



CITY OF HUDSON OAKS
ADOPTED BUDGET

FISCAL YEAR
2022



THIS BUDGET WAS
UNANIMOUSLY ADOPTED
ON AUGUST 26, 2021

MAYOR:
MARC POVERO

COUNCILMEMBERS:
TOM FITZPATRICK, TOM MARQUARDT, BRIAN
LIXEY, MARTY SCHRANTZ, AND DANIEL CROSS

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HUDSON OAKS

HUDSONOAKS.COM

INTRODUCTORY

THE BUDGET IS THE
ULTIMATE EXPRESSION OF
A COMMUNITY'S VALUES.
IT'S THE ONE REGULAR
OPPORTUNITY WE HAVE
TO COME TOGETHER AND
DECIDE WHAT'S MOST
IMPORTANT TO US.



INTRODUCTORY

CITY ADMINISTRATOR'S MESSAGE

In 2021, Hudson Oaks proved to be resilient due to our diverse economic sales tax base and forward-thinking leadership. We saw a stabilized local economy in an otherwise unstable conditions due to the pandemic. COVID-19 and the Delta Variant will be responsible for future uncertainty, however, Hudson Oaks remains in strong financial position and is well prepared to navigate future challenges as they arise.

At the beginning of FY21, City leadership worked together, alongside staff, to update the strategic plan. The strategic plan put forth the core values of the City and defined what we are deeply passionate about. The core values include:

- No property tax,
- Good stewards of funds and land,
- Great employer,
- Excellent and efficient services,
- Honest, transparent & accountable, and
- Lead & Innovate

The strategic plan outlined ten short term goals for the city, and we are well underway to accomplishing a few of those goals. A major goal is to initiate a comprehensive plan update. We have just started the year long process which will include multiple opportunities for the residents of Hudson Oaks to provide input and direction

to where they want to see their city go in the next ten years. We have created a website, www.plancoho.com, that will provide opportunities for residents to see where we are in the process, gather information and data about the city and provide feedback and comments through an interactive map.

The City of Hudson Oaks continues to work collaboratively with our neighboring communities to benefit our residents and businesses. A prime example of regional cooperation is the Fort Worth water line project that is currently under construction and will be completed in the spring of 2022. When completed, this project will bring quality surface water from Fort Worth, along I-20 to both the City of Hudson Oaks and the City of Willow Park. This will ensure the City of Hudson Oaks will be able to sustain desired commercial growth for decades without impacting our residents' utility services. This monumental utility project would not have been possible without the determined efforts of city staff and city councils of all three municipalities.

The FY22 budget is a conservative budget that provides resources necessary to fulfill the strategic goals of the city. For revenue, this budget projects a 6% increase in sales tax revenue



over projected end-of-year FY 21. PILOT (Payments in Lieu of Taxes) have also increased due to those assessed developments having either new value on the ground or increased value compared to last year, or in some cases, a combination of both. Hudson Oaks PID #1 also has a projected increase in assessments due to increased property values, but sales tax contributions from entities within the PID #1 boundaries continue to supplement the debt service payments associated with the PID.

In this budget, some full-time employees' (FTEs) salaries which were previously partially allocated to the Water Fund have been moved back into General Fund for the time being. The Water Fund has increased debt service payments associated with the new Fort Worth Water Line, and while the City of Hudson Oaks is still responsible for a peaking fee to our current wholesale water provider, those FTEs will remain fully in General Fund. The anticipated moved to Fort Worth water will free up funds in the coming years due to the new contract not demanding a peaking year for the year prior. No rate increases are proposed in this budget for any enterprise fund.

As far as additional personnel, this FY 22 budget

includes funding for one addition patrol officer and a 6% market increase for police employees on the STEP plan. General employees are budgeted with a 2% COLA and the opportunity for a 2% merit increase. This budget also includes funding for a seasonal parks and recreation employee during the mowing season to assist in keeping City facilities beautiful.

Purpose of the Budget

The proposed budget serves as the annual operating plan for the City of Hudson Oaks. It establishes levels of service and defines the mechanisms for funding those operations. It also provides a long-term view into the city's financial and operational direction. Perhaps more importantly, it is a statement about the values of this community. The budget process is the primary time during which staff, elected leaders, residents and businesses can come together to discuss the future of the city.

Methodology

As a sales tax dependent city, Hudson Oaks must develop its budget in a conservative and strategic manner. The volatility of sales tax and dependence

INTRODUCTORY

CITY ADMINISTRATOR'S MESSAGE (CONT.)

on retail development guides nearly every decision the city makes. It provides a different set of incentives under which we must operate, which often encourages a more entrepreneurial style of government than is typically seen. We seek out direct funding sources for specific programs and consider the unintended consequences of policy decisions. For example, our transition to community policing has resulted in a decrease in ticket revenue but was necessary to make Hudson Oaks an attractive retail destination.

Our budget is prepared with an eye toward conservative revenue projections and long-term planning. A detailed, business-by-business analysis of sales tax data is the foundation of our General Fund budget preparation, and each fund includes a five-year forecast.

FY22 Budget Environment

The FY22 budget highlights the impact of the city's current and past leadership as many of the strategic projects will begin to mature creating a strong, diverse economic landscape for our city. This budget is designed to be a conservative

budget due to the amount of uncertainty of any governmental regulations that could result from an uptick in COVID-19 cases.

Hudson Oaks is known for our community events which bring people together while also stimulating our local economy. The proposed budget plans for the cancellation of Craft and Cork 2021, however, plans for the continuation, as normal, of all other community events and a few other smaller events that will bring the community together while being cognizant of the pandemic environment we are now challenged with. We all look forward to hosting our community events in the future even bigger and better than before.

The political leadership of Hudson Oaks has positioned the city in a strong, stable and resilient fiscal position which will result in continued success to attract businesses to our community.

Conclusion

This budget would not be possible without the ongoing support and direction provided by the city council and the diligent work of city staff.



STERLING NARON

CITY ADMINISTRATOR



INTRODUCTORY

STRATEGIC PLAN

Adopted 2020

VISION

Hudson Oaks leverages its location and unique status as a property-tax free municipality to attract residents and businesses and fund facilities and services.

MISSION

City Council is committed to maintain Hudson Oaks as a property-tax-free yet proactive city.

THE CITY ORGANIZATION EXISTS TO:

Advocate for the needs of local residents and businesses;

Maintain local autonomy;

Provide essential services including: water, streets, police, and drainage;

Provide value;

Uphold a united City vision and communicate implementation;

Be fiscally responsible; and

Maintain and preserve the assets the City owns.

INTRODUCTORY

ABOUT COHO

The City of Hudson Oaks (COHO) is 2.5 square miles and has among the highest per capita sales tax collections in the state of

3,564 POPULATION

49% male / 51% female

\$121,136 MEAN HOUSEHOLD
INCOME

up from \$69,545 in 2000

47.5 MEDIAN AGE

48.4 male / 47.0 female

36% BACHELOR'S OR HIGHER

92% high school graduate or higher

754 HOUSING UNITS

48.4 male / 47.0 female

73% TWO-INCOME
HOUSEHOLDS

57% employed in management, business,
science, and arts occupations

2.82 AVERAGE FAMILY SIZE

48.4 male / 47.0 female

26.7 MINUTES

average commute time



TOP TAXPAYERS

Wal-Mart
NextLink Internet
H-E-B

UTILITIES

Weatherford Electric
Oncor
Tri-County Electric Cooperative

EDUCATION & HEALTHCARE

Texas Health Willow Park
Weatherford Regional Medical Center
Aledo & Weatherford ISD

RECREATION

Gene Voyles Park
Splash Kingdom Water Park
Urban Air Hudson Oaks

INTRODUCTORY

EXECUTIVE SUMMARY

This executive summary is provided as a way to explain how to read this document and to highlight critical elements of the city's financial plan for FY. Where more information is available, you will find a reference to the appropriate location in this document.

What is the budget?

The budget is the means by which the City identifies priorities for the upcoming year. It is a formal document which identifies where and how funds can be spent, and by what means the different projects will be funded.

How is it organized?

This document is organized much in the same way that the City is structured. The introductory sections provide a high-level overview of the budget and how the decisions were made. After that, each major operating fund is described in its own section. Operating funds are an accounting tool to separate annual costs and revenues so that they can be tracked more effectively. Every department has its own budget, and sometimes a single department's operations may span more than one operating fund. This document also describes the City's capital projects. While operating funds are used to account for the ongoing services the City provides, capital

projects are large, one-time projects that may span multiple fiscal years. Finally, an appendix is provided which outlines debt service timelines, the budget process, and other important items.

Major Projects on the Horizon

In order to explain the short-term goals that this budget seeks to address, it is important to understand the major projects currently in development in Hudson Oaks. More information on these projects (how they impact the budget and work to achieve the City's strategic goals) can be found in the Capital Projects section later in this document.

Water System Changes

The rapid growth in population and commercial development has coincided with a transition point in the City's water operations. With approximately 75% of its water supply coming from ground water and 25% coming from a surface water wholesale provider, Hudson Oaks has a sufficient water supply for all future growth. A new wholesale rate went into effect in FY17, which changed the way the City's water system operates. Over the next few years, Hudson Oaks will begin to draw more heavily on its wholesale water supply, while shifting to a new wholesale

provider. The infrastructure and funding required to support this operational change necessitated a rate adjustment in FY18.

At the time of adoption for this budget, the City of Hudson Oaks is almost completely finished with the preliminary engineering and design portion of the major water project will provide Hudson Oaks with wholesale surface water from the City of Forth Worth. This project is a regional partnership with the City of Willow Park, as the water line will provide water to Willow Park as well while passing through to Hudson Oaks. This is a major project for all three cities involved. Debt service payments associated with the cost of the project will begin in full this year, and are reflected on the debt schedule for the Water Fund (505).

Commercial Development

Hudson Oaks is poised for major commercial development in the coming years. H-E-B grocery opened its doors in May 2019 and has been a huge asset to the community as far as community partnerships and sponsorship. Creekside at Hudson Oaks, a mixed-use development featuring high-end multi-family and retail, began construction in the spring of 2019 and is slated to be completely finished by May 2021. At the time of adoption of this budget, Creekside had three

of the twelve multifamily buildings done and were leasing at a quicker pace than expected. Other projects on the horizon for this fiscal year include the finishing of Nextlink Internet campus expansion, the completion of HomeZone furniture on the IH-20 frontage road, Hudson Oaks Retail Center III, and the expected construction of multiple sales tax generating national retailers including Discount Tire and AutoZone.

Sewer System Changes

Hudson Oaks is currently a treatment customer of the City of Weatherford for sanitary sewer. Although both cities have agreed to renew the contract, a long-term goal for Hudson Oaks is to provide our own sanitary sewer treatment via a package plant. This budget reflects an expected jump in preliminary engineering and land acquisition costs in the Sewer fund (510), though construction will probably not be undertaken in the next year or two.

Short Term Organizational Goals

Every budget poses unique challenges. Some budgets are developed during economic downturns, causing tough decisions on service levels, staffing, and tax rates. Others are developed during growth periods, when expanding existing services must be balanced with new projects.

INTRODUCTORY

EXECUTIVE SUMMARY (CONT.)

This budget falls somewhere in the middle. Hudson Oaks is in a period of transition. Revenues are growing, and the fruits of many years of effort by the entire community are beginning to pay off. This budget is expected to be the last of what was considered a three-year transition period, during which operations would be maintained (and enhanced where possible) while the up-front costs for improving infrastructure are accommodated. The City began laying the groundwork for funding these obligations four years ago, ensuring that sufficient revenue capacity existed in the General Fund to pay for the Hudson Oaks Bridge and Centerpoint projects. The acceleration of the Oakey Corridor project required the use of fund balance in FY17 until dedicated revenue associated with Creekside at Hudson Oaks became available. By conservatively projecting major revenue sources and limiting the growth of existing services in the short-term, the City will be able to manage these cash flow concerns in preparation for significant growth in the future.

Significant Budgetary Trends

Sales tax, the primary revenue source for the City of Hudson Oaks, has seen steady growth over the past few years. The recent addition of large sales

tax producing entities on top of organic growth of existing businesses has kept the trend continuing upward. Staff continues to work to diversify the sales tax base that makes up Hudson Oaks, and by doing so, making the City more resilient in times of economic decline. Diversification of the sales tax base is especially crucial for a city whose main source of revenue is sales tax and who does not, and does not plan to, have a property tax (a more stable revenue source).

Another major revenue source, building permits, are also expected to see significant growth in the coming years. By conservatively projecting this revenue source, the City is able to avoid becoming dependent on this revenue source for vital operations.

The other major trend in General Fund is the continued decline of court fine revenue. As the City has moved to a community policing model, the number of warnings issued has increased while the number of fines has decreased.

The continued development in Hudson Oaks has also benefited the Enterprise Fund, as it has grown the number of water and sewer customers. The recent installation of automated metering has allowed Enterprise Fund operations to absorb this growth without the need to add new

employees. As the City continues to grow, this trend will pay significant dividends in future years.

