

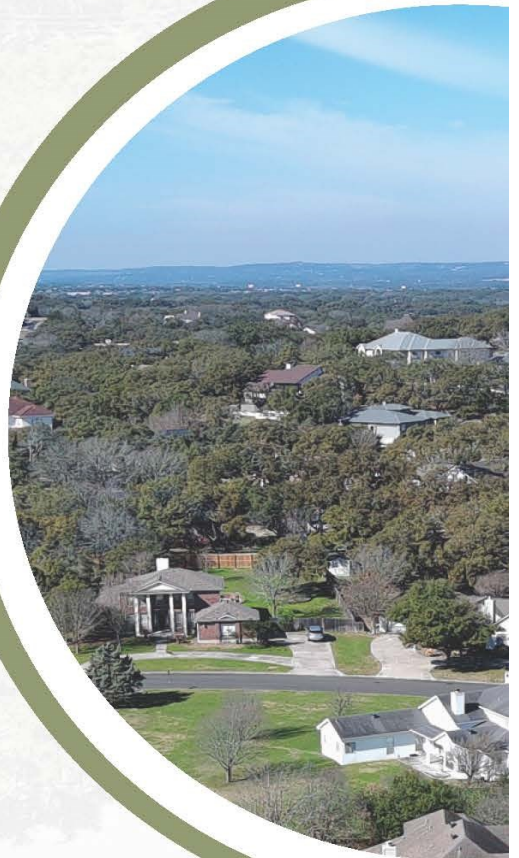


CITY OF
Fair Oaks Ranch

Popular Annual Financial Report

For Fiscal Year Ended
September 30, 2024

Prepared By:
City of Fair Oaks Ranch
Finance Department



Dear Residents,

I am pleased to present to you the Popular Annual Financial Report (PAFR) for the fiscal year ended September 30, 2024. The PAFR is a powerful tool that communicates the financial condition of the City in a condensed format.

The City's financial condition is strong. In the last fiscal year, the City adhered to its adopted policy of maintaining a six-month operating reserve in the General Fund. The City's net position, or total value, increased from last year due to a continued strong local economy and responsible investment of the City's resources. We provided outstanding services to our residents in public safety, infrastructure maintenance, and growth management while decreasing the overall property tax rate. We also embarked on several key projects identified in the City's Capital Improvements Plan and Strategic Action Plan.

The PAFR is one of three reports the City can submit to the Government Finance Officers Association (GFOA) to earn the coveted "Triple Crown." The City earned the Triple Crown for the 2021, 2022 and 2023 fiscal years for its excellence in budgeting, financial reporting, and popular financial reporting. With this PAFR, I am optimistic the City will earn its fourth straight Triple Crown – a testament to the City's commitment to transparency and accessibility.

We are proud of the high level of service the City provides its residents. Fair Oaks Ranch continues to grow, using the City Council's strategic planning pillars as a solid foundation and maintaining fiscal and financial stability. We are honored to serve this community and committed to preserving the unique quality of life that makes the City of Fair Oaks Ranch so special.

Sincerely,

Summer Fleming, CGFO

Director of Finance

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Mayor and City Council



Mayor Gregory C. Maxton



Emily Stroup
Council Member Place 1



Keith Rhoden
Council Member Place 2



Ruben Olvera
Council Member Place 3



Laura Koerner, Mayor Pro-Tem
Council Member Place 4



Scott Parker
Council Member Place 5



Chesley Muenchow
Council Member Place 6

Popular Annual Financial Report

A Popular Annual Financial Report (PAFR) is a document that consolidates information from the Annual Comprehensive Financial Report (ACFR) to create an easy-to-read report for citizens. This report is designed to provide a summary of the City's overall financial condition in a user-friendly format.

Although this report is largely derived from the City's 2024 ACFR, it is not prepared in accordance with generally accepted accounting principles (GAAP). The report is presented in a summarized manner and certain financial statements, discretely presented component units and note disclosures required by GAAP are omitted. A copy of the City's audited 2024 Annual Comprehensive Financial Report, which is prepared in accordance with GAAP and contains more detailed information, is located on the City's website at:

<https://fairoaksranchtx.org/513/Financial-Transparency>

Awards



The City of Fair Oaks Ranch, Texas was awarded the [Award for Outstanding Achievement in Popular Annual Financial Reporting](#) by the Government Finance Officers Association ([GFOA](#)) of the United States and Canada for the year ended September 30, 2023. This was the 3rd year the City has achieved this award.

In order to be eligible for the PAFR Award, a government must also submit its ACFR to GFOA's [Certificate of Achievement for Excellence in Financial Reporting Program](#) and receive the Certificate for the same fiscal year. The City was awarded the Certificate of Achievement for Excellence in Financial Reporting by GFOA for its annual comprehensive financial report for the year ended September 30, 2023. This was the 7th consecutive year the City had achieved this award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. A Certificate of Achievement is valid for a period of one year only.

The City was also awarded the [GFOA Distinguished Budget Presentation Award](#) for its Annual Budget for the fiscal year beginning October 01, 2024. This was the 6th consecutive year the City achieved this award. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, a financial plan, an operations guide, and a communications device. This award is valid for a period of one year only.

The City continues to strive for excellence in financial reporting and a high level of transparency for its citizens by making financial information readily accessible to the public.

