

Memorandum



CITY OF DALLAS

DATE October 31, 2014

TO Honorable Mayor and Members of the City Council

SUBJECT **Willis Winters Elected to the American Academy for Park and Recreation Administration**

I am pleased to announce that our Park and Recreation Department Director Willis C. Winters was elected to the American Academy for Park and Recreation Administration (AAPRA) at the annual meeting during the National Recreation and Park Association (NRPA) in Charlotte, North Carolina.

The AAPRA is a group of distinguished practitioners and educators who are leaders in the field of park and recreation. They must have served for at least 15 years in a high level of administration in a park and recreation agency or as a recognized educator in parks and recreation administration or they must manage a park and recreation department for an agency with a population of more than 500,000. They also must have demonstrated outstanding ability in administration, management or education in the profession; displayed broad interest with a direct service benefit to the advancement of public parks and recreation or assumed leadership with a keen desire to contribute to the advancement of the field. The Academy is limited to 125 active members.

Established in 1980, the Academy was formed to advance knowledge related to the administration of recreation and parks; encourage scholarly efforts by both practitioners and educators to enhance the practice of park and recreation administration; promote broader public understanding of the importance of parks and recreation to the public good; and conduct research, publish scholarly papers and/or sponsor seminars related to the advancement of park and recreation administration.

Please contact me if you have any questions.

A handwritten signature in blue ink that reads "Joey Zapata".

Joey Zapata
Assistant City Manager

c: A.C. Gonzalez, City Manager
Warren M.S. Ernst, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager

Eric D. Campbell, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Mark McDaniel, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor & Council

Memorandum



CITY OF DALLAS

DATE October 31, 2014

TO Honorable Mayor and Members of the City Council

SUBJECT City of Dallas Wins Center for Digital Government's Cybersecurity and Leadership & Innovation Award

The Department of Communication and Information Services (CIS) is a recipient for a Cybersecurity Leadership and Innovation Award from the Center for Digital Government, in the category of City Government, for its work in Securing Citizen's Protected Health Information.

The Cybersecurity Leadership and Innovation Awards program was established to recognize the commitment of state and local government and education organizations for their dedication, hard work and contributions in cybersecurity technology services. The criteria used to evaluate and select the winners includes efforts taken to improve cybersecurity, impact of those efforts on the local, state, and scene, utilization of technology to achieve results, creativity and initiative to make change, and demonstrated leadership to drive change.

The City's Communications and Information Technology (CIS) group undertook the lead technical role to improve the security of Health Insurance Portability and Accountability (HIPAA) protected patient information collected by the Dallas Fire-Rescue (DFR) Emergency Medical Services (EMS) department in the event a staff laptop (non-ambulance) was misplaced or stolen. The CIS-led effort spanned six months and involved executive and operational staff CIS, DFR, EMS, City Attorney's Office, City's Compliance Officer, Business Development and Procurement Services department and the 3rd party vendor responsible for remote security services.

The final solution consisted of the purchase and upgrading of laptops used by staff personnel in DFR EMS, the City's Compliance Program, Human Resources and the City's Medical Director. The solution created a more secure computer image, implemented enhanced security features, standard operating procedures (SOPs) for departments to follow during an event, and provided training on the new procedures. Key benefits include higher levels of protection for citizen's medical information, reduced risk of HIPAA violations and fines, and improved intradepartmental coordination when responding to an event.

Please contact Bill Finch at (214) 670-1890 should you have additional questions.

A handwritten signature in blue ink that reads "Jill A. Jordan".

Jill A. Jordan, P.E.
Assistant City Manager

c: Honorable Mayor and Members of the City Council
A.C. Gonzalez, City Manager
Warren M.S. Ernst, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager

Eric D. Campbell, Assistant City Manager
Mark McDaniel, Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor & Council
William Finch, CIO/Director Communications & Information Systems

Memorandum



CITY OF DALLAS

DATE October 31, 2014

TO Honorable Mayor and Members of the City Council

SUBJECT Trinity Watershed Management – Trinity River Tire Removal Update

Staff is pleased to provide an update on efforts to remove tires from the Trinity River as part of our ongoing partnership with Chisholm Trail Resource Conservation and Development, Inc., (Chisholm Trail RCD) to address tires in the Trinity River near IH20. This organization partners with the Texas Commission on Environmental Quality and other non-profit and government entities to implement remedial projects that can be completed in North Texas.

