



MINUTES

COUNCIL MEETING

Tuesday, May 3, 2022

7:00PM at City Hall

1. Call to Order and Declaration of Quorum

Time: **7:09PM**

Mayor Ponce, Kerrie Longoria, Mike Laye, Gwen Garlington, Karl Fisher, John McBride

2. Invocation

3. Pledge of Allegiance to the United States of America

4. Pledge of Allegiance to the Texas Flag

5. Public Comment

Citizens are invited to address the City Council with public comments. Comments regarding items for which notice has not been given will be limited to three minutes, prior to discussion of agenda items, and Council responses shall be in accordance with Sec. 551.042 of the Texas Government Code. Comments regarding an item on the agenda may be given before or during discussion of that item. An intentional act intended to disrupt a Government meeting is prohibited.

Paul Breitzman, Fire Chief Thad Anderson, Don Deering, Joe Cleveland - All signed to speak. Did not speak during Public Comment. They spoke later in the meeting.

6. Approval of previous meeting's minutes, or notes.

- a. April 19, 2022 MINUTES - **Kerrie Longoria motions to accept with changes, Gwen Garlington 2nds, all in favor aye, motion carries.**

7. Reports:

- a. City Secretary Report - **Not present. Expecting first grandchild. CONGRATULATIONS!**
- b. Code Enforcement Report - **Follow-up with code enforcement Stephanie Flores to request change of wording from "Complaint" to "Warning" on the code enforcement letters. Council requested copies of the code enforcement letters sent out in April 2022.**
- c. Financial Report (2nd meeting of the month) - **Ray Smith, CPA summarized the Financial Report. Mr. Smith added the city has a surplus of \$241k in revenue for the first six months. The March Financial report is included under item 8. b. pages 5-10 attached.**

- d. Mayor Pro Tem Report - On the Barnes Clean-up Day - Kerrie Longoria would like for it to be June 3rd. Staff is coordinating with Barnes, will have a schedule soon. This will be on the website soon as we have it.
- e. Mayor's Report/Status - Mentioned the changes at City Hall. Discussed the Audit, reiterating this council and staff cannot speak on why the previous administration did not do the yearly audits. We can only move forward from here, providing the yearly audits as required by law. City did bring in a 3rd party Accounting firm, and a separate 3rd party Auditor. Nothing was found to be irregular. Mayor Ponce commends Karl Fisher for his persistence in bringing the Audit to everyone's attention, and insistent we get it done. Thank you, Karl!
- f. NVFD Report (1st meeting of every month) - Apologized for not having the NVFD Report ready in time. April had fewer calls. Calls total: 43, EMS: 24, Fire: 19. Avg response time is still the same at 9.45 mins. Will continue going forward as usual. SPECIAL NOTE: On behalf of NVFD, thank you Mrs. Laye for coordinating the water drive. They all appreciate it greatly!

8. Business Session:

- a. Discuss/Take Action: Financial Audit presented to the Council by Kyle Caperton, with Murrey Paschall & Caperton, P.C.
Kyle Caperton introduces himself providing some insight for who he is and where he is from. Mr. Caperton pulled as much intel as possible from outside sources, so it is an unbiased assessment for his report. He summarized his report, reminding all there are copies to see if interested.
Karl Fisher asked if there is room for improvement or anything else city should be doing. Kyle said the best thing we did, is hire Ray Smith, CPA.
Kerrie Longoria asked what's the difference between "Qualified and Unqualified" audit. Ray Smith states "Qualified" means there is some discrepancy, and "Unqualified" is when nothing is found to question the numbers. Unqualified is what we want, and is what the City of Nevada received. Mrs. Longoria asked how Kyle reviewed the numbers. Ray Smith offers to answer.
Ray Smith, CPA explains how the data was lost. The software program crashed. The developer, Intuit attempted to restore the data. Per Mr. Smith, this is normal. However, he has yet to see the developers restore it back as it was. Good intentions aside, it actually created a bigger mess for all involved. Ray Smith, CPA firm rebuilt the data from bank records, reorganized them all, put the data back into their software program, and rebuilt the books dated back to 2014 audit. As they rebuilt the data, *if they found anything out of order*, this would have been turned over to the auditor for a forensic audit. They were effectively able to rule this out with the records provided by the bank and the City. After creating the financial books for each year from 2014 to present, they were confident in handing the reports to Kyle Caperton to audit. Mr. Smith also explains why it does not make good business sense to spend over a \$100,000 of tax payer dollars to audit the previous years. Dollars coming in and going out all match up, therefore he does not recommend auditing previous years.
Turns over to citizens to ask questions.
Paul Breitzman offered his opinion for how City should have handled monies in the past. Paul brought up Warren St. He wants to know what happened with it. Jim Shepherd, City Attorney stated the bid was pulled. The funds were not used.
Joe Cleveland asked why we aren't auditing the previous 7 years. John rephrases the question. "Is there a vulnerability or liability." Ray Smith said it is a legitimate question. What does the City stand to gain from auditing past history to have a report, when we already have a current audit that states everything adds up today? The financial statements dating back to 2014 already confirms there is no discrepancies. 1/6 of the fund balance would go to having an audit

for the past years unnecessarily. Council would rather spend that money on the budget items the City really needs. For example: roads.

