

Memorandum



CITY OF DALLAS

DATE March 17, 2017

TO Honorable Mayor and Members of the City Council

SUBJECT FY 2016-17 Financial Forecast Report

Please find attached the Financial Forecast Report based on information through January 2017. This report covers four months of this fiscal year.

We forecast General Fund revenues will exceed expenses at the end of the fiscal year by \$4.3 million. Based on current forecasts, revenues will be \$1 million below budget and expenses will be \$5.2 million below budget. Noteworthy variances are:

- We forecast Municipal Court revenues will be \$2.5 million below budget primarily because of the police department issuing fewer traffic citations.
- We forecast other charges for service will be \$3.1 million below budget primarily because of reductions in Fire-Rescue Department revenues including fire watch inspection services and Mobile Community Health Program services.
- We forecast Fire Department expenditures will be \$0.9 million below budget primarily because of salary and pension savings, offset by increased use of overtime and increased vacation/sick termination payments.
- We forecast Police Department expenditures will be \$2.9 million below budget primarily because of salary and pension savings, offset by increased use of overtime and increased vacation/sick termination payments.

Details related to other budget variances may be found at the end of the report. We will continue to closely monitor revenues and expenditures and keep you informed.

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

M. Elizabeth Reich
Chief Financial Officer

c: T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager
Jill A. Jordan, P.E., Assistant City Manager
Joey Zapata, Assistant City Manager

Mark McDaniel, Assistant City Manager
Eric D. Campbell, Assistant City Manager
Majed A. Al-Ghafry, Assistant City Manager
Alan E. Sims, Interim Chief of Community Services
Theresa O'Donnell, Interim Chief of Economic Development & Neighborhood Services
Directors and Assistant Directors



FY 2016-17

Financial Forecast Report

Information as of January 31, 2017



GENERAL FUND

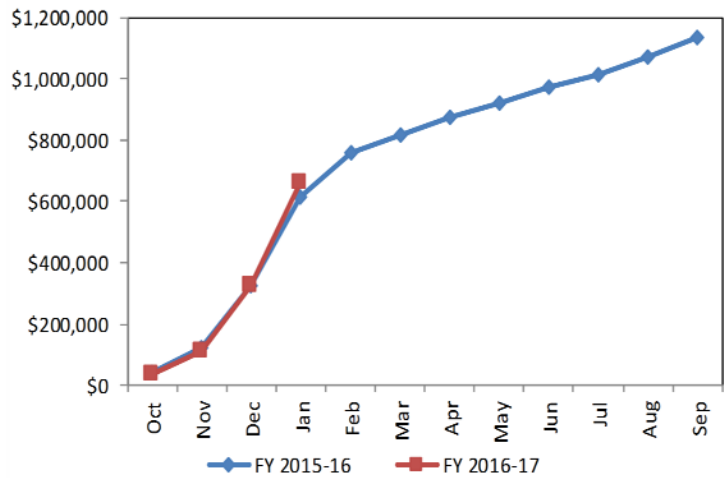
As of January 31, 2017
(000s)

ITEM	AMENDED BUDGET¹	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
Revenues	\$1,229,839	\$659,677	\$1,228,861	(\$978)
Expenditures	1,229,839	362,190	1,224,600	(5,239)
Net Excess of Revenues Over Expenditures/Transfers	\$0	\$297,486	\$4,261	\$4,261