Chisholm Trail RCD stepped forward with \$294,000 for the removal of an estimated 308 tons of tires. They are providing oversight and management of the removal process in conjunction with City staff.

To date, an estimated 198 tons of tires have been removed. Over the course of the next three to six months, the removal efforts will continue to focus on removing tires from the river between IH20 and Dowdy Ferry Road. We are excited about this partnership that will result in a cleaner, safer and more beautiful Trinity River waterway.

Please let me know if you have any questions.

A handwritten signature in cursive script, reading "Jill Jordan".

Jill A. Jordan, P.E.
Assistant City Manager

Attachments

c A.C. Gonzalez, City Manager
Warren M.S. Ernst, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager

Eric D. Campbell, Assistant City Manager
Mark McDaniel, Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor & Council

Memorandum



CITY OF DALLAS

DATE October 31, 2014
TO The Honorable Mayor and Members of the City Council
SUBJECT FY 2012-13 Year End Report

Attached for your review is the FY 2012-13 Year End Report. The purpose of the Year End Report is to communicate the final status of year-end total expenditures compared to appropriations, total revenues compared to budget, and significant expenditure and revenue variances (compared to budget) for all operating funds. This report is the conclusion of Financial Forecast Reports that were provided through FY 2012-13. In addition, the report provides a status of compliance with the Financial Management Performance Criteria (FMPC).

Please let me know if you need additional information.


Jeanne Chipperfield
Chief Financial Officer

Attachment

c: A.C. Gonzalez, City Manager
Warren M.S. Ernst, City Attorney
Rosa A. Rios, City Secretary
Craig D. Kinton, City Auditor
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Joey Zapata, Assistant City Manager
Eric D. Campbell, Assistant City Manager
Mark McDaniel, Assistant City Manager
Forest E. Turner, Chief Wellness Officer
Elsa Cantu, Assistant to the City Manager
Jack Ireland, Director, Office of Financial Services

**General Fund
Year End FY 2012-13
Comparison of Revenues and Expenditures
(000s)**

	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>OVER/(UNDER) BUDGET</u>
Revenues	\$1,041,303	\$1,042,069	\$766
Expenditures	1,041,303	1,031,177	(10,126)
Sub Total	0	10,892	10,892
Net Excess/(Deficiency) of Revenues Over Expenditures and Transfers to Reserves	<u>\$0</u>	<u>\$10,892</u>	

**FY 2012-13
End of Year Report
Variance Explanations**

General Fund

REVENUES:

- Total General Fund revenues are \$766,000 above budget.
 - Sales tax revenues are \$10,483,000 above budget due to the improved economy.
 - Atmos Energy revenues are \$562,000 above budget due to a rate increase in May of 2013.
 - Other franchise revenues are \$1,915,000 above budget due to higher than expected growth in total business and data telephone access lines.
 - Interest revenues are \$300,000 below budget due to lower than budgeted interest rates.
 - Intergovernmental revenues are \$1,127,000 above budget primarily due to higher than expected payments from Euless and Irving as part of the DFW Airport revenue sharing agreement, an unbudgeted reimbursement from the state for assistance in fighting wildfires, and an increase in Dallas County's contribution to the homeless assistance center.
 - Municipal Court revenues are \$1,786,000 below budget due to a decrease in the number of citations written.
 - Vehicle Towing and Storage revenues are \$797,000 below budget primarily due to a decrease in the number of tows resulting from arrests.
 - Parking Fines are \$1,620,000 below budget due to decreased downtown meter usage in favor of DART/other public transportation.
 - Red Light Camera revenues are \$851,000 above budget primarily due to an increase in the capture rate of license plates from red light cameras.
 - Public Library revenues are \$81,000 below budget due to 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.
 - Park revenues are \$1,313,000 above budget primarily due to an increase in the number of special events at the GEXA Energy Pavilion at Fair Park and at other Park department facilities.
 - Street Lighting revenues are \$250,000 above budget due to a higher than expected reimbursement from TxDOT for the re-lamping of freeway lights.
 - Other Charges for Services are \$1,086,000 above budget primarily due to additional events at City Performance Hall, an increase in requests for Fire Prevention Inspections, and increased gas royalties at the McCommas Bluff landfill.
 - Interfund Revenues are \$13,858,000 below budget due to deferred transfers from internal City funds.
 - Miscellaneous revenues are \$1,118,000 below budget primarily due to decreased commodity prices for paper and cardboard recycling and lower revenue associated with auto auction sales.

