AGENDA
CITY COUNCIL
TUESDAY, JUNE 23, 2020
1371 WEST FM 550 - MCLENDON-CHISHOLM, TEXAS 75032
6:30 PM

Page

1. CALL TO ORDER

2. INVOCATION AND PLEDGE OF ALLEGIANCE TO U.S. AND TEXAS FLAGS

3. RULES OF DECORUM

4. CITIZEN COMMENTS

Any citizen who is unable to attend the meeting in person may submit comments by email to citysecretary2@McLendon-Chisholm.com. Comments should be submitted at least 2 hours prior to the start of the meeting. Comments will be read into the record.

5. APPROVAL OF MINUTES

5 - 19 5.1. Consider Approval of June 2, 2020 City Council Minutes
06.02.20 City Council Work Session

20 - 29 5.2. Consider Approval of June 9, 2020 City Council Work Session
06.09.20 City Council Meeting

6. ITEMS FOR CONSIDERATION

30 - 78 6.1. Presentation, discussion and action regarding the FY 2018-2019 City Audit (Requested by Palomba)
Audited Financial Statements Fiscal Year 2018-2019

79 - 82 6.2. The City's Financial Advisory Jason Hughes will present information

related to remaining City Hall debt, early payoff scenarios and related matters. Council discussion may follow. (Requested by Council Member Hodges)
Hilltop Securities Presentation

83 - 84 6.3. Presentation by City Planner Mike Coker regarding recommended process for the Comprehensive Plan Update. Discussion with Council may follow to include timing of the update, process, funding, and related matters. (Requested by Council Member Kipphut)
Staff Report - Comprehensive Plan Update

85 - 89 6.4. Discussion and action regarding adoption of an Ordinance establishing a Hotel Occupancy Tax (HOT). (Requested by Council Member Hodges)
Proposed Ordinance - Hotel Occupancy Tax (HOT)

90 - 95 6.5. Discussion and action regarding adoption of an Ordinance establishing regulations for the registration and use of short term rentals providing for inspections, restrictions, brochure and safety requirements, neighborhood notification, violations and penalties, a sunset review provision and related matters. (Requested by Council Member Hodges)
Proposed Ordinance - Short Term Rentals

96 - 112 6.6. Discussion and action regarding an Ordinance regulating noise in the City and related matters. (Requested by Council Member Bloom)
Ordinance Amending Chapter 8 Offenses and Nuisances

113 6.7. Discussion and action regarding hiring a Construction Management firm or individual to serve as Owners Representative on matters related to the Fire Station project and funding for such representative. (Requested by Council Members Kipphut and Bloom)
Staff Report - Owner's Representative

6.8. Discussion and action regarding appointment of a Council Member to serve as liaison to work with the Fire Chief, City Administrator, Owners Representative and Design Build Team on the new Fire Station. (Requested by Council Members Kipphut and Bloom)

6.9. Discussion and direction to staff regarding setting a special meeting date to interview and possibly engage a Construction Management Firm or Individual to serve as Owners Representative for the fire station project and a budget work session to follow. (Requested by Palomba)

6.10. Discussion and action regarding appointment of one or two Council Members to the Rockwall County Open Space Alliance. (Requested by Palomba)

6.11. Presentation and discussion regarding an update on the next phase of the Veterans Brick Campaign to include timeline and associated costs.

(Requested by Council Member Kipphut)

7. EXECUTIVE SESSION

7.1. Recess into Executive Session (Closed Meeting) in accordance with Texas Government Code 551:071(1): Consultation with Attorney to seek advice about pending or contemplated litigation or on matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meeting Act, regarding construction of the new McLendon-Chisholm Fire Station including Council involvement, staff roles, design/build process, hiring an Owner's Representative, budget and related matters. (Requested by Paloma and Simmons)

8. REPORTS

114 - 119 8.1. Building Official Report May 2020
Building Official Report May 2020

120 - 135 8.2. Budget Report May 2020
Budget Report May 2020

136 - 138 8.3. Rockwall County Sheriff's Department Report May 2020
Sheriff's Report May 2020

139 - 142 8.4. Community Waste Disposal (CWD) Report May 2020
CWD May 2020 Report

143 - 145 8.5. McLendon-Chisholm Fire Department Report May 2020
Incidents
Total Calls by District

9. UPDATES, DISCUSSION AND DIRECTION TO STAFF

10. COUNCIL MEMBER REPORTS AND ANNOUNCEMENTS

The City Council will have an opportunity to address items of community interest, including: expressions of thanks, congratulations, or condolence; information regarding holiday schedules; an honorary or salutary recognition of a public official, public employee, or other citizen; a reminder about an upcoming event organized or sponsored by the City of McLendon-Chisholm; information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the City of McLendon-Chisholm that was attended or is scheduled to be attended by a member of the City Council or an official or employee of the City of McLendon-Chisholm; and announcements involving an imminent threat to the public health and safety of people in the City of McLendon-Chisholm that has arisen after posting the agenda.

11. ADJOURN

As authorized by Section 551.071 of the Texas Government Code, this meeting may be convened into closed Executive Session in order to seek confidential legal advice from the City Attorney on any agenda item herein.

I, Rochelle Green, do hereby certify that the above Notice of Meeting of the City Council of McLendon-Chisholm, Texas was posted or before 6:00 p.m., June 19, 2020 on the outside bulletin board at City Hall, a place convenient and readily accessible to the public at all times.

CITY COUNCIL – WORK SESSION
City of McLendon-Chisholm, Texas
Meeting Minutes
June 2, 2020

The City Council of the City of McLendon-Chisholm convened in Work Session on Tuesday, June 2, 2020, at City Hall, 1371 West FM 550, McLendon-Chisholm, Texas, with the following members present:

ATTENDING:	Keith Short	Mayor
	Nathan Hodges	Council Member
	Lorna Kipphut	Council Member
	William Dahl	Council Member
	Trudy Woessner	Council Member
ZOOM:	Jim Bloom	Mayor Pro-Tem
Staff Present:	Lisa Palomba	City Administrator
	Shelly Green	City Secretary
	Jim Simmons	Fire Chief/Marshall
	Ray Smith	City Accountant
	Bill Hair	My Computer Guy

1. CALL TO ORDER

Mayor Short called the special work session to order at 6:30 p.m.

2. INVOCATION AND PLEDGE OF ALLEGIANCE TO U.S. AND TEXAS FLAGS

Mayor Short gave the invocation and led the pledge of allegiance to U.S. and Texas Flags.

3. CITIZEN COMMENTS

Robert Steinhagen, 304 Pheasant Hill.

- Expressed appreciation and support for the police and other law enforcement agencies during these times.
- He also discussed the aspect of “design build” for the new fire station and asked Council and Staff to thoroughly investigate before going this route.

4. DISCUSS FISCAL YEAR 2019-2020 BUDGET PROJECTIONS AND FISCAL YEAR 2020-2021 PROPOSED BUDGET AND RELATED MATTERS

Mayor Short explained this is a work session so there will be no action taken. There will be a lot of information and discussion and opportunity for the Council to ask questions. There will be no expectations for the Council to provide recommendations for approval or even changes, though the Council will be able to make comments and staff will make note of those. The staff and I have worked together to recommend a balanced budget. We are not looking at a tax rate over the voters' approval rate. We are not faced with having to adopt the budget early. If we don't get everything complete tonight, we will have another meeting.

City Administrator Palomba presented a brief overview of the expectations for the meeting. She explained she had invited Ray Smith, the city's accountant, to be at the meeting to help present some information and answer questions. She explained she is looking for the Council's feedback and adjustments will be made and ready for the next meeting. Tonight, she will be providing the staff's recommended budget. The budget worksheet at the end of the agenda is staff's recommendation based on the current information available and maintains a tax rate of $0.15. Final numbers for ad valorem revenue will not be available until after Rockwall CAD provides the certified property values in mid-July. What we are working with here are estimates. Staff will also continue to update you on fiscal year end projections as monthly budget reports are available. Although firm numbers will change as final numbers become available, most increases could be absorbed by the surplus built into the budget. Certain assumptions have been built into the budget.

The proposed budget as suggested by the Mayor and Staff includes the following:

- Assumes adoption of a .15 cent tax rate (The effective rate is 15.7 cents, so this proposed budget actually represents a small decrease in the tax rate.
- Assumes Certified Property Value Estimates are correct
- Conservative revenue projections
- Worst-case expenditure projections
- Covers SAFER Grants decrease (252k to 117k)
- Covers a new Code Enforcement position
- Covers contracted full-service Animal Control
- Covers new Fire Command Vehicle (current vehicle repurposed for new Code Officer)
- Covers 3-5% salary merit increases and an increase in the TMRS contribution and city matching ratio (TMRS is the City's retirement program)
- Covers an updated Comprehensive Plan
- Covers projected increases to usual operating costs

Staff needs feedback on items on the agenda in order to provide the most accurate budget information as we move forward. Other amounts of the budget are based on known expenditures and revenues, or there may be something that is contracted that we just know it's going to go up 3% or 5%. Things like our dispatch contract, or our radio maintenance, or Inframark who is our sewer provider. Other things included are the projections for the worst-case scenario expenditures and then the usual and ordinary operating expenses.

4.1. Discuss sewer operating and maintenance needs as related to the current and proposed budget. A representative from Inframark, the City's sewer operating and maintenance provider, will be in attendance to present information and answer questions.

Cameron Robinson, with Inframark, made a presentation regarding sewer operating and maintenance as follows:

- Inframark is requesting a Fleet Zoom Monitoring System which will enable remote monitoring on the system.
- $10,000 initial cost, $600 per lift station after first year

- Road repair cost to be determined
- Lift station pump repair $6,700
- Lift station pump install $1,300
- Manhole repair $1,500

- Funding from Utility Fund Balance
- Recommend approving using current year funds.

Mayor Short ask how many lift stations they are talking about. Cameron responded there are two. So, Mayor Short determined it will be $600 per lift station times 2, so $1,200 per year. Cameron confirmed.

Council Member Hodges ask if the installation of this technology will prolong the life of the pump stations. Is there any evidence to say that it'll last another year or two because of doing this? Cameron responded no; this is separate from the pump station. It will allow them to monitor everything to prevent something from happening to the equipment.

Council Member Hodges ask that so far as the $600 per lift station per year, what incremental increase can we expect as a city. Is that going to go up? Cameron responded they do not anticipate any increases at this time.

Council Member Woessner asked what happens when technology changes. Cameron stated this is on the cutting edge of technology but there could be a software update needed, not an update as to having to install a new system.

Council Member Hodges asked how it would affect the users on the lift station if they don't move forward. Cameron stated that if they don't move forward, they will need to get the current manufacturer of the equipment to look at what's in there. You will also need to get some sort of auto-dialer.

Council Member Dahl asked how often the system is checked. Cameron responded they are usually out Monday, Wednesday, and Friday of each week to check the pump stations. They are not out there at night or on weekends. They have to have an auto-dialer to report problems.

Council Member Dahl stated he would like to see the cost of repairing the current auto dialer so they can make the best decision moving forward and an annual operating cost. Mayor Short added the need for a guess of the longevity of the pumps if they just repair.

Council Member Hodges asked if the existing location goes out completely, are there any transfer fees to move this technology to a new pump station. Cameron responded they could use the same equipment, depending on the connections.

City Administrator Palomba asked, on the road repairs, are they proposing to put gravel down or asphalt. Cameron responded that typically what they would do is use gravel.

City Administrator Palomba asked Cameron to address the pump repair. Cameron reported that on lift station number 1, one of the pumps went out due to various incidents which could have damaged the pump. The repair would be $6,700 and the labor and mobilization would add another $1,300. So, we're looking at an $8,000 repair for one of the pumps. They recommend that repairing it will be sufficient.

Council Member Hodges ask for clarification of his understanding that right now they are down to one pump station. Station one is not functional? Cameron confirmed that is correct.

City Administrator Palomba stated she had talked to Ray earlier and they see that this can be funded out of this year's utility fund balance so we can go ahead and get the repairs done so we don't have any additional issues.

Council Member Woessner ask if the new equipment comes with any type of warranty. Cameron stated there will be some sort of warranty.

Council Member Hodges asked what the average life span of one of these pumps is. These are seven years old. Cameron responded it might be about 12 years.

Council Member Dahl asked if there is any chance the Oncor failure could have caused this damage and, if so, is there a chance to recoup some of the costs from Oncor. Cameron stated they do not have enough evidence to say it is exactly what caused it.

Mayor Short asked for an explanation of the manhole repairs. Cameron explained they had actually gotten a call from a homebuilder and upon investigation they found there is a false bottom in one of the manholes. This would have had to be completed during the original install. We don't know who did the install or why it was done this way. An estimate of $1,500 came in to get them back in order.

4.2. Discuss technology needs as related to the current and proposed budget. A representative from the City's Information Technology provider, My Computer Guy, may be in attendance to present information and answer questions.

- Technology Needs
    - Council Laptops v. iPads

- Possible change of audio/visual service provider

City Administrator Palomba stated she was wondering if the Council might want to consider changing to laptops rather than the iPads. She introduced Bill Hair, the city's information technology provider, to present information and answer questions. She also explained the other issue with the audio/visual system. She would like to have the entire system evaluated to see what is causing issues like they are having tonight.

Mr. Hair presented the options for changing to laptops and the different systems available. He stated they can get them in the $800 range to replace the iPads.

Mayor Short asked what the pros and cons are between the different systems. Mr. Hair explained their functionality is similar. What you would be paying for is the lightweight and a little better screen resolution.

Council Member Kipphut asked about the amount budgeted. Palomba responded they had budgeted $800.

Council Member Woessner stated she likes what she has and would like to stay with it. Palomba stated she didn't know if all of you would have to switch.

Hair stated he would like to see them using the team's functionality with Microsoft. That's where you have access to groups of documents that you all have access to no matter where you are.

Council Member Woessner asked if there is some way they can learn how to do that. Hair replied they could hold training.

Council Member Dahl stated he likes the idea, but the problem is the open meetings act. He doesn't feel they can utilize this since only two council members can work on the same item at any given time unless it's during session.

City Administrator Palomba stated she would like the Council to consider what they would prefer and bring their thoughts to her and she can bring this back to them.

Council Member Woessner stressed that they should have some training in order to use all the functions of the equipment. Hair responded he can set up some training for them.

4.3. Discuss public safety planning including short-and-long term needs for facilities, site location, vehicles, equipment, personnel, operating and maintenance and related matters.

Fire Chief Simmons presented the following staff report:

Background

The Texas Department of Transportation (TxDOT) purchased the fire station property located at 1250 S. Hwy 205, McLendon-Chisholm. Funds in the amount of $4,551,087 were deposited in the Fire Capital Fund at LOGIC. Funds will remain in the LOGIC account until needed in order to earn interest. A checking account will be opened with the City's primary bank and funds will be transferred from LOGIC to the checking account as needed to pay for station costs as they are incurred.

Station Location

The Mayor, Fire Chief, and City Administrator considered multiple criteria in recommending the City Hall site as the most suitable location for the new station. Determining factors include locating a central site to serve the city and ETJ for prompt emergency response times, quick access to major thoroughfares, current and future traffic conditions, compatible land use to surrounding area, easy ingress/egress from the station to the road, and cost. Sites on Hwy 205, Hwy 205/FM 550 vicinity and City Hall were considered. The site on Hwy 205 is over a mile north of city center and 1.3 miles from ETJ center, and is likely to be retail in the future and would require improvement of an adjacent road for ingress/egress adding considerable cost to the project.

The Hwy 205/FM 550 site vicinity is nearly city center, but the area will be 100% retail in the future and lot size may limit future expansion for training grounds or related use. Additionally, locating a public facility on a retail lot could result in reduction of sales tax that could be generated by a retail establishment on the same site. The additional cost for either Hwy 205 or the Hwy 205/FM 550 vicinity site would have added an additional $300,000 to $500,000 to the overall project cost just for land purchase. The City Hall site is .9 miles from city center and .3 miles from ETJ center, has adequate space for current and long-term needs, is compatible with adjacent land use, and requires no additional cost for land purchase. The savings may be applied toward future capital needs producing a tax savings for residents.

Design/Build Method

Several area fire departments were surveyed in the process of researching the most efficient method for designing and building a station. Due to the city's size, defined budget, limited staff and build time constraints, it was determined that utilizing a design/build method is the most efficient means for building the station.

Rather than hiring an architect and then bidding out separately for construction, the design/build method allows the City to hire a firm that will design and construct the station. Additionally, firms that offer design/build services offer turnkey pricing. This allows for better cost control and generally saves time as well as money. This method will require the City's Engineer, Building Official and Fire Chief to provide project construction oversight.

Process and Estimated Timeline for Station Construction

June 12	Request for Qualifications Issued
July 3	Submissions Due
July 10	Staff narrows candidate firms and invites construction proposals
July 28	Staff makes recommendation to hire design/build firm and Council hires
Sept 22	Preliminary drawings/renderings provided to Council and public for review and comments
Oct 27	Final plans provided for Council approval
November	Groundbreaking/construction

July 2021	Anticipated completion

Schedule may vary due to weather and other unpredictable conditions.

Mayor Short asked if the location will affect any of the ratings the Department has. Chief Simmons stated no, not at this time. It's not much different than where they are located right now. It could actually help us improve.

Council Member Dahl asked if they would be able to put a "not to exceed" requirement in the RFQ? Palomba stated they did plan to put in terms to that effect.

Council Member Kipphut asked for the protocol when a station is in a neighborhood as far as running the sirens. Chief Simmons explained there are certain laws they have to following when using lights and sirens. His crews are very cautious about these situations.

Council Member Hodges had a question regarding Design/Build. Obviously, they are going to have an in-house architect. Are they a licensed architect? Chief Simmons responded yes.

Mayor Short ask Chief Simmons to clarify what he means by the long term we are trying to do with this station. This station is going to be here for the city for quite some time. It has to meet the needs of this city as the city grows. What are the projected possible uses within that building?

Chief Simmons responded that the goal is to build a 30 plus year fire station that's going to last the city 30 plus years. Looking at building the station and knowing this community and knowing what we have and we don't have, when I talked about the public safety side, department of public safety side, public safety is everything that falls under that whether code enforcement having an office there of if it's the building official having an office there. As the Council, whatever Council makes the decision to have law enforcement having an office there that they can utilize. We want to make sure that station has the ability to use where you don't have a build a separate building.

Council Member Hodges asked if they scaled this thing back, only did a fire department and it cost one point eight million dollars of the four and a half million dollars that we have available, what happens to that money that has been granted to us? Does it go back to the state? Chief Simmons answered no. Council Member Hodges stated his point is we're going to use these funds anyway, it's not from our city tax dollars that's going towards funding this structure. It's a grant from the state, correct? Chief Simmons responded it's not a grant. TxDOT did an assessment when they started the process to widen 205, they found it was going to wipe out the station. They hired a company to come in and do an assessment of the needs of this department and off that assessment of the new future station, the recommendation was made of what TxDOT would pay the City.

Council Member Woessner asked if they only use a portion of the money, can they use the rest to buy, say, a fire truck. Chief Simmons responded yes. She responded then they don't have to throw all of it into a building that they may not use for a little while. Chief Simmons restated that this building is being building for a 30 year plus period of time. Council Member Woessner asked why have such a large building when the trucks and equipment are not up-to-par.

Mayor Short pointed out that construction costs go up every year, so they might not be able to build later.

Council Member Woessner stated she was just trying to say they don't have to have the high-end for everything they put in the station. Chief Simmons stated they are not building an excessive building. City Administrator Palomba explained that a large portion of the cost is structural design such as the foundation to be sure it will support the weight of those trucks. Council Member Woessner stated that she just didn't want to see it all go into a building when they have equipment sitting in a parking lot broken down. Chief Simmons pointed out that they will be able to use any funds left over for new equipment. Council Member Woessner stated she would just like to see some of that put back for the future. She stressed that she's not just talking about the size of the building, but also the finish out. She stressed again that she would like to see them put some back.

Mayor Short recessed the meeting for a short break at 7:59 p.m.

The meeting reconvened at 8:05 p.m.

The Chief reviewed a slide showing MCFD then, now, and proposed.

4.4. Discuss proposed changes to the Master Fee Schedule.

City Administrator Palomba and Fire Chief Simmons presented the following staff report:

Background
The Master Fee Schedule is reviewed each year as part of the budget process. Proposed changes include the following:

Service	Current Rate	Proposed Rate
Sewer Rate	$57.75	$60.64
Pool Permit	$500 plus inspection fees (usually 4 inspections at $75 each) = $800	$200 plus inspection fees = $500 Total
Mechanical/HVAC	$100 plus inspection fees	No Change
Plumbing Permit	$150 plus inspection fees	$100 plus inspections fees
Electrical Permit	$150 plus inspection fees	$100 plus inspections fees
Solicitor's Permit		$100 (up to 4 individuals per permit) $25 for each additional person

The sewer rate proposed is derived from the sewer rate study completed last year. The rate study is attached to the packet. New information regarding NTMWD rates are not available at this time.

Council Member Kipphut asked if this is the sewer rate recommended in the sewer rate study. City Administrator Palomba replied it was.

Council Member Kipphut ask for clarification of her understanding – the City of McLendon-Chisholm has been keeping the sewer rate low and subsidizing it with the sewer reserve fund in order to keep it low.

The current pool permit fee is high as compared to neighboring cities. The proposed fee covers the city's costs.

Mechanical and HVAC permits are currently $100 plus inspections. Plumbing and Electrical permits are currently $150 plus inspections. Plumbing and Electrical permits are similar and should reflect a similar fee. Staff proposes to reduce the plumbing and electrical permit fee to $100 plus inspection fees to be in line with the mechanical and HVAC permits.

Council recently approved changes to the City's nuisance ordinance and now requires a solicitor's permit. A fee needs to be established for the permit. Staff proposes a $100 fee which includes background checks for up to four individuals plus $25 for each additional person attached to the permit. These fees are recommended by the staff in order to cover background checks and other items necessary to issue a permit.

Fire Department related proposed permits were discussed.

City Administrator Palomba reminded the Council that they are not making any decisions tonight and if any of them have recommendations, please forward to her.

Recommendation:
Staff recommends Council consider the proposed Master Fee schedule and have staff prepare an ordinance with an effective date of October 1, 2020 and present to Council for adoption at a future meeting.

4.5. Discuss employee salaries and benefits.

City Administrator Palomba presented information regarding employee salary and budget assumptions:

- 3-5% increase for personnel after completion of one-year subject to recommendation from supervisor
- Salary adjustment for Fire Captains (approx. 8%)
- Proposed Code Enforcement/Public Works Position
- Increasing TMRS contribution rate from 5% to 7% Jan 1, 2020
- Increasing Match Ratio from 1:1 to 2:1 Jan 1, 2021
- 10% increase in health insurance
- 5% increase in Firefighter's workers comp insurance

Retirement Benefits

	Current	Proposed
• Employee Deposit Rate		
○	5%	7%

- City Match
  - 1:1 2:1
- Vested Requirement
  - 5 years
- Service Retirement Eligibility
  - Vested and age 60 or 20 years and any age

Other Benefits

- City pays 100% for full-time employee coverage
  - Employee Health Insurance
  - Vision
  - Dental
- Employee pays 100% for dependent coverage

NO AUDIO RECORDING WAS AVAILABLE AFTER THIS POINT

4.6. Discuss Comprehensive Plan update, timeline for completion and probable costs.

City Administrator Palomba presented the following staff report for this item:

Background:
The 2015 Comprehensive Plan was adopted in March 2016. Michael R. Coker, the City's current Planner, served as the project consultant. Since that time, there have been only minor updates to the Future Land Use Plan and Transportation Plan.

In 2019 the City Council discussed the need for updates to the Comprehensive Plan. At that time, it was decided not to engage a planner specifically for this purpose. Council determined that the Planning & Zoning Commission, the City Council, and the Economic Development Committee could likely do the necessary work involved in updating the plan with minimal guidance from the City's Planner.

On February 25, 2020, Council approved Resolution 2020-03 establishing an Economic Development Committee. The Resolution tasks the committee with developing an Economic Development Plan. As part of developing the Economic Development Plan, the Committee will seek input from the City Planer on concepts to update the City's Comprehensive Plan.

While the City sought applicants for the Economic Development Committee, largely due to COVID-19, applicants have yet to be appointed for this committee. Therefore, the committee is not yet active.

As related to the above-mentioned Economic Development Plan and Comprehensive Plan update, staff requested a quote and proposed scope of work for a new or updated Comprehensive Plan. The City Planner is suggesting $15,000 for an update and $20,000 to develop a new Comprehensive Plan. The City Planner estimates a new or updated plan could require six to eight months to complete. The proposed scope of work is provided by Mike Coker as follows:

Proposed Scope of Work: New or Updated Comprehensive Plan

TASKS:

1. Perform City and area reconnaissance and prepare photographic inventory of City and surrounding area
2. Prepare presentation for combined meting of the City Council and City Planning and Zoning Commission that provides for an overview of the purpose, process and timing for the development of the new or updated Comprehensive Plan (PPT)
3. Meet with City Council and Planning and Zoning Commission to provide an overview of the purpose, process and timing for the development of the new Comprehensive Plan
4. Develop preliminary Comprehensive Plan objectives and strategy for development
5. Commence data assembly to support objectives for Comprehensive Plan
6. Prepare outline for new or updated Comprehensive Plan (PPT)
7. Meet with City Council and Planning and Zoning Commission to review the initial objectives and strategy for preparing the Comprehensive Plan
8. Prepare and present outline, objectives and strategy resulting from meeting with City Council and Planning and Zoning Commission to the Community at a community (PPT) meeting
    a. Provide opportunity for community input and responses
9. Prepare Draft Comprehensive Plan
10. Present Draft Comprehensive Plan to City Council and Planning and Zoning Commission and community at a community meeting (PPT)
11. Revise Draft consistent with direction from City Council and Planning and Zoning Commission
12. Present revised Draft Comprehensive Plan to City Council and Planning and Zoning Commission
13. Present revised Draft Comprehensive Plan to community at community meeting (PPT)
    a. Provide opportunity for community input and responses
14. Prepare final draft Comprehensive Plan
15. Present the final Draft Comprehensive Plan to the Planning and Zoning Commission at a public hearing (PPT)
16. Prepare any revisions as requested by the Planning and Zoning Commission
17. Prepare and present the final Draft Comprehensive Plan to the City Council at a public hearing
18. Prepare Comprehensive Plan as adopted by the City Council (PPT)
19. Review adoption ordinance (prepared by City Attorney) in anticipation of adoption by the City Council

Deliverables:
New or updated Comprehensive Plan
Updated maps
One digital reproducible Copy of New Comprehensive Plan

Recommendation:
Consider budgeting $20,000 for development of an updated or new Comprehensive Plan so the Economic Development Committee, Planning & Zoning Commission and

City Council will have the benefit of having an updated Comprehensive Plan as a guide for future city development.

4.7. Discuss and review existing and proposed City financial policies.

City Administrator Palomba presented the following staff report:

Current Policies Background:
It is the objective of the City of McLendon-Chisholm to invest public funds in a manner which will provide maximum security and the best commensurate yield while meeting the daily cash flow demands of the city and conforming to all federal, state, and local statutes, rules and regulations governing the investment of public funds. The City Council adopted an Investment Policy in 2017 and amended the policy in 2019. Staff has reviewed the policy and is not recommending any changes to the Investment Policy at this time. Staff will perform a final review prior to budget adopting and will bring forth any recommended changes at the appropriate time.

The purpose of the City's Fund Balance Policy is to enable the City of McLendon-Chisholm to provide for a prompt response to unforeseen economic uncertainty, unexpected situations such as natural disaster and establish certain capital and operating reserves to provide sufficient cash flow to sustain operability. The policy establishes the appropriate level of reserves which the City will strive to maintain in its fund balance; how the target fund balances will be funded; and the conditions under which fund balances may be utilized. The City Council adopted a fund Balance Policy in 2019. Staff has reviewed the current policy and is not recommending any changes at this time. Staff will perform a final review prior to budget adoption and will bring forth any recommended changes at the appropriate time.

