

City of Hudson Oaks

2010 Annual Financial Report



May 2011

City Standing Strong

For the past year, the news has been dominated with stories of store closings, unemployment, and economic instability. In 2010, Hudson Oaks was a fortunate exception to that rule.

The 2010 fiscal year saw ups and downs in sales tax revenue throughout the county, but Hudson Oaks ended the year strong. The City

has made it through the worst economic crisis in decades without having to implement an ad valorem (property) tax, thanks to the success of local businesses. That has been true whether the businesses were long-established, such as Wal-Mart, or new to Hudson Oaks, such as McDonald's and Taco Bell.

Hudson Oaks also felt the positive impact of the new Centerpoint exit ramp, which has made it

easier for visitors and residents alike to access the business district.

The 2010 Annual Financial Report offers a snapshot of the financial state of the City; specifically the revenues and expenses for the fiscal year of October 1, 2009 through September 30, 2010.

City of Hudson Oaks

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www.hudsonoaks.com

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Financial Reporting

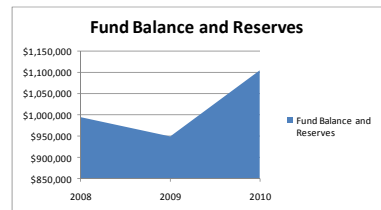
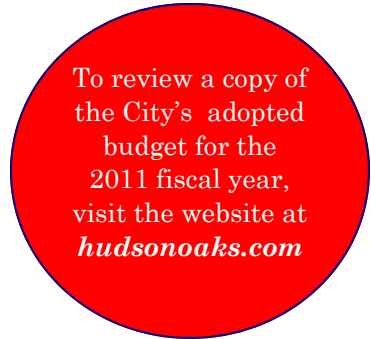
The 2010 Annual Financial Report is intended to provide an overview of the services delivered by the City, what they cost, and how they are paid for. The financial information is taken from the City's Comprehensive Annual Financial Report (CAFR), which was prepared in accordance with the

Generally Accepted Accounting Principles that guide municipal financial reporting.

The CAFR was prepared by the independent accounting firm selected by the City Council to perform the City's annual audit. For FY 2009-10, the City's auditor was George, Morgan, and

Sneed, P.C. The City Council received and adopted the 2010 audit report and CAFR in March 2011.

The full Certified Annual Financial Report is available for review at any time by contacting the city secretary, or by visiting the City's website at www.hudsonoaks.com.



Hudson Oaks, Texas maximizes its business and quality of life amenities, honors its no tax/low tax history and capitalizes on its proximity to Fort Worth.

(Hudson Oaks City Council's adopted City Vision Statement)

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between them reported as *net assets*. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the City is improving or deteriorating. **In 2010, the City of Hudson Oaks saw an increase in net assets of \$106,347** and the City's assets exceeded liabilities by \$10,841,049.

The government-wide financial statement distinguishes functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the City of Hudson Oaks include general government, public safety, highways and streets and parks.

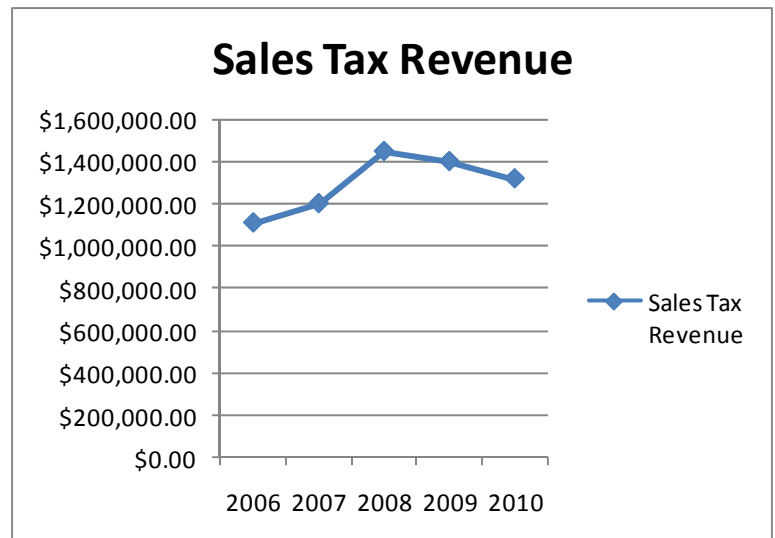


In 2010, governmental activities increased the City's net assets by \$206,398, largely due to a \$144,135 increase in revenue, coupled with a \$147,299 decrease in expenses.

The business-type activities of the City include waterworks and wastewater. In 2010, business-type activities decreased the City's net assets by \$100,051. Water and wastewater impact fees for new construction and a new rate structure resulted in increased revenue in this area.



