



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



AGENDA TOPIC: Consideration and possible action to approve the FY 2025-26
MDD Budget

DATE: July 9, 2025

Department: MDD Board of Directors

PRESENTED BY: Mike Lovelace, CPA, CMA, CISA, Fair Oaks Ranch MDD Treasurer
Summer Fleming, CGFO, 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 2025-26 Proposed Budget outlines projected revenues and planned expenditures for the upcoming fiscal year. Based on historical sales tax trends and current market conditions, the budget reflects a 4% increase in local sales tax revenue and a slight reduction in interest income, anticipating a drop in interest rates in early 2026.

Operating expenditures are proposed to increase by 2%, primarily due to higher annual audit and management service costs. The budget also includes \$25,000 for Grant Awards, providing flexibility to fund small grant applications throughout the year without requiring a separate budget amendment, in alignment with the MDD's Financial Management Policy.

Overall, the proposed budget includes \$704,320 in total revenues, \$68,800 in expenditures, and a projected ending fund balance of approximately \$4.39 million.

LONG TERM FINANCIAL & BUDGETARY IMPACT:

The proposed budget will add \$635,520 to fund balance assigned for future capital projects.

LEGAL ANALYSIS:

N/A

RECOMMENDATION/PROPOSED MOTION:

I move to approve the MDD FY2025-26 Budget as presented.