

Memorandum



CITY OF DALLAS

DATE March 21, 2023

TO Members of the Government Performance and Financial Management Committee
Cara Mendelsohn (Chair), Gay Donnell Willis (Vice Chair), Adam Bazaldua, Adam McGough, Paul Ridley, Chad West

SUBJECT **FY 2021-22 Budget versus Actual End of Year Report**

Attached for your review is the FY 2021-22 Budget versus Actual End of Year Report.

The End of Year (EOY) Report communicates the final status of year-end total expenditures compared to appropriations, total revenues compared to budget, and significant expenditure and revenue variances (compared to budget) for all operating funds. This report is the culmination of Financial Forecast Reports provided by Budget & Management Services through the previous fiscal year. In addition, the report provides a status of compliance with the Financial Management Performance Criteria (FMPC).

The final EOY report incorporates data from our recently published Annual Comprehensive Financial Report; therefore, we are now providing the final FY 2021-22 EOY Report.

Please let me know if you need additional information.

Jack Ireland
Chief Financial Officer

[Attachment]

c: T.C. Broadnax, City Manager
Tammy Palomino, Interim City Attorney
Mark Swann, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizzor Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager

Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors

END OF YEAR REPORT

FY 2021-22

**Budget versus Actual
As of September 30, 2022**



Cover Photo Credit: City of Dallas - Mural by Tristan Eaton, Stack Building, Deep Ellum

Prepared by Budget & Management Services

**1500 Marilla Street, 4FN
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GENERAL FUND OVERVIEW

	FY 2021-22 Adopted Budget	FY 2021-22 Amended Budget	Actual	Variance
Revenues	1,535,018,900	1,589,890,654	1,618,355,695	28,465,041
Expenditures	1,535,018,900	1,589,890,654	1,570,893,959	(18,996,695)
Net Excess of Revenues Over Expenditure/Transfers	\$0	\$0	\$47,461,735	\$47,461,735

SUMMARY

The General Fund overview provides a summary of audited financial activity for Fiscal Year (FY) 2021-22. The Adopted Budget column reflects the budget adopted by City Council on September 22, 2021, effective October 1, 2021, through September 30, 2022. The Amended Budget column reflects City Council-approved transfers between funds and programs, department-initiated transfers between expense objects, approved use of contingency, and other amendments supported by revenue or fund balance.

Revenues. General Fund revenues exceeded budget by \$28,465,000. This was primarily due to sales tax revenues which exceeded budget by \$13,201,000 and franchise and other revenues which exceeded budget by \$15,151,000. This was partially offset by reduced operating transfers in, which ended the year \$9,733,000 under budget.

Expenditures. General Fund expenditures were below budget by \$18,997,000. Most departments were under budget primarily due to salary savings from vacant uniform and non-uniform positions, as well as better than budgeted reimbursements, partially offset by uniform overtime and supplies for various General Fund departments.

FY 2021-22 Amended Budget. City Council amended the General Fund budget on:

- December 8, 2021, by resolution #21-2023 in the amount of \$197,558 for the establishment of the Inspector General Division.
- May 11, 2022, by ordinance #32193 in the amount of \$24,859,738 due to additional sales tax revenue and intergovernmental revenue from Dallas County. This allocation was used for the maintenance and operation of various departments and activities.
- September 28, 2022, by ordinance #32301 in the amount of \$29,814,458 due to additional sales tax revenue. This allocation was used for the maintenance and operation of various departments and activities.

GENERAL FUND REVENUE

Revenue Category		FY 2021-22 Adopted Budget	FY 2021-22 Amended Budget	Actual	Variance
1	Property Tax	\$876,483,968	\$876,483,968	\$880,483,648	\$3,999,680
2	Sales Tax	344,283,066	394,108,522	407,309,124	13,200,602
3	Franchise and Other	117,599,602	117,599,602	132,750,263	15,150,661
4	Charges for Services	108,668,947	108,668,947	111,138,850	2,469,903
5	Fines and Forfeitures	26,390,716	26,390,716	24,081,688	(2,309,028)
6	Operating Transfers In	32,918,730	33,116,288	23,383,394	(9,732,894)
7	Intergovernmental	13,101,905	17,950,645	18,181,798	231,153
8	Miscellaneous	8,877,610	8,877,610	12,429,451	3,551,841
9	Licenses and Permits	5,844,356	5,844,356	5,960,602	116,246
10	Interest	850,000	850,000	2,636,878	1,786,878
	Total Revenue	\$1,535,018,900	\$1,589,890,654	\$1,618,355,695	\$28,465,041

VARIANCE NOTES

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

2 Sales Tax. City Council increased the Sales Tax budget from \$344,283,066 to \$364,294,064 on May 11 as part of the mid-year appropriations adjustment process and from \$364,294,064 to \$394,108,522 on September 28 by adopting the end of the year budget ordinance. Total sales tax collections were \$13,201,000 over the amended budget.

3 Franchise and Other. Franchise and Other revenues were \$15,151,000 over budget primarily due to higher than budgeted street rental collections and colder than normal weather in early FY 2021-22 causing higher revenues from Oncor and Atmos.

5 Fines and Forfeitures. Fines and Forfeitures revenue was \$2,309,000 under budget primarily due to declines in citations filled with the court in addition to decline in parking fine activity.

6 Operating Transfers In. The revenue budget for Operating Transfers In was amended on December 8, 2021 by resolution #21-2023 in the amount of \$197,558 for the establishment of the Inspector General Division. Revenues were under budget by \$9,733,000 due to deferral of inter-fund transfers.

7 Intergovernmental. City Council increased Intergovernmental revenue by \$4,849,000 on May 11 as part of the mid-year appropriations adjustment process, due to an unbudgeted reimbursement from Dallas County, authorized on December 8, 2021 by resolution #21-1961. This reimbursement represented Dallas County's 50/50 cost participation in Public Works resurfacing projects to mutually benefit both Dallas County and the City of Dallas.

8 Miscellaneous. Miscellaneous revenues were \$3,552,000 over budget primarily due to auction sales exceeding the budgeted amount.

10 Interest. Interest revenue is projected to be \$1,787,000 over budget primarily due to improved market conditions and interest rate hikes.