Condensed Statement of Citywide Net Assets		
	Total	
	2010	2009
Current & Other Assets	\$ 4,072,226	\$ 5,699,788
Capital Assets	\$ 14,753,330	\$ 10,349,050
Total Assets	\$ 18,825,556	\$ 16,048,838
Current liabilities	\$ 293,627	\$ 187,278
Long-term liabilities	\$ 7,690,880	\$ 5,126,858
Total liabilities	\$ 7,984,507	\$ 5,314,136
Net Assets:		
Invested in capital assets net of related debt	\$ 8,037,560	\$ 7,853,840
Restricted	\$ 31,056	\$ 18,283
Unrestricted	\$ 2,772,433	\$ 2,862,579
Total Net Assets	\$ 10,841,049	\$ 10,734,702



Fund Financial Statements

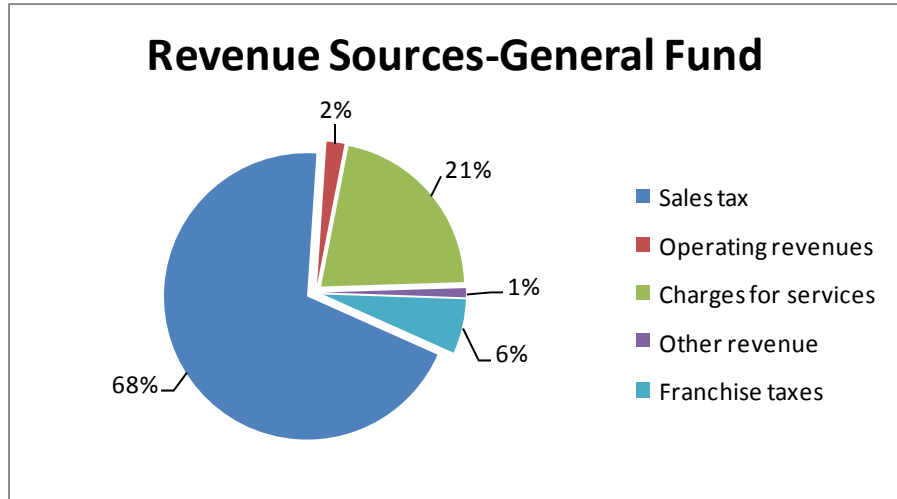
The fund financial statements provide detailed information about the most significant City funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law or bond covenants.

The City has two types of funds: governmental funds and proprietary funds. This report presents summary information on the general fund and the enterprise (Water-Wastewater) fund. For more detailed information, including the Fund Financial Statements themselves, refer to a copy of the *Comprehensive Annual Financial Report*.

Governmental Funds

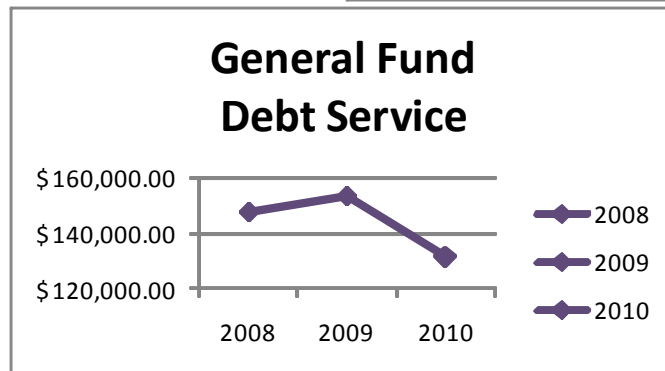
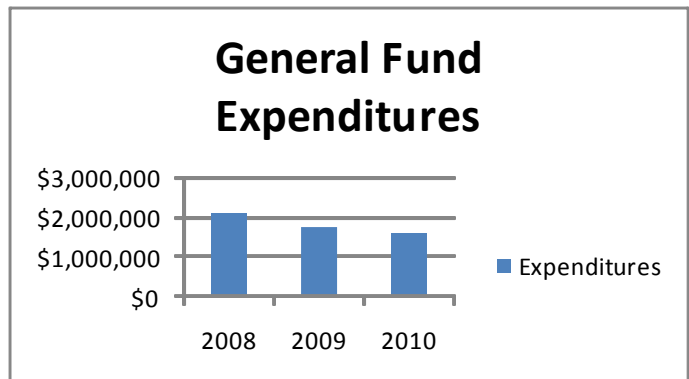
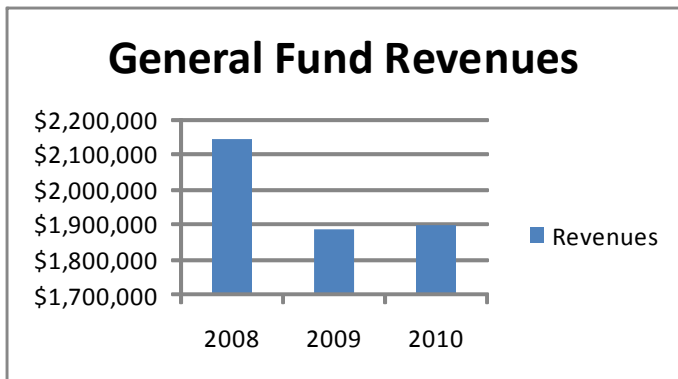
These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows of spendable resources and on balances of spendable resources at the end of the fiscal year. This information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is more narrow than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with



similar information presented for governmental activities in the government-wide financial statements. In doing so, citizens may better understand the long-term impact of the government's near-term financing decisions.

