

CITY OF HEMPHILL  
BUDGET AMENDMENT 2019-003  
FOR F.Y. ENDING 06/30/2020

DATE: August 20, 2019 Regular City Council Meeting

The Honorable Governing Body of the City of Hemphill, Texas has amended the 07/01/2019-06/30/2020 City Budget at the City Council Meeting on August 20, 2019 as follows:

<u>FUND</u>	<u>DEPARTMENT &amp;G/L ACCOUNT</u>	<u>EXPLANATION</u>	<u>ADD OR SUBTRACT</u>	<u>AMOUNT</u>
General Fund	01-611-6210 Administration	Professional Fees-Add'l Legal Fees City Attorney	ADD TO EXPENSE	\$3,500.00
Utility Fund	02-1635  Capital Improvements Utility Fund Buildings	Gutters for Drainage needed for Storage/Vehicle/and Equipment Shed	ADD TO ASSET	\$1,650.00
Utility Fund	02-1632 Capital Improvements- Electrical System	Capital Improvements- Electrical System— Additional Electrical Upgrades to System	ADD TO ASSET	\$10,850.00
General Fund	01-611-6401 Administration	Capital Outlay-Welcome Signs	SUBTRACT FROM EXPENSE	\$<12,500.00>
General Fund	01-518-5650 TCF Grant Receipts-Street Department	TCF Grant Funds that will not be received	SUBTRACT FROM REVENUE	\$200,000.00
General Fund	01-618-6401	Capital Improvement- Polymer Project-Streets	SUBTRACT FROM EXPENSE	\$<200,000.00>
General Fund	01-511-5618 Grant Receipts Misc./General Administration	TCF Grant Funds that will not be received	SUBTRACT FROM REVENUE	\$300,000.00
General Fund	01-611-6401	Capital Improvement-Capital Outlay—Polymer Project Admin Cost (Expense)	SUBTRACT FROM EXPENSE	\$<300,000.00>
Utility Fund	02-531-5500 Grant Receipts Electric Department	TCF Grant Funds that will not be receive	SUBTRACT FROM REVENUE	\$350,000.00
Utility Fund	02-1632 Electrical Dept./System	Capital Improvement- Polymer Project – Electric System Upgrade	SUBTRACT FROM ASSET	\$<350,000.00>
Utility Fund	02-534-5470 Grant Receipts Waste Water/Sewer Department	TCF Grant Funds that will not be received	SUBTRACT FROM REVENUE	\$75,000.00
Utility Fund	02-1634 Waste Water/Sewer Dept./System	Capital Improvement- Polymer Project – Waste Water System Upgrade	SUBTRACT FROM ASSET	\$<75,000.00>

Utility Fund	02-533-5550 Grant Receipts Water Department	TCF Grant Funds that will not be received	SUBTRACT FROM REVENUE	\$75,000.00
Utility Fund	02-1633 Water Dept./System	Capital Improvement Polymer Project-Water System Upgrade	SUBTRACT FROM EXPENSE	\$<75,000.00>
Utility Fund	02-1640	Capital Improvements-Tank Coating Project Water Plant	ADD TO EXPENSE	\$11,060.00
<b>Net Effect to Budget</b>				\$ <u>3,500.00 additional expense to General Fund.</u> And \$ <u>11,560.00 additional expense to Utility Fund</u>

Refer to Notes and Explanation on Next Two Pages → → → → → → → → → →

REASONS/EXPLANATION/NOTES:

Notes that council needs to be aware of:

- 1) The City currently has \$12,500.00 budgeted for 5 welcome signs at the five major highway entrances into the city. After looking more into the requirements, the City Manager sees where these signs would only cost \$10,000.00 if purchased, which would be a savings to budget of \$2,500.00. Since our city electrician is retiring in February 2020 and since we are needing to put gutters for the drainage problems on the new storage shed, we are recommending to the council that these signs be foregone for this fiscal year, and this \$12,500 spent on the gutters needed for \$1,650 and to allow the city electrical department to make more upgrades to the electrical system that were requested up to \$10,850 more. A portion of the electrical supervisor's list of upgrades was cut when the original budget was done. This will allow for our electrical system to be in better condition before he retires.
- 2) The City currently has a Tank Coating Project budgeted as a Capital Improvement for the Water Treatment Plant/Utility Fund, with the majority of the funding coming from a CDBG grant with funding of \$255,987, with an actual construction budget of \$197,500. The bid awarded was to T&G Services as a base bid of \$196,560 and an alternate bid for replacing four butterfly valves of \$12,000; therefore, this is over the construction budget. Therefore, the city council approved adding \$11,560 to the budget to allow for the alternate bid, due to a savings in employee health insurance anticipated.
- 3) In addition, the city manager spoke with the City Attorney, Bobby Neal, regarding the retainer fee that was not originally put in the original budget as the original budget only allowed for an estimated pay-as-we-go amount of \$1,200; however, after speaking with Bobby Neal, he is not willing to work on a pay-as-we-go basis, so we have worked out the following arrangement:
  - a) handle the class "c" city misdemeanor cases, dangerous dog cases, and truancy cases for a flat fee of \$350.00 per month; and
  - b) any appeal or other civil work requested will be billed at the rate of \$200.00 per hour.
As a result, the city manager is estimating the following:
  - a) July 2019-June 2020 Retainer Fee—12 months @ \$350.00=\$4,200
  - b) Estimated additional attorney fees for legal opinions and retainer fee is \$4,700.00

Amount needed for attorney fees	\$4,700
Less: Amount presently in budget	-1,200
<b>Additional amount needed in budget for attorney fees</b>	<b>\$3,500</b>

The City Attorney also feels like he is saving the City money through just charging the City for the retainer fee to represent the City as prosecutor for all class "c" city misdemeanor cases, dangerous dog cases, and truancy cases. In addition, the amount for legal fees for title work for land transfer for cemetery land will be paid out of the Cash In Bank-Cemetery Fund, so this will not be a net effect to budget.

- 4) We have now learned that 2BGreen, LLC is not coming to Hemphill, so as a result of their decision, we will not be able to apply for and receive the \$1,000,000.00 Texas Capital Fund Grant through the state that we had planned to use for the infrastructure. The City Manager and City Secretary/Accountant are recommending that these numbers for both the revenue for the grant and the funds budget for capital improvements for this infrastructure be taken out of the budget through a budget amendment, since these figures are skewing our budget numbers and reporting. By removing these for a net effect of zero, this will allow for more accurate budget reporting. The grant funds and capital improvements using those grant funds had been included in our capital improvements as follows:

a) Street Department:	\$	200,000.00
b) Administration Department	\$	300,000.00
c) Electrical Department	\$	350,000.00
d) Wastewater/Sewer Department	\$	75,000.00
e) Water Department	\$	75,000.00

(These were all listed as capital projects.)

AS REQUESTED BY:

08/20/2019

\_\_\_\_\_  
DATE APPROVED BY CITY COUNCIL

\_\_\_\_\_  
Laure Morgan, TRMC, CMC, MPA  
City Manager

\_\_\_\_\_  
MAYOR – Robert Hamilton

ATTEST: \_\_\_\_\_  
Kelli Beall, City Secretary/Accountant