	51,078	52,121	1,043
AT&T	9,594	9,594	9,767	173
Atmos Energy ²	17,157	17,157	15,061	(2,096)
Time Warner Cable	6,210	6,210	6,379	169
Other	29,737	29,737	29,454	(282)
TOTAL FRANCHISE REVENUES	113,775	113,775	112,781	(993)
LICENSES AND PERMITS³	4,891	4,891	5,474	583
INTEREST EARNED⁴	1,316	1,316	3,149	1,833
INTERGOVERNMENTAL⁵	8,501	8,501	9,196	696
FINES AND FORFEITURES				
Municipal Court	18,701	18,701	18,115	(587)
Vehicle Towing and Storage	7,146	7,146	7,442	297
Parking Fines ⁶	5,022	5,022	4,604	(418)
Red Light Camera Fines ⁷	7,460	7,460	5,576	(1,884)
Public Library ⁸	431	431	179	(252)
TOTAL FINES	38,760	38,760	35,916	(2,843)
CHARGES FOR SERVICE				
Parks ⁹	10,522	10,522	11,293	771
Emergency Ambulance ¹⁰	32,091	40,191	48,792	8,601
Security Alarm ¹¹	4,380	4,380	3,733	(647)
Street Lighting	648	648	634	(14)
Vital Statistics ¹²	1,600	1,600	1,845	245
Other ¹³	28,311	28,311	24,502	(3,809)
TOTAL CHARGES	77,552	85,652	90,799	5,147
INTERFUND REVENUE¹⁴	74,523	76,601	70,672	(5,929)
MISCELLANEOUS¹⁵	7,616	7,616	8,457	841
TOTAL REVENUES	\$1,229,339	\$1,239,518	\$1,241,013	\$1,496

GENERAL FUND EXPENDITURES

As of September 30, 2017
(000s)

DEPARTMENT	ADOPTED BUDGET	AMENDED BUDGET	ACTUAL	OVER/(UNDER) BUDGET
Building Services	\$25,312	\$25,312	\$25,279	(\$32)
Business Development and Procurement Services	\$3,041	\$3,041	\$3,036	(\$4)
City Attorney's Office	\$16,160	\$16,660	\$16,303	(\$357)
City Auditor's Office ¹⁶	\$3,194	\$3,194	\$2,864	(\$330)
City Controller's Office ¹⁷	\$4,682	\$5,441	\$5,039	(\$402)
City Manager's Office	\$1,966	\$2,468	\$2,455	(\$13)
City Secretary's Office	\$2,029	\$2,029	\$1,983	(\$46)
Civil Service	\$2,887	\$2,887	\$2,847	(\$41)
Code Compliance ¹⁸	\$42,386	\$42,386	\$40,951	(\$1,434)
Court Services	\$11,976	\$11,976	\$11,974	(\$2)
Elections ¹⁹	\$1,401	\$2,980	\$1,914	(\$1,066)
Fire	\$254,603	\$254,603	\$254,040	(\$562)
Housing	\$14,403	\$14,523	\$14,377	(\$147)
Human Resources ²⁰	\$5,220	\$5,220	\$4,577	(\$643)
Independent Audit	\$865	\$865	\$865	\$0
Jail Contract - Lew Sterret	\$7,813	\$7,813	\$7,813	(\$0)
Judiciary	\$3,296	\$3,296	\$3,295	(\$1)
Library	\$29,984	\$29,984	\$29,283	(\$701)
Management Services ²¹	\$10,235	\$10,725	\$10,058	(\$667)
Mayor and Council	\$4,465	\$4,515	\$4,494	(\$22)
Mobility and Street Services	\$84,577	\$97,677	\$97,615	(\$62)
Mobility and Street Services - Street Lighting	\$16,956	\$16,956	\$16,694	(\$262)
Non-Departmental	\$70,412	\$64,312	\$63,513	(\$800)
Office of Cultural Affairs	\$19,605	\$19,605	\$19,603	(\$2)
Office of Economic Development	\$2,575	\$2,575	\$2,538	(\$37)
Office of Financial Services	\$2,957	\$2,957	\$2,832	(\$124)
Park and Recreation	\$94,673	\$94,730	\$94,643	(\$87)
Planning and Urban Design ²²	\$3,029	\$3,029	\$2,806	(\$223)
Police ²³	\$478,004	\$477,004	\$472,461	(\$4,542)
Sustainable Dev/Construction ²⁴	\$1,386	\$1,386	\$1,259	(\$126)
Trinity Watershed Management ²⁵	\$1,318	\$1,318	\$863	(\$455)
RESERVES AND TRANSFERS				
Contingency Reserve	\$1,650	\$1,650	\$1,650	\$0
Liability/Claims Fund	\$4,283	\$4,963	\$4,963	\$0
Salary and Benefit Reserve ²⁶	\$2,000	\$1,441	\$0	(\$1,441)
TOTAL EXPENDITURES	\$1,229,339	\$1,239,518	\$1,224,887	(\$14,630)

