



CARROLLTON

T E X A S

SUMMARY FINANCIAL STATEMENTS BUDGET BASIS

FISCAL YEAR 2022

AS OF JULY 31, 2022

Table of Contents

- GENERAL FUND 3
 - Financial Summary 3
 - Fund Characteristics 4
 - July 2022 Highlights 4
- UTILITY FUND 5
 - Financial Summary 5
 - Fund Characteristics 6
 - July 2022 Highlights 6
- GOLF COURSE FUND 7
 - Financial Summary 7
 - Fund Characteristics 7
 - July 2022 Highlights 7
- SOLID WASTE FUND 8
 - Financial Summary 8
 - Fund Characteristics 8
 - July 2022 Highlights 8
- ADDITIONAL OPERATING FUNDS 9

GENERAL FUND

The General Fund is the main operating fund of the City. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other funds are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund. This fund includes most of the basic operating services such as Fire, Police, Environmental Services, Parks and Recreation, Libraries, Development Services, and Street Maintenance.

Financial Summary

<u>General Fund</u>				
	<u>Original Budget</u>	<u>YTD Portion of Budget</u>	<u>Actual to Date</u>	<u>% of Budget to Date</u>
Revenues:				
Taxes & franchise fees	\$ 111,246,654	\$ 92,705,545	\$ 108,137,661	97.21%
Other	\$ 11,751,608	\$ 9,793,007	\$ 21,904,961	186.40%
Transfers in from:				
Utility Fund for Payment In Lieu of Taxes	\$ 2,669,036	\$ 2,224,197	\$ 2,224,197	83.33%
Expenditures:				
Recurring Operating Costs	\$ (114,800,744)	\$ (95,667,287)	\$ (91,915,072)	80.06%
Transfers out/Non-operating uses:				
Employee Safety Program	\$ (452,370)			
Rate Review	\$ (25,000)	\$ (20,833)	\$ -	0.00%
Hotel/Motel Tax Subsidy	\$ (270,000)	\$ (225,000)	\$ -	0.00%
Essential Tech Funds	\$ (1,450,000)	\$ (1,208,333)	\$ -	0.00%
Economic Development Incentives	\$ (130,000)	\$ (108,333)	\$ -	0.00%
Addl Sources/Reduct Uses	\$ (9,233,820)	\$ (7,694,850)	\$ -	0.00%
One-time Comp Adj.	\$ (575,123)	\$ (479,269)	\$ -	0.00%
Capital Projects	\$ (4,309,038)	\$ (3,590,865)	\$ -	0.00%
Net increase (decrease)	\$ (5,578,797)	\$ (4,272,021)	\$ 40,351,747	
Beg. Working Capital	\$ 28,839,771		\$ 47,874,080	
End Working Capital	\$ 23,260,974		\$ 88,225,827	

Fund Characteristics

1. Target fund balance is equal to 60 days of operating expenditures.
2. Revenue consists of:
 - a) Property (ad valorem) taxes plus their penalties and interest which represent over half of the revenue.
 - b) Sales and use taxes represent the City's second highest revenue source.
 - c) Licenses and permits, franchise fees, fines and forfeitures, charges for services, interest, and other miscellaneous fees.
3. Used to account for all financial resources and all expenditures, fixed charges, and capital improvement costs not accounted for or paid through other funds.

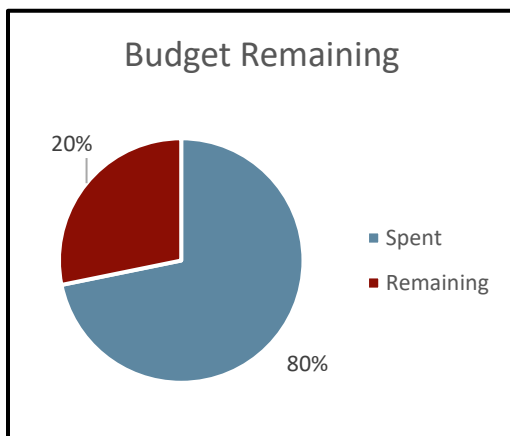
July 2022 Highlights

The General Fund is currently meeting all financial standards. Revenue remains high when compared to July 2021 due to the June receipt of the second half of federal assistance for lost revenue under the American Rescue Plan Act (ARPA). The first half was received in June 2021 and was utilized for Fire Fighters' salaries. The City continues to use the same philosophy this year. Fund balance freed up will be used for capital projects in FY 2023.

Sales tax collections year-to-date are \$9 million above budgeted collections. This is a result of the stay of the Texas Comptroller's implementation of changes to Rule 3.334 as well as an uptick in the inflation rate.

