

City of Hale Center

Budget

For the Fiscal year

Beginning October 1, 2017

Ending September 30, 2018



Oasis of the Plains

Notice

This budget proposes increased total property tax revenue of \$12,568 more than last year's budget.



Oasis of the Plains

August 31, 2017

To the Honorable Mayor, Members of the City Council, and the citizens of Hale Center:

Submitted herewith is the annual budget for the City of Hale Center for the 2017-18 fiscal year. This budget has been prepared and is presented in accordance with the Texas Local Government Code and the civil statutes of the State of Texas.

The proposed budget for the fiscal year beginning October 1, 2017 (ending September 30, 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.

This budget provides funding for planned expenditures, net contingency appropriations, with operating funds totaling approximately \$1.7 million.

Overall adjusted assessed property values for the upcoming budget are \$44,509,786, which is down from the current year of \$44,976,451. The Effective Tax Rate is \$0.652 per \$100 assessed valuation.

The proposed total tax rate for the upcoming fiscal year is recommended at \$0.680 per \$100 assessed valuation. The \$0.68 tax rate is composed of two separate components: The M & O—Maintenance and Operation—of \$0.615; and the I & S “debt” component—Interest and Sinking of \$0.065, which is used exclusively for paying long-term debt.

This will be a 4.24 cent increase in the M & O rate and a decrease in the Debt Service rate by .0074 cents. The Rollback Rate is \$0.6899.

For the average home in Hale Center (valued at \$52,198) taxes will increase from \$337 in 2016-17 to \$355 for 2017-18—a \$19 increase.

	<u>2016-17 (current)</u>	<u>2017-18 (proposed)</u>
Tax Values	\$44,976,451	\$44,509,786
M & O Rate	.5726/\$100 = \$257,535	.615/\$100 = \$273,735
Debt (I & S)	.0724 = \$32,563	.065 = \$28,931
Total Tax Rate	.6450 = \$290,098	.680 = \$302,666

This will reflect a tax revenue increase of \$12,568.

If the City collects 95% of its assessed taxes, it will result in \$287,532 in total tax revenue. Highlights of the major operating funds are as follows:

GENERAL FUND

The General Fund provides for basic day-to-day services of the City including Mayor and City Council, Administration, Police Department, Animal Control, Street Maintenance, Sanitation Services, Parks and Recreation, Municipal Court, and Code Enforcement. The General Fund is funded with revenues from property tax, sales tax, franchise tax, municipal court fines, as well as a transfer from the Water/Sewer Fund and other miscellaneous fees.

General Fund Revenue Sources

Property Taxes

The annual revenue generated by this source is the product of the property tax rate established by the City Council and the appraised value of the property within the city limits. Property taxes are the largest single source of revenue for the General Fund, representing approximately 30% of the budgeted FY2018 revenues.

The proposed tax rate dedicated to general operations is \$0.615/\$100 assessed valuation and the rate dedicated to debt service is \$0.0650/\$100. Projected property taxes are estimated to total \$273,735 (Maintenance & Operation) and \$28,931 (Debt Service), with total tax revenue projected at \$302,666. The Ad Valorem tax revenue will increase by \$12,568 over last year's taxes.

Municipal Court Fines

The City receives revenue from the collection of fines for City ordinance and traffic violations in its Municipal Court. However, the City must divide a large portion of this with the State of Texas. This year the City is expected to collect approximately \$135,000 in fines, with approximately \$55,000 going to the state.

Sales Taxes

The City receives monthly tax refund checks from the State Comptroller's Office from the collection of the State and City sales taxes. Annually, the city receives approximately \$95,000 from the State of Texas, with one-third, about \$30,000, distributed to the Hale Center Economic Development Corporation. The EDC uses these funds for business development and recruitment for Hale Center.

Franchise Fees

The City receives franchise fees from businesses and utilities for the use of the City's right of ways. This generates approximately \$90,000 in revenue.

Other Revenue

The City receives revenue from other sources including from roofing and building permits (\$15,000), lease of the City-owned farm property (\$1,500), animal control charges (\$3,500), the demolition of buildings (\$1,000), the sale of dirt (\$500), and from the sale of "trust" properties (\$5,000).

General Fund Expenditures

General Fund expenditures for FY 2018, including transfers, are expected to total \$970,645. Expenditures are expected to balance with revenues.

