

Town of Highland Park

Proposed Budget – FY 2025-26

July 1, 2025



Date	Item of Significance
June 26	FY26 Proposed Budget delivered to the Town Council and the Town Secretary
June 27	Meet with the Finance & Audit Advisory Committee to discuss the FY 26 Proposed Budget
July 1	Present the Proposed Budget for FY 2025-26 to the Town Council
July 25	Receive 2025 Certified Appraisal Roll from Dallas Central Appraisal District
August 5	Public Hearing on FY26 Proposed Budget Town Council sets preliminary ad valorem tax rate <i>On or before August 18, call for a Voter Approval Tax Rate Election (VATRE) if the preliminary tax rate set by the Town Council exceeds the Voter Approval Rate</i>
August 19	Review and discuss the FY26 Proposed Budget with Town Council
September 2	Public Hearing on the Tax Rate Town Council considers: <ul style="list-style-type: none">• Adoption of the FY26 Proposed Budget and 10-Year Capital Improvement Plan• Adoption of the 2025 property tax rate• Adoption of the Master Fee Schedule

Calendar

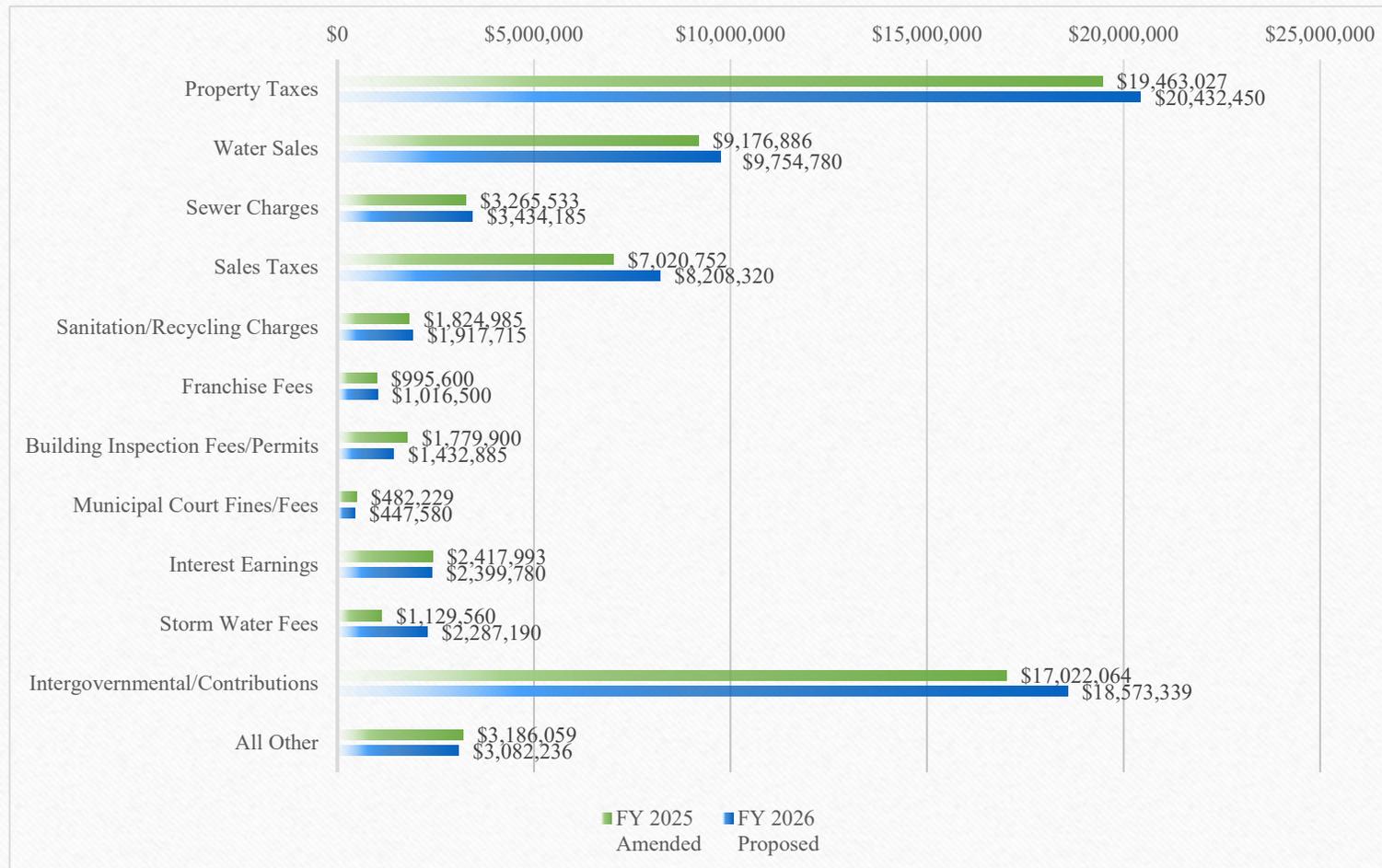
FY 2025-26 Proposed Budget

Fund Name	Fund Type	Beginning Fund Balance	Revenues	Expenditures	Interfund Transfers Net In (Out)	Ending Fund Balance	\$ Change	% Change
General	GF	\$ 6,681,663	\$ 34,215,675	\$ (28,634,020)	\$ (5,464,945)	\$ 6,798,373	\$ 116,710	1.7%
Utility	EF	5,546,798	15,937,405	(15,453,705)	(1,927,713)	4,102,785	(1,444,013)	-26.0%
Solid Waste	EF	471,282	1,941,535	(1,808,265)	(123,915)	480,637	9,355	2.0%
Storm Drainage	SRF	4,040,521	2,529,140	(6,605,357)	1,317,690	1,281,994	(2,758,527)	-68.3%
Equipment Replacement	ISF	4,928,420	190,230	(1,001,675)	782,350	4,899,325	(29,095)	-0.6%
Technology Replacement	ISF	3,500,623	370,786	(819,925)	798,990	3,850,474	349,851	10.0%
Building Maintenance & Investment	ISF	1,584,264	77,095	(983,055)	868,055	1,546,359	(37,905)	-2.4%
Forfeited Property	SRF	53,381	7,560	(500)	-	60,441	7,060	13.2%
Local Youth Diversion	SRF	108,335	18,625	-	-	126,960	18,625	17.2%
Municipal Jury	SRF	2,151	360	(250)	-	2,261	110	5.1%
Court Technology	SRF	126,533	29,410	(40,296)	-	115,647	(10,886)	-8.6%
Court Security	SRF	32,355	25,200	-	(24,600)	32,955	600	1.9%
Library	SRF	430,956	96,665	(80,553)	-	447,068	16,112	3.7%
Reserve	SRF	4,035,790	136,800	-	(500,000)	3,672,590	(363,200)	-9.0%
Capital Projects	GCP	18,466,604	17,410,474	(26,912,999)	4,274,088	13,238,167	(5,228,437)	-28.3%
Total		\$ 50,009,676	\$ 72,986,960	\$ (82,340,600)	\$ -	\$ 40,656,036	\$ (9,353,640)	-18.7%

GF - General Fund; EF - Enterprise Fund; ISF - Internal Service Fund; SRF - Special Revenue Fund; GCP - General Capital Projects Fund

