

Monday, April 21, 2025  
9:00 AM

City Hall Annex, 2nd Floor,  
Conference Room, 135 W.  
Ellison Street, Suite 109  
Burleson, TX 76028

1. **CALL TO ORDER**

2. **CITIZEN APPEARANCES**

Each person in attendance who desires to speak to the Committee on an item NOT posted on the agenda, shall speak during this section. A speaker card must be filled out and turned in to the City Secretary prior to addressing the Committee. Each speaker will be allowed three minutes to speak.

Each person in attendance who desires to speak on an item posted on the agenda shall speak when the item is called forward for consideration.

3. **GENERAL**

A. Consider and take possible action on the minutes from the March 5, 2025 Finance Committee meeting. *(Staff Contact: Monica Solko, Deputy City Secretary)*

4. **REPORTS AND PRESENTATION**

A. Receive a report, hold a discussion, and make possible recommendations regarding the City's use of procurement options and methods. *(Staff Contact: Richard Abernethy, Administrative Services Director)*

B. Receive a report, hold a discussion, and make possible recommendations regarding proposed amendments to City Council Policy #32, Financial Policy, and City Council Policy #41, Debt Management Policy. *(Staff Contact: Gloria Platt, Finance Director)*

C. Receive a report, hold a discussion, and make possible recommendations regarding the adoption of the property tax rate and annual operating budget for Fiscal Year 2025-2026, assuming a property tax rate that does not exceed the voter-approved rate. *(Staff Contact: Gloria Platt, Director of Finance)*

D. Receive a report, hold a discussion, and make possible recommendations regarding the February 2025 monthly financial and investment reports. *(Staff Contact: Gloria Platt, Director of Finance)*

5. **EXECUTIVE SESSION**

In accordance with Chapter 551 of the Texas Government Code, the Committee may convene in Executive Session in the City Council Workroom at City Hall to conduct a closed meeting to discuss any item listed on this agenda.

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**A. Pending or Contemplated Litigation or to Seek the Advice of the City Attorney  
Pursuant to Section 551.071**

**6. ADJOURN**

Staff Contact

Gloria Platt, CGFO, CPFIM  
Finance Department | Director of Finance  
Email: gplatt@burlesontx.com  
Phone: 817-426-9883

**CERTIFICATE**

I hereby certify that the above agenda was posted on this the 16th of April 2025, by 6:00 p.m., on the official bulletin board at the Burleson City Hall, 141 W. Renfro, Burleson, Texas.



Amanda Campos

City Secretary

**ACCESSIBILITY STATEMENT**

The Burleson City Hall Annex is wheelchair accessible. The entry ramp is located in the front of the building, accessible from Warren St. Accessible parking spaces are also available in the Warren St. parking lot. Sign interpretative services for meetings must be made 48 hours in advance of the meeting. Call the A.D.A. Coordinator at 817-426-9600, or TDD 1-800-735-2989.

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## Finance Committee

**DEPARTMENT:** City Secretary's Office  
**FROM:** Monica Solko, Deputy City Secretary  
**MEETING:** April 21, 2025

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**SUBJECT:**

Consider and take possible action on the minutes from the March 5, 2025 Finance Committee meeting. *(Staff Contact: Monica Solko, Deputy City Secretary)*

**SUMMARY:**

The Finance Committee duly and legally met on March 5, 2025 for a regular meeting.

**OPTIONS:**

- 1) Committee may approve the minutes as presented or approve with amendments.

**RECOMMENDATION:**

Approve.

**PRIOR ACTION/INPUT (Council, Boards, Citizens):**

N/A

**FISCAL IMPACT:**

N/A

**STAFF CONTACT:**

Monica Solko, TRMC  
Deputy City Secretary  
[msolko@burlesontx.com](mailto:msolko@burlesontx.com)  
817-426-9682

**FINANCE COUNCIL COMMITTEE**  
**MARCH 5, 2024**  
**DRAFT MINUTES**

Council present:

Dan McClendon  
 Larry Scott  
 Adam Russell, Chair

Council Absent:Staff present

Tommy Ludwig City Manager  
 Harlan Jefferson, Deputy City Manager  
 Eric Oscarson, Deputy City Manager  
 Monica Solko, Deputy City Secretary  
 Lisandra Leal, Assistant City Secretary

**1. CALL TO ORDER – Time: 9:00 am.**

Chair Adam Russell called the meeting to order. **Time: 9:08 a.m.**

**2. CITIZEN APPEARANCES**

- None.

**3. GENERAL**

**A. Minutes from the November 6, 2024 Finance Committee meeting. (Staff Contact: Monica Solko, Deputy City Secretary)**

Motion made by Dan McClendon and seconded by Larry Scott to approve.

Motion passed 3-0.

**4. REPORTS AND PRESENTATIONS**

**A. Receive a report and provide possible recommendations regarding the BTX-IT strategic plan and vision for 2022-2028. (Staff Contact: James Grommersch, Chief Technology Officer)**

James Grommersch, Chief Technology Officer, gave an update on the BTX IT Strategic Plan and Vision for 2022-2028 to the committee. Discussion included department overview, mission, vision, framework, guiding principles, cybersecurity, staffing, project management, challenges, equipment maintenance and replacement program and future growth.

After brief discussion and questions, the committee was happy with the presentation and requested an item be brought to the full council.



**B. Receive a report and provide possible recommendations regarding the Texas Municipal Retirement System (TMRS) and New Non-Retroactive Cost of Living Adjustment (COLA). (Staff Contact: Cheryl Marthijohni, Director of Human Resources)**

Cheryl Marthijohni, Director of Human Resources, introduced Anthony Mills, TMRS Director of Education Services at TMRS and Kenneth Oliver online to give the presentation on Texas Municipal Retirement System (TMRS) and new non-retroactive cost of living adjustment (COLA) to the committee.

New repeating COLA option available to cities (key provisions):

- To adopt the New COLA Option, a city must pass an ordinance and provide it to TMRS by December 31 for a January 1 effective date.
- Adopting the New COLA Option replaces any previous COLA and remains in effect until the city adopts any ordinance impacting COLAs.
- Because the New COLA Option is calculated based on the CPI-U during the year that ends 12 months before the COLA's effective date, each retiree will receive the same percentage increase to their monthly benefit. For example, if a city adopts a non-retroactive 50% repeating COLA effective January 1, 2024, each eligible retiree's benefit increase will be 3.23% (50% of 6.45% inflation during 2022).
- Cities can only use the New COLA Option to maintain or increase their COLA CPI-U percentage; they cannot decrease it.
- Cities that have a 70% retroactive repeating COLA as of January 1, 2023, can pass a new ordinance to maintain the 70% COLA with the non-retroactive calculation.
- The non-retroactive repeating 70% COLA will be slightly less expensive than the retroactive repeating 70% COLA.
- Future legislation being considered that may make this a "permanent" option for cities to consider.

Impact to Retirees, Employees and City:

Retirees/Employees:

- No plan design changes
- Monthly benefit **does not** reduce
- Continue providing annual increases to monthly benefit (70% CPI-U) - no benefit change
- Calculate COLA differently as a non-retro calculation vs. retro during the year that ends 12 months before the COLA's effective date, resulting in a decrease in the amount of COLA increase received.
- Each retiree will receive the same percentage increase to their monthly benefit regardless of the year retired.
- No plan design changes.

City:

- Continue funding retirement as we do today.

- The non-retro calculation is estimated to have recurring annual savings of \$189,000. This savings is recommended to be returned to the City's Unfunded Actuarial Liability for TMRS.
- No changes to the plan design.

Human Resources will be meeting with retirees, employees, then will come back to the committee before June or July to present the feedback received.

### **RECESS AND BACK TO ORDER**

Chair Adam Russell recessed for a short break at 10:40 a.m. and called the meeting back to order at 10:51 a.m. with all members present.

#### **C. Receive a report and provide possible recommendations regarding the fiscal year 2023-2024 Annual Comprehensive Financial Report (ACFR), Single Audit Report, and the Annual Audit. (Staff Contact: Gloria Platt, Director of Finance)**

Kevin Hennessey, Deputy Director of Finance, introduced Jackie Gonzalez, with Weaver, to present the fiscal year 2023-2024 Annual Comprehensive Financial Report (ACFR), single audit report and the annual audit to the committee.

There were no questions from the committee and requested an item be brought before to the full council.

#### **D. Receive a report and provide possible recommendations regarding the January 2025 monthly financial and investment reports. (Staff Contact: Gloria Platt, Director of Finance)**

Kevin Hennessey, Deputy Director of Finance, presented the January 2025 monthly financial and investment reports to the committee.

After brief discussion and questions, the committee was happy with the presentation.

### **5. REQUESTS FOR FUTURE AGENDA ITEMS OR REPORTS**

- None.

### **6. ADJOURN**

There being no further business Chair Adam Russell adjourned the meeting. **Time: 11:22 a.m.**

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Monica Solko  
Deputy City Secretary

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## Finance Committee

**DEPARTMENT:** Administrative Services

**FROM:** Richard Abernethy, Administrative Services Director

**MEETING:** April 21, 2025

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**SUBJECT:**

Receive a report, hold a discussion, and make possible recommendations regarding the City's use of procurement options and methods. (*Staff Contact: Richard Abernethy, Administrative Services Director*)

**SUMMARY:**

The Purchasing Division manages the City's procurement of goods and services in compliance with applicable laws and policies. This includes overseeing competitive solicitations, contract management, and ensuring regulatory compliance.

Over the past year, the Purchasing Division has been updating City policies and purchasing procedures while evaluating various procurement options and strategies to determine the most effective approaches for acquiring goods and services.

The attached presentation provides an overview of the division's activities, including the number and types of projects, procurement methods used, and an analysis of available purchasing options. It also highlights when these options have been utilized and their outcomes.

**RECOMMENDATION:**

N/A

**PRIOR ACTION/INPUT (Council, Boards, Citizens):**

N/A

**REFERENCE:**

N/A

**FISCAL IMPACT:**

N/A

**STAFF CONTACT:**

Name: Richard Abernethy  
Title: Administrative Services Director  
ravernethy@burlesontx.com  
817-426-9662

# PROCUREMENT OPTIONS

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CITY COUNCIL FINANCE COMMITTEE

APRIL 21, 2025

# Overview

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- Background
- Current Year Solicitations
- Procurement Options
  - Competitive Solicitations
  - Alternative Methods for Construction
  - Cooperative Contracts
- Advantages of Procurement Options
- Next Steps

# Background

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- On average, the Administrative Services Department's Purchasing Division facilitates 25 competitive solicitations annually.
  - Estimated to facilitate 30-35 this fiscal year.
- The City utilizes multiple options for procuring goods and services including competitive bids and cooperative contracts.
- The department continues to explore and evaluate the most effective options for procuring goods and services.

## FY 2024-2025 Solicitations

	Project	Solicitation Type	Solicitation Status	Department	Item A.
1	Summercrest Rehab	ITB	Complete	Capital Engineering	
2	Lift Station Rehabilitation	ITB	Complete	Development Engineering	
3	Sidewalk Program - Pleasant Manor	ITB	Complete	Capital Engineering	
4	Pool Chemicals (Rebid)	ITB	Complete	Parks	
5	Elk Drive Sidewalk Project	ITB	Complete	Capital Engineering	
6	Parks Monument Signs	ITB	Complete	Parks	
7	Newsletter Printing & Mailing Services	ITQ	Complete	Community Services	
8	HVAC Replacement	ITQ	Complete	Public Works	
9	Portable Toilets for City Events	ITQ	Complete	Parks	
10	Hydrant Installation	ITQ	Complete	Capital Engineering	
11	City Hall Renovation	CSP	Complete	Capital Engineering	
12	Industrial Pump Station	CSP	Draft	Capital Development	
13	Mosquito Management Services	RFP	Open	Public Works	
14	Sale of Real Property (114 W. Ellison)	RFP	Open	Economic Development	
15	Bluebird Meadows Drainage Improvements	ITB	Complete	Capital Engineering	
16	Nuisance Abatement Services	ITQ	Complete	Development Services	
17	Chisenhall Sports Complex Management	RFQ	Open	Parks	
18	Consulting Services for Indoor Sports Facility Project	RFQ	Open	Economic Development	
19	Animal Shelter Adoption Trailer	ITB	Open	Community Development	
20	Street Maintenance Program	ITB	Complete	Public Works	
21	Alsbury Intersection Improvements	ITB	Draft	Capital Engineering	
22	Alsbury Phase 2	ITB	Draft	Capital Engineering	
23	Offsite Records Storage	RFP	Research	City Secretary's Office	
24	8" Village Creek Water Line (High Country)	ITB	Draft	Capital Engineering	
25	Hooper Business Park Retention Pond	ITB	Draft	Development Services	
26	12" Waterline	ITB	Draft	Capital Engineering	
27	Old Town Parking (116 W. Main)	ITB	Draft	Capital Engineering	
28	Shannon Creek Park	RFP	Research	Parks & Recreation	



# Benefits of Competitive Solicitations

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- May result in ***best overall value*** when considering more than just lowest price
- Ensures compliance with Local Government Code regulations
- Offers a transparent process that promotes fairness and equality
- Open competition may offer new technology and better solutions
- Increases supplier engagement when the process is facilitated well, reducing risk

# Time & Cost Analysis of Competitive Solicitations

Civic Marketplace, a cooperative purchasing platform designed specifically for local governments by current and former local government professionals, indicates that a single procurement project requires an average of **87.1 personnel hours**.

The City of Dallas's Public Works Department indicated that by implementing a cooperative contracts, they improved efficiency by 66.7% ([Civic Marketplace](#))

TxShare, a cooperative purchasing program established by the North Central Texas Council of Governments (NCTCOG) notes that running a competitive bidding process often **exceeds 90 days**. To help streamline procurement, TxShare offers support to local governments with specification development and solicitation assistance.

Based on data from our online ticketing system, the City of Burleson Purchasing Division has prepared our own time and cost analysis.



# Choosing a Procurement Method

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Staff consider many factors when considering the most advantageous procurement method including:

1. **Legal & Statutory requirements**
  - Determine if the procurement is subject to specific regulations
2. **Estimated cost of the procurement**
  - What is the current market rate?
  - Are there other cities who have recently procured this good/service? What did they pay?
  - Is this good/service available on a cooperative? Is the rate comparable? Are there discounts or rebates offered?
3. **Nature and complexity of the purchase**
  - Assess whether the good or service is standard/off-the-shelf (ITB) or specialized/customized (RFP)
  - Consider technical complexity and project delivery needs
  - Will the award be based solely on price (sealed bid) or is it necessary to evaluate qualifications, experience or other factors (RFP, RFQ)?
4. **Timeline & urgency**
  - Is this considered an emergency purchase?
  - Will the procurement be impacted by long lead times, seasons, etc?
5. **Quality & performance considerations**
  - Are factors beyond price a top priority? Vendor qualifications, experience, product quality, etc.
6. **Internal capacity & resource availability**
  - What other projects are currently being managed by procurement staff?
  - Is this a high priority procurement for our organization?
  - Does the City have the internal capacity or need for outside consultants to manage the chosen method effectively?

# Exemptions to Competitive Solicitations

Procurement Exemption	Description	Examples
Cooperative Contracts	Contracts that have been competitively solicited by a purchasing cooperative and are available for use by other governmental entities.	<ul style="list-style-type: none"> <li>Sourcewell   O'Reilly Auto Parts</li> <li>Tx Smart Buy   Library Books</li> <li>BuyBoard   M-Pak</li> </ul>
Interlocal Agreements	Formal agreements between two or more governmental entities to share resources or services. One entity may use another's existing contract (often called "piggybacking") if it includes proper documentation and approval.	<ul style="list-style-type: none"> <li>DataProse   Utility Billing   City of Plano</li> <li>Stripe-A-Zone   Pavement Marking   City of Grand Prairie</li> <li>DiVal-Hoyt   SCBA Equipment   City of Frisco</li> </ul>
Sole Source	Items that are available from only one source because of patents, copyrights, secret processes, or national monopolies; requires documentation.	<ul style="list-style-type: none"> <li>Pressure Pave   Patented high-performance resurfacing system</li> <li>Asterra   Patented satellite leak detection technology</li> <li>ASAP   EMS Mule</li> </ul>
Protecting Public Health/Safety	Purchases necessary to preserve or protect the public health or safety of the municipality's residents.	<ul style="list-style-type: none"> <li>Mosquito abatement services</li> </ul>
Unforeseen Damage to Public Machinery, equipment, or other property	Emergency or natural disaster circumstances	
Personal Services	Services delivered directly by the contracted individual, with payment mainly for their personal labor.	<ul style="list-style-type: none"> <li>Plaza A/V Services</li> <li>Project U Event Planning Services</li> </ul>
Professional Services	Services that are primarily intellectual rather than manual, requiring advanced knowledge, skill, and expertise—such as those provided by architects, attorneys, and accountants.	<ul style="list-style-type: none"> <li>Architectural Design</li> <li>Geotechnical Services</li> </ul>

# Current Cooperative and Interlocal Partners

Interlocal Agreements
Cleburne
Denton
Frisco
Fort Worth
Grand Prairie
Hurst
McKinney
Midlothian
North Richland Hills
Southlake
Waxahachie
Johnson County
Tarrant County

Purchasing Cooperative Agreements	
BuyBoard	Choice Partners
Department of Information Resources (DIR)	Equalis Group
General Services Administration (GSA)	Houston-Galveston Area Council (HGAC)
NASPO Value Point	North Central Texas Council of Governments (NCTGOG)
TxShare	NPPgov
Omnia Partners	Purchasing Cooperative of America (PCA)
Sourcewell	Texas Smartbuy
TIPS	

# Cost Comparison

## Current Market Value vs Cooperative Contract Pricing Examples

Market Value	Cooperative Contract
<b>Bobcat</b> <b>Hydraulic Breaker Attachment/Parts</b> <b>\$15,307.00 MSRP</b>	<b>Bobcat</b> <b>BuyBoard Contract #685-22</b> <b>\$12,110.32</b>
<b>Savings: \$3,196.68</b> 24% discount off MSRP	

Market Value	Cooperative Contract
<b>M-Pak</b> <b>Police Uniforms &amp; Duty Gear</b> <b>\$90,000 in items at list price</b>	<b>M-Pak</b> <b>BuyBoard Contract #698-23</b> <b>\$72,000 annual contract</b>
<b>Savings: \$18,000 annually</b> 24% discount off list price	

# Alternative Methods for Construction

Item A.

Procurement Method	Definition	Example Project Use Cases	City Example Project Use Cases	City of Burleson Past Projects
Best-Value Competitive Bidding	<p>Evaluates price along with additional factors such as contractor experience, project approach, past performance, and timeline to determine the best overall value rather than just the lowest bid.</p> <p>Safety record may also be considered but requires adoption of written definition by the governing body.</p>	Infrastructure improvements, road reconstruction, complex municipal facility renovations, technology system installations where both cost and quality are critical.	City of Southlake solicited for bids based on best value for their Water Distribution System Improvements (2023)	All Invitation to Bid (ITB) documents have 'best value' language built in. We are evaluating how to make this language more robust & when to include evaluation criteria in these documents.
Competitive Sealed Proposals	Evaluates price and other factors like qualifications and experience; allows negotiation	Construction of a new municipal building, technology system upgrades, complex construction renovations	<p>City of Fort Worth issued proposals for a municipal complex renovation project (2024)</p> <p>City of Grapevine issued proposals for a public safety renovation (2024)</p>	<p>City Hall Renovation (2025)</p> <p>Industrial Pump Station (2025)</p> <p>West Side Lift Station (2024)</p> <p>Fire Station 1 Renovation (2024)</p>
Construction Manager-Agent (CMA)	An agent oversees the project for the owner, with subcontractors bid separately	Renovations requiring owner oversight without a general contractor, multiple-phased capital improvement projects	Plano used CMA for a phased renovation of city facilities (2024).	No solicitations leveraging this method to date
Construction Manager-at-Risk (CMAR)	A contractor acts as both manager and constructor, guaranteeing a maximum price – Architecture/Design engagement required before soliciting for a CMAR	Building a new fire station or library, large-scale facility construction	City of Allen used the CMAR method for their library expansion project (2024)	BRiCK Renovation (2024) Police Department Building (2025)
Design-Build	Combines design and construction into one contract with a single entity. Cities must hire an independent engineer or architect to protect their interests during execution.	Building recreational facilities, new municipal utility plants, libraries, fire & police stations	<p>Rockwall County Annex (2023)</p> <p>City of Kyle Park Restrooms (2023)</p>	Municipal Court (2016)
Job Order Contracting (JOC)	Contracts for small, recurring projects with fixed unit prices for various construction tasks	Repairs to HVAC systems in multiple city buildings, minor renovations across facilities	City of Mansfield used a JOC for routine municipal building maintenance (2024)	Actively seeking ways to leverage this method

# Advantages of Procurement Options

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- Alternative Construction Methods

- Allows the City to utilize various methods where feasible and practical.
- Can help expedite projects in certain cases and be more cost effective.
- Helps evaluate best value services.

- Cooperative Contracts

- Allows the City to leverage discounts and rebates that offered through purchasing cooperative programs.
- Allows the City to participate on larger procurements that have better pricing by taking advantage of a larger entities buying power.
- Can expedite the purchase of goods and services that are critical.
- Can save time and money in staff resources.
- Interlocal Agreements allow the City to get good pricing and utilize local and regional vendors.



# Next Steps

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- Continue procuring goods and services through the competitive bid process and using best value where applicable and feasible.
  - Conduct local outreach efforts.
- Utilize alternative construction methods on capital projects where feasible and are the most advantageous to the City.
- Continue to utilize cooperative contracts where they are most advantageous for the City.
  - Shop Coops/conduct price comparisons.
  - Utilize lead agency model.
- Expand the use of Interlocal Agreements to take advantage of larger entities buying power and leverage local and regional vendors.

# Questions

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## Finance Committee

**DEPARTMENT:** Finance

**FROM:** Gloria Platt, Finance Director

**MEETING:** January 1, 2025

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**SUBJECT:**

Receive a report, hold a discussion, and make possible recommendations regarding proposed amendments to City Council Policy #32, Financial Policy, and City Council Policy #41, Debt Management Policy. (Staff Contact: Gloria Platt, Finance Director)

**SUMMARY:**

In July 2023, the City Council adopted the Financial Policy (#32) and Debt Management Policy (#41), to which staff is proposing several amendments. The purpose of these amendments is to reflect current practices, improve clarity, align with legal and regulatory requirements, and strengthen internal controls. The Financial Policy (#32) and Debt Management Policy (#41) serve as foundational documents that guide the City's financial planning, reporting, and debt issuance strategies. The staff has conducted a comprehensive review and incorporated revisions. A summary of the proposed amendments can be found below.

**FINANCIAL POLICY – KEY AMENDMENTS:**

- **Finance Committee:** The meeting frequency was changed to at least four times per year, and Financial Report review was added as a formal responsibility.
- **Legal Compliance:** Updated statutory references related to *auditor qualifications*, *auditor repute*, and *prompt payment* for accuracy.
- **Budget Adoption:** This includes a clarification that if a tax rate is not adopted by September 30, the no-new-revenue rate is deemed adopted as per State Law.
- **Financial Reporting:** The 10 business days' deadline for departmental reports has been removed; the City Council will receive summaries within 30 days of each month's end (30 days for the first quarter).
- **Property Tax Revenues:** Clarified that property will be valued at *fair market value* based on appraisal districts' current-year values.
- **PILOT Calculation:** Based on *total assets* using the most recent audit and tax rate from the same fiscal year.
- **Electronic Transfers:** Replaced "wire transfers" terminology to electronic transfers throughout the policy to include *ACH and bank transfers*; eliminated outdated attachments and delegated authorization oversight to the *Director of Finance*.

- **Debt Service Fund Reserves:** Revised to reflect a *\$1 million reserve target* for General Obligation Debt Service Funds.

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## DEBT MANAGEMENT POLICY – KEY AMENDMENTS:

- **Purpose Statement Expanded:** More explicitly outlines objectives including IRS compliance, maintaining bond ratings, and minimizing borrowing costs.
- **Scope Clarified:** Applies to *all types of City-issued debt* regardless of revenue source.
- **Debt Structuring Guidelines Added:** Prioritizes rapid principal repayment, stability in annual payments, and matching debt term with asset life.
- **Interest Rate Types:** While the City primarily uses *fixed rate bonds*, it may consider *variable rate instruments* with Council approval.
- **Sale Methods Defined:** Details the conditions under which the City may pursue *competitive sales, negotiated sales, or private placements*.
- **Credit Rating Policy Added:** This commits to *timely disclosure*, maintaining good relationships with rating agencies, and obtaining at least one public rating per issuance.
- **Continuing Disclosure:** Formalizes compliance with *SEC Rule 15c2-12* and the City's obligation to report through EMMA.
- **Selection of Financial Advisor and Bond Counsel:** Clarifies *qualifications, roles, and independence* in accordance with MSRB standards.
- **Debt Ratios Updated:** Includes policy targets such as *Net Debt Per Capita* goal of \$3,000 or less, Net Debt to Assessed Value of 3% or less, and Debt Service Tax Rate of 35% or less.

## RECOMMENDATION:

Review and discuss the recommended policy changes and provide staff with feedback and direction on the proposed amendments.

## PRIOR ACTION/INPUT (Council, Boards, Citizens):

On July 10, 2023, the City Council revised the Financial Policy (#32) and adopted the Debt Management Policy (#41).

## REFERENCE:

N/A

## FISCAL IMPACT:

Proposed Expenditure/Revenue: N/A

Account Number(s): N/A

Fund: N/A

Account Description: N/A

**STAFF CONTACT:**

Gloria Platt  
Finance Director  
[gplatt@burlesontx.com](mailto:gplatt@burlesontx.com)  
817-426-9658

# Debt and Financial Policies Updates Summary of Major Changes

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CITY COUNCIL FINANCE COMMITTEE

APRIL 21, 2025

# FINANCIAL POLICY – KEY AMENDMENTS

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- Finance Committee
- Legal Compliance
- Budget Adoption
- Financial Reporting
- Property Tax Revenues
- PILOT Calculation
- Electronic Transfers
- Debt Service Fund Reserves

# DEBT POLICY – KEY AMENDMENTS

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- **Purpose Statement Expanded**
- **Scope Clarified**
- **Debt Structuring Guidelines Added**
- **Interest Rate Types**
- **Sale Methods Defined**
- **Credit Rating Practice Defined**
- **Continuing Disclosure**
- **Selection of Financial Advisor and Bond Counsel**
- **Debt Ratios Updated**



# Financial Policy Updates

## Summary of Major Changes

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- Changed meeting requirements for the Finance Committee from quarterly to at least four times a year and added Finance Report review (audit) as a function of the committee.
- Corrected State law references for Auditors Qualifications, Auditors' Repute, and Prompt Payment sections
- Under filing and adoption of the Operating Budget added the following sentence: **If a tax rate is not adopted by September 30, the no-new-revenue rate is deemed to be adopted in accordance with State Law.**

# Financial Policy Updates Continued

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- Reporting Section changed as follows:
- Summary financial reports will be presented to the departments ~~within 10 business days~~. City Council will receive a ~~quarterly~~ financial summary of key funds within 30 ~~to 45~~ days after the end of each ~~quarterly period (December, March, June and September)~~. month with the exception of the first quarter of the fiscal year. The report will be provided within 30 days after the first quarter of the fiscal year.

# Financial Policy Updates Continued

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- Property Tax Revenues changed as follows: All real and business personal property located within the City shall be valued at ~~100% of the~~ fair market value for any given year based on the current appraisal supplied to the City by the ~~Johnson County~~ Central Appraisal District of Johnson County and Tarrant ~~County~~ Appraisal District.

# Financial Policy Updates Continued

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- Payment in Lieu of Taxes changes as follows:

A fee will be charged to the Utility Fund to equate to property taxes lost due to municipal ownership. ~~Net book value~~ Total Assets from the most recent audited financials will be used as a basis, barring the absence of known market value. The ~~existing~~ tax rate from the same fiscal year as the most recent audited financials will be applied to this base to determine the PILOT charge.

- Changed wire transfers to electronic transfers throughout policy to include ACH transfers and bank transfers.
- General Obligation Debt Service Funds has been changed as follows:

General Obligation Debt Service Funds will ~~not~~ have ~~reserves~~ a reserve of approximately \$1,000,000. The policy above does not ~~preclude~~ include the debt service reserves normally established to market revenue bonds.

# Financial Policy Updates Continued

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- AUTHORIZATION OF INVESTMENTS AND PAYMENTS changed as follows:. Two signatures are required to conduct business on behalf of the City of Burleson, Texas. Both the City Manager and the Director of Finance, or their designee(s), are hereby authorized to approve investments and payments for the City.
- AUTHORIZATION OF ELECTRONIC TRANSFERS BY THE CITY changed as follows: In general, electronic transfer responsibilities and processes are set by the Director of Finance in accordance with banking resolutions adopted by the City Council and the Investment Policy. Processes will require two individuals assigned by the Director of Finance to separate the duties of initiating a transaction and approval of a transaction.
- Based on the changed two sections, Attachments A through D allowing wire transfer authorization, safekeeping agents, investments and paying agents have been removed. They will be handled administratively by the Director of Finance.

# Debt Policy Updates

## Summary of Major Changes

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### Added to Purpose:

The City of Burleson recognizes that the foundation of any well-managed debt program is a comprehensive debt management and post issuance policy outlining the parameters for issuing new debt and managing the existing debt portfolio; identifying the types and amounts of permissible debt; providing guidance to decision makers regarding the purposes for which debt may be issued; and verifying that the IRS regulations regarding post issuance compliance are met to preserve the tax-exempt status of the City's bonds.

Adherence to a debt management policy helps ensure that the City maintains the current or an improved bond rating in order to minimize borrowing costs and preserve access to credit.

## Debt Policy Updates- Added to Policy Statement

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This Policy applies to all debt instruments issued by the City regardless of the funding source. Funding sources can be derived from, and debt secured by ad valorem taxes, general City revenues, enterprise fund revenues or any other identifiable source of revenue that may be identified for appropriate pledging for bonded indebtedness.

# Debt Policy Updates – Added to Debt Structure

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Debt service shall be structured to the greatest extent possible to:

1. Target projected cash flows and pledged revenues;
2. Minimize the impact on future tax levies;
3. Target a consistent and as rapid as feasible payment of principal;
4. Maintain a level overall annual debt service payment structure; and
5. Target the equal or the lesser of the useful life of the asset being financed.

## FIXED INTEREST VERSUS VARIABLE INTEREST

The City generally issues fixed-rate bonds primarily to protect itself against interest rate risk. However, the city has the option to issue variable-rate bonds if market conditions warrant and the Council approves them.



# Debt Policy Updates – Methods of Sale

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## **A. Competitive Sale**

In a competitive sale, bonds are awarded in a sealed bid sale to an underwriter or syndicate of underwriters that provides the lowest TIC bid. TIC is defined as the rate, which will discount the aggregate amount of debt service payable over the life of the bond issue to its present value on the date of delivery. It is customary for bids to be submitted electronically through a secure website.

## **B. Negotiated Sale**

In a negotiated sale, the City chooses an underwriter or underwriting syndicate that is interested in reoffering a particular series of bonds to investors. The terms of the sale, including the size of the underwriter's discount, date of sale, and other factors, are negotiated between the two parties. Although the method of sale is termed negotiated, individual components of the sale may be competitively bid. The components are subject to a market analysis and reviewed prior to recommendation by staff. Negotiated sales are more advantageous when flexibility in the sale date is needed or when less conventional bond structures are being sold. Negotiated sales are also often used when the issue is particularly large or if the sale of the debt issuance would be perceived to be more successful with pre-marketing efforts.

# Debt Policy Updates – Methods of Sale

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## **C. Private Placement**

A private placement is a negotiated sale of debt securities to a limited number of selected investors including financial institutions, government agencies, or authorities. The City may engage a placement agent to identify likely investors if deemed necessary. A private placement may be beneficial when the issue size is small, when the security of the bonds is somewhat weaker, or when a governmental lending agency or authority can provide beneficial interest rates or terms compared to financing in the public market.

# Debt Policy Updates – Methods of Sale

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The City's debt obligations may be sold by competitive sale, negotiated sale or private placement methods. The selected method of sale depends upon the option which is expected to result in the lowest cost and most favorable terms to the City given the financial structure used, market conditions, and prior experience. When considering the method of sale, the City Council may consider the following issues:

1. Financial conditions;
2. Market conditions;
3. Transaction-specific conditions;
4. City-related conditions;
5. Risks associated with each method;
6. Complexity of the Issue;
7. Volatility of Bond Yields;
8. Familiarity of Underwriters with the City's Credit Quality;
9. Size of the Issue

# Debt Policy Update - Ratings

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Adherence to a debt management policy helps ensure that the City maintains the current or an improved bond rating in order to minimize borrowing costs and preserve access to credit. Toward that end, the City will take the following steps.

1. Strive to maintain good relationships with bond rating agencies as well as disclose financial reports and information to these agencies and to the public.
2. Obtain a rating from at least one nationally recognized bond-rating agency on all issues being sold in the public market.
3. Make timely disclosure of annual financial information or other requested information to the rating agencies.

# Debt Policy Update – Continuing Disclosure

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The City will take all appropriate steps to comply with federal securities laws, including, but not limited to, Securities and Exchange Commission ("SEC") Rule 15c2 -12 the ("Rule"). The City will make annual and event disclosure filings to the MSRB via EMMA as required by the Rule and its continuing disclosure undertakings.

# Debt Policy Update – Selection of Financial Advisor

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The City shall retain an independent financial advisor for advice on the structuring of new debt, financial analysis of various options, including refunding opportunities, the rating review process, the marketing and marketability of City debt obligations, issuance and post-issuance services, the preparation of offering documents (each, an "Official Statement") and other services, as necessary. The City will seek the advice of the financial advisor on an ongoing basis. The financial advisor will perform other services as defined by the agreement approved by the City Council. The financial advisor will not bid on nor underwrite any City debt issues in accordance with MSRB rules.

# Debt Policy Update – Selection of Bond Counsel

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The City shall retain bond counsel for legal and procedural advice on all debt issues. Bond counsel shall advise the City Council in all matters pertaining to its bond ordinance(s) and /or resolution(s). No action shall be taken with respect to any obligation until a written instrument (e.g., Certificate Ordinance or other legal instrument) has been prepared by the bond attorneys certifying the legality of the proposal. The bond attorneys shall prepare all ordinances and other legal instruments required for the execution and sale of any bonds issued which shall then be reviewed by the City Attorney and the Director of Finance. The City will also seek the advice of bond counsel on all other types of debt and on any other questions involving state law and federal tax or arbitrage law. Special counsel may be retained to protect the City's interest in complex negotiations.

# Current and Additional Debt Ratios

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**Net Debt Per Capita** – The City shall strive to maintain the current Net Debt per Capita at or below \$3,000. (Existing)

**Net Debt to Assessed Value** – The City shall strive to maintain a ratio of Net Debt to Assessed Value of properties in the City at or below three percent (3%). (Existing)

**Debt Service Tax Rate** – The City will target a debt service tax rate the makes up 35% or less of the City's total property tax rate. (New Debt Ratio)



# Debt Ratios (Actuals)

## DEBTRATIOS

Fiscal Year Ended	Estimated Population	Taxable Assessed Value	Net Tax-Supported Debt Outstanding	Ratio of Net Debt to Assessed Valuation	Net Tax-Supported Debt Per Capita
2020	47,641	\$ 4,393,345,069	\$66,973,129	<b>1.52%</b>	<b>\$ 1,406</b>
2021	47,730	4,707,770,267	59,462,359	<b>1.26%</b>	<b>1,246</b>
2022	50,210	5,063,981,931	55,917,367	<b>1.10%</b>	<b>1,114</b>
2023	51,715	6,041,667,211	60,890,626	<b>1.01%</b>	<b>1,177</b>
2024	53,501	6,339,701,821	69,368,236	<b>1.09%</b>	<b>1,297</b>

## DEBT SERVICE TAX RATE PERCENTAGE

Fiscal Year Ended	Debt Service Tax Rate	M&O Tax Rate	Total Tax Rate	Debt as Percent of Total Tax Rate
2020	0.2094	0.5106	0.7200	<b>29.1%</b>
2021	0.1924	0.5187	0.7111	<b>27.1%</b>
2022	0.1885	0.4974	0.6859	<b>27.5%</b>
2023	0.1923	0.4649	0.6572	<b>29.3%</b>
2024	0.1923	0.4402	0.6325	<b>30.4%</b>
2025	0.1923	0.4704	0.6627	<b>29.0%</b>

# QUESTIONS

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# City of Burleson, Texas

## FINANCIAL POLICY STATEMENTS

Revised ~~7/10/2023~~

Draft 4/16/2025

### I. STATEMENT OF PURPOSE

The intent of the Financial ~~Policy and Financial Management~~ Policy is to enable the City to achieve a long-term stable and positive financial condition. The guiding principles of the City's financial management include integrity, prudent stewardship, planning, accountability, and full disclosure.

The more specific purpose is to provide guidelines to ~~Management~~management in planning and directing the City's finances and in developing recommendations to City Council.

The scope of the financial policies ~~include~~includes the City's investment, debt and continuing disclosure policies covering areas such as accounting, auditing, financial reporting, internal controls, operating and capital budgeting, revenue management, cash and investment management, expenditure control, debt management, and planning concepts, in order to:

- a. present fairly and with full disclosure the financial position and results of financial operations of the City in conformity to generally accepted accounting principles (GAAP) as set forth by the governmental accounting standards board (GASB), and
- b. determine and demonstrate compliance with finance related legal and contractual issues in accordance with provisions of the Texas Local Government Code and other pertinent legal documents and mandates.

### II. GENERAL IMPLEMENTATION AND COMPLIANCE GUIDELINES

- A. FINANCE COMMITTEE. ~~The Finance Committee, the City Manager, and the Finance Director shall be designated as the Finance Committee.~~ The committee will meet at least ~~quarterly~~four times a year. The committee will report to the City Council ~~on the next~~at a Regular City Council meeting. The function of the committee will be:

- 1) Fiscal policy review
- 2) Auditor selection recommendation
- 3) Investment and Debt policy review and guidance
- 4) Long-range planning
- 5) Financial Report review

- B. ANNUAL REVIEW. Based upon the results and recommendations of the Finance Committee review, the Council will annually approve the fiscal policies.
- C. IMPLEMENTATION, COMPLIANCE, ACCOUNTABILITY AND REVIEW. The Finance Director will be responsible for implementing these policies and will, to the best of his or her knowledge, make the City Manager, Finance Committee and the City Council aware of any variances in practice from these policies or any other deviation from prudent financial practices in accordance with GAAP, the ~~city charter~~City Charter, state laws and/or ethics of the profession.

