



INTEROFFICE MEMORANDUM

DATE: February 9, 2024
TO: DART Board
THROUGH Nadine S. Lee /s/ NSL
FROM: M. Elizabeth Reich
SUBJECT: FY 2024 Quarterly Financial Report – December 2023

The first FY 2024 quarterly financial report is attached, providing a high-level overview of the agency's year-to-date financial performance through December 31, 2023. As with the monthly report, this delivers critical financial information at a high level so Board members can quickly digest the information they need to make sound policy decisions.

In addition to the topics covered in the monthly report, the quarterly report includes revenues and expenses prepared based on generally accepted accounting principles (GAAP basis), capital and non-operating expenses, and additional details on hiring.

As a reminder, you can access this and previous reports in the Board Portal by selecting:

- Reports and Audits
- Monthly & Quarterly Financial & Ridership Reports

Please contact me at EReich@dart.org if you have any questions about this information.

A handwritten signature in blue ink that reads "M. Elizabeth Reich". The signature is written in a cursive style and is positioned above a horizontal line.

M. Elizabeth Reich
EVP & Chief Financial Officer

Attachment

c: Leadership Roundtable

FY 2024 // DECEMBER

EXECUTIVE SUMMARY

This quarterly report expands on the monthly report, but still provides a high-level overview of the agency’s financial performance this fiscal year as of December 31, 2023. The FY 2024 budget includes total operating expenses of \$687 million, with year-to-date actual spending at \$172 million, a 25 percent utilization rate. Actual capital and non-operating expenses are at \$119 million, compared to a budget of \$894 million, a 13 percent utilization rate. Finally, debt service is at \$150 million, or 68 percent of the budgeted \$222 million.

Throughout this report, positive revenue variances and negative expense variances are better than budget.

<i>Values in \$M</i>	FY 2024 Budget	YTD Actual	% Spent	FY 2024 Forecast	Forecast vs. Budget
Operating	\$687	\$172	25%	\$685	\$(2.0)
Capital & Non-Operating	894	119	13%	894	0
Debt Service	222	150	68%	222	0
Total Expenses	\$1,803	\$441	24%	\$1,801	\$(2.0)

As a reminder, key indicators related to finance, ridership, security, safety, and service performance are available in the Transit Effectiveness Dashboard, accessible through the Board Portal, and on the public-facing [DART Scorecard](#) on DART.org.

REVENUES & OPERATING EXPENSES

Total Revenues

The table below includes year-to-date and forecasted revenues compared to the FY 2024 budget. In the first quarter of FY 2024, actual revenue fell short of the budget by \$16.6 million, primarily due to a \$21 million variance in federal funding due to timing of payments. We anticipate ending the year \$11 million (one percent) better than budget.

YTD Revenues (\$000)

Revenue	FY 2024 Budget	YTD Budget	YTD Actual	Actual vs. Budget	FY 2024 Forecast	Forecast vs. Budget
Sales Tax ¹	\$870,753	\$225,598	\$225,403	\$(195)	\$870,753	\$0
Operating Revenue	39,334	9,185	10,238	1,053	43,545	4,211
Interest Income	39,900	9,975	11,116	1,141	44,466	4,566

Revenue	FY 2024 Budget	YTD Budget	YTD Actual	Actual vs. Budget	FY 2024 Forecast	Forecast vs. Budget
Federal Funding	159,500	42,942	21,611	(21,331)	159,500	0
Other Revenue	35,565	8,911	11,678	2,767	38,333	2,767
Total Revenues	\$1,145,052	\$296,611	\$280,047	\$(16,564)	\$1,156,596	\$11,544

¹Refer to the monthly sales tax memo for details on year-to-date sales tax collections.

Total Operating Expenses

The table below includes year-to-date and forecasted operating expenses compared to budget. Expenses are trending slightly lower than budget, and we anticipate ending the year just under budget.

