ORDINANCE NO. 2021- 26

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COMMERCE, TEXAS, AMENDING ORDINANCE NO. 20-12 WHICH ADOPTED THE 2020 – 2021 BUDGET ("FISCAL YEAR 2021 BUDGET") OF THE CITY OF COMMERCE, AND PROVIDING FOR THE APPROVAL OF THE AMENDMENTS SET FORTH IN "EXHIBIT A", SUCH AMENDMENTS BEING NECESSARY FOR MUNICIPAL PURPOSES; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Commerce, Texas ("the City") is a duly created, home-rule governmental body of the State of Texas; and

WHEREAS, the City Council has previously adopted a fund-level budget for Fiscal Year 2020 – 2021 ("Fiscal Year 2021") that established the planned expenditures and appropriated the funds necessary to support those operations; and

WHEREAS, circumstances have arisen during the fiscal year which required the expenditure of additional funds in some of the line items of the budget, and for which there is adequate funding in the line items of the budget; and

WHEREAS, Section 26.4a of the City Charter allows for the adoption or amendment of a budget or the assessment of levy of taxes to be approved on the first and only reading; and

WHEREAS, the City has a process to provide for the amendment of that budget as a result of major, unforeseeable issues and expenditures and to appropriate funds necessary to support those additional expenditures;

WHEREAS, the City Council finds the amendment in the fund identified in Exhibit A are reasonable, necessary, and for municipal purposes;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COMMERCE, TEXAS AS FOLLOWS:

SECTION 1. FINDINGS. The City Council finds the statements made in the preamble above are true and correct.

SECTION 2. BUDGET AMENDMENTS. The City Council approves the budget amendment in the attached Exhibit A, a copy of which is incorporated herein for all purposes, to include the following necessary adjustments:

- Administrative Services $(50,000) ***decrease*** - due to defunding of the "Assistant City Manager" position and restructuring which required movement of the "Executive Assistant" position to a new position in Community Development as the "Community Development Coordinator."
- Parks and Recreation $(60,000) ***decrease*** - due to defunding the Parks and Recreation Director position.

- Community Development $60,000 ***increase*** - due to restructuring and increased number of positions within the department
- Public Works $10,000 ***increase*** - due to pay increases to front line workers
- Water Production $10,000 ***increase*** - due to pay increases to front line workers
- Water Distribution/Collection $15,000 ***increase*** - due to pay increases to front line workers
- Wastewater Treatment $15,000 ***increase*** - due to pay increases to front line workers

Budget amendments for the funds with expenditures greater than the most current, adopted FY 2021 budget are as follows:

- Equipment Replacement Fund (05) - $20,000 ***increase*** - Interest Expense related to Enterprise vehicles that were not previously budgeted. After concluding the Fiscal Audit of 2020, City Staff was instructed to begin to carry the expense of interest for this rental agreement, per new legislation.
- Debt Service Fund (06) - $208,000 ***increase*** - Expenses related to the new CO Debt created in 2021; when the budget was created City Staff had not yet finalized the new debt and the principal and interest were only estimates. The Bond proceeds offset this expense as revenue into the Fund.
- Capital Improvement Fund (09) - $5,500 ***increase*** - Council approved a budget adjustment for replacement of multiple air conditioning units at City Hall and the Public Safety Building. The original adjustment was completed based on a quote and as the work was completed a true cost was of $100,500 was expensed, this budget adjustment trues up the expenditures to the actual cost.
- Employee Trust Fund (40) - $5,000 ***increase*** - Expenses related to employee benefits that the City holds in a special fund, per regulatory standards. During budget process, this is estimated, but at the end of the fiscal year, it is trued up. The revenue offsets this difference as it is transferred in from the general fund every time payroll is processed.

SECTION 3. EFFECTIVE DATE. This Ordinance shall take effect immediately from and after its passage on September 21, 2021.

PASSED AND APPROVED on the first reading at a regular meeting of the City Council of the City of Commerce, Texas on this the 21st day of September 2021.

ATTEST:

Molly Jacobsen

Molly Jacobsen, City Secretary

CITY OF COMMERCE:

Wyman Williams

Wyman Williams, Mayor

(seal)

APPROVED AS TO FORM:

Charles Anderson, City Attorney

APPROVED:

Howdy Lisenbee, City Manager

I, Molly Jacobsen, City Secretary of the City of Commerce, Texas, do hereby certify that the above is a true and correct copy of a Resolution, and that the same has not been repealed and is in full force and effect.

(Seal)

Molly Jacobsen, City Secretary

"EXHIBIT A"

FY 2020/21 Budget Adjustment Summary:

Restructing Expenditure Adjustments		*Adopted Budget*		*Adjusted Budget*		*CHANGE*

* *Due to the defunding of administrative positions and reallocating those funds to front line staff and restructuring of departments, payroll expenses will have a zero net effect. But to show the drastic change in these departments, adjustments to the payroll expenditures is requested in the following Fund/Departments:*

Fund 01 - General Fund						
Administrative Services (Payroll)	$	386,299	$	336,299	$	(50,000)
Parks & Recreation (Payroll)	$	340,142	$	280,142	$	(60,000)
Community Development (Payroll)	$	43,903	$	103,903	$	60,000
Public Works (Payroll)	$	305,949	$	315,949	$	10,000
Fund 02 - Public Utility Fund						
Water Production (Payroll)	$	317,560	$	327,560	$	10,000
Water Distribution/Collection (Payroll)	$	237,464	$	252,464	$	15,000
WasteWater Treatment (Payroll)	$	302,437	$	317,437	$	15,000
				Net Effect	$	-

Minor Funds with Expense Adjustments		*Adopted Budget*		*Adjusted Budget*		*CHANGE*
Fund 05 - Equipment Replacement Fund	$	267,022	$	287,022		20,000.00

Addition of Enterprise Interest Expense to the financials per Auditors

Fund 06 - Debt Service Fund	$	725,852	$	933,852	$	208,000.00

At the time of budget the true cost of the new 2021 CO was only estimated and not known. The additional expense is offset by the actual bond revenue as well as additional revenue collected from property tax.

Fund 09 - Capital Project Fund	$	95,000	$	100,500	$	5,500.00

A budget adjustment was completed when the airconditioners needed to be replaced in both the City Hall and Public Safety Buildings, the adjustment was based on a quote and after the job had been completed it went over the quote. This is a true up adjustment

Fund 40 - Employee Benefits Trust	$	591,871	$	596,871	$	5,000.00

At the time of the budget the cost of the Employee Beneifts is estimated. This adjustment trues up the actual cost and is offset by the revenue that is transferred during the payroll process.