

Memorandum



CITY OF DALLAS

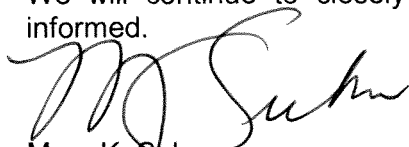
DATE October 9, 2009
TO The Honorable Mayor and Members of the City Council
SUBJECT Financial Forecast Report

For your information, attached is the financial forecast for FY2008-09, based on information through August. Mid-year appropriation adjustments approved on August 12, 2009 are included in this report. General Fund revenues are projected \$50,699,000 below budget and expenditures are projected \$50,856,000 below budget.

Sales Tax revenues are projected \$28,576,000 below budget. Other major revenue sources projected to be below budget are Ad Valorem Tax revenues, interest earnings, Municipal Court fines, Red Light Camera fines, Private Disposal fees, revenue from the re-sale of recyclable paper and cardboard, and sale of surplus property, offset by partial repayment of subsidies from the General Fund to the Convention Center in FY2006-07 and FY2007-08.

The General Fund revenue shortfall is primarily offset by lower expenditures attributed to fuel and electricity savings, along with savings from the continued selective hiring freeze, implementation of two civilian furlough days, and CIS and worker's compensation rebates.

We will continue to closely monitor revenues and expenditures and will keep you informed.



Mary K. Suhm
City Manager

Attachment

c: Ryan S. Evans, First Assistant City Manager
A.C. Gonzales, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest Turner, Assistant City Manager
David Cook, Chief Financial Officer
Jeanne Chipperfield, Director – Office of Financial Services

**GENERAL FUND
COMPARISON OF 2008-09 REVENUES AND EXPENDITURES
AS OF August 31, 2009
(000s)**

<u>ITEM</u>	<u>BUDGET</u>	<u>YEAR TO DATE</u>	<u>YEAR-END FORECAST</u>	<u>BUDGET VS FORECAST VARIANCE</u>
Revenues	\$1,080,994	\$898,695	\$1,030,295	(\$50,699)
Expenditures	\$1,094,516	\$955,183	\$1,043,660	(\$50,856)
Sub Total	(\$13,522)	(\$56,488)	(\$13,365)	\$157
Use of one time resources	\$13,522		\$13,522	
Net Excess/(Deficiency) of Revenues Over Expenditures and Transfers to Reserves	<u>\$0</u>		<u>\$157</u>	

**FINANCIAL FORECAST REPORT
FY 2008-09
AS OF AUGUST 31, 2009**

GENERAL FUND

Revenues

- Total General Fund revenues are estimated to be \$50,699,000 below budget.
 - Sales Tax revenues are projected to be \$28,576,000 below budget due to the weak economy.
 - Atmos Energy Franchise Fees are projected to be \$1,625,000 below budget due to a warmer than average winter, which decreased gas usage.
 - Other Franchise Fees are projected to be \$1,568,000 above budget primarily due to increases in actual collections from AT&T Video as they continue to expand their systems and reach more customers.
 - Interest Earned revenue is projected to be \$2,064,000 below budget primarily due to lower than budgeted interest rates.
 - Municipal Court Fines revenue are projected to be \$3,563,000 below budget due to a decrease in the number of citations issued and increases in partial payments of fines and work-release in lieu of fines.
 - Vehicle Towing and Storage revenue is projected to be \$958,000 above budget primarily due to towing of vehicles lacking proof of auto insurance.
 - Parking Fine revenues are projected to be \$464,000 above budget due to the increase in meter rates and parking fines authorized by Council on May 27, 2009.
 - Red Light Camera Fines are projected to be \$4,241,000 below budget primarily due to decreased citations and delays in getting TXDOT approval to install new cameras.
 - Public Library Fines revenue is projected to be \$70,000 above budget primarily due to an increase in collections.
 - Park and Recreation revenues are projected to be \$968,000 above budget primarily due to a one-time payment from the Live Nation audit.
 - Private Disposal Fees are projected to be \$6,773,000 below budget primarily due to the effects of the economy and reduced waste streams from two major customers.
 - Emergency Ambulance Response revenue is projected to be \$1,950,000 above budget primarily due to improved data collection methods and billing efforts through the electronic patient care reporting system and the corresponding yield from the fee increase.
 - Miscellaneous Revenues are projected to be \$3,666,000 below budget primarily due to a drop in the re-sale value of recyclable paper and cardboard.