Other Important Items

This budget document includes many terms that you may be unfamiliar with. Please reference the Glossary in the appendix, as you should be able to find a definition there.

More information on specific projects can be found on our website at www.hudsonoaks.com.

Some funds are identified in this document, but are not explicitly budgeted. In some cases, these are funds with special revenue sources where the proceeds are restricted to only certain uses (for example, the Court Security fund). For others, they are either project-based (see Capital Projects funds), mandatory amounts based on previously approved items (see Debt Service Funds), or are contractual and therefore have no operations (see Solid Waste Fund). You will find a full accounting of these funds in the City's audited financial statements.

INTRODUCTORY

FUND SUMMARY

	Administration	Mayor & Council	Municipal Court	Parks & Recreation	Planning & Development	Police Department	Public Works	Streets
General Fund	x	x	x	x	x	x	x	x
Court Technology			x		x			
Court Security			x		x			
Police Seizure					x			
Special Events	x			x	x			
Water	x				x		x	
Sewer					x		x	
Dyegard					x		x	
Deer Creek	x				x		x	
Stormwater					x		x	x
Solid Waste					x		x	
General Capital Projects					x			x
Utility Capital Projects					x		x	
General Debt Service					x			x
Utility Debt Service					x		x	

GOVERNMENTAL FUNDS

standard governmental activities

General Fund - the primary operating fund of the city, includes expenditures for typical governmental operations like streets, parks, police, maintenance, and administration.

Court Funds* - funds used to account for special revenue related to operations of the municipal court, specifically Court Technology and Court Security.

Police Funds* - funds used to account for special revenue related to the seizure of property.

Special Events Fund - a fund used to account for the sponsorship and ticket revenue and expenditures associated with the major public events hosted by the City of Hudson Oaks.

ENTERPRISE FUNDS

business-like activities

Water Fund - accounts for water operations, paid for by water service charges.

Sewer Fund - accounts for sewer operations, paid for by sewer service charges.

Dyegard Fund - accounts for the operations of the Dyegard Water System.

Deer Creek Fund - accounts for the contractual operations of the Deer Creek system on behalf of the Town of Annetta.

Stormwater Fund - accounts for drainage operations, paid for by a drainage fee.

Solid Waste Fund* - accounts for trash pickup, which is contracted through a third-party.

CAPITAL RELATED FUNDS

project-based and debt service

General Capital Projects Fund* - bond and capital funding proceeds are deposited here and are used to pay for capital projects not related to a utility system.

Utility Capital Projects Fund* - bond and capital funding proceeds are deposited here and used to pay for capital projects related to the various utility systems.

General Debt Service Fund* - used to pay interest and principal on debt service issuances related to general capital projects.

Utility Debt Service Fund* - used to pay interest and principal on debt service issuances related to utility capital projects.



INTRODUCTORY

FINANCIAL OUTLOOK

GENERAL FUND

The most important strategic priority for the General Fund remains to continue operating without an ad valorem tax.

The five-year forecast projects sustained growth in sales tax revenue which is expected to provide more than adequate funding for continued, and potentially expanded, operations into the future without the need for a property tax.

In depth: currently, the Parker County Emergency Services District #3 leases a portion of our Public Safety building. The ESD #3 will be building a new fire station across from City Hall near Gene L Voyles Park, and the lease for the Public Safety building will end in FY 23 after the new fire station can be occupied. Court fines continue to drop as Hudson Oaks Police Department seeks voluntary compliance in accordance with a community policing model. Miscellaneous revenue will drop off in FY24 as assessments on the Oakey Corridor improvements come to an end. The transfer in from the PID #1 assesment will continue to grow as development adds value in the PID #1 boundaries.

	FY22	FY23	FY24	FY25	FY26
Beginning Balance	1,231,525	1,231,525	1,224,852	1,342,938	1,317,263
Revenues					
Taxes	4,097,865	4,179,822	4,263,419	4,348,687	4,435,661
Licenses & Permits	221,500	220,000	220,000	220,000	200,000
Intergovernmental	8,173	-	-	-	-
Service Charges	3,000	3,000	3,000	3,000	3,000
Court Fines & Fees	10,500	8,400	8,400	8,400	8,400
Interest Revenue	5,000	10,000	10,000	10,000	10,000
Miscellaneous Revenue	119,009	120,500	120,500	40,000	40,000
Lease Revenue	24,000	24,000	24,000	24,000	24,000
Transfers	77,000	77,000	180,000	180,000	180,000
Total Revenue	4,566,047	4,642,722	4,829,319	4,834,087	4,901,061
Expenditures					
Administration	1,470,076	1,509,442	1,549,994	1,591,772	1,634,816
City Council	7,500	7,000	7,000	7,000	7,000
Municipal Court	53,058	54,801	56,607	58,477	60,414
Parks & Recreation	206,161	213,358	220,823	228,564	236,593
Planning & Development	198,500	202,470	206,519	210,650	214,863
Police Department	1,547,935	1,578,894	1,586,223	1,678,570	1,777,007
Public Works	1,082,817	1,083,430	1,084,067	1,084,730	1,085,419
Total Expenditures	4,566,047	4,649,395	4,711,233	4,859,762	5,016,112
Over/(Under)	-	(6,673)	118,086	(25,675)	(115,052)
Ending Balance	1,231,525	1,224,852	1,342,938	1,317,263	1,202,211



INTRODUCTORY

FINANCIAL OUTLOOK

ENTERPRISE FUND

Over the next five years, the Enterprise Fund is expected to undergo major operational changes. A rate adjustment to the City's wholesale water contract was implemented in FY17, and has changed the way the City's water system operates moving forward. In FY18, the Hudson Oaks water system began drawing more consistently on wholesale water, rather than using that source for peaking. Rate increases in FY18 and FY19 were implemented to address the financial impact of this change.

The Enterprise Fund has a reserve requirement of 25%, which is met or exceeded in each year of the forecast

In depth: debt associated with the Fort Worth water line is reflected in the financial outlook. A transfer from restricted fund balance of impact fees will help to fund that portion of the obligation in the initial years, and a slight deficit is anticipated until other enterprise debt expires. An anticipated package sewer plant is not reflected in these projected expenditures.

	FY22	FY23	FY24	FY25	FY26
Beginning Balance	2,257,368	2,266,157	2,183,927	2,203,925	2,405,430
Revenues					
Water Service	1,477,000	1,484,385	1,491,807	1,499,266	1,506,762
Sewer Service	390,000	397,800	405,756	413,871	422,149
Other Sources	121,804	-	-	-	-
Total Revenue	1,988,804	1,882,185	1,897,563	1,913,137	1,928,911
Expenses					
Water Operations	1,598,804	1,581,455	1,487,891	1,515,309	1,535,707
Sewer Operations	381,211	382,960	389,674	196,323	200,250
Total Expenses	1,980,015	1,964,415	1,877,565	1,711,633	1,735,957
Over/(Under)	8,789	(82,230)	19,998	201,504	192,954
Ending Balance	2,266,157	2,183,927	2,203,925	2,405,429	2,598,383

INTRODUCTORY

FINANCIAL OUTLOOK

OTHER FUNDS

Dyegard Fund

Due to the FY 17 rate increase, the Dyegard Fund is now in much better fiscal health. An additional rate increase in FY 18 related to wholesale water purchases is offset by additional expenses

beginning in FY 18 related to debt incurred by system maintenance.

	FY22	FY23	FY24	FY25	FY26
Revenue	267,000	268,335	269,677	271,025	276,446
Expenditures	263,500	236,026	180,431	179,129	182,291
Over/(Under)	3,500	32,309	89,246	91,896	94,154

Stormwater Fund

The Stormwater Utility Fund was created in FY16 and is fully funded with a stormwater utility fee in FY17. Over the next five years, operations in this fund will be

conservatively expanded to provide maximum benefit to the City's drainage system. FY23 and FY24 reflect expenses associated with an economic development project and agreement.

	FY22	FY23	FY24	FY25	FY26
Revenue	165,000	165,825	166,654	167,487	170,837
Expenditures	155,475	281,875	291,293	131,729	137,134
Over/(Under)	9,525	(116,050)	(124,639)	35,758	33,703



Deer Creek Fund

The Deer Creek Fund, which accounts for the operations contract of the Deer Creek Water system, is treated as an investment fund since the City has no long-term liability for the Deer Creek system. As a result, the fund should remain

balanced over the forecast window and continue to provide one-time capital support for the City of Hudson Oaks.

	FY22	FY23	FY24	FY25	FY26
Revenue	259,560	264,751	270,046	275,447	280,956
Expenditures	217,329	205,556	209,667	213,860	218,137
Over/(Under)	42,231	59,196	60,380	61,587	62,819

Special Events Fund

The Special Events Fund was created in FY16 to separate the sponsorship and ticket revenue from the public events hosted by the City. Over the next five years, funding for these events is

expected to be sufficient to grow and improve these events each year.

	FY22	FY23	FY24	FY25	FY26
Revenue	180,000	180,000	180,000	180,000	180,000
Expenditures	180,000	180,000	180,000	180,000	180,000
Over/(Under)	-	-	-	-	-

INTRODUCTORY

CONSOLIDATED FINANCIALS

	Estimated Available Undesignated Cash Balance	Estimated Revenues	Transfers from Other Funds
General Fund	1,444,531	4,048,433	60,000
Enterprise Fund	1,752,833	1,867,000	108,852
Other Funds			
Dyegard Fund	139,858	267,000	-
Deer Creek Fund	170,628	252,000	-
Stormwater Utility Fund	21,675	165,000	-
Special Events Fund	-	70,000	50,000
Total	3,529,525	6,669,433	218,852

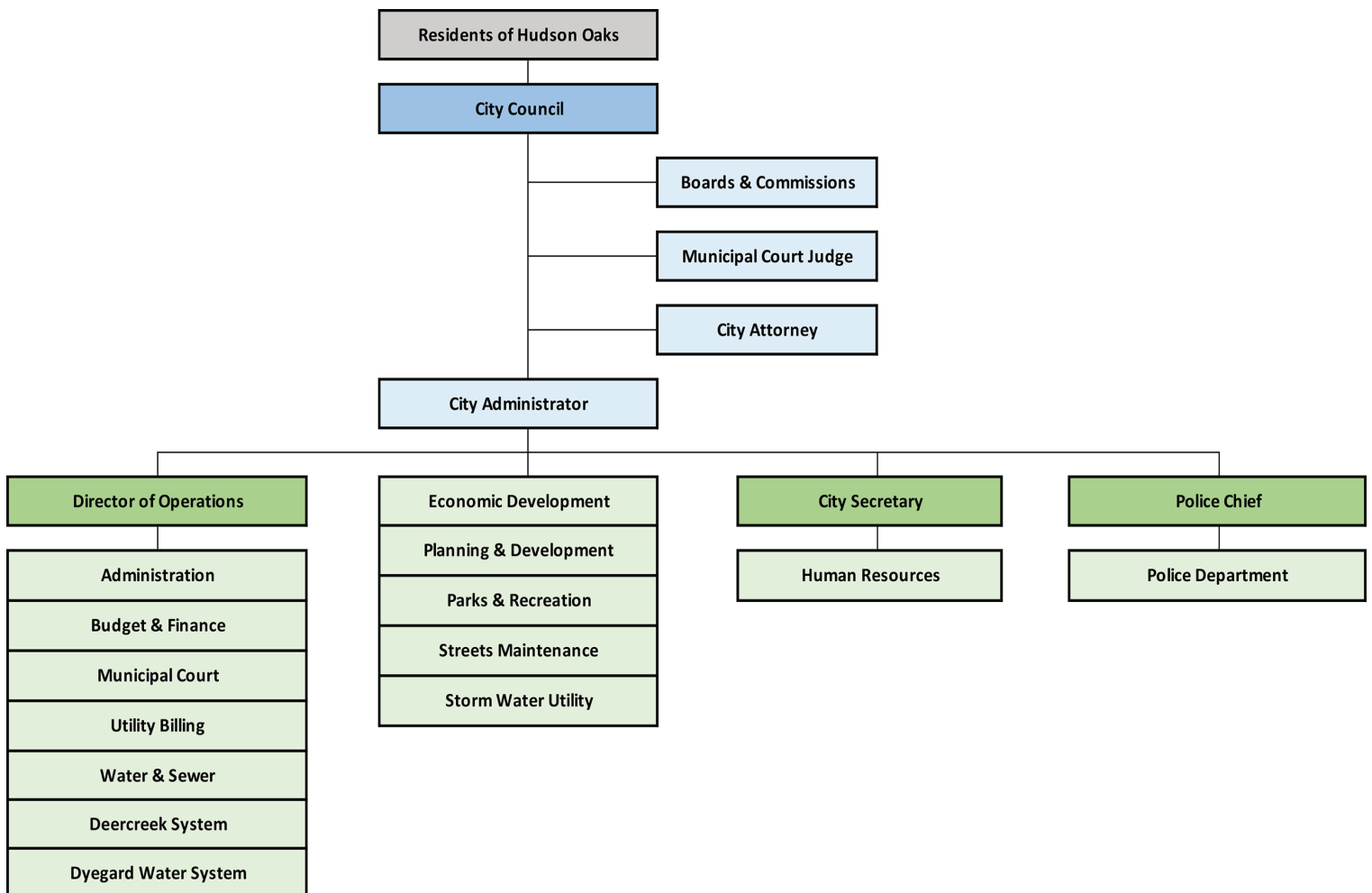
Estimated Undesignated Cash Balances (EUCB) may differ from "Fund Balance" amounts shown in subsequent pages. For budgetary purposes, the "Fund Balance" often contains fewer items than EUCB (for example, certain investment instruments) which are available for use but are administratively removed from the budgetary "Fund Balance" calculation.



