

# The Hills Adopted Annual Budget

## Fiscal Year

October 1, 2023 – September 30, 2024



**Adopted on September 11, 2023**

Greg Wharton	Mayor
Hilda C. Potsavich	Mayor Pro Tem
Rick Van Dalen	Council Treasurer
Jim Vick	Council Secretary
Amy Wharton	Councilmember
Sarah Carroll	Councilmember
Dean Huard	City Manager

## **PROPERTY TAX SUMMARY**

This budget will raise more total property taxes than last year's budget by an amount of \$54,238 which is an 8.8% increase from last year's budget.

Record Votes:

### **Proposed FY 23-24 Budget**

Mayor Greg Wharton	Yea
Councilmember Hilda C. Potsavich	Yea
Councilmember Sarah Carroll	Yea
Councilmember Amy Wharton	Yea
Councilmember Rick Van Dalen	Yea
Councilmember Jim Vick	Absent

### **Proposed FY 23-24 Tax Rate**

Mayor Greg Wharton	Yea
Councilmember Hilda C. Potsavich	Yea
Councilmember Sarah Carroll	Yea
Councilmember Amy Wharton	Yea
Councilmember Rick Van Dalen	Yea
Councilmember Jim Vick	Absent

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

<b>Property Tax Rates:</b>	<b>FY22-23</b>	<b>FY 23-24</b>
Adopted Rate	.1000	.1000
No New Revenue Tax Rate	.0816	.0908
No New Revenue M & O Rate	.0563	.0750
Voter Approval Rate	.1043	.1013
Debt Rate	.0269	.0250
De Minimus Rate	.1628	.1678

## **FY 2023- 2024 Budget Overview**

The FY 2023-2024 budget includes total revenues of \$1,003,233 and expenditures of \$959,773. This is a revenue increase of 5.7% with an expense increase of 13.6% over the FY 2022-2023 forecast. The expense increase for the general fund without the capital expense is 4.6%. This increase is less than the increase in revenue.

The plan includes an increase of \$80,000 in funds transferred to the capital budget which will provide for completion of projects identified on the Capital Improvement Plan.

### **GENERAL FUND**

The General Fund is the primary operating fund of the City. It is used to account for all current financial revenues not required by law or administrative action to be reported in other designated funds. The main governmental functions occurring within this fund are public safety, parks, public works (solid waste), and general administrative operations.

### **GENERAL FUND REVENUES**

Revenues are derived from multiple sources. Foremost among these sources are property and sales tax.

#### **PROPERTY TAX**

Fifty percent (50%) of General Fund revenues are derived from property taxes. The Travis County Appraisal District reports that the Total Taxable Value of property located within the Hills for FY 2023-2024 is \$670,029,001 compared to FY 2022-2023 of \$615,791,345 representing a \$54,238 dollar Tax Levy increase, an 8.8 % percent year over year increase.

The tax rate is unchanged from FY 2022-2023 at \$0.1000 per \$100 of taxable valuation.

The tax rate is comprised of two components. The first component is Debt service that is dedicated to the payment of principal, interest, and fees on general obligation debt and, secondly, the Maintenance & Operations Tax Rate (also referred to as 'M&O Rate') is utilized in the General Fund for governmental purposes previously identified.

The proposed rate for debt service is \$0.0250. The tax levy for FY 2023-2024 is \$167,507 which is less than the FY 2022-2023 forecast of \$168,775.

The proposed M&O rate is \$0.0750 which generates a budgeted property tax revenue of \$502,522, an 8.7% increase, or \$43,880, from the FY 2022-2023 forecast of \$458,642.

## SALES TAX

The FY 2023-2024 annual budget projection for sales taxes is \$331,873, a 3% percent increase from forecast FY 2022-2023.

## OTHER REVENUES

The balance of revenue contributions comes from franchise fees, permits and interest income. The budget for this category is \$168,838, slightly less than the FY 2022-2023 forecast by \$12,877. We expect the decline due to lower interest rates in FY 2023-2024 and the capital improvements budget which will use cash currently in investment accounts.

## GENERAL FUND EXPENDITURES

Expenses are derived from all operating costs. See list of highlighted changes from FY 2022-2023 to FY 2023-2024:

ADMINISTRATION - \$59,290 increase of 36.9% from FY 2022-2023 due to lower employee costs during City Manager hiring period of November 2022 – March 2023.