EXPENDITURES:

- Total General Fund expenditures are \$10,126,000 below budget.
 - Business Development and Procurement Services is \$181,000 below budget primarily due to salary savings as a result of vacancies.
 - City Controller's Office is \$188,000 below budget due to salary savings as a result of vacancies.
 - Civil Service is \$94,000 below budget due to savings as a result of vacancies.
 - City Secretary Elections is \$183,000 below budget due to lower than expected costs related to the elections contract.
 - Human Resources is \$516,000 below budget primarily due to salary savings as a result of vacancies.
 - Judiciary is \$307,000 below budget primarily due to salary savings and the savings related to court recording equipment that was purchased with savings in the FY 2011-12.
 - Office of Cultural Affairs is \$942,000 below budget primarily due to delays in hiring and lower than anticipated electricity costs.
 - Office of Financial Services is \$390,000 below budget primarily due to delays in hiring and lower than anticipated costs for consultants to review franchise rate case.
 - Sustainable Development and Construction is \$775,000 below budget due to delays in hiring and higher than budgeted reimbursements from the sale of abandonments and tax foreclosure properties.
 - Trinity Watershed Management expenses are \$39,000 below budget as a result of salary savings due to vacancies.

Other Funds

- Aviation revenues are \$3,411,000 above budget due to increased revenue from on-airport lease schedules and additional landing fee collections related to the Love Field Modernization Project.
- Convention Center revenues are \$8,406,000 above budget primarily due to Hotel Occupancy Taxes, Alcoholic Beverage Tax, and other contract service revenues related to three unbudgeted events.
- Sustainable Development/Construction revenues are \$3,634,000 above budget due to increases in new and remodel single-family and multi-family construction. Expenses are \$2,941,000 below budget primarily due to delays in hiring.
- Municipal Radio Revenues are \$654,000 below budget due to fewer local advertisement sales. Expenses are \$544,000 below budget due to a reduction in the sales commission costs and other expenses which are driven by advertisement sales.
- Water Utilities expenses are \$28,893,000 below budget primarily due to salary savings as a result of vacancies, lower expenses in electricity and chemicals as a result of lower than budgeted pumpage, and debt service savings as a result of refunding and restructuring of existing debt.
- Communication and Information Services expenses are \$3,753,000 below budget due to vacancies and lower than expected debt service payment.

- Express Business Center expenses are \$374,000 and revenues are \$280,000 below budget primarily due to decreased postage and mailing by departments.
- Employee Benefits expenses are \$259,000 below budget due to salary savings and lower than expected expenses related to the Wellness Program.
- 9-1-1 System Operations expenses are \$1,096,000 below budget primarily due to reduced contract costs for network circuits (trunks) and two upgrade projects being postponed until FY 2013-14. Revenues are \$945,000 above budget due to higher than budgeted wire-line revenues.

**General Fund
Year End FY 2012-13 Revenues
(000s)**

	AMENDED BUDGET	ACTUAL	OVER/(UNDER) BUDGET
TAXES			
Ad Valorem Tax	\$451,489	\$450,752	(\$736)
Sales Tax	231,463	241,946	10,483
FRANCHISE REVENUES			
Oncor Electric	49,323	51,139	1,816
AT&T	14,875	15,132	257
Atmos Energy	11,174	11,736	562
Time Warner Cable	6,170	6,362	191
Other	18,096	20,012	1,915
TOTAL TAXES & FRANCHISE REVENUES	782,591	797,079	14,488
LICENSES AND PERMITS	9,808	9,786	(22)
INTEREST EARNED	755	455	(300)
INTERGOVERNMENTAL	5,589	6,715	1,127
FINES AND FORFEITURES			
Municipal Court	16,540	14,754	(1,786)
Vehicle Towing and Storage	7,678	6,881	(797)
Parking Fines	5,962	4,342	(1,620)
Red Light Camera Fines	6,867	7,719	851
Public Library	603	522	(81)
TOTAL FINES	37,650	34,218	(3,432)
CHARGES FOR SERVICE			
Sanitation Service	59,838	60,860	1,022
Parks	8,629	9,943	1,313
Private Disposal Fees	18,864	18,574	(290)
Emergency Ambulance	20,207	20,507	300
Security Alarm	4,231	4,361	129
Street Lighting	1,200	1,450	250
Vital Statistics	1,492	1,562	71
Other	17,729	18,815	1,086
TOTAL CHARGES FOR SERVICE	132,190	136,071	3,881
INTERFUND REVENUE	60,410	46,552	(13,858)
MISCELLANEOUS	12,311	11,192	(1,118)
TOTAL REVENUE	\$1,041,303	\$1,042,069	\$766