Expenditures

- Total General Fund expenditures are estimated to be \$50,856,000 below budget.
 - Business Development and Procurement Services is projected to be \$156,000 below budget primarily due to delays in hiring.
 - Court and Detention Services is projected to be \$1,337,000 below budget primarily due to delays in hiring and the worker's compensation rebate.
 - Development Services is projected to be \$240,000 below budget primarily due to delays in hiring.

**FINANCIAL FORECAST REPORT
FY 2008-09
AS OF AUGUST 31, 2009**

- Elections is projected to be \$381,000 below budget primarily due to lower than anticipated costs for the May 2009 general election.
- Housing is projected to be \$70,000 below budget primarily due to a delay in the relocation of People Helping People to its new Bexar Street location.
- Human Resources is projected to be \$557,000 below budget primarily due to the elimination of tuition reimbursement for employees who have not previously been approved and the CIS rebate.
- Library is projected to be \$2,444,000 below budget primarily due to a reduction in materials purchased, delays in hiring, and electricity savings.
- Office of Cultural Affairs is projected to be \$845,000 below budget primarily due to electricity savings.
- Office of Emergency Management is projected to be \$409,000 below budget primarily due to receipt of the Emergency Management Performance Grant and the CIS rebate.
- Office of Environmental Quality is projected to be \$140,000 below budget primarily due to delays in hiring.
- Public Works and Transportation is projected to be \$4,216,000 below budget primarily due to a reduced payment to the State for Red Light Camera fines, delays in hiring, and fuel and electricity savings.
- Sanitation Services is projected to be \$10,811,000 below budget primarily due to lower than anticipated costs for storm clean-up, fuel savings, worker's compensation rebate, delay of equipment rebuilds at the landfill, city facility garbage collection costs, and recycling education initiatives.
- Street Lighting is projected to be \$2,013,000 below budget due to electricity savings.
- Street Services is projected to be \$6,721,000 below budget primarily due to elimination of the micro and slurry sealant preventative maintenance contracts, delays in hiring, fuel savings, and the worker's compensation rebate.

ENTERPRISE FUNDS

- Convention and Event Services expenses are projected to be \$11,293,000 below budget primarily due to debt service savings realized as a result of the February 2009 restructuring of the Convention Center's outstanding debt, which are partially offset by partial repayment of General Fund loans made in FY 07 and FY 08. Revenues are projected to be \$11,458,000 below budget primarily due to lower than budgeted Hotel Occupancy Tax revenue and a reduced transfer from the General Fund.
- The \$4,203,000 reduction in Development Services' expenses is primarily the result of holding vacancies, anticipated attrition through the end of the year and the sub-contracting of services to Code Compliance. Also contributing to the reductions are savings in materials, supplies, fuel, travel and training. Revenues are projected to be \$6,888,000 below budget due to a reduction in construction activity, creating a shortfall in revenue. This is reflective of the national economy and trends in the construction industry.
- WRR expenses are projected to be \$507,000 below budget primarily due to delays in hiring. Revenues are projected to be \$783,000 below budget due to a decrease in local and national advertising sales.
- Water Utilities revenues are projected to be \$33,724,000 below budget due to lower than budgeted water pumpage. Expenses are projected to be \$33,724,000 below budget due to vacancies, lower than budgeted contract rates for power, lower fuel costs, savings in worker's compensation, and a reduced cash transfer to capital construction.

**FINANCIAL FORECAST REPORT
FY 2008-09
AS OF AUGUST 31, 2009**

INTERNAL SERVICES

- Communication and Information Services revenues are projected to be \$3,952,000 below budget due to a one time rebate to user departments and expenses are projected to be \$3,100,000 below budget primarily due to delays in hiring.
- Equipment Services revenues are projected to be \$11,942,000 below budget and expenses are projected to be \$11,049,000 below budget primarily due to lower than budgeted fuel prices.
- Office Services expenses are projected to be \$371,000 below budget primarily due to a decrease in the cost of goods sold and revenues are projected to be \$538,000 below budget primarily due a decrease in the number of vehicles auctioned due to abandonment at the auto pound as a result of transferring accident response on some highways to the Dallas County Sheriff's Office.

