



City of \_\_\_\_\_  
**FARMERSVILLE**  
CALIFORNIA

## Adopted Budget for Fiscal Year 2025-2026



*Strong Roots...Growing Possibilities*

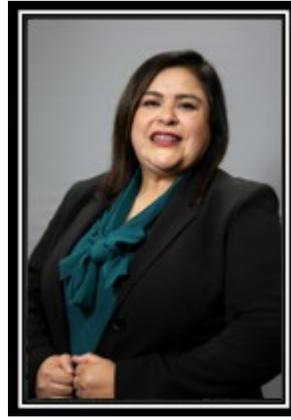
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# City of Farmersville City Council



*Tina Hernandez*  
Mayor



*Araceli Ochoa*  
Mayor Pro Tem



*Greg Gomez*  
Councilmember



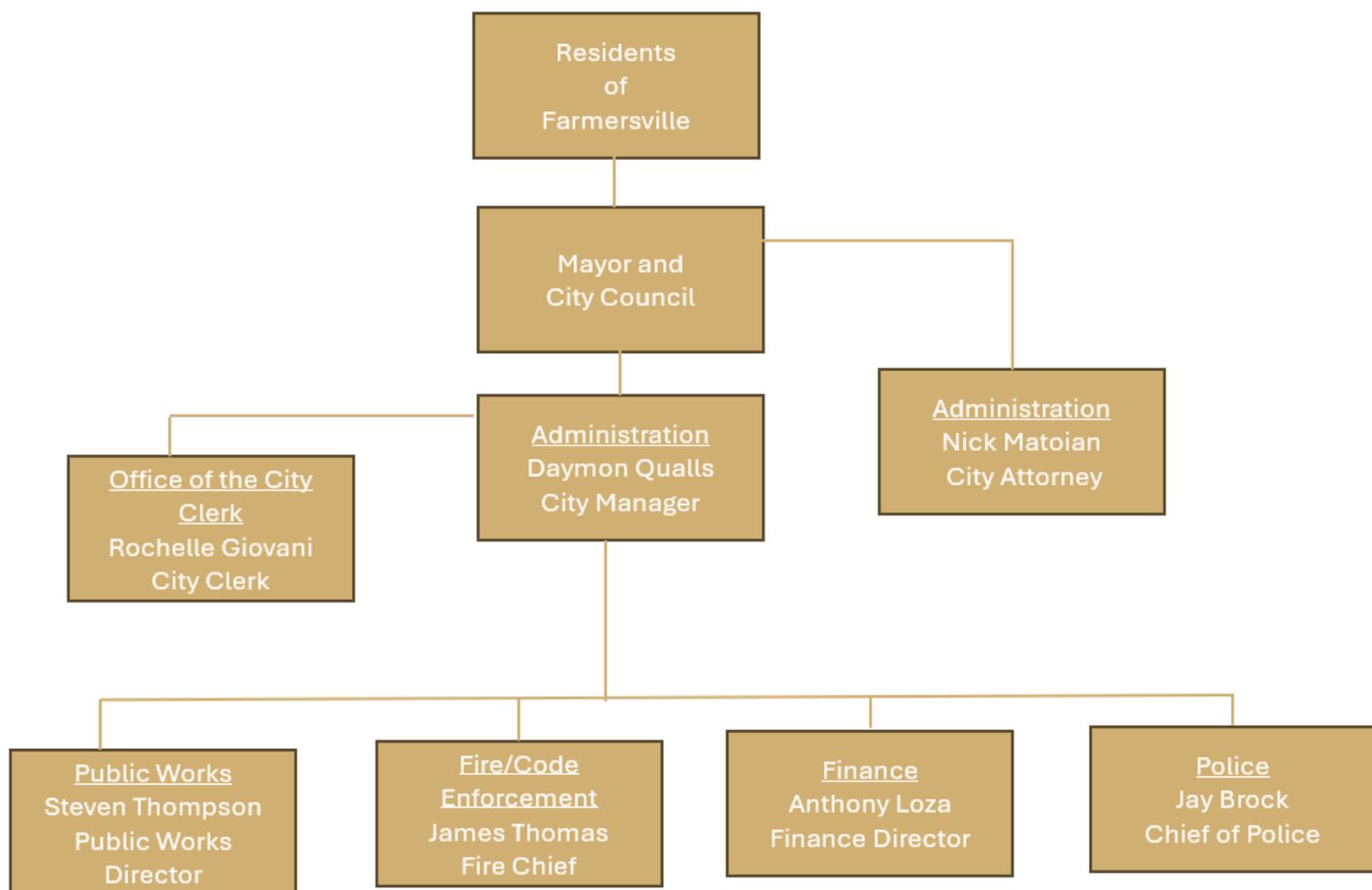
*Paul Boyer*  
Councilmember



*Armando Hinojosa*  
Councilmember

# City of Farmersville

## City Leadership



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# Budget Message



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Honorable Mayor and Members of the City Council –

I am pleased to present the proposed Fiscal Year 2025–2026 Operating and Capital Budget for the City of Farmersville. This document reflects our collective commitment to prudent fiscal management, transparency, and the delivery of high-quality public services to our community. Over the past year, Farmersville has maintained stability amid complex economic pressures. This budget positions the City to continue essential services while remaining prepared for changing conditions.

It is important to acknowledge that recent vacancies in key leadership positions over the past year presented unique challenges during this budget preparation cycle. As a result, certain expenditure and revenue estimates, including those related to departmental operations, capital projects, and reimbursements have been forecasted using the best information available at this time. Staff will continue to monitor performance closely and provide timely updates and recommendations to the City Council as needed.

Revenues from the City’s cannabis business tax have leveled off over the past three fiscal years and are no longer showing the initial growth trend seen after the tax was first implemented. However, with the recent opening of a third cannabis dispensary, staff is closely monitoring any resulting impacts. This revenue stream is budgeted as Measure Q revenue.

In addition, the overall economy is exerting pressures on both revenue and expenditure assumptions. Rising costs for fuel, materials, and contracted services will impact our operating expenses, while the Federal Reserve’s ongoing reductions in the Fed rate this past year may cause the interest earned on the City’s investment portfolio to decrease. This budget also includes increased fire services expenditures associated with the City’s participation in the California Fire Assistance Agreement (CFAA). Under this agreement, the State reimburses local agencies for deploying personnel and equipment to assist with incidents beyond our jurisdiction. Reimbursement revenues have been forecasted conservatively, recognizing that timing and payment amounts can vary.

One of the most significant milestones in this year’s plan is the nearing completion of the new Fire Station - Station 83. The new fire station is approximately 8,400 square feet and will serve as the first permanent home designed specifically for the Fire Department. Supported in part by a \$7 million State grant, the new station will feature 3 modern apparatus bays capable of housing up to 6 fire vehicles, along with living quarters and administrative space, all designed to enhance our emergency response capabilities for years to come.

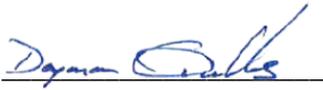
Overall, the proposed budget balances approximately \$18.4 million in projected revenues with \$22.7 million in planned expenditures, supported by strategic use of one-time funding sources such as grants, CFAA reimbursements, and Measure Q revenues. It includes more than \$6.3 million in capital investments to strengthen public safety infrastructure, maintain essential utility

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systems, and modernize operations. Key capital projects this year include the completion of the new Central Fire Station, major water and sewer infrastructure upgrades, street and park improvements, updated emergency response equipment, and the City's General Plan update.

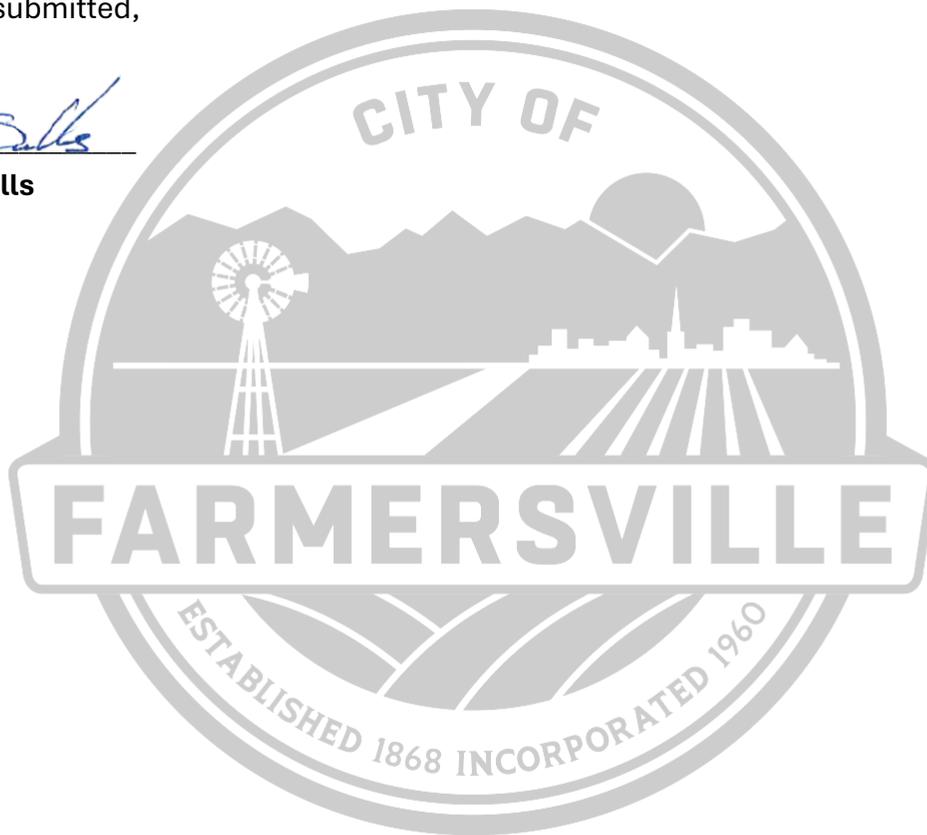
I am proud of the collaborative effort that has gone into developing this financial plan. I would like to thank the City Council for its leadership and commitment to fiscal responsibility, transparency, and long-term community goals. I also want to express my deep appreciation to our amazing staff for their hard work, expertise, and dedication throughout this process. Together, we will continue to advance a safe, sustainable, and vibrant future for the City of Farmersville.

Respectfully submitted,



**Daymon Qualls**

City Manager





# City Mission & Core Values

# City Mission & Core Values

## Mission Statement



The mission of the City of Farmersville is to work in partnership with the community to promote a living and working environment that allows for the best quality of life by serving the residents with responsive, consistent, progressive, and professional leadership.

## Motto

“Strong Roots...Growing Possibilities”

## Core Values

### Leadership

We value leadership through staff’s ability to communicate with others and develop trusting relationships. They exemplify honesty, compassion, ethics, and pride in their work.

### Professionalism

We value a professional work environment which provides quality services, demonstrates integrity, and acts with transparent decision-making.

### Stability

We value a stable and reliable organization that is prepared to deal with change. Well planned actions bring security and achievable goals.

### Consistency

We value a consistent level of service in treating all parties equally without bias. Consistency brings reliability, dependability, and trustworthiness.

### Efficiency

We value efficient processes and procedures which are developed through continuous improvement within the organization.

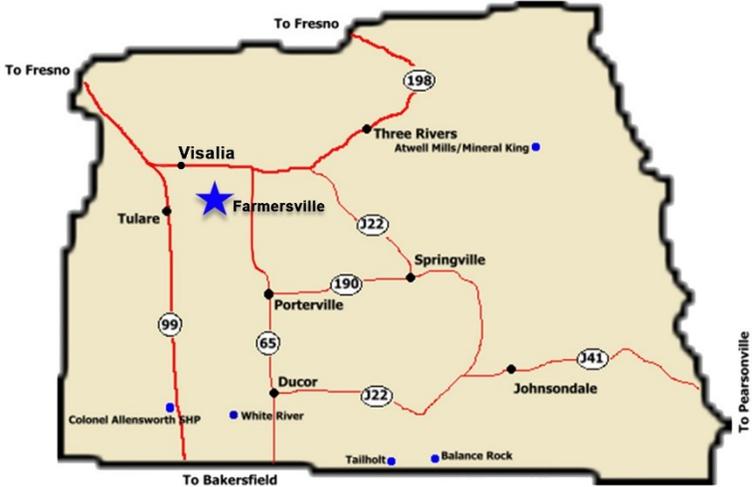
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# Community



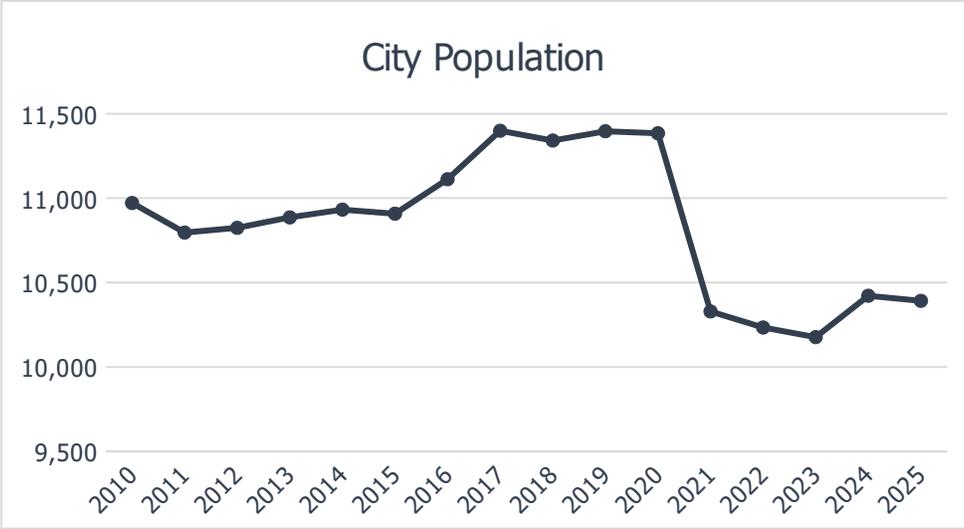
# Demographics

The City of Farmersville offers the charm of small-town living combined with the natural beauty and outdoor opportunities of surrounding fertile farmlands. Conveniently located along Highway 198, Farmersville provides direct access to Visalia and Highway 99 to the west, and the scenic Sequoia National Park in the Sierra Nevada Mountains to the east.



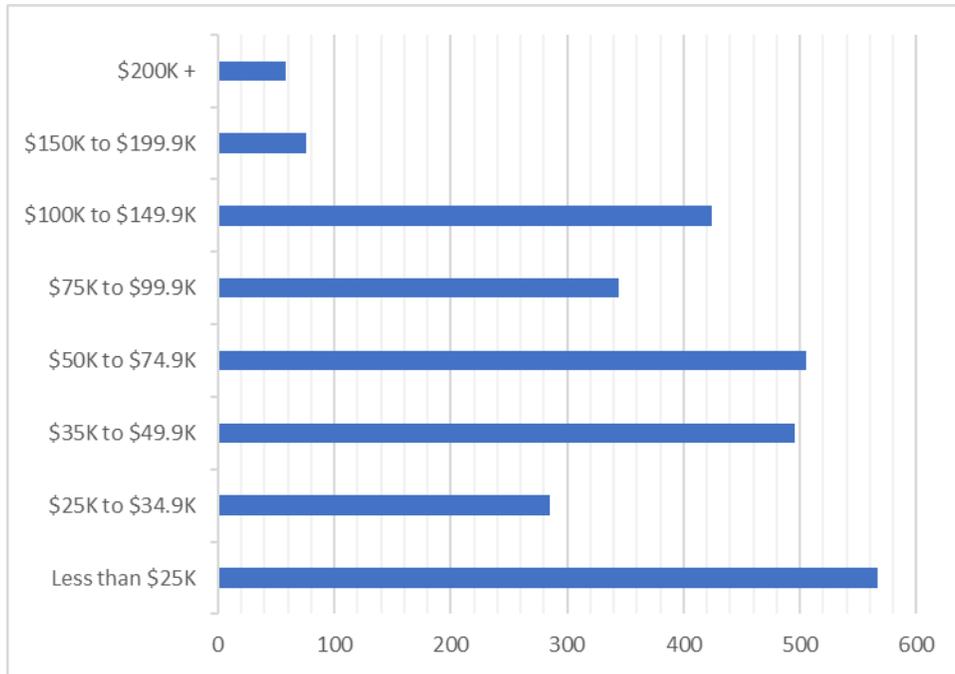
Home to approximately 11,000 residents, Farmersville is a community proud of its rich heritage, committed to thoughtful development, and focused on smart, sustainable growth. Recognized as the safest city in Tulare County, Farmersville continues to thrive at the heart of California’s growing Central San Joaquin Valley.

## City Population



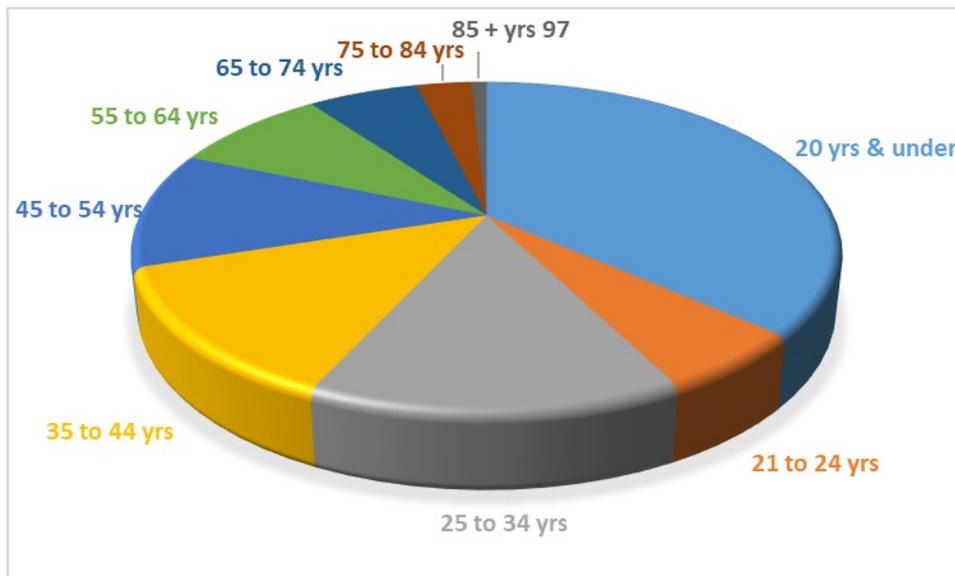
Source: CA Department of Finance

## Household by Income



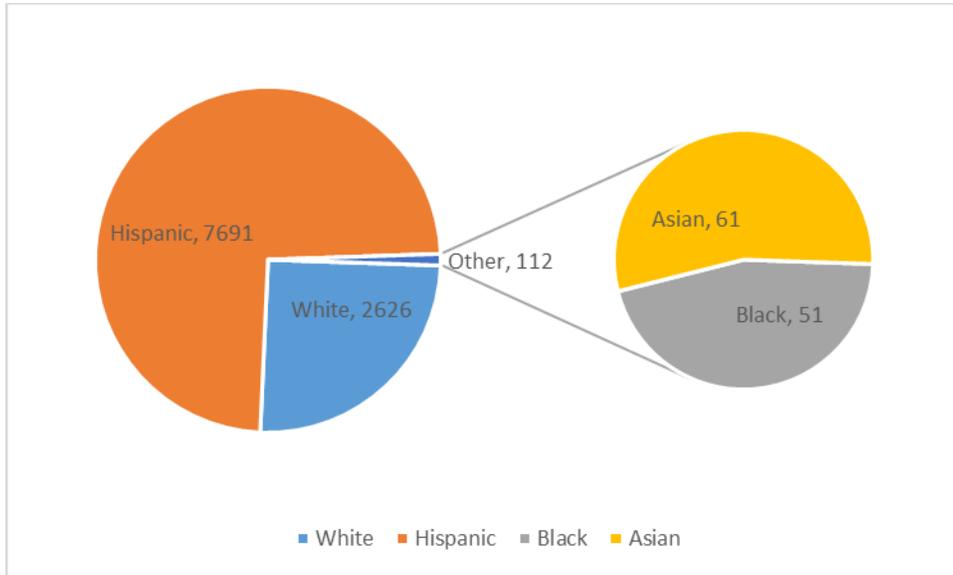
Source: The Retail Coach

## Population by Age



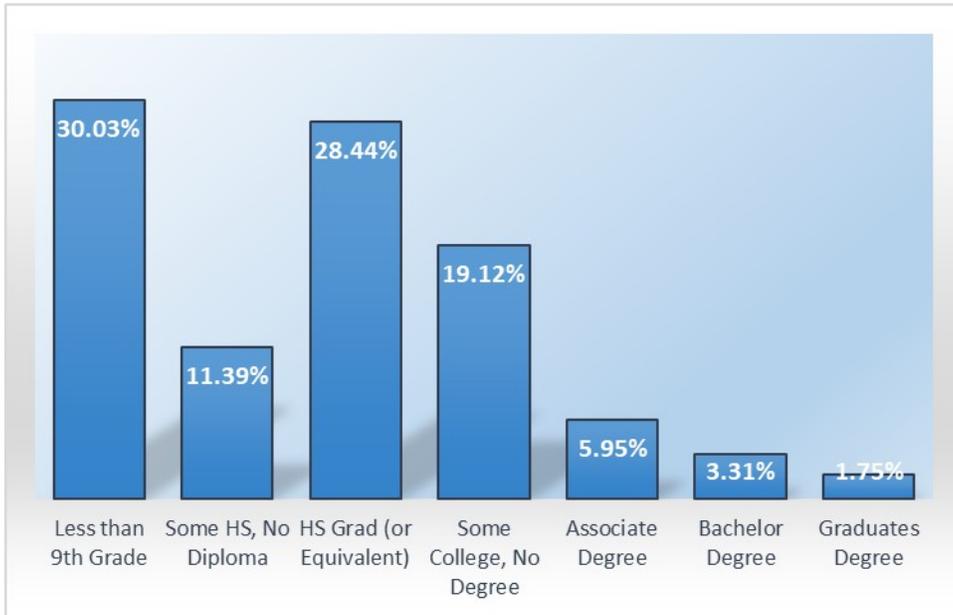
Source: The Retail Coach

## Population by Race



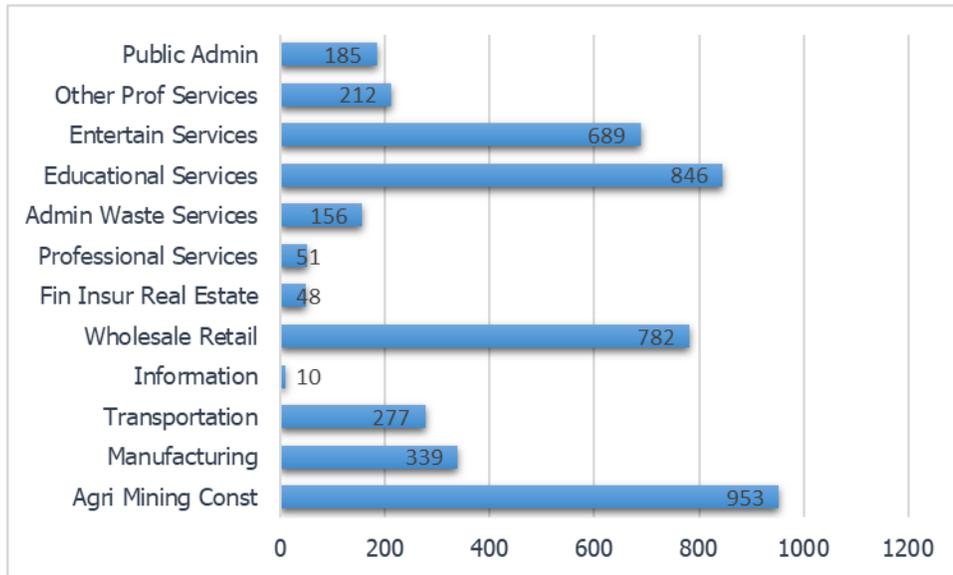
Source: The Retail Coach

## Education



Source: ECONSolution by HDL

## Employment by Industry



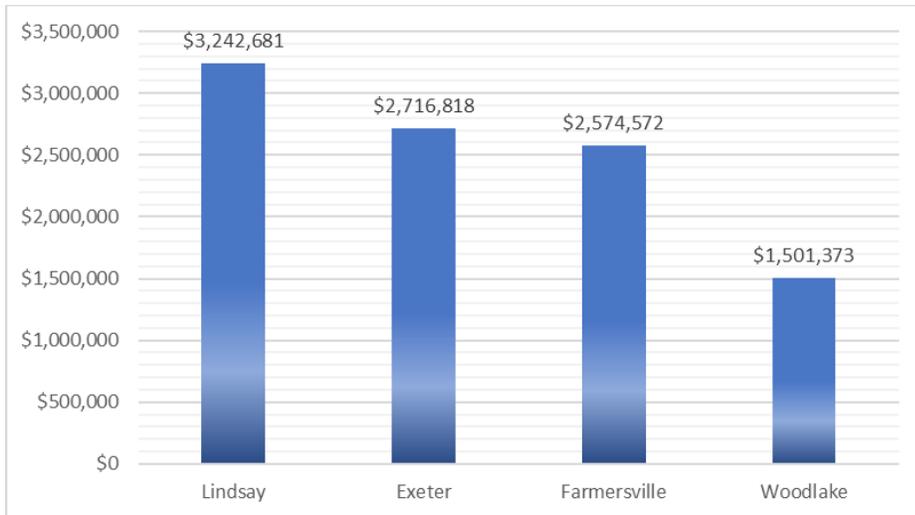
Source: ECONSolution by HDL

## Surrounding Municipalities

The following municipalities are also located within Tulare County:

- Visalia, Exeter, Woodlake, Tulare, Dinuba, Porterville, and Lindsay.

