

CITY OF FAIR OAKS RANCH CITY COUNCIL MEETING

Thursday, May 7, 2026 at 6:30 PM

Public Safety Training Room, Police Station, 7286 Dietz Elkhorn Rd Fair Oaks Ranch

Live Stream: <https://www.youtube.com/channel/UCDqRvLvReqxrh1lbajwshKA/live>

AGENDA

OPEN MEETING

1. Roll Call- Declaration of a Quorum
2. Pledge of Allegiance

CITIZENS and GUEST FORUM

To address the City Council, please sign the Attendance Roster located on the table at the entrance in the foyer of the Public Safety Training Room. In accordance with the Open Meetings Act, Council or Committee may not discuss or take action on any item which has not been posted on the agenda. Speakers shall limit their comments to five (5) minutes each.

3. Citizens to be heard

PRESENTATIONS

4. Public Works Appreciation Week Proclamation
Gregory C. Maxton, Mayor
5. Police Week and Peace Officers Memorial Day Proclamation
Gregory C. Maxton, Mayor
6. Presentation of a 5-Year Service Award to Hayden Griffiths, Police Corporal
Manny Casas, Lieutenant
7. Presentation of a 5-Year Service Award to Iris Kabuss, Police Officer
Manny Casas, Lieutenant
8. Recognition of Employee of the Quarter (Q2) January 2026 through March 2026 - Michael DeHoyos, Police Officer
Manny Casas, Lieutenant

CONSENT AGENDA

All of the following items are considered to be routine by the City Council, there will be no separate discussion on these items and will be enacted with one motion. Items may be removed by any Council or Committee Member by making such request prior to a motion and vote.

9. Approval of the April 16, 2026 Regular City Council meeting minutes

Amanda Valdez, TRMC, Deputy City Secretary

CONSIDERATION/DISCUSSION ITEMS

10. Consideration and possible action approving a resolution accepting a donation of a bronze war memorial statue from Marianne Caroselli

Carole Vanzant, CPM, ICMA-CM, Assistant City Manager

11. Consideration and possible action approving a resolution authorizing the execution of an Interlocal Agreement with the City of Boerne for the Shared Pipeline Project

Grant Watanabe, P.E., CFM, Director of Public Works

12. Consideration and possible action approving a resolution adopting the 2026 Strategic Plan

Scott M. Huizenga, MPA, ICMA-CM, City Manager

WORKSHOP

13. FY 2026-27 Budget Calendar

Summer Fleming, CGFO, Director of Finance

14. FY 2027-31 Five-Year Financial Plan

Summer Fleming, CGFO, Director of Finance

REPORTS FROM STAFF/COMMITTEES

15. Quarterly Investment Report and Financial Update for the Quarter Ended March 31, 2026

Summer Fleming, CGFO, Director of Finance

16. FY 2026-27 Boards, Committees, and Commissions

Amanda Valdez, TRMC, Deputy City Secretary

REQUESTS AND ANNOUNCEMENTS

17. Announcements and reports by Mayor and Council

18. Announcements by the City Manager

19. Requests by Mayor and Council Members that items be placed on a future City Council agenda

ADJOURNMENT

Signature of Agenda Approval:

s/ Scott M. Huizenga
Scott M. Huizenga, City Manager

I, Amanda Valdez, TRMC, Deputy City Secretary, certify that the above Notice of Meeting was posted on the outside bulletin board at the Fair Oaks Ranch City Hall, 7286 Dietz Elkhorn, Fair Oaks Ranch, Texas, and on the City's website www.fairoaksranchtx.org, both places being convenient and readily accessible to the general public at all times.

As per Texas Government Code 551.045, said Notice was posted by May 1, 2026 and remained so posted continuously for at least 3 business days before said meeting was convened. A quorum of various boards, committees, and commissions may attend the City Council meeting.

The Fair Oaks Ranch Police Station is wheelchair accessible at the front main entrance of the building from the parking lot. Requests for special services must be received forty-eight (48) hours prior to the meeting time by calling the City Secretary's office at (210) 698-0900. Braille is not available. The City Council reserves the right to convene into Executive Session at any time regarding an issue on the agenda for which it is legally permissible; pursuant to Texas Government Code Chapter 551. Section 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices) and 551.087 (Economic Development).

PROCLAMATION
City of Fair Oaks Ranch
Office of the Mayor

WHEREAS, public works professionals focus on infrastructure, facilities, and services that are of vital importance to sustainable and resilient communities and to public health, high quality of life, and well-being of the people of; and

WHEREAS, these infrastructure, facilities, and services could not be provided without the dedicated efforts of public works professionals, who are engineers, managers, and employees at all levels of government and the private sector, who are responsible for rebuilding, improving, and protecting our nation's transportation, water supply, water treatment and solid waste systems, public buildings, and other structures and facilities essential for our citizens; and

WHEREAS, it is in the public interest for the citizens, civic leaders, and children in the City of Fair Oaks Ranch to gain knowledge of and maintain an ongoing interest and understanding of the importance of public works and public works programs in their respective communities; and

WHEREAS, the year 2026 marks the 66th annual National Public Works Week sponsored by the American Public Works Association/Canadian Public Works Association.

NOW, THEREFORE, I, Gregory C. Maxton, Mayor of the City of Fair Oaks Ranch, do hereby designate the week May 17 – 23, 2026 as National Public Works Week; I urge all citizens to join with representatives of the American Public Works Association and government agencies in activities, events, and ceremonies designed to pay tribute to our public works professionals, engineers, managers, and employees and to recognize the substantial contributions they make to protecting our national health, safety, and advancing quality of life for all.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the City of Fair Oaks Ranch to be affixed this 7th day of May 2026.

Gregory C. Maxton, Mayor

Amanda Valdez, TRMC
Deputy City Secretary

PROCLAMATION
City of Fair Oaks Ranch
Office of the Mayor

WHEREAS, the Congress and President of the United States have designated May 15, 2026, as Peace Officers Memorial Day, and the week in which it falls as Police Week; and

WHEREAS, the members of the Fair Oaks Ranch Police Department play an essential role in safeguarding the rights and freedoms of the citizens of the City of Fair Oaks Ranch; and

WHEREAS, it is important that all citizens know and understand the problems, duties and responsibilities of their police department, and that members of our police department recognize their duty to serve the people by safeguarding life and property, by protecting them against violence or disorder, and by protecting the innocent against deception and the weak against oppression or intimidation; and

WHEREAS, the police department of the City of Fair Oaks Ranch has grown to be modern and scientific law enforcement agency which unceasingly provides a vital public service.

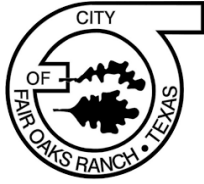
NOW, THEREFORE, I, Mayor Gregory C. Maxton call upon all citizens of the City of Fair Oaks Ranch and upon all patriotic, civil and educational organizations to observe the week of May 10th – May 16th, 2026, as Police Week with appropriate ceremonies in which all of our people may join in commemorating police officers, past and present, who by their faithful and loyal devotion to their responsibilities have rendered a dedicated service to their communities and, in doing so, have established for themselves an enviable and enduring reputation for preserving the rights and security of all citizens.

I FURTHER call upon all citizens of Fair Oaks Ranch to observe May 15th, as Peace Officers Memorial Day to honor those peace officers who, through their courageous deeds, have lost their lives or have become disabled in the performance of duty.

WITNESS MY HAND AND SEAL THIS 7th DAY OF MAY 2026

Gregory C. Maxton, Mayor

Amanda Valdez, TMCA
Deputy City Secretary



CITY OF FAIR OAKS RANCH CITY COUNCIL MEETING

Thursday, April 16, 2026 at 6:30 PM

Public Safety Training Room, Police Station, 7286 Dietz Elkhorn Rd Fair Oaks Ranch

Live Stream: <https://www.youtube.com/channel/UCDqRvLvReqxrh1lbajwshKA/live>

MINUTES

OPEN MEETING

1. Roll Call- Declaration of a Quorum

Council Present: Mayor Maxton and Council Members: Stroup, Rhoden, Pearson, Parker and Swarek

Council Absent: Council Member Olvera

With a quorum present, the meeting was called to order at 6:30 PM.

2. Pledge of Allegiance – The Pledge of Allegiance was recited in unison.

CITIZENS and GUEST FORUM

3. Citizens to be heard – None.

Council Member Stroup arrived at 6:34 PM.

PRESENTATIONS

4. Administrative Professionals Day Proclamation

Mayor Maxton read a proclamation recognizing Administrative Professionals Day on April 22, 2026. He encouraged the community to express appreciation to administrative assistants, including Veronica Kiley, Dayanara Zamirski, Camille Bowser, and Candace Robles.

5. Municipal Clerks Week Proclamation

Mayor Maxton read a proclamation recognizing Municipal Clerks Week, May 3–9, 2026. He recognized the City Secretary's Department employees, Christina Picioccio and Amanda Valdez for their efforts.

CONSENT AGENDA

- 6. Approval of the April 2, 2026 Regular City Council meeting minutes**
- 7. Approval of a resolution authorizing the execution of an agreement with Intermountain Slurry Seal, Inc. for micro-surfacing, expenditure of the required funds, and execution of all applicable documents by the City Manager**
- 8. Approval of a resolution authorizing the execution of an agreement with All-Pro Paving, LLC for sealcoating, expenditure of the required funds, and execution of all applicable documents by the City Manager**
- 9. Approval of a resolution authorizing the execution of an agreement with Pavement Restoration, Inc. for asphalt rejuvenator, expenditure of the required funds, and execution of all applicable documents by the City Manager**
- 10. Approval of Council Member Olvera's absence from the April 16, 2026 Regular City Council meeting**

MOTION: Made by Council Member Swarek, seconded by Council Member Stroup, to approve the Consent Agenda.

VOTE: 6 - 0; Motion Passed.

CONSIDERATION/DISCUSSION ITEMS

- 11. Consideration and possible action approving a resolution of the City Council of the City of Fair Oaks Ranch establishing the Fair Oaks Parkway Beautification Committee; appointing City Council members as co-chairs; and authorizing the City Manager to assign staff to the Committee**

MOTION: Made by Council Member Rhoden, seconded by Council Member Stroup, to approve a resolution establishing the Fair Oaks Parkway Beautification Committee, appointing City Council Members as co-chairs, and authorizing the City Manager to assign staff to the Committee.

VOTE: 6 - 0; Motion Passed.

- 12. Consideration and possible action approving a resolution amending the City's Investment Policy**

MOTION: Made by Council Member Rhoden, seconded by Council Member Pearson, to approve a resolution amending the City's Investment Policy.

VOTE: 6 - 0; Motion Passed.

REPORTS FROM STAFF/COMMITTEES

13. Semiannual Report from the Capital Improvements Advisory Committee (CIAC)

CIAC Chairman Chris Weigand provided a semiannual report to the City Council from their March 17, 2026 regular meeting. Chairman Weigand reported that:

1. The CIAC finds that the current Water and Wastewater impact fee rates are in line with the growth projections and planned projects for the City; and
2. The CIAC recognizes that several projects that have been in the planning process are now coming up to construction and impact fees will be received on homes attached to the utility system.

REQUESTS AND ANNOUNCEMENTS

14. Announcements and reports by Mayor and Council

Mayor Maxton announced that two elections will be held in May. The City's General Election is scheduled for May 2, 2026, to elect a City Council Member to Place 6, along with area school district elections. Early voting begins April 20, 2026, and all registered City voters may vote at the Police Station Public Safety Training Room, regardless of county of residence. For the May 26, 2026, Primary Runoff Election, Mayor Maxton encouraged residents to contact their respective counties for details.

Mayor Maxton announced that applications are being accepted for the Junior Police Academy and encouraged early submission due to limited space. The program is free, and applications are available on the City's website.

Mayor Maxton invited residents to attend the Oak Wilt Workshop on April 18, 2026, at 10:00 a.m. at Spring Creek United Methodist Church, coordinated with the Fair Oaks Ranch Homeowners Association. Representatives from the City and Texas A&M Forest Service will provide information on oak wilt and related programs.

Lastly, Mayor Maxton encouraged residents to complete the final three-question survey for the City's Strategic Plan before it closes on Friday, April 17, 2026. The survey link is available on the City's website homepage.

15. Announcements by the City Manager

City Manager Huizenga commended the Administration, Communications, Police, and Public Works departments for their response to utility issues on Dietz Elkhorn on April 15, 2026. He thanked staff for effectively managing the road closure, which lasted nearly a full day.

16. Requests by Mayor and Council Members that items be placed on a future City Council agenda

None.

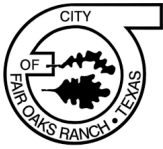
ADJOURNMENT

Mayor Maxton adjourned the meeting at 6:29 PM.

Gregory C. Maxton, Mayor

ATTEST:

Amanda Valdez, TRMC, Deputy City
Secretary



CITY COUNCIL CONSIDERATION ITEM

CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Consideration and possible action approving a resolution accepting a donation of a bronze war memorial statue from Marianne Caroselli

DATE: May 7, 2026

DEPARTMENT: Administration

PRESENTED BY: Carole Vanzant, CPM, ICMA-CM, Assistant City Manager

INTRODUCTION / BACKGROUND:

On November 25, 1990, a bronze plaque was installed designating a live oak tree at 7899 Fair Oaks Parkway as the "Peace Tree" in honor of City military personnel deployed during Operation Desert Storm. Since that time, the site has served as a focal point for community recognition of military service, including annual events honoring veterans and deployed service members.

Marianne Caroselli, a 30-year accomplished sculptor and resident of Fair Oaks Ranch, has offered to donate a bronze war memorial statue (**Attachment A**) to the City. The sculpture honors the men and women who have served in the United States Armed Forces and is intended to complement the Peace Tree as a place of remembrance and reflection.

Ms. Caroselli has more than three decades of experience in sculpting and painting, producing a diverse portfolio ranging from tabletop pieces to life-size sculptures. Her subject matter includes children, wildlife, horses, Western heritage, and Native American figures. Her artistic philosophy emphasizes warmth, peace, and emotional connection with a deliberate focus on non-violent expression. Her work is displayed in galleries across the United States and is included in collections held by many notable individuals, museums, corporations, and municipalities.

Project Description

The proposed donation consists of a 24-inch bronze sculpture mounted on a granite base and installed on an approximately 40-inch tall by 15-inch wide concrete pedestal. The total estimated value of the donation, inclusive of the sculpture, pedestal, and installation, is \$4,200.

Proposed Location

The statue is proposed to be installed at the Peace Tree site, located at 7899 Fair Oaks Parkway, adjacent to the Raintree Woods subdivision. The Fair Oaks Ranch Homeowners Association has offered to host the unveiling of the statue in conjunction with their Veterans/Military Honor Breakfast on June 29.

Conditions of Acceptance

- The statue shall be delivered in complete condition and free of defects;
- Installation shall be performed by the donor or the donor's contractor;
- All installation requirements, including foundation and mounting specifications, shall be reviewed and approved by the City prior to installation;
- All costs associated with fabrication, delivery, and installation shall be borne by the donor; and
- The City retains sole discretion regarding final placement, installation method, and any future relocation or removal, as necessary for public safety, maintenance, or City purposes.

Liability

Acceptance of the statue by the City does not constitute acceptance of any liability for design or fabrication defects. To the extent permitted by law, the donor agrees to indemnify and hold harmless the City from any claims arising from the design or condition of the statue prior to acceptance.

Staff Recommendation

Staff recommends acceptance of the donation of the bronze war memorial statue, subject to the conditions outlined above, and approval of its installation at the Peace Tree site.

POLICY ANALYSIS / BENEFIT(S) TO CITIZENS:

Acceptance of the bronze war memorial statue advances several city objectives and provides tangible community benefits:

1. Enhance Community Character: Establishes a durable, low-maintenance public asset that contributes to the City's long-term cultural and civic landscape.
2. Enhance Public Infrastructure: Improves the aesthetic character of the Peace Tree Site through the addition of a thoughtful, permanently placed public art that honors members of the United States Armed Forces while supporting and showcasing the work of a local Fair Oaks Ranch artist.
3. Foster Community Engagement: Creates a focal point for reflection, civic pride, and community gathering, enhancing commemorative events such as Veterans Day observances and celebrations.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

There is no direct fiscal impact to the City associated with acceptance of this donation. All costs related to fabrication, delivery, and installation of the statue will be borne by the donor. Any future maintenance costs are expected to be minimal and can be accommodated within existing operational budgets.

LEGAL ANALYSIS:

Legal has approved to form.

RECOMMENDATION / PROPOSED MOTION:

I move to approve a resolution accepting a donation of a bronze statue from Marianne Caroselli.

ATTACHMENT A



A RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS ACCEPTING A DONATION OF A WAR MEMORIAL BRONZE STATUE FROM MARIANNE CAROSELLI

WHEREAS, on November 25, 1990, at 7899 Fair Oaks Parkway, a city-owned property, a bronze plaque was installed designating a live oak tree as the "Peace Tree" in honor of city military personnel deployed during Operation Desert Storm; and

WHEREAS, the Peace Tree has since served as a site for community recognition of military service, including annual events hosted by the Fair Oaks Ranch Homeowners Association honoring veterans and deployed service members; and

WHEREAS, Marianne Caroselli, a resident and sculptor, has offered to donate a bronze war memorial statue, valued at \$4,200, to the City of Fair Oaks Ranch to honor the men and women who have served in the United States Armed Forces; and

WHEREAS, the City Council of the City of Fair Oaks Ranch finds that acceptance of the donation will enhance the Peace Tree site and further commemorate the service and sacrifice of military personnel.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS:

- Section 1.** The City Council hereby accepts the donation of bronze war memorial statue from Marianne Caroselli, valued at \$4,200, and directs the City Manager to take all necessary actions to accept, coordinate installation of, and place the donated statue in accordance with City standards, policies, and applicable regulations.
- Section 2.** The donated statue shall be permanently installed at the Peace Tree located at 7899 Fair Oaks Parkway.
- Section 3.** That the recitals contained in the preamble hereto are hereby found to be true and such recitals are hereby made a part of this resolution for all purposes and are adopted as a part of the judgment and findings of the City Council.
- Section 4.** If any provision of this resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this resolution would have been enacted without such invalid provision.
- Section 5.** That it is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

Section 6. All resolutions or parts thereof, which are in conflict or inconsistent with any provision of this resolution are hereby repealed to the extent of such conflict, and the provision of this resolution shall be and remain controlling as to the matters resolved herein.

Section 7. This resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 8. This resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED, APPROVED, and ADOPTED on this 7th day of May 2026.

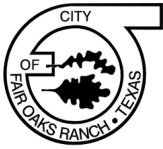
Gregory C. Maxton, Mayor

ATTEST:

APPROVED AS TO FORM:

Amanda Valdez, TRMC
Deputy City Secretary

Denton Navarro Rodriguez Bernal Santee & Zech
P.C., City Attorney



CITY COUNCIL CONSIDERATION ITEM

CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Consideration and possible action approving a resolution authorizing the execution of an Interlocal Agreement with the City of Boerne for the Shared Pipeline Project

DATE: May 7, 2026

DEPARTMENT: Public Works & Engineering

PRESENTED BY: Grant Watanabe, P.E., CFM, Director of Public Works

INTRODUCTION / BACKGROUND:

In June 2022, the City of Boerne purchased approximately 10 acres located at 329 Ammann Road for construction of a water plant and associated infrastructure. In June 2025, the City of Fair Oaks Ranch purchased approximately 2.9 acres, located at the southern portion of 329 Ammann Road, from Boerne for construction of an elevated storage tank and associated infrastructure. Both cities intend to take delivery of purchased water from the Guadalupe-Blanco River Authority (GBRA) at their respective sites.

The existing GBRA main runs along the east-west leg of Ammann Road and generally follows Rolling Acres Trail before exiting the City limits to the west. The Shared Pipeline Project will construct 5,000 linear feet of 16-inch pipeline along the north-south leg of Ammann Road, from the southern curve to the shared site, where it will branch to serve both properties. The pipeline is sized to support the water supply needs of both cities.

The Interlocal Cooperation Act gives local governments the authority to contract with other governmental entities to increase efficiency and effectiveness. Below are highlights from the proposed Interlocal Agreement.

- Expenses for shared infrastructure, including easement acquisition, utility relocation, design, construction, contract management and inspection, shall be split between Boerne (69%) and Fair Oak Ranch (31%). This split is based on the volume of water each city plans to take from the shared pipeline.
- Fair Oaks Ranch shall be responsible for \$60,000 non-shared costs, inclusive of redesign and water main encasement where the softened Ammann Road southern curve will cross over the pipeline.
- Boerne shall manage all aspects of the project, including design, acquisition and construction, and will invoice Fair Oaks Ranch on a quarterly basis.
- Either party may terminate the Agreement within 30 days of receipt of the final bid award price.
- Upon completion of the project, the new main shall be dedicated to and maintained by GBRA.

The total estimated cost for shared infrastructure is \$2.2 million, of which the City's share is \$682,000. Considering both shared and non-shared costs, the total estimated cost for the City is \$742,000.

POLICY ANALYSIS / BENEFIT(S) TO CITIZENS:

- Supports Priority 3.1 of the Strategic Plan to Enhance and Ensure Continuity of Reliable Water Resources
- Enables water delivery to the northern part of the City to enhance Pressure Zone A and manage anticipated growth
- Demonstrates regional cooperation between the City and Boerne to address infrastructure challenges and water supply needs

LONGTERM FINANCIAL & BUDGETARY IMPACT:

The City budgeted \$750,000 in FY 2025-26 for this project. Considering both shared and non-shared costs, the total estimated cost for the project is \$742,000.

LEGAL ANALYSIS:

The City Attorney has approved the ILA as to form and legal sufficiency.

RECOMMENDATION / PROPOSED MOTION:

I move to approve a resolution authorizing the execution of an Interlocal Agreement with the City of Boerne for the Shared Pipeline Project, expenditure of the required funds, and execution of all applicable documents by the City Manager.

A RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS AUTHORIZING THE EXECUTION OF AN INTERLOCAL AGREEMENT WITH THE CITY OF BOERNE FOR THE SHARED PIPELINE PROJECT, EXPENDITURE OF THE REQUIRED FUNDS, AND EXECUTION OF ALL APPLICABLE DOCUMENTS BY THE CITY MANAGER

WHEREAS, in June 2022, the City of Boerne purchased approximately 10 acres located at 329 Ammann Road for construction of a water plant and associated infrastructure; and

WHEREAS, in June 2025, the City of Fair Oaks Ranch purchased approximately 2.9 acres located at the southern portion of 329 Ammann Road from the City of Boerne for construction of an elevated storage tank and associated infrastructure; and

WHEREAS, both cities intend to take delivery of purchased water from the Guadalupe-Blanco River Authority (GBRA) at their respective sites; and

WHEREAS, the delivery of water to the new site requires the GBRA main to be extended from the southern curve of Ammann Road to the new site; and

WHEREAS, the Interlocal Cooperation Act gives local governments the authority to contract with other governmental entities to increase efficiency and effectiveness; and

WHEREAS, both cities desire to enter into an Interlocal Agreement (ILA) to split the cost of the Shared Pipeline Project which will be sized to support the water supply needs of both parties; and

WHEREAS, the estimated cost for the project is \$2.2 million, which will be split between the City of Boerne (69%) and the City of Fair Oaks Ranch (31%); and

WHEREAS, the ILA demonstrates regional cooperation between the cities to address infrastructure challenges and water supply needs; and

WHEREAS, the City Council finds it in the best interest of its residents to enter into an ILA with the City of Boerne to share the cost of utility infrastructure.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS:

Section 1 The City Council hereby authorizes the City Manager to execute an Interlocal Agreement (**Exhibit A**) with the City of Boerne for the Shared Pipeline Project, expenditure of the required funds, and the execution of any and all applicable documents to effectuate this resolution.

Section 2. That the recitals contained in the preamble hereto are hereby found to be true and such recitals are hereby made a part of this resolution for all purposes and are adopted as a part of the judgment and findings of the Council.

- Section 3.** If any provision of this resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this resolution would have been enacted without such invalid provision.
- Section 4.** That it is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.
- Section 5.** All resolutions or parts thereof, which are in conflict or inconsistent with any provision of this resolution are hereby repealed to the extent of such conflict, and the provision of this resolution shall be and remain controlling as to the matters resolved herein.
- Section 6.** This resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.
- Section 7.** This resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED, APPROVED, and ADOPTED on this 7th day of May 2026.

Gregory C. Maxton, Mayor

ATTEST:

APPROVED AS TO FORM:

Amanda Valdez, TRMC
Deputy City Secretary

Denton Navarro Rodriguez Bernal Santee & Zech
P.C., City Attorney

Exhibit A

INTERLOCAL AGREEMENT BETWEEN THE CITY OF BOERNE AND THE CITY OF FAIR OAKS RANCH SHARED PIPELINE PROJECT

This Interlocal Agreement ("Agreement") is entered into pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, by and between the City of Boerne, Texas ("Boerne") and the City of Fair Oaks Ranch, Texas ("Fair Oaks Ranch"), collectively referred to as the "Parties."

- WHEREAS, the Parties desire to jointly participate in the Guadalupe-Blanco River Authority ("GBRA") regional water delivery project to extend a shared transmission pipeline to adjacent, independently owned and operated water facilities along Ammann Road; and
- WHEREAS, Boerne and Fair Oaks Ranch have agreed to split the costs for the shared portion of the pipeline extending along Ammann Road and into the respective water facilities (the "Shared Pipeline Project"); and
- WHEREAS, subject to the provisions herein, Boerne has agreed to serve as the lead agency and will fund Shared Pipeline Project costs in the first instance, with Fair Oaks Ranch to reimburse Boerne for its share, as outlined herein;
- WHEREAS, after Boerne had substantially completed design drawings for the Shared Pipeline Project, dated April 17, 2025 (the 'Original Design Drawings'), Fair Oaks Ranch announced plans to widen and/or realign Ammann Road in a manner that will require modifications to the Original Design Drawings and will result in additional project costs beyond those originally contemplated, which additional costs shall be the sole financial responsibility of Fair Oaks Ranch as provided herein;

NOW, THEREFORE, for and in consideration of the mutual covenants, conditions, and promises set forth herein, the Parties agree as follows:

ARTICLE I – PURPOSE AND SCOPE

1.01 The purpose of this Agreement is to define the financial and operational responsibilities of Boerne and Fair Oaks Ranch in connection with the Shared Pipeline Project that will facilitate the delivery of GBRA water to both cities.

1.02 This Agreement covers only those project components that are shared infrastructure, including the pipeline along Ammann Road up to and including the branch point identified on Exhibit A attached hereto and incorporated herein (the 'Branch Point'), where the shared pipeline diverges into infrastructure owned and operated exclusively by each respective Party. Each Party shall be solely responsible for the cost, installation, and maintenance of its own individual branch pipeline and any metering facilities required by GBRA beyond the branch point where the shared pipeline diverges into property owned by the individual Party.

Exhibit A

ARTICLE II – RESPONSIBILITIES OF THE PARTIES

2.01 Boerne Responsibilities. Boerne agrees to:

- Serve in an administrative capacity as the fiscal agent for the Shared Pipeline Project. Such role shall not be construed as requiring Boerne to fund or otherwise be financially responsible for Fair Oaks Ranch's share of the Shared Pipeline costs;
- Manage and contract for the acquisition, design, permitting, and construction of the Shared Pipeline Project;
- Advance payment for fees and other costs related to the Shared Pipeline Project, subject to the reimbursement obligations of Fair Oaks Ranch as provided for herein; and
- Provide Fair Oaks Ranch with regular project updates and itemized statements of expenditures.

2.02 Fair Oaks Ranch Responsibilities. Fair Oaks Ranch agrees to:

- Reimburse Boerne for actual costs incurred on the Shared Pipeline Project as described in Section 3.01;
- Make reimbursement payments within 45 days of receipt of invoice and supporting documentation from Boerne as described in Section 3.03. Boerne may suspend further work on the Shared Pipeline Project if payment from Fair Oaks Ranch is not received within the allotted time;
- Coordinate and fund the design and construction of its own branch pipeline and metering facilities inside the shared site;
- Payment of 100% of any additional project design fees and construction costs beyond Boerne's completed design drawings, dated April 17, 2025, due to Fair Oaks Ranch's proposed widening/realignment of Ammann Road; and
- Payment of 100% of additional easement GBRA easement acquisition costs for Fair Oaks Ranch's roadway project into previously acquired GBRA project easement area(s).

ARTICLE III – COSTS AND REIMBURSEMENT

3.01 The following categories of expenses are considered shared costs and shall be split: 31% Fair Oaks Ranch and 69% Boerne (per completed design drawings dated April 17, 2025).

- GBRA easement acquisition costs for project as originally designed;
- Relocation of conflicting electric utility facilities (e.g., PEC poles/guys);
- Design and engineering document preparation, including Subsurface Utility Engineering (SUE) and surveying;
- Professional engineering services for design, bid and construction phase services for the Shared Pipeline Project;
- County and local permitting and development fees (including Fair Oaks Ranch permitting and tree giveaway event costs);
- Construction costs for the shared pipelines;
- Construction management, inspection, and testing services;
- Any other mutually agreed upon shared costs associated with the Shared Pipeline Project.

3.02 The total cost of the Shared Pipeline Project is currently estimated at \$2.2 million. This estimate shall not be construed as a cost cap or commitment to a particular project budget. If

Exhibit A

actual costs exceed \$2.2 million, such increase must be approved in writing by both Parties prior to further advancement of the Shared Pipeline Project. Boerne shall promptly provide notice to Fair Oaks Ranch of any such increase and Fair Oaks Ranch shall provide its approval or objections to the increase, if any, within thirty (30) days of receipt of such notice.

3.03 Boerne shall submit detailed invoices to Fair Oaks Ranch quarterly (or more frequently if agreed) and include sufficient documentation to support all expenditures claimed. Related invoices and receipts from consultants, contractors, vendors, fees, and any other proof of payment shall constitute sufficient documentation.

3.04 Fair Oaks Ranch shall remit payment to Boerne within 45 days of invoice receipt. Late payments may bear interest at the statutory rate under the Texas Prompt Payment Act.

ARTICLE IV – TERM AND TERMINATION

4.01 This Agreement shall become effective upon execution by both Parties and shall remain in effect until all shared project work is completed and final payments are made, unless earlier terminated by mutual agreement.

4.02 Each Party shall have the right to terminate the Agreement by written notice to the other Party within thirty (30) days of receipt of final bid award price. In the event Fair Oaks Ranch exercises its termination right under this Section, Fair Oaks Ranch shall be solely responsible for all costs associated with obtaining a separate water delivery connection from GBRA, and Boerne shall have no obligation to provide Fair Oaks Ranch access to any portion of the Shared Pipeline infrastructure.

4.03 Regardless of which Party exercises the termination right, Fair Oaks Ranch shall remain obligated to reimburse Boerne for its thirty-one percent share of all allowable costs incurred prior to the effective date of termination. Boerne's right to invoice and collect such pre-termination costs shall survive the expiration or termination of the Agreement.

ARTICLE V – MISCELLANEOUS

- This Agreement is made pursuant to Chapter 791 of the Texas Government Code. No joint venture or agency relationship is created. In performing its duties and obligations hereunder, each Party assures that it will be carrying out one or more governmental functions or services which it is authorized to perform.
- Each Party represents that its governing body has approved execution of this Agreement and that it has obtained all necessary approvals to enter into this Agreement.
- This Agreement constitutes the entire agreement between the Parties relating to the Shared Pipeline Project. Any amendments must be in writing and signed by both Parties.
- Venue for any dispute arising under this Agreement shall lie in Kendall County, Texas.
- Each Party to this Agreement shall pay for the performance of obligation arising from this Agreement through current revenues available to the Party. If applicable, any payments provided to be made hereunder by one Party to the other shall be such amounts as to fairly compensate the other Party for the services or functions performed hereunder.

Exhibit A

EXECUTED this ____ day of _____, 2026.