CITY OF FAIR OAKS RANCH BY THE NUMBERS



Population : est. 11,104

Incorporation: 1988

Land Area: 7,861 Acres

Home Rule Charter: 2017

Spans 3 Counties: Bexar, Kendall and Comal

CITY STAFF:

83 Budgeted Full Time Employees

Public Works & Engineering Services: 34

Public Safety: 30

Administration: 5

Finance: 5

Information Technology: 2

Municipal Court: 2

HR & Communications: 3

City Secretary: 2

BUILDING CODES:



94 New

Residential Home

Permits Issued

Inspections Conducted:

29 Health

45 Fire

1,896 Structural

PUBLIC SAFETY:

27 Sworn Officers

1 K-9 Officer "Buddy"

Recognized as Best Practices Agency

4,217 Calls for Service in 2024



CODE COMPLIANCE:

1,779 Inspections or Investigations

PUBLIC WORKS:

76 Miles of Water Lines



5 Water Plants

1 Wastewater Plant

3,275 Water Service Connections

2,028 Sewer Service Connections

60 Miles of Roadway

322,664 Average Gallons of Wastewater Treated Daily



History of “The Ranch”

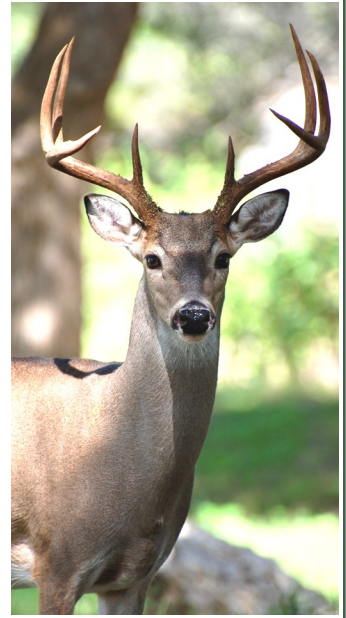
The City of Fair Oaks Ranch had its beginnings as a working ranch when several parcels of land were acquired by oil man Ralph Fair, Sr. during the 1930s. The ranch was first a center for a racehorse operation. Later, Mr. Fair established a registered Hereford cattle operation.

After the death of Mr. and Mrs. Fair, the remaining family decided to develop a 5,000 acre portion of the ranch as a residential community. A homeowner’s association was formed in 1975 with Boots Gaubatz as the president.

In 1985 the Fair Oaks Ranch Homeowners Association began to consider incorporation as a Type A General Law Municipality. Boots, along with Bob Herring and Don King, led the process and are now known as the “founding fathers” of Fair Oaks Ranch. The City was eventually incorporated in 1988.

Once the population of Fair Oaks Ranch reached 5,000, the City was eligible for home rule. The draft home rule charter was introduced a decade later. In May 2017, the home rule election was held with over 90% of voters supporting the change.

Fair Oaks Ranch was created by a group of visionaries who had both the foresight and the political courage to dream of a special community and make it a reality. The ability to make the city a reality was enhanced by having a single development company for many years and working with a family that had a desire for their ranch to become a unique community. This commonality of vision was the glue that held the development process together and created such a unique city.



Location of Fair Oaks Ranch

SAN ANTONIO - 27 MILES

AUSTIN - 65 MILES

HOUSTON - 195 MILES

DALLAS - 237 MILES

CORPUS CHRISTI - 153 MILES

EL PASO - 530 MILES



GOVERNMENTAL ACTIVITIES

Total Revenues			
Revenue Type	FY 2024	FY 2023	FY 2022
Property Taxes	\$ 7,390,813	\$ 7,062,241	\$ 6,614,489
Sales Tax	1,817,285	1,656,135	1,603,934
Charges for Services	961,983	829,500	968,001
Franchise Fees	743,231	776,385	761,408
Investment Earnings	712,804	581,995	80,336
Operating Grants and Contributions	141,826	379,340	1,283,952
Other Revenue	138,785	150,838	28,394
Total Revenues	\$ 11,906,727	\$ 11,436,434	\$ 11,340,514

Total Expenses			
Expenditure Type	FY 2024	FY 2023	FY 2022
Public Safety	\$ 4,179,786	\$ 4,147,473	\$ 3,456,846
General Government	2,142,090	2,435,160	2,443,992
Public Works	1,433,859	2,366,969	920,678
Engineering and Planning	1,369,461	1,529,149	1,493,654
Building Codes and Permits	270,819	280,890	273,015
Municipal Court	270,852	256,851	206,843
Interest and Fiscal Charges	258,955	113,242	-
Total Expenses	\$9,925,822	\$ 11,129,734	\$ 8,795,028