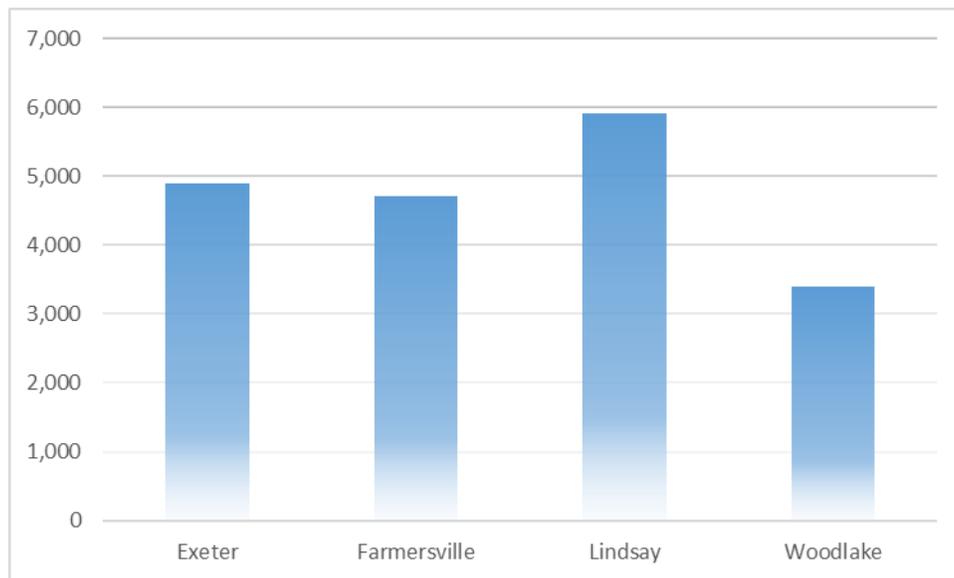
## Sales Tax Revenue Comparison



Excludes data from City of Visalia, City

of Tulare, City of Porterville, City of Dinuba, and Tulare County – source CDTFA FY 2025

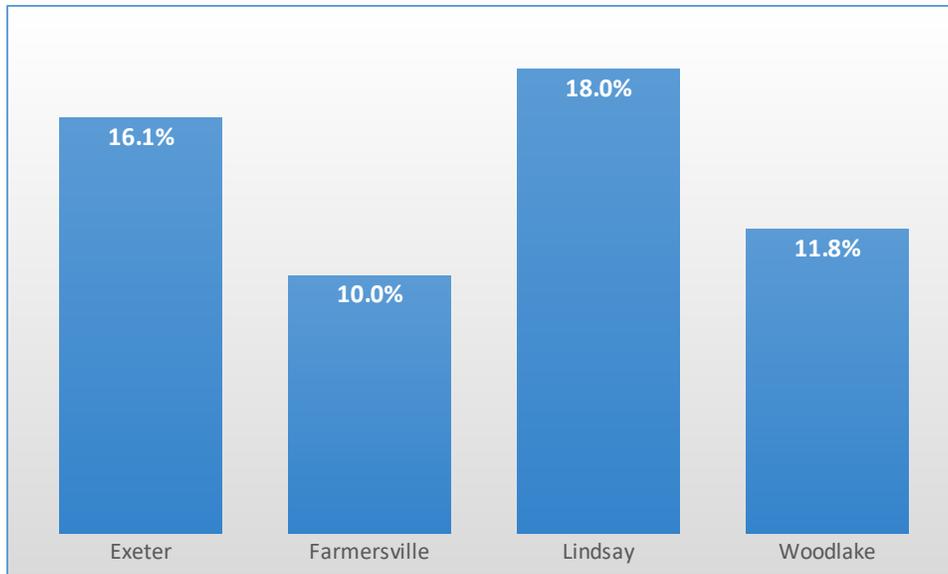
## Labor Force Comparison



Excludes data from City of Visalia, City of Tulare, City of Porterville, City of

Dinuba, and Tulare County – source Employment Development Department - 2025 Preliminary Statistics

## Unemployment Rate Comparison



*Excludes data from City of Visalia, City of Tulare, City of Porterville, City of Dinuba, and Tulare County – source Employment Development Department - 2025 Preliminary Statistics*

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# Overview of Funds



# Overview of Funds

The City’s financial system utilizes fund accounting. There are over 35 active funds and each fund should be considered to be a separate and unique “entity”. Each fund has a separate accounting structure for its revenues and expenditures, cash, assets, and liabilities. With the exception of the General Fund, the revenues and expenditures of these funds are restricted for the unique purpose of the specific fund.

## General Fund - 01

The General fund is the only fund that can be completely used at the City’s discretion. However, it is also precious as it supports a huge range of programs and departments from public safety to financial administration. The General Fund is organized in multiple departments to help delineate all the varying expenses it supports. This allows for proper organization and budgetary control by individual departments. Some of these departments are self or partially sustaining through their own income generation while most are not. While there are many important revenue sources that support these expenditures, three are foremost: Motor Vehicle License Fees (swapped for Property Tax by the State), Property Taxes, and Sales Tax (Bradley-Burns).



Property Taxes are the 1% annual tax paid by property owners within City limits. In 1978, The State of California passed proposition 13 which sets the property tax rate at a 1% fixed amount. This 1% is shared by all taxing agencies for which the subject property resides within. In addition to the 1% fixed amount, taxes are levied within the tax rate area to pay interest and redemption charges on voter-approved indebtedness. Some of the bonds are applicable to only a few tax rate areas within the City. This total 1% tax is split up and shared among many taxing jurisdictions, including the City of Farmersville, Tulare County, Tulare County Library, Kaweah Delta Water Conservation District, College of the Sequoias District, Delta Vector Mosquito Abatement District, Farmersville Unified School District, Deep Creek Cemetery District, among others. The City receives approximately 12% of the total property tax revenue collected within Farmersville’s city limits.

The other notable revenue source for the General Fund is Sales Tax (Bradley-Burns). When a purchase is made in Farmersville, an additional 8.75% of the original purchase price is added to the original cost of an item and represents the sales tax amount. Like property taxes, this total sales tax amount collected from Farmersville purchases is shared among the State of California, the County of Tulare and the City of Farmersville. The City’s General Fund retains a realistic “sales tax rate” of only .950% (less than 1%) of the original purchase price due to the section 3.32.030 of the City Municipal Code (as with all Cities in Tulare County). Sales Tax is the only large General Fund revenue source that has potential for significant growth, but it takes large

changes in the City's taxable sales base to realize noteworthy adjustments. For the City to receive \$10,000 additional dollars in sales tax revenue, there must be new taxable purchases of over \$1,000,000 (one million dollars) that takes place within City limits.

### General Fund Reserve - 102

This fund was created by way of the Minimum Fund Balance Policy in Fiscal Year 2018-19 and acts as the minimum fund balance for the General Fund. The balance is determined as 25% of the average actual revenue received over the last three fiscal years. These funds can only be used by Council authority and is intended only to meet unanticipated revenue shortfalls, short-term economic downturns, local disaster expenses, and shall remain exclusive of all other reserve funds. Repayment is required as soon as possible after use.

### General Fund Capital - 103

This fund was created by way of the Debt Management Policy in Fiscal Year 2017-18 which called out the requirement of a separate Capital Budget and five-year projection and a separate fund that acts as the capital set aside for the General Fund. This is the vehicle by which major capital projects and capital equipment purchases are made. Major capital expenditures for the General Fund are housed here and monies designated in the General Fund Capital Budget fund it.

### Water Utility Fund - 02

The Water Utility fund is an enterprise fund. The operation and maintenance of this fund are handled by the Public Works Department while the billing and collections aspect of the operation are handled by the Administration Department. The budget document reflects the net operating cash for this Utility. Only activities directly related to the City's water system may be accounted for in this fund, both expense and revenue.



### Water Development Fund - 03

Funds 03, 05, 23, 30, 61, 62, 63, 64, 71, and 81 are all Development Impact Fee Funds. These fees are assessed and collected at the building permit level and are restricted for their respective use relative to increased expenses borne by the City due to the development of property with City limits.

Fund 03 is for Water Distribution Facilities and Equipment; Fund 05 is for Wastewater Collection Facilities and Equipment; Fund 23 is for Storm Drainage Facilities and Equipment; Fund 30 is for Park Land and Park Development; Fund 61 is for Circulation System Facilities (transportation); Fund 62 is for General Government Facilities; Fund 63 is for Library Collection and Computers; Fund 64 is for Community Center Facilities; Fund 71 is for Fire Rescue/Suppression Facilities and Equipment; Fund 81 is for Law Enforcement Facilities and Equipment.

## Sewer Utility Fund - 04

The Sewer Utility fund is also an enterprise fund. The operation and maintenance of this fund are handled by the Public Works Department while the billing and collections aspect of the operation are handled by the Administration Department. The budget document reflects the net operating cash for this Utility. Only activities directly related to the City's sewer system may be accounted for in this fund, both expense and revenue.

## Sewer Development Fund - 05

Funds 03, 05, 23, 30, 61, 62, 63, 64, 71, and 81 are all Development Impact Fee Funds. These fees are assessed and collected at the building permit level and are restricted for their respective use relative to increased expenses borne by the City due to the development of property with City limits.

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## Solid Waste Utility Fund - 06



The Solid Waste Utility fund is another enterprise fund. The operation and maintenance of this fund are handled by the contract waste-hauler (Mid Valley Disposal). The billing and collections aspect of the operation for residential accounts are handled by the Administration Department whereas the commercial accounts are directly handled by the waste-hauler. The budget document reflects the net operating cash for this Utility. Only activities directly related to the City's sewer system may be accounted for in this fund, both expense and revenue.

## Self-Insured Reserve - 08

This is a restricted reserve fund that houses the prudent reserves for the City. Currently, there are three separate reserves called out by other Agency requirements or Council action. The reserves are: The Self-Insurance Retention (SIR) Reserve; the Vacation Accrual Cap Reserve; The Budgetary Uncertainty Fund.

The Self-Insurance Retention (SIR) Reserve is designed to maintain the minimum requirement payout needed to offset the SIR, or amount paid by City first, for various types of claims through the claim process through the City's membership in The Central San Joaquin Valley Risk Management Authority (CSJVRMA). The Vacation Accrual Cap Reserve was established in Fiscal Year 2016-17 and is a calculated figure to offset the existing liability to a certain level in case of large payouts that could unexpectedly adversely impact the General Fund. The Budgetary Uncertainty Fund was established in FY 2017-18 in case of fiscal emergency and can be used for a small set of emergency actions by Council authority only.



## Customer Deposits - 09

This fund temporarily houses customer deposits taken and potentially refunded when a resident or land-owner opens a utility account with the City.

## Drug Enforcement - 11

This fund houses Law Enforcement forfeiture funds from the State and County level and are restricted to only certain types of purchases and uses within law enforcement parameters.

## Federal and State Grant Fund - 12



This fund houses a majority of grants that are not associated directly with other restricted funds or enterprise funds. Since the City is very active in grant programs and management it is essential to properly segregate these reimbursable expenses and track them independently for clear accountability purposes.

## Police Supplemental Law Enforcement Services Fund (SLESF) - 14

This fund houses law enforcement funds from the State allocated through the Supplemental Law Enforcement Services Fund and are restricted to only certain types of purchases and uses within law enforcement parameters.

## Surface Transportation Fund - 20

This fund is for road projects that receive State and/or Local assistance. These funds are restricted to certain types of expenditures only related to qualifying projects related to street repair and maintenance or other specific transportation expenses.

## Gas Tax Fund - 21

The Gas Tax Fund is used primarily to pay for only salaries and benefits of City employees that work within the Road Division. Because this fund relies solely upon taxes imposed upon state-wide gasoline sales as its only revenue source, the funds are restricted for street purposes only. This is also commonly referred to as Highway Users Tax Allocation (HUTA).



## Transportation Development Act Fund - 22

This Fund houses allocations of restricted funds from the State for street repair, maintenance, construction, and other transportation expenses on qualifying projects through the programs known as TDA and LTF.

## Storm Drain Development Fund - 23

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Fund 64 is for Community Center Facilities; Fund 71 is for Fire Rescue/Suppression Facilities and Equipment; Fund 81 is for Law Enforcement Facilities and Equipment.

## Measure R Fund - 26

In November of 2006, the voters of Tulare County approved Measure R, a ½ cent sales tax, which addresses the major regional, local, and transit/bike/environmental report transportation needs in Tulare County. This fund houses both the local allocation of Measure R to the City as well as the expenses and reimbursements relative to the approved regional projects approved through the Oversight Committee and administered through Tulare County Association of Governments (TCAG).



## SB 1 Road Maintenance & Rehabilitation Account Fund (RMRA) - 27

A State gasoline tax resulting from the passage of Senate Bill 1 provides funding for repairs to local street and road systems. This was a landmark transportation funding package that was signed by Governor Brown on April 28, 2017. It includes annual inflationary adjustments to all per-gallon motor vehicle excise taxes (HUTA). The revenue allocated through the RMRA includes:

- An additional 12 cent per gallon increase to the gasoline excise tax
- An additional 20 cent per gallon increase to the diesel fuel excise tax with half of the revenues going to the state Trade Corridor Enhancement Account (TCEA) and half to the RMRA
- An additional vehicle registration tax called the "Transportation Improvement Fee" with rates based on the value of the motor vehicle effective January 1, 2018
- An additional \$100 vehicle registration tax on zero emissions vehicles of model year 2020 or later effective July 1, 2020

## Park Development Fund - 30

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### **Park Improvement Fund - 31**

This fund is set aside to support the expenses and revenues directly related to parks and their use, maintenance, future development. Many of the expenses and reimbursement related to grants used to construct the Sports Park are contained in this fund.



### **Maintenance Districts Fund - 35**

The Lighting and Landscape Maintenance District Fund was formed to track assessment district fees that are paid by a property owner, through property tax assessments, for the upkeep of common areas located within their housing subdivisions. There are numerous districts within the City of Farmersville. All revenue and expenditures within these districts are pooled within this fund currently. As such, the fund balance has been restricted for the use for the benefit of these districts only.

### **City Properties Fund - 39**

This is a distinct fund related to properties owned by the City other than the main Civic Center in order to track the rental income and expenses related to the ownership and maintenance of these properties in one location.

### **CDBG Program Income Fund - 40**

This is the fund that receives program income payments and related expenditures through the City of Farmersville's active Community Development Block Grant (CDBG) Program. These funds are highly restricted and require approval from California Department of Housing and Community Development (HCD).

### **HOME Program Income Fund - 41**

This is the fund that receives program income payments and related expenditures through the City of Farmersville's active HOME Investment Program (HOME). These funds are highly restricted and require approval from U.S. Department of Housing and Urban Development (HUD).

### **Cal HOME Program Income Fund - 42**

This is the fund that receives program income payments and related expenditures through the City of Farmersville's active CalHOME Program. These funds are highly restricted and require approval from California Department of Housing and Community Development (HCD).

### **Sewer Rate Stabilization Fund - 54**

This fund was approved by City Council on December 11, 2023 with Resolution 2023-051 to balance rates for sewer service customers with using existing sewer fund cash effectively. To meet revenue coverage ratios for debt outstanding with USDA and SWRCB (1.0x and 1.1x, respectively) this fund houses cash that can be used to meet revenue requirements.

### **American Rescue Plan Act (ARPA) Revenue Fund - 60**

This fund houses the revenues directed to the City through the American Rescue Plan Act of 2021. The funds are restricted for specific use by the US Treasury. All funds will be transferred to cover the eligible costs in other funds. Allocation of the funds to the City will be completed in June 2021 and June 2022.

### **Circulation System Facilities Development Fund - 61**

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## **General Government Development Fund - 62**

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## **Library Development Fund - 63**

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## **Community Center Development Fund - 64**

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## Fire Development Fund - 71

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## Fire Cost Recovery Fund - 72

The Fire Cost Recovery Fund is designed to primarily house the revenue generated by Farmersville Fire Department staff participating in Office of Emergency Services deployments throughout the State fighting wildfires. This revenue is offset with the cost of sending those resources out of the City to participate in the same deployments. The resulting surplus will then be set aside for future asset replacement for the Fire Department apparatus and related equipment as needed. This will serve the City in the long run to help defray the staggering increases in costs relative to Fire Apparatus in recent years.

## Evidence Holding Fund - 80

A fund to temporarily preserve assets seized and held related to Police actions within City limits.

## Police Development Fund - 81

Funds 03, 05, 23, 30, 61, 62, 63, 64, 71, and 81 are all Development Impact Fee Funds. These fees are assessed and collected at the building permit level and are restricted for their respective use relative to increased expenses borne by the City due to the development of property with City limits.

Fund 03 is for Water Distribution Facilities and Equipment; Fund 05 is for Wastewater Collection Facilities and Equipment; Fund 23 is for Storm Drainage Facilities and Equipment; Fund 30 is for Park Land and Park Development; Fund 61 is for Circulation System Facilities (transportation); Fund 62 is for General Government Facilities; Fund 63 is for Library Collection and Computers; Fund 64 is for Community Center Facilities; Fund 71 is for Fire Rescue/Suppression Facilities and Equipment; Fund 81 is for Law Enforcement Facilities and Equipment.

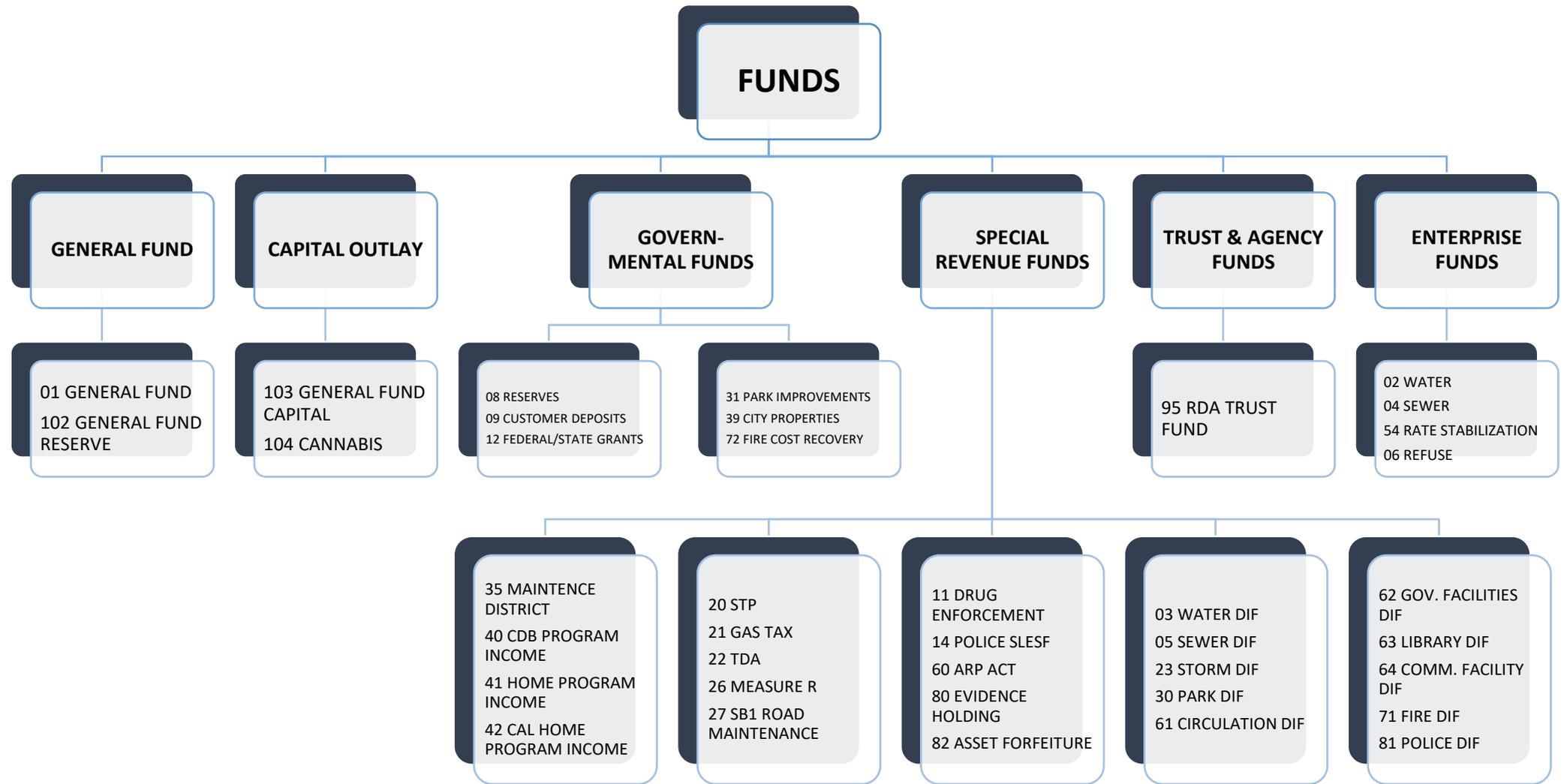
## Federal Asset Forfeiture Fund - 82

This fund houses Law Enforcement forfeiture funds from the Federal level and are restricted to only certain types of purchases and uses within law enforcement parameters.

## Cannabis Capital Fund - 104

This Fund holds tax revenues related to the Cannabis Business Tax within the City of Farmersville. This tax was approved by voters on November 7, 2017 for a tax as high as 10% or \$25 per square foot of canopied growing area. On June 11, 2018 the Council voted to set the rate at 5% and \$7 per square foot respectively and this rate has been confirmed each year following.





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# Financial Policies



# Financial Policies

Financial Policies of the City of Farmersville are included with the Budget to give the reader an overview of the City’s current significant Financial Policies guiding decisions and processes. Each Financial Policy has a signed Resolution that gives a detailed summary of how each policy will maintain financial stability within the City’s current funds.



All Policies are in Appendix A at the end of this report.

## Minimum Fund Balance and Budgetary Uncertainty Fund Policy

The adoption of the policy establishing a minimum fund balance and a contingency fund for the General Fund was adopted April 9, 2018 by Resolution 2018-011.

The policy establishes a target for minimum cash balance for the General Fund be 25% of the average actual revenue received over the last three fiscal years. The Government Finance Officers Association (GFOA) recommends a balance of no less than two months expenses or revenue (about 17%), but highly recommends additional balances based upon the unique characteristics of the agency, especially if it is a small agency like Farmersville. This recommended rate could be as high as 40%. Use of the Fund Balance such that it would bring the balance below the minimum would require explanation in the budget message and is limited to meet unanticipated revenue shortfalls, short-term economic downturns, local disaster expenses, and shall remain exclusive of all other reserve funds. Repayment is required as soon as possible after use. The Fund minimum is currently at the targeted rate of 25%.

The most obvious benefits of this specific policy for the City of Farmersville includes, but is not limited to:

- It prepares the City for eventual future economic and other external shocks not under City control.
- It saves the City from making cuts and layoffs to essential services.
- It protects the City from slowly whittling away savings over time by inappropriate General Fund budget deficits.
- It clearly shows the City’s commitment to prudent fiscal management and planning for the future appropriately.

The policy also sets a target for the Budgetary Uncertainty Fund (BUF) of 15% of the average of the last three years of General Fund revenue received. Initially, the BUF was funded at 5% with the remaining 10% to be funded in future years. Use of the Budgetary Uncertainty Fund is limited by the requirement of a declaration of a Fiscal Emergency by the City Council and requires a refunding of the fund over the following five years.

The City Council then may use the funds to:

- Provide resources to make up for temporary decreased revenues, such as State subventions.
- Provide temporary resources in the event of an economic downturn while expenditure reductions are also implemented.
- Provide resources to meet emergency expenditures in the case of flood, fire, earthquake, landslides, or other disaster(s).

Currently, the BUF is funded approximately to the 11.5% level and the target of 15% has not yet been achieved.

## Debt Management Policy

The adoption of the Debt Management Policy for the City of Farmersville was adopted February 26, 2018 by Resolution 2018-005.

From time to time, the City uses long and short-term debt issuances to finance its capital improvement program based on cash flow needs, sources of revenue, capital construction periods, available financing instruments and market conditions. The GFOA recommends that local governments adopt comprehensive written debt management policies that provide Staff, elected officials and the public with guidelines, allowances and restrictions to follow during the debt issuance process.

The purpose of establishing the Debt Management Policy is to provide management objectives and overall parameters for issuing and administering the Debt Program for the City of Farmersville. It provides guidance for the issuance of City debt obligations, and to maintain the City's ability to incur debt and other long-term obligations at favorable interest rates for capital improvements, facilities, and equipment beneficial to the City and necessary for essential services.

## Investment Policy

The adoption of the Investment Policy for the City of Farmersville was adopted February 27, 2023 by Resolution 2023-010.



