How Highland Haven Builds a Budget

Essential services should be funded using stable, reliable revenue sources that the City can control.

The City's budget is made up of three funds. Below, you will see what stable, reliable City-controlled revenue funds the essential services in each.

General Fund

The City-controlled revenue sources for this fund are:

- Property Taxes
- Transfers from Water
- Transfers from Solid Waste

Which pays for essential services in the general fund, including:

- Personnel
- Public Safety
- Professional Services
- Compliance
- Other Services

Water Fund

The City-controlled revenue source for this fund is:

- Base Monthly Rates

Which pays for essential services in the water fund, including:

- Bond Payments
- Water Operator
- Personnel
- Chemicals & Maint.
- Compliance

Solid Waste Fund

The City-controlled revenue source for this fund is:

- Monthly Rates

Which pays for essential services in the solid waste fund, including:

- Waste Contractor
- Professional Services
- Personnel
- Community Clean-up
- Compliance

Essential services, paid for by stable, City-Controlled revenue, create reliable services.

General Fund Expenses

Every expense in the General Fund is categorized as either an essential expense or an operational expense.

Essential Expenses

- State mandated, or comply with State law
- Includes core City operations (like Fire Protection)
- Below is a breakdown of all essential expenses

Operational Expenses

Operational expenses support City activities and programs but can vary from year to year based on need, workload, and available resources.

Personnel

- People needed to operate the City
- Includes City staff, payroll and employee benefits

Public Safety

- Fire Protection, EMS, Security, Emergency Management
- Includes contracts for Fire and EMS

