

City of Abernathy

P.O. Box 310
Abernathy, Texas 79311

July 14, 2008

To the Honorable Mayor and Members of the City Council:

In accordance with the Civil Statutes of the State of Texas and the Article of Incorporation of the City of Abernathy, the proposed budget for the fiscal year beginning October 1, 2008 is submitted for your review and consideration. The budget is intended to present, in financial terms, the overall plan for providing municipal services during the forthcoming year. This budget provides funding for the same basic level of services offered by the City as last year.

Introduction

The FY 2008-2009 budget was developed with limited resources. City departments have met this challenge. To continue to meet its challenge in the future, the City must seek to strengthen revenue base. In the coming years, we will need to focus on economic development to maintain and enhance our fiscal position, as well as to diversify our revenue and tax base.

Sales tax receipts have remained stable, and we will continue to manage our affairs in a conservative and prudent manner in order to avoid any major negative impact on our operations.

With the seemingly continual rise in the price of fuel and commodity based goods, the overall health of the economy is somewhat questionable. We should continue close scrutiny of "add-on" expenses throughout the coming year. That's not to say we shouldn't take advantage of strategic economic opportunities should they arise.

On the following pages of this letter you will find attached:

- Major Accomplishments in 2007-2008
- Overview of Fiscal Year 2008-2009
- Key Changes in the 2008-2009 Budget
- Overview of the 2007-2008 Budget
- Prospects for Future Progress
- Payroll Schedule
- Cash on Hand
- Outstanding Obligations
- Summary and Conclusion

Major Accomplishments in 2007-2008

The City has again enjoyed a fruitful year with several projects.

Work has been completed on the Downtown Revitalization Project.

As a result of a cooperative effort between the City and Abernathy ISD, the City was awarded a \$750,000 Grant under the Safe Routes to School program.

Continued progress has occurred on the street sign replacement effort. Work is now completed on all streets east of I-27.

The City took on a new street project where 5 paved streets will be installed. The City received a commitment of project funding for \$190,000 from TxDOT and an additional \$40,000 from BNSF for cooperating in the closing of the 11th Street rail crossing.

A protected rail crossing was installed on 16th Street as a result of the negotiated 11th St. closing. Also as negotiated, work has begun on protecting the FM 2060 and FM 597 rail crossings.

Repairs were made to the floor of the standpipe.

For the first time in recent history, the Airport is operating within its own means. Additionally, the City issued a new 225 acre grazing lease at the Airport.

The first Local Option Election ever was called and conducted in Abernathy. The proposition failed.

Ten substandard houses were demolished.

And finally, 6 new homes were located in Abernathy this year.

Overview of Fiscal Year 2008-2009

The budget reflects that the fiscal goal of trying to match expenditures to revenues has been achieved. There is a Revenue Reserve Fund payment of \$75,000 for the Water Fund for future projects. Likewise, The Airport Fund as a Revenue Reserve Fund payment of \$7,430.

Water Fund debt payments have decreased over last year. Last February, the City retired some long-term debt by making our final payment on the 1998 series Certificate of Obligation.

Ad Valorem tax rate has been proposed at .50/\$100 valuation. This is equal to the rate of rate used last year.

The rising cost of employee health insurance has continued to be a major financial concern for several years.

Another major influence on the Budget is the cost of fuel. As fuel prices continue to rise, cuts in other areas have been made to keep the budget in check. In October of 2003, the average cost per gallon of unleaded fuel was \$1.47. We saw fuel costs averaging over \$3.00 per gallon at the start of this year. Now fuel costs are over \$4.00 per gallon. All fuel allowances in the budget were increased by 50% this year.

In keeping with the increases of fuel costs, higher oil prices have had an affect on cost of goods as well, especially in the plastics and street sealing. The budget was increased by \$15,000 for our Sealcoat project this year.

Key Changes in the 2008-2009 Budget

One change in this year's budget is the adding of a human resource allowance to the General Fund. This will give us an account to expense drug testing, advertising, and other items related to hiring.