### III.- ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

- A. ACCOUNTING. The City is solely responsible for the reporting of its financial affairs, both internally and externally. The City Manager is the City's Chief ~~Fiscal~~Administrative Officer and the head of the administrative branch of the City government. The City Manager may delegate some or all of the financial ~~administration~~administrative duties but ~~will~~shall maintain supervisory authority over all functions as specified in the City's Charter Article VII, Section 68.
- B. AUDITING. An independent certified public accounting (CPA) firm will perform annual financial audits.
  - 1) Qualifications of the Auditor. In conformance with the City's Charter and according to the provisions of Texas Local Government Code, ~~Title 4,~~ Chapter 103, the City will be audited annually by outside independent accountants. ("auditor").
  - 2) Auditor Repute. The auditor must be a CPA firm of good reputation and must demonstrate that it has the breadth and depth of staff to conduct the City's audit in accordance with generally accepted auditing standards and contractual requirements. The auditor must be registered as a partnership or corporation or certified public accountants, ~~holding a license under Article 41a-1, Section 9, of the Civil Statutes of Texas~~, capable of demonstrating that it has sufficient staff which will enable it to conduct the City's audit in accordance with generally accepted auditing standards as required by the City Charter and applicable state and federal laws.
  - 3) Timing. The auditor's report on the City's financial statements will be completed within 180 days of the City's fiscal year end.
  - 4) Management Letter. The independent CPA firm shall provide a management letter, if one is issued, no later than March 31 following the end of each fiscal year. The auditor will prepare and will review the management letter with Management and the Finance Committee. The Finance Director shall respond in writing to the City Manager and City Council regarding the auditor's

management letter, addressing the issues contained therein. The Council shall schedule its formal acceptance of the auditor's report upon the resolution of any issues resulting from the review.

- 5) Responsibility of Auditor to City Council. The auditor is accountable to the City Council and will have access to direct communication with the City Council if the City Staff is unresponsive to auditor recommendations or if the Auditor considers such communication necessary to fulfill its legal and professional responsibilities.
- 6) Rotation of Auditor. The City will not require an auditor rotation, but will circulate requests for ~~proposal~~proposals for audit services at least every five years. Should the City Council be dissatisfied with the auditor's performance, it may request new proposals at any time. Year-to-year authorization to continue shall be done by July 1st of each year.

#### C. FINANCIAL REPORTING.

##### 1) External Reporting.

- a. Scope. The Annual Comprehensive Financial Report shall be prepared in accordance with generally accepted accounting principles (GAAP).
- b. Timing. The Report shall be presented to the Council within 180 calendar days of the City's fiscal year end. If City staffing limitations preclude such timely reporting, the Finance Director will inform the City Council of the delay and the reasons thereof.
- c. Awards. The Report shall be presented annually to the Government Finance Officer's Association (GFOA) for evaluation and consideration for the Certificate of Achievement for Excellence in Financial Reporting.

##### 2) Internal Reporting.

The Finance Department will prepare internal financial reports, sufficient to plan, monitor, and control the City's financial affairs. Internal financial reporting objectives are addressed throughout these policies.

#### IV. OPERATING BUDGET.

- A. PREPARATION. Budgeting is an essential element of the financial planning, control, and evaluation process of municipal government. The City's "operating budget" is the City's annual financial operating plan. The scope of the budget includes all funds for which the City will adopt a formal budget, including Government Funds and Proprietary Funds.

- 1) Budgetary Process. The budget is prepared by the City Manager or his/her designee with the cooperation of all City Departments. The proposed budget should be presented to the City Council between 60 and 90 days prior to the fiscal year end, and should be enacted by the City Council prior to fiscal year end in accordance with the Charter.
- 2) Awards. If feasible, the operating budget will be submitted to the GFOA annually for evaluation and consideration for the Award for Distinguished Budget Presentation.
- 3) Basis of Budgeting. The basis of budgeting will be the same as the basis of accounting; that is, that budgets for the General Fund and the Special Revenue Funds are prepared on the modified accrual basis of accounting, and budgets for the Utility (Proprietary) Funds are prepared on a full accrual basis, except that capital purchases and depreciation are not adjusted until year-end financial reporting.
- 4) Financial Forecast. A five-year financial forecast shall be prepared annually, projecting revenues and expenditures for all operating and capital funds. This forecast shall be used as a planning tool in developing the following year's operating budget.
- 5) Proposed Budget Format. A proposed budget shall be prepared by the City Manager with the participation of all of the City's Department Directors, within the provisions of the City Charter. The budget shall include at least four basic segments for review and evaluation. These segments are: (1) personnel costs, (2) operations and maintenance costs, (3) capital and other (non-capital) project costs, and (4) revenues. A four-column format should be used such that prior year actual, current year budget and revised, and next year proposed are all clearly shown.
- 6) Council Participation. The budget review process shall include Council participation in the development of each of the four segments of the proposed budget and a Public Hearing to allow for citizen participation in the budget preparation. The budget process shall span sufficient time to address policy and fiscal issues by the Council. The budget process will be coordinated so as to identify major policy issues for City Council consideration prior to the budget approval date so that proper decision analysis can be made.
- 7) Filing and Adoption. Upon the presentation of a proposed budget document acceptable to the Council, the Council shall call and publicize a public hearing and adopt by Ordinance such budget as the City's Official Budget, effective for the fiscal year beginning. A copy of the proposed budget shall be filed with the City Secretary in accordance with the provisions of the City Charter. Should the Council fail to take final action on or before the last day of the fiscal year, the

budget as submitted by the City Manager shall be deemed to have been finally adopted by the City Council. If a tax rate is not adopted by September 30, the no-new-revenue rate is deemed to be adopted in accordance with State Law.

- 8) Amending the Official Budget. The council may amend the budget for municipal purposes in accordance with state law.
  - 9) Encumbrances. Encumbrances outstanding at the end of each fiscal year shall be reflected as reservations of fund balance. Subsequent year's payments on previously encumbered funds will be reflected as expenditures in the current year. For Encumbrances that are brought forward from the previous year, budgets will be adjusted by the encumbered amount in the current year.
- B. BALANCED BUDGET. The operating budget will be balanced with current revenues and other resources greater than or equal to current expenditures/expenses. Use of beginning balances and other reserves to balance operations will be discussed with the City Council during the budget process.
- C. REPORTING. Monthly financial reports will be prepared to enable the Department Managers to manage their budgets and to enable the Finance Director to monitor and control the budget as authorized by the City Manager. Summary financial reports will be presented to the departments ~~within 10 business days.~~ City Council will receive a ~~quarterly~~ financial summary of key funds within 30 ~~to 45~~ days after the end of each ~~quarterly period (December, March, June and September)~~ month with the exception of the first quarter of the fiscal year. The report will be provided within 30 days after the first quarter of the fiscal year.
- D. ACTIVITY INDICATORS AND STATISTICS. Where appropriate, activity indicators and statistics will be used as guidelines and reviewed for efficiency and effectiveness. This information will be considered in the annual budgeting process and reported to the City Council regularly.
- E. OPERATING POSITION. The guidelines that the City should be following to assure fiscal stability are those outlined in Financial Condition/ Reserves/Stability Ratios ~~(IX.A. through F.)~~.
- V. REVENUE MANAGEMENT.
- A. The City will strive for the following optimum characteristics in its revenue system:
- 1) SIMPLICITY. The City, where possible and without sacrificing accuracy, will strive to keep the revenue system simple in order to reduce compliance costs and to make it more understandable to the taxpayer or service recipient. The City will avoid nuisance taxes or charges as revenue ~~sources~~ sources.

- 2) CERTAINTY. A knowledge and understanding of revenue sources ~~increases~~increase the reliability of the revenue system. The City will understand its revenue sources and enact consistent collection policies to provide assurances that the revenue base will materialize according to budgets and plans.
  - 3) EQUITY. The City shall make every effort to maintain~~;~~ equity in its revenue system structure~~;~~ i.e., the City shall seek to minimize or eliminate all forms of subsidy between entities, funds, services, utilities, and customers. The City shall require that there be a balance in the revenue system~~;~~ i.e., the revenue base will have the characteristic of fairness and neutrality as it applies to cost of service, willingness to pay, and ability to pay.
  - 4) ADMINISTRATION. The benefits of a revenue will generally exceed the cost of collecting and administering the revenue program. The cost of collection will be reviewed ~~annually~~periodically for cost effectiveness as a part of the indirect cost and cost of services analysis. Where appropriate, the City will use the administrative processes of State or Federal collection agencies in order to reduce administrative costs.
  - 5) DIVERSIFICATION AND STABILITY. In order to protect from fluctuations in ~~a~~ revenue ~~sources~~sources due to changes in the economy and variations in weather, a diversified revenue system will be maintained to provide stability.
  - 6) GRANTS AND RESTRICTED REVENUES. In order to maintain flexibility in the revenue system, grants and restricted revenues shall be pursued on a cost-benefit basis. All grants and other federal/state, and restricted funds shall be managed and accounted for to comply with the laws, regulations, and guidance of the grantor.
- B. The following considerations and issues will guide the City in its revenue policies concerning specific sources of funds:
- 1) COST/BENEFIT OF ABATEMENT. The City will use due caution in the analysis of any tax or fee incentives that are used to encourage development. Ideally, a cost/benefit (fiscal impact) analysis will be performed as a part of such caution.
  - 2) NON-RECURRING REVENUES. One-time or non-recurring revenues will not be used to finance current ongoing operations. Non-recurring revenues should be used only for one-time expenditures such as long-lived capital needs.
  - 3) PROPERTY TAX REVENUES. All real and business personal property located within the City shall be valued at ~~100% of the~~ fair market value for any given year based on the current appraisal supplied to the City by the ~~Johnson County~~ Central Appraisal District of Johnson County and Tarrant ~~County~~ Appraisal



District. Total taxable valuation will be reappraised and reassessed in accordance with State statute, in order to maintain current market values.

3) A 98% collection rate shall serve each year as a goal for tax collections. All taxes shall be aggressively pursued each year by the City's appointed tax assessor/collector. Tax accounts delinquent July 1st shall be submitted for collection each year to an attorney selected by the City Council. A penalty shall be assessed on all property taxes delinquent in accordance with State law and shall include all court costs, as well as an amount for compensation of the attorney as permitted by State law and in accordance with the attorney's contract with the City. Annual performance criteria will be developed for the attorney.

- 4) INTEREST INCOME. Interest earned from investment of available monies, whether pooled or not, will be distributed to the funds in accordance with the operating and capital budgets which, wherever possible, will be in accordance with the cash balance of the fund from which monies were provided to be invested.
- 5) USER-BASED FEES AND SERVICE CHARGES. For services associated with a user fee or charge, the direct and indirect costs of that service will be offset by a fee where possible. There will be an annual review of fees and charges to ensure that fees provide adequate coverage of the costs of services. User charges may be classified as "Full Cost Recovery", "Partial Cost Recovery," and "Minimal Cost Recovery," based upon City Council policy.
- 6) UTILITY RATES. The City will review and adopt utility rates annually that will generate revenues required to fully cover operating expenditures, meet the legal restrictions of all applicable bond covenants, and provide for an adequate level of working capital needs. This policy does not preclude drawing down cash balances to finance current operations. However, it is best that any extra cash balance be used instead to finance capital projects. Components of Utility Rates will include transfers to the General Fund as follows:
  - a. General and Administrative Charge. An administrative fee will be charged to the Utility Fund for services of general overhead, such as administration, finance, personnel, data processing, and legal counsel. This fee will be documented through a cost allocation procedure.
  - b. Franchise payment. A rate consistent with those charged to private utilities will be charged to the Utility Fund. This rate may be either raised or lowered so as to be consistent with those of the private utilities.

- c. Payment in lieu of Property Tax (PILOT). A fee will be charged to the Utility Fund to equate to property taxes lost due to municipal ownership. ~~Net book value~~ Total Assets from the most recent audited financials will be used as a basis, barring the absence of known market value. The ~~existing~~ tax rate from the same fiscal year as the most recent audited financials will be applied to this base to determine the PILOT charge.
- 7) REVENUE MONITORING. Revenues received will be compared to budgeted revenues throughout the fiscal year and significant variances will be investigated.

## VI. -EXPENDITURE CONTROL

- A. APPROPRIATIONS. The level of budgetary control is at the Department level budget in the General and Enterprise Funds, and at the fund level in all other funds. When budget adjustments among Departments and/or funds are necessary, these must be approved by the City Council. Budget appropriations at lower levels of control, which is defined as transfers, shall be made in accordance with the applicable administrative procedures.
- B. AMENDMENTS TO THE BUDGET. In accordance with the City Charter, all budget amendments shall be approved by the Council.
- C. CENTRAL CONTROL. No recognized or significant salary or capital budgetary savings in any Department shall be spent by the Department Director without the prior authorization of the City Manager. However, Department Directors are authorized to approve budgetary line items transfers in the same fund within their own assigned departments. The City Manager assigns Departments to each Director as areas of their responsibilities, and documents it in the City's Organization Chart.
- D. PURCHASING. All purchases should be in accordance with the City's purchasing policies as defined in the Purchasing Manual. In accordance with the Charter provisions, purchases, and contracts as per the City's Procurement Policy, will be reviewed and recommended by staff and presented to Council for approval.
- E. PROMPT PAYMENT. All invoices approved for payment by the proper City authorities shall be paid by the Finance Department within thirty (30) calendar days of receipt in accordance ~~of~~ with the Government Code ~~Title 10. General Government, Subtitle F. State and Local Contracts and Fund Management, Chapter 2251, Section 2251.021 and other related state and local government laws and regulations.~~

- F. EQUIPMENT FINANCING. Equipment is accounted for at the original acquisition cost, which includes purchase price plus any costs incurred to place the equipment in service. Equipment may be leased or financed when the unit purchase price is \$5,000 or more and the useful life is at least five years. Departments shall contact the Finance Department for transfer or disposal instructions.
- G. RISK MANAGEMENT. The City will aggressively pursue every opportunity to provide for the Public's and City employees' safety and to manage its risks. The goal shall be to minimize the risk of loss of resources through liability claims with an emphasis on safety programs. All reasonable options will be investigated to finance risks. Such options may include risk transfer, insurance, and risk retention.
- H. AUTHORIZATION OF ~~PAYMENT~~INVESTMENTS AND PAYMENTS. Two signatures are required to conduct business on behalf of the City of Burleson, Texas. Both the City Manager and the Director of Finance, or their designee(s), are hereby authorized to ~~execute the required Agreement with the Bank Depository. Designee(s) who are authorized to transact business on behalf of the City Manager are the City of Burleson's Deputy City Manager or the City Secretary. The designee who is authorized to transact business on behalf of the Director of Finance is the City of Burleson's Assistant Director of Finance and Controller.~~ approve investments and payments for the City.

~~I.~~ AUTHORIZATION OF ~~WIRE~~ELECTRONIC TRANSFERS BY THE CITY.

~~1. In general, attachments A through D to this Policy~~electronic transfer responsibilities and processes are as follows:

- ~~a. Attachment "A" List set by the Director of authorized individuals who may approve wire transfers.~~
- ~~b. Attachment "B" Designation of Custodial/Safekeeping Agent.~~
- ~~c. Attachment "C" List of authorized Finance in accordance with banking resolutions adopted by the City Council and the Investment Pools.~~
- ~~d. Attachment "D" List of authorized Paying Agents.~~

~~Changes to attachments for revisions, additions, or deletions to any of the designations on Attachment "A", "B", "C" and "D" shall Policy. Processes will require the approval of two individuals listed on Group B as listed on Attachment "A". Copies of additions, deletions, and changes will be provided to the Finance Committee at their next regular scheduled meeting.~~

~~2. SECURITY PURCHASES.~~

- ~~a. Two employees designated on Group A of Attachment "A" must approve wire transfers associated with security purchases.~~
- ~~b. All security purchases shall be executed "delivery vs. payment."~~

~~c. Any change in assigned by the City's custodial relationship must be approved by two individuals designated in Group B of Attachment "A".~~

### ~~3. INVESTMENT POOLS~~

~~a. Two employees designated on Group A of Attachment "A" must approve wire transfers to designated investment pools.~~

~~b. Any revision, addition or deletions to the list of designated investment pools shall require the approval of two individuals designated in Group B of Attachment "A". Copies of additions, deletions, and changes will be provided to the Director of Finance Committee at their next regularly scheduled meeting.~~

### ~~4. PAYING AGENTS~~

~~a. Two individuals designated on Group A of Attachment "A" must approve wire transfers to designated paying agents.~~

~~b.1. Any revision, addition or deletion to the list of designated paying agents will require the approval of two individuals designated in Group B of Attachment "A". Such approval shall not be necessary when supplementary information unrelated to the accounts varies. For example, the paying agent may request that the wire include to separate the duties of initiating a notation that the transaction is to the attention and approval of a certain individual. So long as the wire is the benefit of an authorized account, such clarifying information is permissible. Copies of additions, deletions, and changes will be provided to the Finance Committee at their regular scheduled meeting.~~

### ~~5. MISCELLANEOUS~~

~~a. Wire transfers to any party not involving a security purchase destined for custodial safekeeping with an approved organization, or to an authorized investment pool, or to an authorized paying agent, shall require the approval of two authorized individuals in Group B of Attachment "A". Copies of such transactions will be provided to the Finance Committee at their next regularly scheduled meeting.~~

## VII. ASSET MANAGEMENT

A. INVESTMENTS. The Finance Director shall promptly invest all City funds with the Bank Depository in accordance with the provisions of the current Bank Depository Agreement or in any negotiable instrument that the Council has authorized under the provisions of the Texas Public Funds Investment Act and in accordance with the City Council approved Investment Policy.

- B. CASH MANAGEMENT. The City's cash flow will be managed to maximize the cash available to invest. Such cash management will entail the centralization of cash collections, where feasible, including property tax payments, utility bills, municipal fines, building and related permits and licenses, and other collection offices as appropriate. Cycle billing will be used where appropriate.
- C. FIXED ASSETS AND INVENTORY. These assets will be reasonably safeguarded and properly accounted for, and prudently insured. A fixed asset of the City shall be defined as a purchased or otherwise acquired piece of equipment, vehicle, furniture, fixture, capital improvement, addition to existing capital investments, land, buildings, or accessioned Library materials. The cost or value of any such acquisition must be \$5,000 or more within an expected useful life greater than one year. All City departments with inventory are required to conduct a physical inventory under their control on an annual basis.
- D. DEPOSITORIES. The City Council, having given due consideration to all of its options and taking into consideration what is in the best interest of the municipality, hereby authorizes the consideration of applications of depositories not doing business within the City of Burleson, Texas so long as that bank maintains a business location within a five-mile radius of Burleson City Hall. This authorization encompasses all of the depository uses and requirements of the City.

#### VIII. CAPITAL BUDGET AND PROGRAM

- A. PREPARATION. The City will develop a 5-year capital improvement plan (CIP) to include all capital projects being considered and all resources for capital funding. The budget will be prepared on a fiscal year ending calendar and reported annually. The 5-year CIP will be prepared by the Department Director and presented to the City Council during the budget process. The Finance Director will work closely with Departments to ensure funding capacity is available.
- B. CONTROL. All capital project expenditures must be appropriated in the capital budget at a project level. The Finance Department must certify the availability of such appropriations, or the availability of resources needed to be appropriated before a capital project contract is presented to the City Council for approval. Any remaining funds of a completed project not allocated by the City Council will be closed into an unallocated account in the same fund. Similar projects are to be grouped together in a fund based on the type of project and source of funding, using the similar Capital Projects Fund classifications for reporting purposes in the Annual Financial Report.
- C. PROGRAM PLANNING. The capital budget will include capital improvements program plans for future years. The planning time frame should normally be at

least five years. The replacement and maintenance for capital items should also be projected for the next 5 years. Future maintenance and operational costs will be considered at the initiation of a project so the costs can be included in the relevant operating budget.

- D. FINANCING PROGRAMS. Where applicable, assessments, impact fees, pro-rata charges, or other fees should be used to fund capital projects having a primary benefit to specific, identifiable property owners.
- E. INFRASTRUCTURE MAINTENANCE. The City recognizes that deferring maintenance increases future capital costs. Therefore, a portion of the appropriate fund's budget will be set aside each year to maintain the quality of the City's infrastructure. The inclusion of infrastructure maintenance and replacement costs in the current operating budget will place the burden of the costs and repairs on the current users of the systems.
- F. REPORTING. Periodic financial reports will be prepared to enable Department Managers to manage their capital budgets and to enable the Finance Department to monitor and control the capital budget as authorized by the City Manager. Summary capital projects status reports should be presented to the City Council quarterly.

#### IX. FINANCIAL CONDITIONS, RESERVES, AND STABILITY RATIOS

- A. OPERATIONAL COVERAGE. (NO OPERATING DEFICITS). The City will maintain an operational coverage factor of 1.00, such that current operating revenues (plus approved fund balance appropriations) will equal or exceed current operating expenditures.

Deferrals, short-term loans, or one-time sources will be avoided as budget balancing techniques. Reserves will be used only for emergencies or non-recurring expenditures, except when balances can be reduced because their levels exceed guideline minimums ~~as stated in Paragraph B, following.~~

#### B. OPERATING RESERVES/FUND BALANCES

~~a.~~ 1) Governmental funds of the City of Burleson shall be defined as follows:

- 1) General Fund~~-.~~  The general fund should be used to account for and report all financial resources not accounted for and reported in another fund.
- 2) Special Revenue Funds~~-.~~  Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt

service or capital projects. The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund. Other resources (investment earnings and transfers from other funds, for example) also may be reported in the fund if those resources are restricted, omitted, or assigned to the specified purpose of the fund. Governments should discontinue reporting a special revenue fund, and instead report the fund's remaining resources in the general fund, if the government no longer expects that a substantial portion of the inflows will derive from restricted or committed revenue sources.

3) Capital Projects Funds-. Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

4) Debt Service Funds-. Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest, even if it is being accumulated for future years' payments. Debt service funds should be used to report resources if legally mandated.

2) Ending fund balances of the City of Burleson shall be reported according to the following classifications:

~~1) GENERAL FUND~~

~~2)1) DEBT SERVICE FUNDS RESTRICTED~~

~~3)2) SPECIAL REVENUE FUNDS RESTRICTED/COMMITTED~~

~~4) CAPITAL PROJECT FUNDS NON-BONDED - COMMITTED~~

~~3) CAPITAL PROJECT FUNDS BONDED -- RESTRICTED ASSIGNED~~

4) UNASSIGNED

3) **Order of expenditure** ---When committed, assigned and unassigned resources can be used for the same purpose, funds shall be spent in the sequence of committed resources first, assigned second, and unassigned last.

- 4) It is the goal of the City that the unassigned fund balance of the General Fund should be at least 20% of the General Fund annual expenditures. This percentage is the equivalent of 73 days' expenditures. In order to adhere to the principles of matching current revenues with current expenditures and minimizing property taxes, the City will strive to maintain the fund balance if the unassigned balance grows beyond 90 days' expenditures.
- 5) The Water and Wastewater Fund working capital should be maintained at least ~~at~~ 20% of total operating expenditures or the equivalent of 73 days.
- 6) It is the goal of the City that the fund balance of the 4A Corp and 4B Corp, should maintain at least a 20% minimum of total operating expenditure or the equivalent of 73 days.

#### ~~C.A. CAPITAL AND DEBT SERVICE FUNDS~~

- ~~1) Items in the Capital Projects Funds will be completed and paid for within 36 months of receipt of proceeds. Balances will be used to generate interest income to offset construction costs.~~
- ~~2) 7) General Obligation Debt Service Funds will not have reserves, a reserve of approximately \$1,000,000. The policy above does not preclude~~include ~~the debt service reserves normally established to market revenue bonds. The City's policy and bond ordinance requirements are to maintain these debt service reserves at the level of the average annual debt service.~~

#### C. CAPITAL AND DEBT SERVICE FUNDS

- ~~1) Items in the Capital Projects Funds shall have the goal to be completed and paid for within 36 months of receipt of proceeds. Balances will be used to generate interest income to offset construction costs.~~
- ~~3) 2) Revenue Obligations will maintain Debt Coverage Ratios as specified by the bond covenants. The City is currently required to have net revenues in excess of average annual debt by 1.25 times. Net revenues must also exceed the maximum outstanding debt by 1.10 times. Both these tests must be met in order to issue additional bonds.~~
- ~~4) 3) Obligations of Burleson's economic development corporations will maintain coverage ratios as specified by bond covenants. If the City issues obligations partially secured by a limited pledge of the corporations' sales tax revenues, not subject to the coverage ratios of the revenue bond covenants, coverage shall be maintained at no less than 1.25 times average annual debt~~



service, and 1.15 times the maximum annual debt service. Both of these tests must be met in order to issue additional bonds.

## X. TREASURY AND DEBT MANAGEMENT

A. CASH MANAGEMENT. ~~Periodic~~A periodic review of cash flow position will be performed to determine performance of cash management and investment policies. A detailed policy structure will be followed with respect to Cash/Treasury Management. The underlying theme will be that idle cash will be invested with the intent to 1) safeguard assets, (2) maintain liquidity, and 3) maximize return. Where legally permitted, pooling of investments will be done.

~~A.~~ The City will adhere to the investments authorized through the Texas' Public Funds Investment Act and the city's established comprehensive Investment Policies and Guidelines. Such policies ~~clarifies~~clarify acceptable investment securities, brokers, terms, and other pertinent investment information.

B. DEBT MANAGEMENT. The City's Debt Management Policy establishes parameters and provides guidance governing the issuance, management, continuous evaluation of and reporting on all debt obligations issued by the City, and to provide for the preparation and implementation necessary to ensure compliance and conformity with this policy.

## XI. INTERNAL CONTROLS

A. WRITTEN PROCEDURES. Written procedures will be established and maintained by the Director of Finance for all functions and financial cycles including cash handling and accounting throughout the City. These procedures will embrace the general concepts of fiscal responsibility set forth in this policy statement.

B. DEPARTMENT DIRECTORS AND MANAGERS RESPONSIBILITY. City administrators and ~~manager~~managers are charged with the responsibility for establishing a network of processes with the objective of controlling the operations of the City in a manner which provides reasonable assurance that:

- 1) Data and information published either internally or externally is accurate, reliable, complete, and timely.
- 2) The actions of administrators and employees are in compliance with the City's charter, plans, policies and procedures, and all relevant laws and regulations.
- 3) The City's resources, including its people, systems, data/information, assets, and citizens are adequately protected.
- 4) Resources are acquired economically and employed effectively.

- 5) The City's internal controls promote the achievement of plans, programs, goals, and objectives.

Each Department Manager is responsible ~~to ensure~~for ensuring that good internal controls are followed throughout his or her Department, that all Finance Department directives or internal controls are implemented, and that all independent auditor internal control recommendations are addressed.

## XII. STAFFING AND TRAINING

- A. ADEQUATE STAFFING. Staffing levels will be adequate for the fiscal functions of the City to operate effectively. Overtime shall be used only to address temporary or seasonal demands that require excessive hours. Workload shedding alternatives will be explored before adding staff.
- B. TRAINING. The City will support the continuing education efforts of all financial staff including the investment in time and materials ~~for maintaining~~to maintain a current perspective concerning financial issues. Staff will be held accountable for communicating, teaching, sharing with other staff members all information and training materials acquired from seminars, conferences, and related education efforts.
- C. AWARDS, CREDENTIALS AND RECOGNITION. The City will support efforts and ~~involvements~~involvement resulting in meeting standards and receiving exemplary recitations on behalf of any of the City's fiscal policies, practices, processes, products, or personnel. Staff certifications may include Certified Public Accountant, Management Accountant, Certified Internal Auditor, and Certified Cash Manager. Further, the Finance Director will try to obtain and maintain the designation of Certified Government Finance Officer as awarded by the GFOA of Texas.

The City will strive to maintain a high level of excellence in its accounting policies and practices as it prepares its Financial Report. The Report will be presented to the Government Finance Officers Association (GFOA) for review of qualifications necessary to obtain the Certificate of Achievement for Excellence in Financial Reporting. Additionally, if feasible the City will submit its annual budget to GFOA for consideration for the Distinguished Budget Award, and submit the Investment Policy to obtain the Certificate of Distinction from the Government Treasurers' Organization of Texas.

- D. TRANSPARENCY. A reasonable effort will be made to ensure relevant financial information is made available to all citizens in a 'user friendly' format in an easy-~~to~~to-understand terminology. In pursuit of this goal, the city will seek recognition through state and national transparency and reporting programs.

|

~~ATTACHMENT A — AUTHORIZED INDIVIDUALS FOR WIRE TRANSFERS~~

Any ~~two~~ individuals listed below are hereby authorized to:

- ~~1. Execute wire transfers for security purchases executed on a delivery vs payment basis and for which custodial safekeeping is maintained at an approved institution.~~
- ~~2. Execute wire transfers to approved investment pools and paying agents.~~
- ~~3. Make a wire transfer for any other purpose. Any revision, addition or deletion involving an approved custodial agent, investment pool, or paying agent.~~

~~Revisions will be provided to the Finance Committee at the next scheduled meeting.~~

~~Director of Finance  
City Manager  
Deputy City Manager  
Assistant Finance Director  
Controller  
Chief Accountant  
Senior Accountant  
Supervisory Accountant~~

~~ATTACHMENT B — CUSTODIAL (SAFEKEEPING) AGENT~~

~~American National Bank of Texas~~  
~~ABA = 111901519 (routing)~~  
~~FAO = For Account of City of Burleson~~

~~ATTACHMENT C — AUTHORIZED INVESTMENT POOLS~~~~TEXPOOL~~~~State Street Boston~~~~ABA # 011000028~~~~ACCOUNT # 67573774~~~~BANK OF NEW YORK~~~~ABA # 021000018~~~~ACCOUNT #8900549424~~~~ACCOUNT NAME: LONE STAR INVESTMENT POOL~~~~TEXSTAR~~~~JP MORGAN CHASE~~~~ABA # 021000021~~~~ACCOUNT # 9102733343~~~~LOGIC~~~~JP MORGAN CHASE~~~~ABA # 1130000609~~~~ACCOUNT # 08805173794~~

~~ATTACHMENT D — AUTHORIZED PAYING AGENTS~~

~~U.S. BANK, N.A.  
MILWAUKEE, WI 53202  
ABA # 091000022  
BNF: USBANK CT WIRE CLRG  
ACCOUNT #180121167365  
QBI: ACCOUNT NAME  
REF: ACCOUNT NUMBER~~

~~ATTACHMENT E – SECURITIES LAW COMPLIANCE AND DISCLOSURE POLICY©~~TABLE OF CONTENTS~~ARTICLE I~~~~PURPOSE AND SCOPE~~~~Section 1.01 — Definitions — 3~~~~Section 1.02 — Purpose of Policy — 3~~~~Section 1.03 — Scope of Policy — 3~~~~ARTICLE II~~~~DEFINITIONS~~~~Section 2.01 — Defined Terms — 4~~~~ARTICLE III~~~~DISCLOSURE OFFICER; RECORD RETENTION; TRAINING~~~~Section 3.01 — Disclosure Officer — 6~~~~Section 3.02 — Duties of Disclosure Officer — 6~~~~Section 3.03 — Record Retention — 8~~~~Section 3.04 — Training — 8~~~~ARTICLE IV~~~~ANNUAL DISCLOSURE FILINGS~~~~Section 4.01 — Annual Disclosure Filings — 8~~~~ARTICLE V~~~~DISCLOSURE FILINGS FOR EVENT NOTICES~~~~Section 5.01 — Disclosure Filings for Event Notices 1-14 — 9~~~~Section 5.02 — Event 15: Incurrence of a Material Financial Obligation or Terms Affecting Security Holders — 10~~~~Section 5.03 — Event 16: Events Reflecting Financial Difficulties of the Obligated Person — 14~~~~ARTICLE VI~~~~MISCELLANEOUS~~~~Section 6.01 — Annual Review — 15~~~~Section 6.02 — Amendments to Policy — 16~~~~Exhibit A — Lease Agreements Operating as Vehicles to Borrow Money~~

E. Continuing Disclosure The continuing disclosure policy and procedures are attached as Attachment “A” to this policy.



**ARTICLE I  
PURPOSE AND SCOPE**

**SECTION 1.01 DEFINITIONS.**

The words and terms used in this Model Securities Law Compliance and Disclosure Policy (this "Policy") have the meanings specified in Article II hereof, unless the context clearly otherwise requires. Except where the context otherwise requires, words importing the singular number shall include the plural number, and *vice versa*.

**SECTION 1.02 PURPOSE OF POLICY.**

- (a) Continuing Disclosure Undertaking Requirement. Under Rule 15c2-12, underwriters of Municipal Securities may not purchase or sell Municipal Securities unless the underwriters have reasonably determined that the issuer of the Municipal Securities or its designated agent has undertaken in a written agreement to provide continuing disclosure of certain financial information and operating data, and to file notices of certain events designated in Rule 15c2-12. The Issuer is required under its Continuing Disclosure Undertakings to provide disclosures of certain financial information and operating data and notice of certain events to the MSRB on EMMA to facilitate informed secondary market trading. This Policy is adopted by the Issuer to assist in its compliance with federal and state securities laws and regulations, including, specifically, Rule 15c2-12. This Policy is established to ensure that the Issuer maintains adequate policies and procedures for gathering, analyzing and disclosing all information that is required to be provided to, or that may be reasonably expected to reach investors or trading markets, which relates to the issuance of the Issuer's Debt Obligations. Such information consists of the content of the Issuer's Offering Documents, continuing disclosure reports, event notices and other statements reasonably expected to reach the public markets.
- (b) Recommendation of Written Procedures. The Issuer recognizes that the SEC recommends adopting disclosure policies and amending existing disclosure policies from time to time to address the process for evaluating the disclosure process including disclosures for certain Event Notices. Written policies and procedures adopted by the Issuer will serve to streamline the process of disclosing required information. The Disclosure Officer, and other officers selected by the Issuer, if any, may establish additional written procedures from time to time to ensure that any Offering Documents (i) fully and accurately present the Issuer's financial condition and operations and (ii) do not omit any Material information regarding the Issuer.

**SECTION 1.03 SCOPE OF POLICY.**

This Policy applies to all Debt Obligations of the Issuer that are currently outstanding and all future bonds, notes, leases or derivative instruments to be executed by the Issuer. If the provisions of this Policy conflict with a respective Continuing Disclosure Undertaking, the terms of such Continuing Disclosure Undertaking will control.

**ARTICLE II  
DEFINITIONS**

**SECTION 2.01 DEFINED TERMS.**

"Annual Report" means the Issuer's audited financial statements (or unaudited financial statements if permitted by the Continuing Disclosure Undertaking) and certain other financial information and operating data required to be filed annually with the MSRB.

"Business Day" means any day except any Saturday or Sunday, any day which is a federal legal holiday in the United States, or any day on which banking institutions are authorized or required by law to close.

"Code" means the Internal Revenue Code of 1986, as amended.

"Compliance Date" means February 27, 2019.

"Continuing Disclosure Undertaking" means a continuing disclosure agreement, continuing disclosure undertaking, continuing disclosure instructions or other written certification and agreements of the Issuer setting out covenants for satisfying the Issuer's requirements for providing information to the MSRB in an electronic format pursuant to and in accordance with Rule 15c2-12.

"Debt Obligation" means each contract of the Issuer that has sufficient characteristics of debt so that it is included in the Issuer's financial statements as a long-term liability of the Issuer, including, but not limited to bonds, notes, leases and similar instruments used by the Issuer for borrowing purposes.

**ATTACHMENT ~~E-A~~- SECURITIES LAW COMPLIANCE AND DISCLOSURE**  
**POLICY©**

Item B.

"Disclosure Officer(s)" means the Issuer's Director of Finance, or, if the position of Director of Finance is vacant, the person(s) filling the responsibilities of the City Manager or Assistant City Manager for the Issuer.

"EMMA" means the Electronic Municipal Market Access system, the prescribed electronic format for disclosures established and maintained by the MSRB, which can be accessed at [www.emma.msrb.org](http://www.emma.msrb.org).

"Event 15" means the event set forth in Section 5.02(a) of this Policy.

"Event 16" means the event set forth in Section 5.03(a) of this Policy.

"Event Notices" means all event notices required by Rule 15c2-12.

"Financial Obligation" means: (i) a Debt Obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned Debt Obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include Municipal Securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

"GASB" means the Governmental Accounting Standards Board.

"IRS" means the Internal Revenue Service.

"Issuer" means the City of Burleson, Texas.

"Material" has the meaning given in Section 3.02(f) of this Policy.

"MSRB" means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the SEC in accordance with Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Municipal Securities" means securities which are direct obligations of, or obligations guaranteed as to principal or interest by, a State or any political subdivision thereof, or any agency or instrumentality of a State or any political subdivision thereof, or any municipal corporate instrumentality of one or more States and any other Municipal Securities described by Section 3(a)(29) of the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Obligated Person" means any person, including an issuer of Municipal Securities, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all or part of the obligations on the Municipal Securities to be sold in the Offering (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities); furthermore, for purposes of this Policy, the Issuer is an Obligated Person.

"Offering" means a primary offering of Municipal Securities with an aggregate principal amount of \$1,000,000 or more.

"Offering Document" means any preliminary or final official statement, private placement memorandum or limited offering memorandum, or other similar instrument prepared in connection with the sale, issuance and delivery of an Offering.

"Rule 15c2-12" means SEC Rule 15c2-12, governing the obligations of dealers regarding Municipal Securities under the Securities Exchange Act of 1934, as amended from time to time, which is available at <https://www.gpo.gov/fdsys/pkg/CFR-2013-title17-vol3/pdf/CFR-2013-title17-vol3-sec240-15c2-12.pdf>.

"SEC" means the United States Securities and Exchange Commission.

"SEC Municipal Markets Report" means the Report on the Municipal Securities Market of the SEC, dated July 31, 2012, available at <https://www.sec.gov/news/studies/2012/munireport073112.pdf>.

"Terms Affecting Security Holders" means a Material agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer that affects security holders.

"U.S. Bankruptcy Code" means Title 9 of the United States Code, as amended from time to time, and any successor to or replacement of such Title and any other applicable federal bankruptcy, insolvency or similar law.

### **ARTICLE III**

#### **DISCLOSURE OFFICER; RECORD RETENTION; TRAINING**

**ATTACHMENT ~~E-A~~- SECURITIES LAW COMPLIANCE AND DISCLOSURE**  
**POLICY©**

Item B.

**SECTION 3.01     DISCLOSURE OFFICER.**

The Issuer shall appoint a Disclosure Officer who shall be responsible for implementing this Policy. The Disclosure Officer will work with other employees and officials of the Issuer to assist in implementing this Policy. The Disclosure Officer will consult with bond counsel, legal counsel to the Issuer (including designated disclosure counsel, if any), accountants, municipal advisors, financial advisors and other outside consultants to the extent necessary to carry out the purpose of this Policy. The Disclosure Officer will report to the Issuer's governing body as provided in Section 6.01 herein, regarding implementation of this Policy and any recommended changes or amendments to this Policy.

**SECTION 3.02     DUTIES OF DISCLOSURE OFFICER.**

- (a) General Duties. The Disclosure Officer shall be primarily responsible for ensuring and determining the Issuer's compliance with this Policy and federal and state securities laws and regulations applicable to the Issuer, including specifically Rule 15c2-12, and including identifying and remedying any non-compliance with this Policy and such laws and regulations.
- (b) Review of Relevant Documents. The Disclosure Officer will review the following documents, obligations, and disclosure and reporting requirements of the Issuer in connection with the issuance of Municipal Securities to comply with Article IV and V of this Policy and in the ordinary course of business of the Issuer:
  - i.     Offering Documents;
  - ii.    Audited and unaudited financial statements, including notes to such statements;
  - iii.   Changes to accounting standards promulgated by GASB and other applicable accounting standards and rules;
  - iv.    Adopted annual budgets and amendments thereto;
  - v.     Continuing Disclosure Undertakings; and
  - vi.    Other relevant documents that reflect the Issuer's financial position and operating data.

