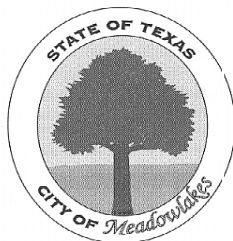


CITY OF *Meadowlakes*
CITY HALL

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MEADOWLAKES, TEXAS 78654
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Mayor
Don Williams
Mayor Pro Tem
Franzella Jones

Council Members
Paul Sarcione / Barry Cunningham
Mary Ann Raesner / Gary Hammond
Johnnie Thompson - City Manager
Stephanie Littleton - City Secretary

August 9, 2012

To the Honorable Mayor and Members of the City Council:

Please find attached the proposed Fiscal Year 2012-2013 budget for your review and consideration. Fiscal Year 2012-2013 brings a balanced budget as well as funding for a major capital improvement project. The budget as proposed also reflects the City retiring \$270,000 in bonded debt and the incurring of \$300,000 in additional debt to finance the construction of a new potable water storage tank.

I would like to thank you for your valuable input, consideration, and the many hours you have devoted into the preparation of the proposed budget. The budget as proposed reflects an increase in both the potable water rates and an increase in the ad valorem property tax rate. In previous years the adopted budgets have reflected utilizing reserve funds in order to prepare a balanced budget. This year the General Fund, Public Works (Utility), and the Recreation and Country Club will be revenue neutral or have a positive cash flow thus an increase in cash reserves. I know that you did not take the issue of increasing rates and ad valorem taxes lightly, but it was needed to increase the Public Works reserve and the establishment of a much needed infrastructure maintenance fund for the Recreation and Country Club for major repair and maintenance of the golfing complex structures and related improvements. The proposed budget also provides the additional funding needed to retire the additional debt being incurred with the construction of the additional potable water storage tank.

The proposed budget reflects \$1.565 million in operational revenues in the General Fund, Public Works Fund, and the Recreation and Country Club Fund. The combined expenditures of these funds total \$1.276 million for operations, \$231,000 for debt service, and \$58,000 in positive cash flows for increasing and establishment of the above referenced reserves. Ad Valorem taxes will also provide \$293,500 in additional debt service income slightly more than the current fiscal year.

The proposed budget reflects both increases in the ad valorem property tax rate for CY 2012 and an increase in water rates for Fiscal Year 2012-2013. Combined, the average homeowner would see an approximately \$88.50 increase in additional utility fees and taxes paid to the City for the year.

I hope that this proposed budget reflects the thinking and policies of the City Council and have addressed your thoughts and concerns accurately. Should you have any questions or concerns about this proposed budget or the overall budget process, please feel free to advise.

Respectfully submitted,

Johnnie L. Thompson
City Manager

Budget Overview

This Budget Overview Message outlines major budget issues, budgetary information, and provides the City Council and the Citizens of Meadowlakes with an insight and understanding of the Fiscal Year 2013 Budget. The Budget, as proposed, reflects the philosophy of retaining the City's fiscal integrity, maintaining existing services, and still maintaining a conservative balanced budget. The budget is balanced primarily by an increase in the ad valorem property tax rate as well as an increase in water rates.

The City's annual budget is the single most important financial responsibility of any local government. The Local Government Code, Chapter 102, requires all Cities in Texas to adopt an annual budget. Provisions of Chapter 102 apply to all general law cities, such as ours, and the budget is the proof that city officials and staff are accountable for how they spend the taxpayers' dollars. During the development of a budget we must determine how we can best serve the interest of the city's citizens while maintaining fiscal accountability.

The budget provides the framework to determine the number of employees, departmental organization, and other factors that affect the day-to-day operations of the City. Once the budget is adopted it becomes one of the most effective controls by the Mayor and Council in determining and measuring the city's performance. It also serves as a forecasting tool for the future, while revealing the current status of the City. The budget reflects the staff and the Council's commitment to maintaining necessary services and improving the quality of operations while keeping expenditures to a minimum.

After the budget is adopted, budgeted funds can only be spent on things that comply with the budget, except in case of an emergency.

The Local Government Code specifies the procedures in which a budget is developed and eventually adopted by the governing body of the city. The Law requires that we observe the following regulations:

- *The City's Budget Officer, in the case of our form of government, is the City Manager, must prepare a proposed budget for the City Council's consideration;*
- *The City Council must adopt the annual budget and conduct the financial affairs of the City in strict conformance with the budget;*
- *The budget for each fiscal year must be adopted before the first day of the fiscal year. In our case the budget must be adopted by September 30th of each year for the forthcoming fiscal year.*

- *The budget must include all expenditures proposed for the next fiscal year and compare the proposed expenditures with expenditures for the current fiscal year; and*
- *The budget must contain a complete financial statement of the municipality, which includes outstanding obligations of the municipality, the cash on hand to the credit of each fund, total revenue received from all sources during the previous fiscal year, estimated revenue for the current fiscal year, project revenue for the next fiscal year, and the estimated tax rate required to provide for the proposed budget.*

Each year the Budget Officer of the City in cooperation with the City Council and department heads, develop a proposed budget for the upcoming fiscal year. The proposed budget is developed by means of multiple workshops with the Council and staff. This year the Council met in three workshops and reviewed the needs and request of the various departments within the City. After these workshops the Budget Officer compiled a proposed 2013 fiscal year budget which is being formally submitted to the Council on August 14, 2012. After submission to the Council, the proposed budget with any changes deemed necessary by the Council, is filed with the City Secretary 30-days prior to the Council taking action on establishing a property tax rate.

State law mandates that the City Council hold a public hearing to provide the public an opportunity to comment on the proposed budget. The Council generally establishes the time, date, and place of the public hearing at the public meeting in which the proposed budget is formally presented to them by the Budget Officer. The public hearing must occur at least 15 days after the filing of the budget with the City Secretary and any taxpayer may attend and participate in the public hearing.

The Local Government Code requires that the city "take action on the proposed budget" at the conclusion of the public hearing. This does not mean that the Council must adopt or reject the budget at that time. At the conclusion of the public hearing if the Council requires changes prior to adoption and they are minor in nature, the Council can amend the proposed budget as necessary and then adopt the final budget as amended. If substantial changes are to be made after the public hearing, the vote on the budget could be postponed until it has time to make the necessary changes. The meeting could be "recessed" for no more than 24 hours without reposting the meeting. A delay of more than 24 hours would require that the meeting for formal adopting be reposted in accordance with the Texas Open Meeting Act.

The City is required by law to levy taxes and spend municipal funds in strict compliance with the budget, except in the case of an emergency. However, this does not prevent the Council from making changes in the budget for municipal purposes. These changes may take the form of transfers between line items, new line items, or increases to existing line items that increase the overall budget and depending on the nature of these changes determines the method of amending the budget.

PROPOSED FISCAL YEAR 2013 BUDGET IN GENERAL

In development of the proposed Fiscal Year 2013 budget, the Council in their budget workshops, reviewed several budgetary issues in the development of the proposed budget. Among these basic budgetary issues were:

- 1. Does the budget meet the needs of the community as adequately as available finances will permit?*
- 2. Does the budget provide a proper balance between essential and less essential services?*
- 3. Are administrative controls in place to ensure that adequate results will be produced and proper standards of services maintained?*
- 4. Is the proposed budget sound and honest?*
- 5. Do revenue and expenses appear to be realistic?*
- 6. Is the budget consistent with the ability and willingness of the citizens to support it?*

One area of the budget that the Council determined should be addressed that had not in prior years, is the replenishment of existing reserve funds and the development of additional special reserve funds to meet the anticipated future expenditures. Earlier in the year, the Council adopted a Comprehensive Financial Policy which established several reserve funds and the goals for the various Funds of the City. The Council determined during deliberations regarding this policy that it would not be feasible and nearly impossible to provide the funding required to fund all the various funds as established within this Policy in any one fiscal year. It is anticipated that it will require several years to provide the needed funding. However, the Policy did address the need for all funds to be balanced without the need to depend upon reserves to balance each funds budget for recurring expenditures.

*Within the **General Fund** two major reserve funds were established:*

- 1. **General Unassigned Fund Balance** is the operating reserve of the General Fund. The goals, as established, set a lower limit of 25% of the recurring expenditures based on the current year's expenditures. Due to the minimal size of the General Fund and the possible loss in the City's infrastructure, it is desirable to*

gradually increase this reserve to 100% of the existing year's recurring expenses. It is anticipated that at the end of the current fiscal year, the fund will have a balance close to 70% of the existing year's recurring expenses.

