CITY OF HUTTO, TEXAS
REGULAR CITY COUNCIL MEETING
THURSDAY, JULY 12, 2018 AT 7:00 PM
CITY HALL - CITY COUNCIL CHAMBERS
401 WEST FRONT STREET

CITY COUNCIL

Doug Gaul, Mayor
Tom Hines, Place 2, Mayor Pro-tem
Scott Rose, Place 1
Nathan Killough, Place 3
Tim Jordan, Place 4
Patti Turner, Place 5
Terri Grimm, Place 6

AGENDA

1. **CALL SESSION TO ORDER**

2. **ROLL CALL**

3. **INVOCATION**

4. **PLEDGE OF ALLEGIANCE**

5. **PUBLIC COMMENT**
Any citizen wishing to speak during public comment regarding an item on or off the agenda may do so after completing the required registration card. In accordance with the Texas Attorney General's Opinion, any public comment that is made on an item that is not on the published final agenda will only be heard by the City Council. No formal action, discussion, deliberation, or comment will be made by the City Council. Each person providing public comment will be limited to 3 minutes.
5A. Remarks from visitors. (*Three-minute time limit*)

REGULAR AGENDA ITEMS

6. **RESOLUTIONS:**

6A. Resolution authorizing the City Manager to amend the construction contract for the City of Hutto Amphitheater and approving the Hutto Economic Development Corporation Type B Cooperation and supplement to the contract. (Matt Rector)

7. **CITY MANAGER COMMENTS:**

7A. Presentation and discussion concerning the proposed Fiscal Year 2018-209 Annual Operating Budget. (Anthony Emadi)

8. **ADJOURNMENT**

CERTIFICATION

I certify that this notice of the July 12, 2018 Hutto City Council meeting was posted on the City Hall bulletin board of the City of Hutto on July 6, 2018 at ______ pm.

Original Agenda Signed
Lisa L. Brown, City Secretary

The City of Hutto is committed to comply with the American with Disabilities Act. The Hutto City Council Chamber is wheelchair accessible. Request for reasonable special communications or accommodations must be made 48 hours prior to the meeting. Please contact the City Secretary at (512) 759-4033 or lisa.brown@huttotx.gov for assistance.

CITY OF HUTTO
CITY COUNCIL AGENDA

AGENDA ITEM NO.: 6A. **AGENDA DATE:** July 12, 2018

PRESENTED BY: Matt Rector, Executive Director of Engineering and Public Works

ITEM: Resolution authorizing the City Manager to amend the construction contract for the City of Hutto Amphitheater and approving the Hutto Economic Development Corporation Type B Cooperation and supplement to the contract. (Matt Rector)

STRATEGIC GUIDE POLICY: Well Balanced & Diversified Economy

ITEM BACKGROUND:

BUDGETARY AND FINANCIAL SUMMARY:

RELATED COUNCIL COMMITTEE OR ADVISORY BOARD RECOMMENDATIONS:

Not applicable.

CITY ATTORNEY REVIEW:

STAFF RECOMMENDATION:

Staff recommends approval.

SUPPORTING MATERIAL:

1. Resolution
2. OPC Amphitehater

RESOLUTION NO. ___________

RESOLUTION APPROVING AND AUTHORIZING THE CITY MANAGER TO AMEND THE CONSTRUCTION CONTRACT FOR THE CITY OF HUTTO AMPHITHEATER AND APPROVING THE HUTTO ECONOMIC DEVELOPMENT CORPORATION TYPE B COOPERATION AND SUPPLEMENT TO THE CONTRACT

WHEREAS, the City of Hutto entered into a construction contract with FT WOODS Construction on April 5, 2018, for the construction of an Amphitheater ("Project") for the purposes of economic development. The City of Hutto is now proposing the addition of a permanent stage at a cost of Eight hundred and eighty-four thousand, four hundred and forty-six and 18/100 dollars ($884,446.18).

WHEREAS, the Hutto Economic Development Corporation Type B (the "Corporation") has been incorporated and exists and operates as a duly constituted authority and instrumentality of the City of Hutto, Texas (the "City"), pursuant to Chapters 501, 502 and 505 of the Texas Local Government Code, as amended (the "Act").

WHEREAS, the Hutto Economic Development Corporation Type B (the "Corporation"), on July 2, 2018 approved an expenditure in an amount Not To Exceed (NTE) of Five hundred and eighty-five thousand dollars ($585,000) to supplement the cost of constructing a permanent stage for the City of Hutto's Amphitheatre.

WHEREAS, this City Council finds and determines that it is appropriate to approve the Hutto Economic Development Corporation Type B supplement to the construction of the Amphitheatre; Now, Therefore

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HUTTO:

Section 1. The City Council hereby approves and authorizes the City Manager to amend the construction contract for the construction of the City of Hutto Amphitheatre.

Section 2. The supplemental expenditure of funds of the Hutto Economic Development Corporation Type B in connection with the Amphitheatre Project is hereby approved by the City Council.

RESOLVED on this **12th** day of the month of **July, 2018**.

CITY OF HUTTO, TEXAS

____
Doug Gaul, Mayor

ATTEST:

____
Lisa L. Brown, City Secretary,

PARKHILLSMITH&COOPER

PSC

Opinion of Probable Cost - 50'x80' Stage with 25'x25' side wings

City of Hutto Amphitheater Stage Addition

Hutto, TX

PSC Job Number: 8435.17

6/27/2018

ITEM DESCRIPTION	QUANTITY	UNIT	UNIT COSTS	EXTENDED COSTS
EARTHWORK				
Earthwork	1750	CY	$20.00	$35,000.00
UTILITIES				
400A Company switch	2	EA	$8,700.00	$17,400.00
200A Company switch	1	EA	$5,500.00	$5,500.00
#500 KCMIL (8)	24	CLF	$962.64	$23,103.36
#3 AWG (2)	5	CLF	$183.93	$919.65
#3/0 AWG (4)	10	CLF	$394.46	$3,944.60
#6 AWG (1)	3	CLF	$102.02	$306.06
#4 SCH 40 PVC (1)	500	LF	$13.82	$6,910.00
2 1/2" SHD 40 PVC (1)	250	LF	$9.04	$2,260.00
Trench/backfill	250	LF	$20.00	$5,000.00
New distribution panel w/ 1000A MCB	1	EA	$15,000.00	$15,000.00
STRUCTURE				
Structural Steel	110	TON	$4,000.00	$440,000.00
FINISHES				
Paint	1.5	LS	$10,000.00	$15,000.00
ACCESSIBILITY RAMP				
Concrete ramp w/ steel railings	60	LF	$220.00	$13,200.00
FOUNDATION				
CMU (8x8x16)	1800	SF	$16.00	$28,800.00
Concrete footings	360	LF	$175.00	$63,000.00
Composite Concrete (6" thick)	5250	SF	$5.00	$26,250.00

SUBTOTAL		$701,593.67
Area Multipliers	1.0	
		$701,593.67
		$701,593.67
General Contractor Overhead	10%	$70,159.37
		$771,753.04
General Contractor Profit	5.0%	$38,587.65
		$810,340.69
Bond	1.50%	$12,155.11
		$822,495.80
Contingency	3%	$24,674.87
		$847,170.67
Design Fee	8%	$67,773.65
		$914,944.33
Contract Administration Deduction from Design Fee	-45%	-$30,498.14
GRAND TOTAL		**$884,446.18**

CITY OF HUTTO
CITY COUNCIL AGENDA

AGENDA ITEM NO.: 7A. **AGENDA DATE:** July 12, 2018

PRESENTED BY:

ITEM:

Presentation and discussion concerning the proposed Fiscal Year 2018-209 Annual Operating Budget. (Anthony Emadi)

STRATEGIC GUIDE POLICY:

ITEM BACKGROUND:

BUDGETARY AND FINANCIAL SUMMARY:

RELATED COUNCIL COMMITTEE OR ADVISORY BOARD RECOMMENDATIONS:

CITY ATTORNEY REVIEW:

STAFF RECOMMENDATION:

SUPPORTING MATERIAL:

1. FY 2019 Draft Budget

Mayor
Doug Gaul

Mayor Pro-tem
Tom Hines

Council Members
Scott Rose, Place 1
Tom Hines, Place 2
Nate Killough, Place 3
Tim Jordan, Place 4
Patti Turner, Place 5
Terri Grimm, Place 6

City Manager
Odis Jones

Mayor and City Council,

It is my honor to present to you the 2018-19 Budget for your consideration. The 2018-19 Budget was carefully crafted to meet the growing needs of the Hutto community. The 2018-19 Budget continues Hutto's conservative financial approach while balancing the demands associated with growth, aging infrastructure, and the desire to grow and expand programs and services.

Hutto is at a crossroad in its development. The decisions made today will have a long lasting affect on the community and will affect future generations of Hutto residents. Choices made today on topics such as a well balanced and diversified economy, public safety, fiscal responsibility, quality of life and services, infrastructure and growth will shape the future of Hutto. It is no wonder that the City Council identified these topics as their highest priorities. This proposed budget and work plan was crafted to enable the City staff to work towards executing solutions to these pressing topics and to set the City of Hutto on a course for future prosperity.

Driving these issues is Hutto's phenomenal growth. Hutto is in the midst of its largest economic boom in its 105 year history. The City has added more than 2,150 homes within the last six years and expects to add more than 400 in 2018 alone. These 400 homes will add approximately 1,200 new residents who need services. This remarkable residential expansion is not expected to slow as new subdivisions are continuing to develop. While this growth results in many positives, it also brings challenges. Our roadways are becoming congested. There are increased demands on our infrastructure. There are more people in need of services from our Public Safety, Library, Parks and Recreation, and the Williamson County Regional Animal Shelter. New subdivisions brought on by development have increased the workload of the Development Services and Public Works staff who are responsible for the upkeep of the City's infrastructure. Support service staff are also being stretched as there are more grants, projects, increased financial complexity and transparency to manage.

As the City begins growing and expanding infrastructure, it is imperative that a long-term plan, including strategies and funding sources, be developed. The City Council has done just that by adopting a new Strategic Plan in May 2017 and updating this plan in March 2018. With the exception of Farley Street and East Street which were updated in 2018, much of the infrastructure in Hutto's historic downtown has not been updated. Infrastructure in subdivisions that have sprung up in the last 10-15 years are now in need of maintenance. This budget begins to address the above needs by adding critical staff and funding. Staffing additions include four more patrol officers in the Hutto Police Department. The changes in funding also allowed the City to create a separate Street, Drainage and Grounds Maintenance fund in 2018 which will continue going forward to address the long-term repairs and rehabilitation needs of streets and parks. Overall, these changes help develop economic growth to diversify the tax base, bringing in additional property and sales tax revenue, easing the burden on residents, and continuing the implementation of the infrastructure master plans.

While the community continues to grow, the City had not kept pace with staffing levels needed to serve the expanding population. The City of Hutto had 102.50 FTEs, or "full-time equivalents," at the beginning of the year, which gave Hutto a staffing ratio of 3.69 staff per 1,000 residents. This was the lowest staffing ratio of all of Hutto's benchmark cities, with the average ratio being 7.14 per 1,000 residents. To keep up with the growing needs of the community, the City added staff and resources to support the programs and services in the community, as well as maintain the City's investment in its infrastructure. During 2018, the number of FTEs rose to 134.75 and with a population of approximately 27,833, this made the staffing ratio increase to 4.84 staff per 1,000 residents. The proposed budget will continue to add employees for a total addition of nineteen (19) FTEs, which includes four police officers, a system administrator for information technology, a warrant officer, a code enforcer and code inspection officer, two (2) recreation programmers, one administrative assistant for police, a criminal investigation sergeant, a meter technician, a library assistant and library page, an additional janitorial staff member, building maintenance supervisor, and two streets and drainage technicians. These, of course, will be staged throughout the year to ensure appropriate timing of cash flows is met. After next fiscal year we should not have any immediate needs for additional staff outside of continued normal growth.

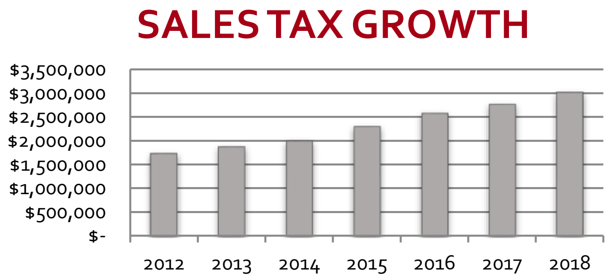
City	Population Estimate as of 7/1/2017	Full Time Equivalents (FTE) Beginning of FY 2018	FTE Ratio per 1,000 Citizens
Average			*7.14*
Hutto	27,833	134.75	4.84
Belton	21,734	171.5	7.97
Cedar Park	75,704	484.50	6.39
Cibolo**	29,249	137.275	4.73
Georgetown	70,685	690	9.76
Kyle***	43,480	228	5.24
Leander***	49,234	252.25	5.42
Little Elm***	46,548	266.7	6.73
Pflugerville***	63,359	372.5	5.88
Round Rock	123,678	956	7.72
Seguin	28,983	373	12.87
Taylor***	16,982	149	8.77

*Population estimates below referenced from the Texas State Library and Archives Commission and the last population estimate was for 2010-2017 with one to be conducted soon.

*FTEs taken from annual FY18 Budgets of each respective city or FY17 annual report.

**Similar to Hutto in regards to only have a water/wastewater, sewer and drainage funds for utility funds.

***Similar to Hutto in regards to only have the same utility funds, however, may include other employee functions such as fire, etc.



Economic Outlook

Hutto is positioned for a prosperous future. Hutto's location at the intersection of US Hwy 79 and State Highway 130 makes Hutto a convenient location and easily accessible. Because of this, Hutto also benefits from growth that is occurring regionally. The Innovation Business Park, Pollard Park purchase and development, the Landing Development, and Co-Op Entertainment District in Hutto is expected to have a positive impact on Hutto businesses. Job growth in the Austin-Hutto MSA is strong each month and unemployment is a low 2.9% as of May 2018.

The economic indicators in Hutto point towards a vibrant local economy. The phenomenal residential growth was previously mentioned, and commercial growth is occurring at its fastest rate in history. The opening of the new HEB Plus and the surrounding retail in the Star Ranch limited purpose annexation area, have continued to be a tremendous boost to Hutto's sales tax revenues and will spur further economic growth in the area. Other development sites include Innovation Business Park, the Co-Op Entertainment District, the Landing, and the Crossings of Carmel Creek and NewQuest - Townwest Commons. All offer great opportunities for future retail and commercial growth.

Sales tax collections continue to climb and new records are established each year. As of June 2018 collections were 19% over the prior year. Sales tax collections are conservatively projected to rise 17.5% in FY18. The development of further homes and further retail shall continue to spur the sales tax growth which has consistently climbed over the last two years at a 21% average growth.

Home values have also experienced steady increases in appraised values which are confirmed by strong sales numbers and a low inventory. Average home values in Hutto have steadily risen from $164,745 in FY15 to $183,267 in FY16, $215,813 in FY17, and are now $244,990 (as per www.movoto.com).

Budget Overview

The proposed 2018-19 Budget for the City totals $24,662,067 in operating expenses, approximately $10,957,801 for capital projects, and $9,641,023 for debt services associated with past and ongoing capital projects. Operating revenues for the budget totals $33,330,153. The ongoing operating expenses plus the associated debt service payments and cash funded capital projects exceed the proposed ongoing revenues of the City in the current fiscal year, making the proposed FY19 Budget, much like the past few years, a year which will decrease our overall fund balance by $1,380,738; however, we shall continue to be in compliance with our reserve requirement. This is to be expected during years of growth as the City situates itself for this growth by spending excess reserves to hire additional staff and build out the additional infrastructure that will be needed to drive economic growth.

Below is a tie out of projected revenues and expenses:

Revenues:

Operational Revenues: $33,330,153 (including grant revenues to be received)

Bond Proceeds from Bonds Issued in Prior Years To be Used on CIP: $9,100,000

Bond Proceeds to be used for operational purposes: $600,000

TWBD Bond Proceeds Used to Pay Back Bond: $850,000

Total: $43,880,153

Expenses:

Operational Expenses: $24,662,067

Capital Projects: $10,957,801

Debt Service Payment: $9,641,023

Total: $45,260,891

As the above analysis shows, the City will dip into the beginning fund balance by $1,380,738 in the current proposed budget from an operational perspective as is reflected in the operational loss as seen in the three year cash flow analysis.

Budget Priorities

The City Council began working on a new Strategic Plan in the first quarter of 2017. There were several retreats with City Council and City Staff, as well as meetings with Boards and Commissions, and informal and formal public meetings to obtain insight and feed back from many stakeholders to develop the new Strategic Plan & Execution Guide which was also then updated in March 2018. The proposed 2018-19 Budget is intended to align with the Strategic Plan & Execution Guide. The Vision Statement, Values, Strategic Focus Areas, and Objectives from the Strategic Plan & Execution Guide are shown below.

VALUES

RESPONSIBLE

We expect those acting on behalf of the organization to consistently show responsibility. Being responsible entails being trustworthy to do what is in the best interest of the community and the City organization and being accountable for our own individual actions.

SAFE

We expect those acting on behalf of the organization to consistently have a high regard for the safety of all involved, including our residents, visitors, volunteers, employees, and their property. The value of safety includes actions taken to promote the safety of the public (i.e., police services, fire services, emergency medical services and the like) as well as design of our infrastructure, operational policies, and the working conditions provided to our employees. Recognizing that some elements of the work of the City of Hutto come with a level of inherent danger, our goal is to mitigate that danger to the extent reasonable.

AUTHENTIC

We expect those acting on behalf of the organization to act with authenticity. Hutto is a unique community with a particular history, culture and character, and being authentic entails being genuine in both words and deeds to both the individual character and the character of the community as a whole.

PROGRESSIVE

We expect those acting on behalf of the City of Hutto to seek creative solutions to problems. Being progressive entails making use of new or different methods, opportunities, and ideas with the intention of advancing the practice or outcome farther and faster than it would under the status quo.

Vision Statement

Hutto, Texas is a family-friendly community that provides superior public safety, outstanding fiscal responsibility, diversified economy, and an exceptional quality of life.

STRATEGIC FOCUS AREAS

Strategic Focus Areas directly support the Vision and Values. These are the broad areas that the City is intentionally placing an intense focus upon. Below are the five Strategic Focus Areas of the City of Hutto.

OBJECTIVES

Objectives within this plan are the primary areas that the City is intending to noticeably make changes to in the relative short term in furtherance of its Vision. Objectives are more specific and direct than Strategic Focus Areas, but in most cases are not discreet, achievable goals in and of themselves. Objectives are designed so that if the organization makes significant progress towards the Objectives, it will have made significant progress towards achieving the Vision.

Generate a strategic path forward for enhancing the public safety apparatus, including police, fire, and emergency medical services.	Create an aggressive, progressive economic development strategy for the community.	Create an "open for business" culture throughout the organization.

Maintain a positive and inspired workforce	Enhance mobility within the CIty	Implement a quality city-wide customer service program.	Enhance the overall governance of the community.

Construct and maintain infrastructure at the desired levels of service.	Ensure responsible fiscal stewardship through transparency and reporting.	Maintain an environment and quality of life that encompasses a safe, friendly, and entertaining atmosphere for all ages.

FY 2018-19 BUDGET CALENDAR

DATE	DESCRIPTION
July 12, 2018	Special City Council Work Session (Thursday) – Budget Overview, Council's Budget Goals & Objectives, Tax Rate Scenarios, FY 18 Year-End Budget and Proposed FY 19 Budget; Review of Outside Agency Funding Applications
July 25, 2018	Deadline for Williamson County Appraisal District to Certify Tax Roll
August 2, 2018	City Council Meeting – Budget Presentation with CIP (Overview), Record Vote on Tax Publication

August 23, 2018	Special City Council Meeting – 1st Public Hearing on Setting of Tax Rate, 1st Budget Public Hearing (pending Council approval)
September 6, 2018	1st Reading of Ordinance approving Ad Valorem Taxes; 1st reading of ordinance approving the budget.
September 13, 2018	Special Called – 2nd Public Hearing on Setting of Tax Rate (if necessary), 2nd Budget Public Hearing (pending Council approval)
September 20, 2018	2nd Reading of Ordinance approving Ad Valorem Taxes; 2nd reading of ordinance approving the budget.
October 1, 2018	Budget New Year Begins

Budget Process

The City of Hutto uses a priority-based budgeting process.

