

**FISCAL YEAR 2021 - 2022
PROPOSED BUDGET**



VILLAGE OF THE HILLS PROPOSED ANNUAL BUDGET
FISCAL YEAR 2021-2022

MAYOR

Greg Wharton

CITY COUNCILMEMBERS

Hilda C. Potsavich

Robert Smith

Jim Nelson

Zachary Carroll

Rodney Thompson

CITY MANAGER

Wendy L. Smith

CITY SECRETARY

Linda Lunney

BOOKKEEPER

Beth Caccamisi

ADMINISTRATIVE ASSISTANT

Megan Meehan

PROPERTY TAX SUMMARY

This budget will raise more total property taxes than last year's budget by an amount of \$51,952, which is an 11% increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$2,179.

Record Votes:

Adoption of the FY 21-22 Budget

Mayor Greg Wharton

City Councilmember Hilda C. Potsavich

City Councilmember Robert Smith

City Councilmember Jim Nelson

City Councilmember Zachary Carroll

City Councilmember Rodney Thompson

Adoption of the FY 21-22 Tax Rate

Mayor Greg Wharton

City Councilmember Hilda C. Potsavich

City Councilmember Robert Smith

City Councilmember Jim Nelson

City Councilmember Zachary Carroll

City Councilmember Rodney Thompson

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

	<u>FY 20-21</u>	<u>FY 21-22</u>
Adopted Tax Rate	0.1000	0.1000
No New Revenue Tax Rate	0.0995	0.0897
No New Revenue M&O Tax Rate	0.1267	0.0908
Voter Approval Tax Rate	0.1018	0.1220
Debt Rate	0.0000	0.0319

Debt:

LIMITED TAX NOTES, SERIES 2021

\$1,125,000

August 10, 2021

Honorable Mayor and City Council:

A balanced budget for Fiscal Year 2021-2022 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 continued 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 a *total* ad valorem tax rate of \$0.1000 per \$100 valuation, the same as FY 20-21. Since the Village of The Hills issued Limited Tax Notes for the walking trail in June 2021, a portion of the total tax rate (0.0319/\$100) is the Interest & Sinking Rate (I&S) in the amount of \$166,233 toward debt service in FY21-22. The remaining Maintenance & Operations Rate (M&O) of 0.0681 is reflected as ad valorem tax revenue in the General Fund in the amount of \$354,874. M&O and I&S combined is \$521,107. The current year property tax revenues are budgeted at \$469,155, an increase of \$51,952 (11%) from FY 20-21 to FY 21-22. However, the amount proposed to be applied to General Fund operations is \$114,281 (-24%) less than the current year, due to the debt service requirement.

Sales tax is outperforming budget in the current fiscal year, as it did the prior year. Staff recommends a budget increase of \$52,500 (33%), from \$161,500 to \$214,000, following the trend observed the last two fiscal years.

Total General Fund revenue in the proposed FY 21-22 budget is \$692,624.

New or expanded programs include park enhancements in addition to playground equipment expected to be purchased in the current fiscal year, capital funding for infrastructure improvements, a contracted part-time maintenance superintendent, and wildfire mitigation programming. The Constable's office indicated significant increases to the Interlocal Agreement for FY 21-22 due to legislative revenue caps. An estimated increase of 29% is included for contract adjustments, a replacement vehicle, and overtime, pending final communication from Travis County. A 2% fee increase for the MUD Interlocal is proposed in accordance with the contract terms, but the overall budget is reduced \$4,000 (-5%), based on estimated usage of the labor and equipment portion of the agreement. Significant personnel changes are anticipated in the coming year, due to the City Secretary's announced retirement in January 2022.

Budgeted expenditures total \$ 670,286.

SOLID WASTE MANAGEMENT FUND

Funded operations are similar to the current budget, including participation in the regional Household Hazardous Waste Facility, support of the canine refuse stations, and allocated expenses for personnel and financial/billing software. Staff recommends the monthly rate of \$22.00 remain the same.

Expenses related to Winter Storm Uri debris removal were charged to this fund under Special Projects. A budget amendment is required in the current fiscal for \$30,000 in disaster-related costs.

Revenue is budgeted to exceed expenses in by \$9,160 in FY 21-22.