**General Fund
Year End FY 2012-13 Expenditures
(000s)**

DEPARTMENT	AMENDED BUDGET	ACTUAL	OVER/(UNDER) BUDGET
Building Services	\$22,602	\$22,042	(\$560)
Business Development and Procurement Services	2,410	2,229	(181)
City Attorney's Office	12,915	12,913	(2)
City Auditor's Office	2,180	2,087	(93)
City Controller's Office	4,066	3,878	(188)
City Manager's Office	1,509	1,503	(5)
City Secretary's Office	1,758	1,697	(61)
Civil Service	1,829	1,735	(94)
Code Compliance	30,663	30,096	(567)
Court Services	10,854	10,779	(75)
Elections	1,502	1,319	(183)
Fire	207,275	207,212	(64)
Housing / Community Services	9,516	9,516	(0)
Human Resources	3,752	3,237	(516)
Independent Audit	903	903	0
Judiciary	3,286	2,980	(307)
Library	20,295	19,845	(450)
Management Services	4,646	4,478	(168)
Mayor and Council	3,864	3,706	(158)
Non-Departmental	32,856	31,482	(1,374)
Office of Cultural Affairs	16,025	15,083	(942)
Office of Economic Development	760	756	(4)
Office of Financial Services	2,147	1,757	(390)
Park and Recreation	73,442	73,292	(150)
Police	402,252	401,874	(377)
Public Works and Transportation	5,279	5,053	(225)
Sanitation Services	73,596	73,350	(246)
Street Lighting	18,318	18,029	(289)
Street Services	57,262	55,620	(1,642)
Sustainable Dev/Construction	1,238	463	(775)
Trinity Watershed Management	244	205	(39)
OTHER			
Jail Contract - Lew Sterrett	8,229	8,229	0
RESERVES AND TRANSFERS			
Contingency Reserve	200	200	0
Liability/Claims Fund	3,630	3,630	0
Salary and Benefit Reserve	0	0	0
TOTAL EXPENDITURES	\$1,041,303	\$1,031,177	(\$10,126)

Proprietary Funds
Year End FY 2012-13 Revenues and Expenditures
(000s)

DEPARTMENT	AMENDED BUDGET	ACTUAL	OVER/(UNDER) BUDGET
AVIATION			
Revenues	\$52,043	\$55,454	\$3,411
Expenditures	52,043	51,802	(241)
Net Excess of Revenues Over Expenditures	<u><u>\$0</u></u>	<u><u>\$3,652</u></u>	<u><u>\$3,652</u></u>
CONVENTION & EVENT SERVICES			
Revenues	\$69,328	\$76,571	\$7,242
Expenditures	69,328	68,387	(941)
Net Excess of Revenues Over Expenditures	<u><u>\$0</u></u>	<u><u>\$8,183</u></u>	<u><u>\$8,183</u></u>
SUSTAINABLE DEVELOPMENT & CONSTRUCTION			
Revenues	\$23,243	\$26,877	\$3,634
Expenditures	23,171	20,230	(2,941)
Net Excess of Revenues Over Expenditures	<u><u>\$72</u></u>	<u><u>\$6,647</u></u>	<u><u>\$6,575</u></u>
MUNICIPAL RADIO			
Revenues	\$2,625	\$1,971	(\$654)
Expenditures	2,599	2,055	(544)
Net Excess of Revenues Over Expenditures	<u><u>\$26</u></u>	<u><u>(\$85)</u></u>	<u><u>(\$110)</u></u>
WATER UTILITIES			
Revenues	\$563,964	\$550,639	(\$13,325)
Expenditures	563,964	535,071	(28,893)
Net Excess of Revenues Over Expenditures	<u><u>\$0</u></u>	<u><u>\$15,568</u></u>	<u><u>\$15,568</u></u>
COMMUNICATION & INFORMATION SVCS			
Revenues	\$46,172	\$44,514	(\$1,658)
Expenditures	54,643	50,891	(3,753)
Net Excess of Revenues Over Expenditures	<u><u>(\$8,471)</u></u>	<u><u>(\$6,376)</u></u>	<u><u>\$2,094</u></u>
EQUIPMENT SERVICES			
Revenues	\$53,033	\$51,100	(\$1,932)
Expenditures	53,033	51,715	(1,318)
Net Excess of Revenues Over Expenditures	<u><u>\$0</u></u>	<u><u>(\$615)</u></u>	<u><u>(\$615)</u></u>
EXPRESS BUSINESS CENTER			
Revenues	\$4,119	\$3,839	(\$280)
Expenditures	3,813	3,439	(374)
Net Excess of Revenues Over Expenditures	<u><u>\$307</u></u>	<u><u>\$400</u></u>	<u><u>\$94</u></u>

