

the **fy18** annual budget for the  
**city of hudson oaks, texas**

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# 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 FY18 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 FY17, 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, is expected to be substantially completed in January 2018. Despite its location at the entrance to the City, we have experienced no discernable impact to sales tax collections outside of the immediate construction zone.

The Oakey Corridor Phase One project commenced in

July 2017. This 10-month project will allow for a walkable, pedestrian-oriented mixed-use development and creation of a safe, family-friendly downtown area. Construction bids were received within the project budget, so no additional funds were needed, and the project should be completed before next year's Boomin' 4th.

The second annual Craft & Cork, a wine and craft beer event, was held in October 2016. Building on the highly successful inaugural event, Year Two was a smashing success. The event sold out, and the City added a program called SafeRide, a designated driver program that benefitted the Weatherford ISD Class of 2017. 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 unique experience, and has been included as an add-on to the Hudson Oaks Bridge Project. Construction is expected to begin in the fall of 2017.

Finally, the Hudson Oaks Fiber project, which will provide fiber-to-the-home service to the majority of Hudson Oaks residents and businesses, is expected to begin in the fall of 2017.

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.

### **FY18 Budget Environment**

Where last year's budget caught Hudson Oaks at the beginning of a transition period, this budget finds the City right in the middle of it. 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 these 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 FY18**

While there are few major operational changes in this budget, you will find some noteworthy changes. Significantly, you will find plans for the Creekside apartment development, Hudson Oaks Fiber project and lease, and Oakey Corridor Phase One. The Police Department budget includes several new items as we continue to professionalize the organization.

This budget includes rate adjustments for the Hudson Oaks and Dyegard water systems that will ensure sufficient funding for water purchases as the City transitions to a new wholesale provider. During the next 2-3 years, the Hudson Oaks water system will adjust to a new, higher wholesale cost with our current provider, while building the infrastructure necessary to transition to a new provider. Although this transition period will result in budget constraints in the short-term, it will provide a more stable operating environment in the years to come.

### **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

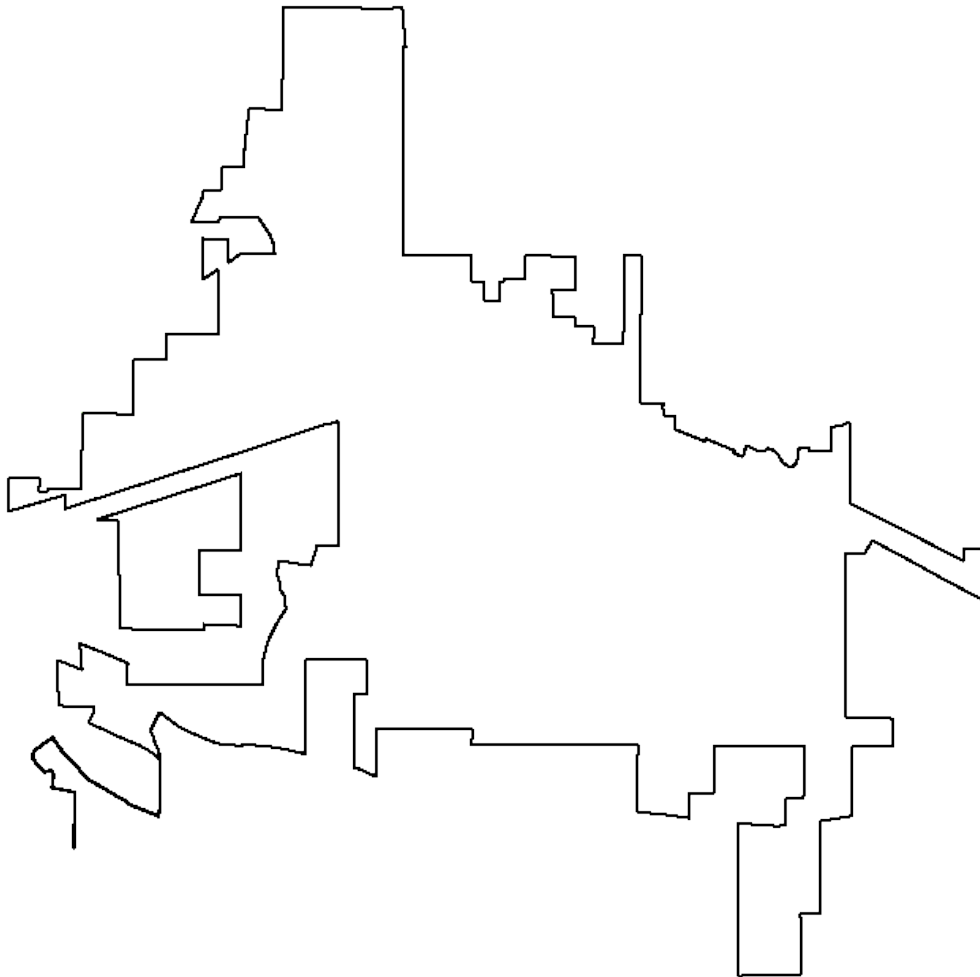
City Council services the Citizens of Hudson Oaks with an unwavering commitment to maintain and preserve a property tax free, yet proactive and even entrepreneurial city.



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**

## **2,123 population**

49% male / 51% female

## **47.5 median age**

48.4 male / 47.0 female

## **754 housing units**

\$231,700 median value

## **2.82 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**

92% 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. More information on these projects (how they impact the budget and work to achieve the City's strategic goals) can be found in the Capital Projects section later in this document.

### **Transportation Improvements**

Hudson Oaks' strategic location at the convergence of US 180 and I-20 provides a unique set of challenges. Despite a population of just over 2,000, more than 80,000 cars per day drive through Hudson Oaks on IH20, and more than 28,000 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 expected to be completed by January 2018 (page 68), and the Centerpoint Project officially commenced in the fall of 2017 (with an expected completion date in early 2020). Both of these projects were made possible by the City's relationship with Parker County and TxDOT.

The Oakey Corridor project (page 68) 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 went into effect in FY17, which has begun 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, while shifting to a new wholesale provider. The infrastructure and funding required to support this operational change necessitated a rate adjustment in FY18, with a follow-up adjustment expected in FY19.

### 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 spring of 2018 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 Oakey 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 is currently installing approximately 25 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 transition. Revenues are growing, 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 FY18 budget is to maintain service levels while covering the up-front costs for 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. This budget is expected to be the last of what was considered a three-year transition period, during which operations would be maintained (and enhanced where possible) while the up-front costs for improving infrastructure are accommodated. The City began laying the groundwork for funding these obligations four years ago, ensuring that sufficient revenue capacity existed in the General Fund to pay for the Hudson

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# executive summary (cont.)

Oaks Bridge and Centerpoint projects. The acceleration of the Oakey Corridor project required the use of fund balance in FY17 until dedicated revenue associated with Creekside at Hudson Oaks became available.

The **primary concern** heading into the FY18 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 seen steady growth over the past few years. In FY17, several factors combined to show a decline on paper, although the fundamentals of the City's sales tax remain strong. A large overpayment was included in the City's FY16 tax revenue; an audit adjustment occurring in April 2017 not only reduced the City's revenue collections for FY17, but it effectively lowered the baseline from FY16. This adjustment resulted in a one-time loss of sales tax revenue, but does not constitute a long-term shift in sales tax collections. 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. 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.

FY18 projects a balanced budget based on the inclusion of a large permit fee related to the Creekside at Hudson Oaks development. Once constructed, a Payment in Lieu of Taxes (PILOT) on that property will provide annual revenue to continue covering the Oakey Corridor debt service.

In FY19 and FY21, the impact of two roadway assessments are seen. These assessments are to cover a portion of the cost for the Oakey Corridor and Centerpoint projects. The use of these assessments are not restricted, and are not currently earmarked for anything specific.

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.

