

## EXHIBIT A

			Account Code		
	Department	Item	Funding Source	Increase	Amount
1	Police	Salaries/Benefits	General Fund	10-50301-101-01	\$ 230,000
		Fuel & Oil		10-50302-212	\$ 20,000
2	Municipal Court	Salaries/Benefits	General Fund	10-50401-101-13	\$ 90,000
		City Attorney		10-50404-407	\$ 37,000
3	Community Development	City Engineer	General Fund	10-50604-410	\$ 92,000
		Outside Services		10-50604-413-00	\$ 95,000
4	Public Services (Streets)	City Engineer	General Fund	10-50804-410	\$ 38,000
5	Parks & Recreation	Salaries/Benefits	General Fund	10-50901-101.01	\$ 40,000
		Outside Contracted Services		10-50904-413.00	\$ 11,000
		Grant Services - Community Center		10-50904-413.03	\$ 270,000
6	Animal Control	Salaries/Benefits	General Fund	10-51001-101.01	\$ 55,000
		Grant Expense		10-51003-418	\$ 14,000
7	Finance	Salaries/Benefits	General Fund	10-51601-101.01	\$ 18,000
		Awards/Recognition		10-51605-506	\$ 4,500
8	Swimming Pool	Salaries/Benefits	General Fund	10-51901-103	\$ 16,000
		Pool Equipment		10-51907-608	\$ 4,500
9	Information Technology	Outside Services	General Fund	10-52304-413.00	\$ 30,000
10	Economic Development	Travel/Training	General Fund	10-52505-505	\$ 1,600
11	Tourism & Business Development	Professional Services	General Fund	10-52602-413	\$ 5,000
12	Non-Departmental	TXDOT Plan Expense	General Fund	10-52903-424	\$ 60,000
		TML Insurance		10-52903-416	\$ 13,000
		ADP Services		10-52903-417	\$ 15,000
		TIRZ #1 Reimbursement		10-52908-629	\$ 7,800
		TOTAL			\$ 1,167,400

## **Justification (General Fund)**

### **1. Police Department – Salaries and Benefits**

The increase in this category is primarily due to the addition of two officers hired under the COPS Grant program. While their salaries and benefits are recorded as expenditures within the Police Department budget, they are offset by grant revenue received through the program. This ensures the net impact to the City's General Fund is minimal, but the accounting still shows the gross expenditure under this line item.

#### **Police Department – Fuel and Oil**

The overage in fuel and oil costs is partially attributable to grant-funded patrol operations under the Stonegarden Grant. Officers were assigned additional patrols along Highway 90 to enhance public safety and border security efforts. These extended operations resulted in higher-than-normal fuel usage.

### **2. Municipal Court – Salaries**

The overage in salaries is the result of creating an additional court position to manage the significant increase in ticket volume. The workload had exceeded what could be handled by a single employee, and the new position ensures timely and efficient processing of cases. This category also reflects the Municipal Judge's pay. Because court sessions are now held twice per month (as of April 2025) rather than once, as originally budgeted, compensation has increased accordingly.

#### **Municipal Court – City Attorney**

Expenditures for legal services have risen because the City Attorney is providing support at two monthly court sessions instead of one (as of April 2025). This increased level of service was necessary to maintain compliance and address the higher caseload.

#### **Offset by Revenue**

It is important to note that while expenditures in these categories are higher than originally budgeted, they are offset by increased revenues. Court collections have already exceeded the amounts projected in the budget, ensuring that these operational adjustments do not create an overall financial shortfall.

### **3. Community Development – Engineering Fees/Outside Services**

The Community Services budget is over in engineering fees and outside services due to costs associated with permitting, inspections, and related activities. These expenditures are offset by revenue collected from permitting and inspection fees. As of today, revenues have already exceeded the budgeted amount, ensuring that the overages do not negatively impact the General Fund.

4. **Streets Department – Engineering Fees**

The overage in engineering fees is tied to the TxDOT grant that the City was awarded a couple of years ago. These fees represent the professional engineering services required to move the project forward under TxDOT guidelines. While this creates an increase in expenditures within the Streets Department, the costs are directly associated with the grant-funded project and are offset by the grant revenue.

