

City of Horseshoe Bay
FY 2019 Budget



CITY OF HORSESHOE BAY, TEXAS

ANNUAL OPERATING BUDGET FOR FISCAL YEAR 2018-2019

This budget will raise more revenue from property taxes than last year's budget by an amount of \$477,058, which is an 9.51% increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$106,502.

City Council Record Vote

The members of the governing body voted on the adoption of the budget as follows:

FOR: C. Clinesmith; K. Graham; J. Gray; C. Haydon; R. Lambert

AGAINST:

PRESENT and not voting:

ABSENT:

Tax Rate	Proposed FY 2018-2019	Adopted 2017-2018
Adopted Tax Rate	.26702	.26000
Effective Tax Rate	.24718	.24692
Effective M&O Tax Rate	.22487	.22327
Rollback Tax Rate	.26702	.26890
Debt Tax Rate	.04123	.04000

The total amount of municipal debt obligations secured by property taxes for the City of Horseshoe Bay is \$9,630,000.



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GOVERNMENT FINANCE OFFICERS ASSOCIATION

***Distinguished
Budget Presentation
Award***

PRESENTED TO

**City of Horseshoe Bay
Texas**

For the Fiscal Year Beginning

October 1, 2017

Christopher P. Morill

Executive Director

Transparency Star



Traditional Finances

Elected Officials

Mayor

Steve Jordan

Council Member, Place 1

Jerry Gray

Council Member, Place 2

Kent Graham

Council Member, Place 3, Mayor Pro Tem

Craig Haydon

Council Member, Place 4

Cynthia Clinesmith

Council Member, Place 5

Reagan Lambert



Administrative Officials

City Manager

Stan Farmer

City Secretary

Kerri Craig

Utilities Director

Jeff Koska

Finance Director

Kristen Woolley

Police Chief

Rocky Wardlow

Fire Chief

Joe Morris

Development Services Director

Eric Winter

Human Resources Director

Vicki Briggs

Public Works Director

Tim Foran

GIS Administrator

Coleen Sullivan

IT Administrator

Jules Martin



CITY OF HORSESHOE BAY



September 18, 2018

To the Honorable Mayor, City Council, and the citizens of Horseshoe Bay:

As Budget Officer of the City of Horseshoe Bay, I am pleased to present for your consideration the adopted annual budget for fiscal year 2018-2019, beginning October 1, 2018. Please accept this letter as my budget transmittal and executive summary.

This budget is the financial plan for the City of Horseshoe Bay. In addition, this budget is a policy tool for the Council, an operations guide for the staff, and a communication tool to the public. The presentation of this budget document continues to evolve in order to provide additional details for policy decisions and inform the citizens of Horseshoe Bay's current status, as well as future plans. For fiscal year 2018-2019, the annual budget is conservative, accomplishes all the objectives of the City, and provides for the necessary levels of services to the citizens of Horseshoe Bay. The 2018 tax rate is \$0.26702 per \$100 valuation, which is effectively an 8.03% increase in the tax rate.

GENERAL FUND

In FY 2019, General Fund revenues are projected to be \$651,000, or 8.2% higher than the FY 2018 Amended Budget for a total of \$8,556,500. The majority of the budgeted revenue increase is due to the increase of the 2018 M&O tax rate to the rollback rate of \$0.22579 per \$100 valuation.

At a total of \$7,920,500, General Fund expenditures are \$475,250, or 6.4% higher than the FY 2018 Amended Budget. The biggest factor in the expenditure increase is a 3% increase to salaries and a 12% increase to health insurance premiums. The FY 2019 Budget also adds one new full-time employee position to the Police Department and three new full-time employee positions to the Fire Department.

CAPTIAL IMPROVEMENTS FUND

The FY 2019 Capital Improvements Fund has two major projects totaling \$1,275,000. The first is the City's contribution to the Texas Department of Transportation (TXDOT) project of improvements to FM 2147. The second project is the ongoing sealcoating program. Both of these projects are to be funded by a transfer of unassigned fund balance in the General Fund.

DEBT SERVICE FUND

There are no significant projected changes in the Debt Service Fund. Debt service payments are planned to occur for the 2011, 2014, and 2016 series Certificates of Obligation. The I&S tax rate for 2018 is \$0.04123 per \$100 valuation. The majority of this debt service is related to financing the improvements to the City's streets and the purchase of two fire engines.

UTILITY FUND

Projected Utility Fund revenues for FY 2019 are \$784,000, or 10.6% higher than the FY 2018 Amended Budget. The majority of the budgeted revenue increase is a 7% rate increase to water and wastewater rates, a 3% rate increase to garbage service rates, and a projected increase in tap fees due to the large amount of new construction in the City over the last few years. City Council has also elected to use the Rate

Stabilization Account funds of \$300,000 to lessen the rate impact on the users of the City's water and wastewater system. Without these funds, the water and wastewater rate increase would have been 11%.

In FY 2019, Utility Fund expenditures are \$554,250, or 7.9% higher than the FY 2018 Amended Budget. The expenditure increase is mainly due to the costs associated with taps, grinders, and contractors doing the installations for all the new construction, a 3% increase to salaries, and a 12% increase to health insurance premiums. The FY 2019 Budget also adds two new full-time employee positions to Utility Administration.

The Utility Fund has a budget of \$817,000 for FY 2019 routine capital purchases and projects, which is an increase of \$273,000, or 50.2%, from the FY 2018 Amended Budget. These routine capital purchases and projects include finishing out the multi-year water meter replacement program to move all customers to smart meters, vehicles and equipment, and replacing the South lift station. The FY 2019 budget also includes the first year of the Wastewater Reclamation Plant expansion project, which is estimated to cost a total of approximately \$5.6 million. This project will need to be funded by debt and the City is currently working with the Texas Water Development Board (TWDB) to issue Certificates of Obligation through the TWDB at a lower interest rate than market, potentially saving the City \$800,000 in interest over the life of the debt.

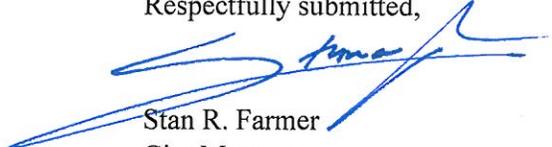
CONCLUSION

The City's overall financial condition is strong and stable. The future will unquestionably provide financial challenges and opportunities, however our continued commitment to sound management of resources, focus on strategic priorities, and continued emphasis on long-range financial planning will facilitate adaptation to changing conditions and strong financial stewardship for the future.

The following budget represents an investment in the City's long-term financial health. The financial program is based on a commitment to the City Council's policies of preserving Horseshoe Bay's quality of life and solid financial position by maintaining sufficient fund balances and reserves and achieving a balanced budget.

Thank you for the opportunity to serve you, our residents, and businesses. We continue to accomplish things uncommon and unimaginable in other cities our size.

Respectfully submitted,



Stan R. Farmer
City Manager

Profile of Horseshoe Bay, Texas

Although the FY 2019 budget document is primarily a financial document, it is also an opportunity to acquaint you with some of the history, highlights, facilities, and economy of Horseshoe Bay, which make it a great place to visit, live, work, and do business.

CITY GOVERNMENT

The City of Horseshoe Bay operates under a Home Rule Charter with a Council-Manager form of government. The governing body, the Horseshoe Bay City Council, is composed of a Mayor elected by a majority vote and five council members elected “at-large” by a plurality vote. The Mayor and Council members serve staggered two-year terms. The Mayor and Council are responsible for casting a vision and direction for the city, enacting legislation in the form of ordinances and resolutions, adopting and amending budgets, making appointments to the boards and commissions, and determining the general policies of the City.

The Horseshoe Bay City Council meets on the third Tuesday of each month at 3:00 p.m. in the council chambers at City Hall, located at 1 Community Drive in Horseshoe Bay, Texas.

HISTORY OF HORSESHOE BAY

Horseshoe Bay is a unique community located on Lake Lyndon B. Johnson on the border of Llano and Burnet Counties. The community began in the early 1970’s with land acquisition by cousins Norman and Wayne Hurd who developed it as an upscale retirement community with a private club and some rental units. It included many amenities featuring three golf courses and two dining facilities. Home sites were developed for full-time and part-time citizens, and many of the homes remain in use as seasonal or vacation homes today.

Horseshoe Bay citizens voted to incorporate as a Class A City under Texas law on September 10, 2005. The boundaries of the city followed those of the Lake LBJ Municipal Utility District, with the exception of The Trails and a 20-acre parcel on the corner of Highway 71 and Ranch Road 2821. These were not included because they were annexed shortly after incorporation.

The first Mayor and City Council were elected at a general election November 8, 2005. They were sworn in at Quail Point in ceremonies November 18, 2005. The Council met for the first time on November 22, 2005 and the council elected officers.

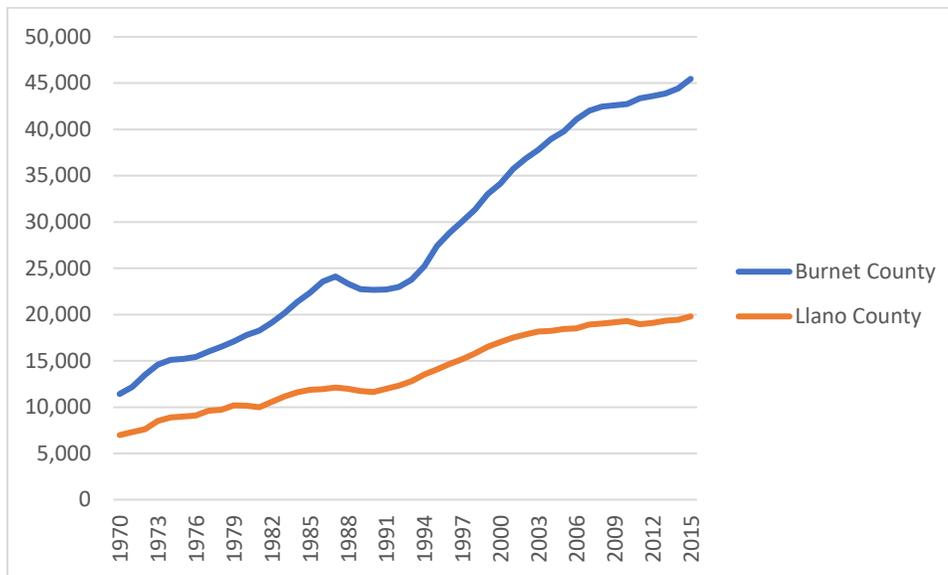


ECONOMY OF HORSESHOE BAY

This section is intended to provide a brief snapshot of the Horseshoe Bay, Llano County, and Burnet County economy. The topics discussed will be the population change in Llano County and Burnet County, the size of the local labor force and unemployment rate, and per capita and household income. Finally, data will be presented which will describe the different industry clusters in Llano County and Burnet County.

Population

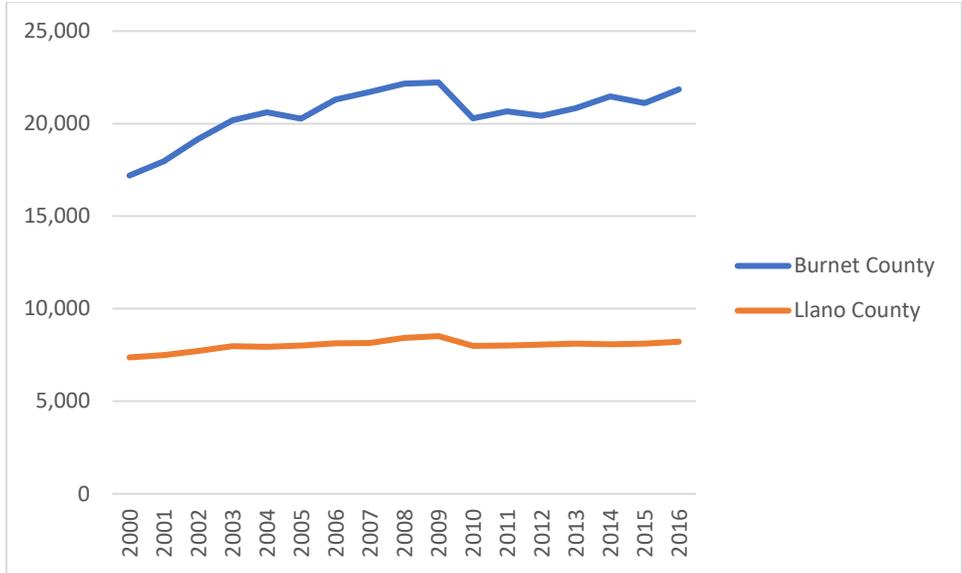
The population of Burnet County has changed dramatically over the last 45 years. As graph 1 indicates, the population of Burnet County has increased 298% over this time period. Llano County has experienced a steadier population growth. The population of Llano County has increased 184% over this time period.



Graph 1 – Population Trends in Burnet County and Llano County 1970-2015
Source: Texas Workforce Commission

Labor Force

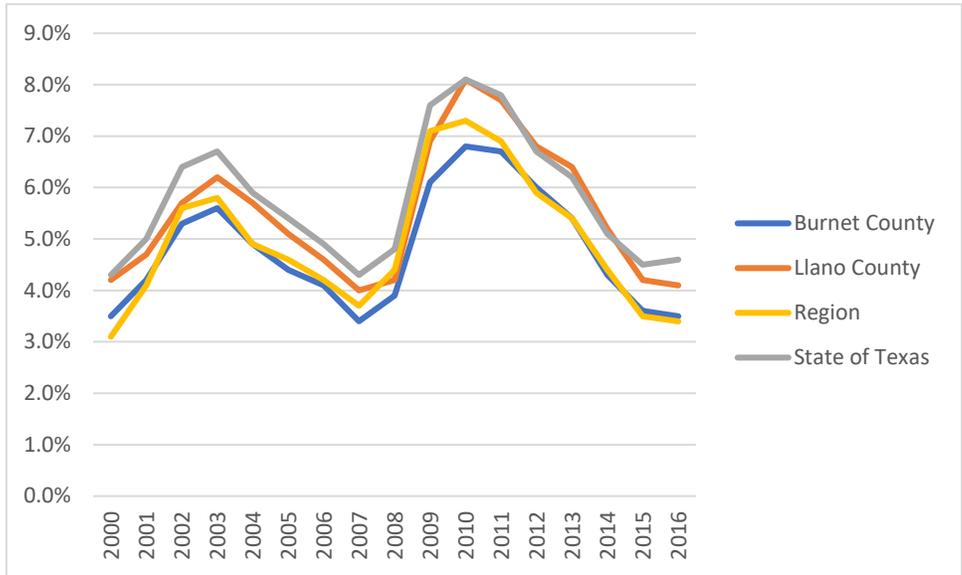
The size of a labor force in a given area can indicate the relative health of the local economy. As graph 2 indicates, the size of the Burnet County labor force declined after the 2009 recession but has increased back up to pre-recession levels at the end of 2016. The size of the Llano County labor force has remained flat, which corresponds with the very small population growth in Llano County over the last 16 years.



Graph 2 – Size of the labor force – Burnet County and Llano County – January 2000 to December 2016
 Source: Texas Workforce Commission

Unemployment

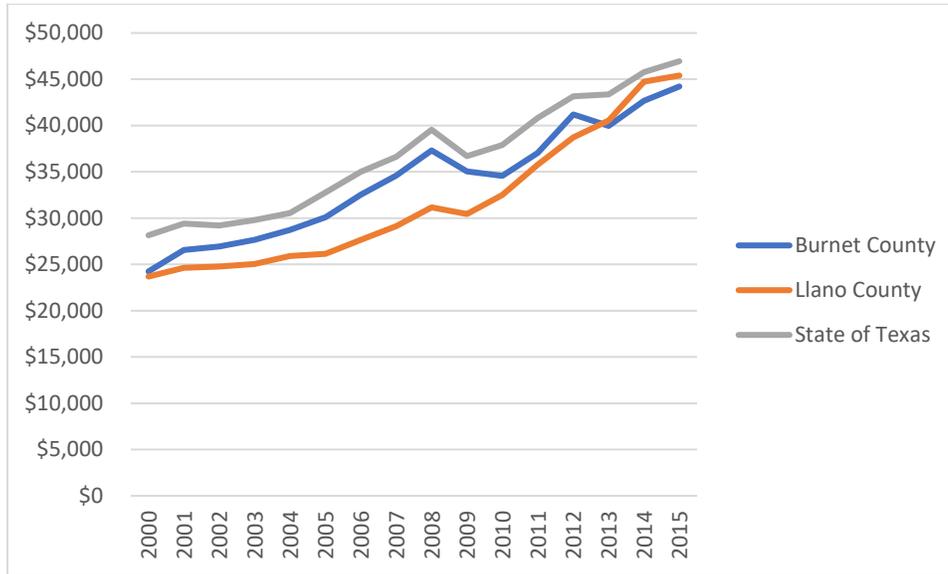
The unemployment rate in Burnet County has consistently been lower than the State of Texas, even during the 2009 recession. Llano County has been close to the State levels throughout the years. Most recently, both Burnet and Llano County have had a continued decrease in unemployment, even as the State has been experiencing a small increase in unemployment.



Graph 3 – Unemployment Rate of Burnet County, Llano County, and State of Texas – Not Seasonally Adjusted
 January 2000 to December 2016
 Source: Texas Workforce Commission

Income

The per capita income of Burnet County has remained just below the State's. While Llano County was significantly lower than the State's, in the last few years the per capita income of Llano County has increased by 40% from 2010 to 2015.



Graph 4 – Per capita income of Burnet County, Llano County, and the State of Texas – 2000 – 2015
Source: Texas Workforce Commission

Economic Clusters

Economic clusters, according to information from the U.S. Economic Development Administration, are geographic concentrations of competing, complimentary, or interdependent firms and industries that do business with each other and/or have common needs for talent, technology, and infrastructure. This analysis can be beneficial for a small community in an attempt to identify its unique clusters.

For Burnet County, a total of nineteen industrial clusters were identified based on the data accessed. The five strongest industrial clusters in Burnet County are: Construction; Retail Trade; Health Care and Social Assistance; Accommodation and Food Services; and Professional, Scientific, and Technical Services.

Industry	Number of Firms	Number of Employees	Annual Wages
Construction	169	1,106	48,075,000
Retail Trade	169	2,166	57,304,000
Health Care and Social Assistance	119	1,766	80,093,000
Accommodation and Food Services	112	1,599	31,082,000
Professional, Scientific, and Technical Services	91	427	16,240,000

Table 1 – Burnet County Industrial Clusters – 2015
Source: County Business Patterns www.census.gov

For Llano County, a total of seventeen industrial clusters were identified based on the data accessed. The five strongest industrial clusters in Llano County are: Construction; Retail Trade; Health Care and Social Assistance; Accommodation and Food Services; and Professional, Scientific, and Technical Services.

Industry	Number of Firms	Number of Employees	Annual Wages
Construction	71	287	11,060,000
Retail Trade	69	535	13,610,000
Health Care and Social Assistance	32	544	18,180,000
Accommodation and Food Services	48	1,177	25,514,000
Professional, Scientific, and Technical Services	40	132	5,672,000

Table 2 – Llano County Industrial Clusters – 2015
Source: County Business Patterns www.census.gov

Major Employers

The Horseshoe Bay local economy has a relatively strong service base. Located in the Highland Lakes area and on Lake Lyndon B. Johnson, the Horseshoe Bay area draws a lot of tourism. The second largest employer is Horseshoe Bay Resort, located in the City. Table 3 lists the major employers in the immediate Horseshoe Bay area.

Employer	Industry	Number of Employees
Marble Falls ISD	Education	680
Horseshoe Bay Resort	Resort/Hotel	585
Baylor Scott & White	Healthcare	445
H.E.B. Grocery Company	Grocery Store	340
Walmart Corporation	Discount Retailer	285
Lowes	Home Improvement	125
Granite Mesa	Healthcare	115
City of Marble Falls	Municipal Government	111
Home Depot Company	Home Improvement	110

Johnson-Sewell Ford Lincoln	Auto Industry	105
City of Horseshoe Bay	Municipal Government	90
Gibraltar	Manufacturing	85
Pedernales Electric Coop.	Electric Coop.	70
Blue Bonnet Café	Restaurant	65
JM Huber	Mining	56

Table 3 – Horseshoe Bay Area Major Employers
Source: Marble Falls Economic Development Corporation

Building Permits as an Indicator

As a source of municipal revenue, building permit receipts are not a major contributor to City coffers. However, they can be used as a measure of the City’s growth patterns. As a relatively new city, records for residential building permits begin in 2009. Horseshoe Bay does not currently track commercial building permits. Construction of new homes has been strong since 2014, with new homes averaging over 3,000 square feet. The total number of new homes built in FY 2018 is estimated to be 82.

Year	New Home Construction	
	# Permits	Avg. Sq Ft
FY 2009	23	3,630
FY 2010	15	5,018
FY 2011	14	3,891
FY 2012	25	4,199
FY 2013	36	4,000
FY 2014	48	3,160
FY 2015	49	3,010
FY 2016	63	3,108
FY 2017	80	2,869

Table 4 – Building Permit Issued
Source: City of Horseshoe Bay

Strategic Plan

MISSION STATEMENT

To serve and protect our citizens while preserving our heritage and planning for our future.

In 2015, the City of Horseshoe Bay created a Long Range Planning Advisory Committee (LRPAC) tasked with updating the City's Comprehensive Plan. In 2016, the Horseshoe Bay City Council adopted the updated Comprehensive Plan that identifies several issues that warrant attention. The list can be condensed into five primary categories: Infrastructure and Technology; Land Use; Economic Development; Environment; and Community Services.

GOAL: ENSURE HIGH QUALITY BROADBAND INTERNET ACCESS TO SUPPORT THE PROFESSIONAL AND SOCIAL NEEDS OF ALL CITIZENS.

Action Items:

1. Establish a Municipal Broadband Committee drawn from local high-level talent in the field and regional resources to explore potential service options
 - a. Inventory existing internet coverage and assess with the City's internal services and the community at large
 - b. Develop an action plan and partnerships to ensure high speed internet services with flexibility for growth
 - c. Develop a recommendation to City Council for consideration to provide increased broadband internet access
2. Leverage regional, state, and industry relationships and identify feasibility options for increased broadband internet access

GOAL: UPDATE LAND USE PLAN FOR COMMERCIAL, RESIDENTIAL, AND OPEN SPACE.

Action Items:

1. Update land use map reflecting desired land use development based on current zoning and LRPAC recommendations
2. Deepen training of new Planning and Zoning Committee members
3. Identify areas with incompatible zoning and areas that do not align with desired map plan
4. Continue to ensure current code enforcement standards are effective and are fully enforced, proactively monitoring and addressing deteriorating buildings
5. Develop transition plan to support the enforcement of all Architectural Compliance Committees' requirements
6. Review existing Parks Plan to explore uses for recreational and historical preservation
 - a. Explore shared park, hiking, and recreational development options
 - b. Explore funding partnerships to support desired uses
7. Continue to research options for additional funding sources, proactively seeking grants, donor pledges, and partnerships

GOAL: MANAGE ECONOMIC GROWTH TO REFLECT THE UNIQUE NATURE OF HORSESHOE BAY AND THE PRESERVATION OF THE RESORT/RETIREMENT CHARACTER OF THE COMMUNITY.

Action Items:

1. Maintain and approach of controlled development that maintains a current lifestyle standard in business and residential properties
2. Support the Horseshoe Bay Business Alliance efforts to sustain and expand existing businesses and services within the City
3. Direct focus of commercial development to align with land use map along high traffic corridors, preserving existing and future residential and recreational developments
4. Advocate for safe and efficient traffic flow, including a continuous turn lane on Highway 2147 through to Highway 71

GOAL: PROTECT THE ENVIRONMENTAL HEALTH AND INTEGRITY OF THE CITY OF HORSESHOE BAY AND THE SURROUNDING AREAS WHICH IMPACT THE QUALITY OF LIFE FOR ITS CITIZENS.

Action Items:

1. Maintain Lake Lyndon B. Johnson's environmental quality through cooperative agreements with Texas Parks and Wildlife Department (TPWD), Texas Center for Environmental Quality (TCEQ), Lower Colorado River Authority (LCRA), Burnet County, and Llano County
2. Continue to emphasize and strengthen proactive actions for Water Conservation and Management, including education tied to plan approval regarding residential and commercial drainage management requirements
3. Support the health of heritage trees and native landscaping through annual reviews and partnerships with Property Owner Associations (POAs), Agriculture Extension Agents, and citizen groups
4. Evaluate the need for a drainage and/or tree ordinance at the city level
5. Evaluate the need for curb-side recycling, in addition to the existing central community recycling option
6. Expand current educational guidance to businesses and residents on preservation and maintenance practices for watering, landscaping, conservation, and protective actions

GOAL: OUTLINE A COMMUNICATION PLAN THAT PROVIDES INFORMATION AND SHOWCASES THE CITY OF HORSESHOE BAY'S COMMITMENT TO QUALITY OF LIFE.

Action Plan:

1. Annually review and publicize the existing inventory of information access options, including NOTIFY ME, CODE RED, and over ten other tools (website, social networks, publications, etc.) for input by citizens and dissemination of topic specific information
2. Implement a Horseshoe Bay 101 Citizens Academy to develop city wide depth of knowledge and access to city functions
3. Conduct annual citizen forums
4. Utilized relationships with POA and resort leaders as conduits for detailed communications for unique needs in all subdivisions of the City

5. Outline financial status for citizens to understand funding implications to support needed infrastructure improvements and/or expanded services, including potential tax and rate incremental increases
 - a. Publicize STATE of the CITY Report by Mayor annually
 - b. Use annual Citizen's Forum to provide oral, visual, and written overview of financial status and funding sources
 - c. Imbed funding overview into Horseshoe Bay Citizen Academy 101
 - d. Provide lay term summary in local newspaper bi-annually
 - e. Develop "snapshot" summary accessible on City website
6. Problem solve with POAs and the Declarant (Horseshoe Bay Resort) in their efforts to maintain subdivision entries, safety and ambiance factors (lighting, signage), and property code compliance reflective of the unique needs of their communities

GOAL: EMBRACE A PROACTIVE ADVOCACY PRESENCE WITH AREA, REGIONAL, AND STATE ORGANIZATIONS TO PURSUE PROTECTION AND ENRICHMENT OF LIFESTYLE NEEDS.

