



OPERATING BUDGET

FOR FISCAL YEAR 10/1/21 – 9/30/22

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OUR VISION

The Town of Annetta will continue to uphold its commitment to preserving a safe, healthy and attractive quality of life for all of its residents while maintaining fiscal responsibility and planning for expected growth and the challenges that come with it. Annetta commits to being a vibrant community with a high standard of living that is complemented by a unique and beautiful natural environment that it seeks to preserve.

TOWN COUNCIL



**Mayor,
Sandy Roberts**



**Place 1,
Shane Mudge**



**Place 2,
Danny Coffman**



**Place 3,
Bruce Pinckard**



**Place 4,
Jim Causey**



**Mayor Pro-Tem, Place 5,
Kent Stasey**



August 19, 2021

To the citizens of the Town of Annetta:

The Town of Annetta continues to provide quality service to the community while maintaining its commitment to efficient, conservative management of public resources. The Town also remains committed to grow in terms of professionalism and service levels **without** taxing the wealth of its citizens through implementation of an ad valorem tax. Reserve funds will be maintained at a responsible level in accordance with the Town of Annetta fiscal goals.

Assumptions

The proposed budget was developed following an extensive process involving input and feedback from the staff of the Town and vendors including the City of Hudson Oaks, as operator of the water and sewer systems, our engineering advisory firm and our legal services advisory firm.

The proposed FY 2021-22 budgets assume:

- The Town will continue to operate **without** an ad valorem tax.
- The Town's sales tax revenues for FY 2021-22 will continue to increase over previous years due to increased on-line retail sales to Annetta homes, as well as home-based business activities.
- Franchise fee collections will remain stable.
- Special sales tax funding for street maintenance will provide approximately \$28,000 for road repairs in 2021-22. This amount will be supplemented with other sales tax and franchise fee revenues to continue our program of regular road maintenance.
- The crime control and prevention program remains healthy and robust with approximately \$23,000 in voter approved funding through sales taxes collected in the previous year. This program provides citizen awareness training, avenues of communication and other resources to help maintain a low crime rate and high quality of life in the Annetta community.

Planning for the Future

The proposed budgets include funding and plans for:

- Continued maintenance and repair of the Town's roughly 18 miles of roadways.
- Operations and maintenance programs (O&M) of the Town's water and wastewater systems.
- Funding for capital improvements to the Town's water and wastewater systems.
- New equipment and other facilities for the water and wastewater department, including long range investments to transition contractor-based operation to an in-house capability.
- Budgetary payroll increases related to new hires and council objectives.

Respectfully submitted,

Sandy Roberts, Mayor
Shane Mudge, Place 1
Bruce Pinckard, Place 3

Kent Stasey, Mayor Pro-Tem, Place 5
Danny Coffman, Place 2
Jim Causey, Place 4

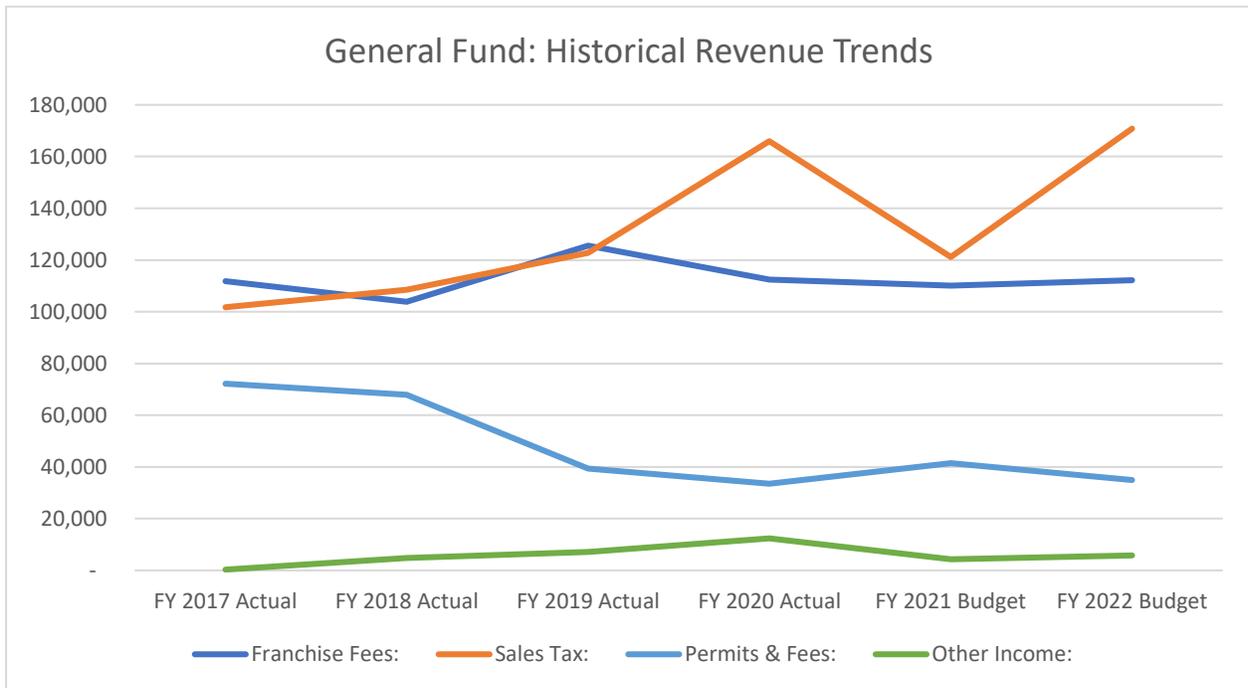
GENERAL FUND

The General Fund accounts for activities related to city services and development including:

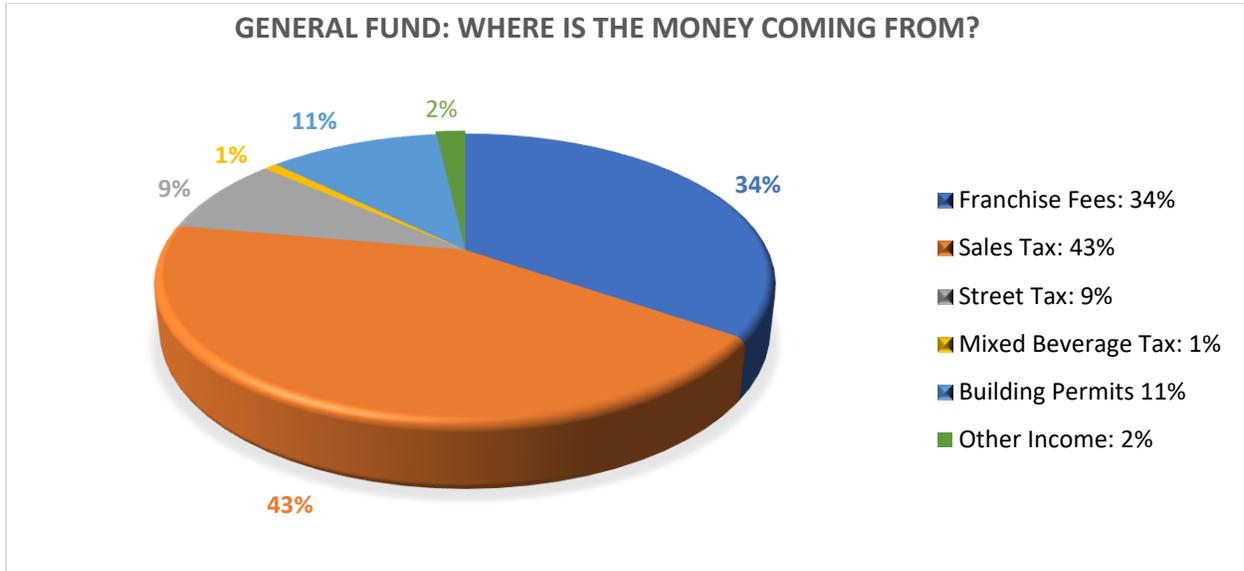
- Elections
- Public Information Requests
- City Council information and meeting requirements
- General health and safety code regulations
- Requests for public service
- Building permits and inspections
- Certificates of occupancy
- Civil engineering and zoning
- Franchisees that operate within the city limits
- City planning, mapping and ordinance review

As part of the day-to-day activities, our friendly staff will interact and meet with citizens, landowners, business owners and developers. Staff receive requests for services and information, answer questions and communicate with city leaders the needs that come before the Town. City staff will work to ensure that planned developments meet both the letter of the law and the community standard. The staff works in concert with the City Council and other committees to take proposed projects through the processes of design, review and consideration by both the Planning & Zoning Commission and the City Council.