The Disclosure Officer shall take reasonable steps to ensure that all Offering Documents are timely provided to the Issuer's governing body to ensure meaningful review and approval thereof. In addition, the Disclosure Officer shall take reasonable steps to ensure that for purposes of securities law compliance the Issuer's governing body is generally aware of the other documents listed above and of the significance of those documents to the Issuer's disclosure obligations.

- (c) Solicitation of Relevant Information. In the performance of its duties under this Policy, the Disclosure Officer shall be responsible for soliciting any relevant information from other employees, officials or departments within the internal organization of the Issuer, including public statements made by officials of the Issuer that the Disclosure Officer reasonably believes will reach investors or trading markets generally. The Disclosure Officer is additionally responsible for obtaining any documentation prepared by an outside source that may be necessary to assist the Disclosure Officer in carrying out this Policy. The Disclosure Officer shall undertake a thorough review of the form and content of each of the Issuer's annual filings, and any Event Notice filings, as required pursuant to Article IV and V hereof.
- (d) Public Statements Regarding Financial Information. Whenever an officer or employee of the Issuer makes statements or releases information relating to its finances and other operations of the Issuer to the public that is reasonably expected to reach investors and the trading markets (including, without limitation, all Event Notices, statements in a comprehensive annual financial report, and other financial reports and statements of the Issuer), the Disclosure Officer shall be responsible for ensuring that such statements and Material information are complete, true, and accurate in all material

aspects and available to all investors. The Disclosure Officer will work with other officers of the Issuer to ensure that all public statements and information released by the Issuer are accurate and are not misleading in all Material aspects.

- (e) Issuance of Debt Obligations. Whenever the Issuer prepares or participates in the preparation of an Offering Document, the Disclosure Officer, in addition to any other officers selected by the Issuer, shall be responsible for making all certifications that may be required to the effect that such Offering Document does not contain any untrue statement of Material fact or omit to state any Material fact necessary to make the information contained in such documents, in the light of the circumstances under which it was provided, not misleading.

Such determination by the Disclosure Officer shall only be made after coordination with the Issuer's attorney or other administrative officer having ultimate responsibility with respect to the Issuer's operations, risks and litigation, to ensure that any current, pending or threatened losses, investigations or litigation, and any settlement or court orders that are Material to the Issuer are properly identified.

- (f) Determination of Material Information. The Issuer understands that determining materiality requires a complete review of facts and circumstances (which may include a review of outstanding Debt Obligations) and in some instances may require the Disclosure Officer to discuss matters with other officers or consultants of the Issuer. Furthermore, each determination of materiality made by the Disclosure Officer shall be made on a case-by-case basis. For purposes of this Policy, information is "Material" if there is a substantial likelihood that the disclosure of that information would be viewed by a reasonable investor as having significantly altered the total mix of information made available in making an informed investment decision.<sup>1</sup>

### **SECTION 3.03 RECORD RETENTION.**

The Disclosure Officer will maintain or cause to be maintained all records relating to annual disclosure filings including the financial information and operating data to be included in the Annual Report for a period of three (3) years after retirement of the related Debt Obligations. The Disclosure Officer will additionally maintain or cause to be maintained all records relating to Event Notices required to be filed with the MSRB under the Continuing Disclosure Undertaking. Such records shall be maintained in either paper or electronic format, or in both formats.

### **SECTION 3.04 TRAINING.**

The Disclosure Officer shall have at least a general familiarity with the content of Rule 15c2-12 and the SEC Municipal Markets Report, and in furtherance thereof receive appropriate training regarding the Issuer's disclosure obligations in accordance with federal securities laws, state regulations and Rule 15c2-12. When appropriate, the Disclosure Officer and/or other Issuer employees and officials under the direction of the Disclosure Officer will attend training programs offered by the SEC or other industry professionals regarding disclosure policies and procedures developed in the context of Rule 15c2-12 that are relevant to the Issuer. Each person acting in the capacity of a Disclosure Officer shall receive such training as may be necessary for the person to perform competently the duties and responsibilities of Disclosure Officer to ensure the Issuer's compliance with the provisions of this Policy.

## **ARTICLE IV**

### **ANNUAL DISCLOSURE FILINGS**

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<sup>1</sup> The general materiality standard used by the United States Supreme Court. *See TSC Industries, Inc. v. Northway, Inc.*, 426 U.S. 438, 449 (1976).

**SECTION 4.01 ANNUAL DISCLOSURE FILINGS.**

The Disclosure Officer shall annually review each Continuing Disclosure Undertaking to determine: (i) the appropriate financial information and operating data required to be included in the Annual Report; and (ii) the filing deadline for such Annual Report or a part thereof. The Disclosure Officer should review the Issuer's documents, Debt Obligations, and disclosure and reporting requirements described in Sections 3.01 and 3.02 of this Policy in determining the appropriate financial information and operating data to be included in the Annual Report. As indicated in Section 3.02 of this Policy, the Disclosure Officer's review necessarily includes review of other documents relating to the financial and operating status of the Issuer to ensure that all required information is appropriately incorporated into the Annual Report. The Disclosure Officer shall be required to provide only the financial information, operating data, financial statements and notices which the Issuer has expressly agreed to provide pursuant to a respective Continuing Disclosure Undertaking, but, in consultation with appropriate accountants, municipal advisors, financial advisors and other outside consultants of the Issuer, may submit other appropriate information to EMMA that will impact the Issuer's financial condition and/or existing security holders in a manner deemed Material by the Disclosure Officer. Additionally, the Disclosure Officer shall notify the MSRB in an electronic format as prescribed by the MSRB, in a timely manner, of any failure by the Issuer to provide financial information or operating data in accordance with the Continuing Disclosure Undertaking.

**ARTICLE V**

**DISCLOSURE FILINGS FOR EVENT NOTICES**

**SECTION 5.01 DISCLOSURE FILINGS FOR EVENT NOTICES 1-14.**

The Disclosure Officer shall determine whether an event included below has occurred with respect to the Issuer. If the Disclosure Officer determines that notice of the following events should be provided to the MSRB pursuant to a Continuing Disclosure Undertaking, the Disclosure Officer will cause the appropriate notice to be filed with the MSRB on EMMA, in a timely manner, not in excess of ten (10) Business Days after the occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry

into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified as item (12) in this Section 5.01, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

The Disclosure Officer may seek the advice of other employees and officials of the Issuer, as well as the advice of the consultants and counsel to the Issuer, as to whether one of the above described events has occurred and whether an Event Notice shall be filed with the MSRB consistent with Rule 15c2-12.

**SECTION 5.02 EVENT 15: INCURRENCE OF A MATERIAL FINANCIAL OBLIGATION OR TERMS AFFECTING SECURITY HOLDERS.**

- (a) Event 15. Beginning on the Compliance Date and continuing thereafter, in addition to the fourteen events described in Section 5.01 and Event 16 described in Section 5.03, the Disclosure Officer shall determine whether an Event 15 has occurred with respect to the Issuer. If the Disclosure Officer determines that an Event 15 has occurred, the Disclosure Officer shall file, or cause to be filed, notice of such Event 15 with the MSRB through EMMA in a timely manner, not in excess of ten (10) Business Days after the date of incurrence. Beginning on the Compliance Date, Rule 15c2-12 establishes that an Event 15 is as follows:

- (15) Incurrence of a Financial Obligation of the Obligated Person, if Material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if Material.

The Issuer recognizes that, unlike the events listed in Section 5.01 above, the stated purpose of the SEC in adding Event 15 to Rule 15c2-12 is to provide the secondary market with information regarding all debt, debt-like or debt-related Financial Obligations or Terms Affecting Security Holders incurred by the Issuer. The incurrence of Financial Obligations may occur outside the issuance of Municipal Securities and therefore engagement by the Disclosure Officer with counsel and other consultants experienced in compliance issues related to Rule 15c2-12 may be necessary to determine whether it is necessary to file an Event Notice for Event 15 with the MSRB through EMMA.

- (b) Financial Obligations and Terms Affecting Security Holders Subject to Disclosure. The Disclosure Officer shall first determine whether a contract or obligation incurred by the Issuer is a Financial Obligation or Terms Affecting Security Holders subject to disclosure under Event 15. When assessing whether a particular contract or obligation is a Financial Obligation or Terms Affecting Security Holders subject to disclosure as such terms are used in Event 15, the Disclosure Officer should consider the facts and circumstances surrounding the Issuer's incurrence of each type of contract and obligation, as well as the factors set forth below:
- i. Whether the contract or obligation could affect, or contains provisions or triggers that may impair, the Issuer's liquidity, overall creditworthiness or an existing security holders' rights;
  - ii. Whether the contract or obligation is a private placement of debt with a financial institution, letter of credit, standby line of credit, or a similar "credit agreement" that relates to a Debt Obligation;

- iii. Whether the contract or obligation is an ordinary financial and operating liability incurred in the Issuer's normal course of business;
- iv. Whether the contract or obligation contains acceleration provisions or restrictive debt service covenants that could affect the rights of existing security holders;
- v. Whether the contract or obligation is a short or long-term Debt Obligation of the Issuer under the terms of an indenture, loan agreement, capital lease, or other similar contract such as a line of credit;
- vi. Whether the contract or obligation is an operating lease, or a capital lease which operates as a vehicle for borrowing money (e.g. a lease-purchase agreement). For purposes of this Disclosure Policy, factors relevant to determining whether a lease is a vehicle for borrowing money (i.e., a Financial Obligation) are included in **Exhibit A** attached hereto;
- vii. Whether the contract or obligation represents competing debt with the Issuer's prior Debt Obligations that may affect the rights of the existing security holders;
- viii. Whether the contract or obligation is a derivative instrument entered into in connection with a pledge as security or source of payment for an existing or planned Debt Obligation, which may include any swap, security-based swap, futures contract, forward contract, option, a combination of the foregoing or any similar instrument;
- ix. Whether the contract or obligation is a derivative instrument designed to mitigate investment risk; or
- x. Whether the contract or obligation is a guarantee provided by the Issuer as a guarantor for the benefit of a third party.

The Disclosure Officer will consult with bond counsel, legal counsel to the Issuer (including designated disclosure counsel, if any), accountants, municipal advisors, financial advisors and other outside consultants to the extent necessary in making a determination as to whether a contract or obligation incurred by the Issuer is a Financial Obligation or Terms Affecting Security Holders subject to the disclosure requirements of Event 15.

- (c) **Determination of Material Event 15.** If the Disclosure Officer determines that the Issuer has incurred a Financial Obligation or Terms Affecting Security Holders subject to Event 15, the Disclosure Officer shall proceed to determine whether such Financial Obligation or Terms Affecting Security Holders are Material. The same practice used by the Issuer for determining whether a particular piece of information is Material in connection with preparing a disclosure document for an Offering set forth in Section 3.02(f) should be used for purposes of Event 15.

The Disclosure Officer shall determine whether a Financial Obligation or Terms Affecting Security Holders are Material upon the incurrence of the Financial Obligation or the Terms Affecting Security Holders, taking into account all relevant facts and circumstances. Relevant facts and circumstances may include, but are not limited to:

- i. The principal amount of the Financial Obligation, including the aggregate par amount of a series of related Financial Obligations, and the method of setting or adjusting the interest rate thereof;
- ii. The Issuer's overall balance sheet and the size of its existing Debt Obligations;



- iii. The source of security pledged for repayment of the Financial Obligation and the rights associated with such pledge;
- iv. The length of time that the Financial Obligation is to remain outstanding; and
- v. Other appropriate terms of a Financial Obligation that will impact the Issuer's financial condition and/or existing security holders in a manner deemed Material by the Disclosure Officer.

The Disclosure Officer, in consultation with the governing body of the Issuer, bond counsel, legal counsel to the Issuer (including designated disclosure counsel, if any), accountants, municipal advisors, financial advisors and other outside consultants of the Issuer, to the extent necessary, shall no less often than annually set objective standards of materiality with respect to Debt Obligations incurred by the Issuer, which may include, but are not limited to, a monetary threshold that, in connection with other relevant facts and circumstances, is the basis for the determination of materiality for Financial Obligations or Terms Affecting Security Holders of the Issuer. With respect to lease agreements entered into by the Issuer, the Disclosure Officer shall implement the guidelines set forth in **Exhibit A** when assessing whether such lease agreements are Material Financial Obligations.

- (d) Incurrence. A Financial Obligation and Terms Affecting Security Holders is considered to be incurred by the Issuer on the date that such Financial Obligation or Terms Affecting Security Holders is enforceable against the Issuer. As a filing under Event 15 is required to be made in a timely manner, not in excess of ten (10) Business Days after date of incurrence, the Disclosure Officer shall begin the process of assessing whether a particular Financial Obligation or Terms Affecting Security Holders should be disclosed as far in advance of its incurrence as possible. Additionally, although not required, the Disclosure Officer may file a voluntary filing of all outstanding Material Financial Obligations incurred prior to the Compliance Date.
- (e) Exemption of Municipal Securities as to Which a Final Official Statement Has Been Provided. The Disclosure Officer is not obligated to disclose, as a Financial Obligation or Terms Affecting Security Holders subject to Event 15, Municipal Securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12. The Disclosure Officer recognizes that this exclusion from the definition of "Financial Obligation" does not extend to Debt Obligations, contingent or otherwise, related to such Municipal Securities that may be disclosed or referenced in such final official statements.
- (f) Exemption of Monetary Obligations Resulting From Legal Proceedings. The Disclosure Officer is not required to disclose monetary obligations resulting from a judicial, administrative, or arbitration proceeding as an Event Notice.
- (g) Subjecting Debt Obligations to Annual Appropriation not Determinative. The Disclosure Officer understands that qualifying Debt Obligations or Financial Obligations such that payment is subject to annual appropriation may remove the "debt" designation for state constitutional or statutory purposes; however, this qualification alone will not be determinative as to whether the Issuer or Obligated Person has incurred a Material Financial Obligation; rather, when analyzing Debt Obligations and Financial Obligations that are subject to annual appropriation, the Disclosure Officer shall determine whether such Financial Obligation is Material, as described in Section 3.02(f), taking into account all relevant facts and circumstances as described in this Section 5.02.
- (h) Form of Event 15 Event Notice. Upon review of the factors outlined above, if the Disclosure Officer affirmatively determines that a Debt Obligation incurred by the Issuer is a Financial Obligation or Terms Affecting Security Holders that are Material and not exempt under subsection (e) and (f) of this Section 5.02, and therefore subject to Event 15, the Disclosure Officer shall file or cause to be filed with the MSRB through EMMA a notice not in excess of ten (10) Business Days of the date of the incurrence of the Financial Obligations or Terms Affecting Security Holders. The Disclosure



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Officer shall include a description of the Material terms of the Financial Obligation or Terms Affecting Security Holders within the Event 15 Event Notice. Terms considered Material for Event 15 may include, but are not limited to:

- i. The date of incurrence;
- ii. Principal amount;
- iii. Maturity and amortization;
- iv. Interest rate, if fixed, or method of computation and any default rates, if variable; or
- v. Other appropriate terms deemed material by the Disclosure Officer, the inclusion of which would help further the availability of information to assist investors in making more informed investment decisions in connection with such incurrence of Financial Obligations or Terms Affecting Security Holders.

The Disclosure Officer shall determine, based on the facts and circumstances, whether to submit to the MSRB a description of the Material terms of the Financial Obligation or the Terms Affecting Security Holders, or alternatively or in addition, submit related materials such as transaction documents prepared in connection with the Financial Obligation or the Terms Affecting Security Holders that set forth the material terms of the Financial Obligation or the Terms Affecting Security Holders. The Disclosure Officer shall not include, and shall take actions to redact, confidential information such as account numbers or other personally identifiable information (but not information relating to an interest rate or other pricing data). Should the Disclosure Officer determine that filing one or more of the transaction documents prepared in connection with the Financial Obligation or the Terms Affecting Security Holders is appropriate under this subsection, the Disclosure Officer may redact any confidential or personally identifiable information from the Event 15 Event Notice.

**SECTION 5.03      EVENT 16: EVENTS UNDER THE TERMS OF A FINANCIAL OBLIGATION WHICH REFLECT FINANCIAL DIFFICULTIES.**

- (a) Event 16. Beginning on the Compliance Date and continuing thereafter, in addition to the fourteen events described in Section 5.01, and Event 15 described in Section 5.02, the Disclosure Officer shall determine whether an Event 16 has occurred with respect to the Issuer as follows:

- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

If the Disclosure Officer determines that an Event 16 has occurred with respect to the Issuer, the Disclosure Officer will file or cause to be filed with the MSRB through EMMA a notice of Event 16, whether Material or not, provided the occurrence reflects financial difficulties of the Issuer. The Disclosure Officer shall file an Event 16 Event Notice even where the underlying Financial Obligation was incurred before the Compliance Date.

- (b) Reflection of Financial Difficulty of Obligated Person. The Disclosure Officer shall disclose to the MSRB the occurrence of an event listed in Event 16 only if the Disclosure Officer, in consultation with the governing body of the Issuer, bond counsel, legal counsel to the Issuer (including designated disclosure counsel, if any), accountants, municipal advisors, financial advisors and other outside consultants to the Issuer, to the extent necessary, determines that the occurrence of the event reflects financial difficulties of the Issuer.
- (c) Events Subject to Event 16 Filing. Subject to subsection (b) of this Section 5.03, the Disclosure Officer should disclose any occurrence in connection with the terms of a Financial Obligation that reflects financial difficulties of the Issuer. Such occurrences may include, but are not limited to the following types of events:
  - i. Monetary defaults or events of non-appropriation where the Issuer has failed to pay principal, interest, or other funds due, or a non-payment related default where the Issuer has failed to comply with specified covenants;

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- ii. An event of acceleration exercised by a trustee or counterparty as the result of an event of default or other applicable remedy provision;
  - iii. A modification of terms that reflects financial difficulties of the Issuer;
  - iv. A written or verbal waiver of an agreement provision that is a departure from what was agreed to under the original terms of such agreement; and
  - v. Other events under the terms of a Financial Obligation that reflect financial difficulties of the Issuer and share similar characteristics with the specific types of events in Event 16.
- (d) Form of Event 16 Event Notice. Upon review of the factors outlined above, if the Disclosure Officer affirmatively determines that, in connection with the terms of a Financial Obligation of the Issuer, the Issuer is experiencing financial difficulties pursuant to Event 16, the Disclosure Officer shall file or cause to be filed with the MSRB through EMMA an Event 16 notice filing within ten (10) Business Days of the date of such determination containing a description of the relevant terms of the Financial Obligation. Terms considered relevant to an Event 16 notice filing may include, but are not limited to:
- i. The provisions within the Financial Obligation giving rise to the occurrence under Event 16;
  - ii. The nexus between the terms of such Financial Obligation giving rise to the occurrence under Event 16 and the existing or potentially forthcoming financial difficulties resulting therefrom;
  - iii. A description of the Issuer's current financial status; and
  - iv. Other appropriate facts deemed material by the Disclosure Officer, the inclusion of which would help further the availability of information to assist investors in making more informed investment decisions in connection with the occurrence of events relating to a Financial Obligation that reflect financial difficulties.

**ARTICLE VI**

**MISCELLANEOUS**

**SECTION 6.01 ANNUAL REVIEW.**

The Disclosure Officer shall conduct an evaluation of the policies set forth in this Policy no less often than annually, and promptly after completing the evaluation the Disclosure Officer shall prepare an annual report of the Issuer's compliance.

**SECTION 6.02 AMENDMENTS TO POLICY.**

This Policy may be amended from time to time to adapt to changed circumstances that arise from a change in legal requirements or industry disclosure practices or procedures, a change in Rule 15c2-12, or a change in law.

**EXHIBIT A**

**LEASE AGREEMENTS OPERATING AS VEHICLES TO BORROW MONEY (FINANCIAL OBLIGATIONS)**

As a result of the amendments to Rule 15c2-12, compliance therewith effective February 27, 2019, Issuers or Obligated Persons that periodically enter into leases should develop policies and procedures to (i) determine whether the lease is a vehicle to borrow money, and is therefore a Financial Obligation, as opposed to an operating lease, (ii) determine if such lease becomes Material once incurred, after considering other relevant factors and all outstanding Financial Obligations (an Issuer or Obligated Person's threshold for outstanding Financial Obligations) and (iii) require that all executed leases are timely communicated to the Disclosure Officer for purposes of determining whether an Event Filing is necessary.

**I. Leases Operating as Vehicles to Borrow Money (Financial Obligations)**

The SEC has determined that a lease should generally be considered a debt obligation and thus a "Financial Obligation" under the Rule when such lease operates as a vehicle to borrow money (i.e., capital leases but not mere operating leases).<sup>1</sup>

Capital leases are generally recorded on the balance sheet of the Issuer or Obligated Person as an asset and a liability by an amount equal to the present value of the minimum lease payments; in contrast, operating leases are handled as off-balance sheet financings of assets and are recorded as operating expenses on the Issuer or Obligated Person's income statement. In determining which types of leases to include under the umbrella of "Financial Obligations," the SEC deemed it appropriate to include only those leases that could represent competing debt of the Issuer or Obligated Person (e.g., capital leases which are essentially vehicles to borrow money).

Because capital leases of the Issuer or Obligated Person are recorded in the same fashion as other competing debt of the Issuer or Obligated Person, each sharing a line item in the balance sheet as a liability or included in a more general line item (i.e., competing debt), capital leases are viewed by the SEC as rising to the level of a Financial Obligation because they operate more like a debt obligation. As such, Issuers and Obligated Persons should have procedures in place that help determine whether leases are capital leases or operating leases, as the incurrence of a capital leases will require a Materiality analysis to determine whether an Event 15 notice filing is required.

To make the determination of whether a lease operates as a vehicle to borrow money, the Disclosure Officer should work with appropriate staff and accountants, municipal advisors, financial advisors and other outside consultants of the Issuer or Obligated Person, to the extent necessary, to determine whether the lease is a vehicle to borrow money (i.e., a capital lease) or an operating lease as operating leases will not rise to the level of a Financial Obligation under Event 15 of Rule 15c2-12.

*Characteristics of Leases Operating as Vehicles to Borrow Money (Capital Leases)*

In making the determination of whether a lease operates as a vehicle to borrow money and is therefore a Financial Obligation for purposes of Event 15, relevant characteristics may include, but are not limited to, the following:

- i. The lease contains a transfer of ownership of the underlying asset at the end of the lease term or shortly thereafter;
- ii. An option to purchase the underlying asset being leased at a discounted price is available, which may be exercised during or at the end of the lease term;
- iii. The term of the lease is greater than 75% of the useful life of the leased asset; or
- iv. The present value of the lease payment is greater than 90% of the leased asset's fair market value.

Although the characteristics above may be helpful in determining whether a lease operates as a vehicle to borrow money, the Disclosure Officer and appropriate staff and consultants should review of the entire lease, in context with the Issuer's financing and/or operating objectives, in considering whether a lease is a Financial Obligation subject to Event 15. Although a capital lease (as such term in commonly understood) will generally be treated as a vehicle to borrow money, the mere labelling of the lease as "capital" or "operating" will not itself be determinative.

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<sup>1</sup> Although the SEC in Release No. 34-83885, implementing the amendment of Rule 15c2-12 to include Event 15 and 16, has discontinued (following GASB's lead) the use of the term "capital lease" and "operating lease," the distinction remains useful to the extent that "capital leases" are commonly understood to be financed purchases of an underlying asset (and thus generally are vehicles to borrow money) whereas "operating leases" are not.

## **II. Determining Factors for Materiality of Leases that Constitute Financial Obligations**

Issuers and Obligated Persons should apply the Materiality standard in Section 3.02(f) and the relevant facts and circumstances in Section 5.02(c) of this Policy, in conjunction with the factors below for purposes of determining whether a lease that operates a vehicle to borrow money is Material and subject to an Event Filing under Event 15.

Given the difference in size, sophistication, features and number of obligations executed by certain issuers and Obligated Persons, factors used in determining the materiality of a lease that operates as a vehicle to borrow money may vary. The Disclosure Officer may utilize factors relevant to the Issuer or Obligated Person which may include, but are not limited to, one or more the following:

- i. Whether the cost of the lease incurred and the payment obligations thereof exceeds a specified percentage of the Issuer's or Obligated Person's fund balance (for purposes of this and the following considerations, the Issuer must determine, given its circumstances, the appropriate way to measure the impact of a lease, e.g., by the aggregate payments required, by principal amount or by annual payment impact to the Issuer's debt portfolio);
- ii. Whether the incurrence of the lease will increase the outstanding indebtedness of the Issuer or Obligated Person by more than a specified ratio or percentage;
- iii. Whether the incurrence of the lease and the payment obligations thereof exceeds a specified percentage of the Issuer's unrestricted revenues;
- iv. Whether the lease represents multiple counterparts of a single transaction that, if incurred at once, would exceed the limits stated in (i), (ii) or (iii) above;
- v. Whether the incurrence of the lease in conjunction with other outstanding Financial Obligations would in the aggregate exceed the limits stated in (i), (ii) and (iii) above; or
- vi. Whether the lease has acceleration provisions or is considered a security on parity or senior to outstanding Financial Obligations.

When utilizing the above factors, the Disclosure Officer must be aware that although a lease may not be Material when compared to the Issuer's or any Obligated Person's general revenues and fund balance, such lease may be material to Financial Obligations pledged to be paid from the specifically pledged revenues and fund balances. Therefore, the Disclosure Officer must look at both the general revenues and the specifically pledged revenues of the Issuer and any Obligated Person when determining the materiality of a lease that operates as a vehicle to borrow money.

If after using the Materiality standard in Section 3.02(f), the relevant facts and circumstances in Section 5.02(c) of this Policy and the factors described above, the Disclosure Officer determines that the lease operating as a vehicle to borrow money is Material, a filing under Event 15 must be made within ten business days from the incurrence of such lease.

If a determination of Materiality is made under factor (v) above for a lease or any other Financial Obligation, additional Financial Obligations incurred thereafter may likely carry a *de facto* Materiality designation. As such, factor (v) above works as a magnitude test of the Issuer or Obligated Person as it becomes the Issuer or Obligated Person's Materiality threshold for all outstanding Financial Obligations.

## **III. Communication Amongst Departments Once Leases are Incurred**

The Disclosure Officer should become aware of the frequency in which the Issuer or Obligated Person incurs leases, as opposed to other forms Financial Obligations, in the ordinary course of the Issuer or Obligated Person's business. To further communication amongst multiple departments within the Issuer or Obligated Person, the Disclosure Officer should require that any member of the Issuer or Obligated Person's staff authorized to execute leases on behalf of the Issuer or Obligated Person report and provide copies of all leases directly to the Disclosure Officer within two (2) business days prior to their execution. Upon receipt of any lease, the Disclosure Officer shall immediately work with appropriate staff and accountants, municipal advisors, financial advisors

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and other outside consultants of the Issuer, to the extent necessary, to determine whether the lease operates as a vehicle to borrow money (i.e., is a Financial Obligation) and whether such lease is Material using the Materiality standard in Section 3.02(f), the relevant facts and circumstances in Section 5.02(c) of this Policy and the factors described above.

City of Burleson, Texas  
**FINANCIAL POLICY STATEMENTS**

Revised Draft 4/16/2025

## I. STATEMENT OF PURPOSE

The intent of the Financial Policy is to enable the City to achieve a long-term, stable, and positive financial condition. The guiding principles of the City's financial management include integrity, prudent stewardship, planning, accountability, and full disclosure.

The more specific purpose is to provide guidelines to management in planning and directing the City's finances and in developing recommendations to the City Council.

The scope of the financial policies includes the City's investment, debt, and continuing disclosure policies covering areas such as accounting, auditing, financial reporting, internal controls, operating and capital budgeting, revenue management, cash and investment management, expenditure control, debt management, and planning concepts, in order to:

- a. present fairly and with full disclosure the financial position and results of financial operations of the City in conformity to generally accepted accounting principles (GAAP) as set forth by the governmental accounting standards board (GASB), and
- b. determine and demonstrate compliance with finance related legal and contractual issues in accordance with provisions of the Texas Local Government Code and other pertinent legal documents and mandates.

## II. GENERAL IMPLEMENTATION AND COMPLIANCE GUIDELINES

- A. **FINANCE COMMITTEE.** The committee will meet at least four times a year. The committee will report to the City Council at a Regular City Council meeting. The function of the committee will be:
  - 1) Fiscal policy review
  - 2) Auditor selection recommendation
  - 3) Investment and Debt policy review and guidance
  - 4) Long-range planning
  - 5) Financial Report review
- B. **ANNUAL REVIEW.** Based upon the results and recommendations of the Finance Committee review, the Council will annually approve the fiscal policies.
- C. **IMPLEMENTATION, COMPLIANCE, ACCOUNTABILITY AND REVIEW.** The Finance Director will be responsible for implementing these policies and will, to the best of his or her knowledge, make the City Manager, Finance Committee and the City

Council aware of any variances in practice from these policies or any other deviation from prudent financial practices in accordance with GAAP, the City Charter, state laws and/or ethics of the profession.

### III. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

- A. ACCOUNTING. The City is solely responsible for the reporting of its financial affairs, both internally and externally. The City Manager is the City's Chief Administrative Officer and the head of the administrative branch of the City government. The City Manager may delegate some or all of the financial administrative duties but shall maintain supervisory authority over all functions as specified in the City's Charter Article VII, Section 68.
- B. AUDITING. An independent certified public accounting (CPA) firm will perform annual financial audits.
  - 1) Qualifications of the Auditor. In conformance with the City's Charter and according to the provisions of Texas Local Government Code, Chapter 103, the City will be audited annually by outside independent accountants. ("auditor").
  - 2) Auditor Repute. The auditor must be a CPA firm of good reputation and must demonstrate that it has the breadth and depth of staff to conduct the City's audit in accordance with generally accepted auditing standards and contractual requirements. The auditor must be registered as a partnership or corporation or certified public accountants, capable of demonstrating that it has sufficient staff which will enable it to conduct the City's audit in accordance with generally accepted auditing standards as required by the City Charter and applicable state and federal laws.
  - 3) Timing. The auditor's report on the City's financial statements will be completed within 180 days of the City's fiscal year end.
  - 4) Management Letter. The independent CPA firm shall provide a management letter, if one is issued, no later than March 31 following the end of each fiscal year. The auditor will prepare and will review the management letter with Management and the Finance Committee. The Finance Director shall respond in writing to the City Manager and City Council regarding the auditor's management letter, addressing the issues contained therein. The Council shall schedule its formal acceptance of the auditor's report upon the resolution of any issues resulting from the review.
  - 5) Responsibility of Auditor to City Council. The auditor is accountable to the City Council and will have access to direct communication with the City Council if the City Staff is unresponsive to auditor recommendations or if the Auditor

considers such communication necessary to fulfill its legal and professional responsibilities.

- 6) Rotation of Auditor. The City will not require an auditor rotation but will circulate requests for proposals for audit services at least every five years. Should the City Council be dissatisfied with the auditor's performance, it may request new proposals at any time. Year-to-year authorization to continue shall be done by July 1st of each year.

#### C. FINANCIAL REPORTING.

##### 1) External Reporting.

- a. Scope. The Annual Comprehensive Financial Report shall be prepared in accordance with generally accepted accounting principles (GAAP).
- b. Timing. The Report shall be presented to the Council within 180 calendar days of the City's fiscal year end. If City staffing limitations preclude such timely reporting, the Finance Director will inform the City Council of the delay and the reasons thereof.
- c. Awards. The Report shall be presented annually to the Government Finance Officer's Association (GFOA) for evaluation and consideration for the Certificate of Achievement for Excellence in Financial Reporting.

##### 2) Internal Reporting.

The Finance Department will prepare internal financial reports, sufficient to plan, monitor, and control the City's financial affairs. Internal financial reporting objectives are addressed throughout these policies.

#### IV. OPERATING BUDGET.

- A. PREPARATION. Budgeting is an essential element of the financial planning, control, and evaluation process of municipal government. The City's "operating budget" is the City's annual financial operating plan. The scope of the budget includes all funds for which the City will adopt a formal budget, including Government Funds and Proprietary Funds.

- 1) Budgetary Process. The budget is prepared by the City Manager or his/her designee with the cooperation of all City Departments. The proposed budget should be presented to the City Council between 60 and 90 days prior to the fiscal year end and should be enacted by the City Council prior to fiscal year end in accordance with the Charter.



- 2) Awards. If feasible, the operating budget will be submitted to the GFOA annually for evaluation and consideration for the Award for Distinguished Budget Presentation.
- 3) Basis of Budgeting. The basis of budgeting will be the same as the basis of accounting; that is, that budgets for the General Fund and the Special Revenue Funds are prepared on the modified accrual basis of accounting, and budgets for the Utility (Proprietary) Funds are prepared on a full accrual basis, except that capital purchases and depreciation are not adjusted until year-end financial reporting.
- 4) Financial Forecast. A five-year financial forecast shall be prepared annually, projecting revenues and expenditures for all operating and capital funds. This forecast shall be used as a planning tool in developing the following year's operating budget.
- 5) Proposed Budget Format. A proposed budget shall be prepared by the City Manager with the participation of all of the City's Department Directors, within the provisions of the City Charter. The budget shall include at least four basic segments for review and evaluation. These segments are: (1) personnel costs, (2) operations and maintenance costs, (3) capital and other (non-capital) project costs, and (4) revenues. A four-column format should be used such that prior year actual, current year budget and revised, and next year proposed are all clearly shown.
- 6) Council Participation. The budget review process shall include Council participation in the development of each of the four segments of the proposed budget and a Public Hearing to allow for citizen participation in the budget preparation. The budget process shall span sufficient time to address policy and fiscal issues by the Council. The budget process will be coordinated so as to identify major policy issues for City Council consideration prior to the budget approval date so that proper decision analysis can be made.
- 7) Filing and Adoption. Upon the presentation of a proposed budget document acceptable to the Council, the Council shall call and publicize a public hearing and adopt by Ordinance such budget as the City's Official Budget, effective for the fiscal year beginning. A copy of the proposed budget shall be filed with the City Secretary in accordance with the provisions of the City Charter. Should the Council fail to take final action on or before the last day of the fiscal year, the budget as submitted by the City Manager shall be deemed to have been finally adopted by the City Council. If a tax rate is not adopted by September 30, the no-new-revenue rate is deemed to be adopted in accordance with State Law.
- 8) Amending the Official Budget. The council may amend the budget for municipal purposes in accordance with state law.

- 9) Encumbrances. Encumbrances outstanding at the end of each fiscal year shall be reflected as reservations of fund balance. Subsequent year's payments on previously encumbered funds will be reflected as expenditures in the current year. For Encumbrances that are brought forward from the previous year, budgets will be adjusted by the encumbered amount in the current year.
- B. **BALANCED BUDGET**. The operating budget will be balanced with current revenues and other resources greater than or equal to current expenditures/expenses. Use of beginning balances and other reserves to balance operations will be discussed with the City Council during the budget process.
  - C. **REPORTING**. Monthly financial reports will be prepared to enable the Department Managers to manage their budgets and to enable the Finance Director to monitor and control the budget as authorized by the City Manager. Summary financial reports will be presented to the departments. City Council will receive a financial summary of key funds within 30 days after the end of each month with the exception of the first quarter of the fiscal year. The report will be provided within 30 days after the first quarter of the fiscal year.
  - D. **ACTIVITY INDICATORS AND STATISTICS**. Where appropriate, activity indicators and statistics will be used as guidelines and reviewed for efficiency and effectiveness. This information will be considered in the annual budgeting process and reported to the City Council regularly.
  - E. **OPERATING POSITION**. The guidelines that the City should be following to assure fiscal stability are those outlined in Financial Condition/ Reserves/Stability Ratios.
- V. **REVENUE MANAGEMENT**.
- A. The City will strive for the following optimum characteristics in its revenue system:
    - 1) **SIMPLICITY**. The City, where possible and without sacrificing accuracy, will strive to keep the revenue system simple in order to reduce compliance costs and to make it more understandable to the taxpayer or service recipient. The City will avoid nuisance taxes or charges as revenue sources.
    - 2) **CERTAINTY**. A knowledge and understanding of revenue sources increase the reliability of the revenue system. The City will understand its revenue sources and enact consistent collection policies to provide assurances that the revenue base will materialize according to budgets and plans.
    - 3) **EQUITY**. The City shall make every effort to maintain equity in its revenue system structure, i.e., the City shall seek to minimize or eliminate all forms of subsidy between entities, funds, services, utilities, and customers. The City shall require that there be a balance in the revenue system, i.e., the revenue

base will have the characteristic of fairness and neutrality as it applies to cost of service, willingness to pay, and ability to pay.

- 4) **ADMINISTRATION.** The benefits of a revenue will generally exceed the cost of collecting and administering the revenue program. The cost of collection will be reviewed periodically for cost effectiveness as a part of the indirect cost and cost of services analysis. Where appropriate, the City will use the administrative processes of State or Federal collection agencies in order to reduce administrative costs.
  - 5) **DIVERSIFICATION AND STABILITY.** In order to protect from fluctuations in revenue sources due to changes in the economy and variations in weather, a diversified revenue system will be maintained to provide stability.
  - 6) **GRANTS AND RESTRICTED REVENUES.** In order to maintain flexibility in the revenue system, grants and restricted revenues shall be pursued on a cost-benefit basis. All grants and other federal/state, and restricted funds shall be managed and accounted for to comply with the laws, regulations, and guidance of the grantor.
- B. The following considerations and issues will guide the City in its revenue policies concerning specific sources of funds:
- 1) **COST/BENEFIT OF ABATEMENT.** The City will use due caution in the analysis of any tax or fee incentives that are used to encourage development. Ideally, a cost/benefit (fiscal impact) analysis will be performed as a part of such caution.
  - 2) **NON-RECURRING REVENUES.** One-time or non-recurring revenues will not be used to finance current ongoing operations. Non-recurring revenues should be used only for one-time expenditures such as long-lived capital needs.
  - 3) **PROPERTY TAX REVENUES.** All real and business personal property located within the City shall be valued at fair market value for any given year based on the current appraisal supplied to the City by the Central Appraisal District of Johnson County and Tarrant Appraisal District. Total taxable valuation will be reappraised and reassessed in accordance with State statute, in order to maintain current market values.

A 98% collection rate shall serve each year as a goal for tax collections. All taxes shall be aggressively pursued each year by the City's appointed tax assessor/collector. Tax accounts delinquent July 1st shall be submitted for collection each year to an attorney selected by the City Council. A penalty shall be assessed on all property taxes delinquent in accordance with State law and shall include all court costs, as well as an amount for compensation of the attorney as permitted by State law and in accordance with the attorney's

contract with the City. Annual performance criteria will be developed for the attorney.