Action Plan:

1. Strengthen expressed concerns/needs to the benefit of the City of Horseshoe Bay and the quality of life expectations of the citizenry through proactive communication and advocacy with:
 - a. Capital Area Planning Council of Governments (CAPCOG)
 - b. Commissioners Court in Burnet and Llano Counties
 - c. Texas Department of Transportation (TxDOT)
 - d. Lower Colorado River Authority (LCRA)
 - e. Area Universities (community education options)
 - f. Municipal leaders in surrounding cities
 - g. State organizations supportive of Texas Municipalities

Short Term Factors and Budget Guidelines

The objectives of this budget are to meet the demand level needed to maintain services with the significant growth with revenues that are not growing as quickly while making progress towards and implementing the City's long-range plans. Other significant assumptions include:

- **Conservative, but realistic projection of revenues and expenditures.** Conservative projections help ensure that adequate resources will be available to meet budgeted obligations. There is a built-in conservative emphasis, even in the long-range financial forecast models.
- **Annual review of all significant fees.** Major fees are renewed annually and adjusted as needed. Frequent, but moderate, increases are preferable to infrequent, but large, rate increases.
- **Provide quality essential services to accommodate city growth and demand for services.** The FY 2019 Budget has increases in staffing levels to the Fire Department, Police Department, and Utility Services in order to better serve the City's large population growth over the past few years. Keeping response times low and construction times shorter and priorities to the City Council.
- **Maintain competitive tax rates.** Maintaining competitive tax rates is one of the primary goals of the City Council. The City Council held the 2017 tax rate at 0.26, which is the same tax rate adopted in 2016.
- **Maintain target fund balances to preserve financial integrity.** This budget exceeds the targeted fund balance position established by the City Council for the General Fund. This budget also begins the first steps to creating and maintaining the new targeted fund balance position for the Utility Fund. Higher levels of unassigned fund balance can be used to fund major capital projects and purchases instead of issuing debt and increasing the tax rate for the citizens.
- **Wage adjustments.** City Council budgeted a 3% increase to salaries for merit raises effective January 1, 2019. City Council has budgeted money for merit increases ranging between 2.5% and 3% over several years.
- **Employee benefits.** The cost of employee insurance benefits has increased by 12.6% in FY 2018 and 12% in FY 2019. The original increase scheduled for FY 2018 was 29%, but City Council made the decision to remove the out-of-network benefit and increase deductibles and out-of-pocket maximums in order to keep the increase lower and more affordable for both the City and the employees.

Long Range Financial Forecast

The goal of the Financial Forecast is to look prospectively to anticipate problems and assess opportunities. This exercise also allows the City Council to plan future goals. Some issues identified in this financial forecast are:

- Fund Balance; Insuring the City's fund balance and cash reserve position so that it complies with the Fund Balance policy. As the size of the operating budget grows, so too should the fund balance.
- Revenue and Expenses; Each year the City reviews the tax and utility rates as well as analyzes how Horseshoe Bay compares with other communities.
- Debt Capacity and other payment requirements.

This forecast has been prepared to provide the following benefits to City leaders:

1. The forecast can be used by the City Council in orchestrating policy decisions with long term implications.
2. The forecast can serve as an aid to both elected and administrative officials in anticipating future fiscal conditions, so that strategies can be developed, and action implemented to correct, minimize, or counteract these potential difficulties.
3. The forecast can assist the City Manager as well as department directors in operational planning.
4. The long-range forecast can result in more accurate estimates of revenues and expenditures during the annual budget process.
5. The forecast can indicate to bond rating agencies and other interested parties that Horseshoe Bay does have a systematic financial planning process in place.
6. The long range financial forecast can help the public understand that long-term costs associated with current and proposed City activities that may affect the municipal government of Horseshoe Bay.

FORECAST PREPARATION

A forecast is only one component of a financial planning program. The financial forecast, as presented, does not attempt to predict the future; current economic and regulatory conditions can be volatile indicating the forecast is only as good as its underlying assumptions. However, it is the potential for accuracy and the discussion and deliberation stimulated that is the forecast's true benefit.

The long-range forecast contains many underlying assumptions for each projection. Each section details the assumptions used in projecting revenues and expenditures and in some cases, identifies policy changes or environmental factors that may cause inaccuracy.

Forecasting Methodology

The City of Horseshoe Bay uses three basic techniques to forecast revenue and expenditures: expert judgement, trend analysis, and incremental change.

The expert judgment, also known as the "best guess" approach, is used to project some revenues. This method relies on a variety of experts on the City staff as well as outside sources. Trend analysis assumes that revenues and expenditures are a function of linear factors, most often time. Once revenues or expenditures are separated into line item accounts, the City's future activity can be projected based upon

trends experienced over the past several years. At a minimum, data collection over the past five years is used.

Expenditures and revenues are also forecast using an incremental and deterministic model unless specifically denoted. This assumes a consistent level of services, unless otherwise noted, that accounts for inflation yet ignores service enhancement or improvement. Personnel expenditures reflect cost of living adjustments and increases to volatile health insurance costs, as well as staffing increases. The forecast separates expenditures by prime accounts and provides for an annual inflation factor.

General Fund Revenue Assumptions

Property tax collections are projected using the following assumptions and methodology:

- The net taxable values for FY 2019 are provided by the Llano County Appraisal District (LCAD) and the Burnet County Appraisal District (BCAD).
- The net taxable values for FY 2020 through FY 2023 are calculated at a 5% annual increase. This information provided to the City by its Financial Advisor and is supported by annexations and a significant increase in new construction offset by depreciation in existing properties.

Sales tax revenues are projected to increase by approximately \$142,000 each year through the forecast period. Sales tax revenues have stabilized after correcting from record setting years. Mixed beverage tax revenues are projected to remain stable through the forecast period with little variation.

Franchise revenues were examined at a line item level. Historically, the electricity franchise has generated revenue in a tight range; with very little projected growth this trend will continue. The cable franchise revenues have been holding steady, even with more customers nationwide switching to non-franchise collected satellite services and streaming services. The topography of the area makes cable services more reliable than satellite, and the current lack of high-speed internet in Horseshoe Bay limits the option of television streaming service options. As the City is currently working on bringing high-speed internet services to the residents of Horseshoe Bay, there could eventually be a decrease in the cable franchise revenues.

Each year the Utility Fund transfers funds to the General Fund to offset the costs of administering the Utility Department. The transfer is expected to continue to increase in proportion to rising costs of administrative employees, and services such as attorney and audit fees.

The revenue streams of Municipal Court, Development Services, Emergency Services, Mowing and Clearing, Street Maintenance, Interest, and Miscellaneous are all expected to be stable with little variation over the forecast period.

General Fund Revenue Forecast

	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimated	Proposed FY 2019	Projected FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023
Property Taxes	3,503,058	3,612,853	3,726,380	3,922,322	4,221,500	4,550,900	4,891,800	5,388,300	5,699,900	6,390,300
Property Taxes - P&I	26,125	20,882	25,253	24,229	28,000	25,000	25,000	25,000	25,000	25,000
Sales Taxes	998,535	981,653	1,011,561	932,331	1,063,500	1,185,250	1,327,250	1,469,250	1,611,250	1,753,250
Mixed Beverage Taxes	78,753	75,571	78,999	84,114	95,500	88,000	88,000	88,000	88,000	88,000
Emergency Services	349,558	292,215	300,465	449,244	338,000	358,500	325,000	325,000	325,000	325,000
Franchise Fees	244,578	232,243	206,692	200,870	215,000	214,500	215,000	215,000	215,000	215,000
Development Services	91,819	89,643	117,988	136,718	183,000	158,000	125,000	125,000	125,000	125,000
Municipal Court	49,959	87,675	79,762	107,095	75,500	75,500	79,250	79,250	79,250	79,250
Transfers	478,000	481,740	490,750	617,184	634,000	689,500	710,250	731,500	753,500	776,000
Interest	2,443	3,629	17,797	42,670	100,000	100,000	100,000	100,000	100,000	100,000
Mowing & Clearing	346,783	294,195	434,851	501,963	500,000	450,000	450,000	450,000	450,000	450,000
Street Maintenance	526,681	598,738	484,946	588,624	628,500	614,000	614,000	614,000	614,000	614,000
Miscellaneous	25,319	43,870	21,204	19,069	158,000	47,350	25,000	25,000	25,000	25,000
TOTAL	6,721,611	6,814,907	6,996,648	7,626,434	8,240,500	8,556,500	8,975,550	9,635,300	10,110,900	10,965,800

General Fund Expenditure Assumptions

As stated, one of the methods used to project operating expenditures is to develop separate inflation rates for the different prime account subtotals. The annual inflation rate is then applied on a cumulative basis. The expenditure levels are projected using the following assumptions for both the General Fund.

Personnel costs are expected to increase by approximately 6.5% each year, based on historical data. This projection includes estimated annual increases to salaries by 3%, rising health care costs of estimated 12% increase each year and adding two new full time positions each year. As the population of Horseshoe Bay continues to grow each year, the City is having to add personnel to accommodate the growth, starting with the police and fire departments.

Operating expenses are expected to increase by approximately 3.5% each year, based on historical data. Routine capital expenses are based off of the City's 5 Year Capital Improvement/Needs Assessment Plan.

Utility Fund Revenue Assumptions

For the purposes of this forecast, the following are assumed for Utility Fund revenue projections:

- Water revenues will increase 4% each year in rate adjustments in order to cover increasing operational and routine capital expenses and to begin creating 3-month operational cash reserves and 2% due to growth.
- Wastewater revenues will increase 4% each year in rate adjustments in order to cover increasing operational and routine capital expenses and to begin creating 3-month operational cash reserves and 2% due to growth.
- Solid Waste revenues will increase 3% each year as per the City's contract with the garbage collection company and 2% due to growth.
- Other revenues are expected to remain constant over the forecast period.

Utility Fund Expenditure Assumptions

As stated, one of the methods used to project operating expenditures is to develop separate inflation rates for the different prime account subtotals. The annual inflation rate is then applied on a cumulative basis. The expenditure levels are projected using the following assumptions for both the Utility Fund.

Personnel costs are expected to increase by approximately 6.5% each year, based on historical data. This projection includes estimated annual increases to salaries by 3%, rising health care costs of estimated 12% increase each year and adding two new full time positions each year. As the population of Horseshoe Bay continues to grow each year, the City is having to add personnel to accommodate the growth, starting with the field operations to read meters, complete workorders, and maintain equipment and infrastructure.

Operating expenses are expected to increase by approximately 3.5% each year, based on historical data. Debt service obligations come from the City's debt schedules. Routine capital expenses and major capital projects are based off of the City's 5 Year Capital Improvement/Needs Assessment Plan.

General Fund Expenditure Forecast

	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimated	Proposed FY 2019	Projected FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023
Personnel Costs	3,801,153	4,019,271	4,289,366	4,507,495	4,813,250	5,379,250	5,729,000	6,101,500	6,498,000	6,920,250
Operating Expenses	3,157,727	2,579,125	2,364,887	2,258,083	2,378,500	2,481,250	2,568,150	2,657,915	2,750,791	2,847,023
Routine Capital Expenses	245,500	119,270	176,108	88,860	294,000	509,500	225,000	281,000	131,000	131,000
TOTAL	7,204,380	6,717,666	6,830,361	6,854,438	7,485,750	8,370,000	8,522,150	9,040,415	9,379,791	9,898,272

Utility Fund Revenue Forecast

	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimated	Proposed FY 2019	Projected FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023
Water Service Revenues	2,820,724	2,995,654	3,183,914	3,670,188	3,723,500	4,063,800	4,310,900	4,573,000	4,851,000	5,047,000
Wastewater Service Revenues	2,163,717	2,274,851	2,300,475	2,526,791	2,690,250	2,936,100	3,114,600	3,303,900	3,504,800	3,646,400
Solid Waste Service Revenues	769,060	798,336	803,932	891,037	899,750	942,000	989,000	1,038,500	1,090,500	1,145,000
Other Revenues	2,512	4,630	18,610	186,697	325,500	273,500	273,500	273,500	273,500	273,500
TOTAL	5,756,013	6,073,471	6,306,931	7,274,713	7,639,000	8,215,400	8,688,000	9,188,900	9,719,800	10,111,900

Utility Fund Expenditure Forecast

	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimated	Proposed FY 2019	Projected FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023
Personnel Costs	1,673,606	1,725,595	1,740,478	1,862,512	1,921,499	2,245,000	2,390,900	2,546,300	2,711,800	2,888,100
Operating Expenses	2,747,735	2,962,420	2,921,722	3,460,362	3,596,250	3,791,750	3,924,500	4,061,900	4,204,100	4,351,200
Debt Service Obligations	949,205	1,104,620	1,157,832	1,342,270	1,331,750	1,521,000	1,553,223	1,785,819	1,903,475	1,899,775
Routine Capital Expenses	740,836	1,210,691	1,083,793	817,889	616,000	817,000	650,000	600,000	600,000	500,000
TOTAL	5,370,546	7,003,326	6,903,825	7,483,033	7,465,500	8,374,750	8,518,623	8,994,019	9,419,375	9,639,075

FUND BALANCE

The City revised its Fiscal Administration Policy in FY 2017 and FY 2018. The Policy directs General Fund reserve balances to be a minimum of the greater of \$2.5 million or 3 months of annual expenditures. The Policy also directs the Utility Fund to begin creating a cash reserve not to exceed 3 months of personnel and general operating expenditures. City Council recognizes it will take several years to create the cash reserve in the Utility Fund without exorbitant increases to water and wastewater rates.

However, the City's actual cash position will always be different than the amount reflected in the financials. Included in reported fund balance are various receivables and other non-cash assets. It is important to note that the fund balance position is not a true cash position.

A growth in expenditures without corresponding balance growth would bring the City closer to non-compliance with the policy. The City will need to identify options for maintaining sufficient fund balances to comply with this policy. For example, for every \$100,000 in expenditure growth, an additional \$25,000 would need to be added to the reserve balance.

TAX RATE AND DEBT SERVICE

Tax Supported Debt

The City has three debt instruments serviced through the property tax supported debt service fund. The forecast period's debt schedule is shown below.

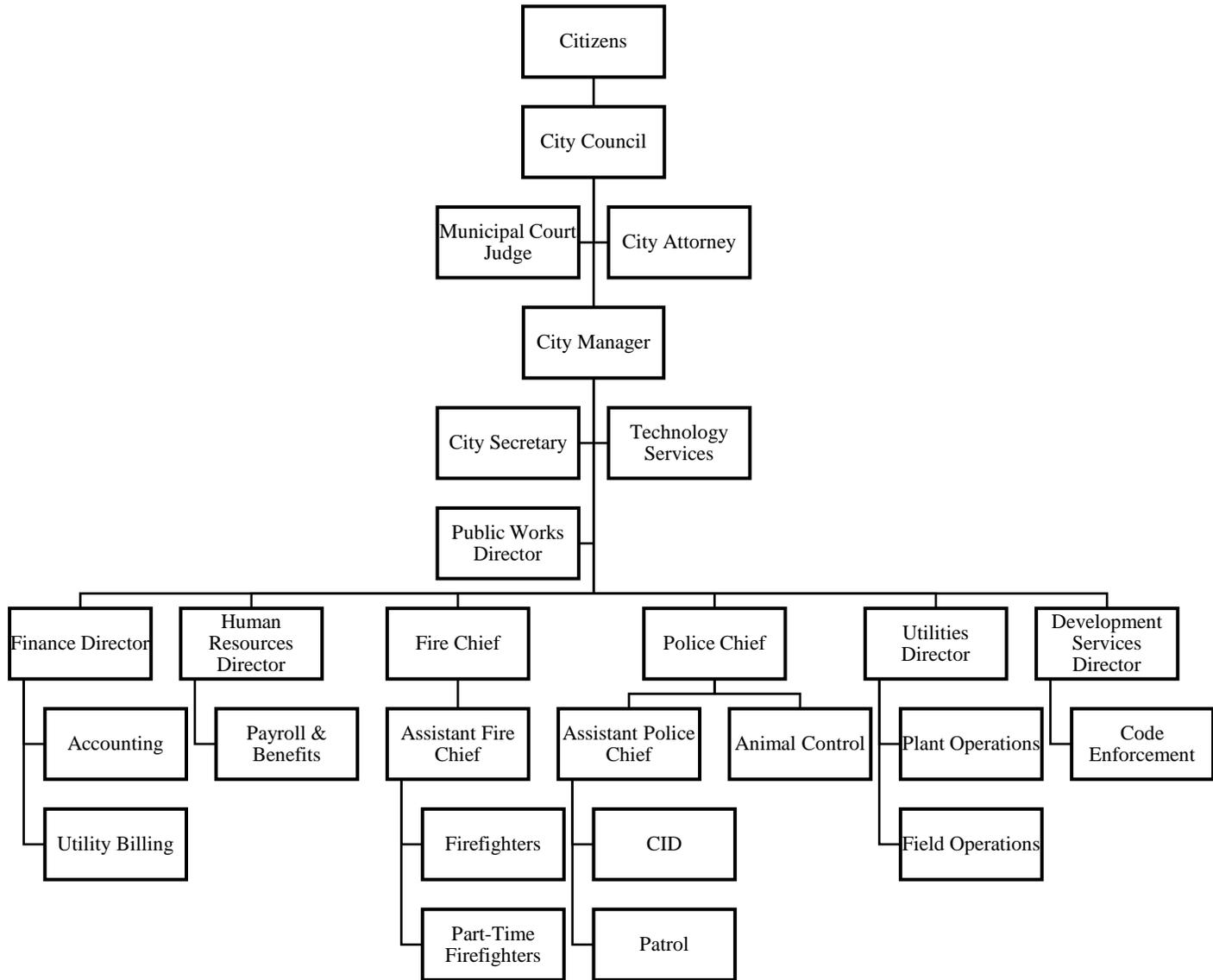
General Fund Supported Debt - Principal and Interest				
Year	2011 CO's	2014 CO's	2016 CO's	Annual Total
2018	421,477	299,046	123,050	843,573
2019	424,352	300,996	121,150	846,498
2020	421,819	297,896	119,250	838,965
2021	423,564	304,696	122,350	850,610
2022	424,492	306,346	119,350	850,188
2023	424,730	307,896	121,350	853,976
2024	424,249	308,896	118,200	851,345

Utility Fund Debt

The Utility Fund has four debt instruments, including refunding bonds for debt that was inherited from the Lake LBJ Municipal Utility District when the City incorporated in 2005. The 2016 CO's payments are paid for through the Summit Rock Public Improvement District. The assessments are collected annually through the property owners' property tax bills. The forecast period's debt schedule is shown below.

Utility Fund Supported Debt - Principal and Interest					
Year	2007 CO's	2011 CO's	2014 CO's	2016 CO's	Annual Total
2018	543,164	269,715	266,185	252,400	1,331,464
2019	543,418	270,152	263,485	249,200	1,326,255
2020	543,066	270,322	265,735	251,000	1,330,123
2021	547,108	270,026	267,885	247,700	1,332,719
2022	545,342	269,247	269,935	247,750	1,332,274
2023	542,970	268,070	266,935	247,650	1,325,625
2024	544,992	271,399	268,498	252,400	1,337,289

Organizational Chart



Staffing Chart

Department	Job Title	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2017 Adopted Budget	FY 2018 Adopted Budget	FY 2019 Proposed Budget
GENERAL FUND						
Administration	City Manager	1	1	1	1	1
	City Secretary	1	1	1	1	1
	Finance Director	1	1	1	1	1
	Accounting Supervisor	1	1	1	1	1
	Accounting Clerk	2	2	2	0.5	0.5
	HR Administrator	1	0	0	1	1
	HR Director	0	1	1	1	1
	Municipal Court Clerk	0.5	0.5	0.5	0.5	0.5
Subtotal - Administration		7.5	7.5	7.5	7	7
Technical Services	IT Administrator	0	0	1	1	1
	GIS Administrator	0	0	1	1	1
	Subtotal - Technical Services		0	0	2	2
Fire Department	Fire Chief	1	1	1	1	1
	Assistant Fire Chief	1	1	1	1	1
	Captain	3	3	3	3	3
	Engineer	6	6	6	6	6
	Firefighter	6	6	6	9	12
	Part Time Firefighter	7.5	7.5	7.5	2	1.5
Subtotal - Fire Department		24.5	24.5	24.5	22	24.5
Police Department	Police Chief	1	1	1	1	1
	Assistant Police Chief	1	1	1	1	1
	Captain	0	1	1	1	1
	Lieutenant	3	2	2	2	2
	Detective	3	3	3	3	3
	Police Sergeant	2	2	2	2	2
	Police Officer	7	8	8	8	8
	Animal Control Officer	1.5	1.5	1.5	1.5	1.5
	Dispatcher	2	2.5	2.5	2.5	3
	Public Safety Clerk	1	0	0	0	0
Subtotal - Police Department		21.5	22	22	22	22.5

Development Services	Development Services Director	1	1	1	1	1
	Assistant Planner	0	0	1	1	1
	Code Enforcement Officer	1	1	1	1	1
	Development Services Technician	1.5	1.5	1.5	2	2
	Subtotal - Development Services	3.5	3.5	4.5	5	5
Street Maintenance	Public Works Director	0	0	1	1	1
	Project Manager	1	1	0	0	0
	Subtotal - Street Maintenance	1	1	1	1	1
TOTAL GENERAL FUND		58	58.5	61.5	59	62
UTILITY FUND						
Administration	Utilities Director	1	1	1	1	1
	Technical Administrator	1	1	1	1	1
	Water Conservation/Inspector	1	1	1	1	1
	Purchasing Coordinator	0	0	0	0	1
	Dispatcher	0	0	0	0	1
	Utilities Office Manager	1	1	1	1	1
	Customer Service Clerk	1.5	2	2	2	2
	Subtotal - Administration	5.5	6	6	6	8
Plant Operations	Plant Operations Supervisor	1	1	1	1	1
	Senior Electrician Technician	1	1	1	1	1
	Plant Operator	6	6	6	6	6
	Recycle Monitor	1.5	1.5	1.5	1.5	1.5
	Subtotal - Plant Operations	9.5	9.5	9.5	9.5	9.5
Field Operations	Field Operations Supervisor	1	1	1	1	1
	Utilities Technician	0	1	1	1	1
	Utility Foreman	1	1	1	1	1
	Field Operator	10	9	9	9	9
	Field Technician	1	1	1	1	1
	Meter Reader	0	0	0	0	0
	Subtotal - Field Operations	13	13	13	13	13
TOTAL UTILITY FUND		28	28.5	28.5	28.5	30.5
TOTAL FULL-TIME & PART-TIME CITY EMPLOYEES		86	87	90	87.5	92.5

Budget Format

The budget format for the FY 2019 Budget is the second year of the newly adopted format. This budget document seeks to present much more information for the reader to better understand the operations of the City of Horseshoe Bay.

The information included in the budget is organized into columns (financial data over time) and budget units. The financial information contained in the budget is as follows.

FY 2016 Final Actuals – Actual revenues, expenditures, and fund balances recorded for the period ending September 30, 2016.

FY 2017 Final Actuals – Actual revenues, expenditures, and fund balances recorded for the period ending September 30, 2017.

FY 2018 Amended Budget – The budget as approved and amended by the City Council for the current fiscal year ending September 30, 2018, including revenues, expenditures, and fund balances.

FY 2018 Projected Actuals – Estimated revenues, expenditures, and fund balances recorded for the period ending September 30, 2018.

FY 2019 Final Budget – Budgeted amounts for each category for the fiscal year ending September 30, 2019.

Budget Process

The budget process began with requests to the different department heads for budget proposals and capital requests. City staff consolidated those requests and compared them to revenue estimates for the upcoming year. The City Council held extensive budget workshops to prioritize the budget requests and to provide their input on funding priorities.

A more detailed budget calendar is listed on the next page.

Budget Adoption

The budget must be adopted by the City Council prior to October 1 each year in order to set the property tax rate. Public hearings are held and when completed, it is given final approval by the Mayor and City Council.

Amending the Budget

As the fiscal year progresses, situations may sometimes arise that were not anticipated and affect the budget. From time to time, the City Manager may present the council with requests for budget amendments.

Budget Calendar

April 13, 2018 – Draft budget format sent to Department Heads

May 7, 2018 – Department Heads return first departmental drafts to Finance Director

Week of May 14, 2018 – Department Heads meet with Finance Director to discuss submissions, make revisions as necessary

May 31 through June 28, 2018 – City Manager reviews budget data with Council and Department Heads; Budget book development begins

June 29, 2018 – Final consolidated proposed budget is provided to City Council

July 16, 2018 – City Council holds the first budget workshop

August 17, 2018 – Proposed budget is filed with the City Secretary and is available for public review

August 28, 2018 – City Council holds the second budget workshop

September 4, 2018 – City Council holds the third budget workshop, if necessary

September 18, 2018 – City Council adopts tax levy and proposed budget

October 1, 2018 – New budget is implemented

For More Information

The budget document summarizes and condenses a substantial amount of information in order to avoid a cumbersome document. However, there are times that more detailed information may be needed or further explanation required. In these instances, citizens and users may contact City Hall at 830-598-9907 to have their questions answered. City Hall is open Monday through Friday from 8:00 a.m. to 5:00 p.m.

For additional information about the City, to download important forms and applications, and to view meeting agendas please visit the City of Horseshoe Bay website at www.horseshoe-bay-tx.gov.

Budget Philosophy

The City Council annually adopts a spending and tax collection plan to fund service provisions for the citizens and businesses of Horseshoe Bay. Over the long timer, the Council has made taxing and spending decisions operating with established principles or philosophical foundation. These values provide guidance for staff in developing the City's budget.