5. **Parks and Recreation – Salaries**

The salaries line item is over budget due to the addition of a part-time Facilities Maintenance Technician. This role has been critical in supporting all City Departments including Parks and Recreation facilities by addressing ongoing maintenance needs that could not be covered with existing staffing levels.

**Parks and Recreation – Outside Contracted Services**

Expenditures in this category are higher because GrantWorks provided professional assistance with the City's Texas Parks and Wildlife grant application. Their expertise was utilized to strengthen our submission, and we are currently awaiting a response from the agency.

**Parks and Recreation – Grant Services (Community Center)**

The overage here reflects “soft costs” associated with the Community Center project, including engineering, design, and testing fees. These costs are necessary to ensure the project is carefully planned, designed, and compliant with regulatory requirements as we prepare for future development.

6. **Animal Control – Salaries**

The salaries line item is over budget because of the transition of an employee from the Police Department to Animal Control after the start of the fiscal year. Since this position was not originally budgeted under Animal Control, the adjustment resulted in an overage in this account.

**Animal Control – Grant Expense**

Expenditures in this category are higher due to the “Best Friend Animal Society” grant received for Animal Control programs and services. These additional costs are offset by the corresponding grant revenues received, ensuring there is no negative impact to the City's General Fund.

7. **Finance – Salaries and Benefits**

The salaries and benefits line item is over budget due to overtime that was accumulated throughout the fiscal year, as well as higher-than-anticipated costs in the retirement account. These factors contributed to the variance in this category.

**Finance – Awards and Recognition**

This category is also over budget as it reflects recognition costs for additional staff

members hired during the year. The increase in personnel naturally resulted in higher participation in employee recognition programs than was originally projected.

**8. Pool – Salaries and Benefits**

The salaries and benefits line item is over budget due to the costs of maintaining year-round staffing, as well as overtime hours that were necessary because of limited staffing availability. These factors contributed to higher personnel expenses than originally projected.

**Pool – Equipment**

Expenditures in pool equipment are over budget primarily due to the ongoing upkeep required for the pool heating system. These maintenance needs are essential to ensure the pool remains operational and accessible year-round.

**9. Information Technology**

While the Information Technology budget is not currently over, it is projected to exceed the allocation if adjustments are not made for the remainder of the fiscal year. This is primarily due to the purchase of a new server for City Hall that was not originally budgeted, along with the required upgrade of employee workstations from Windows 10 to Windows 11.

**10. Economic Development – Travel and Training**

This account is slightly over budget due to staff participation in development-related meetings and training. The overage is minimal, and the department is expected to finish the fiscal year within its overall budget.

**11. Tourism and Business Development – Professional Services**

This account is over budget due to payment of an Analytic Software license fee carried over from the prior year.

**12. The Non-Departmental budget reflects an overage due to several approved and required expenses. These include the TxDOT Plan Expense Fee approved by Council on October 22, 2024, increased costs for TML insurance (Workers Comp/Risk Management), ADP service fees covering August and September 2025, and the City's portion owed for the TIRZ #1 reimbursement.**

**EXHIBIT B**

Department	Item	Funding Source	Account Code Increase	Amount
1 Administration	Salaries/Benefits	Enterprise Fund	20-50101-101.01	\$ 130,000
	Building Repairs/Maintenance		20-50107-903	\$ 15,500
2 Gas	Salaries/Benefits	Enterprise Fund	20-51101-101.01	\$ 60,000
	Benchstock		20-51102-230	\$ 110,000
	Regulatory		20-51104-413-05	\$ 41,000
	Travel/Training		20-51105-505	\$ 5,500
	Software Support - Analytics		20-51106-803	\$ 29,000
	Equipment Purchases		20-51107-602	\$ 48,000
3 Sewer	Salaries/Benefits	Enterprise Fund	20-51201-101.01	\$ 40,000
	Outside Services/Contract Serv.		20-51204-413	\$ 48,000
	Equipment Purchases		20-51207-602	\$ 120,000
4 Electric	Benchstock	Enterprise Fund	20-51302-230	\$ 30,000
5 Water	Salaries/Benefits	Enterprise Fund	20-51401-101.01	\$ 45,000
	City Engineer		20-51404-410	\$ 48,000
	Outside Services/Contract. Serv.		20-51404-413.00	\$ 32,000
	Utility System Maintenance		20-51407-730	\$ 16,000
	Generators (Wells 1& 2)		20-51407-731	\$ 232,000
6 Refuse	Waste Management	Enterprise Fund	20-51504-718	\$ 55,000
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				\$ 1,105,000

