

**City of Abernathy**

**Budget**

**For the Fiscal year  
Beginning October 1, 2012  
Ending September 30, 2013**

**Notice**

**This budget proposes increased property tax revenue of  
\$12,680 more than last year's budget.**

# City of Abernathy

P.O. Box 310  
Abernathy, Texas 79311

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July 24, 2012

## 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, 2012 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.

## Introduction

The FY 2012-2013 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 high cost of price of fuel and commodity based goods, and with the overall health of the economy questionable. We should continue close scrutiny of 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 2011-2012
- Overview of Fiscal Year 2012-2013
- Key Changes in the Budget
- Overview of the Budget
- Cash on Hand
- Outstanding Obligations
- Summary and Conclusion
- FY 2012-2013 Budget

## Major Accomplishments in 2011-2013

The city has again enjoyed a fruitful year with several projects. In addition to routine maintenance and operational functions:

- Work has continued on un-improved streets with the addition of RAP materials donated by the State of Texas .
- Repairs were made to the park sidewalks.
- City Hall foundation issues were repaired.
- Six city streets were paved with curb & gutter installed.
- The city secured additional HOME funding for 10 house reconstructions.
- City phone systems were upgraded.
- The city's building codes were updated.
- Test wells for water production have been completed.
- One Thousand ft. of large diameter hose was purchased for the Fire Department.
- The Water Department purchased a new pickup
- Major repairs were completed on the city's main lift station.
- The city applied for and was accepted to receive an additional HOME Grant in the amount of \$902,000.

## Overview of Fiscal Year 2012-2013

The budget reflects that the fiscal goal of trying to match expenditures to revenues has been achieved. There is a Revenue Reserve Fund transfer of \$100,000 into the Water Fund for a water well drilling project. The Airport Fund as a Revenue Reserve Fund payment of \$8,400.

The Water Fund has added new debt added for the lease/purchase payment of a backhoe. Over the past several years, the City has made reserve transfers for future projects. This year, the budget requires the use of \$100,000 of from the Reserve Fund Balance to assist in the cost of a new water well drilling project estimated to cost \$250,000 without taking on new debt.

Ad Valorem tax rate has been proposed at .5382/\$100 valuation. This rate is unchanged from last year's rate.

The rising cost of employee health insurance has continued to be a major financial concern for several years. Insurance costs for the upcoming year have increased by 7%.

Another major influence on the Budget continues to be the cost of fuel. Unstable fuel prices could only be described as challenging last year. All fuel allowances in the budget have been set using historical departmental need and then adjusted up 5% to better meet unpredictable fuel prices.

Along 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. Street sealing was increased from \$40,000 to \$50,000.

## Key Changes in the 2012-2013 Budget

This budget as presented as structurally the same as previous years.

As 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 Capital Improvement Fund Revenues of \$1,353,000 in General Fund for the HOME grants this budget.

**Revenues and Other Income** - Budgeted revenues are expected to increase \$790,380 over the budgeted revenues for Fiscal Year 2011-2012. The General Fund increased \$681,480, the Water Fund increased \$108,400 and the Airport fund increased \$500.

**Expenditures** – The goal of matching expenditures balanced with revenues has been accomplished in all funds. The Water and Airport funds reflect projected revenues surpassing expenses. The Water Fund accomplishes this with a \$100,000 fund balance transfer. The Airport Fund has \$8,400 transferring to the fund balance.

**Capital Expenditures** - General Fund has capital expenditures of \$1,353,000 in Home grant expenses and \$8,000 for the Fire Department to purchase new hose. Water Fund has capital expenditure of \$250,000 for water well drilling.

**Personnel** – Staffing levels have remained unchanged.

## Overview of the 2012-2013 Budget

The General Fund budget is \$2,472,480. This amount represents an increase of \$681,480 from the FY11-12 Budget. This increase is largely associated with grant funding.

The Water/Sewer Fund budget is \$832,750. This amount represents an increase of \$108,400 over the FY11-12 Budget. This amount represents the basic operating costs of the fund related businesses Capital Improvement Projects for purchases including a new water well and lease payments for a backhoe.

