

Memorandum



CITY OF DALLAS

DATE October 12, 2018

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

SUBJECT **FY 2017-18 Financial Forecast Report**

Please find attached the Financial Forecast Report (FFR) based on information through August 31. This report does not reflect changes approved by City Council on September 12. FY 2017-18 year-end appropriation adjustments approved on September 12, 2018 will be reflected in the September FFR.

We forecast general fund revenues will be \$19 million over the amended budget and expenses will be \$0.7 million under the amended budget at the end of the fiscal year. Sales tax, franchise fees/other, and charges for services are trending better than budget, accounting for over 50 percent of the revenue variance. On the expense side, the projected year-end variance is due to overtime usage within Dallas Fire-Rescue (DFR).

DFR continues to refine year-end projections and is forecast to exceed budget by \$10 million, primarily due to attrition. Attrition impacts the Department's daily minimum staffing model, resulting in additional overtime usage. City Council increased the general fund budget by \$3.7 million on April 25; and by \$5.7 million on September 12 using savings from other general fund departments and excess revenue to offset DFR's overtime expense.

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

M. Elizabeth Reich
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of City Council
T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Carol A. Smith, City Auditor (Interim)
Billierae Johnson, City Secretary
Judge Preston Robinson, Administrative Judge

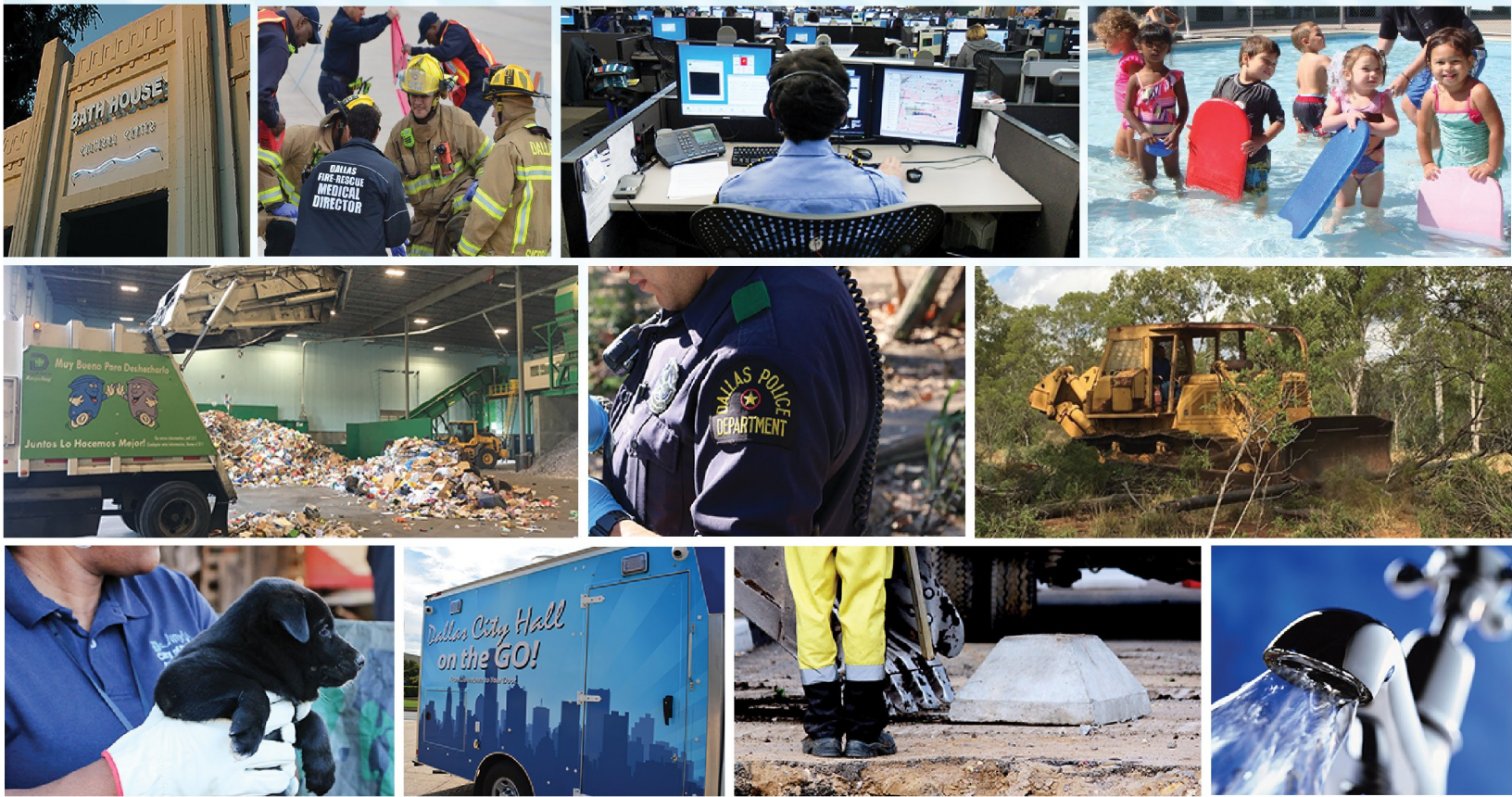
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Majed A. Al-Ghafry, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
Directors and Assistant Directors



