

the **fy17** annual budget for the  
**city of hudson oaks, texas**

# table of contents

## introductory

**06**

transmittal letter

**08**

strategic plan

**10**

about coho

**12**

executive summary

**16**

fund summary

**18**

financial outlook

**22**

consolidated financials

**24**

staffing summary

## general fund

**26**

fund summary

**32**

administrator's office

**34**

city council

**36**

municipal court

**38**

parks & recreation

**40**

planning & development

**42**

police department

**44**

streets

enterprise fund

**46**

fund summary

**52**

water

**54**

sewer

other funds

**58**

dyegard

**60**

deer creek

**62**

stormwater utility

**64**

special events

appendices

**68**

capital projects

**70**

debt schedules

**74**

budget process

**76**

financial policies

**78**

glossary

# introductory



**HUDSON OAKS**

# city administrator's message

## Honorable Mayor & City Council,

By its nature, a budget requires compromise, strategic allocation of resources, and difficult decisions. For this reason, the quality of a budget must be measured not just by the decisions that were made, but by the input and direction that guide its development.

Thanks to the ongoing engagement of this community, and the leadership of this City Council, the FY17 budget continues the City's focus on achieving the comprehensive and strategic plans that have been established since 2012.

Those goals include:

- \* The City will continue to operate without an ad valorem tax;
- \* Improve resident access to outdoor recreational activities;
- \* Provide quality, safe, and attractive neighborhoods;
- \* Improve the visual integrity of Hudson Oaks' corridors;
- \* Make Hudson Oaks distinguishable from adjacent communities.

During FY16, the City made great strides in achieving these goals. The **Hudson Oaks Bridge Project**, which provides both significant traffic improvements as well as aesthetic enhancements and landscaping along the City's primary transportation corridor, began in June 2016.

Design nears completion on the **Oykey Corridor public improvements**, which will allow for a walkable, pedestrian-oriented mixed-use development and creation of a safe, family-friendly downtown area. Construction is expected to

begin in 2017.

The inaugural **Craft & Cork**, a wine and craft beer event, was held in November 2015 to rave reviews. This signature event provides a unique opportunity for our residents to enjoy our City parks, and highlights the great relationship the City has with our local business owners.

The City received a Green Ribbon grant for the **I-20 Vision Project**, which will install more than 200 trees along the primary interstate corridor through town. This project will make the drive through Hudson Oaks a truly unique experience.

Leveraging our relationships with neighboring cities and Parker County, the City was able to **resurface nearly 3 miles of streets in our residential neighborhoods**.

And finally, the City approved a 338-unit, mixed-use, **multi-family development** in front of Splash Kingdom Waterpark. This development will provide high-end density and additional retail space, increasing our ability to attract new businesses to Hudson Oaks. By working collaboratively with the developer, we were able to achieve this goal in a way that allows the City to continue operating without a property tax for the foreseeable future.

## 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 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.

## FY17 Budget Environment

This budget catches Hudson Oaks in a transition period. Several major transportation projects are either in construction or are set to begin in the next few months. These projects will provide the opportunity for significant retail and commercial development to occur. Similarly, the development pipeline is loaded with projects that will provide

a substantial boost to the City's long term economic health.

However, until those projects are completed, it is crucial that our budget remain as conservative as possible to allow for maximum flexibility during this period. We have taken care in this budget to avoid the addition of major operating items that would add long-term obligations without direct funding sources. Once these projects are complete, new revenue sources will be available to consider service expansions and enhancements.

## Major Items in FY17

While there are few major operational changes in this budget, you will find some noteworthy changes. Significantly, you will find the inclusion of debt service related to the 2016 CO issuances in the General Fund. These bonds provide funding for the Hudson Oaks Bridge Project, Centerpoint Bridge Project, and Oykey Corridor Project, as well as the installation of fiber-optic cable throughout most of the City.

Additionally, this budget includes a new Stormwater Utility Fund. This department is funded by a stormwater utility fee, and is a perfect example of how being property tax free encourages staff to find direct funding sources to address service needs.

## 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. It is an honor to serve the residents of Hudson Oaks, and I thank you for the continued opportunity to do so.

Patrick Lawler  
City Administrator

# strategic plan

approved june 13, 2014

## vision statement

Hudson Oaks is an entrepreneurial city that leverages its location and unique status as a property tax free municipality to attract residents and businesses and fund facilities and services

## mission statement

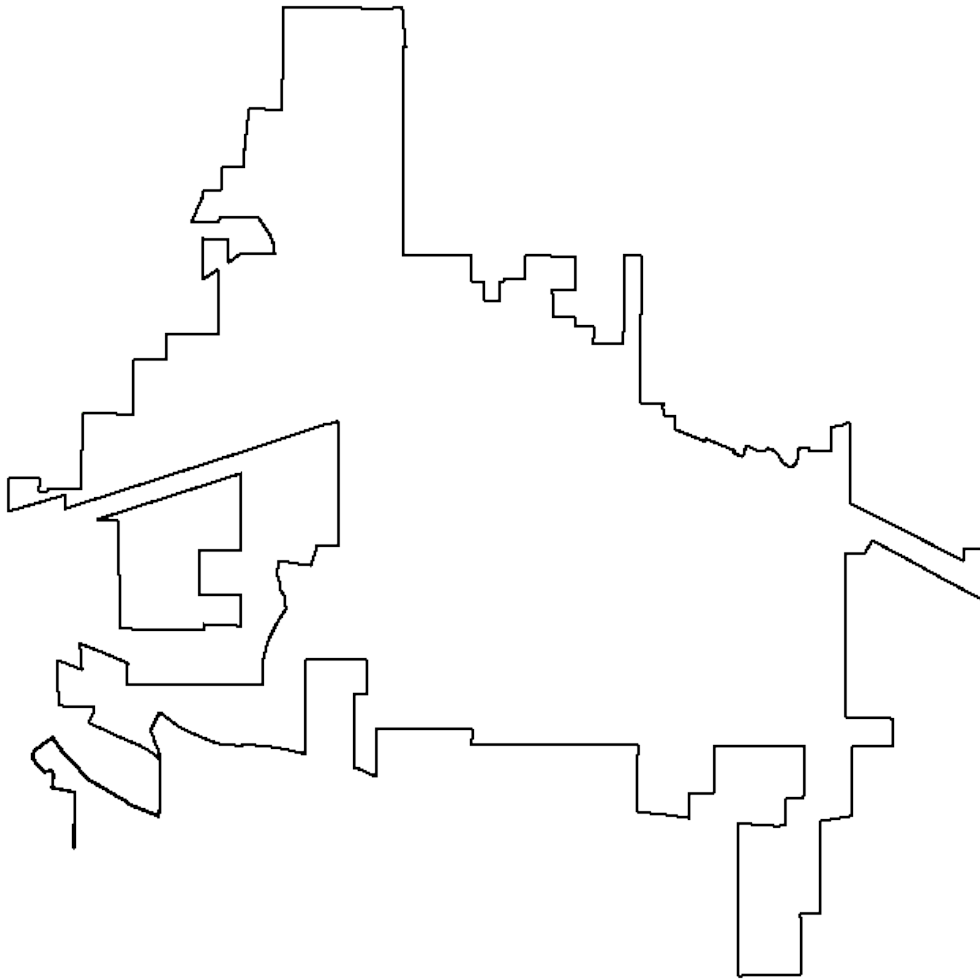
City Council services the Citizens of Hudson Oaks with an unwavering commitment to maintain and preserve a property tax free, yet proactive and even entrepreneurial city.



1. Out of an unwavering commitment to (and desire to maintain) a property tax free Hudson Oaks, focus on diversifying the local economy and collecting new revenue sources.
2. Leverage the lack of property taxes as Hudson Oaks' unique, entrepreneurial development, and revenue generating incentive.
3. Work the Hudson Oaks Thoroughfare Plan - and work with the Texas Department of Transportation (TxDOT) as a project teammate (i.e., Plan the work).
4. Partner with the City's existing businesses to further Hudson Oaks' brand and image, foster more revenue-generating enterprises, and generate the economic development resources the City is presently lacking.
5. Continue to aggressively market Hudson Oaks' existing parcels and foster development through public/private partnerships to avoid being sandwiched between developments in Weatherford and Fort Worth.

# 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 Texas



## Top Taxpayers

**Wal-mart**

**Jerry Durant Auto Group**

**Southwest Auto Group**

## Utilities

**Weatherford Electric**

**Oncor**

**Tri-County Electric Cooperative**

## Healthcare

**Texas Health Neighborhood Care and  
Wellness**

**Weatherford Regional Medical Center**

## Recreation

**Gene Voyles Park**

**Splash Kingdom Water Park**

**City Lights Cinema**

## 2,160 population

49% male / 51% female

## 47.5 median age

48.4 male / 47.0 female

## 776 housing units

\$231,700 median value

## 2.86 average family size

28% households with children under 18

## mean household income \$121,136

up from \$69,545 in 2000

## 36% bachelor's degree or higher

93% high school graduate or higher

## 73% two-income households

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

## 26.7 minutes

average commute time

# 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 FY17. 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.

### **Transportation Improvements**

Hudson Oaks' strategic location at the convergence of US 180 and IH-20 provides a unique set of challenges. Despite a population of just over 2,000, more than 70,000 cars per day drive through Hudson Oaks on IH-20, and more than 40,000 on US 180. Partnering with Parker County and the Texas Department of Transportation (TxDOT), Hudson Oaks has been able to leverage local funds for projects totaling more than \$50m in the next 3-5 years. These projects will provide transportation enhancements to accommodate the high growth in this area while providing additional retail-oriented development.