CITY OF BOERNE, TEXAS

By: _____

Name: Ben Thatcher

Title: City Manager

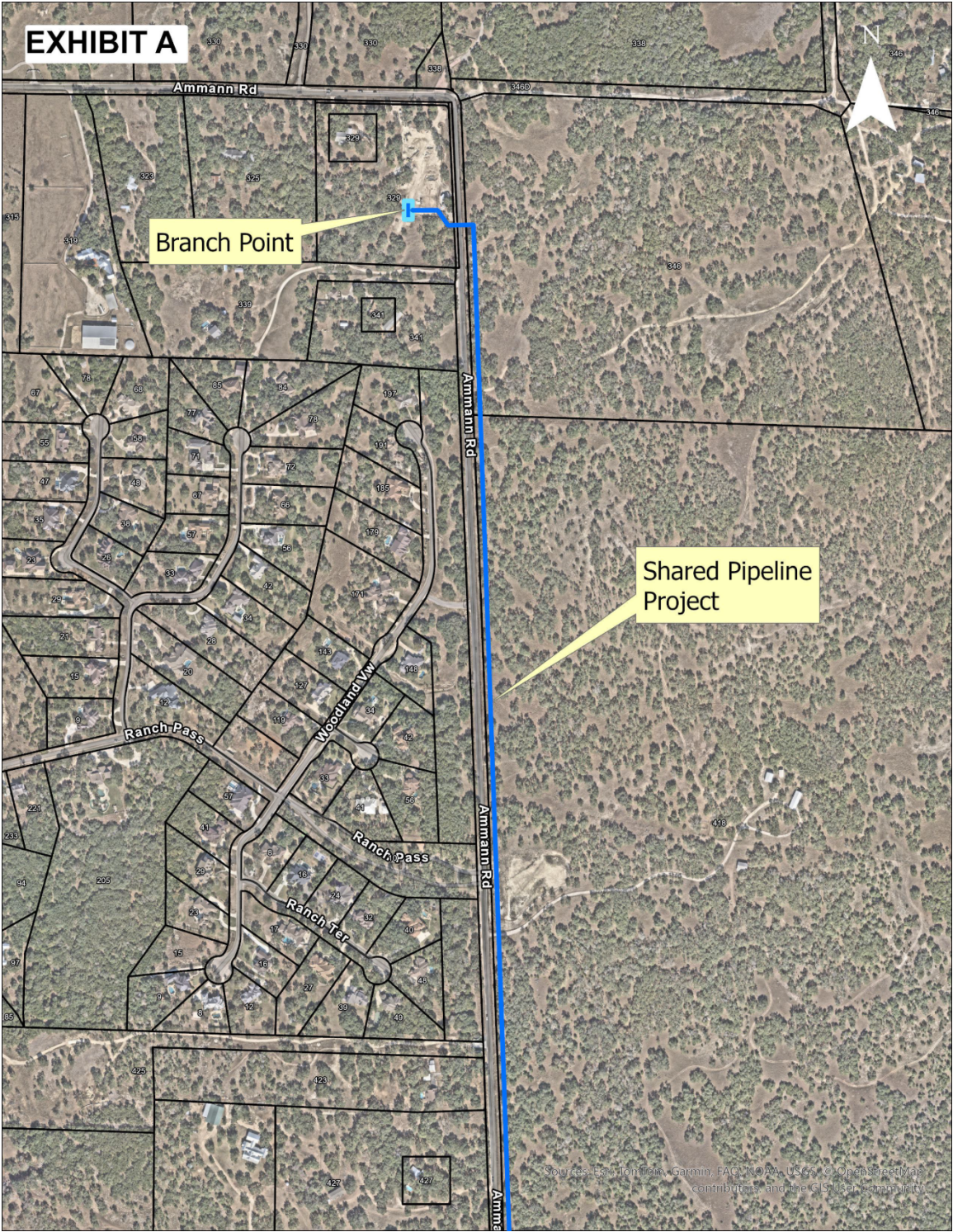
CITY OF FAIR OAKS RANCH, TEXAS

By: _____

Name: Scott M. Huizenga

Title: City Manager

Exhibit A



Shared Pipeline Project



Interlocal Agreement with the City of Boerne



Grant Watanabe, P.E., CFM

Director of Public Works

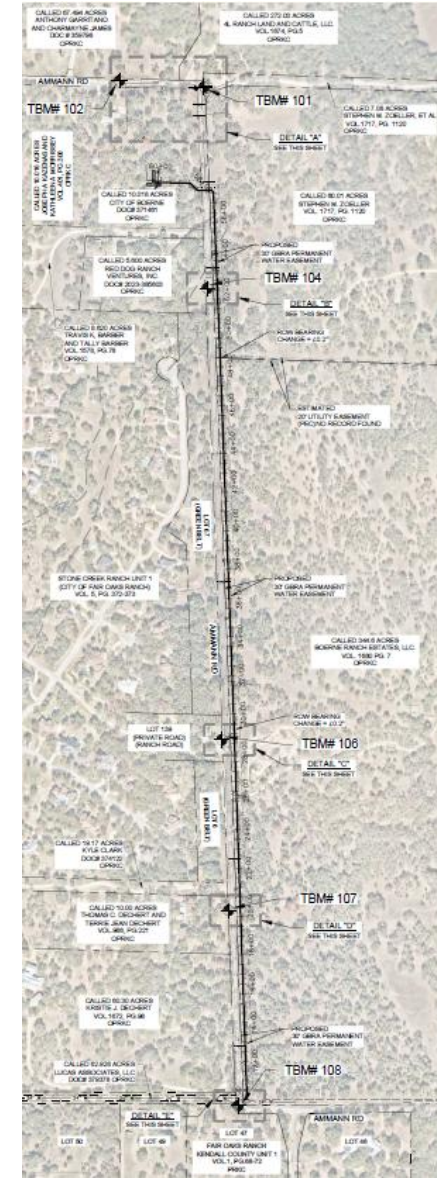
Background

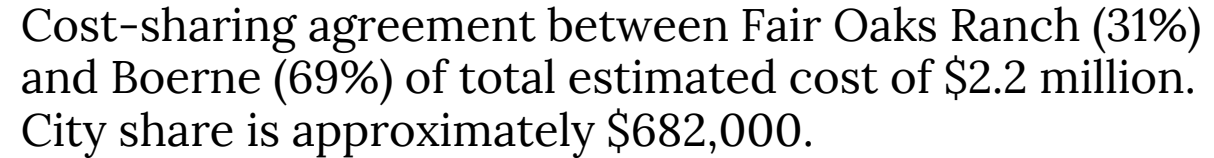


- June 2022 - Boerne purchased 10 acres for construction of a water plant
- June 2025 - Fair Oaks Ranch purchased approximately 2.9 acres from Boerne for construction of an Elevated Storage Tank (EST)
- Both cities intend to take delivery of purchased water from GBRA at their respective sites

Project Overview

- Installs 5,000 linear feet of 16-inch water main from the Ammann Road southern curve to the shared site
- Pipe sized to support the water supply needs of both parties
- Utility easements acquired by GBRA last year
- Boerne serves as the lead design, acquisition and construction agent
- Estimated cost is \$2.2 million





Boerne to manage all aspects of the project, including design, acquisition and construction, and will invoice the City for actual costs on a quarterly basis

Upon project completion, the new main will be dedicated to and maintained by GBRA

Analysis/Benefit to Citizens

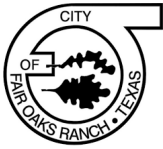


- Aligns with Priority 3.1 of the Strategic Plan to Enhance and Ensure Continuity of Reliable Water Resources
- Enables water delivery to the northern part of the City to enhance Pressure Zone A and manage anticipated growth
- Demonstrates regional cooperation between the Fair Oaks Ranch and Boerne to address infrastructure challenges and water supply needs

Summary



- Staff seeks City Council approval of the ILA
- Boerne City Council to consider the ILA in May
- Construction anticipated to start this summer and complete by end of year (prior to Ammann Road Reconstruction)



CITY COUNCIL CONSIDERATION ITEM

CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Consideration and possible action approving a resolution adopting the 2026 Strategic Plan

DATE: May 7, 2026

DEPARTMENT: Administration

PRESENTED BY: Scott M. Huizenga, MPA, ICMA-CM, City Manager

INTRODUCTION / BACKGROUND:

In December 2025, the City initiated its Strategic Plan update to establish clear priorities and direction for the next three to five years. This effort is designed to align City services, resource allocation, and policy direction with the community's needs and expectations, while providing a long-term framework for decision-making and organizational performance.

Since that time, the City has completed a comprehensive, five-phase strategic planning process, including initiation, engagement and discovery, issue identification and analysis, strategic framework development, and final review and refinement. The plan development process was facilitated by a planning consultant and included significant involvement from City Council, staff, and the community.

A central component of the planning effort was robust community engagement. The City conducted multiple public meetings, stakeholder workshops, and a series of three community-wide surveys titled "Shape the Future of Fair Oaks Ranch Together." Across all engagement efforts, the City collected more than 6,600 individual responses, reflecting a high level of community interest and participation.

Participation remained strong throughout the process, with residents providing thoughtful input that helped validate emerging priorities and refine the Strategic Plan framework. Collectively, this engagement effort provided a meaningful and representative understanding of community values, concerns, and aspirations.

Community feedback consistently identified several key themes, including:

- Preservation of community character and safety
- Responsible growth and development
- Infrastructure and traffic concerns
- Quality of life, amenities, and open space
- Water resources and environmental sustainability

These themes were further reinforced through follow-up engagement, where residents emphasized the importance of reliable infrastructure, public safety, responsible growth management, and transparency and accountability in decision-making.

Following the Engagement and Discovery phase, the Steering Committee and City Council worked collaboratively to translate community input into a Strategic Plan framework. This included refinement of the City's Vision and Mission Statements, confirmation of Strategic

Priorities, and development of specific goals and objectives.

The resulting 2026 Strategic Plan is organized around six priority areas:

- Financial Stewardship
- Responsible Growth Management
- Reliable Infrastructure
- Public Safety
- Operational Excellence
- Community Engagement

Each priority area is supported by defined goals and measurable objectives designed to guide implementation and track progress over time. The plan emphasizes financial sustainability, infrastructure reliability, proactive growth management, organizational performance, and continued investment in community engagement.

On April 2, 2026, the City Council conducted a work session to review and refine the near-final draft Strategic Plan. Feedback received during that session was incorporated into the document presented at **Exhibit A** for consideration.

Next Steps:

Following adoption, staff will finalize and promulgate the 2026 Strategic Plan document for use by City Council, staff, and the community as a guiding framework for decision-making and organizational priorities.

The Strategic Plan will be directly integrated into the FY 2026–27 budget development process, which is already underway. The upcoming City Council budget work sessions will further align funding priorities with the Strategic Plan’s goals and objectives. As part of the budget process, staff will finalize an initial implementation work plan, with specific action items, performance measures, and timelines aligned to each Strategic Plan objective.

To ensure transparency and accountability, staff intends to provide quarterly updates on Strategic Plan implementation progress in conjunction with the City’s quarterly financial reports presented at City Council meetings.

POLICY ANALYSIS / BENEFIT(S) TO CITIZENS:

A new strategic plan will be used to inform decision making in the budget preparation and approval process.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

None.

LEGAL ANALYSIS:

Resolution approved as to form.

RECOMMENDATION / PROPOSED MOTION:

I move to approve a resolution adopting the 2026 Strategic Plan.

A RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS ADOPTING THE 2026 STRATEGIC PLAN

WHEREAS, the City Council of the City of Fair Oaks Ranch, Texas, recognizes the importance of long-range strategic planning to guide policy decisions, resource allocation, and service delivery in alignment with the community's needs and expectations; and

WHEREAS, in December 2025, the City initiated a comprehensive strategic planning process to establish clear priorities and direction for the next three to five years; and

WHEREAS, the strategic planning process was conducted through a structured, five-phase approach, including initiation, engagement and discovery, issue identification and analysis, strategic framework development, and final review and adoption; and

WHEREAS, the City conducted extensive community engagement efforts, including public meetings, stakeholder workshops, and a series of three community-wide surveys titled "Shape the Future of Fair Oaks Ranch Together;" and

WHEREAS, across all three surveys, the City engaged hundreds of participants and collected more than 6,600 individual responses, reflecting a high level of community interest and participation in shaping the City's future; and

WHEREAS, community feedback consistently identified key themes, including preservation of community character and safety, responsible growth and development, traffic and infrastructure concerns, quality of life and amenities, and water and environmental sustainability; and

WHEREAS, subsequent community engagement efforts further validated these priorities, with residents emphasizing the importance of reliable infrastructure, public safety, responsible growth management, and transparency in decision-making; and

WHEREAS, the City Council, Steering Committee, and staff have incorporated community input into the development of the Strategic Plan, including the refinement of the City's vision and a Strategic Plan framework consisting of six priority areas: Financial Stewardship, Responsible Growth Management, Reliable Infrastructure, Public Safety, Operational Excellence, and Community Engagement; and

WHEREAS, all six priority areas are supported by defined goals and measurable objectives; and

WHEREAS, the City Council finds that adoption of the 2026 Strategic Plan reflects the collective input of the community and positions the City to proactively address future challenges while maintaining the high quality of life valued by its residents.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAIR OAKS RANCH, TEXAS:

Section 1 That the City Council hereby adopts the 2026 Strategic Plan, as presented in **Exhibit A**.

- Section 2.** That the recitals contained in the preamble hereto are hereby found to be true and such recitals are hereby made a part of this resolution for all purposes and are adopted as a part of the judgment and findings of the Council.
- Section 3.** If any provision of this resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this resolution would have been enacted without such invalid provision.
- Section 4.** That it is officially found, determined, and declared that the meeting at which this resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.
- Section 5.** All resolutions or parts thereof, which are in conflict or inconsistent with any provision of this resolution are hereby repealed to the extent of such conflict, and the provision of this resolution shall be and remain controlling as to the matters resolved herein.
- Section 6.** This resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.
- Section 7.** This resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED, APPROVED, and ADOPTED on this 7th day of May 2026.

Gregory C. Maxton, Mayor

ATTEST:

APPROVED AS TO FORM:

Amanda Valdez, TRMC
Deputy City Secretary

Denton Navarro Rodriguez Bernal Santee & Zech
P.C., City Attorney



CITY OF FAIR OAKS RANCH

Strategic Plan





VISION

The ideal place
to call home in the
Hill Country.

MISSION

We deliver
exceptional public
services with pride
and responsiveness.

CORE VALUES

Community

We serve with purpose, placing the well being of those we serve above individual interests. We recognize that shared leadership creates lasting impact. This means showing up with a service mindset, acting with integrity.

Collaboration

We work openly and inclusively, engaging stakeholders with humility, respect, and transparency. We listen well and ensure every voice is valued in the process. We recognize that shared leadership creates lasting impact.

Ownership

We lead with initiative and courage. We are accountable for our actions, outcomes, impact, and support others to do the same. We value progress over perfection, embrace lessons from failure.

KEY PRIORITIES

Financial Stewardship

Securing Fair Oaks Ranch's future requires a financially resilient organization that aligns resources with community priorities. This priority emphasizes long-range financial planning, sustainable revenue strategies, and transparent decision-making to support reliable service delivery, infrastructure investment, and responsible growth.

Responsible Growth Management

Fair Oaks Ranch will proactively manage growth to preserve community character and support long-term sustainability. This includes disciplined adherence to long-range plans, aligning development with infrastructure and environmental constraints, and encouraging targeted commercial development that reflects community priorities.

Reliable Infrastructure

Fair Oaks Ranch will deliver reliable and resilient infrastructure through proactive planning, strategic investment, and consistent maintenance. This includes water, wastewater, drainage, transportation, and City facilities that support public safety, regulatory compliance, and long-term sustainability.

Public Safety

Fair Oaks Ranch is committed to safeguarding residents through reliable, high-quality public safety services that remain effective under all conditions. This priority focuses on responsive policing, dependable fire and EMS services, and robust emergency preparedness and operational continuity to protect life, property, and community confidence.

Operational Excellence

Fair Oaks Ranch is committed to delivering high-quality, efficient, and responsive government services that meet community needs and expectations. This priority emphasizes building a skilled and adaptable workforce, maintaining a secure and future-ready technology environment, strengthening organizational risk awareness, fostering a culture of safety, enhancing transparency and digital service delivery, and engaging proactively with regional partners and legislative initiatives. Together, these efforts ensure the City operates effectively, innovates responsibly, and remains resilient in the face of evolving challenges and opportunities.

Community Engagement

Fair Oaks Ranch will cultivate an engaged, informed, and connected community by expanding participation, enhancing communication, developing resident leadership, and using feedback to guide decisions. These efforts ensure community voices shape City initiatives and strengthen trust, transparency, and shared ownership.



Financial Stewardship

Goal 1.1

Maintain a financially resilient organization that supports long-term service delivery

Objective 1.1.1

Ensure water and wastewater rates support the operations of the utility

Objective 1.1.2

Evaluate and implement a modern ERP system that meets the City's expanding needs

Responsible Growth Management

Goal 2.1

Protect natural resources and promote sustainable development

Objective 2.1.1

Evaluate and improve the Oak Wilt program

Objective 2.1.2

Evaluate a rebate program for tree planting

Objective 2.1.3

Inventory and track the City's tree canopy

Objective 2.1.4

Explore water conservation incentives

Objective 2.1.5

Expand public water conservation education

Objective 2.1.6

Evaluate the drought contingency plan

Responsible Growth Management

Goal 2.2

Ensure growth is guided by long-range plans and the community's voice through disciplined, proactive planning and consistent policy adherence

Objective 2.2.1

Update the Comprehensive Plan and supporting master plans (transportation, drainage, fire/EMS, facilities, water and wastewater)

Responsible Growth Management

Goal 2.3

Encourage targeted commercial development that supports community character and needs

Objective 2.3.1

Conduct market demand analysis to guide development strategy

Objective 2.3.2

Develop a community development strategy in partnership with the Municipal Development District (MDD)

Reliable Infrastructure

Goal 3.1

Ensure reliable water infrastructure and regulatory compliance

Objective 3.1.1

Advance priority water system capital improvement projects

Objective 3.1.2

Implement structured valve exercising

Objective 3.1.3

Implement asset inventory program and lifecycle replacement program

Reliable Infrastructure

Goal 3.2

Ensure reliable wastewater infrastructure and regulatory compliance

Objective 3.2.1

Advance wastewater CIP projects

Objective 3.2.2

Implement and maintain Edwards Aquifer Recharge Zone (EARZ) inspection program

Objective 3.2.3

Update (or complete) asset inventory and lifecycle replacement planning

Reliable Infrastructure

Goal 3.3

Increase stormwater resiliency and drainage system effectiveness

Objective 3.3.1

Complete drainage infrastructure inventory and implement maintenance program, prioritized by risk

Reliable Infrastructure

Goal 3.4

Maintain safe and reliable roadway infrastructure while enhancing the beauty and welcoming character of public rights-of-way

Objective 3.4.1

Maintain the roadway reconstruction and pavement preservation programs

Objective 3.4.2

Maintain the signage and striping inspection program

Objective 3.4.3

Expand and enhance gateway features at key entry points

Objective 3.4.4

Implement a right-of-way beautification program for signature community corridors

Reliable Infrastructure

Goal 3.5

Ensure reliable and efficient City facilities

Objective 3.5.1

Implement the Facilities Master Plan recommendations and asset inventory

Objective 3.5.2

Advance Facilities CIP projects

Public Safety

Goal 4.1

Maintain a safe community with high resident confidence in public safety services

Objective 4.1.1

Maintain high staffing levels by rapidly filling public safety vacancies

Objective 4.1.2

Maintain high levels of community trust and perceived safety in public safety services

Objective 4.1.3

Expand community outreach and safety programs

Public Safety

Goal 4.2

Ensure reliable Fire and EMS services

Objective 4.2.1

Evaluate and maintain Fire/EMS service contract performance requirements

Objective 4.2.2

Develop a long-term standard of cover plan for fire and EMS services

Public Safety

Goal 4.3

Maintain effective emergency preparedness

Objective 4.3.1

Develop and implement an emergency management testing and training program

Objective 4.3.2

Develop and maintain a Continuity of Operations Plan (COOP)

Operational Excellence

Goal 5.1

Maintain strong regional partnerships and legislative awareness

Objective 5.1.1

Develop and adopt an annual legislative agenda

Objective 5.1.2

Expand participation with regional and intergovernmental partners

Operational Excellence

Goal 5.2

Improve transparency and digital service delivery

Objective 5.2.1

Expand online public records access and digital services

Objective 5.2.2

Conduct comprehensive City website accessibility audit and achieve Federal Americans with Disabilities Act website compliance by April 26, 2028

Operational Excellence

Goal 5.3

Ensure a secure and future-ready technology environment

Objective 5.3.1

Identify and implement key Strategic Roadmap items in the IT Master Plan

Objective 5.3.2

Establish an IT lifecycle replacement program

Operational Excellence

Goal 5.4

Build a high-performing workforce that delivers excellent service

Objective 5.4.1

Implement a Learning Management System for training and certifications

Objective 5.4.2

Implement performance management tools for ongoing employee development

Objective 5.4.3

Develop a resilient workforce through succession planning and cross-training

Operational Excellence

Goal 5.5

Strengthen organizational risk awareness and mitigation

Objective 5.5.1

Establish and implement a Citywide risk management framework and risk register

Objective 5.5.2

Conduct periodic internal risk reviews and mitigation updates

Operational Excellence

Goal 5.6

Maintain a safe workplace and a strong culture of safety

Objective 5.6.1

Reduce workplace risk and prevent injuries through hazard identification, safety training, and data-driven analysis

Objective 5.6.2

Establish a formal Safety Coordinator role (internal or external) to manage a Citywide safety program

Community Engagement

Goal 6.1

Strengthen community engagement, awareness, and civic participation

Objective 6.1.1

Increase resident participation across multiple channels, including surveys, micropolls, forums, and advisory groups, while using periodic surveys to measure satisfaction with City services

Objective 6.1.2

Establish a repeatable, statistically valid Citywide resident satisfaction survey program to track trends and inform decision-making

Objective 6.1.3

Launch a Citizen Leadership Academy to develop an informed and engaged community

Objective 6.1.4

Expand storytelling and digital outreach to effectively communicate City initiatives and outcomes



2026 Strategic Plan

Resolution

May 7, 2026



Scott M. Huizenga, MPA, ICMA-CM
City Manager

2026 Strategic Plan



Agenda:

1. Project update
2. Community Engagement Summary
3. Strategic Framework
4. Next steps
5. Council action

Project Update

Five-Phase Planning Framework



Schedule Update

Five-Phase Planning Framework



Community Engagement Summary



- Stakeholders Group, Employee Focus Groups, Community Open Houses
- Steering Committee & Council Work Sessions
- On-line Engagement Page
- Three “Shape The Future of Fair Oaks Ranch” Surveys
 - Over 6,600 individual responses
 - Validated input
 - Refined community priorities into plan priorities, goals & objectives

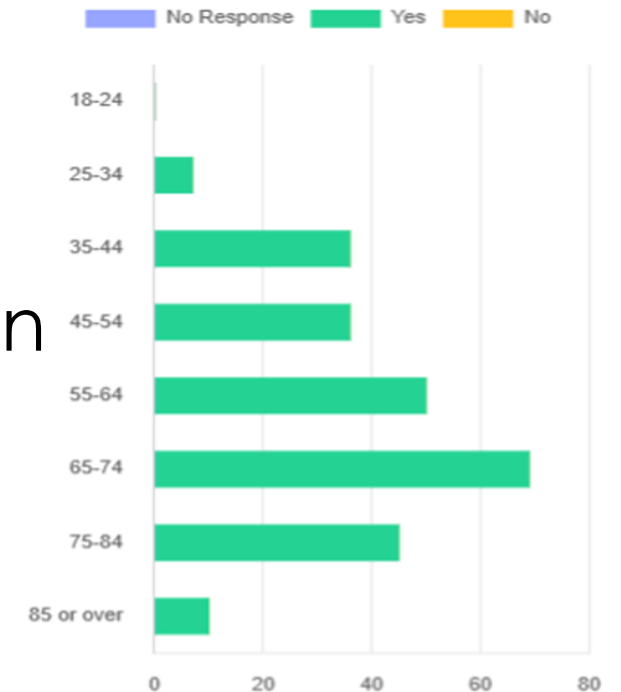
Community Engagement Summary

3rd Community Questionnaire



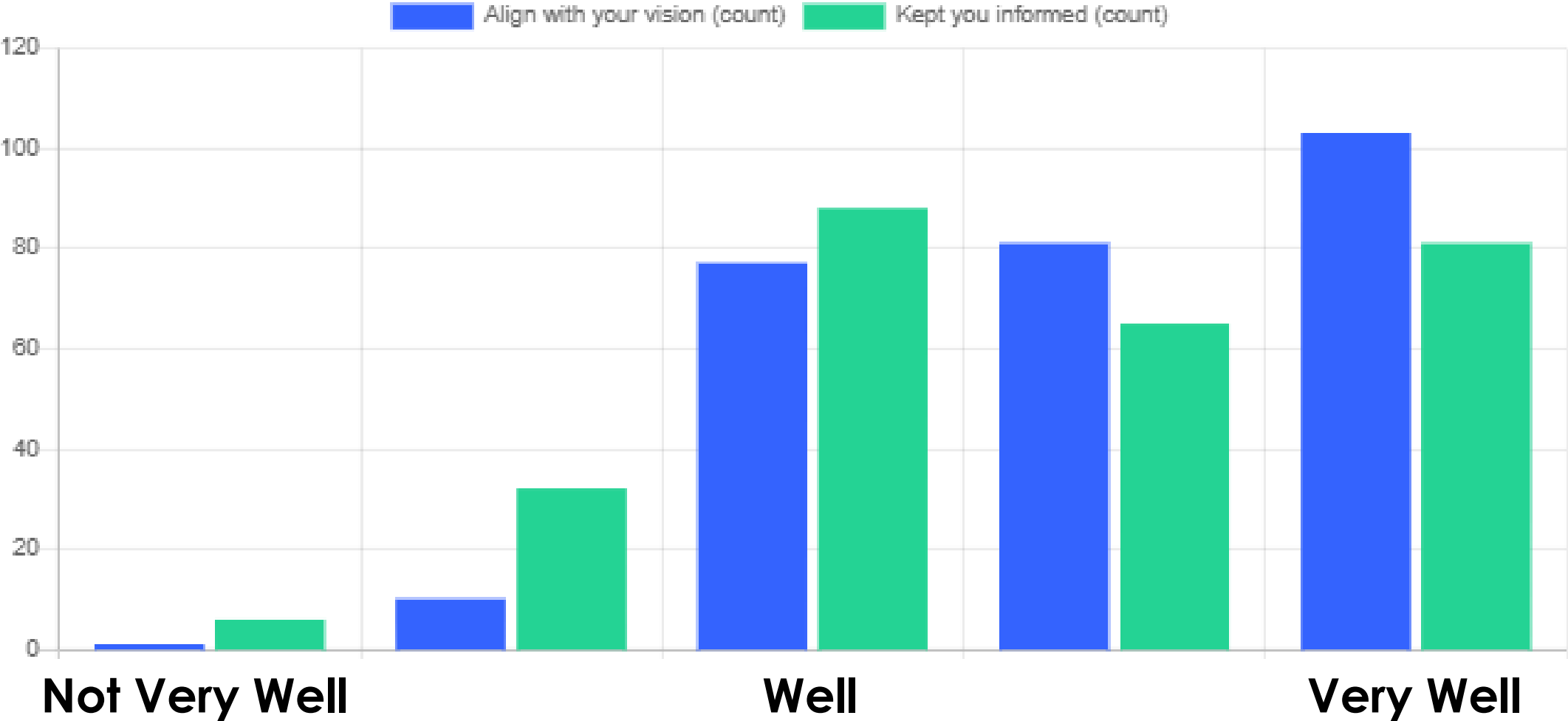
- 440 deduplicated responses
- Top 5 resident goals:
 - Water infrastructure/regulatory compliance
 - Fire and EMS services
 - Safe community w/high resident confidence in public safety
 - Growth guided by long-range plans & community's voice
 - Protect natural resources, promote sustainable development

Age Demographics



Community Engagement Summary

3rd Community Questionnaire



2026 Strategic Framework

Vision, Mission, Values & Strategic Priorities



Vision	Mission
The ideal place to call home in the Hill Country.	We deliver exceptional public services with pride and responsiveness.

Values

Community • Collaboration • Ownership

Strategic Priorities

Financial
Stewardship

Responsible
Growth
Management

Reliable
Infrastructure

Public Safety

Operational
Excellence

Community
Engagement

Goals & Objectives



Financial Stewardship

Goal 1.1

Maintain a financially resilient organization that supports long-term service delivery

Objective 1.1.1

Ensure water and wastewater rates support the operations of the utility

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Evaluate and implement a modern ERP system that meets the City's expanding needs

Goals & Objectives



Responsible Growth Management

Goal 2.1

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Objective 2.1.4

Explore water conservation incentives

Goals & Objectives



Responsible Growth Management

Goal 2.1 (cont.)

Protect natural resources and promote sustainable development

Objective 2.1.5

Expand public water conservation education

Objective 2.1.6

Evaluate the drought contingency plan

Goals & Objectives



Responsible Growth Management

Goal 2.2

Ensure growth is guided by long-range plans and the community's voice through disciplined, proactive planning and consistent policy adherence

Objective 2.2.1

Update the Comprehensive Plan and supporting master plans (transportation, drainage, fire/EMS, facilities, water and wastewater)

Goals & Objectives



Responsible Growth Management

Goal 2.3

Encourage targeted commercial development that supports community character and needs

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Conduct market demand analysis to guide development strategy

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Develop a community development strategy in partnership with the Municipal Development District (MDD)

Goals & Objectives



Reliable Infrastructure

Goal 3.1

Ensure reliable water infrastructure and regulatory compliance

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Advance priority water system capital improvement projects

Objective 3.1.2

Implement structured valve exercising

Objective 3.1.3

Implement asset inventory program and lifecycle replacement program

Goals & Objectives



Reliable Infrastructure	
Goal 3.2 Ensure reliable wastewater infrastructure and regulatory compliance	Objective 3.2.1 Advance wastewater CIP projects Objective 3.2.2 Implement and maintain Edwards Aquifer Recharge Zone (EARZ) inspection program Objective 3.2.3 Update (or complete) asset inventory and lifecycle replacement planning

Goals & Objectives



Reliable Infrastructure

Goal 3.3

Increase stormwater resiliency and drainage system effectiveness

Objective 3.3.1

Complete drainage infrastructure inventory and implement maintenance program, prioritized by risk

Goals & Objectives



Reliable Infrastructure	
Goal 3.4 Maintain safe and reliable roadway infrastructure while enhancing the beauty and welcoming character of public rights-of-way	Objective 3.4.1 Maintain the roadway reconstruction and pavement preservation programs Objective 3.4.2 Maintain the signage and striping inspection program Objective 3.4.3 Expand and enhance gateway features at key entry points Objective 3.4.4 Implement a right-of-way beautification program for signature community corridors

Goals & Objectives



Reliable Infrastructure

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Goals & Objectives



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Goals & Objectives



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Goals & Objectives



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Objective 4.3.2

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Goals & Objectives



Operational Excellence

Goal 5.1

Maintain strong regional partnerships and legislative awareness

Objective 5.1.1

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Expand participation with regional and intergovernmental partners

Goals & Objectives



Operational Excellence

Goal 5.2

Improve transparency and digital service delivery

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Goals & Objectives



Operational Excellence

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Ensure a secure and future-ready technology environment

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Operational Excellence

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Implement performance management tools for ongoing employee development

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Develop a resilient workforce through succession planning and cross-training

Goals & Objectives



Operational Excellence

Goal 5.5

Strengthen organizational risk awareness and mitigation

Objective 5.5.1

Establish and implement a Citywide risk management framework and risk register

Objective 5.5.2

Conduct periodic internal risk reviews and mitigation updates

Proposed Goals & Objectives



Operational Excellence

Goal 5.6

Maintain a safe workplace and a strong culture of safety

Objective 5.6.1

Reduce workplace risk and prevent injuries through hazard identification, safety training, and data-driven analysis

Objective 5.6.2

Establish a formal Safety Coordinator role (internal or external) to manage a Citywide safety program

Goals & Objectives



Community Engagement

Goal 6.1

Strengthen community engagement, awareness, and civic participation

Objective 6.1.1

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Objective 6.1.2

Establish a repeatable, statistically valid Citywide resident satisfaction survey program to track trends and inform decision-making

Goals & Objectives



Community Engagement

Goal 6.1 (cont.)