The goal of the Investment Policy is to provide guidelines for the prudent investment of the City's temporary idle cash and outline the policies for maximizing the efficiency of the City's cash management system. The ultimate goal is to enhance the economic status of the City while protecting its pooled cash. The City's cash management system is designed to accurately monitor and forecast expenditures and revenues, thus enabling the City to invest funds to the fullest extent possible. The City attempts to obtain the highest yield obtainable as long as the investments first meet the criteria established for safety and liquidity.

## Procurement Policy

The adoption of the Procurement Policy for the City of Farmersville was adopted February 24, 2020 by Resolution 2020-003.

The Procurement policy is the guiding document for the City's purchasing processes. This includes planning purchases, solicitations issued, vendors selected, purchase orders issued, and goods or services are received. The City of Farmersville desires to be both effective and efficient in purchasing with the goal of integrity woven throughout the process. Ethically purchasing goods and services with an emphasis is on the best value for the City's dollar. This is accomplished by ensuring that goods and services are of high quality, available when needed, not overpriced, and that taxpayers know that public funds are being spent wisely on its behalf and not for the personal benefit of government employees, officials, or their friends.

The Procurement policy sets out the description of the system, the authority, structure, and thresholds applicable to different kinds of purchases as well as ethical standards of care, exceptions to bidding, and compliance with State and Federal regulations.

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# Basis of Accounting and Budget



# Basis of Accounting and Budgeting

Basis of accounting refers to the point at which revenue and expenditures are recognized in the budget and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

The City of Farmersville’s budget and financial statements are prepared in accordance with generally accepted accounting principles.

The budgets for proprietary funds are presented on the ACCRUAL basis of accounting. Revenue is recognized when earned and expense is recognized when incurred.



The budgets of governmental funds are presented on the MODIFIED ACCRUAL basis of accounting. Under the MODIFIED ACCRUAL basis of accounting, revenue is recorded when susceptible to accrual; i.e., both measurable and available. Available means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the MODIFIED ACCRUAL basis of accounting when the related liability is incurred.

## Governmental Funds

**General Fund** - The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Expenditures of this fund include the general operating expenses and capital costs which are not paid through other funds.

**Special Revenue Funds** - Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**Capital Project Funds** - Capital Project Funds are used to account for the acquisition, construction and improvement of capital facilities other than those financed by proprietary funds.

## Proprietary Funds

**Enterprise Funds** - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

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# Proposition 4 – Gann Appropriations Limit



# Prop 4 Gann Appropriations Limit

California Proposition 4, commonly referred to as the Gann Limit, was a ballot initiative adopted in 1980. It was modified by Proposition 111, which was passed in 1990, to limit the amount of tax proceeds that state and local governments can spend each year. The Gann Limit now appears in California's State Constitution as Article XIII B.

## What Local Government Funds Are Covered



Article XIII B of the California Constitution, also known as the Gann Limit, was enacted to impose spending restrictions on all levels of government within the state. The Appropriations Limit applies to proceeds from taxes levied by or on behalf of a government entity. This law governs the State of California as well as all local agencies, including cities, counties, school districts, special districts, and other political subdivisions.

For most local governments, the appropriations subject to Article XIII B include expenditures from the General Fund, Special Revenue Funds, and Capital Outlay Funds. Whether a specific fund is subject to the Appropriations Limit depends on the source of its revenue—primarily if the revenue is derived from taxes.

## Determining the Appropriations Limit

The total annual appropriations subject to the limitation of the state and each local government shall not exceed the appropriations limit of the government entity for the prior year, adjusted for the change in the cost of living and the change in population, unless otherwise provided in this article. (California Constitution, Article XIII B, Section 1)

The Appropriations Limit:

- It is the calculated dollar amount that restricts the ability to allocate tax proceeds.
- The Appropriations Subject to Limitation must not exceed the Appropriations Limit.
- The Appropriations Limit for any given year is the Appropriations Limit from the previous fiscal year, adjusted for inflation and population growth.
- The Appropriations Limit for a specific year depends on the Appropriations Limit for the Base Year (first year of calculation), which is annually adjusted based on specified factors.

## Appropriations Subject to the Limitation

Appropriations subject to the limitation of an entity of local government" means any authorization to expend, during a fiscal year, the proceeds of taxes levied by or for that entity and the proceeds of state subventions to that entity (excluding subventions made pursuant to Section 6), except for tax refunds. (California Constitution, Article XIII B, Section 8(B))

The "Appropriations Subject to Limitation" of an entity of local government refers to the specified revenue sources that are subject to the limit established in Article XIII B. The categories and definitions of revenues included in an entity's "Appropriations Subject to Limitation" should remain consistent across all years, including the Base Year.

## Proceeds of Taxes

Proceeds of taxes include:

- All taxes levied by or for a public agency.
- Any revenue generated from regulatory licenses, user charges, and user fees, to the extent that the proceeds exceed the cost of providing the regulation, product, or service.
- State subventions provided for general purposes.
- Any interest earned from the investment of the proceeds of taxes.

## State Subventions

State subventions shall include only money received by a local agency from the state, the use of which is unrestricted by the statute providing the subvention. – Government Code Section 7903

For the purposes of Article XIII B, state subventions to local governments refer to money received from the state that has no restrictions on its use. Since the passage of Proposition 4 in 1979, discretionary funding from the state to local governments has significantly decreased.

The following are examples of funds that fall within this category:

Motor Vehicle License Fees (VLF) In Lieu funds that are not designated for specific use.  
Homeowners Property Tax Relief.

State funds provided to local governments with restricted uses are to be included in the state's Appropriations Limit computations. State subventions provided to local governments without restrictions on use are excluded from the state's Appropriations Limit computations. The same proceeds of taxes cannot be included in the Appropriations Limit computations of more than one local jurisdiction or the state.

Motor Vehicle Fuel Tax (Gasoline Tax or HUTA) revenues allocated to a local government are not considered a state subvention for the purposes of Article XIII B because these funds are restricted in their use. The State of California includes these funds in its own Appropriations Limit calculations, so they should not be included in the calculation worksheet of the local agency. State mandated reimbursements are specifically excluded from state subventions.

## User Fees

Revenue received from regulatory licenses, user charges, and user fees is not considered as proceeds of taxes unless the amount exceeds the costs reasonably borne in providing the regulation, service, or product. If it is determined that the revenue from an aggregated group of regulatory licenses, user charges, or user fees exceeds the costs, then any excess amount is considered proceeds of taxes under Article XIII B.



Examples of group fees and charges that can be compared with the costs of providing services for which they are charged include:

- Group planning and zoning fees and charges
- Group building inspection, fire safety inspection, public works inspection, and construction permit fees and charges.
- Group police department fees and charges
- Group parks and recreation fees and charges

Please note that the following items are not considered regulatory licenses, user fees, or charges for the purpose of this Article XIII B requirement, and they are not considered proceeds of taxes:

- Rents, concessions, entrance fees, franchise fees (such as facility room rentals, equipment rentals, park, museum and zoo entrance fees, golf greens fees, on and off-street parking, and tolls)
- Fines, forfeitures, penalties (such as late payment fees, citations, parking fines, code enforcement fees and penalties, interest charges, and other charges for violation of the law)
- Assessments on real property or persons for special benefits conferred.

## Exclusions

The following are excluded from the Appropriations Subject to Limitation:

- Certain types of debt service costs.

- Qualified Capital Outlay:
  - Qualified Capital Outlay refers to an appropriation for a fixed asset (including land and construction) with a useful life of 10 years or more and a value equal to or exceeding one hundred thousand dollars (\$100,000).
- The costs of complying with court orders and federal mandates that, without discretion, require additional expenditures for services or unavoidably increase the costs of providing existing services.
- Appropriations required to refund taxes.
- Local agency loan funds or indebtedness funds, or investment funds in bank accounts.
- Debt service.
- Annual debt service and other financing costs.
- Certificates of participation.
- Lease-purchases.
- Periodic contributions into a capital reserve fund, provided that the funds are used to purchase a qualified capital asset.
- Purchases or rehabilitation that enhance the value of or extend the life of an existing property, as long as the equipment, land, facility, and/or construction costs meet the dollar and life expectancy criteria (ten years and \$100,000). For example, the addition of \$100,000 in sprinkler improvements to enhance an existing park sprinkler system or the reconstruction of a deteriorated roadway.
- Lease of a qualified capital asset.

## Special Determination for Exclusions

Items that are not considered Qualified Capital Outlay include:

- Collections of lower-priced assets that, when aggregated, total more than \$100,000.
- Regular maintenance of assets. Only the portion of the asset(s) purchased with tax proceeds should be counted. If an asset has multiple funding sources, it should be prorated to determine the amount exempt from the Appropriations Limitation.

Income from the rent or sale of a qualified capital asset may need to be considered as proceeds of taxes. If the asset was originally acquired using funds that would have exceeded the Appropriations Limit if not for the qualified capital outlay exclusion, any revenue generated from the asset under these circumstances should be treated as proceeds of taxes.

## Reserve Funds

Whenever tax proceeds are appropriated into a reserve fund (such as contingency, emergency, unemployment, reserve, retirement, sinking fund, trust, or similar fund), they are to be counted as Appropriations Subject to Limitation in the year of appropriation. However, such funds are not included in the computation when they are withdrawn or authorized to be withdrawn. Transfers among eligible reserve funds are also not counted as Appropriations Subject to Limitation.

There are two exceptions to this rule:

1. The future costs of a qualified capital outlay or
2. The damages of an eligible emergency may be created and financed outside of the Appropriations Limit. The specific capital outlay project should be clearly stated prior to funding the reserve, and strict accounting should be used for the expenditure of the funds.

## Annual Calculation Methods

Percentage changes in population for each year, including for a city, special district, county, or county incorporated area, are available from the California Department of Finance Demographics Unit. The percentage change in California per capita personal income is defined by law as California personal income divided by the civilian population of the state, divided by the similarly determined quotient for the next prior year. The Department of Finance is required to make this calculation and notify each local agency of the figure no later than May 1 of each year.

The percentage change in the local assessment roll from the preceding year for the jurisdiction due to the addition of local non-residential new construction is properly defined as follows:

The dollar changes in locally assessed non-residential valuation due to new construction from the prior year's assessment roll to the most recent assessment roll is divided by the total secured and unsecured assessment roll in the prior year.

The "change in the cost of living" for an entity of local government shall be either (A) the percentage change in California per capita personal income from the preceding year or (B) the percentage change in the local assessment roll from the preceding year for the jurisdiction due to the addition of local non-residential new construction. Each entity of local government shall select its change in the cost of living pursuant to this paragraph annually by a recorded vote of the entity's governing body.



## Annual Review and Enforcement

The annual calculation of the Appropriations Limit under this article for each local government entity shall be reviewed as part of an annual financial audit - California Constitution Article XIII B Section 1.5.

The annual calculation of the Appropriations Limit must be reviewed as part of an annual financial audit. The League of California Cities interprets this requirement as follows:

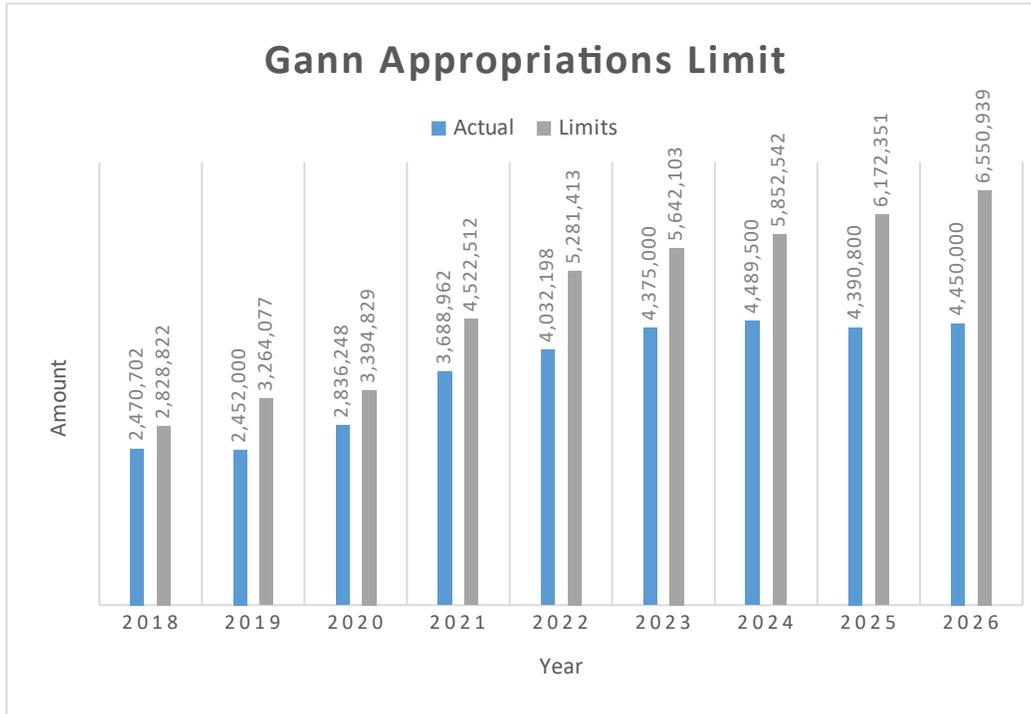
- An annual financial audit of the entity shall include a review of the adjustments made to the Appropriations Limit from the prior year.
- If the government entity alters or modifies its Appropriations Limit, the review will address those changes, including any related revision of base year and intervening year calculations.
- The review will evaluate the accuracy of the computations and the adequacy of documentation. Completion of the worksheets in these guidelines or other alternative computations, along with required council motions, will provide adequate documentation needed for the review.
- A local government is not required to conduct an annual audit of its proceeds of taxes. The limit changes annually and is different for every city. Each year's limit is based on the amount of tax proceeds that were authorized to be spent in FY 1978-79 in each city and modified for changes in inflation and population in each subsequent year. By law, inflationary adjustments are based on the California Department of Finance's official report on changes in the state's per capita income or non-residential assessed valuation due to new construction. Population adjustments are based on changes in city or county population levels.

## City of Farmersville Appropriations Limit

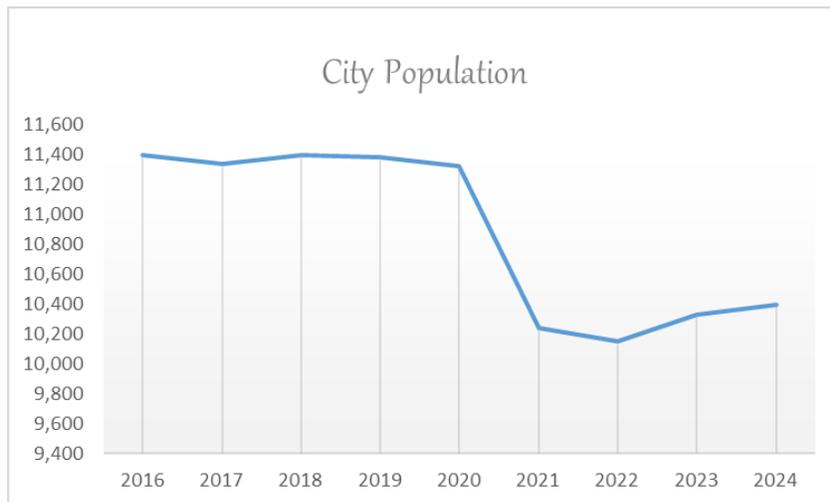
As a recap, Section 9710 of the California Government Code, added in 1980 by the State legislature, requires the Council to adopt the City's Gann Appropriations Limit for the following year by resolution. This annual resolution identifies the maximum tax proceeds that can be appropriated and spent. If a City receives more revenue than the appropriation limit, the revenue must be returned to the taxpayers through a tax reduction or refund. Additional appropriations to the budget funded by non-tax sources such as service charges, restricted revenues from other agencies, grants, or beginning fund balances are unaffected by the Appropriations Limit.

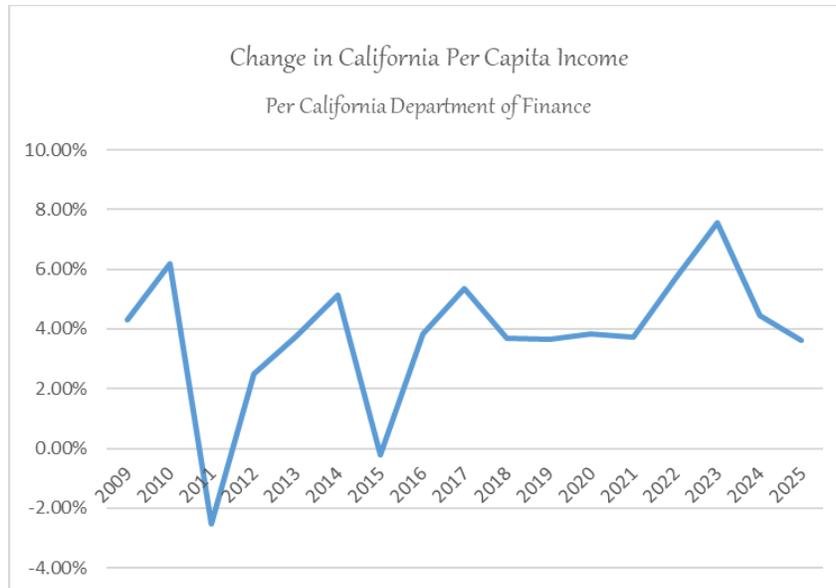
A copy of the annual Appropriations Limit Resolution can be found in the budget under the Adopting Resolution section. The Appropriations Limit is also identified on the Consolidated

Financial Statement pages of the budget document. The Department of Finance does not release the annual information until May of each year.



The following charts track the changes in the data from the Department of Finance reference in the annual letter as applied to Farmersville’s appropriation limit:





## Implications of the Gann Appropriations Limit

As exhibited above for the last several completed fiscal years, the City's tax revenue is consistently lower than the appropriation limits. This necessitates the City balance its budget each year, ensuring that operational and capital programs are supported within the available tax revenue, effectively living within their means. Based on this historical pattern, it appears that future trends will continue in the same vein unless the City experiences a significant increase in tax revenue from sources not accounted for in the calculations made by the California Department of Finance. This could potentially occur if there is an influx of high-tax revenue generating businesses, such as distribution centers or big-box retailers.

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# Summary of Financial Statements



# Summary of Financial Statements

The Summary of Financial Statements is the combined financial inflows and outflows of the City and its various funds into a single table. It provides the reader with a snapshot of the entire financial position of the City on one page. It includes revenues by type of revenue and expenditures by function. The prior three years' worth of audited data are presented.

## Expenditures (outflows)

The expenditures for all the different functions of the City will be reflected in one of the following groups. These groups correlate to several different schedules within the City's Financial Statements as verified by our Auditors. While different accounting basis apply to Governmental Funds and Enterprise Funds, they are represented here in the clearest comparison possible.

- City Council
- Administration
- City Properties
- Law Enforcement
- Fire Services
- Animal Control
- Buildings, Grounds, and Parks
- Street Construction and Maintenance
- Community Development
- Interest and Fiscal Charges
- Water Utility
- Solid Waste Utility
- Sewer Utility



**FINANCIAL  
STATEMENTS**

## Revenues (inflows)

The revenues for all the different functions of the City will be reflected in one of the following groups as well which also correlate to several different schedules within the City's Financial Statements as verified by our Auditors. A different accounting basis apply to Governmental Funds and Enterprise Funds with revenues, as with the expenditures.

- Governmental – General Revenues
- Business – General Revenues

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# Measure Q: Cannabis Business Tax



# Measure Q: Cannabis Business Tax

## Measure Q History

Measure Q was a general tax measure that was approved in November 2017 authorizing the City to levy a local tax on cannabis businesses at a maximum rate of 10 percent of gross receipts or \$25 per square foot of cultivated growing area with no automatic sunset date.

Measure Q revenues may be used in any lawful purpose, as directed by the City Council, including but not limited to, addressing cannabis industry impacts and/or maintaining and/or improving: 9-1-1 emergency response and neighborhood police patrols; fire protection services; streets and roads repairs; support of senior and youth services; city parks; recreation programs; and any other city services for Farmersville residents and the public.



The approved tax measure (Yes: 65.41%, No: 34.59%) created Ordinance 484 and added Chapter 5.30 Commercial Cannabis Business Tax to the Farmersville municipal code.

Measure Q revenues are budgeted through the normal annual budgeting process typically reviewed in public meetings with City Council March through June of each year.

The tax rate is set by City Council resolution annually and was initially set at a rate of 5 percent of gross receipts or \$7 per square foot of cultivated land in Fiscal Year 2019-20 and has remained the same each year thereafter.

The City tracks all the receipts of revenue from the commercial dispensaries in a separate fund, Cannabis Business Tax Revenue (#104), and all expenditures are budgeted and transferred out to the separate funds in which they are applied.

A complete listing of the transfers between funds is available in the Budget Summaries section of this budget report.

## Management of Cannabis Business Tax (CBT)

The City's strategy in dealing with Cannabis Business Tax is in partnership with HDL Companies. HDL Companies is a pioneer and leader of auditing, operations, and revenue solutions for public agencies, and specifically Cannabis Consulting. HDL helped the City with initial development of regulations, the application evaluation process, and compliance management of the dispensaries.

HDL assists the City with routine compliance management of the dispensaries in cooperation with the Farmersville Police Department and supplies other regulatory services over the dispensaries through routine operational and financial audits.



The City manages the revenue from the dispensaries as one-time funds, not ongoing revenue streams, for a number of reasons. Overall, the City has a small tax base that is highly susceptible to swings in the business cycles of the surrounding economy so the City has to stay conservative to make sure that it does not get over-extended in the good times so that it can survive the lean times.

Additionally, while this industry is lucrative, at this point City Council and staff are both very aware that, despite heavy regulation, this industry is new and highly influenced by regulations set forth by the California Department of Tax and Fee Administration (CDTFA). A change in regulation in this industry could drastically change the revenue for the City one way or another.

Finally, the market share is currently limited by the number of permits allowed by the City Council but even more so by participation in surrounding jurisdictions. Currently, the City of Visalia does not allow commercial dispensaries and therefore Farmersville is the closest retail and delivery option to the approximately 145,000 residents of this neighboring city. Therefore, if the regulations in the City of Visalia were to change, the revenue stream could change very quickly and whatever Farmersville is dependent upon this revenue for would need to change just as quickly. The industry is still early on in the business cycle and could change significantly in the future.

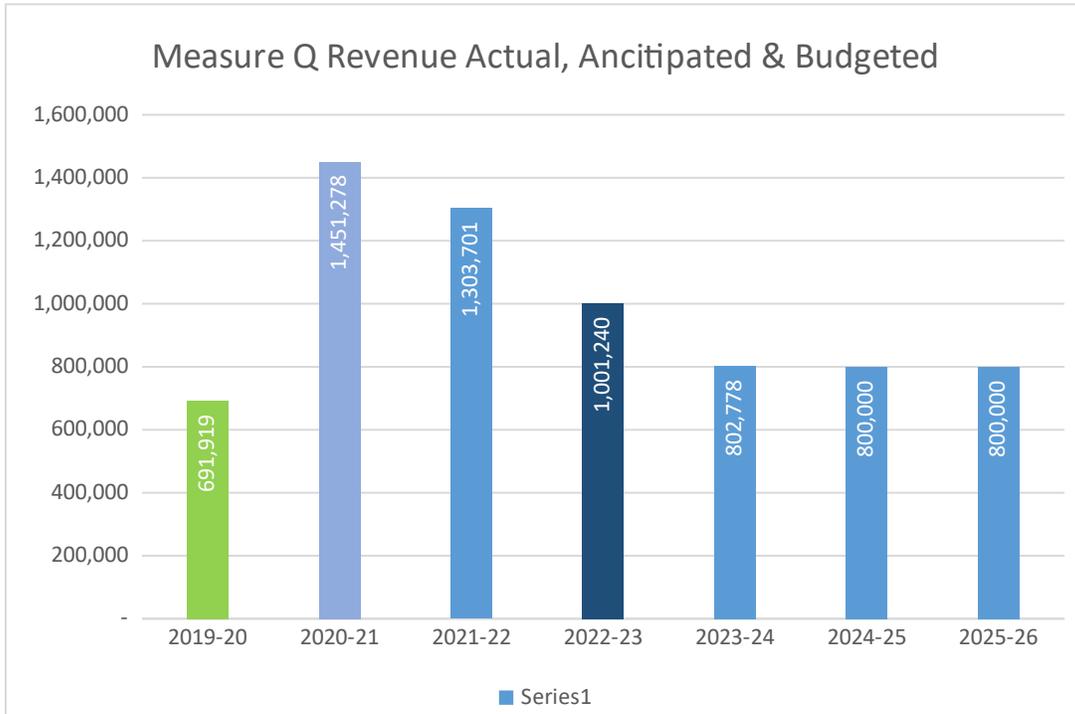
Therefore, the City uses these funds to protect the financial sustainability of the General Fund. This is accomplished by redirecting deferred maintenance, special one-time cost projects, and other capital improvement expenditures like grant matching funds or equipment purchases to Cannabis Business Taxes rather than the fund balance of the General Fund. The new tax revenues also support one police officer and ongoing equipment and supply expenses along with fees paid to HDL for services directly related to the compliance and regulatory services relative to this industry.

## Measure Q Revenue

Measure Q revenue is collected from the permitted businesses within City limits through a quarterly tax return. City code allows for three businesses to be permitted to operate as a dispensary. Currently, there are three permitted, but only two operating. The quarterly payments are received by City staff from the operating dispensaries and handled separately and reported separately. In addition to the funds being reported like all others through the financial statements created by the City at year-end, staff also produces a standalone Measure Q Report which reports all the revenues and expenditures of the separate fund and is available on the City website.

