

FY 2024 Q3 FINANCIAL REPORT

10.01.2024









D. Blu Kostelich
ACM/CFO

FY2024 3RD QUARTER FINANCIAL REPORT

Overview

- Major Fund Financials through FY Q3
 - General Fund
 - Water Fund
 - Wastewater Fund
 - Solid Waste Fund
 - Drainage Fund
- Investment Performance Review

EXECUTIVE SUMMARY

Operating Fund	Year-End Forecast vs. Adopted Budget	
	Revenues	Expenses
General Fund		8% Under Budget
Water Utilities		
Wastewater Utilities	6% Over Budget	
Solid Waste	9% Over Budget	6% Under Budget
Drainage Utilities		

 Year-End Forecast within 5% of Budget

GENERAL FUND

Revenues

- Strong investment returns and sales tax collections offsetting lag in property tax collections
- \$7.3M transfer in was budgeted use of reserves

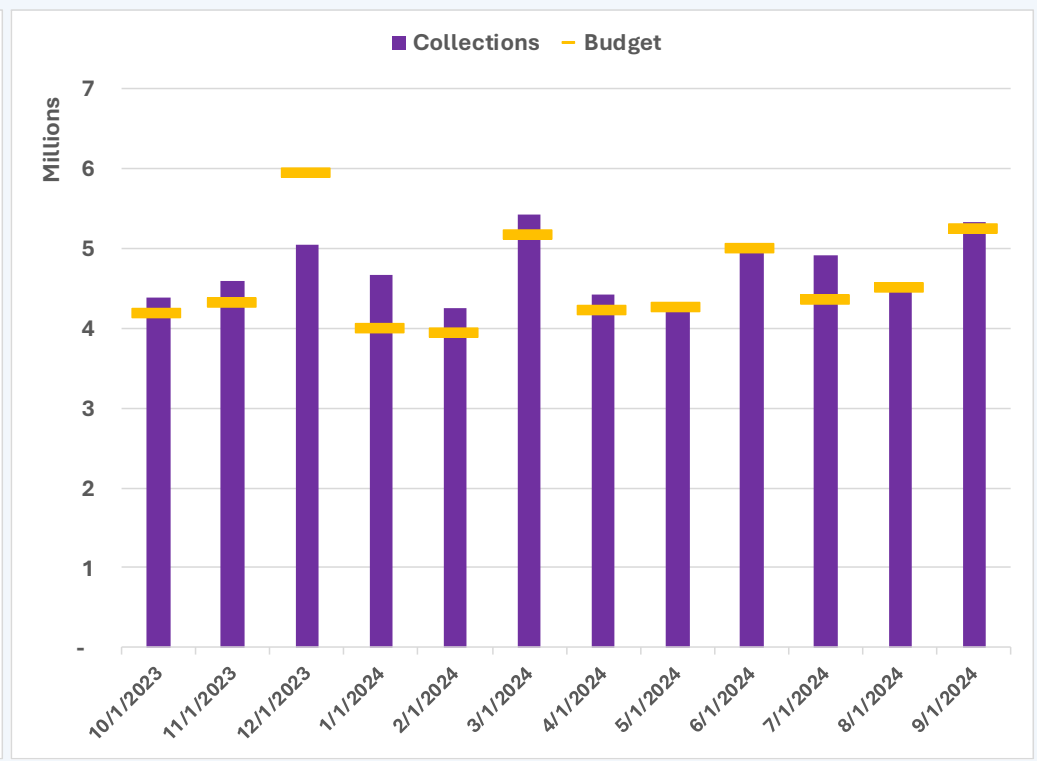
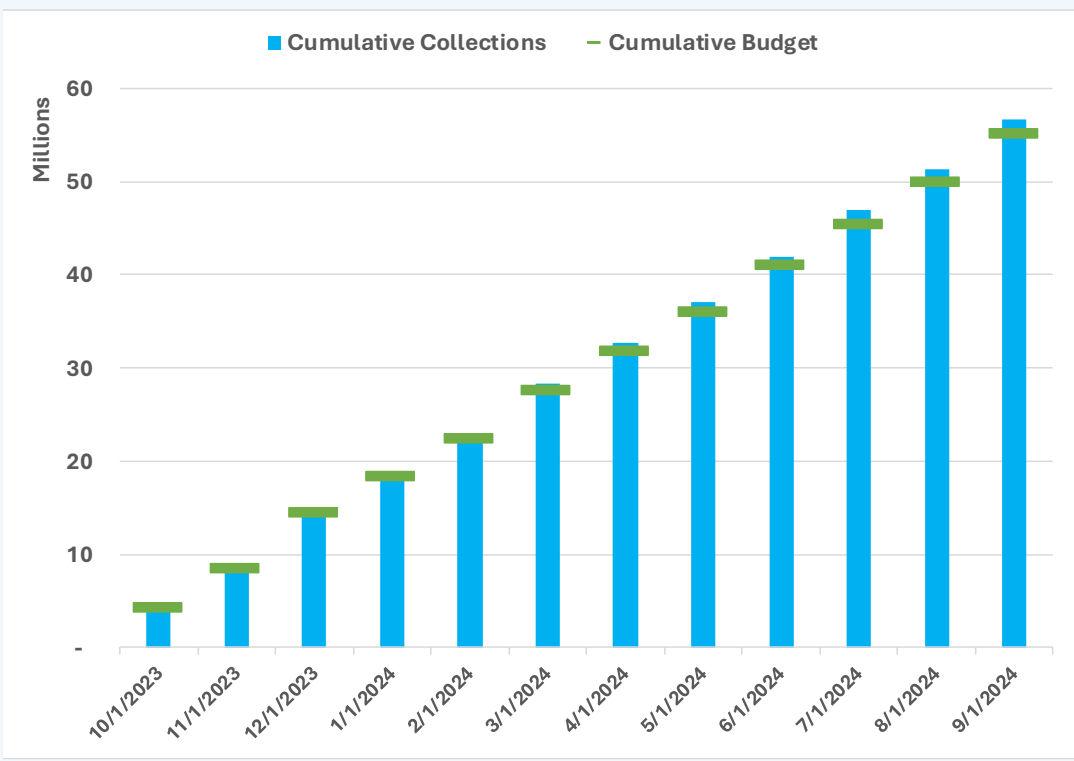
Expenses

