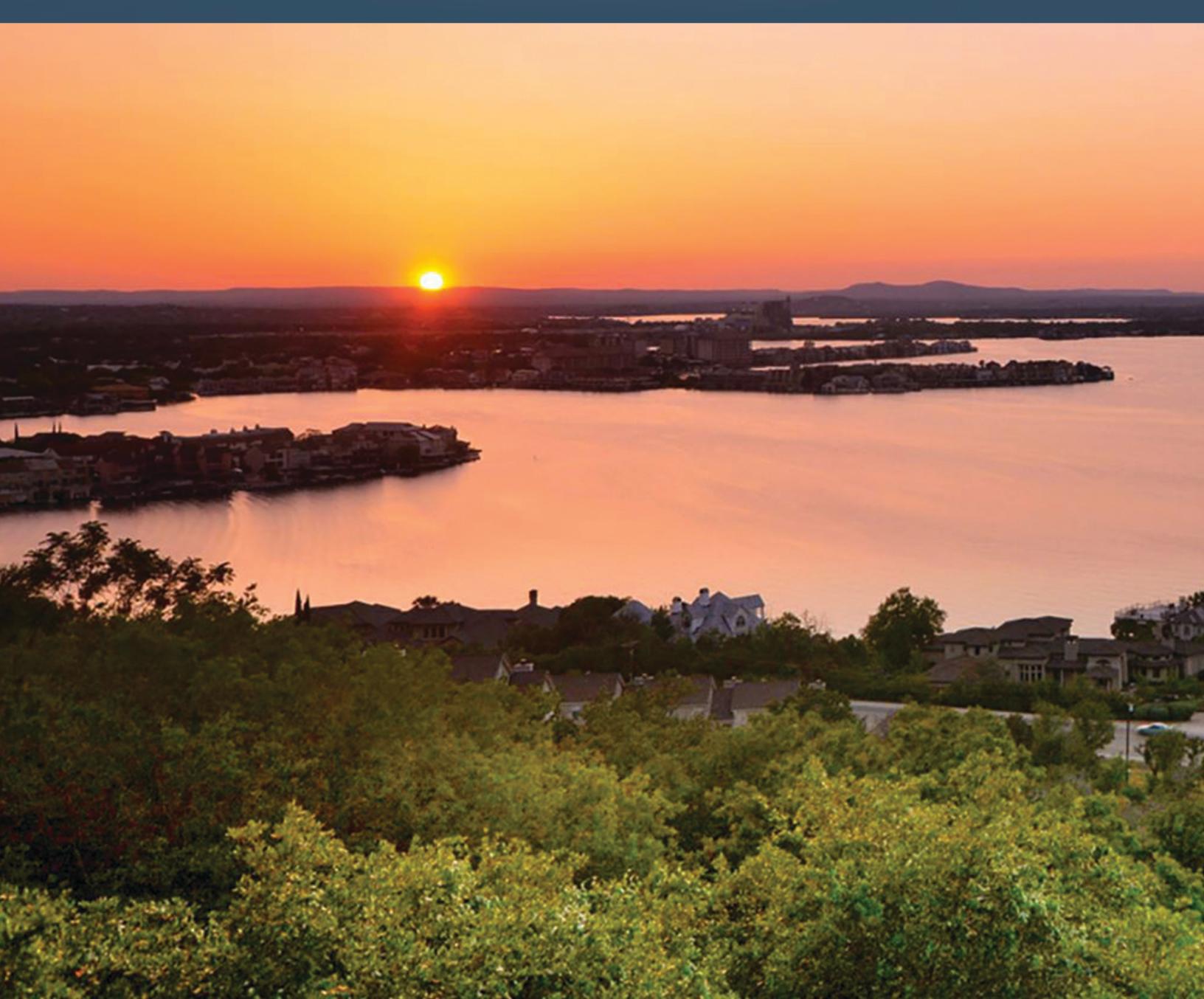


*City of*  
**Horseshoe Bay**  
TEXAS



**FY 2020 Budget**

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# **CITY OF HORSESHOE BAY, TEXAS**

## **ANNUAL OPERATING BUDGET FOR FISCAL YEAR 2019-2020**

This budget will raise more revenue from property taxes than last year's budget by an amount of \$473,359, which is an 8.68% increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$135,532.

### City Council Record Vote

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

FOR: Elaine Waddill, Kent Graham, Cynthia Clinesmith, Jerry Gray, & Reagan Lambert

AGAINST: No one

PRESENT and not voting: None

ABSENT: None

Tax Rate	Proposed FY 2019-2020	Adopted 2018-2019
Adopted Tax Rate	.27000	.26702
Effective Tax Rate	.25507	.24718
Effective M&O Tax Rate	.23357	.22487
Rollback Tax Rate	.27088	.26702
Debt Tax Rate	.03836	.04123

The total amount of municipal debt obligations secured by property taxes for the City of Horseshoe Bay is \$9,090,000.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Horseshoe Bay  
Texas**

For the Fiscal Year Beginning

**October 1, 2018**

*Christopher P. Morill*

Executive Director





# Elected Officials

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Mayor

Steve Jordan

Council Member, Mayor Pro Tem

Jerry Gray

Council Member

Cynthia Clinesmith

Council Member

Kent Graham

Council Member

Reagan Lambert

Council Member

Elaine Waddill



# **Administrative Officials**

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City Manager	Stan Farmer
City Secretary	Kerri Craig
Utilities Director	Jeff Koska
Finance Director	Margie Cardenas
Police Chief	Rocky Wardlow
Fire Chief	Brent Batla
Development Services Director	Eric Winter
Human Resources Director	Vicki Briggs
Public Works Director	Tim Foran
GIS Administrator	Coleen Sullivan
IT Administrator	Jules Martin

October 1, 2019

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 2019-2020 (FY 2020), beginning October 1, 2019. 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 FY 2020, 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 2019 tax rate is \$0.27000 per \$100 valuation, which is effectively a 5.85% increase above the 2018 tax rate of \$0.26702. The tax rate is comprised of M&O (maintenance and operations) at the rate of \$0.23164 and I&S (interest and sinking) at the rate of \$0.03836 which combined total the tax rate of \$0.27000.

#### **GENERAL FUND**

In FY 2020, General Fund revenues are projected to be \$690,750 or 7.8% higher than the FY 2019 Amended Budget for a total of \$9,558,500. The majority of the budgeted revenue increase is due to the increase of the 2019 M&O tax rate to \$0.23164 per \$100 valuation.

At a total of \$8,836,750, General Fund expenditures are \$647,751, or 7.9% higher than the FY 2019 Amended Budget. The biggest factor in the expenditure increase is a 3% increase to salaries and a 9.5% increase to health insurance premiums. The FY 2020 Budget also adds two new full-time employee position to the Police Department, one new full-time code enforcement position to Development Services and one new full-time position to the Streets Department.

#### **CAPTIAL IMPROVEMENTS FUND**

The FY 2020 Capital Improvements Fund has two major projects totaling \$1,280,000. 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 2019 is \$0.03836 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 2020 are \$9,186,550, or 7.8% higher than the FY 2019 Amended Budget. The majority of the budgeted revenue increase is a 15% rate increase to water and wastewater rates, a 3% rate increase to garbage service rates.

In FY 2020, Utility Fund expenditures are \$8,240,500, or 4.3% higher than the FY 2019 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 9.5% increase to health insurance premiums.

The Utility Fund has a budget of \$5,983,250 for FY 2020 routine capital purchases and major projects, which is an increase of \$1,166,250, or 524.2%, from the FY 2019 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 rehabilitating the South lift station. The FY 2020 budget also includes; the first year of the Wastewater Reclamation Plant expansion project, which is estimated to cost a total of approximately \$5.4 million. This project will need to be funded by debt and the City plans to issue Certificates of Obligations in 2019.

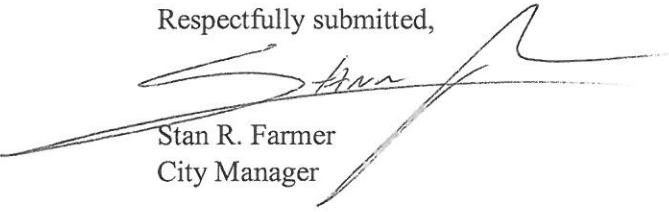
#### CONCLUSION

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

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Although the FY 2020 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.

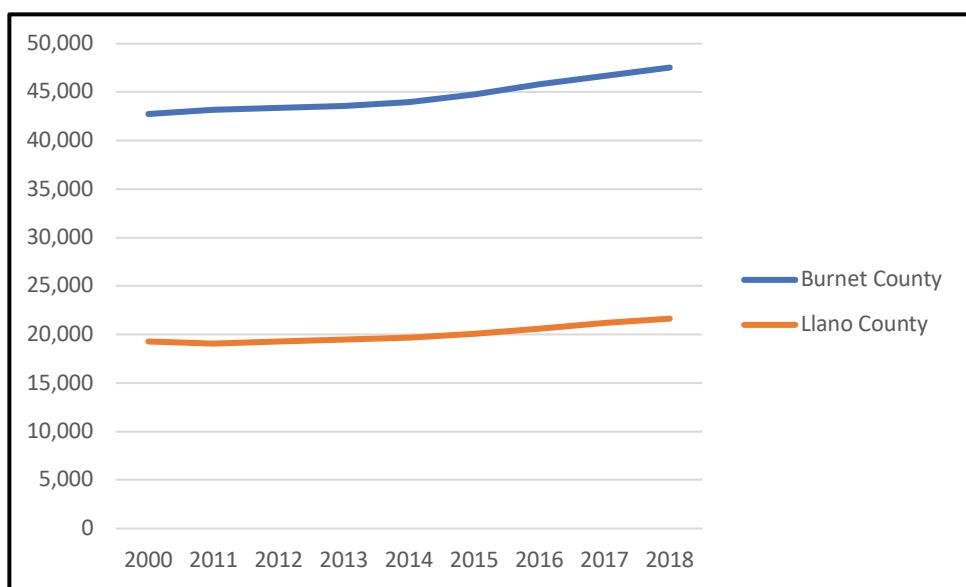


## ECONOMY OF HORSESHOE BAY

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

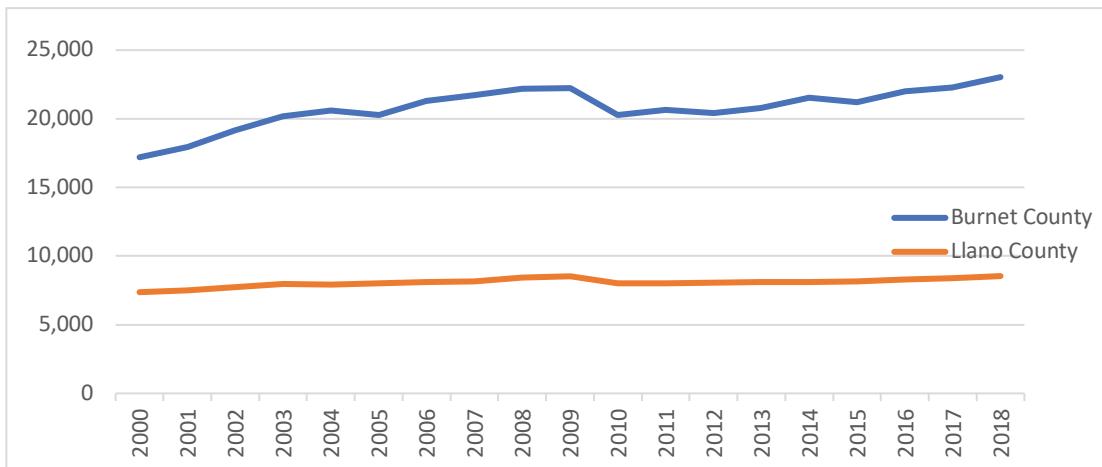
The population of Burnet County has seen slow but steady growth since the 2020 US Census. As the areas outside of the City of Austin continue to develop, Burnet County is beginning to see the impact of that growth. Llano County has very little growth since the 2020 US Census and remains very rural.



Graph 1 – Population Trends in Burnet County and Llano County – 2010 to 2018  
Source: Texas Association of Counties

### 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.

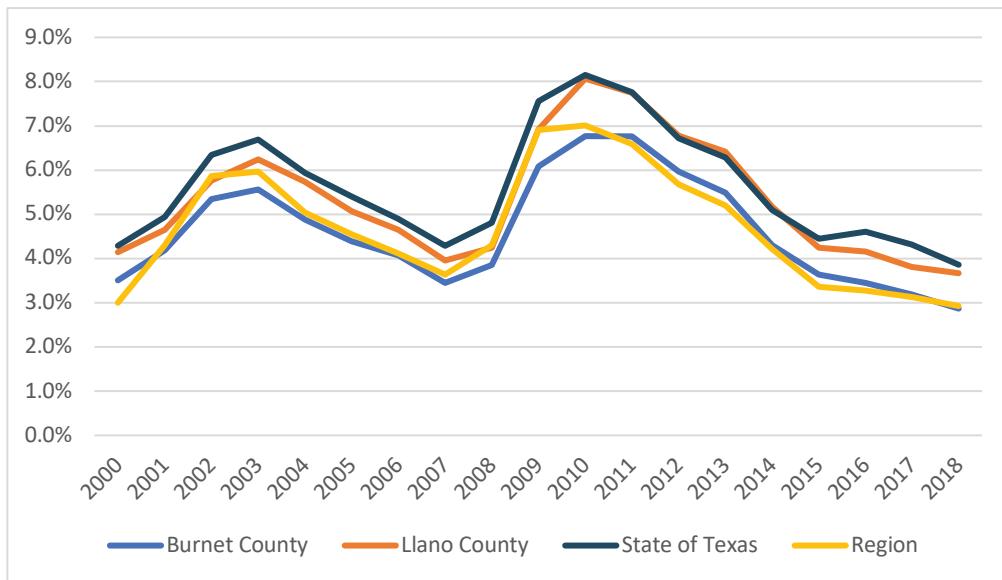


Graph 2 – Size of the labor force – Burnet County and Llano County – January 2000 to December 2018

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.



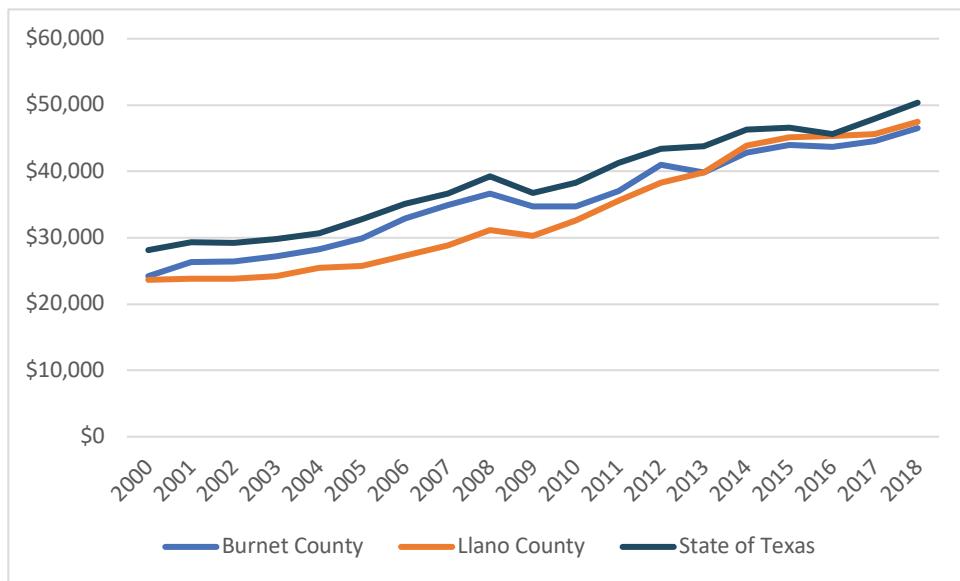
Graph 3 – Unemployment Rate of Burnet County, Llano County, and State of Texas – Not Seasonally Adjusted

January 2000 to December 2018

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 – 2018

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 eighteen 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 Other Services (Except Public Administration).

Industry	Number of Firms	Number of Employees	Annual Wages
Construction	175	1,142	\$51,054,000
Retail Trade	167	2,140	\$62,473,000
Health Care and Social Assistance	132	2,132	\$98,130,000
Accommodation and Food Services	121	1,657	\$34,867,000
Other Services (Except Public Administration)	120	612	\$14,666,000

Table 1 – Burnet County Industrial Clusters – 2016

Source: County Business Patterns [www.census.gov](http://www.census.gov)

For Llano County, a total of eighteen industrial clusters were identified based on the data accessed. The five strongest industrial clusters in Llano County are: Construction; Retail Trade; Accommodation and Food Services; Other Services (Except Public Administration); and Professional, Scientific, and Technical Services.

Industry	Number of Firms	Number of Employees	Annual Wages
Construction	71	308	11,789,000
Retail Trade	65	562	13,587,000
Accommodation and Food Services	56	1,150	20,236,000
Other Services (Except Public Administration)	46	178	3,516,000
Professional, Scientific, and Technical Services	38	150	6,331,000

Table 2 – Llano County Industrial Clusters – 2016  
Source: County Business Patterns [www.census.gov](http://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	685
Horseshoe Bay Resort	Resort/Hotel	662
Baylor Scott & White	Healthcare	573
H.E.B. Grocery Company	Grocery Store	324
Wal-Mart Corporation	Discount Retailer	285
Lowes	Home Improvement	140
City of Marble Falls	Municipal Government	137
Gibraltar	Manufacturing	127
Granite Mesa	Healthcare	115
Home Depot Company	Home Improvement	110
Johnson-Sewell Ford Lincoln	Auto Industry	105
City of Horseshoe Bay	Municipal Government	92
Pedernales Electric Coop	Electric Coop	90
Texas Materials	Mining	80

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 2019 is estimated to be 90. With two major developments in the works, the number of new homes in FY 2020 should be significantly higher.

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
FY 2018	94	3,064
FY 2019	92	3,191

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

# Strategic Plan

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## 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 RELFECT THE UNIQUE NATURE OF HORSESHOE BAY AND THE PRESERVATION OF THE RESORT/RETIREMENT CHARACTER OF THE COMMUNITY.**

Action Items:

1. Maintain an 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

**FUTURE PLANS:**

City Council has put together a new Long Range Planning Advisory Committee (LRPAC) to assess and review the progress of the Comprehensive Plan, and to develop new goals and/or action items for the City in FY 2020. The LRPAC members did not serve on the original committee in 2015 and consist mainly of graduates from the Horseshoe Bay Citizen's Academy.

# Short Term Factors and Budget Guidelines

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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, 2020. 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% in FY 2019 and 9.5% in FY 2020. City Council has not made any changes to employee benefits.

# Long Range Financial Forecast

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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 2020 are certified and provided by the Llano County Appraisal District (LCAD) and the Burnet County Appraisal District (BCAD).
- The net taxable values for FY 2021 through FY 2023 are calculated at a 5% annual increase and FY 2024 is calculated at a 1% 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.
- The property tax revenue and tax rate projections are based the maximum tax increase allowed by current state laws.

Sales tax revenues are projected to increase by approximately \$130,000 each year through the forecast period. Sales tax revenues have stabilized after correcting from record setting years. Mixed beverage tax revenues are projected to increase by approximately \$3,000 each year throughout the forecast period.

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 forecast model uses an annual increase of 5%.

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 Expenditure Assumptions

Salary costs of current positions are expected to increase by approximately 3% each year, based on historical data. This includes increases to wages, employment taxes, and employer retirement contributions. Health insurance premiums are projected to increase 10% each year, which has been the average increase over several years. The personnel expense projections also include new positions and the estimated costs with each of those positions. As the population of Horseshoe Bay continues to grow each year, the City is having to add personnel to accommodate the growth and department heads were by City Council to try to determine when those new positions may need to be added.

Operating expenses were projected line by line by each department head. As experts in their own fields, the department heads are in the best position to estimate what is needed for the departments over the next five years. Routine capital expenses are based off of the City's 5 Year Capital Improvement/Needs Assessment Plan, which were also developed by each department's individual needs.

#### Utility Fund Revenue Assumptions

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

- Water service fees will increase 15% in FY 2020 in order to cover increasing operational and routine capital expenses. Water service fee rates are estimated to increase 6% in FY 2021, 14% in FY 2022, 3% in FY 2023, and 3% in FY 2024. With these rate increases, the Utility Fund is projected to break even through FY 2022 and to start building a 3-month operational cash reserve beginning in FY 2023.
- Wastewater service fee revenues will increase 15% in FY 2020 in order to cover increasing operational and routine capital expenses. Water service fee rates are estimated to increase 6% in FY 2021, 14% in FY 2022, 3% in FY 2023, and 3% in FY 2024. With these rate increases, the Utility Fund is projected to break even through FY 2022 and to start building a 3-month operational cash reserve beginning in FY 2023.
- 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

Salary costs of current positions are expected to increase by approximately 3% each year, based on historical data. This includes increases to wages, employment taxes, and employer retirement contributions. Health insurance premiums are projected to increase 10% each year, which has been the average increase over several years. The personnel expense projections also include new positions and the estimated costs with each of those positions. As the population of Horseshoe Bay continues to grow each year, the City is having to add personnel to accommodate the growth and department heads were by City Council to try to determine when those new positions may need to be added.