Recommended Policies Background:
A Debt Management Policy helps to ensure that cities maintain the current or an improved bond rating in order to minimize borrowing and preserve access to credit. A Debt Management Policy provides guidance for staff to ensure high quality debt management decisions; ensure support for debt issuances both internally and externally; impose order and discipline in the debt issuance process; promote consistency and continuity in the decision making process; ensure that the debt management decisions are viewed positively by rating agencies, the investment community and taxpayers; and demonstrate a commitment to long-term financial planning objectives. A Debt Management Policy may be reviewed annually as part of the budget adoption process.

A long-term capital plan is designed to help cities anticipate and project future capital needs, including construction, renovation and repairs and providing equipment to city departments. A long-term capital plan generally covers a period of 5 years and may be reviewed annually or as part of the budget adoption process.

Recommendation:

The City has not yet adopted a Debt Management Policy, a Long-term Financial Plan or Capital Plan. The City Administrator, City Financial Advisor and City Accountant recommend adopting such policies. City Administrator Palomba gave a review of existing financial policies:

- Financial policies are used by cities to set the baseline standards for how a city will be managed financially. Common financial policies include: Investment, Fund Balance, Debt Management, Capital Improvements, Budgeting, etc. Financial policies should be reviewed each year as part of the budget adoption process.
- Investment Policy – City of M-C adopted an Investment Policy in 2017. Minor amendments were made last year. Staff has reviewed and determined that no amendments are necessary at this time. Resolution required to include that Council has reviewed and no changes are required.
- Fund Balance Policy – M-C adopted a Fund Balance policy in 2019. Staff has reviewed and determined that no amendments are necessary at this time. Resolution required to include that Council has reviewed and no changes are required.

Goals for Proposed Financial Policies and Long-Range Financial Plan/Capital Plan

- Debt Management Policy
    - The primary objective of a Debt Management Policy is to ensure the City establishes and maintains a solid position with respect to its debt service and bond proceed funds, and that proceeds from long-term debt will <u>not</u> be used for current operations but rather for capital improvements, related expenses, and other long-term assets in accordance with State law and City ordinances.
- Long-Term Financial Policy
    - A City's Long-Term Financial Plan is designed to help the City anticipate and project future revenues and expenditures in the General Fund and serve as a guide/management tool for City Management when evaluating financial decisions that affect the City. It is meant to address maintenance and operations, and when combined with the Long-Term Capital Plan, capital improvements as well.
    - To this point, the M&O and I&S tax rates necessary to cover the day-to-day operations of the City and to cover the City's debt payments are projected. The Long-Term Financial Plan covers a period of five years.

2019-2020 FYE Budget Projection Key Takeaways

- Building Permits and Sales Tax Exceeding Original Budget Projects
- Original Budgeted Surplus $265K
- Projected End of FY Surplus $932,973 (this is after engineering costs for retail sewer and fire personnel adjustments)

Proposed Budget as Suggested by Mayor and Staff
This Budget:

- Assumes adoption of a .15 cent tax rate (The effective rate is .15.7 cents so this proposed budget actually represents a small decrease in the tax rate.
- Assumes Certified Property Value Estimates are correct
- Conservative revenue projections
- Worst-case expenditure projections
- Covers SAFER Grants decrease (252k to 117k)
- Covers a new Code Enforcement position
- Covers contracted full-service Animal Control

- Covers new Fire Command Vehicle (current vehicle repurposed for a new Code Officer)
- Covers 3-5% salary merit increases and an increase in the TMRS contribution and city matching ratio (TMRS is the City's retirement program)
- Covers an updated Comprehensive Plan
- Covers projected increases to usual operating costs

4.8. Discuss Certified property value estimates as provided by Rockwall County Appraisal District and related matters. The City's Accountant, Ray Smith, may be in attendance to present information and answer questions.

City Administrator Palomba presented the certified estimate of value for 2020 as prepared by Rockwall Central Appraisal District.

The certificate of estimated net taxable value shows:
- Net Taxable Value: $533,900,645
- Freeze Adjusted Taxable Value $463,821,521

4.9. Discuss projected budget for Fiscal Year 2019-2020 (current budget) and Council funding priorities, revenues, expenditure and tax rate for Fiscal Year 2020-2021. City Accountant, Ray Smith, may be in attendance to present information and answer questions.

4.10. Discuss Budget and Tax Rate Adoption Calendar

Proposed Budget and Tax Rate Adoption Calendar

Dates	**Meetings**	**Action**
June 2	Special Budget Work Session	Staff Recommendations/Council Discussion
June 9	Regular City Council Meeting	
June 23	Regular Council Meeting/Budget WS	
July 7 (Change from July 14)	Reg. Council Meeting/Budget WS	
July 25	Not a meeting date	RCAD provides certified values
August 4	Special Budget WS if needed	
August 11	Reg. Council Meeting	Council sets proposed max tax rate
August 18	Not a meeting date	Budget filed in office of City Sec
August 25	Reg. Council Meeting	Budget & Tax rate public hearings
September 8	Reg. Council Meeting	Adjustments final budget presented determined
September 22	Reg. Council Meeting	Council adopts budget, tax rate and ratification ord.
Oct. 1	New Fiscal Year Begins	

4.10. ADJOURN

There being no further business to discuss, Mayor Short adjourned the meeting at 8:42 p.m.

ATTEST:

Rochelle Green, City Secretary

APPROVED:

Keith Short, Mayor

CITY COUNCIL MEETING
City of McLendon-Chisholm, Texas
Meeting Minutes
June 9, 2020

The City Council of the City of McLendon-Chisholm convened in Regular Session on Tuesday, June 9, 2020, at City Hall, 1371 West FM 550, McLendon-Chisholm, Texas, with the following members present:

ATTENDING:	Keith Short	Mayor
	Jim Bloom	Mayor Pro-Tem
	Nathan Hodges	Council Member
	Lorna Kipphut	Council Member
	Trudy Woessner	Council Member
ABSENT:	William Dahl	Council Member
Staff Present:	Lisa Palomba	City Administrator
	Shelly Green	City Secretary
	Jim Simmons	Fire Chief/Marshall
	Michael Halla	City Attorney

1. CALL TO ORDER

Mayor Short called the meeting to order at 6:30 p.m.

2. INVOCATION AND PLEDGE OF ALLEGIANCE TO U.S. AND TEXAS FLAGS

Mayor Short delivered the Invocation and Council Member Bloom led the Pledge of Allegiance to the U.S. and Texas Flags.

3. RULES OF DECORUM

Mayor Short announced the Rules of Decorum are in place and are to be observed throughout the meeting.

4. CITIZEN COMMENTS

Adrienne Balkum, 1518 Firenza Ct.

- PID information and Administrator not on website
- Void contracts for City Planner and City Engineer and interview qualified candidates
- Surveillance not being back up

Robert Steinhagen, 304 Pheasant Hill.

- Fire Station budget
- Roberts Rules of Order – opposed to removing them from City protocol.

David Black, 1419 Siena Ln.

- Regarding 6.3 and 6.4. – Questioned the reason for repealing resolution and there being no replacement for the resolutions.
- Would be helpful to understand the reasoning in replacing existing rules for meetings and governance with new one.

Lance Agee, 1509 Via Toscana

- Use of taxpayer money to pay for a fire station
- Make documents public setting forth use of funds from TxDOT
- No need for four-million-dollar fire department
- What happened to $660,000 fire station as presented about a year ago
- Appreciates time allowed for city comments
- Need to look at 3,000 acres Rockwall wants to give back to city

Paul Day, 1 Greenhollow.

- Regarding 6.3 and 6.4. – presented a brief description of Roberts Rules of Order
- Urged council not to cast aside Roberts Rules of Order

Jody Wright, 1513 Barrolo Dr.

- Fan of Roberts Rules or Order
- Share information on 4.5 million with public
- Recalls Mr. Simmons sharing, about two years ago, he could build a good fire station for less than a million dollars
- Build building to allow for expansion
- Allocate part of the 4.5 million to paying off debt of city hall

Citizen Comments were closed at 6:59 p.m.

5. APPROVAL OF MINUTES

5.1. Consider approval of May 26, 2020 City Council Meeting Minutes

MOTION: APPROVE THE MINUTES OF MARCH 24, 2020 AS PRESENTED

MADE BY: Council Member Kipphut
SECONDED BY: Council Member Hodges

Council Member Woessner questioned why her comments were not included in the Minutes. City Secretary Green explained that she could not hear her on the recording in order to transcribe into minutes.

APPROVAL: Unanimous

6. ITEMS FOR CONSIDERATION

6.1. Discussion and action regarding a Resolution rescheduling the July 14, 2020 Regular City Council Meeting to July 7, 2020.

MOTION: APPROVE A RESOLUTION RESCHEDULING THE JULY 14, 2020 REGULAR CITY COUNCIL MEETING TO JULY 7, 2020 DUE TO RUN-OFF ELECTIONS BEING HELD IN THE COUNCIL CHAMBERS

MADE BY: Council Member Bloom
SECONDED BY: Council Member Hodges
APPROVAL: Unanimous

6.2. Discussion and action authorizing the City Administrator to expend funds in an amount not to exceed $25,000 for the purchase of a Zoom Monitoring System, a lift station motor pump repair, labor costs for pump repair, and road maintenance as related to the Sonoma Verde Lift Stations.

City Administrator Palomba presented the following report for this item:

Background:
The Sonoma Verde subdivision has two lift stations. Lift stations contain pumps, valves and electrical equipment necessary to move wastewater from a low point to a higher point when the gradient of the area does not allow for natural gravity flow. Lift stations are a critical part of the overall sewage system. Collected sewage is stored in a pit. Once sewage reaches a certain level in the pit, electrical instruments recognize the pit is full and the pump is activated. When the pump is activated, sewage moves further down the wastewater line. The pump then cuts off until it is activated again.

The Sonoma Verde lift stations are operated and maintained by Inframark. The City's contract with Inframark includes minor maintenance. Major repairs or new equipment are not included in that contract. Inframark approached the City requesting the following:

- Zoom Monitoring System. This system monitors the lift station components around the clock. It provides a pump run time, tank level monitoring, sends alarms and status signals and it logs operational statistics. When an alarm or status change occurs, the wireless monitoring unit transmits the signal to the monitoring website where the condition is recorded and then distributed to email addresses, cell phones, etc. Operations personnel may log into the website at any time and monitor the system remotely. For example, in the event of a power failure, the generator would start running and assigned personnel would immediately be sent an email or text notification about the incident. Personnel can then log into the Zoom system and review all conditions. Personnel can then prioritize and plan for an appropriate response.

An auto dialer is a less costly alternative to the remote monitoring system. However, an auto dialer will only dial out when the system signals a problem. It is not able to fully diagnose an issue, and personnel will not have an indication of the severity of the problem. Additionally, if phone lines are down the auto dialer will not work.

The Texas Commission on Environmental Quality (TCEQ) requires a continuously monitored system that includes an audio/visual alarm. One lift station does not have a phone line at all. The Fleet Zoom system is cellular which eliminates the need for a phone line altogether. The Zoom system will allow problems to be identified sooner which avoids non-compliance issues with TCEQ and can prevent greater and more costly damage to the lift station pumps in the long term. Additionally, there is always the risk of sewage backing up into homes in Sonoma Verde. The City would be liable for damages if a sewage backup was caused by a non-working pump.

- Inframark has identified that a motor rebuild and reassembly of the complete motor and pump is required at this time. The estimated cost for the pump rebuild and labor is $8,000. If the existing pump is not repaired and fails, the lift station would fill up and overflow. This type of event would require cleanup of illegal discharge from manholes and the facility, would require the rental of an above ground pump and personnel to monitor activity until the existing pump is repaired or replaced. This process could take weeks and could easily become a $50,000 repair and environmental cleanup project rather than an $8,000 pump repair.

- Road Repair. The road leading to the lift station is in poor condition. The road requires gravel and grading. Inframark trucks have become stuck in the mud on occasion due to poor conditions. Inframark is in the process of getting quote for gravel and grading.

Financial Impact:
The Utility Fund has a combined operating and reserve balance of $695,872. Utility funds are generated by user and tap fees and not by ad valorem tax. The utility reserve account exists for the purpose of building funds over time to replace, repair or upgrade major components of the sewer system as needed.

Staff Recommendation:
Staff recommends authorizing the City Administrator to expend funds in an amount not to exceed $25,000 for the purchase of a Zoom Monitoring System, a lift station motor pump repair, labor cost for pump repair and road repair as related to the Sonoma Verde Lift Stations.

Council Member Bloom asked about the continuous monitoring system being a TCEQ requirement. He asked if the city hasn't been monitored this whole time.

City Administrator Palomba responded it has not been monitored.

Council Member Bloom asked if that is not the responsibility of Inframark, or whoever put in that station.

City Administrator Palomba responded it was her understanding that it was initially intended to be through phone lines.

Council Member Bloom stated he wonders if they were ever in compliance and if there was a contract with the installer.

Council Member Kipphut asked about the manhole which was mentioned in the recent work session.

City Administrator Palomba stated she thinks that is included in this price.

MOTION: AUTHORIZE THE CITY ADMINISTRATOR TO EXPEND FUNDS IN AN AMOUNT NOT TO EXCEED $25,000 FOR THE PURCHASE OF A ZOOM MONITORING SYSTEM, A LIFT STATION MOTOR PUMP REPAIR, LABOR COSTS FOR PUMP REPAIR, AND ROAD MAINTENANCE, AND MANHOLE REPAIR, AS RELATED TO THE SONOMA VERDE LIFT STATIONS.

MADE BY: Council Member Hodges
SECONDED BY: Council Member Kipphut
APPROVAL: Unanimous

6.3. Discussion and action regarding a Resolution repealing Resolution No. 2016-12R, adopting Robert's Rules of Order, Resolution No. 2017-24R, adopting a Code of Conduct, Resolution No. 2017-20R, adopting a form of Acknowledgement of Compliance Requirement and Commitment for members of the City's Planning and Zoning Commission, and Resolution No. 2018-20, adopting an amendment to the Code of Conduct.

Mayor Short gave a brief description of what a resolution is. Resolutions are just policies. They are not laws. However, it is best to follow resolutions. After review, there are several resolutions no longer needed or consistent with the values of the Council. Roberts Rules of Order are complex and a new rules of procedures is proposed in Item 6.4., which includes a simplified parliamentary procedures and expectations for City Council members and staff as related to conducting **city business. That is the only reason this item is on the table as an agenda item. The proposed resolution repeals these earlier resolutions.**

Died for lack of a motion.

6.4. Discussion and action regarding a Resolution adopting a Council Rules of Procedures.

Removed from Agenda

6.5. Discussion regarding adoption of an ordinance regulating short term rentals.

Council Member Hodges asked that this item be placed on the agenda. He expressed a desire to hear what the Council's thoughts are on this particular topic. He stated he has some concerns about short-term rentals and he has had some comments from citizens regarding this item.

Mayor Short stated this was discussed at a conference he had attended, and this is an issue a lot of small cities are struggling with and a lot of cities are scared of it.

City Attorney Halla reported there have been two bills at each of the last two sessions in 2017 and 2019. The proposed bills pretty much eliminate the city's ability to regulate short-term rentals. The proposed bills failed, but in 2016 the City of Austin revamped their short-term rental ordinances and they did it based of how long people could stay, sound equipment used, how many people could be present, etc. The Attorney General came out with an opinion that it was not constitutional to have the short-term rental ordinance or at least some of the provisions of the ordinance. The Supreme Court case came out and they did strike down some of the City of Austin's requirements or provisions on the short-term rentals. Part of the point is, this is Texas and you are dealing with people's desire, abilities, and rights to use their property the way they want to use it. Technically speaking, no one has a constitutional right to use their property however they want to use it. But again, because there are property rights, you've got to be really careful how you do regulate those short-term rentals. So, the short answer is yes, you can regulate short-term rentals. The other aspect is you want to carefully consider exactly how you regulate the short-term rentals.

City Council Member Kipphut stated that at the conference they went to, one of the cities didn't disapprove the use of the short-term rentals, but they put in place an ordinance to require them to get a permit to function as a short-term rental which involved getting an inspection to make sure their home was within certain safety guidelines. I think that where this is crucial is if the person who has the short-term rental doesn't live at the house and are just using one of their homes as a short-term rental but it's not their residence. That's a big difference than just somebody letting the house they live in normally be a short-term rental.

Mayor Short stated that the chatter he has heard, the e-mails, the messages he has received, have all been generated around one specific location. He stated he was not going to name those individuals who are complaining and not going to name the individual they're complaining against. I don't think it's fair to either one if they're not present. But it’s been against one specific location and the complaints that have been made, I’ve not heard to the degree they’re explaining the issue. I have not heard it from my residence and my residence is not that far away. When I can hear firecrackers going off clear out at the edge of 205, but I’m not hearing what this gentleman or this individual was complaining about, it’s a little hard. I don’t know if it’s that certain people are upset that other things are coming up in the city that they’re not happy with. They certainly have the right to not like something, but the only complaints I’ve heard is on one specific location. It’s not like we have Airbnb or long-term rentals popping up all over the city. I think if it’s being proposed based on one, it’s going to be either we’re all in for everybody or we’re not in at all. If it’s because of the complaints of one location and maybe let’s talk to those individuals, see what’s going on, look at that and see if there’s a better resolution. I find it hard to start, like Michael said, the way it’s been explained what’s happened in other cities. That would be like to telling someone what they can do with the property around their house.

City Attorney Halla added he thinks Council Member Kipphut’s idea is a good one because you can require them all to register for a permit. The reason for the registration, in my opinion, would be legal and valid is because the STRs are subject to the hotel-motel tax known as the hot tax and so that’s absolutely a rational basis to have a rental provision in your ordinance to keep track of that. If the concerns of Council Member Hodges are things like noise and problems like that, then that can be covered in our nuisance ordinance. That’s a neutral law of general application so, unless you apply it discriminatorily, everything is legal. Noise complaints can always be covered in our nuisance ordinance and if it’s not, we can always amend our nuisance ordinance to cover noise.

Council Member Bloom would give direction to both you and Lisa to look into the nuisance ordinance and the noise ordinance. I don’t know if you all have had a chance to do that, but it was specific to this situation. This could also be helpful to people who are frustrated with fireworks after midnight, or whatever it may be, that would be something worth looking into. I’d like to put that back on the table. Council Member Bloom pointed out that he had specifically ask for this and he would like for it to be addressed.

City Administrator Palomba pointed out that some cities are having a hard time defining noise. What’s noise to me might not be noise to someone else.

Council Member Bloom stated that his request, specifically, and I can go back to the tapes if you will it, I’d said to do some research on what other people have. I don’t have expertise on decimal levels and that type of thing, but I know we wouldn’t be the first city to establish the noise ordinance.

Mayor Short ask Council Member Hodges, since he had asked for this item to be placed on the agenda, if this is something he would like them to look into.

Council Member Hodges responded he thinks they should look at all aspects of this item.

Council Member Kipphut stated she thinks they should establish a policy because, even thought they only have one person talking about it right now, that might not be the way it is down the road. She stated she would really like to delve further into requiring a permit as well.

City Administrator Palomba stated she feels one benefit of a permit is it would provide them with contact information for 24 hours a day.

6.6. Discussion and direction to staff regarding all aspects of the Fiscal Year 2020-2021 Proposed Budget and related matters.

Council Member Hodges stated he specifically wanted to look at the fee schedule and the comprehensive plan. He feels it should be redone with an update. He pointed out that the previous planner quoted a price of $55,000 and he would like to see what the current planner would quote.

Council Member Kipphut stated she had spoken to Lisa about this and the city planner is available for the next meeting and it was going to be a proposed agenda item for that next meeting if you would be willing to discuss that at that point.

Council Member Hodges agreed.

7. EXECUTIVE SESSION

7.1 Recess into Executive Session (Closed Meeting) in accordance with Texas Government Code: Section 551:071(1) and (2): Consultation with Attorney to seek advice about pending or contemplated litigation or on a matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act, regarding maintenance responsibilities for roads outside the city limits and in the City's extraterritorial jurisdiction.

Council recess into Executive Session at 7:32 p.m.

7.2. RECONVENE REGULAR MEETING

The Council reconvened into regular session at 8:09 p.m.

7.3. EXECUTIVE SESSION ACTION

No Action

8. UPDATES, DISCUSSION AND DIRECTION TO STAFF - None

9. COUNCIL REPORTS ON ITEMS OF COMMUNITY INTEREST

The City Council will have an opportunity to address items of community interest, including: expressions of thanks, congratulations, or condolence; information regarding holiday schedules; an honorary or salutary recognition of a public official, public employee, or other citizen; a reminder about an upcoming event organized or sponsored by the City of McLendon-Chisholm; information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the City of McLendon-Chisholm that was attended or is scheduled to be attended by a member of the City Council or an official or employee of the City of McLendon-Chisholm; and announcements involving an imminent threat to the public health and safety of people in the City of McLendon-Chisholm that has arisen after posting the agenda.

Council Member Kipphut – Lunch & Learn will resume on July 7, 2020, with two sessions, one from 12 noon to 1 p.m. and one from 5 p.m. to 6 p.m. Chief Simmons will host a question and answer session regarding the new fire station.

Mayor Short – Reminded everyone to respond to the Census.

14. ADJOURN

There being no further business to discuss, Mayor Short adjourned the meeting at 8:11 p.m.

APPROVED:

____
Keith Short, Mayor

ATTEST:

____
Rochelle Green, City Secretary

CITY OF MCLENDON-CHISHOLM, TEXAS

AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

MURREY PASCHALL & CAPERTON, P.C.
Certified Public Accountants

CITY OF MCLENDON-CHISHOLM, TEXAS
TABLE OF CONTENTS
SEPTEMBER 30, 2019

Murrey Paschall & Caperton PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of McLendon-Chisholm, Texas
McLendon-Chisholm, Texas

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of the City of McLendon-Chisholm, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the City of McLendon-Chisholm, Texas, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the required GASB 68 and GASB 75 Schedules on pages 5–11 and pages 29-45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2020, on our consideration of the City of McLendon-Chisholm, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of McLendon-Chisholm, Texas's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of McLendon-Chisholm, Texas's internal control over financial reporting and compliance.

Murrey Paschall & Caperton, PC

Murrey Paschall & Caperton, P.C.
Forney, Texas
March 30, 2020

CITY OF MCLENDON-CHISHOLM, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

Within this section of the City of McLendon-Chisholm, Texas' annual financial report, the City's management provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. The discussion focuses on the City's primary government.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities by $17,181,933 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by $11,782,388. This includes contributed assets received as part of the Phase 1 agreement with the developer of the Sonoma Verde planned community, MC 550 Investors, L.P. Total developer contributed assets to the city now total $11,849,390 with another $4,134,060 in Construction in Progress PID Fund.

- Total net assets are comprised of the following:
  1) Capital assets, net of related debt, of $17,333,370.
  2) Restricted for debt service funds of $278,882.
  3) Unrestricted net assets of $1,446,704 represent the portion available to maintain the City's continuing obligations to citizens.

- The City's general fund reported total ending fund balance of $1,227,633 this year. This compares to the prior year ending fund balance of $741,944, showing an increase of $485,689 during the current year.

- The City's liabilities are accounts payable, sewer tap rebates and long-term debt.

- The City has implemented GASB Statement No. 68 which requires the City to record its Net Pension Asset $9,482. The City also implemented GASB Statement No. 75 which requires the City to record its OPEB Liability ($8,151). Both of these also require related deferred outflows and inflows of resources per TMRS reporting guides.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the financial statements.

Government-Wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Assets*. This is the citywide statement of financial position presenting information that includes all the City's assets and liabilities, with the difference reported as *net assets*. Over time, the increases or decreases of net assets may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other non-financial factors such as diversification of the taxpayer base or the condition of City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and fees and on occasion grants from state and federal sources. Governmental activities include general government, public safety, public services, and culture and recreation. Business-type activities include airports, water utilities, solid waste management, storm water drainage, golf courses, fairgrounds and stadium, ground transportation, and parking. Fiduciary activities such as employee pension plans are not included in government-wide statements since these assets are not available to fund City programs. During 2019, the City continued collecting sewer tap fees which are considered business-type funds. See further discussion in the notes to the financial statements.

The City's financial reporting includes the funds of the City (primary government). There are currently no component units.

The government-wide financial statements are presented on pages 12-13 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City taken as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. The City of McLendon-Chisholm, Texas has governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of expendable resources during the year and balances of expendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of the expendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to the government-wide statements to assist in understanding the differences between the two perspectives.

They City maintains several individual governmental funds organized according to their type (general fund, debt service, and capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, and the capital projects fund (PID), all of which are considered to be major funds.

The basic governmental fund financial statements are presented on pages 14-17 of this report.

Proprietary funds are used to report the same functions presented as business-type funds to account for its utility operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. See reporting on pages 18-20.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has one fiduciary fund, the PID Agency Fund, which is included in Note XI of the financial statements.

The City adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance theses current period activities. The budgetary schedule provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The statement shows multiple columns: 1) the original and final budget as amended by the Council (if any changes); 2) the actual resources, charges to appropriations, and ending balances in the General Fund and 3) the difference or variance between the final budget and the actual resources and charges.

The budgetary comparison statement can be found on page 40-41 of this report.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements on page 21 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

As year-to year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the City as a whole.

Comparative data is accumulated and presented to assist analysis. The City's net assets at fiscal year-end are $17,181,933. This is a $5,399,545 increase from last year's net assets of $11,782,388.

A large portion of the City's net assets (89.95%) reflects its investments in capital assets (e.g. contributed capital assets, land, furniture, equipment and leasehold improvements). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The city received Bond proceeds during 2015 in the amount of $2,150,000 for the primary purpose of constructing a new city hall which was completed in 2016. During 2018 the city voted to establish an escrow account for an early bond redemption. As of September 30, 2019, the funds in this escrow account were $257,328 and are expected to be applied against debt principal.

The remaining balance of unrestricted net assets of $1,446,704 may be used to meet the government's ongoing obligation to citizens and creditors.

	Governmental Activities		Business-Type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
Current assets	$ 1,600,312	$ 1,108,469	$ 480,174	$ 370,338	$ 2,080,486	$ 1,478,807
Capital and deferred outflows	12,514,103	7,887,533	4,861,536	4,779,473	17,375,639	12,667,006
Total assets and def. outflows	14,114,415	8,996,002	5,341,710	5,149,811	19,456,125	14,145,813
Long-term bonds outstanding	1,695,000	1,785,000	-	-	1,695,000	1,785,000
Other liabilities and def. inflows	487,842	517,169	91,351	61,256	579,192	578,425
Total liabilities and def. inflows	2,182,842	2,302,169	91,351	61,256	2,274,192	2,363,425
Net assets						
Invested in capital assets, net of debt	10,594,811	5,871,701	4,861,536	4,779,473	15,456,347	10,651,174
Restricted	278,882	178,184	-	-	278,882	178,184
Unrestricted (deficit)	1,057,880	643,948	388,824	309,082	1,446,704	953,030
Total net assets	$ 11,931,573	$ 6,693,833	$ 5,250,360	$ 5,088,555	$ 17,181,933	$ 11,782,388

	Governmental Activities		Business-type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
Program revenues						
Charges for services	$ 1,492,004	$ 761,747	$ 445,408	$ 376,359	$ 1,937,412	$ 1,138,106
Ad Valorem Tax	652,096	583,592	-	-	652,096	583,592
Franchise & Sales Tax	404,194	366,256	-	-	404,194	366,256
Investment Income	20,777	12,224	9,259	5,641	30,036	17,865
Other Sources	-	-	-	-	-	-
Total revenues	2,569,071	1,723,819	454,667	382,000	3,023,738	2,105,819
Program expenses						
General government	1,654,643	1,139,656	-	-	1,654,643	1,139,656
Cultural & Recreation	156	1,781	-	-	156	1,781
Infrastructure	21,800	12,843	-	-	21,800	12,843
Public Safety	110,501	139,775	-	-	110,501	139,775
Debt Service	49,920	60,124	-	-	49,920	60,124
Utilities	-	-	478,266	393,479	478,266	393,479
Total expenses	1,837,020	1,354,179	478,266	393,479	2,315,285	1,747,658
Excess (deficiency) before transfers	732,051	369,640	(23,598)	(11,479)	708,453	358,161
Transfers	-	-	-	-	-	-
Increase (decrease) in net assets	732,051	369,640	(23,598)	(11,479)	708,453	358,161
Plus Prior Period Adjustment	(55,046)	-	-	-	(55,046)	-
Plus CIP - PID Fund	4,134,060	-	-	-	4,134,060	-
Plus Developer Contribution	426,675	-	185,403	-	612,078	-
Total Change in Net Assets	$ 5,237,740	$ 369,640	$ 161,805	$ (11,479)	$ 5,399,545	$ 358,161

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of expendable resources. Governmental funds reported ending fund balances of $1,506,515. Of this year-end total, $1,227,633 is unassigned indicating availability for continuing City service requirements while the remaining $278,882 is to be applied to debt service.