The Airport Fund budget is \$15,500. This amount represents an increase of \$500 over the FY10-11 Budget. No Capital Improvement Projects are scheduled for this fund. An allowance of \$8,400 has been set aside for transfer to reserve at the end of the year.

Total combined income and expenditures for all funds for FY 2012-2013 totals **\$3,320,730**. This is an increase of 790,380 over the previous year.

# Cash on Hand

As of July 2, 2012

## Bank Balances

General Fund	\$	170,081.19
Water/Sewer Fund	\$	133,353.32
Airport Fund	\$	5,756.10
Total All Funds	\$	309,190.61

## Investments

General Fund	\$	727,716.28
Water/Sewer Fund	\$	574,479.40
Airport Fund	\$	115,269.27
Total All Funds	\$	1,417,464.90

## Cash on Hand – All Sources

General Fund	\$	897,797.47
Water/Sewer Fund	\$	707,832.72
Airport Fund	\$	121,025.37
Total All Funds	\$	1,726,655.56

# Outstanding Obligations

## Lease Purchases

### Fire Star Pumper Truck

<u>FY – Pmt. #</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
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

### John Deere Backhoe

<u>FY – Pmt. #</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
2012-2013 - #2	19,802.69	\$16,794.69	\$3,008.00	\$74,045.40
2013-2014 - #3	19,802.69	\$17,357.31	\$2,445.38	\$56,281.18
2014-2015 - #4	19,802.69	\$17,938.78	\$1,863.91	\$38,027.91
2015-2016 - #5	19,802.69	\$18,539.73	\$1,262.96	\$19,272.13
2016-2017 - #6	19,802.69	\$18,539.73	\$641.89	\$0.00



## 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 continued in the area of developing growth within the City of Abernathy. This is a strategy leading 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 Budget

<b>OPERATING REVENUES</b>		<b>FY 12-13</b>
014007	AD VALOREM TAXES	\$393,500
014014	DELINQUENT AD VALOREM TAXES	\$10,000
014021	PENALTIES AND INTEREST	\$6,500
014028	FRANCHISE FEES	\$110,000
014035	LICENSES & PERMITS	\$2,500
014049	MUNICIPAL COURT FEES	\$23,000
014056	COURT TECHNOLOGY FEES	\$330
014057	COURT SECURITY FEE	\$250
014070	MISCELLANEOUS	\$1,500
014077	LEASES AND RENTS	\$22,000
014084	SANITATION CHARGES	\$255,000
014091	LANDFILL FEES (HALE COUNTY)	\$4,800
014105	SALES TAX INCOME	\$96,000
014112	SALES TAX (AD VALOREM)	\$48,000
014119	MOSQUITO SPRAYING	\$16,000
014126	AMBULANCE SERVICE	\$116,000
014127	LIBRARY SERVICES	\$5,500
014133	INTEREST INCOME	\$7,600
014140	SALE OF PROPERTY	\$1,000
	<b>TOTAL</b>	<b>\$1,119,480</b>
<b>CAPITAL IMPROVEMENT FUNDS</b>		<b>FY 12-13</b>
014414	TDHCA PROJECT	\$451,000
014416	TDHCA PROJECT - RESERVE PROG	\$902,000
	<b>TOTAL</b>	<b>\$1,353,000</b>
	<b>TOTAL REVENUE - ALL SOURCES</b>	<b>\$2,472,480</b>
<b>CITY PARKS</b>		<b>FY 12-13</b>
015013	CONTRACTED MAINTENANCE	\$1,100
015014	CITY PARK MAINTENANCE	\$9,000
	<b>TOTAL</b>	<b>\$10,100</b>
<b>JUDICIAL</b>		<b>FY 12-13</b>
015049	LEGAL - PROSECUTOR	\$500
015056	JUDICIAL EXPENSES	\$15,000
015063	DUES, REGISTRATIONS & MEETINGS	\$1,000
	<b>TOTAL</b>	<b>\$16,500</b>

