



FISCAL YEAR 2019 - 2020 PROPOSED BUDGET



City Council of the Year 2019

**VILLAGE OF THE HILLS PROPOSED ANNUAL BUDGET
FISCAL YEAR 2019-2020**

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 \$23,840, which is a 5.3% increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$3,218.

Record Votes:

Adoption of the FY 19-20 Budget

Mayor Eric B. Ovlen

City Councilmember Hilda Potsavich

City Councilmember Robert Smith

City Councilmember Jim Nelson

City Councilmember George Spencer

City Councilmember Zachary Carroll

Adoption of the FY 19-20 Tax Rate

Mayor Eric B. Ovlen

City Councilmember Hilda Potsavich

City Councilmember Robert Smith

City Councilmember Jim Nelson

City Councilmember George Spencer

City Councilmember Zachary Carroll

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

	<u>FY 18-19</u>	<u>FY 19-20</u>
Adopted Tax Rate	0.1000	0.1000
Effective Tax Rate	0.0574	0.0959
Effective M&O Tax Rate	0.0908	0.1162
Roll Back Rate	0.0692	0.1007
Debt Rate	0.0000	0.0000

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

August 21, 2019

Honorable Mayor and City Council:

A balanced budget for Fiscal Year 2019-2020 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.

GENERAL FUND

General Fund revenue reflects an ad valorem tax rate of \$0.10 per \$100 valuation, which is the same as FY 18-19. Proposed revenue from property taxes is \$473,160. The certified roll was received on Monday, August 19, so the number varies slightly from what was discussed in the budget workshop.

Sales tax estimates are lower for FY 19-20 due to the impact of potential golf course improvements. Likewise, franchise fee estimates are lower because of recent legislation which allows companies with more than one service in the right-of-way to opt out of paying the lowest of their franchise fees. Because we do not have a breakdown of each service, we estimated the effect on the City's revenue.

Total General Fund revenue in the proposed FY 19-20 budget is \$776,260.

Recommendations for new or expanded programs include irrigation line/controller replacements at the park, website content optimization, a pavement assessment of The Hills Drive between Lakeway Boulevard and Serene Hills Drive, an Intern partnership with Texas State or another university, another radar speed sign, and recreation programs such as Movie Night. Higher fees for Travis County tax collection services are reflected, as well as a 2% increase for the MUD Interlocal in accordance with the contract terms. The Constable's office indicated significant increases to the Interlocal Agreement for FY 20-21 due to legislative revenue caps, and we have requested confirmation that the schedule will remain flat for FY 19-20.

Budgeted expenditures total \$756,584.

SOLID WASTE MANAGEMENT FUND

At the end of July 2019, Waste Connections notified the City of a rate increase beginning October 1. The rate has increased \$2.00 since the prior fiscal year, in part due to Consumer Price Index adjustments and much lower commodity prices for recyclable materials. The City Council successfully negotiated new and expanded services in 2018-2019, including quarterly curbside bulky waste collection, collection of extra bags during weekly service, and complaint resolution with the hauler to include penalties and other remedies.

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. Staff recommends a monthly rate increase of \$2.00 per account per month to maintain revenue over expenses of \$17,834.

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. The remaining balance of \$53,707 was utilized for the walking trail project during FY 18-19. A FY 19-20 budget is not proposed.

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. Pursuant to previous budget workshops, the walking trail and park playground and surface have been prioritized in the CIP for the next five years.

CAPITAL PROJECTS FUND

Staff recommends transferring \$184,000 from General Fund to the Capital Projects Fund for FY 19-20. As of the writing of this letter, trail design is underway for the remainder of the west side of town. Professional services and construction in the amount of \$184,000 have been budgeted. Once construction phasing and estimates have been determined, a mid-year budget amendment may be recommended to provide for additional project funds from the Capital Projects fund balance.

NEW AND ONGOING PROGRAMS

During FY 18-19 the City Council fulfilled numerous major policy objectives, including adoption of an ethics ordinance, codification of the City's ordinances, adoption of a new logo to better distinguish the City's service messages from those of other entities in The Hills, and design and construction of the walking trail utilizing the Capital Projects Fund. Staff focused on improving the Village's business processes, developing maintenance schedules for various City assets, and moving the walking trail project forward, while delivering core services in an efficient and professional manner.