Strengthen community engagement, awareness, and civic participation

Objective 6.1.3

Launch a Citizen Leadership Academy to develop an informed and engaged community

Objective 6.1.4

Expand storytelling and digital outreach to effectively communicate City initiatives and outcomes

Next Steps



- City Council – adopt plan
- Align initial work plan with FY2026 – 27 operating budget (in-progress)
- Regular progress reports
- Amend/update plan as needed

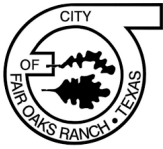
Proposed Motion



*“I move to approve a resolution adopting the
2026 Strategic Plan.”*



Questions?



CITY COUNCIL WORKSHOP

CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: FY 2026-27 Budget Calendar
 DATE: May 7, 2026
 DEPARTMENT: Finance
 PRESENTED BY: Summer Fleming, CGFO, Director of Finance

INTRODUCTION / BACKGROUND:

On March 25, the Finance Department provided guidance to departments to begin preparation of their FY 2026–27 budget requests. Departments have since completed and submitted their budgets to the City Manager and Finance for review. Throughout May, departments will meet with Finance and the City Manager to refine those requests and develop the first draft budget for City Council review.

The proposed FY 2026–27 budget calendar includes five budget workshops beginning May 7. These workshops will provide City Council with an opportunity to review the Strategic Plan, the Five-Year Financial Plan, and departmental budgets in detail.

In August, City Council will consider the FY 2026–27 Proposed Budget and Proposed Maximum Tax Rate, incorporating any direction provided during the workshops. First and second readings of the budget and tax rate ordinances are currently scheduled for September 17 and September 22, respectively.

This workshop is intended to review the proposed budget calendar and solicit feedback from City Council on the schedule and overall budget development process.

POLICY ANALYSIS / BENEFIT(S) TO CITIZENS:

Supports the City's Financial Stewardship priority by advancing a sustainable, recurring budget process in collaboration with City Council. Publishing a budget calendar enhances transparency and provides opportunities for public awareness and engagement.

LONGTERM FINANCIAL AND BUDGETARY IMPACT:

N/A



FY 2026-27

Budget Calendar

May 7, 2026



Summer Fleming, CGFO
Director of Finance

FY 2026-27 Budget Workshops

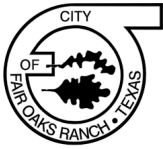


Date	Agenda Item
May 7	Five-Year Financial Plan Workshop
June 4	General Fund Departments: Public Works & Public Safety
June 18	General Fund Departments: Administrative Functions
July 2	Utility Fund and Capital Improvement Plan (CIP)
July 16	Budget Overview
August 6	Budget Overview Calculated Tax Rates Resolution setting maximum tax rate and Public Hearing
August 17	Proposed Budget filed with the City Secretary
August 20	Budget Overview

FY 2026-27 Budget Adoption



Date	Agenda Item
September 17	Public Hearing for the budget 1 st Reading Budget Ordinance 1 st Reading Tax Rate Ordinance
September 22 Special Meeting	2 nd Reading Budget Ordinance 2 nd Reading Tax Rate Ordinance



CITY COUNCIL WORKSHOP CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: FY 2027-31 Five-Year Financial Plan
 DATE: May 7, 2026
 DEPARTMENT: Finance
 PRESENTED BY: Summer Fleming, CGFO, Director of Finance

INTRODUCTION / BACKGROUND:

The Five-Year Financial Plan is presented to City Council as a strategic planning tool to evaluate the City's long-term financial outlook based on current policies, economic trends, and known cost drivers. The plan incorporates projected revenues, expenditures, capital needs, and reserve levels over a five-year horizon to identify potential fiscal pressures and opportunities.

For FY 2027–31, the City has transitioned from multiple scenario planning to a single, policy-aligned financial plan reflecting updated Financial Management Policies and defined capital funding strategies. This workshop is intended to review the underlying assumptions of the plan and receive City Council feedback. Following the workshop, the plan will be refined as needed based on that input and brought back for formal adoption by resolution.

Governmental Funds

Key revenue drivers include:

- Property values grow about 5% annually, with new development contributing an estimated \$150,000 in property tax revenue each year
- Property tax rates adjust annually to support core operating expenditures and maintain reserve levels in accordance with policy, with strategic use of fund balance to address temporary cost pressures
- Sales tax growth moderates, declining from approximately 7% to 5% over the planning period
- Stable investment earnings
- Modest growth across other revenue sources (approximately 1.5%)

On the expenditure side, the plan assumes:

- Wages increase 4.5% annually, with no additional staffing included in the five-year period
- Medical insurance and professional services increase approximately 5% annually
- Fire and EMS service contract increases per interlocal agreement
- Modest growth in other expenditures (approximately 2%)
- Continued funding for vehicle and equipment replacement

- General obligation bonds used to fund the roadway CIP projects, with drainage projects funded on a cash basis
- Includes \$150,000 annually for new strategic projects and initiatives

Overall, the Governmental Funds plan reflects a financially sustainable path that maintains the budget over time through steady revenue growth, strategic use of fund balance for one-time costs, and alignment of capital investments with available funding sources.

To support ongoing operations and maintain reserves in accordance with policy, the property tax rate is adjusted over the planning period, resulting in the average annual tax bill increasing from approximately \$1,876 in 2026 to a peak of about \$2,155 before stabilizing and slightly declining to approximately \$2,101 by 2031. These changes are driven by a combination of property value growth and targeted rate adjustments, with increases moderating over time. The unassigned fund balance is fully utilized by year five to address temporary cost pressures, with limited use of the Budget Stabilization Reserve, while the Emergency Reserve is maintained in accordance with policy.

Utility Funds

The Utility Funds plan focuses on the long-term financial outlook of the City's water and wastewater operations. As enterprise funds, these operations are intended to be self-supporting, with user-based revenues funding operations, capital investment, and long-term system reliability. Utility rate structures are designed with base charges that fund fixed system costs—such as infrastructure, maintenance, and system availability—while volumetric rates reflect customer usage. Rates are evaluated to support operating costs and contribute toward long-term system needs, with capital and major infrastructure funded through a combination of rates, fees, and other financing mechanisms.

For FY 2027–31, the plan reflects a policy-aligned approach to maintaining financial sustainability through rate sufficiency, conservative assumptions, and continued investment in infrastructure. The plan includes a proposed increase to the water service availability rate in FY 2028. The proposed increase reflects the need to realign rates with the cost of service, as the base rate has not been adjusted since 2017 and has not kept pace with rising operational and infrastructure costs. Moving forward, more consistent and incremental rate adjustments can help better align revenues with costs and reduce the need for larger adjustments in the future.

Key revenue drivers include:

- Water service base rate increases from \$26.48 to \$31.78 in FY 2028; tier rates increase 5% at each level
- Wastewater rates remain unchanged with approximately 1.5% annual growth
- Service connections grow approximately 1.5%–2.0% annually
- Drought surcharge revenues decrease over time
- Stable investment earnings

On the expenditure side, the plan assumes:

- Wages increase 4.5% annually, with no additional staffing included in the five-year

period

- Medical insurance and professional services increase approximately 5% annually
- Modest growth in all other expenditures (approximately 2%)
- No new capital or strategic project funding included in the plan
- Continued funding for vehicle and equipment replacement, including \$150,000 annually for well pump replacements

Overall, the Utility Funds plan demonstrates a path toward improved financial sustainability by aligning revenues with the cost of service, addressing ongoing operational and capital needs, and maintaining the long-term reliability of the City's utility systems.

POLICY ANALYSIS / BENEFIT(S) TO CITIZENS:

Supports the City's Financial Stewardship priority by providing a transparent, long-term financial framework to evaluate revenue capacity, expenditure trends, and reserve levels. The plan enables proactive decision-making, supports infrastructure planning, and promotes financial stability while minimizing unexpected impacts to residents.

LONGTERM FINANCIAL AND BUDGETARY IMPACT:

The Five-Year Financial Plan supports long-term financial stability by aligning recurring revenues with ongoing expenditures and planning for future capital needs.

For governmental funds, this includes maintaining the budget through a combination of revenue growth and strategic use of fund balance for temporary cost pressures, while preserving reserve levels in accordance with policy.

For utility funds, the plan emphasizes rate sufficiency and long-term cost recovery to support operations, infrastructure investment, and system reliability.



CITY OF
Fair Oaks Ranch

Five-Year Financial Plan

FY 2027-2031

Prepared By:

**City of Fair Oaks Ranch
Finance Department**



Introduction & Purpose

Long-term planning is essential to maintaining the City's financial stability. The City relies on several long-range planning tools including the Comprehensive Plan, Strategic Plan, and Capital Improvement Plans (CIP) to guide decisions. The Five-Year Financial Plan connects those efforts to the annual budget.

This plan reflects a policy-aligned approach based on the City's Financial Management Policies and current operational needs, rather than multiple alternative scenarios.

It provides a forward-looking view of revenues, expenditures, and key financial factors based on a defined set of assumptions. The plan is intended to assess financial sustainability, identify major drivers and risks, and support decision-making.

Planning Model & Approach

The financial model projects future financial conditions based on current policies, known cost drivers, and conservative assumptions. It builds from the adopted budget and incorporates updated projections to reflect expected economic and operational trends.

In prior years, the City presented multiple scenarios. For the FY 2027–31 plan, the model reflects a single, policy-aligned path. This shift is driven by the City's Financial Management Policies, which provide clear guidance on key decisions such as maintaining structural balance, supporting operations with recurring revenues, and using fund balance for one-time or temporary needs.

As a result, the plan reflects a defined financial approach rather than a range of alternatives. The model will continue to be updated as conditions and priorities change.

Citywide Financial Framework

The Five-Year Financial Plan is guided by consistent principles applied across all funds. While each fund operates differently, the overall approach focuses on sustainability, conservative forecasting, and alignment with adopted policies.

Key elements include:

- **Financial Sustainability**
Steady revenue growth is planned to support recurring operating expenditures over time.
- **Conservative Forecasting**
Revenue projections are based on historical trends and reasonable growth assumptions. Expenditures reflect known cost drivers and inflation.
- **Strategic Use of Resources**
One-time revenues and fund balance are used for capital, non-recurring expenditures, or temporary financial pressures.
- **Capital Planning Integration**
The plan incorporates the Capital Improvement Plans to align infrastructure investments with available funding sources.
- **Reserve Policy Compliance**
Fund balances are maintained in accordance with the City's Financial Management Policy.

These principles apply across all funds, with differences in application based on each fund's structure.

Key Risks and Considerations

Actual results may vary based on several factors:

- Economic conditions affecting property and sales tax
- Changes in interest rates
- Future service demands or staffing needs
- Contract cost increases
- Ongoing use of fund balance

The City will monitor these factors and update the plan as needed.

GOVERNMENTAL FUNDS

Overview

The Governmental Funds section provides a five-year projection of the General Fund and related activities based on current policies and conservative assumptions.

This plan focuses on financial sustainability amid near-term cost pressures, aiming to gradually increase revenues to support ongoing expenditures, while reserving fund balance use for one-time or temporary needs.

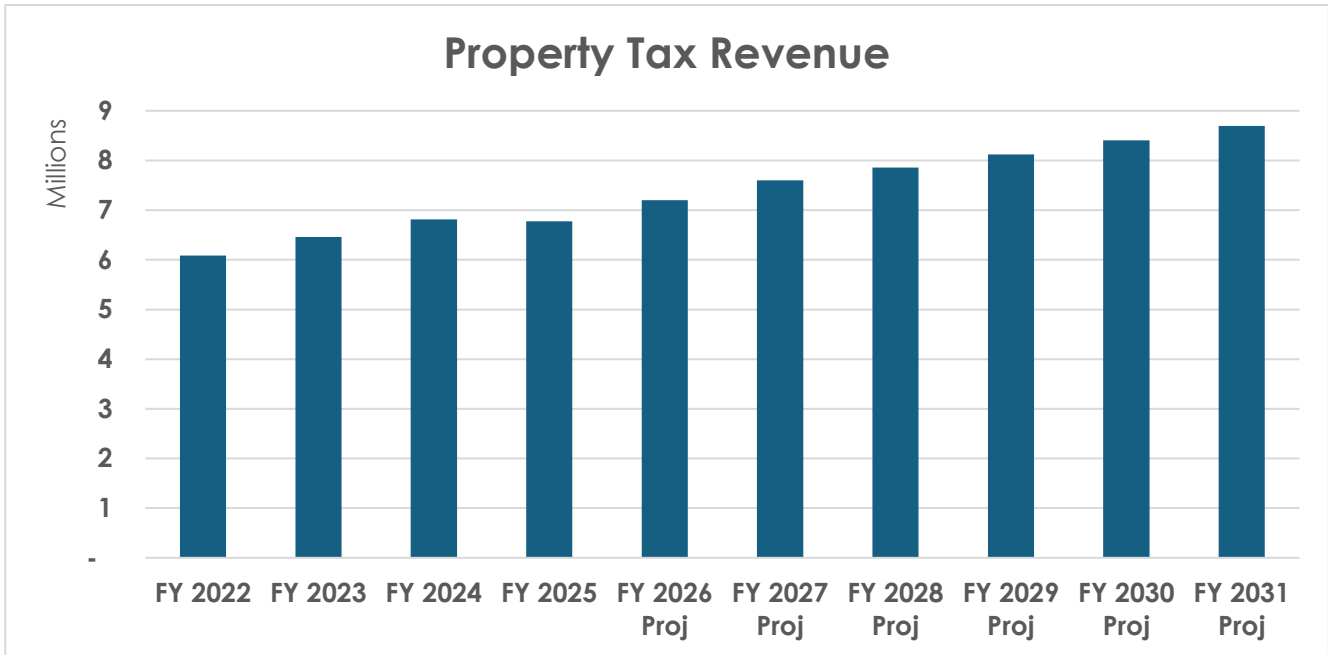
Financial Outlook

Over the five-year planning period, the General Fund outlook reflects steady revenue growth alongside more immediate and concentrated expenditure pressures. While the overall trajectory remains manageable, the timing of cost increases creates near-term constraints that require active management.

The General Fund continues to be primarily supported by property tax and sales tax revenues, which together account for approximately 82% of ongoing funding.

Property Tax Revenue

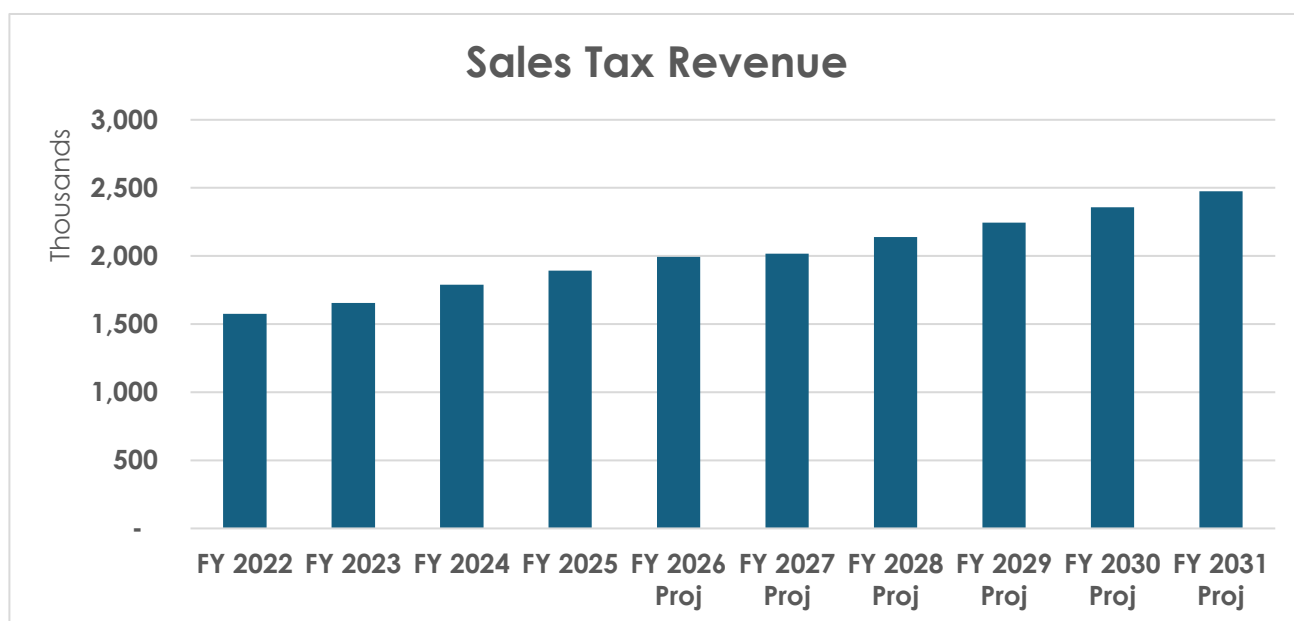
Property tax provides the most stable and predictable source of revenue, accounting for approximately 63-64% of total General Fund revenues. Growth is driven by increases in taxable value and ongoing development activity, and the plan assumes consistent annual increases. This stability allows the City to plan with a reasonable level of certainty and serves as the primary mechanism for maintaining financial sustainability.



As shown above, property tax revenues are projected to grow steadily over the planning period, primarily due to anticipated increases in taxable values and continued development. This provides a stable funding base for General Fund operations and supports the City's approach of adjusting the tax rate as needed to fund operations, maintain reserves, and avoid significant year-to-year fluctuations.

Sales Tax Revenue

Sales tax is the City's second largest revenue source, representing approximately 17% of General Fund revenues, and is more sensitive to economic conditions than property tax.



As shown above, the sales tax graph reflects a gradual upward trend, with growth moderating over time. This aligns with the City's assumptions of approximately 7% growth in the near term, tapering to about 5% in later years.

While sales tax continues to provide an important source of revenue growth, its variability limits reliance on it for ongoing commitments. As a result, projections remain conservative, and the City avoids depending on sales tax for structural balance.

Expenditure Pressures

While revenues are projected to grow over the planning period, expenditure increases are expected to outpace revenue growth in the early years due to several known cost drivers.

The primary drivers include:

- Annual increases in personnel wages (4.5%) and health benefits (5%)
- Inflationary increases across goods, services, and contracts (2-5%)
- Significant, phased increases in the Fire/EMS services contract (\$1,450,000 / \$1,900,000 / \$2,250,000 / \$2,720,000 / \$2,840,000)

Personnel and inflationary costs create steady, ongoing pressure on the budget. The most significant impact, however, is the timing of the Fire/EMS contract increases. These increases are front-loaded in the early years of the plan, resulting in a near-term mismatch between expenditure growth and the more gradual increase in revenues.

As these contract increases stabilize in later years, expenditure growth is expected to better align with revenue trends. These pressures require a combination of revenue adjustments and the strategic use of fund balance to maintain financial stability.

Overall, the Governmental Funds plan reflects a financially sustainable path that maintains steady revenue growth, strategic use of fund balance for one-time costs, and alignment of capital investments with available funding sources.

To support ongoing operations and maintain reserves in accordance with policy, the property tax rate is adjusted over the planning period, resulting in the average annual tax bill increasing from approximately \$1,876 in 2026 to a peak of about \$2,155, before stabilizing and slightly declining to approximately \$2,101 by 2031. These changes are driven by a combination of property value growth and targeted rate adjustments, with increases moderating over time.

Unassigned fund balance is fully utilized by the end of the planning period to address temporary cost pressures, with limited use of the Budget Stabilization Reserve, while the Emergency Reserve is maintained in accordance with policy.

Financial Strategy & Fund Balance Use

The City's financial strategy is designed to maintain long-term sustainability while addressing near-term financial pressures and capital needs.

Key elements include:

- **Recurring Revenues for Operations**

The property tax rate is adjusted as needed to support ongoing operations and maintain emergency reserves.

- **Strategic Use of Fund Balance**

Fund balance is used for:

- Capital projects and infrastructure improvements
- Strategic initiatives
- Temporary cost pressures, including Fire/EMS increases

- **Capital Funding**

Drainage projects are cash funded, and roadway projects are financed through General Obligation (GO) bonds.

The projected gap between operating revenues and expenditures is mitigated by intentional use of unallocated fund balance to support transitional costs. This approach allows the City to use a gradual increase in property tax revenues to maintain service levels while major cost pressures are phased in over time.

In the later years of the plan, a limited use of the Budget Stabilization Reserve is shown; however, the model does not assume any additional property tax revenue from the two large developments currently underway. Because the timing and full valuation impact of those projects are uncertain, the plan excludes them to remain conservative. As those developments come online and are added to the tax roll, they are expected to improve the City's long-term revenue outlook.

Governmental Fund Assumptions

Revenues

- Property values grow approximately 5% annually
- New development contributes \$150,000 annually
- Sales tax growth moderates from 7% to 5%
- Investment earnings remain stable

- Other revenues increase approximately 1.5%

Expenditures

- Annual increases in personnel wages (4.5%) and health insurance (5%)
- Fire/EMS contract costs increase over the 5 years (\$1,450,000 /\$1,900,000 / \$2,250,000 / \$2,720,000 / \$2,840,000)
- Inflation applied across categories (2-5%)
- No additional staffing assumed

Capital

- Drainage projects are cash funded
- Roadway projects funded through GO bonds (not to exceed \$16 million)
- Annual street and drainage maintenance programs continue
- Lifecycle replacements are funded through the Equipment Replacement Fund
- Includes \$150,000 annually for strategic projects and initiatives

In addition, the plan includes a recurring assumption for modest operational savings each year. These savings reflect typical variances in personnel costs, vacancies, and contract expenditures, and provide a consistent offset to expenditure growth.

Fund Balance Trends

Fund balance remains stable in the early years and declines in later years as it is used for planned capital and temporary pressures. Reserve levels remain within policy targets throughout the period.

Overall, the plan reflects a stable long-term position, with steady revenue growth supporting ongoing operations and temporary cost pressures addressed through the strategic use of fund balance.

Five-Year Financial Projections

Below is a summary of General Fund projected revenues and expenditures by program.

Full financial reports by program and category are included as Exhibit A.

	2026 <i>Budgeted</i>	2026 <i>Projected</i>	2027	2028	2029	2030	2031
Beginning fund balance	\$8,665,654	\$8,665,654	\$8,807,779	\$9,054,657	\$8,822,944	\$8,358,011	\$7,318,353
Revenues							
Property tax	7,195,941	7,279,742	7,650,257	7,906,301	8,177,148	8,457,304	8,751,702
Sales tax	1,885,272	2,091,157	2,017,241	2,138,276	2,245,189	2,357,449	2,475,321
Other revenues	1,717,343	1,670,124	1,721,021	1,744,523	1,769,268	1,793,519	1,819,039
Interest earnings	450,000	465,000	454,500	459,045	463,635	468,272	472,955
Transfers	133,135	143,135	240,000	240,000	240,000	240,000	240,000
Total revenue	11,381,691	11,649,158	12,083,019	12,488,144	12,895,241	13,316,543	13,759,017
Expenditures by Program							
General Government	2,423,384	2,472,795	2,517,958	2,639,541	2,733,851	2,865,180	2,969,760
Public Safety	5,043,194	5,032,591	5,434,033	6,053,764	6,581,200	7,236,693	7,550,613
Public Works	3,028,326	3,156,089	3,166,803	3,229,286	3,318,551	3,413,616	3,514,796
Shared	347,071	322,342	317,348	324,933	332,719	340,713	348,920
Transfers	523,217	523,217	650,000	722,331	643,853	750,000	450,000
Total expenditures	11,365,192	11,507,033	12,086,141	12,969,856	13,610,174	14,606,201	14,834,090
Projected operational savings	-	-	250,000	250,000	250,000	250,000	250,000
Ending fund balance	\$8,682,153	\$8,807,779	\$9,054,657	\$8,822,944	\$8,358,011	\$7,318,353	\$6,493,281

UTILITY FUNDS

Overview

While Governmental Funds rely primarily on tax-based revenues to support services, Utility Funds operate under an enterprise model, where revenues are generated through user fees and are directly tied to the cost of service.

The Utility Funds financial plan provides a five-year projection of the City's water and wastewater operations based on current rate structures, known cost drivers, and conservative assumptions.

Utility operations are intended to function similarly to private business activities. As such, utility revenues are expected to support operating expenditures, capital needs, and long-term system sustainability.

Utility Funding Framework

The City's utility system is funded through enterprise fund revenues and is not supported by property taxes or General Fund revenues.

Operating revenues primarily support day-to-day operations and equipment replacement, while major infrastructure investments are funded through a combination of debt, impact fees, and capital-related charges.

Utility charges include:

- **Base Charges** – Cover system availability and fixed costs
- **Volumetric Rates** – Reflect water usage and consumption patterns
- **Debt Service Fees** – Fund repayment of infrastructure investments
- **Capital Reserve Fees** – Support ongoing capital improvements and system replacement
- **Impact Fees** – One-time charges assessed on new development to help fund infrastructure needed to serve that growth. These fees are paid at the time of development (such as building permit issuance) and are not charged to existing customers.

This structure ensures that utility customers fund the cost of the services they receive, consistent with the City's policy to promote equity and cost recovery.

Financial Outlook

The Utility Funds financial outlook reflects a planned rate adjustment strategy to maintain long-term financial stability and align with the City's Financial Management Policy.

The current base rate has not been adjusted since 2017 and has not kept pace with rising operational and infrastructure costs. As a result, water utility revenues are not expected to keep pace with increasing operating and capital costs over time. In addition, drought surcharge revenues are inherently variable and are projected conservatively due to their dependence on weather conditions and customer usage. Because these revenues are not stable or recurring, the plan limits reliance on them to avoid potential shortfalls if conditions improve and collections decline.

At the same time, expenditures continue to increase due to personnel and benefit growth, inflationary pressures, and ongoing maintenance and replacement needs. Together, these factors create a gap between revenues and expenses under the current rates.

To address this, the financial plan includes a targeted rate adjustment in FY 2028. The planned adjustment includes an increase to the water base rate of approximately \$5.30 per month, or \$63.60 annually, for a typical residential customer (under 6,000 gallons/month), along with a 5% increase in volumetric rates for usage above 6,000 gallons.

Following the adjustment, revenues better align with expenditure growth, allowing the utility to fund operations, maintain infrastructure, and preserve financial stability. This approach provides a more gradual and predictable adjustment and reduces the need for larger increases in the future.

Financial Strategy

The City's utility financial strategy is designed to ensure long-term sustainability while maintaining compliance with adopted policies.

Key elements include:

- **Enterprise Fund Self-Sufficiency**

Utility operations are fully supported by user-based revenues.

- **Rate Sufficiency and Periodic Review**

Rates are reviewed and adjusted as needed to ensure full cost recovery.

- **Cost of Service Recovery**

Vehicle and equipment replacement is funded through annual operating contributions, while major infrastructure is funded through a combination of restricted revenues: impact fees, capital fees, and debt service fees.

- **No Operating Deficits**

Ongoing operations are supported by recurring revenues.

- **Capital and Lifecycle Investment**

New and replacement capital purchases will support system reliability and minimize avoidable maintenance costs.

Expenditure Pressures

Utility expenditures are projected to increase steadily due to personnel, inflation, and system maintenance needs.

The primary cost drivers include:

- Annual increases in personnel wages (4.5%) and health insurance (5%)
- Inflationary increases across goods, services, and contracts (2-5%)
- Aging infrastructure maintenance
- Ongoing capital and lifecycle needs

Utility Fund Assumptions

Revenues

- Water base rate increase of approximately \$5.30/month, with 5% increases in volumetric rates
- Wastewater rates remain unchanged with 1.5% annual growth
- Connection growth of approximately 1.5%-2% annually

- Declining drought surcharge revenues
- Stable investment earnings

Expenses

- Personnel wages increase by 4.5% annually
- Inflation/contract increases applied across categories (2-5%)
- No additional staffing assumed

Capital

- Lifecycle replacements are funded through the Equipment Replacement Fund
- Ongoing maintenance and system improvements included
- Planned well pump replacements incorporated
- No major new capital projects

Fund Balance / Net Position

Utility fund balances (net position) are maintained to support ongoing operations, manage financial risk, and provide capacity for long-term system needs.

Unlike Governmental Funds, utility net position reflects both operating reserves and capital investment in infrastructure. Maintaining adequate balances is critical to ensuring the utility can operate independently, respond to unexpected costs, and continue to invest in system reliability.

Consistent with the Financial Management Policy:

- Operating reserves are maintained to support day-to-day operations and provide a buffer against revenue volatility, including fluctuations in usage and drought-related revenues.
- Financial capacity is preserved to address operational risks, unexpected maintenance needs, and timing differences between revenues and expenditures.

- Capital funding support is maintained through net position levels that allow the City to contribute to infrastructure investment, whether through cash funding, debt service support, or matching requirements.

Maintaining sufficient net position reduces reliance on reactive funding decisions, helps avoid deferred maintenance, and supports a more stable and predictable financial approach.

Five-Year Financial Projections

The following table presents a summary of projected operating revenues and expenses over the five-year period. Full financial reports with projected net position are included in Exhibit B.

	2026	2026	2027	2028	2029	2030	2031
	<i>Budgeted</i>	<i>Projected</i>					
Revenue							
Water Operating	\$ 5,715,486	\$ 5,600,756	\$ 5,588,432	\$ 5,436,500	\$ 5,489,279	\$ 5,568,809	\$ 5,646,903
Sewer Operating	2,357,790	2,493,664	2,537,212	2,564,213	2,624,824	2,691,643	2,720,755
Total Operating Revenues	8,073,276	8,094,420	8,125,644	8,000,713	8,114,103	8,260,452	8,367,658
Expenditures by Utility							
Water Utility	4,233,460	4,257,283	4,346,394	4,464,809	4,587,168	4,713,624	4,844,336
Wastewater Utility	1,863,850	1,900,494	1,850,042	1,919,086	1,991,029	2,066,002	2,144,138
Equipment Replacement Savings	181,000	181,000	219,000	240,900	264,990	291,489	320,638
Total Operating Expenditures	6,278,310	6,338,778	6,415,436	6,624,795	6,843,188	7,071,115	7,309,112
Operating Income (Before Depr.)	1,794,966	1,755,643	1,710,208	1,375,918	1,270,916	1,189,337	1,058,546
Less: Restricted Revenues	1,834,699	1,834,699	1,891,841	1,889,321	1,900,946	1,938,981	1,938,231
Plus: Interest Earnings	400,000	550,000	550,000	550,000	550,000	550,000	550,000
Net Available for Operations	\$ 360,267	\$ 470,944	\$ 368,367	\$ 36,598	\$ (80,030)	\$ (199,644)	\$ (329,685)

The projection reflects the impact of the planned FY 2028 rate adjustment, including the alignment of revenues with expenditure growth and the resulting effect over time.

In addition to overall operating performance, the table highlights the distinction between total operating income and funds available for ongoing operations. While operating income before depreciation remains positive throughout the planning period, a significant portion of these revenues is restricted for specific

purposes, including debt service, impact fees, and other capital-related funding.

After accounting for these restricted revenues, the amount available to support day-to-day operations is negative and declines over time under the current structure. This reflects a structural gap between operating revenues and operating costs. The planned FY 2028 rate adjustment significantly reduces this gap and brings revenues closer to the cost of service, improving the utility's ability to support ongoing operations, though it does not fully eliminate the shortfall.