Other Funds
Year End FY 2012-13 Revenues and Expenditures
(000s)

DEPARTMENT	AMENDED BUDGET	ACTUAL	OVER/(UNDER) BUDGET
EMPLOYEE BENEFITS	\$1,015	\$756	(\$259)
RISK MANAGEMENT	\$1,975	\$1,963	(\$12)
9-1-1 SYSTEM OPERATIONS			
Revenues	\$13,170	\$14,115	\$945
Expenditures	18,230	17,135	(1,096)
Net Excess of Revenues Over Expenditures	<u>(\$5,060)</u>	<u>(\$3,020)</u>	<u>\$2,041</u>
STORM WATER DRAINAGE MANAGEMENT			
Revenues	\$49,746	\$49,426	(\$320)
Expenditures	57,729	54,982	(2,747)
Net Excess of Revenues Over Expenditures	<u>(\$7,982)</u>	<u>(\$5,556)</u>	<u>\$2,426</u>

Debt Service Fund
Year End FY 2012-13 Revenues and Expenditures
(000s)

DEPARTMENT	AMENDED BUDGET	ACTUAL	OVER/(UNDER) BUDGET
Beginning Balance	\$5,233	\$6,223	\$990
Revenues	235,408	234,705	(703)
Expenditures	235,685	235,269	(417)
Ending Balance	\$4,955	\$5,659	\$704

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA
Year Ending September 30, 2013

Operating Program Status

Status

1. 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 undesignated 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.

In Compliance

2. The year-to-year increase of actual revenue from the levy of the ad valorem tax will generally not exceed 8%:

In Compliance

The % change in base revenue (from FY 2011-12 to FY 2012-13) was -2.04%

- 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.

Adjusted revenues cannot exceed "base" revenues more than 8%.

Base revenues = FY 2011-12 actual revenues
from current tax roll (in 000's) \$ 639,231

FY 2012-13 Actual Ad-Valorem \$ 650,553
Tax Revenue

Less: Voter Mandated-Debt Service \$(11,462)
Growth from Annexation \$ 0
Growth from New Construction \$ 6,157

Adjusted revenue recommendation: \$ 655,858
% Change from base revenues: 2.60%

3. Debt will not be used to fund current operating expenditures.

In Compliance

4. 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.

In Compliance

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA
Year Ending September 30, 2013

Operating Program Status (Continued)

Status

5. 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.

In Compliance

6. Each enterprise fund of the City will maintain revenues which support the full (direct and indirect) cost of the utility. In addition, each Enterprise Fund and Internal Service Fund should maintain at least 30 days of budgeted operations and maintenance expense in net working capital, and avoid cash deficits.

Not In Compliance

Some funds do not have sufficient fund balance to meet the 30 day guideline.

7. The Emergency Reserve 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 proposed 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. Funds shall be allocated each year in the budget process to replace any use of the Emergency Reserve funds during the preceding fiscal year to maintain the balance of the Emergency Reserve levels.

In Compliance

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2013

Operating Program Status (Continued)

8. 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 proposed 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.