Full year impact of City Manager salary	\$37,199
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TMRS	\$12,487
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CONTRACTED SERVICES - \$81,543 increase of 31.6% from FY 2022-2023

Law enforcement: increased coverage	\$55,503
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City interlocal agreement modifications and contract work	\$23,600
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PUBLIC AREAS - \$53,894 decrease of 20.5% from FY 2022-2023 due to economic impact of storm clean up expenses from 2/2023.

Mowing and Maintenance (inclusive of park)	<\$106,563>
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Perimeter Fence maintenance	\$30,000
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Walking trail maintenance	\$15,000
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PARKS AND RECREATION - \$58,586 decrease of 49.6% from FY 2022-2023

Improvements (consolidated in capital budget)	<\$28,286>
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Mowing & maintenance (consolidated in Public Areas)	<\$45,977>
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Utilities	\$12,247
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CAPITAL IMPROVEMENT PLAN<sup>1</sup> PROJECTS - \$80,000 increase of 200% from FY 2022-2023

The following projects have been identified for FY 2023-2024:

Walking trail engineering services & project completion

Lohman's traffic signal (cost-sharing with City of Lakeway and developer)

Emergency equipment

Road repairs and maintenance

Financial software purchase and implementation

Park revitalization

YOUTH ADVISORY COMMISSION – nominal change from FY 2022-2023

GENERAL SERVICES – nominal change from FY 2022-2023

**<sup>1</sup> 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 city's infrastructure. Projects identified in the CIP will be considered for funding each year as part of the budget.

FUND: GENERAL		Actuals FY21-22	Adopted FY22-23	Forecast FY22-23	Budget/Plan FY23-24	\$ Variance FY23/FY-24	% Variance FY23/FY-24
<b>REVENUE</b>							
10-4000	PROPERTY TAX COLLECTIONS	350,044	458,642	445,128	502,522	57,394	12.9%
10-4100	PEC	25,300	24,000	25,300	26,059	759	3.0%
10-4101	AT&T	3,003	5,000	2,200	2,266	66	3.0%
10-4102	TW/SPECTRUM	35,746	33,000	32,000	32,960	960	3.0%
10-4103	CITY OF AUSTIN	53,393	50,000	62,000	63,860	1,860	3.0%
10-4104	OTHER FRANCHISE	85		0	0	0	
10-4200	SALES TAX - GENERAL	301,443	248,000	312,710	322,091	9,381	3.0%
10-4201	SALES TAX - MIXED BEV	12,155	10,000	9,497	9,782	285	3.0%
10-4300	DEVELOPMENT FEES/PERMITS	1,226	200	1,200	1,236	36	3.0%
10-4301	RENTALS (PARK) FEES PERMIT	2,848	2,500	1,900	1,957	57	3.0%
10-4400	GRANTS & SPONSORSHIPS	1,187	4,000	3,875	0	(3,875)	-100.0%
10-4500	INVESTMENT INCOME	4,871	9,600	49,296	40,000	(9,296)	-18.9%
10-4700	OTHER	2,320	-	3,944	500	(3,444)	-87.3%
<b>GENERAL FUND REVENUE TOTAL</b>		<b>793,621</b>	<b>844,942</b>	<b>949,050</b>	<b>1,003,233</b>	<b>54,183</b>	<b>5.7%</b>

**EXPENSES**

**ADMINISTRATION**

10-10-5000	SALARIES	112,414	114,662	97,415	134,614	37,199	38%
10-10-5001	FEDERAL TAXES	9,068	9,000	8,629	9,760	1,131	13%
10-10-5002	UNEMPLOYMENT		-	0		0	
10-10-5003	HEALTH INSURANCE	8,895	9,650	8,021	6,733	-1,288	-16%
10-10-5004	TMRS	10,071	9,600	13,090	25,577	12,487	95%
10-10-5005	CAR ALLOWANCE	7,385	7,200	5,815	7,200	1,385	24%
10-10-5006	PERSONNEL - SUPPLEMENTAL		8,600	482	500	18	4%
10-10-5510	COMPUTER & OFFICE EQUIPMENT	61	1,000	30	3,000	2,970	9900%
10-10-5511	EQUIPMENT	0	500	0	0	0	
10-10-5512	SUPPLIES	1,364	1,750	1,200	1,475	275	23%
10-10-5545	SOFTWARE	2,836	2,000	10,357	11,089	732	7%
10-10-5555	POSTAGE	190	400	400	0	-400	
10-10-6000	MEMBERSHIP DUES & SUBSCRIPTIONS	6,372	6,000	3,385	3500	115	3%
10-10-6001	INSURANCE PREMIUMS	3,551	4,000	3,716	7,655	3,939	106%
10-10-6005	BONDS	130	400	400	400	0	0%