- 4) **INTEREST INCOME.** Interest earned from investment of available monies, whether pooled or not, will be distributed to the funds in accordance with the operating and capital budgets which, wherever possible, will be in accordance with the cash balance of the fund from which monies were provided to be invested.
- 5) **USER-BASED FEES AND SERVICE CHARGES.** For services associated with a user fee or charge, the direct and indirect costs of that service will be offset by a fee where possible. There will be an annual review of fees and charges to ensure that fees provide adequate coverage of the costs of services. User charges may be classified as "Full Cost Recovery", "Partial Cost Recovery," and "Minimal Cost Recovery," based upon City Council policy.
- 6) **UTILITY RATES.** The City will review and adopt utility rates annually that will generate revenues required to fully cover operating expenditures, meet the legal restrictions of all applicable bond covenants, and provide for an adequate level of working capital needs. This policy does not preclude drawing down cash balances to finance current operations. However, it is best that any extra cash balance be used instead to finance capital projects. Components of Utility Rates will include transfers to the General Fund as follows:
  - a. General and Administrative Charge. An administrative fee will be charged to the Utility Fund for services of general overhead, such as administration, finance, personnel, data processing, and legal counsel. This fee will be documented through a cost allocation procedure.
  - b. Franchise payment. A rate consistent with those charged to private utilities will be charged to the Utility Fund. This rate may be either raised or lowered so as to be consistent with those of the private utilities.
  - c. Payment in lieu of Property Tax (PILOT). A fee will be charged to the Utility Fund to equate to property taxes lost due to municipal ownership. Total Assets from the most recent audited financials will be used as a basis, barring the absence of known market value. The tax rate from the same fiscal year as the most recent audited financials will be applied to this base to determine the PILOT charge.
- 7) **REVENUE MONITORING.** Revenues received will be compared to budgeted revenues throughout the fiscal year and significant variances will be investigated.

## VI. EXPENDITURE CONTROL

- A. **APPROPRIATIONS.** The level of budgetary control is at the Department level budget in the General and Enterprise Funds, and at the fund level in all other funds. When budget adjustments among Departments and/or funds are necessary, these must be approved by the City Council. Budget appropriations at lower levels of control, which is defined as transfers, shall be made in accordance with the applicable administrative procedures.
- B. **AMENDMENTS TO THE BUDGET.** In accordance with the City Charter, all budget amendments shall be approved by the Council.
- C. **CENTRAL CONTROL.** No recognized or significant salary or capital budgetary savings in any Department shall be spent by the Department Director without the prior authorization of the City Manager. However, Department Directors are authorized to approve budgetary line items transfers in the same fund within their own assigned departments. The City Manager assigns Departments to each Director as areas of their responsibilities, and documents it in the City's Organization Chart.
- D. **PURCHASING.** All purchases should be in accordance with the City's purchasing policies as defined in the Purchasing Manual. In accordance with the Charter provisions, purchases, and contracts as per the City's Procurement Policy, will be reviewed and recommended by staff and presented to Council for approval.
- E. **PROMPT PAYMENT.** All invoices approved for payment by the proper City authorities shall be paid by the Finance Department within thirty (30) calendar days of receipt in accordance with the Government Code, Chapter 2251, Section 2251.021.
- F. **EQUIPMENT FINANCING.** Equipment is accounted for at the original acquisition cost, which includes purchase price plus any costs incurred to place the equipment in service. Equipment may be leased or financed when the unit purchase price is \$5,000 or more and the useful life is at least five years. Departments shall contact the Finance Department for transfer or disposal instructions.
- G. **RISK MANAGEMENT.** The City will aggressively pursue every opportunity to provide for the Public's and City employees' safety and to manage its risks. The goal shall be to minimize the risk of loss of resources through liability claims with an emphasis on safety programs. All reasonable options will be investigated to finance risks. Such options may include risk transfer, insurance, and risk retention.
- H. **AUTHORIZATION OF INVESTMENTS AND PAYMENTS.** Two signatures are required to conduct business on behalf of the City of Burleson, Texas. Both the City

Manager and the Director of Finance, or their designee(s), are hereby authorized to approve investments and payments for the City.

- I. AUTHORIZATION OF ELECTRONIC TRANSFERS BY THE CITY. In general, electronic transfer responsibilities and processes are set by the Director of Finance in accordance with banking resolutions adopted by the City Council and the Investment Policy. Processes will require two individuals assigned by the Director of Finance to separate the duties of initiating a transaction and approval of a transaction.

## VII. ASSET MANAGEMENT

- A. INVESTMENTS. The Finance Director shall promptly invest all City funds with the Bank Depository in accordance with the provisions of the current Bank Depository Agreement or in any negotiable instrument that the Council has authorized under the provisions of the Texas Public Funds Investment Act and in accordance with the City Council approved Investment Policy.
- B. CASH MANAGEMENT. The City's cash flow will be managed to maximize the cash available to invest. Such cash management will entail the centralization of cash collections, where feasible, including property tax payments, utility bills, municipal fines, building and related permits and licenses, and other collection offices as appropriate. Cycle billing will be used where appropriate.
- C. FIXED ASSETS AND INVENTORY. These assets will be reasonably safeguarded and properly accounted for and prudently insured. A fixed asset of the City shall be defined as a purchased or otherwise acquired piece of equipment, vehicle, furniture, fixture, capital improvement, addition to existing capital investments, land, buildings, or accessioned Library materials. The cost or value of any such acquisition must be \$5,000 or more within an expected useful life greater than one year. All City departments with inventory are required to conduct a physical inventory under their control on an annual basis.
- D. DEPOSITORIES. The City Council, having given due consideration to all of its options and taking into consideration what is in the best interest of the municipality, hereby authorizes the consideration of applications of depositories not doing business within the City of Burleson, Texas so long as that bank maintains a business location within a five-mile radius of Burleson City Hall. This authorization encompasses all of the depository uses and requirements of the City.

## VIII. CAPITAL BUDGET AND PROGRAM

- A. PREPARATION. The City will develop a 5-year capital improvement plan (CIP) to include all capital projects being considered and all resources for capital funding.

The budget will be prepared on a fiscal year ending calendar and reported annually. The 5-year CIP will be prepared by the Department Director and presented to the City Council during the budget process. The Finance Director will work closely with Departments to ensure funding capacity is available.

- B. **CONTROL.** All capital project expenditures must be appropriated in the capital budget at a project level. The Finance Department must certify the availability of such appropriations, or the availability of resources needed to be appropriated before a capital project contract is presented to the City Council for approval. Any remaining funds of a completed project not allocated by the City Council will be closed into an unallocated account in the same fund. Similar projects are to be grouped together in a fund based on the type of project and source of funding, using the similar Capital Projects Fund classifications for reporting purposes in the Annual Financial Report.
- C. **PROGRAM PLANNING.** The capital budget will include capital improvements program plans for future years. The planning time frame should normally be at least five years. The replacement and maintenance for capital items should also be projected for the next 5 years. Future maintenance and operational costs will be considered at the initiation of a project so the costs can be included in the relevant operating budget.
- D. **FINANCING PROGRAMS.** Where applicable, assessments, impact fees, pro-rata charges, or other fees should be used to fund capital projects having a primary benefit to specific, identifiable property owners.
- E. **INFRASTRUCTURE MAINTENANCE.** The City recognizes that deferring maintenance increases future capital costs. Therefore, a portion of the appropriate fund's budget will be set aside each year to maintain the quality of the City's infrastructure. The inclusion of infrastructure maintenance and replacement costs in the current operating budget will place the burden of the costs and repairs on the current users of the systems.
- F. **REPORTING.** Periodic financial reports will be prepared to enable Department Managers to manage their capital budgets and to enable the Finance Department to monitor and control the capital budget as authorized by the City Manager. Summary capital projects status reports should be presented to the City Council quarterly.

#### IX. FINANCIAL CONDITIONS, RESERVES, AND STABILITY RATIOS

- A. **OPERATIONAL COVERAGE. (NO OPERATING DEFICITS).** The City will maintain an operational coverage factor of 1.00, such that current operating revenues (plus approved fund balance appropriations) will equal or exceed current operating expenditures.

Deferrals, short-term loans, or one-time sources will be avoided as budget balancing techniques. Reserves will be used only for emergencies or non-recurring expenditures, except when balances can be reduced because their levels exceed guideline minimums.

## B. OPERATING RESERVES/FUND BALANCES

### 1) Governmental funds of the City of Burleson shall be defined as follows:

- 1) General Fund. The general fund should be used to account for and report all financial resources not accounted for and reported in another fund.
- 2) Special Revenue Funds. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund. Other resources (investment earnings and transfers from other funds, for example) also may be reported in the fund if those resources are restricted, omitted, or assigned to the specified purpose of the fund. Governments should discontinue reporting a special revenue fund and instead report the fund's remaining resources in the general fund, if the government no longer expects that a substantial portion of the inflows will derive from restricted or committed revenue sources.
- 3) Capital Projects Funds. Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.
- 4) Debt Service Funds. Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest, even if it is being accumulated for future years' payments. Debt service funds should be used to report resources if legally mandated.

### 2) Ending fund balances of the City of Burleson shall be reported according to the following classifications:



- 1) RESTRICTED
- 2) COMMITTED
- 3) ASSIGNED
- 4) UNASSIGNED

- 3) **Order of expenditure** --When committed, assigned and unassigned resources can be used for the same purpose, funds shall be spent in the sequence of committed resources first, assigned second, and unassigned last.
- 4) It is the goal of the City that the unassigned fund balance of the General Fund should be at least 20% of the General Fund annual expenditures. This percentage is the equivalent of 73 days' expenditures. In order to adhere to the principles of matching current revenues with current expenditures and minimizing property taxes, the City will strive to maintain the fund balance if the unassigned balance grows beyond 90 days' expenditures.
- 5) The Water and Wastewater Fund working capital should be maintained at least 20% of total operating expenditures or the equivalent of 73 days.
- 6) It is the goal of the City that the fund balance of the 4A Corp and 4B Corp, should maintain at least a 20% minimum of total operating expenditure or the equivalent of 73 days.
- 7) General Obligation Debt Service Funds will have a reserve of approximately \$1,000,000. The policy above does not include the debt service reserves normally established to market revenue bonds. The City's policy and bond ordinance requirements are to maintain these debt service reserves at the level of the average annual debt service.

#### C. CAPITAL AND DEBT SERVICE FUNDS

- 1) Items in the Capital Projects Funds shall have the goal to be completed and paid for within 36 months of receipt of proceeds. Balances will be used to generate interest income to offset construction costs.
- 2) Revenue Obligations will maintain Debt Coverage Ratios as specified by the bond covenants. The City is currently required to have net revenues in excess of average annual debt by 1.25 times. Net revenues must also exceed the maximum outstanding debt by 1.10 times. Both these tests must be met in order to issue additional bonds.

- 3) Obligations of Burleson's economic development corporations will maintain coverage ratios as specified by bond covenants. If the City issues obligations partially secured by a limited pledge of the corporations' sales tax revenues, not subject to the coverage ratios of the revenue bond covenants, coverage shall be maintained at no less than 1.25 times average annual debt service, and 1.15 times the maximum annual debt service. Both of these tests must be met in order to issue additional bonds.

## X. TREASURY AND DEBT MANAGEMENT

- A. CASH MANAGEMENT. A periodic review of cash flow position will be performed to determine performance of cash management and investment policies. A detailed policy structure will be followed with respect to Cash/Treasury Management. The underlying theme will be that idle cash will be invested with the intent to 1) safeguard assets, (2) maintain liquidity, and 3) maximize return. Where legally permitted, pooling of investments will be done.

The City will adhere to the investments authorized through the Texas' Public Funds Investment Act and the city's established comprehensive Investment Policies and Guidelines. Such policies clarify acceptable investment securities, brokers, terms, and other pertinent investment information.

- B. DEBT MANAGEMENT. The City's Debt Management Policy establishes parameters and provides guidance governing the issuance, management, continuous evaluation of and reporting on all debt obligations issued by the City, and to provide for the preparation and implementation necessary to ensure compliance and conformity with this policy.

## XI. INTERNAL CONTROLS

- A. WRITTEN PROCEDURES. Written procedures will be established and maintained by the Director of Finance for all functions and financial cycles including cash handling and accounting throughout the City. These procedures will embrace the general concepts of fiscal responsibility set forth in this policy statement.
- B. DEPARTMENT DIRECTORS AND MANAGERS RESPONSIBILITY. City administrators and managers are charged with the responsibility for establishing a network of processes with the objective of controlling the operations of the City in a manner which provides reasonable assurance that:
  - 1) Data and information published either internally or externally is accurate, reliable, complete, and timely.
  - 2) The actions of administrators and employees are in compliance with the City's charter, plans, policies and procedures, and all relevant laws and regulations.

- 3) The City's resources, including its people, systems, data/information, assets, and citizens are adequately protected.
- 4) Resources are acquired economically and employed effectively.
- 5) The City's internal controls promote the achievement of plans, programs, goals, and objectives.

Each Department Manager is responsible for ensuring that good internal controls are followed throughout his or her Department, that all Finance Department directives or internal controls are implemented, and that all independent auditor internal control recommendations are addressed.

## XII. STAFFING AND TRAINING

- A. ADEQUATE STAFFING. Staffing levels will be adequate for the fiscal functions of the City to operate effectively. Overtime shall be used only to address temporary or seasonal demands that require excessive hours. Workload shedding alternatives will be explored before adding staff.
- B. TRAINING. The City will support the continuing education efforts of all financial staff including the investment in time and materials to maintain a current perspective concerning financial issues. Staff will be held accountable for communicating, teaching, sharing with other staff members all information and training materials acquired from seminars, conferences, and related education efforts.
- C. AWARDS, CREDENTIALS AND RECOGNITION. The City will support efforts and involvement resulting in meeting standards and receiving exemplary recitations on behalf of any of the City's fiscal policies, practices, processes, products, or personnel. Staff certifications may include Certified Public Accountant, Management Accountant, Certified Internal Auditor, and Certified Cash Manager. Further, the Finance Director will try to obtain and maintain the designation of Certified Government Finance Officer as awarded by the GFOA of Texas.

The City will strive to maintain a high level of excellence in its accounting policies and practices as it prepares its Financial Report. The Report will be presented to the Government Finance Officers Association (GFOA) for review of qualifications necessary to obtain the Certificate of Achievement for Excellence in Financial Reporting. Additionally, if feasible the City will submit its annual budget to GFOA for consideration for the Distinguished Budget Award and submit the Investment Policy to obtain the Certificate of Distinction from the Government Treasurers' Organization of Texas.

- D. TRANSPARENCY. A reasonable effort will be made to ensure relevant financial information is made available to all citizens in a 'user friendly' format in an easy-

to-understand terminology. In pursuit of this goal, the city will seek recognition through state and national transparency and reporting programs.

- E. Continuing Disclosure The continuing disclosure policy and procedures are attached as Attachment “A” to this policy.

**ARTICLE I  
PURPOSE AND SCOPE****SECTION 1.01 DEFINITIONS.**

The words and terms used in this Model Securities Law Compliance and Disclosure Policy (this "Policy") have the meanings specified in Article II hereof, unless the context clearly otherwise requires. Except where the context otherwise requires, words importing the singular number shall include the plural number, and *vice versa*.

**SECTION 1.02 PURPOSE OF POLICY.**

- (a) Continuing Disclosure Undertaking Requirement. Under Rule 15c2-12, underwriters of Municipal Securities may not purchase or sell Municipal Securities unless the underwriters have reasonably determined that the issuer of the Municipal Securities or its designated agent has undertaken in a written agreement to provide continuing disclosure of certain financial information and operating data, and to file notices of certain events designated in Rule 15c2-12. The Issuer is required under its Continuing Disclosure Undertakings to provide disclosures of certain financial information and operating data and notice of certain events to the MSRB on EMMA to facilitate informed secondary market trading. This Policy is adopted by the Issuer to assist in its compliance with federal and state securities laws and regulations, including, specifically, Rule 15c2-12. This Policy is established to ensure that the Issuer maintains adequate policies and procedures for gathering, analyzing and disclosing all information that is required to be provided to, or that may be reasonably expected to reach investors or trading markets, which relates to the issuance of the Issuer's Debt Obligations. Such information consists of the content of the Issuer's Offering Documents, continuing disclosure reports, event notices and other statements reasonably expected to reach the public markets.
- (b) Recommendation of Written Procedures. The Issuer recognizes that the SEC recommends adopting disclosure policies and amending existing disclosure policies from time to time to address the process for evaluating the disclosure process including disclosures for certain Event Notices. Written policies and procedures adopted by the Issuer will serve to streamline the process of disclosing required information. The Disclosure Officer, and other officers selected by the Issuer, if any, may establish additional written procedures from time to time to ensure that any Offering Documents (i) fully and accurately present the Issuer's financial condition and operations and (ii) do not omit any Material information regarding the Issuer.

**SECTION 1.03 SCOPE OF POLICY.**

This Policy applies to all Debt Obligations of the Issuer that are currently outstanding and all future bonds, notes, leases or derivative instruments to be executed by the Issuer. If the provisions of this Policy conflict with a respective Continuing Disclosure Undertaking, the terms of such Continuing Disclosure Undertaking will control.

**ARTICLE II  
DEFINITIONS****SECTION 2.01 DEFINED TERMS.**

"Annual Report" means the Issuer's audited financial statements (or unaudited financial statements if permitted by the Continuing Disclosure Undertaking) and certain other financial information and operating data required to be filed annually with the MSRB.

"Business Day" means any day except any Saturday or Sunday, any day which is a federal legal holiday in the United States, or any day on which banking institutions are authorized or required by law to close.

"Code" means the Internal Revenue Code of 1986, as amended.

"Compliance Date" means February 27, 2019.

"Continuing Disclosure Undertaking" means a continuing disclosure agreement, continuing disclosure undertaking, continuing disclosure instructions or other written certification and agreements of the Issuer setting out covenants for satisfying the Issuer's requirements for providing information to the MSRB in an electronic format pursuant to and in accordance with Rule 15c2-12.

"Debt Obligation" means each contract of the Issuer that has sufficient characteristics of debt so that it is included in the Issuer's financial statements as a long-term liability of the Issuer, including, but not limited to bonds, notes, leases and similar instruments used by the Issuer for borrowing purposes.

"Disclosure Officer(s)" means the Issuer's Director of Finance, or, if the position of Director of Finance is vacant, the person(s) filling the responsibilities of the City Manager or Assistant City Manager for the Issuer.

"EMMA" means the Electronic Municipal Market Access system, the prescribed electronic format for disclosures established and maintained by the MSRB, which can be accessed at [www.emma.msrb.org](http://www.emma.msrb.org).

"Event 15" means the event set forth in Section 5.02(a) of this Policy.

"Event 16" means the event set forth in Section 5.03(a) of this Policy.

"Event Notices" means all event notices required by Rule 15c2-12.

"Financial Obligation" means: (i) a Debt Obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned Debt Obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include Municipal Securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

"GASB" means the Governmental Accounting Standards Board.

"IRS" means the Internal Revenue Service.

"Issuer" means the City of Burleson, Texas.

"Material" has the meaning given in Section 3.02(f) of this Policy.

"MSRB" means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the SEC in accordance with Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Municipal Securities" means securities which are direct obligations of, or obligations guaranteed as to principal or interest by, a State or any political subdivision thereof, or any agency or instrumentality of a State or any political subdivision thereof, or any municipal corporate instrumentality of one or more States and any other Municipal Securities described by Section 3(a)(29) of the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Obligated Person" means any person, including an issuer of Municipal Securities, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all or part of the obligations on the Municipal Securities to be sold in the Offering (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities); furthermore, for purposes of this Policy, the Issuer is an Obligated Person.

"Offering" means a primary offering of Municipal Securities with an aggregate principal amount of \$1,000,000 or more.

"Offering Document" means any preliminary or final official statement, private placement memorandum or limited offering memorandum, or other similar instrument prepared in connection with the sale, issuance and delivery of an Offering.

"Rule 15c2-12" means SEC Rule 15c2-12, governing the obligations of dealers regarding Municipal Securities under the Securities Exchange Act of 1934, as amended from time to time, which is available at <https://www.gpo.gov/fdsys/pkg/CFR-2013-title17-vol3/pdf/CFR-2013-title17-vol3-sec240-15c2-12.pdf>.

"SEC" means the United States Securities and Exchange Commission.

"SEC Municipal Markets Report" means the Report on the Municipal Securities Market of the SEC, dated July 31, 2012, available at <https://www.sec.gov/news/studies/2012/munireport073112.pdf>.

"Terms Affecting Security Holders" means a Material agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer that affects security holders.

"U.S. Bankruptcy Code" means Title 9 of the United States Code, as amended from time to time, and any successor to or replacement of such Title and any other applicable federal bankruptcy, insolvency or similar law.

### **ARTICLE III**

#### **DISCLOSURE OFFICER; RECORD RETENTION; TRAINING**

**SECTION 3.01 DISCLOSURE OFFICER.**

The Issuer shall appoint a Disclosure Officer who shall be responsible for implementing this Policy. The Disclosure Officer will work with other employees and officials of the Issuer to assist in implementing this Policy. The Disclosure Officer will consult with bond counsel, legal counsel to the Issuer (including designated disclosure counsel, if any), accountants, municipal advisors, financial advisors and other outside consultants to the extent necessary to carry out the purpose of this Policy. The Disclosure Officer will report to the Issuer's governing body as provided in Section 6.01 herein, regarding implementation of this Policy and any recommended changes or amendments to this Policy.

**SECTION 3.02 DUTIES OF DISCLOSURE OFFICER.**

- (a) General Duties. The Disclosure Officer shall be primarily responsible for ensuring and determining the Issuer's compliance with this Policy and federal and state securities laws and regulations applicable to the Issuer, including specifically Rule 15c2-12, and including identifying and remedying any non-compliance with this Policy and such laws and regulations.
- (b) Review of Relevant Documents. The Disclosure Officer will review the following documents, obligations, and disclosure and reporting requirements of the Issuer in connection with the issuance of Municipal Securities to comply with Article IV and V of this Policy and in the ordinary course of business of the Issuer:
  - i. Offering Documents;
  - ii. Audited and unaudited financial statements, including notes to such statements;
  - iii. Changes to accounting standards promulgated by GASB and other applicable accounting standards and rules;
  - iv. Adopted annual budgets and amendments thereto;
  - v. Continuing Disclosure Undertakings; and
  - vi. Other relevant documents that reflect the Issuer's financial position and operating data.

The Disclosure Officer shall take reasonable steps to ensure that all Offering Documents are timely provided to the Issuer's governing body to ensure meaningful review and approval thereof. In addition, the Disclosure Officer shall take reasonable steps to ensure that for purposes of securities law compliance the Issuer's governing body is generally aware of the other documents listed above and of the significance of those documents to the Issuer's disclosure obligations.

- (c) Solicitation of Relevant Information. In the performance of its duties under this Policy, the Disclosure Officer shall be responsible for soliciting any relevant information from other employees, officials or departments within the internal organization of the Issuer, including public statements made by officials of the Issuer that the Disclosure Officer reasonably believes will reach investors or trading markets generally. The Disclosure Officer is additionally responsible for obtaining any documentation prepared by an outside source that may be necessary to assist the Disclosure Officer in carrying out this Policy. The Disclosure Officer shall undertake a thorough review of the form and content of each of the Issuer's annual filings, and any Event Notice filings, as required pursuant to Article IV and V hereof.
- (d) Public Statements Regarding Financial Information. Whenever an officer or employee of the Issuer makes statements or releases information relating to its finances and other operations of the Issuer to the public that is reasonably expected to reach investors and the trading markets (including, without limitation, all Event Notices, statements in a comprehensive annual financial report, and other financial reports and statements of the Issuer), the Disclosure Officer shall be responsible for ensuring that such statements and Material information are complete, true, and accurate in all material aspects and available to all investors. The Disclosure Officer will work with other officers of the Issuer to ensure that all public statements and information released by the Issuer are accurate and are not misleading in all Material aspects.

- (e) Issuance of Debt Obligations. Whenever the Issuer prepares or participates in the preparation of an Offering Document, the Disclosure Officer, in addition to any other officers selected by the Issuer, shall be responsible for making all certifications that may be required to the effect that such Offering Document does not contain any untrue statement of Material fact or omit to state any Material fact necessary to make the information contained in such documents, in the light of the circumstances under which it was provided, not misleading.

Such determination by the Disclosure Officer shall only be made after coordination with the Issuer's attorney or other administrative officer having ultimate responsibility with respect to the Issuer's operations, risks and litigation, to ensure that any current, pending or threatened losses, investigations or litigation, and any settlement or court orders that are Material to the Issuer are properly identified.

- (f) Determination of Material Information. The Issuer understands that determining materiality requires a complete review of facts and circumstances (which may include a review of outstanding Debt Obligations) and in some instances may require the Disclosure Officer to discuss matters with other officers or consultants of the Issuer. Furthermore, each determination of materiality made by the Disclosure Officer shall be made on a case-by-case basis. For purposes of this Policy, information is "Material" if there is a substantial likelihood that the disclosure of that information would be viewed by a reasonable investor as having significantly altered the total mix of information made available in making an informed investment decision.<sup>1</sup>

### **SECTION 3.03 RECORD RETENTION.**

The Disclosure Officer will maintain or cause to be maintained all records relating to annual disclosure filings including the financial information and operating data to be included in the Annual Report for a period of three (3) years after retirement of the related Debt Obligations. The Disclosure Officer will additionally maintain or cause to be maintained all records relating to Event Notices required to be filed with the MSRB under the Continuing Disclosure Undertaking. Such records shall be maintained in either paper or electronic format, or in both formats.

### **SECTION 3.04 TRAINING.**

The Disclosure Officer shall have at least a general familiarity with the content of Rule 15c2-12 and the SEC Municipal Markets Report, and in furtherance thereof receive appropriate training regarding the Issuer's disclosure obligations in accordance with federal securities laws, state regulations and Rule 15c2-12. When appropriate, the Disclosure Officer and/or other Issuer employees and officials under the direction of the Disclosure Officer will attend training programs offered by the SEC or other industry professionals regarding disclosure policies and procedures developed in the context of Rule 15c2-12 that are relevant to the Issuer. Each person acting in the capacity of a Disclosure Officer shall receive such training as may be necessary for the person to perform competently the duties and responsibilities of Disclosure Officer to ensure the Issuer's compliance with the provisions of this Policy.

## **ARTICLE IV**

### **ANNUAL DISCLOSURE FILINGS**

#### **SECTION 4.01 ANNUAL DISCLOSURE FILINGS.**

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<sup>1</sup> The general materiality standard used by the United States Supreme Court. See TSC Industries, Inc. v. Northway, Inc., 426 U.S. 438, 449 (1976).



The Disclosure Officer shall annually review each Continuing Disclosure Undertaking to determine: (i) the appropriate financial information and operating data required to be included in the Annual Report; and (ii) the filing deadline for such Annual Report or a part thereof. The Disclosure Officer should review the Issuer's documents, Debt Obligations, and disclosure and reporting requirements described in Sections 3.01 and 3.02 of this Policy in determining the appropriate financial information and operating data to be included in the Annual Report. As indicated in Section 3.02 of this Policy, the Disclosure Officer's review necessarily includes review of other documents relating to the financial and operating status of the Issuer to ensure that all required information is appropriately incorporated into the Annual Report. The Disclosure Officer shall be required to provide only the financial information, operating data, financial statements and notices which the Issuer has expressly agreed to provide pursuant to a respective Continuing Disclosure Undertaking, but, in consultation with appropriate accountants, municipal advisors, financial advisors and other outside consultants of the Issuer, may submit other appropriate information to EMMA that will impact the Issuer's financial condition and/or existing security holders in a manner deemed Material by the Disclosure Officer. Additionally, the Disclosure Officer shall notify the MSRB in an electronic format as prescribed by the MSRB, in a timely manner, of any failure by the Issuer to provide financial information or operating data in accordance with the Continuing Disclosure Undertaking.

## **ARTICLE V**

### **DISCLOSURE FILINGS FOR EVENT NOTICES**

#### **SECTION 5.01 DISCLOSURE FILINGS FOR EVENT NOTICES 1-14.**

The Disclosure Officer shall determine whether an event included below has occurred with respect to the Issuer. If the Disclosure Officer determines that notice of the following events should be provided to the MSRB pursuant to a Continuing Disclosure Undertaking, the Disclosure Officer will cause the appropriate notice to be filed with the MSRB on EMMA, in a timely manner, not in excess of ten (10) Business Days after the occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified as item (12) in this Section 5.01, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

The Disclosure Officer may seek the advice of other employees and officials of the Issuer, as well as the advice of the consultants and counsel to the Issuer, as to whether one of the above described events has occurred and whether an Event Notice shall be filed with the MSRB consistent with Rule 15c2-12.

**SECTION 5.02 EVENT 15: INCURRENCE OF A MATERIAL FINANCIAL OBLIGATION OR TERMS AFFECTING SECURITY HOLDERS.**

- (a) Event 15. Beginning on the Compliance Date and continuing thereafter, in addition to the fourteen events described in Section 5.01 and Event 16 described in Section 5.03, the Disclosure Officer shall determine whether an Event 15 has occurred with respect to the Issuer. If the Disclosure Officer determines that an Event 15 has occurred, the Disclosure Officer shall file, or cause to be filed, notice of such Event 15 with the MSRB through EMMA in a timely manner, not in excess of ten (10) Business Days after the date of incurrence. Beginning on the Compliance Date, Rule 15c2-12 establishes that an Event 15 is as follows:

- (15) Incurrence of a Financial Obligation of the Obligated Person, if Material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if Material.

The Issuer recognizes that, unlike the events listed in Section 5.01 above, the stated purpose of the SEC in adding Event 15 to Rule 15c2-12 is to provide the secondary market with information regarding all debt, debt-like or debt-related Financial Obligations or Terms Affecting Security Holders incurred by the Issuer. The incurrence of Financial Obligations may occur outside the issuance of Municipal Securities and therefore engagement by the Disclosure Officer with counsel and other consultants experienced in compliance issues related to Rule 15c2-12 may be necessary to determine whether it is necessary to file an Event Notice for Event 15 with the MSRB through EMMA.

- (b) Financial Obligations and Terms Affecting Security Holders Subject to Disclosure. The Disclosure Officer shall first determine whether a contract or obligation incurred by the Issuer is a Financial Obligation or Terms Affecting Security Holders subject to disclosure under Event 15. When assessing whether a particular contract or obligation is a Financial Obligation or Terms Affecting Security Holders subject to disclosure as such terms are used in Event 15, the Disclosure Officer should consider the facts and circumstances surrounding the Issuer's incurrence of each type of contract and obligation, as well as the factors set forth below:
- i. Whether the contract or obligation could affect, or contains provisions or triggers that may impair, the Issuer's liquidity, overall creditworthiness or an existing security holders' rights;
  - ii. Whether the contract or obligation is a private placement of debt with a financial institution, letter of credit, standby line of credit, or a similar "credit agreement" that relates to a Debt Obligation;
  - iii. Whether the contract or obligation is an ordinary financial and operating liability incurred in the Issuer's normal course of business;

- iv. Whether the contract or obligation contains acceleration provisions or restrictive debt service covenants that could affect the rights of existing security holders;
- v. Whether the contract or obligation is a short or long-term Debt Obligation of the Issuer under the terms of an indenture, loan agreement, capital lease, or other similar contract such as a line of credit;
- vi. Whether the contract or obligation is an operating lease, or a capital lease which operates as a vehicle for borrowing money (e.g. a lease-purchase agreement). For purposes of this Disclosure Policy, factors relevant to determining whether a lease is a vehicle for borrowing money (i.e., a Financial Obligation) are included in **Exhibit A** attached hereto;
- vii. Whether the contract or obligation represents competing debt with the Issuer's prior Debt Obligations that may affect the rights of the existing security holders;
- viii. Whether the contract or obligation is a derivative instrument entered into in connection with a pledge as security or source of payment for an existing or planned Debt Obligation, which may include any swap, security-based swap, futures contract, forward contract, option, a combination of the foregoing or any similar instrument;
- ix. Whether the contract or obligation is a derivative instrument designed to mitigate investment risk; or
- x. Whether the contract or obligation is a guarantee provided by the Issuer as a guarantor for the benefit of a third party.

The Disclosure Officer will consult with bond counsel, legal counsel to the Issuer (including designated disclosure counsel, if any), accountants, municipal advisors, financial advisors and other outside consultants to the extent necessary in making a determination as to whether a contract or obligation incurred by the Issuer is a Financial Obligation or Terms Affecting Security Holders subject to the disclosure requirements of Event 15.

- (c) Determination of Material Event 15. If the Disclosure Officer determines that the Issuer has incurred a Financial Obligation or Terms Affecting Security Holders subject to Event 15, the Disclosure Officer shall proceed to determine whether such Financial Obligation or Terms Affecting Security Holders are Material. The same practice used by the Issuer for determining whether a particular piece of information is Material in connection with preparing a disclosure document for an Offering set forth in Section 3.02(f) should be used for purposes of Event 15.

The Disclosure Officer shall determine whether a Financial Obligation or Terms Affecting Security Holders are Material upon the incurrence of the Financial Obligation or the Terms Affecting Security Holders, taking into account all relevant facts and circumstances. Relevant facts and circumstances may include, but are not limited to:

- i. The principal amount of the Financial Obligation, including the aggregate par amount of a series of related Financial Obligations, and the method of setting or adjusting the interest rate thereof;
- ii. The Issuer's overall balance sheet and the size of its existing Debt Obligations;
- iii. The source of security pledged for repayment of the Financial Obligation and the rights associated with such pledge;

- iv. The length of time that the Financial Obligation is to remain outstanding; and
- v. Other appropriate terms of a Financial Obligation that will impact the Issuer's financial condition and/or existing security holders in a manner deemed Material by the Disclosure Officer.

The Disclosure Officer, in consultation with the governing body of the Issuer, bond counsel, legal counsel to the Issuer (including designated disclosure counsel, if any), accountants, municipal advisors, financial advisors and other outside consultants of the Issuer, to the extent necessary, shall no less often than annually set objective standards of materiality with respect to Debt Obligations incurred by the Issuer, which may include, but are not limited to, a monetary threshold that, in connection with other relevant facts and circumstances, is the basis for the determination of materiality for Financial Obligations or Terms Affecting Security Holders of the Issuer. With respect to lease agreements entered into by the Issuer, the Disclosure Officer shall implement the guidelines set forth in **Exhibit A** when assessing whether such lease agreements are Material Financial Obligations.

- (d) Incurrence. A Financial Obligation and Terms Affecting Security Holders is considered to be incurred by the Issuer on the date that such Financial Obligation or Terms Affecting Security Holders is enforceable against the Issuer. As a filing under Event 15 is required to be made in a timely manner, not in excess of ten (10) Business Days after date of incurrence, the Disclosure Officer shall begin the process of assessing whether a particular Financial Obligation or Terms Affecting Security Holders should be disclosed as far in advance of its incurrence as possible. Additionally, although not required, the Disclosure Officer may file a voluntary filing of all outstanding Material Financial Obligations incurred prior to the Compliance Date.
- (e) Exemption of Municipal Securities as to Which a Final Official Statement Has Been Provided. The Disclosure Officer is not obligated to disclose, as a Financial Obligation or Terms Affecting Security Holders subject to Event 15, Municipal Securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12. The Disclosure Officer recognizes that this exclusion from the definition of "Financial Obligation" does not extend to Debt Obligations, contingent or otherwise, related to such Municipal Securities that may be disclosed or referenced in such final official statements.
- (f) Exemption of Monetary Obligations Resulting From Legal Proceedings. The Disclosure Officer is not required to disclose monetary obligations resulting from a judicial, administrative, or arbitration proceeding as an Event Notice.
- (g) Subjecting Debt Obligations to Annual Appropriation not Determinative. The Disclosure Officer understands that qualifying Debt Obligations or Financial Obligations such that payment is subject to annual appropriation may remove the "debt" designation for state constitutional or statutory purposes; however, this qualification alone will not be determinative as to whether the Issuer or Obligated Person has incurred a Material Financial Obligation; rather, when analyzing Debt Obligations and Financial Obligations that are subject to annual appropriation, the Disclosure Officer shall determine whether such Financial Obligation is Material, as described in Section 3.02(f), taking into account all relevant facts and circumstances as described in this Section 5.02.
- (h) Form of Event 15 Event Notice. Upon review of the factors outlined above, if the Disclosure Officer affirmatively determines that a Debt Obligation incurred by the Issuer is a Financial Obligation or Terms Affecting Security Holders that are Material and not exempt under subsection (e) and (f) of this Section 5.02, and therefore subject to Event 15, the Disclosure Officer shall file or cause to be filed with the MSRB through EMMA a notice not in excess of ten (10) Business Days of the date of the incurrence of the Financial Obligations or Terms Affecting Security Holders. The Disclosure Officer shall include a description of the Material terms of the Financial Obligation or Terms Affecting Security Holders within the Event 15 Event Notice. Terms considered Material for Event 15 may include, but are not limited to:

- i. The date of incurrence;

- ii. Principal amount;
- iii. Maturity and amortization;
- iv. Interest rate, if fixed, or method of computation and any default rates, if variable; or
- v. Other appropriate terms deemed material by the Disclosure Officer, the inclusion of which would help further the availability of information to assist investors in making more informed investment decisions in connection with such incurrence of Financial Obligations or Terms Affecting Security Holders.

The Disclosure Officer shall determine, based on the facts and circumstances, whether to submit to the MSRB a description of the Material terms of the Financial Obligation or the Terms Affecting Security Holders, or alternatively or in addition, submit related materials such as transaction documents prepared in connection with the Financial Obligation or the Terms Affecting Security Holders that set forth the material terms of the Financial Obligation or the Terms Affecting Security Holders. The Disclosure Officer shall not include, and shall take actions to redact, confidential information such as account numbers or other personally identifiable information (but not information relating to an interest rate or other pricing data). Should the Disclosure Officer determine that filing one or more of the transaction documents prepared in connection with the Financial Obligation or the Terms Affecting Security Holders is appropriate under this subsection, the Disclosure Officer may redact any confidential or personally identifiable information from the Event 15 Event Notice.

#### **SECTION 5.03      EVENT 16: EVENTS UNDER THE TERMS OF A FINANCIAL OBLIGATION WHICH REFLECT FINANCIAL DIFFICULTIES.**

- (a) Event 16. Beginning on the Compliance Date and continuing thereafter, in addition to the fourteen events described in Section 5.01, and Event 15 described in Section 5.02, the Disclosure Officer shall determine whether an Event 16 has occurred with respect to the Issuer as follows:

- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

If the Disclosure Officer determines that an Event 16 has occurred with respect to the Issuer, the Disclosure Officer will file or cause to be filed with the MSRB through EMMA a notice of Event 16, whether Material or not, provided the occurrence reflects financial difficulties of the Issuer. The Disclosure Officer shall file an Event 16 Event Notice even where the underlying Financial Obligation was incurred before the Compliance Date.