The Hudson Oaks Bridge Project is currently under construction (more details about this project can be found on page 66), while the Centerpoint Project is slated to begin in 2017 (more details about this project can be found on page 66). Both of these projects were made possible by the City's relationship with Parker County and TxDOT.

The Oykey Corridor project (more details can be found on page 66) was originally planned for the 2020-2023 timeline. However, the reception by residents and the development community has allowed this project to be accelerated into 2017.

### 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. However, a new wholesale rate will go into effect in FY17 which will begin to change 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, and this change will require modifications to the water rate structure. The first phase of a two-phase rate adjustment was implemented in FY15, and the second phase is expected to be implemented in FY18.

### Commercial Development

Hudson Oaks is poised for major commercial development in the coming years. While this new development will bring increases in population and sales tax revenue, this revenue will lag a year or two behind the costs necessary to make the development occur. One major project that is expected to begin in the fall of 2017 is Creekside at Hudson Oaks, a mixed-use development featuring high-end multi-family and retail. Other projects include a walkable mixed-use development which is part of the Oykey Corridor project, and the construction of an H-E-B grocery.

### High Speed Internet

Despite favorable demographics, Hudson Oaks residents and businesses have faced challenges acquiring reliable high-speed Internet. In an effort to better network City facilities while simultaneously remedying this concern of our

residents, the City will be installing approximately 22 miles of fiber-optic cable throughout most of Hudson Oaks.

### 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.

This budget falls somewhere in the middle. Hudson Oaks is in a period of great transition. Revenues are growing at a healthy pace, and the fruits of many years of effort by the entire community are beginning to pay off. However, until the projects listed in the previous section are completed, the City's ability to expand upon existing services or add new programs will be limited. **The primary goal of the FY17 budget is to maintain existing service levels while covering the up-front costs associated with those projects until they begin generating new revenues for the City.**

There are very few new projects or service level enhancements included in this budget. The single most important priority was to fully-fund the debt service associated with the 2016 debt issuance (which will pay for street construction projects and the Hudson Oaks Fiber project). The City began laying the groundwork for funding these obligations three 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 Oykey Corridor project requires the use of

this page was intentionally left blank

# executive summary (cont.)

fund balance in FY17 until dedicated revenue associated with Creekside at Hudson Oaks is available.

The **primary concern** heading into the FY17 budget was ensuring adequate cash flow for continued operations and new projects. 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 continued to see significant growth. As a sales tax dependent city, development that enhances the sales tax base is of vital importance. Although sales tax growth has been substantial over the past few years (the 12-month moving average is 12.5% higher than the prior year), the City will continue to conservatively project future growth due to the volatile nature of that revenue source.

Another major revenue source, building permits, are also expected to see significant growth in the coming years, as several major developments are expected to begin. Even a single large project can result in a significant increase in permit revenue. 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](http://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.

# fund summary

## governmental funds

standard governmental activities

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

**Court Funds\*** - funds used to account for special revenue related to the 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. Water rates pay directly for the operations of the water system.

**Sewer Fund** - accounts for sewer operations. Sewer rates pay directly for the operations of the sewer system.

**Dyegard Fund** - accounts for the operations of to the Dyegard water system. Water rates pay directly for the operations of the system.

**Deer Creek Fund** - accounts for the contractual operations of the Deer Creek water system. Hudson Oaks operates the sytem on behalf of the Town of Annetta.

**Stormwater Utility** - new in FY17, this fund accounts for operations of drainage programs.

**Solid Waste Utility\*** - 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 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.

\* Not explicitly appropriated, but included in audited financial statements



how the city's departments and funds are associated with each other

	admin	mayor and council	municipal court	parks & rec	planning	police	public works	streets
General Fund	x	x	x	x	x	x		x
Court Technology			x					
Court Security			x					
Police Seizure						x		
Special Events	x			x		x		
Water	x						x	
Sewer							x	
Dyegard							x	
Deer Creek							x	
Stormwater Utility							x	x
Solid Waste							x	
General Capital Projects	x							x
Utility Capital Projects							x	
General Debt Service							x	
Utility Debt Service	x							x

# financial outlook

## general fund

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

The significant operational deficit projected in FY17 is related to the first year of debt service on the Oykey Corridor Phase One project. This shortfall is being funded on a one-time basis by permit fees associated with the Creekside at Hudson Oaks development, and will be funded on an ongoing basis from the Payment in Lieu of Taxes (PILOT) assessed on that development.

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.

The General Fund has a reserve requirement of 30%, which is met or exceeded in each year of the forecast.

	FY17	FY18	FY19	FY20	FY21
<b>Beginning Balance</b>	<b>\$1,183,813</b>	<b>\$1,033,813</b>	<b>\$1,079,083</b>	<b>\$1,171,537</b>	<b>\$1,275,308</b>
<b>Revenues</b>					
Taxes	2,100,300	2,343,309	2,413,608	2,486,017	2,560,597
Licenses & Permits	219,500	223,890	223,890	223,890	223,890
Court Fines & Fees	82,065	82,065	82,065	89,815	89,815
Intergovernmental	33,185	33,849	34,526	35,216	35,921
Lease Revenue	21,750	21,750	21,750	21,750	21,750
Other Revenue	14,200	12,700	12,700	13,000	13,000
<b>Total Revenue</b>	<b>2,475,000</b>	<b>2,719,063</b>	<b>2,790,039</b>	<b>2,871,188</b>	<b>2,946,473</b>
<b>Expenditures</b>					
Personal Services	1,208,642	1,296,988	1,348,867	1,402,822	1,458,935
Professional Svcs	281,300	286,926	292,665	298,518	304,488
Supplies	25,850	26,367	26,894	27,432	27,981
Operations	227,250	231,795	236,431	241,160	245,983
Maintenance	57,000	58,140	59,303	60,489	61,699
Capital Outlays	245,500	199,410	203,398	207,466	211,615
Debt Service	579,459	547,167	530,027	529,530	504,678
<b>Total Expenditures</b>	<b>2,625,000</b>	<b>2,673,793</b>	<b>2,697,585</b>	<b>2,767,416</b>	<b>2,815,379</b>
<b>Over/(Under)</b>	<b>(150,000)</b>	<b>45,270</b>	<b>92,454</b>	<b>103,771</b>	<b>131,049</b>
<b>Ending Balance</b>	<b>1,033,813</b>	<b>1,079,083</b>	<b>1,171,537</b>	<b>1,275,308</b>	<b>1,406,402</b>
Reserve Requirement	39%	41%	44%	47%	51%

## 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 will change the way the City's water system operates moving forward. In FY17, the Hudson Oaks water system will start drawing more consistently on wholesale water, rather than using that source for peaking. This will have a negative impact on the budget for this fund, and is expected to result in a rate increase in FY18 or FY19.

At the time of budget approval, a reasonable amount of uncertainty existed as it related to this change. Therefore, the five-year forecast conservatively assumed a rate increase in FY18 in order to accommodate the increased cost of wholesale water. Despite the expected rate increase, Hudson Oaks will still be among the lowest rates in Parker County.

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

	FY17	FY18	FY19	FY20	FY21
<b>Beginning Balance</b>	<b>\$733,740</b>	<b>\$930,240</b>	<b>\$1,091,190</b>	<b>\$1,239,099</b>	<b>\$1,354,327</b>
<b>Revenues</b>					
Water Service	1,110,000	1,228,300	1,265,149	1,303,103	1,342,197
Sewer Service	320,000	326,400	345,984	352,904	359,962
Other Sources	138,500	144,040	149,802	155,794	162,025
Total Revenue	1,568,500	1,698,740	1,760,935	1,811,801	1,864,184
<b>Expenditures</b>					
Personal Services	418,000	434,720	452,109	470,193	489,001
Professional Svcs	71,000	73,130	75,324	77,584	79,911
Supplies	42,500	43,775	45,088	46,441	47,834
Operations	402,500	517,575	543,454	570,626	599,158
Maintenance	60,500	62,315	65,431	68,702	72,137
Capital Outlays	0	25,000	25,000	15,000	10,000
Debt Service	377,500	381,275	406,620	448,027	449,519
Total Expenditures	1,372,000	1,537,790	1,613,025	1,696,573	1,747,560
<b>Over/(Under)</b>	<b>196,500</b>	<b>160,950</b>	<b>147,909</b>	<b>115,227</b>	<b>116,623</b>
<b>Ending Balance</b>	<b>930,240</b>	<b>1,091,190</b>	<b>1,239,099</b>	<b>1,354,327</b>	<b>1,470,950</b>
Reserve Requirement	68%	71%	77%	80%	84%

# financial outlook (cont.)

## dyegard fund

Due to the FY17 rate increase, the Dyegard Fund is now in much better fiscal health, and will continue to improve in the five-year forecast window.

	FY17	FY18	FY19	FY20	FY21
Revenue	254,000	256,540	259,105	261,969	264,313
Expenditures	242,000	246,565	246,911	252,393	252,892
Over/(Under)	12,000	9,975	12,195	9,304	11,421

## 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.

	FY17	FY18	FY19	FY20	FY21
Revenue	225,972	232,751	239,734	246,926	254,333
Expenditures	177,000	226,082	232,178	238,499	245,051
Over/(Under)	48,972	6,670	7,555	8,427	9,282

## 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.

	FY17	FY18	FY19	FY20	FY21
Revenue	169,000	179,000	190,000	197,000	205,000
Expenditures	80,000	87,975	147,110	196,125	200,146
Over/(Under)	89,000	91,025	42,890	875	4,854

## special events fund

Also new in FY16, the Special Events Fund was created 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.