- 2. Facilities Replacement and Major Repair Reserve** is a sinking fund established to amortize the cost of the City's critical facilities (City Hall). No upper or lower fund balances were established for this reserve. It is anticipated that the City Council will approve a transfer from the General Fund of approximately \$7,400 in excess funds at the end of the current fiscal year. The Council may elect to add to this fund at the end of Fiscal Year 2013 if additional uncommitted funds are available.*

*Within the **Public Works Fund** three major reserve funds were established:*

- 1. Stabilization and Contingency Reserve** was established to provide sufficient funds to support seasonal variations in cash flows, to provide the necessary funds to offset cost increases due to seasonal variations, and to help offset cost increases that are projected to be short-lived. Thereby, partially eliminating the volatility in an annual rate adjustment. The goal, as established, was a minimum of 25% and an upper limit of 50% of the recurring expenses of the fund in the current fiscal year. It is anticipated that this fund will have approximately 34% funding reserved at the end of the current fiscal year and is budgeted to increase by approximately \$38,000 in Fiscal Year 2013. This would bring the funding reserve to approximately 38% of the recurring expenses for the current fiscal year.*
- 2. Infrastructure Replacement Fund** was established with no goals set. This fund has not been funded in the current fiscal year nor is any funding budgeted for Fiscal Year 2013. It is anticipated that once the Stabilization and Contingency Reserve goals have been met that funding for this fund will commence.*
- 3. Equipment and Vehicle Replacement Fund** was established to finance the acquisition of equipment and vehicles necessary for the performance of the various functions and services of this department. The fund is to be used to provide the funding for vehicles and equipment with a purchase price of \$5,000 or greater. It is anticipated that approximately \$17,000 in excess vehicle insurance claims will be transferred from the General Fund into this reserve by the end of the current fiscal year. No*

funds have been budgeted to be transferred into this fund during Fiscal Year 2013; however the Council may, at the end of the fiscal year, elect to transfer additional funds into the funds if available.

*Within the **Recreational Country Club Fund** two reserves funds were also established:*

- 1. **Infrastructure Maintenance Fund** was established to fund major repairs and renovations of the golfing complex building, swimming pool, and tennis courts. Funding for the development of this fund is to be derived from funds collected from the lease of the golfing complex, as well as, from transfer of funds from other funds within the City when available. Fiscal Year 2013 reflects a transfer into the fund of approximately \$20,000. No funding is anticipated during the current fiscal year.*
- 2. **Golf Course Improvement Fund** was established to serve as a temporary repository of funds collected from various donations, fundraisers, and contributions to purchase items or for specific designated capital improvements for the golfing complex. Currently all funds associated with this reserve are being held by the General Fund and any funds remaining at the end of the current fiscal year will be transferred into the fund. No operational funds are budgeted for this reserve fund and funding is only anticipated to be derived from donations and fund raisers.*

Fiscal Year 2013 Budget

Please find attached the proposed budget for the Fiscal Year 2013 which begins on October 1, 2012 and ends on September 30, 2013.

The proposed Fiscal Year 2013 budget proposes an approximate 4.1% increase in the City's property tax rate in order to help provide the needed income to replenish existing reserves in the Public Works Fund and the funding of newly established reserve fund in the Recreation and Country Club Fund. Approximately \$30,000 in additional property tax revenue will be generated in Fiscal Year 2013 than in Fiscal Year 2012. As proposed, the General Fund will transfer these additional funds to both the Public Works Fund and the Recreation and Country Club Funds.

The proposed Fiscal Year 2013 budget also reflects an approximate 7.1% increase in the average water customers' utility billing for the fiscal year. This increase was necessary to provide the additional funds required to retire

the anticipated debt needed to build the additional potable water storage tank.

The total of both of these increases is anticipated to increase the average homeowner in Meadowlakes fees and taxes paid to the City by \$7.38 per month or \$88.50 per year, a 4.9% increase.

OVERVIEW OF ALL CITY FUNDS

Fiscal Year 2012 anticipated total uncommitted cash for all funds in the amount of \$601,097, and as proposed, Fiscal Year 2013 should end with approximately \$659,177 in uncommitted cash reserves, a \$58,080 increase. Operational Funds (General and Enterprise Funds) will have a total of \$1.565 million in revenue, with expenditures of \$1.276 million; \$231,000 transferred to debt service and capital project funds and \$58,000 will be utilized to add to existing reserves or fund newly created reserve funds.

The proposed budget will fund a total of 11 full time employees and 7 part time and seasonal positions in all departments. A cost of living increase of 3% is budgeted for all full time employees.

The proposed budget also reflects the City incurring an additional \$300,000 in debt for the construction of the newly proposed potable water storage tank at the water treatment plant. The retirement of this additional debt requires an increase in water service billing. The proposed budget also reflects the retirement of \$270,000 in bonded debt.

General Fund

The General Fund provides for the City's basic services including Administration, Police, Fire, EMS, Municipal Court, Ordinance Enforcement, and Animal Control.

This fund receives a majority of funding from property taxes with minor amounts being provided from franchise fees and other miscellaneous fees and charges. The taxable appraised valuation within the City increased approximately 1.3% from CY2010 to CY2011. The total taxable appraised value for 2011 of the City is approximately \$196.1 million which includes approximately \$1.8 million in taxable new improvements and personal property. The Council is considering adopting a tax rate of \$0.3159 per \$100 taxable valuation which is 3.7% greater than last year's rate and 4.1% greater than the effective rate calculated for this year. If the proposed increase in tax rate is adopted, it would generate slightly less than \$30,000 in property tax revenue than was generated in CY2010. Of this amount,

\$5,600 will be generated from new taxable property added to the tax rolls of the City.

No major capital improvements are being proposed to be funded from the General Fund in Fiscal Year 2013. The fund, as budgeted, reflects \$30,000 in inter-fund transfers with \$25,000 being transferred to the Public Works Fund and \$5,000 to the Recreation and Country Club Fund.

Overall, total revenues would increase approximately 4.7% (\$17,670) over those budgeted for the existing FY 2012 and approximately 7.2% (\$26,000) greater than those anticipated for the FY 2012. The increase in revenues is due to the increase in property tax revenue as discussed above. Expenses (less transfer out of funds) for Fiscal Year 2013 will decrease approximately 7% (\$27,425). Listed below is a brief description of the major expense categories of the General Fund.

- *Ad Valorem Collection Expenses are expected to remain as those budgeted for the current fiscal year.*
- *Building Committee Expenses are expected to remain as those budgeted for the current fiscal year.*
- *Ordinance Enforcement is expected to increase by slightly more than \$2,000 due to increased hours and a slight pay increase for the part time Ordinance Officer and cost associated with reimbursing his use of his personal vehicle.*
- *Animal Control expense is expected to decrease \$500.*
- *Emergency Management/Flood Plain expenses are anticipated to decrease by \$250.*
- *Traffic Control Expenses are expected to decrease nearly \$1,000.*
- *Municipal Court Expenses, as proposed, will decrease by \$4,700 due to how State fines and fees are booked within the accounting system. Revenues related to the Municipal Court were also adjusted to reflect this change.*
- *Legal Expenses are expected to decrease by \$2,500 due to no anticipated legal expense in the fiscal year related to codification.*
- *Employee Expenses, as budgeted, will decrease by \$5,425 from those budgeted for the current fiscal year.*
- *Administrative Expenses are budgeted to decrease approximately \$12,000, mainly due to the cost of codifying the City's Ordinance not being an expense in the upcoming fiscal year.*
- *Operation and Maintenance-Facilities are budgeted to decrease by \$1000.*
- *Emergency Services Contract reflects a \$2,700 increase to cover an increase in funding for the Marble Falls Area Volunteer Fire Department, Inc. for providing fire protection within the City.*

Total operating expenses, as budgeted for Fiscal Year 2013, will decrease by approximately \$27,425 over those budgeted for the current fiscal year. The total of funds transferred to other funds within the City will increase by \$20,000 over those transferred in the current fiscal year.

Enterprise Funds

The Enterprise Funds are used to account for the City's "business-like" activities such as the Public Works Fund (PWD) and the Recreation and Country Club (RCC) Funds. Revenues for the PWD fund are generated through fees that specifically pay for the services being provided while the RCC Fund revenues are generated by lease income and transferred into the fund from other funds within the City.

A portion of the revenues from the PWD fund is transferred to the Debt Service Fund for retirement of debt incurred by the fund. This year's funds will be transferred into the Capital Expenditure Fund to assist with the construction of the new potable water storage tank. Below please find a brief review of each of these funds:

Public Works Fund (Utility)

The Public Works Fund (PWD) is the largest of all funds within the City. It has revenues in excess of \$1 million and provides funding for the operation of the City's water, wastewater, and drainage systems. The PWD Fund, as proposed for Fiscal Year 2013, would have total revenues of \$1.151 million, a 7.5% increase over those budgeted for the current fiscal year and a 2% increase over those anticipated for the current fiscal year. Total expenses (less transferred to other funds and capital expenditures) are proposed to increase from \$884,000 budgeted for the current fiscal year to, \$907,000 for Fiscal Year 2013, a 2.5% increase.

The proposed Fiscal Year 2013 budget reflects an increase of \$80,000 in revenues over those budgeted for the current fiscal year. The entire increase in revenues is attributed to increased water revenues. This increase is necessary in order to generate the needed additional revenues for the retirement of the new debt (\$300,000) which is expected for the construction of the aforementioned potable water storage tank as well as to generate some additional revenues to fund other expenses of the fund.

The average water customer within the City averages 14,000 gallons of water usage per month; usage increases to an average of 25,000 per month for the July-September period and reduces to approximately 9,000 gallons

per month for the December-February period. Based on this, the average water billing (water only) is currently \$30.95 per month and with the proposed rate will increase to \$36.45 per month.

The proposed new rate would raise the minimum billing from \$12.25 for the first 3,000 gallons to \$16.65 and the average water charge for the water used in excess of the minimum would increase from \$18.70 to \$19.80. The total average increase per customer would be \$5.50 (17.7%) or \$66 per year.