FY 2017-18 FINANCIAL FORECAST REPORT

Information as of August 31, 2018

SERVICE FIRST



GENERAL FUND OVERVIEW

As of August 31, 2018

	FY 2017-18 Adopted Budget	FY 2017-18 Amended Budget	YTD Actual	YE Forecast	Variance
Beginning Fund Balance	\$160,617,192	\$160,617,192		\$171,747,804	\$11,130,612
Revenues	1,276,420,942	1,282,712,888	1,150,091,289	1,301,727,821	19,014,933
Expenditures	1,276,420,942	1,282,712,888	1,139,311,857	1,281,981,551	(731,337)
Ending Fund Balance	\$160,617,192	\$160,617,192		\$191,494,073	\$30,876,881

SUMMARY

The General Fund overview provides a summary of financial activity through August 31, 2018. The Adopted Budget reflects the budget adopted by City Council on September 20, 2017 effective October 1 through September 30. The Amended Budget column reflects City Council approved transfers between funds and programs and approved use of contingency.

Fund Balance. The summary includes fund balance with the year-end revenue and expenditure forecasts. As of August 31, 2018, the year-end (YE) forecast beginning fund balance represents the FY 2016-17 audited unassigned ending fund balance and includes FY 2016-17 year-end savings.

Revenues. Through August 31, 2018, General Fund revenues are projected to be above budget by \$19 million primarily due to electric, fiber optic, and natural gas franchise fees; sales tax; interest, Fire Watch fees; ambulance supplement from the Texas Human Health and Services Commission; and a new contract with the State Fair for patrol services.

Expenditures. Through August 31, 2018, General Fund expenditures are projected to be below budget by \$731,000. Most departments are under budget as a result of vacancies.

Amendments. The General Fund budget was amended on:

- October 25, 2017 by resolution #17-1652 in the amount of \$120,000 for a Regional Assessment of Fair Housing;
- November 8, 2017 by resolution #17-1735 in the amount of \$139,000 to reimburse the AT&T Performing Arts Center (ATTPAC) for emergency flood remediation and repairs at the Dee and Charles Wylie Theatre;
- January 17, 2018 by resolution #18-0125 in the amount of \$1,640,000 to continue the operation of the Dallas County Schools school crossing guard program through the end of the current school year;
- February 14, 2018 by resolution #18-0282 in the amount of \$303,000 to accept donations from the Communities Foundation of Texas on behalf of various contributors to the Dallas Cultural Plan 2018;
- March 28, 2018 by resolution #18-0442 in the amount of \$189,300 for emergency flood remediation and related repairs related to the theater automation system at the Dee and Charles Wylie Theatre;
- April 25, 2018 by ordinance #30843 for mid-year appropriation ordinance adjustments consisting of a \$294,000 appropriation decrease in Non-Departmental, \$165,000 appropriation increase in Housing and Neighborhood Revitalization, \$60,300 appropriation increase in 311 Customer Service Center, \$68,700 appropriation increase in Office of Community Care, \$115,000 transfer of appropriations from Dallas Police Department to Transportation; and \$3,700,000 appropriation increase in Dallas Fire Rescue from excess revenue; and
- May 23, 2018 by resolution #18-0773 in the amount of \$200,000 for a service contract to provide school crossing guard services; and
- September 18, 2018 by ordinance #30972 for year-end appropriation ordinance adjustments. Adjustments are not yet incorporated since this Financial Forecast Report is through August 31, 2018.

GENERAL FUND REVENUES

As of August 31, 2018

Revenue Category	FY 2017-18 Adopted Budget	FY 2017-18 Amended Budget	YTD Actual	YE Forecast	Variance
Property Tax ¹	\$652,067,958	\$653,667,958	\$653,052,109	\$653,827,632	\$159,674
Sales Tax ²	303,349,086	303,349,086	229,605,399	305,008,923	1,659,837
Franchise & Other ³	135,319,609	135,319,609	129,892,966	142,739,913	7,420,304
Charges for Services ⁴	103,578,036	104,878,036	79,283,977	112,022,717	7,144,681
Fines and Forfeitures ⁵	36,515,082	36,515,082	22,380,955	35,250,295	(1,264,787)
Operating Transfers In ⁶	22,777,865	24,947,248	9,453,237	24,947,248	0
Intergovernmental	9,548,046	9,667,609	9,783,384	10,249,197	581,588
Miscellaneous ⁷	6,580,004	7,683,004	8,628,386	9,297,090	1,614,086
Licenses & Permits	4,668,685	4,668,685	4,589,077	4,863,088	194,403
Interest ⁸	2,016,571	2,016,571	3,421,799	3,521,718	1,505,147
Total Revenue	\$1,276,420,942	\$1,282,712,888	\$1,150,091,289	\$1,301,727,821	\$19,014,933

VARIANCE NOTES

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

1 Property Tax. Property Tax budgeted revenue was increased by \$1.6 million on April 25, 2018 by ordinance 30843 due to higher current year collections.

2 Sales Tax. Sales tax revenues are forecast to be 0.6 percent (\$1,660,000) greater than budget based on most recent sales tax receipts. Sales tax receipts have increased by 3.5 percent over the most recent 12 months.