Mike Laye motions to accept the 2021 Financial Audit presented by Kyle Caperton. Kerrie Longoria 2nds, all in favor aye, motion carries.

- b. Discuss/Take Action: Ray Smith CPA, providing the 2nd quarter financial report to the Council.

Ray Smith apologized for not having this in the last month due to the tax season. March Financial is attached (pages 5-10). Kerrie Longoria motions to accept with line-item b. title correction being 2nd quarter report. Mike Laye 2nds, all in favor aye, motion carries.

- c. Discuss/Take Action: The City of Nevada, Collin County, Texas (City) has requested Hayter Engineering Inc. to prepare a Capital Improvement Plan (CIP). This CIP will include a study of and development of Impact Fees for the City's street system within the city limits. To plan for future conditions, the CIP will also include population projections, impact fee calculations, service unit equivalent, and funding options. The services and fees described herein pertain to the required civil engineering for said CIP.

Mayor/Council asked how the agreement will apply with the current subdivision. Per Chris Donnan with Hayter Engineering, this will only apply to new subdivisions moving forward. Per City Attorney Jim Shepherd, state law requires City Engineers to supply impact fee, land use, thoroughfare plan, and drainage plans. These fees help the City with taxes, because these fees remove the tax burden placed on the tax payers. The monies from the impact fee helps cover the bulk of the fees. Mike Laye motions to accept the CIP proposal by Hayter Engineering. John McBride 2nds, all in favor aye, motion carries.

- d. Discuss/Take Action: Culvert quotes for the downtown area to determine if they need to be replaced, cleaned out, or have peaks that keep them from functioning properly.

Receiving quotes from Streamline and Joe Turney.

Mayor said they requested for all of Nevada to be evaluated, and believes the request may have gotten lost in translation. City will get this evaluated. John McBride asked what the typical protocol is for this. Chris Donnan said in larger cities there will be a Public Works dept that handles this. In our case, it could be the Council or Mayor, compiled complaints. At that point, get Hayter Engineering involved to evaluate and go from there.

James Gracey mentions the drainage issues in the ditches on Kerens St. Culverts are filled in with trash and need to be cleaned out.

Gwen Garlington asked that we wait until Hayter gets us the evaluation before moving forward with bids.

Mike Laye asked how long that would take. Chris Donnan asked for the City to provide the limits, then he can come out and notate the drainage issues, which ones are a problem and which culvert might need to be replaced.

Gwen Garlington motions to table pending evaluation from Hayter Engineering and additional bids. Mike Laye 2nds, all in favor aye, motion carries.

Mike Laye asked if this would require a council vote in the future, or can they make the call. Per Jim Shepherd, no.

9. Future Agenda Items

Future agenda items shall be designated by the Mayor. In addition, a motion and a second from any two Councilpersons shall be sufficient to add an agenda item for a future meeting. Staff and counsel shall have prior consent of the Mayor to add an agenda item for a future meeting.

Discuss court for code enforcement and bring copies of the C.E. letters.

John McBride wants the city to look into road restrictions for usage of the roads.

(Jim Shepherd to look into the legal restrictions for this.)

Hayter Engineering evaluation as requested in item 8. d.

Possible Nevada Lakes West.

10. Executive Session - Time: **NA**

As authorized by Section 551.071 (2) of the Texas Government Code, this meeting may be convened into closed. Executive Session for the purpose of seeking confidential legal advice from the City Attorney on any agenda item listed herein. 551.071 of the Texas Government Code legal advice from the City Attorney regarding legal process requirements for code enforcement, building permits, and inspections.

