

A tall, white water tower with a bulbous top. The top bulb is white and has the words "Meadow Lakes" written on it in a green, cursive script. The tower is set against a clear blue sky with a few wispy clouds. In the foreground, there are several green trees and a grassy area. The word "Welcome" is superimposed in the center of the image in a large, black, sans-serif font.

# Welcome

The background of the slide is a photograph of the Texas state flag waving against a clear blue sky. The flag features a white star on a blue field, a white horizontal stripe, and a red vertical stripe. A black flagpole with a gold finial is visible on the left side.

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Tax Public Hearing  
September 19st,  
2023 @ 4:30 p.m.

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*City of Meadowlakes*

## *Where Do My Taxes Go?*

1. Provide funding for the General Fund's operations.



Total Ad Valorem Tax Revenue \$874,150



# Maintenance and Operation Tax Revenue Use

**The M&O tax revenue is used to fund the General Fund of the City, which provides funds for services such as police, fire, EMS, Ordinance Enforcement, Animal Control and the general administration of the City.**

**Approximately 55% of the funds needed to fund the General Fund for fiscal year 2023 are provided from Ad Valorem Taxes.**

# Debt Service Tax Revenue Use

**The City has only one outstanding bonded debt requirement which is bonds issued to acquire the golf course in 2006. The City's current outstanding bonded debt is \$420,000 and the final payment on this issue will be made in FY23.**

**The total debt service (principal and interest) requirement for 2023 is \$428,610 of which approximately 88% of the funds required to retire this debt will be derived from ad valorem taxes, the remaining 12% will be funded by the Utility Fund and uncommitted funds of the Fund.**



## *City of Meadowlakes*

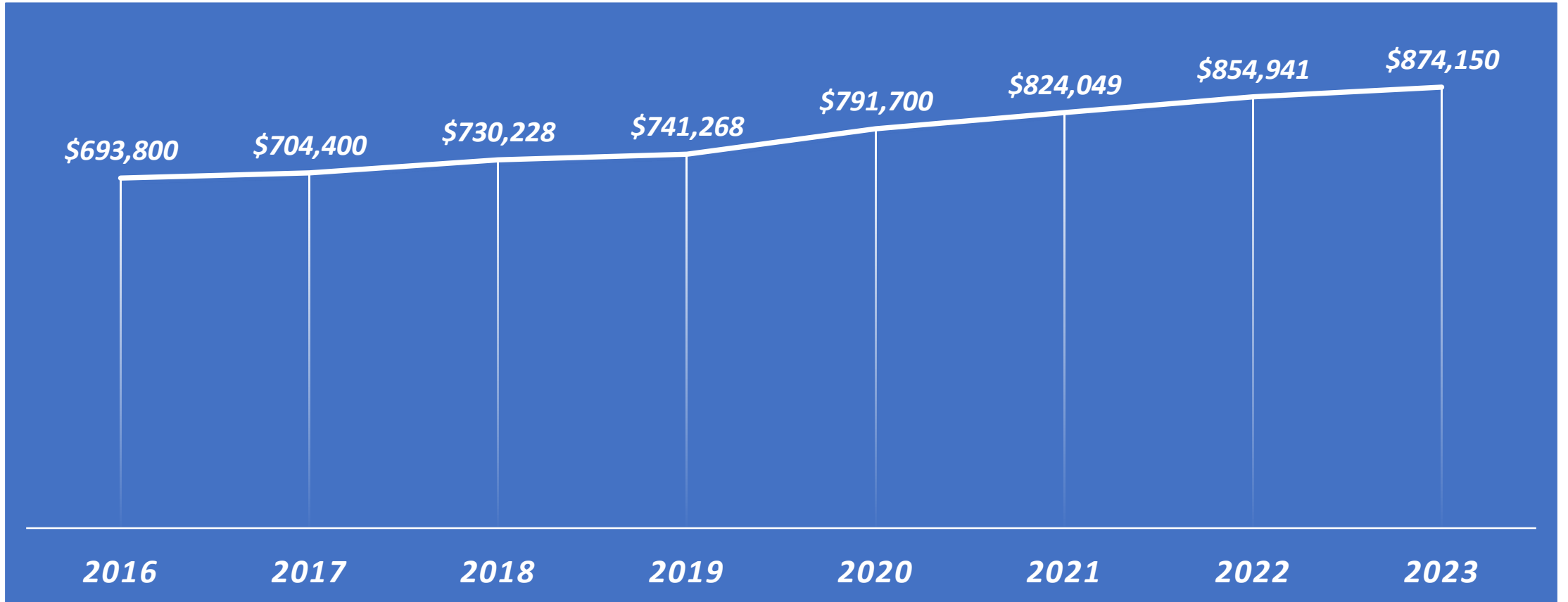
# *Historical Appraised Value Comparison (in millions)*





## City of Meadowlakes

### Historical Tax Income



Tax Rate	2016	2017	2018	2019	2020	2021	2022	2023
	\$0.3206	\$0.3186	\$0.315	\$0.2914	\$0.2870	\$0.2870	\$0.2661	\$0.2396 <sup>8</sup>



## *City of Meadowlakes*

### **Prior Year Property Tax Review**

<b>CY 2021 Taxable Appraised Value</b>	<b>\$320,143,431</b>
<b>CY 2021 Tax Rate per \$100 taxable value</b>	<b>\$0.2661</b>
<b>CY 2021 Tax Levy Income (approximate)</b>	<b>\$854,941</b>

### **Breakdown of Tax Levy:**

<b>General Fund (Maintenance &amp; Operation)</b>	<b>\$479,912</b>
<b>Debt Service (Interest &amp; Sinking)</b>	<b>\$375,029</b>





## *City of Meadowlakes*

### **CY 2022 Property Tax**

<b><i>CY 2021 Taxable Appraised Value</i></b>	<b><i>\$364,612,693</i></b>
<b><i>2022 No-New-Revenue-Rate</i></b>	<b><i>\$0.2363</i></b>
<b><i>2022 Voter-Approved-Rate</i></b>	<b><i>\$0.2398</i></b>
<b><i>2022 De minimis-Rate</i></b>	<b><i>\$0.3722</i></b>
<b><i>Proposed rate for 2022</i></b>	<b><i>\$0.2396</i></b>
<b><i>Proposed 2022 Property Tax Revenue</i></b>	<b><i>\$874,150</i></b>
<b><i>Breakdown of Tax Levy:</i></b>	
<b><i>Maintenance &amp; Operation</i></b>	<b><i>\$498,000</i></b>
<b><i>Interest &amp; Sinking</i></b>	<b><i>\$376,150</i></b>



# Proposed CY 2022 Ad Valorem Tax Rate

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The proposed ad valorem tax rate for 2022 is \$0.2396 per \$100 taxable valuation, is more than \$0.02 cents less than last year's rate of \$0.2661.

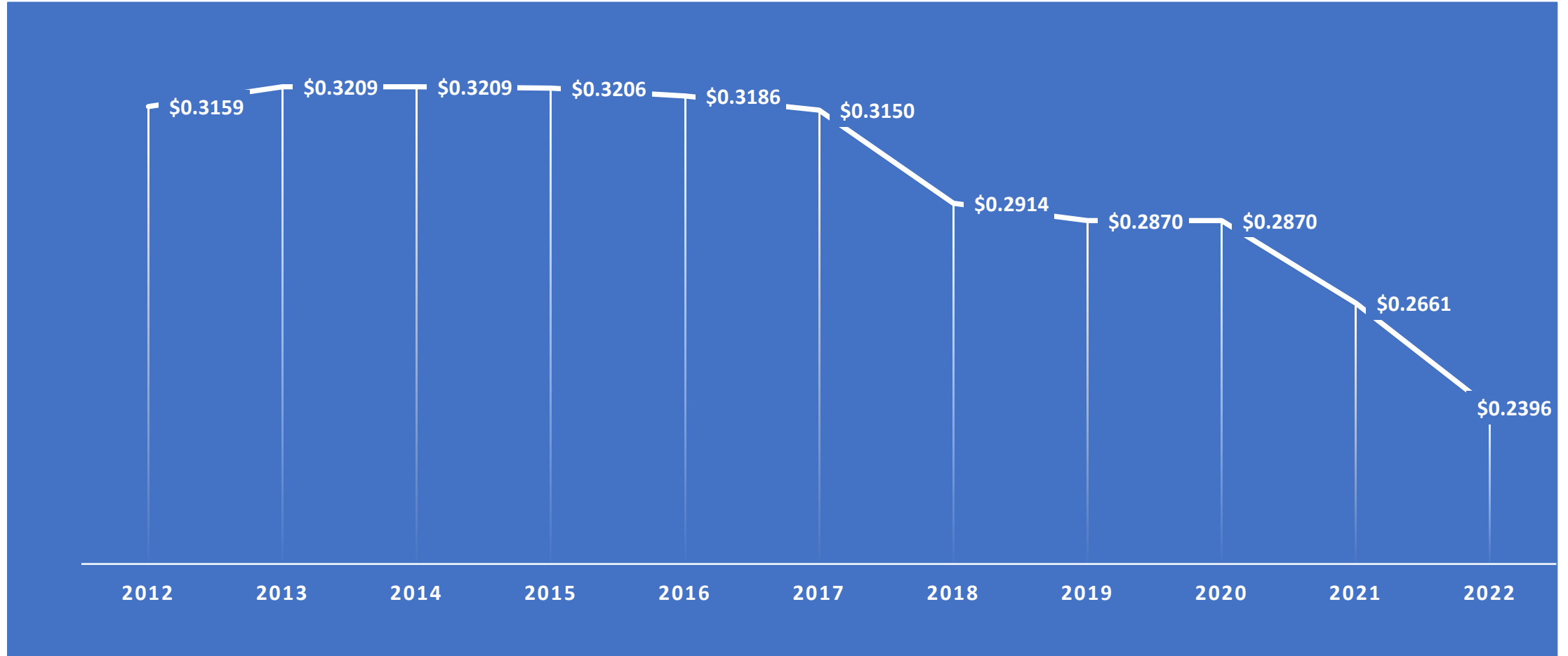
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The proposed M&O ad valorem tax rate is \$0.1365 per \$100 taxable value which will generate approximately \$498,000 in income, about \$18,000 more than last year.