3 Franchise and Other. Franchise and other revenues are projected to be 5.5 percent (\$7,420,000) over budget primary due to electric, fiber optics, and natural gas.

4 Charges for Service. Charges for services revenues are forecast to be 6.8 percent (\$7,145,000) greater than budget primarily due to ambulance supplement from the Texas Health and Human Services Commission (\$2.7 million); Fire Watch inspection revenues that continues to increase compared to previous month (\$2.2 million); a new agreement with the State Fair for police patrol services in which the City now bills directly after services are incurred (\$1.0 million received from prior years and \$958,000 in the current year); and increases in construction permits (\$812,000). Overages are offset by a decrease of \$758,000 in swimming pool fees due to the delayed opening of three aquatic centers. Charges for Services budgeted revenue was increased by \$1.3 million on April 25, 2018 by ordinance 30843 due to additional Emergency Ambulance supplemental payment revenue.

5 Fines and Forfeitures. Fines and forfeitures are projected to be 3.5 percent (\$1,265,000) under budget as a result of a decrease in parking citations issued due to staff turnover in the Parking Management and Enforcement division of Transportation (\$849,000); a decrease of 8,000 traffic citations over the same time period last year (\$1.3 million), a decrease in forfeiture hearings due to compliance of bond terms by defendants (\$289,000); a decrease in fines for towed vehicles at the auto pound (\$208,000); and fines for late fees at the Library due to automatic electronic renewal (\$165,000). Revenue underruns are offset by increased collection of fines for red light cameras (\$1.7 million).

VARIANCE NOTES

6 Operating Transfer In. The revenue budget for Operating Transfer In was amended on:

- October 25, 2017 by resolution #17-1652 for a Regional Assessment of Fair Housing;
- November 8, 2017 by resolution #17-1735 to reimburse the AT&T Performing Arts Center (ATTPAC) for emergency flood remediation and repairs at the Dee and Charles Wylie Theatre;
- January 17, 2018 by resolution #18-0125 to continue the operation of the Dallas County Schools school crossing guard program through the end of the current school year;
- February 14, 2018 by resolution #18-0282 to accept donations from the Communities Foundation of Texas on behalf of various contributors to the Dallas Cultural Plan 2018;
- March 28, 2018 by resolution #18-0422 for emergency flood remediation and repairs related to the theater automation system at the Dee and Charles Wylie Theatre; and on
- May 23, 2018 by resolution #18-0773 in the amount of \$200,000 for a service contract to provide school crossing guard services.

7 Miscellaneous. Miscellaneous revenues are forecast to be 21 percent (\$1,614,000) over budget due to reimbursements from Atmos Energy and the sale of fixed assets (\$450,000). Budgeted revenue was increased \$800,000 on April 25, 2018 by ordinance 30843 due to additional one-time revenue from Atmos Energy for the City's support provided to residents affected by the gas emergency. Reimbursement from Atmos was greater than anticipated (\$1,120,000).

8 Interest. Interest earned revenues are projected to be 74.6 percent (\$1,505,000) over budget based on current trends.

GENERAL FUND EXPENDITURES

As of August 31, 2018

Expenditure Category	FY 2017-18 Adopted Budget	FY 2017-18 Amended Budget	YTD Actual	YE Forecast	Variance
Civilian Pay	\$233,174,548	\$235,953,394	\$200,998,083	\$224,043,896	(\$11,909,498)
Civilian Overtime	6,087,198	6,076,161	8,648,632	9,558,652	3,482,491
Civilian Pension	33,654,027	33,952,850	29,125,861	32,336,440	(1,616,410)
Uniform Pay	397,751,284	401,698,616	349,419,547	391,006,165	(10,692,451)
Uniform Overtime	32,141,841	35,897,371	44,967,774	51,495,122	15,597,751
Uniform Pension	151,450,013	153,665,564	134,431,637	153,665,564	0
Health Benefits	62,526,985	62,812,518	53,670,914	62,812,518	0
Workers Comp	10,211,638	10,211,638	10,310,194	10,277,772	66,134
Other Personnel Services	11,798,743	11,952,376	10,086,015	12,073,018	120,642
Total Personnel Services ¹	938,796,277	952,220,488	841,658,658	947,269,147	(4,951,341)
Supplies ²	76,688,160	77,681,267	64,884,347	80,726,098	3,044,831
Contractual Services ³	341,963,586	343,086,247	282,009,059	345,399,363	2,313,116
Capital Outlay ⁴	8,000,250	8,329,492	6,883,190	9,740,716	1,411,224
Reimbursements ⁵	(89,027,331)	(98,604,606)	(56,123,398)	(101,153,773)	(2,549,167)
Total Expenditures	\$1,276,420,942	\$1,282,712,888	\$1,139,311,857	\$1,281,981,551	(\$731,337)

VARIANCE NOTES

1 Personnel Services. Current year-end forecast is \$4.9 million below budget primarily due to civilian vacancy savings. Uniform overtime YE forecast assumes \$11.5 million overrun for the Dallas Fire Rescue and \$4.1 million overrun for Dallas Police Department. The overrun in uniform overtime is partially offset by savings in uniform pay. Uniform pension YE forecast equals budget and includes the \$150.7 million contribution required to fund the police and fire pension as enacted by the Texas State Legislature through House Bill 3158, and additional funding for supplemental pension.