Revenues

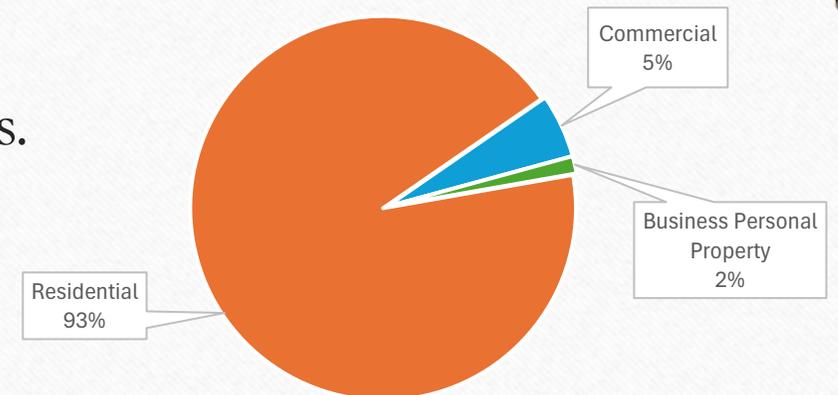
Change in Key Revenue Sources



Estimated Property Taxes

- Property Market Values growth – 5.4% or \$743M*
- Taxable Assessed Values growth – 10.9% or \$1,025M*
- Revenue growth at 20.0537 cents** - \$967K
- Estimated No New Revenue Rate - 19.3756 cents.

Property Composition



- *Prelim values as of May 12, 2025. The Dallas Central Appraisal District will provide the certified values on July 25, 2025
- ** Estimated Voter Approval Tax Rate

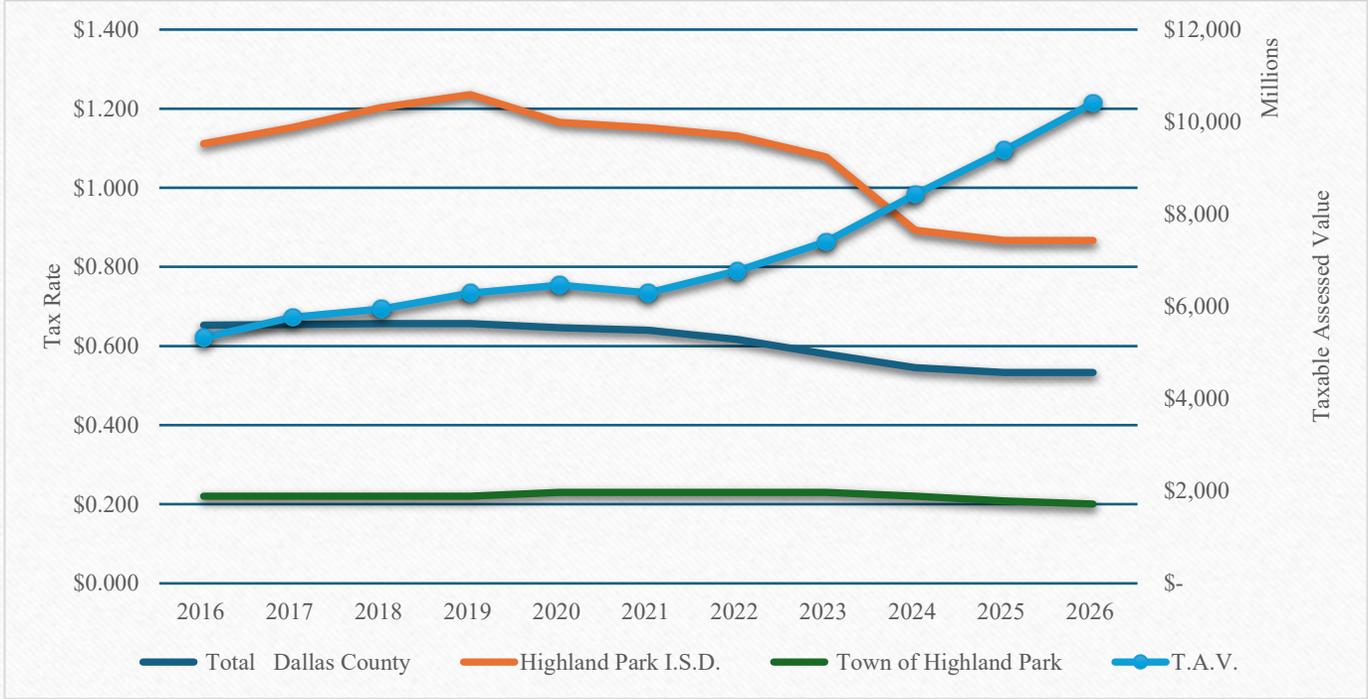
Change in Taxable Assessed Values*

<u>Description</u>	<u>2024 Certified</u>	<u>2025* Preliminary</u>	<u>Increase</u>	<u>% Increase</u>
Residential Single Family	\$ 8,402,408,987	\$ 9,311,595,717	\$ 909,186,730	10.82%
Residential Multi-Family	180,495,418	187,175,004	6,679,586	3.70%
Vacant Lots/Tracts	246,277,703	307,891,018	61,613,315	25.02%
Commercial	429,559,350	450,311,612	20,752,262	4.83%
Real & Tangible Personal Utilities	16,002,250	19,331,700	3,329,450	20.81%
Commercial Personal Property	109,878,650	133,185,200	23,306,550	21.21%
Total	<u>\$ 9,384,622,358</u>	<u>\$ 10,409,490,251</u>	<u>\$ 1,024,867,893</u>	<u>10.92%</u>
New Construction	\$ 127,084,568	\$ 172,046,112	\$ 44,961,544	35.38%