OTHER FUNDS

- 9-1-1 System Operations expenses are projected to be \$949,000 below budget primarily due to lower than budgeted expenditures for telephone service and transfers.
- Storm Water Drainage expenses are projected to be \$1,810,000 below budget due to lower than budgeted expenditures eligible for reimbursement.

DEBT SERVICE FUND

- Debt Service revenues are \$34,175,000 above budget primarily due to an unbudgeted reimbursement from the proceeds of the Convention Hotel Bonds. The proceeds will be used to call the portion of the certificates of obligation (CO's) issued to acquire land for the hotel site. The CO's were called on October 5th.

**GENERAL FUND
FORECAST OF FY 2008-09 REVENUES
AS OF AUGUST 31, 2009
(000s)**

	<u>BUDGET</u>	<u>REVENUES YEAR TO DATE</u>	<u>YEAR-END FORECAST</u>	<u>BUDGET VS FORECAST VARIANCE</u>
TAXES				
Ad Valorem Tax	\$467,275	\$457,308	\$460,029	(\$7,246)
Sales Tax	236,135	138,246	207,559	(28,576)
FRANCHISE REVENUES				
Oncor Electric	48,186	49,437	49,437	1,251
AT&T	22,500	16,051	21,625	(875)
Atmos Energy	14,000	9,619	12,375	(1,625)
Time Warner Cable	6,000	4,646	6,162	162
Other	12,844	9,642	14,412	1,568
TOTAL TAXES & FRANCHISE REVENUES	806,940	684,949	771,600	(35,340)
LICENSES AND PERMITS	8,378	7,712	8,780	402
INTEREST EARNED	5,872	3,275	3,808	(2,064)
INTERGOVERNMENTAL	5,975	5,658	6,148	173
FINES AND FORFEITURES				
Municipal Court	19,153	14,592	15,590	(3,563)
Vehicle Towing & Storage	6,555	6,957	7,512	958
Parking Fines	5,770	3,914	6,234	464
Red Light Camera Fines	11,369	0	7,128	(4,241)
Public Library	650	662	720	70
TOTAL FINES	43,497	26,124	37,185	(6,313)
CHARGES FOR SERVICE				
Sanitation Service	61,667	58,842	63,564	1,897
Parks	9,279	10,727	10,246	968
Private Disposal Fees	28,667	18,438	21,894	(6,773)
Emergency Ambulance	16,650	17,176	18,600	1,950
Security Alarm	4,650	3,944	4,500	(150)
Street Lighting	1,392	1,067	1,392	0
Vital Statistics	2,400	1,985	2,389	(11)
Other	13,117	10,846	13,165	48
TOTAL CHARGES	137,821	123,025	135,751	(2,070)
INTERFUND REVENUE	57,947	39,436	56,126	(1,821)
MISCELLANEOUS	14,563	8,515	10,897	(3,666)
TOTAL REVENUE	1,080,994	898,695	1,030,295	(50,700)
USE OF ONE-TIME RESOURCES	13,522	0	13,522	0
TOTAL RESOURCES	\$1,094,516	\$898,695	\$1,043,816	(\$50,700)