- (b) Reflection of Financial Difficulty of Obligated Person. The Disclosure Officer shall disclose to the MSRB the occurrence of an event listed in Event 16 only if the Disclosure Officer, in consultation with the governing body of the Issuer, bond counsel, legal counsel to the Issuer (including designated disclosure counsel, if any), accountants, municipal advisors, financial advisors and other outside consultants to the Issuer, to the extent necessary, determines that the occurrence of the event reflects financial difficulties of the Issuer.

- (c) Events Subject to Event 16 Filing. Subject to subsection (b) of this Section 5.03, the Disclosure Officer should disclose any occurrence in connection with the terms of a Financial Obligation that reflects financial difficulties of the Issuer. Such occurrences may include, but are not limited to the following types of events:

- i. Monetary defaults or events of non-appropriation where the Issuer has failed to pay principal, interest, or other funds due, or a non-payment related default where the Issuer has failed to comply with specified covenants;
- ii. An event of acceleration exercised by a trustee or counterparty as the result of an event of default or other applicable remedy provision;
- iii. A modification of terms that reflects financial difficulties of the Issuer;

- iv. A written or verbal waiver of an agreement provision that is a departure from what was agreed to under the original terms of such agreement; and
  - v. Other events under the terms of a Financial Obligation that reflect financial difficulties of the Issuer and share similar characteristics with the specific types of events in Event 16.
- (d) Form of Event 16 Event Notice. Upon review of the factors outlined above, if the Disclosure Officer affirmatively determines that, in connection with the terms of a Financial Obligation of the Issuer, the Issuer is experiencing financial difficulties pursuant to Event 16, the Disclosure Officer shall file or cause to be filed with the MSRB through EMMA an Event 16 notice filing within ten (10) Business Days of the date of such determination containing a description of the relevant terms of the Financial Obligation. Terms considered relevant to an Event 16 notice filing may include, but are not limited to:
- i. The provisions within the Financial Obligation giving rise to the occurrence under Event 16;
  - ii. The nexus between the terms of such Financial Obligation giving rise to the occurrence under Event 16 and the existing or potentially forthcoming financial difficulties resulting therefrom;
  - iii. A description of the Issuer's current financial status; and
  - iv. Other appropriate facts deemed material by the Disclosure Officer, the inclusion of which would help further the availability of information to assist investors in making more informed investment decisions in connection with the occurrence of events relating to a Financial Obligation that reflect financial difficulties.

**ARTICLE VI****MISCELLANEOUS****SECTION 6.01 ANNUAL REVIEW.**

The Disclosure Officer shall conduct an evaluation of the policies set forth in this Policy no less often than annually, and promptly after completing the evaluation the Disclosure Officer shall prepare an annual report of the Issuer's compliance.

**SECTION 6.02 AMENDMENTS TO POLICY.**

This Policy may be amended from time to time to adapt to changed circumstances that arise from a change in legal requirements or industry disclosure practices or procedures, a change in Rule 15c2-12, or a change in law.

**EXHIBIT A****LEASE AGREEMENTS OPERATING AS VEHICLES TO BORROW MONEY (FINANCIAL OBLIGATIONS)**

As a result of the amendments to Rule 15c2-12, compliance therewith effective February 27, 2019, Issuers or Obligated Persons that periodically enter into leases should develop policies and procedures to (i) determine whether the lease is a vehicle to borrow money, and is therefore a Financial Obligation, as opposed to an operating lease, (ii) determine if such lease becomes Material once incurred, after considering other relevant factors and all outstanding Financial Obligations (an Issuer or Obligated Person's threshold for outstanding Financial Obligations) and (iii) require that all executed leases are timely communicated to the Disclosure Officer for purposes of determining whether an Event Filing is necessary.

**I. Leases Operating as Vehicles to Borrow Money (Financial Obligations)**

The SEC has determined that a lease should generally be considered a debt obligation and thus a "Financial Obligation" under the Rule when such lease operates as a vehicle to borrow money (i.e., capital leases but not mere operating leases).<sup>1</sup>

Capital leases are generally recorded on the balance sheet of the Issuer or Obligated Person as an asset and a liability by an amount equal to the present value of the minimum lease payments; in contrast, operating leases are handled as off-balance sheet financings of assets and are recorded as operating expenses on the Issuer or Obligated Person's income statement. In determining which types of leases to include under the umbrella of "Financial Obligations," the SEC deemed it appropriate to include only those leases that could represent competing debt of the Issuer or Obligated Person (e.g., capital leases which are essentially vehicles to borrow money).

Because capital leases of the Issuer or Obligated Person are recorded in the same fashion as other competing debt of the Issuer or Obligated Person, each sharing a line item in the balance sheet as a liability or included in a more general line item (i.e., competing debt), capital leases are viewed by the SEC as rising to the level of a Financial Obligation because they operate more like a debt obligation. As such, Issuers and Obligated Persons should have procedures in place that help determine whether leases are capital leases or operating leases, as the incurrence of a capital leases will require a Materiality analysis to determine whether an Event 15 notice filing is required.

To make the determination of whether a lease operates as a vehicle to borrow money, the Disclosure Officer should work with appropriate staff and accountants, municipal advisors, financial advisors and other outside consultants of the Issuer or Obligated Person, to the extent necessary, to determine whether the lease is a vehicle to borrow money (i.e., a capital lease) or an operating lease as operating leases will not rise to the level of a Financial Obligation under Event 15 of Rule 15c2-12.

*Characteristics of Leases Operating as Vehicles to Borrow Money (Capital Leases)*

In making the determination of whether a lease operates as a vehicle to borrow money and is therefore a Financial Obligation for purposes of Event 15, relevant characteristics may include, but are not limited to, the following:

- i. The lease contains a transfer of ownership of the underlying asset at the end of the lease term or shortly thereafter;
- ii. An option to purchase the underlying asset being leased at a discounted price is available, which may be exercised during or at the end of the lease term;
- iii. The term of the lease is greater than 75% of the useful life of the leased asset; or
- iv. The present value of the lease payment is greater than 90% of the leased asset's fair market value.

Although the characteristics above may be helpful in determining whether a lease operates as a vehicle to borrow money, the Disclosure Officer and appropriate staff and consultants should review of the entire lease, in context with the Issuer's financing and/or operating objectives, in considering whether a lease is a Financial Obligation subject to Event 15. Although a capital lease (as such term in commonly understood) will generally be treated as a vehicle to borrow money, the mere labelling of the lease as "capital" or "operating" will not itself be determinative.

**II. Determining Factors for Materiality of Leases that Constitute Financial Obligations**

<sup>1</sup> Although the SEC in Release No. 34-83885, implementing the amendment of Rule 15c2-12 to include Event 15 and 16, has discontinued (following GASB's lead) the use of the term "capital lease" and "operating lease," the distinction remains useful to the extent that "capital leases" are commonly understood to be financed purchases of an underlying asset (and thus generally are vehicles to borrow money) whereas "operating leases" are not.

Issuers and Obligated Persons should apply the Materiality standard in Section 3.02(f) and the relevant facts and circumstances in Section 5.02(c) of this Policy, in conjunction with the factors below for purposes of determining whether a lease that operates a vehicle to borrow money is Material and subject to an Event Filing under Event 15.

Given the difference in size, sophistication, features and number of obligations executed by certain issuers and Obligated Persons, factors used in determining the materiality of a lease that operates as a vehicle to borrow money may vary. The Disclosure Officer may utilize factors relevant to the Issuer or Obligated Person which may include, but are not limited to, one or more the following:

- i. Whether the cost of the lease incurred and the payment obligations thereof exceeds a specified percentage of the Issuer's or Obligated Person's fund balance (for purposes of this and the following considerations, the Issuer must determine, given its circumstances, the appropriate way to measure the impact of a lease, e.g., by the aggregate payments required, by principal amount or by annual payment impact to the Issuer's debt portfolio);
- ii. Whether the incurrence of the lease will increase the outstanding indebtedness of the Issuer or Obligated Person by more than a specified ratio or percentage;
- iii. Whether the incurrence of the lease and the payment obligations thereof exceeds a specified percentage of the Issuer's unrestricted revenues;
- iv. Whether the lease represents multiple counterparts of a single transaction that, if incurred at once, would exceed the limits stated in (i), (ii) or (iii) above;
- v. Whether the incurrence of the lease in conjunction with other outstanding Financial Obligations would in the aggregate exceed the limits stated in (i), (ii) and (iii) above; or
- vi. Whether the lease has acceleration provisions or is considered a security on parity or senior to outstanding Financial Obligations.

When utilizing the above factors, the Disclosure Officer must be aware that although a lease may not be Material when compared to the Issuer's or any Obligated Person's general revenues and fund balance, such lease may be material to Financial Obligations pledged to be paid from the specifically pledged revenues and fund balances. Therefore, the Disclosure Officer must look at both the general revenues and the specifically pledged revenues of the Issuer and any Obligated Person when determining the materiality of a lease that operates as a vehicle to borrow money.

If after using the Materiality standard in Section 3.02(f), the relevant facts and circumstances in Section 5.02(c) of this Policy and the factors described above, the Disclosure Officer determines that the lease operating as a vehicle to borrow money is Material, a filing under Event 15 must be made within ten business days from the incurrence of such lease.

If a determination of Materiality is made under factor (v) above for a lease or any other Financial Obligation, additional Financial Obligations incurred thereafter may likely carry a *de facto* Materiality designation. As such, factor (v) above works as a magnitude test of the Issuer or Obligated Person as it becomes the Issuer or Obligated Person's Materiality threshold for all outstanding Financial Obligations.

### **III. Communication Amongst Departments Once Leases are Incurred**

The Disclosure Officer should become aware of the frequency in which the Issuer or Obligated Person incurs leases, as opposed to other forms Financial Obligations, in the ordinary course of the Issuer or Obligated Person's business. To further communication amongst multiple departments within the Issuer or Obligated Person, the Disclosure Officer should require that any member of the Issuer or Obligated Person's staff authorized to execute leases on behalf of the Issuer or Obligated Person report and provide copies of all leases directly to the Disclosure Officer within two (2) business days prior to their execution. Upon receipt of any lease, the Disclosure Officer shall immediately work with appropriate staff and accountants, municipal advisors, financial advisors and other outside consultants of the Issuer, to the extent necessary, to determine whether the lease operates as a vehicle to borrow



money (i.e., is a Financial Obligation) and whether such lease is Material using the Materiality standard in Section 3.02(f), the relevant facts and circumstances in Section 5.02(c) of this Policy and the factors described above.

## City of Burleson Debt Management Policy

~~July 10, 2023~~

Draft April 16, 2025

### Purpose

The purpose of this policy is to establish parameters and provide guidance governing the issuance, management, continuous evaluation of and reporting on all debt obligations issued by the City, and to provide for the preparation and implementation necessary to ensure compliance and conformity with this policy.

A debt management policy:

- Enhances the quality of decisions by providing transparency of the process.
- ~~Promotes~~Promote consistency and continuity in decision making.
- Contributes to fiscal sustainability.
- Identifies objectives for staff to implement.
- Demonstrates a commitment to longer term financial planning objectives.
- Improves rating agencies review process.

The City of Burleson recognizes that the foundation of any well-managed debt program is a comprehensive debt management and post issuance policy outlining the parameters for issuing new debt and managing the existing debt portfolio; identifying the types and amounts of permissible debt; providing guidance to decision makers regarding the purposes for which debt may be issued; and verifying that the IRS regulations regarding post issuance compliance are met to preserve the tax-exempt status of the City's bonds.

Adherence to a debt management policy helps ensure that the City maintains the current or an improved bond rating in order to minimize borrowing costs and preserve access to credit.

### Policy Statement

Under the governance and guidance of Federal and State laws and the City's Charter, ordinances, and resolutions the City may periodically enter into debt obligations to finance the construction or acquisition of infrastructure and other assets; or to refinance existing debt for the purpose of meeting its governmental obligations to its residents. It is the City's objective to ensure that such debt obligations are issued and administered in such fashion as to obtain the best long term financial advantage ~~to~~for the City and its residents, while making every effort to maintain and improve the City's bond ratings.

This Policy applies to all debt instruments issued by the City regardless of the funding source. Funding sources can be derived from, and debt secured by ad valorem taxes, general City revenues, enterprise fund revenues or any other identifiable source of revenue that may be identified for appropriate pledging for bonded indebtedness.

### **General Debt Governing Policies**

The City establishes the following policies on the issuance and management of debt:

- The City will not issue debt obligations or use debt proceeds to finance current operations or normal maintenance.
- Debt financing includes general obligation bonds, certificates of obligation, revenue bonds, lease/purchase agreements and other obligations permitted to be issued under Texas law.
- The City shall review its outstanding debt annually for the purpose of determining if the financial marketplace will afford the City the opportunity to refund an issue and lessen its debt service cost. As a general rule, the present values savings of a particular refunding should exceed three and one-half percent (3.5%) of the refunded maturities, unless a restructuring or bond covenant revision is necessary in order to facilitate the ability to provide services or issue additional debt in accordance with the established debt policies.

- The City will utilize debt obligations only for acquisition, construction, reconstruction or renovation of capital improvement public infrastructure projects, and capital equipment that cannot be funded from current revenue sources or in such cases where it is more equitable for the project to be financed over its useful life or a period of not to exceed its useful life.
- The City will measure the impact of debt service requirements of outstanding and proposed debt obligations on a single year, five, and twenty-year periods. This analysis will consider debt service maturities and payment patterns as well as the City's commitment to cash fund capital projects.
- The City will seek advice and the services of a Financial Advisor in performing the bond issuance process. The City will also seek the advice of Bond Counsel as to the legality and tax-exempt status of any obligations.
- The bond proceeds will be invested in accordance with the City's investment policy. Interest ~~earnings~~earnings received on the investment of bond proceeds shall be ~~used~~used to assist in paying the cost associated with the capital project or be used toward the repayment of debt. The City is committed to continuing disclosure of financial and pertinent credit information relevant to the City's outstanding securities and will abide by the provisions of the Securities and Exchange Commission (SEC) or other ~~law~~laws, as applicable.
- The City ~~will~~may utilize a reimbursement resolution approved by the City Council to begin working on capital projects prior to issuing debt. In general, reimbursements are made no later than 18 months after the later ~~of the~~ date of the original expenditure is made or the date the project is placed in service, but in no event more than 3 years after the original expenditure is paid.

## STRUCTURE OF DEBT

Debt service shall be structured to the greatest extent possible to:

1. Target projected cash flows and pledged revenues;
2. Minimize the impact on future tax levies;
3. Target a consistent and as rapid as feasible payment of principal;
4. Maintain a level overall annual debt service payment structure; and
5. Target the equal or the lesser of the useful life of the asset being financed.

### **FIXED INTEREST VERSUS VARIABLE INTEREST**

The City generally issues fixed rate bonds primarily to protect the City against interest rate risk. The City has the option to issue variable rate bonds if market conditions warrant and the Council approves it.

### **METHODS OF SALE**

#### **A. Competitive Sale**

In a competitive sale, bonds are awarded in a sealed bid sale to an underwriter or syndicate of underwriters that provides the lowest True Interest Cost (TIC) bid. TIC is defined as the rate, which will discount the aggregate amount of debt service payable over the life of the bond issue to its present value on the date of delivery. It is customary for bids to be submitted electronically through a secure website.

#### **B. Negotiated Sale**

In a negotiated sale, the City chooses an underwriter or underwriting syndicate that is interested in reoffering a particular series of bonds to investors. The terms of the sale, including the size of the underwriter's discount, date of sale, and other factors, are negotiated between the two parties. Although the method of sale is termed negotiated, individual components of the sale may be competitively bid. The components are subject to a market analysis and reviewed prior to recommendation by staff. Negotiated sales are more advantageous when flexibility in the sale date is needed or when less conventional bond structures are being sold. Negotiated sales are also often used when the issue is particularly

large or if the sale of the debt issuance would be perceived to be more successful with pre-marketing efforts.

### **C. Private Placement**

A private placement is a negotiated sale of debt securities to a limited number of selected investors including financial institutions, government agencies, or authorities. The City may engage a placement agent to identify likely investors if deemed necessary. A private placement may be beneficial when the issue size is small, when the security of the bonds is somewhat weaker, or when a governmental lending agency or authority can provide beneficial interest rates or terms compared to financing in the public market.

The City's debt obligations may be sold by competitive sale, negotiated sale or private placement methods. The selected method of sale depends upon the option which is expected to result in the lowest cost and most favorable terms to the City given the financial structure used, market conditions, and prior experience. When considering the method of sale, the City Council may consider the following issues:

1. Financial conditions;
2. Market conditions;
3. Transaction-specific conditions;
4. City-related conditions;
5. Risks associated with each method;
6. Complexity of the Issue – Municipal securities with complex security features require greater marketing and buyer education efforts on the part of the underwriter, to improve the investors' willingness to purchase;
7. Volatility of Bond Yields – If municipal markets are subject to abrupt changes in interest rates, there may be a need to have some flexibility in the timing of the sale to take advantage of positive market changes or to delay a sale in the face of negative market changes;
8. Familiarity of Underwriters with the City's Credit Quality – If underwriters are familiar with the City's credit quality, a lower (TIC) may be achieved. Awareness of the credit quality of the City has a direct impact on the TIC an underwriter will bid on an issue. Therefore, where additional information in

the form of pre-sale marketing benefits the interest rate, a negotiated sale may be recommended. The City strives to maintain an excellent bond rating. As a result, the Municipal Bond Market is generally familiar with the City's credit quality; and

9. Size of the Issue – The City may choose to offer sizable issues as negotiated sales so that pre-marketing and buyer education efforts may be done to more effectively promote the bond sale.

## **RATINGS**

Adherence to a debt management policy helps ensure that the City maintains the current or an improved bond rating in order to minimize borrowing costs and preserve access to credit. Toward that end, the City will take the following steps.

1. Strive to maintain good relationships with bond rating agencies as well as disclose financial reports and information to these agencies and to the public.
2. Obtain a rating from at least one nationally recognized bond-rating agency on all issues being sold in the public market.
3. Make timely disclosure of annual financial information or other requested information to the rating agencies.

## **CONTINUING DISCLOSURE**

The City will take all appropriate steps to comply with federal securities laws, including, but not limited to, Securities and Exchange Commission ("SEC") Rule 15c2 -12 the ("Rule"). The City will make annual and event disclosure filings to the MSRB via EMMA as required by the Rule and its continuing disclosure undertakings.

## **SELECTION OF FINANCIAL ADVISOR**

The City shall retain an independent financial advisor for advice on the structuring of new debt, financial analysis of various options, including refunding

opportunities, the rating review process, the marketing and marketability of City debt obligations, issuance and post-issuance services, the preparation of offering documents (each, an "Official Statement") and other services, as necessary. The City will seek the advice of the financial advisor on an ongoing basis. The financial advisor will perform other services as defined by the agreement approved by the City Council. The financial advisor will not bid on nor underwrite any City debt issues in accordance with MSRB rules.

### **SELECTION OF BOND COUNSEL**

The City shall retain bond counsel for legal and procedural advice on all debt issues. Bond counsel shall advise the City Council on all matters pertaining to its bond ordinance(s) and /or resolution(s). No action shall be taken with respect to any obligation until a written instrument (e.g., Certificate Ordinance or other legal instrument) has been prepared by the bond attorneys certifying the legality of the proposal. The bond attorneys shall prepare all ordinances and other legal instruments required for the execution and sale of any bonds issued which shall then be reviewed by the City Attorney and the Director of Finance. The City will also seek the advice of bond counsel on all other types of debt and on any other questions involving state law and federal tax or arbitrage law. Special counsel may be retained to protect the City's interest in complex negotiations.

### **Debt Limit**

- The maximum combined tax rate of the City is \$2.50 per \$100 valuation under State law. Administratively solely for the purpose of approving as **valorem debt**, the Attorney General will permit an allocation of \$1.50 of the \$2.50 maximum tax rate for all ad valorem tax supported debt service, as calculated at the time of issuance.
- The State of Texas does not prescribe a legal debt limit on the amount of outstanding revenue bonds.



- The City of Burleson's charter does not provide a debt limit lower than the \$2.50 maximum tax rate under State law.

## Specific Debt Ratios and Measurements

This section establishes target debt ratios and measurements for the City. As the City periodically addresses its ongoing needs, the City Manager and the City Council must ensure that future elected officials will have the flexibility to meet the capital needs of the City. This policy establishes targets which should provide future flexibility.

~~**Purpose of Issuance**—The City will issue debt obligations for acquiring, constructing, reconstructing or renovating Capital Improvements or for refinancing existing debt obligations. Projects must be designated as public purpose projects by the City Council prior funding~~

~~**Maximum Maturity**—All debt obligations shall have a maximum maturity of the earlier of,~~

- ~~• The estimate useful life of the Capital Improvements being financed;~~
- ~~• Or twenty years except for special purpose debt as determined by the City Council which may be finance for periods consistent with the purpose of the debt;~~
- ~~• Or debt issued to refinance outstanding debt obligations, the final maturity of the debt obligations being refinanced, unless the Financial Advisor recommends a longer term.~~

**Outstanding Debt** – The Finance Director will monitor and report the outstanding debt to the City Council at least annually. The Finance Director is responsible for monitoring the maturities and terms and conditions of all obligations to ensure compliance.

**Future debt** – Debt will be structured by reviewing the 5-year CIP plan, growth of the City, and level or declining debt service payments over the life of existing bonds.

**Self-Supporting Debt** – Bonds backed with the ~~general obligation~~ property tax pledge often have lower interest rates than revenue bonds. The City may use its ~~general obligation~~ property tax pledge with self-supporting debt when the population served by the self-supporting bond projects ~~overlap~~ overlaps or significantly are the same as the property tax base of the ~~city~~ City. The City Council and management are committed to maintaining rates and fees structures and a revenue stream of revenue supported debt at levels that will not require a subsidy from the City's General Fund.

**Net Debt Per Capita** – is the amount of debt outstanding for each citizen of a jurisdiction. Net direct debt is the sum of all general obligation bonds and notes outstanding less ~~the fiscal year-end balance of the debt service fund less~~ any self-supporting obligations ~~excluding~~, overlapping debt, and revenue debt. The City **shall strive** to maintain the current Net Debt per Capita at or below \$3,000.

**Net Debt to Assessed Value** – Assessed valuation shows the fiscal capacity of the tax base. The City **shall strive** to maintain a ratio of Net Debt to Assessed Value of properties in the City at or below three percent (3%).

**Debt Service Tax Rate** – The City will target a debt service tax rate the makes up 35% or less of the City's total property tax rate.

**Bond Covenants and Laws** – The City shall comply with all covenants and requirements of its bond ordinances, the State and Federal laws authorizing and governing the issuance and administration of debt obligations.

## Debt Committee

The Finance Committee shall function as the City's designated Debt Committee to oversee the implementation of debt strategies. The Committee shall meet at least twice a year or as requested by the City Manager and/or Finance Director.

## **City of Burleson Debt Management Policy Draft April 16, 2025**

### **Purpose**

The purpose of this policy is to establish parameters and provide guidance governing the issuance, management, continuous evaluation of and reporting on all debt obligations issued by the City, and to provide for the preparation and implementation necessary to ensure compliance and conformity with this policy.

A debt management policy:

- Enhances the quality of decisions by providing transparency of the process.
- Promote consistency and continuity in decision making.
- Contributes to fiscal sustainability.
- Identifies objectives for staff to implement.
- Demonstrates a commitment to longer term financial planning objectives.
- Improves rating agencies review process.

The City of Burleson recognizes that the foundation of any well-managed debt program is a comprehensive debt management and post issuance policy outlining the parameters for issuing new debt and managing the existing debt portfolio; identifying the types and amounts of permissible debt; providing guidance to decision makers regarding the purposes for which debt may be issued; and verifying that the IRS regulations regarding post issuance compliance are met to preserve the tax-exempt status of the City's bonds.

Adherence to a debt management policy helps ensure that the City maintains the current or an improved bond rating in order to minimize borrowing costs and preserve access to credit.

### **Policy Statement**

Under the governance and guidance of Federal and State laws and the City's Charter, ordinances, and resolutions the City may periodically enter into debt obligations to finance the construction or acquisition of infrastructure and other

assets; or to refinance existing debt for the purpose of meeting its governmental obligations to its residents. It is the City's objective to ensure that such debt obligations are issued and administered in such fashion as to obtain the best long term financial advantage for the City and its residents, while making every effort to maintain and improve the City's bond ratings.

This Policy applies to all debt instruments issued by the City regardless of the funding source. Funding sources can be derived from, and debt secured by ad valorem taxes, general City revenues, enterprise fund revenues or any other identifiable source of revenue that may be identified for appropriate pledging for bonded indebtedness.

### **General Debt Governing Policies**

The City establishes the following policies on the issuance and management of debt:

- The City will not issue debt obligations or use debt proceeds to finance current operations or normal maintenance.
- Debt financing includes general obligation bonds, certificates of obligation, revenue bonds, lease/purchase agreements and other obligations permitted to be issued under Texas law.
- The City shall review its outstanding debt annually for the purpose of determining if the financial marketplace will afford the City the opportunity to refund an issue and lessen its debt service cost. As a general rule, the present values savings of a particular refunding should exceed three and one-half percent (3.5%) of the refunded maturities, unless a restructuring or bond covenant revision is necessary in order to facilitate the ability to provide services or issue additional debt in accordance with the established debt policies.
- The City will utilize debt obligations only for acquisition, construction, reconstruction or renovation of capital improvement public infrastructure projects, and capital equipment that cannot be funded from current revenue sources or in such cases where it is more equitable for the project to be financed over its useful life or a period of not to exceed its useful life.

- The City will measure the impact of debt service requirements of outstanding and proposed debt obligations on a single year, five, and twenty-year periods. This analysis will consider debt service maturities and payment patterns as well as the City's commitment to cash fund capital projects.
- The City will seek advice and the services of a Financial Advisor in performing the bond issuance process. The City will also seek the advice of Bond Counsel as to the legality and tax-exempt status of any obligations.
- The bond proceeds will be invested in accordance with the City's investment policy. Interest earnings received on the investment of bond proceeds shall be used to assist in paying the cost associated with the capital project or be used toward the repayment of debt. The City is committed to continuing disclosure of financial and pertinent credit information relevant to the City's outstanding securities and will abide by the provisions of the Securities and Exchange Commission (SEC) or other laws, as applicable.
- The City may utilize a reimbursement resolution approved by the City Council to begin working on capital projects prior to issuing debt. In general, reimbursements are made no later than 18 months after the later date of the original expenditure is made or the date the project is placed in service, but in no event more than 3 years after the original expenditure is paid.

## **STRUCTURE OF DEBT**

Debt service shall be structured to the greatest extent possible to:

1. Target projected cash flows and pledged revenues;
2. Minimize the impact on future tax levies;
3. Target a consistent and as rapid as feasible payment of principal;
4. Maintain a level overall annual debt service payment structure; and
5. Target the equal or the lesser of the useful life of the asset being financed.

## **FIXED INTEREST VERSUS VARIABLE INTEREST**

The City generally issues fixed rate bonds primarily to protect the City against interest rate risk. The City has the option to issue variable rate bonds if market conditions warrant and the Council approves it.

## **METHODS OF SALE**

### **A. Competitive Sale**

In a competitive sale, bonds are awarded in a sealed bid sale to an underwriter or syndicate of underwriters that provides the lowest True Interest Cost (TIC) bid. TIC is defined as the rate, which will discount the aggregate amount of debt service payable over the life of the bond issue to its present value on the date of delivery. It is customary for bids to be submitted electronically through a secure website.

### **B. Negotiated Sale**

In a negotiated sale, the City chooses an underwriter or underwriting syndicate that is interested in reoffering a particular series of bonds to investors. The terms of the sale, including the size of the underwriter's discount, date of sale, and other factors, are negotiated between the two parties. Although the method of sale is termed negotiated, individual components of the sale may be competitively bid. The components are subject to a market analysis and reviewed prior to recommendation by staff. Negotiated sales are more advantageous when flexibility in the sale date is needed or when less conventional bond structures are being sold. Negotiated sales are also often used when the issue is particularly large or if the sale of the debt issuance would be perceived to be more successful with pre-marketing efforts.

### **C. Private Placement**

A private placement is a negotiated sale of debt securities to a limited number of selected investors including financial institutions, government agencies, or authorities. The City may engage a placement agent to identify likely investors if deemed necessary. A private placement may be beneficial when the issue size is small, when the security of the bonds is somewhat weaker, or when a

governmental lending agency or authority can provide beneficial interest rates or terms compared to financing in the public market.

The City's debt obligations may be sold by competitive sale, negotiated sale or private placement methods. The selected method of sale depends upon the option which is expected to result in the lowest cost and most favorable terms to the City given the financial structure used, market conditions, and prior experience. When considering the method of sale, the City Council may consider the following issues:

1. Financial conditions;
2. Market conditions;
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4. City-related conditions;
5. Risks associated with each method;
6. Complexity of the Issue – Municipal securities with complex security features require greater marketing and buyer education efforts on the part of the underwriter, to improve the investors' willingness to purchase;
7. Volatility of Bond Yields – If municipal markets are subject to abrupt changes in interest rates, there may be a need to have some flexibility in the timing of the sale to take advantage of positive market changes or to delay a sale in the face of negative market changes;
8. Familiarity of Underwriters with the City's Credit Quality – If underwriters are familiar with the City's credit quality, a lower (TIC) may be achieved. Awareness of the credit quality of the City has a direct impact on the TIC an underwriter will bid on an issue. Therefore, where additional information in the form of pre-sale marketing benefits the interest rate, a negotiated sale may be recommended. The City strives to maintain an excellent bond rating. As a result, the Municipal Bond Market is generally familiar with the City's credit quality; and
9. Size of the Issue – The City may choose to offer sizable issues as negotiated sales so that pre-marketing and buyer education efforts may be done to more effectively promote the bond sale.



## **RATINGS**

Adherence to a debt management policy helps ensure that the City maintains the current or an improved bond rating in order to minimize borrowing costs and preserve access to credit. Toward that end, the City will take the following steps.

1. Strive to maintain good relationships with bond rating agencies as well as disclose financial reports and information to these agencies and to the public.
2. Obtain a rating from at least one nationally recognized bond-rating agency on all issues being sold in the public market.
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The City shall retain an independent financial advisor for advice on the structuring of new debt, financial analysis of various options, including refunding opportunities, the rating review process, the marketing and marketability of City debt obligations, issuance and post- issuance services, the preparation of offering documents (each, an "Official Statement") and other services, as necessary. The City will seek the advice of the financial advisor on an ongoing basis. The financial advisor will perform other services as defined by the agreement approved by the City Council. The financial advisor will not bid on nor underwrite any City debt issues in accordance with MSRB rules.

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- The State of Texas does not prescribe a legal debt limit on the amount of outstanding revenue bonds.
- The City of Burleson's charter does not provide a debt limit lower than the \$2.50 maximum tax rate under State law.

### **Specific Debt Ratios and Measurements**

This section establishes target debt ratios and measurements for the City. As the City periodically addresses its ongoing needs, the City Manager and the City Council must ensure that future elected officials will have the flexibility to meet the capital needs of the City. This policy establishes targets which should provide future flexibility.

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**Net Debt Per Capita** – is the amount of debt outstanding for each citizen of a jurisdiction. Net direct debt is the sum of all general obligation bonds and notes outstanding less any self-supporting obligations, overlapping debt, and revenue debt. The City **shall strive** to maintain the current Net Debt per Capita at or below \$3,000.

**Net Debt to Assessed Value** – Assessed valuation shows the fiscal capacity of the tax base. The City **shall strive** to maintain a ratio of Net Debt to Assessed Value of properties in the City at or below three percent (3%).

**Debt Service Tax Rate** – The City will target a debt service tax rate the makes up 35% or less of the City's total property tax rate.

**Bond Covenants and Laws** – The City shall comply with all covenants and requirements of its bond ordinances, the State and Federal laws authorizing and governing the issuance and administration of debt obligations.

## **Debt Committee**

The Finance Committee shall function as the City's designated Debt Committee to oversee the implementation of debt strategies. The Committee shall meet at least twice a year or as requested by the City Manager and/or Finance Director.

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## Finance Committee

**DEPARTMENT:** Finance Department  
**FROM:** Gloria Platt, Director of Finance  
**MEETING:** April 21, 2025

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**SUBJECT:**

Receive a report, hold a discussion, and make possible recommendations regarding the adoption of the property tax rate and annual operating budget for Fiscal Year 2025-2026, assuming a property tax rate that does not exceed the voter-approved rate. (*Staff Contact: Gloria Platt, Director of Finance*)

**SUMMARY:**

Historically, the Council has directed the City Manager to prepare a calendar for the adoption of the annual budget and tax rate, assuming the property tax rate does not exceed the voter-approved rate.

The City's adoption of the annual budget and tax rate is filled with numerous notice periods and deadlines that necessitate the creation of a calendar to ensure all legal requirements of the Texas Tax Code and Local Government Code are followed. Since 2019, state law has stipulated that if the City Council of a municipality with a population over 30,000 votes to adopt a tax rate that exceeds the voter-approval rate of 3.5%, the municipality must call an election at the November uniform election date for the voters to decide whether to approve the tax rate. The Texas Election Code has numerous additional legal requirements and deadlines when calling and conducting an election. In the end, because of the various legal requirements and deadlines, the calendar for adopting a tax rate that does not exceed the voter-approval rate and the calendar for adopting a tax rate that *does* exceed the voter-approval rate look vastly different. Essentially, adopting a tax rate that exceeds the voter-approval rate pushes up many of the deadlines.

**OPTIONS:**

- 1) Direct the City Manager to prepare a calendar for the orderly adoption of the property tax rate and annual operating budget for Fiscal Year 2025-2026, assuming a property tax rate that does not exceed the voter-approval rate.
- 2) Direct the City Manager to prepare a calendar for the orderly adoption of the property tax rate and annual operating budget for Fiscal Year 2025-2026, assuming a property tax rate that does exceed the voter-approval rate.

**RECOMMENDATION:**

Staff recommends directing the City Manager to prepare a calendar for the orderly adoption of the property tax rate and annual operating budget for Fiscal Year 2025-2026, assuming a property tax rate that does not exceed the voter-approval rate.

**PRIOR ACTION/INPUT (Council, Boards, Citizens):**

n/a

**REFERENCE:**

n/a

**FISCAL IMPACT:**

n/a

**STAFF CONTACT:**

Gloria Platt  
Director of Finance  
[gplatt@burlesontx.com](mailto:gplatt@burlesontx.com)  
817-426-9883

# Preparing Tax Rate and Annual Budget Calendar, Assuming a Tax Rate Under or Over the Voter-Approval Rate

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*Presented to the Finance Committee on April 21, 2025*

# Presentation Overview

Property Tax Facts

Truth-In-Taxation Terms

Calendar

Review Next Steps



# Voter Approval Rate and Calendar

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- The annual budget and tax rate are filled with numerous notice periods and deadlines that necessitate the creation of a calendar
- If a City Council of a municipality with a population over 30,000 votes to adopt a tax rate that exceeds the voter-approval rate of 3.5%, the municipality must call an election at the November uniform election date
- The Texas Election Code has numerous additional legal requirements and deadlines when calling and conducting an election
- The calendar when adopting a tax rate that *does not* exceed the voter-approval rate and the calendar when adopting a tax rate that *does* exceed the voter-approval rate look vastly different
- Adopting a tax rate that *does* exceed the voter-approval rate pushes up many of the deadlines

# Terminology and Calculations for Taxing Units

*“No-New-Revenue Tax Rate”* means a rate expressed in dollars per \$100 of taxable value calculated to the following formula:



# Terminology and Calculations for Taxing Units Cont.

*“Voter-Approval Tax Rate”* means a rate expressed in dollars per \$100 of taxable value calculated as follows:

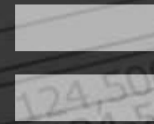
No new  
revenue  
rate x  
1.035



Current  
Debt Rate



Unused  
Increment  
Rate



Voter-  
Approval  
Tax Rate

**Deadlines When  
Adopting Tax  
Rate that Exceeds  
the Voter  
Approval Rate**

**vs.**

**Tax Rate that  
Does Not Exceed  
the Voter  
Approval Rate**

<b>Deadlines When Adopting a Budget and Tax Rate for FY25-26</b>		
	<b>Exceeds Voter-Approval Rate</b>	<b>Does Not Exceed</b>
File the Proposed Budget	July 19	August 11
Receive Tax Rolls	July 25	July 25
Submit Tax Rates to Council	August 7	August 7
Budget Publication Notice	August 7	August 22
Proposed Tax Rate Approval	August 11	August 18
Internet Notice	August 11	August 22
Tax Rate Publication Notice	August 13	August 22
Budget Public Hearing	August 17	September 2
Budget Adoption	August 18	September 15
Tax Rate Public Hearing	August 18	September 2
Tax Rate Adoption	August 18	September 15
Order Election	August 18	n/a


# Next Steps

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- Options:
  - Direct the City Manager to prepare a calendar for the orderly adoption of the property tax rate and annual operating budget for Fiscal Year 2025-2026, assuming a property tax rate that *does* exceed the voter-approval rate; or
  - Direct the City Manager to prepare a calendar for the orderly adoption of the property tax rate and annual operating budget for Fiscal Year 2025-2026, assuming a property tax rate that *does not* exceed the voter-approval rate.

**Staff recommendation is to direct the City Manager to prepare a calendar for the orderly adoption of the property tax rate and annual operating budget for Fiscal Year 2025-2026, assuming a property tax rate that *does not* exceed the voter-approval rate.**

# QUESTIONS/COMMENTS

The background features two large, light gray speech bubbles. The bubble on the left contains a large question mark, and the bubble on the right contains a large exclamation mark. The text 'QUESTIONS/COMMENTS' is centered over these bubbles in a bold, black, sans-serif font.

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## Finance Committee

**DEPARTMENT:** Finance  
**FROM:** Gloria Platt, Director of Finance  
**MEETING:** April 21, 2025

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**SUBJECT:**

Receive a report, hold a discussion, and make possible recommendations regarding the February 2025 monthly financial and investment reports. (Staff Contact: Gloria Platt, Director of Finance)

**SUMMARY:**

The Monthly Financial Report provides our audience (internal and external users) with a general awareness of the City's financial position and economic activity. The four major sections of the report are Financial Summary, Economic Analysis, Investment Reports, and Special Interest. We have added comments when revenue sources are 10% or more above projections.

**RECOMMENDATION:**

Staff recommends that the Committee discuss the February 2025 monthly financial and investment reports and present staff with comments, questions, or direction.

**PRIOR ACTION/INPUT (Council, Boards, Citizens):**

N/A

**REFERENCE:**

N/A

**FISCAL IMPACT:**

N/A

**STAFF CONTACT:**

Gloria Platt  
Director of Finance  
[gplatt@burlesontx.com](mailto:gplatt@burlesontx.com)  
817-426-9883



# Proposed Monthly Financial and Investment Reports

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PRESENTED TO THE FINANCE COMMITTEE ON  
APRIL 21, 2025

# Four Major Sections

Financial Summary

Economic Analysis

Investment Reports

Special Interest



# QUESTIONS/COMMENTS



# FISCAL YEAR 2024-2025 MONTHLY FINANCIAL REPORT FEBRUARY 2025

# ABOUT THIS REPORT

The Financial Services Department is dedicated to excellence in local government, comprehensive fiscal management, compliance, and reporting. The Monthly Financial Report is directed at providing our audience (internal and external users) with a general awareness of the City's financial positions and economic activity.