Please find a comparison to other local entities based on our average usage of 14,000 gallons per month:

<i>Meadowlakes (new proposed rate)</i>	<i>\$36.45</i>
<i>Horseshoe Bay</i>	<i>\$60.25</i>
<i>Marble Falls</i>	<i>\$69.04</i>
<i>Kingsland Water Supply</i>	<i>\$70.50</i>
<i>Granite Shoals</i>	<i>\$77.32</i>
<i>Burnet</i>	<i>\$86.76</i>
<i>Cottonwood</i>	<i>\$94.10</i>

No increase in wastewater fees is anticipated in the upcoming fiscal year. However, depending on negotiations with our solid waste contractor, we may have an increase in January of 2013 for solid waste collection. The proposed budget does not reflect any adjustment to the solid waste fee.

Proposed expense for Fiscal Year 2013, as mentioned above, is expected to increase by 2.5% or approximately \$23,000 over those budgeted for the current fiscal year. Please find below a brief narrative of the major expense categories:

- Total Employee Expenses are expected to increase slightly over those budgeted for the current fiscal year. The slightly less than \$2,000 increase is mainly attributed to the funding of the Unemployment Reserve Fund. Direct employee expenses as proposed will increase by \$100.*
- Administrative Expenses, as budgeted, reflect a very slight increase (\$750) over the current fiscal year.*
- Operation and Maintenance-Facilities expenses, as proposed, will increase by nearly 12% (\$27,825), mainly due to an increase in the operation and maintenance of the City's water treatment plant.*
- POA Contract Expenses are not expected to increase.*
- Solid Waste Collection Expense is proposed to decrease by \$8,000 due to favorable contract negotiations in the current fiscal year.*

Overall total operating expenses, as mentioned above, are proposed to increase by 2.5% (\$22,525).

The PWD Fund, in the current fiscal year, transferred \$159,000 in operational funds to Debt Service to pay a portion of the debt service requirements for the fiscal year. As proposed for Fiscal Year 2013, the PWD Fund will transfer \$150,600 to assist in retirement of the existing bond debt, and \$24,400 for retirement of the new anticipated debt related to the potable water storage tank for a total of \$175,000 in transfers to the Debt Service Fund. In addition to debt transfers, \$56,000 will be transferred from the PWD Fund to the Capital Expenditure Fund to assist in funding the water storage tank project and an additional \$12,000 will be transferred to the RCC Fund provided the PWD Fund receives the anticipated \$12,000 in principal due to the fund by the Meadowlakes Public Facility Corporation (PFC). As proposed, the PWD Fund will receive a net transfer of funds in from the General Fund in the amount of \$25,000.

Based on the proposed budgeted revenues and expenses for Fiscal Year 2013, the PWD Fund should have a net gain of \$26,300 for Fiscal Year 2013. With the anticipated inflow of \$12,000 in principal from the PFC, the fund should see a net increase in its reserves of \$38,300 for Fiscal Year 2013. The Council has the option at the end of the fiscal year to determine how the reserve funds will be distributed among the various reserve funds of the Public Works Department Fund.

Recreation and Country Club Fund

The Recreation and Country Club Fund (RCC) is an enterprise fund which provides support to the operation of the Meadowlakes Golfing Complex, operated by the Meadowlakes Public Facility Corporation. The City of Meadowlakes created the Meadowlakes Public Facility Corporation (Corporation) on October 1, 2009, under the provisions of Chapter 303 of the Texas Local Government Code. The Corporation is legally separate from the City of Meadowlakes: however, the City appoints all of the Corporation's Board of Directors and has the ability to remove the appointees at will. The purpose for creating the Corporation was to finance, manage, and maintain the City owned municipal golf complex. The Corporation is financially accountable to the City; hence it is treated as a component unit of the City.

The RCC Fund is utilized to provide support to the operations of the golfing complex for major renovations and repairs and is not financially responsible for the day-to-day operations of the golfing complex.

The Funds income is derived from two major sources; one being the annual lease income from the lease of the golfing complex to the Meadowlakes Public Facility Corporation and the other being funding from other funds of the City via transfers into the Fund. In Fiscal Year 2013 the proposed budget reflects total lease and miscellaneous income of \$12,030 and the fund will receive a total of \$17,000 in transfers from other funds. The Public Works Fund will transfer \$12,000 in Fiscal Year 2013 contingent on the Public Works Fund receipt of principal payments from the Corporation on an outstanding loan made to the Corporation from the Public Works Fund and \$5,000 from the General Fund.

The RCC Fund provides funding for major renovations and repairs, as well as for additional support for the golfing complex as deemed by the Council. The Corporation is responsible for minor maintenance and repairs of the facility on a day-to-day basis with a maximum financial liability of \$5,000 for maintenance and repairs of the golfing complex buildings, pool, and tennis courts. After this maximum is met, the RCC Fund becomes responsible for such repairs and maintenance expenses. The Fund's budgeted expense for the fiscal year totals \$9,250.

The budget, as proposed, reflects a positive cash flow to the fund of slightly less than \$20,000. In an effort to begin building reserves for anticipated major repairs to several of the golfing complex buildings, swimming pool and tennis courts a new Infrastructure Maintenance Fund will be established. This reserve fund will begin the fiscal year without a fund balance.

Debt Service Fund

The Debt Service Fund, which is commonly called an Interest and Sinking Fund, is a clearing house for the City's outstanding bonded debt. Currently the City has \$3,795,000 in outstanding debt related to the refinancing of a loan balance carry over from the dissolution of the Meadowlakes Municipal Utility District and the purchase of the golfing complex in 2008. It is anticipated that the City will incur \$300,000 in additional debt in Fiscal Year 2013 for the construction of a new potable water tank. A total of \$270,000 in outstanding debt will be retired in Fiscal Year 2013, a \$5,000 increase from the current fiscal year.

The Debt Service Fund receives income from two sources; one being property taxes and the other from transfer into the Fund from the Public Works Fund (PWD). As proposed for Fiscal Year 2013, approximately \$3,500 in additional revenue will be generated from property taxes than in the current fiscal year and as proposed, the total tax rate related to debt service will decrease slightly. The PWD fund will transfer \$175,000 into the fund

during the fiscal year. This transfer will provide \$150,600 in funds for the retirement of the City's existing debt and \$24,400 in funds for the retirement of the anticipated new debt for the construction of a new potable water storage tank.

The proposed Fiscal Year 2013 budget for this fund reflects a total of \$468,785 in revenues and transfers into the fund, total expenses of \$468,785 resulting in no net gain or loss for the fiscal year.

Construction Fund

The Construction Fund, like the Debt Service Fund, is a clearing house for the construction funding of a new potable water storage tank. It is anticipated that the City will finance and construct a new 250,000 gallon potable water storage tank during Fiscal Year 2013. The City has secured a commitment from the Meadowlakes Property Owners Association Inc. for the financing of \$300,000 for the projected \$356,000 project. The additional \$56,000 required for the project will be derived from an inter-fund transfer from the Public Works Fund.

It is anticipated that construction on the project will begin shortly after the first of the calendar year 2013 and should be completed by the end of the FY 2013.

Outstanding Debt

During the current fiscal year the total outstanding bonded debt decreased by \$265,000 and the bonded debt will decrease \$270,000 in Fiscal Year 2013. The total outstanding bonded debt as of October 1, 2012 is \$3.795 million and will be reduced to \$3.525 million by October 1, 2013. As mentioned previously, the City anticipates securing an additional \$300,000 in financial support for the construction of a new potable water storage tank. The City has received commitment from the Meadowlakes Property Owners Association Inc., for \$300,000 funding for this project with a term of 7 years with semi-annual payments, one being budgeted for Fiscal Year 2013.

Projected Ending Fund (Uncommitted) Balances

Listed below is a brief review of the status of the various funds within the City and the proposed performance for Fiscal Year 2013.

- General Fund – no change in uncommitted fund balance. It should begin the year with approximately \$252,600 and end the year with a like amount.

- *Public Works Fund – should see total uncommitted cash reserves increase from slightly less than \$334,000 to \$372,000, a \$38,000 increase.*
- *Recreation and Country Club Fund – begins the fiscal year with nearly \$1,500 and should end the year with a like amount. However, the proposed budget reflects the transfer of nearly \$20,000 into a newly created Infrastructure Maintenance Fund Reserve.*
- *Debt Service Fund – should see no change in its uncommitted fund balance.*
- *Construction Fund – it is anticipated that this fund will be closed out by the end of this fiscal year.*

Overall, as budgeted, the uncommitted operational funds (General, Public Works and Recreation and Country Club Funds) should increase the total combined uncommitted cash reserves by \$58,000 to nearly \$645,000 by the end of Fiscal Year 2013.

City of Meadowlakes

Proposed Fiscal Year 2013

Budget

For Fiscal Year Beginning on October 1, 2012

Ending September 30, 2013

“This budget will raise more total property taxes than last year’s budget by \$29,797 (5.1%), and of that amount \$5,624 is revenue to be raised from new property added to the tax roll this year”

Filed with the City Secretary the 15th day of August 2012.

/s/ Johnnie L. Thompson

Johnnie L. Thompson, City Manager

Filed in my office the 15th day of August 2012.