Available Resources	Estimated Expenditures	Transfers to Other Funds	Estimated Ending Undesignated Cash Balance
5,552,964	3,255,433	853,000	1,444,531
3,728,685	1,352,494	585,643	1,790,548
406,858	32,000	208,115	166,743
422,628	203,384	-	219,244
186,675	120,000	36,350	30,325
120,000	120,000	-	-
10,417,810	5,083,311	1,683,108	3,651,391

INTRODUCTORY

STAFFING SUMMARY



GENERAL FUND

Department	FY 22
Administration	4.2
Municipal Court	0.04
Public Safety	13
Public Works (Streets)	0.03
Parks and Recreation	2.8
Total General Fund FTEs:	20.7

SPECIAL EVENTS FUND

Department	FY 22
Special Events	0.5
Total Special Events FTEs:	0.5

WATER FUND

Department	FY 22
Public Works (Utilities)	2.9
Administration	1.4
Total Water Fund FTEs:	4.3


DEERCREEK FUND

Department	FY 22
Public Works	2
Total Deercreek FTEs:	2

ALL FUNDS SUMMARY

Department	FY 22
General Fund	20.7
Special Events Fund	0.5
Water Fund	4.3
Deercreek Fund	2
Total FTEs:	27.5

GENERAL FUND



Sales tax is the lifeblood of the general fund, accounting for nearly 75% of revenues. Other major items include building permits and inspections, health inspections, court fines, and interest earnings.

GENERAL FUND

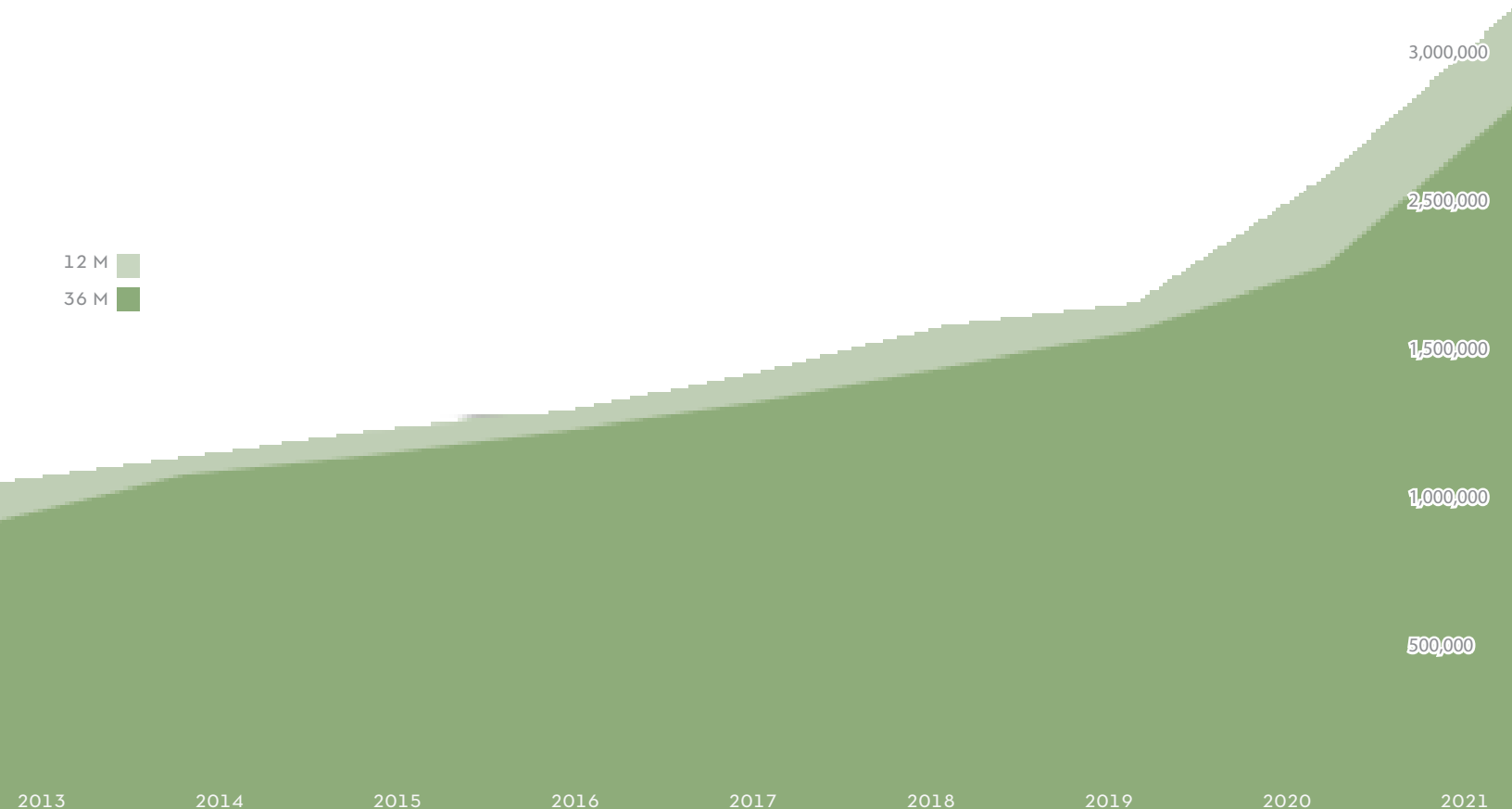
SALES TAX

Sales tax is the primary revenue source for the General Fund, comprising around 75% of total revenue. Since the City has no property tax, it becomes even more important to closely monitor trends and developments in the local retail economy.

Hudson Oaks has one of the highest per-capita consumer spending levels in Texas, but a large portion of that spending comes from the purchase of new and used vehicles - sales that do not have a local sales tax component. Nevertheless, Hudson Oaks still ranks among the top 10 in Texas in per capita sales tax.

Given its volatility and its significance to the City's General Fund, sales tax projections are trend-based and extremely conservative. Often, even when new businesses are expected, they are not included in projections until the following year.

This chart shows the 12-month and 36-month moving average for sales tax collections.

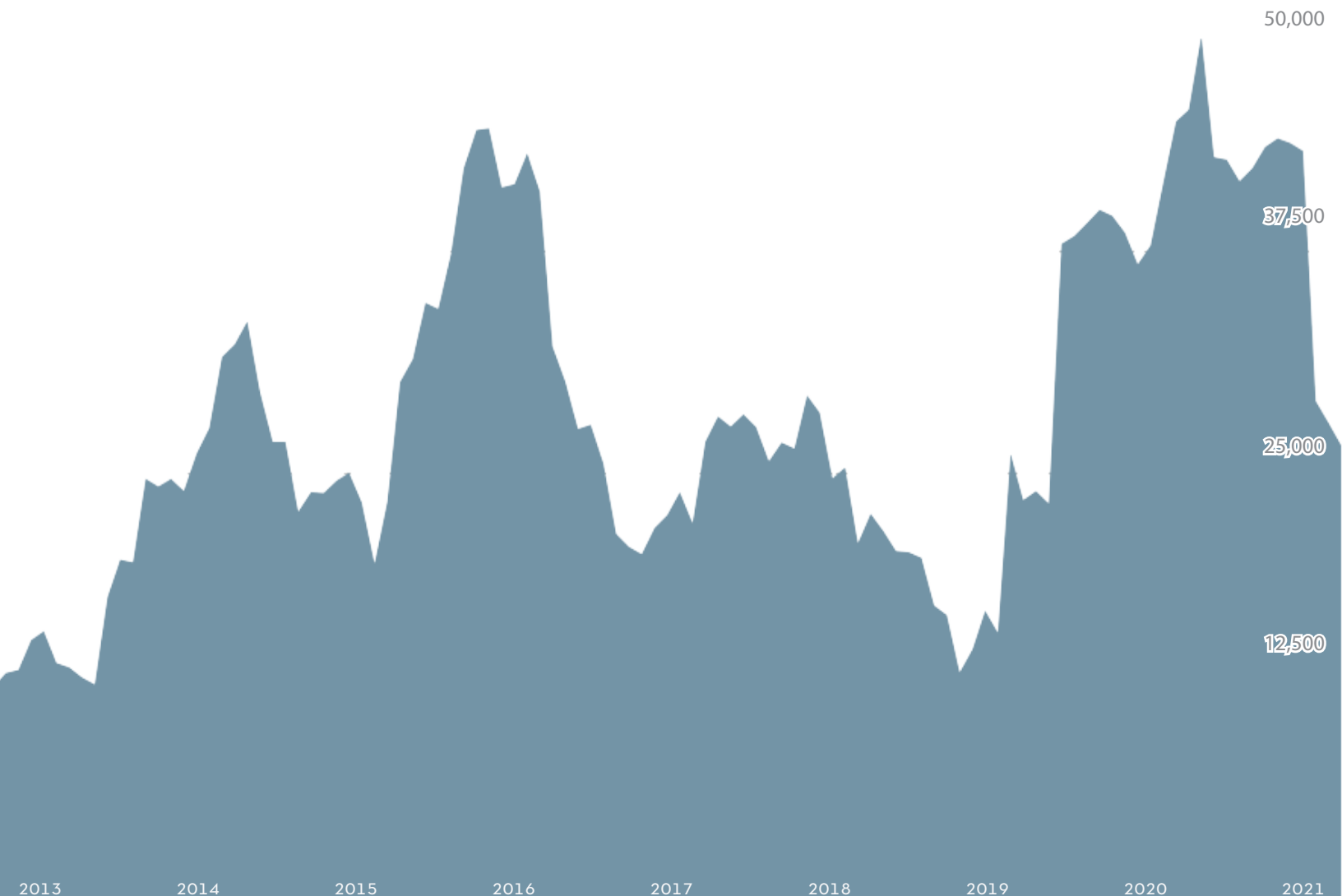


BUILDING PERMITS

Development is a major component of the City's General Fund revenue, but as a smaller city, even a single development can skew our revenue numbers. As a result, projections for this revenue source are kept very conservative, even when our development pipeline is well-known for the upcoming year.

This approach helps alleviate concerns about becoming dependent on the one-time revenue associated with growth for ongoing expenditures.

This chart shows the 12-month moving average for permit revenue.



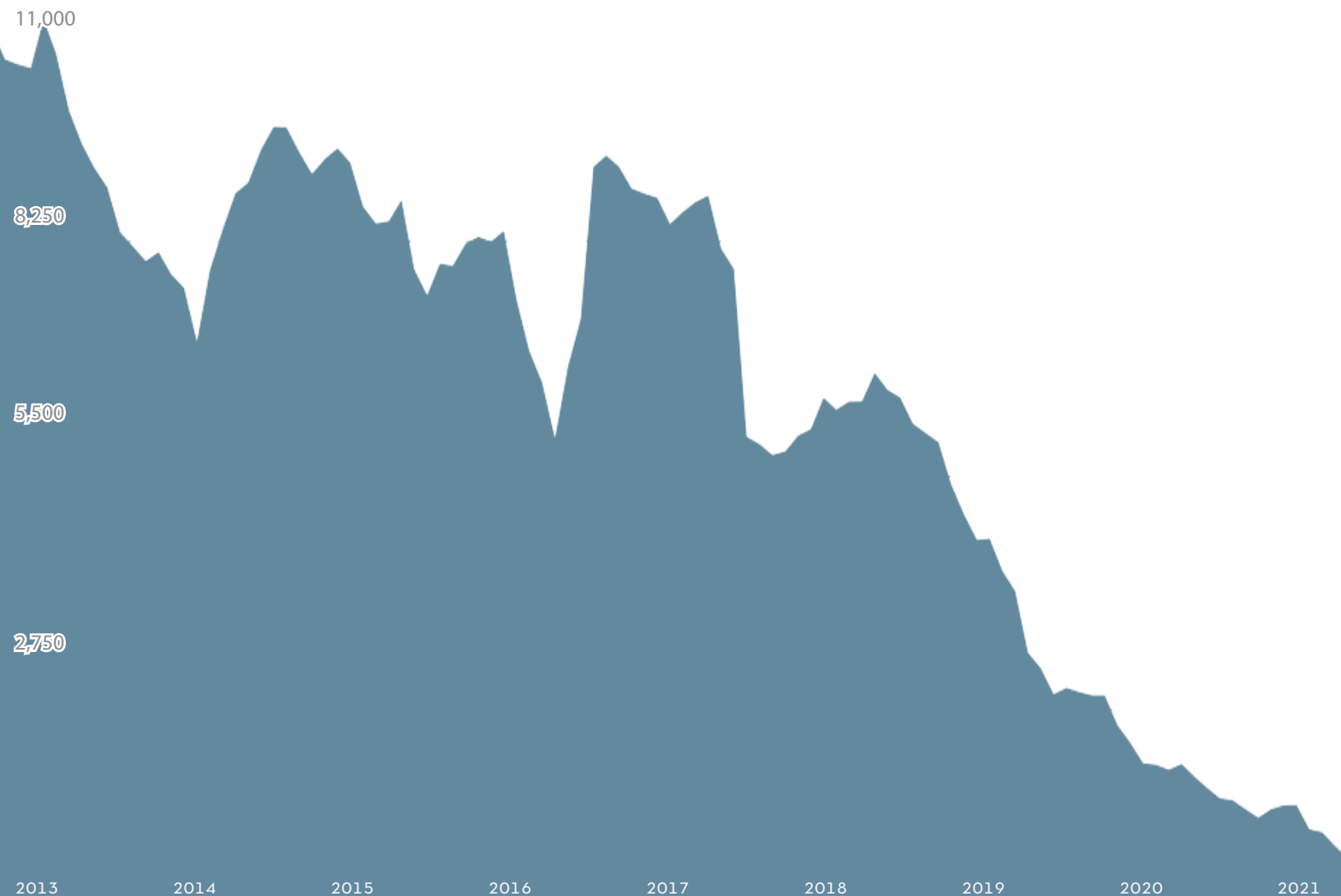
GENERAL FUND

COURT FINES & FEES

Moving to a community policing model has resulted in a reduction in revenue from traffic fines in recent years. Although fewer tickets have been written each year, our officers have greater levels of contact with the public, and overall safety has increased.