The general fund is the chief operating fund of the City, and it accounts for the funding of public safety, parks and facilities, streets, and administrative functions. **During the 2010 fiscal year, the fund balance of the City's general fund increased by \$154,047. At the end of the fiscal year, unreserved general fund balance was \$1,103,335.**



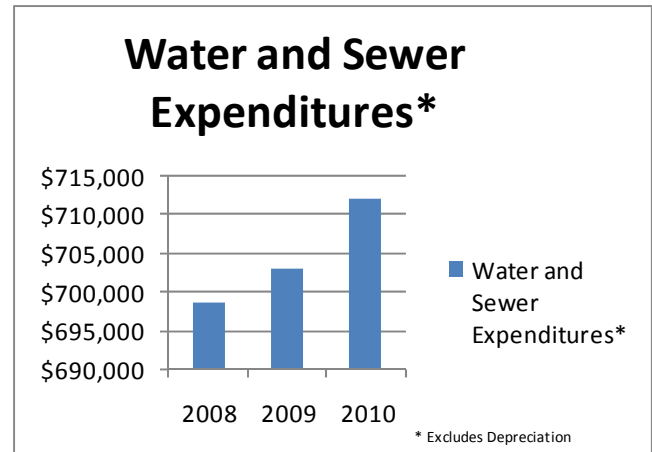
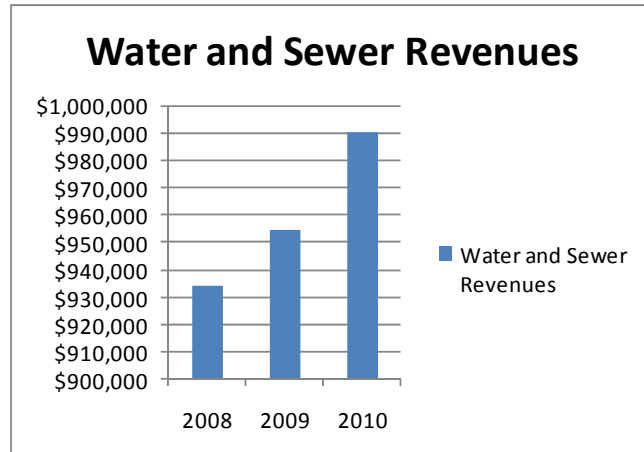
Fund Financial Statements continued on page 4.

Fund Financial Statements (Continued)



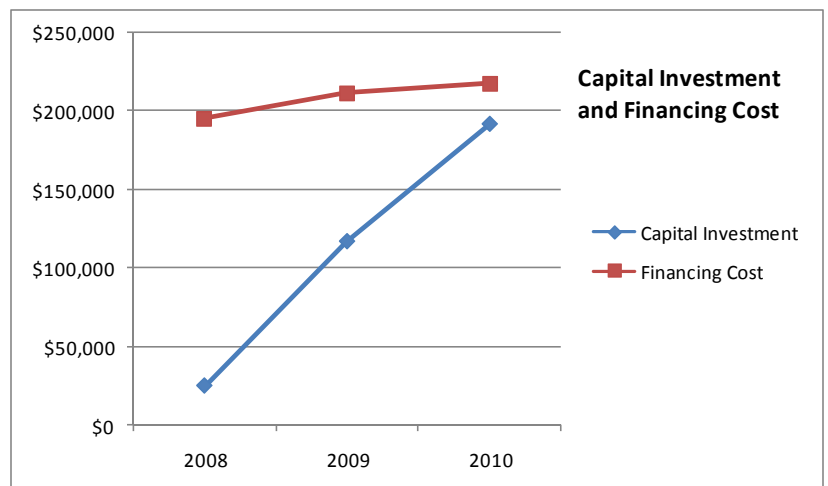
Proprietary Funds

The City maintains one type of proprietary fund. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water and wastewater operations. At the end of September 2010, unrestricted net assets of the Water and Wastewater Fund were \$749,107.



Total Water Accounts

FY 2007	688
FY 2008	711
FY 2009	733
FY 2010	741



Questions about the
2010 Annual Financial Report?

Contact the City of Hudson Oaks at
682-229-2400,
and a member of the staff will be
happy to assist you.



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