The City of Hutto annually budgets operating revenues and expenditures by two types of funds: Governmental Funds and Proprietary Funds. The City uses a total of fourteen separately and independently budgeted funds to carry out the day-to-day operations of the City. A fund is generally defined as a fiscal and accounting entity that has its own self-balancing set of accounts recording cash and other financial resources, as well as any liabilities or residual equities or balances. Normally funds are segregated for the purpose of carrying out specific activities, or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Governmental funds are used for tax supported general government activities and include the General Fund, General Debt Service Fund, Special Revenue Funds, General Capital Projects Fund, and the newly created Streets, Drainage and Grounds Maintenance Fund. Proprietary funds (funds that operate more like a business enterprise) include the Utility Fund, Impact Fee Fund, and Utility Debt Service Fund.

Each fund is budgeted separately and includes its own financial statement. The Hutto Economic Development Corporation (HEDC) is the City's 4B Economic Development Corporation. The HEDC budget is developed by HEDC staff and board members. The HEDC budget is adopted by both the seven member board and the City Council. The HEDC budget is not included in this proposed budget. The financial information for the HEDC is included in the annual financial report for the City.

Gather Information

The City Council is consulted throughout the year. Their response and feedback are considered during budget review and analysis of budget requests. The Council annually adopts budget priorities. Following the Council elections, the City Council holds a retreat to discuss the budget priorities and strategic issues important to Hutto's future. The budget priorities are incorporated where possible in the adopted budget. The budget priorities for the upcoming fiscal year are addressed in the opening pages of this document and in the Budget Transmittal Letter section as well as the updated Strategic Plan and Execution Guide adopted May 2017 and updated March 2018.

Update Strategic Plans

Each year staff reviews and updates strategic plans used to properly plan for the City's growth. The City Council adopted a new Strategic Plan and Execution Guide in May 2017 and updated it in March of 2018. This document connects short-term initiatives with long-term strategic priorities identified by the City Council. Adjustments are made as needed based on service demands and assessments. Future budget requests are guided by goals and priorities identified in the strategic plans. Costs for capital improvements are updated with the help of the City Engineer. Fiscal forecast projections and estimates are updated based on trend analysis, expected growth due to residential and commercial expansion, and other anticipated factors.

Revenue Projections

Revenue projections for the new fiscal year begin mid-year of the current fiscal year. Projections are based upon consultations with state and local agencies, trend analysis, anticipated changes in the local and regional economy, and discussions with directly associated staff. Although beginning earlier, revenue projections occur concurrently with departmental budget development and extends until the budget is adopted based upon the receipt of new information.

Budget Development

The budget is prepared to promote fiscal responsibility and ensure superb service delivery to Hutto citizens. In preparing the budget, departments are asked to review existing programs, make cuts where appropriate, and to calculate the resources needed to provide the current or base level service in the next fiscal year. These base budgets do not include any new programs, but costs may fluctuate from year to year due to inflation and other market conditions. After establishing base budget requests, departments are asked to factor in budget enhancements to the budget requests based on the budget priorities adopted by the City Council. Budget enhancements are costs related to new or expanded programs, including new personnel, supplies, and equipment.

During the budget development stage, the City Manager and Finance Department work with department and division managers to analyze requests, provide advice and lend assistance. Program goals, objectives, and measures are evaluated during the budget development to determine the effectiveness and efficiency of program activities to determine appropriate levels of funding. Staff work sessions are held to discuss goals and performance indicators, as are one-on-one consultations for the development of cost estimates. As the City encourages a participatory style of leadership, input is gathered from each employee, the leadership team, and appropriate employee committees during the budget development process.

The budget is drafted in accordance with the City's Charter, state law, and also the City's Fiscal and Budgetary Policy. The Fiscal and Budgetary Policy provides additional guidelines in regards to Financial Planning, the Budget Preparation Process, Revenue and Expenditure Management, Staffing, Economic Development, Intergovernmental Relations, Capital-Asset Management, Financial Reporting, and Debt Management. The Fiscal and Budgetary Policy is included in this budget document before the Glossary.

Budget Workshops and Public Hearings

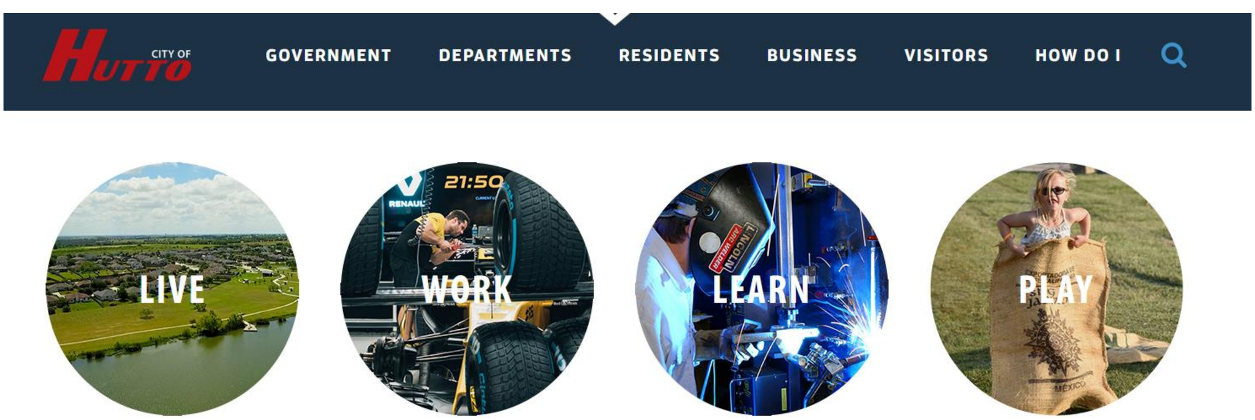
Budget work sessions are held with the City Council in open meetings to review and discuss the proposed budget. Citizen input is gathered through public hearings.

Budget Adoption and Maintenance

Budget adoption occurs in September after City Council deliberations and public hearings. The City Council may take action to modify the proposed budget per its discretion. The City Council also adopts a tax rate to support the adopted funding levels.

An adopted budget is compiled and published during the first months of the new fiscal year. Budget maintenance is a year-round activity for department and division directors, the City Manager, and the Finance Department. Mid-year program evaluations use performance measures to identify poorly performing programs so that adjustments may be made accordingly. Control mechanisms include the submission of monthly financials and budget to actual reports to City Council, monthly review of expenditures by the City Manager and Finance Department, and authorization to purchase from the City's Finance Department. The City Manager may move appropriations from account to account; however, budget amendments resulting in a decrease or increase of total appropriations must be approved by ordinance by the City Council.

2018-19 Budget Overview



The 2018-19 Budget totals $24,662,067 in operating expenses; $9,641,023 in debt service requirements; and $33,330,153 in revenues. Savings from previous fiscal years, along with strong revenue growth, has kept the City's fund balances stable. The 2018-19 General Capital Improvements budget totals $5.7 million and Capital Improvement Projects for the Utility fund total $5.3 million. The City will utilize existing bond proceeds or grant monies for all but $1.08 million of the Capital Projects budget totals and will also utilize a portion of the projected fund balance which exceeds the reserve requirement to pay for one time purchases in the current fiscal year. Please see below for our overall analysis reflecting the sources and uses of fund for the proposed budget:

Revenues:

Operational Revenues: $33,330,153 (including grant revenues to be received)

Bond Proceeds from Bonds Issued in Prior Years To be Used on CIP: $9,100,000

Bond Proceeds to be used for operational purposes: $600,000

TWBD Bond Proceeds Used to Pay Back Bond: $850,000

Total: $43,880,153

Expenses:

Operational Expenses: $24,662,067

Capital Projects: $10,957,801

Debt Service Payment: $9,641,023

Total: $45,260,891

As the above analysis shows, the City will dip into the beginning fund balance by $1,380,738 in the current proposed budget from an operational perspective as is reflected in the operational loss as seen in the three year cash flow analysis.

General Fund

The General Fund is the largest fund of the City and accounts for the general service and operations. The General Fund is where services such as Police, Planning, Public Works, Parks and Rec, and Administration are budgeted. The majority of the City's employees are funded out of the General Fund.

	FY2016-17	FY2017-18	Proposed FY2018-19	Change
O&M Rate	.429335	.416482	.3892996	-6.53%
Debt Rate	.091108	.098689	.1258715	27.54%
Total Tax Rate	.520443	.515171	.515171	0.0%

The General Fund revenue budget totals $15.2 million, which is an increase over the prior year's adopted budget of $12.6 million. General Fund expense budget totals $15.6 million, which is an increase over the prior year's adopted budget of $12.4 million. The General Fund budget is based on the ad valorem rate of $0.515171 per $100 of valuation. The maximum ad valorem rate of $0.533803, which is the rollback tax rate, is the highest rate that the City may propose without risk of an election petition and could produce an approximate additional $600,000 if so decided. However, the current tax rate level is being kept the same and will still produce additional revenue to cover the new debt service, hence the increase in the I & S or debt portion of the ad valorem tax rate, and increase opeartional revenues by approximately $200,000. Additional commercial and multi-use development along with residential growth is planned for the City and this will continue to grow and diversify the tax base, eventually easing the burden on Hutto residents.

General Fund Personnel Enhancements for 2018-19 include: four (4) additional patrol police officers; one library assistant; one library page; a systems administrator to provide technical assistance mainly to police; a warrant officer to serve as a bailiff and to track down warrants; a code enforcer to ensure buildings are complying with regulatory requirements; a code inspection officer to keep up with the increased activity and construction; two (2) program recreation coordinators to help service the parks and new programs that will occurr; transitioning the part-time animal control personnel to full-time; one adiminstrative assistant for police; one sergeant for criminal investigation division; and a 3% merit, which aligns with the Council adopted Strategic Plan.

General Fund Equipment and Other Enhancements for 2018-19 include information technology and software upgrades and increases for new quipment, radio replacements, parks and recreation program and facility and equipment, vehicle and police equipment additions.

Utility Fund

The Utility Fund is the second major operating fund of the City. It accounts for the City's water and wastewater system. Utility Fund budgeted operational revenues total $11.2 million. A utility rate study was conducted in 2017. Wastewater rates were increased by 25% in FY18. The effective date for the rate increase in FY18 was March 1, 2018. The rate increase was needed in order to maintain utility fund reserve requirements, invest in new infrastructure to allow expansion of the tax base, and meet debt service obligations for recent utility projects such as the new Hutto South Waste Water Treatment Plant. Additionally there is a transfer in of $1.5 million in impact fees that will be utilitzed to service the debt payments.

Utility Fund budgeted operational expenses are proposed to total $5.2 million, with an additional $7,308,666 million to be spent on debt service requirements through a transfer out to the debt service fund. The majority of expenses in the Utility Fund are for payroll and maintenance and upkeep costs. The City contracts operation and maintenance of the wastewater treatment plants with the Brazos River Authority. The cost of wastewater treatment has increased steadily with the population growth and as the new 2.0 million gallons per day South Wastewater Treatment Plant has become operational.

Utility Fund Personnel Enhancements for 2018-19 include an additional utility technician for meter maintenance and reading. Currently the City has two utility technicians dedicated to meter maintenance and reading. In order to maintain high customer service levels in conjunction with the phenomenal growth of the City it is essential that an additional technician be added.

Utility Fund Equipment and Other Enhancements for 2018-19 include water and wastewater facility maintenance, equipment purchases such as meter inventory, and vehicle replacements.

Streets, Drainage and Grounds Maintenance Fund

The Streets, Drainage and Grounds Maintenance Fund was a newly formed fund in fiscal year 2018 which provides major preventative maintenance and roadway improvement. The program should elevate the quality of Hutto's streets and create long term savings for the City through the systemic use of preventative maintenance. The fund began through the use of certificate of obligation bond monies that were issued in the beginning of fiscal year 2018. In addition, a $4 drainage fee was implemented the fiscal year 2018 to help fund the manpower and purchase the resources needed to improve the roadways in the City. The fund will then also utilize the remaining bond monies from prior year in this budgeted year to continue operations with eventually impact fees and the other revenues covering and additional needed funding until the drainage fee is able to self sustain this fund.

Streets, Drainage and Grounds Maintenance Fund budgeted expenses total $1.79 million, which is a decrease of the prior year of $772,000. Additional personnel, materials and equipment are included in this budget since this fund will be considered a full-scale construction fund, but large one time equipment purchases have been removed.

Streets, Drainage and Grounds Maintenance Fund Personnel Enhancements for 2018-19 budget include two additional street technicians. Streets and drainage projects require a specific skill set that only comes with someone who has the proper training and experience.

Streets, Drainage and Grounds Maintenance Fund Equipment & Other Enhancements for 2018-19 include a water truck.

Capital Projects

The FY19 Budget capital project budget for the general fund capital improvements fund includes $5.7 million for capital projects and the utility fund includes $5.3 million for capital projects. The projects, and their funding source, are included in the table below.

Fund	Project	Cost	Funding Sources
General CIP	Current City Hall reconstruction for police	$200,000	Bonds
	Co-Op Improvements	$3,125,000	Bonds
	Limmer Loop Improvements Agreement	$100,000	Cash
	CR 119 Extension Payment	$250,000	Cash
	TAP Limmer Loop Sidewalk Project w/TxDot	$295,950	Grant
	Tank Rehabs	$1,100,000	Bonds
	Fritz Park & Creekside Park TWP Grant	$500,000	Grant
Utility Fund CIP	Shiloh Tank	$675,000	Bonds
	Generators for Water Tanks	$250,000	Bonds
	Creekside/Cottonwood Drainage Improvements	$50,000	Bonds
	Permit Capacity Increase	$200,000	Bonds
	Relocation of FM 1660 Utilities	$450,000	Cash
	Lakeside Liftstation Abandonment	$500,000	Bonds
	Carmel Crossings Wastewater Interceptor	$181,851	Cash
	Innovation Business Park Water Line	$1,500,000	Bonds
	Innovation Business Park Wastewater	$1,500,000	Bonds

Internal Service Fund

The Internal Service Fund is a fund to account for any service that services other funds in the government. The internal service fund that is being created next year to account for the new fleet manager and for the building maintenance and janitorial staff. The amounts will be allocated to each department at year end based on either number of vehicles or square footage.

The Internal Service Fund Budget is $285,152 for Fiscal Year 2019. The enhancements for the budget propose adding one janitorial staff member and one building maintenance supervisor.

Three-Year Forecast

At the end of the budget presentation that follows, a three-year forecast has been put together. The forecast takes into effect a overall 5% increase in all expenditure line items outside of payroll which is set at 3%. As one can tell from the employment numbers being presented, the City is now reaching full employment capacity, and, as such, in the subsequent years, it is not expected for there to be anymore large increases in payroll budget outside of normal cost of living and merit adjustments. The revenues have been calculated out based on assumptions and factors, including working with the different departments to get best estimated on items such as building permit and inspection revenues. Please see the last few pages for this analysis.

Conclusion

The Budget document establishes the direction and focus for the upcoming year as it connects resources to the priorities identified by the City Council and the newly adopted strategic plan.

FY 2018-19 will be a tight budget year as we continue to experience growth. It is the City Manager's responsibility to fulfill and complete the objectives identified in this budget. This budget identifies resources and strategies that are in place to ensure the success of the organization, not just for this fiscal year, but for many years in the future.

Lastly, I would like to thank the City Council and the City staff, for their consideration of the Proposed FY 2018-19 Annual Budget.

Sincerely,

____

Odis Jones,
City Manager

GENERAL FUND SUMMARY

	2016-17 ACTUAL	2017-18 BUDGET	2017-18 AMENDED	2017-18 PROJECTED	2018-19 BASE	2018-19 ENHANCE	2018-19 BUDGET
Revenues							
Property Taxes	6,283,376	6,824,740	6,824,740	6,824,740	7,061,126	-	7,061,126
Sales Taxes	3,284,784	3,097,198	3,297,198	4,372,538	4,838,905	-	4,838,905
Franchise Fees	850,686	834,655	834,655	917,120	981,768	-	981,768
Building & Development	1,004,700	908,575	949,075	1,810,428	1,656,685	-	1,656,685
Fines	290,266	347,163	347,163	285,036	312,977	-	312,977
Interlocal	219,261	-	-	-	-	-	-
Charges for Services	212,536	272,850	275,850	207,758	236,223	-	236,223
Other	158,501	361,250	450,266	145,099	148,329	-	148,329
Total Revenues	12,304,110	12,646,431	12,978,946	14,562,718	15,236,014	-	15,236,014
Expenses							
City Administration	3,241,676	2,215,618	2,635,575	2,459,504	2,927,358	68,344	3,105,702
Communications	653,951	992,256	1,648,298	1,807,729	1,845,194	65,540	1,910,734
Financial Services	1,098,919	1,648,022	1,064,195	1,089,378	1,440,888	67,600	1,508,488
Business & Development Services	990,209	1,827,100	1,370,728	1,117,883	1,284,983	91,000	1,375,983
Engineering & Public Works	1,943,733	818,849	723,811	433,226	896,765	-	896,765
Community Services	467,988	-	928,629	755,486	1,678,945	151,113	1,830,058
Police	3,710,652	4,898,942	4,713,359	4,581,749	4,825,928	288,045	5,113,973
Non-Departmental	461,395	-	-	-	-	-	-
Total Expenditures	12,568,523	12,400,787	13,084,595	12,244,955	14,900,060	731,642	15,631,702
Other Financing Sources							
Transfers In	522,895	435,000	185,000	185,000	-	-	-
Transfers Out	(104,083)	(680,000)	(220,000)	(1,483,958)	(2,151,700)	-	(2,151,700)
Total Other Financing Sources (Uses)	418,812	(245,000)	(35,000)	(1,298,958)	(2,151,700)	-	(2,151,700)
Net Change In Fund Balance	486,399	645	(140,647)	1,261,079	(1,815,382)	(723,086)	(2,413,376)
Beginning Fund Balance	3,946,537	4,432,936	4,432,936	4,432,936	5,694,015	-	5,694,015
Ending Fund Balance	4,432,936	4,433,581	4,292,289	5,694,015	3,878,633	-	3,280,639
Contingency Reserves	*3,106,697*	*3,126,097*	*2,616,919*	*3,000,670*	*3,061,239*	-	*3,126,340*
Unreserved Ending Fund Balance	1,326,239	1,829,276	1,675,370	2,693,345	817,394	-	154,299
Reserves	25%	25%	20%	20%	20%	-	20%

Fund Description

The General Fund is the general operating fund, and is the largest fund of the City as it includes all traditional government services such as public safety, street and drainage maintenance, parks and recreation, library services, and general administration. The General Fund uses tax revenue, fees, fines, and other revenues to fund these services. It functions as a governmental fund, which is accounted for by using a modified accrual basis of accounting

Revenues

General Fund revenues are budgeted to total $15,236,014 an increase of 5.5% from prior FY18 Projected Year-End Actuals. Property taxes make up the bulk of the revenues, followed by sales tax. A diverse revenue base is essential for maintaining a sound financial system. Increased commercial and residential development is slated for the upcoming year and beyond. This new development will reduce the City's reliability on residential property tax revenue as more sales tax is collected and the tax base continues to diversify.

Property Tax is based on the ad valorem tax rate of $0.515171 per $100 of valuation. The split between the two portions of the tax rate is increasing, with the Interest and Sinking portion growing as the City issued large amounts of debt in FY 18(Operations and Maintenance - $0.3892996 + Interest and Sinking - $0.1258715), but will still allow the City to continue its existing services and programs, while adding additional staff. The effective tax rate, which is the rate required to levy the same amount of taxes on the same properties as the year before, is $0.3721371 per $100 valuation. Home values have also experienced steady increases in appraised values which are confirmed by strong sales numbers and a low inventory. Average home values in Hutto have steadily risen from $164,745 in FY15 to $183,267 in FY16, $215,813 in FY17, and are now $244,990 (as per www.movoto.com), an increase over the prior year by 13.5%. Property Tax makes up the largest percentage of General Fund revenues at 46%. A total of $7,061,126 is budgeted for collection, which is a 3.47% increase over the FY18 Projected Year-End Actuals. The increase is due to an overall increase in appraised value and from approximately $60 million in new property added to the tax rolls.

Sales tax is the second largest revenue source for the General Fund, accounting for 31% of revenues. Sales tax is budgeted at 4,838,905, a 17.5% increase over the prior FY18 Projected Year-End Actuals. Sales tax collections have remained strong as a result of continued residential growth and new commercial growth.

Franchise fees totaling $981,768 are fees collected for private utilities such as electricity, gas, and telecommunications located in the public right-of-way. The fee is generally based on a percentage of a company's gross revenues collected within the City's limits. Franchise fees are expected to increase 7% over prior FY18 Projected Year-End Actuals due to customer growth.

Development fees are budgeted to total $1,656,685. Development fees account for 8% of revenues. FY19 revenue decreased over the prior FY18 Projected Year-End Actuals due to significant permits and inspections occurring in the current year for such projects as the innovation business park. While there is a decrease, the revenues for this category will stay remain strong.