- Vacancies and general operational savings fueling surplus
- Transfers lower due to change in street capacity program

	Budget FY2024	Revised Budget FY2024	Actual YTD FY 2024	Year-End Forecast	Variance to Revised Fav/(Unfav)
Revenues					
Property Taxes	90,047,214	90,047,214	86,590,406	86,590,406	(3,456,808)
Sales Taxes	55,140,406	55,140,406	51,791,032	56,706,878	1,566,472
Franchise Fees	10,440,000	10,440,000	9,384,769	9,512,430	(927,570)
City of Waco PILOT/GR	13,044,084	13,044,084	11,855,787	13,044,148	64
Charges for Services	927,779	927,779	1,010,231	1,010,231	82,452
License & Permits	2,899,129	2,899,129	2,611,265	2,719,309	(179,820)
Intergovernmental	2,104,899	2,104,899	2,273,519	2,374,665	269,766
Fees & Fines	1,472,360	1,472,360	1,350,354	1,508,755	36,395
Interest	4,000,000	4,000,000	8,951,393	9,655,482	5,655,482
Other Revenue	16,244,981	16,363,201	16,006,220	17,354,643	991,442
Transfers In	7,390,656	7,390,656	45,833	66,665	(7,323,991)
Total Revenue	203,711,508	203,829,728	191,870,808	200,543,610	(3,286,118)
Expense by Category					
Salaries and Wages	81,391,494	81,106,494	70,074,815	79,383,510	1,722,984
Employee Benefits	32,522,887	32,522,887	28,289,078	31,975,982	546,905
Professional/Technical Services	12,797,200	14,188,020	12,362,666	13,155,745	1,032,275
Purchased Property Services	1,828,893	1,828,893	1,546,060	1,548,012	280,881
Maintenance	6,377,383	6,964,427	4,834,146	5,702,486	1,261,941
Other Purchased Services	5,203,309	5,152,643	4,522,344	4,968,105	184,539
Supplies	9,260,730	9,632,003	7,047,469	7,916,166	1,715,837
Other Operating Expenses	780,497	860,208	687,966	783,276	76,932
Contracts with Other	6,252,004	7,588,901	3,921,677	5,892,066	1,696,835
Interdepartmental Billings	4,759	4,759	4,943	4,943	(184)
Capital Expenditures	741,000	2,280,513	1,075,057	1,182,563	1,097,950
Transfers Out	46,551,352	52,800,352	27,743,932	46,609,979	6,190,373
Total Expenses	203,711,508	214,930,100	162,110,155	199,122,833	15,807,268
Surplus / (Deficit)	-	(11,100,372)	29,760,653	1,420,777	

