



CARROLLTON

T E X A S

SUMMARY FINANCIAL STATEMENTS BUDGET BASIS

FISCAL YEAR 2023

As of April 30, 2023

Table of Contents

- GENERAL FUND 3
 - Financial Summary 3
 - Fund Characteristics 3
 - April 2023 Highlights 4
- UTILITY FUND 5
 - Financial Summary 5
 - Fund Characteristics 5
 - April 2023 Highlights 5
- GOLF COURSE FUND 6
 - Financial Summary 6
 - Fund Characteristics 6
 - April 2023 Highlights 6
- SOLID WASTE FUND 7
 - Fund Characteristics 7
 - April 2023 Highlights 7

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	\$ 72,043,124	\$ 101,152,074	81.90%
Other	\$ 12,220,059	\$ 7,127,960	\$ 7,069,996	57.86%
Transfers in from:				
Utility Fund for Payment In Lieu of Taxes	\$ 2,695,726	\$ 1,572,417	\$ 1,572,507	58.33%
Expenditures:				
Recurring Operating Costs	\$ (125,072,843)	\$ (72,954,989)	\$ (67,957,519)	54.33%
Transfers out/Non-operating uses:				
		\$ -		
Rate Review	\$ (25,000)	\$ (14,583)	\$ -	0.00%
Hotel/Motel Tax Subsidy	\$ (270,000)	\$ (157,491)	\$ -	0.00%
Essential Tech Funds	\$ (1,691,225)	\$ (986,492)	\$ -	0.00%
Economic Development Incentives	\$ (130,000)	\$ (75,829)	\$ -	0.00%
Transfer to Administrative Fund	\$ (100,000)	\$ (58,330)		
Addtl. Sources/Reduct. Uses	\$ (2,935,414)	\$ (1,712,227)	\$ -	0.00%
One-time Comp Adj.	\$ (608,236)	\$ (354,784)	\$ -	0.00%
Capital Projects	\$ (48,486,215)	\$ (28,282,009)	\$ -	0.00%
Net increase (decrease)	\$ (40,893,592)	\$ (23,853,232)	\$ 41,837,058	
Beg. Working Capital	\$ 61,735,631		\$ 76,890,117	
End Working Capital	\$ 20,842,039		\$ 118,727,175	

Fund Characteristics

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

Revenue consists of:

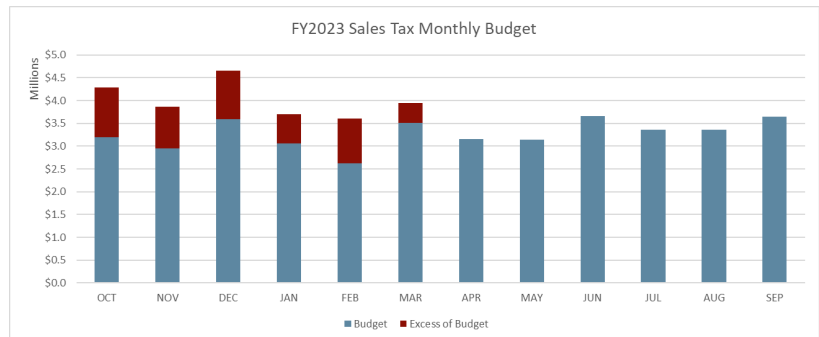
1. Property (ad valorem) taxes plus their penalties and interest which represent over half of the revenue.
2. Sales and use taxes represent the City's second highest revenue source.
3. Licenses and permits, franchise fees, fines and forfeitures, charges for services, interest, and other miscellaneous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

April 2023 Highlights

The City has received nearly 80% 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. As part of its conservative budgeting efforts, the city budgets at a 98.5% collection rate for the fiscal year. For the General Fund, the City has received approximately 100% of its budgeted amount, and any excess funding will be available for funding one-time budget requests in the next fiscal year.

