



Proposed Budget

**For the Fiscal Year
Beginning April 1, 2024
Ending March 31, 2025**

Notice

**THIS BUDGET SUPPORTS A PROPERTY TAX RATE OF
\$0.951756/\$100.00 VALUATION.**

**THIS BUDGET WILL RAISE MORE REVENUE FROM
PROPERTY TAXES THAN LAST YEAR'S BUDGET BY AN
AMOUNT OF \$18,733, WHICH IS A 6.17 PERCENT
INCREASE FROM LAST YEAR'S BUDGET. THE
PROPERTY TAX REVENUE TO BE RAISED FROM NEW
PROPERTY ADDED TO THE TAX ROLL THIS YEAR IS
\$1,291.00.**

Adopted by the City Council 03/11/2024

CITY OF LORENZO

LIST OF ELECTED AND APPOINTED OFFICIALS

ELECTED

Vacant	Mayor
Cheryl Birdwell	Mayor Pro-Tem
Earlene Rampy	Councilwoman
Janet Peterson-Gonzales	Councilwoman
Rhonda Cypert	Councilwoman
Hilda Castillo	Councilwoman

APPOINTED

Michael Chambers	City Manager
Lisa Hernandez	City Secretary
Chad Mobbs	Public Works Director
Irma Casias	Municipal Judge
Matt Wade	City Attorney

The members of the governing body voted on the budget as follows:

Councilwoman Earlene Rampy:	<u>For</u>
Councilwoman Cheryl Birdwell:	<u>For</u>
Councilwoman Janet Peterson-Gonzales:	<u>For</u>
Councilwoman Rhonda Cypert:	<u>For</u>
Councilwoman Hilda Castillo:	<u>For</u>

City of Lorenzo

P.O. Box 430
Lorenzo, Texas 79343

January 29, 2024

To the Honorable Mayor Pro-Tem, Members of the City Council, and Citizens of Lorenzo:

In accordance with the Civil Statutes of the State of Texas, the proposed budget for the fiscal year beginning April 1, 2024 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

The Fiscal Year 2024-2025 budget was developed to prepare a balanced base budget for the City of Lorenzo.

Expenses in the General Fund have increased by 0.6% or \$6,675.00

PERSONNEL

Payroll activities account for the single largest expense. Payroll amounts to 30.1% of the city's budgeted operational expenses. Personnel cost with benefits total \$ 346,400.00. In FY 23-24, personnel costs with benefits were calculated at \$ 331,200.00 or 28.9% of the operational budget.

Salaries

Employee salaries were increased in the FY 2024-2025 budget for all employees. A cost-of-living increase of 3% has been proposed for the City Secretary, Public Works Director, City Clerk, and both Outside Maintenance.

GENERAL FUND

The General Fund provides for basic services of the city including Legislative, Administration, Sheriff Department contract, Street Maintenance, Sanitation Services, Parks and Recreation, Municipal Court, Code Enforcement, Animal Control, Water, and Sewer Services. The General Fund also provides financial assistance to ancillary organizations with a public purpose that includes Fire Department and Senior Citizens.

The General Fund receives revenues from property tax, sales tax, and franchise tax as well as Water and Sewer revenues. The Ad Valorem tax base has a total net taxable value of \$33,866,843. The ad valorem tax rate has increased and is now the adopted rate of \$0.951756/\$100 valuation.

Major expenditures allocated in the General Fund Include:

Crosby County Sheriff Department (contract)	\$80,000
Caprock Waste	\$98,500
Coronavirus Local Fiscal Funds	\$115,375

AMERICAN RESCUE PLAN ACT OF 2021 (ARPA)

In response to COVID 19, the City of Lorenzo received a total of \$281,980.42 from the U.S. Department of Treasury. In August, 2021, the city received our first tranche totaling \$140,990.21. In September, 2022, the city received a final tranche of \$140,990.21. We have \$122,000 left. These funds must be expended by December 31, 2026, or we will lose it.