CITY OF WACO SALES TAX

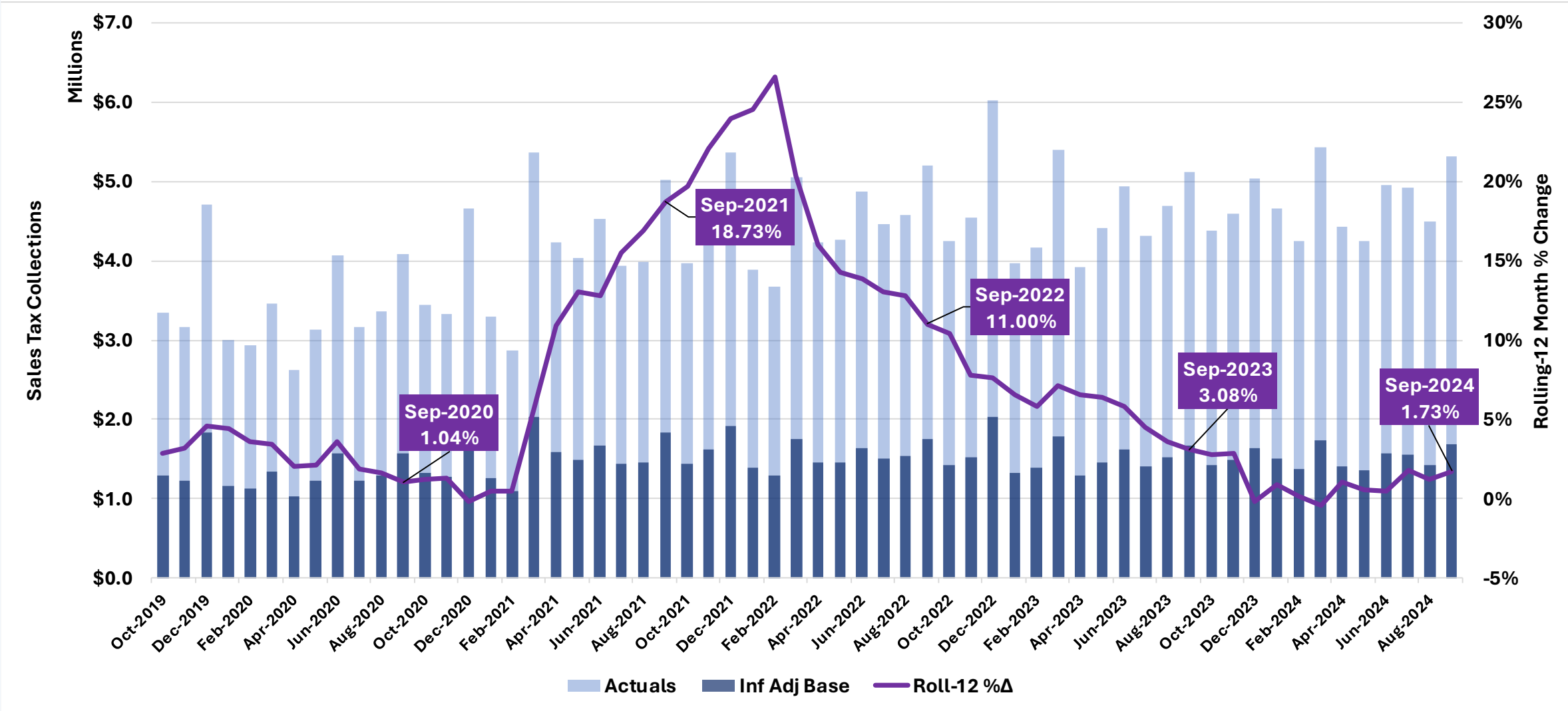
		Prior Fiscal Year				Current Fiscal Year						
Month Generated	Comptroller Remit	Prior Year Budget	Prior Year Actual	\$ Over / (Under) Budget	% to Budget	Current Month Budget	Current Month Collections	Forecasted Collections	\$ Over / (Under) Budget	% to Budget	\$ Over / (Under) Prior Year	% to Prior Year
October 2023	December 2023	\$ 3,581,208	\$ 4,253,706	\$ 672,498	18.8%	\$ 4,188,959	\$ 4,377,067		\$ 188,108	4.5%	\$ 123,362	2.9%
November 2023	January 2024	3,689,647	4,539,320	849,674	23.0%	4,315,801	4,585,234		269,433	6.2%	45,914	1.0%
December 2023	February 2024	5,081,349	6,021,931	940,582	18.5%	5,943,683	5,034,670		(909,014)	-15.3%	(987,261)	-16.4%
January 2024	March 2024	3,412,201	3,969,988	557,786	16.3%	3,991,272	4,662,447		671,176	16.8%	692,460	17.4%
February 2024	April 2024	3,368,253	4,166,169	797,916	23.7%	3,939,865	4,250,451		310,586	7.9%	84,282	2.0%
March 2024	May 2024	4,424,548	5,399,117	974,569	22.0%	5,175,419	5,428,475		253,056	4.9%	29,358	0.5%
April 2024	June 2024	3,601,223	3,913,909	312,686	8.7%	4,212,371	4,424,126		211,754	5.0%	510,217	13.0%
May 2024	July 2024	3,645,970	4,406,393	760,423	20.9%	4,264,712	4,254,307		(10,406)	-0.2%	(152,086)	-3.5%
June 2024	August 2024	4,275,753	4,936,203	660,450	15.4%	5,001,373	4,956,032		(45,341)	-0.9%	19,829	0.4%
July 2024	September 2024	3,722,698	4,320,016	597,318	16.0%	4,354,461	4,916,912		562,451	12.9%	596,896	13.8%
August 2024	October 2024	3,848,188	4,696,264	848,075	22.0%	4,501,248		4,494,416	(6,832)	-0.2%	(201,847)	-4.3%
September 2024	November 2024	4,489,368	5,121,959	632,591	14.1%	5,251,240		5,322,741	71,500	1.4%	200,781	3.9%
Fiscal Year Total		\$ 47,140,406	\$ 55,744,973	\$ 8,604,567	18.3%	\$ 55,140,406		\$ 56,706,878	\$ 1,566,472	2.8%	\$ 961,905	1.7%