Major Governmental Funds

General Fund – The City does levy property taxes. Other revenues that are received are from such miscellaneous sources as state sales tax sharing, franchise taxes, etc. The basic expenses of a governmental nature involve the maintaining of a city hall and the associated expenses of the city government.

Proprietary Fund - The City has a component utility unit: the sewer system of the Sonoma Verde Development. Although a part of the city, this operates primarily as a business selling the services provided to the public. The business-type activities operated at a net loss of $23,598 (after depreciation expense) in 2019.

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund budget for fiscal year 2019 was expected to be a gain of $14,904. The actual net gain was higher $586,387 primarily due to new grant revenue to be used for the new Fire & Rescue Department. Budgetary comparisons are found on page 35-36 of this report.

CAPITAL ASSETS

The City's investment in capital assets for its governmental activities, net of depreciation and related debt, as of September 30, 2019 is $17,333,370. These include land, furniture, equipment, fire department assets, leasehold improvements and developer contributed assets in Sonoma Verde. Additions during the year related to further progress on the new City Hall property and Sonoma Verde infrastructure (water lines, sewer lines, roads and drainage improvements.

At the end of the current fiscal year, the City had total bond debt outstanding of $1,785,000.

Additional information regarding the City of McLendon-Chisholm's capital assets can be found in Note IV on page 26.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET CONSIDERATIONS

The rapid growth of Rockwall County will continue to foster additional home starts in the area, thus increasing City income from permits, inspections and filings.

General Fund expenses for the 2019-2020 fiscal year are budgeted to increase compared to the 2018-2019 budget. The major difference for 2019-2020 will be increases in income and related expenses for building permits/inspections, septic fees, professional fees, road repairs and sales tax revenue are all expected to increase. Also with the establishment in September 2018 of the McLendon Chisholm Fire & Rescue department, expenses will include staffing fire fighters, purchasing needed equipment and renovating fire department facilities. To help offset these cost, the City has been awarded a $621,600 SAFER (Staffing for Adequate Fire and Emergency Response) grant to be split over the next 3 years. For more information see the announcement on the city website.

Population growth in the City and County has been an important topic for City leaders and citizenry for several decades. The City has seen an increase in retail establishments and single-family homes. The City expects its population to continue to increase and is working to plan for the needs of the citizens and generating revenues to support those needs. This is a primary focus of the City. Additionally, the City sees its ability to balance the need for professional services (such as planning, engineering, legal and, financial) with population growth as a challenge in the future.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrates the City's commitment to public accountability. If you have questions regarding this report or would like to request additional information, you may submit a request to the City Secretary at 1371 West FM 550, McLendon-Chisholm, Texas 75032.

CITY OF MCLENDON-CHISHOLM, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2019

	PRIMARY GOVERNMENT		
	Government Activities	Business-Type Activities	Total
Assets			
Cash & Equivalents	$ 1,353,054	$ 480,174	$ 1,833,228
Miscellaneous Receivables and Prepaids	185,052	-	185,052
Sales Tax Receivable	42,206	-	42,206
Development Revenue Receivable	20,000	-	20,000
Total Current Assets	1,600,312	480,174	2,080,486
Capital Assets (Note IV)			
Furniture & Equipment - City	152,100	-	152,100
Equipment & Gear - Fire Dept	873,843	-	873,843
Leasehold Improvements	25,985	-	25,985
Building	2,170,689	-	2,170,689
Infrastructure	6,535,629	5,313,761	11,849,390
Land	322,511	-	322,511
Construction in Progress	4,134,060	-	4,134,060
Accumulated Depreciation	(1,742,983)	(452,225)	(2,195,208)
Total Capital Assets	12,471,834	4,861,536	17,333,370
Other Assets and Deferred Outflows			
Bond Cost, net amortization	-	-	-
Net Pension and OPEB Asset	9,482	-	9,482
Deferred Outflows - Pension and OPEB	32,787	-	32,787
Total Other Assets and Deferred Outflows	42,269	-	42,269
Total Assets and Deferred Outflows	14,114,415	5,341,710	19,456,125
Liabilities			
Account Payable	85,981	91,351	177,331
Sonoma Verde Repairs Reserve	93,062	-	93,062
Net Pension and OPEB Liability	8,151	-	8,151
Deferred Inflows - Pensions and OPEB	347	-	347
Accrued Bond Interest	7,817	-	7,817
Bond Premium, net amortization	92,023	-	92,023
Current - Notes Payable (Note V)	90,000	-	90,000
Long-term - Leased Equipment (Note V)	110,461	-	110,461
Long-term - Notes Payable (Note V)	1,695,000	-	1,695,000
Total Liabilities and Deferred Inflows	2,182,842	91,351	2,274,192
Net Assets			
Investment in Capital Assets, net of related debt	10,594,811	4,861,536	15,456,347
Restricted for Debt Service	278,882	-	278,882
Unrestricted	1,057,880	388,824	1,446,704
Total Net Assets	$ 11,931,573	$ 5,250,360	$ 17,181,933

The accompanying notes are an integral part of the financial statements.

CITY OF MCLENDON-CHISHOLM, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	PROGRAM REVENUE		
	Expenses	Charges for Services	Net Revenue (Expense)
Primary Government			
Government Activities			
Culture and Recreation	$ 156	$ -	$ (156)
General Government	1,654,643	1,492,004	(162,639)
Infrastructure	21,800	-	(21,800)
Public Safety	110,501	-	(110,501)
Debt Service	49,920	-	(49,920)
	1,837,020	1,492,004	(345,016)
Business Type:			
Utility	478,266	445,408	(32,858)
Total Business-Type Activities	478,266	445,408	(32,858)

	Governmental Activities	Business-Type Activities	Total
Change in Net Assets:			
Net (Expense) / Revenue	(345,016)	(32,858)	(377,873)
Ad Valorem Tax	652,096	-	652,096
Sales Tax	218,228	-	218,228
Franchise	185,966	-	185,966
Investment Income	20,777	9,259	30,036
Change in Net Assets	732,051	(23,598)	708,453
Net Assets: Beginning	6,693,833	5,088,555	11,782,388
Prior Period Adjustment:	(55,046)	-	(55,046)
Plus CIP - PID Fund	4,134,060	-	4,134,060
Plus Developer Contribution:	426,675	185,403	612,078
Net Assets: Ending	$ 11,931,573	$ 5,250,360	$ 17,181,933

The accompanying notes are an integral part of the financial statements.

CITY OF MCLENDON-CHISHOLM, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General Fund	Debt Service Fund	PID Capital Projects	Total Governmental Funds
Assets				
Cash & Equivalents	$ 1,066,355	$ 286,699	$ -	$ 1,353,054
Miscellaneous Receivables and Prepaids	185,052	-	-	185,052
Sales Tax Receivable	42,206	-	-	42,206
Development Revenue Receivable	20,000	-	-	20,000
Total Current Assets	1,313,613	286,699	-	1,600,312
Total Assets	$ 1,313,613	$ 286,699	$ -	$ 1,600,312
Liabilities				
Account Payable	$ 85,981	$ -	$ -	$ 85,981
Accrued Liabilities	-	7,817	-	7,817
Total Current Liabilities	85,981	7,817	-	93,798
Fund Balance				
Restricted for Debt Service	-	278,882	-	278,882
Unassigned	1,227,633	-	-	1,227,633
Total Fund Balances	1,227,633	278,882	-	1,506,515
Total Liabilities and Fund Balance	$ 1,313,613	$ 286,699	$ -	$ 1,600,312

Note: The PID Capital Projects fund has a $0 balance because all is included in capital assets as of year end.

The accompanying notes are an integral part of the financial statements.

CITY OF MCLENDON-CHISHOLM, TEXAS
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2019

Total Fund Balance - Total Governmental Funds	$ 1,506,515
Amounts reported for government assets in the Statement of Net Assets are different because:	
Capital Assets of $10,080,757, net of Depreciation of $1,742,983 are not financial resources and, therefore are not reported in the funds. See note IV for additional detail	12,471,834
Net other post employment benefit obligation in governmental activities does not require current financial resources and therefore is not reported in the governmental funds balance sheet.	33,771
Bond Premiums, net are not due and payable and, therefore are not reported in the funds.	(92,024)
Long-term liabilities including bonds payable, notes payable, total OPEB, and net pension liability, are not due in the current period and therefore, are not reported in the funds.	(1,988,523)
Net Assets of Governmental Activities	$ 11,931,573

The accompanying notes are an integral part of the financial statements.

CITY OF MCLENDON-CHISHOLM, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Debt Service Fund	PID Capital Projects	Total Governmental Funds
Revenues				
Ad Valorem Tax	$ 395,215	$ 256,881	$ -	$ 652,096
Sales Tax	218,228	-	-	218,228
Franchise	185,966	-	-	185,966
Investment Income	18,419	2,358	-	20,777
Service Revenue	955,004	-	-	955,004
Debt proceeds	93,062	-	-	93,062
	1,865,894	259,239	-	2,125,133
Expenditures				
Culture and Recreation	156	-	-	156
General Government	1,149,823	13,679	-	1,163,502
Infrastructure	21,800	-	-	21,800
Public Safety	110,501	-	-	110,501
Capital Expenditures	97,926	-	-	97,926
Debt Service: Principal	-	85,000	-	85,000
Debt Service: Gross Interest	-	59,862	-	59,862
	1,380,205	158,541	-	1,538,746
Net Change in Fund Balance	485,689	100,698	-	586,387
Fund Balance: Beginning	741,944	178,184	-	920,128
Fund Balance: Ending	$ 1,227,633	$ 278,882	$ -	$ 1,506,515

Note: PID Capital Projects fund collected $145,573 in assessment revenue which was released to the general fund.

The accompanying notes are an integral part of the financial statements.

CITY OF MCLENDON-CHISHOLM, TEXAS
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Net Change in Fund Balance - Total Governmental Funds	$ 586,387
Amounts reported for government activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeds depreciation in the current period is (less depr. $519,810 add purchase of $97,926 exclude the CIP to be contributed by the PID developer and add $537,000 contribution income from VFD assets.)	115,115
Governmental funds report all payments to pension benefits as expenditures. However in the government-wide statement of activities the pension expense is actuarially determined. (Paid to TMRS - Actuary Expense)	28,669
The issuance of long-term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term consumes the current financial resources of government funds. Neither transaction however, has any effect on the net position. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued; wheras, these amounts are deferred and amortized in the Statement of Activities.	1,880
Change Net Assets of Governmental Activities	$ 732,051

The accompanying notes are an integral part of the financial statements.

CITY OF MCLENDON-CHISHOLM, TEXAS
STATEMENT OF NET ASSETS - PROPRIETARY FUND
SEPTEMBER 30, 2019

	Business-Type Activities (Utility Fund)
Assets	
Cash & Equivalents	$ 480,174
Total Current Assets	480,174
Infrastructure	5,313,761
(less) Accumulated Depreciation	(452,225)
Total Capital Assets	4,861,536
Total Assets	$ 5,341,710
Liabilities	
Sewer Tap Rebates	$ 90,000
Payables	1,351
Total Liabilities	91,351
Net Assets	
Investment in Capital Assets, net of related debt	4,861,536
Unrestricted	388,824
Total Net Assets	5,250,360
Total Liabilities and Net Assets	$ 5,341,710

The accompanying notes are an integral part of the financial statements.

CITY OF MCLENDON-CHISHOLM, TEXAS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-Type Activities (Utility Operations Fund)
Revenues	
Sewer Connection Fees	$ 237,000
Sewer Customer Service	208,408
Interest Income	9,259
Total Revenues	454,667
Expenses	
Sewer Connection Developer Fee	142,200
Septic Maintenance	222,045
Accounting & Payroll Services	10,681
Depreciation	103,340
Total Expenses	478,266
Change in Net Assets	(23,598)
Net Assets: Beginning	5,088,555
Plus Developer Contribution:	185,403
Net Assets: Ending	$ 5,250,360

The accompanying notes are an integral part of the financial statements.

CITY OF MCLENDON-CHISHOLM, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

		Business-type Activities (Utility Operations Fund)
Cash flows from operating activities:		
Receipts from customers and users	$	454,667
Payments to suppliers		(344,831)
Payments to employees		-
Net cash provided by operating activities		109,836
Cash flows from noncapital financing activities:		
Transfers In (Out) from Other Funds		-
Net cash provided (used) by noncapital financing activities		-
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets paid by City		-
Net cash provided (used) by capital and related financing activities		-
Net increase (decrease) in cash and cash equivalents		109,836
Cash and cash equivalents at beginning of year		370,338
Cash and cash equivalents at end of year	$	480,174
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	$	(23,598)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization		103,340
Increase (decrease) in accounts current liabilities		30,095
Total adjustments		133,435
Net cash provided by operating activities	$	109,836

The accompanying notes are an integral part of the financial statements.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the City of McLendon-Chisholm, Texas (City) are discussed in subsequent sections of this Note. The remaining notes are organized to provide explanations, including required disclosures of the City's financial activities for the fiscal year ended September 30, 2019.

B. Financial Reporting Entity

Incorporated in 1969, the City of McLendon-Chisholm, Texas is a General Law Municipality in which citizens elect the mayor at large and five council members at large. The accompanying financial statements present the City's primary government.

Based on the primary accountability for fiscal matter, authority to make decisions, appoint administrators and managers, and significantly influence operations, the City meets the definition of a "Financial Reporting Entity" as defined by GASB statement 14.

The accompanying financial statements present the City's primary government.

C. Basis of Presentation

Government-Wide and Fund Financial Statements

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the individual fund of the governmental categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

Government-Wide Financial Statements

The government-wide financial statements include the statements of net assets and the statement of activities. These statements report financial information of the City as a whole. The government has a Proprietary Fund other than the General Fund and no component units. Therefore, the statements distinguish between governmental and business type activities, one being generally supported by taxes and City general revenues, while the other is generally financed with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities that capture the expenses and program revenues associated with a distinct functional activity. Program revenue includes charges for services, which report fees and other charges to users of the City's services (specifically permit fees). Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental funds and proprietary funds.

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in the other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general obligation long-term debt paid from taxes levied by the City.

The PID Capital Projects Fund is used to account for the acquisition or construction of capital facilities and improvements relating to the Sonoma Verde Public Improvement District (PID).

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City has one fiduciary fund, the Public Improvement District (PID) Agency Fund, to account for bond proceeds, assessments, and related debt associated with the issuance of bonds issued by the City as an agent for the Sonoma Verde Public Improvement District.

D. Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting thus relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statement uses the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred. However, expenditures related to claims and judgments are recorded only when payment is due and payable shortly after year end as required by GASB Interpretations No. 6.

Program revenues as reported in the Statement of Activities include 1) charges to customers for goods, services, or privileges provided and 2) capital grants. Other revenues received by the City that are internally dedicated by their purpose are reported as general revenues rather than program revenues. In this respect, all tax revenues are included in general revenues.

Sales tax and franchise tax revenues recorded in the General Fund are recognized under the susceptible to accrual concept. License and permits, charges for services, and miscellaneous revenues are recorded as revenues when received in cash, as the related receivable is not measurable. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements are used as guidance.
Allocation of indirect expenses: The City currently has no indirect expenses.

Estimates - The preparation of financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect certain reported amounts. Accordingly, actual results could differ from those estimates.

The General Fund and the Debt Service fund are the only two operating funds of the City.

E. *Financial Statement Amounts*

Cash and Equivalents – The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables – Ad valorem taxes are levied by October 1 on the assessed value listed with and established by Rockwall Central Appraisal District. The Rockwall County Tax Assessor/Collector bills and collects the City's taxes. Taxes are due upon receipt of the bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Other receivables include sales taxes collected within 60 days of year end and other miscellaneous balances due to the city.

Investments – Accounting pronouncement GASB Statement 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, applied to investments in external investing pools, investments purchased with maturities greater than one year, mutual funds, and certain investment agreements. Generally, governmental entities are required to report the "fair market" changes for these investments at year-end and record these gains and losses on their income statement. Investments with maturities less than one year at the time of purchase are stated at cost or amortized cost. The fair value of the City's position in these investment pools is the same as the value of the pool shares.

Capital Assets – The City's capital assets with useful lives of more than one year are stated at historical cost if purchased or constructed and comprehensively reported in the government-wide financial statements. Donated capital assets are recorded at their estimated fair value at the date of donation. The City generally capitalizes purchases of $1,000 or more as outlays occur. Other costs incurred for repairs and maintenance are expensed. Capital assets are being depreciated using the straight-line method over periods between 5 and 15 years.

Impairment of Long-lived Assets – the City reviews potential impairments of long-lived assets when there is evidence that events or changes in circumstances have made the recovery of an asset's carrying value unlikely. An impairment loss is recognized if the sum of the expected, undiscounted future cash flows is less than the net book value of the asset. Generally, the amount of the impairment loss is measured as the excess of the net book value of the assets over the estimated fair value. As of September 30, 2019, no impairment of long-lived assets is necessary.

Long-Term Obligations – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund type statement of net position. Bond premium or discount as well as issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the related bond premiums or discount. Bond issuance costs are reported as deferred charges.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premium received on debt issuances is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category. Deferred outflows related to pensions, which arise only under an accrual basis of accounting, is reported only in the government-wide and proprietary statements of net position. This amount is deferred and amortized over the actuarial determined recognition period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under an accrual basis of accounting that qualifies for reporting in this category. This amount is deferred and amortized over the actuarial determined recognition period.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Equity – GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* – includes the portion of net resources that cannot be spent because of their forms (i.e., inventory, long-term debt, or prepaid items) or because they must remain intact such as the principle of an endowment.
- *Restricted fund balance* – includes the portion of net resources on which limitations are imposed by creditors, grantors, contributors, or by laws or regulations of other governments (i.e., externally imposed limitations). Amounts can be spent only for the specific purposes stipulated by external resource providers or as allowed by law through constitutional provisions or enabling legislation.
- *Committed fund balance* – includes the portion of net resources on which the City Council has imposed limitations on use. Amounts that can be used only for the specific purposes determined by a resolution of the City Council. The resolution must be approved before the end of the fiscal year in which the commitment will be reflected on the financial statements.
- *Assigned fund balance* – includes the portion of net resources for which an intended use has been established by the City Council or the City official authorized to do so by the City Council. Assignment of fund balance is much less formal than commitments and do not require formal action for their imposition or removal.
- *Unassigned fund balance* – includes the amounts in excess of what can properly be classified in one of the other four categories of fund balance. It is the residual classification and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources as needed.

NOTE II. COMPLIANCE AND ACCOUNTABILITY

Finance-Related Legal and Contractual Provisions

- In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation	Action Taken
None Reported	Not applicable

Deficit Fund Balance or Fund Net Position of Individual Funds

- Following are funds having deficit fund balances or net position at year end, if any, along with remarks which address such deficits:

Fund Name	Deficit Amount
None	None

Budgets and Budgetary Accounting

- The Texas Uniform Budget Law requires each mayor or city manager to prepare a budget each year to cover all the expenditures of the municipality for the succeeding year. The budget should be prepared at least 30 days prior to the setting of a tax levy by the city. Not less than 15 days prior to the levying of taxes a public hearing should be held, after being duly advertised. After this the Council should adopt the budget. The City complied with state requirements.

NOTE III. DEPOSITS AND INVESTMENTS

Deposits - State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. At year-end, the City's bank accounts are at a federally insured institution and the balances amounted to $1,833,228, all of which is covered by federal depository insurance and pledged securities.

Investments – Public funds of the City of McLendon-Chisholm, Texas may be invested in the following: (1) obligations of the United States Government or its agencies and instrumentalities, (2) fully insured or collateralized certificates of deposit from any bank domiciled in the State of Texas, (3) repurchase agreements not to exceed 180 days to stated maturity, (4) AAA-rated, no-load, SEC registered money market funds, and (5) AAA-rated, constant dollar Texas Local Government.

Deposits and Investments are comprised of the following:

	VALUE	PERCENTAGE
Alliance Bank	$ 553,568	30.20%
Logic	1,003,370	54.73%
Bond Early Redemption Escrow	257,328	14.04%
TexPool	18,961	1.03%
Total	$ 1,833,228	100.00%

Pledged Securities through Alliance Bank: market valued at $527,201 with a 10/1/22 maturity

NOTE IV. CAPITAL ASSETS

The following tables provide a summary of changes in capital assets:

Capital Assets Activity - Governmental

	09/30/18	Increases	Decreases	09/30/19
Capital Assets				
Land	$ 322,511	$ -	$ -	$ 322,511
Buildings	2,170,689	-	-	2,170,689
Furniture & Equipment	140,675	11,425	-	152,100
Fire & Rescue Equipment	230,341	643,502	-	873,843
Improvements	25,985	-	-	25,985
Infrastructure	6,108,954	426,675	-	6,535,629
CIP	20,000	4,134,060	(20,000)	4,134,060
Total Depreciable:	9,019,155	5,215,662	(20,000)	14,214,817
Less Accumulated Depreciation	(1,223,173)	(519,810)	-	(1,742,983)
Total Capital Assets	$ 7,795,982	$ 4,695,852	$ (20,000)	$ 12,471,834

Capital Assets Activity - Business Type

	09/30/18	Increases	Decreases	09/30/19
Capital Assets				
Infrastructure	$ 5,128,358	$ 185,403	$ -	$ 5,313,761
Total Depreciable:	5,128,358	185,403	-	5,313,761
Less Accumulated Depreciation	(348,885)	(103,340)	-	(452,225)
Total Fixed Assets	$ 4,779,473	$ 82,063	$ -	$ 4,861,536

During 2018, the City voted to approve a new Fire & Rescue Department which required the purchase of new equipment and gear. In 2019, the former Volunteer Fire Department assets were all donated to the City (personal protective clothing, brush truck, pierce engine, command vehicle, quick response vehicle, one engine, ferrarta tanker/pumper and the old bunk house and metal building on State Hwy 205.

The city also received additional infrastructure assets from MC 550 Investors, L.P. who are developing the Sonoma Verde planned community. Phase 1C assets were completed and transferred in the summer of 2019. Additionally, the City expects to receive Improvement Area 2 additions once the City engineer approves in the winter of 2019/2020. Construction in Progress as of September included the $4,134,060 noted above. Sonoma PID (not the City) is expected to reimburse the developer for these cost while the City continues to pay each lot's sewer tap rebates.

NOTE V. LONG-TERM OBLIGATIONS

Government-Type Activities

New City Hall Bond - The City of McLendon-Chisholm, Texas Combination Tax and Limited Surplus Revenue Certificate of Obligation, Series 2015 were issued January 27, 2015, in the amount of $2,090,000 and bear interest at the rate of 2% - 4%. Principal payments began in February 2016. Expected payoff 2035.

Principal and interest payments projected for the following five years:

	Principal	Interest
2020	$ 90,000	$ 58,113
2021	90,000	56,313
2022	95,000	54,463
2023	95,000	52,563
2024 and subsequent years	1,415,000	356,681
TOTAL	$ 1,785,000	$ 578,131

It is noted that the Sonoma Public Improvement District issued $7,600,000 in Certificate of Obligation Bonds in April of 2015 in the City of McLendon-Chisholm's name for Phase I improvements. These Phase 1 improvements were also funded by a long-term developer reimbursement note for $3,100,000. Additionally, in 2019, the PID issued $6,225,000 in Certificate of Obligation Bonds in the City's name for Phase II Improvements. These Phase II improvements were also funded by a long-term developer reimbursement note for $1,290,079. All PID debt is expected to be paid with additional property assessment fees in the Sonoma Verde planned development with expected payoff by 2049. The City has no obligation to pay the PID Bonds from any other sources.

The other long-term debt of the City is a Master Equipment Lease Purchase Agreement with Community First National Bank which the City used to purchase new equipment for the Fire & Rescue Department. The agreement dated 6/1/2018 was for $162,500 and has the remaining 4 payments due in the upcoming 2 years:

	Principal	Interest
12/1/2019	$ 26,801	$ 2,206
6/1/2020	27,337	1,670
12/1/2020	27,884	1,125
6/1/2021	28,439	568
TOTAL	$ 110,461	$ 5,569

NOTE VI. DEBT SERVICE FUND

According to generally accepted accounting principles, when taxes are assessed to service the interest and principle payments of a debt obligation, a debt service fund should be established and used for this purpose. The current year's financial statements reflect the Debt Service Fund and the accounting of appropriate activities through it.

NOTE VII. EMPLOYEE PENSION PLAN

A. Plan Description

The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

B. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statues governing TMRS. Plan provisions for the City were as follows:

Deposit Rate:	5%
City's Full Retirement Rate:	2018/9.48%; 2019/8.53%
Matching Ratio (City to Employee):	1 to 1
Years Required for Vesting:	5 years
Service Retirement Eligibilities:	5 yrs/age 60; 20 yrs/any age
Employees covered by benefit terms.	

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	1
Active employees	7
	10

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 9.48% and 8.53% in calendar years 2018 and 2019, respectively. The city's contributions to TMRS for the year ended September 30, 2019 were $41,608 and were equal to the required contributions.

D. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.3%
International Equity	17.5%	6.1%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2017	$ 93,481	$ 65,576	$ 27,905
Changes for the year:			
Service cost	19,267	-	19,267
Interest	6,905	-	6,905
Change of benefit terms	-	-	-
Difference between expected and actual experience	(1,303)	-	(1,303)
Changes of assumptions	-	-	-
Contributions - employer	-	52,439	(52,439)
Contributions - employee	-	11,835	(11,835)
Net investment income	-	(1,978)	1,978
Benefit payments, including refunds of employee contributions	(1,648)	(1,648)	-
Administrative expense	-	(38)	38
Other changes	-	(2)	2
Net changes	$ 23,221	$ 60,608	$ (37,387)
Balance at 12/31/2018	$ 116,702	$ 126,184	$ (9,482)

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 3,537	$ (9,482)	$ (20,295)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2019, the city recognized pension expense of $11,834.

At September 30, 2019, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 3,141
Changes in actuarial assumptions	1,272	-
Difference between projected and actual investment earnings	3,507	-
Contributions subsequent to the measurement date	31,119	-
Total	$ 35,898	$ 3,141

$31,119 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Dec 31:	
2019	$ 52
2020	$ (2)
2021	$ 403
2022	$ 1,185
2023	$ (0)
Thereafter	$ (0)
Total	$ 1,638

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated). This is a single employer defined benefit plan.

