

Montgomery County UD 3 **Proposed General Fund Budget, FY-CY 2026, with Appendix A and Appendix B attached**
(with a copy of the previously adopted budget of WWTP Expenses for FY-CY 2026)--Dec. 4, 2025

	Actuals as of 11/10/2025	2025 Budget	Proposed Budget
Income			
Water Revenue			
4100 · Customer Service Fees - Water	408,694.08	513,660.00	480,000.00
4110 · Water Tap Connection Fees	0.00	30,000.00	0.00
Total Water Revenue	408,694.08	543,660.00	480,000.00
Sewer Revenue			
4200 · Customer Service Fees - Sewer	477,425.20	573,350.00	780,000.00
4202 · Sewer Inspection Fees	5,100.00	21,420.00	8,000.00
4210 · Grease Trap Inspections	7,650.00	0.00	0.00
4242 · Revenue - Aqua Texas	297,255.34	140,000.00	180,000.00
Total Sewer Revenue	787,430.54	734,770.00	968,000.00
Other Revenues			
4320 · Maintenance Taxes	380,661.40	340,690.00	349,435.00
4330 · Penalties and Interest	6,200.01	8,200.00	8,200.00
4400 · Transfer/Connection Fees	8,333.00	11,310.00	11,310.00
4502 · Bond Reimbursement 2011 (Section 4.02 Apendix C)	436,346.00	436,346.00	473,607.00
5380 · Miscellaneous Income	94,000.00	2,000.00	2,000.00
5391 · Interest Income	113,901.36	135,200.00	135,200.00
5400 · COC - Reimbursement - drainage	255,761.42	242,500.00	255,761.00
Use of General Operating Reserve Funds	0.00	720,527.32	0.00
Total Other Revenues	1,295,203.19	1,896,773.32	1,235,513.00
Total Income	2,491,327.81	3,175,203.32	2,683,513.00
Expense			
Water Expenses			
6102 · Joint Water Plants	78,750.48	94,288.00	121,000.00
6126 · Permit Fees	3,123.75	3,300.00	3,300.00
6135 · Repairs & Maintenance	340,176.06	223,000.00	429,000.00
6136 · Water Plant Maintenance	0.00	35,000.00	35,000.00
6170 · Tap Connection Expense	0.00	6,000.00	0.00
Total Water Expenses	422,050.29	361,588.00	588,300.00
Sewer Expenses			
6202 · WWTP Expense	389,593.25	372,723.00	370,611.00
6226 · Permit Fees	0.00	3,000.00	3,000.00
6230 · Storm Drainage System	5,367.15	50,000.00	50,000.00
6235 · Repair and Maintenance	80,775.54	140,000.00	106,050.00
6235.01 · Lift Station Rehab	0.00	300,000.00	0.00
6275 · Sewer Inspection Expense	11,733.15	13,750.00	13,750.00
Total Sewer Expenses	487,469.09	879,473.00	543,411.00
Other Expenses			
6310 · Director Fees	20,774.00	30,498.00	30,498.00
6314 · Payroll Taxes	1,589.22	2,440.00	2,440.00
6320 · Legal Fees	36,091.85	80,000.00	80,000.00
6321 · Auditing Fees	10,950.00	12,500.00	12,500.00

	Actuals as of 11/10/2025	2025 Budget	Proposed Budget
6322 · Engineering Fees	74,960.86	130,000.00	130,000.00
6322.01 · Transmission Waterline Replacement Phase I	3,080.50	448,493.32	0.00
6322.02 · Admin & Dawns Edge LS Rehab & Conversion	129,589.50	209,000.00	0.00
6322.03 · Geographic Information System	5,400.00	0.00	7,200.00
6323 · Financial Advisor Fees	0.00	2,100.00	2,100.00
6324 · Laboratory Fees	4,987.55	15,000.00	8,000.00
6325 · Election Expense	0.00	0.00	10,000.00
6326 · TCEQ Assessment Fees	0.00	5,425.00	5,425.00
6327 · Lone Star GW - Permit Fees	30,688.75	20,000.00	25,900.00
6332 · Other Operator Expense	64,890.40	85,000.00	85,000.00
6333 · Bookkeeping Fees	18,000.00	21,600.00	21,600.00
6338A · Legal Notices Required by Law	920.90	1,000.00	1,000.00
6340 · Office Expense	33,837.74	45,000.00	40,000.00
6351 · Telephone	7,055.03	6,035.00	9,500.00
6352 · Utilities	10,522.30	14,000.00	14,000.00
6353 · Insurance	29,699.35	30,000.00	33,000.00
6354 · Travel Expense	2,654.16	5,000.00	5,000.00
6356 · Registration/Membership Fees	2,145.00	2,500.00	2,500.00
6359 · Other Expenses	775.00	4,000.00	1,200.00
6365 · Website Expenses	2,000.00	2,100.00	2,100.00
6380 · Termination/Reconnection/NSF Ex	13,795.10	18,160.00	18,160.00
6399 · Garbage Expense	283,038.00	307,945.00	319,000.00
Total Other Expenses	787,445.21	1,497,796.32	866,123.00
Total Expense	1,696,964.59	2,738,857.32	1,997,834.00
Other Expense			
Capital Outlay			
7300 · Capital Outlay	930,022.00	0.00	0.00
7302 · TWDB Bond Payment Int Exp	196,346.00	196,346.00	184,115.00
7303 · TWBD Principal Payment	240,000.00	240,000.00	255,000.00
3913 · Transfer to DSF	0.00	0.00	200,000.00
Total Capital Outlay	1,366,368.00	436,346.00	639,115.00
Net Income	-572,004.78	0.00	46,564.00