This was the first year on the new financial software, Tyler Incode 10. While conversion and implementation presented their challenges, we are now reaping the benefits of efficient financial management and controls that our previous software was incapable of providing. Proposals were solicited for independent audit services and a depository bank, aligning with the City Council's prudent fiscal philosophies.

In FY 19-20 the walking trail project will continue to be prioritized in terms of time and funding. Engineered design is nearly complete for the balance of the trail spanning the west side of the city. Construction phasing will be recommended based on cost estimates and evaluation of the segments most critical for pedestrian safety. Since the General Fund balance is higher than the target described in the City's Fiscal and Budgetary Policy, staff recommends investing those funds until such time a construction phased budget is developed. Staff anticipates bringing forth a budget amendment to transfer General Fund fund balance to Capital Projects as needed to complete the phases.

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 proposed budget. The proposed budget 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 blue ink that reads "Wendy Smith May". The signature is written in a cursive, flowing style.

Wendy Smith May
City Manager

GENERAL FUND SUMMARY

FUND: GENERAL	Actual FY17-18	Budget FY18-19	Projected FY18-19	Proposed FY19-20
Adopted Tax Rate	0.0600	0.1000	0.1000	0.1000
Effective Tax Rate	0.0566	0.0574	0.0574	0.0959
Effective M&O Tax Rate	0.8060	0.0841	0.0841	0.1162
Roll Back Tax Rate	0.0611	0.0908	0.0908	0.1007
I&S Tax Rate	0.0000	0.0000	0.0000	0.0000
BEGINNING UNASSIGNED FUND BALANCE	284,029	313,362	336,773	425,134
REVENUES				
Ad Valorem Taxes	261,654	449,320	450,586	473,160
Franchise Fees	144,295	143,000	139,500	129,000
Sales Tax	123,563	149,000	155,500	148,500
Development Fees/Permits	425	2,275	1,400	1,400
Grants and Sponsorships	18,354	8,200	16,700	8,200
Other	2,908	-	2,883	-
Investment Income	-	500	-	1,000
Other Sources & Uses	17,250	15,000	15,000	15,000
TOTAL REVENUES	568,449	767,295	781,569	776,260
EXPENSES				
Administration	137,388	169,634	161,549	172,434
Contracted Services	199,243	214,250	208,700	217,350
Common Areas	61,586	112,600	80,709	102,600
Parks & Recreation	52,035	53,600	50,200	70,700
Youth Advisory Commission	1,224	3,500	1,750	3,500
General Services	7,640	5,500	5,500	6,000
Other Sources & Uses	-	184,800	184,800	184,000
TOTAL EXPENSES	459,116	743,884	693,208	756,584
Revenue Over (Under) Expenses	109,333	23,411	88,361	19,676
Transfer from Fund Balance to Cap Projects	(80,000)	-	-	-
ENDING UNASSIGNED FUND BALANCE	313,362	336,773	425,134	444,810

FUND: GENERAL		Actual	Budget	Projected	Proposed
		FY17-18	FY18-19	FY18-19	FY19-20
REVENUE					
10-4000	PROPERTY TAX COLLECTIONS	261,654	449,320	450,586	473,160
10-4100	PEC	24,901	25,000	24,500	24,000
10-4101	AT&T	29,491	33,000	30,000	25,000
10-4102	TW/SPECTRUM	36,751	35,000	35,000	30,000
10-4103	CITY OF AUSTIN	53,152	50,000	50,000	50,000
10-4200	SALES TAX - GENERAL	112,684	140,000	147,000	140,000
10-4201	SALES TAX - MIXED BEV	10,879	9,000	8,500	8,500
10-4300	DEVELOPMENT FEES/PERMITS	425	400	400	400
10-4301	RENTALS (PARK) FEES PERMIT	-	1,875	1,000	1,000
10-4400	EVENTS	11,400	8,000	15,900	8,000
10-4402	DOG PARK	6,954	200	800	200
10-4500	INVESTMENT INCOME	-	500	-	1,000
10-4700	OTHER	2,908	-	2,883	-
10-8900	TRANSFER IN FROM SW - PERSONNEL	10,250	11,000	11,000	11,000
10-8901	TRANSFER IN FROM SW - SOFTWARE	7,000	4,000	4,000	4,000
	REVENUE TOTAL	568,449	767,295	781,569	776,260

