

Memorandum



CITY OF DALLAS

DATE April 10, 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 February 2017. This report covers five months of this fiscal year.

We forecast General Fund revenues will exceed expenses at the end of the fiscal year by \$3.1 million. Based on current forecasts, revenues will be \$1.3 million below budget and expenses will be \$4.4 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 \$4.5 million below budget primarily because of reductions in Fire-Rescue Department revenues including fire watch inspection services, contract delays for the Mobile Community Health Program, and a change to the interlocal agreement with Parkland Health System.
- We forecast Fire Department expenditures will be \$0.8 million below budget primarily because of salary and pension savings, offset by increased use of overtime and increased vacation/sick termination payments. We anticipate attrition of 190 officers this year and hiring of 98.
- 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. We anticipate attrition of 360 officers this year and hiring of 200.

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.

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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 Bizer 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 February 28, 2017



GENERAL FUND

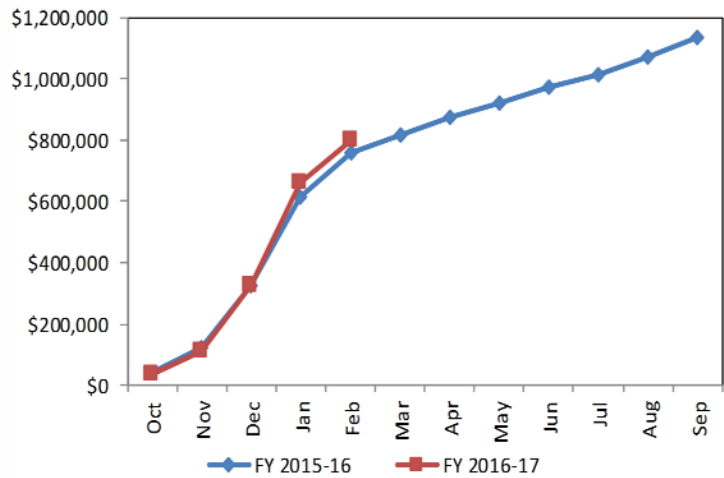
As of February 28, 2017
(000s)

ITEM	AMENDED BUDGET¹	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
Revenues	\$1,230,598	\$799,426	\$1,229,324	(\$1,274)
Expenditures	1,230,598	449,207	1,226,230	(4,368)
Net Excess of Revenues Over Expenditures/Transfers	\$0	\$350,219	\$3,094	\$3,094

GENERAL FUND REVENUES

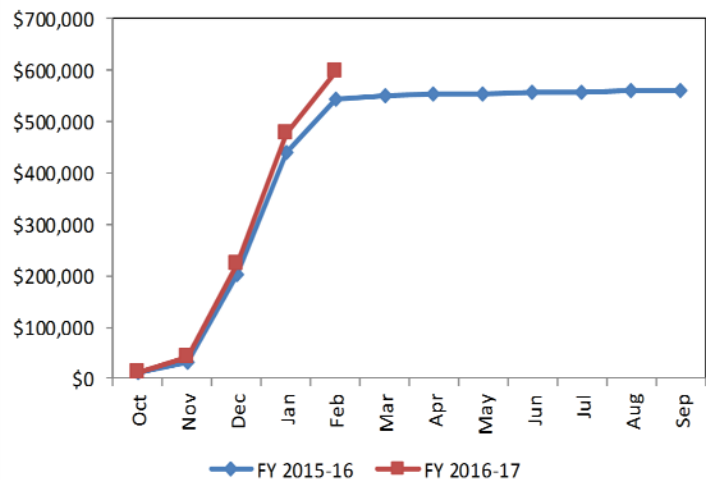
ALL SOURCES

	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	139,749	(8,226)
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	\$799,426	\$39,255



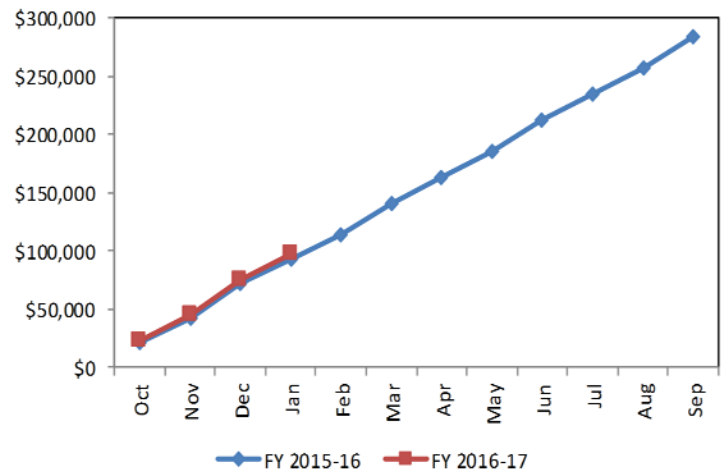
PROPERTY TAX

	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	120,141	16,116
Mar	7,675		
Apr	2,364		
May	1,593		
Jun	2,523		
Jul	858		
Aug	852		
Sep	891		
Total	\$559,978	\$595,925	\$52,704



