

ORDINANCE NO: 183

AN ORDINANCE ADOPTING THE BUDGET FOR THE FISCAL YEAR OCTOBER 1, 2017 THROUGH SEPTEMBER 30, 2018, FOR THE TOWN OF ANNETTA, TEXAS; PROVIDING A SEVERABILITY CLAUSE; AND DECLARING AN EFFECTIVE DATE.

WHEREAS, the Town of Annetta, Texas is a Type A general-law municipality located in Parker County, created in accordance with the provisions of Chapter 6 of the Local Government Code and operating pursuant to the enabling legislation of the State of Texas;

WHEREAS, the Mayor of the Town has filed with the Town Secretary a budget outlining all proposed expenditures of the government of the Town for the fiscal year beginning October 1, 2017, and ending September 30, 2018, (hereinafter referred as the "Budget"); and

WHEREAS, the Budget, a copy of which is attached hereto as Exhibit A and incorporated herein for all purposes, specifically sets forth each of the various projects for which appropriations are delineated, and the estimated amount of money carried in the Budget for each of such projects; and

WHEREAS, the public notice of a public hearing on the proposed Budget was given as required by the laws of the State of Texas; and

WHEREAS, such public hearing was held on September 21, 2017, and those wishing to speak on the Budget were heard and provided an opportunity to present their views on the proposed Budget; and

WHEREAS, the Town Council has studied the Budget and listened to the comments at the public hearing and has determined that the Budget attached hereto is in the best interest of the Town and should be approved and adopted.

NOW THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF ANNETTA, TEXAS THAT:

Section 1. The Budget (attached as Exhibit A) of the revenues of the Town and the expenses of conducting the affairs thereof for the ensuing fiscal year beginning October 1, 2017 and ending September 30, 2018, as modified by the Town Council, be and the same is, in all things adopted and approved as the Budget of the Town of Annetta for the fiscal year beginning October 1, 2017, and ending September 30, 2018, and there is hereby appropriated from the funds indicated such projects, operations, activities, purchases and other expenditures as proposed in the Budget.

Section 2. Any transfer of funds from any Town bank account or fund, or any expenditure made from any Budget line item requiring pre-approval by the Town Council, must be approved by the Town Council.

Section 3. Budget amendments shall be made in a timely manner by the Town Council for any line item expenditure that would exceed its budget amount, in accordance with the Local Government Code.

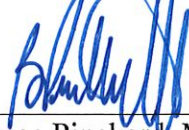
Section 4. A true and correct copy of this ordinance, along with the approved Budget attached hereto, and any amendments thereto, shall be filed with the Town Secretary. The Town Secretary shall post a copy of the Budget on the Town's website as required by State law. The Town Secretary shall file or cause to be filed a true and correct copy of this ordinance, along with the approved Budget attached hereto, and any amendments thereto, in the office of the County Clerk of Parker County, Texas as required by State law.

Section 5. It is hereby declared to be the intention of the Town Council that the phrases, clauses, sentences, paragraphs and sections of this ordinance are severable, and if any phrase, clause, sentence, paragraph or section of this ordinance shall be declared invalid or unconstitutional by the judgment or decree of any court of competent jurisdiction, such invalidity or unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this ordinance, since the same would have been enacted by the Town Council without the incorporation in this ordinance of any such invalid or unconstitutional phrase, clause, sentence, paragraph or section.

Section 6. This ordinance shall be in full force and effect from and after its passage and it is so ordained.

PASSED AND ADOPTED by the Town of Annetta, Texas, on the 21st day of September 2017, by a vote of 5 to 0.

TOWN OF ANNETTA, TEXAS



Bruce Pinckard, Mayor

ATTEST:



Jamee Long, Town Secretary





Town of Annetta

Operating Budget



For Fiscal Year
October 1, 2017 - September 30, 2018

Town of Annetta
Operating Budget
Fiscal Year 2017-2018

Table of Contents

	<u>Page</u>
Letter from the City Council, Town of Annetta	1
General Fund	
Overview, Accomplishments and Goals	2 - 6
Fiscal Year 2017-18 Budget	7 - 9
Crime Control and Prevention District Fund	
Overview, Accomplishments and Goals	10
Fiscal Year 2017-18 Budget	11
Enterprise Fund	
Overview, Accomplishments and Goals	12 - 16
Fiscal Year 2017-18 Budget	17 - 19
Supplementary Information	
Supplementary Audited Financial Information	20-26

Town of Annetta Proposed Budget | 2017-2018

September 15, 2017

To the Citizens and City Council members of the Town of Annetta:

The Town of Annetta continues to strive 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 having to implement an ad valorem tax. Reserve funds will be maintained at a responsible level in accordance with the Town of Annetta fiscal policies.

Assumptions

The proposed budget was developed following an extensive process involving input and feedback from the staff of the Town and the Town's Vendors and Sub Contractors including the City of Hudson Oaks as Operator of the Water and Sewer System.

The proposed FY 2017-18 Budgets assume:

- The Town will continue to operate without an ad valorem tax.
- The Town's sales tax revenues for FY 2017-18 will continue to increase over previous years due to increased home based business activities.
- Franchise fee collections will see a minor decrease due to lower BTU costs realized by customers.
- Water and Waste Water revenues will remain stable.
- Special Sales Tax funding for street maintenance will add approximately \$17,000.00 to the budgeted amount for road repairs in 2017-18.
- A Crime Control and Prevention program continues to move forward with over \$13,000.00 in voter approved funding through sales taxes in 2017-18 which will provide citizen awareness training, communication and other resources to help maintain a low crime rate in the Annetta community.

Planning for the Future

The proposed budgets include funding and plans for:

- Funding to continue maintenance and repair of the Town's roadways and public right of ways.
- Continued funding for Capital Improvements to the Town's water and wastewater systems.
- New equipment and service vehicle acquisitions for the water and wastewater department.
- Regular repair and maintenance programs of the Town's water and wastewater systems.
- Payroll increases related to new hires and council objectives.