Operating expenses were projected line by line by the supervisors and the department head. As experts in their own fields, the supervisors and department head are in the best position to estimate what is needed for the departments over the next five years. Debt Service expenses reflect the City anticipating having to borrow \$6 Million in FY 2020 and \$1 Million in FY 2021 to fund some major capital projects. Routine capital expenses are based off of the City's 5 Year Capital Improvement/Needs Assessment Plan, which were also developed by each department's individual needs.

### General Fund Revenue Forecast

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimated	Proposed FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023	Projected FY 2024
Property Taxes	3,612,853	3,726,380	3,922,322	4,237,903	4,648,000	4,964,000	5,470,716	6,029,095	6,644,268	7,279,743
Property Taxes - P&I	20,882	25,253	24,229	30,548	32,000	32,000	32,000	32,000	32,000	32,000
Sales Taxes Mixed Beverage Taxes	981,653	1,011,561	932,331	1,297,645	1,527,750	1,657,750	1,787,750	1,917,750	2,047,750	2,177,750
Emergency Services	292,215	300,465	449,244	389,999	408,750	374,000	384,500	394,500	404,500	414,500
Franchise Fees Development Services	232,243	206,692	200,870	224,103	231,250	233,000	235,500	237,500	239,000	240,000
Municipal Court	89,643	117,988	136,718	204,818	263,000	238,500	252,500	264,500	283,750	305,000
Transfers	87,675	79,762	107,095	78,176	90,750	91,250	92,750	94,250	95,750	98,250
Interest	481,740	490,750	617,184	634,000	708,750	749,000	786,500	825,750	867,000	910,250
Mowing & Clearing	598,738	484,946	588,624	468,217	492,000	457,000	457,250	457,250	457,750	458,250
Miscellaneous	43,870	21,204	19,069	110,882	16,000	34,000	34,000	34,000	34,000	34,000
<b>TOTAL</b>	<b>6,814,907</b>	<b>6,996,648</b>	<b>7,626,434</b>	<b>8,426,016</b>	<b>9,193,250</b>	<b>9,558,500</b>	<b>10,239,466</b>	<b>10,995,595</b>	<b>11,817,768</b>	<b>12,664,743</b>

### General Fund Expenditure Forecast

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimated	Proposed FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023	Projected FY 2024
Personnel Costs	4,019,271	4,289,366	4,507,495	4,873,044	5,427,500	5,905,000	6,191,750	6,489,500	6,752,250	7,947,250
Operating Expenses	2,579,125	2,364,887	2,258,083	2,266,801	2,438,000	2,931,750	2,879,750	2,948,000	2,991,000	3,076,500
Routine Capital Expenses	119,270	176,108	88,860	274,656	515,000	410,000	420,500	297,500	267,000	175,000
<b>TOTAL</b>	<b>6,717,666</b>	<b>6,830,361</b>	<b>6,854,438</b>	<b>7,414,501</b>	<b>8,380,500</b>	<b>9,246,750</b>	<b>9,492,000</b>	<b>9,735,000</b>	<b>10,010,250</b>	<b>11,198,750</b>

### General Fund Excess/(Deficit) Forecast

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimated	Proposed FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023	Projected FY 2024
Total Revenues less Total Expenditures	97,241	166,287	771,996	1,011,515	812,749	311,749	747,466	1,260,595	1,807,518	1,465,993
Less: Transfer to Capital Improvements Fund for Capital Projects					(1,511,480)	(1,120,600)	(1,000,000)	(1,000,000)	(1,000,000)	(3,650,000)
Add: CO Funds					-	-	-	-	-	1,750,000
<b>Estimated Ending Fund Balance</b>					<b>4,061,332</b>	<b>3,252,482</b>	<b>2,999,948</b>	<b>3,260,542</b>	<b>4,068,061</b>	<b>3,634,054</b>
Less: Restricted Fund Balance					(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)	(2,755,938)
<b>Estimated Ending Unassigned Fund Balance</b>					<b>1,561,332</b>	<b>752,482</b>	<b>499,948</b>	<b>760,542</b>	<b>1,568,061</b>	<b>878,116</b>

### Utility Fund Revenue Forecast

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimated	Proposed FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023	Projected FY 2024
Water Service Revenues	2,995,654	3,183,914	3,670,188	3,822,770	3,890,250	4,536,050	5,028,068	5,119,988	5,073,413	5,027,339
Wastewater Service Revenues	2,274,851	2,300,475	2,526,791	2,798,483	2,948,000	3,303,000	3,662,100	3,719,700	3,688,500	3,657,700
Solid Waste Service Revenues	798,336	803,932	891,037	900,318	998,500	1,026,750	1,057,250	1,088,500	1,120,750	1,153,750
Other Revenues	4,630	18,610	186,697	469,343	263,750	320,750	308,750	308,750	308,750	308,750
<b>TOTAL</b>	<b>6,073,471</b>	<b>6,306,931</b>	<b>7,274,713</b>	<b>7,990,914</b>	<b>8,100,500</b>	<b>9,186,550</b>	<b>10,056,168</b>	<b>10,236,938</b>	<b>10,191,413</b>	<b>10,147,540</b>

### Utility Fund Expenditure Forecast

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimated	Proposed FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023	Projected FY 2024
Personnel Costs	1,725,595	1,740,478	1,862,512	1,963,671	2,203,250	2,375,750	2,455,500	2,551,750	2,653,500	2,761,000
Operating Expenses	4,173,111	2,921,722	3,460,362	3,860,636	4,217,250	4,366,000	4,330,250	4,405,500	4,509,750	4,604,750
Debt Service Obligations	1,104,620	1,157,832	1,342,270	1,324,806	1,326,500	1,498,750	1,587,750	1,841,000	1,830,500	1,843,500
Routine Capital Expenses	1,210,691	1,083,793	817,889	458,250	684,500	633,250	693,250	690,750	285,000	330,000
<b>TOTAL</b>	<b>8,214,017</b>	<b>6,903,825</b>	<b>7,483,033</b>	<b>7,607,362</b>	<b>8,431,500</b>	<b>8,873,750</b>	<b>9,066,750</b>	<b>9,489,000</b>	<b>9,278,750</b>	<b>9,539,250</b>

#### # of months Personnel & Operating Expense Reserve

1.61      2.16      2.51      3.19      3.22

## Utility Fund Excess/(Deficit) Forecast

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimated	Proposed FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023	Projected FY 2024
Total Revenues less Total Expenditures	(2,140,546)	(596,895)	(208,320)	383,552	(331,000)	312,800	989,418	747,938	912,663	608,289
Add: CO Funds for Major Projects					-	6,000,000		-	-	-
Less: Major Capital Expenses					(130,000)	(5,350,000)	(1,650,000)	(500,000)	(450,000)	(500,000)
Add: Rate Stabilization Account Funds				300,000	-	-	-	-	-	-
Add: Transfer from General Fund				-	350,000	-	-	-	-	-
<b>Estimated Ending Fund Balance</b>				<b>597,324</b>	<b>1,910,123</b>	<b>1,249,541</b>	<b>1,497,480</b>	<b>1,960,142</b>	<b>2,068,432</b>	
Less: Restricted Fund Balance (CO funds)						(1,000,000)				
<b>Estimated Ending Unrestricted Fund Balance</b>				<b>597,324</b>	<b>910,123</b>	<b>1,249,541</b>	<b>1,497,480</b>	<b>1,960,142</b>	<b>2,068,432</b>	
<b>Est. Annual Rate Increase</b>										
<b>%:</b>						<b>15%</b>	<b>12%</b>	<b>0%</b>	<b>-3%</b>	<b>-3%</b>

## 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
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
2025	427,855	308,871	119,000	855,726

### Utility Fund Debt

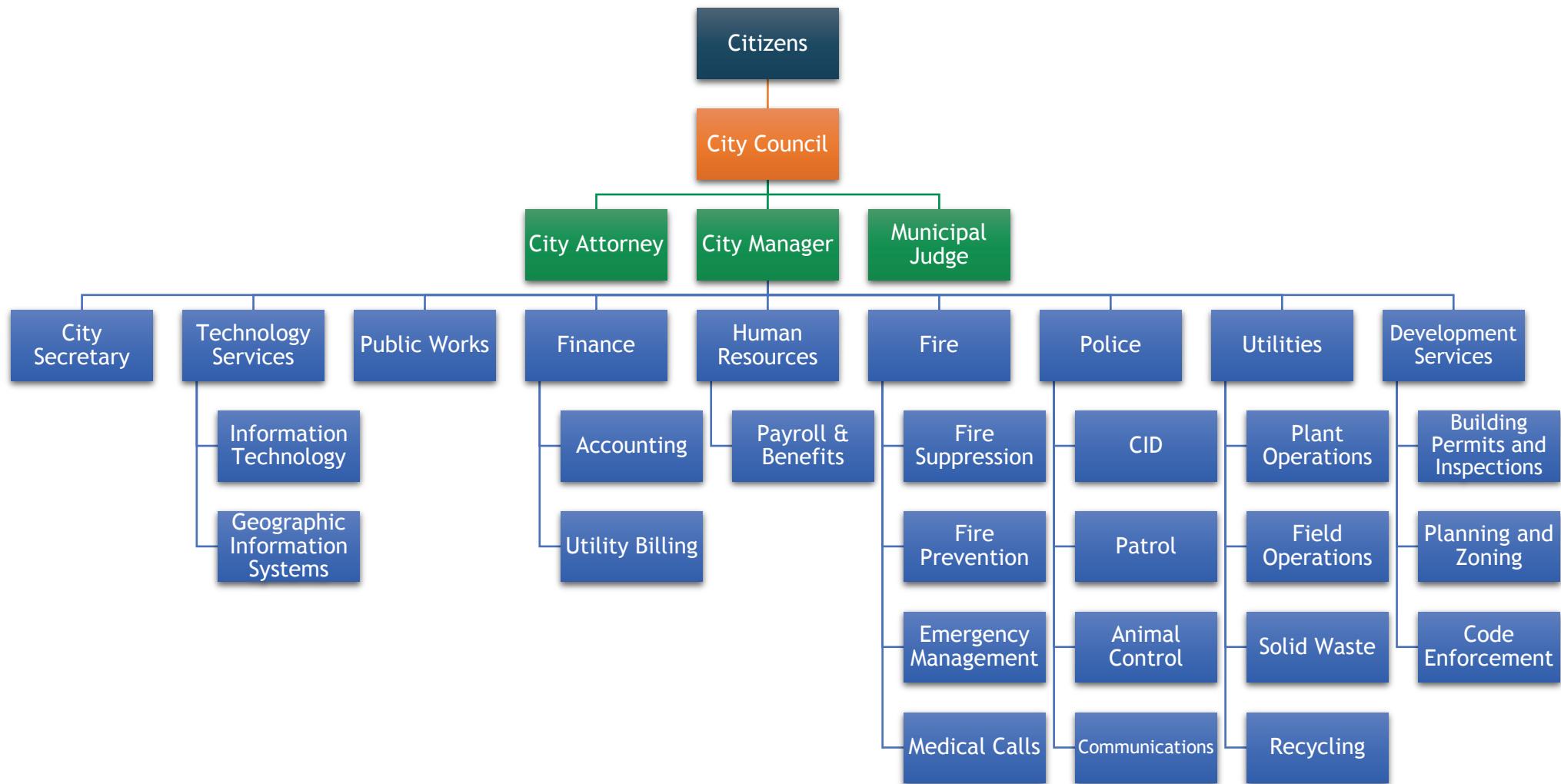
The Utility Fund has four debt instruments, including refunding bonds for debt that was inherited from the Lake LBJ Municipal Utility District when the City incorporated in 2005. The 2016 CO's payments are paid for through the Summit Rock Public Improvement District. The assessments are collected annually 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
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
2025	546,206	269,165	274,085	250,000	1,339,456

# Organizational Chart

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# Staffing Chart

Department	Job Title	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>GENERAL FUND</b>						
<b>Administration</b>	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	0.5	0.5	0.5
	Finance Administrative Assistant	0	0	0	1	1
	HR Administrator	0	0	1	1	1
	HR Director	1	1	1	1	1
	Municipal Court Clerk	0.5	0.5	0.5	0.5	0.5
	<b>Subtotal - Administration</b>	<b>7.5</b>	<b>7.5</b>	<b>7</b>	<b>8</b>	<b>8</b>
<b>Technical Services</b>	IT Administrator	0	1	1	1	1
	GIS Administrator	0	1	1	1	1
	<b>Subtotal - Technical Services</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Fire Department</b>	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	9	12	12
	Part Time Firefighter	7.5	7.5	2	1.5	0
	<b>Subtotal - Fire Department</b>	<b>24.5</b>	<b>24.5</b>	<b>22</b>	<b>24.5</b>	<b>23</b>
<b>Police Department</b>	Police Chief	1	1	1	1	1
	Assistant Police Chief	1	1	1	1	1
	Captain	1	1	1	1	1
	Lieutenant	2	2	2	2	2
	Detective	3	3	3	3	3
	Police Sergeant	2	2	2	2	2
	Police Officer	8	8	8	8	10
	Animal Control Officer	1.5	1.5	1.5	1.5	1.5
	Dispatcher	2.5	2.5	2.5	3	3
	<b>Subtotal - Police Department</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>22.5</b>	<b>24.5</b>

<b>Department</b>	<b>Job Title</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Development Services</b>	Development Services Director	1	1	1	1	1
	Assistant Planner	0	1	1	1	1
	Code Enforcement Officer	1	1	1	1	1
	Code Compliance Officer	0	0	0	0	1
	Development Services Technician	1.5	1.5	2	2	2
	<b>Subtotal - Development Services</b>	<b>3.5</b>	<b>4.5</b>	<b>5</b>	<b>5</b>	<b>6</b>
<b>Street Maintenance</b>	Public Works Director	0	1	1	1	1
	Public Works Administrator	0	0	0	0	1
	Project Manager	1	0	0	0	0
	<b>Subtotal - Street Maintenance</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>
<b>TOTAL GENERAL FUND</b>		<b>58.5</b>	<b>61.5</b>	<b>59</b>	<b>63</b>	<b>65.5</b>
<b>UTILITY FUND</b>						
<b>Administration</b>	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	1	1
	Dispatcher	0	0	0	1	1
	Utilities Office Manager	1	1	1	1	1
	Customer Service Clerk	2	2	2	2	2
<b>Subtotal - Administration</b>		<b>6</b>	<b>6</b>	<b>6</b>	<b>8</b>	<b>8</b>
<b>Plant Operations</b>	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
	<b>Subtotal - Plant Operations</b>	<b>9.5</b>	<b>9.5</b>	<b>9.5</b>	<b>9.5</b>	<b>9.5</b>

<b>Department</b>	<b>Job Title</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Field Operations</b>	Field Operations Supervisor	1	1	1	1	1
	Utilities Technician	1	1	1	1	1
	Utility Foreman	1	1	1	1	1
	Field Operator	9	9	9	9	9
	Field Technician	1	1	1	1	1
	Meter Reader	0	0	0	0	0
<b>Subtotal - Field Operations</b>		<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>
<b>TOTAL UTILITY FUND</b>		<b>28.5</b>	<b>28.5</b>	<b>28.5</b>	<b>30.5</b>	<b>30.5</b>
<b>TOTAL FULL-TIME &amp; PART-TIME CITY EMPLOYEES</b>		<b>87</b>	<b>90</b>	<b>87.5</b>	<b>93.5</b>	<b>96</b>

# Budget Format

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The budget format for the FY 2020 Budget is the third 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 2017 Final Actuals** – Actual revenues, expenditures, and fund balances recorded for the period ending September 30, 2017.

**FY 2018 Final Actuals** – Actual revenues, expenditures, and fund balances recorded for the period ending September 30, 2018.

**FY 2019 Amended Budget** – The budget as approved and amended by the City Council for the current fiscal year ending September 30, 2019, including revenues, expenditures, and fund balances.

**FY 2019 Projected Actuals** – Estimated revenues, expenditures, and fund balances recorded for the period ending September 30, 2019.

**FY 2020 Final Budget** – Budgeted amounts for each category for the fiscal year ending September 30, 2020.

## 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 12, 2019 – Draft budget format sent to Department Heads

May 10, 2019 – Department Heads return first departmental drafts to Finance Director

May 13 - 17, 2019 – Department Heads meet with Finance Director to discuss submissions, make revisions as necessary

May 31, 2019 – Final department budget drafts due to City Manager

June 3 – 17, 2019 – City Manager reviews budget data with Department Heads; Budget book development begins

June 17 – 21, 2019 – City Manager reviews budget data with Mayor

June 28, 2019 – Final consolidated proposed budget is provided to City Council

July 15, 2019 – City Council holds the first budget workshop

August 18, 2019 – Proposed budget is filed with the City Secretary and is available for public review

August 27, 2019 – City Council holds the second budget workshop

September 3, 2019 – City Council holds the third budget workshop, if necessary

September 17, 2019 – City Council adopts tax levy and proposed budget

October 1, 2019 – 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](http://www.horseshoe-bay-tx.gov).

# Budget Philosophy

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The City Council annually adopts a spending and tax collection plan to fund service provisions for the citizens and businesses of Horseshoe Bay. 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

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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

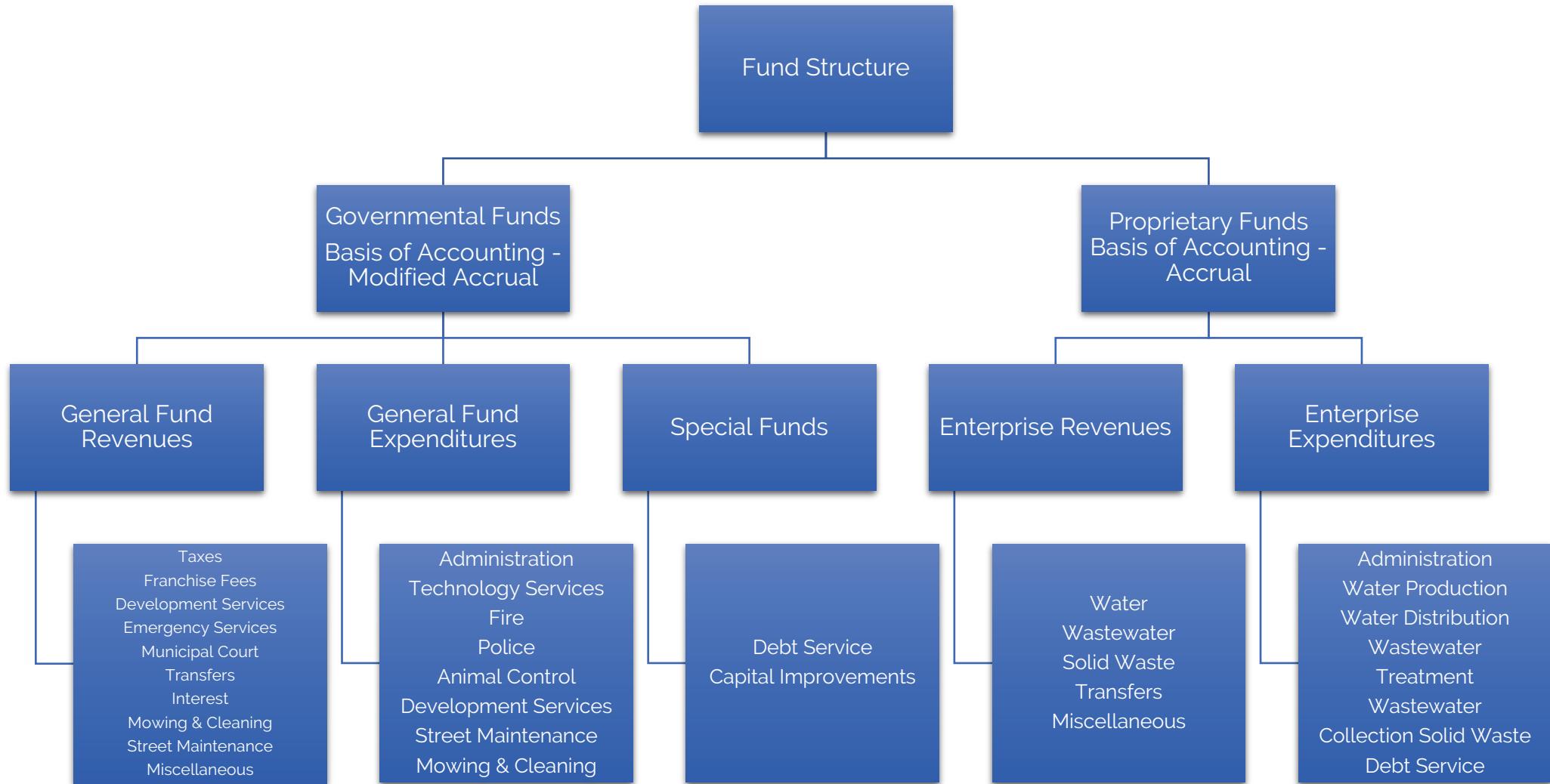
Basis of accounting refers to the point in time where revenues and expenditures are recognized in the City's financial system and statements.