The City received \$691,919 in FY 2019-20, the first year of operation of the new dispensaries in Farmersville. The first full year of dispensary operations, FY 2020-21, the City received

\$1,451,278. Last year there was \$802,778 in revenue. It is anticipated that the City will receive approximately \$766,000 in FY 2024-25 slightly exceeding the \$700,000 budget. Revenue from Measure Q has plateaued the last three years and based on this \$800,000 will be budgeted in FY2025-26.

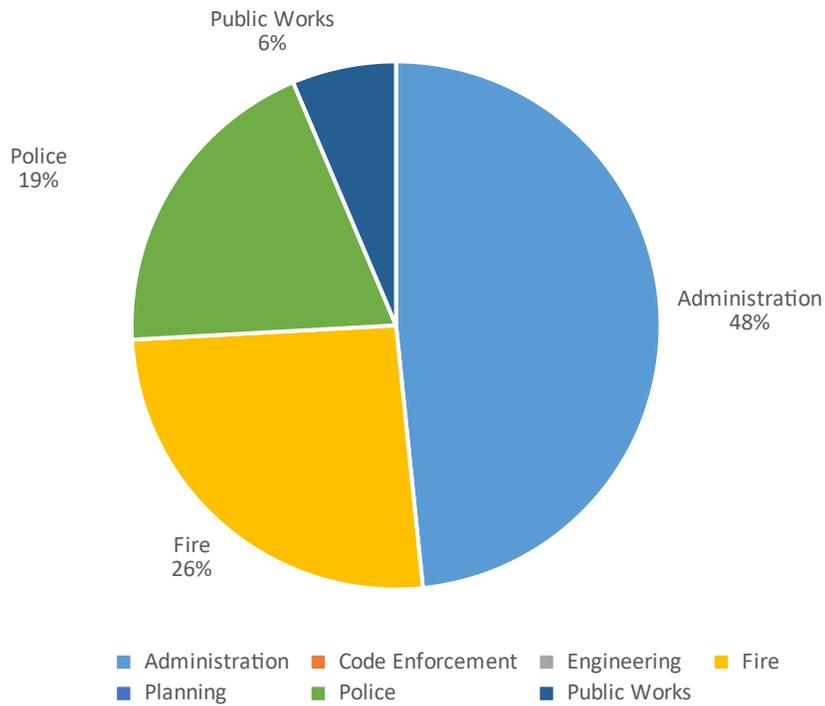


## Measure Q Expenditures

Following the strategy listed in the previous section of this report, the City did not have any expenditures from this revenue stream in FY 2019-20. This allowed the City to operate conservatively and spend down the cash on-hand before budgeting cashflows for FY 2020-21 and the following years.

Currently, to meet the objectives of the tax measure, the funds are used in a variety of ways across different departments and most spending is made from cash on hand. The following chart illustrates this with Administration, Police, and Fire departments allocated the most amounts of revenue in FY 2025-26 (48%, 20%, and 26%, respectively).

### Measure Q Operations Budget FY 2025-26



The current budget allocated to Measure Q funds is \$1,277,475 in expenses. Of that amount, 61% is going to support the operating costs of the General Fund in a variety of ways, detailed below.

MEASURE Q OPERATION COSTS FOR FY 2025-26	AMOUNT
HDL Cannabis Compliance Services & Management	40,000
Salary & Benefits of 1 additional police officer	118,199
Salary & Benefits of Fire Battalion Chief	202,315
Additional officer supplies and equipment	34,935
Townsend Public Affairs contract	60,000
FUSD Swim Program	20,000
CSET contract for Senior Services	60,000
Public Works Temp Employee	50,000
Boys & Girls Club	100,000
Contingency	100,000
<b>TOTAL</b>	<b>785,449</b>

The other 39% will be used to support capital improvements for General Fund Capital, detailed below.

MEASURE Q CAPITAL COSTS FOR FY 2025-26	AMOUNT
Administration Vehicle	50,000
Sports Park Rehabilitation Project	39,000
General Plan Update	36,737
Booster Pump & Electrical Panel for Sports Park	120,000
Roy's Park Improvements Phase II	155,000
Sports Park Soccer Field Irrigation Upgrades	8,500
Patrol Vehicle Replacement (FY22)	6,497
Patrol Vehicle Replacement (FY24)	76,292
<b>TOTAL</b>	<b>492,026</b>

## Annual Report on Measure Q

The City plans to release annual reports detailing the cash balance of the cannabis business tax revenue fund and all the actual revenues and expenditures for the period after it has been closed. The release date of this report is likely in September following the end of the Fiscal Year (June 30).

## Future Uses of Measure Q Revenues

Each year the City Council approves the budget of the City which incorporates capital and operation budget expenses. The use of cannabis business tax revenues are included within this budgeting process. No future encumbrances or commitments exist on these funds outside of the current budget and Capital Improvement Plan.

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# Budget Summaries





This schedule provides a brief summary of expenditures by department and then by fund for a comparison to prior periods.

## Summary of Budgeted Transfers

This table separately displays all the transfers in the budget for the year with detail about the purposes and details regarding the due to and due from accounts.

## All Revenue and Expenditure Accounts

A complete listing of all revenue and expenditure accounts listed by fund and department and including totals by group to provide the reader a complete picture of the budget as a whole. Expenditures and expenses are listed as positive figures (debits) while revenues are listed at negative figures (credits) to show to the true accounting by department and fund.



# Summary of Fund Balances

Fund	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025 (As of 06/15/25)	Fiscal Year 2026 Net Change	Summary
01 GENERAL FUND	163,879.85	96,577.00	517,667.21	7,410.17	525,077.38
102 GENERAL FUND RESERVE	1,439,868.82	1,439,869.00	1,439,869.00	-	1,439,869.00
103 GENERAL FUND CAPITAL	(244.14)	(714,372.00)	(878,276.64)	-	(878,276.64)
104 CANNABIS CAPITAL FUND	1,477,750.66	1,920,192.00	2,131,306.35	(416,783.85)	1,714,522.50
02 WATER UTILITY	1,251,973.56	2,978,135.00	2,769,317.77	(655,125.41)	2,114,192.36
03 WATER DEVELOPMENT	376,097.80	459,444.00	460,867.00	27,906.95	488,773.95
04 SEWER UTILITY	4,024,210.10	13,887,055.00	13,998,191.22	(108,026.81)	13,890,164.41
05 SEWER DEVELOPMENT	953,527.02	1,097,517.00	1,098,215.00	46,875.81	1,145,090.81
06 REFUSE	458,584.74	223,253.00	362,737.74	57,613.75	420,351.49
09 CUSTOMER DEPOSITS	24,922.63	-	-	-	-
11 DRUG ENFORCEMENT	17,448.90	(7,505.00)	(7,505.00)	423.52	(7,081.48)
12 FEDERAL AND STATE GRANTS	(696,368.36)	(238,601.00)	967,779.96	-	967,779.96
14 POLICE DEPT SLESF	165,080.64	134,515.00	133,278.29	46,279.29	179,557.58
20 STP	859,943.61	870,981.00	858,926.05	(708,628.89)	150,297.16
21 GAS TAX	240,534.77	179,758.00	143,995.63	(64,965.18)	79,030.45
22 TDA	2,105,900.50	531,813.00	777,969.49	(458,742.72)	319,226.77
23 STORM DRAIN	59,702.12	113,272.00	114,446.00	10,429.70	124,875.70
25 STREET MITIGATION FUND	-	-	-	-	-
26 MEASURE R FUND	2,574,894.77	2,927,145.00	2,086,920.86	(1,706,182.34)	380,738.52
27 RMRA (SB1) FUND	459,720.83	787,588.00	1,043,372.81	299,303.85	1,342,676.66
30 PARK DEVELOPMENT	38,856.98	59,472.00	82,897.74	25,582.95	108,480.69
31 PARK IMPROVEMENTS	(1,296,723.92)	(48,691.00)	28,088.72	-	28,088.72
35 MAINTENANCE DISTRICT	612.89	21,058.00	14,777.85	3,791.83	18,569.68
39 CITY PROPERTY FUND	86,933.37	139,167.00	159,944.36	4,999.28	164,943.64
40 CDBG PROGRAM INCOME	435,500.61	482,102.00	591,650.17	348,698.92	940,349.09
41 HOME PROGRAM INCOME	188,526.09	215,041.00	231,743.00	6,573.66	238,316.66
42 CAL HOME PROGRAM INCOME	(159.47)	55,851.00	89,400.00	530.60	89,930.60
54 RATE STABILIZATION FUND	1,500,000.00	1,500,000.00	1,500,000.00	-	1,500,000.00
60 AMERICAN RESCUE PLAN ARAP	2,214,152.53	1,178,180.00	-	-	-
61 CIRCULATION SYSTEM DEVELOPMENT	767.46	7,975.00	10,638.88	3,099.94	13,738.82
62 GOVERNMENT FACILITIES DEVELOPMENT	760.28	3,882.00	8,374.26	4,779.41	13,153.67
63 LIBRARY DEVELOPMENT	44.43	112.00	276.16	181.04	457.20
64 COMMUNITY FACILITY DEVELOPMENT	2,407.40	6,094.00	15,005.03	9,764.80	24,769.83
71 FIRE DEVELOPER FEES	183,911.36	289,725.00	295,624.55	11,403.11	307,027.66
72 FIRE COST RECOVERY	7,014,123.75	6,630,737.00	1,254,856.36	(1,140,678.62)	114,177.74
80 EVIDENCE HOLDING	20,779.85	1,962.00	1,962.00	-	1,962.00
81 POLICE DEVELOPER FEES	68,984.81	129,403.00	75,366.75	8,196.22	83,562.97
82 ASSET FORFEITURE	3,011.68	-	-	-	-
83 LIVE SCAN	-	-	-	-	-
	<b>12,760,898.61</b>	<b>37,358,706.00</b>	<b>32,379,684.57</b>	<b>(4,335,289.04)</b>	<b>28,044,395.53</b>

# Summary of Restricted Funds

Fund	Fiscal Year 2025 (As of 06/15/25)	Fiscal Year 2026 Net Change	Summary
02 WATER UTILITY	2,769,317.77	(655,125.41)	2,114,192.36
03 WATER DEVELOPMENT	460,867.00	27,906.95	488,773.95
04 SEWER UTILITY	13,998,191.22	(108,026.81)	13,890,164.41
05 SEWER DEVELOPMENT	1,098,215.00	46,875.81	1,145,090.81
06 REFUSE	362,737.74	57,613.75	420,351.49
11 DRUG ENFORCEMENT	(7,505.00)	423.52	(7,081.48)
12 FEDERAL AND STATE GRANTS	967,779.96	-	967,779.96
14 POLICE DEPT SLESF	133,278.29	46,279.29	179,557.58
20 STP	858,926.05	(708,628.89)	150,297.16
21 GAS TAX	143,995.63	(64,965.18)	79,030.45
22 TDA	777,969.49	(458,742.72)	319,226.77
23 STORM DRAIN	114,446.00	10,429.70	124,875.70
26 MEASURE R FUND	2,086,920.86	(1,706,182.34)	380,738.52
27 RMRA (SB1) FUND	1,043,372.81	299,303.85	1,342,676.66
30 PARK DEVELOPMENT	82,897.74	25,582.95	108,480.69
31 PARK IMPROVEMENTS	28,088.72	-	28,088.72
35 MAINTENANCE DISTRICT	14,777.85	3,791.83	18,569.68
40 CDBG PROGRAM INCOME	591,650.17	348,698.92	940,349.09
41 HOME PROGRAM INCOME	231,743.00	6,573.66	238,316.66
42 CAL HOME PROGRAM INCOME	89,400.00	530.60	89,930.60
54 - SEWER RATE STABILIZATION	1,500,000.00	-	1,500,000.00
61 CIRCULATION SYSTEM DEVELOPMENT	10,638.88	3,099.94	13,738.82
62 GOVERNMENT FACILITIES DEVELOPMENT	8,374.26	4,779.41	13,153.67
63 LIBRARY DEVELOPMENT	276.16	181.04	457.20
64 COMMUNITY FACILITY DEVELOPMENT	15,005.03	9,764.80	24,769.83
71 FIRE DEVELOPER FEES	295,624.55	11,403.11	307,027.66
81 POLICE DEVELOPER FEES	75,366.75	8,196.22	83,562.97
82 ASSET FORFEITURE	-	-	-
<b>Grand Total</b>	<b>27,752,355.93</b>	<b>(2,790,236.01)</b>	<b>24,962,119.92</b>

# Summary of Revenues by Fund

Fund	Fiscal Year 2023 Actual	Fiscal Year 2024 Budget	Fiscal Year 2025 Budget	Fiscal Year 2026 Proposed
01 GENERAL FUND	4,282,370	6,348,990	6,537,375	7,911,083
102 GENERAL FUND RESERVE	-	-	-	-
103 GENERAL FUND CAPITAL	-	443,944	230,449	492,026
104 CANNABIS CAPITAL FUND	794,961	949,947	760,691	860,691
02 WATER UTILITY	987,789	1,199,035	1,293,007	1,343,102
03 WATER DEVELOPMENT	78,420	7,437	27,907	27,907
04 SEWER UTILITY	1,650,002	7,123,827	2,209,603	2,272,913
05 SEWER DEVELOPMENT	132,295	22,741	46,876	46,876
06 REFUSE	731,029	941,077	1,030,039	1,053,385
08 SELF INSURED RESERVE	-	-	-	-
11 DRUG ENFORCEMENT	-	416	424	424
12 FEDERAL AND STATE GRANTS	799,447	4,658,069	918,107	918,107
14 POLICE DEPT SLESF	159,736	164,131	175,266	175,266
20 STP	-	20,872	27,641	94,119
21 GAS TAX	202,969	289,244	294,917	307,426
22 TDA	-	706,040	436,631	351,631
23 STORM DRAIN	50,960	8,188	10,430	10,430
25 STREET MITIGATION FUND	-	-	-	-
26 MEASURE R FUND	934,397	275,239	320,622	716,622
27 RMRA (SB1) FUND	153,076	256,517	284,161	299,304
30 PARK DEVELOPMENT	13,112	19,370	16,583	25,583
31 PARK IMPROVEMENTS	698,578	721,500	-	-
35 MAINTENANCE DISTRICT	63,580	63,000	63,040	63,040
39 CITY PROPERTY FUND	73,158	91,562	94,949	94,949
40 CDBG PROGRAM INCOME	52,588	342,576	348,699	348,699
41 HOME PROGRAM INCOME	183,020	1,986	6,574	6,574
42 CAL HOME PROGRAM INCOME	7,768	2,647	531	531
60 AMERICAN RESUE PLAN	1,280,193	58,537	57,899	-
61 CIRCULATION SYSTEM DEVELOPMENT	250	2,283	2,500	3,100
62 GOVERNMENT FACILITIES DEVELOPMENT	-	3,366	3,470	4,779
63 LIBRARY DEVELOPMENT	14	132	135	181
64 COMMUNITY FACILITY DEVELOPMENT	783	7,163	7,317	9,765
71 FIRE DEVELOPER FEES	112,885	7,627	11,403	11,403
72 FIRE COST RECOVERY	7,159,203	160,000	384,153	945,500
80 EVIDENCE HOLDING	-	-	-	-
81 POLICE DEVELOPER FEES	79,752	5,610	8,196	8,196
82 ASSET FORFEITURE	-	-	-	-
83 LIVE SCAN	-	-	-	-
	<b>20,682,337</b>	<b>24,903,073</b>	<b>15,609,596</b>	<b>18,403,610</b>

# Summary of Expenditures by Fund

Fund	Fiscal Year 2023 Actual	Fiscal Year 2024 Budget	Fiscal Year 2025 Budget	Fiscal Year 2026 Proposed
01 GENERAL FUND	5,543,249	6,526,291	6,558,902	7,903,673
102 GENERAL FUND RESERVE	-	-	-	-
103 GENERAL FUND CAPITAL	344,277	693,944	230,449	492,026
104 CANNABIS CAPITAL FUND	-	1,755,944	785,449	1,277,475
02 WATER UTILITY	679,695	1,583,521	1,688,202	1,998,228
03 WATER DEVELOPMENT	-	-	-	-
04 SEWER UTILITY	1,336,484	8,585,221	2,224,562	2,380,940
05 SEWER DEVELOPMENT	-	-	-	-
06 REFUSE	507,019	1,166,114	938,893	995,771
08 SELF INSURED RESERVE	-	-	-	-
11 DRUG ENFORCEMENT	-	17,250	-	-
12 FEDERAL AND STATE GRANTS	1,260,963	4,658,069	918,107	918,107
14 POLICE DEPT SLESF	171,614	198,666	208,815	128,986
20 STP	-	845,349	859,944	802,748
21 GAS TAX	234,164	394,187	379,093	372,391
22 TDA	269,572	2,870,188	430,056	810,374
23 STORM DRAIN	-	-	-	-
25 STREET MITIGATION FUND	-	-	-	-
26 MEASURE R FUND	384,256	944,651	2,130,000	2,422,804
27 RMRA (SB1) FUND	-	-	-	-
30 PARK DEVELOPMENT	-	-	-	-
31 PARK IMPROVEMENTS	2,421,410	980,500	-	-
35 MAINTENANCE DISTRICT	46,750	60,143	56,241	59,249
39 CITY PROPERTY FUND	61,291	87,816	76,000	89,950
40 CDBG PROGRAM INCOME	-	334,000	-	-
41 HOME PROGRAM INCOME	19,750	-	-	-
42 CAL HOME PROGRAM INCOME	225,093	-	-	-
60 AMERICAN RESCUE PLAN	260,546	2,429,090	593,360	-
62 GOVERNMENT FACILITIES DEVELOPMENT	-	-	-	-
71 FIRE DEVELOPER FEES	93,249	-	-	-
72 FIRE COST RECOVERY	153,914	477,500	6,585,500	2,086,179
80 EVIDENCE HOLDING	-	-	-	-
81 POLICE DEVELOPER FEES	38,152	73,000	-	-
82 ASSET FORFEITURE	(670)	2,982	-	-
83 LIVE SCAN	(522)	-	-	-
	<b>14,050,257</b>	<b>34,684,426</b>	<b>24,663,573</b>	<b>22,738,901</b>

# Summary of Expenditures by Department

<b>Department</b>	<b>Fund</b>	<b>Fiscal Year 2025 Budget</b>	<b>Fiscal Year 2026 Proposed</b>
<b>400 General</b>	<b>01 GENERAL FUND</b>	-	-
	<b>102 GENERAL FUND RESERVE</b>	-	-
	<b>103 GENERAL FUND CAPITAL</b>	-	-
	<b>104 CANNABIS CAPITAL FUND</b>	<b>785,449</b>	<b>1,277,475</b>
	<b>12 FEDERAL AND STATE GRANTS</b>	<b>918,107</b>	<b>918,107</b>
<b>General Total</b>		<b>1,703,556</b>	<b>2,195,582</b>
<b>401 City Council</b>	<b>01 GENERAL FUND</b>	<b>33,473</b>	<b>47,248</b>
<b>City Council Total</b>		<b>33,473</b>	<b>47,248</b>
<b>404 Administration</b>	<b>01 GENERAL FUND</b>	<b>621,013</b>	<b>381,731</b>
	<b>103 GENERAL FUND CAPITAL</b>	-	<b>50,000</b>
	<b>02 WATER UTILITY</b>	<b>371,864</b>	<b>362,643</b>
	<b>04 SEWER UTILITY</b>	<b>350,926</b>	<b>361,711</b>
	<b>06 REFUSE</b>	<b>71,036</b>	<b>68,080</b>
	<b>21 GAS TAX</b>	<b>26,662</b>	<b>26,350</b>

# Summary of Expenditures by Department

<b>Department</b>	<b>Fund</b>	<b>Fiscal Year 2025 Budget</b>	<b>Fiscal Year 2026 Proposed</b>
	<b>40 CDBG PROGRAM INCOME</b>	-	-
	<b>41 HOME PROGRAM INCOME</b>	-	-
	<b>42 CAL HOME PROGRAM INCOME</b>	-	-
	<b>60 AMERICAN RESCUE PLAN</b>	<b>155,000</b>	-
<b>Administrative Total</b>		<b>1,596,501</b>	<b>1,250,515</b>

# Summary of Expenditures by Department

<b>Department</b>	<b>Fund</b>	<b>Fiscal Year 2025 Budget</b>	<b>Fiscal Year 2026 Proposed</b>
<b>405 Membership Legislative</b>	<b>01 GENERAL FUND</b>	<b>16,000</b>	<b>16,000</b>
<b>Membership Legislative Total</b>		<b>16,000</b>	<b>16,000</b>
<b>406 Administration Overhead</b>	<b>01 GENERAL FUND</b>	<b>927,929</b>	<b>1,104,929</b>
<b>Administration Overhead Total</b>		<b>927,929</b>	<b>1,104,929</b>
<b>407 City Sponsorships</b>	<b>01 GENERAL FUND</b>	<b>12,000</b>	<b>12,000</b>
<b>City Sponsorships Total</b>		<b>12,000</b>	<b>12,000</b>
<b>411 Police</b>	<b>01 GENERAL FUND</b>	<b>2,692,719</b>	<b>3,420,565</b>
	<b>103 GENERAL FUND CAPITAL</b>	<b>-</b>	<b>82,789</b>
	<b>11 DRUG ENFORCEMENT</b>	<b>-</b>	<b>-</b>
	<b>14 POLICE DEPT SLESF</b>	<b>208,815</b>	<b>128,986</b>
	<b>81 POLICE DEVELOPER FEES</b>	<b>-</b>	<b>-</b>
	<b>82 ASSET FORFEITURE</b>	<b>-</b>	<b>-</b>
	<b>83 LIVE SCAN</b>	<b>-</b>	<b>-</b>
<b>Police Total</b>		<b>2,901,534</b>	<b>3,632,340</b>

# Summary of Expenditures by Department

<b>Department</b>	<b>Fund</b>	<b>Fiscal Year 2025 Budget</b>	<b>Fiscal Year 2026 Proposed</b>
<b>414 Community Development</b>	<b>01 GENERAL FUND</b>	<b>442,835</b>	<b>521,691</b>
	<b>103 GENERAL FUND CAPITAL</b>	<b>-</b>	<b>36,737</b>
<b>Community Development Total</b>		<b>442,835</b>	<b>558,428</b>

# Summary of Expenditures by Department

<b>Department</b>	<b>Fund</b>	<b>Fiscal Year 2025 Budget</b>	<b>Fiscal Year 2026 Proposed</b>
<b>415 Code Enforcement</b>	<b>01 GENERAL FUND</b>	<b>136,364</b>	<b>138,380</b>
	<b>103 GENERAL FUND CAPITAL</b>	<b>-</b>	<b>-</b>
	<b>02 WATER UTILITY</b>	<b>37,345</b>	<b>38,869</b>
	<b>04 SEWER UTILITY</b>	<b>37,345</b>	<b>38,897</b>
	<b>06 REFUSE</b>	<b>18,673</b>	<b>19,435</b>
	<b>60 AMERICAN RESCUE PLAN</b>	<b>-</b>	<b>-</b>
<b>Code Enforcement Total</b>		<b>229,726</b>	<b>235,582</b>
<b>420 Fire</b>	<b>01 GENERAL FUND</b>	<b>944,062</b>	<b>1,448,067</b>
	<b>103 GENERAL FUND CAPITAL</b>	<b>-</b>	<b>-</b>
	<b>60 AMERICAN RESCUE PLAN</b>	<b>-</b>	<b>-</b>
	<b>71 FIRE DEVELOPER FEES</b>	<b>-</b>	<b>-</b>
	<b>72 FIRE COST RECOVERY</b>	<b>6,585,500</b>	<b>2,086,179</b>
<b>Fire Total</b>		<b>7,529,562</b>	<b>3,534,245</b>

# Summary of Expenditures by Department

<b>Department</b>	<b>Fund</b>	<b>Fiscal Year 2025 Budget</b>	<b>Fiscal Year 2026 Proposed</b>
<b>425 Public Works</b>	<b>01 GENERAL FUND</b>	<b>520,808</b>	<b>565,062</b>
	<b>103 GENERAL FUND CAPITAL</b>	<b>-</b>	<b>322,500</b>
	<b>02 WATER UTILITY</b>	<b>1,215,993</b>	<b>1,596,716</b>
	<b>03 WATER DEVELOPMENT</b>	<b>-</b>	<b>-</b>
	<b>04 SEWER UTILITY</b>	<b>1,773,291</b>	<b>1,980,331</b>
	<b>05 SEWER DEVELOPMENT</b>	<b>-</b>	<b>-</b>
	<b>06 REFUSE</b>	<b>849,184</b>	<b>908,256</b>
	<b>20 STP</b>	<b>859,944</b>	<b>802,748</b>
	<b>21 GAS TAX</b>	<b>352,431</b>	<b>346,041</b>
	<b>22 TDA</b>	<b>430,056</b>	<b>810,374</b>
	<b>23 STORM DRAIN</b>	<b>-</b>	<b>-</b>
	<b>25 STREET MITIGATION</b>	<b>-</b>	<b>-</b>
	<b>26 MEASURE R FUND</b>	<b>2,130,000</b>	<b>2,422,804</b>
	<b>27 SB1 Road Maintenance &amp; Rehab</b>	<b>-</b>	<b>-</b>
	<b>31 PARK IMPROVEMENTS</b>	<b>-</b>	<b>-</b>