In previous budgets, Revenues are divided into Operating Revenues and Capital Improvement Fund Revenues. By maintaining this division, we can separate grant funds used for improvement projects from the operating funds, thereby reducing the amount of funds necessary to hold in reserve. There are no Capital Improvement Fund Revenues in this budget.

Revenues and Other Income - Budgeted operational revenues are expected to increase \$91,330 over the budgeted revenues for Fiscal Year 2007-2008. The General Fund increased \$40,000, the Water Fund increased \$45,900 and the Airport fund increased \$5,430.

Expenditures – The General Fund has expenditures balanced with revenues. The Water and Airport funds reflect projected revenues surpassing expenses. The Water Fund has \$75,000 set aside for reserve transfers and the Airport Fund has \$7,430 set aside for the same.

Capital Expenditures - Scheduled replacements have been minimized due to budgetary constraints.

Personnel – No personnel additions are included in this year's budget.

Overview of the 2007-2008 Budget

The General Fund budget is \$985,000. This amount represents a decrease of \$300,000 from the FY07-08 Budget. This decrease is associated with the BNSF and DRP grants being completed or near completed.

The Water/Sewer Fund budget is \$646,500. This amount represents an increase of 45,900 over the FY07-08 Budget. Included is allowance of \$18,500 for the purchase of a utility pickup. An allowance of \$75,000 has been set aside for transfer to reserve at the end of the year.

The Airport Fund budget is \$13,430. This amount represents an increase of \$5,430 over the FY07-08 Budget. No Capital Improvement Projects are scheduled for this Fund. An allowance of \$7,430 has been set aside for transfer to reserve at the end of the year.

Total combined income and expenditures for all funds for FY 2008-2009 totals \$1,644,930 for operating revenues and expenses.

Payroll for 2008-2009

General Fund

FULL-TIME SALARIED

Police Salaries	Position	Base Salary	Pay Sup.	End Pay
Villarreal, Luis	Police Chief	\$44,441	\$375	\$44,816
Ballard, Chris	Police Sgt.	\$35,010	\$275	\$35,285
A-3	Patrolman	\$28,500	\$275	\$28,775
Lancaster, Jason	Patrolman	\$28,840	\$275	\$29,115
Totals		\$136,791	\$1,200	\$137,991

Administrative Salaries	Position	Base Salary	Pay Sup.	End Pay
Cannon, Heilda	City Sec.	\$35,874	\$375	\$36,249
Cypert, Mike	City Mgr.	\$53,045	\$475	\$53,520
Totals		\$88,919	\$850	\$89,769

Parks Salary	Position	Base Salary	Pay Sup.	End Pay
Martinez, Jose	Park Maint.	\$17,227	\$275	\$17,502
Totals		\$17,227	\$275	\$17,502

PART-TIME SALARIED

Employee	Position	Base Salary	Pay Sup.	End Pay
Cecil, Oris	Fire Marshal	\$432	\$50	\$482
Hill, Hugh	10 hr.	\$11,102	\$100	\$11,202
	<i>Apportioned Municipal Judge</i>	\$8,326	\$75	--
	<i>Apportioned Building Inspector</i>	\$2,776	\$25	--
Totals		\$11,534	\$150	\$11,684

PART-TIME HOURLY

Employee	Position	Hourly Wage	Pay Sup.
	House		
Olivas, Margaret	Keeping	\$9.60	\$50
Middleton, Sharla	Librarian	\$7.75	\$50
Fowler, Delisa	Library Assistant	\$6.50	\$50

PART-TIME DAILY

Employee	Position	Daily Wage	Pay Sup.
Olivas, Joe	Cross Guard	\$15.00	\$50

Payroll for 2008-2009 (continued)

Water/Sewer Fund

FULL-TIME SALARIED

Administrative Salaries	Position	Base Salary	Pay Sup.	End Pay
Krista Villa	Bookkeeper	\$24,613	\$275	\$24,888
Totals		\$24,613	\$275	\$24,888

Water Dept. Salaries	Position	Base Salary	Pay Sup.	End Pay
Grimsley, Mike	Water Supt.	\$40,298	\$375	\$40,673
Marez, Alfredo III	Water Dept.	\$25,277	\$275	\$25,552
Marquez, Enrique	Water Dept.	\$31,138	\$275	\$31,413
Ponce, Ruben	Water Dept.	\$27,279	\$275	\$27,554
Martinez, Oscar	Water Dept.	\$24,437	\$275	\$24,712
Totals		\$148,429	\$1,475	\$149,904