	FY18	FY19	FY20	FY21	FY22
<b>Beginning Balance</b>	<b>\$1,143,319</b>	<b>\$1,143,319</b>	<b>\$2,043,806</b>	<b>\$2,143,648</b>	<b>\$2,725,756</b>
<b>Revenues</b>					
Taxes	2,378,500	2,659,070	2,932,251	2,990,897	3,050,714
Licenses & Permits	518,200	218,200	218,200	218,200	218,200
Court Fines & Fees	75,412	75,412	75,412	75,412	75,412
Intergovernmental	32,638	32,638	32,638	32,638	32,638
Lease Revenue	21,750	21,750	21,750	21,750	21,750
Other Revenue	13,500	913,500	13,500	513,500	13,500
<b>Total Revenue</b>	<b>3,040,000</b>	<b>3,920,570</b>	<b>3,293,751</b>	<b>3,852,397</b>	<b>3,412,214</b>
<b>Expenditures</b>					
Administration	683,798	760,212	877,172	894,695	912,804
City Council	6,000	6,120	6,243	6,367	6,495
Municipal Court	61,687	63,606	65,398	67,247	69,157
Parks & Recreation	57,177	59,871	61,619	63,424	65,291
Planning	256,000	106,820	108,957	111,136	113,359
Public Safety	1,249,831	1,293,382	1,338,567	1,385,446	1,434,097
Streets	724,327	730,072	735,953	741,974	748,139
<b>Total Expenditures</b>	<b>3,040,000</b>	<b>3,020,083</b>	<b>3,193,909</b>	<b>3,270,289</b>	<b>3,349,342</b>
<b>Over/(Under)</b>	<b>-</b>	<b>900,487</b>	<b>99,842</b>	<b>582,108</b>	<b>62,872</b>
<b>Ending Balance</b>	<b>1,143,319</b>	<b>2,043,806</b>	<b>2,143,648</b>	<b>2,725,756</b>	<b>2,788,628</b>
Reserve Requirement	38%	67%	67%	83%	83%

## 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 FY18, 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 assumes a rate increase in FY19 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.

	FY18	FY19	FY20	FY21	FY22
<b>Beginning Balance</b>	<b>\$1,855,224</b>	<b>\$1,955,224</b>	<b>\$1,988,454</b>	<b>\$1,838,388</b>	<b>\$1,856,065</b>
<b>Revenues</b>					
Water Service	1,340,000	1,470,000	1,490,865	1,512,043	1,533,539
Sewer Service	345,000	348,450	351,935	355,454	359,009
Other Sources	20,000	35,000	35,000	35,000	35,000
Total Revenue	1,705,000	1,853,450	1,877,800	1,902,497	1,927,548
<b>Expenditures</b>					
Personal Services	431,725	448,994	466,953	485,633	505,057
Professional Svcs	53,975	55,055	56,156	56,407	56,661
Supplies	48,500	49,470	50,460	51,469	52,498
Operations	633,300	637,806	647,461	502,723	509,676
Maintenance	62,500	63,750	62,024	66,323	67,650
Capital Outlays	-	-	-	-	-
Debt Service	375,000	565,145	741,813	722,625	718,610
Total Expenditures	1,605,000	1,820,220	2,027,867	1,884,820	1,910,152
<b>Over/(Under)</b>	<b>100,000</b>	<b>33,230</b>	<b>-150,067</b>	<b>17,677</b>	<b>17,396</b>
<b>Ending Balance</b>	<b>1,995,224</b>	<b>1,988,454</b>	<b>1,838,454</b>	<b>1,856,065</b>	<b>1,873,461</b>
Reserve Requirement	124%	109%	91%	99%	98%

# financial outlook (cont.)

## dyegard fund

Due to the FY17 rate increase, the Dyegard Fund is now in much better fiscal health.. An additional rate increase in FY18 related to wholesale water purchases is offset by additional expenses beginning in FY18. The forecast currently shows small deficits in future years.

	FY18	FY19	FY20	FY21	FY22
Revenue	267,000	267,000	267,000	267,000	267,000
Expenditures	267,000	270,140	268,394	271,163	272,749
Over/(Under)	-	-3,140	-1,394	-4,163	-5,749

## 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.

	FY18	FY19	FY20	FY21	FY22
Revenue	240,752	240,752	247,975	255,414	263,076
Expenditures	188,000	239,144	245,511	252,111	258,954
Over/(Under)	52,752	1,608	2,464	3,304	4,122

## 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.

	FY18	FY19	FY20	FY21	FY22
Revenue	170,000	170,000	173,400	176,868	180,405
Expenditures	96,000	168,850	170,200	171,602	173,433
Over/(Under)	74,000	1,150	3,200	5,266	6,972

## 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.

	FY18	FY19	FY20	FY21	FY22
Revenue	139,500	139,500	139,500	139,500	139,500
Expenditures	121,500	124,090	126,735	129,443	132,210
Over/(Under)	18,000	15,410	12,765	10,057	7,290

# consolidated financials

	Estimated Available Undesignated Cash Balance	Estimated Revenues	Transfers from Other Funds
General Fund	\$1,189,804	\$3,040,000	\$-
Enterprise Fund	1,503,078	1,685,000	20,000
Other Funds			
Dyegard Fund	(29,422)	267,000	-
Deer Creek Fund	148,395	240,752	-
Stormwater Utility Fund	15,391	170,000	-
Special Events Fund	2,302	139,500	-
<b>Total</b>	<b>2,829,548</b>	<b>5,542,252</b>	<b>20,000</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
\$4,229,804	\$2,442,200	\$597,800	\$1,189,804
3,208,078	1,230,000	375,000	1,603,078
237,578	37,000	230,000	(29,422)
389,147	188,000	-	201,147
185,391	60,000	36,000	89,391
141,802	121,500	-	20,302
<b>8,391,800</b>	<b>4,078,700</b>	<b>1,238,800</b>	<b>3,074,300</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**

FY18's budget proposed personnel changes to the Police Department budget. Upon the arrival of a new Chief of Police, these changes were delayed indefinitely. FY18 numbers have been updated to reflect this change.

	fy16	fy17	fy18
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	1.0	2.0
Corporal	2.0	2.0	2.0
Police Officer	6.0	6.5	6.0
Property & Evidence Technician	1.0	1.0	1.0
<b>Total</b>	<b>23.0</b>	<b>22.5</b>	<b>23.0</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**