General Fines are budgeted to total $312,977. General fines are collected through municipal court. Citations are issued by the police department and settlement of those citations is done through the court.

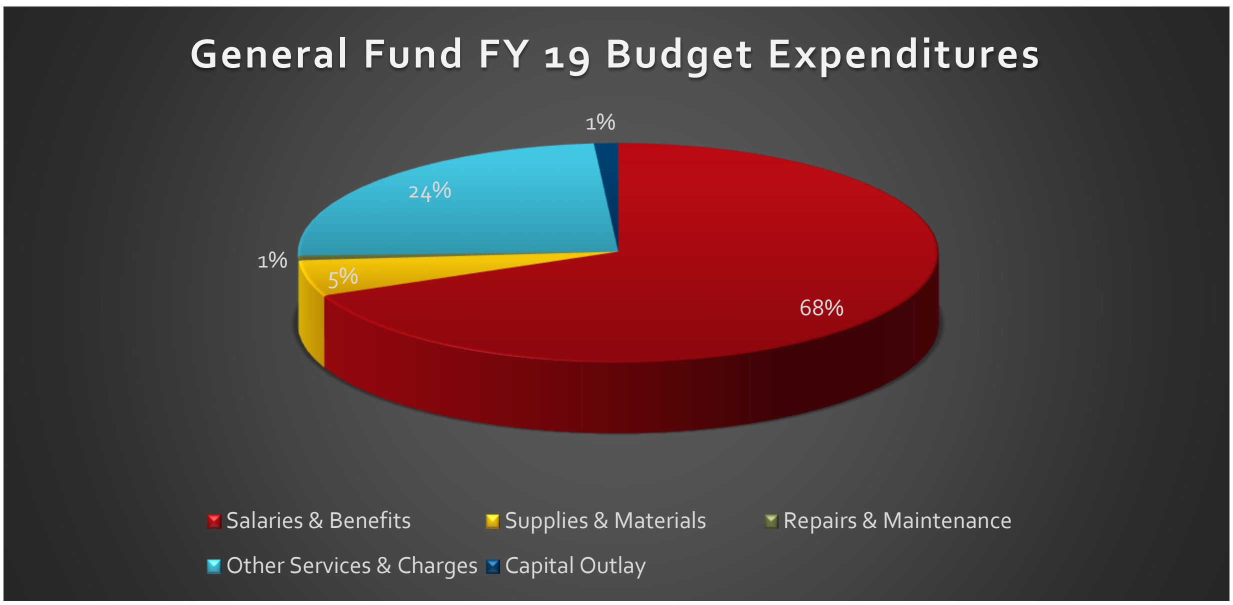
Transfers In are transfers from different funds into the General Fund. During this fiscal year (FY19), no transfers are being budgeted in the general fund.

Parks revenue is budgeted to increase slightly due to more growth in winter, spring and summer camps, as well increased participation in indoor league sports such as basketball. Parks revenue includes payments for Gin Building, Saul House use, pavilion rentals, recreational programming, and Library fees.

Other revenue includes interest, miscellaneous fees and taxes, donations, grants, and other minor revenue sources. Other revenue is budgeted to total $148,329 in FY19.

Expenses

General Fund expenses include costs related to general government operations such as: administration, police, planning and development, library services, parks and recreation, and streets and drainage, (which is now in a separate fund paid for with a bond issuance). General fund expenses, outside of transfers, total $15,631,702 which is an increase of 27% over the Projected Year-End 2017-18 Actuals. Police, with the majority of employees, makes up the largest percentage of General Fund expenses at 32%, with a total budget of approximately $5.0 million. Administration and Quality of Life Services make up the next largest percentages at 20% and 12%, respectively.



Salaries and benefits make up the majority of General Fund expenses at 68% of the budget. All Hutto employees, (except for the Utility employees, Street and Drainage Fund employees), are paid from the General Fund. This category includes salaries, insurance, and retirement expenses.

Enhancements include new or expanded programs or services, equipment, and personnel.

Budget Variances

This section explains differences between the 2017-18 Projected Year-End Actuals and the 2018-19 Budget. Expenses are broken into five categories.

	2017-18 PROJECTED	2018-19 BASE	2018-19 ENHANCEMENT	2018-19 BUDGET	%CHANGE PROJECTED
Salaries & Benefits	7,989,952	10,235,961	521,840	10,757,801	34.6%
Supplies & Materials	693,933	791,328	-	791,328	14.0%
Repairs & Maintenance	109,696	106,200	-	106,200	-3.2%
Other Svs & Charges	2,836,586	3,376,207	55,000	3,431,307	21.0%
Capital outlay	372,515	390,364	154,802	545,166	46.3%
Total	12,002,682	14,900,060	731,642	15,631,802	30.2%
Transfers out	**1,733,958**	**2,151,000**	-	**2,151,000**	**45.0%**

SALARIES & BENEFITS will increase about $2.7M over the FY18 Projected Year-End Projected Actuals. The largest portion of the increase deals with those who were hired in the prior year now having a full year salary plus benefits. However, there are several newly created positions in the general fund as detailed below.

Newly created positions for FY 19 include four Police Officer positions to meet the minimum staffing requirements and provide more efficiency of the Hutto Police Department. The total for the new patrol positions, including salary and benefits, totals approximately $138K. Also added to increase the efficiency of the department is an Administrative Assistant. This position will man the front desk so citizens can still have access to the department after hours when police are out on patrol. This position will cost $46,743 including payroll taxes and benefits. Total enhancements for this category is $185,084.

A criminal investigation sergeant has also been budgeted for at a salary of $66,660 and associated TMRS and other benefits as well. This will help to fill out the division and provide the resources needed for the department to appropriately function.

A Building Inspector is also budgeted for FY19 at the cost of $55,000 plus benefit, TMRS, and vehicle to facilitate a growing need in the community. With all the new growth the City is facing, our current Building Inspector has met his capacity. The addition of another Building Inspector will also increase the City's inspection revenue. The expansion of the city into newly annexed territory will bring increased needs for inspections which in turn will fill City coffers. Also, a Code Enforcement Officer position is budgeted for FY19 at the cost of $36,000 plus vehicle, benefits and TMRS. The Code Enforcement Officer will allow the City of Hutto to appropriately enforce all codes to ensure that properties are appropriately cared for and the City looks clean and proper.

A Library Assistant and Library Page position are budgeted for FY19 at the total cost of $20,540 plus benefits and TMRS. As the library continues to expand and provide more services to a larger amount of foot traffic coming in the doors, additional assistance will be needed to help appropriately service the community.

A Systems Administrator position is budgeted for FY19 at the total cost of $45,000 plus TMRS and benefits. This system administrator will be utilized mainly to help police and their IT infrastructure.

There is also a Warrant Officer position included in the FY19 budget at $60,000 plus TMRS and benefits. The warrant officer will also serve as the bailiff at the City Hall. Additionally, the warrant officer should be a revenue generator as they track down warrants (of which there is close to $1M in outstanding warrants). This position is one that will be constantly assessed in regards to whether or not the revenue is being generated, and, if not, it will be considered to also remove and just have one police officer work as the bailiff.

Additional two Recreational Programmers positions are budgeted for FY19 at the cost of $70,720 plus TMRS and benefits. These two new positions are to support the strategic focus of the City as there is a transition to quality of life services and parks. These two individuals will help to coordinate recreational programs and other such activities at the parks.

SUPPLIES & MATERIALS will increase by 14.0%, or $97,395, over the PY FY18 Projected Year-End Actuals. The increase is due to the growth of the City and the increasing needs for certain supplies and materials such as new computers and other such items.

REPAIRS & MAINTENANCE costs will see a decrease of over FY 18 Projected Year-End Actuals of -3.2% as a new ISF was created to deal with building repair and maintenance costs. Overall building and repair maintenance costs for the entire City will increase due to the new buildings, however, the increase is small given the additions to the City are new and will require less in repairs than some older buildings. As such, on the City wide basis, the repair and maintenance expenses will stay relatively flat for the City as a whole.

OTHER SERVICES & CHARGES make up the second largest expense of the general fund. FY19 will reflect a increase of 21.0% over FY18 Projected Year-End Actuals. Increases are expected in this category due to increase in overall needs of the city as more personnel was hired and there is ever increasing demand on our overall infrastructure including more IT and other such needs. Additionally, more contracted services will be needed as the City continues to grow until such a time that all such services can be brought in house. Also included in this category is the City Council stipend that was added this year, but, will see a full year in FY19.

CAPITAL OUTLAY costs will see a increase of 46.3%, or approximately $172,000, over FY18 Projected Year-End Actuals. The majority of the capital outlay costs is the lease/purchase of six (6) new police vehicles. These vehicles will be for the new patrol and CID. These new leases will be in addition to the existing ones. Another vehicle will be leased for the building inspector.

TRANSFERS OUT consists of a transfer to the debt service fund in the amount of $12,837, to the Streets & Drainage fund in the amount of $638,863, $20,000 to the General Fund Capital Replacement Fund, and $1,480,000 the Construction in Progress Fund for completion of projects.

Department Enhancements – General Fund

As part of the budget process departments submit not only a base budget but they include enhancement requests that are in addition to their base budget. These enhancements include personnel, equipment, projects, and programs. Following is a list of enhancements by department, a description and departmental justification for the enhancement.

Description: All employee increase, except executive staff, of 3% in merit/market pay.
Justification: To stay competitive with benchmark cities and to pay for performance which is in alignment with the newly adopted Strategic Plan.

Library

Description: Library Page and Library Assistant
Justification: Due to continued growth of the City, the foot traffic in the library has grown, and, as such, there exist a need for additional help to assist with the growth.

Information Technology

Description: System Administrator

Justification: A system administrator is needed to assist with the overall IT and mainly for helping police with their IT needs.

Municipal Court

Description: Warrant Officer

Justification: The City will need a bailiff at the new City Hall. As such, it is proposed to hire a warrant officer, who will also serve as the bailiff so that the warrant officer can track down the large amount of warrants that are currently outstanding. This position should then pay for itself. However, to be conservative, no revenue was budgeted. Additionally, this position also includes increases for all associated expense, including but not limited to, clothing, fuel & mileage, etc..

Description: Vehicle (leased)

Justification: The warrant officer will need a vehicle to travel around to collect and issue warrants as necessary.

Building Inspection & Code Enforcement

Description: Building Inspector

Justification: With the exponential growth that the City has steadily experienced, our one building inspector has reached capacity. Furthermore, the city is anticipating that additional duties related to taking on certain inspections within the extraterritorial jurisdiction further justifies the need for an additional building inspector. This position will generate sufficient revenue to offset the costs of the position.

Description: Code Enforcer

Justification: With the growth of the City, we want to ensure that appropriate actions are taken to address any concerns with compliance with City codes so that standards for the City can be maintained. In order to keep up with the growth, a code enforcer is proposed to be hired.

Engineering

Description: 3 Vehicles (leased)

Justification: As the engineering department has filled out, there is a greater need for more vehicles. Some individuals will relinquish their vehicle stipend and received a vehicle instead.

Parks & Recreation

Description: 2-lIft mowers

Justification: As the parks are expanding and new grounds are being acquired, it only logically follows that more equipment will be needed in order to maintain the parks. As such, 2 -lIft mowers are being proposed.

Description: 2 program recreation coordinators
Justification: The city is expanding and to service the city quality of life, we propose hiring two more recreation programmers in order to organize new programs and recreational activities for the City.

Animal Control

Description: Moving part-time employee to full-time
Justification: As the City grows, there has been increased workload put onto the animal control department. As such, we propose moving the part-time employee to full-time in order to handle the workload.

Public Safety

Description: Administrative Assistant
Justification: We propose this position to man the front desk so citizens can still have access to the department after hours when police are out on patrol.

Description: Four Additional Police Officers
Justification: To address the growing needs of the City and to stay ahead of increasing criminal activity as a result of that growth. Included with this enhancement is the associated increases in fuel & mileage, uniforms, capital lease for the police vehicle, etc..

Description: Increased training budget
Justification: To address the needs of the increased number of police officers and to ensure they are adequately trained to handle all emergency needs.

Description: Radio Replacement
Justification: This enhancement will replace 10 existing XTL5000 radios as the second part of a multi-phased replacement schedule to ensure radios remain P25 and GATRS compliant (Williamson County and FED requirements). Current life cycle of radio support ends 2019.

Description: Twelve (6) Replacement & New Vehicles
Justification: Lease a total of 6 vehicles, broken down by eight first line marked patrol vehicles and 2 CID vehicles. These vehicles will be provided to the additional new Patrol Officers, Professional Standards Officer, Criminal Investigations Lieutenant, Assistant Chief, and Chief of Police.

GENERAL DEBT SERVICE FUND

	2016-17 Actual	2017-18 Budget	2017-18 Amended	2017-18 Projected	2018-19 Budget
Revenues					
Property Taxes	1,336,787	1,614,814	1,614,814	1,614,814	2,329,857
Interest & Other	37,592	36,979	36,979	6,879	2,500
Total Revenues	1,374,379	1,651,793	1,651,793	1,621,693	2,332,357
Expenditures					
Debt Service					
Principal Reduction	715,536	884,250	884,250	884,250	1,136,341
Interest	539,054	1,137,143	1,137,143	1,137,143	1,193,516
Paying Agent Fees	-	1,750	1,750	1,750	2,500
Total Debt Service	1,254,590	2,023,143	2,023,143	2,023,143	2,332,357
Transfers In	-	-	-	377,155	12,837
Net Change In Fund Balance	119,789	(371,350)	(371,350)	(24,295)	12,837
Beginning Fund Balance	98,869	218,658	218,658	218,658	194,363
Ending Fund Balance	**218,658**	**(152,693)**	**(152,692)**	**194,363**	**207,200**

Fund Description

The General Debt Service fund tracks revenue from the ad valorem property tax levy for the payment of debt issued for general governmental functions, such as streets, parks, and facilities. The payment of principal and interest is paid through this fund.

Revenues

Revenues are comprised of property tax collections based on the interest and sinking portion of the City's tax rate. The Fiscal Year 2019 Interest and Sinking (I&S) portion of the tax rate will be $.125871 5 per $100 valuation. This rate will generate $2,329,857 in property tax revenue, and is an increase over the FY18 levels due to an increase in taxable property and the issuance of additional debt in FY2018 of $25 million. The Interest and Sinking tax rate is calculated based on annual debt service requirements.

Interest and other revenue included Hutto Economic Development Corporation lease payments. The City and EDC entered into an agreement in 2012 for the City to purchase the office space that the EDC was leasing. In exchange, the EDC pays a pro rata share of the 2013 Certificates of Obligations that were issued to purchase the space. However, this lease was cancelled, and, therefore, there is an associated decrease in the other revenue.

Expenses

Expenditures include principal and interest payments for the bond obligations.

Debt service payments will increase in coming years as a result of bonds issued in the past years. This increase is due to the need to issue debt for infrastructure due to a quickly growing community.

Budget Variances

Revenues exceed expenses for this fund since the City will use additional revenue to maintain one-twelfth of debt service in fund balance per requirements. Increases in future taxable values will offset debt service payments in future years as well as increases to the City's I&S rate when necessary.

GENERAL CAPITAL REPLACEMENT FUND

	2016-17 ACTUAL	2017-18 BUDGET	2017-18 AMENDED	2017-18 PROJECTED	2018-19 BUDGET
Revenues					
Sale Of Assets	19,106	2,500	2,500	-	-
Interest & Other	-	-	-	-	-
Total Revenues	19,106	2,500	2,500	-	-
Expenditures					
YMCA Building Repair & Maintenance	1,071	70,000	70,000	2,621	20,000
Machinery & Equipment	-	-	-	-	-
Total Expenditures	1,071	70,000	70,000	2,621	20,000
Transfers					
Transfers In	64,166	70,000	70,000	20,000	20,000
Transfers Out	-	-	-	-	(470,000)
Total Transfers	64,166	70,000	70,000	20,000	(470,000)
Net Change In Fund Balance	82,201	2,500	2,500	17,379	(470,000)
Beginning Fund Balance	398,997	481,198	481,198	481,198	498,577
Ending Fund Balance	**481,198**	**483,698**	**483,698**	**498,577**	**28,577**

Fund Description

The Capital Replacement Fund was created in Fiscal Year 2010 to begin setting aside funds to replace aging equipment and worn capital assets, including vehicles and equipment. Proceeds from the sale of capital assets will be deposited in this fund for the replacement of future capital assets. A portion of an asset's value is set aside each year to build up the cost of replacing the asset. The amount reserved for replacement is based on the asset's cost and useful lifespan.

Revenues

Revenues represent transfers in from the General Fund. The City has been setting aside $50,000 annually since 2010 when the fund was established. However, as this money has not been utilized, this money will be transferred back to the general fund to help service the debt payments that are approaching. However, the City will continue $20,000 was set aside for YMCA Building Repair and Maintenance as per the agreement.

Expenses

The only allocated expenses are related to the YMCA Building Repair and Maintenance. The entire amount is budgeted to give the staff the flexibility to use the funds as needed. The remaining fund balance outside of the $20,000 that should be set aside for this year, is being transferred back to the general fund to help meet fund balance and debt service requirements.

Budget Variances

Fund balance will continue to grow again over the next couple of years as the revenues for the City increase, then the monies will begin to be set aside once more.

GENERAL CAPITAL IMPROVEMENTS FUND

	2016-17 ACTUAL	2017-18 BUDGET	2017-18 AMENDED	2017-18 PROJECTED	2018-19 BUDGET
Revenues					
Interest & Other	272	300	-	80,556	300
Bond Interest	44,970	3,000	3,000	-	3,000
Contributions	-	-	-	-	-
Grants	-	1,479,750	1,479,750	1,256,692	647,975
Parkland Fees	-	-	-	-	-
Bond Proceeds	3,490,871	12,515,215	15,500,000	15,500,000	-
Total Revenues	**3,536,113**	**13,998,265**	**16,982,750**	**16,837,248**	**651,275**
Expenditures					
Administration					
City Manager's Office	5,500	-	-	-	-
Co-Op Improvements	241,514	5,300,000	7,300,000	3,981,500	3,325,000
Public Works					
Fencing	5,000	-	700	700	-
FM 685 (Chris Kelley Blvd)	37,620	-	-	-	-
FM 1660 N Sidewalks	1,521,116	-	8,306	8,306	-
Public Works Parking	-	142,350	142,350	-	-
East St. Reconstruction	403,982	1,030,215	1,034,800	1,034,800	-
Pavement Management	-	-	709,515	709,515	-
Limmer Loop Improvements	100,000	100,000	100,000	100,000	100,000
Railroad Quiet Zones	-	-	-	-	-
Tap Limmer Loop Sidewalks	228,399	1,479,750	1,480,800	1,196,312	295,950
CR 110 (Ed Schmidt) Extension	-	500,000	500,000	500,000	250,000
Innovation Business Park	714,478	4,225,000	3,398,401	3,394,043	-
Drainage Master Plan	-	150,000	150,000	148,163	-
Tank Rehabs	-	-	2,500,000	1,400,000	1,100,000
Parks					
Fritz Park Improvements	2,829,236	110,000	143,183	194,092	-
Fritz Park & Creekside Park TPW Grant	-	-	-	-	500,000
Pollard Park	174,143	1,809,325	3,902,509	5,031,962	-
Other Services & Charges					
Land	-	-	-	-	-
Animal Shelter Expansion	-	214,000	263,523	-	-
Bond Issuance Costs	74,174	75,000	171,696	171,696	-
Other Expenses	-	275,000	275,000	-	80,000
Debt Services					
Total – Capital Improvements	**6,335,161**	**15,410,640**	**22,080,781**	**17,871,089**	**5,650,950**
Transfers					
Transfers In	39,917	610,000	610,000	610,000	2,180,000
Transfers Out	-	-	-	-	-
Total Transfers	**39,917**	**610,000**	**610,000**	**610,000**	**2,180,000**
Net Change In Fund Balance	**(2,759,131)**	**(802,375)**	**(4,487,731)**	**(423,840)**	**(2,819,675)**
Beginning Fund Balance	**6,045,046**	**3,285,915**	**3,285,915**	**3,285,915**	**2,862,075**
Ending Fund Balance	**3,285,915**	**2,483,540**	**(1,201,817)**	**2,862,075**	**42,400**

Fund Description

The General CIP Fund is a minor governmental fund used by the City to account for the City's general capital improvement projects, including streets, facilities, and park improvement projects. Projects are funded through a combination of transfers in from the General Fund, interest, and bonds.

Revenues

Revenues include Bond Proceeds of $647,975 in TxDOT Grant funding for the TAP Limmer Loop project and for the Texas Park and Wildlife Grant. An additional Transfer In of $700,000 from the Park Fund and $1,480,000 from the General Fund will be used to cash fund projects such as Public Works Facility Improvements, CR 119 (Ed Schmidt) Extension, Limmer Loop Rehabilitation payment, and help pay for some portion of the park improvements at Pollard. Other revenues include interest, bond interest, and parkland fees.