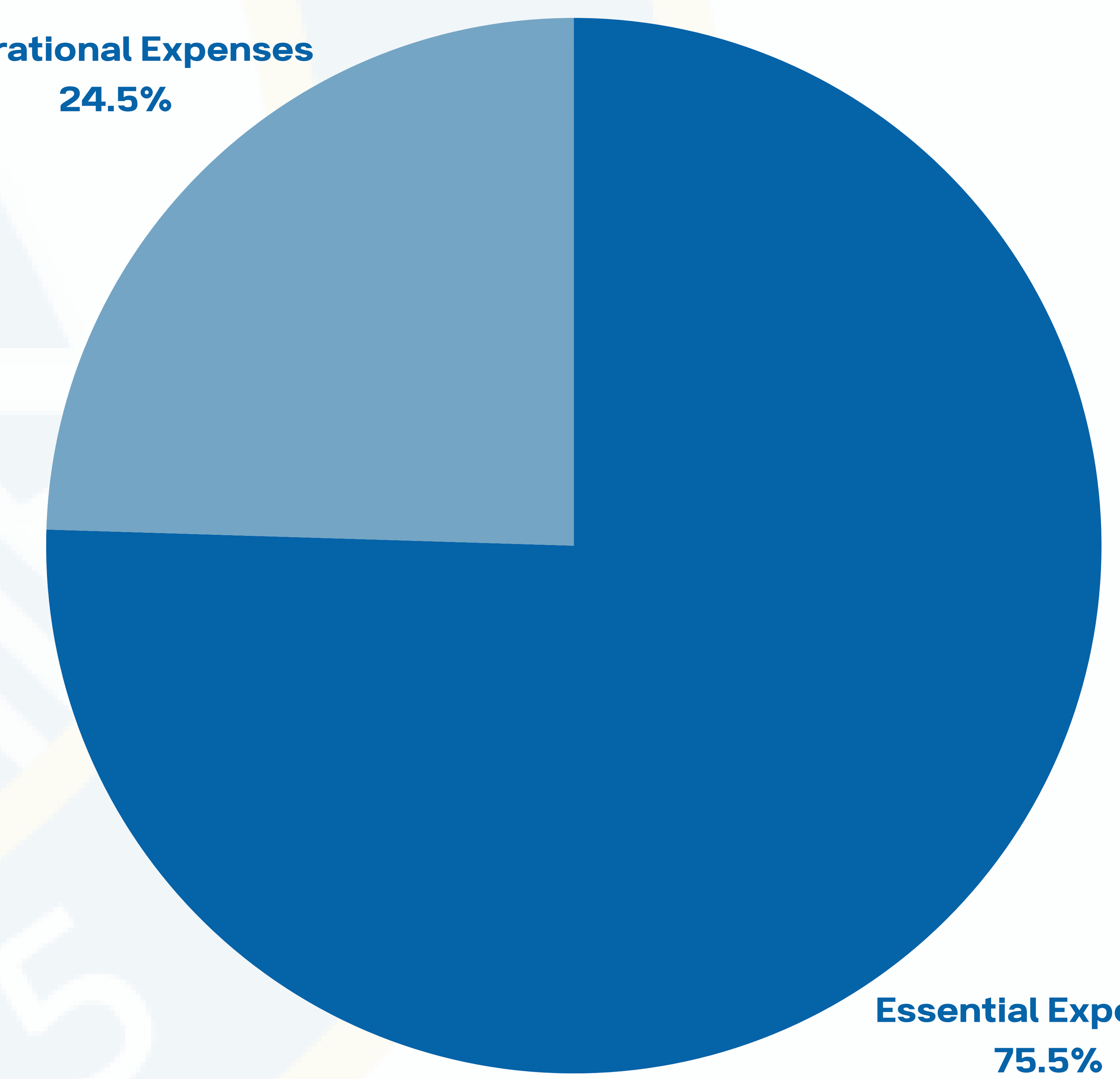
Professional Services & Compliance

- Audit, Accounting, Legal, IT Services, Elections
- Includes specialized and legally required services

Other Services

- Streets, Facilities, Insurance, Utilities
- Supports City infrastructure and daily operations

General Fund Expenses



Total essential expenses = $526,568.07

Total operational expenses = $170,995.16

Total General Fund = $697,563.23

About **75%** of General Fund spending supports **essential services**(+40%) required to operate the City and provide reliable service.

Determining Property Taxes

Property taxes fund the remaining cost of essential General Fund expenses after utility fund transfers are applied.

Total General Fund Essential Expenses

$ 526,568.07

The City first identifies the total cost of essential General Fund expenses

Utility Fund Transfers

$ 89,068.07

The City then identifies the transfer amounts that the Water and Solid Waste Funds are responsible for.
This is 40% of the City Administrator’s total compensation,
and 50% of the Accounting/Utility Coordinator’s total compensation.
From that amount, 70% comes from the Water Fund, and 30% comes from the Solid Waste Fund.