<b>NONDEPARTMENTAL</b>		<b>FY 12-13</b>
015105	APPRAISAL DIST. EXPENSE	\$10,000
015112	LEGAL PUBLICATIONS	\$2,500
015113	CODIFICATION	\$1,000
015119	LEGAL	\$6,000
015126	ACCOUNTING	\$6,500
015140	JANITORIAL SUPPLIES	\$1,900
015147	TELEPHONES	\$8,500
015151	UTILITIES	\$30,000
015154	GENERAL INSURANCE/SAFETY	\$30,000
015189	BUILDING & GROUNDS	\$7,200
015196	POST OFFICE	\$1,200
015203	CLINIC	\$800
015210	HEALTH INSPECTION CONTRACT	\$2,000
015225	TDHCA PROJECT (HOME)	\$451,000
015226	TDHCA PROJECT - (RESERVE)	\$902,000
<b>TOTAL</b>		<b>\$1,460,600</b>

<b>LEGISLATIVE</b>		<b>FY 12-13</b>
015266	DUES, REGISTRATIONS & MEETINGS	\$2,500
015273	TRAVEL	\$1,000
<b>TOTAL</b>		<b>\$3,500</b>

<b>ADMINISTRATION</b>		<b>FY 12-13</b>
015301	ADMINISTRATIVE AUTO ALLOWANCE	\$5,500
015308	SOFTWARE / IT	\$2,500
015315	DUES, REGISTRATIONS & MEETINGS	\$6,000
015322	TRAVEL	\$1,000
015329	OFFICE SUPPLIES	\$6,100
015336	PRINTING	\$300
015343	POSTAGE	\$1,500
015350	ELECTION	\$4,000
015357	EQUIPMENT LEASES	\$500
015385	CIVIL DEFENSE	\$2,500
<b>TOTAL</b>		<b>\$29,900</b>

<b>SANITATION</b>		<b>FY 12-13</b>
015434	CONTRACT SERVICES (Triple C)	\$153,000
015448	CONTRACT HAULING	\$20,000
015462	FUEL & OIL	\$1,650
015469	VECTOR CONTROL (MOSQUITO)	\$16,000
015476	SUPPLIES	\$1,000
015483	EQUIPMENT MAINTENANCE	\$1,500
<b>TOTAL</b>		<b>\$193,150</b>

<b>STREETS</b>		<b>FY 12-13</b>
015525	CONTRACT MAINTENANCE	\$15,000
015532	ENGINEERING FEES	\$3,500
015546	UTILITIES - STREET LIGHTING	\$27,000
015553	FUEL & OIL	\$7,300
015567	SUPPLIES	\$2,500
015574	VEHICLE MAINTENANCE	\$3,000
015581	EQUIPMENT MAINTENANCE	\$8,000
015595	SEALCOAT PROJECT	\$50,000
015602	STREET BASE MATERIAL	\$3,000
015608	STREET SIGN REPAIRS	\$4,000
<b>TOTAL</b>		<b>\$123,300</b>

<b>FIRE</b>		<b>FY 12-13</b>
015616	FIRE DEPARTMENT FUND	\$26,400
015651	FUEL & OIL	\$5,050
015672	BUILDING & GROUNDS	\$1,000
015686	LEASE PAYABLE	\$13,850
015700	CAPITAL OUTLAY	\$8,000
<b>TOTAL</b>		<b>\$54,300</b>

<b>POLICE</b>		<b>FY 12-13</b>
015728	UNIFORMS	\$1,500
015735	SOFTWARE / IT	\$600
015742	DUES, REGISTRATIONS & TRAINING	\$1,500
015749	TRAVEL	\$750
015791	FUEL & OIL	\$17,650
015805	ANIMAL CONTROL	\$2,500
015812	SUPPLIES & EQUIPMENT	\$10,000
015819	VEHICLE MAINTENANCE	\$3,000
015833	CODE ENFORCEMENT	\$16,000
<b>TOTAL</b>		<b>\$53,500</b>

<b>LIBRARY</b>		<b>FY 12-13</b>
015868	LIBRARY SERVICES	\$7,800
015872	SOFTWARE SUPPORT	\$550
<b>TOTAL</b>		<b>\$8,350</b>