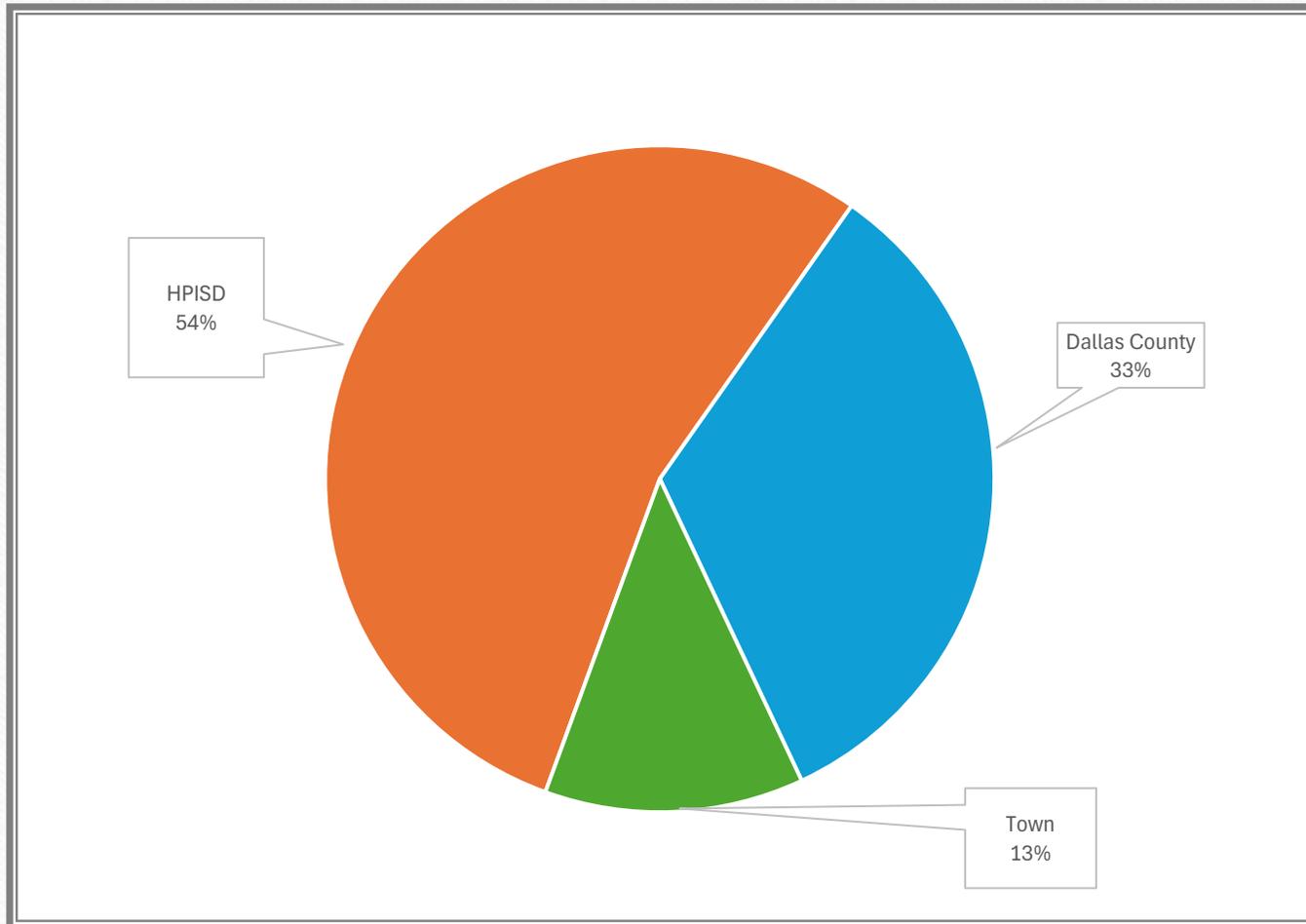
* Prelim T.A.V. as of May 12, 2025. The Dallas Central Appraisal District will provide the certified roll on July 25, 2025

Overlapping Tax Rates

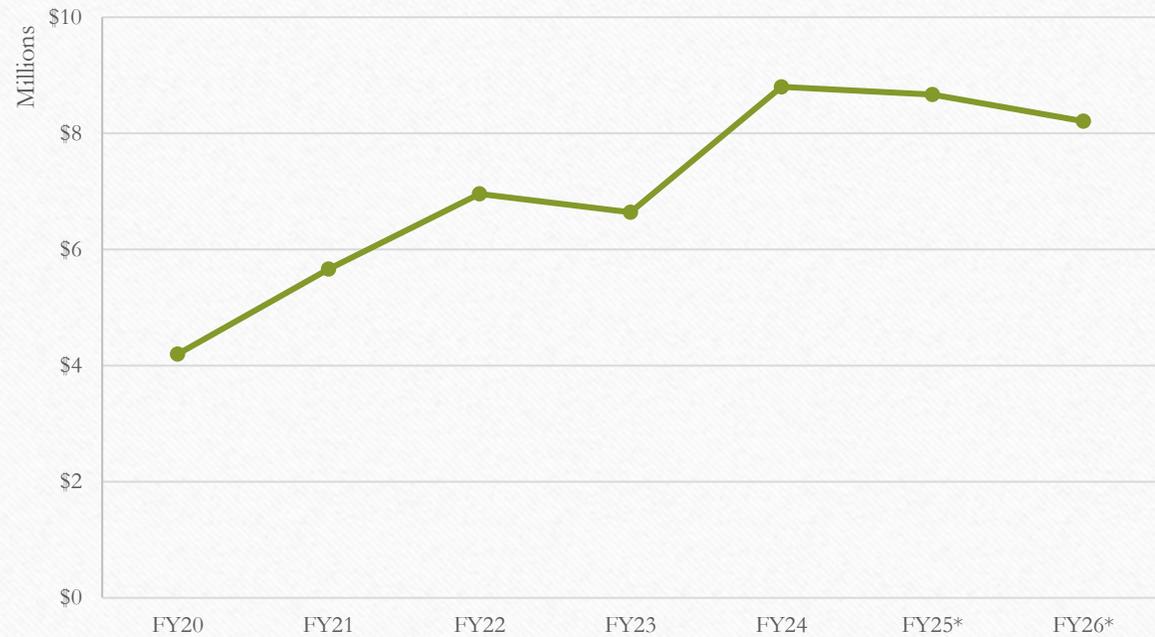
(Estimates)



