



FISCAL YEAR 2018-2019

ADOPTED BUDGET



**VILLAGE OF THE HILLS ADOPTED ANNUAL BUDGET
FISCAL YEAR 2018-2019**

MAYOR

Eric B. Ovlen

CITY COUNCILMEMBERS

Hilda Potsavich

Robert Smith

Jim Nelson

George Spencer

Zachary Carroll

CITY MANAGER

Wendy Smith May

CITY SECRETARY

Linda Lunney

BOOKKEEPER

Beth Caccamisi

RECEPTIONIST

Megan Meehan

PROPERTY TAX SUMMARY

This budget will raise more total property taxes than last year's budget by an amount of \$189,387, which is a 72.8% increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$3,848.

Record Votes:

Adoption of the FY 18-19 Budget

Mayor Eric B. Orlen	Yes
City Councilmember Hilda Potsavich	Yes
City Councilmember Robert Smith	Yes
City Councilmember Jim Nelson	Yes
City Councilmember George Spencer	Absent
City Councilmember Zachary Carroll	Absent

Adoption of the FY 18-19 Tax Rate

Mayor Eric B. Orlen	Yes
City Councilmember Hilda Potsavich	Yes
City Councilmember Robert Smith	Yes
City Councilmember Jim Nelson	Yes
City Councilmember George Spencer	Absent
City Councilmember Zachary Carroll	Absent

The Village property tax rates for the current fiscal year and upcoming fiscal year are as follows:

	<u>FY 17-18</u>	<u>FY 18-19</u>
Adopted Tax Rate	0.0600	0.1000
Effective Tax Rate	0.0566	0.0574
Effective M&O Tax Rate	0.0806	0.0908
Roll Back Rate	0.0611	0.0692
Debt Rate	0.0000	0.0000

Submitted in compliance with Texas Local Government Code §102.005(b)

August 20, 2018

Honorable Mayor and City Council:

A balanced budget for Fiscal Year 2018-2019 is submitted for your consideration. Each line item was evaluated on the criteria identified in the Village's mission statement: quality of life, safety, and continuing improvement of property values. The overall budget was designed to be the most effective value proposition for our residents, which is also the Village's guiding principle.

Each fund, plus a Five Year Capital Improvement Plan, is represented in the proposed budget. Prioritized projects approved at the City Council Meeting on August 14 are also included.

GENERAL FUND

General Fund revenue reflects an ad valorem tax rate of \$0.10 per \$100 valuation, as discussed in the budget workshop. Proposed revenue from property taxes is \$449,320. Pending adoption of the rate, staff recommends transferring 75% of the difference in revenue between the current and proposed rates to the Capital Projects Fund for construction of the walking trail.

The General Sales Tax & Additional Sales Tax for Ad Valorem Reduction are combined, reflecting the Sales Tax election to reallocate ¼ cent of sales tax in November 2017. Sales tax is budgeted at \$140,000. The amount is conservative because of the volatility we have seen in collections during FY 17-18. The City's total sales tax rate is 0.075%.

Total General Fund revenue in the proposed FY 18-19 budget is \$767,295.

Budgeted Expenses are up 42% relative to the FY 17-18 adopted budget. This includes a transfer to the Capital Projects Fund in the amount of \$184,800 for design and construction of the walking trail. However, if the transfer is backed out of the calculation, recommended budgeted operating expenses are 7% more than last year. Increases were proposed for mowing and maintenance in anticipation of new quotes, the MUD Interlocal at 2% in accordance with the terms of the contract, and insurance. New projects include seal coating and restriping part of The Hills Drive, construction of a ribbon curb, codification of the City's ordinances, an intern, and a welcome packet for new residents. Budgeted expenditures total \$743,884.

SOLID WASTE MANAGEMENT FUND

Despite a rate increase from the hauler of \$.45 per residence per month, staff recommends that customer rates remain at \$20 per residence per month. Funded operations are similar to last year's budget, including participation in the regional Household Hazardous Waste Facility, support of the canine refuse stations, and a transfer to the General Fund for both personnel and financial/billing software expenses.