PART-TIME SALARIED	Position	Base Salary	Pay Sup.	End Pay
Hall, Jettie	Water Clerk 20 hr.	\$9,645	\$100	\$9,745
Totals		\$9,645	\$100	\$9,745

Cash on Hand

As of July 14, 2008

Bank Balances

General Fund	\$	145,038.60
Water/Sewer Fund	\$	103,593.88
Airport Fund	\$	10,195.13
Total All Funds	\$	258,827.61

Investments

General Fund	\$	306,211.13
Water/Sewer Fund	\$	281,746.59
Airport Fund	\$	31,320.57
Total All Funds	\$	619,278.29

Cash on Hand – All Sources

General Fund	\$	451,249.73
Water/Sewer Fund	\$	385,340.47
Airport Fund	\$	41,515.70
Total All Funds	\$	878,105.90

Outstanding Obligations

Lease Purchases

John Deere Tractor

<u>FY – Pmt. #</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
2008-2009 - #5	\$6,491.70	\$6,204.44	\$287.26	\$0.00

John Deere Motorgrader

<u>FY – Pmt. #</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
2008-2009 - #2	\$16,412.50	\$14,279.49	\$2,133.01	\$31,544.81
2009-2010 - #3	\$16,412.50	\$14,957.77	\$1,454.74	\$16,138.31
2010-2011 - #4	\$16,412.50	\$15,668.26	\$744.24	\$0.00

Fire Star Pumper Truck

<u>FY – Pmt. #</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
2008-2009 - #2	\$13,841.51	\$9,903.39	\$3,938.12	\$71,584.33
2009-2010 - #3	\$13,841.51	\$10,388.56	\$3,452.95	\$60,904.70
2010-2011 - #4	\$13,841.51	\$10,897.49	\$2,944.02	\$49,753.35
2011-2012 - #5	\$13,841.51	\$11,431.36	\$2,410.15	\$38,109.45
2012-2013 - #6	\$13,841.51	\$11,991.39	\$1,850.12	\$25,951.23
2013-2014 - #7	\$13,841.51	\$12,578.84	\$1,262.67	\$13,255.99
2014-2015 - #8	\$13,841.51	\$13,195.09	\$646.42	\$0.00

General Obligation Bond

Certificate of Obligation - 2000 Issue

Feb	09	Prin.	\$40,000
Feb	09	Int.	\$2,550
Aug	09	Int.	\$1,350
Feb	10	Prin.	\$45,000
Feb	10	Int.	\$1,350
Total			\$90,250

Summary and Conclusion

We are continuing a process of evaluation of our financial strategy for the coming years. Adequate bank balances must be maintained, and the continuing efforts will be to find outside sources for funding.

City staff will continue to monitor the financial situation in a timely manner and will be prepared to bring recommendations to the Council at any time during the year if serious declines in revenues or unexpected expenses are foreseen.

Work has begun in the area of developing growth within the City of Abernathy. This is a step in the right direction and reinforces the fact that I am lucky to be able to work with a visionary Mayor and City Council.

I would like to express my appreciation to the Mayor and Council. What the staff works on and presents would be meaningless if the Council was not interested in striving for a professional, well run organization. I appreciate the opportunity to work for you, and will always attempt to be attentive to the desires of the Council.

It is hoped that this budget reflects the thinking and policies of the City Council and is representative of the desires of the Citizens of Abernathy. I especially hope you will let me know if you have any questions about this budget or the overall budget process.

