



CARROLLTON

T E X A S

SUMMARY FINANCIAL STATEMENTS BUDGET BASIS

FISCAL YEAR 2023

As of June 30, 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	\$ 92,632,167	\$ 112,035,754	90.71%
Other	\$ 12,220,059	\$ 9,165,044	\$ 10,543,311	86.28%
Transfers in from:				
Utility Fund for Payment In Lieu of Taxes	\$ 2,695,726	\$ 2,021,795	\$ 2,021,794	75.00%
Expenditures:				
Recurring Operating Costs	\$ (125,072,843)	\$ (93,804,632)	\$ (87,894,907)	70.27%
Transfers out/Non-operating uses:				
		\$ -		
Rate Review	\$ (25,000)	\$ (18,750)	\$ -	0.00%
Hotel/Motel Tax Subsidy	\$ (270,000)	\$ (202,500)	\$ -	0.00%
Essential Tech Funds	\$ (1,691,225)	\$ (1,268,419)	\$ -	0.00%
Economic Development Incentives	\$ (130,000)	\$ (97,500)	\$ -	0.00%
Transfer to Administrative Fund	\$ (100,000)	\$ (75,000)	\$ -	
Addtl. Sources/Reduct. Uses	\$ (2,935,414)	\$ (2,201,561)	\$ -	0.00%
One-time Comp Adj.	\$ (608,236)	\$ (456,177)	\$ -	0.00%
Capital Projects	\$ (48,486,215)	\$ (36,364,661)	\$ -	0.00%
Net increase (decrease)	\$ (40,893,592)	\$ (30,670,194)	\$ 36,705,952	
Beg. Working Capital	\$ 61,735,631		\$ 76,890,117	
End Working Capital	\$ 20,842,039		\$ 113,596,069	

Fund Characteristics

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

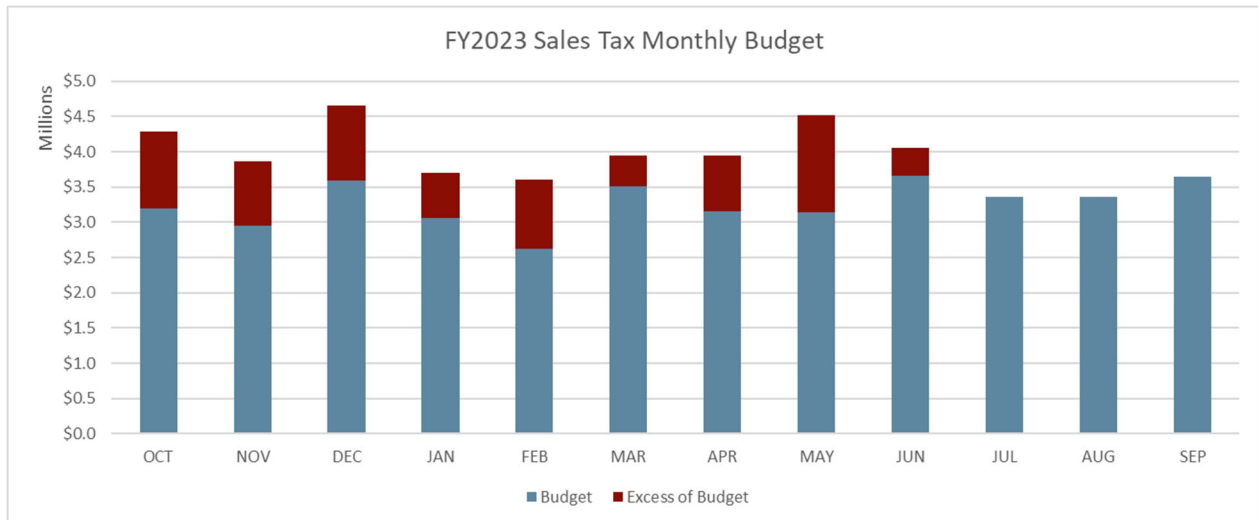
Revenue consists of:

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.