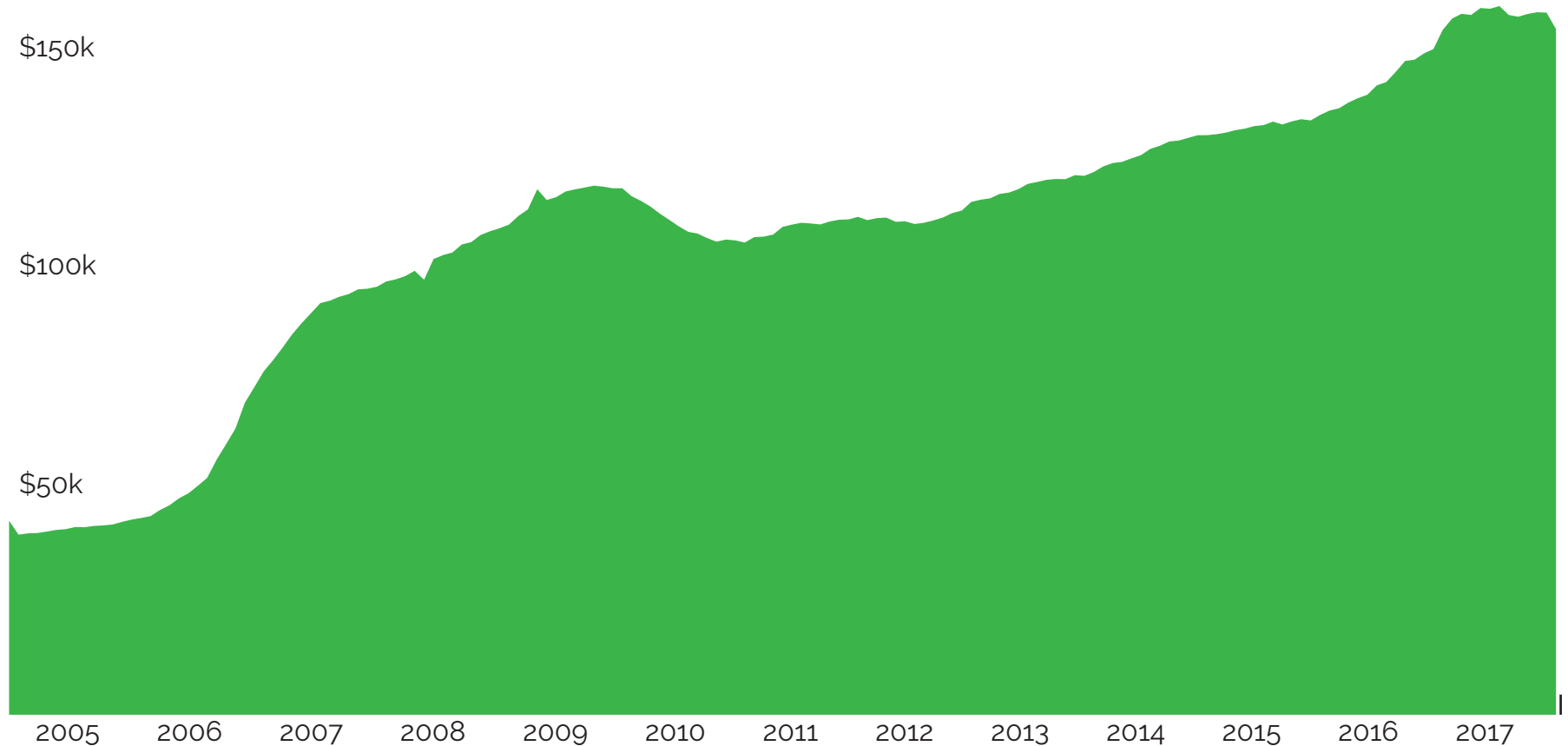
# historical sales tax

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.

