

DISCUSSION ON THE MONTHLY FINANCIAL REPORTS PERIOD ENDING DECEMBER 31, 2021

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 when we receive payment from TWDB 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 December 31st, the City held about \$8.6 million in its various accounts which is roughly \$300,000 less than last month's balance. \$480,924 of the above total are restricted funds (customer deposit, bond payment, HOT, and dedicated court funds), leaving the City a balance of about \$8.1 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 \$8.1 million in reserves would carry the City for about 26 months and the projected \$6.8 million in reserves at the end of this fiscal year would carry the City for about 22 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 December 31st is about \$8.6 million, about a \$290,000 decrease from a month ago, and an increase of about \$310,000 from a year ago.

General Ledger Report - CVB Fund

As of December 31st, there was \$100.65 in the CVB bank account (enough to cover one check which hasn't been deposited). City Secretary McDonald transferred everything else in our CVB bank account to the Somervell County Tourism Department.

General Ledger Cash Balance Report - Court Fund

The amount in the Court Fund has increased by about \$400 from a month ago.

Cash and Investment Report

As noted above, there was about \$8.6 million in the City's accounts as of December 31st, this is roughly \$300,000 less than last month.

Budget Report - General Fund

For the month, revenues exceeded expenditures by about \$230,000 and for the year by about 350,000.

Budget Report - Utility Fund

For the month, expenditures have exceeded revenues by about \$494,000 and for the year by about \$647,000.

Sales and Use Tax Report

The State has not posted its sales and use tax figures for January (tax on sales made in November) 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 December. The December payment came in at \$142,862.07, a 6% increase over last year's payment. For the past 12 months, revenues have increased by 19% over the previous 12 month period.