Conclusion

The Five-Year Financial Plan reflects a stable and policy-aligned financial path for the City across both Governmental and Utility Funds.

The Governmental Funds plan maintains financial sustainability through steady revenue growth, targeted property tax rate adjustments, and the strategic use of fund balance to address temporary cost pressures, while preserving reserves in accordance with policy.

The Utility Funds plan aligns revenues more closely with the cost of service and supports long-term system reliability and financial stability.

The City will continue to monitor financial performance and update the plan as conditions and priorities evolve.

General Fund Financial Plan FY 2027-31

Assumptions

Revenue

Property taxes increase by approximately 3.5% per year (Voter Approval Rate)

to maintain the emergency reserve

Property valuation percentage increases of 5.0% per year

Modest assumption of \$150,000 in taxes from new properties each year

7%/6%/5%/5%/5% increases in Sales Tax revenue

1.5% increase for all other lines

Stable investment interest revenue over 5 years

Expenditures

Cash funding for approved drainage CIP

4.5% increase in personnel costs each year

5.0% increase in medical insurance costs

5.0% increase in software subscriptions

5.0 % increase in facility, engineering contracts

Fire/EMS contract each year: \$1,450,000 / \$1,900,000 / \$2,250,000 / \$2,720,000 / \$2,840,000

2.0% increase in other costs

Annual street maintenance budget (3rd party): \$850,000

Annual street maintenance budget (in house): \$45,000

Annual drainage maintenance budget: \$20,000

Annual IT workstation replacement budget: \$25,000

Includes currently approved Capital Improvement Plan projects

Includes annual strategic project funding: \$150,000

Includes full replacement costs in the Equipment Replacement Fund

Includes \$20,000 for new equipment for public safety and \$50,000 for the maintenance department

Assumes potential savings to budget of \$250,000 per year

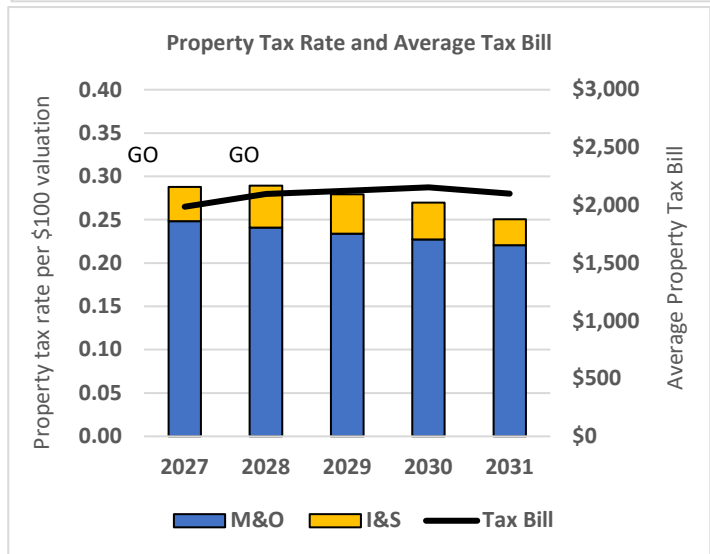
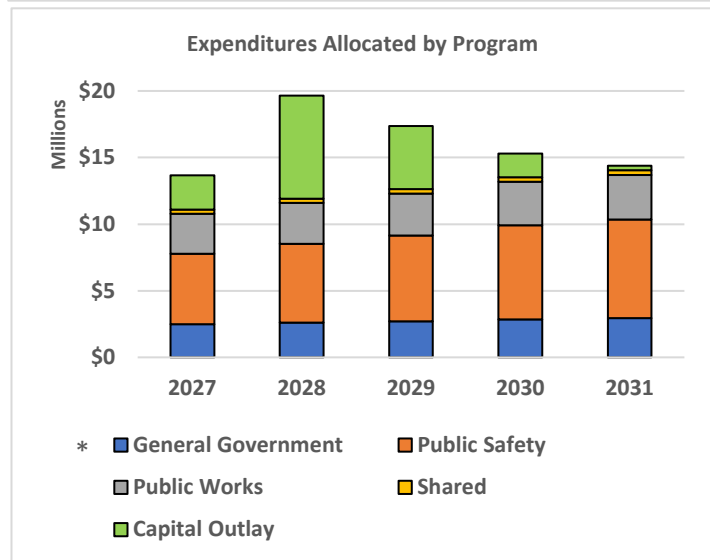
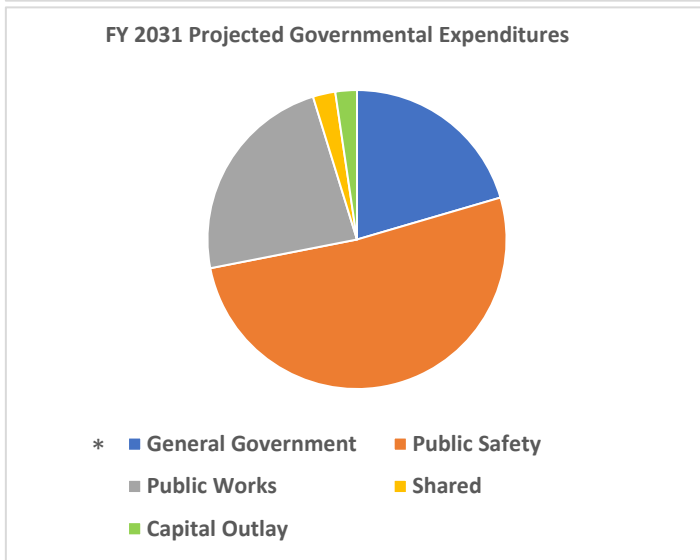
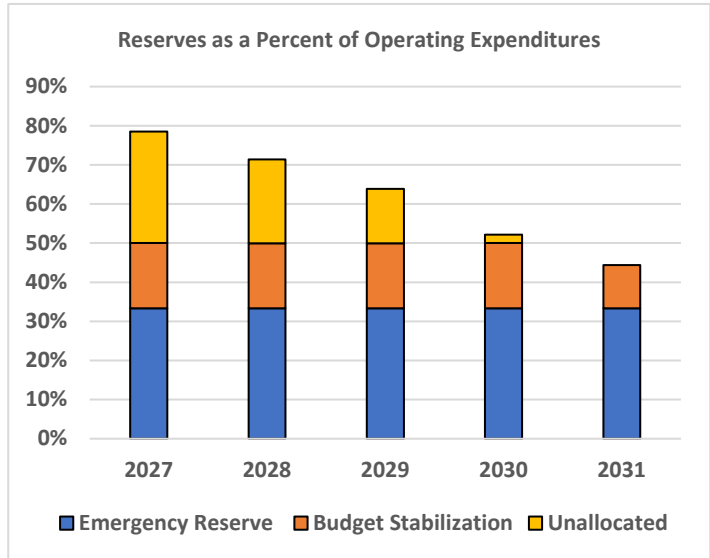
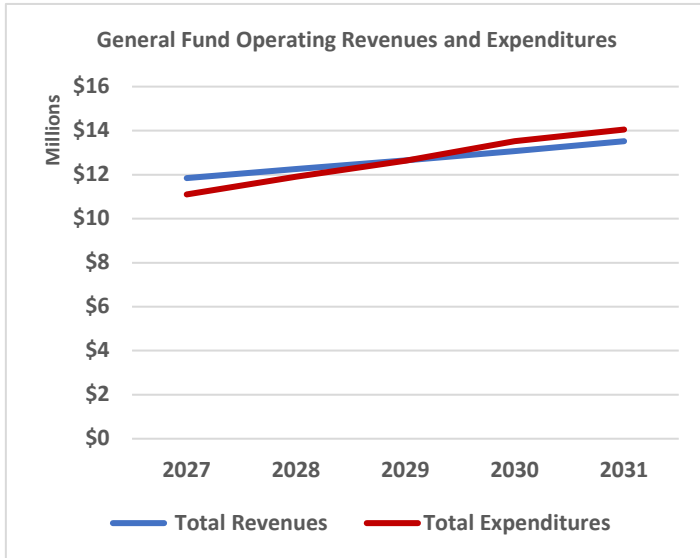
FY 2027-31 General Fund Financial Plan by Program

	<i>2026 Budgeted</i>	<i>2026 Projected</i>	<i>2027</i>	<i>2028</i>	<i>2029</i>	<i>2030</i>	<i>2031</i>
GENERAL FUND							
Beginning Fund Balance	8,665,654	8,665,654	8,807,778	9,054,656	8,822,944	8,358,011	7,318,352
Revenue							
PROPERTY TAX	7,195,941	7,279,742	7,650,257	7,906,301	8,177,148	8,457,304	8,751,702
MIXED BEVERAGE	25,000	30,000	25,000	25,000	25,000	25,000	25,000
SALES TAX	1,885,272	2,061,157	2,017,241	2,138,276	2,245,189	2,357,449	2,475,321
BANK/INVESTMENT INTEREST	450,000	465,000	454,500	459,045	463,635	468,272	472,955
FRANCHISE FEES	766,780	808,780	816,029	827,089	839,185	850,573	863,014
PERMITS	144,200	144,060	158,798	162,092	165,463	168,914	172,445
ANIMAL CONTROL	1,495	1,495	1,517	1,540	1,563	1,587	1,611
FINES & FORFEITURES	190,475	105,000	122,500	123,725	124,962	126,212	127,474
FEES & SERVICES	377,893	384,061	383,561	389,315	395,155	401,082	407,098
MISCELLANEOUS	196,100	209,100	198,013	199,954	201,924	203,924	205,954
SCHOOL CROSSING GUARD	13,500	13,500	13,703	13,908	14,117	14,328	14,543
LEOSE PROCEEDS	1,900	4,128	1,900	1,900	1,900	1,900	1,900
POLICE SEIZED PROCEEDS	-	-	-	-	-	-	-
Total Operating Revenue	11,248,556	11,506,023	11,843,019	12,248,144	12,655,241	13,076,543	13,519,017
Transfer In							
CAPITAL REPLACEMENT	133,135	143,135	240,000	240,000	240,000	240,000	240,000
Total Revenue	11,381,691	11,649,158	12,083,019	12,488,144	12,895,241	13,316,543	13,759,017
Expenditures by Program							
General Government							
PERSONNEL	1,636,392	1,675,906	1,723,243	1,801,138	1,882,575	1,967,716	2,056,729
SUPPLIES & OPERATIONS	14,760	25,710	15,027	15,114	15,132	15,149	15,167
PROFESSIONAL SERVICES	745,232	713,901	754,688	798,289	811,145	857,316	872,865
Public Safety							
PERSONNEL	3,047,085	3,036,862	3,183,894	3,326,902	3,476,390	3,632,653	3,796,000
SUPPLIES & OPERATIONS	149,325	147,025	153,602	158,028	162,611	167,356	172,271
PROFESSIONAL SERVICES	1,752,784	1,742,308	1,946,537	2,418,835	2,792,199	3,286,683	3,432,342
Public Works							
PERSONNEL	1,624,810	1,705,991	1,697,992	1,774,751	1,855,003	1,938,910	2,026,637
SUPPLIES & OPERATIONS	1,077,419	1,133,211	1,087,757	1,092,793	1,094,454	1,097,937	1,103,377
PROFESSIONAL SERVICES	212,994	201,054	221,054	201,743	209,094	216,769	224,783
Shared Services							
PERSONNEL	-	-	-	-	-	-	-
SUPPLIES & OPERATIONS	33,900	35,125	8,048	8,199	8,353	8,510	8,670
PROFESSIONAL SERVICES	313,171	287,217	309,300	316,734	324,366	332,203	340,249
Total Operating Expenditures	10,607,872	10,704,309	11,101,142	11,912,525	12,631,321	13,521,202	14,049,090

Exhibit A

	<i>2026</i>	<i>2026</i>	<i>2027</i>	<i>2028</i>	<i>2029</i>	<i>2030</i>	<i>2031</i>
	<i>Budgeted</i>	<i>Projected</i>					
GENERAL FUND							
Capital Outlay							
GENERAL GOVERNMENT	27,000	57,278	25,000	25,000	25,000	25,000	25,000
PUBLIC SAFETY	94,000	106,396	150,000	150,000	150,000	150,000	150,000
PUBLIC WORKS	113,103	115,833	160,000	160,000	160,000	160,000	160,000
SHARED SERVICES	-	-	-	-	-	-	-
Transfers Out							
TRANSFER TO CAP IMP FUND	163,717	163,717	350,000	422,331	343,853	450,000	150,000
TRANSFER TO VEH/EQUIP FUND	359,500	359,500	300,000	300,000	300,000	300,000	300,000
TRANSFER TO OTHER FUNDS	-	-	-	-	-	-	-
Potential Expenditure Savings	-	-	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)
Total Expenditures	11,365,192	11,507,033	11,836,142	12,719,856	13,360,174	14,356,202	14,584,090
Excess (deficiency) of revenues over (under) expenditures	16,500	142,124	246,878	(231,713)	(464,933)	(1,039,658)	(825,073)
Ending Fund Balance	8,682,154	8,807,778	9,054,656	8,822,944	8,358,011	7,318,352	6,493,280
Non-Spendable	133,420	133,420	133,420	133,420	133,420	133,420	133,420
Restricted Reserves	113,513	71,313	128,387	128,387	128,387	128,387	128,387
Tree Mitigation and Legal Reserve	154,936	106,709	81,709	56,709	31,709	6,709	-
Unallocated Reserve Balance	3,575,667	3,108,217	3,160,000	2,550,000	1,750,000	290,000	-
Emergency Reserve	3,125,413	3,592,079	3,700,760	3,969,618	4,209,663	4,506,558	4,683,030
Budget Stabilization Balance	1,562,706	1,796,040	1,850,380	1,984,809	2,104,832	2,253,279	1,548,443

FY 2027-31 General Fund Dashboard



*General Government: Admin, City Sec, HR, Finance, IT, Comms, and Court

Shared: IT shared services and Non-Departmental shared

Public Works: Maintenance, Building Codes and Engineering

FY 2027-31 Estimated Property Tax Rates

Fiscal Year	2027	2028	2029	2030	2031
Tax Rate/\$100 Valuation					
General Fund (M&O)	0.2485	0.2409	0.2339	0.2271	0.2206
Debt Service Fund (I&S)	0.0394	0.0484	0.0454	0.0426	0.0298
Total Tax Rate	0.2879	0.2893	0.2793	0.2697	0.2504
Total Taxable Valuation	3,004,953,260	3,207,304,403	3,419,518,623	3,644,205,709	3,882,035,931
M&O Tax Rate/\$100 Valuation	0.2485	0.2409	0.2339	0.2271	0.2206
M&O Levy no new properties	7,465,806	7,726,396	7,996,544	8,275,991	8,564,548
% Change in M&O Levy w/o new prop	3.50%	3.49%	3.50%	3.49%	3.49%
Total Taxable Valuation	3,004,953,260	3,207,304,403	3,419,518,623	3,644,205,709	3,882,035,931
I&S Tax rate/\$100 Valuation	0.0394	0.0484	0.0454	0.0426	0.0298
Total I&S Levy	1,185,113	1,552,388	1,553,200	1,551,975	1,156,500
% Change in I&S Levy	47.7%	31.0%	0.1%	-0.1%	-25.5%
Total Levy (100%) \$	8,650,919 \$	9,278,784 \$	9,549,744 \$	9,827,966 \$	9,721,048
Yr. over Yr. increase (decrease) \$	635,223 \$	627,865 \$	270,960 \$	278,222 \$	(106,918)
Ave Home Taxable Value \$	690,267 \$	724,780 \$	761,019 \$	799,070 \$	839,024
Average Tax Bill \$	1,987 \$	2,097 \$	2,125 \$	2,155 \$	2,101

Exhibit B

Utility Financial Plan FY 2027-31

Assumptions

Revenue

Water service base rate increases from \$26.48 to \$31.78 in FY 2028;
tier rates increase 5.0% at each level
Wastewater rates remain unchanged
Drought surcharge revenue decreases by 48% beginning in FY 2028
Total water service connections increase by 1.5% in FY 2027 and 2.0% in subsequent years
Total wastewater service connections increase by 1.5% per year

Expenditures

4.5% increase in personnel costs each year
5.0% increase in medical insurance costs
5.0% increase in GBRA fees
5.0% increase in software subscriptions
5.0% increase in facility, engineering contracts
2.0% increase in other costs
Includes currently approved Capital Improvement Plan projects
Includes full replacement costs in the Equipment Replacement Fund
Includes \$25,000 for new equipment for both water and wastewater
Includes \$10,000 for new operational capital for both water and wastewater
Annual budget for well pump replacements: \$150,000

Exhibit B

FY 2027-31 Utility Fund Financial Plan

	2026	2026	2027	2028	2029	2030	2031
	<i>Budgeted</i>	<i>Projected</i>					
UTILITY FUND							
Water Revenue							
WATER SERVICE	4,420,217	4,301,987	4,247,723	4,096,543	4,169,106	4,247,779	4,325,651
WATER BAD DEBTS	(4,000)	(4,000)	(4,060)	(4,121)	(4,183)	(4,245)	(4,309)
MISC./SPECIAL REQUESTS	500	500	500	500	500	500	500
THIRD PARTY REIMBURSE	3,500	7,000	7,000	7,000	7,000	7,000	7,000
PERMITS/VARIANCES	1,200	1,200	1,200	1,200	1,200	1,200	1,200
WATER DEBT FEE	938,914	938,914	1,085,319	1,083,867	1,063,372	1,063,507	1,062,997
WATER CAPITAL FEE	105,155	105,155	-	-	-	-	-
WATER IMPACT FEES	200,000	200,000	200,000	200,000	200,000	200,000	200,000
CREDIT CARD SERVICE FEE	50,000	50,000	50,750	51,511	52,284	53,068	53,864
Wastewater Revenue							
SEWER SERVICE	1,767,810	1,903,684	1,931,354	1,959,440	1,987,946	2,016,880	2,046,249
SEWER BAD DEBTS	(1,000)	(1,000)	(1,015)	(1,030)	(1,046)	(1,061)	(1,077)
MISC./SPECIAL REQUESTS	350	350	350	350	350	350	350
SEWER DEBT FEE	415,630	415,630	431,523	430,453	462,573	500,474	500,234
SEWER CAPITAL FEE	-	-	-	-	-	-	-
SEWER IMPACT FEES	175,000	175,000	175,000	175,000	175,000	175,000	175,000
Total Operating Revenue	8,073,276	8,094,420	8,125,644	8,000,713	8,114,103	8,260,452	8,367,658
Expenditures by Utility							
Water							
PERSONNEL	1,048,631	1,073,944	1,096,125	1,145,779	1,197,693	1,251,970	1,308,717
SUPPLIES & OPERATIONS	2,835,835	2,834,345	2,895,466	2,957,130	3,020,337	3,085,133	3,151,567
SERVICES	348,994	348,994	354,804	361,900	369,138	376,521	384,051
Wastewater							
PERSONNEL	1,075,894	1,104,686	1,124,602	1,175,525	1,228,766	1,284,429	1,342,625
SUPPLIES & OPERATIONS	700,548	708,400	637,454	653,814	670,723	688,202	706,274
SERVICES	87,408	87,408	87,986	89,746	91,541	93,372	95,239
Equipment Replacement Savings	181,000	181,000	219,000	240,900	264,990	291,489	320,638
Total Operating Expenditures	6,278,310	6,338,778	6,415,436	6,624,795	6,843,188	7,071,115	7,309,112
Operating Income/(Loss)	1,794,966	1,755,643	1,710,208	1,375,918	1,270,916	1,189,337	1,058,546
Non-Operating Revenues							
WATER INTEREST INCOME	200,000	350,000	350,000	350,000	350,000	350,000	350,000
SEWER INTEREST INCOME	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Total Non-operating Revenues	400,000	550,000	550,000	550,000	550,000	550,000	550,000

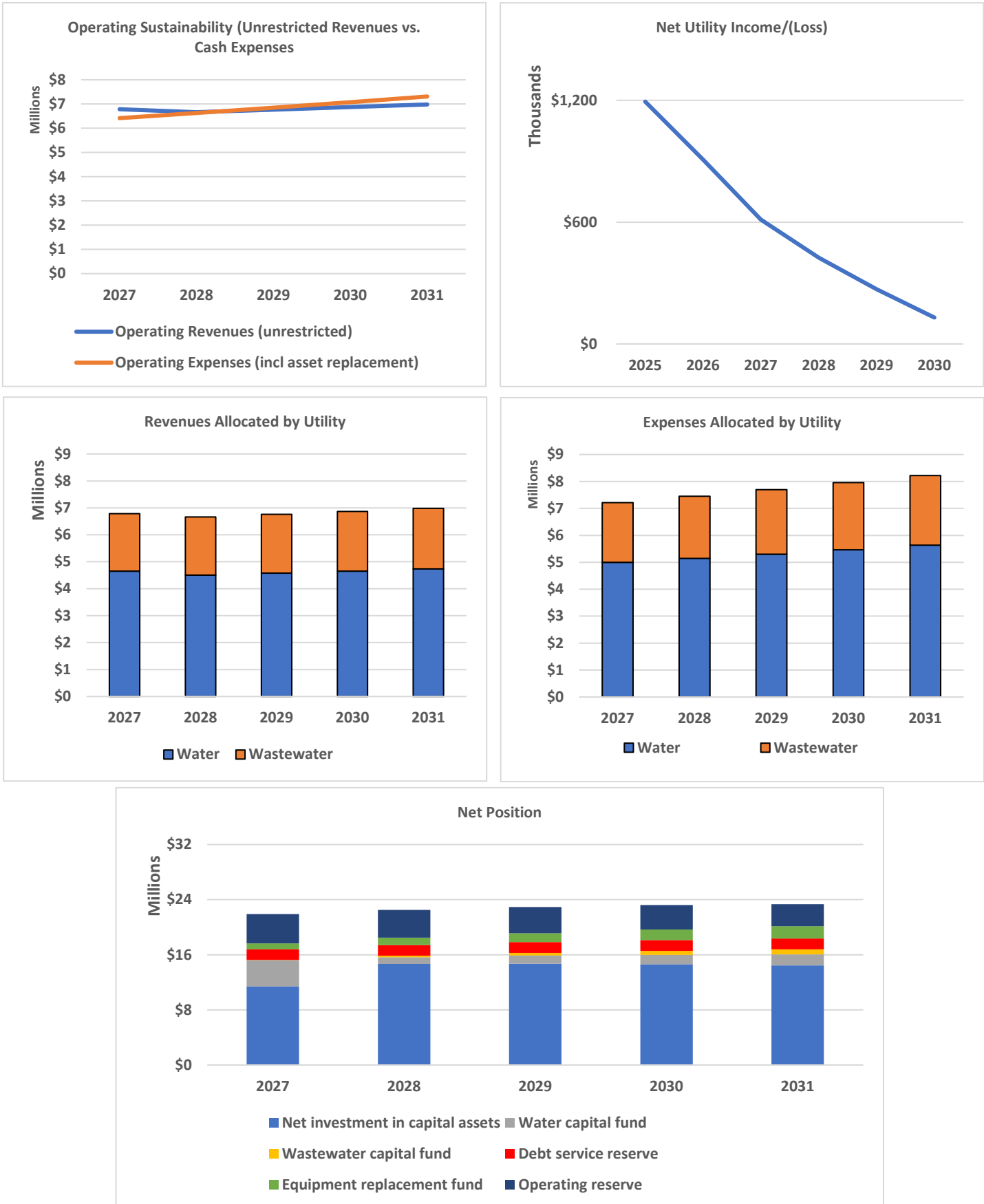
Exhibit B

	2026 <i>Budgeted</i>	2026 <i>Projected</i>	2027	2028	2029	2030	2031
UTILITY FUND							
Capital Outlay	9,289,687	13,071,207	9,566,776	6,270,000	270,000	270,000	270,000
Asset Transfer for GAAP	(8,539,687)	(13,071,264)	(9,566,776)	(6,270,000)	(270,000)	(270,000)	(270,000)
Depreciation	639,600	639,600	796,000	824,850	854,048	883,500	913,101
Debt Service	156,973	472,424	556,841	488,358	542,358	585,975	565,225
Transfers Out	8,653,853	8,278,853	644,000	665,900	689,990	716,489	745,638
Transfers In	(8,653,853)	(8,278,853)	(644,000)	(665,900)	(689,990)	(716,489)	(745,638)
Net Income/(Loss)	648,393	1,193,676	907,367	612,711	424,510	269,861	130,220

	9/30/2025	9/30/2026	9/30/2027	9/30/2028	9/30/2029	9/30/2030	9/30/2031
Net investment in capital assets	11,195,334	11,082,223	11,430,631	14,674,819	14,702,127	14,606,558	14,463,434
Unrestricted net position							
Water capital fund	2,853,786	3,978,861	3,778,861	978,861	1,178,861	1,378,861	1,578,861
Wastewater capital fund	1,602,297	773,377	51,601	226,601	401,601	576,601	751,601
Debt service reserve	1,358,684	1,516,841	1,514,321	1,525,946	1,563,981	1,563,231	1,561,481
Equipment replacement fund	726,832	718,690	887,690	1,078,590	1,293,580	1,535,069	1,805,707
Operating reserve	2,056,906	2,917,523	4,231,779	4,022,776	3,791,952	3,541,644	3,171,100
Total unrestricted	8,598,505	9,905,292	10,464,251	7,832,773	8,229,975	8,595,406	8,868,750
Total net position	19,793,839	20,987,515	21,894,882	22,507,592	22,932,103	23,201,964	23,332,185
		46%	66%	61%	55%	50%	43%

Exhibit B

FY 2027-31 Utility Fund Dashboard





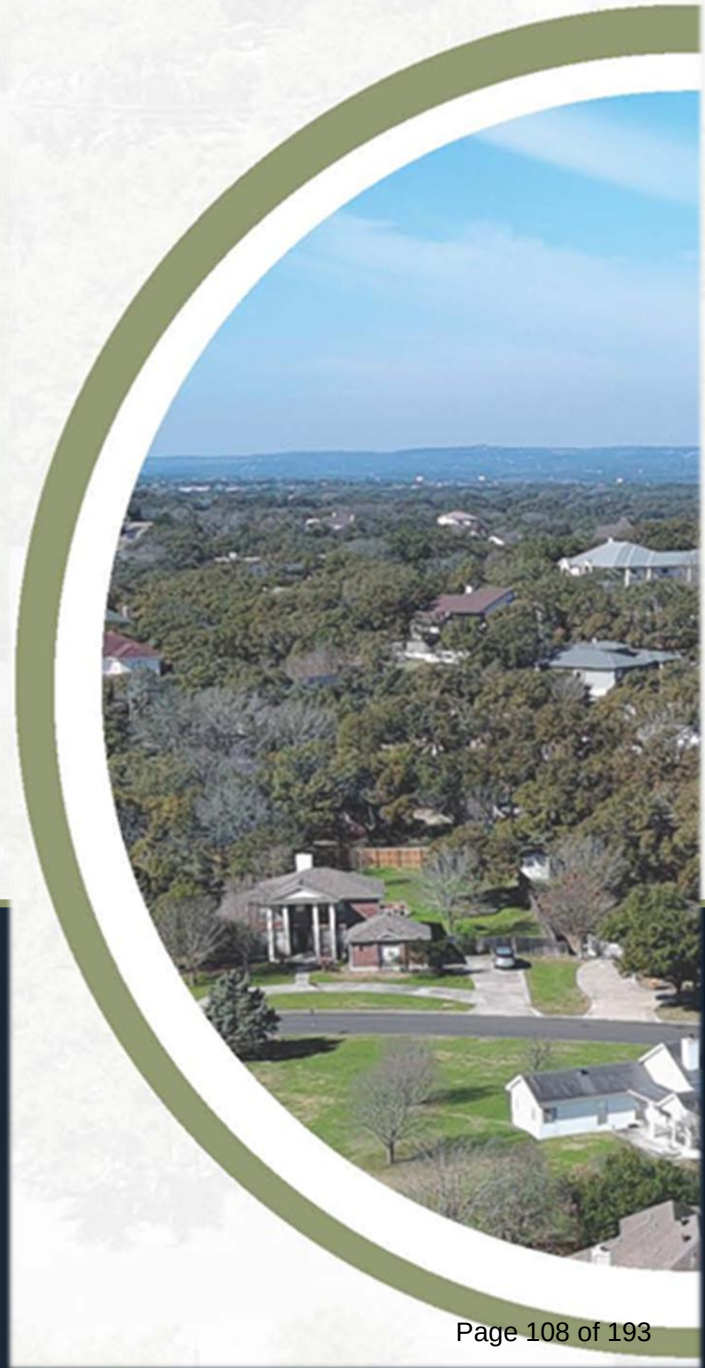
CITY OF
Fair Oaks Ranch

Five-Year Financial Plan

FY 2027-31

May 7, 2026

Summer Fleming, CGFO
Director of Finance



Benefits of the plan



Promotes long-term financial stability and sustainability



Aligns financial decisions with priorities and strategic plans



Anticipates future challenges and opportunities



Supports transparency and accountability in budgeting



Helps maintain healthy reserves and responsible debt levels

Governmental Funds Plan



Financial Plan (Policy-aligned)

- Reflects current policy direction and operational needs
- Incorporates known cost drivers (personnel, debt service, inflation) and conservative revenue assumptions
- Property tax rate is adjusted to support ongoing operating expenditures, consistent with the Financial Management Policy
- Unallocated fund balance is used strategically for one-time and temporary costs, including:
 - Drainage projects and capital purchases
 - Strategic initiatives
 - Smoothing significant increases in fire and emergency services contract

Update from Prior Year:

The City has moved from scenario planning to a single, policy-driven financial plan based on updated priorities and confirmed funding approach.

Assumptions



Revenue Assumptions

- Property tax rate adjusted to support operations and reserves
- Property values +5% annually
- New development adds ~\$150k/year
- Sales tax growth moderates (7% → 5%)
- Stable investment earnings
- Other revenue +1.5%

Expenditure Assumptions

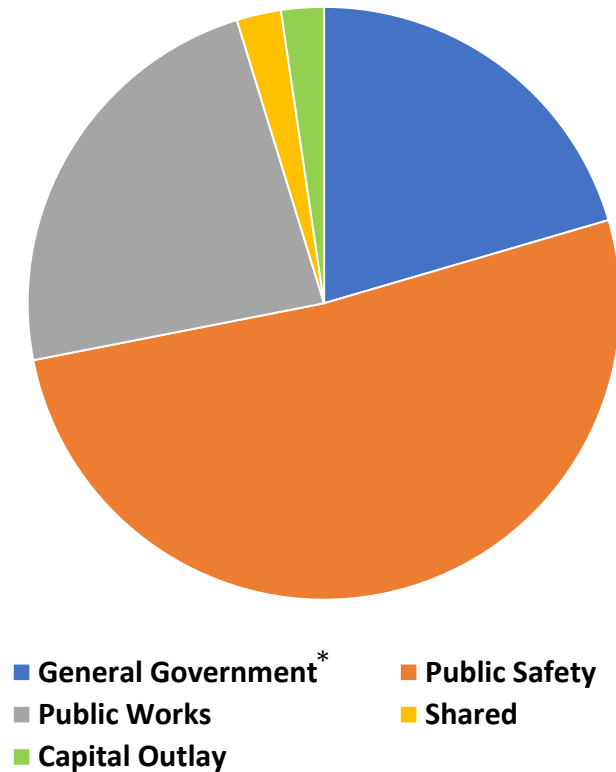
- Wages +4.5% annually (no new staffing)
- Inflationary increases (2%-5%)
- Ongoing vehicle/equipment replacement
- \$150,000 annually for strategic projects/initiatives
- GO Bond used for Roadway CIP projects, cash funding Drainage CIP projects

Assumptions are based on historical trends, contractual obligations, and conservative forecasting practices.