YTD Operating Expenses (\$000)

Operating Expense	FY 2024 Budget	YTD Budget	YTD Actual	Actual vs. Budget	FY 2024 Forecast	Forecast vs. Budget
Salaries & Wages	\$310,346	\$83,917	\$81,944	\$(1,973)	\$311,319	\$973
Benefits	133,798	32,056	33,562	1,507	130,713	(3,086)
Services	80,362	19,833	15,895	(3,938)	78,486	(1,876)
Materials & Supplies	52,556	13,701	14,183	482	55,937	3,381
Utilities	20,009	4,970	5,758	788	21,068	1,059
Claims & Insurance	10,583	2,646	2,347	(299)	9,540	(1,042)
Purchased Transportation	92,395	22,640	21,221	(1,419)	92,239	(155)
Lease, Rentals, Taxes & Other	8,591	2,205	1,062	(1,143)	7,866	(725)
Capital & Reserves	(21,394)	(5,332)	(4,356)	976	(21,966)	(571)
Total Operating Expenses	\$687,245	\$176,635	\$171,615	\$(5,019)	\$685,202	\$(2,042)

Revenues & Expenses (GAAP Basis)

The table below includes year-to-date revenues and expenses prepared based on generally accepted accounting principles (GAAP basis), compared to the same period from the prior year. These amounts do not match revenues and expenses in the rest of this section because of items such as depreciation, investment income, interest expense, and accounting adjustments. Please note these amounts are unaudited—audited financials are released in the Annual Comprehensive Financial Report.

Revenues & Expenses on GAAP Basis (\$000)

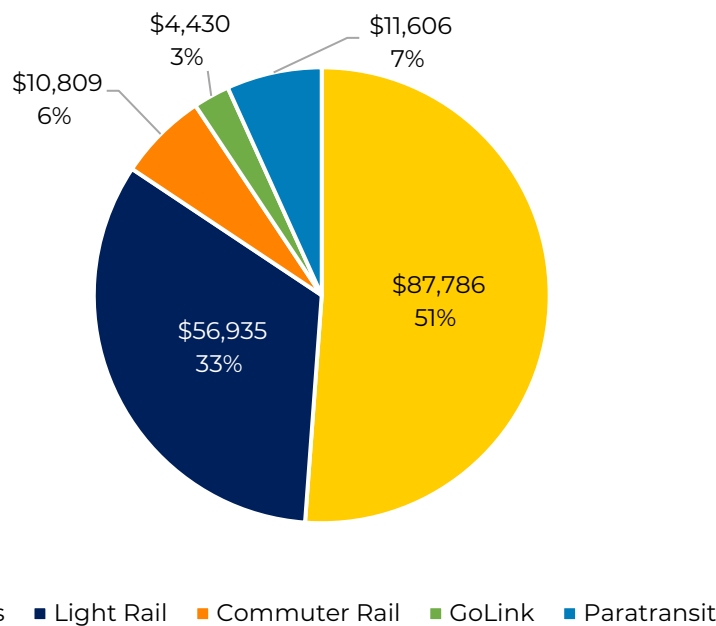
	FYTD 2024 Actuals	FYTD 2023 Actuals	YOY Change	% Change
Sales Tax Revenue	\$225,403	\$218,016	\$7,387	3%
Grant Revenue	21,714	22,408	(694)	(3%)
Passenger Revenues	11,059	9,812	1,247	13%
Build America Bond Tax Credit	5,312	5,312	0	0%
Advertising, Rent, & Others	3,739	3,668	71	2%
Investment Income (Loss)	13,461	10,778	2,683	25%

	FYTD 2024 Actuals	FYTD 2023 Actuals	YOY Change	% Change
Other Non-Operating Revenues	6,335	8,578	(2,243)	(26%)
Total Revenues	287,023	278,572	8,451	3%
Labor	82,267	74,368	7,899	11%
Benefits	33,657	29,797	3,860	13%
Other Operating Expenses	67,531	53,411	14,120	26%
Depreciation Expense	60,286	63,707	(3,421)	(5%)
Interest & Financing Expense	34,250	34,495	(245)	(1%)
Other Non-Operating Expenses	21,858	315	21,543	6,839%
Total Expenses	299,849	256,093	43,756	17%
Net Income (Loss)	\$(12,826)	\$22,479	\$(35,305)	(157%)

Operating Expense Detail

The chart to the right breaks out year-to-date operating expenses by mode, while the table below includes each department’s forecasted year-end operating expenses compared to its FY 2024 budget. If the year-end forecast varies from the budget by more than five percent, an explanation is provided below the table and identified by the department’s row number.