10. Regular Session: Reconvene from Executive Session - Time: **NA**

11. If required, act on items reviewed in Executive Session.

12. Adjournment / Closing - Time: **9:15PM**



Mayor Ponce



City Clerk, Misty Hooker

City of Nevada - General Fund
 2021-2022 Actual Vs. Budget Financial Report
 For the six months ended March 31, 2022

	B	C	D	E	R	A	AD	A	AF	A	AH	A	AV	B	BH	B	BJ	B	BL	E				
2	Current Period Revenue and Expenses										Prior Period Revenue and Expenses													
3					% of Budget								% of Budget											
4	Mar 2022				Current YTD				FY 2021-2022				Mar 2021				Prior YTD				FY 2020-2021			
4	Actuals				Actuals				YTD				Actuals				Actuals				Budget			
5	Revenue																							
6	City Sales Taxes		\$	10,595	\$	57,491	61%	\$	95,000	7,451	\$	47,019	52%	\$	90,000									
7	Franchise Fees																							
8	Electric Franchise Fee		\$	4,953	59,126	90%	66,000	48,560	81%	60,000														
9	Gas Franchise Fee				-	0%	4,000	3,148	79%	4,000														
10	Telephone Franchise Fee			2	465	47%	1,000	533	53%	1,000														
11	Trash Service Franchise Fee			1,257	7,473	187%	4,000	2,172	54%	4,000														
12	Franchise Fees - Other				-		-																	
13	Total Franchise Fees			6,212	67,064	89%	75,000	3,148	79%	69,000														
14	Other Revenue																							
15	Interest Income				19		-		32	0%	-													
16	Miscellaneous Income			308	308		70		-	0%	-													
17	Total Other Revenue			308	327		70																	
18	Property Taxes																							
19	General Property Taxes			7,510	353,799	98%	361,206	3,469	211,272	99%	214,038													
20	Total Property Taxes			7,510	353,799	98%	361,206	3,469	211,272	99%	214,038													
21	Total Revenue from Administration			24,625	478,681	133%	531,276	14,068	312,736	84%	373,038													
22																								
23	Permit Fees																							
24	Building Permit Fees			17,703	35,785	108%	33,000	1,520	7,120	22%	33,000													
25	Health/Food Permit Fees				450	90%	500		-	0%	500													
26	Subdivision/Development Fees				1,570	3%	55,000		13,684	456%	3,000													
27	Septic Permit Fees			2,600	11,710	167%	7,000		570	9%	6,200													
28	Permit Fees - Other				-	0%	2,500		-	0%	2,500													
29	Total Permit Fees			20,303	49,515	51%	98,000	1,520	21,374	47%	45,200													
30																								
31	Code and Traffic Enforcement																							
32	Property Code Enforcement				-		-		-	0%	-													
33	Traffic Violations				-		-		-	0%	-													
34	Total Code and Traffic Enforcement				-		-		-	0%	-													
35																								

City of Nevada - General Fund
 2021-2022 Actual Vs. Budget Financial Report
 For the six months ended March 31, 2022

	B	C	D	E	R	A	AD	A	AF	A	AH	A	AV	B	BH	B	BJ	B	BL	B																																				
2	Current Period Revenue and Expenses										Prior Period Revenue and Expenses																																													
3					% of Budget								% of Budget																																											
36	Mar 2022 Actuals				Current YTD Actuals				FY 2021-2022 Budget				Mar 2021 Actuals				Prior YTD Actuals				FY 2020-2021 Budget																																			
36	Total Revenue from City Services				20,303				49,515				51%				98,000				1,520				21,374				0%				45,200																							
37																																																								
38	Total Revenue				44,928				528,195				84%				629,276				15,588				334,110				80%				418,238																							
39																																																								
40	Expenses																																																							
41	City Administration Expenses																																																							
42	City Council Expenses																																																							
43	Consultant Fees								-																																															
44	Council Meeting Supplies				21				21																																															
45	Dues and Memberships								39				7%				600				394				394				66%				600																							
46	Election Fees and Supplies				2,475				2,475				99%				2,500								1,500				25%				6,000																							
47	Legal Services								-																																															
48	Training/Seminars								-																																															
49	Total City Council Expenses				2,496				2,535				82%				3,100				394				1,894				29%				6,600																							
50																																																								
51	City Government Expenses																																																							
52	Accounting Services				3,849				12,586				63%				20,000				4,000				4,275																															
53	Advertising & Notices								-																				0%				500																							
54	Animal Control								1,562				0%				4,000																0%				4,000																			
55	Bond(s)								-																																															
56	Central Appraisal Dist budget								1,275				80%				1,600																				97%				1,500															
57	City Property Maintenance				370				1,295				17%				7,500				555				4,995				100%				5,000																							
58	Contingency								-				0%				1,225																				0%				1,225															
59	Contracted Services								2,750				138%				2,000																								0%				2,000											
60	Dues and Subscriptions								-																																				0%				3,000							
61	Electricity				862				5,319				53%				10,000																												44%				10,000							
62	Equipment and Furniture								1,164				155%				750				71				501				67%				750																							
63	Financial Audit				6,950				18,840				126%				15,000																												21%				7,500							
64	Insurance								2,100				84%				2,500																																0%				3,500			
65	Internet								384												1,462				2,073				259%				800																							
66	Legal Fees								17,300				48%				36,000				4,688				26,125				87%				30,000																							