GENERAL FUND EXPENDITURES

	Expenditure Category	FY 2021-22 Adopted Budget	FY 2021-22 Amended Budget	Actual	Variance
	Non-uniform Pay	\$260,333,866	\$256,797,427	\$235,648,879	(\$21,148,548)
	Non-uniform Overtime	6,826,827	6,760,827	15,461,444	8,700,617
	Non-uniform Pension	35,609,192	37,684,595	35,866,013	(1,818,582)
	Uniform Pay	496,243,907	481,701,524	464,275,481	(17,426,043)
	Uniform Overtime	35,775,121	50,775,121	79,503,534	28,728,413
	Uniform Pension	171,394,327	171,394,327	172,304,978	910,651
	Health Benefits	73,731,868	73,765,142	72,068,906	(1,696,236)
	Workers Comp	10,115,891	10,115,891	10,115,891	0
	Other Personnel Services	12,262,614	29,555,813	31,180,290	1,624,477
1	Total Personnel Services	\$1,102,293,613	\$1,118,550,666	\$1,116,425,416	(\$2,125,250)
2	Supplies	75,425,847	78,880,683	88,963,456	10,082,773
3	Contractual Services	433,322,701	462,761,418	463,615,004	853,586
4	Capital Outlay	11,677,806	17,398,954	13,229,606	(4,169,348)
5	Reimbursements	(87,701,067)	(87,701,067)	(111,339,523)	(23,638,456)
	Total Expenditures	\$1,535,018,900	\$1,589,890,654	\$1,570,893,959	(\$18,996,695)

VARIANCE NOTES

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

1 Personnel Services. Non-uniform pay was \$21,149,000 under budget primarily due to salary savings associated with vacant positions across General Fund departments, which fully offset the \$8,701,000 overrun in non-uniform overtime. Uniform overtime in the Dallas Police Department and Dallas Fire-Rescue was \$28,728,000 over budget, partially offset by \$17,426,000 in uniform salary savings.

2 Supplies. Supplies were \$10,083,000 over budget primarily due to radios and other expenses related to the Real-Time Crime Center; protective equipment for Dallas Police Department; various supplies for ambulance operations, in-house repairs, and preventive maintenance of Dallas Fire-Rescue fleet; supplies for Park & Recreation facilities improvements; and usage of Transportation signal systems supplies.

4 Capital Outlay. Capital outlay was \$4,169,000 under budget primarily due to savings associated with Park & Recreation equipment, partially offset by increased costs for renovations at Code Compliance facilities.

5 Reimbursements. General Fund reimbursements reflect contributions from various agencies, including federal and state funds, internal service fund departments, and enterprise fund departments. Reimbursements received were \$23,638,000 more than budget primarily due to additional reimbursements from the Coronavirus Relief Fund and American Rescue Plan Act (ARPA) for eligible Dallas Fire-Rescue and Dallas Police Department salary expenses and a deposit from Convention and Event Services to cover the November 8, 2022 joint election.

GENERAL FUND EXPENDITURES

#	Expenditure by Department	FY 2021-22 Adopted Budget	FY 2021-22 Amended Budget	Actual	Variance
1	Arts and Culture	\$21,337,590	\$21,127,336	\$20,927,958	(\$199,378)
2	Budget and Management Services	4,512,904	4,388,156	4,201,295	(186,861)
3	Building Services	24,356,319	26,538,775	25,997,059	(541,716)
4	City Attorney	17,814,203	18,665,088	18,645,908	(19,180)
5	City Auditor	3,048,254	2,989,115	2,790,155	(198,960)
6	City Controller	7,764,698	7,804,952	7,587,551	(217,401)
7	Independent Audit	745,429	752,000	752,000	0
8	City Manager	2,933,212	3,237,300	3,235,954	(1,346)
9	City Secretary	3,050,306	3,068,256	2,933,448	(134,808)
10	Elections	104,713	283,013	137,591	(145,422)
11	Civil Service	3,021,703	2,737,119	2,438,123	(298,996)
12	Code Compliance	35,032,924	35,314,022	35,005,458	(308,564)
13	Court and Detention Services	24,077,721	24,080,238	24,007,905	(72,333)
14	Jail Contract	9,450,527	8,989,659	8,989,658	(1)
15	Dallas Animal Services	16,068,520	16,173,829	15,639,728	(534,101)
16	Dallas Fire-Rescue	335,699,096	351,663,887	345,529,293	(6,134,594)
17	Dallas Police Department	565,934,568	569,379,714	569,327,072	(52,642)
18	Data Analytics and Business Intelligence	3,988,372	3,258,538	3,200,493	(58,045)
19	Economic Development	3,252,177	3,541,806	3,536,992	(4,814)
20	Housing and Neighborhood Revitalization	3,825,426	3,715,087	3,489,206	(225,881)
21	Human Resources	7,199,251	7,312,253	6,849,610	(462,643)
22	Judiciary	3,675,924	4,220,484	3,940,017	(280,467)
23	Library	32,917,306	32,692,563	31,560,593	(1,131,970)
	Management Services				
24	311 Customer Service Center	5,079,860	5,030,513	4,449,439	(581,074)
25	Communications, Outreach, and Marketing	2,330,867	2,344,584	2,033,455	(311,129)
26	Community Care	9,204,147	9,120,978	9,012,002	(108,976)
27	Community Police Oversight	630,129	548,951	447,692	(101,259)
28	Emergency Management	1,130,290	1,135,003	1,085,568	(49,435)
29	Environmental Quality and Sustainability	4,255,762	4,249,929	3,273,936	(975,993)
30	Equity and Inclusion	2,644,998	2,716,879	2,623,964	(92,915)
31	Government Affairs	914,383	969,693	937,390	(32,303)
32	Historic Preservation	755,602	726,575	687,787	(38,788)
33	Homeless Solutions	11,913,143	11,987,770	11,602,362	(385,408)
34	Integrated Public Safety Solutions	4,969,809	4,527,006	3,205,578	(1,321,428)
35	Small Business Center	2,454,801	2,209,055	1,602,555	(606,500)
36	Mayor and City Council	5,351,007	5,432,068	5,427,632	(4,436)
37	Non-Departmental	115,542,145	138,518,281	136,143,114	(2,375,167)
38	Park and Recreation	99,627,169	102,368,491	102,354,135	(14,356)
39	Planning and Urban Design	4,209,553	6,605,112	6,341,901	(263,211)
40	Procurement Services	3,082,909	2,813,102	2,805,875	(7,227)
41	Public Works	76,357,799	81,871,019	81,849,911	(21,108)
42	Transportation	45,249,577	45,298,648	44,802,789	(495,859)
	Total Departments	\$1,525,515,093	\$1,580,406,847	\$1,561,410,152	(\$18,996,695)
43	Financial Reserves	0	0	0	0
44	Liability/Claims Fund Transfer	4,483,807	9,483,807	9,483,807	0
45	Salary and Benefit Stabilization	5,020,000	0	0	0
	Total Expenditures	\$1,535,018,900	\$1,589,890,654	\$1,570,893,959	(\$18,996,695)

VARIANCE NOTES

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

1 Arts and Culture. City Council increased OAC's budget by \$40,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council decreased OAC's budget by \$250,000 on September 28 by ordinance #32301 due to salary savings.

2 Budget and Management Services. City Council increased BMS's budget by \$28,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council decreased BMS's budget by \$153,000 on September 28 by ordinance #32301 due to salary savings.

3 Building Services. City Council decreased BSD's budget by \$18,000 on May 11 by ordinance #32193 to reallocate existing resources between various City departments, partially offset by an increase for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council increased BSD's budget by \$2,200,000 on September 28 by ordinance #32301 for emergency building maintenance and an increased cost in materials due to inflation.

4 City Attorney. City Council increased CAO's budget by \$197,558 on December 8 by resolution #21-2023 and by \$553,000 on May 11 by ordinance #32193 for the establishment of the Inspector General Division, one-time Employee Retirement Fund (ERF) pension costs, and the Compensation Study Phase II implementation. CAO's budget was increased by \$100,000 on September 28 for retirement pay-outs via a transfer from Salary and Benefit Stabilization (S&B).

