

Presentation Notes for Finance and Audit Committee Meeting

March 25, 2026

Quarter Financial and Investment Report for Quarter Ended December 31, 2025

Quarterly Financial Report

General Fund Revenue by Category

- Property Tax
 - Most of the Property Tax is collected in January and February (95% of it has been collected as of the end of February).
- Sales Tax
 - Slightly ahead of expected sales tax revenue based on historical trends (\$235k higher than budget this quarter).
- Operating Transfers
 - Operating Transfers Transportation Reinvestment Zone – City fulfilled its obligation for its portion of FM 110 in FY25, the \$5.5MM will be moved to the General Fund.
- Licenses and Permits
 - Building Permits down (\$570k)
 - The number of permits being issued is higher, however more single-family permits (\$1,800) are being issued than large apartment complexes (\$200k).
- Interest Income
 - Lower yield from Fed Funds rate being lower than last year.
- Fines and Penalties
 - Local Traffic Fines are down \$11k compared to last year.
 - False Alarms down \$4k compared to last year.
 - Warrant Fee down \$4k compared to last year.

General Fund Expenditures by Category

- Contracted Services
 - Software and Maintenance (\$900k less than last year)
 - \$716k due to timing of payment in Q1 last year
- Other Charges
 - \$2MM EMS contribution increase in FY26 budget
 - \$200k increase for liability insurance

- Operating Transfers
 - No operating transfer for Government CIP in FY26
 - Transfers made in FY25 at the end of Q1: City Hall and Municipal Court Funding (\$6.3MM) (\$4MM City Hall) (\$2.3 MM Municipal Court)

Electric Utility

- Contracted Services
 - Power Costs – Fuel (\$1.4MM higher than last year)
 - Power Costs – Electric Reliability Council of Texas (ERCOT) (\$200k higher than last year)
- Operating Transfers (\$400k higher than last year) for Capital improvement

Water/Wastewater Utility

- Contracted Services
 - WWTP operational costs went from \$300k in FY25 to \$784k for FY26
- Other Charges
 - Liability Insurance increased \$126k
 - Franchise Fees increased \$125k
- Operating Transfers
 - Transfers to fund CIP went up \$400k

Stormwater Management

- Revenues are budgeted lower than last year is due to not hitting revenue target in FY25 (\$144k), penalties are no longer included in the budget (\$90k).
- Capital Outlay up \$127k on equipment purchase of Boom Mower.

Resource Recovery

- Nothing notable on this fund.

Airport Fund

- Tie down fee revenue increased \$33k over last year
 - Texas Aviation Partners advised the tie-down revenue increased as a result of implementing charges for all flight schools and most commercial tenants utilizing tie-down spaces for their aircraft.

Hotel Tax Fund

- Two hotels that were significantly past due made a substantial payment.
 - Hotel 1 paid \$118k of estimated \$190k (Still owe 4 months August-November 2025).
 - Hotel 2 paid \$139k of estimated \$236k (Still owe 4 months August-November 2025).

Quarterly Investment Report

- Current Consumer Price Index (CPI): 2.4% (February 2026), less food and energy: 2.5% (February 2026)
- It is normal for the investment portfolio to decrease in Q1 because the majority of property taxes are received in January and February by the Hays County Tax Assessor/Collector.

Investment Diversification

- Local Government Investment Pools is most commonly held investment for local governments that is essentially a money market fund with lower fees designed for Texas local governments.
- US Treasuries are debt securities issued by the US Department of Treasury (e.g., Treasury Bills, Treasury Notes, Treasury Bonds).
- Federal Agency Coupon Securities is a debt security issued either by Federally Sponsored agency (e.g., Fannie Mae, Freddie Mac, Federal Home Loan Bank).
- Commercial Paper is an unsecured short-term promissory note issued by a corporation or local government with maturities under 270 days.
- State and Municipal Bonds are debt securities issued by state and local governments (e.g., when the City issues debt).
- Money Market Mutual Funds is a pool of money solely invested in short-term debt securities, such as Treasury Bills and Commercial Paper.
- Primary Bank Depository is the City's operating bank account.