Expenses

Ongoing expenses in the amount of $100,000 for Limmer Loop Rehabilitation will continue to be cash funded from the General Fund until June 2023. These payments are made via an interlocal agreement with the County who is providing the construction.

Other project balances remaining at the end of the fiscal year are re-appropriated and transferred into the new budget through a budget amendment.

Budget Variances

Fund balance for this fund will fluctuate depending on the timing of projects and bond issuances.

STREETS, DRAINAGE & GROUNDS CONSTRUCTION FUND

	2016-17 ACTUAL	2017-18 BUDGET	2017-18 AMENDED	2017-18 PROJECTED	2019-20 BASE	2019-20 ENHANCEMENT	2019-20 BUDGET
Revenues							
Bond Proceeds	-	3,000,000	3,000,000	3,000,000	-	-	-
Late Fees	-	-	-	**6,000**	**7,000**	-	
Drainage Fee	-	-	-	**196,000**	**336,000**	-	**336,000**
Total Revenues	-	**3,000,000**	**3,000,000**	**3,202,000**	**343,000**	-	**336,000**
Expenditures							
Salaries & Benefits							
Salaries	-	400,088	400,088	400,088	400,088	41,842	441,842
Seasonal Labor	-	9,100	9,100	9,100	-	-	-
Overtime	-	12,003	12,003	12,003	12,815	-	12,815
Phone Allowance	-	-	-	240	240	-	240
Clothing Allowance	-	2,400	2,400	2,400	1,840	-	1,840
Longevity	-	1,935	1,935	1,935	1,580	-	1,580
Certification Pay	-	900	900	900	-	-	-
Merit/Market Adjustment	-	9,872	9,872	9,872	10,132	-	10,132
FICA/Medicare	-	33,377	33,377	33,377	36,002	-	36,002
State Unemployment Tax (TWC)	-	1,980	1,980	1,980	1,800	-	1,800
TMRS	-	33,377	33,377	33,377	45,771	-	45,771
Workman's Comp Insurance	-	22,942	22,942	22,942	24,164	-	24,164
Health & Life Insurance	-	76,573	76,573	76,573	80,612	-	80,612
Total Salaries & Benefits		***604,547***	***604,547***	***604,787***	***615,044***	***41,842***	***656,646***
Supplies & Materials							
Reference Books & Materials	-	32	32	32	32	-	32
Clothing & Uniforms	-	10,000	10,000	11,199	12,000	-	12,000
Furniture & Equipment	-	300	300	-	300	-	300
Technology Equip & Supplies	-	-	-	-	-	-	-
Small Tools & Equipment	-	5,500	5,500	4,991	5,500	-	5,500
Janitorial Supplies	-	4,000	4,000	2,225	-	-	-
Landscaping Supplies	-	10,000	10,000	1,716	-	-	-
Safety Supplies	-	3,500	3,500	3,010	4,000	-	4,000
Fuel & Mileage	-	17,500	17,500	24,476	20,000	-	20,000
Chemicals	-	7,500	7,500	7,357	10,000	-	10,000
Signage	-	6,000	6,000	8,213	8,000	-	8,000
Traffic Control Supplies	-	6,000	6,000	7,879	8,000	-	8,000
Other Supplies & Materials	-	46,855	46,855	12,463	2,000	-	2,000
Total Supplies & Materials		***117,187***	***117,187***	***83,561***	***69,832***	-	***69,832***
Repair & Maintenance							
Building Repair & Maintenance	-	20,000	20,000	18,587	17,500	-	17,500
Equipment Repair & Maintenance	-	40,500	40,500	34,272	40,500	-	40,500
Vehicle Repair & Maintenance	-	22,500	22,500	11,013	10,000	-	10,000
Sidewalk Repair & Maintenance	-	20,000	20,000	8,400	20,000	-	20,000
Street Repair & Maintenance	-	55,000	55,000	27,830	500,000	-	500,000
Drainage Repair & Maintenance	-	15,000	15,000	5,677	15,000	-	15,000
Playground Repair & Maintenance	-	10,000	10,000	947	-	-	-
Irrigation Repair & Maintenance	-	5,000	5,000	730	-	-	-
Trail Repair & Maintenance	-	7,500	7,500	-	-	-	-
Parks Ground Maintenance	-	20,000	20,000	8,252	-	-	-
Ball Field Maintenance	-	27,000	27,000	25,130	-	-	-
Total Repair & Maintenance		***242,500***	***242,500***	***140,839***	***603,000***	-	***603,000***
Contracted Services							
Contract Labor	-	193,400	193,400	174,617	193,400	-	193,400
Lease/Rental Services	-	23,500	23,500	17,428	30,000	-	30,000
Property Clean-Up & Demolition	-	10,000	10,000	7,735	5,000	-	5,000
Total Contracted Services		***226,900***	***226,900***	***199,780***	***228,400***	-	***228,400***

	2016-17 ACTUAL	2017-18 BUDGET	2017-18 AMENDED	2017-18 PROJECTED	2018-19 BASE	2018-19 ENHANCEMENT	2018-19 BUDGET
Miscellaneous Expenses							
Training & Development	-	10,000	10,000	4,380	10,000	-	10,000
Membership Dues & Subscriptions	-	250	250	-	250	-	250
Utilities	-	75,000	75,000	14,250	20,000	-	20,000
Communication Services	-	-	-	-	3,000	-	3,000
Streetlights	-	158,945	158,945	149,736	150,000	-	150,000
Total Miscellaneous Expenses	-	*244,195*	*244,195*	*168,366*	*183,250*	-	*183,250*
Capital Outlay							
Vehicles	-	-	-	-	-	-	-
Machinery & Equipment	-	1,099,500	1,099,500	1,099,500	-	-	-
Capital Lease	-	32,832	32,832	32,832	32,832	21,288	54,120
Total Capital Outlay	-	*1,132,332*	*1,132,332*	*1,132,332*	*32,832*	*21,288*	*54,120*
Total Expenditures	-	2,567,661	2,567,661	2,329,665	1,732,358	63,130	1,795,400
Other Financing Sources(Uses)							
Transfers In	-	-	-	-	575,733	63,130	638,863
Total Other Financing Sources							
Net Change In Fund Balance	-	432,089	432,089	872,298	(813,635)	-	(820,635)
Beginning Fund Balance	-	-	-	-	872,298	-	872,298
Ending Fund Balance	-	432,089	432,089	872,298	58,663	-	51,663

Fund Description

The Streets, Drainage and Grounds Construction Fund was a newly created fund for FY 2017-18. The Streets, Drainage and Grounds Construction Fund is a minor governmental fund used by the City to account for the City's capital improvement of streets, drainage, and park improvements. This fund and related projects are funded through bonds. Each year the City Council will determine which streets will be reconditioned.

Revenues

This is a new fund created to address street, drainage and park issues that are considered more than simple maintenance. Revenues will come from a $4 drainage fee charged to all sewer customers.

Expenses

Expenses include personnel and materials needed to fund the repair for streets and for drainage areas. The specialty type of work required for the construction and maintenance of streets and drainage requires someone with expertise in the field and special supplies that are costly.

Budget Variances

Fund balance for this fund will fluctuate depending on the timing of projects and bond issuances.

Department Enhancements – Streets & Drainage

Description: Two additional street maintenance technicians

Justification: Additional personnel will be needed to address the needs of the growing City.

Description: Leasing of a Water Truck

Justification: The Water Truck will be needed as it is now being contracted out and will be a cost savings to acquire our own for the City.

SOLID WASTE FUND

	2016-17 Actual	2017-18 Budget	2017-18 Amended	2017-18 Projected	2018-19 Budget
Revenues					
Solid Waste Franchise	34,051	25,000	25,000	30,000	32,500
Late Fees	25,984	30,000	30,000	26,964	30,000
Solid Waste User Fees	1,299,944	1,250,000	1,250,000	1,339,939	1,380,138
Recycling Cart Fee	-	-	-	-	-
miscellaneous Income	6,950	-	-	-	-
Total Revenues	1,366,929	1,305,000	1,305,000	1,396,904	1,442,938
Expenditures					
Waste Management	1,220,140	1,270,000	1,270,000	1,287,651	1,326,281
Bad Debt	-	7,500	7,500	2,000	7,500
Other Expenses	-	-	-	-	
Capital Leases	-	-	-	-	
Total Expenditures	1,220,140	1,277,500	1,277,500	1,289,651	1,333,781
Transfers					
Transfers In					
Transfers Out	(82,500)	(90,000)	(90,000)	(90,000)	(445,000)
Total Transfers	(82,500)	(90,000)	(90,000)	(90,000)	(445,000)
Net Change in Fund Balance	64,289	(62,500)	(62,500)	17,252	(335,843)
Beginning Fund Balance	255,547	319,836	319,836	319,836	337,089
Ending Fund Balance	319,836	257,336	257,336	337,089	1,246

Fund Description

The Solid Waste Fund was created to account for the City's solid waste services. All expenses associated with the City's garbage and recycling services are included in the fund.

Revenues

Revenues for the fund include the new rates per the negotiated contract for curbside and recycling services. In addition, the City charges a franchise fee to refuse collection companies that offer commercial services to businesses in Hutto. All commercial services were taken over by Al Clawson Disposal, Inc. as of July 2017.

Expenses

In December 2015 the City entered into contract with Al Clawson Disposal, Inc. to be the sole provider for Residential and Commercial garbage services. By shifting services to a single provider, the City is able to reduce costs for residential and most commercial customers. The contract helps the City reach its strategic goal of 100% recycling.

Budget Variances

$445,000 is budgeted in FY18 in Transfers Out to help pay for the utility debt service payment.

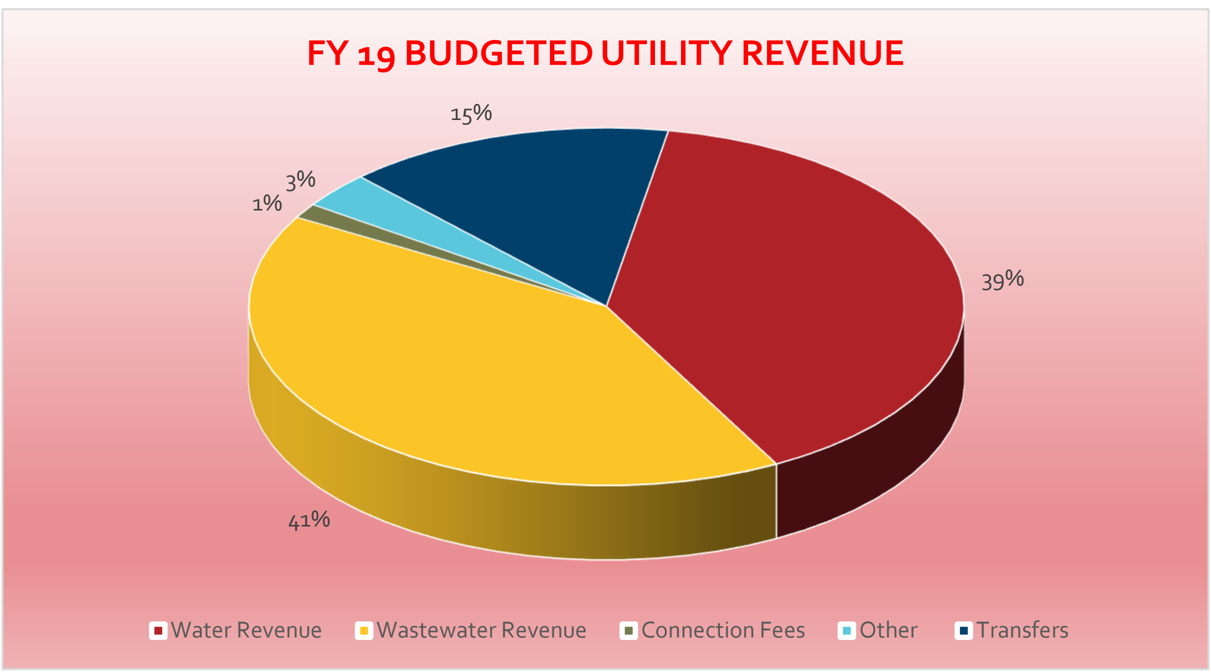
UTILITY FUND

	2016-17 Actual	2017-18 Budget	2017-18 Amended	2017-18 Projected	2018-19 Base	2018-19 Enhance	2018-19 Budget
Revenues							
Water	4,695,863	4,482,500	4,482,500	4,637,664	5,163,260	-	5,163,260
Wastewater	3,805,506	4,655,000	4,655,000	4,619,154	5,406,276	-	5,406,276
Connection Fees	114,137	175,000	175,000	125,563	175,461	-	175,461
Bond Proceeds	-	7,373,340	63,561,842	69,902,321	-	-	-
Other	250,013	454,750	354,750	488,758	428,117	-	428,117
Total Revenues	**8,865,519**	**17,140,590**	**73,229,092**	**79,773,459**	**11,173,114**	-	**11,173,114**
Expenditures							
Public Works							
Water Services	5,060,703	2,114,661	2,079,122	2,251,792	2,334,606	(644,113)	1,689,493
Wastewater Services	3,575,756	2,344,476	2,344,476	2,367,552	2,305,222	152,565	2,457,787
Total Public Works	**8,636,459**	**4,459,137**	**4,423,597**	**4,619,343**	4,639,828	**(491,548)**	**4,147,280**
General Services							
Utility Billing	541,789	870,447	870,447	752,665	869,190	104,800	974,764
Total General Services	**541,789**	**870,447**	**870,447**	**752,665**	**869,190**	**104,800**	**974,764**
Utility Fund CIP							
Water Capital Outlay System							
Front St. Waterline	201,976	1,186,640	1,186,640	1,206,129	-	-	-
Co-Op Water Line Improvements	-	300,000	300,000	300,000	-	-	-
Innovation Business Park Water Line	-	470,000	470,000	470,000	-	-	-
East Street Water Line	-	67,753	67,753	-	-	-	-
Hot Purchase	-	-	55,389,831	61,847,147	1,175,000	-	1,175,000
Wastewater Capital Outlay System							
Lakeside Estates Abandoned Lift Station	-	500,000	500,000	-	500,000	-	500,000
Avery Lake WW Interceptor	46,400	5,576,221	511,200	511,700	-	-	-
Hutto South WWTP – Permit Cap	3,308,147	-	-	-	-	200,000	200,000
Carmel Crossings	181,851	181,851	181,851	181,851	181,851	-	181,851
Pecan Tower	-	-	-	-	-	-	-
WW North of Limmer Loop	-	3,000,000	3,000,000	-	3,000,000	-	3,000,000
Co-Op WW Improvements	-	400,000	400,000	400,000	-	-	-
FM 1660 Relocation of Utilities	-	-	-	-	-	450,000	450,000
Innovation Business Park WW	-	430,000	430,000	430,000	-	-	-
Total UF CIP	**4,133,682**	**9,044,712**	**62,369,522**	**65,354,482**	**4,656,851**	**650,000**	**5,306,851**
Non-Departmental	**32,599**	**54,238**	**689,672**	**1,159,125**	**54,238**	**15,500**	**69,738**
Total Expenses	13,344,528	14,496,287	68,420,991	71,877,460	10,220,107	278,752	10,498,633
Transfers							
Transfers In	885,982	1,200,000	1,200,000	2,086,803	1,949,800	-	1,949,800
Transfers Out	(229,167)	(4,099,822)	(4,099,822)	(6,603,145)	(4,099,822)	(3,281,569)	(7,308,666)
Total Transfers (Expenses)	**656,815**	(2,899,822)	**(2,899,822)**	**(4,516,342)**	(2,150,022)	(3,281,569)	(5,358,866)

	2016-17 ACTUAL	2017-18 BUDGET	2017-18 AMENDED	2017-18 PROJECTED	2018-19 BASE	2018-19 ENHANCE	2018-19 BUDGET
NET CHANGE IN WORKING CAPITAL	(3,822,194)	(255,519)	1,908,279	3,379,657	(1,197,014)	(3,596,069)	(4,684,385)
BEGINNING WORKING CAPITAL	7,627,681	3,805,487	3,805,487	3,805,487	7,185,144		7,185,144
CONTINGENCY RESERVES	*2,993,781*	*3,174,466*	*2,287,101*	*2,302,473*	*2,330,096*		*2,330,096*
ENDING AVAILABLE WORKING CAPITAL	811,706	375,502	2,548,184	4,882,671	3,658,034		242,021

Fund Description

The Utility Fund accounts for the City's Water and Wastewater Enterprise. It functions as a proprietary fund which operates more like a business. The budget for the Utility Fund, however, uses a modified accrual basis of accounting. Reserves for the Utility Fund are maintained at 20% of the operating budget per the Fiscal and Budgetary Policy.



Revenues

Utility operational revenues total $11.1 million, which is 13% above the FY18 Projected Year-End Actuals. The increase is a result of customer growth due to new home, business, and commercial construction, as well as 25% increase in the wastewater rates that was implemented March 1, 2018. The current housing boom will add new water and wastewater customers to the City's utility system, though a portion of new homes will be serviced by Jonah SUD and Manville WSC as they are outside of the City's water service area. The new Innovation Business Park and Co-Op Entertainment District will also increase the consumption of both water and wastewater, adding another revenue component. The number of accounts is expected to grow at approximately 11% for both water and wastewater during the next year.

Water revenues make up the 2nd largest majority of the Utility Fund operating revenue, totaling $5,163,260. Water revenue is revenue collection for the provision of water to utility customers. This is an increase of 11% over the FY18 Projected Year-End Actuals and is due to anticipated customer growth and average use.

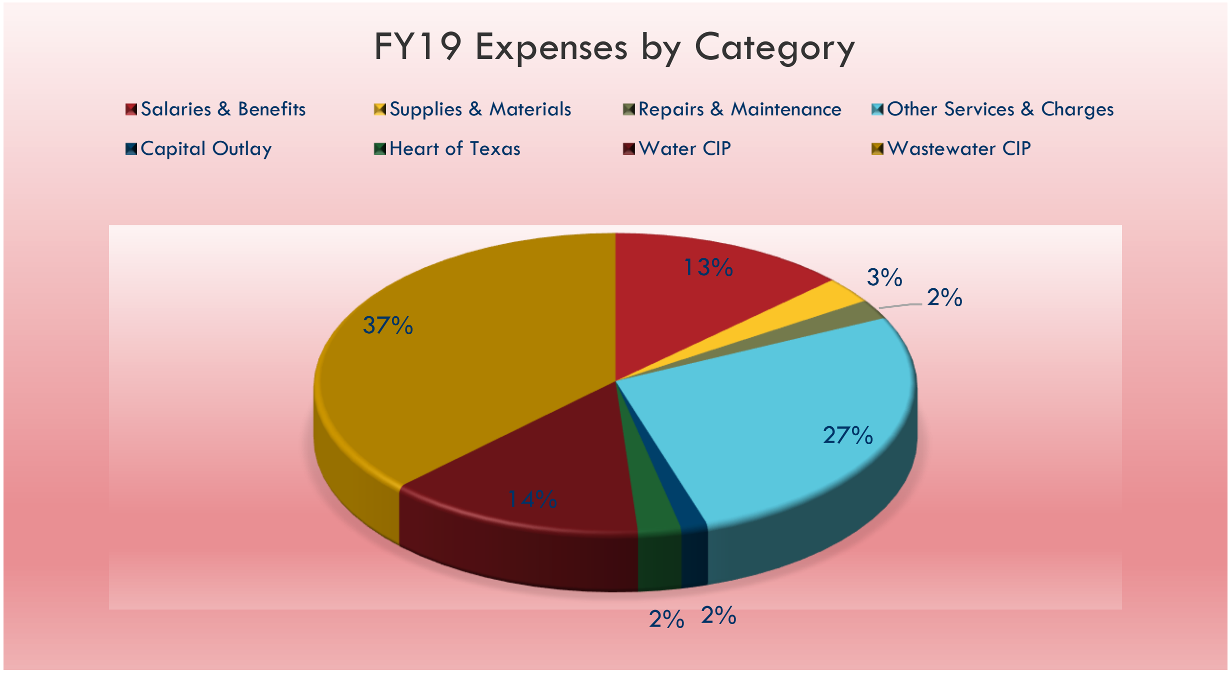
Wastewater revenues are the largest share of the Utility Fund revenue and are budgeted to total $5,406,276, a 11% increase over FY18 Projected Year-End Actuals. The City implemented a rate increase of 25% in March 2018. The City has more wastewater connections than water connections because water may be provided by Manville Water Supply or Jonah SUD depending on service location. The City also acts as a wholesale wastewater provider to customers located in Jonah's service area north of Limmer Loop.