GENERAL FUND REVENUES

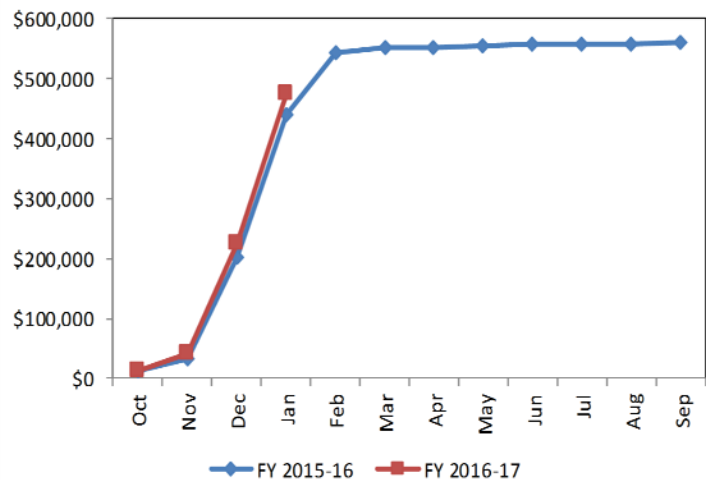
ALL SOURCES

	FY 2015-16	FY 2016-17	Variance
Oct	\$41,660	\$36,761	(\$4,898)
Nov	77,665	75,718	(1,947)
Dec	203,876	210,273	6,397
Jan	288,996	336,924	47,928
Feb	147,975		
Mar	53,193		
Apr	58,776		
May	49,762		
Jun	47,660		
Jul	45,379		
Aug	56,960		
Sep	62,480		
Total	\$1,134,380	\$659,677	\$474,800



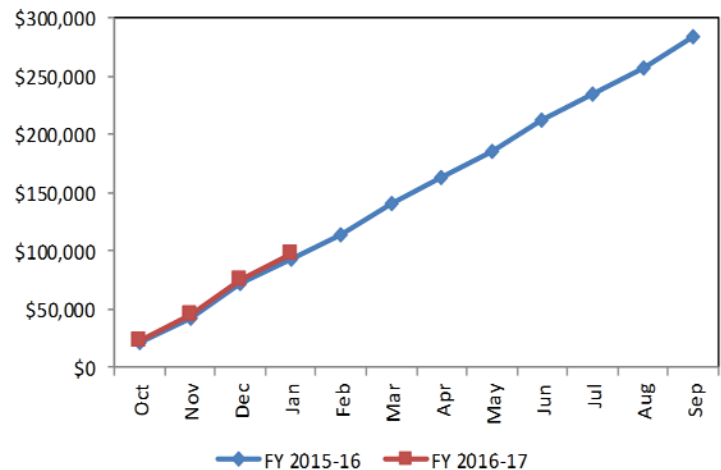
PROPERTY TAX

	FY 2015-16	FY 2016-17	Variance
Oct	\$11,487	\$12,787	\$1,300
Nov	20,589	29,060	8,471
Dec	169,848	181,782	11,934
Jan	237,273	252,156	14,883
Feb	104,025		
Mar	7,675		
Apr	2,364		
May	1,593		
Jun	2,523		
Jul	858		
Aug	852		
Sep	891		
Total	\$559,978	\$475,784	\$36,588



SALES TAX

	FY 2015-16	FY 2016-17	Variance
Oct	\$21,769	\$23,256	\$1,487
Nov	20,524	22,167	1,643
Dec	30,137	30,146	9
Jan	21,258	21,810	552
Feb	20,418		
Mar	27,482		
Apr	22,265		
May	22,311		
Jun	26,609		
Jul	21,921		
Aug	22,670		
Sep	26,554		
Total	\$283,918	\$97,380	\$3,691



GENERAL FUND REVENUES

As of January 31, 2017
(000s)

	AMENDED BUDGET¹	REVENUES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
TAXES				
Ad Valorem Tax ²	\$610,219	\$475,784	\$611,707	\$1,488
Sales Tax ³	292,189	97,380	293,260	1,071
TOTAL TAXES	902,408	573,164	904,967	2,559
FRANCHISE REVENUES				
Oncor Electric ⁴	51,078	28,417	52,108	1,030
AT&T	9,594	2,621	9,594	0
Atmos Energy ⁵	17,157	3,222	16,157	(1,000)
Time Warner Cable	6,210	1,668	6,210	0
Other	29,737	9,328	30,060	323
TOTAL FRANCHISE REVENUES	113,775	45,256	114,128	353
LICENSES AND PERMITS	4,891	2,171	4,913	22
INTEREST EARNED⁶	1,316	805	2,783	1,467
INTERGOVERNMENTAL⁷	8,501	435	8,936	435
FINES AND FORFEITURES				
Municipal Court ⁸	18,701	4,606	16,191	(2,510)
Vehicle Towing & Storage	7,146	2,575	7,146	0
Parking Fines	5,022	978	5,022	0
Red Light Camera Fines	7,460	0	7,460	0
Public Library ⁹	431	58	305	(126)
TOTAL FINES	38,760	8,216	36,124	(2,636)
CHARGES FOR SERVICE				
Parks	10,522	2,364	10,614	92
Emergency Ambulance	32,091	5,201	32,091	0
Security Alarm	4,380	1,394	4,377	(3)
Street Lighting	648	253	648	0
Vital Statistics	1,600	494	1,601	1
Other ¹⁰	28,311	7,779	25,235	(3,076)
TOTAL CHARGES	77,552	17,485	74,565	(2,987)
INTERFUND REVENUE	75,023	9,969	74,790	(232)
MISCELLANEOUS	7,616	2,176	7,657	41
TOTAL REVENUES	\$1,229,839	\$659,677	\$1,228,861	(\$978)