One new program is recommended, the cost of which is reflected in Printing/Mailing and Postage. Consistent with the Strategic Plan, staff suggests revising the trash/recycling informational brochure and mailing it to each household.

STREET MAINTENANCE SALES TAX FUND

This fund will no longer be utilized, as Street Maintenance Sales Tax ceased to be collected in June 2018. Pursuant to election results from November 2017, the ¼ cent of sales tax previously restricted to Street Maintenance is now a Sales & Use Tax collected in the General Fund.

CAPITAL IMPROVEMENT PLAN

The Capital Improvement Plan (CIP) is a five-year planning document adopted annually by the City Council to plan for capital improvements related the Village's infrastructure.

Projects identified in the CIP will be considered for funding each year as part of the budget process.

A capital project is defined as having a minimum cost of \$25,000 and resulting in:

1. Creation of a new fixed asset.
2. Enhancement to an existing fixed asset.

Typically the life expectancy of a capital project is 20 years.

CAPITAL PROJECTS FUND

This fund has been dormant but is best utilized for capital projects which are anticipated to cross fiscal years. Staff recommends funding projects such as the walking trail by transfer from the General Fund. The FY 18-19 Proposed Budget includes \$184,800 for design and construction of the next segment of the trail.

NEW AND ONGOING PROGRAMS

This was the first full year of Strategic Plan implementation. Numerous projects were completed, and the document was updated in Spring 2018. The plan will continue to serve as an important tool for future fiscal years.

Notable accomplishments during the City's 20th anniversary year include: Village Vision (both the newsletter and state of the city community meeting), a sales tax conversion election, cost savings on the interlocals for staffing and law enforcement, the new dog park, purchase of financial software to allow for fund accounting and better controls, the Oak Wilt prevention ordinance, and two new annual events.

In FY 18-19 the staff will remain focused on improving the Village's business processes, developing maintenance schedules for various City assets, and moving the walking trail project forward. Core services will continue to be delivered in an efficient and professional manner.

It is my honor to present a budget document which I believe meets the policy goals you have articulated as elected representatives of the Village of The Hills. I extend my sincere appreciation to you and the staff for the hours of thoughtful deliberation involved in assembling a final proposed budget. This document will be on file with the City Secretary and on the website during the 30 days preceding the public hearing on the budget and tax rate in September.

Respectfully submitted,

A handwritten signature in black ink, reading "Wendy Smith May". The signature is written in a cursive, flowing style.