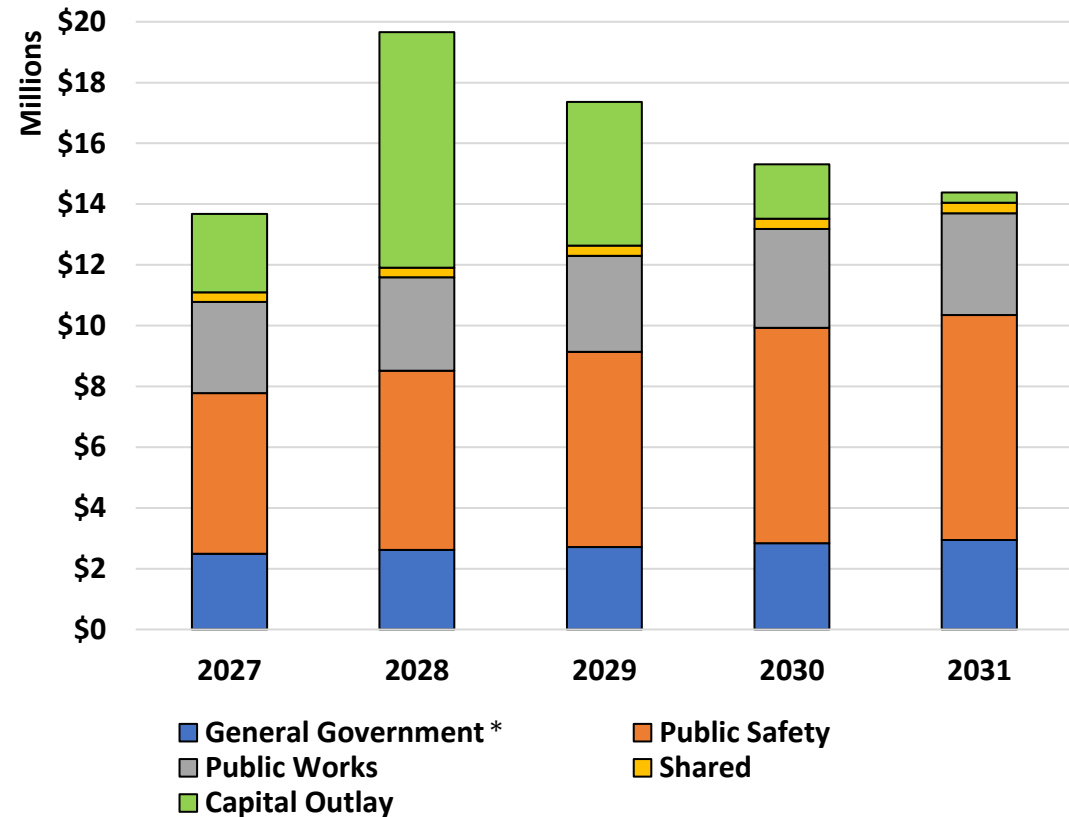
Portfolio of Services



FY 2031 Projected Governmental Expenditures



Expenditures Allocated by Program

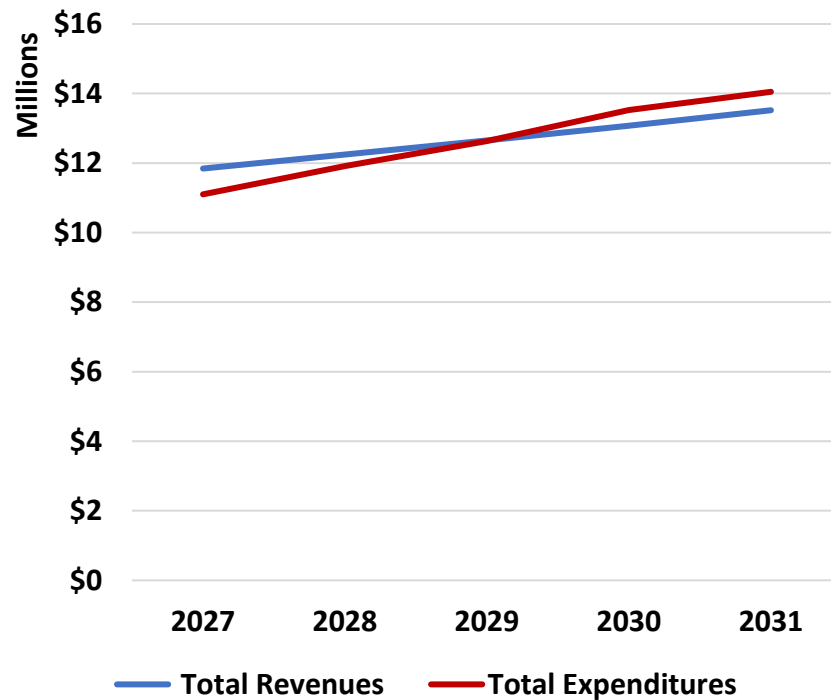


*General government includes City Administration, City Secretary, Human Resources, Finance, Communications, and Information Technology.

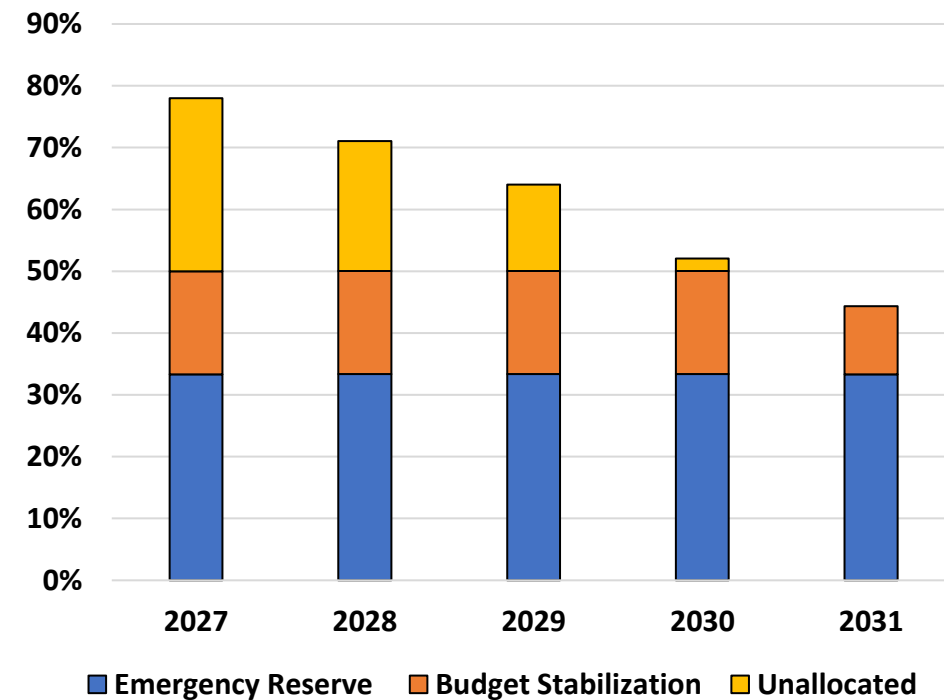
Dashboard



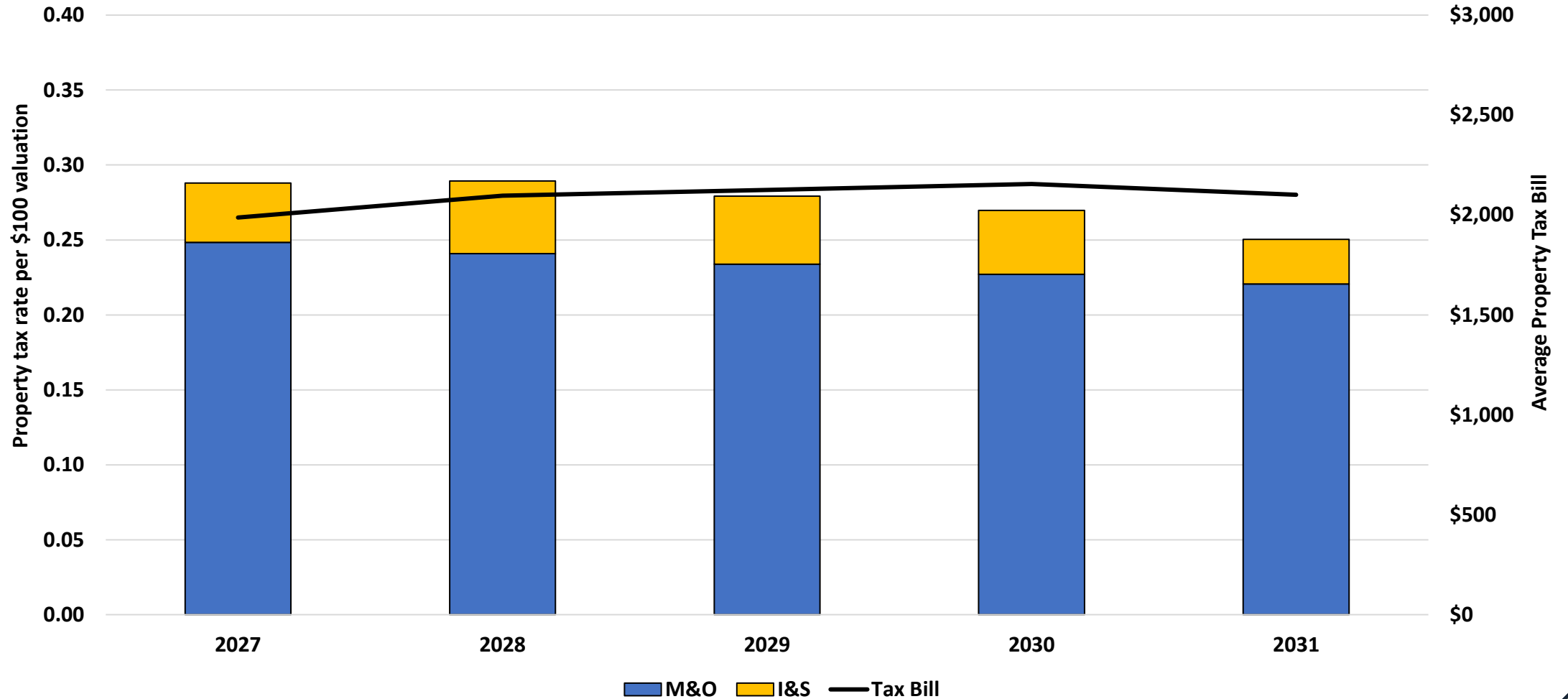
General Fund Operating Revenues and Expenditures



Reserves as a Percent of Operating Expenditures



Property Tax Rates



Utility Fund Plan



Financial Plan (Policy-aligned)

- Reflects enterprise fund structure with use-based revenues supporting operations, capital, and long-term system reliability
- Rates structured to fund fixed system costs (base) and customer usage (volumetric) aligned with cost of service
- Incorporates key cost drivers (personnel, inflation, infrastructure) and conservative revenue assumptions
- Capital and major infrastructure funded through a combination of rates, fees, and financing mechanisms

Update from Prior Year: The City has moved toward a more proactive, policy-driven approach to utility planning, including a proposed rate adjustment in FY 2028 to realign revenues with the cost of service and reduce the need for larger future increases.

Assumptions



Revenue Assumptions

- Water base rate +20% in FY 2028 (+\$5.30/month), +5% increase volumetric rates
- Wastewater rates unchanged; +1.5% annual growth
- Connection growth 1.5%-2.0% annually
- Drought surcharge revenue declines over time
- Stable investment earnings

Expenditure Assumptions

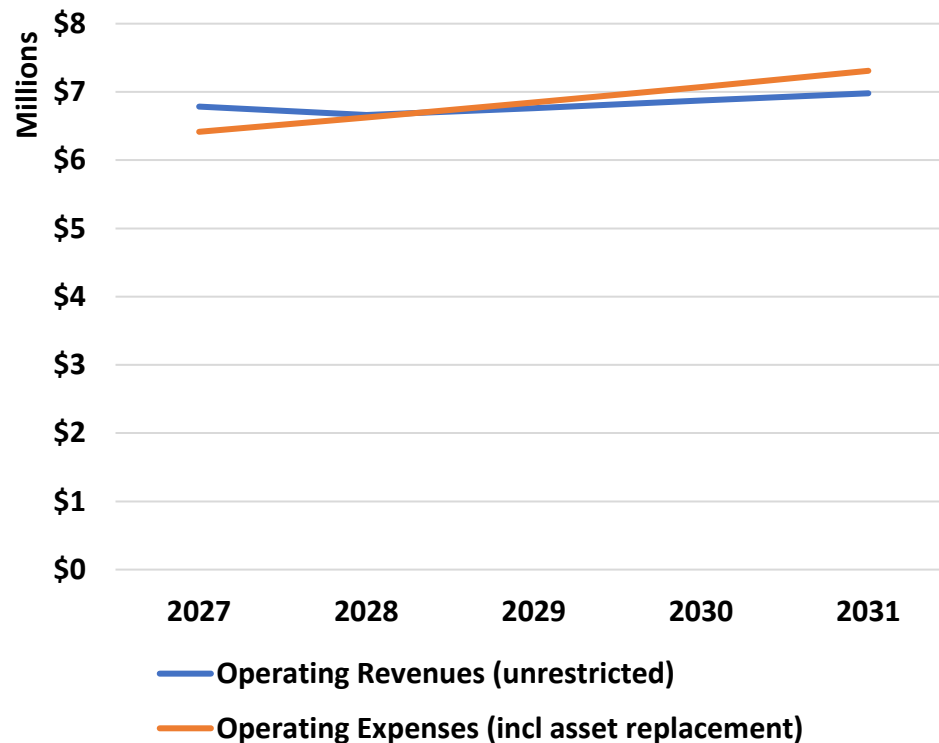
- Personnel +4.5% annually (no new staffing)
- Inflationary increases (2%-5%)
- No new capital/strategic project funding
- Ongoing vehicle/equipment replacement; \$150,000 annually for well pumps

Assumptions are based on historical trends, contractual obligations, and conservative forecasting practices.

Dashboard



Operating Sustainability (Unrestricted Revenues vs. Cash Expenses)



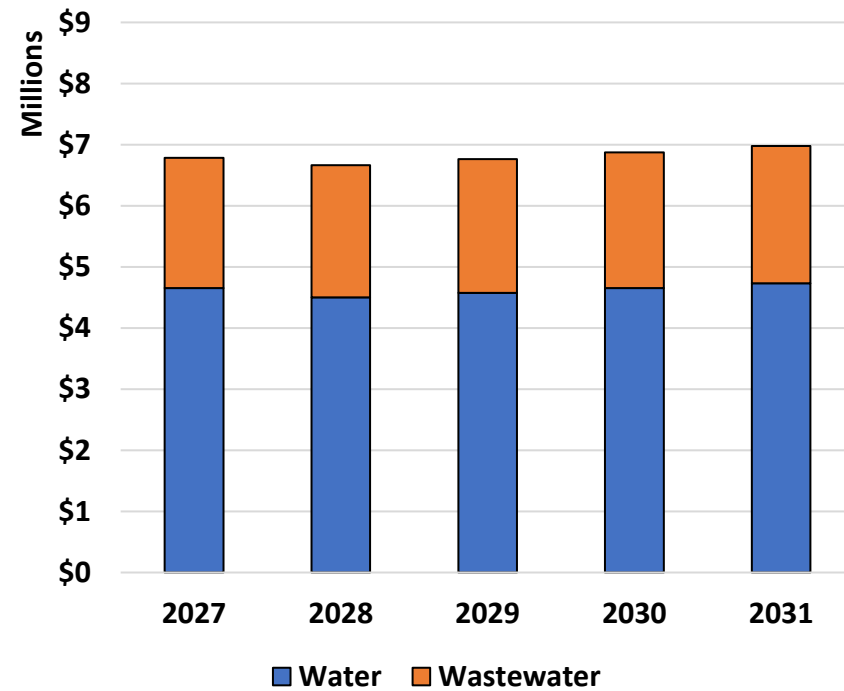
How to Read This Chart

- Operating revenues shown exclude restricted revenues (impact fees and debt service)
 - These are limited to specific capital projects and debt payments
- Operating expenses exclude depreciation (non-cash expense)
- Operating expenses include savings for vehicle and equipment replacement
 - Ensures ongoing reinvestment in assets
- Long-term infrastructure replacement is funded through:
 - Debt issuance
 - Impact fees
 - Capital fees (as needed for smaller projects)

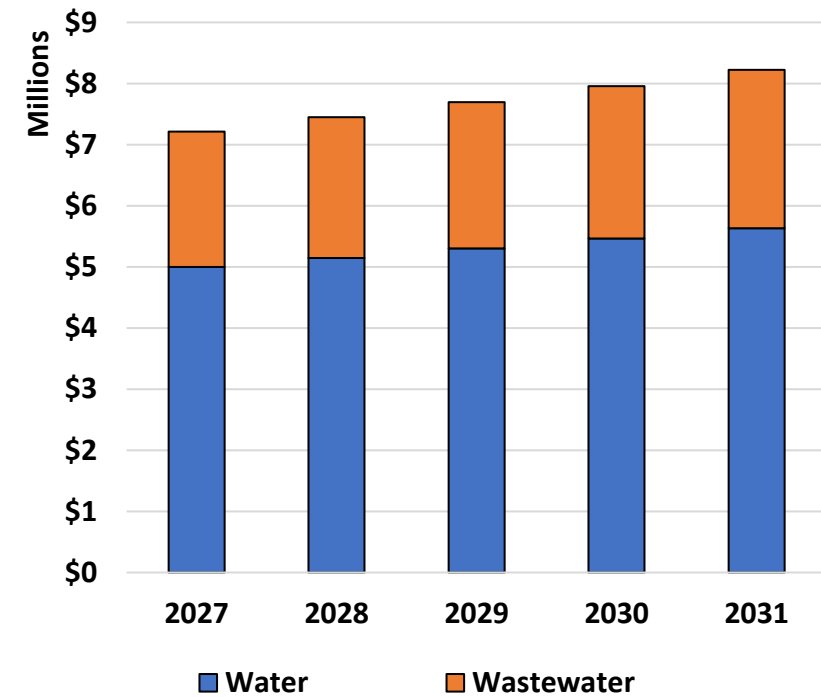
Dashboard



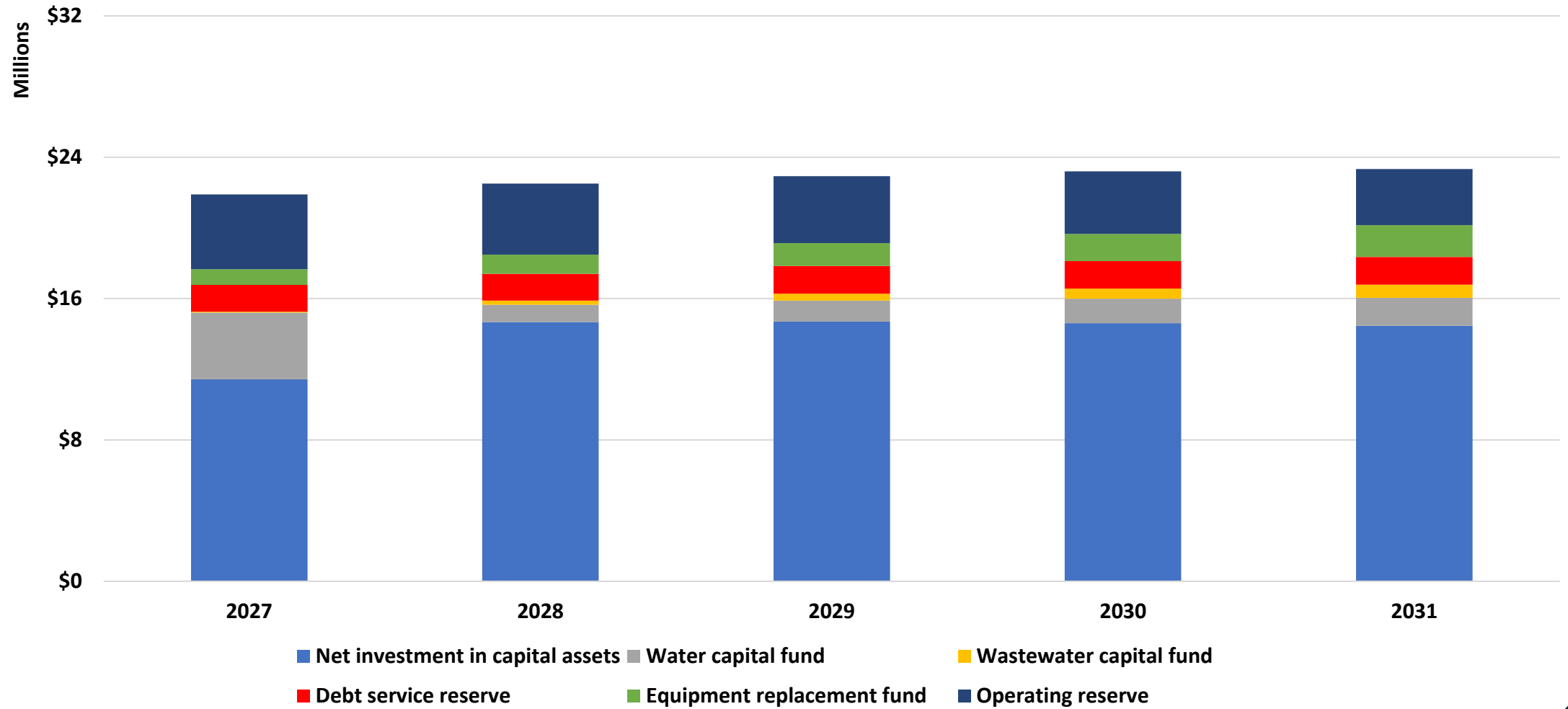
Revenues Allocated by Utility



Expenses Allocated by Utility



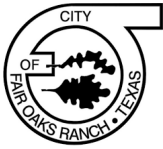
Net Position



Next Steps & Questions



- Council direction on the plan:
 - Revenue and expense assumptions
 - Water rates (supporting operations)
- Resolution to adopt the FY 2027-31 Financial Plan
- Develop the budget



CITY COUNCIL REPORT CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: Quarterly Investment Report and Financial Update for the Quarter Ended March 31, 2026

DATE: May 7, 2026

DEPARTMENT: Finance

PRESENTED BY: Summer Fleming, CGFO, Director of Finance

INTRODUCTION / BACKGROUND:

The City's Financial Management Policy requires quarterly reporting on the City's financial position, a practice that also aligns with recognized best practices in financial transparency. The Quarterly Financial Report provides a clear overview of budget-to-actual performance to date and includes an updated projection of the expected fiscal year-end results.

In accordance with Texas Government Code Section 2256.023 and Section 12 of the City's Investment Policy, the Investment Officer must prepare and submit a quarterly written report to the City Council summarizing all investment transactions since the prior report and the current market value of the City's investments. The attached report satisfies these statutory and policy requirements for the quarter ending March 31, 2026.

POLICY ANALYSIS / BENEFIT(S) TO CITIZENS:

This report supports the City's Financial Stewardship priority by reinforcing sound financial oversight and consistent reporting practices. Ongoing review of financial and investment activity ensures compliance with the Investment Policy and responsible management of public funds.

LONGTERM FINANCIAL AND BUDGETARY IMPACT:

Investment Summary:

The City's investments are held with Frost Bank and in three local government investment pools—TexPool, TexPool Prime, and Texas CLASS—all of which comply with the City's Investment Policy and the Public Funds Investment Act.

For the quarter ended March 31, 2026, the City earned \$327,567 in interest, with investment pool yields generally in line with comparable U.S. Treasury rates. All bank balances were properly collateralized in excess of policy requirements, and the portfolio remained stable and conservatively positioned.

During the quarter, the City also advanced its investment strategy through engagement with its investment advisor, Valley View Consulting. This work included developing a cash flow analysis, evaluating market conditions, and soliciting pricing across a range of investment options to support portfolio diversification and active management. While

these efforts did not result in executed transactions during the reporting period, they establish the foundation for implementing a more diversified and actively managed portfolio. Future reports are expected to reflect progress as these strategies are put into action.

General Fund Financial Update:

As of the second quarter ending March 31, 2026, the General Fund remains in a strong financial condition. Year-to-date revenues total \$8.69 million, with full-year projections of \$11.65 million, exceeding the adopted budget due to higher than expected performance in taxes, franchise fees, and interest earnings, offsetting lower court fine revenues.

Projected expenditures total \$11.51 million, slightly below budget. While personnel costs are trending above budget following the Council -adopted compensation plan and fewer vacancies than anticipated, savings in other categories are expected to offset these increases.

Overall, the General Fund is projected to generate a positive operating result of approximately \$142,124, with an ending fund balance of \$8.81 million. The City is maintaining reserves in accordance with its fund balance policy, with approximately \$3.1 million in unassigned fund balance.

Utility Fund Financial Update:

Utility fund revenues are projected to exceed budget by approximately \$171,144, driven primarily by stronger wastewater revenues following the March recalculation of the winter sewer average. Water revenues are trending below budget due to the discontinuation of a water contract with the golf course; however, this shortfall is being offset by higher-than-expected interest earnings. Personnel expenditures are projected slightly over budget, consistent with the General Fund, based on the assumption of full staffing for the remainder of the year, which may adjust if vacancies occur.

From an operating perspective, utility rates continue to largely support day-to-day operations, though operating revenues are not currently structured to fully recover long-term system costs such as depreciation. This is acceptable within the City's overall financial framework, as capital needs are also addressed through dedicated funding mechanisms—such as debt service fees, impact fees, and capital reserves—to fund infrastructure replacement and expansion. As a result, overall financial performance remains sound, with net position projected to increase by approximately \$1.2 million, reflecting continued investment in and strengthening of the City's utility infrastructure.



Quarterly Investment Report & Financial Update



May 7, 2026

Summer Fleming, CGFO
Director of Finance

Investment Program Update



Program Enhancements

- **Engaged** Valley View Consulting as the City's Investment Advisor
- **Updated** Investment Policy to align with best practices
- **Enhanced** quarterly reporting for improved insight

Portfolio & Strategy Actions

- **Developed** a cash flow analysis to define liquidity needs
- **Evaluated** market options (CDs 3-24 months)
- **Benchmarked** rates against pools and U.S. Treasuries

Transitioning to enhanced reporting and active portfolio management.

Quarterly Investment Report – New Format



Enhanced transparency and clearer insight into portfolio performance and market conditions

1. Overview

- Summary by Investment Category
- Economic Overview

2. Portfolio Detail

- Investment Holdings
- Portfolio Analysis
- Book & Market Value Comparison

3. Allocation

- Allocation by Fund

Financial Update – Key Highlights



-  **General Fund remains strong**
Projected **\$142K surplus**; fund balance ~**\$8.8M**
-  **Revenues outperforming budget**
Sales tax projected **+9%**; property tax collections **on track**
-  **Expenditures in line**
Slight personnel overage due to **fewer vacancies**
-  **Reserves fully funded**
Policy targets met; ~**\$3.1M unassigned fund balance**
-  **Utility operations stable**
Revenues meeting expectations; continuing long-term planning

Governmental Funds Overview



Tax-supported operations

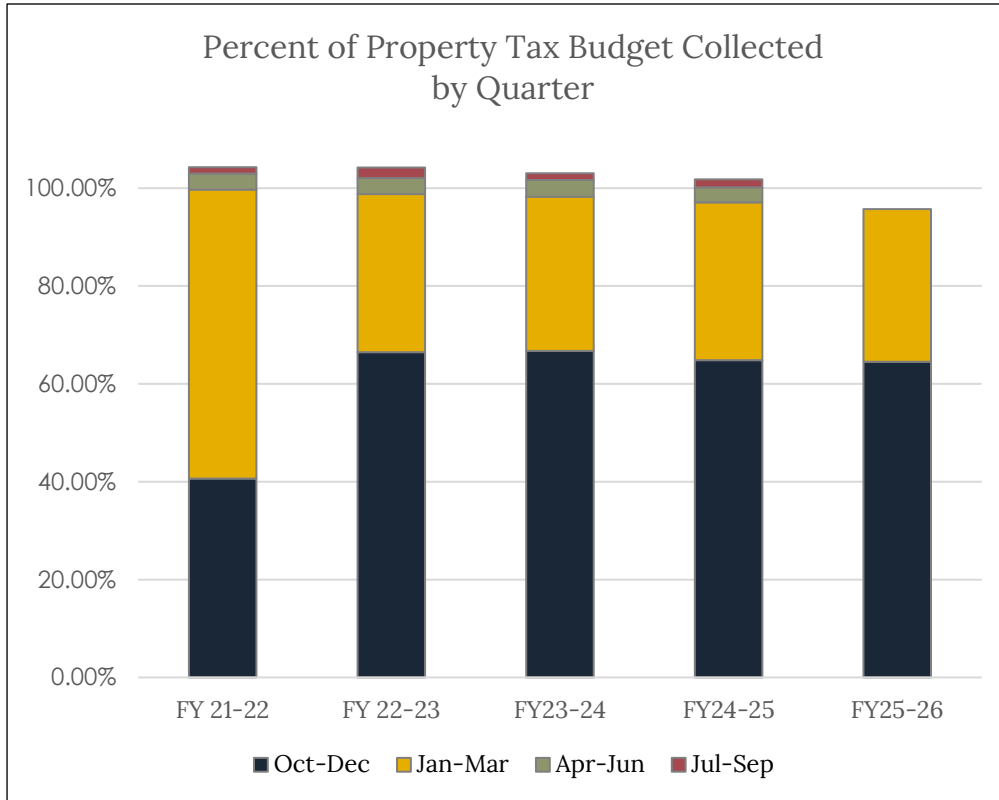
- General Fund
- Strategic and Capital Projects Fund
- Special Revenue Funds
- Debt Service Fund
- Equipment Replacement Fund