The City of Hale Center subsidizes the Hale Center Volunteer Fire Department, the Hale Center Senior Citizens Center, the Hale Center Library, and the Hale Center EMS. The City also provides EMS their building rent-free, plus paid utilities and insurance on EMS ambulances and building. The FY17-18 budget includes stipend increases for Senior Citizens from \$3,600 to \$6,000; EMS from \$38,400 to \$48,000 annually; the Fire Department annual subsidy will increase from \$7,500 to \$9,900; and the Library will remain at \$4,800 annually.

Replacement of the City Park Ground Water Storage Tank is an unknown cost at this time. The City is pursuing funding but it is not known how much, if any, will be covered by grants.

The possibility of donated land/property to the City will allow us to have an animal shelter in town instead of the current location two miles from the city. The City is also hoping for a \$20,000 (or more) donation from a private foundation toward an animal shelter.

The possible donation will also allow Public Works to relocate to a larger structure, which will allow for more storage of equipment and vehicles.

Other budgeted projects include: getting city ordinances updated, codified, and online- \$7,950; a public works software program-\$2,500; using the Cloud for storage will cost an additional \$3,000 but will allow access to our financial information from anywhere should a disaster strike; city council training will be increased to \$7,500 primarily for the annual TML convention; pay raises and salary adjustments will cost an additional \$25,000; and employee insurance will cost an additional \$5,000.

DEBT SERVICE FUND

The Debt Service Fund is a legally restricted fund utilized to account for revenues recognized to liquidate the debt service requirements for the City's general obligation debt and to account for short-term Notes Payable. The City's debt will be dropping drastically with the final payment for a water improvement loan on September 1, 2017.

However, the City will be assuming new debt with the replacement of a ground water storage tank, which is projected to cost \$365,000. The amount to be funded is not known at this time and is not included as a current debt.

Thus, our debt service will only be \$28,916. This includes paying off the 2010 tax notes for the sewer pond, electronic water meters, as well as one of our Police vehicles and the Public Works tractor. There is a balance of \$36,400 on the 1979 revenue bonds issued for the Cleveland Street water tower, which will be paid off January 2019. The only other debt is for a Police vehicle, (\$20,175) which will mature July 2019.

ENTERPRISE FUNDS

Enterprise or Proprietary Funds account for the business-like operations of the Water/Sewer Department. The intent is for water and sewer services provided to the general public to be recovered through user charges. Revenues for Enterprise Funds are generated through fees that specifically pay for these services. A portion of the fund balances generated in the city's Water/Sewer Fund are transferred to the General Fund.

WATER & WASTEWATER UTILITIES FUND

The Water & Wastewater Department is responsible for the production and sale of potable water for domestic and business uses and fire protection; collection and treatment of wastewater for the protection of public health and the environment; and maintenance and construction of water and sewer infrastructure.

The 2018 fiscal year is projected to generate approximately \$800,000. This is from the sale and service of water, sewer, sanitation, landfill, and mosquito spraying fees.

This budget includes raising landfill charges from \$3 to \$5 per resident. This adjustment is needed to help with the continued increase in landfill transfers from the City's Recycle Center.

Expenditures, including Payments in Lieu of Taxes to the General Fund and debt service, are projected to total \$627,597---a decrease of approximately \$40,000---primarily due to a drop in debt.

CAPITAL RESERVE FUND

The Capital Reserve Fund is used to account for revenues and expenditures associated with the purchase of vehicles, equipment and facility improvements. Expenditures are projected to be \$30,000 for a public works pickup truck. These funds are already in reserve.

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for revenue allocated for restricted purposes or as specified by law. The City is expecting to receive a donation of \$20,000 from the Mayer Foundation (Plainview) to be used toward the construction of an animal shelter.

Municipal Court Technology & Building Security Funds

The Municipal Court Technology Fund is a fund established by law to assist in the funding of expenditures related to the purchase of or to maintain technological enhancements for the municipal court. The Municipal Court Building Security Fund is also a fund established by law and accounts for the expenditures related to security for the municipal court. Total revenues for these funds are projected to be \$5,000.

Police Seizure and Education Funds

The Police Education Fund is a fund established by state law to account for money received from state law enforcement agencies and is to be used only as necessary to ensure the continuing education of persons licensed through TCOLE to provide necessary training. Currently, there is \$3,295 in this account. Approximately \$2,000 will be used from this account instead of the General Fund for police education.

