

FY19



FY19 Adopted Budget

COHO



COHO

**This budget was unanimously
adopted on September 27, 2018**

Mayor

Marc Povero

Councilmembers

Tom Fitzpatrick, Tom Marquardt, Brian
Lixey, Marty Schrantz, and Daniel Cross

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Introductory

The budget is the ultimate expression of a community's values. It's the one regular opportunity we have to come together and decide what's most important to us.

COHO





Introductory

City Administrator's Message

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 FY19 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 events;
- Provide quality, safe, and attractive neighborhoods;
- Improve the visual integrity of Hudson Oaks' corridors;
- Make Hudson Oaks distinguishable from adjacent communities.

During FY18, the City made great strides in achieving these goals. The Hudson Oaks Bridge project, despite some late delays, achieved substantial completion in 2018. This project was the culmination of nearly 10 years of design and

development, along with a strong partnership among Hudson Oaks, Parker County, and the Texas Department of Transportation. We are now well-positioned to handle the increased traffic expected from the new developments in the area, including Chick-Fil-A and H-E-B.

The Oakey Corridor Phase One project commenced in July 2017 and will be substantially complete next month. This project provides a walkable, pedestrian-oriented mixed-use development and creation of a safe, family-friendly downtown area. The addition of sidewalks and street lamps made this year's Boomin' 4th a grand event, and much safer for pedestrian traffic.

The third annual Craft & Cork, a wine and craft beer event, was held in October 2017. Building on the highly successful inaugural event, Year Three was a smashing success. This signature event provides an unique opportunity for our residents to enjoy our City park, and highlights the great relationship the City has with local business owners.

In 2017, the City launched a brand new holiday extravaganza with COHOHO. Featuring nearly 5 miles of Christmas lights and a 50' lighted tree in the center of Gene Voyles Park, COHOHO saw thousands of visitors in its inaugural season.

Finally, the Hudson Oaks Fiber project, which



provides fiber-to-the-home service to the majority of Hudson Oaks residences and businesses, is wrapping up and internet services are now being installed to our residents under a partnership with NextLink.

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 among Texas cities. 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.

FY19 Budget Environment

Over the past few years, our budgets have been focused around maintaining service levels during a time of heavy investment in the future. Between street construction and fiber optic installation, Hudson Oaks made a decision to spread itself a little thin in the short-run as we pulled back the rubber band of the slingshot; now, as we prepare to let go and soar into the future, the investments we've made are starting to bear fruit.

In the upcoming budget, several major new developments are expected to begin or open, including the Creekside Apartments and H-E-B. These developments, along with many others, will help to establish a new baseline for our city as we begin the FY20 budget process in earnest.



Introductory

City Administrator's Message (cont.)

Although we still approach this budget with the caution and conservative nature that has predominated the last two years, we can look ahead and see a bright future as soon as next Summer. The discussions that this Council will be having at this time next year will be much different than those it has had in the past few years, and that will be owing to the foresight of our City's leaders.

Major Items in FY19

While there are few major operational changes in this budget, you will find some noteworthy changes. Significantly, you will find the removal of one-time revenue related to the Creekside apartment development, the permit for which is expected by the end of FY18. You will notice the addition of debt service costs for the Public Improvement District #1 projects, which will be reduced over time as development in the district contributes new revenue. Debt service in payments in this budget have been moved to one location to better keep track of these obligations.

This budget includes the second phase of water rate adjustments 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 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



Introductory

Strategic Plan

Approved September 2017

Vision

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

Mission

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



- Hudson Oaks will do everything possible to ensure the City has sufficient funding sources for road construction (so the community has infrastructure to support economic development) and amenities.
- Answer Hudson Oaks' citizens' demands for amenities.
- Take Hudson Oaks' brand strength even higher.



Introductory

About COHO

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

2,123 population
49% male / 51% female

\$121,136 mean household income
up from \$69,545 in 2000

47.5 median age
48.4 male / 47.0 female

36% bachelor's or higher
92% high school graduate or higher

754 housing units
48.4 male / 47.0 female

73% two-income households
57% employed in management, business, science, and arts occupations

2.82 average family size
48.4 male / 47.0 female

26.7 minutes
average commute time



Top Taxpayers

Wal-Mart
Jerry Durant Auto Group
Southwest Auto Group

Utilities

Weatherford Electric
Oncor
Tri-County Electric Cooperative

Education & Healthcare

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

Recreation

Gene Voyles Park
Splash Kingdom Water Park
City Lights Cinema

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 FY19. 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 allowed this introductory 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 changed the way the City's water system operates. Over the next few years, Hudson Oaks will begin to draw more heavily on its wholesale water supply, while shifting to a new wholesale provider.

The infrastructure and funding required to support this operational change necessitated a rate

adjustment in FY18, 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 has completed the installation of approximately 25 miles of fiber-optic cable throughout most of Hudson Oaks.

Short Term Organizational Goals

Executive Summary

(cont.)

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 FY19 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 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.

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

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



Governmental Funds

standard governmental activities

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

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

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

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

Enterprise Funds

business-like activities

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

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

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

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

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

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

Capital Related Funds

project-based and debt service

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

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

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

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



Introductory

Financial Outlook

General Fund

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

FY19 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 is not restricted, and they are not currently earmarked for any specific projects.

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.



	FY19	FY20	FY21	FY22	FY23
Beginning Balance	1,208,480	1,208,480	1,391,230	1,775,273	2,153,522
Revenues					
Taxes	2,623,500	2,889,380	3,096,531	3,154,596	3,253,591
Licenses & Permits	218,200	218,200	218,200	218,200	218,200
Intergovernmental	33,311	33,311	33,311	33,311	33,311
Service Charges	3,000	3,000	3,000	3,000	3,000
Court Fines & Fees	59,739	49,739	44,739	44,739	44,739
Interest Revenue	10,000	10,000	10,000	10,000	10,000
Miscellaneous Revenue	205,500	205,500	355,500	355,500	355,500
Lease Revenue	21,750	70,000	21,750	21,750	21,750
Transfers	-	-	-	-	-
Total Revenue	3,175,000	3,479,130	3,783,031	3,841,096	3,940,091
Expenditures					
Administration	704,590	718,682	733,055	747,717	762,671
City Council	7,500	7,650	7,803	7,959	8,118
Municipal Court	61,247	62,472	63,721	64,996	66,296
Parks & Recreation	78,555	80,126	81,729	83,363	85,030
Planning & Development	106,000	106,000	106,000	106,000	106,000
Police Department	1,269,158	1,294,541	1,320,432	1,346,841	1,373,777
Streets	947,950	966,909	986,247	1,005,972	1,026,092
Total Expenditures	3,175,000	3,296,380	3,398,988	3,462,847	3,527,984
Over/(Under)	-	182,750	384,043	378,249	412,107
Ending Balance	1,208,480	1,391,230	1,775,273	2,153,522	2,565,629

Financial Outlook

Enterprise Fund

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

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



	FY19	FY20	FY21	FY22	FY23
Beginning Balance	1,929,844	1,987,844	2,041,686	2,096,927	2,136,422
Revenues					
Water Service	1,470,000	1,485,000	1,500,000	1,500,000	1,500,000
Sewer Service	360,000	360,000	370,000	380,000	380,000
Other Sources	20,000	20,000	20,000	20,000	20,000
Total Revenue	1,850,000	1,875,000	1,900,000	1,900,000	1,900,000
Expenses					
Water Operations	1,450,000	1,468,958	1,488,295	1,508,019	1,528,137
Sewer Operations	342,000	352,200	356,464	352,466	366,795
Total Expenses	1,792,000	1,821,158	1,844,759	1,860,485	1,894,932
Over/(Under)	58,000	53,842	55,241	39,515	5,068
Ending Balance	1,987,844	2,041,686	2,096,927	2,136,422	2,141,510

Introductory

Financial Outlook

Other Funds

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.