Respectfully Submitted,

Bruce Pinckard
Mayor

Kent Stasey
Mayor Pro-Tem
Place 5

Shane Mudge
Place 1

Danny Coffman
Place 2

Mark Wohl
Place 3

Rico Remigio
Place 4

Town of Annetta General Fund | 2017-2018

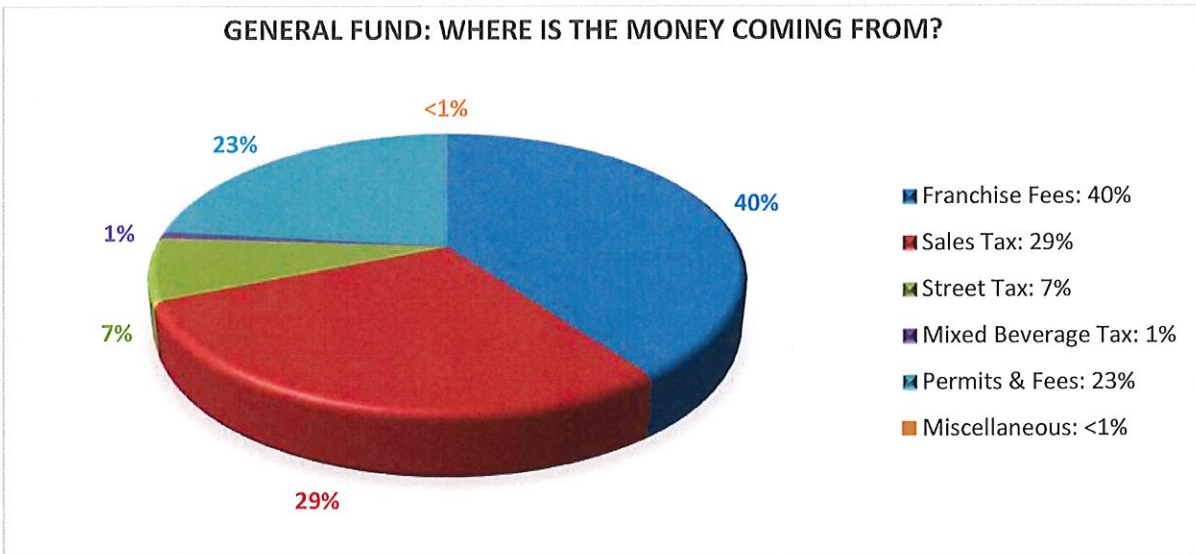
Program of Service:

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

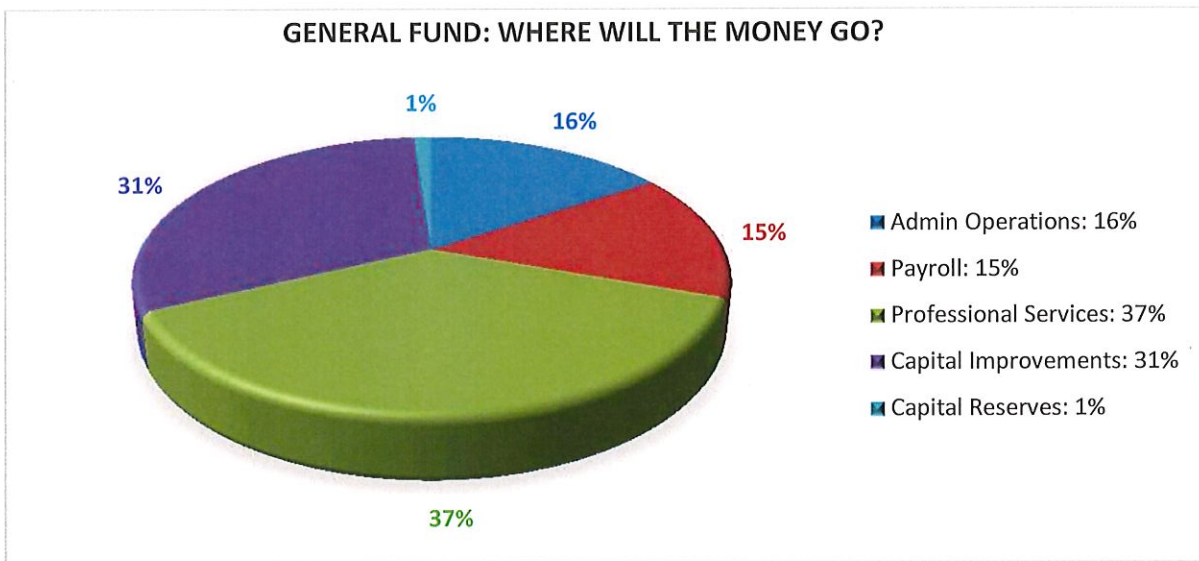
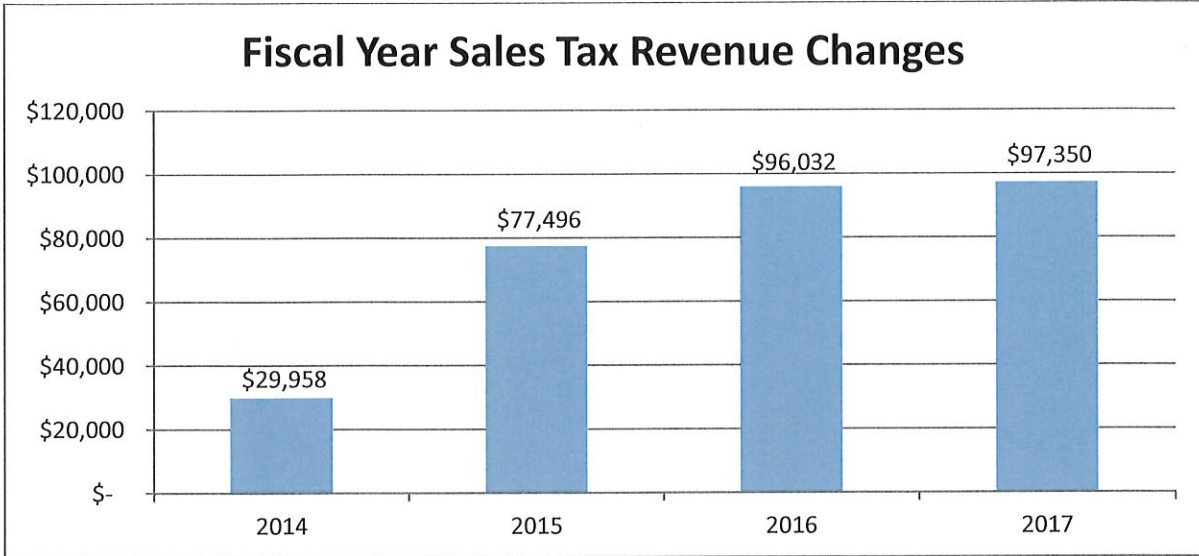
- Elections
- Public Information Requests
- City Council information and meeting requirements
- General Health and Safety code regulations
- Requests for Public Service
- Building Permits and Inspections
- Certificates of Occupancy
- Civil Engineering and Zoning
- Franchisees that operate within the City Limits
- City Revenue and Expense related operations

As part of the day to day city activities, city staff will interact and meet with citizens, land owners, developers and business owners. Staff personnel receive requests for services, 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 and Zoning Commission and the City Council.