Property Tax Revenue Needed

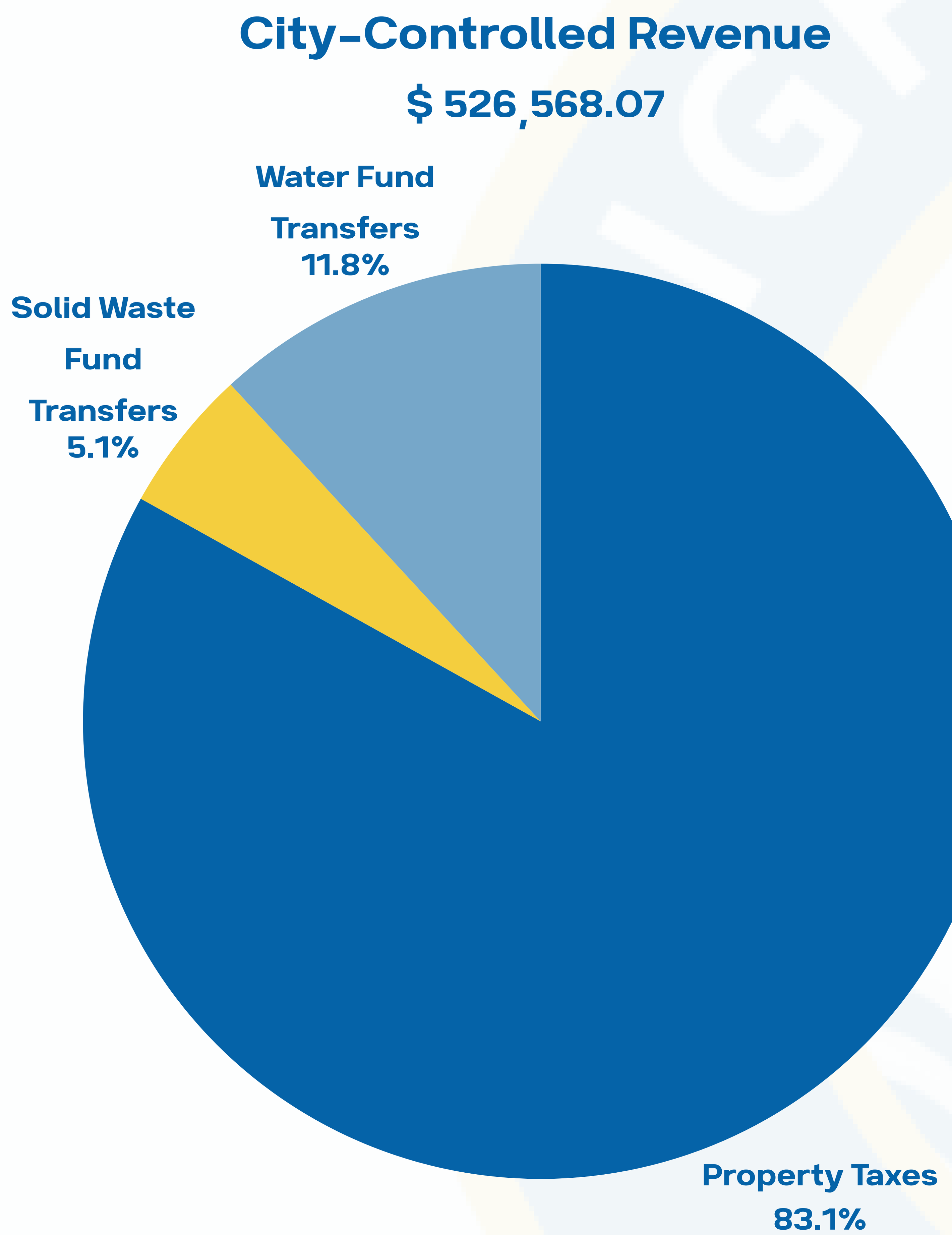
$ 437,500.00

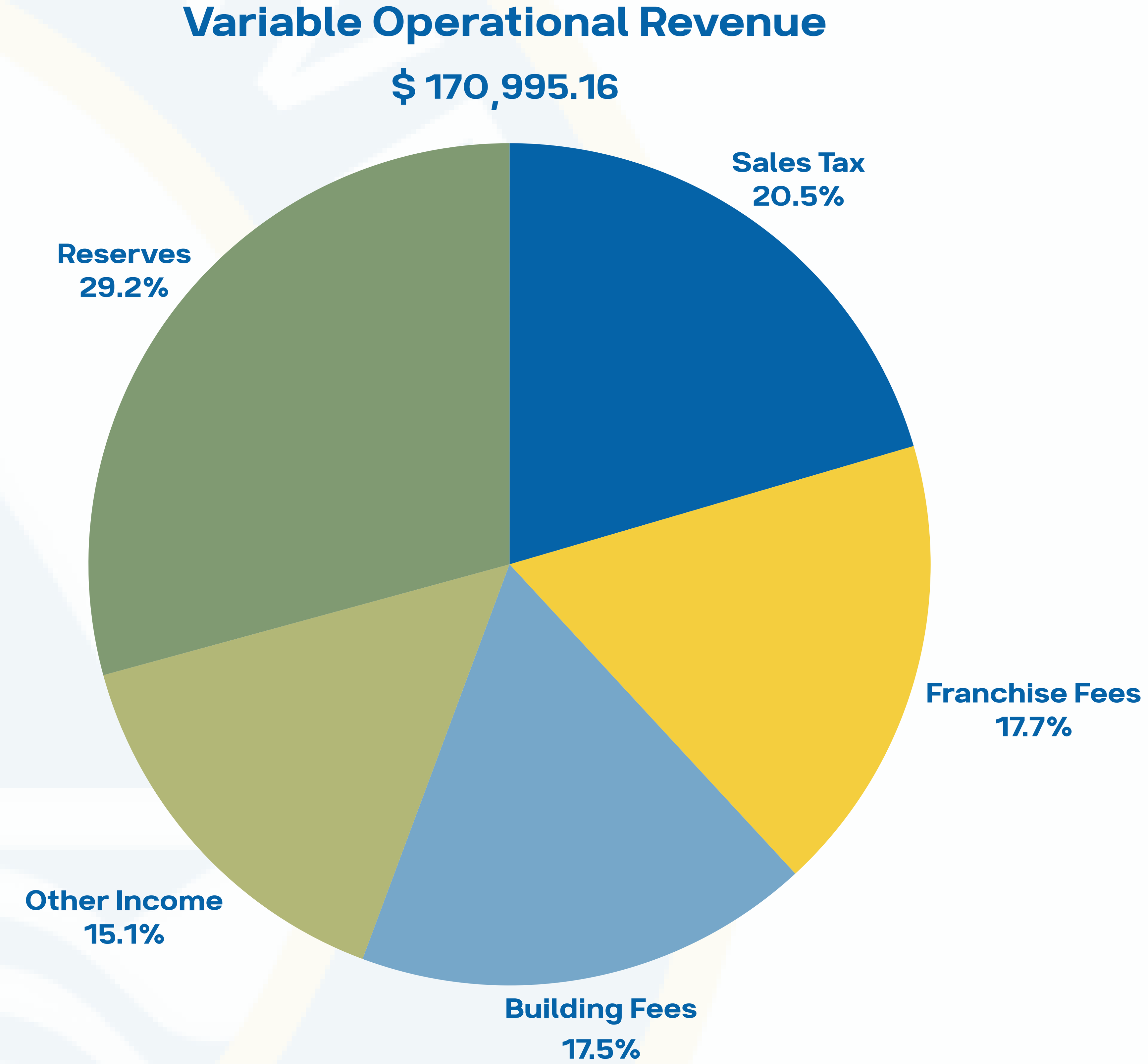
The City then subtracts the amount of Utility Fund transfers from the total cost of General Fund essential expenses to determine the amount of Property Taxes needed to fund essential services.