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 February 28, 2017
(000s)

	AMENDED BUDGET¹	REVENUES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
TAXES				
Ad Valorem Tax ²	\$610,219	\$595,925	\$611,900	\$1,681
Sales Tax ³	292,189	97,380	293,260	1,071
TOTAL TAXES	902,408	693,305	905,160	2,752
FRANCHISE REVENUES				
Oncor Electric ⁴	51,078	28,417	52,108	1,030
AT&T	9,594	5,198	9,594	0
Atmos Energy ⁵	17,157	6,422	16,157	(1,000)
Time Warner Cable	6,210	1,668	6,210	0
Other	29,737	13,071	30,370	634
TOTAL FRANCHISE REVENUES	113,775	54,776	114,439	664
LICENSES AND PERMITS	4,891	2,746	4,871	(19)
INTEREST EARNED⁶	1,316	1,371	2,783	1,467
INTERGOVERNMENTAL⁷	8,501	435	9,065	565
FINES AND FORFEITURES				
Municipal Court ⁸	18,701	6,943	16,191	(2,510)
Vehicle Towing & Storage	7,146	3,185	7,346	200
Parking Fines	5,022	1,391	5,022	0
Red Light Camera Fines	7,460	0	7,460	0
Public Library ⁹	431	73	295	(136)
TOTAL FINES	38,760	11,592	36,314	(2,446)
CHARGES FOR SERVICE				
Parks	10,522	3,209	10,620	98
Emergency Ambulance	32,091	6,665	32,347	255
Security Alarm	4,380	1,725	4,375	(5)
Street Lighting	648	285	648	0
Vital Statistics	1,600	666	1,614	14
Other ¹⁰	28,311	9,812	23,847	(4,464)
TOTAL CHARGES	77,552	22,363	73,451	(4,101)
INTERFUND REVENUE	75,782	9,969	75,549	(232)
MISCELLANEOUS	7,616	2,870	7,692	77
TOTAL REVENUES	\$1,230,598	\$799,426	\$1,229,324	(\$1,274)

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	87,016	2,333
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 \$449,207 (\$11,057)