Below is a summary of the budgeted cash inflows and outflows of the General Fund:



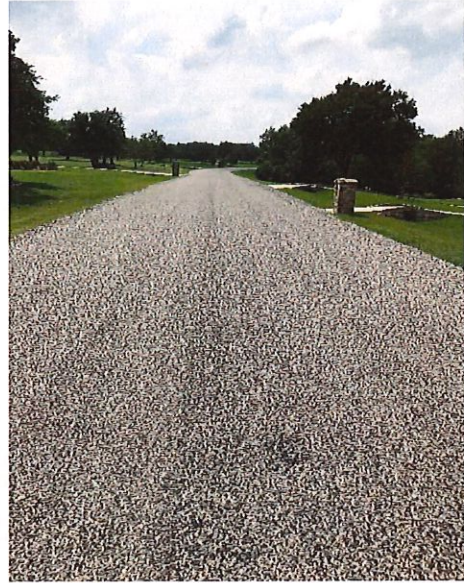
Sales Taxes are largely generated by home based businesses. Annetta receives a small portion (.25 %) of sales taxes collected by businesses operating in Annetta as well as by online sales with a product delivered to a home address within the town. Combined, sales taxes account for about one-third of the revenue generated in Annetta.



Notable accomplishments FY 2016-17

Streets!

This past budget cycle the Town of Annetta kept its commitment to aggressively repairing and maintaining the roads in our town. The successful annexation of the Deer Creek and Meadow Park neighborhoods in 2013 proved to be beneficial to those citizens as they were finally afforded much needed road repairs due to the franchise fees collected from utility providers. Annetta has a plan to upgrade and maintain all of the roads in the Town and it has again committed substantial resources toward that end in this next budget cycle. Prior to annexation into the Town of Annetta, any collected fees were lost as the citizens had no municipal representation to direct those funds back to the rate payers. Road repairs are reflected in the budget under Capital Improvements.



Planning for the future.

The Town of Annetta Comprehensive Plan adopted in early 2016 was reviewed and consideration was given to changes to keep it current and effective in accomplishing the Town's goals and Vision Statement as defined by the citizens. With a Comprehensive Plan, ordinances and development regulations are being tailored to coincide with a desired outcome. In the summer of 2017, the Town of Annetta contracted with a City Planner to update the Town's Zoning regulations to reflect the Comprehensive Plan and semi-rural lifestyle that is embraced by our citizens. These new zoning regulations should be ready for adoption in the winter of 2017-18 and will give the town the ability to better enforce regulations that protect the quality of life for Annetta citizens, maintain or increase property values and coordinate new development in a way that is consistent with the Comprehensive Plan.

The Engineering Design Manual adopted last year has made a great difference in increasing construction standards on publicly dedicated infrastructure. Although no new infrastructure has been accepted as of this date, the effects on negotiations with developers has been noticeably improved. These new standards will help prolong the life of roads, water and sewer lines and other vital components of community infrastructure so that the citizens do not have to inherit higher ongoing maintenance costs into the future.

Other City Improvements: The Town of Annetta Administration Building continues to improve with the help of the Parker County Master Gardeners. Landscaping continues and the drip irrigation system in place is proving that by effectively reducing water loss that would normally occur through evaporation, plants are kept healthy and vibrant. This year saw many neighbors come use the new benches built in front of city hall and even use the beautiful landscaping as a back drop for photos of their pets and children.



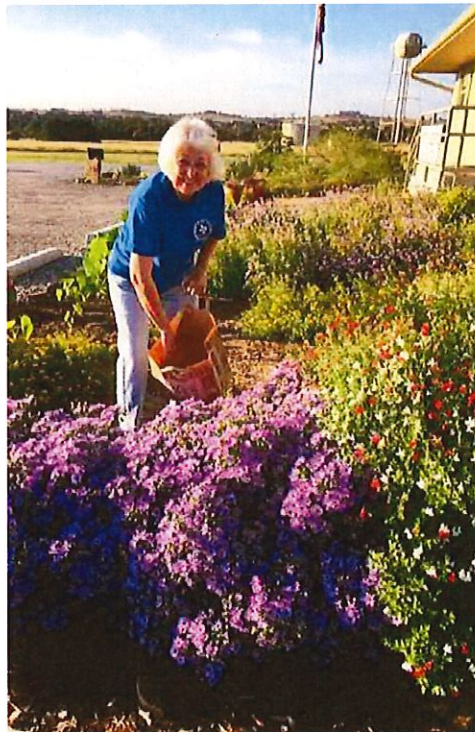
Once again the Town of Annetta reinforced its pledge to remain a “Monarch Butterfly Way Station”. By instituting a native plant program that naturally helps support Monarch Butterflies as they migrate from Canada to Mexico, the Town hopes to set an example of how a little effort can make a big difference. More plants have been added by the Parker County Master Gardeners that are drought resistant as well as a valuable source of energy for the butterflies. In August of 2017, the city council authorized the mayor to re-take the “Mayor’s Pledge” and further communicate information to the public about this important conservation effort.



The new logo and branding project underway is expected to be completed in the winter of 2017-18. This project will help the town to better communicate with citizens and identify the projects initiated by the Town of Annetta within our community.

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. This is reviewed and updated every year.
- The Town of Annetta continues with a stable *Standard and Poor* Credit Rating of A+. 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 helps to address issues of concern and to curtail the negative effects of unregulated growth.
- Quarterly budget reviews by the city council will again be conducted in FY 2017-18 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.