9. The unassigned fund balance of the General Fund, which includes the Emergency Reserve and the Contingency Reserves, shall be maintained at a level not less than 5% of the General Fund operating expenditures less debt service. (The Risk Reserve is not included in this calculation.)

Status

In Compliance

The Contingency Reserve was funded at \$5,300,000, 0.50% of the General Fund budget. The Contingency Reserve ending balance was \$5,300,000 on 9/30/13.

In Compliance

Emergency Reserve 9/30/13 (actual)	\$ 17.6M
Contingency Reserve 9/30/13 (actual)	\$ 5.3M
Fund Balance 9/30/13 (actual)	<u>\$ 92.1M</u>
Combined	\$ 115.0M

General Fund expenditures (actual) \$1,031.2M
\$115.0M is 11.2% of \$1,031.2M

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA
Year Ending September 30, 2013

Operating Program Status (Continued)

10.A 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 Risk Reserve was funded at \$1,250,000. The ending balance was \$1,250,000 on 9/30/13.

11.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.

In Compliance

12.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.

Establishment of reserve not recommended at this time.

13.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.

Not In Compliance

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2013

Operating Program Status (Continued)

14. 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

In Compliance

15. 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.

In Compliance

A fees and charges study was completed for approximately 25% of all fees in FY 2012-13.

Capital and Debt Management

16. 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. (Bonds issued for street resurfacing shall be financed for a period not to exceed 10 years.)

In Compliance

17. 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.

In Compliance

1.7%

18. Total direct plus overlapping debt shall be managed so as 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.

In Compliance

5.2%

19. Interest expenses and other capital related expenses incurred prior to actual operation will be capitalized only for facilities of enterprise activities.

In Compliance

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

In Compliance

6.6 Years

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA
Year Ending September 30, 2013

Capital and Debt Management (Continued)

Status

- | | |
|--|---|
| 21. 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 (comprised of general fund, special funds, debt service funds and capital project funds). | In Compliance
13.4% |
| 22. 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. | In Compliance
2.8% - Total Debt
2.4% - GO Bond Debt |
| 23. Debt may be used to finance betterments intended to extend service life of original permanent capital improvements under the following conditions: <ul style="list-style-type: none">• 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;• the betterment is financed through either C.O.'s or G.O.'s. | In Compliance |
| 24. 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. | In Compliance |
| 25. 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. | In Compliance |

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA
Year Ending September 30, 2013

Capital and Debt Management (Continued)

Status

<p>26. Certificates of Obligation (C.O.) 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 (G.O.) Debt.</p> <ul style="list-style-type: none"> • All C.O.'s issued in lieu of revenue bonds should not exceed 10% of outstanding G.O. Debt. 	<p>In Compliance 1.6%</p>
<p>27. Certificates of Obligation will be limited to projects consistent with Financial Management Performance Criteria for debt issuance.</p>	<p>In Compliance</p>
<p>28. Certificates of Obligation for an enterprise system will be limited to only those projects, which can demonstrate the capability to support the certificate debt either through its own revenues, or another pledged source other than ad valorem taxes.</p>	<p>In Compliance</p>
<p>29. Certificates of Obligation authorization will remain in effect for no more than five years from the date of approval by the City Council.</p>	<p>In Compliance</p>
<p>30. Certificates of Obligation authorized for risk management funding shall be issued for a term not to exceed 20 years.</p>	<p>In Compliance</p>
<p>31. Tax Increment Financing zones should be established where revenues will recover 1.25 times the public cost of debt in order to provide an adequate safety margin.</p>	<p>In Compliance</p>
<p>32. No more than 10% of the property (i.e. parcels) in a Tax Increment Financing zone, excluding property dedicated for public use, may be used for residential purposes. "Residential purposes" includes property occupied by a house, which has less than five living units.</p>	<p>In Compliance</p>

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA
Year Ending September 30, 2013

Capital and Debt Management (Continued)

Status

33. Pursuant to the provisions of the Texas Tax Code, the City creates reinvestment zones both for tax increment financing ("TIF RZ") and for the tax abatement ("TA RZ"). TA RZs are created for the purpose of granting tax abatement 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").

In Compliance

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 10% 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.

34. All 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.

In Compliance

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA
Year Ending September 30, 2013

Capital and Debt Management (Continued)

Status

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

In Compliance

- 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; and

< in the event that 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; and

< in the event that 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

< in the event that 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.