The Seizure Fund is a fund established by law to account for proceeds received from forfeited and seized property. At this time there is \$582 in this account. However, it is expected to be used toward the purchase of equipment for the Police Department.

Proceeds from a "Back the Blue" fundraiser netted over \$3,200 in donations in August. Those funds will be used toward the purchase of body armor for police officers.

SUMMARY

The City has made considerable headway in its finances. Our up-to-date audits reflect more stability in the City's financial status. Our current debt rate is remarkably low, though we face several issues which may be costly for the City such as the Groundwater Storage Tank project and eventually an up-to-date City Hall.

We currently have reserve funds to operate the City for 30-45 days. Though this is a positive step, the City needs to continue to build toward a minimum of a 90-day reserve fund.

Some of the other major challenges the City must address include:

- 1). A secondary water source
- 2). Infrastructure improvements
- 3). Additional quality of life projects for the public (park improvements, splash pad, ball fields, etc)
- 4). More funding demands from local agencies/organizations
- 5). Possible adjustments for growth/decline in Hale Center's population

The administration will continue to seek grants and other funding options to help finance future projects, and to help reduce the burden on the City and our taxpayers.

Since the inception of Hale Center, our community has faced adversity and challenges---from tornadoes and droughts to economic hardships. However, I feel that with continued planning, preparation, and guidance from the Council, that not only is Hale Center's future strongly intact but growth is definitely on the horizon.

I sincerely thank the council for their input and planning toward this balanced budget.

Respectfully submitted,

Dennis Burton
City Manager

City Council Record Vote

The members of the governing board voted on the adoption of the budget on August 31, 2017:

For: Christine Reyna, Mario Martinez, Richard Castillo

Against: none

Present and not voting: WH Johnson

Absent: Karen Boyce

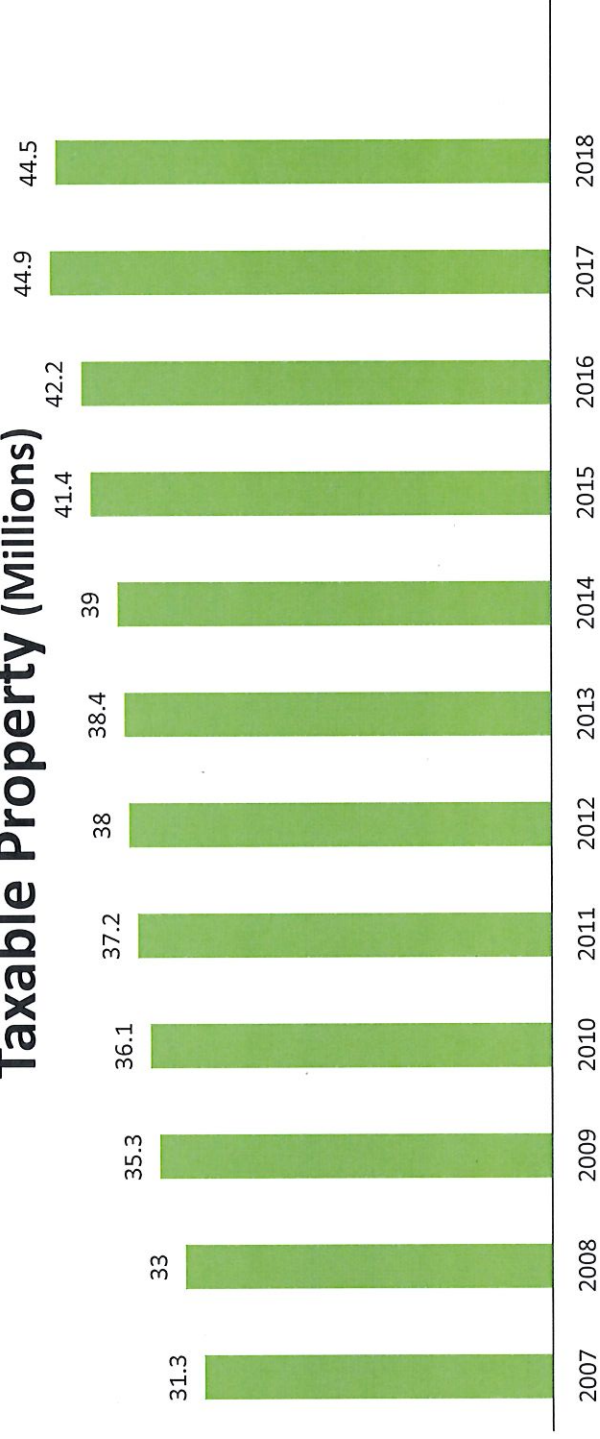
City of Hale Center Property Tax Revenue