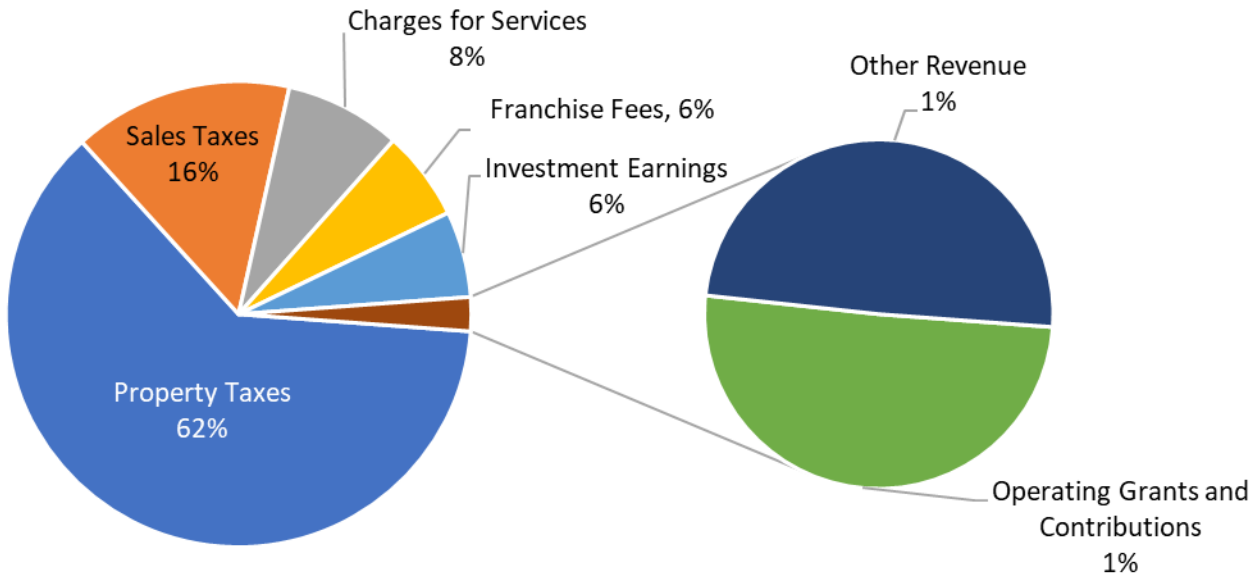
UTILITY

Total Revenues			
Revenue Type	FY 2024	FY 2023	FY 2022
Charges for Services	\$ 6,974,514	\$ 6,165,245	\$ 6,497,720
Other Revenue	58,094	-	1,244,133
Gain (Loss) on Sale of Capital Assets	-	(9,806)	-
Investment Earnings	427,654	358,595	55,063
Total Revenues	\$ 7,460,262	\$ 6,514,034	\$ 7,796,916

Total Expenses			
Expenses	FY 2024	FY 2023	FY 2022
Water Utility	\$ 4,322,517	\$ 4,299,403	\$ 3,823,338
Wastewater Utility	2,018,556	1,935,727	2,080,948
Total Expenses	\$ 6,341,073	\$ 6,235,130	\$ 5,904,286

Where does the money come from?

Governmental revenues represent funding the City receives to provide core services to residents. Property taxes are the largest source of governmental revenues followed by sales taxes. The graph below provides a summary of governmental revenues by type for fiscal year 2024.



In total, these revenues increased \$470,293 when compared to the prior fiscal year. The increase is largely attributable to a \$328,572 increase in property taxes and a \$161,150 increase in sales taxes which helped to offset the \$237,514 decrease in grant revenue from the one-time TDEM and FEMA winter storm grants received in the prior year.

Sales taxes increased 10% from the prior year, slightly more than what was anticipated. With a limited commercial footprint, the post-COVID change in online shopping habits of the residents has a large impact on the City's sales tax revenue.

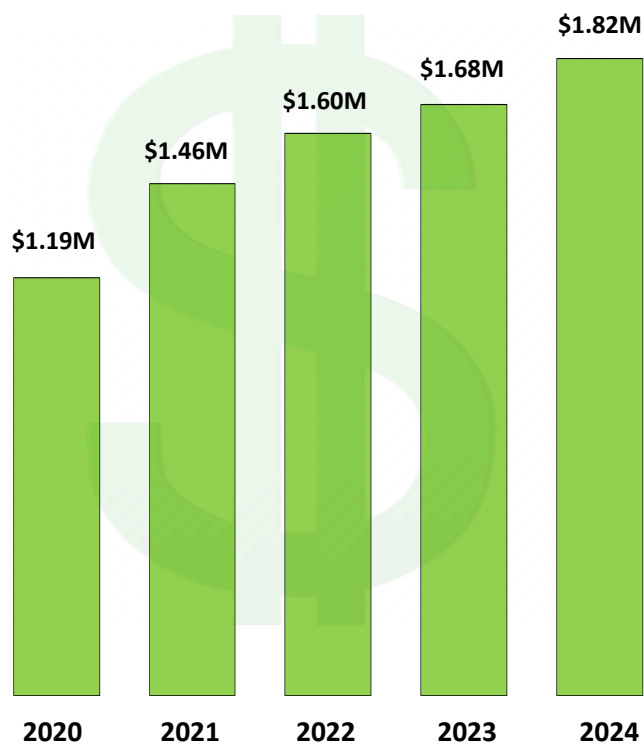
Property tax revenues increased 5% from the prior year. The property tax rate for fiscal year 2024 was \$0.3005 per \$100 taxable value, which was a decrease from \$0.3291 the prior year; however, assessed property values went up within the City, offsetting the drop in the property tax rate.

Investment income increased \$130,809 or 22% from the prior year due to greater interest-bearing accounts as federal interest rates remained high.

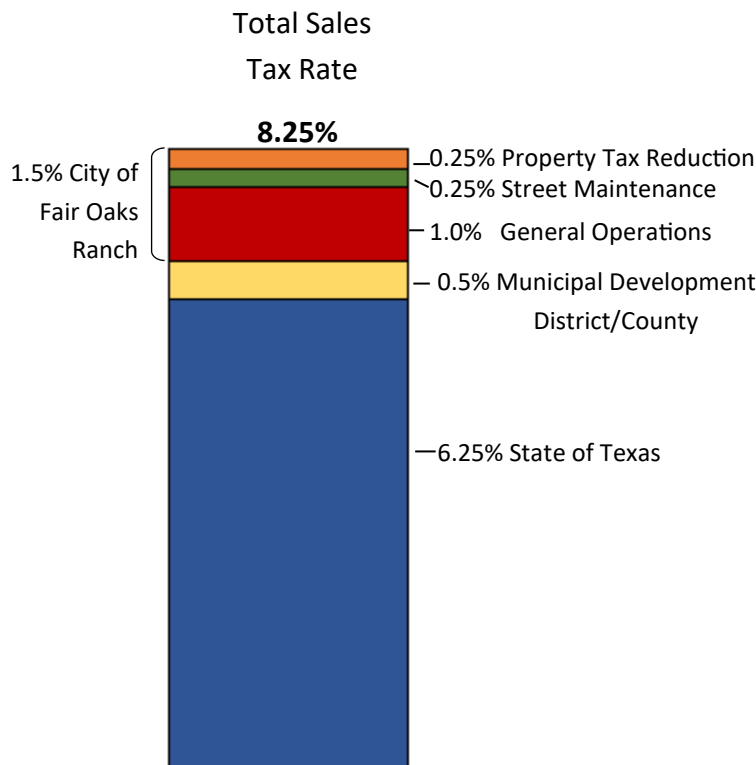
Charges for services experienced a \$132,483, or 16%, increase over the prior year's total. This increase is attributable to the receipt of tree mitigation funds and higher than anticipated new residential permits.