1. To link comprehensive and strategic plan components to the annual operating budget.
2. The realignment of organizational priorities to focus more efforts on those capital projects that will affect long term growth of the City. These projects include:
 - a. Quality of life projects (parks, trails, etc.) that seek to make Horseshoe Bay a more desirable place to live.
 - b. Sustainable growth projects (water/wastewater system upgrades, streets, etc.).
3. Providing a reasonable property tax rate that minimizes the property tax burden on citizens and commercial property.
4. Sustaining current levels of service that our citizens have come to expect of Horseshoe Bay.
5. Ensuring a competitive city workforce by maintaining a competitive pay and benefits schedule.
6. The moderate growth of financial reserves to a targeted level, to ensure that the City has sufficient cash to continue operations through a short-term disruption of income. This is to ensure our ability to provide uninterrupted services during times of disaster or short-term economic decline.
7. Continue to be good stewards of the tax payer's money by keeping a balanced budget where expenditures do not exceed revenue and maintaining a solid credit rating.

Fund Structure and Basis of Budgeting

The City of Horseshoe Bay uses multiple funds through which to accomplish its goals. Governmental funds are used to account for the City's general service provision activities and use the modified accrual basis of budgeting. Most City departments receive their funding from these Governmental Funds. The City's Governmental Funds include:

- General Fund – This fund includes major financial resources of the City except those required to be accounted for in another fund. Major funding sources include property taxes, sales tax, franchise fees, contracts with other entities, and transfers from other funds.
- Debt Service Fund – This fund is budgeted to service the repayment of principal and interest expenses relating to the various tax supported debt instruments the City has issued.
- Capital Improvement Fund – All capital projects (e.g. bond funded projects) are operated through this fund. Utility capital projects are not operated through this fund.

Proprietary Fund types use the accrual basis of budgeting. Revenues are recorded when earned and expenses are recognized when liabilities are incurred. The City's Proprietary Funds include:

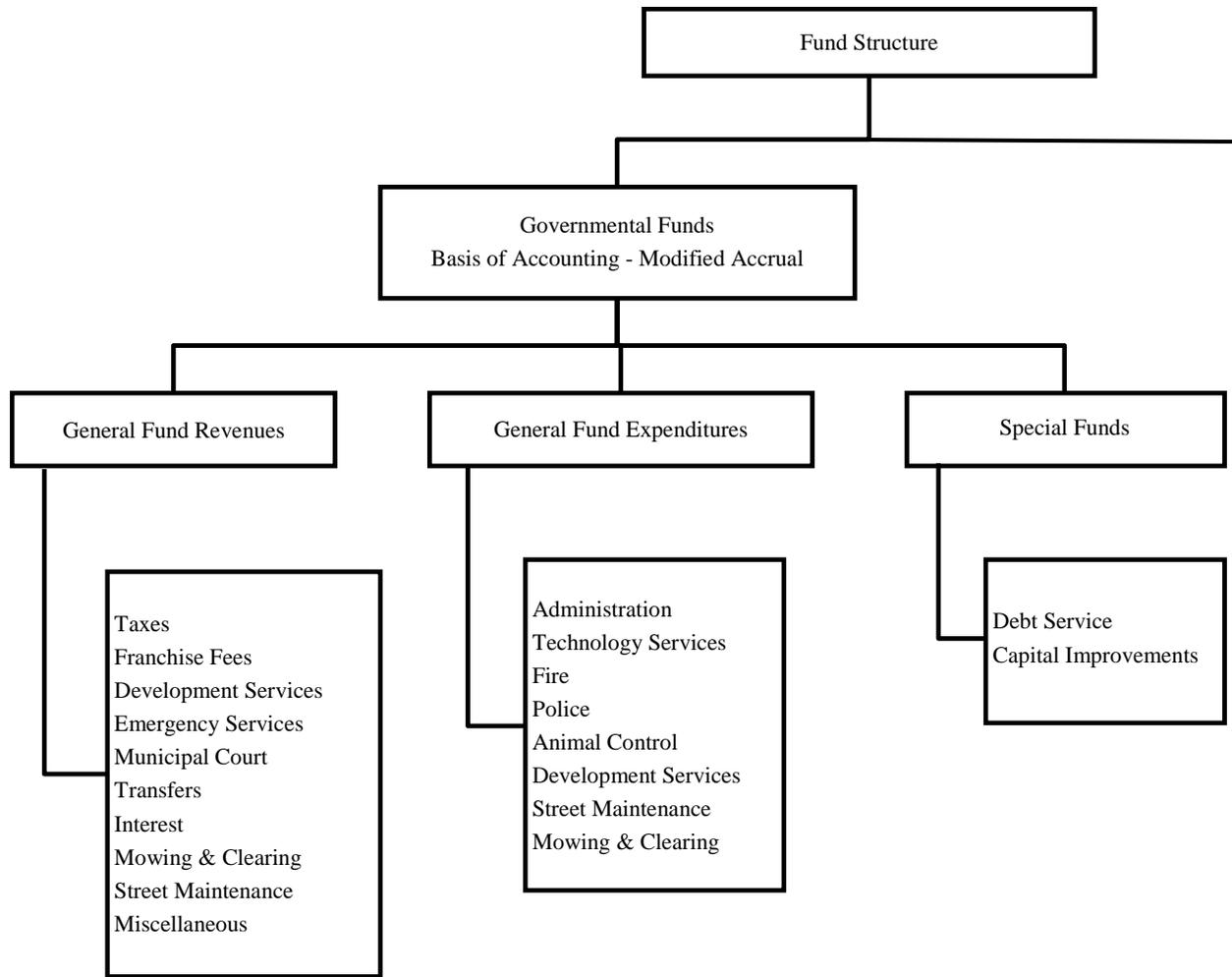
- Enterprise Fund – The Utility Fund is budgeted to account for those City operations that mirror a private business, where the intent is to provide a good or service to customers which are financed through user charges. This budget is presented as a modified accrual basis to enhance the understanding of how funds are used.

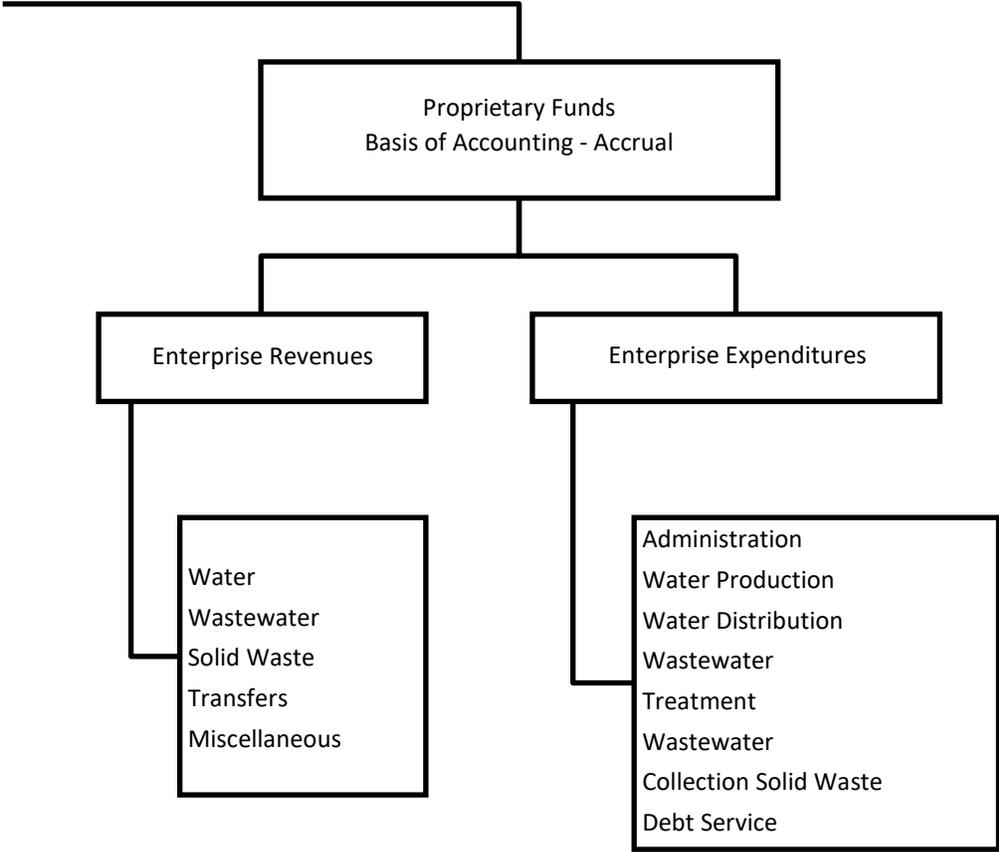
Basis of Accounting

Basis of accounting refers to the point in time where revenues and expenditures are recognized in the City's financial system and statements.

The modified accrual basis of accounting recognizes revenues when they become available and recognizes liabilities when they are incurred. The Governmental Funds use this basis of accounting.

The accrual basis of accounting recognizes events regardless of when the transaction occurs. The concept is to match incoming revenues to outgoing expenses when a transaction occurs rather than when cash is exchanged. The benefit of this approach is to provide a longer-term view of the City's financial position. The Proprietary Funds use this basis of accounting.





Consolidated Fund Presentation

	Governmental Fund Types			Enterprise Fund Types	TOTAL
	General Fund	Debt Service	Capital Improvement Fund	Utility Fund	
PROJECTED BEGINNING BALANCE	3,784,939	48,540	-	547,907	4,381,386
REVENUES					
Taxes	6,262,500	831,000	-	-	7,093,500
Permits and Licenses	158,000	-	-	-	158,000
Charges for Service	1,205,500	-	-	7,808,000	9,013,500
Fines and Penalties	75,500	-	-	29,250	104,750
Interest	100,000	4,500	-	15,000	119,500
Miscellaneous Receipts	65,500	-	-	343,750	409,250
Bond Proceeds	-	-	-	6,000,000	6,000,000
Transfers	689,500	-	1,275,000	300,000	2,264,500
Total Revenues	8,556,500	835,500	1,275,000	14,496,000	25,163,000
TOTAL RESOURCES	12,341,439	884,040	1,275,000	15,043,907	29,544,386
EXPENDITURES					
Personnel	5,500,998	-	-	2,245,003	7,746,001
Supplies	246,250	-	-	371,750	618,000
Contractual	1,546,750	-	-	1,489,749	3,036,499
Utilities	71,000	-	-	390,250	461,250
Sundry	381,501	-	-	179,997	561,498

Maintenance	174,000	-	-	670,500	844,500
Capital	509,500	-	1,275,000	4,817,000	6,601,500
Fund Transfers	1,275,000	-	-	689,500	1,964,500
Debt Service	-	846,750	-	1,521,000	2,367,750
Total Expenditures	9,705,000	846,750	1,275,000	12,374,750	24,201,500
REVENUE OVER/(UNDER) EXPENDITURES	(1,148,500)	(11,250)	-	2,121,250	961,500
ENDING BALANCE	2,636,438	37,290	-	2,669,157	5,342,885



CITY OF HORSESHOE BAY
FY 2019 General Fund Budget

Estimated Beginning Fund Balance:				\$ 5,266,938	\$ 3,784,939
	FY 2016	FY 2017	FY 2018	FY 2018	FY 2019
	Final	Final	Amended	Projected	Final
	Actuals	Actuals	Budget	Actuals	Budget
Revenues:					
Administration	\$ 588,501	\$ 734,145	\$ 822,500	\$ 810,500	\$ 811,000
Fire	\$ 274,052	\$ 404,604	\$ 318,500	\$ 327,250	\$ 342,000
Emergency Service District	\$ 12,320	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000
Tax	\$ 4,914,310	\$ 5,164,991	\$ 5,407,000	\$ 5,623,500	\$ 6,065,000
Police	\$ 14,093	\$ 43,718	\$ 54,750	\$ 58,750	\$ 7,500
Development Services	\$ 117,988	\$ 136,718	\$ 184,000	\$ 183,000	\$ 158,000
Street Maintenance	\$ 622,736	\$ 588,624	\$ 567,000	\$ 628,500	\$ 614,000
Mowing & Clearing	\$ 434,851	\$ 501,963	\$ 500,000	\$ 500,000	\$ 450,000
Interest Income	\$ 17,797	\$ 42,670	\$ 42,750	\$ 100,000	\$ 100,000
Total Revenues	\$ 6,996,648	\$ 7,626,434	\$ 7,905,500	\$ 8,240,500	\$ 8,556,500
Expenditures:					
Administration	\$ 1,861,405	\$ 1,836,356	\$ 1,604,750	\$ 1,566,750	\$ 1,779,250
Technology Services	\$ -	\$ -	\$ 224,000	\$ 199,000	\$ 242,500
Fire	\$ 1,802,239	\$ 2,017,855	\$ 2,062,250	\$ 2,034,250	\$ 2,315,500
Police	\$ 1,763,070	\$ 1,739,171	\$ 1,893,000	\$ 1,853,750	\$ 1,920,000
Animal Control	\$ 141,966	\$ 140,047	\$ 195,250	\$ 178,750	\$ 205,500
Development Services	\$ 312,959	\$ 366,087	\$ 514,500	\$ 476,000	\$ 503,750
Street Maintenance	\$ 249,844	\$ 172,127	\$ 360,500	\$ 333,250	\$ 404,000
Mowing & Clearing	\$ 522,770	\$ 493,935	\$ 591,000	\$ 550,000	\$ 550,000
Total Expenditures	\$ 6,654,253	\$ 6,765,578	\$ 7,445,250	\$ 7,191,750	\$ 7,920,500
Capital Purchases	176,108	88,860	294,000	294,000	509,500
Total Capital Purchases	\$ 176,108	\$ 88,860	\$ 294,000	\$ 294,000	\$ 509,500
Revenues Less Expenditures				\$ 754,750	\$ 126,500
Estimated Ending Fund Balance (after O&M only):				\$ 6,021,689	\$ 3,911,438
Less: Transfer of Unassigned Funds to Capital Improvemnts Fund				\$ 2,236,750	\$ 1,275,000
Estimated Ending Fund Balance:				\$ 3,784,939	\$ 2,636,438

General Fund Revenue Overview

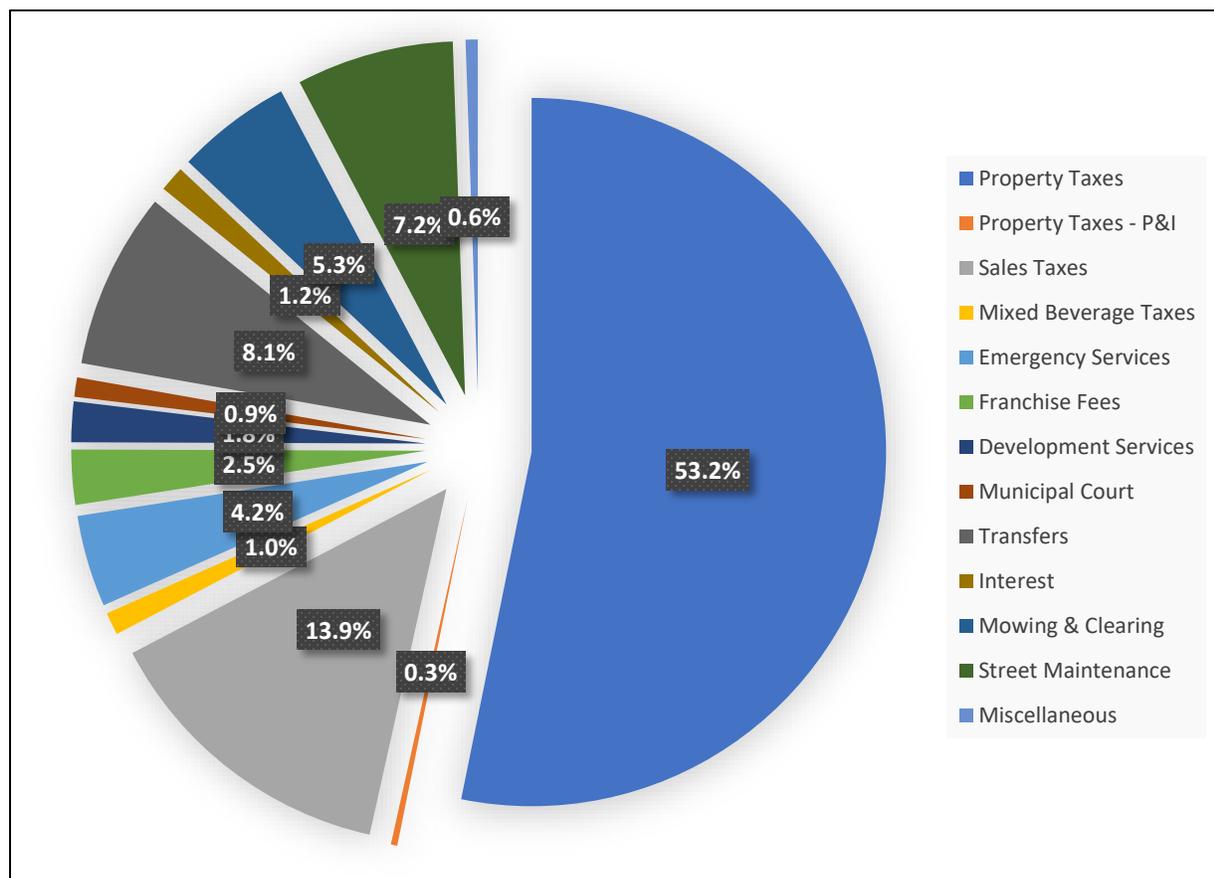
The General Fund provides financing for the City’s governmental services, which excludes water, wastewater, and solid waste operations. General Fund services consist of all public safety functions, including police, animal control and fire services; community services, including streets, parks, inspections, planning, and code enforcement; and administrative functions, which includes general management, finance, and human resources. The City’s main governmental buildings are maintained and operated as assets within the General Fund.

General Fund revenues come from multiple sources but are mostly derived from property tax receipts. The City’s largest expenditure category is compensation to City personnel who ensure the provision of the services mentioned. The modified accrual basis of accounting is used for the General Fund.

GENERAL FUND REVENUE

The City of Horseshoe Bay receives operating revenue from multiple streams. Much like a well-organized business, the City does not solely rely on one large revenue source, but rather, the revenue is diversified.

Graph 1 and Table 1 both illustrate how most General Fund revenues are collected from property taxes, sales taxes, fund transfers, and street maintenance contracts.



Graph 1 – FY 2019 Budget – Revenue Sources

Top Revenue Sources			
Property Taxes	4,550,900		60.0%
Sales Taxes	1,185,250		15.6%
Transfers	689,500		9.1%
Street Maintenance	614,000		8.1%
Total	7,039,650		92.9%
Total Revenue	7,579,750		

Table 1 – Top City Revenue Sources

Property Taxes

The largest source of City revenues is from property tax receipts, which are projected to account for 60% of the City’s General Fund revenue. Table 2 exhibits the appraised taxable value beginning in the 2007 tax year. This table also shows how the property tax rate has remained stable since 2010. The City’s total appraised taxable value exceeds \$2 Billion in 2018.

Tax Year	Tax Rate	Llano County Appraised Taxable Value	Burnet County Appraised Taxable Value	Total Appraised Taxable Value
2007	0.40000	1,251,273,964		1,251,273,964
2008	0.35000	1,441,168,934		1,441,168,934
2009	0.33000	1,588,249,545		1,588,249,545
2010	0.25000	1,412,000,000	171,000,000	1,583,000,000
2011	0.25000	1,374,533,707	173,407,475	1,547,941,182
2012	0.25000	1,343,758,031	183,355,207	1,527,113,238
2013	0.25000	1,384,324,964	186,946,922	1,571,271,886
2014	0.25000	1,437,323,807	185,403,017	1,622,726,824
2015	0.25000	1,494,521,653	190,427,395	1,684,949,048
2016	0.26000	1,601,593,349	196,022,157	1,797,615,506
2017	0.26000	1,722,168,060	206,543,185	1,928,711,245
2018 - Proposed	0.26702	1,837,165,951	219,498,974	2,056,664,925

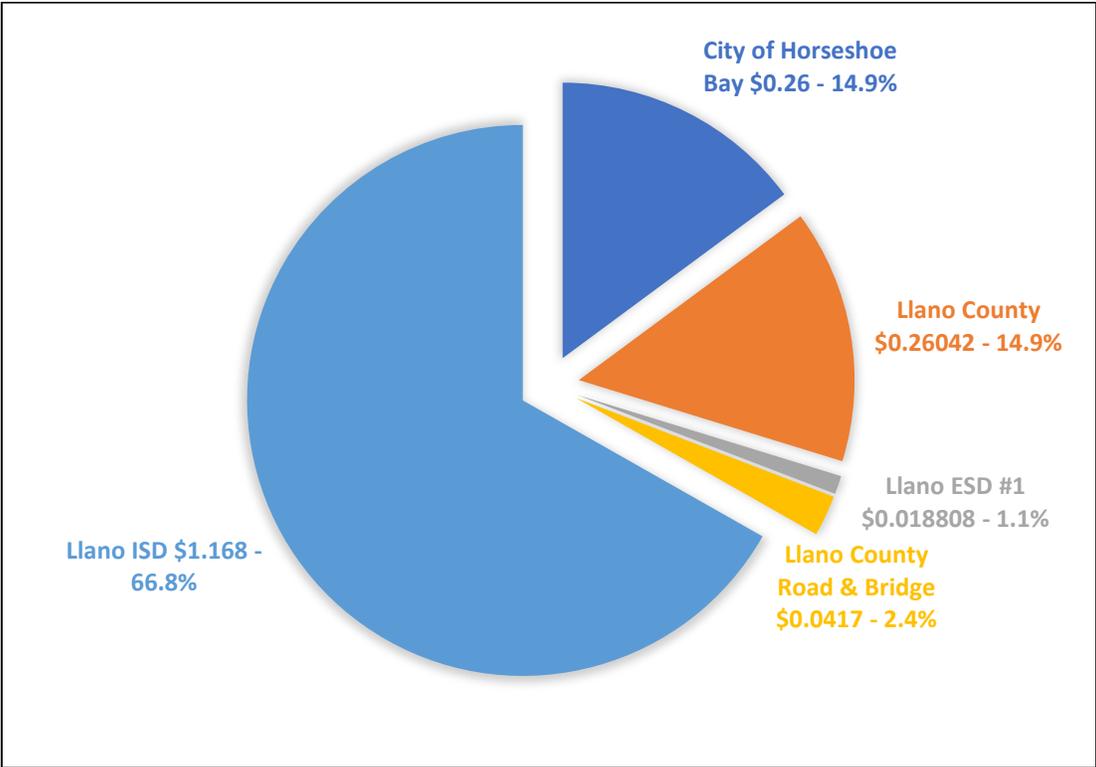
Table 2 – City Tax Rate History

The City’s total property tax rate is divided into two portions. The first the Maintenance and Operations rate (M&O) and this part of the property tax levy is deposited into the City’s General Fund and is merged with other revenues to pay for the operation of the City each year. The second portion is the Interest and Sinking rate (I&S); proceeds from this levy are deposited into a separate fund and is used to repay debt that has been secured with property tax revenues. Table 3 shows how the I&S and the M&O rates fluctuate from year to year and the goal is to have the two operate in a balance.

Tax Year	M&O Rate	I&S Rate	Total Tax Rate
2007	0.40000		0.40000
2008	0.35000		0.35000
2009	0.33000		0.33000
2010	0.22200	0.02800	0.25000
2011	0.22200	0.02800	0.25000
2012	0.22200	0.02800	0.25000
2013	0.22200	0.02800	0.25000
2014	0.22200	0.02800	0.25000
2015	0.22200	0.02800	0.25000
2016	0.21860	0.04140	0.26000
2017	0.22000	0.04000	0.26000
2018 - Proposed	0.22579	0.04123	0.26702

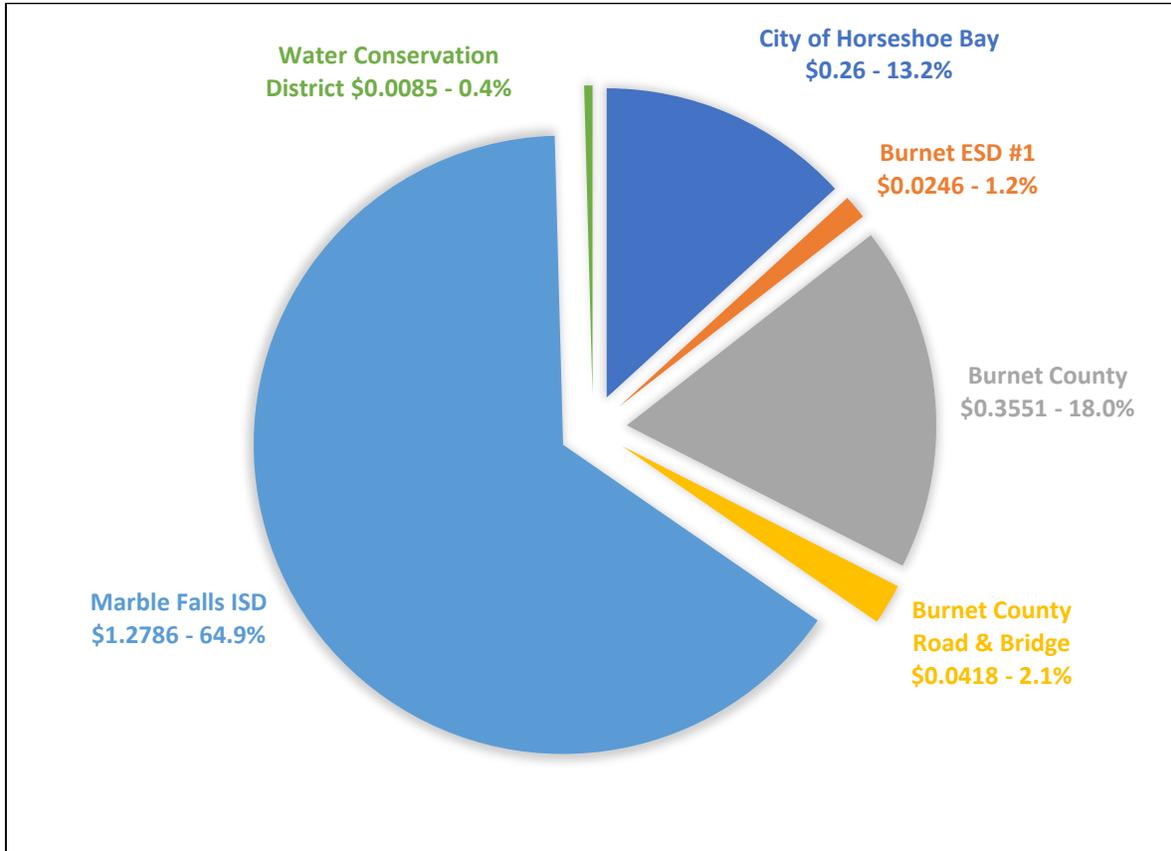
Table 3 – City M&O and I&S Rate History

Many citizens are often unclear as to who much of their total tax bill represents City taxes compared to other taxing entities. For those property taxpayers in the City and Llano County, there are four taxing entities: City of Horseshoe Bay, Llano Emergency Services District #1, Llano Independent School District, and Llano County, which also includes a separate Road and Bridge Tax. Graph 2 provides a graphical representation of the 2017 tax rates and how the City’s rate stands in comparison.



