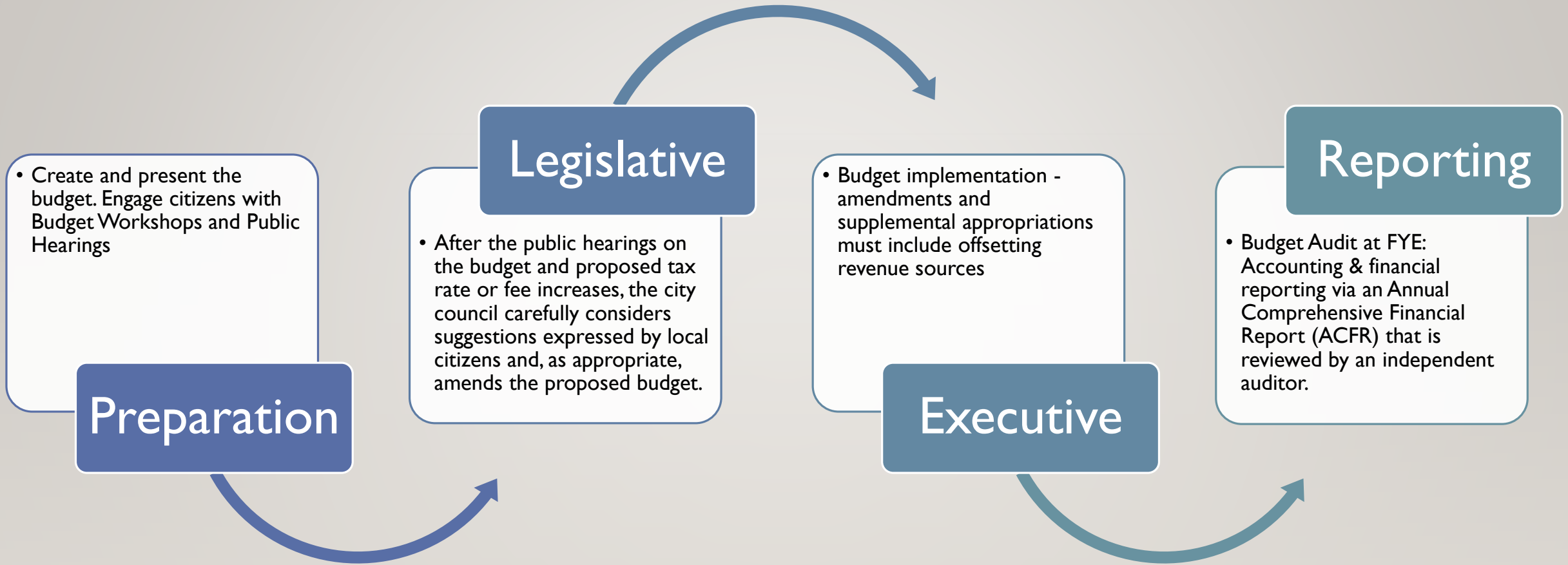


2025-2026 BUDGET CYCLE

CITY OF HILSHIRE VILLAGE

Presented 7/15/2025

Budget Cycle Overview



2025 Budget Workshops & Public Hearings

Date	Discussion
July 15 Regular CM, Budget Workshop #1	<ul style="list-style-type: none">• Capital Infrastructure Planning & Debt Position• FY 2025 Q3 Report (April – June)
August 19 Regular CM, Budget Workshop #2	<ul style="list-style-type: none">• First Reading of Proposed Budget<ul style="list-style-type: none">○ Tax Rate Calculation & Considerations○ Utility Rate Review & Recommendations○ Development Trends & Fiscal Impact Analysis○ Salary Survey Analysis• Review Finance & Investment Policy
September 9 Public Hearing, Budget Workshop #3	<ul style="list-style-type: none">• Public Hearing on Budget<ul style="list-style-type: none">○ Adopt 2025-2026 Budget Ordinance• Adopt Finance & Investments Policy updates
September 16 Regular CM, Public Hearing	<ul style="list-style-type: none">• Public Hearing on Tax Rate<ul style="list-style-type: none">○ Adopt 2025 Tax Rate Ordinance (3 votes: adopt M&O, I&S portions of the tax rate separately, then a combined total)• Adopt Utility Rate Ordinance (effective first billing cycle after 10/1)• FY 2025 Q4 Preliminary Report (July - September)

Budget Components

- Operating Budget

- Reports the spending plan for a government's ongoing services such as police, fire, water, and sewer service. Typically organized by the department and provides line-item detail.
- Money comes from current revenues such as property, sales, and franchise taxes, service charges, fees and fines; and grants.

