



AGENDA
City Council Meeting
Tuesday, September 24, 2024
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. EXECUTIVE SESSION

The City Council for the City of McLendon-Chisholm, Texas, reserves the right to convene into executive session at any time during the course of this meeting to discuss any of the matters listed, as authorized by Texas Government Code, Chapter 551, including but not limited to §551.071(2)- Consultation with Attorney; §551.072 - Real Property; §551.073 - Prospective Gifts; §551.074 - Personnel Matters; §551.076 - Security Devices; §551.086 - Utility Competitive Matters; and §551.087 - Economic Development Negotiation. The City Council of McLendon-Chisholm will recess into executive session to consult with the Attorney as authorized by §551.071 of the Texas Government Code.

3.1. Adjourn into Executive Session (Closed Meeting)

3.2. Reconvene Regular Meeting

4. PROCLAMATION
Proclamation proclaiming October 1, 2024 "Toys for Tots Day"
5. RULES OF DECORUM
6. CITIZEN COMMENTS
7. ACTION TAKEN AS A RESULT OF EXECUTIVE SESSION
8. PUBLIC HEARING

Public Hearing to receive comments regarding levying ad valorem taxes for the tax year 2024 at a rate of \$0.096256 per one hundred dollars (\$100) assessed valuation on all taxable property within the corporate limits of the City of McLendon-Chisholm as of January 1, 2025, the said tax rate having a maintenance and operations component and a debt service component.

9. CONSENT AGENDA
 - 9.1. Consider approving Sept. 10, 2024 City Council Meeting Minutes (City Administrator)

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[City Council - Special Meeting - 10 Sep 2024 Minutes](#)

- 9.2. Consider approval to move October 8 City Council Meeting to October 7, due to TML Conference. (City Administrator)
- 9.3. Consider approval of Auditor engagement letter to commence FY2024 required annual municipal audit. (City Administrator) 11 - 17
[Audit independent and annual Staff Report](#)
[City of McLendon-Chisholm - 9.30.24](#)
- 9.4. Consider approving Engineering agreement to provide a Project Cost Estimate for the Briar Glen Road reconstruction. (City Administrator) 18
[Staff report on Briar Glen Road Project](#)
10. PRESENTATION
Presentation by Emergicon (Fire Chief, Jim Simmons)
11. ITEMS FOR DISCUSSION AND ACTION
- 11.1. Discuss and consider approving an ordinance amending the current 2023-2024 Fiscal Year budget, finding municipal purposes; authorizing expenditures; providing for a severability clause and providing for an effective date. (City Administrator) 19 - 20
[Budget Amendment 2024](#)
- 11.2. Discuss and consider approving an Ordinance of the city of McLendon-Chisholm, Texas approving and adopting a budget for the fiscal year beginning October 1, 2024 and ending September 30, 2025; providing that expenditures for said Fiscal Year shall be made in accordance with said budget; appropriating and setting aside the necessary funds out of the General and Other Revenues for said Fiscal Year for the Maintenance and Operation of the various departments and for various activities and improvements of the city; providing a repealing clause; providing a severability clause; and providing an effective date. (City Administrator) 21 - 23
[Ord. No. 2024- Adopting Budget](#)
- 11.3. Discuss and consider approving an Ordinance of the City of McLendon-Chisholm, Texas levying Ad Valorem Taxes for the tax year 2024 at a rate of \$0.096256 per one hundred dollars (\$100) assessed valuation on all taxable property within the corporate limits of the City of McLendon-Chisholm as of January 1, 2025, the said tax rate having a maintenance and operations component and a debt service together with penalties and interest; providing a severability clause; providing a repealing clause; and providing an effective date. (City Administrator) 24 - 26
[Ord. No. 2024- Tax Rate](#)
12. 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.

13. 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, Angela Jennings, do hereby certify that the above Notice of Meeting of the City Council of McLendon-Chisholm, Texas was posted or before 5:00 p.m., September 20, 2024 on the outside bulletin board at City Hall, a place convenient and readily accessible to the public at all times.