2 Supplies. Current year-end forecast is \$3.0 million above budget resulting from the purchase of ballistic helmets for the Dallas Police Department, nearly \$922,000 in greater than anticipated fuel and lube usage charges from Equipment and Building Services to various departments, software maintenance of an automated fingerprint identification system for the Dallas Police Department, and software purchases for various other departments.

3 Contractual Services. Current year-end forecast is \$2.3 million over budget primarily due to contract temporary help, day labor, equipment rental, security services, and Dallas Fire Rescue unbudgeted increase in emergency ambulance supplement contract payment.

4 Capital Outlay. Current year-end forecast is \$1.4 million over budget due primarily to vehicles purchased by Dallas Animal Services that will be reimbursed by an unbudgeted reimbursement, an approved purchase of a nuisance abatement brush truck using salary savings in Code Compliance, and the purchase of Gator vehicles by Code Compliance to better move in and out from alleys and back streets to clean litter, tires, and trash.

5 Reimbursements. General Fund reimbursements reflects contributions from various agencies, including federal and state funds, internal service fund departments, and enterprise fund departments. Current year-end forecasts are \$2.5 million greater than budget, primarily due to \$1.7 million greater than budgeted reimbursement to Dallas Fire Rescue from the 9-1-1 System Operations Fund and \$600,000 greater than budgeted reimbursement to Dallas Fire Rescue from Building Inspections for new construction inspections and Aviation for two full-time paramedics assigned to Love Field Airport.

GENERAL FUND EXPENDITURES

As of August 31, 2018

Expenditure By Department	FY 2017-18 Adopted Budget	FY 2017-18 Amended Budget	YTD Actual	YE Forecast	Variance
Building Services	\$28,590,583	\$28,667,529	\$27,370,034	\$28,667,529	\$0
City Attorney's Office	16,788,175	16,809,925	14,488,589	16,767,899	(42,026)
City Auditor's Office ¹	3,360,043	3,360,043	2,734,669	3,106,743	(253,300)
City Controller's Office ²	5,351,812	5,379,331	5,207,649	5,082,857	(296,474)
Independent Audit	891,157	891,157	0	891,157	0
City Manager's Office	2,266,902	2,344,267	2,279,791	2,247,733	(96,534)
City Secretary ³	2,367,327	2,703,024	2,287,235	2,769,209	66,185
Civil Service ⁴	3,080,815	3,137,099	2,663,249	3,141,210	4,111
Code Compliance	30,438,826	30,438,826	25,064,827	29,566,585	(872,241)
Court Services	11,627,393	11,627,393	9,981,273	11,216,723	(410,670)
Jail Contract	8,484,644	8,484,644	7,070,537	8,484,644	0
Dallas Animal Services	14,007,159	14,007,159	13,233,080	14,004,677	(2,482)
Dallas Fire-Rescue ⁵	267,026,909	270,726,909	243,917,211	280,743,402	10,016,493
Dallas Police Department ⁶	465,522,805	464,648,484	408,298,319	460,323,137	(4,325,347)
Housing and Neighborhood Services ⁷	3,668,283	4,010,682	3,321,949	3,761,853	(248,829)
Human Resources	5,234,618	5,234,618	4,985,197	5,205,245	(29,373)
Judiciary	3,454,079	3,454,079	3,319,789	3,453,849	(230)
Library	31,279,877	31,279,877	28,011,322	30,843,376	(436,501)
Office of Management Services					
311 Customer Services ⁸	3,509,120	3,569,390	2,627,918	3,417,371	(152,019)
Center for Performance Excellence ⁹	1,265,811	1,265,811	1,244,487	1,136,712	(129,099)
Council Agenda Office	224,495	248,233	179,491	248,233	0
EMS Compliance Program ¹⁰	340,988	340,988	264,320	316,598	(24,390)
Ethics and Diversity	97,631	119,855	74,296	119,855	0
Fair Housing ¹¹	278,274	397,837	361,344	397,837	0
Office of Strategic Partnerships ¹²	726,947	3,326,947	2,692,129	3,220,874	(106,073)
Office of Business Diversity	793,297	793,297	648,758	790,908	(2,389)
Office of Community Care ¹³	4,932,564	5,001,285	4,063,607	4,981,040	(20,245)
Office of Emergency Management	715,020	715,020	505,591	715,020	0
Office of Environmental Quality ¹⁴	1,197,487	1,197,487	1,324,187	1,005,311	(192,176)
Office of Homeless Solutions	10,081,328	10,081,328	7,909,375	9,723,116	(358,212)
Public Affairs and Outreach ¹⁵	1,666,011	1,400,645	1,149,566	1,206,492	(194,153)
Resiliency Office	353,875	353,875	300,772	343,349	(10,526)
Welcoming Communities	428,845	428,845	372,110	428,845	0
Mayor and City Council	4,820,561	4,827,575	4,139,109	4,827,575	0
Non-Departmental ¹⁶	77,323,336	77,029,345	74,228,128	75,710,306	(1,319,039)
Office of Budget ¹⁷	3,406,338	3,406,338	2,993,939	3,189,955	(216,383)
Office of Cultural Affairs ¹⁸	20,268,063	20,899,767	20,779,719	20,899,767	0
Office of Economic Development	4,840,594	4,840,594	4,668,189	4,840,594	0
Park and Recreation	98,005,546	98,269,651	89,248,371	97,302,962	(966,689)
Planning and Urban Design	2,911,297	2,911,297	2,617,049	2,887,077	(24,220)
Procurement Services	2,389,442	2,389,442	2,170,347	2,368,987	(20,455)
Public Works	73,137,927	73,137,927	68,203,114	73,137,927	0
Sustainable Development	1,656,869	1,656,869	2,062,180	1,600,531	(56,338)
Transportation ¹⁹	44,325,574	44,440,574	34,777,482	44,440,574	0
Trinity Watershed Management	1,302,754	1,302,754	784,683	1,291,041	(11,713)
Total Departments	\$1,264,441,401	\$1,271,558,022	\$1,134,624,982	\$1,270,826,685	(\$731,337)
Liability/Claim Fund Transfer	4,642,666	4,642,666	0	4,642,666	0
Contingency Reserve	4,686,875	4,686,875	4,686,875	4,686,875	0
Salary and Benefit Reserve ²⁰	2,650,000	1,825,325	0	1,825,325	0
Total Expenditures	\$1,276,420,942	\$1,282,712,888	\$1,139,311,857	\$1,281,981,551	(\$731,337)