Capital Budget

- Represents a spending plan for the acquisition of fixed assets, such as roadways, drainage, water & sewer lines.
- Usually part of a Capital Improvement Plan (CIP) that projects major construction and acquisition needs for a multi year period.
- Funding usually comes from long-term obligations.

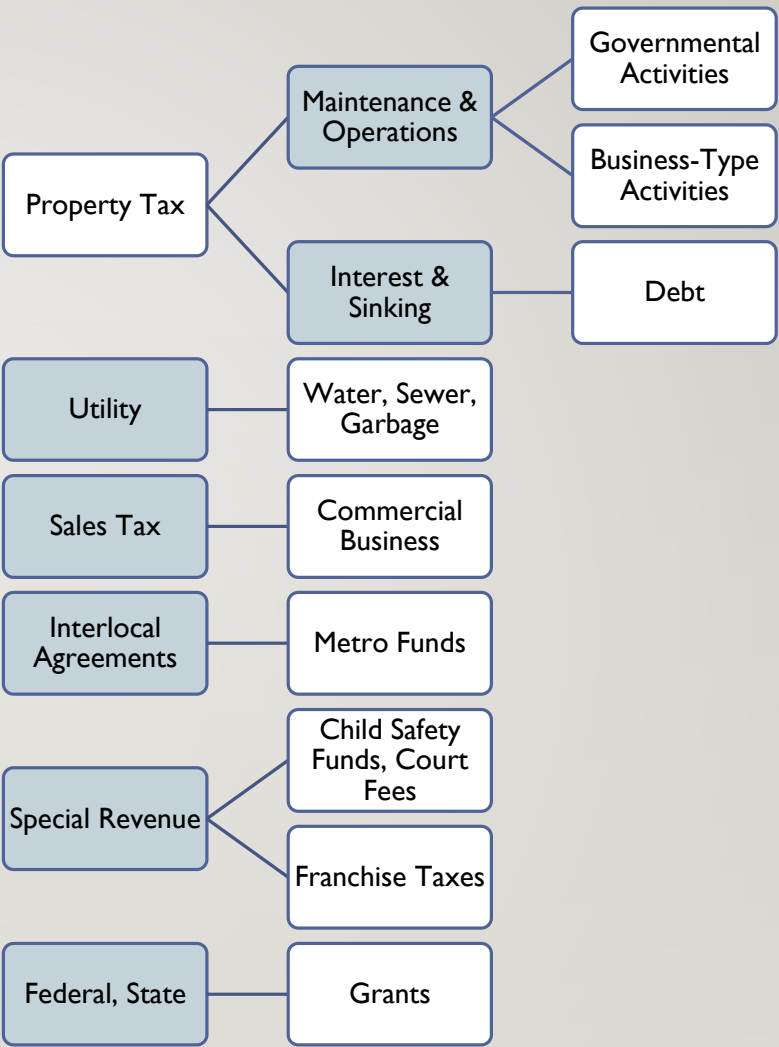
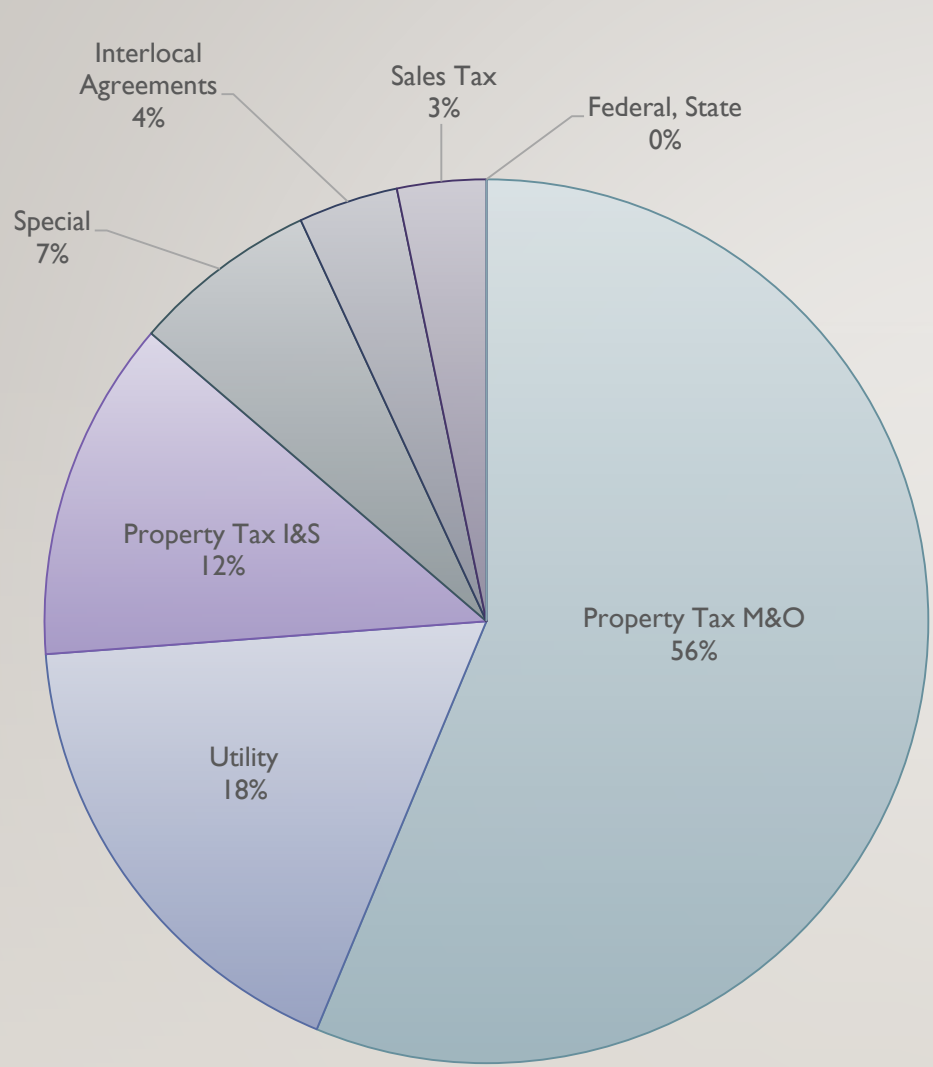
Governmental Activities