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.

# Fund Structure

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# Consolidated Fund Presentation

	Governmental Fund Types			Enterprise Fund Types	<b>TOTAL</b>
	General Fund	Debt Service	Capital Improvement Fund	Utility Fund	
<b>PROJECTED BEGINNING BALANCE</b>	<b>4,061,332</b>	<b>74,148</b>	<b>159,400</b>	<b>597,324</b>	<b>4,892,205</b>
REVENUES					
Taxes	6,990,750	822,186	-	-	7,812,935
Permits and Licenses	238,500	-	-	-	238,500
Charges for Service	1,314,000	-	-	8,759,550	10,073,550
Fines and Penalties	91,250	-	-	29,500	120,750
Interest	100,000	4,500	-	8,000	112,500
Miscellaneous Receipts	75,000	-	-	389,500	464,500
Bond Proceeds	-	-	-	6,000,000	6,000,000
Transfers	749,000	-	1,120,600	-	1,869,600
<b>Total Revenues</b>	<b>9,558,500</b>	<b>826,686</b>	<b>1,120,600</b>	<b>15,186,550</b>	<b>26,692,335</b>
<b>TOTAL RESOURCES</b>	<b>13,619,832</b>	<b>900,834</b>	<b>1,280,000</b>	<b>15,783,874</b>	<b>31,584,540</b>
EXPENDITURES					
Personnel	6,014,747	-	-	2,375,751	8,390,499
Supplies	244,250	-	-	422,250	666,500
Contractual	1,167,000	-	-	1,319,500	2,486,500
Utilities	72,000	-	-	383,500	455,500
Sundry	1,157,253	-	-	722,749	1,880,002
Maintenance	181,500	-	-	769,000	950,500
Capital	410,000	-	1,280,000	5,983,250	7,673,250
Fund Transfers	1,120,600	-	-	749,000	1,869,600
Debt Service	-	838,965	-	1,498,750	2,337,715
<b>Total Expenditures</b>	<b>10,367,350</b>	<b>838,965</b>	<b>1,280,000</b>	<b>14,223,750</b>	<b>26,710,067</b>
<b>REVENUE OVER/(UNDER)</b>					
<b>EXPENDITURES</b>	<b>(808,852)</b>	<b>(12,279)</b>	<b>(159,400)</b>	<b>962,800</b>	<b>(17,730)</b>
<b>ENDING BALANCE</b>	<b>3,252,481</b>	<b>61,869</b>	<b>-</b>	<b>1,560,124</b>	<b>4,874,473</b>



**CITY OF HORSESHOE BAY**  
**FY 2020 General Fund Budget**

<b>Estimated Beginning Fund Balance:</b>		\$ 4,760,063	\$ 4,061,332			
		<b>FY 2017 Final Actuals</b>	<b>FY 2018 Final Actuals</b>	<b>FY 2019 Amended Budget</b>	<b>FY 2019 Projected Actuals</b>	<b>FY 2020 Final Budget</b>
<b>Revenues:</b>						
Administration		\$ 734,145	\$ 823,059	\$ 830,250	\$ 814,500	\$ 873,250
Fire		\$ 404,604	\$ 320,888	\$ 367,500	\$ 358,000	\$ 335,000
Emergency Service District		\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000
Tax		\$ 5,164,991	\$ 5,717,528	\$ 6,164,000	\$ 6,321,750	\$ 6,754,000
Police		\$ 43,718	\$ 60,110	\$ 25,000	\$ 41,750	\$ 30,000
Development Services		\$ 136,718	\$ 204,818	\$ 208,000	\$ 263,000	\$ 238,500
Street Maintenance		\$ 588,624	\$ 641,175	\$ 614,000	\$ 710,250	\$ 693,750
Mowing & Clearing		\$ 501,963	\$ 552,958	\$ 550,000	\$ 565,000	\$ 525,000
Interest Income		\$ 42,670	\$ 96,480	\$ 100,000	\$ 110,000	\$ 100,000
<b>Total Revenues</b>		<b">\$ 7,626,434</b">	<b">\$ 8,426,016</b">	<b">\$ 8,867,750</b">	<b">\$ 9,193,250</b">	<b>\$ 9,558,500</b>
<b>Expenditures:</b>						
Administration		\$ 1,836,356	\$ 1,562,830	\$ 1,817,750	\$ 1,703,000	\$ 1,931,750
Technology Services		\$ -	\$ 194,744	\$ 242,500	\$ 230,750	\$ 245,500
Fire		\$ 2,017,855	\$ 2,010,628	\$ 2,424,000	\$ 2,400,000	\$ 2,441,500
Police		\$ 1,739,171	\$ 1,834,953	\$ 1,939,500	\$ 1,892,250	\$ 2,133,500
Animal Control		\$ 140,047	\$ 179,933	\$ 205,500	\$ 191,500	\$ 216,000
Development Services		\$ 366,087	\$ 477,243	\$ 523,750	\$ 502,500	\$ 679,250
Street Maintenance		\$ 172,127	\$ 348,961	\$ 436,000	\$ 395,500	\$ 589,250
Mowing & Clearing		\$ 493,935	\$ 530,553	\$ 600,000	\$ 550,000	\$ 600,000
<b>Total Expenditures</b>		<b">\$ 6,765,578</b">	<b>\$ 7,139,845</b>	<b>\$ 8,188,999</b>	<b>\$ 7,865,500</b>	<b>\$ 8,836,750</b>
Capital Purchases		88,860	274,656	509,500	515,000	410,000
<b>Total Capital Purchases</b>		<b">\$ 88,860</b">	<b>\$ 274,656</b>	<b>\$ 509,500</b>	<b>\$ 515,000</b>	<b>\$ 410,000</b>
<b>Revenues Less Expenditures</b>					<b>\$ 812,749</b>	<b>\$ 311,750</b>
<b>Estimated Ending Fund Balance (after O&amp;M only):</b>					<b>\$ 5,572,812</b>	<b>\$ 4,373,083</b>
Less: Transfer of Unassigned Funds to Capital Improvements Fund					<b>\$ 1,511,480</b>	<b>\$ 1,120,600</b>
Less: Transfer of Unassigned Funds to Utility Fund					<b>\$ 350,000</b>	
<b>Estimated Ending Fund Balance:</b>					<b>\$ 4,061,332</b>	<b>\$ 2,902,483</b>
Less: Restricted Reserve Fund Balance					<b>\$ 2,500,000</b>	<b>\$ 2,500,000</b>
<b>Estimated Ending Unrestricted Fund Balance:</b>					<b>\$ 1,561,332</b>	<b>\$ 402,483</b>

# General Fund Revenue Overview

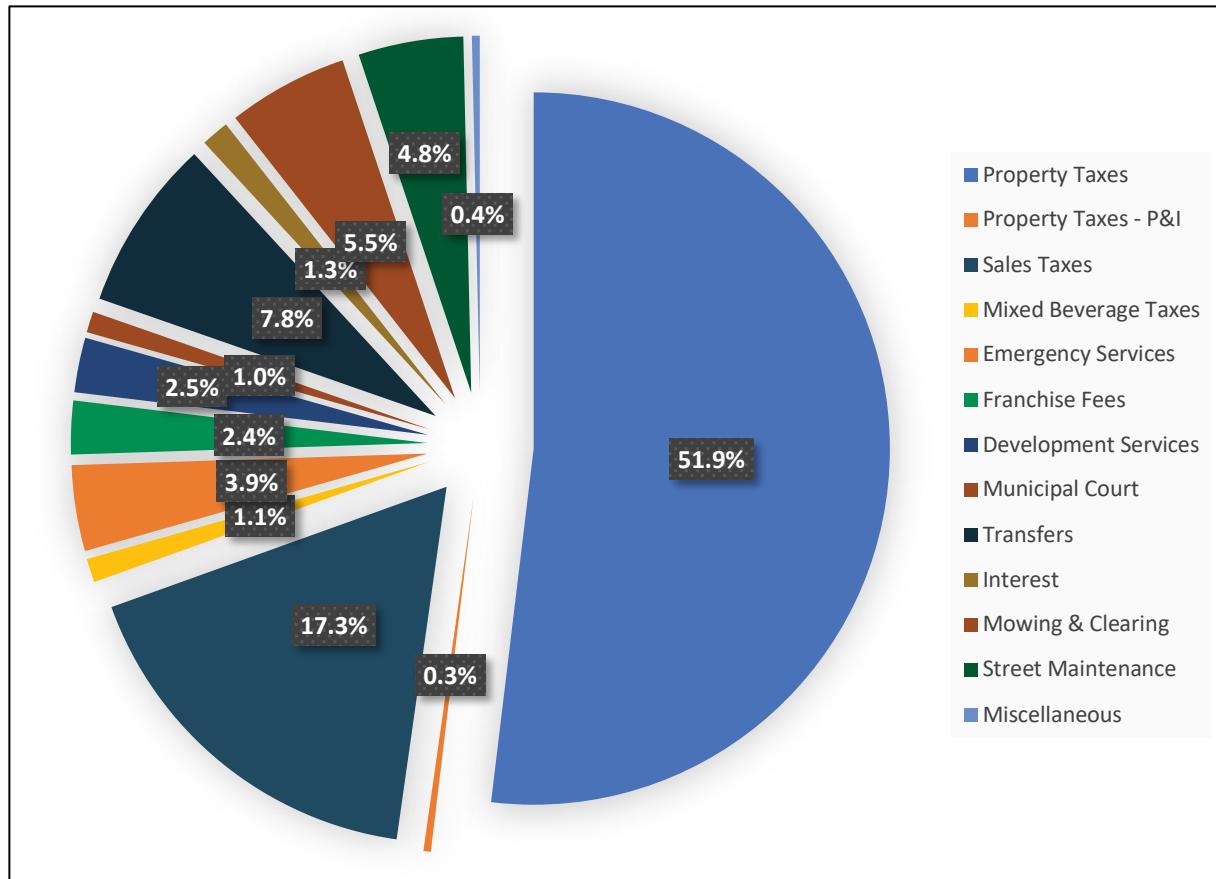
The General Fund provides financing for the City's governmental services, which excludes water, wastewater, and solid waste operations. General Fund services consist of all public safety functions, including police, animal control and fire services; community services, including streets, parks, inspections, 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 2020 Budget – Revenue Sources

## Top Revenue Sources

Property Taxes	4,964,000	51.9%
Sales Taxes	1,657,750	17.3%
Transfers	749,000	7.8%
Mowing & Clearing	<u>525,000</u>	<u>5.5%</u>
<b>Total</b>	<b>7,895,750</b>	<b>82.6%</b>
<b>Total Revenue</b>	<b>9,558,500</b>	

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 51.9% 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 exceeded \$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	0.26702	1,837,165,951	219,498,974	2,056,664,925
2019	0.27000	1,949,503,369	238,173,227	2,187,676,596

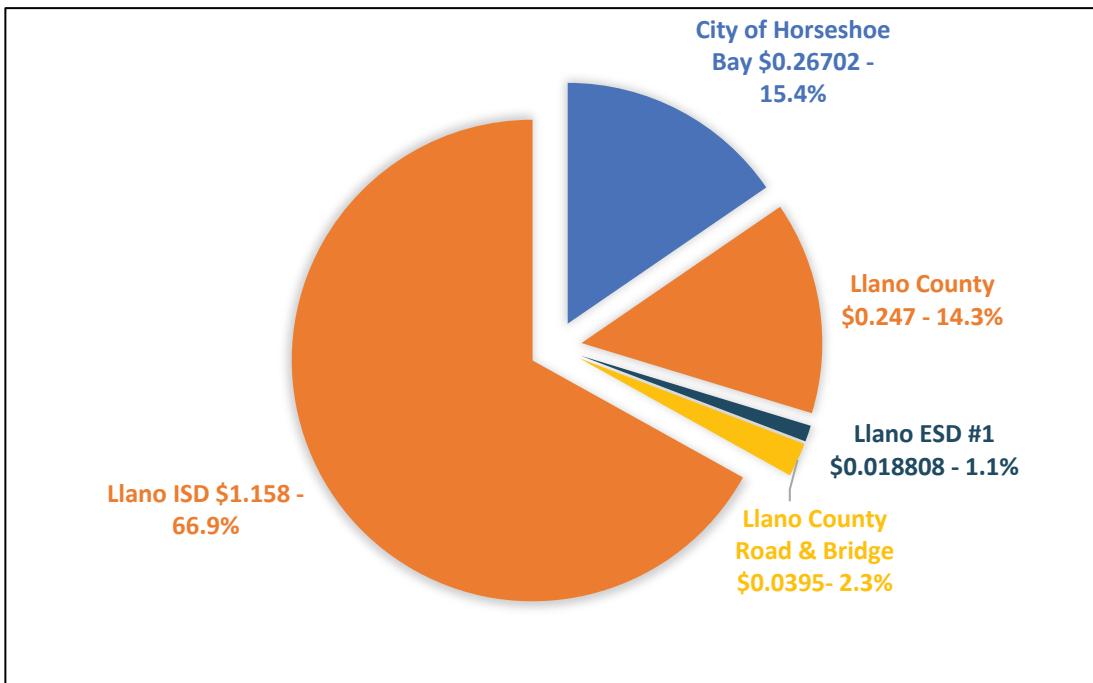
Table 2 – City Tax Rate History

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.

<b>Tax Year</b>	<b>M&amp;O Rate</b>	<b>I&amp;S Rate</b>	<b>Total Tax Rate</b>
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	0.22579	0.04123	0.26702
2019	0.23164	0.03836	0.27000

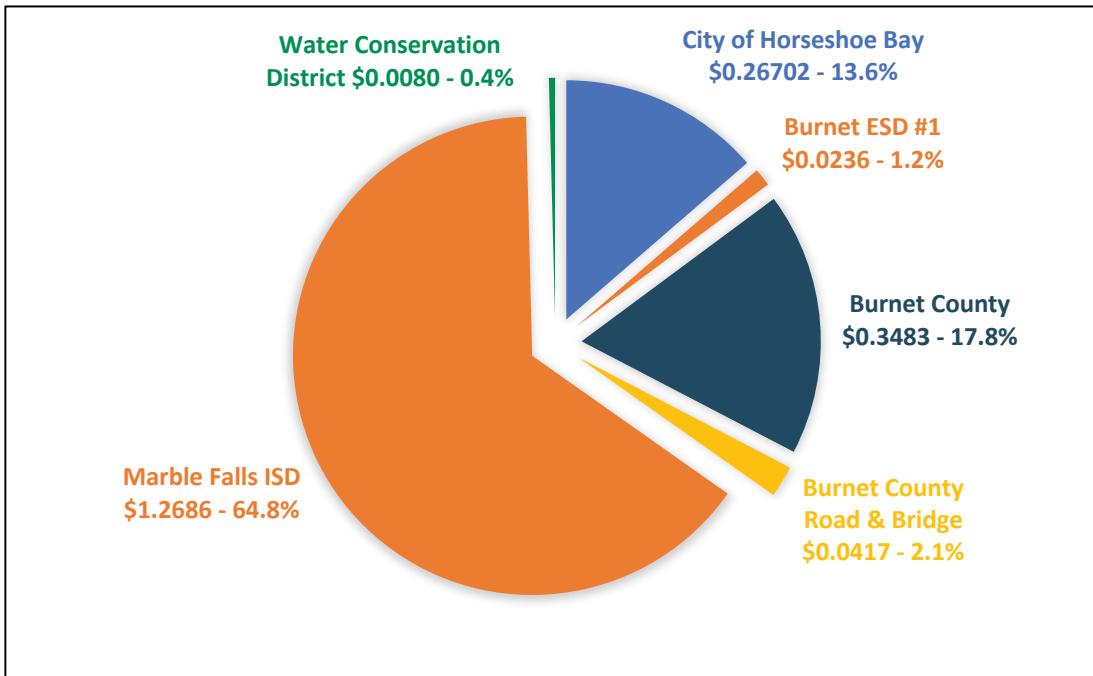
Table 3 – City M&O and I&S Rate History

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 2018 tax rates and how the City's rate stands in comparison.



Graph 2 – City of Horseshoe Bay (Llano County) tax rate comparison - 2018

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 2018 tax rates and how the City's rate stands in comparison.



Graph 3 – City of Horseshoe Bay (Burnet County) tax rate comparisons – 2018

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

<b>City</b>	<b>M&amp;O Rate</b>	<b>I&amp;S Rate</b>	<b>Total Tax Rate</b>
Lakeway	0.2201*	0.04440	0.26450
Fredericksburg	0.18800	0.03760	0.22560
Horseshoe Bay	0.22579	0.04123	0.26702
Kerrville	0.47790	0.07350	0.55140
Jonestown	0.51540	0.05020	0.56560
Marble Falls	0.24790	0.36710	0.61500
Burnet	0.54030	0.08340	0.62370
Lago Vista	0.38030	0.26970	0.65000
Llano	0.41819	0.30117	0.71936

\* includes .1000 Fire ESD

Table 4 – Surrounding cities tax rate comparisons – 2018

#### 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 \$270.00 in annual City property taxes, or \$22.57 per month, at the proposed \$0.27000 tax rate.