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

Tax Note proceeds in the amount of \$1,125,000 were deposited in the Capital Projects Fund for the primary purpose of completing the walking trail to the dam. Construction is anticipated to commence in early 2022. Additionally, a budget amendment will be required for playground equipment expected to be ordered this fiscal year and installed in FY 21-22.

Staff recommends transferring \$33,472 from General Fund to the Capital Projects Fund for FY 21-22, making funds available for capital projects which have been discussed but not yet prioritized.

NEW AND ONGOING PROGRAMS

The global COVID-19 pandemic has presented its share of challenges this year; however, community services continue to be delivered and regional collaboration is evident. In FY 20-21 the walking trail project was prioritized in terms of time and funding. Engineered design of phase VTH.003 between Dovedale Cove and Wingreen Loop was completed in the first half of the fiscal year. Tax Notes authorized by the Council will fund the remainder of the trail to the dam, leaving only the bridge crossing. Construction is expected to begin in early 2022.

Leadership in The Hills responded to an unprecedented winter storm, providing debris removal services to residents while also making repairs and managing damage caused on City property. A regional Emergency Management Coordinator was hired mid-year, under an interlocal agreement among The Hills, Lakeway, and Bee Cave. Ongoing regional efforts include fire prevention, transportation, and workforce development.

The Hills City Park & Nature Center is one of the community's best assets. The Council and Parks & Recreation Commission have engaged in significant planning efforts to ensure the long-term enjoyment of this amenity. A new park sign, landscaping, and irrigation improvements were installed in the current fiscal year. Plans are being finalized for new playground equipment and fall zones to be constructed before the end of 2021. Other improvements are being discussed and prioritized, and staff is proposing \$25,000 for these prospective enhancements.

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,



Wendy L. Smith
City Manager

FUND: GENERAL	Actual FY19-20	Adopted FY20-21	Projected FY20-21	Proposed FY21-22	\$	%
					Difference FY20-21 to 21-22	Difference FY20-21 to 21-22
Total Tax Rate	0.1000	0.1000	0.1000	0.1000		
M&O Tax Rate	0.1000	0.1000	0.1000	0.0681		
I&S (Debt) Rate	0.0000	0.0000	0.0000	0.0319		
BEGINNING UNASSIGNED FUND BALANCE	448,898	596,890	596,890	578,932	(17,958)	-3%
REVENUES						
Ad Valorem Taxes	467,474	469,155	465,000	354,874	(114,281)	-24%
Franchise Fees	131,387	126,000	112,000	112,000	(14,000)	-11%
Sales Taxes	207,822	161,500	263,971	214,000	52,500	33%
Development Fees/Permits	450	500	1,350	1,150	650	130%
Grants and Sponsorships	-	-	725	10,000	10,000	-
Other	501	400	400	400	-	0%
Investment Income	4,318	500	200	200	(300)	-60%
Other Sources & Uses	-	-	-	-	-	-
TOTAL REVENUES	811,952	758,055	843,646	692,624	(65,431)	-9%
EXPENSES						
Administration	165,869	174,519	160,279	171,064	(3,455)	-2%
Contracted Services	190,382	216,050	195,375	272,450	56,400	26%
Common Areas	55,860	105,600	70,300	101,600	(4,000)	-4%
Parks & Recreation	26,466	57,200	44,500	82,200	25,000	44%
Youth Advisory Commission	190	3,500	2,000	3,500	-	0%
General Services	6,191	6,000	150	6,000	-	0%
Other Sources & Uses	219,000	184,000	184,000	33,472	(150,528)	-82%
TOTAL EXPENSES	663,958	746,869	656,604	670,286	(76,583)	-10%
Revenue Over (Under) Expenses	147,994	11,186	187,042	22,338	11,152	100%
Use of Fund Balance	-	-	(205,000)	-	-	0%
ENDING UNASSIGNED FUND BALANCE	596,890	608,076	578,932	601,270	(6,806)	-1%