/s/ Stephanie Littleton

Stephanie Littleton, City Secretary

City of Meadowlakes

Fiscal Year 2013 Combined Budget

Proposed Budget

	General Fund	Public Works Fund	Recreation & Country Club Fund	Debt Service Fund	Construction Fund	Total All Funds
<u>Revenues</u>						
<i>Utilities Income (Water & Wastewater)</i>	\$ -	\$ 860,000	\$ -	\$ -	\$ -	\$ 860,000
<i>Ad Valorem Taxes</i>	\$ 325,800	\$ -	\$ -	\$ 293,525	\$ -	\$ 619,325
<i>Solid Waste Collection Fees</i>	\$ -	\$ 196,500	\$ -	\$ -	\$ -	\$ 196,500
<i>Contract Services</i>	\$ -	\$ 80,000	\$ -	\$ -	\$ -	\$ 80,000
<i>Franchise Fee/Taxes</i>	\$ 53,500		\$ -	\$ -	\$ -	\$ 53,500
<i>Liquor Tax</i>	\$ 1,200		\$ -	\$ -	\$ -	\$ 1,200
<i>Water/Sewer Connect Fees</i>	\$ -	\$ 2,900	\$ -	\$ -	\$ -	\$ 2,900
<i>Building Permits Revenue</i>	\$ 2,650	\$ -	\$ -	\$ -	\$ -	\$ 2,650
<i>Judicial/Court Revenue</i>	\$ 3,400	\$ -	\$ -	\$ -	\$ -	\$ 3,400
<i>Penalty & Interest Earned</i>	\$ -	\$ 6,250	\$ -	\$ -	\$ -	\$ 6,250
<i>Interest Earned</i>	\$ 900	\$ 2,100	\$ -	\$ -	\$ -	\$ 3,000
<i>Lease Income</i>	\$ -	\$ -	\$ 12,000	\$ 260	\$ -	\$ 12,260
<i>Other Miscellaneous Incomes</i>	\$ 1,850	\$ 3,700	\$ 30	\$ -	\$ -	\$ 5,580
<i>Loan Proceeds</i>	\$ -	\$ -	\$ -	\$ -	\$ 300,000	\$ 300,000
TOTAL REVENUES	\$ 389,300	\$ 1,151,450	\$ 12,030	\$ 293,785	\$ 300,000	\$ 2,146,565

City of Meadowlakes

Fiscal Year 2013 Combined Budget

Proposed Budget

	General Fund	Public Works Fund	Recreation & Country Club Fund	Debt Service Fund	Construction Fund	Total All Funds
<u>Expenses</u>						
<i>Ad Valorem Collection Costs</i>	\$ 14,000	\$ -			\$ -	\$ 14,000
<i>Building Committee Expense</i>	\$ 500	\$ -			\$ -	\$ 500
<i>Ordinance Enforcement Expense</i>	\$ 11,850	\$ -			\$ -	\$ 11,850
<i>Animal Control Expense</i>	\$ 8,700	\$ -			\$ -	\$ 8,700
<i>Emergency Management/Flood Plain Administration</i>	\$ 1,100	\$ -			\$ -	\$ 1,100
<i>Traffic Control Expense</i>	\$ 28,475	\$ -			\$ -	\$ 28,475
<i>Municipal Court</i>	\$ 4,400	\$ -			\$ -	\$ 4,400
<i>Legal</i>	\$ 5,000	\$ -			\$ -	\$ 5,000
<i>Employee Expenses</i>	\$ 176,600	\$ 413,350			\$ -	\$ 589,950
<i>Administrative Expenses-Other</i>	\$ 25,175	\$ 50,700			\$ -	\$ 75,875
<i>Operation and Maintenance-Facilities</i>	\$ 10,000	\$ 261,850	\$ 9,250		\$ -	\$ 281,100
<i>Emergency Services Contracts</i>	\$ 63,500	\$ -			\$ -	\$ 63,500
<i>POA Contract Expenses</i>	\$ -	\$ 8,250			\$ -	\$ 8,250
<i>Solid Waste Pickup Expense</i>	\$ -	\$ 173,000			\$ -	\$ 173,000
<i>Capital Expenditures greater than \$5,000</i>	\$ -				\$ 356,000	\$ 356,000
<i>Contingency</i>	\$ 10,000	\$ -			\$ -	\$ 10,000
<i>Debt Expense</i>	\$ -	\$ -		\$ 468,785	\$ -	\$ 468,785
TOTAL OPERATING EXPENSES	\$ 359,300	\$ 907,150	\$ 9,250	\$ 468,785	\$ 356,000	\$ 2,100,485

City of Meadowlakes

Fiscal Year 2013 Combined Budget Proposed Budget

	General Fund	Public Works Fund	Recreation & Country Club Fund	Debt Service Fund	Construction Fund	Total All Funds
NET GAIN/(LOSS) (Before Transfers & Capital Contributions)	\$ 30,000	\$ 244,300	\$ 2,780	\$ (175,000)	\$ (56,000)	\$ 46,080
CAPITAL CONTRIBUTIONS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TRANSFER TO OTHER FUNDS (Note #1)	\$ 30,000	\$ 243,000	\$ -	\$ -	\$ -	\$ 273,000
TOTAL FUND EXPENDITURES	\$ -	\$ 1,150,150	\$ 9,250	\$ 468,785	\$ 356,000	\$ 2,373,485
Transfer In from Other Funds(Note #2)	\$ -	\$ 25,000	\$ 17,000	\$ 175,000	\$ 56,000	\$ 273,000
Other Non Revenue Fund Sources (Note #3)	\$ -	\$ 12,000	\$ -	\$ -	\$ -	\$ 12,000
NET OPERATING GAIN/(LOSS)	\$ -	\$ 38,300	\$ 19,780	\$ -	\$ -	\$ 58,080
Transfer to Reserve Funds		\$ 38,300	\$ 19,780	\$ -	\$ -	\$ 58,080
NET FUND GAIN/(LOSS)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note #1-Transfer to Other Funds

General Fund Transfers Out-\$25,000 to Public Works Fund and \$5,000 to the Recreation and Country Club Fund for a total of \$30,000
Public Works Fund Transfer Out -\$175,000 to Debt Service, \$56,000 to Construction Fund and \$12,000 to the Recreation and Country Club Fund-Total \$231,000

Note #2 - Transfers in from Other Funds

Public Works Fund- \$25,000 transfer in from the General Fund
Recreation and Country Club Fund-\$12,000 from the Public Works Fund and \$5,000 from the General Fund for a total of \$17,000
Debt Service Fund-\$175,000 from the Public Works Fund which includes \$150,600 for 2008 Bonded Debt and \$24,400 for anticipated 2013 debt related to the construction of a new potable water storage tank.
Construction Fund-\$56,000 transfer in from Public Works

Note #3 - Other Non-Revenue Fund Sources

Funds received from principal payments received from the Meadowlakes Public Facility Corporation on outstanding loan

City of Meadowlakes

Submitted and Revised 8-14-12

Proposed Fiscal Year 2013 General Fund Budget

	Fiscal Year 2012 Budget	Anticipated Fiscal Year 2012	Proposed Fiscal Year 2013 Budget
<u>INCOME</u>			
<u>Ad Valorem Tax Income</u>	\$ 299,280	\$ 299,000	\$ 325,800
<u>Franchise Fees/Tax Income</u>			
PEC Franchise	\$ 39,000	\$ 36,750	\$ 38,000
Northland Communications Franchise	\$ 9,500	\$ 8,500	\$ 8,500
Telephone Franchise	\$ 8,500	\$ 7,300	\$ 7,000
Total Franchise Fees/Tax Income	\$ 57,000	\$ 52,550	\$ 53,500
<u>Liquor Tax Income</u>	\$ 1,000	\$ 1,200	\$ 1,200
<u>Building Permits Income</u>			
Construction Permits	\$ 1,200	\$ 500	\$ 500
Remodeling Permits	\$ 750	\$ 735	\$ 750
Fence, Deck, and Pool Permits	\$ 1,300	\$ 1,400	\$ 1,300
Miscellaneous Income	\$ 100	\$ 200	\$ 100
Total Building Permit Income	\$ 3,350	\$ 2,835	\$ 2,650
<u>Judicial/Court Income</u>			
Fines and Fees	\$ 8,000	\$ 4,250	\$ 3,300
Miscellaneous	\$ 100	\$ 10	\$ 100
Total Judicial/Court Income	\$ 8,100	\$ 4,260	\$ 3,400
<u>Interest Earned on Investments</u>	\$ 1,500	\$ 1,150	\$ 900
<u>Other Miscellaneous Income</u>			
Pet Registration	\$ 1,300	\$ 1,750	\$ 1,750
Miscellaneous	\$ 100	\$ 150	\$ 100
Total Other Miscellaneous Income	\$ 1,400	\$ 1,900	\$ 1,850
TOTAL INCOME	\$ 371,630	\$ 362,895	\$ 389,300