	FY17	FY18	FY19	FY20	FY21
Revenue	162,500	169,000	175,760	182,790	190,102
Expenditures	126,000	128,580	131,214	133,903	136,649
Over/(Under)	36,500	40,420	44,546	48,887	53,453

# consolidated financials

	Estimated Available Undesignated Cash Balance	Estimated Revenues	Transfers from Other Funds
General Fund	\$1,408,802	\$2,475,000	\$15,000
Enterprise Fund	1,437,224	1,568,500	-
Other Funds			
Dyegard Fund	(11,280)	254,000	-
Deer Creek Fund	118,347	225,972	-
Stormwater Utility Fund	(105,863)	169,000	-
Special Events Fund	(17,859)	162,500	-
<b>Total</b>	<b>2,829,371</b>	<b>4,854,972</b>	<b>15,000</b>

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
\$3,898,802	\$2,045,541	\$579,459	\$1,273,802
3,005,724	994,500	377,500	1,633,724
242,720	242,000	-	720
344,319	177,000	-	167,319
63,137	80,000	-	(16,863)
144,641	126,000	15,000	3,641
<b>7,699,343</b>	<b>3,665,041</b>	<b>971,959</b>	<b>3,062,343</b>

# staffing summary

## org chart

### Hudson Oaks Residents

City Council

Boards and Commissions

Municipal Court Judge

City Attorney

City Administrator

Economic Development  
Planning & Development  
Enterprise Fund (Water & Sewer)  
Dyegard Water System  
Deer Creek

Assistant City Administrator

Finance & Budget  
Municipal Court  
Facilities Maintenance  
Parks & Recreation  
Street Maintenance  
Stormwater Utility

City Secretary

Human Resources

Chief of Police

Police Department



**position schedule**

In FY17, some minor adjustments to the police department are being implemented. One administrative position will be reduced, while a new patrol position will be added mid-year. The new patrol position will have full-year funding starting in Fy18.

	fy15	fy16	fy17
City Administrator	1.0	1.0	1.0
Assistant City Administrator	1.0	1.0	1.0
City Secretary	1.0	1.0	1.0
Finance Analyst	1.0	1.0	1.0
Operations Coordinator	1.0	1.0	1.0
Facilities Manager	1.0	1.0	1.0
Maintenance Worker I	1.0	1.0	1.0
Water Superintendent	1.0	1.0	1.0
Water Operator I	1.0	1.0	1.0
Utility Worker I	2.0	2.0	2.0
Chief of Police	1.0	1.0	1.0
Sergeant	2.0	2.0	1.0
Corporal	2.0	2.0	2.0
Police Officer	6.0	6.0	6.5
Property & Evidence Technician	1.0	1.0	1.0
<b>Total</b>	<b>23.0</b>	<b>23.0</b>	<b>22.5</b>

**general fund**

The General Fund is the primary operating fund of the City of Hudson Oaks. Nearly all governmental functions are included in this fund, and are supported by general taxes and fees, as well as other revenues whose use is not strictly determined by law.

Primary revenue sources include sales taxes (which account for nearly 75% of all revenue), franchise fees, building permits and inspection fees, health inspection fees, court fines and fees, interest earnings, intergovernmental transfers, and other miscellaneous items.

These revenues support the primary governmental functions of the City, such as administration, municipal court, police services, planning and development, street maintenance, facilities and parks, and the City Council.

This fund uses the modified accrual form of accounting.



**HUDSON OAKS**

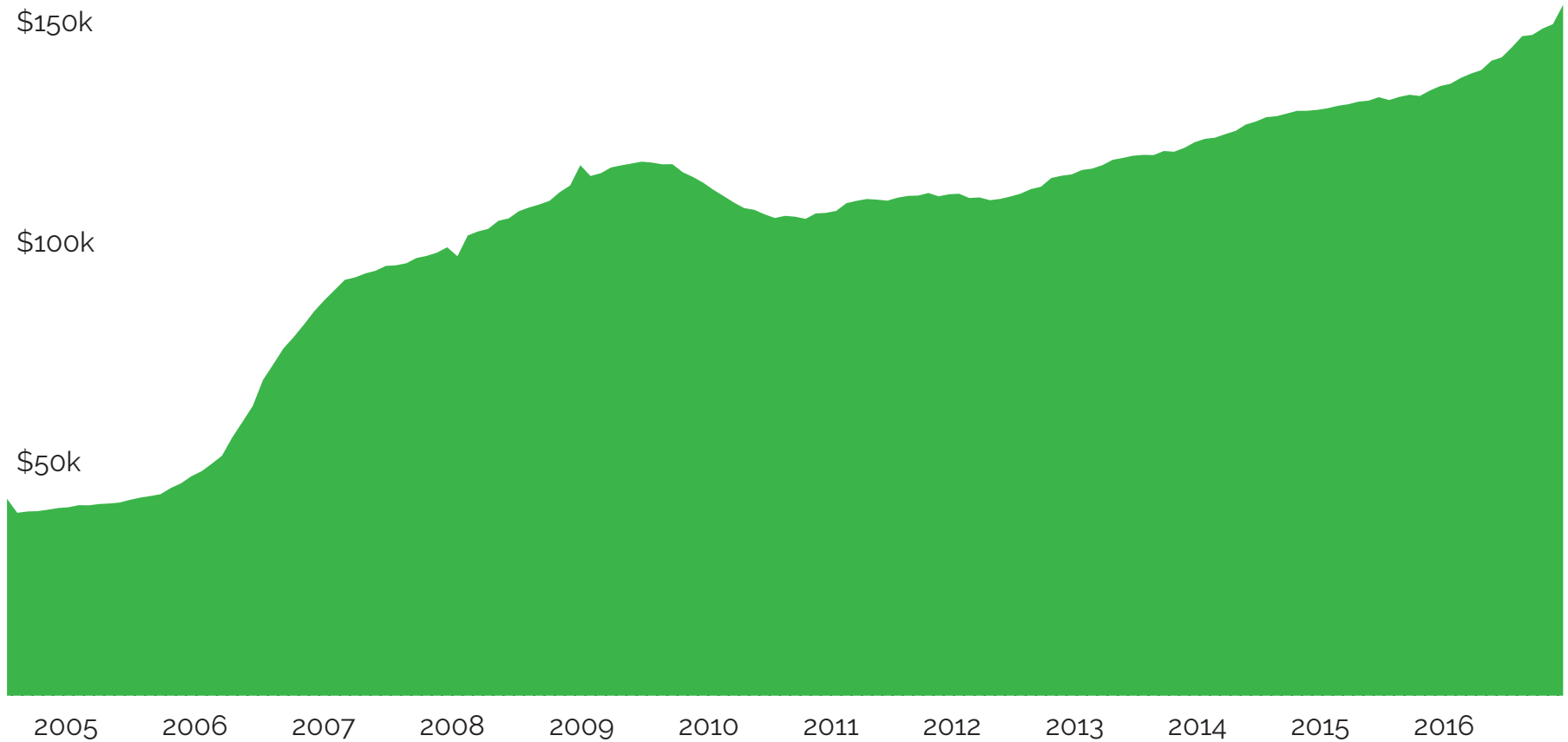
# historical sales tax

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.

