



# **CARROLLTON**

**T E X A S**

## SUMMARY FINANCIAL STATEMENTS BUDGET BASIS

**FISCAL YEAR 2022**  
**AS OF AUGUST 31, 2022**

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## 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>                          |                      |                          |                      |                        |
|--|----------------------|--------------------------|----------------------|------------------------|
|  | Original Budget      | YTD Portion of<br>Budget | Actual to Date       | % of Budget<br>to Date |
| <b>Revenues:</b>                             |                      |                          |                      |                        |
| Taxes & franchise fees                       | \$ 111,246,654       | \$ 101,976,100           | \$ 113,869,061       | 102.36%                |
| Other  | \$ 11,751,608        | \$ 9,793,007             | \$ 23,014,800        | 195.84%                |
| <b>Transfers in from:</b>                    |                      |                          |                      |                        |
| Utility Fund for Payment In<br>Lieu of Taxes | \$ 2,669,036         | \$ 2,224,197             | \$ 2,224,197         | 91.67%                 |
| <b>Expenditures:</b>                         |                      |                          |                      |                        |
| Recurring Operating Costs                    | \$ (114,800,744)     | \$ (105,234,105)         | \$ (101,808,779)     | 88.68%                 |
| <b>Transfers out/Non-operating uses:</b>     |                      |                          |                      |                        |
| Employee Safety Program                      | \$ (452,370)         |                          |                      |                        |
| Rate Review                                  | \$ (25,000)          | \$ (22,917)              | \$ -                 | 0.00%                  |
| Hotel/Motel Tax Subsidy                      | \$ (270,000)         | \$ (247,500)             | \$ -                 | 0.00%                  |
| Essential Tech Funds                         | \$ (1,450,000)       | \$ (1,329,167)           | \$ -                 | 0.00%                  |
| Economic Development<br>Incentives           | \$ (130,000)         | \$ (119,167)             | \$ -                 | 0.00%                  |
| Addl Sources/Reduct Uses                     | \$ (9,233,820)       | \$ (8,464,335)           | \$ -                 | 0.00%                  |
| One-time Comp Adj.                           | \$ (575,123)         | \$ (527,196)             | \$ -                 | 0.00%                  |
| Capital Projects                             | \$ (4,309,038)       | \$ (3,949,952)           | \$ -                 | 0.00%                  |
| Net increase (decrease)                      | \$ (5,578,797)       | \$ (4,699,226)           | \$ 37,521,654        |                        |
| Beg. Working Capital                         | \$ 28,839,771        |                          | \$ 47,874,080        |                        |
| <b>End Working Capital</b>                   | <b>\$ 23,260,974</b> |                          | <b>\$ 85,395,733</b> |                        |

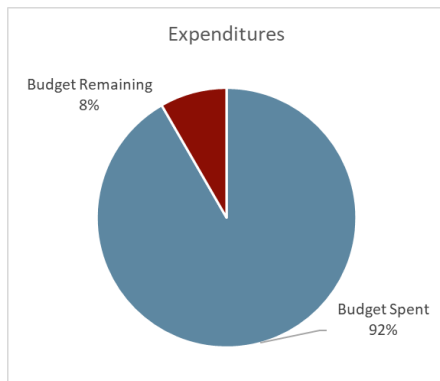
## Fund Characteristics

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.

## August 2022 Highlights

Revenue in the General Fund is performing above target. Taxes and franchise fees, which represent over 80% of our expected revenues are 102% above budget. Carrollton budgeted property tax at 98.5%, and the excess here is a result of the increased collection rate over the budgeted rate. Sales Tax was conservatively budgeted for FY2022 to prepare for the implementation of changes to Rule 3.334. The litigation on the Rule was found in favor of the municipalities, however, it is expected this to be a topic of interest in the 2023 Legislative session. “Other Revenue” is reflective of over \$11.9 million dollars recognized against firefighter salaries as part of the APRA fund.

| <i>Sales Tax</i>      | <i>Current Month</i> | <i>Year to Date</i> |
|-----------------------|----------------------|---------------------|
| Original Budget       | \$ 2,875,831         | \$ 29,114,846       |
| Actual - Current Year | \$ 4,172,089         | \$ 39,425,978       |
| Actual - Prior Year   | \$ 3,466,132         | \$ 34,257,806       |



Year-to-date expenditures are below the targeted amount, primarily due to increased vacancies and delays in supply chain. The General Fund is scheduled to make over \$14.9 million in capital transfers at the end of the year which represents approved Fiscal Year 2022 Council’s additions-to-base.