General Fund Revenues



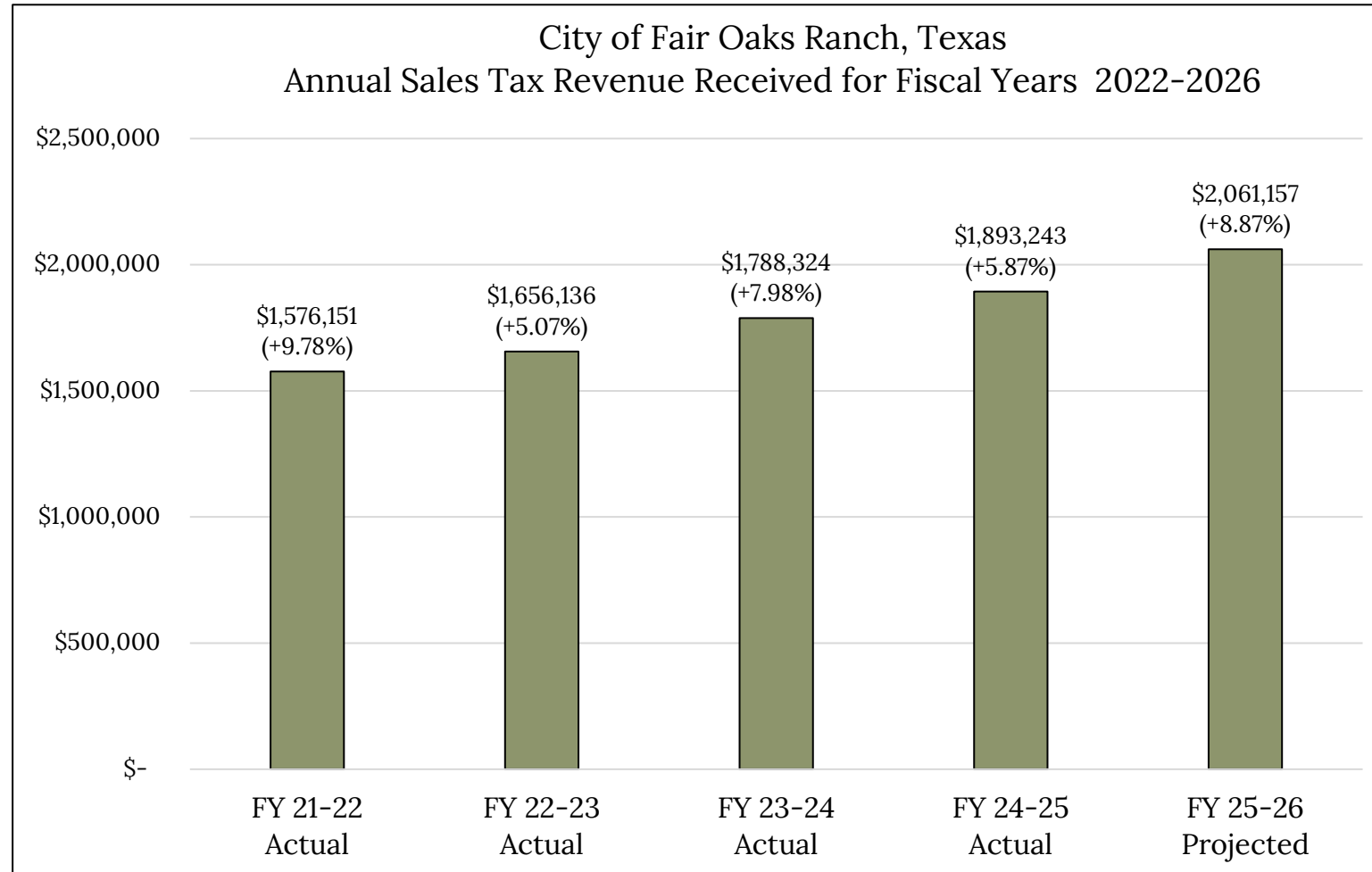
Type	FY 2024-25 Actual	FY 2025-26 Budget	6-Month Actual	12-Month Projected	12-Month Variance
Property Tax	\$6,772,561	\$7,195,941	\$6,881,440	\$7,279,742	\$83,801
Sales Tax	1,893,243	1,885,272	748,912	2,061,157	175,885
Franchise Fees	793,093	766,780	240,058	808,780	42,000
Permits	202,997	144,200	83,185	144,060	(140)
Court Fines & Fees	122,568	175,000	51,952	105,000	(70,000)
Fees & Services	395,322	379,388	196,444	385,556	6,168
Interest Earnings	541,869	450,000	254,985	465,000	15,000
Grants & Contributions	327,407	78,600	14,876	78,600	-
Other	472,385	311,035	218,145	321,263	10,228
Total	\$11,521,445	\$11,386,216	\$8,689,998	\$11,649,158	\$262,942

Property Taxes



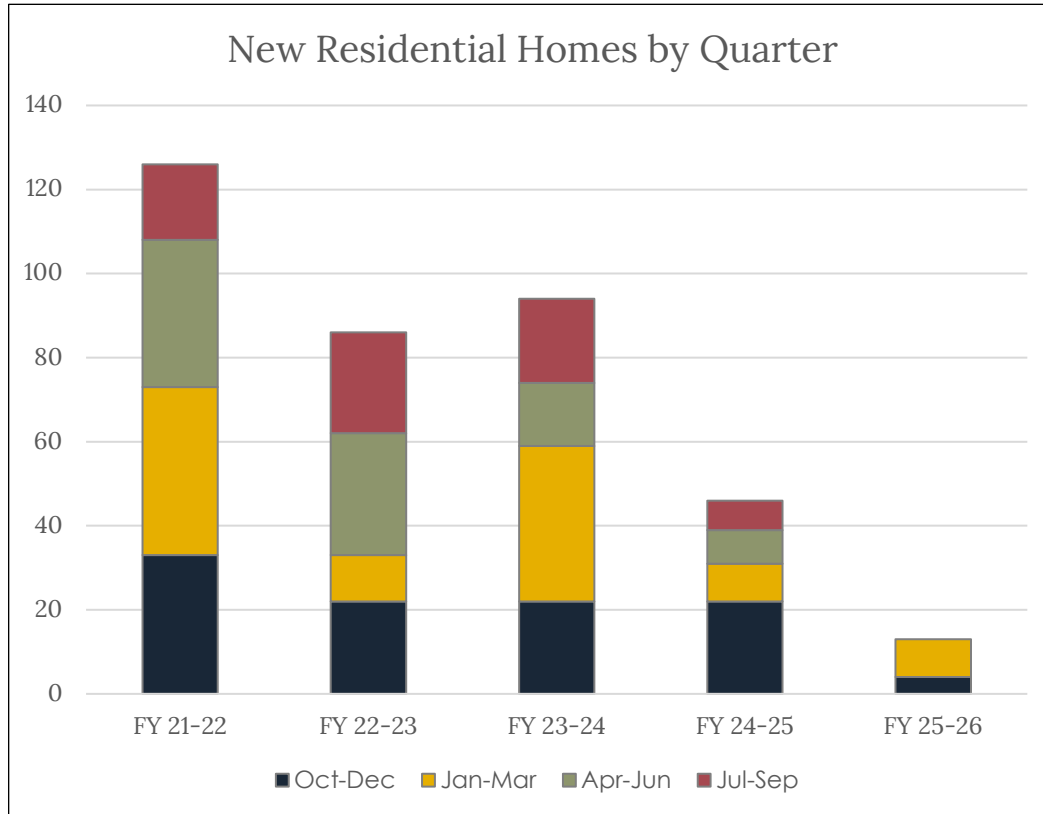
- 2025 Certified Levy: \$7.74 million
- Adjusted Levy: \$8.05 million
- 94.41% of the 2025 Levy has been collected
- Projecting \$83,801 surplus to budget (+1.2%)

Sales Tax Highlights



- Projecting \$175,885 increase over budget, 8.87% over prior year

New Residential Home Permits



- 13 new residential permits issued through the first half of the fiscal year
- Total permit revenue is tracking in line with budget

General Fund Expenditures



Type	FY 2024-25 Actual	FY 2025-26 Budget	6-Month Actual	12-Month Projected	12-Month Variance*
Personnel	\$5,781,791	\$6,308,287	\$3,109,719	\$6,418,758	(\$110,471) ¹
Supplies, Maint., Ops.	1,185,424	1,365,317	242,401	1,341,071	24,246
Professional Services	1,857,503	2,742,510	1,037,734	2,694,309	48,201
Shared Services	228,212	297,671	156,097	250,171	47,500
Capital Outlay	705,014	283,581	271,987	279,508	4,073
Transfers	766,634	523,217	523,217	523,217	-
Total	\$10,524,578	\$11,520,583	\$5,341,155	\$11,507,034	\$13,549

*Positive variance = under budget; negative variance = over budget

¹ Projections assume full staffing for the remainder of the year. Actual expenditures may be lower if vacancies occur.

General Fund Projected Fund Balance



Category	FY 2025-26 Beginning	FY 2025-26 Projected	FY 2025-26 Ending
Non-spendable	\$133,420	\$-	\$133,420
Court Restricted (Legacy Funds)	36,214	(12,500)	23,714
Public Safety Restricted	72,980	(27,472)	45,509
Other Restricted	4,319	-	4,319
Tree Mitigation Fund	154,936	(48,227)	106,709
Emergency Reserve	4,688,119	(1,100,000)	3,588,119 ¹
Budget Stabilization Reserve	-	1,800,000	1,800,000 ²
Unassigned	3,575,667	(469,677)	3,105,990
Total	\$8,665,655	\$142,124	\$8,807,779

¹ Emergency Reserve = 4 months of operating expenditures

² Budget Stabilization Reserve = 2 months of operating expenditures

Other Governmental Fund Balances



Category	FY 2025-26 Beginning	FY 2025-26 Projected	FY 2025-26 Ending
Bond Capital Fund	\$3,162,586	(\$388,783)	\$2,773,803
Strategic & Capital Projects Fund	1,089,978	(569,180)	520,798
Equipment Replacement Fund	1,542,604	216,365	1,758,969
Debt Service Fund	33,681	20,212	53,893
Court Youth Diversion Fund	25,842	1,750	27,592
Court Security & Technology Fund	2,044	7,950	9,994
Court Efficiency Fund	1,951	355	2,306
Court Jury Fund	364	90	454
Total	\$5,859,050	(\$871,241)	\$4,987,809

Utility Funds Overview



Rate-supported operations

- Utility Fund
- Water Strategic & Capital Projects Fund
- Water Impact Fees Fund
- Wastewater Strategic & Capital Projects Fund
- Wastewater Impact Fees Fund
- Equipment Replacement Fund

Utility Revenues



Type	FY 2024-25 Actual	FY 2025-26 Budget	6-Month Actual	12-Month Projected	12-Month Variance
Water Operating	\$5,507,480	\$5,715,486	\$2,670,993	\$5,600,756	(\$114,730)
Water Interest	346,110	200,000	252,045	350,000	150,000
Total Water Revenues	\$5,853,590	\$5,915,486	\$2,923,038	\$5,950,756	\$35,270
Wastewater Operating	\$2,243,758	\$2,357,790	\$1,122,553	\$2,493,664	\$135,874
Wastewater Interest	215,101	200,000	90,848	200,000	-
Total Wastewater Revenues	\$2,458,859	\$2,557,790	\$1,213,401	\$2,693,664	\$135,874
Total Utility Revenues	\$8,312,450	\$8,473,276	\$4,136,439	\$8,644,420	\$171,144

Utility Expenditures



Type	FY 2024-25 Actual	FY 2025-26 Budget	6-Month Actual	12-Month Projected	12-Month Variance*
Personnel	\$2,167,467	\$2,124,525	\$1,074,035	\$2,178,630	(\$54,105)
Supplies, Maint., Ops.	3,019,193	3,540,805	1,721,056	3,542,746	(1,941)
Services	446,647	436,402	279,771	436,402	-
Total Operating Expenditures	\$5,633,307	\$6,101,732	\$3,074,862	\$6,157,778	(\$56,046)
Capital Purchases	\$352,389	\$510,938	\$249,512	\$510,881	\$57
Capital Projects	\$2,456,883	\$12,560,326	\$1,482,494	\$11,910,326	\$650,000

*Positive variance = under budget; negative variance = over budget

¹ Projections assume full staffing for the remainder of the year. Actual expenditures may be lower if vacancies occur.

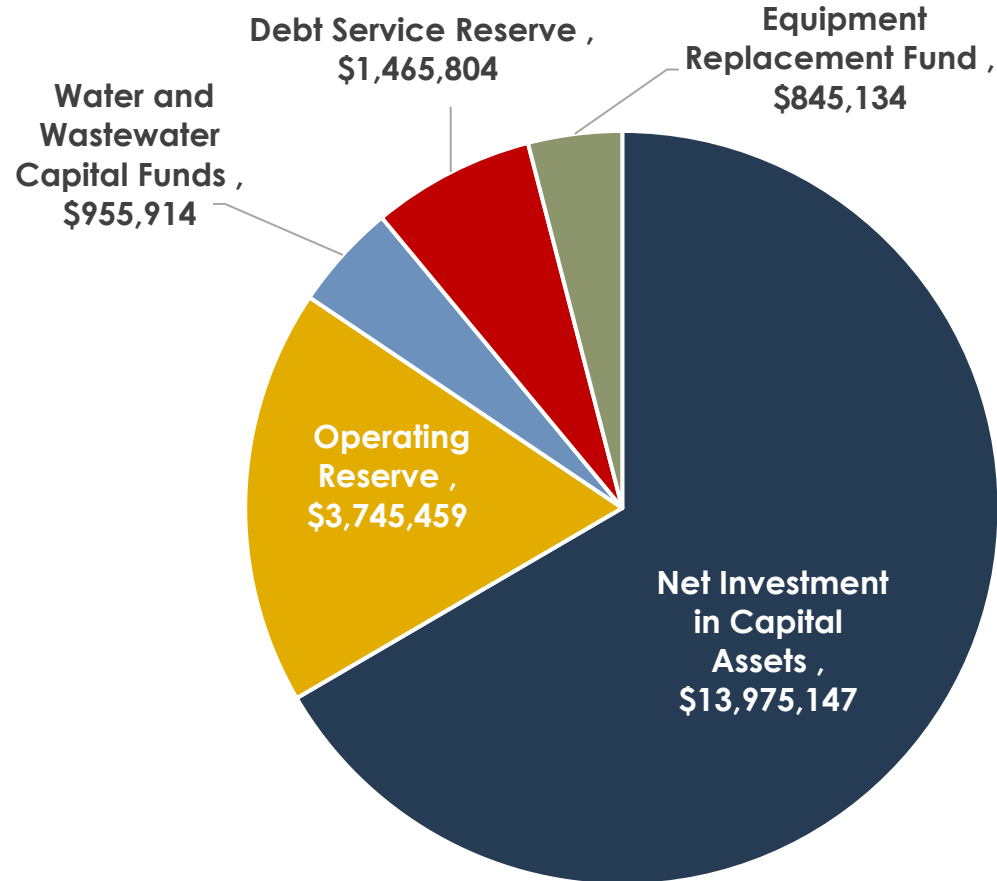
Operating Performance & Rate Sufficiency



	FY 2024-25 Actual	FY 2025-26 Budget	FY 2025-26 Projected	Budget Variance
Operating Revenues	\$7,751,238	\$8,073,276	\$8,094,420	\$21,144
🔒 Less (-): Restricted Revenues (<i>Debt Service & Impact Fees</i>)	(1,520,186)	(1,729,544)	(1,729,544)	-
👉 Available Revenue for Operations	6,231,052	6,343,732	6,364,876	21,144
Total Operating Expenses	5,633,307	6,101,732	6,157,778	(56,046)
👉 Operating Income (Available, Before Depreciation)	597,745	241,999	207,098	(34,902)
Depreciation & Amortization	1,077,247	820,600	820,600	-
Operating Income After Depreciation (Rate Sufficiency Indicator)*	(\$479,502)	(\$578,600)	(\$613,502)	(\$34,902)

*Operating income after depreciation reflects full cost of service. Funding is supplemented through reserves, debt service fees, and capital funding mechanisms.

Projected Net Position - \$20,987,458



- \$1.2 million increase
- Maintains operating reserve
- Continues planned savings for future equipment replacement



Questions?



QUARTERLY INVESTMENT REPORT

For the Quarter Ended

March 31, 2026

**Prepared by
Valley View Consulting, L.L.C.**

The investment portfolio of the City of Fair Oaks Ranch is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.

signature on file

Summer Fleming, Director of Finance

These reports were compiled using information provided by the City. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields and do not account for investment advisor fees.

Summary

Quarter End Results by Investment Category:

<u>Asset Type</u>	<u>December 31, 2025</u>		<u>March 31, 2026</u>		
	<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Ave. Yield</u>
DDA	\$ 1,058,419	\$ 1,058,419	\$ 860,724	\$ 860,724	1.17%
Pools	35,750,720	35,750,720	34,287,718	34,287,718	3.75%
Totals	\$ 36,809,139	\$ 36,809,139	\$ 35,148,442	\$ 35,148,442	3.69%

<u>Average Yield - Current Quarter (1)</u>		<u>Fiscal Year-to-Date Average Yield (2)</u>	
Total Portfolio	3.69%	Total Portfolio	3.77%
Rolling Three Month Treasury	3.69%	Rolling Three Month Treasury	3.75%
Rolling Six Month Treasury	3.69%	Rolling Six Month Treasury	3.78%
TexPool	3.67%	TexPool	3.75%

<u>Interest Earnings</u>	
Quarterly Interest Income	\$ 327,567
Year-to-date Interest Income	\$ 660,696

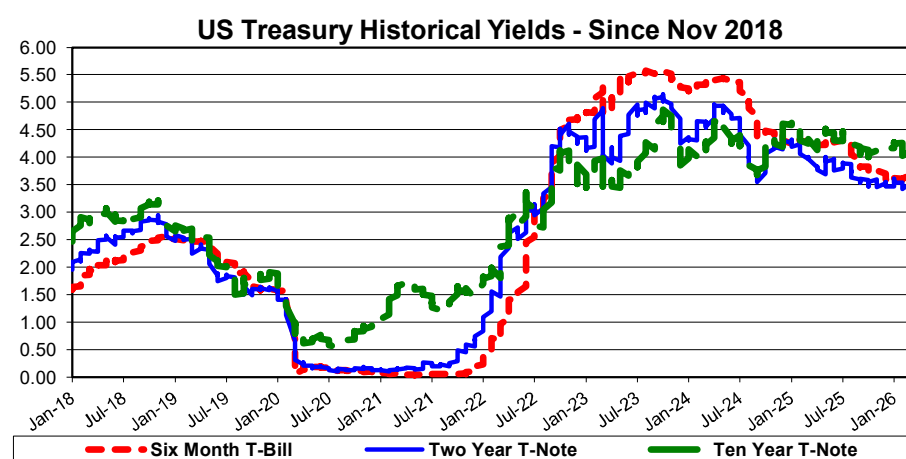
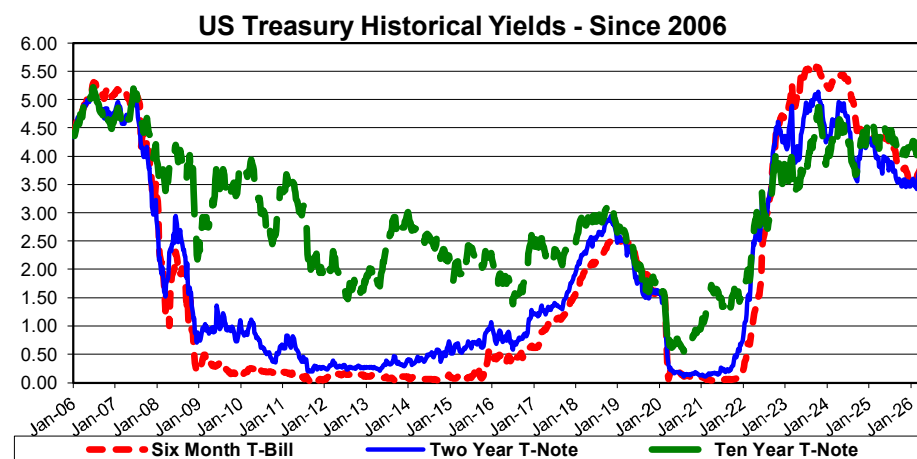
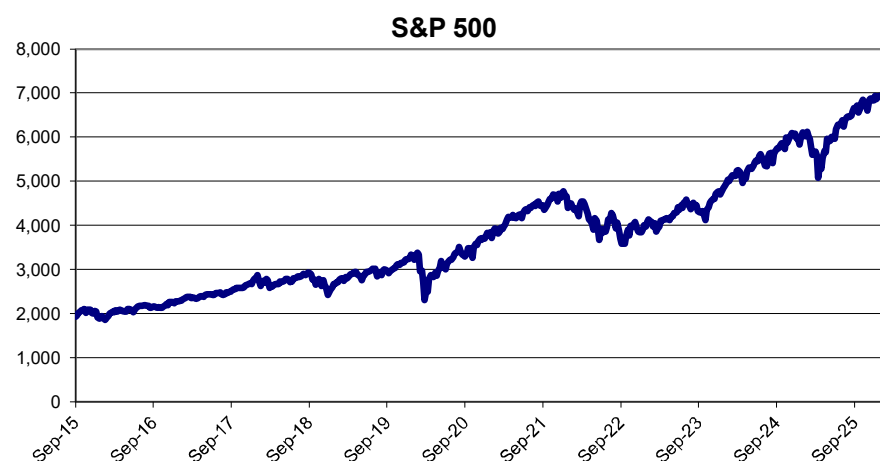
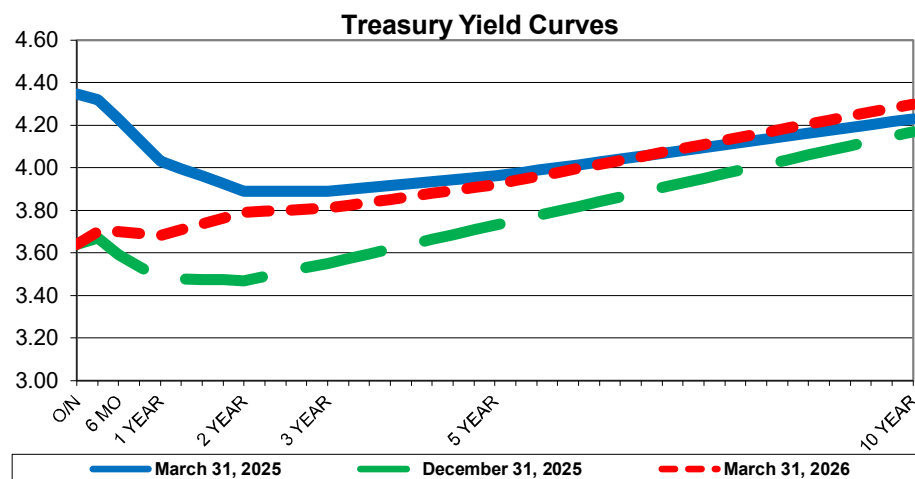
(1) **Average Yield - Current Quarter** - based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank, pool, and money market balances.

(2) **Fiscal Year-to-Date Average Yield** - calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

3/31/2026

Economic Overview

The Federal Open Market Committee (FOMC) maintained the Fed Funds target 3.50% - 3.75% (Effective Fed Funds trade +/-3.64%) at their Jan meeting. Additional rate cuts during 2026 are uncertain, but could include one late fall. March Non-Farm Payroll added 178k (exceeding the +60k expectation) raising the three month average to +68k. The S&P 500 Stock Index retrenched +/- 8% since touching 7,000. The yield curve is almost fully positive. With the Middle East conflict, Crude Oil continues \$100+. Inflation continues above the FOMC 2% target (Core CPI 2.5% and Core PCE +/-3.1%). The uncertain world events still influence volatility.



Investment Holdings

March 31, 2026

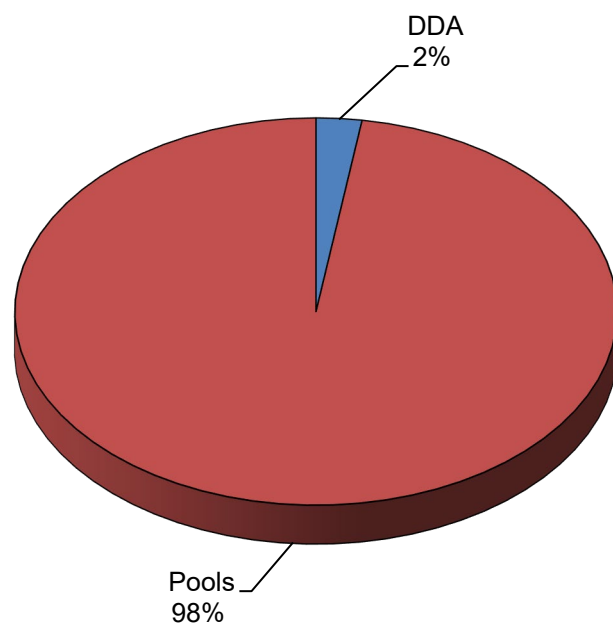


Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Frost Bank DDA		1.17%	04/01/26	03/31/26	\$ 860,724	\$ 860,724	1	\$ 860,724	1	1.17%
TexPool LGIP	AAAm	3.67%	04/01/26	03/31/26	9,203,132	9,203,132	1	9,203,132	1	3.67%
TexPool Prime LGIP	AAAm	3.80%	04/01/26	03/31/26	8,136,898	8,136,898	1	8,136,898	1	3.80%
Texas CLASS Prime LGIP	AAAm	3.78%	04/01/26	03/31/26	16,947,689	16,947,689	1	16,947,689	1	3.78%
					\$ 35,148,442	\$ 35,148,442		\$ 35,148,442	1	3.69%
									(1)	(2)

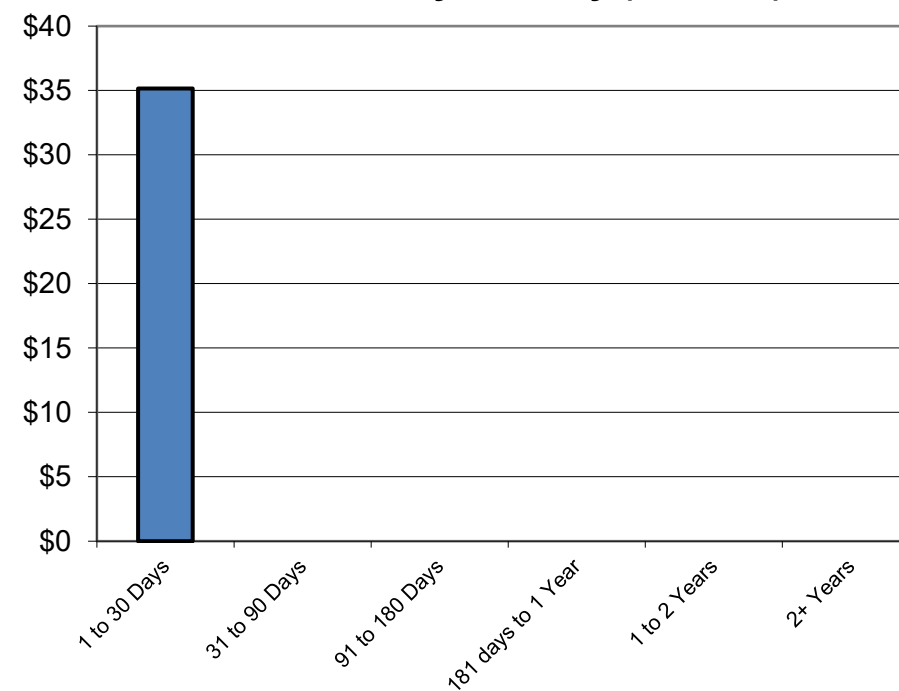
(1) Weighted average life - For purposes of calculating weighted average life, bank accounts, pools and money market funds are assumed to have an one day maturity.

(2) Weighted average yield to maturity - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank accounts, pools and money market funds.

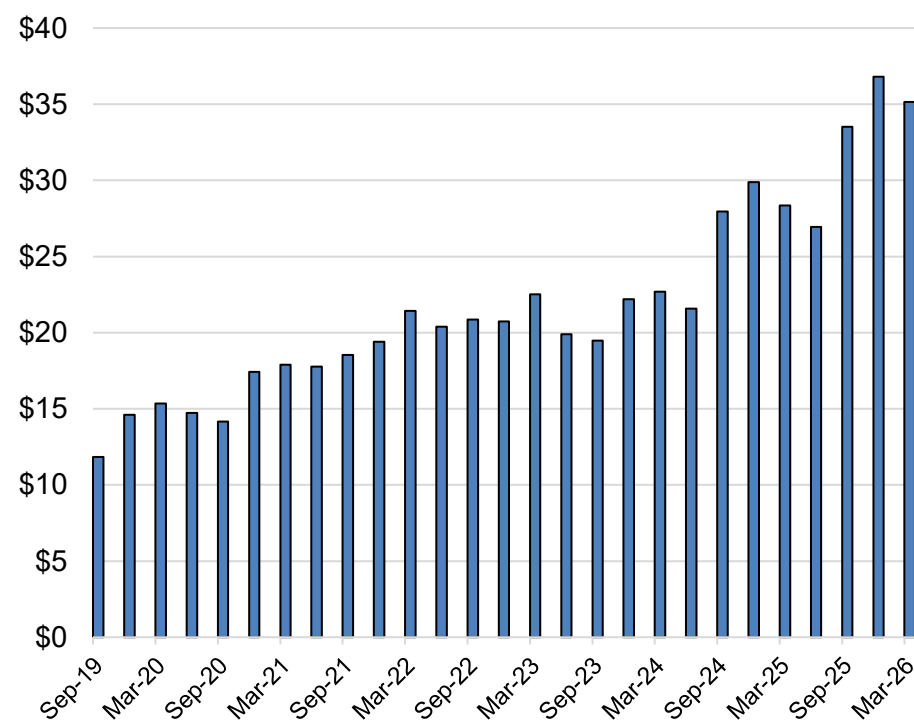
Portfolio Composition



Distribution by Maturity (Millions)



Total Portfolio (Millions)



Book & Market Value Comparison



Issuer/Description	Yield	Maturity Date	Book Value 12/31/25	Increases	Decreases	Book Value 03/31/26	Market Value 12/31/25	Change in Market Value	Market Value 03/31/26
Frost Bank DDA	1.17%		\$ 1,058,419	\$ —	\$ (197,695)	\$ 860,724	\$ 1,058,419	\$ (197,695)	\$ 860,724
TexPool LGIP	3.67%		10,507,453	—	(1,304,321)	9,203,132	10,507,453	(1,304,321)	9,203,132
TexPool Prime LGIP	3.80%		5,305,388	2,831,510	—	8,136,898	5,305,388	2,831,510	8,136,898
Texas CLASS Prime LGIP	3.78%		19,937,880	—	(2,990,191)	16,947,689	19,937,880	(2,990,191)	16,947,689
TOTAL / AVERAGE	3.69%		\$ 36,809,139	\$ 2,831,510	\$ (4,492,206)	\$ 35,148,442	\$ 36,809,139	\$ (1,660,697)	\$ 35,148,442

**Allocation
March 31, 2026**

Book & Market Value	Total	Operating Fund	General Fund	Utility Fund	Water Capital Fund	Sewer Capital Fund	Debt Service Fund	Projects Fund
Frost Bank DDA \$	860,724	\$ 860,724	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
TexPool LGIP	9,203,132	—	63,708	40,374	8,416,757	663,232	19,061	—
TexPool Prime LGIP	8,136,898	—	4,785,873	172,523	—	—	—	3,178,502
Texas CLASS Prime LGIP	16,947,689	—	8,887,878	8,059,811	—	—	—	—
Total	\$ 35,148,442	\$ 860,724	\$ 13,737,459	\$ 8,272,707	\$ 8,416,757	\$ 663,232	\$ 19,061	\$ 3,178,502

**Allocation
December 31, 2025**

Book & Market Value	Total	Operating Fund	General Fund	Utility Fund	Water Capital	Sewer Capital	Debt Service Fund	Projects Fund
Frost Bank DDA \$	1,058,419	\$ 1,058,419	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
TexPool LGIP	10,507,453	—	63,132	40,009	9,730,107	657,237	16,967	—
TexPool Prime LGIP	5,305,388	—	5,134,484	170,904	—	—	—	—
Texas CLASS Prime LGIP	19,937,880	—	8,804,759	7,984,436	—	—	—	3,148,685
Total	\$ 36,809,139	\$ 1,058,419	\$ 14,002,375	\$ 8,195,349	\$ 9,730,107	\$ 657,237	\$ 16,967	\$ 3,148,685



Quarterly Financial Report

**For the period ended
March 31, 2026**

Prepared by
Finance Department

City of Fair Oaks Ranch
General Fund
Statement of Revenues & Expenditures
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Beginning Fund Balance	7,668,789	8,665,654	8,665,654	8,665,654	
<u>Revenue</u>					
Taxes	8,702,507	9,106,213	7,645,802	9,370,899	264,686
Franchise Fees	793,093	766,780	240,058	808,780	42,000
Permits	202,997	144,200	83,185	144,060	(140)
Fines & Fees	122,568	175,000	51,952	105,000	(70,000)
Fees & Services	395,322	379,388	196,444	385,556	6,168
Interest Earnings	541,869	450,000	254,985	465,000	15,000
Grants & Contributions	327,407	78,600	14,876	78,600	-
Other Revenues	384,982	142,900	69,114	148,128	5,228
Transfers from other funds	50,700	143,135	133,582	143,135	-
Total Revenue	11,521,446	11,386,216	8,689,998	11,649,158	262,942
<u>Expenditures</u>					
Personnel	5,781,791	6,308,287	3,109,719	6,418,758	(110,471)
Supplies, Maintenance & Operations	1,185,424	1,365,317	242,401	1,341,071	24,246
Services	1,857,503	2,742,510	1,037,734	2,694,309	48,201
Shared Services	228,212	297,671	156,097	250,171	47,500
Capital Outlay	705,014	283,581	271,987	279,508	4,073
Transfers to other funds	766,634	523,217	523,217	523,217	-
Total Expenditures	10,524,578	11,520,582	5,341,155	11,507,033	13,550
Revenue over/(under) Expenditures	996,867	(134,366)	3,348,843	142,124	276,491
Ending Fund Balance	8,665,656	8,531,288	12,014,497	8,807,779	

City of Fair Oaks Ranch
General Fund
Fund Balance Detail
For the period ended March 31, 2026

	<u>Actual</u> <u>9/30/2025</u>	<u>Projected</u> <u>FY 2025-26</u>	<u>Projected</u> <u>9/30/2026</u>
<u>Non-spendable</u>	133,420	-	133,420
<u>Restricted</u>			
Court Technology	18,393	(5,500)	12,893
Court Security Building	17,821	(7,000)	10,821
Court Efficiency	-	-	-
Court Truancy Prevention Fund	-	-	-
Municipal Court Jury Fund	-	-	-
Felony Forfeiture	48,553	(21,600)	26,953
LEOSE Funds	24,427	(5,872)	18,556
PEG Fees	4,319	-	4,319
Total Restricted	<u>113,513</u>	<u>(39,972)</u>	<u>73,541</u>
<u>Committed</u>	-	-	-
<u>Assigned</u>			
Tree Mitigation	154,936	(48,227)	106,709
Emergency Reserve	4,688,119	(1,100,000)	3,588,119 ¹
Budget Stabilization Reserve	-	1,800,000	1,800,000 ²
Total Assigned	<u>4,843,055</u>	<u>651,773</u>	<u>5,494,828</u>
<u>Unassigned</u>			
Total Unassigned	3,575,667	(469,677)	3,105,990
General Fund Balances	<u><u>8,665,654</u></u>	<u><u>142,124</u></u>	<u><u>8,807,779</u></u>

¹ Emergency Reserve equals four (4) months of operating expenditures.