GENERAL FUND EXPENDITURES

ALL EXPENSES

	FY 2015-16	FY 2016-17	Variance
Oct	\$75,601	\$71,583	(\$4,018)
Nov	78,065	97,700	19,635
Dec	124,594	98,282	(26,312)
Jan	97,321	94,625	(2,696)
Feb	84,683		
Mar	95,576		
Apr	86,104		
May	126,118		
Jun	90,989		
Jul	82,900		
Aug	93,679		
Sep	85,148		

Total \$1,120,778 \$362,190 (\$13,391)

POLICE

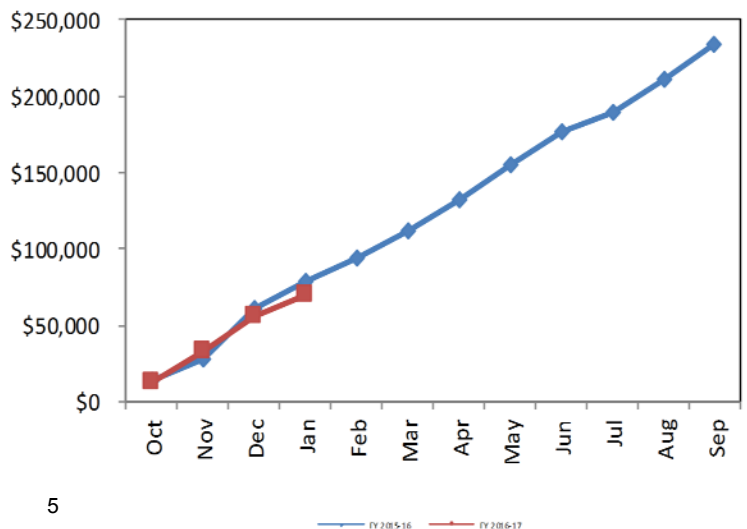
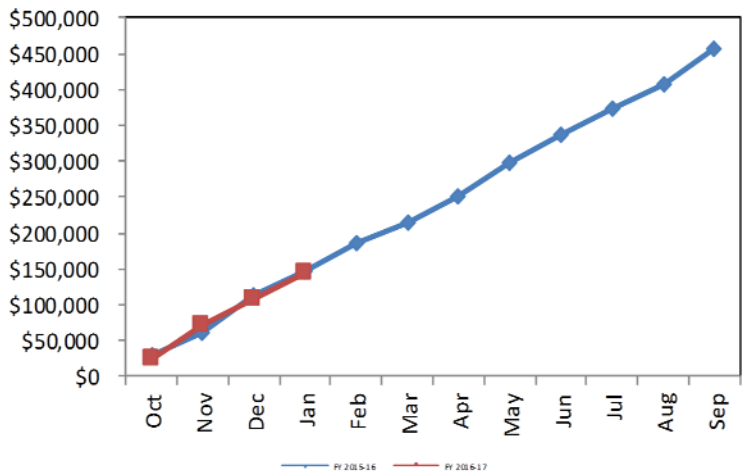
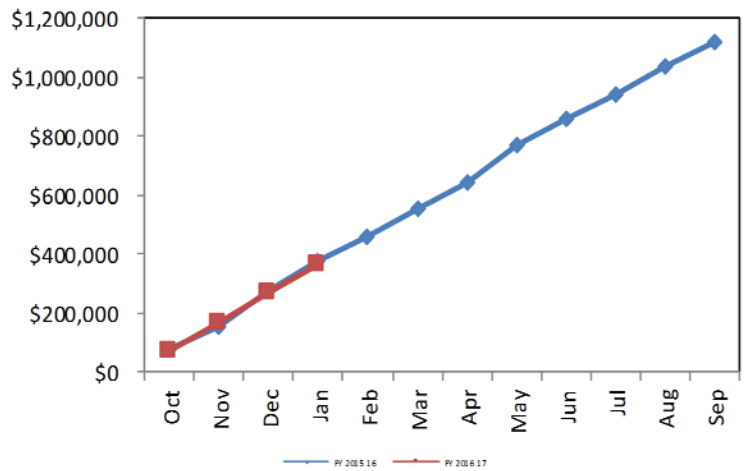
	FY 2015-16	FY 2016-17	Variance
Oct	\$28,488	\$25,289	(\$3,199)
Nov	31,370	46,089	14,719
Dec	52,490	35,634	(16,856)
Jan	35,550	37,304	1,754
Feb	37,126		
Mar	30,058		
Apr	34,931		
May	48,649		
Jun	37,058		
Jul	38,075		
Aug	32,689		
Sep	49,363		

