

## **DISCUSSION ON THE MONTHLY FINANCIAL REPORTS PERIOD ENDING OCTOBER 31, 2021**

### **Highlights**

For this first month of the year, the Utility Fund is in the black and the General Fund is in the red, albeit by a relatively small amount. The General Fund balance will grow as the flow of seasonal property tax payments increases.

### **Report on Reserves**

As of October 31st, the City held about \$9.1 million in its various accounts which is roughly equal to last month's total. \$507,000 of the above total are restricted funds (customer deposit, bond payment, HOT, and dedicated court funds), leaving the City a balance of about \$8.6 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 \$8.6 million in reserves would carry the City for about 28 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, 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 October 31st is about \$9 million, about a \$20,000 increase from a month ago, and an increase of about \$500,000 from a year ago.

### **General Ledger Report - CVB Fund**

As of October 31st, there was \$30,334.97 in the CVB bank account. City Secretary Ritchie is planning on transferring the remainder of the funds in our CVB bank account once the auditor has had an opportunity to review the balances.

### **General Ledger Cash Balance Report - Court Fund**

The amount in the Court Fund has increased by about \$700 from a month ago.

### **Cash and Investment Report**

As noted above, there was about \$9.1 million in the City's accounts as of October 31st, this is roughly the same amount as last month.

### **Budget Report - General Fund**

For the month, expenditures have exceeded revenues by about \$9,000.

### **Budget Report - Utility Fund**

For the month, revenues have exceeded expenditures by about \$62,000.

### **Budget Report - CVB**

It appears that all the City's HOT revenues are now making their way directly to Somervell County as no activity is shown in this month's budget report.

### **Sales and Use Tax Report**

The State has not posted its sales and use tax figures for November (tax on sales made in September) 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 October. The October payment came in at \$127,727.12, a 13% increase over last year's payment. For the past 12 months, revenues have increased by 21% over the previous 12 month period.