Property taxes do not fund all General Fund expenses. They fund the remaining cost of essential services after Water Fund and Solid Waste Fund contributions have been applied.

General Fund Revenues

The General Fund uses both stable and variable revenue sources to fund City services, with stable revenue supporting essential services.





The Revenue Above Pays For:

- Personnel: $ 310,083.07
- Public Safety: $ 126,415.00
- Compliance & Professional Services: $ 69,845.00
- Other Services: $ 20,225

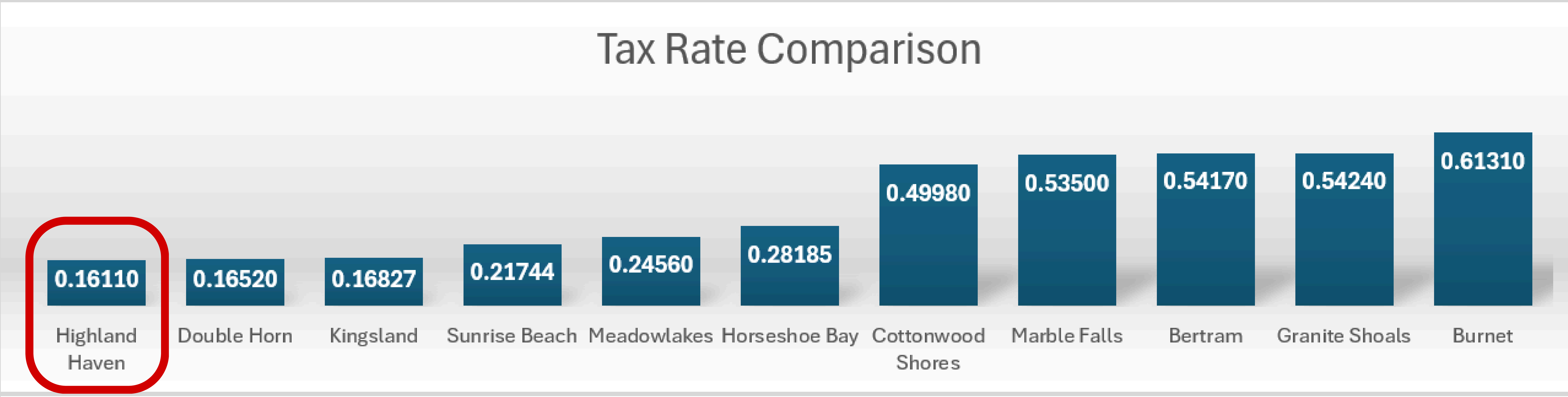
The Revenue Above Pays For:

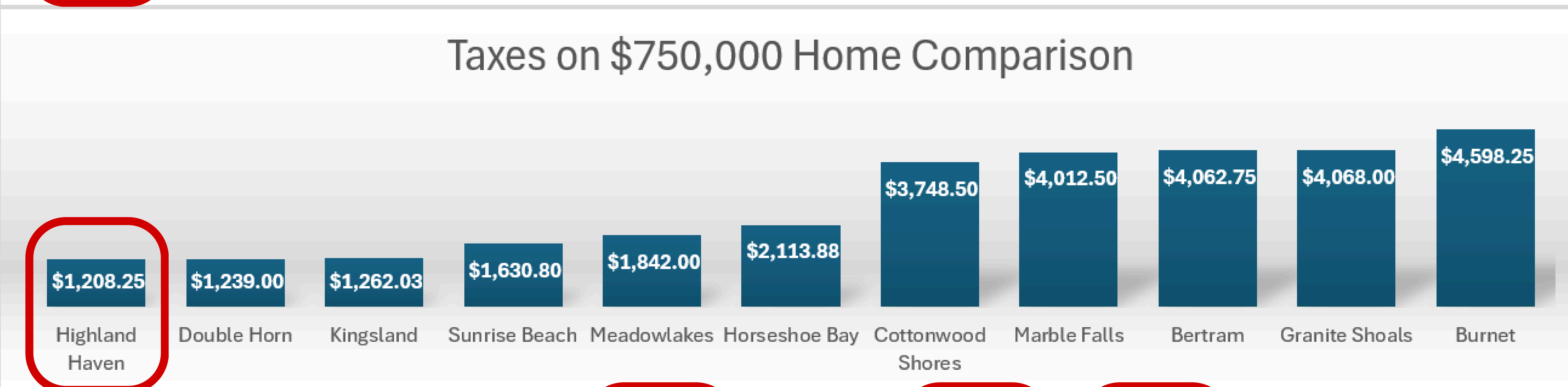
- Personnel: $ 14,945.16
- Compliance & Professional Services: $ 56,250.00
- Other Services: $ 49,800.00
- Interest-Only Bond Payment: $ 50,000.00

Together, these revenue sources help fund the services residents rely on every day.

Proposed Tax Rate: $0.1611

In order to receive $437,500 from property taxes, the City will need a property tax rate of **$0.1611 per $100 of valuation.**





Entity	Description	Tax Rate	Market Value	Taxable Value	Estimated Tax	Freeze Ceiling
CHI	CITY OF HIGHLAND HAVEN	0.150500	$801,198	$801,198	$1,205.80	
GBU	BURNET COUNTY	0.286300	$801,198	$801,198	$2,293.83	$1,387.33
RSP	CO SPECIAL, ROAD & BRIDGE	0.046000	$801,198	$798,198	$367.17	$162.05
SMA	MARBLE FALLS ISD	0.885500	$801,198	$598,198	$5,297.04	$1,228.25
WCD	WATER CONSERV DIST OF CENTRAL TEXAS	0.005500	$801,198	$801,198	$44.07	
CAD	CENTRAL APPRAISAL DISTRICT	0.000000	$801,198	$801,198	$0.00	

Total Tax Rate: 1.373800

Estimated Taxes With Exemptions: $4,027.50

Estimated Taxes Without Exemptions: $11,006.86

Total Certified Values: $ 271,568,597

Values set by Burnet Central Appraisal District

For your taxes multiply your taxable value by $.001611

Highland Haven is the lowest in the area.

To the left you will see a sample Tax Bill. The City's portion is only one part of your total property tax bill. In many cases it represents about 11% of your total property tax bill. The line indicating City Taxes is highlighted in red, and the tax rate, taxable value, and estimated tax are circled.