Most of the City's basic services are reported here including public safety (police and fire), public works (sanitation and street maintenance), and general government. Interest payments, sales taxes, property taxes, franchise fees, intergovernmental revenue, and permit fees finance most of these activities.

Business-Type Activities

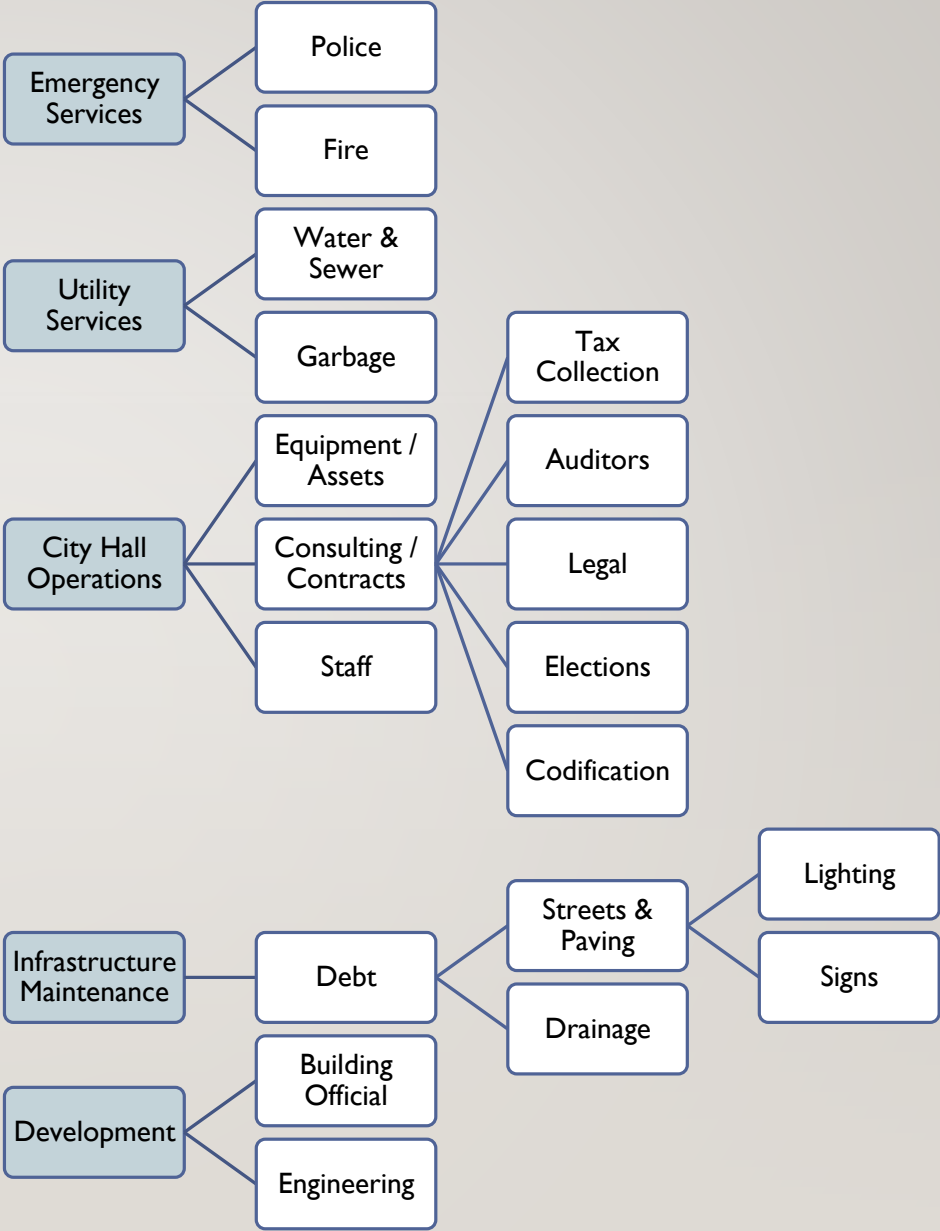
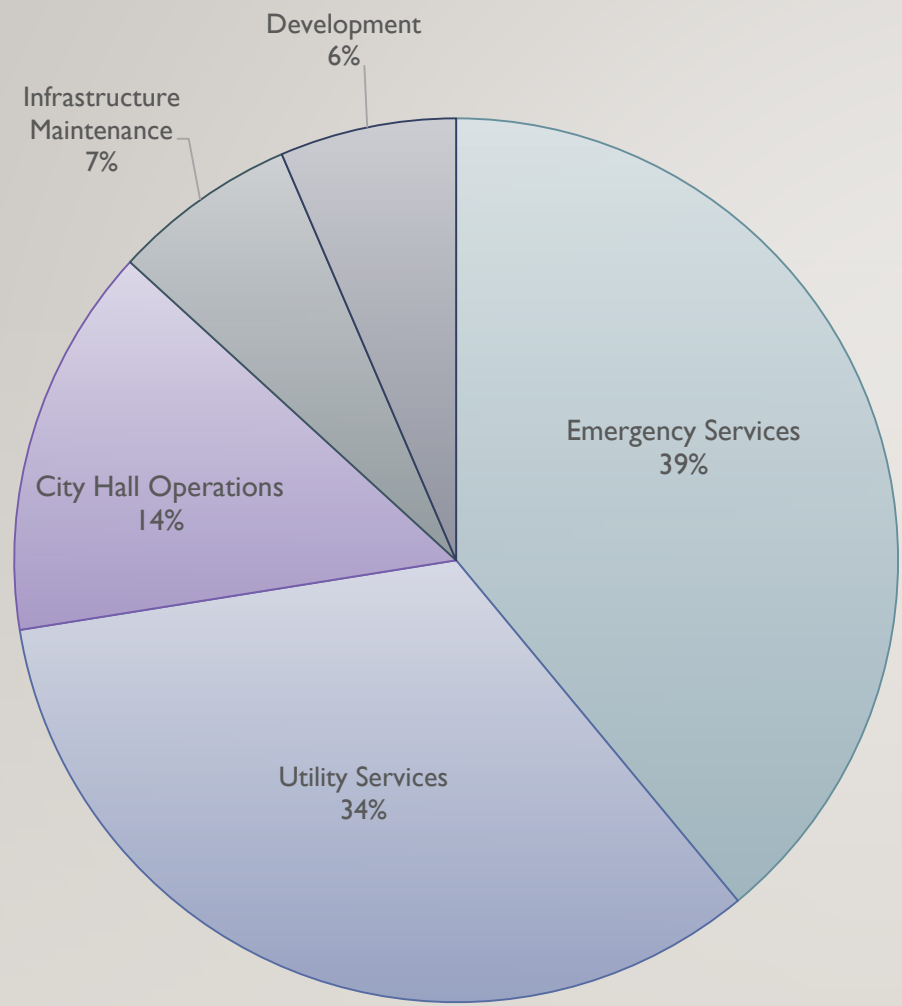
Services involving a fee for those services are reported here. These services include the City's water distribution and wastewater collection.

