WATAUGA
TEXAS
"A GREAT PLACE TO LIVE"

WORKSHOP NOTICE

WATAUGA CITY COUNCIL
CITY HALL COUNCIL CHAMBER
7105 WHITLEY ROAD, WATAUGA, TEXAS 76148
DECEMBER 17, 2018
5:30 P.M.

Notice is hereby given that City Council will conduct a workshop on December 17, 2018 at 5:30 p.m., at City Hall Council Chamber, 7105 Whitley Road, Watauga, Texas.

The purpose of said workshop is to provide an overview of the City's Funds and Purpose.

NOTICE

THIS FACILITY IS WHEELCHAIR ACCESSIBLE AND ACCESSIBLE PARKING SPACES ARE AVAILABLE. REQUESTS FOR ACCOMMODATIONS OR INTERPRETIVE SERVICES MUST BE MADE 48 HOURS PRIOR TO THIS MEETING. PLEASE CONTACT THE CITY SECRETARY'S OFFICE AT (817) 514-5825, OR FAX (817) 514-3625.

I, Zolaina R. Parker, City Secretary for the City of Watauga, hereby certify that this notice was posted on the bulletin boards at City Hall, 7105 Whitley Road, Watauga, Texas, on December 14, 2018, before 6:00 p.m., in accordance with Chapter 551 of the Texas Government Code.

Zolaina R. Parker

Zolaina R. Parker, City Secretary, TRMC

CITY OF WATAUGA, TEXAS

WATAUGA
TEXAS

Overview of the City's Funds and Purpose

What is a Fund?

- A fiscal and accounting entity with a ***self-balancing set of accounts*** recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are ***segregated for the purpose of carrying on specific activities or attaining certain objectives*** in accordance with special regulations, restrictions, or limitations.

Why Fund Accounting?

- A Governmental accounting system must make it possible to both:
  - Present fairly and with full disclosure the different activities of the governmental unit in accordance with generally accepted accounting principles (GAAP) and,
  - Determine and demonstrate compliance with finance related legal and contractual provisions.

How Many Funds Do We Need?

- Governmental units should establish and maintain those funds required by law and sound financial administration.
- Only the minimum number of funds consistent with legal and operating requirements should be established, however, unnecessary funds result in:
  - Inflexibility,
  - Undue complexity and
  - Inefficient financial administration.

What are the Different Categories of Funds?

Category	What are they Used For?	Accounting Basis
Governmental	To account for activities primarily supported by taxes, grants and similar revenue sources	Modified Accrual (Near Cash)
Proprietary	To account for activities that receive significant support form fee and charges.	Accrual (Private sector)
Fiduciary	To account for resources that a government holds as a trustee or agent on behalf of an outside party that cannot be used to support the government's own programs.	Accrual

Fund Types

Governmental Fund Types	Proprietary Fund Types
General Fund	Enterprise Funds
Special Revenue Funds	Internal Service Funds
Capital Projects Funds	
Debt Service Funds	

General Fund (01)*

- Main operating fund of the City
- Used to account for and report all financial operations not reported in another fund.
- Annual appropriated budget
- General information:
  - Property tax and Sales Tax major funding sources for this fund (43% / 23%)
  - Personnel major expenditure (72% of budget)
  - Fund balance policy 25%

Debt Service Fund (03)*

- Restricted for the retirement of general obligation debt
- Resources provided by Property taxes ($0.18116 debt service rate for 2018-19)

Capital Projects Fund (Fund 07)*

- Used for construction of infrastructure
- Source of funding is typically bond proceeds
- Spending is restricted by bond election purposes.

Special Revenue Funds – Sales Tax

Sales Tax Funds	Source of Revenues	Fund balance policy
Watauga Parks Development Corporation Sales Tax Fund (04)	Quarter-cent sales tax to fund Type B economic development projects.	Positive Fund Balance (Target 20%)
Watauga Crime Control and Prevention Fund (18)	Half-cent sales tax increase to enhance law enforcement in Watauga.	Positive Fund Balance (Target 20%)
Street Maintenance Sales Tax Fund (14)	Quarter-cent sales tax to provide for the maintenance and repair of municipal streets	Positive Fund Balance (Target 20%)

Special Revenue Funds (continued)

Municipal Court Funds	Source of Revenues	Fund balance policy
Municipal Court Security Fund (25)	$3 assessment on all court fines paid to purchase security equipment for Municipal Court areas.	Positive Fund Balance
Municipal Court Technology Fund (26)	$4 assessment on all court fines paid to purchase and maintain technology equipment for the Municipal Court.	
Municipal Court Juvenile Case Manager Fund (27)	$5 assessment per misdemeanor offense to pay personnel costs of the Municipal Court Juvenile Case Manager.	

Special Revenue Funds (continued)

Other Special Revenue Funds	Source of Revenues	Fund balance policy
Traffic Safety Fund	Red Light Camera Fund. One-half the net revenue from this fund is remitted to the Texas Comptroller for deposit into a Regional Trauma Account. Funds retained by the City can be used for traffic safety programs.	Positive Fund Balance (Target 20%)
Watauga Crime Control and Prevention Fund (18)	Half-cent sales tax increase to enhance law enforcement in Watauga.	Positive Fund Balance (Target 20%)
Street Maintenance Sales Tax Fund (14)	Quarter-cent sales tax to provide for the maintenance and repair of municipal streets	Positive Fund Balance (Target 20%)

Other Governmental Funds

Fund	Description	Comments
PDC Construction Fund (05)	To account for construction projects funded by Parks sales tax revenues.	Could be closed into PDC sales tax fund.
Strategic Initiative Fund(13)	To fund the strategic initiatives identified as priorities by Council. The funding source for this fund is General Fund transfers.	Grouped with General Fund for reporting purposes.
PEG Fund (24)	Resources form Cable Television franchise fees. PEG funds are designated only for capital expenditures that finance day-to-day operations of public-access channels.	

Proprietary Funds Internal Service Fund

- Equipment Replacement Fund
  - Used to account for the acquisition of various replacement capital items in the City.
  - The objective of the fund is to accumulate sufficient funds to meet the capital needs of the City.
  - Funded through transfers from other operating funds (fund requesting purchase)

Proprietary Funds

Fund	Purpose / Restrictions	Fund Balance Policy
Water and Sewer Fund*		
Water and Sewer Utility (operating) Fund (40)	Used to account for water and sewer operations. Source of funds – user fees	20% of operating
Water and Sewer Construction Fund (45)	Used to account for system construction projects. Source of funds -	None
Water and Sewer Joint Use Facility (46)	Used to facilitate transfers and payments to operate the joint use facility. Funded through transfers from Water and Sewer Utility Fund (40).	None
Water and Sewer Debt Service Fund (42/44)	Used to pay W&S debt. Source of funds - transfers from operating fund (40)	None
Storm Drainage Utility Fund (15)*	Used to account for revenues and expenses related to the operations and maintenance of the City's drainage utility system. Costs of the system are recovered through drainage utility fees.	20% of operating