Of that monthly amount, they will pay:

- \$5.45 for 24/7 police protection
- \$6.24 for 24/7 fire protection
- \$0.55 for animal control services
- \$3.04 for streets and maintenance services
- \$1.74 for building inspections and code enforcement
- \$5.56 for the general administration of the City

## Sales Taxes

The second largest source of City revenues is from sales tax receipts. FY 2020 sales tax revenues are budgeted at \$1,675,750, which is a 8.5% increase from the FY 2019 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 Actual	1,297,646
FY 2019 Projected	1,527,750
FY 2020 Proposed	1,657,750

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 taxpayers 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 2020 General Fund Budget**

Account Code	Account Title	FY 2017 Final Actuals	FY 2018 Final Actuals	FY 2019 Amended Budget	FY 2019 Projected Actuals	FY 2020 Final Budget
<b>OPERATING REVENUE</b>						
<b>1000</b>	<b>ADMINISTRATION</b>					
40170	Administrative Fees	602,250	634,000	708,750	708,750	749,000
40171	CC Convenience Fee	-	-	13,000	-	-
40175	Insurance Proceeds	-	9,634	-	-	-
40180	Other Income	16,227	101,248	33,000	15,000	33,000
40193	Municipal Court Revenue	14,934	8,950	8,750	10,000	10,500
40194	Traffic Fines	50,130	46,789	45,000	55,000	55,000
40195	Transfer In - Other Funds	8,573	-	-	-	-
40196	Court Technology Fees	1,300	1,307	1,250	1,500	1,500
40197	Court Security Fees	977	972	1,000	1,000	1,000
40198	Court Collection Agency Revenue	11,814	10,473	10,500	12,500	12,500
40199	Warrant Fees	12,037	3,672	3,500	4,000	4,000
40200	Child Safety Fees	15,903	6,014	5,500	6,750	6,750
<b>Total</b>	<b>ADMINISTRATION</b>	<b>734,145</b>	<b>823,059</b>	<b>830,250</b>	<b>814,500</b>	<b>873,250</b>
<b>5000</b>	<b>FIRE</b>					
40175	Insurance Proceeds	-	2,292	16,500	16,500	-
40180	Other Income	130,180	17,483	7,000	14,000	7,000
40186	Other Income-Pub/Sfty Donation	10,100	13,650	14,000	14,000	5,000
40506	Fire Fighting Services	264,324	287,463	330,000	313,500	323,000
<b>Total</b>	<b>FIRE</b>	<b>404,604</b>	<b>320,888</b>	<b>367,500</b>	<b>358,000</b>	<b>335,000</b>
<b>6000</b>	<b>EMERGENCY SERVICE DISTRICT</b>					
40191	Llano Co. ESD #1 - Rent	9,000	9,000	9,000	9,000	9,000
<b>Total</b>	<b>EMERGENCY SERVICE DISTRICT</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>
<b>7000</b>	<b>TAX</b>					
40160	Property Tax Collected (M & O)	3,922,322	4,237,903	4,650,000	4,648,000	4,964,000
40162	Penalty & Interest (M & O)	24,229	30,548	25,000	32,000	32,000
40163	Mixed Beverage Tax	84,114	100,287	88,000	100,000	103,000
40165	Sales Tax	932,331	1,124,688	1,185,250	1,309,500	1,421,000
40166	PEC Franchise Tax	165,483	181,682	178,500	180,000	180,000
40167	Telephone Franchise Fees	-	-	-	5,250	7,000
40180	Other Income	1,125	-	1,250	1,000	1,000
40211	Cable Franchise Fees	35,387	36,937	36,000	40,000	40,000
40213	PEG Channel Fees	-	5,484	-	6,000	6,000
<b>Total</b>	<b>TAX</b>	<b>5,164,991</b>	<b>5,717,528</b>	<b>6,164,000</b>	<b>6,321,750</b>	<b>6,754,000</b>



**CITY OF HORSESHOE BAY**  
**FY 2020 General Fund Budget**

Account Code	Account Title	FY 2017 Final Actuals	FY 2018 Final Actuals	FY 2019 Amended Budget	FY 2019 Projected Actuals	FY 2020 Final Budget
<b>8000</b>	<b>POLICE</b>					
40175	Insurance Proceeds	3,078	1,938	12,500	12,500	2,000
40180	Other Income	35,640	3,998	2,500	3,000	3,000
40181	Grant Revenue	-	41,274	-	-	-
40182	Sale of Property	-	1,200	-	16,000	20,000
40186	Other Income-Pub/Sfty Donation	5,000	11,700	10,000	10,250	5,000
<b>Total</b>	<b>POLICE</b>	<b>43,718</b>	<b>60,110</b>	<b>25,000</b>	<b>41,750</b>	<b>30,000</b>
<b>9500</b>	<b>DEVELOPMENT SERVICES</b>					
40180	Other Income	2,714	407	500	500	500
40183	Building Permit Fees	121,504	197,011	200,000	250,000	225,000
40184	Plat Fees	5,300	3,600	3,000	4,000	4,000
40185	Miscellaneous Permits	-	-	500	5,000	5,000
40187	Contractor Registration	500	3,100	3,000	3,000	3,000
40192	Zoning Fees	6,700	700	1,000	500	1,000
<b>Total</b>	<b>DEVELOPMENT SERVICES</b>	<b>136,718</b>	<b>204,818</b>	<b>208,000</b>	<b>263,000</b>	<b>238,500</b>
<b>9600</b>	<b>STREET MAINTENANCE</b>					
40165	Sales Tax	155,389	172,958	197,500	218,250	236,750
40180	Other Income	-	10,598	-	500	-
40206	The Hills POA	-	-	5,000	6,500	5,250
40207	Pecan Creek Association	3,750	4,011	4,000	4,000	4,000
40208	Applehead POA	5,750	6,253	6,250	6,250	6,500
40209	Applehead Island POA	1,000	1,126	1,250	1,250	1,250
40210	HSB POA	422,736	446,229	400,000	468,000	430,000
40212	Mailbox Fee Revenue	-	-	-	5,500	10,000
<b>Total</b>	<b>Street Maintenance</b>	<b>588,624</b>	<b>641,175</b>	<b>614,000</b>	<b>710,250</b>	<b>693,750</b>
<b>9800</b>	<b>MOWING &amp; CLEARING</b>					
40215	Mowing	492,713	552,958	550,000	565,000	500,000
40216	Clearing	9,250	-	-	-	25,000
<b>Total</b>	<b>MOWING &amp; CLEARING</b>	<b>501,963</b>	<b>552,958</b>	<b>550,000</b>	<b>565,000</b>	<b>525,000</b>
<b>9900</b>	<b>INTEREST INCOME</b>					
40220	Interest on Investments	42,670	96,480	100,000	110,000	100,000
<b>Total</b>	<b>INTEREST INCOME</b>	<b>42,670</b>	<b>96,480</b>	<b>100,000</b>	<b>110,000</b>	<b>100,000</b>
<b>TOTAL OPERATING REVENUE</b>		<b>7,626,434</b>	<b>8,426,016</b>	<b>8,867,750</b>	<b>9,193,250</b>	<b>9,558,500</b>

# **General Fund Expenditure Overview**

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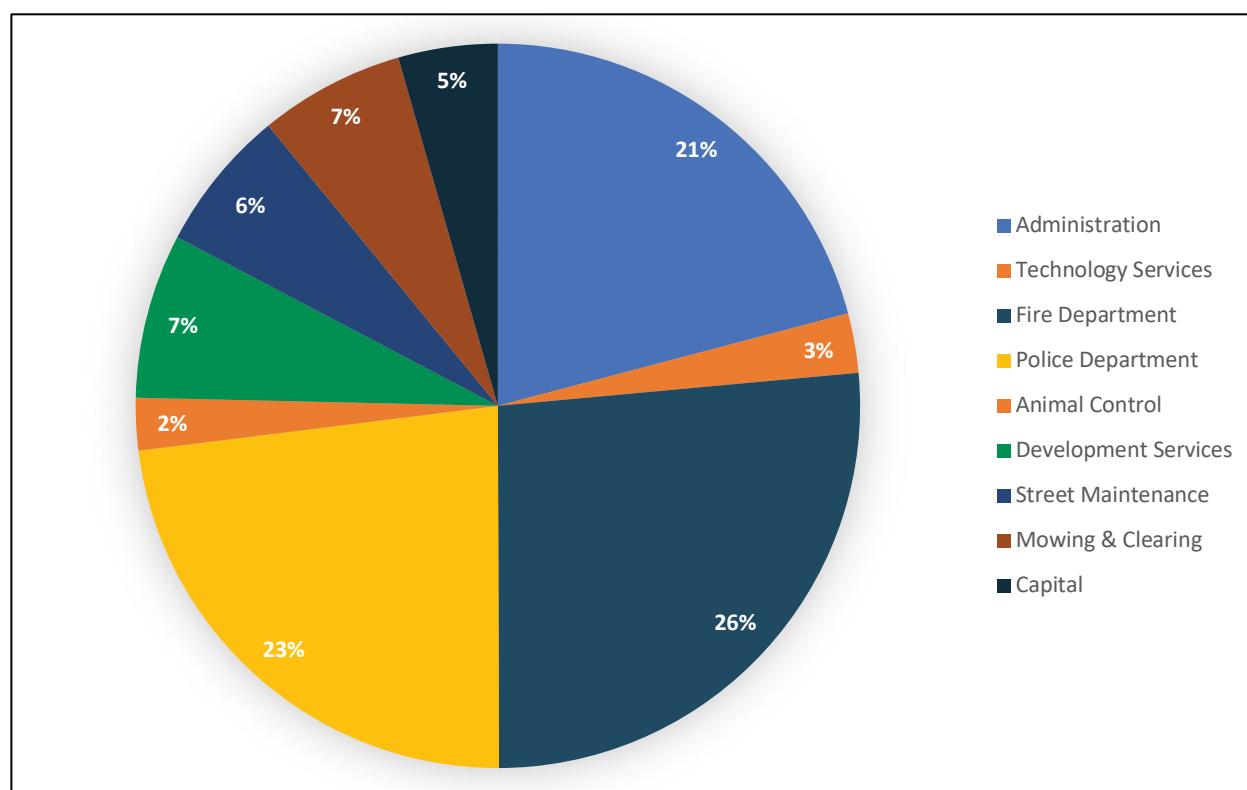
The City of Horseshoe Bay General Fund is organized into eight different departments. For the purposes of this document, each department will have its own section describing its mission statement, what their function is within the organization, some of their achievements for the past fiscal year, and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

This budget includes increases in operational department budgets of 3% for salary expenditures and 9.5% 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 2019 Amended Budget and FY 2020 Proposed Budget.

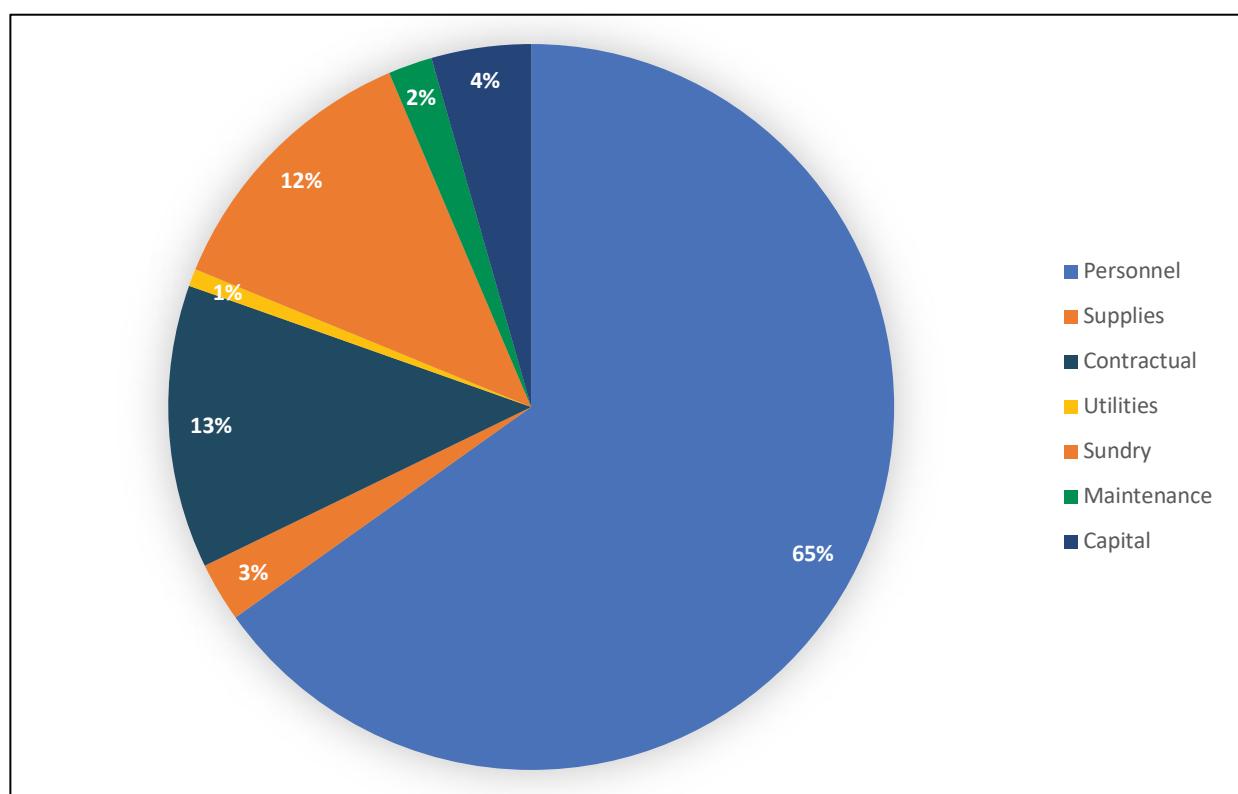
## FY 2020 BUDGET EXPENDITURES – BY DEPARTMENT

	FY 2017 Final Actuals	FY 2018 Final Actuals	FY 2019 Amended Budget	FY 2019 Projected Actuals	FY 2020 Proposed Budget
Administration	1,836,356	1,562,830	1,817,750	1,703,000	1,931,750
Technology Services	-	194,744	242,500	230,750	245,500
Fire Department	2,017,855	2,010,628	2,424,000	2,400,000	2,441,500
Police Department	1,739,171	1,834,953	1,939,500	1,892,250	2,133,500
Animal Control	140,047	179,933	205,500	191,500	216,000
Development Services	366,087	477,243	523,750	502,500	679,250
Street Maintenance	172,127	348,961	436,000	395,500	589,250
Mowing & Clearing	493,935	530,553	600,000	550,000	600,000
Capital	<u>88,860</u>	<u>274,656</u>	<u>509,500</u>	<u>515,000</u>	<u>410,000</u>
<b>TOTAL</b>	<b>6,854,438</b>	<b>7,414,501</b>	<b>8,698,500</b>	<b>8,380,500</b>	<b>9,246,750</b>



## FY 2020 BUDGET EXPENDITURES – BY ACCOUNT CATEGORY

	FY 2017 Final Actuals	FY 2018 Final Actuals	FY 2019 Amended Budget	FY 2019 Projected Actuals	FY 2020 Proposed Budget
Personnel	4,718,064	4,954,718	5,628,000	5,545,001	6,024,748
Supplies	180,146	220,873	246,250	206,750	244,250
Contractual	779,963	914,206	1,016,750	976,250	1,167,000
Utilities	64,006	68,212	71,000	69,500	72,000
Sundry	557,562	835,216	1,039,500	883,499	1,147,252
Maintenance	287,836	146,620	187,500	184,500	181,500
Capital	88,860	274,656	509,500	515,000	410,000
Fund Transfers	<u>178,000</u>	–	–	–	–
<b>TOTAL</b>	<b>6,854,438</b>	<b>7,414,501</b>	<b>8,698,500</b>	<b>8,380,500</b>	<b>9,246,750</b>



# Administration

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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 2019 Accomplishments

- Implemented employee ID cards program
- Earned GFOA Distinguished Budget Award
- Implemented automated paperless onboarding process
- Provided Emotional Intelligence (EQ) training for employees
- Created a Budget 101 video for the FY 2019 budget
- Updated and/or implemented new policies
- Procured online benefits enrollment system
- Developed a vision statement for the City
- Maintained Comptroller star for financial transparency

## FY 2020 Goals

- Earn Comptroller star for debt transparency
- 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 Supervisor Academy
- Increase employee engagement with MBTI training, EQ training, and Gallup Survey

## **Department Summary**

	<b>FY 2017 Final Actuals</b>	<b>FY 2018 Final Actuals</b>	<b>FY 2019 Amended Budget</b>	<b>FY 2019 Projected Actuals</b>	<b>FY 2020 Proposed Budget</b>
Personnel	934,606	814,747	943,000	908,750	949,500
Supplies	85,840	69,856	72,500	63,249	111,000
Contractual	476,684	479,457	500,500	517,000	548,250
Utilities	64,006	68,212	71,000	69,500	72,000
Sundry	68,721	74,473	108,250	78,251	188,500
Maintenance	206,498	56,085	122,500	66,250	62,500
Capital	14,301	-	77,000	77,000	77,000
Fund Transfers	<u>178,000</u>	-	-	-	-
<b>TOTAL</b>	<b>2,028,657</b>	<b>1,562,830</b>	<b>1,894,750</b>	<b>1,780,000</b>	<b>2,008,750</b>

## **HIGHLIGHTS - FY 2020 Proposed Budget Changes from FY 2019 Amended Budget**

- Increased salary and benefit expenses by \$10,750
- Decreased Employers Unemployment Expense by \$4,250
- Increased Accounting & Auditing Expense by \$500
- Increased Professional Services by \$22,500
- Increased Appraisal District Fees – Burnet by \$750
- Increased Appraisal District Fees – Llano by \$8,750
- Increased Maintenance Contracts by \$10,000
- Increased Advisory Committees by \$45,000
- Increased Dispatch Expense by \$6,000
- Increased Dues, Fees, and Subscriptions by \$10,000
- Increased Travel, Training, Schools by \$45,000
- Increased Special Events by \$2,000
- Added new expense line for Wellness Program for \$8,500
- Decreased Property & Liability Insurance by \$1,750
- Decreased Legal Expense by \$10,000
- Increased M & R – Grounds by \$5,000
- Decreased City Banking Fees by \$9,000
- Increased Other Expense by \$1,000
- Increased Postage by \$500
- Decreased Printing & Office Supplies by \$6,500
- Increased Communications by \$1,000
- Decreased Child Safety Fund Expense by \$4,500
- Increased Court Technology Fund Expense by \$250
- Increased Court Collection Agency Fees by \$2,000
- Added new expense line for Central Texas Water Coalition for \$5,000
- Added new expense line for Workforce Network for \$10,000

- Decreased Fox House by \$65,000
- Added new expense line for Hiking Trail Park for \$5,000
- Added new expense line for Lighthouse Park for \$15,000
- Decreased Capital Expenditures by \$93,000

# Technology Services

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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 2019 Accomplishments**

- Fire Department has been integrated into city network with full file share access
- Centrally managed wireless access has been added to Fire Department network
- Fire Department security enhanced via centrally managed city firewall
- City Hall conference room presentation equipment has been upgraded
- Central Water Plant training room presentation equipment has been upgraded
- City's synchronous fiber connection speed has been doubled
- Migrate "Laserfiche" from local hosting to cloud hosting
- City wide VOIP phone system backend / hosting upgrade
- City website full re-design and launch
- City "Notify Me" service upgraded to "Civic Ready" service
- Initiate process of migrating city online bill pay services to Xpress Bill Pay service
- Initiate the implementation process of "Caselle" Enterprise Software Solution across multiple departments
- Data configuration, schema development, and implementation of "Cartegraph" asset management software into Utilities Department
- Mapping applications development: Development Agreements, Lot Mowing, Deer Trapping, Backflow Inspections, Post Office Kiosks, Monarch Landscape Areas
- Fire Department Wall Map and Interactive 911 map
- Updated aerial mosaic and image service

## **FY 2020 Goals**

- Upgrade surveillance camera system at City Hall
- Complete migrating city online bill pay services to Xpress Bill Pay
- Complete implementation of "Caselle" Enterprise Software solution across multiple departments
- State certified cybersecurity training to be implemented / required
- Data Security, Disaster Recovery and Compliance will continue to be analyzed, exercised, and enhanced
- Upgrade ArcServer and all mapping applications to version 10.6.1
- Reconnect GIS to Cartegraph after field data collection is complete
- Asbuilt mapping application and website map page

## **Department Summary**

	<b>FY 2017 Final Actuals</b>	<b>FY 2018 Final Actuals</b>	<b>FY 2019 Amended Budget</b>	<b>FY 2019 Projected Actuals</b>	<b>FY 2020 Final Budget</b>
Personnel	-	156,282	170,251	168,000	177,000
Supplies	-	4,831	7,750	2,250	5,250
Contractual	-	3,861	11,000	11,000	3,500
Sundry	-	6,360	16,249	12,500	17,500
Maintenance	-	23,411	37,250	37,000	42,250
Capital	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL</b>	<b>-</b>	<b>194,744</b>	<b>242,500</b>	<b>230,750</b>	<b>245,500</b>

## **HIGHLIGHTS - FY 2020 Proposed Budget Changes from FY 2019 Amended Budget**

- Increased salary and benefit expenses by \$6,750
- Decreased Professional Services by \$7,500
- Increased Maintenance Contracts by \$5,000
- Increased Dues, Fees, & Subscriptions by \$1,250
- Decreased Equipment & Supplies by \$2,500

# Fire Department

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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 2019 Accomplishments**

- Completed the renovation of Central Fire Station
- Completed transfer of electronic format for fire safety inspections
- Began design and construction of live-fire training center (75% completion)
- Increased full-time staffing to 23 firefighters, with a minimum daily staffing of 6 firefighters at all times
- Reduced reliance on part-time firefighters

## **FY 2020 Goals**

- Complete construction of live fire training facility
- Implement response capabilities of rescue/fire boat
- Eliminate remaining part-time firefighter positions
- Conduct full scale emergency management drill
- Implement in-house officer development program

## **Department Summary**

	<b>FY 2017 Final Actuals</b>	<b>FY 2018 Final Actuals</b>	<b>FY 2019 Amended Budget</b>	<b>FY 2019 Projected Actuals</b>	<b>FY 2020 Final Budget</b>
Personnel	1,860,878	1,822,226	2,192,000	2,181,750	2,197,750
Supplies	56,786	91,802	99,500	99,250	103,000
Contractual	11,483	13,387	14,000	11,500	32,000
Sundry	44,973	45,009	69,000	58,000	71,250
Maintenance	43,735	38,204	49,500	49,500	37,500
Capital	<u>50,708</u>	<u>-</u>	<u>190,000</u>	<u>190,000</u>	<u>152,500</u>
<b>TOTAL</b>	<b>2,068,563</b>	<b>2,010,628</b>	<b>2,614,000</b>	<b>2,590,000</b>	<b>2,594,000</b>

## **HIGHLIGHTS – FY 2020 Proposed Budget Changes from FY 2019 Amended Budget**

- Increased salary and benefit expenses by \$86,750
- Decreased Salaries – P/T Firefighters by \$22,250
- Increased Maintenance Contracts by \$18,000
- Increased Fuel & Lubricants by \$1,000
- Increased Wellness Program by \$2,250
- Increased M & R – Vehicles by \$5,000
- Increased Uniforms by \$2,500
- Decreased Capital Expenditures by \$86,355

# **Police Department**

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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 2019 Accomplishments**

- Obtained \$130,000 in CIP funding and completed the replacement of three (3) department patrol vehicles and all related vehicle equipment.
- Developed and implemented a new and updated graphic design for police patrol units.
- Successfully converted a part time dispatcher position into a full time status avoiding the need for a full time administrative assistant.
- Improved the departmental technology capabilities to take advantage of all resources available in the existing Report Management system.
- Implemented and trained officers in the TxDot CRIS crash reporting system 7 months ahead of deadline.
- Obtained a donation of 37K in officer safety equipment such as soft body armor replacement, heavy body armor for CID and Administrative vehicles, and improved ballistic helmets for all officers.
- Obtained a donation of 14K in weaponry upgrade of four (4) heavy caliber rifles and optics.
- Expanded the capabilities of the enclosed trailer for use as a mobile incident command vehicle.
- Trained all officers in critical incident response to prepare for any threat to public safety.
- Conducted joint training with Fire and EMS to address a mass casualty event.
- Obtained Mental Health Certification by the State for 100% of all patrol officers.
- Continued the patrol division Community Contact/Outreach program and solicited feedback from within the community to build trust from residents.