City of Meadowlakes

Submitted and Revised 8-14-12

Proposed Fiscal Year 2013 General Fund Budget

	Fiscal Year 2012 Budget	Anticipated Fiscal Year 2012	Proposed Fiscal Year 2013 Budget
<u>EXPENSES</u>			
<u>Ad Valorem Collection Expense</u>			
Appraisal and Collection Cost-BCAD	\$ 12,000	\$ 10,620	\$ 12,000
Collection Expense-Legal	\$ 1,500	\$ 1,500	\$ 1,500
Miscellaneous Expenses	\$ 500	\$ 500	\$ 500
Total Ad Valorem Collection Expense	\$ 14,000	\$ 12,620	\$ 14,000
<u>Building Committee Expense</u>			
Membership	\$ 200	\$ 125	\$ 200
Miscellaneous	\$ 300	\$ 100	\$ 300
Total Building Committee Expense	\$ 500	\$ 225	\$ 500
<u>Ordinance Enforcement</u>			
Employee Wages/Salaries Expense	\$ 6,500	\$ 6,600	\$ 7,750
FICA/Med Expense	\$ 500	\$ 510	\$ 600
Vehicle Operations/Mileage	\$ 1,800	\$ 2,140	\$ 2,400
Worker's Compensation Insurance	\$ 300		\$ 100
Automotive Insurance	\$ -	\$ 170	\$ 200
Miscellaneous	\$ 525	\$ 570	\$ 800
Total Ordinance Enforcement Expense	\$ 9,625	\$ 9,990	\$ 11,850
<u>Animal Control</u>			
Contract Services	\$ 8,000	\$ 7,200	\$ 7,600
Pet Holding Fees	\$ 250	\$ 600	\$ 600
Worker's Compensation Insurance	\$ 200	\$ 100	\$ 100
Miscellaneous	\$ 750	\$ 450	\$ 400
Total Animal Control Expense	\$ 9,200	\$ 8,350	\$ 8,700
<u>Emergency Management/Flood Plain</u>			
Employee Expenses	\$ 1,100	\$ -	\$ -
Memberships	\$ -	\$ 585	\$ 600
Training/Travel/Miscellaneous	\$ 250	\$ -	\$ 500
Total Emergency Management/Flood Plain	\$ 1,350	\$ 585	\$ 1,100

City of Meadowlakes

Proposed Fiscal Year 2013 General Fund Budget

	Fiscal Year 2012 Budget	Anticipated Fiscal Year 2012	Proposed Fiscal Year 2013 Budget
<u>Traffic Control Expense</u>			
Employee Wages/Salaries Expense	\$ 25,000	\$ 25,000	\$ 25,000
FICA/Med Expenses	\$ 1,925	\$ 1,990	\$ 1,925
Worker's Compensation Insurance	\$ 500	\$ 300	\$ 300
Law Enforcement Liability	\$ 1,000	\$ 1,010	\$ 1,000
Unemployment Expense	\$ 500	\$ -	\$ -
Miscellaneous/Office Supplies	\$ 500	\$ -	\$ 250
Total Traffic Control Expense	\$ 29,425	\$ 28,300	\$ 28,475
<u>Municipal Court Expense</u>			
Training/Travel	\$ 500	\$ 700	\$ 750
Court Cost	\$ 3,000	\$ -	\$ -
Prosecuting Attorney	\$ 2,000	\$ 250	\$ 500
Office Lease-Judge	\$ 2,400	\$ 2,400	\$ 2,400
Bailiff Service	\$ 500	\$ -	\$ 250
Miscellaneous Expenses	\$ 700	\$ 900	\$ 500
Total Municipal Court Expense	\$ 9,100	\$ 4,250	\$ 4,400
<u>Legal Expense</u>			
Legal Expense-Codification	\$ -	\$ 3,000	\$ -
Legal Expense-General	\$ 7,500	\$ 4,500	\$ 5,000
Total Legal Expense	\$ 7,500	\$ 7,500	\$ 5,000
<u>Employee Expense</u>			
Employee Wages/Salaries			
Salary and Wages-Exempt Employee	\$ 89,250	\$ 89,250	\$ 91,925
Salary and Wages-Non-Exempt Employee	\$ 52,500	\$ 49,000	\$ 50,825
FICA/Med Expense	\$ 11,325	\$ 11,000	\$ 11,000
Longevity Pay	\$ 4,200	\$ 2,300	\$ 2,500
Reserve Payroll	\$ 4,000	\$ -	\$ 2,750
Employee Retirement Expense	\$ 3,000	\$ 1,750	\$ 2,000
Employee Health Insurance	\$ 14,000	\$ 12,600	\$ 12,250
Employee Disability Insurance	\$ 1,000	\$ 1,000	\$ 1,200
Total Employee Wage/Salaries Expense	\$ 179,275	\$ 166,900	\$ 174,450

City of Meadowlakes

Proposed Fiscal Year 2013 General Fund Budget

	Fiscal Year 2012 Budget	Anticipated Fiscal Year 2012	Proposed Fiscal Year 2013 Budget
Other Employee Expenses			
Training/Travel	\$ 1,000	\$ 450	\$ 500
Dues & Fees	\$ 500	\$ 400	\$ 500
Mileage Allowance	\$ 350	\$ -	\$ 250
Miscellaneous	\$ 900	\$ 645	\$ 900
Total Other Employee Expenses	\$ 2,750	\$ 1,495	\$ 2,150
Total Employee Expenses	\$ 182,025	\$ 168,395	\$ 176,600
<u>Administrative Expenses</u>			
Liability Insurance	\$ 2,200	\$ 650	\$ 1,500
Errors and Omissions Expense	\$ 200	\$ 950	\$ 1,000
Crime Insurance	\$ 450	\$ 200	\$ 500
Worker's Compensation Insurance	\$ 700	\$ 200	\$ 750
Audit	\$ 3,500	\$ 3,115	\$ 3,500
City Directory	\$ 1,500	\$ -	\$ -
Election	\$ 1,400	\$ 600	\$ 750
Gift, Flowers, etc.	\$ -	\$ 300	\$ 300
Office Supplies	\$ 4,000	\$ 4,000	\$ 4,000
Equipment Rental-Copies	\$ 2,000	\$ 1,790	\$ 1,800
Neighborhood Watch Expense	\$ 750	\$ 500	\$ 400
Postage	\$ 350	\$ 500	\$ 550
Memberships-(TML & Chamber)	\$ 700	\$ 560	\$ 600
Telephone	\$ 750	\$ 680	\$ 700
Miscellaneous	\$ 1,200	\$ -	\$ 750
Office Equipment Repair & Maintenance	\$ 500	\$ -	\$ 500
Codification Expense	\$ 10,000	\$ 10,000	\$ -
Fund Unemployment Reserve Fund	\$ -	\$ -	\$ 1,000
Website and Email Hosting	\$ 2,000	\$ 1,100	\$ 2,000
Equipment Purchased less than \$5,000	\$ 5,000	\$ 3,000	\$ 4,575
Total Administrative Expenses	\$ 37,200	\$ 28,145	\$ 25,175
<u>Operation and Maintenance - Facilities</u>			
Building Repair & Maintenance	\$ 4,000	\$ 1,270	\$ 2,500
Utilities-Electrical	\$ 2,500	\$ 2,800	\$ 3,000
Office Maintenance-Equipment	\$ 3,500	\$ 3,100	\$ 3,500
Property and Personal Property Insurance	\$ 1,000	\$ 850	\$ 1,000
Total Operation and Maintenance-Facilities	\$ 11,000	\$ 8,020	\$ 10,000

City of Meadowlakes

Proposed Fiscal Year 2013 General Fund Budget

	Fiscal Year 2012 Budget	Anticipated Fiscal Year 2012	Proposed Fiscal Year 2013 Budget
<u>Emergency Services Contracts</u>			
Marble Falls Area EMS, Inc.	\$ 33,500	\$ 33,500	\$ 33,500
Marble Falls Area Volunteer Fire Dept., Inc.	\$ 27,300	\$ 28,120	\$ 30,000
Total Emergency Services Contracts	\$ 60,800	\$ 61,620	\$ 63,500
<u>Total Contingency Fund</u>	\$ 15,000	\$ -	\$ 10,000
TOTAL OPERATING EXPENSES	\$ 386,725	\$ 338,000	\$ 359,300
NET GAIN/(LOSS) (Before Transfers & Capital Contributions)	\$ (15,095)	\$ 24,895	\$ 30,000
<u>Capital Outlay-Over \$5,000</u>			
Land Acquisition	\$ 25,000	\$ 30,000	\$ -
Total Capital Outlay	\$ 25,000	\$ 30,000	\$ -
TRANSFER TO OTHER FUNDS	\$ 10,000	\$ 10,000	\$ 30,000
TOTAL FUND EXPENDITURES	\$ (50,095)	\$ (15,105)	\$ -
TRANSFER IN FROM RESERVE FUND	\$ 50,095	\$ 15,105	\$ -
NET FUND GAIN/(LOSS)	\$ -	\$ -	\$ -

City of Meadowlakes

Proposed Fiscal Year 2013 Public Works Fund Budget

	Fiscal Year 2012 Budget	Anticipated Fiscal Year 2012	Proposed Fiscal Year 2013 Budget
<u>INCOME</u>			
<u>Utilities Income</u>			
Water Revenue	\$ 325,000	\$ 340,000	\$ 408,500
Sewer Revenue	\$ 447,500	\$ 448,500	\$ 448,500
Pump Fee Revenue	\$ 6,000	\$ 3,000	\$ 3,000
Total Utility Income	\$ 778,500	\$ 791,500	\$ 860,000
<u>Solid Waste Collection Fees</u>	\$ 194,000	\$ 194,600	\$ 196,500
<u>Contract Services</u>	\$ 80,000	\$ 80,000	\$ 80,000
<u>Water & Sewer Connect Fees</u>			
Water Connect Revenue	\$ 2,900	\$ 2,175	\$ 1,450
Sewer Connect Revenue	\$ 2,900	\$ 2,175	\$ 1,450
Total Water & Sewer Connect Fees	\$ 5,800	\$ 4,350	\$ 2,900
<u>Penalty & Interest Earned</u>	\$ 6,250	\$ 6,200	\$ 6,250
<u>Interest Earned</u>	\$ 2,500	\$ 2,100	\$ 2,100
<u>Other Miscellaneous Income</u>			
Transfer Fee	\$ 2,500	\$ 2,500	\$ 2,200
Miscellaneous Income	\$ 1,750	\$ 12,000	\$ 1,500
Total Miscellaneous Income	\$ 4,250	\$ 14,500	\$ 3,700
TOTAL INCOME	\$1,071,300	\$1,093,250	\$1,151,450