Wendy Smith May
City Manager

PRESENTED AND ADOPTED SEPTEMBER 21, 2018

**GENERAL FUND
ADOPTED BUDGET FY 18-19**

REVENUES

Description	Actual FY16-17	Adopted FY17-18	Projected FY17-18	Adopted FY18-19
AD VALOREM TAXES				
Property Tax Collections	\$ 248,404	\$ 259,933	\$ 261,461	\$ 449,320
Total Ad Valorem Taxes	\$ 248,404	\$ 259,933	\$ 261,461	\$ 449,320
FRANCHISE FEES				
PEC	\$ 23,246	\$ 25,000	\$ 24,500	\$ 25,000
AT&T	\$ 33,632	\$ 33,000	\$ 31,500	\$ 33,000
TW/Spectrum	\$ 35,100	\$ 35,000	\$ 35,570	\$ 35,000
City of Austin	\$ 50,976	\$ 52,000	\$ 51,951	\$ 50,000
Total Franchise Fees	\$ 142,954	\$ 145,000	\$ 143,521	\$ 143,000
SALES TAX				
Sales Tax - General & Addtl	\$ -	\$ -		\$ 140,000
MixBev Sales Tax	\$ 8,718	\$ 9,000	\$ 10,879	\$ 9,000
Addtl Sales Tax	\$ 122,158	\$ 105,300	\$ 96,960	\$ -
Total Sales Taxes	\$ 130,876	\$ 114,300	\$ 107,839	\$ 149,000
DEVELOPMENT FEES/PERMITS				
Development Fees/Permits	\$ -	\$ 400	\$ 200	\$ 400
Rentals	\$ -	\$ -	\$ 300	\$ 1,875
Total Dev Fees/Permits	\$ -	\$ 400	\$ 500	\$ 2,275
GRANTS AND SPONSORSHIPS				
Events	\$ 3,300	\$ 6,000	\$ 11,400	\$ 8,000
Park	\$ -	\$ -	\$ -	\$ -
Dog Park	\$ -	\$ 10,000	\$ 6,664	\$ 200
Other Projects	\$ -		\$ 2,645	\$ -
Total Grant and Sponsorship Revenue	\$ 3,300	\$ 16,000	\$ 20,709	\$ 8,200
GENERAL (formerly Non-Departmental)				
Investment Income	\$ -	\$ -	\$ -	\$ 500
Other	\$ 241	\$ -	\$ -	\$ -
Total General	\$ 241	\$ -	\$ -	\$ 500
OTHER SOURCES & USES (formerly Transfers)				
Transfer In from SW - Personnel	\$ 9,000	\$ 11,000	\$ 11,000	\$ 11,000
Transfer In from SW - Software	\$ -	\$ 7,000	\$ 7,000	\$ 4,000
Total Transfers In	\$ 9,000	\$ 18,000	\$ 18,000	\$ 15,000
TOTAL REVENUES	\$ 534,775	\$ 553,633	\$ 552,030	\$ 767,295

**GENERAL FUND
ADOPTED BUDGET FY 18-19**

EXPENDITURES

Description	Actual FY16-17	Adopted FY17-18	Projected FY17-18	Adopted FY18-19
ADMINISTRATION				
Salaries	\$ 57,000	\$ 81,100	\$ 81,100	\$ 102,375
Federal Taxes	\$ 4,664	\$ 6,000	\$ 6,000	\$ 9,000
Unemployment	\$ 9	\$ 9	\$ 9	\$ 9
Health Insurance	\$ 6,131	\$ 8,975	\$ 9,027	\$ 9,500
TMRS	\$ 2,474	\$ 5,040	\$ 5,109	\$ 6,300
Car Allowance	\$ 4,385	\$ 6,000	\$ 6,000	\$ 6,000
Computer/Office Equipment	\$ 2,485	\$ 2,500	\$ 1,750	\$ 2,500
Equipment	\$ 1,363	\$ 900	\$ -	\$ 1,600
Supplies	\$ 3,316	\$ 3,600	\$ 1,800	\$ 3,600
Software	\$ 4,275	\$ 10,500	\$ 500	\$ 10,000
Postage	\$ 143	\$ 400	\$ 400	\$ 400
Membership Fees	\$ 4,264	\$ 4,000	\$ 4,500	\$ 4,500
Insurance Premiums	\$ 2,324	\$ 2,750	\$ 2,750	\$ 3,000
Bonds	\$ 390	\$ 400	\$ 400	\$ 400
Internet and Phone	\$ 1,255	\$ 600	\$ 600	\$ 1,200
Training and Travel	\$ -	\$ 3,000	\$ 3,500	\$ 4,000
Meetings	\$ -	\$ -	\$ -	\$ 2,000
Legal Notices/Pub	\$ 239	\$ 500	\$ 250	\$ 500
Printing/Mailing	\$ 676	\$ 1,000	\$ 1,000	\$ 2,750
Capital Outlay	\$ -	\$ -	\$ 16,000	\$ -
Total Administration	\$ 95,393	\$ 137,274	\$ 140,695	\$ 169,634