## **FY 2020 Goals**

- Obtain \$90,000 in CIP funding for the replacement of two (2) department patrol vehicles and all related vehicle equipment.
- Replace the aging and obsolete PD building security camera system
- Increase staffing by 2 patrol officers to address the growing needs of the community for police services.
- Obtain \$55,000 in CIP funding to expand the west parking lot to address the needs of a growing Department and provide adequate shelter for Department equipment such as vehicles, the patrol boat, patrol cart, and 2 Department trailers currently parked at other locations in the city.
- Obtain an FAA Certificate of Authorization (COA) for enhanced drone usage.
- Continue to recruit, train, and maintain an excellent and professional workforce.
- Implement and improve a newly developed State certified home security inspection program.

- Continue to promote a newly developed consumer information program aimed at helping those faced with deteriorating mental health concerns.
- Maintain a 100% level of patrol officers certified by the State as Mental Health Officers (MHO)
- Continue joint exercises with other departments with regard to critical incident responses.
- Continue the patrol division Community Contact/Outreach program to solicit feedback from within the community and maintain the trust of residents.

### **Department Summary - Police**

	<b>FY 2017 Final Actuals</b>	<b>FY 2018 Final Actuals</b>	<b>FY 2019 Amended Budget</b>	<b>FY 2019 Projected Actuals</b>	<b>FY 2020 Final Budget</b>
Personnel	1,599,324	1,630,228	1,754,249	1,728,249	1,956,251
Supplies	69,944	77,542	79,500	62,250	84,000
Contractual	8,425	13,034	15,000	16,000	18,000
Sundry	33,818	79,809	46,251	42,750	44,749
Maintenance	27,660	34,340	44,500	43,000	30,500
Capital	<u>36,150</u>	<u>53,878</u>	<u>27,000</u>	<u>27,000</u>	<u>90,000</u>
<b>TOTAL</b>	<b>1,775,321</b>	<b>1,888,831</b>	<b>1,966,500</b>	<b>1,919,250</b>	<b>2,223,500</b>

### **HIGHLIGHTS – FY 2020 Proposed Budget Changes from FY 2019 Amended Budget**

- Increased salary and benefit expenses by \$202,000
- Added two full-time patrol officer positions
- Increased Contract Services by \$3,000
- Increased Dues, Fees, & Subscriptions by \$2,000
- Increased Equipment & Supplies by \$3,500
- Increased Travel, Training, Schools by \$1,500
- Decreased M & R – Vehicles by \$2,000
- Increased M & R – Weapons by \$2,500
- Increased Printing & Office Supplies by \$500
- Increased Safety Equipment & Supplies by \$500
- increased Capital Expenditures by \$42,500

### **Department Summary – Animal Control**

	<b>FY 2017 Final Actuals</b>	<b>FY 2018 Final Actuals</b>	<b>FY 2019 Amended Budget</b>	<b>FY 2019 Projected Actuals</b>	<b>FY 2020 Final Budget</b>
Personnel	56,158	55,889	68,000	64,500	79,499
Supplies	5,938	3,822	7,000	5,500	5,500
Contractual	73,598	117,667	127,000	118,250	127,500
Sundry	1,068	2,332	1,500	750	1,501
Maintenance	3,285	223	2,000	2,500	2,000
Capital	—	—	—	—	—
<b>TOTAL</b>	<b>140,047</b>	<b>179,933</b>	<b>205,500</b>	<b>191,500</b>	<b>216,000</b>

### **HIGHLIGHTS – FY 2020 Proposed Budget Changes from FY 2019 Amended Budget**

- Increased salary and benefit expenses by \$11,500
- Increased Animal Shelter by \$500
- Decreased Equipment & Supplies by \$500
- Decreased Fuel & Lubricants by \$1,000

# Development Services

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We strive to continually provide world class customer service working as partners with the development community to help our property owners and residents to maintain and enhance the community's quality of life. We assist them in understanding the process and application requirements for development and building construction which comply with applicable codes and regulations, which we continually strive to keep updated for increased standards for public health and safety and hazard mitigation.

## **Description**

- Maintain world class customer service through staff knowledge of regulatory and procedural practices
- Maintain an average response time of 5 – 6 days for plan reviews.
- Maintain an average response time of the next day or the same day for inspections.
- Respond quickly to complaints regarding Code violations.
- Provide quality administrative services and monthly reports to City Council regarding building permits, inspections, and code enforcement.
- Provide staff assistance to the City Council, Planning and Zoning Commission, Board of Adjustment and Comprehensive Long Range Planning Committee.

## **FY 2019 Accomplishments**

- Continued to work on implementation activities for the City's Long Range Comprehensive Plan.
- 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.
- Implemented the Development Review Committee and developed drafts of the Development Guide
- Department Staff had the opportunity to attend several training programs, including a GIS conference, ICC Tech training, and annual BOAT Conference
- Enhanced communication with builders through a special DS Builders meetings.
- Enhanced effective communication with other departments regarding regulatory practices at construction sites.
- Continued to maintain more effective communication with other department regarding regulatory practices.
- Effectively added and administered irrigation permit and inspections processes.
- Updated to new building codes and provided detailed reports to builders outlining the code changes
- Developed a cost analysis for, and implemented new permit fees
- Instituted several new construction ordinances and Oak Wilt Prevention Ordinance
- Implemented new backflow prevention measures at construction sites with collaboration of local general contractors
- Completed New Zoning Map, Existing Land Use Map and FLUM for adoption by City Council as key Comprehensive Plan implementation activities.
- Worked with Planning and Zoning Commission to prepare and review a major Zoning Ordinance update to eliminate Planning Commissioner-identified inconsistencies and other issues.

## **FY 2020 Goals**

- Hire/implement a new position for a non-commissioned Code Officer
- Hire/implement a new position for a department Administrative Assistant

- Fill the position of Assistant Planner
- Purchase a new truck for the current full-time Code Officer
- Plan/implement a department remodel to house new staff and maximize efficiency for all staff.
- Purchase additional equipment for proposed new staff members
- Purchase additional uniforms for proposed new staff members
- Ensure continuing education for all staff by allowing time for training and certifications
- Ensure staff has adequate software for daily duties
- Implement new, more efficient monthly reports
- Create a subcontractor registration policy
- Review and update various building ordinances
- Make better use of the website as an asset for communication to the public
- Define career paths and pay grades associated with each staff member's position
- Convert all current building permit and inspection records into a new building permits module of Caselle, a City-wide enterprise software program.

### **Department Summary**

	FY 2017 Final Actuals	FY 2018 Final Actuals	FY 2019 Amended Budget	FY 2019 Projected Actuals	FY 2020 Final Budget
Personnel	267,098	343,138	362,000	351,250	448,249
Supplies	7,685	8,752	10,000	6,750	10,000
Contractual	80,560	111,637	135,000	125,000	151,500
Sundry	10,734	13,188	15,750	19,000	68,501
Maintenance	11	529	1,000	500	1,000
Capital	-	-	-	-	-
<b>TOTAL</b>	<b>366,087</b>	<b>477,243</b>	<b>523,750</b>	<b>502,500</b>	<b>679,250</b>

### **HIGHLIGHTS – FY 2020 Proposed Budget Changes from FY 2019 Amended Budget**

- Increased salary and benefit expenses by \$86,250
- Added full-time code compliance officer position
- Increased Professional Services by \$45,000
- Decreased Maintenance Contracts by \$8,500
- Increased Dues, Fees, & Subscriptions by \$6,250
- Increased Travel, Training, Schools by \$2,000
- Decreased Fuel & Lubricants by \$500
- Increased Other Expense by \$500
- Decreased Advertisements/Notices by \$4,000
- Increased Printing & Office Supplies by \$1,000
- Added new expense line item for Code Enforcement Actions for \$40,000
- Increased Uniforms by \$500

# **Streets Maintenance**

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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 2019 Accomplishments**

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

## **FY 2020 Goals**

- Define and complete seal coat area
- Continue new street upgrade spread sheet
- Follow newly developed maintenance plan through-out entire city
- Continue maintaining relationships and striving in a positive direction following the path implemented in our leadership program

## **HIGHLIGHTS – FY 2020 Proposed Budget Changes from FY 2019 Amended Budget**

- Increased salary and benefit expenses by \$78,250
- Added full-time public works administrator position
- Increased Engineering Fees by \$2,500
- Added new expense line Street Striping for \$10,000
- Increased Street Patching Contract by \$15,000
- Increased Street Patching Materials by \$15,000
- Increased Drainage by \$30,000
- Decreased Traffic Signs Contract by \$2,500
- Increased Litter Control Contract by \$10,000
- Added new expense line Mailbox Materials for \$25,000
- Increased ROW Maintenance by \$2,000

### **Department Summary – Streets Maintenance**

	<b>FY 2017 Final Actuals</b>	<b>FY 2018 Final Actuals</b>	<b>FY 2019 Amended Budget</b>	<b>FY 2019 Projected Actuals</b>	<b>FY 2020 Final Budget</b>
Personnel	-	132,209	138,500	142,500	216,750
Supplies	11,948	26,609	42,500	31,500	57,500
Contractual	157,974	180,318	208,000	181,500	235,000
Sundry	-	-	-	-	-
Maintenance	2,205	9,825	47,000	40,000	80,000
Capital	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL</b>	<b>172,127</b>	<b>348,961</b>	<b>436,000</b>	<b>395,500</b>	<b>589,250</b>

### **Department Summary – Lot Mowing**

	<b>FY 2017 Final Actuals</b>	<b>FY 2018 Final Actuals</b>	<b>FY 2019 Amended Budget</b>	<b>FY 2019 Projected Actuals</b>	<b>FY 2020 Final Budget</b>
Contractual	<u>493,935</u>	<u>530,553</u>	<u>600,000</u>	<u>550,000</u>	<u>600,000</u>
<b>TOTAL</b>	<b>493,935</b>	<b>530,553</b>	<b>600,000</b>	<b>550,000</b>	<b>600,000</b>

### **HIGHLIGHTS – FY 2020 Proposed Budget Changes from FY 2019 Amended Budget**

- Increased Lot Clearing by \$50,000



**CITY OF HORSESHOE BAY**  
**FY 2020 General Fund Budget**

Account Code	Account Title	FY 2017 Final Actuals	FY 2018 Final Actuals	FY 2019 Amended Budget	FY 2019 Projected Actuals	FY 2020 Final Budget
<b>OPERATING EXPENDITURES</b>						
<b>1000</b>	<b>ADMINISTRATION</b>					
50410	Salaries & Wages	621,458	532,886	565,750	571,000	594,500
50411	Overtime	31,419	31,311	30,750	12,000	5,000
50415	Employers FICA Expense	48,188	39,767	45,750	44,500	45,750
50420	Group Insurance Premiums	77,835	78,974	111,500	103,250	115,500
50430	401(A) Money Purchase	34,114	25,714	32,250	32,750	34,250
50432	401(A) Match	31,618	21,139	27,750	27,750	29,500
50435	Employers Unemployment Expense	-	3,282	9,250	-	5,000
50500	Accounting & Auditing Expense	17,000	20,000	17,000	17,000	17,500
50505	Professional Services	39,890	18,294	22,500	51,000	45,000
50506	Election Contracts	3,486	3,391	4,000	4,750	5,000
50509	Appraisal District Fees - Burnet	10,586	8,961	9,750	9,500	10,500
50510	Appraisal District Fees - Llano	90,745	103,572	98,750	100,500	107,500
50545	Maintenance Contracts	29,505	24,671	30,000	30,000	40,000
50564	Codification	2,679	2,328	5,000	6,000	5,000
50565	City Council Expense	5,458	9,667	5,000	3,000	5,000
50567	Technology Initiative	75	-	-	-	-
50568	Advisory Committees	853	-	500	-	45,000
50570	Dispatch Expense	100,527	104,956	105,000	105,000	111,000
50575	Dues, Fees, & Subscriptions	22,760	22,564	25,000	35,000	35,000
50585	Electricity	31,404	32,411	35,000	33,500	35,000
50591	EOC Training & Supplies	-	4,992	5,000	2,250	5,000
50593	Travel, Training, Schools	48,274	30,272	30,000	35,000	75,000
50595	Fuel & Lubricants	140	-	-	-	-
50596	Employee Awards Program	1,260	515	1,000	500	1,000
50597	Special Events	-	4,375	5,000	4,000	7,000
50598	Wellness Program	-	-	-	-	8,500
50610	Property & Liability Ins.	82,225	88,651	97,750	91,500	96,000
50611	Workers' Comp Insurance	89,973	81,674	120,000	117,500	120,000
50620	Legal Expense	49,422	53,798	60,000	42,000	50,000
50625	Fireworks	10,000	10,000	10,000	10,000	10,000
50630	M & R - Building	20,486	35,315	40,000	45,000	40,000
50650	M & R - Grounds	5,964	11,623	10,000	15,000	15,000
50685	M & R - Vehicles	32	-	-	-	-
50753	City Banking Fees	7,552	11,456	13,000	3,500	4,000
50765	Other Expense	12,078	19,963	21,000	21,000	22,000



**CITY OF HORSESHOE BAY**  
**FY 2020 General Fund Budget**

Account Code	Account Title	FY 2017 Final Actuals	FY 2018 Final Actuals	FY 2019 Amended Budget	FY 2019 Projected Actuals	FY 2020 Final Budget
50775	Postage	6,691	3,990	4,500	5,000	5,000
50780	Printing & Office Supplies	31,969	24,925	32,500	23,000	26,000
50810	Communications	32,602	35,801	36,000	36,000	37,000
50820	Child Safety Fund Expense	-	-	5,500	250	1,000
50821	Court Technology Fund Expense	-	250	1,250	500	1,500
50822	Court Security Fund Expense	4,487	1,000	1,000	-	1,000
50823	Court Collection Agency Fees	11,712	9,936	10,500	12,500	12,500
50824	Warrant Fees	1,879	1,350	2,000	1,500	2,000
50826	Municipal Court Judicial Staff	30,539	30,600	30,750	30,750	30,750
50841	Central Texas Water Coalition	-	-	-	-	5,000
50842	Workforce Network	-	-	-	10,000	10,000
50866	Tree Removal	1,456	112	2,500	1,000	2,500
50867	Golden Nugget Nature Park	-	-	5,000	-	5,000
50868	Martin Park	205	3,261	5,000	3,500	5,000
50870	Fox House	560	9,034	70,000	5,250	5,000
50871	Milfoil Treatment	-	6,050	18,000	-	18,000
50872	Hiking Trail Park	-	-	-	-	5,000
50873	Lighthouse Park	-	-	-	-	15,000
50827	Contributions	9,250	-	-	-	-
50845	Trfr Out - Rate Stabilization Fund	178,000	-	-	-	-
<b>Total</b>	<b>ADMINISTRATION</b>	<b>1,836,356</b>	<b>1,562,830</b>	<b>1,817,750</b>	<b>1,703,000</b>	<b>1,931,750</b>
<b>3000</b>	<b>TECHNOLOGY SERVICES</b>					
50410	Salaries & Wages	-	120,389	127,750	126,000	131,500
50415	Employers FICA Expense	-	8,836	9,750	9,750	10,000
50420	Group Insurance Premiums	-	18,178	23,000	23,000	25,250
50430	401(A) Money Purchase	-	5,987	6,500	6,250	6,750
50432	401(A) Match	-	2,891	3,250	3,000	3,500
50505	Professional Services	-	3,861	11,000	11,000	3,500
50545	Maintenance Contracts	-	23,411	37,250	37,000	42,250
50575	Dues, Fees, & Subscriptions	-	1,612	10,000	10,000	11,250
50592	Equipment & Supplies	-	4,653	7,500	2,000	5,000
50593	Travel, Training, Schools	-	4,736	6,000	2,500	6,000
50765	Other Expense	-	12	250	-	250
50830	Uniforms	-	178	250	250	250
<b>Total</b>	<b>TECHNOLOGY SERVICES</b>	<b>-</b>	<b>194,744</b>	<b>242,500</b>	<b>230,750</b>	<b>245,500</b>



**CITY OF HORSESHOE BAY**  
**FY 2020 General Fund Budget**

Account Code	Account Title	FY 2017 Final Actuals	FY 2018 Final Actuals	FY 2019 Amended Budget	FY 2019 Projected Actuals	FY 2020 Final Budget
<b>5000</b>	<b>FIRE</b>					
50410	Salaries & Wages	1,183,707	1,290,208	1,502,000	1,502,000	1,492,250
50411	Overtime	107,966	74,116	87,000	87,000	90,000
50412	Salaries - P/T Firefighters	114,925	12,544	22,250	1,000	-
50415	Employers FICA Expense	102,717	97,159	117,000	121,500	121,000
50420	Group Insurance Premiums	203,040	215,565	303,250	305,250	322,250
50430	401(A) Money Purchase	86,948	77,773	92,750	94,000	97,250
50432	401(A) Match	61,575	54,862	67,750	71,000	75,000
50505	Professional Services	6,000	6,000	6,000	6,000	6,000
50545	Maintenance Contracts	4,560	4,754	5,000	5,250	23,000
50548	Contract Services	923	2,633	3,000	250	3,000
50575	Dues, Fees, & Subscriptions	4,155	4,389	5,000	3,500	5,000
50592	Equipment & Supplies	19,329	41,603	40,000	40,000	40,000
50593	Travel, Training, Schools	23,422	19,058	35,000	25,000	35,000
50594	Fire Protection Gear	12,413	20,084	25,000	25,000	25,000
50595	Fuel & Lubricants	12,076	14,875	16,000	16,250	17,000
50598	Wellness Program	-	-	10,500	10,500	12,750
50640	M & R - Equipment	12,418	24,665	17,500	17,500	17,500
50685	M & R - Vehicles	31,317	13,539	32,000	32,000	20,000
50765	Other Expense	11,591	12,175	12,500	15,000	12,500
50775	Postage	708	78	250	250	250
50780	Printing & Office Supplies	691	1,245	2,000	1,500	2,000
50800	Safety Equipment & Supplies	1,285	2,623	4,000	4,000	4,000
50811	Telecare Program	-	-	750	250	750
50829	Public Safety Donations	5,097	9,309	5,000	3,500	5,000
50830	Uniforms	10,991	11,372	12,500	12,500	15,000
<b>Total</b>	<b>FIRE</b>	<b>2,017,855</b>	<b>2,010,628</b>	<b>2,424,000</b>	<b>2,400,000</b>	<b>2,441,500</b>
<b>8000</b>	<b>POLICE</b>					
50410	Salaries & Wages	1,213,626	1,263,351	1,306,250	1,311,250	1,462,500
50411	Overtime	10,082	13,783	15,000	15,000	15,000
50415	Employers FICA Expense	93,001	93,269	101,000	101,500	113,000
50420	Group Insurance Premiums	158,586	142,420	196,500	164,750	206,000
50430	401(A) Money Purchase	73,490	66,990	77,750	76,500	88,750
50432	401(A) Match	50,538	50,414	57,750	59,250	71,000
50548	Contract Services	8,425	13,034	15,000	16,000	18,000
50575	Dues, Fees, & Subscriptions	6,581	6,490	8,000	9,000	10,000
50592	Equipment & Supplies	5,158	11,346	9,000	9,000	12,500
50593	Travel, Training, Schools	7,322	13,843	15,500	15,500	17,000
50595	Fuel & Lubricants	42,748	41,712	45,000	35,250	45,000
50615	Investigation Expense	3,432	6,328	6,000	3,000	6,000
50616	Jail Expense	350	150	500	250	500



