

Memorandum



CITY OF DALLAS

DATE January 19, 2018

TO Honorable Mayor and Members of the City Council

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

Please find attached the Financial Forecast Report based on information through November 2018.

We currently forecast General Fund revenues will exceed expenses at the end of the fiscal year by \$2.0 million. Revenues are forecast to be \$0.8 million above budget primarily due to sales tax revenues. Expenses are forecast to be \$1.1 million below budget primarily due to personnel services savings.

Details related to other budget variances may be found throughout 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

Attachment

c: T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Billerae Johnson, City Secretary (Interim)
Daniel F. Solis, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

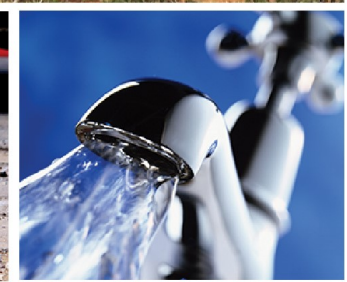
Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Jo M. (Jody) Puckett, Assistant City Manager (Interim)
Nadia Chandler Hardy, Chief of Community Services
Raquel Favela, Chief of Economic Development & Neighborhood Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors



FY 2017-18 Financial Forecast Report

Information as of November 30, 2017

SERVICE FIRST



GENERAL FUND OVERVIEW

As of November 30, 2017

	FY 2017-18 Adopted Budget	FY 2017-18 Amended Budget	YTD Actual	YE Forecast	Variance
Beginning Fund Balance	\$160,617,192	\$160,617,192	\$160,617,192	\$ 160,617,192	\$0
Revenues	1,276,420,942	1,276,560,346	120,012,224	1,277,389,325	828,979
Expenditures	1,276,420,942	1,276,560,346	188,924,813	1,275,426,715	(1,133,631)
Ending Fund Balance	\$160,617,192	\$160,617,192	\$91,704,603	\$162,579,802	\$1,962,610

SUMMARY

The General Fund overview provides a summary of financial activity through November 30, 2017. The Adopted Budget reflects the budget adopted by City Council on September 20, 2017 effective October 1st through September 30th. The Amended Budget column reflects City Council approved transfers between funds and programs and approved use of contingency. Through the first two months of this fiscal year, General Fund revenues are forecast to exceed expenses by \$2 million. Revenues are forecast to be above budget by \$0.8 million and expenditures below budget by \$1.1 million.

Revenues. Through November 30, 2017, the increase in General Fund revenue is due primarily to Sales tax revenues (\$631k) and Fines and Forfeitures (\$166k). Sales tax receipts have increased by 3.6 percent over the most recent 12 months.

Expenditures. Through November 30, 2017, General Fund expenditures are projected to be under budget by \$1.1 million. Most departments are experiencing favorable variances as a result of vacancies. The General Fund budget was increased on November 8, 2017 by resolution #17-1735 in the amount of \$139,404 to reimburse the AT&T Performing Arts Center (ATTPAC) for emergency flood remediation and repairs at the Dee and Charles Wylly Theatre.

GENERAL FUND REVENUES

As of November 30, 2017

Revenue Category	FY 2017-18 Adopted Budget	FY 2017-18 Amended Budget	YTD Actual	YE Forecast	Variance
Property Tax	\$652,067,958	\$652,067,958	\$47,102,116	\$652,067,958	\$0
Sales Tax ¹	303,349,086	303,349,086	24,658,939	303,980,536	631,450
Franchise & Other	135,319,609	135,319,609	29,740,663	135,319,609	0
Charges for Services	103,578,036	103,578,036	11,864,616	103,653,134	75,098
Fines and Forfeitures	36,515,082	36,515,082	3,810,548	36,680,783	165,701
Operating Transfers In ²	22,777,865	22,917,269	139,404	22,917,269	0
Intergovernmental	9,548,046	9,548,046	787,428	9,501,623	(46,423)
Miscellaneous	6,580,004	6,580,004	933,668	6,639,776	59,772
Licenses & Permits	4,668,685	4,668,685	806,102	4,611,549	(57,136)
Interest	2,016,571	2,016,571	168,740	2,017,089	518
Total Revenue	\$1,276,420,942	\$1,276,560,346	\$120,012,224	\$1,277,389,325	\$828,979