Total \$455,847 \$144,317 (\$3,581)

FIRE

	FY 2015-16	FY 2016-17	Variance
Oct	\$13,994	\$12,198	(\$1,796)
Nov	14,184	20,784	6,600
Dec	32,389	23,355	(9,034)
Jan	17,547	13,952	(3,595)
Feb	16,128		
Mar	18,076		
Apr	19,295		
May	23,154		
Jun	21,372		
Jul	13,779		
Aug	21,006		
Sep	23,230		

Total \$234,154 \$70,290 (\$7,824)



GENERAL FUND EXPENDITURES

As of January 31, 2017
(000s)

DEPARTMENT	AMENDED BUDGET ¹	EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
Building Services	\$25,312	\$9,859	\$25,312	\$0
Business Dev/Procurement Svcs	3,041	905	3,032	(8)
City Attorney's Office	16,808	5,053	16,808	0
City Auditor's Office	3,194	885	3,122	(73)
City Controller's Office ¹¹	4,682	1,395	4,430	(252)
City Manager's Office	2,098	708	2,098	0
City Secretary's Office	2,029	516	2,021	(9)
Civil Service	2,887	726	2,878	(9)
Code Compliance	42,386	13,152	42,386	0
Court Services	11,976	3,686	11,919	(56)
Elections	1,401	32	1,401	0
Fire ¹²	254,603	70,290	253,736	(867)
Housing	14,403	2,480	14,403	(0)
Human Resources	5,220	1,719	5,171	(48)
Independent Audit	865	-	865	0
Jail Contract - Lew Sterret	7,813	1,953	7,813	0
Judiciary	3,296	1,034	3,233	(62)
Library	29,984	9,718	29,984	0
Management Services	10,235	3,683	10,113	(122)
Mayor and Council ¹³	4,465	1,400	4,533	68
Mobility and Street Services	84,577	30,702	84,548	(29)
Mobility and Street Services-Street Lighting	16,956	5,506	16,956	(0)
Non-Departmental ¹⁴	70,412	5,025	69,990	(423)
Office of Cultural Affairs	19,605	10,980	19,605	0
Office of Economic Development	2,575	1,345	2,575	0
Office of Financial Services	2,957	750	2,896	(60)
Park and Recreation	94,673	32,217	94,432	(241)
Planning & Urban Design ¹⁵	3,029	752	2,875	(153)
Police ¹⁶	478,004	144,317	475,140	(2,864)
Sustainable Dev/Construction	1,386	1,186	1,357	(29)
Trinity Watershed Management	1,318	217	1,318	0
RESERVES AND TRANSFERS				
Contingency Reserve	1,650	0	1,650	0
Liability/Claim Fund	4,283	0	4,283	0
Salary & Benefit Reserve ¹⁷	1,719	0	1,719	0
TOTAL EXPENDITURES	\$1,229,839	\$362,190	\$1,224,600	(\$5,239)