5 City Auditor. City Council increased AUD's budget by \$16,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council decreased AUD's budget by \$75,000 on September 28 by ordinance #32301 due to salary savings. AUD was under budget by \$199,000 due to salary savings associated with vacant positions.

6 City Controller. City Council increased CCO's budget by \$40,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation, partially offset by a decrease to reallocate existing resources between various City departments.

7 Independent Audit. City Council increased Independent Audit's budget by \$7,000 on September 28 by ordinance #32301 for an increase in the contract cost.

8 City Manager. City Council increased CMO's budget by \$54,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, the Compensation Study Phase II implementation, and to reallocate existing resources between various City departments. CMO's budget was increased by \$250,000 on September 28 for retirement pay-outs via a transfer from S&B.

9 City Secretary. City Council increased SEC's budget by \$18,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation.

10 Elections. City Council increased Election's budget by \$178,000 on May 11 by ordinance #32193 due to a higher-than-anticipated contract expense with the Dallas County Elections Department for the June 5, 2021 Joint Runoff Election and advertising (\$382,000), partially offset by a refund from the May 1, 2021 Joint Election (\$203,000) due to final costs being less than the City's deposit. Elections was under budget by \$145,000 due to deferral of the contract expense for the June 5, 2021 Joint Runoff election and advertising.

VARIANCE NOTES (continued)

11 Civil Service. City Council increased CVS's budget by \$15,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council decreased CVS's budget by \$300,000 on September 28 by ordinance #32301 due to salary savings. CVS was under budget by \$299,000 due to salary savings associated with vacant positions and savings in various contractual services such as staff training and civil service testing.

12 Code Compliance. City Council increased CCS' budget by \$281,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation.

13 Court and Detention Services. City Council decreased CTS' budget by \$72,000 on May 11 by ordinance #32193 to reallocate existing resources between various City departments, partially offset by an increase for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council increased CTS' budget by \$75,000 on September 28 by ordinance #32301 for school crossing guard services.

14 Jail Contract. City Council decreased the Jail Contract's budget by \$461,000 on September 28 by ordinance #32301 due to savings as a result of the new contract with Dallas County.

15 Dallas Animal Services. City Council increased DAS's budget by \$33,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation.

16 Dallas Fire-Rescue. City Council increased DFR's budget by \$965,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, the Compensation Study Phase II implementation, and the increase in fuel prices. City Council increased DFR's budget by \$15,000,000 on September 28 by ordinance #32301 for uniform overtime expenses. Uniform overtime was \$10,800,000 over budget as a result of a winter surge in COVID-19 quarantines requiring backfill, higher than anticipated attrition, prolonged training timelines, and higher than anticipated injuries resulting in light duty. Eligible uniform salary expenses were offset by reimbursements from the Coronavirus Relief Fund (\$5,620,000) and American Rescue Plan Act (ARPA) (\$5,993,000). DFR was under budget by \$6,135,000 primarily due to salary savings associated with vacant uniform and non-uniform positions.

17 Dallas Police Department. City Council increased DPD's budget by \$945,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, the Compensation Study Phase II implementation, and the increase in fuel prices, partially offset by a decrease to reallocate existing resources between various City departments. City Council increased DPD's budget by \$2,500,000 on September 28 by ordinance #32301 for uniform overtime expenses.

18 Data Analytics and Business Intelligence. City Council increased DBI's budget by \$70,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, the Compensation Study Phase II implementation, and to reallocate existing resources between various City departments. City Council decreased DBI's budget by \$800,000 on September 28 by ordinance #32301 due to salary savings.

19 Economic Development. City Council increased ECO's budget by \$290,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, the Compensation Study Phase II implementation, and to reallocate existing resources between various City departments.

VARIANCE NOTES (continued)

20 Housing and Neighborhood Revitalization. City Council decreased HOU's budget by \$10,000 on May 11 by ordinance #32193 to reallocate existing resources between various City departments, partially offset by an increase for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council decreased HOU's budget by \$100,000 on September 28 by ordinance #32301 due to salary savings. HOU was under budget by \$226,000 due to salary savings associated with vacant positions and unspent developer loans.

21 Human Resources. City Council increased HR's budget by \$188,000 on May 11 by resolution ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, the Compensation Study Phase II implementation, and temporary staffing costs related to Workday implementation. City Council decreased HR's budget by \$75,000 on September 28 by ordinance #32301 due to salary savings. HR was under budget by \$463,000 primarily due to salary savings associated with vacant positions.

22 Judiciary. City Council increased CTJ's budget by \$175,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council increased CTJ's budget by \$275,000 on September 28 by ordinance #32301 for translation services. CTJ's budget was also increased by \$95,000 on September 28 for temporary help expenses via a transfer from S&B. CTJ was \$280,000 under budget primarily due to salary savings associated with vacant positions.

23 Library. City Council increased LIB's budget by \$238,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council decreased LIB's budget by \$463,000 on September 28 by ordinance #32301 due to salary savings.

24 311 Customer Service Center. City Council increased 311's budget by \$51,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council decreased 311's budget by \$100,000 on September 28 by ordinance #32301 due to salary savings. 311 was \$581,000 under budget primarily due to salary savings associated with vacant positions.

25 Communications, Outreach, and Marketing. City Council increased COM's budget by \$86,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, the Compensation Study Phase II implementation, and to reallocate existing resources between various City departments. City Council decreased COM's budget by \$72,000 on September 28 by ordinance #32301 due to salary savings. COM was under budget by \$311,000 primarily due to salary savings associated with vacant positions.

26 Community Care. City Council increased OCC's budget by \$39,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council decreased OCC's budget by \$122,000 on September 28 by ordinance #32301 due to salary savings.

27 Community Police Oversight. City Council increased OCPO's budget by \$3,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council decreased OCPO's budget by \$84,000 on September 28 by ordinance #32301 due to salary savings. OCPO was \$101,000 under budget primarily due to salary savings associated with vacant positions.

28 Emergency Management. City Council increased OEM's budget by \$5,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation.

VARIANCE NOTES (continued)

29 Environmental Quality and Sustainability. City Council increased OEQS's budget by \$64,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council decreased OEQS's budget by \$70,000 on September 28 by ordinance #32301 due to salary savings. OEQS was under budget by \$976,000 primarily due to salary savings associated with vacant positions and delays in CECAP program implementation.

30 Equity and Inclusion. City Council increased OEI's budget by \$254,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, the Compensation Study Phase II implementation, and to reallocate existing resources between various City departments. City Council decreased OEI's budget by \$182,000 on September 28 by ordinance #32301 due to salary savings. OEI was \$93,000 under budget primarily due to salary savings associated with vacant positions.

31 Government Affairs. City Council increased OGA's budget by \$5,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. OGA's budget was increased by \$50,000 on September 28 for retirement pay-outs via a transfer from S&B.

32 Historic Preservation. City Council increased OHP's budget by \$5,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council decreased OHP's budget by \$34,000 on September 28 by ordinance #32301 due to salary savings. OHP was under budget by \$39,000 primarily due to salary savings associated with vacant positions.