**GENERAL FUND
ADOPTED BUDGET FY 18-19**

Description	Actual FY16-17	Adopted FY17-18	Projected FY17-18	Adopted FY18-19
CONTRACTED SERVICES				
Legal/Professional	\$ 15,110	\$ 18,000	\$ 8,300	\$ 18,000
Tax Collection	\$ 1,227	\$ 900	\$ 1,000	\$ 1,700
Law Enforcement	\$ 94,207	\$ 98,757	\$ 86,820	\$ 88,000
Audit	\$ 5,750	\$ 6,000	\$ 6,250	\$ 7,000
Elections	\$ 218	\$ 2,750	\$ 2,750	\$ 2,750
Interlocal Agreements	\$ 114,922	\$ 90,000	\$ 84,000	\$ 91,800
Emergency Management	\$ 4,822	\$ 5,000	\$ 4,500	\$ 5,000
Total Contracted Services	\$ 236,256	\$ 221,407	\$ 193,620	\$ 214,250
COMMON AREAS				
Signage	\$ -	\$ 1,000	\$ 1,000	\$ 1,000
Mowing & Maintenance	\$ 50,027	\$ 52,000	\$ 39,775	\$ 54,000
Facilities Maintenance	\$ 1,587	\$ 3,000	\$ -	\$ 3,000
Fence Maintenance	\$ -	\$ 10,000	\$ 6,600	\$ 10,000
Irrigation	\$ 3,445	\$ 3,000	\$ 3,400	\$ 4,000
Walking Trail Maintenance	\$ 14,507	\$ 2,000	\$ 825	\$ 2,000
Wildfire Mitigation	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Wildlife Management	\$ -	\$ 600	\$ 100	\$ 600
Improvements	\$ 1,105	\$ 13,000	\$ 1,000	\$ 33,000
Capital Outlay	\$ -	\$ -	\$ -	\$ -
Total Common Areas	\$ 75,671	\$ 89,600	\$ 57,700	\$ 112,600

**GENERAL FUND
ADOPTED BUDGET FY 18-19**

Description	Actual FY16-17	Adopted FY17-18	Projected FY17-18	Adopted FY18-19
PARKS				
Mowing & Maintenance	\$ 23,268	\$ 27,775	\$ 20,000	\$ 32,000
Utilities	\$ -	\$ 3,540	\$ 3,300	\$ 3,600
Events	\$ 11,206	\$ 12,000	\$ 18,000	\$ 18,000
Improvements	\$ -	\$ 20,000	\$ -	\$ -
Capital Outlay	\$ -	\$ -	\$ 15,289	\$ -
Parks O&M	\$ -	N/A	\$ -	\$ -
Park Improvements	\$ 809	N/A	\$ -	\$ -
Total Parks	\$ 35,283	\$ 63,315	\$ 56,589	\$ 53,600
YOUTH ADVISORY COMMISSION				
Supplies	\$ -	\$ -	\$ -	\$ 1,000
Events	\$ -	\$ -	\$ -	\$ 2,000
Special Projects	\$ -	\$ -	\$ -	\$ 500
Youth Advisory Commission	\$ 196	\$ 5,000	\$ 1,500	N/A
Total Youth Advisory Commission	\$ 196	\$ 5,000	\$ 1,500	\$ 3,500
GENERAL SERVICES (formerly Non-Departmental)				
Supplies	\$ -	\$ -	\$ -	\$ 500
Events	\$ -	\$ -	\$ -	\$ 3,500
Special Projects	\$ -	\$ -	\$ -	\$ 1,500
Non-departmental	\$ 3,410	\$ 6,000	\$ 8,400	\$ -
Total General Services	\$ 3,410	\$ 6,000	\$ 8,400	\$ 5,500
OTHER SOURCES AND USES				
Transfer Out to Capital Projects	\$ -	\$ -	\$ 80,000	\$ 184,800
Transfer Out to SW	\$ -	\$ -	\$ -	\$ -
Total Other Sources and Uses	\$ -	\$ -	\$ 80,000	\$ 184,800
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TOTAL EXPENDITURES	\$ 446,209	\$ 522,596	\$ 538,504	\$ 743,884
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Revenues Over Expenditures	\$ 88,566	\$ 31,037	\$ 13,526	\$ 23,411

