



FISCAL YEAR 2022 - 2023 ADOPTED BUDGET



VILLAGE OF THE HILLS ADOPTED ANNUAL BUDGET
FISCAL YEAR 2022-2023

MAYOR

Greg Wharton

CITY COUNCILMEMBERS

Hilda C. Potsavich

Robert Smith

Jim Nelson

Sarah Carroll

Rick Van Dalen

CITY MANAGER

Wendy L. Smith

CITY SECRETARY

Sonja De La Fuente

BOOKKEEPER

Beth Caccamisi

ADMINISTRATIVE ASSISTANT

Angela Dimsdle

PROPERTY TAX SUMMARY

This budget will raise more total property taxes than last year's budget by an amount of \$103,768, which is a 29% increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$992.

Record Votes:

Adoption of the FY 22-23 Budget

Mayor Greg Wharton	YES
City Councilmember Hilda C. Potsavich	YES
City Councilmember Robert Smith	YES
City Councilmember Jim Nelson	YES
City Councilmember Sarah Carroll	YES
City Councilmember Rick Van Dalen	YES

Adoption of the FY 22-23 Tax Rate

Mayor Greg Wharton	YES
City Councilmember Hilda C. Potsavich	YES
City Councilmember Robert Smith	YES
City Councilmember Jim Nelson	YES
City Councilmember Sarah Carroll	YES
City Councilmember Rick Van Dalen	YES

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

	<u>FY 21-22</u>	<u>FY 22-23</u>
Adopted Tax Rate	0.1000	0.1000
No New Revenue Tax Rate	0.0897	0.0816
No New Revenue M&O Tax Rate	0.0908	0.0563
Voter Approval Tax Rate	0.1220	0.1043
Debt Rate	0.0319	0.0269
De Minimus Rate	0.2186	0.1628

Debt:

LIMITED TAX NOTES, SERIES 2021

\$1,125,000

August 22, 2022

Honorable Mayor and City Council:

A balanced budget for Fiscal Year 2022-23 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 21-22. Since the Village of The Hills issued Limited Tax Notes for the walking trail in June 2021, a portion of the total tax rate (0.0269/\$100) is the Interest & Sinking (I&S) Rate in the amount of \$169,174 toward debt service in FY 22-23. The remaining Maintenance & Operations (M&O) Rate of 0.0731 is reflected as ad valorem tax revenue in the General Fund in the amount of \$458,642. M&O and I&S combined is \$627,816.

Sales taxes are outperforming budget in the current fiscal year, as they did the prior year. Staff recommended a budget increase of \$31,000 (14%), from \$214,000 to \$245,000, following the trend observed the last two fiscal years. After Council input at the August meeting, that line item was adjusted to \$258,000.

Total General Fund revenue in the proposed FY 22-23 budget is \$844,942.

New or expanded programs include new park fixtures and events, consolidation of several landscape and maintenance services into one contract, capital funding for infrastructure improvements, and wildfire mitigation services. In 2021, the Constable's office indicated significant increases to the Interlocal Agreement due to legislative revenue caps. Staff negotiated the increase from 15% to 10%. Additional patrols are also included in the budget, for a total increase in Law Enforcement expenses of \$61,000 over projected spending in the current year. A 4% fee increase for the MUD Interlocal is proposed in accordance with the contract terms, as well as pro-rated funding for technology to support the financial software. A transfer of \$40,000 to the Capital Projects Fund is recommended in anticipation of projects delineated in the Five-Year Capital Improvements Program (CIP).

Budgeted expenditures total \$803,877.

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. A rate increase from Waste Connections was expected, effective October 1, 2022. As of this writing, documentation has not been received. Staff recommends the monthly rate of \$22.00 remain the same.

Revenue is budgeted to exceed expenses by \$9,750.

HOTEL OCCUPANCY TAX FUND

The Council's adoption of a Hotel Occupancy Tax Ordinance in June 2022 precipitated creation of a new budget fund for the collection and expenditure of this revenue stream. Because there is no history on which to base projected revenues, and the specific requirements prior to utilizing these funds for the promotion of tourism, a budget is not proposed for FY 22-23. Staff recommends that Council consider a mid-year budget amendment as revenues are realized.

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 to the Village's infrastructure. Projects identified in the CIP will be considered for funding each year as part of the budget process. For Fiscal Years 22-23 and 23-24, new irrigation and field development, cost-sharing signalization of the Lohmans/Wingreen intersection, and road resurfacing have been included.