Impact Fees (shown as "Transfers In") help cover new growth's impact on the utility system. Impact fees are collected in the Impact Fee Fund and are transferred to the Utility Fund to help offset debt service payments. Impact fees help shift the financial burden of constructing new infrastructure for new growth from existing customers to the new growth that is prompting the infrastructure improvements. Collections are expected to total $1,504,000 based on new construction trends, anticipated growth and rate model.

Connection fees represent the cost of connecting new customers to the City's utility system. The fee is calculated based on the cost of the meter and the end point, in addition to time and equipment needed to set the meter. Connection fees are conservatively budgeted to increase over the FY18 Projected Year-End Actuals. Connection fees are only collected when the City of Hutto provides service to the home. Water connection fees would not be collected for homes that are constructed in the Jonah SUD or Manville WSC service areas.

Other revenue is made up of interest, miscellaneous income, and account administrative and late fees. The City had received $100,000 annually from the Hutto Economic Development Corporation from an agreement that led to the extension of water and wastewater utilities along the eastern SH 130 corridor, however,this agreement of payment was cancelled in FY2018. Additionally, no future bonds are expected for the Utility Fund.

The number of City water customers has grown an average of 4.58% over the past five years. The number of total accounts is expected to grow by 6% in FY19 as a result of the new commercial and residential customers. The City continues to provide wholesale wastewater service to the approximately 1,030 wastewater customers north of Limmer Loop. This number continues to grow as both the Hutto Highlands and Hutto Park subdivisions continue to expand and grow.



Expenses

Utility Fund expenses are the costs associated with the provision of water and wastewater services to the Hutto customers. The Utility Fund includes eleven full-time water and wastewater employees whose salary and benefit costs are evenly split between the two divisions as well as two meter technicians, five customer service personnel, a general services manager. The 2018-19 Utility Fund Operating Budget totals $5,191,782. When including the Capital Improvement budget of $5,306,851 to the Utility Fund expenses total $10,498,633. There is an additional transfer to the debt service fund of $7,308,666 which is offset by a transfer in from the Impact Fee Fund of $1,504,000, this number will fluctuate based on the growth of the City.

Water services, totaling $1.7 million, and wastewater services, totaling $2.6 million, make up the largest bulk of operating expenses because of water supply agreements. The FY19 Water Service budget will decrease over 20% from the FY18 Projected Year-End Actuals due to the cancellation of the Mannville water contract while the wastewater service budget will increase 3.8% due to overall growth. Enhancements include an additional meter technician, a 3% merit/market increase, a permit to increase the capacity of a wastewater treatment facility, paintingoft he pecan tower, and relocation of the FM 1660 Utilities. All enhancements included in the utility fund are for increased productivity, investment in infrastructure, and staff needed to carry out the Council Strategic Plan. The majority of the Utility Fund's budget is appropriated towards Other Services and Charges because of its water supply contracts and the contract with Brazos River Authority to operate the wastewater treatment plant. The City currently purchases treated water from the City of Taylor and City of Mannville, with the City of Mannville contract ending at the end of the fiscal year 2018.

Budget Variances

This section explains the difference between the FY19 Budget and the FY18 Projected Year-End Actual amounts.

	2017-18 PROJECTED	2018-19 BASE	2018-19 ENHANCE	2018-19 BUDGET	% CHANGE PROJECTED
Salaries & benefits	1,180,254	1,301,912	10,000	1,340,906	11.2%
Supplies & materials	175,697	202,075	81,750	290,825	65.5%
Repairs & Maintenance	157,839	332,200	(114,000)	218,200	38.2%
Other services & charges	4,517,731	3,451,185	(458,998)	2,984,187	(35.6%)
Capital outlay	104,457	37,884	110,000	147,884	41.6%
Heart of Texas	395,157	238,000	-	238,000	(39.8)%
Total Operations	**6,531,134**	**5,563,256**	**(371,248)**	**5,119,057**	**(8.0)%**
CIP Water/Wastewater	65,354,482	4,656,851	650,000	7,381,391	(91.9)%
Total Operations & CIP	71,885,617	10,220,107	564,500	10,425,908	(84.7)%
Net Transfers	6,603,145	4,099,822	3,281,569	7,381,391	11.8%
Total Expenses	**78,480,605**	**14,319,928**	3,560,321	17,807,298	**(77.3)%**

SALARIES AND BENEFITS will increase 11.2% or about $132,432 over the FY18 Projected Year-End Actuals. The increase includes an average 3% merit increase, as well as the addition of a Meter Technician for the Utility Billing Department to read and maintain meters. Additional increases are comprised of those who were hired during the year last year, but will not have a full year salary paid.

SUPPLIES AND MATERIALS are budgeted at $115,128, which is an increase of 65.5% over FY18 Projected Year-End Actuals. The increase in largely due to the purchase of meters for the City's automatic meter reading system which will need to be replaced in the near future.

REPAIRS AND MAINTENANCE costs will see an increase of 38.2% over the FY18 Projected Year-End Actuals. As the City purchased the HOT Water System and as the city continues to expand, the need for more repair and maintenance will be necessary. As such, budgets were kept the same or increased for expected future expense increases.

OTHER SERVICES AND CHARGES make up the majority of Utility expenses. Included in this section are the water supply contracts with the City of Taylor, and Manville (which will is terminated at the end of this fiscal year) as well as the wastewater treatment agreement with Brazos River Authority. The decrease of 35.6% is due to cancellation of the Mannville contract at the end of this fiscal year.

CAPITAL OUTLAY is costs related to new capital costs such as vehicles, facilities, and equipment. This number fluctuates annually depending on capital needs. The number is increasing 41.6% over FY 18 Projected Year End Actuals as there were numerous leased equipment during the year last year that will now have a full years payment. No new major expenses for capital outlay are expecte outside ofthelasin g e of one new vehicle for the new water meter tech.

CIP for the Utility Fund included for FY18 water and wastewater infrastructure to the new Co-Op Entertainment District, which will also house the New City Hall, as well as several other major improvements, and the purchase of the Hot Water system. In FY19, the City will run infrastructure improvements to the new Innovation Business Park, including streets and utilities. Additionally, the city enhancements include painting of the pecan water tower, increasing the permit capacity of the wastewater plant, and relocation of the utility lines fo FM1660.

TRANSFERS OUT are increasing 11.8% over the FY18 Projected Year-End Actuals. There is a transfer of $50,000 to the Utility Capital Replacement Fund and the debt service transfer of $7,331,391, is increasing due to the initial principal payment for the 2018 General Bond Obligation.

Utility Fund Enhancements

Description: Additional Meter Technician
Justification: As the City of Hutto rapidly grows, the increase on public service has put a great demand on maintaining of the water meters, AMI System, and new meter installs as well as connects for new service, reconnects and disconnects. An additional Service Technician will increase the ability to provide much needed services to public and maintaining the meters and AMI system to ensure billing accuracy. The position will provide dedicated staff to the daily tasks when coverage is needed.

Description: All employee increase, except executive staff, of 3% in merit/market pay.
Justification: To stay competitive with benchmark cities and to pay for performance which is in align with the newly adopted Strategic Plan.

Description: FM 1660 Relocation of Utilities
Justification: Due to overall construction occurring at FM 1660, the utilities will need to be relocated with the city bearing $450,000 of the costs.

Description: Permit Capacity
Justification: As the wastewater plant nears capacity, the newly acquired Hutto South WWTP will need to have its capacity increased. The first step is to secure a permit to increase the capacity. Construction on increasing the plant will then begin in future years.

Additionally, other enhancements include the increasing of such expenditures as the wastewater contracts that we have to match the expected activity for next year and increasing payments such as the capital leases to reflect full year payments for equipment that was acquired in FY18.

UTILITY DEBT SERVICE FUND

	2016-17 Actual	2017-18 Budget	2017-18 Amended	2017-18 Projected	2018-19 Budget
Revenues					
Interest & Other	6,628	2,500	2,500	2,065	2,500
Total Revenues	**6,628**	**2,500**	**2,500**	**2,065**	**2,500**
Expenditures					
Debt Service					
Principal Reduction	2,204,050	2,446,350	2,446,350	2,430,750	2,600,934
Interest	1,657,881	1,768,651	1,768,651	1,756,887	4,702,732
Paying Agent Fees	1,796	5,000	5,000	5,000	5,000
Total Debt Service	**3,863,727**	**4,220,001**	**4,220,002**	**4,192,637**	**7,308,666**
Transfers					
Transfer In	3,863,727	4,192,637	6,616,164	6,616,164	7,308,666
Transfers Out	-	-	-	-	-
Total Transfers	**3,863,727**	**4,192,637**	**6,616,164**	**6,616,164**	**7,308,666**
Net Change In Fund Balance	6,628	(24,863)	(24,863)	2,065	2,500
Beginning Fund Balance	**50,000**	**56,628**	**56,628**	**56,628**	**58,693**
Ending Fund Balance	**56,628**	**31,764**	**31,764**	**58,693**	**61,193**

Fund Description

The Utility Debt Service Fund tracks the revenue set aside for the retirement of certificates of obligation issued for utility improvements. The fund also tracks the payment of principal and interest for outstanding bond obligations. Utility Debt Service is paid using revenues generated by the provision of water and sewer service. The approximate amount needed to pay principal and interest related to the City's indebtedness is transferred in from the Utility Fund.

Revenues

Revenues are transferred in from the Utility Fund totaling $7,308,666, which is an increase from the FY18 Budget. A portion of the debt service is paid using impact fees that are used for debt service payments for eligible capital projects. Debt service requirements are paid using water and wastewater user fees and other collected revenue.

Expenses

Debt service payments are generally made in February and August of each year. Expenses include principal reduction $2,600,934 and interest $4,702,732 on existing obligation. The increase in overall expenses for the proposes budget year FY19 over FY 18 is due to the increase in payments for the 2018 bonds that were issued to purchase the Heart of Texas Water System.

Budget Variances

Only the annual debt service requirement is transferred to the Utility Debt Service Fund each year. The Debt Analysis Section provides more information regarding the City's outstanding and proposed debt issuances.

UTILITY CAPITAL REPLACEMENT FUND

	2016-17 Actual	2017-18 Budget	2017-18 Amended	2017-18 Projected	2018-19 Budget
Revenues					
Sale of Assets	-	-	-	-	-
Interest & Other	-	-	-	-	-
Total Revenues	-	-	-	-	-
Expenditures					
Vehicles	-	-	-	-	-
Machinery & Equipment	-	-	-	-	-
Total Expenditures	-	-	-	-	-
Transfers					
Transfer In	50,000	50,000	50,000	50,000	50,000
Transfers Out	-	-	-	-	-
Total Transfers	**50,000**	**50,000**	**50,000**	**50,000**	**50,000**
Net Change In Fund Balance	50,000	50,000	50,000	50,000	50,000
Beginning Fund Balance	250,000	300,000	300,000	300,000	350,000
Ending Fund Balance	300,000	350,000	350,000	350,000	400,000

Fund Description

The Capital Replacement Fund was created to track the cost of replacing aged and worn capital assets including vehicles and equipment, and begin setting aside funds to replace aging equipment. A portion of asset's value is set aside each year to build up the cost of replacing the asset. Proceeds from the sale of capital assets will be deposited in this fund for the replacement of future capital assets. The amount reserved for replacement is based on the asset's cost and useful lifespan.

Revenues

Revenues represent transfers in from the Utility Fund. A transfer of $50,000 from the Utility Fund to the Utility Capital Replacement Fund is budgeted for FY19.

Expenses

Expenses will include replacement equipment and machinery used by the City's utility system. The City plans to build up the fund balance to be used to replace aging and worn capital assets.

Budget Variances

This fund was created in Fiscal Year 2010. Fund balance is expected to increase over the next few years as the City sets aside funds to replace aging assets.

IMPACT FEES FUND

	2016-17 Actual	2017-18 Budget	2017-18 Amended	2017-18 Projected	2018-19 Budget
Revenues					
Water Impact Fees	285,340	635,391	635,391	551,654	782,496
Wastewater Impact Fees	600,642	564,609	564,609	648,349	722,304
Total Revenues	**885,982**	**1,200,000**	**1,200,000**	**1,200,000**	**1,504,800**
Transfers					
Transfers In	-	-	-	-	-
Transfers Out	(885,982)	(1,200,00)	(1,200,000)	(1,200,000)	(1,504,800)
Total Transfers	**(885,982)**	**(1,200,00)**	**(1,200,000)**	**(1,200,000)**	**(1,504,800)**
Net Change In Fund Balance	-	-	-	-	-
Beginning Fund Balance	-	-	-	-	-
Ending Fund Balance	-	-	-	-	-

Fund Description

The Impact Fees Fund is used to manage the collection and use of impact fees for the City's Water and Wastewater Capital Improvement Projects. The City began collecting impact fees in the fall of 2006. The Impact Fee Study was last conducted in 2013. The City transfers collected impact fees to the Utility Fund to help pay for debt service related to capital projects. Any fund balance left at the end of the year is due to the timing of collections.

Revenues

Revenues are calculated based on anticipated development of subdivisions and commercial sites. Impact fees are assessed at the time a property is platted and paid at the time the building permit is issued. Impact fee collections are expected to increase in line with the increase in new growth currently occurring in Hutto. The City currently assesses the following impact fees:

For lots platted prior to February 2013:

Water - $3,625 per service unit equivalent equivalent

Wastewater - $2,128 per service unit equivalent

For lots platted after February 2013:

Water - $4,363 per service unit

Wastewater - $1,068 per service unit equivalent

Expenses

Eligible impact fee collections will be transferred to the Utility Fund to support eligible debt service payments.

Budget Variances

The Impact Fee Fund was created in 2008 to appropriately account for revenues and expenses related to impact fees under Chapter 395 of the Texas Water Code. Collected impact fees are transferred to the Utility Fund for eligible expenses.

COURT FEES FUND

	2016-17 Actual	2016-17 Budget	2017-18 Amended	2017-18 Projected	2018-19 Budget
Revenues					
Court Technology Fees	7,212	7,000	7,000	6,530	7,000
Court Security Fees	5,386	5,100	5,100	3,013	5,100
Court Training Fees	308	500	500	357	500
Total Revenues	12,905	12,600	12,600	9,901	12,600
Expenditures					
Court Technology	3,689	16,190	16,190	11,773	13,000
Court Security	6,498	31,250	31,250	8.594	19,750
Court Training	-	2,000	2,000	-	500
Total Expenditures	10,187	49,440	49,440	20,367	33,250
Net Change In Fund Balance	2,719	(36,840)	(36,840)	(10,466)	(20,650)
Beginning Fund Balance	34,295	37,013	37,013	37,013	26,547
Ending Fund Balance	36,826	170	170	26,547	5,900

Fund Description

The Court Fees special revenue fund tracks fees that are allowed to be collected on certain Class C Misdemeanors in Municipal Court. These fees must only be used for specific purposes outlined in the law, including Court Security, Court Technology, and Court Training.

Revenues

Court fees are special Municipal Court revenues collected in accordance with state law to enhance Court security, technology, and training. A total of $12,600 has been budgeted for FY19.

Expenses

The special revenues may only be used for expenses related to Court technology, security, and training. The budget reflects using the full balance of each of the funds each year to give the staff the flexibility to use the funds as needed. Court Security Fund was used in 2014 to implement a Warrant Officer program with great success. This program was designed to raise fine collections and reduce the cost of outside resources. The City is also obtaining a warrant officer for FY19 (to be included in the municipal court budget) to help collect warrant that are have been outstanding.

Budget Variances

The Court Fee Funds summary includes Court Technology, Security, and Training Funds. Fund balance will fluctuate depending on the timing of projects.

HOTEL TAX FUND

	2016-17 Actual	2017-18 BUDGET	2017-18 AMENDED	2017-2018 PROJECTED	2018-19 Budget
Revenues					
Hotel Occupancy Tax	286,540	250,000	250,000	199,887	250,000
Miscellaneous Income	-	-	-	-	-
Total Revenues	**286,540**	**250,000**	**250,000**	**199,987**	**250,000**
Expenditures					
Historical Restoration & Museums	-	-	-	-	-
Convention & Visitor's Bureau (10-15%)	3,145	5,000	5,000	5,000	5,000
Promotion of the Arts (>15%)	188,415	163,000	37,500	37,500	-
Sporting Event Promotion	-	-	212,500	212,500	-
Sports Facility Rehabilitation	-	-	-	-	-
Signage	-	-	-	-	-
Total Expenditures	**191,560**	**168,000**	**255,000**	**255,000**	**5,000**
Transfers					
Transfers In	-	-	-	-	-
Transfers Out	(78,240)	(95,000)	(95,000)	(95,000)	(250,000)
Total Transfers	**(78,240)**	**(95,000)**	**(95,000)**	**(95,000)**	**(250,000)**
Net Change In Fund Balance	7,914	(13,000)	(100,000)	(150,113)	(5,000)
Beginning Fund Balance	**209,945**	**217,859**	**217,859**	**217,859**	**67,746**
Ending Fund Balance	**217,859**	**204,859**	**117,859**	**67,746**	**62,746**

Fund Description

The Hotel Occupancy Tax Fund was created in 2008 to better manage revenue and expenses related to the Hotel Occupancy Tax collected by the City of Hutto. State law stipulates special restrictions for the expenditure of Hotel Occupancy Tax revenue. The City Council adopted a Hotel Tax Use Policy in 2009 defining how hotel tax revenues may be used. The Policy stipulates that funds may be used for any of the follow functions so long as the action aids in bringing overnight tourists to Hutto:

- Convention and Visitor's Bureau functions - 15%
- Promotion of the Arts - 15%
- Historical Restoration and Museums - No limit
- Sporting Event Promotion - No limit
- Enhancement of Existing Sports Facilities - No limit
- Signage (directional signage for tourists) - No limit

Revenues

Revenues represent the 7% Hotel Occupancy Tax allowed by state law. The City's first major hotel opened in 2008. A second hotel opened in 2015, increasing the City's hotel tax collections.

Expenses

The City implemented a Hotel Tax Use Policy in 2009 to outline how hotel/motel tax revenues may be used in accordance with state law. In 2014 the Hotel Tax Use Policy was amended to allow for businesses intending to promote the City of Hutto to visitors through a public project or event to also apply for funding. The application process has been revised to have applicants apply during a designated time annually rather than throughout the year, allowing for improved budgetary planning and further clarification to applicants. The application packet has also been modified to include a cover letter, overview, checklist, application revisions, a copy of Chapter 351 of the Texas Tax Code, and a lodging directory. Funding is at the discretion of the City Council. The Downtown and Tourism Manager oversees the use of the funds in accordance with state law and city policy.

$5,000 is spent on Convention and Visitor's Bureau. The fund supports expenses incurred on an annual webpage for Hutto on www.TourTexas.com, which allows the City to receive visitor leads and mail brochures when requested. The Economic & Convention department utilizes the additional funding for printing brochures, online banner ads on Tour Texas, as well as other placed ads (such as in the Houston House & Home), to market events such as Christmas Fair/Old Town Christmas Weekend and the Home & Garden Show. In the 2017-18 Projected Year-End Budget and 2018-19 Budget (through a transfer to a special events special revenue fund), the City has committed $250,000 to promote the KOKE FEST. The first festival was held in August 2017 and brought more than 5,000 attendees to the City. The City and KOKE FM committed to a seven year agreement to continue the festival and it will continue for six more years. The first two years will be held at the Gin Co-Op and then beginning in FY2018-19, it will continue at the newly acquired park property on Brushy Creek, which will house a new amphitheater sponsored by KOKE FM.

Budget Variances

Actual expenses will be based on applications from community organizations for use of the funds.

PEG FUND

	2016-17 Actual	2017-18 BUDGET	2017-18 AMENDED	2017-18 PROJECTED	2018-19 Budget
Revenues					
PEG Capital Fees	35,282	32,500	32,500	36,500	37,595
Total Revenues	**35,282**	**32,892**	**32,500**	**36,500**	**37,595**
Expenditures					
Technology Equipment & Supplies	342	1,200	1,200	500	1,000
Professional Services	-	25,000	25,000	20,000	25,000
Total Expenditures	**342**	**26,200**	**26,200**	**20,500**	**26,000**
Net Change In Fund Balance	34,940	6,300	6,300	16,000	11,595
Beginning Fund Balance	**46,849**	**81,790**	**81,790**	**81,790**	**97,790**
Ending Fund Balance	**81,790**	**88,090**	**88,090**	**97,790**	**109,385**

Fund Description

The Public Education, and Government Channel Fund (PEG Fund) accounts for cable franchise fee payments used for the provision of a public educational, and governmental access channel in accordance with state law.