Respectfully submitted,

Mike Cypert, City Manager

GENERAL FUND

REVENUE

OPERATING REVENUES		FY 08-09
014007	AD VALOREM TAXES	\$327,000
014014	DELINQUENT AD VALOREM TAXES	\$10,000
014021	PENALTIES AND INTEREST	\$10,000
014028	FRANCHISE FEES	\$110,000
014035	LICENSES & PERMITS	\$4,000
014049	MUNICIPAL COURT FEES	\$15,000
014056	COURT TECHNOLOGY FEES	\$200
014063	USE OF PROPERTY	\$1,000
014070	MISCELLANEOUS	\$2,000
014077	LEASES AND RENTS	\$20,000
014084	SANITATION CHARGES	\$222,000
014091	LANDFILL FEES (HALE COUNTY)	\$4,800
014105	SALES TAX INCOME	\$84,000
014112	SALES TAX (AD VALOREM)	\$42,000
014119	MOSQUITO SPRAYING	\$10,000
014126	AMBULANCE SERVICE	\$105,000
014127	LIBRARY SERVICES	\$5,000
014133	INTEREST INCOME	\$12,000
014140	SALE OF PROPERTY	\$1,000
TOTAL		\$985,000
TOTAL REVENUE - ALL SOURCES		\$985,000

EXPENSE

CITY PARKS		FY 08-09
015014	CITY PARK MAINTENANCE	\$9,000
TOTAL		\$9,000
JUDICIAL		FY 08-09
015049	LEGAL - PROSECUTOR	\$500
015056	JUDICIAL EXPENSES	\$10,500
015063	DUES & REGISTRATIONS	\$1,200
TOTAL		\$12,200
NONDEPARTMENTAL		FY 08-09
015105	CONTRACT SERVICES	\$7,000
015112	LEGAL PUBLICATIONS	\$1,000
015119	LEGAL	\$12,000

015126	ACCOUNTING	\$11,000
015133	DUES & REGISTRATIONS	\$2,000
015140	JANITORIAL SUPPLIES	\$800
015147	TELEPHONES	\$12,300
015151	UTILITIES	\$28,000
015154	GENERAL INSURANCE/SAFETY	\$23,000
015161	SMALL TOOLS	\$225
015168	PEST CONTROL	\$350
015175	SUPPLIES	\$2,000
015182	EQUIPMENT MAINTENANCE	\$800
015189	BUILDING & GROUNDS	\$3,000
015196	POST OFFICE	\$1,000
015203	LEASES PAYABLE	\$225

TOTAL	\$104,700
--------------	------------------

LEGISLATIVE

FY 08-09

015259	CONTRACT SERVICES	\$1,250
015266	DUES & REGISTRATIONS	\$3,000
015273	TRAVEL	\$3,000

TOTAL	\$7,250
--------------	----------------

EXPENSE

ADMINISTRATION

FY 08-09

015301	ADMINISTRATIVE AUTO ALLOWANCE	\$4,800
015308	CONTRACT SERVICES	\$750
015315	DUES & REGISTRATIONS	\$900
015322	TRAVEL	\$1,500
015329	OFFICE SUPPLIES	\$2,500
015336	PRINTING	\$500
015343	POSTAGE	\$800
015350	ELECTION	\$4,000
015371	SUPPLIES	\$600
015378	EQUIPMENT MAINTENANCE	\$200
015385	CIVIL DEFENSE	\$1,000

TOTAL	\$17,550
--------------	-----------------

SANITATION

FY 08-09

015434	CONTRACT SERVICES	\$158,000
015448	CONTRACT HAULING	\$8,500
015462	FUEL & OIL	\$1,200
015469	VECTOR CONTROL (MOSQUITO SPRAYING)	\$10,000
015476	SUPPLIES	\$750
015483	EQUIPMENT MAINTENANCE	\$1,200
015497	LANDFILL OPERATION	\$300

015501 TRACTOR LEASE PURCHASE \$6,500

TOTAL \$186,450

STREETS

FY 08-09

015525 CONTRACT SERVICES \$2,000
015532 ENGINEERING FEES \$8,000
015546 UTILITIES - STREET LIGHTING \$20,000
015553 FUEL & OIL \$12,000
015560 SMALL TOOLS \$500
015567 SUPPLIES \$3,000
015574 VEHICLE MAINTENANCE \$2,000
015581 EQUIPMENT MAINTENANCE \$6,000
015588 TIRES & ACCESSORIES \$2,000
015595 STREET MAINTENANCE \$40,000
015596 STREET ENHANCEMENTS \$4,000
015608 STREET SIGN PROJECT \$9,425
015609 MOTORGRADER LEASE \$16,425