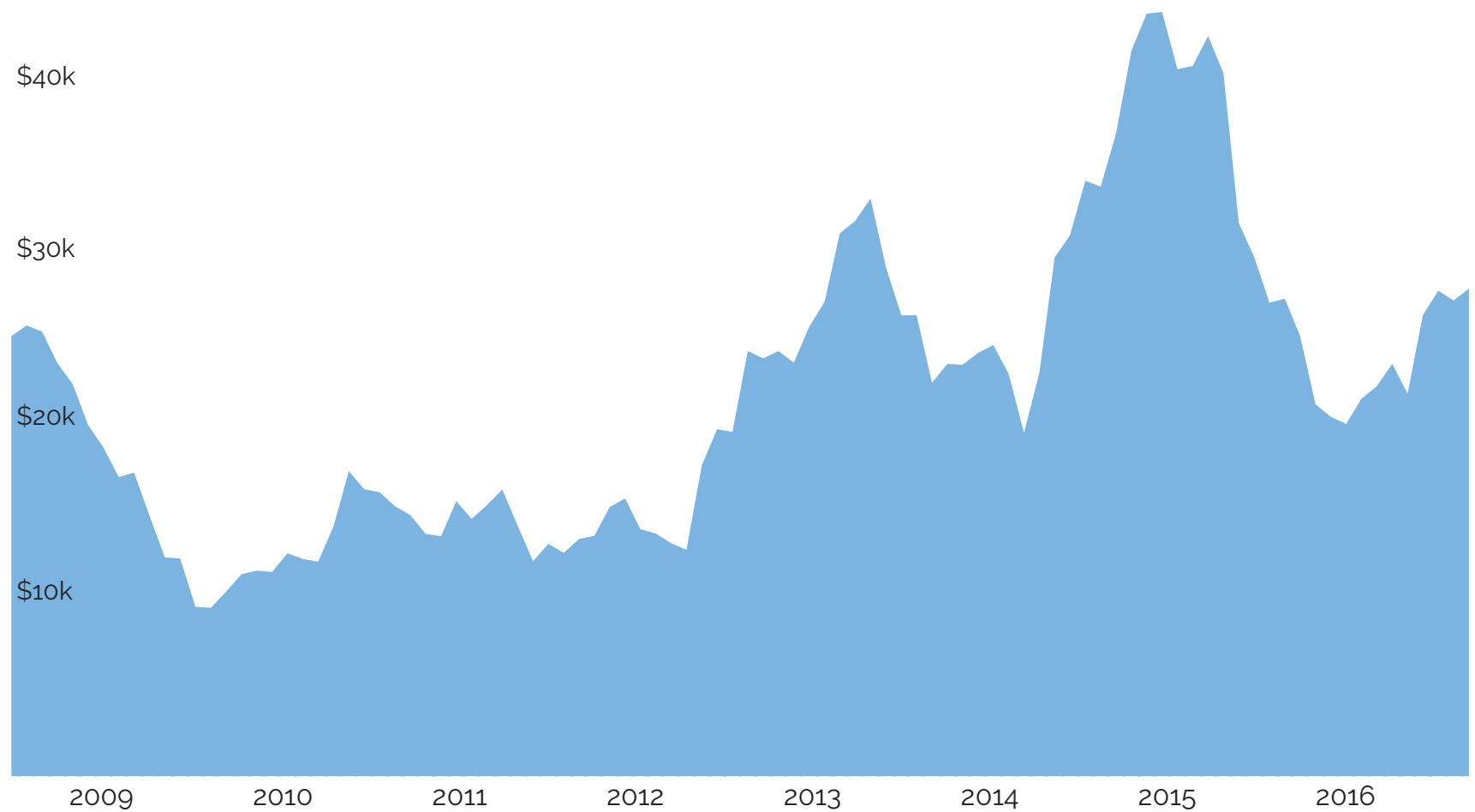


This chart shows the 12-month average of sales tax revenue by month since FY04

# 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.

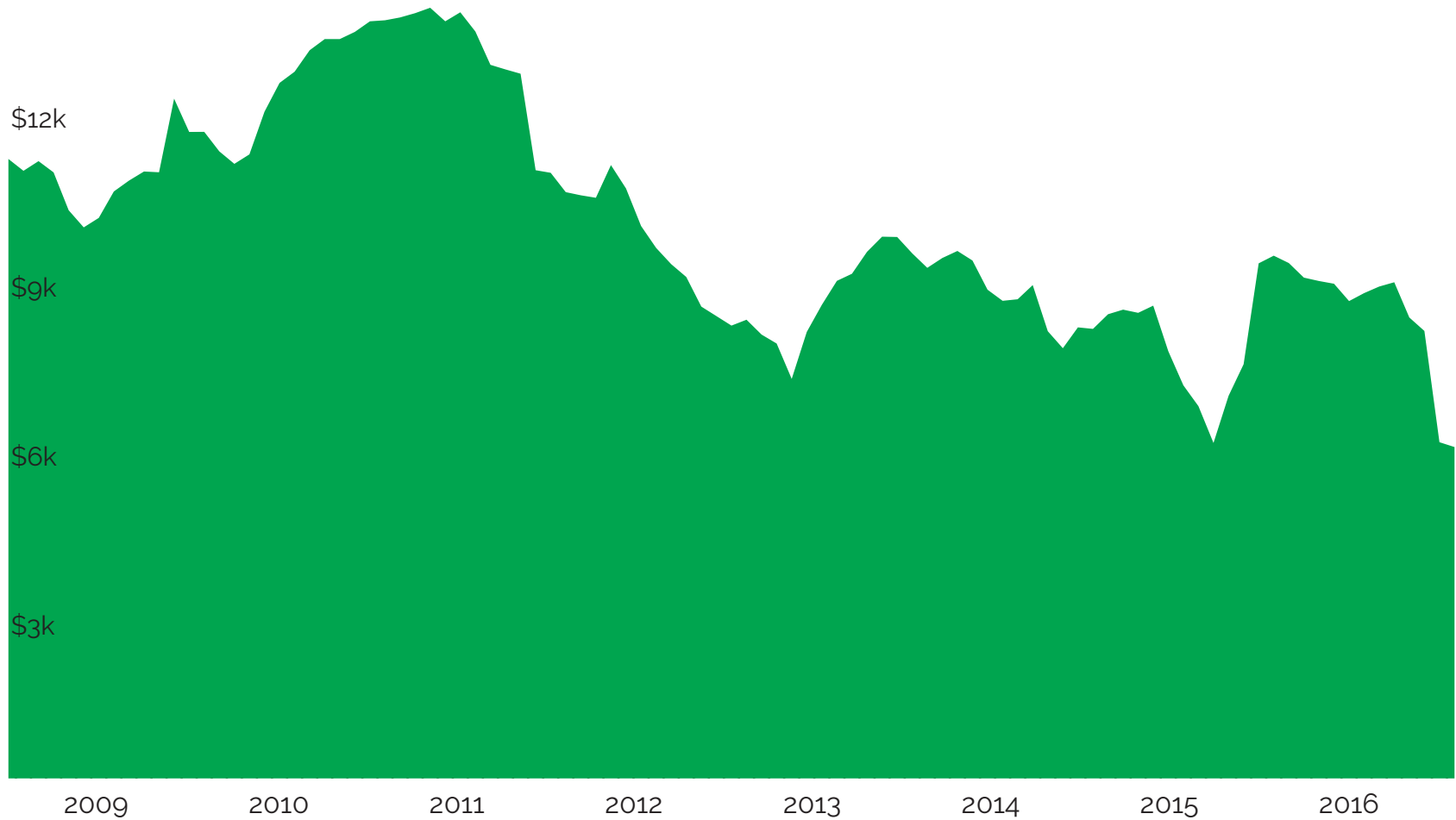
This approach helps alleviate concerns about becoming dependent on the one-time revenue associated with growth for ongoing expenditures.



This chart shows the 12-month average of sales tax revenue by month since FY04

# court fines and 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 average of sales tax revenue by month since FY04

# historical & projected

	FY15*	FY16**	FY17	FY18	FY19	FY20	FY21
<b>Beginning Balance</b>	<b>\$948,361</b>	<b>\$1,050,203</b>	<b>\$1,183,813</b>	<b>\$1,033,813</b>	<b>\$1,079,083</b>	<b>\$1,171,537</b>	<b>\$1,275,308</b>
<b>Revenues</b>							
Taxes	1,879,218	2,117,054	2,100,300	2,343,309	2,413,608	2,486,017	2,560,597
Licenses & Permits	333,048	343,614	219,500	223,890	223,890	223,890	223,890
Court Fines & Fees	109,522	81,095	82,065	82,065	82,065	89,815	89,815
Intergovernmental	33,075	45,077	33,185	33,849	34,526	35,216	35,921
Lease Revenue	21,014	21,780	21,750	21,750	21,750	21,750	21,750
Other Revenue	277,594	116,632	14,200	12,700	12,700	13,000	13,000
<b>Total Revenue</b>	<b>2,632,457</b>	<b>2,703,470</b>	<b>2,475,000</b>	<b>2,719,063</b>	<b>2,790,039</b>	<b>2,871,188</b>	<b>2,946,473</b>
<b>Expenditures</b>							
Personal Services	1,111,365	1,261,761	1,208,642	1,296,988	1,348,867	1,402,822	1,458,935
Professional Svcs	342,035	293,853	281,300	286,926	292,665	298,518	304,488
Supplies	35,607	42,258	25,850	26,367	26,894	27,432	27,981
Operations	416,638	269,648	227,250	231,795	236,431	241,160	245,983
Maintenance	59,946	65,283	57,000	58,140	59,303	60,489	61,699
Capital Outlays	159,669	260,711	245,500	199,410	203,398	207,466	211,615
Debt Service	405,354	376,347	579,459	547,167	530,027	529,530	504,678
<b>Total Expenditures</b>	<b>2,530,615</b>	<b>2,569,860</b>	<b>2,625,000</b>	<b>2,673,793</b>	<b>2,697,585</b>	<b>2,767,416</b>	<b>2,815,379</b>
<b>Over/(Under)</b>	<b>101,842</b>	<b>133,610</b>	<b>(150,000)</b>	<b>45,270</b>	<b>92,454</b>	<b>103,771</b>	<b>131,049</b>
<b>Ending Balance</b>	<b>1,050,203</b>	<b>1,183,813</b>	<b>1,033,813</b>	<b>1,079,083</b>	<b>1,171,537</b>	<b>1,275,308</b>	<b>1,406,402</b>
Reserve Requirement	41%	46%	39%	41%	44%	47%	51%

\* Actual \*\* Unaudited

# administration

## department overview

### staffing

- city administrator
- assistant city administrator
- city secretary
- finance analyst
- operations coordinator

### strategic goals

- Provide professional management of the day-to-day operations of the city.
- Implement the policy priorities of the City Council in an efficient and cost-effective manner, utilizing best practices and innovative techniques.
- Provide timely, relevant data, and professional opinions of policy options to inform the strategic decisions of the City Council.

## budget summary

	fy14 actual	fy15 actual	fy16 budget	fy16 projected	fy17 approved
Personal Services	\$219,269	\$226,921	\$237,800	\$242,793	\$267,096
Professional Services	288,238	102,224	98,500	81,760	97,500
Supplies	13,604	11,792	8,200	11,732	8,200
Operations	122,761	292,651	75,200	72,523	75,200
Maintenance & Repairs	209	-	300	300	300
Capital Outlays	3,888	79,251	4,500	4,500	4,500
Debt Service	109,900	192,741	110,500	179,250	110,450
<b>Total</b>	<b>757,869</b>	<b>905,581</b>	<b>535,000</b>	<b>592,858</b>	<b>563,246</b>



## 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, water and wastewater, and police services.

The **assistant city administrator** supervises finance and budget, streets, parks, and facilities maintenance.

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 **finance analyst** is responsible for day-to-day accounting, payroll, accounts payable, investments, and debt management.

The **operations coordinator** provides

support for municipal court operations and permitting.

## accomplishments

Completed issuance of \$6.5m in Certificates of Obligation for strategic plan projects including the Hudson Oaks Bridge, Centerpoint Bridge, and Oykey Corridor projects as well as the Hudson Oaks Fiber project.

Implemented a new work order system.

Successfully assumed ownership of Parker County's largest July 4th fireworks show, Boomin' 4th.

## statistics

### Percentage of work orders completed within 1 business day

FY15: n/a  
 FY16: 48%  
 FY17: 75% (goal)

**About:** Unless a work order has an explicit due date requirement (e.g., establishing new water service on the move-in day), they are expected to be addressed by the end of the following business day.