How does the Town of Annetta get its revenue?



The Town of Annetta derives revenue primarily from franchise fees and sales taxes. Permit fees, although received as revenue, are paid out as a direct expense to contract service providers for building inspections. As illustrated above, permit fees continue to decline as the Town finds more efficient ways to process building permits and find more cost-effective providers of inspection services.



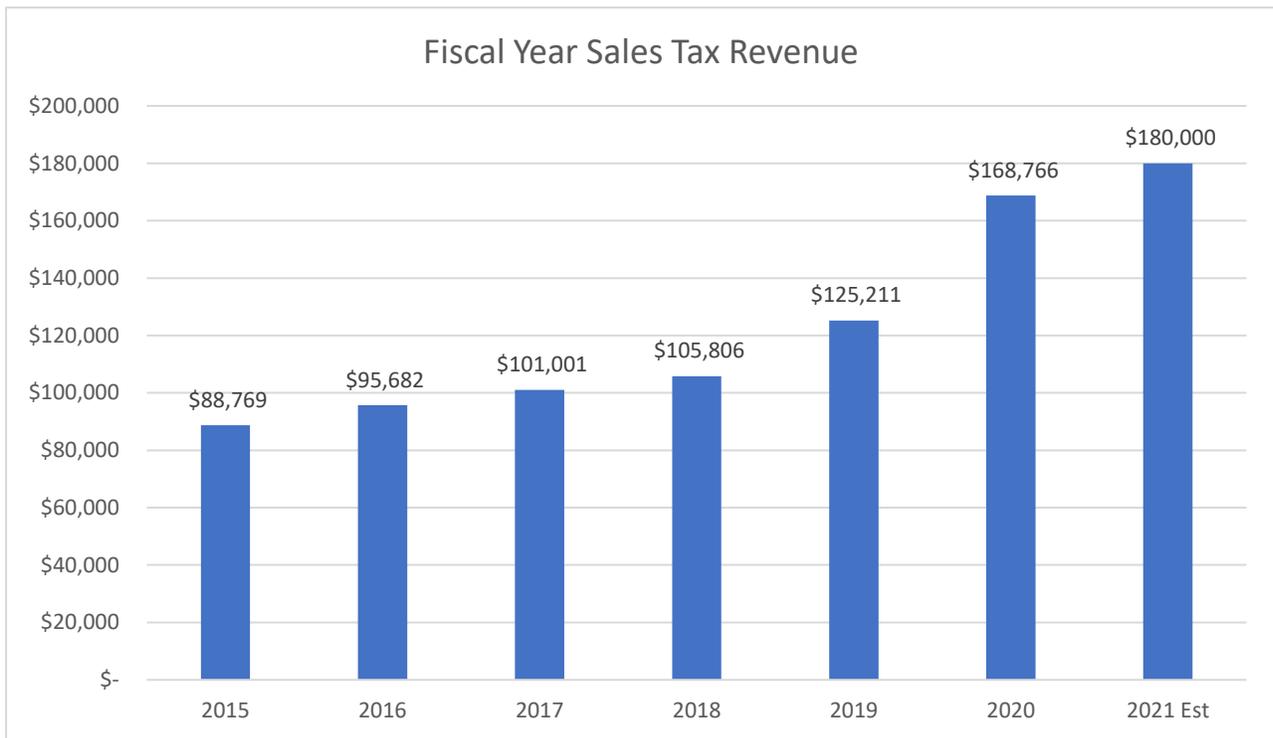
Franchise fees are monies paid to a municipality by utility and service providers for use of the roadways and easements in the Town. All cities receive franchise fees to help offset wear and tear from vehicular traffic, not only from those providers but from their customers as well. These fees are typically based on a percentage of the gross revenue within the defined service area of Annetta. For utility providers such as ONCOR and Tri-County, these fees may go up or down along with the price of energy needed to deliver electricity. For other service providers, the rate may be more stable.

The ability for the Town to manage maintenance of these roadways is not only advantageous to the utility and service companies who operate within the corporate limits, but also to the residents who enjoy those services. This could not otherwise occur without some form of replacement income to keep roadways in good condition in all weathers.

The Town of Annetta continues an auditing process of these payments by franchise fee providers to ensure that fees collected are adequate to provide upkeep of these roads and easements within the Town. These audits have led to an increase in total receipts as addresses within the Town are reconciled with payments in order to ensure completeness. As energy costs have declined relative to expenses related to road repairs, it has been important to constantly evaluate the Town's relationships with these providers. Review of agreements with these providers has also led to negotiations that provide beneficial increases to the citizens in the form of fairly written, auditable contracts, future rate adjustments and accurate collections. The most notable increase in franchise fees however, came after 2014 voluntary annexation of residents into Annetta. The increase to the Town in the number of homes which were already in our community added greatly to the ability of Annetta to bring aging and previously ignored infrastructure into repair.

Sales taxes are largely generated by home-based businesses and online sales of products delivered to an address within the Town. The portion of total sales taxes collected by Annetta is small (1%), but the total dollar amount indicates a healthy economic community. Sales taxes income accounts for over 40% of the revenue generated in Annetta each year within the General Fund. The total sales tax rate collected in Annetta is the same as most other Texas cities.

Sales Tax	Tax Rate
State of Texas:	.0625
Parker County:	.0050
Annetta, Town:	.0100
Annetta Street Maintenance:	.0025
Annetta Crime Control:	.0025
Total Sales Tax:	.0825

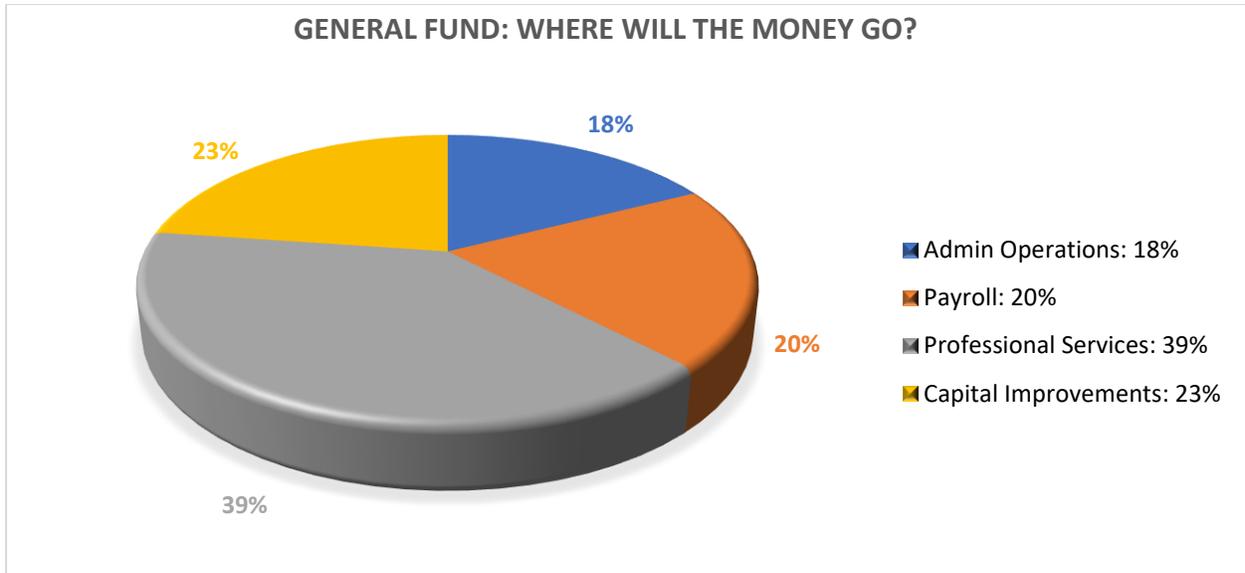


The Town audits sales tax collection information from the State Comptroller to insure completeness and correctness. This review process has been beneficial as the Town has discovered some Annetta businesses had that portion of their sales tax collections erroneously going to another city. This was due to the State Comptroller’s Office having incorrect information. The Annetta City Council and staff are always working to benefit Annetta citizens.