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The proposed I&S ad valorem tax rate is \$0.1031 per \$100 taxable valuation which will generate approximately \$376,150 in income, approximately \$1,209 more than last year.

# Historical Ad Valorem Tax Rates (Calendar Year)



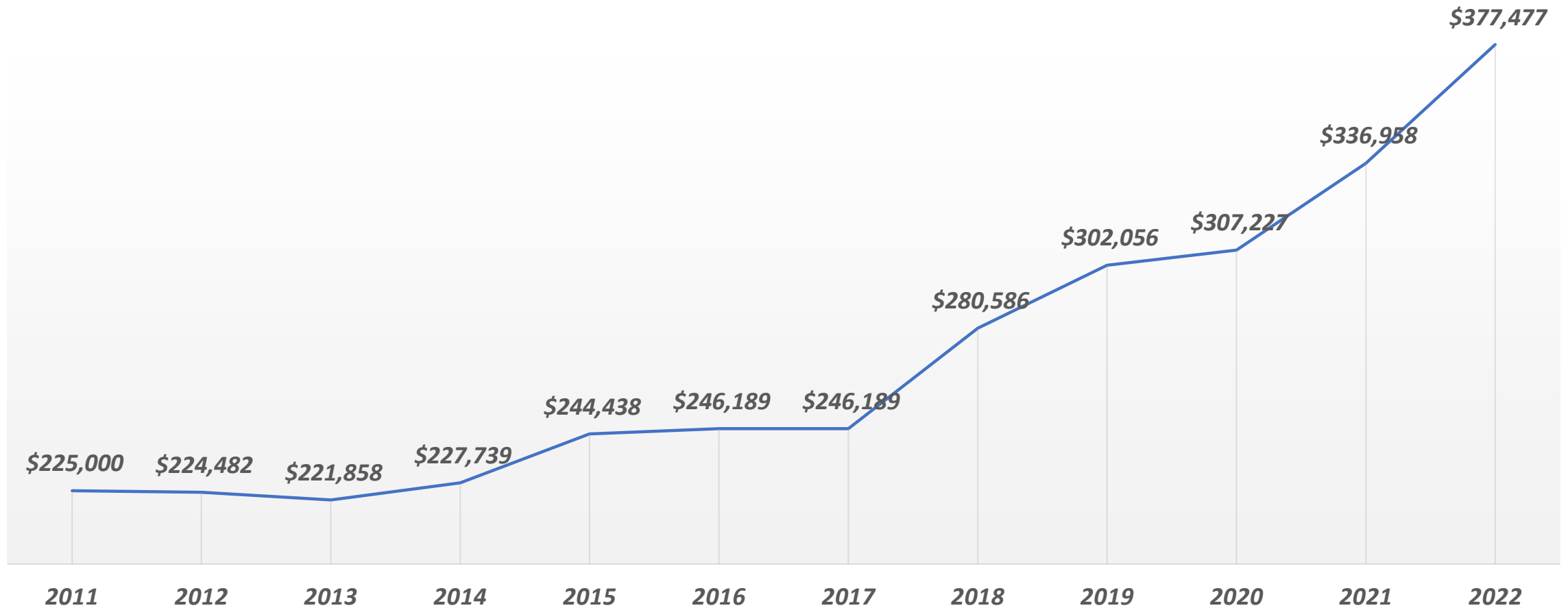


## *City of Meadowlakes*

How is the proposed budget and the decrease in the tax rate going to affect me, an average homeowner living in



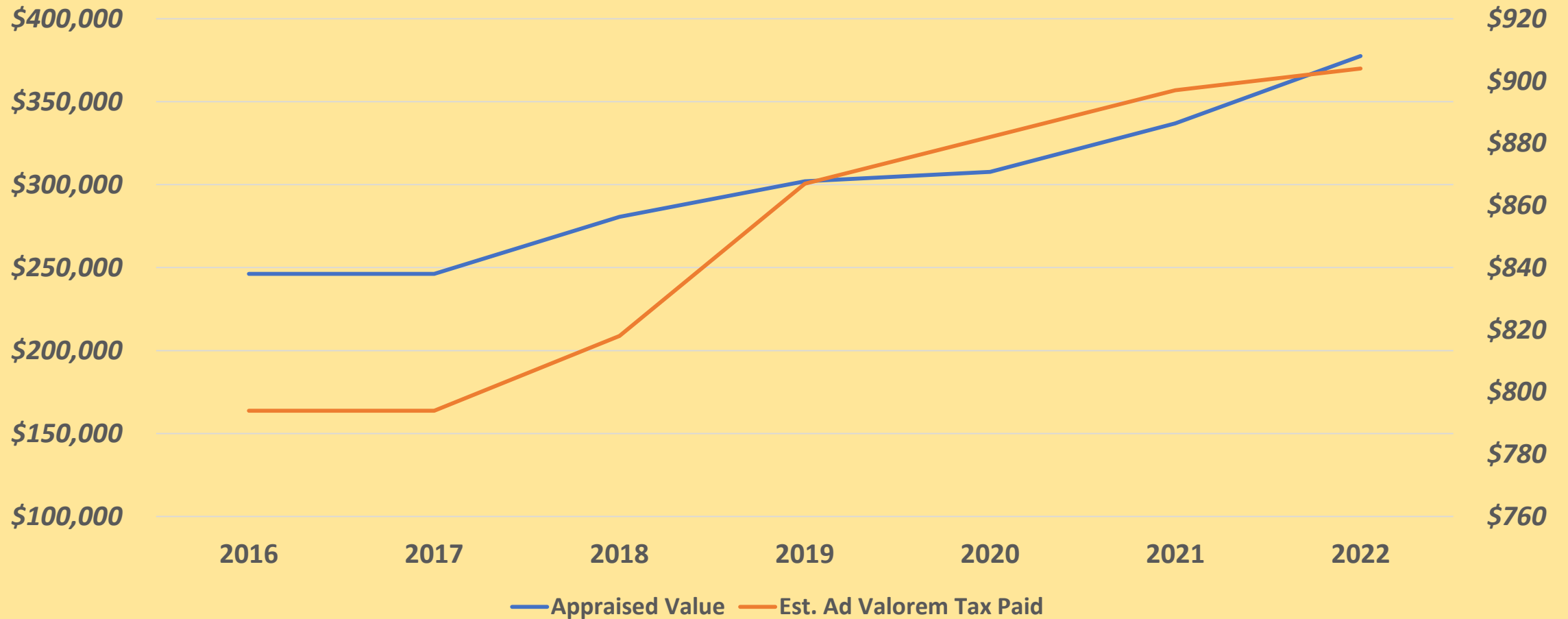
## Historical Average Home Appraised Value



Calendar Year



# ***Total Taxable Home Valuation vs. Average Taxes Paid***





*City of Meadowlakes*

AVERAGE HOMEOWNER IN  
*Meadowlakes*

**AVERAGE HOMESTEAD APPRAISED VALUE IN CY 2021 WAS \$336,552 WITH APPROXIMATELY \$895 IN PROPERTY TAXES PAID TO THE CITY.**

**AVERAGE HOMESTEAD APPRAISED VALUE FOR CY 2022 IS \$377,477 (12.2% INCREASE) BASED ON THE PROPOSED TAX RATE, THE AVERAGE HOMEOWNER WOULD SEE A SLIGHT INCREASE IN TAXES PAID TO THE CITY.**