Taxable Value - \$419,000,000 M&O Rate - .0851 @ 98% collections

APPENDIX A
Capital Projects
FYE 2026

Sources of Funds

Payment from the City of Conroe	\$ 781,250.00
Payment from MCUD No. 4	\$ 1,171,875.00
Proceeds of Tax Bonds, Series 2023	\$ 1,171,875.00
Total	\$ 3,125,000.00

Uses of Funds

WWTP Lift Station Replacement	\$ 3,125,000.00
Total	\$ 3,125,000.00

APPENDIX B
Debt Service
FYE 2026

Sources of Funds

General Fund Reserves	<i>Transfer proposed by Financial Advisor from GF reserves to Debt Service Fund in tax rate study, to be made ca. February 2026</i>	\$ 200,000
Tax Account	<i>Debt service taxes to be received during FY 2026</i>	594,939
Use of beginning balance in Debt Service Fund(s) at 1-1-2026	<i>Estimated by Financial Advisor in tax rate study</i>	290,000
	Total	\$1,084,939

Uses of Funds

Payment of Debt Service, Revenue Bonds, Series 2011	<i>From General Fund 2026 Budget.</i>	\$ 436,346
Payment of Debt Service, Outstanding Tax Bonds	<i>Estimate from Financial Advisor from tax rate study</i>	648,593
	Total	\$1,084,939

Montgomery UD 3 & 4 - Budget for WWTP Expenses

	2025 Budget	Adopted 2026 Budget	Flow Related		Non-Flow Related	
Expense			%		%	
Laboratory Expense	54,000.00	54,000.00			100%	54,000.00
Permit Fee	5,000.00	7,600.00			100%	7,600.00
Operator Fees	66,000.00	66,000.00			100%	66,000.00
Mowing	10,000.00	10,000.00			100%	10,000.00
Repairs & Maintenance	200,000.00	200,000.00			100%	200,000.00
Sludge Removal	140,000.00	140,000.00	100%	140,000.00		
Chemicals	72,500.00	90,000.00	100%	90,000.00		
Utilities	100,000.00	100,000.00	50%	50,000.00	50%	50,000.00
Audit Fees	5,000.00	5,000.00			100%	5,000.00
Engineering Fees	20,000.00	20,000.00			100%	20,000.00
Management Fees	7,200.00	7,200.00			100%	7,200.00
Bookkeeping Fees	17,400.00	17,400.00			100%	17,400.00
Office Expense	2,000.00	2,000.00			100%	2,000.00
Insurance	32,000.00	36,200.00			100%	36,200.00
Other Expenses	500.00	500.00			100%	500.00
Total Line Expenses	731,600.00	755,900.00				
Capital Outlay						
Capital Outlay - Facilities	3,000,000.00	3,110,000.00			100%	3,110,000.00
Total Capital Outlay	3,000,000.00	3,110,000.00				
TOTALS	3,731,600.00	3,865,900.00	Total	280,000.00	Total	3,585,900.00

Footnote: This amount assumes the construction of the lift station improvements project only. In the event that the full WWTP Improvements to 1.2 MGD project is completed, the capital project outlay actual expenses will be significantly increased.

Excerpt from Strategic Partnership Agreement:

Section 4.04 Capacity Reservation Fee.

(a) As additional consideration for the reserved capacity, and to provide for preserving and maintaining such capacity, the City shall pay to the Operating District (for deposit into the WWTP Account, for the benefit of both the District and the Interconnected District) an annual Capacity Reservation Fee due on October 30 of each year. Each Capacity Reservation Fee shall be paid in advance for the calendar year beginning on January 1 following the due date. The first Capacity Reservation Fee shall be due on October 30, 2014 for the calendar year 2015. The Capacity Reservation Fee is a percentage of the annual Non-Flow-Related WWTP Expenses that is equal to the percentage of total WWTP Design Capacity that is reserved to the City. Initially the City's reserved capacity is equal to 25% of the Design Capacity.

(b) The Capacity Reservation Fee shall be paid based on the budget estimate of Non-Flow-Related WWTP Expenses in the WWTP budget adopted by the Operations Committee for the upcoming calendar year and shall be subject to adjustment to actual cost ("true up") as hereinafter provided. The allocation factors shown in Section B4.02 of Appendix B shall be applied to determine the Non-Flow-Related WWTP Expenses.

(c) [provides for "true up" of CRF for each calendar year as of April 1 of the following year]