




City of Dallas Economic Development Corporation

(a component unit of the City of Dallas, Texas)

Independent Auditor's Report and Financial Statements

For the Period July 1, 2024 through September 30, 2024



City of Dallas Economic Development Corporation
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Independent Auditor's Report

The Members of the Board of Directors
City of Dallas Economic Development Corporation, a component unit of the City of Dallas, Texas
Dallas, Texas

Opinions

We have audited the financial statements of the governmental activities and the major fund of the City of Dallas Economic Development Corporation (Dallas EDC), a component unit of the City of Dallas, Texas, as of and for the period July 1, 2024 through September 30, 2024, and the related notes to the financial statements, which collectively comprise the Dallas EDC's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Dallas EDC, for the period July 1, 2024 through September 30, 2024 and the respective changes in financial position for the period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Dallas EDC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Dallas EDC's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Dallas EDC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Dallas EDC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Forvis Mazars, LLP

**Dallas, Texas
December 12, 2024**

**City of Dallas Economic Development Corporation
Management’s Discussion and Analysis (Unaudited)
For the Period July 1, 2024 through September 30, 2024**

Management’s Discussion and Analysis (Unaudited)

The Management’s Discussion and Analysis of the financial performance of the City of Dallas Economic Development Corporation (Dallas EDC), a component unit of the City of Dallas, Texas provides an overall review of the Dallas EDC’s financial activities for the period of July 1, 2024 through September 30, 2024. The intent of this discussion and analysis is to look at the Dallas EDC’s financial performance as a whole. Readers should also review the basic financial statements and notes to the financial statements to enhance their understanding of the Dallas EDC’s financial performance.

Highlights

The Dallas EDC was formed on January 19, 2022 by City of Dallas Resolution No. 22-0168 approving and authorizing the creation of the City of Dallas Economic Development Corporation (Dallas EDC) to support and enhance the work of the City of Dallas Office of Economic Development by assisting with marketing for business development and serving as a public developer on authorized projects.

The Dallas EDC has no capital assets and holds no debt or other long-term obligations.

Net position restricted for economic development at September 30, 2024 totaled \$5,978, due to the revenues exceeding expenditures during the period under audit.

Overview of the Financial Statements

This annual report consists of two parts – (i) Management’s Discussion and Analysis and (ii) the basic financial statements consisting of a *Governmental Fund Balance Sheet/Statement of Net Position, Statement of Revenues, Expenditures, and Changes in Governmental Fund Balance/Statement of Activities*, and related footnotes.

The Governmental Fund Balance Sheet/Statement of Net Position presents the financial position of the Dallas EDC and provides information about the activities of the Dallas EDC, including all short-term and long-term financial resources and obligations, if any. The Statement of Revenues, Expenditures, and Change in Governmental Fund Balance/Statement of Activities presents information showing how the government’s fund balance/net position changed during the most recent fiscal period.

The Dallas EDC uses the modified accrual basis of accounting and current financial resources measurement focus to maintain its financial records for its Governmental Fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Governmental Fund Balance (governmental fund financial statements) and the accrual basis of accounting and economic resources measurement focus to maintain its financial records for its Statement of Net Position and Statement of Activities (government-wide financial statements).

There are no differences or reconciling items between the governmental and government-wide financial statements.

Summary Statement of Net Position:

	As of September 30, 2024
Total Assets	\$ 150,424
Total Liabilities	144,446
Fund Balance/Net Position:	
Restricted	5,978
Total Fund Balance/Net Position	5,978
Total Liabilities and Fund Balance/Net Position	\$ 150,424

Summary Statement of Activities:

	For the Period July 1, 2024 through September 30, 2024
Revenues	\$ 600,256
Expenditures	594,278
Change in fund balance/net position	\$ 5,978

Net position increased in 2024 due to revenues exceeding expenditures.

Economic Factors and Future Outlook

Presently, the Dallas EDC is not aware of any significant changes in conditions or events that would have a significant effect on the revenues, expenditures, or operations in the near future.

Contacting District’s Financial Management

This financial report is designed to provide citizens and taxpayers with a general overview of the Dallas EDC’s finances and to reflect the Dallas EDC’s accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to the Dallas EDC’s administrator at 1401 Elm Street, Ste. 500, Dallas, TX 75202.