² Budget Stabilization reserve equals two (2) months of operating expenditures.

City of Fair Oaks Ranch
General Fund
Statement of Revenues
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Taxes					
General Property	6,674,068	7,140,941	6,836,115	7,204,742	63,801
Delinquent Property	66,251	30,000	34,471	50,000	20,000
Penalty & Interest	32,242	25,000	10,854	25,000	-
Mixed Beverage	36,703	25,000	15,450	30,000	5,000
Local Sales	1,262,162	1,256,848	499,275	1,374,104	117,256
Street Maintenance	315,541	314,212	124,819	343,526	29,314
Property Reduction	315,541	314,212	124,819	343,526	29,314
Total Taxes	8,702,507	9,106,213	7,645,802	9,370,899	264,686
Franchise Fees					
Time Warner Cable	56,251	60,900	12,778	60,900	-
GVTC Cable/Telephone	57,655	60,000	14,384	60,000	-
AT&T Cable/Television	2,048	1,540	1,780	5,540	4,000
Miscellaneous Telecom	302	340	64	340	-
City Public Service	460,099	470,000	139,967	470,000	-
Pedernales Electric	114,891	115,000	25,002	115,000	-
Grey Forest Utility	29,376	25,000	8,249	25,000	-
Garbage	72,471	34,000	37,836	72,000	38,000
Recycling	-	-	-	-	-
Total Franchise Fees	793,093	766,780	240,058	808,780	42,000
Interest Earnings					
Bank/Investment Interest	541,869	450,000	254,985	465,000	15,000
Total Interest Earnings	541,869	450,000	254,985	465,000	15,000
Permits					
New Residential	91,851	60,000	41,199	60,000	-
New Commercial	5,326	1,000	-	700	(300)
Remodeling/Additions	47,246	30,000	14,574	30,000	-
Other	43,673	40,000	18,228	40,000	-
Contacto Registration	10,505	9,000	4,950	9,000	-
Food/Health	4,395	4,200	4,235	4,360	160
Total Permits	202,997	144,200	83,185	144,060	(140)
Fines & Fees					
Municipal Court Fines	117,071	175,000	51,952	105,000	(70,000) ¹
Municipal Court Security	3,011	-	-	-	-
Municipal Court Technology	2,486	-	-	-	-
Municipal Court Efficiency	-	-	-	-	-
Municipal Court Truancy Prevention	-	-	-	-	-
Municipal Court Jury	-	-	-	-	-
Total Fines & Fees	122,568	175,000	51,952	105,000	(70,000)

City of Fair Oaks Ranch
General Fund
Statement of Revenues
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Fees & Services					
FORU Management Fee	295,847	302,743	147,360	304,684	1,941
Special Fees	60,743	35,000	8,016	35,000	-
FORMDD Management Fee	30,150	30,150	31,650	31,650	1,500
Tree Mitigation Fees	-	-	5,727	5,727	5,727
Credit Card Service Fee	6,522	10,000	3,130	7,000	(3,000)
Pet Licenses	1,380	1,000	201	750	(250)
Pet Impound	681	495	360	745	250
Total Fees & Services	395,322	379,388	196,444	385,556	6,168
Other					
Miscellaneous	158,749	127,500	59,720	127,500	-
City Event Sponsorship	-	-	-	-	-
Sale of Assets	52,185	-	-	3,000	3,000
School Guard Crossing Fund	15,447	13,500	5,266	13,500	-
LEOSE Proceeds	4,189	1,900	4,128	4,128	2,228
Police Seized Proceeds	8,798	-	-	-	-
Other Sources - SBITA's	145,616	-	-	-	-
Other Sources - Leases	-	-	-	-	-
Total Other	384,982	142,900	69,114	148,128	5,228
Grants & Contributions					
Donations/Grants	327,407	78,600	14,876	78,600	-
Total Grants & Contributions	327,407	78,600	14,876	78,600	-
Transfers					
Transfer from ERF	50,700	143,135	133,582	143,135	-
Total Transfers	50,700	143,135	133,582	143,135	-
Total Revenue	11,521,446	11,386,216	8,689,998	11,649,158	262,942

¹ Decrease in citations issued and court cases cleared.

General Fund Expenditures by Department
Mayor & Council
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Personnel					
Salaries	-	-	-	-	-
Overtime	-	-	-	-	-
Taxes - Social Security	-	-	-	-	-
Taxes - Medicare	-	-	-	-	-
Taxes SUTA/FUTA	-	-	-	-	-
Workers' Compensation Insurance	-	-	-	-	-
Retirement	-	-	-	-	-
Health Insurance	-	-	-	-	-
Uniform Allowance	-	-	-	-	-
Allowance for Vacancies	-	-	-	-	-
Total Personnel	-	-	-	-	-
Supplies, Maintenance & Operations					
Supplies and Consumables	-	-	-	-	-
Minor Equipment and Furniture	-	-	-	-	-
Fuel	-	-	-	-	-
Uniforms	593	350	-	350	-
Committee - Branding	-	500	52	200	300
Committee - Planning & Zoning	-	500	29	250	250
Committee - Board of Adj	-	500	29	250	250
Committee - Audit	-	500	-	250	250
Committee - TSAC	266	500	29	250	250
Committee - Urban Wildlife	-	500	-	250	250
Donations & Grants	-	-	-	-	-
Total Supplies, Maintenance & Operations	859	3,350	139	1,800	1,550
Services					
Professional Services	-	-	-	-	-
Dues/Subscriptions	3,280	3,300	3,059	3,300	-
Training/Seminars & Related Travel	770	7,000	-	2,000	5,000
Meetings and Related Travel	4,743	5,800	2,273	5,800	-
Public Relations	411	5,250	-	2,750	2,500
Employee Appreciation	-	-	-	-	-
Recording/Reporting/History	-	-	-	-	-
Total Services	9,205	21,350	5,332	13,850	7,500
Total Mayor & Council	10,063	24,700	5,470	15,650	9,050

General Fund Expenditures by Department
Administration
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Personnel					
Salaries	437,101	470,708	222,843	480,913	(10,205)
Overtime	4	124	-	124	-
Taxes - Social Security	26,198	27,752	12,266	27,090	662
Taxes - Medicare	6,398	6,827	3,177	6,644	183
Taxes SUTA/FUTA	214	214	-	214	-
Workers' Compensation Insurance	853	942	913	913	29
Retirement	55,768	59,866	29,869	60,671	(805)
Health Insurance	34,767	42,007	18,083	40,100	1,907
Car Allowance	7,200	7,200	3,600	7,200	-
Allowance for Vacancies	-	(6,000)	-	-	(6,000)
Total Personnel	568,502	609,640	290,750	623,868	(14,228)
Supplies, Maintenance & Operations					
Supplies and Consumables	302	650	874	1,000	(350)
Minor Equipment and Furniture	197	1,200	432	850	350
Fuel	116	150	-	150	-
Uniforms	382	260	-	260	-
Total Supplies, Maintenance & Operations	998	2,260	1,306	2,260	-
Services					
Professional Services	137,378	105,000	28,303	95,000	10,000
Dues/Subscriptions	4,562	5,337	3,177	5,337	-
Training/Seminars & Related Travel	2,650	16,050	1,558	12,050	4,000
Meetings and Related Travel	1,818	5,615	701	5,615	-
Employee Appreciation	-	300	-	300	-
Tech/Internet/Software	-	774	128	514	260
Total Services	146,408	133,076	33,868	118,816	14,260
Capital Outlay					
Furniture, Equipment & Vehicles	-	-	-	-	-
Total Capital Outlay Costs	-	-	-	-	-
Total Administration	715,908	744,976	325,924	744,944	32

General Fund Expenditures by Department
City Secretary
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Personnel					
Salaries	169,457	175,879	85,094	181,925	(6,046)
Overtime	-	-	-	-	-
Taxes - Social Security	10,316	10,904	4,954	10,411	493
Taxes - Medicare	2,412	2,550	1,159	2,435	115
Taxes SUTA/FUTA	126	126	-	126	-
Workers' Compensation Insurance	315	352	341	341	11
Retirement	21,449	22,363	11,523	23,081	(718)
Health Insurance	17,961	22,268	10,516	21,050	1,218
Total Personnel	<u>222,036</u>	<u>234,442</u>	<u>113,587</u>	<u>239,368</u>	<u>(4,926)</u>
Supplies, Maintenance & Operations					
Supplies and Consumables	659	850	215	850	-
Minor Equipment and Furniture	446	200	-	200	-
Fuel	-	-	-	-	-
Uniforms	124	100	-	100	-
Total Supplies, Maintenance & Operations	<u>1,229</u>	<u>1,150</u>	<u>215</u>	<u>1,150</u>	<u>-</u>
Services					
Professional Services	6,648	21,538	13,242	21,538	-
Dues/Subscriptions	803	1,060	1,016	1,060	-
Training/Seminars & Related Travel	7,210	8,485	4,317	8,485	-
Meetings and Related Travel	276	1,548	36	1,548	-
Elections	16,456	32,000	-	32,000	-
Employee Appreciation	30	100	-	100	-
Recording/Reporting/History	8,681	10,000	1,335	9,000	1,000
Tech/Internet/Software	11,613	13,300	11,754	13,300	-
Total Services	<u>51,716</u>	<u>88,031</u>	<u>31,699</u>	<u>87,031</u>	<u>1,000</u>
Capital Outlay					
Furniture, Equipment & Vehicles	-	-	-	-	-
Total Capital Outlay Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total City Secretary	274,981	323,623	145,501	327,549	(3,926)

General Fund Expenditures by Department
Human Resources
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Personnel					
Salaries	137,087	104,615	49,139	103,919	696
Overtime	-	-	-	-	-
Taxes - Social Security	8,428	6,486	2,911	5,976	510
Taxes - Medicare	1,971	1,517	681	1,398	119
Taxes SUTA/FUTA	95	63	-	63	-
Workers' Compensation Insurance	256	209	206	206	3
Retirement	17,410	13,302	6,621	13,159	143
Health Insurance	9,920	6,636	3,135	6,277	359
Total Personnel	175,167	132,828	62,693	130,998	1,830
Supplies, Maintenance & Operations					
Supplies and Consumables	989	1,550	816	1,550	-
Minor Equipment and Furniture	8,650	1,200	83	1,200	-
Fuel	-	-	-	-	-
Uniforms	102	100	-	100	-
Total Supplies, Maintenance & Operations	9,741	2,850	898	2,850	-
Services					
Professional Services	1,858	7,675	1,676	7,675	-
Dues/Subscriptions	2,102	1,454	662	1,454	-
Training/Seminars & Related Travel	4,927	7,300	899	7,300	-
Meetings and Related Travel	866	1,050	154	550	500
Public Relations	11,379	-	-	-	-
Employee Appreciation	11,285	11,855	5,089	11,855	-
Employment Costs	10,446	2,675	2,230	3,675	(1,000)
Recording/Reporting/History	-	-	-	-	-
Tech/Internet/Software	18,391	4,630	4,207	6,434	(1,804)
Total Services Costs	61,254	36,639	14,917	38,943	(2,304)
Capital Outlay					
Furniture, Equipment & Vehicles	-	-	-	-	-
Total Capital Outlay Costs	-	-	-	-	-
Total Human Resources	246,162	172,317	78,508	172,790	(473)

General Fund Expenditures by Department
Communications
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Personnel					
Salaries	-	38,011	18,264	38,755	(744)
Overtime	-	-	-	-	-
Taxes - Social Security	-	2,357	1,126	2,317	40
Taxes - Medicare	-	551	263	542	9
Taxes SUTA/FUTA	-	32	-	32	-
Workers' Compensation Insurance	-	76	70	70	6
Retirement	-	4,833	2,462	4,907	(74)
Health Insurance	-	4,314	2,076	4,129	185
Total Personnel	-	50,174	24,261	50,752	(578)
Supplies, Maintenance & Operations					
Supplies and Consumables	-	200	-	200	-
Minor Equipment and Furniture	-	300	-	300	-
Fuel	-	-	-	-	-
Uniforms	-	50	-	50	-
Total Supplies, Maintenance & Operations	-	550	-	550	-
Services					
Professional Services	-	-	170	170	(170)
Dues/Subscriptions	-	5,135	3,277	5,135	-
Training/Seminars & Related Travel	-	4,150	-	4,150	-
Meetings and Related Travel	-	-	-	-	-
Public Relations	-	1,300	-	1,130	170
Employee Appreciation	-	50	-	50	-
Tech/Internet/Software	-	18,798	16,731	18,798	-
Total Services Costs	-	29,433	20,178	29,433	-
Capital Outlay					
Furniture, Equipment & Vehicles	-	-	-	-	-
Total Capital Outlay Costs	-	-	-	-	-
Total Communications	-	80,157	44,439	80,735	(578)

General Fund Expenditures by Department
Finance
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Personnel					
Salaries	218,448	227,162	109,654	232,304	(5,142)
Overtime	-	166	-	166	-
Taxes - Social Security	13,164	14,094	6,446	13,276	818
Taxes - Medicare	3,079	3,296	1,508	3,105	191
Taxes SUTA/FUTA	158	158	-	158	-
Workers' Compensation Insurance	408	455	441	441	14
Retirement	27,750	28,905	14,795	29,434	(529)
Health Insurance	31,117	32,471	16,065	31,013	1,458
Total Personnel	<u>294,125</u>	<u>306,707</u>	<u>148,909</u>	<u>309,896</u>	<u>(3,189)</u>
Supplies, Maintenance & Operations					
Supplies and Consumables	1,101	1,300	520	1,300	-
Minor Equipment and Furniture	268	500	-	500	-
Fuel	-	-	-	-	-
Uniforms	74	250	-	250	-
Total Supplies, Maintenance & Operations	<u>1,443</u>	<u>2,050</u>	<u>520</u>	<u>2,050</u>	<u>-</u>
Services					
Professional Services	102,087	102,210	72,940	102,210	-
Dues/Subscriptions	536	615	226	615	-
Training/Seminars & Related Travel	3,885	5,100	1,558	3,600	1,500
Meetings and Related Travel	133	400	190	400	-
Employee Appreciation	221	250	-	250	-
Tech/Internet/Software	8,820	11,648	12,759	13,023	(1,375)
Total Services	<u>115,682</u>	<u>120,223</u>	<u>87,672</u>	<u>120,098</u>	<u>125</u>
Capital Outlay					
Furniture, Equipment & Vehicles	-	-	-	-	-
Total Capital Outlay Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Finance	411,250	428,980	237,101	432,044	(3,064)

General Fund Expenditures by Department
Information Technology
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Personnel					
Salaries	95,194	98,506	40,105	105,530	(7,024)
Taxes - Social Security	5,719	6,107	2,434	6,192	(85)
Taxes - Medicare	1,338	1,428	569	1,401	27
Taxes SUTA/FUTA	63	63	29	63	-
Workers' Compensation Insurance	179	197	191	191	6
Retirement	12,017	12,525	5,525	13,316	(791)
Health Insurance	10,209	10,584	4,838	9,004	1,580
Total Personnel	124,719	129,410	53,691	135,697	(6,287)
Supplies, Maintenance & Operations					
Supplies and Consumables	335	200	36	200	-
Minor Equipment and Furniture	242	200	73	200	-
Uniforms	120	100	-	100	-
Total Supplies, Maintenance & Operations	697	500	109	500	-
Services					
Professional Services	71,649	2,000	55	2,000	-
Dues/Subscriptions	278	430	(29)	430	-
Training/Seminars & Related Travel	2,343	6,250	11	5,500	750
Meetings and Related Travel	206	350	11	350	-
Employee Appreciation	85	100	-	100	-
Tech/Internet/Software	157,141	230,560	161,653	230,560	-
Total Services	231,702	239,690	161,701	238,940	750
Shared Services					
Facility Contracts & Services	940	18,991	9,531	18,991	-
Phone/Cable/Alarms	32,010	46,531	18,988	46,531	-
Total Shared Services	32,951	65,522	28,520	65,522	-
Capital Outlay					
Furniture, Equipment & Vehicles	251,267	58,362	57,278	57,278	1,084
Lease Principal	14,444	-	-	-	-
Lease Interest	1,489	-	-	-	-
SBITA Principal	69,570	-	-	-	-
SBITA Interest	8,009	-	-	-	-
Total Capital Outlay	344,778	58,362	57,278	57,278	1,084
Total Information Technology	734,847	493,484	301,298	497,937	(4,453)

General Fund Expenditures by Department
Municipal Court
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Personnel					
Salaries	114,267	118,960	61,863	130,624	(11,664)
Overtime	29	368	-	368	-
Taxes - Social Security	6,506	7,398	3,449	7,078	320
Taxes - Medicare	1,522	1,730	807	1,655	75
Taxes SUTA/FUTA	126	126	-	126	-
Workers' Compensation Insurance	212	238	230	230	8
Retirement	14,479	15,173	8,334	16,541	(1,368)
Health Insurance	27,202	29,198	14,207	28,705	493
Total Personnel	164,343	173,191	88,890	185,328	(12,137)
Supplies, Maintenance & Operations					
Supplies and Consumables	1,593	1,700	922	1,700	-
Minor Equipment and Furniture	4,637	200	30	200	-
Fuel	-	-	-	-	-
Uniforms	121	150	-	150	-
Court Technology	5,800	5,500	151	5,500	-
Court Security Building	2,722	7,000	-	7,000	-
Local Youth Diversion Fund	-	-	-	-	-
Total Supplies, Maintenance & Operations	14,873	14,550	1,103	14,550	-
Services					
Professional Services	58,284	66,740	28,515	56,740	10,000
Dues/Subscriptions	397	400	151	400	-
Training/Seminars & Related Travel	6,215	9,250	2,714	9,250	-
Meetings and Related Travel	40	300	-	300	-
Employee Appreciation	99	100	-	100	-
Tech/Internet/Software	-	-	-	-	-
Total Services	65,036	76,790	31,379	66,790	10,000
Capital Outlay					
Furniture, Equipment & Vehicles	-	-	-	-	-
Total Capital Outlay	-	-	-	-	-
Total Municipal Court	244,252	264,531	121,372	266,668	(2,137)

General Fund Expenditures by Department
Public Safety
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Personnel					
Salaries	2,002,263	2,389,067	1,097,210	2,246,091	142,976
Overtime	55,153	36,532	19,795	45,734	(9,202)
Taxes - Social Security	130,851	150,387	68,355	135,260	15,127
Taxes - Medicare	30,603	35,171	15,986	31,633	3,538
Taxes SUTA/FUTA	1,851	1,890	153	1,890	-
Workers' Compensation Insurance	48,392	52,911	51,280	51,280	1,631
Retirement	255,295	308,431	149,983	288,648	19,783
Health Insurance	208,499	266,886	113,011	240,826	26,060
Uniform Allowance	19,500	-	-	-	-
Relocation Allowance	14,839	-	-	-	-
Allowance for Vacancies	-	(194,190)	-	-	(194,190)
Project Allocation	(2,722)	-	-	(4,500)	4,500
Total Personnel	2,764,524	3,047,085	1,515,773	3,036,862	10,223
Supplies, Maintenance & Operations					
Supplies and Consumables	5,896	3,500	3,578	4,200	(700)
Minor Equipment and Furniture	39,153	38,445	17,840	38,445	-
Fuel	44,434	43,000	20,393	40,000	3,000
Uniforms	21,076	43,500	5,732	43,500	-
Vehicle Maintenance/Repairs	17,001	20,880	11,752	20,880	-
Total Supplies, Maintenance & Operations	127,561	149,325	59,295	147,025	2,300
Services					
Professional Services	937,190	1,619,455	494,867	1,540,455	79,000
Dues/Subscriptions	3,718	4,325	4,544	4,545	(220)
Training/Seminars & Related Travel	15,086	23,300	14,268	23,300	-
Meetings and Related Travel	167	500	22	500	-
Investigations	4,621	7,500	1,429	7,500	-
Lease Training	-	10,000	1,704	10,000	-
Asset Forfeiture	3,519	21,600	13,500	21,600	-
Public Relations	7,427	8,200	2,736	8,200	-
Employee Appreciation	2,356	2,000	322	2,000	-
Tech/Internet/Software	46,558	54,208	16,840	124,208	(70,000)
Total Services	1,020,641	1,751,088	550,232	1,742,308	8,780
Capital Outlay					
Furniture, Equipment & Vehicles	121,500	106,396	102,321	106,396	-
Lease Principal	8,751	-	-	-	-
Lease Interest	431	-	-	-	-
Total Capital Outlay	130,682	106,396	102,321	106,396	-
Total Public Safety	4,043,408	5,053,894	2,227,621	5,032,591	21,303

General Fund Expenditures by Department

Maintenance

For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Personnel					
Salaries	479,497	604,537	258,400	592,559	11,978
Overtime	9,030	6,541	8,351	11,351	(4,810)
Taxes - Social Security	30,239	37,887	15,640	34,351	3,536
Taxes - Medicare	7,072	8,861	3,658	8,034	827
Taxes SUTA/FUTA	1,034	756	-	756	-
Workers' Compensation Insurance	15,945	17,484	16,943	16,943	541
Retirement	61,737	77,699	35,859	76,101	1,598
Health Insurance	76,165	97,800	52,830	107,230	(9,430)
Allowance for Vacancies	-	(49,500)	-	-	(49,500)
Project Allocation	(527)	-	(542)	(542)	542
Total Personnel	680,192	802,065	391,138	846,782	(44,717)
Supplies, Maintenance & Operations					
Supplies and Consumables	7,895	8,250	5,458	8,250	-
Minor Equipment and Furniture	18,141	13,950	4,733	13,950	-
Fuel	18,840	15,500	5,658	12,500	3,000
Uniforms	8,641	8,350	5,502	8,350	-
Vehicle Maintenance/Repairs	14,475	18,000	4,556	18,000	-
Equipment Maintenance/Repairs	19,619	17,500	13,629	17,500	-
Building Maintenance/Repairs	30,989	32,343	16,630	32,343	-
Landscaping & Greenspace Maintenance	12,458	5,500	681	5,500	-
Street Maintenance	20,775	45,000	7,396	40,000	5,000
Drainage Work	12,947	20,000	2,632	10,000	10,000
Total Supplies, Maintenance & Operations	164,779	184,393	66,876	166,393	18,000
Services					
Professional Services	584	28,644	6,774	18,644	10,000
Dues/Subscriptions	405	932	672	932	-
Training/Seminars & Related Travel	2,490	15,125	8,791	15,125	-
Meetings and Related Travel	194	400	338	400	-
Employee Appreciation	472	600	264	600	-
Tech/Internet/Software	9,044	25,061	7,068	25,061	-
Total Services	13,189	70,762	23,907	60,762	10,000
Capital Outlay					
Furniture, Equipment & Vehicles	229,086	79,688	74,935	78,380	1,308
Total Capital Outlay	229,086	79,688	74,935	78,380	1,308
Total Maintenance	1,087,247	1,136,908	556,856	1,152,317	(15,409)

General Fund Expenditures by Department
Building Codes
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Personnel					
Salaries	240,625	249,773	121,820	245,070	4,703
Overtime	-	469	-	469	-
Taxes - Social Security	14,948	15,515	7,362	14,373	1,142
Taxes - Medicare	3,496	3,629	1,722	3,362	267
Taxes SUTA/FUTA	252	252	-	252	-
Workers' Compensation Insurance	855	942	913	913	29
Retirement	30,506	31,818	16,351	30,939	879
Health Insurance	35,243	38,415	18,648	37,236	1,179
Total Personnel	<u>325,925</u>	<u>340,813</u>	<u>166,816</u>	<u>332,614</u>	<u>8,199</u>
Supplies, Maintenance & Operations					
Supplies and Consumables	382	675	18	675	-
Minor Equipment and Furniture	2,144	700	421	700	-
Fuel	4,009	5,175	1,467	3,175	2,000
Uniforms	731	770	150	770	-
Total Supplies, Maintenance & Operations	<u>7,267</u>	<u>7,320</u>	<u>2,056</u>	<u>5,320</u>	<u>2,000</u>
Services					
Professional Services	14,944	26,120	4,060	18,120	8,000
Dues/Subscriptions	405	515	1,244	1,375	(860)
Training/Seminars & Related Travel	5,664	6,200	1,613	4,900	1,300
Meetings and Related Travel	31	100	30	600	(500)
Employee Appreciation	126	200	-	200	-
Employment Costs	-	-	-	-	-
Recording/Reporting/History	-	-	-	-	-
Tech/Internet/Software	154	155	153	155	-
Total Services	<u>21,323</u>	<u>33,290</u>	<u>7,100</u>	<u>25,350</u>	<u>7,940</u>
Capital Outlay					
Furniture, Equipment & Vehicles	-	39,135	37,453	37,453	1,682
Total Capital Outlay	<u>-</u>	<u>39,135</u>	<u>37,453</u>	<u>37,453</u>	<u>1,682</u>
Total Building Codes	354,515	420,558	213,425	400,737	19,821

General Fund Expenditures by Department
Engineering and Planning
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Personnel					
Salaries	367,680	445,790	212,122	452,159	(6,369)
Overtime	846	1,302	1,288	2,238	(936)
Taxes - Social Security	22,561	27,720	12,883	26,562	1,158
Taxes - Medicare	5,277	6,483	3,013	6,212	271
Taxes SUTA/FUTA	309	328	-	328	-
Workers' Compensation Insurance	873	974	943	943	31
Retirement	46,369	56,848	28,854	57,622	(774)
Health Insurance	38,472	52,487	25,236	50,531	1,956
Project Allocation	(20,130)	(110,000)	(31,127)	(70,000)	(40,000)
Total Personnel	462,256	481,932	253,212	526,595	(44,663)
Supplies, Maintenance & Operations					
Supplies and Consumables	10,315	9,500	3,624	9,500	-
Minor Equipment and Furniture	4,825	1,350	488	1,350	-
Fuel	2,355	3,175	528	1,675	1,500
Uniforms	1,878	1,600	283	1,600	-
Street Maintenance	791,038	893,419	61,625	893,419	-
Oak Wilt Program	15,000	35,000	10,377	35,000	-
Tree and Landscaping Protection	21,639	13,000	4,399	13,000	-
City Approved Events	25	4,850	5,954	5,954	(1,104)
Total Supplies, Maintenance & Operations	847,076	961,894	87,277	961,498	396
Services					
Professional Services	99,066	70,000	31,785	76,000	(6,000)
Dues/Subscriptions	1,923	2,665	1,123	2,665	-
Training/Seminars & Related Travel	11,772	22,100	1,902	22,100	-
Meetings and Related Travel	259	600	332	600	-
Employee Appreciation	567	400	21	400	-
Employment Costs	-	-	-	-	-
Recording/Reporting/History	-	-	-	-	-
Tech/Internet/Software	7,761	13,177	13,174	13,177	-
Total Services	121,349	108,942	48,337	114,942	(6,000)
Capital Outlay					
Furniture, Equipment & Vehicles	-	-	-	-	-
Total Capital Outlay	-	-	-	-	-
Total Engineering and Planning	1,430,681	1,552,768	388,825	1,603,034	(50,266)

General Fund Expenditures by Department
Non-departmental
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Supplies, Maintenance & Operations					
Supplies and Consumables	5,657	7,400	2,143	7,400	-
Miscellaneous	-	-	-	-	-
Building Maintenance/Repairs	3,245	27,225	20,228	27,225	-
Emergency Response	-	500	236	500	-
Total Supplies, Maintenance & Operations	8,902	35,125	22,608	35,125	-
Services					
Public Relations and Events	-	33,196	21,412	37,046	(3,850)
Total Services	-	33,196	21,412	37,046	(3,850)
Shared Services					
Facility Contracts & Services	61,989	83,939	8,642	33,939	50,000
Tech/Internet/Software Maintenance	-	-	-	-	-
Postage	2,130	4,125	1,160	2,625	1,500
General Liability Insurance	90,235	100,085	97,294	100,085	-
Electricity	40,908	44,000	20,481	48,000	(4,000)
Phone/Cable/Alarms	-	-	-	-	-
Total Shared Services	195,262	232,149	127,578	184,649	47,500
Transfers & Non-Cash Adjustments					
Transfer to Cap Improv Fund 02	370,000	163,717	163,717	163,717	-
Transfer to GF Veh/Equip Fund 31	373,138	359,500	359,500	359,500	-
Transfer to Other Funds	23,496	-	-	-	-
Total Transfers & Non-Cash Adjustments	766,634	523,217	523,217	523,217	-
Total Non-departmental	971,265	823,687	694,814	780,037	43,650

City of Fair Oaks Ranch
Strategic and Capital Projects Fund
Statement of Revenues and Expenditures
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Beginning Fund Balance	2,297,490	1,089,978	1,089,978	1,089,978	
Revenue					
Transfer from General Fund	370,000	163,717	163,717	163,717	-
Total Revenue	<u>370,000</u>	<u>163,717</u>	<u>163,717</u>	<u>163,717</u>	<u>-</u>
Reliable & Sustainable Infrastructure					
Community Center	58,958	-	-	-	-
City Hall Renovation	49,094	-	-	-	-
City Facilities Plan	-	100,000	-	100,000	-
Rolling Acres Trail Project #5	167,848	-	-	-	-
Tivoli Way Project #34	755,028	-	-	-	-
Dietz Elkhorn Reconstruction	170,615	61,811	20,746	61,811	-
Dietz Elkhorn Sidewalk	7,369	-	-	-	-
Old Fredericksburg Rd Project	-	205,882	-	205,882	-
Chartwell Lane Project #35	4,604	59,988	-	159,988	(100,000)
Rolling Acres Trail Project #2	125	229,715	-	-	229,715
Rolling Acres Trail Project #4	2,380	162,460	4,350	4,350	158,110
Vestal Park Culvert Project #42	6,952	-	-	-	-
Front Gate Left Turn Lane	-	90,000	1,960	90,000	-
Total Reliable & Sustainable Infrastructure	<u>1,222,973</u>	<u>909,856</u>	<u>27,056</u>	<u>622,031</u>	<u>287,825</u>
Public Health, Safety and Welfare					
Fire & EMS Services Program Review	-	-	-	-	-
Fire Station #3 Upgrades	40,034	200,000	-	40,000	160,000
Total Public Health, Safety and Welfare	<u>40,034</u>	<u>200,000</u>	<u>-</u>	<u>40,000</u>	<u>160,000</u>
Operational Excellence					
Compensation & Benefit Plan Study	27,150	7,850	-	7,850	-
Employee Handbook	5,189	-	-	-	-
Comms Plan / Gateway Monument	207,170	-	-	-	-
3rd Party Scanning	65	39,935	6,711	39,935	-
IT Master Plan	74,931	-	(11,919)	(11,919)	11,919
Strategic Planning	-	35,000	33,559	35,000	-
Total Operational Excellence	<u>314,505</u>	<u>82,785</u>	<u>28,352</u>	<u>70,866</u>	<u>11,919</u>
Total Expenditures	1,577,512	1,192,641	55,408	732,897	459,744
Ending Fund Balance	1,089,978	61,054	1,198,287	520,798	

City of Fair Oaks Ranch
Capital Replacement Fund
Statement of Revenues and Expenditures
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Beginning Fund Balance	1,220,166	1,542,604	1,542,604	1,542,604	
Transfers In					
Transfer from General Fund	373,138	359,500	359,500	359,500	-
Total Transfers In	<u>373,138</u>	<u>359,500</u>	<u>359,500</u>	<u>359,500</u>	<u>-</u>
Transfers Out					
Transfer to General Fund	50,700	143,135	133,582	143,135	-
Total Transfers Out	<u>50,700</u>	<u>143,135</u>	<u>133,582</u>	<u>143,135</u>	<u>-</u>
Total Transfers In/(Out)	322,438	216,365	225,919	216,365	
Ending Fund Balance	1,542,604	1,758,969	1,768,523	1,758,969	

City of Fair Oaks Ranch
Debt Service Fund
Statement of Revenues and Expenditures
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Beginning Fund Balance	104,949	33,681	33,681	33,681	
Revenue					
General Property - I&S	905,994	794,365	760,455	801,462	7,097
Delinquent Property - I&S	5,871	4,000	4,454	5,500	1,500
Penalty & Interest - I&S	3,645	2,500	1,236	2,500	-
Bank/Investment Interest	6,213	7,500	3,108	10,000	2,500
Total Revenue	<u>921,724</u>	<u>808,365</u>	<u>769,253</u>	<u>819,462</u>	<u>11,097</u>
Expenditures					
Bond Principal	785,000	600,000	600,000	600,000	-
Bond Interest Payable	207,392	198,450	103,663	198,450	-
Bond Agent Fees	600	-	400	800	(800)
Total Expenditures	<u>992,992</u>	<u>798,450</u>	<u>704,063</u>	<u>799,250</u>	<u>(800)</u>
Ending Fund Balance	33,681	43,596	98,872	53,893	

City of Fair Oaks Ranch
Bond Capital Project Fund
Statement of Revenues and Expenditures
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Beginning Fund Balance	3,596,650	3,162,586	3,162,586	3,162,586	
Revenue					
Bond Proceeds	-	-	-	-	-
Bond Premium	-	-	-	-	-
Bank/Investment Interest	152,901	120,000	59,101	120,000	-
Total Revenue	<u>152,901</u>	<u>120,000</u>	<u>59,101</u>	<u>120,000</u>	<u>-</u>
Expenditures					
Bond Issuance Costs	-	-	-	-	-
Dietz Elkhorn Construction	-	-	-	-	-
Rolling Acres Trail Construction	-	315,000	28,575	315,000	-
Ammann Road Construction	428,071	108,555	193,783	193,783	(85,228) ¹
Battle Intense Roadway	158,892	-	-	-	-
Total Expenditures	<u>586,964</u>	<u>423,555</u>	<u>222,358</u>	<u>508,783</u>	<u>(85,228)</u>
Ending Fund Balance	3,162,586	2,859,031	2,999,330	2,773,803	

¹ Project is advancing ahead of the original schedule, with design addenda contributing to current cost variances. A budget amendment appropriating additional CIP funds will be presented to City Council for consideration.