This has created a more welcoming environment for residents and visitors who come to shop in Hudson Oaks. Projections for this revenue source are held at the lowest reasonable level.

This chart shows the 12-month moving average for court fines & fees.



REVENUES

Taxes	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Projected	FY22 Adopted
Sales Tax	2,743,789	3,296,485	2,760,629	3,170,130	3,405,165
Mixed Beverage Tax	11,443	9,700	9,700	9,700	9,700
Payment in Lieu of Taxes	22,412	25,200	47,000	47,000	165,000
Franchise Fees	191,751	176,000	200,000	200,000	180,000
In-Kind PEG Fees	1,432	-	1,000	1,000	1,000
Subtotal	2,970,830	3,507,385	3,018,329	3,427,830	3,760,865

Licenses & Permits	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Projected	FY22 Adopted
Alcoholic Beverage Permits	1,150	1,500	1,500	1,500	1,500
Building Permits	571,415	228,500	228,500	228,500	200,000
Occupancy Permits	2,800	2,000	2,500	2,500	2,500
Sign Permits	7,242	2,500	4,500	4,500	4,500
Billboard Permits	150	-	-	-	-
Septic Permits	4,100	2,700	3,000	3,000	3,000
Health Permits	13,000	10,000	10,000	10,000	10,000
Health Permits - Late Penalty	300	-	-	-	-
Subtotal	600,156	247,200	250,000	250,000	221,500

Lease Revenue	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Projected	FY22 Adopted
T-Mobile Ground Lease	23,595	21,750	24,300	24,300	24,000
Subtotal	23,595	21,750	24,300	24,300	24,000

General Fund

REVENUES (CONT)

Intergovernmental	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Projected	FY22 Adopted
Federal Grants	-	-	-	-	-
State Grants	-	-	-	-	-
TCLEOSE Education	1,253	-	-	-	-
ESD#3 Building Lease	21,185	23,111	23,805	23,805	8,173
Weatherford Fire Academy	5,185	-	-	-	-
Subtotal	27,623	23,111	23,805	23,805	8,173

Charges for Service	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Projected	FY22 Adopted
Printing & Duplication	-	-	-	-	-
Accident Reports	-	-	-	-	-
Plat Fees	-	1,500	1,500	1,500	1,500
Development Review Fees	3,445	1,000	1,000	1,000	1,000
Replat Fees	2,076	250	250	250	250
Zoning Fees	125	250	250	250	250
Subtotal	5,646	3,000	3,000	3,000	3,000

Interest Revenue	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Projected	FY22 Adopted
Interest Revenue	65,255	27,700	10,000	10,000	5,000
General Reserve Interest	-	-	-	-	-
Sales Tax Reserve Interest	-	-	-	-	-
Subtotal	65,255	27,700	10,000	10,000	5,000



Fines & Fees	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Projected	FY22 Adopted
Traffic Fines	16,218	12,200	12,000	12,000	8,400
Arrest Fees	558	300	550	550	385
Court Admin Fees	141	100	350	350	245
Warrant Fees	2,290	1,500	1,000	1,000	700
Court Special Expense Fees	691	300	500	500	350
TFC Fees	137	100	125	125	88
JFCI Revenue	65	100	125	125	88
Bond Forfeiture	0	-	-	-	-
Credit Card Revenue	399	400	350	350	245
Subtotal	20,498	15,000	15,000	15,000	10,500

Miscellaneous	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Projected	FY22 Adopted
Miscellaneous	2,585	1,801	5,000	5,000	2,000
Credit Card Revenue	604	1,759	1,100	1,100	2,000
Roadway Assessments	-	346,741	115,000	115,000	115,000
Subtotal	3,189	350,301	121,100	121,100	119,000

Transfers & Other	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Projected	FY22 Adopted
Transfers In	-	60,000	60,000	60,000	77,000
Capital Lease Proceeds	28,588	-	-	-	-
Investment Income	-	-	-	-	-
Subtotal	28,588	60,000	60,000	60,000	77,000

GENERAL FUND

ADMINISTRATION

Staffing

City Administrator
City Secretary
Director of Operations
Community Development Manager
Operations Coordinator
Administrative Assistant
Part-Time Event Coordinator

Strategic Goals

The administration department is responsible for overseeing the day-to-day operations of the City. This is the one department that works toward every strategic goal on a daily basis: ensuring sufficient revenue sources (Strategic Goal 1), answer our residents' demands for amenities (2), take Hudson Oaks' brand strength even higher (3).

Duties

The city administrator is the organization's chief executive officer. In addition to implementing the policies set by and making budget recommendations to the City Council, the city administrator is responsible for supervising economic development, planning and development, city secretary, streets maintenance, stormwater utility, parks, and police services.

The director of operations supervises administration,

finance and budget, utility billing, municipal court, water, and sewer.

The city secretary serves as the City's records official, and responds to all open records requests. This position is also responsible for issuance of all food and alcohol permits, preparation and posting of agendas for all public meetings, and providing support to the municipal court.

The community development manager position is an mid-level, management-track position. It is not a permanent position; it was created when staff development and succession planning needs warranted. During FY20, the City experienced turnover in administration, and determined that it would be an ideal time to create this position. This primary goal of this position is special projects and plan review.

The operations coordinator provides support for municipal court, permitting, utility billing, and accounts payable.

The administrative assistant provides front-line customer service for utility billing and permitting customers.

PERFORMANCE MEASURES

Average weekly page visits to www.hudsonoaks.com

FY19: n/a
 FY20: n/a
 FY21: 4,771 (goal)
 FY22: 5,315 (goal)

Achieve GFOA's Distinguished Budget Award

FY19: yes
 FY20: yes
 FY21: yes
 FY22: yes (goal)

Accomplishments

Received GFOA awards for budgeting and financial reporting.

Awarded funding from TxDOT for Phase 1 of the master trails plan.

FY22 Goals

Continue work on master trails plan and begin design on an addition to Gene Voyles Park.

Continue to grow and develop professional staff to be ready to manage

	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Projected	FY22 Adopted
Personal Services	343,507	351,300	322,720	322,720	498,234
Professional Services	151,796	128,000	118,000	118,000	448,533
Supplies	22,466	11,500	10,500	10,500	10,500
Maintenance & Operations	660,158	498,000	682,700	247,700	445,200
Capital Outlays	3,373	4,500	4,500	4,500	4,500
Debt Service	-	150,000	50,000	61,230	50,000
Total	1,181,300	1,143,300	1,188,420	764,650	1,456,968



GENERAL FUND

MAYOR & COUNCIL

Staffing

Mayor
City Council Members (5)

Strategic Goals

Establish the overarching policy priorities of the City.

Provide oversight of the day-to-day activities of the City, ensuring that staff is working towards the defined goals.

The City Council works closely with the community to build trust with our residents and businesses, an important component to maintaining the City's business-friendly reputation (4).

Duties

The Mayor and Council provide policy direction to city staff on all major aspects of the City's operations through regular monthly meetings.

This body is composed of 5 voting members and one non-voting mayor (who may vote to break a tie). All officials are elected at-large and serve two-year staggered terms. Members are not paid for their service.

The annual duties of the Mayor and Council include adopting a budget, reviewing and, when necessary,

amending various rates and fees, and appointing members to the Planning & Zoning Commission.

Accomplishments

Adopted a new Strategic Plan and initiated the process to update the City's 10-year Comprehensive Plan.

PERFORMANCE MEASURES

The City Council provides an oversight and policy-setting role, and therefore does not have specific performance measures.

	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Projected	FY22 Adopted
Personal Services	-	-	-	-	-
Professional Services	-	-	-	-	-
Supplies	-	1,897	-	-	-
Maintenance & Operations	4,502	7,500	6,850	6,850	7,500
Capital Outlays	-	-	-	-	-
Debt Service	-	-	-	-	-
Total	4,502	9,397	6,850	6,850	7,500

GENERAL FUND

MUNICIPAL COURT

Staffing

Operations Coordinator
Municipal Court Judge (contract labor)

Strategic Goals

Provide a safe environment conducive to the fair implementation of due process.

Ensure that alleged violators are aware of their options, including but not limited to the opportunity for legal counsel.

Although the number of citations has dropped precipitously, the Court still plays a major role in public safety that indirectly impacts the City's ability to maintain its property tax-free status by promoting a safe environment in which to live and shop (i).

Under the direction of the director of operations, the operations coordinator is responsible for the day-to-day administration of the municipal court, including processing court payments and setting hearings. This position is also involved in utility payments and the permit process.

The municipal court is the court of record for misdemeanor infractions alleged to have been committed inside the City of Hudson Oaks. Working in conjunction with the Hudson Oaks Police Department, the Municipal Court is responsible for the fair and equitable resolution of these alleged violations.

Court is held quarterly, and is overseen by a municipal judge under contract with the City. Prosecution is handled by attorneys employed by the law firm that represents the City.



PERFORMANCE MEASURES

Percentage of cases stored in digital document management

FY19: 90%
 FY20: 92%
 FY21: 100%
 FY22: 100% (goal)

Percentage of tickets entered within 2 business days of being written

FY19: 80%
 FY20: 90%
 FY21: 90%
 FY22: 90% (goal)

Accomplishments

Timely updated all forms and processes to accommodate new legislation regarding the automatic docket scheduling for all defendants.

	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Projected	FY22 Adopted
Personal Services	31,929	31,853	33,860	33,860	34,108
Professional Services	9,248	9,000	12,200	12,200	12,200
Supplies	-	250	500	500	500
Maintenance & Operations	7,493	6,500	6,250	6,250	6,250
Capital Outlays	-	-	-	-	-
Debt Service	-	-	-	-	-
Total	48,670	47,603	52,810	52,810	53,058

GENERAL FUND

PARKS & RECREATION

Staffing

Facilities Manager
Maintenance Worker I (2)

Strategic Goals

Provide the highest level of maintenance to all City facilities.

Proactively project maintenance needs to reduce costs through preventive maintenance.

Maintain the aesthetic integrity of the City's major transportation corridors.

Although the City has just one park, it serves as a hub for activity and community events. Maintaining a clean and beautiful environment for our residents and visitors to enjoy of vital importance to the City's branding efforts (4, 5).

Duties

Under the supervision of the director of operations, the facilities manager is responsible for the maintenance and upkeep of all city parks and facilities, including City Hall, Hudson Oaks Public Safety Building, Gene Voyles Park, water system facilities, and the US 180 median landscaping.

The maintenance worker I position is tasked with preparing, scheduling, and executing the maintenance schedule created by the facilities manager in the most efficient manner possible.

This department is in regular contact with members of the public, including residents and local business owners. Therefore, it is vital that excellent customer service is provided at all times.

In FY22, portions of certain FTE positions that were previously fully funded by the Enterprise Funds have been allocated to the Parks & Recreation department in the General Fund until the City completely switches wholesale water providers.

PERFORMANCE MEASURES

Number of attendees for signature Fall event, Craft & Cork

FY19: 834
 FY20: canceled
 FY21: canceled
 FY22: 900 (goal)

Social media followers on City of Hudson Oaks Facebook page

FY19: 5,560
 FY20: 7,885
 FY21: 8,531
 FY22: 9,481 (goal)

Accomplishments

Acquired new property along IH-20 and around City Hall for future development.