PROPRIETARY FUNDS

As of September 30, 2017
(000s)

<u>DEPARTMENT</u>	<u>ADOPTED BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>OVER/(UNDER) BUDGET</u>
AVIATION				
TOTAL REVENUES	98,174	107,872	106,372	(1,499)
TOTAL EXPENDITURES	<u>99,188</u>	<u>108,886</u>	<u>108,790</u>	<u>(96)</u>
Net Excess of Revenues Over Expenditures	<u>(\$1,014)</u>	<u>(\$1,014)</u>	<u>(\$2,418)</u>	<u>(\$1,403)</u>
CONVENTION CENTER				
TOTAL REVENUES	96,403	97,478	98,469	990
TOTAL EXPENDITURES	<u>96,403</u>	<u>97,478</u>	<u>97,210</u>	<u>(269)</u>
Net Excess of Revenues Over Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$1,259</u>	<u>\$1,259</u>
SUSTAINABLE DEVELOPMENT & CONSTRUCTION²⁷				
TOTAL REVENUES	30,103	30,103	34,619	4,516
TOTAL EXPENDITURES	<u>36,090</u>	<u>36,090</u>	<u>32,808</u>	<u>(3,282)</u>
Net Excess of Revenues Over Expenditures	<u>(\$5,987)</u>	<u>(\$5,987)</u>	<u>\$1,810</u>	<u>\$7,797</u>
MUNICIPAL RADIO²⁸				
TOTAL REVENUES	2,055	2,055	1,747	(308)
TOTAL EXPENDITURES	<u>2,032</u>	<u>2,032</u>	<u>1,801</u>	<u>(232)</u>
Net Excess of Revenues Over Expenditures	<u>\$23</u>	<u>\$23</u>	<u>(\$54)</u>	<u>(\$76)</u>
WATER UTILITIES²⁹				
TOTAL REVENUES	657,465	657,465	659,835	2,370
TOTAL EXPENDITURES	<u>657,465</u>	<u>657,465</u>	<u>607,035</u>	<u>(50,429)</u>
Net Excess of Revenues Over Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$52,799</u>	<u>\$52,799</u>

PROPRIETARY FUNDS

As of September 30, 2017
(000s)

<u>DEPARTMENT</u>	<u>ADOPTED BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>OVER/(UNDER) BUDGET</u>
COMMUNICATION & INFORMATION SERVICES				
TOTAL REVENUES	72,825	72,825	71,901	(924)
TOTAL EXPENDITURES	<u>74,838</u>	<u>74,838</u>	<u>73,093</u>	<u>(1,745)</u>
Net Excess of Revenues Over Expenditures	<u>(\$2,013)</u>	<u>(\$2,013)</u>	<u>(\$1,192)</u>	<u>\$821</u>
EQUIPMENT SERVICES				
TOTAL REVENUES	50,837	52,387	54,483	2,096
TOTAL EXPENDITURES	<u>50,837</u>	<u>52,387</u>	<u>51,275</u>	<u>(1,112)</u>
Net Excess of Revenues Over Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$3,208</u>	<u>\$3,208</u>
EXPRESS BUSINESS CENTER				
TOTAL REVENUES	3,981	3,981	4,018	37
TOTAL EXPENDITURES	<u>3,780</u>	<u>3,780</u>	<u>3,729</u>	<u>(51)</u>
Net Excess of Revenues Over Expenditures	<u>\$201</u>	<u>\$201</u>	<u>\$290</u>	<u>\$88</u>
SANITATION SERVICES³⁰				
TOTAL REVENUES	95,946	100,541	107,046	6,505
TOTAL EXPENDITURES	<u>95,946</u>	<u>100,541</u>	<u>100,448</u>	<u>(93)</u>
Net Excess of Revenues Over Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$6,598</u>	<u>\$6,598</u>