City of Fair Oaks Ranch
Court Security & Technology Fund
Statement of Revenues and Expenditures
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Beginning Fund Balance	-	2,044	2,044	2,044	
Revenue					
Court Security & Technology Fee	2,044	9,625	3,787	7,825	(1,800)
Bank/Investment Interest	-	-	79	125	125
Total Revenue	<u>2,044</u>	<u>9,625</u>	<u>3,866</u>	<u>7,950</u>	<u>(1,675)</u>
Expenditures					
Salaries	-	-	-	-	-
Minor Equipment	-	-	-	-	-
Tech/Internet/Software Maint.	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	2,044	11,669	5,911	9,994	

City of Fair Oaks Ranch
Court Efficiency Fund
Statement of Revenues and Expenditures
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Beginning Fund Balance	-	1,951	1,951	1,951	
Revenue					
Court Efficiency Fee	270	450	135	275	(175)
Bank/Investment Interest	-	-	39	80	80
Transfer from other funds	1,681	-	-	-	-
Total Revenue	1,951	450	174	355	(95)
Expenditures					
Supplies and Consumables	-	-	-	-	-
Minor Equipment	-	-	-	-	-
Professional Services	-	-	-	-	-
Tech/Internet/Software Maint.	-	-	-	-	-
Total Expenditures	-	-	-	-	-
Ending Fund Balance	1,951	2,401	2,125	2,306	

City of Fair Oaks Ranch
Court Youth Diversion Fund
Statement of Revenues and Expenditures
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Beginning Fund Balance	-	25,842	25,842	25,842	
Revenue					
Court Youth Diversion Fee	4,308	5,250	2,292	4,750	(500)
Bank/Investment Interest	-	-	485	1,000	1,000
Transfer from other funds	21,534	-	-	-	-
Total Revenue	25,842	5,250	2,777	5,750	500
Expenditures					
Salaries	-	-	-	-	-
Supplies and Consumables	-	4,000	2,371	4,000	-
Minor Equipment	-	-	-	-	-
Professional Services	-	-	-	-	-
Tech/Internet/Software Maint.	-	-	-	-	-
Total Expenditures	-	4,000	2,371	4,000	-
Ending Fund Balance	25,842	27,092	26,248	27,592	

City of Fair Oaks Ranch
Court Jury Fund
Statement of Revenues and Expenditures
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Beginning Fund Balance	-	364	364	364	
Revenue					
Court Jury Fee	83	150	42	75	(75)
Bank/Investment Interest	-	-	7	15	15
Transfer from other funds	281	-	-	-	-
Total Revenue	364	150	49	90	(60)
Expenditures					
Salaries	-	-	-	-	-
Supplies and Consumables	-	-	-	-	-
Minor Equipment	-	-	-	-	-
Professional Services	-	-	-	-	-
Tech/Internet/Software Maint.	-	-	-	-	-
Total Expenditures	-	-	-	-	-
Ending Fund Balance	364	514	413	454	

City of Fair Oaks Ranch
Combined Utilities
Statement of Revenues and Expenses
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Operating Revenues	7,751,238	8,073,276	3,793,546	8,094,420	21,144
Operating Expenses					
Personnel	2,167,467	2,124,525	1,074,035	2,178,630	(54,105)
Supplies, Maintenance & Operations	3,019,193	3,540,805	1,721,056	3,542,746	(1,941)
Services	446,647	436,402	279,771	436,402	-
Total Operating Expenses	5,633,307	6,101,732	3,074,863	6,157,778	(56,046)
Depreciation & Amortization	1,077,247	820,600	410,300	820,600	-
Operating Income after depreciation	1,040,684	1,150,944	308,384	1,116,043	(34,901)
Non-Operating Revenues (Expenses)					
Interest Income	561,211	400,000	342,892	550,000	150,000
Capital Outlay	(2,738,610)	(13,071,264)	(1,732,004)	(12,421,207)	650,057
Asset transfer for GAAP	2,738,610	13,071,264	-	12,421,207	(650,057)
Debt Service Costs	(407,451)	(156,973)	(242,658)	(472,424)	(315,451)
Utility transfers out	(4,325,824)	(8,653,853)	(8,226,241)	(8,653,853)	-
Utility transfers in	4,325,824	8,653,853	8,226,241	8,653,853	-
Total Non-Operating Revenues (Expenses)	153,760	243,027	(1,631,769)	77,576	(165,451)
Net Income/(Loss)	1,194,445	1,393,971	(1,323,386)	1,193,619	(200,352)

City of Fair Oaks Ranch
Combined Utilities
Net Position Detail
For the period ended March 31, 2026

	Actual	Projected	Projected
	9/30/2025	FY 2025-26	9/30/2026
Net Investment in Capital Assets	11,195,334	2,779,813	13,975,147
Restricted Net Position			
Water Impact Fees	-	-	-
Wastewater Impact Fees	-	-	-
Total Restricted	-	-	-
Unrestricted Net Position			
Water Capital	2,853,787	(2,671,251)	182,536
Wastewater Capital	1,602,298	(828,920)	773,378
Operating Reserve	2,056,904	1,688,555	3,745,459
Debt Service Reserve	1,358,684	107,120	1,465,804
Equipment Replacement Fund	726,832	118,302	845,134
Unassigned	-	-	-
Total Unrestricted	8,598,505	(1,586,193)	7,012,312
Total Net Position	19,793,839	1,193,619	20,987,458

City of Fair Oaks Ranch
Water Utility Summary ¹
Statement of Revenues and Expenses
For the period ended March 31, 2026

	FY 2025	FY 2026	FY 2026	FY 2026	12-Month Variance
	12-Month	Amended	6-Month	12-Month	Positive
	Actual	Budget	Actual	Projected	(Negative)
Water Operating Revenues	5,507,480	5,715,486	2,670,993	5,600,756	(114,730)
Water Operating Expenses					
Personnel	1,057,796	1,048,631	529,744	1,073,944	(25,313)
Supplies, Maintenance & Operations	2,486,002	2,840,257	1,305,421	2,834,345	5,912
Services	335,944	348,994	246,244	348,994	-
Total Water Operating Expenses	3,879,742	4,237,882	2,081,409	4,257,283	(19,401)
Depreciation & Amortization	686,740	550,000	275,000	550,000	-
Operating Income after depreciation	940,999	927,604	314,584	793,473	(134,131)
Water Non-Operating Revenues (Expenses)					
Interest Income	346,110	200,000	252,045	350,000	150,000
Capital Outlay	(2,207,166)	(10,166,995)	(1,618,839)	(10,166,995)	-
Asset Transfer for GAAP	2,207,166	10,166,995	-	10,166,995	-
Debt Service Costs	(286,543)	(103,927)	(158,831)	(308,970)	(205,043)
Transfers Out	(3,444,053)	(7,169,155)	(6,916,543)	(7,169,155)	-
Transfers In	3,364,383	7,086,504	6,833,892	7,086,504	-
Total Non-Operating Revenues (Expenses)	(20,104)	13,422	(1,608,276)	(41,621)	(55,043)
Water Net Income/(Loss)	920,895	941,026	(1,293,692)	751,851	(189,175)

¹ Water Utility Summary includes Water Operations Fund, Water Strategic & Capital Projects Fund, and Water Impact Fees Fund.

City of Fair Oaks Ranch
Water Utility Fund
Statement of Revenues and Expenses
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Water Operating Revenues					
Water Revenue Residential	3,807,987	3,910,769	1,857,788	3,910,769	-
Water Debt Service	935,221	938,914	470,132	938,914	-
Water Capital	104,659	105,155	52,543	105,155	-
Water Impact Fees	140,395	-	-	-	-
Water Revenue Commercial	147,865	180,094	90,018	180,094	-
Water Contract Commercial	177,354	177,354	59,118	59,124	(118,230)
Water Revenue Non Potable	37,211	74,000	14,737	74,000	-
Water Service Connect Fees	24,505	30,000	10,375	30,000	-
Water Penalties	36,081	48,000	15,696	48,000	-
Water-Bad Debts	(4,066)	(4,000)	(1,242)	(4,000)	-
Misc./Special Requests	3,982	500	-	500	-
Third Party Reimbursement	1,117	3,500	6,244	7,000	3,500
Permits/Variances	25	1,200	25	1,200	-
Credit Card Service Fee	61,995	50,000	33,196	50,000	-
Sale of Assets	33,151	-	-	-	-
Total Water Operating Revenues	<u>5,507,480</u>	<u>5,515,486</u>	<u>2,608,631</u>	<u>5,400,756</u>	<u>(114,730)</u>
Water Non-Operating Revenues					
Water Interest Income	<u>346,110</u>	<u>200,000</u>	<u>252,045</u>	<u>350,000</u>	<u>150,000</u>
Total Water Non-Operating Revenues	<u>346,110</u>	<u>200,000</u>	<u>252,045</u>	<u>350,000</u>	<u>150,000</u>

City of Fair Oaks Ranch
Water Utility Fund
Statement of Revenues and Expenses
For the period ended March 31, 2026

	FY 2025	FY 2026	FY 2026	FY 2026	12-Month Variance
	12-Month	Amended	6-Month	12-Month	Positive
	Actual	Budget	Actual	Projected	(Negative)
Operating Expenses					
Water Service Personnel	433,991	391,532	218,767	425,793	(34,261)
Administration Personnel	159,159	163,015	76,211	164,798	(1,783)
Human Resources Personnel	88,757	66,415	31,347	66,326	89
Finance Personnel	150,300	153,352	74,454	154,894	(1,542)
Information Technology Personnel	59,017	64,707	27,209	50,378	14,329
Engineering & Planning Personnel	166,573	184,522	89,626	186,379	(1,857)
Communications Personnel	-	25,088	12,130	25,376	(288)
Uniforms	5,806	6,718	2,698	6,718	-
Power	151,340	150,000	54,137	150,000	-
Maintenance of Plants/Lines	145,980	154,422	69,111	154,422	-
Analysis Fees	10,867	12,300	5,121	12,300	-
Chemicals	6,249	6,500	2,483	6,500	-
City Management Fee	206,676	217,111	101,810	211,199	5,912
Equipment Maintenance	13,722	16,400	951	16,400	-
Equipment Gas & Oil	16,870	15,000	8,542	15,000	-
GBRA Water Fees	1,575,572	1,800,325	773,975	1,800,325	-
Equipment Lease	-	300	-	300	-
Tools & Minor Equipment	8,696	12,950	3,420	12,950	-
Training	17,252	25,500	8,090	25,500	-
Utilities & Radio	26,384	36,750	18,417	36,750	-
Water Building Maintenance	3,653	9,900	2,702	9,900	-
Supplies & Consumables	4,468	3,700	1,982	3,700	-
Vehicle Maintenance/Repair	7,936	7,000	2,360	7,000	-
Utilities & Telephone	8,469	8,565	3,962	8,565	-
Dues & Publications	2,344	2,998	1,571	2,998	-
Water Professional Services	293,056	339,791	242,444	339,791	-
Permit & Licenses	8,903	8,936	8,543	8,936	-
General Liability Insurance	44,121	54,115	53,376	54,115	-
Office Supplies	3,552	4,084	664	4,084	-
Travel & Meetings	170	1,200	245	1,200	-
Software & Computer	135,496	214,950	144,577	214,950	-
Recording/Reporting	380	500	342	500	-
Postage	376	689	317	689	-
Building/Equip Maintenance	-	150	-	150	-
Conservation Ed & Newsletter	-	1,370	-	1,370	-
Billing Statement Charges	4,250	4,200	2,169	4,200	-
Billing Postage	12,559	11,000	6,154	11,000	-
Copier Lease	17	1,789	856	1,789	-

City of Fair Oaks Ranch
Water Utility Fund
Statement of Revenues and Expenses
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Public Relations	1,411	2,250	1,284	2,250	-
Employment Costs	829	1,338	117	1,338	-
Employee Appreciation	5,317	5,615	2,400	5,615	-
Water Miscellaneous	-	250	-	250	-
Credit Card Service Fee	63,892	50,000	26,849	50,000	-
Total Operating Expenses	3,844,410	4,237,882	2,081,409	4,257,283	(19,401)
Capital Outlays					
Operational Capital	191,642	286,566	86,214	286,566	-
Water Equipment Purchases	39,989	154,023	123,831	154,023	-
Total Capital Outlays	231,631	440,589	210,046	440,589	-
Debt Service					
Bond Water Issuance Fees	148,295	-	-	-	-
Bond Interest Cost	132,615	103,927	158,831	308,970	(205,043)
SBITA Interest	5,483	-	-	-	-
Lease Interest	150	-	-	-	-
Total Debt Service	286,543	103,927	158,831	308,970	(205,043)
Non-Cash Expenses					
Water Depreciation	643,774	550,000	275,000	550,000	-
Water Amortization - SBITAs	41,429	-	-	-	-
Water Amortization - Leases	1,536	-	-	-	-
Transfer to Veh/Equip Replace Fund	114,000	114,000	114,000	114,000	-
Transfer from ERF	(34,329)	(31,349)	(31,349)	(31,349)	-
Transfer to Water Capital Fund	3,330,053	6,855,155	6,802,543	6,855,155	-
Transfer of Assets to Balance Sheet	(2,207,166)	(10,166,995)	-	(10,166,995)	-
Total Non-Cash Expenses	1,889,298	(2,679,189)	7,160,194	(2,679,189)	-

City of Fair Oaks Ranch
Water Strategic and Capital Projects Fund
Statement of Revenues and Expenditures
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Beginning Fund Balance	1,534,600	2,853,787	2,853,787	2,853,787	
Transfers In					
Transfer from Utility Fund	3,330,053	7,055,155	6,802,543	7,055,155	-
Total Transfers In	<u>3,330,053</u>	<u>7,055,155</u>	<u>6,802,543</u>	<u>7,055,155</u>	<u>-</u>
Capital Projects					
Elevated Storage Tank	552,037	4,521,326	64,007	4,521,326	-
Elmo Davis Upgrades	-	-	-	-	-
Plant 5 Expansion	287,492	1,239,737	439,641	1,239,737	-
Willow Wind/Red Bud Hill	376,160	527,814	343,097	527,814	-
Old Fredericksburg Rd	549,726	50,127	9,349	50,127	-
Rolling Acres Trail Rehab	29,964	607,655	464,683	607,655	-
Well 27 Upgrades	30,000	-	-	-	-
Well 31 Upgrades	30,000	-	-	-	-
Well 25 Upgrades	30,000	-	-	-	-
Well 28 Upgrades	30,000	-	-	-	-
Cibolo Creek Waterline Relocation	-	-	-	-	-
Upgrade Plant 3 Electrical	38,960	138,960	49,865	138,960	-
SAWS Emergency Interconnect	21,195	390,787	38,088	390,787	-
Dietz Elkhorn Rd Waterline	-	1,500,000	-	1,500,000	-
Total Capital Projects	<u>1,975,535</u>	<u>8,976,406</u>	<u>1,408,731</u>	<u>8,976,406</u>	<u>-</u>
Non-Capital Projects					
Impact Rate Study	35,332	-	-	-	-
GBRA Waterline	-	750,000	63	750,000	-
Total Non-Capital Projects	<u>35,332</u>	<u>750,000</u>	<u>63</u>	<u>750,000</u>	<u>-</u>
Total Expenditures	<u>2,010,866</u>	<u>9,726,406</u>	<u>1,408,794</u>	<u>9,726,406</u>	<u>-</u>
Total transfer to/(from) fund balance	1,319,187	(2,671,251)	5,393,750	(2,671,251)	
Ending Fund Balance	2,853,787	182,536	8,247,537	182,536	

City of Fair Oaks Ranch
Water Impact Fees Fund
Statement of Revenues and Expenditures
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Beginning Fund Balance	-	-	-	-	
Revenues					
Water Impact Fees	-	200,000	62,362	200,000	-
Interest Income	-	-	-	-	-
Total Revenues	<u>-</u>	<u>200,000</u>	<u>62,362</u>	<u>200,000</u>	<u>-</u>
<u>Expenses</u>					
Transfer to Other Funds	-	200,000	-	200,000	-
Total Expenditures	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
Total transfer to/(from) fund balance	-	-	62,362	-	
Ending Fund Balance	-	-	62,362	-	

City of Fair Oaks Ranch
Wastewater Utility Summary ¹
Statement of Revenues and Expenses
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Wastewater Operating Revenues	2,243,758	2,357,790	1,122,553	2,493,664	135,874
Wastewater Operating Expenses					
Personnel	1,109,671	1,075,894	544,291	1,104,686	(28,792)
Supplies, Maintenance & Operations	533,191	700,548	415,635	708,400	(7,852)
Services	110,703	87,408	33,527	87,408	-
Total Wastewater Operating Expenses	1,753,565	1,863,850	993,453	1,900,494	(36,644)
Depreciation & Amortization	390,507	270,600	135,300	270,600	-
Operating Income	99,686	223,340	(6,200)	322,570	99,230
Wastewater Non-Operating Revenues (Expenses)					
Interest Income	215,101	200,000	90,848	200,000	-
Capital Outlay	(531,444)	(2,904,269)	(113,165)	(2,254,212)	650,057
Asset Transfer for GAAP	531,444	2,904,269	-	2,254,212	(650,057)
Debt Service Costs	(120,908)	(53,046)	(83,827)	(163,453)	(110,407)
Transfers Out	(747,343)	(1,422,000)	(1,247,000)	(1,422,000)	-
Transfers In	780,442	1,386,349	1,211,349	1,386,349	-
Total Non-Operating Revenues (Expenses)	127,292	111,303	(141,795)	896	(110,407)
Wastewater Net Income/(Loss)	226,978	334,643	(147,995)	323,466	(11,177)

¹ Wastewater Utility Summary includes Wastewater Operations Fund, Wastewater Strategic & Capital Projects Fund, and Wastewater Impact Fees Fund.

City of Fair Oaks Ranch
Wastewater Utility Fund
Statement of Revenues and Expenses
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Wastewater Operating Revenues					
Sewer Revenue Residential	1,727,265	1,674,810	880,684	1,810,684	135,874
Sewer Debt Service	414,227	415,630	205,754	415,630	-
Sewer Capital	-	-	-	-	-
Sewer Impact Fee	30,343	-	-	-	-
Sewer Revenue Commercial	55,960	59,000	30,215	59,000	-
Sewer Service Connect Fee	4,200	25,000	1,400	25,000	-
Sewer Penalties	12,301	9,000	5,412	9,000	-
Sewer Bad Debt	(1,048)	(1,000)	(912)	(1,000)	-
Sewer Grant Revenue	-	-	-	-	-
SECO EECBG	-	-	-	-	-
Misc/Special Requests	509	350	-	350	-
Third Party Reimbursement	-	-	-	-	-
Sale of Assets	-	-	-	-	-
Total Wastewater Operating Revenues	2,243,758	2,182,790	1,122,553	2,318,664	135,874
Wastewater Non-Operating Revenues					
Sewer Interest Income	215,101	200,000	90,848	200,000	-
Total Wastewater Non-Operating Revenues	215,101	200,000	90,848	200,000	-

City of Fair Oaks Ranch
Wastewater Utility
Statement of Revenues and Expenses
For the period ended March 31, 2026

	FY 2024	FY 2025	FY 2025	FY 2025	12-Month Variance
	12-Month	Amended	6-Month	12-Month	Positive
	Actual	Budget	Actual	Projected	(Negative)
Operating Expenses					
Wastewater Service Personnel	504,726	443,873	244,899	480,770	(36,897)
Administration Personnel	157,661	163,015	76,210	164,797	(1,782)
Human Resources Personnel	88,756	66,415	31,347	66,326	89
Finance Personnel	150,297	153,352	74,454	154,894	(1,542)
Information Technology Personnel	59,016	64,707	27,209	50,531	14,176
Engineering & Planning Personnel	149,217	159,444	78,041	161,992	(2,548)
Communications Personnel	-	25,088	12,130	25,376	(288)
Uniforms	5,718	4,955	2,849	4,955	-
Power	41,817	40,000	19,983	40,000	-
Maintenance Of Plant/ Lines	79,419	160,000	129,132	160,000	-
Sludge Hauling	2,200	10,000	-	10,000	-
Analysis Fees	30,311	27,000	12,808	27,000	-
Chemicals	34,924	33,600	17,143	33,600	-
City Management Fee	89,172	85,632	45,551	93,484	(7,852)
Equipment Maintenance	9,807	16,790	2,033	16,790	-
Equipment Gas & Oil	13,061	11,875	6,350	11,875	-
Equipment Lease	-	300	-	300	-
Tools & Minor Equipment	7,954	7,950	3,122	7,950	-
Training	16,901	24,450	13,382	24,450	-
Utilities & Radios	26,649	36,750	18,549	36,750	-
Building Maintenance	13,829	10,900	3,219	10,900	-
Supplies & Consumables	5,387	5,200	1,989	5,200	-
Vehicle Maintenance & Repairs	3,317	5,000	1,443	5,000	-
Utilities/Telephone	7,297	7,330	3,539	7,330	-
Dues & Publications	1,776	3,219	1,752	3,219	-
Professional Fees	67,870	78,255	29,727	78,255	-
Permits & Licenses	1,754	3,443	1,402	3,443	-
Liability Insurance	44,121	34,925	22,229	34,925	-
Office Supplies	3,052	3,084	1,071	3,084	-
Travel & Meetings	170	1,200	245	1,200	-
Software & Computers	77,351	146,135	98,095	146,135	-
Recording/Reporting	-	350	280	350	-
Sewer Postage	376	686	317	686	-
Adm Bldg/Equip. Maintenance	-	150	-	150	-
Billing Statement Charges	4,250	4,200	2,169	4,200	-
Billing Postage	12,559	11,000	6,154	11,000	-
Copier Lease	17	1,789	830	1,789	-

City of Fair Oaks Ranch
Wastewater Utility
Statement of Revenues and Expenses
For the period ended March 31, 2026

	FY 2024	FY 2025	FY 2025	FY 2025	12-Month Variance
	12-Month	Amended	6-Month	12-Month	Positive
	Actual	Budget	Actual	Projected	(Negative)
Public Relations	1,411	2,250	1,284	2,250	-
Employment Costs	809	1,338	117	1,338	-
Employee Appreciation	5,281	5,565	2,400	5,565	-
Miscellaneous	-	250	-	250	-
Total Operating Expenses	1,718,233	1,863,850	993,453	1,900,494	(36,644)
Capital Outlays					
Operational Capital	-	36,326	5,500	36,326	-
Wastewater Equipment Purchases	120,758	34,023	33,966	33,966	57
Total Capital Outlays	120,758	70,349	39,466	70,292	57
Debt Service					
Bond Water Issuance Fees	49,432	-	-	-	-
Bond Interest Cost	68,222	53,046	83,827	163,453	(110,407)
SBITA Interest	3,104	-	-	-	-
Tax Exempt Lease Interest	150	-	-	-	-
Total Debt Service	120,908	53,046	83,827	163,453	(110,407)
Non-Cash Expenses					
Wastewater Depreciation	364,654	270,600	135,300	270,600	-
Wastewater Amortization - SBITAs	24,317	-	-	-	-
Wastewater Amortization - Leases	1,536	-	-	-	-
Transfer To Vehicle Repl. Fund	67,000	67,000	67,000	67,000	-
Transfer from ERF	(100,098)	(31,349)	(31,349)	(31,349)	-
Transfer to Wastewater Capital Fund	680,343	1,180,000	1,180,000	1,180,000	-
Asset Transfers to Balance Sheet	(531,444)	(2,904,269)	-	(2,254,212)	(650,057)
Total Non-Cash Expenses	506,308	(1,418,018)	1,350,951	(767,961)	(650,057)

City of Fair Oaks Ranch
Wastewater Strategic and Capital Projects Fund
Statement of Revenues and Expenditures
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Beginning Fund Balance	1,367,972	1,602,297	1,602,297	1,602,297	
Transfers In					
Transfer from Utility Fund	680,343	1,355,000	1,180,000	1,355,000	-
Total Transfers In	<u>680,343</u>	<u>1,355,000</u>	<u>1,180,000</u>	<u>1,355,000</u>	<u>-</u>
Capital Projects					
Solids Handling	-	-	-	-	-
Wastewater Treatment Plant Expansion	410,686	2,070,399	73,700	2,070,399	-
Cojak Circle Sewer Upgrade	-	650,000	-	-	650,000
Install Sewer Line/Decommission Falls LS	-	113,521	-	113,521	-
Total Capital Projects	<u>410,686</u>	<u>2,833,920</u>	<u>73,700</u>	<u>2,183,920</u>	<u>650,000</u>
Non-Capital Projects					
Impact Fee Study	35,332	-	-	-	-
Total Non-Capital Projects	<u>35,332</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>446,017</u>	<u>2,833,920</u>	<u>73,700</u>	<u>2,183,920</u>	<u>650,000</u>
Total transfer to/(from) fund balance	234,326	(1,478,920)	1,106,301	(828,920)	
Ending Fund Balance	1,602,297	123,377	2,708,598	773,377	

City of Fair Oaks Ranch
Wastewater Impact Fees Fund
Statement of Revenues and Expenditures
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Beginning Fund Balance	-	-	-	-	
Revenues					
Water Impact Fees	-	175,000	-	175,000	-
Interest Income	-	-	-	-	-
Total Revenues	-	175,000	-	175,000	-
<u>Expenses</u>					
Transfer to Other Funds	-	175,000	-	175,000	-
Total Expenditures	-	175,000	-	175,000	-
Total transfer to/(from) fund balance	-	-	-	-	
Ending Fund Balance	-	-	-	-	

City of Fair Oaks Ranch
Utility Capital Replacement Fund
Statement of Revenues and Expenses
For the period ended March 31, 2026

	FY 2025 12-Month Actual	FY 2026 Amended Budget	FY 2026 6-Month Actual	FY 2026 12-Month Projected	12-Month Variance Positive (Negative)
Beginning Fund Balance	680,260	726,833	726,833	726,833	
Transfers In					
Transfer from Water Division	114,000	114,000	114,000	114,000	-
Transfer from Wastewater Division	67,000	67,000	67,000	67,000	-
Total Transfers In	181,000	181,000	181,000	181,000	-
Transfers Out					
Transfer to Water Utility	34,329	31,349	31,349	31,349	-
Transfer to Wastewater Utility	100,098	31,349	31,349	31,349	-
Total Transfers Out	134,428	62,698	62,698	62,698	-
Total transfers to/(from) fund balance	46,572	118,302	118,302	118,302	
Ending Fund Balance	726,833	845,135	845,135	845,135	



FY 2026-27 Boards, Committees, and Commissions



Amanda Valdez, TRMC
Deputy City Secretary

Boards, Committees & Commissions Schedule



Notify Incumbents	May 8, 2026
Post Open Positions on Website	May 8, 2026
Start Social Media Push	May 8, 2026
Application Deadline	July 30, 2026
City Council Considers Reappointing Incumbents & Determines Method of Appointment for Remaining Positions	August 6, 2026
Interviews (if necessary)	September 3 and 17, 2026
New Member Appointment Selection	September 17, 2026
Orientation – Training Session	September 21 – September 25, 2026
Term Begins	October 1, 2026



Summary of Potential Vacancies

Building Codes Board of Appeals

- 3 potential vacancies
 - 2 Regular, 1 Alternate

Capital Improvements Advisory Committee

- 3 potential vacancies
 - 5 of 9 members must meet industry requirements
 - 0 of 3 positions with potential vacancies must meet industry requirement as per new Senate Bill. 5 positions not expiring this year meet requirements.



Summary of Potential Vacancies

Municipal Development District Board of Directors

- 3 potential vacancies
 - 2 positions shall be Council Members
 - 1 position shall be held by a FORHA Board member
 - Positions with potential vacancies do not affect the Council and FORHA requirement

Planning & Zoning Commission (P&Z)

- 4 potential vacancies



Summary of Potential Vacancies

Transportation Safety Advisory Committee (TSAC)

- 4 potential vacancies

Zoning Board of Adjustment (ZBOA)

- 0 expiring terms