YTD Expenses by Mode (\$000s)



YTD Expenses by Department (\$000s)

Row	Department	YTD Budget	YTD Actual	Actual vs. Budget	FY 2024 Budget	FY 2024 Forecast	Forecast vs. Budget
1	Agency Safety & Compliance	\$986	\$788	\$(198)	\$3,741	\$3,153	\$(588)
2	Board Support	349	176	(172)	1,175	1,017	(158)
3	Bus Operations	59,447	60,136	689	230,481	233,082	2,602
4	Business Innovation	536	374	(162)	2,125	1,733	(392)
5	Capital P&D Allocation	(4,132)	(4,356)	(224)	(16,529)	(16,529)	0
6	Capital Planning	570	493	(77)	2,216	2,216	0
7	Capital Program Development	3,740	2,291	(1,449)	14,451	14,319	(133)
8	Chief of Staff	228	87	(141)	828	352	(476)
9	Communications	1,565	805	(760)	6,200	6,063	(137)
10	Commuter Rail	9,280	8,621	(659)	37,033	37,020	(13)

Row	Department	YTD Budget	YTD Actual	Actual vs. Budget	FY 2024 Budget	FY 2024 Forecast	Forecast vs. Budget
11	DART Police	15,271	13,691	(1,580)	58,313	55,745	(2,568)
12	Diversity & Vendor Mgmt.	344	263	(81)	1,216	1,177	(40)
13	EEO & Cultural Engagement	303	155	(148)	1,225	843	(381)
14	Engineering	1,556	1,219	(338)	5,975	5,961	(13)
15	Executive Office	749	459	(290)	2,923	1,835	(1,088)
16	Finance	7,261	6,543	(718)	28,297	27,620	(677)
17	General Counsel	1,109	889	(219)	4,265	3,413	(852)
18	Government Relations	644	420	(224)	2,494	2,079	(415)
19	Human Resources	1,848	1,598	(250)	7,043	6,495	(548)
20	Information Systems & Tech.	9,797	8,118	(1,679)	38,969	38,282	(687)
21	Internal Audit	485	312	(173)	1,643	1,626	(16)
22	Marketing & Business Dev.	3,655	2,945	(710)	13,150	12,759	(391)
23	Materials Management	2,625	1,990	(634)	8,579	8,070	(510)
24	Mobility Management Services	16,001	15,092	(909)	64,793	64,648	(146)
25	MOW & Facilities Maintenance	23,089	23,813	724	87,679	88,392	713
26	Procurement	1,341	994	(346)	5,060	4,193	(866)
27	Rail Operations	17,872	20,629	2,757	68,012	72,050	4,038
28	Regional Rail ROW	25	0	(25)	100	100	0
29	Service Planning & Scheduling	1,264	1,288	25	5,812	5,577	(235)
30	Transit Ops & Service Delivery	505	400	(105)	2,128	2,064	(64)
31	Non-Departmental Op. Exp.	(1,677)	1,381	3,058	(2,153)	(153)	2,000
32	Total Operating Expenses	\$176,635	\$171,615	\$(5,019)	\$687,245	\$685,202	\$(2,042)

1. Agency Safety & Compliance is forecast to be under budget due to vacancies.
2. Board Support is forecast to be under budget due to vacancies and savings from travel.
3. Bus Operations is forecast to be over budget primarily due to unbudgeted overtime for increased maintenance needs and to backfill absences. In addition, the department is seeing increased preventative and corrective maintenance costs, particularly for parts.
4. Business Innovation is forecast to be under budget due to vacancies.
8. Chief of Staff is forecast to be under budget due to vacancies.
13. EEO & Cultural Engagement is forecast to be under budget due to vacancies.
15. Executive Office is forecast to be under budget due to vacancies.
17. General Counsel is forecast to be under budget primarily due to savings from legal services covered by the Silver Line capital budget.
18. Government Relations is forecast to be under budget due to vacancies.
19. Human Resources is forecast to be under budget due to vacancies.
23. Materials Management is forecast to be under budget due to vacancies.

25 MOW & Facilities Maintenance is over budget due to unbudgeted overtime expenses related to track and facility maintenance. Additional coverage for vacancies, absences, training, special events, and emergency repairs contributed to an increase in overtime.

26. Procurement is forecast to be under budget due to vacancies.

27. Rail Operations is forecast to be over budget due to overtime for 1) structural repairs of four LRVs due to accidents and vandalism, 2) paint and structural repairs on Streetcar 301, and 3) LRV rebuilds that were backlogged due to long lead times for parts.

31. Non-Departmental Operating Expenses are forecast to be over budget due to increased contribution to the Employees' Defined Benefit Retirement Plan and Trust.

Assets & Liabilities

The table below includes year-to-date assets and liabilities prepared on a GAAP basis, as well as debt and ratio analyses, compared to those amounts as of September 30, 2023.

