

DISCUSSION ON THE MONTHLY FINANCIAL REPORTS PERIOD ENDING FEBRUARY 28, 2022

Highlights

The Utility Fund continues to be in the red and the General Fund in the black. The Utility Fund running a deficit comes as no surprise since the budget includes a substantial drawdown of reserves to fund capital improvement projects. We will receive some relief in the Utility Fund in next month's report as TWDB on March 2nd finally approved payment for about \$217,000 for the last two outlays on the Grand Avenue Lift Station Project. It is normal to have a strong surplus in the General Fund during this time of year due to the seasonal inflow of property tax revenues.

Report on Reserves

As of February 28th, the City held about \$9.2 million in its various accounts which is roughly \$300,000 more than last month's balance. \$485,887 of the above total are restricted funds (customer deposit, bond payment, HOT, and dedicated court funds), leaving the City a balance of about \$8.7 million in what, primarily, are reserve funds. If the adopted FY 2021-22 goes according to plan, the amount held in reserve will decrease by \$1,770,000 over the course of the year, leaving the City with about \$6.8 million in, primarily, reserve funds. (Usually the drawdown is less than what is budgeted due to lower than expected operating expenditures and capital projects that carry over into the next budget cycle.) The City's total operating budget for FY 2022-22, less capital expenditures, contingency funds, and dedicated court funds, is \$3,680,065. With roughly \$3.7 million in annual operating costs, the current \$8.7 million in reserves would carry the City for about 27½ months and the projected \$6.8 million in reserves at the end of this fiscal year would carry the City for about 20 months.

General Ledger Cash Balance Report

As has been mentioned previously, often there are differences between the bank account balances and the general ledger cash balance reports. The general ledger report carries in its balance checks that were written in the past which have never been deposited. Also, the instant a transaction is entered into the general ledger, it shows up in the general ledger report, but it can take days for both deposits and withdrawals to clear the bank and be reflected in our bank account balances.

The general ledger cash balance for the various funds through February 28th is about \$9.25 million, about a \$330,000 increase from a month ago, and an increase of about \$500,000 from a year ago.

General Ledger Cash Balance Report - Court Fund

The amount in the Court Fund has increased by about \$260 from a month ago.

Cash and Investment Report

As noted above, there was about \$9.2 million in the City's accounts as of February 28th, this is roughly \$300,000 more than last month.

Budget Report - General Fund

For the month, revenues exceeded expenditures by about \$338,000 and for the year by about \$1,019,000.

Budget Report - Utility Fund

For the month, expenditures have exceeded revenues by about \$13,000 and for the year by about \$649,000.

Sales and Use Tax Report

The State has not posted its sales and use tax figures for March (tax on sales made in January) in time to be included in this packet report. The table provided in last month's packet has been updated to show the funds received during February. The February payment came in at \$157,699, about a 7% decrease over last year's payment. For the past 12 months, revenues have increased by about 16% over the previous 12 month period.