Beginning in October, 2016, daily email reminders are being sent to employees regarding the status of outstanding work orders to improve this turnaround time.

# mayor & council

## department overview

### staffing

mayor  
city council members (5)

### strategic goals

Establish the over-arching policy priorities for the City.

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

## budget summary

	fy14 actual	fy15 actual	fy16 budget	fy16 projected	fy17 approved
Personal Services	-	-	-	-	-
Professional Services	-	-	-	-	-
Supplies	231	20	250	250	250
Operations	5,152	7,482	4,250	4,083	4,750
Maintenance & Repairs	-	-	-	-	-
Capital Outlays	-	-	-	-	-
Debt Service	-	-	-	-	-
<b>Total</b>	<b>5,383</b>	<b>7,502</b>	<b>4,500</b>	<b>4,333</b>	<b>5,000</b>

## 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

In FY16, the City Council oversaw the issuance of approximately \$6.5m in Certificates of Obligation for various projects related to the Strategic Plan. These projects will provide improved traffic flow and Internet connectivity throughout the City.

The City Council approved funding for beautification projects including the repainting of the water tower, neighborhood entry signage, and the grant funded I-20 Vision Project. All of these programs address the Strategic Plans call for improving the aesthetics of the City's primary corridors.

## statistics

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

# municipal court

## department overview

### staffing

operations coordinator  
municipal 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.

## budget summary

	fy14 actual	fy15 actual	fy16 budget	fy16 projected	fy17 approved
Personal Services	\$20,630	\$17,273	\$23,200	\$23,430	\$24,200
Professional Services	19,378	14,907	23,200	23,250	22,200
Supplies	272	98	1,400	1,400	1,400
Operations	14,149	16,534	13,200	10,200	13,200
Maintenance & Repairs	-	-	-	-	-
Capital Outlays	-	-	-	-	-
Debt Service	-	-	-	-	-
<b>Total</b>	<b>54,428</b>	<b>48,812</b>	<b>61,000</b>	<b>58,280</b>	<b>61,000</b>

## duties

Under the direction fo the assistant city administrator, the **operations coordinator** is responsible for the day-to-day administration of the municipal court, including procesing 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.

## accomplishments

In FY16, the Municipal Court completed its transition to a paperless workflow. Although the Police Department still issues citations on paper, once those citations are received and entered by the Court, the remainder of the process is now paperless.

In FY16, court staff completed several enhanced training opportunities, which will allow for more efficient operations.

## statistics

### Percentage of cases stored in digital document management

FY15: 0%  
 FY16: 65%  
 FY17: 100% (goal)

**About:** The City's digital document management solution streamlines case management, so it is important that all cases be stored within it.

### Percentage of tickets entered within 2 business days of being written

FY15: n/a  
 FY16: n/a  
 FY17: 90% (goal)

**About:** When a ticket is issued, it is reviewed by Police Department supervisors prior to being delivered to the Court for processing. This measure evaluates the coordination and communication between both departments to ensure the timely handling of citations.

# parks & recreation

## department overview

### staffing

facilities manager  
 maintenance worker I

### 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.

## budget summary

	fy14 actual	fy15 actual	fy16 budget	fy16 projected	fy17 approved
Personal Services	\$19,896	\$25,396	\$16,900	\$27,372	\$26,700
Professional Services	6,053	2,268	3,200	1,500	3,200
Supplies	2,324	817	1,500	2,015	1,500
Operations	0	60	100	100	100
Maintenance & Repairs	25,688	29,196	25,300	25,848	27,500
Capital Outlays	1,460	-	-	50,000	-
Debt Service	-	-	-	-	-
<b>Total</b>	<b>55,421</b>	<b>57,737</b>	<b>47,000</b>	<b>106,835</b>	<b>59,000</b>

## duties

Under the supervision of the assistant city administrator, 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.

## accomplishments

Implemented a smart irrigation system at City Hall, reducing the time required to manage the irrigation system and the amount of water needed to maintain Gene Voyles Park.

Constructed a custom-built gazebo to serve as the centerpiece for the city's wine and craft beer event, Craft & Cork.

Identified opportunities for efficiencies through outsourcing US 180 median maintenance.

## statistics

### Gallons of water saved due to Smart Irrigation system

FY15: N/A

FY16: 5,500

FY17: 150,000 (goal)

**About:** The new irrigation systems use sophisticated algorithms to maintain adequate watering as efficiently as possible. Irrigation at City Hall accounts for nearly 1% of all water consumption in Hudson Oaks. Reducing this amount by even 10% can result in enormous benefits to our water system.

### Boomin' 4th visitor satisfaction

FY15: 80%

FY16: 85%

FY17: 90% (goal)

**About:** This measures the satisfaction with the park area used to host the Boomin' 4th fireworks show.

# planning & development

## department overview

### staffing

no direct staffing costs are included in this department

### strategic goals

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

## budget summary

	fy14 actual	fy15 actual	fy16 budget	fy16 projected	fy17 approved
Personal Services	-	-	-	-	-
Professional Services	-	165,319	99,000	274,000	104,000
Supplies	325	-	-	-	-
Operations	-	-	2,000	2,508	2,000
Maintenance & Repairs	-	-	-	-	-
Capital Outlays	-	-	-	-	-
Debt Service	-	-	-	-	-
<b>Total</b>	<b>325</b>	<b>165,319</b>	<b>101,000</b>	<b>276,508</b>	<b>106,000</b>



## 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

In FY16, contract plan review and inspection services were taken out for bid in order to ensure the lowest possible cost.

Implementation of a paperless permit process continued. All permit documentation can now be submitted electronically, and staff can now coordinate all plan reviews with developers in the City's project management software.

## statistics

### Average turnaround for residential permit applications

FY15: 10 days  
 FY16: 9 days  
 FY17: 7 days (goal)

**About:** The maximum acceptable is two weeks, but the goal is one-week turnaround.

### Average turnaround for commercial permit applications

FY15: 12 days  
 FY16: 10 days  
 FY17: 10 days (goal)

**About:** The maximum acceptable is two weeks. The goal for commercial permits is longer because they tend to be more complicated than residential permits.

# police department

## department overview

### staffing

- chief
- sergeant
- corporals (2)
- lieutenants (2)
- officers (6)
- property & 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.
- Engage directly and frequently with residents and businesses to foster a community-wide partnership.

## budget summary

	fy14 actual	fy15 actual	fy16 budget	fy16 projected	fy17 approved
Personal Services	\$796,762	\$818,194	\$831,600	\$853,600	\$863,807
Professional Services	30,281	43,910	37,400	37,400	36,400
Supplies	17,634	16,152	14,500	5,956	14,500
Operations	91,528	90,123	116,000	116,391	122,000
Maintenance & Repairs	34,583	30,750	30,500	29,949	29,200
Capital Outlays	85,148	15,611	23,000	69,433	33,500
Debt Service	79,487	22,954	-	-	-
<b>Total</b>	<b>1,135,423</b>	<b>1,037,694</b>	<b>1,053,000</b>	<b>1,112,739</b>	<b>1,099,407</b>

## 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.

## accomplishments

Implemented an enhanced training regimen.

Implemented a new in-car computer system, allowing officers to file reports electronically from the field instead of having to return to the station.

## statistics

### Percentage of calls for service initiated by an officer

FY15: n/a

FY16: n/a

FY17: 60% (goal)

**About:** Our policing model puts a heavy emphasis on officer initiated contact with residents and business owners.

### Percentage of tickets entered within 2 business days of being written

FY15: n/a

FY16: n/a

FY17: 90% (goal)

**About:** When a ticket is issued, it is reviewed by Police Department supervisors prior to being delivered to the Court for processing. This measure evaluates the coordination and communication between both departments to ensure the timely handling of citations.

# streets

## department overview

### staffing

facilities manager  
maintenance worker

### strategic goals

Maintain an effective and high quality local transportation system.

Address potholes, clogged culverts, and other maintenance issues in a timely manner.

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

## budget summary

	fy14 actual	fy15 actual	fy16 budget	fy16 projected	fy17 approved
Personal Services	\$29,815	\$23,581	\$18,839	\$22,107	\$26,839
Professional Services	79,246	13,408	17,500	15,908	18,000
Supplies	314	6,728	-	5,597	-
Operations	8,836	9,787	10,000	10,000	10,000
Maintenance & Repairs	-	-	-	-	-
Capital Outlays	122,595	64,807	207,500	207,500	207,500
Debt Service	180,922	189,660	182,661	182,661	469,008
<b>Total</b>	<b>424,728</b>	<b>307,970</b>	<b>436,500</b>	<b>443,733</b>	<b>737,347</b>

## duties

Under the direction of the assistant 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, whether a private contractor or through an interlocal

agreement with Parker County.

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

## accomplishments

Micro-surfaced approximately 3 miles of City streets.

Assisted in development of a stormwater utility that will provide additional operational funding for drainage repairs.

## statistics

### Average pavement condition

FY15: 2.7

FY16: 2.85

FY17 (goal): 2.9

**About:** Measures the overall quality of the roads in Hudson Oaks based on the annual pavement assessment. Range of values is 1 (bad) to 4 (good).

### Percentage of budget used on preventive maintenance

FY15: 30%

FY16: 55%

FY17 (goal): 60%

**About:** Measures how effectively our budget is utilized by looking at proactive versus reactive maintenance efforts.

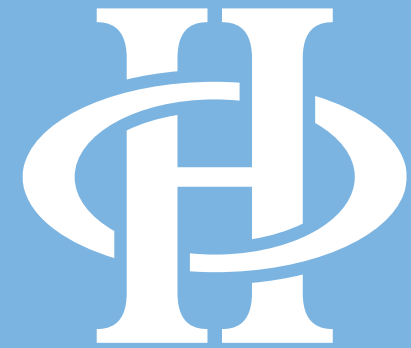
# enterprise fund

The Enterprise Fund is used to account for the operations of the Hudson Oaks water and sewer systems.