OTHER FUNDS

As of September 30, 2017
(000s)

<u>DEPARTMENT</u>	<u>ADOPTED BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>OVER/(UNDER) BUDGET</u>
EMPLOYEE BENEFITS³¹	\$998	\$998	\$889	(\$109)
WELLNESS ADMIN³²	\$349	\$349	\$177	(\$173)
RISK MANAGEMENT	\$2,630	\$2,710	\$2,651	(\$59)
9-1-1 SYSTEM OPERATIONS³³				
TOTAL REVENUES	12,873	12,873	12,582	(292)
TOTAL EXPENDITURES	<u>16,389</u>	<u>16,389</u>	<u>10,044</u>	<u>(6,344)</u>
Net Excess of Revenues Over Expenditures	<u>(\$3,515)</u>	<u>(\$3,515)</u>	<u>\$2,537</u>	<u>\$6,053</u>
STORM WATER DRAINAGE MANAGEMENT				
TOTAL REVENUES	50,937	50,937	47,304	(3,633)
TOTAL EXPENDITURES	<u>53,008</u>	<u>54,658</u>	<u>48,214</u>	<u>(6,443)</u>
Net Excess of Revenues Over Expenditures	<u>(\$2,071)</u>	<u>(\$3,721)</u>	<u>(911)</u>	<u>\$2,810</u>

DEBT SERVICE FUND

As of September 30, 2017
(000s)

<u>DEPARTMENT</u>	<u>ADOPTED BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>OVER/(UNDER) BUDGET</u>
DEBT SERVICE FUND³⁴				
BEGINNING FUND BALANCE	\$10,777	\$10,777	\$12,613	\$1,836
REVENUES:				
Ad Valorem	242,487	242,487	242,775	287
Interest/Transfers/Other	<u>19,799</u>	<u>19,799</u>	<u>9,757</u>	<u>(10,043)</u>
TOTAL REVENUES	262,287	262,287	252,531	(9,755)
Changes in Encumbrances and other Balance Sheet Accounts			-	
TOTAL EXPENDITURES	<u>261,865</u>	<u>261,865</u>	<u>261,289</u>	<u>(576)</u>
ENDING FUND BALANCE	<u>\$11,198</u>	<u>\$11,198</u>	<u>\$3,855</u>	<u>(\$7,343)</u>

VARIANCE NOTES

(Dollars in 000s)