VARIANCE NOTES

General Fund variance notes are provided below for departments with YE forecast variances of +/- five percent, departments with an Amended Budget, and for departments with YE forecast projected to exceed budget.

1 City Auditor's Office. City Auditor's Office expenditures are forecast to be \$253,000 below budget due to salary savings associated with vacancies.

2 City Controller's Office. City Controller's Office expenditures are forecast to be \$296,000 below budget due to salary savings associated with vacancies.

3 City Secretary. City Secretary Office's budget was increased by \$265,000 on October 11, 2017 by CR#17-1608 for oversight and responsibility of the open records function transferred from the Office of Management Services (Public Affairs and Outreach). City Secretary Office's expenditures are forecast to be \$66,000 greater than budget primarily due to an office expansion needed to accommodate the new open records division.

4 Civil Service. Civil Service expenditures are forecast to be \$4,000 greater than budget due to a nationwide search for the vacant Civil Service Director position and replacement costs for damaged Civil Service Board Room audio and recording equipment.

5 Dallas Fire-Rescue. Dallas Fire-Rescue budget was increased by \$3.7 million on April 25, 2018 by ordinance 30843 for overruns in uniform overtime due to higher than expected attrition. Dallas Fire-Rescue expenditures are forecast to be \$10 million greater than budget primarily due to uniform overtime expenses. The primary factor of the greater than budgeted use of overtime includes the impact of attrition in prior fiscal years that has exceeded hiring which has affected mandatory minimum staffing.

6 Dallas Police Department. Dallas Police Department budget was decreased by \$759,000 on January 17, 2018 by CR 18-0125 to reallocate Child Safety Funds held by the Dallas Police Department to Management Services (Office of Strategic Partnerships) and decreased by \$115,000 on April 25, 2018 by ordinance 30843 to transfer Parking Enforcement division overtime and merit funding to Transportation. Dallas Police Department expenditures are forecast to be \$4.3 million below budget primarily due to hiring fewer officers than planned in FY 2017-18 and unplanned uniform attrition at the end of FY 2016-17.

7 Housing and Neighborhood Services. Housing and Neighborhood Services budget was increased by \$165,000 on April 25, 2018 by ordinance 30843 to fund a caseworker for the High Impact Landlord Initiative, additional home repair work at eight Home Repair Program properties and expenses associated with moving support staff from Bexar Street offices back to City Hall. Housing and Neighborhood Services expenditures are forecast to be \$249,000 below budget primarily due to salary savings from vacant positions and unspent Home Improvement Rebate Program and Emergency Repair Program funds.

8 311 Customer Services. 311 Customer Services budget was increased by \$60,300 by City Council on April 25, 2018 by ordinance 30843 due to higher than expected usage of the Language Line, a third-party vendor that is used to translate calls for non-English speakers when bilingual 311 Customer Services agents are not available. 311 Customer Services is forecast to be \$152,000 under budget primarily due to salary savings from vacancies.

9 Center for Performance Excellence. Center for Performance Excellence expenditures are forecast to be \$129,000 below budget primarily due to hiring delays for the vacant Innovation Officer position.

10 EMS Compliance Program. EMS Compliance Program expenditures are forecast to be \$24,000 below budget primarily due to the non-renewal of the ComplyAssistant contract. The ComplyAssistant contract is a web-based software that was used to document and monitor the City's healthcare compliance activities.

VARIANCE NOTES

11 Fair Housing Office. Fair Housing Office budget was increased by \$120,000 on October 25, 2017 by CR#17-1652 for a Regional Assessment of Fair Housing.