Revenues

The City of Hutto, through a state franchise agreement, receives franchise fees equal to 1% of gross cable provider revenues to support certain expenses in providing a public access channel. The estimated 2018-19 revenue of $37,595 is a conservative estimate in growth based on historical revenue. The City is currently conducting a franchise fee revenue audit in conjunction with Lloyd Gosselink, the City's Joint Advisory Committee Attorney, and approximately 30 other cities.

Expenses

Use of PEG revenues is regulated by state law. In short, the franchise fee may be used to pay capital costs associated with operating a public access channel.

Budget Variances

The PEG Fund was created through a budget amendment in FY2014 to account for revenues and expenses in accordance with the state franchise agreement.

RED LIGHT CAMERA FUND

	2016-17 Actual	2017-18 Budget	2017-18 Amended	2017-18 Projected	2018-19 Budget
Revenues					
RED LIGHT CAMERAS	41,871	-	-	-	-
Total Revenues	41,871	-	-	-	-
Expenditures					
ATTORNEY SERVICES	530	5,000	5,000	2,278	4,000
PAY TO ATS	17,324	-	-	5,491	6,000
REMITTANCE TO STATE	-	-	-	-	-
Total Expenditures	17,854	5,000	5,000	7,769	10,000
Transfers Out	(59,996)	(5,000)	(5,000)	-	-
Net Change In Fund Balance	(35,978)	(5,000)	(5,000)	(7,767)	(10,000)
Beginning Fund Balance	131,925	95,947	95,947	95,947	88,180
Ending Fund Balance	95,947	90,947	90,947	88,180	78,180

Fund Description

The Red Light Cameras Fund tracked revenues and expenses associated with the City's former red light cameras. The City no longer uses the red light cameras due to ongoing statewide litigation and questions regarding the legality of red light cameras.

Revenues

The City of Hutto is no longer receiving revenue since this program has been discontinued.

Expenses

There are still some attorney service fees coming through this fund for defending the red light camera lawsuits.

INTERNAL SERVICE FUND

	2016-17 Actual	2017-18 Budget	2017-18 Amended	2017-18 Projected	2018-19 Budget
Expenditures					
Fleet Services					
Salaries and Benefits	-	-	-	-	100,773
Supplies and Materials	-	-	-	-	6,550
Other Service Charges	-	-	-	-	750
Facility Maintenance					
Salaries and Wages	-	-	-	-	111,429
Supplies and Materials	-	-	-	-	15,650
Repairs and Maintenance	-	-	-	-	50,000
Total Expenditures		-	-	-	**285,152**
Net Change In Fund Balance	-	-	-	-	(285,152)
Beginning Fund Balance	-	-	-	-	-
Ending Fund Balance	-	-	-	-	**(282,152)**

Fund Description

The Internal Service Fund is being created in FY2018-19 and is the fund used to account for fleet and building maintenance. These costs are then allocated to the other departments at year end based on vehicles used and on square footage the department uses.

Revenues

No revenues are associated with this fund as it is an internal service fund that will have its expenses allocated at year end.

Expenses

Expenses consist of janitorial staff, fleet manager, associated supplies and materials required to appropriately track the fleet of vehicles and care for the buildings.

Enhancements

Description: Building maintenance manager hired during last quarter and janitor hired half way through the year.

Justification: After the new City Hall is constructed and as the City continues to expand it overall facilities, it will require additional staff to maintain and beautify these areas.

SPECIAL EVENTS FUND

	2016-17 Actual	2017-18 Budget	2017-18 Amended	2017-18 Projected	2018-19 Budget
Revenues					
Event Revenue	-	-	-	-	100,000
Total Revenues	-	-	-	-	**100,000**
Expenditures					
KokeFestival	-	-	-	-	250,000
Promotional Event 1	-	-	-	-	25,000
Promotional Event 2	-	-	-	-	25,000
Promotional Event 3	-	-	-	-	25,000
Promotional Event 4	-	-	-	-	25,000
Total Expenditures	-	-	-	-	**350,000**
Other Financing Sources					
Transfers In	-	-	-	-	250,000
Total Other Financing Sources	-	-	-	-	250,000
Net Change In Fund Balance	-	-	-	-	-
Beginning Fund Balance	-	-	-	-	-
Ending Fund Balance	-	-	-	-	-

Fund Description

The Special Events Fund is a special revenue fund used to account for the large events that are to be revenue generators at the new amphitheater that is being constructed at Pollard Park. These events should be able to self sustain themselves, and, as such, a new fund was used to track each in order to determine profitability in regards to cash flows for each of the events.

Revenues

Revenues will consist of ticket sales, parking fees, fees charged to vendors and other to sell goods at the events as well as all other types of revenue associated with events such as concerts. Additionally, the hotel tax occupancy funds will be transferred over in the amount of $250,000 to fund the Kokefestival each year.

Expenses

Expenses will be comprised of the necessary costs with concerts and the events, including talent acquisition, staging needs, staffing, policing, etc.

Park Improvement Fund

	2016-17 Actual	2017-18 Budget	2017-18 Amended	2017-18 Projected	2018-19 Budget
Revenues					
Interest	916	-	-	1,200	1,200
Parkland Fees	242,672	-	-	192,723	200,000
Total Revenues	243,588	-	-	193,923	201,200
Expenditures					
Park Improvements	-	-	-	-	-
Total Expenditures	-	-	-	-	
Other Financing Sources					
Transfers Out	-	-	-	-	(700,000)
Total Other Financing Sources	-	-	-	-	(700,000)
Net Change In Fund Balance	243,588	-	-	193,923	201,200
Beginning Fund Balance	72,204	315,792	315,792	315,792	509,715
Ending Fund Balance	315,792	315,792	-	509,715	710,915

Fund Description

The Park Improvement Fund is used to account for funds received and expended for purchase of land, improvements and construction of parks and recreational facilities.

Revenues

Revenues will consist of parkland fees received for use of the parks by large organizations.

Expenses

Expenses will be comprised of the necessary costs with purchase of the land, improvements, and construction of parks and recreational facilities.

Enhancements

The FY19 Budget includes $1.28 million for personnel, equipment, and merit increases. During the budget process departments turn in a base budget for the fiscal year, along with enhancement requests. Enhancements are considered items that would be above and beyond a base, or flat budget. Enhancement requests can be in the form of additional personnel, new programs or projects, new equipment, and new vehicles. Enhancements are reviewed and vetted by the City Management, Finance and Department Heads to determine if requested increases are in the best interest of the City. General Fund Enhancements include $614,852 in personnel and $229,234 in equipment and other. Street, Drainage and Grounds Maintenance Fund Enhancements, includes $83,199 in personnel and $100,000 in equipment and other. Utility Fund Enhancements include $38,000 in personnel and $25,000 in equipment and other.

Fund	Department	Description	Cost	Notes
General Fund	Police Department	Administrative Assistant	$31,200	New Administrative Assistant
	Police Department	2 Utility Vehicles for Special Events	$24,369	New Vehicles for Special Events
	Police Department	4 New Patrol Officers	$212,832	New Patrol Officers
	Police Department	4 New Patrol Vehicles	$59,400	New Patrol Vehicles to accommodate the New Patrol Officers
	Police Department	Criminal Investigator Sergeant	$66,600	New Criminal Investigator Sergeant
	Police Department	Two CID Vehicles	$1,432	
	Economic & Convention	Budget Line Item for Special Events	$55,000	Red, Whites & Brews-$25,000; Downtown Christmas Fair $15,000; Spring-a-Palooza $10,000; Santa Claus Crawl $5,000
	Municipal Court	Warrant Officer	$60,000	New Warrant Officer
	Inspection & Code	Code Inspection Officer	$55,000	New Inspection Officer
	Inspection & Code	Code Enforcer	$36,000	New Code Enforcer
	All Departments	3% Merit/Market Increase		
	Library	Part time Library Assistant	$13,000	New Part time Library Assistant
	Library	Part time Library Page	$7,540	New Part time Library Page
	Information Technology	System Administrator	$45,000	New System Administrator
	Finance	Increase Staff Accountant Salary	$5,000	To accommodate Staff Accountant additional duties
	Finance	Increase Full time Accounting Technician Salary	$2,600	To accommodate the demand in Accounts Payable
	Public Works/Engineering	3 New Vehicles for Engineering	$18,000	
	Parks & Recreation	2 Recreation Programmers	$70,720	New 2 Recreation Programmers
	Parks & Recreation	F150 Ford Truck	$7,200	

	Parks & Recreation	F250 Ford Truck	$9,600	
	Parks & Recreation	2-11ft Mowers	$46,233	
	Parks & Recreation	Trailers for the Mowers	$8,000	
	Animal Control	Change part time Animal Control Officer to Full time	$9,360	
Internal Service Fund	Facility Maintenance	Building Maintenance Manager	$50,000	New Building Maintenance Manager
	Facility Maintenance	Janitorial Staff	$41,184	New Janitorial Staff
Utility Fund	Utility Billing	Additional Meter Technician	$38,000	New Meter Technician
	Utility Billing	In point Meters	$25,000	
	All Departments	3% Merit/Market Increase		
	Water	Water Tank Maintenance	$101,000	
Streets & Drain	Streets & Drainage	2 Streets and Drainage Technicians	$83,199	2 Streets and Drainage Technicians
	Streets & Drainage	Water Truck	$100,000	New Water Truck

THREE YEAR FORECAST

Below is a three year forecast solely for discussion purposes. The budget below will be subject to change for the subsequent budget years as the following year unfolds. Also, the below is a three year cash flow perspective stircitly from a maintenance and operations stand point. Bond dollars and bond funded projects are not included below. Please note that a 3-5% increase is used for payroll expenditures going forward and a 5% increase is used for the majority of other expenditures as an increase going forward.

M&O Cash Flow Analysis

	FY19	FY20	FY21
General Fund			
Revenues	15,236,014	17,168,476	19,901,210
Expenses	15,631,702	16,662,175	17,495,284
	(395,688)	506,301	2,405,926
Debt Service Fund			
Revenues	2,332,357	2,486,398	2,612,172
Expenses	2,332,357	2,486,398	2,612,172
	-	-	-
Special Revenue Funds			
Hotel			
Revenues	250,000	250,000	250,000
Expenses	5,000	5,000	5,000
	245,000	245,000	245,000
Special Events Fund			
Revenues	100,000	100,000	100,000
Expenses	350,000	350,000	350,000
	(250,000)	(250,000)	(250,000)
Park Improvement Fund			
Revenues	200,000	210,000	220,000
Expenses	-	-	-
	200,000	210,000	220,000
Court			
Revenue	12,600	13,000	13,500
Expenses	33,250	34,000	34,500
	(20,650)	(21,000)	(21,000)

PEG Fund			
Revenue	37,595	38,723	39,885
Expenses	26,000	26,550	27,100
	11,595	12,173	12,785
Red Light Camera			
Revenue	-	-	-
Expenses	10,000	10,000	10,000
	(10,000)	(10,000)	(10,000)
Utility Fund			
Bond Proceeds used for M&O	200,000		
Revenue	11,173,114	11,724,352	12,491,680
Expenses	5,319,397	5,246,025	5,492,324
	6,053,717	6,478,327	6,999,356
Utility Fund Debt			
Payment	(7,308,666)	(7,461,417)	(7,493,694)
Repayment TWBD with loan money	850,000	850,000	
Solid Waste Fund			
Revenue	1,442,938	1,485,042	1,528,188
Expenses	1,333,781	1,373,569	1,414,552
	109,157	111,473	113,636
Impact Fee Fund			
Revenue	1,504,800	1,452,000	2,075,040
Streets & Drainage Fund			
Bond Proceeds used for M&O	400,000		
Revenue	392,400	407,664	425,328
Expenses	1,795,400	1,509,199	1,509,199
	(1,003,000)	(1,101,535)	(1,083,871)
CIP Fund			
Projects to Fund, Non-Bond	(1,081,851)	(806,851)	(2,177,851)
Internal Service Fund			
Building Maintenance and Fleet	(285,152)	(293,707)	(302,518)
Net Income	(1,380,738)	(79,236)	732,809
Cash Balance as of 7.3.2018	14,788,338		
Projected Rem Cash Flow			
Utility Fund	825,545		

General Fund	(1,669,492)		
Debt Service Payment	(5,969,353)		
SRF	(220,500)		
Street and Drainage	(158,938)		
Total	(7,192,738)		
Ending Cash Balances 9.30.2018	7,595,600		
Ending Cash balance as end of Budget Year	6,214,862	6,135,626	6,868,436
Reserve Needed			
General Fund	3,126,340	3,332,435	3,499,057
Utility Fund	2,264,383	2,310,994	2,349,440
	5,390,723	5,643,429	5,848,497
Over/Under	824,138	492,197	1,019,939

FISCAL AND BUDGETARY POLICY

Amended February 1, 2018

OVERVIEW AND STATEMENT OF PURPOSE

The City of Hutto has an important responsibility to its citizens and customers to carefully account for public funds, to manage City finances wisely and to plan for the adequate funding of services desired by the public.

The broad purpose of the Fiscal and Budgetary Policy is to enable the City to achieve and maintain a long-term stable and positive financial condition, and provide guidelines for the day-to-day planning and operations of the City's financial affairs. The City's financial management, as directed by this Policy, is based upon the foundation of integrity, prudent stewardship, planning, accountability and full disclosure.

Policy scope generally spans areas of financial planning, operating and capital budgeting, revenue management, expenditure control, asset management, pay philosophy, accounting and financial reporting, debt management, and reserves. This is done in order to:

A. Demonstrate to the citizens of Hutto, the City's bond holders, other creditors and the bond rating agencies that the City is committed to a strong fiscal operation;
B. Provide a common vision for financial goals and strategies for current and future policy-makers and staff;
C. Fairly present and fully disclose the financial position of the City in conformity to Generally Accepted Accounting Principals (GAAP); and
D. Demonstrate compliance with finance-related legal and contractual issues in accordance with the Texas Local Government Code, bond covenants and other legal mandates.

The City Council will annually review and adopt the Fiscal and Budgetary Policy.

FINANCIAL PLAN

Budgeting is an essential element of the financial planning, control and evaluation process of municipal government. Multi-year budgeting provides a means to identify the impact of implementing new programs and projects on future budgets. The Financial Plan is the City's long range operations and capital plan. The plan includes all of the operating departments of the General Fund and Utility Fund as well as the capital improvement funds of the City. The plan is reviewed and updated annually.

A. Capital Improvements Program – The Capital Improvements Plan (CIP) outlines the major utility infrastructure, streets and drainage, facilities, parks, and other improvements needed to serve the citizens, maintain existing infrastructure and facilities, meet growth related needs and comply with state and federal regulations.

   1. Preparation – The City Engineer, with the support of the Finance Department, coordinates the annual update and adoption of the multi-year CIP as a part of the annual budget process. In accordance with the City Charter (Charter, section 12.03), the CIP will be delivered to the Planning and Zoning Commission, so that P&Z recommendations may be included and presented to City Council. The CIP includes all costs associated with the design, rights of way, acquisition and construction of a project, as well as the estimated operating and maintenance costs, which impacts future operating budgets. The following guidelines will be utilized in developing the CIP:

      - Needed capital improvements and major maintenance projects are identified through life cycle system models, repair and maintenance records, and growth demands.
      - A team approach will be used to prioritize CIP projects, whereby City staff from all operational areas provide input and ideas relating to each project and its effect on operations.

- Citizen involvement and participation will be solicited in formulating the capital budget through website solicitation.
- City Master Plans

2. Financing Programs – Where applicable, impact fees, assessments, pro-rata charges or other fees should be used to fund capital projects which have a primary benefit to specific, identifiable property owners. Factors related to the issuance of debt will include the following: a.) legal constraints on debt capacity and financing alternatives, b.) essentiality of the proposed capital improvement and the economic cost of delay, c.) willingness and financial ability to pay for the capital improvement, d.) determination of the ability to fund through a pay-as-you-go system, e.) assess current interest rate environment for borrowing and investment, as well as other market conditions, and reserve requirements e.) financial condition of the City, f.) the types, availability and stability of revenues to be pledged for repayment of the debt, g.) type of debt to be issued, and h.) the nature and asset life of the capital projects.

3. Control – All capital project expenditures must be appropriated in the capital budget. The Chief Financial Officer or City Manager must certify the availability of resources before any right of way easement is negotiated or before any capital project contract is presented to the Council for approval.

4. Reporting – Periodic financial reports will be prepared to enable the Department Directors to manage their capital budgets and to enable the Finance Department to monitor and control the budget as authorized. Capital project status reports will be provided to Council on a quarterly basis.

B. **Operations Plan** – The plan will include estimated operating expenses, the cost of new programs being contemplated, and staffing needs for the multi- year period.

C. **Revenues and Financing Plan** - The Finance Department will develop conservative, multi-year revenue forecasts based upon current and known future revenue streams. The Plan will illustrate the impact of the Capital and Operations Plan on the property tax rate, utility rates and other fees. Sensitivity analyses may be used in order to react to low-medium-high growth environments that would allow for more aggressive investment in infrastructure and conversely time to react to economic slowdown.

D. **Performance Measures** - Department Directors will develop program performance measures to evaluate the impact of new programs and growth on the departments. Existing programs will also be evaluated as a part of the multi-year planning process and annual budget process to determine whether certain programs should continue to be funded. ICMA Insights program participation will be utilized to establish, track, and compare performance measures.

ANNUAL OPERATING BUDGET

Budgeting is an essential element of the financial planning, control and evaluation process of municipal government. The "operating budget" is the City's annual financial operating plan. The annual budget includes all of the operating departments of the general fund, proprietary funds, debt service funds, special revenue funds, and capital improvement funds of the City.

A. **Planning** – The budget process will include City Council participation in the identification of major policy issues. The budget process will be a part of an overall strategic planning process for the City. The process will also allow for citizen input.

B. **Preparation** – The Charter (Section 8.02) requires "On or before the 15th day of August each fiscal year, the City Manager shall submit to the City Council a budget for the ensuing fiscal year and an accompanying message." The budget shall be adopted not later than the last day of the last month of the fiscal year.

1. Proposed Budget – A proposed budget shall be prepared by the City Manager and delivered to the City Council per the City Charter.

a. In accordance with the Charter (Section 8.04), the budget shall provide a complete financial plan for the ensuing fiscal year, in a form the City Manager or Council deems desirable, and the budget shall include goals and objectives, a capital budget, enterprise funds and appropriations.
b. In accordance with the Charter (Section 8.05), the City will publish in a newspaper of general circulation in the City and on the City website a general summary of the budget, as well as the times and places that the budget is available for public inspection, no less than two weeks after the publication.
c. A copy of the proposed budget will be filed with the City Secretary when it is submitted to the City Council, which must be at least 30 days prior to the vote.

2. Adoption – City Council will hold a public hearing, and subsequently adopt by Ordinance the final budget. The budget will be effective for the fiscal year beginning October 1st.

3. Standards for Publication - The City will utilize the criteria outlined in the Government Finance Officers Association (GFOA) Distinguished Budget Program for the presentation of the budget document. The budget document will be submitted annually to the GFOA for evaluation and consideration for the Distinguished Budget Presentation Award.

4. Budget Calendar – The timeline for budget adoption is guided by City Charter and state Truth in Taxation laws. The deadline for the chief appraiser to certify rolls to taxing units is July 25. After certification, City Council must discuss the tax rate, and if the maximum rate they will consider adopting will exceed the rollback rate or effective tax rate, they must take a record vote and schedule a public hearing. If required, Notice of Public Hearing on Tax Increase must be published at least 7 days before the first public hearing. If required, the second public hearing must be no earlier than 3 days after the first public hearing, and is also when the meeting to adopt tax rate will be scheduled and announced (must be 3-14 days from this date). Notice of Tax Revenue Increase must be published before the meeting to adopt tax rate (at least seven days, if available). The meeting to adopt tax rate must be held 3-14 days after the second public hearing, and the tax rate must be adopted before September 30.

C. Revenue Estimates – In order to maintain a stable level of services, the City shall use a conservative, objective and analytical approach when preparing revenue estimates. The process shall include the analysis of probable economic changes and their impacts on revenues, historical collection rates and trends in revenues. This approach should reduce the likelihood of actual revenues falling short of budget estimates during the year, which could otherwise result in mid-year service reductions.

D. Balanced Budget – The goal of the City is to balance the operating budget with current revenues, whereby, current revenues match and fund on-going expenditures/expenses. Excess balances in the operating funds from previous years may be used for non-recurring expenditures/expenses or for capital expenditures.

E. Reporting – Summary financial reports will be provided to the City Council monthly and presented to City Council during a regular City Council meeting quarterly, at a minimum. These reports will be in a format appropriate to enable the City Council to understand the overall budget and financial status.