CITY OF WACO SALES TAX

Current Month Sales Tax Collections				
Current Month Actual	Current Month Budget	% to Budget	PY Actual	% to PY Actual
\$ 4,916,912	\$ 4,354,461	12.9%	\$ 4,320,016	13.8%

Fiscal Year-to-Date				
FYTD Actual	FYTD Budget	% to Budget	PYTD Actual	% to PYTD Actual
\$ 46,889,721	\$ 45,387,918	3.3%	\$ 45,926,750	2.1%



WATER FUND

Revenues

- Lower usage leading to lower operating revenues
- Strong investment earnings

Expenses

- Projected year-end is \$2.1M unfavorable due to necessary maintenance and improvements

	Budget FY2024	Actual YTD FY 2024	Year-End Forecast	Variance Fav/(Unfav)
Operating Revenues				
Intergovernmental	-	-	-	-
Charges for Services	61,427,053	39,519,920	59,480,069	(1,946,984)
Contributions	-	-	-	-
Other Revenue	513,344	193,978	236,975	(276,369)
Non-Operating Revenues				
Interdepartmental Billing	3,651,599	2,773,338	3,788,892	137,293
Interest	1,200,000	2,231,168	2,643,307	1,443,307
Transfers In	-	-	-	-
Total Revenue	66,791,996	44,718,405	66,149,244	(642,752)
Expense by Category				
Salaries and Wages	7,801,244	5,470,894	7,935,899	(134,655)
Employee Benefits	3,289,935	2,283,844	3,445,071	(155,136)
Professional/Technical Services	3,207,151	2,501,157	3,320,032	(112,881)
Purchased Property Services	219,237	125,748	184,751	34,486
Maintenance	4,621,185	4,033,366	5,687,522	(1,066,337)
Other Purchased Services	2,034,909	1,536,774	1,671,434	363,475
Supplies	6,899,151	5,012,497	7,433,853	(534,702)
Other Operating Expenses	10,634,814	8,106,015	10,789,514	(154,700)
Contracts with Other	10,000	7,500	10,000	-
Interdepartmental Billings	530,000	22,500	32,212	497,788
Capital Expenditures	418,000	1,030,163	1,273,570	(855,570)
Transfers Out	24,315,852	20,455,307	24,319,073	(3,221)
Total Expenses	63,981,478	50,585,765	66,102,929	(2,121,451)
Surplus / (Deficit)	2,810,518	(5,867,361)	46,314	