**Town of Annetta
Proposed General Fund Budget**

	<u>FY 2017-18</u>	<u>FY 2016-17</u>
Income		
Franchise Fees		
Electrical		
Tri-County	\$ 28,000	\$ -
Electrical - Other	<u>28,000</u>	<u>-</u>
Total Electrical	56,000	-
Sanitation	26,000	-
Telephone	<u>25,000</u>	<u>-</u>
Total Franchise Fees	<u>107,000</u>	<u>120,000</u>
 Sales and Use Tax		
Sales Tax	77,000	70,000
Mixed Beverage Tax	2,200	1,500
Street Maintenance and Repair	<u>19,300</u>	<u>17,000</u>
Total Sales and Use Tax	<u>98,500</u>	<u>88,500</u>
 Building Permits	-	50,000
Out Buildings	8,000	-
Other - Permits	11,000	-
Irrigation	500	-
Solicitation	100	-
New Homes	15,000	-
Remodels	10,000	-
Swimming Pools	6,000	-
Re-Inspection Fees	<u>1,500</u>	<u>2,500</u>
Total Building Permits	<u>52,100</u>	<u>52,500</u>
 Other Income/Recovery		
Contractor Registration Fees	6,500	-
Platting Fees	3,000	3,000
Interest Income	150	100
Miscellaneous Income	<u>-</u>	<u>1,150</u>
Total Other Income/Recovery	<u>9,650</u>	<u>4,250</u>
 Fund Balance Transfer	<u>-</u>	<u>97,000</u>
 Total General Fund Revenue	<u>267,250</u>	<u>362,250</u>

	<u>FY 2017-18</u>	<u>FY 2016-17</u>
Expenses		
Administrative Operations		
Off-site Storage*	280	-
Facilities Expense*		
Uniforms	200	-
Supplies	300	-
Equipment Repairs and Maintenance	100	-
Small Tools	600	-
Memberships, Dues and Fees*	150	-
Subscriptions and Publications*	40	-
Interest Expense*	100	100
Bereavement and/or Recognition	200	300
Town Branding and Identification	5,000	5,000
Insurance*		
General and Property Liability	2,200	1,400
Health/Life/Dental	2,500	2,500
Worker's Compensation	60	-
Office Equipment*		
Copier Maintenance Contract	560	520
New/Replacement	600	200
Supplies	1,400	1,000
Software Maintenance and Upgrade	2,600	2,600
Utilities (Administration Building)*		
Electric	600	600
Telephone	700	600
ISP	360	360
Web Site Maintenance	500	500
Web Hosting and e-mail	100	-
Cell Phones	400	400
Vehicle Expense*		
Vehicle Acquisition	4,500	1,200
Mileage Expense	200	-
Vehicle License and Inspection	30	-
Fuel	500	500
Vehicle Maintenance	700	300
Advertising and Notifications*	500	400
Security*	250	160
Building Maintenance*	1,000	600
Public Events	400	400
Contributions - EPCL	1,000	1,000
Credit Card Fees	200	-
Elections	6,000	6,000
Filing Fees	150	500
License/Permits/Fees	2,000	7,500
P O Box Fees/Postage	150	50
Travel/Meals/Training	5,000	4,000
Total Administrative Operations	<u>42,130</u>	<u>38,690</u>

	<u>FY 2017-18</u>	<u>FY 2016-17</u>
Payroll Expenses		
Payroll Processing Fees	30	-
Payroll Taxes	2,609	-
Other Payroll Expenses	60	3,510
Retirement	2,700	-
Contract Labor	20	-
Salaries	34,175	32,000
Total Payroll Expenses	<u>39,594</u>	<u>35,510</u>
Professional Services		
Comprehensive Plan	500	500
Comprehensive Zoning	500	15,000
Surveying/Mapping	1,500	5,000
Other Financial	1,600	1,200
Audit Financial*	2,400	2,400
Building Inspections	25,000	22,000
CDR Audit*	500	450
Planning and Zoning - New Zoning Ordinance	8,000	1,000
Engineering		
Plat Review		2,000
Civil Planning	10,000	2,500
Engineering - Other	10,000	-
Construction Standards	-	1,000
Lidar	-	7,200
Legal	40,000	40,000
Total Professional Services	<u>100,000</u>	<u>100,250</u>
Capital Improvements		
Yard Improvements - Thunderhead	5,000	-
Building Fund	11,000	11,000
Community Beautification	2,500	5,000
Roads		
Street/Road Reconstruction	40,000	170,000
General Pot Hole Repair	14,000	-
Roads - Other	5,000	-
Signage and Related	5,000	-
Total Capital Improvements	<u>82,500</u>	<u>186,000</u>
Capital Reserves	<u>3,026</u>	<u>1,800</u>
Total General Fund Expense	<u>267,250</u>	<u>362,250</u>
Net General Fund Gain/Loss	<u>\$ -</u>	<u>\$ -</u>

* Expenses split 80% to the Enterprise Fund and 20% to the General Fund

Annetta Crime Control and Prevention District | 2017-2018

The Annetta Crime Control and Prevention District was overwhelmingly approved by voters in 2014 and exists to put programs in place to help prevent crime in our community. The rapid growth occurring all around us causes the Town to prepare for what might happen instead of waiting to react to unfortunate events.

The funds are received through the regular sales tax charged by Annetta based businesses such as the Split Rail Golf Course. There are also many businesses which are privately owned sales or service companies based in the town or that do commerce on the internet. These CCPD dollars are generated through a .25% portion of the sales tax and are now available to be utilized to fund programs such as a Neighborhood Watch Program, sharing of information on events of local concern that might have to do with theft or vandalism, a communication hotline or instant messaging to report suspicious activity and the hiring of a sheriff's deputy or AISD police officer on an as-needed basis if such need might exist.

This past year the Town of Annetta ordered and had installed School Zone flashing lights in order to better protect the students walking to and from Stuard Elementary. Annetta also had signage installed warning about cell phone use by drivers of automobiles in school zones. Keeping our children safer is a goal we can all appreciate.

Annetta residents have not asked for a Police Department or full time law enforcement 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 little town for years to come. This year the fund will have \$15,000.00 to spend on communication, citizen training, information and signs to help protect against criminal activity. There will also be a Citizens on Patrol sign-up and education program with a city wide event held on September 9, 2017.



