

City of Abernathy

Budget

**For the Fiscal year
Beginning October 1, 2018
Ending September 30, 2019**

Notice

**THIS BUDGET SUPPORTS AN UNCHANGED
PROPERTY TAX RATE OF \$0.5900/\$100.00
VALUATION.**

**THIS BUDGET WILL RAISE MORE TOTAL PROPERTY
TAXES THAN LAST YEAR'S BUDGET BY \$27,706 OR
5.65%, AND OF THAT AMOUNT, \$4,773 IS TAX
REVENUE TO BE RAISED FROM NEW PROPERTY
ADDED TO THE TAX ROLL THIS YEAR.**

CITY OF ABERNATHY

LIST OF ELECTED AND APPOINTED OFFICIALS

ELECTED

Sharon Kester-Fair	Mayor
Michael Macias	Mayor Pro-Tem
Ron Johnson	Councilman
Jared Shannon	Councilman
Bilinda Prater	Councilwoman
Matt Riley	Councilman

APPOINTED

Mike Cypert	City Manager
Krista Adames	City Secretary
Luis Villarreal	Chief of Police
Carl Johnson	Municipal Judge
Todd Hurd	City Attorney

City of Abernathy

P.O. Box 310
Abernathy, Texas 79311

July 25, 2018

To the Honorable Mayor, Members of the City Council, and Citizens of Abernathy:

In accordance with the Civil Statutes of the State of Texas, the proposed budget for the fiscal year beginning October 1, 2018 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 continued basic level of services offered by the City.

OVERVIEW

Expenses in the General Fund have increased by 28.94% or \$436,630.

Expenses in the Water/Sewer Fund have increased by 2.09% or \$21,368. The increase includes a transfer of funds from the Water Fund to the General Fund totaling \$269,978.

PERSONNEL

Payroll activities account for the single largest expense. Payroll amounts to 41.39% (when debt service and grant project funds have been removed) of the City's budgeted operational expenses. Personnel cost with benefits total \$1,062,067. In FY 17-18, personnel costs were calculated at \$1,050,012 or 42.82% of the O&M budget.

No changes in staffing levels have been proposed. The budget provides funding for 17 full-time and 8 part-time positions.

Salaries

Employee salaries were increased in the FY 2018-2019 budget for all employees. The U.S. Bureau of Labor Statistics CPI Report for March, 2018 was used to calculate the inflation adjusted wage rate increases at 2.4%.

Insurance

Medical insurance costs increased 25% for FY 2018-2019. The city offers 100% coverage for all full-time permanent employees and 50% of dependant coverage for any employee was hired prior to September, 2012 and who has been continually employed since. As directed by the City Council, a one-year cost share of 25% for dependant coverage was added for any employee hired on or after September 12, 2012. Employees are required to purchase Dental Insurance.

The City provides \$15,000 life insurance for all full-time employees.

GENERAL FUND

The General Fund provides for basic services of the city including Legislative, Administration, Police Department, Fire Department, Street Maintenance, Sanitation Services, Parks and Recreation, Library, Municipal Court, Code Enforcement and Animal Control.

The General Fund receives revenues from property tax, sales tax, and franchise tax as well as a transfer from the Water/Sewer Fund, and other miscellaneous fees. The Ad Valorem tax base has increased 5.90 % with total net taxable value of \$107,083,494. This increase includes new property added to the tax rolls within the previous year. No change to the ad valorem tax rate of \$0.5900/\$100 valuation has been proposed.

Major expenditures allocated in the General Fund Include:

Streets - Sealcoat Project	\$50,000
Contract Garbage Collection	\$155,850
EMS Contract	\$158,705

Capital Improvement Projects for the General Fund Include

TDA-CDBG Streets Paving Grant	\$330,000
Fire Department PPE Room	\$9,000
Fire Department Building	\$59,500
Police Department Radios	\$28,515

WATER/SEWER FUND

Proprietary Funds are used to account for the city's "businesslike" activities. A portion of the funds generated in the city's Water/Sewer Fund are transferred to the General Fund.

Major expenditures allocated in the Water/Sewer Include:

Bond Debt Service	\$118,595
Water Production Utilities	\$55,000
Utility Maintenance	\$70,000

Capital Improvement Projects for the Water/Sewer Fund Include

Building Insulation and Siding Repairs	\$18,000
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OUTSTANDING DEBT

Balance of all outstanding debt as of October 1, 2018 is \$1,118,000.

