

WILLIAMSON-TRAVIS COUNTIES MUD NO. 1

UNDERSTANDING

THE BUDGET

SEPTEMBER 2022



BUDGET SEASON IS HERE

The District's fiscal year runs from October 1st through September 30th. Starting in the summertime of each year, the Board of Directors begins working on the budget for the upcoming fiscal year. This budgeting process involves two major components: a) setting the tax rate for the upcoming year, and b) deciding how the District's money will be spent.

SETTING THE TAX RATE

The District's total tax rate is made up of two parts:

DEBT SERVICE TAX

Revenue from this tax can only be used to pay off the District's outstanding debts. Each year, the District's Financial Advisor determines the rate necessary for the District to make its upcoming bond payments while keeping enough in reserves for subsequent years. Our District is getting ready to pay off its final bond, after which the debt service tax rate will fall to zero.



MAINTENANCE & OPERATIONS (M&O) TAX

Revenue is used to fund all other district operations. The Board of Directors is responsible for setting the M&O tax rate, within guidelines established by law. The state places limits on how high this rate can be set without a public vote.

The tax rate represents how much is charged per each \$100 of home value*.

So, for example, if a property is valued at \$400,000, and the tax rate is 0.3291, taxes would be calculated like this:

$$\begin{aligned} \$400,000 / 100 &= \$4,000 \\ \$4,000 \times 0.3291 &= \$1,316.40 \end{aligned}$$



Property values are established by the Williamson County and Travis County Central Appraisal Districts.

To appropriately set the Maintenance and Operations tax rate, the Board must consider how much revenue it anticipates needing to successfully operate the District in the coming year, while also keeping enough funds in reserve for future maintenance and potential emergency expenditures.

At the August 17, 2022 Board meeting, the Board set a proposed tax rate of 0.3021. However, due to a calculation error that number has since been reduced to 0.3018. The final tax rate will be decided on at the September 16, 2022 Board meeting, following a public hearing. By law, the final rate cannot be higher than the proposed rate.

PREPARING THE ANNUAL BUDGET

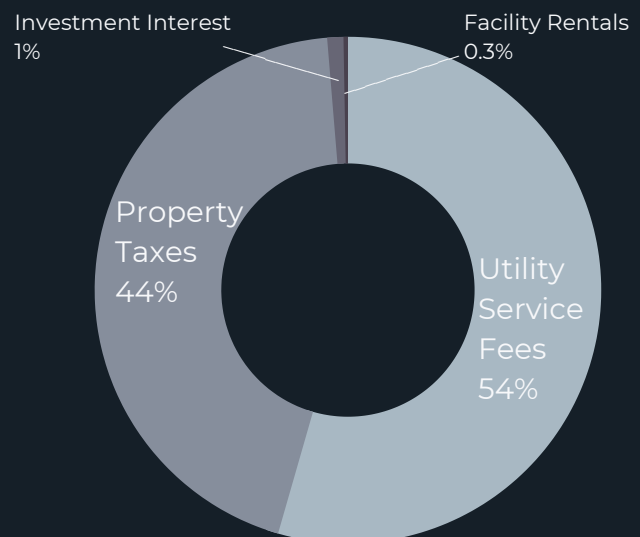
Our District is responsible for providing a range of municipal services to its residents, including:

- Sewer and water services
- Stormwater management
- Parks, landscaping, and recreational amenities
- Trash and recycling collection
- Fire protection
- Sidewalk maintenance (Williamson County only)
- Security and lighting
- Deed restriction enforcement

Funding to provide these services comes from the District's General Operating Fund, which gets its

revenue from two main sources: utility service fees (paid by residents through monthly utility bills) and property taxes.

DISTRICT REVENUE SOURCES



Annual budget expenditures can be broken down into the following categories:

-  **Water and Wastewater (Sewer) Service:** Purchase of water and costs of water treatment from City of Cedar Park.
-  **District Administration and Management:** All things needed to run the District government, including management staff, legal counsel, website management, etc.
-  **Fire Protection:** Contract with City of Cedar Park Fire Department to provide full coverage of the District.
-  **Parks and Public Facilities:** All things related to our public parks and recreational amenities, operation of the District building (1000 Old Mill), and landscaping services for parks, stormwater ponds, and streets.
-  **Infrastructure:** Maintenance of sewer, water, and stormwater infrastructure (pipes, pump stations, detention basins, etc.), sidewalks (in Williamson Co.), and District walls, plus associated engineering services.
-  **Trash Collection:** Contract with third-party waste management company, includes trash and recycling collection.
-  **Security:** Security patrolling (does not include funding for general law enforcement, which is paid for through other government taxes) and nighttime street lighting.
-  **Deed Restriction Enforcement:** Third-party enforcement company, plus legal counsel associated with enforcement activity.

Scroll down to view the DRAFT Operating Fund budget that was discussed at the August 17, 2022 Board Meeting. Please note that this draft is not the final budget and does not reflect the properly calculated tax rate of 0.3018. The Board is still working on refining the draft in preparation for the September 16, 2022 Board meeting and public hearing.