FUND: GENERAL		Actual	Budget	Projected	Proposed
		FY17-18	FY18-19	FY18-19	FY19-20
EXPENSES					
ADMINISTRATION					
10-10-5000	SALARIES	82,015	102,375	99,950	102,375
10-10-5001	FEDERAL TAXES	6,642	9,000	8,000	9,000
10-10-5002	UNEMPLOYMENT	162	9	-	9
10-10-5003	HEALTH INSURANCE	9,551	9,500	9,127	9,500
10-10-5004	TMRS	5,184	6,300	6,272	6,300
10-10-5005	CAR ALLOWANCE	6,000	6,000	6,000	6,000
10-10-5510	COMPUTER & OFFICE EQUIPMENT	1,635	2,500	1,200	2,500
10-10-5511	EQUIPMENT	47	1,600	-	1,000
10-10-5512	SUPPLIES	1,331	3,600	1,600	3,000
10-10-5545	SOFTWARE	11,902	10,000	8,300	4,000
10-10-5555	POSTAGE	252	400	400	400
10-10-6000	MEMBERSHIP FEES	4,988	4,500	4,500	4,500
10-10-6001	INSURANCE PREMIUMS	2,294	3,000	3,000	3,000
10-10-6005	BONDS	-	400	-	400
10-10-6006	INTERNET AND PHONE	593	1,200	2,700	6,700
10-10-6010	TRAINING AND TRAVEL	3,727	4,000	6,000	7,500
10-10-6011	MEETINGS	-	2,000	1,000	2,000
10-10-6025	LEGAL NOTICES & PUBLICATIONS	122	500	700	750
10-10-6040	PRINTING/MAILING	943	2,750	2,800	3,500
	ADMINISTRATION TOTAL	137,388	169,634	161,549	172,434
CONTRACTED SERVICES					
10-20-6500	LEGAL/PROFESSIONAL SERVICES	18,064	18,000	18,000	22,000
10-20-6510	TAX COLLECTION	1,241	1,700	1,700	2,700
10-20-6520	LAW ENFORCEMENT	87,814	88,000	88,000	88,000
10-20-6530	AUDIT	6,170	7,000	7,000	7,500
10-20-6540	ELECTIONS	1,461	2,750	1,500	2,750
10-20-6550	INTERLOCAL AGREEMENTS	80,225	91,800	91,800	93,700
10-20-6555	EMERGENCY MANAGEMENT	4,268	5,000	700	700
	CONTRACTED SERVICES TOTAL	199,243	214,250	208,700	217,350
COMMON AREAS					
10-30-5560	SIGNAGE	599	1,000	6,900	7,000
10-30-6050	MOWING & MAINTENANCE	39,392	54,000	48,000	54,000
10-30-6051	FACILITIES MAINTENANCE	-	3,000	-	2,000
10-30-6052	FENCE MAINTENANCE	6,595	10,000	11,000	7,000
10-30-6053	IRRIGATION	3,563	4,000	4,500	5,000
10-30-6054	WALKING TRAIL MAINTENANCE	821	2,000	-	2,000
10-30-6055	WILDFIRE MITIGATION	5,000	5,000	5,000	5,000
10-30-6056	WILDLIFE MANAGEMENT	-	600	309	600
10-30-6057	IMPROVEMENTS	5,616	33,000	5,000	20,000
	COMMON AREAS TOTAL	61,586	112,600	80,709	102,600

FUND: GENERAL		Actual	Budget	Projected	Proposed
		FY17-18	FY18-19	FY18-19	FY19-20

PARKS & RECREATION

10-40-5512	SUPPLIES				500
10-40-6050	MOWING & MAINTENANCE	16,043	32,000	27,000	33,000
10-40-6058	UTILITIES	3,538	3,600	4,200	4,200
10-40-6060	EVENTS	16,487	18,000	19,000	21,000
10-40-6062	RECREATION PROGRAMS	-	-	-	2,000
10-40-6070	IMPROVEMENTS	-	-	-	-
10-40-8000	CAPITAL OUTLAY	15,248	-	-	10,000
10-40-9000	OTHER	719	-	-	-
	PARKS & RECREATION TOTAL	52,035	53,600	50,200	70,700