Graph 2 – City of Horseshoe Bay (Llano County) tax rate comparison - 2017

For those property taxpayers in the City and Burnet County, there are five taxing entities: City of Horseshoe Bay, Burnet Emergency Services District #1, Marble Falls Independent School District, Water Conservation District of Central Texas, and Burnet County, which also includes a separate Road and Bridge Tax. Graph 3 provides a graphical representation of the 2017 tax rates and how the City's rate stands in comparison.



Graph 3 – City of Horseshoe Bay (Burnet County) tax rate comparisons – 2017

The City of Horseshoe Bay provides a very competitive tax rate compared to other cities in the area as depicted in Table 4.

City	M&O Rate	I&S Rate	Total Tax Rate
Lakeway	0.12711	0.04699	0.17410
Fredericksburg	0.16270	0.06290	0.22560
Horseshoe Bay	0.22000	0.04000	0.26000
Kerrville	0.48900	0.07350	0.56250
Jonestown	0.52610	0.03950	0.56560
Burnet	0.54030	0.08340	0.62370
Marble Falls	0.23580	0.39820	0.63400
Lago Vista	0.38030	0.26970	0.65000
Llano	0.41819	0.30117	0.71936

Table 4 – Surrounding cities tax rate comparisons - 2017

Cost of Services to City Property Tax Payers

This brief section seeks to show City of Horseshoe Bay property tax payers the relative value of the services and benefits of living in the City. For a home valued at \$100,000, the property will pay an estimated \$267.02 in annual City property taxes, or \$22.25 per month, at the proposed \$0.26702 tax rate.

Of that monthly amount, they will pay:

- \$6.50 for 24/7 police protection
- \$5.39 for 24/7 fire protection
- \$0.58 for animal control services
- \$2.68 for streets and maintenance services
- \$1.42 for building inspections and code enforcement
- \$5.68 for the general administration of the City

Sales Taxes

The second largest source of City revenues is from sales tax receipts. FY 2019 sales tax revenues are budgeted at \$1,382,750, which is a 11.4% increase from the FY 2018 estimate. Table 5 shows a description of historic total sales tax receipts, which is the 1.75% local option collected by the City.

FY 2008 Actual	517,336
FY 2009 Actual	555,222
FY 2010 Actual	726,514
FY 2011 Actual	730,818
FY 2012 Actual	807,778
FY 2013 Actual	937,157
FY 2014 Actual	998,535
FY 2015 Actual	977,437
FY 2016 Actual	1,011,561
FY 2017 Actual	1,087,720
FY 2018 Projected	1,240,750
FY 2019 Proposed	1,382,750

Table 5 – Total City sales tax receipts

Total City sales tax receipts are split three ways to fund different activities. One cent, or 57% of total receipts, is dedicated to the City's General Fund operations. One half cent, or 29% of total receipts, is dedicated to providing property tax relief for Horseshoe Bay tax payers and is included in the General Fund sales tax totals above. One quarter cent, or 14% of total receipts, is dedicated to maintenance and repairs of City streets.



CITY OF HORSESHOE BAY
FY 2019 General Fund Budget

Account Code	Account Title	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Final Budget
OPERATING REVENUE						
1000	ADMINISTRATION					
40170	Administrative Fees	490,750	602,250	634,000	634,000	689,500
40171	CC Convenience Fee	-	-	-	-	13,000
40175	Insurance Proceeds	-	-	9,500	9,500	-
40180	Other Income	17,839	16,227	91,500	91,500	33,000
40185	Miscellaneous Permits	150	-	250	-	-
40193	Municipal Court Revenue	16,282	14,934	5,000	8,750	8,750
40194	Traffic Fines	63,480	50,130	50,000	45,000	45,000
40195	Transfer In - Other Funds	-	8,573	-	-	-
40196	Court Technology Fees	-	1,300	1,250	1,250	1,250
40197	Court Security Fees	-	977	1,000	1,000	1,000
40198	Court Collection Agency Revenue	-	11,814	13,000	10,500	10,500
40199	Warrant Fees	-	12,037	14,000	3,500	3,500
40200	Child Safety Fees	-	15,903	3,000	5,500	5,500
Total	ADMINISTRATION	588,501	734,145	822,500	810,500	811,000
5000	FIRE					
40175	Insurance Proceeds	-	-	-	2,250	-
40180	Other Income	7,040	130,180	24,500	24,500	7,000
40186	Other Income-Pub/Sfty Donation	5,950	10,100	13,000	13,000	5,000
40506	Fire Fighting Services	261,062	264,324	281,000	287,500	330,000
Total	FIRE	274,052	404,604	318,500	327,250	342,000
6000	EMERGENCY SERVICE DISTRICT					
40190	Llano Co. ESD #1 - Contract Svcs	3,320	-	-	-	-
40191	Llano Co. ESD #1 - Rent	9,000	9,000	9,000	9,000	9,000
Total	EMERGENCY SERVICE DISTRICT	12,320	9,000	9,000	9,000	9,000
7000	TAX					
40160	Property Tax Collected (M & O)	3,726,380	3,922,322	4,158,250	4,221,500	4,551,000
40162	Penalty & Interest (M & O)	25,253	24,229	22,500	28,000	25,000
40163	Mixed Beverage Tax	78,999	84,114	85,000	95,500	88,000
40165	Sales Tax	873,771	932,331	940,000	1,063,500	1,185,250
40166	PEC Franchise Tax	171,950	165,483	165,000	178,500	178,500
40180	Other Income	3,215	1,125	1,250	-	1,250
40211	Cable Franchise Fees	34,742	35,387	35,000	36,500	36,000
Total	TAX	4,914,310	5,164,991	5,407,000	5,623,500	6,065,000



CITY OF HORSESHOE BAY
FY 2019 General Fund Budget

Account Code	Account Title	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Final Budget
8000	POLICE					
40175	Insurance Proceeds	7,163	3,078	-	2,000	-
40180	Other Income	1,930	35,640	2,000	4,000	2,500
40181	Grant Revenue	-	-	41,250	41,250	-
40186	Other Income-Pub/Sfty Donation	5,000	5,000	11,500	11,500	5,000
Total	POLICE	14,093	43,718	54,750	58,750	7,500
9500	DEVELOPMENT SERVICES					
40180	Other Income	5,775	2,714	500	500	500
40183	Building Permit Fees	108,913	121,504	175,000	175,750	150,000
40184	Plat Fees	2,600	5,300	4,000	3,000	3,000
40185	Miscellaneous Permits	-	-	500	-	500
40187	Contractor Registration	-	500	3,000	3,000	3,000
40192	Zoning Fees	700	6,700	1,000	750	1,000
Total	DEVELOPMENT SERVICES	117,988	136,718	184,000	183,000	158,000
9600	STREET MAINTENANCE					
40165	Sales Tax	137,790	155,389	156,500	177,250	197,500
40180	Other Income	-	-	-	10,500	-
40206	The Hills POA	-	-	-	2,500	5,000
40207	Pecan Creek Association	3,750	3,750	3,750	4,000	4,000
40208	Applehead POA	5,750	5,750	5,750	6,250	6,250
40209	Applehead Island POA	1,000	1,000	1,000	1,000	1,250
40210	HSB POA	474,446	422,736	400,000	427,000	400,000
Total	Street Maintenance	622,736	588,624	567,000	628,500	614,000
9800	MOWING & CLEARING					
40215	Mowing	434,851	492,713	500,000	500,000	450,000
40216	Clearing	-	9,250	-	-	-
Total	MOWING & CLEARING	434,851	501,963	500,000	500,000	450,000
9900	INTEREST INCOME					
40220	Interest on Investments	17,797	42,670	42,750	100,000	100,000
Total	INTEREST INCOME	17,797	42,670	42,750	100,000	100,000
TOTAL OPERATING REVENUE		<u>6,996,648</u>	<u>7,626,434</u>	<u>7,905,500</u>	<u>8,240,500</u>	<u>8,556,500</u>

General Fund Expenditure Overview

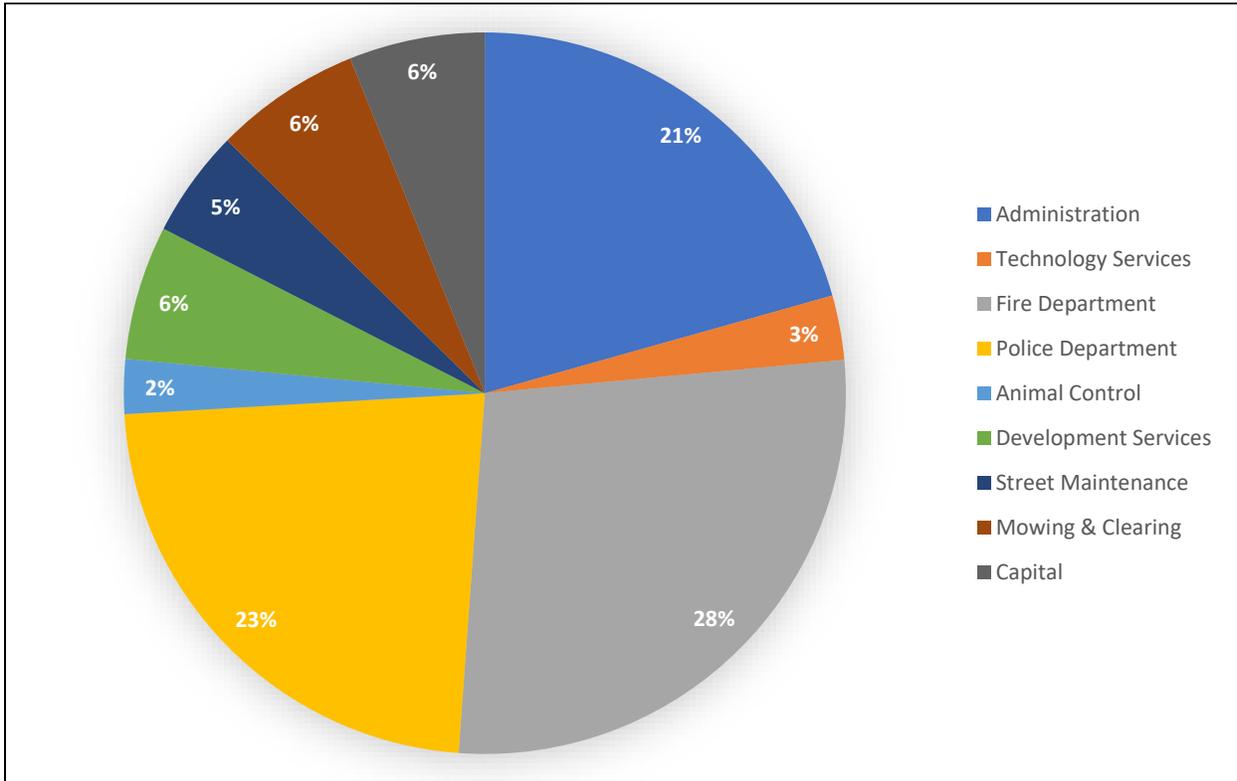
The City of Horseshoe Bay General Fund is organized into eight different departments. For the purposes of this document, each department will have its own section describing its mission statement, what their function is within the organization, some of their achievements for the past fiscal year, and department goals and objectives for the next fiscal year.

This budget includes increases in operational department budgets of 3% for salary expenditures and 12% for insurance expenditures. All other notable items are specifically listed on each departments' page.

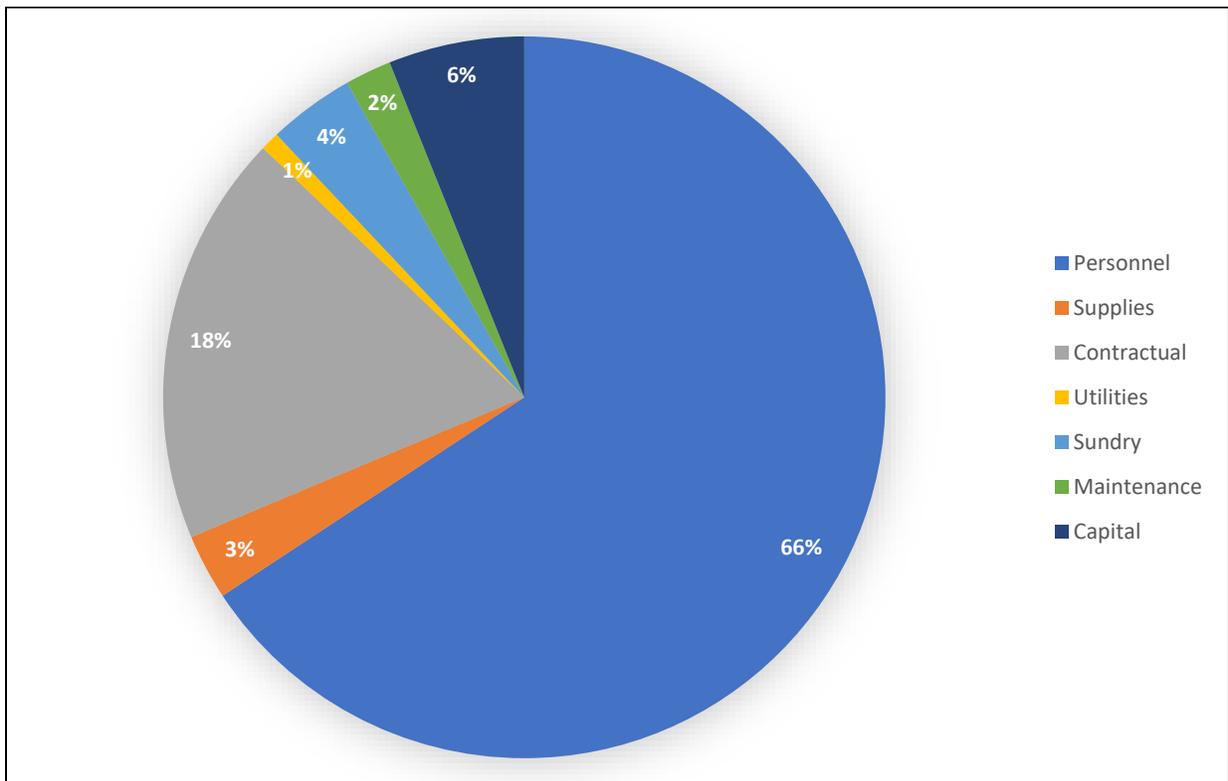
Each departments' page will provide financial data on each prime account. There is also a description of the capital purchases within each department and a discussion of differences between FY 2018 Amended Budget and FY 2019 Proposed Budget.

	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Proposed Budget
BY DEPARTMENT					
Administration	1,861,405	1,836,356	1,604,750	1,566,750	1,779,250
Technology Services	-	-	224,000	199,000	242,500
Fire Department	1,802,239	2,017,855	2,062,250	2,034,250	2,315,500
Police Department	1,763,070	1,739,171	1,893,000	1,853,750	1,920,000
Animal Control	141,966	140,047	195,250	178,750	205,500
Development Services	312,959	366,087	514,500	476,000	503,750
Street Maintenance	249,844	172,127	360,500	333,250	404,000
Mowing & Clearing	522,770	493,935	591,000	550,000	550,000
Capital	<u>176,108</u>	<u>88,860</u>	<u>294,000</u>	<u>294,000</u>	<u>509,500</u>
TOTAL	6,830,361	6,854,438	7,739,250	7,485,751	8,430,000

FY 2019 BUDGET EXPENDITURES – BY DEPARTMENT



FY 2019 BUDGET EXPENDITURES – BY ACCOUNT CATEGORY



Administration

To provide professional management and administration of the City, implementing City Council policy decisions by directing, coordinating, monitoring, and evaluating all City government activities.

Description

- Execute the policies established by the City Council and administer the affairs of the City consistent with the City Charter
- Prepare and maintain minutes, ordinances, resolutions, and proclamations
- City elections conducted by designated election official
- Responsible for the collection, investment, distribution, and documentation of all City funds
- Monitor and approve all City purchases, expenditures, and budget
- Prepare the City employee payroll and administer employee benefits programs
- Prepare annual City budget

FY 2018 Accomplishments

- Earned Comptroller star for financial transparency
- Eared GFOA Distinguished Budget Award
- Conducted Employee Engagement Survey (Gallup)
- Conducted Salary Survey with updated job descriptions
- Rolled out Learning Management System (LMS) with online training and development for all levels of employment, including supervisory training
- Updated and/or implemented new policies
- Completed three phases of the City's first microbusiness – Performance Assessment Effectiveness Team (PAET)
- Implemented new Performance Assessment forms
- Constructed City's first pickleball court funded by a generous donor

FY 2019 Goals

- Implement employee ID cards program
- Maintain Comptroller star for financial transparency
- Earn GFOA Distinguished Budget Award
- Design and develop nature reserve park for butterflies, bees, and bats with a walking trail on land generously leased at no cost to the City for this specific purpose
- Introduce succession planning
- Develop a vision for the City

Department Summary

	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Proposed Budget
Personnel	782,042	934,606	822,250	836,000	904,500
Supplies	56,462	85,840	69,250	50,000	72,500
Contractual	494,516	485,934	473,000	480,500	500,500
Utilities	78,925	64,006	71,000	68,250	71,000
Sundry	69,220	59,471	74,750	71,750	90,250
Maintenance	100,240	28,498	94,500	60,250	140,500
Capital	14,301	-	77,000	77,000	170,000
Fund Transfers	280,000	178,000	-	-	-
TOTAL	1,875,706	1,836,356	1,681,750	1,643,750	1,949,250

HIGHLIGHTS - FY 2019 Proposed Budget Changes from FY 2018 Amended Budget

- Increased salary and benefit expenses by \$82,250
- Increased Employers Unemployment Expense by \$4,250
- Increased Professional Services by \$7,500
- Increased Appraisal District Fees – Burnet by \$750
- Increased Appraisal District Fees – Llano by \$3,250
- Decreased City Council Expense by \$4,250
- Decreased Advisory Committees by \$500
- Decreased Dispatch Expense by \$250
- Increased Dues, Fees, and Subscriptions by \$5,000
- Increased Property & Liability Insurance by \$11,250
- Increased Workers’ Comp Insurance by \$30,000
- Increased M & R – Building by \$5,500
- Increased Merchant Fee – CC by \$7,000
- Increased Other Expense by \$7,000
- Decreased Postage by \$3,500
- Increased Printing & Office Supplies by \$7,500
- Increased Child Safety Fund Expense by \$2,500
- Decreased Court Collection Agency Fees by \$2,500
- Decreased Warrant Fees by \$500
- Added new expense line for Golden Nugget Nature Park for \$5,000
- Increased Fox House by \$40,000
- Increased Milfoil Treatment by \$500
- Increased Capital Expenditures by \$93,000

Technology Services

Responsible for implementing and maintaining all computer hardware and software systems and Geographic Information Systems (GIS) for the City of Horseshoe Bay.

Description

- First and primary point of contact for the activities associated with the City's server and computer network, help desk, and assigned specialty systems
- Responsible for all storage and backup management by performing, monitoring, documenting, and verifying information storage systems, schedules, and tests
- Maintains organizational service levels and business targets for the use of Information Technology Systems, including LAN/WAN networks, hardware, software, infrastructure, security, and other specialty systems

FY 2018 Accomplishments

- Physical and cyber security throughout the city has been enhanced
- Web Filtering has been expanded to include Geo-blocking and OpenDNS
- All servers have been virtualized with high availability failover
- Internet has been upgraded to synchronous digital fiber connection
- Interactive Zoning App completed for website
- 911 Addressing and Low Water Crossings App for Police/Fire
- Custom maps and applications for Leak Detection, Lead and Copper Testing, BacT and Chlorine, Coliform for Water Department
- Built and configured Data Collections applications for Water and Fire Departments
- Built and configured Development Agreements application for properties within the ETJ
- Drafted 5-year Technology Strategic Plan
- Central Water Plant has been integrated into city network via digital fiber connection
- Wireless access has been upgraded and security enhanced in multiple locations via a centrally managed system
- Completion of Water Distribution System Engineering Specifications and Water Model
- Backup and disaster recovery hardware and systems have been upgraded and cloud synchronization added
- Online utility bill pay with consumption and billing history has been implemented
- Centrally managed antivirus solution has been implemented and deployed
- Centrally managed Adobe software system now encompasses all city licenses
- City wide hosted VOIP phone system implementation
- Analog facsimile equipment rendered obsolete via Internet FAX system
- Replacement of aging hardware and software

FY 2019 Goals

- City Wide / Hosted Enterprise Software Solution
- Hosted Enterprise Document Management System
- Cloud Data/File Categorization for records retention
- GIS Data Dictionary and Public facing internet web mapping application enhanced.
- Interactive Lot/Plat Mapping Application.
- Redesign the Maps page on the website
- Asbuilt data acquisition plan for consultants who provide design work for streets, water, and wastewater projects. Interactive Asbuilt App for internal use by field crews, department managers, and consultants.
- Document Standard Operating Procedures and Workflows
- Evaluate ISO 55000 Asset Management
- E-Discovery for legal holds
- Increase Wireless in City Facilities/Add Redundancy
- SCADA Cyber threat protection for infrastructure
- Data Security, Disaster Recovery and Compliance will continue to be analyzed, exercised, identified, and enhanced

Department Summary

	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Proposed Budget
Personnel	-	-	164,250	157,250	170,250
Supplies	-	-	15,500	5,250	7,750
Contractual	-	-	10,000	4,000	11,000
Sundry	-	-	17,250	8,500	16,250
Maintenance	-	-	17,000	24,000	37,250
Capital	-	-	-	-	-
TOTAL	-	-	224,000	199,000	242,500

HIGHLIGHTS - FY 2019 Proposed Budget Changes from FY 2018 Amended Budget

- Increased salary and benefit expenses by \$6,000
- Increased Professional Services by \$1,000
- Increased Maintenance Contracts by \$20,250
- Increased Dues, Fees, & Subscriptions by \$9,500
- Decreased Equipment & Supplies by \$7,500
- Decreased Training, Travel, Schools by \$10,500
- Decreased Uniforms by \$250

Fire Department

To provide a safe, professional, and courteous team that strives to exceed the expectations of the community. To maintain a capable, aggressive, all-hazard Fire Department that is focused on serving and protecting the citizens while preserving the City's heritage and planning for the future.

Description

- Department is staffed by 23 full-time firefighters and 3 part-time firefighters; this staff includes a Fire Chief, Assistant Fire Chief, and 3 Shift Captains
- Department operates out of 2 fire stations
- Minimum of 6 firefighters on duty 24 hours a day
- Capability to respond to structure fires, brush fires, vehicle fires, technical rescues, and medical incidents
- Conducts fire safety inspections on all commercial properties annually
- Coordinates all planning and preparedness activities for emergency management
- Conducts fire investigations to determine cause and origin

FY 2018 Accomplishments

- Completed Phase I of interior renovation of Central Fire Station
- Completed transfer of electronic format for fire safety inspections
- Conducted swift water rescue refresher training for entire department
- Completed state certification for driver/operator for department staff
- Completed Incident Command training for entire department
- Completed 5-year strategic plan
- Implemented swift-water boat rescue capabilities

FY 2019 Goals

- Complete phase II of interior renovation of Central Fire Station
- Complete construction of live fire training facility
- Conduct full scale emergency management drill
- Implement in-house officer development program

Department Summary

	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Proposed Budget
Personnel	1,681,519	1,860,878	1,854,750	1,846,750	2,111,000
Supplies	38,384	56,786	89,000	91,249	99,500
Contractual	12,292	11,483	18,250	13,750	14,000
Sundry	46,143	44,973	67,750	55,001	58,500
Maintenance	23,901	43,735	32,500	27,500	32,500
Capital	<u>50,708</u>	<u>-</u>	<u>190,000</u>	<u>190,000</u>	<u>209,500</u>
TOTAL	1,852,947	2,017,855	2,252,250	2,224,250	2,525,000

HIGHLIGHTS – FY 2018 Proposed Budget Changes from FY 2019 Amended Budget

- Increased salary and benefit expenses by \$256,250
- Added 3 new full-time firefighter positions
- Increased Salaries – P/T Firefighters by \$2,250
- Decreased Professional Services by \$2,000
- Decreased Maintenance Contracts by \$2,250
- Decreased Dues, Fees, & Subscriptions by \$2,000
- Increased Equipment & Supplies by \$6,500
- Increased Fire Protection Gear by \$3,500
- Decreased Fuel & Lubricants by \$2,500
- Decreased Printing & Office Supplies by \$500
- Added a new expense line for Telecare Program for \$750
- Decreased Public Safety Donations by \$8,000
- Increased Capital Expenditures by \$19,500

Police Department

To work cooperatively with the public to preserve the peace, protect life and property, and reduce a fear of crime within the community through a fair and equal enforcement of the law within the framework of the Constitution of the United States.