City of Meadowlakes

Proposed Fiscal Year 2013 Public Works Fund Budget

	Fiscal Year 2012 Budget	Anticipated Fiscal Year 2012	Proposed Fiscal Year 2013 Budget
<u>EXPENSES</u>			
<u>Employee Expenses</u>			
Employee Wages/Salaries			
Salary and Wages-Exempt Employee	\$ 61,600	\$ 59,225	\$ 63,500
Salary and Wages-Non-Exempt Employee	\$ 237,900	\$ 211,000	\$ 240,000
FICA/Med Expense	\$ 24,750	\$ 21,800	\$ 24,750
Overtime/Standby Pay	\$ 10,000	\$ 10,000	\$ 10,000
Longevity Pay	\$ 4,000	\$ 3,925	\$ 4,500
Reserve Payroll	\$ 6,500	\$ -	\$ 6,500
Employee Retirement Expense	\$ 8,500	\$ 2,750	\$ 4,000
Employee Health Insurance	\$ 46,000	\$ 38,000	\$ 46,000
Worker's Compensation Insurance	\$ 5,000	\$ 5,100	\$ 5,100
Total Employee Wage/Salaries Expense	\$ 404,250	\$ 351,800	\$ 404,350
Other Employee Expenses			
Employee Uniform Expense	\$ 3,500	\$ 3,600	\$ 3,500
Training/Travel	\$ 3,500	\$ 3,500	\$ 3,500
Transfer to Unemployment Reserve Fund	\$ -	\$ -	\$ 1,750
Miscellaneous	\$ 150	\$ 300	\$ 250
Total Other Employee Expenses	\$ 7,150	\$ 7,400	\$ 9,000
Total Employee Expenses	\$ 411,400	\$ 359,200	\$ 413,350
<u>Administrative Expenses-Other</u>			
Auditing	\$ 6,000	\$ 5,193	\$ 6,000
Miscellaneous Dues & Fees	\$ 5,500	\$ 5,200	\$ 5,500
Computer and Office Equipment Repair	\$ 2,000	\$ 2,500	\$ 2,000
Software Update	\$ 2,500	\$ 2,200	\$ 2,500
Office Equipment Rental	\$ 1,200	\$ 1,200	\$ 1,200
Office Supplies	\$ 5,000	\$ 4,500	\$ 4,500
Postage	\$ 4,500	\$ 4,500	\$ 4,500
Telephone	\$ 6,000	\$ 5,000	\$ 5,500
Property and Liability Insurance	\$ 15,000	\$ 13,750	\$ 16,500
Bad Debts	\$ 500	\$ 500	\$ 500
Miscellaneous	\$ 1,750	\$ 2,500	\$ 2,000
Total Administrative Expenses-Other	\$ 49,950	\$ 47,043	\$ 50,700

City of Meadowlakes

Proposed Fiscal Year 2013 Public Works Fund Budget

	Fiscal Year 2012 Budget	Anticipated Fiscal Year 2012	Proposed Fiscal Year 2013 Budget
<u>Operation and Maintenance - Facilities</u>			
Water Treatment Operational Expenses			
Utilities-Electrical	\$ 40,000	\$ 32,000	\$ 38,000
Utilities-Propane	\$ 1,500	\$ 1,000	\$ 1,500
Raw Water Purchases-LCRA	\$ 5,175	\$ 10,700	\$ -
Chemicals	\$ 17,500	\$ 16,500	\$ 17,500
Outside Testing Expense	\$ 2,000	\$ 2,200	\$ 2,000
Repair & Maintenance -Plant and Pump Station	\$ 35,000	\$ 26,500	\$ 45,000
Repair & Maintenance- Distribution	\$ 7,500	\$ 5,500	\$ 7,500
Meter Purchase	\$ 3,500	\$ 5,000	\$ 15,000
Tap Materials-Water	\$ 2,500	\$ 2,500	\$ 3,500
Total Water Treatment Operational Expense	\$ 114,675	\$ 101,900	\$ 130,000
Wastewater Treatment Operational Expenses			
Utilities-Electrical	\$ 28,000	\$ 27,500	\$ 28,000
Utilities-Propane	\$ 1,000	\$ 1,000	\$ 1,500
Chemicals	\$ 9,000	\$ 7,500	\$ 8,000
Outside Testing Expense	\$ 3,000	\$ 2,000	\$ 2,500
Repair & Maintenance-Collection System	\$ 2,500	\$ 2,500	\$ 2,500
Repair & Maintenance-Irrigation System	\$ 5,000	\$ 5,000	\$ 7,500
Repair & Maintenance-Plant & Pump Station	\$ 7,500	\$ 7,500	\$ 7,500
Irrigation Electric Subsidy-Golf Course	\$ 15,000	\$ 18,500	\$ 15,000
Total Wastewater Treatment Operational Expense	\$ 71,000	\$ 71,500	\$ 72,500
Other Operation Expenses			
Building & Miscellaneous Repairs & Maintenance	\$ 5,000	\$ 16,000	\$ 10,000
Vehicle Repair & Maintenance	\$ 5,000	\$ 4,000	\$ 5,000
Mahan Property Maintenance Expense	\$ 750	\$ 750	\$ 750
Machinery Repair & Maintenance	\$ 8,000	\$ 6,500	\$ 8,000
Vehicle Fuel	\$ 8,000	\$ 8,500	\$ 9,000
Machinery Fuel	\$ 3,000	\$ 2,200	\$ 3,000
Equipment Lease/Rental	\$ 600	\$ 600	\$ 600
Miscellaneous Expenses	\$ 2,000	\$ 8,500	\$ 2,000
Small Tools	\$ 1,000	\$ 1,750	\$ 1,000
Assets Purchased less \$5,000	\$ 15,000	\$ 15,000	\$ 20,000
Total Other Operational Expenses	\$ 48,350	\$ 63,800	\$ 59,350
Total Operation and Maintenance - Facilities	\$ 234,025	\$ 237,200	\$ 261,850

City of Meadowlakes

Proposed Fiscal Year 2013 Public Works Fund Budget

	Fiscal Year 2012 Budget	Anticipated Fiscal Year 2012	Proposed Fiscal Year 2013 Budget
<u>POA Contract Expense</u>			
Equipment Repair & Maintenance	\$ 3,000	\$ 3,500	\$ 3,000
Miscellaneous	\$ 250	\$ 250	\$ 250
Small Tools	\$ 1,000	\$ 1,000	\$ 4,000
Fuel	\$ 4,000	\$ 2,000	\$ 1,000
Total POA Contract Expense	\$ 8,250	\$ 6,750	\$ 8,250
<u>Total Solid Waste Collection Expense</u>	\$ 181,000	\$ 171,500	\$ 173,000
TOTAL EXPENSES	\$ 884,625	\$ 821,693	\$ 907,150
NET GAIN/(LOSS) Before Transfers & Capital Contributions	\$ 186,675	\$ 271,557	\$ 244,300
CAPITAL CONTRIBUTIONS	\$ 91,000	\$ 78,000	\$ -
<u>Transfer to Other Funds</u>			
Transfer to Debt Service-2008 Bonds	\$ 159,000	\$ 159,000	\$ 150,600
Transfer to Debt Service-Water Storage Tank (Future)	\$ -	\$ -	\$ 24,400
Transfer to Recreation and Country Club Fund	\$ -	\$ -	\$ 12,000
Transfer to Construction Fund	\$ -	\$ -	\$ 56,000
TOTAL TRANSFER TO OTHER FUNDS	\$ 159,000	\$ 159,000	\$ 243,000
TOTAL FUND EXPENDITURES	\$ 1,134,625	\$ 1,058,693	\$ 1,150,150
TRANSFER IN FROM OTHER FUNDS /SOURCES			
Reserve Fund	\$ 63,325	\$ -	\$ -
General Fund	\$ -	\$ -	\$ 25,000
Principal Payment from Public Facility Corporation	\$ -	\$ -	\$ 12,000
TOTAL TRANSFER IN FROM OTHER FUNDS	\$ 63,325	\$ -	\$ 37,000
NET OPERATIONAL GAIN/(LOSS)	\$ -	\$ 34,557	\$ 38,300
TRANSFER TO OTHER FUNDS-RESERVES	\$ -	\$ -	\$ 38,300
NET FUND GAIN/(LOSS)	\$ -	\$ 34,557	\$ -

City of Meadowlakes
Proposed Fiscal Year 2013
Recreation and Country Club Fund Budget