Source of Debt:

2015 Series Certificate of Obligation

Date	Principal Payment	Interest Payment	FY Total Payments	Principal Balance	P&I Due - On Time - In Full
2-15-19	85,000.00	17,202.90		1,118,000.00	1,319,000.80
8-15-19		15,987.40	118,190.30	1,118,000.00	1,303,013.40
2-15-20	88,000.00	15,987.40		1,030,000.00	1,199,026.00
8-15-20		14,729.00	118,716.40	1,030,000.00	1,184,297.00
2-15-21	90,000.00	14,729.00		940,000.00	1,079,568.00
8-15-21		13,442.00	118,171.00	940,000.00	1,066,126.00
2-15-22	93,000.00	13,442.00		847,000.00	959,684.00
8-15-22		12,112.10	118,554.10	847,000.00	947,571.90
2-15-23	96,000.00	12,112.10		751,000.00	839,459.80
8-15-23		10,739.30	118,851.40	751,000.00	828,720.50
2-15-24	98,000.00	10,739.30		653,000.00	719,981.20
8-15-24		9,337.90	118,077.20	653,000.00	710,643.30
2-15-25	101,000.00	9,337.90		552,000.00	600,305.40
8-15-25		7,893.60	118,231.50	552,000.00	592,411.80
2-15-26	104,000.00	7,893.60		448,000.00	480,518.20
8-15-26		6,406.40	118,300.00	448,000.00	474,111.80
2-15-27	107,000.00	6,406.40		341,000.00	360,705.40
8-15-27		4,876.30	118,282.70	341,000.00	355,829.10
2-15-28	110,000.00	4,876.30		231,000.00	240,952.80
8-15-28		3,303.30	118,179.60	231,000.00	237,649.50
2-15-29	114,000.00	3,303.30		117,000.00	120,346.20
8-15-29		1,673.10	118,976.40	117,000.00	118,673.10
2-15-30	117,000.00	1,673.10	120,346.20	0.00	0.00

RESERVE FUND STRATEGY

In the FY 16-17 financial audit, the City of Abernathy reported a cash balance of \$2,146,722 at the end of the fiscal year; \$1,420,826 unrestricted and \$725,896 being dedicated and set aside for Water/Sewer capital improvement projects and debt service.

Budgeting – When the city’s anticipated revenue will not cover expenses, reserve funds may be used to balance the budget.

Capital Improvement Projects – The reserve balance can be used to fund (typically larger) capital projects including but not limited to the purchase of equipment, buildings, and other tangible assets or capital improvements.

Emergency Fund - Emergency funds typically consist of a 3-6 months insurance for continued operating expenses following a natural disaster or other calamity where the

city's ability to generate or receive income might be affected. In the past, the city has consistently maintained a 6-month balance. For the purposes of this budget, a healthy 6-month emergency fund should maintain a balance of \$1,493,700.

Debt – As of October 1st, the principal balance on all city debt is \$1,203,000.00 having been issued in the form of a 2015 series certificate of obligation with a coupon interest rate of 2.86%. Certificates of Obligation are typically issued without voter approval and backed by tax revenue, fee revenues, or a combination of the two. The City's CO's are secured by a combination of property taxes and a limited pledge of the City's combined water and wastewater system revenue.

Each month, the City Secretary transfers \$10,000 of water/sewer funds into an interest & sinking account for debt service, in keeping with the terms of the agreement issuing the debt. Once any funds have been placed into an I&S account, they cannot be transferred out except for the purpose of debt service.

On February 1, 2018, the city had an unused CO balance of \$188,876.60. Those funds were placed into an I&S certificate of deposit. The first date the city can use these funds to pay down debt with a call-payment is February 15, 2022.

Long Range Planning – Two large expenditures have been identified and anticipated in the city's future; airport decommission with the FAA and water source development.

Airport - The City accepted the Abernathy Municipal Airport in 1948 from the U.S. War Assets Administration with the understanding that the property would be used as a public airport. After discussing the financial circumstances involving the airport with both the FAA and TxDOT, the City Council ceased aviation operations on the property in 2013. All Airport assets were transferred to the General Fund. During these discussions with the FAA leading up to the closure, it was determined that the city might have to pay a fair market value for the land involved in order to get a deed of release to remove the caveat requiring the property to be used as a public airport. The property has critical water infrastructure on the property necessitating the need to maintain ownership.

According to an appraisal conducted during the process, the anticipated buy-out amount was estimated with a land value for 428.1 acres at \$500.00 per acre, or \$214,050. The completion of the process remains unresolved at this time and the final amount required to satisfy the FAA and/or GAS has yet to be established.