<b>EMS</b>		<b>FY 12-13</b>
015896	CONTRACT EMS BILLING	\$11,000
015910	EMS FUND	\$27,600
015917	TRAINING	\$2,000
015959	FUEL & OIL	\$9,000
015966	SUPPLIES	\$7,000
015980	BUILDING & GROUNDS	\$1,000
<b>TOTAL</b>		<b>\$57,600</b>
<b>TOTAL OPERATING EXPENSE</b>		<b>\$2,010,800</b>

<b>PAYROLL</b>		<b>FY 12-13</b>
017007	JUDICIAL SALARY	\$9,950
017014	CUSTODIAL SALARY (PT)	\$8,500
017021	ADMINISTRATIVE SALARIES	\$109,800
017022	LIBRARY SALARIES	\$12,325
017029	PARK SALARIES	\$41,930
017035	FIRE SALARIES	\$550
017042	POLICE SALARIES	\$182,850
017049	TML - ADMIN. DEPARTMENT	\$10,200
017056	TML - PARKS DEPARTMENT	\$7,000
017063	TML - POLICE DEPARTMENT	\$33,800
017105	TMRS - ADMIN. DEPARTMENT	\$4,850
017112	TMRS - PARKS DEPARTMENT	\$1,850
017119	TMRS - POLICE DEPARTMENT	\$8,065
017133	HR EXPENSES	\$2,000
017600	PAYROLL TAX EXPENSE (FICA)	\$28,010
<b>TOTAL</b>		<b>\$461,680</b>

<b>TOTAL EXPENSE</b>	<b>FY 11-12</b>
<b>TOTAL REVENUES</b>	<b>\$2,472,480</b>
<b>NET SURPLUS (DEFICIT)</b>	<b>\$2,472,480</b>
	<b>\$0</b>

## Water Fund Budget

<b>REVENUES</b>		<b>FY 12-13</b>
024014	INTEREST INCOME	\$6,000
024021	RECONNECTION FEES	\$7,600
024028	RETURNED CHECK / LATE FEES	\$28,000
024035	LEASE INCOME	\$30,000
024042	CRP CROP INCOME	\$950
024049	SALE OF PROPERTY	\$200
024056	METERED WATER SALES	\$500,000
024063	SEWER SERVICE SALES	\$158,000
024070	WATER SEWER PERMITS	\$1,000
024084	MISCELLANEOUS	\$1,000
<b>TOTAL</b>		<b>\$732,750</b>
<b>From Prior Year Fund Balance</b>		<b>\$100,000</b>
<b>TOTAL REVENUE - ALL SOURCES</b>		<b>\$832,750</b>

<b>NONDEPARTMENTAL</b>		<b>FY 12-13</b>
025007	ACCOUNTING	\$6,500
025021	JANITORIAL SUPPLIES	\$500
025035	GENERAL INSURANCE/SAFETY	\$24,000
025049	TELEPHONES	\$4,800
025067	UTILITIES	\$4,000
025069	BUILDING & GROUNDS	\$500
<b>TOTAL</b>		<b>\$40,300</b>

<b>ADMINISTRATION</b>		<b>FY 12-13</b>
025147	SOFTWARE / IT	\$1,500
025154	LEGAL/PUBLICATIONS DUES, REGISTRATIONS &	\$1,500
025168	MEETINGS	\$500
025182	OFFICE SUPPLIES	\$4,700
025189	PRINTING	\$2,000
025196	POSTAGE	\$5,800
025238	EQUIPMENT MAINTENANCE	\$200
025252	LEASES PAYABLE	\$700
025259	MISCELLANEOUS	\$400
<b>TOTAL</b>		<b>\$17,300</b>

<b>WATER / SEWER MAINTENANCE</b>	<b>FY 12-13</b>
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025462	UNIFORMS	\$9,500
025476	ENGINEERING FEES	\$2,000
	DUES, REGISTRATIONS &	
025483	TRAINING	\$5,000
025490	TRAVEL	\$1,500
025525	UTILITIES	\$55,000
025539	STATE FEES & PERMITS	\$5,000
025546	FUEL & OIL	\$25,750
025567	SUPPLIES	\$10,000
025574	VEHICLE MAINTENANCE	\$5,000
025581	EQUIPMENT MAINTENANCE	\$10,000
025595	BUILDING & GROUNDS	\$3,000
025602	WATER/SEWER TREATMENT	\$15,000
025609	UTILITY MAINTENANCE	\$36,500
025623	BACKHOE LEASE PAYMENT	\$19,805
025630	CAPITAL OUTLAY	\$250,000