POLICE

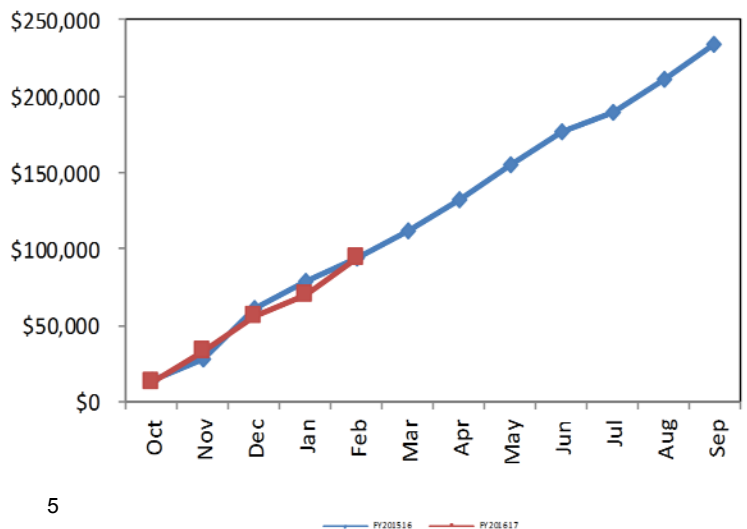
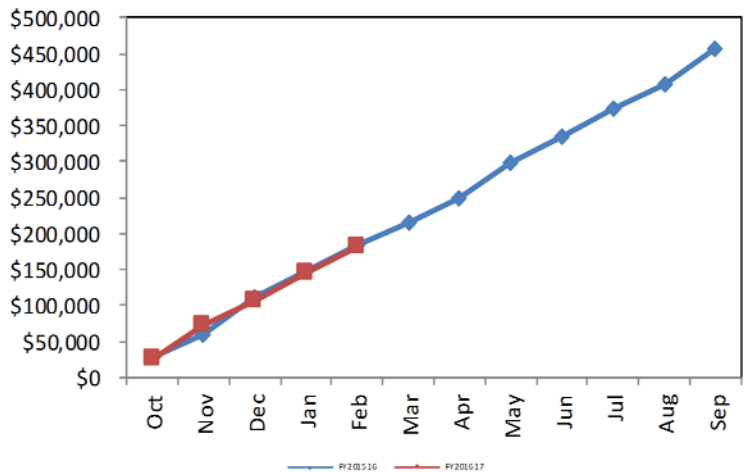
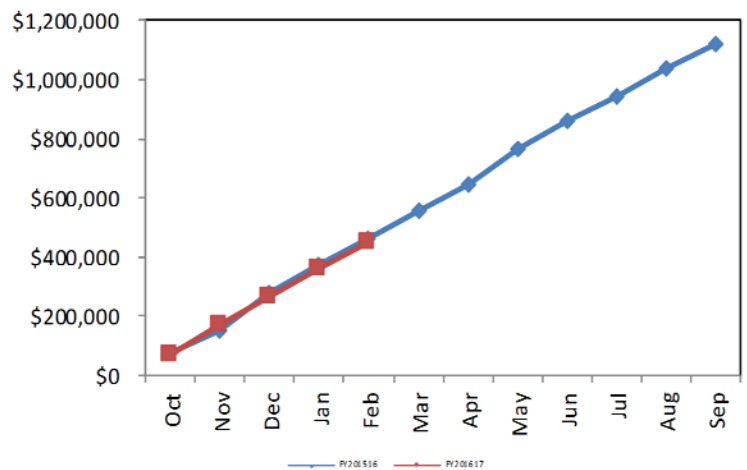
	FY 2015-16	FY 2016-17	Variance
Oct	\$28,488	\$25,289	(\$3,199)
Nov	31,370	46,089	14,719
Dec	52,490	35,634	(16,856)
Jan	35,550	37,304	1,754
Feb	37,126	36,295	(831)
Mar	30,058		
Apr	34,931		
May	48,649		
Jun	37,058		
Jul	38,075		
Aug	32,689		
Sep	49,363		

Total \$455,847 \$180,611 (\$4,413)

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	23,830	7,702
Mar	18,076		
Apr	19,295		
May	23,154		
Jun	21,372		
Jul	13,779		
Aug	21,006		
Sep	23,230		

Total \$234,154 \$94,119 (\$123)



GENERAL FUND EXPENDITURES

As of February 28, 2017
(000s)

DEPARTMENT	AMENDED BUDGET ¹	EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
Building Services	\$25,312	\$12,179	\$25,312	\$0
Business Dev/Procurement Svcs	3,041	1,170	3,037	(3)
City Attorney's Office	16,783	6,370	16,783	0
City Auditor's Office	3,194	1,112	3,118	(76)
City Controller's Office	5,441	1,866	5,281	(161)
City Manager's Office	2,305	1,328	2,305	0
City Secretary's Office	2,029	644	2,029	(0)
Civil Service	2,887	918	2,885	(2)
Code Compliance	42,386	16,680	42,386	0
Court Services	11,976	4,679	11,828	(147)
Elections ¹¹	1,401	40	1,902	502
Fire ¹²	254,603	94,119	253,779	(823)
Housing	14,403	3,226	14,403	(0)
Human Resources	5,220	2,068	5,132	(88)
Independent Audit	865	-	865	0
Jail Contract - Lew Sterret	7,813	2,604	7,813	0
Judiciary	3,296	1,384	3,233	(62)
Library	29,984	11,891	29,984	0
Management Services	10,235	4,576	10,220	(16)
Mayor and Council	4,465	1,757	4,532	67
Mobility and Street Services	84,577	38,257	84,547	(30)
Mobility and Street Services-Street Lighting	16,956	6,735	16,956	0
Non-Departmental	70,412	980	70,101	(312)
Office of Cultural Affairs	19,605	11,830	19,605	0
Office of Economic Development	2,575	1,647	2,575	0
Office of Financial Services	2,957	970	2,954	(2)
Park and Recreation	94,673	37,172	94,450	(223)
Planning & Urban Design	3,029	963	2,923	(106)
Police ¹³	478,004	180,611	475,148	(2,856)
Sustainable Dev/Construction	1,386	1,153	1,357	(29)
Trinity Watershed Management	1,318	276	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 ¹⁴	1,537	0	1,537	0
TOTAL EXPENDITURES	\$1,230,598	\$449,207	\$1,226,230	(\$4,368)