Water Source Development - In 2015, the City hired Parkhill Smith and Cooper to conduct a water supply evaluation to anticipate the life span of the city's well fields in the Ogallala Aquifer as a public drinking water source. This study concluded that under normal cyclical weather patterns, the City's wells have an estimated supply sufficient to meet our needs until 2037 and under drought conditions, that timeline was reduced significantly.

In 2016, the city concluded a study of the Dockum Aquifer as a probable water source and it was determined that it could potentially meet the city's needs reaching 75 years or more into the future. In order to utilize the Dockum, infrastructure costs were estimated to be \$6,687,940.

SUMMARY

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.

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 operated 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.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Mike Cypert", with a stylized flourish extending to the right.

Mike Cypert, City Manager

GENERAL FUND BUDGET

OPERATING REVENUES		FY 18-19
014004	DISCOUNT CURRENT TAXES	\$0
014007	AD VALOREM TAXES	\$554,261
014014	DELINQUENT AD VALOREM TAXES	\$12,500
014021	PENALTIES AND INTEREST	\$10,000
014028	FRANCHISE FEES	\$145,000
014035	LICENSES & PERMITS	\$4,000
014037	ANIMAL CONTROL FEES	\$3,000
014049	MUNICIPAL COURT FEES	\$15,500
014056	COURT TECHNOLOGY FEES	\$75
014057	COURT SECURITY FEE	\$50
014070	MISCELLANEOUS	\$1,000
014077	LEASES AND RENTS	\$69,000
014084	SANITATION CHARGES	\$276,040
014091	SANITATION FEES (HALE COUNTY)	\$4,800
014094	RECYCLING	\$3,500
014105	SALES TAX INCOME	\$125,000
014112	SALES TAX (AD VALOREM)	\$62,500
014119	MOSQUITO SPRAYING	\$15,500
014127	LIBRARY SERVICES	\$5,585
014128	LIBRARY MISC INCOME	\$150
014133	INTEREST INCOME	\$2,000
014140	SALE OF PROPERTY	\$1,000
014398	INTERFUND TRANSFER	\$269,978
TOTAL		\$1,580,439
GRANT PROJECT REVENUE		FY 18-19
014409	CDBG GRANT FUNDS	\$275,000
014417	CRIMINAL JUSTICE GRANT	\$28,515
TOTAL		\$303,515
TOTAL REVENUE - ALL SOURCES		\$1,883,954
CITY PARKS		FY 18-19
015013	CONTRACTED MAINTENANCE	\$1,320
015014	CITY PARK MAINTENANCE	\$11,000
TOTAL		\$12,320
JUDICIAL		FY 18-19
015056	JUDICIAL EXPENSES	\$13,500
015063	DUES, REGISTRATIONS & MEETINGS	\$1,400
TOTAL		\$14,900

NONDEPARTMENTAL		FY 18-19
015105	APPRAISAL DIST. EXPENSE	\$13,500
015112	LEGAL PUBLICATIONS	\$2,500
015113	CODIFICATION	\$1,200
015119	LEGAL	\$18,000
015126	ACCOUNTING	\$7,700
015147	TELEPHONES	\$8,500
015151	UTILITIES	\$16,000
015154	GENERAL INSURANCE/SAFETY	\$21,243
015182	VEHICLE REG. SUPPLIES	\$0
015189	CITY HALL MAINT	\$5,000
015195	SENIOR CITIZENS MAINT	\$1,500
015196	POST OFFICE MAINT	\$1,000
015197	EMS MAINT	\$1,000
015203	CLINIC MAINT	\$1,000
015209	UMC-EMS CONTRACT	\$158,705
015210	ENVIRONMENTAL HEALTH INSP.	\$1,450
015211	LEASE PROPERTY EXPENSE	\$750
	TOTAL	\$259,048
LEGISLATIVE		FY 17-18
015266	DUES, REGISTRATIONS & MEETINGS	\$6,000
015273	TRAVEL	\$1,000
	TOTAL	\$7,000
ADMINISTRATION		FY 18-19
015301	ADMINISTRATIVE AUTO ALLOWANCE	\$6,000
015315	DUES, REGISTRATIONS & MEETINGS	\$2,500
015329	OFFICE SUPPLIES	\$4,500
015336	PRINTING	\$450
015343	POSTAGE	\$1,200
015350	ELECTION	\$4,000
015385	CIVIL DEFENSE	\$2,000
	TOTAL	\$20,650
SANITATION		FY 18-19
015434	CONTRACT ALLEY SERVICE	\$145,850
015435	CONTRACTED FUEL ADJ. FEES	\$10,000
015448	TRANSFER STATION DISPOSAL	\$25,000
015452	PLAINVIEW RECYCLE PROG.	\$3,000
015469	VECTOR CONTROL (MOSQUITO)	\$15,500
015476	SUPPLIES	\$1,400
015483	EQUIPMENT MAINTENANCE	\$5,000
015497	ANIMAL CONTROL	\$4,000
015501	CODE ENFORCEMENT	\$16,000
015503	BUILDING & GROUNDS	\$1,000
	TOTAL	\$226,750