*City of Meadowlakes*

**THE AVERAGE HOMEOWNER IN MEADOWLAKES**  
**SHOULD SEE AN APPROXIMATE \$9 INCREASE IN AD**  
**VALOREM TAXES PAID TO THE CITY**



# **PROPOSED FISCAL YEAR 2023 BUDGET**

**Today we are conducting a Public Hearing on the City of Meadowlakes Fiscal Year 2023 Budget. The Council is anticipated to take action on adopting the Fiscal Year 2023 Budget and establishing the ad valorem tax rate for 2022 later today at its meeting.**



*City of Meadowlakes*

# *Fiscal Year 2023 Proposed Budget*

- *The Council and Staff had multiple workshops in an effort to develop the proposed Fiscal Year 2023 Budget.*
- *The City Manager, presented the proposed budget to the Council and filed the budget, as required, with the City Secretary on July 27, 2022.*





*City of Meadowlakes*

## **Budgetary Policy in General**

*Texas Local Government Code requires the City to adopt a balanced budget each fiscal year.*

*The Proposed Fiscal Year 2023 Budget covers operating revenues and expenditures for the General Fund, Debt Service, Utility, and Recreation Funds.*

*The Proposed Fiscal Year 2023 Budget reflects an ad valorem tax rate over \$0.02 cents less than last years and does not reflect any increases in water or sewer rates. However, garbage rates will increase approximately 3% in January 2023.*



## *City of Meadowlakes*

### *Topics of Presentation*

1. *Challenges*
2. *Fiscal Year and Budgets*
3. *Combined Budget*
4. *General Fund Budget*
5. *Utility (Public Works) Fund Budget*
6. *Recreation Budget*
7. *Debt Service Budget*
8. *Fund Balances*
9. *Tax Rate*
10. *How the Proposed Budget will affect the average homeowner*
11. *Questions*



## *City of Meadowlakes*

### **Challenges**

*The preparation of this fiscal year budget was a bit more challenging for both staff and council than budgets in prior years. We had two main issues; one the effect of the explosive inflation on operations and the other adequate employee compensation and at the same time balance each while reducing the maintenance and operation tax and without an increase in water and wastewater rates.*

*In prior years when the inflation rate was 2-3% annually it was rather easy to factor inflationary increases in the budget, however, with the inflation rate currently around 8.9% for the past twelve months, inflation was not as easily factored into the preparation of the budget for FY23.*

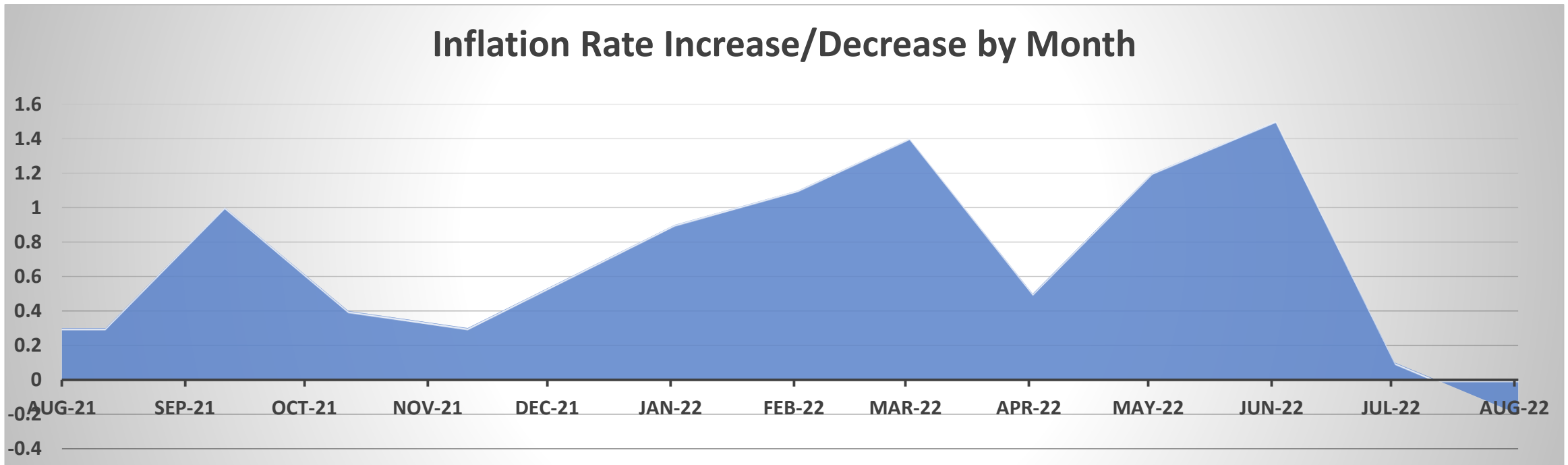
*Like you and me the City has seen the affect of inflation on our everyday operating costs, we have seen increases in just about everything needed to operate and maintain our water and wastewater systems. We have seen chemical cost rise over 35%, fuel cost increase by about 50% and even seed used to overseed the golf course increase by 25-30%.*



## City of Meadowlakes

### Challenges

*While we saw inflation increasing every month since August of last year, fortunately, last month, we saw a slight decrease mainly due to decreased fuel costs. The chart below reflects the amount of inflation rate increase or decrease by month for the past 12 months.*





*City of Meadowlakes*

## **Challenges**

*Not only has inflation affected everyday operations of the City, it has also had a drastic effect on our employees. They have seen the raises they received last year dwindle away by inflation and many actually have less free income that they did last fiscal year. Not only have our employees been affected, but everyone has.*

*One of the most challenging issues the Council had to tackle this fiscal year was how we could at least make the employees “whole” again since inflation has been so high especially since our pay scale for most positions are less than other local entities. Adequate compensation for our employees are always one of the most difficult budget related items. Employee related expenses is the single largest expense for the City and comprises approximately 39% of the total expenditures of the City.*





## *City of Meadowlakes*

# **Challenges**

*The Council took under consideration not only inflation but the City's current pay scale and the increasing demand for skilled labor, and after due consideration authorized the City Manager to include within the budget for FY23 a cost-of-living raise along with funding for merit raises.*

*Most employees will see a cost-of-living raise of between 5-8% along with a salary increase based on their job performance or operators' license upgrades.*

*The decision to provide the funding for these salary increases was not an easy one to make, it was difficult to balance the needs of our employees and still be financially responsible to our public.*

*Employee related expenses are expected to increase by about \$120,000 over those budgeted in FY22, while most of the increase is related to increased salary adjustments, a portion is related to additional labor in the golf shop and grounds maintenance.*



## *City of Meadowlakes*

# *FISCAL YEAR AND BUDGETS*

- ☐ *Fiscal Year runs from October 1<sup>st</sup> of each year through September 30<sup>th</sup> of the following year.*
- ☐ *The city has three main operating funds:*
  - *General Fund*
  - *Utility (Public Works) Fund*
  - *Recreation Fund*
- ☐ *The city also has several special restrictive funds which include:*
  - *Debt Service*
  - *Several reserve funds for special projects or funding*