Description

- Oversee all major criminal investigations within the City
- Respond to calls from the public requesting police emergency and non-emergency services
- Respond to traffic-related incidents and accidents; issue warnings and citations for traffic violations
- Respond to calls from the public requesting animal services
- Provide assistance to victims of crime or persons in distress
- Provide assistance to surrounding law enforcement agencies

FY 2018 Accomplishments

- Obtained a \$3,750.00 grant from NRA to purchase and issue twelve (12) ballistic helmets for all uniform patrol officers.
- Obtained CIP funding in 2018 to equip all marked patrol units with Mobile Data Terminals (MDT) with connectivity to the Department Report Management System (RMS), Texas DPS Crime Records and Driver License, and with the Texas Motor Vehicle Division for vehicle registration.
- Obtained a \$3,250 donation for the purchase of an unmanned aerial vehicle (UAV).
- Partnered with Texas DPS Aviation for UAV pilot training and implementation of a UAV program.
- Developed a computer app for Patrol to eliminate the written officer daily activity report, track vehicle mileage and use, and capture racial profiling data required under State Statute.
- Obtained new replacement handguns for the Chief and Assistant Chief through a trade-in of surplus retired shotguns.
- Purchased and placed an all metal storage container to store crime scene evidence required by statute to be retained for extended amounts of time.
- Completed the full conversion of crime reporting from the Uniform Crime Reporting System (UCR) to the National Incident Based Reporting System for the reporting of statistical crime information.
- Continued a community contact/outreach program in the patrol division designed for patrol officers to interact with citizens in a manner not related to normal law enforcement functions and obtain feedback from the community.
- Completed installation, transition and implementation of new vehicle dash cameras with cloud storage for all patrol units in the fleet.
- Conducted a critical incident/active shooter exercise involving Police, Fire, and EMS.
- Conducted joint training exercise with Fire Department in deep water rescue and recovery.
- Completed the installation and connection to fiber optic line for high speed internet in the Police building.
- Purchased an enclosed utility trailer for the transportation of firearms training materials, large items of evidence to the crime lab, and the department patrol cart to expand its usability to other areas of the city.
- Obtained Mental Health Peace Officers (MHO) certification for 83% of the Patrol Division.
- Obtain swift water technician training for two additional officers.

- Animal Control Officer Dunavant received his state license as a certified Animal Control Officer and obtained additional training throughout the year.
- Completed audits conducted by the Texas Commission on Law Enforcement (TCOLE), the Criminal Justice Information System (CJIS), and the Texas DPS Crime Records with a finding of 100% compliance from all three, and no deficiencies noted by any.

FY 2019 Goals

- Obtain \$130,000 in CIP funding for the replacement of three (3) department patrol vehicles and all related vehicle equipment.
- Conversion of a part time dispatcher position to a full-time status in order to allow more focus placed on administrative duties and avoid the need for a full-time administrative assistant.
- Continue to improve the departmental technology capabilities to take advantage of all resources available in the existing Report Management system.
- Obtain funding through grants or other donations in order to obtain additional needed officer safety equipment such as soft body armor replacement, heavy body armor for CID and Administrative vehicles, and ballistic helmets for all CID officers.
- In a cooperative effort and working with the fire Department, expand the capabilities of the enclosed trailer for possible use as a mobile incident command vehicle.
- Continue to train all officers in response to critical incidents and threats to the public.
- Conduct additional joint training with Fire and EMS to address a mass casualty event.
- Complete 100% of patrol officer certification as Mental Health Officers (MHO).
- Continue the patrol division Community Contact/Outreach program to solicit feedback from within the community and build trust with residents.

Department Summary – Police

	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Proposed Budget
Personnel	1,626,837	1,599,324	1,684,000	1,662,250	1,754,250
Supplies	56,669	69,944	75,500	72,750	79,500
Contractual	8,185	8,425	20,750	14,000	15,000
Sundry	33,019	33,818	82,250	76,250	41,250
Maintenance	38,361	27,660	30,500	28,500	30,000
Capital	36,150	53,878	27,000	27,000	130,000
TOTAL	1,799,220	1,793,049	1,920,000	1,880,750	2,050,000

HIGHLIGHTS – FY 2019 Proposed Budget Changes from FY 2018 Amended Budget

- Increased salary and benefit expenses by \$70,250
- Changed part-time Dispatcher position to full-time
- Decreased Contract Services by \$5,750
- Decreased Equipment & Supplies by \$2,500
- Increased Travel, Training, Schools by \$5,500
- Increased Fuel & Lubricants by \$1,500
- Decreased Investigation Expense by \$1,000
- Increased M & R – Vehicles by \$500
- Decreased Other Expense by \$1,500

- Decreased Grant Expenditures by \$37,500
- Increased Printing & Office Supplies by \$5,000
- Decreased Public Safety Donations by \$6,500
- increased Capital Expenditures by \$103,000

Department Summary – Animal Control

	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Proposed Budget
Personnel	56,878	56,158	66,250	56,250	68,000
Supplies	5,129	5,938	6,000	3,750	7,000
Contractual	76,493	73,598	118,500	117,750	127,000
Sundry	1,091	1,068	1,500	750	1,500
Maintenance	2,376	3,285	3,000	250	2,000
Capital	-	-	-	-	-
TOTAL	141,966	140,047	195,250	178,750	205,500

HIGHLIGHTS – FY 2019 Proposed Budget Changes from FY 2018 Amended Budget

- Increased salary and benefit expenses by \$1,750
- Increased Animal Shelter by \$6,000
- Increased Equipment & Supplies by \$1,000
- Decreased M & R – Vehicles by \$1,000
- Increased Deer Management by \$2,500

Development Services

To provide outstanding customer service helping our property owners and residents and the development community maintain and enhance the community's quality of life by assisting them in understanding the process and application requirements for development and building construction which comply with applicable codes and regulations.

Description

- Maintains an average plan review response time of five to six days
- Maintains an average inspection response time of one to two days
- Responds immediately to complaints regarding code violations
- Provides quality administrative services regarding building permits, inspections, and code enforcement
- Provides staff assistance to the City Council, Planning and Zoning Commission, and Board of Adjustment

FY 2018 Accomplishments

- Recruited a replacement Assistant Planner to assist the Director with his routine planning activities and free him to work on higher level activities including implementation of the Long-Range Comprehensive Plan, direct oversight of major Resort facility activities, and working on major Planned Development and other development projects.
- Continued to deepen training of Planning and Zoning Commission members through exercises regarding zoning and land use by:
 1. Develop and make refinements to the Future Land Use Map (FLUM) and approve a version to present to the City Council, the ACCs and POAs and the public at several Planning and Zoning Commission meetings prior to recommending a final FLUM to Council.
 2. Working on developing a list of Conditional Uses for Council consideration in specific C-2 and C-3 zoning classifications requiring approval of a Conditional Use Permit.
 3. Holding a Joint Workshop with City Council to discuss: 1. Below standard structures in need of improvement in Horseshoe Bay and methods for incentivizing alternatives; 2. Speculative homes completed in the past three years and methods of managing growth; 3. Review the FLUM; 4. Review the process for weighing future versus present concerns in land use decisions;
- Continued to work on implementation activities for the City's Long-Range Comprehensive Plan.
- Substantially completed the first up-to-date Zoning Map and the first Existing Land Use Map as key Comprehensive Plan implementation activities.
- Continued to use and make adjustments to new building permits software to minimize duplicative data entry and allow greater oversight on building permits and inspections.
- Continued to coordinate simultaneous review of commercial and residential building permits by Community Services and Fire Department staff.
- Department Staff had the opportunity to attend several training programs, including a GIS conference, ICC Tech training, Code Enforcement seminars, and a Municipal Court seminar. (Speaks to our Values -Excellence)
- Effectively streamlined the process of plan submittal to ATS, saving the department thousands of dollars in delivery fees. (Speaks to our Values - Teamwork)
- Implemented electronic file management, as one solution to our file space issue.

- Construction site management has been increased due to weekly site inspections by the Code Enforcement Officer.
- Enhanced communication with builders through a special DS Builders meeting.
- Increased Code Enforcement patrols resulting in fewer non-compliance cases for permits.
- More effective communication with other departments regarding regulatory practices at construction sites. (Speaks to our Values - Teamwork)
- More effective communication with other Authorities Having Jurisdiction like LCRA regarding construction site management. (Speaks to our Values - Stewardship)
- Substantially reduced Department costs by processing blueprints in digital format
- Streamlined inter-departmental processes, reducing permit turn-around time on new residential permits

FY 2019 Goals

- Convert all current building permit and inspection records into a new building permits module of a City-wide enterprise software program.
- Routinely use new software to minimize duplicative data entry and provide greater oversight on building permits and inspections.
- Complete New Zoning Map, Existing Land Use Map and FLUM for adoption by City Council as key Comprehensive Plan implementation activity.
- Work with Planning and Zoning Commission to prepare and review a major Zoning Ordinance update to eliminate Planning Commissioner-identified inconsistencies and other issues.
- Schedule more meetings with Builders
- Produce two Development. Services Tech SOPs
- Provide training for staff to ensure they are educated on the latest developments in their respective areas

Department Summary

	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Proposed Budget
Personnel	222,576	267,098	348,000	347,001	362,000
Supplies	4,245	7,685	8,500	7,250	10,000
Contractual	71,856	80,560	146,500	109,000	115,000
Sundry	14,225	10,734	11,250	12,250	15,750
Maintenance	57	11	250	500	1,000
Capital	17,104	-	-	-	-
TOTAL	330,063	366,087	514,500	476,000	503,750

HIGHLIGHTS – FY 2019 Proposed Budget Changes from FY 2018 Amended Budget

- Increased salary and benefit expenses by \$14,000
- Decreased Professional Services by \$36,000
- Increased Maintenance Contracts by \$4,500
- Increased Dues, Fees, & Subscriptions by \$2,750
- Increased Travel, Training, Schools by \$2,000
- Increased Fuel & Lubricants by \$1,000
- Increased M & R – Vehicles by \$750
- Decreased Advertisements/Notices by \$250
- Increased Uniforms by \$500

Streets Maintenance

To provide and maintain a transportation system of streets for safe and efficient vehicular traffic, and to provide clean, safe, and well-maintained rights-of-way and vacant lots.

Description

- Repair streets for damage caused by water line breaks and failure of road base material
- Install and maintain traffic control signs
- Mow rights-of-way and maintain vacant lots
- Maintain city property such as City Hall

FY 2018 Accomplishments

- Completed HSB West signage
- Completed another interlocal chip and seal area
- Assisted with the remodeling of central Fire Station
- Worked with staff to create a better audit system for lot mowing program

FY 2019 Goals

- Complete HSB West seal coating
- Complete a new section of reconstructed roads
- Continue to improve maintenance procedures in the south areas
- Continue to work with staff and voluntary committees on the Fuchs House restoration

Department Summary – Streets Maintenance

	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Proposed Budget
Personnel	-	-	123,000	131,750	138,500
Supplies	20,989	11,948	32,500	32,500	42,500
Contractual	212,861	157,974	190,000	159,000	208,000
Sundry	-	-	-	-	-
Maintenance	15,994	2,205	15,000	10,000	15,000
Capital	-	-	-	-	-
TOTAL	249,844	172,127	360,500	333,250	404,000

HIGHLIGHTS – FY 2019 Proposed Budget Changes from FY 2018 Amended Budget

- Increased salary and benefit expenses by \$15,500
- Increased Street Patching Contract by \$10,000
- Increased Street Patching Materials by \$10,000
- Increased ROW Maintenance by \$8,000

Department Summary – Lot Mowing

	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Proposed Budget
Contractual	<u>522,770</u>	<u>493,935</u>	<u>591,000</u>	<u>550,000</u>	<u>550,000</u>
TOTAL	522,770	493,935	591,000	550,000	550,000

HIGHLIGHTS – FY 2019 Proposed Budget Changes from FY 2018 Amended Budget

- Decreased Lot Mowing by \$41,000



CITY OF HORSESHOE BAY
FY 2019 General Fund Budget

Account Code	Account Title	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Final Budget
OPERATING EXPENDITURES						
1000	ADMINISTRATION					
50410	Salaries & Wages	493,504	621,458	510,250	531,750	544,250
50411	Overtime	38,839	31,419	30,250	29,250	30,750
50415	Employers FICA Expense	37,813	48,188	41,250	39,500	44,000
50420	Group Insurance Premiums	78,341	77,835	90,000	87,500	98,250
50430	401(A) Money Purchase	30,267	34,114	30,000	31,000	31,250
50432	401(A) Match	22,793	31,618	25,500	26,000	26,750
50435	Employers Unemployment Expense	-	-	5,000	9,250	9,250
50500	Accounting & Auditing Expense	16,500	17,000	17,000	17,000	17,000
50505	Professional Services	53,635	39,890	15,000	18,500	22,500
50506	Election Contracts	3,619	3,486	4,000	3,500	4,000
50509	Appraisal District Fees - Burnet	8,232	10,586	9,000	9,000	9,750
50510	Appraisal District Fees - Llano	90,763	90,745	95,500	103,500	98,750
50545	Maintenance Contracts	17,505	29,505	30,000	30,000	30,000
50564	Codification	5,448	2,679	5,000	2,500	5,000
50565	City Council Expense	8,223	5,458	9,250	8,750	5,000
50567	Technology Initiative	-	75	-	-	-
50568	Advisory Committees	31,806	853	1,000	-	500
50570	Dispatch Expense	74,864	100,527	105,250	105,000	105,000
50575	Dues, Fees, & Subscriptions	10,821	22,760	20,000	20,000	25,000
50585	Electricity	30,675	31,404	35,000	33,250	35,000
50591	EOC Training & Supplies	-	-	5,000	2,000	5,000
50593	Travel, Training, Schools	22,813	48,274	30,000	24,000	30,000
50595	Fuel & Lubricants	15	140	-	-	-
50596	Employee Awards Program	890	1,260	1,000	500	1,000
50597	Special Events	-	-	5,000	4,500	5,000
50610	Property & Liability Ins.	80,149	82,225	86,500	88,750	97,750
50611	Workers' Comp Insurance	80,485	89,973	90,000	81,750	120,000
50620	Legal Expense	93,874	49,422	60,000	54,500	60,000
50625	Fireworks	10,000	10,000	10,000	10,000	10,000
50630	M & R - Building	90,832	20,486	34,500	35,000	40,000
50650	M & R - Grounds	9,175	5,964	10,000	7,500	10,000
50685	M & R - Vehicles	58	32	-	-	-
50753	Merchant Fee - CC	1,062	7,552	6,000	12,000	13,000
50765	Other Expense	5,750	12,078	14,000	21,000	21,000



CITY OF HORSESHOE BAY
FY 2019 General Fund Budget

Account Code	Account Title	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Final Budget
50775	Postage	8,148	6,691	7,000	4,250	4,500
50780	Printing & Office Supplies	25,411	31,969	25,000	15,250	32,500
50810	Communications	48,250	32,602	36,000	35,000	36,000
50820	Child Safety Fund Expense	-	-	3,000	-	5,500
50821	Court Technology Fund Expense	-	-	1,250	250	1,250
50822	Court Security Fund Expense	-	4,487	1,000	1,000	1,000
50823	Court Collection Agency Fees	-	11,712	13,000	10,500	10,500
50824	Warrant Fees	-	1,879	2,500	1,750	2,000
50826	Municipal Court Judicial Staff	32,254	30,539	30,750	30,750	30,750
50827	Contributions	12,300	9,250	-	-	-
50866	Tree Removal	175	1,456	2,500	250	2,500
50867	Golden Nugget Nature Park	-	-	-	-	5,000
50868	Martin Park	6,116	205	5,000	3,500	5,000
50832	Trfr Out - Debt Service Fund	252,250	-	-	-	-
50845	Trfr Out - Rate Stabilization Fund	-	178,000	-	-	-
50869	Trfr Out - HS Creek Trail Fund	27,750	-	-	-	-
50870	Fox House	-	560	30,000	2,500	70,000
50871	Milfoil Treatment	-	-	17,500	15,000	18,000
Total	ADMINISTRATION	1,861,405	1,836,356	1,604,750	1,566,750	1,779,250
3000	TECHNOLOGY SERVICES					
50410	Salaries & Wages	-	-	124,750	119,250	127,750
50415	Employers FICA Expense	-	-	9,500	8,750	9,750
50420	Group Insurance Premiums	-	-	20,500	20,500	23,000
50430	401(A) Money Purchase	-	-	6,250	6,000	6,500
50432	401(A) Match	-	-	3,250	2,750	3,250
50505	Professional Services	-	-	10,000	4,000	11,000
50545	Maintenance Contracts	-	-	17,000	24,000	37,250
50575	Dues, Fees, & Subscriptions	-	-	500	2,250	10,000
50592	Equipment & Supplies	-	-	15,000	5,000	7,500
50593	Travel, Training, Schools	-	-	16,500	6,000	6,000
50765	Other Expense	-	-	250	250	250
50830	Uniforms	-	-	500	250	250
Total	TECHNOLOGY SERVICES	-	-	224,000	199,000	242,500



CITY OF HORSESHOE BAY
FY 2019 General Fund Budget

Account Code	Account Title	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Final Budget
5000	FIRE					
50410	Salaries & Wages	1,109,184	1,183,707	1,291,000	1,284,750	1,438,000
50411	Overtime	67,648	107,966	40,000	63,250	70,000
50412	Salaries - P/T Firefighters	87,651	114,925	20,000	15,500	22,250
50415	Employers FICA Expense	90,049	102,717	100,250	96,250	117,000
50420	Group Insurance Premiums	199,506	203,040	262,000	245,500	303,250
50430	401(A) Money Purchase	75,870	86,948	83,500	82,500	92,750
50432	401(A) Match	51,611	61,575	58,000	59,000	67,750
50505	Professional Services	6,000	6,000	8,000	6,000	6,000
50545	Maintenance Contracts	3,405	4,560	7,250	4,750	5,000
50548	Contract Services	2,887	923	3,000	3,000	3,000
50575	Dues, Fees, & Subscriptions	5,469	4,155	7,000	4,250	5,000
50592	Equipment & Supplies	12,901	19,329	33,500	38,500	40,000
50593	Travel, Training, Schools	23,630	23,422	35,000	25,000	35,000
50594	Fire Protection Gear	11,269	12,413	25,000	25,000	25,000
50595	Fuel & Lubricants	10,268	12,076	12,500	13,250	16,000
50640	M & R - Equipment	10,970	12,418	17,500	23,500	17,500
50685	M & R - Vehicles	12,931	31,317	15,000	4,000	15,000
50765	Other Expense	12,614	11,591	12,500	12,500	12,500
50775	Postage	145	708	250	250	250
50780	Printing & Office Supplies	1,162	691	1,500	1,500	2,000
50800	Safety Equipment & Supplies	(2,096)	1,285	4,000	2,000	4,000
50811	Telecare Program	-	-	-	-	750
50829	Public Safety Donations	4,285	5,097	13,000	13,000	5,000
50830	Uniforms	4,880	10,991	12,500	11,000	12,500
Total	FIRE	1,802,239	2,017,855	2,062,250	2,034,250	2,315,500
8000	POLICE					
50410	Salaries & Wages	1,202,860	1,213,626	1,272,250	1,262,250	1,306,250
50411	Overtime	18,813	10,082	18,000	12,750	15,000
50415	Employers FICA Expense	96,389	93,001	97,000	93,000	101,000
50420	Group Insurance Premiums	178,587	158,586	170,500	167,250	196,500
50430	401(A) Money Purchase	74,561	73,490	72,000	72,000	77,750
50432	401(A) Match	55,626	50,538	54,250	55,000	57,750
50548	Contract Services	8,185	8,425	20,750	14,000	15,000
50575	Dues, Fees, & Subscriptions	7,438	6,581	8,000	7,000	8,000
50592	Equipment & Supplies	5,822	5,158	11,500	11,000	9,000
50593	Travel, Training, Schools	9,795	7,322	10,000	12,500	15,500
50595	Fuel & Lubricants	33,184	42,748	43,500	39,750	45,000
50615	Investigation Expense	5,208	3,432	7,000	3,500	6,000
50616	Jail Expense	550	350	500	250	500



CITY OF HORSESHOE BAY
FY 2019 General Fund Budget

Account Code	Account Title	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Final Budget
50640	M & R - Equipment	2,222	2,670	3,000	2,500	3,000
50685	M & R - Vehicles	29,314	20,992	23,500	23,500	24,000
50686	M & R - Weapons	6,824	3,998	4,000	2,500	3,000
50760	Medical	355	450	1,000	250	1,000
50765	Other Expense	4,919	4,104	6,500	3,500	5,000
50770	Grant Expenditures	-	-	37,500	37,500	-
50775	Postage	136	286	250	250	250
50780	Printing & Office Supplies	4,015	5,235	4,000	4,000	9,000
50800	Safety Equipment & Supplies	2,429	2,329	4,500	8,000	4,500
50829	Public Safety Donations	4,619	11,294	11,500	11,500	5,000
50830	Uniforms	11,220	14,475	12,000	10,000	12,000
Total	POLICE	1,763,070	1,739,171	1,893,000	1,853,750	1,920,000
9000	ANIMAL CONTROL					
50410	Salaries & Wages	39,291	41,926	50,000	40,250	50,750
50411	Overtime	2,459	1,286	2,000	2,000	1,500
50415	Employers FICA Expense	3,183	3,446	4,000	3,250	4,000
50420	Group Insurance Premiums	7,489	6,520	7,750	8,250	9,250
50430	401(A) Money Purchase	2,673	1,911	1,750	1,750	1,750
50432	401(A) Match	1,782	1,069	750	750	750
50502	Animal Shelter	6,831	10,410	10,500	10,500	16,500
50592	Equipment & Supplies	204	656	500	500	1,500
50593	Travel, Training, Schools	566	330	500	250	500
50595	Fuel & Lubricants	4,369	4,563	5,000	3,000	5,000
50685	M & R - Vehicles	2,376	3,285	3,000	250	2,000
50765	Other Expense	525	738	1,000	500	1,000
50830	Uniforms	556	719	500	250	500
50862	Deer Management	69,662	63,188	108,000	107,250	110,500
Total	ANIMAL CONTROL	141,966	140,047	195,250	178,750	205,500
9500	DEVELOPMENT SERVICES					
50410	Salaries & Wages	155,860	194,036	249,000	250,750	255,250
50411	Overtime	1,126	2,679	1,500	250	1,500
50415	Employers FICA Expense	10,679	14,282	19,250	17,750	19,750
50420	Group Insurance Premiums	37,962	38,552	54,750	52,750	59,250
50430	401(A) Money Purchase	10,743	10,136	14,750	14,750	15,250
50432	401(A) Match	6,205	7,413	8,750	10,750	11,000
50505	Professional Services	70,340	78,660	136,000	100,000	100,000
50545	Maintenance Contracts	1,516	1,900	10,500	9,000	15,000
50575	Dues, Fees, & Subscriptions	1,960	4,614	3,000	5,750	5,750
50592	Equipment & Supplies	3,177	3,752	5,000	3,500	5,000
50593	Travel, Training, Schools	6,859	5,256	6,000	5,000	8,000



CITY OF HORSESHOE BAY
FY 2019 General Fund Budget

Account Code	Account Title	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Final Budget
50595	Fuel & Lubricants	128	30	500	1,000	1,500
50685	M & R - Vehicles	57	11	250	500	1,000
50753	Merchant Fee - CC	847	-	-	-	-
50765	Other Expense	481	511	1,000	500	1,000
50777	Advertisements/Notices	4,078	354	1,250	1,000	1,000
50780	Printing & Office Supplies	875	2,906	2,000	1,500	2,000
50830	Uniforms	64	997	1,000	1,250	1,500
Total	DEVELOPMENT SERVICES	312,959	366,087	514,500	476,000	503,750
9600	STREETS MAINTENANCE					
50410	Salaries & Wages	-	-	95,000	102,000	106,500
50415	Employers FICA Expense	-	-	7,250	7,750	8,250
50420	Group Insurance Premiums	-	-	8,750	10,000	11,250
50430	401(A) Money Purchase	-	-	7,250	7,250	7,500
50432	401(A) Match	-	-	4,750	4,750	5,000
50590	Engineering Fees	6,140	-	5,000	-	5,000
50854	Street Patching Contract	65,299	34,600	45,000	35,000	55,000
50855	Street Patching Materials	15,116	6,644	25,000	25,000	35,000
50856	Drainage	15,994	2,205	15,000	10,000	15,000
50857	Traffic Signs Contract	26,118	27,919	15,000	12,000	15,000
50858	Traffic Signs Materials	5,872	5,304	7,500	7,500	7,500
50859	Litter Control Contract	19,366	20,800	40,000	38,500	40,000
50865	ROW Maintenance	95,939	74,654	85,000	73,500	93,000
Total	STREETS MAINTENANCE	249,844	172,127	360,500	333,250	404,000
9800	MOWING & CLEARING					
50863	Lot Mowing	522,770	493,935	591,000	550,000	550,000
Total	MOWING & CLEARING	522,770	493,935	591,000	550,000	550,000
TOTAL OPERATING EXPENDITURES		<u>6,654,253</u>	<u>6,765,578</u>	<u>7,445,250</u>	<u>7,191,750</u>	<u>7,920,500</u>



CITY OF HORSESHOE BAY
FY 2019 General Fund Budget

Account Code		FY 2019 Final Budget
FY 2019 CAPITAL PURCHASES		
5000	FIRE	
50959-099	Remodel of Central Fire Station #1 - Phase II	72,500
50959-100	Fire Training Facility	137,000
8000	POLICE	
50956	Purchase of 3 Patrol Units w/ equipment	130,000
1000	GENERAL	
50957	Enterprise Software - Year 1	135,000
50955	Equipment Replacement	35,000
TOTAL FY 2019 CAPITAL PURCHASES		<u>509,500</u>

Capital Improvements Fund

The City's Capital Improvements Fund is for major capital projects and purchases that are non-utility. The majority of these major capital projects and purchases are street-related but have been other projects and purchases in the past, such as construction of a police department building and purchase of two brand new fire trucks.