**MINUTES
CITY COUNCIL - SPECIAL MEETING
TUESDAY, SEPTEMBER 10, 2024
1371 WEST FM 550 - MCLENDON-CHISHOLM, TEXAS 75032
6:30 PM**

Page

1. CALL TO ORDER

Mayor McNeal calls the meeting to order at 6:30 PM.

2. EXECUTIVE SESSION

The City Council for the City of McLendon-Chisholm, Texas, reserves the right to convene into executive session at any time during the course of this meeting to discuss any of the matters listed, as authorized by Texas Government Code, Chapter 551, including but not limited to §551.071(2) - Consultation with Attorney; - Real Property; §551.073 - Prospective Gifts; §551.074 - Personnel Matters; §551.076 - Security Devices; §551.086 - Utility Competitive Matters; and §551.087 - Economic Development Negotiation.

The City Council of McLendon-Chisholm will recess into executive session to consult with the Attorney as authorized by §551.071 of the Texas Government Code.

2.1. Adjourn into Executive Session

Mayor adjourns to council into executive session

3. RECONVENE TO PUBLIC SESSION (7:00)

Mayor reconvenes to public session at 7:00 PM

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

Mayor asks Mayor Pro Tem Tucker to lead the invocation.
Council Member Jerry Brewer leads the council in Pledges of both US and Texas Flags

5. PROCLAMATION

Proclamation to declare September 17th -23rd as Constitution Week in McLendon-Chisholm

Mayor presents Mindy Lovell, representative of the Daughters of The American Revolution, with the Proclamation for Constitution Week.

6. PRESENTATION

6.1. Photo Contest Winners

Mayor announces the winners for the Photo Contest.
1st Place Christine New
2nd Place Lori Moody
Ms. New was not present, but Mayor presented Lori Moody with a check for second place.

7. RULES OF DECORUM

8. CITIZEN COMMENTS

David Black, 1419* Siena Lane, McLendon-Chisholm, 75032

Commented on the new PA system and said he was glad the city was putting in a new system. He had been following the Home rule on line and the system worked but it was hard to hear. He had some questions about the budget. He was wondering if the profit from the sewer at Sonoma Verde could be used for roads. He also spoke briefly about RCH and expressed that he did not believe there was a need for the Notice to RCH.

Mr. Hritz, 1305 Somerset Lane, Rockwall, TX 75032

Spoke on truth in taxation, stated that he thought the tax rate was actually close to 30% He is opposed to the proposed rate.

Madelyn Hall, 402 Cattle Barron, McLendon-Chisholm, Texas 75037

Spoke on the O'Reilly's plan to run their excess water into the drainage system in front of their house.

O'Reilly's rep, Caleb Freeland

Stood to say he wanted the Oreilly's agenda item pulled so that the council can be comfortable with the plan prior to the vote.

Trudy Woesner, 43 Fireside Dr, Rockwall Texas 75032

She wanted to make sure City was looking into the relationship between RCH and Sonoma Verde She wanted to know if we have any paperwork On their territory, or CCN. Is there an agreement, if there is not a CCN over Sonoma Verde, can we not check with the other companies? If RCH Relinquishes the water in Sonoma Verde, it would be better for the rest of McLendon-Chisholm.

Andy Crawford, 104 Lavender Pl, Rockwall, Texas 75032

Mr. Crawford thank Mayor Pro Tem for putting this on the agenda, and believe that is something, that as a city council should be done. As a citizen he does not want to be encumbered by a loan.

Mayor closes Citizens Comments at 7:23PM

9. ACTION AS A RESULT OF EXECUTIVE SESSION

NO ACTION AS A RESULT OF EXECUTIVE SESSION.

10. CONSENT AGENDA

Mayor ask if there are any items on the consent agenda that any of the council wants to pull.

Council member Day wants to move 10.4 to Items for Consideration and Action. Item is moved. Mayor call for vote to approve the remaining consent items.

Motion to approve Consent Agenda items 10.1, 10.2, 10.3 and 10.5

Made by: Mayor Pro Tem Tucker

Seconded by: Council Member Brewer.