33 Homeless Solutions. City Council increased OHS's budget by \$75,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, the Compensation Study Phase II implementation, and to reallocate existing resources between various City departments.

34 Integrated Public Safety Solutions. City Council increased IPSS' budget by \$14,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council decreased IPSS' budget by \$457,000 on September 28 by ordinance #32301 due to salary savings. IPSS was under budget by \$1,321,000 primarily due to savings associated with the Violence Intervention and Mental Health Access (Metrocare) contracts. The Mental Health Access contract was approved in June 2022, and the program was launched in the last quarter of the fiscal year. The Violence Intervention Program will be redesigned in future years to better serve residents.

35 Small Business Center. City Council increased SBC's budget by \$54,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, the Compensation Study Phase II implementation, and to reallocate existing resources between various City departments. City Council decreased SBC's budget by \$300,000 on September 28 by ordinance #32301 due to salary savings. SBC was under budget by \$607,000 primarily due to salary savings associated with vacant positions and savings realized in the Career Pathways contract which was partially grant funded.

36 Mayor and City Council. City Council increased MCC's budget by \$81,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, the Compensation Study Phase II implementation, and to reallocate existing resources between various City departments.

VARIANCE NOTES (continued)

37 Non-Departmental. City Council increased Non-D's budget by \$7,276,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, HRIS module implementation (\$1,939,000), and expenses associated with a new data center (\$5,200,000). City Council increased Non-D's budget by \$15,700,000 on September 28 by ordinance #32301 to transfer \$20,000,000 to a new Equity Fund for implementation of Racial Equity Plan Big Audacious Goals and \$200,000 to a new Disaster Response Fund for immediate response to disasters.

38 Park and Recreation. City Council increased PKR's budget by \$1,441,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, the Compensation Study Phase II implementation, the increase in fuel prices, and partial design costs (\$600,000) for future capital improvements at Fair Park. City Council increased PKR's budget by \$1,300,000 on September 28 by ordinance #32301 for unbudgeted emergency lighting repairs and increased preventive security measures at recreation centers.

39 Planning and Urban Design. City Council increased PUD's budget by \$2,543,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, the Compensation Study Phase II implementation, and zoning updates. City Council decreased PUD's budget by \$147,000 on September 28 by ordinance #32301 due to salary savings.

40 Procurement Services. City Council increased POM's budget by \$20,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council decreased POM's budget by \$290,000 on September 28 by ordinance #32301 due to salary savings.

41 Public Works. City Council increased PBW's budget by \$5,513,000 on May 11 by ordinance #32193 for street resurfacing projects including preventive maintenance, Smart Cities pilot projects, and in-house asphalt treatments, one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation, partially offset by a decrease to reallocate existing resources between various City departments.

42 Transportation. City Council increased TRN's budget by \$49,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation, partially offset by a decrease to reallocate existing resources between various City departments.

44 Liability/Claims Fund Transfer. The transfer from the General Fund to the Liability Fund was increased by \$5,000,000 on May 11 by ordinance #32193 for environmental remediation efforts and other liability considerations.

45 Salary and Benefit Stabilization. The FY 2021-22 budget ordinance authorized the City Manager to transfer appropriations from S&B to any department as allowed by City Charter Chapter XI (Sec. 3), of which, \$2,369,000 was transferred to General Fund departments for adjustments including truck driver pay increases (\$569,000), pay increases and temporary help expenses in Judiciary (\$248,000), other adjustments as a result of the Compensation Study (\$1,153,000), and for retirement pay-outs in CAO, CMO, and OGA (\$400,000). City Council reallocated the remaining \$2,651,000 S&B budget on September 28 by ordinance #32301 due to savings.

ENTERPRISE FUNDS

Department	FY 2021-22 Adopted Budget	FY 2021-22 Amended Budget	Actual	Variance
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1 AVIATION

Total Revenues	142,389,852	151,389,852	165,100,923	13,711,071
Total Expenditures	142,389,852	151,389,852	147,596,855	(3,792,997)
Net Excess of Revenues over Expenditures	\$0	\$0	\$17,504,068	\$17,504,068

2 CONVENTION AND EVENT SERVICES

Total Revenues	10,819,948	110,831,405	115,197,036	4,365,631
Total Expenditures	10,819,948	110,831,405	100,459,086	(10,372,319)
Net Excess of Revenues over Expenditures	\$0	\$0	\$14,737,950	\$14,737,950

3 DEVELOPMENT SERVICES

Total Revenues	33,476,527	33,468,516	42,660,802	9,192,286
Total Expenditures	38,383,670	53,383,670	52,675,631	(708,039)
Net Excess of Revenues over Expenditures	(\$4,907,143)	(\$19,915,154)	(\$10,014,829)	\$9,900,325

Note: FY 2021-22 budget reflects planned use of fund balance.

4 MUNICIPAL RADIO

Total Revenues	1,861,000	1,861,000	1,452,543	(408,457)
Total Expenditures	1,815,740	1,815,740	1,632,174	(183,566)
Net Excess of Revenues over Expenditures	\$45,260	\$45,260	(\$179,631)	(\$224,891)

5 SANITATION SERVICES

Total Revenues	137,982,207	137,982,207	144,066,996	6,084,789
Total Expenditures	139,536,992	141,699,380	140,667,598	(1,031,782)
Net Excess of Revenues over Expenditures	(\$1,554,785)	(\$3,717,173)	\$3,399,399	\$7,116,572

Note: FY 2021-22 budget reflects planned use of fund balance.

6 STORM DRAINAGE MANAGEMENT—DALLAS WATER UTILITIES

Total Revenues	69,315,586	69,315,586	72,751,372	3,435,786
Total Expenditures	69,315,586	71,814,586	71,531,217	(283,369)
Net Excess of Revenues over Expenditures	\$0	(\$2,499,000)	\$1,220,155	\$3,719,155

7 WATER UTILITIES

Total Revenues	713,732,650	713,732,650	780,423,111	66,690,461
Total Expenditures	722,432,650	755,468,335	748,997,368	(6,470,967)
Net Excess of Revenues over Expenditures	(\$8,700,000)	(\$41,735,685)	\$31,425,742	\$73,161,427

Note: FY 2021-22 budget reflects planned use of fund balance.

INTERNAL SERVICE FUNDS

Department	FY 2021-22 Adopted Budget	FY 2021-22 Amended Budget	Actual	Variance
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8 BOND AND CONSTRUCTION MANAGEMENT

Total Revenues	23,065,518	23,065,518	20,340,948	(2,724,570)
Total Expenditures	23,065,518	23,065,518	19,655,371	(3,410,147)
Net Excess of Revenues over Expenditures	\$0	\$0	\$685,577	\$685,577

9 EQUIPMENT AND FLEET MANAGEMENT

Total Revenues	55,306,860	64,993,138	63,308,290	(1,684,848)
Total Expenditures	56,541,723	66,228,001	64,203,585	(2,024,416)
Net Excess of Revenues over Expenditures	(\$1,234,863)	(\$1,234,863)	(\$895,295)	\$339,568

Note: FY 2021-22 budget reflects planned use of fund balance.