WASTEWATER FUND

Revenues

- Increased rates in FY24 for project funding leading to higher-than-expected operating revenues
- Strong investment earnings

Expenses

- Projected year-end is \$1.5M unfavorable due to necessary maintenance

	Budget FY2024	Actual YTD FY 2024	Year-End Forecast	Variance Fav/(Unfav)
Operating Revenues				
Charges for Services	65,285,694	63,043,120	67,881,574	2,595,880
Contributions	-	-	-	-
Other Revenue	19,450	71,136	73,464	54,014
Non-Operating Revenues				
Interest	1,080,000	2,440,479	2,275,780	1,195,780
Transfers In	369,380	338,598	338,598	(30,782)
Total Revenue	66,754,524	65,893,334	70,569,415	3,814,891
Expense by Category				
Salaries and Wages	5,843,703	4,667,221	5,150,126	693,577
Employee Benefits	2,427,249	1,889,832	2,275,208	152,041
Professional/Technical Services	2,890,260	2,702,483	2,890,462	(202)
Purchased Property Services	112,634	121,148	131,816	(19,182)
Maintenance	3,939,154	4,371,168	4,912,407	(973,253)
Other Purchased Services	805,411	1,145,244	1,258,468	(453,057)
Supplies	4,142,027	4,037,434	4,545,169	(403,142)
Other Operating Expenses	22,415,001	21,296,469	23,160,728	(745,727)
Contracts with Other	-	-	-	-
Interdepartmental Billings	2,707,945	2,299,686	2,508,681	199,264
Capital Expenditures	1,025,000	693,819	925,833	99,167
Transfers Out	20,243,902	20,214,796	20,245,574	(1,672)
Total Expenses	66,552,286	63,439,300	68,004,471	(1,452,185)
Surplus / (Deficit)	202,238	2,454,034	2,564,944	

SOLID WASTE FUND

Revenues

- Increased rates in FY24 to fund two large projects
- Investment earnings remain strong

Expenses

- Transfers out higher due to an unbudgeted debt payment in FY24

	Budget FY2024	Actual YTD FY 2024	Year-End Forecast	Variance Fav/(Unfav)
Operating Revenues				
Charges for Services	31,737,407	25,100,729	33,189,122	1,451,715
Other Revenue	159,364	63,987	77,118	(82,246)
Non-Operating Revenues				
Interest	450,000	955,302	1,809,582	1,359,582
Business & Occupational Fees	-	16,589	16,589	16,589
Transfers In	-	-	-	-
Total Revenue	32,346,771	26,136,607	35,092,411	2,745,640
Expense by Category				
Salaries and Wages	6,602,027	4,673,975	6,381,801	220,226
Employee Benefits	2,976,396	2,070,081	2,998,224	(21,828)
Professional/Technical Services	4,142,312	2,723,629	3,794,032	348,280
Purchased Property Services	31,552	18,125	24,878	6,674
Maintenance	4,939,390	3,363,280	4,664,114	275,276
Other Purchased Services	387,257	408,570	455,371	(68,114)
Supplies	2,835,003	2,239,508	3,094,373	(259,370)
Other Operating Expenses	4,726,925	3,089,373	4,352,829	374,096
Contracts with Other	90,000	67,500	90,000	-
Interdepartmental Billings	1,078,150	808,612	1,086,978	(8,828)
Capital Expenditures	-	97,250	75,945	(75,945)
Transfers Out	3,440,040	2,818,761	6,170,123	(2,730,083)
Total Expenses	31,249,052	22,378,663	33,188,668	(1,939,616)
Surplus / (Deficit)	1,097,719	3,757,944	1,903,744	