Vote Passes: Unanimous

10.1. Consider approval of minutes from August 27, 2024 City Council Meeting.

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10.2. Consider approving a resolution changing the time of City Council Meetings on second and fourth Tuesday from 5:45 PM to 6:30 PM

10.3. Set Public Hearing for FY 24 Tax Rate for Sept 24, 2024

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10.4. Consider approving proposed tax rate for the 2024 tax year.

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10.5. Discuss and consider the Repeal of City Council Policy #6: Electronic Devices at the Dais, Adopted August 22, 2023

11. ITEMS FOR CONSIDERATION AND ACTION

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[Mayor ask that 11.6 be moved to the front of the agenda](#)

11.6 Discuss and consider approval of legal staff preparing a letter on Notice to RCH WSC and any and all of its banks, lenders, creditors, loan providers of like agents to put them on notice that all water related infrastructure within any and all phases of Sonoma Verde is solely the property of the City of McLendon-Chisholm and is not being used to serve directly or indirectly as collateral or as security interest for any purpose that could or would promote the benefit of RCH WSC.(Mayor Pro Tem Dan Tucker)

Motion to approve item 11.6

Made by: Mayor Pro Tem Tucker

Seconded by: Council Member Easter

Discussion by Council Member Easter and Tucker explaining why they believe the letter is necessary. Mr. Brewer brings up his concerns that this action might impede RCH being able to get the amount they have asked for, in turn making it more difficult to complete the projects necessary to repair the water issues. Council Member Day asked if they have seen the application from RCH, what they were using as collateral, etc. After a discussion between Council Member Easter and Day about the information the water committee actually has or has seen, Mr. Halla states he would be more comfortable if we had more information. Mr. Halla also states a conversation with Mrs. Rogers, the water attorney would be a good idea. Mayor states that he feels that we should try to work it out and we should always strive to make a

difference and not a point. He states he will support the council and if there is no other discussion lets take a vote.

Vote Passes: 3-1

(Ayes: Council Members Easter, Day and Mayor Pro Tem Tucker)

(Nayes: Council Member Brewer)

- 11.1 Public Hearing for the Proposed 2024-2025 Fiscal Year Budget (City Administrator)

Mayor Opens the Public Hearing and with no one to speak, Mayor closes the public hearing

- 11.2. Discuss and consider the request of Jared Rikkenback, McLendon-Chisholm Commercial Holdings, Inc, for approval of a final plat that provides for the development of one commercial lot which, at buildout, shall be an O'Reilly's Auto Parts store. (City Administrator)

Mr. Halla reminds the council that we only have 30 days to approve or disapprove the plat or it is automatically approved. The P & Z Chairman lets the council know that they have approved the project. The Oreilly's engineer answers several questions from Council Member Day about drainage and the retention pond. He states his concern over the plans he has seen so far, but Mr. Freeland reminds Council Member Day and the rest of the council that the specifics are still being discussed with the city engineer. After a few more questions Mayor ask for a vote.

**Motion to approve the final plat providing for the development of one commercial lot which, at buildout, shall be an O'Reilly's Auto Parts. Made by: Mayor Pro Tem Tucker
Seconded by: Council Member Brewer
Vote Passed: Unanimous**

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- 11.3. Discuss and Consider approval of a Final plat for the separation into 3 lots and the development of a single-family residential lot on 9.78 acres of land located on Dowell Road, with frontage on Dowell Road located at 2636 Dowell Road. (City Administrator)

Asa Woodberry gives the staff report on the project. The question is asked, why we are approving something in the ETJ, Mr. Kipphut points out that we have an agreement with the county.

Motion made to approve Final plat for the separation into 3 lots and the development of a single-family residential lot on 9.78 acres

Made by: Council Member Day
Seconded by: Council Member Brewer
Vote Passes: Unanimous

- 11.4. Presentation /discussion on FY 25 Proposed budget (City Administrator)
Konrad Hildebrandt, City Administrator, goes through the proposed budget and answers questions that the council has.