	Fiscal Year 2012 Budget	Anticipated Fiscal Year 2012	Proposed Fiscal Year 2013 Budget
<u>INCOME</u>			
Equipment Lease Reimbursement-PFC	\$ 41,450	\$ 12,666	\$ -
Lease	\$ 12,000	\$ 12,000	\$ 12,000
Miscellaneous(POA Contribution \$28,820.04)	\$ 120	\$ 28,940	\$ -
Interest Earned	\$ 30	\$ 20	\$ 30
	<hr/>	<hr/>	<hr/>
TOTAL INCOME	\$ 53,600	\$ 53,626	\$ 12,030
<u>EXPENSES</u>			
Operating Expenses			
Maintenance, Repairs & Renovations of Buildings	\$ 5,000	\$ 22,458	\$ 5,000
Capital Improvements/Contingencies	\$ -	\$ -	\$ 4,000
Miscellaneous	\$ 150	\$ -	\$ 250
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	\$ 5,150	\$ 22,458	\$ 9,250
NET GAIN/(LOSS) Before Transfers & Capital Contributions	\$ 48,450	\$ 31,169	\$ 2,780
CAPITAL CONTRIBUTIONS OVER \$5,000	\$ -	\$ -	\$ -
Transfers Out to Other Funds-Equipment Lease	\$ 41,450	\$ 41,450	\$ -
TOTAL FUND EXPENDITURES	\$ 7,000	\$ (10,281)	\$ 9,250
Transfer in from Other Funds			
Transfer in from General Fund	\$ 10,000	\$ 10,000	\$ 5,000
Transfer in from Pubic Works Fund	\$ -	\$ -	\$ 12,000
TOTAL TRANSFER IN FROM OTHER FUNDS	\$ 10,000	\$ 10,000	\$ 17,000
NET OPERATING GAIN/(LOSS)	\$ 17,000	\$ (281)	\$ 19,780
TRANSFER TO RECREATION AND COUNTRY CLUB INFRASTRUCTURE MAINTENANCE FUND RESERVE	\$ -	\$ -	\$ 19,780
NET FUND GAIN/(LOSS)	\$ 17,000	\$ (281)	\$ -

City of Meadowlakes

Proposed Fiscal Year 2013 Debt Service Fund Budget

	<i>Fiscal Year 2012</i>	<i>Anticipated Fiscal Year 2012</i>	<i>Proposed Fiscal Year 2013</i>
<u>INCOME</u>			
Debt Income			
Transfer in from Ad Valorem Tax	\$ 290,000	\$ 290,000	\$ 293,525
Transfer in from Public Works	\$ 159,000	\$ 159,000	\$ 175,000 #1
Interest earned on Investments	\$ -	\$ -	\$ 260
TOTAL DEBT INCOME	\$ 449,000	\$ 449,000	\$ 468,785
<u>EXPENSES</u>			
Debt Expenses			
Bonded Debt			
2008 General Obligation Bonds-Interest	\$ 13,300	\$ 13,300	\$ 4,465
2008 General Obligation Bonds-Principal	\$ 250,000	\$ 250,000	\$ 255,000
2008 Certificate of Obligations-Interest	\$ 170,640	\$ 170,640	\$ 169,920
2008 Certificate of Obligations-Principal	\$ 15,000	\$ 15,000	\$ 15,000
Total Bonded Debt Expense	\$ 448,940	\$ 448,940	\$ 444,385
Revenue Debt Service			
2013 Proposed Water Storage Tank Debt-Principal	\$ -	\$ -	\$ 19,910
2013 Proposed Water Storage Tank Debt-Interest	\$ -	\$ -	\$ 4,490
	\$ -	\$ -	\$ 24,400
TOTAL DEBT SERVICE EXPENSES	\$ 448,940	\$ 448,940	\$ 468,785
Net Gain/(Loss)	\$ 60	\$ 60	\$ -

Note #1-Comprised of \$150,600 for 2008 Bonded Debt and \$24,400 for anticipated 2013 debt related to construction of new potable water storage tank.

*City of Meadowlakes***Proposed Fiscal Year 2013
Construction Fund Budget**

	Proposed Fiscal Year 2013
<u>INCOME</u>	
Loan Proceeds	\$ 300,000
Transfer in from other Funds-Public Works	\$ 56,000
	<hr/>
TOTAL CONSTRUCTION FUND INCOME AND TRANSFER IN	\$ 356,000
 <u>EXPENSES</u>	
Foundation	\$ 23,000
Tankage	\$ 190,000
Baffling Curtains	\$ 34,000
Controls	\$ 7,000
Yard Piping	\$ 35,000
Contingencies	\$ 29,000
Engineering	\$ 34,000
Outside Inspections	\$ 4,000
	<hr/>
TOTAL CONSTRUCTION EXPENSES	\$ 356,000
 Net Gain/(Loss)	 \$ -

City of Meadowlakes

Proposed Fiscal Year 2013

Outstanding Debt

TOTAL OUTSTANDING DEBT AS OF OCTOBER 1, 2012

<i>2008 Certificate of Obligations Bonds</i>	\$	255,000
<i>2008 General Obligations Bonds</i>	\$	3,540,000
<i>Total Outstanding Bonds</i>	\$	3,795,000

It is to be noted that the City is in the process of obtaining a \$300,000 in financing for the construction of a new potable water storage tank. The anticipated principal and interest requirement for Fiscal Year 2013 is \$24,000.

City of Meadowlakes

Projected Ending (Uncommitted) Fund Balances

Fiscal Year 2013

<i>Proposed Fiscal Year 2013</i>	Uncommitted Cash at Beginning of FY	Anticipated - Proposed Fiscal Year Cash In	Note	Transfer in from Other Funds	Total Fiscal Resources	Anticipated/ Proposed Fiscal Year Expenses	Transfer to Debt Service/Other Funds	Transfer to Other Funds	Capital Expenditures over \$5,000	Total Expenditures	Net Gain/(Loss) (Rev less Exp) Transfer to Reserves	Note	Anticipated Cash at End of Fiscal Year
Operational Funds													
General Fund	\$ 252,600	\$ 389,300		\$ -	\$ 641,900	\$ 359,300	\$ -	\$ 30,000	\$ -	\$ 389,300	\$ -		\$ 252,600
Enterprise													
Public Works Fund	\$ 333,875	\$ 1,163,450	¹	\$ 25,000	\$ 1,522,326	\$ 907,150	\$ 175,000	\$ 68,000	\$ -	\$ 1,150,150	\$ 38,300	²	\$ 372,175
Recreation Fund	\$ 1,372	\$ 12,030		\$ 17,000	\$ 29,030	\$ 9,250	\$ -	\$ -	\$ -	\$ 9,250	\$ 19,780	³	\$ 21,152
Total Funds-Operating	\$ 587,847	\$ 1,564,780		\$ 42,000	\$ 2,193,256	\$ 1,275,700	\$ 175,000	\$ 98,000	\$ -	\$ 1,548,700	\$ 58,080		\$ 645,927
Debt Service													
Debt Service	\$ 13,250	\$ 293,785		\$ 175,000	\$ 468,785	\$ 468,785	\$ -	\$ -	\$ -	\$ 468,785	\$ -		\$ 13,250
Total Debt Service Fund	\$ 13,250	\$ 293,785		\$ 175,000	\$ 468,785	\$ 468,785	\$ -	\$ -	\$ -	\$ 468,785	\$ -		\$ 13,250
Capital Expenditures													
Construction Fund	\$ -	\$ 300,000		\$ 56,000	\$ 356,000	\$ -	\$ -	\$ -	\$ 356,000	\$ 356,000	\$ -	⁴	\$ -
Total Capital Expenditures	\$ -	\$ 300,000		\$ 56,000	\$ 356,000	\$ -	\$ -	\$ -	\$ 356,000	\$ 356,000	\$ -		\$ -
Total All Funds	\$ 601,097	\$ 2,158,565		\$ 273,000	\$ 3,018,041	\$ 1,744,485	\$ 175,000	\$ 98,000	\$ 356,000	\$ 2,373,485	\$ 58,080		\$ 659,177

Note 1. Total Revenue includes revenues as budgeted as well as \$12,000 in principal payment made to the fund from the Meadowlakes Public Facility Corporation.

Note 2. All uncommitted cash funds at the end of the fiscal is considered to Cash Reserves.

Note 3. It is anticipated that all remaining uncommitted cash at the end of the fiscal year will dedicated to the creation of a Infrastructure Maintenance Fund Reserve.

Note 4. It is anticipated that the City will construct a new potable water storage tank during the fiscal year. Funding for this project will obtain from securing \$300,000 in additional debt and \$56,000 in a one-time transfer of funds from the Public Works Fund.

City of Meadowlakes

Proposed Fiscal Year 2013 Anticipated Cash Reserves

General Fund

Estimated Cash on Deposit as of September 30, 2012	\$ 270,000
<i>Less Cash Liabilities (Estimated)</i>	
Payables	\$ 10,055
Reserve Funds-General	\$ 7,345
<i>Less Total Estimated Cash Liabilities</i>	\$ (17,400)

Estimated Cash Reserve as of September 30, 2012 **\$ 252,600**

Cash In

Budgeted Cash Inflow Fiscal Year 2013 \$ 389,300

Cash Out

<i>Less Budgeted Expenses</i>	\$ 359,300
<i>Less Budgeted Transfer to Other Funds</i>	\$ 30,000
<i>Budgeted Cash Outflow Fiscal Year 2013</i>	\$ 389,300

Budget Increase/(Decrease) In Cash Reserves Fiscal Year 2013 **\$ -**

Budgeted Cash Reserve as of September 30, 2013 **\$ 252,600 #1**
(Assumption based on comparable liabilities at end of fiscal year as at beginning.)