<i>Sales Tax</i>	<i>Current Month</i>	<i>Year to Date</i>
Original Budget	\$ 3,313,259	\$ 26,239,015
Actual - Current Year	\$ 4,214,451	\$ 35,253,889
Actual - Prior Year	\$ 4,265,688	\$ 30,791,674

Year-to-date expenditures are slightly below targeted amount due to increased vacancies and delays in supply chain. The General Fund is scheduled to make over \$14.9 million in capital contributions at the end of the year which represents approved Fiscal Year 2022 additions-to-base. Any excess fund balances will be used for programming non-recurring requests as part of the Annual Budgeting process for Fiscal Year 2023.



UTILITY FUND

The Utility Fund is used to account for water and sewer services to the residents and businesses of the City. Activities of the fund include administration, operations, and maintenance of the water and sewer system, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are primarily financed through charges to utility customers through water and sewer rates.

Financial Summary

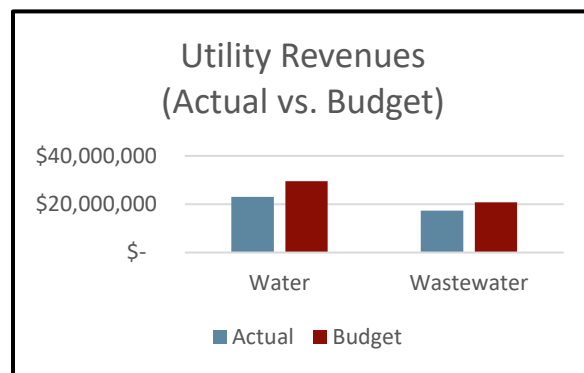
<u>Utility Fund</u>				
	Original Budget	YTD Portion of Budget	Actual to Date	% of Budget to Date
Revenues:				
Sales and Charges	\$ 50,307,504	\$ 41,922,920	\$ 40,373,992	80.25%
Other	\$ 1,356,500	\$ 1,130,417	\$ 1,224,329	90.26%
Expenses:				
Recurring Operating Costs	\$ (44,570,713)	\$ (37,142,261)	\$ (33,033,046)	74.11%
Transfers out/Non-operating uses:				
Gen Fund-PMT ILO Taxes	\$ (2,669,036)	\$ (2,224,197)	\$ (2,224,197)	74.11%
Debt Service	\$ (1,869,147)	\$ (1,557,623)	\$ (1,671,463)	89.42%
Debt Redemption	\$ -	\$ -	\$ -	0.00%
Capital Projects	\$ (5,485,770)	\$ (4,571,475)	\$ -	0.00%
Net increase (decrease)	\$ (2,930,662)	\$ (2,442,219)	\$ 4,669,615	
Beg. Working Capital	\$ 15,066,387		\$ 17,106,615	
End Working Capital	\$ 12,135,725		\$ 21,776,217	

Fund Characteristics

1. Target fund balance is equal to 90 days of operating expenditures.
2. Revenue consists of:
 - a. Water sales and charges which represent a little over half of the fund’s revenue.
 - b. Sewer sales and charges which represent approximately 40% of the revenue received.
 - c. Other small fees and charges such as: tag and reconnect fees, industrial surcharge, backflow prevention, investment, and miscellaneous income.
3. As an enterprise fund, the operations are financed through its sales and run similarly to a private business.
4. Costs for providing goods and services to the public are financed through user charges.

July 2022 Highlights

Water, sewer, and utility-related collections represent 81% of their annual budget. Over 35% of the City’s revenue is received during the last quarter of the Fiscal Year and an even larger collection rate is expected in the last two months of this final quarter as a result of the drought currently being experienced in North Texas.



Expenditures for the utility fund are predominantly made up of purchases of treated water from Dallas Water Utility and payments to Trinity River Authority (TRA) for wastewater treatment. Payments to TRA are made based on estimated flow amount. A reconciliation and settle up is performed after the end of their fiscal year. In Fiscal Year 2022, the City received a \$1.1 million rebate from TRA for payments made in Fiscal Year 2021.

<i><u>Expenditures</u></i>	<u>Y-T-D THIS YEAR</u>	<u>Y-T-D LAST YEAR</u>
Personnel Services	\$ 2,885,523	\$ 2,968,263
Supplies and Services	\$ 25,626,311	\$ 24,187,938
Utilities	\$ 509,872	\$ 659,181
Allocations	\$ 4,129,858	\$ 3,957,493
Prior Year's Cancelled Encumbrances	\$ (118,517)	\$ (499)
Total Expenditures	\$ 33,033,046	\$ 31,772,376

GOLF COURSE FUND

The Golf Course Fund had been designated as an enterprise fund and is used to account for the maintenance and upkeep of Indian Creek Golf Club. The City utilizes a management services contract to oversee the operations of the courses. Under the current contract signed in March 2021, Orion reimburses the City for utilities, equipment depreciation, and a portion of the golf course revenue. The percentage of revenue shared with the City is based on a tiered sliding scale and is calculated on a year-to-date basis. The revenue is then used to make improvements to the City’s course, administration, operations, and maintenance costs.