**CITY OF HORSESHOE BAY**  
**FY 2020 General Fund Budget**

Account Code	Account Title	FY 2017 Final Actuals	FY 2018 Final Actuals	FY 2019 Amended Budget	FY 2019 Projected Actuals	FY 2020 Final Budget
50640	M & R - Equipment	2,670	1,752	3,000	1,500	3,000
50685	M & R - Vehicles	20,992	27,617	38,500	38,500	22,000
50686	M & R - Weapons	3,998	4,971	3,000	3,000	5,500
50760	Medical	450	373	1,000	500	1,000
50765	Other Expense	4,104	3,560	5,000	4,000	5,000
50770	Grant Expenditures	-	37,500	-	-	-
50775	Postage	286	138	250	250	250
50780	Printing & Office Supplies	5,235	4,410	9,000	5,000	9,500
50800	Safety Equipment & Supplies	2,329	8,470	4,500	3,000	5,000
50829	Public Safety Donations	11,294	11,428	10,000	10,250	5,000
50830	Uniforms	14,475	11,604	12,000	10,000	12,000
<b>Total</b>	<b>POLICE</b>	<b>1,739,171</b>	<b>1,834,953</b>	<b>1,939,500</b>	<b>1,892,250</b>	<b>2,133,500</b>
9000	<b>ANIMAL CONTROL</b>					
50410	Salaries & Wages	41,926	39,181	50,750	43,750	52,750
50411	Overtime	1,286	3,570	1,500	2,500	2,500
50415	Employers FICA Expense	3,446	3,270	4,000	3,500	4,250
50420	Group Insurance Premiums	6,520	7,429	9,250	11,250	16,000
50430	401(A) Money Purchase	1,911	1,742	1,750	2,000	2,000
50432	401(A) Match	1,069	696	750	1,500	2,000
50502	Animal Shelter	10,410	10,500	16,500	16,500	17,000
50592	Equipment & Supplies	656	497	1,500	1,500	1,000
50593	Travel, Training, Schools	330	262	500	500	500
50595	Fuel & Lubricants	4,563	3,093	5,000	3,250	4,000
50685	M & R - Vehicles	3,285	223	2,000	2,500	2,000
50765	Other Expense	738	2,070	1,000	250	1,000
50830	Uniforms	719	232	500	750	500
50862	Deer Management	63,188	107,167	110,500	101,750	110,500
<b>Total</b>	<b>ANIMAL CONTROL</b>	<b>140,047</b>	<b>179,933</b>	<b>205,500</b>	<b>191,500</b>	<b>216,000</b>
9500	<b>DEVELOPMENT SERVICES</b>					
50410	Salaries & Wages	194,036	254,058	255,250	253,500	315,500
50411	Overtime	2,679	449	1,500	750	1,500
50415	Employers FICA Expense	14,282	17,992	19,750	19,500	24,250
50420	Group Insurance Premiums	38,552	44,806	59,250	51,500	73,750
50430	401(A) Money Purchase	10,136	14,935	15,250	15,500	19,500
50432	401(A) Match	7,413	10,898	11,000	10,500	13,750
50505	Professional Services	78,660	102,930	120,000	120,000	145,000
50545	Maintenance Contracts	1,900	8,707	15,000	5,000	6,500
50575	Dues, Fees, & Subscriptions	4,614	6,107	5,750	8,000	12,000
50592	Equipment & Supplies	3,752	3,794	5,000	1,500	4,000
50593	Travel, Training, Schools	5,256	5,595	8,000	6,500	10,000



**CITY OF HORSESHOE BAY**  
**FY 2020 General Fund Budget**

Account Code	Account Title	FY 2017 Final Actuals	FY 2018 Final Actuals	FY 2019 Amended Budget	FY 2019 Projected Actuals	FY 2020 Final Budget
50595	Fuel & Lubricants	30	994	1,500	1,000	1,000
50685	M & R - Vehicles	11	529	1,000	500	1,000
50765	Other Expense	511	328	1,000	500	1,500
50777	Advertisements/Notices	354	1,158	1,000	4,000	5,000
50780	Printing & Office Supplies	2,906	2,717	2,000	2,500	3,000
50828	Code Enforcement Actions	-	-	-	-	40,000
50830	Uniforms	997	1,248	1,500	1,750	2,000
<b>Total</b>	<b>DEVELOPMENT SERVICES</b>	<b>366,087</b>	<b>477,243</b>	<b>523,750</b>	<b>502,500</b>	<b>679,250</b>
9600	<b>STREETS MAINTENANCE</b>					
50410	Salaries & Wages	-	103,702	106,500	106,750	154,500
50411	Overtime	-	-	-	-	250
50415	Employers FICA Expense	-	7,705	8,250	8,250	11,750
50420	Group Insurance Premiums	-	8,817	11,250	15,000	32,750
50430	401(A) Money Purchase	-	7,191	7,500	7,500	10,000
50432	401(A) Match	-	4,794	5,000	5,000	7,500
50590	Engineering Fees	-	-	5,000	-	7,500
50853	Street Striping	-	-	-	-	10,000
50854	Street Patching Contract	34,600	34,798	55,000	40,000	70,000
50855	Street Patching Materials	6,644	19,068	35,000	30,000	50,000
50856	Drainage	2,205	9,825	15,000	15,000	45,000
50857	Traffic Signs Contract	27,919	10,633	15,000	1,500	12,500
50858	Traffic Signs Materials	5,304	7,541	7,500	1,500	7,500
50859	Litter Control Contract	20,800	38,680	40,000	45,000	50,000
50860	Mailbox Materials	-	-	32,000	25,000	25,000
50865	ROW Maintenance	74,654	96,207	93,000	95,000	95,000
<b>Total</b>	<b>STREETS MAINTENANCE</b>	<b>172,127</b>	<b>348,961</b>	<b>436,000</b>	<b>395,500</b>	<b>589,250</b>
9800	<b>MOWING &amp; CLEARING</b>					
50863	Lot Mowing	493,935	530,553	600,000	550,000	550,000
50864	Lot Clearing	-	-	-	-	50,000
<b>Total</b>	<b>MOWING &amp; CLEARING</b>	<b>493,935</b>	<b>530,553</b>	<b>600,000</b>	<b>550,000</b>	<b>600,000</b>
<b>TOTAL OPERATING EXPENDITURES</b>		<b>6,765,578</b>	<b>7,139,845</b>	<b>8,188,999</b>	<b>7,865,500</b>	<b>8,836,750</b>



**CITY OF HORSESHOE BAY**  
**FY 2020 General Fund Budget**

Account Code		FY 2020 Final Budget
<b>FY 2020 CAPITAL PURCHASES</b>		
<b>5000</b>	<b>FIRE</b>	
50955-101	Fire Rescue Boat	137,500
50959-102	Storage Shed - Fire Station #1	15,000
<b>8000</b>	<b>POLICE</b>	
50956-055	Replacement of 2 Units w/ equipment	90,000
50959-103	West Parking Lot Expansion	55,000
50959-104	Building Video System	20,000
50955-105	Mobile Data Termials (MDTs)	7,500
<b>9600</b>	<b>STREETS MAINTENANCE</b>	
50955-106	Sand/Salt Spreader (2)	8,000
<b>1000</b>	<b>ADMINISTRATION</b>	
50957-107	Enterprise Software - Year 2	42,000
50955-999	Emergency Equipment Replacement	35,000
<b>TOTAL FY 2020 CAPITAL PURCHASES</b>		<b>410,000</b>

## Capital Improvements Fund

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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 2020 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 December 2019. This project is a carry over from FY 2019 as the original timeline for TXDOT was to bid the project in August 2019.

The second major project for FY 2020 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 third major project for FY 2020 is to chip seal The Hills Road. Residents on this street have requested these improvements.

The fourth and final major project for FY 2020 is maintenance on Tory Lane and Lost River. Both of these streets are currently unpaved and require some maintenance.



**CITY OF HORSESHOE BAY**  
**FY 2020 Capital Improvements Budget**

Account Code	FY 2020 Final Budget
<b>Estimated Beginning Fund Balance: \$ 159,400</b>	
Transfer in from General Fund Unassigned Fund Balance	1,120,600
<b>FY 2020 CAPITAL PROJECTS</b>	
50961-975 Contribution to FM 2147 Improvements	120,000
50961-990 Sealcoating	1,000,000
50961-979 The Hills Road (Chip Seal Only)	80,000
50961-980 Tory Lane & Lost River	80,000
<b>TOTAL FY 2020 CAPITAL PROJECTS</b>	<b><u>1,280,000</u></b>
<b>Estimated Ending Fund Balance \$ -</b>	

# Debt Service Fund

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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	15,154	4,683,987,826	0.1645000	33,555,000	0.72%	2,214
Fredericksburg	11,382	1,914,609,081	0.2256000	8,480,000	0.44%	745
Lampasas	7,826	425,660,250	0.3952180	13,100,000	3.08%	1,674
Burnet	7,100	341,345,024	0.6237000	21,862,475	6.40%	3,079
Lago Vista	6,815	926,717,014	0.6500000	35,171,000	3.80%	5,161
Bee Cave	6,739	2,230,774,855	0.0200000	9,795,000	0.44%	1,453
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
<b>Average</b>			<b>0.4020687</b>	<b>19,526,322</b>	<b>2.80%</b>	<b>2,119</b>
Horseshoe Bay	6,400	2,056,664,925	0.2670200	9,630,000	0.47%	1,505

\*2018 data

Table 1 – Peer City Comparison  
Source: 2019 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 2020 City tax rate is \$0.27000 per \$100 of taxable value. The interest and sinking rate is \$0.03836. The projected amount to be raised from ad valorem taxes for debt payments is approximately \$822,186. 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 \$9,090,000. 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 2020 Debt Service Budget**

Account Code	Account Title	FY 2017 Final Actuals	FY 2018 Final Actuals	FY 2019 Amended Budget	FY 2019 Projected Actuals	FY 2020 Final Budget
<b>Estimated Beginning Fund Balance:</b>						
<b>REVENUES</b>						
<b>7000 TAX</b>						
40150	Property Tax Collected (I & S)	744,345	772,054	831,000	852,000	822,186
40152	Penalty & Interest (I & S)	-	3,015	-	-	-
<b>9900 INTEREST INCOME</b>						
40220	Interest on Investments	1,939	4,377	4,500	6,000	4,500
<b>TOTAL REVENUES</b>		<b>746,284</b>	<b>779,446</b>	<b>835,500</b>	<b>858,000</b>	<b>826,686</b>
<b>EXPENDITURES</b>						
<b>9994 DEBT SERVICE (General Fund Projects)</b>						
50518	Debt Service Interest - Series 2011	148,415	141,478	134,500	134,500	126,819
50520	Debt Service Principal - Series 2011	275,000	280,000	290,000	290,000	295,000
50521	Debt Service Interest - Series 2014	152,046	149,046	146,000	146,000	142,896
50522	Debt Service Principal - Series 2014	150,000	150,000	155,000	155,000	155,000
50523	Debt Service Interest - Series 2016	23,531	28,050	26,250	26,250	24,250
50524	Debt Service Principal - Series 2016	-	95,000	95,000	95,000	95,000
<b>TOTAL EXPENDITURES</b>		<b>748,992</b>	<b>843,574</b>	<b>846,750</b>	<b>846,750</b>	<b>838,965</b>
<b>Estimated Ending Fund Balance:</b>						
<b>\$ 74,148    \$ 61,869</b>						



**CITY OF HORSESHOE BAY**  
**FY 2020 Utility Fund Budget**

<b>Estimated Beginning Fund Balance:</b>	\$ 758,324	\$ 597,324			
	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2019</b>	<b>FY 2020</b>
	<b>Final</b>	<b>Final</b>	<b>Amended</b>	<b>Projected</b>	<b>Final</b>
	<b>Actuals</b>	<b>Actuals</b>	<b>Budget</b>	<b>Actuals</b>	<b>Budget</b>
<b>Revenues:</b>					
Water Service Charges	\$ 3,670,188	\$ 3,822,770	\$ 4,175,750	\$ 3,890,250	\$ 4,536,050
Wastewater Service Charges	\$ 2,526,791	\$ 2,798,483	\$ 3,046,750	\$ 2,948,000	\$ 3,303,000
Solid Waste Service Charges	\$ 891,037	\$ 900,318	\$ 1,003,000	\$ 998,500	\$ 1,026,750
Administration	\$ 299,129	\$ 452,382	\$ 273,750	\$ 255,000	\$ 312,000
Standby	\$ 1,155	\$ 1,513	\$ 1,250	\$ 750	\$ 750
Interest Income	\$ 11,637	\$ 15,448	\$ 15,000	\$ 8,000	\$ 8,000
<b>Total Revenues</b>	<b>\$ 7,399,937</b>	<b>\$ 7,990,914</b>	<b>\$ 8,515,499</b>	<b>\$ 8,100,500</b>	<b>\$ 9,186,550</b>
<b>Expenditures:</b>					
Administration	\$ 1,747,763	\$ 1,642,244	\$ 1,960,000	\$ 1,898,500	\$ 2,217,750
Water - Production	\$ 804,197	\$ 829,624	\$ 937,750	\$ 891,500	\$ 922,250
Water - Distribution	\$ 719,640	\$ 940,709	\$ 1,045,000	\$ 1,033,750	\$ 1,004,250
Wastewater - Treatment	\$ 341,692	\$ 381,959	\$ 400,500	\$ 382,750	\$ 469,750
Wastewater - Collection	\$ 934,941	\$ 1,238,843	\$ 1,422,750	\$ 1,409,250	\$ 1,296,000
Solid Waste - Recycling	\$ 774,642	\$ 790,928	\$ 807,501	\$ 804,750	\$ 831,750
Debt Service	\$ 1,342,270	\$ 1,324,806	\$ 1,326,500	\$ 1,326,500	\$ 1,498,750
<b>Total Expenditures</b>	<b>\$ 6,665,144</b>	<b>\$ 7,149,112</b>	<b>\$ 7,900,001</b>	<b>\$ 7,747,000</b>	<b>\$ 8,240,500</b>
<b>Revenues Less Expenditures</b>	<b>\$ 353,500</b>	<b>\$ 946,050</b>			
<b>Estimated Ending Fund Balance (after O&amp;M only):</b>			<b>\$ 1,111,824</b>	<b>\$ 1,543,374</b>	
Routine Capital Purchases	\$ 817,889	\$ 458,250	\$ 817,000	\$ 684,500	\$ 633,250
Major Capital Projects	\$ 3,298,768	\$ 1,116,643	\$ 4,000,000	\$ 130,000	\$ 5,350,000
<b>Total Capital Expenditures</b>	<b>\$ 4,116,657</b>	<b>\$ 1,574,893</b>	<b>\$ 4,817,000</b>	<b>\$ 814,500</b>	<b>\$ 5,983,250</b>
<b>Estimated Ending Fund Balance (after Capital Expenditures):</b>			<b>\$ 297,324</b>	<b>\$ (4,439,876)</b>	
Add: Rate Stabilization Account Funds	\$ 300,000	\$ -			
Add: C.O. Funds for Wastewater Plant Expansion	-	\$ 6,000,000			
Add: Transfer in from General Fund (Zebra Mussel Treatment)	\$ 350,000				
<b>Estimated Ending Fund Balance:</b>	<b>\$ 597,324</b>	<b>\$ 1,910,124</b>			
Less: Estimated Balance of Restricted Funds from C.O.	-	(1,000,000)			
<b>Estimated Ending Unrestricted Fund Balance:</b>	<b>\$ 597,324</b>	<b>\$ 910,124</b>			

# Utility Fund Overview

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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 9.5% 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 15% increase and the solid waste rates have a 15% 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 Hill	9,175	58.14	49.67	107.81
Lampasas	7,722	47.25	41.75	89.00
Burnet	7,100	44.68	55.00	99.68
Lago Vista	6,627	51.64	70.97	122.61
San Saba	3,126	33.61	33.11	66.72
Meadowlakes	2,104	25.25	47.00	72.25
Johnson City	2,003	34.51	34.54	69.05
Cottonwood Shores	1,400	57.65	46.30	103.95
<b>AVERAGE</b>	<b>4,907</b>	<b>44.09</b>	<b>47.29</b>	<b>91.38</b>
<b>Horseshoe Bay</b>	<b>6,400</b>	<b>31.95</b>	<b>54.54</b>	<b>86.49</b>

Table 1 – 2019 Utility Rate Comparison  
Source: Texas Municipal League 2019 Annual Utility Rate Survey

10,000 Gallons				
City	Population	Water	Wastewater	Total
Liberty Hill	9,175	81.19	49.67	130.86
Lampasas	7,722	69.50	59.50	129.00
Burnet	7,100	68.04	80.00	148.04
Lago Vista	6,550	50.35	124.72	175.07
San Saba	3,126	48.51	36.00	84.51
Meadowlakes	2,104	34.25	47.00	81.25
Johnson City	2,003	63.76	58.09	121.85
Cottonwood Shores	1,400	96.40	62.80	159.20
<b>AVERAGE</b>	<b>4,898</b>	<b>64.00</b>	<b>64.72</b>	<b>128.72</b>
<b>Horseshoe Bay</b>	<b>6,400</b>	<b>55.00</b>	<b>54.54</b>	<b>109.54</b>

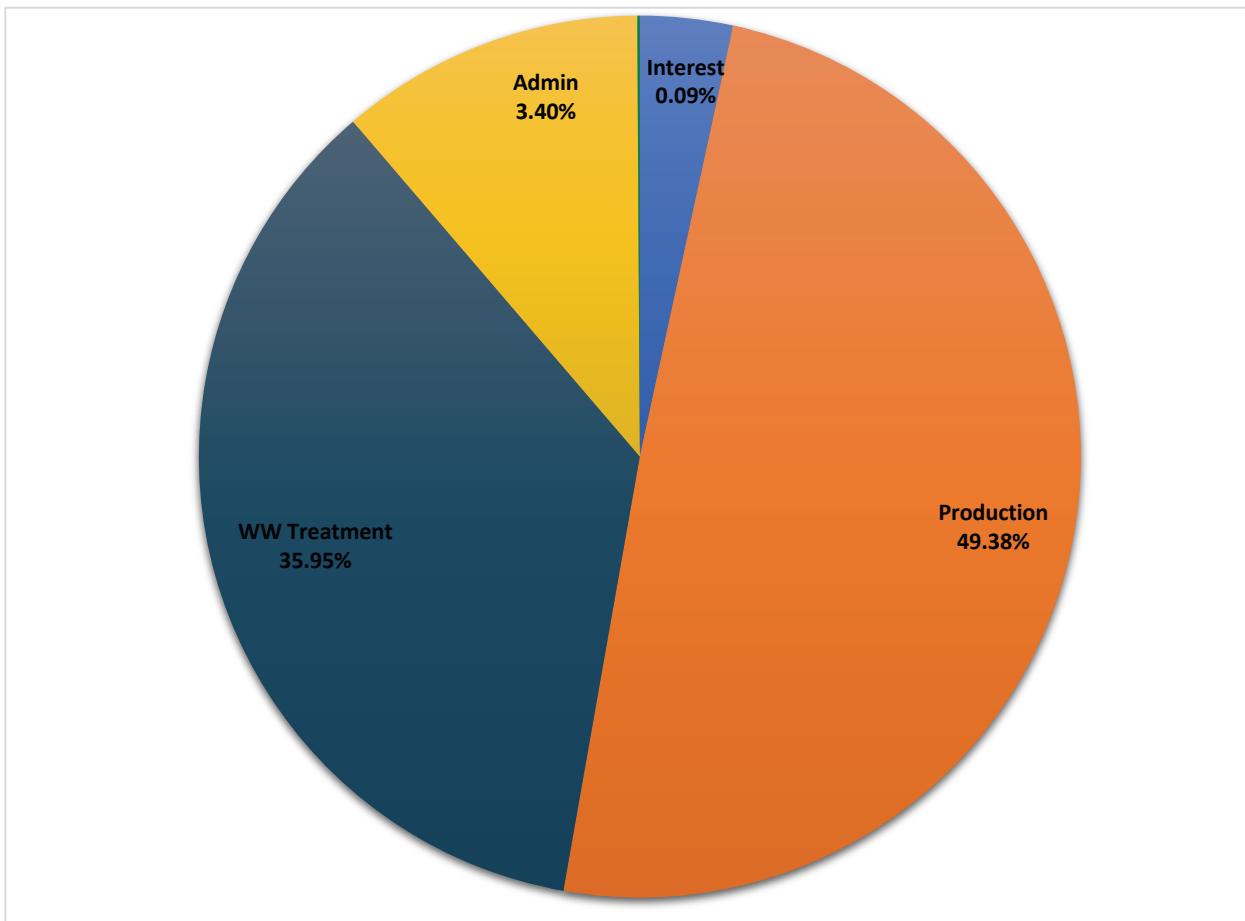
Table 2 – 2019 Utility Rate Comparison  
Source: Texas Municipal League 2019 Annual Utility Rate Survey