Awarded TxDOT funding for Phase 1 of the master trail plan to implement a multimodal trail from Gene L Voyles Park to Mary Martin Elementary school.

FY22 Goals

Continue work on a master trails plan and begin design on an addition to Gene Voyles Park.

	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Projected	FY22 Adopted
Personal Services	34,326	37,000	46,455	46,455	153,711
Professional Services	1,570	-	-	-	-
Supplies	809	-	750	750	750
Maintenance & Operations	82,775	50,200	51,700	51,700	51,700
Capital Outlays	-	34,033	-	329,000	-
Debt Service	-	-	-	-	-
Total	119,479	121,233	98,905	427,905	206,161

GENERAL FUND

PLANNING & DEVELOPMENT

Staffing

No direct staffing costs are included in this department's budget.

Strategic Goals

Provide oversight to ensure that development within the city meets the necessary health, safety, and design requirements.

Although no staffing costs are included in this department, it does provide funding for the City's economic development efforts. These programs provide the tools necessary to recruit diverse commercial development, which improves the City's ability to remain free of a property tax (1).

Duties

This department is primarily used to account for the costs associated with third-party plan review and inspections during the development process. Although there are no direct staffing costs in this department, it is one of the most vital operational areas for the City.

Expenditures in this department can vary dramatically from year to year, depending on the quantity and type of development that occurs. Since plan-review and inspections are outsourced to a third-party, there

are few fixed costs associated with these functions. Permit revenues provide a direct offset to these expenditures. In years when permit applications exceed budget projections, expenditures may be higher than anticipated, but additional revenues are available to cover the expense.

Funding for these contractual costs was moved to this department in FY15 to isolate them so that the link between permit revenue and expenditures can be better understood.

Accomplishments

Began training City staff to perform certain types of inspections, reducing contractual expenses without obligating long-term staffing needs.

Approved a mixed-use hotel/retail development. This development includes a Payment in Lieu of Taxes, which will help diversify the City's revenue streams on non-sales-tax-generating properties.

Successfully recruited and/or opened: Chick-Fil-A, United Ag and Turf (John Deere), NextLink Internet corporate headquarters, HEB Grocery, Superior Livestock Broadcasting Headquarters.



PERFORMANCE MEASURES

Percentage year over year of growth in sales tax revenue

FY19: 34.1%
 FY20: 12.5%
 FY21: 18.5%
 FY22: 22.6% (goal)

Retail occupancy rate

FY19: 90%
 FY20: 90%
 FY21: 90%
 FY22: 100% (goal)

FY22 Goals

Complete plans for overlay district in Oakey/Inspiration area to accommodate alternative residential development styles.

Recruit development that supports a diverse and healthy sales tax base in order to prevent the need for property tax.

	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Projected	FY22 Adopted
Personal Services	-	-	-	-	-
Professional Services	222,814	127,000	151,000	151,000	197,000
Supplies	7	-	-	-	-
Maintenance & Operations	24	28,000	1,500	10,500	1,500
Capital Outlays	-	-	-	-	-
Debt Service	-	-	-	-	-
Total	222,845	155,000	152,500	161,500	198,500

GENERAL FUND

POLICE DEPARTMENT

Staffing

Police Chief
Sergeant (2)
Corporals (2)
Officers (6)
Evidence Technician

Strategic Goals

Ensure the safety of Hudson Oaks Residents, visitors, and officers.

Utilize a community policing strategy to create a safe environment that supports retail activity.

Much like Municipal Court, the Police Department's impact on the City's strategic goals is important but indirect. By creating a safe environment and building relationships with our residents and businesses, Hudson Oaks has become a community that is inviting and attractive for the commercial activity that reduces the need for a property tax (1).

Duties

The chief of police is responsible for managing the

department, implementing departmental policies and procedures, reporting to the city administrator and city council, and making budget recommendations for the department.

The sergeant provides administrative assistance to the chief and leads the criminal investigations unit. This unit is responsible for filing reports with the proper courts after an arrest is made; investigating burglaries, thefts, robberies, and other violations of state law; and coordinating public events such as National Night Out.

The patrol division consists of 2 corporals and 6 officers, and it enforces all state and local laws, including nuisance codes, and investigates vehicle accidents within the city limits. This division also responds to all EMS calls, as all officers are also certified as Emergency Care Attendants. Finally, this division includes an officer designated as the city's code enforcement officers.

The property and evidence technician is responsible for the proper storage and inventory of all property and evidence seized by the HOPD. This position is also responsible for records maintenance and open records requests.



PERFORMANCE MEASURES

Number of UCR Part 1 crimes annually

FY19: n/a
 FY20: 84
 FY21: 84
 FY22: < 200 (goal)

Monthly average number of business checks and contacts

FY19: n/a
 FY20: 236
 FY21: 242
 FY22: > 200 (goal)

Accomplishments

Leased new on-body cameras and in-car cameras
 Replaced aging Taser devices.

Installed Drug-Take-Back box in the Public Safety Building to better serve the public.

F22 Goals

Implement policy management program.

Reorganize personnel levels to improve efficiency of communication and management.

	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Projected	FY22 Adopted
Personal Services	1,018,230	1,065,000	1,179,873	1,179,873	1,201,785
Professional Services	41,168	46,450	42,000	42,000	47,360
Supplies	20,028	26,720	21,710	21,710	26,662
Maintenance & Operations	200,109	183,000	210,659	213,198	223,069
Capital Outlays	42,082	19,975	2,000	2,000	27,735
Debt Service	49,729	44,204	37,904	46,904	34,432
Total	1,371,346	1,385,349	1,494,146	1,505,685	1,561,043

GENERAL FUND

STREETS

Staffing

Facilities Manager
Maintenance Worker I (2)

Strategic Goals

Maintain an effective and high quality local transportation system.

Plan effectively for the future in order to accommodate population growth and commercial development.

Through proactive planning (3), the City is ensuring that our infrastructure can adequately handle future growth via multi-modal transportation options (including pedestrian and vehicular traffic). Working with our regional partners to enhance transportation funding reduces the need to implement a property tax (1).

Duties

Under the direction of the city administrator, the facilities manager is responsible for overseeing the routine maintenance and operations of the street department. This position is also found in the parks and recreation department.

Under the direction of the facilities manager, the maintenance worker provides effective and timely assistance in the maintenance and operations of the streets department. This position is also found in the parks and recreation department.

This department is responsible for routine maintenance of the City's street system, including pothole patching, crack sealing, and culvert and other drainage related maintenance.

The streets department is also responsible for planning and coordinating larger maintenance projects including overlays and reconstruction of local roads. Projects such as these are performed by a contracted third-party.

Finally, this department is responsible for annually assessing the pavement condition of every City street.

PERFORMANCE MEASURES

Average age of street signs (in years)

FY19: n/a

FY20: n/a

FY21: < 10

FY22: < 10 (goal)

Accomplishments

Oversaw the Oakey Corridor Phase One project, which was substantially complete in August.

Completed engineering for the Dorris Drive extension.

FY22 Goals

Restore our normal maintenance schedule and utilize the full available budget for street repairs.

	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Projected	FY22 Adopted
Personal Services	35,991	62,565	46,452	46,452	15,319
Professional Services	34,758	72,000	25,000	25,000	25,000
Supplies	2,349	16,000	-	-	-
Maintenance & Operations	10,349	10,000	9,600	9,600	9,600
Capital Outlays	361,032	227,500	227,500	227,500	227,500
Debt Service	692,243	675,000	803,000	803,000	805,399
Total	1,136,722	1,063,065	1,111,552	1,111,552	1,082,818

ENTERPRISE FUND

The Enterprise Fund is used to account for the business-like operations of the Hudson Oaks water and sewer systems. These operations are funded by service charges, and are fully self-supported. They are not subsidized by the General Fund, nor do they provide a subsidy to the General Fund.

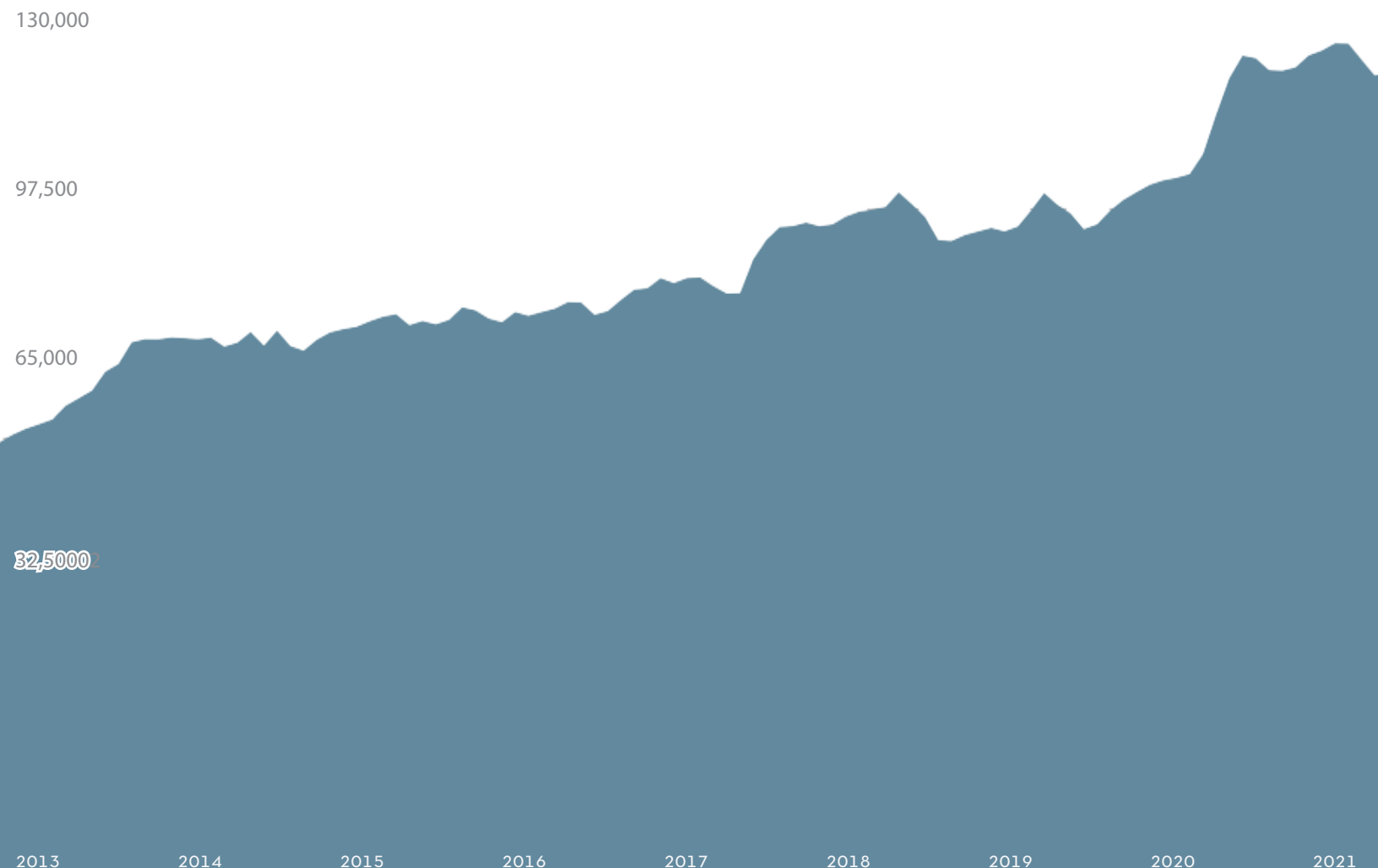
The Enterprise Fund uses the accrual form of accounting, where revenues are recognized when they are available, and expenses are capitalized during the year in which they are spent.

ENTERPRISE FUND

WATER SALES

Steady growth in population and in the commercial district allowed the Hudson Oaks water system to maintain a relatively stable consumption level between 2012 and 2015, despite higher levels of rainfall during this time. Beginning in 2015, new meters were installed, which tend to be more accurate than older meters. As a result, gallons sold in the past year have grown faster than total water production during that time. Water sales projections are based on an historical four-year average.