# Summary of Expenditures by Department

<b>Department</b>	<b>Fund</b>	<b>Fiscal Year 2025 Budget</b>	<b>Fiscal Year 2026 Proposed</b>
	<b>35 MAINTENANCE DISTRICT</b>	<b>56,241</b>	<b>59,249</b>
	<b>39 CITY PROPERTIES</b>	<b>76,000</b>	<b>89,950</b>
	<b>60 AMERICAN RESCUE PLAN</b>	<b>270,000</b>	<b>-</b>
	<b>62 Government Facilities Development</b>	<b>-</b>	<b>-</b>
<b>Public Works Total</b>		<b>8,533,948</b>	<b>9,904,030</b>
<b>426 Animal Control</b>	<b>01 GENERAL FUND</b>	<b>211,700</b>	<b>248,000</b>
<b>Animal Control Total</b>		<b>211,700</b>	<b>248,000</b>
<b>Grand Total</b>		<b>24,138,764</b>	<b>22,738,901</b>

## Summary of Budgeted Transfers

Due To		Due From		Amount	Description
<b>01 GENERAL FUND</b>					
01-400-4004	GENERAL FUND FRANCHISE FEE	02-425-5404	WATER FUND FRANCHISE FEE	10,750	ANNUAL FRANCHISE FEE - WATER FUND
01-400-4004	GENERAL FUND FRANCHISE FEE	04-425-5404	SEWER FUND FRANCHISE FEE	12,500	ANNUAL FRANCHISE FEE - SEWER FUND
01-400-4004	GENERAL FUND FRANCHISE FEE	06-425-5404	TRASH FUND FRANCHISE FEE	51,230	ANNUAL FRANCHISE FEE - TRASH FUND
01-406-5250	OVERHEAD DEPT, OVERHEAD EXPENSE	02-425-5250	WATER FUND OVERHEAD EXPENSE	396,521	ANNUAL OVERHEAD ALLOCATION - WATER FUND
01-406-5250	OVERHEAD DEPT, OVERHEAD EXPENSE	04-425-5250	SEWER FUND OVERHEAD EXPENSE	396,521	ANNUAL OVERHEAD ALLOCATION - SEWER FUND
01-400-9000	GENERAL FUND TRANSFER IN	104-400-9001	CANNABIS FUND TRANSFER OUT	40,000	ANNUAL EXPENSE RELATIVE TO CANNABIS OPERATIONS
01-400-9000	GENERAL FUND TRANSFER IN	104-400-9001	CANNABIS FUND TRANSFER OUT	100,000	OPERATING CONTINGENCY
01-400-9000	GENERAL FUND TRANSFER IN	104-400-9001	CANNABIS FUND TRANSFER OUT	50,000	PUBLIC WORKS TEMP EMPLOYEES
01-400-9000	GENERAL FUND TRANSFER IN	104-400-9001	CANNABIS FUND TRANSFER OUT	34,935	ADDITIONAL OFFICER SUPPLIES AND EQUIPMENT
01-400-9000	GENERAL FUND TRANSFER IN	104-400-9001	CANNABIS FUND TRANSFER OUT	100,000	BOYS AND GIRLS CLUB YOUTH PROGRAM
01-400-9000	GENERAL FUND TRANSFER IN	104-400-9001	CANNABIS FUND TRANSFER OUT	60,000	CSET SENIOR SERVICES
01-400-9000	GENERAL FUND TRANSFER IN	104-400-9001	CANNABIS FUND TRANSFER OUT	20,000	FARMERSVILLE UNIFIED SCHOOL DISTRICT SWIM PROGRAM
01-400-9000	GENERAL FUND TRANSFER IN	104-400-9001	CANNABIS FUND TRANSFER OUT	118,199	POLICE OFFICER SALARY AND BENEFITS
01-400-9000	GENERAL FUND TRANSFER IN	104-400-9001	CANNABIS FUND TRANSFER OUT	202,315	FIRE BATTALION CHIEF SALARY AND BENEFITS
01-400-9000	GENERAL FUND TRANSFER IN	104-400-9001	CANNABIS FUND TRANSFER OUT	60,000	TOWNSEND & ASSOCIATES CONTRACT COST
<b>GENERAL FUND TOTAL</b>				<b>1,652,971</b>	
<b>Grand Total</b>				<b>1,652,970.98</b>	

# City of Farmersville

## Operational Budget for 12 Months Ending June 30, 2026

		2024-2025	2024-2025	2024-2025	2025-2026
		PROPOSED BUDGET	AMENDED BUDGET	ACTUAL AS OF 06/13/2025	PROPOSED BUDGET
<b>01 GENERAL FUND</b>					
<b>400 GENERAL REVENUES</b>					
01 -400-400 -4001 -	PROPERTY TAX	(362,100)	(362,100)	(362,001)	(369,342)
01 -400-400 -4002 -	SALES TAX (54058)	(1,150,000)	(1,150,000)	(1,070,910)	(1,100,000)
01 -400-400 -4003 -	SALES TAX-PROP 172	(33,000)	(33,000)	(26,970)	(33,000)
01 -400-400 -4004 -	FRANCHISE FEE	(223,575)	(223,575)	(223,042)	(223,575)
01 -400-400 -4005 -	PROPERTY TAX - VLF	(1,288,700)	(1,288,700)	(1,450,119)	(1,479,121)
01 -400-400 -4006 -	REAL PROP TRANSFER TAX	(8,000)	(8,000)	(8,696)	(8,160)
01 -400-400 -4007 -	PROPERTY TAX - PRIOR	(4,000)	(4,000)	(5,639)	(5,100)
01 -400-400 -4008 -	PROPERTY TAX - SUPPLEMENTAL CR	(4,000)	(4,000)	(8,274)	(8,160)
01 -400-400 -4009 -	PROPERTY TAX - SUPPLEMENTAL PR	(1,000)	(1,000)	(1,798)	(2,040)
01 -400-400 -4010 -	CASH OVER AND SHORT	-	-	123	-
01 -400-400 -4040 -	INVESTMENT EARNINGS	(46,282)	(46,282)	(317,639)	(46,282)
01 -400-400 -4051 -	M V IN-LIEU FEES	-	-	-	-
01 -400-400 -4055 -	PROPERTY TAX RELIEF	-	-	(1,738)	-
01 -400-400 -4059 -	NOTARY FEES	-	-	(45)	-
01 -400-400 -4077 -	PROPERTY TAX INCREMENTS	(120,000)	(120,000)	(72,767)	(120,000)
01 -400-400 -4080 -	MISC INCOME (ONE-TIME PAYMENTS)	(5,000)	(5,000)	(39,788)	(5,000)
01 -400-400 -4081 -	STATE GRANTS	-	-	(295,824)	-
01 -400-400 -4105 -	SALES TAX - ADD ON (121)	(710,000)	(710,000)	(542,820)	(679,000)
01 -400-400 -4109 -	SALES TAX - ADD ON (628)	(710,000)	(710,000)	(558,885)	(679,000)
01 -400-00 -4996 -	GAIN/LOSS ON INVESTMENT	-	-	(154,488)	-
01 -400-400 -9000 -	OPERATING TRANSFER IN	(555,000)	(555,000)	(1,398,413)	(785,449)
01 -400-00 -9001 -	TRANSFER OUT	-	-	-	-
	<b>TOTAL GENERAL REVENUES</b>	<b>(5,220,657)</b>	<b>(5,220,657)</b>	<b>(6,539,733)</b>	<b>(5,543,229)</b>
<b>401 CITY COUNCIL</b>					
01 -401-300 -5101 -	SALARIES	14,400	14,400	14,400	14,400
01 -401-300 -5110 -	FICA	893	893	967	1,116
01 -401-300 -5111 -	MEDICARE	209	209	226	261
01 -401-300 -5202 -	OPERATING SUPPLIES	1,000	1,000	46	1,000
01 -401-300 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	-	-	11,026	12,000
01 -401-300 -5208 -	EMPLOYEE DEVELOPMENT	3,000	3,000	2,357	4,500
01 -401-300 -5211 -	PHONE/INTERNET	13,971	13,971	6,690	13,971
	<b>TOTAL CITY COUNCIL</b>	<b>33,473</b>	<b>33,473</b>	<b>35,713</b>	<b>47,248</b>
<b>404 ADMINISTRATION</b>					
01 -404-000 -4011 -	BUSINESS LICENSE	(120,000)	(120,000)	(120,014)	(120,000)
01 -404-000 -4012 -	RENTAL LICENSE	-	-	-	-
01 -404-000 -4022 -	GARAGE SALE PERMITS	(1,500)	(1,500)	(2,015)	(2,000)
01 -404-000 -4075 -	RENT	(152,940)	(152,940)	(152,834)	(152,940)

# City of Farmersville

## Operational Budget for 12 Months Ending June 30, 2026

		2024-2025	2024-2025	2024-2025	2025-2026
		PROPOSED BUDGET	AMENDED BUDGET	ACTUAL AS OF 06/13/2025	PROPOSED BUDGET
01 -404-000 -4080 -	MISC INCOME	-	-	(3,797)	(1,000)
01 -404-000 -4084 -	BUSINESS LICENSE PENALTY	(2,000)	(2,000)	-	(2,000)
01 -404-000 -4115 -	CANNABIS COMMERCIAL	(37,000)	(37,000)	(41,170)	(42,000)
01 -404-400 -4116 -	CANNABIS RESIDENTIAL	-	-	-	-
01 -404-400 -5101 -	SALARIES	256,602	256,602	282,813	226,857
01 -404-400 -5103 -	OVERTIME	1,000	1,000	21,000	1,000
01 -404-400 -5110 -	FICA	15,965	15,965	14,932	14,118
01 -404-400 -5111 -	MEDICARE	3,734	3,734	3,950	3,302
01 -404-400 -5112 -	PERS RETIREMENT	21,657	21,657	14,753	18,970
01 -404-400 -5116 -	LTD/LIFE INSURANCE	1,603	1,603	1,021	1,527
01 -404-400 -5117 -	WORKERS COMPENSATION	1,552	1,552	1,414	1,552
01 -404-400 -5118 -	UNIFORM ALLOWANCE	525	525	450	500
01 -404-400 -5119 -	DEFERRED COMP	11,453	11,453	7,081	9,074
01 -404-400 -5121 -	HEALTH/DENTAL/VISION	37,928	37,928	24,195	32,797
01 -404-400 -5122 -	PERS UAL PAYMENT	6,201	6,201	9,423	10,759
01 -404-400 -5122 -ADP	PERS UAL PAYMENT	-	-	-	-
01 -404-400 -5124 -	HEALTHY LIVING	378	378	203	360
01 -404-400 -5202 -	OPERATING SUPPLIES	2,000	2,000	-	2,000
01 -404-400 -5204 -	REPAIRS & MAINENANCE SERVICES	-	-	-	-
01 -404-400 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	205,000	205,000	236,237	20,000
01 -404-400 -5205 -CNBIS	PROFESSIONAL & CONTRACTUAL SRV	25,000	25,000	21,865	25,000
01 -404-400 -5206 -	UTILITIES	-	-	-	-
01 -404-400 -5208 -	EMPLOYEE DEVELOPMENT	15,000	15,000	5,732	7,500
01 -404-400 -5211 -	PHONE/INTERNET	5,414	5,414	4,923	5,414
01 -404-400 -5255 -	FUEL	-	-	-	-
01 -404-400 -5504 -	EQUIPMENT	10,000	10,000	673	1,000
	<b>TOTAL ADMINISTRATION</b>	<b>307,573</b>	<b>307,573</b>	<b>330,836</b>	<b>61,791</b>
<b>405 MEMBERSHIP LEGISLATION</b>					
01 -405-300 -5205 -	MEMBERSHIPS LEGISLATIVE	16,000	16,000	9,198	16,000
	<b>TOTAL MEMBERSHIP LEGISLATION</b>	<b>16,000</b>	<b>16,000</b>	<b>9,198</b>	<b>16,000</b>
<b>406 ADMINISTRATIVE OVERHEAD</b>					
01 -406-000 -4081 -FLOOD	STATE GRANTS	(55,300)	(55,300)	-	(55,300)
01 -406-000 -4082 -FLOOD	FEDERAL GRANTS	-	-	-	-
01 -406-400 -5101 -FLOOD	SALARIES	-	-	-	-
01 -406-400 -5103 -FLOOD	OVERTIME	-	-	-	-
01 -406-400 -5110 -FLOOD	FICA	-	-	-	-
01 -406-400 -5111 -FLOOD	MEDICARE	-	-	-	-
01 -406-400 -5201 -	OFFICE SUPPLIES	2,000	2,000	3,695	3,000
01 -406-400 -5202 -	OPERATING SUPPLIES	2,000	2,000	-	2,000
01 -406-400 -5203 -	REPAIR & MAINTENANCE SUPPLIES	-	-	-	-

# City of Farmersville

## Operational Budget for 12 Months Ending June 30, 2026

		2024-2025	2024-2025	2024-2025	2025-2026
		PROPOSED BUDGET	AMENDED BUDGET	ACTUAL AS OF 06/13/2025	PROPOSED BUDGET
01 -406-400 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	300,000	300,000	721,212	450,000
01 -406-400 -5205 -FLOOD	PROFESSIONAL & CONTRACTUAL SRV	-	-	-	-
01 -406-400 -5206 -	UTILITIES	45,000	45,000	67,495	70,000
01 -406-400 -5207 -	INSURANCE	570,729	570,729	527,445	570,729
01 -406-400 -5211 -	PHONE/INTERNET	5,000	5,000	1,534	5,000
01 -406-400 -5250 -	OVERHEAD	(616,130)	(616,130)	(616,130)	(793,042)
01 -406-400 -5255 -	FUEL	1,200	1,200	434	1,200
01 -406-400 -5504 -	EQUIPMENT	2,000	2,000	2,924	3,000
	<b>TOTAL ADMINISTRATIVE OVERHEAD</b>	<b>256,499</b>	<b>256,499</b>	<b>708,609</b>	<b>256,587</b>
<b>407 CITY SPONSORSHIPS</b>					
01 -407-000 -4064 -	RECREATION FEES			2,200	1,900
01 -407-200 -5202 -	OPERATING SUPPLIES			-	-
01 -407-200 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	12,000	12,000	12,177	12,000
	<b>TOTAL CITY SPONSORSHIPS</b>	<b>12,000</b>	<b>12,000</b>	<b>14,377</b>	<b>13,900</b>
<b>411 POLICE</b>					
01 -411-000 -4031 -	VEHICLE CODE FINES	-	-	-	-
01 -411-000 -4032 -	PARKING FINES	(1,000)	(1,000)	(567)	(1,000)
01 -411-000 -4033 -	OTHER COURT FINES	-	-	-	-
01 -411-000 -4034 -	FINES & FORFEITURES	(10,000)	(10,000)	(8,807)	(10,000)
01 -411-000 -4035 -	FORFEITURES	-	-	-	-
01 -411-100 -4054 -	VEHICLE THEFT	-	-	-	-
01 -411-000 -4063 -	POLICE SERVICES	(20,000)	(20,000)	(32,791)	(20,000)
01 -411-000 -4068 -	SCHOOL DISTRICT REIMBURSEMENT	(210,758)	(210,758)	(210,759)	(220,242)
01 -411-000 -4071 -	DUI REIMBURSEMENT	(10,000)	(10,000)	(4,531)	(10,000)
01 -411-000 -4072 -	POST REIMBURSEMENT	(6,000)	(6,000)	-	(6,000)
01 -411-000 -4080 -	MISC INCOME	(1,000)	(1,000)	1,504	(1,000)
01 -411-000 -4080 -DMV	DMV AUTO THEFT	-	-	-	-
01 -411-000 -4080 -LSCAN	LIVE SCAN REVENUE	(1,000)	(1,000)	(1,002)	(1,000)
01 -411-000 -4081 -PTROL	STATE GRANTS	-	-	(16,732)	-
01 -411-000 -4081 -PDWEL	STATE GRANTS	-	-	-	-
01 -411-000 -4081 -PRP56	STATE GRANTS	-	-	-	-
01 -411-000 -4081 -OES20	STATE GRANTS	-	-	-	-
01 -411-000 -4081 -20HSP	STATE GRANTS	-	-	-	-
01 -411-000 -4082 -VESTS	BULLETPROOF VESTS	(3,375)	(3,375)	-	(3,375)
01 -411-100 -4111 -	TRAFFIC SCHOOL REIMBURSEMENT	-	-	-	-
01 -411-100 -4113 -	RESTITUTION	-	-	-	-
01 -411-000 -9000 -	OPERATING TRANSFER IN	-	-	-	-
01 -411-100 -5101 -	SALARIES	1,322,454	1,322,454	1,372,764	1,634,996
01 -411-100 -5103 -	OVERTIME	120,000	120,000	215,991	220,000
01 -411-100 -5110 -	FICA	83,108	83,108	96,149	104,389

# City of Farmersville

## Operational Budget for 12 Months Ending June 30, 2026

		2024-2025	2024-2025	2024-2025	2025-2026
		PROPOSED BUDGET	AMENDED BUDGET	ACTUAL AS OF 06/13/2025	PROPOSED BUDGET
01 -411-100 -5111 -	MEDICARE	19,436	19,436	23,223	24,007
01 -411-100 -5112 -	PERS RETIREMENT	150,367	150,367	146,652	179,573
01 -411-100 -5116 -	LTD/LIFE INSURANCE	9,675	9,675	7,432	12,118
01 -411-100 -5117 -	WORKERS COMPENSATION	98,057	98,057	107,972	115,003
01 -411-100 -5118 -	UNIFORM ALLOWANCE	15,200	15,200	15,200	17,450
01 -411-100 -5119 -	DEFERRED COMP	52,026	52,026	26,948	64,271
01 -411-100 -5120 -	STATE UNEMPLOYMENT INSURANCE	-	-	9,450	5,000
01 -411-100 -5121 -	HEALTH/DENTAL/VISION	238,757	238,757	207,266	315,994
01 -411-100 -5122 -	PERS UAL PAYMENT	32,295	32,295	50,470	57,624
01 -411-100 -5124 -	HEALTHY LIVING	2,790	2,790	2,790	3,240
01 -411-100 -5125 -	RECRUITMENT/RETENTION	-	-	16,000	28,000
01 -411-100 -5201 -	OFFICE SUPPLIES	5,500	5,500	3,910	5,500
01 -411-100 -5202 -	OPERATING SUPPLIES	20,000	20,000	9,594	20,000
01 -411-100 -5202 -EGMNT	COMMUNITY ENGAGEMENT	5,000	5,000	1,082	5,000
01 -411-100 -5203 -	REPAIR & MAINTENANCE SUPPLIES	-	-	-	-
01 -411-100 -5204 -	REPAIRS & MAINENANCE SERVICES	35,000	35,000	66,936	40,000
01 -411-100 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	265,000	265,000	312,585	315,000
01 -411-100 -5205 -LSCAN	LIVE SCAN EXPENSE	1,000	1,000	-	1,000
01 -411-100 -5205 -PDWEL	WELLNESS GRANT BSCC	-	-	3,012	-
01 -411-100 -5208 -	EMPLOYEE DEVELOPMENT	40,000	40,000	30,228	40,000
01 -411-100 -5209 -	UNIFORM MAINTENANCE	5,000	5,000	5,122	14,400
01 -411-100 -5210 -	ADVERTISING	-	-	-	-
01 -411-100 -5211 -	PHONE/INTERNET	36,054	36,054	55,832	55,500
01 -411-100 -5255 -	FUEL	86,000	86,000	53,054	85,000
01 -411-100 -5504 -	EQUIPMENT	42,500	42,500	16,668	47,500
01 -411-100 -5504 -20HSP	EQUIPMENT	-	-	-	-
01 -411-100 -5504 -DMV	EQUIPMENT	-	-	-	-
01 -411-100 -5504 -OES20	EQUIPMENT	-	-	-	-
01 -411-100 -5504 -VESTS	EQUIPMENT	7,500	7,500	5,020	10,000
01 -411-100 -5514 -	VEHICLES	-	-	-	-
01 -411-100 -5514 -PTROL	VEHICLES (REPLACEMENT)	-	-	134,458	-
01 -411-100 -5558 -	INTEREST EXPENSE	-	-	-	-
	<b>TOTAL POLICE</b>	<b>2,429,586</b>	<b>2,429,586</b>	<b>2,722,124</b>	<b>3,147,948</b>
<b>414 COMMUNITY DEVELOPMENT</b>					
01 -414-000 -4021 -	BUILDING PERMITS	(6,000)	(6,000)	(1,325)	(5,000)
01 -414-000 -4028 -	CONDITIONAL USE PERMITS	(3,560)	(3,560)	(5,340)	(5,200)
01 -414-000 -4080 -	MISC INCOME	(1,000)	(1,000)	-	(1,000)
01 -414-000 -4120 -	SIGN PERMIT	(100)	(100)	(60)	(100)
01 -414-000 -4121 -	EVENT PERMIT	(840)	(840)	(470)	(840)
01 -414-800 -4122 -	TEMPORARY USE PERMIT - BUSINES	(200)	(200)	-	(200)
01 -414-000 -4125 -	ADMINISTRATIVE FEES	(12,000)	(12,000)	(4,640)	(10,000)

# City of Farmersville

## Operational Budget for 12 Months Ending June 30, 2026

		2024-2025	2024-2025	2024-2025	2025-2026
		PROPOSED BUDGET	AMENDED BUDGET	ACTUAL AS OF 06/13/2025	PROPOSED BUDGET
01 -414-000 -4130 -	TENTATIVE PARCEL MAP	(9,000)	(9,000)	(11,680)	(12,000)
01 -414-000 -4131 -	FINAL PARCEL MAP	(3,030)	(3,030)	(6,220)	(6,300)
01 -414-000 -4132 -	ANNEXATION	(9,125)	(9,125)	-	(9,125)
01 -414-000 -4160 -	NEGATIVE DECLARATION ENV	-	-	4,200	-
01 -414-000 -4161 -	EIR FEE	-	-	-	-
01 -414-000 -4162 -	ZONE CHANGE	(4,550)	(4,550)	2,275	(4,550)
01 -414-000 -4163 -	GENERAL PLAN AMENDMENT	(2,275)	(2,275)	(2,765)	(2,765)
01 -414-000 -4165 -	ENCROACHMENT PERMIT	(3,525)	(3,525)	(8,395)	(8,395)
01 -414-000 -4710 -	SITE PLAN REVIEW FEE	(4,420)	(4,420)	(6,630)	(6,630)
01 -414-000 -4711 -	VARIANCE	(1,780)	(1,780)	(240)	(500)
01 -414-000 -4712 -	LOT LINE ADJUSTMENT	(2,210)	(2,210)	(4,420)	(4,450)
01 -414-800 -9000 -	TRANSFER-IN	-	-	-	-
01 -414-800 -5101 -	SALARIES	36,108	36,108	29,785	37,679
01 -414-800 -5103 -	OVERTIME	-	-	10,500	-
01 -414-800 -5110 -	FICA	2,252	2,252	2,503	2,349
01 -414-800 -5111 -	MEDICARE	527	527	585	549
01 -414-800 -5112 -	PERS RETIREMENT	2,599	2,599	2,198	2,811
01 -414-800 -5116 -	LTD/LIFE INSURANCE	326	326	243	332
01 -414-800 -5117 -	WORKERS COMPENSATION	370	370	393	388
01 -414-800 -5118 -	UNIFORM ALLOWANCE	125	125	125	125
01 -414-800 -5119 -	DEFERRED COMP	1,444	1,444	1,359	1,507
01 -414-800 -5121 -	HEALTH/DENTAL/VISION	4,685	4,685	2,638	7,985
01 -414-800 -5122 -	PERS UAL PAYMENT	725	725	1,131	1,291
01 -414-800 -5124 -	HEALTHY LIVING	90	90	45	90
01 -414-800 -5202 -	OPERATING SUPPLIES	500	500	-	500
01 -414-800 -5204 -	REPAIRS & MAINTENANCE SERVICES	100	100	-	100
01 -414-800 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	332,000	332,000	423,988	405,000
01 -414-800 -5205 -BLITE	BLIGHT REMOVAL & IMPROVEMENT	25,000	25,000	-	25,000
01 -414-800 -5205 -DEVLP	ECONOMIC DEVELOPMENT	35,000	35,000	5,000	35,000
01 -414-800 -5206 -	UTILITIES	-	-	-	-
01 -414-800 -5211 -	PHONE/INTERNET	985	985	854	985
	<b>TOTAL COMMUNITY DEVELOPMENT</b>	<b>379,220</b>	<b>379,220</b>	<b>435,636</b>	<b>444,636</b>

415 CODE ENFORCEMENT					
01 -415-000 -4034 -	FINES & FORFEITURES	(1,000)	(1,000)	-	(1,000)
01 -415-000 -4122 -	TEMPORARY USE PERMIT - BUSINESS	-	-	(1,275)	-
01 -415-800 -5101 -	SALARIES	57,259	57,259	56,668	61,468
01 -415-800 -5103 -	OVERTIME	5,000	5,000	-	1,000
01 -415-800 -5110 -	FICA	3,608	3,608	3,542	3,869
01 -415-800 -5111 -	MEDICARE	844	844	829	905
01 -415-800 -5112 -	PERS RETIREMENT	4,191	4,191	4,056	4,664
01 -415-800 -5116 -	LTD/LIFE INSURANCE	587	587	412	622