10 EXPRESS BUSINESS CENTER

Total Revenues	2,593,790	2,593,790	3,166,391	572,601
Total Expenditures	2,323,978	2,323,978	2,210,559	(113,419)
Net Excess of Revenues over Expenditures	\$269,812	\$269,812	\$955,832	\$686,020

11 INFORMATION TECHNOLOGY

Total Revenues	99,176,891	99,176,891	100,895,086	1,718,195
Total Expenditures	99,176,891	99,176,891	91,051,745	(8,125,146)
Net Excess of Revenues over Expenditures	\$0	\$0	\$9,843,341	\$9,843,341

12 RADIO SERVICES

Total Revenues	13,248,650	13,248,650	12,894,994	(353,656)
Total Expenditures	13,248,650	13,629,450	11,643,020	(1,986,430)
Net Excess of Revenues over Expenditures	\$0	(\$380,800)	\$1,251,974	\$1,632,774

OTHER FUNDS

Department	FY 2021-22 Adopted Budget	FY 2021-22 Amended Budget	Actual	Variance
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13 9-1-1 SYSTEM OPERATIONS

Total Revenues	12,017,444	12,017,444	13,030,152	1,012,708
Total Expenditures	14,341,472	15,292,904	14,123,770	(1,169,134)
Net Excess of Revenues over Expenditures	(\$2,324,028)	(\$3,275,460)	(\$1,093,619)	\$2,181,841

Note: FY 2021-22 budget reflects planned use of fund balance.

14 DEBT SERVICE

Total Revenues	345,529,962	345,529,962	345,594,512	64,550
Total Expenditures	348,776,403	348,776,403	329,547,290	(19,229,113)
Net Excess of Revenues over Expenditures	(\$3,246,441)	(\$3,246,441)	\$16,047,222	\$19,293,663

Note: FY 2021-22 budget reflects planned use of fund balance.

15 EMPLOYEE BENEFITS

City Contributions	99,503,000	99,503,000	101,021,548	1,518,548
Employee Contributions	40,959,071	40,959,071	41,903,574	944,503
Retiree	27,867,000	27,867,000	25,948,963	(1,918,037)
Other	0	0	314,547	314,547
Total Revenues	168,329,071	168,329,071	169,188,633	859,562
Total Expenditures	176,549,294	176,549,294	182,756,818	6,207,524
Net Excess of Revenues over Expenditures	(\$8,220,223)	(\$8,220,223)	(\$13,568,185)	(\$5,347,962)

16 RISK MANAGEMENT

Worker's Compensation	14,085,135	14,085,135	14,844,570	759,435
Third Party Liability	11,688,742	11,688,742	17,638,963	5,950,221
Purchased Insurance	11,096,779	11,096,779	11,054,446	(42,333)
Interest and Other	0	0	111,916	111,916
Total Revenues	36,870,656	36,870,656	43,649,895	6,779,239
Total Expenditures	52,064,548	52,064,548	39,595,977	(12,468,571)
Net Excess of Revenues over Expenditures	(\$15,193,892)	(\$15,193,892)	\$4,053,918	\$19,247,810

VARIANCE NOTES

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

1 Aviation. City Council increased AVI's budget by \$9,000,000 on September 28 by ordinance #32301 for increased DPD/DFR reimbursements (\$2,000,000) and a capital construction transfer (\$7,000,000). AVI revenues were \$13,711,000 over budget primarily due to higher-than expected revenue from garage parking, concessions, terminal rentals, and general aviation landing fees.

2 Convention and Event Services. City Council increased CCT's budget by \$10,011,000 on September 28 by ordinance #32301 for increased Hotel Occupancy Tax (HOT) and Alcohol & Beverage Tax (ABT) collections. CCT revenues were \$4,366,000 over budget due to a projected increase in Hotel Occupancy Tax (HOT) and Alcohol & Beverage Tax (ABT) collections, which have recovered to that of pre-pandemic levels. CCT expenses were \$10,372,000 under budget primarily due to savings from the 2021 bond refunding.

3 Development Services. City Council increased DEV's budget by \$14,165,000 on August 10 by resolution #22-1139 for the purchase of a property for the Stemmons Project and by \$835,000 on September 28 by ordinance #32301 for additional Stemmons Project expenses and salary expenses as a result of staff added mid-year. DEV revenues were \$9,192,000 over budget due to higher than budgeted multi-family and remodel permit activity. DEV expenses were \$708,000 under budget due to salary savings associated with vacant positions, partially offset by overtime expenses and professional services costs for plan review.

4 Municipal Radio. WRR revenues were \$408,000 under budget primarily due to declines in arts-related advertising revenues. WRR will use fund balance to offset lost revenue. On June 9, City Council approved the transfer of operation of WRR to KERA. WRR expenses were \$184,000 under budget due to salary savings associated with a vacant position and lower-than-expected music licensing fees.

5 Sanitation Services. City Council increased SAN's budget by \$2,162,000 on May 11 by ordinance #32193 due to the increase in fuel prices. SAN revenues were \$6,085,000 over budget due to stronger than anticipated residential collection revenues. SAN expenses were \$1,032,000 under budget due to salary savings from vacant positions.

6 Storm Drainage Management - Dallas Water Utilities. City Council increased SDM's budget by \$2,500,000 on May 11 by ordinance #32193 to support capital construction and equipment purchases. The budget increase was supported by use of fund balance. SDM revenues were \$3,436,000 over budget due to higher than budgeted collection rates, ongoing state utility assistance programs, and increases in impervious area in new development.

7 Water Utilites. City Council increased DWU's budget by \$33,036,000 on May 11 by ordinance #32193 to support capital construction and equipment purchases. DWU revenues were \$66,690,000 over budget due to higher than expected consumption attributed to dry weather. DWU expenses were \$6,471,000 under budget due to the close out of old bond funds and the balances transferred to the debt service sinking fund and salary savings due to vacant positions, partially offset by an increased cost in fuel.

VARIANCE NOTES

8 Bond and Construction Management. BCM revenues were \$2,725,000 under budget, while expenses were \$3,410,000 under budget due to salary savings associated with vacant positions. BCM charges each capital project budget for project implementation costs. Savings in actual implementation expenses result in fewer charges to the capital project.

9 Equipment and Fleet Management. City Council increased EFM's budget by \$7,743,000 on May 11 by ordinance #32193 and by \$1,943,000 on September 28 by ordinance #32301 for increased fuel cost and department chargebacks. EFM expenses were \$2,024,000 under budget primarily due to a larger than anticipated decrease in fuel prices after the summer months. EFM revenues were \$1,685,000 under budget, as the decrease in fuel prices resulted in reduced chargebacks to customer departments.

10 Express Business Center. EBC revenues were \$573,000 over budget due to an increase in auto pound sales. EBC expenses were \$113,000 under budget due to salary savings associated with vacant positions.

11 Information Technology. ITS expenses were \$8,125,000 under budget primarily due to salary savings associated with vacant positions and savings in professional services due to contract delays originally scheduled to be completed in FY 2021-22 but moved to FY 2022-23.