Property Tax Levies and Collections Yearly Analysis

Fiscal Year	Municipal Levy	Effective Taxes Paid*	Ratio of Collections
2006	187,551	\$ 185,434	99%
2007	206,387	203,734	97%
2008	218,748	216,019	99%
2009	227,654	224,929	99%
2010	234,048	230,977	99%
2011	233,708	229,804	98%
2012	247,626	242,338	98%
2013	251,506	231,426	92%
2014	266,911	254,770	95%
2015	278,028	260,011	93%
2016	290,098	275,500 (estimate)	95%
2017	302,666	287,532 (estimate)	95%

Assessed Value of Hale Center

Taxable Property (Millions)



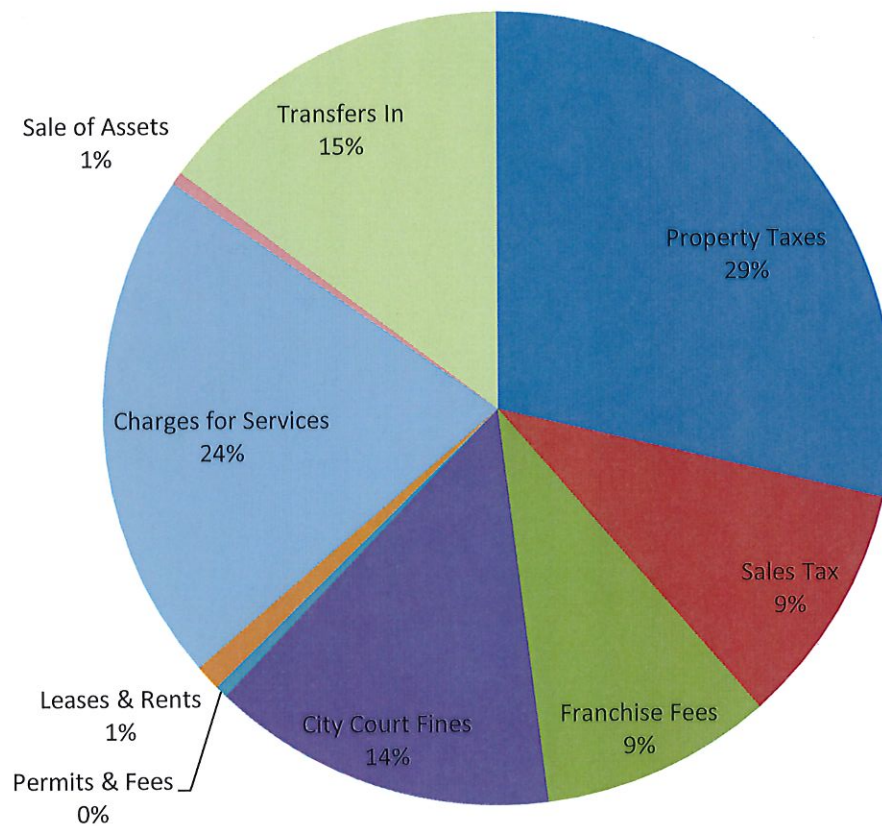
STATEMENT OF REVENUES & EXPENDITURES

REVENUES						
	General Fund	Debt Service Fund	Water & Wastewater Fund	Capital Improvements Fund	Special Revenue Funds	Total FY 2018
	\$					
Property Taxes	273,735	28,931	-	-	-	302,666
Sales Taxes	95,000	-	-	-	-	95,000
Franchise Fees	90,000	-	-	-	-	90,000
Charges for Services	200,000	-	600,000	-	-	800,000
Municipal Court Fines	130,500	-	-	-	4,500	135,000
Licenses, Permits & Fees	5,000	-	24,345	-	-	29,345
Leases & Rents	10,000	-	-	-	-	10,000
Transfers from Other Funds	141,195	-	17,450	30,000	-	188,645
Proceeds from Sale of Assets	5,000	-	-	-	-	5,000
Other	-	-	-	20,000	2,000	22,000
Total Revenues	\$ 950,430	28,931	641,795	50,000	6,500	1,677,656
EXPENDITURES						
Administration	\$ 278,578	-	-	-	-	278,578
Police	199,287	-	-	-	2,000	201,287
Municipal Court	45,193	-	-	-	-	45,193
Emergency Services	62,900	-	-	-	-	62,900
Legislative	9,900	-	-	-	-	9,900
Professional Services	198,800	-	-	-	-	198,800
Public Works	63,000	-	-	-	-	63,000