This report is comprised of four sections:

1. The **Financial Summary** reports the performance of the major operating funds of the City. It provides comparative data for major revenue sources and expenditure items. Narrative disclosures are used to highlight any significant changes or fluctuations.
2. The **Economic Analysis** section contains a summary of the key economic indicators and an in-depth review with graphic illustrations.
3. The **Investment Reports** provide a description of investment activity, a summary of interest earnings, and the City's portfolio.
4. Reports of **Special Interests** include Emergicon and Department Transfer Reports.

This financial report includes February 2025 data. **This information is neither final nor audited.** Please provide us with any comments or suggestions you may have, and should you desire additional information feel free to contact the finance office.

City of Burleson  
Finance Office  
141 W. Renfro St.  
Burleson, Texas 76028

Gloria Platt  
Director of Finance, CGFO, CPFIM

# City of Burleson Monthly Financial Report

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# Section 1

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## City of Burleson Monthly Financial Report

This report is designed for internal use and does not include all the funds and accounts included in the Burleson operations. For a complete report, refer to the City of Burleson's Annual Comprehensive Financial Report, available through the City's Finance Department.

## Financial Summary

## GENERAL FUND

### Revenues

General Fund revenues total \$38,567,969 through February 28, 2025. This represents an increase of 7.2% from revenue earned in the preceding year. Franchise Fees decreased \$629,665 or 38.8% due to Electric Utility Franchise and timing of revenue collection throughout the year. The timing of an adjustment for franchise fees collected in FY 2025 for FY 2024 revenues reduces fees collected from the prior period in the amount of \$485,060 or 29.9%. Investment Earnings decreased \$126,314 or 26.5% from the same period in the prior year due to decreased interest rates and less available cash on hand. Also, the timing of an adjustment for interest collected in FY 2025 for FY 2024 revenues reduces interest collected from the prior period in the amount of \$49,741 or 10.4%. License, Permit & Fees decreased 292,881 or 45.6% primarily due to a decrease in residential and commercial permits issued as compared to the same period in the prior year. Detailed comparison is provided on page 26 of the report. Fines decreased \$105,918 or 32.4% due to fewer citations issued as compared to the same period in the prior year.

Following is a percentage summary of total revenues from each major source of General Fund revenue for fiscal year 2024-25, to date.

	<b>Fiscal Year-to-Date 2025</b>	<b>Percentage of Total</b>
Taxes	\$ 33,413,854	86.6%
Franchise Fees	995,255	2.6%
Investment Earnings	350,991	0.9%
Licenses, permits and fees	349,635	0.9%
Fines	220,582	0.6%
Charges for Services	115,721	0.3%
Other Revenues	926,257	2.4%
Cost Allocation	1,571,455	4.1%
Transfers In	624,219	1.6%
<b>Total</b>	<b>\$ 38,567,969</b>	<b>100.0%</b>

A comparison between FY2024 and FY2025 is presented below:

	<b>Fiscal Year-to-Date</b>		<b>Increase/(Decrease) over 2024</b>	
	<b>2024</b>	<b>2025</b>	<b>Amount</b>	<b>Percent</b>
Property Taxes	\$ 26,393,025	\$ 29,264,151	\$ 2,871,126	10.9%
Sales Tax	\$ 3,932,673	4,068,899	136,227	3.5%
Liquor Tax	\$ 71,366	80,803	9,437	13.2%
Franchise Fees	\$ 1,624,920	995,255	(629,665)	-38.8%
Investment Earnings	\$ 477,305	350,991	(126,314)	-26.5%
License, Permit & Fee	\$ 642,517	349,635	(292,881)	-45.6%
Fines	\$ 326,500	220,582	(105,918)	-32.4%
Charges for Services	\$ 83,382	115,721	32,339	38.8%
Miscellaneous	\$ 142,366	132,790	(9,576)	-6.7%
Cost Allocation Rev	\$ 1,531,067	1,571,455	40,388	2.6%
Intergovernmental	\$ -	525,350	525,350	N/A
Operating Grant & Contributions	\$ 265,103	268,117	3,015	1.1%
Transfer In	484,570	624,219	139,649	28.8%
	<b>\$ 35,974,792</b>	<b>\$ 38,567,969</b>	<b>\$ 2,593,178</b>	<b>7.2%</b>



## GENERAL FUND

Expenditures

Expenditures for General Fund purposes were \$24,460,522 through February 28, 2025. An increase of \$294,104 or 1.2% from the preceding year. Prior Year Comparison of General Fund Expenditures by Department through February 2025:

	Fiscal Year-to-Date		Increase/(Decrease) over		Material Variance Drivers
	2024	2025	Amount	Percent	
City Council	\$ 40,936	\$ 34,113	\$ (6,823)	-16.7%	
City Manager's Office	562,339	559,231	(3,108)	-0.6%	
City Secretary's Office	286,040	370,209	84,169	29.4%	Primarily driven by increased election expenses
Communications	175,246	220,490	45,244	25.8%	Increased salaries expense due to filled vacancy
Finance	718,750	609,909	(108,841)	-15.1%	
Non-Departmental	701,027	742,030	41,003	5.8%	
Human Resources	341,860	459,618	117,759	34.4%	Increased salaries expense due to filled vacancy
Judicial	51,752	49,243	(2,509)	-4.8%	
Legal Services	269,672	245,041	(24,631)	-9.1%	
Municipal Court	156,660	197,114	40,454	25.8%	Increased IT Contribution expense
Records Management	44,180	46,427	2,247	5.1%	
Purchasing	128,304	116,680	(11,624)	-9.1%	
Fire	4,671,967	4,588,386	(83,580)	-1.8%	
Police	7,188,742	7,392,898	204,157	2.8%	
Marshals Service	85,051	626	(84,426)	-99.3%	
PS Communication	911,075	1,062,838	151,763	16.7%	Increase in overtime expense related to a change in shifts
Drainage Maint	237,248	210,520	(26,728)	-11.3%	
Engineering/Capital	271,882	356,935	85,052	31.3%	Increase in Outside Services engineering services expense
Engineering/Development	220,689	225,362	4,672	2.1%	
Engineering/Inspections	209,638	214,832	5,195	2.5%	
Facilities Maintenance	322,064	458,993	136,929	42.5%	Increased building maint. & repair and engineering services expenses
Public Works Admin	432,830	327,561	(105,269)	-24.3%	
Streets Pavement Maint	1,535,347	1,148,257	(387,090)	-25.2%	
Traffic Maint	272,866	299,198	26,332	9.7%	
Animal Services	291,986	286,067	(5,919)	-2.0%	
Code Enforcement	161,418	316,294	154,876	95.9%	Driven by increased salaries and benefits expense due to position reorganization
Environmental Services	127,543	62,986	(64,557)	-50.6%	
Neighborhood Svcs Admin	92,533	1,013	(91,521)	-98.9%	Driven by decreased salaries and benefits expense due to position reorganization
Building Inspections	376,233	338,942	(37,291)	-9.9%	
Community Development	176,012	283,250	107,238	60.9%	Driven by increased salaries and benefits expense due to position reorganization
Development Services	140,048	6,785	(133,263)	-95.2%	Driven by decreased salaries and benefits expense due to position reorganization
Economic Development	21,425	21,820	395	1.8%	
Incentive Payments	-	-	-	N/A	
Library	594,361	614,776	20,415	3.4%	
Parks	644,353	694,796	50,443	7.8%	
Parks & Recreation Admin	1,452	40	(1,412)	-97.2%	
ROW Maintenance	216,965	184,182	(32,782)	-15.1%	
Senior Citizens Center	85,928	86,798	870	1.0%	
Special Events	-	-	-	N/A	
Transfer Out	1,400,000	1,626,265	226,265	16.2%	Transfers to the Street Maintenance Fund. Fund did not exist for FY2024.
	\$ 24,166,418	\$ 24,460,522	\$ 294,104	1.2%	

Expenditures for General Fund purposes through February 2025 are outlined as a percentage basis as follows:

Division	Total	Percent
General Government	\$ 3,650,105	15%
Public Safety	13,044,748	53%
Public Works	3,241,657	13%
Neighborhood Services	666,360	3%
Development Services	650,796	3%
Culture & Recreation	1,580,592	6%
Transfer Out	1,626,265	7%
	\$ 24,460,522	100%

## WATER AND SEWER FUND

### Revenues

Operating revenue in the Water and Sewer Fund was \$9,857,866 through February 28, 2025, a decrease of \$1,091,724 or 10.0% compared to revenues reported for the same time period in the preceding year. Investment Earnings decreased \$155,037 or 35.3% from the same period in the prior year due to decreased interest rates and less available cash on hand. Also, the timing of an adjustment for interest collected in FY 2025 for FY 2024 revenues reduces interest collected from the prior period in the amount of \$50,181 or 11.4%. Impact Fee revenues decreased \$366,025 or 60.7% primarily due to a decrease to both water and sewer impact fees collected as compared to the same period in the prior year. Transfer In decreased \$3,508 or 18.4% due to decreased Transfer from Solid Waste.

A comparison between FY2024 and FY2025 is presented below:

	Fiscal Year-to-Date		Increase/(Decrease) over 2024	
	2024	2025	Amount	Percent
Charges for Services	\$ 9,858,416	\$ 9,280,214	\$ (578,202)	-5.9%
License, Permit & Fee	5,795	5,929	134	2.3%
Investment Earnings	439,718	284,681	(155,037)	-35.3%
Miscellaneous	23,576	34,489	10,913	46.3%
Impact Fee	603,042	237,017	(366,025)	-60.7%
Cost Allocation Revenue	-	-	-	N/A
Transfer In	19,043	15,535	(3,508)	-18.4%
	<u>\$ 10,949,590</u>	<u>\$ 9,857,866</u>	<u>\$ (1,091,724)</u>	<u>-10.0%</u>

The breakdown of the Charges for Services revenue is reflected in the preceding table as follows:

	Fiscal Year-to-Date		Increase/(Decrease) over 2024	
	2024	2025	Amount	Percent
Water Revenue	\$ 4,913,681	\$ 4,554,892	\$ (358,790)	-7%
Sewer Revenue	4,474,390	4,274,665	(199,725)	-4%
Sewer Surcharge	248,849	255,884	7,035	3%
Connections & Extensions	34,783	16,964	(17,819)	-51%
Penalties	186,713	177,809	(8,904)	-5%
	<u>\$ 9,858,416</u>	<u>\$ 9,280,214</u>	<u>\$ (578,202)</u>	<u>-5.9%</u>

## WATER AND SEWER FUND

### Expenditures

The Water and Sewer Fund expenditures through February 28, 2025 totaled \$13,697,900. This represents an overall increase of \$2,702,747 or 24.6% over the preceding year. Personnel Development increased \$43,491 or 312.6% due to an increase in memberships and licenses expense attributable to the Water Services Division. Supplies increased \$4,604 or 10.0% due to an increase in postage expense for the Customer Services Department. Minor furniture and equipment expense increased \$17,209 or 87.1% due to an increase in meters expense for the Water Services Division. Water Purchases expense increased \$1,554,928 or 100% due to increased wholesale water services fees. Sewer Treatment expense increased \$1,570,964 or 380.1% due to increased wholesale wastewater services fees. These large differences are mainly due to timing in the payments made from last year due to a delay in the City receiving corrected invoices by the vendor. Infrastructure Maintenance & Repair expense increased \$11,539 or 24.2% due to Water Maintenance & Repair expense for the Water Services Division. Equipment Maintenance & Repair expense increased \$3,653 or 42.0% due to Equipment Maintenance & Repair expense for the Water Services Division. Insurance expense increased \$25,586 or 24.4% primarily driven by property insurance premium increases. Contribution to Internal Service Fund expense increased \$89,350 or 11.3% due to Wastewater Services Contribution to Equipment Services Fund.

A comparison between FY2024 and FY2025 is presented below:

	Fiscal Year-to-Date		Increase/(Decrease) over	
	2024	2025	2024	
			Amount	Percent
Personnel	\$ 1,255,665	\$ 1,188,775	\$ (66,890)	-5.3%
Personnel Development	13,913	57,403	43,491	312.6%
Supplies	46,222	50,826	4,604	10.0%
Minor Furn & Equip	19,762	36,971	17,209	87.1%
Outside Services	65,522	64,761	(761)	-1.2%
Water Purchases	-	1,554,928	1,554,928	100.0%
Sewer Treatment	413,299	1,984,263	1,570,964	380.1%
Infr Maint & Repair	47,641	59,181	11,539	24.2%
Equip Maint & Repair	8,705	12,359	3,653	42.0%
Utilities	98,450	93,703	(4,747)	-4.8%
Insurance	104,787	130,373	25,586	24.4%
Misc	553,623	467,437	(86,186)	-15.6%
Contribution to ISF	789,465	878,815	89,350	11.3%
Cost Allocation Exp	531,307	547,250	15,943	3.0%
Capital Expenditures	192,773	44,512	(148,260)	-76.9%
Debt Service Charges	6,369,450	6,055,489	(313,961)	-4.9%
Transfers Out	484,570	470,855	(13,715)	-2.8%
	<b>\$ 10,995,153</b>	<b>\$ 13,697,900</b>	<b>\$ 2,702,747</b>	<b>24.6%</b>

## 4A SALES TAX FUND

### Revenues

4A revenue through February 28, 2025 is \$2,338,225 an increase of \$75,881 or 3.4% for revenues reported for the same period in the preceding year. Sales tax revenue is collected in arrears. Collections received in February 2025 for December 2024 are included in the FY2025 values.

A comparison between FY2024 and FY2025 is presented below:

	Fiscal Year-to-Date		Increase/(Decrease) over 2024	
	2024	2025	Amount	Percent
Sales & Use Taxes	\$ 1,966,894	\$ 2,034,451	\$ 67,557	3.4%
OFS-Sale of Capital	-	-	-	N/A
Investment Earnings	100,634	100,951	316	0.3%
Miscellaneous	194,815	202,824	8,008	4.1%
	<u>\$ 2,262,344</u>	<u>\$ 2,338,225</u>	<u>\$ 75,881</u>	<u>3.4%</u>

### Expenditures

Expenditures through February 28, 2025 are \$6,347,745 an increase of \$3,098,034 or 95.3% for expenses reported for the same period in the preceding year. Personnel increased \$48,929 or 23.8% due to salaries increase in Economic Development driven by the addition of a new position. Infrastructure Maintenance and Repair expense increased \$6,099 or 100% due to Right-of-Way Maintenance and Repair expense. Utilities expense increased \$647 or 24.5% primarily driven by increased water expenses attributable to the Economic Development department. Miscellaneous expense increased \$46,748 or 31.7% primarily attributable to an increase to Project/Meeting/Event expenses. Incentives expense increased by 100% from the same period in the preceding year due to an increase to 4A incentives paid. Contribution to Internal Service Fund increased \$101,066 or 109.9% due to increased IT contribution expense. Capital Expenditures increased \$1,693,498 or 100% due to a land acquisition. Transfers Out increased \$3,390,295 or 100% due to increased transfers out to the General Debt Service Fund for debt service payments.

A comparison between FY2024 and FY2025 is presented below:

	Fiscal Year-to-Date		Increase/(Decrease) over	
	2024	2025	Amount	Percent
Personnel	\$ 205,741	\$ 254,670	\$ 48,929	23.8%
Personnel Development	34,889	23,554	(11,336)	-32.5%
Supplies	2,862	184	(2,678)	100%
Outside Services	94,130	71,664	(22,466)	-23.9%
Infr Maint & Repair	-	6,099	6,099	100%
Utilities	2,640	3,287	647	24.5%
Miscellaneous	147,546	194,294	46,748	31.7%
Incentives	-	450,000	450,000	100%
Contribution to ISF	91,944	193,010	101,066	109.9%
Cost Allocation Exp	65,235	67,190	1,955	3.0%
Capital Expenditures	-	1,693,498	1,693,498	100%
Transfers Out-Debt Service	2,604,725	-	(2,604,725)	-100.0%
Transfers Out	-	3,390,295	3,390,295	100%
	<u>\$ 3,249,712</u>	<u>\$ 6,347,745</u>	<u>\$ 3,098,034</u>	<u>95.3%</u>

## 4B SALES TAX FUND

### Revenues

4B revenue was \$2,093,157 through February 28, 2025 an increase of \$35,765 or 1.7% compared to revenue reported for the same time period in the preceding year. Sales tax revenue is collected in arrears. Collections received in February 2025 for December 2024 are included in the FY2025 values. Investment Earnings decreased \$32,164 or 35.4% from the same period in the prior year due to decreased interest rates and less available cash on hand. Also, the timing of an adjustment for interest collected in FY 2025 for FY 2024 revenues reduces interest collected from the prior period in the amount of \$9,239 or 10.2%.

A comparison between FY2024 and FY2025 is presented below:

	Fiscal Year-to-Date		Increase/(Decrease) over 2024	
	2024	2025	Amount	Percent
Sales & Use Taxes	\$ 1,966,521	\$ 2,034,451	\$ 67,930	3.5%
Investment Earnings	90,870	58,706	(32,164)	-35.4%
Miscellaneous	-	-	-	N/A
	<u>\$ 2,057,391</u>	<u>\$ 2,093,157</u>	<u>\$ 35,765</u>	<u>1.7%</u>

### Expenditures

Expenditures through February 28, 2025 totaled \$4,928,183. This represents an overall decrease of \$686,694 or 16.2% reduction under the preceding year. Personnel Development increased \$2,108 or 100% due to Travel and Training for the Parks & Recreation department. Supplies expense increased \$708 or 100% due to increased clothing expense for the Parks & Recreation department. Minor furniture and equipment expense increased by \$4,731 or 69.4% due to minor apparatus expense attributable to the Parks & Recreation department. Outside Services expense increased \$1,029 or 15.5% driven by Advertising Service for Special Events. Contribution to Internal Service Fund expense increased \$2,466 or 19.3% due to increased IT Contribution expense. Capital Expenditures increased \$49,904 or 100% due to expenditures on Other Improvements. Transfer Out Debt Service increased \$891,077 or 58.5% due to transfers for bond payments.

A comparison between FY2024 and FY2025 is presented below:

	Fiscal Year-to-Date		Increase/(Decrease) over 2024	
	2024	2025	Amount	Percent
Personnel	\$ 144,331	\$ 135,541	\$ (8,790)	-6.1%
Personnel Development	-	2,108	2,108	100.0%
Supplies	-	708	708	100.0%
Minor Furn & Equip	6,819	11,549	4,731	69.4%
Outside Services	6,629	7,658	1,029	15.5%
Infr Maint & Repair	-	-	-	N/A
Miscellaneous	91,965	40,078	(51,888)	-56.4%
Utilities	-	-	-	N/A
Incentive Payments	100,000	-	(100,000)	-100.0%
Contribution to ISF	12,749	15,215	2,466	19.3%
Cost Allocation Exp	42,603	43,885	1,282	3.0%
Capital Expenditures	-	49,904	49,904	100.0%
Transfer Out-Parks Perf Fund	1,438,844	1,354,145	(84,699)	-5.9%
Transfer Out-Debt Service	1,522,007	2,413,083	891,077	58.5%
Transfer Out-Non Bond CIP	-	-	-	N/A
Transfer Out-Golf	875,542	854,308	(21,234)	-2.4%
	<u>\$ 4,241,489</u>	<u>\$ 4,928,183</u>	<u>\$ 686,694</u>	<u>16.2%</u>

## PARKS PERFORMANCE FUND

### Revenues

Parks Performance revenue was \$2,267,116 through February 28, 2025 a decrease of \$14,435 or 0.6% compared to revenue reported for the same time period in the preceding year.

A comparison between FY2024 and FY2025 is presented below:

	Fiscal Year-to-Date		Increase/(Decrease) over 2024	
	2024	2025	Amount	Percent
Charges for Services	\$ 837,763	\$ 881,258	\$ 43,495	5.2%
Investment Earnings	3,981	17,005	13,024	327.2%
Miscellaneous	964	14,708	13,744	1426.1%
Transfer In-4B	1,438,844	1,354,145	(84,699)	-5.9%
	<u>\$ 2,281,552</u>	<u>\$ 2,267,116</u>	<u>\$ (14,435)</u>	<u>-0.6%</u>

### Expenditures

Expenditures through February 28, 2025 totaled \$1,899,307. This represents an overall decrease of \$110,900 or a 5.5% decrease from the preceding year. Infrastructure Maintenance and Repair expense increased \$27,593 or 48.3% due to Other Maintenance and Repair expense and Grounds Maintenance and Repair expense. Insurance expense increased \$12,925 or 13.3% driven by increased annual insurance billing. Contribution to Internal Service Fund increased by \$27,672 or 21.7% primarily driven by increased Contribution to Equipment Services Fund expense.

A comparison between FY2024 and FY2025 is presented below:

	Fiscal Year-to-Date		Increase/(Decrease)	
	2024	2025	Amount	Percent
Personnel	\$ 1,039,761	\$ 952,485	\$ (87,276)	-8.4%
Personnel Development	11,231	10,302	(929)	-8.3%
Supplies	44,978	34,666	(10,311)	-22.9%
Minor Furn & Equip	8,895	4,381	(4,514)	-50.7%
Outside Services	18,338	9,207	(9,131)	-49.8%
Infr Maint & Repair	57,168	84,761	27,593	48.3%
Equip Maint & Repair	22,295	4,436	(17,859)	-80.1%
Utilities	210,881	195,735	(15,146)	-7.2%
Insurance	97,420	110,345	12,925	13.3%
Miscellaneous	41,023	39,524	(1,499)	-3.7%
Contribution to ISF	127,453	155,125	27,672	21.7%
Cost Allocation Exp	289,484	298,180	8,696	3.0%
Capital Expenditures	41,280	160	(41,120)	-99.6%
	<u>\$ 2,010,206</u>	<u>\$ 1,899,307</u>	<u>\$ (110,900)</u>	<u>-5.5%</u>

## MEDICAL TRANSPORT FUND

### Revenues

Medical Transport revenue was \$826,669 through February 28, 2025. The City started collecting these revenues in October 2023.

A comparison between FY2024 and FY2025 is presented below:

	Fiscal Year-to-Date		Increase/(Decrease) over 2024	
	2024	2025	Amount	Percent
Charges for Services	\$ 109,824	\$ 815,708	\$ 705,884	642.7%
Investment Earnings	306	10,962	10,655	3478.7%
Transfer In	-	-	-	N/A
	<u>\$ 110,130</u>	<u>\$ 826,669</u>	<u>\$ 716,539</u>	<u>650.6%</u>

### Expenditures

Expenditures through February 28, 2025 totaled \$672,406. This represents an overall increase of \$319,414 or a 90.5% increase from the preceding year. Personnel increased by \$96,971 or 13.0% primarily due to increase in salaries for Fire Medical Transport. Contribution to Internal Service Fund increased by \$27,300 or 100% due to increased Contribution to Equipment Services Fund expense.

A comparison between FY2024 and FY2025 is presented below:

	Fiscal Year-to-Date		Increase/(Decrease) over 2024	
	2024	2025	Amount	Percent
Personnel	\$ 746,809	\$ 843,780	\$ 96,971	13.0%
Personnel Grant Reimburse	(471,938)	(260,658)	211,279	-44.8%
Med Director/Lease	16,600	18,200	1,600	9.6%
Supplies	61,520	43,784	(17,737)	-28.8%
Contribution to ISF	-	27,300	27,300	100.0%
	<u>\$ 352,992</u>	<u>\$ 672,406</u>	<u>\$ 319,414</u>	<u>90.5%</u>

## STREET MAINTENANCE FUND

### Revenues

This fund is made up of transfers from the General Fund derived from the portion of the M&O rate designated for street maintenance. Street Maintenance revenue was \$1,637,752 through February 28, 2025. The City started collecting these revenues in October 2024, therefore this is no prior year comparison.

A comparison between FY2024 and FY2025 is presented below:

	Fiscal Year-to-Date		Increase/(Decrease) over 2024	
	2024	2025	Amount	Percent
Property Taxes	\$ -	\$ -	\$ -	N/A
Investment Earnings	-	11,488	11,488	100.0%
Transfer In	-	1,626,265	1,626,265	100.0%
	<u>\$ -</u>	<u>\$ 1,637,752</u>	<u>\$ 1,637,752</u>	<u>N/A</u>

### Expenditures

Expenditures through February 28, 2025 totaled \$136,235. The Street Maintenance Fund has budgeted for outside services and maintenance and repair expense for FY2025, as detailed in the fund's Schedule of Revenues and Expenditures within this report. Outside Services increased \$386 or 100% due to Engineering Services expense. Infrastructure Maintenance & Repair expense increased \$135,849 due to Street Maintenance & Repair expense.

A comparison between FY2024 and FY2025 is presented below:

	Fiscal Year-to-Date		Increase/(Decrease) over 2024	
	2024	2025	Amount	Percent
Outside Services	\$ -	\$ 386	\$ 386	100.0%
Infr Maint & Repair	-	135,849	135,849	N/A
	<u>\$ -</u>	<u>\$ 136,235</u>	<u>\$ 136,235</u>	<u>N/A</u>



Feb-25

## General Fund - Schedule of Revenues

## Budget vs. Actuals

Percent of Year  
Expired

41.7%

DESCRIPTION	PRIOR YEAR TO DATE ACTUAL	FY2025 ORIGINAL BUDGET	FY2025 REVISED BUDGET	FY2025 ACTUAL AMOUNT	FY2025 BUDGET BALANCE	FY2025 ADJ FOR PRIOR YEAR	ACTUAL AS PERCENT OF BUDGET	PRIOR YEAR PERCENT OF BUDGET
Ad Val Taxes - General	26,198,198	29,751,223	29,751,223	29,083,261	667,962	-	97.75%	99.29%
Ad Val Taxes - Delinquent	75,045	130,000	130,000	59,097	70,903	-	45.46%	58.29%
Ad Val Taxes - Pen & Int	119,781	230,000	230,000	121,793	108,207	-	52.95%	51.69%
<b>PROPERTY TAXES TOTAL</b>	<b>\$ 26,393,025</b>	<b>\$ 30,111,223</b>	<b>\$ 30,111,223</b>	<b>\$ 29,264,151</b>	<b>\$ 847,072</b>	<b>\$ -</b>	<b>97.19%</b>	<b>98.68%</b>
Sales Tax	3,932,673	15,287,678	15,287,678	4,068,899	11,218,779	-	26.62%	25.89%
Liquor Tax	71,366	215,900	215,900	80,803	135,097	-	37.43%	34.62%
<b>SALES TAX TOTAL</b>	<b>\$ 4,004,038</b>	<b>\$ 15,503,578</b>	<b>\$ 15,503,578</b>	<b>\$ 4,149,703</b>	<b>\$ 11,353,875</b>	<b>\$ -</b>	<b>26.77%</b>	<b>26.01%</b>
W&S Franchise Fee	423,420	1,094,835	1,094,835	456,181	638,654	-	41.67%	41.67%
Electric Util Franchise	953,167	2,016,658	2,016,658	278,348	1,738,310	392,038	13.80%	49.16%
Telephone Franchise Fees	2,143	52,000	52,000	15,843	36,157	2,972	30.47%	3.71%
Telecable Franchise Fees	28,099	124,170	124,170	25,473	98,697	25,884	20.51%	41.57%
Natural Gas Franchise Fee	-	346,568	346,568	-	346,568	-	0.00%	0.00%
Solid Waste Franchise Fee	79,487	296,400	296,400	84,624	211,776	64,166	28.55%	24.51%
SW Internal Srv Franchise	138,604	323,484	323,484	134,785	188,699	-	41.67%	41.67%
<b>FRANCHISE FEES TOTAL</b>	<b>\$ 1,624,920</b>	<b>\$ 4,254,115</b>	<b>\$ 4,254,115</b>	<b>\$ 995,255</b>	<b>\$ 3,258,860</b>	<b>\$ 485,060</b>	<b>23.40%</b>	<b>38.89%</b>
<b>INVESTMENT EARNINGS TOTAL</b>	<b>\$ 477,305</b>	<b>\$ 600,000</b>	<b>\$ 600,000</b>	<b>\$ 350,991</b>	<b>\$ 249,009</b>	<b>\$ 49,741</b>	<b>58.50%</b>	<b>63.64%</b>
<b>LICENSE, PERMIT, FEE TOTAL</b>	<b>\$ 642,517</b>	<b>\$ 1,554,968</b>	<b>\$ 1,554,968</b>	<b>\$ 349,635</b>	<b>\$ 1,205,333</b>	<b>\$ 2,539</b>	<b>22.49%</b>	<b>38.28%</b>
<b>FINES TOTAL</b>	<b>\$ 326,500</b>	<b>\$ 853,000</b>	<b>\$ 853,000</b>	<b>\$ 220,582</b>	<b>\$ 632,418</b>	<b>\$ -</b>	<b>25.86%</b>	<b>34.19%</b>
<b>CHARGES FOR SERVICES TOTAL</b>	<b>\$ 83,382</b>	<b>\$ 290,300</b>	<b>\$ 290,300</b>	<b>\$ 115,721</b>	<b>\$ 174,579</b>	<b>\$ -</b>	<b>39.86%</b>	<b>19.92%</b>
<b>MISC TOTAL</b>	<b>\$ 142,366</b>	<b>\$ 600,045</b>	<b>\$ 600,045</b>	<b>\$ 132,790</b>	<b>\$ 467,255</b>	<b>\$ -</b>	<b>22.13%</b>	<b>23.45%</b>
<b>SALE OF CAPITAL TOTAL</b>	<b>\$ -</b>	<b>\$ 1,200,000</b>	<b>\$ 1,200,000</b>	<b>\$ -</b>	<b>\$ 1,200,000</b>	<b>\$ -</b>	<b>0.00%</b>	<b>0.00%</b>
Cost Allocation From SRF	19,600	37,710	37,710	15,720	21,990	-	41.69%	41.69%
Cost allocation from 4A	65,235	161,260	161,260	67,190	94,070	-	41.67%	41.67%
Cost allocation from 4B	42,603	105,320	105,320	43,885	61,435	-	41.67%	41.67%
Cost allocation from PPF	289,484	715,620	715,620	298,180	417,440	-	41.67%	41.67%
Cost allocation from HMF	10,775	26,630	26,630	11,095	15,535	-	41.66%	41.68%
Cost allocation from TIF	15,205	37,590	37,590	15,665	21,925	-	41.67%	41.67%
Cost allocation from Misc SRF	7,572	18,720	18,720	7,800	10,920	-	41.67%	41.66%
Cost allocation from DS	493	1,220	1,220	290	930	-	23.77%	51.79%
Cost allocation from WS	531,307	1,313,390	1,313,390	547,250	766,140	-	41.67%	41.67%
Cost allocation from SW	21,515	53,180	53,180	22,160	31,020	-	41.67%	41.67%
Cost allocation from Golf	116,613	288,260	288,260	120,110	168,150	-	41.67%	41.67%
Cost allocation from CEM	320	780	780	325	455	-	41.67%	8.29%
Cost allocation from ERF	2,369	5,850	5,850	1,570	4,280	-	26.84%	41.66%
Cost allocation from ESF	70,478	174,220	174,220	72,590	101,630	-	41.67%	41.67%
Cost allocation from SSR	106,389	263,000	263,000	109,585	153,415	-	41.67%	41.67%
Cost allocation from HIF	231,109	571,300	571,300	238,040	333,260	-	41.67%	41.67%
<b>COST ALLOCATION REV TOTAL</b>	<b>\$ 1,531,067</b>	<b>\$ 3,774,050</b>	<b>\$ 3,774,050</b>	<b>\$ 1,571,455</b>	<b>\$ 2,202,595</b>	<b>\$ -</b>	<b>41.64%</b>	<b>41.63%</b>
Receipts from Counties	-	8,500	8,500	-	8,500	-	0.00%	0.00%
Receipts From Federal Govn	-	990,822	990,822	525,350	465,472	-	53.02%	0.00%
<b>INTERGOVERNMENTAL TOTAL</b>	<b>\$ -</b>	<b>\$ 999,322</b>	<b>\$ 999,322</b>	<b>\$ 525,350</b>	<b>\$ 473,972</b>	<b>\$ -</b>	<b>52.57%</b>	<b>0.00%</b>
School Resource Officers	258,036	1,036,996	1,036,996	259,249	777,747	-	25.00%	25.00%
Auto Task Force Reimb	7,067	41,618	41,618	8,570	33,048	-	20.59%	10.55%
Reimbursable Overtime	-	-	-	298	(298)	-	N/A	0.00%
<b>OPER GRANT &amp; CONTR TOTAL</b>	<b>\$ 265,103</b>	<b>\$ 1,078,614</b>	<b>\$ 1,078,614</b>	<b>\$ 268,117</b>	<b>\$ 810,497</b>	<b>\$ -</b>	<b>24.86%</b>	<b>23.96%</b>
Transfer from ERF-Government	-	-	-	-	-	-	N/A	0.00%
Transfer from WS	484,570	1,130,052	1,130,052	470,855	659,197	-	41.67%	41.67%
Transfer In	-	1,725,496	1,725,496	-	1,725,496	-	0.00%	N/A
Transfer from GF	-	-	-	-	-	-	N/A	N/A
Transfer From 4A	-	136,109	136,109	56,712	79,397	-	41.67%	N/A
Transfer From TIF2	-	231,964	231,964	96,652	135,312	-	41.67%	N/A
<b>TRANSFER IN TOTAL</b>	<b>\$ 484,570</b>	<b>\$ 3,223,621</b>	<b>\$ 3,223,621</b>	<b>\$ 624,219</b>	<b>\$ 2,599,402</b>	<b>\$ -</b>	<b>19.36%</b>	<b>32.13%</b>
<b>TOTAL REVENUE</b>	<b>\$ 35,974,792</b>	<b>\$ 64,042,836</b>	<b>\$ 64,042,836</b>	<b>\$ 38,567,969</b>	<b>\$ 25,474,867</b>	<b>\$ 537,340</b>	<b>60.22%</b>	<b>62.02%</b>
Note: The FY 2025 Adjustments for Prior Year column is meant to callout adjustments for YOY Comparison purposes that may cause differences due to timing of when these adjustments were recorded in the prior year. These adjustments are already included in the FY2025 actuals column as a reduction.								

Feb-25

## General Fund - Schedule of Expenditures

Budget vs. Actuals

Percent of Year  
Expired

41.7%

DIVISIONS	PRIOR YEAR TO DATE ACTUAL	FY2025 ORIGINAL BUDGET	FY2025 BUDGET TRANSFERS	FY2025 REVISED BUDGET	FY2025 ENCUMBRANCE AMOUNT	FY2025 ACTUAL AMOUNT	FY2025 BUDGET BALANCE	FY2025 ACTUAL AS PERCENT OF BUDGET	PRIOR YEAR PERCENT OF BUDGET
<b>GENERAL GOVERNMENT</b>									
City Council	40,936	92,394	(2,645)	89,749	5,732	34,113	49,905	38.01%	38.13%
City Manager's Office	562,339	1,357,479	7,600	1,365,079	50,170	559,231	755,678	40.97%	42.71%
City Secretary's Office	286,040	904,534	2,645	907,179	35,726	370,209	501,245	40.81%	33.60%
Communications	175,246	643,436	-	643,436	3,773	220,490	419,173	34.27%	30.95%
Finance	718,750	1,694,932	7,076	1,702,008	2,085	609,909	1,090,014	35.83%	31.45%
Non-Departmental	701,027	647,303	2,450	649,753	14,859	742,030	(107,137)	114.20%	96.14%
Human Resources	341,860	1,338,294	-	1,338,294	45,782	459,618	832,894	34.34%	29.90%
Judicial	51,752	137,369	-	137,369	1,484	49,243	86,642	35.85%	38.44%
Legal Services	269,672	848,920	8,253	857,173	279,706	245,041	332,425	28.59%	32.73%
Municipal Court	156,660	567,280	-	567,280	6,104	197,114	364,062	34.75%	33.15%
Records Management	44,180	130,494	-	130,494	8,980	46,427	75,087	35.58%	36.64%
Purchasing	128,304	322,931	14,743	337,674	28,151	116,680	192,844	34.55%	38.18%
<b>GENERAL GOVERNMENT TOTAL</b>	<b>\$ 3,476,765</b>	<b>\$ 8,685,366</b>	<b>\$ 40,122</b>	<b>\$ 8,725,488</b>	<b>\$ 482,552</b>	<b>\$ 3,650,105</b>	<b>\$ 4,592,831</b>	<b>41.83%</b>	<b>39.12%</b>
<b>PUBLIC SAFETY</b>									
Fire	4,671,967	11,761,445	26,994	11,788,439	256,938	4,588,386	6,943,115	38.92%	37.82%
Police	7,188,742	19,520,439	-	19,520,439	366,943	7,392,898	11,760,597	37.87%	39.58%
Marshals Service	85,051	-	-	-	2,784	626	(3,410)	N/A	38.61%
Public Safety Communications	911,075	3,069,572	-	3,069,572	277	1,062,838	2,006,457	34.62%	35.13%
<b>PUBLIC SAFETY TOTAL</b>	<b>\$ 12,856,835</b>	<b>\$ 34,351,456</b>	<b>\$ 26,994</b>	<b>\$ 34,378,450</b>	<b>\$ 626,942</b>	<b>\$ 13,044,748</b>	<b>\$ 20,706,760</b>	<b>37.94%</b>	<b>38.58%</b>
<b>PUBLIC WORKS</b>									
Drainage Maint	237,248	750,509	16,800	767,309	14,455	210,520	542,334	27.44%	32.00%
Engineering/Capital	271,882	1,325,753	142,044	1,467,797	130,855	356,935	980,008	24.32%	210.88%
Engineering/Development	220,689	797,380	158,154	955,534	196,348	225,362	533,824	23.58%	26.95%
Engineering/Inspections	209,638	605,476	-	605,476	-	214,832	390,644	35.48%	57.72%
Facilities Maintenance	322,064	953,348	224,532	1,177,880	121,536	458,993	597,351	38.97%	27.16%
Public Works Admin	432,830	986,813	-	986,813	449	327,561	658,804	33.19%	37.69%
Streets Pavement Maint	1,535,347	3,420,569	(110,904)	3,309,665	21,730	1,148,257	2,139,678	34.69%	40.53%
Traffic Maint	272,866	1,316,607	296,710	1,613,317	117,086	299,198	1,197,033	18.55%	26.13%
<b>PUBLIC WORKS TOTAL</b>	<b>\$ 3,502,563</b>	<b>\$ 10,156,455</b>	<b>\$ 727,336</b>	<b>\$ 10,883,791</b>	<b>\$ 602,459</b>	<b>\$ 3,241,657</b>	<b>\$ 7,039,675</b>	<b>29.78%</b>	<b>37.99%</b>
<b>NEIGHBORHOOD SERVICES</b>									
Animal Services	291,986	803,528	-	803,528	6,907	286,067	510,554	35.60%	37.94%
Code Enforcement	161,418	798,381	-	798,381	23,616	316,294	458,471	39.62%	39.83%
Environmental Services	127,543	149,848	-	149,848	3,716	62,986	83,146	42.03%	40.89%
Neighborhood Svcs Admin	92,533	-	-	-	-	1,013	(1,013)	N/A	39.69%
<b>NEIGHBORHOOD SERVICES TOTAL</b>	<b>\$ 673,480</b>	<b>\$ 1,751,757</b>	<b>\$ -</b>	<b>\$ 1,751,757</b>	<b>\$ 34,239</b>	<b>\$ 666,360</b>	<b>\$ 1,051,158</b>	<b>38.04%</b>	<b>39.16%</b>
<b>DEVELOPMENT SERVICES</b>									
Building Inspections	376,233	895,477	-	895,477	500	338,942	556,035	37.85%	36.91%
Community Development	176,012	767,650	-	767,650	10,150	283,250	474,250	36.90%	36.16%
Development Services	140,048	15,340	-	15,340	-	6,785	8,555	44.23%	37.65%
Economic Development	21,425	52,370	-	52,370	-	21,820	30,550	41.67%	42.14%
Incentive Payments	-	957,070	-	957,070	953,981	-	3,089	0.00%	0.00%
<b>DEVELOPMENT SERVICES TOTAL</b>	<b>\$ 713,716</b>	<b>\$ 2,687,907</b>	<b>\$ -</b>	<b>\$ 2,687,907</b>	<b>\$ 964,632</b>	<b>\$ 650,796</b>	<b>\$ 1,072,479</b>	<b>24.21%</b>	<b>24.80%</b>
<b>CULTURE &amp; RECREATION</b>									
Library	594,361	1,485,517	-	1,485,517	119,133	614,776	751,608	41.38%	40.82%
Parks	644,353	1,666,498	-	1,666,498	29,781	694,796	941,920	41.69%	39.61%
Parks & Recreation Admin	1,452	-	-	-	-	40	(40)	N/A	4.26%
ROW Maintenance	216,965	610,413	-	610,413	183,463	184,182	242,768	30.17%	26.93%
Senior Center	85,928	226,726	-	226,726	349	86,798	139,579	38.28%	39.76%
Special Events	-	-	-	-	-	-	-	N/A	N/A
<b>CULTURE &amp; RECREATION TOTAL</b>	<b>\$ 1,543,059</b>	<b>\$ 3,989,154</b>	<b>\$ -</b>	<b>\$ 3,989,154</b>	<b>\$ 332,726</b>	<b>\$ 1,580,592</b>	<b>\$ 2,075,836</b>	<b>39.62%</b>	<b>37.29%</b>
<b>TRANSFER OUT</b>									
Transfers Out	-	1,645,833	-	1,645,833	-	1,626,265	19,568	98.81%	N/A
Transfer Out-Non Bond CIP	1,400,000	-	-	-	-	-	-	N/A	233.33%
Transfer Out-IT Fund	-	-	-	-	-	-	-	N/A	N/A
<b>TRANSFER OUT TOTAL</b>	<b>\$ 1,400,000</b>	<b>\$ 1,645,833</b>	<b>\$ -</b>	<b>\$ 1,645,833</b>	<b>\$ -</b>	<b>\$ 1,626,265</b>	<b>\$ 19,568</b>	<b>98.81%</b>	<b>233.33%</b>
<b>TOTAL EXPENDITURE</b>	<b>\$ 24,166,418</b>	<b>\$ 63,267,928</b>	<b>\$ 794,452</b>	<b>\$ 64,062,380</b>	<b>\$ 3,043,549</b>	<b>\$ 24,460,522</b>	<b>\$ 36,558,308</b>	<b>38.18%</b>	<b>39.77%</b>

Note: Encumbrances reduce budget balances available because a hold is placed on the budget for purchase orders encumbered. For this reason, encumbrances are reflected in the FY 2025 Budget Balance column. The FY 2025 Actual as Percent of Budget includes only the actual expenses paid to date and reflects a more equal comparison to the Prior Year Percent of Budget column as of the same period in the prior year.