Property Tax Rates by Taxing Entity



Sales Taxes

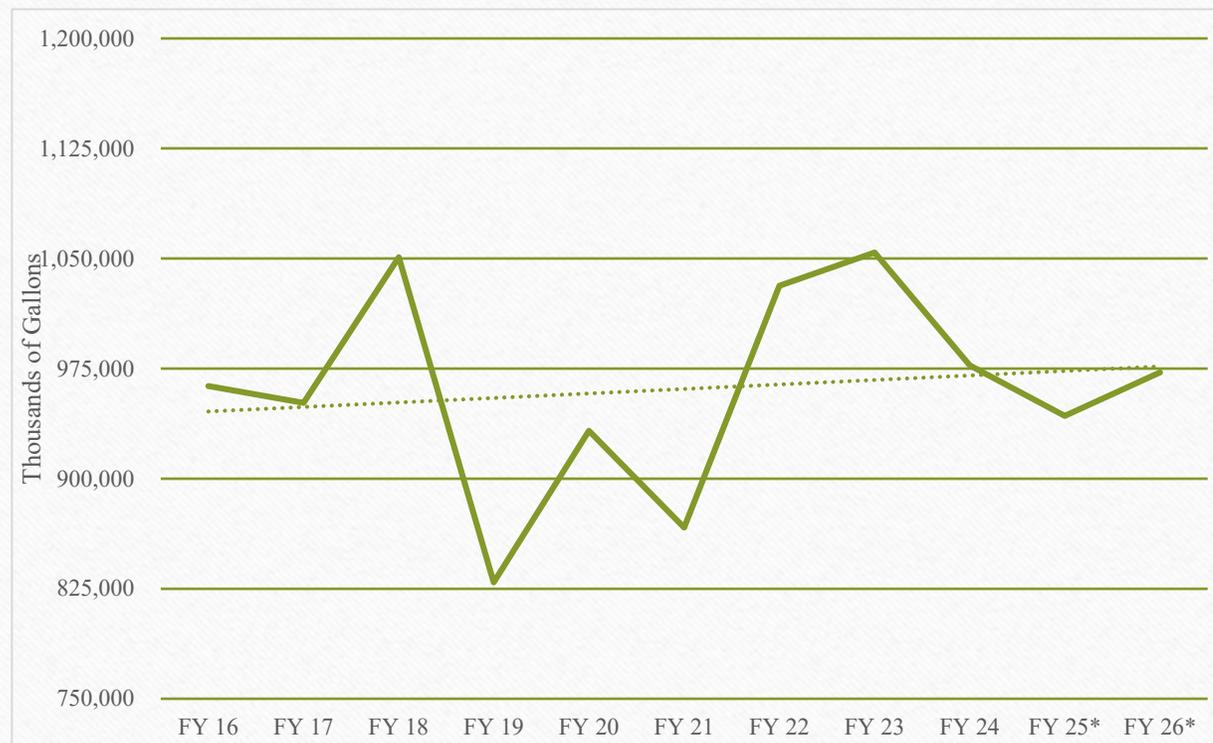


*Projected

- Sales tax revenue accounts for 11.2% of total revenue
- FY26 estimate is anticipated to decrease 5.3% compared to FY25 year-end projection due to one-time prior period collections and audit adjustments.
- CAGR 2019-2026 = 9.6%
- CAGR 2019-2024 = 15.3%

Water Sales

(Consumption)



*Projected

- Water consumption has decreased over the last couple of years. However, the five-year rolling average is approximately 972M gallons (up from 943M gallons projected for FY25).

Impact of Proposed Adjustments to Utility Bill

Type of Service	Actual FY 2024-25	Proposed FY 2025-26	\$ Change	% Change
Stormwater	\$ 29.56	\$ 59.12	\$ 29.56	100.0%
Water	91.08	94.64	3.56	3.9%
Sewer	86.27	88.89	2.62	3.0%
Solid Waste Collection	37.05	38.35	1.30	3.5%
Total	\$ 243.96	\$ 281.00	\$ 37.04	15.2%

Assumptions:

Stormwater - Lot Size in Square Feet	10,000-21,800
Water Domestic Gallons Per Month	10,000
Water Irrigation Gallons Per Month	0
Sewer Gallons Per Month	10,000
Solid Waste Service	Alley Service with Recycling

Type of Service	Actual FY 2024-25	Proposed FY 2025-26	\$ Change	% Change
Stormwater	\$ 29.56	\$ 59.12	\$ 29.56	100.0%
Water	214.95	223.35	8.40	3.9%
Sewer	65.63	67.62	1.99	3.0%
Solid Waste Collection	37.05	38.35	1.30	3.5%
Total	\$ 347.19	\$ 388.44	\$ 41.25	11.9%

Assumptions:

Stormwater - Lot Size in Square Feet	10,000-21,800
Water Domestic Gallons Per Month	7,000
Water Irrigation Gallons Per Month	17,000
Sewer Gallons Per Month	7,000
Solid Waste Service	Alley Service with Recycling