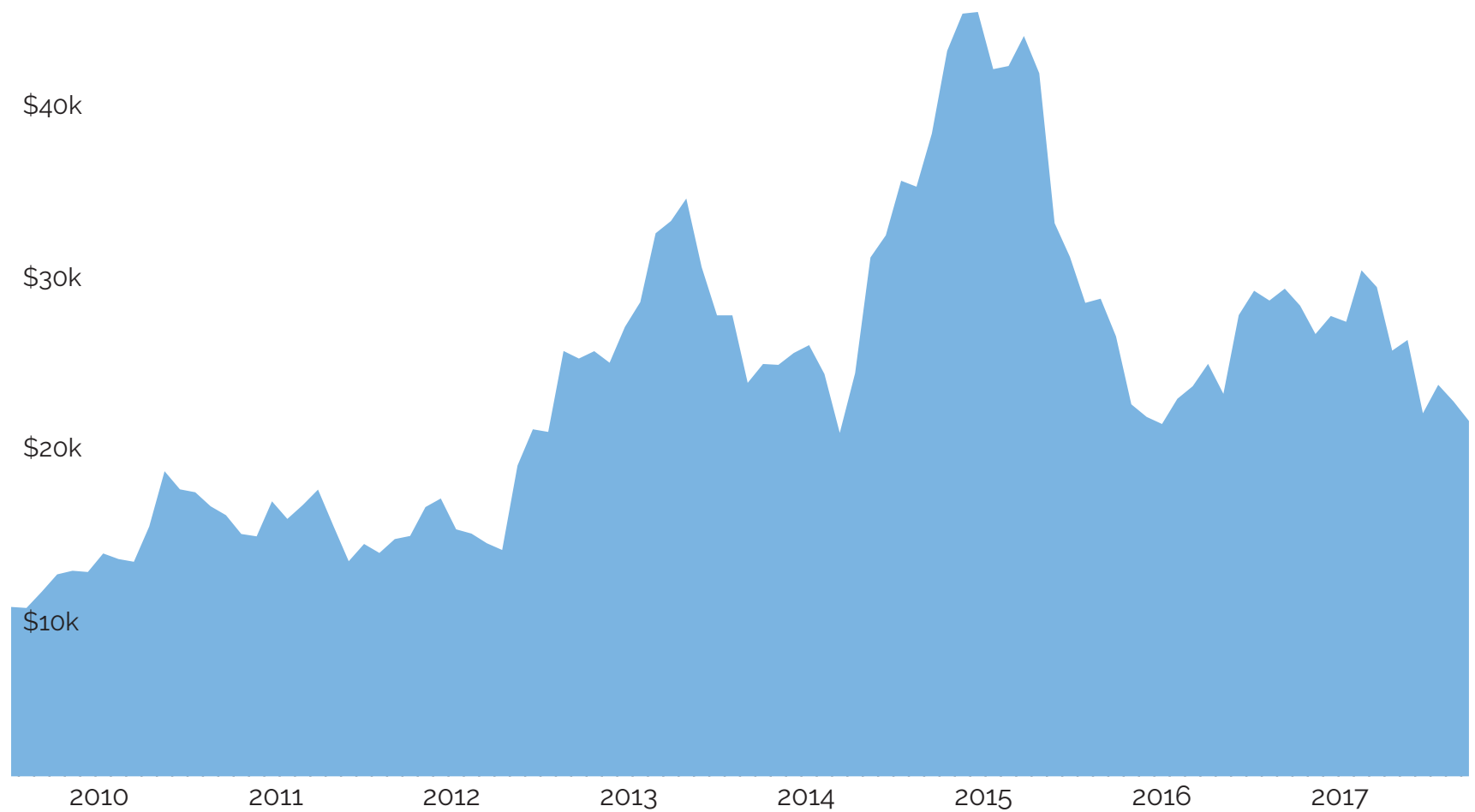


This chart shows the 12-month average of sales tax revenue by month since FY04

# 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.

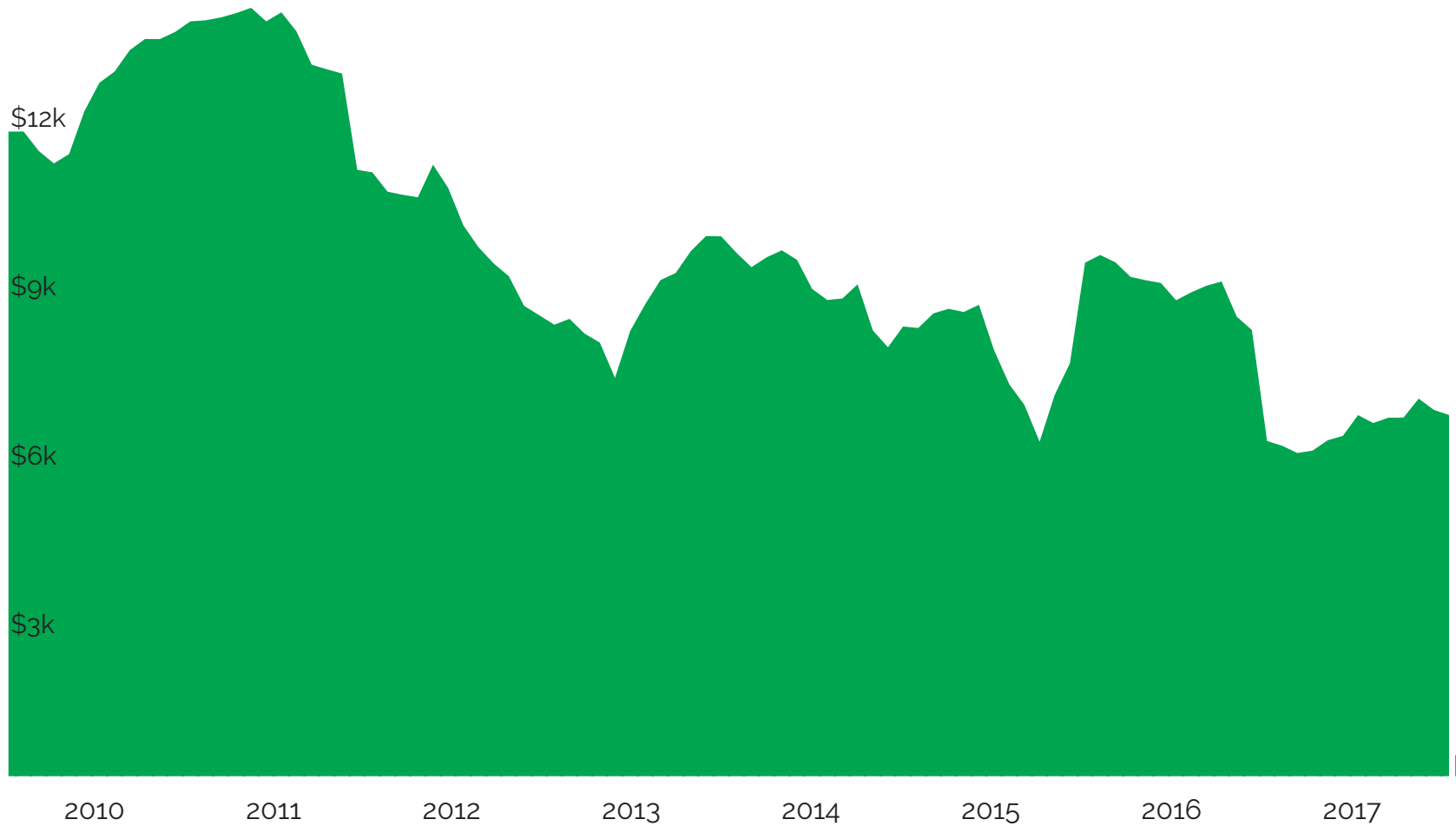


This chart shows the 12-month average of building permits since FY10

# 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.

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

# historical & projected

	FY16*	FY17**	FY18	FY19	FY20	FY21	FY22
<b>Beginning Balance</b>	<b>\$1,028,116</b>	<b>\$1,248,664</b>	<b>\$1,143,319</b>	<b>\$1,143,319</b>	<b>\$2,043,806</b>	<b>\$2,143,648</b>	<b>\$2,725,756</b>
<b>Revenues</b>							
Taxes	2,117,054	2,120,875	2,378,500	2,659,070	2,932,251	2,990,897	3,050,714
Licenses & Permits	339,282	218,150	518,200	218,200	218,200	218,200	218,200
Court Fines & Fees	81,095	68,800	75,412	75,412	75,412	75,412	75,412
Intergovernmental	33,506	33,255	32,638	32,638	32,638	32,638	32,638
Lease Revenue	21,780	21,750	21,750	21,750	21,750	21,750	21,750
Other Revenue	197,602	183,750	13,500	913,500	13,500	513,500	13,500
<b>Total Revenue</b>	<b>2,790,408</b>	<b>2,646,580</b>	<b>3,040,000</b>	<b>3,920,570</b>	<b>3,293,751</b>	<b>3,852,397</b>	<b>3,412,214</b>
<b>Expenditures</b>							
Administration	651,448	678,156	683,798	760,212	877,172	894,695	912,804
Mayor & City Council	6,516	6,900	6,000	6,120	6,243	6,367	6,495
Municipal Court	52,997	43,500	61,687	63,606	65,398	67,247	69,157
Parks & Recreation	66,020	109,056	58,177	59,871	61,619	63,424	65,291
Planning & Development	146,778	110,000	256,000	106,820	108,957	111,136	113,359
Public Safety	1,221,859	1,187,966	1,249,831	1,293,382	1,338,567	1,385,446	1,434,097
Streets	424,261	616,347	724,327	730,072	735,953	741,974	748,139
<b>Total Expenditures</b>	<b>2,569,860</b>	<b>2,751,925</b>	<b>3,040,000</b>	<b>3,020,083</b>	<b>3,193,909</b>	<b>3,270,289</b>	<b>3,349,342</b>
<b>Over/(Under)</b>	<b>220,548</b>	<b>(105,345)</b>	<b>-</b>	<b>900,487</b>	<b>99,842</b>	<b>582,108</b>	<b>62,872</b>
<b>Ending Balance</b>	<b>1,248,664</b>	<b>1,143,319</b>	<b>1,143,319</b>	<b>2,043,806</b>	<b>2,143,648</b>	<b>2,725,756</b>	<b>2,788,628</b>

\* Actual \*\* Unaudited

# administration

## department overview

### staffing

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

### strategic goals

The administration department is responsible for overseeing the day-to-day operations of the city. This is the one department that works toward every strategic goal on a daily basis: identifying new revenue opportunities (Strategic Goal 1), recruiting development (2), coordinating with regional and intergovernmental partners on transportation (3), marketing the city (4), and building partnerships with our local business community (5).

## budget summary

	fy15 actual	fy16 actual	fy17 budget	fy17 projected	fy18 approved
Personal Services	229,709	259,620	267,096	267,756	271,321
Professional Services	95,165	84,894	97,500	77,500	91,500
Supplies	12,000	12,211	8,200	12,000	10,000
Operations	293,956	107,303	75,200	92,900	172,077
Maintenance & Repairs	250	-	300	-	-
Capital Outlays	80,484	3,700	4,500	3,000	4,500
Debt Service	109,900	183,720	110,450	225,000	134,400
<b>Total</b>	<b>821,464</b>	<b>651,448</b>	<b>563,246</b>	<b>678,156</b>	<b>683,798</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

Received GFOAT awards for distinguished Budget and CAFR.

Successfully administered Bureau of Reclamation grant to completion.

Commenced construction on approximately \$6m in capital projects.

Administered policies responsible for a 10% increase in property valuation, including \$14m in new value.

## statistics

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

FY16: 48%

FY17: 70%

FY18: 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.

The City Council works closely with the community to build trust with our residents and businesses, an important component to maintaining the City's

## budget summary

	fy15 actual	fy16 actual	fy17 budget	fy17 projected	fy18 approved
Personal Services	-	-	-	-	-
Professional Services	-	-	-	-	-
Supplies	529	38	250	250	-
Operations	7,714	6,478	4,750	6,650	6,000
Maintenance & Repairs	-	-	-	-	-
Capital Outlays	-	-	-	-	-
Debt Service	-	-	-	-	-
<b>Total</b>	<b>7,714</b>	<b>6,516</b>	<b>5,000</b>	<b>6,900</b>	<b>6,000</b>

business-friendly reputation (4).

## duties

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

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

The annual duties of the Mayor and Council include adopting a budget, reviewing and, when necessary, amending various rates and fees, and appointing members to the Planning & Zoning Commission.

## accomplishments

Approved an update to the City's Thoroughfare Plan.

Held a workshop to update the City's Strategic Plan (adoption to come in FY18).

## 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.

Although the number of citations has dropped precipitously, the Court still plays a major role in public safety that indirectly impacts the City's ability to maintain its

## budget summary

	fy15 actual	fy16 actual	fy17 budget	fy17 projected	fy18 approved
Personal Services	24,327	24,857	24,200	24,200	25,067
Professional Services	14,733	18,011	22,000	12,000	22,200
Supplies	741	2,419	1,400	1,000	1,400
Operations	8,058	7,690	13,200	6,300	13,200
Maintenance & Repairs	-	-	-	-	-
Capital Outlays	-	-	-	-	-
Debt Service	-	-	-	-	-
<b>Total</b>	<b>47,858</b>	<b>52,977</b>	<b>61,000</b>	<b>43,500</b>	<b>61,867</b>

property tax-free status by promoting a safe environment in which to live and shop (1).

## 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

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

Hosted a TMCEC training class (taught by our Operations Coordinator).

## statistics

### Percentage of cases stored in digital document management

FY16: 65%

FY17: 90%

FY18: 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

FY16: n/a

FY17: n/a

FY18: 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.

Although the City has just one park,

## budget summary

	fy15 actual	fy16 actual	fy17 budget	fy17 projected	fy18 approved
Personal Services	\$25,396	\$23,474	\$26,700	\$26,700	\$26,527
Professional Services	2,268	-	3,200	-	2,000
Supplies	817	3,327	1,500	1,500	1,500
Operations	60	-	100	-	100
Maintenance & Repairs	29,196	39,220	27,500	38,500	28,050
Capital Outlays	-	-	-	42,356	-
Debt Service	-	-	-	-	-
<b>Total</b>	<b>57,737</b>	<b>66,020</b>	<b>59,9000</b>	<b>109,056</b>	<b>58,177</b>

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

## duties

Under the supervision of the 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

Completed construction of the Gilchrist-Durant Pavilion and stage at Gene Voyles Park. The new pavilion features an innovative design and custom lighting, and will serve as the primary location for musical acts at Boomin' 4th, Craft & Cork, and any future events.