FUND: GENERAL		Actual FY19-20	Adopted FY20-21	Projected FY20-21	Proposed FY21-22	\$	%
						Difference FY20-21 to 21-22	Difference FY20-21 to 21-22
REVENUE							
10-4000	PROPERTY TAX COLLECTIONS	467,474	469,155	465,000	354,874	(114,281)	-24%
10-4100	PEC	24,866	24,000	24,000	24,000	-	0%
10-4101	AT&T	15,041	19,000	5,000	5,000	(14,000)	-74%
10-4102	TW/SPECTRUM	37,219	33,000	33,000	33,000	-	0%
10-4103	CITY OF AUSTIN	54,261	50,000	50,000	50,000	-	0%
10-4200	SALES TAX - GENERAL	202,259	155,000	254,971	205,000	50,000	32%
10-4201	SALES TAX - MIXED BEV	5,563	6,500	9,000	9,000	2,500	38%
10-4300	DEVELOPMENT FEES/PERMITS	-	200	600	400	200	100%
10-4301	RENTALS (PARK) FEES PERMIT	450	300	750	750	450	150%
10-4400	GRANTS & SPONSORSHIPS	-	-	725	10,000	10,000	-
10-4500	INVESTMENT INCOME	4,318	500	200	200	(300)	-60%
10-4700	OTHER	501	400	400	400	-	0%
REVENUE TOTAL		811,952	758,055	843,646	692,624	(65,431)	-9%

FUND: GENERAL		Actual	Adopted	Projected	Proposed	\$	%
		FY19-20	FY20-21	FY20-21	FY21-22	Difference FY20-21 to 21-22	Difference FY20-21 to 21-22
EXPENSES							
ADMINISTRATION							
10-10-5000	SALARIES	107,000	110,210	110,210	112,414	2,204	2%
10-10-5001	FEDERAL TAXES	8,510	9,000	9,000	9,000	-	0%
10-10-5002	UNEMPLOYMENT	-	9	-	-	(9)	-100%
10-10-5003	HEALTH INSURANCE	8,960	9,500	8,531	8,600	(900)	-9%
10-10-5004	TMRS	8,068	7,500	8,788	9,000	1,500	20%
10-10-5005	CAR ALLOWANCE	6,000	6,000	6,000	6,000	-	0%
10-10-5510	COMPUTER & OFFICE EQUIPMENT	1,982	1,000	500	1,000	-	0%
10-10-5511	EQUIPMENT	-	1,000	-	500	(500)	-50%
10-10-5512	SUPPLIES	1,181	3,000	1,200	1,750	(1,250)	-42%
10-10-5545	SOFTWARE	1,079	5,000	1,000	1,500	(3,500)	-70%
10-10-5555	POSTAGE	132	400	100	400	-	0%
10-10-6000	MEMBERSHIP DUES & SUBSCRIPTIONS	5,003	4,500	5,000	5,000	500	11%
10-10-6001	INSURANCE PREMIUMS	2,358	3,000	3,000	3,000	-	0%
10-10-6005	BONDS	390	400	400	400	-	0%
10-10-6006	INTERNET AND PHONE	7,432	3,000	3,000	4,000	1,000	33%
10-10-6010	TRAINING AND TRAVEL	3,384	5,000	1,500	3,500	(1,500)	-30%
10-10-6011	MEETINGS	997	1,500	1,200	1,500	-	0%
10-10-6025	LEGAL NOTICES & PUBLICATIONS	2,514	1,500	750	2,500	1,000	67%
10-10-6040	PRINTING/MAILING	879	3,000	100	1,000	(2,000)	-67%
	ADMINISTRATION TOTAL	165,869	174,519	160,279	171,064	(3,455)	-2%
CONTRACTED SERVICES							
10-20-6500	LEGAL/PROFESSIONAL SERVICES	9,240	17,000	9,000	47,000	30,000	176%
10-20-6510	TAX COLLECTION	2,601	2,700	2,700	2,700	-	0%
10-20-6520	LAW ENFORCEMENT	94,015	96,800	99,000	125,000	28,200	29%
10-20-6530	AUDIT	7,500	7,500	7,650	8,000	500	7%
10-20-6540	ELECTIONS	2,848	2,750	3,375	3,500	750	27%
10-20-6550	INTERLOCAL AGREEMENTS	74,178	82,000	69,650	78,000	(4,000)	-5%
10-20-6555	EMERGENCY MANAGEMENT	-	7,300	4,000	8,250	950	13%
	CONTRACTED SERVICES TOTAL	190,382	216,050	195,375	272,450	56,400	26%