10-10-6006	INTERNET AND PHONE	1,935	3,500	2,902	0	-2,902	-100%
10-10-6010	TRAINING AND TRAVEL	3,038	3,500	1,224	3,000	1,776	145%
10-10-6011	MEETINGS	1,920	500	1,389	1,750	361	26%
10-10-6025	LEGAL NOTICES & PUBLICATIONS	1,012	2,500	1,823	2,500	677	37%
10-10-6040	PRINTING/MAILING	139	500	200	1,000	800	400%
10-10-6098	BANK SERVICE CHARGES	0	15	0	15	15	
	<b>ADMINISTRATION TOTAL</b>	<b>170,383</b>	<b>185,277</b>	<b>160,478</b>	<b>219,768</b>	<b>59,290</b>	<b>37%</b>

#### CONTRACTED SERVICES

10-20-6500	LEGAL/PROFESSIONAL SERVICES	39,275	50,000	57,000	52,710	-4,290	-8%
10-20-6510	TAX COLLECTION	2,119	2,500	2,431	2,764	333	14%
10-20-6520	LAW ENFORCEMENT	92,543	161,000	94,199	149,702	55,503	59%
10-20-6530	AUDIT	7,500	10,000	10,000	14,500	4,500	45%
10-20-6540	ELECTIONS	0	3,500	2,103	2,500	397	19%
10-20-6550	INTERLOCAL AGREEMENTS	70,547	82,000	82,000	21,600	-60,400	-74%
10-20-6560	Personnel- Budget/City Sec				84,000	84,000	
10-20-6555	EMERGENCY MANAGEMENT	7,703	10,000	10,000	11,500	1,500	15%
	<b>CONTRACTED SERVICES TOTAL</b>	<b>219,687</b>	<b>319,000</b>	<b>257,733</b>	<b>339,276</b>	<b>81,543</b>	<b>32%</b>

#### PUBLIC AREAS

10-30-5560	SIGNAGE	1,623	3,500	1,878	1,934	56	3%
10-30-6050	MOWING & MAINTENANCE	76,029	30,000	217,563	111,000	-106,563	-49%
10-30-6051	FACILITIES MAINTENANCE		-	0	19,439	19,439	0%
10-30-6052	FENCE MAINTENANCE	0	30,000	2,979	30,000	27,021	907%
10-30-6053	IRRIGATION	5,867	7,000	2,516	4,191	1,675	67%
10-30-6054	WALKING TRAIL MAINTENANCE	0	5,000	0	15,000	15,000	0%
10-30-6055	WILDFIRE MITIGATION/TREE TRIMMING	2,340	55,000	34,822	15,000	-19,822	-57%
10-30-6056	WILDLIFE MANAGEMENT	0	600	0	1,800	1,800	0%
10-30-6057	ROAD MAINTENACE	8,501	10,000	2,500	10,000	7,500	300%
	<b>PUBLIC AREAS TOTAL</b>	<b>94,359</b>	<b>141,100</b>	<b>262,258</b>	<b>208,364</b>	<b>-53,894</b>	<b>-21%</b>

#### PARKS & RECREATION

10-40-5512	SUPPLIES	2,701	2,000	1,700	2,000	300	18%
10-40-6050	MOWING & MAINTENANCE	25,904	52,000	45,977	0	-45,977	
10-40-6055	WILDFIRE MITIGATION/TREE TRIMMING	21,607	10,000	0	0	0	
10-40-6058	UTILITIES	7,685	8,000	8,218	20,465	12,247	149%



