



# **CARROLLTON**

**T E X A S**

## SUMMARY FINANCIAL STATEMENTS BUDGET BASIS

**FISCAL YEAR 2023**

**As of March 31, 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
<b>Revenues:</b>				
Taxes & franchise fees	\$ 123,509,556	\$ 61,754,778	\$ 95,329,977	77.18%
Other	\$ 12,220,059	\$ 6,110,030	\$ 5,887,109	48.18%
<b>Transfers in from:</b>				
Utility Fund for Payment In Lieu of Taxes	\$ 2,695,726	\$ 1,347,863	\$ 1,347,863	50.00%
<b>Expenditures:</b>				
Recurring Operating Costs	\$ (125,072,843)	\$ (62,536,422)	\$ (58,986,513)	47.16%
<b>Transfers out/Non-operating uses:</b>		\$ -		
Rate Review	\$ (25,000)	\$ (12,500)	\$ -	0.00%
Hotel/Motel Tax Subsidy	\$ (270,000)	\$ (135,000)	\$ -	0.00%
Essential Tech Funds	\$ (1,691,225)	\$ (845,613)	\$ -	0.00%
Economic Development Incentives	\$ (130,000)	\$ (65,000)	\$ -	0.00%
Transfer to Administrative Fund	\$ (100,000)	\$ (50,000)		
Addtl. Sources/Reduct. Uses	\$ (2,935,414)	\$ (1,467,707)	\$ -	0.00%
One-time Comp Adj.	\$ (608,236)	\$ (304,118)	\$ -	0.00%
Capital Projects	\$ (48,486,215)	\$ (24,243,108)	\$ -	0.00%
Net increase (decrease)	\$ (40,893,592)	\$ (20,446,796)	\$ 43,578,436	
Beg. Working Capital	\$ 61,735,631		\$ 76,890,117	
<b>End Working Capital</b>	<b>\$ 20,842,039</b>		<b>\$ 120,468,553</b>	

### 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.

### March 2023 Highlights

The City has received over 74% 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 has received approximately 99% of its budgeted amount.

Sales tax receipts for March came in 37.37% over the monthly budgeted amount at \$3,610,928. Additionally, the Fiscal Year 2023 March Sales tax is 12.23% higher than March 2022. Sales tax revenue is expected to exceed budgeted amounts. Investment income has significantly increased compared to March 2022 due to improvements in the market.

<b>Property Tax Collection</b>			
<b>Month</b>	<b>Expected Collection %*</b>	<b>Expected Collection Amount</b>	<b>Actual Collection Amount</b>
<b>October</b>	1.65%	\$ 1,174,128	1,027,321.86
<b>November</b>	4.94%	\$ 3,519,182	3,476,857.99
<b>December</b>	36.64%	\$ 26,096,301	26,590,455.46
<b>January</b>	42.30%	\$ 30,124,438	24,762,327.49
<b>February</b>	13.01%	\$ 9,268,022	14,894,132.80
<b>March</b>	0.84%	\$ 597,497	100,498.81
<b>April</b>	0.41%	\$ 290,690	-
<b>May</b>	0.24%	\$ 172,103	-
<b>June</b>	0.07%	\$ 50,336	-
<b>July</b>	-0.05%	\$ (37,462)	-
<b>August</b>	0.07%	\$ 46,730	-
<b>September</b>	-0.12%	\$ (85,087)	-
<b>Total</b>	100.00%	\$ 71,216,876	70,851,594.41

\*based on previous 5 year's collections

Revenues from the Municipal Court are coming in 4.29% less than budgeted in Fiscal Year 2023. This is due to a significant decrease in cases filed. Revenues from Building Permits are coming in less than budgeted by 9.75%. This decrease is caused by rising interest rates limited new construction, as well as many recent projects that have taken place in empowerment zones/Transit Oriented Districts where permit fees are not charged.

Licenses and other miscellaneous revenue are exceeding the budgeted amount by 27.95%. This is mostly due to revenue in the first quarter of 2023, as revenues have come in under budgeted amounts for the months of February and March.

Recurring expenditures are slightly below target. This 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.

Development of the Fiscal 2024 budget is on schedule with a Proposed Budget slated to be delivered to Council on July 31st. The Finance Team held a departmental budget kick off on April 3<sup>rd</sup>, which provided departments with instruction on their budget development. Certified property values from Collin, Denton, and Dallas counties are expected to be received by the July 25<sup>th</sup> deadline at this time.

## 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
<b>Revenues:</b>				
Sales and Charges	\$ 51,386,711	\$ 25,693,356	\$ 23,021,754	44.80%
Other	\$ 1,332,226	\$ 666,113	\$ 646,581	48.53%
<b>Expenses:</b>				
Recurring Operating Costs	\$ (45,929,145)	\$ (22,964,573)	\$ (22,088,681)	48.09%
<b>Transfers out/Non-operating uses:</b>		\$ -		
General Fund for Payment in lieu of Taxes	\$ (2,695,726)	\$ (1,347,863)	\$ (1,347,863)	50.00%
Debt Service	\$ (1,725,579)	\$ (862,790)	\$ (841,000)	48.74%
Capital Projects	\$ (4,869,424)	\$ (2,434,712)	\$ -	0.00%
Net increase (decrease)	\$ (2,500,937)	\$ (1,250,469)	\$ (609,209)	
Beg. Working Capital	\$ 14,957,012		\$ 19,798,340	
<b>End Working Capital</b>	\$ 12,456,075		\$ 19,189,131	

### 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.

### March 2023 Highlights

Water and Wastewater rate changes went into effect on January 1, 2022, and we are beginning to see the results of those increases. When compared to the same period last year, revenue from water is higher, while revenue from wastewater charges is approximately the same. Staff expect these amounts to increase as we progress into the summer months. A water line rupture at Trinity Mills & Kelly occurred in March and funding for the emergency repair was provided in the Utility Capital Fund.

Expenditures are running slightly below 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 Fiscal Year.

### 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
<b>Revenues:</b>	\$ 780,771	\$ 390,386	\$ 374,893	48.02%
<b>Expenses:</b>	\$ (277,528)	\$ (138,764)	\$ (33,207)	11.97%
<b>Transfers out to Capital Projects</b>	\$ (300,000)	\$ (150,000)	\$ (300,000)	100.00%
Net increase (decrease)	\$ 203,243	\$ 101,622	\$ 41,687	
Beg. Working Capital	\$ 884,922		\$ 1,160,434	
<b>End Working Capital</b>	\$ 1,088,165		\$ 1,202,121	

#### 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.

#### March 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 which is still the current revenue share percentage as of March 31<sup>st</sup>. 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. Staff expects revenue to increase as we enter the summer months.

## 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.

<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>	\$ 12,372,464	\$ 6,186,232	\$ 6,236,208	50.40%
		\$ -		
<b>Expenses:</b>	\$ (11,107,066)	\$ (5,553,533)	\$ (5,338,983)	48.07%
<b>Transfers out to Capital Projects</b>	\$ (1,350,977)	\$ (675,489)	\$ -	0.00%
Net increase (decrease)	\$ (85,579)	\$ (42,790)	\$ 897,225	
Beg. Working Capital	\$ 287,402		\$ 191,733	
<b>End Working Capital</b>	\$ 201,823		\$ 1,088,958	

### 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.

### March 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.