Also noted in the graph this year is street tax collections. The voters have overwhelmingly approved continuance of this very small percentage of sales tax (.25%) which can only be spent on road projects within the taxing area. In previous years, this was included in the graph as part of total sales tax collections, but we have broken it out this year for clarity.

Where are the areas of expense related to running the Town?

The below graph illustrates the areas of historical expenditure trends of the Town.



The General Fund has three notable and consistent areas of expenses. In the 2021-22 Budget, administrative operations and employee costs together account for about 38% of the General Fund expenses with professional services such as legal, engineering and consulting planned for roughly 39%. Capital improvements make up the remaining 23% and includes road and road related projects.

Notable Accomplishments, FY 2020-21

Continued commitment to road repairs and street maintenance.

The Town of Annetta has a working plan to upgrade and maintain all the roads in the Town and it has again committed substantial resources in the amount of \$56,500 in this next budget cycle. Road repairs are reflected in the budget under capital improvements.

This past year, the Town kept its commitment to aggressively finance the repair and maintenance of the roads in our Town. City Council members and staff often meet with citizens and personally inspect conditions to address concerns over both road surface and drainage issues. This is also one aspect of determining each year's road projects as complaints are filed and reviewed through a grading process.

Due to the way our community has developed over the last three decades, little attention was given to drainage issues before 2014. The effect poor drainage has on private property as well as roads when not dealt with has a high and recurring cost due to undermining road surfaces causing premature wear. This has changed as Annetta continues to improve policies and standards to protect from poorly planned developments. Older neighborhoods are being closely monitored and where possible, improvements will be made to help create a better condition moving forward.



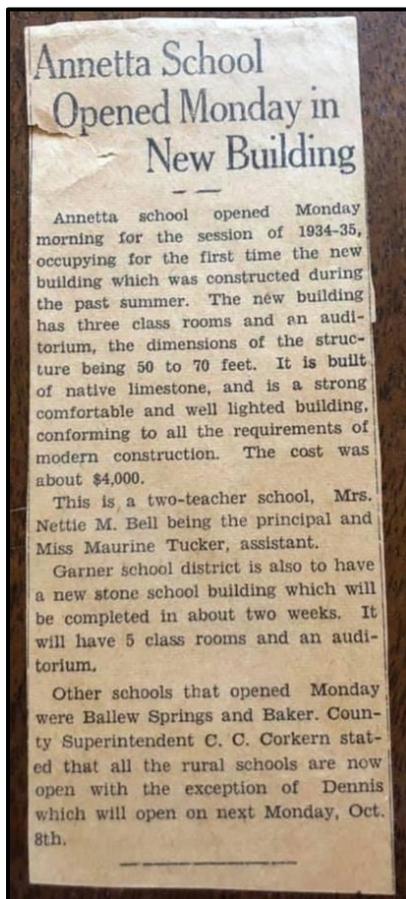
The Town of Annetta's logo and branding not only reflect the Annetta Vision, but is now associated with a higher standard of living. If you haven't done so, please visit the Town's website at www.annettatx.org and view the video of citizens speaking about what Annetta means to them! Each fiscal year, we are budgeting for new street signs with the Town logo and gradually swapping out the old signs.

Planning for the Future

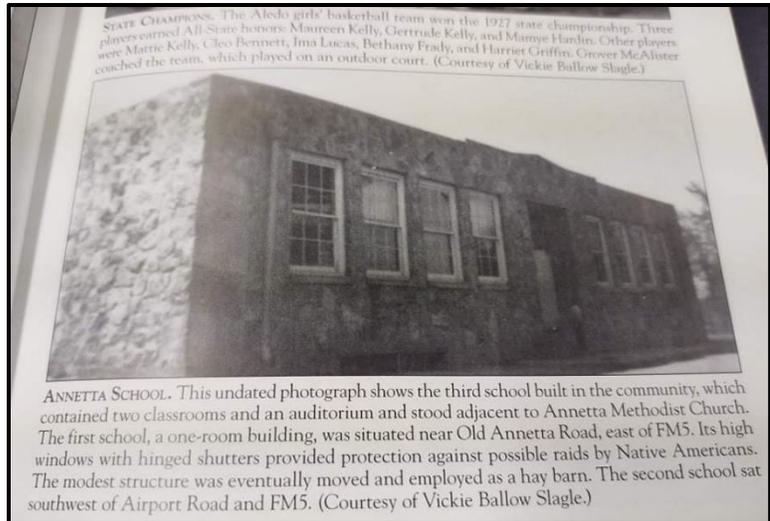
Annetta Elementary

The Town of Annetta has worked closely with the Aledo Independent School District and their engineers in the planning and permitting of Annetta Elementary. The new elementary school will occupy approximately 800 students and is projected to open in this Fall.





AISD has come a long way! These are interesting newspaper articles from the 1930's.



The 4th Annual Annetta Cleanup Day:

This year's event was another tremendous success with many citizens coming out to clean up the Town. Afterwards, everyone shared a meal and conversation to better know their neighbors. The General Fund supports the cost of trash bags, refuse pickup and the meal. Volunteers give of their time and sponsors provide safety vests and pickup tools. The event is so successful, the Town is planning to host another cleanup day this October.



Other Town improvements:

The Town of Annetta administration building continues to improve with the help of the Parker County Master Gardeners. We would like to extend our heartfelt thanks for all they do!

Landscaping flourishes with the drip irrigation system in place which is proving that plants can be kept healthy and vibrant while effectively reducing water loss that would normally occur through evaporation. Healthy soil also means less maintenance.

This year again saw many neighbors come to use the benches built in front of Town Hall and even use the beautiful landscaping as a backdrop for photos of their pets and children.



Annetta Monarch Butterfly Waystation:

In July, the Town of Annetta reinforced its pledge to remain a “Monarch Butterfly Waystation.” By instituting a native plant program that naturally helps support Monarch Butterflies as they migrate from Canada to Mexico, the Town hopes to set an example of how a little effort can make a big difference. More plants have been added by the Parker County Master Gardeners that are drought resistant, as well as a valuable source of energy for these beautiful creatures.

This was the Town’s 5th year to participate in the program. We are pleased to see many citizens come and enjoy the Monarch Butterflies as they pause at Town Hall along their journey.



Bearcat Nation 101:

The Town of Annetta was unable to participate in the Bearcat Nation 101 event last year due to the pandemic but plans to be involved this year. This event is a well-attended venue and provides local organizations a chance to welcome new residents to the school district.

The Annetta booth is always popular as people new to the area get familiarized with the various cities and towns with the Aledo ISD. Our favorite comment: “We just bought a house to get into the AISD but **Annetta** is our eventual goal.”



Troop 75 Boys & Girls:

The Town of Annetta appreciates Troop 75 Boys & Girls for their dedicated service.

The Troop replaces the weathered flags at Town Hall and a flag retirement box was installed at Town Hall as part of an Eagle Scout Project. When this project was presented to City Council, donations for the entire project were made by several City Council members.