These operations are separated from the general governmental functions of the City because they are treated as a business-like activity. As such, the direct charges for water and sewer service are used to fund the operations of those services.

The Hudson Oaks water and sewer systems are fully self-supported. They are not subsidized by the General Fund, nor do they provide a subsidy to the General Fund.

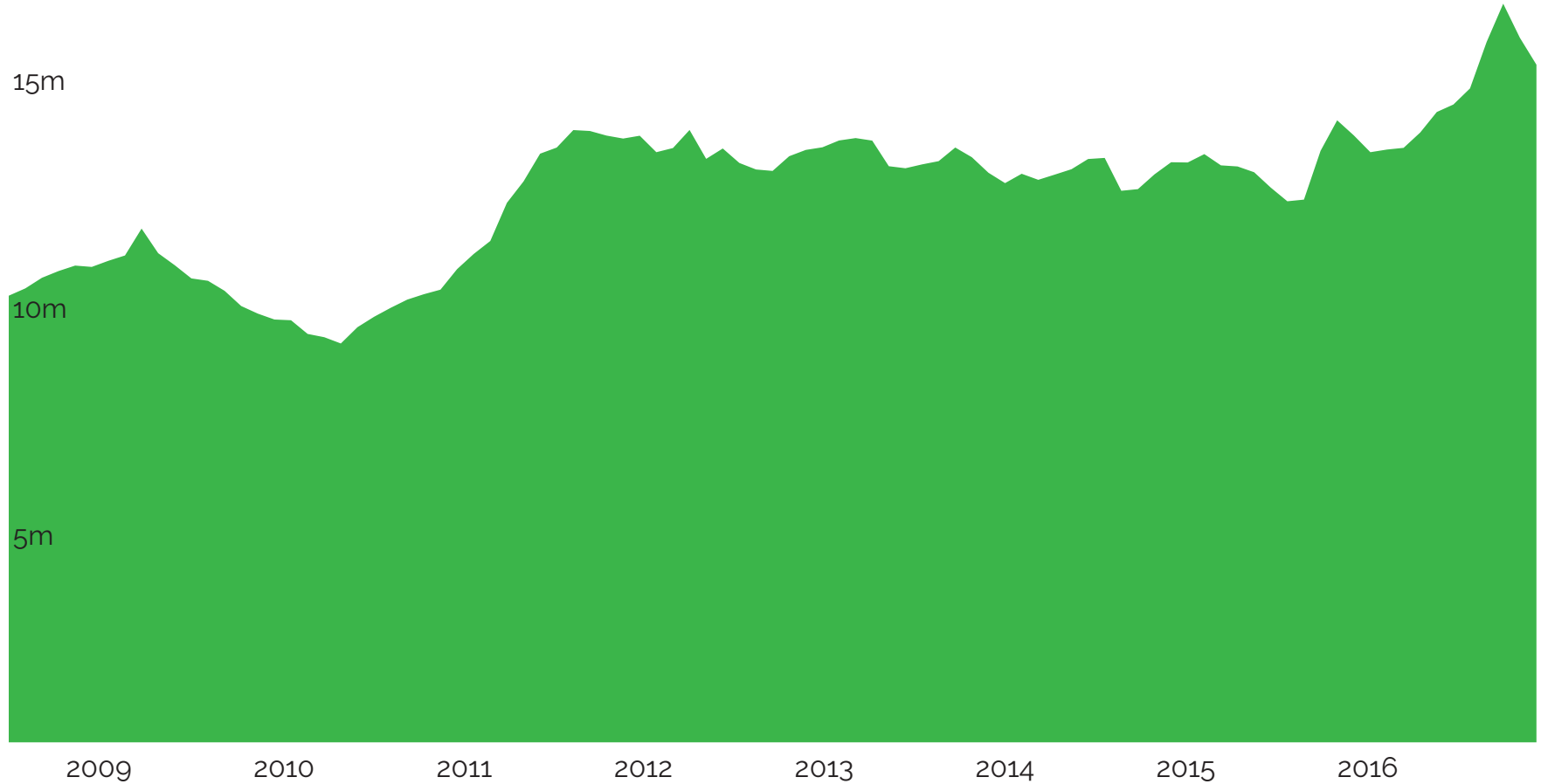
The Enterprise Fund uses the accrual form of accounting, where revenues are recognized when they are available, and expenses are capitalized during the year in which they are spent.



**HUDSON OAKS**

# historical water sales (gallons sold)

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.

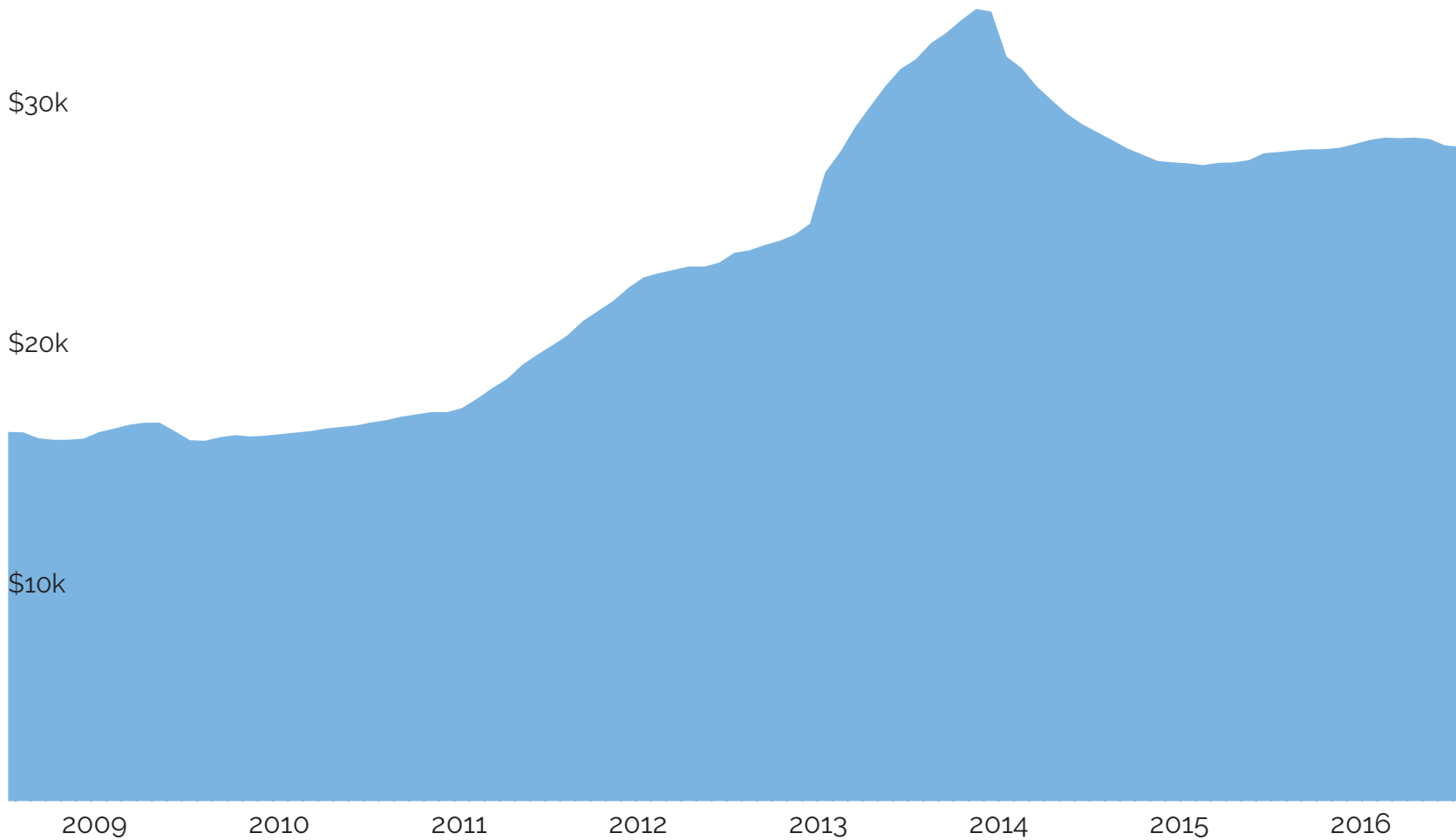


This chart shows the 12-month average of gallons sold by month since FY09



# historical sewer revenue

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.



This chart shows the 12-month average of sewer revenue by month since FY09

**Notes**

Fund Balance is projected to grow substantially in the coming years, primarily due to the inclusion of a sewer assessment as operating revenue. The assessment covers approximately 50% of the cost of the Lakeshore Sewer Extension Project, and is being paid by property owners impacted by the project over the next few years. This revenue will reside in the Enterprise Fund's balance for future non-operational use as needed.

