



# **CARROLLTON**

**T E X A S**

## SUMMARY FINANCIAL STATEMENTS BUDGET BASIS

**FISCAL YEAR 2024**

**As of February 29, 2024**

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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                    | \$ 125,779,214       | \$ 52,412,198         | \$ 96,511,320        | 76.73%              |
| Other                                     | \$ 13,238,036        | \$ 5,516,290          | \$ 5,085,367         | 38.41%              |
| <b>Transfers in from:</b>                 |                      |                       |                      |                     |
| Utility Fund for Payment In Lieu of Taxes | \$ 2,722,683         | \$ 1,134,542          | \$ 1,134,451         | 41.67%              |
| <b>Expenditures:</b>                      |                      |                       |                      |                     |
| Recurring Operating Costs                 | \$ (129,759,005)     | \$ (54,070,577)       | \$ (60,800,497)      | 46.86%              |
| <b>Transfers out/Non-operating uses:</b>  |                      |                       |                      |                     |
|   |                      | \$ -                  |                      |                     |
| Rate Review                               | \$ (25,000)          | \$ (10,418)           | \$ -                 | 0.00%               |
| Hotel/Motel Tax Subsidy                   | \$ (135,000)         | \$ (56,255)           | \$ -                 | 0.00%               |
| Essential Tech Funds                      | \$ (1,691,225)       | \$ (704,733)          | \$ -                 | 0.00%               |
| Addtl. Sources/Reduct. Uses               | \$ 762,975           | \$ 317,932            | \$ -                 | 0.00%               |
| One-time Comp Adj.                        | \$ (629,409)         | \$ (262,275)          | \$ -                 | 0.00%               |
| Capital Projects                          | \$ (27,683,337)      | \$ (11,535,647)       | \$ -                 | 0.00%               |
| Net increase (decrease)                   | \$ (17,420,068)      | \$ (7,258,942)        | \$ 41,930,641        |                     |
| Beg. Working Capital                      | \$ 39,032,435        |                       | \$ 53,699,990        |                     |
| <b>End Working Capital</b>                | <b>\$ 21,612,367</b> |                       | <b>\$ 95,630,630</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.

## February 2024 Highlights

The General Fund has received approximately 73.08% of its overall revenues for the fiscal year. 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, 2024. Due to some settled lawsuit cases related to property values, which have negatively impacted the levy, in combination with the impact of the delayed application of the senior exemption by Denton Central Appraisal District, property tax revenues are hitting their budgeted targets. As part of its conservative budgeting practices, the City budgets at a 98.5% collection rate for the fiscal year which has allowed for the General Fund to still meet its performance targets.

Sales tax revenue has continued to exceed budgeted amounts due to conservative business practices. Excess funding will be available for one-time expenses in the upcoming annual budgeting discussions. Overall, sales tax revenues are projected to be \$3 million or 7.31% over the budgeted amount for Fiscal Year 2024. Investment income continues to come in above FY2024 projections and will be monitored by the City's Treasury Department.

Recurring expenditures are trending higher when compared to the previous year. This is primarily due to increased capital outlay expenses and an increase in personnel services. The City continues to experience increases in city contracts for services and various supplies needed across the organization. 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. At this time, we do not anticipate an issue with maintaining the minimum required fund balance.

In February 2024, the Finance Department issued its FY2023 Annual Comprehensive Financial Report. The Department received a clean, unmodified opinion issued by our external auditors, FORVIS, LLP. The completion of this report kicks off the budget season for FY2025, and council will receive a Multi-Year Budget Presentation in March.

## 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                         | \$ 56,191,001        | \$ 23,414,790         | \$ 20,473,084        | 36.43%              |
| Other                                     | \$ 1,351,508         | \$ 563,173            | \$ 816,943           | 60.45%              |
| <b>Expenses:</b>                          |                      |                       |                      |                     |
| Recurring Operating Costs                 | \$ (49,510,956)      | \$ (20,631,215)       | \$ (19,204,760)      | 38.79%              |
| <b>Transfers out/Non-operating uses:</b>  |                      |                       |                      |                     |
| General Fund for Payment in lieu of Taxes | \$ (2,722,683)       | \$ (1,134,542)        | \$ (1,134,451)       | 41.67%              |
| Debt Service                              | \$ (2,107,700)       | \$ (878,279)          | \$ (340,333)         | 16.15%              |
| Capital Projects                          | \$ (6,465,750)       | \$ (2,694,278)        | \$ -                 | 0.00%               |
| Net increase (decrease)                   | \$ (3,264,580)       | \$ (1,360,350)        | \$ 610,483           |                     |
| Beg. Working Capital                      | \$ 16,380,726        |                       | \$ 21,220,214        |                     |
| <b>End Working Capital</b>                | <b>\$ 13,116,146</b> |                       | <b>\$ 21,830,697</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. Tag and reconnect fees, industrial surcharge, backflow prevention, interest, etc.
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 2024 Highlights

Water and Wastewater rate changes went into effect on January 1, 2024, and revenue is trending higher when compared to the previous year as a result of those increases. Currently, we have received 37% of the budgeted revenue for the fiscal year, however, the City historically receives 35% of its annual water/wastewater revenue in the last quarter of the year. Operational costs were at approximately 38% of their annual budget. The Utility Fund Payment in Lieu of Taxes (PILOT) is \$2,722,683 for Fiscal Year 2024, which provides a recurring revenue source to the General Fund each 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>                         | \$ 920,169      | \$ 383,434            | \$ 359,007     | 39.02%              |
| <b>Expenses:</b>                         | \$ (656,702)    | \$ (273,648)          | \$ (56,013)    | 8.53%               |
| <b>Transfers out to Capital Projects</b> | \$ (300,000)    | \$ (125,010)          | \$ -           | 0.00%               |
| Net increase (decrease)                  | \$ (36,533)     | \$ (15,223)           | \$ 302,994     |                     |
| Beg. Working Capital                     | \$ 1,431,729    |                       | \$ 1,756,022   |                     |
| <b>End Working Capital</b>               | \$ 1,395,196    |                       | \$ 2,059,016   |                     |

## 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.

## February 2024 Highlights

The Golf Course continues to outperform expectations and revenues are 14% higher when compared to the same period in the previous year. The City’s revenue-share model resets in January of each year to 13% in accordance with the contract. This percentage continues to grow throughout the year as performance at the course continues to grow. Staff expects expenses to come in below target, as no major unplanned 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. The Golf Course Fund transfers \$300k annually for capital improvements to the facility.

## 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 |
| <b>Revenues:</b>                         | \$ 13,145,348   | \$ 5,477,667          | \$ 5,012,412   | 38.13%              |
|  |                 | \$ -                  |                |                     |
| <b>Expenses:</b>                         | \$ (11,804,778) | \$ (4,919,051)        | \$ (3,777,243) | 32.00%              |
| <b>Transfers out to Capital Projects</b> | \$ (1,364,487)  | \$ (568,582)          | \$ -           | 0.00%               |
| Net increase (decrease)                  | \$ (23,917)     | \$ (9,966)            | \$ 1,235,169   |                     |
| Beg. Working Capital                     | \$ 239,893      |                       | \$ 202,102     |                     |
| <b>End Working Capital</b>               | \$ 215,976      |                       | \$ 1,437,271   |                     |

### 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.

### February 2024 Highlights

The Solid Waste Fund is budgeted for a capital transfer for alley rehabilitation of \$1.36 million in Fiscal Year 2024. 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.