Transfers	27,500	-	141,195	-	-	168,695
Debt Service	-	28,931	-	-	-	28,931
Water/Waste Water Utilities	-	-	351,795	-	-	351,795
Contingency	-	-	-	-	-	125,000
State of Texas	55,000	-	-	-	-	55,000
HC EDC	35,000	-	-	-	-	35,000
Capital Expenditures	-	-	-	30,000	20,000	50,000
Total Expenditures	\$ 975,158	28,931	492,990	30,000	22,000	1,674,079

GENERAL FUND - STATEMENT OF REVENUES & EXPENDITURES

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
REVENUES				
Property Taxes	205,597	234,030	257,535	273,735
Sales Tax	65,507	65,000	75,000	95,000
Franchise Fees	94,568	99,250	99,250	90,000
City Court Fines	38,756	45,000	46,885	135,000
Permits & Fees	7,529	6,000	7,500	5,000
Leases & Rents	10,330	12,000	10,000	10,000
Charges for Services	188,992	200,000	200,000	200,000
Proceeds from Sale of Assets	-	-	5,000	5,000
Other	23,494	10,000	10,000	20,000
Transfers from Other Funds	<u>135,755</u>	<u>141,195</u>	<u>145,310</u>	<u>141,195</u>
TOTAL REVENUES	<u>770,528</u>	<u>812,475</u>	<u>856,480</u>	<u>974,930</u>
EXPENDITURES				
Administration	261,319	\$ 270,215	266,970	278,578
Police	171,466	192,770	192,770	199,287
Municipal Court	45,146	28,000	38,000	45,193
Emergency Services	61,466	48,425	48,425	62,900
Legislative	2,400	2,400	2,400	9,900
Professional Services	175,081	183,450	183,450	198,800
Public Works	16,939	26,220	26,220	63,000
Hale Center EDC			20,000	35,000
State of Texas			20,000	55,000
Other	<u>-</u>	<u>33,495</u>	<u>38,000</u>	<u>20,000</u>
TOTAL EXPENDITURES	\$ <u>733,817</u>	<u>784,975</u>	<u>836,235</u>	<u>967,658</u>