VARIANCE NOTES

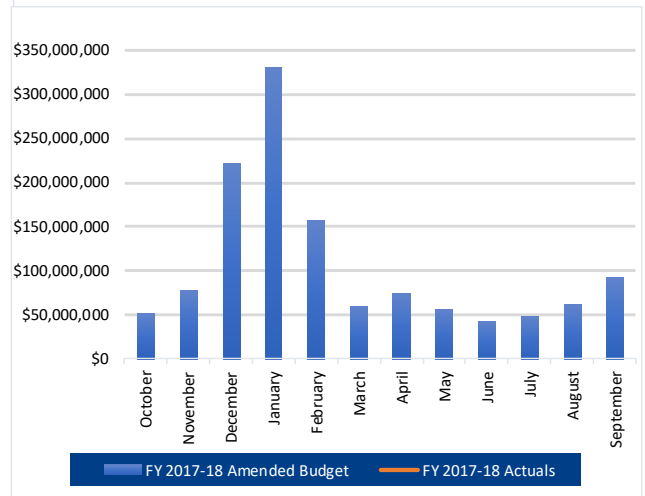
General Fund revenue variance notes are provided below for revenue categories with year-end (YE) forecast variances of +/- five percent and revenue with an Amended Budget. In addition, charts depicting all revenue sources, property tax and sales tax are provided.

1 Sales Tax. Sales tax revenues are forecast to be 2.6 percent (\$631k) greater than budget based on most recent sales tax receipts. Sales tax receipts have increased by 3.6 percent over the most recent 12 months.

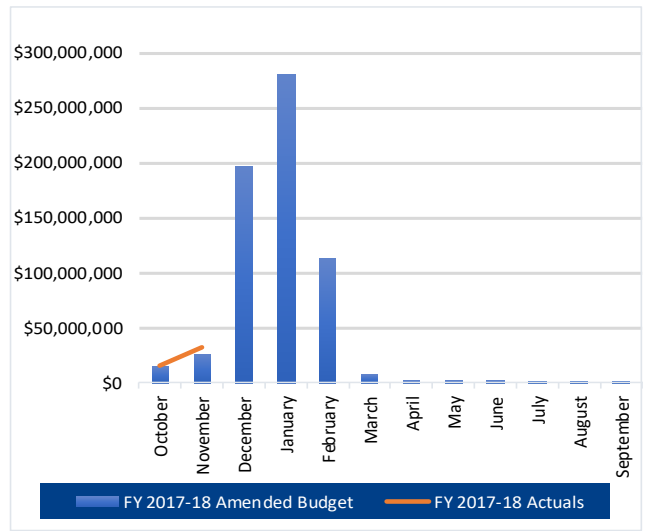
2 Operating Transfer In. Operating Transfer In was amended on November 8, 2017 by CR# 17-1735 (approved use of contingency reserve funds) to reimburse the ATPAC for emergency flood remediation and repairs at the Dee and Charles Wyly Theatre.

GENERAL FUND REVENUES

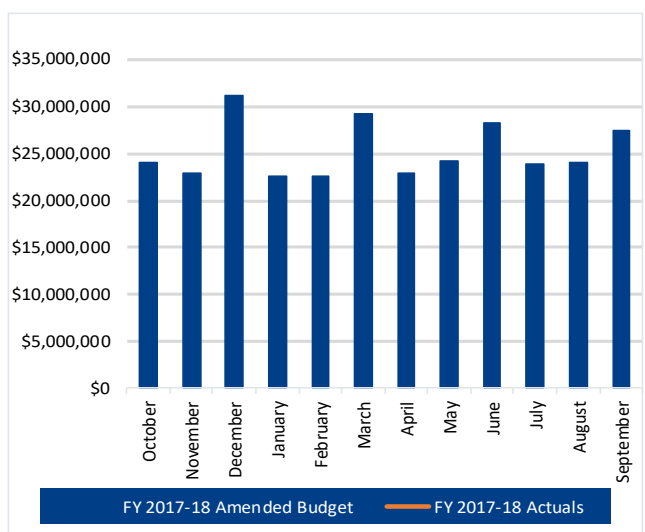
All SOURCES			
Month	FY 2017-18 Amended Budget	FY 2017-18 Actuals	Variance
October	\$52,073,835	\$65,182,941	\$13,109,105
November	78,172,955	54,829,283	(23,343,672)
December	222,029,274		
January	330,170,196		
February	157,510,148		
March	60,192,393		
April	74,883,202		
May	56,482,563		
June	42,251,343		
July	48,495,297		
August	61,352,241		
September	92,946,897		
Total	\$1,276,560,346	\$120,012,224	(\$10,234,567)



