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## CITY COUNCIL REPORT CITY OF FAIR OAKS RANCH, TEXAS

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AGENDA TOPIC: Financial and Investment Report for the Quarter Ended December 31, 2024  
DATE: February 6, 2025  
DEPARTMENT: Finance  
PRESENTED BY: Summer Fleming, CGFO, Director of Finance

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### **INTRODUCTION/BACKGROUND:**

Best practices in financial transparency and reporting recommend at least quarterly reporting on the financial position of the City relative to the budget. The quarterly report provides a comprehensive update on the implementation of the budget and includes an updated projection of the budget outcome for the fiscal year.

Pursuant to Texas Government Code Section 2256.023 and the City's Investment Policy Section 12, the Investment Officer is required, on a quarterly basis, to prepare and submit to the City Council a written report of investment transactions that have occurred since the previous report, and the market value of current investments. The attached report is being made to comply with the reporting requirements for the quarter ended December 31, 2024.

### **POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:**

Priority 1.5 of the Strategic Action Plan is to Ensure continuity and excellence of Financial Reporting Reliability. Frequent review and reporting of the City's investments is both prudent and necessary to confirm the City's investment portfolio is being managed according to the Investment Policy. Fiscal transparency informs City Council and citizens how the City spent tax revenues and is a critical element of effective public financial management.

### **LONGTERM FINANCIAL & BUDGETARY IMPACT:**

This report reflects financial performance and projections through the first quarter of FY 2024-25. Projections remain stable in most categories with minor variances reflecting adjustments in the first three months. Total general fund revenues show a slight increase of \$160,667 from the amended budget. Tax revenues are projected to be up \$81,484 due to levy adjustments and higher-than-expected sales taxes. This projection is likely to change as appraisal disputes are settled and sales tax collections are received.

Interest earnings are projected to be up \$50,000 in the general fund, and \$250,000 citywide, which includes \$100,000 in the bond capital fund, and \$100,000 in the utility fund. This projection is based on interest rate changes and timing of large capital project expenditures.

General fund expenditures are projected to be \$375,391 below budget attributed mainly to personnel savings due to vacancies. Vacancies during the quarter included six (6) in public safety, one (1) in administration, and four (4) in public works. The utility fund is projecting a \$44,501

savings in personnel. With these projections the general fund is projected to add \$66,770 to fund balance, which is a positive variance to budget of \$536,058.

The utility fund shows a combined increase in operational revenues of \$417,818 mostly in the water utility. Water consumption is up 29 million gallons and drought surcharges are \$77,000 higher than the first quarter of last fiscal year. Wastewater operational revenues are projected to be \$62,793 higher than budget, due to changes in winter averages combined with new connections.

In total the utility fund is projected to have a positive variance to budget totaling \$322,263.