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- 11.5. Discuss and consider approving a resolution of the City Council of the City of McLendon Chisholm, Texas to address the negative impact of Institutional Investors on the Single-Family Housing Market in Texas; and providing an effective date. (Mayor McNeal)

Motion made to approve a resolution addressing the negative impact of the Institutional Investors on the Single-Family Housing Market

Made by: Mayor Pro Tem Tucker
Seconded by: Council Member Easter
Vote passes: Unanimous

- 10.4 Consider approving proposed tax rate for the 2024 tax year.

Motion made to approve proposed tax rate for the 2024 tax
Made by: Council Member Jerry Brewer
Seconded by: Council Member Easter

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- 11.7 Discuss and consider repealing the motion to make changes on preliminary plat application changing 2(e) and #15, requiring a water service plan. (Council Member Paul Day)

Motion to repeal the motion to make changes on Preliminary plat application.

Made by: Council Member Day
Seconded by: Council Member Brewer
Vote Passes: Unanimous

10

- 10.4 Consider approving proposed tax rate for the 2024 tax year

Motion made to approve proposed tax rate for the 2024 tax
Made by: Council Member Jerry Brewer
Seconded by: Council Member Easter
Vote Passes: 3-2
(Ayes: Mayor McNeal, Council Members Brewer, Easter)
(Nayes: Council Members Day and Mayor Pro Tem Tucker)

12. 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.

Mayor McNeal takes a moment to acknowledge Council Members Easter and Mayor Pro Tem, and apologizes to them for any heated words and tells them they are appreciated for the hard work they do. Mayor also wanted to point out the T-Shirt Paul Day is wearing because it has a meaning. Asks Mr. Day to tell about it.

Mr. Easter states no apology is needed and that he appreciates having the opportunity to work with the Mayor and Council.

Jerry Brewer talks about the Home Rule Charter meeting and gives next date for the meeting.

Paul Day explains the shirt and ask Chief Simmons to tell more about it.

Chief Simmons states the funds from the shirts go to different recipients every year and gives a short history. This year funds went to Wendy Stanbaugh. The Mayor McNeal issues a challenge to council and staff to wear these shirts at the next council meeting.

Mayor Pro Tem states that he appreciates that they can have differences in opinions but at the end of the day they can all still all work together. He states that he and Council member Easter will continue to work on the water issues and will hopefully be able to come to some solutions.

13. ADJOURN

Mayor adjourned the meeting at 9:29 PM



City of McLendon-Chisholm

Staff Report

Date: September 24, 2024

Agenda Item: Approve Auditor engagement letter to commence FY2024 required annual municipal audit.

Financial Impact: +/- \$10,000 (included within our existing FY25 approved budget)

Background: The City of McLendon Chisholm, Texas is required by Texas State law to complete an independent municipal audit within 180 days of the end of our past fiscal year (March 2025).

As you are aware, this process takes a considerable amount of time and our independent auditing firm would like to begin their overall review as soon as possible.

This 'Consent Agenda' request is to approve an engagement letter to commence this overall, annual audit.

Staff Mr. Konrad Hildebrandt, City Administrator

MCPA, PC

Certified Public Accountants

KYLE CAPERTON, CPA | ERIC PASCHALL, CPA | KYLE ALLIS, CPA

September 11, 2024

To the Honorable Mayor and Members of the City Council

City of McLendon-Chisholm
1371 West FM 550
McLendon-Chisholm, TX 75032

We are pleased to confirm our understanding of the services we are to provide the City of McLendon-Chisholm for the year ended September 30, 2024.

AUDIT SCOPE AND OBJECTIVES

You have requested that we audit the financial statements of the governmental activities, the business-type activities, and each major fund of the City of McLendon-Chisholm as of and for the year ended September 30, 2024, including the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to below when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Accounting principles generally accepted in the United States of America (U.S. GAAP,) as promulgated by the Governmental Accounting Standards Board (GASB) require certain supplementary information (RSI), such as management's discussion and analysis (MD&A) and budgetary comparison information, be presented to supplement the City of McLendon-Chisholm's basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, 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. As part of our engagement, we will apply certain limited procedures to the City of McLendon-Chisholm's RSI in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Statement of Revenue, Expenditures, and Changes in Fund Balance-Budget and Actual (Non-GAAP Budgetary Basis)