PROPERTY TAX			
Month	FY 2017-18 Amended Budget	FY 2017-18 Actuals	Variance
October	\$15,759,916	\$15,278,153	(\$481,763)
November	26,041,414	31,823,963	5,782,549
December	197,519,352		
January	280,281,095		
February	114,194,684		
March	8,304,849		
April	2,928,330		
May	1,995,233		
June	2,311,688		
July	890,591		
August	1,176,547		
September	664,257		
Total	\$652,067,958	\$47,102,116	\$5,300,786



Sales Tax			
Month	FY 2017-18 Amended Budget	FY 2017-18 Actuals	Variance
October	\$24,027,490	\$24,658,939	\$631,450
November	22,902,421		
December	31,146,284		
January	22,533,258		
February	22,625,117		
March	29,299,787		
April	22,942,319		
May	24,183,127		
June	28,316,129		
July	23,915,178		
August	24,049,220		
September	27,408,755		
Total	\$303,349,086	\$24,658,939	\$631,450



GENERAL FUND EXPENDITURES

As of November 30, 2017

Expenditure Category	FY 2017-18 Amended Budget	YTD Actual	YE Forecast	Variance
Civilian Pay	\$235,881,912	\$29,131,869	\$233,836,179	(\$2,045,733)
Civilian Overtime	6,087,198	1,314,956	7,318,355	1,231,157
Civilian Pension	33,846,810	4,248,169	33,575,724	(271,086)
Uniform Pay	365,698,679	62,002,007	357,707,618	(7,991,061)
Uniform Overtime	32,197,371	8,391,119	39,508,690	7,311,319
Uniform Pension	153,665,564	22,654,692	153,665,564	0
Health Benefits	62,763,181	8,336,650	62,763,181	0
Other Personnel Services	59,540,877	2,033,637	59,164,763	(376,114)
Total Personnel Services ¹	949,681,592	138,113,100	947,540,074	(2,141,518)
Supplies ²	76,585,788	11,508,053	77,869,396	1,283,608
Contractual Services ³	340,205,826	38,399,048	341,174,835	969,009
Capital Outlay ⁴	8,000,250	1,116,180	8,602,907	602,657
Reimbursements ⁵	(97,913,110)	(211,568)	(99,760,497)	(1,847,387)
Total Expenditures	\$1,276,560,346	\$188,924,813	\$1,275,426,715	(\$1,133,631)

VARIANCE NOTES

1 Personnel Services. Year-end forecast variance of \$2.1 million due to civilian and uniform salary savings. Uniform overtime YE forecast assumes \$6.0 million for the Dallas Police Department and \$1.3 for Dallas Fire Rescue. 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 are \$1.3 million over budget.

3 Contractual Services. Current year-end forecast are \$969k over budget due to temporary staffing.

4 Capital Outlay. Current year-end forecasts are \$603k over budget due primarily to vehicles purchased by Dallas Animal Services that will be reimbursed by an unbudgeted reimbursement.

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 \$1.8 million greater than budget.