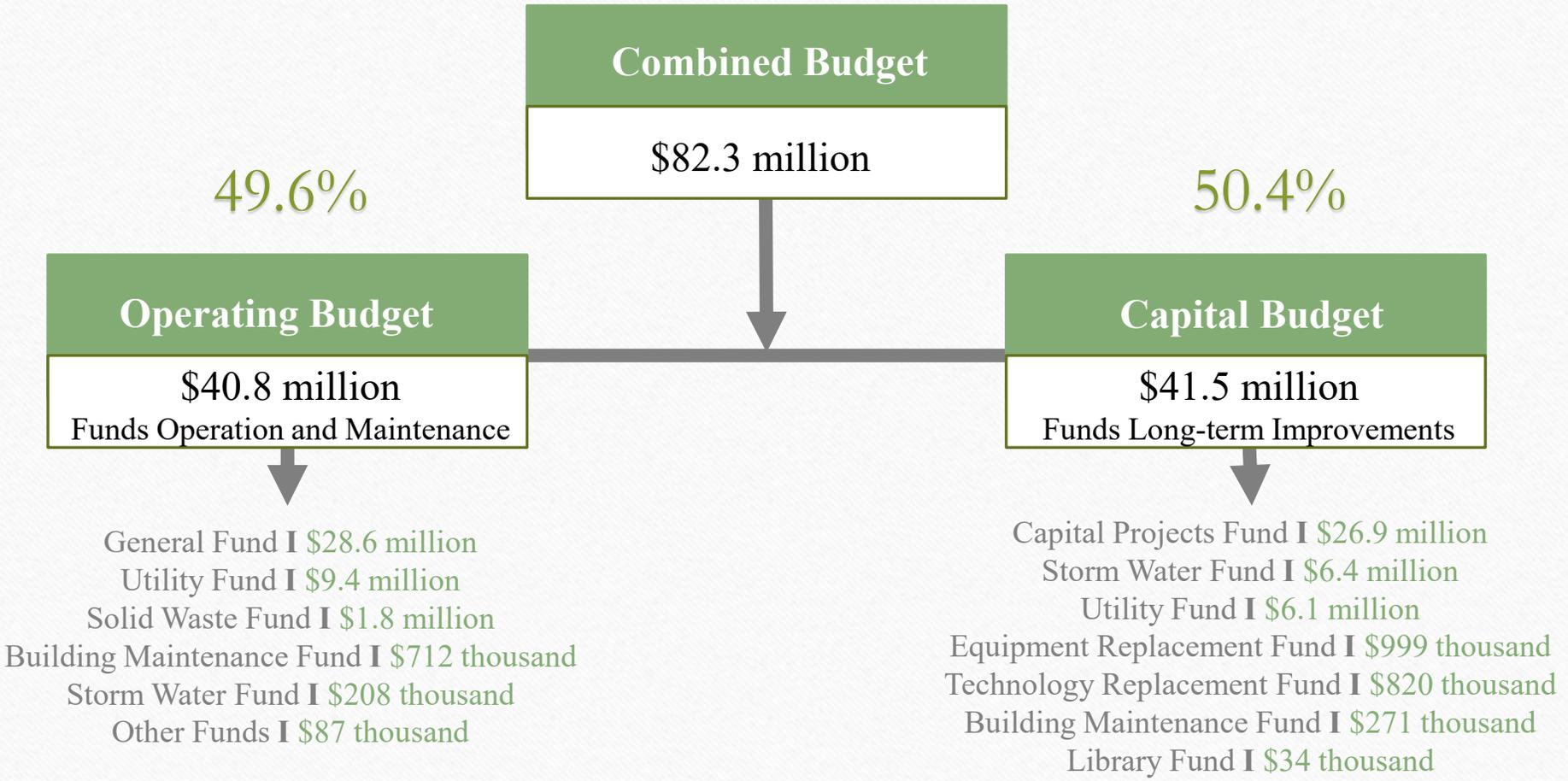
Expenditures



Inflation

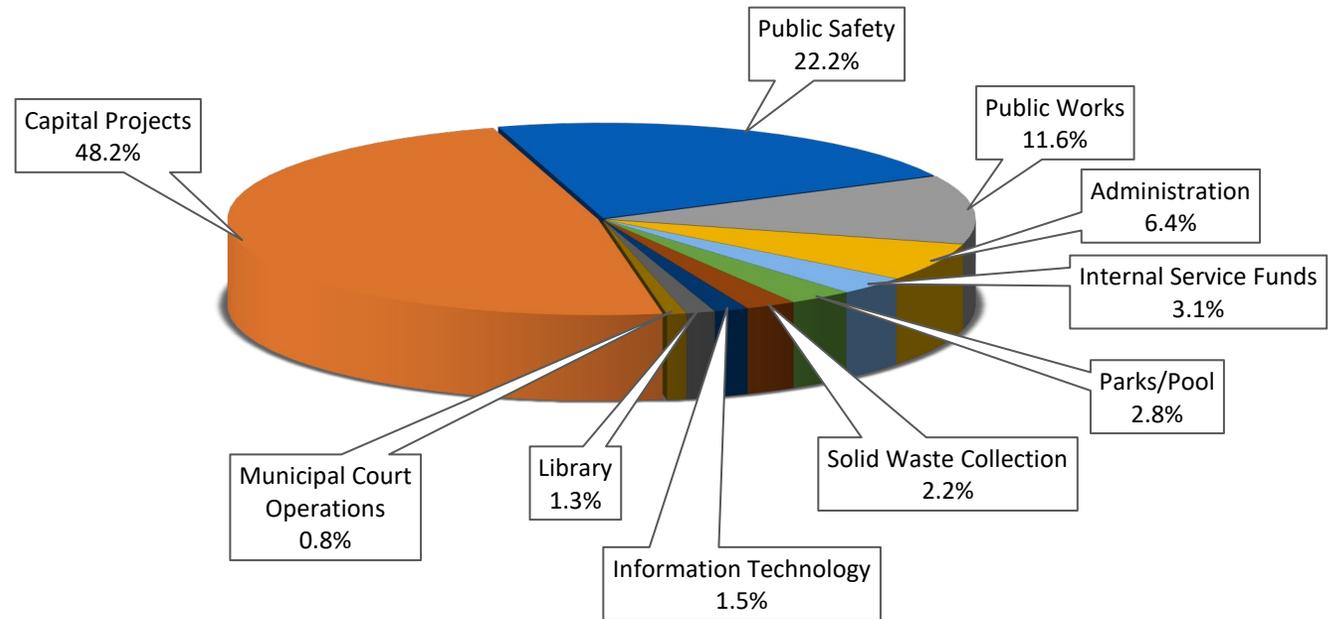
(CPI for All Urban Consumers: All Items in Dallas-Fort Worth-Arlington)

Expenditures by Type

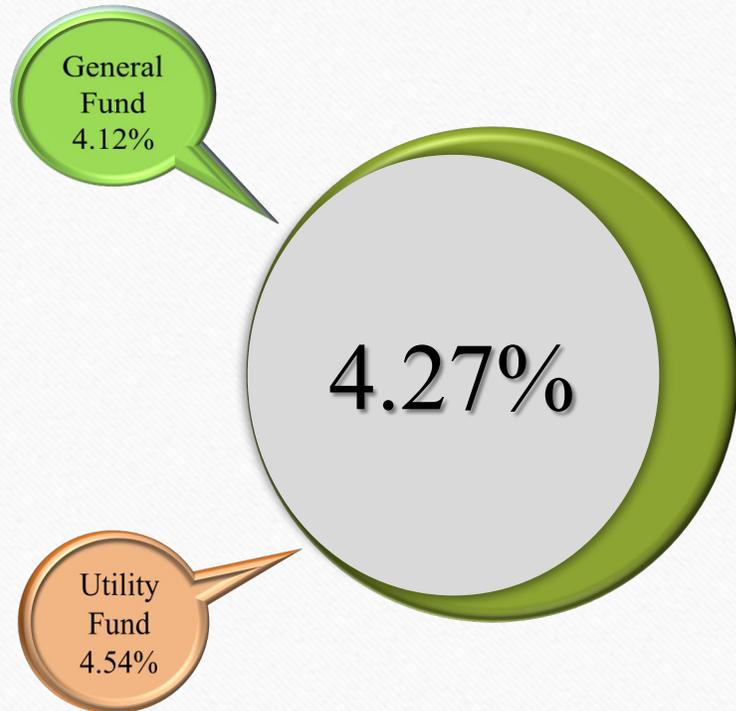


Expenditures by Function

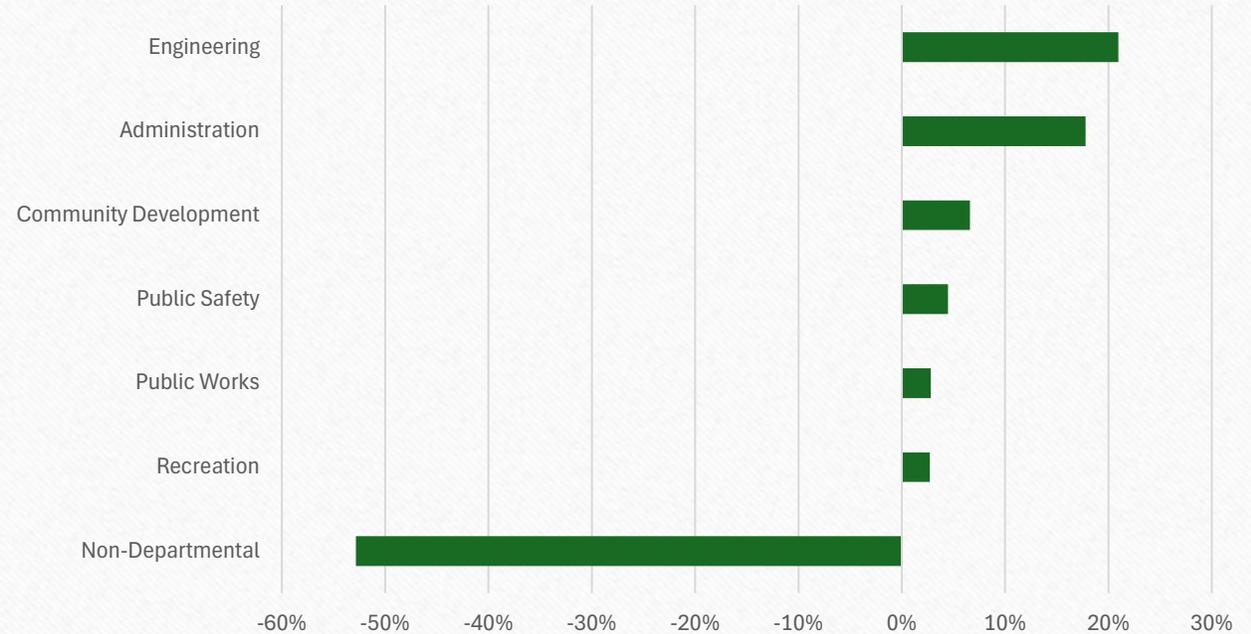
(Excludes Inter-Fund Transfers)



Change in Operational Budgets by Department (exclusive of capital improvement funding)