I would like to include the following purchases with these funds:

- New Generator at the Water Treatment Plant.
- Purchase a Sewer Machine to replace our 1987 Sewer Machine.
- Improvements to infrastructure (Fire Hydrants) for water services that will help support sustainability.

In the ARPA Final Rule with an effective date of April 1, 2022, the city was allowed, and urged to report funds received up to \$10 million as revenue loss. This was a matter administrative convenience in reporting expenditures to the U.S. Treasury Dept. In keeping with the Final Rule, the city reported 100% of the funds as revenue loss. The reporting allows the city to deposit all funds in the city's treasury for use as needed, in keeping with the city's plan.

SANITATION

Our contract with Waste Connection expires November 9, 2024. It will automatically renew on November 10, 2024 for three more years unless we write a termination letter by the end of April. If a termination letter is written and sent to Waste Connection it will be done by certified mail. We will send out soliciting bid proposals for Solid Waste Collection and Disposal for the City of Lorenzo.

USDA RURAL DEVELOPMENT

We are working with USDA Rural Development and have obtained a new water tower, we will be demolishing the old water tower, and have installed 4 fire hydrants.

Repayment- Our project funding will consist of a 55% loan which is \$999,000 & 45% Grant which is \$791,000. This is a 40-year loan with a 1.75% interest rate. The annual payment will be \$35,565.00. FY 24-25 we will only make the interest payment. We have budgeted \$18,000.00

Security- The loan will be secured by a Revenue bond with first lien position on water revenue in the amount of \$999,000. The bond will be fully registered as to both principal and interest in the name of the United States of America, Acting through the United States Department of Agriculture.

RESERVES FOR USDA RURAL DEVELOPMENT

Debt Service Reserve- As part of the agency loan proposal, we must establish a debt service reserve fund equal to at least one annual loan installment that accumulated at the rate of 10% of one annual payment per year for ten years or **until the balance is equal to one annual loan payment**. Ten percent of the loan installment would equal 3,565.00 annually.

We have a full payment in the Loan Fund already. Instead of transferring to the Loan Fund, I would like to transfer \$32,002.75 into the Debt service account which would equal one full payment. Reason for this is we will not have to put any more money in the Debt Service Fund account annually.

Short-Lived Asset Reserve- In addition to the debt service reserve fund we must establish a short-lived asset reserve fund. We must **deposit at least** \$7,033 annually for the life of the loan to pay for repairs and/or replacement of major system assets. It is our responsibility to assess our facility's short-lived asset needs on a regular basis and adjust the amount deposited to meet those needs.

OUTSTANDING DEBT

Balance of all outstanding debt as of 1/29/24 is \$ 1,020,133.40

Source of Debt:

De Lage Landen which is for a lease purchase of the city backhoe on August 13, 2021. The total price of the backhoe was \$60,125.00. We pay a monthly lease of \$1,083.10. We are in a 36-month lease with the option of a buyout at the end of 36 months. I would like to extend the lease for the backhoe for three more years. This would start around August 2024. I created a yearly Pay schedule as follows:

Pmt. No.	Payment Date	Principle Paid	Interest Paid	Total Payment	Early Redemption Value
1	3/31/2022	\$12,997.20		\$12,997.20	N/A
2	3/31/2023	\$12,997.20		\$12,997.20	N/A
3	3/31/2024	\$12,997.20		\$12,997.20	N/A
	Totals	\$38,991.60		\$38,991.60	<u>N/A</u>