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 substantially complete, with sod placement planned when temperatures are conducive to survival. New playscapes were installed in the park during the current fiscal year. Staff recommends the proposed Lohmans/Wingreen traffic signal be funded through the Capital Projects Fund in the new year, if an agreement is reached with the City of Lakeway. Additionally, new irrigation and turf in the park is also recommended.

Included in the proposed budget is a transfer of \$40,000 from General Fund to the Capital Projects Fund for FY 22-23, making funds available for capital projects which have been discussed but not yet prioritized.

NEW AND ONGOING PROGRAMS

Internal and regional collaboration continues to be evident. This year the Council approved a request from the Club to integrate greenbelt space into the new golf course design, a public-private partnership which supports and improves property values throughout the community. Representatives of The Hills participated in Lake Travis Fire Rescue's Strategic Plan, and the Cities of The Hills, Bee Cave, and Lakeway continued to build their collective emergency management program. Additionally, the City is engaged in a Hazard Mitigation Plan Update with Travis County and area cities, the work on which will last well into the new Fiscal Year.

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. New playscapes and safety surfaces were installed, increasing park utilization. Additionally, significant financial and staff resources are dedicated to wildfire mitigation and management of over 35 acres of parkland and greenbelts which add to the aesthetic beauty of the community, help clean the air, and provide visual and noise barriers.

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 FY20-21	Adopted FY21-22	Projected FY21-22	Adopted FY22-23	\$	%
					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	0.0681	0.0681	0.0731		
I&S (Debt) Rate	0.0000	0.0319	0.0319	0.0269		
BEGINNING UNASSIGNED FUND BALANC	596,890	589,225	589,225	608,646	19,421	3%
REVENUES						
Ad Valorem Taxes	466,078	354,874	352,000	458,642	103,768	29%
Franchise Fees	116,914	112,000	115,070	112,000	-	0%
Sales Taxes	273,203	214,000	293,720	258,000	44,000	21%
Development Fees/Permits	1,194	1,150	3,145	2,700	1,550	135%
Grants and Sponsorships	725	10,000	3,000	4,000	(6,000)	-60%
Other	144	400	-	-	(400)	-100%
Investment Income	226	200	3,055	9,600	9,400	4700%
Other Sources & Uses	-	-	-	-	-	
TOTAL REVENUES	858,484	692,624	769,990	844,942	152,318	22%
EXPENSES						
Administration	158,763	171,064	170,047	185,277	14,213	8%
Contracted Services	173,552	272,450	241,450	319,000	46,550	17%
Common Areas	90,007	101,600	93,100	141,100	39,500	39%
Parks & Recreation	52,127	82,200	80,000	133,000	50,800	62%
Youth Advisory Commission	3,058	3,500	3,500	4,500	1,000	29%
General Services	113	6,000	4,000	6,000	-	0%
Other Sources & Uses	184,000	33,472	33,472	40,000	6,528	20%
TOTAL EXPENSES	661,620	670,286	625,569	828,877	158,591	24%
Revenue Over (Under) Expenses	196,864	22,338	144,421	16,065	(6,273)	-28%
Use of Fund Balance	205,000	-	125,000	-	-	
ENDING UNASSIGNED FUND BALANCE	589,228	611,563	608,646	624,711	22,335	4%

FUND: GENERAL		Actual FY20-21	Adopted FY21-22	Projected FY21-22	Adopted FY22-23	\$	%
						Difference FY21-22 to 22-23	Difference FY21-22 to 22-23
REVENUE							
10-4000	PROPERTY TAX COLLECTIONS	466,078	354,874	352,000	458,642	103,768	29%
10-4100	PEC	24,751	24,000	24,000	24,000	-	0%
10-4101	AT&T	2,783	5,000	5,000	5,000	-	0%
10-4102	TW/SPECTRUM	35,375	33,000	34,000	33,000	-	0%
10-4103	CITY OF AUSTIN	54,000	50,000	52,000	50,000	-	0%
10-4104	OTHER FRANCHISE	5	-	70			
10-4200	SALES TAX - GENERAL	262,502	205,000	283,445	248,000	43,000	21%
10-4201	SALES TAX - MIXED BEV	10,701	9,000	10,275	10,000	1,000	11%
10-4300	DEVELOPMENT FEES/PERMITS	200	400	445	200	(200)	-50%
10-4301	RENTALS (PARK) FEES PERMIT	994	750	2,700	2,500	1,750	233%
10-4400	GRANTS & SPONSORSHIPS	725	10,000	3,000	4,000	(6,000)	-60%
10-4500	INVESTMENT INCOME	226	200	3,055	9,600	9,400	4700%
10-4700	OTHER	144	400	-	-	(400)	-100%
GENERAL FUND REVENUE TOTAL		858,484	692,624	769,990	844,942	152,318	22%