PROPRIETARY FUNDS

As of January 31, 2017
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
AVIATION				
BEGINNING FUND BALANCE	\$9,907	\$ -	\$9,907	\$ -
REVENUES:				
Parking	27,143	8,180	26,633	(509)
Terminal Concessions	25,416	7,194	25,416	(0)
Landing Fees	17,784	5,634	17,784	0
Rental on Airport - Terminal	14,789	4,508	14,789	0
Rental on Airport - Field	8,586	2,497	8,586	(0)
Fuel Flow Fees	1,225	348	1,213	(12)
All Remaining Revenues	3,230	1,716	4,214	984
TOTAL REVENUES	98,174	30,078	98,636	462
TOTAL EXPENDITURES	99,188	24,379	99,124	(64)
ENDING FUND BALANCE	\$8,893	\$ -	\$9,419	\$526
CONVENTION AND EVENT SERVICES				
BEGINNING FUND BALANCE	\$29,150	\$ -	\$29,150	\$ -
REVENUES:				
Hotel Occupancy Tax	58,856	12,984	58,517	(339)
Alcoholic Beverage Tax	12,445	3,140	12,528	82
Operating Revenues	25,002	5,309	27,611	2,609
Office of Special Events	100	34	106	7
TOTAL REVENUES¹⁸	96,403	21,467	98,762	2,359
TOTAL EXPENDITURES¹⁸	96,403	21,793	98,762	2,359
ENDING FUND BALANCE	\$29,150	\$ -	\$29,150	(\$0)

PROPRIETARY FUNDS

As of January 31, 2017
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
SUSTAINABLE DEVELOPMENT AND CONSTRUCTION				
BEGINNING FUND BALANCE	\$36,856	\$ -	\$36,856	\$ -
REVENUES:				
Building Permits	19,240	7,802	19,603	363
Certificate of Occupancy	1,412	380	1,412	0
Plan Review	3,749	1,538	3,870	121
Registration/License	1,028	359	1,028	0
Special Plats	887	328	887	0
Private Development	1,010	500	1,156	146
Zoning	1,184	333	1,184	0
Interest Earnings	117	155	155	38
All Remaining Revenues	1,477	625	1,477	0
TOTAL REVENUES	30,103	12,019	30,772	668
TOTAL EXPENDITURES¹⁹	36,090	8,084	31,839	(4,251)
ENDING FUND BALANCE	\$30,869	\$ -	\$35,789	\$4,920
MUNICIPAL RADIO				
BEGINNING FUND BALANCE	\$1,288	\$ -	\$1,288	\$ -
REVENUES:				
Local and National Sales	1,980	584	2,000	20
All Remaining Revenues	75	2	16	(59)
TOTAL REVENUES	2,055	586	2,016	(39)
TOTAL EXPENDITURES	2,032	697	1,947	(86)
ENDING FUND BALANCE	\$1,310	\$ -	\$1,357	\$46

PROPRIETARY FUNDS

As of January 31, 2017

(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
WATER UTILITIES				
BEGINNING FUND BALANCE	\$87,038	\$ -	\$87,038	\$ -
REVENUES:				
Treated Water - Retail	294,427	91,660	294,759	332
Treated Water - Wholesale	84,700	27,221	84,226	(474)
Wastewater - Retail	236,075	74,504	233,398	(2,677)
Wastewater - Wholesale	10,554	3,221	10,243	(310)
All Remaining Revenues	31,708	10,388	31,349	(359)
TOTAL REVENUES	657,465	206,995	653,975	(3,489)
TOTAL EXPENDITURES	657,465	165,436	653,975	(3,489)
ENDING FUND BALANCE	\$87,038	\$ -	\$87,038	\$0
COMMUNICATION & INFORMATION SERVICES				
BEGINNING FUND BALANCE	\$11,178	\$ -	\$11,178	\$ -
REVENUES:				
Interdepartmental Charges	58,330	9,191	58,330	0
Telephones Leased	7,723	24	7,723	0
Circuits	1,449	0	1,449	0
Desktop Services	0	2	2	2
Interest	150	47	140	(2)
Equipment Rental	5,002	0	5,002	0
Miscellaneous	171	45	171	1
TOTAL REVENUES	72,825	9,309	72,817	(8)
TOTAL EXPENDITURES	74,838	31,314	74,294	(545)
ENDING FUND BALANCE	\$9,165	\$ -	\$9,701	\$537