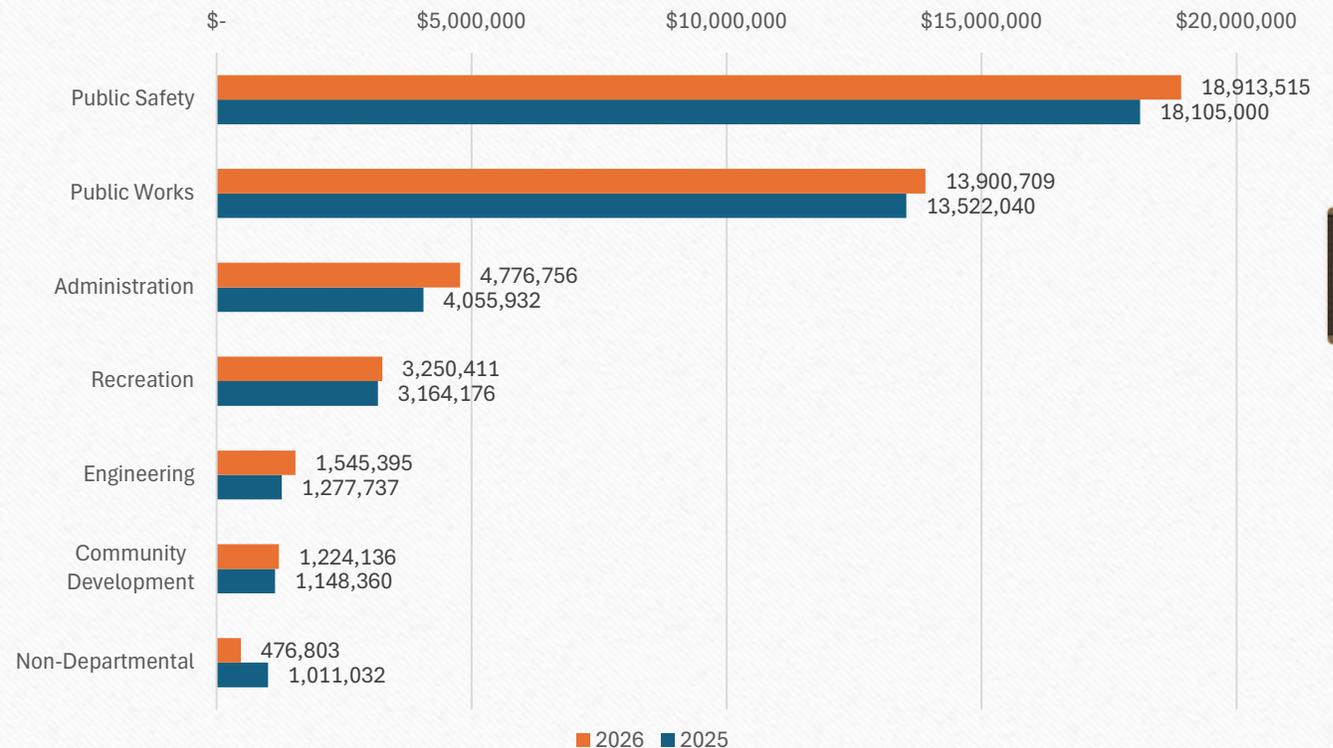


Operating Budgets by Function



Change in Operational Budgets by Department (exclusive of capital improvement funding)

- Added Cost Drivers:
 - Compensation Adjust. (\$820K)
 - Water Purchases Cost (\$347K)
 - Town-wide Backflow Prevention Program (\$330K)
 - DPS Radio Equipment Maint.(\$205K)
 - General Fund New Programs & Services (152K)



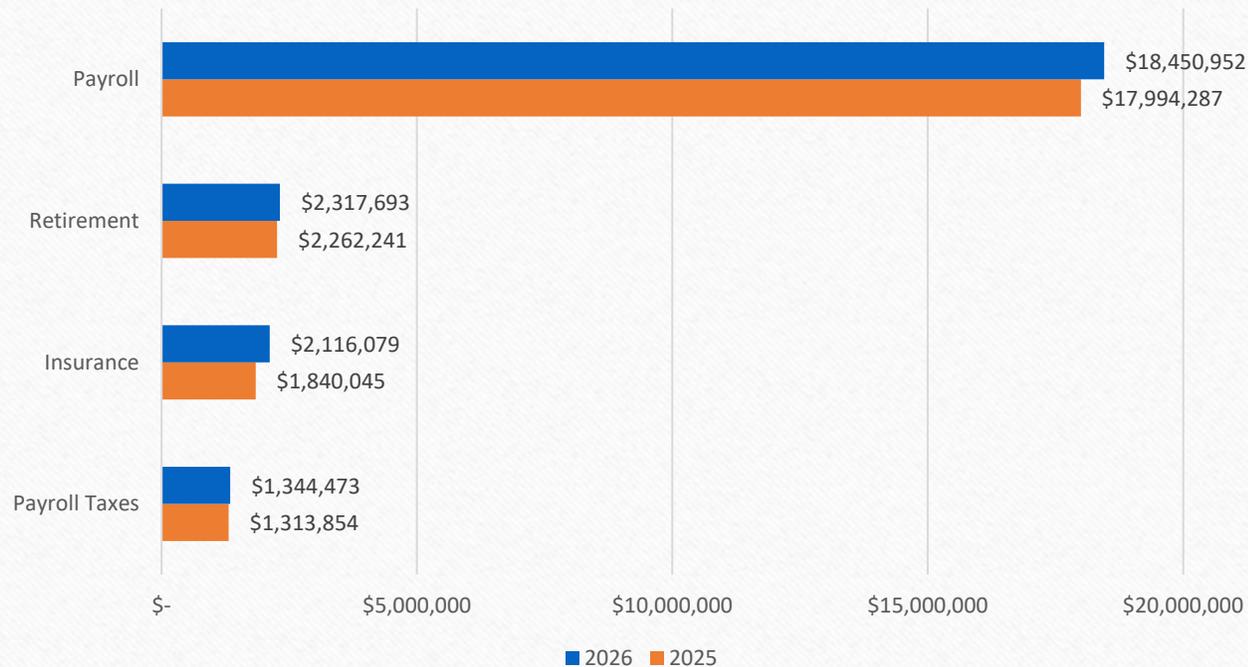
Comp & Benefits

Pay
Adjustments

TMRS

Health
Insurance

Changes in Operating Budgets (Personnel Costs – By Type)



- Significant drivers include:
 - Overall Personnel Cost Increase is 820K (3.5% overall increase)
 - Compensation Adjustments (820K)
 - Pay Scale Shifting 3%
 - Health Insurance 15% Increase (accounts for ~34% of overall Personnel Cost Increase)
 - Prior Year “Sign-on” Credit 185k
 - 8% Contractual Increase