12 Office of Strategic Partnerships. Office of Strategic Partnerships budget was increased by \$2.4 million on January 17, 2018 by CR #18-0125 to appropriate funds for the Dallas County School Dissolution Committee Crossing Guard payroll and by \$200,000 on May 23, 2018 by CR 18-0773 for a service contract to provide school crossing guard services. Office of Strategic Partnerships expenditures are forecast to be \$106,000 below budget due to salary savings and lower than projected contractual service expenditures.

13 Office of Community Care. Office of Community Care's budget was increased by \$68,700 on April 25, 2018 by ordinance 30843 for unbudgeted contract temporary help, overtime, and building maintenance expenses.

14 Office of Environmental Quality. Office of Environmental Quality is forecast to be \$192,000 under budget due to salary savings associated with vacancies and frequent turnover in key positions.

15 Public Affairs and Outreach. Public Affairs and Outreach budget was decreased by \$265,000 on October 11, 2017 by CR#17-1608 for oversight and responsibility of the open records function transferred to the City Secretary. Public Affairs and Outreach expenditures are forecast to be \$194,000 under budget primarily due to salary savings associated with three vacant management positions.

16 Non-Departmental. Non-Departmental budget was decreased by \$294,000 on April 25, 2018 by ordinance 30843 for mid-year appropriation adjustments. Non-Departmental expenditures are forecast to be \$1.3 million less than budget primarily due to a delay in Master Lease draw for new equipment purchase which will occur in fall of FY 2018-19.

17 Office of Budget. Office of Budget expenditures are forecast to be \$216,000 below budget due to salary savings associated with vacant positions.

18 Office of Cultural Affairs. Office of Cultural Affairs budget was increased by \$139,000 on November 8, 2017 by resolution # 17-1735 and by \$189,300 on March 28, 2018 by resolution #18-0442 (approved use of contingency reserve funds) to reimburse the ATTPAC for emergency flood remediation and repairs at the Dee and Charles Wily Theatre, and on February 14, 2018 by resolution #18-0282 in the amount of \$303,000 to accept donations from the Communities Foundation of Texas on behalf of various contributors to the Dallas Cultural Plan 2018.

19 Transportation. Transportation budget was increased by \$115,000 on April 25, 2018 by ordinance 30843 to transfer Parking Enforcement division overtime and merit funding from Police to Transportation.

20 Salary and Benefit Reserve. Salary and Benefit Reserve funds totaling \$825,000 were allocated to Building Services (\$77,000), the City Attorney's Office (\$22,000), the City Controller's Office (\$28,000), the City Manager's Office (\$77,000), the City Secretary's Office (\$70,000), Civil Service (\$56,000), Housing and Neighborhood Revitalization (\$177,000), City Agenda Office (\$25,000), Ethics and Diversity (\$22,000), Mayor and Council (\$7,000), and Park and Recreation (\$264,000) for personnel related expenditures, primarily unbudgeted vacation/sick termination payments.

ENTERPRISE FUNDS

As of August 31, 2018

Department	FY 2017-18 Adopted Budget	FY 2017-18 Amended Budget	YTD Actual	YE Forecast	Variance
AVIATION					
Beginning Fund Balance	\$13,811,768	\$13,811,768		\$14,111,807	\$300,039
Total Revenues:	127,028,405	127,028,405	113,018,548	127,160,169	131,764
Total Expenditures:	127,028,405	127,028,405	100,924,305	127,028,405	0
Ending Fund Balance	\$13,811,768	\$13,811,768		\$14,243,570	\$431,803
CONVENTION AND EVENT SERVICES¹					
Beginning Fund Balance	\$32,258,124	\$32,258,124		\$33,234,399	\$976,275
Total Revenues:	97,787,266	101,187,266	90,787,268	106,882,739	5,695,473
Total Expenditures:	97,787,266	99,371,106	76,851,057	104,430,364	5,059,258
Ending Fund Balance	\$32,258,124	\$34,074,284		\$35,686,774	\$1,612,490
MUNICIPAL RADIO²					
Beginning Fund Balance	\$1,217,847	\$1,217,847		\$1,087,586	(\$130,261)
Total Revenues:	2,098,813	2,098,813	1,681,474	1,826,293	(272,520)
Total Expenditures:	2,051,318	2,051,318	1,706,036	1,822,029	(229,289)
Ending Fund Balance	\$1,265,342	\$1,265,342		\$1,091,850	(\$173,492)
SANITATION SERVICES³					
Beginning Fund Balance	\$22,431,707	\$22,431,707		\$29,641,449	\$7,209,742
Total Revenues:	102,279,097	106,579,097	104,455,092	110,656,618	4,077,521
Total Expenditures:	102,279,097	104,419,917	75,427,946	109,056,415	4,636,498
Ending Fund Balance	\$22,431,707	\$24,590,887		\$31,241,652	\$6,650,765
STORM DRAINAGE MANAGEMENT					
Beginning Fund Balance	\$4,546,490	\$4,546,490		\$7,593,575	\$3,047,085
Total Revenues:	55,987,895	55,987,895	52,821,553	56,269,383	281,488
Total Expenditures:	55,936,837	55,936,837	46,450,080	55,724,975	(211,862)
Ending Fund Balance	\$4,597,548	\$4,597,548		\$8,137,983	\$3,540,435
SUSTAINABLE DEVELOPMENT AND CONSTRUCTION⁴					
Beginning Fund Balance	\$37,809,029	\$37,809,029		\$43,778,944	\$5,969,915
Total Revenues:	31,711,218	31,711,218	33,104,423	33,832,420	2,121,202
Total Expenditures:	32,376,190	32,376,190	29,420,641	32,350,779	(25,411)
Ending Fund Balance	\$37,144,057	\$37,144,057		\$45,260,585	\$8,116,528
Note: FY 2017-18 Budget reflects planned use of fund balance.					
DALLAS WATER UTILITIES⁵					
Beginning Fund Balance	\$84,788,025	\$84,788,025		\$95,808,193	\$11,020,168
Total Revenues:	667,471,388	667,471,388	623,411,614	678,108,173	10,636,785
Total Expenditures:	667,471,388	667,471,388	515,205,604	651,750,964	(15,720,424)
Ending Fund Balance	\$84,788,025	\$84,788,025		\$122,165,402	\$37,377,377