# historical & projected

	FY15*	FY16**	FY17	FY18	FY19	FY20	FY21
<b>Beginning Balance</b>	<b>\$344,247</b>	<b>\$809,040</b>	<b>\$733,740</b>	<b>\$930,240</b>	<b>\$1,091,190</b>	<b>\$1,239,099</b>	<b>\$1,354,327</b>
<b>Revenues</b>							
Water Service	1,133,463	1,126,216	1,110,000	1,228,300	1,265,149	1,303,103	1,342,197
Sewer Service	323,332	323,193	320,000	326,400	345,984	352,904	359,962
Other Sources	300,929	117,792	138,500	144,040	149,802	155,794	162,025
<b>Total Revenue</b>	<b>1,757,724</b>	<b>1,567,201</b>	<b>1,568,500</b>	<b>1,698,740</b>	<b>1,760,935</b>	<b>1,811,801</b>	<b>1,864,184</b>
<b>Expenditures</b>							
Personal Services	357,535	416,592	418,000	434,720	452,109	470,193	489,001
Professional Svcs	42,836	73,453	71,000	73,130	75,324	77,584	79,911
Supplies	44,705	44,537	42,500	43,775	45,088	46,441	47,834
Operations	343,520	567,154	402,500	517,575	543,454	570,626	599,158
Maintenance	58,676	65,623	60,500	62,315	65,431	68,702	72,137
Capital Outlays	-	3,306	0	25,000	25,000	15,000	10,000
Debt Service	445,661	471,835	377,500	381,275	406,620	448,027	449,519
<b>Total Expenditures</b>	<b>1,292,931</b>	<b>1,652,501</b>	<b>1,372,000</b>	<b>1,537,790</b>	<b>1,613,025</b>	<b>1,696,573</b>	<b>1,747,560</b>
<b>Over/(Under)</b>	<b>464,793</b>	<b>(75,300)</b>	<b>196,500</b>	<b>160,950</b>	<b>147,909</b>	<b>115,227</b>	<b>116,623</b>
<b>Ending Balance</b>	<b>809,040</b>	<b>733,740</b>	<b>930,240</b>	<b>1,091,190</b>	<b>1,239,099</b>	<b>1,354,327</b>	<b>1,470,950</b>
Reserve Requirement	63%	44%	68%	71%	77%	80%	84%

\* Actual \*\* Unaudited

# water department

## department overview

### staffing

water superintendent  
water operator 1

### 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 city administrator, the **water superintendent**

## budget summary

	fy14 actual	fy15 actual	fy16 budget	fy16 projected	fy17 approved
Personal Services	\$341,996	\$357,535	\$406,000	\$406,000	\$418,000
Professional Services	48,325	42,835	72,000	56,050	71,000
Supplies	47,213	44,705	42,500	45,000	42,500
Operations	170,464	216,312	242,500	264,000	242,500
Maintenance & Repairs	58,080	52,830	60,500	53,000	60,500
Capital Outlays	257,342	271,944	-	-	-
Debt Service	297,522	306,565	297,500	295,440	297,500
<b>Total</b>	<b>963,600</b>	<b>1,020,782</b>	<b>1,121,000</b>	<b>1,119,490</b>	<b>1,132,000</b>

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.

## accomplishments

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

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

## statistics

### Percentage of meter readings that need to be re-read

FY15: 4%

FY16: 2%

FY17 (goal): 1%

**About:** Measures the amount of time wasted by not getting the reading correct the first time.

### Water loss percentage

FY15: 12%

FY16: 10%

FY17: 10%

**About:** Measures the efficiency of the water system by evaluating how much water is pumped from wells and our wholesale provider versus how much is sold to customers.

# sewer department

## department overview

### 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.

## budget summary

	fy14 actual	fy15 actual	fy16 budget	fy16 projected	fy17 approved
Personal Services	-	-	-	-	-
Professional Services	1,704	-	-	-	-
Supplies	-	-	-	-	-
Operations	150,899	127,208	160,000	146,000	160,000
Maintenance & Repairs	2,755	5,847	-	-	-
Capital Outlays	92,426	98,289	-	-	-
Debt Service	(77,420)	68,750	173,917	144,350	105,167
<b>Total</b>	<b>170,361</b>	<b>300,094</b>	<b>333,917</b>	<b>290,350</b>	<b>265,167</b>

## 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.

## accomplishments

Completed the Lakeshore Extension project.

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

## statistics

### Sewer system downtime

FY15: 2%

FY16: 2%

FY17: 0% (goal)

**About:** Measures the efficiency of the sewer system by evaluating how frequently the system is out of service

**other funds**





**HUDSON OAKS**

# dyegard fund

## department overview

### staffing

no direct staffing costs are 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.

Much has been done in the past 5 years to improve the operations of this water system, including providing an interconnect with the Hudson Oaks water system for backup water service.

## budget summary

	fy14 actual	fy15 actual	fy16 budget	fy16 projected	fy17 approved
<b>Beginning Balance</b>	<b>(\$118,573)</b>	<b>(\$162,267)</b>	<b>(\$103,472)</b>	<b>(\$103,472)</b>	<b>(\$89,944)</b>
<b>Revenue</b>					
Charges for Service	232,563	234,470	254,000	254,000	254,000
Other Revenue	90,000	11,958	-	-	-
Total Revenue	322,563	246,598	254,000	254,000	254,000
<b>Expenditures</b>					
Personal Services	-	-	-	-	-
Professional Services	10,813	19,364	5,000	3,472	5,000
Supplies	1,673	15,682	7,100	7,100	7,100
Operations	49,427	32,251	28,400	28,400	28,400
Maintenance & Repairs	34,473	21,909	12,000	12,000	12,000
Capital Outlays	95,597	95,597	-	-	-
Debt Service	171,274	-	189,500	189,500	189,500
Total	366,257	187,803	242,000	240,472	242,000
Over/(Under)	(\$43,694)	\$58,795	\$12,000	\$12,000	\$12,000
<b>Ending Balance</b>	<b>(\$168,267)</b>	<b>(\$103,472)</b>	<b>(\$77,944)</b>	<b>(\$89,944)</b>	<b>(\$77,944)</b>

## statistics

### Percentage of meter readings that need to be re-read

FY15: 3.5%

FY16: 2.5%

FY17 (goal): 1%

**About:** Measures the amount of time wasted by not getting the reading correct the first time.

# deer creek fund

## department overview

### 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.

### recent changes

The operating contract for this department was renegotiated heading into FY15, and expires after FY17. As of the publication of this document, an extension to the current contract is being negotiated.

The FY15 contract provided 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.

## budget summary

	fy14 actual	fy15 actual	fy16 budget	fy16 projected	fy17 approved
<b>Beginning Balance</b>	<b>\$198,316</b>	<b>\$198,480</b>	<b>\$152,138</b>	<b>\$152,138</b>	<b>\$173,431</b>
<b>Revenue</b>					
Charges for Services	172,000	213,300	219,390	219,390	225,972
Other Revenue	-	-	-	8,551	-
<b>Total Revenue</b>	<b>172,000</b>	<b>213,300</b>	<b>219,390</b>	<b>227,941</b>	<b>225,972</b>
<b>Expenditures</b>					
Personal Services	105,924	97,390	118,603	107,204	119,423
Professional Services	2,310	-	38,277	240,	38,277
Supplies	3,200	4,401	500	4,424	500
Operations	-	1,136	-	1,088	-
Maintenance & Repairs	10,402	7,715	12,000	19,392	12,000
Capital Outlays	-	-	-	-	-
Debt Service	50,000	149,900	6,800	74,300	6,800
<b>Total</b>	<b>171,836</b>	<b>259,642</b>	<b>176,180</b>	<b>206,648</b>	<b>177,000</b>
Over/(Under)	\$164	(\$46,342)	\$43,210	\$21,293	\$48,972
<b>Ending Balance</b>	<b>\$198,480</b>	<b>\$152,138</b>	<b>\$195,348</b>	<b>\$173,431</b>	<b>\$222,403</b>

# stormwater utility fund

## department overview

### staffing

no direct staffing costs are included in this department

### summary

New in FY16, the Stormwater Utility Fund will provide a mechanism for addressing the City's many stormwater related issues, including runoff and drainage related road damage.

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 new 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 issues and drainage-related street maintenance. 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 Oykey Corridor Phase One project. The improvements associated with this project will resolve several major drainage issues in the City Hall area.

# budget summary

	fy14 actual	fy15 actual	fy16 budget	fy16 projected	fy17 approved
<b>Beginning Balance</b>	\$-	\$-	\$-	\$-	<b>(\$111,311)</b>
<b>Revenue</b>					
Charges for Service	-	-	-	-	167,000
Intergovernmental	-	-	145,000	145,000	-
Other Revenue	-	-	-	-	2,000
<b>Total Revenue</b>	-	-	<b>145,000</b>	<b>145,000</b>	<b>169,000</b>
<b>Expenditures</b>					
Professional Services	-	-	-	-	-
Supplies	-	-	-	-	-
Operations	-	-	256,311	256,311	-
Maintenance & Repairs	-	-	-	-	20,000
Capital Outlays	-	-	-	-	19,907
Debt Service	-	-	-	-	40,093
<b>Total</b>	-	-	<b>256,311</b>	<b>256,311</b>	<b>80,000</b>
<b>Over/(Under)</b>	-	-	<b>(111,311)</b>	<b>(111,311)</b>	<b>89,000</b>
<b>Ending Balance</b>	-	-	<b>(111,311)</b>	<b>(111,311)</b>	<b>(22,311)</b>

## statistics

This is a brand new operation for the City, and performance measures have not yet been defined.

# special events fund

## department overview

### staffing

outside of overtime, no direct staffing costs are included in this department

### summary

New 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, including Boomin' 4th and Craft & Cork.

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.

### events

**Boomin' 4th** is the largest July 4th fireworks show in Parker County. Drawing more than 15,000 visitors annually from throughout the Dallas/Fort Worth metroplex, Boomin' 4th is an important

event for the City.

In FY16, Hudson Oaks took over the event from the East Parker County Chamber of Commerce. With the aid of marketing support from the Chamber, the transition was a complete success. The City plans to enhance the venue with the construction of a new stage/pavilion in order to continue attracting big-name musical acts to the event.

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 will be constructing 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.