DRAINAGE FUND

Revenues

- Permits and investment returns offsetting slightly lower utility collections

Expenses

- Stable operations keeping expenses in line with budget

	Budget FY2024	Actual YTD FY 2024	Year-End Forecast	Variance Fav/(Unfav)
Operating Revenues				
Licenses & Permits	-	81,737	94,519	94,519
Charges for Services	8,618,400	6,018,641	8,036,132	(582,268)
Contributions	-	-	-	-
Other Revenue	37,500	-	-	(37,500)
Non-Operating Revenues				
Interest	50,000	152,592	191,346	141,346
Transfers In	-	-	-	-
Total Revenue	8,705,900	6,252,970	8,321,996	(383,904)
Expense by Category				
Salaries and Wages	1,469,706	1,018,928	1,427,740	41,966
Employee Benefits	573,401	401,681	647,982	(74,581)
Professional/Technical Services	1,859,926	1,505,419	1,998,158	(138,232)
Purchased Property Services	72,602	41,176	35,687	36,915
Maintenance	101,435	5,687	13,712	87,723
Other Purchased Services	163,307	73,025	82,802	80,505
Supplies	364,240	124,833	188,007	176,233
Other Operating Expenses	618,083	276,062	587,409	30,674
Contracts with Other	-	-	-	-
Interdepartmental Billings	258,645	193,984	258,646	(1)
Capital Expenditures	750,000	-	750,000	-
Transfers Out	962,540	688,107	962,557	(17)
Total Expenses	7,193,885	4,328,901	6,952,699	241,186
Surplus / (Deficit)	1,512,015	1,924,069	1,369,297	

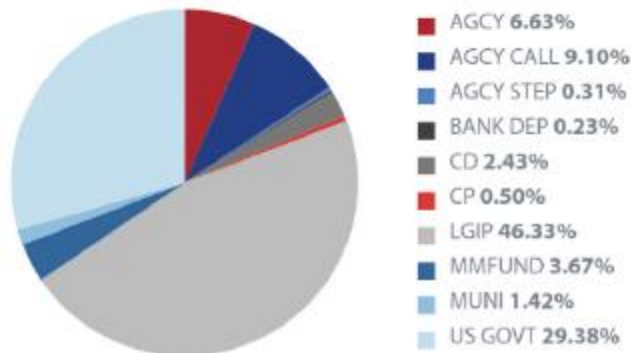
INVESTMENT REPORT

Portfolio Overview

Portfolio Summary

	Prior 31 Mar-24	Current 30 Jun-24
Par Value	758,052,996.54	984,029,754.69
Original Cost	750,492,348.73	976,890,247.56
Book Value	752,819,327.35	979,281,598.89
Market Value	751,229,996.09	978,404,459.74
Accrued Interest	2,046,846.75	1,949,361.26
Book Value Plus Accrued	754,866,174.10	981,230,960.14
Market Value Plus Accrued	753,276,842.84	980,353,821.00
Net Unrealized Gain/(Loss)	(1,589,331.26)	(877,139.15)

Asset Allocation



Income Summary

Current Period	1 Apr-24 to 30 Jun-24
Interest Income	7,008,342.26
Net Amortization/Accretion	1,156,916.43
Realized Gain/(Loss)	(0.01)
Net Income	8,165,258.69

