



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 $\frac{1}{4}$ 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 fluid and cursive, with "Wendy" on the first line and "Smith May" on the second line.

Wendy Smith May
City Manager

GENERAL FUND SUMMARY

| | Actual FY17-18 | Budget FY18-19 | Projected FY18-19 | Proposed FY19-20 |
|--|-------------------|-------------------|----------------------|---------------------|
| FUND: GENERAL | | | | |
| 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 | | | | | |
| | Transfer from Fund Balance to Capital Projects | 109,333 | 23,411 | 88,361 | 19,676 |
| | | (80,000) | | | |

| FUND: SOLID WASTE | | Actual FY17-18 | Budget FY18-19 | Projected FY18-19 | Proposed 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 FY17-18 | Budget FY18-19 | Projected FY18-19 | Proposed 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.