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Employees covered by benefit terms.
At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms established by City Ordinance:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	0
Active employees	7
	9

Changes in OPEB

	Total OPEB Liability
Balance at 12/31/2017	$ 7,363
Changes for the year:	
Service cost	1,325
Interest on Total OPEB	266
Change of benefit terms	-
Difference between expected and actual experience	(270)
Changes of assumptions or other inputs	(533)
Benefit payments, including refunds of employee contributions	-
Net changes	$ 788
Balance at 12/31/2018	$ 8,151

Summary of Actuarial Assumptions:

Inflation	2.5%
Salary Increases	3.50% to 10.5% including inflation
Discount Rate *	3.71%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates – disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

**The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.*
***Note: The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.*

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the Total OPEB liability of the City, calculated using the discount rate of 3.71%, as well as what the City's Total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.71%) or 1-percentage-point higher (4.71%) than the current rate:

	1% Decrease (2.71%)	Discount Rate (3.71%)	1% Increase (4.71%)
Total OPEB liability	$ 9,567	$ 8,151	$ 7,091

OPEB Expense	Total OPEB Expense
Service Cost	$ 1,325
Interest on Total OPEB	266
Change of benefit terms	-
Employer administrative costs	-
Recognition of deferred outflows/inflows of resources	
Differences between expected and actual expense	(66)
Changes in assumptions or other inputs	(6)
Total OPEB Expense	$ 1,519

Deferred (Inflows) / Outflows of Resources	Deferred (INFLOWS) of resources	Deferred OUTFLOWS of resources
Differences between expected and actual experience	$ (204)	$ -
Changes in assumptions and other inputs	(143)	-
Net Total	(347)	-
Contributions made subsequent to measurement date	-	30

Deferred Outflows and Deferred Inflows of Resources, by year, to be recognized in future OPEB expense (excluding city-provided contributions made subsequent to the measurement date):

Year ended Dec 31:	NET deferred out/(in)
2019	$ (72)
2020	(72)
2021	(188)
2022	(15)
2023	-
Thereafter	-
Total	$ (347)

Schedule of Contributions - (Retiree-only portion of the rate, for OPEB): Plan / Calendar Year	Total SBD Contribution Rate	Retiree portion SBD Contribution Rate
2017	0.77%	0.00%
2018	0.81%	0.00%
2019	0.79%	0.01%

Note 1: Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Prior period adjustment related to OPEB in FY2019

GASB 75 requires employers to recognize the total OPEB liability and the OPEB expense on their financial statements. The OPEB expense recognized each fiscal year is equal to the change in the total OPEB liability from the beginning of the year to the end of the year, adjusted for deferred recognition of certain changes in the liability.

In the year of implementation, the employer should make a prior period adjustment for the total OPEB liability as of the 12/31/2017 measurement date (provided by TMRS), and record a deferred outflow of resources for contributions recorded by the city (retiree portion of SDB rate only) from December 31, 2017 to its prior fiscal year end. TMRS has elected to not calculate other deferrals as of the December 31, 2017 measurement date.

NOTE VIII. RISK MANAGEMENT COVERAGE

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above coverage. The City continues to carry commercial coinsurance for other risk of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three years.

NOTE IX. LITIGATION

Currently management is not aware of any outstanding litigation. During the year ended September 30, 2019 there was one lawsuit that was settled and the City was scheduled to be reimbursed for all related cost over 3 years. ($50,000 in 2018 has been received, $50,000 in 2019 has been received, and $30,000 in 2020 remaining in accounts receivable for a total reimbursement of $130,000)

NOTE X. COMMITTMENTS

Developer

- On May 27, 2014, the city entered an agreement with the developer of Sonoma Verde to establish a utility fund to track sewer tap fees $3,000 per connection. The developer funded the account $15,000 and the city reimburses the developer 60% of each fee collected. Per the agreement, funds are restricted to utility related operation and maintenance.

Public Safety

- Fire: Previously this was provided by the McLendon-Chisholm Volunteer Fire Department through a contract with the City. In October of 2018, the City merged the VFD into the City to form the McLendon Chisholm Fire & Rescue department to provide fire-fighting and other related emergency services to residents of the city.
- Police: Provided by Rockwall County Sheriff's Department.
- Emergency: Rockwall County EMS provides ambulance service to Rockwall County residents, which includes the residents of the City of McLendon-Chisholm.

Infrastructure

The City has four city streets that it maintains. Since the City does not have a road maintenance department, it contracts with Rockwall County to maintain these roads. The State of Texas maintains the State Highway and Farm to Market Roads. Private roads are maintained by the residents of those roads. Repairs are open to outside bids.

Utilities

- Sewer for all citizens outside of the Sonoma Verde Development is not provided by the City. Septic systems are individually owned by residents.
- Water is provided by RCH Water Supply Corporation and High Point WSC.
- Electric service is provided by Oncor and Farmers Electric.
- Gas service is not provided by the City. Residents may privately own propane tanks.
- Trash collection is not provided by the City. However, the city contracted with CWD for trash pickup for the city residents and businesses.

NOTE XI. PID AGENCY FUND

The City has one fiduciary fund, the Public Improvement District (PID) Agency Fund, to account for bond proceeds, assessments, and related debt associated with the issuance of bonds by the City as an agent for the Sonoma Verde Public Improvement District. The PID was created for the acquisition, construction, and development of public improvements to include roads, drainage, water distribution, sanitary sewer system and other costs associated with the development and financing of these improvements. All special assessments are collected by the Rockwall CAD with funds held in various Wilmington Trust accounts. As of September 30, 2019, the PID reported an unaudited balance of $2,468,520 cash on hand at Wilmington Trust and total outstanding long-term debt of $17,278,411. The City does not have any direct or contingent liability or moral obligation for the payment of this debt.

NOTE XII. SUBSEQUENT EVENTS

The City has evaluated all events or transactions that occurred after September 30, 2019 up through March 30, 2020, the date the financial statements were available to be issued. During this period, there were no subsequent events requiring disclosure.

Required Supplementary Information

CITY OF MCLENDON-CHISHOLM, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

NON-GAAP BUDGETARY BASIS

	Budget Original General	Budget Original Debt Service	Budget Original Total	Budget Amendments	Budget Final Total	Actual	Variance	
Revenues								
Ad Valorem Tax	$ 350,579	$ 228,985	$ 579,564	$ -	$ 579,564	$ 652,096	$ 72,532	*
Sales Tax	154,603	-	154,603	-	154,603	218,228	63,625	
Franchise	154,830	-	154,830	-	154,830	185,966	31,136	
Investment Income	-	-	-	-	-	20,777	20,777	
Service Revenue	546,955	-	546,955	-	546,955	955,004	408,049	**
	1,206,967	228,985	1,435,952	-	1,435,952	2,032,071	596,119	
Expenditures								
Culture and Recreation	150	-	150	-	150	156	6	
General Government	724,702	-	724,702	-	724,702	1,163,502	438,800	**
Infrastructure	32,000	-	32,000	-	32,000	21,800	(10,200)	
Public Safety	375,211	-	375,211	-	375,211	110,501	(264,710)	**
Capital Expenditures	60,000	-	60,000	-	60,000	97,926	37,926	**
Bond Principal	-	85,000	85,000	-	85,000	85,000	-	
Bond Interest	-	59,862	59,862	-	59,862	59,862	-	
	1,192,063	144,862	1,336,925	-	1,336,925	1,538,746	201,821	
Debt Service Proceeds	-	-	-	-	-	93,062	93,062	
Net Change in Fund Balance	14,904	84,123	99,027	-	99,027	586,387	487,360	
Fund Balance: Beginning	741,944	178,184	920,128		920,128	920,128		
Fund Balance: Ending	$ 756,848	$ 262,307	$ 1,019,155		$ 1,019,155	$ 1,506,515		

** $73,248 early redemption sinking fund to be paid against principal in 2020.*

*** Overages in revenues and expenditures related to receipt of Grant funds for the Fire & Rescue Department in 2019.*

See independent auditor's report.

CITY OF MCLENDON-CHISHOLM, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

NON-GAAP BUDGETARY BASIS

	Budget Original	Budget Amendments	Budget Final	Actual	Variance
Revenues					
Sewer Connection Fees & Service	$ 352,319	$ -	$ 352,319	$ 454,667	$ 102,348
	352,319	-	352,319	454,667	102,348
Expenses					
Sewer Connection Developer Fee	113,400	-	113,400	142,200	28,800
Septic Maintenance	125,136	-	125,136	222,045	96,909
Office and Admin	13,260	-	13,260	10,681	(2,580)
Depreciation	-	-	-	103,340	103,340
	251,796	-	251,796	478,266	226,470
Transfers In (Out)	-	-	-	-	-
Net Change in Fund Balance	100,523	-	100,523	(23,598)	(124,121)
Fund Balance: Beginning	5,088,555	-	5,088,555	5,088,555	
Plus Developer Contribution:	-	-	-	185,403	
Fund Balance: Ending	$ 5,189,078	$ -	$ 5,189,078	$ 5,250,360	

See independent auditor's report.

CITY OF MCLENDON-CHISHOLM, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

LAST 10 FISCAL YEARS*

	12/31/2015	12/31/2016	12/31/2017	12/31/2018
Total Pension Liability				
Service Cost	$ 8,673	$ 11,982	$ 13,095	$ 19,267
Interest (on the Total Pension Liability)	3,726	4,394	5,520	6,905
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(4,993)	(64)	(167)	(1,303)
Change of assumptions	2,804	-	-	-
Benefit payments, including refunds of employee contributions	-	-	(383)	(1,648)
Net Change in Total Pension Liability	10,210	16,312	18,065	23,221
Total Pension Liability - Beginning	48,894	59,104	75,416	93,481
Total Pension Liability - Ending (a)	$ 59,104	$ 75,416	$ 93,481	$ 116,702
Plan Fiduciary Net Position				
Contributions - Employer	$ 9,266	$ 11,521	$ 14,385	$ 52,439
Contributions - Employee	5,932	6,847	7,457	11,835
Net Investment Income	7	1,298	5,397	(1,978)
Benefit payments, including refunds of employee contributions	-	-	(383)	(1,648)
Administrative Expense	(4)	(15)	(29)	(38)
Other	-	(1)	(1)	(2)
Net Change in Plan Fiduciary Net Position	15,201	19,650	26,826	60,608
Plan Fiduciary Net Position - Beginning	3,899	19,100	38,750	65,576
Plan Fiduciary Net Position - Ending (b)	$ 19,100	$ 38,750	$ 65,576	$ 126,184
Net Pension Liability - Ending (a) - (b)	$ 40,004	$ 36,666	$ 27,905	$ (9,482)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	32.32%	51.38%	70.15%	108.12%
Covered Employee Payroll	$ 118,650	$ 136,938	$ 149,143	$ 236,696
Net Pension Liability as a Percentage of Covered Employee Payroll	33.72%	26.78%	18.71%	-4.01%

* Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

CITY OF MCLENDON-CHISHOLM, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS

REQUIRED SUPPLEMENTARY INFORMATION

The Schedule of Changes in the City's Net Pension Liability and Related Ratios shows the changes in Total Pension Liability less the changes in Fiduciary Net Position, resulting in the net pension liability calculation for the city. Note that this is a 10-year schedule, to be created by the city prospectively, over the next 10-year period. This schedule is provided in the GRS Reporting Package (for the current period).

The Schedule of Employer Contributions shows the city's required annual contributions from the actuarial valuation, compared with the actual contributions remitted. This schedule is based on the city's respective fiscal year-end, and should be created by the city, and built over the next 10-year period. The city should also provide the Notes to Schedule of Contributions, including the methods and assumptions used to determine the contribution rates and information about benefit changes during the year, if any. Information to complete the Notes to Schedule of Contributions is provided in the GRS Reporting Package.

LAST 10 FISCAL YEARS WILL ULTIMATELY BE DISPLAYED

Fiscal year ending September 30,	2015	2016	2017	2018	2019
Actuarially Determined Contribution	$ 10,809	$ 11,647	$ 14,268	$ 15,347	$ 22,060
Contributions in relation to the actuarially determined contribution	$ (10,809)	$ (11,647)	$ (14,268)	$ (15,347)	$ (22,060)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 114,086	$ 132,555	$ 136,938	$ 149,143	$ 236,696
Contributions as a percentage of covered employee payroll	9.47%	8.78%	10.42%	10.29%	9.32%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes: Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years

CITY OF MCLENDON-CHISHOLM, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS

Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB
Other Information	1) There were no benefit changes during the year.

CITY OF MCLENDON-CHISHOLM, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS

LAST 10 FISCAL YEARS*

	12/31/2016	12/31/2017	12/31/2018
Total OPEB Liability			
Service Cost	$ -	$ 761	$ 1,325
Interest on total OPEB	-	236	266
Changes of benefit terms	-	-	-
Benefit payments / refunds of employee contributions	-	-	-
Recognition of deferred outflows/inflows	-	-	-
Differences between expected and actual	-	509	(270)
Changes in assumptions or other inputs	-	-	(533)
Net Changes	-	1,506	788
Total OPEB Liability - Beginning	-	5,857	7,363
Total OPEB Liability - Ending	$ 5,857	$ 7,363	$ 8,151
Covered Employee Payroll	$ 136,938	$ 149,143	$ 236,696
Total OPEB Liability as a Percentage of Covered Employee Payroll	4.28%	4.94%	3.44%

NOTE: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits

* Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

Murrey Paschall & Caperton PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members of the City Council
City of McLendon-Chisholm, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the City of McLendon-Chisholm, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of McLendon-Chisholm, Texas' basic financial statements as listed in the table of contents, and have issued our report thereon dated March 30, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City of McLendon-Chisholm, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of McLendon-Chisholm, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of McLendon-Chisholm, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City of McLendon-Chisholm, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Murrey Paschall & Caperton, PC

Murrey Paschall & Caperton, P.C.
Forney, Texas
March 30, 2020

Murrey Paschall & Caperton PC

Certified Public Accountants

March 30, 2020

To the Honorable Mayor and Members of the City Council
City of McLendon-Chisholm, Texas

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the City of McLendon-Chisholm, Texas, for the year ended September 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 27, 2019. Professional standards also require that we communicate to you the following information related to our audit.

SIGNIFICANT AUDIT FINDINGS

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of McLendon-Chisholm, Texas are described in Note I to the financial statements. There was a new accounting principle implemented in 2019:

> As discussed in Note XVII to the financial statements, in 2019 the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 65, Items Previously Reported As Assets And Liabilities – Bond Costs.

We noted no transactions entered into by the City of McLendon-Chisholm, Texas during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the City of McLendon-Chisholm, Texas's financial statements was:

> Management's estimate of the depreciation of the City's fixed assets is based upon management's estimate of the specific assets useful life and the cost of the assets is depreciated accordingly. We evaluated the key factors and assumptions used to develop the depreciation estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

> The disclosure of Long-term Obligations in Note V to the financial statements as these represent significant future debt payments in the form of interest and principal.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 30, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City of McLendon-Chisholm, Texas's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of McLendon-Chisholm, Texas's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the MD&A, Budget and Actual schedules by fund type, as well as the GASB 68 and GASB 75 Pension/OPEB Liability schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

RESTRICTION ON USE

This information is intended solely for the use of the Honorable Mayor and City Council and management of the City of McLendon-Chisholm, Texas and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Murrey Paschall & Caperton, PC

Murrey Paschall & Caperton, P.C.

HilltopSecurities
A Hilltop Holdings Company.

Jason Hughes

Managing Director

1201 Elm Street

Suite 3500

Dallas, Texas 75270

214.953.8707

jason.hughes@hilltopsecurities.com

City of McLendon-Chisholm

Series 2015 Certificates of Obligation

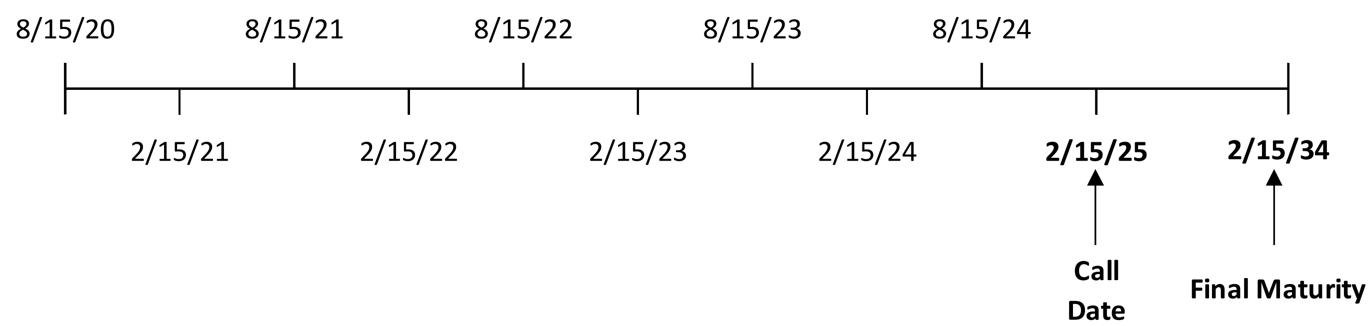
June 23, 2020

Overview of Series 2015 Certificates of Obligation ("CO's")

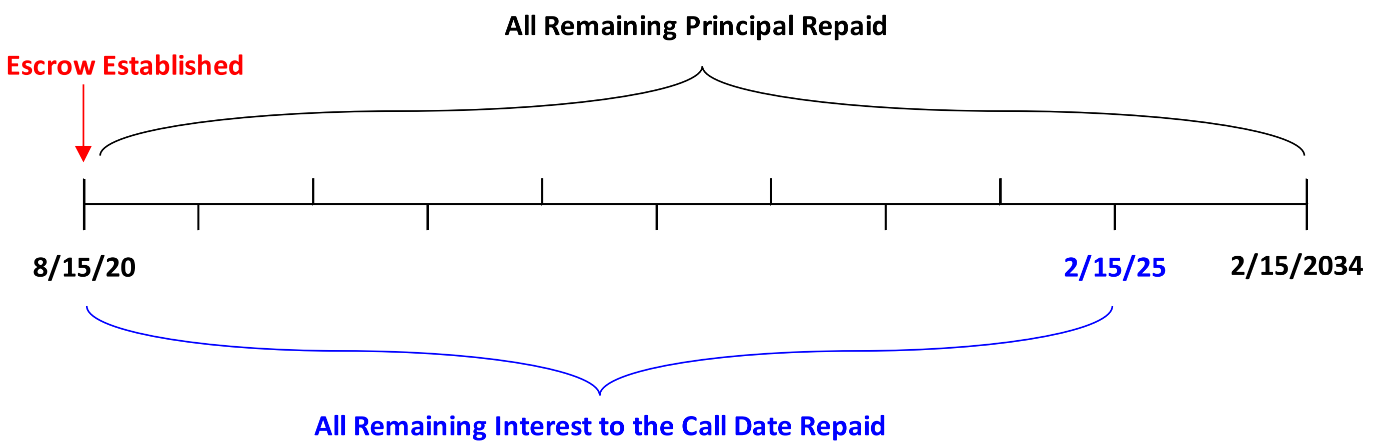
- City issued $2.090 million in CO's in 2015; final maturity February 2035
- Series 2015 CO's are callable February 15, 2025
- City may **refinance** the 2015 CO's by issuing refunding bonds
  - Similar to refinancing a home mortgage; trading a higher interest rate for a lower interest rate
  - In order to refinance the 2015 CO's on a *tax-exempt* basis, refunding bonds must be issued within 90 days of the call date (current Federal tax law)
- City may **pay off** the 2015 CO's ("defease") by using cash on hand
  - City defeased $170,000 in August 2018 and $65,000 in July 2019
- Whether refunding or defeasing debt:
  - Escrow is established to make debt service payments to the call date
  - All principal is repaid and all interest to the call date is paid
  - Escrow is established at the time of refinancing or defeasance
  - Escrow funds can only be used to pay the debt
  - Federal tax law limits amount that may be earned in the escrow – 2.427%

Defeasance of Series 2015 CO's

Current Debt Schedule:



Defeasing all of the Series 2015 on 8/15/20:



Defeasance of Series 2015 CO's

- August 15, 2020 Scheduled Payments:

August 15, 2020 Scheduled Principal Payment	$ 90,000.00
August 15, 2020 Scheduled Interest Payment	23,906.25
Total August 15, 2020 Scheduled P+I Payment	**$ 113,906.25**

- Estimated Cash Contribution from the City to Defease All Remaining Series 2015 CO's on August 15, 2020 (*excludes August 15, 2020 scheduled payments shown above*):

Remaining Principal (2021-2034)	$ 1,460,000.00
Interest to the Feb. 15, 2025 Call Date	196,318.75
Estimated Legal and Escrow Agent Fees	10,000.00
Less: Interest Earned on the Escrow (0.293%) (1)	(17,808.09)
Estimated Total Amount for Defeasance 8/15/20	**$ 1,648,510.66**

Total Scheduled P+I Payment + Est. Defeasance on 8/15/20	**$ 1,762,416.91**

(1) Based on estimated investment rates as of June 19, 2020; preliminary, subject to change.

CITY COUNCIL – CITY OF MCLENDON-CHISHOLM, TEXAS

DATE: City Council Meeting June 23, 2020

SUBJECT: Comprehensive Plan Update Presentation

COMPREHENSIVE PLAN UPDATE **Prepared by Michael Coker, City Planner**

The City Council will receive a briefing from the City Planner regarding the process and timing of the proposed update to the 2015 City of McLendon-Chisholm Comprehensive Plan

BACKGROUND INFORMATION:

The current Comprehensive Plan was adopted in early 2016 and the general consensus regarding Comprehensive Plan durability is that they should be updated about every five years.

“The Comprehensive Plan for the City of McLendon-Chisholm is to be used as a guide for future development and redevelopment of the City and as a tool to identify community goals and objectives and to measure the success of the implementation of those community goals and objectives, as well as to provide guidance for the establishment of development regulations. In that vein, elements have been included regarding current land use; future land use; transportation, parks and open space; economic development; public facilities, and housing.”

The City is a growing and changing entity and, as a result, the goals and aspirations of the community are subject to change. Since the Comprehensive Plan provides guidance to the citizens, staff, and the greater community, it is appropriate to consider existing goals and objectives and to evaluate how they have effected the growth and direction of the City. After consideration by the community and elected and appointed officials it may be prudent to align goals and objectives to more accurately reflect the current attitudes and outcomes that are desired by the community.

Proposed process:

1. Perform City and area reconnaissance and prepare photographic inventory of City and surrounding area

2. Prepare presentation for combined meeting of the City Council and City Planning and Zoning Commission that provides for an overview of the purpose, process and timing for the development of the new or updated Comprehensive Plan [PPT]
3. Meet with City Council and Planning and Zoning Commission to provide an overview of the purpose, process and timing for the development of the new Comprehensive Plan
4. Develop preliminary Comprehensive Plan objectives and strategy for development
5. Commence data assembly to support objectives for Comprehensive Plan
6. Prepare outline for updated Comprehensive Plan [PPT]
7. Meet with City Council and Planning and Zoning Commission to review the initial objectives and strategy for preparing the Comprehensive Plan
8. Prepare and present outline, objectives and strategy resulting from meeting with City Council and Planning and Zoning Commission to the Community at a community meeting [PPT]
    a. Provide opportunity for community input and responses [up to four community meetings.
9. Prepare Draft Comprehensive Plan
10. Present Draft Comprehensive Plan to City Council and Planning and Zoning Commission and community at a community meeting [PPT]
11. Revise Draft consistent with direction from City Council and Planning and Zoning Commission
12. Present revised Draft Comprehensive Plan to City Council and Planning and Zoning Commission
13. Present revised Draft Comprehensive Plan to community at community meeting [PPT]
    a. Provide opportunity for community input and responses [up to two community meetings]
14. Prepare final draft Comprehensive Plan
15. Present the final Draft Comprehensive Plan to the Planning and Zoning Commission at a public hearing [PPT]
16. Prepare any revisions as requested by the Planning and Zoning Commission
17. Prepare and present the final Draft Comprehensive Plan to the City Council at a public hearing
18. Prepare Comprehensive Plan as adopted by the City Council [PPT]
19. Review adoption ordinance [prepared by City Attorney] in anticipation of adoption by the City Council

The proposed scope of work may require as many as ten months working with the community and elected and appointed officials to complete the update and the adoption of any revisions.

ORDINANCE NO. ____

AN ORDINANCE OF THE CITY OF MCLENDON-CHISHOLM, TEXAS, LEVYING A SEVEN PERCENT (7%) TAX UPON THE COST OF OCCUPANCY OF ANY SLEEPING ROOM FURNISHED BY ANY HOTEL, MOTEL OR OTHER OVERNIGHT LODGING WITHIN THE CITY OR ITS EXTRATERRITORIAL JURISDICTION USED IN ACCORDANCE WITH CHAPTER 351 OF THE TEXAS TAX CODE; PROVIDING FOR THE COLLECTION OF THE OCCUPANCY TAX; PROVIDING FOR CIVIL PENALITIES AND INTEREST FOR DELINQUENCY IN PAYING THE CITY OCCUPANCY TAX; PROVIDING FOR A FINE OF UP TO $500 FOR VIOLATING THIS ORDINANCE AND FOR OTHER CIVIL REMEDIES; DESIGNATING THE USE OF THE REVENUE DERIVED TO THE CITY FROM THE OCCUPANCY TAX; REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INCONSISTENT OR IN CONFLICT HEREWITH; PROVIDING FOR SEVERABILITY; PROVIDING A TEXAS OPEN MEETINGS ACT CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE AFTER PUBLICATION.

WHEREAS, Section 351.002 of the Texas Tax Code ("Code") provides for the imposition and collection of a local municipal occupancy tax on a person using a hotel, as that term is defined in Section 156.001 of the Code and in this Ordinance; and

WHEREAS, Section 351.003 of the Code provides that a municipality may not charge more than seven percent (7%) of the price paid for a room in a hotel; and

WHEREAS, Section 351.0025 of the Code provides that a municipality of less than 35,000 may impose by ordinance the hotel occupancy tax in the municipality's extraterritorial jurisdiction ("ETJ"); and

WHEREAS, the City Council for the City of McLendon-Chisholm, Texas finds that the population of the City is less than 35,000; and

WHEREAS, the City Council for the City of McLendon-Chisholm now deems it appropriate and in the best interest of its citizens to establish a hotel occupancy tax of seven percent (7%) on a person using a hotel in the City or in its EJT;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MCLENDON-CHISHOLM, TEXAS THAT:

SECTION 1. Definitions: The following word, terms, and phrases are defined as follows:

(a) *City*: The City of McLendon-Chisholm, Texas.

(b) *Hotel*: Any building or structure or improvement on property in which the public may, for a consideration, obtain sleeping accommodations, including hotels, motels, tourist homes, tourist houses, tourist courts, lodging houses, inns, rooming houses, or bed and breakfasts, air "B n B's", or where rooms are furnished for a consideration, but not including hospitals, sanitariums, nursing homes or other housing facilities owned and operated by institutions of higher education as described in Section 156.001 of the Code.

(c) *Consideration*: The cost of the room in a hotel only if the room is ordinarily used for sleeping and not including the cost of any food served or personal services rendered to the occupant of such room not related to the cleaning and readying of such room for occupancy.

(d) *Occupancy*: The use or possession or the right to the use or possession of any room or rooms in a hotel if the room is one which is ordinarily used for sleeping and if the occupant is other than a permanent resident as hereinafter defined.

(e) *Occupant*: Anyone who for a consideration uses, possesses, or has a right to use or possess any room or rooms in a hotel under any lease, concession, permit, right of access, license, contract or agreement. The term does not include a permanent resident as hereinafter defined.

(f) *Person*: Any individual, company corporation or association owning, operating, managing or controlling any hotel within the City or the City's extraterritorial jurisdiction.

(g) *Quarterly Period*: The regular municipal fiscal quarters of the year, the first quarter being composed of the months of October, November and December; the second quarter being the months of January, February and March; the third quarter being the months of April, May and June; and the fourth quarter being the months of July August and September.

(h) *Permanent Resident*: An occupant who has or shall have the right of occupancy of any room or room in a hotel for at least thirty (30) consecutive days during the current calendar year of preceding year.

SECTION 2. Occupancy Tax Levied – Amount – Exemptions

There is hereby levied a tax upon the cost of occupancy of any hotel within the City or its extraterritorial jurisdiction where the cost of occupancy is at the rate of $2 or more per day, such tax to be equal to seven percent (7%) of the consideration paid by the occupant of such room to such hotel, exclusive of the occupancy taxes imposed by other governmental agencies.