Special Restricted Funds within the General Fund-

Facilities Replacement and Major Repair Fund

Fund Balance as of September 30, 2012	\$ 7,345
Budgeted Increase/(Decrease) of Funds in FY 2013	\$ -
Fund Balance as of September 30, 2013	\$ 7,345

Note #1-Balance does not reflect balances of special restricted funds as noted above.

City of Meadowlakes

Proposed Fiscal Year 2013 Anticipated Cash Reserves

Public Works Fund

Estimated Cash on Deposit as of September 30, 2012	\$ 470,000
<i>Less Cash Liabilities (Estimated)</i>	
<i>Deposits Payable</i>	\$ 74,000
<i>Payables</i>	\$ 45,000
<i>Equipment and Vehicle Replacement Fund</i>	\$ 17,125
<i>Less Total Estimated Cash Liabilities & Reserves</i>	\$ (136,125)
Estimated Cash Reserve as of September 30, 2012	\$ 333,875

Cash In

<i>Budgeted Cash Inflow Fiscal Year 2013</i>	\$ 1,151,450
<i>Budgeted Transfer in From Other Funds</i>	\$ 25,000
<i>Principal Payment</i>	\$ 12,000
Total Budget Cash Inflow Fiscal Year 2013	\$ 1,188,450

Cash Out

<i>Less Budgeted Expenses</i>	\$ 907,150
<i>Less Transfer to Other Funds</i>	\$ 243,000
Budgeted Cash Outflow Fiscal Year 2013	\$ 1,150,150

Budget Increase/(Decrease) in Cash Reserves Fiscal Year 2013 **\$ 38,300**

Budgeted Cash Reserve as of September 30, 2013 **\$ 372,175 #1**
(Assumption based on comparable liabilities at end of fiscal year as at beginning.)

Special Restricted Funds within the General Fund-

Equipment and Vehicle Replacement Fund Reserves

<i>Fund Balance as of September 30, 2012</i>	\$ 17,125
<i>Budgeted Increase/(Decrease) of Funds in FY 2013</i>	\$ -
Fund Balance as of September 30, 2013	\$ 17,125

Note #1-All uncommitted cash at the end of a fiscal year is considered to be Cash Reserves. Balance does not reflect balances of restrictive funds as noted above.

City of Meadowlakes

Proposed Fiscal Year 2013 Anticipated Cash Reserves

Recreation and Country Club Fund

Estimated Cash on Deposit as of September 30, 2012 **\$ 1,375**

Less Cash Liabilities (Estimated) **\$ -**

Estimated Cash Reserve as of September 30, 2012 **\$ 1,375**

Cash In

<i>Budgeted Cash Inflow Fiscal Year 2013</i>	\$ 12,030	
<i>Transfer in From General Fund</i>	\$ 5,000	
<i>Transfer in From Public Works Fund</i>	\$ 12,000	
<i>Total Budgeted Cash Inflow Fiscal Year 2013</i>	\$ 29,030	

Cash Out

<i>Less Budgeted Expenses</i>	\$ 9,250	
<i>Less Transfer to Reserve Funds</i>	\$ 19,780	
<i>Budgeted Cash Outflow Fiscal Year 2013</i>	\$ 29,030	

Budget Increase/(Decrease) in Cash Reserves Fiscal Year 2013 **\$ -**

Budgeted Cash Reserve as of September 30, 2013 **\$ 1,375**

Note #1-Funds anticipated to be transferred into Infrastructure Maintenance Fund Reserve.

Special Restricted Funds within the Recreation and Country Club Fund

Infrastructure Maintenance Fund Reserve

<i>Fund Balance as of September 30, 2012</i>	\$ -	
<i>Budgeted Increase/(Decrease) of Funds in FY 2013</i>	\$ 19,780	
<i>Fund Balance as of September 30, 2013</i>	\$ 19,780	

City of Meadowlakes

Proposed Fiscal Year 2013 Anticipated Cash Reserves

Debt Service Fund

Estimated Cash on Deposit as of September 30, 2012 **\$ 13,250**

Cash In

<i>Property Tax Revenue/Miscellaneous</i>	\$ 293,785	
<i>Transfer in From Public Works Fund</i>	\$ 175,000	
<i>Total Budgeted Cash Inflow Fiscal Year 2013</i>	\$ 468,785	

Cash Out

<i>2008 Bond Debt Principal and Interest</i>	\$ 444,385	
<i>2013 Lease/Purchase (Anticipated) Water Storage Tank</i>	\$ 24,400	
<i>Budgeted Cash Outflow Fiscal Year 2013</i>	\$ 468,785	

Budget Increase/(Decrease) in Cash Reserves Fiscal Year 2013 **\$ -**

Budgeted Cash Reserve as of September 30, 2013 **\$ 13,250**

*City of Meadowlakes***Proposed Fiscal Year 2013****Cash on Hand****Cash on Hand**

	As of July 31, 2012	As of July 31, 2011
<u>General Fund</u>		
Cash on Deposits	\$ 382,195	\$ 347,373
TOTAL GENERAL FUND CASH	\$ 382,195	\$ 347,373
<u>Utility Fund</u>		
Operating Cash	\$ 402,269	\$ 302,333
TOTAL UTILITY FUND CASH	\$ 402,269	\$ 302,333
<u>Recreational & Country Club Fund</u>		
Operating Cash	\$ 624	\$ 1,729
TOTAL RECREATIONAL & COUNTRY CLUB FUND CASH	\$ 624	\$ 1,729
<u>Debt Service Fund</u>		
Bonded Debt Cash	\$ 342,087	\$ 348,059
TOTAL DEBT SERVICE FUND CASH	\$ 342,087	\$ 348,059
TOTAL CASH ON DEPOSIT	\$ 1,127,175	\$ 999,494

Notice of Public Hearing on Tax Increase

The City of Meadowlakes will hold two public hearings on a proposal to increase total tax revenues from properties on the tax roll in the preceding tax year by 4.119974 percent (percentage by which proposed tax rate exceeds lower of rollback tax rate or effective tax calculated under Chapter 26, Tax Code). Your individual taxes may increase at a greater or lesser rate, even decrease, depending on the change in the taxable value of your property in relation to the change in taxable value of all other property and the tax rate that is adopted.

The first public hearing will be held on September 4, 2012 at 1:00 p.m. at Meadowlakes City Hall, 177 Broadmoor Street, Meadowlakes, Texas 78654

The second public hearing will be held on September 11, 2012 at 4 p.m. at Meadowlakes City Hall, 177 Broadmoor Street, Meadowlakes, Texas 78654

The members of the governing body voted on the proposal to consider the tax increase as follows:

FOR:	Barry Cunningham, Mary Ann Raesener, Paul Sarcione, Franzella Jones
AGAINST:	None
PRESENT (and not voting):	None
ABSENT:	Gary Hammond

The average taxable value of a residence homestead in the City of Meadowlakes last year was \$225,030. Based on last year's tax rate of \$0.304500 per \$100 of taxable value, the amount of taxes imposed last year on the average home was \$685.22.

The average taxable value of a residence homestead in the City of Meadowlakes this year is \$224,482. If the governing body adopts the effective tax rate for this year of \$0.303400 per \$100 of taxable value, the amount of taxes imposed this year on the average home would be \$681.08

If the governing body adopts the proposed tax rate of \$0.315900 per \$100 of taxable value, the amount of taxes imposed this year on the average home would be \$709.14.

Members of the public are encouraged to attend the hearings and express their views.

NOTICE

Of Tax Revenue Increase

The City of Meadowlakes conducted public hearings on September 4, 2012 and September 11, 2012 on a proposal to increase the total tax revenues of the City of Meadowlakes from properties on the tax toll in the preceding year by 4.119974 percent.

The total tax revenue proposed to be raised last year at last year's tax rate of \$0.3045 each \$100 of taxable value was \$589,609.84.

The total tax revenue proposed to be raised this year at the proposed tax rate of \$0.3159 for each \$100 taxable value, excluding tax revenue to be raised from new property added to the tax toll this year, is \$613,783.18.

The total tax revenue proposed to be raised this year at the proposed tax rate of \$0.3159 for each \$100 of taxable value, including tax revenue to be raised from new property added to the tax roll this year, is \$619,407.16

The City of Meadowlakes is scheduled to vote on the tax rate that will result in that tax increase at a public meeting to be held on September 18, 2012 at City Hall, 177 Broadmoor Street, Meadowlakes, Texas 78654 at 1:00 p.m.

NOTICE OF PUBLIC HEARING ON BUDGET

The City of Meadowlakes will hold a public hearing on the proposed Fiscal Year 2012-2013 Annual Budget, for the period beginning October 1, 2012 and ending September 30, 2013. The Hearing will be held at 1 p.m. September 18, 2012. All interest parties are invited to attend.

This budget as proposed will raise more total property taxes than last year's budget by \$29,797 (5.1%), and of that amount \$5,624 is revenue to be raised from new property added to the tax roll this year.

A copy of the proposed budget is on file with the City Secretary for public review and inspection and posted on the City's web site at www.meadowlaketexas.org. The City Secretary's office is located at City Hall, 177 Broadmoor Street, Meadowlakes, Texas 78654 from 8:00 a.m. to 4 p.m. Monday through Friday.