1. Sales tax revenues are \$1,422 (0.5 percent) better than the FY 2016-17 budget and \$9,693 (3.4 percent) better than the prior fiscal year due to the strength of the local economy.
2. Atmos Energy revenues are \$2,096 under budget primarily due to approximately \$2,000 in revenues related to an amended gas franchise agreement that were anticipated in FY 2016-17 but accrued back to FY 2015-16 at the request of the City's independent auditor.
3. License and Permits revenues are \$583 over budget primarily due to an increase in fire prevention permits.
4. Interest earned revenues are \$1,833 over budget due to an increase in the market interest rate.
5. Intergovernmental revenues are \$696 over budget due to higher than expected payments from the City of Irving, City of Euless, and City of Grapevine as part of the D/FW Airport revenue sharing agreement and reimbursements received from surrounding entities for the FY 2016-17 Regional Assessment of Fair Housing.
6. Parking Fines are \$418 below budget due in part to improved payment compliance resulting in fewer meter related ticket issuance, and increased construction in the downtown area reducing available on-street parking, a greater focus on neighborhood parking problems addressed by the responses to service requests, and a higher than anticipated Parking Enforcement Officer vacancy rate.
7. Red Light Camera revenues are \$1,884 below budget due to construction lag time resulting from changing red light camera vendors. The revenue loss is offset by \$2.1m in reduced expenses related to not paying for camera activity during construction.
8. Public Library revenues are \$252 below budget due to implementation of automatic renewal on materials that have been checked out at library locations and an increase in the usage of e-materials. Fines and late fees are not collected on e-materials as they are electronically recalled on the due date.
9. Park revenues are \$771 over budget primarily due to greater than budgeted special events, building usage fees, parking, and concessions revenue generated at Fair Park (\$288) and charges for room rentals, swimming lessons, and athletic field rentals (\$479).
10. Emergency Ambulance revenue are \$8,601 greater than budget due to an increase in the reimbursement from the State of Texas Ambulance Supplemental Payment Program.
11. Security Alarm revenues are \$647 below budget due to a decrease in the number of permits issued compared to last fiscal year.
12. Vital Statistics revenues are \$245 over budget due to an increase in the issuance of birth and death certificates.
13. Other Charges for Service revenue is \$3,809 below budget primarily due to the reduction of fire watch fees, contract delays for the Mobile Community Health Program, a change in the interlocal

VARIANCE NOTES

(Dollars in 000s)

agreement with Parkland Health System for Biotel services whereby government entities that would formerly reimburse the City for Biotel services now contract directly with Parkland, and lower than budgeted multitenant registration and reinspection fees.

14. Interfund revenues are \$5,929 below budget primarily due to deferred transfers from internal City funds.

15. Miscellaneous Revenues are \$841 over budget primarily due to greater than budgeted auto auction sales and vendor rebates received by Business Development and Procurement Services.

16. City Auditor's Office expenditures are \$330 below budget due to salary savings.

17. City Controller's Office is \$402 below budget primarily due to lower than anticipated actuarial contract expenses related to the Dallas Police and Fire Pension System.

18. Code Compliance expenditures are \$1,434 below budget primarily due to salary savings.

19. Elections expenditures are \$1,066 below budget due to savings associated with the November 2017 Bond Election contract. The Elections budget was increased on August 23, 2017 by Ordinance #30594 in the amount of \$1,250 to reflect estimated costs of the proposed Bond Election known at that time. The actual cost of the Bond Election was much lower resulting in savings.

20. Human Resources is \$643 below budget due to hiring delays for five positions (three Sr. Human Resources Assistant positions, one investigator position, and an Assistant Director position) and lower than budgeted training, professional development, and tuition reimbursement expenses.

21. Management Services is \$667 below budget primarily due to a Resiliency Office reimbursement being budgeted as revenue but booked as a reimbursement (\$224), lower than budgeted contractual service expenditures in the Office of Environmental Quality (\$196), and salary savings in EMS Compliance (\$186).

22. Planning and Urban Design expenditures are \$223 below budget primarily due to holding three full-time positions (one Assistant Director II and two Planner positions) vacant that were transferred out in FY 2017-18 to the newly created Management Services' Office of Welcoming Communities and Immigrant Affairs and the Department of Transportation.

23. Police expenditures are \$4,542 below budget primarily due to hiring less sworn officers than planned and more attrition than anticipated. The net loss of officers in FY 2017-18 was 268.

24. Sustainable Development and Construction is \$126 below budget primarily due to greater than budgeted reimbursements related to sales of surplus abandonment and surplus developable real property.

25. Trinity Watershed Management is \$455 below budget due to salary savings associated with hard to

VARIANCE NOTES

(Dollars in 000s)

fill positions, lower than budgeted use of professional services, and savings generated by conducting event advertising by in-house staff instead of a third party.

26. Salary and Benefit Reserve funds were allocated to the City Manager's Office (\$502) and Park and Recreation (\$57) to offset vacation/sick termination payments.

27. Sustainable Development and Construction Service revenues are \$4,516 over budget due to greater than anticipated volume of plan reviews for home remodels, private developments, and express plan service. Sustainable Development and Construction expenses are \$3,282 below budget primarily as a result of a \$1,680 engineering plan review technology enhancement being delayed to Fiscal Year 2017-18 and salary savings associated with vacant positions.