**Town of Annetta
Proposed Crime Control and Prevention District Fund**

	<u>FY 2017-18</u>	<u>FY 2016-17</u>
Income		
Crime Control and Prevention District	<u>\$ 15,000</u>	<u>\$ 14,000</u>
Expenses		
Crime Control and Prevention District		
Communication, Informational and Contract	<u>15,000</u>	<u>14,000</u>
Total Expenses	<u>15,000</u>	<u>14,000</u>
Net CCPD Fund Gain/Loss	<u>\$ -</u>	<u>\$ -</u>

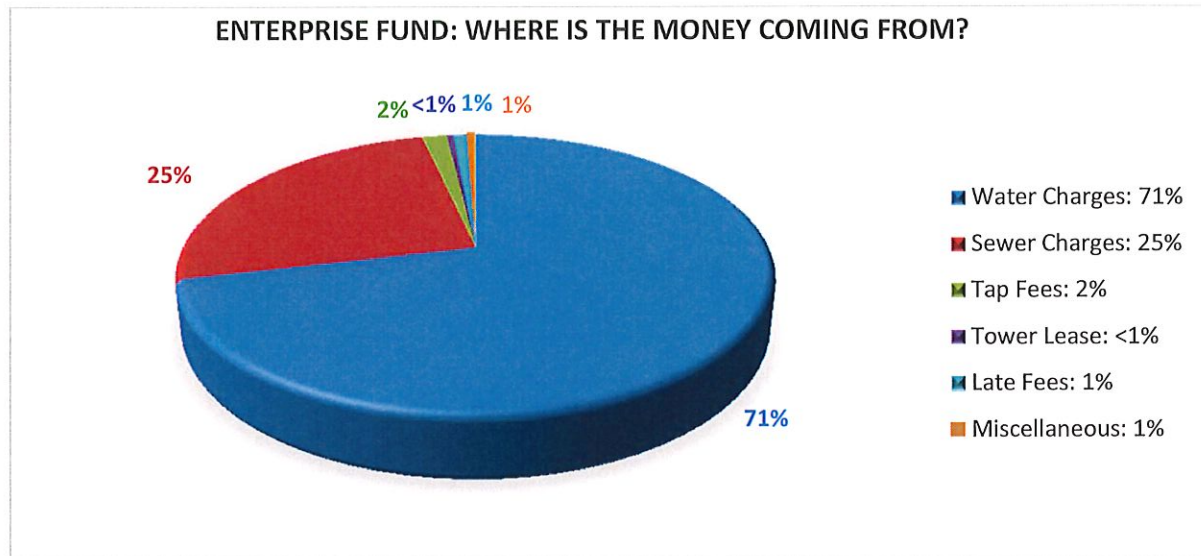
Town of Annetta Enterprise Fund | 2017-2018

Program of Service:

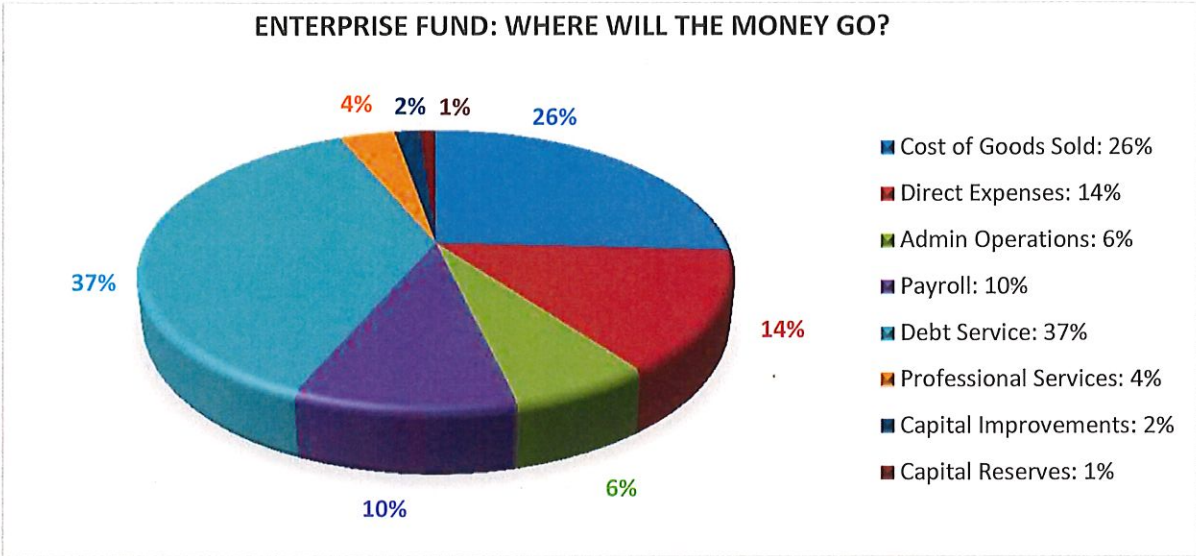
The water and waste water department provide Town of Annetta water and sewer customers with safe, clean and reliable drinking water and a dependable and efficient sewer system. In recent years the department has successfully increased overall water production capabilities, reduced water loss, and continues to provide a high level of service.

A continuing strong and stable relationship with the City of Hudson Oaks which operates the Town's water and waste water system insures consistent, quality service. The transition plan continues to develop which establishes reasonably obtainable goals and provides the necessary staff training to fully transition the day to day operation of the system to Annetta. With the primary goal being quality of service, our second priority is to always keep a watchful eye on expenses. Operational costs are assessed and expenses scrutinized to insure that the systems require no more revenue than is required to operate effectively. The town council remains committed to transitioning day to day operations only when it truly serves the citizens' best interest. With the improvements from the 2012-13 bond now finally completed, the rate of transition is largely dependent on an investment by the Town of Annetta in equipment and other facilities that will be necessary to fully operate both the water and waste water systems.

Below is a summary of the budgeted cash inflows and outflows of the Enterprise Fund:



Town of Annetta Enterprise Fund | 2017-2018



Major Accomplishments FY 2016-17:

Waste Water Improvements:



The new Waste Water Treatment Plant put into service last year is operating efficiently and more economically than the old plant which was retired in the summer of 2017. Moving forward the Town Council decided to make additional improvements in sound barriers, electrical and backup power supplies, and related equipment to help in periods of power outages. This proved wise as the systems were tested twice in 2017 during storms. The new plant is still able to return 100% of the treated waste water 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.

The old plant underwent a thorough evaluation and engineering assessment to determine future viability. It became apparent that it would be an unwise expenditure to rebuild an out of date and technologically remedial plant so it was decided to demolish it and have it removed.