**Feb-25****Water and Sewer Fund - Schedule of Revenues and Expenditures****Budget vs. Actuals**Percent of  
Year Expired

41.7%

DESCRIPTION	PRIOR YEAR TO DATE ACTUAL	FY2025 ORIGINAL BUDGET	FY2025 BUDGET TRANSFERS	FY2025 REVISED BUDGET	FY2025 ENCUMBRANCE AMOUNT	FY2025 ACTUAL	FY2025 BUDGET BALANCE	FY2025 ADJ FOR PRIOR YEAR	FY2025 ACTUAL AS PERCENT OF BUDGET	PRIOR YEAR PERCENT OF BUDGET
CHARGES FOR SERVICES	9,858,416	28,308,689	-	28,308,689	-	9,280,214	19,028,475	1,369,298	32.78%	38.4%
LICENSE, PERMIT & FEE	5,795	20,000	-	20,000	-	5,929	14,071	441	29.65%	28.98%
INVESTMENT EARNINGS	439,718	450,000	-	450,000	-	284,681	165,319	50,181	63.26%	97.72%
MISCELLANEOUS	23,576	43,922	-	43,922	-	34,489	9,433	-	78.52%	56.92%
IMPACT FEE	603,042	-	-	-	-	237,017	(237,017)	-	N/A	46.84%
COST ALLOCATION REV	-	44,000	-	44,000	-	-	44,000	-	0.00%	N/A
TRANSFER IN	19,043	46,979	-	46,979	-	15,535	31,444	-	33.07%	9.10%
<b>TOTAL REVENUE</b>	<b>\$ 10,949,590</b>	<b>\$ 28,913,590</b>	<b>\$ -</b>	<b>\$ 28,913,590</b>	<b>\$ -</b>	<b>\$ 9,857,866</b>	<b>\$ 19,055,724</b>	<b>\$ 1,419,920</b>	<b>34.09%</b>	<b>39.53%</b>
PERSONNEL	1,255,665	3,425,811	-	3,425,811	-	1,188,775	2,237,036	-	34.70%	39.21%
PERSONNEL DEVELOPMNT	13,913	41,056	42,556	101,167	-	57,403	43,764	-	56.74%	23.45%
SUPPLIES	46,222	113,313	600	113,913	44,999	50,826	18,088	-	44.62%	40.54%
MINOR FURN & EQUIP	19,762	38,500	4,787	43,287	219,103	36,971	(212,786)	-	85.41%	41.55%
OUTSIDE SERVICES	65,522	491,148	(59,693)	431,455	54,422	64,761	312,272	-	15.01%	33.57%
WATER PURCHASES	-	5,796,517	(30,356)	5,766,161	-	1,554,928	4,211,233	-	26.97%	0.00%
SEWER TREATMENT	413,299	5,837,521	-	5,837,521	-	1,984,263	3,853,258	-	33.99%	7.13%
INFR MAINT & REPAIR	47,641	299,716	(6,325)	275,836	11,997	59,181	204,658	-	21.46%	16.83%
EQUIP MAINT & REPAIR	8,705	33,500	(675)	32,825	8,365	12,359	12,101	-	37.65%	23.68%
UTILITIES	98,450	423,747	-	423,747	2,217	93,703	327,827	-	22.11%	29.82%
INSURANCE	104,787	120,682	-	120,682	-	130,373	(9,691)	-	108.03%	96.81%
MISC	553,623	1,423,334	(12,000)	1,411,334	20,301	467,437	923,597	-	33.12%	39.10%
CONTRIBUTION TO ISF	789,465	2,109,150	-	2,109,150	-	878,815	1,230,335	-	41.67%	41.67%
COST ALLOCATION EXP	531,307	1,313,390	-	1,313,390	-	547,250	766,140	-	41.67%	41.67%
CAPITAL EXPENDITURES	192,773	263,500	61,106	324,606	176,382	44,512	103,712	-	13.71%	31.50%
DEBT SERVICE CHARGES	6,369,450	6,963,230	-	6,963,230	-	6,055,489	907,741	-	86.96%	86.06%
TRANFERS OUT	-	-	-	-	-	-	-	-	N/A	N/A
TRANFERS OUT-GENERAL FUND	484,570	1,130,052	-	1,130,052	-	470,855	659,197	-	41.67%	41.67%
<b>TOTAL EXPENDITURE</b>	<b>\$ 10,995,153</b>	<b>\$ 29,824,167</b>	<b>\$ 0</b>	<b>\$ 29,824,167</b>	<b>\$ 537,786</b>	<b>\$ 13,697,900</b>	<b>\$ 15,588,482</b>	<b>\$ -</b>	<b>45.93%</b>	<b>38.02%</b>

Note: The FY 2025 Adjustments for Prior Year column is meant to callout adjustments for YOY Comparison purposes that may cause differences due to timing of when these adjustments were recorded in the prior year. These adjustments are already included in the FY2025 actuals column as a reduction. Encumbrances reduce budget balances available because a hold is placed on the budget for purchase orders encumbered. For this reason, encumbrances are reflected in the FY 2025 Budget Balance column. The FY 2025 Actual as Percent of Budget includes only the actual expenses paid to date to reflect a more equal comparison to the Prior Year Percent of Budget column as of the same period in the prior year.

**Feb-25****4A Sales Tax Fund - Schedule of Revenues and Expenditures****Budget vs. Actuals**Percent of Year  
Expired

41.7%

DESCRIPTION	PRIOR YEAR TO DATE ACTUAL	FY2025 ORIGINAL BUDGET	FY2025 BUDGET TRANSFERS	FY2025 REVISED BUDGET	FY2025 ENCUMBRANCE AMOUNT	FY2025 ACTUAL	FY2025 BUDGET BALANCE	FY2025 ADJ FOR PRIOR YEAR	FY2025 ACTUAL AS PERCENT OF BUDGET	PRIOR YEAR PERCENT OF BUDGET
SALES & USE TAXES	1,966,894	7,643,839	-	7,643,839	-	2,034,451	5,609,388	-	26.62%	25.90%
OFS-SALE OF CAPITAL	-	2,375,000	-	2,375,000	-	-	2,375,000	-	0.00%	0.00%
INVESTMENT EARNINGS	100,634	75,000	-	75,000	-	100,951	(25,951)	18,839	134.60%	100.63%
MISCELLANEOUS	194,815	301,575	-	301,575	-	202,824	98,751	-	67.25%	67.18%
<b>TOTAL REVENUE</b>	<b>\$ 2,262,344</b>	<b>\$ 10,395,414</b>		<b>\$ 10,395,414</b>	<b>\$ -</b>	<b>\$ 2,338,225</b>	<b>8,057,189</b>	<b>\$ 18,839</b>	<b>22.49%</b>	<b>21.84%</b>
PERSONNEL	205,741	741,125	-	741,125	-	254,670	486,455	-	34.36%	34.24%
PERSONNEL DEVELOPMNT	34,889	87,175	-	87,175	-	23,554	63,621	-	27.02%	75.97%
SUPPLIES	2,862	8,750	-	8,750	-	184	8,566	-	2.10%	47.70%
MINOR FURN & EQUIP	-	1,500	-	1,500	-	-	1,500	-	0.00%	N/A
OUTSIDE SERVICES	94,130	144,067	3,475	147,542	5,799	71,664	70,079	-	48.57%	21.88%
INFR MAINT & REPAIR	-	27,500	-	27,500	18,962	6,099	2,439	-	22.18%	0.00%
UTILITIES	2,640	26,885	-	26,885	-	3,287	23,598	-	12.23%	7.11%
MISC	147,546	296,500	-	296,500	4,535	194,294	97,671	-	65.53%	38.96%
INCENTIVE PAYMENTS	-	4,755,900	351,785	5,107,685	601,785	450,000	4,055,900	-	8.81%	0.00%
CONTRIBUTION TO ISF	91,944	463,220	-	463,220	-	193,010	270,210	-	41.67%	41.67%
COST ALLOCATION EXP	65,235	161,260	-	161,260	-	67,190	94,070	-	41.67%	41.67%
CAPITAL EXPENDITURES	-	-	-	-	-	1,693,498	(1,693,498)	-	N/A	N/A
TRANSFER OUT-DEBT SERVICE	2,604,725	-	-	-	-	-	-	-	N/A	80.94%
TRANFERS OUT	-	4,262,836	-	4,262,836	-	3,390,295	872,541	-	79.53%	N/A
<b>TOTAL EXPENDITURE</b>	<b>\$ 3,249,712</b>	<b>\$ 10,976,718</b>	<b>\$ 355,260</b>	<b>\$ 11,331,978</b>	<b>\$ 631,081</b>	<b>\$ 6,347,745</b>	<b>\$ 4,353,152</b>	<b>\$ -</b>	<b>56.02%</b>	<b>33.80%</b>

Note: The FY 2025 Adjustments for Prior Year column is meant to callout adjustments for YOY Comparison purposes that may cause differences due to timing of when these adjustments were recorded in the prior year. These adjustments are already included in the FY2025 actuals column as a reduction. Encumbrances reduce budget balances available because a hold is placed on the budget for purchase orders encumbered. For this reason, encumbrances are reflected in the FY 2025 Budget Balance column. The FY 2025 Actual as Percent of Budget includes only the actual expenses paid to date to reflects a more equal comparison to the Prior Year Percent of Budget column as of the same period in the prior year.

**Feb-25****4B Sales Tax Fund - Schedule of Revenues and Expenditures****Budget vs. Actuals**Percent of Year  
Expired

41.7%

DESCRIPTION	PRIOR YEAR TO DATE ACTUAL	FY2025 ORIGINAL BUDGET	FY2025 BUDGET TRANSFERS	FY2025 REVISED BUDGET	FY2025 ENCUMBRANCE AMOUNT	FY2025 ACTUAL	FY2025 BUDGET BALANCE	FY2025 ADJ FOR PRIOR YEAR	FY2025 ACTUAL AS PERCENT OF BUDGET	PRIOR YEAR PERCENT OF BUDGET
SALES & USE TAXES	1,966,521	7,643,839	-	7,643,839	-	2,034,451	5,609,388	-	26.62%	25.90%
INVESTMENT EARNINGS	90,870	130,000	-	130,000	-	58,706	71,294	9,239	45.16%	100.97%
MISCELLANEOUS	-	41,467	-	41,467	-	-	41,467	-	0.00%	0.00%
<b>TOTAL REVENUE</b>	<b>\$ 2,057,391</b>	<b>\$ 7,815,306</b>	<b>\$ -</b>	<b>\$ 7,815,306</b>	<b>\$ -</b>	<b>\$ 2,093,157</b>	<b>\$ 5,722,149</b>	<b>\$ 9,239</b>	<b>26.78%</b>	<b>26.63%</b>
PERSONNEL	144,331	347,733	-	347,733	-	135,541	212,192	-	38.98%	40.88%
PERSONNEL DEVELOPMNT	-	4,865	-	4,865	-	2,108	2,757	-	43.33%	0.00%
SUPPLIES	-	900	-	900	-	708	192	-	78.72%	0.00%
MINOR FURN & EQUIP	6,819	32,000	-	32,000	-	11,549	20,451	-	36.09%	34.09%
OUTSIDE SERVICES	6,629	20,000	-	20,000	-	7,658	12,342	-	38.29%	71.86%
INFR MAINT & REPAIR	-	-	-	-	-	-	-	-	N/A	N/A
MISC	91,965	143,940	-	143,940	17,767	40,078	86,095	-	27.84%	54.44%
UTILITIES	-	52,600	-	52,600	-	-	52,600	-	0.00%	0.00%
INCENTIVE PAYMENTS	100,000	136,150	-	136,150	-	-	136,150	-	0.00%	12.35%
CONTRIBUTION TO ISF	12,749	36,510	-	36,510	-	15,215	21,295	-	41.67%	41.67%
COST ALLOCATION EXP	42,603	105,320	-	105,320	-	43,885	61,435	-	41.67%	41.67%
CAPITAL EXPENDITURES	-	50,000	20,148	70,148	3,389	49,904	16,855	-	71.14%	0.00%
TRANSFER OUT-PARK PERF	1,438,844	3,249,948	-	3,249,948	-	1,354,145	1,895,803	-	41.67%	41.67%
TRANSFER OUT-DEBT SERVICE	1,522,007	3,035,774	-	3,035,774	-	2,413,083	622,691	-	79.49%	84.67%
TRANSFER OUT-NON BOND CIP	-	-	-	-	-	-	-	-	N/A	N/A
TRANSFER OUT-GOLF	875,542	1,165,865	-	1,165,865	-	854,308	311,557	-	73.28%	71.18%
<b>TOTAL EXPENDITURE</b>	<b>4,241,489</b>	<b>8,381,605</b>	<b>20,148</b>	<b>\$ 8,401,753</b>	<b>\$ 21,156</b>	<b>\$ 4,928,183</b>	<b>\$ 3,452,414</b>	<b>\$ -</b>	<b>58.66%</b>	<b>52.48%</b>

Note: The FY 2025 Adjustments for Prior Year column is meant to callout adjustments for YOY Comparison purposes that may cause differences due to timing of when these adjustments were recorded in the prior year. These adjustments are already included in the FY2025 actuals column as a reduction. Encumbrances reduce budget balances available because a hold is placed on the budget for purchase orders encumbered. For this reason, encumbrances are reflected in the FY 2025 Budget Balance column. The FY 2025 Actual as Percent of Budget includes only the actual expenses paid to date to reflect a more equal comparison to the Prior Year Percent of Budget column as of the same period in the prior year.

**Feb-25**

## Parks Performance Fund - Schedule of Revenues and Expenditures

### Budget vs. Actuals

Percent of Year  
Expired

41.7%

DESCRIPTION	PRIOR YEAR TO DATE ACTUAL	FY2025 ORIGINAL BUDGET	FY2025 BUDGET TRANSFERS	FY2025 REVISED BUDGET	FY2025 ENCUMBRANCE AMOUNT	FY2025 ACTUAL	FY2025 BUDGET BALANCE	FY2025 ADJ FOR PRIOR YEAR	FY2025 ACTUAL AS PERCENT OF BUDGET	PRIOR YEAR PERCENT OF BUDGET
CHARGES FOR SERVICES	837,763	2,369,627	-	2,369,627	-	881,258	1,488,369	-	37.19%	38.17%
INVESTMENT EARNINGS	3,981	10,300	-	10,300	-	17,005	(6,705)	2,877	165.10%	39.81%
MISCELLANEOUS	964	4,120	-	4,120	-	14,708	(10,588)	-	356.99%	46.79%
TRANSFER IN-4B	1,438,844	3,249,948	-	3,249,948	-	1,354,145	1,895,803	-	41.67%	41.67%
<b>TOTAL REVENUE</b>	<b>\$ 2,281,552</b>	<b>\$ 5,633,995</b>	<b>\$ -</b>	<b>\$ 5,633,995</b>	<b>\$ -</b>	<b>\$ 2,267,116</b>	<b>\$ 3,366,879</b>	<b>\$ 2,877</b>	<b>40.24%</b>	<b>40.31%</b>
PERSONNEL	1,039,761	3,112,280	-	3,112,280	-	952,485	2,159,795	-	30.60%	33.26%
PERSONNEL DEVELOPMNT	11,231	19,284	-	19,684	-	10,302	9,382	-	52.34%	58.24%
SUPPLIES	44,978	184,547	-	184,547	31,755	34,666	118,126	-	18.78%	22.75%
MINOR FURN & EQUIP	8,895	48,660	(1,000)	47,660	2,410	4,381	40,869	-	9.19%	31.04%
OUTSIDE SERVICES	18,338	71,300	-	71,300	39,101	9,207	22,992	-	12.91%	25.72%
INFR MAINT & REPAIR	57,168	253,954	27,755	281,709	1,746	84,761	195,202	-	30.09%	24.44%
EQUIP MAINT & REPAIR	22,295	34,922	(2,980)	31,942	12,919	4,436	14,587	-	13.89%	63.84%
UTILITIES	210,881	557,996	-	557,996	9,221	195,735	353,040	-	35.08%	38.74%
INSURANCE	97,420	110,345	-	110,345	-	110,345	-	-	100.00%	120.85%
MISC	41,023	145,901	8,480	153,981	105,887	39,524	8,570	-	25.67%	27.36%
CONTRIBUTION TO ISF	127,453	372,300	-	372,300	-	155,125	217,175	-	41.67%	41.67%
COST ALLOCATION EXP	289,484	715,620	-	715,620	-	298,180	417,440	-	41.67%	41.67%
CAPITAL EXPENDITURES	41,280	6,886	-	6,886	-	160	6,726	-	2.32%	23.88%
<b>TOTAL EXPENDITURE</b>	<b>\$ 2,010,206</b>	<b>\$ 5,633,995</b>	<b>\$ 32,255</b>	<b>\$ 5,666,250</b>	<b>\$ 203,039</b>	<b>\$ 1,899,307</b>	<b>\$ 3,563,904</b>	<b>\$ -</b>	<b>33.52%</b>	<b>35.51%</b>

Note: The FY 2025 Adjustments for Prior Year column is meant to callout adjustments for YOY Comparison purposes that may cause differences due to timing of when these adjustments were recorded in the prior year. These adjustments are already included in the FY2025 actuals column as a reduction. Encumbrances reduce budget balances available because a hold is placed on the budget for purchase orders encumbered. For this reason, encumbrances are reflected in the FY 2025 Budget Balance column. The FY 2025 Actual as Percent of Budget includes only the actual expenses paid to date to reflects a more equal comparison to the Prior Year Percent of Budget column as of the same period in the prior year.

**Feb-25**

## MEDICAL TRANSPORT - Schedule of Revenues and Expenditures Budget vs. Actuals

Percent of Year  
Expired

41.7%

DESCRIPTION	PRIOR YEAR TO DATE ACTUAL	FY2025 ORIGINAL BUDGET	FY2025 BUDGET TRANSFERS	FY2025 REVISED BUDGET	FY2025 ENCUMBRANCE AMOUNT	FY2025 ACTUAL	FY2025 BUDGET BALANCE	FY2025 ADJ FOR PRIOR YEAR	FY2025 ACTUAL AS PERCENT OF BUDGET	PRIOR YEAR PERCENT OF BUDGET
CHARGES FOR SERVICES	109,824	1,960,251	-	1,960,251	-	815,708	1,144,543	123,547	41.61%	6.66%
INVESTMENT EARNINGS	306	40,000	-	40,000	-	10,962	29,038	1,117	27.40%	N/A
TRANSFER IN	-	614,476	-	614,476	-	-	614,476	-	0.00%	N/A
<b>TOTAL REVENUE</b>	<b>\$ 110,130</b>	<b>\$ 2,614,727</b>	<b>\$ -</b>	<b>\$ 2,614,727</b>	<b>\$ -</b>	<b>\$ 826,669</b>	<b>1,788,058</b>	<b>\$ 124,663</b>	<b>31.62%</b>	<b>6.67%</b>
PERSONNEL	746,809	2,339,951	-	2,339,951	-	843,780	1,496,171	-	36.06%	40.08%
PERSONNEL GRANT REIMBURSE	(471,938)	-	-	-	-	(260,658)	260,658	-	N/A	26.73%
MED DIRECTOR/LEASE	16,600	95,048	-	95,048	51,095	18,200	25,753	-	19.15%	25.52%
SUPPLIES	61,520	103,814	-	103,814	102,476	43,784	(42,445)	-	42.18%	45.76%
CONTRIBUTION TO ISF	-	65,520	-	65,520	-	27,300	38,220	-	41.67%	N/A
<b>TOTAL EXPENDITURE</b>	<b>\$ 352,992</b>	<b>\$ 2,604,333</b>	<b>\$ -</b>	<b>\$ 2,604,333</b>	<b>\$ 153,571</b>	<b>\$ 672,406</b>	<b>\$ 1,778,357</b>	<b>\$ -</b>	<b>25.82%</b>	<b>118.90%</b>
<p>Note: The FY 2025 Adjustments for Prior Year column is meant to callout adjustments for YOY Comparison purposes that may cause differences due to timing of when these adjustments were recorded in the prior year. These adjustments are already included in the FY2025 actuals column as a reduction. Encumbrances reduce budget balances available because a hold is placed on the budget for purchase orders encumbered. For this reason, encumbrances are reflected in the FY 2025 Budget Balance column. The FY 2025 Actual as Percent of Budget includes only the actual expenses paid to date to reflects a more equal comparison to the Prior Year Percent of Budget column as of the same period in the prior year.</p>										

**Feb-25**

## STREET MAINTENANCE FUND - Schedule of Revenues and Expenditures Budget vs. Actuals

 Percent of Year  
Expired

41.7%

DESCRIPTION	PRIOR YEAR TO DATE ACTUAL	FY2025 ORIGINAL BUDGET	FY2025 BUDGET TRANSFERS	FY2025 REVISED BUDGET	FY2025 ENCUMBRANCE AMOUNT	FY2025 ACTUAL	FY2025 BUDGET BALANCE	FY2025 ADJ FOR PRIOR YEAR	FY2025 ACTUAL AS PERCENT OF BUDGET	PRIOR YEAR PERCENT OF BUDGET
PROPERTY TAXES	-	-	-	-	-	-	-	-	N/A	0.00%
INVESTMENT EARNINGS	-	20,000	-	20,000	-	11,488	8,512	-	57.44%	0.00%
TRANSFER IN	-	1,645,833	-	1,645,833	-	1,626,265	19,568	-	98.81%	0.00%
<b>TOTAL REVENUE</b>	<b>\$ -</b>	<b>\$ 1,665,833</b>	<b>\$ -</b>	<b>\$ 1,665,833</b>	<b>\$ -</b>	<b>\$ 1,637,752</b>	<b>28,081</b>	<b>\$ -</b>	<b>98.31%</b>	<b>N/A</b>
OUTSIDE SERVICES	-	30,000	35,000	65,000	23,900	386	40,714	-	0.59%	0.00%
INFR MAINT & REPAIR	-	1,635,833	(41,955)	1,593,878	144,378	135,849	1,313,651	-	8.52%	0.00%
CAPITAL EXPENDITURES	-	-	6,955	6,955	-	-	6,955	-	0.00%	0.00%
<b>TOTAL EXPENDITURE</b>	<b>\$ -</b>	<b>\$ 1,665,833</b>	<b>\$ -</b>	<b>\$ 1,665,833</b>	<b>\$ 168,278</b>	<b>\$ 136,235</b>	<b>\$ 1,361,320</b>	<b>\$ -</b>	<b>8.18%</b>	<b>N/A</b>

Note: The FY 2025 Adjustments for Prior Year column is meant to callout adjustments for YOY Comparison purposes that may cause differences due to timing of when these adjustments were recorded in the prior year. These adjustments are already included in the FY2025 actuals column as a reduction. Encumbrances reduce budget balances available because a hold is placed on the budget for purchase orders encumbered. For this reason, encumbrances are reflected in the FY 2025 Budget Balance column. The FY 2025 Actual as Percent of Budget includes only the actual expenses paid to date to reflect a more equal comparison to the Prior Year Percent of Budget column as of the same period in the prior year.



## Section 2

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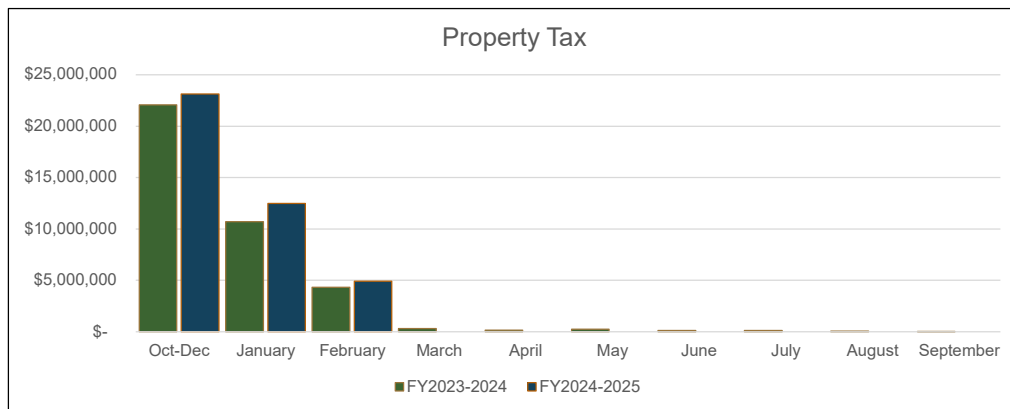
### **City of Burleson Monthly Financial Report**

This section contains a summary of the key economic indicators by analyzing major revenue sources and building permit activity.

## **Economic Analysis**

2024-2025 YEAR-TO-DATE  
Current Property Tax  
General Fund, Debt Service Fund & TIF Fund

	2024-2025 Year Budgeted	2024-2025 Year Actual	Percent of Budget Collected	2023-2024 Year Actual	Variance to Actual Prior Year
Oct-Dec	\$ 41,351,620	\$ 23,126,271	56%	\$ 22,081,853	\$ 1,044,418
January	41,351,620	12,492,227	30%	10,709,826	\$ 1,782,401
February	41,351,620	4,893,977	12%	4,330,651	\$ 563,325
March	41,351,620	-	-	298,534	-
April	41,351,620	-	-	155,703	-
May	41,351,620	-	-	231,075	-
June	41,351,620	-	-	102,734	-
July	41,351,620	-	-	113,586	-
August	41,351,620	-	-	49,237	-
September	41,351,620	-	-	13,029	-
	\$ 41,351,620	\$ 40,512,475	98%	\$ 38,086,228	\$ 3,390,144

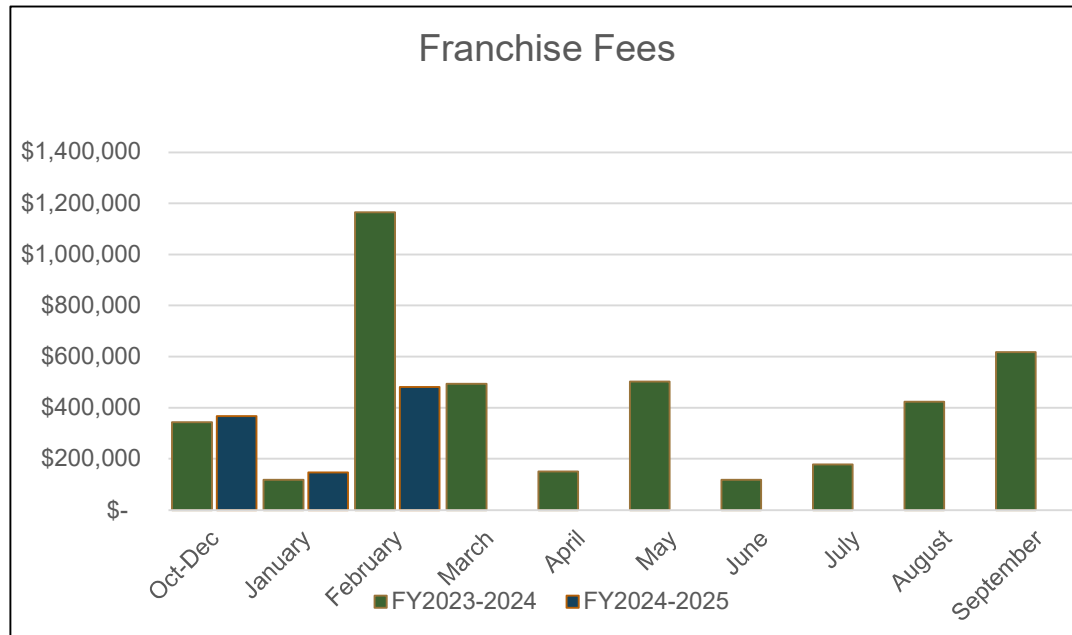


*Note: The majority of property tax revenues are collected during the months of December through February.*

## 2024-2025 YEAR-TO-DATE

## Franchise Fees

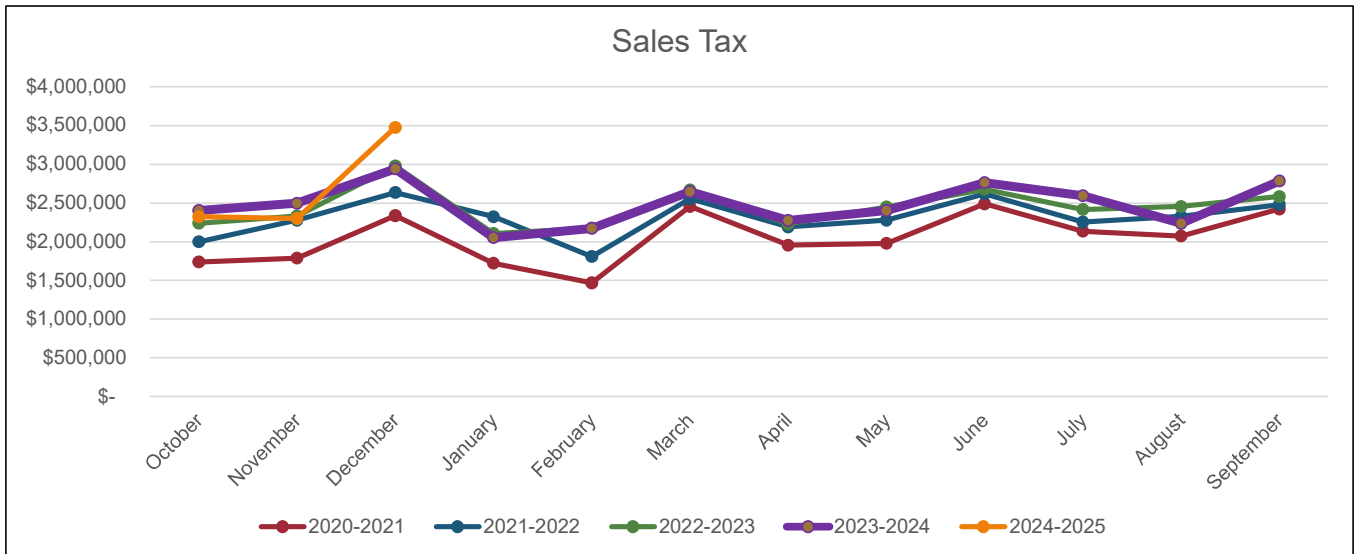
	2024-2025 Year Budgeted	2024-2025 Year Actual	Percent of Budget Collected	2023-2024 Year Actual	Variance to Actual Prior Year
Oct-Dec	\$ 4,254,115	\$ 367,602	9%	\$ 342,647	\$ 24,955
January	4,254,115	146,135	3%	118,005	\$ 28,130
February	4,254,115	481,519	11%	1,164,268	\$ (682,750)
March	4,254,115	-	-	493,529	-
April	4,254,115	-	-	150,674	-
May	4,254,115	-	-	502,745	-
June	4,254,115	-	-	118,415	-
July	4,254,115	-	-	177,965	-
August	4,254,115	-	-	423,936	-
September	4,254,115	-	-	617,734	-
	\$ 4,254,115	\$ 995,255	23%	\$ 4,109,918	\$ (629,665)



2024-2025 YEAR-TO-DATE  
Sales Tax

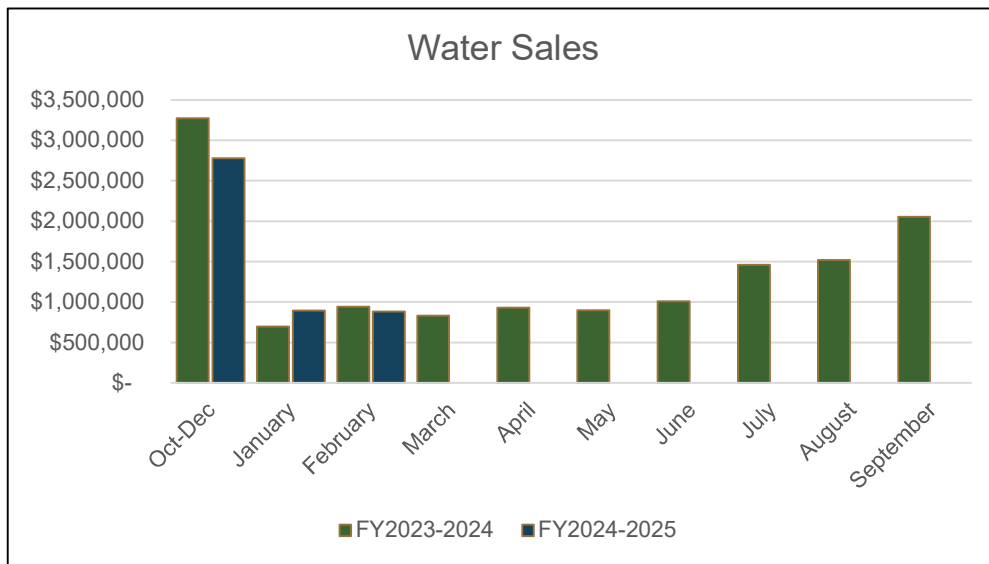
	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	Yr/Yr
October	\$ 1,739,320	\$ 1,998,364	\$ 2,239,452	\$ 2,403,182	\$ 2,321,829	-3.39%
November	1,785,935	2,277,226	2,333,010	2,494,301	2,297,690	-7.88%
December	2,334,339	2,633,076	2,978,264	2,939,609	3,475,055	18.21%
January	1,723,331	2,323,372	2,106,184	2,050,363		
February	1,467,923	1,808,447	2,177,853	2,173,995		
March	2,455,249	2,555,920	2,667,094	2,643,269		
April	1,954,948	2,191,113	2,228,368	2,272,540		
May	1,977,450	2,277,057	2,448,603	2,401,475		
June	2,488,530	2,616,093	2,677,685	2,762,150		
July	2,134,485	2,252,940	2,414,432	2,592,942		
August	2,073,809	2,330,043	2,455,662	2,234,574		
September	2,422,750	2,479,445	2,582,720	2,783,828		
Year-Year %	\$ 24,558,069	\$ 27,743,096	\$ 29,309,327	\$ 29,752,228	\$ 8,094,574	
		12.97%	5.65%	1.51%	3.29%	

*Note: The sales tax information from the Texas Comptroller of Public Accounts in reference to the City of Burleson Sales and Use Tax Collections for the most current period. December 2024 sales incurred represent the February 2025 sales tax collection amount.*