YOUTH ADVISORY COMMISSION

10-50-5512	SUPPLIES	1,224	1,000	250	1,000
10-50-6060	EVENTS	-	2,000	1,500	2,000
10-50-6061	SPECIAL PROJECTS	-	500	-	500
	YOUTH ADVISORY COMM TOTAL	1,224	3,500	1,750	3,500

FUND: GENERAL		Actual	Budget	Projected	Proposed
		FY17-18	FY18-19	FY18-19	FY19-20
GENERAL SERVICES					
10-90-5512	SUPPLIES	-	500	500	500
10-90-6060	EVENTS	-	3,500	3,500	3,500
10-90-6061	SPECIAL PROJECTS	7,640	1,500	1,500	2,000
	GENERAL SERVICES TOTAL	7,640	5,500	5,500	6,000
OTHER SOURCES AND USES					
10-95-8912	TRANSFER OUT TO CAPITAL PROJECTS	-	184,800	184,800	184,000
	OTHER SOURCES AND USES TOTAL	-	184,800	184,800	184,000
GENERAL FUND EXPENSE TOTAL		459,116	743,884	693,208	756,584
REVENUE/EXPENSES		109,333	23,411	88,361	19,676
Transfer from Fund Balance to Capital Projects		(80,000)			

FUND: SOLID WASTE		Actual	Budget	Projected	Proposed
		FY17-18	FY18-19	FY18-19	FY19-20
BEGINNING FUND BALANCE		37,556	48,914	48,914	61,846
REVENUE					
50-4600	SW Collection	242,881	252,000	252,000	266,868
	REVENUE TOTAL	242,881	252,000	252,000	279,576
EXPENSES					
50-10-5512	Supplies	-	-	266	250
50-10-5555	Postage	-	350	660	400
50-10-6040	Printing/Mailing	-	750	400	750
50-10-6098	Bank Service Charges	-	100	-	-
50-10-9000	Other	-	-	-	-
50-20-6560	Contracted Hauler	198,427	204,670	205,742	227,982
50-20-6561	Canine Refuse Stations	10,646	12,000	12,000	12,000
50-20-6562	Dead Animal Pickup	-	360	-	360
50-90-6080	Hazardous Waste Facility	5,200	5,000	5,000	5,000
50-95-8910	Transfer Out To GF-Personnel	10,250	11,000	11,000	11,000
50-95-8911	Transfer Out To GF-Software	7,000	4,000	4,000	4,000
	EXPENSE TOTAL	231,523	238,230	239,068	261,742
	REVENUE/EXPENSES	11,358	13,770	12,932	17,834
ENDING FUND BALANCE		48,914	62,684	61,846	79,680

FUND: CAPITAL PROJECTS		Actual	Budget	Projected	Proposed
		FY17-18	FY18-19	FY18-19	FY19-20
BEGINNING FUND BALANCE		369	80,369	80,369	185,169
REVENUE					
30-4912	TRANSFER IN FROM GENERAL FUND	80,000	184,800	184,800	184,000
	REVENUE TOTAL	80,000	184,800	184,800	184,000
EXPENSE					
30-20-6500	PROFESSIONAL SERVICES	-	-	-	25,000
30-20-8010	WALKING TRAIL CONSTRUCTION	-	265,169	80,000	159,000
	EXPENSE TOTAL	-	265,169	80,000	184,000
ENDING FUND BALANCE		80,369	0	185,169	185,169

FIVE YEAR CAPITAL IMPROVEMENT PLAN (CIP)

Project Description	Source of Funds	Fiscal Year					TOTAL
		20	21	22	23	24	
Walking Trail	GF to Cap Projects; Cap Projs Fund Balance*	\$ 245,000	\$ 250,000	\$ 185,000	\$ 185,000	\$ -	\$ 865,000
Playground Equip	General Fund	\$ -	\$ -	\$ -	\$ -	\$ 90,000	\$ 90,000
Playground Surface	General Fund	\$ -	\$ -	\$ -	\$ -	\$ 30,000	\$ 30,000
Total		\$ 245,000	\$ 250,000	\$ 185,000	\$ 185,000	\$ 120,000	\$ 985,000

*FY 19-20 includes a mid-year budget amendment to budget fund balance once construction estimates are received.