28. Municipal Radio revenues are \$308 below budget primarily due to lower than projected local radio advertisement sales. Municipal Radio expenditures are \$232 below budget primarily due to savings in budgeted sales commissions.

29. Water Utilities expenditures are \$50,429 below budget primarily due to reducing \$24,100 in Fiscal Year 2016-17 escrow payment expenses and recording \$23,200 in prior year escrow payment expenses as revenues per the Sabine River Authority rate settlement agreement and savings in electricity, street rental, maintenance, and personnel expenses as well as reductions in capital construction transfers.

30. Sanitation Services revenues are \$6,505 over budget due to increased landfill collection fees and residential collection.

31. Employee Benefits administrative expenses are \$109 below budget primarily as a result of lower than budgeted outside legal consulting fees for benefits related issues.

32. Wellness administrative expenses are \$173 below budget as a result of salary savings due to vacancies.

33. 9-1-1 System Operations expenses are \$6,344 below budget primarily due to a reduction in the 911 reimbursement to the Fire and Police department.

34. Debt Service Fund revenues are \$9,755 below budget primarily due to reclassifying \$11,283 in pension obligation bond transfers in from enterprise fund departments to a reduction of liability for pension obligation bond principal and interest.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2017

The 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 contains 54 criteria in 7 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

The most recent revision to the FMPC was approved by the City Council 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, 2017







	In compliance
	No action
	Not in compliance

Old Number	New Number	Name	Operating Program	Pension Program	Budgeting and Planning	Capital and Debt Management	Economic Development	Accounting, Auditing, and Financial Reporting	Grants and Trusts	Dallas Water Utilities
2	1	Property tax revenue limit								
9	2	Unassigned fund balance minimum*								
8	3	Contingency Reserve								
7	4	Emergency Reserve*								
10	5	Risk Reserve								
3	6	Prohibition of debt for operating expenditures								
6	7	Enterprise Funds full cost funding and minimum net working capital*								
11	8	Liability/Claims Fund*								
12	9	Landfill Closure/Post-Closure Reserve								
13	10	Facilities replacement versus maintenance analysis								
14	11	Annual assessment and five-year projection for equipment and maintenance needs								
15	12	User fees review*								
NEW	13	Employee Benefits Fund minimum cash reserve								
50	14	Internal Service Funds and Enterprise Funds cash balances								
4	15	Sufficient funding for retirement systems								
5	16	Actuarial analysis required on retirement systems								
1	17	Balanced budget								
44	18	Five-year revenue and expenditure projection*								
45	19	Financial monitoring								
46	20	Operating impact of capital improvements								
47	21	Comparison of financial performance to FMPC								
NEW	22	Two-year balanced budget								
NEW	23	Over-65 and disabled homestead exemption modification								
NEW	24	Effective Tax Rate-based budget								
16	25	Matching of bond funds and useful life of project								
17	26	GO debt to market value of taxable property limit								
18	27	Direct and overlapping debt to market value of taxable property								
19	28	Capitalization of interest expense								
20	29	Average GO bond maturities								