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

Developed a tentative trail master plan, and applied for a grant through the Texas Department of Transportation.

## statistics

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

FY16: N/A

FY17: 5,500

FY18: 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

FY16: 85%

FY17: 86%

FY18: 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.

Although no staffing costs are included in this department, it does provide funding for the City's economic development efforts. These programs provide the tools necessary to recruit diverse commercial development, which improves the City's

## budget summary

	fy15 actual	fy16 actual	fy17 budget	fy17 projected	fy18 approved
Personal Services	-	-	-	-	-
Professional Services	165,319	145,710	104,000	109,000	254,000
Supplies	-	-	-	-	-
Operations	-	1,068	2,000	1,000	2,000
Maintenance & Repairs	-	-	-	-	-
Capital Outlays	-	-	-	-	-
Debt Service	-	-	-	-	-
<b>Total</b>	<b>165,319</b>	<b>146,778</b>	<b>106,000</b>	<b>110,000</b>	<b>256,000</b>



ability to remain free of a property tax (1).

## duties

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

Expenditures in this department can vary dramatically from year to year, depending on the quantity and type of development that occurs. Since plan-review and inspections are outsourced to a third-party, there are few fixed costs associated with these functions. Permit revenues provide a direct offset to these expenditures. In years when permit applications exceed budget projections, expenditures may be higher than anticipated, but additional revenues are available to cover the expense.

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

better understood.

## accomplishments

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

Approved a 55+ senior living planned development. This development includes a Payment in Lieu of Taxes, which will help diversify the City's revenue streams on non-sales-tax-generating properties.

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

Successfully recruited and/or opened: Starbucks, GNC, MetroPCS, Chick-Fil-A, Schlotsky's, and others.

## statistics

### Average turnaround for residential permit applications

FY16: 9 days  
 FY17: 9 days  
 FY18: 7 days (goal)

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

### Average turnaround for commercial permit applications

FY16: 12 days  
 FY17: 10 days  
 FY18: 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.
- Much like Municipal Court, the Police Department's impact on the City's strategic goals is important but indirect. By creating a safe environment and

## budget summary

	fy15 actual	fy16 actual	fy17 budget	fy17 projected	fy18 approved
Personal Services	\$818,194	\$920,245	\$863,807	\$936,398	\$956,918
Professional Services	43,910	37,146	36,400	33,670	36,400
Supplies	16,152	17,747	14,500	22,499	31,180
Operations	90,123	136,422	122,000	130,132	140,970
Maintenance & Repairs	30,750	26,062	29,200	32,634	37,132
Capital Outlays	15,611	72,019	33,500	6,926	17,870
Debt Service	22,954	12,217	-	25,707	29,361
<b>Total</b>	<b>1,037,694</b>	<b>1,221,859</b>	<b>1,099,407</b>	<b>1,187,966</b>	<b>1,249,831</b>

building relationships with our residents and businesses, Hudson Oaks has become a community that is inviting and attractive for the commercial activity that reduces the need for a property tax (1).

## duties

The **chief of police** is responsible for managing the department, implementing departmental policies and procedures, reporting to the city administrator and city council, and making budget recommendations for the department.

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

The **patrol** division consists of 2 corporals and 6 officers, and it enforces all state and local laws, including nuisance codes, and investigates vehicle accidents within the city limits. This division also responds to all

EMS calls, as all officers are also certified as Emergency Care Attendants. Finally, this division includes an officer designated as the city's code enforcement officers.

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

## accomplishments

Instituted a patrol sign-up to distribute personnel by seniority.

Implemented vacation sign-up to improve staffing and overtime monitoring.

Divided the city into three patrol areas and implemented new patrol procedures.

Purchased Mobile Data Computers (MDC) and Computer Aided Dispatch (CAD) systems.

Deployed Automated External Defibrillators (AED) in all patrol units and trained personnel.

## statistics

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

FY16: n/a  
 FY17: 58%  
 FY18: 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

FY16: n/a  
 FY17: n/a  
 FY18: 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.

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

Through proactive planning (3), the City is ensuring that our infrastructure can adequately handle future growth via multi-modal transportation options

budget  
summary

	fy15 actual	fy16 actual	fy17 budget	fy17 projected	fy18 approved
Personal Services	\$23,581	\$33,564	\$26,839	\$26,839	\$26,327
Professional Services	13,408	8,093	18,000	8,000	13,000
Supplies	6,728	6,517	-	2,000	-
Operations	9,787	10,686	10,000	10,000	10,000
Maintenance & Repairs	-	-	-	-	-
Capital Outlays	64,807	184,991	207,500	100,500	211,600
Debt Service	189,660	180,410	469,008	469,008	463,400
<b>Total</b>	<b>307,970</b>	<b>424,261</b>	<b>731,347</b>	<b>616,347</b>	<b>724,327</b>

(including pedestrian and vehicular traffic). Working with our regional partners to enhance transportation funding reduces the need to implement a property tax (1).

## duties

Under the direction of the 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

Began Oakey Corridor Phase One construction project.

Developed plans for reconstruction of Midway Lane between Oakey and US 180, to begin construction in FY18. This short stretch of road will serve as a primary access point to the Oakey Corridor development.

Completed an update to the City's Thoroughfare Plan.

Began engineering for extension to Dorris Lane.

## statistics

### Average pavement condition

FY16: 2.7

FY17: 2.85

FY18 (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

FY16: 30%

FY17: 55%

FY18 (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.