PROPRIETARY FUNDS

As of February 28, 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	10,102	26,352	(791)
Terminal Concessions	25,416	9,036	25,403	(12)
Landing Fees	17,784	7,488	17,784	(0)
Rental on Airport - Terminal	14,789	5,676	14,789	0
Rental on Airport - Field	8,586	3,182	8,586	0
Fuel Flow Fees	1,225	452	1,225	(0)
All Remaining Revenues	3,230	2,272	4,522	1,291
TOTAL REVENUES	98,174	38,206	98,662	489
TOTAL EXPENDITURES	99,188	30,463	99,124	(64)
ENDING FUND BALANCE	\$8,893	\$ -	\$9,445	\$552
CONVENTION AND EVENT SERVICES				
BEGINNING FUND BALANCE	\$29,150	\$ -	\$29,150	\$ -
REVENUES:				
Hotel Occupancy Tax	58,856	17,822	58,527	(330)
Alcoholic Beverage Tax	12,445	3,140	12,528	82
Operating Revenues	25,002	10,361	27,624	2,622
Office of Special Events	100	48	106	7
TOTAL REVENUES¹⁵	96,403	31,372	98,785	2,382
TOTAL EXPENDITURES¹⁵	96,403	28,174	98,785	2,382
ENDING FUND BALANCE	\$29,150	\$ -	\$29,150	\$0

PROPRIETARY FUNDS

As of February 28, 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	9,315	19,603	363
Certificate of Occupancy	1,412	478	1,412	0
Plan Review	3,749	1,928	3,870	121
Registration/License	1,028	451	1,028	0
Special Plats	887	449	887	0
Private Development	1,010	602	1,156	146
Zoning	1,184	448	1,184	0
Interest Earnings	117	180	155	38
All Remaining Revenues	1,477	761	1,477	0
TOTAL REVENUES	30,103	14,612	30,772	668
TOTAL EXPENDITURES¹⁶	36,090	9,936	32,041	(4,050)
ENDING FUND BALANCE	\$30,869	\$ -	\$35,587	\$4,718
MUNICIPAL RADIO				
BEGINNING FUND BALANCE	\$1,288	\$ -	\$1,288	\$ -
REVENUES:				
Local and National Sales	1,980	715	2,000	20
All Remaining Revenues	75	6	15	(60)
TOTAL REVENUES	2,055	721	2,015	(40)
TOTAL EXPENDITURES	2,032	803	1,923	(109)
ENDING FUND BALANCE	\$1,310	\$ -	\$1,379	\$69

PROPRIETARY FUNDS

As of February 28, 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	109,321	294,846	419
Treated Water - Wholesale	84,700	34,153	83,833	(868)
Wastewater - Retail	236,075	91,189	234,036	(2,039)
Wastewater - Wholesale	10,554	4,074	10,188	(366)
All Remaining Revenues	31,708	12,537	31,379	(329)
TOTAL REVENUES	657,465	251,274	654,282	(3,183)
TOTAL EXPENDITURES	657,465	204,425	654,282	(3,183)
ENDING FUND BALANCE	\$87,038	\$ -	\$87,038	\$0
COMMUNICATION & INFORMATION SERVICES				
BEGINNING FUND BALANCE	\$11,178	\$ -	\$11,178	\$ -
REVENUES:				
Interdepartmental Charges	58,330	14,046	58,330	0
Telephones Leased	7,723	780	7,723	0
Circuits	1,449	0	1,449	0
Desktop Services	0	2	2	2
Interest	150	50	120	(20)
Equipment Rental	5,002	71	5,002	0
Miscellaneous	171	56	171	1
TOTAL REVENUES	72,825	15,005	72,797	(28)
TOTAL EXPENDITURES	74,838	36,222	74,392	(446)
ENDING FUND BALANCE	\$9,165	\$ -	\$9,583	\$418

PROPRIETARY FUNDS

As of February 28, 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	5,989	34,536	995
Fuel	16,482	2,388	16,482	0
Auto Auction/Non-Taxable	418	267	418	0
Miscellaneous Revenue	391	284	533	142
Interest and Other	5	0	0	(5)
TOTAL REVENUES	50,837	8,928	51,969	1,132
TOTAL EXPENDITURES	50,837	14,978	51,481	644
ENDING FUND BALANCE	\$4,450	\$ -	\$4,938	\$489
 EXPRESS BUSINESS CENTER				
BEGINNING FUND BALANCE	\$1,631	\$ -	\$1,631	\$ -
REVENUES:				
Postage Sales	2,703	607	2,703	0
All Other Revenues	1,278	922	1,278	0
TOTAL REVENUES	3,981	1,529	3,981	0
TOTAL EXPENDITURES	3,780	1,177	3,780	0
ENDING FUND BALANCE	\$1,833	\$ -	\$1,833	\$0