Governmental Revenues

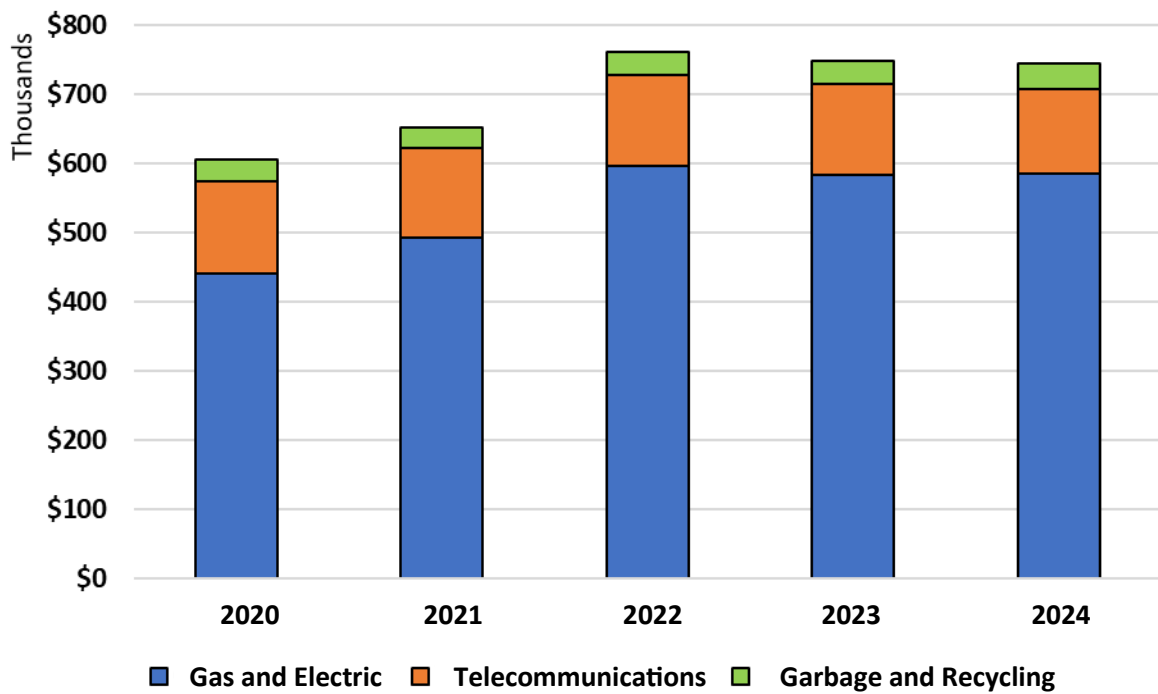
SALES TAX REVENUE
OVER FIVE YEARS



SALES TAX DOLLAR DISTRIBUTION



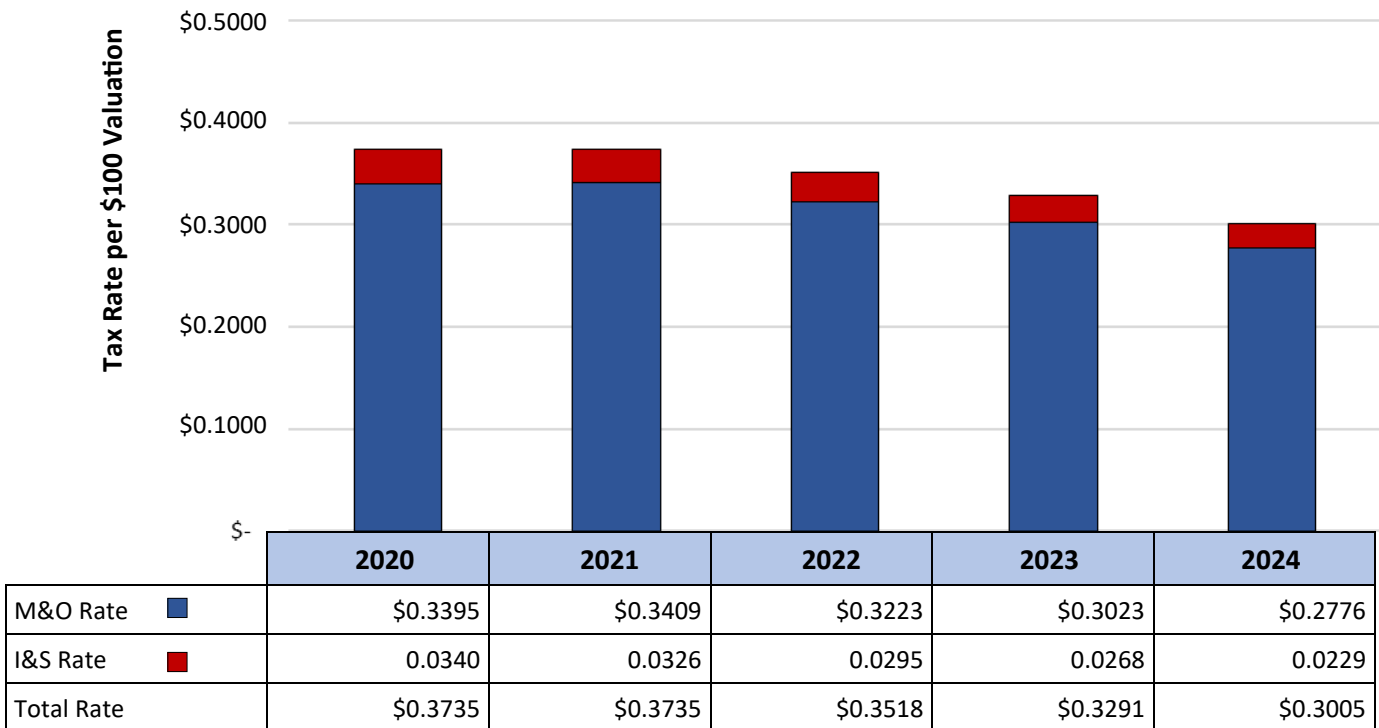
FRANCHISE FEE REVENUE OVER FIVE YEARS



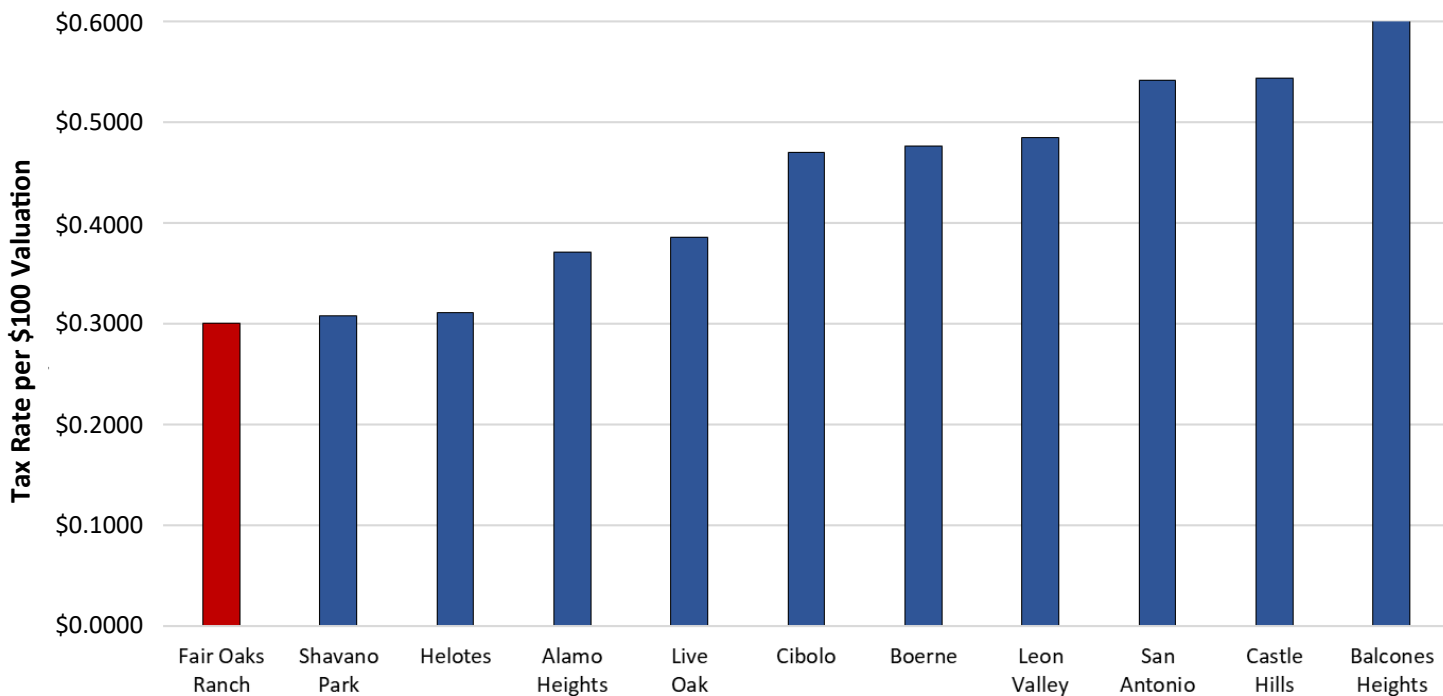
FISCAL YEAR 2024 TAX RATE

The maintenance and operations (M&O) portion of the City’s property tax rate pays for daily operational costs such as personnel, supplies, and maintenance. The debt service (I&S) portion of the tax rate pays for the City’s obligation for debt that was issued for roadway improvements.