	FY19	FY20	FY21	FY22	FY23
Revenue	267,000	267,000	267,000	267,000	267,000
Expenditures	258,000	258,000	258,000	258,000	258,000
Over/(Under)	9,000	9,000	9,000	9,000	9,000

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.

	FY19	FY20	FY21	FY22	FY23
Revenue	170,000	176,000	184,000	190,000	195,700
Expenditures	160,000	16,000	184,000	190,000	195,700
Over/(Under)	10,000	-	-	-	-

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.

	FY19	FY20	FY21	FY22	FY23
Revenue	247,975	255,414	263,077	270,969	279,098
Expenditures	196,707	202,524	208,516	214,687	221,044
Over/(Under)	51,268	52,890	54,561	56,282	58,054

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.

	FY19	FY20	FY21	FY22	FY23
Revenue	185,000	145,760	148,575	151,447	154,376
Expenditures	145,000	145,000	145,000	145,000	145,000
Over/(Under)	40,000	760	3,575	6,447	9,376

Introductory

Consolidated Financials

	Estimated Available Undesignated Cash Balance	Estimated Revenues	Transfers from Other Funds
General Fund	1,208,480	3,175,000	-
Enterprise Fund	1,929,844	1,850,000	-
Other Funds			
Dyegard Fund	4,409	267,000	-
Deer Creek Fund	203,498	247,975	-
Stormwater Utility Fund	59,501	170,000	-
Special Events Fund	-32,965	135,000	50,000
Total	3,372,767	5,844,975	50,000

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
4,337,257	2,486,200	688,800	1,208,480
3,779,844	1,393,000	399,000	1,987,844
271,409	38,000	220,000	13,409
451,473	196,707	-	254,766
229,501	120,000	40,000	69,501
152,035	145,000	-	7,035
9,267,742	4,378,907	1,347,800	3,541,035



Introductory

Staffing Summary

Hudson Oaks Residents

City Council

Boards & 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



	FY16	FY17	FY18	FY19
City Administrator	1.0	1.0	1.0	1.0
Assistant City Administrator	1.0	1.0	1.0	1.0
City Secretary	1.0	1.0	1.0	1.0
Finance Analyst	1.0	1.0	1.0	-
Assistant to the City Administrator	-	-	-	1.0
Operations Coordinator	1.0	1.0	1.0	1.0
Facilities Manager	1.0	1.0	1.0	1.0
Maintenance Worker I	1.0	1.0	1.0	1.0
Water Superintendent	1.0	1.0	1.0	1.0
Water Operator I	1.0	1.0	1.0	1.0
Utility Worker I	2.0	2.0	2.0	2.0
Chief of Police	1.0	1.0	1.0	1.0
Sergeant	2.0	1.0	2.0	2.0
Corporal	2.0	2.0	2.0	2.0
Police Officer	6.0	6.5	6.0	6.0
Property & Evidence Technician	1.0	1.0	1.0	1.0
Total	23.0	22.5	23.0	23.0

General Fund

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

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.

Revenue to the general fund 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 basis of accounting.



General Fund

Sales Tax

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

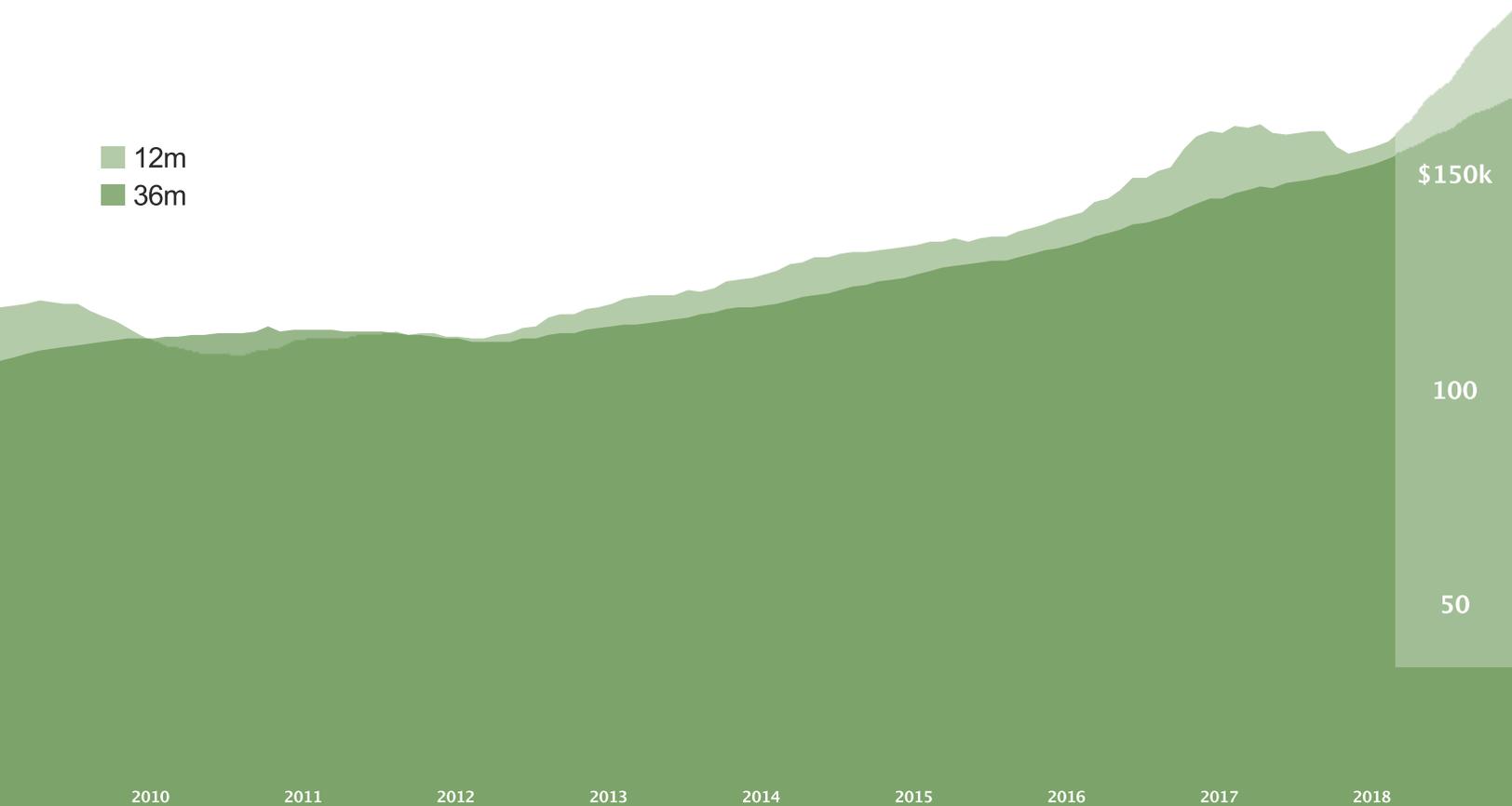
Hudson Oaks has one of the highest per-capita consumer spending levels in Texas, but a large portion of that spending comes from the purchase of new and used vehicles - sales that do not have a local sales tax component. Nevertheless, Hudson Oaks still ranks among the top 10 in Texas in per

capita sales tax.