PROPRIETARY FUNDS

As of January 31, 2017

(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
EQUIPMENT SERVICES				
BEGINNING FUND BALANCE	\$4,450	\$ -	\$4,450	\$ -
REVENUES:				
Rental/Wreck	33,541	0	34,535	994
Fuel	16,482	0	16,482	0
Auto Auction/Non-Taxable	418	267	418	0
Miscellaneous Revenue	391	86	477	86
Interest and Other	5	0	5	0
TOTAL REVENUES	50,837	353	51,917	1,080
TOTAL EXPENDITURES	50,837	9,279	51,494	657
ENDING FUND BALANCE	\$4,450	\$ -	\$4,873	\$423
 EXPRESS BUSINESS CENTER				
BEGINNING FUND BALANCE	\$1,631	\$ -	\$1,631	\$ -
REVENUES:				
Postage Sales	2,703	519	2,703	0
All Other Revenues	1,278	742	1,278	0
TOTAL REVENUES	3,981	1,262	3,981	0
TOTAL EXPENDITURES	3,780	938	3,780	0
ENDING FUND BALANCE	\$1,833	\$ -	\$1,833	\$0

PROPRIETARY FUNDS

As of January 31, 2017
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
SANITATION SERVICES				
BEGINNING FUND BALANCE	\$14,681	\$ -	\$14,681	\$ -
REVENUES:				
Residential Collection	72,502	25,060	73,201	698
Cost Plus Bulk/Brush	122	39	118	(3)
Sale of Recyclables	695	648	845	150
City Facility Collection	737	252	757	20
Landfill Revenue	21,890	10,858	24,147	2,257
TOTAL REVENUES²⁰	95,946	36,858	99,069	3,123
TOTAL EXPENDITURES²⁰	95,946	18,440	96,399	453
ENDING FUND BALANCE	\$14,681	\$ -	\$17,351	\$2,670

OTHER FUNDS

As of January 31, 2017
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
9-1-1 SYSTEM OPERATIONS				
BEGINNING FUND BALANCE	\$5,494	\$ -	\$5,494	\$ -
REVENUES:				
9-1-1 Service Receipts - Wireless	6,374	1,760	6,340	(35)
9-1-1 Service Receipts - Wireline	6,450	2,087	6,304	(147)
Interest and Other	48	26	80	31
TOTAL REVENUES	12,873	3,872	12,723	(150)
TOTAL EXPENDITURES	16,389	2,033	16,386	(3)
ENDING FUND BALANCE	\$1,978	\$ -	\$1,831	(\$147)
STORM DRAINAGE MANAGEMENT				
BEGINNING FUND BALANCE	\$6,754	\$ -	\$6,754	\$ -
REVENUES:				
Storm Water Fees	50,856	15,955	50,856	-
Interest and Other	81	50	81	0
TOTAL REVENUES	50,937	16,005	50,937	0
TOTAL EXPENDITURES	53,008	8,076	53,008	0
ENDING FUND BALANCE	\$4,683	\$ -	\$4,683	\$0

OTHER FUNDS

As of January 31, 2017
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
EMPLOYEE BENEFITS				
BENEFITS ADMINISTRATION				
TOTAL EXPENDITURES	\$998	\$216	\$997	(\$1)
WELLNESS PROGRAM				
TOTAL EXPENDITURES	\$349	\$51	\$281	(\$68)
RISK MANAGEMENT				
TOTAL EXPENDITURES	\$2,630	\$897	\$2,625	(\$6)
LIABILITY/CLAIMS FUND				
Beginning Balance October 1, 2016				\$3,158
Budgeted Revenue				9,453
FY 2016-17 Available Funds				12,611
Paid October 2016				(596)
Paid November 2016				(315)
Paid January 2017				(422)
Balance as of January 31, 2017				11,278