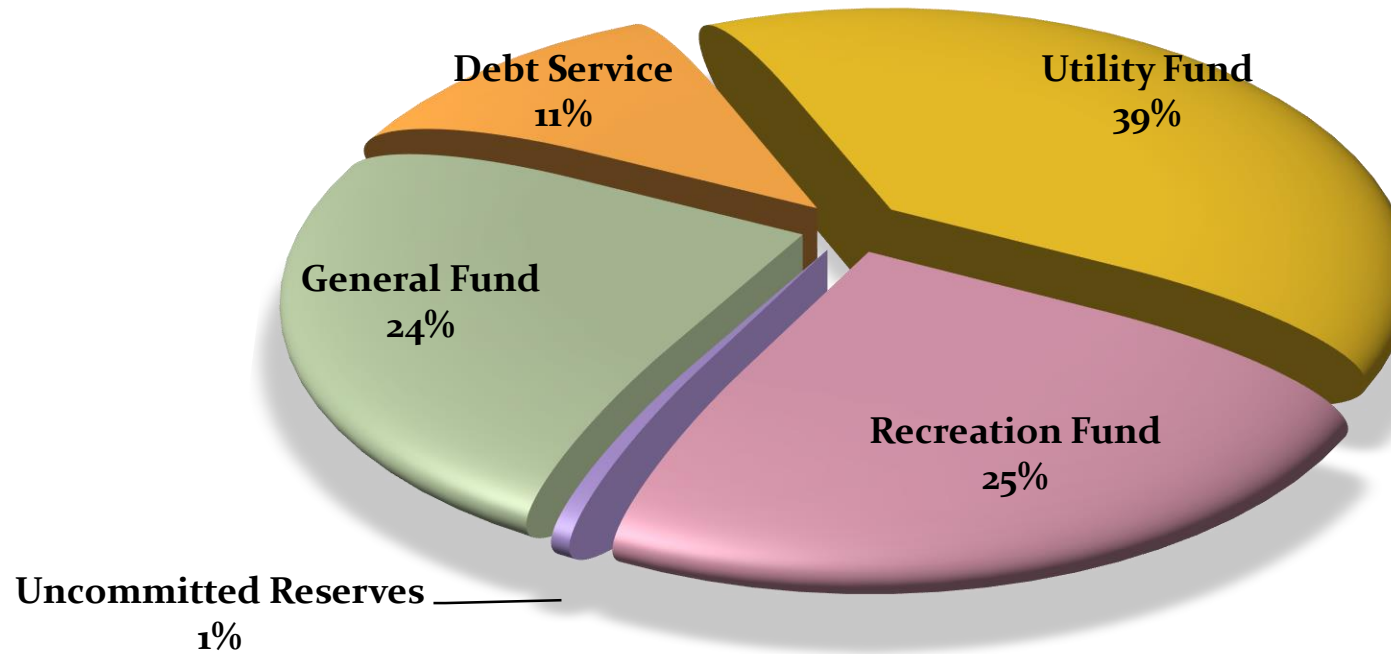
## *City of Meadowlakes*

***“This budget will raise more revenue from property taxes than last year’s budget by \$19,209 (2.2%), and of that amount, \$9,865 is tax revenue to be raised from new property added to the tax rolls this year.”***