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

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

■ 12m
■ 36m

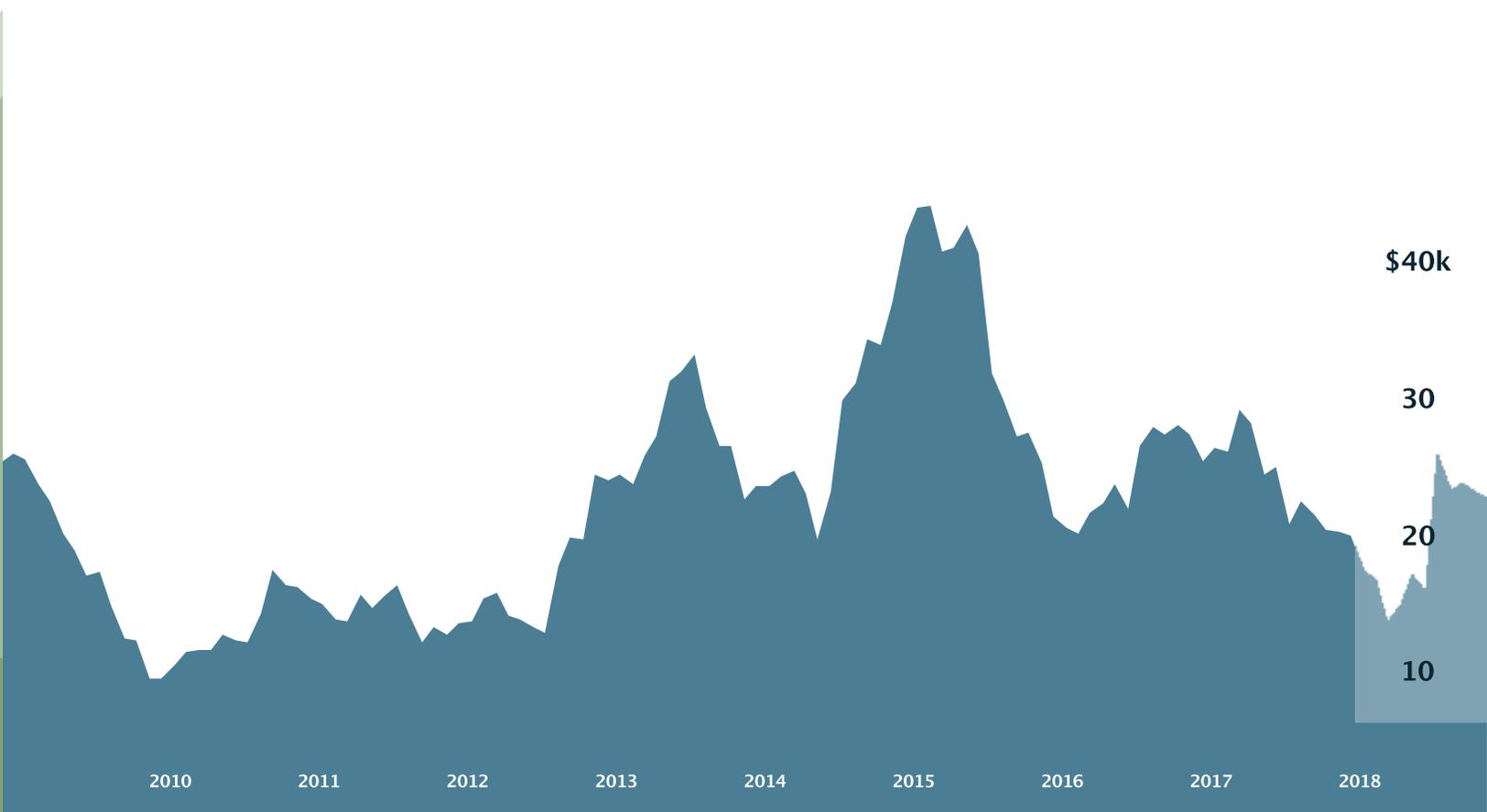


Building Permits

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

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

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



General Fund

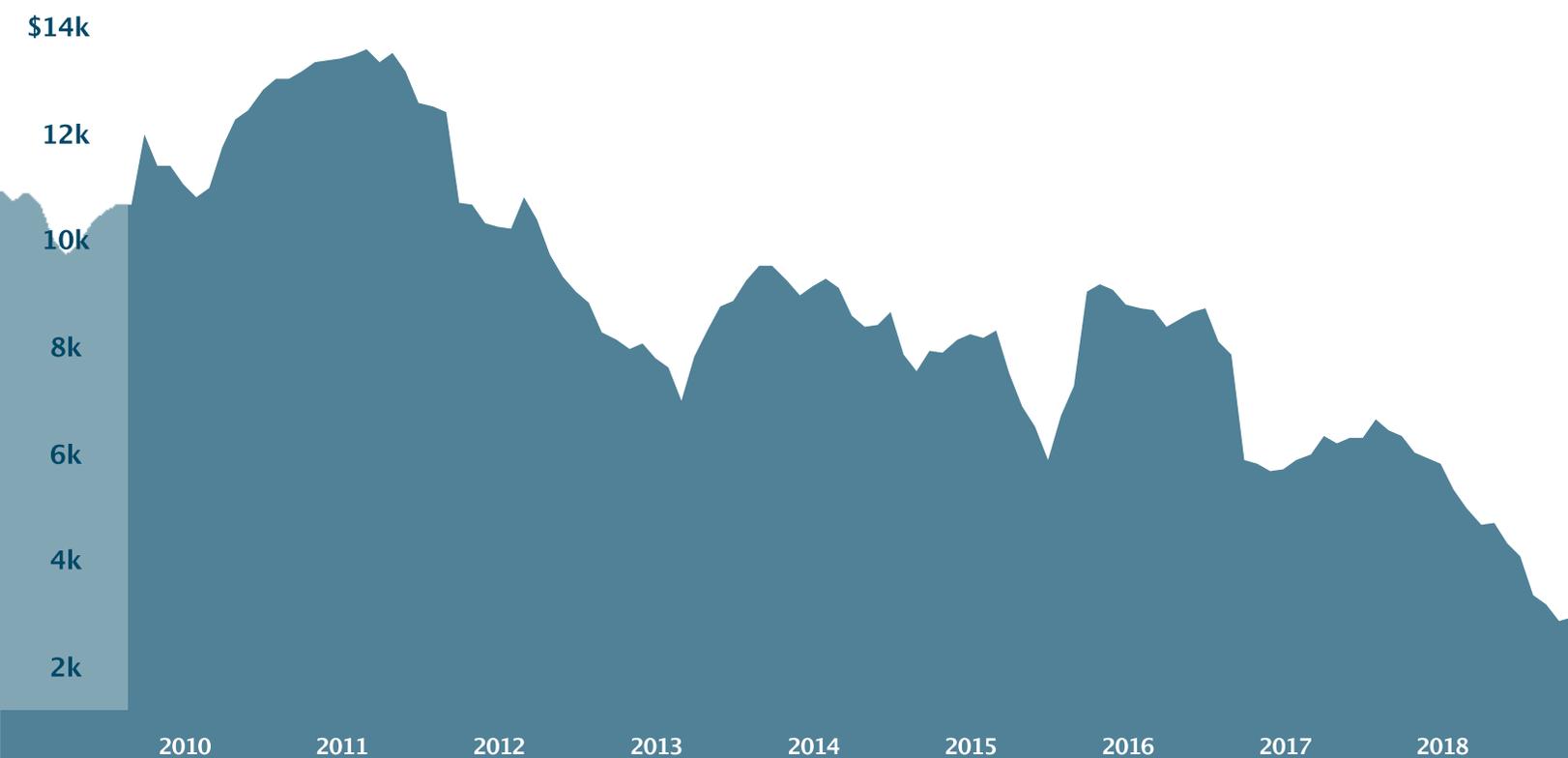
Court Fines & Fees

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

This has created a more welcoming environment for residents and visitors who

come to shop in Hudson Oaks. Projections for this revenue source are held at the lowest reasonable level.

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



Revenues

Taxes	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Projected	FY19 Adopted
Sales Tax	1,917,568	2,870,702	2,170,000	2,170,000	2,415,000
Mixed Beverage Tax	9,782	9,578	9,500	9,500	9,500
Payment in Lieu of Taxes	9,339	12,375	21,000	21,000	21,000
Franchise Fees	178,115	173,168	176,000	176,000	176,000
In-Kind PEG Fees	2,249	1,840	2,000	2,000	2,000
Subtotal	2,117,053	2,067,663	2,378,500	2,378,500	2,623,500

Licenses & Permits	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Projected	FY19 Adopted
Alcoholic Beverage Permits	4,333	1,288	1,000	1,000	1,000
Building Permits	313,975	257,715	500,000	544,526	200,000
Occupancy Permits	4,700	2,700	2,000	2,000	2,000
Sign Permits	3,537	5,109	2,500	2,500	2,500
Billboard Permits	250	50	-	-	-
Septic Permits	6,570	1,640	2,700	2,700	2,700
Health Permits	9,950	10,000	10,000	10,000	10,000
Health Permits - Late Penalty	300	-	-	-	-
Subtotal	343,615	278,502	518,200	562,726	218,200

Lease Revenue	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Projected	FY19 Adopted
T-Mobile Ground Lease	21,780	21,780	21,750	21,750	21,750
Subtotal	21,780	21,780	21,750	21,750	21,750

General Fund

Revenues (cont)

Intergovernmental	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Projected	FY19 Adopted
Federal Grants	12,242	-	-	-	-
State Grants	-	-	-	80,183	-
TCLEOSE Education	1,277	1,270	-	-	-
ESD#3 Building Lease	21,357	21,784	22,439	22,438	23,111
Weatherford Fire Academy	10,200	10,200	10,200	10,200	10,200
Subtotal	45,076	33,254	32,639	112,821	33,311

Charges for Service	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Projected	FY19 Adopted
Printing & Duplication	83	7	-	-	-
Accident Reports	672	497	-	-	-
Plat Fees	1,321	1,250	1,500	1,500	1,500
Development Review Fees	9,026	4,971	1,000	1,000	1,000
Replat Fees	1,592	250	250	250	250
Zoning Fees	250	1,000	250	250	250
Subtotal	12,944	7,975	3,000	3,000	3,000

Interest Revenue	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Projected	FY19 Adopted
Interest Revenue	6,980	18,594	5,000	20,276	10,000
General Reserve Interest	283	-	-	-	-