FAIR OAKS RANCH PROPERTY TAX RATE HISTORY BY YEAR



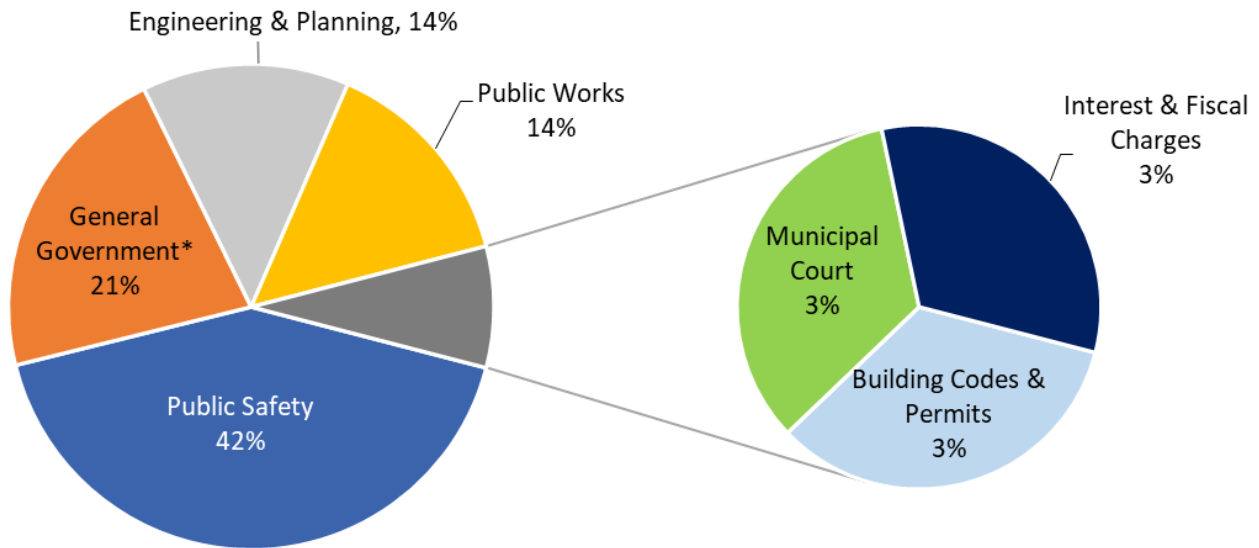
FY 2024 PROPERTY TAX RATES FOR SURROUNDING CITIES



Governmental Expenditures

How does the City of Fair Oaks Ranch serve you?

Governmental expenditures are essentially the cost to run daily operations. These expenditures maintain service levels and continuing operations throughout the City. In fiscal year 2024, the City's total governmental expenditures were \$9.9 million. Public safety, which includes police, fire, EMS, and animal control, is the City's largest spending category accounting for 42% of governmental expenditures.



**General Government includes Administration, City Secretary, HR & Communications, Finance, IT, and Non-Departmental*

MAJOR PROJECTS COMPLETED OR IN PROGRESS

- ◆ Tivoli Way drainage project
- ◆ Dietz Elkhorn Road reconstruction
- ◆ City Hall Renovation
- ◆ Rolling Acres Trail project
- ◆ Post Oak Trail widening
- ◆ Multiple in-house drainage projects



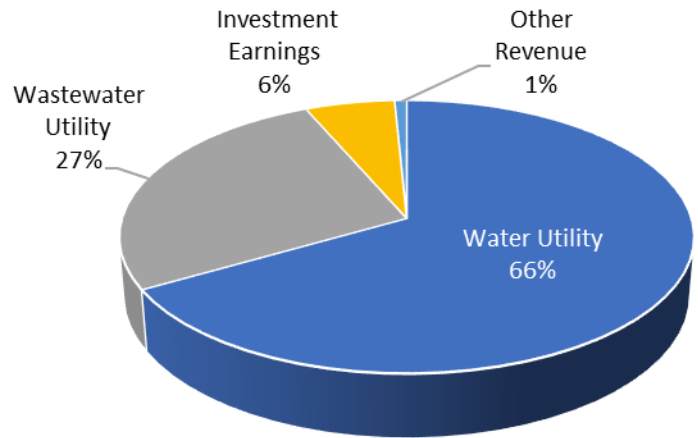
Utilities and Major Projects

Where does the money come from?

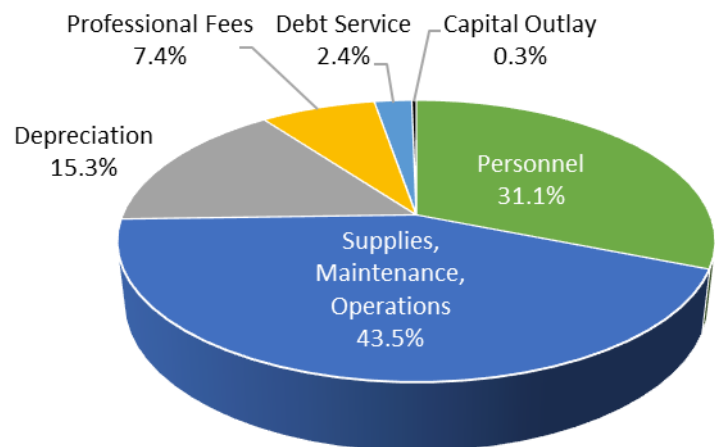
The Utility Fund's main source of revenue is the charge for water and sewer services. Utility rates are set by the City Council.



Utility Revenues



Utility Expenses



Where does the money go?

Services provided by the Utility Fund include water treatment and distribution, wastewater collection and treatment, utility billing and administration, and meter reading. The majority of the expenses go toward maintaining the infrastructure that supplies these services.

MAJOR UTILITY PROJECTS COMPLETED OR IN PROGRESS

- ◆ Multiple water well upgrades
- ◆ Wastewater Treatment Plant design
- ◆ Cibolo Creek water line relocation
- ◆ Old Fredericksburg Road water line
- ◆ Rolling Acres Trail water line
- ◆ Water Plant 5 Expansion



Long-Term Debt and Assets

LONG-TERM DEBT

Long-Term Debt Year Ended September 30, 2024	
	Unpaid Principal
Governmental Activities	
Road Reconstruction Bond, Series 2015	\$ 3,055,000
Road Reconstruction Bond, Series 2024	\$ 3,550,000
Utility	
Utility Capital Lease Refinance, Series 2020	\$ 1,475,000
Utility Certificate of Obligation, Series 2024	\$ 3,705,000

The City held a successful bond election on May 4, 2024, for a not to exceed \$16 million authorization for roadway reconstruction. The first issuance is \$3.55 million. These funds have been designated for use on the following roadways: Dietz Elkhorn Rd, Battle Intense, Ammann Rd, and Rolling Acres Trail.