PO Box 158 | 301 E Broad St | Forney, TX 75126
www.mcpa-tx.com

- 3) Schedule of Changes in Net Pension Liability and Related Ratios
- 4) Schedule of Changes in OPEB Liability and Related Ratios

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also will:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of controls.
- Obtain an understanding of the system of internal control 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. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of McLendon-Chisholm's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

Although we have not completed all of our planning procedures for the current year, for similar entities we did identify the following significant risks of material misstatement:

- Risk of Management Override of Internal Controls
- Risk of Improper Revenue Recognition

If any new significant risks are identified as part of the current year planning procedures, they will be communicated to you in writing.

AUDIT PROCEDURES—COMPLIANCE WITH LAWS AND REGULATIONS

As previously discussed, as part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the City of McLendon-Chisholm's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

- For the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America;
- For the design, implementation, and maintenance of the system of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and
- To provide us with:
 - Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters;
 - Additional information that we may request from management for the purpose of the audit;
 - Unrestricted access to persons within the entity and others from whom we determine it necessary to obtain audit evidence.
- For including the auditor's report in any document containing basic financial statements that indicates that such basic financial statements have been audited by us;
- For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities;
- For adjusting the basic financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole; and
- For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
- For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
- For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in the system of internal control and others where fraud could have a material effect on the financials; and
- For the accuracy and completeness of all information provided.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

OTHER NONATTEST SERVICES

We will assist in preparing the financial statements of the City of McLendon-Chisholm in conformity with U.S. GAAP based on information provided by you. We will also propose adjusting or correcting journal entries to be reviewed and approved by management. We will not assume management responsibilities on behalf of the City of McLendon-Chisholm. However, we will provide advice and recommendations to assist management in performing its responsibilities.

The City of McLendon-Chisholm's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) designing, implementing, and maintaining the system of internal control, including the process used to monitoring the system of internal control.

Our responsibilities and limitations of the nonattest services are as follows:

- We will perform the services in accordance with applicable professional standards including U.S. GAAS.
- The nonattest services are limited to the procedures previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries.

REPORTING

We will issue a written report upon completion of our audit of the City of McLendon-Chisholm's financial statements. Our report will be addressed to the Mayor and Members of the City Council of the City. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

ENGAGEMENT ADMINISTRATION, FEES, AND OTHER

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents or support for any other transactions we select for testing.

The audit documentation for this engagement is the property of MCPA, PC, and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner as necessary. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of MCPA, PC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to regulatory authorities or its designee. The regulatory authorities or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

If you intend to publish or otherwise reproduce the basic financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute

information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and non-financial data. As such, it is your responsibility to maintain your original data and records and we cannot be responsible to maintain such original information. By signing this engagement letter, you affirm that you have all the data and records required to make your books and records complete.

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

We expect to begin our audit on an agreed upon date and to issue our reports no later than March 31, 2025. Kyle Caperton is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, printing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses will not exceed \$13,250. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered upon completion and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

During the course of the audit we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

At the conclusion of our audit engagement, we will communicate to the Mayor and City Council the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and

- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

We appreciate the opportunity to be of service to the City and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,

MCPA, PC

MCPA, PC

RESPONSE:

This letter correctly sets forth the understanding of the City of McLendon-Chisholm.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____



City of McLendon-Chisholm

Staff Report

Date: September 24, 2024

Agenda Item: Discuss and consider approving Engineering agreement to provide a Project Cost Estimate for the Briar Glen Road reconstruction.

Financial Impact: Not to exceed \$5000.00

Background: Through discussions with Mayor McNeal and Mayor Pro Tem Tucker concerning Glen Acres subdivision Briar Glen Road, they have instructed the City Administrator to obtain engineering cost estimate to bring the road up to standards. As you know, this is a private road. However, due to emergency health & safety reasons, the city is looking to potentially participate in the development of a future PID to make this a public street. If and when this happens, this cost, up to \$5000, will be included in the PID. This \$5000 cost was not originally approved in the FY24 budget. The attached bid will consummate this request.