Sales Tax Reserve Interest	458	-	-	-	-
Subtotal	7,721	18,594	5,000	20,276	10,000



Fines & Fees	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Projected	FY19 Adopted
Traffic Fines	61,704	53,135	60,000	40,000	45,000
Arrest Fees	2,206	1,705	2,000	2,000	2,000
Court Admin Fees	5,338	5,595	2,200	2,200	2,200
Warrant Fees	5,874	5,824	6,000	6,000	6,000
Court Special Expense Fees	3,368	2,475	3,000	3,000	3,000
TFC Fees	800	445	1,000	1,000	1,000
JFCI Revenue	163	188	300	300	300
Bond Forfeiture	-	354	-	-	-
Credit Card Revenue	1,640	1,338	912	912	239
Subtotal	81,094	71,060	75,412	55,412	59,739

Miscellaneous	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Projected	FY19 Adopted
Miscellaneous	4,595	1,269	5,000	5,000	5,000
Credit Card Revenue	842	724	500	500	500
Roadway Assessments	-	-	-	-	200,000
Subtotal	45,076	33,254	32,639	112,821	33,311

Transfers & Other	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Projected	FY19 Adopted
Transfers In	68,750	-	-	-	-
Capital Lease Proceeds	38,437	29,116	-	-	-
Investment Income	48,501	-	-	-	-
Subtotal	155,688	29,116	-	-	-

Administration

Staffing

City Administrator
Assistant City Administrator
City Secretary
Assistant to the City Administrator
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: ensuring sufficient revenue sources (Strategic Goal 1), answer our residents' demands for amenities (2), take Hudson Oaks' brand strength even higher (3).

Duties

The city administrator is the organization's chief executive officer. In addition to implementing the policies set by and making budget recommendations to the City Council, the city administrator is responsible for supervising economic development, planning and development, city secretary, 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 assistant to the city administrator is an entry-level management-track position. It is not a permanent position; it is typically created when staff development and succession planning needs warrant. During FY18, the City experienced turnover in the Finance Analyst position, and determined that it would be an ideal time to reinstitute this position. This primary goal of this position is to learn the operations of the City in order to assume management responsibilities within the first 6-12 months.

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

Statistics

Percentage of cases stored in digital document management

FY17: 90%
 FY18: 92%
 FY19: 100% (goal)

Percentage of tickets entered within 2 business days of being written

FY17: n/a
 FY18: 80%
 FY19: 90% (goal)

Accomplishments

Received GFOA awards for budgeting and financial reporting.

Completed the Hudson Oaks Fiber Infrastructure project; achieved substantial completion on the Oakey Corridor Phase One project.