Fiscal Year-to-Date	1 Oct-23 to 30 Jun-24
Net Income	25,156,842.91

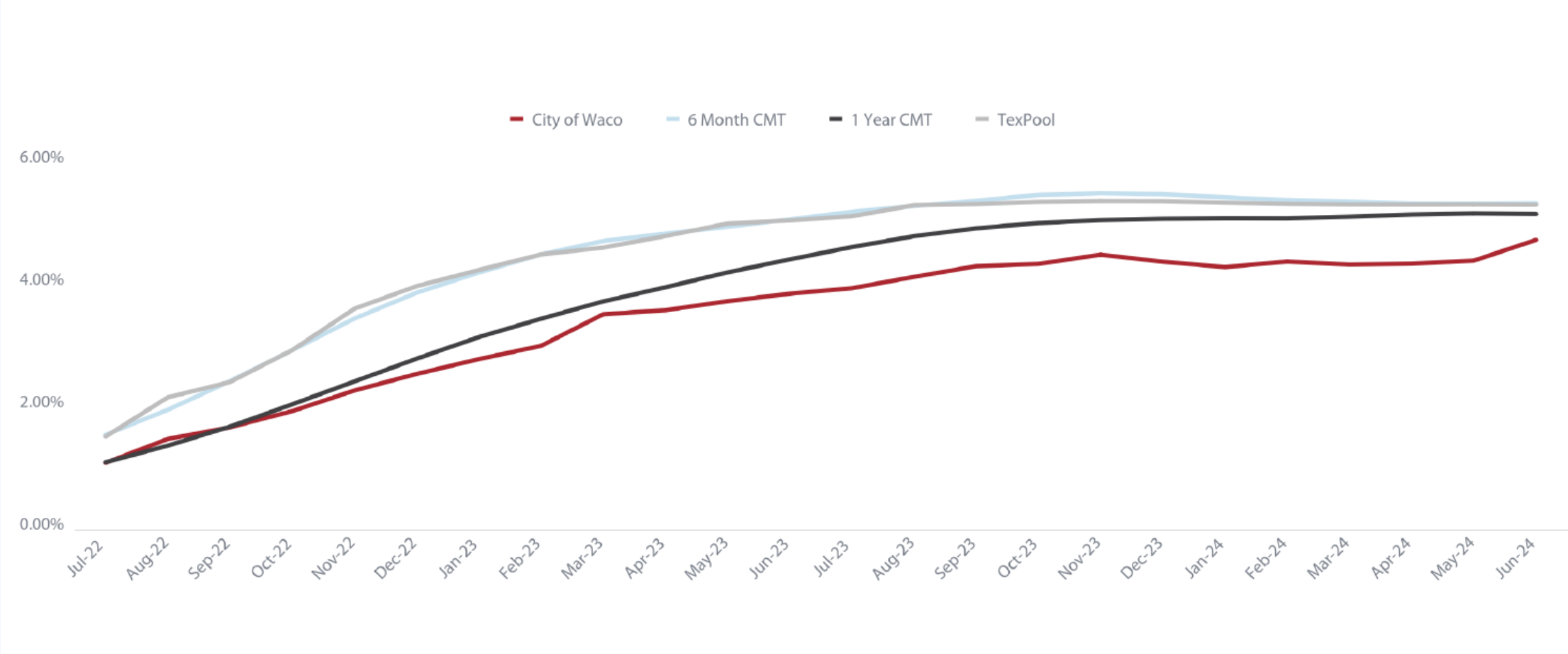
Portfolio Characteristics

	Prior 31 Mar-24	Current 30 Jun-24
Yield to Maturity	4.332%	4.736%
Yield to Worst	4.332%	4.736%
Days to Final Maturity	140	111
Days to Effective Maturity	140	111
Duration	0.79	0.94

Transaction Summary

Transaction Type	Quantity	Principal	Interest	Total Amount	Realized Gain/Loss
Buy	86,111,489.13	(85,440,086.09)	(349,832.55)	(85,789,918.64)	0.00
Sell	(13,254,105.28)	13,254,105.28	0.00	13,254,105.28	0.00
Maturity	(101,135,000.00)	101,135,000.00	0.00	101,135,000.00	(0.01)
Coupon	0.00	0.00	2,518,105.70	2,518,105.70	0.00
MMFUND Dividends	0.00	0.00	1,897,515.93	1,897,515.93	0.00

Benchmark Comparison



Yield Overview

	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
City of Waco	1.09	1.48	1.67	1.94	2.27	2.54	2.79	3.00	3.52	3.59	3.73	3.86	3.95	4.13	4.31	4.34	4.50	4.38	4.29	4.38	4.33	4.35	4.40	4.74
6 Month CMT	1.55	1.96	2.43	2.93	3.45	3.87	4.20	4.50	4.72	4.84	4.95	5.07	5.20	5.29	5.38	5.47	5.50	5.48	5.43	5.39	5.36	5.33	5.33	5.34
1 Year CMT	1.10	1.37	1.68	2.05	2.42	2.79	3.15	3.45	3.73	3.96	4.21	4.42	4.62	4.80	4.93	5.01	5.06	5.08	5.09	5.09	5.12	5.15	5.17	5.16
TexPool	1.52	2.16	2.41	2.93	3.61	3.98	4.24	4.50	4.61	4.80	5.00	5.05	5.12	5.30	5.32	5.36	5.37	5.37	5.35	5.33	5.32	5.31	5.32	5.31

RECAP

- General Fund revenues forecasted year-end in line with budget while expenses remain lower than budget due to mid-year change in street capacity/street fee program
- All major utilities' year-end forecasts are either in line or favorable to FY24 budget
- Investment earnings remain elevated but changes in Fed rates may start bringing yields down on allowable investment instruments.

THANK YOU.

be... on.