USDA Rural Development Project

Pmt. No.	Payment Date	principal paid	Interest paid	Total Payment	Early Redemption Value
	4/1/2024	\$ -	\$ -	\$ -	\$ 999,000.00
1	4/1/2025	\$ 18,000.00	\$ 17,565.00	\$ 35,565.00	\$ 981,000.00
2	4/1/2026	\$ 18,000.00	\$ 17,565.00	\$ 35,565.00	\$ 962,000.00
3	4/1/2027	\$ 19,000.00	\$ 16,565.00	\$ 35,565.00	\$ 943,000.00
4	4/1/2028	\$ 19,000.00	\$ 16,565.00	\$ 35,565.00	\$ 924,000.00
5	4/1/2029	\$ 19,000.00	\$ 16,565.00	\$ 35,565.00	\$ 904,000.00
6	4/1/2030	\$ 20,000.00	\$ 15,565.00	\$ 35,565.00	\$ 884,000.00
7	4/1/2031	\$ 20,000.00	\$ 15,565.00	\$ 35,565.00	\$ 864,000.00
8	4/1/2032	\$ 20,000.00	\$ 15,565.00	\$ 35,565.00	\$ 843,000.00
9	4/1/2033	\$ 21,000.00	\$ 14,565.00	\$ 35,565.00	\$ 822,000.00
10	4/1/2034	\$ 21,000.00	\$ 14,565.00	\$ 35,565.00	\$ 801,000.00
11	4/1/2035	\$ 21,000.00	\$ 14,565.00	\$ 35,565.00	\$ 779,000.00
12	4/1/2036	\$ 22,000.00	\$ 13,565.00	\$ 35,565.00	\$ 757,000.00
13	4/1/2037	\$ 22,000.00	\$ 13,565.00	\$ 35,565.00	\$ 734,000.00
14	4/1/2038	\$ 23,000.00	\$ 12,565.00	\$ 35,565.00	\$ 711,000.00
15	4/1/2039	\$ 23,000.00	\$ 12,565.00	\$ 35,565.00	\$ 688,000.00
16	4/1/2040	\$ 23,000.00	\$ 12,565.00	\$ 35,565.00	\$ 664,000.00
17	4/1/2041	\$ 24,000.00	\$ 11,565.00	\$ 35,565.00	\$ 640,000.00
18	4/1/2042	\$ 24,000.00	\$ 11,565.00	\$ 35,565.00	\$ 615,000.00
19	4/1/2043	\$ 25,000.00	\$ 10,565.00	\$ 35,565.00	\$ 590,000.00
20	4/1/2044	\$ 25,000.00	\$ 10,565.00	\$ 35,565.00	\$ 564,000.00
21	4/1/2045	\$ 26,000.00	\$ 9,565.00	\$ 35,565.00	\$ 538,000.00
22	4/1/2046	\$ 26,000.00	\$ 9,565.00	\$ 35,565.00	\$ 512,000.00
23	4/1/2047	\$ 26,000.00	\$ 9,565.00	\$ 35,565.00	\$ 485,000.00
24	4/1/2048	\$ 27,000.00	\$ 8,565.00	\$ 35,565.00	\$ 458,000.00
25	4/1/2049	\$ 27,000.00	\$ 8,565.00	\$ 35,565.00	\$ 430,000.00
26	4/1/2050	\$ 28,000.00	\$ 7,565.00	\$ 35,565.00	\$ 402,000.00
27	4/1/2051	\$ 28,000.00	\$ 7,565.00	\$ 35,565.00	\$ 373,000.00
28	4/1/2052	\$ 29,000.00	\$ 6,565.00	\$ 35,565.00	\$ 344,000.00
29	4/1/2053	\$ 29,000.00	\$ 6,565.00	\$ 35,565.00	\$ 314,000.00
30	4/1/2054	\$ 30,000.00	\$ 5,565.00	\$ 35,565.00	\$ 284,000.00
31	4/1/2055	\$ 30,000.00	\$ 5,565.00	\$ 35,565.00	\$ 253,000.00
32	4/1/2056	\$ 31,000.00	\$ 4,565.00	\$ 35,565.00	\$ 222,000.00
33	4/1/2057	\$ 31,000.00	\$ 4,565.00	\$ 35,565.00	\$ 190,000.00
34	4/1/2058	\$ 32,000.00	\$ 3,565.00	\$ 35,565.00	\$ 157,000.00
35	4/1/2059	\$ 33,000.00	\$ 2,565.00	\$ 35,565.00	\$ 124,000.00
36	4/1/2060	\$ 33,000.00	\$ 2,565.00	\$ 35,565.00	\$ 90,000.00
37	4/1/2061	\$ 34,000.00	\$ 1,565.00	\$ 35,565.00	\$ 56,000.00
38	4/1/2062	\$ 34,000.00	\$ 1,565.00	\$ 35,565.00	\$ 18,000.00
39	4/1/2063	\$ 38,000.00	\$ -	\$ 38,000.00	\$ -
Total		\$ 999,000.00	\$ 390,470.00	\$ 1,389,470.00	\$ -