The City also issued certificates of obligation in the amount of \$3.7 million to fund water and wastewater utility system improvements. Projects supported by these funds include several water line rehabilitations, upgrades at a water plant, and a sewer and manhole upgrade.

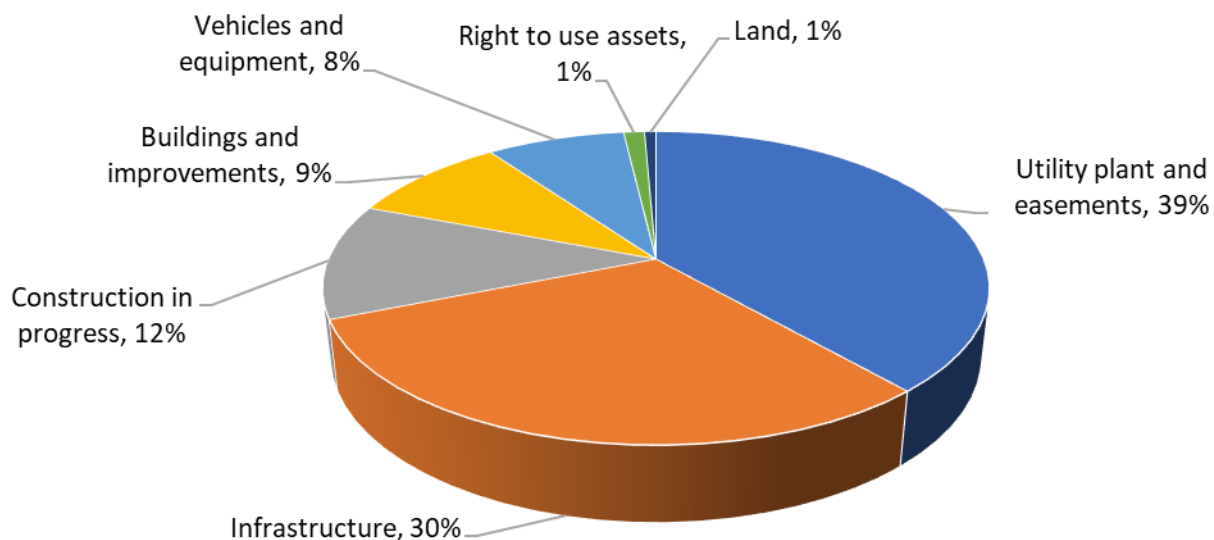
S&P Bond Rating: AA+

CAPITAL ASSETS



Change in Capital Assets Year Ended September 30, 2024			
	Governmental Activities	Utility	Total
Beginning Balance	\$ 12,243,122	\$ 11,360,088	\$ 23,603,210
Additions	2,435,667	1,407,757	4,457,987
Deletions	-	(18,141)	(18,141)
Depreciation	(777,406)	(972,902)	(1,750,308)
Ending Balance	\$ 13,901,383	\$ 11,530,446	\$ 26,292,748

ASSET DISTRIBUTION

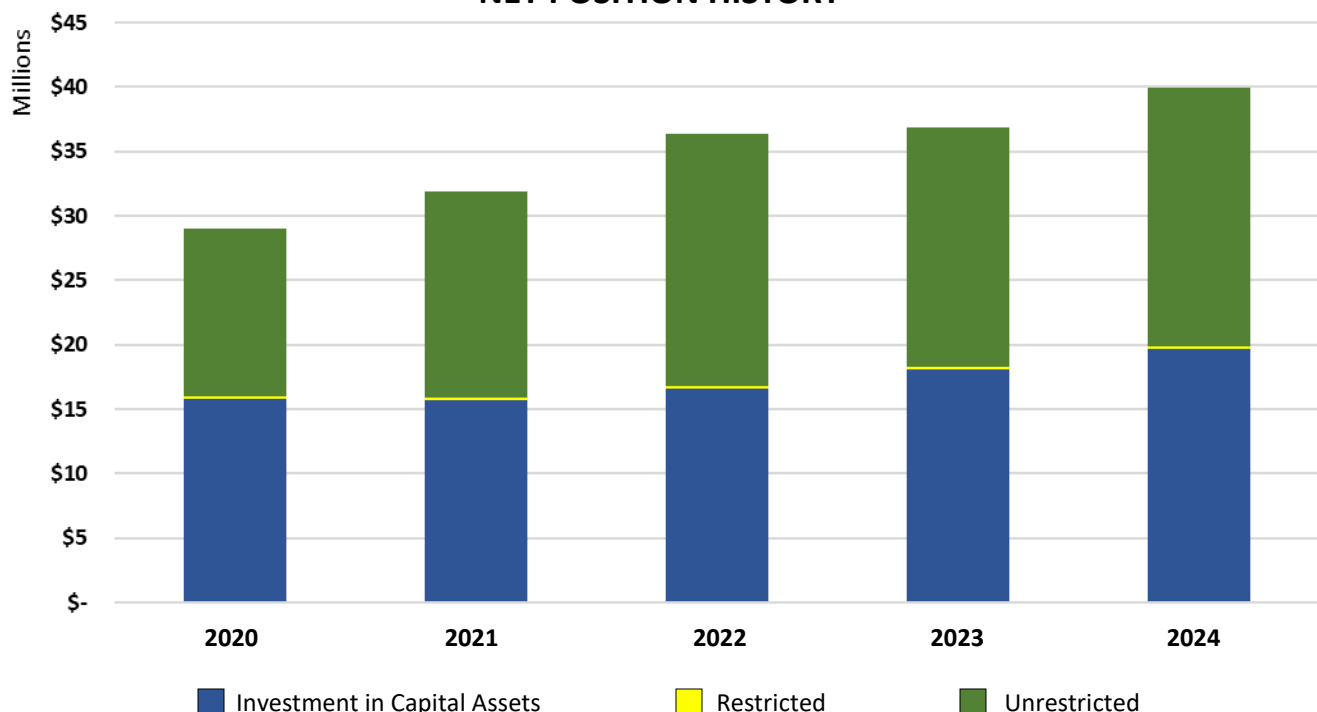


How is the City doing?