Water System Improvements:

The Town of Annetta is pleased to announce that the Texas Commission on Environmental Quality (TCEQ) has awarded the Annetta Water Systems a SUPERIOR RATING! This comes after more than seven years of hard work to repair and upgrade a system which the previous owners had allowed to deteriorate.

The latest addition to the Deer Creek Water System is a brand new well site located on the corner of the Split Rail Golf Course. This improvement on the North Side of the system was put in place last year and has been a big boon to the capacity and reliability of the water systems. Promises made in 2013 have been fulfilled and the citizens of Annetta are now benefiting from these improvements by virtue of a more reliable system and improved fire flow capacity which not only aids in fighting house fires but helps homeowner insurance ratings to be lower.

Town of Annetta Enterprise Fund | 2017-2018

We are happy to say that for the fourth year in a row, no long term water restrictions were put in place due to the system's inability to keep up with demand. As this is written there is still plenty of green grass and manicured lawns, thanks to timely rains and over a million dollars of Capital Improvements to critical infrastructure and operational efficiency.



Financial Improvements:

A strong commitment to economic stability over the last seven years of Annetta ownership has led to a greatly improved bond rating for the Town. Our bonds were upgraded to an A+ rating and along with a decrease in bond rates in the summer of 2017 created a unique re-financing opportunity. A significant portion of the Town's 2010 Certificates of Obligation were determined to be eligible for refinancing and the Annetta Town Council chose to seize that opportunity. That re-financing took place on August 17, 2017 and resulted in interest savings of \$602,338.28 over the remaining term of the bonds. The bonds will be fully retired in September 2035. These interest savings will help to significantly offset the rises in other operational costs thereby putting downward pressure on the need to adjust rates upward as expenses climb over time. This was a big win for Annetta rate payers.

Town of Annetta Enterprise Fund | 2017-2018

Over the next five years the department will take steps to:

- Continue to prepare for expected growth in the service area by increasing capacity 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.

**Town of Annetta
Proposed Enterprise Fund Budget**

	<u>FY 2017-18</u>	<u>FY 2016-17</u>
Revenue		
Water and Wastewater Income		
Water System Revenue	\$ 1,106,086	\$ 1,494,169
Waste Water System Revenue	388,788	-
Tap Fees	25,000	10,000
Water Tower Communicate Lease	7,200	7,200
Late Fees	13,500	13,500
Total Water and Wastewater Income	<u>1,540,574</u>	<u>1,524,869</u>
Other Income/Recovery		
Interest Income	6,000	2,000
Miscellaneous Income	3,000	3,000
Total Other Income/Recovery	<u>9,000</u>	<u>5,000</u>
Fund Balance Transfer	<u>-</u>	<u>108,000</u>
Total Enterprise Fund Revenue	<u>1,549,574</u>	<u>1,637,869</u>
Cost of Goods Sold		
Sampling/Testing		
Waste Water Samples	10,000	-
Water Samples	7,000	-
System Supplies/Chemicals	-	60,000
Water System Supplies	15,000	-
Water System Chemicals	6,000	-
Waste Water System Supplies	5,000	-
Waste Water System Chemicals	3,000	-
Contract Operation of System	232,780	226,000
System Utilities	-	110,000
Water System Utilities	55,000	-
Waste Water System Utilities	44,000	-
UTGCD Fees	23,000	30,000
Total Cost of Goods Sold	<u>400,780</u>	<u>426,000</u>
Net Enterprise Fund Revenue	<u>1,148,794</u>	<u>1,211,869</u>
Expense		
Direct Expenses		
Utility Billing	2,500	10,000
Repair Site Restoration	3,000	-
Statement Mailing	5,500	-
Rental Equipment - Waste Water System	1,300	-
Tools and Equipment Purchases	1,500	-

	<u>FY 2017-18</u>	<u>FY 2016-17</u>
Maintenance and Repair	-	117,200
Tank Inspections	3,200	-
Generator Maintenance and Repair	1,500	-
Water Well Repair	21,000	-
Water System Maintenance and Repairs	15,000	-
Water Plant Maintenance and Repairs	126,682	-
Sewer System Maintenance and Repairs	26,000	-
Maintenance and Repair - Other	10,000	-
Total Direct Expenses	<u>217,182</u>	<u>127,200</u>
Administrative Operations		
Off-site Storage*	1,120	-
Facilities Expense*	-	6,000
Uniforms	800	-
Supplies	1,200	-
Equipment Repairs and Maintenance	400	-
Small Tools	2,400	-
Memberships, Dues and Fees*	600	-
Subscriptions and Publications*	160	-
Interest Expense	400	400
Insurance*		
General and Property Liability	8,800	5,600
Health/Life/Dental	10,000	10,000
Worker's Compensation	240	-
Office Equipment*		
Copier Maintenance Contract	2,240	2,080
New/Replacement	2,400	2,800
Supplies	5,600	5,000
Software Maintenance and Upgrade	10,400	10,400
Utilities (Administration Building)*		
Electric	2,400	2,400
Telephone	2,800	2,400
ISP	1,440	1,440
Web Site Maintenance	2,000	2,000
Web Hosting and e-mail	400	-
Cell Phones	1,600	1,600
Vehicle Expense*		
Vehicle Acquisition	18,000	4,500
Mileage Expense	800	-
Vehicle License and Inspection	120	-
Fuel	2,000	2,000
Vehicle Maintenance	2,800	1,200
Advertising and Notifications*	2,000	1,600
Security*	1,000	640
Building Maintenance*	4,000	8,400
Credit Card Fees	5,500	5,500
Filing Fees	-	500