TOTAL \$125,350

EXPENSE

FIRE

FY 08-09

015623 CONTRACT SERVICES \$1,750
015630 DUES, REGISTRATIONS, & TRAINING \$9,500
015651 FUEL & OIL \$4,000
015665 EQUIPMENT MAINTENANCE \$500
015672 BUILDING & GROUNDS \$1,200
015686 LEASE PAYABLE \$13,850
015694 EQUIPMENT & SUPPLIES \$10,500

TOTAL \$41,300

POLICE

FY 08-09

015728 UNIFORMS \$1,200
015735 CONTRACT SERVICES \$600
015742 DUES & REGISTRATIONS \$750
015749 TRAVEL \$750
015784 SPECIAL OPERATIONS \$500
015791 FUEL & OIL \$22,500
015798 SMALL TOOLS \$400
015805 ANIMAL SHELTER \$5,000
015812 SUPPLIES & EQUIPMENT \$5,650
015819 VEHICLE MAINTENANCE \$5,000
015826 EQUIPMENT MAINTENANCE \$2,000
015833 TIRES & ACCESSORIES \$1,000

		TOTAL	\$45,350
<hr/>			
	LIBRARY		FY 08-09
	<hr/>		
015868	LIBRARY SERVICES		\$2,400
015872	SOFTWARE SUPPORT		\$650
			<hr/>
			\$3,050
EXPENSE			
<hr/>			
	EMS		FY 08-09
	<hr/>		
015896	CONTRACT EMS BILLING		\$10,500
015910	EMS FUND		\$22,200
015917	DUES, REGISTRATION, & TRAINING		\$3,000
015959	FUEL & OIL		\$9,000
015966	SUPPLIES		\$4,000
015980	BUILDING & GROUNDS		\$300
			<hr/>
		TOTAL	\$49,000
<hr/>			
			\$601,200
TOTAL OPERATING EXPENSE			
PAYROLL			
<hr/>			
	PAYROLL		FY 08-09
	<hr/>		
017007	JUDICIAL SALARY		\$8,900
017014	CUSTODIAL SALARY (PT)		\$7,600
017021	ADMINISTRATIVE SALARIES		\$96,900
017022	LIBRARY SALARIES		\$13,400
017029	PARK SALARIES		\$18,000
017035	FIRE SALARIES		\$480
017042	POLICE SALARIES		\$154,800
017049	TML - ADMIN. DEPARTMENT		\$12,400
017056	TML - SANITATION DEPARTMENT		\$4,000
017063	TML - POLICE DEPARTMENT		\$19,400
017105	TMRS - ADMIN. DEPARTMENT		\$6,000
017112	TMRS - SANITATION DEPARTMENT		\$820
017119	TMRS - POLICE DEPARTMENT		\$1,100
017126	TML WORKERS COMPENSATION		\$14,000
017133	HR EXPENSES		\$3,000
017600	PAYROLL TAX EXPENSE (FICA)		\$23,000
			<hr/>
		TOTAL	\$383,800

TOTAL EXPENSE	\$985,000
TOTAL REVENUES	\$985,000
NET SURPLUS (DEFICIT)	\$0 =====

WATER FUND

REVENUE

REVENUES		FY 08-09
024014	INTEREST INCOME	\$10,000
024021	RECONNECTION FEES	\$100
024028	RETURNED CHECK / LATE FEES	\$25,000
024035	LEASE INCOME	\$30,000
024042	CRP CROP INCOME	\$900
024049	SALE OF PROPERTY	\$500
024056	METERED WATER SALES	\$440,000
024063	SEWER SERVICE SALES	\$136,000
024070	WATER SEWER PERMITS	\$3,000
024084	MISCELLANEOUS	\$1,000
TOTAL		\$646,500
TOTAL REVENUE - ALL SOURCES		\$646,500