Sales tax receipts for April came in 12.35% over the monthly budgeted amount at \$3,950,709. This month's sales tax had a large negative adjustment, but quick follow up with the state's Controller has resulted in a correction that should be reflected in next month's sales tax disbursement. Sales tax



revenue has continued to exceed budgeted amounts and excess funding will be available for one-time expenses in the annual budgeting process. Investment income continues to come in above FY2023 projection and will be monitored by the City's Treasury Department. Performance of our investments can reports can be found on the City's website <https://www.cityofcarrollton.com/departments/departments-a-f/finance/treasury>.

Revenues from the Municipal Court are below target, when compared to the same period in the previous year; this is driven by a significant decrease in cases filed. Revenues from Building Permits are coming in less than budgeted by 10.14%. This decrease is caused by rising interest rates causing limited new construction, as well as many recent projects taking place in empowerment zones/Transit Oriented Districts where permit fees are not charged.

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. Regular operating costs for general supplies and services and utilities continue to trend higher than the same period the previous year. These increases are a result of higher prices and inflation. Transfers out for subsidies and 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.

The Budget & Management Analysis team received preliminary rolls to begin its internal financial planning processes. Certified property values from Collin, Denton, and Dallas counties are expected to be received by the July 25th deadline at this time. To date, the development of the Fiscal 2024 budget is on schedule with a Proposed Budget slated to be delivered to Council on July 31st.

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	\$ 29,973,869	\$ 26,614,384	51.79%
Other	\$ 1,332,226	\$ 777,087	\$ 766,308	57.52%
Expenses:				
Recurring Operating Costs	\$ (45,929,145)	\$ (26,790,470)	\$ (24,035,051)	52.33%
Transfers out/Non-operating uses:				
General Fund for Payment in lieu of Taxes	\$ (2,695,726)	\$ (1,572,417)	\$ (1,572,507)	58.33%
Debt Service	\$ (1,725,579)	\$ (1,006,530)	\$ 981,167	-56.86%
Capital Projects	\$ (4,869,424)	\$ (2,840,335)	\$ -	0.00%
Net increase (decrease)	\$ (2,500,937)	\$ (1,458,797)	\$ 2,754,301	
Beg. Working Capital	\$ 14,957,012		\$ 19,798,340	
End Working Capital	\$ 12,456,075		\$ 22,552,641	

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.

April 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. Over 50% of the city’s water revenue is received in the during summer months, so we expect the see the results on the water increases during those months. The City also identified a major water user which had a stuck meter, which is now been replaced and operating correctly. Expenditures are running slightly below the budgeted amounts, primarily driven by vacancies in the Public Works Department.

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	\$ 455,424	\$ 455,600	58.35%
Expenses:	\$ (277,528)	\$ (161,882)	\$ (42,195)	15.20%
Transfers out to Capital Projects	\$ (300,000)	\$ (174,990)	\$ (300,000)	100.00%
Net increase (decrease)	\$ 203,243	\$ 118,552	\$ 113,405	
Beg. Working Capital	\$ 884,922		\$ 1,160,434	
End Working Capital	\$ 1,088,165		\$ 1,273,839	

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.

April 2023 Highlights

The Golf Course continues to outperform its expectations, and is 25.60% higher when compared through the same period last year.  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 increased to 16% in the month of April. 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 has also already completed its planned capital transfer to provide funding for planned projects.

Paid Rounds of Golf		
	Outings	Total
APRIL-CY	506	10,375
APRIL-PY	572	8,628
APR-CY-YTD	3,915	52,036
APR-PY-YTD	2,910	44,462

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	\$ 7,216,858	\$ 7,274,620	58.80%
		\$ -		
Expenses:	\$ (11,107,066)	\$ (6,478,752)	\$ (5,876,342)	52.91%
Transfers out to Capital Projects	\$ (1,350,977)	\$ (788,025)	\$ -	0.00%
Net increase (decrease)	\$ (85,579)	\$ (49,918)	\$ 1,398,278	
Beg. Working Capital	\$ 287,402		\$ 191,733	
End Working Capital	\$ 201,823		\$ 1,590,011	

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.

April 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.