



CARROLLTON

T E X A S

SUMMARY FINANCIAL STATEMENTS BUDGET BASIS

FISCAL YEAR 2023

AS OF February 28, 2023

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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 another fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid through 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

General Fund				
	Original Budget	YTD Portion of Budget	Actual to Date	% of Budget to Date
Revenues:				
Taxes & franchise fees	\$ 123,509,556	\$ 51,462,315	\$ 91,370,168	73.98%
Other	\$ 12,220,059	\$ 5,091,691	\$ 4,665,877	38.18%
Transfers in from:				
Utility Fund for Payment In Lieu of Taxes	\$ 2,695,726	\$ 1,123,219	\$ 1,123,219	41.67%
Expenditures:				
Recurring Operating Costs	\$ (125,072,843)	\$ (52,113,685)	\$ (48,332,738)	38.64%
Transfers out/Non-operating uses:				
Rate Review	\$ (25,000)	\$ (10,417)	\$ -	0.00%
Hotel/Motel Tax Subsidy	\$ (270,000)	\$ (112,500)	\$ -	0.00%
Essential Tech Funds	\$ (1,691,225)	\$ (704,677)	\$ -	0.00%
Economic Development Incentives	\$ (130,000)	\$ (54,167)	\$ -	0.00%
Transfer to Administrative Fund	\$ (100,000)	\$ (41,667)		
Addtl. Sources/Reduct. Uses	\$ (2,935,414)	\$ (1,223,089)	\$ -	0.00%
One-time Comp Adj.	\$ (608,236)	\$ (253,432)	\$ -	0.00%
Capital Projects	\$ (48,486,215)	\$ (20,202,590)	\$ -	0.00%
Net increase (decrease)	\$ (40,893,592)	\$ (17,038,999)	\$ 48,826,526	
Beg. Working Capital	\$ 61,735,631		\$ 76,890,117	
End Working Capital	\$ 20,842,039		\$ 125,716,643	

Fund Characteristics

Target fund balance is equal to 60 days of operating expenditures.

Revenue consists of:

1. Property (ad valorem) taxes plus their penalties and interest which represent over half of the revenue.
2. Sales and use taxes represent the City's second highest revenue source.
3. Licenses and permits, franchise fees, fines and forfeitures, charges for services, interest, and other miscellaneous fees.

Used to account for all financial resources and all expenditures, fixed charges, and capital improvement costs not accounted for or paid through other funds.

February 2023 Highlights

The City has received over 70% of its revenue for the General Fund for Fiscal Year 2023. The City receives most of its property tax revenue in the first five months of the year since payments for the year are due on January 31, 2023. For the General Fund, the city budgeted \$71.2 million in property tax revenues for FY2023, and through February, has received approximately 99% of that budgeted amount.

Sales tax receipts for February came in 20.92% over the monthly budgeted amount at \$3,702,087. This number is however

2.10% below the same period of the previous year. Sales tax revenue will continue to exceed budgeted amounts from conservative budgeting due to potential impacts of the change to Rule 3.334 which changes the definition of “place of business”. Legislation has also been filed that addresses this rule change. Staff continues to monitor the changes to these rules.

Franchise fees are currently coming in approximately 2.2% below budget. We continue to see decreases in revenue in cable and telecom fees as a result of legislation that passed in previous sessions that established that allows for vendors to pay for only one line in Right of Ways instead of both. Between 2015 and 2022 the city has experienced an average of a 6.84% per year decrease in Cable Franchise Fees and an additional 7.04% per year decrease in Telecomm Franchise Fees. We continue to receive notifications from companies that they will continue to cease payments to the city resulting in additional revenue losses. Gas and electricity franchise fees are increasing due to the impacts of inflation on their gross revenues.

Recurring expenditures are slightly below target. This savings is primarily a reflection of salary savings due to vacancies and capital outlay items, yet to be purchased this year. Transfers out for subsidies and to various capital projects are made at the end of the year, to ensure that the General Fund is able to meet its financial obligations and maintains a minimum fund balance of 60 days of recurring expenditures. Fund balance will be monitored by staff as the year progresses.

The Finance Team provided an overview of the multi-year at the March 7th council meeting, which officially kicks off the “budget season”. The Budget & Management Analyst Team will continue to re-estimate revenues and expenses throughout FY2023. Any excess funds over the 60-day target in the General Fund will be allocated for one-time expenses for Council to allocate in the upcoming FY2024 budget deliberations. Budget discussions will begin with council in August 2023.