DEBT SERVICE FUND

As of January 31, 2017
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
DEBT SERVICE FUND				
BEGINNING FUND BALANCE	\$10,235	\$ -	\$10,235	\$ -
REVENUES:				
Ad Valorem	242,487	189,001	243,035	547
Interest/Transfers/Other	19,799	652	19,799	0
TOTAL REVENUES	262,287	189,653	262,834	547
TOTAL EXPENDITURES	261,865	10,220	261,865	0
ENDING FUND BALANCE	\$10,657	\$ -	\$11,204	\$547

NOTES

(Dollars in 000s)

1. The General Fund budget was amended/increased based on Council's approved use of contingency reserve funds by \$500 on February 22, 2017 by CR# 17-0438 for additional legal services necessary to continue representing four Dallas City Councilmembers with regard to the Dallas Police and Fire Pension System.
2. Ad Valorem tax revenues are forecast to be \$1,488 over budget based on current year property tax receipts trending above average.
3. Sales tax revenues are forecast to be \$1,071 over budget based on most recent sales tax receipts. Sales tax receipts have increased by 4.1 percent over the most recent 12 months.
4. Oncor Electric revenues are forecast to be \$1,030 over budget based on most recent receipts.
5. Atmos Energy revenues are forecast to be \$1,000 below budget primarily due to a warm fall and winter, which led to decreased gas consumption by customers.
6. Interest earned revenues are forecast to be \$1,467 above budget due to an increase in the market interest rate.
7. Intergovernmental revenues are projected to be \$435 above budget primarily due to refund check received from the Dallas County Elections Department and a Dallas Fire Rescue deployment reimbursement received from the State.
8. Municipal Court revenues are forecast to be \$2,510 below budget primarily as a result of a decrease in the volume of citations being issued.
9. Public Library revenue is projected to be \$126 below budget due to implementation of automatic renewal on materials that have been checked out at library locations and an increase in the usage of e-materials. Fines and late fees are not collected on e-materials as they are electronically recalled on the due date.
10. Other Charges for Services is projected to be \$3,076 below budget primarily due to the reduction of fire watch inspection services at the American Airlines Center and contract delays for the Mobile Community Health Program.
11. City Controller's Office expenditures are forecast to be \$252 below budget due to vacancies and delays in hiring.
12. Fire Department expenditures are forecast to be \$867 below budget primarily due to salary and pension savings offset by increased use of overtime and increased vacation/sick termination payments. Pension savings are a result of the budget including funds to increase the City's contribution rate contingent upon members increasing their contribution rate via plan election, which did not pass.

NOTES

(Dollars in 000s)

13. Mayor and Council expenditures are forecast to be \$68 over budget due to double-filled positions.
14. Non-Departmental expenditures are forecast to be \$423 below budget primarily due to insurance related costs being charged to the Benefits Fund rather than to the General Fund.
15. Planning and Urban Design expenditures are forecast to be \$153 below budget due to vacancies.
16. Police Department expenditures are forecast to be \$2,864 below budget primarily as a result of salary and pension savings offset by increased use of overtime and increased vacation/sick termination payments. Pension savings are a result of the budget including funds to increase the City's contribution rate contingent upon members increasing their contribution rate via plan election, which did not pass. Additionally, we planned to hire 451 officers this year, but as it is now, that will be extremely difficult if not impossible so we will only be able to hire 300.
17. Salary and Benefit Reserve funds allocated to City Attorney's Office (\$148) and City Manager's Office (\$133) to offset vacation/sick termination payments.
18. Convention and Event Services is projected to be \$2,359 above budget in revenues and expenditures due to large catered events that exceeded the contractual minimum guarantees.
19. Sustainable Development and Construction is projected to be \$4,251 below budget due to vacancies and technology enhancements deferred to FY 2017-18.
20. Sanitation Services revenues are projected to be \$3,123 above budget due to an increase in cash customers at the landfill. Expenses are projected to be \$453 above budget due to increase in landfill activity.