RESERVE FUND STRATEGY

In the FY 22-23 financial audit, the City reported a cash balance of \$407,374.00 at the end of the fiscal year 22-23.

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 would 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 if needed.

Emergency Fund - Emergency funds typically consist of at least 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.

Debt – As of this date, the principal balance on all city debt is \$1,020,133.40 for an equipment lease of the city’s backhoe and for the New Water Tower/Fire Hydrants. This debt is secured by water system revenue.

Long Range Planning – Replacing all lead lines within our city. TCEQ has proposed to the EPA that this be done within ten years.

Short Range Planning- Painting both of the ground storage tanks at the Water Treatment Plant.

Major Accomplishments in 2023-2024

- We are underway with the construction for the water tower.
- The 4 new Fire Hydrants have been installed and in service.
- Joe got his “D,, Water Operator License.
- Continuing the Seal Coat program.
- Upgraded our SCADA system for the Water Treatment Plant.
- Sewer Machine was able to be fixed.
- Community Center floor has been sealed and waxed.
- The Senior Citizens floor has been fixed.

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 Pro-Tem 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 Lorenzo.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Michael Chambers".

Michael Chambers,
City Manager

General Revenue		FY 23-24	FY 24-25
24007	Franchise Tax	\$ 55,000.00	\$ 55,000.00
24014	Ad Valorem Tax Assessed	\$ 304,929.00	\$ 324,000.00
24028	Local Sales Tax	\$ 51,000.00	\$ 53,000.00
24029	Sanitation Sales Tax	\$ 7,000.00	\$ 7,000.00
24063	Fines	\$ 4,000.00	\$ 8,000.00
24098	Animal Control	\$ 500.00	\$ 2,000.00
24112	Cemetery	\$ 4,000.00	\$ 4,000.00
24119	Fire Department	\$ 2,500.00	\$ 4,500.00
24126	Interest	\$ -	\$ 2,500.00
24133	Rental Income	\$ 8,800.00	\$ 2,800.00
24134	Community Center	\$ 1,000.00	\$ 1,500.00
24135	Senior Citizens	\$ 1,200.00	\$ 1,200.00
24154	Extra Work	\$ 500.00	\$ 500.00
24161	Miscellaneous Sales	\$ 2,000.00	\$ 7,710.00
24166	TCG Property Bids	\$ 21,871.00	\$ 10,265.00
24224	Sanitation	\$ 98,000.00	\$ 98,500.00
	Transfer from Grant Fund	\$ 141,000.00	\$ 122,000.00
GENERAL REVENUE TOTAL		\$ 703,300.00	\$ 704,475.00

Water & Wastewater Revenue		FY 23-24	FY 24-25
24132	LTF Adjustment	\$ 15,000.00	\$ 17,000.00
24203	Water Revenue	\$ 288,000.00	\$ 290,000.00
24217	Water Taps	\$ 250.00	\$ 1,500.00
24210	Sewer / Mosquito Revenue	\$ 133,000.00	\$ 133,000.00
24217	Sewer Taps	\$ 250.00	\$ 500.00
24231	Utility Deposits	\$ 4,000.00	\$ 4,000.00
WATER & WASTEWATER REVENUE TOTAL		\$ 440,500.00	\$ 446,000.00