Financial Summary

Golf Course Fund				
	Original Budget	YTD Portion of Budget	Actual to Date	% of Budget to Date
Revenues:	\$ 663,310	\$ 497,483	\$ 662,265	99.84%
Expenses:	\$ (281,779)	\$ (234,816)	\$ (137,102)	48.66%
Transfers out to Capital Projects	\$ (100,000)	\$ (83,333)	\$ -	0.00%
Net increase (decrease)	\$ 281,531	\$ 211,149	\$ 525,164	
Beg. Working Capital	\$ 243,265		\$ 557,330	
End Working Capital	\$ 524,796		\$ 1,082,493	

Fund Characteristics

1. Target fund balance is equal to 50% of annual debt service.
2. Revenue consists of a percentage of the income attained by Orion Management based on a tiered sliding scale on the YTD amount.
3. Susceptible to extreme weather patterns, including floods due to its location next to the Trinity River, and environmental factors like the pandemic may prompt a need for subsidizing during repairs and inclement weather closures.

July 2022 Highlights

Revenue for the fund is currently performing approximately 17% above budget for the year, and expenses are currently 36% below projected target. The fund balance continues to trend above target and no additional transfers of funds should be needed for operational purposes. Orion’s overall revenue is performing well above its targets as reflected in the table below.

Orion Revenue Analysis – July 2022						
	Mo – Act	Mo-Bud	+/- Bud	Yr – Act	Yr - Bud	Yr +/- Bud
Rounds Played	9,635	8,580	1055	53,256	45,240	8,016
Total Revenue	\$429,529	\$403,710	\$4,883	\$2,567,558	\$2,102,640	464,918
Misc. \$ Collected	\$ 67,803					
Total \$ Collected	\$497,332					
Tournament Rounds Played: 369						
Orion reports are based on calendar year rather than City of Carrollton’s Fiscal Year.						

SOLID WASTE FUND

The Solid Waste Fund is an enterprise fund that is funded through its user fees. Residential, multifamily, and commercial solid waste services are outsourced to a private waste provider, Republic Services. Residential fees fund an annual capital transfer for alley replacements. Due to the continual growth in multifamily dwellings and change in service demand, apartments are now charged on a per-service basis rather than a set rate per unit.

Financial Summary

Solid Waste Operating Fund				
	Original Budget	YTD Portion of Budget	Actual to Date	% of Budget to Date
Revenues:	\$ 12,024,783	\$ 10,020,653	\$ 9,968,346	82.90%
Expenses:	\$ (10,457,086)	\$ (8,714,238)	\$ (8,723,519)	83.42%
Transfers out to Capital Projects	\$ (1,537,601)	\$ (1,281,334)	\$ -	0.00%
Net increase (decrease)	\$ 30,096		\$ 1,244,827	
Beg. Working Capital	\$ 283,939		\$ 359,545	
End Working Capital	\$ 314,035		\$ 1,604,372	

Fund Characteristics

1. Target fund balance is \$200,000
2. Revenue consists of:
 - a. Residential collection fees which account for about 75% of the entire monthly revenue.
 - b. Apartment collections fees, including commercial/business, represent about a third of the revenue.
 - c. Expenditures – payments to third party provider and capital pay-go funding for alley replacements.

July 2022 Highlights

Total fiscal year-to-date revenue and expenditures are on target at 83% of budget. Fiscal 2022 was budgeted to end the year with \$314,035 fund balance, an amount that can be used for storm-related clean-up fees. The current operating fund balance sits at \$1,604,372 and any excess funds will be transferred to capital projects. A transfer of \$1,537,601 is scheduled as part of the year-end process in September to fund alley replacements.

ADDITIONAL OPERATING FUNDS

Information on the other operating funds of the City (Risk, Fleet, Administrative Services, Employee Health and Disability, Hotel/Motel, and Debt Service) is provided only on an exception basis. All other operating funds are on target with the budget.

Fleet Services Fund – The current fund balance is \$912,976 which exceeds the financial standard of break-even.

Administrative Fund – The Administrative Fund is currently meeting its financial target of 30 days of operating expenses. The budget for Supplies and Services expenditures was increased by \$1,435,305 from the IT Capital Project Fund to the IT Operating Budget for the recurring costs related to the data center relocation and needed equipment.

Risk Fund – The Risk Fund is currently budgeted to draw down excess fund balance and is currently performing as expected. The City is meeting its financial standards.

Employee Health Fund – Current projections through the end of July 2022 shows a \$5,400,577 cash balance.