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA




Year Ending September 30, 2017









	In compliance
	No action
	Not in compliance

Old Number	New Number	Name	Operating Program	Pension Program	Budgeting and Planning	Capital and Debt Management	Economic Development	Accounting, Auditing, and Financial Reporting	Grants and Trusts	Dallas Water Utilities
21	30	GO debt service to governmental fund expenditures limit								
22	31	Per capita GO debt to personal income limit*								
23	32	Debt financing for betterment of capital improvements								
24	33	Interest earnings from GO bond proceeds								
25	34	Certificates of Obligation uses								
26	35	Certificates of Obligation limit as percentage of GO debt								
28	36	Certificates of Obligation for enterprise projects								
29	37	Certificate of Obligation authorization limit								
30	38	Certificate of Obligation authorization for risk management funding								
39	39	Advance and current refunding criteria								
40	40	Enterprise Fund debt reserve requirements								
NEW	41	General Obligation Debt Service Fund minimum reserve								
31	42	Tax Increment Financing zones revenue coverage								
32	43	Tax Increment Financing zone residential limit								
33	44	Reinvestment zones to total tax base limit*								
34	45	PID and TIF service impact analysis								
35	46	PID and TIF debt issuance criteria								
36	47	PID and TIF debt issuances maturity limit								
37	48	PID and TIF unrated, high yield bond limit								
38	49	PID and TIF bond use								
41	50	Conformance with GAAP*								
42	51	Annual independent audit and financial report*								
43	52	Full disclosure in financial statements and bond								
51	53	Grants and gifts compliance								
52	54	Pre-acceptance fiscal review								
DWU1	DWU-1	Matching of current revenues and expenses								
DWU2	DWU-2	Use of long-term debt								
DWU3	DWU-3	Short-term debt authorization								
DWU4	DWU-4	Contingency Reserve sufficiency								
DWU5	DWU-5	Debt financing maturity limit								

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2017

	In compliance
	No action
	Not in compliance

Old Number	New Number	Name	Operating Program	Pension Program	Budgeting and Planning	Capital and Debt Management	Economic Development	Accounting, Auditing, and Financial Reporting	Grants and Trusts	Dallas Water Utilities
DWU6	DWU-6	Unreserved cash balance minimum								
DWU7	DWU-7	Debt service coverage requirements								
DWU8	DWU-8	Use of excess current revenues								
DWU9	DWU-9	Funding from current rates relationship to depreciation								
DWU10	DWU-10	Capital financing methods and equity to debt ratio								
DWU11	DWU-11	Cost of service studies								
DWU12	DWU-12	Wholesale water and wastewater rates								
DWU13	DWU-13	Use of funds generated by DWU								
27	N/A	Deleted								
48	N/A	Deleted								
49	N/A	Deleted								

*Revised 12/2017

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2017

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 8%:

- 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. 5.35%

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. (The Risk Reserve is not included in this calculation.) 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.
\$171.7 million is 51.2 days of the FY 17 (Actual) General Fund budget.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2017

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 ½% to 1% of budgeted departmental expenditures.

Status: In compliance. FY 2016-17 (Actual) Contingency Reserve level \$2,620,000, or 0.21% of the FY 17 (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 5% 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.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2017

Number: 5
Name: Risk Reserve
Type: Operating Program

Description: 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 2016-17 (Actual) Risk Reserve \$1,250,000.

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 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.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2017

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 \$5,000,000. 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.

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, 2017

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.

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 [New - 12/2017]

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: Not applicable.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2017

Number: 14
Name: Internal Service Funds and Enterprise Funds cash balances
Type: Operating Program [formerly Cash Management]

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 [formerly Operating Program]

Description: 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 Council by the pension funds.

Status: In compliance.

Number: 16
Name: Actuarial analysis required on retirement systems
Type: Pension Program [formerly Operating 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 bi-annually 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, 2017

BUDGETING AND PLANNING

Number: 17
Name: Balanced budget
Type: Budgeting and Planning [formerly Operating Program]

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, only be used 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: Budget and Financial Planning [formerly Budget]

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: Not applicable.

Number: 19
Name: Financial monitoring
Type: Budget and Financial Planning [formerly Budget]

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, 2017

Number: 20
Name: Operating impact of capital improvements
Type: Budget and Financial Planning [formerly Budget]

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: Budget and Financial Planning [formerly Budget]

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 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: Budget and Financial Planning [New - 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 used of fund balance.

Status: Not applicable.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2017

Number: 23
Name: Over-65 and disabled homestead exemption modification
Type: Budget and Financial Planning [New - 12/2017]

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 30th for possible modification increase of this property tax exemption. Changes to property tax exemptions must be provided to the appraisal districts no later than June 30th.

Status: Not applicable.

Number: 24
Name: Effective Tax Rate-based budget proposal
Type: Budget and Financial Planning [New - 12/2017]

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. The City Manager will present an Effective Tax Rate budget scenario on or before the 15th day of August.

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, 2017

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 (G.O.) Debt of Dallas will not exceed 4% of the true market valuation of the taxable property of Dallas.