Williamson-Travis County MUD No.1 DRAFT (V.3) General Operating Fund Budget, Fiscal Year 22/23

Categories and Associated Budget Line Items	Budget for this Fiscal Year (FY 21/22)	Projected Final Amounts for this Fiscal Year (FY 21/22)	Draft Budget for Upcoming Fiscal Year (FY 22/23)
Revenue			
Water Revenue	\$800,000	\$871,291	\$870,000
Sewer/Wastewater	\$540,000	\$436,885	\$540,000
Base Fee Revenue	\$589,000	\$589,908	\$589,000
Penalties & Interest - Svc Accts	\$15,000	\$34,020	\$15,000
Fire Protection Services	\$633,625	\$633,704	\$635,000
Application Fees	\$5,000	\$1,213	\$5,000
State Assessment Fee	\$9,000	\$8,764	\$9,000
Property Taxes	\$2,031,951	\$2,092,559	\$2,395,443
Property Taxes - Penalty	\$1,500	\$3,376	\$1,500
Tennis Court Fees	\$4,000	\$4,505	\$6,000
Building Rental Income	\$3,000	\$8,824	\$10,000
Insurance Reimbursements	\$0	\$36,873	\$0
Interest - Investments	\$2,000	\$11,927	\$12,000
Total Revenue	\$4,634,076	\$4,733,850	\$5,087,943
Expenses			
District Administration and Management			
Director Fees	\$36,000	\$36,000	\$36,000
Payroll Taxes	\$2,754	\$2,753	\$2,754
Legal Services	\$90,000	\$159,789	\$160,000
Legal Services - Litigation	\$80,000	\$4,003	\$0
Financial Services	\$30,000	\$30,000	\$30,000
Auditing Services	\$16,500	\$16,500	\$16,500
Financial Advisor	\$2,500	\$2,500	\$2,500
Legal Advertising/Notices	\$6,000	\$1,979	\$6,000
Board Cellular/Tablet Expense	\$1,500	\$176	\$0
State Assessment Fees	\$9,000	\$8,764	\$9,000
Permits/Membership/Conferences	\$10,000	\$7,508	\$10,000
Insurance	\$15,000	\$14,537	\$15,000
Tax Assessor/Appraisal	\$12,500	\$11,659	\$13,500
Directors' Expense	\$10,000	\$0	\$10,000
Bank Fees	\$250	\$1,411	\$1,500

Categories and Associated Budget Line Items	Budget for this Fiscal Year (FY 21/22)	Projected Final Amounts for this Fiscal Year (FY 21/22)	Draft Budget for Upcoming Fiscal Year (FY 22/23)
Records Storage	\$2,675	\$2,664	\$2,675
Records Request Expense	\$75,000	\$31,307	\$35,000
Website Expense	\$6,000	\$5,289	\$8,000
Meeting Expense	\$2,400	\$536	\$2,400
Meeting Meal Expense	\$2,400	\$747	\$2,400
Election Expenses	\$0	\$623	\$5,000
Arbitrage Compliance	\$3,250	\$0	\$3,250
Miscellaneous Expenses	\$1,000	\$21	\$1,000
Management & Operations	\$623,552	\$625,832	\$644,607
Billing Expenses-Postage	\$500	\$0	\$500
Internet Services	\$1,680	\$1,705	\$1,750
Total	\$1,040,461	\$966,303	\$1,019,336
Water and Wastewater Service			
Bulk Water Purchases	\$749,466	\$839,388	\$840,000
Bulk Wastewater Purchases	\$536,926	\$539,136	\$540,000
Total	\$1,286,392	\$1,378,524	\$1,380,000
Infrastructure			
Engineering	\$36,000	\$82,132	\$95,000
Meter Replacement to AMI	\$0	\$57,399	\$100,000
Cluster Mailbox Replacement	\$25,000	\$4,131	\$0
Lift Station Rehab	\$50,000	\$8,505	\$300,000
Meter Change-Out	\$25,000	\$23,427	\$25,000
R&M-Lift Station	\$60,000	\$99,549	\$100,000
R&M-Sewer	\$70,000	\$15,565	\$55,000
R&M-Sidewalks	\$65,000	\$37,440	\$50,000
R&M-Stormwater System	\$10,000	\$987	\$5,000
Repairs & Maintenance	\$8,000	\$63,650	\$10,000
R&M-Wall	\$10,000	\$9,500	\$12,000
R&M-Water System	\$59,500	\$41,648	\$52,000
R&M-Detention Ponds/Inlet Survey	\$0	\$28,665	\$30,000
Meter Replacement Program - CAP	\$100,000	\$0	\$0
R&M-Manholes	\$0	\$0	\$75,000
Power Washing Walls	\$10,000	\$0	\$10,000
Total	\$528,500	\$472,599	\$919,000
Parks and Public Facilities			
Park Improvements	\$40,000	\$40,000	\$14,000