# City of Farmersville

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		2024-2025	2024-2025	2024-2025	2025-2026
		PROPOSED BUDGET	AMENDED BUDGET	ACTUAL AS OF 06/13/2025	PROPOSED BUDGET
01 -415-800 -5117 -	WORKERS COMPENSATION	11,377	11,377	12,086	11,946
01 -415-800 -5118 -	UNIFORM ALLOWANCE	750	750	375	750
01 -415-800 -5119 -	DEFERRED COMP	2,290	2,290	-	2,459
01 -415-800 -5120 -	STATE UNEMPLOYMENT INSURANCE	-	-	-	-
01 -415-800 -5121 -	HEALTH/DENTAL/VISION	7,955	7,955	5,815	5,235
01 -415-800 -5122 -	PERS UAL PAYMENT	1,329	1,329	1,824	2,083
01 -415-800 -5124 -	HEALTHY LIVING	180	180	90	180
01 -415-800 -5201 -	OFFICE SUPPLIES	-	-	-	-
01 -415-800 -5202 -	OPERATING SUPPLIES	2,000	2,000	572	2,000
01 -415-800 -5203 -	REPAIR & MAINTENANCE SUPPLIES	600	600	446	800
01 -415-800 -5204 -	REPAIRS & MAINTENANCE SERVICES	5,000	5,000	546	5,000
01 -415-800 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	12,000	12,000	10,747	12,000
01 -415-800 -5208 -	EMPLOYEE DEVELOPMENT	7,500	7,500	6,994	8,500
01 -415-800 -5211 -	PHONE/INTERNET	2,994	2,994	3,897	4,000
01 -415-800 -5255 -	FUEL	4,400	4,400	3,137	4,400
01 -415-800 -5504 -	EQUIPMENT	6,500	6,500	1,031	6,500
	<b>TOTAL CODE ENFORCEMENT</b>	<b>135,364</b>	<b>135,364</b>	<b>111,791</b>	<b>137,380</b>

420 FIRE DEPARTMENT					
01 -420-000 -4053 -	ABANDONED VEH ABATEMENT	(4,000)	(4,000)	(3,327)	(4,000)
01 -420-000 -4065 -	FIRE SERVICES - FINES & FEES	(100)	(100)	(340)	(100)
01 -420-000 -4067 -	REIMB OF COSTS - OES OUT OF COUNTY	-	-	-	-
01 -420-000 -4080 -	MISC INCOME	-	-	-	-
01 -420-000 -4081 -22HSF	STATE GRANTS	-	-	(19,710)	-
01 -420-100 -4081 -VFAG	VFA GRANT REIMB	-	-	-	-
01 -420-100 -5101 -	SALARIES	339,988	339,988	422,844	633,563
01 -420-100 -5103 -	SPECIAL PAY	33,000	33,000	55,925	55,000
01 -420-100 -5110 -	FICA	21,347	21,347	30,063	39,683
01 -420-100 -5111 -	MEDICARE	4,992	4,992	7,031	9,281
01 -420-100 -5112 -	PERS RETIREMENT	33,329	33,329	39,125	64,653
01 -420-100 -5116 -	LTD/LIFE INSURANCE	2,726	2,726	2,621	3,942
01 -420-100 -5117 -	WORKERS COMPENSATION	45,508	45,508	48,343	107,513
01 -420-100 -5118 -	UNIFORM ALLOWANCE	3,600	3,600	5,500	5,400
01 -420-100 -5119 -	DEFERRED COMP	13,229	13,229	4,979	19,903
01 -420-100 -5121 -	HEALTH/DENTAL/VISION	52,563	52,563	44,902	63,278
01 -420-100 -5122 -	PERS UAL PAYMENT	6,457	6,457	11,187	12,773
01 -420-100 -5124 -	HEALTHY LIVING	720	720	1,050	1,080
01 -420-100 -5201 -	OFFICE SUPPLIES	1,500	1,500	557	3,000
01 -420-100 -5202 -	OPERATING SUPPLIES	19,000	19,000	19,107	20,000
01 -420-100 -5202 -VFEXP	VOLUNTEER EQUIPMENT EXP	6,000	6,000	2,585	6,000
01 -420-100 -5203 -	REPAIR & MAINTENANCE SUPPLIES	14,000	14,000	14,491	16,000
01 -420-100 -5204 -	REPAIRS & MAINENANCE SERVICES	34,000	34,000	38,196	40,000

# City of Farmersville

## Operational Budget for 12 Months Ending June 30, 2026

		2024-2025	2024-2025	2024-2025	2025-2026
		PROPOSED BUDGET	AMENDED BUDGET	ACTUAL AS OF 06/13/2025	PROPOSED BUDGET
01 -420-100 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	175,000	175,000	114,896	180,000
01 -420-100 -5206 -	UTILITIES	-	-	90	-
01 -420-100 -5208 -	EMPLOYEE DEVELOPMENT	18,750	18,750	12,332	18,000
01 -420-100 -5211 -	PHONE/INTERNET	13,353	13,353	18,645	19,000
01 -420-100 -5255 -	FUEL	30,000	30,000	13,505	30,000
01 -420-100 -5504 -	EQUIPMENT	75,000	75,000	49,682	100,000
01 -420-100 -5504 -22HSF	EQUIPMENT	-	-	35,101	-
01 -420-100 -5514 -	VEHICLES	-	-	-	-
01 -420-100 -5516 -	CONSTRUCTION IN PROCESS	-	-	5,227	-
01 -420-100 -9000 -	TRANSFER-IN	-	-	-	(845,500)
<b>TOTAL FIRE DEPARTMENT</b>		<b>939,962</b>	<b>939,962</b>	<b>974,609</b>	<b>598,467</b>

425 PARKS, BUILDINGS & GROUNDS					
01 -425-600 -5101 -	SALARIES	148,500	148,500	132,809	154,050
01 -425-600 -5103 -	OVERTIME	-	-	31,500	-
01 -425-600 -5110 -	FICA	9,391	9,391	10,046	9,725
01 -425-600 -5111 -	MEDICARE	2,196	2,196	2,350	2,274
01 -425-600 -5112 -	PERS RETIREMENT	12,181	12,181	10,067	12,539
01 -425-600 -5116 -	LTD/LIFE INSURANCE	1,456	1,456	903	1,480
01 -425-600 -5117 -	WORKERS COMPENSATION	33,854	33,854	25,786	33,534
01 -425-600 -5118 -	UNIFORM ALLOWANCE	2,491	2,491	1,237	2,350
01 -425-600 -5119 -	DEFERRED COMP	6,190	6,190	2,809	5,993
01 -425-600 -5120 -	STATE UNEMPLOYMENT INSURANCE	-	-	1,229	1,000
01 -425-600 -5121 -	HEALTH/DENTAL/VISION	43,215	43,215	29,678	38,300
01 -425-600 -5122 -	PERS UAL PAYMENT	3,720	3,720	5,300	6,051
01 -425-600 -5124 -	HEALTHY LIVING	477	477	628	450
01 -425-600 -5202 -	OPERATING SUPPLIES	2,000	2,000	2,324	3,000
01 -425-600 -5203 -	REPAIR & MAINTENANCE SUPPLIES	35,000	35,000	24,209	35,000
01 -425-600 -5203 -H20PK	H20PK R&M MAINT WATER PARK	3,500	3,500	961	4,000
01 -425-600 -5203 -PARKS	PARKS MAINT WATER PARK	120,000	120,000	119,997	135,000
01 -425-600 -5204 -	REPAIRS & MAINENANCE SERVICES	10,000	10,000	8,583	10,000
01 -425-600 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	35,000	35,000	75,783	50,000
01 -425-600 -5205 -TEMP	PROFESSIONAL & CONTRACTUAL SRV	-	-	4,529	4,500
01 -425-600 -5206 -	UTILITIES	33,000	33,000	32,426	36,300
01 -425-600 -5211 -	PHONE/INTERNET	6,786	6,786	6,303	7,465
01 -425-600 -5255 -	FUEL	9,851	9,851	5,629	9,851
01 -425-600 -5285 -	SMALL TOOLS	1,000	1,000	1,181	1,000
01 -425-600 -5504 -	EQUIPMENT	1,000	1,000	1,345	1,200
01 -425-600 -5516 -	CONSTRUCTION IN PROCESS	-	-	285	-
<b>TOTAL PARKS, BUILDINGS &amp; GROUNDS</b>		<b>520,808</b>	<b>520,808</b>	<b>537,895</b>	<b>565,062</b>

426 ANIMAL CONTROL					
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# City of Farmersville

## Operational Budget for 12 Months Ending June 30, 2026

		2024-2025	2024-2025	2024-2025	2025-2026
		PROPOSED BUDGET	AMENDED BUDGET	ACTUAL AS OF 06/13/2025	PROPOSED BUDGET
01 -426-000 -4066 -	ANIMAL CONTROL FEES	-	-	(1,183)	(1,200)
01 -426-100 -5203 -	REPAIR & MAINTENANCE SUPPLIES	-	-	-	-
01 -426-100 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	211,700	211,700	239,038	248,000
	TOTAL ANIMAL CONTROL	211,700	211,700	237,855	246,800
TOTAL GENERAL FUND		21,527	21,527	(421,090)	(7,410)
TOTAL REVENUES		(6,537,375)	(6,537,375)	(7,818,721)	(7,911,083)
TOTAL EXPENSES		6,558,902	6,558,902	7,397,631	7,903,673
<b>102 GENERAL FUND RESERVE</b>					
102 -400-100 -9000 -	TRANSFER-IN			-	-
102 -400-100 -9001 -	TRANSFER OUT			-	-
	TOTAL GENERAL FUND RESERVE			-	-
TOTAL REVENUES		-	-	-	-
TOTAL EXPENSES		-	-	-	-
<b>103 GENERAL FUND CAPITAL</b>					
103 -404-000 -5504 -	EQUIPMENT	-	-	-	-
103 -404-000 -5514 -	VEHICLES	-	-	-	50,000
103 -411-000 -5504 -	EQUIPMENT	-	-	-	-
103 -411-000 -5514 -	VEHICLES	-	134,362	-	71,917
103 -411-000 -5558 -	INTEREST	-	-	8,251	10,872
103 -411-000 -5907 -	PRINCIPAL PORTION OF DEBT	-	-	105,281	-
103 -414-000 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	-	-	-	-
103 -414-000 -5205 -GPLAN	PROFESSIONAL & CONTRACTUAL SRV	48,587	48,587	26,279	36,737
103 -414-000 -5205 -SB2DT	PROFESSIONAL & CONTRACTUAL SRV	-	-	-	-
103 -415-000 -5514 -	VEHICLES	-	-	-	-
103 -415-000 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	-	-	-	-
103 -420-000 -5504 -	EQUIPMENT	-	-	-	-
103 -420-000 -5514 -	VEHICLES	-	-	-	-
103 -420-000 -5514 - FRENG	VEHICLES	-	-	-	-
103 -425-000 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	-	-	-	-
103 -425-000 -5205 -ADAFX	PROFESSIONAL & CONTRACTUAL SRV	-	-	-	-
103 -425-000 -5503 -	CAPITAL IMPROVEMENTS	-	47,500	-	-
103 -425-000 -5504 -	EQUIPMENT	-	-	-	39,000
103 -425-000 -5504 -PUMP	EQUIPMENT	-	-	-	120,000
103 -425-000 -5504 -CHGEN	EQUIPMENT	-	-	-	-
103 -425-000 -5514 -	VEHICLES	-	-	24,093	-
103 -425-000 -5516 -	CONSTRUCTION IN PROCESS	-	-	-	8,500

# City of Farmersville

## Operational Budget for 12 Months Ending June 30, 2026

		2024-2025	2024-2025	2024-2025	2025-2026
		PROPOSED BUDGET	AMENDED BUDGET	ACTUAL AS OF 06/13/2025	PROPOSED BUDGET
103 -425-000 -5516 -CHPL1	CONSTRUCTION IN PROCESS	-	-	-	-
103 -425-000 -5516 -FREE	CONSTRUCTION IN PROCESS	-	-	-	-
103 -425-000 -5516 -ROY2	CONSTRUCTION IN PROCESS	-	-	-	155,000
103 -411-0000 -4081 -	STATE GRANTS	-	-	-	-
103 -425-00 -4998 -	CONTRIBUTED CAPITAL	-	-	-	-
103 -400-000 -9000 -	OPERATING TRNFER IN	(230,449)	(230,449)	-	(492,026)
103 -400-00 -9001 -	TRANSFER OUT	-	-	-	-
<b>TOTAL GENERAL FUND CAPTIAL</b>		<b>(181,862)</b>	<b>(181,862)</b>	<b>163,905</b>	<b>-</b>

<b>TOTAL REVENUES</b>	<b>(230,449)</b>	<b>(230,449)</b>	<b>-</b>	<b>(492,026)</b>
<b>TOTAL EXPENSES</b>	<b>48,587</b>	<b>48,587</b>	<b>163,905</b>	<b>492,026</b>

104 MEASURE Q: CANNABIS BUSINESS TAX					
104 -400-0000 -4200 -	CANNABIS TAX REVENUE	(700,000)	(700,000)	(766,114)	(800,000)
104 -400-0000 -4040 -	INVESTMENT EARNINGS	(60,691)	(60,691)	-	(60,691)
104 -400-0000 -9000 -	OPERATING TRNFER IN	-	-	-	-
104 -400-000 -9001 -	TRANSFER OUT	785,449	785,449	555,000	1,277,475
<b>TOTAL CANNABIS TAX COLLECTION</b>		<b>24,758</b>	<b>24,758</b>	<b>(211,114)</b>	<b>416,784</b>

<b>TOTAL REVENUES</b>	<b>(760,691)</b>	<b>(760,691)</b>	<b>(766,114)</b>	<b>(860,691)</b>
<b>TOTAL EXPENSES</b>	<b>785,449</b>	<b>785,449</b>	<b>555,000</b>	<b>1,277,475</b>

02 WATER UTILITY					
02 -404-000 -5101 -	SALARIES	257,408	257,408	267,938	247,236
02 -404-000 -5110 -	FICA	16,025	16,025	14,734	15,394
02 -404-000 -5111 -	MEDICARE	3,748	3,748	3,446	3,600
02 -404-000 -5112 -	PERS RETIREMENT	22,031	22,031	15,025	21,037
02 -404-000 -5116 -	LTD/LIFE INSURANCE	1,709	1,709	1,097	1,723
02 -404-000 -5117 -	WORKERS COMPENSATION	1,811	1,811	1,689	1,901
02 -404-000 -5118 -	UNIFORM ALLOWANCE	613	613	538	613
02 -404-000 -5119 -	DEFERRED COMP	11,400	11,400	7,181	9,889
02 -404-000 -5120 -	STATE UNEMPLOYMENT INSURANCE	-	-	405	500
02 -404-000 -5121 -	HEALTH/DENTAL/VISION	44,650	44,650	30,085	43,618
02 -404-000 -5122 -	PERS UAL PAYMENT	6,284	6,284	9,586	10,945
02 -404-000 -5124 -	HEALTHY LIVING	441	441	180	441
02 -415-000 -5101 -	SALARIES	22,903	22,903	22,667	24,587
02 -415-000 -5110 -	FICA	1,443	1,443	1,417	1,547
02 -415-000 -5111 -	MEDICARE	337	337	331	362
02 -415-000 -5112 -	PERS RETIREMENT	1,677	1,677	1,622	1,865
02 -415-000 -5116 -	LTD/LIFE INSURANCE	235	235	165	249
02 -415-000 -5117 -	WORKERS COMPENSATION	4,551	4,551	4,834	4,778

# City of Farmersville

## Operational Budget for 12 Months Ending June 30, 2026

		2024-2025	2024-2025	2024-2025	2025-2026
		PROPOSED BUDGET	AMENDED BUDGET	ACTUAL AS OF 06/13/2025	PROPOSED BUDGET
02 -415-000 -5118 -	UNIFORM ALLOWANCE	300	300	150	300
02 -415-000 -5119 -	DEFERRED COMP	916	916	-	983
02 -415-000 -5120 -	STATE UNEMPLOYMENT INSURANCE	-	-	-	-
02 -415-000 -5121 -	HEALTH/DENTAL/VISION	3,182	3,182	2,326	2,094
02 -415-000 -5122 -	PERS UAL PAYMENT	532	532	730	833
02 -415-000 -5124 -	HEALTHY LIVING	72	72	36	72
02 -425-00 -5101 -	SALARIES	147,714	147,714	140,576	164,211
02 -425-00 -5103 -	OVERTIME	12,000	12,000	31,444	25,000
02 -425-00 -5110 -	FICA	9,335	9,335	10,529	10,362
02 -425-00 -5111 -	MEDICARE	2,183	2,183	2,463	2,423
02 -425-00 -5112 -	PERS RETIREMENT	12,081	12,081	10,505	13,549
02 -425-00 -5116 -	LTD/LIFE INSURANCE	1,439	1,439	919	1,603
02 -425-00 -5117 -	WORKERS COMPENSATION	32,576	32,576	23,072	34,876
02 -425-00 -5118 -	UNIFORM ALLOWANCE	2,397	2,397	1,091	2,444
02 -425-00 -5119 -	DEFERRED COMP	6,158	6,158	2,735	6,551
02 -425-00 -5120 -	STATE UNEMPLOYMENT INSURANCE	-	-	1,528	-
02 -425-00 -5121 -	HEALTH/DENTAL/VISION	46,215	46,215	29,235	37,777
02 -425-00 -5122 -	PERS UAL PAYMENT	3,591	3,591	5,257	6,002
02 -425-00 -5124 -	HEALTHY LIVING	459	459	491	468
02 -425-00 -5201 -	OFFICE SUPPLIES	200	200	184	200
02 -425-00 -5202 -	OPERATING SUPPLIES	30,000	30,000	41,525	30,000
02 -425-00 -5203 -	REPAIR & MAINTENANCE SUPPLIES	50,000	50,000	12,894	50,000
02 -425-00 -5204 -	REPAIRS & MAINENANCE SERVICES	10,000	10,000	11,739	12,000
02 -425-00 -5205 -HYDNT	PROFESSIONAL & CONTRACTUAL SRV	13,200	13,200	832	13,200
02 -425-00 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	105,000	168,000	128,751	173,000
02 -425-00 -5205 - N/A	PROFESSIONAL & CONTRACTUAL SRV	-	-	-	-
02 -425-00 -5205 -GPLAN	PROFESSIONAL & CONTRACTUAL SRV	48,587	48,587	12,167	36,737
02 -425-00 -5205 -SB2DT	PROFESSIONAL & CONTRACTUAL SRV	-	-	-	-
02 -425-00 -5206 -	UTILITIES	225,000	225,000	135,301	225,000
02 -425-00 -5208 -	EMPLOYEE DEVELOPMENT	2,000	2,000	467	2,000
02 -404-000 -5211 -	PHONE/INTERNET	5,745	5,745	5,261	5,745
02 -415-000 -5211 -	PHONE/INTERNET	1,197	1,197	1,169	1,197
02 -425-00 -5211 -	PHONE/INTERNET	6,541	6,541	6,404	6,541
02 -425-00 -5250 -	OVERHEAD	308,065	308,065	458,354	396,521
02 -425-00 -5255 -	FUEL	9,500	9,500	5,276	9,500
02 -425-00 -5285 -	SMALL TOOLS	-	-	-	-
02 -425-00 -5404 -	FRANCHISE PAYMENT	10,750	10,750	-	10,750
02 -425-00 -5504 -	EQUIPMENT	-	-	6,821	-
02 -425-00 -5504 -CIP	EQUIPMENT	-	-	-	-
02 -425-00 -5504 -WELL6	EQUIPMENT	-	-	-	-
02 -425-00 -5504 -WELL7	EQUIPMENT	-	-	-	-
02 -425-00 -5514 -	VEHICLES	-	-	23,793	-

# City of Farmersville

## Operational Budget for 12 Months Ending June 30, 2026

		2024-2025	2024-2025	2024-2025	2025-2026
		PROPOSED BUDGET	AMENDED BUDGET	ACTUAL AS OF 06/13/2025	PROPOSED BUDGET
02 -425-00 -5516 -	CONSTRUCTION IN PROCESS	-	-	-	-
02 -425-00 -5516 -BIRCH	CONSTRUCTION IN PROCESS	121,000	121,000	-	326,000
02 -425-000 -4010 -	CASH OVER AND SHORT	-	-	-	-
02 -425-000 -4014 -	WATER USER FEES	(1,252,378)	(1,252,378)	(1,252,223)	(1,302,473)
02 -425-000 -4015 -	RECONNECTION FEES	(1,000)	(1,000)	(330)	(1,000)
02 -425-000 -4040 -	INVESTMENT EARNINGS	(38,129)	(38,129)	-	(38,129)
02 -425-000 -4058 -	RETURNED CHECK FEE	(500)	(500)	(1,650)	(500)
02 -425-000 -4080 -	MISC INCOME	(1,000)	(1,000)	(33,942)	(1,000)
02 -425-00 -4081 - SB2DT	STATE GRANT - SB2	-	-	-	-
02 -425-00 -4081 - REAP	EQUIPMENT	-	-	-	-
02 -425-000 -9000 -	TRANSFER-IN	-	-	-	-
02 -425-000 -9001 -	TRANSFER-OUT	-	-	-	-
	<b>TOTAL WATER UTILITY</b>	<b>332,194</b>	<b>332,194</b>	<b>208,817</b>	<b>655,125</b>

	<b>TOTAL REVENUES</b>	<b>(1,293,007)</b>	<b>(1,293,007)</b>	<b>(1,288,145)</b>	<b>(1,343,102)</b>
	<b>TOTAL EXPENSES</b>	<b>1,625,202</b>	<b>1,625,202</b>	<b>1,496,962</b>	<b>1,998,228</b>

03 WATER DEVELOPMENT					
03 -425-00 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	-	-	-	-
03 -425-00 -5504 -	EQUIPMENT	-	-	-	-
03 -425-00 -5504 -HREXP	EQUIPMENT	-	-	-	-
03 -425-00 -5504 -PWYRD	EQUIPMENT	-	-	-	-
03 -425-100 -5514	VEHICLES	-	-	-	-
03 -425-00 -5516 -BASIN	CONSTRUCTION IN PROGRESS	-	-	-	-
03 -425-00 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	-	-	-	-
03 -425-000 -4016 -	WATER DEVELOPMENT FEES	(15,000)	(15,000)	(1,423)	(15,000)
03 -425-000 -4040 -	INVESTMENT EARNINGS	(12,907)	(12,907)	-	(12,907)
03 -425-000 -9001	TRANSFER-OUT	-	-	-	-
	<b>TOTAL WATER DEVELOPMENT</b>	<b>(27,907)</b>	<b>(27,907)</b>	<b>(1,423)</b>	<b>(27,907)</b>

	<b>TOTAL REVENUES</b>	<b>(27,907)</b>	<b>(27,907)</b>	<b>(1,423)</b>	<b>(27,907)</b>
	<b>TOTAL EXPENSES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

04 SEWER UTILITY					
04 -404-000 -5101 -	SALARIES	242,589	242,589	248,142	247,236
04 -404-000 -5110 -	FICA	15,103	15,103	13,503	15,394
04 -404-000 -5111 -	MEDICARE	3,532	3,532	3,158	3,600
04 -404-000 -5112 -	PERS RETIREMENT	20,715	20,715	14,033	21,037
04 -404-000 -5116 -	LTD/LIFE INSURANCE	1,632	1,632	1,045	1,723
04 -404-000 -5117 -	WORKERS COMPENSATION	1,737	1,737	1,611	1,901
04 -404-000 -5118 -	UNIFORM ALLOWANCE	588	588	513	613