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA
Year Ending September 30, 2013

Capital and Debt Management (Continued)

Status

In Compliance

- 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, and
- 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, which 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.

36. 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, including repayment of bonds.

In Compliance

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA
Year Ending September 30, 2013

Capital and Debt Management (Continued)

Status

- | | |
|---|---------------|
| 37. The City will not propose the issuance of any unrated, high yield PID/TIF bond which could be labeled a "high risk bond" except for small (less than \$5 million) private placements coordinated with the City's Financial Advisor.

<ul style="list-style-type: none">• All projects must be carefully evaluated for credit-worthiness and meet the criteria above whether or not a credit rating is obtained. | In Compliance |
| 38. The City should use PID/TIF bonds only when other options have been considered. | In Compliance |
| 39. 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%. | In Compliance |
| 40. 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. | In Compliance |

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA

Year Ending September 30, 2013

Accounting, Auditing, and Financial Planning

41. The City will establish and maintain a high degree of accounting practices; accounting practices will conform to generally accepted accounting principles as set forth by the authoritative standard setting body for units of local government.

Status

In Compliance

The basis of budgeting for all funds essentially follows the basis of accounting (modified accrual for government funds and full accrual for enterprise and internal service funds). The major differences between the budgeting and accounting basis are: 1) encumbrances are recorded as expenditures (budget basis) rather than assigned, committed, or restricted fund balance (accounting basis); 2) compensated absences (accrued but unused leave) and other long-term liabilities are not reflected in the budget; 3) depreciation expense is not included in the budget; 4) change in fair value of investments is not recognized as income (expenditure) in the budget

42. An annual audit will be performed by an independent public accounting firm, with the subsequent issue of an official Comprehensive Annual Financial Report (CAFR) within 120 days of the City's fiscal year end.

Not in Compliance

FY 2012-13 CAFR was issued in September 2014.

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

In Compliance

Budget

44. Revenues and expenditures will be projected annually for at least three years beyond the current budget projections.

In Compliance

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

In Compliance

46. 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.

In Compliance

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA
Year Ending September 30, 2013

Budget (Continued)

47. 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 Proposed budget status will be submitted with the City Manager's Proposed Budget each year.

Status

In Compliance

Cash Management

48. Investments will be made in conformance with the City's investment policy, with the primary objectives of preservation of capital, maintenance of sufficient liquidity and maximization of return on the portfolio.

In Compliance

49. The accounting system and cash forecasting system will provide regular information concerning cash position and investment.

In Compliance

50. Internal Service Funds and Enterprise Funds will maintain positive cash balances.

In Compliance

Grants and Trusts

51. 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.

In Compliance

52. 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.

In Compliance

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA
Year Ending September 30, 2013

Dallas Water Utilities

Status

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|---|---------------|
| 1. Current revenues will be sufficient to support current expenses including debt service and other obligations of the system. | In Compliance |
| 2. Long-term debt will be used only for capital expansion, replacement and improvement of plant, not for current expenses. | In Compliance |
| 3. 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. | In Compliance |
| 4. Contingency reserves will be appropriated at a level sufficient to provide for unanticipated, nonrecurring expenditures. | In Compliance |
| 5. Debt financing for capital projects will not exceed the useful life of the asset, and in no case shall the term exceed 30 years. | In Compliance |
| 6. 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. | In Compliance |
| 7. 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. | In Compliance |

FINANCIAL MANAGEMENT PERFORMANCE CRITERIA
Year Ending September 30, 2013

Dallas Water Utilities (Continued)

Status

- | | |
|---|---|
| 8. Current revenues which are more than operating expenses and debt service will be used for capital expenditures and other water and wastewater purposes. | In Compliance |
| 9. 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. | In Compliance |
| 10. 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. | In Compliance |
| 11. 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. | In Compliance |
| 12. Wholesale treated water rates for customer cities and other governmental entities will be determined on the basis of the inter-city agreement currently in effect. Wholesale wastewater and untreated water rates will be determined on the basis of contractual agreements with wholesale customers. Rates shall be adjusted annually if cost of service studies indicates a need therefore. | In Compliance; current agreement approved by Council in 2010. |
| 13. Funds generated by Dallas Water Utilities will be used solely for the development, operation, and maintenance of the water and wastewater utility system. | In Compliance |