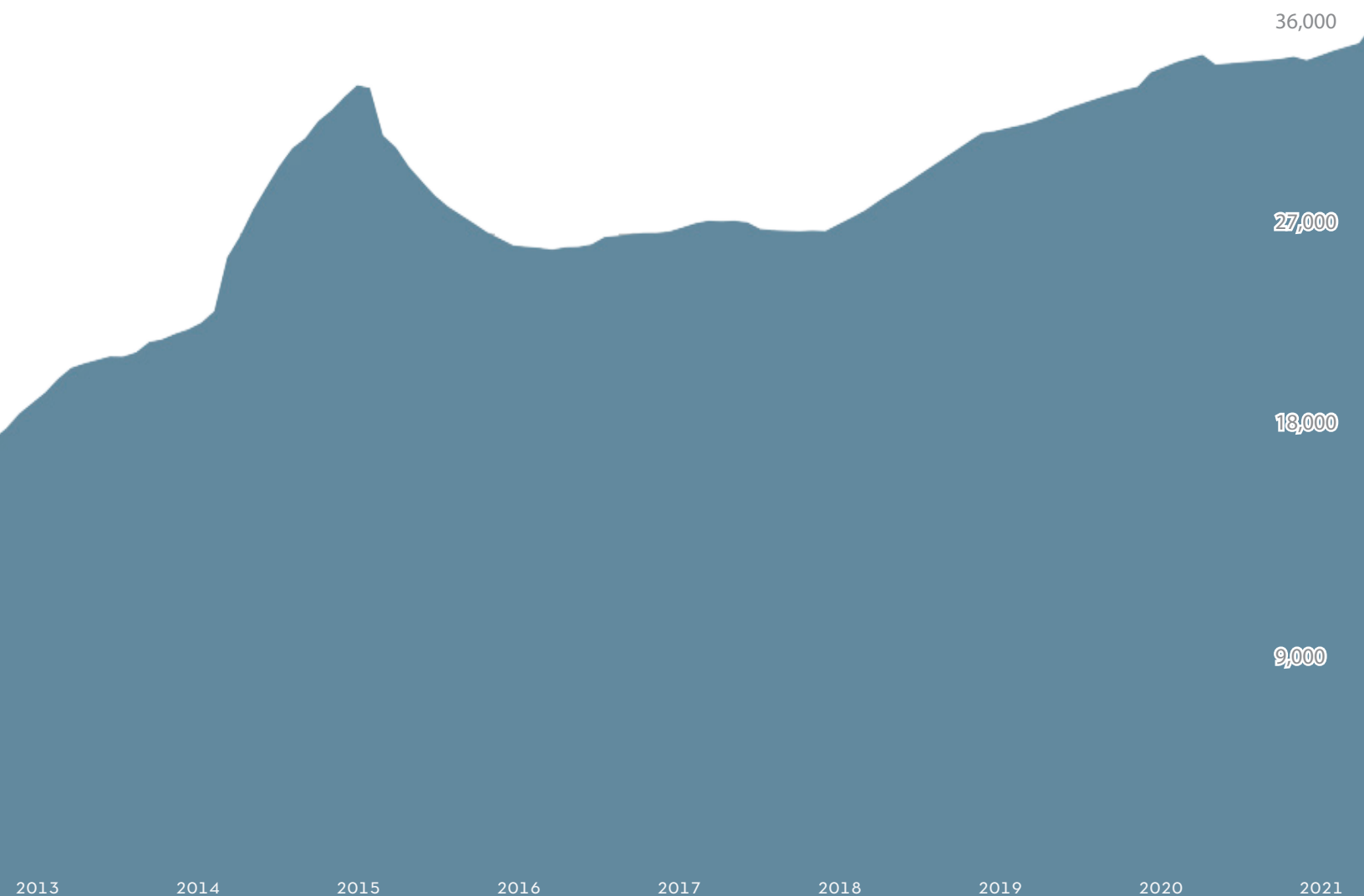
The chart below shows the 12-month moving average for gallons of water sold.



WASTEWATER SALES

The Hudson Oaks sewer system provides wastewater services to the commercial corridor along US 180, and to the Red Eagle subdivision. A recent capital project brought service to the south side of IH-20 to serve additional commercial customers. Sewer averaging occurs between November and January, and projections are based on historical trends.

The chart below shows the 12-month moving average for wastewater sales.



ENTERPRISE FUND

FINANCIAL FORECAST

	FY22	FY23	FY24	FY25	FY26
Beginning Balance	2,257,369	2,266,158	2,184,027	2,203,926	2,405,429
Revenues					
Water Service	1,477,000	1,484,385	1,491,807	1,499,266	1,506,762
Sewer Service	390,000	397,800	405,756	413,871	422,149
Other Sources	121,804	-	-	-	-
Total Revenue	1,988,804	1,882,185	1,897,563	1,913,137	1,928,911
Expenses					
Water Operations	1,598,804	1,581,455	1,487,891	1,515,309	1,535,707
Sewer Operations	381,211	382,960	389,674	196,323	200,250
Total Expenses	1,980,015	1,964,415	1,877,565	1,684,632	1,735,957
Over/(Under)	8,789	(82,230)	19,998	228,505	192,954
Ending Balance	2,266,158	2,183,928	2,204,025	2,432,431	2,598,383

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ENTERPRISE FUND

WATER DEPARTMENT

Staffing

Water Superintendent
Water Operator I

Strategic Goals

Provide high quality water service to residential and commercial customers.

Create and implement long-term plans to accommodate future growth and the need for increased use of surface water.

Duties

Under the supervision of the director of operations, the water superintendent handles the day-to-day administration of the water system, including maintaining infrastructure, monitoring well conditions, and ensuring the efficient use of both ground and surface water to minimize costs.

Under the direction of the water superintendent, the water operator is responsible for carrying out the day-to-day maintenance and repair operations of the water system and ensuring the smooth operations of the system in the water superintendent's absence.

In depth: the debt service increase beginning in FY21 is associated with the construction of the new 36 inch water line which will provide wholesale water from the City of Fort Worth.

PERFORMANCE MEASURES

Water meter reading accuracy

FY19: 92%
 FY20: 98%
 FY21: 97%
 FY22: 100% (goal)

Accomplishments

Implemented a new, advanced model for determining how to utilize our wholesale water source in order to minimize costs.

Upgraded automated metering infrastructure to prepare for longer-lasting technology improvements.

FY22 Goals

Complete construction on new wholesale water providing line from Fort Worth.

	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Projected	FY22 Adopted
Personal Services	444,765	393,927	461,307	475,744	342,441
Professional Services	88,663	53,139	57,615	59,800	66,000
Supplies	87,569	88,389	53,000	100,500	97,500
Maintenance & Operations	506,692	475,701	507,500	531,450	579,400
Capital Outlays	4,373	-	-	-	-
Debt Service	295,800	241,538	257,400	418,358	513,464
Total	1,427,861	1,252,694	1,336,822	1,585,852	1,598,805



ENTERPRISE FUND

SEWER DEPARTMENT

Staffing

No direct staffing costs are included in this department.

Strategic Goals

Provide high quality sewer service to residential customers and within the City's commercial corridors.

Create and implement long-term plans to accommodate future growth.

Duties

The Hudson Oaks sewer utility operates primarily within the City's commercial corridors, providing sanitary sewer services to local businesses and neighborhoods. Sewage is captured in the City's system and transported to the City of Weatherford for treatment.

As the City has grown, residential service has been added in certain neighborhoods.

In the coming years, the City may elect to build and maintain its own treatment facilities depending on the type of development that arrives and a thorough cost-benefit analysis.

PERFORMANCE MEASURES

The City of Hudson Oaks is a wastewater treatment customer of the City of Weatherford

Accomplishments

Expansion of services to new commercial developments along the US 180 corridor.

Complete negotiations and execute renewal of wholesale wastewater treatment agreement.

FY22 Goals

Began feasibility studies for permitting of wastewater treatment facilities as contingency for future need.

	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Projected	FY22 Adopted
Personal Services	-	-	-	-	-
Professional Services	5,000	5,000	-	-	-
Supplies	-	-	-	-	-
Maintenance & Operations	151,244	178,587	155,000	185,000	185,000
Capital Outlays	-	-	-	-	-
Debt Service	112,511	177,600	184,000	185,265	196,211
Total	268,755	361,187	339,000	370,265	381,211

OTHER FUNDS

Hudson Oaks keeps several other funds (in addition to the two major funds) to separately track various activities, including contractual agreements, additional utilities, and special events.

COHO

OTHER FUNDS

DYEGARD FUND

Staffing

No direct staffing is included in this department.

Summary

This fund is used to account for the operations of the Dyegard water system, which provides water services to the Stone Creek and Oak View Estates neighborhoods.

Like the Enterprise Fund, it uses the accrual form of accounting.

Although this fund is primarily used to account for the debt service associated with the Dyegard system, it also includes a budget for maintenance and repairs. Enterprise Fund personnel provide operational support for the Dyegard system. As this system is completely outside the City of Hudson Oaks, it operates on a separate rate table from the Hudson Oaks water system.

Notable Changes

In FY16, rate changes were implemented with the goal of bringing the Dyegard Fund back into balance.

Unexpected repair needs in prior years had drawn the fund balance down significantly.

These changes have helped restore the fund to positive annual totals, and soon to a positive fund balance which will allow sufficient funding for ongoing maintenance in the coming years.

The most significant budget item in the Dyegard Fund is the debt service associated with the acquisition of the water system from the City of Willow Park. This expense will remain the largest budget item for the next 15 years.

In FY18, additional rate increases were implemented (mirroring those for the Hudson Oaks water system) in order to accommodate the increased cost of wholesale water purchases and prepare for a transition to a new wholesale provider.

PERFORMANCE MEASURES

Water loss ratio in Dyegard system

FY19: n/a

FY20: 2.4%

FY21: < 2%

FY22: < 2% (goal)

Revenue	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Projected	FY22 Adopted
Charges for Service	283,523	262,727	252,000	252,000	267,000
Miscellaneous Revenue	-	-	-	-	-
Total	283,523	262,727	252,000	252,000	267,000

Expenses	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Projected	FY22 Adopted
Personal Services	-	-	-	-	-
Professional Services	7,030	2,720	6,900	8,500	9,500
Supplies	388	726	4,000	4,000	4,000
Maintenance & Operations	5,571	19,087	19,500	19,500	44,500
Capital Outlays	-	-	-	-	-
Debt Service	236,348	215,734	220,400	208,155	205,499
Total	249,337	238,267	250,800	231,655	253,999

OTHER FUNDS

DEER CREEK FUND

Staffing

Water Operator (2)

Summary

This fund is used to account for the operations contract for the Deer Creek water system, which is owned by the Town of Annetta. Hudson Oaks provides direct staff support for the operations of this water and sewer system, and indirect administrative support as well (shown in the “Professional Services” category).

Like the Enterprise Fund, it uses the accrual form of accounting.

Duties

Under the direction of the water superintendent, the water operators are responsible for the maintenance and upkeep of the Deer Creek water and sewer system. They handle day-to-day operations of all plants, treatment facilities, and other infrastructure.

Most expenses for this fund are directly reimbursed by the Town of Annetta per an operating contract.

Notable Changes

In FY15, the operating contract for the Deer Creek water system was updated to provide clarification on reimburseable items, including the addition of indirect staffing costs incurred by the City of Hudson Oaks. These charges are shown in the “Professional Services” category of this budget for the purposes of identifying the true cost of providing these contractual services. However, the actual costs are born in the Enterprise Fund. Since the operating contract can be cancelled at any time in the future, it was decided not to permanently move the costs out of the City’s normal operating budget.

PERFORMANCE MEASURES

Percentage of employees maintaining a wastewater license

FY19: 100%

FY20: 100%

FY21: 100%

FY22: 100% (goal)

Revenue	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Projected	FY22 Adopted
Charges for Service	232,756	241,038	240,000	252,000	259,560
Miscellaneous Revenue	-	-	-	-	-
Total	232,756	241,038	240,000	252,000	259,560

Expenditures	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Projected	FY22 Adopted
Personal Services	111,500	112,132	120,220	135,049	133,425
Professional Services	-	8,285	40,000	40,000	40,000
Supplies	10,708	4,083	4,000	14,000	14,000
Maintenance & Operations	12,706	14,675	10,500	11,000	11,000
Capital Outlays	-	-	-	-	-
Debt Service/Transfers	167,043	87,721	8,000	235	15,805
Total	301,957	226,896	182,720	200,284	214,230

OTHER FUNDS

STORMWATER FUND

Staffing

No direct staffing costs are included in this department.

Summary

Created in FY16, the Stormwater Fund will provide a mechanism for addressing the City's many stormwater related issues, including runoff and drainage related road damage. The implementation of a drainage fee (which covers the cost of operations) was pursued due to the Strategic Goal of seeking new revenue sources.

Like the Enterprise Fund, it uses the accrual form of accounting.

The Stormwater Utility Fund began in FY16, and is fully funded in FY17 through the implementation of a stormwater utility fee.

The only expense incurred in FY16 was a water reuse and reclamation study funded by a grant from the Bureau of Reclamation, a division of the Department of the Interior. The portion of the grant associated directly with the stormwater utility fee will be paid back over the first two years of the Fund's operations (FY17 and FY18). Once the initial study is reimbursed, the Fund will be fully operational.

The initial five-year plan for the Stormwater Utility

Fund is to provide significant relief to the General Fund's street maintenance department by providing supplemental funding for drainage concerns. The City does not plan to use the Stormwater Utility Fund to replace existing funding.

By year 5, the street department's budget for these problems will have more than doubled, based on initial projections of revenue and expenditures.

Additionally, this fund will assist in the debt service associated with the drainage elements of the Oakey Corridor Phase One project. The improvements associated with this project will resolve several major drainage issues in the City Hall area.

Accomplishments

Completed a major reconstruction of several residential streets on the south side of the City to repair drainage-related damage.