Other things the Town of Annetta is always working on:

Annetta has a Business Continuity Plan that goes to work in case of emergencies or natural disaster to keep vital systems running. Last Spring, we were faced with the COVID-19 Pandemic. The Town’s staff continued to work in the office during the pandemic. In order to continue providing safe, personal separation to protect from potential exposure of COVID-19 and in compliance with Parker County

declarations of local disaster, the office was closed to walk-ins for a short time due to elevated numbers in Parker County, but staff continued to allow visitors by appointment only during that time.

While Annetta was one of the only systems in the area to maintain water service to all of its' customers with NO boil water notice events during this last winter's extreme low temperatures and resulting power outages, the Town has identified a need for additional strengthening of our emergency power backup to enhance system ability to serve our citizens if similar events were to impact the system in the future.

We are budgeting additional capital and/or system improvements in this coming fiscal year to address this priority.

The Town's Business Continuity Plan is reviewed and updated every year.

- Financial policies are reviewed and updated to be compliant with state law and sound business practices.
- Staff and elected officials attend local and area events in order to hear from citizens and answer questions in order to better represent the Town.
- Continuous review and upgrade of policies and ordinances help to address issues of concern and to curtail the negative effects of unregulated growth.
- Quarterly budget reviews by the City Council will again be scheduled in FY 2021-22 to more effectively communicate financial information to citizens, manage upcoming project expenses and to more closely monitor changes in financial performance in both the General and Enterprise Funds.
- Staff and council/committee members attend training and continuing education programs to help them in their roles serving the great citizens of Annetta.

Town of Annetta
Fiscal Year 2021-2022 Budget Worksheet
General Fund

	FY 2020-21	FY 2021-22
Income		
3200 · Total Franchise Fees		
3250 · HB 1777 - ROW	50.00	1,900.00
3210 · Electrical		
3212 · Tri-County	40,000.00	50,000.00
3211 · ONCOR	35,000.00	35,000.00
3210 · Electrical - Other	0.00	0.00
Total 3210 · Electrical	75,000.00	85,000.00
3230 · Sanitation	25,000.00	23,000.00
3240 · Telephone	10,000.00	2,250.00
Total 3200 · Total Franchise Fees	110,050.00	112,150.00
3100 · Sales and Use Taxes		
3130 · Sales Tax 1%	99,150.00	140,000.00
3120 · MBGRT	2,000.00	2,800.00
3140 · Streets .25%	20,000.00	28,000.00
Total 3100 · Sales and Use Taxes	121,150.00	170,800.00
3310 · Building Permits		
Total 3310 · Building Permits	37,200.00	35,000.00
3300 · Other Income		
3800 · Variance and Special Exceptions	750.00	800.00
3305 · Contractor Registration Fees	1,500.00	1,500.00
3500 · Rezoning Fee	0.00	800.00
3700 · Platting Fees	2,000.00	2,000.00
3301 · Interest Income	4,000.00	500.00
3302 · Miscellaneous Income	200.00	150.00
3303 · Other - Income	100.00	100.00
Total 3300 · Other Income	8,550.00	5,850.00
From Capital Reserve	0.00	0.00
Total Income	276,950.00	323,800.00

Expense**5500 - Committees**

5511 - Comprehensive Zoning	3,500.00	2,500.00
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Total 5500 - Committees	3,500.00	2,500.00
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5100 - Admin & Other Operations

5268 - Off-site Storage	0.00	0.00
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5280 - Facilities Expense

5284 - Uniforms/Cleaning and Sanitation	250.00	250.00
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5283 - Supplies	150.00	150.00
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5282 - Equipment Repairs & Maint.	150.00	150.00
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5281 - Small Tools	200.00	200.00
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Total 5280 - Facilities Expense	750.00	750.00
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5256 - Memberships, Dues & Fees	500.00	500.00
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5267 - Subscriptions & Publications	100.00	100.00
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5220 - Interest Expense	0.00	0.00
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5110 - Bereavement and/or Recognition	250.00	250.00
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5150 - Town Branding & Identification	1,000.00	1,000.00
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5210 - Insurance

5211 - General & Property Liability	3,500.00	5,300.00
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5212 - Health/Life/Dental	2,750.00	3,950.00
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5213 - Worker's Compensation	400.00	0.00
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Total 5210 - Insurance	6,650.00	9,250.00
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5120 - Contributions (EPCL)

EPC Library	1,000.00	1,000.00
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Total 5120 - Contributions (EPCL)	1,000.00	1,000.00
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5230 - Office Equipment

5233 - Copier Maint Contract	650.00	500.00
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5231 - New/Replacement	750.00	750.00
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5232 - Supplies	1,500.00	2,000.00
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5234 - Software Maint & Upgrade	4,000.00	5,500.00
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Total 5230 - Office Equipment	6,900.00	8,750.00
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5260 - Utilities (Admin Building)		
5262 - Electric	900.00	900.00
5264 - Telephone	900.00	1,300.00
5263 - ISP	500.00	500.00
5266 - Web Site Maintenance	0.00	500.00
5265 - Web Hosting and e-mail	225.00	1,400.00
5261 - Cell Phones	225.00	3,500.00
5260 - Utilities (Admin Building) - Other	0.00	0.00
Total 5260 - Utilities (Admin Building)	2,750.00	8,100.00
5270 - Vehicle Expense		
5275 - Mileage Expense	500.00	500.00
5274 - Vehicle License & Inspection	25.00	25.00
5271 - Acquisition	0.00	0.00
5272 - Fuel	200.00	2,500.00
5273 - Vehicle Maintenance	1,000.00	1,000.00
5270 - Vehicle Expense - Other	100.00	100.00
Total 5270 - Vehicle Expense	1,825.00	4,125.00
5201 - Advertising and Notifications	750.00	750.00
5250 - Security	300.00	500.00
5202 - Building Maintenance	1,250.00	1,250.00
5125 - Credit Card Fees	750.00	750.00
5130 - Elections	5,500.00	7,500.00
5135 - Filing Fees	100.00	100.00
5140 - License/Permits/Fees	1,500.00	5,000.00
5225 - Miscellaneous Expense	0.00	50.00
5240 - PO Box Fees/Postage	100.00	50.00
5145 - Postage	100.00	750.00
5245 - Public Events	0.00	1,500.00
5155 - Travel/Meals/Training	1,000.00	2,000.00
Total 5100 - Admin & Other Operations	33,075.00	54,025.00
5300 - Payroll Expenses		
5320 - Payroll Taxes		
5322 - FICA - Medicare	539.00	1,000.00

5324 · State Unemployment	189.00	285.00
5323 · FICA - SS	2,303.00	3,500.00
5321 · Federal Unemployment	0.00	0.00
Total 5320 · Payroll Taxes	3,031.00	4,785.00
5304 · Retirement	3,699.00	5,550.00
5305 · Salaries	37,150.00	55,725.00
Total 5300 · Payroll Expenses	43,880.00	66,060.00
5600 · Professional Services		
5607 · Planning Consultant	5,000.00	5,000.00
5606 · Code Enforcement Officer	500.00	1,500.00
5605 · P&Z - New Zoning Ordinance	0.00	0.00
5671 · Sidewalks and Park Concept	0.00	0.00
Total 5660 · Development Projects	8,000.00	8,000.00
5640 · Other Financial	2,000.00	3,500.00
5601 · Audit Financial	3,000.00	1,500.00
5602 · Building Inspections	36,000.00	35,000.00
5610 · Engineering		
5614 · Plat Review	500.00	1,500.00
5613 · Lidar	0.00	2,000.00
5611 · Civil Planning	7,500.00	9,500.00
5610 · Engineering - Other	1,000.00	1,000.00
Total 5610 · Engineering	9,000.00	14,000.00
5655 · Surveying/Mapping	1,500.00	0.00
5630 · Legal	30,000.00	55,000.00
5635 · Mowing & Grounds Keeping	2,500.00	2,500.00
5600 · Professional Services - Other	1,500.00	1,500.00
Total 5600 · Professional Services	99,000.00	127,500.00
5700 · Capital Improvements		
Emergency Preparedness	0.00	2,500.00
5714 · Road Material Storage Pad	0.00	0.00
5750 · Yard Improvements - Thunderhead	1,000.00	1,000.00
5720 · Building Fund	10,000.00	10,000.00
5730 · Community Beautification	770.00	1,000.00

5710 - Roads		
5713 - Shoulder & Drainage Ditch	10,000.00	12,000.00
5712 - Street/Road Reconstruction	70,000.00	40,000.00
5711 - General Pot Hole Repair	3,500.00	3,500.00
5710 - Roads - Other	725.00	1,000.00
Total 5710 - Roads	84,225.00	56,500.00
5740 - Signage and Related	1,500.00	2,715.00
Total 5700 - Capital Improvements	97,495.00	73,715.00
Total Expense	276,950.00	323,800.00
Net Income	0.00	0.00

ENTERPRISE FUND

Program of service:



The Water and Wastewater Department provides Town of Annetta customers with safe, clean and reliable drinking water and a dependable and efficient sewer system.