	<b>TOTAL</b>	<b>\$453,055</b>
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	<b>TOTAL OPERATING EXPENSE</b>	<b>\$510,655</b>
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<b>PAYROLL</b>	<b>FY 12-13</b>
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027007	ADMINISTRATIVE SALARIES	\$42,200
027014	MAINTENANCE SALARIES	\$207,450
027021	TML - ADMIN. DEPARTMENT	\$7,000
	TML - MAINTENANCE	
027056	DEPARTMENT	\$35,300
027077	TMRS - ADMIN. DEPARTMENT	\$1,860
027084	TMRS - MAINTENANCE DEPARTMENT	\$9,150
027600	PAYROLL TAX EXPENSE (FICA)	\$19,135

	<b>TOTAL</b>	<b>\$322,095</b>
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	<b>REVENUE RESERVE FUND</b>	<b>\$0</b>
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	<b>FY 11-12</b>
<b>TOTAL EXPENSE</b>	<b>\$832,750</b>
<b>TOTAL REVENUES</b>	<b>\$832,750</b>
<b>NET SURPLUS (DEFICIT)</b>	<b>\$0</b>

**Airport Fund Budget**

**REVENUE**

<b>OPERATING REVENUES</b>		<b>FY 12-13</b>
034014	INTEREST INCOME	\$1,100
034021	LEASE INCOME	\$14,400
<b>TOTAL</b>		<b>\$15,500</b>
 <b>TOTAL REVENUE - ALL SOURCES</b>		<b>\$15,500</b>

**EXPENSE**

<b>EXPENDITURES</b>		<b>FY 12-13</b>
035056	UTILITIES	\$2,000
035070	GENERAL INSURANCE / SAFETY	\$1,100
035077	CHEMICALS	\$500
035084	SUPPLIES	\$200
035091	EQUIPMENT MAINTENANCE	\$1,000
035098	BUILDING & GROUNDS	\$500
035105	RUNWAY MAINTENANCE	\$1,500
035119	MISCELLANEOUS	\$300
<b>TOTAL</b>		<b>\$7,100</b>
 <b>REVENUE RESERVE FUND</b>		<b>\$8,400</b>
 <b>TOTAL OPERATING EXPENSE</b>		<b>\$15,500</b>

	<b>FY 10-11</b>
<b>TOTAL EXPENSE</b>	<b>\$15,500</b>
<b>TOTAL REVENUES</b>	<b>\$15,500</b>
<b>NET SURPLUS (DEFICIT)</b>	<b>\$0</b>



Tax Calculation

<u>Certified Totals</u>	<u>Lubbock</u>	<u>Hale</u>	<u>Total</u>
Total Net Taxable Value	\$21,296,243	\$64,515,342	\$85,811,585
Total Value of Protested Property	\$0	\$0	\$0
Transfer Adjustments	\$0	\$0	\$0
Total Tax Value, over 65 and Disabled	\$5,218,177	\$14,374,075	\$19,592,252
<b>Adjusted Tax Value</b>	<b>\$16,078,066</b>	<b>\$50,141,267</b>	<b>\$66,219,333</b>
Projected tax rate	0.53820	0.53820	0.53820
<b>Projected Levy without over 65/Disabled ceiling</b>	<b>\$86,532</b>	<b>\$269,860</b>	<b>\$356,392</b>
Total Levy to be collected over 65/Disabled	\$4,265	\$57,989	\$62,254
<b>Total Levy</b>	<b>\$90,797</b>	<b>\$327,849</b>	<b>\$418,647</b>
Anticipated Collection Rate (percentage)	0.94	0.94	0.94
<b>Anticipated Levy Amount</b>	<b>\$85,349</b>	<b>\$308,178</b>	<b>\$393,528</b>

**Proposed Tax Rate                    \$0.5382**

**Budgeted Tax Levy                    \$393,500**