STREETS		FY 18-19
015525	STREET & POTHOLE REPAIR	\$14,000
015531	SEALCOAT PROJECT	\$50,000
015532	ENGINEERING FEES	\$7,500
015539	DUES, REGISTRATIONS & TRAINING	\$1,500
015546	UTILITIES - STREET LIGHTING	\$28,750
015553	FUEL - GASOLINE	\$8,950
015554	FUEL - DIESEL	\$5,000
015560	UNIFORMS	\$3,000
015567	SUPPLIES	\$5,500
015574	VEHICLE MAINTENANCE	\$3,000
015581	EQUIPMENT MAINTENANCE	\$13,000
015602	STREET BASE MATERIAL	\$9,000
015608	STREET SIGN REPAIRS	\$1,000
015610	CDBG PAVING GRANT	\$330,000
TOTAL		\$480,200

FIRE		FY 18-19
015616	FIRE DEPARTMENT FUND	\$26,400
015651	VEHICLE FUEL	\$4,000
015672	BUILDING & GROUNDS	\$3,500
015679	CAPITAL IMPROVEMENTS	\$68,500
TOTAL		\$102,400

POLICE		FY 18-19
015728	UNIFORMS	\$2,500
015735	SOFTWARE / IT	\$6,500
015742	DUES, REGISTRATIONS & TRAINING	\$7,000
015749	TRAVEL	\$1,000
015756	CRIMINAL JUSTICE GRANT	\$28,515
015757	LEADS ONLINE	\$1,200
015758	CRIME LAB EXPENSE	\$750
015791	VEHICLE FUEL	\$22,000
015812	SUPPLIES & EQUIPMENT	\$9,000
015819	VEHICLE MAINTENANCE	\$4,000
015820	VEHICLE TECH SUPPORT	\$1,200
015826	VEHICLE REPLACEMENT	\$0
TOTAL		\$83,665

LIBRARY		FY 18-19
015868	LIBRARY SERVICES	\$7,800
015872	SOFTWARE SUPPORT	\$582
TOTAL		\$8,382

TOTAL OPERATING EXPENSE	\$1,215,315
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PAYROLL		FY 18-19
017007	JUDICIAL SALARY	\$11,075
017014	CUSTODIAL SALARY (PT)	\$9,165
017021	ADMINISTRATIVE SALARIES	\$138,300
017022	LIBRARY SALARIES	\$9,850
017029	SPS SALARIES	5%OT \$143,236
017035	FIRE SALARIES	\$573
017042	POLICE SALARIES	9% OT \$223,200
017049	TML - ADMIN. DEPARTMENT	\$24,922
017056	TML - SPS DEPARTMENT	\$41,915
017063	TML - POLICE DEPARTMENT	\$52,393
017071	TML - WORKMAN'S COMP	2.50% \$16,062
017105	TMRS - ADMIN. DEPARTMENT	4.33% \$6,200
017106	TMRS - LIBRARY	4.33% \$0
017112	TMRS - SPS DEPARTMENT	4.33% \$5,147
017119	TMRS - POLICE DEPARTMENT	4.33% \$9,665
017133	HR EXPENSES	\$1,000
017600	PAYROLL TAX EXPENSE (FICA)	7.66% \$41,000
TOTAL		\$733,703

TOTAL EXPENSE	FY 18-19
TOTAL REVENUES	\$1,949,018
NET SURPLUS (DEFICIT)	\$1,883,954
	-\$65,064

WATER/SEWER FUND BUDGET

REVENUES		FY 18-19
024007	ACH/CC FEES	\$1,250
024014	INTEREST INCOME	\$2,400
024021	RECONNECTION FEES	\$5,200
024028	RETURNED CHECK / LATE FEES	\$26,000
024035	LEASE INCOME	\$29,250
024042	CRP CROP INCOME	\$0
024056	METERED WATER SALES	\$790,000
024063	SEWER SERVICE SALES	\$185,000
024070	TAP FEES & PERMITS	\$1,800
024084	MISCELLANEOUS	\$1,000
TOTAL		\$1,041,900