## **Justification (Enterprise Fund)**

### **1. Administration – Salaries and Benefits**

The salaries and benefits line item is over budget because it includes the City's share of General Fund positions such as the City Administrator, City Secretary, Finance Director, Accountant, and Accounts Payable Clerk. In addition to these allocations, the overage reflects overtime that was accumulated during the fiscal year to meet workload demands. The benefits portion is also higher due to upcoming retirement contributions and upcoming health insurance premium adjustments.

### **Administration – Building Repairs and Maintenance**

This category is over budget due to the installation of a new layover roof at the Public Works building. This repair was necessary to address facility needs and ensure continued safe and reliable operations.

### **2. Gas Department**

The Gas Department budget is over due to several factors tied to the creation of a new in-house utility following the termination of the CPS contract. Personnel costs, including salaries and benefits, were added after the original budget was adopted and were not included in the initial projections.

Additional overages are reflected in benchstock, regulatory compliance, travel and training, software analytics, and equipment purchases. These costs are directly related to establishing the new department and equipping staff to operate effectively. The staff member hired required proper supplies, equipment, and training to ensure the department is fully functional and compliant with operational standards.

- 3. Sewer: Salaries and Benefits:** Overages are tied to personnel costs, including adjustments to employee benefits such as retirement and health insurance. These adjustments were necessary to align with actual costs versus the original budgeted amounts.

**Outside Services/Contracted Services:** Higher costs were incurred for specialized electrical and mechanical upgrades at the lift station. These upgrades were critical to ensure the continued reliability and safety of wastewater collection and pumping operations.

**Equipment Purchases:** Overages are due to the new SCADA system project at the Wastewater Treatment Plant. This represents the early stages of the City's SCADA project, which will modernize monitoring and control capabilities, improving efficiency, compliance, and operational response times. This also includes other equipment purchases for the sewer plant that were purchased throughout the fiscal year.

**4. Electric Department – Benchstock Supplies**

The Electric Department budget is over in benchstock supplies due to the purchase of miscellaneous supplies and equipment necessary to maintain reliable service. This includes items such as meters, transformer supplies, and other essential materials required for daily operations and system upkeep.

**5. Water Department - Salaries and Benefits:** Overages are due to overtime worked throughout the year to respond to water emergencies, as well as certification pay for licensed staff.

**City Engineer and Outside Services:** This account is over due to engineering costs that included the impact fee study, feasibility study for Flat Creek, and on-call engineering services as needed.

**Utility System Maintenance:** Overages here reflect necessary system repairs, including tank repairs, fence line clearing, fence replacement, and other maintenance completed during the year.

**Generators:** This account is over because no funds were originally appropriated at the beginning of the fiscal year. In July 2025, Council approved the purchase of generators for Wells 1 and 2, which are now reflected as expenditures in this category.

**6. Refuse Department – Contracted Services**

The Refuse budget is over due to higher-than-budgeted costs for contracted services with Waste Management. This total also reflects the scheduled payment for September, which was not originally accounted for in the budgeted amount.

## EXHIBIT C

Department		Item	Funding Source	Account Code Increase	Amount	
1	Airport	Salaries/benefits	Airport	30-80101-101.01	\$	13,000
2	Airport	Supplies - Aviation Fuel	Airport	30-50102-310	\$	35,000
3	Airport	AWOS Grant	Airport	30-50107-904.00	\$	<u>130,000</u>
					\$	<b>178,000</b>



### **Justification (Airport Fund)**

1. Airport Fund

Salaries and Benefits: Overages are tied to upcoming payroll costs for September that were not fully accounted for in the original budget.

2. Supplies: This account is over due to aviation fuel purchases made throughout the year. However, these costs were offset by revenues received that exceeded the original budget projections.

3. AWOS Grant: Expenditures tied to the AWOS grant pushed this line item over budget, but they were fully offset by grant revenue already received.