Staff Mr. Konrad Hildebrandt, City Administrator

CITY OF MCLENDON-CHISHOLM ORDINANCE NO. 2024-

AN ORDINANCE OF THE CITY OF MCLENDON-CHISHOLM, TEXAS AMENDING THE CURRENT 2023-2024 FISCAL YEAR BUDGET; FINDING MUNICIPAL PURPOSES; AUTHORIZING EXPENDITURES. PROVIDING FOR A SEVERABILITY CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, the City Council of the City of McLendon-Chisholm, Texas, (the "City Council") has utilized diligent thought, attention and determination in creating the 2023-2024 budget; and

WHEREAS, on Sept 12, 2023, the City Council of the City of McLendon-Chisholm passed Ordinance No. 2023-08, approving the budget for the fiscal year beginning October 1, 2023; and,

WHEREAS, upon examination and review of revenues and expenditures, the City Administrator and City Council has determined it necessary to amend and modify the operating budgets of the General Fund, Utility Fund, Public Safety Fund, Debt Service Fund, and Capital Projects as set forth herein (Exhibit A) and,

WHEREAS, the City Council finds that the proposed Budget Amendment is for legitimate municipal purposes, and thus is statutorily authorized by Texas Local Government Code section 102.010; and

WHEREAS, the City Council finds that it is necessary and proper for good government, peace or order of the City of McLendon-Chisholm to adopt an ordinance amending the current budget.

WHEREAS, the City Council finds the amendments in the line items identified in Exhibit "A" are reasonable, necessary and for legitimate municipal purposes.

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

SECTION 1. FINDINGS. The City Council finds the statement made in the preamble above are true and correct. The City Council does authorize amendments to the budget and does authorize expenditures as an amendment to the original budget, finding this is a situation which could not have been included in the original budget through the use of reasonably diligent thought and attention.

SECTION 2. BUDGET LINE ITEMS. The City Council approves budget amendments in Exhibit "A" which is attached and incorporated herein for all purposes and described as Budget Amendment #1 which includes the General Fund Budget, the Utility Fund Budget, the Public Safety Budget, the Debt Service Budget and the Capital Project.

SECTION 3. BUDGET TOTAL. The City Council further finds the amended budget line items in Exhibit "A" will not cause the total expenditures in the budget to exceed the total original budget.

SECTION 4. The Amended Budget for 2023-2024 is hereby approved by the City Council.

SECTION 5. That all provisions of the ordinances of the City of McLendon Chisholm in conflict with the provisions of this ordinance be and the same are hereby repealed and all ordinances not in conflict shall remain in full force and effect, but such repeal shall not abate any pending prosecution for viola on of the repealed ordinance, nor shall the appeal prevent a prosecution from being commenced for any viola on if occurring prior to the repealing of the ordinance. Any remaining portions of said ordinances shall remain in full force and effect.

SECTION 6. That should any sentence, paragraph, subdivision, clause, phrase or sec on 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 hereof other than the part so decided to be unconstitutional, illegal or invalid, and shall not affect the validity of the Ordinance as a whole.

SECTION 7. This ordinance shall take effect immediately from and after its passage and the publication of the caption, as the law in such cases provide.

SECTION 8. The mayor is authorized to make the amendments as set forth above and file, or cause to be filed, a true and correct copy of this Ordinance, with the attached Exhibit "A", with the city secretary and in the office of the County Clerk of Rockwall County, Texas.

DULY PASSED by the City Council of the City of McLendon-Chisholm, Texas, on the 24th day of September 2024.