The General Fund is forecasted to end the year well above its financial target. As part of the Fiscal Year 2023 annual budget process, the Finance team forecasted ending balances for the General Fund. Council programmed the excess fund balances as non-recurring requests during deliberations throughout the months of August and September which bring the Fund back to its financial standard of 60 days.

## 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

| <b>Utility Fund</b>                      |                        |                                  |                       |                                    |
|--|------------------------|----------------------------------|-----------------------|------------------------------------|
|  | <b>Original Budget</b> | <b>YTD Portion of<br/>Budget</b> | <b>Actual to Date</b> | <b>% of<br/>Budget to<br/>Date</b> |
| <b>Revenues:</b>                         |                        |                                  |                       |                                    |
| Sales and Charges                        | \$ 50,307,504          | \$ 46,115,212                    | \$ 46,566,056         | 92.56%                             |
| Other                                    | \$ 1,356,500           | \$ 1,243,458                     | \$ 1,328,736          | 97.95%                             |
| <b>Expenses:</b>                         |                        |                                  |                       |                                    |
| Recurring Operating Costs                | \$ (44,570,713)        | \$ (40,856,487)                  | \$ (36,476,737)       | 81.84%                             |
| <b>Transfers out/Non-operating uses:</b> |                        |                                  |                       |                                    |
| Gen Fund-PMT ILO Taxes                   | \$ (2,669,036)         | \$ (2,446,616)                   | \$ (2,446,616)        | 91.67%                             |
| Debt Service                             | \$ (1,869,147)         | \$ (1,713,385)                   | \$ (1,715,148)        | 91.76%                             |
| Capital Projects                         | \$ (5,485,770)         | \$ (5,028,623)                   | \$ -                  | 0.00%                              |
| Net increase (decrease)                  | \$ (2,930,662)         | \$ (2,686,441)                   | \$ 7,256,291          |                                    |
| Beg. Working Capital                     | \$ 15,066,387          |                                  | \$ 17,106,602         |                                    |
| <b>End Working Capital</b>               | <b>\$ 12,135,725</b>   |                                  | <b>\$ 24,362,893</b>  |                                    |

## 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.

## August 2022 Highlights

Water and sewer sales are at 92.56% of their total annual budget through August which is above target. The last quarter of year is traditionally the city’s strongest quarter water sales and continues to be true for this year. According to the National Weather Service, DFW went 67 days without measurable precipitation and that drought was reflected in our sale of water over the last few months.

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. Expenditures are below the budget target. This is driven by the \$1.14 million settle-up rebate received from TRA in June for payments made in Fiscal Year 2021 based on actual rather than estimated flows.

### Consecutive Days without Measurable Rain

| Rank  | # of Days | Dates                      |
|-------|-----------|----------------------------|
| 1     | 84        | Jul 1 - Sep 22, 2000       |
| 2     | 67        | Jun 4 - Aug 9, 2022        |
| 3     | 58        | Nov 4 - Dec 31, 1950       |
| (tie) | 58        | May 25 - Jul 21, 1934      |
| 5     | 56        | Jul 11 - Sep 4, 1999       |
| 6     | 54        | Oct 7 - Nov 29, 1955       |
| 7     | 52        | Dec 12, 1985 - Feb 1, 1986 |
| 8     | 48        | Sep 20 - Nov 6, 1924       |
| 9     | 46        | Jun 13 - Jul 28, 1974      |
| 10    | 45        | Jun 8 - Jul 22, 1978       |

Sources: National Weather Service

| <i>Expenditures</i>                 | Y-T-D THIS YEAR      | Y-T-D LAST YEAR      |
|-------------------------------------|----------------------|----------------------|
| 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)             |
| <b>Total Expenditures</b>           | <b>\$ 33,033,046</b> | <b>\$ 31,772,376</b> |