INTERNAL SERVICES FUNDS

As of August 31, 2018

Department	FY 2017-18 Adopted Budget	FY 2017-18 Amended Budget	YTD Actual	YE Forecast	Variance
INFORMATION TECHNOLOGY⁶					
Beginning Fund Balance	\$10,959,687	\$10,959,687		\$10,747,503	(\$212,184)
Total Revenues:	67,963,283	67,963,283	55,479,274	68,601,438	638,155
Total Expenditures:	70,242,680	70,242,680	58,597,348	73,879,104	3,636,424
Ending Fund Balance	\$8,680,290	\$8,680,290		\$5,469,837	(\$3,210,453)
Note: FY 2017-18 Budget reflects planned use of fund balance.					
RADIO SERVICES					
Beginning Fund Balance	\$2,537,356	\$2,537,356		\$2,680,270	\$142,914
Total Revenues:	4,823,063	4,823,063	1,226,623	4,842,498	19,435
Total Expenditures:	4,823,063	4,823,063	4,026,646	4,714,244	(108,819)
Ending Fund Balance	\$2,537,356	\$2,537,356		\$2,808,524	\$271,168
EQUIPMENT SERVICES⁷					
Beginning Fund Balance	\$5,611,863	\$5,611,863		\$7,726,208	\$2,114,345
Total Revenues:	52,652,059	54,152,059	45,816,655	58,404,481	4,252,422
Total Expenditures:	52,652,059	54,417,268	47,051,510	56,760,634	2,343,366
Ending Fund Balance	\$5,611,863	\$5,346,654		\$9,370,055	\$4,023,401
EXPRESS BUSINESS CENTER⁸					
Beginning Fund Balance	\$2,011,100	\$2,011,100		\$1,700,445	(\$310,655)
Total Revenues:	4,231,450	4,231,450	2,990,409	3,177,286	(1,054,164)
Total Expenditures:	3,740,420	3,740,420	1,786,465	2,034,503	(1,705,917)
Ending Fund Balance	\$2,502,130	\$2,502,130		\$2,843,228	\$341,098

OTHER FUNDS

As of August 31, 2018

Department	FY 2017-18 Adopted Budget	FY 2017-18 Amended Budget	YTD Actual	YE Forecast	Variance
9-1-1 SYSTEM OPERATIONS⁹					
Beginning Fund Balance	\$5,941,912	\$5,941,912		\$12,060,896	\$6,118,984
Total Revenues:	12,539,195	12,539,195	11,182,673	12,414,933	(124,262)
Total Expenditures:	15,048,378	16,748,378	10,002,067	16,693,596	(54,782)
Ending Fund Balance	\$3,432,729	\$1,732,729		\$7,782,233	\$6,049,504
Note: FY 2017-18 Budget reflects planned use of fund balance.					
DEBT SERVICE¹⁰					
Beginning Fund Balance	\$13,769,804	\$13,769,804		\$12,613,280	(\$1,156,524)
Total Revenues:	278,149,358	278,149,358	279,614,049	280,272,593	2,123,235
Total Expenditures:	267,322,998	267,322,998	263,466,877	263,466,877	(3,856,121)
Ending Fund Balance	\$24,596,164	\$24,596,164		\$29,418,996	\$4,822,832
EMPLOYEE BENEFITS¹¹					
City Contributions	\$86,088,120	\$86,088,120	76,099,093	\$86,088,120	\$0
Employee Contributions	38,086,396	38,086,396	38,891,211	37,624,465	(461,931)
Retiree	30,118,491	30,118,491	26,366,902	31,448,943	1,330,452
Other	0	0	213,406	0	0
Total Revenues:	154,293,007	154,293,007	141,570,612	155,161,528	868,521
Total Expenditures:	\$154,293,007	\$154,293,007	\$121,404,707	\$149,728,266	(\$4,564,741)
Note: The FY 2017-18 YE forecast reflect claim expenses expected to occur in the fiscal year. Fund balance (not included) reflects incurred but not reported claims (IBNR).					
RISK MANAGEMENT¹²					
Worker's Compensation	\$13,219,304	\$13,219,304	\$14,383,822	\$14,383,822	\$1,164,518
Third Party Liability	10,203,093	10,203,093	5,038,686	13,561,489	3,358,396
Purchased Insurance	3,090,183	3,090,183	3,033,882	3,033,882	(56,301)
Interest and Other	406,970	406,970	75,701	75,701	(331,269)
Total Revenues:	26,919,550	26,512,580	22,456,390	30,979,193	4,466,613
Total Expenditures:	\$29,406,225	\$29,406,225	\$19,582,626	\$25,847,865	(\$3,558,360)
Note: The FY 2017-18 YE forecast reflect claim expenses expected to occur in the fiscal year. Fund balance (not included) reflects the total current liability for Risk Management (Worker's Compensation/Liability/Property Insurance).					