FUND: GENERAL		Actual	Adopted	Projected	Proposed	\$	%
		FY19-20	FY20-21	FY20-21	FY21-22	Difference FY20-21 to 21-22	Difference FY20-21 to 21-22
COMMON AREAS							
10-30-5560	SIGNAGE	1,608	1,000	700	1,000	-	0%
10-30-6050	MOWING & MAINTENANCE	46,736	62,000	55,000	60,000	(2,000)	-3%
10-30-6051	FACILITIES MAINTENANCE	-	1,000	-	-	(1,000)	-100%
10-30-6052	FENCE MAINTENANCE	2,309	6,000	5,000	20,000	14,000	233%
10-30-6053	IRRIGATION	5,207	9,000	9,000	9,000	-	0%
10-30-6054	WALKING TRAIL MAINTENANCE	-	1,000	-	1,000	-	0%
10-30-6055	WILDFIRE MITIGATION	-	5,000	-	10,000	5,000	100%
10-30-6056	WILDLIFE MANAGEMENT	-	600	600	600	-	0%
10-30-6057	IMPROVEMENTS	-	20,000	-	-	(20,000)	-100%
	COMMON AREAS TOTAL	55,860	105,600	70,300	101,600	(4,000)	-4%
PARKS & RECREATION							
10-40-5512	SUPPLIES	1,700	1,000	500	1,000	-	0%
10-40-6050	MOWING & MAINTENANCE	12,917	33,000	29,000	33,000	-	0%
10-40-6058	UTILITIES	2,427	4,200	3,000	4,200	-	0%
10-40-6060	EVENTS	9,422	17,000	10,000	17,000	-	0%
10-40-6062	RECREATION PROGRAMS	-	2,000	2,000	2,000	-	0%
	IMPROVEMENTS				25,000	25,000	-
	PARKS & RECREATION TOTAL	26,466	57,200	44,500	82,200	25,000	44%
YOUTH ADVISORY COMMISSION							
10-50-5512	SUPPLIES	-	1,000	-	500	(500)	-50%
10-50-6060	EVENTS	190	2,000	2,000	2,500	500	25%
10-50-6061	SPECIAL PROJECTS	-	500	-	500	-	0%
	YOUTH ADVISORY COMM TOTAL	190	3,500	2,000	3,500	-	0%

FUND: GENERAL		Actual	Adopted	Projected	Proposed	\$	%
		FY19-20	FY20-21	FY20-21	FY21-22	Difference FY20-21 to 21-22	Difference FY20-21 to 21-22
GENERAL SERVICES							
10-90-5512	SUPPLIES	313	500	150	500	-	0%
10-90-6060	EVENTS	5,878	3,500	-	3,500	-	0%
10-90-6061	SPECIAL PROJECTS	-	2,000	-	2,000	-	0%
GENERAL SERVICES TOTAL		6,191	6,000	150	6,000	-	0%
OTHER SOURCES AND USES							
10-95-8912	TRANSFER TO CAPITAL PROJECTS	219,000	184,000	184,000	33,472	(150,528)	-82%
OTHER SOURCES AND USES TOTAL		219,000	184,000	184,000	33,472	(150,528)	-82%
GENERAL FUND EXPENSE TOTAL		663,958	746,869	656,604	670,286	(76,583)	-10%
REVENUE/EXPENSES		147,994	11,186	187,042	22,338	11,152	100%