The difference between the City's assets and liabilities is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating. The graph below illustrates the City's net position change over the last five years.

	2020	2021	2022	2023	2024
Governmental activities					
Net investment in capital assets	\$ 7,523,360	\$ 7,647,912	\$ 8,025,653	\$ 8,589,537	\$ 9,594,671
Restricted	132,938	153,339	166,961	192,536	235,514
Unrestricted	<u>6,712,007</u>	<u>8,669,250</u>	<u>10,823,373</u>	<u>10,513,316</u>	<u>11,446,109</u>
Total Governmental activities net position	<u>\$ 14,368,305</u>	<u>\$ 16,470,501</u>	<u>\$ 19,015,987</u>	<u>\$ 19,295,389</u>	<u>\$ 21,276,294</u>
Utility					
Net investment in capital assets	\$ 8,307,519	\$ 8,081,383	\$ 8,572,922	\$ 9,524,748	\$ 10,043,345
Unrestricted	<u>6,316,241</u>	<u>7,353,325</u>	<u>8,754,416</u>	<u>8,066,675</u>	<u>8,667,267</u>
Total Utility net position	<u>\$ 14,623,760</u>	<u>\$ 15,434,708</u>	<u>\$ 17,327,338</u>	<u>\$ 17,591,423</u>	<u>\$ 18,710,612</u>
City					
Net investment in capital assets	\$ 15,830,879	\$ 15,729,295	\$ 16,598,575	\$ 18,114,285	\$ 19,638,016
Restricted	132,938	153,339	166,961	192,536	235,514
Unrestricted	<u>13,028,248</u>	<u>16,022,575</u>	<u>19,577,789</u>	<u>18,579,991</u>	<u>20,113,376</u>
Total City net position	<u>\$ 28,992,065</u>	<u>\$ 31,905,209</u>	<u>\$ 36,343,325</u>	<u>\$ 36,886,812</u>	<u>\$ 39,986,906</u>

NET POSITION HISTORY



DEFINITION OF KEY TERMS

CAPITAL ASSETS - Assets of a long-term character which are intended to continue to be held or used. Examples of capital assets include items such as land, buildings, machinery, furniture and other equipment

EXPENDITURE - Funds spent in accordance with the budgeted appropriations on assets or goods and services obtained

FISCAL YEAR - A 12-month period in which the annual operating budget applies. The City of Fair Oaks Ranch has established October 1 through September 30 as its fiscal year

FRANCHISE FEE - A fee paid by public service businesses for the use of City streets, rights-of-way and property in providing their services to the citizens of the City. Services requiring franchises include electricity, telephone, cable television, sanitation, water and wastewater

FUND - An accounting entity with a self-balancing set of accounts that record financial transactions for specific activities or government functions

FUND BALANCE - The difference between a fund's assets and liabilities

GENERAL FUND - The operating fund of the City that accounts for the ordinary maintenance and operations of the City that are financed from taxes and other general revenues. It is used to account for all financial resources except those required to be accounted for in another fund

GOVERNMENTAL ACTIVITIES - Activities generally financed through taxes, intergovernmental revenues, and other nonexchange revenues

NET POSITION - The difference between an entity's assets plus deferred outflows of resources and its liabilities plus deferred inflows of resources. Net position has the following three components: net investment in capital assets; restricted net position; and unrestricted net position

OPERATING GRANTS - Revenues that are restricted for use in a particular program arising from mandatory and voluntary non-exchange transactions with other governments or organizations

PROPERTY TAX - Ad valorem tax levied on both real and personal property according to a property's valuation and the tax rate

RESTRICTED NET POSITION - The net position of restricted assets; those assets subject to constraints that are either externally imposed by resource providers or imposed by law or enabling legislation

UNRESTRICTED NET POSITION - The difference between total net position and its two other components (net investment in capital assets and restricted net position)

UTILITY FUND - A separate accounting and financial reporting mechanism for business-like municipal services in which a fee is charged in exchange for goods or services, such as water and wastewater





CONTACT US

City Hall:
7286 Dietz Elkhorn
Fair Oaks Ranch, TX 78015
(210) 698-0900
Fax: (210) 698-3565



Non-Emergency Police & After Hours Utilities Dispatch:
(830) 816-3194

STAY INFORMED



City Website:

<https://www.fairoaksranchtx.org/>

Sign Up for Email or Text Updates through Notify Me:



<https://www.fairoaksranchtx.org/list.aspx>



Follow Us on Facebook:



<https://www.facebook.com/fairoaksranchtx>

Sign Up for Emergency Notifications through Regroup:



<https://www.fairoaksranchtx.org/543/Regroup-Registration>

Check Us Out on Nextdoor:



<https://nextdoor.com/agency-detail/tx/fair-oaks-ranch/city-of-fair-oaks-ranch/>



Subscribe to the Fair Oaks Ranch YouTube Channel:



<https://www.youtube.com/channel/UCDqRvLvReqxrh1lbajwshKA>

View Upcoming Meeting Details Here:



<https://www.fairoaksranchtx.org/calendar.aspx?CID=14>

City Council meetings take place on the 1st and 3rd Thursdays of the month at 6:30pm. All meetings are live-streamed on the YouTube Channel.