*City of Meadowlakes*

## *Fiscal Year 2023 Combined Budgeted Expenses*

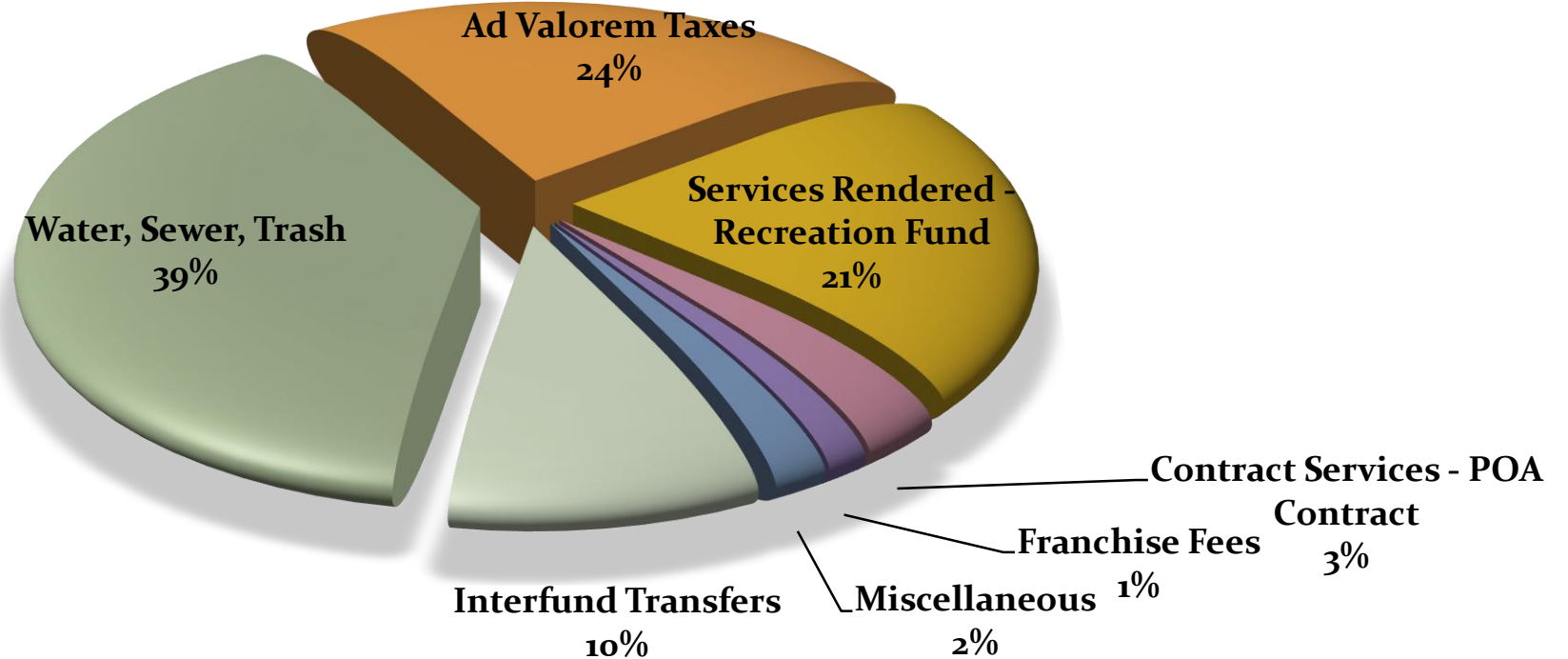


**Total Expenditures \$3,741,285**



## *City of Meadowlakes*

### **Fiscal Year 2023 Combined Budgeted Revenues**



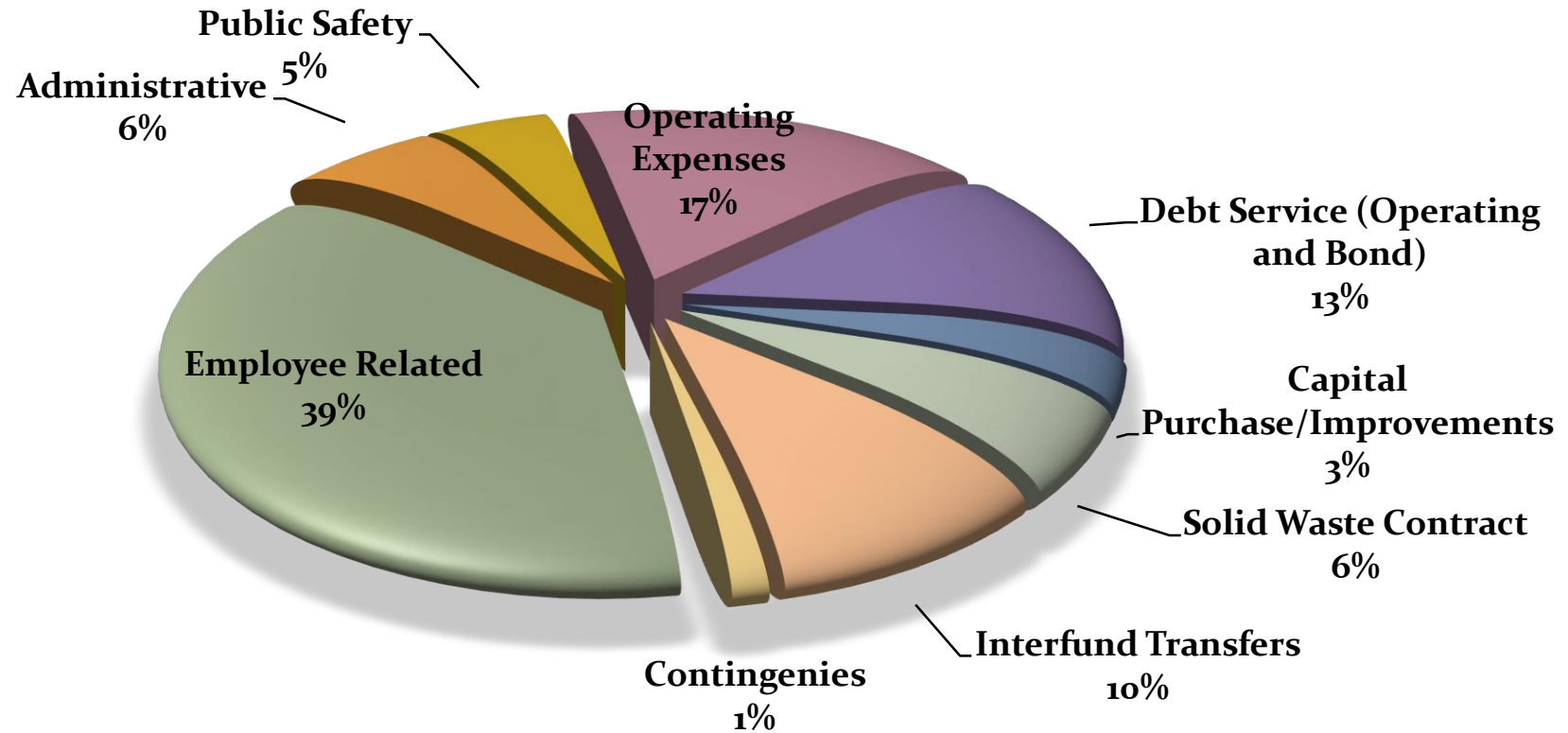
**Total Combined Revenues \$3,741,285**





## *City of Meadowlakes*

# *Fiscal Year 2023 Combined Budgeted Expenses*



**Total Expenditures \$3,741,285**



## *City of Meadowlakes*

### *General Fund*

***Provides funding for the basic essentials of the City, such as:***

***Fire***

***Police***

***Emergency Services***

***Municipal Court***

***Ordinance Enforcement***

***General Operations of the City***

***The vast majority of funding for the General Fund is derived from property tax revenues.***





## *City of Meadowlakes*

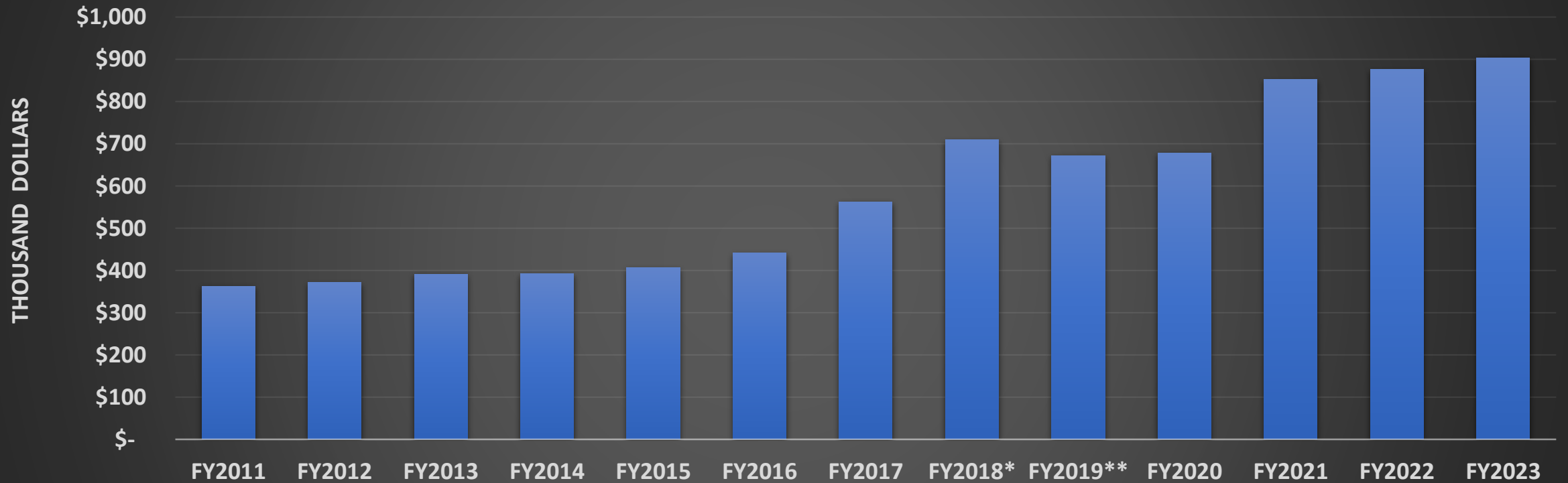
### **Major Changes within the General Fund Revenues from last Fiscal Year**

- ☐ ***Approximately \$23,000 in additional income will be derived from Ad Valorem taxes (includes current and outstanding taxes)***
- ☐ ***General Fund Revenues will increase by about \$27,000***
- ☐ ***The Fund will receive \$110,350 in Contract Services***
- ☐ ***The Utility Fund will transfer \$215,000 into the Fund, of this amount \$140,000, (\$25,000 less than in FY22 will be transferred to the Recreation Fund).***



## City of Meadowlakes

# General Fund Revenue Comparison Fiscal Years 2011-2023



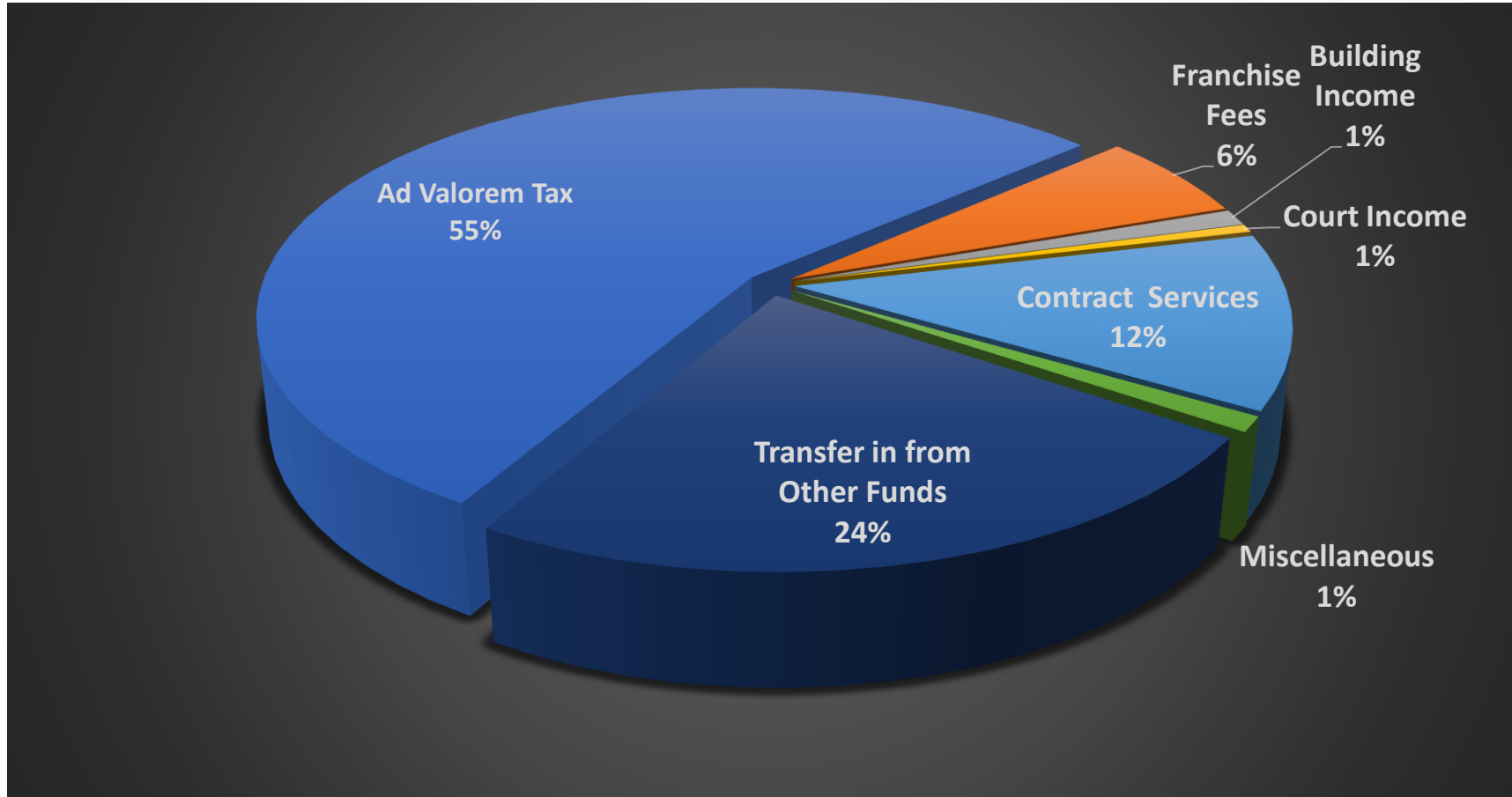
\*In FY18 the Fund utilized \$102,000 in uncommitted reserves

\*\* FY19 reflects utilizing \$64,500 in uncommitted reserves



## *City of Meadowlakes*

### *General Fund Fiscal Year 2023 Revenue Sources*



**Total Revenues \$903,250**



## *City of Meadowlakes*

# **Major Changes within the General Fund Expenses from last Fiscal Year**

- ☐ ***Administrative expenses will increase by about \$22,500.***
- ☐ ***Public Safety expenses will increase by approximately \$13,825.***
- ☐ ***The Fund will transfer \$140,000 to the Recreation Fund, \$25,500 less than will be transferred in fiscal year 2022.***
- ☐ ***The Fund is expected to generate approximately \$13,500 more income than budgeted expenses.***