	<u>FY 2017-18</u>	<u>FY 2016-17</u>
License/Permits/Fees	-	5,000
P O Box Fees/Postage*	600	920
Public Events	1,600	1,600
Travel/Meals/Training	4,000	3,000
Total Administrative Operations	<u>99,820</u>	<u>86,980</u>
Payroll Expenses		
Payroll Processing Fees	120	-
Payroll Taxes	10,434	-
Other Payroll Expenses	320	14,040
Retirement	10,800	-
Salaries/ Wages	136,702	128,000
Total Payroll Expenses	<u>158,376</u>	<u>142,040</u>
Professional Services		
Bond Advisor Fees	2,500	-
Other Financial*	6,400	4,800
Audit Financial*	9,600	9,600
CDR Audit*	2,000	1,800
Legal	7,500	7,500
Engineering	-	12,500
Civil Planning	10,000	-
Engineering - Other	10,000	5,000
Mowing and Grounds Keeping	-	7,000
Water Samples	5,000	26,000
Water Tank Inspections	-	2,800
Professional Services - Other	3,000	-
Total Professional Services	<u>56,000</u>	<u>77,000</u>
Capital Improvements		
Yard Improvements - Thunderhead	15,000	-
Visual Screening and Site Security	10,000	-
Signage and Related	1,000	-
Total Capital Improvements	<u>26,000</u>	<u>90,000</u>
Capital Reserve	<u>16,246</u>	<u>38,649</u>
Total Operating Expenses	573,624	561,869
Annual Debt Service	<u>575,170</u>	<u>650,000</u>
Total Expense	<u>1,148,794</u>	<u>1,211,869</u>
Net Enterprise Fund Gain/Loss	<u>\$ -</u>	<u>\$ -</u>

* Expenses split 80% to the Enterprise Fund and 20% to the General Fund

TOWN OF ANNETTA, TEXAS

Balance Sheet

Governmental Funds

September 30, 2016

ASSETS	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Cash	\$ 306,694	\$ 60,917	\$ 367,611
Receivables			
Sales Tax	13,352	6,191	19,543
Franchise Tax	64,952	-	64,952
	<u>384,998</u>	<u>67,108</u>	<u>452,106</u>
Total assets	<u>\$ 384,998</u>	<u>\$ 67,108</u>	<u>\$ 452,106</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 18,442	\$ -	\$ 18,442
Payroll liabilities	408	-	408
Due to other funds	1,495	-	1,495
	<u>20,345</u>	<u>-</u>	<u>20,345</u>
Total liabilities	<u>20,345</u>	<u>-</u>	<u>20,345</u>
Deferred inflows of resources:			
Deferred tax revenue	53,575	-	53,575
	<u>53,575</u>	<u>-</u>	<u>53,575</u>
Fund balances:			
Restricted	9,640	67,108	76,748
Committed	32,753	-	32,753
Unassigned	268,685	-	268,685
	<u>311,078</u>	<u>67,108</u>	<u>378,186</u>
Total fund balances	<u>311,078</u>	<u>67,108</u>	<u>378,186</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 384,998</u>	<u>\$ 67,108</u>	<u>\$ 452,106</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF ANNETTA, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2016

	General	Other Governmental Funds	Total Governmental Funds
REVENUES:			
Taxes			
Sales & Mixed Beverage	\$ 79,731	\$ 35,822	\$ 115,553
Franchise	124,960	-	124,960
Permits	98,255	-	98,255
Interest	123	8	131
Other Income	595	-	595
Total revenues	<u>303,664</u>	<u>35,830</u>	<u>339,494</u>
EXPENDITURES:			
Current:			
General government:			
Administrative Operations	8,971	-	8,971
Building Department - Inspections	24,140	-	24,140
Comprehensive Plan	4,405	-	4,405
Contributions	1,000	-	1,000
Elections	4,077	-	4,077
Insurance	1,593	-	1,593
Membership Dues	4,392	-	4,392
Payroll	44,996	-	44,996
Professional Services	70,179	-	70,179
Repairs and Maintenance	20,469	-	20,469
Seminars and Travel	366	-	366
Utilities	847	-	847
Capital outlay	1,050	-	1,050
Debt service:			
Principal	1,383	-	1,383
Interest	117	-	117
Total expenditures	<u>187,985</u>	<u>-</u>	<u>187,985</u>
NET CHANGE IN FUND BALANCE	115,679	35,830	151,509
FUND BALANCE, OCTOBER 1	<u>195,399</u>	<u>31,278</u>	<u>226,677</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 311,078</u>	<u>\$ 67,108</u>	<u>\$ 378,186</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF ANNETTA, TEXAS
Statement of Net Position
Proprietary Fund
September 30, 2016

Assets

Current Assets:

Cash and cash equivalents	\$ 1,145,947
Accounts receivable (net of allowance for doubtful accounts)	279,650
Restricted cash and cash equivalents	70,299
Due from other funds	1,495

Total current assets 1,497,391

Noncurrent Assets:

Capital Assets:

Land	433,040
Construction in progress	427,834
Buildings	65,613
Equipment	26,116
Vehicles	25,652
Water system	4,815,138
Wastewater system	2,979,906
Less accumulated depreciation	<u>(1,479,664)</u>
Net capital assets	<u>7,293,635</u>

Total noncurrent assets 7,293,635

Total assets \$ 8,791,026

Deferred Outflows of Resources

Deferred outflows related to pensions \$ 3,195

Total deferred inflows of resources \$ 3,195

Liabilities

Current Liabilities:

Accounts payable	\$ 78,417
Payroll liabilities	1,119
Compensated absences payable	656

Current Liabilities Payable from Restricted Assets

Interest payable	56,268
Current portion of long-term debt	<u>321,069</u>

Total current liabilities 457,529

Noncurrent Liabilities:

Net pension liability	2,047
Bonds payable	7,505,940

Total Noncurrent Liabilities 7,507,987

Total liabilities \$ 7,965,516

Net Position

Investment in capital assets, net of debt	\$ (22,826)
Restricted for debt service	10,920
Unrestricted	<u>840,611</u>

Total net position \$ 828,705

The notes to the financial statements are an integral part of this statement.