TOTAL REVENUE COMBINED	FY 23-24	FY 24-25
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TOTAL REVENUE COMBINED	\$ 1,143,800.00	\$ 1,150,475.00
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Expense	ADMINISTRATION	FY 23-24	FY 24-25
25014	Attorney Fees	\$ 10,000.00	\$ 8,000.00
25021	Audit	\$ 11,500.00	\$ 12,000.00
25028	CCAD	\$ 11,000.00	\$ 12,000.00
25053	Miscellaneous	\$ 1,500.00	\$ 2,000.00
25056	Dues & Schools	\$ 6,000.00	\$ 6,000.00
25058	Computer/Software	\$ 12,000.00	\$ 13,000.00
25060	Supplies/Repairs/Expense	\$ 11,000.00	\$ 12,000.00
25065	Publications / Advertisements	\$ 6,000.00	\$ 6,000.00
25205	Uniforms (Administration)	\$ 1,500.00	\$ 1,500.00
TOTAL		\$ 70,500.00	\$ 72,500.00

Expense	NONDEPARTMENTAL	FY 23-24	FY 24-25
25008	Postage & Mailing	\$ 5,000.00	\$ 6,000.00
25009	Printing & Copying	\$ 3,000.00	\$ 3,000.00
25010	Lorenzo Senior Citizens	\$ 1,500.00	\$ 1,500.00
25049	TML Insurance	\$ 32,000.00	\$ 34,000.00
25051	Janitorial	\$ 2,500.00	\$ 2,500.00
25063	Telephone	\$ 3,600.00	\$ 3,600.00
25070	Utilities (Non-Electric)	\$ 7,000.00	\$ 7,000.00
25147	Common utilities	\$ 2,500.00	\$ 2,500.00
25161	Electrical Utilities (Street Lights)	\$ 25,800.00	\$ 26,000.00
25203	Vehicle Expense-City Administrator	\$ 3,500.00	\$ 3,000.00
25623	Community Center	\$ 1,000.00	\$ 1,000.00
25630	Cemetary	\$ 3,000.00	\$ 3,000.00
25651	Building Repairs	\$ 10,000.00	\$ 10,000.00
25655	Property Clean up	\$ 8,000.00	\$ -
TOTAL		\$ 108,400.00	\$ 103,100.00

Expense	LEGISLATIVE	FY 23-24	FY 24-25
25035	Council Expenditures	\$ 2,000.00	\$ 1,000.00
25042	Council Dues & Meetings	\$ 2,500.00	\$ 2,500.00
25044	Election Expense	\$ 3,000.00	\$ 7,000.00
TOTAL		\$ 7,500.00	\$ 10,500.00

Expense	WATER & SEWER UTILITIES	FY 23-24	FY 24-25
25140	Chemicals	\$ 13,000.00	\$ 13,000.00
25154	Dues & Schools	\$ 3,000.00	\$ 3,000.00
25168	Engineering Fees	\$ 10,000.00	\$ 1,000.00
25175	Lab Analysis	\$ 4,000.00	\$ 4,000.00
25196	Sewerplant & Collections	\$ 4,000.00	\$ 8,000.00
25203	Vehicle Expense	\$ 11,500.00	\$ 14,000.00
25205	Uniforms	\$ 4,500.00	\$ 6,000.00
25238	Water Plant & Distribution	\$ 22,000.00	\$ 20,000.00
25322	Water Utility Supplies, & Equipment	\$ 15,000.00	\$ 21,000.00
25324	Equipment Maintenance	\$ 14,500.00	\$ 14,500.00
TOTAL		\$ 101,500.00	\$ 104,500.00

Expense	NONDEPARTMENTAL	FY 23-24	FY 24-25
25161	Electrical Utilities	\$ 44,200.00	\$ 47,200.00
25182	Mosquito & Pest Control	\$ 2,500.00	\$ 2,500.00
25640	Backhoe	\$ 13,000.00	\$ 13,000.00
TOTAL		\$ 59,700.00	\$ 62,700.00