EXPENSE

NONDEPARTMENTAL		FY 08-09
025007	ACCOUNTING	\$11,000
025021	JANITORIAL SUPPLIES	\$500
025035	GENERAL INSURANCE/SAFETY	\$15,500
025049	TELEPHONES	\$1,300
025056	BOND PRINCIPAL	\$40,000
025063	BOND INTEREST & SERVICE	\$3,900
025065	BAD DEBT / RETURNED CHECKS	\$5,000
025067	UTILITIES	\$4,000
025069	BUILDING & GROUNDS	\$500
TOTAL		\$81,700

ADMINISTRATION		FY 08-09
025147	CONTRACT SERVICES	\$1,600
025154	LEGAL	\$3,000
025168	DUES & REGISTRATIONS	\$1,500
025182	OFFICE SUPPLIES	\$3,000
025189	PRINTING	\$300
025196	POSTAGE	\$5,000
025231	SUPPLIES	\$600
025238	EQUIPMENT MAINTENANCE	\$200
025252	LEASES PAYABLE	\$400
025259	MISCELLANEOUS	\$400
TOTAL		\$16,000

EXPENSE

WATER / SEWER MAINTENANCE		FY 08-09
025462	UNIFORMS	\$6,700
025469	CONTRACT SERVICES	\$7,000
025476	ENGINEERING FEES	\$3,000
025483	DUES & REGISTRATIONS	\$4,000
025490	TRAVEL	\$2,000
025525	UTILITIES	\$46,000
025539	STATE FEES & PERMITS	\$8,000
025546	FUEL & OIL	\$33,000
025553	SMALL TOOLS	\$1,000
025560	CHEMICALS	\$5,000
025567	SUPPLIES	\$7,500
025574	VEHICLE MAINTENANCE	\$5,000
025581	EQUIPMENT MAINTENANCE	\$10,000
025588	TIRES & ACCESSORIES	\$2,000
025595	BUILDING & GROUNDS	\$7,000
025602	WATER/SEWER TREATMENT	\$7,500
025609	UTILITY MAINTENANCE	\$26,000
025616	FARM PROGRAM	\$500
025623	MISCELLANEOUS	\$800
025630	CAPITAL OUTLAY	\$18,500
TOTAL		\$200,500
TOTAL OPERATING EXPENSE		\$298,200

PAYROLL

PAYROLL		FY 08-09
027007	ADMINISTRATIVE SALARIES	\$36,000
027014	MAINTENANCE SALARIES	\$172,000
027021	TML - ADMIN. DEPARTMENT	\$5,300

027056	TML - MAINTENANCE DEPARTMENT	\$27,000
027077	TMRS - ADMIN. DEPARTMENT	\$1,900
027084	TMRS - MAINTENANCE DEPARTMENT	\$11,100
027091	TML WORKERS COMPENSATION	\$4,000
027600	PAYROLL TAX EXPENSE (FICA)	\$16,000

TOTAL	\$273,300
--------------	------------------

REVENUE RESERVE FUND	\$75,000
-----------------------------	-----------------

TOTAL EXPENSE	\$646,500
TOTAL REVENUES	\$646,500
NET SURPLUS (DEFICIT)	\$0
	=====

AIRPORT FUND

REVENUE

OPERATING REVENUES		FY 08-09
034014	INTEREST INCOME	\$30
034021	LEASE INCOME	\$13,400
	TOTAL	\$13,430
	TOTAL REVENUE - ALL SOURCES	\$13,430

EXPENSE

EXPENDITURES		FY 08-09
035007	CONTRACT SERVICES	\$200

035056	UTILITIES	\$2,000
035070	GENERAL INSURANCE / SAFETY	\$900
035077	CHEMICALS	\$500
035084	SUPPLIES	\$200
035091	EQUIPMENT MAINTENANCE	\$500
035098	BUILDING & GROUNDS	\$400
035105	RUNWAY MAINTENANCE	\$1,000
035119	MISCELLANEOUS	\$300

TOTAL		\$6,000
--------------	--	----------------

REVENUE RESERVE FUND		\$7,430
-----------------------------	--	----------------

TOTAL OPERATING EXPENSE		\$13,430
--------------------------------	--	-----------------

TOTAL EXPENSE		\$13,430
TOTAL REVENUES		\$13,430
NET SURPLUS (DEFICIT)		\$0
		=====