The items in the Capital Improvements Fund are typically funded through two sources – by issuing tax-backed debt (either Certificates of Obligation or General Obligation Bonds) or by transferring and using unassigned fund balances in the General Fund. By choosing to use unassigned fund balances in the General Fund, City Council has the opportunity to maintain a lower tax rate for the citizens of Horseshoe Bay.

The first major project for FY 2019 is improvements to FM 2147 which is a project of Texas Department of Transportation (TXDOT). In order to have TXDOT agree to put this project on their list, the City will be contributing funds of at least \$120,000. The funds are due when TXDOT puts the project out to bid, which is currently estimated to occur in August 2019. It is possible that this project will be pushed to FY 2020.

The second major project for FY 2019 is continuation of the City's sealcoating cycle. Sealcoating protects the streets and maintains the life of the streets, allowing the streets to go longer periods of time without having to be completely repaved. Sealcoating usually lasts five to seven years, depending on weather and traffic patterns on those streets. The areas to be completed in FY 2019 are the east side of Bay West Boulevard and subdivisions to the east and the Lighthouse/Ferguson area.



CITY OF HORSESHOE BAY
FY 2019 Capital Improvements Budget

Account Code		FY 2019 Final Budget
Estimated Beginning Fund Balance: \$		-
	Transfer in from General Fund Unassigned Fund Balance	1,275,000
FY 2019 CAPITAL PROJECTS		
50961-975	Contribution to FM 2147 Improvements	120,000
	Sealcoating - 5 Year Plan	
50961-978	Bay West Blvd and sections east	1,030,000
50961-976	Lighthouse / Ferguson	125,000
TOTAL FY 2019 CAPITAL PROJECTS		<u>1,275,000</u>
Estimated Ending Fund Balance \$		-

Debt Service Fund

From time to time, cities will often incur various amounts of debt to fund major capital expenses. Capital expenses are typically classified in one of two ways: either they are assets that have a very large purchase price or a long-life expectancy. The City of Horseshoe Bay has incurred debt to pay for projects in both categories.

Why Debt?

In today’s economic environment, there is a great debate over debt and its place in government operations. In short, debt to pay for daily governmental operations is irresponsible; this is a value that the leadership of the City of Horseshoe Bay does not subscribe to. The responsible uses of debt to pay for items that will improve quality of life in the City or to contribute further to economic and community development are, however, values that City leadership upholds.

The justification for issuing debt to make these purchases fall under a pay-as-you-use perspective. This view holds that future citizens who enjoy the use of certain infrastructure have an obligation to pay for it. For example, a family living in the City of Horseshoe Bay five years from now should help pay for the improvements to the streets they drive on. The following sections will illustrate how the City of Horseshoe Bay is being responsible with the debt it has issued and intends to issue.

Measures of Capacity – Peer Comparisons

City	Population	Total Taxable Value	Total Tax Rate	Total Debt	% Total Debt to Taxable	Debt per Capita
Lakeway	14,641	4,276,701,002	0.1741000	46,821,181	1.09%	3,198
Fredericksburg	11,382	1,908,697,791	0.2256000	8,480,000	0.44%	745
Lampasas	7,722	395,763,890	0.3952180	660,385	0.17%	86
Burnet	7,100	341,345,024	0.6237000	3,325,861	0.97%	468
Lago Vista	6,627	740,093,511	0.6500000	36,402,000	4.92%	5,493
Bee Cave	6,535	1,923,329,290	0.0200000	13,195,000	0.69%	2,019
Marble Falls	6,317	726,407,494	0.6340000	34,649,592	4.77%	5,485
Granite Shoals	5,117	398,934,988	0.5631300	979,851	0.25%	191
Llano	3,422	176,696,850	0.7193600	5,438,716	3.08%	1,589
Average			0.4020687	19,526,322	2.80%	2,119
Horseshoe Bay	6,400	1,928,711,245	0.2600000	10,155,000	0.53%	1,587

Table 1 – Peer City Comparison
Source: 2018 Texas Municipal League Annual Tax and Debt Survey

Table 1 of this section provides a comparison of other cities in the region who have incurred debt, most of which are of a comparable size. The table indicates that Horseshoe Bay has one of the lowest levels of debt, a tax rate that is below the average of the comparison cities, a lower debt per capita ratio, and a debt to taxable value ratio that is much lower than that of the comparison cities.

Revenue

The proposed FY 2019 City tax rate is \$0.26702 per \$100 of taxable value. The interest and sinking rate is \$0.04123. The projected amount to be raised from ad valorem taxes for debt payments is approximately \$835,500. The City uses a 98% collection rate to project the amount of revenue raised from the interest and sinking rate.

Expenditures

The City currently has three outstanding debt service obligations in the Debt Service Fund, totaling \$9,630,000. This debt is secured by property tax collections. Certificates of Obligation Series 2011 and Series 2014 were both issued for street capital projects. Certificates of Obligation Series 2016 was issued to purchase 2 new fire trucks for the Fire Department.



CITY OF HORSESHOE BAY
FY 2019 Debt Service Budget

Account Code	Account Title	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Final Budget
						Estimated Beginning Fund Balance: \$ 48,540
REVENUES						
7000	TAX					
40150	Property Tax Collected (I & S)	469,567	744,345	756,000	756,000	831,000
40152	Penalty & Interest (I & S)	2,827	-	-	-	-
40195	Transfers In	252,250	-	-	-	-
9900	INTEREST INCOME					
40220	Interest on Investments	761	1,939	1,000	4,500	4,500
TOTAL REVENUES		725,405	746,284	757,000	760,500	835,500
EXPENDITURES						
9994	DEBT SERVICE (General Fund Projects)					
50518	Debt Service Interest - Series 2011	154,553	148,415	141,500	141,500	134,500
50520	Debt Service Principal - Series 2011	270,000	275,000	280,000	280,000	290,000
50521	Debt Service Interest - Series 2014	154,996	152,046	149,250	149,250	146,000
50522	Debt Service Principal - Series 2014	145,000	150,000	150,000	150,000	155,000
50523	Debt Service Interest - Series 2016	-	23,531	28,250	28,250	26,250
50524	Debt Service Principal - Series 2016	-	-	95,000	95,000	95,000
TOTAL EXPENDITURES		724,549	748,992	844,000	844,000	846,750
						Estimated Ending Fund Balance \$ 37,290



CITY OF HORSESHOE BAY
FY 2019 Utility Fund Budget

Estimated Beginning Fund Balance:					\$ 335,907	\$ 547,907
	FY 2016	FY 2017	FY 2018	FY 2018		FY 2019
	Final	Final	Amended	Projected		Final
	Actuals	Actuals	Budget	Actuals		Budget
Revenues:						
Water Service Charges	\$ 3,193,718	\$ 3,670,188	\$ 3,558,250	\$ 3,723,500	\$ 4,099,750	\$ 4,099,750
Wastewater Service Charges	\$ 2,300,475	\$ 2,526,791	\$ 2,673,500	\$ 2,690,250	\$ 2,880,750	\$ 2,880,750
Solid Waste Service Charges	\$ 803,932	\$ 891,037	\$ 914,249	\$ 899,750	\$ 942,000	\$ 942,000
Other Revenues/Transfers In	\$ 8,805	\$ 186,697	\$ 266,000	\$ 325,500	\$ 273,500	\$ 273,500
Total Revenues	\$ 6,306,931	\$ 7,274,713	\$ 7,411,999	\$ 7,639,000		\$ 8,196,000
Expenditures:						
Administration	\$ 1,558,988	\$ 1,747,763	\$ 1,769,250	\$ 1,665,750	\$ 1,955,750	\$ 1,955,750
Water - Production	\$ 804,419	\$ 804,197	\$ 844,750	\$ 809,250	\$ 857,750	\$ 857,750
Water - Distribution	\$ 532,356	\$ 719,640	\$ 822,500	\$ 828,000	\$ 878,250	\$ 878,250
Wastewater - Treatment	\$ 321,022	\$ 341,692	\$ 373,250	\$ 372,750	\$ 400,500	\$ 400,500
Wastewater - Collection	\$ 805,860	\$ 934,941	\$ 1,121,250	\$ 1,103,750	\$ 1,164,750	\$ 1,164,750
Solid Waste - Recycling	\$ 639,555	\$ 774,642	\$ 740,750	\$ 738,250	\$ 779,750	\$ 779,750
Debt Service	\$ 1,157,832	\$ 1,342,270	\$ 1,331,750	\$ 1,331,750	\$ 1,521,000	\$ 1,521,000
Total Expenditures	\$ 5,820,032	\$ 6,665,144	\$ 7,003,500	\$ 6,849,500		\$ 7,557,750
Revenues Less Expenditures				\$ 789,500	\$ 638,250	
Estimated Ending Fund Balance (after O&M only):				\$ 1,125,407	\$ 1,186,157	
Routine Capital Purchases	\$ 1,083,793	\$ 817,889	\$ 544,000	\$ 616,000	\$ 817,000	\$ 817,000
Major Capital Projects	\$ 1,161,459	\$ 3,298,768	\$ 1,425,000	\$ 1,000,000	\$ 4,000,000	\$ 4,000,000
Total Capital Expenditures	\$ 2,245,252	\$ 4,116,657	\$ 1,969,000	\$ 1,616,000		\$ 4,817,000
Estimated Ending Fund Balance (after Capital Expenditures):				\$ (490,593)	\$ (3,630,843)	
Add: Transfer in From Unassigned Summit Rock PID Balances				\$ 1,038,500	\$ -	
Add: Rate Stabilization Account Funds					\$ 300,000	
Add: C.O. Funds for Wastewater Plant Expansion					\$ 6,000,000	
Estimated Ending Fund Balance:				\$ 547,907	\$ 2,669,157	
Less: Estimated Balance of Restricted Funds from C.O.					\$ -	\$ (2,000,000)
Estimated Ending Unrestricted Fund Balance:				\$ 547,907	\$ 669,157	

Utility Fund Overview

The Utility Fund is an enterprise fund that includes all water and wastewater system operations and solid waste operations. The City provides water and wastewater services within its designated CCN area to all visitors, businesses, and approximately 7,000 full-time and part-time residents, as well as various contracted customers outside City limits.

The City obtains untreated (raw water) from Lake LBJ on the Colorado River under a purchasing contract with the Lower Colorado River Authority. The City operates two water treatment plants, West Water Treatment Plant and Central Water Treatment Plant.

The City operates one wastewater treatment plant, located west of Horseshoe Bay. The City's sewer system is a low-pressure sewer system and was the first to be installed in Texas. This is now a popular option for many areas where rock or groundwater problems exist. Customers have grinder pump system basins on their property, in which the wastewater is collected, ground up, and pumped into the City's sewer mainline. The City utilizes 8 wastewater lift stations and has over 88 miles of wastewater mainlines.

The City of Horseshoe Bay operates a reclamation center where residents can bring their recyclables. The reclamation center also has a brush disposal site available to residents of Horseshoe Bay and to permitted commercial customers that are hauling brush from within the corporate boundaries of Horseshoe Bay.

As the City has been experiencing rapid growth, there has been a corresponding expansion of the City's utility services area. The City now provides more water and wastewater services and solid waste services to more households and businesses than ever before.

This budget provides funding for all positions with a 3% merit increase to all employees and 12 % increase to health insurance costs. The budget also considers increases in operating costs such as utilities and chemicals. The water and wastewater rates for residents and businesses have a 7% increase and the solid waste rates have a 3% increase.

UTILITY FUND REVENUE

Utility revenue is collected by the City through water sales to customers, fees for wastewater collections and treatment, and fees for solid waste services. Approximately 87.6% of total revenues into this fund originate from water sales, wastewater fees, and solid waste fees.

Water sales are calculated based on metered water consumption. Wastewater fees and solid waste fees are monthly flat rates for both residential and commercial customers.

It is also helpful to explore how the City's residential utility rates compare with other communities in the region. Table 1 and Table 2 provide this information which shows that Horseshoe Bay's residential utility rates are competitive with other cities. This information is significant as surface water is much more expensive to treat than groundwater, which most cities in Texas have some access to. It is also important to note that the City charges a flat fee for residential wastewater no matter how much usage while all the other area cities except one charge based off of the level of usage.

5,000 Gallons				
City	Population	Water	Wastewater	Total
Liberty	9,175	34.25	32.85	67.10
Lampasas	7,722	45.70	40.20	85.90
Burnet	7,100	44.64	55.00	99.64
Lago Vista	6,627	51.64	69.65	121.29
San Saba	3,126	28.61	33.11	61.72
Meadowlakes	2,104	93.82	47.00	140.82
Johnson City	2,003	32.36	32.29	64.65
Cottonwood Shores	1,400	56.35	49.46	105.81
Average	4,907	48.42	44.95	93.37
Horseshoe Bay	6,400	25.96	44.32	70.28

Table 1 – 2018 Utility Rate Comparison
Source: Texas Municipal League 2018 Annual Utility Rate Survey

10,000 Gallons				
City	Population	Water	Wastewater	Total
Liberty	9,175	54.00	48.85	102.85
Lampasas	7,722	67.70	57.70	125.40
Burnet	7,100	83.09	80.00	163.09
Lago Vista	6,550	50.35	123.40	173.75
San Saba	3,126	31.71	36.00	67.71
Meadowlakes	2,104	106.54	47.00	153.54
Johnson City	2,003	57.76	52.09	109.85
Cottonwood Shores	1,400	94.10	60.86	154.96
Average	4,898	68.16	63.24	131.39
Horseshoe Bay	6,400	44.66	44.32	88.98

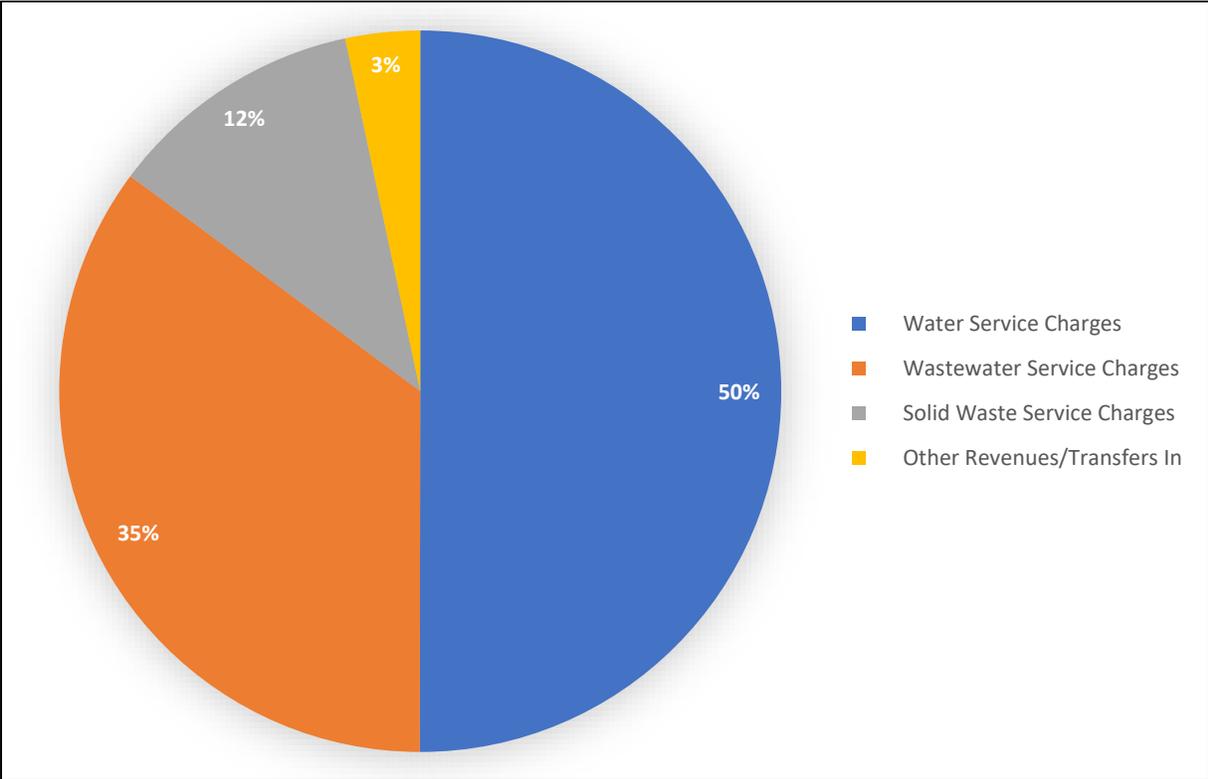
Table 2 – 2018 Utility Rate Comparison
Source: Texas Municipal League 2018 Annual Utility Rate Survey

The total amount of water sales is illustrated in Table 3, which provides historical data on the amount of water revenue the City receives.

	Gross Water Sales
FY 2018 YTD	\$ 2,873,660
FY 2017	\$ 3,128,101
FY 2016	\$ 2,947,336
FY 2015	\$ 2,620,553
FY 2014	\$ 2,525,158
FY 2013	\$ 2,806,975
FY 2012	\$ 2,876,831
FY 2011	\$ 3,054,320
FY 2010	\$ 2,212,000

Table 3 – Annual amount of water sales

FY 2019 BUDGET – UTILITY REVENUES





CITY OF HORSESHOE BAY
FY 2019 Utility Fund Budget

Account Code	Account Title	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Final Budget
OPERATING REVENUE						
1001	WATER - PRODUCTION					
40110	Water District Service Fees	2,865,823	3,128,101	3,111,750	3,282,250	3,582,250
40111	Water Non-District Service Fee	187,374	177,490	181,500	179,500	192,000
40112	Water Tap Connection Fees	93,650	136,975	220,000	220,000	220,000
40115	Reconnection Fees	6,349	7,906	8,000	7,500	7,500
40116	Temporary Meter Fees	(1,599)	-	500	-	-
40117	Water & Sewer P & I Service	14,627	14,473	15,500	14,250	14,250
40171	CC Convenience Fee	-	-	-	-	65,000
40178	Other Income - Leases	12,125	20,875	15,000	11,750	11,750
40180	Other Income	13,104	4,252	4,000	5,500	5,000
40185	Miscellaneous Permits	2,265	2,115	2,000	2,750	2,000
40310	Transfer In from General Fund	-	178,000	-	-	-
Total	WATER - PRODUCTION	3,193,718	3,670,188	3,558,250	3,723,500	4,099,750
2001	WASTEWATER - TREATMENT					
40117	Water & Sewer P & I Service	14,915	16,263	18,500	14,000	15,000
40120	Sewer Customer Service Fees	1,899,792	2,037,372	2,049,000	2,066,750	2,255,750
40122	Sewer Tap Connection Fees	76,725	117,050	205,000	205,000	205,000
40124	Sewer Service - Cottonwood Shores	128,597	139,076	138,000	142,000	142,000
40125	Sewer Service - LCMUD#1	49,918	48,795	50,000	48,500	50,000
40127	Grinder Sales	130,140	167,872	212,000	212,000	212,000
40180	Other Income	390	362	1,000	2,000	1,000
Total	WASTEWATER - TREATMENT	2,300,475	2,526,791	2,673,500	2,690,250	2,880,750
3001	SOLID WASTE - RECYCLING					
40126	Brush Disposal	13,411	17,615	20,000	12,000	12,000
40130	Garbage Fees - Commercial	134,208	137,649	138,750	132,000	136,000
40135	Garbage Fees - Residential	655,750	735,043	755,250	755,250	793,500
40180	Other Income	563	731	250	500	500
Total	SOLID WASTE - RECYCLING	803,932	891,037	914,249	899,750	942,000
1000	ADMINISTRATION					
40175	Insurance Proceeds	2,196	-	-	4,500	-
40182	Sale of Property	-	-	-	47,500	-
40195	Transfer In - Summit Rock PID	-	-	-	-	-
40225	PID Revenue - Summit Rock PID	-	-	176,000	180,750	180,750
40226	Interest Revenue - Summit Rock PID	-	173,905	76,500	76,500	76,500
Total	ADMINISTRATION	2,196	173,905	252,500	309,250	257,250



CITY OF HORSESHOE BAY
FY 2019 Utility Fund Budget

Account Code	Account Title	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Final Budget
4000	STANDBY					
40140	Standby Customer Service Fees	979	415	1,000	500	500
40142	Penalty & Interest - Standby	1,186	740	500	750	750
Total	STANDBY	2,165	1,155	1,500	1,250	1,250
9900	INTEREST INCOME					
40220	Interest on Investments	4,445	11,637	12,000	15,000	15,000
Total	INTEREST INCOME	4,445	11,637	12,000	15,000	15,000
TOTAL OPERATING REVENUE		<u>6,306,931</u>	<u>7,274,713</u>	<u>7,411,999</u>	<u>7,639,000</u>	<u>8,196,000</u>

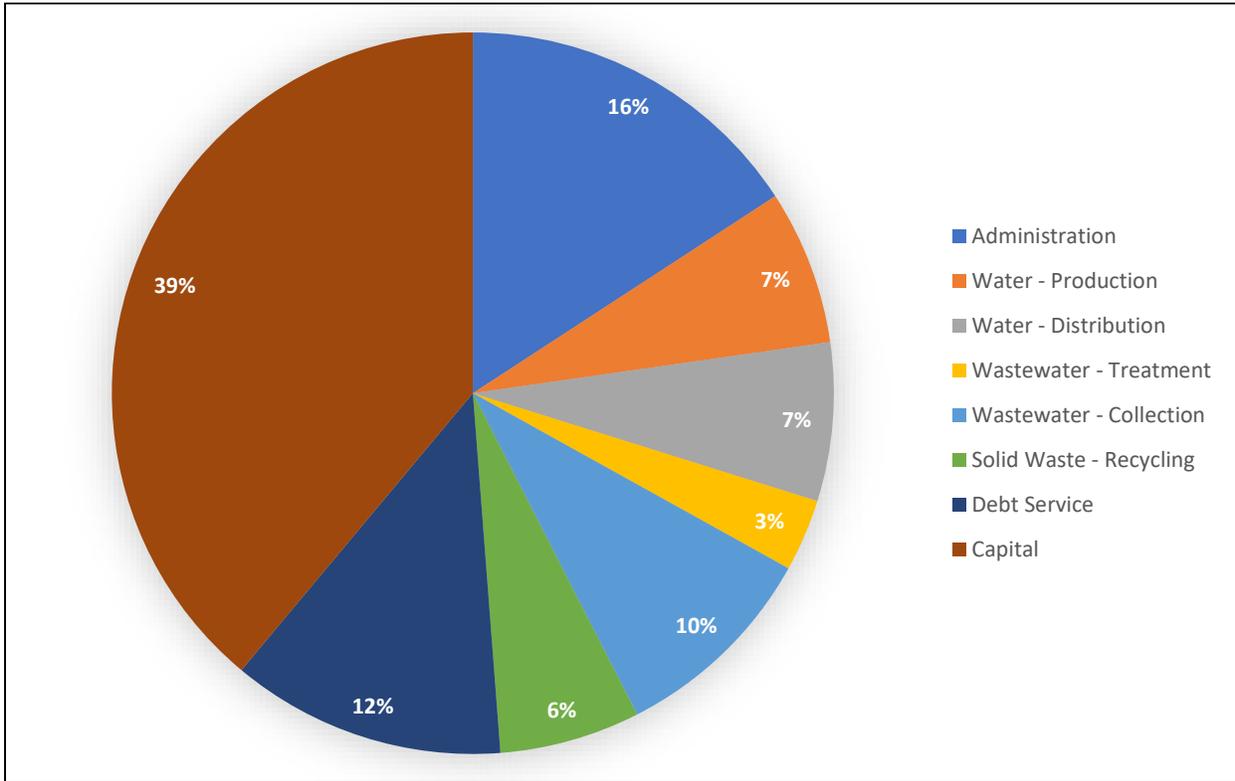
UTILITY FUND EXPENDITURES

The Utility Fund, also referred to as Community Services, is divided into six departments; Administration, Water – Production, Waste – Distribution, Wastewater – Treatment, Wastewater – Collection, and Solid Waste – Recycling.