FUND: GENERAL

					\$	%	
		Actual	Adopted	Projected	Adopted	Difference	Difference
		FY20-21	FY21-22	FY21-22	FY22-23	FY21-22 to	FY21-22 to
						22-23	22-23
EXPENSES							
ADMINISTRATION							
10-10-5000	SALARIES	110,210	112,414	112,414	114,662	2,248	2%
10-10-5001	FEDERAL TAXES	8,781	9,000	8,900	9,000	-	0%
10-10-5002	UNEMPLOYMENT	-	-	-	-	-	0%
10-10-5003	HEALTH INSURANCE	8,541	8,600	8,697	9,650	1,050	12%
10-10-5004	TMRS	9,146	9,000	9,000	9,600	600	7%
10-10-5005	CAR ALLOWANCE	6,000	6,000	7,060	7,200	1,200	20%
10-10-5006	PERSONNEL - SUPPLEMENTAL	-	-	-	8,600	8,600	-
10-10-5510	COMPUTER & OFFICE EQUIPMENT	334	1,000	61	1,000	-	0%
10-10-5511	EQUIPMENT	-	500	-	500	-	0%
10-10-5512	SUPPLIES	908	1,750	1,600	1,750	-	0%
10-10-5545	SOFTWARE	1,738	1,500	2,000	2,000	500	33%
10-10-5555	POSTAGE	99	400	200	400	-	0%
10-10-6000	MEMBERSHIP DUES & SUBSCRIPTI	5,326	5,000	6,000	6,000	1,000	20%
10-10-6001	INSURANCE PREMIUMS	2,355	3,000	3,600	4,000	1,000	33%
10-10-6005	BONDS	130	400	400	400	-	0%
10-10-6006	INTERNET AND PHONE	1,808	4,000	3,000	3,500	(500)	-13%
10-10-6010	TRAINING AND TRAVEL	1,010	3,500	3,500	3,500	-	0%
10-10-6011	MEETINGS	1,588	1,500	1,500	500	(1,000)	-67%
10-10-6025	LEGAL NOTICES & PUBLICATIONS	692	2,500	500	2,500	-	0%
10-10-6040	PRINTING/MAILING	84	1,000	100	500	(500)	-50%
10-10-6098	BANK SERVICE CHARGES	13	-	15	15	15	-
	ADMINISTRATION TOTAL	158,763	171,064	168,547	185,277	14,213	8%
CONTRACTED SERVICES							
10-20-6500	LEGAL/PROFESSIONAL SERVICES	7,644	47,000	47,000	50,000	3,000	6%
10-20-6510	TAX COLLECTION	1,871	2,700	2,700	2,500	(200)	-7%
10-20-6520	LAW ENFORCEMENT	82,191	125,000	100,000	161,000	36,000	29%
10-20-6530	AUDIT	7,650	8,000	8,000	10,000	2,000	25%
10-20-6540	ELECTIONS	-	3,500	3,500	3,500	-	0%
10-20-6550	INTERLOCAL AGREEMENTS	69,721	78,000	72,000	82,000	4,000	5%
10-20-6555	EMERGENCY MANAGEMENT	4,475	8,250	8,250	10,000	1,750	21%
	CONTRACTED SERVICES TOTAL	173,552	272,450	241,450	319,000	46,550	17%

FUND: GENERAL		Actual FY20-21	Adopted FY21-22	Projected FY21-22	Adopted FY22-23	\$	%
						Difference FY21-22 to 22-23	Difference FY21-22 to 22-23