**GENERAL FUND
FORECAST OF 2008-09 EXPENDITURES
AS OF August 31, 2009
(000s)**

DEPARTMENT	BUDGET	EXPENDITURES YEAR TO DATE	YEAR-END FORECAST	BUDGET VS FORECAST VARIANCE
Building Services	\$15,422	\$19,252	\$14,902	(\$520)
Business Dev/Procurement Svcs	3,043	2,486	2,887	(156)
City Attorney's Office	13,043	11,760	12,800	(243)
City Auditor's Office	2,801	2,395	2,698	(103)
City Manager's Office	2,610	2,496	2,496	(114)
City Secretary	1,950	1,674	1,884	(66)
Civil Service	2,091	1,782	2,067	(24)
Code Compliance	26,024	21,850	24,969	(1,055)
Court Services	12,206	9,987	10,869	(1,337)
Development Services	1,162	1,532	922	(240)
Elections	1,460	1,226	1,079	(381)
Environmental and Health Services	20,648	18,051	19,912	(736)
Fire	202,748	178,386	199,787	(2,961)
Housing	1,341	1,339	1,271	(70)
Human Resources	6,054	5,336	5,497	(557)
Independent Audit	982	982	982	0
Judiciary	2,884	2,711	2,798	(86)
Library	31,485	25,491	29,041	(2,444)
Mayor and Council	3,932	3,263	3,795	(137)
Non-Departmental	22,024	20,602	21,892	(132)
Office of Cultural Affairs	16,281	13,885	15,436	(845)
Office of Economic Development	3,930	3,271	3,794	(136)
Office of Emergency Management	1,178	861	769	(409)
Office of Environmental Quality	909	872	769	(140)
Office of Financial Services	17,428	19,530	16,841	(587)
Park and Recreation	75,889	70,191	74,059	(1,830)
Police	423,839	365,876	413,864	(9,975)
Public Works and Transportation	27,831	25,115	23,615	(4,216)
Sanitation Services	79,120	61,903	68,309	(10,811)
Street Lighting	18,987	16,962	16,974	(2,013)
Street Services	38,041	33,352	31,320	(6,721)
OTHER				
Appraisal Districts	3,383	3,383	3,383	0
Jail Contract - Lew Sterrett	6,839	6,839	6,839	0
Dallas County Tax Collection	542	542	542	0
RESERVES AND TRANSFERS				
Contingency Reserve	3,211	0	2,270	(941)
Liability/Claims Fund	3,199	0	2,328	(871)
EXPENDITURES	\$1,094,516	\$955,183	\$1,043,660	(\$50,856)

PROPRIETARY FUNDS
FORECAST OF 2008-09 REVENUES AND EXPENDITURES
AS OF August 31, 2009
(000s)

<u>DEPARTMENT</u>	<u>BUDGET</u>	<u>REVENUES AND EXPENDITURES YEAR TO DATE</u>	<u>YEAR-END FORECAST</u>	<u>BUDGET VS FORECAST VARIANCE</u>
<u>Aviation</u>				
Revenues	\$44,150	\$40,082	\$43,248	(\$902)
Expenses	\$42,514	\$30,496	\$41,017	(\$1,497)
Net Excess of Revenues Over Expenses/Transfer	<u>\$1,636</u>	<u>\$9,586</u>	<u>\$2,231</u>	<u>\$595</u>
<u>Convention Center</u>				
Revenues	\$67,330	\$46,636	\$55,872	(\$11,458)
Expenses	\$67,165	\$46,285	\$55,872	(\$11,293)
Net Excess of Revenues Over Expenses/Transfer	<u>\$165</u>	<u>\$351</u>	<u>\$0</u>	<u>(\$165)</u>
<u>Development Services</u>				
Revenues	\$22,271	\$14,353	\$15,383	(\$6,888)
Expenses	\$26,765	\$19,504	\$22,562	(\$4,203)
Net Excess of Revenues Over Expenses/Transfer	<u>(\$4,494)</u>	<u>(\$5,151)</u>	<u>(\$7,179)</u>	<u>(\$2,685)</u>
<u>Municipal Radio Fund</u>				
Revenues	\$3,623	\$2,759	\$2,840	(\$783)
Expenses	\$3,459	\$2,634	\$2,952	(\$507)
Net Excess of Revenues Over Expenses/Transfer	<u>\$164</u>	<u>\$125</u>	<u>(\$112)</u>	<u>(\$276)</u>
<u>Water Utilities</u>				
Revenues	\$511,159	\$434,514	\$477,435	(\$33,724)
Expenses	\$511,159	\$401,799	\$477,435	(\$33,724)
Net Excess of Revenues Over Expenses/Transfer	<u>\$0</u>	<u>\$32,715</u>	<u>\$0</u>	<u>\$0</u>
<u>Communication & Information Svcs.</u>				
Revenues	\$46,472	\$37,128	\$42,520	(\$3,952)
Expenses	\$49,555	\$44,117	\$46,455	(\$3,100)
Net Excess of Revenues Over Expenses/Transfer	<u>(\$3,083)</u>	<u>(\$6,989)</u>	<u>(\$3,935)</u>	<u>(\$852)</u>