Asset & Liability Summary on GAAP Basis (\$000)

	12/31/2023	9/30/2023	\$ Change	% Change
Current Assets	\$969,691	\$1,173,262	(\$203,571)	(17%)
Capital Assets	4,484,841	4,460,829	24,012	1%
Other Non-Current Assets	82,324	95,938	(13,614)	(14%)
Total Assets	5,536,856	5,730,029	(193,173)	(3%)
Deferred Outflows of Resources	112,096	113,119	(1,023)	(1%)
Total Assets & Deferred Outflows	5,648,952	5,843,148	(194,196)	(3%)
Current Liabilities	274,588	411,964	(137,376)	(33%)
Non-Current Liabilities	3,667,619	3,711,379	(43,760)	(1%)
Total Liabilities	3,942,207	4,123,343	(181,136)	(4%)
Deferred Inflows of Resources	56,597	56,829	(232)	0%
Total Liabilities & Deferred Inflows	3,998,804	4,180,172	(181,368)	(4%)
Net Assets	\$1,650,148	\$1,662,976	(\$12,828)	(1%)
Revenue Bond – Face Value	3,339,355	3,415,385	(76,030)	(2%)
Revenue Bond – Premium	197,228	200,923	(3,695)	(2%)
Total Revenue Bond	3,536,583	3,616,308	(79,725)	(2%)
RRIF Bond Payable	91,127	53,928	37,199	69%
Commercial Paper	0	0	0	0%
Capital Lease	0	8,524	(8,524)	(100%)
Total Debt (excl. Interest Payable)	3,627,710	3,678,760	(51,050)	(1%)
Interest Payable	12,133	48,934	(36,801)	(75%)
Total Debt	\$3,639,843	\$3,727,694	\$(87,851)	(2%)

Acid-Test Ratio ¹	3.34	2.72
Current Ratio (Current Assets/Current Liabilities) ¹	3.53	2.85
Capital Assets/Total Assets Ratio ²	0.79	0.76
Debt/Capital Assets Ratio ³	0.81	0.84

¹The acid-test ratio measures DART’s ability to pay its current liabilities with short-term assets excluding inventory. In contrast, the current ratio measures DART’s ability to pay its current liabilities with its current assets. Generally, a ratio of 1 or greater is good.

²This ratio reflects DART's investment in capital assets (such as rail right-of-way, passenger, operating facilities, rolling stock, etc.) relative to total assets.

³This ratio measures the percentage of DART’s capital assets financed with debt.

CAPITAL & NON-OPERATING EXPENSES

The table below breaks out year-to-date capital and non-operating expenses by mode, compared to the FY 2024 budget. Refer to the monthly Development report for additional details on the agency’s largest projects. You can also find information on capital projects in the Capital Improvement Program section of the FY 2024 Annual Budget and 20-Year Financial Plan.

YTD Capital & Non-Operating Expenses (\$000)

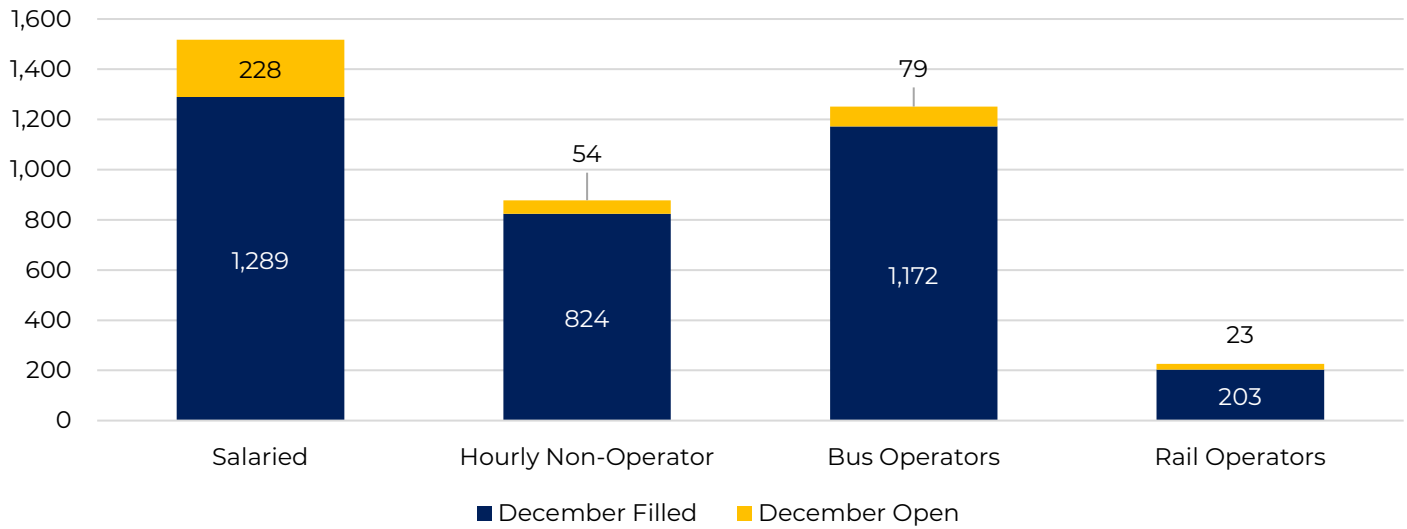
Mode	FY 2024 Budget	YTD Actual	Remainder
Agency-Wide	\$80,639	\$5,684	\$74,946
Bus	37,563	1,220	36,486
Light Rail Transit	136,062	2,409	133,653
Streetcar	4,377	0	4,377
Commuter Rail/RR Management	512,778	80,228	432,550
Paratransit	577	0	577
Capital Planning & Development/Start-Up	16,529	4,356	12,172
Capital Expenses	788,526	93,896	694,629
Non-Operating	105,895	25,351	80,544
Total Capital & Non-Operating Expenses	\$894,421	\$119,247	\$775,173