COMMON AREAS

10-30-5560	SIGNAGE	465	1,000	1,500	3,500	2,500	250%
10-30-6050	MOWING & MAINTENANCE	67,847	60,000	75,000	30,000	(30,000)	-50%
10-30-6051	FACILITIES MAINTENANCE	322	-	-	-	-	0%
10-30-6052	FENCE MAINTENANCE	4,494	20,000	5,000	30,000	10,000	50%
10-30-6053	IRRIGATION	7,429	9,000	3,000	7,000	(2,000)	-22%
10-30-6054	WALKING TRAIL MAINTENANCE	400	1,000	1,000	5,000	4,000	400%
10-30-6055	WILDFIRE MITIGATION/TREE TRIMM	-	10,000	7,000	55,000	45,000	450%
10-30-6056	WILDLIFE MANAGEMENT	-	600	600	600	-	0%
10-30-6057	IMPROVEMENTS	9,050	-	8,500	10,000	10,000	0%
	COMMON AREAS TOTAL	90,007	101,600	101,600	141,100	39,500	39%

PARKS & RECREATION

10-40-5512	SUPPLIES	741	1,000	1,500	2,000	1,000	100%
10-40-6050	MOWING & MAINTENANCE	40,639	33,000	33,000	52,000	19,000	58%
10-40-6055	WILDFIRE MITIGATION/TREE TRIMM	-	-	-	10,000	10,000	-
10-40-6058	UTILITIES	3,593	4,200	4,500	8,000	3,800	90%
10-40-6060	EVENTS	7,154	17,000	17,000	36,000	19,000	112%
10-40-6062	RECREATION PROGRAMS	-	2,000	-	-	(2,000)	-100%
	IMPROVEMENTS	-	25,000	24,000	25,000	-	0%
	PARKS & RECREATION TOTAL	52,127	82,200	80,000	133,000	50,800	62%

YOUTH ADVISORY COMMISSION

10-50-5512	SUPPLIES	-	500	500	500	-	0%
10-50-6060	EVENTS	3,058	2,500	2,500	3,500	1,000	40%
10-50-6061	SPECIAL PROJECTS	-	500	500	500	-	0%
	YOUTH ADVISORY COMM TOTAL	3,058	3,500	3,500	4,500	1,000	29%

FUND: GENERAL		Actual FY20-21	Adopted FY21-22	Projected FY21-22	Adopted FY22-23	\$	%
						Difference FY21-22 to 22-23	Difference FY21-22 to 22-23
GENERAL SERVICES							
10-90-5512	SUPPLIES	113	500	500	500	-	0%
10-90-6060	EVENTS	-	3,500	3,500	3,500	-	0%
10-90-6061	SPECIAL PROJECTS	-	2,000	-	2,000	-	0%
GENERAL SERVICES TOTAL		113	6,000	4,000	6,000	-	0%
OTHER SOURCES AND USES						-	
10-95-8912	TRANSFER TO CAPITAL PROJECTS	184,000	33,472	33,472	40,000	6,528	20%
OTHER SOURCES AND USES TOTA		184,000	33,472	33,472	40,000	6,528	20%
GENERAL FUND EXPENSE TOTAL		661,620	670,286	632,569	828,877	158,591	24%
REVENUE/EXPENSES		196,864	22,338	137,421	16,065	(6,273)	-28%
Use of Fund Balance (GF to CP Fund)		205,000		125,000			

FUND: SOLID WASTE		Actual FY20-21	Adopted FY21-22	Projected FY21-22	Adopted FY22-23	\$	%
						Difference FY21-22 to 22-23	Difference FY21-22 to 22-23
BEGINNING FUND BALANCE		99,963	87,953	92,872	105,000	17,047	19%
REVENUE							
50-4600	SW COLLECTION	278,709	274,560	276,000	276,500	1,940	1%
	REVENUE TOTAL	278,709	274,560	276,000	276,500	1,940	1%
EXPENSES							
ADMINISTRATION							
50-10-5512	SUPPLIES	-	250	-	250	-	0%
50-10-5545	SOFTWARE	4,457	5,000	5,000	8,000	3,000	60%
50-10-5555	POSTAGE	-	400	-	-	(400)	-100%
50-10-6040	PRINTING/MAILING	-	750	-	-	(750)	-100%
	ADMINISTRATION TOTAL	4,457	6,400	5,000	8,250	1,850	29%
CONTRACTED SERVICES							
50-20-6550	INTERLOCAL - PERSONNEL	11,000	11,000	11,000	11,500	500	5%
50-20-6560	CONTRATED HAULER	221,300	225,000	221,227	222,000	(3,000)	-1%
50-20-6561	CANINE REFUSE STATIONS	13,575	17,000	17,985	19,000	2,000	12%
50-20-6562	DEAD ANIMAL COLLECTION	-	1,000	-	1,000	-	0%
	CONTRACTED SERVICES TO	245,875	254,000	250,212	253,500	(500)	0%
GENERAL SERVICES							
50-90-6061	SPECIAL PROJECTS	30,468	-	-	-	-	-
50-90-6080	HAZARDOUS WASTE FACILIT	5,000	5,000	5,000	5,000	-	0%
	GENERAL SERVICES TOTAL	35,468	5,000	5,000	5,000	-	0%
	EXPENSE TOTAL	285,800	265,400	260,212	266,750	1,350	1%
	REVENUE/EXPENSES	(7,091)	9,160	15,788	9,750	590	6%
ENDING FUND BALANCE		92,872	97,113	108,660	114,750	4,241	4%