Revenue Sources



*Using 2023-2024 figures, does not include 2024 Debt Series

Expense Categories



*Using 2023-2024 figures, does not include Debt payments

Tax Rate Components

A city's property tax rate consists of a maintenance and operations (M&O) tax rate and, if applicable, an interest and sinking (I&S) tax rate.

- The **M&O** tax rate provides funds for maintenance and operations. M&O includes such things as salaries, utilities, and day-to-day operations.
- The **I&S** tax rate provides funds for payments on the debt that finances a district's facilities, including interest and principal on bonds and other debt.

Property tax rates must be adopted after the budget is approved. It may be done in the same meeting but after the budget is adopted. The tax levy should provide only the revenues needed to accomplish the budget's requirements.

The city council must adopt and notify the tax assessor of the rate adopted **by Sept. 30 or the 60th day after the date the certified appraisal roll** is received by the city, whichever is later. If the tax levy is not adopted by these dates, the tax rate is set by law at the lower of the no-new-revenue tax rate calculated for that tax year or the tax rate adopted by the city for the preceding tax year.

Tax Rate Calculations

No New Revenue Rate

- Enables the public to evaluate the relationship between taxes for the prior year and for the current year, based on a tax rate that would produce the same amount of taxes if applied to the same properties taxed in both years.
- If property values rise, the no-new-revenue tax rate goes down.

Voter Approval Rate

- Calculated maximum rate allowed by law without voter approval. If the entity adopts an amount that exceeds the voter approval rate, voters may petition for an election to limit the rate to 3.5%.
- Provides the taxing unit with about the same amount of tax revenue it spent the previous year for day-to-day operations, plus an extra three-and-a-half percent increase for those operations, and sufficient funds to pay debts in the coming year.
- If the proposed tax rate is more than the No New Revenue rate or the Voter Approval Rate, the city must have two public hearings on the proposed tax increase.

De Minimis Rate

- Designed to give smaller taxing units, including cities with a population of less than 30,000, some flexibility to budget for extraordinary costs that may not be possible under the three and a half percent voter-approval tax rate
- A tax rate that exceeds the voter approval rate but is less than the de minimis rate can be petitioned by the voters calling for an election to limit the size of the tax increase.
- An automatic election must be held if a taxing unit exceeds the Voter Approval rate and the De Minimis rate.

Tax Rate Calculations

No New Revenue Rate

(Last Year's Levy) – (Lost Property Levy)

(Current Total Value) – (New Property Value)

Voter Approval Rate

No-new-revenue M&O rate X 1.035 + Current Debt
+ Unused Increment Rate

De Minimis Rate

No-new-revenue M&O rate + The rate that, when
applied to a taxing unit's current total value, will
impose an amount of taxes equal to \$500,000
+ Taxing unit's current debt rate

ADOPTED TAX RATE IS:

BELOW voter-approval tax rate

No election required

ABOVE voter-approval tax rate but
BELOW de minimis rate

Voters may petition
for an election*

ABOVE voter-approval tax rate;
Taxing unit does not calculate a de minimis rate

Election required**

ABOVE voter-approval tax rate and
ABOVE the de minimis rate

Election required

* See Tax Code Sec. 26.075 for details on when voters may petition for an election.

** See Water Code Secs. 49.23601, 49.23602, and 49.23603 for details on election requirements for water districts.

Memorial Villages Adopted 2024 Tax Rates

	Hilshire Village	Spring Valley Village	Hedwig Village	Bunker Hill Village	Piney Point Village	Hunters Creek Village
2024 M&O Tax Rate	0.438454	0.342678	0.295780	0.241000	0.227262	0.205164
2024 I&S Tax Rate	0.112531	0.052322	0.040550	0.030000	0.027878	0.000000
Total 2024 Tax Rate	0.550985	0.395000	0.336330	0.271000	0.255140	0.205164
taxes @ \$613,271 value	3,379.03	2,422.42	2,062.61	1,661.96	1,564.70	1,258.21
taxes @ \$1,000,000 value	5,509.85	3,950.00	3,363.30	2,710.00	2,551.40	2,051.64

According to Zillow, the 77055 housing market has an average home value of \$613,271.



Five-Year History of Memorial Villages Adopted Tax Rates



Source: <https://www.hctax.net/property/TaxRates.cshtml>