What Your Property Taxes Pay For

Every dollar of property tax revenue is allocated toward **essential City services** and operations. The expenses funded by those dollars are listed below for **complete transparency.**

Name of Expense	Funded by Property Taxes	Funded by Water Transfers	Funded by Solid Waste Transfers
City Administrator Salary	$ 60,732	$ 28,342	$ 12,146
City Secretary Salary (State Mandated)	$ 64,680	$ 0	$ 0
Accounting/Utility Coordinator Salary	$ 26,910	$ 18,837	$ 8,073
Building Official Stipend	$ 3,355	$ 0	$ 0
Temporary Employee	$ 15,000	$ 0	$ 0
FICA Matching	$ 14,026	$ 4,004	$ 1,716
Payroll Fees	$ 1,000	$ 0	$ 0
Health Insurance Stipend	$ 16,020	$ 5,166	$ 2,214
TMRS	$ 19,292	$ 5,999	$ 2,571

Name of Expense	Funded by Property Taxes
Office Supplies	$ 1,250
Equipment Replacement	$ 4,000
Software	$ 7,000
Municipal Judge Expense (State Mandated)	$ 1,200
Accounting/Audit Fees (State Mandated)	$ 12,000
Attorney Fees	$ 12,000
Ordinance Codification	$ 4,500
Burnet County Tax Appraisal Fee (State Mandated)	$ 5,895
IT Support	$ 5,000
Burnet County Election Fee (State Mandated)	$ 5,000
Website Hosting	$ 5,000
Fund Accounting Software (State Mandated)	$ 2,000
Code Enforcement (State Mandated)	$ 5,000
Electricity for City Hall	$ 1,250
City Phones/Internet	$ 8,250
Insurance for City Property (State Mandated)	$ 10,000
Notary Public Certification	$ 400
Treasures Bond	$ 325
Security Camera	$ 9,000
Granite Shoals Fire Department	$ 95,665
Marble Falls Area Emergency Medical Services	$ 16,250
Emergency Management Program/Supplies	$ 5,500

Total Property Taxes: $ 437,500.00

Plus

Total Water Fund Transfers: $ 62,347.65

Plus

Total Solid Waste Fund Transfers: $ 26,720.42

Equals

Total General Fund Essential Services:
$ 526,568.07

Water Fund Expenses

Every expense in the Water Fund is categorized as either an essential expense or an operational expense.

Essential Expenses/Fixed Costs

Essential expenses are the costs required to operate, maintain, and comply with TCEQ regulations for the water system. These expenses ensure residents receive safe, reliable drinking water every day.

Water Operations & Maintenance

- Water Operator, Water Production, Distribuition and Repairs
- Includes contract operator, production, and system maintenance

Professional Services & Administration

- TCEQ Compliance, Billing, Water Testing and Reporting
- Includes audit, legal fees, IT services and accounting