HIRING SUMMARY

Filled Positions

The table below details the number of filled and open positions by position type. We have filled 90 percent of the 3,872 budgeted positions. Total Bus Operator vacancies include 40 positions related to service expansions scheduled for June and September 2024; we plan to hire those positions in April and June.

Filled vs. Open Positions



Positions by Department

The table below lists the number of budgeted positions by department, any adjustments made this fiscal year, and vacancies. Positions are grouped by type, like the table above.

When we first submitted the budget to the Board on July 7, 2023, we had a “vacancy pool” (Row 1) of 62 positions that had been vacant for a significant time with no reasonable plan to fill them. Positions in the vacancy pool have since been reclassified and allocated to departments to support the Board’s goals and operating objectives.

The agency also added four new field maintenance inspectors to support enhanced cleaning, funded from contractual services allocations.

Row	Department	FY 2024 Positions as of 7/7/23	Adjustments	FY 2024 Positions as of 12/31/23	Vacancies
1	Agency Initiatives (Vacancy Pool)	62	(61)	1	1
2	Agency Safety & Compliance	22	5	27	8
3	Board Support	6	0	6	3
4	Bus Operations	190	(10)	180	11
5	Business Innovation	7	1	8	3
6	Capital Planning	10	4	14	2
7	Capital Program Development	35	30	65	12
8	Chief of Staff	6	(1)	5	3
9	Communications	10	5	15	2
10	Commuter Rail & RR Management	9	0	9	2
11	Diversity & Vendor Management	8	1	9	2
12	EEO & Cultural Engagement	7	1	8	3