F. Control and Accountability – Each Department Director, appointed by the City Manager, will be responsible for the administration of his/her departmental budget. This includes accomplishing the Goals and Objectives adopted as part of the budget and monitoring each department budget for compliance with spending limitations. Department Directors may request a transfer of funds within a department budget. All transfers of appropriation or budget amendments require either City Council or City Manager approval as outlined in Section V.C. Further expenditure control guidance is located in Section V of this policy.

G. Budget Amendments – The *Charter (Section 8.07)* provides a method to amend appropriations. The City Council may authorize:

1. Supplemental Appropriations – If the City Manager certifies that revenues are available in excess of those estimated in the budget, an amendment ordinance may be prepared for City Council approval.
2. Emergency Appropriations – To meet public emergency affecting life, health, property, or the public peace, or to avoid a material cost or public expense, the City Council may adopt an emergency appropriation.
3. Reduction of Appropriations – If at any time during the fiscal year it appears probable that expected revenues will be insufficient to finance expenditures for which appropriations have been authorized, the City Council may adopt an ordinance to reduce appropriations.

H. Contingency Appropriations – The budget may include contingency appropriations within designated operating department budgets. These funds are used to offset anticipated but amount unknown expenditures, unexpected maintenance or other unanticipated expenses that might occur during the year, including insurance deductibles, unexpected legal expenses, and equipment repairs.

I. Outside Agency Funding – The City Council may fund a number of outside agencies and organizations that provide core services for the citizens of Hutto. The amount of funding received by each agency depends upon Council direction and the availability of funds. The City Council may fund up to 0.75% of the estimated General Fund revenues during the budget process.

1. Funding Process – All agencies shall have a standardized process for application, review, monitoring, and reporting. All agencies are required to submit applications for funding to the City during the budget process. Applications will include the following:
   a. Information about the organization including organization's purpose, charter, board of directors, etc.
   b. Copy of organization's financial policies.
   c. Copy of prior year's tax filing demonstrating non-profit status.
   d. Copy of prior year's audit or financial review for organizations whose operating budget exceeds $100,000 annually.
   e. Agencies will need to provide a list and description of what the funding from the prior year was used for and program measures that indicate the increased success of the program due to the funding.
2. Funding of non-profit agencies through public funds require enhanced guidelines for spending and operations which shall include:
   a. Funding will typically be used for specific programs, rather than for general operating costs, and demonstrates the program's sustainability beyond a three-year funding period.
   b. The City shall have the ability to review financial reports to monitor how public funds are utilized by an organization.
   c. Other items may be addressed by the City Council as specified in each organization's Outside Agency Funding Agreement.
3. The Williamson County Crisis Center (Hope Alliance), Williamson County Children's Advocacy Center, Emergency Service District (ESD) #3, and the Williamson County and Cities Health District will be considered a budgeted line-item. All other outside agencies and organizations will go through the Outside Agency Funding process.
4. The City Council will review requests from other agencies and award based upon available funding. Applications will be evaluated on the following criteria:
   a. Number of Hutto citizens served by the organization;
   b. Type of service provided and whether other organizations in the community provide the service;

c. Availability of other funding sources for the organization;
d. Demonstration of ability to adhere to the guidelines outlined by this policy;
e. The City Council prefers to allocate funding based upon the following guideline:
   - Education – 10%
   - Quality of Life – 30%
   - Social Services – 60%
   - Public Health and Safety – The City Council may provide additional funding above the designated 0.75% to support governmental organizations that provide public health and safety services to the Hutto Community. Examples include membership in the Williamson County and Cities Health District and financial support for Williamson County Emergency Services District #3.

All funded agencies shall be required to submit quarterly reports with performance data unless otherwise specified.

J. <u>Periodic Program Reviews</u> – The City Manager and Department Directors will periodically review programs for efficiency and effectiveness. Programs not meeting efficiency or effectiveness objectives shall be brought up to required standards, or be subject to reduction or elimination.

K. <u>Budget Contingency Plan</u> – This policy is intended to establish general guidelines for managing revenue shortfalls resulting from factors such as local and economic downturns that affect the City's revenue streams.

1. <u>Immediate Action</u> - Once a budgetary shortfall is projected, the City Manager will take the necessary actions to offset any revenue shortfall with a reduction in current expenses. The City Manager may:
   a. Freeze all new hire and vacant positions except those deemed to be a necessity.
   b. Review all planned capital expenditures.
   c. Delay all "non-essential" spending or equipment replacement purchases.
2. <u>Further Action</u> - If the above actions are insufficient to offset the revenue deficit and the shortfall continues to increase, the City Manager will further reduce operating expenses to balance the variance. The City Manager may ask Department Directors for recommendations on reductions of service levels in order to reduce expenditures to balance the budget. Any resulting service level reductions, including workforce reductions, will be addressed by the City Council.

REVENUE MANAGEMENT

A. <u>Optimum Characteristics</u> – The City will strive for the following optimum characteristics in its revenue system:

1. <u>Revenue Adequacy</u> – The City should require there be a balance in the revenue system; i.e., the revenue base will have the characteristics of fairness and neutrality as it applies to cost of service, willingness to pay, and ability to pay.
2. <u>Realistic and Conservative Estimates</u> - Revenues will be estimated realistically, and conservatively, taking into account the volatile nature of various revenue streams.
3. <u>Administration</u> – The benefits of a revenue source should exceed the cost of levying and collecting that revenue. Where appropriate, the City will use the administrative processes of State, Federal or County collection agencies in order to reduce administrative costs.
4. <u>Diversification and Stability</u> – A diversified revenue system with a stable source of income shall be maintained. This will help avoid instabilities in two particular revenue sources due to factors such as fluctuations in the economy and variations in the weather.

B. <u>Other Considerations</u> – The following considerations and issues will guide the City in its revenue policies concerning specific sources of funds:

1. Non-Recurring Revenues – One-time or non-recurring revenues shall not be used to finance current ongoing operations. Non-recurring revenues shall be used only for non-recurring expenditures and not for budget balancing purposes.
2. Property Tax Revenues – All real and business personal property located within the City will be estimated at a collection rate of 98% of the taxable value for any given year based on the current appraisal supplied by the Williamson County Appraisal District.
3. Investment Income – Earnings from investments will be distributed to the funds in accordance with the equity balance of the fund from which the monies were provided to be invested.
4. User-Based Fees and Service Charges – For services associated with a user fee or charge, the direct or indirect costs of that service will be offset by a fee where possible. The City will review fees and charges no less than once every year to ensure that fees provide adequate coverage for the cost of services. The City Council will determine how much of the cost of a service should be recovered by fees and charges.
5. Utility Fund Rates – The City will review and adopt utility rates as needed to generate revenues required to fully cover operating expenses, meet the legal requirements of all applicable bond covenants and provide for an adequate level of working capital.

Additionally, enterprise activity rates will include transfers to and receive credits from other funds as follows:

6. Administrative Cost Recovery – Administrative costs shall be charged to all funds for services of general overhead, such as administration, finance, customer billing, legal and other costs as appropriate. These charges will be determined through an indirect cost allocation following accepted practices and procedures.
7. Revenue Monitoring – Revenues as they are received will be regularly compared to budgeted revenues, variances will be investigated and if material will be included in the quarterly report to the City Council.

C. Funding Alternatives

1. Grants - The City shall seek to obtain grants which are consistent with the City's current and future priorities and objectives. The City Council must authorize acceptance of any grant funding. Potential grants will be examined for any matching requirements and the source of those requirements identified. Grant applications will be reviewed by Finance to ascertain funding sources, outcomes and other relevant information before the information is presented to the City Council. The City shall recover indirect costs to the maximum allowable by the funding source, and may waive or reduce indirect costs if doing so will significantly increase the effectiveness of the grant. Grant-funded programs and associated positions will be terminated as directed by the City Council when grant funds are no longer available, unless alternate funding is identified.
2. Leases - The City may authorize the use of lease financing for certain operating equipment when it is determined that the cost benefit of such an arrangement is advantageous to the City.
3. Impact Fees - The City will impose impact fees as allowable under state law for both water and wastewater services. These fees will be calculated in accordance with statute and reviewed at least every year. All fees collected will fund projects identified within the Fee study and as required by state laws.

D. Liabilities and Receivables - Procedures will be followed to maximize discounts and reduce penalties offered by creditors. Current liabilities will be paid within 30 days of receiving the invoice. Accounts Receivable procedures will target collection for a maximum of 30 days of service. Receivables aging past 120 days will be sent to a collection agency. The Chief Financial Officer is authorized to write-off non-collectible accounts that are delinquent for more than 180 days, provided proper delinquency procedures have been followed, and include this information in the annual report to the City Council.

EXPENDITURE POLICIES

A. Appropriations – The point of budget control is at the department level budget for all funds. The Department Directors shall manage budgets to ensure that appropriations are not exceeded. Budgets are approved by the Council within a departmental or program budget category (personnel costs, supplies, maintenance, operations/maintenance and capital).

B. Central Control – No recognized or significant salary or capital budgetary savings in any Department shall be spent by the Department Head without prior authorization from the City Manager. This control will realize budget savings each year that will be available to be transferred by the City Manager, without further Council action.

C. Budget Transfers – The *Charter (Section 8.06)* provides that the City Manager may transfer balances within departments and programs. A Department Director may request a transfer between line items, or categories of items through the City Manager. Finance will make the adjustment upon approval from the City Manager.

D. Purchasing – All City purchases of goods or services will be made in accordance with the City's current Purchasing Policy and with State law. In accordance with Texas Local Government Code, Subchapter B, Sections 252.021 and 252.043, the City shall make award to the lowest responsible bidder or to the bidder who provides goods or services at the best value for the municipality. Council may delegate authority to a designated representative in determining the appropriate method of purchase. State law requires any purchase of goods or materials over $50,000 be formally bid or procured through an approved cooperative. The City's Purchasing Policy follows State Law by requiring multiple quotes for most purchases over $3,000. The City's Purchasing Policy requires all contracts greater than $50,000 annually be approved by the City Council. The following shows a summary of approval requirements for purchases.

   1. Local Preference - In accordance with Chapter 271.9051 of the Local Government Code, the City Council may choose to award a competitive bid of $100,000 or less to a bidder whose principal place of business is in the City limits, provided that this bid is within 5% of the lowest bid price received from the lowest bidder whose business is not within the City limits. The determination that the local bidder offers the City the best combination of contract price and additional local economic development opportunities will be made in writing.

   2. Interlocal Cooperation in Delivery of Services – In order to promote the effective and efficient delivery of services, the City shall work with other local jurisdictions to share on an equitable basis the cost of services, to share facilities and to develop joint programs to improve service to its citizens.

   3. Conflict of Interest – The City will comply with all conflict of interest requirements as mandated by the Texas Government Code and Local Government Code.

E. Prompt Payment – All invoices approved for payment by the proper City authorities shall be paid within thirty (30) calendar days of receipt of goods or services or invoice date, whichever is later in accordance with State law. The City will take advantage of all purchase discounts, when possible.

PAY PHILOSOPHY

The City's goal as an employer is to attract and retain quality employees who provide exemplary public service to our community in an effective and efficient manner.

A. Adequate Staffing – Staffing levels will be adequate for the operations and programs of the City to be conducted efficiently and effectively. In order to provide continuing services to a growing population, as well as add new services, staffing levels will be evaluated by the City Manager regularly to determine workloads. Workload allocation alternatives, such as contract labor and contracted services, will be explored before adding additional staff.

B. Market Adjustments – The City shall utilize salary survey data, as well as data from other benchmark cities, as a reference for making market-based adjustments. Market based adjustments are based upon the job duties and job descriptions of the position, not on performance of the employee within the position. City Council identified benchmark cities based on parameters such as population, proximity to Hutto, growth rate, and tax base. The cities selected are: Belton, Cedar Park, Cibolo, Georgetown, Kyle, Leander, Little Elm, Pflugerville, Round Rock, Schertz, Seguin and Taylor.

C. Merit Adjustments – The City utilizes a merit based pay and step pay plan as a part of the overall compensation system. Council may fund merit increases annually during the budget process to aid in retaining and rewarding quality employees for productivity and job performance. These merit based adjustments are recommended by the employee's immediate supervisor and reviewed by both the Department Director and the City Manager. Employees may receive a merit increase upon approval of the City Manager based upon performance, or when other situations warrant this type of increase, such as a reclassification due to additional job duties.

CAPITAL MAINTENANCE AND REPLACEMENT

The City shall maintain a Capital Replacement Fund to provide financial resources to replace aging fleet and equipment. Only fleet and equipment included on the City's Fixed Assets inventory will be included on the replacement schedule. Funding will be set aside each year through the annual budget process to fund the future replacement of fleet and equipment.

ACCOUNTING, AUDITING AND FINANCIAL REPORTING

A. Accounting – The City is responsible for the recording and reporting of its financial affairs, both internally and externally. The City's Chief Financial Officer is responsible for establishing the structure for the City's Chart of Accounts and for assuring that procedures are in place to properly record financial transactions and report the City's financial position.

B. Audit of Accounts – In accordance with the *Charter Section 8.14*, an independent audit of the City accounts will be performed every year. The auditor is retained by and is accountable directly to the City Council.

C. External Reporting – Upon completion and acceptance of the annual audit by the City's auditors, the City shall prepare a written Comprehensive Annual Financial Report (CAFR) which shall be presented to the City Council within 180 calendar days of the City's fiscal year end. The CAFR shall be prepared in accordance with GAAP and shall be presented annually to the GFOA for evaluation and consideration for the Certificate of Achievement in Financial Reporting. If City staffing limitations preclude such timely reporting, the Chief Financial Officer will inform the City Council of the delay and the reasons therefore.

RISK AND ASSET MANAGEMENT

A. Risk Management - The City will utilize programs to prevent and/or reduce the financial impact to the City due to claims and losses. Transfer of liability for claims through transfer to other entities through insurance and/or by contract will be utilized where appropriate. Prevention of loss through the safety program and the employee health program will be employed.

B. Investments – The City Council has formally approved a separate Investment Policy for the City of Hutto that meets the requirements of the Public Funds Investment Act (PFIA), Section 2256 of the Texas Local Government Code. This policy is reviewed annually by the City Council and applies to all financial assets held by the City.

C. Cash Management - The City shall maintain a comprehensive cash management program to include the effective collection of all accounts receivable, the prompt deposit of receipts to the City's depository, the payment of obligations, and the prudent investment of idle funds in accordance with this policy.

DEBT MANAGEMENT

The City of Hutto recognizes the primary purpose of capital facilities is to support provision of services and mobility to its residents. Using debt financing to meet the capital needs of the community must be evaluated according to efficiency and equity. Efficiency must be evaluated to determine the highest rate of return for a given investment of resources. Equity is resolved by determining who should pay for the cost of capital improvements. In meeting demand for additional services, the City will strive to balance the needs between debt financing and "pay as you go" methods. The City realizes that failure to meet the demands of growth may inhibit its continued economic viability, but also realizes that too much debt may have detrimental effects on the City's long-range financial condition.

The City will issue debt only for the purpose of acquiring or constructing capital assets, including equipment, for the general benefit of its citizens and to allow it to fulfill its various purposes as a city.

A. Usage of Debt - Long-term debt financing will be considered for multi-year capital improvements of which future citizens will benefit. Alternatives for financing will be explored prior to debt issuance and include, but not limited to:

- Grants
- Use of Reserve Funds
- Use of Current Revenues
- Contributions from developers and others
- Leases
- Impact Fees

When the City utilizes long-term financing, it will ensure that the debt is soundly financed by conservatively projecting revenue sources that will be used to pay the debt. It will not finance the improvement over a period greater than the useful life of the improvement and it will determine that the cost benefit of the improvement, including interest costs, is positive to the community.

B. Types of Debt –

1. General Obligation Bonds (GO's) – General obligation bonds must be authorized by a vote of the citizens of Hutto. They are used only to fund capital assets of the general government and will not to be used to fund operating needs of the City. The full faith and credit of the City as well as the City's ad valorem taxing authority back general obligation bonds. Conditions for issuance of general obligation debt include:

   - When the project will have a significant impact on the tax rate;
   - When the project may be discretionary or nonessential even though it is routine in nature; or
   - When the project falls outside the normal bounds of projects the City has typically done.

2. Certificates of Obligation, Contract Obligations (CO's) – Certificates of obligation or contract obligations may be used to fund capital requirements that are not otherwise covered either by general obligation or revenue bonds. Debt service for CO's may be either from general revenues (tax-supported) or supported by a specific revenue stream(s) or a combination of both. Typically, the City may issue CO's when the following conditions are met:

   - When the proposed debt will have minimal impact on future effective property tax rates;
   - When the projects to be funded are within the normal bounds of city capital requirements, such as for roads, parks, various infrastructure and City facilities; and
   - When the average life of the obligation does not exceed the useful life of the asset(s) to be funded by the issue; or
   - When the project or capital item is determined to be nondiscretionary or essential to the City.

   Certificates of obligation will be used with prudent care and judgment by the City Council. Every effort will be made to ensure public participation in decisions relating to debt financing.

3. Self-supporting General Obligation Debt – Refers to general obligation debt including CO's issued for a specific purpose and repaid through dedicated revenues other than ad valorem

taxes. The annual debt requirements are not included in the property tax calculation. The Utility Fund issues this type of debt.

4. Internal Borrowing between City funds – The City can authorize use of existing long-term reserves as "loans" between funds. The borrowing fund will repay the loan at a rate consistent with current market conditions. The loan will be repaid within ten (10) years. The loan will be considered an investment of working capital reserves by the lending fund.

5. Short-term Borrowing - The City may authorize the issuance of Public Property Finance Contractual Obligations (PPFCOs) or Limited Tax Notes (Notes) which are short-term obligations for the acquisition of personal public property, such as equipment. PPFCOs and Notes are payable from either ad valorem taxes or another dedicated revenue stream. Each issuance will be assessed to ensure cost effectiveness and the repayment schedule will not exceed the useful life of the asset. Multiple equipment acquisitions can and should be grouped in a single PPFCO or Note issue in order to develop economies of scale. Notes are limited to a 7 year term.

6. Revenue Bonds – Revenue bonds may be issued to provide for the capital needs of any activities where the capital requirements are necessary for the continuation or expansion of a service. The improved activity shall produce a revenue stream to fund the debt service requirements of the necessary improvement to provide service expansion. The average life of the obligation should not exceed the useful life of the asset(s) to be funded by the bond issue and will generally be limited to no more than twenty (20) years.

C. **Method of Sale** – The City will use a competitive bidding process in the sale of bonds unless conditions in the bond market or the nature of the issue warrant a negotiated sale. In such situations, the City will publicly present the reasons for the negotiated sale. The City will rely on the recommendation of the financial advisor and Chief Financial Officer in the selection of the underwriter or direct purchaser.

D. **Disclosure** – Full disclosure of operating costs along with capital costs will be made to the bond rating agencies and other users of financial information. The City staff, with assistance of the financial advisor and bond counsel, will prepare the necessary materials for presentation to the rating agencies and will aid in the production of the Preliminary Official Statements. The City will take responsibility for the accuracy of all financial information released.

E. **Federal Requirements** – The City will maintain procedures to comply with arbitrage rebate and other Federal requirements.

F. **Debt Structuring** – The City will issue bonds with maturity not to exceed the useful life of the asset acquired. The structure should approximate overall level debt service and tax rate or revenue source stability unless operational matters dictate otherwise. Market factors, such as the effects of tax-exempt designations, the cost of early redemption options and the like, will be given consideration during the structuring of long term debt instruments.

G. **Debt Coverage Ratio** – Refers to the number of times the current combined debt service requirements or payments would be covered by the current operating revenues net of on-going operating expenses of the City's Utility. The City will maintain a minimum debt service coverage ratio of 1.0 times for these utilities as a whole.

H. **Reimbursement Resolutions** – The City may utilize reimbursement resolutions for debt financings as a tool to manage its debt issues, due to arbitrage requirements and project timing. In so doing, the City uses its capital reserve "cash" to delay bond issues until such time when issuance is favorable and beneficial to the City.

FINANCIAL CONDITIONS, RESERVES, AND STABILITY RATIOS

The City of Hutto will maintain budgeted minimum reserves in the ending working capital/fund balances to provide a secure, healthy financial base for the City in the event of a natural disaster or other emergency, allow stability of City operations should revenues fall short of budgeted projections and provide available resources to implement budgeted expenditures without regard to actual timing of cash flows into the City.

A. Operating Reserves – In accordance with the Charter Section 8.04, the City is mandated to maintain a 10% reserve. Per the Fiscal and Budgetary Policy, the City will maintain emergency reserves at a minimum of 20% of net budgeted operating expenditures. Net budgeted operating expenditure is defined as total budgeted expenditures less interfund transfers and charges, general debt service (tax supported), direct cost for purchased power and payments from third party grant monies.