TOWN OF ANNETTA, TEXAS
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended September 30, 2016

Operating revenues:	
Water sales	\$ 1,049,082
Wastewater charges	403,734
Late payment penalties	19,686
Tap fees	21,502
Tower lease	7,200
Other fees and charges	52,485
Total operating revenues	<u>1,553,689</u>
Operating expenses:	
Administrative	45,750
Contractual services	219,390
Professional fees	102,258
Payroll	87,199
Repairs and maintenance	73,609
Seminars and travel	338
Supplies and chemicals	48,025
Well utilities	92,382
Depreciation	261,033
Total operating expenses	<u>929,984</u>
Operating income (loss)	623,705
Nonoperating revenues (expenses):	
Interest income	2,780
Interest expense	(340,737)
Total nonoperating revenues (expenses)	<u>(337,957)</u>
Change in Net Position	285,748
Net Position, October 1	<u>542,957</u>
Net Position, September 30	<u><u>\$ 828,705</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF ANNETTA, TEXAS
Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2016

Cash flows from operating activities:	
Cash received from customers and users	\$ 1,606,044
Cash paid to suppliers	(543,993)
Cash paid to employees	(90,425)
Net cash provided (used) by operating activities	<u>971,626</u>
Cash flows from noncapital financing activities:	
Increase (decrease) in due to other funds	<u>(1,495)</u>
Net cash provided (used) by noncapital financing activities	<u>(1,495)</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	(1,144,446)
Principal payments on long-term debt	(304,149)
Interest payments	(349,185)
Net cash flows provided by (used in) capital and related financing activities	<u>(1,797,780)</u>
Cash flow from investing activities:	
Interest income	<u>2,780</u>
Net cash provided by investing activities	<u>2,780</u>
Net increase (decrease) in cash	(824,869)
Cash, October 1	<u>2,041,115</u>
Cash, September 30	<u><u>\$ 1,216,246</u></u>
Reconciliation of income from operations to net cash provided by operating activities:	
Income (loss) from operations	<u>\$ 623,705</u>
Adjustments to reconcile income from operations to net cash provided by (used in) operating activities	
Depreciation	261,033
(Increase) decrease in accounts receivable	52,355
Increase (decrease) in payroll liabilities	(195)
Increase (decrease) in compensated absences	(1,883)
Increase (decrease) in net pension balances	(1,148)
Increase (decrease) in accounts payable	37,759
Net adjustments	<u>347,921</u>
Net cash provided (used) by operating activities	<u><u>\$ 971,626</u></u>

The notes to the financial statements are an integral part of this statement

NOTE 5 – LONG-TERM LIABILITIES (continued)

B. Bonds Payable

August 15, 2010, the City issued the \$6,810,000 Combination Tax and Revenue Certificates of Obligation, Series 2010. Interest is due semiannually on February 1 and August 1 of each year at interest rates ranging from 4.00% to 5.00%.

The certificates were issued to (1) pay, in whole or in part, contractual obligations to acquire from the City of Willow Park, Texas an existing waterworks and wastewater system known generally as the Deer Creek Water and Sewer System (the “Project”), and to make extensions and improvements to the project, (2) pay all or a portion of the legal, fiscal and engineering fees in connection with the Project, (3) purchase materials, supplies, and equipment related to the Project, (4) pay for work performed by employees of the City that is directly attributable under generally accepted accounting principles to the costs of the Project, and (5) pay the costs of issuance related thereto.

On May 8, 2012, the City issued the \$1,000,000 Combination Tax and Revenue Certificates of Obligation, Series 2012. Interest is due semiannually on February 1 and August 1 of each year at an interest rate of 4.07%.

The certificates were issued to pay, in whole or part, contractual obligations to acquire, construct and equip extensions and improvements to the City’s waterworks and wastewater system, and to pay all or a portion of the legal, fiscal and engineering fees in connection therewith, and to pay the costs of issuance related to such Certificates of Obligation.

On April 1, 2015, the City issued the \$995,000 Combination Tax and Revenue Certificates of Obligation, Series 2015. Interest is due semiannually on February 1 and August 1 of each year at interest rates ranging from 2.00% to 4.00%.

The certificates were issued to pay, in whole or part, contractual obligations to acquire, construct and equip extensions and improvements to the City’s waterworks and wastewater system, and to pay all or a portion of the legal, fiscal and engineering fees in connection therewith, and to pay the costs of issuance related to such Certificates of Obligation.

The certificates constitute direct obligations of the City payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property in the City and (ii) the surplus revenues of the City’s waterworks and wastewater system remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with any of the City’s revenue bonds or other obligations (now or hereafter outstanding), which are payable from all or any part of the net revenues of the City’s waterworks and wastewater system, all as provided in the Ordinance. During each year while any of the Certificates of Obligation or interest thereon are outstanding and unpaid, the City shall compute and ascertain a rate and amount of ad valorem tax which, together with surplus revenues of the waterworks and wastewater system budgeted to pay principal and interest coming due during such fiscal year, will be sufficient to raise and produce the money required to pay the interest on the certificates as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of the certificates as such principal matures (but never less than 2% of the original principal amount of the certificates as a sinking fund each year). The interest and sinking fund balance at September 30, 2016 was \$10,920.

NOTE 5 – LONG-TERM LIABILITIES (continued)

The annual requirements to amortize all bonded debt outstanding as of September 30, 2016 are as follows:

	Business-type Activities		
	Principal	Interest	Total
2017	\$ 310,000	\$ 337,606	\$ 647,606
2018	325,000	326,377	651,377
2019	335,000	314,650	649,650
2020	345,000	302,518	647,518
2021	360,000	289,661	649,661
2022-2026	2,010,000	1,227,878	3,237,878
2027-2031	2,295,000	762,216	3,057,216
2032-2036	1,790,000	222,849	2,012,849
	<u>\$ 7,770,000</u>	<u>\$ 3,783,755</u>	<u>\$ 11,553,755</u>

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2016:

	10/01/15	Additions	Retirements	09/30/16	Due within one year
Governmental Activities:					
Capital Lease	\$ 2,951	\$ -	\$ 1,383	\$ 1,568	\$ 1,568
Compensated Absences	2,354	27	2,354	27	27
Total Governmental Activities	<u>5,305</u>	<u>27</u>	<u>3,737</u>	<u>1,595</u>	<u>1,595</u>
Business-type Activities:					
Certificates of Obligation, Series 2010	6,170,000	-	200,000	5,970,000	210,000
Certificates of Obligation, Series 2012	905,000	-	40,000	865,000	40,000
Certificates of Obligation, Series 2015	995,000	-	60,000	935,000	60,000
Issuance Premium	58,945	-	6,643	52,302	6,362
Capital Lease	8,856	-	4,149	4,707	4,707
Compensated Absences	2,539	656	2,539	656	656
Total Business-type Activities	<u>8,140,340</u>	<u>656</u>	<u>313,331</u>	<u>7,827,665</u>	<u>321,725</u>
Total Long-Term Debt	<u>\$ 8,145,645</u>	<u>\$ 683</u>	<u>\$ 317,068</u>	<u>\$ 7,829,260</u>	<u>\$ 323,320</u>