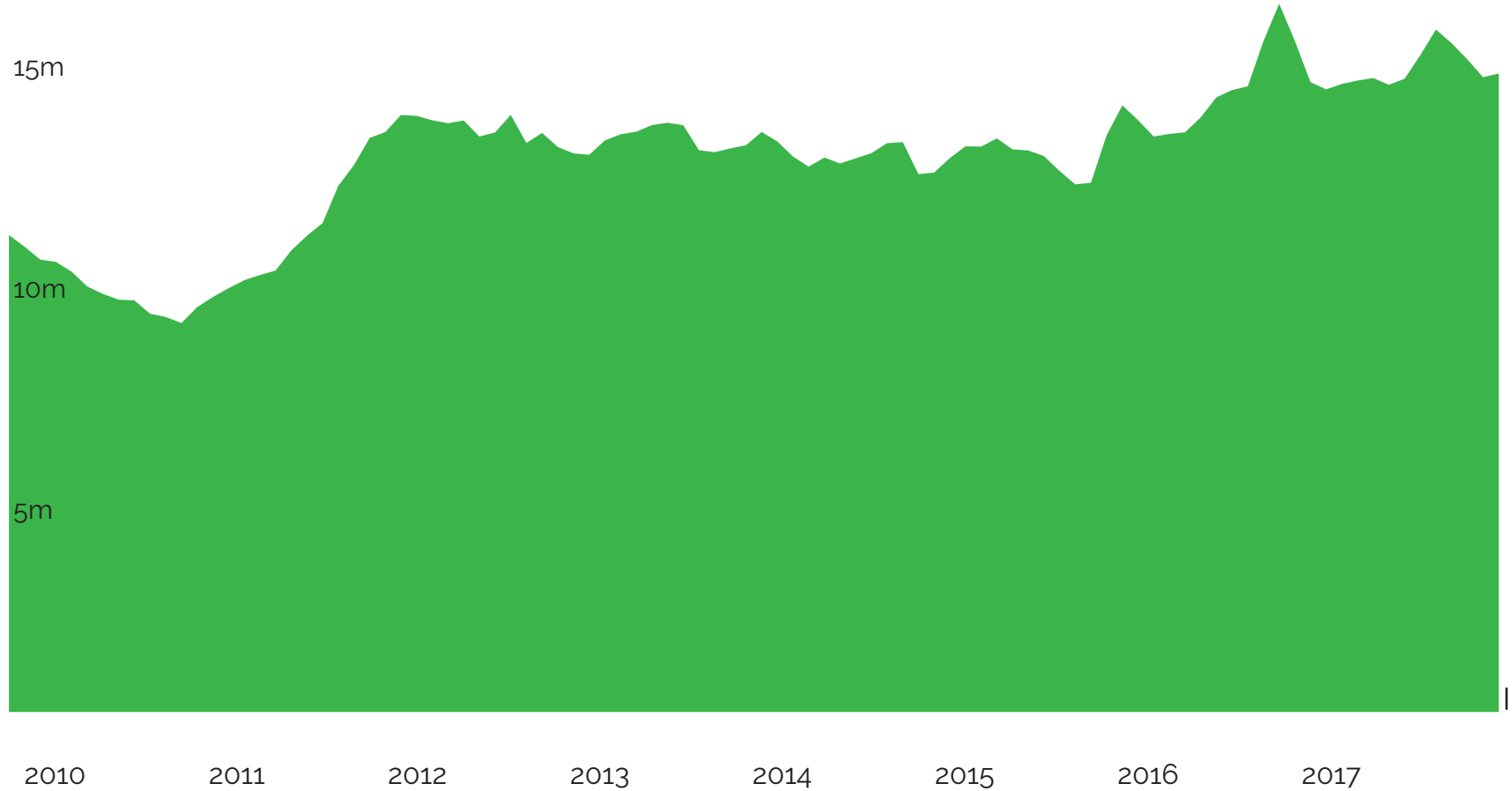


**HUDSON OAKS**

# 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.

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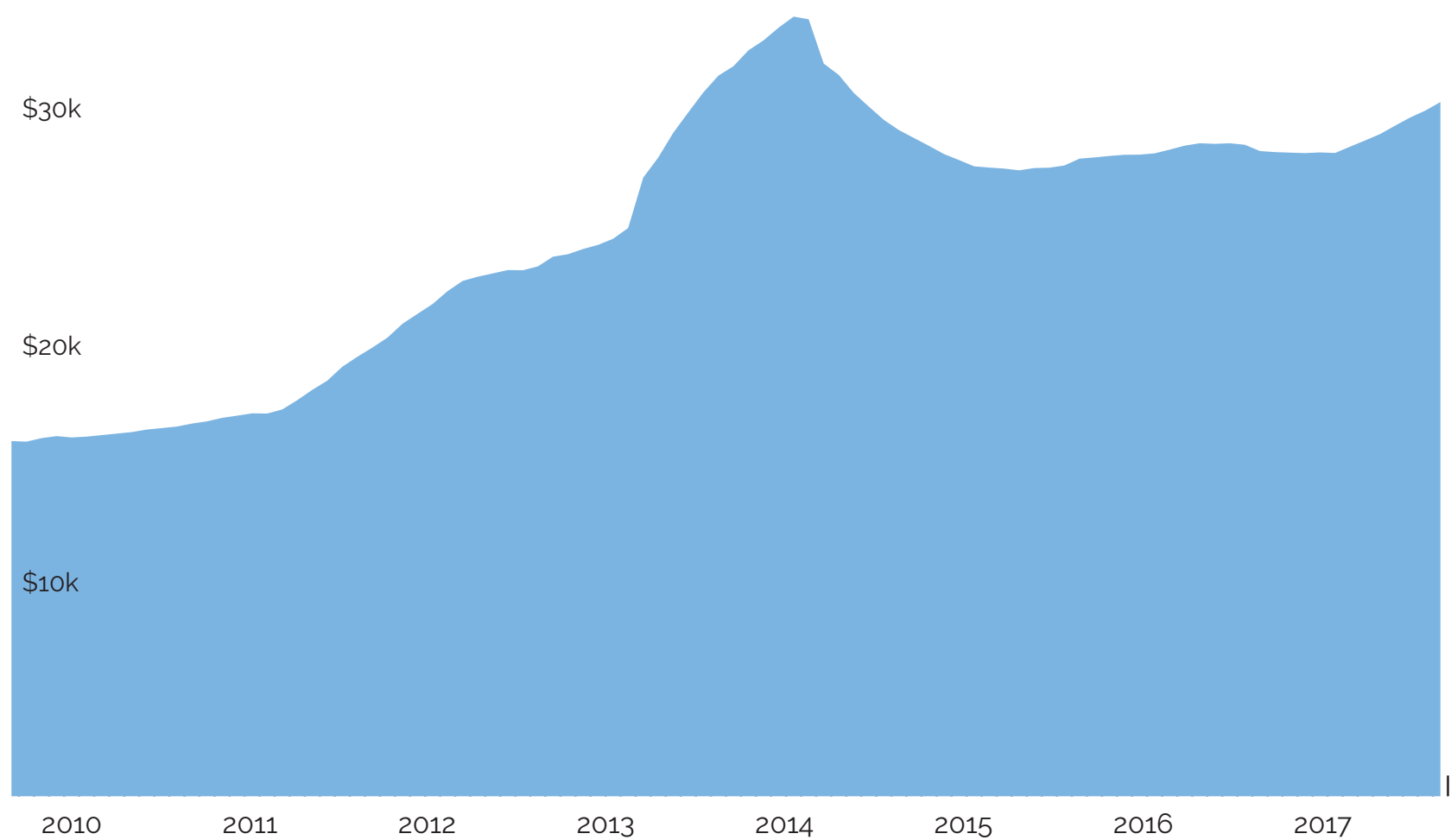


This chart shows the 12-month average of gallons sold by month since FY10



# 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

	FY16*	FY17**	FY18	FY19	FY20	FY21	FY22
<b>Beginning Balance</b>	<b>\$ 1,351,942</b>	<b>\$1,765,324</b>	<b>\$1,855,224</b>	<b>\$1,955,224</b>	<b>\$1,988,454</b>	<b>\$1,838,388</b>	<b>\$1,856,065</b>
<b>Revenues</b>							
Water Service	1,126,216	1,246,800	1,340,000	1,470,000	1,490,865	1,512,043	1,533,539
Sewer Service	323,193	345,000	345,000	348,450	351,935	355,454	359,009
Other Sources	606,474	-	20,000	35,000	35,000	35,000	35,000
<b>Total Revenue</b>	<b>2,055,883</b>	<b>1,591,800</b>	<b>1,705,000</b>	<b>1,853,450</b>	<b>1,877,800</b>	<b>1,902,497</b>	<b>1,927,548</b>
<b>Expenditures</b>							
Personal Services	416,592	418,000	431,725	448,994	466,953	485,633	505,057
Professional Svcs	73,453	51,000	53,975	55,055	56,153	56,407	56,661
Supplies	192,478	63,500	48,500	49,470	50,460	51,469	52,498
Operations	422,861	403,900	633,300	637,806	647,461	502,723	509,676
Maintenance	61,976	99,500	62,500	63,750	65,024	66,323	67,650
Capital Outlays	3,306	-	-	-	-	-	-
Debt Service	471,835	466,000	375,000	565,148	741,813	722,265	718,610
<b>Total Expenditures</b>	<b>1,642,501</b>	<b>1,501,900</b>	<b>1,605,000</b>	<b>1,820,223</b>	<b>2,027,864</b>	<b>1,884,820</b>	<b>1,910,152</b>
<b>Over/(Under)</b>	<b>413,382</b>	<b>89,900</b>	<b>100,000</b>	<b>33,227</b>	<b>(150,064)</b>	<b>17,677</b>	<b>17,396</b>
<b>Ending Balance</b>	<b>\$1,765,324</b>	<b>\$1,855,224</b>	<b>\$1,955,224</b>	<b>\$1,988,454</b>	<b>\$1,838,388</b>	<b>\$1,856,065</b>	<b>\$1,873,461</b>

\* 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

	fy15 actual	fy16 actual	fy17 budget	fy17 projected	fy18 approved
Personal Services	\$357,535	\$416,592	\$418,000	\$418,000	\$431,725
Professional Services	42,835	73,453	71,000	51,000	53,975
Supplies	44,705	44,537	42,500	63,500	48,500
Operations	216,312	419,214	242,500	257,400	471,300
Maintenance & Repairs	52,830	61,976	60,500	89,500	59,500
Capital Outlays	271,944	3,306	-	-	-
Debt Service	306,565	270,820	297,500	386,000	295,000
<b>Total</b>	<b>1,020,782</b>	<b>1,289,898</b>	<b>1,132,000</b>	<b>1,265,400</b>	<b>1,360,000</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.