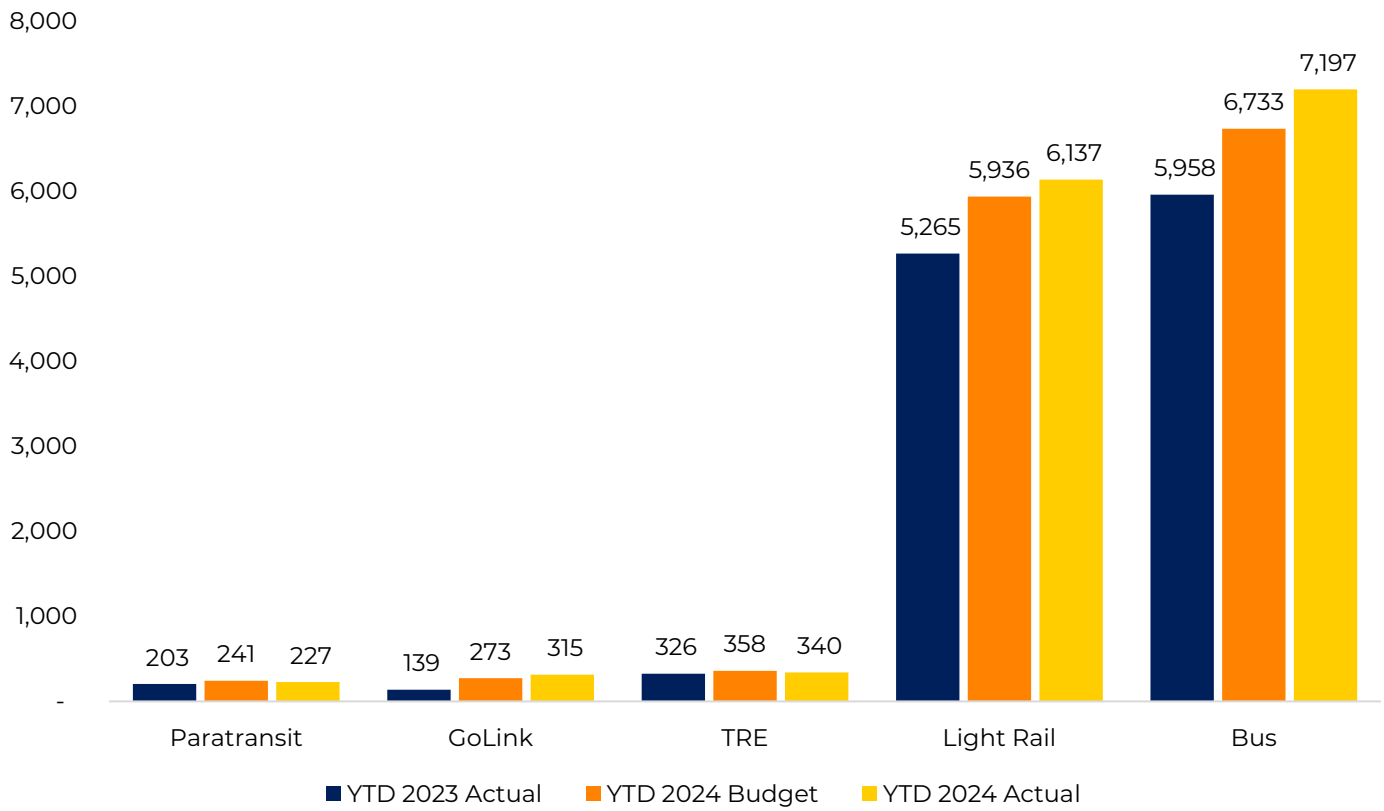
Row	Department	FY 2024 Positions as of 7/7/23	Adjustments	FY 2024 Positions as of 12/31/23	Vacancies
13	Engineering & Construction	51	(18)	33	1
14	Finance	91	14	105	19
15	General Counsel	19	0	19	1
16	Government & Community Relations	13	0	13	4
17	Human Resources	43	0	43	4
18	Internal Audit	9	0	9	1
19	Light Rail Operations	128	3	131	9
20	MOW/Facility Maintenance	91	11	102	11
21	Marketing & Communications	51	(3)	48	9
22	Materials Management	30	0	30	0
23	Mobility Management Services	46	0	46	3
24	Police	400	2	402	73
25	President	9	0	9	4
26	Procurement	53	1	54	18
27	Service Planning & Scheduling	22	0	22	1
28	Technology	80	14	94	15
29	Transit Operations & Service Delivery	9	1	10	3
30	Total Salaried	1,517	0	1,517	228
31	Bus Operations	340	0	340	23
32	Finance	17	0	17	1
33	Light Rail Operations	151	0	151	8
34	MOW/Facility Maintenance	277	5	282	18
35	Marketing & Communications	40	(2)	38	0
36	Materials Management	49	1	50	4
37	Total Hourly Non-Operator	874	4	878	54
38	Bus Operators	1,251	0	1,251	79
39	Light Rail Operators	226	0	226	23
40	Total Bus & Rail Operators	1,477	0	1,477	102
41	Total Hourly	2,351	4	2,355	156
42	Grand Total Departments	3,868	4	3,872	384

RIDERSHIP SUMMARY

The chart below compares year-to-date budgeted ridership to actual ridership and to the same period in FY 2023. Since restoring the DARTzoom bus network to full service in January 2023, we have delivered more than 99 percent of scheduled trips, with overall ridership nearing 77 percent of pre-pandemic numbers through December. Overall, ridership is up by 2.3 million riders (20 percent) over the same period last year.

Detailed information on ridership, subsidy per passenger, and service performance is available on the public-facing [DART Scorecard](#) on DART.org.

YTD Ridership by Mode (000s)



Note: The Light Rail category includes ridership for light rail and the Dallas Streetcar.