VARIANCE NOTES

The Enterprise, Internal Service, and Other Funds summary includes the beginning fund balance with the YE revenue and expenditure forecasts. As of August 31, 2018, the Year-End Forecast beginning fund balance represents the FY 2016-17 audited ending fund balance. Variance notes are provided below for funds with a YE forecast variance of +/- five percent, funds with YE forecast projected to exceed budget, and funds with projected use of fund balance.

1 Convention and Event Services. Convention and Event Services budget was increased by \$1.6 million on April 25, 2018 by ordinance 30843 due to increased food and beverage expenses and by an offsetting \$3.4 million increase in catering service revenues. Convention and Event Services revenues are projected to exceed budget by \$5.7 million primarily due to greater than projected Hotel Occupancy Tax collections. Expenditures are projected to be \$5.1 million greater than budget primarily due to an increased food and beverage expenses fully offset by additional catering revenue.

2 Municipal Radio. Municipal Radio FY 2017-18 revenues are projected to be lower than budget by \$272,000 due a decrease in projected local radio advertisement sales. Local arts groups and small retailers (which account for the largest portion of local sales) have difficulty with the cost of media buys in DFW's large media market. Expenditures are projected to be \$229,000 below budget primarily due to hiring delays.

3 Sanitation Services. Sanitation Services budget was increased by \$2.1 million on April 25, 2018 by ordinance 30843 for increased landfill disposal fees paid to Texas Commission on Environmental Quality (TCEQ), Equipment Services maintenance charges and master lease payments and by an offsetting \$4.6 million increase in landfill revenues. Sanitation Services revenues are projected to be \$4.1 million over budget primarily due to higher than anticipated residential collection revenues and increased non-contract landfill customer usage. Expenditures are projected to exceed budget by \$4.6 million primarily due to an additional transfer to the Sanitation capital improvement fund, increased landfill equipment usage and repair costs, increased fuel costs, and increased overtime and contracted labor expenses related to high truck driver turnover.

4 Sustainable Development and Construction. Sustainable Development and Construction revenues are projected to be \$2.1 million over budget primarily due to greater than anticipated construction permit activity and corresponding charges for service for Express Plan Review and Private Development Review.

5 Dallas Water Utilities. Water Utilities expenditures are projected to be \$15.7 million less than budget due to a settlement of potential litigation with Sabine River Authority (SRA). The escrow payment savings will be used to minimize future rate increases. City Council was briefed on this topic in February 2018. Revenues are projected to be \$10.6 million over budget due to excess water consumption accompanying high temperatures during the month of July and August.

6 Information Technology. Information Technology expenditures will exceed revenue by \$5.3 million to fund an additional technology construction fund transfer using fund balance.

7 Equipment Services. Equipment Services budget was increased by \$475,000 on April 11, 2018 by ordinance for a fleet consultant study, and by \$1.2 million on April 25, 2018 by ordinance 30843. The amendment on April 25, 2018 was due to unbudgeted equipment maintenance charges for retained vehicles, increased motor pool use, and increased costs for make ready of new vehicles offset by additional revenues. Equipment Services FY 2017-18 YE forecast expenditures are projected to be \$2.3 million greater than budget due to increased fuel costs and planned use of fund balance to fund a fleet consultant study. Revenues are projected to be \$4.2 million greater than budget due to large work orders completed for Sanitation, Code Compliance Services, and Dallas Police Department.

8 Express Business Center. Express Business Center expenditures are projected to be \$1.7 million less than budget and revenues \$1.1 million less than budget primarily due to the transfer of the water bill printing services to Dallas Water Utilities (DWU) at the end of September 2017. Water bill printing services will be provided by a vendor and expensed in DWU.

VARIANCE NOTES

9 9-1-1 System Operations. 9-1-1 System Operations budget was increased by \$1.7 million on April 25, 2018 by ordinance 30843 for a greater than budgeted \$1.7 million reimbursement to Dallas Fire Rescue. 9-1-1 System Operations FY 2017-18 YE forecast expenditures will exceed revenue due to planned use of fund balance.

10 Debt Service Fund. Debt Service Fund FY 2017-18 YE forecast revenues will exceed budget by \$2.1 million primarily due to property tax collections trending above average and greater than budgeted interest earnings. Expenditures are projected \$3.9 million less than budget due to the refunding in November 2017 of 2007 GO Bonds.

11 Employee Benefits. Employee Benefits FY 2017-18 YE forecast expenditures are projected to be \$4.6 million below budget primarily due to lower than budgeted medical claim expenses for active employees.

12 Risk Management. Risk Management FY 2017-18 YE forecast expenditures are less than budget due to planned resolution of settlements in the current year moving to FY 2018-19.



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