Completed alignment study and gained preliminary approval for transition to a new wholesale water provider.

## statistics

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

FY16: 2%

FY17: 2%

FY18 (goal): 1%

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

### Water loss percentage

FY16: 12%

FY17: 10%

FY18: 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

	fy15 actual	fy16 actual	fy17 budget	fy17 projected	fy18 approved
Personal Services	-	-	-	-	-
Professional Services	-	-	-	-	-
Supplies	-	-	-	-	-
Operations	127,208	147,941	160,000	146,500	162,000
Maintenance & Repairs	5,847	3,647	-	10,000	3,000
Capital Outlays	98,289	-	-	-	-
Debt Service	68,750	201,015	80,000	80,000	80,000
<b>Total</b>	<b>300,094</b>	<b>352,603</b>	<b>240,000</b>	<b>236,500</b>	<b>245,000</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

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

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

## statistics

### Sewer system downtime

FY16: 2%

FY17: 2%

FY18: 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.

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

## budget summary

	fy15 actual	fy16 actual	fy17 budget	fy17 projected	fy18 approved
<b>Beginning Balance</b>	<b>(\$162,267)</b>	<b>(\$103,472)</b>	<b>(\$49,289)</b>	<b>(\$37,289)</b>	<b>(\$14,639)</b>
<b>Revenue</b>					
Charges for Service	234,470	246,567	254,000	249,000	267,000
Other Revenue	11,958	2,459	-	-	-
Total Revenue	246,598	249,016	254,000	249,000	267,000
<b>Expenditures</b>					
Personal Services	-	-	-	-	-
Professional Services	19,364	2,652	5,000	4,300	6,900
Supplies	15,682	3,284	7,100	500	7,100
Operations	32,251	6,740	28,400	9,400	11,000
Maintenance & Repairs	21,909	8,997	12,000	20,000	12,000
Capital Outlays	95,597	-	-	-	-
Debt Service	-	173,250	189,500	192,150	230,000
Total	187,803	194,833	242,000	226,350	267,000
Over/(Under)	\$58,795	54,183	12,000	22,650	-
<b>Ending Balance</b>	<b>(\$103,472)</b>	<b>(\$49,289)</b>	<b>(\$37,289)</b>	<b>(\$14,639)</b>	<b>(\$14,639)</b>

## statistics

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

FY16: 3.5%

FY17: 2.5%

FY18 (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

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

The contract was renewed for an additional three-year term beginning in FY18.

## budget summary

	fy15 actual	fy16 actual	fy17 budget	fy17 projected	fy18 approved
<b>Beginning Balance</b>	<b>\$198,480</b>	<b>\$152,138</b>	<b>\$186,811</b>	<b>\$235,783</b>	<b>\$232,032</b>
<b>Revenue</b>					
Charges for Services	213,300	219,390	225,972	225,972	240,752
Other Revenue	-	-	-	-	-
<b>Total Revenue</b>	<b>213,300</b>	<b>219,390</b>	<b>225,972</b>	<b>225,972</b>	<b>240,752</b>
<b>Expenditures</b>					
Personal Services	97,390	107,810	199,423	119,423	127,143
Professional Services	-	-	38,277	-	39,557
Supplies	4,401	1,201	500	1,300	1,300
Operations	1,136	1,249	-	1,500	1,500
Maintenance & Repairs	7,715	6,967	12,000	7,500	10,500
Capital Outlays	-	-	-	-	-
Debt Service	149,900	67,500	6,800	100,000	8,000
<b>Total</b>	<b>259,642</b>	<b>184,717</b>	<b>177,000</b>	<b>229,723</b>	<b>188,000</b>
 Over/(Under)	 (\$46,342)	 34,673	 48,972	 (3,751)	 52,752
 <b>Ending Balance</b>	 <b>\$152,138</b>	 <b>\$186,811</b>	 <b>\$235,783</b>	 <b>\$232,032</b>	 <b>\$284,784</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. The implementation of a drainage fee (which covers the cost of operations) was pursued due to the Strategic Goal of seeking new revenue sources.

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

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

The only expense incurred in FY16 was a water reuse and reclamation study funded by a grant from the Bureau of

Reclamation, a division of the Department of the Interior. The portion of the grant associated directly with the stormwater utility fee will be paid back over the first two years of the Fund's operations (FY17 and FY18). Once the initial study is reimbursed, the Fund will be fully operational.

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

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

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

# budget summary

	fy15 actual	fy16 actual	fy17 budget	fy17 projected	fy18 approved
<b>Beginning Balance</b>	\$-	\$-	(\$107,204)	(\$107,204)	(\$50,204)
<b>Revenue</b>					
Charges for Service	-	-	169,000	165,000	170,000
Intergovernmental	-	-	-	-	-
Other Revenue	-	-	-	-	-
<b>Total Revenue</b>	-	-	169,000	165,000	170,000
<b>Expenditures</b>					
Professional Services	-	-	-	-	-
Supplies	-	-	-	-	-
Operations	-	-	-	38,000	-
Maintenance & Repairs	-	-	20,000	25,000	30,000
Capital Outlays	-	-	19,907	10,000	30,000
Debt Service	-	-	40,093	35,000	36,000
<b>Total</b>	-	-	80,000	108,000	96,000
<b>Over/(Under)</b>	-	-	89,000	57,000	74,000
<b>Ending Balance</b>	-	(107,204)	(18,204)	(50,204)	23,796

## 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. These events improve the City's marketing reach, and through partnerships with local businesses, we are able to achieve a level of brand recognition that traditional marketing efforts could never match.

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

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

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

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



# budget summary

	fy15 actual	fy16 actual	fy17 budget	fy17 projected	fy18 approved
<b>Beginning Balance</b>	\$-	\$-	\$-	\$-	\$1,300
<b>Revenue</b>					
Boomin' 4th	-	-	82,000	61,000	59,500
Craft & Cork	-	-	80,500	61,000	80,000
COHOHO	-	-	-	-	-
<b>Total Revenue</b>	-	-	162,500	122,000	139,500
<b>Expenditures</b>					
Boomin' 4th	-	-	70,000	58,200	56,500
Craft & Cork	-	-	56,000	62,500	65,000
COHOHO	-	-	-	-	-
<b>Total</b>	-	-	126,000	120,700	121,500
Over/(Under)	-	-	36,500	1,300	18,000
<b>Ending Balance</b>	-	-	36,500	1,300	\$19,300

## statistics

### Attendance for Boomin' 4th

FY16: 14,000  
 FY17: 12,000  
 FY18: 13,000 (goal)

**About:** The City's goal is to achieve an attendance of 13,000 for this event, which draws from across the western portion of the DFW Metroplex.

### Attendance for Craft & Cork

FY16: 1,450  
 FY17: 1,200  
 FY18 (goal): 1,200

**About:** The City's goal is to have 1,200 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 and the City's long-term goals.

## 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.

This project is a critical piece in the City's long-term plan, because the Hudson Oaks Bridge is the central focal point of the City and it serves as the primary connection point between the north and south portions of the City (separated by IH-20). The expansion of the bridge and intersection at US

	fy16	fy17	fy18
<b>General Capital Projects</b>			
Hudson Oaks Bridge	\$474,679	\$0	\$50,000
Oakey Corridor Phase One	173,009	500,297	2,269,059
Centerpoint Bridge	-	1,705,000	-
Hudson Oaks Fiber	50,200	270,921	1,654,367
I-20 Vision	61,027	-	-
<b>Utility Capital Projects</b>			
Lakeshore Drive Sewer Extension	54,976	-	-
Water Tower Painting	-	-	200,000
Red Eagle Water Plant	304,528	-	-
Regional Water Feasibility	40,000	60,000	-
<b>Total</b>	<b>1,518,419</b>	<b>2,536,218</b>	<b>4,173,426</b>

180 will provide sufficient capacity to handle the increasing levels of traffic (10% more cars are traveling through this intersection compared to 2016). Getting ahead of congestion in the City's primary commercial corridor is vital, since we need visitors to enjoy driving through Hudson Oaks if we want them to come here and shop. Additionally, the aesthetic improvements tie in to the \$1m in landscaping that was installed in the middle medians of US 180 in 2013, enhancing our brand and creating a sense of place that is essential when competing for new commercial development. As a result, this project directly impacts 3 of the 5 Strategic Goals.