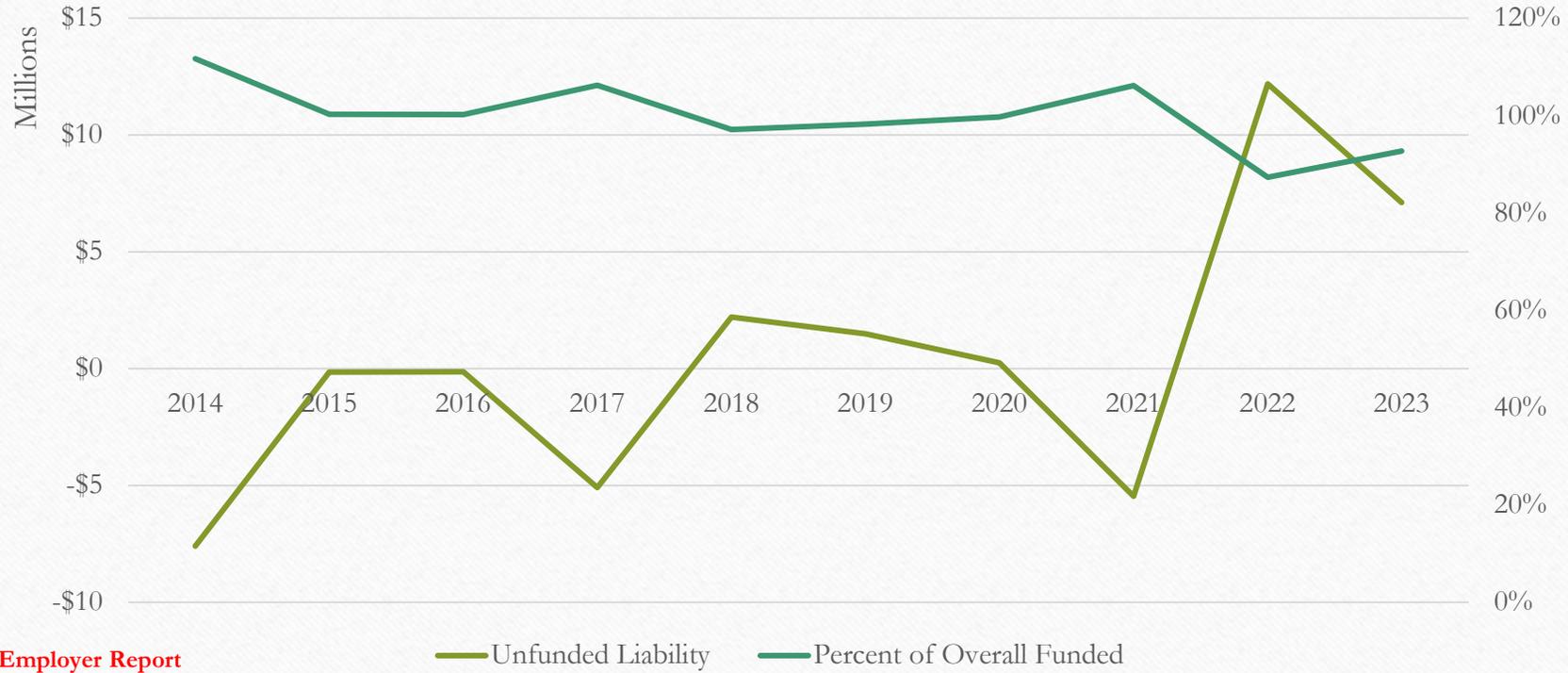
Proposed Compensation

- This proposed budget includes the following compensation assumptions:
 - No Across-the-board (ATB) proposed
 - Up to 6% merit based performance adjustment for all first responders
 - Up to 3.5% merit based performance adjustment for all civilian employees
- All pay plans are proposed to increase by 3%.

TMRS (Pension) Proposed Funding

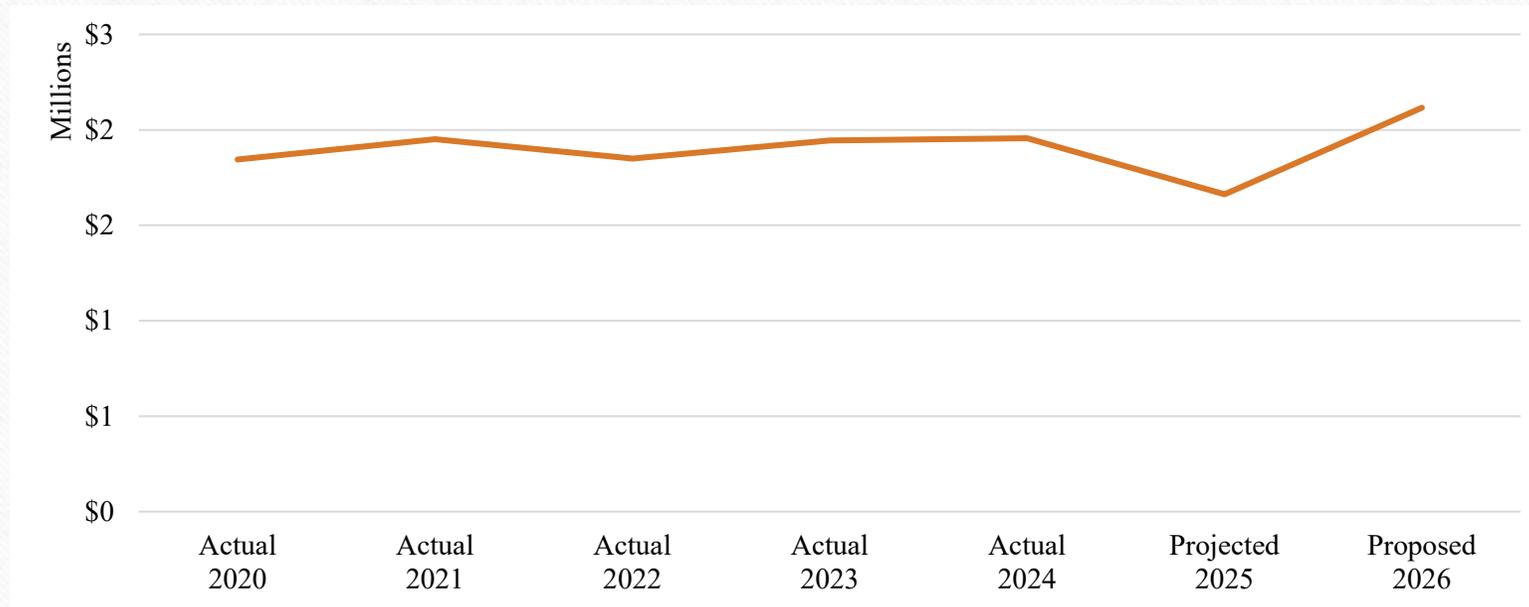
- This proposed budget includes the following assumptions:
 - Continuing the 2025 employer contribution rate of 12.56% as incorporated into this proposed budget
 - The 2026 employer contribution rate decreased to 11.99%; however, staff recommends to continue the 2025 contribution rate to pay down the Net Pension Liability
 - \$250,000 has been set aside (consistent with FY25) in the proposed budget as a supplemental contribution
 - \$205,000 in the General Fund
 - \$45,000 in the Utility Fund

TMRS (Pension)



Based on the GASB 68 Employer Report
The 2024 report will be available in July 2025

Health Insurance



Capital Improvement Plan

Capital Improvement Plan (CIP)