The Town of Annetta water system maintains a SUPERIOR RATING with the State of Texas. A little over 10 years ago, the situation seemed nearly impossible as the condition of infrastructure had not been maintained by the previous owners and reliability was poor, operational costs were high and citizens were in mandatory, year-round outdoor watering restrictions. Annetta is pleased to announce that for the 8th consecutive year there have been no long-term outdoor watering restrictions. In recent years, the department has successfully increased overall water production capabilities, reduced water loss, improved wastewater treatment capabilities and continues to provide a level of service that is enviable to other communities.

The Annetta Wastewater Treatment Plant put into service in 2016 continues to operate efficiently and economically. The Town will make additional improvements to visual screening in 2021-22, add backup power capabilities to some lift stations to help in periods of electrical outages and add/improve SCADA capabilities and alarms for better operational control. In addition, wastewater sampling and laboratory work required by the state will soon be done on-site in a re-purposed building left over from the old Wastewater Treatment Plant. This will speed up testing results for reporting further reducing the need for costly outsourcing. The new plant is still able to return 100% of the treated wastewater to the ground by virtue of oxygenated ponds and then irrigation on the Split Rail Golf Course. This results in less need for additional groundwater pumping than would otherwise be utilized and is a smart way to help sustain our natural resources.



This February, we were all faced with a severe, state-wide weather event not experienced by the State of Texas in the last 160 years! The Town of Annetta has a Business Continuity Plan that goes to work in case of emergencies or natural disaster to keep vital systems running. Beyond any localized conditions ever under consideration, this storm led to extended power outages for the majority of Texans across the Lone Star State, overwhelming electricity providers and their crews. Extended power outages are the number one concern for the Annetta Water System as



every gallon is pumped from the ground and then after treatment, through the distribution system. The same situation exists for the wastewater system. The Town's water and wastewater technicians worked many hours to keep the Annetta systems operational during a week of temperatures plunging to -3 degrees. Outside pipes had to be thawed, sometimes by unconventional methods in order to avoid breaks and keep water moving. Technicians were also able to use the same techniques many homeowners did albeit on a much larger scale like running groundwater through the system even if it meant spilling some portion onto the ground. The Town continued to monitor the water and wastewater systems throughout the duration and maintained operational control even when switching from electronic to manual controls for a period of time. The Annetta systems are not connected to the surrounding communities which were faced with water pressure and supply losses for extended periods of time. And, as noted in the General Fund budget discussion above, the Town is budgeting additional emergency preparedness capital and/or system improvements to strengthen our ability to deal with power outages and weather issues impacting our water and wastewater facilities and equipment. We pride ourselves in being proactive and establishing the necessary capabilities before they are needed rather than having to react and hoping to recover when the calamity strikes.

The Annetta City Council has provided consistent investment over the last 10+ years to improve an underperforming and consistently low-pressure situation to a SUPERIOR status with above average water quality and service. These investments paid off during this storm where the Annetta Water System was able to deliver pressure above TCEQ minimum requirements. As a result, no water mains suffered breakage and Water Quality Tests showed acceptable levels of chlorine were maintained throughout the distribution system. For this reason, no "Boil Water Notice" had to be issued like in other nearby cities because the Annetta Systems simply performed.

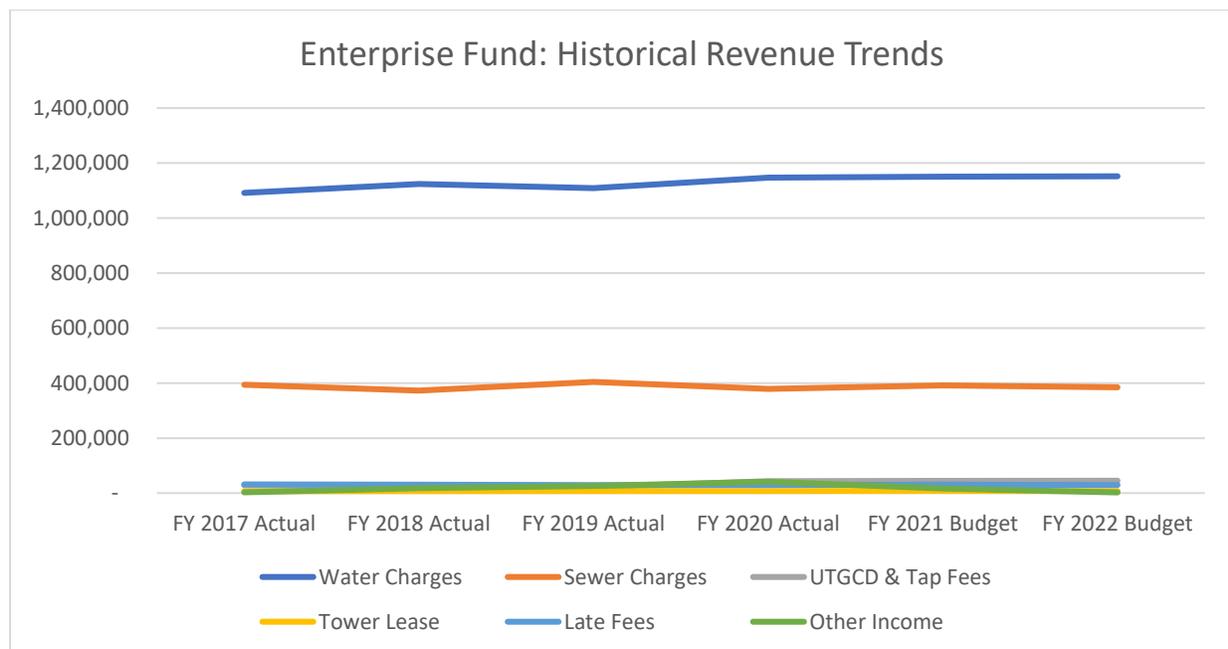
We always encourage responsible use of resources available to us but are happy to be able to provide our citizens with an adequate supply of water during high demands. The Town of Annetta again sees no need to adjust rates for service in 2021-22 even as other local cities are forced to raise prices or subsidize rates with property taxes.

Revenue

Customers of the utilities pay for the service through usage charges. Annetta has no property tax to subsidize utilities or other infrastructure requirements likewise, all revenue generated by the utilities stay within the utilities and are not used for other purposes. Water usage accounts for the bulk of the revenue through a tiered rate structure that includes a base rate for all customers. Base rates alone could never meet the costs associated with operations and maintenance along with debt service, therefore consumption in the warmer months makes up the difference and allows the utility to function as a stand-alone enterprise.

The Annetta Water System continues to operate smoothly through periods of both planned maintenance and emergency repairs.