Bond Payment

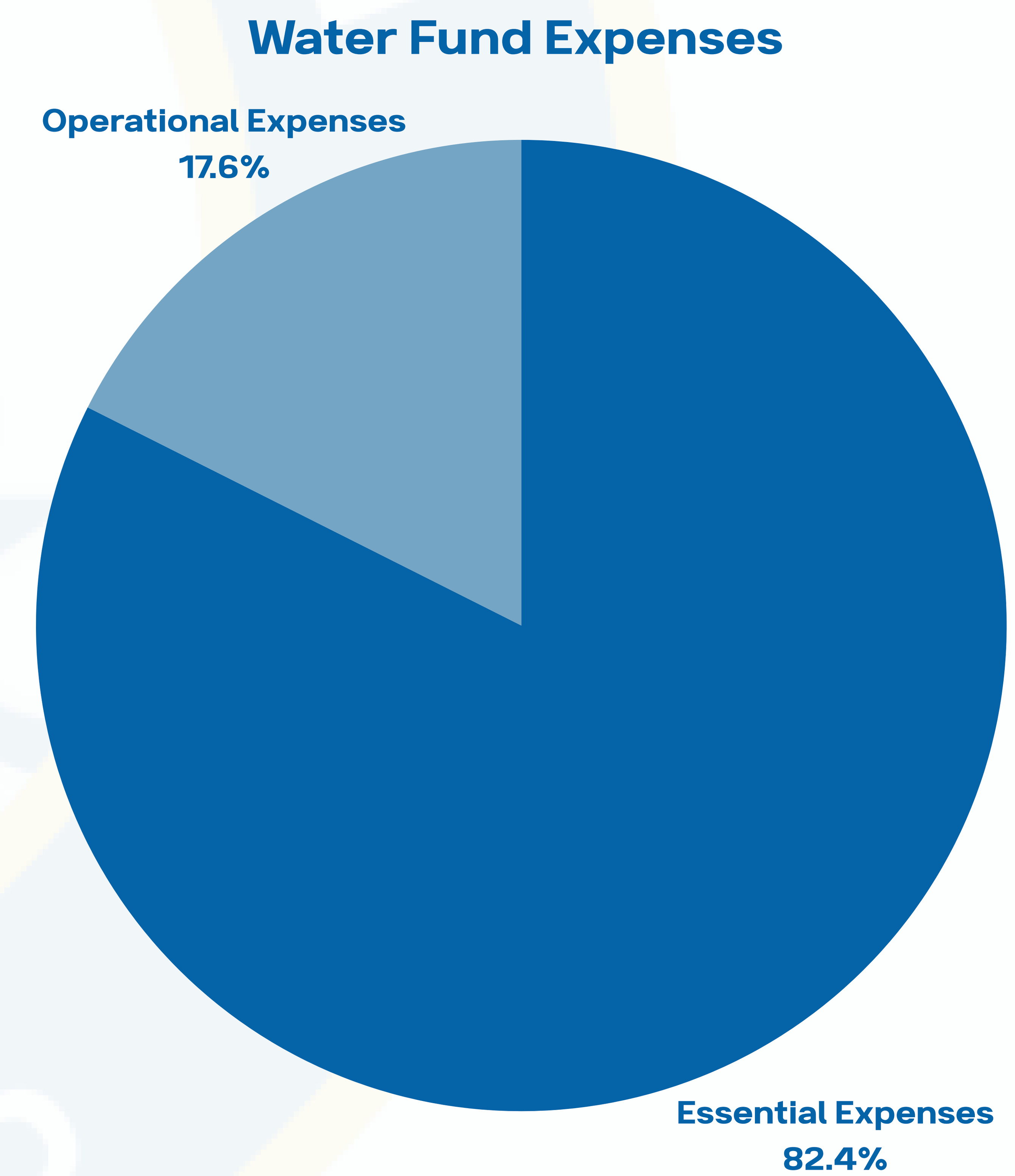
- Last payment for current bond that purchased the water system
- Includes principle and interest payment

Personnel

- For transfer to General Fund for City Staff
- 70% of total Utility Fund Transfers

Operational Expenses/Variable Costs

Operational expenses may vary from year to year based on the needs of the water system, and how much water is used.



Total essential expenses = $333,972.15

Total operational expenses = $71,265.00

Total Water Fund = $405,237.15

The **Water Fund** is focused on **maintaining reliable service** today while **planning responsibly** for the future needs of the system.

Determining Monthly Base Rates

As the only **City-controlled revenue** in the Water Fund, **monthly base rates** must cover all **essential/fixed costs** of the water system.

Total Water Fund Essential/Fixed Expenses

$ 333,972.15

The City first identifies the total cost of essential/fixed water system expenses.

Current Monthly Base Rates Will Not Provide Enough Revenue

Highland Haven $59, Shady Acres/Nobles $64, Camp Champion $2,250

The City's current monthly base rates will not provide enough revenue to cover all essential/fixed expenses. This is due to new funding for engineering/future planning, and administrative costs.

New Monthly Base Rates, Starting January 1, 2027, Will Fully Fund Essential Costs

Highland Haven $62, Shady Acres/Nobles $67.50, Camp Champion $2,350

In order for the City to fund all essential/fixed costs of the water system, a rate adjustment is needed during this fiscal year. The proposed increases of $3.00 to $3.50 per month will allow monthly base rates to fully fund the essential operation of the water system. Volumetric rates will stay the same

Before a single gallon of water is used, the City must operate and maintain the water system. Operator contracts, bond payments, staffing, TCEQ compliance, and administrative costs exist regardless of water usage. Monthly base rates are designed to fund these essential/fixed costs. Base rates also include basic water usage, with the first 2,000 gallons included each month for residential customers.

Proposed Water Rate Comparison

The **proposed base rates** fully fund essential water system costs while **remaining competitive with, or below,** many similar water systems.