**City of Dallas Economic Development Corporation
Governmental Fund Balance Sheet / Statement of Net Position
September 30, 2024**

ASSETS

Cash and cash equivalents	\$ 44,003
Accounts receivable	100,000
Prepaid expenses	<u>6,421</u>

Total Assets 150,424

LIABILITIES

Accounts payable	140,432
Accrued expenses and other liabilities	<u>4,014</u>

Total Liabilities 144,446

Fund Balance/Net Position	
Restricted for economic development	<u>5,978</u>

Total Fund Balance/Net Position \$ 5,978

City of Dallas Economic Development Corporation
Statement of Revenues, Expenditures, and Changes in Governmental Fund Balance / Statement
of Activities
For the Period July 1, 2024 through September 30, 2024

Revenues	
City Contributions	\$ 460,256
Fees from services	<u>140,000</u>
Total Revenues	<u>600,256</u>
Expenditures/Expenses	
Economic development	<u>594,278</u>
Total Expenditures/Expenses	<u>594,278</u>
Excess of revenues over expenditures/expenses	<u>5,978</u>
Change in Fund Balance/Net Position	5,978
Fund Balance/Net Position, Beginning of Period	<u>-</u>
Fund Balance/Net Position, End of Period	<u><u>\$ 5,978</u></u>

Note 1. Financial Reporting Entity

On January 19, 2022, the City Council (the “City Council”) of the City of Dallas, Texas (the “City”) passed and approved Resolution No. 22-0168 approving and authorizing the creation of the City of Dallas Economic Development Corporation (the “Dallas EDC”) to support and enhance the work of the City of Dallas Office of Economic Development by assisting with marketing for business development and serving as a public developer on authorized projects. The boundaries of the Dallas EDC are entirely located within the City.

The Dallas EDC is a separate autonomous entity governed by a fifteen-member board of directors appointed as prescribed in the Bylaws. The Dallas EDC is a discretely presented component unit of the City and the Dallas EDC’s financial statements are not intended to present fairly the financial position of the City. The Dallas EDC has no component units or fiduciary funds in its reporting entity.

Note 1: Summary of Significant Accounting Policies

The significant accounting policies followed in the preparation of these financial statements are summarized below. The policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

Basis of Presentation

The Dallas EDC’s basic financial statements consist of a Governmental Fund Balance Sheet/Statement of Net Position and a Statement of Revenues, Expenditures, and Changes in Governmental Fund Balance/Statement of Activities.

The Dallas EDC uses the modified accrual basis of accounting and current financial resources measurement focus to maintain its financial records for its Governmental Fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Governmental Fund Balance (governmental fund financial statements) and the accrual basis of accounting and economic resources measurement focus to maintain its financial records for its Statement of Net Position and Statement of Activities (government-wide financial statements).

There are no differences or reconciling items between the governmental and government-wide financial statements.

Measurement Focus and Basis of Accounting

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are generally considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Cash and Cash Equivalents

Cash received by the Dallas EDC is deposited with a financial institution in either an interest-bearing checking account or an interest-bearing savings account. There were no amounts invested during the fiscal period.

City of Dallas Economic Development Corporation
Notes to the Financial Statements
September 30, 2024

Accounts Receivable

Accounts receivable include Dallas EDC revenues for the current fiscal period, but not yet remitted to the Dallas EDC. The Dallas EDC does not provide an allowance for uncollectible accounts, as receivable amounts are expected to be collected in full shortly after period end.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items are recorded as expenditures when consumed rather than when purchased.

Fund Balance / Net Position

Fund balance/net position represents the difference between assets and liabilities. Fund balance/net position is reported as restricted as there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by laws or regulations of other governments.

Revenues, Expenditures, and Other Financing Sources (Uses)

Revenues are those cash inflows that are generated directly from the primary activity of the Dallas EDC. Expenditures are the necessary costs incurred to provide the service that is the primary activity of the Dallas EDC. All revenues and expenditures not meeting this definition are reported as other financing sources (uses), if applicable.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Income Taxes

The Dallas EDC is a governmental entity and is exempt from all federal and state income taxes.

Note 2. Cash and Cash Equivalents

Cash and cash equivalents consisted of the following as of September 30, 2024:

Non-interest bearing checking account	\$ 44,003
Total cash and cash equivalents	<u>\$ 44,003</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Dallas EDC's deposits may not be returned. At September 30, 2024, the Dallas EDC's cash accounts did not exceed federally insured limits.

City of Dallas Economic Development Corporation
Notes to the Financial Statements
September 30, 2024

Note 3. City of Dallas Contribution/Commitment

The Dallas EDC was created by the City for the purposes of aiding and assisting the City by engaging in economic development activities. As part of this purpose, the City has appropriated/allocated up to \$7,000,000 in their general fund revenues for the purpose of supporting the operations of the Dallas EDC. Upon the submission of the annual budget by the Dallas EDC, the City will then provide funding through the Dallas EDC’s submission of a funding request which is comparable to the Dallas EDC’s budgeted expenditures for the fiscal year.

The below table shows the remaining commitment on the part of the City as of September 30, 2024:

Funds Committed from the City of Dallas	\$ 7,000,000
Dallas EDC expenses paid by the City EDC Fund	(812,986)
Funds disbursed to EDC - July 1, 2024 - September 30, 2024	<u>(460,256)</u>
Funds Remaining, End of Period	<u><u>\$ 5,726,758</u></u>