# budget summary

	fy14 actual	fy15 actual	fy16 budget	fy16 projected	fy17 approved
<b>Beginning Balance</b>	\$-	\$-	(\$10,366)	(\$10,366)	(\$27,353)
<b>Revenue</b>					
Sponsorships	-	-	93,000	93,000	106,000
Ticket Sales	-	570	19,270	19,270	54,500
Other Revenue	-	21	4,496	4,496	2,000
<b>Total Revenue</b>	-	591	116,766	116,766	162,500
<b>Expenditures</b>					
Personal Services	-	-	-	-	3,000
Professional Services	-	-	900	4,391	1,320
Supplies	-	5,829	2,452	14,451	1,320
Operations	-	5,128	90,635	114,911	115,680
Maintenance & Repairs	-	-	-	-	-
Capital Outlays	-	-	-	-	-
Debt Service	-	-	-	-	-
<b>Total</b>	-	10,957	93,287	133,753	126,000
<b>Over/(Under)</b>	-	(10,366)	23,479	(16,987)	36,500
<b>Ending Balance</b>	-	(10,366)	13,113	(27,353)	9,147

## statistics

### Attendance for Boomin' 4th

FY15: 15,000  
 FY16: 14,000  
 FY17: 14,000 (goal)

**About:** The City's goal is to achieve an attendance of 14,000 for this event, which draws from across the western portion of the DFW Metroplex.

### Attendance for Craft & Cork

FY16: 697  
 FY17: 1,100 (goal)

**About:** The City's goal is to have 1,100 attend Craft & Cork, which will be the projected limit of this event until it is moved to the new Oykey Corridor development.

# appendix



**HUDSON OAKS**

# 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.

## Hudson Oaks Bridge

The Hudson Oaks Bridge project involves widening the Hudson Oaks Bridge over IH-20 and improving the intersection at Hudson Oaks Drive and US 180. It features drainage improvements, alternative transportation options, and landscaping elements.

The primary budget impact will be related to the maintenance and upkeep of the landscaping elements, which will be contracted out to reduce the demand on existing staff.

	fy15	fy16	fy17
<b>General Capital Projects</b>			
Hudson Oaks Bridge	\$626,705	\$469,578	\$0
Oykey Corridor Phase One	-	173,009	2,515,000
Centerpoint Bridge	-	-	1,705,000
Hudson Oaks Fiber	-	50,200	1,500,000
I-20 Vision	-	61,027	350,000
<b>Utility Capital Projects</b>			
Lakeshore Drive Sewer Extension	1,122,705	54,976	-
Water Tower Painting	-	-	80,000
Red Eagle Water Plant	-	304,528	-
Regional Water Feasibility		40,000	60,000
<b>Total</b>	<b>1,749,410</b>	<b>1,153,318</b>	<b>6,210,000</b>

### **Oykey Corridor Phase One**

This project involves 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 features underground drainage and a roundabout at Midway Lane and Oykey Trail, and will provide the public improvements necessary for the Oykey Corridor redevelopment plan.

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.).

### **Centerpoint Bridge**

This project involves the construction of frontage roads on IH-20 and expansion of Centerpoint Bridge. It is a Parker County project in which the City is a participant. There are no ongoing impacts to the budget, as all maintenance efforts will be performed by the Texas Department of Transportation.

### **Hudson Oaks Fiber**

This project involves the installation of approximately 22 miles of fiber-optic cable, connecting and providing high-speed Internet to all City facilities as well as most residents and businesses. 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.

### **I-20 Vision**

This project is funded through a Green Ribbon Grant, and will

install several hundred trees along the I-20 corridor through Hudson Oaks. The City will be responsible for maintaining the trees and irrigation systems.

### **Lakeshore Drive Sewer Extension**

This project brought sewer service to several businesses south of IH-20. It was partially funded through an assessment on affected businesses, and will expand the sewer system's customer base. This project was completed in early FY16.

### **Water Tower Painting**

This project includes re-painting the City's water tower on Oakridge Drive. In addition to protecting the existing infrastructure, it will include a design that matches the City's new branding. There are no ongoing operational impacts.

### **Red Eagle Water Plant**

This project will construct a new water plant near the Red Eagle subdivision, providing additional storage and capacity for wholesale water purchases. There will be operational impacts associated with maintaining an additional plant, but they will largely be offset by cost savings under the new wholesale rate agreement.

### **Regional Water Feasibility**

This is a study conducted by Hudson Oaks and the City of Willow Park which seeks to determine whether it is financially and logistically feasible to join the City of Fort Worth's wholesale water system. Depending on the results, funding for the Red Eagle Water Plant may be reallocated for the construction of a new pipeline.

# debt schedules

Governmental Activity	Rate	Original Amount	Balance 9/30/16	2017	2018	2019
<b>Bonds</b>						
2007 Certificates of Obligation	4.1%	1,800,000.00	1,190,000.00	133,790.00	135,305.00	136,615.00
2010 GO Refunding Bonds	2-4%	810,000.00	435,000.00	110,450.00	112,600.00	69,600.00
2012 Certificates of Obligation	2-3.5%	722,250.00	657,450.00	53,311.50.00	52,636.50	53,311.50
2016A Certificates of Obligation	2.41%	4,195,000.00	4,195,000.00	281,906.25	273,625.00	270,500.00
2016B Certificates of Obligation	2.78%	1,540,000.00	1,540,000.00	114,306.25	110,685.00	107,685.00
<b>Notes/Leases</b>						
Lease: First Financial Bank	2.6%	38,437.00	38,437.00	13,494.70	13,494.70	13,494.71
Lease: PlainsCapital Bank	3.5%	34,220.06	11,773.85	12,212.42	-	-
<b>Totals</b>			<b>8,067,660.85</b>	<b>719,471.12</b>	<b>698,346.20</b>	<b>651,206.21</b>

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.

	2020	2021	2022-2026	2027-2031	2032-2036	Total
<b>Bonds</b>						
2007 Certificates of Obligation	137,720.00	133,620.00	687,295.00	151,400.00	-	1,515,745.00
2010 GO Refunding Bonds	67,200.00	44,800.00	84,800.00	-	-	489,450.00
2012 Certificates of Obligation	52,609.50	53,257.50	264,073.50	267,367.50	51,573.38	848,140.88
2016A Certificates of Obligation	272,000.00	273,000.00	1,362,925.00	1,364,312.50	1,362,412.50	5,460,681.25
2016B Certificates of Obligation	109,535.00	111,085.00	553,850.00	549,225.00	549,000.00	2,205,371.25
<b>Notes/Leases</b>						
Lease: First Financial Bank	-	-	-	-	-	40,484.1
Lease: PlainsCapital Bank	-	-	-	-	-	12,212.42
<b>Totals</b>	<b>639,064.50</b>	<b>615,762.50</b>	<b>2,952,943.50</b>	<b>2,332,305.00</b>	<b>1,962,985.88</b>	<b>10,572,084.91</b>

# debt schedules (cont.)

Enterprise Activity	Rate	Original Amount	Balance 9/30/16	2017	2018	2019
<b>Bonds</b>						
2010 Combination Tax & Revenue (Dyegard Fund)	4.1%	2,915,000.00	2,475,000.00	192,150.00	189,775.00	192,400.00
2010 GO Refunding Bonds (Water Fund)	2-4%	1,185,000.00	605,000.00	151,550.00	152,650.00	93,600.00
2012 Certificates of Obligation (Water Fund)	2-3.5%	2,124,300.00	1,777,555.00	145,890.50	144,138.50	145,963.50
2014 Combination Tax & Revenue (Wastewater Fund)	2-3.5%	1,235,000.00	1,140,000.00	79,510.00	78,327.50	177,145.00
2016A Certificates of Obligation (Stormwater Utility Fund)	2.78%	1,540,000.00	1,540,000.00	40,093.75	34,975.00	38,850.00
<b>Totals</b>			<b>6,547,550.00</b>	<b>609,194.25</b>	<b>599,866.00</b>	<b>647,958.50</b>

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.



	2020	2021	2022-2026	2027-2031	2032-2036	Total
<b>Bonds</b>						
2010 Combination Tax & Revenue (Dyegard Fund)	189,900.00	191,900.00	948,700.00	949,912.50	765,012.50	3,619,750.00
2010 GO Refunding Bonds (Water Fund)	90,400.00	67,200.00	127,200.00	-	-	682,600.00
2012 Certificates of Obligation (Water Fund)	144,138.50	143,992.50	713,976.50	742,884.50	148,217.38	2,329,201.88
2014 Combination Tax & Revenue (Wastewater Fund)	183,812.50	185,265.00	563,542.50	-	-	1,267,602.50
2016A Certificates of Obligation (Stormwater Utility Fund)	37,600.00	36,350.00	177,325.00	171,750.00	177,012.50	713,956.25
<b>Totals</b>	<b>645,851.00</b>	<b>624,707.50</b>	<b>2,530,744.00</b>	<b>1,864,547.00</b>	<b>1,090,242.38</b>	<b>8,613,110.63</b>

# budget process

The budget process begins in early spring, when **preliminary revenue estimates** are prepared and personnel budgets are updated to reflect any changes that may have occurred during the year such as turnovers, promotions, and other differences that may exist compared to budgeted levels.

In May, **departments submit their budget requests**. Any requested increases over 2% of the current budget require specific justification, and capital items such as vehicle replacement are submitted at this time as well. These requests are compiled and evaluated relative to the strategic plan and expected revenues.

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.

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.

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.

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.



**HUDSON OAKS**

# 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 items:

- 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 web site at [www.hudsonoaks.com/financial-policies](http://www.hudsonoaks.com/financial-policies).

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.

# 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 (4) 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.

# glossary

**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.

**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 de-

termined 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.

# glossary

**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 activi-

ty.

**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. 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.

# glossary

**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. Weatherford 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.

For more information, visit [www.hudsonoaks.com](http://www.hudsonoaks.com)