City of Nevada - General Fund
 2021-2022 Actual Vs. Budget Financial Report
 For the six months ended March 31, 2022

	B	C	D	E	R	A	AD	A	AF	A	AH	A	AV	B	BH	B	BJ	B	BL	E
2	Current Period Revenue and Expenses										Prior Period Revenue and Expenses									
3																				
			Mar 2022 Actuals	Current YTD Actuals	% of Budget Current YTD	FY 2021-2022 Budget	Mar 2021 Actuals	Prior YTD Actuals	% of Budget Prior YTD	FY 2020-2021 Budget										
99		Signs		-	0%	2,000		-	- %	4,000										
100		Street Repairs		8,950	4%	226,291		44,770	40%	60,000										
101		Trim bushes/trees		-		-		-	0%	12,500										
102		Total Streets and Roads	-	8,950	4%	230,791	-	44,770	55%	81,500										
104		Inspections and P&D Expenses																		
105		Buidling Inspections	4,446	30,266	135%	22,500	16,574	18,934	189%	10,000										
106		Septic Inspections	1,800	3,800		-		-		-										
107		Health/Food Inspections	300	1,650	367%	450	300	300	15%	2,000										
108		Planning and Development	2,480	50,674	169%	30,000		-	0%	20,000										
109		Engineering Fees	1,895	27,941	93%	30,000	4,708	19,824	79%	25,000										
110		Other Inspections	535	535	5%	10,000		5,057	101%	5,000										
111		Total Inspections/P&D Expenses	11,456	114,866	124%	92,950	21,582	44,116	71%	62,000										
112																				
113		Municipal Court & Code Enforcement																		
114		Clean up of Properties		-	0%	2,000		-	0%	3,000										
115		Code Enforcement - Other		211	8%	2,500	317	317	13%	2,500										
116		Judge Fees		-	0%	1,000		-	0%	3,000										
117		Contract Fees		-	0%	1,000		-	0%	1,000										
118		Deputy/Police Services		-	0%	3,000		897	30%	3,000										
119		City Attorney Fees		-	0%	8,000		-	0%	8,000										
120		Mileage Reimbursement		-		-		-	0%	515										
121		Total Municipal Court Code Enf Exp	-	211	1%	17,500	317	1,213	6%	21,015										
123		Total City Expenses	35,340	287,346	46%	629,276	43,434	274,906	48%	572,300										
124																				
125		Surplus / (Deficit)	9,589	240,850		-	(27,845)	59,205		(154,062)										

City of Nevada - Economic Development Corporation
 2021-2022 Actual vs. Budget Financial Report
 For the six months ended March 31, 2022

	B	C	D	R	S	AD	A	AF	A	AH	AI	AV	A	BH	B	BJ	B	BL
2	<i>Current Period Revenue & Expenditures</i>									<i>Prior Period Revenue & Expenditures</i>								
3			Mar 2022	Current YTD	% of		FY 2021-2022	Mar 2021		Prior YTD	% of		FY 2020-2021					
5	Revenue		Actuals	Actuals	Budget		Budget	Actuals		Actuals	Budget		Budget					
6																		
7	City Sales Taxes		\$ 5,298	\$ 28,746			\$ -	\$ 3,725		\$ 23,508			\$ -					
8	Other Revenue			-			-			-								
9	Interest Income			4			-			11								
10	Total Revenue		5,298	28,751			-	3,725		23,520								
11				-			-			-								
12	Expenses		-	-			-	-		-								
13																		
14	Surplus / (Deficit)		5,298	28,751			\$ -	3,725		23,520			\$ -					

City of Nevada
 Bank Balance Report
 As of February 28, 2022

	A	B	C	D	E	F	G	H
1								
2								
3		Bank Account Balances		General Fund		EDC Fund		ARPA Special Fund
4								
5		Bank Account Balance as of 04/30/2022		\$998,350		\$292,578		\$155,733
6		Undeposited Funds		\$0		\$0		\$0
7		Pending Sales Tax Transfer - FY 2022		-\$11,302		\$11,302		
8		Working Balance		\$987,048		\$303,880		\$155,733