



CARROLLTON

T E X A S

SUMMARY FINANCIAL STATEMENTS BUDGET BASIS

FISCAL YEAR 2024

As of August 31, 2024

Table of Contents

- GENERAL FUND 3
 - Financial Summary 3
 - Fund Characteristics 3
 - August 2024 Highlights 4
- UTILITY FUND 5
 - Financial Summary 5
 - Fund Characteristics 5
 - August 2024 Highlights 5
- GOLF COURSE FUND 6
 - Financial Summary 6
 - Fund Characteristics 6
 - August 2024 Highlights 6
- SOLID WASTE FUND 7
 - Fund Characteristics 7
 - August 2024 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	\$ 125,779,214	\$ 115,301,805	\$ 129,357,861	102.85%
Other	\$ 13,238,036	\$ 12,135,308	\$ 13,995,690	105.72%
Transfers in from:				
Utility Fund for Payment In Lieu of Taxes	\$ 2,722,683	\$ 2,495,884	\$ 2,495,793	91.67%
Expenditures:				
Recurring Operating Costs	\$ (129,759,005)	\$ (118,950,080)	\$ (118,972,471)	91.69%
Transfers out/Non-operating uses:				
		\$ -		
Rate Review	\$ (25,000)	\$ (22,918)	\$ -	0.00%
Hotel/Motel Tax Subsidy	\$ (135,000)	\$ (123,755)	\$ -	0.00%
Essential Tech Funds	\$ (1,691,225)	\$ (1,550,346)	\$ -	0.00%
Addtl. Sources/Reduct. Uses	\$ 762,975	\$ 699,419	\$ -	0.00%
One-time Comp Adj.	\$ (629,409)	\$ (576,979)	\$ -	0.00%
Capital Projects	\$ (27,683,337)	\$ (25,377,315)	\$ -	0.00%
Net increase (decrease)	\$ (17,420,068)	\$ (15,968,976)	\$ 26,876,873	
Beg. Working Capital	\$ 39,032,435		\$ 53,699,990	
End Working Capital	\$ 21,612,367		\$ 80,576,863	

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.

August 2024 Highlights

The General Fund has received over 103% of its overall revenues year-to-date. Property Tax and Franchise Fees are exceeding their projected budget. As part of its conservative budgeting practices, the City budgets at a 98.5% collection rate for property taxes the fiscal year which has allowed the General Fund to still meet its performance targets. Property Taxes did experience numerous negative settle ups throughout the year, primarily driven by cases under appeal at the district court level which have settled, and Denton County's delay in increasing senior exemption rates during the 2023 truth in taxation calculations.

Sales tax revenue has continued to exceed budgeted amounts due to conservative business practices because of the rule change to 3.334. Overall, sales tax revenues are projected to be \$7.2 million or 17.65% over the budgeted amount for Fiscal Year 2024. Most of the excess sales tax funds were available as part of the one-time funding for Fiscal Year 2025 one-time ATBs. Any excess received from this point forward, will be considered for the FY2026 budget. Investment income has well-outperformed the FY2024 projections. It continues to be monitored by the City's Treasury Department. Details related to Investment performance can be found on the City's website at <https://www.cityofcarrollton.com/departments/departments-a-f/finance/treasury>. Revenue trends are mixed, with some revenues below targets (fines and forfeiture), while others are coming in above targets, like charges for services. We continue to monitor these across the organization and were considered as part of the year-end re-estimate.

Recurring expenditures have spent about 89.89% of its available budget for the year. Expenses increased this year primarily due to increased capital outlay expenses and personnel services. Purchases also include one-time funded ATB's, like the new Reserve Fire Apparatus. Transfers out for subsidies and various capital projects are made at the end of the year, to ensure that the General Fund can meet its financial obligations and maintains a minimum fund balance of 60 days of recurring expenditures. Currently, we do not anticipate an issue with maintaining the minimum required fund balance.

The Finance Team delivered the Fiscal Year 2025 Proposed Budget on July 31st. Throughout various work sessions in August, council had numerous discussions and approved operational and capital requests for funding and approving programs that meet Council Strategic Goals. The tax rate is set to be cut for the 11th year in a row. The Budget and Tax Rate are scheduled for adoption on September 10th.

UTILITY FUND

The Utility Fund is used to account for the costs of 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	\$ 56,191,001	\$ 51,510,291	\$ 51,339,383	91.37%
Other	\$ 1,351,508	\$ 1,238,927	\$ 1,453,461	107.54%
Expenses:				
Recurring Operating Costs	\$ (49,510,956)	\$ (45,386,693)	\$ (41,155,335)	83.12%
Transfers out/Non-operating uses:		\$ -		
General Fund for Payment in lieu of Taxes	\$ (2,722,683)	\$ (2,495,884)	\$ (2,495,793)	91.67%
Debt Service	\$ (2,107,700)	\$ (1,932,129)	\$ (1,165,329)	55.29%
Capital Projects	\$ (6,465,750)	\$ (5,927,153)	\$ -	0.00%
Net increase (decrease)	\$ (3,264,580)	\$ (2,992,640)	\$ 7,976,387	
Beg. Working Capital	\$ 16,380,726		\$ 21,220,214	
End Working Capital	\$ 13,116,146		\$ 29,196,601	

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.

August 2024 Highlights

Water and Wastewater revenue is trending higher when compared to the previous year because of the increases that went into effect on January 1st. Currently, we have received 91.75% 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 have spent approximately 83.12% of their annual budget. The City is working closely monitoring increased use of water and working with DWU for a temporary reprieve for the water uses if we go over our required flow amounts throughout August and September.

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:	\$ 920,169	\$ 843,519	\$ 691,038	75.10%
Expenses:	\$ (656,702)	\$ (601,999)	\$ (137,476)	20.93%
Transfers out to Capital Projects	\$ (300,000)	\$ (275,010)	\$ -	0.00%
Net increase (decrease)	\$ (36,533)	\$ (33,490)	\$ 553,562	
Beg. Working Capital	\$ 1,431,729		\$ 1,756,022	
End Working Capital	\$ 1,395,196		\$ 2,309,584	

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.

August 2024 Highlights

The Golf Course was partially closed for the month of June as a result of the major windstorm event that occurred on May 28th and staff is currently working on an amendment to contract to allow for a monthly management fee for the month of June. The City has received over 75% of its fees for the year. All golf course utility and depreciation expenses charged to the City are reimbursed by Orion, and we have spent about 20% of the annual budget. The Golf Course Fund amended the transfer to capital funds for Fiscal Year 2024 to \$500k because of damage to bunkers in the May storm. A new golf card barn was also completed this year and was funded out of the Golf Capital Projects Fund.

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:	\$ 13,145,348	\$ 12,050,341	\$ 11,619,461	88.39%
		\$ -		
Expenses:	\$ (11,804,778)	\$ (10,821,440)	\$ (10,529,750)	89.20%
Transfers out to Capital Projects	\$ (1,364,487)	\$ (1,250,825)	\$ -	0.00%
Net increase (decrease)	\$ (23,917)	\$ (21,925)	\$ 1,089,711	
Beg. Working Capital	\$ 239,893		\$ 202,102	
End Working Capital	\$ 215,976		\$ 1,291,813	

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.

August 2024 Highlights

On May 28, 2024 the City experienced a strong windstorm event which triggered a large response for emergency debris clean up that was expected to last a few months. The debris clean up concluded on July 31st. Total spend for the wind event was approximately \$1.8 million, which was covered in part by contingencies and a budget amendment from the General Fund. 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 have verified the Solid Waste Fund will meet its target fund balance of \$200,000.