PERFORMANCE MEASURES

Percentage of storm drain inlets inspected

FY19: n/a

FY20: n/a

FY21: 50%

FY22: 50% (goal)

Revenue	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Projected	FY22 Adopted
Charges for Services	166,477	169,584	165,000	165,000	165,000
Intergovernmental Revenue	-	-	-	-	-
Total	166,477	169,584	165,000	165,000	165,000

Expenses	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Projected	FY22 Adopted
Personal Services	-	-	-	-	-
Professional Services	-	9,137	10,000	10,000	5,000
Supplies	-	-	-	-	20,000
Maintenance & Operations	6,625	8,391	60,000	60,000	45,000
Capital Outlays	35,887	127,370	50,000	50,000	50,000
Debt Service	13,669	13,011	40,000	36,350	35,475
Total	56,181	157,909	160,000	156,350	155,475

OTHER FUNDS

SPECIAL EVENTS FUND

Staffing

Outside of overtime costs, no direct staffing costs are included in this fund.

Summary

Created in FY16, the Special Events Fund is used to account for the revenues and expenditures associated with the various community events hosted by the City. These events improve the City's marketing reach, and through partnerships with local businesses, we are able to achieve a level of brand recognition that traditional marketing efforts could never match.

The budget for these events was removed from General Fund in order to properly track and account for sponsorships, vendor expenditures, and other items specifically needed to host these events.

Boomin' 4th

Boomin' 4th is the largest July 4th fireworks show in Parker County. Drawing more than 13,000 visitors annually from throughout the Dallas/Fort Worth metroplex, Boomin' 4th is an important event for the City.

Craft & Cork

In its first year, Craft & Cork established itself as the premier social event in Parker County. This wine and craft beer event features vendors from down the street and around the world, providing guests with the opportunity to sample a wide variety of food and beverages.

In FY17, the City constructed a new pavilion and stage facility at Gene Voyles Park, which will help to bring in bigger bands and allow the City to hold more frequent public events at the park.

COHOHO

In FY18, a new Christmas-themed event will be inaugurated under the moniker "CoHoHo." It will feature a quarter-mile light trail and 50' light tree (more than 63,000 lights choreographed to music) as well as an event hosted by community partners.



PERFORMANCE MEASURES


Attendance for signature summer event, Boomin' 4th

FY19: 12,000
 FY20: 13,000
 FY21: 13,000
 FY22: 13,000 (goal)

Revenue	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Projected	FY22 Adopted
Boomin' 4th	53,000	41,000	58,000	58,000	58,000
Craft & Cork	50,016	76,293	-	-	12,000
CoHoHo	10,000	-	-	-	-
Other	175,000	50,000	50,000	50,000	50,000
Total	288,016	167,293	108,000	108,000	120,000

Expenditures	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Projected	FY22 Adopted
Boomin' 4th	90,000	80,418	46,300	46,300	64,000
Craft & Cork	75,354	74,461	-	-	63,500
CoHoHo	35,000	15,000	72,000	72,000	10,000
Other	48,113	2,539	63,300	63,300	-
Total	248,467	172,418	181,600	181,600	120,000

APPENDICES



The following pages contain supplemental information that may be useful when reading this document. If you had additional questions, please visit www.hudsonoaks.com.

COHO

APPENDICIES

CAPITAL PROJECTS

Several capital projects are currently underway, or are planned for commencement in the near future, in Hudson Oaks. The primary areas of investment are in transportation improvements and expansion of the utility system. This section of the budget includes a description of each project and a discussion of the impact on future budgets and the City’s long-term goals.

Oakey Corridor Phase One

This project involved the reconstruction of 0.46 miles of city streets, replacing existing asphalt and chip-seal roads with concrete streets and on-street parking. The project featured underground drainage and a roundabout at Midway Lane and Oakey Trail, and will provide the public improvements necessary for the Oakey Corridor redevelopment plan.

Redeveloping the Oakey Corridor serves many strategic purposes. By reconstructing an aging street (in one of the City’s oldest neighborhoods), maintenance costs will be reduced. The demand for property in Hudson Oaks has increased in recent years, causing the price of property to increase. In order to remain property tax free, diversity in commercial development is very important;

	FY20	FY21	FY22
General Capital Projects			
Oakey Corridor Phase One	1,757,113	100,000	-
Hudson Oaks Fiber	1,572,651	-	-
Miscellaneous Engineering & Design	-	50,000	50,000
Utility Capital Projects			
Multimodal Trail	170,620	25,000	-
Water Line Project	75,702	100,000	244,000
Total	3,576,086	275,000	294,000



unfortunately, higher land cost reduces our ability to attract a wide array of uses.

This project will create an entirely new and commercial district that is different in both form and feel from anything else currently available in Hudson Oaks. It allows us to get lower cost property on the market for office and non-retail commercial, which increases our day-time population and makes Hudson Oaks more attractive for other sales tax paying businesses, the recruitment of which has proven difficult.

Diversifying our economy is critical for our long-term fiscal health because it reduces our reliance on a single revenue source while providing opportunities to enhance our ability to recruit sales tax generating businesses.

Additionally, the partnerships we have formed with affected landowners has allowed the City to recover a significant portion of the cost for this project.

The short-term budgetary impacts will be positive, as significant resources have been devoted in this area for pavement repairs and drainage work. There will be some additional demand on existing staff to maintain some of the aesthetic elements inside the development (sidewalks, street trees, etc.).

Hudson Oaks Fiber

This project involved the installation of approximately 25 miles of fiber-optic cable, connecting and providing high-speed Internet to all City facilities as well as most residents and businesses.

This project was explicitly identified in the Strategic Plan as an action item under Goal 4. The City has partnered with an internet service provider to “light” the City’s fiber infrastructure. This agreement will provide another option for reliable high-speed internet service to our residents and businesses. It will make Hudson Oaks the first “gigabit city” in Parker County, improving our ability to recruit businesses, start-ups, and other technology related developments.

As part of the agreement, our technology partner has relocated its corporate headquarters to Hudson Oaks. This has brought 150 well-paying jobs to Hudson Oaks. This project highlights the ways in which Hudson Oaks seeks to be an entrepreneurial organization. A need for reliable, high-speed internet access existed in our market; we sought a relationship with a trusted and quality technology partner; and we are bringing the project to realization at virtually no additional cost to our residents and businesses while providing a tangible benefit for the recruitment of high value development.

Maintenance and upkeep of the fiber infrastructure will be performed by a third-party under a lease agreement, and will not impact the City’s budget.

Multimodal Trail Project

In November of 2019, the City of Hudson Oaks was awarded approximately \$2.1 million dollars from the Texas Department of Transportation through a grant program call Transportation Alternative Grants. This grant is an 80/20 cost share for projects which



APPENDICIES

CAPITAL PROJECTS (CONT.)

help alleviate car traffic and implement walking and biking modes of transportation. The proejct which Hudson Oaks submitted and was awarded funding for is Phase 1 of the Hudson Oaks Master Trail Plan.

The proposed multimodal trail is a 12'-wide concrete path which will connect the existing sidewalk system at City Hall and Gene Voyles Park to Mary Martin Elementary School and eventually the City of Weatherford trail system.

This project is in the preliminary engineering and design phase for fiscal year 2021. An estimated finish date for this project is 2023.

APPENDICIES

DEBT SCHEDULES

Governmental Activity	Rate	Original Amount	Balance 09/30/21	2022	2023
Bonds					
2007 Certificates of Obligation	4.1%	1,800,000	820,000	133,620	134,520
2020 GO Refunding Bonds	1.65%	125,000	125,000	42,063	46,403
2012 Certificates of Obligation	2-3.5%	722,250	680,000	67,038	71,138
2016A Certificates of Obligation	2.41%	4,195,000	3,565,000	273,000	271,475
2016B Certificates of Obligation	2.78%	1,540,000	1,350,000	111,085	112,335
2018 Certificates of Obligation (PID)		2,000,000	1,875,000	148,850	145,350
2018 Certificates of Obligation (Fiber)		325,000	330,000	24,000	28,375
Notes/Leases					
Lease: First Financial Bank	2.99%	21,460	21,460	7,891	7,891
Lease: First Financial Bank	2.99%	25,303	25,303	8,952	8,952
Lease: First Financial Bank	2.8%	41,046	14,066	14,281	-
Lease: Dell Financial Services	4.998%	29,116	10,693	6,779	4,520
Total			8,816,522	837,559	830,957

The State of Texas does not set a legal debt limit for General Law municipalities, and the City of Hudson Oaks does not explicitly set a debt limit in its financial policy statements. All City of Hudson Oaks debt issuances are taken before bond rating agencies, which review existing debt levels in determining the City's bond rating (which is AA Stable). Additionally, the City's Bond Counsel also provides frequent guidance to staff and City Council.



2024	2025	2026	2027-2031	2032-2036	2037-2041
135,215	135,705	140,990	281,400	-	-
40,660	-	-	-	-	-
69,388	67,638	70,888	350,412	136,338	-
272,625	273,675	274,625	1,361,300	1,361,900	274,050
108,435	109,735	111,110	553,113	545,477	111,870
146,725	147,850	148,725	691,700	763,500	464,900
27,625	26,875	26,125	138,275	122,500	70,400
7,891	-	-	-	-	-
8,952	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
817,515	761,478	722,463	3,376,200	2,929,715	921,220

APPENDICIES

DEBT SCHEDULES (CONT.)

Enterprise Activity	Rate	Original Amount	Balance 09/30/21	2022	2023
Bonds					
2020 GO Refunding Bonds (Dyegard)	1.65%	2,109,300	2,109,300	208,153	205,290
2020 GO Refunding Bonds (Water)	1.65%	260,700	260,700	25,752	25,398
2012 Certificates of Obligation (Water)	2-3.5%	2,124,300	1,245,000	130,213	128,413
2014 Tax & Revenue COs (Wastewater)	2-3.5%	1,235,000	710,000	185,265	181,610
2016A Tax & Revenue COs (Stormwater)	2.41%	550,000	460,000	36,350	35,475
2019 Tax & Revenue COs (Water)	0.95%	6,609,600	6,609,600	244,414	244,414
Notes/Leases					
Lease: First Financial Bank (2 vehicles)	2.99%	50,840	50,840	17,970	17,970
Lease: First Financial Bank	3.25%	24,571	8,467	8,702	-
Total			11,453,907	856,819	838,570

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2024	2025	2026	2027-2031	2032-2036	2037-2041
202,262	146,363	144,380	731,260	743,341	-
25,044	18,090	17,845	90,380	91,824	-
125,623	127,113	123,788	637,238	251,700	-
192,955		-	-	-	-
34,975	34,475	33,975	180,175	171,488	35,525
244,414	244,414	244,414	1,223,304	1,225,303	3,674,126
17,970	-	-	-	-	-
-	-	-	-	-	-
843,243	570,455	564,402	2,862,357	2,483,656	3,709,651

APPENDICIES

BUDGET PROCESS

Through transparency and a culture of communication, the budget process in Hudson Oaks has become extremely efficient while still incorporating input from all stakeholders.



FY22



Budget Sneak Peek

In June, a sneak-peek of the budget is presented to the City Council. Based on updated revenue projections and items that are likely to be included in the proposed budget, the sneak-peek provides an opportunity for City Council to review their priorities and provide strategic input into the budget.

Proposed Budget Submission

In July, the city administrator's proposed budget is submitted to the City Council. The proposed budget reflects the strategic priorities of the City Council implemented in the most efficient and effective manner based on the professional judgment of the administrator and his/her staff, and it remains on file for public inspection in the City Secretary's office.

June

2021

July

2021

Budget Hearings & Adoption

Following the budget presentation, the City Council and public discuss and propose adjustments to the strategic elements of the budget proposal. Due to the input received during the sneak-peek, adjustments are rarely needed.

Unless further discussion is needed, budget adoption occurs at the August meeting. If necessary, the budget may be adopted in September. Public notice is made prior to budget adoption.

Fiscal Year Begins

The City Council may from time-to-time amend the budget as necessary during the fiscal year. Typically, this is done as an end-of-year amendment in September unless significant events warrant adjustments before that time. The city administrator may amend individual line-items within a department without seeking City Council authorization, provided that the adjustment does not increase the total amount of spending previously authorized.

August

2021

October

2021



APPENDICIES

FINANCIAL POLICIES

The City of Hudson Oaks operates under a Financial Management Policy Statement which is periodically revised and approved by the City Council. The Financial Management Policy Statement* identifies best practices and requirements related to the following

1. Funds
2. Chart of Accounts
3. Measurement Focus and Basis of Accounting
4. Financial Reporting
5. Capitalization and Depreciation
6. Budgeting
7. Internal Controls
8. Journal Entries
9. Audit
10. Asset Inventory
11. Vehicles and Equipment
12. Keys

*The full policy statement is available on the City's website at www.hudsonoaks.com.
The portion related to budgeting has been reproduced on the following page.



CHAPTER 6 - BUDGET

6.01 BUDGETING

The city is required to operate under an annual budget that is a public document and open to public comment. The time period for which a budget (and its amendments) is valid is one year, called the fiscal year. In Hudson Oaks, the fiscal year begins on October 1 and ends on September 30 of each year.