FY19 Goals

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

	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Projected	FY19 Adopted
Personal Services	259,620	272,491	271,321	272,210	290,390
Professional Services	84,894	82,045	91,500	96,493	71,000
Supplies	12,211	11,522	10,000	10,207	10,000
Maintenance & Operations	107,303	123,443	172,077	113,079	328,700
Capital Outlays	3,700	3,403	4,500	35,001	4,500
Debt Service	183,720	224,820	134,400	225,600	-
Total	651,448	717,724	683,798	752,589	704,590

Mayor & Council

Staffing

Mayor
City Council Members (5)

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.

Strategic Goals

Establish the overarching policy priorities of the City.

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

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

Accomplishments

Completed a Strategic Planning workshop and adopted a new Strategic Plan.

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.

Statistics

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

	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Projected	FY19 Adopted
Personal Services	-	-	-	-	-
Professional Services	-	-	-	-	-
Supplies	38	529	-	954	-
Maintenance & Operations	6,478	7,714	6,000	12,253	7,500
Capital Outlays	-	-	-	-	-
Debt Service	-	-	-	-	-
Total	6,516	8,243	6,000	13,207	7,500

Municipal Court

Staffing

Operations Coordinator
Municipal Court Judge (contract labor)

Strategic Goals

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

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

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

Statistics

Percentage of cases stored in digital document management

FY17: 90%
 FY18: 92%
 FY19: 100% (goal)

Percentage of tickets entered within 2 business days of being written

FY17: n/a
 FY18: 80%
 FY19: 90% (goal)

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).

FY19 Goals

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	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Projected	FY19 Adopted
Personal Services	24,857	24,327	25,067	26,067	26,047
Professional Services	18,011	15,433	22,200	13,200	22,200
Supplies	2,419	721	1,400	1,400	1,400
Maintenance & Operations	7,690	8,058	13,200	11,200	11,600
Capital Outlays	-	-	-	-	-
Debt Service	-	-	-	-	-
Total	52,977	48,558	61,867	51,867	61,247

Parks & Recreation

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, 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.

Statistics

Percentage of cases stored in digital document management

FY17: 90%
 FY18: 92%
 FY19: 100% (goal)

Percentage of tickets entered within 2 business days of being written

FY17: n/a
 FY18: 80%
 FY19: 90% (goal)

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.

FY19 Goals

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

	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Projected	FY19 Adopted
Personal Services	23,474	23,429	26,527	26,527	32,405
Professional Services	-	-	2,000	2,000	2,000
Supplies	3,327	904	1,500	1,500	1,500
Maintenance & Operations	39,220	46,254	28,150	37,349	42,650
Capital Outlays	-	-	-	-	-
Debt Service	-	-	-	-	-
Total	66,020	70,587	58,177	67,376	78,555

Planning & Development

Staffing

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

Strategic Goals

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

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

Duties

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

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

are outsourced to a third-party, there are few fixed costs associated with these functions. Permit revenues provide a direct offset to these expenditures. In years when permit applications exceed budget projections, expenditures may be higher than anticipated, but additional revenues are available to cover the expense. Funding for these contractual costs was moved to this department in FY15 to isolate them so that the link between permit revenue and expenditures can be better understood.

Accomplishments

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

Approved a 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:



Statistics

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 FY18: 80%
 FY19: 90% (goal)

Chick-Fil-A, Schlotzky's, United Ag and Turf (John Deere), NextLink Internet corporate headquarters, HEB Grocery.

FY19 Goals

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

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

	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Projected	FY19 Adopted
Personal Services	-	-	-	-	-
Professional Services	145,710	121,897	254,000	254,000	104,000
Supplies	-	-	-	-	-
Maintenance & Operations	1,068	23,042	2,000	2,000	2,000
Capital Outlays	-	-	-	-	-
Debt Service	-	-	-	-	-
Total	146,778	144,939	256,000	256,000	106,000

Police Department

Staffing

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

Strategic Goals

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

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

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

Duties

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

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

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

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

Statistics

Percentage of cases stored in digital document management

FY17: 90%
 FY18: 92%
 FY19: 100% (goal)

Percentage of tickets entered within 2 business days of being written

FY17: n/a
 FY18: 80%
 FY19: 90% (goal)

for records maintenance and open records requests.

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

Accomplishments

Received a grant to purchase new mobile and portable radios for the department.

FY19 Goals

Implement policy management program.

Leased new on-body cameras and in-car cameras.

Reorganize personnel levels to improve efficiency of communication and management.

Replaced aging Taser devices.

	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Projected	FY19 Adopted
Personal Services	920,245	965,528	956,918	969,556	988,019
Professional Services	37,146	36,513	36,400	39,633	40,198
Supplies	17,747	26,955	31,180	31,180	14,385
Maintenance & Operations	162,484	141,477	178,102	272,413	187,212
Capital Outlays	72,019	36,345	17,870	20,256	4,840
Debt Service	12,217	27,926	29,361	32,857	34,504
Total	1,221,859	1,238,744	1,249,831	1,365,895	1,269,158

Streets

Staffing

Facilities Manager
Maintenance Worker I

Strategic Goals

Maintain an effective and high quality local transportation system.

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

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

Duties

Under the direction of the 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.

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

Statistics

Percentage of cases stored in digital document management

FY17: 90%
 FY18: 92%
 FY19: 100% (goal)

Percentage of tickets entered within 2 business days of being written

FY17: n/a
 FY18: 80%
 FY19: 90% (goal)

Accomplishments

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

Completed engineering for the Dorris Drive extension.

* In FY18, Street Department expenditures were minimized in the event that the permit for the Creekside Apartment complex did not materialize during the fiscal year. In FY19, street maintenance will return to full-force.

FY19 Goals

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

	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Projected	FY19 Adopted
Personal Services	33,564	13,719	26,327	26,327	32,505
Professional Services	8,093	-	13,000	13,000	13,000
Supplies	6,517	850	-	-	-
Maintenance & Operations	10,686	15,942	10,000	10,000	10,000
Capital Outlays	184,991	53,169	211,600	93,400	202,945
Debt Service	180,410	469,200	463,400	463,200	689,500
Total	424,261	552,880	724,327	606,827	947,950