June 2023 Highlights

The City has received over 90% 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 June came in at \$4,049,132, which was 29.16% over the monthly budgeted amount. Sales tax revenue has continued to exceed budgeted amounts and excess funding will be available for one-time expenses in the upcoming annual budgeting discussions slated to begin August 1. Sales tax revenues are projected to be \$7,395,457 or 18.83% over the budgeted amount for Fiscal Year 2023. Investment income continues to come in above FY2023 projections 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 Franchise Fees are projected to be 3.6% over the budgeted amount. This is due to gas franchise fees coming in higher than the same period last year. As we head into the summer months, revenues from park-related fees are trending above budgeted amounts with increased usage of swimming pools, athletic programs, and facility rentals.

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 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 has been receiving updated property tax rolls weekly and has been assessing property tax revenues for Fiscal Year 2024. 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 Year 2024 budget is on schedule with a Proposed Budget slated to be delivered to Council by 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	\$ 38,540,033	\$ 35,341,065	68.77%
Other	\$ 1,332,226	\$ 999,170	\$ 969,229	72.75%
Expenses:				
Recurring Operating Costs	\$ (45,929,145)	\$ (34,446,859)	\$ (32,861,292)	71.55%
Transfers out/Non-operating uses:		\$ -		
General Fund for Payment in lieu of Taxes	\$ (2,695,726)	\$ (2,021,795)	\$ (2,021,794)	75.00%
Debt Service	\$ (1,725,579)	\$ (1,294,184)	\$ (1,117,300)	64.75%
Capital Projects	\$ (4,869,424)	\$ (3,652,068)	\$ -	0.00%
Net increase (decrease)	\$ (2,500,937)	\$ (1,875,703)	\$ 309,908	
Beg. Working Capital	\$ 14,957,012		\$ 19,798,340	
End Working Capital	\$ 12,456,075		\$ 20,108,248	

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.

June 2023 Highlights

Water and Wastewater rate changes went into effect on January 1, 2023, and we are seeing the results of those increases. Currently, we have received 68.77% of the budgeted revenue amount but the City historically receives 35% of its annual water/wastewater revenue in the last quarter of the year. Industrial surcharge revenues are currently at 13.01% of the annual budget, but this is expected to increase from corrections in billing. Expenditures are continuing to come in 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	\$ 585,578	\$ 642,265	82.26%
Expenses:	\$ (277,528)	\$ (208,146)	\$ (59,809)	21.55%
Transfers out to Capital Projects	\$ (300,000)	\$ (225,000)	\$ (300,000)	100.00%
Net increase (decrease)	\$ 203,243	\$ 152,432	\$ 282,456	
Beg. Working Capital	\$ 884,922		\$ 1,160,434	
End Working Capital	\$ 1,088,165		\$ 1,442,890	

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.

June 2023 Highlights

The Golf Course continues to outperform expectations and revenues are 4.08% higher when compared through the same period last year. 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 and increased to 20% in the month of June. 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 and is expecting the Golf Fund to start paying back its debt service starting in Fiscal Year 2024.

Paid Rounds of Golf		
	Outings	Total
JUNE-CY	1346	10,241
JUNE-PY	533	9,338
JUN-CY-YTD	6,077	73,707
JUN-PY-YTD	4,564	63,909

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	\$ 9,279,348	\$ 9,360,813	75.66%
		\$ -		
Expenses:	\$ (11,107,066)	\$ (8,330,300)	\$ (8,229,676)	74.09%
Transfers out to Capital Projects	\$ (1,350,977)	\$ (1,013,233)	\$ -	0.00%
Net increase (decrease)	\$ (85,579)	\$ (64,184)	\$ 1,131,138	
Beg. Working Capital	\$ 287,402		\$ 191,733	
End Working Capital	\$ 201,823		\$ 1,322,871	

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.

June 2023 Highlights

Revenue is meeting targets when compared to the year-to-date percentage of budgeted revenue. The Solid Waste Fund is budgeted for a capital transfer for alley rehabilitation of \$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. Staff will bring Fiscal Year 2024 rate changes to Council in August during budget discussions.