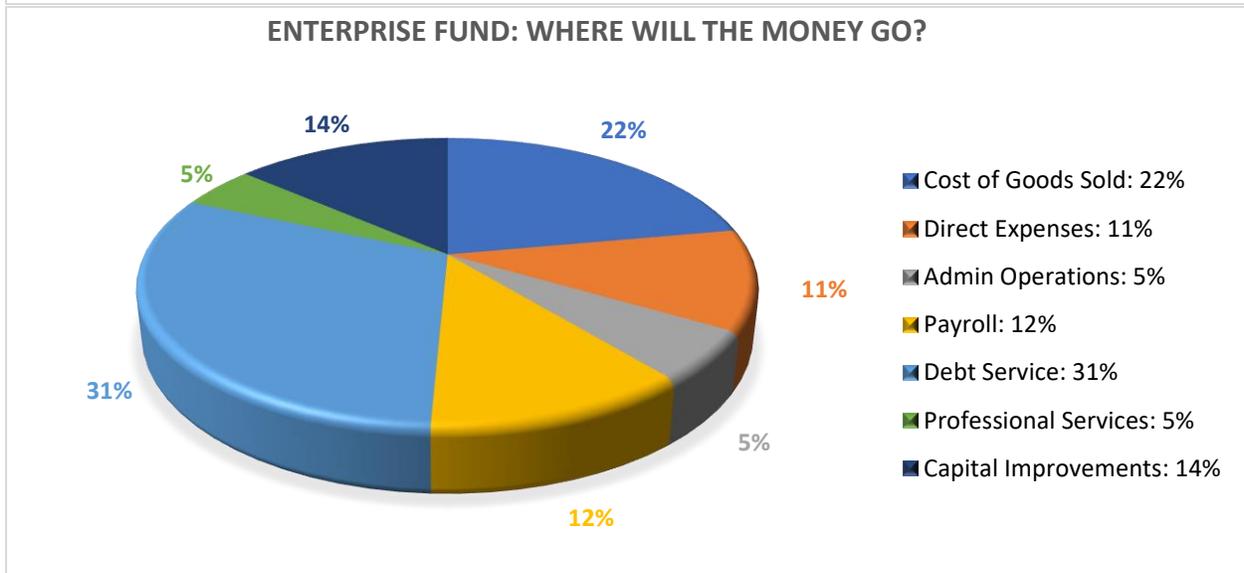
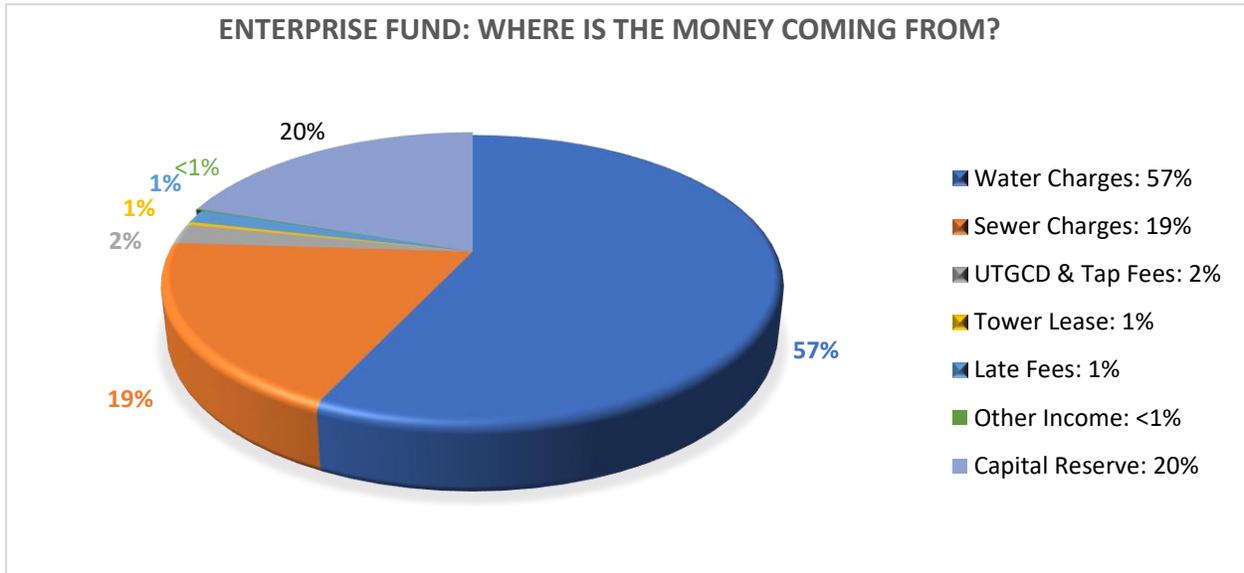
Historical income and expense information is provided below:



As illustrated in the graph above, the Annetta Water and Sewer Systems have operated in a very stable and responsible manner while undergoing a program of continuous improvements that have resulted in higher performance and reliability. While revenue is predicated on customer usage, operations and maintenance activities are conservatively managed to ensure customer needs are met adequately regardless of weather conditions or infrastructure shortcomings that might negatively affect performance. Maintaining adequate reserves is an important aspect of operational stability as well as rate stabilization. The current rate structure results in our system generating sufficient net revenue to service our debt, cover the cost of operations and provide for a reasonable amount of capital improvements each year. Some years' results are better than others and our philosophy is to capture those additional revenues and hold them in reserves in order to cover the unforeseen or earlier than planned capital needs as well as build up the necessary reserves to cover significant future capital

requirements such as the eventual replacement of our large, raised storage tank that is located just south of Town Hall and the eventual refurbishment/replacement of our existing wells, lift stations, pumps and transport piping throughout the system.

Below is a summary of the budgeted cash inflow and outflow areas of the Enterprise Fund for 2021-22:



The largest category of expense for 2021-22 remains long term debt. This debt is in the form of bonds which have a set schedule for repayment and retirement. As recently as 2016, the Annetta City Council elected to call all the debt available that could be refinanced at a lower rate. This enabled the customers to realize a savings over the next 20 years of over \$600,000. This success story was largely made available due to the improvement in systems reliability and performance and the prudent management of the Town’s finances which resulted in an improved bond rating from BBB to A. The current City Council

remains committed to capitalize on future opportunities that may be beneficial to the customer. Having adequate reserves allows the Town to target future call dates as well as avoid incurring any more debt should a large, unforeseen expense occur.

The next largest area of expenses includes all the costs of operating the systems including expenses related to repairs, treatment, utilities and contract services. Repair costs have been stable as Annetta remains committed to continuously monitor and improve systems as well as perform routine maintenance. Timely repairs of necessary infrastructure reduce interruptions to the customers and keep costs lower. Each of the well sites have been brought back from the neglect of previous ownership to an industry standard however most of the transmission lines throughout the system are approaching 35 years of age and are showing signs of needing more frequent attention. Appropriate budgeting for these repairs is critical to delivering high quality service on a consistent basis.

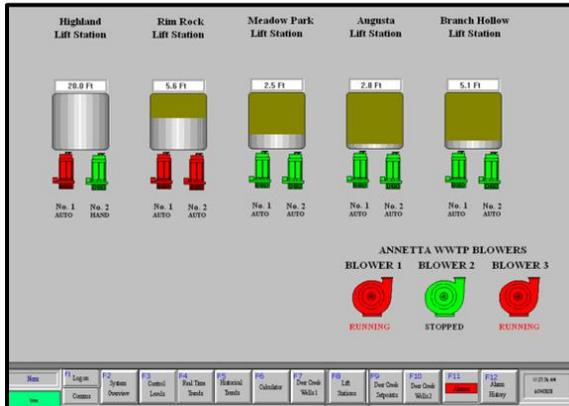
Capital Improvements

Capital improvements are planned based on best value and return for the customer in both the long and short term. This takes considerable evaluation from consulting engineers as well as the City of Hudson Oaks as contract operator. These evaluations focus on pushing down recurring and future costs regarding labor and/or contract services.