(a) No tax shall be imposed hereunder on a permanent resident.

(b) No tax shall be imposed hereunder upon a corporation or association organized and operated exclusively for religious, charitable, or educational purposes, no part of the net earnings of which derives to the benefit of any private shareholder or individual.

(c) No tax shall be imposed hereunder upon federal or state employees traveling on official business.

SECTION 3. Collection of Occupancy Tax

Every person owning, operating, managing or controlling any hotel within the City or its extraterritorial jurisdiction shall collect the tax levied by this Ordinance for the City of McLendon-Chisholm.

SECTION 4. Quarterly Reports to City Secretary—Audits

(a) On or before the last day of the month immediately following each quarterly period, every person required to collect the tax imposed herein shall file a report with the City Secretary showing the consideration paid for all room occupancies in the preceding quarter, the amount of the tax collected on such occupancies, and any other information the City Secretary may reasonably require. Such person shall pay the amount of tax collected from the occupants during the period of the report at the time of filing the report.

(b) There shall also be furnished to the City Secretary at the time of payment of said tax, a copy of the quarterly report filed with the State Comptroller in connection with the state hotel occupancy tax.

(c) The City Secretary shall, upon reasonable notice, have access to books and records kept by any person required to collect the tax imposed herein which may be necessary to enable the City Secretary to determine the correctness of any report filed as required by this section and the amount of taxes due under the provisions of the Ordinance.

SECTION 5. Civil Penalty and Interest for Delinquent Payments

(a) If any person required by the provisions of this Ordinance to collect the tax imposed herein, or make reports as required herein, and pay to the City the tax imposed herein, shall fail to collect such tax, file such report or pay such tax for at least one complete municipal fiscal quarter, the person shall pay to the City the tax due, together with a penalty of fifteen percent (15%) of the tax due that is not timely filed.

(b) In addition to the penalty set out herein, a person who fails to pay a tax due under this Ordinance shall pay the City interest on the unpaid amount at the legal rate provided by Section 111.060(b) of the Code.

SECTION 6. Criminal Penalties

If any person required by the provisions of this Ordinance to collect the tax imposed herein, or make reports as required herein, and pay to the City the tax imposed herein, shall fail to collect such tax, file such report or pay such tax, or if any such person shall file a false report, or such person shall violate any of the provisions of this Ordinance, the City is authorized to impose a misdemeanor fine for a violation of this Ordinance. A person who violates this Ordinance shall be guilty of a misdemeanor and upon conviction shall be assessed a fine not to exceed $500.

SECTION 7. Other Civil Remedies by the City

The City is hereby authorized to take the following actions against any person required to collect the tax imposed hereby and pay the collection over to the City and who has failed to file a report, or filed a false report, or failed to pay the tax when due:

(a) Require the forfeiture of any revenue the City allowed the hotel operator to retain for its cost of collecting the tax;

(b) Bring suit against the hotel for noncompliance; and/or

(c) Bring suit against the hotel seeking any other remedies provided under Texas Law.

SECTION 8. Use of Revenue Derived from Levy of Hotel Occupancy Tax.

The proceeds of the hotel occupancy tax levied by this Ordinance may be used by the City for the sole purpose of promoting tourism and the convention and hotel industry, and that use is limited to the following:

(a) The acquisition of sites for and the construction, improvement, enlarging, equipping, repairing, operation and maintenance of convention center facilities or visitor information centers, or both;

(b) The furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants;

(c) Advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the City or its vicinity;

(d) The encouragement, promotion, improvement, and application of the arts, including instrumental and vocal music, dance, drama, folk art, creative writing, architecture, design and allied fields, painting, sculpture photograph, graphic and craft arts, motion pictures, radio, television, tape and sound recording, and other arts related to the presentation, performance, execution, and exhibition of these major art forms;

(e) Historical restoration and preservation projects or activities or advertising and conducting solicitation and promotional programs to encourage tourists and convention delegates to visit preserved historic sites or museums:

(1) At or in the immediate vicinity of convention center facilities or visitor information centers; or

(2) Located elsewhere in the City or its vicinity that would be frequented by tourists and convention delegates, or other visitors to the City.

SECTION 9. Severability Clause.

If any provision, section, subsection, sentence, paragraph, clause or phrase of this Ordinance or the application of same to any person or set of circumstances, shall for any reason be held to be unconstitutional, void, or invalid or otherwise unenforceable, the invalidity or

unenforceability shall not affect other provisions of this Ordinance or their application to other sets of circumstances and to this end all provisions of this Ordinance are declared to be severable.

SECTION 10. Repealing Clause.

All City ordinances or portions of ordinances that are inconsistent or in conflict with this Ordinance are hereby repealed.

SECTION 11. Effective Date.

This Ordinance shall become effective and be in full force after its publication as provided by law.

SECTION 12. Recitals.

That all recitals contained in this Ordinance are fully incorporated herein as if fully written.

PASSED AND APPROVED this ___ day of June 2020.

APPROVED:

By: ________________________________
Keith Short, Mayor

ATTEST:

By: ________________________________
Rochelle Green, City Secretary

ORDINANCE NO. ________

AN ORDINANCE OF THE CITY OF MCLENDON-CHISHOLM, TEXAS, PROVIDING FOR REGULATIONS FOR THE REGISTRATION AND USE OF SHORT TERM RENTALS; PROVIDING FOR REGISTRATION, PROVIDING FOR DEFINITIONS; PROVIDING FOR INSPECTIONS; PROVIDING FOR RESTRICTIONS; PROVIDING FOR BROCHURE AND SAFETY REQUIREMENTS; PROVIDING FOR NEIGHBORHOOD NOTIFICATION; PROVIDING FOR VIOLATIONS AND PENALTIES; PROVIDING FOR A SUNSET REVIEW: PROVIDING A REPEALING CLAUSE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A SAVINGS CLAUSE; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City Council has determined that regulations are needed to address regulations for Short Term Rentals, and

WHEREAS, permanent residents desire the option to occasionally utilize their properties for home share rentals, and

WHEREAS, the operation of Short Term Rentals should not negatively affect property values, and

WHEREAS, the Short Term Rentals should be required to pay Hotel Occupancy Taxes, and

WHEREAS, the City Council has determined that regulations needed are intended to protect the public health, safety, morals and general welfare.

NOW THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF MCLENDON-CHISHOLM, TEXAS, THAT:

SECTION 1. Short Term Rental

Purpose and applicability.

The purpose of this division is to establish regulations for the registration and use of Short Term Rentals for single family living units. The requirements of this division apply only to Short Term Rentals, as defined herein, located in residential and historic zoning districts established under the city's Business Regulations, Chapter 4 of Code of Ordinances. Nothing in this division, however, shall be construed to be a waiver of the requirement to assess and collect hotel occupancy taxes for any residential rental for less than 30 consecutive days, or any other applicable provision of the McLendon-Chisholm Code of Ordinances.

SECTION 2. Definitions

Advertise means the written, audio, oral or other methods of drawing the public' s attention whether by brochure, written literature or on-line posting to a Short Term Rental in order to promote the availability of the short term rental.

Hotel Occupancy Tax means the hotel occupancy tax as defined in Chapter 3 of the Texas Tax Code.

Local Emergency Contact means an individual other than the applicant, who resides within 20 miles of the subject property, and who is designated by the owner/applicant to act as the owner's authorized agent if the owner has traveled outside of the immediate area or is otherwise unavailable. The local emergency contact should reachable on a 24-hour basis, have access to the Short Term Rental Property, and be authorized by the owner to act in the owners absence to address any complaints, disturbances, and emergencies.

Owner means any person, agent, operator, firm, trust, corporation, limited liability company, partnership or business organization having a legal or equitable interest in the property; or recorded in the official records of the state, county or municipality as holding title to the property; or otherwise having control of the property, including the guardian of the estate of any such person, and the executor or code official of the estate of such person if ordered to take possession of real property by a court.

Primary Residence means the usual dwelling place of the applicant' s residential dwelling and is documented as such by at least two of the following: motor vehicle registration, driver' s license, Texas State Identification card, voter registration, property tax documents, or utility bill. For purposes of this chapter, a person may have only one primary residence.

*Short Term Renta*l ("STR") is defined as "the rental of any residence or residential structure, or a portion of a residence or residential structure for a period of no more than 29 days".

SECTION 3. Short Term rental registration requirements.

No person shall hereafter advertise, offer to rent or rent, lease, sublease, license or sublicense a residential property within the City as a Short Term Rental for which a registration has not been properly made and filed with the City Administrator or his designee. Registration shall be made upon forms furnished by the City for such purpose and shall specifically require the following minimum information:

1. Name, address, phone number and e-mail address of the property owner of the Short Term Rental property.

2. Verification of that this Short Term rental property is the applicant' s Primary Residence.

3. Name, address, phone number and e-mail address of the designated Local Emergency Contact.

4. The maximum number of occupants permitted for the dwelling unit or sleeping room.

5. A submission of a sketch floor plan of the dwelling with dimensioned room layout.

6. Site Plan/Survey of the property indicating maximum number of vehicles that can be legally parked on the property, without encroaching onto street, sidewalks or alleys; other public rights-of-way or public property.

SECTION 4. Inspection Required

A. Upon registration, and prior to the first rental occupant of a Short Term rental property, the owner is required to schedule a Short Term Rental Registration Inspection of the residential structure with the City of McLendon-Chisholm Fire Marshal's Office to determine compliance with the minimum property standards contained in the McLendon-Chisholm Code of Ordinances.

1. If only a portion of the premises is offered for rent, then that portion plus shared amenities and points of access shall be inspected.

2. If, upon completion of the inspection, the premises are found to be in violation of one or more provisions of applicable City codes and ordinances, the City shall provide written notice of such violation and shall set a re -inspection date for violation to be corrected prior to it' s occupancy

SECTION 5. Restrictions on Short Term Rentals.

A. External Signage. There shall be no external on-site or off-site advertising signs or displays indicating the property is a Short Term Rental.

B. Limit on occupants allowed. No more than two adult guests per bedroom, plus no more than two additional adults shall be allowed when renting a property as a home share rental, except that:

1. There shall be a maximum occupancy of ten (10) persons, adult and children.

2. Bedrooms under one-hundred twenty (120) square feet shall be limited to only adult one occupant.

C. Limits on number of vehicles. There shall be a maximum of one car per bedroom, or maximum number of cars that can be accommodated within the garage and driveway, without extending over the public rights of way (alleys and sidewalks) whichever is less.

D. Advertisement and contracts. Any advertisement of the property as a short term rental and all rental contracts must contain language that specifies the allowed maximum number

of occupants and maximum number of vehicles.

E. Other restrictions. It is unlawful:

1. To operate or allow to be operated a Short Term Rental without first registering the property in which the rental is to occur with the City in accordance with this article;

2. To advertise or offer a Short Term Rental without first registering the property in which the rental is to occur with the City in accordance with this article; documented

advertisement of the subject property as a Short Term Rental, online or offline, shall be considered evidence of a violation of this ordinance;

3. To operate a Short Term Rental in any location that is not the applicant's primary residence;

4. To operate a Short Term Rental that does not comply with all applicable city and state laws and codes;

5. To operate a Short Term Rental without paying the required hotel occupancy taxes;

6. To offer or allow the use of a Short Term Rental for the sole or primary purpose of having a party venue;

7. To fail to include a written prohibition against the use of a Short Term Rental for having a party in every advertisement, listing, or other publication offering the premises for rent.

8. Permit the use of the Short Term Rental for the purpose of housing sex offenders; operating a structured sober, recovery or other purpose living home or similar enterprise; selling illegal drugs; selling alcohol or another activity that requires a permit or license under the Alcoholic Beverage Code; or operating as a sexually oriented business.

SECTION 6. Brochure and safety features.

A. Informational brochure. Each registrant operating a Short Term Rental shall provide to guests a brochure that includes:

1. The applicant/registrant's twenty-four (24) hour contact information;

2. A local responsible party's twenty-four (24) hour contact information if the property owner is not within the city limits when guests are renting the premises;

3. Pertinent neighborhood information including, but not limited to, parking restrictions, restrictions on noise and amplified sound, and trash collection schedules;

4. Information to assist guests in the case of emergencies posing threats to personal safety or damage to property, including emergency and non-emergency telephone numbers for police, fire and emergency medical services providers and instructions for obtaining severe weather, natural or manmade disaster alerts and updates.

B. Safety features. Each Short Term Rental applicant/registrant shall provide in the premises working smoke detectors in accordance with adopted codes and at least one working carbon monoxide detector and alarm, and one working fire extinguisher. The premises shall, otherwise comply with applicable Codes of Ordinance including, but not limited to, Building and Fire Codes.

SECTION 7. Notification of Approval of Short Term Rental

A. Within ten (10) days of the approval of a Short Term Rental, a notice will be sent to all property owners within one -hundred feet (100 ft.) of the property, and shall include the twenty-four (24) hour complaint line, and pertinent information about this Ordinance.

SECTION 8. Registration term, fees, and renewal.

A. All registrations approved under this Ordinance shall be valid for a period of one year from the date of its issuance.

1. The fees for registration and inspection of a Short Term Rentals shall be as established by resolution and included in the Master Fee Schedule of the City and may include the following:

a. The initial registration fee,

b. a late fee of twice the established the fee, and

c. senior exemption or other exemption

B. Upon receipt of an application for renewal of the registration, the City Administrator or their designee may deny the renewal if there is reasonable cause to believe that:

1) The registrant has violated any ordinance of the City, or any state, or federal law on the premises or has permitted such a violation on the premises by any other person; or

2) There are grounds for suspension, revocation, or other registration sanction as provided in this article.

SECTION 9. Violations and Penalties

Violation of this ordinance upon conviction shall be punished by a fine not to exceed the sum of Two Thousand Dollars ($2,000.00) for each offense; and each and every day such violation shall continue shall be deemed to constitute a separate offense.

SECTION 10. That all provisions of the Ordinances of the City of McLendon-Chisholm, Texas, in conflict with the provisions of this ordinance be, and the same are hereby, repealed, and all other provisions not in conflict with the provisions of this ordinance shall remain in full force and effect.

SECTION 11. That should any sentence, paragraph, subdivision, clause, phrase or section of this ordinance be adjudged or held to be unconstitutional, illegal or invalid, the same shall not affect the validity of this ordinance as a whole, or any part or provision thereof other than the part so decided to be unconstitutional, illegal or invalid, and shall not affect the validity of the Code of Ordinances as a whole.

SECTION 12. The Recitals to this Ordinance are incorporated herein as if fully recited.

SECTION 13. An offense committed before the effective date of this ordinance is governed by prior law and the provisions of the Code of Ordinances, as amended, in effect when the offense was committed, and the former law is continued in effect for this purpose.

SECTION 14. That this ordinance shall take effect after publication of its caption, as the law in such cases provides.

PASSED AND APPROVED this 23rd day of June 2020.

APPROVED:

By: ________________________________
Keith Short, Mayor

ATTEST:

By: ________________________________
Rochelle Green, City Secretary

ORDINANCE NO. ____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MCLENDON-CHISHOLM, TEXAS REPEALING ORDINANCE 2020-05 AND AMENDING THE CODE OF ORDINANCES BY AMENDING VARIOUS PROVISIONS CONTAINED IN CHAPTER 8 OF THE CODE OF ORDINANCES AND BY ADDING A NEW ARTICLE, 8.08 "NOISE VIOLATIONS"; PROVIDING FOR AMENDMENTS; PROVIDING A PENALTY IN AN AMOUNT NOT TO EXCEED FIVE HUNDRED DOLLARS ($500.00) FOR EACH OFFENSE, AND A SEPARATE OFFENSE SHALL BE DEEMED COMMITTED UPON EACH DAY DURING OR ON WHICH A VIOLATION OCCURS OR CONTINUES; PROVIDING A SAVINGS AND REPEALER CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of McLendon-Chisholm has reviewed the provisions contained in Chapter 8 of the Code of Ordinances regarding offenses and nuisances to determine areas in need of revision; and

WHEREAS, the City Council has determined it appropriate to amend the Code of Ordinances in various provisions;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MCLENDON-CHISHOLM, TEXAS:

SECTION 1. INCORPORATION OF PREMISES. The above and foregoing premises are true and correct and are incorporated herein and made a part hereof for all purposes.

SECTION 2. AMENDMENT. That the Code of Ordinances shall be amended as set forth herein:

A. Section 8.02.001 of the Code of Ordinances shall be amended to read as follows:

"…

Sec. 8.02.001 Use prohibited

The discharge of firearms within the territorial limits of the city is hereby declared unlawful. It shall be unlawful and an offense for any person to discharge a firearm, rifle, shotgun, automatic rifle, revolver, pistol, crossbow, or other weapons designed for the purpose of firing or discharging a shell or cartridge, whether the same is blank or live ammunition, at any place, within any platted subdivision within the territorial limits of the city where such subdivision contains lots of 5 acres or less in size, except as specifically excepted herein.

…"

B. Section 8.02.002 of the Code of Ordinances shall be amended to read as follows:

"…

Sec. 8.02.002 Lawful uses

(a) This article shall not be construed to prohibit any peace officer from discharging a firearm in the lawful performance of his duties or to prohibit any citizen from discharging a firearm while lawfully defending persons or property in accordance with applicable state law. (Ordinance 2006-24, sec. 2, adopted 12/27/06; 2007 Code, sec. 56-17)

(b) This article does not prohibit the use of blank cartridges for a show or theatrical production, or for signal or ceremonial purposes in athletics or sports, or by a military organization.

…"

C. Section 8.02.003(b) of the Code of Ordinances shall be amended to read as follows:

"…

(b) Exceptions. Nothing in this article shall be construed to apply to persons discharging a shotgun on premises larger than 5 acres in size, or in platted subdivisions containing lots of at least 5 acres in size, if the premises are not a public place, as defined in V.T.C.A., Penal Code, section 1.07, and:

…"

D. Section 8.03.002(a) of the Code of Ordinances shall be amended to read as follows:

"…

(a) No person shall possess, use, consume, combust, inhale, display for sale, sell, distribute or convey or transport any synthetic cannabinoid.

…"

E. Section 8.03.003 of the Code of Ordinances shall be amended to read as follows:

"…

Sec. 8.03.003 Defense

It shall be a defense to a violation of this article that any act described in this article is under and pursuant to the direction or prescription of a licensed physician or dentist authorized to direct or prescribe such act.

…"

F. Section 8.04 shall be amended to add sections 8.04.003 through 8.04.013 to read as follows:

"…

Sec. 8.04.003 Littering and Maintaining Littered Premises Prohibited

(a) It shall be unlawful for any person, firm or corporation to deposit, throw or sweep any garbage, trash, rubbish, stagnant water or dead animals into, upon or along any drain, gutter, alley, sidewalk, street, vacant lot, public premises or private premises within the corporate limits of the city.

(b) It shall be unlawful for any person, firm or corporation owning, occupying or controlling any premises within the corporate limits of the city to permit garbage, trash, rubbish, stagnant water or dead animals to accumulate upon property owned, occupied or controlled by him or her.

(c) It shall be unlawful for any person, firm or corporation owning, occupying or controlling any property that abuts or joins any paved street in the corporate limits of the city, to allow or permit any garbage, rubbish or trash to accumulate or remain on any part of the sidewalk abutting or adjacent to the premises owned, occupied or controlled by such person, firm or corporation.

(d) It shall be unlawful for any person, firm or corporation who has occupied a portion of a street for construction purposes to leave any rubbish in the street after completion of the construction project.

Sec. 8.04.004 Disposal of Heavy Accumulations of Bulky Materials

Heavy accumulations of brick, concrete, lumber, cinders, automobile frames, trees, shrubbery, large dead animals, industrial waste, industrial by-products and other bulky materials shall be disposed of by the person, firm or corporation owning, occupying or controlling the property upon which such heavy accumulations exist.

Sec. 8.04.005 Waste from Building Operations

(a) Rock, waste, building materials and other trash and rubbish resulting from building and construction operations shall be removed by the builder, owner, occupant or person in control of the building at his or her own expense.

(b) A minimum of one portable toilet facility shall be installed at each building site prior to the commencement of construction and shall not be removed until construction is completed.

Sec 8.04.006 Deposit of Mud or Dirt Prohibited

(a) No person shall deposit or permit the deposit of mud, dirt, or similar matter, upon any street or alley in the city.

(b) No person shall operate or drive a motor vehicle, or equipment, in a manner to cause mud, dirt and other similar matter to be tracked, dropped or otherwise deposited upon public streets or alleys in the city.

(c) Upon discovery of the mud upon the public street, the Building Official or his or her delegated representative, shall orally notify the owner of the property and/or the operator of the motor vehicle, if know, to remove the mud. The owner of the property and/or operator of the motor vehicle or equipment shall have 24 hours after the notification to clean the street of the deposited mud, dirt, or similar matter.

Sec. 8.04.007 Notice to Remove Unsightly Matter.

(a) With the exception of §8.04.005 above, any person, firm or corporation owning, occupying or controlling any real property, occupied or unoccupied, within the corporate limits of the city who fails to comply with the provisions of this chapter, shall be given ten-days' notice by the City Secretary or other authorized officer or agent of the city to comply with the provisions of this chapter.

(b) The notice shall be in writing and may be served on the owner or person in control of the premises by:

(1) Delivery in person;

(2) United States certified mail, return receipt requested, addressed to the owner, occupant or person in control at his or her post office address; or

(3) Publication two times within ten consecutive days in an official newspaper of the city, if personal service may not be had as aforesaid.

(c) Failure of the owner, occupant or person in control of the premises to comply with this chapter within the ten-day time period after any such notice will constitute prima facie evidence of a violation thereof.

Sec. 8.04.008 Expenses Incurred by the City in Performing Work Due to Owner's or Occupant's Failure to Comply.

(a) If any person, firm or corporation fails or refuses to comply with the provisions of this chapter after having been notified pursuant to §8.04.007 above, the City Secretary or other authorized officer or agent of the city may go upon such property and do or cause to be done the work necessary to obtain compliance with this chapter.

(b) (1) The expense incurred pursuant to §§8.04.006 and 8.04.007 above in correcting the condition of the property and the cost of publishing notice in the newspaper shall be paid by the city and charged to the person, firm or corporation who owns, occupies or controls the property involved.

(2) In the event such person, firm or corporation fails or refuses to pay the expense within 30 days after the first day of the month following the one in which the work was done, the city shall file with the County Clerk of Rockwall County a statement, signed by the Mayor, of the expenses incurred in correcting the condition of the property.

(3) When the statement is filed, the city shall have a privileged lien on the property, second only to tax liens and liens for street improvements, to secure the payment of the amount so expended.

(4) The amount shall bear interest at the rate of 10% per annum from the day the city incurs the expense.

(5) For any such expenditures and interest, suit may be instituted, and recovery and foreclosure had by the city.

(6) The statement of expense filed with the County Clerk, or a certified copy thereof, shall be prima facie proof of the amount expended in the work.

Sec. 8.04.009 Use of Public Streets and Thoroughfares for Garbage Collection

No person, except one who has contracted with the City of McLendon-Chisholm for such privilege, may use the public streets, alleys and thoroughfares within the corporate limits of the city for the purpose of engaging in the business of collecting and disposing of garbage and solid waste generated by residences and businesses in the city.

Sec 8.04.010 Unlawful to Maintain Dumping Grounds.

It shall be unlawful for any person, firm or corporation to maintain or cause to be maintained any garbage disposal grounds or garbage dumping ground within the corporate limits of the City of McLendon-Chisholm, Texas.

Sec 8.04.011 Unlawful to Deposit Garbage, Trash and the Like Upon any Property Within the City.

It shall be unlawful for any person to deposit garbage, trash, rubbish, stagnant water or dead animals, upon or along any drain, gutter, alley, sidewalk, street or vacant lot, or upon any public or private premises within the corporate limits of the city.

Sec 8.04.012 Unlawful to Throw or Deposit Trash While Driving or a Passenger in a Vehicle

(a) It shall be unlawful for any person while driving or passenger in a vehicle to throw or deposit trash, garbage or rubbish of any kind upon any street, street right-of-way or other public place within the city of or upon private property.

(b) Any person who drops or permits to be dropped or thrown upon any street any trash, rubbish or injurious metal shall immediately remove the same or cause it to be removed.

Sec 8.04.013 Unlawful to Drive any Truck or Other Vehicle Unless Constructed to Prevent Contents Being Deposited Upon any Street or Property Within the City

It shall be unlawful for any person to drive or move any truck or other vehicle within the city, unless the vehicle is so constructed or loaded so as to prevent any load contents, including trash, rubbish or garbage from being blown or deposited upon any street, street right-of-way, alley or any other public or private property within the city.

…”

G. Section 8.05.001 of the Code of Ordinances shall be amended to include an additional definition to read as follows:

“…

Abandoned agriculture equipment. (tractors, trailers)

…

H. Section 8.05.062 Permit Required for Solicitation and/or commercial handbill distribution

(a) Except as otherwise provided, a permit is required for an itinerant vender, peddler, solicitor, handbill distributor, or any individual to personally, or through an agent or employee:

(1) Solicit funds; or
(2) Deposit any commercial handbill in or upon another's property.

(b) A permit shall not be required for:

(1) Any person making deliveries or newspapers, newsletters, or other similar publications on an established customer delivery route, when attempting to establish a regular delivery route, or when publications are delivered to the community at large;
(2) The solicitation of funds for charitable purposes by a person when such solicitation occurs on premises owned or controlled by the person soliciting funds or with the permission of the person who owns or controls the premises, when previously invited to the premises for the solicitation;
(3) The deposit of commercial or noncommercial handbills directly to another individual on a public sidewalk designed for pedestrian use; or
(4) Organizations whose membership consists primarily of persons under 18 years of age, such as school organizations, youth sports organizations, Girl Scouts, and religious and charitable youth organizations.

I. Section 805.063 Application and Fee for Permit

(a) Application for a permit required by § 805.062 above, shall be made upon forms furnished by the Director of the Department of Public Safety or Fire Marshal and shall contain information deemed necessary to properly identify the applicant, the nature of his or her business, and the business entity by which he or she is employed. The information shall include, but not be limited to the following:

(1) The name of the person applying, their date of birth, residence and business addresses, and residence and business telephone numbers.
(2) If different from the person applying, the name of the handbill sponsor if the permit is for the purpose of distributing commercial handbills, and the name of the merchant if the permit is for the purpose of solicitation.
(3) Supervisor's name, address, and phone number.
(4) Each applicant shall appear in person and provide proof of identification through a valid driver's license or other valid, official government issued identification.
(5) Whether the applicant or any agent of the applicant has been convicted of a felony within the last five years.
(6) The full legal name, telephone number and address of commercial organization.
(7) Full and complete list of goods sought to be sold and services to be delivered.
(8) The time period within which the solicitation of funds or distribution of

handbills is to occur; specifically including the beginning and ending date of the solicitation of funds or distribution of handbills.

(9) A description of the methods and means by which the solicitation of funds or distribution of commercial handbills is to be accomplished.

(10) Whether the applicant, if an order is obtained, will demand, accept or receive payment or deposit of money in advance of final delivery.

(11) A statement that if the permit is granted, then said permit shall not be used or represented as endorsed or approved by the city or any of its officers or employees.

(12) The specific location, if any, in which the vendor/peddler intends to conduct business.

(13) If the applicant is peddling or soliciting funds from private property, a written statement from the property owner consenting to applicant's use of his/her property for the sales activities indicated in the permit application.

(14) In regard to a handbill sponsor and/or merchant, the following shall apply:

(a) If a natural person, the business and residence addresses and telephone numbers.

(b) If a partnership:

1. The names of all partners;
2. The name, principal business address;
3. Telephone number of the partnership and the agent for service of process; and
4. The state of formation.

(c) If a corporation or limited liability company, the person applying must state:

1. The mailing address and telephone number of the principal place of business and the registered agent;
2. The mailing address, business location, telephone number and name of the individual in charge of the local office of such entity, if any;
3. The names of all officers and directors or trustees of such corporation, or of all members (if member managed), managers and officers of such limited liability company; and
4. The state of incorporation or formation.