Enterprise Fund

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

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

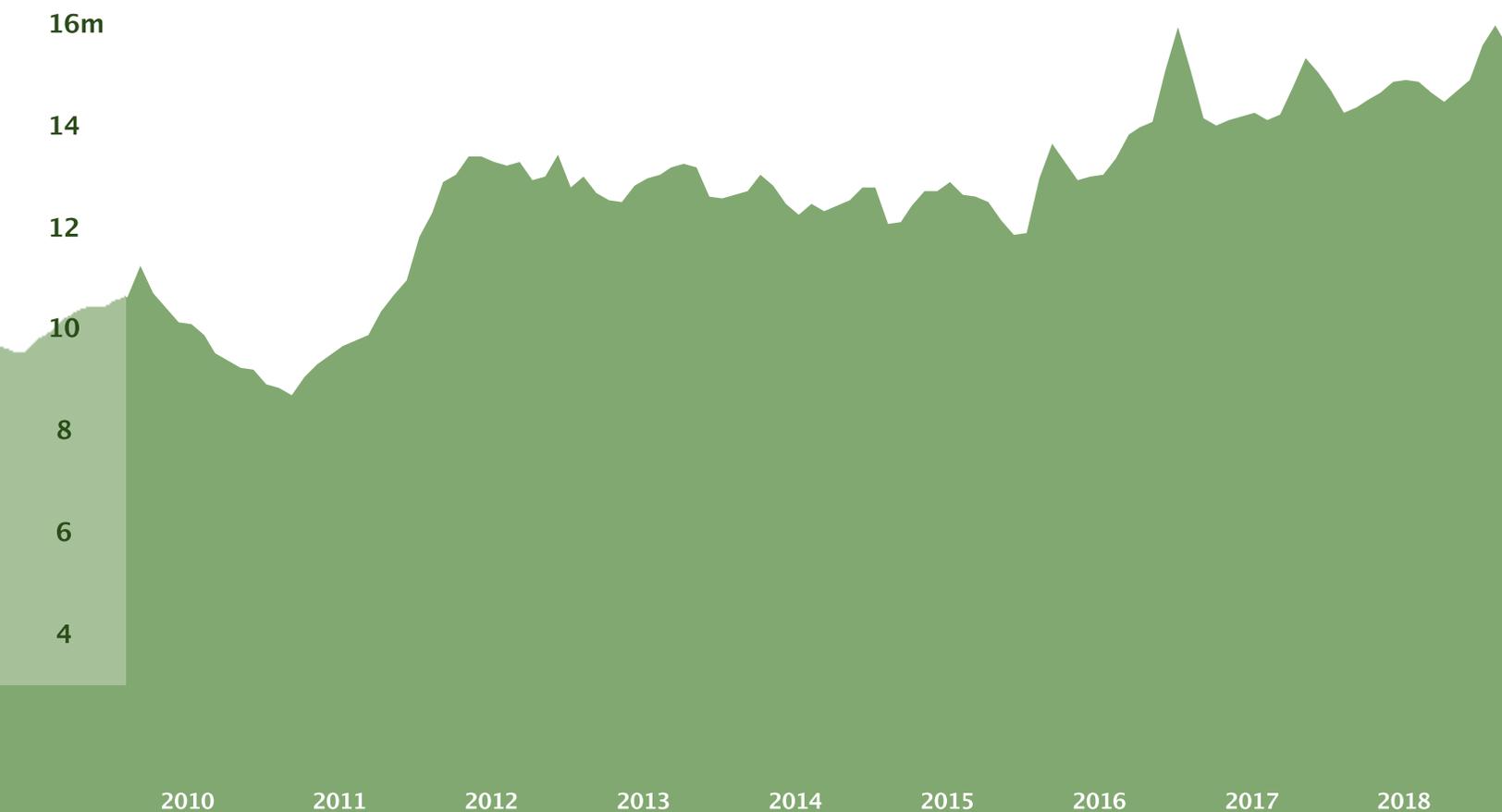


Enterprise Fund

Water Sales

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

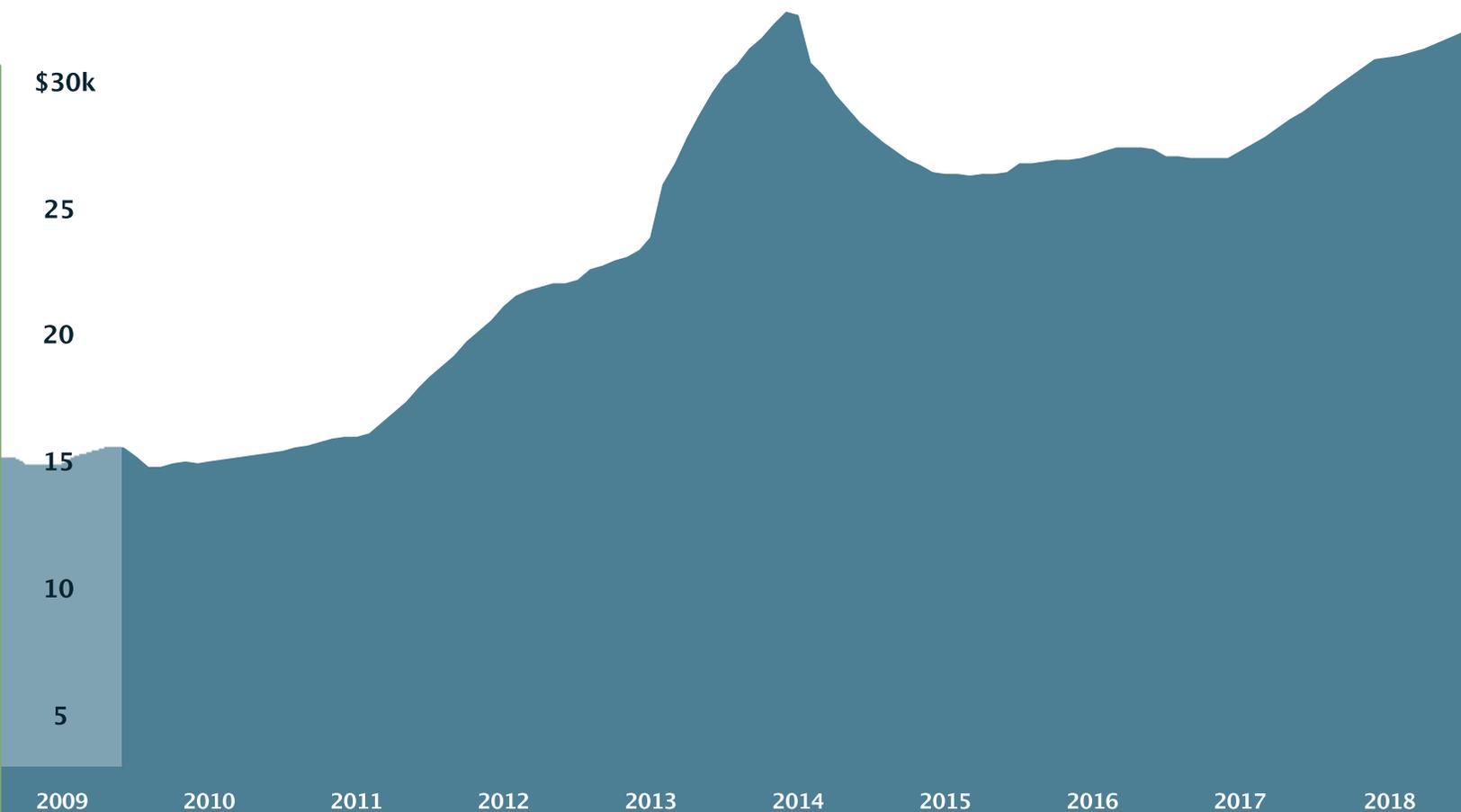
The chart below shows the 12-month moving average for gallons of water sold.