APPROVED:

ATTEST:

Bryan McNeal, Mayor

Angela Jennings, City Secretary

Ordinance No.
Approved

**CITY OF MCLENDON-CHISHOLM
ORDINANCE NO. 2024-**

AN ORDINANCE OF THE CITY OF MCLENDON-CHISHOLM, TEXAS APPROVING AND ADOPTING A BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2024 AND ENDING SEPTEMBER 30, 2025; PROVIDING THAT EXPENDITURES FOR SAID FISCAL YEAR SHALL BE MADE IN ACCORDANCE WITH SAID BUDGET; APPROPRIATING AND SETTING ASIDE THE NECESSARY FUNDS OUT OF THE GENERAL AND OTHER REVENUES FOR SAID FISCAL YEAR FOR THE MAINTENANCE AND OPERATION OF THE VARIOUS DEPARTMENTS AND FOR VARIOUS ACTIVITIES AND IMPROVEMENTS OF THE CITY; PROVIDING A REPEALING CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, an annual budget for the fiscal year beginning October 1, 2024, and ending September 30, 2025, has been duly created by the budget officer of the City of McLendon-Chisholm, Texas, in accordance with Chapter 102 of the Texas Local Government Code; and

WHEREAS, the budget officer for the City has filed the proposed budget in the office of the City Secretary and the proposed budget was made available for public inspection and posted to the City's internet website in accordance with Chapter 102 of the Local Government Code; and

WHEREAS, a public hearing was held by the City in accordance with Chapter 102 of the Local Government Code, following due publication of notice thereof, at which time all citizens and parties interested were given the opportunity to be heard regarding the proposed budget; and

WHEREAS, after full and final consideration, it is the opinion of the City Council that the 2024-2025 fiscal year budget as hereinafter set forth should be approved and adopted;

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

SECTION 1. The above and foregoing recitals are true and correct and are incorporated into this Ordinance and made a part hereof for all purposes.

SECTION 2. That the budget of the revenue and expenditures necessary for conducting the affairs of the City of McLendon-Chisholm, Texas for the fiscal year beginning October 1, 2024, and ending September 30, 2025, a true and correct copy of which is attached hereto as Exhibit "A", be and the same is hereby adopted and approved as the budget of the City of McLendon-Chisholm, Texas for the fiscal year beginning October 1, 2024, and ending September 30, 2025.

SECTION 3. That the expenditures during the fiscal year beginning October 1, 2024, and ending September 30, 2025, shall be made in accordance with the budget by departmental allocation approved by this Ordinance unless otherwise authorized by a duly enacted ordinance of the City of McLendon-Chisholm, Texas.

SECTION 4. That all budget amendments and transfers of appropriations budget from one account or activity to another within any individual activity for the fiscal year 2023-2024 are hereby ratified, and the budget Ordinance for fiscal year 2022-2023, heretofore enacted by the City Council, be and the same is hereby amended to the extent of such transfers and amendments for all purposes.

SECTION 5. Upon approval of the budget, the budget officer shall file the budget with the City Secretary, take action to ensure that a copy of the budget is posted to the City's internet website and file a true and certified copy thereof with the County Clerk of Rockwall County, Texas.

SECTION 6. That all provisions of the Ordinances of the City of McLendon-Chisholm, Texas, in conflict with the provisions of this Ordinance are hereby repealed, and all other provisions of the Ordinances of the City of McLendon-Chisholm, Texas not in conflict with the provisions of this Ordinance shall remain in full force and effect.

SECTION 7. That should any word, 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 hereof other than the part so decided to be invalid, illegal or unconstitutional.

SECTION 8. That this Ordinance shall take effect immediately from and after its passage as the law in such cases provides.

Ordinance No.
Approved

DULY PASSED by the City Council of the City of McLendon-Chisholm, Texas, on the 24th day
of September 2024.

APPROVED:

Bryan McNeal, Mayor

ATTEST:

Angela Jennings, City Secretary

Ordinance No.
Adopted

**CITY OF MCLENDON-CHISHOLM
ORDINANCE NO. 2024-**

**AN ORDINANCE OF THE CITY OF MCLENDON-CHISHOLM, TEXAS
LEVYING AD VALOREM TAXES FOR THE TAX YEAR 2024 AT A
RATE
OF \$0.096256 PER ONE HUNDRED DOLLARS (\$100) ASSESSED
VALUATION ON ALL TAXABLE PROPERTY WITHIN THE
CORPORATE LIMITS OF THE CITY OF MCLENDON-CHISHOLM AS
OF JANUARY 1, 2025, THE SAID TAX RATE HAVING A
MAINTENANCE
AND OPERATIONS COMPONENT AND A DEBT SERVICE
COMPONENT; PROVIDING FOR DUE AND DELINQUENT DATES
TOGETHER WITH PENALTIES AND INTEREST; PROVIDING A
SEVERABILITY CLAUSE; PROVIDING A REPEALING CLAUSE; AND
PROVIDING AN EFFECTIVE DATE.**