FUND: CAPITAL PROJECTS		Actual FY20-21	Adopted FY21-22	Projected FY21-22	Adopted FY22-23	\$	%
						Difference FY21-22 to 22-23	Difference FY20-21 to 21-22
BEGINNING FUND BALANCE		13,385	1,260,518	1,389,344	285,956	(974,562)	-77%
REVENUE							
30-4912	TRANSFER IN FROM GF	389,000	33,472	158,472	40,000	6,528	20%
30-8000	LIMITED TAX NOTES, SERIES 2021	1,125,000	-	-	-	-	-
REVENUE TOTAL		1,514,000	33,472	158,472	40,000	6,528	20%
EXPENSE							
30-20-6990	BOND ISSUANCE COSTS	20,588	-	-	-	-	-
30-20-8010	WALKING TRAIL CONSTRUCTION	24,608	1,041,145	884,787	-	(1,041,145)	-100%
30-20-8011	TRAFFIC SIGNAL - COST SHARE	-	-	-	100,000	100,000	-
30-20-8020	ENGINEERING SERVICES	92,845	83,855	77,795	-	(83,855)	-100%
30-20-8025	PROJECT ADMINISTRATION	-	-	-	10,000	10,000	-
30-40-8115	PARK EQUIPMENT	-	105,000	194,318	125,000	20,000	19%
EXPENSE TOTAL		138,041	1,196,528	1,156,900	235,000	(961,528)	-80%
USE OF FUND BALANCE		-	(1,196,528)	(1,156,900)	(235,000)		
ENDING FUND BALANCE		1,389,344	97,462	390,916	90,956	(6,506)	-7%

		Actual FY20-21	Adopted FY21-22	Projected FY21-22	Adopted FY22-23	\$	%
						Difference FY21-22 to 22-23	Difference FY21-22 to 22-23
FUND: DEBT SERVICE							
BEGINNING FUND BALANCE		-	-	-	20,000	20,000	-
REVENUE							
40-4000	AD VALOREM TAXES	-	166,528	166,528	168,775	2,247	1%
40-4913	TRANSFER FROM GF		-	20,000	-	-	-
	REVENUE TOTAL	-	166,528	186,528	168,775	2,247	1%
EXPENSE							
40-90-8510	PRINCIPAL	-	155,000	155,000	160,000	5,000	3%
40-90-8520	INTEREST	-	11,528	11,528	9,174	(2,354)	-20%
	EXPENSE TOTAL	-	166,528	166,528	169,174	2,646	2%
ENDING FUND BALANCE		-	-	20,000	(399)		

FIVE YEAR CAPITAL IMPROVEMENT PLAN (CIP)

Project Description	Source of Funds	Fiscal Year					TOTAL	
		22	23	24	25	26		27
Walking Trail (including Professional Services)	Tax Notes, Series 2021; Capital Projects Fund Balance	942,542	-	-	-	-	-	942,542
Playground Equip and Fall Zone	General Fund	194,318	-	-	-	-	-	194,318
Road Resurfacing (potentially in conjunction with County)	General Fund; Capital Projects Fund	-	-	250,000	-	-	-	250,000
Lohmans Traffic Signal	Capital Projects Fund (Tax Notes)	-	100,000	-	-	-	-	100,000
New Irrigation & Field Surface	General Fund; Capital Projects Fund	-	125,000	-	-	-	-	125,000
Total		1,136,860	225,000	250,000	-	-	-	1,611,860