(d) If an association or any other entity, the person applying must state:

1. The mailing address and telephone number of the principal place of business and the agent for service of process;
2. The names of all members/owners of the association unless they exceed ten in number, in which case the application shall so state and the person registering may in the alternative list the names and business addresses and telephone numbers of the officers and directors or trustees of the association; and

3. If the association is part of a multi-state organization or association, the mailing address and business location of ites central office shall be given, in addition to the mailing address and business location of its local office.

(15) Satisfactory proof of the individual's authority to represent the partnership, corporation association or business entity.

(16) Application must be accompanied by a coy of a valid state sales tax certificate, if applicable.

(17) Information provided by applicant will be subject to verification by the Department of Public Safety and/or other databases.

(b) Every application shall be accompanied by a non-refundable, nontransferable application bee as set forth in the current fee schedule. The permit is issued by the Director of the Department of Public Safety/Fire Marshal, shall be issued for a period of one year from the date of approval and shall be renewed only upon the same terms and conditions as provided herein, and amended.

(1) A different fee amount may be set forth in the fee schedule for the noncommercial door-to-door solicitors, including but not limited to, persons selling goods or merchandise on behalf of any education, religious, or civic institution or other non-profit organization.

(c) Every permittee shall be issued a permit and contain the following information: name of permittee, license number, date of expiration, signature of the Director of the Department of Public Safety/Fire Marshal. The permit shall be carried on the person at all times and exhibited to any peace officer or resident upon request.

(d) If the application is for a child or children under 14 years of age or younger subject to the Texas Labor Code Ch. 51, the following information must also be attached to the application:

(1) A copy of the parental consent form required by the Texas Labor Code §51.51.0145, as it exists or as may be amended;

(2) Documentation showing that the Texas Employment Commission has granted a hardship exemption if required under the Texas Labor Code Ch. 51; and

(3) The name, address, and telephone number of all persons who will be responsible for supervising the child pursuant to the Texas Labor Code §51,0145, as it exists or as it may be amended.

(e) All applications, whether or not a permit is issued, shall be considered public record in accordance with the Texas Public Information Act, as amended.

Sec 805.064 Permit Issuance, denial, duration and form

(a) When an application is filed, the Director of the Department o Public Safety/Fire Marshal shall review the application.

(b) The Director of the Department of Public Safety/Fire Marshal shall approve the application and issue the permit unless any of the following apply, in which case the permit shall be denied:

(1) The application fails to comply with a provision of this chapter;
(2) A previous permit issued under this chapter was revoked within the past 12 months;
(3) The Director of the Department of Public Safety/Fire Marshal determines that the applicant has been convicted of a felony within the last five years.
(4) The Director of the Department of Public Safety/Fire Marshal determines that the applicant has furnished false information or identification.
(5) The applicant has a warrant out for their arrest; or
(6) A court of law has issued an emergency protective order against the applicant.

(c) The Department of Public Safety/Fire Marshal shall notify the applicant of their decision to approve or deny a permit application within ten business days of the receipt of the application. Notification of the decision shall be given in writing and either sent via U.S. mail to the application address as listed on the permit application or delivered to the applicant in person.

(d) If the application was turned in as incomplete, the Department of Public Safety/Fire Marshal shall not grant or deny the application but shall return the application with an explanation of what additional information/documentation is needed to process the application the application. The incomplete application and explanation shall be sent within ten business days of the receipt of the application to the applicant's address as listed on the permit application or it shall be delivered to the applicant in person.

(e) The city shall prescribe the form of the permit. The permit may contain a photo of the applicant. The following shall be printed prominently on each permit: "The issuance of this permit is not an endorsement by the city or any of its officers or employees." Each permit shall bear a permit number that corresponds with the city's files containing the application filed by the applicant.

Sec 805.065. Revocation and/or suspension of permit

(a) (1) If a permit holder fails to comply with this chapter, the Department of Public Safety/Fire Marshal will take the following action:

a. For a first offense under this chapter, any permit issued hereunder to the offender shall be suspended for a period not to exceed 30 days. The Director of the Department of Public Safety/Fire Marshal, or his/her designee, shall determine the number of days of the suspension.

b. For a second offense under this chapter within a 12-month period, any permit issued hereunder to the offender shall be revoked, and such offender shall not be eligible to apply for another permit for a period of 12 months from the date of revocation.

(2) If a permit holder is arrested and charged with a felony the permit shall be suspended until final disposition of the criminal charges.

(a) Upon conviction or acceptance of deferred adjudication by the court, the permit shall be revoked.
(b) If the permit holder is found innocent or the charges are dismissed, the suspension of the permit shall be lifted.

(3) Upon suspension or revocation, the permit holder shall tender the permit to the Department of Public Safety/Fire Marshal until completion of the suspension or successful appeal of the suspension or revocation.

(b) The Director of the Department of Public Safety/Fire Marshal or his designee may revoke a permit and the permittee may be prohibited from reapplying for the period covered by the original application, or an application to solicit may be denied, for any of the following reasons:

(1) The required application information is incomplete, incorrect, or contains false or misleading information;
(2) A solicitor, while soliciting, is charged and subsequently convicted of theft or fraud or a violation of any city, state, or Federal law, in connection with the said solicitation;
(3) The applicant or any individual involved in the peddling or solicitation is currently wanted on a warrant for arrest for any pending criminal matter;
(4) The applicant is a person against whom a judgment, conviction or deferred adjudication has been entered within five years preceding the date of application, based on any felony, or a misdemeanor or civil suit involving fraud, deceit or misrepresentation;
(5) The applicant provided no proof of authority to serve as agent for the principal; or
(6) The permit fee or subsequent renewal, if applicable, has not been paid.

Sec 805.066 Appeals for denial, suspension or revocation

Should an applicant be denied a permit or have a permit suspended or revoked the applicant may appeal that action to the City Administrator by submitting a letter within five business days of the denial, suspension or revocation. The City Administrator, or his/her designee, shall review the appeal at a staff level and make a determination within ten business days of receiving the appeal request and shall have the authority to uphold or reject the action complained of an order that the permit be granted or reinstated, if necessary. The City Administrator, at his discretion and after providing notice to the applicant, may schedule a hearing before the City Administrator or his designee to receive additional information related to the appeal before making a decision. Such hearing shall be an administrative hearing, and adherence to formal rules of evidence shall not be required. The decision of the City Administrator shall be final.

Sec. 805.067 Solicitation and Distribution Regulations

The following regulations shall apply to each and every itinerant vendor, handbill distributor, peddler or solicitor, or any other person engaged in solicitation, as described in this chapter, and any violation of any such regulations shall be an offense and punishable under the terms hereof.

(a) Except as otherwise prohibited, the distribution of any handbill, including noncommercial and commercial handbills may only be distributed by:

(1) Handing the noncommercial handbill or commercial handbill directly to the owner, occupant, or any other person then present in or upon such premises; or

(2) Depositing the noncommercial handbill or commercial handbill in a secure manner to prevent such handbill from being blown or drifting about the premises, except that mailboxes may not be used when prohibited by Federal law or regulations.

(b) It shall be unlawful for any itinerant vendor, peddler or solicitor to go from house to house, or business to business in the city, soliciting, selling or taking orders for such items between the hours of 7:00 p.m. and 9:00 a.m. and is prohibited at all times on Sundays.

(c) Each itinerant vendor, handfill distributor, peddler, or solicitor permitted under this chapter that is required to register with the Director of the Department of Public Safety/Fire Marshal under the provisions of this chapter, shall wear an identification tag stating his or her name and the name of the organization he or she represents at all times while engaged in the soliciting or handbilling.

(d) It shall be unlawful for a licensee to not exhibit a permit and identification upon request of a peace officer, who has lawfully stopped him or her for the purpose of determining that he or she has a current permit to solicit.

(e) The Director of the Department of Public Safety/Fire Marshal or his designee may, upon documented complaint of a violation of this chapter suspend and confiscate the permit issued until such time when the permit can provide adequate assurances of compliance with the regulations here.

(f) It shall be unlawful for a person to solicit funds or distribute commercial handbills after the revocation or expiration of any permit issued or during the suspension of any permit issued.

(g) No person may distribute any commercial handbill or noncommercial handbill in or upon any premises which are temporarily or continuously uninhabited or vacant.

(h) It shall be unlawful for any person to distribute or cause to be distributed, deposited, placed, thrown, scattered or cast any handbill upon any residential property if requested by anyone thereon not to do so, or if there is placed on such premises in a conspicuous place upon or near the main entrance to the residence, a weatherproof card, not less than eight square inches in size bearing the words “no trespassing,” “no peddlers,” “no advertisements,” “no Solicitation,” “no handbills,’ or any similar notice indicating in any manner that the occupants of such premises do not desire to have any such solicitation or handbills left upon their premises. The letters on such cards shall be not less than two-thirds of an inch in height.

(i) It shall be unlawful for any person to go upon any residential premises for the purpose of solicitation and rung the doorbell, knock upon the door or create any sound for the purpose of attracting the attention of the occupants of the residence if there is placed on such premises in a conspicuous place upon or near the main entrance to the residence, a weatherproof card, not less than eight inches in size bearing the words “no solicitation,” “no peddlers,” or “no trespassing.” The letters on such cards shall be not less than two-thirds of an inch in height.

Sec. 805.068 Solicitation within a public right-of-way

(a) A person may not stand, sit, or otherwise occupy a position in a roadway, median or public right-of-way to solicit a ride, contribution, employment, or business from an occupant of a vehicle, except that a person may stand in a roadway, median or public right-of-way to solicit a charitable contribution to the extent allowed ty Texas Transportation Code §552,0071, as it now exists or may hereafter be amended.
(b) A person may not stand, sit or otherwise occupy a position on or near a roadway, median or public right-of-way to solicit the watching or guarding of a vehicle parked or to be parked on a roadway, median, public right-of-way or private property. Except as permitted by state law, it shall be unlawful for any person located within a roadway, median or public right-of-way to peddle, sell, offer, or exhibit for sale any merchandise or service, whether for profit, for a charitable purpose or otherwise to any person in a motor vehicle, truck, motorcycle or other vehicle (collectively referred to hereafter as “vehicle”) while the vehicle is located within the public right-of way.
(c) A permit to stand in a roadway, median or public right-of-way in the city to solicit charitable contributions to the extent allowed by Tex. Transportation Code §552.0071, as it now exists or may hereafter be amended, shall be granted only after an application for such purpose is filed with the City Administrator no earlier than 30 days, nor less than 11 days, prior to the initiation of the proposed solicitation. Such application shall conform to the provisions of Tex. Transportation Code §552.0071, as it now exists or may hereafter be amended.
(D) It shall be unlawful for any person to peddle, sell, offer, or exhibit for sale any merchandise or service, whether for profit, for charitable purpose or otherwise on a public sidewalk or roadway without previous permission granted by the City Administrator, or his designee.
(e) Notwithstanding any provision in this chapter to the contrary, it shall be unlawful to stand in a roadway, median or public right-of-way to solicit charitable contributions in the city before sunrise; after sunset. Any person within a roadway, median or public right-of-way shall be required to wear a reflective safety vest.

…”

H. Section 8.06.002(a) of the Code of Ordinances shall be amended to read as follows:

"…

(a) The city marshal or the county sheriff's department is hereby authorized to take into custody any abandoned motor vehicle, watercraft, or outboard motor found on public or private property. Abandoned trailers, large equipment, and agriculture equipment found on certain lot sizes or acreage may be impounded. The local law enforcement agency may use department personnel, equipment, and facilities and may contract, upon approval from the city council, for other personnel, equipment, and facilities to remove, preserve, and store an abandoned motor vehicle, watercraft, or outboard motor taken into custody under this section.

…"

I. Section 8.06.003(a)(1) of the Code of Ordinances shall be amended to read as follows:

"…

(1) A junked vehicle, including a part of a junked vehicle, trailers or equipment as well as 18-wheeler boxes that is located in any place where it is visible from a public place or a public right-of-way is detrimental to the safety and welfare of the general public, tends to reduce the value of property, invites vandalism, creates fire hazards, constitutes an attractive nuisance creating a hazard to the health and safety of minors, produces urban blight adverse to the maintenance and continuing development of the city, and is hereby declared to be a public nuisance.

…"

J. Section 8.06.003(b)(1) of the Code of Ordinances shall be amended to read as follows:

"…

(1) <u>Notice for nuisance on private property</u>. For a nuisance on private property, notice of not less than ten days shall be given, stating the nature of the public nuisance on private property, that it must be removed and abated within ten days, and if a hearing is desired, a request for a hearing must be made before expiration of the ten-day period. The notice must be mailed by certified mail, with a five-day return requested, to the last known registered owner of the junked vehicle and/or equipment/trailers, any lienholder of record, and the owner or occupant of the private premises on which the public nuisance exists. If any notice is returned undelivered by the United

States Post Office, official action to abate the nuisance shall be continued to a date not less than ten days after the date of the return.

…"

K. Section 8.06.005 of the Code of Ordinances shall be amended to read as follows:

"…

All motor vehicles, watercraft, and outboard motors, trailers, tractors, or agriculture equipment taken into custody by the local law enforcement agency under this article shall be registered in a record book provided for that purpose. The register must contain the following information:

(1) Description of the motor vehicle, watercraft, or outboard motor;

(2) Time and place seized and by whom;

(3) Name of the owner, if known; and

(4) Storage and towing charges accrued against the motor vehicle, watercraft, or outboard motor.

…"

L. Chapter 8 "Offenses and Nuisances" shall be amended by adding Article 8.08 "Noise", which shall read as follows:

"…

SECTION 8.08.001. DEFINITIONS

For the purpose of this Ordinance, "Nuisance" includes, but is not limited to, whatever offensive to the senses or that is or tends to become detrimental to the public health.

Administrator shall mean City of McLendon-Chisholm Code Enforcement Officers, Mayor or designee who administrators, implements, and enforces the provisions of this Ordinance.

Decibel means sound pressure level as measured by a sound level meter using the "A" weighting network and either the slow or fast meter response as specified by the American National Standards Institute.

Noise means a sound which:

a) is louder than that permitted in this ordinance, or
b) disturbs a reasonable person of normal sensibilities.

SECTION 8.08.002. PROHIBITED ACTS OR CONDITIONS WHICH CONSTITUTE A NUISANCE.

The following acts, commissions, omissions, conditions or deeds by any person shall be and hereby are declared to be a nuisance which endangers the health, safety and welfare of the City:

A. The act of allowing or permitting on any premises owned or controlled by such person the emission of music, sound or other noise in a continuous, or for extended periods of time, in such a manner as to disturb persons living in the vicinity of the premises. A person may not use sound equipment that produces sound, or cause a sound audible beyond the property line of a residence in a residential area between 10:00 p.m. and 7:00 a.m. A person may not use sound equipment, or cause a sound audible beyond the property line of a residence in a residential area that produces sound in excess of 75 decibels.

B. The act of creating, maintaining, or allowing on premises owned by, and/or subject to a person's control:

(1) The continuous, or for extended periods of time in such a manner as to disturb persons living in the vicinity of the premises, operation of motors, or the running, and/or driving of motorized units, including, but not limited to all-terrain vehicles of either three or four wheels, motorcycles, go-carts, golf carts, cars, trucks, or any other form of motorized or self-propelled vehicle. It shall be presumed to be a violation of this Ordinance if such continuous, or extended periods of operation, either with an individual motorized unit, or in the aggregate with other motorized units at the same time, produce a noise or sound at the property line of such property as follows: (a) 75 decibels, between the hours of 6 a.m. to 11 p.m., and/or (b) 65 decibels, between the hours of 11 p.m. and 6 a.m.; or

C. All common and public nuisances defined by Chapter 125 of the Texas Civil Practice and Remedies Code within the authority and jurisdiction of the City of McLendon-Chisholm and its Municipal Court are hereby adopted as regulated nuisances by the City, in accordance with said statute.

…"

SECTION 2. PENALTY. Any person who intentionally, knowingly, recklessly or negligently violates any provision of this Ordinance, upon conviction, shall be deemed guilty of a Class C Misdemeanor and shall be fined a sum not to exceed Five Hundred Dollars ($500.00) for each offense, and a separate offense shall be deemed committed upon each day during or on which a violation occurs or continues.

SECTION 3. SAVINGS AND REPEALING CLAUSE. This Ordinance shall be cumulative of all other Ordinances and shall not repeal any of the provisions of such Ordinances except for those instances where there are direct conflicts with the provisions of this Ordinance. Ordinances or parts thereof in force at the time this Ordinance shall take effect and that are inconsistent with this Ordinance are hereby repealed to the extent that they are inconsistent with this Ordinance. Provided however, that any complaint, action, claim or lawsuit which has been initiated or has arisen under or pursuant to such Ordinance on the date of adoption of this Ordinance shall continue to be governed by the provisions of that Ordinance and for that purpose the Ordinance shall remain in full force and effect.

SECTION 4. SEVERABILITY. If any section, subsection, clause, phrase or provision of this Ordinance, or any application thereof to any person or circumstance, shall to any extent be held by a court of competent jurisdiction to be invalid, void or unconstitutional, the remaining sections, subsections, clauses, phrases and provisions of this Ordinance, or any application thereof to any person or circumstance, shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

SECTION 5. EFFECTIVE DATE. This Ordinance shall become effective immediately upon its passage and publication of its Caption as required by law.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCLENDON-CHISHOLM ON THE __ DAY OF ____ 2020.

____
Keith Short, Mayor

ATTEST:

____
Rochelle Green
City Secretary

City of McLendon-Chisholm

Staff Report

Date:

June 23, 2020

Background:

A Request for Qualifications for Design-Build Services for the new McLendon-Chisholm Fire Station was issued on June 12, 2020. As of June 19, 2020, 12 firms have indicated intentions of submitting qualifications. Submittals are due July 6, 2020.

In a design-build project method, design services and construction performance are combined under one contract. Selection of a design-build firm considers a combination of the design quality and construction cost. Professional Construction Management Firms are sometimes hired to provide owners representation for the duration of a project. A construction management firm provides an additional layer of project oversight throughout the design and construction process to assist with selection of the design-build firm, assist with contract negotiations, ensure quality and cost control as well as timely completion of a project. If Council wishes to hire a construction management firm, it would be ideal to select a firm that has experience specifically related to fire station construction and to hire a firm prior to review of submittals.

Financial Impact:

The fire station project is fully funded by monies received from TxDOT as a result of the current fire station displacement due to the Hwy. 205 expansion. All expenses related to the fire station design and construction will come from these designated funds. Construction management firms generally charge based on a percentage of project value. A typical fee is 3-4% of project value. Most firms claim to save clients at least the cost of their fee during the project.

Staff Recommendation:

Consider directing staff to invite a construction management firm or individual to interview for consideration in serving as Owner's Representative for the fire station project.

Lisa Palomba, City Administrator

North East Texas Inspections

638 Chisholm Ranch Dr. Rockwall, Texas 75032, 972-998-3415

There were 4 new single-family residential home permits issued in May, 2020. The attached addendum reflects the home address, valuation, square footage and name of the Builder.

There were 11 new accessory projects permitted including single trades, swimming pools, outdoor living, shop buildings and other accessory endeavors that are also attached.

Thank you for choosing North East Texas Inspections for your Building Services provider.

FY to date SFR permits 99 - Accessory permits 63

May 2020

David Ellis, Building Official

May 2020 New SFR	Valuation	Square ft.	Fee	Builder
1424 Siena	$ 451,451.00	3949	$ 1,025.00	highland
1206 lucca	$ 282,691.00	3715	$ 1,025.00	altura
1907 Galenda	$ 370,283.00	3448	$ 875.00	highland
811 fm 1139	$ 999,999.00	10768	$ 1,025.00	smith builder
			$ 3,950.00	

Accessory permits May 2020	Project	Valuation	Fee
1796 Bertino	patio cover	$ 8,000.00	$150.00
612 stampede run	pool	$60,000.00	$0.00
33 fireside	hvac	$10,236.00	$75.00
1117 newkirk	hvac	$10,000.00	$75.00
1950 connie	plmbg	$1,500.00	$75.00
1479 via toscana	solar	$15,323.00	$150.00
1804 kentwood circle	garage	$31,200.00	$375.00
510 highwater crossing	garage	$75,000.00	$300.00
331 briar glen	pool	$55,000.00	$375.00
1308 somerset	solar	$30,000.00	$150.00
828 abington way	pool	$40,000.00	$375.00
			$2,100.00

May 2020 Onsite inspections actual

1378 arezzo	plmbg rough
1738 amarone	plmbg rough
1327 arezzo	frame mep
1724 san donato	gas meter
1724 san donato	electric meter
1922 galenda	gas meter
2025 corleone	gas meter
1922 galenda	electric meter
1747 benito	frame mep
1821 bertino	flatwork
616 stampede run	belly steel
1378 arezzo	plmbg rough
1466 corrara	flatwork
1835 tuscany	final co
1714 cima	frame mep
1753 bertino	frame mep
824 abington	pool gas
824 abington	pool belly steel
1747 bertino	frame mep
1 green hollow	water heater
1922 galenda	electric meter
2025 corleone	electric meter
1176 lucca	frame mep
1705 bertino	belly steel
1814 bertino	final co
1807 tuscany	final co
1657 san donato	plmbg rough
1657 san donato	t-pole
824 abington	pool belly steel
1327 arezzo	frame mep
1602 salvatore	frame mep
1746 amarone	frame mep
1643 salvatore	frame mep
1724 san donato	gas meter
1533 via toscana	frame mep
1796 bertino	complaint
1558 vista crt	electric underground
1819 tuscany	electric meter
1725 puglia	frame mep
1724 san donato	gas meter
1705 cima	frame mep
1835 tuscany	final co
1722 puglia	elect. Meter
1746 amarone	frame emp
1713 pieneze	final co
1874 fm 550	electric

1709 budino	final co
1843 tuscany	final co
1922 galenda	gas meter
2025 corleone	gas meter
1724 san donato	gas meter
1835 tuscany	final co
104 lavender	tpole
104 lavender	plmbg rough
1217 livorno	pool final
1808 bertino	final co
824 abington	pool electric
1848 tuscany	t pole
1722 puglia	gas meter
1759 bertino	frame mep
824 abington	underground electric
1217 livorno	pool final
104 lavender	plmbg rough
1765 bertino	frame mep
1719 cima	plmbg rough
1182 lucca	final co
104 lavender	plmbg rough
1907 galenda	plmbg rough
1702 budino	final co
1911 galenda	plmbg rough
1117 newkirk	hvac
2001 corleone	t-pole
1950 connie	plmbg rough
1719 cima	plmbg rough
1719 cima	tpole
104 lavender	plmbg rough
33 fireside	hvac
616 stampede run	deck bond
1831 tuscany	electric meter
1825 tuscany	electric meter
1117 newkirk	hvac
1821 bertino	t-pole
1710 budino	flatwork
1801 bertino	frame mep
1911 galenda	plmbg rough
1771 bertino	frame mep
1907 galenda	t-pole
1907 galenda	plmbg rough
251 pheasant hill	garage final
2811 rochelle	garage final
1308 somerset	plmbg rough
1714 cima	flatwork
1771 bertino	frame mep

1842 belagio	flatwork
1813 tuscany	frame mep
1808 amalfi	final co
1333 arizzo	frame mep
1709 san donato	frame mep
1424 siena	t-pole
1558 vista crt	elect. Underground
1308 somerset	plmbg rough
1725 san donato	frame mep
1907 galenda	flatwork
1424 siena	plmbg rough
1718 cima	final co
1710 budino	electric meter
1771 bertino	deck bond
1709 san donato	frame mep
1720 san donato	final co
1825 tuscany	electric meter
1712 san donato	frame
1783 bertino	frame emp
1710 budino	gas meter
2001 corleone	plmbg rough
1506 bertino	remodel
1710 budino	electric meter
1712 san donato	frame mep
1710 budino	gas meter
1801 bertino	frame mep
1777 bertino	t-pole
1833 bertino	t-pole
1827 bertino	t-pole
1815 bertino	t-pole
1809 bertino	t-pole
1821 bertino	frame mep

City of McLendon Chisholm
Operating Fund Financial Summary
For the eight months ended May 31, 2020

	Current Period Revenue and Expenses				Prior Period Revenue and Expenses			
	May 2020 Actuals	Current YTD Actuals	% of Budget Current YTD	FY 2019-2020 Budget	May 2019 Actuals	Prior YTD Actuals	% of Budget Current YTD	FY 2018-2019 Budget
Revenue								
302 · Franchise Income	8,256	$ 154,178	82%	$ 187,000	$ 7,690	$ 144,446	93%	$ 154,830
303 · Development Income	1,300	71,900	479%	15,000	-	13,584	47%	29,000
304 · Building Permit Income	9,175	553,673	168%	330,000	26,557	202,815	41%	492,419
305 Municipal Court Income	-	-	0%	1,800	1,500	1,859	620%	300
306 · Interest Income	2,159	15,236	82%	18,500	1,810	11,779	- %	-
307 · Sign Permit Income	-	-	0%	100		100	- %	-
308 · Septic Fees	800	10,725	138%	7,800		5,300	30%	17,885
309 Food Enforcement	-	1,200	96%	1,250		1,050	175%	600
310 · Sales Tax Revenue	26,483	222,193	108%	205,750	17,629	131,887	85%	154,603
311 · PID Admin Expense Reimbursement	-	-	- %	-		690	15%	4,750
313 · Donations	-	836	139%	600		1,449	290%	500
314 · Copies Public Inf. Income	-	-	0%	130	15	133	- %	-
317 · Ad Valorem Tax	4,254	589,961	110%	537,708	3,866	382,237	109%	350,579
318 · Tax Certifications		74	98%	75	4	64	- %	-
321 · Credit Card Fee Revenue	156	1,060	193%	550	28	486	32%	1,501
Total Revenue	$ 52,583	$ 1,621,036	124%	$ 1,306,263	$ 59,098	$ 897,878	124%	$ 1,206,967

City of McLendon Chisholm
Operating Fund Financial Summary
For the eight months ended May 31, 2020

	Current Period Revenue and Expenses				Prior Period Revenue and Expenses			
	May 2020 Actuals	Current YTD Actuals	% of Budget Current YTD	FY 2019-2020 Budget	May 2019 Actuals	Prior YTD Actuals	% of Budget Current YTD	FY 2018-2019 Budget
Expenditures								
Operating Expenditures								
401 · Municipal Court	$ -	$ -	0%	$ 50	$ -	$ 7	- %	$ 1,515
402 · Election Expense		-	0%	12,250	12,069	12,069	- %	10,000
410 · Building Inspections	6,050	114,802	98%	117,742	11,619	70,444	45%	155,818
411 · Environment Regulation Expense	1,375	5,325	85%	6,255	200	4,945	47%	10,465
414 - Animal Control	-	-	0%	18,000		-	- %	
415 · Section 380 Grant Program	-	10,444	275%	3,800	-	-	- %	-
418 · Membership Fees	-	1,662	106%	1,575		1,556	52%	3,000
422 · Public Notice Expense	-	14,336	157%	9,150	1,865	10,294	459%	2,243
423 · Community Functions	-	7,290	1458%	500		156	3%	5,464
426 · Appraisal District Collection	1,903	5,709	114%	5,000	1,569	-	0%	5,883
430 · Public Safety	(4,492,198)	(4,303,368)	-1404%	306,555	37,933	179,224	48%	375,211
Total 400 Operating Expenditures	(4,482,870)	$ (4,143,801)	-862%	$ 480,877	$ 65,254	$ 283,491	50%	$ 569,599
Occupancy Expenditures								
502 · Electricity	182	$ 1,710	63%	$ 2,700	$ 182	1,669	43%	$ 3,915
506 · Water	268	5,697	142%	4,000	268	2,316	26%	8,952
510 · Propane Gas	-	-	0%	788		-	- %	788
512 - Trash Pick up	400	400	30%	1,344		-	- %	
514 · Building Maint/Improvements	1,236	7,579	62%	12,200	917	8,362	156%	5,356
516 · Lawn Maintenance	685	5,480	64%	8,500	685	5,480	67%	8,144
518 · Janitorial	-	-	- %	-		40	1%	4,181
520 · Telephone & Internet	749	5,145	75%	6,900	464	3,874	51%	7,593
522 · Website Expense	-	1,138	114%	1,000	-	598	50%	1,202
Total 500 Occupancy Expenditures	$ 3,519	$ 27,150	73%	$ 37,432	$ 2,516	$ 22,337	73%	$ 40,131