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 2019	\$ 3,352,500
FY 2018	\$ 3,343,743
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 2020 BUDGET – UTILITY REVENUES





**CITY OF HORSESHOE BAY**  
**FY 2020 Utility Fund Budget**

Account Code	Account Title	FY 2017 Final Actuals	FY 2018 Final Actuals	FY 2019 Amended Budget	FY 2019 Projected Actuals	FY 2020 Final Budget
<b>OPERATING REVENUE</b>						
<b>1001</b>	<b>WATER - PRODUCTION</b>					
40110	Water District Service Fees	3,128,101	3,343,743	3,582,250	3,352,500	3,932,500
40111	Water Non-District Service Fee	177,490	179,519	192,000	172,000	201,800
40112	Water Tap Connection Fees	136,975	257,850	290,000	290,000	290,000
40115	Reconnection Fees	7,906	7,089	7,500	6,000	7,500
40117	Water & Sewer P & I Service	14,473	14,295	14,250	10,000	14,500
40171	CC Convenience Fee	-	-	65,000	37,000	70,000
40178	Other Income - Leases	20,875	11,750	11,750	11,750	11,750
40180	Other Income	4,252	5,788	11,000	11,000	6,000
40185	Miscellaneous Permits	2,115	2,736	2,000	-	2,000
40310	Transfer In from General Fund	178,000	-	-	-	-
<b>Total</b>	<b>WATER - PRODUCTION</b>	<b>3,670,188</b>	<b>3,822,770</b>	<b>4,175,750</b>	<b>3,890,250</b>	<b>4,536,050</b>
<b>2001</b>	<b>WASTEWATER - TREATMENT</b>					
40117	Water & Sewer P & I Service	16,263	14,251	15,000	13,000	15,000
40120	Sewer Customer Service Fees	2,037,372	2,110,807	2,255,750	2,150,000	2,522,000
40122	Sewer Tap Connection Fees	117,050	238,361	260,000	260,000	260,000
40124	Sewer Service - Cottonwood Shores	139,076	143,490	175,000	175,000	175,000
40125	Sewer Service - LCMUD#1	48,795	64,201	50,000	50,000	50,000
40127	Grinder Sales	167,872	225,943	290,000	300,000	280,000
40180	Other Income	362	1,429	1,000	-	1,000
<b>Total</b>	<b>WASTEWATER - TREATMENT</b>	<b>2,526,791</b>	<b>2,798,483</b>	<b>3,046,750</b>	<b>2,948,000</b>	<b>3,303,000</b>
<b>3001</b>	<b>SOLID WASTE - RECYCLING</b>					
40126	Brush Disposal	17,615	10,185	12,000	14,000	14,000
40130	Garbage Fees - Commercial	137,649	133,397	136,000	128,500	132,250
40135	Garbage Fees - Residential	735,043	756,389	854,500	854,500	880,000
40180	Other Income	731	347	500	1,500	500
<b>Total</b>	<b>SOLID WASTE - RECYCLING</b>	<b>891,037</b>	<b>900,318</b>	<b>1,003,000</b>	<b>998,500</b>	<b>1,026,750</b>
<b>1000</b>	<b>ADMINISTRATION</b>					
40175	Insurance Proceeds	-	-	4,500	4,500	-
40180	Other Income	-	102,788	12,000	12,000	12,000
40182	Sale of Property	-	48,604	-	-	-
40225	PID Revenue - Summit Rock PID	129,325	103,220	180,750	-	120,000
40226	Interest Revenue - Summit Rock PID	169,804	197,770	76,500	238,500	180,000
<b>Total</b>	<b>ADMINISTRATION</b>	<b>299,129</b>	<b>452,382</b>	<b>273,750</b>	<b>255,000</b>	<b>312,000</b>



**CITY OF HORSESHOE BAY**  
**FY 2020 Utility Fund Budget**

Account Code	Account Title	FY 2017 Final Actuals	FY 2018 Final Actuals	FY 2019 Amended Budget	FY 2019 Projected Actuals	FY 2020 Final Budget
4000	<b>STANDBY</b>					
40140	Standby Customer Service Fees	415	601	500	250	250
40142	Penalty & Interest - Standby	740	911	750	500	500
<b>Total</b>	<b>STANDBY</b>	<b>1,155</b>	<b>1,513</b>	<b>1,250</b>	<b>750</b>	<b>750</b>
9900	<b>INTEREST INCOME</b>					
40220	Interest on Investments	11,637	15,448	15,000	8,000	8,000
<b>Total</b>	<b>INTEREST INCOME</b>	<b>11,637</b>	<b>15,448</b>	<b>15,000</b>	<b>8,000</b>	<b>8,000</b>
<b>TOTAL OPERATING REVENUE</b>		<b><u>7,399,937</u></b>	<b><u>7,990,914</u></b>	<b><u>8,515,499</u></b>	<b><u>8,100,500</u></b>	<b><u>9,186,550</u></b>

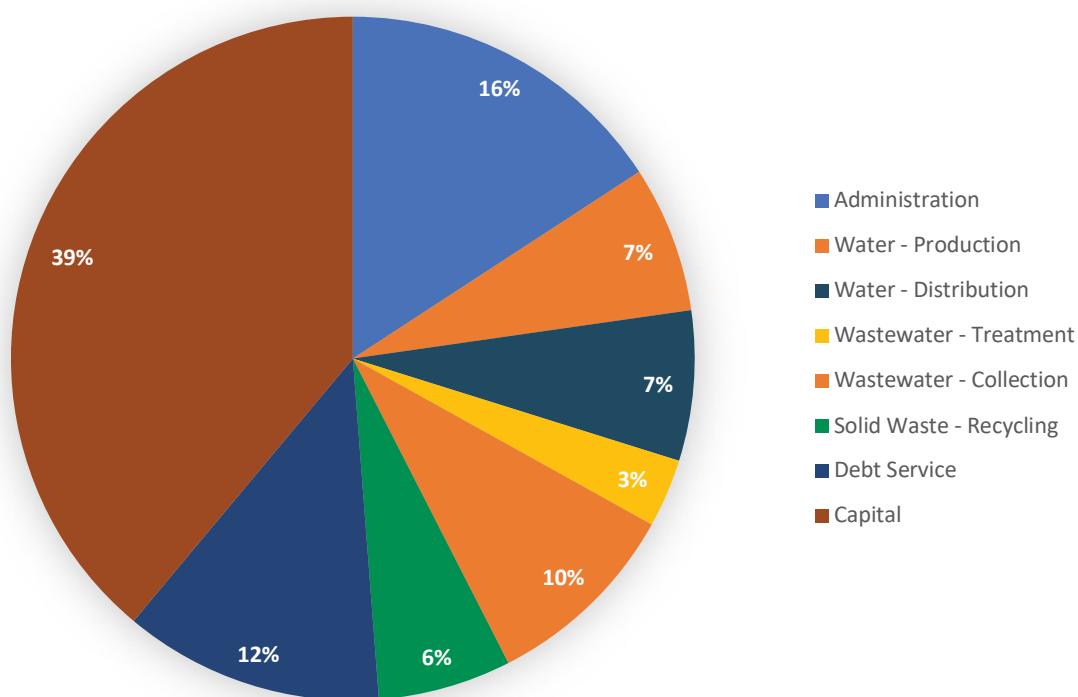
## UTILITY FUND EXPENDITURES

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 9.5% increase to health insurance costs. All other notable items are specifically listed for each department.

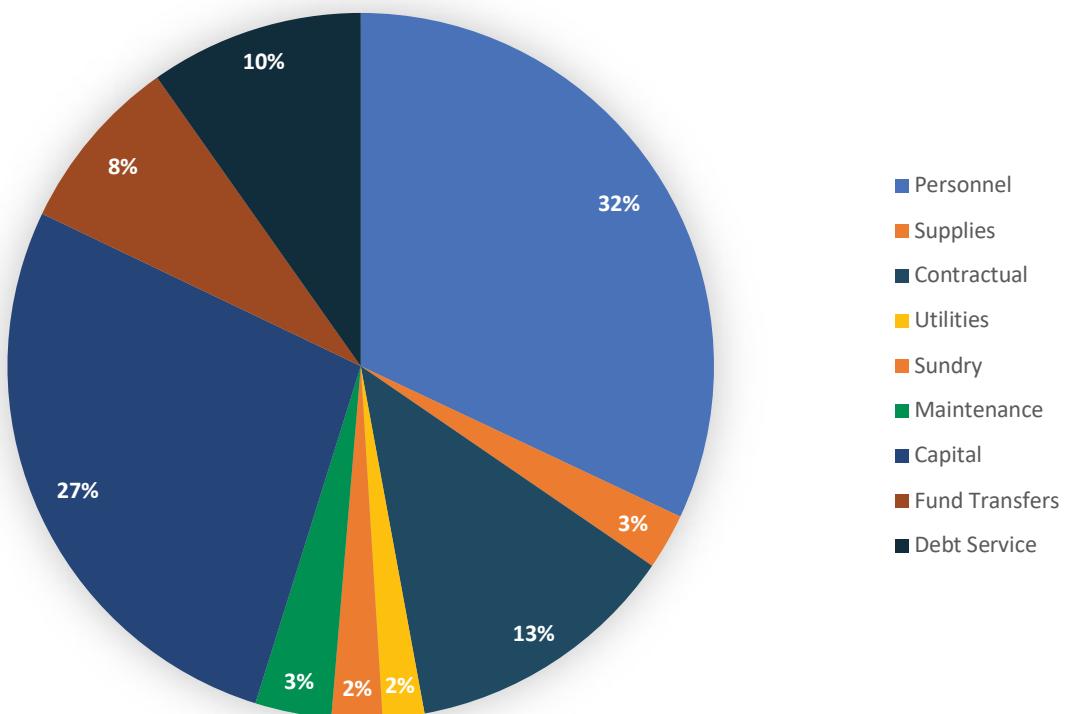
### FY 2019 BUDGET – UTILITY EXPENDITURES BY DEPARTMENT

	FY 2017 Final Actuals	FY 2018 Final Actuals	FY 2019 Amended Budget	FY 2019 Projected Actuals	FY 2020 Proposed Budget
Administration	1,747,763	1,642,244	1,960,000	1,898,500	2,217,750
Water - Production	804,197	829,624	937,750	891,500	922,250
Water - Distribution	719,640	940,709	1,045,000	1,033,750	1,004,250
Wastewater - Treatment	341,692	381,959	400,500	382,750	469,750
Wastewater - Collection	934,941	1,238,843	1,422,750	1,409,250	1,296,000
Solid Waste - Recycling	774,642	790,928	807,500	804,750	831,750
Debt Service	1,342,270	1,324,806	1,326,500	1,326,500	1,498,750
Capital	<u>4,116,657</u>	<u>1,574,893</u>	<u>4,817,000</u>	<u>814,500</u>	<u>5,983,250</u>
<b>TOTAL</b>	<b>10,781,801</b>	<b>8,724,005</b>	<b>12,717,000</b>	<b>8,561,500</b>	<b>14,223,750</b>



## FY 2019 BUDGET – UTILITY EXPENDITURES BY ACCOUNT CATEGORY

	FY 2017 Final Actuals	FY 2018 Final Actuals	FY 2019 Amended Budget	FY 2019 Projected Actuals	FY 2020 Proposed Budget
Personnel	1,862,512	1,963,671	2,250,250	2,203,248	2,375,748
Supplies	383,045	464,586	522,250	516,500	504,750
Contractual	1,023,874	1,233,537	924,000	927,250	979,500
Utilities	716,739	663,091	735,250	668,250	713,500
Sundry	174,923	147,311	663,750	682,502	712,252
Maintenance	559,531	718,110	769,250	714,000	707,000
Debt Service	1,342,270	1,324,806	1,326,500	1,326,500	1,498,750
Capital	4,116,657	1,574,893	4,817,000	814,500	5,983,250
Fund Transfers	<u>602,250</u>	<u>634,000</u>	<u>708,750</u>	<u>708,750</u>	<u>749,000</u>
<b>TOTAL</b>	<b>10,781,801</b>	<b>8,724,005</b>	<b>12,717,000</b>	<b>8,561,500</b>	<b>14,223,750</b>



# Community Services

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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 2019 Accomplishments**

- Completed Engineering design and bidding documents for capital improvements project to expand and rehabilitate the City's Water w Treatment and replacement of oldest effluent pond's synthetic liner.
- Continued water and wastewater leak detection. Cover 2<sup>nd</sup> 1/3 of City's mainlines in FY2019.
- Received the City's Water and Wastewater Certificate of Convenience and Necessity from the Texas Public Utilities Commission.
- Complete 85% replacement of existing manual meter reading system with Automated Metering Infrastructure (Smart Metering System).
- Replaced second of three aging 2-million-gallon membrane modules at the Central Water Treatment Plant.
- Staff developed Departmental Vison Statement and Strategic plans for implementation to improve customer knowledge and interactive tools for services and utility related information.
- Oversite of completion of utility design and construction of Phase I and continued oversight of Phase II design and construction of Tuscan Village Subdivision.
- Completed oversight of The Parks Subdivision off site utilities. Began utility master plan for same.
- Complete a new annual record number (220) water and sewer service taps connections within FY 2019. A 26% increase from FY 2018 service taps (175).
- Implemented new Utilities Asset Management System to provide improved employee's abilities to make proactive decisions on infrastructure assets and streamline work-flow tracking.

## **FY 2020 Goals**

- Complete replacement of last third of three aging 2-million-gallon membrane modules at Central Water Plant.
- Continued water and wastewater leak detection. Cover last 1/3<sup>rd</sup> of City's mainlines in FY2020.
- 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 and The Parks Subdivisions utilities infrastructure expansion.
- Begin two-year construction project for expansion of the City's wastewater treatment facilities and replace 34-year old synthetic liner in oldest effluent storage pond.
- Install Drinking Water Taste and Odor solutions related to reoccurring taste and odor issues and design the system to mitigate Zebra Mussels from entering the raw water intakes.
- Completion of city-wide conversion from manual water meters to Automated Metering Infrastructure (AMI). Launch customer education campaign on Customer AMI software system that will provide access and monitoring capabilities for their own individual watering usage data.

### Administration Summary

	FY 2017 Final Actuals	FY 2018 Final Actuals	FY 2019 Amended Budget	FY 2019 Projected Actuals	FY 2020 Final Budget
Personnel	383,657	369,415	528,499	455,249	662,502
Supplies	15,405	19,695	20,000	19,500	23,500
Contractual	301,476	208,729	263,000	287,000	297,000
Utilities	345,366	304,236	329,250	316,250	336,500
Sundry	63,494	64,788	62,000	69,251	96,749
Maintenance	36,114	41,380	48,500	42,500	52,500
Fund Transfers	602,250	634,000	708,750	708,750	749,000
<b>TOTAL</b>	<b>1,747,763</b>	<b>1,642,244</b>	<b>1,960,000</b>	<b>1,898,500</b>	<b>2,217,750</b>

### HIGHLIGHTS – FY 2020 Proposed Budget Changes from FY 2019 Amended Budget

- Increased salary and benefit expenses by \$134,003
- Moved Electrician Technician and Water Conservation Inspector from Field Dept.
- Increased Utility Billing by \$2,000
- Increased Maintenance Contracts by \$3,000
- Increased Dues, Fees, & Subscriptions by \$1,000
- Increased Electricity by \$7,250
- Increased Travel, Training, Schools by \$23,000
- Increased Employee Awards Program by \$250
- Increased M & R – Building by \$4,000
- Increased Merchant Fee – CC by \$5,000
- Increased Printing & Office Supplies by \$3,000
- Increased Communications by \$1,000
- Increased Uniforms by \$500
- Increased Administrative Fees by \$40,250

## Water – Production Summary

	FY 2017 Final Actuals	FY 2018 Final Actuals	FY 2019 Amended Budget	FY 2019 Projected Actuals	FY 2020 Final Budget
Personnel	261,799	255,415	270,752	273,748	314,749
Supplies	108,136	116,603	169,000	168,750	134,500
Contractual	347,036	339,769	395,000	344,500	361,000
Sundry	2,779	1,644	1,998	2,002	2,001
Maintenance	<u>84,447</u>	<u>116,192</u>	<u>101,000</u>	<u>102,500</u>	<u>110,000</u>
<b>TOTAL</b>	<b>804,197</b>	<b>829,624</b>	<b>937,750</b>	<b>891,500</b>	<b>922,250</b>

## HIGHLIGHTS – FY 2020 Proposed Budget Changes from FY 2019 Amended Budget

- Increased salary and benefit expenses by \$43,997
- Moved SCADA Technician from Field Operations
- Decreased Bulk Water Purchases by \$30,000
- Decreased Chemicals/Water by \$35,000
- Increased Contract Services by \$1,000
- Decreased Lab Expense by \$5,000
- Increased Equipment & Supplies by \$500
- Decreased Fuel & Lubricants by \$500
- Increased M & R – Equipment by \$1,000
- Increased M & R – Plant by \$8,000
- Increased Safety Equipment & Supplies by \$500

## Water – Distribution Summary

	FY 2017 Final Actuals	FY 2018 Final Actuals	FY 2019 Amended Budget	FY 2019 Projected Actuals	FY 2020 Final Budget
Personnel	452,003	489,787	533,250	539,251	480,251
Supplies	126,526	160,694	143,000	147,500	153,000
Contractual	94,004	223,835	62,000	36,750	39,000
Sundry	30,455	41,250	285,750	289,248	304,999
Maintenance	<u>16,652</u>	<u>25,142</u>	<u>21,000</u>	<u>21,000</u>	<u>27,000</u>
<b>TOTAL</b>	<b>719,640</b>	<b>940,709</b>	<b>1,045,000</b>	<b>1,033,750</b>	<b>1,004,250</b>

## HIGHLIGHTS – FY 2020 Proposed Budget Changes from FY 2019 Amended Budget

- Decreased salary and benefit expenses by \$52,999
- Increased Maintenance Contracts by \$18,000
- Decreased Contract Services by \$6,750
- Increased Equipment & Supplies by \$2,000

- Increased M & R – Equipment by \$5,000
- Increased M & R – Vehicles by \$1,000
- Decreased Street Repair – Paving by \$20,000
- Increased M & R Materials -WT Tap by \$8,000
- Increased Meter Expense – New Svc by \$5,000

### **Wastewater – Treatment Summary**

	FY 2017 Final Actuals	FY 2018 Final Actuals	FY 2019 Amended Budget	FY 2019 Projected Actuals	FY 2020 Final Budget
Personnel	248,675	266,222	280,750	285,001	336,000
Supplies	24,769	29,572	34,750	27,250	34,750
Contractual	24,563	31,479	40,500	36,000	49,000
Sundry	941	304	1,000	999	1,000
Maintenance	42,743	54,383	43,500	33,500	49,000
<b>TOTAL</b>	<b>341,692</b>	<b>381,959</b>	<b>400,500</b>	<b>382,750</b>	<b>469,750</b>

### **HIGHLIGHTS – FY 2020 Proposed Budget Changes from FY 2019 Amended Budget**

- Increased salary and benefit expenses by \$55,250
- Decreased Chemicals/WW Treatment by \$500
- Increased Contract Services by \$5,000
- Increased Lab Expense by \$500
- Increased Equipment & Supplies by \$1,000
- Decreased Fuel & Lubricants by \$500
- Increased M & R -Equipment by \$500
- Increased M & R – Plant by \$5,000
- Increased Bio Solids – Compost by \$5,000
- Decreased Rent/Lease by \$2,000

### **Wastewater – Collection Summary**

	FY 2017 Final Actuals	FY 2018 Final Actuals	FY 2019 Amended Budget	FY 2019 Projected Actuals	FY 2020 Final Budget
Personnel	442,547	509,258	553,501	560,751	496,498
Supplies	123,636	150,390	162,500	159,500	161,000
Contractual	106,182	248,795	61,750	37,000	41,500
Sundry	2,572	1,419	243,499	243,499	239,502
Maintenance	260,004	328,980	401,500	408,500	357,500
<b>TOTAL</b>	<b>934,941</b>	<b>1,238,843</b>	<b>1,422,750</b>	<b>1,409,250</b>	<b>1,296,000</b>

## **HIGHLIGHTS – FY 2020 Proposed Budget Changes from FY 2019 Amended Budget**

- Decreased salary and benefit expenses by \$57,003
- Increased Contract Services – Leak Detect/GPS by \$500
- Increased Equipment & Supplies by \$1,500
- Decreased Fuel & Lubricants by \$1,500
- Increased M & R – Equipment by \$2,000
- Decreased M & R – Grinder Pump by \$500
- Decreased Grinder Purchases by \$55,000
- Increased M & R – Lift Station by \$9,000
- Increased M & R – Vehicles by \$500
- Decreased M & R Materials – Line by \$2,000
- Increased Street Repair – Paving by \$22,750
- Decreased Other Expense by \$1,000
- Increased Uniforms by \$500