Expense	Public Works	FY 23-24	FY 24-25
25308	Public Works Supplies & Repairs	\$ 6,000.00	\$ 7,000.00
25323	Streets	\$ 10,000.00	\$ 11,400.00
25416	Animal Control	\$ 1,500.00	\$ 2,500.00
25636	P.W. Miscellaneous	\$ -	\$ 3,500.00
TOTAL		\$ 17,500.00	\$ 24,400.00

Expense	SANITATION	FY 23-24	FY 24-25
25210	Waste Disposal - Garbage	\$ 98,500.00	\$ 98,500.00
25217	Waste Disposal - Roll Off	\$ 6,000.00	\$ 6,000.00
25224	Waste Disposal - Sales Tax	\$ 10,000.00	\$ 8,000.00
TOTAL		\$ 114,500.00	\$ 112,500.00

Expense	Law Enforcement	FY 23-24	FY 24-25
25406	Crosby County Sheriff Department	\$ 77,000.00	\$ 80,000.00
TOTAL		\$ 77,000.00	\$ 80,000.00

Expense	JUDICIAL	FY 23-24	FY 24-25
25461	State Court Expense	\$ 2,000.00	\$ 2,000.00
25472	Dues & Schools	\$ 1,000.00	\$ 1,000.00
25474	Office Expense/Software	\$ 3,000.00	\$ 3,000.00
25475	Supplies/ Repairs	\$ 500.00	\$ 500.00
TOTAL		\$ 6,500.00	\$ 6,500.00

Expense	Lorenzo VFD	FY 23-24	FY 24-25
25490	Building Maintenance	\$ 3,000.00	\$ 3,000.00
25504	Meetings & Calls	\$ 10,000.00	\$ 10,000.00
25518	Vehicle Expense	\$ 10,500.00	\$ 10,500.00
25532	Supplies & Equipment	\$ 3,000.00	\$ 3,000.00
25560	Training, Schools, & Dues	\$ 3,500.00	\$ 4,500.00
TOTAL		\$ 30,000.00	\$ 31,000.00

Expense	Capital Outlay	FY 23-24	FY 24-25
25242	Ground Storage Paint & Repair	\$ -	\$ 25,000.00
25301	Seal Coat Project	\$ 49,500.00	\$ 25,000.00
25646	Coronavirus Local Fiscal Recovery	\$ 141,000.00	\$ 115,375.00
TOTAL		\$ 190,500.00	\$ 165,375.00

Expense	Operations	FY 23-24	FY 24-25
27014	Contracts	\$ 12,000.00	\$ 12,000.00
27015	City Membership & Dues	\$ -	\$ 1,000.00
TOTAL		\$ 12,000.00	\$ 13,000.00

Expense	USDA Rural Development	FY 23-24	FY 24-25
25671	USDA Annual Payment	\$ 17,000.00	\$ 18,000.00
TOTAL		\$ 17,000.00	\$ 18,000.00

Expense	PAYROLL	FY 23-24	FY 24-25
27007	Salaries & Wages	\$ 253,200.00	\$ 259,000.00
27008	Administration Longevity	\$ 1,500.00	\$ 1,400.00
27021	TML Health Insurance	\$ 58,500.00	\$ 66,000.00
27035	TMRS Retirement	\$ 18,000.00	\$ 20,000.00
	TOTAL	331,200.00	346,400.00

TOTAL REVENUES	1,143,800.00	1,150,475.00
TOTAL EXPENSE	1,143,800.00	1,150,475.00
NET SURPLUS (DEFICIT)	0.00	0.00

Ad Valorem Tax Calculations

Certified Totals

07/20/2023

Total Net Taxable Value		\$33,866,843
Total Value of Protested Property	+	\$0.00
Transfer Adjustments		\$0.00
Total Tax Value, over 65 and disabled	-	\$0.00
Adjusted Tax Value	=	\$33,866,843
Projected tax rate	x	0.951756
Divide by 100 = Projected Levy		
Projected Levy	=	\$322,330.00
Total Levy	=	\$322,330.00

Adopted Tax Rate **\$0.951756**

Budgeted Tax Levy **\$322,330.00**