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.

### **Oakey 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 Oakey Trail, and will provide the public improvements necessary for the Oakey Corridor redevelopment plan.

Redeveloping the Oakey Corridor serves many strategic purposes. By reconstructing an aging street (in one of the City's oldest neighborhoods), maintenance costs will be reduced. The demand for property in Hudson Oaks has increased in recent years, causing the price of property to increase. In order to remain property tax free, diversity in commercial development is very important; unfortunately, higher land cost reduces our ability to attract a wide array of uses.

This project will create an entirely new and commercial

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

Diversifying our economy is critical for our long-term fiscal health because it reduces our reliance on a single revenue source while providing opportunities to enhance our ability to recruit sales tax generating businesses. Additionally, the partnerships we have formed with affected landowners has allowed the City to recover a significant portion of the cost for this project.

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

### **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.

From a development standpoint, this project is among the most important in the next five years. Commercial development south of IH-20 is almost non-existent due to a lack of access. The construction of new frontage roads from Centerpoint to Hudson Oaks Drive will open up nearly 300 acres of prime, commercially-zoned real estate for development.

# capital projects (cont.)

This project has come to fruition largely due to the partnerships between the City of Hudson Oaks, Parker County, and the Texas Department of Transportation (TxDOT). Such cooperation was identified as a Strategic Goal because it is necessary for our future growth. As a city of just over 2,000 residents with no property tax, our ability to plan for and construct the infrastructure necessary to carry out our vision is limited. As a result, our regional partnerships have been beneficial to Hudson Oaks, Parker County (which will receive significant benefits to property values due to the future development made possible by this project), and TxDOT (which is facing significant challenges preparing for the impending growth in East Parker County).

Although this project will allow for future development which is not possible today, it would not have been possible without the cooperation of our business community. These partnerships have allowed the City to participate in this project while recovering a portion of the cost associated with that participation.

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

This project was explicitly identified in the Strategic Plan as an action item under Goal 4. The City has partnered with an internet service provider to "light" the City's fiber

infrastructure. This agreement will provide another option for reliable high-speed internet service to our residents and businesses. It will make Hudson Oaks the first "gigabit city" in Parker County, improving our ability to recruit businesses, start-ups, and other technology related developments. As part of the agreement, our technology partner has relocated its corporate headquarters to Hudson Oaks. This has brought 150 well-paying jobs to Hudson Oaks.

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

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

## **I-20 Vision**

This project is funded through a Green Ribbon Grant funded through TxDOT, and will install several hundred trees along the I-20 corridor through Hudson Oaks. It is a continuation of the aesthetic improvements that have been installed along the US 180 middle medians and the Hudson Oaks Bridge (discussed above).

Our relationship with TxDOT has allowed Hudson Oaks to be considered a trusted and reliable partner for these types of projects. Where the Oakey Corridor will create a sense of place from a development perspective, this project will create a sense of place from a branding and aesthetic

perspective.

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 and was essential for the development that has occurred south of I-20, including Freedom PowerSports (which has become an important sales tax generator for the City).

### **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. Under the current operating structure, this additional storage will allow the City to pump wholesale water more consistently from day-to-day, which will reduce peak demand on our wholesale provider. The new wholesale rate structure that went into effect in FY17 results in a lower cost per-thousand-gallons, but a much higher cost for peak usage.

Funding for this project may be reallocated should the City ultimately pursue a new wholesale water provider. In the event that this does not occur, 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.

This project, should it move forward, will result in additional infrastructure costs over 20 years, but significantly reduced operational costs (both consumption and peaking charges would be lower). It would also result in a more stable operating environment for the City. Right now, Hudson Oaks is the sole wholesale customer for the City of Weatherford, whereas we would be joining more than 30 wholesale customers of the City of Fort Worth.

# debt schedules

Governmental Activity	Rate	Original Amount	Balance 9/30/17	2018	2019	2020
<b>Bonds</b>						
2007 Certificates of Obligation	4.1%	1,800,000.00	1,105,000	135,305	136,615	137,720
2010 GO Refunding Bonds	2-4%	810,000.00	340,000	112,600	69,600	67,200
2012 Certificates of Obligation	2-3.5%	722,250.00	623,700	52,637	53,312	52,610
2016A Certificates of Obligation	2.41%	4,195,000.00	4,065,000	273,625	270,500	272,000
2016B Certificates of Obligation	2.78%	1,540,000.00	1,505,000	110,685	107,685	109,535
<b>Notes/Leases</b>						
Lease: First Financial Bank	2.6%	38,437.00	25,945	13,495	13,494	-
Lease: Dell Financial Services	4.998%	29,116	27,304	6,779	6,779	6,779
<b>Totals</b>			<b>7,691,949</b>	<b>705,126</b>	<b>657,986</b>	<b>645,844</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.



	2021	2022	2023-2027	2028-2032	2032-2037	Total
<b>Bonds</b>						
2007 Certificates of Obligation	133,620	134,520	693,310	-	-	1,371,090
2010 GO Refunding Bonds	44,800	43,200	41,600	-	-	379,000
2012 Certificates of Obligation	53,258	53,879	263,925	265,211	-	794,829
2016A Certificates of Obligation	273,000	271,475	1,362,300	1,365,763	1,090,113	5,178,775
2016B Certificates of Obligation	111,085	112,335	550,550	550,531	438,659	2,091,065
<b>Notes/Leases</b>						
Lease: First Financial Bank	-	-	-	-	-	26,989
Lease: PlainsCapital Bank	6,779	4,520	-	-	-	31,637
<b>Totals</b>	<b>622,542</b>	<b>619,928</b>	<b>2,911,685</b>	<b>2,181,505</b>	<b>1,528,771</b>	<b>9,873,386</b>

## debt schedules (cont.)

Enterprise Activity	Rate	Original Amount	Balance 9/30/17	2018	2019	2020
<b>Bonds</b>						
2010 Combination Tax & Revenue (Dyegard Fund)	4.1%	2,915,000.00	2,380,000	189,775.00	192,400.00	189,900.00
2010 GO Refunding Bonds (Water Fund)	2-4%	1,185,000.00	605,000.00	152,650.00	93,600.00	90,400.00
2012 Certificates of Obligation (Water Fund)	2-3.5%	2,124,300.00	1,777,555.00	144,138.50	145,963.50	144,138.50
2014 Combination Tax & Revenue (Wastewater Fund)	2-3.5%	1,235,000.00	1,140,000.00	78,327.50	177,145.00	183,812.50
2016A Certificates of Obligation (Stormwater Utility Fund)	2.78%	1,540,000.00	1,540,000.00	34,975.00	38,850.00	37,600.00
<b>Notes/Leases</b>						
First Financial Bank	2.8%	29,196	22,075	7,780	7,780	7,762
<b>Totals</b>			<b>6,178,375</b>	<b>605,821</b>	<b>653,914</b>	<b>651,715</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.

	2021	2022	2023-2027	2028-2032	2033-2037	Total
<b>Bonds</b>						
2010 Combination Tax & Revenue (Dyegard Fund)	191,900.00	192,700	945,500	949,738	575,688	3,427,600
2010 GO Refunding Bonds (Water Fund)	67,200.00	64,800	62,400	-	-	531,050
2012 Certificates of Obligation (Water Fund)	143,992.50	145,672	713,575	717,052	-	2,148,983
2014 Combination Tax & Revenue (Wastewater Fund)	185,265.00	181,610	381,933	-	-	1,188,093
2016A Certificates of Obligation (Stormwater Utility Fund)	36,350.00	35,475	179,600	168,213	142,800	673,862
<b>Notes/Leases</b>						
First Financial Bank	-	-	-	-	-	23,322
<b>Totals</b>	<b>624,708</b>	<b>620,257</b>	<b>2,283,008</b>	<b>1,835,002</b>	<b>718,488</b>	<b>7,992,910</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.

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