Automated Metering Infrastructure

In 2018, a new Automated Metering Infrastructure (AMI) was deployed allowing Annetta to realize considerable improvement in both accurately measuring consumption at the customer level as well as production from well sites. This wise investment will forever curtail the need for the labor necessary to read water meters and input data for billing. The implementation of AMI reduces meter reading from 3 persons for 2 ½ days each billing cycle to a data download that only takes a few minutes. Administratively, what was a several-day process of manually entering meter readings followed by an account usage analysis and then finally to invoicing has been reduced to only a few minutes of upload time. A wonderful side benefit is that customers are now notified much earlier of unusual consumption related to plumbing leaks and so they can make repairs more quickly not only saving water but avoiding higher than usual water bills. After installation of the AMI meters throughout the system was completed, the town performed an operational audit and review of the entire system within the first year. By working with customers who provided solid feedback technicians were able to verify and changeout any meters that were not performing as they should. Where applicable, customers were credited for unused amounts that had been previously metered. Annetta also has moved the water bill printing in-house rather than through a third-party contractor which allows for water customers to receive their bills in a more timely manner while also saving on costs associated with this service.

SCADA



We have continued the installation of SCADA (Supervisory Control and Data Acquisition) at more well sites and wastewater lift stations. SCADA is infrastructure that monitors and allows for real-time adjustments regarding production at various well sites from remote positions. This addition helps to keep labor costs lower by reducing the need for multiple on-site visits each day to individual sites.

Planning for the Future

In a fast-growing area like East Parker County and particularly in the highly desirable Aledo ISD, towns and cities must remain vigilant to protect and preserve our resources for future use. The pressures of new development place additional burden on the availability of groundwater. This is a difficult problem to solve as the state legislature is slow to address the issues associated with rampant growth and often work against local citizen's abilities to manage their own destiny. Parker County leads the state in new water wells being drilled which not only poses the risk of reduced water availability to current users but also adds to the likelihood of potential contamination of our groundwater. As the local provider of both water and sewer services, Annetta has a legal responsibility mandated by the State of Texas to provide services to those requesting it where available and within the Annetta CCN (Certificate of Convenience and Necessity). Problems often arise as to how best to manage such a valuable resource into the future yet the Town remains committed to finding reasonable solutions to these concerns in order to continue to provide adequate quantities of water for its customers.

A transition plan continues to develop which will allow Annetta to one day manage the daily operations of both water and sewer systems which is still done by contract with the City of Hudson Oaks. This plan works to provide reasonably obtainable goals, acquire necessary systems and equipment and develop staff training in order to meet customer expectations. A big first step in meeting that goal is to continue to invest in items that push back against the rising needs for additional labor as the customer base grows.

Over the next couple of years, the department will take steps to:

- Continue to prepare for expected growth in the service area by increasing capital through developer negotiated impact fees and cost assessments;
- Continue to plan for and obtain training and expertise in the operation of the water and sewer systems;
- Continue to plan for and acquire equipment and facilities necessary to provide reliable and effective operation of both the water and sewer systems;
- Reduce water loss through proper maintenance, conservation and public education; and

- Continue to work to further diversify the community's water sources to handle an increase in demand volatility.

It has been, and will continue to be, the goal for the Town of Annetta to operate the water and sewer system in a manner that maximizes the service, quality and availability of this most precious resource while minimizing the cost, disruption and impact to the lives and financial welfare of its citizens. As we have tried to lay out this budget presentation, Annetta does not generate excess revenues by charging exorbitant rates. The customers will never see the Town wasting your hard-earned money on frivolous projects or high-cost operations, nor will the Town maintain financial reserves beyond what is fiscally responsible. Rates are set at what it costs to operate the system and maintain the quality that our citizens deserve.

The Annetta approach is to continue managing the system in such a way that provides what the citizens need at a rate that ensures we continue moving in a positive direction without the need for a property tax. We believe that this budget furthers that goal.

Town of Annetta
Fiscal Year 2021-2022 Budget Worksheet
Enterprise Fund

	FY 2020-21	FY 2021-22
Income		
3400 · Water/Wastewater Income		
3422 · Water System Revenue	1,150,000.00	1,152,000.00
3410 · Sewer System Revenue	392,000.00	385,000.00
3415 · Late Charges & Fees	30,741.00	30,000.00
3423 · Water Tower Communicate Lease	8,000.00	7,200.00
3421 · Water & Sewer Tap Fees	15,000.00	15,000.00
3420 · UTGCD Fee	29,000.00	30,000.00
From Capital Reserve	170,210.00	400,000.00
Total 3400 · Water/Wastewater Income	1,794,951.00	2,019,200.00
3300 · Other Income		
3301 · Interest Income	16,781.00	2,500.00
3303 · Other - Income	0.00	0.00
Total 3300 · Other Income	16,781.00	2,500.00
Total Income	1,811,732.00	2,021,700.00
Cost of Goods Sold		
4000 · Cost of Goods Sold		
4700 · Sampling/Testing		
4720 · Waste Water Samples	8,250.00	12,000.00
4710 · Water Samples	10,000.00	15,000.00
Total 4700 · Sampling/Testing	18,250.00	27,000.00
4400 · Split Rail Pond Maintenance	0.00	0.00
4100 · System Supplies/Chemicals		
4140 · Water System Supplies	20,000.00	25,000.00
4130 · Water System Chemicals	7,600.00	8,000.00
4120 · Sewer System Supplies	3,000.00	4,500.00
4110 · Sewer System Chemicals	5,000.00	4,500.00
4100 · System Supplies/Chemicals - Other	0.00	0.00
Total 4100 · System Supplies/Chemicals	35,600.00	42,000.00
4200 · Contract Operation of System	253,407.00	254,335.00

4300 - System Utilities		
4320 - Water System Utilities	52,000.00	54,000.00
4310 - Sewer System Utilities	40,000.00	40,000.00
4300 - System Utilities - Other	0.00	0.00
Total 4300 - System Utilities	92,000.00	94,000.00
4500 - UTGCD Fees	29,000.00	30,000.00
Total 4000 - Cost of Goods Sold	428,257.00	447,335.00
Total COGS	428,257.00	447,335.00
Gross Profit	1,383,475.00	1,574,365.00
Expense		
6010 - Debt Issuance Cost	0.00	0.00
5900 - Gain/Loss on Disposal of Assets	0.00	0.00
5590 - Depreciation	0.00	0.00
5000 - Direct Expenses		
5085 - Repair Site Restoration	3,000.00	3,000.00
5012 - Permitting Waste Water	0.00	0.00
5065 - Statement Mailing	4,000.00	4,200.00
5060 - Rental Equipment		
5061 - Rental Equipment - Sewer System	3,000.00	3,000.00
5062 - Rental Equipment - Water System	3,000.00	3,000.00
Total 5060 - Rental Equipment	6,000.00	6,000.00
5070 - Tools & Equipment Purchases	2,000.00	2,000.00
5050 - Maintenance and Repair		
5057 - Tank Inspections	4,500.00	4,500.00
5056 - Generator Maintenance & Repair	4,000.00	4,000.00
5055 - Water Well Repair	20,000.00	25,000.00
5054 - WWTP Repairs & Maintenance	50,000.00	50,000.00
5053 - Water System Maint & Repairs	22,000.00	25,000.00
5052 - Water Plant Maint & Repairs	75,000.00	75,000.00
5051 - Sewer System Maint & Repairs	30,000.00	30,000.00
5050 - Maintenance and Repair - Other	0.00	0.00
Total 5050 - Maintenance and Repair	205,500.00	213,500.00
Total 5000 - Direct Expenses	220,500.00	228,700.00