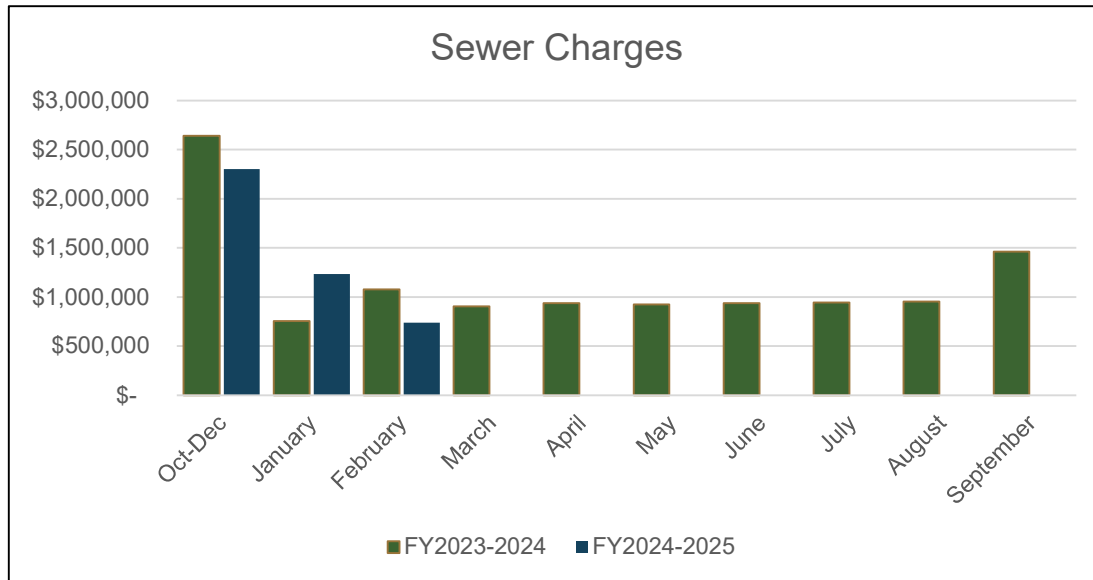
2024-2025 YEAR-TO-DATE  
Water Sales

	2024-2025 Year Budgeted	2024-2025 Year Actual	Percent of Budget Collected	2023-2024 Year Actual	Variance to Actual Prior Year
Oct-Dec	\$ 15,144,131	\$ 2,777,677	18%	\$ 3,272,795	\$ (495,118)
January	15,144,131	894,991	6%	696,073	\$ 198,918
February	15,144,131	882,223	6%	944,813	\$ (62,590)
March	15,144,131	-	-	830,316	-
April	15,144,131	-	-	932,429	-
May	15,144,131	-	-	900,130	-
June	15,144,131	-	-	1,011,935	-
July	15,144,131	-	-	1,462,749	-
August	15,144,131	-	-	1,518,236	-
September	15,144,131	-	-	2,053,020	-
	\$ 15,144,131	\$ 4,554,892	30%	\$ 13,622,497	\$ (358,790)



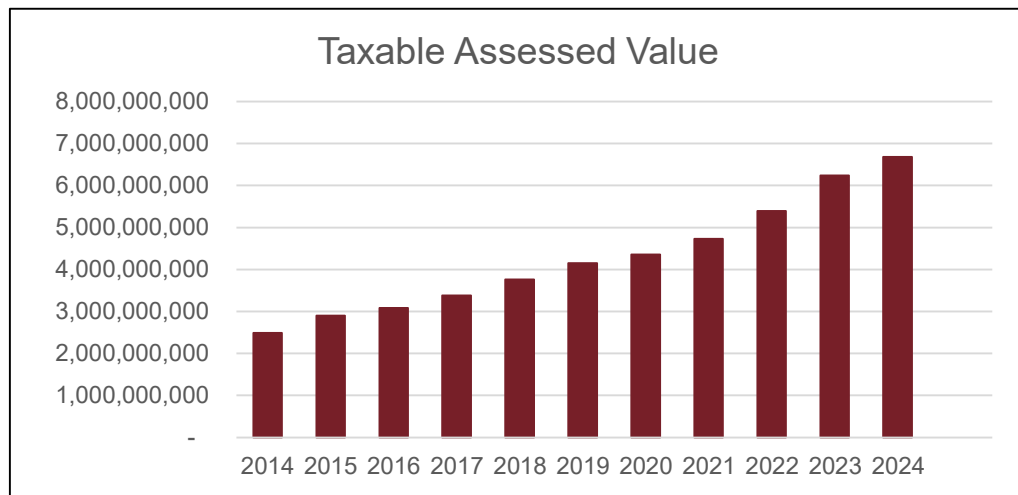
2024-2025 YEAR-TO-DATE  
Sewer Charges

	2024-2025 Year Budgeted	2024-2025 Year Actual	Percent of Budget Collected	2023-2024 Year Actual	Variance to Actual Prior Year
Oct-Dec	\$ 12,226,753	\$ 2,303,276	19%	\$ 2,641,338	\$ (338,062)
January	12,226,753	1,231,824	10%	755,534	\$ 476,290
February	12,226,753	739,565	6%	1,077,518	\$ (337,953)
March	12,226,753	-	-	905,646	-
April	12,226,753	-	-	934,841	-
May	12,226,753	-	-	922,608	-
June	12,226,753	-	-	935,615	-
July	12,226,753	-	-	942,145	-
August	12,226,753	-	-	952,175	-
September	12,226,753	-	-	1,464,062	-
	\$ 12,226,753	\$ 4,274,665	35%	\$ 11,531,480	\$ (199,725)



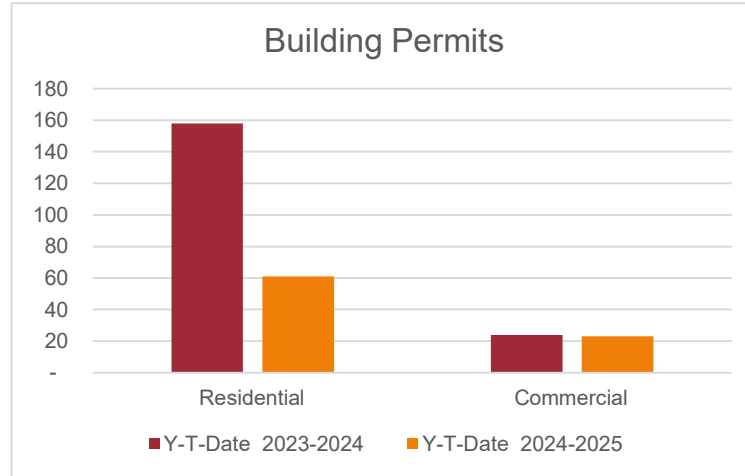
## APPRAISAL ROLL COMPARISON

Tax Year Ending	Certified Taxable Value	% chg from PY
2014	2,488,710,642	-
2015	2,897,517,758	16.43%
2016	3,086,950,718	6.54%
2017	3,383,396,267	9.60%
2018	3,760,434,828	11.14%
2019	4,151,854,531	10.41%
2020	4,356,847,366	4.94%
2021	4,732,777,275	8.63%
2022	5,395,041,820	13.99%
2023	6,238,588,521	15.64%
2024	6,682,231,203	7.11%

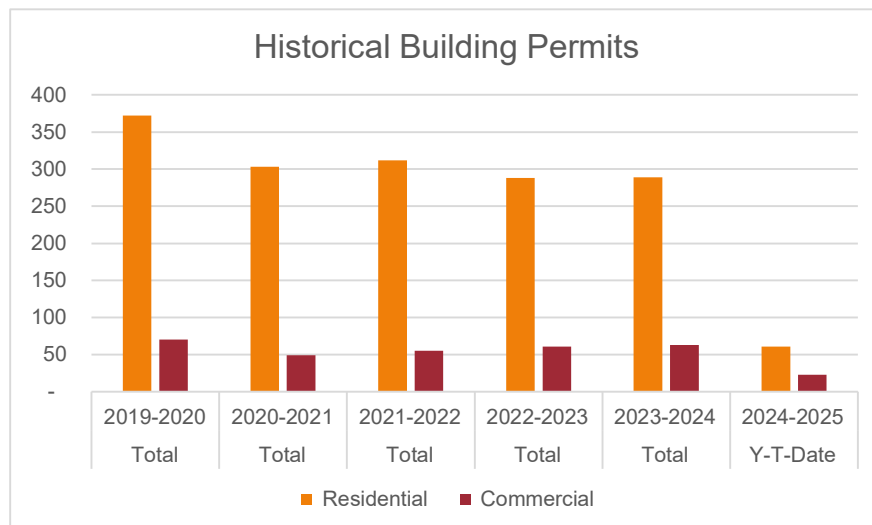


## BUILDING PERMITS

	Y-T-Date 2023-2024	Y-T-Date 2024-2025
Residential	158	61
Commercial	24	23
Total	182	84



	Total 2019-2020	Total 2020-2021	Total 2021-2022	Total 2022-2023	Total 2023-2024	Y-T-Date 2024-2025
Residential	372	303	312	288	289	61
Commercial	70	49	55	61	63	23
Total	442	352	367	349	352	84





## Section 3

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### City of Burleson Monthly Financial Report

## COMPLIANCE REPORTS

Funds of the City of Burleson are invested in accordance with Chapter 2256 of the “Public Funds Investment Act.” The Act clearly defines allowable investment instruments for local governments. The City of Burleson’s Investment Policy incorporates the provisions of the act and all investment transactions are executed in compliance with the Act and the Policy.

## Investment Reports

# **INVESTMENT COMMITTEE REPORT**

## **For Month end February 2025**

The Investment Committee Report contains internal management reports for the City of Burleson investment program, which is in compliance with the policies and strategies as contained in the City's Investment Policy as approved by Council and in compliance with Section 2256.005 of the Public Funds Investment Act (PFIA).



## MONTHLY FINANCIAL REPORT

February 28, 2025

Prepared by  
Valley View Consulting, L.L.C.



### Month End Results by Investment Category:

Asset Type	January 31, 2025			February 28, 2025		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
Demand Deposit Account/Money Market Account	3.90%	\$ 14,446,455	\$ 14,446,455	2.27%	\$ 21,900,537	\$ 21,900,537
Pools/Money Market Fund	4.48%	30,159,923	30,159,923	4.43%	23,328,152	23,328,152
Securities	4.43%	54,955,655	55,036,538	4.43%	54,976,141	55,123,627
Certificates of Deposit	5.21%	62,171,246	62,171,246	5.19%	46,675,486	46,675,486
Total	4.86%	\$ 161,733,278	\$ 161,814,161	4.35%	\$ 146,880,316	\$ 147,027,802
<u>Average Yield - Current Month (1)</u>				<u>Fiscal Year-to-Date Average Yield (2)</u>		
Total Portfolio	4.35%			Total Portfolio	4.35%	
Rolling Three Month Treasury	4.36%			Rolling Three Month Treasury	4.62%	
Rolling Six Month Treasury	4.39%			Rolling Six Month Treasury	4.67%	
TexPool	4.36%			TexPool	4.59%	

Monthly Interest Income	\$	565,300
Fiscal Year-to-date	\$	3,031,353

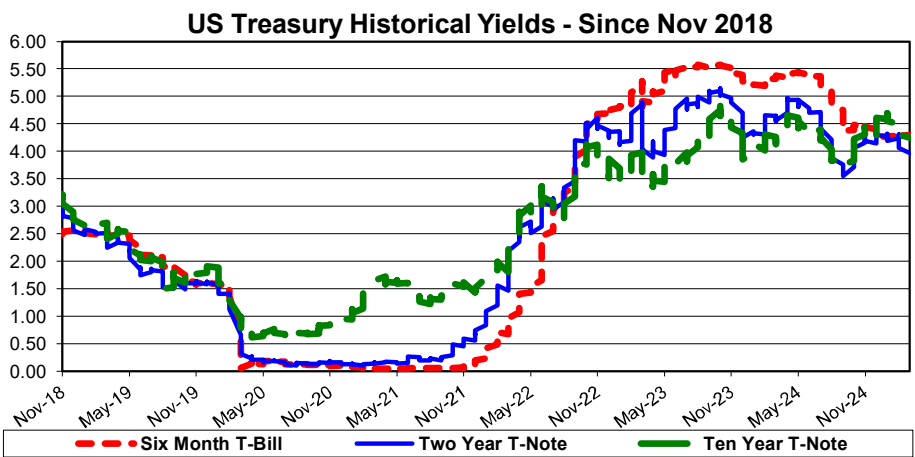
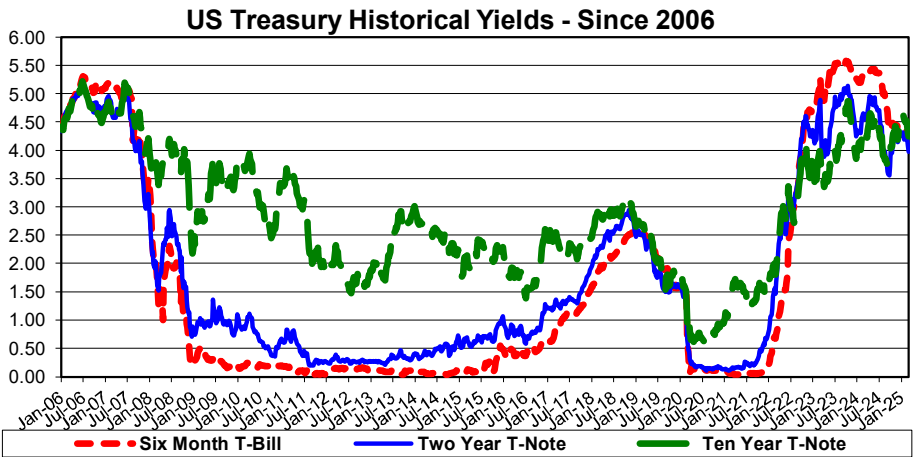
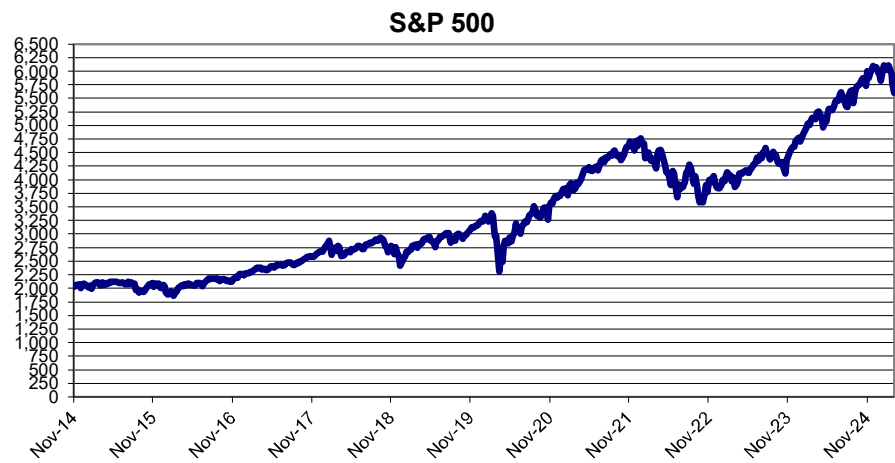
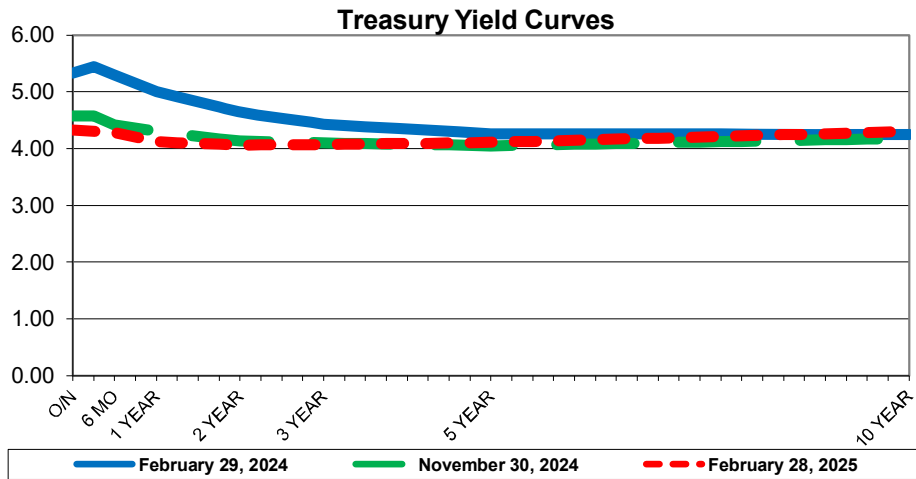
(2) **Fiscal Year-to-Date Average Yield** - calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

**Investment Advisor Note:** During market cycles where rates are rising, it is common to experience decreases in market value of current investments. This is due to the value the market places on the asset in terms of its buying or selling ability on the current market day. The City's Investment Policy establishes a "buy and hold" portfolio strategy where investment maturities are targeted to match with identified cash flow requirements, and the investments mature at the anticipated time the cash is needed. The City does not intend to liquidate or redeem securities prior to maturity and will therefore not recognize the losses from a pre-maturity sale. Instead, the City will report changes in market value as unrealized losses as required by the PFIA and current accounting standards. As the security approaches maturity, the unrealized loss will diminish, and at maturity the City will receive the full par value of the security.

Economic Overview

2/28/2025

The Federal Open Market Committee (FOMC) kept the Fed Funds target range at 4.25% - 4.50% (Effective Fed Funds trade +/-4.33%). Expectations for additional rate cuts are volatile with current estimates at three 0.25% cuts projected during 2025. February Non-Farm Payroll increased slightly to +151k new jobs, but the Three Month Rolling Average decreased to +200 (from the previous +327k). Fourth Quarter 2024 GDP remained +2.3% with 2.8% expansion for all of 2024. The S&P 500 Stock Index dipped +/-8% to 5,600. The yield curve continued a slight checkmark shape. Crude Oil bounced below \$70 per barrel. Inflation remains above the FOMC 2% target (Core PCE +/-2.6% and Core CPI +/-3.3%). Declining global economic outlook and ongoing/expanding international political disruptions increases uncertainty.



## Investment Holdings

February 28, 2025

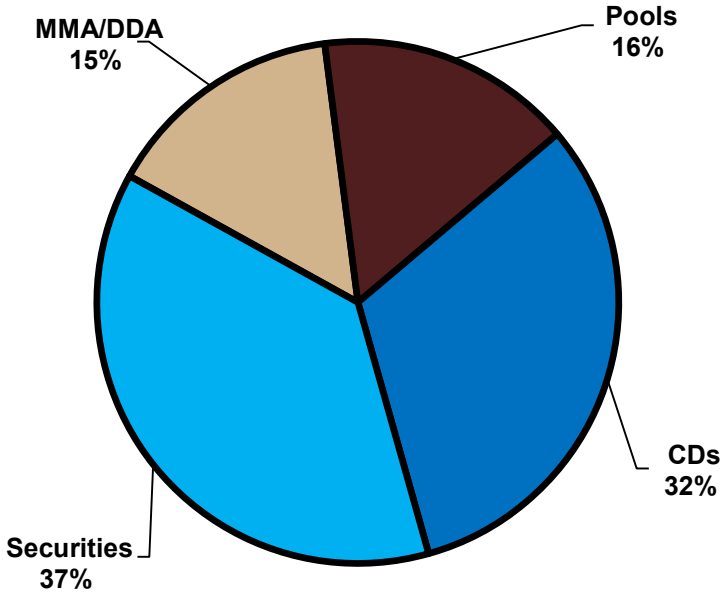
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (Days)	Yield
InterBank MMA		4.75%	03/01/25	02/28/25	\$ 100,357	\$ 100,357	1.00	\$ 100,357	1	4.75%
InterBank ICS		4.65%	03/01/25	02/28/25	5,353,152	5,353,152	1.00	5,353,152	1	4.65%
Independent Financial Bank Cash		0.00%	03/01/25	02/28/25	11,422,482	11,422,482	1.00	11,422,482	1	0.00%
Independent Financial Bank MMA		5.48%	03/01/25	02/28/25	1,630,684	1,630,684	1.00	1,630,684	1	5.48%
NexBank IntraFi MMA Savings		4.55%	03/01/25	02/28/25	3,393,862	3,393,862	1.00	3,393,862	1	4.55%
TexPool	AAAm	4.36%	03/01/25	02/28/25	11,115,407	11,115,407	1.00	11,115,407	1	4.36%
LOGIC	AAAm	4.50%	03/01/25	02/28/25	12,212,746	12,212,746	1.00	12,212,746	1	4.50%
East West Bank CD		5.14%	03/24/25	03/22/24	5,248,158	5,248,158	100.00	5,248,158	24	5.27%
Federal Home Loan Bank	Aaa/AA+	0.00%	04/04/25	10/09/24	5,000,000	4,979,049	99.58	4,979,130	35	4.40%
East West Bank CD		5.26%	04/23/25	04/23/24	5,229,925	5,229,925	100.00	5,229,925	54	5.40%
East West Bank CD		5.25%	05/28/25	06/14/24	5,190,513	5,190,513	100.00	5,190,513	89	5.39%
East West Bank CD		5.28%	06/02/25	06/04/24	10,398,383	10,398,383	100.00	10,398,383	94	5.42%
East West Bank CD		5.25%	07/02/25	06/17/24	5,188,274	5,188,274	100.00	5,188,274	124	5.39%
Treasury Note	Aaa/AA+	2.00%	08/15/25	10/09/24	5,000,000	4,948,762	98.95	4,947,461	168	4.29%
Treasury Note	Aaa/AA+	5.00%	10/31/25	04/24/24	5,000,000	4,998,621	100.48	5,024,023	245	5.04%
Treasury Note	Aaa/AA+	4.88%	11/30/25	10/09/24	10,000,000	10,050,491	100.47	10,046,875	275	4.18%
American Nat'l Bank & Trust CD		4.70%	01/25/26	07/25/24	15,420,234	15,420,234	100.00	15,420,234	331	4.80%
Federal Farm Credit Bank	Aaa/AA+	4.88%	04/15/26	04/24/24	5,000,000	4,995,326	100.76	5,038,057	411	4.96%
Federal Farm Credit Bank	Aaa/AA+	4.88%	06/12/26	06/25/24	5,000,000	5,005,910	100.95	5,047,549	469	4.78%
Treasury Note	Aaa/AA+	3.75%	08/31/26	10/29/24	5,000,000	4,972,035	99.57	4,978,711	549	4.14%
Treasury Note	Aaa/AA+	4.63%	10/15/26	11/21/24	5,000,000	5,025,949	100.92	5,045,898	594	4.29%
FAMCA	Aaa/AA+	4.23%	12/23/26	12/23/24	10,000,000	10,000,000	100.16	10,015,923	663	4.23%
<b>Total Portfolio</b>					<b>\$ 146,904,175</b>	<b>\$ 146,880,316</b>		<b>\$ 147,027,802</b>	<b>200</b>	<b>4.35%</b>

(1) (2)

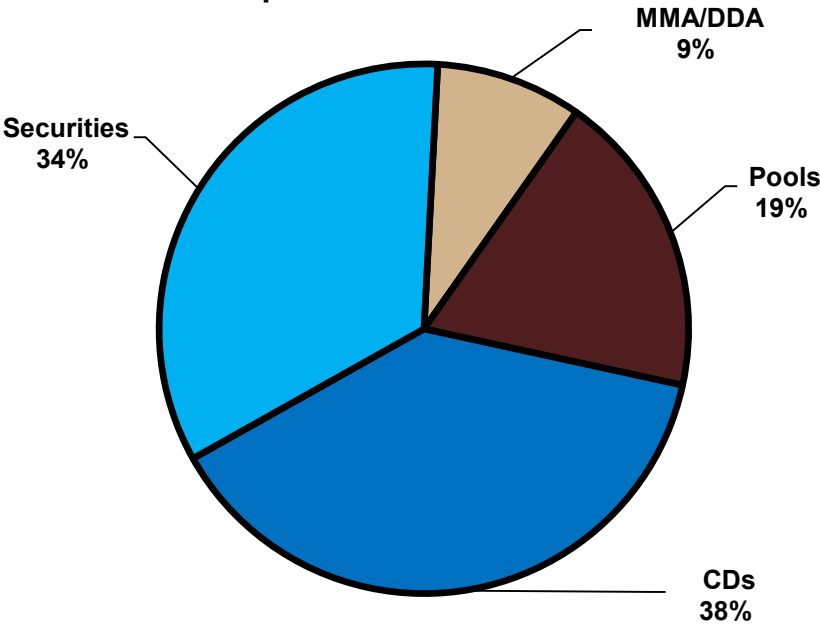
(1) **Weighted average life** - For purposes of calculating weighted average life, overnight bank and pool balances are assumed to have a one day maturity.

(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on Book Value, realized and unrealized gains/losses and investment advisory fees are not included. The yield for the reporting month is used for overnight bank and pool balances.

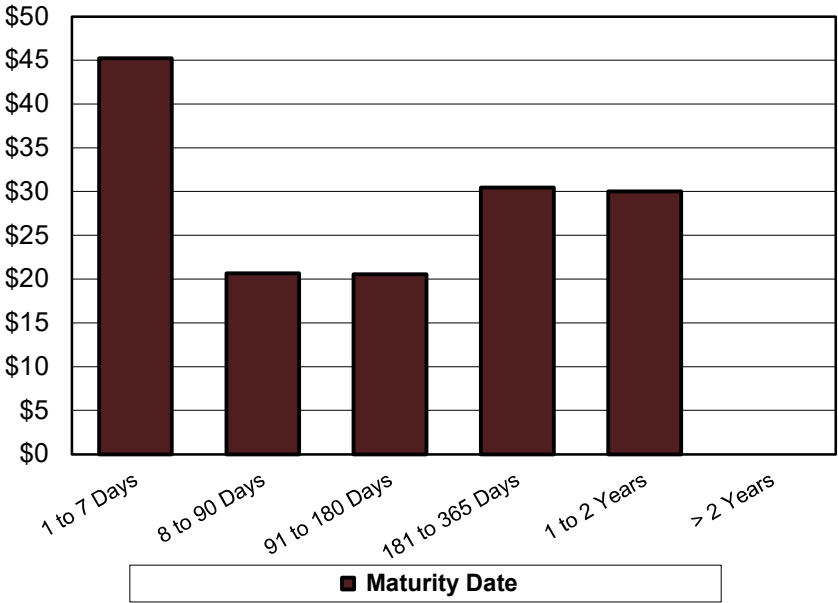
Composition - Current Month

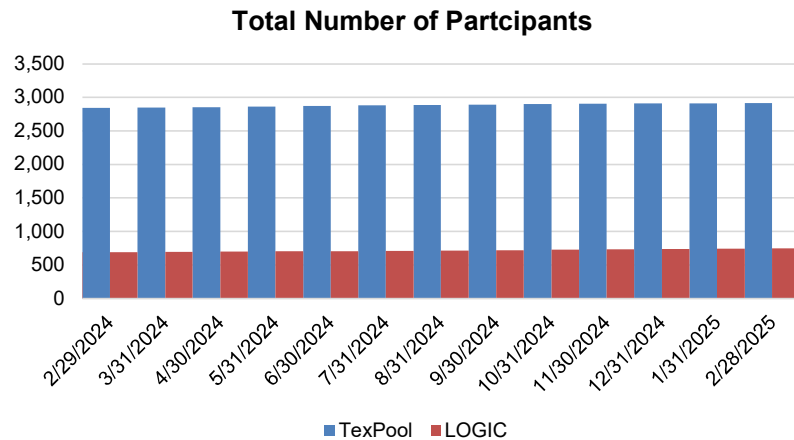
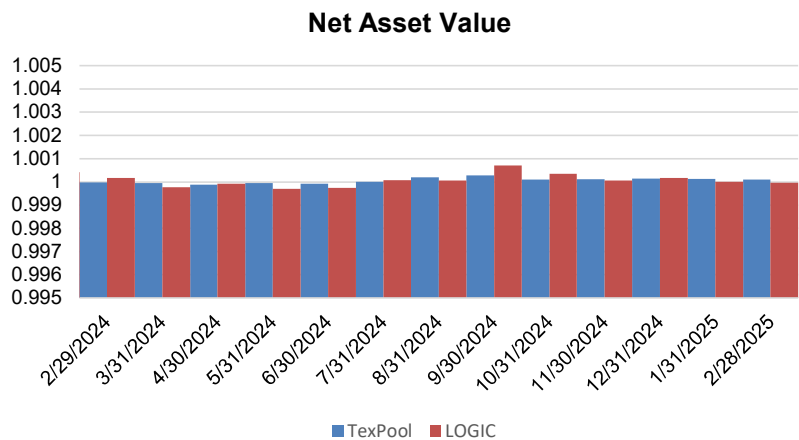
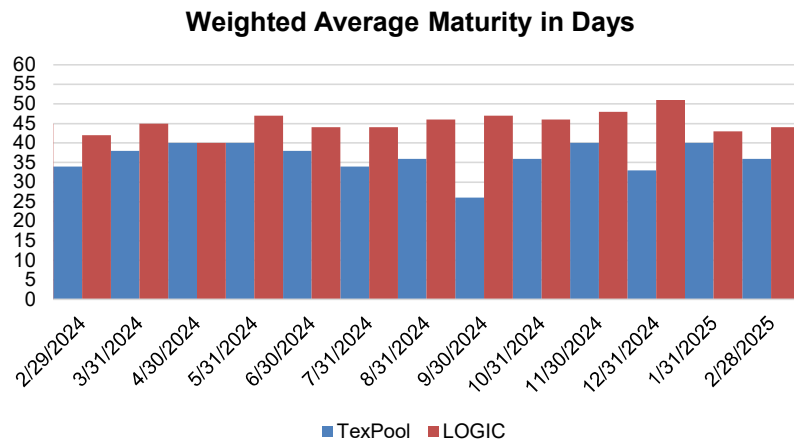
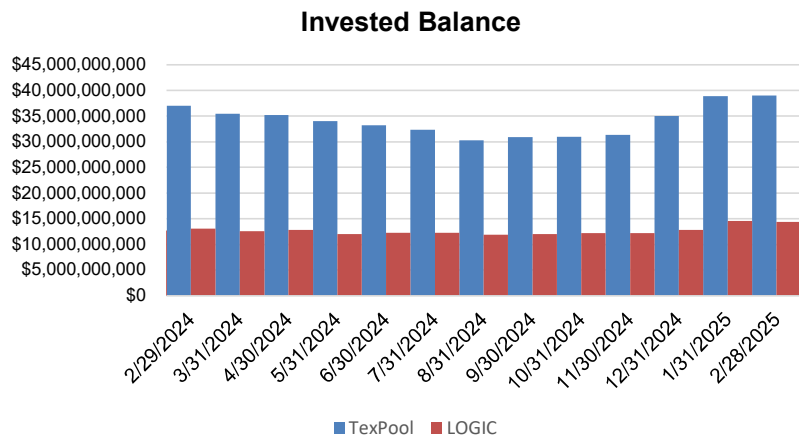


Composition - Prior Month



Distribution by Maturity Range (Millions)







## Section 4

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### City of Burleson Monthly Financial Report

This section contains the Emergicon and Department Transfer Reports.

## Special Interests

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*City of Burleson Monthly Financial Report*

**Emergicon - Emergency Medical Billing - February 2025**

On December 2022, the City entered into an agreement for specialized professional ambulance billing services with Emergicon, LLC for Emergicon to provide billing and claims management services for the City's emergency medical and ambulance services. The data source is Emergicon and the plan information is derived from the annual proforma as provided by Emergicon.

Category	Quarter Plan	1Q25 (Oct-Dec)	1Q/Plan Var	Monthly Plan	February 2025	February Var
Gross Charges	\$ 1,914,772	\$ 1,733,594	\$ (181,178)	\$ 638,257	\$ 554,259	\$ (83,998)
Cash Collections	390,039	594,291	204,252	130,013	180,132	50,119
Gross Charge/Txp	2,157	5,852	3,695	2,157	1,829	(328)
Cash/Txp (CPT)	439	671	232	439	594	155

Payer Mix	Quarter Plan	1Q25 (Oct-Dec)	1Q/Plan Var	Monthly Plan	February 2025	February Var
Insurance	23.0%	8.0%	-15.0%	23.0%	13.2%	-9.8%
Medicaid	8.0%	5.2%	-2.8%	8.0%	7.9%	-0.1%
Medicare	56.0%	45.5%	-10.5%	56.0%	41.3%	-14.7%
Private Pay	13.0%	2.2%	-10.8%	13.0%	3.3%	-9.7%
Payer Research	0.0%	39.2%	39.2%	0.0%	34.3%	34.3%
<b>Totals</b>	<b>100%</b>	<b>100%</b>	<b>0.0%</b>	<b>100%</b>	<b>100%</b>	<b>0%</b>

Level of Service	Quarter Plan	1Q25 (Oct-Dec)	1Q/Plan Var	Monthly Plan	February 2025	February Var
ALS Non Emergent A0426	0.0%	0.1%	0.1%	0.0%	0.3%	0.3%
ALS - Advanced Life Support A0427	68.0%	54.1%	-13.9%	68.0%	52.8%	-15.2%
ALS-2 Emergency A0433	3.0%	0.8%	-2.2%	3.0%	1.0%	-2.0%
BLS Non Emergency A0428	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%
BLS - Basic Life Support A0429	29.0%	44.9%	15.9%	29.0%	45.9%	16.9%
SCT A0429 TXP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Service Others Cnt	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Totals</b>	<b>100%</b>	<b>100%</b>	<b>0.0%</b>	<b>100%</b>	<b>100%</b>	<b>0.0%</b>

Level of Service Volume	Quarter Plan	1Q25 (Oct-Dec)	1Q/Plan Var	Monthly Plan	February 2025	February Var
ALS Non Emergent A0426	-	1	1	-	1	1
ALS - Advanced Life Support A0427	604	488	(116)	201	160	(41)
ALS-2 Emergency A0433	27	9	(18)	9	3	(6)
BLS Non Emergency A0428	-	1	1	-	-	-
BLS - Basic Life Support A0429	257	391	134	86	139	53
Sct A0429 TXP	-	-	-	-	-	-
Service Others Cnt	-	-	-	-	-	-
<b>Totals</b>	<b>888</b>	<b>890</b>	<b>2</b>	<b>296</b>	<b>303</b>	<b>7</b>

<b>Ground Mileage A0425</b>	<b>4,438</b>	<b>7,418</b>	<b>2,981</b>	<b>1,479</b>	<b>2,539</b>	<b>1,060</b>
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Note: Monthly Payer Mix line items are in process with Emergicon and will not total 100% until completed.

ALS = Advanced Life Support

BLS = Basic Life Support

SCT = Specialty Care Transport

Txp = Transport

### **Department Transfers**

- There were no FY2025 department transfers made as of February 28, 2025.

### **Property Tax Report from Johnson County Tax Office**

- This report shows year-to-date collections and outstanding levy.

YEAR-TO-DATE SUMMARY PART C

Tax Year = 2024 AND Month = 02/28/2025 and Tax Units = {multiple}

BUC - CITY OF BURLESON

CURRENT YEAR INFORMATION		Start Financial Year	10/01/2024					
Start Value	Start Exemption	Start Taxable	Rate	Calc Start Levy	Actual Start Levy	Start Frozen Loss	Start + Frozen	
8,302,201,378	1,603,559,414	6,698,641,964	0.662700	44,391,900.30	42,062,637.38	2,329,265.31	44,391,902.69	
Adjusted Value	Adjusted Exemption	Adj Taxable	Rate	Calc Adj Levy	Actual Current Levy	Adj Frozen Loss	Act Levy + Act Frozen	
8,307,455,028	1,598,508,307	6,708,946,721	0.662700	44,460,189.92	42,085,944.75	2,325,739.14	44,411,683.89	
Start Value	Net Value Adj	Start Value + Net Value Adj			Actual Current Value	Other Loss		
8,302,201,378	5,253,650	8,307,455,028			8,307,455,028	48,508.33		
Start Exemption	Net Exmp Adj	Start Exemp + Net Exmp Adj			Actual Current Exemption			
1,603,559,414	(5,051,107)	1,598,508,307			1,598,508,307			
YEAR	NET START BALANCE	NET MTD ADJ	NET YTD ADJ	NET MTD PAID	NET YTD PAID	CALC BALANCE	REFUNDS DUE	COL %
AS OF 02/28/2025								
1990	99.79	0.00	0.00	0.00	0.00	99.79	0.00	0.00
1991	108.70	0.00	0.00	0.00	0.00	108.70	0.00	0.00
1992	75.66	0.00	0.00	0.00	0.00	75.66	0.00	0.00
1993	22.10	0.00	0.00	0.00	0.00	22.10	0.00	0.00
1994	16.98	0.00	0.00	0.00	0.00	16.98	0.00	0.00
1995	16.67	0.00	0.00	0.00	0.00	16.67	0.00	0.00
1996	16.49	0.00	0.00	0.00	0.00	16.49	0.00	0.00
1997	16.27	0.00	0.00	0.00	0.00	16.27	0.00	0.00
1998	(83.92)	0.00	0.00	0.00	0.00	(83.92)	0.00	0.00
1999	51.12	0.00	0.00	0.00	0.00	51.12	0.00	0.00
2000	253.66	0.00	0.00	0.00	0.00	253.66	0.00	0.00
2001	(1,630.05)	0.00	0.00	0.00	0.00	(1,630.05)	0.00	0.00
2002	(2,197.49)	0.00	0.00	0.00	0.00	(2,197.49)	0.00	0.00
2003	(2,880.97)	0.00	0.00	0.00	0.00	(2,880.97)	0.00	0.00
2004	(8,082.22)	0.00	0.00	0.00	0.00	(8,082.22)	0.00	0.00
2005	2,976.36	0.00	0.00	0.00	0.00	2,976.36	0.00	0.00
2006	3,193.43	0.00	0.00	0.00	0.00	3,193.43	0.00	0.00
2007	6,170.26	0.00	0.00	0.00	0.00	6,170.26	0.00	0.00
2008	6,852.80	0.00	0.00	0.00	0.42	6,852.38	0.00	0.00
2009	6,906.89	0.00	0.00	120.07	122.27	6,784.62	0.00	1.77
2010	8,556.76	0.00	0.00	372.20	374.79	8,181.97	0.00	4.38
2011	11,215.71	0.00	0.00	336.10	347.05	10,868.66	0.00	3.09
2012	12,019.79	0.00	0.00	247.17	279.77	11,740.02	0.00	2.32
2013	16,438.96	0.00	0.00	2.03	20.50	16,418.46	(0.27)	0.12
2014	23,806.36	0.00	0.00	567.51	645.04	23,161.32	0.00	2.70
2015	28,303.26	0.00	0.00	715.70	880.17	27,423.09	0.00	3.10
2016	22,507.58	0.00	0.00	619.14	625.74	21,881.84	0.00	

Item D.

YEAR-TO-DATE SUMMARY PART C

Tax Year = 2024 AND Month = 02/28/2025 and Tax Units = {multiple}

YEAR	NET START BALANCE	NET MTD ADJ	NET YTD ADJ	NET MTD PAID	NET YTD PAID	CALC BALANCE	REFUNDS DUE	COL %
AS OF 02/28/2025								
2017	24,244.25	0.00	0.00	612.63	933.98	23,310.27	0.00	3.85
2018	31,353.51	0.00	0.00	2,059.30	2,403.98	28,949.53	0.00	7.66
2019	44,704.15	0.00	(112.18)	2,278.66	3,450.14	41,141.83	(0.73)	7.73
2020	50,642.41	0.00	(439.79)	2,235.33	4,857.12	45,345.50	0.00	9.67
2021	60,737.96	993.28	103.52	2,760.84	8,237.26	52,604.22	(0.52)	13.53
2022	112,170.91	134.12	(3,208.60)	3,752.01	16,997.71	91,964.60	(1,572.86)	15.59
2023	291,493.86	(3,668.05)	(51,890.91)	(11,374.88)	37,162.55	202,440.40	(15,579.97)	15.51
2024	42,062,637.38	(28,467.56)	23,307.37	4,893,976.51	40,512,474.55	1,573,470.20	(39,813.91)	96.26
TOTAL	42,812,735.38	(31,008.21)	(32,240.59)	4,899,280.32	40,589,813.04	2,190,681.75	(56,968.26)	