## 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

| <b>Golf Course Fund</b>                  |                        |                              |                       |                            |
|--|------------------------|------------------------------|-----------------------|----------------------------|
|  | <b>Original Budget</b> | <b>YTD Portion of Budget</b> | <b>Actual to Date</b> | <b>% of Budget to Date</b> |
| <b>Revenues:</b>                         | \$ 663,310             | \$ 608,034                   | \$ 798,326            | 120.35%                    |
| <b>Expenses:</b>                         | \$ (281,779)           | \$ (258,297)                 | \$ (204,147)          | 72.45%                     |
| <b>Transfers out to Capital Projects</b> | \$ (100,000)           | \$ (91,667)                  | \$ -                  | 0.00%                      |
| Net increase (decrease)                  | \$ 281,531             | \$ 258,070                   | \$ 594,179            |                            |
| Beg. Working Capital                     | \$ 243,265             |                              | \$ 557,330            |                            |
| <b>End Working Capital</b>               | \$ 524,796             |                              | \$ 1,151,508          |                            |

### 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.

### August 2022 Highlights

The Golf Course continues to outperform its expectations. The city is currently receiving 20% of Orion Management’s monthly income based on the agreed-upon revenue-share model. Expenses are slightly below target. The fund balance is trending above target and no additional transfers of funds are currently needed. Orion’s overall revenue is performing well above its targets as reflected in the table below.

| <b>Orion Revenue Analysis – August 2022</b>  |                 |               |                |                 |                 |                   |
|--|-----------------|---------------|----------------|-----------------|-----------------|-------------------|
|  | <b>Mo – Act</b> | <b>Mo-Bud</b> | <b>+/- Bud</b> | <b>Yr – Act</b> | <b>Yr - Bud</b> | <b>Yr +/- Bud</b> |
| <b>Rounds Played</b>   | 8,890           | 8,580         | 310            | 62,146          | 53,820          | 8,326             |
| <b>Total Revenue</b>   | \$441,380       | \$403,685     | \$37,695       | \$3,008,938     | \$2,506,325     | 502,613           |
| <b>Misc. \$ Collected</b>  | \$ 65,492       |               |                |                 |                 |                   |
| <b>Total \$ Collected</b>  | \$506,872       |               |                |                 |                 |                   |
| Tournament Rounds Played: 496  |                 |               |                |                 |                 |                   |
| Orion reports are based on a 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

| <b>Solid Waste Operating Fund</b>        |                        |                              |                       |                            |
|--|------------------------|------------------------------|-----------------------|----------------------------|
|  | <b>Original Budget</b> | <b>YTD Portion of Budget</b> | <b>Actual to Date</b> | <b>% of Budget to Date</b> |
| <b>Revenues:</b>                         | \$ 12,024,783          | \$ 11,022,718                | \$ 10,978,852         | 91.30%                     |
| <b>Expenses:</b>                         | \$ (10,457,086)        | \$ (9,585,662)               | \$ (9,478,556)        | 92.56%                     |
| <b>Transfers out to Capital Projects</b> | \$ (1,537,601)         | \$ (1,409,468)               | \$ -                  | 0.00%                      |
| Net increase (decrease)                  | \$ 30,096              |                              | \$ 1,300,296          |                            |
| Beg. Working Capital                     | \$ 283,939             |                              | \$ 359,545            |                            |
| <b>End Working Capital</b>               | \$ 314,035             |                              | \$ 1,659,841          |                            |

## 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.

## August 2022 Highlights

Total fiscal year-to-date revenue and expenditures are on target with a revenue of 91.9% of total budgeted and an expectation of 91.7%. The current operating fund balance sits at \$1,659,841. A capital transfer of \$1,537,601 is scheduled as part of the year-end process in September to fund alley repairs and replacements. After this transfer, the fund is expected to meet its financial standard for the end of this fiscal year.



## 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 \$843,301 and is meeting the City’s financial standard.

**Administrative Fund** – The Administrative Fund is currently meeting its financial target of 30 days of operating expenses. A budget amendment transfer occurred in FY2022 in the amount \$1,435,305 from the IT Capital Fund to pay for costs related to the new off-site data center.

**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** – As of August 31, 2022, the Employee Health Fund has a \$5,261,770 cash balance.