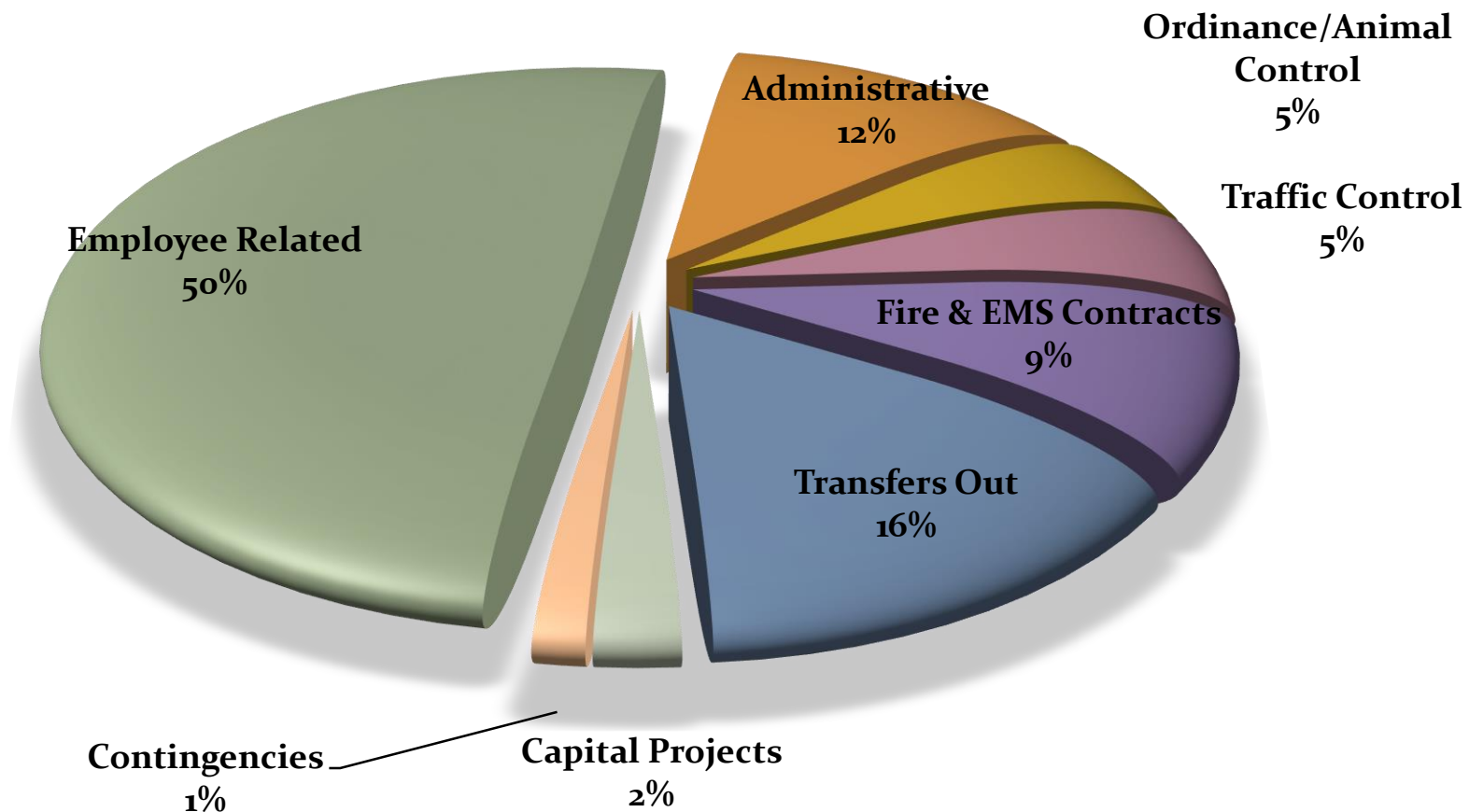
***(Note that in both Fiscal Year 2022 and Fiscal Year 2023, the Utility Fund transferred \$215,000 to the General Fund for administrative expenses of the Utility Fund.)***





*City of Meadowlakes*

## **General Fund FY 2023 Expenditures**



**Total Expenses and Transfers out \$903,250**





## *City of Meadowlakes*

### *General Fund Uncommitted Cash Reserves*

The Fund is anticipated to end Fiscal Year 2022 with an approximate \$53,00 positive cash flow, approximately \$12,600 of the positive cash flow for the fiscal year is generated from the repayment of a short-term loan made to the Recreation Fund.

The Council adopted a Comprehensive Financial Management Policy in 2013 which established minimum and maximum targets for uncommitted fund reserves. The minimum established for the General Fund was 25% with a maximum of 50%.

It is anticipated that the Fund will end Fiscal Year 2022 with an uncommitted cash reserve of approximately 32%.

The Fiscal Year 2023 reflects a positive cash flow of approximately \$50,560, approximately \$37,060 of the anticipated positive cash flow for the fiscal year is generated from the repayment of a short-term loan to the Recreation Fund which should bring the Fund's uncommitted cash reserve to approximately 38%.



*City of Meadowlakes*

## **Debt Service Fund Fiscal Year 2023**

The City will be making its final payment on its 2013 Bond Issue.

The City's total outstanding bonded debt at the end of Fiscal Year 2022 is \$420,000.

In Fiscal Year 2023, the City will pay \$420,000 toward its bonded debt, and approximately \$8,600 in interest, for a total of \$428,600.

87.8% of the income required for debt service will be generated from Ad Valorem taxes, approximately 6.9% from transfers into the Fund from the Utility Fund, and approximately 5.3% from uncommitted reserves.



*City of Meadowlakes*

## **Utility Fund**

***The Utility Fund, which is sometimes referred to as the “Public Works Fund,” provides funding mainly for the water and wastewater systems operation and maintenance. The Utility Fund also provides a portion of the funds required to retire a portion of the City’s bonded debt.***

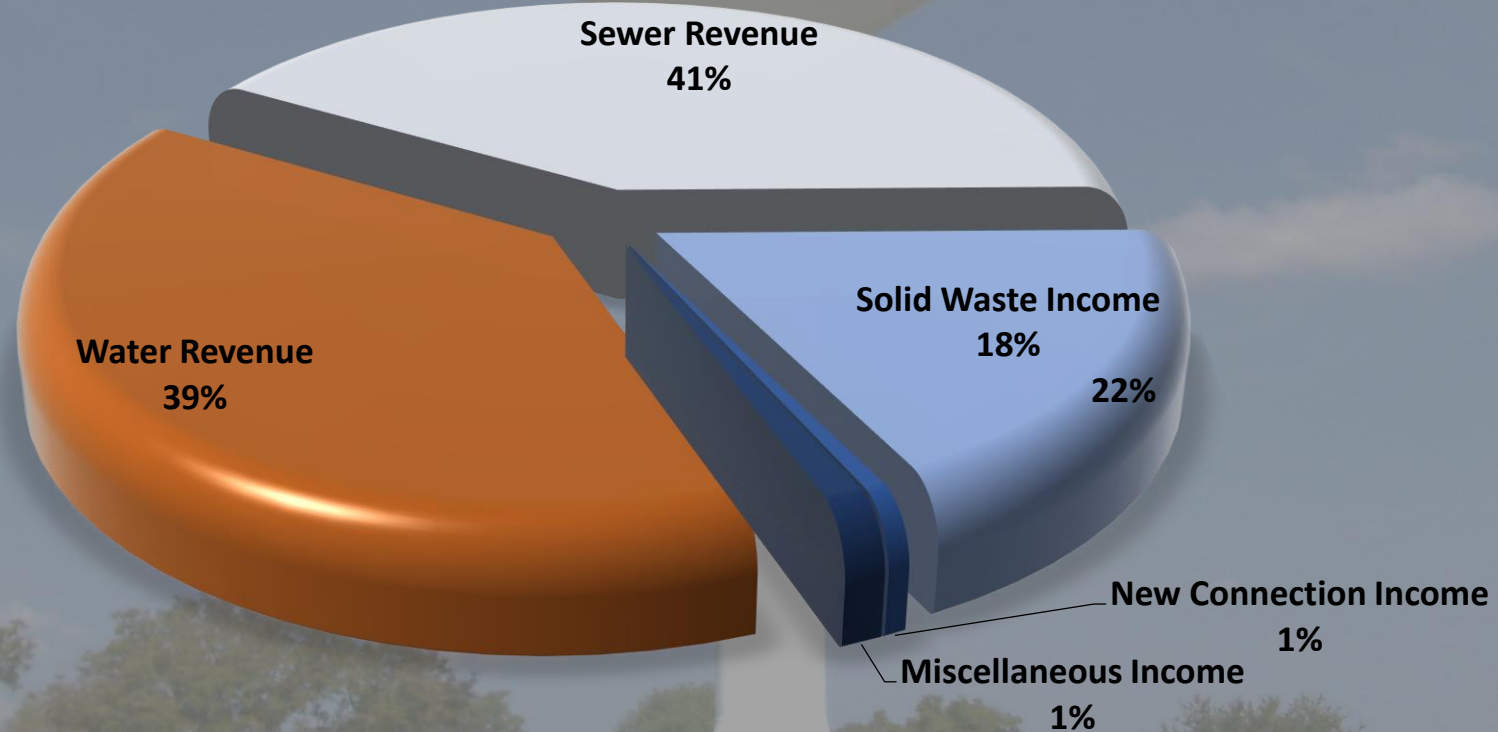
***Unlike the General Fund, the Utility Fund income is derived from several different sources. The vast majority of the Utility Fund’s income is from water, wastewater, and solid waste fees and charges billed to its customers.***





*City of Meadowlakes*

## Utility Fund Fiscal Year 2023 Revenue Sources



**Total Revenues \$1,460,425**



*City of Meadowlakes*

**Utility Fund**

**Major Changes from Fiscal Year 2022 to Fiscal Year 2023 Revenues**

No increases in water or wastewater are proposed.