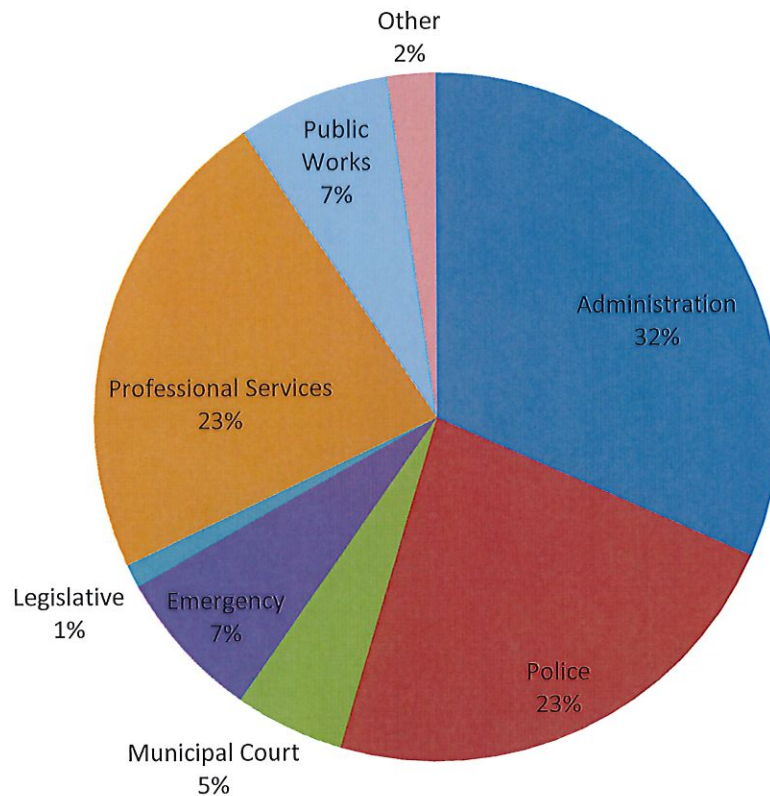
Revenues by Source



GENERAL FUND - SUMMARY OF EXPENDITURES

	2014	2015	2016	2017
EXPENDITURES				
Administration	240,425	261,319	266,970	278,578
Police	181,795	171,466	189,821	199,287
Municipal Court	52,110	45,146	38,000	45,193
Emergency Services	47,900	61,466	48,425	62,900
Legislative			2,400	9,900
Professional Services	176,050	175,081	183,450	198,800
Public Works	27,300	16,939	26,220	63,000
State of Texas			20,000	55,000
Hale Center EDC			20,000	35,000
Other	-	6,333	36,000	20,000
TOTAL EXPENDITURES	725,580	737,750	831,286	967,658

Expenditures by Department



ADMINISTRATION

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
EXPENDITURES				
Wages	102,065	101,853	100,636	107,288
Payroll Taxes	8,050	6,801	7,700	7,755
Benefits	10,385	8,528	7,000	8,244
Professional Development	7,792	3,710	7,500	7,500
Dues & Fees	10,200	15,989	16,000	16,000
Operations	18,100	26,590	26,000	26,000
Insurance	20,000	23,489	20,000	24,000
Repairs & Maintenance	5,000	6,608	7,500	7,250
Utilities	45,000	59,489	64,000	66,500
Other	7,500	8,262	8,500	8,500
Transfers to Other Funds	<u>6,333</u>	<u>-</u>	<u>22,327</u>	<u>0</u>
TOTAL EXPENDITURES	<u>240,425</u>	<u>261,319</u>	<u>287,163</u>	<u>278,578</u>

POLICE DEPARTMENT

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
EXPENDITURES				
Wages	127,065	\$ 126,673	\$ 124,964	131,855
Payroll Taxes	10,105	9,576	11,973	9,291
Benefits	11,090	9,942	11,728	19,580
Professional Development	2,000	1,331	1,500	2,000
Dues & Fees	2,000	1,611	3,000	3,000
Operations	23,035	15,609	15,500	16,000
Repairs & Maintenance	3,000	4,678	2,500	5,000
Vehicle Loans	<u>1,500</u>	<u>2,046</u>	<u>18,656</u>	<u>12,561</u>
TOTAL EXPENDITURES	<u>179,795</u>	<u>171,466</u>	<u>189,821</u>	<u>199,287</u>

MUNICIPAL COURT

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
EXPENDITURES				
Wages	27,740	12,480	29,200	32,200
Payroll Taxes	2,245	2,010	1,639	2,185
Benefits	3,355	2,692	2,343	5,568
Training/Travel				2,000
Equipment				1,500
Office Supplies				500
Miscellaneous	<u>11,570</u>	<u>6,995</u>	<u>5,410</u>	<u>1,200</u>
TOTAL EXPENDITURES	<u>44,910</u>	<u>24,177</u>	<u>38,592</u>	<u>45,193</u>

EMERGENCY SERVICES

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
EXPENDITURES				
HCEMS - Contract	38,400	\$ 38,400	38,400	48,000
HCVFD - Contract	7,500	7,500	7,500	9,900
Civil Defense	<u>2,000</u>	<u>7,500</u>	<u>5,500</u>	<u>5,000</u>
TOTAL EXPENDITURES	<u>47,900</u>	<u>53,400</u>	<u>51,400</u>	<u>62,900</u>

LEGISLATIVE

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
EXPENDITURES				
Council Stipends	\$ \$ 2,400	\$ 2,400	\$ 2,400	2,400
Training/Travel	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,500</u>
TOTAL EXPENDITURES	<u>2,400</u>	<u>2,400</u>	<u>2,400</u>	<u>9,900</u>