# City of Farmersville

## Operational Budget for 12 Months Ending June 30, 2026

		2024-2025	2024-2025	2024-2025	2025-2026
		PROPOSED BUDGET	AMENDED BUDGET	ACTUAL AS OF 06/13/2025	PROPOSED BUDGET
04 -404-000 -5119 -	DEFERRED COMP	10,722	10,722	6,486	9,889
04 -404-000 -5120 -	STATE UNEMPLOYMENT INSURANCE	-	-	405	500
04 -404-000 -5121 -	HEALTH/DENTAL/VISION	42,513	42,513	28,728	43,618
04 -404-000 -5122 -	PERS UAL PAYMENT	5,906	5,906	9,013	10,290
04 -404-000 -5124 -	HEALTHY LIVING	423	423	171	441
04 -415-000 -5101 -	SALARIES	22,903	22,903	22,667	24,587
04 -415-000 -5110 -	FICA	1,443	1,443	1,417	1,547
04 -415-000 -5111 -	MEDICARE	337	337	331	362
04 -415-000 -5112 -	PERS RETIREMENT	1,677	1,677	1,622	1,865
04 -415-000 -5116 -	LTD/LIFE INSURANCE	235	235	165	249
04 -415-000 -5117 -	WORKERS COMPENSATION	4,551	4,551	4,834	4,778
04 -415-000 -5118 -	UNIFORM ALLOWANCE	300	300	150	300
04 -415-00 -5119 -	DEFERRED COMP	916	916	-	983
04 -415-000 -5120 -	STATE UNEMPLOYMENT INSURANCE	-	-	-	-
04 -415-000 -5121 -	HEALTH/DENTAL/VISION	3,182	3,182	2,326	2,094
04 -415-000 -5122 -	PERS UAL PAYMENT	532	532	730	833
04 -415-000 -5124 -	HEALTHY LIVING	72	72	36	72
04 -425-00 -5101 -	SALARIES	143,536	143,536	136,022	159,149
04 -425-00 -5103 -	OVERTIME	12,000	12,000	31,445	20,000
04 -425-00 -5110 -	FICA	9,069	9,069	10,255	10,041
04 -425-00 -5111 -	MEDICARE	2,121	2,121	2,398	2,348
04 -425-00 -5112 -	PERS RETIREMENT	11,779	11,779	10,172	13,170
04 -425-00 -5116 -	LTD/LIFE INSURANCE	1,393	1,393	883	1,554
04 -425-00 -5117 -	WORKERS COMPENSATION	31,299	31,299	21,714	33,534
04 -425-00 -5118 -	UNIFORM ALLOWANCE	2,303	2,303	890	2,350
04 -425-00 -5119 -	DEFERRED COMP	5,991	5,991	2,560	6,371
04 -425-00 -5120 -	STATE UNEMPLOYMENT INSURANCE	-	-	1,528	1,000
04 -425-00 -5121 -	HEALTH/DENTAL/VISION	45,430	45,430	27,905	36,180
04 -425-00 -5122 -	PERS UAL PAYMENT	3,445	3,445	5,125	5,851
04 -425-00 -5124 -	HEALTHY LIVING	441	441	427	450
04 -425-00 -5201 -	OFFICE SUPPLIES	200	200	111	200
04 -425-00 -5202 -	OPERATING SUPPLIES	35,000	35,000	18,914	30,000
04 -425-00 -5203 -	REPAIR & MAINTENANCE SUPPLIES	60,000	60,000	30,112	60,000
04 -425-00 -5204 -	REPAIRS & MAINENANCE SERVICES	52,000	52,000	42,540	52,000
04 -425-00 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	369,000	432,000	486,969	495,000
04 -425-00 -5205 -N/A	PROFESSIONAL & CONTRACTUAL SRV	-	-	-	-
04 -425-00 -5205 -CIP	PROFESSIONAL & CONTRACTUAL SRV	-	-	-	-
04 -425-00 -5205 -GPLAN	PROFESSIONAL & CONTRACTUAL SRV	48,587	48,587	12,167	36,737
04 -425-00 -5205 -SB2DT	PROFESSIONAL & CONTRACTUAL SRV	-	-	-	-
04 -425-00 -5205 -SD	STORM DRAIN PROF & CONT SRV	25,000	25,000	11,676	13,324
04 -425-00 -5205 -SLDGE	PROFESSIONAL & CONTRACTUAL SRV	-	-	4,348	-
04 -425-00 -5206 -	UTILITIES	250,000	250,000	161,650	250,000

# City of Farmersville

## Operational Budget for 12 Months Ending June 30, 2026

		2024-2025	2024-2025	2024-2025	2025-2026
		PROPOSED BUDGET	AMENDED BUDGET	ACTUAL AS OF 06/13/2025	PROPOSED BUDGET
04 -425-00 -5208 -	EMPLOYEE DEVELOPMENT	2,000	2,000	446	3,000
04 -404-000 -5211 -	PHONE/INTERNET	5,468	5,468	5,008	5,468
04 -415-000 -5211 -	PHONE/INTERNET	1,197	1,197	1,199	1,225
04 -425-00 -5211 -	PHONE/INTERNET	6,289	6,289	8,766	9,500
04 -425-00 -5250 -	OVERHEAD	308,065	308,065	308,065	396,521
04 -425-00 -5255 -	FUEL	9,500	9,500	5,276	9,500
04 -425-00 -5285 -	SMALL TOOLS	-	-	-	-
04 -425-00 -5404 -	FRANCHISE PAYMENT	12,500	12,500	-	12,500
04 -425-00 -5503 -	CAPITAL IMPROVEMENTS	-	-	-	-
04 -425-00 -5504 -	EQUIPMENT	-	-	1,345	1,500
04 -425-00 -5504 -SLDGE	EQUIPMENT	-	-	-	-
04 -425-00 -5514 -	VEHICLES	-	-	23,793	-
04 -425-00 -5516	CONSTRUCTION IN PROGRESS	-	-	-	-
04 -425-00 -5516 -WWTP	CONSTRUCTION IN PROGRESS	-	-	-	-
04 -425-00 -5516 -SOLAR	CONSTRUCTION IN PROGRESS	-	-	-	-
04 -425-00 -5558 -	INTEREST EXPENSE	125,125	125,125	62,563	122,843
04 -425-00 -5558 -WWTP	INTEREST EXPENSE	201,217	201,217	201,217	195,707
04 -425-000 -4017 -	SEWER USER FEES	(2,110,334)	(2,110,334)	(2,109,710)	(2,173,644)
04 -425-000 -4040 -	INVESTMENT EARNINGS	(99,269)	(99,269)	-	(99,269)
04 -425-000 -4080 -	STATE REVOLVING FUND	-	-	-	-
04 -425-000 -4081 - SOLAR	STATE REVOLVING FUND	-	-	-	-
04 -425-000 -4082 - WWTP	USDA	-	-	-	-
04 -425-000 -9001	TRANSFER-OUT	-	-	-	-
	<b>TOTAL SEWER UTILITY</b>	<b>(48,042)</b>	<b>(48,042)</b>	<b>(111,136)</b>	<b>108,027</b>
	<b>TOTAL REVENUES</b>	<b>(2,209,603)</b>	<b>(2,209,603)</b>	<b>(2,109,710)</b>	<b>(2,272,913)</b>
	<b>TOTAL EXPENSES</b>	<b>2,161,562</b>	<b>2,161,562</b>	<b>1,998,574</b>	<b>2,380,940</b>
<b>05 SEWER DEVELOPMENT</b>					
05 -425-000 -4018 -	WASTEWATER DEVELOPMENT FEES	(15,000)	(15,000)	-	(15,000)
05 -425-000 -4118 -	DEV FEES - SEWER COLLECTION	-	-	(698)	-
05 -425-000 -4040 -	INVESTMENT EARNINGS	(31,876)	(31,876)	-	(31,876)
05 -425-00 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	-	-	-	-
05 -425-00 -5504 -PWYRD	EQUIPMENT	-	-	-	-
05 -425-100 -5514	VEHICLES	-	-	-	-
05 -400-100 -9001 -	TRANSFER OUT	-	-	-	-
	<b>TOTAL SEWER DEVELOPMENT</b>	<b>(46,876)</b>	<b>(46,876)</b>	<b>(698)</b>	<b>(46,876)</b>
	<b>TOTAL REVENUES</b>	<b>(46,876)</b>	<b>(46,876)</b>	<b>(698)</b>	<b>(46,876)</b>
	<b>TOTAL EXPENSE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# City of Farmersville

## Operational Budget for 12 Months Ending June 30, 2026

		2024-2025 PROPOSED BUDGET	2024-2025 AMENDED BUDGET	2024-2025 ACTUAL AS OF 06/13/2025	2025-2026 PROPOSED BUDGET
<b>06 REFUSE</b>					
06 -404-000 -5101 -	SALARIES	47,416	47,416	56,607	45,153
06 -404-000 -5110 -	FICA	2,953	2,953	3,506	2,813
06 -404-000 -5111 -	MEDICARE	691	691	820	658
06 -404-000 -5112 -	PERS RETIREMENT	4,162	4,162	3,432	3,847
06 -404-000 -5116 -	LTD/LIFE INSURANCE	329	329	230	333
06 -404-000 -5117 -	WORKERS COMPENSATION	370	370	393	388
06 -404-000 -5118 -	UNIFORM ALLOWANCE	125	125	125	125
06 -404-000 -5119 -	DEFERRED COMP	2,067	2,067	1,879	1,806
06 -404-000 -5121 -	HEALTH/DENTAL/VISION	10,511	10,511	7,883	9,655
06 -404-000 -5122 -	PERS UAL PAYMENT	1,178	1,178	1,811	2,068
06 -404-000 -5124 -	HEALTHY LIVING	90	90	32	90
06 -415-000 -5101 -	SALARIES	11,452	11,452	11,333	12,294
06 -415-000 -5110 -	FICA	722	722	708	774
06 -415-000 -5111 -	MEDICARE	169	169	166	181
06 -415-000 -5112 -	PERS RETIREMENT	838	838	811	933
06 -415-000 -5116 -	LTD/LIFE INSURANCE	117	117	82	124
06 -415-000 -5117 -	WORKERS COMPENSATION	2,275	2,275	2,417	2,389
06 -415-000 -5118 -	UNIFORM ALLOWANCE	150	150	75	150
06 -415-000 -5119 -	DEFERRED COMP	458	458	-	492
06 -415-000 -5120 -	STATE UNEMPLOYMENT INSURANCE	-	-	-	-
06 -415-000 -5121 -	HEALTH/DENTAL/VISION	1,591	1,591	1,163	1,047
06 -415-000 -5122 -	PERS UAL PAYMENT	266	266	365	417
06 -415-000 -5124 -	HEALTHY LIVING	36	36	18	36
06 -425-00 -5101 -	SALARIES	18,730	18,730	19,961	26,621
06 -425-00 -5110 -	FICA	1,172	1,172	1,211	1,671
06 -425-00 -5111 -	MEDICARE	274	274	283	391
06 -425-00 -5112 -	PERS RETIREMENT	1,781	1,781	1,457	1,999
06 -425-00 -5116 -	LTD/LIFE INSURANCE	116	116	151	228
06 -425-00 -5117 -	WORKERS COMPENSATION	1,916	1,916	2,036	4,024
06 -425-00 -5118 -	UNIFORM ALLOWANCE	141	141	305	282
06 -425-00 -5119 -	DEFERRED COMP	937	937	281	1,065
06 -425-00 -5120 -	STATE UNEMPLOYMENT INSURANCE	-	-	473	500
06 -425-00 -5121 -	HEALTH/DENTAL/VISION	4,517	4,517	2,895	3,657
06 -425-00 -5122 -	PERS UAL PAYMENT	512	512	775	885
06 -425-00 -5124 -	HEALTHY LIVING	27	27	14	54
06 -425-00 -5202 -	OPERATING SUPPLIES	500	500	1,639	1,500
06 -425-00 -5203 -STSWP	STREET SWEEPER EXPENSES	5,000	5,000	34,393	52,500
06 -425-00 -5204 -	REPAIRS & MAINENANCE SERVICES	-	-	-	-
06 -425-00 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	755,301	755,301	673,487	755,301
06 -425-00 -5205 -RECYC	BEVERAGE RECYCLING	-	-	-	-
06 -404-000 -5211 -	PHONE/INTERNET	1,145	1,145	1,018	1,145

# City of Farmersville

## Operational Budget for 12 Months Ending June 30, 2026

		2024-2025	2024-2025	2024-2025	2025-2026
		PROPOSED BUDGET	AMENDED BUDGET	ACTUAL AS OF 06/13/2025	PROPOSED BUDGET
06 -415-000 -5211 -	PHONE/INTERNET	599	599	599	599
06 -425-00 -5211 -	PHONE/INTERNET	467	467	517	535
06 -425-00 -5250 -	OVERHEAD	-	-	-	-
06 -425-00 -5255 -	FUEL	800	800	422	800
06 -425-00 -5255 -STSWP	STREET SWEEPER FUEL	900	900	-	150
06 -425-00 -5404 -	FRANCHISE PAYMENT	56,093	56,093	-	56,093
06 -425-00 -5516 -PMPY1	CONSTRUCTION IN PROGRESS	-	-	-	-
06 -425-000 -4004 -	FRANCHISE FEE	(56,093)	(56,093)	(47,520)	(56,093)
06 -425-000 -4019 -	REFUSE FEES	(778,169)	(778,169)	(775,675)	(801,514)
06 -425-000 -4040 -	INVESTMENT EARNINGS	(16,280)	(16,280)	-	(16,280)
06 -425-000 -4080 -	MISC INCOME	-	-	-	-
06 -425-000 -4081 -RECYC	BEVERAGE RECYCLING	-	-	-	-
06 -425-000 -4092 -	ADMINISTRATIVE FEE	(78,530)	(78,530)	(66,528)	(78,530)
06 -425-000 -4093 -	ALLEY RECONSTRUCTION REPAIR	(44,874)	(44,874)	(38,016)	(44,874)
06 -425-000 -4094 -	STREET SWEEPING FEE	(56,093)	(56,093)	(47,520)	(56,093)
06 -400-100 -9001 -	TRANSFER OUT	-	-	-	-
	<b>TOTAL REFUSE</b>	<b>(91,146)</b>	<b>(91,146)</b>	<b>(139,485)</b>	<b>(57,614)</b>
	<b>TOTAL REVENUES</b>	<b>(1,030,039)</b>	<b>(1,030,039)</b>	<b>(975,258)</b>	<b>(1,053,385)</b>
	<b>TOTAL EXPENSES</b>	<b>938,893</b>	<b>938,893</b>	<b>835,774</b>	<b>995,771</b>
<b>08 RESERVE</b>					
08 -400-000 -9000 -	TRANSFER-IN	-	-	(651,000)	-
08 -400-000 -9001 -	TRANSFER OUT	-	-	-	-
	<b>TOTAL RESERVE</b>	<b>-</b>	<b>-</b>	<b>(651,000)</b>	<b>-</b>
	<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>(651,000)</b>	<b>-</b>
	<b>TOTAL EXPENSES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>11 DRUG ENFORCEMENT</b>					
11 -411-000 -4040 -	INVESTMENT EARNINGS	(424)	(424)	-	(424)
11 -411-000 -4080 -	NARCOTICS REVENUE	-	-	-	-
11 -411-00 -5205 -	NARCOTICS EXPENSE	-	-	-	-
11 -411-00 -5504 -	EQUIPMENT	-	-	-	-
11 -411-00 -5504 -	EQUIPMENT	-	-	-	-
	<b>TOTAL DRUG ENFORCEMENT</b>	<b>(424)</b>	<b>(424)</b>	<b>-</b>	<b>(424)</b>
	<b>TOTAL REVENUES</b>	<b>(424)</b>	<b>(424)</b>	<b>-</b>	<b>(424)</b>
	<b>TOTAL EXPENSES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>12 FEDERAL AND STATE GRANTS</b>					

# City of Farmersville

## Operational Budget for 12 Months Ending June 30, 2026

		2024-2025	2024-2025	2024-2025	2025-2026
		PROPOSED BUDGET	AMENDED BUDGET	ACTUAL AS OF 06/13/2025	PROPOSED BUDGET
12 -400-000 -4040	INVESTMENT EARNINGS	-	-	-	-
12 -400-000 -4082 -ALLEY	2020 CDBG ALLEY GRANT (12028)	-	-	-	-
12 -400-000 -4082 -0004	FEDERAL GRANTS	(278,000)	(278,000)	(263,590)	(278,000)
12 -400-000 -4082 -00005	FEDERAL GRANTS	(280,000)	(280,000)	(76,189)	(280,000)
12 -400-000 -4082 -12600	2018 HOME - 12600	-	-	-	-
12 -400-000 -4082 -12909	2018 CDBG - 12909 (Youth Svcs)	-	-	-	-
12 -400-000 -4082 -12910	2018 CDBG - 12910 (Senior Svcs)	-	-	-	-
12 -400-00 -4082 -00013	CDBG CV1 (00013)	-	-	-	-
12 -400-000 -4081 -SB2DT	SB2 DOWNTOWN	-	-	-	-
12 -400-000 -4081 -SB2ZO	SB2 ZONING UPDATE	-	-	-	-
12 -400-000 -4081 -BLCHR	T MOBILE GRANT	-	-	-	-
12 -400-000 -4081 -USRP	URBAN STREAMS RESTORATION	-	-	-	-
12 -400-000 -4081 -LEAP	Update City Standards (LEAP Grant)	-	-	-	-
12 -400-000 -4081 -WLGEN	OES GRANT	-	-	-	-
12 -400-000 -4081 -NEWLL	CWSRF WELL GRANT	-	-	-	-
12 -400-000 -4081 -CCLGP	CLEAN CALIFORNIA GRANT (HWY 198)	(360,107)	(360,107)	(2,968,047)	(360,107)
12 -400-000 -4081 -PLHA	STATE GRANTS	-	-	(176,858)	-
12 -400-000 -4081 -	STATE GRANTS	-	-	(199,403)	-
12 -400-00 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	-	-	246,752	-
12 -400-00 -5205 -12600	2018 HOME - 12600	-	-	-	-
12 -400-00 -5205 -12909	2018 CDBG - 12909 (Youth Svcs)	-	-	-	-
12 -400-00 -5205 -12910	2018 CDBG - 12910 (Senior Svcs)	-	-	-	-
12 -400-00 -5205 -00013	CDBG CV1 (00013)	-	-	-	-
12 -400-00 -5205 -00005	PROFESSIONAL & CONTRACTUAL SRV	280,000	280,000	30,199	280,000
12 -400-00 -5205 -0004	PROFESSIONAL & CONTRACTUAL SRV	278,000	278,000	115,373	278,000
12 -400-00 -5205 -LEAP	PROFESSIONAL & CONTRACTUAL SRV	-	-	221	-
12 -400-00 -5205 -PLHA	PROFESSIONAL & CONTRACTUAL SRV	-	-	176,858	-
12 -400-00 -5205 -SB2DT	PROFESSIONAL & CONTRACTUAL SRV	-	-	-	-
12 -400-00 -5205 -SB2ZO	PROFESSIONAL & CONTRACTUAL SRV	-	-	-	-
12 -400-00 -5205 -USRP	URBAN STREAMS RESTORATION	-	-	-	-
12 -400-00 -5504 -WLGEN	EQUIPMENT	-	-	-	-
12 -400-00 -5504 -BLCHR	EQUIPMENT	-	-	-	-
12 -400-00 -5516 -AHSC	CONSTRUCTION IN PROCESS	-	-	12,415	-
12 -400-00 -5516 -ALLEY	CONSTRUCTION IN PROCESS	-	-	-	-
12 -400-00 -5516 -CBLVD	CONSTRUCTION IN PROCESS	-	-	-	-
12 -400-00 -5516 -CCLGP	CONSTRUCTION IN PROCESS	360,107	360,107	1,895,888	360,107
12 -400-00 -5516 -NEWLL	CONSTRUCTION IN PROCESS	-	-	-	-
12 -400-000 -9000 -9900	OPERATING TRANSFER IN	-	-	-	-
<b>TOTAL FEDERAL AND STATE GRANTS</b>		<b>-</b>	<b>-</b>	<b>(1,206,381)</b>	<b>-</b>
<b>TOTAL REVENUES</b>		<b>(918,107)</b>	<b>(918,107)</b>	<b>(3,684,087)</b>	<b>(918,107)</b>
<b>TOTAL EXPENSES</b>		<b>918,107</b>	<b>918,107</b>	<b>2,477,706</b>	<b>918,107</b>

# City of Farmersville

## Operational Budget for 12 Months Ending June 30, 2026

2024-2025 PROPOSED BUDGET	2024-2025 AMENDED BUDGET	2024-2025 ACTUAL AS OF 06/13/2025	2025-2026 PROPOSED BUDGET
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14 POLICE SLESF					
14 -411-00 -5101 -SLESF	SALARIES	132,696	132,696	103,011	76,640
14 -411-00 -5103 -SLESF	OVERTIME	6,000	6,000	9,318	8,000
14 -411-00 -5110 -SLESF	FICA	8,373	8,373	7,001	4,825
14 -411-00 -5111 -SLESF	MEDICARE	1,958	1,958	1,637	1,128
14 -411-00 -5112 -SLESF	PERS RETIREMENT	12,993	12,993	9,777	7,312
14 -411-00 -5116 -SLESF	LTD/LIFE INSURANCE	1,239	1,239	641	653
14 -411-00 -5117 -SLESF	WORKERS COMPENSATION	14,308	14,308	15,200	7,512
14 -411-00 -5118 -SLESF	UNIFORM ALLOWANCE	2,000	2,000	500	1,000
14 -411-00 -5119 -SLESF	DEFERRED COMP	5,018	5,018	-	2,898
14 -411-00 -5121 -SLESF	HEALTH/DENTAL/VISION	17,074	17,074	10,135	9,580
14 -411-00 -5122 -	PERS UAL PAYMENT	2,718	2,718	4,361	4,979
14 -411-00 -5124 -SLESF	HEALTHY LIVING	360	360	90	180
14 -411-00 -5205 -SLESF	PROFESSIONAL & CONTRACTUAL SRV	-	-	-	-
14 -411-00 -5211 -SLESF	PHONE/INTERNET	4,076	4,076	3,283	4,280
14 -411-00 -5504 -SLESF	EQUIPMENT	-	-	-	-
14 -411-00 -5514 -SLESF	VEHICLES	-	-	-	-
14 -411-000 -4040 -	INVESTMENT EARNINGS	(5,266)	(5,266)	-	(5,266)
14 -411-000 -4045 -SLESF	POLICE GRANTS	(170,000)	(170,000)	(163,718)	(170,000)
14 -411-000 -4080 -	MISC INCOME	-	-	-	-
	<b>TOTAL POLICE SLESF</b>	<b>33,550</b>	<b>33,550</b>	<b>1,237</b>	<b>(46,279)</b>

	TOTAL REVENUES	(175,266)	(175,266)	(163,718)	(175,266)
	TOTAL EXPENSES	208,815	208,815	164,954	128,986

20 STP					
20 -425-00 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	-	-	-	-
20 -425-00 -5516 -PMPY2	CONSTRUCTION IN PROCESS	859,944	859,944	75,150	802,748
20 -425-000 -4030 -	STP PROGRAM	-	-	(63,095)	(66,478)
20 -425-000 -4040 -	INVESTMENT EARNINGS	(27,641)	(27,641)	-	(27,641)
20 -425-000 -4081 -WWLNT	STATE GRANTS	-	-	-	-
	<b>TOTAL STP</b>	<b>832,303</b>	<b>832,303</b>	<b>12,055</b>	<b>708,629</b>

	TOTAL REVENUES	(27,641)	(27,641)	(63,095)	(94,119)
	TOTAL EXPENSES	859,944	859,944	75,150	802,748

21 GAS TAX					
21 -404-000 -5101 -	SALARIES	19,706	19,706	13,318	19,116
21 -404-000 -5110 -	FICA	1,224	1,224	232	1,188
21 -404-000 -5111 -	MEDICARE	286	286	54	278

# City of Farmersville

## Operational Budget for 12 Months Ending June 30, 2026

		2024-2025	2024-2025	2024-2025	2025-2026
		PROPOSED BUDGET	AMENDED BUDGET	ACTUAL AS OF 06/13/2025	PROPOSED BUDGET
21 -404-000 -5112 -	PERS RETIREMENT	1,860	1,860	323	1,834
21 -404-000 -5116 -	LTD/LIFE INSURANCE	77	77	14	77
21 -404-000 -5117 -	WORKERS COMPENSATION	74	74	-	78
21 -404-000 -5118 -	UNIFORM ALLOWANCE	25	25	-	25
21 -404-000 -5119 -	DEFERRED COMP	985	985	-	765
21 -404-000 -5120 -	STATE UNEMPLOYMENT INSURANCE	-	-	135	200
21 -404-000 -5121 -	HEALTH/DENTAL/VISION	1,607	1,607	236	1,597
21 -404-000 -5122 -	PERS UAL PAYMENT	548	548	809	924
21 -404-000 -5124 -	HEALTHY LIVING	18	18	-	18
21 -425-00 -5101 -	SALARIES	121,769	121,769	100,672	119,553
21 -425-00 -5110 -	FICA	7,695	7,695	6,222	7,548
21 -425-00 -5111 -	MEDICARE	1,800	1,800	1,455	1,765
21 -425-00 -5112 -	PERS RETIREMENT	10,065	10,065	7,574	9,625
21 -425-00 -5116 -	LTD/LIFE INSURANCE	1,171	1,171	713	1,207
21 -425-00 -5117 -	WORKERS COMPENSATION	26,828	26,828	21,714	26,157
21 -425-00 -5118 -	UNIFORM ALLOWANCE	1,974	1,974	1,178	1,833
21 -425-00 -5119 -	DEFERRED COMP	5,120	5,120	2,019	4,963
21 -425-00 -5120 -	STATE UNEMPLOYMENT INSURANCE	-	-	1,079	1,000
21 -425-00 -5121 -	HEALTH/DENTAL/VISION	38,962	38,962	19,361	25,538
21 -425-00 -5122 -	PERS UAL PAYMENT	2,667	2,667	4,380	5,001
21 -425-00 -5124 -	HEALTHY LIVING	378	378	427	351
21 -425-00 -5202 -	OPERATING SUPPLIES	100	100	69	100
21 -425-00 -5203 -	REPAIR & MAINTENANCE SUPPLIES	15,000	15,000	17,508	17,500
21 -425-00 -5204 -	REPAIRS & MAINTENANCE SERVICES	-	-	35	-
21 -425-00 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	20,000	20,000	24,205	25,000
21 -425-00 -5206 -	UTILITIES	78,000	78,000	66,897	78,000
21 -404-000 -5211 -	PHONE/INTERNET	251	251	258	251
21 -425-00 -5211 -	PHONE/INTERNET	5,402	5,402	5,002	5,402
21 -425-00 -5255 -	FUEL	8,000	8,000	4,432	8,000
21 -425-00 -5266 -	SIGNAGE	7,500	7,500	1,285	7,500
21 -425-00 -5504 -	EQUIPMENT	-	-	-	-
21 -425-00 -5514 -	VEHICLES	-	-	-	-
21 -425-000 -4035 -	STATE GAS TAX 2103	(92,210)	(92,210)	(89,062)	(97,210)
21 -425-000 -4036 -	STATE GAS TAX 2105	(64,466)	(64,466)	(58,731)	(67,092)
21 -425-000 -4037 -	STATE GAS TAX 2106	(39,657)	(39,657)	(37,636)	(41,167)
21 -425-000 -4038 -	STATE GAS TAX 2107	(88,102)	(88,102)	(77,415)	(91,475)
21 -425-000 -4039 -	STATE GAS TAX 2107.5	(3,000)	(3,000)	(3,000)	(3,000)
21 -425-000 -4040 -	INVESTMENT EARNINGS	(7,482)	(7,482)	-	(7,482)
21 -425-000 -4080 -	MISC INCOME	-	-	-	-
	<b>TOTAL GAS TAX</b>	<b>84,176</b>	<b>84,176</b>	<b>35,762</b>	<b>64,965</b>
	<b>TOTAL REVENUES</b>	<b>(294,917)</b>	<b>(294,917)</b>	<b>(265,845)</b>	<b>(307,426)</b>