Categories and Associated Budget Line Items	Budget for this Fiscal Year (FY 21/22)	Projected Final Amounts for this Fiscal Year (FY 21/22)	Draft Budget for Upcoming Fiscal Year (FY 22/23)
AMW Park Swing updates/ziplines	\$0	\$0	\$50,000
AMW Park El Salido Sidewalk	\$0	\$0	\$36,000
AMW Park Pickleball Striping	\$0	\$0	\$5,000
Aster Park Entryway Enhancement	\$0	\$0	\$5,000
Old Mill Park Lighting	\$0	\$0	\$10,000
Old Mill Park Landscaping Enhancements	\$0	\$0	\$1,000
Little Elm Pond Off-Leash Area	\$0	\$0	\$20,000
Lakeline Oaks Pavilion Fans	\$0	\$0	\$8,000
Sun Chase Park Trail Signage	\$0	\$0	\$3,000
Community Events Budget	\$0	\$0	\$2,000
Detention Pond Improvements	\$0	\$0	\$60,000
Madeline Loop Trail Completion	\$65,000	\$0	\$85,000
LED Sign	\$22,000	\$0	\$25,000
Sunchase Playscape	\$45,000	\$15,000	\$50,000
Mowing - Landscaping Services	\$165,000	\$161,530	\$165,000
Electricity	\$6,000	\$4,880	\$6,000
Irrigation Utilities	\$3,000	\$2,686	\$3,000
Holiday Lights & Decorations	\$9,000	\$7,485	\$9,000
Reservation System Fees	\$5,700	\$3,792	\$5,700
Security System & FOB System	\$2,500	\$1,068	\$2,500
R&M-Trail Maintenance	\$80,000	\$48,652	\$80,000
R&M-Tennis Court	\$1,000	\$12,363	\$12,500
R&M-Trees and Trimming	\$50,000	\$54,331	\$25,000
AMW Park Electricity	\$1,500	\$1,657	\$1,750
AMW Park Janitorial Maintenance	\$6,770	\$8,400	\$8,500
AMW Park Repairs & Maintenance	\$22,500	\$7,682	\$25,000
Aster Park Electricity	\$500	\$563	\$625
Aster Park Repairs & Maintenance	\$2,375	\$141	\$500
Hatch Pond Repairs & Maintenance	\$1,000	\$97	\$3,500
Lakeline Oaks Park Electricity	\$3,000	\$2,659	\$3,000
Lakeline Oaks Park Janitorial Maintenance	\$8,720	\$9,203	\$9,300
Lakeline Oaks Park Repairs & Maintenance	\$8,550	\$5,293	\$10,000
R&M-Buildings	\$9,000	\$2,927	\$5,000
Old Mill Gazebo Electricity	\$860	\$900	\$950
Old Mill Gazebo Repairs & Maintenance	\$3,350	\$97	\$500
Sun Chase Park Electricity	\$1,000	\$672	\$1,000

Categories and Associated Budget Line Items	Budget for this Fiscal Year (FY 21/22)	Projected Final Amounts for this Fiscal Year (FY 21/22)	Draft Budget for Upcoming Fiscal Year (FY 22/23)
Sun Chase Park Repairs & Maintenance	\$3,300	\$108	\$500
Volente Hills Park Repairs & Maintenance	\$1,875	\$73	\$500
Aster Pass Pond Repairs & Maintenance	\$1,100	\$97	\$500
Little Elm Pond Repairs & Maintenance	\$1,100	\$97	\$500
Madeline Loop Pond Repairs & Maintenance	\$1,100	\$2,127	\$2,150
London Lane Pond Repairs & Maintenance	\$1,100	\$4,636	\$1,100
Cashell Wood Pond Repairs & Maintenance	\$1,100	\$1,073	\$500
Vestavia Ridge Pond Repairs & Maintenance	\$1,100	\$10,047	\$1,100
Anderson Mill Pond Repairs & Maintenance	\$1,100	\$488	\$500
Total	\$576,200	\$410,823	\$759,675
Security			
Payroll Taxes	\$3,098	\$2,279	\$3,098
Security Patrol Services	\$40,500	\$29,791	\$40,500
Roving Patrol	\$45,000	\$8,640	\$45,000
Nightwatchman Lights	\$39,600	\$43,132	\$45,000
Security Services Vehicle Fee	\$10,800	\$5,040	\$10,800
Total	\$138,998	\$88,881	\$144,398
Fire Protection			
Fire Protection Expense	\$633,625	\$633,704	\$635,000
Total	\$633,625	\$633,704	\$635,000
Trash Collection			
Trash Services	\$427,000	\$431,663	\$444,625
Total	\$427,000	\$431,663	\$444,625
Deed Restriction Enforcement			
Legal Fees - Restrictive Cov	\$70,000	\$62,843	\$70,000
Management Services - Deed	\$63,275	\$63,955	\$64,000
Total	\$133,275	\$126,799	\$134,000
Total Expenses	\$4,764,451	\$4,509,295	\$5,436,034
Projected End of Year Balance, <u>This Fiscal Year</u> (21/22)	\$224,555		
DRAFT Projected End of Year Balance for Upcoming Fiscal Year (22/23)	-\$348,091		