**PROPRIETARY FUNDS
FORECAST OF 2008-09 REVENUES AND EXPENDITURES
AS OF August 31, 2009
(000s)**

<u>DEPARTMENT</u>	<u>BUDGET</u>	<u>REVENUES AND EXPENDITURES YEAR TO DATE</u>	<u>YEAR-END FORECAST</u>	<u>BUDGET VS FORECAST VARIANCE</u>
<u>Equipment Services</u>				
Revenues	\$56,835	\$36,251	\$44,893	(\$11,942)
Expenses	<u>\$56,319</u>	<u>\$43,221</u>	<u>\$45,270</u>	<u>(\$11,049)</u>
Net Excess of Revenues Over Expenses/Transfer	<u>\$516</u>	<u>(\$6,970)</u>	<u>(\$377)</u>	<u>(\$893)</u>
<u>Office Services</u>				
Revenues	\$4,657	\$3,722	\$4,119	(\$538)
Expenses	<u>\$4,681</u>	<u>\$3,871</u>	<u>\$4,310</u>	<u>(\$371)</u>
Net Excess of Revenues Over Expenses/Transfer	<u>(\$24)</u>	<u>(\$149)</u>	<u>(\$191)</u>	<u>(\$167)</u>

OTHER FUNDS
FORECAST OF 2008-09 REVENUES AND EXPENDITURES
AS OF August 31, 2009
(000s)

<u>DEPARTMENT</u>	<u>BUDGET</u>	<u>REVENUES AND EXPENDITURES YEAR TO DATE</u>	<u>YEAR-END FORECAST</u>	<u>BUDGET VS FORECAST VARIANCE</u>
<u>Employee Benefits</u>	\$857	\$580	\$838	(\$19)
<u>Risk Management</u>	\$2,784	\$2,306	\$2,784	\$0
<u>9-1-1 System Operations</u>				
Revenues	\$13,391	\$12,542	\$13,908	\$517
Expenses	\$16,061	\$10,744	\$15,112	(\$949)
Net Excess of Revenues Over Expenses/Transfer	<u>(\$2,670)</u>	<u>\$1,798</u>	<u>(\$1,204)</u>	<u>\$1,466</u>
<u>Storm Water Drainage</u>				
Revenues	\$35,110	\$32,807	\$35,507	\$397
Expenses	\$36,181	\$16,675	\$34,371	(\$1,810)
Net Excess of Revenues Over Expenses/Transfer	<u>(\$1,071)</u>	<u>\$16,132</u>	<u>\$1,136</u>	<u>\$2,207</u>

**DEBT SERVICE FUND
FORECAST OF 2008-09 REVENUES AND EXPENDITURES
AS OF August 31, 2009
(000s)**

<u>DEBT SERVICE</u>	<u>BUDGET</u>	<u>EXPENDITURES AND REVENUES YEAR TO DATE</u>	<u>YEAR-END FORECAST</u>	<u>BUDGET VS FORECAST VARIANCE</u>
Beginning Balance	\$6,385	\$0	\$3,657	(\$2,728)
Revenues	\$242,349	\$225,310	\$276,524	\$34,175
Expenses	\$250,279	\$182,119	\$250,053	(\$226)
Ending Balance	<u>(\$1,544)</u>	<u>\$43,191</u>	<u>\$30,128</u>	<u>\$31,673</u>

CONTINGENCY RESERVE STATUS

Beginning Balance October 1, 2008	\$5,469,847
Equipment and Building Services - Security enhancements at City Hall (November 10,2008, CR # 08-3051)	(\$31,168)
Environmental and Health Services - Implementation of the expanded anti- smoking ordinance (January 28, 2009, CR # 09-0288)	(\$165,674)
Elections - Run-off election held on June 13, 2009 (May 20, 2009, CR # 09- 1289)	(\$350,000)
Balance as of August 31, 2009	<u><u>\$4,923,005</u></u>

LIABILITY/CLAIMS FUND

Beginning Balance October 1, 2008	\$9,943,256
Paid October 2008	(\$298,154)
Paid November 2008	(\$101,787)
Paid December 2008	(\$2,951,124)
Paid January 2009	(\$409,077)
Paid February 2009	(\$370,882)
Paid March 2009	(\$393,309)
Paid April 2009	(\$270,864)
Paid May 2009	(\$478,161)
Paid June 2009	(\$287,120)
Paid July 2009	(\$312,796)
Paid August 2009	(\$925,153)
Balance as of August 31, 2009	<u>\$3,144,829</u>