There will be an approximate 3% increase in trash collection cost effective January 2023.

Total Operating Revenues are budgeted to decrease slightly due to the \$5 per month reduction in the wastewater rate in January 2022.

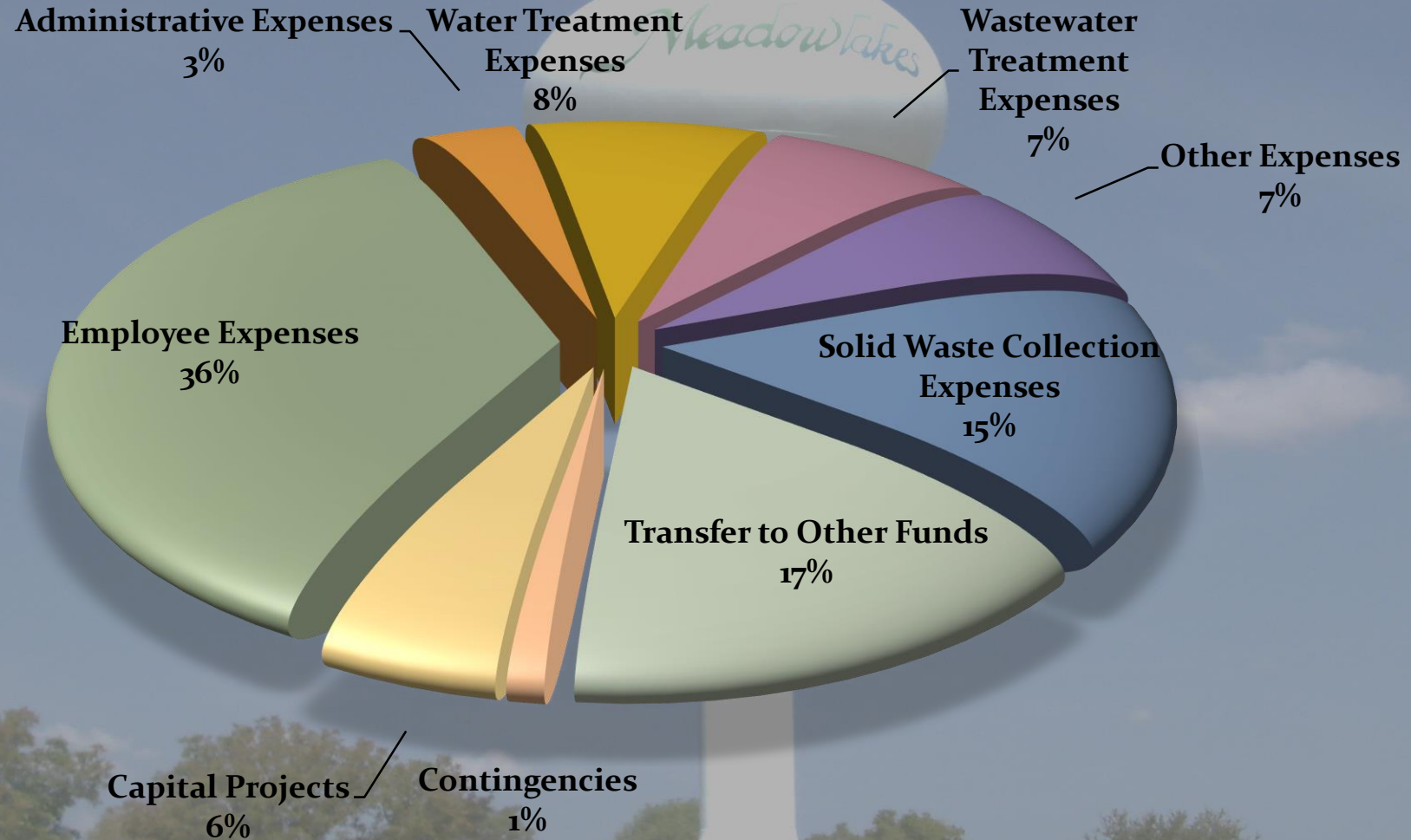
No Reserve Funds will be required to balance the budget.





*City of Meadowlakes*

## Utility Fund FY 2023 Expenditures



**Total Expenses and Transfers Out \$1,460,425**



*City of Meadowlakes*

## **Utility Fund**

# **Major Changes from Fiscal Year 2022 to Fiscal Year 2023** **Expenses**

- ☐ *Employee related expenses are budgeted to increase by 6%.*
- ☐ *Administrative expenses are budgeted to increase slightly.*
- ☐ *Operational expenses are budgeted to increase by approximately 6.7% (\$21,500) mainly due to increased operational and maintenance expenses.*
- ☐ *The Utility Fund will transfer \$244,500 out to other funds, \$26,500 less than transferred out in FY22. (\$215,000 to the General Fund and \$29,500 to the Debt Service Fund)*
- ☐ *\$16,425 in contingencies is budgeted to cover any unforeseen expenses.*
- ☐ *The Fund is budgeted to spend approximately \$80,000 in capital purchases for a replacement dump truck and service vehicle.*





## *City of Meadowlakes*

# *Utility Fund Uncommitted Cash Reserves*

The Fund is anticipated to end FY22 with approximately \$449,600 in uncommitted cash reserves, nearly \$38,00 more than at the beginning of the fiscal year.

The Council adopted a Comprehensive Financial Management Policy in 2013 which established minimum and maximum targets for uncommitted fund reserves. The minimum established for the Utility Fund was 25% with a maximum of 50%.

It is anticipated that the Fund will end Fiscal Year 2022 with an uncommitted cash reserve of approximately 34%.

The Fiscal Year 2023 reflects a positive cash flow of approximately \$16,500, which should bring the Fund's uncommitted cash reserve to approximately 34%.



*City of Meadowlakes*

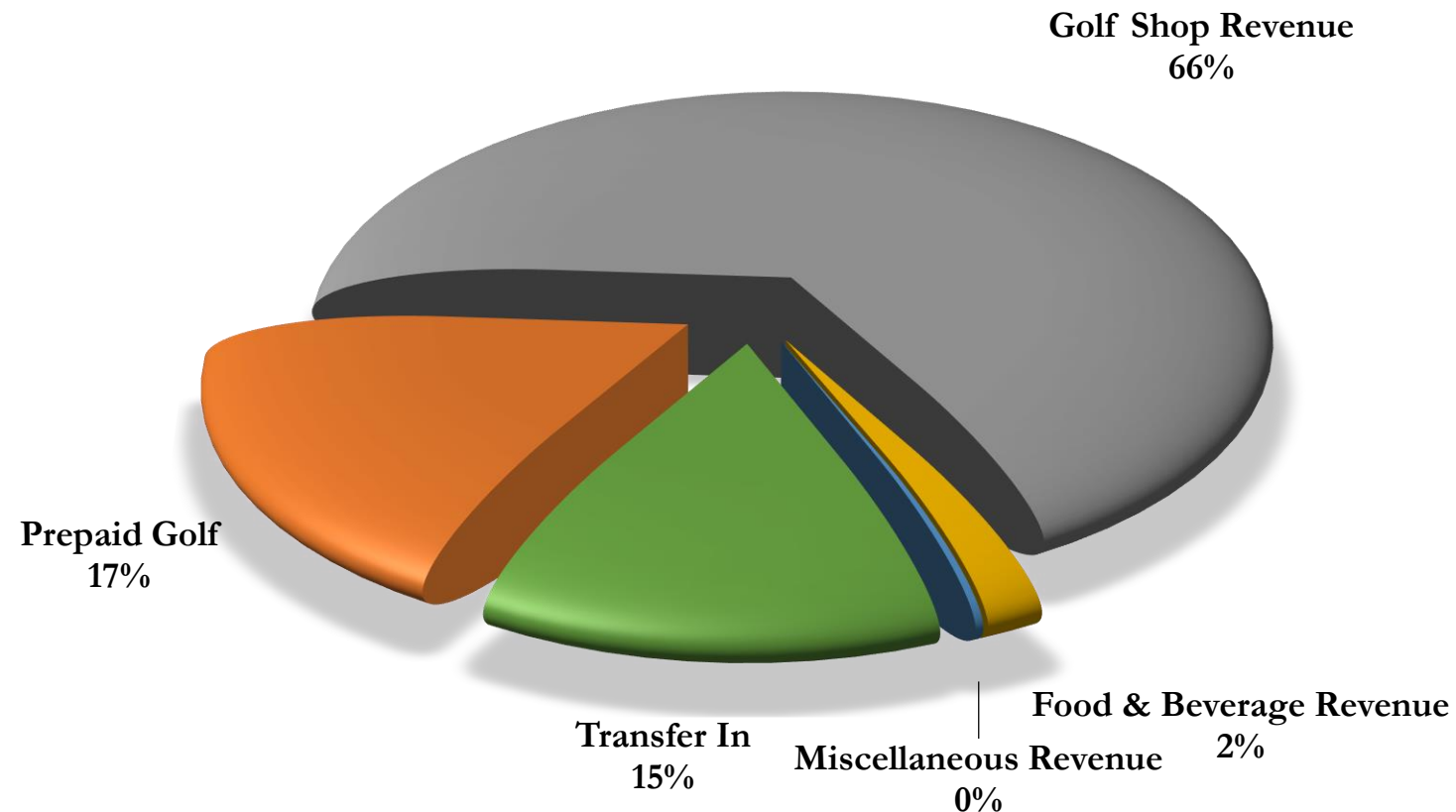
## *Recreation Fund Fiscal Year 2023 Review*