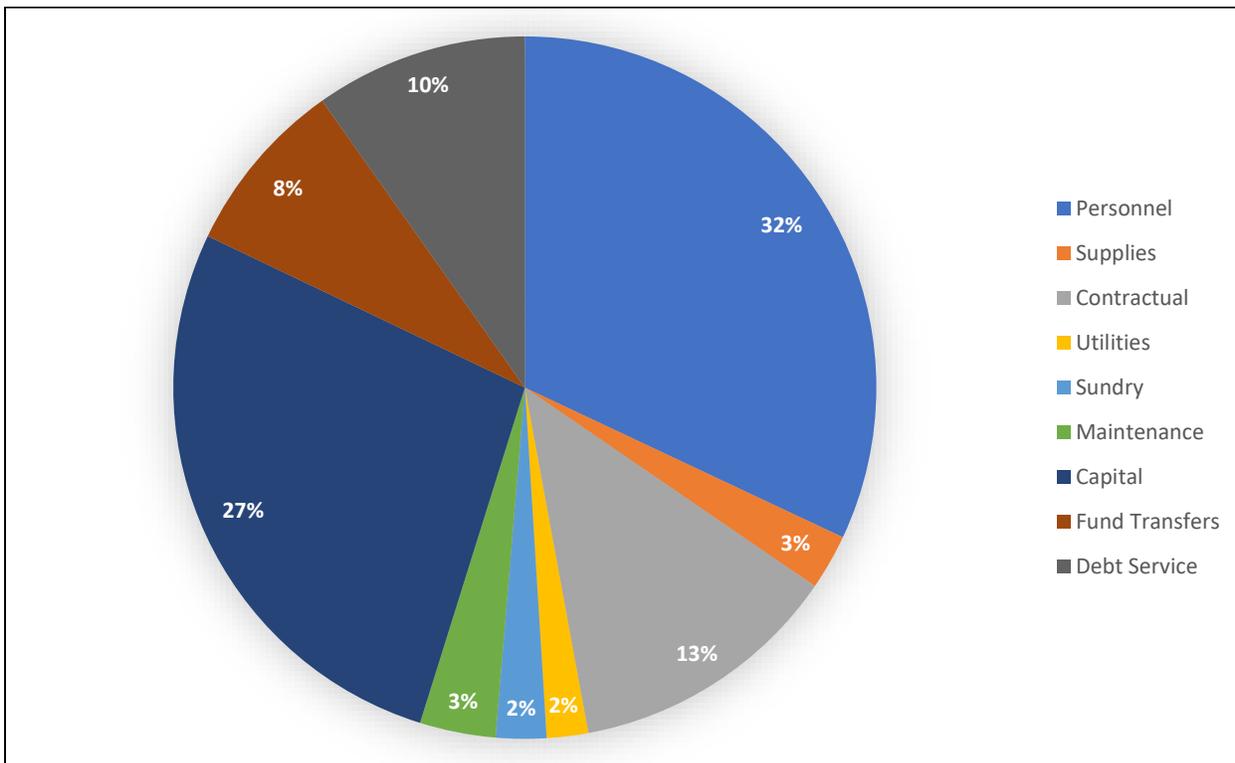
This budget includes increases in operational department budgets relating to personnel services. All salary expenses are increased by 3% for annual merit increases. The City employee compensation package also includes retirement pension funding and a 12% increase to health insurance costs. All other notable items are specifically listed for each department.

	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Proposed Budget
BY DEPARTMENT					
Administration	1,558,988	1,747,763	1,769,250	1,665,750	1,955,750
Water - Production	804,419	804,197	844,750	809,250	857,750
Water - Distribution	532,356	719,640	822,500	828,000	878,250
Wastewater - Treatment	321,022	341,692	373,250	372,750	400,500
Wastewater - Collection	805,860	934,941	1,121,250	1,103,750	1,164,750
Solid Waste - Recycling	639,555	774,642	740,750	738,250	779,750
Debt Service	1,157,832	1,342,270	1,331,750	1,331,750	1,521,000
Capital	<u>2,245,252</u>	<u>4,116,657</u>	<u>1,969,000</u>	<u>1,616,000</u>	<u>4,817,000</u>
TOTAL	8,065,285	10,781,801	8,972,500	8,465,500	12,374,750
BY ACCOUNT CATEGORY					
Personnel	1,740,478	1,862,512	2,015,497	1,921,496	2,245,000
Supplies	309,954	383,045	403,500	438,000	434,250
Contractual	748,985	1,023,874	1,055,750	998,500	1,079,499
Utilities	702,153	716,739	761,750	696,500	750,250
Sundry	120,754	174,923	152,253	146,753	169,000
Maintenance	549,128	559,531	649,000	682,500	669,250
Debt Service	1,157,832	1,342,270	1,331,750	1,331,750	1,521,000
Capital	2,245,252	4,116,657	1,969,000	1,616,000	4,817,000
Fund Transfers	<u>490,750</u>	<u>602,250</u>	<u>634,000</u>	<u>634,000</u>	<u>689,500</u>
TOTAL	8,065,285	10,781,801	8,972,500	8,465,500	12,374,750

FY 2019 BUDGET – UTILITY EXPENDITURES BY DEPARTMENT



FY 2019 BUDGET – UTILITY EXPENDITURES BY PRIME ACCOUNT



Community Services

To protect the public health, safety, and environment of the communities served by ensuring safe and adequate water, wastewater, and solid waste services are performed in a reliable, professional, and economical manner.

Description

- Provide safe and potable water through effective treatment and distribution to customers
- Rapid response to customer calls for services to support community health and wellbeing
- Ensure compliance with regulatory mandates and reporting as required by state and federal regulators
- Manage Capital Improvement Projects for existing and future demands on infrastructure and operations
- Provide programs and services to support conservation and education related to utilities and the environment

FY 2018 Accomplishments

- Completed Engineering design and bidding documents for capital improvements project to expand and rehabilitate the City's Water Reclamation Treatment and replacement of oldest effluent pond's synthetic liner.
- Rehabilitate and repaint 750,000-gallon water storage reservoir included replacement of metal roof structure.
- Received Water Plant Sludge Application Permit and begin land application of sludge on City's reclamation application site.
- Complete 75% replacement of existing manual meter reading system with Automated Metering Infrastructure (Smart Metering System).
- Replaced first of three aging 2-million-gallon membrane modules at the Central Water Treatment Plant.
- Completed City's Water and Wastewater Certificate of Convenience and Necessity certifications through working with the State of Texas Public Utility Commission.
- Oversight of utility design and construction of Phase I of the new Tuscan Village Subdivision.
- Complete a new annual record number (180) water and sewer service taps connections within FY 2018. An increase of over 220% from FY 2016 (81).
- Begin water and wastewater leak detection and repair project. Cover 1/3 of City's mainlines in 2018.

FY 2019 Goals

- Complete replacement of second of three aging 2-million-gallon membrane modules at Central Water Plant.
- Continued water and wastewater leak detection. Cover 2nd 1/3 of City's mainlines in FY 2019.
- Develop skills-based career training and on the job skills program for all operator related positions.
- Replace South Sewer Lift-station pumps, motors, piping and electrical and rehabilitate existing wet well.

- Oversight of utility design and construction of Phase II of the new Tuscan Village Subdivision and Summit Rock water infrastructure expansion.
- Begin construction project for 50% expansion of the City’s water reclamation treatment plant by and replace 33-year old synthetic liner in oldest effluent storage pond.
- Complete Drinking Water Taste and Odor study to identify and implementing solutions related to reoccurring taste and odor issues. Also provide mitigation plan for Zebra Mussels for raw water intakes.
- Completion of city-wide conversion from manual water meters to Automated Metering Infrastructure (Smart Metering System).

Administration Summary

	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Proposed Budget
Personnel	349,517	383,657	388,000	360,249	528,500
Supplies	18,007	15,405	17,000	19,250	20,000
Contractual	264,550	301,476	274,000	225,000	263,000
Utilities	333,750	345,366	361,750	318,000	344,250
Sundry	58,256	63,494	54,500	60,250	62,000
Maintenance	44,158	36,114	40,000	49,000	48,500
Fund Transfers	490,750	602,250	634,000	634,000	689,500
TOTAL	1,558,988	1,747,763	1,769,250	1,665,750	1,955,750

HIGHLIGHTS – FY 2019 Proposed Budget Changes from FY 2018 Amended Budget

- Increased salary and benefit expenses by \$140,500
- Added full-time Dispatcher position
- Added full-time Purchasing Coordinator position
- Decreased Professional Services by \$20,000
- Increased Utility Billing by \$2,000
- Decreased Maintenance Contracts by \$4,000
- Increased Dues, Fees, & Subscriptions by \$1,000
- Decreased Electricity by \$17,500
- Increased Travel, Training, Schools by \$7,000
- Decreased Employee Awards Program by \$500
- Increased M & R – Building by \$1,000
- Increased M & R – Grounds by \$7,500
- Increased Merchant Fee – CC by \$10,000
- Increased Printing & Office Supplies by \$3,000
- Increased Communications by \$1,000
- Increased Administrative Fees by \$55,500

Water – Production Summary

	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Proposed Budget
Personnel	268,547	261,799	271,250	249,000	270,750
Supplies	94,222	108,136	98,000	102,000	101,000
Contractual	349,378	347,036	376,500	354,500	383,000
Sundry	942	2,779	1,500	2,000	2,000
Maintenance	91,330	84,447	97,500	101,750	101,000
TOTAL	804,419	804,197	844,750	809,250	857,750

HIGHLIGHTS – FY 2019 Proposed Budget Changes from FY 2018 Amended Budget

- Decreased salary and benefit expenses by \$500
- Increased Bulk Water Purchases by \$5,000
- Increased Chemicals/Water by \$2,000
- Increased Lab Expense by \$1,000
- Increased Fuel & Lubricants by \$2,000
- Increased M & R – Equipment by \$1,000
- Increased M & R – Plant by \$2,000
- Increased M & R – Vehicles by \$500
- Increased Other Expense by \$500
- Increased Rent/Lease by \$1,000
- Decreased Safety Equipment & Supplies by \$1,000

Water – Distribution Summary

	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Proposed Budget
Personnel	378,490	452,003	503,000	483,750	533,250
Supplies	101,430	126,526	138,500	147,000	143,000
Contractual	26,417	94,004	135,000	130,000	137,000
Sundry	10,619	30,455	30,500	43,500	44,000
Maintenance	15,399	16,652	15,500	23,750	21,000
TOTAL	532,356	719,640	822,500	828,000	878,250

HIGHLIGHTS – FY 2019 Proposed Budget Changes from FY 2018 Amended Budget

- Increased salary and benefit expenses by \$30,250
- Increased Contract Services – Leak Detect/GPS by \$2,000
- Increased Fuel & Lubricants by \$5,000
- Increased M & R – Equipment by \$4,500
- Increased M & R – Vehicles by \$1,000
- Increased Meter Expense – New Svc by \$13,000
- Increased Rent/Lease by \$500
- Decreased Safety Equipment & Supplies by \$500

Wastewater – Treatment Summary

	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Proposed Budget
Personnel	222,554	248,675	261,750	257,500	280,750
Supplies	34,706	24,769	30,500	33,251	34,750
Contractual	15,664	24,563	33,500	27,500	40,500
Sundry	757	941	1,000	500	1,000
Maintenance	47,341	42,743	46,500	54,000	43,500
TOTAL	321,022	341,692	373,250	372,750	400,500

HIGHLIGHTS – FY 2019 Proposed Budget Changes from FY 2018 Amended Budget

- Increased salary and benefit expenses by \$19,000
- Increased Chemicals/WW Treatment by \$1,500
- Increased Contract Services by \$500
- Increased Lab Expense by \$1,500
- Increased Fuel & Lubricants by \$2,750
- Decreased M & R – Plant by \$3,000
- Increased Rent/Lease by \$5,000

Wastewater – Collection Summary

	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Proposed Budget
Personnel	457,735	442,547	522,000	500,250	553,500
Supplies	99,250	123,636	139,500	143,500	142,500
Contractual	21,188	106,182	140,500	157,250	164,750
Sundry	2,834	2,572	2,750	2,500	2,500
Maintenance	224,854	260,004	316,500	300,250	301,500
TOTAL	805,860	934,941	1,121,250	1,103,750	1,164,750

HIGHLIGHTS – FY 2019 Proposed Budget Changes from FY 2018 Amended Budget

- Increased salary and benefit expenses by \$31,500
- Increased Contract Services by \$1,000
- Increased Contract Services – Leak Detect/GPS by \$2,000
- Increased Equipment & Supplies by \$1,500
- Increased Fuel & Lubricants by \$5,500
- Increased M & R – Equipment by \$2,500
- Decreased M & R – Grinder Pump by \$19,500
- Increased M & R – Lift Station by \$1,000
- Increased M & R – Vehicles by \$1,000
- Decreased M & R Materials – Line by \$4,000
- Increased Street Repair – Paving by \$20,750
- Decreased Other Expense by \$250

- Increased Rent/Lease by \$500

Solid Waste – Recycling Summary

	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Proposed Budget
Personnel	63,635	73,831	69,500	70,750	78,250
Contractual	<u>575,920</u>	<u>700,811</u>	<u>671,250</u>	<u>667,500</u>	<u>701,500</u>
TOTAL	639,555	774,642	740,750	738,250	779,750

HIGHLIGHTS – FY 2019 Proposed Budget Changes from FY 2018 Amended Budget

- Increased salary and benefits expenses by \$8,750
- Decreased Compactor Service by \$1,000
- Decreased Garbage Service – Commercial by \$1,000
- Increased Garbage Service – Residential by \$27,250
- Increased Recycling Service by \$5,000



CITY OF HORSESHOE BAY
FY 2019 Utility Fund Budget

Account Code	Account Title	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Final Budget
OPERATING EXPENDITURES						
1000	ADMINISTRATION					
50410	Salaries & Wages	257,318	281,780	279,500	269,500	378,250
50411	Overtime	3,093	7,347	4,000	4,500	5,000
50415	Employers FICA Expense	18,778	21,807	21,750	20,000	29,250
50420	Group Insurance Premiums	43,330	42,524	52,000	37,750	75,500
50430	401(A) Money Purchase	15,590	16,942	18,000	16,250	23,000
50432	401(A) Match	11,408	13,257	12,750	12,250	17,500
50505	Professional Services	97,027	62,887	60,000	25,000	40,000
50512	Utility Billing	23,994	28,059	25,000	27,000	27,000
50545	Maintenance Contracts	34,948	43,371	44,000	25,000	40,000
50575	Dues, Fees, & Subscriptions	21,209	20,837	21,000	20,500	22,000
50581	Electricity/Recycle Center	937	903	1,000	1,000	1,000
50582	Electricity/WW Treatment Plant	142,614	135,977	146,000	138,000	145,000
50583	Electricity/West WTP	55,080	62,528	58,500	60,500	66,500
50585	Electricity/Field Maintenance Facilities	5,655	13,166	6,250	6,500	6,750
50586	Electricity / CWTP	129,464	132,792	150,000	112,000	125,000
50590	Engineering Fees	25,881	71,188	45,000	40,000	45,000
50593	Travel, Training, Schools	29,151	35,207	25,000	34,000	32,000
50596	Employee Awards Program	70	-	1,000	250	500
50630	M & R - Building	14,182	10,955	15,000	24,000	16,000
50650	M & R - Grounds	29,976	25,158	25,000	25,000	32,500
50753	Merchant Fee - CC	44,556	52,860	55,000	62,000	65,000
50765	Other Expense	7,826	7,450	6,500	5,500	6,500
50775	Postage	690	343	500	250	500
50780	Printing & Office Supplies	17,096	13,928	15,000	18,000	18,000
50810	Communications	38,144	43,112	45,000	46,000	46,000
50825	Uncollectable Accounts	-	-	1,000	-	1,000
50830	Uniforms	221	1,135	1,500	1,000	1,500
50840	Administrative Fees	490,750	602,250	634,000	634,000	689,500
Total	ADMINISTRATION	1,558,988	1,747,763	1,769,250	1,665,750	1,955,750
1001	WATER - PRODUCTION					
50410	Salaries Water	165,819	170,345	175,750	161,750	171,250
50411	Overtime	26,140	22,771	20,000	19,500	25,000
50415	Employers FICA Expense	13,334	14,233	15,000	13,250	15,000
50420	Group Insurance Premiums	44,814	34,002	40,500	37,000	40,500
50430	401(A) Money Purchase	10,293	11,891	11,250	10,000	11,250
50432	401(A) Match	8,147	8,558	8,750	7,500	7,750



CITY OF HORSESHOE BAY
FY 2019 Utility Fund Budget

Account Code	Account Title	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Final Budget
50535	Bulk Water Purchases	330,259	328,260	355,000	332,500	360,000
50540	Chemicals / Water	81,887	89,475	80,000	82,000	82,000
50548	Contract Services	1,000	2,695	2,000	1,000	2,000
50555	Lab Expense	17,260	15,981	17,500	18,000	18,000
50592	Equipment & Supplies	1,359	6,474	4,000	5,000	4,000
50595	Fuel & Lubricants	4,039	5,902	6,000	7,000	8,000
50640	M & R - Equipment	3,073	6,450	4,000	4,750	5,000
50675	M & R - Plant	86,658	74,743	90,000	93,500	92,000
50685	M & R - Vehicles	1,599	3,254	3,500	3,500	4,000
50765	Other Expense	942	2,779	1,500	2,000	2,000
50785	Rent / Lease	860	100	2,000	3,000	3,000
50800	Safety Equipment & Supplies	3,433	2,993	4,500	4,500	3,500
50830	Uniforms	3,503	3,293	3,500	3,500	3,500
Total	WATER - PRODUCTION	804,419	804,197	844,750	809,250	857,750
1002	WATER - DISTRIBUTION					
50410	Salaries Water	261,965	306,073	337,000	310,250	345,750
50411	Overtime	16,680	34,727	35,000	41,500	36,000
50415	Employers FICA Expense	20,353	26,003	28,500	25,750	29,250
50420	Group Insurance Premiums	58,071	55,474	69,250	76,750	87,000
50430	401(A) Money Purchase	12,119	16,582	18,750	14,750	18,500
50432	401(A) Match	9,301	13,143	14,500	14,750	16,750
50548	Contract Services	2,250	56,709	80,000	80,000	80,000
50550	Contract Serv-Leak Detect/GPS	-	10,811	15,000	10,000	17,000
50592	Equipment & Supplies	23,177	18,074	20,000	25,000	20,000
50595	Fuel & Lubricants	8,065	11,390	11,000	14,500	16,000
50640	M & R - Equipment	7,384	11,328	7,500	15,750	12,000
50685	M & R - Vehicles	8,016	5,325	8,000	8,000	9,000
50725	M & R Materials - Line	45,442	42,435	47,000	47,000	47,000
50726	Street Repair - Paving	24,167	26,484	40,000	40,000	40,000
50730	M & R Materials - WT Tap	15,948	48,514	52,000	52,000	52,000
50755	Meter Expense - New Svc	7,780	27,009	27,000	40,000	40,000
50765	Other Expense	1,801	2,786	2,500	2,000	2,500
50785	Rent / Lease	1,039	660	1,000	1,500	1,500
50800	Safety Equipment & Supplies	5,185	1,775	4,500	4,500	4,000
50830	Uniforms	3,613	4,339	4,000	4,000	4,000
Total	WATER - DISTRIBUTION	532,356	719,640	822,500	828,000	878,250
2001	WASTEWATER - TREATMENT					
50410	Salaries Sewer	140,206	159,749	168,750	168,250	178,250
50411	Overtime	16,580	24,515	20,000	20,500	25,000
50415	Employers FICA Expense	10,977	13,501	14,500	13,750	15,500
50420	Group Insurance Premiums	38,643	31,629	39,000	37,000	42,250
50430	401(A) Money Purchase	9,248	11,326	11,000	10,250	11,750



CITY OF HORSESHOE BAY
FY 2019 Utility Fund Budget

Account Code	Account Title	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Final Budget
50432	401(A) Match	6,899	7,955	8,500	7,750	8,000
50543	Chemicals / WW Treatment	24,707	11,623	15,000	16,500	16,500
50548	Contract Services	250	639	2,500	2,000	3,000
50555	Lab Expense	10,206	10,471	13,000	13,000	14,500
50592	Equipment & Supplies	1,150	2,839	3,000	2,500	3,000
50595	Fuel & Lubricants	5,180	6,283	5,750	7,500	8,500
50640	M & R - Equipment	6,906	4,846	5,500	6,000	5,500
50675	M & R - Plant	39,152	35,487	38,000	45,000	35,000
50685	M & R - Vehicles	1,284	2,410	3,000	3,000	3,000
50742	Bio Solids - Compost	5,208	10,162	13,000	10,000	13,000
50765	Other Expense	757	941	1,000	500	1,000
50785	Rent / Lease	-	3,292	5,000	2,500	10,000
50800	Safety Equipment & Supplies	794	1,151	3,500	3,500	3,500
50830	Uniforms	2,875	2,872	3,250	3,250	3,250
Total	WASTEWATER - TREATMENT	321,022	341,692	373,250	372,750	400,500
2002	WASTEWATER - COLLECTION					
50410	Salaries Sewer	292,830	297,760	350,750	322,750	360,000
50411	Overtime	45,615	35,996	35,000	43,250	36,000
50415	Employers FICA Expense	24,917	25,565	29,500	26,750	30,250
50420	Group Insurance Premiums	69,142	54,210	72,000	76,750	90,500
50430	401(A) Money Purchase	14,519	17,079	19,500	15,250	19,250
50432	401(A) Match	10,712	11,937	15,250	15,500	17,500
50542	Chemicals/Collection System	12,849	12,443	13,500	13,000	13,500
50548	Contract Services	3,750	71,059	102,000	103,000	103,000
50550	Contract Serv-Leak Detect/GPS	-	10,811	15,000	10,000	17,000
50592	Equipment & Supplies	21,486	17,457	19,000	23,500	20,500
50595	Fuel & Lubricants	12,293	11,985	11,000	15,000	16,500
50640	M & R - Equipment	7,312	8,667	7,500	15,750	10,000
50645	M & R - Grinder Pump	116,362	107,299	130,000	107,000	110,500
50646	Grinder Purchases	74,561	104,419	150,000	150,000	150,000
50670	M & R - Lift Station	19,507	31,724	22,000	20,000	23,000
50685	M & R - Vehicles	7,111	7,894	7,000	7,500	8,000
50715	M & R Materials - GP Tap	10,266	42,110	50,000	50,000	50,000
50725	M & R Materials - Line	34,760	33,807	38,000	34,000	34,000
50726	Street Repair - Paving	16,519	23,652	22,000	42,750	42,750
50765	Other Expense	2,834	2,572	2,750	2,500	2,500
50785	Rent / Lease	919	660	1,500	1,500	2,000
50800	Safety Equipment & Supplies	4,001	1,597	4,000	4,000	4,000
50830	Uniforms	3,596	4,238	4,000	4,000	4,000
Total	WASTEWATER - COLLECTION	805,860	934,941	1,121,250	1,103,750	1,164,750



CITY OF HORSESHOE BAY
FY 2019 Utility Fund Budget

Account Code	Account Title	FY 2016 Final Actuals	FY 2017 Final Actuals	FY 2018 Amended Budget	FY 2018 Projected Actuals	FY 2019 Final Budget
3001	SOLID WASTE - RECYCLING					
50410	Salaries - Monitor	48,674	57,981	53,000	52,000	60,250
50411	Overtime	-	43	500	2,500	500
50415	Employers FICA Expense	3,692	4,595	4,000	4,250	4,750
50420	Group Insurance Premiums	7,895	7,404	8,250	8,250	9,000
50430	401(A) Money Purchase	2,664	3,059	3,000	3,000	3,000
50432	401(A) Match	710	749	750	750	750
50599	Compactor Service	11,601	8,267	12,000	11,000	11,000
50600	Garbage Service - Commercial	110,366	105,087	98,000	92,250	97,000
50605	Garbage Service - Residential	404,361	549,377	522,250	523,000	549,500
50606	Recycling Service	9,675	11,081	10,000	17,250	15,000
50676	M & R Brush Site	39,918	27,000	24,000	24,000	24,000
50785	Rent / Lease	-	-	5,000	-	5,000
Total	SOLID WASTE - RECYCLING	639,555	774,642	740,750	738,250	779,750
9994	DEBT SERVICE					
50515	Debit Service - Principal Series 2007	355,000	355,000	365,000	365,000	380,000
50516	Debt Service - Interest Series 2007	206,500	182,221	178,250	178,250	163,500
50518	Debt Service Interest-Series 2011	148,120	93,605	89,750	89,750	85,250
50520	Debt Service Principal - Series 2011	170,000	175,000	180,000	180,000	185,000
50521	Debt Service Interest-Series 2014	148,212	134,035	131,250	131,250	128,500
50522	Debt Service Principal - Series 2014	130,000	130,000	135,000	135,000	135,000
50523	Debt Service Interest-Series 2016	-	67,864	92,500	92,500	89,250
50524	Debt Service Principal - Series 2016	-	170,000	160,000	160,000	160,000
50526	Bond Issuance Cost - Series 2016	-	34,546	-	-	-
50527	Debt Service Interest - Series 2018	-	-	-	-	194,500
Total	DEBT SERVICE	1,157,832	1,342,270	1,331,750	1,331,750	1,521,000
TOTAL OPERATING EXPENDITURES		<u>5,820,032</u>	<u>6,665,144</u>	<u>7,003,500</u>	<u>6,849,500</u>	<u>7,557,750</u>



CITY OF HORSESHOE BAY
FY 2019 Utility Fund Budget

Account Code		FY 2019 Final Budget
FY 2019 ROUTINE CAPITAL PURCHASES/PROJECTS		
50955-057	Hydraulic Dump Trailer	6,000
50956-056	John Deere Utility Vehicle	12,000
50955-067	X-Ray Machine for Locates	15,000
50955-058	West Water Plant Source Analyzers	25,000
50955-059	Central Water Plant Air Compressor	26,000
50955-060	West Plant Forklift	30,000
50955-999	Emergency Equipment Replacement	50,000
50956-055	Replace Service Trucks (2)	88,000
50968-082	South Lift Station Replacement	115,000
50955-096	Membrane Filter Rack Replacement	150,000
50955-023	Water Meter Replacement & AMI System Upgrade	300,000
TOTAL FY 2019 ROUTINE CAPITAL PURCHASES/PROJECTS		\$ 817,000
FY 2019 MAJOR CAPITAL PROJECTS (Debt Funded)		
50968-095	Wastewater Reclamation Plant Expansion	4,000,000
TOTAL FY 2019 MAJOR CAPITAL PROJECTS		\$ 4,000,000
TOTAL FY 2019 CAPITAL EXPENDITURES		<u>\$ 4,817,000</u>

5-Year Capital Improvement Plan

Unlike the City's operating budget, the capital improvement budget does not conclude at the end of each fiscal year. Many of the larger projects remain in progress for multiple years. As economic conditions and the needs of the Horseshoe Bay community change, it is often necessary to re-prioritize which projects, or portions of projects, receive funding. Staff and City Council continually re-evaluate the projects and City Council approves the updated 5-year plan each September.

Capital improvements are defined as facilities, infrastructure, or equipment that have a life expectancy of three or more years and are owned and operated by or on behalf of a political subdivision. As of FY 2019, all items in the Capital Improvement Program are significant non-recurring items. The City of Horseshoe Bay separates capital improvement projects into three categories: General Fund, Utility Fund, and Capital Projects Fund. The Capital Projects Fund generally consists of street-related projects.