Property Tax Collection			
Month	Expected Collection %*	Expected Collection Amount	Actual Collection Amount
October	1.65%	\$ 1,174,128	(1,027,321.86)
November	4.94%	\$ 3,519,182	(3,476,857.99)
December	36.64%	\$ 26,096,301	(26,590,455.46)
January	42.30%	\$ 30,124,438	(24,762,327.49)
February	13.01%	\$ 9,268,022	(14,894,132.80)
March	0.84%	\$ 597,497	-
April	0.41%	\$ 290,690	-
May	0.24%	\$ 172,103	-
June	0.07%	\$ 50,336	-
July	-0.05%	\$ (37,462)	-
August	0.07%	\$ 46,730	-
September	-0.12%	\$ (85,087)	-
Total	100.00%	\$ 71,216,876	(70,751,095.60)

*based on previous 5 year's collections

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, operation, 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 by charges to utility customers via water and sewer rates.

Financial Summary

Utility Operating Fund				
	Original Budget	YTD Portion of Budget	Actual to Date	% of Budget to Date
Revenues:				
Sales and Charges	\$ 51,386,711	\$ 21,411,130	\$ 19,600,704	38.14%
Other	\$ 1,332,226	\$ 555,094	\$ 528,405	39.66%
Expenses:				
Recurring Operating Costs	\$ (45,929,145)	\$ (19,137,144)	\$ (18,433,538)	40.13%
Transfers out/Non-operating uses:				
General Fund for Payment in lieu of Taxes	\$ (2,695,726)	\$ (1,123,219)	\$ (1,123,219)	41.67%
Debt Service	\$ (1,725,579)	\$ (718,991)	\$ (700,833)	40.61%
Capital Projects	\$ (4,869,424)	\$ (2,028,927)	\$ -	0.00%
Net increase (decrease)	\$ (2,500,937)	\$ (1,042,057)	\$ (128,481)	
Beg. Working Capital	\$ 14,957,012		\$ 19,798,340	
End Working Capital	\$ 12,456,075		\$ 19,669,859	

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.

February 2023 Highlights

Water and sewer rate changes went into effect on January 1, 2022. Staff expects to start seeing the impacts of these fee changes as seasonal watering in the Spring and Summer begin to pick up. Staff also kicked-off its rate study with expected results to be presented this fall.

Expenditures are running under the budgeted amounts, primarily driven by vacancies in the Public Works department. The Utility Fund continues to make annual payments to the General Fund in lieu of taxes that will total \$2,695,726 at the end of FY2023.

GOLF COURSE FUND

The Golf Course Fund is 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/refresh, 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 Operating Fund				
	Original Budget	YTD Portion of Budget	Actual to Date	% of Budget to Date
Revenues:	\$ 780,771	\$ 325,321	\$ 314,317	40.26%
Expenses:	\$ (277,528)	\$ (115,637)	\$ (16,307)	5.88%
Transfers out to Capital Projects	\$ (300,000)	\$ (125,000)	\$ (300,000)	100.00%
Net increase (decrease)	\$ 203,243	\$ 84,684	\$ (1,990)	
Beg. Working Capital	\$ 884,922		\$ 1,160,434	
End Working Capital	\$ 1,088,165		\$ 1,158,444	

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 and reimbursement of certain expenses.
3. Susceptibility 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.

January 2023 Highlights

The Golf Course continues to outperform its expectations. The City received 28% of Orion Management’s monthly income for the months of October through December based upon the agreed-upon revenue-share model. Starting in January of each year, it resets to 13% in accordance with the contract. This percentage continues to grow throughout the year as performance at the course continues to grow. Staff expect expenses to come in below target, as no major repairs or maintenance to the Golf Course have been required. All golf course utility and depreciation expenses charged to the City are reimbursed by Orion. Because the Fund is performing well, the City did perform its annual transfer from Operating to Golf Capital Funds in February, as approved in budget, to allow the management team to begin capital improvements to the maintenance barn.

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 also 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.

Solid Waste Operating Fund				
	Original Budget	YTD Portion of Budget	Actual to Date	% of Budget to Date
Revenues:	\$ 12,372,464	\$ 5,155,193	\$ 5,207,573	42.09%
Expenses:	\$ (11,107,066)	\$ (4,627,944)	\$ (4,393,772)	39.56%
Transfers out to Capital Projects	\$ (1,350,977)	\$ (562,907)	\$ -	0.00%
Net increase (decrease)	\$ (85,579)	\$ (35,658)	\$ 813,801	
Beg. Working Capital	\$ 287,402		\$ 191,733	
End Working Capital	\$ 201,823		\$ 1,005,534	

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.

January 2023 Highlights

Revenue is meeting its targets when compared to the year-to-date percentage of budgeted revenue. The Solid Waste Fund planned a capital transfer for alley rehabilitation is \$1.3 million in Fiscal Year 2023. The capital projects transfer is scheduled for the end of the year once staff has verified the Solid Waste Fund will meet its target fund balance of \$200,000.