	FY 2026-2035 Adopted CIP		FY 2025-2034 CIP ⁽¹⁾
	FY 2026	10-Year	10-Year
<i>Capital Project Fund:</i>			
Roads & Bridges	\$ 24,945,186	\$ 91,852,852	\$ 88,401,154
Parks & Recreation	567,813	3,898,601	3,002,521
Landscaping	500,000	1,000,000	-
Facilities	-	-	77,400
Public Safety	-	-	975,000
Contingency	900,000	3,750,000	4,100,000
Sub-total*	\$ 26,912,999	\$100,501,453	\$ 96,556,075
<i>Utility Fund:</i>			
Water & Sewer Improvements	\$ 2,200,000	\$ 16,521,911	\$ 16,446,964
30" Interceptor - Transportation Project	2,750,000	5,514,679	2,645,409
Facilities	-	-	100,000
Water Tank Replacement	300,000	768,180	725,000
Utility Portion of Road Projects	848,966	7,184,811	10,867,397
Sub-total*	\$ 6,098,966	\$ 29,989,580	\$ 30,784,770
<i>Storm Water Drainage Fund:</i>			
Drainage Facility Improvements & Studies	\$ 750,000	\$ 9,374,936	\$ 7,675,000
Storm Water Portion of Road Projects	147,737	12,003,457	10,048,728
Exall & Connor Lakes Dredging	3,000,000	5,000,000	6,250,000
Hackberry Creek	2,500,000	8,900,000	9,900,000
Sub-total*	\$ 6,397,737	\$ 35,278,393	\$ 33,873,728
Total CIP	\$ 39,409,702	\$165,769,426	\$161,214,573

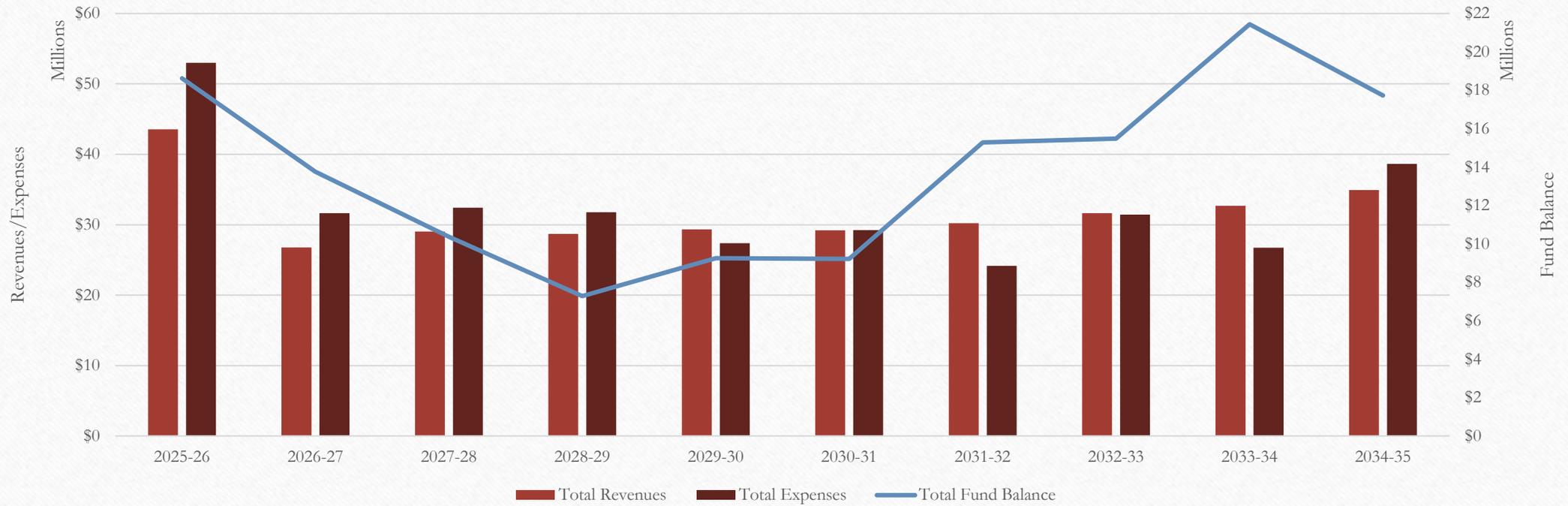
*Excludes transfers-out.

⁽¹⁾ Amounts based on CIP approved in the FY25 Adopted Budget

CIP – Financial Model

- ❖ Key assumptions include:
 - ❖ The updated financial model considers the Town's tax rate going down from 20.8550 cents to 20.0537 cents per \$100/T.A.V. for 2025-26
 - ❖ T.A.V. is projected to grow at a rate of 4.5% above 2025-26. The growth rate includes 1.014% in connection with new construction.
 - ❖ Sales tax revenue is projected to grow at a 2.5% per year for years beyond FY 2026.
 - ❖ Payroll growth ~4%
 - ❖ Water & Wastewater rate adjustments of 3.9% and 3% respectively are projected every year subsequent to FY 2026 through FY 2035. FY 2025 included a 6.5% adjustment to water and sewer rates.
 - ❖ Stormwater rate adjustments are projected to increase 100% (2025-26); 25% (2026-27); 15% (2027-28); 10% (2028-29); 5% (2029-30); 3% (2030-31 thru 2034-35)
 - ❖ Investment yield projected at 2.5% for years beyond FY 2026.

CIP – Financial Plan



Scenario 1A	
Total 20 Year Paygo @ 3.5% annual inflation	34,545,559
Breakeven Inflation Rate	6.2780%
Issue debt in three tranches	
Term: 20 Year Amortization	
Interest Rate	
Tranche 1	4.00%
Tranche 2	4.50%
Tranche 3	5.00%
Total P&I	46,227,666
Total Interest Paid	16,354,915
Total Principal	29,431,282
Cost of Issuance (1.5%)	441,469
Total Amount Borrowed	29,872,751
Annual Debt Service Payment	2,311,383
Total Savings @ 8% Inflation Rate	5,181,675

Scenario 1B	
Total 20 Year Paygo @ 3.5% annual inflation	34,545,559
Breakeven Inflation Rate	6.2780%
Issue debt in three tranches	
Term: 20 Year Amortization	
Interest Rate	
Tranche 1	4.00%
Tranche 2	4.50%
Tranche 3	5.00%
Total P&I	48,891,278
Total Interest Paid	17,338,897
Total Principal	31,086,090
Cost of Issuance (1.5%)	466,291
Total Amount Borrowed	31,552,381
Annual Debt Service Payment	2,444,564
Total Savings @ 10% Inflation Rate	12,937,880

Scenario 2A	
Total 20 Year Paygo @ 3.5% annual inflation	34,545,559
Breakeven Inflation Rate	5.4655%
Issue debt in one tranche	
Term: 20 Year Amortization	
Interest Rate	4.00%
Total P&I	43,961,786
Total Interest Paid	14,089,035
Total Principal	29,431,282
Cost of Issuance (1.5%)	441,469
Total Amount Borrowed	29,872,751
Annual Debt Service Payment	2,198,089
Total Savings @ 8% Inflation Rate	7,447,556

Scenario 2B	
Total 20 Year Paygo @ 3.5% annual inflation	34,545,559
Breakeven Inflation Rate	5.4655%
Issue debt in one tranche	
Term: 20 Year Amortization	
Interest Rate	4.00%
Total P&I	46,433,589
Total Interest Paid	14,881,208
Total Principal	31,086,090
Cost of Issuance (1.5%)	466,291
Total Amount Borrowed	31,552,381
Annual Debt Service Payment	2,321,679
Total Savings @ 10% Inflation Rate	15,395,570

Questions



