



CITY COUNCIL REPORT

CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Presentation of the Quarterly Financial and Investment Report for the Quarter Ended March 31, 2024

DATE: May 2, 2024

DEPARTMENT: Finance

PRESENTED BY: Summer Fleming, Director of Finance

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 March 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:

The Finance Department has updated its FY 2023-24 projections based on financial activity through March 31, 2024. In the General Fund, the department projects an increase in Property Taxes to budget of \$158,000 due to levy adjustments resulting from Appraisal Review Board action. Additionally, the projection for Fees and Services has been increased by \$150,000 for Tree Mitigation Fees collected, and the City is projected to earn \$100,000 more in interest than what was budgeted. Total General Fund revenues are projected to be \$645,989 higher than budget. Based on vacancies through the first half of the fiscal year, personnel costs are projected to be \$420,248 less than budget in the General Fund, and \$84,284 less than budget in the Utility Fund.

Overall, the General Fund is projected to have a positive variance to budget totaling a little over \$1 million, of which \$159,600 is reserved for Tree Mitigation, and the Utility Fund is projected to have a positive variance to budget totaling \$432,000, of which \$200,000 is for an increase in impact fees collected, and \$100,000 is for increased interest earnings.