FUND: SOLID WASTE		Actual	Adopted	Projected	Proposed	\$	%
		FY19-20	FY20-21	FY20-21	FY21-22	Difference FY19-20 to 20-21	Difference FY20-21 to 21-22
BEGINNING FUND BALANCE		75,996	99,963	99,963	87,953	(12,010)	-12%
REVENUE							
50-4600	SW COLLECTION	276,540	274,560	274,560	274,560	-	0%
	REVENUE TOTAL	276,540	274,560	274,560	274,560	-	0%
EXPENSES							
ADMINISTRATION							
50-10-5512	SUPPLIES	-	250	-	250	-	0%
50-10-5545	SOFTWARE		4,000	4,142	5,000	1,000	25%
50-10-5555	POSTAGE	-	400	-	400	-	0%
50-10-6040	PRINTING/MAILING	-	750	-	750	-	0%
50-10-6098	BANK SERVICE CHARGES	-	-	-	-	-	-
50-10-9000	OTHER	-	-	-	-	-	-
	ADMINISTRATION TOTAL	-	5,400	4,142	6,400	1,000	19%
CONTRACTED SERVICES							
50-20-6550	INTERLOCAL - PERSONNEL	15,000	11,000	11,000	11,000	-	0%
50-20-6560	CONTRATED HAULER	219,939	227,982	219,928	225,000	(2,982)	-1%
50-20-6561	CANINE REFUSE STATIONS	11,834	12,000	16,032	17,000	5,000	42%
50-20-6562	DEAD ANIMAL COLLECTION	800	1,000	-	1,000	-	0%
	CONTRACTED SERVICES TOTAL	247,573	251,982	246,960	254,000	2,018	1%
GENERAL SERVICES							
50-90-6060	EVENTS	-	-	-	-	-	-
50-90-6061	SPECIAL PROJECTS	-		30,468	-	-	-
50-90-6080	HAZARDOUS WASTE FACILITY	5,000	5,000	5,000	5,000	-	0%
	GENERAL SERVICES TOTAL	5,000	5,000	35,468	5,000	-	0%
	EXPENSE TOTAL	252,573	262,382	286,570	265,400	3,018	1%
	REVENUE/EXPENSES	23,967	12,178	(12,010)	9,160	(3,018)	-25%
ENDING FUND BALANCE		99,963	112,141	87,953	97,113	(15,028)	-13%

		Actual FY19-20	Adopted FY20-21	Projected FY20-21	Proposed FY21-22	\$	%
						Difference FY20-21 to 21-22	Difference FY20-21 to 21-22
FUND: CAPITAL PROJECTS							
BEGINNING FUND BALANCE		155,924	13,385	13,385	1,260,518	1,247,133	9317%
REVENUE							
30-4912	TRANSFER IN FROM GF	219,000	184,000	389,000	33,472	(150,528)	-82%
30-8000	LIMITED TAX NOTES, SERIES 2021	-	1,125,000	1,125,000	-	-	-
REVENUE TOTAL		219,000	1,309,000	1,514,000	33,472	(1,275,528)	-97%
EXPENSE							
30-20-6500	PROFESSIONAL SERVICES	50,552	80,000	90,000	83,855	3,855	5%
30-20-8010	WALKING TRAIL CONSTRUCTION	311,244	104,000	76,867	1,041,145	937,145	901%
	PARK EQUIPMENT	-	-	100,000	105,000	105,000	-
EXPENSE TOTAL		361,796	184,000	266,867	1,230,000	1,046,000	568%
	USE OF FUND BALANCE	(142,796)	-	-	(1,196,528)	-	-
ENDING FUND BALANCE		13,385	1,138,385	1,260,518	63,990	(1,074,395)	-94%

		Actual FY19-20	Adopted FY20-21	Projected FY20-21	Proposed FY21-22	\$	%
						Difference FY20-21 to 21-22	Difference FY20-21 to 21-22
FUND: DEBT SERVICE							
BEGINNING FUND BALANCE		-	-	-	-	-	-
REVENUE							
40-4000	AD VALOREM TAXES	-	-	-	166,528	166,528	
	REVENUE TOTAL	-	-	-	166,528	166,528	
EXPENSE							
40-90-8510	PRINCIPAL	-	-	-	155,000	155,000	
40-90-8520	INTEREST	-	-	-	11,528	11,528	
	EXPENSE TOTAL	-	-	-	166,528	166,528	
ENDING FUND BALANCE		-	-	-	-	-	-

FIVE YEAR CAPITAL IMPROVEMENT PLAN (CIP)

Project Description	Source of Funds	Fiscal Year					25	26	TOTAL
		20	21	22	23	24			
Walking Trail	Tax Notes, Series 2021; Capital Projects Fund	\$361,796	\$166,867	\$825,000	\$300,000	\$ -	\$ -	\$ -	\$ 1,653,663
Playground Equip and Fall Zone	General Fund	\$ -	\$100,000	\$105,000	\$ -	\$ -	\$ -	\$ -	\$ 205,000
Road Resurfacing (potentially in conjunction with County)	General Fund; Capital Projects Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ -	\$ 60,000
Total		\$361,796	\$266,867	\$930,000	\$300,000	\$ -	\$ 60,000	\$ -	\$ 1,918,663