10-40-6060	EVENTS	15,343	36,000	34,000	37,400	3,400	10%
10-40-6062	RECREATION PROGRAMS IMPROVEMENTS	0	-	0	0	0	
	<b>PARKS &amp; RECREATION TOTAL</b>	<b>73,240</b>	<b>133,000</b>	<b>118,721</b>	<b>59,865</b>	<b>-58,856</b>	<b>-50%</b>
<b>YOUTH ADVISORY COMMISSION</b>							
10-50-5512	SUPPLIES	440	500	0	500	500	
10-50-6060	EVENTS	2,988	3,500	4,294	5,000	706	16%
10-50-6061	SPECIAL PROJECTS	0	500	0	500	500	
	<b>YOUTH ADVISORY COMM TOTAL</b>	<b>3,428</b>	<b>4,500</b>	<b>4,294</b>	<b>6,000</b>	<b>1,706</b>	<b>40%</b>
<b>GENERAL SERVICES</b>							
10-90-5512	SUPPLIES	426	500	200	500	300	150%
10-90-6060	EVENTS	3,511	3,500	892	5,000	4,108	461%
10-90-6061	SPECIAL PROJECTS	392	2,000	0	1,000	1,000	
	<b>GENERAL SERVICES TOTAL</b>	<b>4,329</b>	<b>6,000</b>	<b>1,092</b>	<b>6,500</b>	<b>5,408</b>	<b>495%</b>
<b>OTHER SOURCES AND USES</b>							
10-95-8912	TRANSFER TO CAPITAL PROJECTS	158,472	40,000	<b>40,000</b>	120,000	80,000	200%
	<b>OTHER SOURCES AND USES TOTAL</b>	<b>158,472</b>	<b>40,000</b>	<b>40,000</b>	<b>120,000</b>	<b>80,000</b>	<b>200%</b>
<b>GENERAL FUND EXPENSE TOTAL</b>		<b>723,898</b>	<b>828,877</b>	<b>844,576</b>	<b>959,773</b>	<b>115,197</b>	<b>14%</b>
<b>SURPLUS/(DEFICIT)</b>		<b>69,723</b>	<b>16,065</b>	<b>104,474</b>	<b>43,460</b>	<b>-61,014</b>	<b>-58%</b>

<b>GENERAL FUND REVENUE</b>	<b>\$793,621</b>	<b>\$844,942</b>	<b>\$949,050</b>	<b>\$1,003,233</b>
<b>ADMINISTRATION</b>	\$170,383	\$185,277	\$160,478	\$219,768
<b>CONTRACTED SERVICES</b>	\$219,687	\$319,000	\$257,733	\$339,276
<b>PUBLIC AREAS</b>	\$94,359	\$141,100	\$262,258	\$208,364
<b>PARKS AND RECREATION</b>	\$73,240	\$133,000	\$118,721	\$59,865
<b>YOUTH ADVISORY</b>	\$3,428	\$4,500	\$4,294	\$6,000
<b>GENERAL SERVICES</b>	\$4,329	\$6,000	\$1,092	\$6,500
<b>OTHER SOURCES</b>	\$158,472	\$40,000	\$40,000	\$120,000
<b>GENERAL FUND EXPENSE</b>	<b>\$723,898</b>	<b>\$828,877</b>	<b>\$844,576</b>	<b>\$959,773</b>