Status: In compliance.

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 8% of market valuation of taxable property of Dallas. All debt, which causes total direct plus overlapping debt to exceed 6% of market valuation, shall be carefully planned and coordinated with all overlapping jurisdictions.

Status: In compliance. 3.75%

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) General Obligation bond maturities (exclusive of Pension Obligation Bonds) shall be kept at or below 10 years.

Status: In compliance.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2017

Number: 30

Name: GO debt service to governmental fund expenditures limit

Type: Capital and debt management

Description: Annual General Obligation debt service (contribution), including certificates of obligation 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. 13.2%

Number: 31

Name: Per capita GO debt to personal income limit

Type: Capital and debt management

Description: Per Capita General Obligation Debt, including Certificates of Obligation, Equipment Acquisition Notes and General Obligation Bonds, will be managed to not exceed 10% of the latest authoritative computation of Dallas' per capita annual personal income as determined by the US Department of Commerce Bureau of Economic Analysis.

Status: In compliance. 4.3%. Revised 12/2017.

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 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 C.O.'s or G.O.'s.

Status: In compliance.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2017

Number: 33
Name: Interest earnings from GO bond proceeds
Type: Capital and Debt Management

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

Status: In compliance.

Number: 34
Name: Certificates of Obligation uses
Type: Capital and Debt Management

Description: Certificates of Obligation 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: Certificates of Obligation limit as percentage of GO debt
Type: Capital and Debt Management

Description: Certificates of Obligation (CO) Debt, including that for risk management funding supported by an ad valorem tax pledge, should not exceed 15% of total authorized and issued General Obligation (GO) Debt. All CO's issued in lieu of revenue bonds should not exceed 10% of outstanding GO debt.

Status: In compliance.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2017

Number: 36

Name: Certificates of Obligation for enterprise projects

Type: Capital and Debt Management

Description: Certificates of Obligation 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: Certificate of Obligation authorization limit

Type: Capital and Debt Management

Description: Certificates of Obligation 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: Certificate of Obligation authorization limit for risk management funding

Type: Capital and Debt Management

Description: Certificates of Obligation 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, 2017

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 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.

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: General Obligation Debt Service Fund minimum reserve
Type: Capital and Debt Management [New - 12/2017]

Description: 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: Not applicable.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2017

ECONOMIC DEVELOPMENT

Number: 42

Name: Tax Increment Financing zones revenue coverage

Type: Economic Development [formerly Capital and Debt Management]

Description: 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.

Number: 43

Name: Tax Increment Financing zone residential limit

Type: Economic Development [formerly Capital and Debt Management]

Description: A Tax Increment Financing Reinvestment Zone 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, 2017

Number: 44
Name: Reinvestment zones to total tax base limit
Type: Economic Development [formerly Capital and Debt Management]

Description: 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.

Number: 45
Name: PID and TIF service impact analysis
Type: Economic Development [formerly Capital and Debt Management]

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, 2017

Number: 46

Name: PID and TIF debt issuance criteria

Type: Economic Development [formerly Capital and Debt Management]

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 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 general obligation 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, 2017

Number: 47
Name: PID and TIF debt issuances maturity limit
Type: Economic Development [formerly Capital and Debt Management]

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 [formerly Capital and Debt Management]

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 [formerly Capital and Debt Management]

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, 2017

ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

Number: 50

Name: Conformance with Generally Accepted Accounting Principles (GAAP)

Type: Accounting, Auditing, and Financial Reporting [formerly Accounting, Auditing, and Financial Planning]

Description: 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.

Number: 51

Name: Annual independent audit and financial report

Type: Accounting, Auditing, and Financial Reporting [formerly Accounting, Auditing, and Financial Planning]

Description: Management will contract with an independent public accounting firm for an annual audit, with the subsequent issuance of an official Comprehensive Annual Financial Report (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 [formerly Accounting, Auditing, and Financial Planning]

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, 2017

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 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.

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, 2017

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% 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 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, 2017

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, 2017

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

Description: 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.

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% 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, 2017

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 indicates a need therefore.

Status: In compliance.

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

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

Status: In compliance.