   1. General Fund – The unobligated fund balance in the General Fund should equal at least 20%.
   2. Utility Fund – Working capital reserves in these funds should be 20%.

   Reserve requirements will be calculated as part of the annual budget process and any additional required funds to be added to the reserve balances will be appropriated within the budget. Funds in excess of the minimum reserves may be expended for City purposes at the will of the City Council once it has been determined that use of the excess will not endanger reserve requirements in future years.

B. Capital Project Funds – Every effort will be made for all monies within the Capital Project Funds to be expended within thirty-six (36) months of receipt. The fund balance will be invested and income generated will offset increases in construction costs or other costs associated with the project. Capital project funds are intended to be expended totally, with any unexpected excess to be transferred to the Debt Service fund to service project-related debt service.

C. Debt Service Funds for Ad Valorem Tax Obligations – This fund holds receipts from ad valorem property taxes levied to pay debt service on outstanding ad valorem tax obligations. Due to the nature of the source of funds, monies held within this fund are stable. Balances are maintained in this fund to ensure that debt service payments may be made in a timely manner and to comply with ordinances authorizing such outstanding debt obligations.

D. Investment of Reserve Funds – The reserve funds will be invested in accordance with the City's investment policy.

E. Sales Tax Excess – Due to the volatile nature of sales tax revenue, collections over and above the estimated sales tax revenue amount should be used to fund non-recurring expenses, such as (but not limited to) equipment purchases, capital improvement projects, or transfers to the capital replacement fund.

HUTTO BOARDS & COMMISSIONS

Hutto Economic Development Corporation. Voters approved the creation of the 4A Hutto Economic Development Board in May 1996. The Board makes recommendations to the Council on the use of a 1/2 cent 4A Sales Tax to support economic development. Board members are appointed by the Council. All corporate powers are under the authority of the Board of Directors. The Board shall consist of seven (7) persons, with terms of each director seat being for three (3) years.

Historic Preservation Commission. The Historic Preservation Commission makes recommendations to the Council in regard to designation of historic sites or districts within the City. Members are appointed by the Council. Five (5) members are appointed for staggered terms of two (2) years. A member of City staff, appointed by Council, shall serve as an ex-officio member and as secretary to the Commission and act as the Local Preservation Officer.

Keep Hutto Beautiful Commission. The Keep Hutto Beautiful Commission makes recommendations to the Council in regard to beautification of the City. It shall assist the City Council in establishing City-wide policies, decreasing the amount of loose refuse, enhancing and preserving the City's natural beauty, and encouraging the use of landscaping and improvement of deteriorating features. Members are appointed by the Council. The Commission shall consist of seven (7) or more members for two year terms.

Parks Advisory Board. The Parks Advisory Board makes recommendations to the Council in regard to park and recreational developments. Members are appointed by the Council. The Board shall consist of seven (7) members.

Library Advisory Board. The Library Advisory Board makes recommendations to the Council in regard to the City's Library operations.

Planning & Zoning Commission. The Planning and Zoning Commission makes recommendations to the Council in regard to zoning changes as well as the growth and development of the City. The Planning and Zoning Commission also annually makes recommendations to the City Council regarding the City's Five Year Capital Improvements Plan. Members are appointed by Council. Seven (7) members serve on the Commission.

Hutto Youth Advisory Commission. The Youth Advisory Commission makes recommendations to the Council in regard to youth related issues. The City Council annually appoints a mix of sixteen (16) members from the Hutto Middle, High School, and public at large.

Zoning Board of Adjustments. The Board hears and decides appeals in regards to complaints made towards a City Administrative Officer, Department or Board. The Board also acts on applications submitted for variance or special exception to City zoning regulations. Five (5) members are appointed by the Council.

Hutto Ethics Commission. The Hutto Ethics Commission was created in 2007 to render advice and opinions on potential conflicts of interest or violations at the request of a City official. The Commission consists of five (5) members appointed by the City Council to staggered terms of two (2) years, all of whom shall reside in the City. All vacancies filled for the unexpired term and all members shall hold office until successor is appointed by the Council.

Building and Standards Commission. The Hutto Building and Standards Commission was created in 2015 to hear appeals and render decisions upon rulings by the building official when requests for modification or a variation have been made and denied. The commission will also serve as the fire code board of appeals.

GLOSSARY

This document contains specialized and technical terminology that is unique to public finance and budgeting. To assist the reader, a budget glossary follows:

ACCRUAL BASIS. The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows.

ACCRUED EXPENSES. Expenses incurred but not due until a later date.

AD VALOREM TAXES. (Current) All property, real personal, mixed tangible, intangible, annexations, additions, and improvements to property located within the taxing units jurisdiction that are subject to taxation on January 1 of the current fiscal year. Following the final passage of the appropriations ordinance, the City Council sets the tax rate and levy for the current fiscal year beginning October 1 and continuing through the following September 30.

AD VALOREM TAXES. (Delinquent) All taxes are due on receipt of bill and are delinquent if not paid before February 1st of the fiscal year in which it is imposed.

AD VALOREM TAXES. (Penalty and Interest) A delinquent tax incurs a penalty of six (6%) percent of the amount of the tax for the first calendar month it is delinquent, plus one (1%) percent for each additional month of portion of the month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent.

APPROPRIATION. A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes.

ASSESSED VALUATION. A value that is established for real or personal property for use as a basis for levying property taxes. (Note: Property values are established by the Williamson County Appraisal District.)

ASSET. Resources owned or held which have monetary value.

AUDIT. A comprehensive review of the manner in which the government's resources were actually utilized. A certified public accountant issues an opinion over the presentation of financial statements, tests the controls over the safekeeping of assets and makes recommendations for improvements where necessary.

BASE BUDGET. The on-going expense for personnel, operating services and the replacement of supplies and equipment to maintain service levels. The base budget does not include new programs or projects, which are approved on an individual basis.

BOND. A written promise to pay a sum of money on a specific date at a specified interest rate. The interest payments and the repayment of the principal are detailed in a bond ordinance. The most common types of bonds are general obligation and revenue bonds. These are most frequently used for construction of large capital projects (such as buildings, streets, and water and sewer improvements).

BUDGET. A financial plan of projected resources and proposed expenditures for a given period.

BUDGET CALENDAR. The schedule of key dates or milestones that the City follows in the preparation, adoption, and administration of the budget.

BUDGET CATEGORY. A group of expenses related by function. The City uses five budget categories including: Salaries and Benefits, Supplies and Materials, Repair and Maintenance, Other Services and Charges, and Capital Outlay.

BUDGET CONTINGENCY PLAN. The Fiscal and Budgetary Policy outlines operating procedures for managing revenue shortfalls resulting from factors such as local and economic downturns.

BUDGETED FUNDS. Funds that are planned for certain uses but have not been formally or legally authorized by the legislative body. The budget document that is submitted for Council approval is composed of budgeted funds.

CAPITAL EXPENDITURES. Outflows of spend-able resources for the acquisitions of long-term assets.

CAPITAL IMPROVEMENTS PLAN. A five year planning document that outlines the capital projects within the next five years and includes information regarding funding, project description and scheduling, and status. The City Council annually adopts a CIP as part of the budget process.

CAPITAL OUTLAYS. Expenditures that result in the acquisition of or addition to fixed assets.

CASH BASIS. A basis of accounting under which transactions are recognized only when cash changes "hands".

CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN). The jurisdictional boundary of the City's water and/or wastewater service area.

CERTIFICATES OF OBLIGATION. See definition of bond.

CHARRETTE. A facilitated planning retreat process that brings together multiple parties to create initial ideas and designs for projects.

CONTINGENCY. A budgetary appropriation reserve set aside for emergencies or unforeseen expenditures not budgeted.

CONTINGENCY RESERVES. A portion of the budgeted ending fund balance or working capital that is not available for appropriation. The intent of the reserves is to provide flexibility, should actual revenues fall short of budgeted revenues and to provide adequate resources to implement budgeted expenditures without regard to the actual cash flow of the fund.

COST ACCOUNTING. That method of accounting that provides for assembling and recording of all the elements of cost incurred to accomplish a purpose, to carry on an activity or operations, or to complete a unit of work or a specific job.

CURRENT TAXES. Taxes that are levied and due within the current year.

DEBT SERVICES. Principal and interest obligations for bonds and other debt instruments according to a pre-determined payment schedule.

DEFICIT. (l) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period; or, in the case of proprietary funds, the excess of expense over income during an accounting period.

DELINQUENT TAXES. Taxes that remain unpaid on and after the date on which a penalty for non-payment is assessed.

DEPARTMENT. An administrative segment of the City consisting of multiple divisions that is organized by function and service provided.

DEPRECIATION. The process of estimating and recording the lost usefulness, expired useful life or diminution of service from fixed asset that cannot or will not be restored by repair and will be replaced. The cost of the fixed asset's lost usefulness is the depreciation, or the reserve cost, in order to replace the item at the end of its useful life.

DIVISION. A separately budgeted segment of a department.

EFFECTIVE TAX RATE. The effective tax rate is the tax rate required to produce the same amount of taxes for the current year as the previous year. The rate is calculated by subtracting taxes on property lost this year from the prior year's taxes total. This number is divided by the current value of property taxed in the prior year. Multiplying this number by 100 will produce the effective tax rate.

ENCUMBRANCES. Commitments related to unperformed (executory) contracts for goods or services.

ENHANCEMENTS. Newly requested budgeted amounts that will result in a new or expanded level of service over the previous year.

ETJ. The Extra-Territorial Jurisdiction is the contiguous area just beyond the city limits where a city may apply its development standards and regulations. A city's ETJ is determined by population.

ESD#3. Williamson County Emergency Services District #3 provide fire protection services to the Hutto area. The entity is independent of the City and levies a maximum ad valorem tax of $0.1 per $100 of property valuation. The organization is also referred to as "Hutto Fire and Rescue." The City has an interlocal agreement with the organization for services provided to the Hutto citizens

EXPENDITURE. This term refers to the outflow of funds paid or to be paid for an asset obtained or goods and services obtained regardless of when the expense is actually paid. This term applies to all funds. Note: An encumbrance is not an expenditure. An encumbrance reserves funds to be expended when goods or services are received.

EXPENSES. Charges incurred (whether paid immediately or unpaid) for operation, maintenance, interest and other charges.

FISCAL YEAR. The time period designated by the City signifying the beginning and ending period for recording financial transactions. The City of Hutto has specified October 1 to September 30 as its fiscal year.

FIXED ASSETS. Assets of a long-term character which are intended to continue to be held or used, such as land, building, and improvements other than buildings, machinery and equipment.

FRANCHISE FEE. This is a charge paid by businesses for the use of City streets and public right of way and is in lieu of all other municipal charges, fees, street rentals, pipe taxes or rentals, easement or other like franchise taxes, inspections fees, and/or charges of every kind except Ad Valorem and special assessment taxes for public improvements.

FULL-TIME EQUIVALENT. The numeric breakdown of city positions. A regular full-time employee (40 hours per week) equals one (1.0) full-time equivalent. Part-time positions are calculated as 0.5 full-time equivalents, and seasonal staff positions are considered 0.25 full-time equivalents.

FUND. An accounting entity that has a set of self-balancing accounts and that records all financial transactions for specific activities or government functions. Eight commonly used funds in public accounting are: general fund, special revenue funds, debt service funds, capital project funds, enterprise funds, trust and agency funds, internal service funds, and special assessment funds.

FUND BALANCE. Fund balance is the excess of assets over liabilities and is therefore also known as surplus funds.

GENERAL FUND. The fund used to account for all financial resources except those required to be accounted for in another fund.

GENERAL OBLIGATION BONDS. Bonds that finance a variety of public projects such as streets, building, and improvements. These bonds are backed by the full faith and credit of the issuing government.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP). Uniform minimum standards of and guidelines to financial accounting and reporting. These principles: govern the form and content of the basic financial statements of an entity; encompass the conventions, rules, and procedures necessary to define accepted accounting practice at a particular time; include not only broad guidelines of general application, but also detailed practices and procedures; and, provide a standard by which to measure financial presentations.

GOVERNMENTAL FUNDS. Funds, within a governmental accounting system, that support general tax supported governmental activities.

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

GROWTH GUIDANCE PLAN. The Growth Guidance Plan includes a statement of strategic priorities/policies adopted by the City Council that are intended to guide the growth and development of the City until 2030.

HOTEL/MOTEL TAX. Pursuant to State law, a tax is levied upon the cost of occupancy of any room or space furnished by any hotel/motel. The current rate of taxation is 13% (7% of which is paid to the City and budgeted for limited uses and 6% of which is collected by the State).

IMPACT FEES. Fees assessed to developers to help defray a portion of the costs that naturally result from increased development. By Texas law, these fees must be used for capital acquisition or debt service relating to capital projects.

INTERFUND TRANSFERS. Amounts transferred from one fund to another.

INTERNAL SERVICE FUND. A fund to account for any service that services other funds in the government.

INVESTMENTS. Securities and real estate held for the generation of revenue in the form of interest, dividends, rentals, or lease payments. The term does not include fixed assets used in governmental operations.

LEVY. (Verb) To impose taxes, special assessments, or special charges for the support of governmental activities. (Noun) The total amount of taxes, special assessments, or special charges imposed by a government.

LONG-TERM DEBT. Debt with a maturity of more than one year after the date of issuance.

MODIFIED ACCRUAL BASIS. The accrual basis of accounting adapted to the governmental fund type spending measurement focus. Under this basis, revenues are recognized when they become both "measurable" and "available to finance expenditures within the current period". Expenditures are recognized when the related fund liability is incurred except for: (1) inventories of materials and supplies which may be considered expenditures either when purchased or when used; (2) prepaid insurance and similar items which need not be reported; (3) accumulated unpaid vacation, sick pay, and other employee benefit amounts which need not be recognized in the current period, but for which larger-than-normal amounts which need not be recognized in the current period, but for which larger-than-normal accumulations must be disclosed in the notes to the financial statements; (4) interest on special assessment indebtedness which may be recorded when due rather than accrued, if approximately offset by interest earning on special assessment levies; and (5) principal and interest on long-term debt which are generally recognized when due.

OPERATING BUDGET. A plan of current year expenditures and the proposed means of financial acquisition, spending, and service delivery activities of government are controlled.

OPERATING TRANSFERS. All interfund transfers other than residual equity transfers.

ORDINANCE. A formal legislative enactment by the governing board of a municipality. If an ordinance is not in conflict with any higher form of law, such as a state statute of constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies. The difference between an ordinance and a resolution is that the latter is less formal and has a lower legal "status". Ordinarily, statutes or characters will specify or imply those legislative actions that must be by ordinance and those which may be by resolution. Revenue raising measures such as these required for imposition of taxes, special assessments and service charges, universally require ordinances.

PERFORMANCE MEASRURES. Performance measures are specific quantitative and qualitative indicators that report on the progress of activities and goals. Measures include inputs (the resources required to complete objectives), outputs (the number of units produced), efficiency measures (the number of units produced per input), and outcome measures (the end result of the objective).

PROGRAM DESCRIPTION. A description of the nature of service delivery provided at a particular level of funding.

PROGRAM GOALS. Goals identify the end result the department/division desires to achieve with its activities, but goals are often ongoing and may not be achieved in one year.

PROPERTY TAX. Property taxes are levied on both real and personal property according to the property's valuation and the tax rate.

PROPRIETARY FUND. Funds, within a governmental accounting system, that operate like business entities. These funds are characterized as either enterprise or internal service funds.

RESERVE. A portion of fund restricted for a specific purpose and is, therefore, not available or recommended for general appropriation.

RETAINED EARNINGS. An equity account reflecting the accumulated earnings of an enterprise or internal service fund.

REVENUE BONDS. Bonds for which principal and interest are payable exclusively from earnings from an Enterprise Fund. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the Enterprise Fund's property.

REVENUES. (1) Increases in governmental fund type net current assets from other than expenditure refunds and residual equity transfers. Under NCGA Statement 1, general long-germ debt proceeds and operating transfers in are classified as "other financing sources" rather than revenues. (2) Increases in proprietary fund type net total assets from other than expense refunds, capital contributions, and residual equity transfers. Under NCGA Statement 1, operating transfers in are classified separately from revenues.

SALES TAX. A general "sales tax" is levied on all persons and businesses selling merchandise in the City limits on a retail basis. The current sales tax rate for the City is 8.25% (with only 1.5% rebated to the City from the State).

SERVICE CHARGES. Service charges are allocated to all Enterprise Fund activities (e.g., water/sewer) for indirect management and administrative support provided by General Fund departments.

SURPLUS. The excess of the assets or resources of a fund over its liabilities or obligations.

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

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (TCEQ). The Texas Commission on Environmental Quality monitors the City's utility system for safety and compliance with state law.

TEA 21. The Transportation Equity Act 21 provided grant funding to the City for the Cottonwood Trail Phase II project.

TEXAS WATER DEVELOPMENT BOARD (TWDB). The City of Hutto is seeking low-interest funding for the Brushy Creek Wastewater Interceptor capital project from the Texas Water Development Board's Clean Water Program.

UNENCUMBERED BALANCE. The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for future purchases.

WORKLOAD MEASURES. Workload measures reflect major activities of the division/department in terms of quantity of work accomplished. They should be able to be tracked with a reasonable amount of time and effort.

UNIFIED DEVELOPMENT CODE (UDC). The Unified Development Code is a comprehensive document that outlines all development related codes and ordinances for the City.

ACRONYMS & ABBREVIATIONS

APA. American Planning Association.

AP. Accounts Payable.

AR. Accounts Receivable.

ARRA. American Recovery and Reinvestment Act.

AWWA. American Waterworks Association.

BRA. Brazos River Authority.

CAFR. Comprehensive Annual Financial Report.

CAMPO. Capitol Area Metropolitan Planning Organization.

CAPCOG. Capitol Area Council of Governments.

CCN. Certificate of Convenience and Necessity (water and wastewater).

CDBG. Community Development Block Grant.

CIP. Capital Improvements Plan.

CMO. City Manager's Office Division.

CO BOND. Certificates of Obligation Bond.

COLA. Cost of Living Adjustment.

CTLS. Central Texas Library System

CWSRF. Clean Water State Revolving Fund.

EECBG. Energy Efficiency & Conservation Block Grant.

EIS. Executive Information Systems.

ESD#3. Emergency Services District Number 3.

ETR. The Effective Tax Rate.

ETJ. The Extra-Territorial Jurisdiction.

EWCHEC. Eastern Williamson County Higher Education Center.

FTE. Full-time Equivalent.

FY. Fiscal Year.

GO BOND. General Obligation Bond.

GAAP. Generally Accepted Accounting Principles.

GASB. Governmental Accounting Standards Board.

GFOA. Government Finance Officers Association.

GGP. Growth Guidance Plan.

GIS. Geographic Information System.

GPD. Gallons per day.

GPS. Global Positioning System.

HEDC. Hutto Economic Development Corporation.

HISD. Hutto Independent School District.

HOT. Heart of Texas Water Supply.

HPC. Historic Preservation Commission.

HR. Human Resources.

I&S. Interest and Sinking.

ICMA. International City Managers Association.

IT. Information Technology.

ISF. Internal Service Fund

Jonah SUD. Jonah Service Utility District

KHB. Keep Hutto Beautiful Commission.

LCRA. Lower Colorado Rivera Authority.

LS. Lift Station.

MGD. Million gallons per day.

MOU. Memorandum of Understanding.

O&M. Operations and Maintenance.

ODP. Organizational Development Plan.

P&Z. Planning and Zoning Commission.

PAFR. Popular Annual Financial Report.

PO. Purchase Order.

PY. Prior Fiscal Year

RFP. Request for Proposal.

RFQ. Request for Qualifications.

SCADA. Supervisory Control and Data Acquisition.

SECO. State Energy Conservation Office.

TCEQ. Texas Commission on Environmental Quality.

TEA 21. The Transportation Equity Act for the 21st Century.

TIF/TRZ. Tax Increment Financing or Tax Re-investment Zone.

TLETS. Texas Law Enforcement Telecommunication System.

TML. Texas Municipal League.

TMLIRP. Texas Municipal League Intergovernmental Risk Pool.

TMRS. Texas Municipal Retirement System.

TSLA. Texas Sate Library Association.

TWC. Texas Workforce Commission.

TWDB. Texas Water Development Board.

TXDOT. Texas Department of Transportation.

UB. Utility Billing.

UCR. Uniform Crime Report.

UDC. Unified Development Code.

WCCAC. Williamson County Children's Advocacy Center.

WCCHD. Williamson County and Cities Health District.

WILCO. Williamson County.

WWTP. Wastewater Treatment Plant.

YAC. Youth Advisory Commission.