General Fund capital improvements are typically paid for with General Fund revenues and are treated as part of the annual General Fund operating budget. Utility Fund capital improvements are typically paid for with utility service revenues for smaller items and issuing debt for major capital projects. Capital Project Fund capital improvements are usually paid for by issuing debt or by using unassigned fund balances.

The City's 5-Year Capital Improvement Plan is updated and revised each year during the budget planning stages and budget workshops with City Council. During the budget workshops, City Council discusses the available funding sources or options for each item on the Capital Improvement Plan. The final version is brought to City Council for approval at the same time as the budget. The current 5-Year Capital Improvement Plan is for FY 2019 through FY 2023.

**5 YEAR CAPITAL IMPROVEMENT / NEEDS ASSESSMENT PLAN
FY 2019 - FY 2023**

General Fund Five Year Capital Improvement Plan		(1)	(2)	(3)	(4)	(5)
	Budgeted					
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Routine Equipment Replacement	-	35,000	35,000	35,000	35,000	35,000
Enterprise Software	-	135,000	55,000	-	-	-
Pickle Ball Court	77,000	-	-	-	-	-
Vehicles (Police)	-	130,000	135,000	96,000	96,000	96,000
Equipment (Police)	27,000	-	-	-	-	-
Fire Training Facility	-	137,000	-	-	-	-
Fire Station #2 Expansion	-	-	-	150,000	-	-
Remodel Central Fire Station #1 (Phase I & II)	190,000	72,500	-	-	-	-
Total Annual CIP Requirements	\$ 294,000	\$ 509,500	\$ 225,000	\$ 281,000	\$ 131,000	\$ 131,000
Utility Fund Five Year Capital Improvement Plan		(1)	(2)	(3)	(4)	(5)
	Budgeted					
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Routine Equipment/Projects	\$ 694,000	\$ 817,000	\$ 650,000	\$ 600,000	\$ 600,000	\$ 500,000
Major Projects						
750,000 Gallon High Storage Water Tank Rehab	600,000	-	-	-	-	-
1,500,000 Gallon High Storage Water Tank Rehab	-	-	-	-	550,000	-
Distribution Main Rehab Projects	-	-	-	-	-	500,000
Summit Rock Lift Station	-	-	-	650,000	-	-
Wastewater Treatment Plant Expansion Eng.	675,000	-	-	-	-	-
Wastewater Treatment Plant Expansion	-	4,000,000	2,000,000	-	-	-
Subtotal - Major Projects	\$ 1,275,000	\$ 4,000,000	\$ 2,000,000	\$ 650,000	\$ 550,000	\$ 500,000
Total Annual CIP Requirements	\$ 1,969,000	\$ 4,817,000	\$ 2,650,000	\$ 1,250,000	\$ 1,150,000	\$ 1,000,000
Capital Projects Fund Five Year Capital Improvement Plan		(1)	(2)	(3)	(4)	(5)
	Budgeted					
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Street Improvements Upgrades	1,276,250	-	-	-	-	750,000
Contribution to TXDOT for RM 2147 Improvements	-	120,000	-	-	-	-
Seal Coating	730,500	1,155,000	400,000	400,000	400,000	400,000
Golden Nugget Safety Improvement	230,000	-	-	-	-	-
Total Annual CIP Requirements	\$ 2,236,750	\$ 1,275,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 1,150,000

Budget Glossary

Account Number: A code made up of numbers used to classify how specific dollar amounts are categorized as revenue or expenditures. Typically, similar revenues or expenditures are classified into the same account.

Accounting Standards: The generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board that guide the recording and reporting of financial information by the state and local governments. The standards establish such guidelines as when transactions are recognized (accrual, modified accrual, or cash basis), the types and purposes of funds, and the content and organization of the annual financial report. At the federal level, accounting standards are developed by the Federal Accounting Standards Advisory Board.

Accounting System: The methods and records established to identify, assemble, analyze, classify, record, and report the City's transactions and to maintain accountability for the related assets and liabilities.

Accounts Payable: A short term (one year or less) liability reflecting amounts owed for goods and services received by the City.

Accounts Receivable: An asset reflecting amounts due from other entities for goods and services provided by the City.

Accrual Accounting: A system of accounting in which revenues and expenditures are recorded at the time they occur, rather than the time cash is received or disbursed by the City.

Ad Valorem Taxes: Also known as property taxes; the taxes levied on all real and certain personal property according to the assessed value of the property and the established tax rate.

Amortization: The process of paying the principal amount of an issue of bonds by the periodic payments either directly to bondholders or to a sinking fund for the benefit of bondholders. Payments are usually calculated to include interest in addition to a partial payment of the original principal amount.

Amortization Schedule: A table showing the gradual repayment of an amount of indebtedness, such as a bond, over a period of time.

Appraised Value: An evaluation of a property's value based on a given point in time that is performed by Llano Central Appraisal District or Burnet Central Appraisal District.

Appropriation: An authorization made by the City Council which permits the City staff to make expenditures and incur financial obligations.

Audit: An examination of the City's financial accounts and records. The City is required by law to have an audit completed each year by an independent certified public accountant.

Available Fund Balance: Money remaining from prior years that is not committed for other purposes and can be allocated in the upcoming budget.

Balanced Budget: A balanced budget is where total revenues are equal or greater than total expenses; a budget that has no budget deficit.

Bond: A written promise to pay a specified amount of money (the principal) at a specified date or dates in time (maturity dates) and carrying interest at a specified rate. The most common form of bonds are general obligation bonds and certificates of obligation. Bonds are usually used to fund large construction projects that have a long lifespan and/or are too expensive for the City to pay for with cash. Some examples are public buildings, water and sewer infrastructure, and streets.

Bond Contract: The legal agreement between the issuer and the debt holder, which defines the security and terms of the debt.

Bond Covenant: An agreement that governs the use of the borrowed money when a governmental agency sells a bond. The covenant becomes a legally enforceable agreement with the bondholders.

Bonded Debt: The portion of indebtedness represented by unpaid bonds. Or, the amount of principal on all bonds issued by the City.

Bondholder: The owner of a municipal bond, to whom payments of principal and interest are made. The owner of a bearer bond is the person having possession of it, while the owner of a registered bond is the person whose name is noted on the bond register.

Bond Proceeds: The money paid to the issuer by the purchaser or underwriter for a new issue of municipal bonds, used to finance the project or purpose for which the bonds were issued and to pay certain costs of issuance, as may be provided in the bond contract.

Bond Purchase Agreement: The contract between the underwriter and the issuer setting forth the final terms, prices, and conditions upon which the underwriter purchases a new issue of municipal bonds for reoffering to the investing public.

Budget: A financial plan for a specified period of time (the fiscal year for the City) that includes an estimate of proposed revenues, an estimate of anticipated expenditures, and an analysis of the undedicated fund balance.

Budget Amendment: The budget may be formally amended after it has been approved. Amendments may be required, for example, with the incorporation of a new labor contract or if revenues fall or grow beyond projections.

Budget Calendar: A time table with deadlines when particular tasks must be completed in order for City Council to approve the spending plan before the beginning of the next fiscal year.

Budget Process: The budget process includes preparation of budget requests, legislative approval of the budget requests, budget implementation, and summary reporting on actual budget transactions.

Budget Transmittal Letter: Written to the City Council by the City Manager and provides a high-level preview of the City Manager's proposed budget. It contains hard numbers including the proposed tax rate and proposed fund summaries as well as overview of the departmental business plans. The letter helps tie together the core elements which make up the proposed budget and illustrates how those elements further the City's goals found within the strategic management system.

Capital Improvements: Expenditures for the construction, purchase, or renovation of City facilities or property, usually those projects which have a lifespan of greater than five to seven years.

Capital Outlay: Expenditures resulting in the acquisition of or addition to the City's fixed assets.

Cash: Currency on hand and demand deposits with banks and other financial institutions.

Cash Basis: A method of accounting in which transactions are recorded when cash is received or disbursed.

Cash Flow: A sufficient amount of cash on hand to cover disbursements or payments that are coming due.

Certificates of Obligation (CO): A form of bond used to finance capital improvement projects or purchases. CO's are backed by the full faith and credit of the government issuing them. CO's can be issued by a vote of the City Council and are not necessarily voter approved.

Chart of Accounts: A way of recording revenues and expenditures that includes all transactions and that fits the organizational structure. A chart of accounts assigns a unique number to each type of transaction (e.g. salaries or property taxes) and to each budgetary unit in the organization.

Contingency: A budgeted account set aside to meet unforeseen circumstances.

Current Assets: Those assets that can be easily converted to cash within the current year.

Current Taxes: Taxes that are levied and due within the ensuing fiscal year.

Date of Acquisition: The date on which an asset is purchased as indicated on a contract or certificate.

Debt Service Fund: A fund established to account for funds needed to make principal and interest payments on outstanding bonds.

Debt Service Requirements: The amount of money required to pay interest and principal on outstanding bonds. Sometimes the bond covenants (terms of the bond) may require special requirements such as cash reserves in the debt service fund.

Delinquent Taxes: Property taxes remaining unpaid after the due date. Delinquent taxes incur penalties and interest at rates specified by law.

Department: A functional group of the City with related activities aimed at accomplishing a major City service or program.

Depreciation: The proration of the cost of a fixed asset over the estimated service life of the asset. Each period is charged with a portion of such cost, and through this process, the entire cost of the asset is ultimately charged off as an expense.

Disbursement: Payment for goods or services that have been delivered and invoiced.

Effective Tax Rate: The rate that produces the same amount of property tax revenues compared to the prior year. Based on the total property valuation for the City and how much property tax was levied, the rate is determined by the laws of the State of Texas.

Encumbrance: The commitment of appropriated funds to purchase an item or service. Once an encumbrance is made, a purchase order is issued for the expenditure.

Enterprise Fund: See Proprietary Fund.

Expense: Charges incurred, whether paid or unpaid, for operation, maintenance, interest, and other charges which are made within the current fiscal year.

Equity: The difference between assets and liabilities of the fund.

Financial Advisor: With respect to a new issue of municipal bonds, a consultant who advises the issuer on matters pertinent to the issue, such as structure, timing, fairness of pricing, terms, and bond ratings. Such

consultant may be employed in a capacity unrelated to a new issue of municipal securities, such as advising on cash flow and investment matters.

Fiscal Year: The period designated by the City signifying the beginning and ending period for recording financial transactions of the City. The City of Horseshoe Bay's fiscal year begins on October 1 of each year and ends on September 30 of the following year.

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

Fund: A separate fiscal and accounting entity with their own resources and budgets necessary to carry out specific duties or programs to accomplish certain objectives.

Fund Accounting: A system of accounting used primarily by non-profit and government organizations. The accounting records take the form of a collection of funds, each fund having a distinct purpose, ranging from operating expenses to funding the various activities of the organization.

Fund Balance: The difference between a fund's assets and its liabilities. Portions of the fund balance may be reserved for various purposes such as contingencies or encumbrances at the end of the fiscal year.

General Fund: The largest fund within the City. It accounts for all resources except those that are required to be in a special fund. The General Fund contains the activities commonly associated with municipal government, such as police, fire, and streets.

General Obligation Bonds: Bonds that finance a variety of public capital improvements projects. The repayment of these bonds is typically pledged against property tax revenues. They are backed by the full faith and credit of the City. Voters must approve the issuance of general obligation bonds through a special called bond election.

Generally Accepted Accounting Principles (GAAP): Uniform minimum standards for financial recording and reporting established by the accounting profession through such independent entities as the Governmental Accounting Standards Board.

Generally Accepted Auditing Standards (GAAS): A set of systematic guidelines used by auditors when conducting audits on companies' finances, ensuring the accuracy, consistency, and verifiability of auditors' actions and reports.

Government Finance Officers Association (GFOA): An organization that represents public finance officials throughout the United States and Canada.

Governmental Accounting Standards Board (GASB): The body that sets accounting standards specifically for governmental entities at the state and local level.

Governmental Fund: A grouping used in accounting for tax-supported activities completed by the government entity.

Grant: Contributions or gifts of cash or other assets from another government to be used for a specific purpose, activity, or facility.

Home Rule: A limited grant of discretion from state governments to local governments, concerning either the organization functions or the raising of revenue. Without home rule, local governments are restricted to whatever functions, organization, and revenues sources are specified by the state government, and are bound by whatever limits in revenue or borrowing that state requires.

Infrastructure: Long-term capital assets that normally are stationary in nature (fixed as compared to rolling stock) and can be preserved for a great number of years. Examples include water and sewer lines, roads, bridges, buildings, etc.

Inter-Fund Transfers: An amount of money transferred from one fund to another fund. For example, transferring money from the Utility Fund to the General Fund.

Intergovernmental Revenue: Revenues received from another governmental entity, such as county, state, or federal governments.

Internal Controls: Systematic measures (such as review, checks and balances, methods and procedures) instituted by an organization.

Investment Policy: A document that outlines general rules for investing, and provides the general investment goals and objectives.

Liability: The City's legal debts or obligations that arise during business operations. Liabilities are settled over time through the transfer of economic benefits including money, goods, or services.

Line-Item Budget: A format for budgeting in which departmental outlays are grouped according to the items that will be purchased.

Liquidity: The ability to convert assets into cash.

Machinery and Equipment: Property that does not lose its identity when removed from its location and is not changed materially or consumed immediately by use.

Mission: The basic purpose of a department, the reason for its existence, what the department aims to accomplish.

Municipal Bonds: A general term referring to bonds of local governmental subdivisions such as cities, towns, villages, counties, and special districts as well as states and subdivisions thereof, where are exempt from federal income taxation.

Operating Budget: Plans of current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most financing activities of the City are controlled.

Operating Expense: Proprietary fund expenses related directly to the fund's primary activities.

Operating Income: The excess of proprietary fund operating revenues over operating expenses.

Operating Revenue: Proprietary fund revenues directly related to the fund's primary activities. They consist primarily of user charges for goods and services.

Ordinance: A formal legislative enactment by the Horseshoe Bay City Council.

Principal: The face value of a bond, payable on stated dates of maturity.

Property Taxes: See Ad Valorem Taxes.

Proprietary Fund: Also referred to as an Enterprise Fund. A governmental accounting fund in which the services provided, such as water and sewer service, are financed and operated similarly to those in a private business. The intent is that the costs of provide these services be recovered through user charges.

Public Hearings: Open meetings regarding proposed budget allocations – either operating or capital – that provide citizens an opportunity to voice their views on the merits of proposals.

Purchase Orders: An agreement drawn up to buy goods and services from a specific vendor with a promise to pay when delivered.

Refunding: The issuance of new debt whose proceeds are used to repay previously issued debt. The proceeds may be used immediately for this purpose (current refunding), or they may be placed with an escrow agent and invested until they are used to pay principal and interest on the old debt at a future time (advanced refunding).

Resolution: A special or temporary order of the Horseshoe Bay City Council. Requires less formality than an ordinance and does not carry with it the force of law.

Revenue Bonds: Bonds whose principal and interest are payable exclusively from the earnings of a proprietary fund.

Special Revenue Fund: Accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Taxable Value: The assessed value of property less any exemptions available on that specific property. The tax rate is applied to the taxable value to calculate a total tax levy.

Tax Base: The total taxable value of all real and personal property in the City as of January 1 of each year as certified by the Llano Central Appraisal District or Burnet Central Appraisal District, less any exemptions.

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

Texas Municipal League (TML): The Texas Municipal League is a voluntary coalition of Texas municipalities created for the purpose of furthering and enhancing causes of mutual interest to Texas cities. TML offers educational and training opportunities, legislative activities, and legal advisement to its members. Additionally, TML has intergovernmental risk pools that offer insurance coverage.

User Charges: The payment of a fee for direct receipt of a public service by the party benefiting from the service, such as water and sewer fees.

CITY OF HORSESHOE BAY

FISCAL ADMINISTRATION POLICY

Title: Fiscal Administration.

Policy directives of the City of Horseshoe Bay (City) applicable to any and all fiscal responsibilities of the City, including, but not limited to, budget assumptions and reviews, rates, cash flow projections, and cash reserves.

Statement:

The City hereby adopts a Policy of Fiscal Responsibilities to conform to the City Charter, Local Government Code and generally accepted accounting principles as applicable to governments and orders the implementation of the following policy directives.

Responsibility:

The City Manager shall serve as the Budget Officer for the City and shall be responsible for establishing operating procedures that implement and manage the following Directives. The Staff will be responsible for providing the Budget Officer with information necessary to properly implement and manage the following Directives. City Council shall be responsible for approving the annual budget each year.

Directives:

Budget:

The City philosophy is to plan water and wastewater operating rates based on population and experience. The annual utility budget will be prepared to support the planned operating rates. Budgets for General Fund functions will be prepared based on approved staffing levels and other operating needs.

The annual expense for employee benefits shall not exceed 40% of the annual expense for total employee salaries. Employee benefits for the purpose of this calculation are defined as FICA, health and dental insurance, life insurance, and pension.

Water and Wastewater revenue will be projected to result in operating revenue to cover operating expenses for the purpose of providing the water and wastewater services, and to cover routine capital purchases, projects, and improvements and debt service.

Garbage revenue will be projected to result in operating revenue exceeding operating expenses by 10%.

Tax revenue will be based on the Central Appraisal District's estimate of value and the previous year's historical data for collection rate.

The City Council will consider issuing debt on a case-by-case basis to fund major capital improvement projects in excess of \$500,000.

Budget Review:

The City Council will be given financial information at each monthly meeting. Quarterly financial presentations on all funds and capital projects will be given to the City Council at the regularly scheduled meeting immediately following the end of each quarter.

Rates:

Utility Rates for water and wastewater and garbage will be reviewed annually. During the annual budget process each year, the City Manager will make a recommendation concerning any changes in the rates for water and wastewater to the Mayor and City Council.

Tax rates will be reviewed annually and will be set to result in revenue sufficient to cover General Fund operations and debt service.

Cash Flow Projections/Reserves:

The City Council requires that all projected annual budgets for General Fund result in a cash flow reserve equal to the greater of \$2,500,000 or three months of total operating expense, plus debt service reserves as required by debt indentures.

The Utility Fund shall reserve excess funds each year to create a cash reserve (“Utility Reserve Fund”). The target amount of the Utility Reserve Fund will be three months of personnel and operating expenses. It is recognized that the Utility Fund may not be able to achieve the target level in a single year. Utility Reserve funds in excess of the three months may be used to reduce future utility rates/increases or for any other purpose approved by the City Council.

The Utility Rate Stabilization Account shall have a balance no greater than \$300,000. The City Council is not required to replenish these funds after any use. There is no required minimum balance.

The City’s Fiscal Administration Policy and any modifications made thereto shall be approved by the City Council.

Reviewed and Adopted by vote of the City Council on September 18, 2018.


Steve Jordan, Mayor

ATTEST:


Kerri Craig, City Secretary

CITY OF HORSESHOE BAY

RESOLUTION NO. 2018-18

Adopting a Fixed Assets and Capitalization Policy

A RESOLUTION OF THE CITY OF HORSESHOE BAY, TEXAS, ADOPTING A FIXED ASSETS AND CAPITALIZATION POLICY THAT PROVIDES GUIDELINES AND PROCEDURES FOR THE CITY'S FIXED ASSETS IN COMPLIANCE WITH THE CITY'S CHARTER AND THE STATE OF TEXAS

WHEREAS, the City of Horseshoe Bay recognizes the importance of properly identifying and accounting for capital and non-capital fixed assets purchased and donated; and

WHEREAS, the Fixed Assets and Capitalization Policy replaces the current Capitalization Policy, which was adopted by the City of Horseshoe Bay City Council on June 19, 2007; and

WHEREAS, the purpose of the Fixed Assets and Capitalization Policy (attached as *Exhibit A*) is to have a policy in place to give guidance for the identification and monitoring of capital and non-capital fixed assets.

NOW, THEREFORE, BE IT RESOLVED by the City of Horseshoe Bay City Council:

- 1) The Fixed Assets and Capitalization Policy is hereby approved and adopted by the City of Horseshoe Bay; and
- 2) The City Council directs City staff to implement the Fixed Assets and Capitalization Policy to the extent reasonably possible, effective immediately; and
- 3) The meeting at which this Resolution was passed was open to the public, and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Texas Government Code, Chapter 551.

PASSED & APPROVED this, the 15th day of May 2018, by a vote of the City Council of Horseshoe Bay, Texas.

CITY OF HORSESHOE BAY



Stephen T. Jordan, Mayor

Attest:



Kerri Craig, City Secretary

City of Horseshoe Bay

Fixed Assets and Capitalization Policy

I. Introduction

The purpose of the Fixed Assets and Capitalization Policy is to present a uniform method of maintaining and updating the City's fixed asset records. Principles and processes incorporated into this policy are in accordance with generally accepted accounting principles (GAAP) and state law.

This policy encompasses all fixed assets at the City: land, land improvements, buildings, building improvements, infrastructure, machinery and equipment, and vehicles. Fixed assets are further distinguished as capital assets and non-capital assets.

Capital assets are those fixed assets that meet the capitalization threshold as identified in Section III. The City shall maintain a current listing of capital assets and require **that an annual physical inventory is conducted**. GAAP requires proper accounting for the acquisition and disposal of capital assets. Proper record keeping of the City's capital assets also provides a management tool for budget and rate setting decisions.

Non-capital assets are those fixed assets that fall below the capitalization threshold and may include furniture, small tools and equipment (hand mowers, trimmers, etc.), and various telecommunications and computer equipment. Although not required, it may be important for departments to maintain inventories of non-capital fixed assets for many reasons, including theft prevention and conducting condition assessments.

II. Duties and Responsibilities

The Finance Department and various other City Departments have a role in the successful maintenance of the City's fixed asset records.

The Finance Department shall be responsible for the oversight of all duties and functions related to capital assets, including:

- A. Update and maintain detailed records of all capital assets of the City.
- B. Oversee annual physical inventories of capital assets.
- C. Provide education and act as a resource for departments in the compliance of this policy.
- D. Generate capital asset reports as required or requested.

Other City Departments have the following responsibilities:

- A. Custodianship of assets for the department.
- B. **Complete annual physical inventory of capital assets** within the department.
- C. Updating and maintaining inventories of departmental non-capital fixed assets.
- D. On a timely basis, report to the Finance Department all changes, transfers, surpluses, relevant alterations, acquisitions, and dispositions of capital assets (including lost or stolen items).

III. Capitalization Threshold

The current criteria requiring the capitalization of a fixed asset is a cost or fair market value of \$5,000 or more and a useful life of one year or more.

IV. Building/Facility Improvements

The determination of whether an expenditure to replace part of a building/facility or major equipment associated with a building/facility is considered to be an improvement or a maintenance item shall be addressed on a case-by-case basis. Examples of potential improvements are HVAC, boilers, roofs, etc. In general, any such expenditures exceeding \$50,000 should be considered capitalized improvements, under \$50,000 would be an operating maintenance item.

V. Acquisition of Capital Assets

The purchase of capital assets is subject to the provisions of the City's Purchasing Policy and Procedures Manual. All costs associated with the purchase of the asset shall be charged to a capital account within the City's accounting system. Ancillary costs (shipping, installation, design, etc.) shall be included in the capitalized cost of the asset.

Donated assets shall be capitalized at the estimated fair value of the asset at the time of the donation. The Finance Department shall determine the fair value of the asset based on the best information available, which may include original cost, age of the item, assessment of current condition, etc. Departments shall notify the Finance Department within two business days of the acquisition of any donated assets.

VI. Classification of Capital Assets

Capital assets are personal and real property used in the operations of the City that have estimated useful lives of one year or more. Capital assets are to include any item that falls into one of the following categories:

- Land and land improvements held by the City.
- Construction/Buildings structures which are permanent in nature with useful lives that exceed one year or more and are subject to depreciation.
- Improvements other than Buildings used for permanent improvements that add value to land, but do not have an indefinite useful life (e.g., fences, retaining walls, parking lots, irrigation systems). The City does not capitalize landscaping.
- Machinery and Equipment/Vehicles includes all tangible property other than land and buildings.
- General Infrastructure includes long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets (e.g., roads, bridges, draining systems, water and sewer systems).
- Other Capital Assets is a class of capital assets available for all items not property included in one of the other major classes.
- Construction in Progress is the accumulation of costs related to the construction of tangible assets that are not substantially ready to be placed in service.

VII. Estimated Useful Lives of Capital Assets

Capital assets have estimated useful lives of one year or more. Below are general ranges of estimated useful life:

- | | |
|-------------------------------------|---------------------|
| • Land | Non-depreciable |
| • Buildings/Construction | 20 to 50 years |
| • Improvements other than Buildings | 20 years |
| • Machinery and Equipment | 5 to 20 years |
| • Vehicles | 5 years to 15 years |
| • General Infrastructure | 10 to 50 years |
| • Other Capital Assets | 5 years |
| • Construction in Progress | Non-depreciable |

VIII. Depreciation Method of Capital Assets

Capital assets shall be depreciated over their estimated useful lives using straight-line depreciation.

IX. Annual Physical Inventory

Finance staff shall provide the various departments with the most recent list of capitalized assets assigned to their respective departments/divisions. Each department shall conduct an inventory to confirm the accuracy of the report and note all changes and discrepancies to the list. Departments shall return the completed inventories, complete with all notations, to the Finance Department in a timely manner (typically within two weeks).

X. Disposition of Fixed Assets

All Departments must review their assets and supplies each year and determine whether any items are no longer needed. **A Department must submit a list of any surplus, obsolete, or unused supplies, materials, or equipment** to the Finance Department, and include a description, make, model, and serial number. The Finance Department, in coordination with a Department, may transfer items between Departments based upon needs. Where equipment or durable goods are deemed to be surplus, obsolete, or unused, the Department will present the list to City Council for approval to dispose of such equipment or durable goods. The Department may attempt to sell surplus, obsolete, or unused supplies, materials, or equipment in a manner that attempts to secure a fair market value price for the City or donate such items to a local nonprofit organization. Funds received from a sale of surplus items will be returned to the appropriate City fund.