GENERAL FUND EXPENDITURES

As of November 30, 2017

Expenditure By Department	FY 2017-18 Adopted Budget	FY 2017-18 Amended Budget	YTD Actual	YE Forecast	Variance
Building Services	\$28,590,583	\$28,590,583	\$4,690,517	\$28,590,583	\$0
City Attorney's Office	16,788,175	16,788,175	2,228,273	16,784,835	(3,340)
City Auditor's Office	3,360,043	3,360,043	390,043	3,311,955	(48,088)
City Controller's Office	5,351,812	5,351,812	793,075	5,351,812	0
Independent Audit	891,157	891,157	0	891,157	0
City Manager's Office	2,266,902	2,266,902	317,465	2,266,902	0
City Secretary ¹	2,367,327	2,632,693	310,488	2,617,563	(15,130)
Civil Services	3,080,815	3,080,815	371,316	3,080,815	0
Code Compliance	30,438,826	30,438,826	4,224,008	30,438,826	0
Court Services	11,627,393	11,627,393	1,588,056	11,524,073	(103,320)
Jail Contract	8,484,644	8,484,644	0	8,484,644	0
Dallas Animal Services	14,007,159	14,007,159	2,043,649	13,955,428	(51,731)
Dallas Fire Department	267,026,909	267,026,909	45,801,523	267,026,909	0
Dallas Police Department	465,522,805	465,522,805	68,675,515	465,522,805	0
Housing and Neighborhood Services	3,668,283	3,668,283	457,446	3,668,283	0
Human Resources	5,234,618	5,234,618	849,747	5,234,618	0
Judiciary	3,454,079	3,454,079	474,444	3,308,007	(146,072)
Library	31,279,877	31,279,877	4,378,712	30,950,634	(329,243)
Office of Management Services					
311 Customer Services	3,509,120	3,509,120	892,056	3,509,120	0
Center for Performance Excellence	1,265,811	1,265,811	289,757	1,265,811	0
Council Agenda Office	224,495	224,495	28,384	224,495	0
EMS Compliance Program	340,988	340,988	36,159	340,988	0
Ethics and Diversity	97,631	97,631	25	97,631	0
Fair Housing	278,274	278,274	25,298	278,274	0
Office of Strategic Partnerships	726,947	726,947	122,954	703,590	(23,357)
Office of Business Diversity ²	793,297	793,297	77,393	741,216	(52,081)
Office of Community Care	4,932,564	4,932,564	332,441	4,932,509	(55)
Office of Emergency Management	715,020	715,020	338,894	715,020	0
Office of Environmental Quality ³	1,197,487	1,197,487	458,642	1,070,404	(127,083)
Office of Homeless Solutions	10,081,328	10,081,328	252,027	10,080,817	(511)
Public Affairs and Outreach ⁴	1,666,011	1,400,645	184,535	1,400,645	0
Resiliency Office	353,875	353,875	45,577	353,875	0
Welcoming Communities	428,845	428,845	23,585	428,845	0
Mayor and City Council	4,820,561	4,820,561	612,209	4,820,561	0
Non-Departmental	77,323,336	77,323,336	2,688,366	77,323,336	0
Office of Budget	3,406,338	3,406,338	410,974	3,406,338	0
Office of Cultural Affairs ⁵	20,268,063	20,407,467	4,946,347	20,407,467	0
Office of Economic Development	4,840,594	4,840,594	593,459	4,840,594	0
Park and Recreation ⁶	98,005,546	98,005,546	16,225,429	98,177,918	172,372
Planning and Urban Design	2,911,297	2,911,297	364,839	2,887,740	(23,557)
Procurement Services	2,389,442	2,389,442	296,829	2,387,668	(1,774)
Public Works	73,137,927	73,137,927	15,893,898	72,796,485	(341,442)
Sustainable Development	1,656,869	1,656,869	480,022	1,605,406	(51,463)
Transportation ⁷	44,325,574	44,325,574	5,540,639	44,345,006	19,432
Trinity Watershed Management	1,302,754	1,302,754	169,796	1,295,566	(7,188)
Total Departments	\$1,264,441,401	\$1,264,580,805	\$188,924,813	\$1,263,447,174	(\$1,133,631)
Reserves and Transfers	11,979,541	11,979,541	0	11,979,541	0
Liability/Claim Fund Transfer	4,642,666	4,642,666	0	4,642,666	0
Contingency Reserve	4,686,875	4,686,875	0	4,686,875	0
Salary and Benefit Reserve	2,650,000	2,650,000	0	2,650,000	0
Total Expenditures	\$1,276,420,942	\$1,276,560,346	\$188,924,813	\$1,275,426,715	(\$1,133,631)

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 Secretary. City Secretary budget was increased by \$265K 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).

2 Office of Business Diversity. Office of Business Diversity expenditures are forecast to be \$52K below budget due to salary savings associated with two vacant positions planned to be filled in January 2018 and end of February 2018.

3 Office of Environmental Quality. Office of Environmental Quality expenditures are forecast to be \$127K below budget primarily due to salary savings associated with four vacant positions that are expected to be filled in mid-December, January, February, and July 2018.

4 Public Affairs and Outreach. Public Affairs and Outreach budget was decreased by \$265K on October 11, 2017 by CR#17-1608 for oversight and responsibility of the open records function transferred to the City Secretary.

5 Office of Cultural Affairs. Office of Cultural Affairs budget was increased by \$139K on November 8, 2017 by CR# 17-1735 (approved use of contingency reserve funds) to reimburse the ATTPAC for emergency flood remediation and repairs at the Dee and Charles Wylie Theatre.