12 Radio Services. City Council increased Radio Services' budget by \$381,000 on May 11 by ordinance #32193 for consulting and engineering support for the P25 Radio System Project. Radio Services expenses were \$1,986,000 under budget primarily due to lower Master Lease payments.

13 9-1-1 System Operations. City Council increased 911's budget by \$467,000 on May 11 by ordinance #31293 for costs associated with the transition of 911 call centers from an analog network to a digital network (ESINet). 911 revenues were \$1,013,000 over budget due to increased collections for wireless and wireline fees. 911 expenses were \$1,169,000 under budget due to lower than budgeted expenses related to the Next Generation 911 project.

14 Debt Service. Debt Service expenses were \$19,229,000 under budget due to interest savings realized in the November 2021 bond sale and a lower than budgeted cash payment to pay off Commercial Paper, and a refunded bond series resulting in additional interest savings for FY 2021-22.

15 Employee Benefits. Expenses are projected to be \$6,208,000 over budget primarily due to an increase in high cost claimants in the last four months of the fiscal year. Revenues were \$860,000 over budget due to higher participation in voluntary products like dental and FSA spending accounts in which enrollees incur the full cost, partially offset by a steady decline in medical enrollment by retirees.

16 Risk Management. Risk Management revenues were \$6,779,000 over budget primarily due to a \$5,000,000 transfer from the General Fund to the Liability Fund for environmental remediation efforts and other liability considerations. Risk Management expenses were \$12,469,000 under budget primarily due to a delay in anticipated claims expenses and lower-than-expected payout in FY 2021-22 resulting in some claims to be moved over to FY 2022-23, partially offset by higher-than-anticipated cost in worker's compensation claims.



FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2022 (FY 2021-22)

OVERVIEW

City Council originally adopted the Financial Management Performance Criteria (FMPC) on March 15, 1978, to provide standards and guidelines for the City's financial managerial decision making and to provide for a periodic review of the criteria to maintain standards and guidelines consistent with current economic conditions. The FMPC contain 55 criteria in seven different categories, in addition to 13 criteria specific to Dallas Water Utilities.

Operating Program: Criteria 1-14

Pension Program: Criteria 15-16

Budgeting and Planning: Criteria 17-25

Capital and Debt Management: Criteria 26-41

Economic Development: Criteria 42-49

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

Grants and Trusts: Criteria 53-55

Dallas Water Utilities: Criteria DWU 1-13

City Council approved the most recent revision to the FMPC in June 2021. The status of each criterion is updated annually and presented with the annual budget, at year-end, and for each debt issuance.

Revisions:

09/27/1978

07/08/1981

09/28/2011

10/08/2014

12/13/2017

06/09/2021

8/10/2022

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2022 (FY 2021-22)

OPERATING PROGRAM

1. Property Tax Revenue Limit. The year-to-year increase of actual revenue from the levy of the ad valorem tax will generally not exceed 3.5%; excluding taxable value gained through annexation or consolidation; excluding the value gained through new construction; excluding expenditure increases mandated by the voters or another governmental entity; and not excluding the valuation gained through revaluation or equalization programs.

Calculation:

Year-to-year change in revenue: \$46.9 million

Less

Change in Voter Mandated Debt: \$129.3 million

New Construction: \$24.9 million

Adjusted Revenue: \$(107.2) million

Percentage Change: (9.0%)

Status: In compliance.

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

Calculation:

FY 2021-22 (Actual) Emergency Reserve: \$50 million

FY 2021-22 (Actual) Contingency Reserve: \$9.3 million

FY 2021-22 (Actual) Residual: \$269.8 million

Total: \$329.0 million (76.5 days)

Status: In compliance.

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2022 (FY 2021-22)

3. Contingency Reserve. The Contingency Reserve, a component of unassigned fund balance, shall be used to provide for unanticipated needs that arise during the year; for example, expenses associated with new service needs that have been identified after the budget process, new public safety or health needs, revenue shortfalls, service enhancements, or opportunities to achieve cost savings. Funds shall be allocated from the Contingency Reserve only after an analysis has been prepared by the City Manager and presented to the City Council outlining the initial and recurring costs associated with the adopted expenditure. Additionally, these funds would be used prior to use of the Emergency Reserve Funds. Funds shall be allocated each year in the budget process to establish and maintain the balance of the Contingency Reserve at a level ranging from 0.5 percent to 1.0 percent of General Fund operating expenditures less debt service. **Status:** In compliance. The FY 2021-22 (Actual) Contingency Reserve level is \$9.3 million, or 0.59% of the FY 2021-22 General Fund Actuals.

4. Emergency Reserve. The Emergency Reserve, a component of unassigned fund balance, shall be used to provide for temporary financing of unanticipated or unforeseen extraordinary needs of an emergency nature; for example, costs related to a natural disaster or calamity, a 5 percent decline in property values, or an unexpected liability created by federal or state legislative action. Funds shall be allocated from the Emergency Reserve only after an analysis has been prepared by the City Manager and presented to City Council. The analysis shall provide enough evidence to establish that the remaining balance is adequate to offset potential downturns in revenue sources. The analysis shall address the natures of the adopted expenditure and the revenue requirement in subsequent budget years. Prior to allocating funds from the Emergency Reserve, the City Council shall find that an emergency or extraordinary need exists to justify the use of these funds. Management shall designate up to 5 percent of the General Fund operating expenditures less debt service but not less than \$50 million to the Emergency Reserve. Use of the Emergency Reserve shall require a supermajority of City Council. **Status:** In compliance. The FY 2021-22 (Actual) Emergency Reserve is \$50 million.

5. Operating Reserve. The Risk Reserve shall be maintained at a level, which, together with purchased insurance policies, adequately protects the City's assets against loss. An analysis shall be conducted every three years or when the deductible level of the City's property insurance is modified (whichever is earlier), to determine the appropriate level of this reserve. **Status:** In compliance. The FY 2021-22 (Actual) Risk Reserve is \$3.0 million.

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

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2022 (FY 2021-22)

7. Enterprise Funds Full Cost Funding. Each enterprise fund of the City will maintain revenues which support the full (direct and indirect) cost of the fund. In addition, each Enterprise Fund should maintain at least 30 days of budgeted operations and maintenance expense in net working capital and avoid cash deficits. Enterprise Funds will maintain positive balances. **Status:** In compliance.

8. Liability/Claim Fund. A General Fund liability fund shall be budgeted annually to provide for outstanding and anticipated claims expense and resulting liabilities during the budget year. An individual judgment settlement cap is set at \$5,000,000. The Emergency Reserve will be accessed should the cap be exceeded. An independent actuarial analysis shall be conducted every two years to determine the appropriate level of this fund. Additionally, the liability fund will include an allocation for unanticipated affirmative litigation. **Status:** In compliance.

9. Landfill Closure/Post-Closure Reserve. Consider the establishment of a Landfill Closure/Post-Closure Reserve to provide for any future potential liabilities. Analysis will be performed periodically to determine appropriate timing and amount of funding needs. Funds could be allocated from an increase in user fees. **Status:** Establishment of reserve is not recommended at this time.