GENERAL FUND SUMMARY
ADOPTED BUDGET FY 18-19

	Actual FY16-17	Adopted FY17-18	Projected FY17-18	Adopted FY18-19
Adopted Tax Rate	0.0600	0.0600	0.0600	0.1000
Effective Tax Rate	0.0574	0.0566	0.0566	0.0574
Effective M&O Tax Rate	0.0820	0.0806	0.0806	0.0841
Roll Back Tax Rate	0.0638	0.0611	0.0611	0.0908
I&S Tax Rate	0.0000	0.0000	0.0000	0.0000
BEGINNING UNASSIGNED FUND BALANCE - GENERAL FUND	\$ 201,960	\$ 234,293	\$ 265,330	\$ 278,856
REVENUES				
Ad Valorem Taxes	\$ 247,000	\$ 259,933	\$ 261,461	\$ 449,320
Franchise Fees	\$ 143,830	\$ 145,000	\$ 143,521	\$ 143,000
Sales Tax	\$ 119,000	\$ 114,300	\$ 107,839	\$ 149,000
Development Fees/Permits	\$ -	\$ 400	\$ 500	\$ 2,275
Grants and Sponsorships	\$ -	\$ 16,000	\$ 20,709	\$ 8,200
General	\$ 300	\$ -	\$ -	\$ 500
Other Sources & Uses	\$ 9,000	\$ 18,000	\$ 18,000	\$ 15,000
TOTAL REVENUES	\$ 519,130	\$ 553,633	\$ 552,030	\$ 767,295
EXPENDITURES				
Administration	\$ 92,348	\$ 137,274	\$ 140,695	\$ 169,634
Contracted Services	\$ 242,429	\$ 221,407	\$ 193,620	\$ 214,250
Common Areas	\$ 79,705	\$ 89,600	\$ 57,700	\$ 112,600
Parks	\$ 38,315	\$ 63,315	\$ 56,589	\$ 53,600
Youth Advisory Commission	\$ 1,000	\$ 5,000	\$ 1,500	\$ 3,500
General Services	\$ 33,000	\$ 6,000	\$ 8,400	\$ 5,500
Other Sources and Uses	\$ -	\$ -	\$ 80,000	\$ 184,800
TOTAL EXPENDITURES	\$ 486,797	\$ 522,596	\$ 538,504	\$ 743,884
Revenue Over (Under) Expenditures	\$ 32,333	\$ 31,037	\$ 13,526	\$ 23,411
ENDING UNASSIGNED FUND BALANCE - GENERAL FUND	\$ 234,293	\$ 265,330	\$ 278,856	\$ 302,267

**CAPITAL PROJECTS FUND
ADOPTED BUDGET FY 18-19**

REVENUES

Description	Actual FY16-17	Adopted FY17-18	Projected FY17-18	Adopted FY18-19
Transfer from GF	\$ -	\$ -	\$ 80,000	\$ 184,800

EXPENDITURES

Description	Actual FY16-17	Adopted FY17-18	Projected FY17-18	Adopted FY18-19
Walking Trail		\$ -	\$ 80,000	\$ 184,800

**VILLAGE OF THE HILLS
CAPITAL IMPROVEMENT PLAN
2019-2023**

Project Description	Source of Funds	Fiscal Year					TOTAL
		19	20	21	22	23	
Walking Trail	GF to Cap Projects	\$ 184,800	\$ 185,000	\$ 185,000	\$ 100,000	\$ -	\$ 654,800
Playground Equip	General Fund	\$ -	\$ -	\$ -	\$ -	\$ 90,000	\$ 90,000
Playground Surface	General Fund	\$ -	\$ -	\$ -	\$ -	\$ 30,000	\$ 30,000
Total		\$ 184,800	\$ 185,000	\$ 185,000	\$ 100,000	\$ 120,000	\$ 774,800