WHEREAS, pursuant to Chapter 26 of the Texas Tax Code, the Tax Assessor-Collector for the City of McLendon-Chisholm, Texas calculated the tax rate for the fiscal year 2024-2025 which cannot be exceeded without requisite publications and public hearing;

WHEREAS, the tax rate for the fiscal year 2024-2025 as initially proposed by the City Council did not, and as adopted herein, does not exceed the voter-approval tax rate calculated by the Tax Assessor-Collector; and

WHEREAS, Section 26.05(a) of the Texas Tax Code provides that the tax rate consists of two components (one of which will impose the amount of taxes needed to pay debt service, and the other of which will impose the amount of taxes needed to fund maintenance and operation expenses for the next year), and each of such components must be approved separately; and

WHEREAS, The City Council, upon full review and consideration of the matter, is of the opinion that the tax rate for the year 2024 hereinafter set forth is proper and should be approved and adopted.

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

SECTION 1. The above and foregoing recitals are true and correct and are incorporated into this Ordinance and made a part hereof for all purposes.

SECTION 2. That there is hereby levied and shall be assessed and collected for the tax year 2024 on all taxable property, real, personal and mixed, situated within the corporate limits of the City of McLendon-Chisholm, Texas on the 1st day of January 2025, and not exempt from taxation by the Constitution and laws of the State of Texas, a tax of \$0.096256 on each One Hundred Dollars (\$100) assessed valuation of all taxable property, to provide for the expenses of the City of McLendon-Chisholm, Texas for the Fiscal Year beginning October 1, 2024 and

Ordinance No.
Adopted

ending September 30, 2025. That said tax is made up of two components, as set forth in Section 3 and Section 4 of this Ordinance.

SECTION 3. That \$796,891 (.084468) of said taxes shall be for the maintenance and operations of the City of McLendon-Chisholm, Texas.

SECTION 4. That \$111,211 (.011788) of said taxes shall be for the purpose of paying interest and principal on the Certificates of Obligation debt for the City of McLendon-Chisholm, Texas.

SECTION 5. That the Tax Assess-Collector or his/her designee is hereby authorized to assess and collect the tax rates and amounts herein levied.

SECTION 6. That all ad valorem taxes shall become due and payable on October 1, 2024, and all ad valorem taxes for the year shall become delinquent if not paid prior to February 1, 2025. There shall be no discount for payment of taxes prior to February 1, 2025. A delinquent tax shall incur all penalties, interest and costs authorized by law. Taxes that remain delinquent on July 1, 2025, incur an additional penalty not to exceed twenty percent (20%) of the amount of delinquent taxes, penalty and interest collected; such additional penalty is to defray the costs of collection due to any contract with an attorney authorized by Section 6.30 of the Texas Tax Code, as amended.

SECTION 7. That the City shall have available all the rights and remedies provided by law for the enforcement of the collection of taxes levied under this Ordinance.

SECTION 8. That the tax roll as presented to the City Council, together with any supplements thereto, be and the same are hereby approved.

SECTION 9. 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 of the Ordinances of the City of McLendon-Chisholm, Texas not in conflict with the provisions of this Ordinance shall remain in full force and effect.

SECTION 10. That should any word, 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 hereof other than the part so decided to be invalid, illegal or unconstitutional.

Ordinance No.
Adopted

SECTION 11. That this Ordinance shall take effect immediately from and after its passage as the laws in such cases provide.

DULY ADOPTED by the City Council of the City of McLendon-Chisholm, Texas on the 24th day of September 2024.

APPROVED:

Bryan McNeal, Mayor ATTEST:

Jennings, City Secretary Angela