Wastewater Sales

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

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



Enterprise Fund

Financial Forecast

	FY19	FY20	FY21	FY22	FY23
Beginning Balance	1,929,844	1,987,844	2,041,686	2,096,927	2,136,422
Revenues					
Water Service	1,470,000	1,485,000	1,500,000	1,500,000	1,500,000
Sewer Service	360,000	360,000	370,000	380,000	380,000
Other Sources	20,000	20,000	20,000	20,000	20,000
Total Revenue	1,850,000	1,875,000	1,900,000	1,900,000	1,900,000
Expenses					
Water Operations	1,450,000	1,468,958	1,488,295	1,508,019	1,528,137
Sewer Operations	342,000	352,200	356,464	352,466	366,795
Total Expenses	1,792,000	1,821,158	1,844,759	1,860,485	1,894,932
Over/(Under)	58,000	53,842	55,241	39,515	5,068
Ending Balance	1,987,844	2,041,686	2,096,927	2,136,422	2,141,510

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Water Department

Staffing

Water Superintendent
Water Operator I

Strategic Goals

Provide high quality water service to residential and commercial customers.

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

Duties

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

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

Additional administrative support is provided by the city administrator, assistant city administrator, city secretary, assistant to the city administrator, and operations coordinator. A portion of the personnel costs related to the time spent by those positions on water operations is included in the Personal Services category of this departments' budget.

Statistics

Percentage of cases stored in digital document management

FY17: 90%
 FY18: 92%
 FY19: 100% (goal)

Percentage of tickets entered within 2 business days of being written

FY17: n/a
 FY18: 80%
 FY19: 90% (goal)

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.

FY19 Goals

Complete formal approval of new wholesale agreement with Fort Worth and begin design on the infrastructure required to connect to Fort Worth's distribution network.

	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Projected	FY19 Adopted
Personal Services	416,592	439,187	431,725	431,725	449,632
Professional Services	73,453	66,574	53,975	53,975	53,975
Supplies	44,537	57,619	48,500	48,500	48,500
Maintenance & Operations	481,190	511,099	530,800	530,800	675,893
Capital Outlays	3,306	-	4,373	-	-
Debt Service	270,820	455,212	295,000	295,000	222,000
Total	1,289,898	1,529,689	1,360,000	1,360,000	1,450,000

Sewer Department

Staffing

No direct staffing costs are included in this department.

Strategic Goals

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

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

Duties

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

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

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

Statistics

Percentage of cases stored in digital document management

FY17: 90%
 FY18: 92%
 FY19: 100% (goal)

Percentage of tickets entered within 2 business days of being written

FY17: n/a
 FY18: 80%
 FY19: 90% (goal)

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.

FY19 Goals

Complete negotiations and execute renewal of wholesale wastewater treatment agreement.

	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Projected	FY19 Adopted
Personal Services	-	-	-	-	-
Professional Services	-	5,000	-	-	-
Supplies	-	-	-	-	-
Maintenance & Operations	151,588	160,047	165,000	165,000	163,000
Capital Outlays	-	-	-	-	-
Debt Service	201,015	232,785	80,000	80,000	177,000
Total	352,603	397,833	245,000	245,000	340,000

Other Funds



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



Dyegard Fund

Staffing

No direct staffing is included in this department.

Summary

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

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

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

Notable Changes

In FY16, rate changes were implemented with the goal of bringing the Dyegard Fund back into balance. Unexpected repair needs in prior years had drawn the fund balance down significantly.

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

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

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

Accomplishments

As of the end of FY18, the Dyegard fund is expected to have a positive balance.

Statistics

Percentage of cases stored in digital document management

FY17: 90%
 FY18: 92%
 FY19: 100% (goal)

Percentage of tickets entered within 2 business days of being written

FY17: n/a
 FY18: 80%
 FY19: 90% (goal)

Revenue	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Projected	FY19 Adopted
Charges for Service	249,016	241,943	267,000	267,000	267,000
Miscellaneous Revenue	-	-	-	-	-
Total	249,016	241,963	267,000	267,000	267,000

Expenses	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Projected	FY19 Adopted
Personal Services	-	-	-	-	-
Professional Services	2,562	6,252	6,900	6,900	6,900
Supplies	3,284	618	7,100	7,100	7,100
Maintenance & Operations	15,737	6,337	23,000	23,000	19,000
Capital Outlays	-	-	-	-	-
Debt Service	173,250	210,482	190,000	190,000	230,000
Total	194,833	223,688	227,000	227,000	263,000

Deer Creek Fund

Staffing

Water Operator (2)

Summary

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

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

Duties

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

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

Notable Changes

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

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

Statistics

Percentage of cases stored in digital document management

FY17: 90%
 FY18: 92%
 FY19: 100% (goal)

Percentage of tickets entered within 2 business days of being written

FY17: n/a
 FY18: 80%
 FY19: 90% (goal)

Revenue	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Projected	FY19 Adopted
Charges for Service	219,390	233,093	240,752	240,752	247,975
Miscellaneous Revenue	-	-	-	-	-
Total	219,390	233,093	240,752	240,752	247,975

Expenditures	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Projected	FY19 Adopted
Personal Services	107,810	108,390	127,143	127,413	133,307
Professional Services	-	-	39,557	39,557	42,100
Supplies	1,201	1,055	1,300	1,300	1,300
Maintenance & Operations	8,206	9,216	12,000	12,000	12,000
Capital Outlays	-	-	-	-	-
Debt Service/Transfers	67,500	81,941	8,000	8,000	8,000
Total	184,717	200,602	188,000	188,000	196,707

Stormwater Fund

Staffing

No direct staffing costs are included in this department.

Summary

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

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

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

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

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

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

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

Accomplishments

The Stormwater fund will end FY18 with a positive balance, after having paid back a loan made to pay for the Bureau of Reclamation Grant.

Completed a major reconstruction of Grey Wolf Drive to repair drainage-related damage.

Statistics

Percentage of cases stored in digital document management

FY17: 90%
 FY18: 92%
 FY19: 100% (goal)

Percentage of tickets entered within 2 business days of being written

FY17: n/a
 FY18: 80%
 FY19: 90% (goal)

Revenue	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Projected	FY19 Adopted
Charges for Services	-	172,847	170,000	170,000	170,000
Intergovernmental Revenue	116,571	31,029	-	-	-
Total	116,571	203,876	170,000	170,000	170,000

Expenses	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Projected	FY19 Adopted
Personal Services	-	-	-	-	-
Professional Services	-	8,165	-	-	10,000
Supplies	-	-	-	-	-
Maintenance & Operations	220,425	63,661	30,000	30,000	60,000
Capital Outlays	-	-	30,000	30,000	50,000
Debt Service	3,089	-	36,000	36,000	40,000
Total	223,514	71,826	96,000	96,000	160,000

Special Events Fund

Staffing

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

Summary

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

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

Boomin' 4th

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

Craft & Cork

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

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

COHOHO

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

Statistics

Attendance for Boomin' 4th

FY17: 12,000
 FY18: 13,000
 FY19: 13,000 (goal)

Attendance for Craft & Cork

FY17: 1,200
 FY18: 1,100
 FY19: 1,250 (Goal)