Current vs Proposed Monthly Base Rates

Customer Type	Current	Proposed
Highland Haven	$ 59.00	$ 62.00
Nobles/Shady Acres	$ 64.00	$ 67.50
Camp Champion	$ 2,250.00	$ 2,350.00

Rate Adjustment Summary

- Highland Haven: + $3.00/month
- Nobles/Shady Acres: + $3.50/month
- Camp Champion: + $100/month

*Volumetric water rates remain unchanged

*Residential base fees will continue to include the first 2,000 gallons each month

About This Comparison

The City reviewed 44 water systems across the region to provide meaningful comparison.

- Median System Size: 447 connections
- 12 public systems, 7 water corporations, 2 MUDs, and 23 private systems
- 22 ground water systems and 22 surface water systems
- 26 systems located in Burnet County

*Median values are used to prevent unusually high or low systems from skewing the comparison results.

Cost of a monthly 2,000 gallon water bill

Category	Monthly Bill (HH)	Monthly Bill (N/SA)
Highland Haven	$ 62.00	$ 67.50
Median (All Systems)	$ 66.20	$ 69.44
Median (Burnet County)	$ 66.46	$ 76.28
Median (Groundwater Systems)	$ 68.69	$ 68.75
Median (Private Systems)	$ 62.63	$ 71.17

What Your Base Rate Pays For

Every dollar collected through **monthly base rates** is allocated toward the **essential costs** required to operate, maintain, and comply with regulations for the City's water system. The expenses funded by those dollars are shown below for **complete transparency.**

Total Essential/Fixed Water System Costs
$ 333,972.15

Name of Expense	Funded by Monthly Base Rate
Bond Payment	$ 107,090
Office Supplies	$ 500
Software	$ 1,800
Postage	$ 600
Public Notice Publication (State Mandated)	$ 250
Bank Fees	$ 75
Chemicals (State Mandated)	$ 3,000
Repairs/Service Work	$ 6,000
Buildings/Infrastructure	$ 1,000
Material-pipe, pumps, meters	$ 4,000
Generator Maint. & Repairs (State Mandated)	$ 6,000
Accounting/Audit Fees (State Mandated)	$ 9,600
Attorney Fees	$ 1,920
Engineering Fees (New Expense)	$ 16,000
Lab Fees (State Mandated)	$ 1,800
Contract Operator (State Mandated)	$ 90,000
IT Services	$ 7,680
Fund Accounting Software	$ 4,560
Electricity for Water Plant and Wells	$ 8,000
Sensaphone/Telephone	$ 500
TCEQ (State Mandated)	$ 1,250
Staffing (Transferred to General Fund)	$ 62,348

What's Included in the Base Rate?

- **Water system availability**
- **Water operator services**
- **System maintenance**
- **Bond Payments**
- **TCEQ compliance**
- **Administrative support & staffing**
- **First 2,000 gallons each month for residential customers**

***Before any water is consumed, base rates fund system availability, compliance, staffing, maintenance and infrastructure.**

Monthly base rates are designed to fund the essential costs of providing reliable water service to every customer connected to the system.

How Your Trash Fees Are Used

Monthly solid waste fees are designed to **fully fund** trash, recycling, administration, and related services while remaining **financially self-supporting.**

Total Cost of Service

$ 147,820.42

The Solid Waste Fund recovers the actual cost of providing trash and recycling services through user fees and related revenues. Monthly fees go up each April as part of the City's contract with Waste Management.

Name of Expense	Amount
Waste Management Contract	$ 112,800
Staffing Transfer to General Fund	$ 26,720
IT Services	$ 2,400
Fund Accounting Software	$ 2,400
Household Hazardous Waste Program	$ 1,750
Hazardous Waste Response Fund	$ 1,500
Document Shredding	$ 750

What's Included in Your Fee?

- Weekly Trash Collection
- Bi-Weekly Recycling
- Customer Service & Billing
- Administrative Support & Staffing
- Contract Oversight & Program Management
- Community Waste Programs as needed

How The Fund Is Paid For

- Trash Service Revenue: $ 141,600
- Franchise Fees: $ 5,640
- Interest Income: $ 1,250

The Solid Waste Fund is **self-supporting**. User fees fund the cost of **providing trash and recycling services**, allowing the program to operate without support from any other operating funds.