PROPRIETARY FUNDS

As of February 28, 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	31,126	73,445	943
Cost Plus Bulk/Brush	122	50	126	5
Sale of Recyclables	695	695	1,026	331
City Facility Collection	737	314	753	16
Landfill Revenue	21,890	12,238	24,970	3,080
TOTAL REVENUES¹⁷	95,946	44,423	100,321	4,375
TOTAL EXPENDITURES¹⁷	95,946	30,735	96,719	773
ENDING FUND BALANCE	\$14,681	\$ -	\$18,283	\$3,602

OTHER FUNDS

As of February 28, 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	2,491	6,340	(35)
9-1-1 Service Receipts - Wireline	6,450	2,582	6,282	(168)
Interest and Other	48	32	79	31
TOTAL REVENUES	12,873	5,105	12,701	(172)
TOTAL EXPENDITURES	16,389	2,061	16,377	(11)
ENDING FUND BALANCE	\$1,978	\$ -	\$1,818	(\$161)
 STORM DRAINAGE MANAGEMENT				
BEGINNING FUND BALANCE	\$6,754	\$ -	\$6,754	\$ -
REVENUES:				
Storm Water Fees	50,856	19,758	50,856	-
Interest and Other	81	37	81	0
TOTAL REVENUES	50,937	19,795	50,937	0
TOTAL EXPENDITURES	53,008	10,596	52,989	(18)
ENDING FUND BALANCE	\$4,683	\$ -	\$4,701	\$18

OTHER FUNDS

As of February 28, 2017
(000s)

DEPARTMENT	BUDGET	YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
EMPLOYEE BENEFITS				
BENEFITS ADMINISTRATION				
TOTAL EXPENDITURES	\$998	\$268	\$998	\$0
WELLNESS PROGRAM				
TOTAL EXPENDITURES	\$349	\$63	\$281	(\$68)
RISK MANAGEMENT				
TOTAL EXPENDITURES	\$2,630	\$1,120	\$2,641	\$11

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)
Paid February 2017	(343)
Balance as of February 28, 2017	10,935

DEBT SERVICE FUND

As of February 28, 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	243,113	625
Interest/Transfers/Other	19,799	652	19,799	0
TOTAL REVENUES	262,287	189,653	262,912	625
TOTAL EXPENDITURES	261,865	209,698	261,865	0
ENDING FUND BALANCE	\$10,657	\$ -	\$11,282	\$625

NOTES

(Dollars in 000s)

1. The General Fund budget was amended/increased based on Council's approved use of contingency reserve funds:
 - Increased 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; and
 - Increased by \$759 on March 22, 2017 by CR# 17-0483 for actuarial services related to the Dallas Police and Fire Pension System.
2. Ad Valorem tax revenues are forecast to be \$1,681 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 current 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 current 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 \$565 above budget primarily due to a 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 \$136 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 \$4,464 below budget primarily due to the reduction of fire watch inspection services at the American Airlines Center, contract delays for the Mobile Community Health Program and a change in the interlocal agreement with Parkland Health System for Biotel services whereby government entities that would formerly reimburse the City for Biotel services now contract directly with Parkland.
11. Elections expenditures are forecast to be \$502 above budget due to an increase in costs associated with several jurisdictions withdrawing from the May Joint Election.

NOTES

(Dollars in 000s)

12. Fire Department expenditures are forecast to be \$823 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.

13. Police Department expenditures are forecast to be \$2,856 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, the Police Department planned to hire 451 officers this year, however, that proved to be extremely difficult so the revised plan includes 200 new hires.

14. Salary and Benefit Reserve funds were allocated to City Attorney's Office (\$124) and City Manager's Office (\$340) to offset vacation/sick termination payments.

15. Convention and Event Services is projected to be \$2,382 above budget in revenues and expenditures due to large catered events that exceeded the contractual minimum guarantees.

16. Sustainable Development and Construction is projected to be \$4,050 below budget due to vacancies and technology enhancements deferred to FY 2017-18.

17. Sanitation Services revenues are projected to be \$4,375 above budget due to an increase in cash customers at the landfill. Expenses are projected to be \$773 above budget due to increase in landfill activity.