6 Park and Recreation. Park and Recreation expenditures are forecast to be \$172K over budget due to unbudgeted vacation/sick termination payments (\$120K) and unbudgeted outside temporary help used to operate the City's tennis centers before the new concession service for tennis center pro/manager contract was awarded in December 2017 (\$45K). Additional attrition throughout the year may offset this overage.

7 Transportation. Transportation expenditures are forecast to be \$19K over budget due to unbudgeted monthly modem maintenance in new traffic signals.

ENTERPRISE FUNDS

As of November 30, 2017

Department	FY 2017-18 Adopted Budget	FY 2017-18 Amended Budget	YTD Actual	YE Forecast	Variance
AVIATION					
Beginning Fund Balance	\$10,469,442	\$10,469,442	\$10,469,442	\$10,469,442	\$0
Total Revenues:	126,667,632	126,667,632	20,703,875	126,667,632	0
Total Expenditures:	126,667,632	126,667,632	10,452,581	126,667,632	0
Ending Fund Balance	\$10,469,442	\$10,469,442	\$20,720,736	\$10,469,442	\$0
CONVENTION AND EVENT SERVICES¹					
Beginning Fund Balance	\$32,258,124	\$32,258,124	\$32,258,124	\$32,258,124	\$0
Total Revenues:	97,787,266	97,787,266	6,756,999	98,029,080	241,814
Total Expenditures:	97,787,266	97,787,266	4,920,427	97,492,749	(294,517)
Ending Fund Balance	\$32,258,124	\$32,258,124	\$34,094,697	\$32,794,455	\$536,331
MUNICIPAL RADIO					
Beginning Fund Balance	\$1,217,847	\$1,217,847	\$1,217,847	\$1,217,847	\$0
Total Revenues:	2,098,813	2,098,813	329,387	2,098,813	0
Total Expenditures:	2,051,318	2,051,318	529,898	2,051,318	0
Ending Fund Balance	\$1,265,342	\$1,265,342	\$1,017,337	\$1,265,342	\$0
SANITATION SERVICES²					
Beginning Fund Balance	\$15,052,459	\$15,052,459	\$15,052,459	\$15,052,459	\$0
Total Revenues:	102,279,097	102,279,097	19,089,230	103,313,373	1,034,276
Total Expenditures:	102,279,097	102,279,097	10,913,108	102,279,097	0
Ending Fund Balance	\$15,052,459	\$15,052,459	\$23,228,581	\$16,086,735	\$1,034,276
STORM DRAINAGE MANAGEMENT					
Beginning Fund Balance	\$4,546,490	\$4,546,490	\$4,546,490	\$4,546,490	\$0
Total Revenues:	55,987,895	55,987,895	9,457,713	55,987,895	0
Total Expenditures:	55,936,837	55,936,837	3,523,064	55,936,837	0
Ending Fund Balance	\$4,597,548	\$4,597,548	\$10,481,139	\$4,597,548	\$0
SUSTAINABLE DEVELOPMENT AND CONSTRUCTION³					
Beginning Fund Balance	\$37,809,029	\$37,809,029	\$37,809,029	\$37,809,029	\$0
Total Revenues:	31,711,218	31,711,218	5,351,172	31,711,218	0
Total Expenditures:	32,376,190	32,376,190	3,621,872	32,376,190	0
Ending Fund Balance	\$37,144,057	\$37,144,057	\$39,538,330	\$37,144,057	\$0
Note: FY 2017-18 Budget reflects planned use of fund balance.					
WATER UTILITIES⁴					
Beginning Fund Balance	\$84,788,025	\$84,788,025	\$84,788,025	\$84,788,025	\$0
Total Revenues:	667,471,388	667,471,388	118,651,519	667,471,388	0
Total Expenditures:	667,471,388	667,471,388	73,377,310	643,354,172	(24,117,216)
Ending Fund Balance	\$84,788,025	\$84,788,025	\$130,062,234	\$108,905,241	\$24,117,216

