



**MUNICIPAL DEVELOPMENT DISTRICT
CONSIDERATION ITEM
CITY OF FAIR OAKS RANCH, TEXAS**



AGENDA TOPIC: Consideration and possible action to approve the FY 2024-25 MDD Budget

DATE: July 10, 2024

Department: MDD Board of Directors

PRESENTED BY: Mike Lovelace, CPA, CMA, CISA, Fair Oaks Ranch MDD Treasurer
Summer Fleming, MDD Investment Officer

INTRODUCTION/BACKGROUND:

MDD Rules of Procedure (Article IV, Section 1) require the MDD Board of Directors approve the next budget by July 15 and that the City Council approve the budget by September 30 for the upcoming fiscal year.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

The FY 2024-25 Proposed Budget provides a summary of all MDD expected revenues and proposed expenditures for the upcoming fiscal year. After considering historical sales tax collections and future market outlook, the proposed budget includes a 4% increase to local sales tax revenues and a decrease to interest earnings with the anticipation of rates dropping in the early part of 2025.

The proposed operating expenditures budget remains steady except for a 5% increase in audit fees and an increase for biennial PFIA training required for the District's Investment Officer and Treasurer. Additionally, the proposed budget includes \$25,000 in Grant Awards for small grant applications that may be approved throughout the fiscal year. Per the Financial Management Policy budget amendments must be approved by City Council, and budgeting for small grant awards would allow for grant applications to be approved through the grant process and funded up to the budgeted amount without requiring a budget amendment.

The proposed budget includes \$604,000 in revenues, \$67,475 in expenditures, and a projected ending fund balance of \$3.83 million. The projected fund balance maintains a committed balance of \$1.2 million for a grant agreement with the City; however, pending a grant extension or amendment, this amount may change. Accordingly, the change would affect the assigned fund balance as well.

LONG TERM FINANCIAL & BUDGETARY IMPACT:

The proposed budget will add \$536,525 to fund balance assigned for future capital projects.

LEGAL ANALYSIS:

N/A

RECOMMENDATION/PROPOSED MOTION:

I move to approve the MDD FY2024-26 Budget as presented.