10. Facilities Replacement versus Maintenance Analysis. Operating expenditures will be programmed to include current costs of fully maintaining City facilities, including parks, streets, levees, vehicles, buildings, and equipment. A cost-benefit analysis will be performed on replacement cost versus projected required maintenance costs to determine the level at which City facilities should be maintained. The analysis will also determine the long-term cost of any potential deferred maintenance cost. Normal maintenance will be funded through the operating budget. **Status:** Not in compliance.

11. Annual Assessment of Equipment and Maintenance. An annual assessment and five-year projection for all equipment and maintenance needs should be performed, and a maintenance and replacement schedule developed based on the projection. **Status:** Not in compliance.

12. User Fees Review. An annual review of selected fees and charges will be conducted to determine the extent to which the full cost of associated services is being recovered by revenues. All fees and charges will be reviewed at least once every four years. Where feasible and desirable, the City shall set fees and charges to achieve full cost recovery. The

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2022 (FY 2021-22)

City may subsidize the services funded by fees or charges based on other City objectives. If an individual fee increases to achieve full cost recovery is greater than 50 percent, the City may opt to phase the fee increase over three years. **Status:** In compliance.

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

14. Internal Service Funds and Enterprise Funds Cash Balances. Internal Service Funds and Enterprise Funds will maintain positive cash balances. **Status:** Not in compliance. Bond Program Fund cash balance is negative when accounting for encumbrances.

PENSION PROGRAM

15. Sufficient Funding for Retirement Systems. All retirement systems will be financed in a manner to systematically fund liabilities. The City will assure sufficient funds are provided to pay current service plus interest on unfunded liabilities plus amortization of the unfunded liabilities over a programmed period. No less than annual reviews will be provided to City Council by the pension funds. **Status:** In compliance.

16. Actuarial Analysis Required on Retirement Systems. Actuarial analysis will be performed annually on all retirement systems. Adjustments in benefits and contributions will be authorized only after meeting the test of actuarial soundness. All health plans should have actuarial reviews performed at least biennially to determine the required levels of funding necessary. These health plans shall be financed in a manner to ensure sufficient funds are available to fund current liabilities and provide some reserve levels for extraordinary claims. **Status:** In compliance.

BUDGETING AND FINANCIAL PLANNING

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

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2022 (FY 2021-22)

18. Five-Year Revenue and Expenditure Projection. Management will project revenues and expenditures annually for at least five years beyond the current year for the General Fund and each Enterprise Fund of the City. Status: In compliance.

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

20. Operating Impact of Capital Improvements. Prior to authorization of new or replacement facilities/buildings or renovation of previously decommissioned facilities/buildings, the City Manager will provide the total estimated capital cost and five-year forecast of ongoing operating and maintenance costs to City Council. Operating expenditures will be programmed to include the cost of implementing service of the capital improvements, and future revenues necessary for these expenditures will be estimated and provided for prior to undertaking the capital improvement. The City Council will authorize each new or reopened facility/building by super-majority vote. Status: In compliance.

21. Comparison of Financial Performance to FMPC. A report reflecting end of fiscal year status of performance against these criteria will be prepared within 60 days after official presentation of the Comprehensive Annual Financial Report to the City Council. A pro forma report reflecting Adopted Budget status will be submitted with the City Manager's Adopted Budget each year. Status: In compliance.

22. Two-Year Balanced Budget. Each year, the City Manager shall develop and present to the City Council a two-year balanced budget. The City Council will adopt a one-year budget and set the property tax rate in accordance with State law annually. Expenditures shall be budgeted and controlled so as not to exceed current revenues in each year or City Council approved used of fund balance. Status: In compliance.

23. Over-65 and Disabled Homestead Exemption. The City will compare the current disabled and over-65 exemption to the most recent annual Consumer Price Index for the Elderly (CPI-E), and the year-over-year change in the average residential market value (whichever is greater) annually and provide the analysis of each scenario to City Council for consideration prior to June 30 for possible modification of this property tax exemption. Changes to property tax exemptions must be provided to the appraisal districts no later than June 30. Status: In compliance. Increased exemption on June 8, 2022.

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2022 (FY 2021-22)

24. No-New-Revenue Tax Rate Scenario. The City Manager will develop an estimated No-New-Revenue Tax Rate budget scenario and, if different from the City Manager's recommended budget required by Chapter 11, Section 1 of the City Charter, will provide it to the City Council at the same time. The estimated No-New-Revenue Tax Rate budget scenario will include a prioritized list of services/expenses that could be funded and a prioritized list of services/expenses that could not be funded with the estimated no-new-revenue tax rate. **Status:** In compliance. The City Manager provided a no-new-revenue tax rate scenario for FY 2021-22.

25. Competitive Pay. The City shall attract, develop, motivate, reward, and retain a high-performing and diverse workforce. The City Manager shall provide analyses and recommendations for the City Council to consider each year in the budget development process to adjust employee pay. The recommendation for adjustments to uniformed employee pay will conform with the applicable meet and confer agreement. The recommendation for adjustments to non-uniformed/civilian employee pay will consider: (1) an annual survey of peer governmental entities; (2) an annual review of the Massachusetts Institute of Technology living wage; (3) a total compensation study every three years to assess market competitiveness; (4) parity with uniformed employee pay adjustments; and (5) budget capacity. **Status:** In compliance.

CAPITAL AND DEBT MANAGEMENT

26. Matching of Bonds and Useful Life of Project. Any capital projects financed through the issuance of bonds shall be financed for a period not to exceed the expected useful life of the project (for example, bonds issued for street resurfacing shall be financed for a period not to exceed 10 years). **Status:** In compliance.

27. General Obligation (GO) Debt to Market Value of Taxable Property Limit. The net (non-self-supporting) General Obligation (GO) debt (principal) of Dallas will not exceed 4.0% of the true market valuation of the taxable property of Dallas. **Status:** In compliance. 0.9%.

28. Direct and Overlapping Debt to Market Value of Taxable Property Limit. Total direct plus overlapping debt shall be managed to not exceed 8% of market valuation of taxable property of Dallas. All debt, which causes total direct plus overlapping debt to exceed 6.0% of market valuation, shall be carefully planned and coordinated with all overlapping jurisdictions. **Status:** In compliance. 0.9%.

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2022 (FY 2021-22)

29. Average GO Bond Maturities. Average (weighted) GO bond maturities (exclusive of Pension Obligation bonds) shall be kept at or below 10 years. **Status:** In compliance. 6.78 years.

30. GO Debt Service to Governmental Fund Expenditure Limit. Annual GO debt service (contribution), including certificates of obligation (CO) debt for risk management funding, shall not exceed 20% of the total governmental fund expenditures (composed of general fund, special funds, debt service funds, and capital project funds). **Status:** In compliance. 17.8%.

31. Per Capita GO Debt to Personal Income Limit. Per capita GO debt, including COs, equipment acquisition notes and GO bonds, will be managed to not exceed 10% of the latest authoritative computation of Dallas' per capita annual personal income as determined by the U.S. Department of Commerce Bureau of Economic Analysis. **Status:** In compliance. 4.4%.