INTERNAL SERVICE FUNDS

As of November 30, 2017

Department	FY 2017-18 Adopted Budget	FY 2017-18 Amended Budget	YTD Actual	YE Forecast	Variance
INFORMATION TECHNOLOGY⁵					
Beginning Fund Balance	\$10,959,687	\$10,959,687	\$10,959,687	\$10,959,687	\$0
Total Revenues:	67,963,283	67,963,283	4,303,649	67,963,283	0
Total Expenditures:	70,242,680	70,242,680	5,344,923	70,242,680	0
Ending Fund Balance	\$8,680,290	\$8,680,290	\$9,918,412	\$8,680,290	\$0
Note: FY 2017-18 Budget reflects planned use of fund balance.					
RADIO SERVICES					
Beginning Fund Balance	\$2,537,356	\$2,537,356	\$2,537,356	\$2,537,356	\$0
Total Revenues:	4,823,063	4,823,063	148,806	4,823,063	0
Total Expenditures:	4,823,063	4,823,063	721,215	4,823,063	0
Ending Fund Balance	\$2,537,356	\$2,537,356	\$1,964,946	\$2,537,356	\$0
EQUIPMENT SERVICES					
Beginning Fund Balance	\$5,611,863	\$5,611,863	\$5,611,863	\$5,611,863	\$0
Total Revenues:	52,652,059	52,652,059	4,151,312	52,768,144	116,085
Total Expenditures:	52,652,059	52,652,059	3,857,324	52,528,688	(123,371)
Ending Fund Balance	\$5,611,863	\$5,611,863	\$5,905,851	\$5,851,319	\$239,456
EXPRESS BUSINESS CENTER					
Beginning Fund Balance	\$2,011,100	\$2,011,100	\$2,011,100	\$2,011,100	\$0
Total Revenues:	4,231,450	4,231,450	611,358	4,234,544	3,094
Total Expenditures:	3,740,420	3,740,420	477,487	3,735,871	(4,549)
Ending Fund Balance	\$2,502,130	\$2,502,130	\$2,144,971	\$2,509,773	\$7,643

OTHER FUNDS

As of November 30, 2017

Department	FY 2017-18 Adopted Budget	FY 2017-18 Amended Budget	YTD Actual	YE Forecast	Variance
9-1-1 SYSTEM OPERATIONS⁶					
Beginning Fund Balance	\$5,941,912	\$5,941,912	\$5,941,912	\$5,941,912	\$0
Total Revenues:	12,539,195	12,539,195	1,792,692	12,539,195	0
Total Expenditures:	15,048,378	15,048,378	224,870	15,048,378	0
Ending Fund Balance	\$3,432,729	\$3,432,729	\$7,509,734	\$3,432,729	\$0
Note: FY 2017-18 Budget reflects planned use of fund balance.					
DEBT SERVICE					
Beginning Fund Balance	\$13,769,804	\$13,769,804	\$13,769,804	\$13,769,804	\$0
Total Revenues:	278,149,358	278,149,358	18,864,941	278,149,358	0
Total Expenditures:	267,322,998	267,322,998	0	267,322,998	0
Ending Fund Balance	\$24,596,164	\$24,596,164	\$32,634,745	\$24,596,164	\$0

VARIANCE NOTES

The Enterprise, Internal Service, and Other Funds summary includes the beginning fund balance with the YE revenue and expenditure forecasts. As of November 30, 2017, the beginning fund balance represents the FY 2015-16 audited beginning fund balance and does not reflect projected year-end savings anticipated at FY 2016-17 year-end. It is anticipated that there will be adjustments to the FY 2017-18 Amended Beginning Fund balance after FY 2016-17 audited statements become available in April 2018. 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 revenues are projected to exceed budget by \$242k and expenditures are \$295K less than budget due to salary savings from vacant positions.

2 Sanitation Services. Sanitation Services revenues are projected \$1.0 million over budget due to private disposal fees at the landfill.

3 Sustainable Development and Construction. Sustainable Development and Construction FY 2017-18 YE forecast expenditures will exceed revenue due to planned use of fund balance.

4 Water Utilities. Water Utilities expenditures are projected to be \$24.1 million less than budget due to a settlement of potential litigation with Sabine River Authority (SRA) that was budgeted at \$24.1 million. The savings will be used to minimize future rate increases. City Council will be briefed on this topic in February 2018.

5 Information Technology. Information Technology FY 2017-18 YE forecast expenditures will exceed revenue due to planned use of fund balance.

6 9-1-1 System Operations. 9-1-1 System Operations FY 2017-18 YE forecast expenditures will exceed revenue due to planned use of fund balance.

FY 2017-18
Financial Forecast Report

Information as of November 30, 2017

DALLAS, TEXAS