### **Solid Waste – Recycling Summary**

	<b>FY 2017 Final Actuals</b>	<b>FY 2018 Final Actuals</b>	<b>FY 2019 Amended Budget</b>	<b>FY 2019 Projected Actuals</b>	<b>FY 2020 Final Budget</b>
Personnel	73,831	73,573	83,501	89,250	85,750
Contractual	700,811	717,355	724,000	715,500	746,001
<b>TOTAL</b>	<b>774,642</b>	<b>790,928</b>	<b>807,501</b>	<b>804,751</b>	<b>831,750</b>

## **HIGHLIGHTS – FY 2020 Proposed Budget Changes from FY 2019 Amended Budget**

- Increased salary and benefits expenses by \$2,249
- Decreased Compactor Service by \$1,000
- Decreased Garbage Service – Commercial by \$5,000
- Increased Garbage Service – Residential by \$17,000
- Increased Recycling Service by \$1,000



**CITY OF HORSESHOE BAY**  
**FY 2020 Utility Fund Budget**

Account Code	Account Title	FY 2017 Final Actuals	FY 2018 Final Actuals	FY 2019 Amended Budget	FY 2019 Projected Actuals	FY 2020 Final Budget
<b>OPERATING EXPENDITURES</b>						
<b>1000</b>	<b>ADMINISTRATION</b>					
50410	Salaries & Wages	281,780	283,763	378,250	336,000	482,750
50411	Overtime	7,347	4,772	5,000	5,500	7,500
50415	Employers FICA Expense	21,807	21,019	29,250	26,250	37,500
50420	Group Insurance Premiums	42,524	30,282	75,500	51,250	77,750
50430	401(A) Money Purchase	16,942	16,835	23,000	21,250	33,000
50432	401(A) Match	13,257	12,743	17,500	15,000	24,000
50505	Professional Services	62,887	17,523	40,000	50,000	50,000
50512	Utility Billing	28,059	30,417	27,000	30,000	32,000
50545	Maintenance Contracts	43,371	20,272	40,000	40,000	43,000
50575	Dues, Fees, & Subscriptions	20,837	20,016	22,000	22,000	23,000
50581	Electricity/Recycle Center	903	877	1,000	1,000	1,000
50582	Electricity/WW Treatment Plant	135,977	125,194	130,000	128,750	140,000
50583	Electricity/West WTP	62,528	62,200	66,500	62,500	64,000
50585	Electricity/Field Maintenance Facilitie	13,166	6,039	6,750	6,500	6,500
50586	Electricity / CWTP	132,792	109,928	125,000	117,500	125,000
50590	Engineering Fees	71,188	33,172	45,000	55,000	55,000
50593	Travel, Training, Schools	35,207	38,978	32,000	40,000	55,000
50596	Employee Awards Program	-	149	500	500	750
50598	Wellness Program	-	-	-	-	8,500
50630	M & R - Building	10,955	13,906	16,000	10,000	20,000
50650	M & R - Grounds	25,158	27,474	32,500	32,500	32,500
50753	City Banking Fees	52,860	63,910	65,000	66,000	70,000
50765	Other Expense	7,450	5,612	6,500	6,500	9,000
50775	Postage	343	206	500	500	500
50780	Printing & Office Supplies	13,928	17,224	18,000	18,000	21,000
50810	Communications	43,112	43,435	46,000	46,000	47,000
50825	Uncollectable Accounts	-	32	1,000	250	500
50830	Uniforms	1,135	2,265	1,500	1,000	2,000
50840	Administrative Fees	602,250	634,000	708,750	708,750	749,000
<b>Total</b>	<b>ADMINISTRATION</b>	<b>1,747,763</b>	<b>1,642,244</b>	<b>1,960,000</b>	<b>1,898,500</b>	<b>2,217,750</b>
<b>1001</b>	<b>WATER - PRODUCTION (PLANT OPERATIONS)</b>					
50410	Salaries Water	170,345	169,742	171,250	181,000	203,250
50411	Overtime	22,771	21,564	25,000	19,250	25,000
50415	Employers FICA Expense	14,233	14,073	15,000	15,250	17,500
50420	Group Insurance Premiums	34,002	31,719	40,500	38,500	46,250
50430	401(A) Money Purchase	11,891	10,485	11,250	11,750	13,250
50432	401(A) Match	8,558	7,832	7,750	8,000	9,500



**CITY OF HORSESHOE BAY**  
**FY 2020 Utility Fund Budget**

Account Code	Account Title	FY 2017 Final Actuals	FY 2018 Final Actuals	FY 2019 Amended Budget	FY 2019 Projected Actuals	FY 2020 Final Budget
50535	Bulk Water Purchases	328,260	315,420	360,000	306,000	330,000
50540	Chemicals / Water	89,475	97,456	150,000	150,000	115,000
50548	Contract Services	2,695	1,626	2,000	3,000	3,000
50555	Lab Expense	15,981	19,811	30,000	30,000	25,000
50592	Equipment & Supplies	6,474	5,336	4,000	5,000	4,500
50595	Fuel & Lubricants	5,902	7,369	8,000	6,500	7,500
50640	M & R - Equipment	6,450	6,049	5,000	6,000	6,000
50675	M & R - Plant	74,743	106,417	92,000	92,000	100,000
50685	M & R - Vehicles	3,254	3,727	4,000	4,500	4,000
50765	Other Expense	2,779	1,644	2,000	2,000	2,000
50785	Rent / Lease	100	2,913	3,000	5,500	3,000
50800	Safety Equipment & Supplies	2,993	3,561	3,500	3,500	4,000
50830	Uniforms	3,293	2,880	3,500	3,750	3,500
<b>Total</b>	<b>WATER - PRODUCTION</b>	<b>804,197</b>	<b>829,624</b>	<b>937,750</b>	<b>891,500</b>	<b>922,250</b>
<b>1002</b>	<b>WATER - DISTRIBUTION (FIELD OPERATIONS)</b>					
50410	Salaries Water	306,073	322,844	345,750	350,000	302,000
50411	Overtime	34,727	46,362	36,000	45,250	41,500
50415	Employers FICA Expense	26,003	26,834	29,250	30,250	26,250
50420	Group Insurance Premiums	55,474	62,900	87,000	79,250	80,250
50430	401(A) Money Purchase	16,582	15,539	18,500	19,250	16,500
50432	401(A) Match	13,143	15,308	16,750	15,250	13,750
50545	Maintenance Contracts	-	-	-	-	18,000
50548	Contract Services	56,709	155,176	5,000	4,750	2,000
50549	Contract Services - Taps/New Service	-	-	241,750	241,750	238,000
50550	Contract Serv-Leak Detect/GPS	10,811	27,639	17,000	12,000	17,000
50592	Equipment & Supplies	18,074	22,488	20,000	19,000	22,000
50595	Fuel & Lubricants	11,390	15,166	16,000	12,500	16,000
50640	M & R - Equipment	11,328	16,805	12,000	12,000	17,000
50685	M & R - Vehicles	5,325	8,338	9,000	9,000	10,000
50725	M & R Materials - Line	42,435	50,237	47,000	46,000	47,000
50726	Street Repair - Paving	26,484	41,020	40,000	20,000	20,000
50730	M & R Materials - WT Tap	48,514	66,900	52,000	60,000	60,000
50755	Meter Expense - New Svc	27,009	37,868	40,000	40,000	45,000
50765	Other Expense	2,786	1,448	2,500	2,500	2,500
50785	Rent / Lease	660	1,934	1,500	5,000	1,500
50800	Safety Equipment & Supplies	1,775	2,430	4,000	4,500	4,000
50830	Uniforms	4,339	3,472	4,000	5,500	4,000
<b>Total</b>	<b>WATER - DISTRIBUTION</b>	<b>719,640</b>	<b>940,709</b>	<b>1,045,000</b>	<b>1,033,750</b>	<b>1,004,250</b>
<b>2001</b>	<b>WASTEWATER - TREATMENT (PLANT OPERATIONS)</b>					
50410	Salaries Sewer	159,749	176,733	178,250	188,250	211,500
50411	Overtime	24,515	22,444	25,000	20,250	35,000
50415	Employers FICA Expense	13,501	14,655	15,500	16,000	18,750
50420	Group Insurance Premiums	31,629	33,311	42,250	40,000	48,000
50430	401(A) Money Purchase	11,326	10,937	11,750	12,250	13,250



**CITY OF HORSESHOE BAY**  
**FY 2020 Utility Fund Budget**

Account Code	Account Title	FY 2017 Final Actuals	FY 2018 Final Actuals	FY 2019 Amended Budget	FY 2019 Projected Actuals	FY 2020 Final Budget
50432	401(A) Match	7,955	8,143	8,000	8,250	9,500
50543	Chemicals / WW Treatment	11,623	14,519	16,500	11,000	16,000
50548	Contract Services	639	1,293	3,000	1,000	8,000
50555	Lab Expense	10,471	12,947	14,500	11,000	15,000
50592	Equipment & Supplies	2,839	2,457	3,000	4,000	4,000
50595	Fuel & Lubricants	6,283	7,319	8,500	6,000	8,000
50640	M & R - Equipment	4,846	5,809	5,500	5,500	6,000
50675	M & R - Plant	35,487	44,061	35,000	25,000	40,000
50685	M & R - Vehicles	2,410	4,513	3,000	3,000	3,000
50742	Bio Solids - Compost	10,162	12,745	13,000	13,000	18,000
50765	Other Expense	941	304	1,000	1,000	1,000
50785	Rent / Lease	3,292	4,494	10,000	11,000	8,000
50800	Safety Equipment & Supplies	1,151	2,892	3,500	3,000	3,500
50830	Uniforms	2,872	2,384	3,250	3,250	3,250
<b>Total</b>	<b>WASTEWATER - TREATMENT</b>	<b>341,692</b>	<b>381,959</b>	<b>400,500</b>	<b>382,750</b>	<b>469,750</b>
<b>2002</b>	<b>WASTEWATER - COLLECTION (FIELD OPERATIONS)</b>					
50410	Salaries Sewer	297,760	335,896	360,000	364,250	314,250
50411	Overtime	35,996	48,248	36,000	47,000	41,500
50415	Employers FICA Expense	25,565	27,926	30,250	31,500	27,250
50420	Group Insurance Premiums	54,210	65,019	90,500	82,000	83,250
50430	401(A) Money Purchase	17,079	16,237	19,250	20,000	16,500
50432	401(A) Match	11,937	15,932	17,500	16,000	13,750
50542	Chemicals/Collection System	12,443	12,536	13,500	12,500	13,500
50548	Contract Services	71,059	178,061	-	-	2,000
50549	Contract Services - Taps/New Service	-	-	241,000	241,000	238,000
50550	Contract Serv-Leak Detect/GPS	10,811	27,780	17,000	12,000	17,500
50592	Equipment & Supplies	17,457	22,533	20,500	20,500	22,000
50595	Fuel & Lubricants	11,985	15,473	16,500	13,000	15,000
50640	M & R - Equipment	8,667	16,220	10,000	10,000	12,000
50645	M & R - Grinder Pump	107,299	94,845	110,500	110,500	110,000
50646	Grinder Purchases	104,419	174,120	250,000	250,000	195,000
50670	M & R - Lift Station	31,724	35,923	23,000	30,000	32,000
50685	M & R - Vehicles	7,894	7,872	8,000	8,000	8,500
50715	M & R Materials - GP Tap	42,110	56,646	70,000	70,000	70,000
50725	M & R Materials - Line	33,807	36,612	34,000	34,000	32,000
50726	Street Repair - Paving	23,652	41,020	42,750	20,000	20,000
50765	Other Expense	2,572	1,419	2,500	2,500	1,500
50785	Rent / Lease	660	1,934	2,000	5,000	2,000
50800	Safety Equipment & Supplies	1,597	2,769	4,000	4,000	4,000
50830	Uniforms	4,238	3,821	4,000	5,500	4,500
<b>Total</b>	<b>WASTEWATER - COLLECTION</b>	<b>934,941</b>	<b>1,238,843</b>	<b>1,422,750</b>	<b>1,409,250</b>	<b>1,296,000</b>



**CITY OF HORSESHOE BAY**  
**FY 2020 Utility Fund Budget**

Account Code	Account Title	FY 2017 Final Actuals	FY 2018 Final Actuals	FY 2019 Amended Budget	FY 2019 Projected Actuals	FY 2020 Final Budget
<b>3001</b>	<b>SOLID WASTE - RECYCLING</b>					
50410	Salaries - Monitor	57,981	55,415	60,250	65,750	60,000
50411	Overtime	43	2,483	500	-	500
50415	Employers FICA Expense	4,595	4,335	4,750	5,000	4,750
50420	Group Insurance Premiums	7,404	7,566	14,250	14,250	16,000
50430	401(A) Money Purchase	3,059	2,961	3,000	3,250	3,500
50432	401(A) Match	749	814	750	1,000	1,000
50599	Compactor Service	8,267	9,550	11,000	9,500	10,000
50600	Garbage Service - Commercial	105,087	93,459	97,000	99,000	102,000
50605	Garbage Service - Residential	549,377	572,853	565,000	565,000	582,000
50606	Recycling Service	11,081	21,235	22,000	22,000	23,000
50676	M & R Brush Site	27,000	19,754	24,000	20,000	24,000
50785	Rent / Lease	-	504	5,000	-	5,000
<b>Total</b>	<b>SOLID WASTE - RECYCLING</b>	<b>774,642</b>	<b>790,928</b>	<b>807,501</b>	<b>804,750</b>	<b>831,750</b>
<b>9994</b>	<b>DEBT SERVICE</b>					
50515	Debit Service - Principal Series 2007	355,000	365,000	380,000	380,000	395,000
50516	Debt Service - Interest Series 2007	182,221	175,720	163,500	163,500	148,000
50518	Debt Service Interest-Series 2011	93,605	89,153	85,250	85,250	80,500
50520	Debt Service Principal - Series 2011	175,000	180,000	185,000	185,000	190,000
50521	Debt Service Interest-Series 2014	134,035	129,239	128,500	128,500	125,750
50522	Debt Service Principal - Series 2014	130,000	135,000	135,000	135,000	140,000
50523	Debt Service Interest-Series 2016	67,864	90,695	89,250	89,250	86,000
50524	Debt Service Principal - Series 2016	170,000	160,000	160,000	160,000	165,000
50526	Bond Issuance Cost - Series 2016	34,546	-	-	-	-
50527	Debt Service Principal - Series 2019	-	-	-	-	10,000
50528	Debt Service Interest - Series 2019	-	-	-	-	158,500
<b>Total</b>	<b>DEBT SERVICE</b>	<b>1,342,270</b>	<b>1,324,806</b>	<b>1,326,500</b>	<b>1,326,500</b>	<b>1,498,750</b>
<b>TOTAL OPERATING EXPENDITURES</b>		<b>6,665,144</b>	<b>7,149,112</b>	<b>7,900,001</b>	<b>7,747,000</b>	<b>8,240,500</b>



**CITY OF HORSESHOE BAY**  
**FY 2020 Utility Fund Budget**

Account Code	FY 2020 Proposed Budget	
<b>FY 2020 ROUTINE CAPITAL PURCHASES/PROJECTS</b>		
50955-108	Emergency Backup Eaton Variable Frequency Driver	6,250
50955-109	New Air Card System (Membrane Racks)	37,000
50955-110	WWTP Emergency Backup Pump	5,000
50955-111	CWTP Chlorine Conversion	70,000
50955-999	Emergency Equipment Replacement	25,000
50956-118	Replace Service Trucks (1)	25,000
50955-112	Ditch Witch HX30 Vacuum System	52,000
50955-113	Trencher Implement for Skid Steer	6,000
50955-114	Cargo Trailers	8,000
50955-115	Rolling 28 Poly Pipe Fusion Machine	31,000
50955-116	Confined Space Hoist System	8,000
50957-117	Smart Water Software - Customer Portal Interface	50,000
50968-082	South Lift Station Rehabilitation	70,000
50955-096	Membrane Filter Rack Replacement	120,000
50955-023	Water Meter Replacement & AMI System Upgrade	120,000
<b>TOTAL FY 2020 ROUTINE CAPITAL PURCHASES/PROJECTS</b>		
	<b>\$ 633,250</b>	
<b>FY 2020 MAJOR CAPITAL PROJECTS (Debt Funded)</b>		
50968-095	Wastewater Reclamation Plant Expansion	5,000,000
50968-119	Zebra Mussel Treatment	350,000
<b>TOTAL FY 2020 MAJOR CAPITAL PROJECTS</b>		
	<b>\$ 5,350,000</b>	
<b>TOTAL FY 2020 CAPITAL EXPENDITURES</b>		
	<b><u>\$ 5,983,250</u></b>	

## **5-Year Capital Improvement Plan**

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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 2020 - FY 2024**

GENERAL FUND	Projected FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Emergency Equipment Replacement	35,000	35,000	35,000	35,000	35,000	35,000
Enterprise Software	95,000	42,000	-	-	-	-
Remodel of Central Fire Station #1 - Phase I & II	108,500	-	-	-	-	-
Fire Training Facility	137,000	-	-	-	-	-
Replacement Vehicles - Police	139,500	90,000	85,000	80,000	82,000	100,000
Fire Rescue Boat	-	137,500	-	-	-	-
Storage Shed - Fire Station #1	-	15,000	-	-	-	-
West Parking Lot Expansion - Police Dept	-	55,000	-	-	-	-
Building Video System - Police Dept	-	20,000	-	-	-	-
Mobile Data Terminals (MDT) - Police	-	7,500	38,000	-	-	-
Sand/Salt Spreader (2)	-	8,000	-	-	-	-
Fire Station #2 Improvements	-	-	150,000	-	-	-
Replacement Rescue Tools - Fire	-	-	80,000	-	-	-
Replacement Printer - Police Dept	-	-	12,500	-	-	-
Replacement Networking Hardware - City Hall	-	-	20,000	-	-	-
Replacement Air Pack - Fire	-	-	-	97,500	-	-
Replacement Patrol Boat - Police	-	-	-	85,000	-	-
Replacment for Brush Truck 11 - Fire	-	-	-	-	105,000	-
Replacement Vehicle - Development Services	-	-	-	-	45,000	-
Replacement Vehicle - Fire Chief	-	-	-	-	-	40,000
<b>TOTAL ANNUAL CIP REQUIREMENTS</b>	<b>\$ 515,000</b>	<b>\$ 410,000</b>	<b>\$ 420,500</b>	<b>\$ 297,500</b>	<b>\$ 267,000</b>	<b>\$ 175,000</b>

CAPITAL PROJECTS FUND	Projected FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Street Improvements Phase II	1,147,000	-	-	-	-	-
Sealcoating Projects	1,619,500	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Contribution to FM 2147 TXDOT Improvements	-	120,000	-	-	-	-
The Hills Road (Chip Seal Only)	-	80,000	-	-	-	-
Tory Lane & Lost River	-	80,000	-	-	-	-
Fire Engine - Fire Station #3	-	-	-	-	-	650,000
New Facility - Fire Station #3	-	-	-	-	-	2,000,000
<b>TOTAL ANNUAL CIP REQUIREMENTS</b>	<b>\$ 2,766,500</b>	<b>\$ 1,280,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 3,650,000</b>

UTILITY FUND	Projected FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>Routine Capital Purchases &amp; Projects:</b>						
Total Routine Capital Purchases & Projects	684,500	633,250	693,250	690,750	285,000	330,000
<b>Major Capital Purchases &amp; Projects:</b>						
Wastewater Reclamation Plant Expansion	130,000	5,000,000	1,000,000	-	-	-
Zebra Mussel Treatment	-	350,000	-	-	-	-
Summit Rock Lift Station	-	-	650,000	-	-	-
Water Storage Tanks Rehabilitation	-	-	-	500,000	450,000	500,000
<b>Total Major Capital Purchases &amp; Projects:</b>	<b>130,000</b>	<b>5,350,000</b>	<b>1,650,000</b>	<b>500,000</b>	<b>450,000</b>	<b>500,000</b>
<b>TOTAL ANNUAL CIP REQUIREMENTS</b>	<b>\$ 814,500</b>	<b>\$ 5,983,250</b>	<b>\$ 2,343,250</b>	<b>\$ 1,190,750</b>	<b>\$ 735,000</b>	<b>\$ 830,000</b>

# Budget Glossary

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**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:**

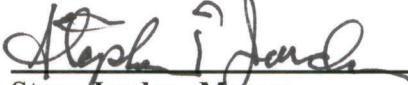
The City Council requires that all projected annual budgets for General Fund result in a cash flow reserve equal to the greater of \$2,500,000 or three months of total operating expense, plus debt service reserves as required by debt indentures.

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 15<sup>th</sup> 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.