<b>FUND: SOLID WASTE</b>		<b>Actuals FY21-22</b>	<b>Adopted FY22-23</b>	<b>Forecast FY22-23</b>	<b>Budget/Plan FY23-24</b>	<b>\$ Variance FY23/FY-24</b>	<b>% Variance FY23/FY-24</b>
<b>BEGINNING FUND BALANCE</b>		87,046	105,000	107,777	115,777		
<b>REVENUE</b>							
50-4600	SW COLLECTION	278810	276,500	297,082	297,082	0	0%
	<b>REVENUE TOTAL</b>	<b>278,810</b>	<b>276,500</b>	<b>297,082</b>	<b>297,082</b>	<b>0</b>	<b>0%</b>
<b>EXPENSES</b>							
<b>ADMINISTRATION</b>							
50-10-5512	SUPPLIES	0	250	0	0		
50-10-5545	SOFTWARE	4664	8,000	8,239	0		
50-10-5555	POSTAGE	0	-	0	0		
50-10-6040	PRINTING/MAILING	0	-	0	0		
	<b>ADMINISTRATION TOTAL</b>	<b>4,664</b>	<b>8,250</b>	<b>8,239</b>	<b>0</b>		
<b>CONTRACTED SERVICES</b>							
50-20-6550	INTERLOCAL - PERSONNEL	11004	11,500	11,441	0	(11,441)	
50-20-6560	CONTRATED HAULER	221277	222,000	222,638	231,544	8,906	4%
50-20-6561	CANINE REFUSE STATIONS	17463	19,000	18,873	0	(18,873)	
50-20-6562	DEAD ANIMAL COLLECTION	0	1,000	0	0	0	
	<b>CONTRACTED SERVICES TOTAL</b>	<b>249,744</b>	<b>253,500</b>	<b>252,952</b>	<b>231,544</b>	<b>(21,408)</b>	<b>-9%</b>
<b>GENERAL SERVICES</b>							
50-90-6061	SPECIAL PROJECTS	-	-	0	10,000	10,000	
50-90-6080	HAZARDOUS WASTE FACILITY	5,000	5,000	0	5,250	5,250	
	<b>GENERAL SERVICES TOTAL</b>	<b>5,000</b>	<b>5,000</b>	<b>0</b>	<b>15,250</b>	<b>15,250</b>	<b>100%</b>
	<b>EXPENSE TOTAL</b>	<b>259,408</b>	<b>266,750</b>	<b>261,191</b>	<b>246,794</b>	<b>(14,397)</b>	<b>-6%</b>
	<b>SURPLUS/(DEFICIT)</b>	<b>19,402</b>	<b>9,750</b>	<b>35,891</b>	<b>50,288</b>	<b>14,397</b>	<b>40%</b>

<b>FUND: CAPITAL PROJECTS</b>		<b>Actuals</b>	<b>Adopted</b>	<b>Forecast</b>	<b>Budget/Plan</b>
		<b>FY21-22</b>	<b>FY22-23</b>	<b>FY22-23</b>	<b>FY23-24</b>
<b>BEGINNING FUND BALANCE</b>		1,299,770	405,438	411,824	420,914
<b>REVENUE</b>					
30-4912	TRANSFER IN FROM GF	158,472	40,000	40,000	120,000
30-8000	LIMITED TAX NOTES, SERIES 2021	0	0	0	0
	<b>REVENUE TOTAL</b>	<b>158,472</b>	<b>40,000</b>	<b>40,000</b>	<b>120,000</b>
<b>EXPENSE</b>					
30-20-6990	BOND ISSUANCE COSTS	0	0	0	
30-20-8010	WALKING TRAIL CONSTRUCTION	903,255	0	20,910	330,000
30-20-8011	TRAFFIC SIGNAL - COST SHARE	0	100,000	0	100,000
30-20-8020	ENGINEERING SERVICES	55,051	0	0	75,000
30-20-8025	PROJECT ADMINISTRATION	0	10,000	10,000	0
30-40-8115	PARK EQUIPMENT	94,498	125,000	0	225,000
	SIGNAGE				
	SOFTWARE IMPLEMENTATION				10,000
	ROAD PAVING				50,000
	CART PATH				17,000
	EMERGENCY EQUIPMENT				10,000
	<b>EXPENSE TOTAL</b>	<b>1,052,804</b>	<b>235,000</b>	<b>30,910</b>	<b>817,000</b>
<b>ENDING FUND BALANCE</b>		<b>405,438</b>	<b>210,438</b>	<b>420,914</b>	<b>(276,086)</b>

<b>FUND: DEBT SERVICE</b>		<b>Actual FY 21-22</b>	<b>Adopted FY22-23</b>	<b>Forecast FY22-23</b>	<b>Budget/Plan 23-24</b>
<b>BEGINNING FUND BALANCE</b>		-	20,000	16,840	12,394
<b>REVENUE</b>					
40-4000	AD VALOREM TAXES	163,368	168,775	164,729	164,000
40-4093	TRANSFER FROM GF	20,000	-	0	0
	<b>REVENUE TOTAL</b>	<b>183,368</b>	<b>168,775</b>	<b>181,569</b>	<b>176,394</b>
<b>EXPENSE</b>					
40-90-8510	PRINCIPAL	155,000	160,000	160,000	160,000
40-90-8520	INTEREST	11,528	9,174	9,175	8,015
	<b>EXPENSE TOTAL</b>	<b>166,528</b>	<b>169,174</b>	<b>169,175</b>	<b>168,015</b>
<b>ENDING FUND BALANCE</b>		<b>16,840</b>	<b>(399)</b>	<b>12,394</b>	<b>8,379</b>