PROFESSIONAL SERVICES

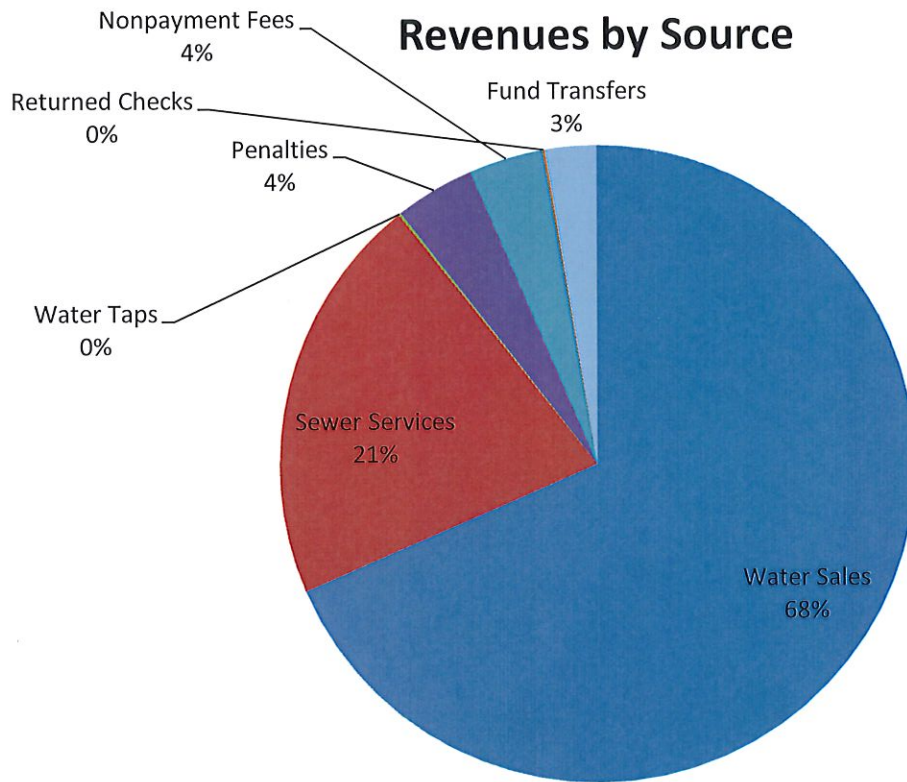
	2014	2015	2016	2017
EXPENDITURES				
Media & Advertising	2,000	2,500	2,500	2,500
Audit Fees	10,000	18,750	6,250	6,500
Legal Fees	3,000	3,000	3,250	3,500
Appraisal District	4,500	5,000	5,000	5,000
Sanitation Contract	128,000	127,797	130,000	135,000
Sanitation Roll-off Expense	10,000	10,197	10,500	12,500
Software/IT	1,500	6,000	7,500	11,000
HCSSC - Contract	3,600	3,600	3,600	6,000
HCPL - Contract	4,200	4,200	4,200	4,800
Contract Labor	5,500	6,400	6,400	7,500
Pest Control	250	250	250	500
Custodial Service	3,500	3,673	4,000	4,000
TOTAL EXPENDITURES	<u>176,050</u>	<u>191,367</u>	<u>183,450</u>	<u>198,800</u>

PUBLIC WORKS

	2014	2015	2016	2017
EXPENDITURES				
Weed Control	3,000	1,661	1,250	3,000
Animal Control	1,000	1,268	425	5,000
Sub-standard Building Demo	2,800	-	1,055	500
City Parks & Grounds	6,500	1,633	2,000	4,500
Vector Control (Mosquito)	14,235	14,141	10,000	7,500
Street Equipment & Repair	8,000	5,478	5,490	7,500
Street Repair & Maintenance	5,000	4,829	6,000	35,000
TOTAL EXPENDITURES	<u>40,535</u>	<u>29,010</u>	<u>26,220</u>	<u>63,000</u>

