

Mayor's Letter
October 15, 2020

VOTING INFORMATION. Governor Abbott has extended the early voting period, early voting is now underway and will conclude on October 30th. You can vote early at any early polling place in Denton County. Lakewood Village is not an early voting location. **You cannot vote before Election Day at Town Hall.** The nearest early voting locations are the Copeland Government Center in Crossroads, or at the old community center in Little Elm (behind the main fire station on Hardwicke Lane). **If you choose to wait until election day you can only vote at Lakewood Village Town Hall.** On election day, you **must** vote here in your home precinct..



ROAD UPDATE. Demolition work will begin on Carrie Lane and the southern portion of Highridge next week. This is ahead of schedule as Highridge was originally scheduled for late January. We are working on underground pipe conflicts at the Highridge & Melody, Highridge & Meadowlake, and Melody & Carrie intersections. You may see white pipes sticking out of the ground near these areas. This is the result of "potholing" where Ed Bell workers use high pressure water jets to excavate and determine the depths of water, sewer, Coserv, ATT, and Suddenlink lines. This week, we relocated our sewer force main at the Melody/Carrie intersection. As an example of the complexity of our engineering issues, look at the picture to the left. The survey stake in the middle of the picture is not marking the edge of the road. **It is marking the center line of the road !** Over the last 40 years Highridge has drifted quite a bit from the platted, legal location.

I get many questions about the survey stakes. Here's a quick lesson. The "5' O/S E/Base" at the top of the stake means that the edge of the road base is five feet offset (away from) the stake. The base extends one foot beyond the concrete on each side of the road, so the edge of the concrete will be six feet from the stake. The "25+25" refers to the location, 25 feet beyond survey Control Point (CP) #25. At the bottom of the stake "F 3.80 bottom base" means that they are to add (Fill) 3.8 feet of dirt before you put in the designed 6 inches of base and 6 inches of concrete. **Thus, at this survey point, the top of the road will be 4.8 feet above the current ground !!** If we were lowering the road it would have a "C" for Cut. Why are raising the road ? To correct the drainage and remove as many bar ditches as possible to allow the water to sheet flow to the lake. Throw in 125 driveways that have to be realigned and it gets a little complicated. That's just another reason why it will take a year to complete the project.



THE TOWN'S EXTERNAL AUDITORS will be performing our annual audit on October 20-23. I have completed our internal audit and compiled our financial statements for the 2020 fiscal year which ended on September 30th. The Town has had an audit every year since 2008 (my first year in office). I expect to receive an unqualified clean opinion - as we have done every year. Because of our bond issuances, we are required by the SEC to have an annual audit. As the town's chief financial officer, I am responsible for preparing and maintaining our financial records. The auditor is not our accountant - **under Federal Law he must be independent**. Even further, he is **prohibited** under AICPA regulations from performing an audit unless the client has their own accountant (me) or board members with significant accounting expertise.

ROAD FINANCING. Before I approached the council to undertake the new road project, I had to create a financial plan to pay for it. This included estimating the costs and creating a five year financial forecast of our cash flows. It is a little more complex than the financing package for the 2014 roads. However, our philosophy was the same, we borrow as little as possible, and pay as much up-front costs as we could while still maintaining a reasonable rainy-day reserve. Its easy to focus on the direct construction costs of \$4,444,800 we have to pay Ed Bell and ignore the support costs. As you can see, the engineering design, surveys, construction oversight, testing and relocates were almost an additional \$700,000. So, our expected costs of the project were \$5,127,850. We only borrowed \$4,500,000 so we were looking at a **funding gap of \$627,850**. To reduce the gap, we pre-paid some costs in 2019 and made change orders that reduced construction costs by \$181,558. So, for example, every street will be completed, but the driveway at town hall will have to wait. So, I expect in May 2021, we will have to come up with approximately \$400,000. That was anticipated in our financial planning. It would have been very easy to just borrow \$5,000,000 - you don't need a PhD to make those numbers work. But that's not the way we operate in LWV. We do it the hard way, we borrow as little as we can and pay it off as fast as possible.

Ed Bell	\$4,444,800
Geotech	\$35,000
Survey & Topo	\$74,000
Design	\$260,000
Bidding & Doc Prep	\$15,000
Construction Admin	\$200,000
Fugro QC Testing	\$37,050
Utility Relocates	\$40,000
Driveway Adjustments	\$22,000
	\$5,127,850
Bonds	(\$4,500,000)
	\$627,850
Paid in 2019	(\$35,000)
Change Orders	(\$181,558)
DUE at Completion	\$411,292

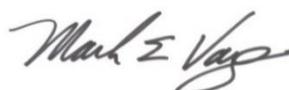
A RECORD YEAR. Our financial performance in 2020 was a tremendous success. In our budget discussions in June 2019, we fully anticipated that we would have a significant payment to make in Summer 2021 when the road project was complete. That June, we had approximately \$240,000 in our general fund, so **an essential part of our 2020 financial plan was to significantly increase our cash balances**. Our plan encompassed many dimensions. For example, we slashed our discretionary spending, the MDD stepped up their financial support, we sold our property on Woodcrest, and we took many other actions, like moving our money to TexPool to increase our yields. I asked you to be vigilant on using "75068 Lakewood Village" when you ordered online and paid sales tax. **We broke all records last year as**

<i>Cash Balances</i>				
	General Fund	Utility Fund	MDD	TOTAL
30-Sep-18	\$201,278	\$97,579	\$28,089	\$326,946
30-Sep-19	\$265,495	\$175,876	\$34,979	\$476,351
30-Sep-20	\$671,322	\$189,393	\$49,615	\$910,330

we took in almost \$80,000, an increase of 56.3 percent over last year's sales tax collections. As the chart shows, at the end of 2018, we had \$201,278 in our General Fund, and at the end of 2019 we had \$265,495, a nice increase. However, as you can see, at the end of last month we had increased our general fund to \$671,322, an all-time high. Overall, our cash balances are approaching one million dollars, with the MDD doing very well. We executed our 2020 financial plan perfectly, and we have more than enough cash to pay the bill at the end of construction.

NOAA has forecasted La Nina conditions until Spring 2021. That means a warm and dry winter for DFW. Perfect for paving roads !! **There's never been a better time to be in Lakewood Village.**

Dr. Mark E. Vargus
Mayor



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