

Memorandum



CITY OF DALLAS

DATE June 26, 2026

TO Honorable Mayor and Members of the City Council

SUBJECT **External Audit Reports for 2025**

We are pleased to report that all external financial audits for fiscal year 2025 (FY25) that ended on September 30, 2025, are now completed. **The City of Dallas received unmodified or clean opinions for all 2025 external audits.** Links to all reports are provided below.

- On **January 21, 2026**, we received the audit opinion for the annual financial statements of the [Downtown Dallas Development Authority](#) for FY25.
- On **March 23, 2026**, the [City of Dallas' Annual Comprehensive Financial Report \(ACFR\)](#) was completed and published. This report is a summary of the financial activities of the City for FY25.
- On **March 30, 2026**, we received the audit opinion for the annual financial report for [Dallas Water Utilities](#) for FY25.
- On **March 31, 2026**, we received audit opinions for the annual financial reports of the [Airport Revenues Fund](#) and [Schedule of Passenger Facility Charges Collected and Expended](#) for FY25.
- On **June 22, 2026**, we received the City of Dallas' [Federal Single Audit](#) and [State Single Audit](#) reports for FY25. The Federal and State Single Audits are annual reports checking for compliance with how the City administers its Federal and State financial assistance as required by the Office of Management and Budget (OMB) and State of Texas Uniform Grant Management Standards.
- On **June 22, 2026**, we received the audit opinion for the annual financial report of the [Dallas Convention Center Hotel Development Corporation \(DCCHDC\)](#) for the year ending on December 31, 2025.

Thank you for your continued support of the work of the City Controller's Office. We look forward to working with you to further strengthen the City's financial policies and operations.

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If you have any questions, please contact Sheri Kowalski, City Controller or Lance Sehorn, Assistant City Controller.

Service First, Now!



Jack Ireland
Chief Financial Officer

c: Kimberly Bizer Tolbert, City Manager
Bertram Vandenberg, City Attorney (I)
Mamatha Sparks, City Auditor (I)
Billieae Johnson, City Secretary
Preston Robinson, Administrative Judge
Baron Eliason, Inspector General (I)
Dominique Artis, Chief of Public Safety

Dev Rastogi, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Alina Ciocan, Assistant City Manager
Robin Bentley, Assistant City Manager
Ahmad Goree, Chief of Staff to the City Manager
John Johnson, Chief of Real Estate
Directors and Assistant Directors

Memorandum



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DATE June 26, 2026

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SUBJECT **Dallas Water Utilities 2025 Water Loss Audit and Mitigation Efforts**

This memorandum provides an update on Dallas Water Utilities' (DWU) 2025 Water Loss Audit, ongoing water loss mitigation efforts, and planned initiatives to further reduce water loss throughout the water distribution system.

DWU provides safe, reliable drinking water to more than 2.6 million people in Dallas and 27 surrounding communities. As one of the largest municipal water systems in the nation, DWU manages nearly 5,100 miles of water pipelines ranging from 0.75-inch to 108-inch diameter and serves an area of approximately 700 square miles.

The Texas Water Development Board (TWDB) requires public water systems to complete an annual water loss audit to identify and quantify water losses within the distribution system and establish a baseline for improving water loss control efforts. DWU completed its 2025 Water Loss Audit in compliance with these requirements.

The 2025 audit identified 10.36 billion gallons of real water loss, compared to 10.15 billion gallons reported in 2024. This increase represents a relatively small year-over-year change for a system of DWU's size and complexity. Water loss is an expected and unavoidable component of operating a large water distribution system and can be influenced by several factors, including increased water demand, system pressures, shifting soils, temperature fluctuations, aging infrastructure, and the normal wear associated with moving large volumes of water through pipelines each day. In accordance with House Bill 29, passed during the 89th Texas Legislature, DWU's 2025 audit will undergo an independent third-party validation to verify reported data and further strengthen the accuracy and integrity of our reporting practices.

DWU continues to make significant investments to proactively reduce water loss and improve system reliability. The utility replaces approximately 40 miles of water mains annually and has replaced more than 400 miles of aging pipeline infrastructure during the past decade. These improvements help reduce the likelihood of leaks and water main breaks while enhancing overall system performance.

In addition to infrastructure replacement, DWU operates a comprehensive Leak Detection Program utilizing advanced technologies to identify hidden, non-surfacing leaks throughout the water distribution system. Through the use of these technologies, DWU can locate leaks on transmission mains, distribution pipelines, service lines, and fire hydrants that may otherwise remain undetected for extended periods.

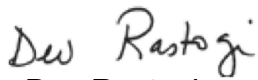
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To further enhance leak response efforts, DWU is pursuing additional contracted repair resources to supplement existing in-house capabilities. The department is also preparing a Water Loss Mitigation Plan, which will be submitted to the TWDB in spring 2027 as required under state regulations.

Residents can assist in identifying potential water loss by reporting suspected leaks through [Dallas 311 online](#) or via the Dallas 311 mobile application, available on both [iOS](#) and [Android](#) devices.

If you have questions, please contact Sarah Standifer, Director of Dallas Water Utilities, at sarah.standifer@dallas.gov.

Service First, Now!



Dev Rastogi
Assistant City Manager

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