WATER & SEWER FUND - SUMMARY OF REVENUES

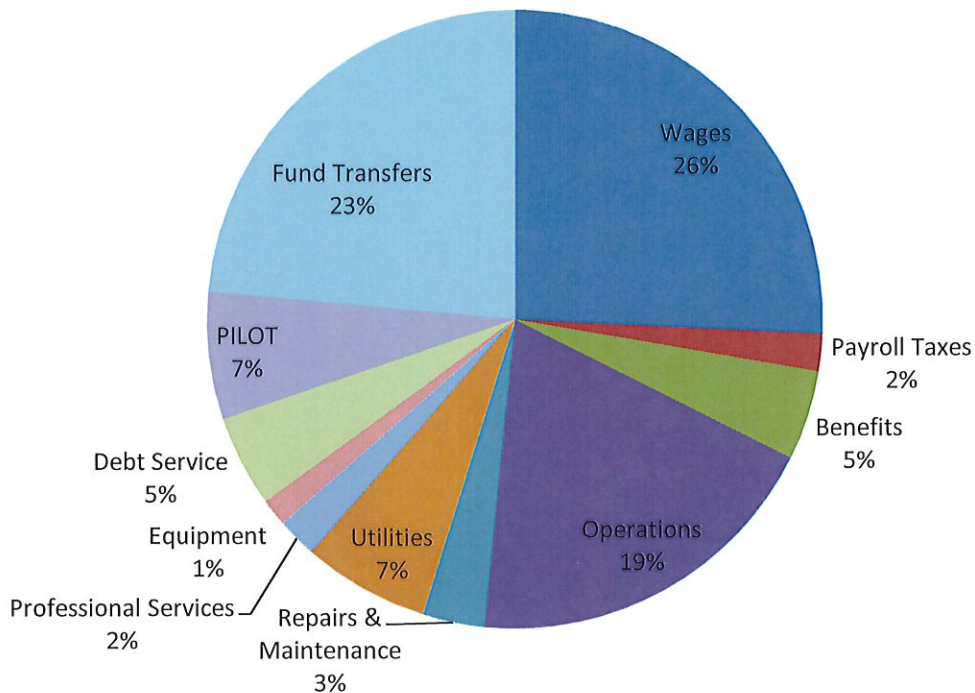
	2014	2015	2016	2017
REVENUES				
Metered Water Sales	410,000	415,712	460,000	415,000
Sewer Service Revenue	128,000	134,526	140,000	130,000
Water Tap Fees	1,400	742	750	750
Equipment Services	250	319	-	0
Latepayment Penalties	27,000	29,655	27,750	22,000
Nonpayment/Reconnect Fees	22,500	21,094	25,420	8,500
Returned Check Fees	630	525	750	750
Outside city charge	-	-	-	2,750
Transfers from Other Funds	-	-	17,450	17,450
TOTAL REVENUES	589,780	602,573	672,120	606,950



WATER & SEWER FUND - SUMMARY OF EXPENDITURES

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
EXPENDITURES				
Wages	117,100	125,187	136,125	154,391
Payroll Taxes	40	9,922	10,008	11,738
Benefits	10,825	11,780	18,328	28,092
Operations	79,000	101,974	103,910	115,000
Repairs & Maintenance	25,000	21,182	15,000	19,750
Utilities	30,800	33,044	35,000	37,500
Professional Services	14,250	9,343	11,475	12,500
Equipment Purchases	-	2,893	10,075	8,500
Capital Expenditures	-	7,186	10,500	30,000
Debt Service	105,435	97,869	155,122	28,931
Payment in Lieu of Taxes	135,755	132,390	40,000	40,000
Transfers to Other Funds	-	-	141,195	141,195
	<u>518,205</u>	<u>552,770</u>	<u>686,738</u>	<u>627,597</u>
TOTAL EXPENDITURES	<u>518,205</u>	<u>552,770</u>	<u>686,738</u>	<u>627,597</u>

Expenditures by Source



DEBT SERVICE

2017-18 Payments

SERIES 1979 REVENUE BONDS (Cleveland Street Water Tower)

DATE	PRINCIPAL	INTEREST	TOTAL
01/01/2018	11,000	1,150	12,150
01/01/2019	12,000	600	12,600
Total	\$23,000	\$1,750	\$24,750

FLEET VEHICLE LOANS

2014 Chevrolet Tahoe Police Department

DATE	PRINCIPAL	INTEREST	TOTAL
10/01/2017	2,423	237	2,660
01/01/2018	2,423	237	2,660
04/01/2018	2,423	237	2,660
07/01/2018	2,423	237	2,660
Total	\$9,692	\$948	\$10,640

Maturity Date 7/2019

Balance of loan as of 7/1/17---\$20,175

2013 Dodge Charger Police Department

DATE	PRINCIPAL	INTEREST	TOTAL
10/01/2017	1,899	22	1,921
Total	\$1,899	\$22	\$1,921

Maturity Date 10/2017

John Deere Tractor Public Works

DATE	PRINCIPAL	INTEREST	TOTAL
10/01/2017	1,944	384	2,328
12/01/2017	1,493	384	1,877
Total	\$3,437	768	\$4,205

Maturity Date 11/2017

CITY OF HALE CENTER ORGANIZATION CHART