***The City has been operating the Golfing Complex since October 2015. Prior to that, the Meadowlakes Public Facility Corporation had been operating the golfing complex as a component of the City. This organization while being a separate entity from the City, was still accountable to the City.***



*City of Meadowlakes*

## **Recreation Fund Fiscal Year 2023 Revenues**



**Total Revenues \$949,000 (\$159,000 more than last year)**



## **Recreation Fund Fiscal Year 2023 Revenue Review**

### ☐ **Golf Shop Revenues**

- \* Prepaid Golf – increase by approximately \$20,500**
- \* Golf Shop – increase by \$157,000**
- \* Total Golf Shop Revenues, as budgeted, would increase by about \$177,500**

### ☐ **Food & Beverage Revenues**

**Due to a third party operating the restaurant, the Fund will only see approximately \$18,000 in rental income during Fiscal Year 2023.**





## *City of Meadowlakes*

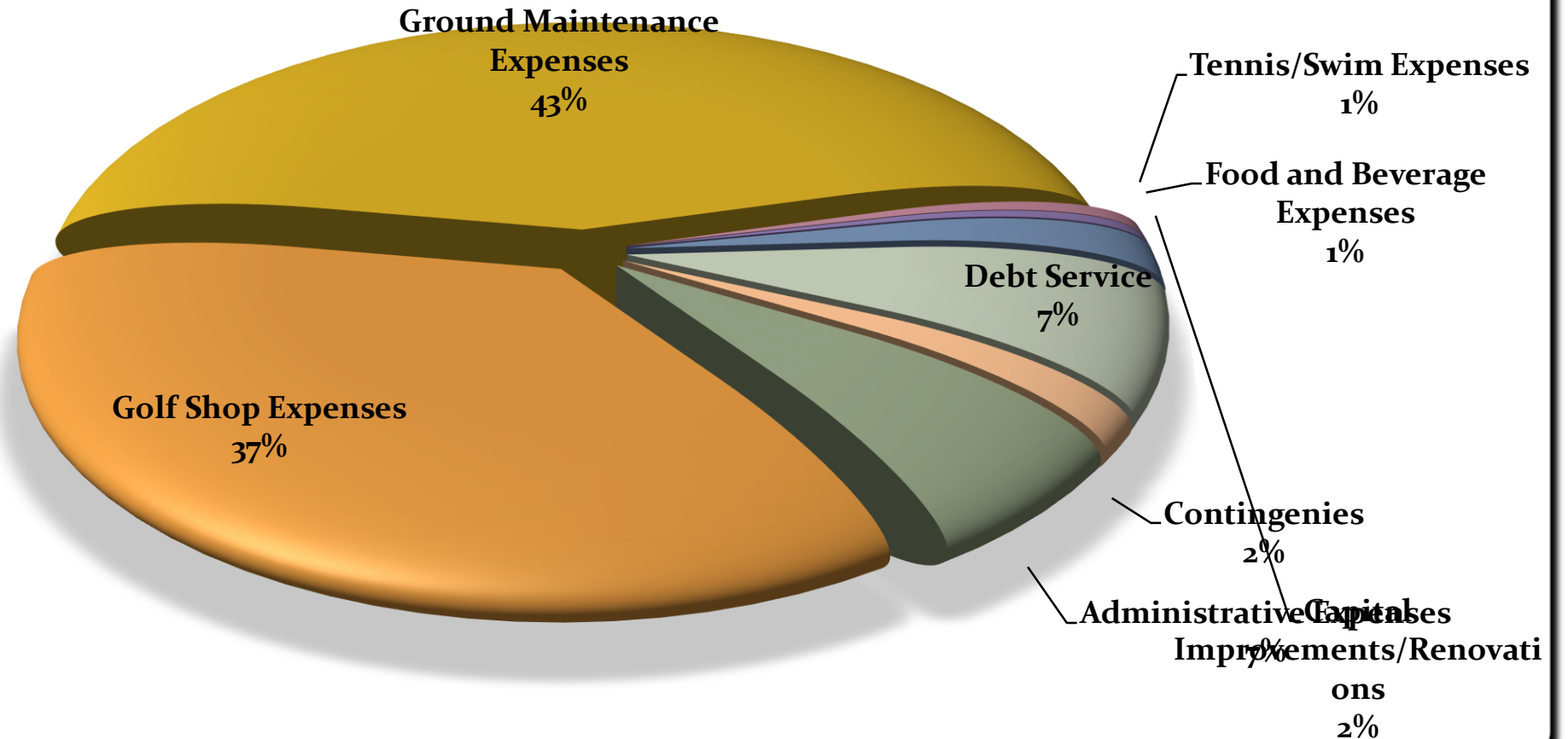
### **Recreation Fund Fiscal Year 2023 Revenue Review**

- ☐ **Total Operating Revenues** – will increase by approximately \$177,500, due mainly to increased outside play on the course
- ☐ **Transfers In From Other Funds** – will decrease by \$25,000 from those transferred into the Fund in fiscal year 2022
- ☐ **Total Fund Income** – will increase by approximately \$159,000



*City of Meadowlakes*

## **Recreation Fund Fiscal Year 2023 Expenses**



**Total Expenses \$949,000**



*City of Meadowlakes*

## **Comparison of Recreation Fund Expenditures Fiscal Year 2022 – Fiscal Year 2023**

- ☐ **Administrative Expenses – will decrease by about \$9,700 due to the third party operating the restaurant and being responsible for a portion of the cost of operating and maintaining the restaurant building and equipment.**
- ☐ **Golf Shop Expenses – will increase by about \$77,500 due mainly to increased inventory purchases and increased employee related expenses.**
- ☐ **Ground Maintenance Expenses – will see an approximate \$96,700 increase, mainly due to increased employee related expenses and other operational expenses.**
- ☐ **Swim/Tennis expenses – no change**
- ☐ **Food and Beverage Expenses – decrease to only cover the anticipated share of building repairs and maintenance expenses.**
- ☐ **Total Operating Expenses – will increase by about \$168,000**
- ☐ **Capital Improvements/Renovations - \$20,000 to build an artificial driving area for the driving range.**





*City of Meadowlakes*

## **Recreation Fund Fiscal Year 2023 Budget**

The Recreation Fund consists of three main identifiable cost centers. They are administrative, golfing operations, and swim/tennis operations. Previously, the Fund had a fourth cost center, which was Food and Beverage Operations.

**Administrative Expenses** – consist of those expenses that are shared by all Recreation activities such as building insurance, office related expenses, utilities, and building repair and maintenance. The required revenues for servicing these expenses are provided mainly by funds transferred into the Recreation Fund from the General Fund.

**Golfing Operations** – consist of the operation of the Golf Shop and expenses related to maintaining the golf course. As budgeted, this operation will generate approximately \$48,000 less in operating revenues than direct expenses (Golf Shop & Grounds Maintenance).



*City of Meadowlakes*

## **Recreation Fund Fiscal Year 2023 Budget**



**Swim/Tennis Operations** – consist of the operation of the swimming pool and maintenance of the tennis courts. As currently budgeted, this operation will lose \$6,500 in Fiscal Year 2023.



The Fund will pay approximately \$71,000 in debt service about \$10,000 less than in Fiscal Year 22.



The Fund will expend \$20,000 for the construction of a new artificial driving area for the driving range.



The Fund as budgeted will generate approximately \$16,500 more income than budgeted expenses, which is budgeted as Contingencies.





# Questions?