5100 - Admin & Other Operations		
5268 - Off-site Storage	0.00	0.00
5280 - Facilities Expense		
5284 - Uniforms/Cleaning and Sanitation	1,500.00	1,500.00
5283 - Supplies	500.00	500.00
5282 - Equipment Repairs & Maint.	500.00	1,000.00
5281 - Small Tools	500.00	500.00
5280 - Facilities Expense - Other	0.00	0.00
Total 5280 - Facilities Expense	3,000.00	3,500.00
5256 - Memberships, Dues & Fees	500.00	500.00
5267 - Subscriptions & Publications	200.00	200.00
5220 - Interest Expense	0.00	0.00
5150 - Town Branding & Identification	0.00	0.00
5210 - Insurance		
5211 - General & Property Liability	10,000.00	13,500.00
5212 - Health/Life/Dental	8,500.00	15,800.00
5213 - Worker's Compensation	0.00	0.00
5210 - Insurance - Other	0.00	1,000.00
Total 5210 - Insurance	18,500.00	30,300.00
5230 - Office Equipment		
5233 - Copier Maint Contract	2,000.00	1,650.00
5231 - New/Replacement	3,000.00	3,000.00
5232 - Supplies	5,000.00	4,000.00
5234 - Software Maint & Upgrade	12,000.00	16,500.00
5230 - Office Equipment - Other	100.00	150.00
Total 5230 - Office Equipment	22,100.00	25,300.00
5260 - Utilities (Admin Building)		
5262 - Electric	2,600.00	2,600.00
5264 - Telephone	2,600.00	1,600.00
5263 - ISP	1,350.00	1,500.00
5266 - Web Site Maintenance	1,000.00	1,000.00
5265 - Web Hosting and e-mail	750.00	1,625.00
5261 - Cell Phones	500.00	1,850.00
5260 - Utilities (Admin Building) - Other	0.00	0.00
Total 5260 - Utilities (Admin Building)	8,800.00	10,175.00

5270 - Vehicle Expense		
5275 - Mileage Expense	1,400.00	1,400.00
5274 - Vehicle License & Inspection	100.00	100.00
5271 - Acquisition	17,000.00	10,000.00
5272 - Fuel	500.00	500.00
5273 - Vehicle Maintenance	500.00	500.00
5270 - Vehicle Expense - Other	0.00	1,500.00
Total 5270 - Vehicle Expense	19,500.00	14,000.00
5201 - Advertising and Notifications	1,000.00	1,500.00
5250 - Security	700.00	3,500.00
5202 - Building Maintenance	2,000.00	2,500.00
5125 - Credit Card Fees	6,335.00	6,500.00
5140 - License/Permits/Fees	7,500.00	10,000.00
5225 - Miscellaneous Expense	100.00	107.00
5240 - PO Box Fees/Postage	100.00	125.00
5145 - Postage	1,000.00	1,275.00
5245 - Public Events	0.00	0.00
5155 - Travel/Meals/Training	2,467.00	3,500.00
Total 5100 - Admin & Other Operations	93,802.00	112,982.00
5300 - Payroll Expenses		
5325 - Payroll Processing Fees	0.00	0.00
5320 - Payroll Taxes		
5322 - FICA - Medicare	2,013.00	3,020.00
5324 - State Unemployment	705.00	1,060.00
5323 - FICA - SS	8,605.00	13,000.00
5321 - Federal Unemployment	0.00	0.00
Total 5320 - Payroll Taxes	11,323.00	17,080.00
5302 - Other Payroll Expenses	100.00	100.00
5304 - Retirement	10,366.00	16,500.00
5305 - Salaries	138,810.00	202,810.00
5300 - Payroll Expenses - Other	100.00	100.00
Total 5300 - Payroll Expenses	160,699.00	236,590.00
5600 - Professional Services		
5604 - Bond Advisor Fees	2,750.00	3,300.00
5660 - Development Projects	18,000.00	0.00
Total 5660 - Development Projects	18,000.00	18,000.00

5640 - Other Financial	4,600.00	4,600.00
5601 - Audit Financial	9,000.00	11,100.00
5602 - Building Inspections	0.00	0.00
5610 - Engineering	35,000.00	35,000.00
5630 - Legal	15,000.00	15,000.00
5635 - Mowing & Grounds Keeping	12,000.00	12,000.00
5645 - Water Samples	0.00	0.00
5650 - Water Tank Inspections	0.00	0.00
5600 - Professional Services - Other	0.00	0.00
Total 5600 - Professional Services	96,350.00	96,350.00
5700 - Capital Improvements		
AMI Water Meter Replacement	1,100.00	10,000.00
Chlorination Room/Lab	15,000.00	15,000.00
SCADA	20,000.00	95,000.00
Emergency Preparedness	0.00	75,000.00
5750 - Yard Improvements - Thunderhead	0.00	30,000.00
LOA Well & Storage Tank	152,000.00	50,000.00
5730 - Community Beautification	0.00	0.00
Wastewater System	0.00	0.00
Building	0.00	0.00
Total 5710 - Roads	0.00	0.00
5740 - Signage and Related	250.00	250.00
Total 5700 - Capital Improvements	188,350.00	275,250.00
6000 - Annual Debt Service	623,774.00	624,493.00
Total Expense	1,383,475.00	1,574,365.00
Net Income	0.00	0.00

CRIME CONTROL AND PREVENTION DISTRICT FUND

The Annetta Crime Control and Prevention District (CCPD) was overwhelmingly re-approved by the voters in May of 2019. The District exists to put programs in place to help prevent crime and encourage safety in our community. The continued rapid growth within Annetta and surrounding areas causes the Town to prepare for what might happen instead of waiting to react to unexpected events. Citizen involvement is critical to the success of this organization.

CCPD funds are generated through a .25% portion of the sales tax collected within Annetta and are returned to the Town by the State Comptroller’s Office. Annetta based businesses such as the Split Rail Golf Course and Annetta home-based business, as well as internet sales delivered to an address within the Town, all contribute to the total sales tax revenue collected. Through discussions with citizens regarding areas of desired attention, these CCPD funds become available to fund programs such as a Neighborhood Watch Program, training for citizen first responders such as First Aid and CPR, technology and equipment used in monitoring the community or capturing information on crime, theft or vandalism for communication to local law enforcement authorities. The Annetta CCPD has contributed to traffic control devices around Stuard Elementary, as well as provided equipment to local law enforcement agencies that help protect our community. Funds have also been provided for the purchase of a utility vehicle for use during events, safety and crime prevention efforts, as well as city or community-wide events such as Annetta’s Annual Cleanup Day. The CCPD utility vehicle is also used to assist local law enforcement agencies during Aledo ISD events.

Annetta residents have not asked for a police department or a full-time law enforcement presence, but have expressed a need for better communication and more watchful eyes on the community so that we can all continue to enjoy our quiet town for years to come. The fiscal year 2021-22 CCPD Budget will provide \$73,030 to spend on continued communication, information sharing, citizen awareness/training, signs, and other crime control devices and assistance to local authorities who protect Annetta’s citizens. Signs at the entries have been added to remind everyone to watch for suspicious activity. The Annetta CCPD has also added outdoor security cameras at Town Hall for public events and to cover an area for a secure internet exchange zone. We review all major CCPD expenditures with our legal services firm to ensure we comply with the state regulations governing the valid use of CCPD funds.



Town of Annetta
Fiscal Year 2021-22 Budget Worksheet
CCPD Fund

	FY 2020-21	FY 2021-22
Income		
3100 · Sales and Use Taxes		
3110 · CCPD .25%	21,000.00	23,000.00
Total 3100 · Sales and Use Taxes	21,000.00	23,000.00
3300 · Other Income		
3301 · Interest Income	300.00	30.00
Total 3300 · Other Income	300.00	30.00
From dedicated CCPD Capital Reserves		50,000.00
Total Income	21,300.00	73,030.00
Expense		
5384 · Computer & Software	0.00	0.00
5383 · Pubic Events and Education	5,500.00	3,535.00
5381 · Communication and Informational	10,000.00	2,535.00
5385 · Cargo Container - CCPD	0.00	0.00
5386 · UTV - CCPD	0.00	11,615.00
5387 · CPR Certifications	2,500.00	0.00
5388 · Fuel, Maintenance, Repairs of UTV	1,000.00	0.00
Local Law Enforcement contributions	0.00	3,345.00
Citizen Outdoor Camera Program	0.00	2,000.00
Speed registering equipment (2)	0.00	10,000.00
Flashing Crosswalk	0.00	40,000.00
Internet Exchange Security Zone	2,300.00	0.00
Total Expense	21,300.00	73,030.00
Net Income	0.00	0.00