GRANT PROJECT REVENUE		FY 18-19
TOTAL		\$0
TOTAL REVENUE - ALL SOURCES		\$1,041,900

NONDEPARTMENTAL		FY 18-19
025007	ACCOUNTING	\$7,700
025021	JANITORIAL SUPPLIES	\$3,000
025035	GENERAL INSURANCE/SAFETY	\$21,243
025049	TELEPHONES	\$8,500
025063	BOND INTEREST & SERVICE	\$118,195
025067	UTILITIES	\$16,000
025069	CITY HALL MAINT	\$5,000
025070	LEASE PROPERTY EXPENSE	\$1,000
025137	INTERFUND TRANSFER	\$269,978
TOTAL		\$450,616

ADMINISTRATION		FY 18-19
25147	SOFTWARE / IT	\$2,000
025154	LEGAL/PUBLICATIONS	\$2,500
025168	DUES, REGISTRATIONS & MEETINGS	\$2,500
025175	TRAVEL	\$1,000
025182	OFFICE SUPPLIES	\$4,500
025189	PRINTING	\$2,000
025196	POSTAGE	\$6,500
025231	ACH/CC EXPENSE	\$4,200
025238	EQUIPMENT MAINTENANCE	\$0
025245	EQUIPMENT LEASES/MAINT	\$820
025252	LEASES PAYABLE - BNSF	\$900
TOTAL		\$26,920

WATER / SEWER MAINTENANCE	FY 18-19
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025462	UNIFORMS	\$7,500
025476	ENGINEERING FEES	\$10,000
025483	DUES, REGISTRATIONS & TRAINING	\$5,000
025490	TRAVEL	\$1,500
025525	UTILITIES	\$53,000
025539	STATE FEES & PERMITS	\$9,000
025546	FUEL - GASOLINE	\$11,000
025547	FUEL - DIESEL	\$5,000
025567	SUPPLIES	\$6,000
025574	VEHICLE MAINTENANCE	\$7,000
025581	EQUIPMENT MAINTENANCE	\$17,000
025588	CAPITAL IMPROVEMENTS	\$18,000
025595	BUILDING & GROUNDS	\$1,000
025602	WATER/SEWER TREATMENT	\$15,000
025609	UTILITY MAINTENANCE	\$70,000
TOTAL		\$236,000

TOTAL OPERATING EXPENSE	\$713,536
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PAYROLL	FY 18-19
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027007	ADMINISTRATIVE SALARIES	\$32,770
027014	MAINTENANCE SALARIES	\$195,175
027021	TML - ADMIN. DEPARTMENT	\$12,461
027056	TML - MAINTENANCE DEPARTMENT	\$52,393
027071	TML - WORKMAN'S COMP	\$7,235
027077	TMRS - ADMIN. DEPARTMENT	\$1,420
027084	TMRS - MAINTENANCE DEPARTMENT	\$8,450
027133	HR EXPENSES	\$1,000
027600	PAYROLL TAX EXPENSE (FICA)	\$17,460
TOTAL		\$328,364

	FY 18-19
TOTAL EXPENSE	\$1,041,900
TOTAL REVENUES	\$1,041,900
NET SURPLUS (DEFICIT)	\$0

**AD VALOREM
TAX WORKSHEET**

Certified Totals		Lubbock	Hale	Total
Date Certified		7/25/2018	7/25/2018	
Total Net Taxable Value		\$27,191,312	\$79,830,796	\$107,022,108
Total Value of Protested Property	+	\$61,386		\$61,386
Transfer Adjustments				\$0
Total Tax Value, over 65 and Disabled	-	\$4,487,987	\$17,513,789	\$22,001,776
Adjusted Tax Value	=	\$22,764,711	\$62,317,007	\$85,081,718
Projected tax rate	x	0.5900	0.5900	0.5900
Projected Levy without over 65/Disabled ceiling	=	\$134,312	\$367,670	\$501,982
Total Levy to be collected over 65/Disabled	+	\$18,846	\$68,811	\$87,657
Total Levy	=	\$153,158	\$436,481	\$589,639
Anticipated Collection Rate (percentage)	x	0.94	0.94	0.94
Anticipated Levy Amount	=	\$143,968	\$410,292	\$554,261

Proposed Tax Rate	\$0.5900
Budgeted Tax Levy	\$554,261