City of McLendon Chisholm
Operating Fund Financial Summary
For the eight months ended May 31, 2020

	Current Period Revenue and Expenses				*Prior Period Revenue and Expenses*			
	May 2020 Actuals	Current YTD Actuals	% of Budget Current YTD	FY 2019-2020 Budget	May 2019 Actuals	Prior YTD Actuals	% of Budget Current YTD	FY 2018-2019 Budget
General & Administrative Expenditures								
603 · Citizen Recognition	-	-	- %	-	-	-	0%	500
604 · Municipal Manuals, Books & Maps	-	346	138%	250	-	70	1%	12,803
606 · Employee Costs	23,662	127,802	57%	222,455	16,613	126,186	63%	199,218
618 · Liability Insurance	-	5,292	70%	7,517	78	5,872	64%	9,227
619 · Software Subscriptions	602	7,331	39%	19,000	393	17,001	113%	15,000
621 · IT Support	-	3,825	70%	5,500	1,050	2,825	57%	5,000
622 · Office Supplies - City Hall	147	1,931	64%	3,000	147	2,540	81%	3,124
623 · Office Equipment	149	2,515	97%	2,600	799	2,265	85%	2,655
624 · Office Equip Maintenance	1,454	3,973	265%	1,500	80	1,243	44%	2,797
625 · Printed Materials	585	2,408	142%	1,700	-	1,383	92%	1,502
626 · Postage-City Hall	38	665	47%	1,410	58	3,079	88%	3,490
628 · Bank Fees	89	1,164	78%	1,500	103	1,221	121%	1,010
630 · Legal & Professional								
63001-Accounting & Payroll services	4,454	35,409	67%	52,514	4,752	42,201	84%	50,000
63002 - Financial Audit	-	-	0%	15,000	-	9,500	63%	15,000
63003 - Legal	4,830	20,552	51%	40,000	3,910	28,210	23%	124,000
63005 - City Planner	5,190	5,935	13%	45,000	2,430	37,807	143%	26,376
63008 - Financial Consulting	1,048	19,772	76%	26,000	3,168	14,556	- %	-
63009 - Engineering	-	6,574	44%	15,000		-	- %	
645 · Transcription Services		-	- %	-	-	3,104	- %	-
646 · Mileage Expense	-	281	56%	500	-	180	17%	1,052
647 · Council Meetings & Development	305	856	132%	650	150	203	5%	3,996
648 · Training	250	2,187	32%	6,750	40	2,818	56%	5,000
649 · Expense Account - City Administrator	-	-	- %	-	-	-	0%	126
650 · Expense Account - Mayor	-	-	- %	-	-	-	0%	105
652 · Staff Appreciation	-	650	76%	850	-	760	380%	200

City of McLendon Chisholm
Operating Fund Financial Summary
For the eight months ended May 31, 2020

	Current Period Revenue and Expenses				Prior Period Revenue and Expenses			
	May 2020 Actuals	Current YTD Actuals	% of Budget Current YTD	FY 2019-2020 Budget	May 2019 Actuals	Prior YTD Actuals	% of Budget Current YTD	FY 2018-2019 Budget
655 · Code of Ordinance	-	3,360	96%	3,500	-	1,000	13%	8,000
699 · Miscellaneous Expense	-	39	- %	-	246	246	164%	150
						-		
Total G & A Expenditures	$ 42,802	$ 252,865	54%	$ 472,196	$ 34,017	304,270	54%	$ 490,331
700 · Capital Expenditures - Public Safety		13,324	89%	$ 15,000		$ 74,899	125%	$ 60,000
700 · Capital Expenditures - Operating		31,160	89%	35,000	$ 9,500	$ 19,400	61%	$ 32,000
Total Capital Expenditures	$ -	$ 44,484	89%	$ 50,000	$ 9,500	$ 94,299	102%	$ 92,000
Total Expenditures	$ (4,436,550)	$ (3,819,302)	-367%	$ 1,040,505	$ 111,287	$ 704,397	-367%	$ 1,192,061
Surplus (Deficit)	$ 4,489,132	$ 5,440,338	2047%	$ 265,758	$ (52,189)	$ 193,480	2047%	$ 14,906

City of McLendon Chisholm
Utility Fund Financial Summary
For the eight months ended May 31, 2020

	Current Period Revenue & Expenditures				Prior Period Revenue & Expenditures			
	May 2020 Actuals	Current YTD Actuals	% of Budget Current YTD	FY 2019-2020 Budget	May 2019 Actuals	Prior YTD Actuals	% of Budget Current YTD	FY 2018-2019 Budget
Revenue								
306 · Interest Income	$ 386	$ 5,617	58%	$ 9,750	$ 826	$ 6,136	118%	$ 5,206
Sewer Utility Revenue								
32200 · Sewer Usage Fees	27,409	$ 188,082	82%	228,360	15,001	140,072	88%	159,653
32201 · Sewer Tap Fees	6,000	258,000	358%	72,000	12,000	69,000	37%	189,000
32204 · Sewer Deposit Refunds	(67)	(366)	33%	(1,100)	(70)	(568)	37%	(1,540)
Transfer from Utility Fund Surplus	-		0%	49,554		-		
Total Revenue	33,727	$ 451,332	126%	$ 358,564	27,757	$ 214,640	61%	$ 352,319
Expenditures								
Operation & Maintenance Expenditures								
Sewer Operation & Maintenance								
41304 · O&M Agreement	$ 3,266	$ 26,441	79%	$ 33,570	3,205.90	$ 38,340	81%	$ 47,094
41305 - O&M Maintenance	1,460	9,184	26%	$ 36,000		-		
41308 · Electricity	9	72	- %	-		-	0%	42
41310 · Sewer Treatment	17,500	137,444	59%	231,794	16465.47	137,329	176%	78,000
41312 · Tap Fee Developer Rebate	3,600	154,800	358%	43,200	7,200	41,400	37%	113,400
Total Operations Expenditures	$ 25,835	$ 327,940	95%	$ 344,564	$ 26,871	$ 217,069	91%	$ 238,536
600 · General & Administrative Exp	$ 1,181	$ 20,290	145%	$ 14,000	755	$ 6,713	51%	$ 13,260
Total Expenditures	27,015	$ 348,230	97%	$ 358,564	27,626	$ 223,782	89%	$ 251,796
Surplus (Deficit)	6,712	$ 103,102	- %	$ -	131	$ (9,142)	-9%	$ 100,523

City of McLendon Chisholm
Interest Sinking Fund Financial Summary
For the eight months ended May 31, 2020

	Current Period Revenue & Expenditures				Prior Period Revenue & Expenditures			
	May 2020 Actuals	Current YTD Actuals	% of Budget Current YTD	FY 2019-2020 Budget	May 2019 Actuals	Prior YTD Actuals	% of Budget Current YTD	FY 2018-2019 Budget
Revenue								
Ad Valorem Tax								
317 · Ad Valorem Tax	$ 844	115,990	108%	$ 107,426	$ 2,522	$ 249,341	109%	$ 228,985
306 · Interest Income	614	7,982	- %	3,250	645	4,288	- %	-
Transfer from Excess Bond Proceeds		-	- %	-		-	- %	-
Transfer From Interest & Sinking Surplus		-	0%	30,968		-	- %	-
Total Revenue and Transfers In	$ 1,457	$ 123,972	88%	$ 141,644	$ 3,167	$ 253,629	111%	$ 228,985
Expenditures								
628 · Bank Fees Expense	$ -	$ 2,850				$ 2,850		
660 · Bond Interest Expense	4,823	38,584	66%	$ 58,113	4,989	$ 39,908	67%	$ 59,862
802 · Bond Cost Amortization	-	(0)	0%	2,912	243	$ 1,942	- %	-
803 · Bond Premium Amortization	(782)	(6,254)	67%	(9,381)	(828)	$ (6,628)	- %	-
Transfer To Bond Principal		90,000	100%	90,000		$ 85,000	100%	85,000
Transfer to Early Redemption Sinking Fund			- %	-		$ -	0%	78,512
Total Expenditures and Transfers Out	$ 4,041	$ 125,180	88%	$ 141,644	$ 4,403	$ 123,072	55%	$ 223,374
Surplus (Deficit)	$ (2,584)	$ (1,208)	- %	$ -	$ (1,236)	$ 130,557	2327%	$ 5,611

City of McLendon Chisholm
Detail Statement of Revenue & Expenditures by Fund
For the Month of May, 2020

	Interest and Sinking Fund	Operating Fund	Public Safety	Utilities Fund
Revenue				
302 · Franchise Income				
30204 · AT&T	0.00	598.50	0.00	0.00
30213-1 · Community Waste Disposal	0.00	260.11	0.00	0.00
30216 · Atmos Energy	0.00	7,299.28	0.00	0.00
30221 · CEBridge	0.00	86.76	0.00	0.00
30250 · Franchise Fee Income - Misc	0.00	11.70	0.00	0.00
Total 302 · Franchise Income	0.00	8,256.35	0.00	0.00
303 · Development Income				
30301 · BOA	0.00	1,300.00	0.00	0.00
Total 303 · Development Income	0.00	1,300.00	0.00	0.00
304 · Building Permit Income				
30401 · Contractor Registration Fee Inc	0.00	500.00	0.00	0.00
30404 · Inspection Income	0.00	2,025.00	0.00	0.00
30405 · Building Permit & Plan Review	0.00	4,764.70	0.00	0.00
30408 · Swimming Pool Permits	0.00	1,885.00	0.00	0.00
Total 304 · Building Permit Income	0.00	9,174.70	0.00	0.00
306 · Interest Income				
30600 · Alliance Interest Income	0.00	98.35	0.00	90.08
30602 · Logic Interest Income	19.80	2,056.13	0.00	295.79
30603 · Tex Pool Interest Income	0.00	4.35	0.00	0.00
30607 · Wilmington Accrued Int Income	593.82	0.00	0.00	0.00
Total 306 · Interest Income	613.62	2,158.83	0.00	385.87
308 · Septic Fees				
30801 · OSSF Fee Income	0.00	800.00	0.00	0.00
Total 308 · Septic Fees	0.00	800.00	0.00	0.00
310 · Sales Tax Revenue	0.00	26,482.77	0.00	0.00
317 · Ad Valorem Tax				
31701 · Ad Valorem Tax - M&O	0.00	3,906.22	0.00	0.00
31702 · Ad Valorem Tax - City Hall	764.79	0.00	0.00	0.00
31703 · Ad Valorem Refunds - M&O	0.00	0.00	0.00	0.00

City of McLendon Chisholm
Detail Statement of Revenue & Expenditures by Fund
For the Month of May, 2020

	Interest and Sinking Fund	Operating Fund	Public Safety	Utilities Fund
31705 · Ad Valorem Tax - Prior Years	9.38	11.72	0.00	0.00
31706 · Ad Valorem Tax - Penalty	45.93	231.15	0.00	0.00
31708 · Ad Valorem Refunds - City Hall	0.00	0.00	0.00	0.00
31709 · Ad Valorem Tax - Interest	23.70	104.99	0.00	0.00
31710 · Ad Valorem Tax - Misc Adj	0.00	0.00	0.00	0.00
37112 · Ad Valorem Business Property	0.00	0.00	0.00	0.00
Total 317 · Ad Valorem Tax	843.80	4,254.08	0.00	0.00
319 · Grants	0.00	0.00	21,186.46	0.00
321 · Credit Card Fee Revenue	0.00	156.02	0.00	0.00
322 · Sewer Utility Revenue				
32200 · Sewer Usage Fees	0.00	0.00	0.00	27,408.67
32201 · Sewer Tap Fees	0.00	0.00	0.00	6,000.00
32204 · Sewer Deposit Refunds	0.00	0.00	0.00	-67.25
Total 322 · Sewer Utility Revenue	0.00	0.00	0.00	33,341.42
Total Income	1,457.42	52,582.75	21,186.46	33,727.29
Gross Profit	1,457.42	52,582.75	21,186.46	33,727.29
Expense				
400 · Operating Expenditures				
410 · Building Inspections				
41003 · Building Inspections	0.00	6,050.00	0.00	0.00
Total 410 · Building Inspections	0.00	6,050.00	0.00	0.00
411 · Environment Regulation Expense				
41101 · Septic Inspection Fee	0.00	1,375.00	0.00	0.00
Total 411 · Environment Regulation Expense	0.00	1,375.00	0.00	0.00
426 · Appraisal District Collection	0.00	1,902.76	0.00	0.00
Total 400 · Operating Expenditures	0.00	9,327.76	0.00	0.00
413 · Sewer Operation & Maintenance				
41304 · O&M Agreement	0.00	0.00	0.00	3,266.25
41305 · Nonstandard O&M Expense	0.00	0.00	0.00	1,459.65
41308 · Electricity	0.00	0.00	0.00	9.09
41310 · Sewer Treatment	0.00	0.00	0.00	17,500.00
41312 · Tap Fee Developer Rebate	0.00	0.00	0.00	3,600.00

City of McLendon Chisholm
Detail Statement of Revenue & Expenditures by Fund
For the Month of May, 2020

	Interest and Sinking Fund	Operating Fund	Public Safety	Utilities Fund
Total 413 · Sewer Operation & Maintenance	0.00	0.00	0.00	25,834.99
430 · Public Safety				
43002 · Fuel	0.00	0.00	891.76	0.00
43003 · Maintenance & Repair - Vehicles	0.00	0.00	2,202.81	0.00
43004 · Maintenance & Repair - Station	0.00	0.00	733.11	0.00
43005 · Gear and Supplies	0.00	0.00	3,180.83	0.00
43009 · Training	0.00	0.00	2,230.46	0.00
43035 · Street Lights	0.00	0.00	232.04	0.00
Total 430 · Public Safety	0.00	0.00	9,471.01	0.00
500 · Occupancy Expenditures				
502 · Electricity	0.00	181.73	260.79	0.00
506 · Water	0.00	267.73	40.35	0.00
512 · Trash	0.00	400.00	0.00	0.00
514 · Building Maint/Improvements	0.00	1,235.50	0.00	0.00
516 · Lawn Maintenance	0.00	684.94	0.00	0.00
520 · Telephone & Internet	0.00	749.10	189.24	0.00
Total 500 · Occupancy Expenditures	0.00	3,519.00	490.38	0.00
600 · General & Administrative Exp				
606 · Employee Costs				
60601 · Staff Salaries	0.00	18,999.05	58,105.47	0.00
60602 · Hourly PTO 0 - 3 Yrs	0.00	0.00	476.48	0.00
60604 · Holiday Pay	0.00	349.81	0.00	0.00
60605 · Hourly FF Banked Holiday Pay	0.00	0.00	1,849.20	0.00
60609 · Payroll Tax Expense	0.00	1,480.18	4,347.68	0.00
60610 · Payroll Processing Fees	0.00	78.78	0.00	0.00
60612 · Retirement Plan Contributions	0.00	274.05	705.57	0.00
60613 · Health Insurance Expense	0.00	2,341.73	4,155.92	0.00
60614 · Dental Insurance Expense	0.00	117.74	412.09	0.00
60615 · Vision Insurance	0.00	20.52	61.56	0.00
Total 606 · Employee Costs	0.00	23,661.86	70,113.97	0.00
610 · Payroll Tax Expense	0.00	0.00	0.00	0.00
619 · Software Subscriptions	0.00	602.18	0.00	0.00

City of McLendon Chisholm
Detail Statement of Revenue & Expenditures by Fund
For the Month of May, 2020

	Interest and Sinking Fund	Operating Fund	Public Safety	Utilities Fund
622 · Office Supplies - City Hall	0.00	147.31	0.00	0.00
623 · Office Equipment	0.00	149.49	0.00	0.00
624 · Office Equip Maintenance	0.00	1,453.67	0.00	0.00
625 · Printed Materials	0.00	584.75	0.00	0.00
626 · Postage-City Hall	0.00	37.70	0.00	0.00
628 · Bank Fees				
62801 · Service Charges	0.00	88.92	0.00	37.50
Total 628 · Bank Fees	0.00	88.92	0.00	37.50
630 · Legal & Professional				
63001 · Accounting & Payroll Services	0.00	4,454.00	0.00	1,143.00
63003 · Legal	0.00	4,830.00	0.00	0.00
63005 · City Planner	0.00	5,190.00	0.00	0.00
63008 · Financial Consulting	0.00	1,047.50	0.00	0.00
Total 630 · Legal & Professional	0.00	15,521.50	0.00	1,143.00
646 · Mileage Expense	0.00	0.00	0.00	0.00
647 · Council Meetings & Development	0.00	304.57	0.00	0.00
648 · Training	0.00	250.00	0.00	0.00
660 · Bond Interest Expense	4,823.39	0.00	0.00	0.00
Total 600 · General & Administrative Exp	4,823.39	42,801.95	70,113.97	1,180.50
Total Expense	4,823.39	55,648.71	80,075.36	27,015.49
Net Ordinary Income	-3,365.97	-3,065.96	-58,888.90	6,711.80
Other Income/Expense				
Other Income				
31300 · Gain on Sale of Asset	0.00	0.00	4,551,087.00	0.00
Total Other Income	0.00	0.00	4,551,087.00	0.00
Other Expense				
803 · Bond Premium Amortization	-781.71	0.00	0.00	0.00
Total Other Expense	-781.71	0.00	0.00	0.00
Net Other Income	781.71	0.00	4,551,087.00	0.00
Net Surplu (Deficit)	**-2,584.26**	**-3,065.96**	**4,492,198.10**	**6,711.80**

City of McLendon Chisholm
Public Safety Detail Report
For the eight months ended May 31, 2020

	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	YTD
Revenue									
313 · Donations	300.00	0.00	0.00	0.00	265.00	0.00	200.00	0.00	765.00
316 · County Contract	0.00	0.00	0.00	0.00	0.00	77,500.00	0.00	0.00	77,500.00
319 · Grants	5,983.97	26,313.89	26,313.89	21,939.87	23,787.82	18,949.44	24,874.11	21,186.46	169,349.45
Total Income	6,283.97	26,313.89	26,313.89	21,939.87	24,052.82	96,449.44	25,074.11	21,186.46	247,614.45
Gross Profit	6,283.97	26,313.89	26,313.89	21,939.87	24,052.82	96,449.44	25,074.11	21,186.46	247,614.45
Expense									
400 · Operating Expenditures									
418 · Membership Fees	0.00	70.00	0.00	0.00	0.00	0.00	0.00	0.00	70.00
Total 400 · Operating Expenditures	0.00	70.00	0.00	0.00	0.00	0.00	0.00	0.00	70.00
430 · Public Safety									
43001 · Liability Insurance	7,730.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,730.24
43002 · Fuel	914.51	726.28	775.31	1,004.33	879.83	781.47	927.38	891.76	6,900.87
43003 · Maintenance & Repair - Vehicles	53.99	1,270.27	3,650.12	1,338.51	345.86	1,727.43	5,072.12	2,202.81	15,661.11
43004 · Maintenance & Repair - Station	973.43	807.81	327.33	1,295.59	862.18	1,039.01	1,088.11	733.11	7,126.57
43005 · Gear and Supplies	340.73	4,575.90	0.00	388.51	2,371.30	1,402.54	3,293.68	3,180.83	15,553.49
43006 · Compliance	76.94	0.00	0.00	135.00	2,250.10	195.93	537.56	0.00	3,195.53
43008 · Dispatch	10,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,000.00
43009 · Training	736.45	150.00	1,051.25	0.00	1,330.00	0.00	61.87	2,230.46	5,560.03
43010 · Software	0.00	0.00	0.00	0.00	0.00	115.00	0.00	0.00	115.00
43011 · Lawn Equipment & Maintenance	0.00	0.00	0.00	0.00	0.00	834.57	0.00	0.00	834.57
43030 · EMS	1,691.66	0.00	0.00	1,079.16	0.00	1,079.15	0.00	0.00	3,849.97
43035 · Street Lights	243.51	243.54	231.33	243.50	243.54	243.54	232.04	232.04	1,913.04
Total 430 · Public Safety	22,761.46	7,773.80	6,035.34	5,484.60	8,282.81	7,418.64	11,212.76	9,471.01	78,440.42
500 · Occupancy Expenditures									
502 · Electricity	350.26	256.72	235.21	279.90	264.90	275.94	229.11	260.79	2,152.83
506 · Water	30.55	49.47	33.17	50.12	28.59	34.47	39.04	40.35	305.76
512 · Trash	111.61	111.61	0.00	0.00	0.00	0.00	0.00	0.00	223.22
516 · Lawn Maintenance	120.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	120.00
520 · Telephone & Internet	200.30	450.90	0.00	210.08	189.95	199.41	189.24	189.24	1,629.12
525 · Penalties	0.00	0.00	0.00	0.00	0.00	2.81	2.29	0.00	5.10
Total 500 · Occupancy Expenditures	812.72	868.70	268.38	540.10	483.44	512.63	459.68	490.38	4,436.03

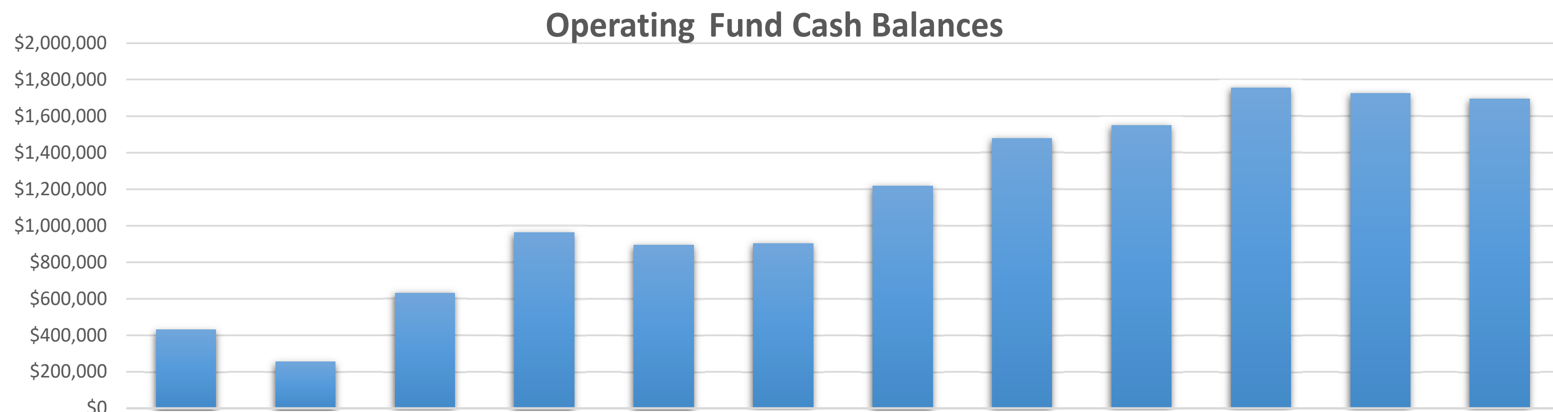
City of McLendon Chisholm
Public Safety Detail Report
For the eight months ended May 31, 2020

600 · General & Administrative Exp									
606 · Employee Costs									
60601 · Staff Salaries	33,879.94	52,890.28	37,881.41	31,085.65	37,283.26	32,539.81	32,683.92	58,105.47	316,349.74
60602 · Hourly PTO 0 - 3 Yrs	0.00	0.00	0.00	1,209.92	0.00	369.84	409.20	476.48	2,465.44
60604 · Holiday Pay	0.00	0.00	0.00	1,959.39	0.00	0.00	0.00	0.00	1,959.39
60605 · Hourly FF Banked Holiday Pa	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,849.20	1,849.20
60609 · Payroll Tax Expense	2,518.23	3,936.29	2,824.71	2,547.33	2,778.97	2,602.90	2,458.45	4,347.68	24,014.56
60611 · Employee Screening	0.00	0.00	0.00	0.00	0.00	0.00	145.00	0.00	145.00
60612 · Retirement Plan Contribution	2,362.54	3,555.70	2,383.26	400.46	427.96	414.10	378.73	705.57	10,628.32
60613 · Health Insurance Expense	3,261.86	3,261.86	3,227.66	2,933.31	2,896.74	2,933.31	5,614.01	4,155.92	28,284.67
60614 · Dental Insurance Expense	0.00	0.00	0.00	294.35	294.63	294.35	353.22	412.09	1,648.64
60615 · Vision Insurance	0.00	0.00	0.00	34.20	32.56	34.20	34.20	61.56	196.72
60616 · Disability Insurance	2,119.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,119.24
60618 · Salary PTO 0 - 3 Yrs	0.00	0.00	0.00	0.00	0.00	2,072.25	0.00	0.00	2,072.25
60621 · Unemployment Benefits	0.00	0.00	0.00	0.00	0.00	0.00	18.72	0.00	18.72
Total 606 · Employee Costs	44,141.81	63,644.13	46,317.04	40,464.61	43,714.12	41,260.76	42,095.45	70,113.97	391,751.89
610 · Payroll Tax Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
618 · Insurance									
61803 · Workmen's Comp Ins	15,211.00	0.00	0.00	0.00	0.00	2,674.00	0.00	0.00	17,885.00
Total 618 · Insurance	15,211.00	0.00	0.00	0.00	0.00	2,674.00	0.00	0.00	17,885.00
619 · Software Subscriptions	0.00	0.00	0.00	139.18	133.72	111.89	122.80	0.00	507.59
628 · Bank Fees									
62806 · Interest Expense	0.00	0.00	2,205.90	0.00	0.00	0.00	0.00	0.00	2,205.90
Total 628 · Bank Fees	0.00	0.00	2,205.90	0.00	0.00	0.00	0.00	0.00	2,205.90
652 · Staff Appreciation	0.00	0.00	463.15	0.00	0.00	0.00	0.00	0.00	463.15
699 · Miscellaneous Expenses	0.00	6.92	0.00	0.00	0.00	0.00	0.00	0.00	6.92
Total 600 · General & Administrative Exp	59,352.81	63,651.05	48,986.09	40,603.79	43,847.84	44,046.65	42,218.25	70,113.97	412,820.45
Total Expense	82,926.99	72,363.55	55,289.81	46,628.49	52,614.09	51,977.92	53,890.69	80,075.36	495,766.90
Net Ordinary Income	-76,643.02	-46,049.66	-28,975.92	-24,688.62	-28,561.27	44,471.52	-28,816.58	-58,888.90	-248,152.45
Other Income/Expense									
Other Income									
31300 · Gain on Sale of Asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,551,087.00	4,551,087.00
Total Other Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,551,087.00	4,551,087.00
Net Other Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,551,087.00	4,551,087.00
Net Surplus (Deficit)	**-76,643.02**	**-46,049.66**	**-28,975.92**	**-24,688.62**	**-28,561.27**	**44,471.52**	**-28,816.58**	**4,492,198.10**	**4,302,934.55**