Revenue	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Projected	FY19 Adopted
Boomin' 4th	59,090	60,704	59,500	59,500	60,000
Craft & Cork	57,676	48,605	80,000	80,000	75,000
CoHoHo	-	-	-	10,000	-
Other	-	-	-	-	-
Total	116,766	109,309	139,500	149,500	135,000

Expenditures	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Projected	FY19 Adopted
Boomin' 4th	70,893	56,615	56,500	56,500	69,500
Craft & Cork	62,860	67,882	65,000	65,000	65,500
CoHoHo	-	-	-	-	10,000
Other	-	-	-	-	-
Total	133,753	124,498	121,500	121,500	145,000

Appendices

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



Appendices

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 180 will provide sufficient capacity to handle the increasing levels of traffic (10% more cars are traveling through this

	FY17	FY18	FY19
General Capital Projects			
Pavilion & Stage	236,573	-	-
Oakey Corridor Phase One	500,297	1,757,113	100,000
Centerpoint Bridge	1,705,000	-	-
Hudson Oaks Fiber	270,921	1,572,651	-
Miscellaneous Engineering & Design	-	-	50,000
Utility Capital Projects			
Water Tower Painting	-	170,620	25,000
Regional Water Feasibility	9,577	75,702	100,000
Total	2,722,368	3,576,086	275,000



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.).

Capital Projects (cont.)

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.

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.

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.

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.

Appendices

Debt Schedules

Governmental Activity	Rate	Original Amount	Balance 9/30/18	2019	2020
Bonds					
2007 Certificates of Obligation	4.1%	1,800,000	1,015,000	136,615	137,720
2010 GO Refunding Bonds	2-4%	810,000	240,000	69,600	67,200
2012 Certificates of Obligation	2-3.5%	722,250	770,000	68,838	67,938
2016A Certificates of Obligation	2.41%	4,195,000	3,905,000	270,500	272,000
2016B Certificates of Obligation	2.78%	1,540,000	1,455,000	107,685	109,535
2018 Certificates of Obligation (PID)		2,000,000	1,980,000	157,282	147,225
2018 Certificates of Obligation (Fiber)		325,000	345,000	25,542	24,500
Notes/Leases					
Lease: First Financial Bank	2.6%	38,437		13,495	-
Lease: Dell Financial Services	4.998%	29,116		6,779	6,779
Lease: First Financial Bank	2.8%	41,046	41,046	14,281	14,281
Total			10,127,632	673,512	675,453

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	2024-2028	2029-2033	2034-2038	Total
133,620	134,520	135,215	558,095	-	-	1,235,785
44,800	43,200	41,600	-	-	-	266,400
67,038	71,138	69,388	349,463	275,813	-	969,613
273,000	271,475	272,625	1,360,213	1,368,856	819,481	4,095,150
111,085	112,335	108,435	553,675	546,225	331,405	1,980,380
148,850	145,350	146,725	736,475	741,000	739,200	2,962,107
24,000	28,375	27,625	136,475	126,500	121,200	514,217
-	-	-	-	-	-	13,495
6,779	4,520	-	-	-	-	24,858
14,281	14,281	-	-	-	-	42,842
650,603	637,187	627,263	2,821,445	2,187,894	1,150,886	9,438,522

Appendices

Debt Schedules (cont.)

Enterprise Activity	Rate	Original Amount	Balance 9/30/18	2019	2020
Bonds					
2010 Tax & Revenue (Dyegard)	4.1%	2,915,000	2,285,000	192,400	189,900
2010 GO & Refunding (Water)	2-4%	1,185,000	340,000	93,600	90,400
2012 Certificates of Obligation (Water)	2-3.5%	2,124,300	1,415,000	128,613	126,913
2014 Tax & Revenue COs (Wastewater)	2-3.5%	1,235,000	1,030,000	177,145	183,812
2016A Tax & Revenue COs (Stormwater)	2.41%	550,000	510,000	38,850	37,600
Notes/Leases					
Lease: First Financial Bank	2.8%	22,075	14,913	7,780	7,762
Lease: First Financial Bank	3.25%	24,571	24,571	8,627	8,627
Total			5,619,484	647,015	645,015

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	2024-2028	2029-2033	2034-2038	Total
191,900	192,700	188,300	946,175	953,288	383,163	3,237,825
67,200	64,800	62,400	-	-	-	378,400
130,213	128,403	125,263	631,613	508,225	-	1,779,250
185,265	181,610	192,955	188,978	-	-	1,109,765
36,350	35,475	34,975	181,625	169,531	104,281	638,887
-	-	-	-	-	-	15,542
8,702	-	-	-	-	-	25,995
619,629	602,998	603,892	1,948,390	1,631,044	487,643	7,185,625

Budget Process

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

March

2018

Preliminary Revenue Estimates

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.

April

2018

Budget Kickoff

Administration holds a kick-off meeting with all departments, outlining the environment in which the budget is being developed and any major policy goals provided from City Council that need to be addressed in the following year.

May

2018

Department Budget Submission

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.

FY19



June

2018

Budget Sneak Peek

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

July

2018

Proposed Budget Submission

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

August

2018

Budget Hearings & Adoption

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

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

October

2018

Fiscal Year Begins

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

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 website at www.hudsonoaks.com.
The portion related to budgeting has been reproduced on the following page.*

CHAPTER 6 - BUDGET

6.01 BUDGETING

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

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

The limits (“caps”) cannot be exceeded without a formal budget amendment being approved by the Council. Any proposed amendments to the budget must be submitted by the City Administrator to the Council and become effective upon approval by the Council. Changes to the Budget are not permitted except by budget amendment. Amendments to the budget are to be enacted after six months of expenditures. However, in cases where new funds or line items are needed to reflect unexpected revenues, these may temporarily be established by the City Administrator and subsequently approved by the Council in a formal budget amendment. The Budget and all amendments must be balanced, meaning that the total of all planned expenditures must be equal to the anticipated revenues, transfers, and/or drawdown of existing reserves.

Glossary

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

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

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

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

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

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

Assessed Valuation: A value that is established for real or personal property for use as a basis for levying property taxes.

The Parker County Appraisal District establishes property values in Weatherford.

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

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

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

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

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

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

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

and administration of the budget.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Depreciation: The portion of the cost of a fixed asset charged as an expense during a particular period. In accounting for

Appendices

Glossary (cont.)

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

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

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

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

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

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

Infrastructure: The underlying permanent foundation or basic framework.

Interest and Sinking Fund: See Debt Service Fund.

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

Interfund Transfer: Amounts transferred from one fund to another.

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

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

Appendices

Glossary (cont.)

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

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

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

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

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

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

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

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

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

plan ultimately approved and authorized by the City Council.

Ordinance: A formal legislative enactment by the governing board of a municipality. If it is not in conflict with any higher form of law, such as a State statute or constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies. 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 capital costs are based on the population estimates provided by the North Texas Council of Governments.

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

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

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

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

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

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

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

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

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

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

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

received at a later date.

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

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

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

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

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

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

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

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