Several months prior to the beginning of the fiscal year, the City Administrator shall draft a budget for review by the City Council, staff and public. A series of meetings and workshops are then attended to work out specific requests, needs and limitations in the budget. The Council must formally present the Draft budget at least 30 days prior to acceptance. A formal public hearing is also required prior to Council approval. The Council must approve a new budget prior to the start of a fiscal year. The budget will establish projected revenues and limits on spending for the fiscal year.

The limits (“caps”) cannot be exceeded without a formal budget amendment being approved by the Council. Any proposed amendments to the budget must be submitted by the City Administrator to the Council and become effective upon approval by the Council. Changes to the Budget are not permitted except by budget amendment. Amendments to

the budget are to be enacted after six months of expenditures. However, in cases where new funds or line items are needed to reflect unexpected revenues, these may temporarily be established by the City Administrator and subsequently approved by the Council in a formal budget amendment. The Budget and all amendments must be balanced, meaning that the total of all planned expenditures must be equal to the anticipated revenues, transfers, and/or drawdown of existing reserves.

APPENDICIES

GLOSSARY

Accrual Accounting: A basis of accounting in which revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period in which they are incurred.

Ad Valorem Tax: A tax assess against property (land, improvements, and personal property) for the purpose of financing general operations of the City and debt service requirements.

Advanced Refunding: A transaction in which new debt is issued to provide monies to pay interest on old, outstanding debt as it becomes due, and to pay the principal on the old debt either as it matures or at an earlier call date.

Allocation: A part of a lump-sum appropriation, which is designed for expenditures by specific organization units and/or for special purposes, activities, or objects.

Appraised Value: The market value of real and personal property located in the City as of January 1 each year, determined by the Parker County Appraisal District. **Appropriation:** The maximum level of spending for each fund and for each department as authorized annually by the City Council.

Appropriation Ordinance: The official enactment by the legislative body by means of which appropriations are given legal effect. It is the method by which the expenditure side of the annual operating budget is enacted into law by the legislative body.

Assessed Valuation: A value that is established for real or personal property for use as a basis for levying property taxes. The Parker County Appraisal District establishes property values in Weatherford.

Assessment Ratio: The ratio at which tax rate is applied to tax base. State Law currently sets the assessment ratio at 100%.

Assets: Resources owned or held by the City, which have monetary value.

Balanced Budget: A budget where expenditures are equal to income or sometimes where expenditures are less than income. A balanced budget can include a planned draw down of fund balances within set guidelines.

Basis of Accounting: The timing of recognition, that is, when the effects of transactions or events should be recognized for financial reporting purposes.

Bond: A written promise to pay a specified sum of money, called the face value or principal amount, at a specified date in the future, call the maturity date, together with periodic interest at a specified rate. The most common types of bonds are general obligation and revenue bonds. There are most frequently used for construction of large capital projects, such as buildings, streets and bridges.

Budget: A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year.

Budget Calendar: The schedule of key dates or milestones, which the City departments follow in the preparation, adoption and administration of the budget.

Budget Document: The instrument used by the budget-making authority to present a comprehensive financial plan of operations to the City Council.

Budgetary Control: The control or management of a governmental or enterprise fund in accordance with an approved budget to keep expenditures within the limitations of available appropriations of revenue.

Capital Budget: A plan for the financing and completion of designated capital projects, financed for the most part with proceeds from general obligation bond issues. The “capital improvements program” is similar multi-year plan, which includes the year covered by the “capital budget”.

Capital Projects Fund: A fund created to account for financial resources to be used for the acquisitions or the construction of major capital facilities or equipment.

Capital Outlay: A type of expenditure within the budget, which results in the acquisition of an asset which has a value of at least \$5,000 and a useful life of more than one year.

Certificate of Obligation: A type of municipal debt that is unconditionally backed that can be issued without voter approval, usually by a vote of the City Council. Often used for smaller projects.

City Council: The Mayor and four (5) Council members collectively acting as the legislative and policymaking body of the City.

Comprehensive Annual Financial Report (CAFR): This report is published to provide to the Council, the representatives of financial institutions, our citizens and other interested persons, detailed information concerning the financial condition of the City government.

Contractual Services: The cost related to services performed for the City by individuals, business, or utilities.

Current Refunding: A refunding transaction in which the proceeds of the refunding debt are applied immediately to redeem the debt to be refunded.

Current Taxes: Property taxes that are levied and due within one year.

Debt Service: The City’s obligation to pay the principal and interest of all bonds and other debt instruments according to a pre-determined payment schedule.

Debt Service Fund: A fund established to account for the accumulation of resources for the payment of principal and interest on long term debt. May also be called Interest and Sinking Fund.

Delinquent Taxes: Taxes that remain unpaid on and after the date which penalty for non-payment is attached.

Department: A major administrative organizational unit of the City, which indicates overall management responsibility for one or more divisions.

Depreciation: The portion of the cost of a fixed asset charged as an expense during a particular period. In accounting for depreciation, the cost of a fixed asset, less any salvage value, is prorated over the estimated service life of such an asset. Through this process, the entire cost of the asset is ultimately charged off as an expense.

Division: A minor administrative organizational unit of the City, which indicates overall management responsibility for one or more activities.

Effectiveness: The degree to which an entity, program, or procedure is successful at achieving its goals and objectives.

Effective Tax Rate: State law in Texas prescribes a formula for calculating the effective tax rate for cities. The net effect of the formula is to produce a tax rate that decreases when property values rise because of inflation and vice versa. The intent is to generate a rate that produces approximately the same revenue as the year before. The formula does make adjustments for newly annexed property and newly constructed property for the effective tax rate calculation; however, for notice and hearing requirements, the benefit of new growth is excluded.

APPENDICIES

GLOSSARY (CONT.)

Efficiency: The degree to which an entity, program, or procedure is successful at achieving its goals and objectives with the least use of scarce resources.

Encumbrances: Obligations in the form of purchase orders and contracts, which are chargeable to an appropriation and for which a part of the appropriation is reserved because the goods or services have not been received. When paid, the encumbrance is liquidated. The City does not currently utilize encumbrances.

Enterprise Fund: A governmental accounting fund in which the services provided are financed and operated similarly to those of a private business. The rate schedules for these services are established to insure that revenues are adequate to meet all necessary expenditures.

Estimated Revenue: The amount of projected revenues to be collected during the fiscal year.

Expenditure: Decreases in net financial resources. Expenditures include current operating expenses require the present or future use of net current assets, debt service and capital outlay.

Expenses: This term refers to the outflows or other using up of assets or incurrence of liabilities from rendering services or carrying out other activities that constitute the City's major operations.

Fiduciary Fund: A fund used to report and record assets held in trust or as in an agency capacity for others.

Fiscal Management Policy Statements: Financial policies are used to enable the City to achieve a sound financial position. They are in writing and are periodically updated and endorsed.

Fiscal Year: The 12-month period covered by the budget. For the City of Hudson Oaks, the fiscal year begins October 1 and ends September 30.

Fixed Assets: Assets of long-term character, which are intended to continue to be held or used, such as buildings, machinery and equipment.

Franchise Fee: A fee paid by public service utilities for use of public property in providing their services to the citizens of the community.

Fund: An accounting entity with a separate set of self-balancing accounts, which comprise its assets, liabilities, fund balances, revenues and expenditures.

Fund Balance: The assets of a fund less liabilities, as determined at the end of each fiscal year. Any reservations of fund balance are deducted to result in an "unreserved fund balance".

Fund Type: In governmental accounting, all funds are classified into eight fund types: General, Special Revenue, Debt Service, Capital Projects, Special Assessment, Enterprise, Internal Service, and Trust and Agency.

GAAP: Generally accepted accounting principles as determined through common practice or as promulgated by the Governmental Accounting Standards Board, Financial Accounting Standards Board, or various other accounting standard setting bodies.

General Fund: The General Fund accounts for most of the financial resources of the government. General Fund revenues include property taxes, licenses and permits, local taxes, service charges, and other types of revenue. This fund usually includes most of the basic operating services, such as fire and police protection, park and recreation, library, public works and general administration.

General Obligation Bonds: Bonds that finance a variety of public projects, which pledge the full faith and credit of the City.

Governmental Accounting Standards Board: The ultimate authoritative accounting and financial reporting standard- setting body for state and local governments.

Governmental Fund: A fund used to account for mainly tax-supported activities.

Impact Fees: Fees charged to developers to cover, in whole or in part, the anticipated cost of improvements that will be necessary as a result of the development.

Infrastructure: The underlying permanent foundation or basic framework.

Interest and Sinking Fund: See Debt Service Fund.

Interest Earnings: The earnings from available funds invested during the year in investments authorized by the City of Weatherford Investment Policy.

Interfund Transfer: Amounts transferred from one fund to another.

Internal Service Fund: A fund used to account for the financing of goods or services provided by one department to another on a cost reimbursement basis.

Investments: Securities, bonds and real property (land or buildings) held for the production of revenues in the form of interest, dividends, rentals or lease payments. The term does not include fixed assets used in the normal course of governmental operations.

Levy: To impose taxes, special assessments, or service charges for the support of the City services.

Liabilities: Debt or other legal obligations arising out of transactions in the past, which must be liquidated, renewed or refunded at some future date.

Long-term Debt: Debt with a maturity of more than one year after the date earmarked for its retirement.

Maintenance & Operations (M&O): Represents the portion of taxes assessed for the maintenance and operations of the General Fund Services.

Materials and Supplies: Expendable materials and operating supplies necessary to conduct departmental activity.

Modified Accrual Accounting: A basis of accounting in which revenues are recognized in the accounting period when they become available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred.

Net Bonded Debt: Gross bonded debt less any cash or other assets available and earmarked for its retirement.

Non-Departmental Expense: Expenses that benefit the fund as a whole rather than a particular department within the fund.

Operating Budget: A financial plan outlining estimated revenues and expenditures and other information for a specified period (usually a fiscal year). The "proposed budget" is the financial plan presented by the City Manager for consideration by the City Council, and the "adopted budget" is the financial plan ultimately approved and authorized by the City Council.

Ordinance: A formal legislative enactment by the governing board of a municipality. If it is not in conflict with any higher form of law, such as a State statute or constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies.

APPENDICIES

GLOSSARY (CONT.)

The difference between an ordinance and a resolution is that the latter requires less legal formality and has a lower legal status. Revenue raising measures, such as the imposition of taxes, special assessments and service charges, universally require ordinances. Ordinances and other legislation are not passed until the plans for and costs of endorsements are known.

Overlapping Debt: Proportionate share that property within a government must bear of the debts of other local governments located wholly or in part within the geographic boundaries of the reporting government.

Paying (Fiscal) Agent Fee: Fee paid to the financial institution that receives and disburses bond payments made on the City's debt obligations.

Per Capita Costs: The cost of service per person. Per capita costs are based on the population estimates provided by the North Texas Council of Governments.

Performance Measures: Specific quantitative measures of work performed within a City department.

Personnel Services: The costs associated with compensating employees for their labor. This includes salaries and fringe benefits.

Proprietary Fund: A fund to account for activities that focus on operating income and cash flows. Such activities are often business like whether internal or external in operations to the organization.

Refunding: The issuance of new debt whose proceeds are used to repay previously issued debt.

Reserve: An account used to indicate that a portion of a fund balance is restricted for a specific purpose.

Revenues: All amounts of money earned or received by the City from external sources.

Revenue Bonds: Bonds usually sold for constructing a project that will produce revenue for the governmental entity. All or part of the produced revenue is used to pay the principle and interest of the bond.

SCADA: Supervisory Control and Data Acquisition is an automated system that is the normal daily means of water system operation. This automated system records flow data, operates pumps and valves.

Special Revenue Fund: A governmental fund, which is used to account for activities in which a specific revenue source is legally restricted for a specific activity.

Tap Fees: Fees charged to join or to extend an existing utility system.

Tax Anticipation Notes: Short-term, interest bearing note issued by a government in anticipation of tax revenues to be received at a later date.

Taxes: Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. The term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments. Neither does the term include charges for services rendered only to those paying such charges as, for example, sewer service charges.

Tax Levy: The resultant product when the tax rate per one hundred dollars is multiplied by the tax base.

Tax Rate: An amount applied to the taxable value of assessed property, expressed as so many cents per \$100 of assessed property.

Tax Roll: The official list of taxable property for a given tax year and the amount of taxes levied against each taxpayer.

Texas Municipal Retirement System (T.M.R.S.): An agent multiple-employer public retirement system. Hudson Oaks provides pension benefits for all permanent employees through a joint contributory plan in the state wide Texas Municipal Retirement System.

Utility Franchise Tax: A tax paid by the utilities for a special privilege granted by the Hudson Oaks City Council, permitting the continued use of public property, such as city streets, and usually involving the elements of monopoly and regulation.

Warrants: A legal writ authorizing an officer to make an arrest, seizure, or search.



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**City of Hudson Oaks
Texas**

For the Fiscal Year Beginning

October 01, 2020

Christopher P. Morrill

Executive Director



CITY OF HUDSON OAKS