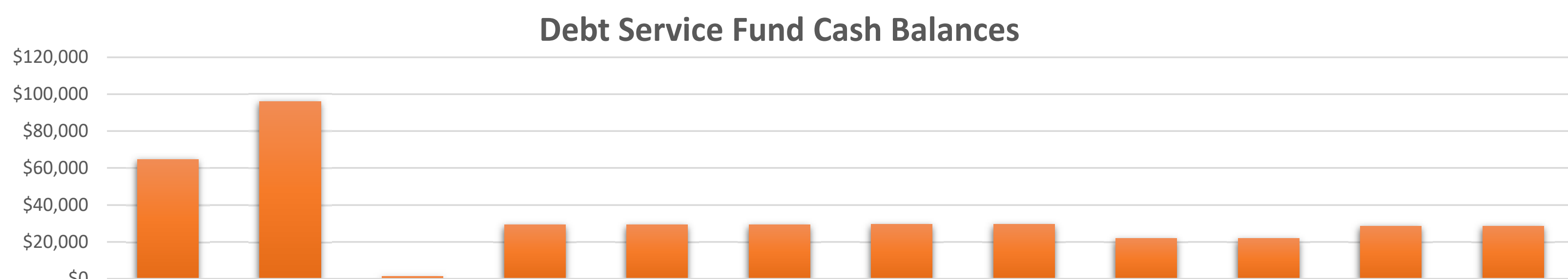
City of McLendon Chisholm
Cash Account Balances
For the eight months ended May 31, 2020

Fund	Account	Sept 30,19	Oct 31,19	Nov 30,19	Dec 31,19	Jan 31,20	Feb 28,20	Mar 31,20	April 30,20	May 31,20
I&S	130 · 9003 Logic I&S Fund	29,371	29,422	29,467	29,513	29,558	21,931	21,958	28,752	28,772
I&S Total		**29,371**	**29,422**	**29,467**	**29,513**	**29,558**	**21,931**	**21,958**	**28,752**	**28,772**
Operating	100 · 3738 - Alliance Operating	370,625	301,503	309,458	622,951	909,619	626,726	831,148	206,491	176,479
Operating	103 · Texpool 300001	18,961	18,992	19,018	19,044	19,070	19,094	19,110	19,117	19,122
Operating	125 · Logic - 9001 General Fund Reserves	29,617	29,669	29,714	29,759	2,985	300,335	300,699	300,960	301,168
Operating	127 · 9004 Logic Operating	544,151	545,102	545,928	546,770	547,605	277,883	278,219	871,812	872,413
Operating	128 · 9005 Logic Fire Dept Reserve	-	-	-	-	-	325,575	325,969	326,252	327,462
Operating Total		**963,353**	**895,265**	**904,118**	**1,218,524**	**1,479,279**	**1,549,613**	**1,755,145**	**1,724,632**	**1,696,643**
Utility	106 · 5071 - Alliance Utility Fund	178,334	200,122	166,858	223,962	261,730	177,960	235,241	266,737	290,932
Utility	126 · Logic - 9002 Utility Fund	301,840	302,367	302,825	303,293	303,756	428,244	428,763	429,135	429,431
Utility Total		**480,173**	**502,489**	**469,683**	**527,255**	**565,486**	**606,204**	**664,004**	**695,872**	**720,363**
Total		**1,472,898**	**1,427,177**	**1,403,268**	**1,775,292**	**2,074,323**	**2,177,749**	**2,441,107**	**2,449,256**	**2,445,778**
New Fire Station Account										**4,551,087**

City of McLendon Chisholm
Cash Balance Report
As of May 31, 2020

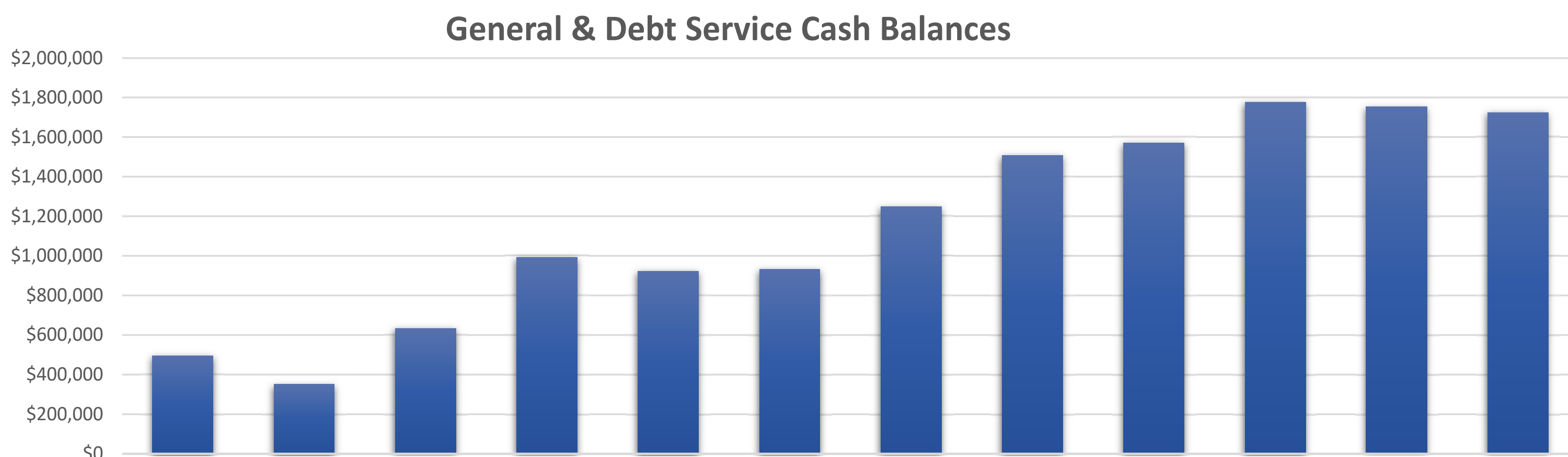


	Sep 2016	Sep 2017	Sept 2018	Sept 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	April 2020	May 2020
Balance	$430,541	$255,959	$632,796	$963,451	$895,265	$904,118	$1,218,524	$1,479,279	$1,549,613	$1,755,145	$1,724,632	$1,696,643

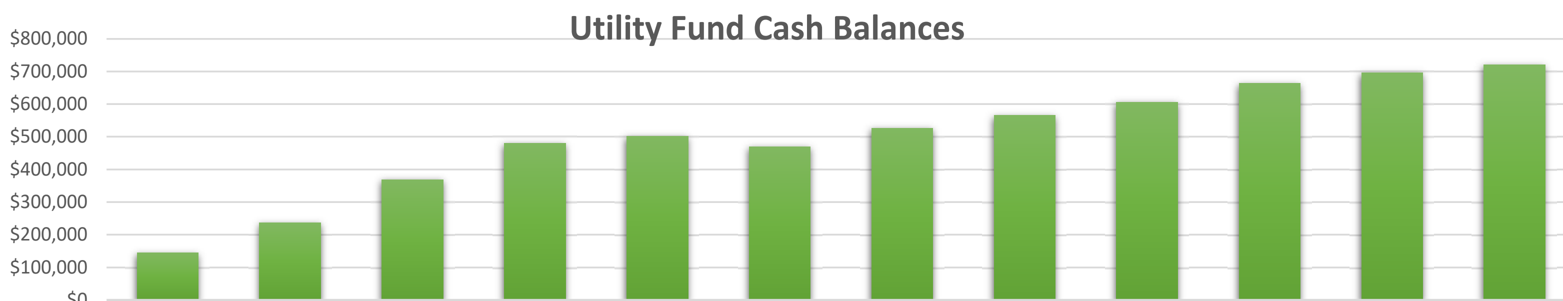


	Sep 2016	Sep 2017	Sept 2018	Sept 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	April 2020	May 2020
Balance	$64,686	$96,140	$1,346	$29,371	$29,422	$29,467	$29,513	$29,558	$21,931	$21,958	$28,752	$28,772

City of McLendon Chisholm
Cash Balance Report
As of May 31, 2020

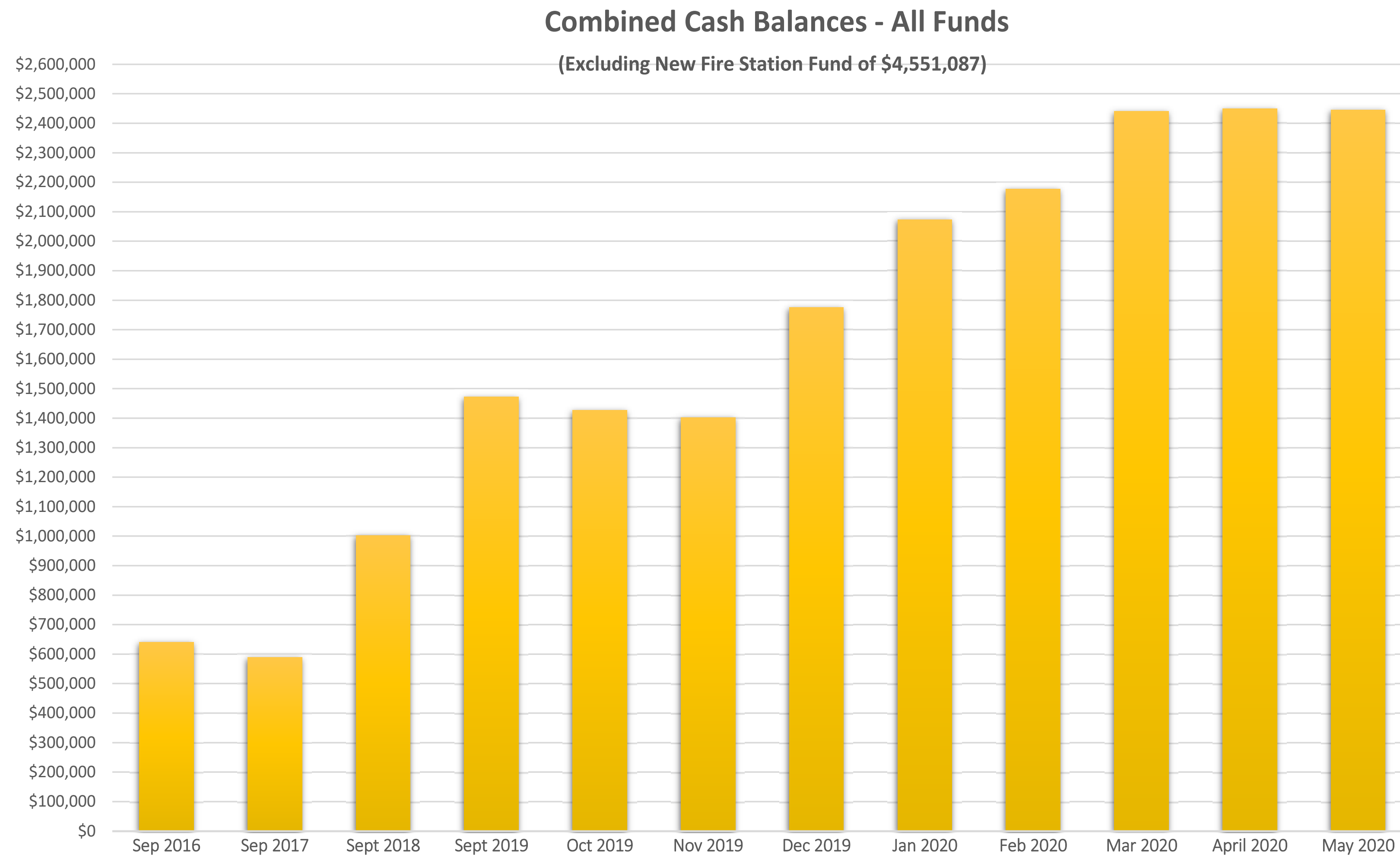


	Sep 2016	Sep 2017	Sept 2018	Sept 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	April 2020	May 2020
Balance	$495,227	$352,099	$634,142	$992,822	$924,688	$933,585	$1,248,037	$1,508,837	$1,571,544	$1,777,103	$1,753,384	$1,725,415



	Sep 2016	Sep 2017	Sept 2018	Sept 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	April 2020	May 2020
Balance	$145,221	$236,994	$369,373	$480,173	$502,489	$469,683	$527,255	$565,486	$606,204	$664,004	$695,872	$720,363

City of McLendon Chisholm
Cash Balance Report
As of May 31, 2020



	Sep 2016	Sep 2017	Sept 2018	Sept 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	April 2020	May 2020
Balance	$640,448	$589,093	$1,003,515	$1,472,995	$1,427,177	$1,403,268	$1,775,292	$2,074,323	$2,177,749	$2,441,107	$2,449,256	$2,445,778

ROCKWALL COUNTY SHERIFF
972 TL TOWNSEND ROCKWALL , TX 75087

CC.IncDate Between '05/01/2020' And '05/31/2020' AND CC.District = '41' AND IsNull(CC.Jurisdiction, 'Default') = 'Default'

CFS History Search
Public Report

CFS #	Create When	Location	CallType | Disposition
2020-017619	5/30/2020 9:52:50 AM	1700B W FM 550 MCLENDON CHISHOLM	CRIMINAL MISCHIEF | RSO REPORT TAKEN
2020-017613	5/30/2020 7:38:03 AM	FIRESIDE DR / DANCING WATERS LN	SUSPICIOUS PERSON/VEHICLE | ASSIGNMENT COMPLETE
2020-017534	5/29/2020 4:12:22 PM	1400B VIA TOSCANA LN MCLENDON CHISHOLM	MEDICAL CALL | ASSIGNMENT COMPLETE
2020-017529	5/29/2020 3:41:25 PM	1300B PRATO AVE MCLENDON CHISHOLM	BURGLARY RESIDENCE | ASSIGNMENT COMPLETE
2020-017444	5/28/2020 9:30:52 PM	N STATE HIGHWAY 205 / E FM 550	MOTORIST ASSIST | ASSIGNMENT COMPLETE
2020-017358	5/28/2020 2:18:54 AM	0B WINDSOR DR MCLENDON CHISHOLM	SUSPICIOUS PERSON/VEHICLE | RSO REPORT TAKEN
2020-017305	5/27/2020 7:47:29 PM	800B FM 1139 MCLENDON CHISHOLM	RUNAWAY | ASSIGNMENT COMPLETE
2020-017280	5/27/2020 3:59:13 PM	800B FM 1139 MCLENDON CHISHOLM	MEET COMPLAINANT | ASSIGNMENT COMPLETE
2020-017205	5/27/2020 12:00:29 AM	VIA TOSCANA LN / BERTINO WAY	SUSPICIOUS PERSON/VEHICLE | UTL
2020-016986	5/24/2020 9:32:01 PM	900B MEADOW DR MCLENDON CHISHOLM	MISCELLANEOUS | ASSIGNMENT COMPLETE
2020-016678	5/21/2020 7:28:33 PM	1000B AMBER WAY ROCKWALL COUNTY	MISCELLANEOUS | ASSIGNMENT COMPLETE
2020-016530	5/20/2020 12:53:42 PM	100B PULLEN RD MCLENDON CHISHOLM	MEDICAL CALL | ASSIGNMENT COMPLETE
2020-016485	5/20/2020 12:59:22 AM	400B SILVER SPUR TRL ROCKWALL COUNTY	ALARM | FALSE ALARM
2020-016432	5/19/2020 2:56:59 PM	100B STATE HIGHWAY 205 MCLENDON CHISHOLM	INTOXICATED PERSON | UTL
2020-016275	5/18/2020 12:55:16 PM	1600B S STATE HIGHWAY 205 MCLENDON CHISHOLM	MEET COMPLAINANT | ASSIGNMENT COMPLETE
2020-016172	5/17/2020 2:55:55 PM	AREZZO LN MCLENDON CHISHOLM	DISTURBANCE NOISE | ASSIGNMENT COMPLETE
2020-016169	5/17/2020 1:50:42 PM	1200B WALES DR MCLENDON CHISHOLM	ALARM RESIDENTIAL FIRE | FALSE ALARM
2020-016076	5/16/2020 3:16:12 AM	N STATE HIGHWAY 205 / TUCKER RD	ANIMAL LOOSE LIVESTOCK | ASSIGNMENT COMPLETE
2020-016063	5/16/2020 12:19:13 AM	100B STATE HIGHWAY 205 MCLENDON CHISHOLM	ANIMAL LOOSE LIVESTOCK | ASSIGNMENT COMPLETE
2020-016043	5/15/2020 6:55:02 PM	CHISHOLM TRL / FM 1139	DISTURBANCE FAMILY | RSO REPORT TAKEN
2020-015928	5/14/2020 6:54:01 PM	1200B S STATE HIGHWAY 205 MCLENDON CHISHOLM	MEET COMPLAINANT | ASSIGNMENT COMPLETE
2020-015917	5/14/2020 4:25:45 PM	HARVEST RIDGE DR / FM 1139	MEET COMPLAINANT | ASSIGNMENT COMPLETE

CFS #	Create When	Location	CallType | Disposition
2020-015910	5/14/2020 1:59:40 PM	2400B ROCHELL RD MCLENDON CHISHOLM	FIRE | ASSIGNMENT COMPLETE
2020-015787	5/13/2020 3:17:51 PM	1700B AMALFI DR MCLENDON CHISHOLM	RECKLESS DRIVER | ASSIGNMENT COMPLETE
2020-015778	5/13/2020 1:32:37 PM	1500B SIENA LN MCLENDON CHISHOLM	MEET COMPLAINANT | RSO REPORT TAKEN
2020-015747	5/13/2020 7:30:06 AM	NB 205 BERRY CREEK	RECKLESS DRIVER | CITATION
2020-015707	5/12/2020 7:57:41 PM	1500B BARROLO DR MCLENDON CHISHOLM	CRIMINAL TRESPASS | ASSIGNMENT COMPLETE
2020-015700	5/12/2020 6:45:27 PM	1300B W FM 550 MCLENDON CHISHOLM	DISTURBANCE | ASSIGNMENT COMPLETE
2020-015631	5/12/2020 12:36:31 AM	200B QUAIL CREEK RD MCLENDON CHISHOLM	SUSPICIOUS PERSON/VEHICLE | ASSIGNMENT COMPLETE
2020-015576	5/11/2020 1:07:12 PM	0B GREENHOLLOW LN MCLENDON CHISHOLM	CIVIL MATTER | ASSIGNMENT COMPLETE
2020-015539	5/11/2020 12:46:04 AM	1800B KENTWOOD CIR MCLENDON CHISHOLM	ALARM | ASSIGNMENT COMPLETE
2020-015515	5/10/2020 9:50:58 PM	W FM 550 / STEVENS RD	ASSIST | RSO REPORT TAKEN
2020-015442	5/9/2020 11:16:53 PM	100B STATE HIGHWAY 205 MCLENDON CHISHOLM	SUSPICIOUS ACTIVITY | ASSIGNMENT COMPLETE
2020-015347	5/8/2020 8:00:53 PM	1700B BERTINO WAY MCLENDON CHISHOLM	CITY ORDINANCE VIOLATION | ASSIGNMENT COMPLETE
2020-015344	5/8/2020 7:45:28 PM	S STATE HIGHWAY 205 / LEAGUE RD	RECKLESS DRIVER | ASSIGNMENT COMPLETE
2020-015318	5/8/2020 10:35:25 AM	800B ABINGTON WAY MCLENDON CHISHOLM	ALARM | ASSIGNMENT COMPLETE
2020-015307	5/8/2020 8:27:41 AM	600B BRIAR GLEN LN MCLENDON CHISHOLM	FRAUD | RSO REPORT TAKEN
2020-015284	5/7/2020 11:35:04 PM	200B HARVEST RIDGE DR MCLENDON CHISHOLM	ALARM | ASSIGNMENT COMPLETE
2020-015280	5/7/2020 10:57:34 PM	0B WINDSOR DR MCLENDON CHISHOLM	ALARM | FALSE ALARM
2020-015268	5/7/2020 9:20:41 PM	100B MEADOWCREEK LN MCLENDON CHISHOLM	MEDICAL CALL | ASSIGNMENT COMPLETE
2020-015253	5/7/2020 5:39:11 PM	2500B ROCHELL RD MCLENDON CHISHOLM	DISTURBANCE FAMILY | ASSIGNMENT COMPLETE
2020-015222	5/7/2020 7:27:29 AM	N STATE HIGHWAY 205 / E FM 550	RECKLESS DRIVER | ASSIGNMENT COMPLETE
2020-015163	5/6/2020 10:51:46 AM	1500B BERTINO WAY MCLENDON CHISHOLM	CRIMINAL TRESPASS | ASSIGNMENT COMPLETE
2020-014972	5/4/2020 3:28:11 PM	900B FM 1139 MCLENDON CHISHOLM	MEDICAL CALL | ASSIGNMENT COMPLETE
2020-014942	5/4/2020 10:31:36 AM	700B S STATE HIGHWAY 205 MCLENDON CHISHOLM	SHOOTING | UTL
2020-014911	5/4/2020 1:20:38 AM	100B LIVESTOCK DR ROCKWALL COUNTY	MEET COMPLAINANT | ASSIGNMENT COMPLETE
2020-014899	5/3/2020 9:12:04 PM	800B ABINGTON WAY MCLENDON CHISHOLM	ANIMAL COMPLAINT | ASSIGNMENT COMPLETE
2020-014888	5/3/2020 7:35:12 PM	HIGHPOINT RD ROCKWALL COUNTY	DISTURBANCE NOISE | UTL
2020-014886	5/3/2020 6:46:34 PM	1300B AREZZO LN MCLENDON CHISHOLM	911 HANG UP | ASSIGNMENT COMPLETE

CFS #	Create When	Location	CallType | Disposition
2020-014866	5/3/2020 11:01:56 AM	1700B BERTINO WAY MCLENDON CHISHOLM	HARASSMENT/THREAT | ASSIGNMENT COMPLETE
2020-014795	5/2/2020 9:11:10 AM	100B LOST COLT DR MCLENDON CHISHOLM	MEET COMPLAINANT | ASSIGNMENT COMPLETE
2020-014778	5/1/2020 9:05:06 PM	BARROLO CT MCLENDON CHISHOLM	DISTURBANCE NOISE | UTL
2020-014749	5/1/2020 1:12:28 PM	100B HARVEST RIDGE DR MCLENDON CHISHOLM	MEET COMPLAINANT | RSO REPORT TAKEN
2020-014718	5/1/2020 2:15:42 AM	0B WINDSOR DR MCLENDON CHISHOLM	ALARM | ASSIGNMENT COMPLETE

Total: 54




Community Waste Disposal
Monthly Report to the City of McLendon-Chisholm

Jason Roemer *Municipal Coordinator*

CommunityWasteDisposal.com
Since 1984

Municipal Recycling Program






Single Stream Recycling

Participation in the Residential Curbside Recycling Program continues to demonstrate that residents of the City of McLendon-Chisholm are dedicated to the preservation of the Texas environment for future generations.

The chart below details the statistics of the CWD Residential Curbside Recycling Program.

	May-2020	Apr-2020	Mar-2020	Feb-2020	Jan-2020	Dec-2019	Nov-2019	Oct-2019	Sep-2019	Aug-2019	Jul-2019	Jun-2019
Homes	965	965	965	965	969	929	929	955	955	964	972	920
Resi Rcy Tonnage	53.81	50.33	25.31	9.75	21.72	36.60	20.05	9.91	14.66	19.44	17.90	16.75
Pounds / Home / Month	111.52	104.31	52.46	20.21	44.83	78.79	43.16	20.75	30.70	40.33	36.83	36.41

CommunityWasteDisposal.com
Since 1984

Municipal Service Inquiries





Residential Solid Waste Services

The Solid Waste Industry has a standard service inquiry ratio of 1.0 inquiries per 1,000 service opportunities.

	May-2020	Apr-2020	Mar-2020	Feb-2020	Jan-2020	Dec-2019	Nov-2019	Oct-2019	Sep-2019	Aug-2019	Jul-2019	Jun-2019
Service Opportunities	8,356	8,356	8,356	8,356	8,391	8,045	8,045	8,270	8,270	8,348	8,417	7,967
Service Inquiries	4	12	14	20	11	1	3	18	5	10	4	2
Per 1,000 Service Opps	0.48	1.44	1.68	2.39	1.31	0.12	0.37	2.18	0.60	1.20	0.48	0.25

Customer Service Inquiries - Detail

Good Service is Good Business

CWD's Customer Service Community is available to provide solutions via phone or online. Our efficient team is here to support the City of McLendon-Chisholm and we continually strive for top-notch performance to ensure residents receive the most value out of their waste and recycling services.

City Account Complaints for the Period of 05/01/2020 - 05/31/2020

Account	Address	Service Type	Service Code
108255-1208	DAVID LARSEN	RESI-RECYCLE	SERVICE RCYCART
			Total RESI-RECYCLE: 1
108255-305	BRENT W JONES	RESI-TRASH	SERVICE TRASH CART
108255-1146	LUCINDA ROGERS	RESI-TRASH	SERVICE TRASH CART
108255-890	RANDY AND HOLLY KELLEY	RESI-TRASH	SERVICE TRASH CART
			Total RESI-TRASH: 3
			Total Inquiries: 4

Incident Date between 2020-05-01 **and** 2020-05-31

Incident Date	Incident Number	NFIRS Number	Incident Type Code	Incident Type	District	Status
5/22/2020	200522-120340-MCCHTX	0000179	324	Motor vehicle accident with no injuries.	County District	1
5/2/2020	2020-00154	0000157	321	EMS call, excluding vehicle accident with injury	City Limit District	1
5/3/2020	2020-00155	0000159	142	Brush or brush-and-grass mixture fire	Out of County Aid	1
5/3/2020	2020-00156	0000158	611	Dispatched & canceled en route	County Mutual Aid	1
5/4/2020	2020-00157	0000160	321	EMS call, excluding vehicle accident with injury	City Limit District	1
5/6/2020	2020-00158	0000162	321	EMS call, excluding vehicle accident with injury	County District	1
5/6/2020	2020-00159	0000163	321	EMS call, excluding vehicle accident with injury	City Limit District	1
5/9/2020	2020-0016	0000169	324	Motor vehicle accident with no injuries.	City Limit District	1
5/6/2020	2020-00160	0000164	550	Public service assistance, other	City Limit District	1
5/6/2020	2020-00162	0000166	500	Service Call, other	City Limit District	1
5/6/2020	2020-00163	0000165	500	Service Call, other	City Limit District	1
5/7/2020	2020-00164	0000167	321	EMS call, excluding vehicle accident with injury	City Limit District	1
5/8/2020	2020-00165	0000168	611	Dispatched & canceled en route	County Mutual Aid	1
5/14/2020	2020-00168	0000170	321	EMS call, excluding vehicle accident with injury	County District	1
5/14/2020	2020-00169	0000171	151	Outside rubbish, trash or waste fire	City Limit District	1
5/16/2020	2020-00170	0000172	611	Dispatched & canceled en route	County District	1
5/17/2020	2020-00171	0000173	745	Alarm system activation, no fire - unintentional	City Limit District	1
5/19/2020	2020-00172	0000174	321	EMS call, excluding vehicle accident with injury	City Limit District	1
5/20/2020	2020-00173	0000175	111	Building fire	County Mutual Aid	1
5/20/2020	2020-00174	0000176	321	EMS call, excluding vehicle accident with injury	City Limit District	1
5/20/2020	2020-00175	0000177	631	Authorized controlled burning	County District	1
5/21/2020	2020-00176	0000178	412	Gas leak (natural gas or LPG)	County District	1

5/22/2020	2020-00178	0000180	322	Motor vehicle accident with injuries	County District	1
5/24/2020	2020-00179	0000181	651	Smoke scare, odor of smoke	County District	1
5/25/2020	2020-00180	0000182	520	Water problem, other	County District	1
5/25/2020	2020-00181	0000183	324	Motor vehicle accident with no injuries.	County District	1
5/25/2020	2020-00182	0000184	321	EMS call, excluding vehicle accident with injury	County District	1
5/26/2020	2020-00184	0000186	611	Dispatched & canceled en route	Out of County Aid	1
5/26/2020	2020-00185	0000185	324	Motor vehicle accident with no injuries.	City Limit District	1
5/29/2020	2020-00186	0000187	321	EMS call, excluding vehicle accident with injury	City Limit District	1
5/29/2020	2020-00187	0000188	321	EMS call, excluding vehicle accident with injury	City Limit District	1

Alarm Date between 2020-05-01 **and** 2020-05-31

Total Calls by District

District	2020-05-01	Total
City Limit District	15	**15**
Out of County Aid	2	**2**
County Mutual Aid	3	**3**
County District	11	**11**
Total	**31**	**31**