32. Debt Financing for Betterment of Capital Improvements. Debt may be used to finance betterments intended to extend service life of original permanent capital improvements under the following conditions:

- the original improvement is at or near the end of its expected service life;
- the betterment extends the life of the original improvement by at least one-third of the original service life;
- the life of the financing is less than the life of the betterment; and
- the betterment is financed through either COs or GOs.

Status: In compliance.

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

34. Certificate of Obligation Uses. COs should be used only to fund tax-supported projects previously approved by the voters; or for risk management funding as authorized by the City Council; or non-tax revenue-supported projects approved by City Council. **Status:** In compliance.

FINANCIAL MANAGEMENT

PERFORMANCE CRITERIA

YEAR ENDING SEPTEMBER 30, 2022 (FY 2021-22)

35. Certificate of Obligation (CO) Limit as Percentage of GO Debt. CO debt, including that for risk management funding supported by an ad valorem tax pledge, should not exceed 15% of total authorized and issued GO debt. All COs issued in lieu of revenue bonds should not exceed 10% of outstanding GO debt. **Status:** In compliance. 6.3%.

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

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

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

39. Advance and Current Refunding Criteria. Advance refunding and forward delivery refunding transactions should be considered when the net present value savings as a percentage of the par amount of refunded bonds is at least 4%. Current refunding transactions should be considered when the net present value savings as a percentage of the par amount of refunded bonds is at least 3%. **Status:** In compliance.

40. Enterprise Fund Debt Reserve Requirements. Each Enterprise Fund (where applicable) will maintain fully funded debt service reserves. A surety bond (or other type of credit facility such as a letter of credit) may be used in lieu of funding the reserve if the former is economically advantageous. **Status:** In compliance.

41. GO Debt Service Fund Minimum Reserve. The City shall maintain a reserve in the General Obligation Debt Service Fund equal to 5% of the following year's annual principal and interest debt service expense. The Debt Service Fund tax rate and/or future debt will be structured to maintain this debt service reserve. **Status:** In compliance.

ECONOMIC DEVELOPMENT

42. Tax Increment Financing Zones Revenue Coverage. Tax Increment Financing zones should be established where revenues will recover 1.25 times the public cost of debt to provide an adequate safety margin. **Status:** In compliance.

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43. Tax Increment Financing Zone Residential Limit. A Tax Increment Financing Reinvestment Zone may not be created if more than 10% of the property in the adopted zone, excluding property dedicated for public use, is used for residential purposes. "Residential purposes" includes property occupied by a house, which is less than five living units. **Status:** In compliance.

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

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

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

46. PID and TIF Debt Issuance Criteria. All adopted PID or TIF debt issuances supported by a district's revenues are subject to the following criteria:

- Coverage Tests—The project should provide for revenues, net of overlapping taxes, of 1.25 times maximum annual debt service requirement. The issuance of TIF bonds may be considered prior to achieving coverage ratio of 1.25 if:
 - a developer or property owner provides a credit enhancement, such as a letter of credit or bond insurance from an AAA-rated financial institution, for the entire amount of the debt issue;
 - if there is insufficient TIF increment revenues to retire TIF bonds, which event consequently requires that the credit enhancement mechanism be called upon to service the TIF bonded indebtedness, contingent liability to reimburse a credit enhancer would be the sole liability of the developer or its affiliates;

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- if there are changes in the rating of the financial institution providing credit enhancement, then that institution shall be replaced with an AAA-rated financial institution within 90 days; and
 - If no replacement of an AAA-rated institution is provided, no further TIF bonds in advance of the 1.25 coverage ratio will be provided for any additional TIF projects undertaken by the developer or its affiliates.
- Additional Bonds Test—The project should include an additional bonds test parallel to the coverage test.
- Reserve Fund—The project should include a debt service reserve fund equal to the maximum annual debt service requirements.
- Limitations on Amount of PID/TIF Bonds—The total amount of PID/TIF indebtedness will be included and managed as part of the City's overlapping debt.
- The total amount of PID/TIF debt outstanding should generally not exceed 20% of the City's outstanding GO indebtedness.
- PID/TIF bonds should be limited to projects consistent with the City's previously adopted Financial Management Performance Criteria for debt issuance.
- PID bonds should be limited to those projects that can demonstrate the ability to support the debt either through its own revenues or another pledge source other than ad valorem taxes.
- PID/TIF bond authorizations should remain in effect for no more than five years from the date of City Council approval.

Status: In compliance.

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

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

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

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ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

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

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

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

GRANTS AND TRUSTS

53. Grants and Gifts Compliance. All grants will be managed to comply with the laws, regulations and guidance of the grantor; and all gifts and donations will be managed and expended according to the wishes and instructions of the donor. Status: In compliance.

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

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

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DALLAS WATER UTILITIES (DWU)

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

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

DWU-3. Short-Term Debt Authorization. Short-term debt, including tax-exempt commercial paper, will be used as authorized for interim financing of projects which result in capital improvements. The authorization of tax-exempt commercial paper will be limited to 20% of the 10-year capital improvement program in effect at the time of the commercial paper authorization. No commercial paper program will be authorized for more than ten years. Outstanding tax-exempt commercial paper will never exceed the amount authorized by City Council. **Status:** In compliance.

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

DWU-5. Debt Financing Maturity Limit. Debt financing for capital projects will not exceed the useful life of the asset, and in no case shall the term exceed 30 years. **Status:** In compliance.

DWU-6. Unreserved Cash Balance Minimum. An unreserved cash balance will be maintained such that it provides a minimum quick ratio of 1.50 and at least 30 days of budgeted expenditures for operations and maintenance in net working capital. **Status:** In compliance.

DWU-7. Debt Service Coverage Requirements. Net revenues available for debt service should be at least 1.5 times the maximum annual principal and interest requirements of relevant outstanding revenue bonds at the end of the fiscal year, and at least 1.3 times maximum-year requirements at all times, measured during a fiscal year using the previous year net revenues available for debt service. **Status:** In compliance.

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

DWU-9. Funding from Current Rates Relationship to Depreciation Expense. Funds available from current rates in each fiscal year for system rehabilitation, replacement, and expansion will be appropriated equal to or more than financial statement depreciation expense reasonably estimated in the same year. **Status:** In compliance.

DWU-10. Capital Financing Methods and Equity to Debt Ratio. Capital financing will be provided through a combination of revenue bonds, current revenues, contributed capital, and short-term debt. An equity to debt ratio of at least 20% should be maintained on all capital projects. **Status:** In compliance.

DWU-11. Cost of Services Studies. Retail cost of service studies will be performed at least every two years and reviewed annually. Rate adjustments will be recommended when required, but, normally, no more frequently than annually. **Status:** In compliance.

DWU-12. Wholesale Water and Wastewater Rates. Wholesale treated water rates for customer cities and other governmental entities will be determined based on the inter-city agreement currently in effect. Wholesale wastewater and untreated water rates will be determined based on contractual agreements with wholesale customers. Rates shall be adjusted annually if cost of service studies indicates a need therefore. **Status:** In compliance.

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