# City of Farmersville

## Operational Budget for 12 Months Ending June 30, 2026

	2024-2025 PROPOSED BUDGET	2024-2025 AMENDED BUDGET	2024-2025 ACTUAL AS OF 06/13/2025	2025-2026 PROPOSED BUDGET
<b>TOTAL EXPENSES</b>	<b>379,093</b>	<b>379,093</b>	<b>301,607</b>	<b>372,391</b>

22 TDA				
22 -425-00 -5202 -	OPERATING SUPPLIES	-	-	-
22 -425-00 -5203 -	REPAIR & MAINTENANCE SUPPLIES	10,000	10,000	10,000
22 -425-00 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	20,000	20,000	10,000
22 -425-00 -5205 -COSNR	PROFESSIONAL & CONTRACTUAL SRV	-	-	-
22 -425-00 -5205 -WWLNT	PROFESSIONAL & CONTRACTUAL SRV	-	-	-
22 -425-00 -5266 -	SIGNAGE	-	-	-
22 -425-00 -5504 -	EQUIPMENT	-	-	-
22 -425-00 -5516 -	CONSTRUCTION IN PROCESS	-	-	349,830
22 -425-00 -5516 -RD168	CONSTRUCTION IN PROCESS	-	-	97,684
22 -425-00 -5516 -PMPY1	CONSTRUCTION IN PROCESS	-	-	-
22 -425-00 -5516 -PMPY2	CONSTRUCTION IN PROCESS	400,056	400,056	342,860
22 -425-000 -4040 -	INVESTMENT EARNINGS	(36,631)	(36,631)	(36,631)
22 -425-000 -4041 -	LTF STREETS	(400,000)	(400,000)	(315,000)
22 -425-000 -4081 -SBLVD	STATE GRANTS	-	-	-
	<b>TOTAL TDA</b>	<b>(6,575)</b>	<b>(6,575)</b>	<b>458,743</b>

<b>TOTAL REVENUES</b>	<b>(436,631)</b>	<b>(436,631)</b>	<b>(327,329)</b>	<b>(351,631)</b>
<b>TOTAL EXPENSES</b>	<b>430,056</b>	<b>430,056</b>	<b>81,173</b>	<b>810,374</b>

23 STORM DRAIN DEVELOPMENT				
23 -425-00 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	-	-	-
23 -425-00 -5503 -	CAPITAL IMPROVEMENTS	-	-	-
23 -425-000 -4040 -	INVESTMENT EARNINGS	(2,561)	(2,561)	(2,561)
23 -425-000 -4044 -	STORM DRAIN DEV FEES	(7,869)	(7,869)	(7,869)
23 -425-000-9001	OPERATING TRANSFER OUT	-	-	-
	<b>TOTAL STORM DRAIN</b>	<b>(10,430)</b>	<b>(10,430)</b>	<b>(10,430)</b>

<b>TOTAL REVENUES</b>	<b>(10,430)</b>	<b>(10,430)</b>	<b>(1,174)</b>	<b>(10,430)</b>
<b>TOTAL EXPENSES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

26 MEASURE R				
26 -425-000 -4040 -	INVESTMENT EARNINGS	(86,622)	(86,622)	(86,622)
26 -425-000 -4080 -	MEASURE R REVENUE	(234,000)	(234,000)	(280,000)
26 -425-000 -4081 -CBLVD	STATE GRANTS	-	-	-
26 -425-000 -4081 -	STATE GRANTS	-	-	(350,000)
26 -425-900 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	-	-	350,000
26 -425-900 -5516 -PMPY2	CONSTRUCTION IN PROCESS	1,940,000	1,940,000	1,882,804
26 -425-900 -5516 -RD168	CONSTRUCTION IN PROCESS	190,000	190,000	190,000

# City of Farmersville

## Operational Budget for 12 Months Ending June 30, 2026

		2024-2025	2024-2025	2024-2025	2025-2026
		PROPOSED BUDGET	AMENDED BUDGET	ACTUAL AS OF 06/13/2025	PROPOSED BUDGET
26 -425-900 -5516 -TCNTR	CONSTRUCTION IN PROCESS	-	-	972,067	-
26 -425-900 -5516 -ENTRY	CONSTRUCTION IN PROCESS	-	-	8,103	-
26 -425-00 -9000	OPERATING TRANSFER IN	-	-	-	-
	TOTAL MEASURE R	1,809,378	1,809,378	840,224	1,706,182
	TOTAL REVENUES	(320,622)	(320,622)	(271,537)	(716,622)
	TOTAL EXPENSES	2,130,000	2,130,000	1,111,762	2,422,804
<b>27 ROAD MAINTENANCE &amp; REHAB (SB1)</b>					
27 -425-00 -5516 -PMPY2	CONSTRUCTION IN PROCESS	-	-	-	-
27 -425-000 -4040 -	INVESTMENT EARNINGS	(18,178)	(18,178)	-	(18,178)
27 -425-000 -4081 -	STATE GRANT	(265,983)	(265,983)	(255,785)	(281,126)
27 -425-00 -9000	OPERATING TRANSFER IN	-	-	-	-
	TOTAL SB1 RMRA	(284,161)	(284,161)	(255,785)	(299,304)
	TOTAL REVENUES	(284,161)	(284,161)	(255,785)	(299,304)
	TOTAL EXPENSES	-	-	-	-
<b>30 PARK DEVELOPMENT</b>					
30 -425-000 -4020 -	PARK DEVELOPMENT FEES	(15,000)	(15,000)	(23,426)	(24,000)
30 -425-000 -4040 -	INVESTMENT EARNINGS	(1,583)	(1,583)	-	(1,583)
	TOTAL PARK DEVELOPMENT	(16,583)	(16,583)	(23,426)	(25,583)
	TOTAL REVENUES	(16,583)	(16,583)	(23,426)	(25,583)
	TOTAL EXPENSES	-	-	-	-
<b>31 PARK IMPROVEMENTS</b>					
31 -425-00 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	-	-	-	-
31 -425-00 -5516 -CCNR	CONSTRUCTION IN PROCESS	-	-	-	-
31 -425-00 -5516 -FREE	CONSTRUCTION IN PROCESS	-	-	51,596	-
31 -425-00 -5516 -JENGS	CONSTRUCTION IN PROCESS	-	-	-	-
31 -425-00 -5516 -ROYPK	CONSTRUCTION IN PROCESS	-	-	-	-
31 -425-000 -4040 -	INVESTMENT EARNINGS	-	-	-	-
31 -425-000 -4080 -	MISC INCOME	-	-	-	-
31 -425-000 -4081 -CCNR	STATE GRANTS	-	-	-	-
31 -425-000 -4081 -FREE	STATE GRANTS	-	-	(128,376)	-
31 -425-000 -4081 -ROYPK	STATE GRANTS	-	-	-	-
31 -425-000 -4081 -SPP	STATE GRANTS	-	-	-	-
31 -425-000 -9000 -	TRANSFER IN	-	-	-	-
	TOTAL PARK IMPROVEMENTS	-	-	(76,780)	-

# City of Farmersville

## Operational Budget for 12 Months Ending June 30, 2026

	2024-2025 PROPOSED BUDGET	2024-2025 AMENDED BUDGET	2024-2025 ACTUAL AS OF 06/13/2025	2025-2026 PROPOSED BUDGET
TOTAL REVENUES	-	-	(128,376)	-
TOTAL EXPENSES	-	-	51,596	-

35 MAINTENANCE DISTRICTS					
35 -425-00 -5101 -	SALARIES	10,268	10,268	10,251	13,261
35 -425-00 -5110 -	FICA	644	644	625	833
35 -425-00 -5111 -	MEDICARE	151	151	146	195
35 -425-00 -5112 -	PERS RETIREMENT	885	885	703	1,087
35 -425-00 -5116 -	LTD/LIFE INSURANCE	77	77	50	116
35 -425-00 -5117 -	WORKERS COMPENSATION	1,278	1,278	679	2,012
35 -425-00 -5118 -	UNIFORM ALLOWANCE	94	94	70	141
35 -425-00 -5119 -	DEFERRED COMP	473	473	102	530
35 -425-00 -5120 -	STATE UNEMPLOYMENT INSURANCE	-	-	307	-
35 -425-00 -5121 -	HEALTH/DENTAL/VISION	2,939	2,939	984	1,328
35 -425-00 -5122 -	PERS UAL PAYMENT	250	250	385	440
35 -425-00 -5124 -	HEALTHY LIVING	18	18	14	27
35 -425-00 -5202 -	OPERATING SUPPLIES	-	-	-	-
35 -425-00 -5203 -	REPAIR & MAINTENANCE SUPPLIES	1,000	1,000	-	1,000
35 -425-00 -5204 -	REPAIRS & MAINENANCE SERVICES	-	-	-	-
35 -425-00 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	36,000	36,000	26,073	36,000
35 -425-00 -5206 -	UTILITIES	1,500	1,500	1,294	1,600
35 -425-00 -5211 -	PHONE/INTERNET	285	285	285	300
35 -425-00 -5255 -	FUEL	380	380	211	380
35 -425-00 -5285 -	SMALL TOOLS	-	-	-	-
35 -425-00 -5504 -HREXP	EQUIPMENT	-	-	-	-
35 -425-00 -5514 -	VEHICLES	-	-	-	-
35 -425-000 -4025 -	PROPERTY ASSESSMENTS	(63,000)	(63,000)	(35,899)	(63,000)
35 -425-000 -4040 -	INVESTMENT EARNINGS	(40)	(40)	-	(40)
35 -425-000 -9000 -	TRANSFER IN	-	-	-	-
	<b>TOTAL MAINTENANCE DISTRICTS</b>	<b>(6,799)</b>	<b>(6,799)</b>	<b>6,280</b>	<b>(3,792)</b>
	TOTAL REVENUES	(63,040)	(63,040)	(35,899)	(63,040)
	TOTAL EXPENSES	56,241	56,241	42,179	59,249

39 CITY PROPERTIES					
39 -425-000 -4040 -	INVESTMENT EARNINGS	(3,326)	(3,326)	-	(3,326)
39 -425-000 -4075 -	RENT	(91,624)	(91,624)	(91,279)	(91,624)
39 -425-000 -4080 -	MISC REVENUE	-	-	-	-
39 -425-00 -5202 -	OPERATING SUPPLIES	-	-	-	-
39 -425-00 -5203 -	MAINTENANCE SUPPLIES	5,000	5,000	9,741	10,000
39 -425-00 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	50,000	50,000	34,127	50,000

# City of Farmersville

## Operational Budget for 12 Months Ending June 30, 2026

		2024-2025	2024-2025	2024-2025	2025-2026
		PROPOSED BUDGET	AMENDED BUDGET	ACTUAL AS OF 06/13/2025	PROPOSED BUDGET
39 -425-00 -5206 -	UTILITIES	-	-	-	-
39 -425-00 -5206 -CMCTR	COMM CENTER UTILITIES	20,000	20,000	22,052	23,500
39 -425-00 -5206 -HLTHY	UTILITIES - HEALTHY START	1,000	1,000	(1,117)	1,000
39 -425-00 -5207 -	INSURANCE	-	-	-	-
39 -425-00 -5211 -	PHONE/INTERNET	-	-	5,697	5,450
39 -425-00 -5504 -	EQUIPMENT	-	-	-	-
39 -425-000 -9000 -	TRANSFER IN	-	-	-	-
	<b>TOTAL CITY PROPERTIES</b>	<b>(18,949)</b>	<b>(18,949)</b>	<b>(20,777)</b>	<b>(4,999)</b>
	<b>TOTAL REVENUES</b>	<b>(94,949)</b>	<b>(94,949)</b>	<b>(91,279)</b>	<b>(94,949)</b>
	<b>TOTAL EXPENSES</b>	<b>76,000</b>	<b>76,000</b>	<b>70,502</b>	<b>89,950</b>
<b>40 CDBG PROGRAM INCOME</b>					
40 -404-000 -4040 -	INVESTMENT EARNINGS	(14,699)	(14,699)	-	(14,699)
40 -404-000 -4046 -	LOAN PAYMENTS	-	-	100	-
40 -404-000 -4081 -1983	STATE GRANTS	-	-	(10,322)	-
40 -404-000 -4081 -1984	STATE GRANTS	-	-	-	-
40 -404-000 -4081 -1987	STATE GRANTS	-	-	-	-
40 -404-000 -4081 -1988	STATE GRANTS	-	-	(1,400)	-
40 -404-000 -4081 -1989	STATE GRANTS	(75,000)	(75,000)	-	(75,000)
40 -404-000 -4081 -1990	STATE GRANTS	(75,000)	(75,000)	(600)	(75,000)
40 -404-000 -4081 -1992	STATE GRANTS	(75,000)	(75,000)	-	(75,000)
40 -404-000 -4081 -1994	STATE GRANTS	(75,000)	(75,000)	(1,200)	(75,000)
40 -404-000 -4081 -1995	STATE GRANTS	(34,000)	(34,000)	-	(34,000)
40 -404-000 -4081 -1997	STATE GRANTS	-	-	-	-
40 -404-000 -4081 -1999	STATE GRANTS	-	-	(555)	-
40 -404-000 -4081 -2000	STATE GRANTS	-	-	(8,400)	-
40 -404-000 -4081 -2001	2001 PROGRAM INCOME	-	-	(6,492)	-
40 -404-000 -4081 -2002	GRANT PI	-	-	(12,210)	-
40 -404-000 -4081 -2003	GRANT PI	-	-	-	-
40 -404-000 -4081 -2004	STATE GRANTS	-	-	-	-
40 -404-000 -4081 -2005	2005 CDBG Program Income	-	-	-	-
40 -404-000 -4081 -9900	STATE GRANTS	-	-	(79,246)	-
40 -404-00 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	-	-	-	-
40 -404-00 -5205 -9900	PROFESSIONAL & CONTRACTUAL SRV	-	-	-	-
40 -404-00 -5516 -JENGS	CONSTRUCTION IN PROCESS	-	-	10,777	-
40 -404-000 -9001	TRANSFER-OUT	-	-	-	-
	<b>TOTAL CDBG PROGRAM INCOME</b>	<b>(348,699)</b>	<b>(348,699)</b>	<b>(109,548)</b>	<b>(348,699)</b>
	<b>TOTAL REVENUES</b>	<b>(348,699)</b>	<b>(348,699)</b>	<b>(120,325)</b>	<b>(348,699)</b>
	<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>10,777</b>	<b>-</b>

# City of Farmersville

## Operational Budget for 12 Months Ending June 30, 2026

	2024-2025 PROPOSED BUDGET	2024-2025 AMENDED BUDGET	2024-2025 ACTUAL AS OF 06/13/2025	2025-2026 PROPOSED BUDGET
<b>41 HOME PROGRAM INCOME</b>				
41 -404-00 -5205 -	-	-	-	-
41 -404-00 -5205 -0895	-	-	-	-
41 -404-000 -4040 -	(6,574)	(6,574)	-	(6,574)
41 -404-000 -4082 -	-	-	-	-
41 -404-000 -4082 -00HM	-	-	(14,702)	-
41 -404-000 -4082 -2349	-	-	(2,000)	-
41 -404-000 -4082 -0652	-	-	-	-
41 -404-000 -4082 -H3104	-	-	-	-
41 -404-000 -4082 -98HM	-	-	-	-
<b>TOTAL HOME PROGRAM INCOME</b>	<b>(6,574)</b>	<b>(6,574)</b>	<b>(16,702)</b>	<b>(6,574)</b>
<b>TOTAL REVENUES</b>	<b>(6,574)</b>	<b>(6,574)</b>	<b>(16,702)</b>	<b>(6,574)</b>
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>42 CALHOME PROGRAM INCOME</b>				
42 -404-000 -4040 -	(531)	(531)	-	(531)
42 -404-000 -4081 -	-	-	(29,449)	-
42 -404-000 -4081 -00HM	-	-	-	-
42 -404-000 -4081 -08CH	-	-	(3,000)	-
42 -404-000 -4081 -10CH	-	-	(1,100)	-
42 -404-000 -4081 -12CH	-	-	-	-
42 -404-000 -4081 -CH04	-	-	-	-
42 -404-00 -5205 -	-	-	-	-
42 -404-00 -9001 -	-	-	-	-
<b>TOTAL CALHOME PROGRAM INCOME</b>	<b>(531)</b>	<b>(531)</b>	<b>(33,549)</b>	<b>(531)</b>
<b>TOTAL REVENUES</b>	<b>(531)</b>	<b>(531)</b>	<b>(33,549)</b>	<b>(531)</b>
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>60 AMERICAN RESCUE PLAN (ARPA)</b>				
60 -404-0000-4082 -ARPA2	-	-	(12,500)	-
60 -404-0000-4082 -	-	-	-	-
60 -404-0000-4040 -	(57,899)	(57,899)	-	-
60 -404-000 -5516 -ROY2	155,000	155,000	-	-
60 -404-00 -5516 -	-	-	-	-
60 -404-00 -5516 -PUMP	-	-	-	-
60 -404-00 -5516 -ROY2	-	-	236,625	-
60 -415-000 -5514 -	-	168,360	1,804	-
60 -420-000 -5504 -	-	-	-	-
60 -420-000 -5504 -TENDR	-	-	-	-

# City of Farmersville

## Operational Budget for 12 Months Ending June 30, 2026

	2024-2025 PROPOSED BUDGET	2024-2025 AMENDED BUDGET	2024-2025 ACTUAL AS OF 06/13/2025	2025-2026 PROPOSED BUDGET
<b>60 -425-00 -5514</b>	<b>VEHICLES</b>	-	-	-
<b>60 -425-000 -5516 -CHPL1</b>	<b>CONSTRUCTION IN PROCESS</b>	-	-	-
<b>60 -425-000 -5504 -</b>	<b>EQUIPMENT</b>	-	2,077	-
<b>60 -425-000 -5504 -POCKT</b>	<b>EQUIPMENT</b>	-	-	-
<b>60 -425-000 -5504 -PUMP</b>	<b>EQUIPMENT</b>	120,000	120,000	2,590
<b>60 -425-000 -5504 -PWYRD</b>	<b>EQUIPMENT</b>	-	-	2,280
<b>60 -425-000 -5504 -TRAIL</b>	<b>EQUIPMENT</b>	-	-	-
<b>60 -425-000 -5504 -PWFIX</b>	<b>EQUIPMENT</b>	150,000	150,000	101,891
<b>60 -404-00 -9001 -</b>	<b>TRANSFER OUT</b>	-	-	843,413
	<b>TOTAL AMERICAN RESCUE PLAN</b>	367,101	367,101	1,178,180
	<b>TOTAL REVENUES</b>	(57,899)	(57,899)	(12,500)
	<b>TOTAL EXPENSES</b>	425,000	425,000	1,190,680
<b>61 CIRCULATION SYSTEM DEVELOPMENT</b>				
<b>61 -404-0000-4040 -</b>	<b>INVESTMENT EARNINGS</b>	(220)	(220)	-
<b>61 -404-0000-4221 -</b>	<b>DEVELOPER FEES</b>	(2,280)	(2,280)	(2,664)
	<b>TOTAL CIRCULATION SYSTEM FACILITIES</b>	(2,500)	(2,500)	(2,664)
	<b>TOTAL REVENUES</b>	(2,500)	(2,500)	(2,664)
	<b>TOTAL EXPENSES</b>	-	-	-
<b>62 GOVERNMENT FACILITIES DEVELOPMENT</b>				
<b>62 -404-0000-4040 -</b>	<b>INVESTMENT EARNINGS</b>	(104)	(104)	-
<b>62 -404-0000-4221 -</b>	<b>DEVELOPER FEES</b>	(3,366)	(3,366)	(4,492)
<b>62 -425-0000-5504 -HREXP</b>	<b>EQUIPMENT</b>	-	-	-
	<b>TOTAL GENERAL GOVERNMENT</b>	(3,470)	(3,470)	(4,492)
	<b>TOTAL REVENUES</b>	(3,470)	(3,470)	(4,492)
	<b>TOTAL EXPENSES</b>	-	-	-
<b>63 LIBRARY DEVELOPMENT</b>				
<b>63 -404-0000-4040 -</b>	<b>INVESTMENT EARNINGS</b>	(3)	(3)	-
<b>63 -404-0000-4221 -</b>	<b>DEVELOPER FEES</b>	(132)	(132)	(164)
	<b>TOTAL LIBRARY COLLECTION AND</b>	(135)	(135)	(164)
	<b>TOTAL REVENUES</b>	(135)	(135)	(164)
	<b>TOTAL EXPENSES</b>	-	-	-
<b>64 COMMUNITY FACILITY DEVELOPMENT</b>				

# City of Farmersville

## Operational Budget for 12 Months Ending June 30, 2026

		2024-2025	2024-2025	2024-2025	2025-2026
		PROPOSED BUDGET	AMENDED BUDGET	ACTUAL AS OF 06/13/2025	PROPOSED BUDGET
64 -404-0000-4040 -	INVESTMENT EARNINGS	(165)	(165)	-	(165)
64 -404-0000-4221 -	DEVELOPER FEES	(7,152)	(7,152)	(8,911)	(9,600)
	<b>TOTAL COMMUNITY CENTER FACILITIES</b>	<b>(7,317)</b>	<b>(7,317)</b>	<b>(8,911)</b>	<b>(9,765)</b>
	<b>TOTAL REVENUES</b>	<b>(7,317)</b>	<b>(7,317)</b>	<b>(8,911)</b>	<b>(9,765)</b>
	<b>TOTAL EXPENSES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>71 FIRE DEVELOPMENT</b>					
71 -420-000 -5205 -	PROFESSIONAL & CONTRACTUAL	-	-	-	-
71 -420-000 -5504 -	EQUIPMENT	-	-	-	-
71 -420-000 -5514 -	VEHICLES	-	-	-	-
71 -420-000 -5516 -FREBK	EQUIPMENT	-	-	-	-
71 -420-000 -5516 -STATN	CONSTRUCTION IN PROCESS	-	-	-	-
71 -420-100 -4112 -	PUBLIC SAFETY DEVELOPER FEES	(4,398)	(4,398)	(5,900)	(4,398)
71 -420-100 -4040 -	INVESTMENT EARNINGS	(7,005)	(7,005)	-	(7,005)
71 -420-000 -9001	TRANSFER-OUT	-	-	-	-
	<b>TOTAL FIRE DEVELOPER FEES</b>	<b>(11,403)</b>	<b>(11,403)</b>	<b>(5,900)</b>	<b>(11,403)</b>
	<b>TOTAL REVENUES</b>	<b>(11,403)</b>	<b>(11,403)</b>	<b>(5,900)</b>	<b>(11,403)</b>
	<b>TOTAL EXPENSES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>72 FIRE COST RECOVERY</b>					
72 -420-000 -5103 -	OUT OF COUNTY SPECIAL PAY	28,000	28,000	53,842	107,299
72 -420-000 -5110 -	FICA	2,000	2,000	3,338	3,700
72 -420-000 -5111 -	MEDICARE	500	500	781	850
72 -420-000 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	55,000	55,000	94,200	55,000
72 -420-000 -5505 -	VOLUNTEER PASS-THRU	-	-	-	-
72 -420-000 -9001 -	TRANSFER-OUT	-	-	-	845,500
72 -420-000 -5516 -STATN	CONSTRUCTION IN PROCESS	6,500,000	6,500,000	5,426,170	1,073,830
72 -420-100 -4040 -	INVESTMENT EARNINGS	(224,153)	(224,153)	-	(100,000)
72 -420-100 -4081 -	STATE GRANTS	(160,000)	(160,000)	(202,450)	(845,500)
	<b>TOTAL FIRE COST RECOVERY</b>	<b>6,201,347</b>	<b>6,201,347</b>	<b>5,375,881</b>	<b>1,140,679</b>
	<b>TOTAL REVENUES</b>	<b>(384,153)</b>	<b>(384,153)</b>	<b>(202,450)</b>	<b>(945,500)</b>
	<b>TOTAL EXPENDITURES</b>	<b>6,585,500</b>	<b>6,585,500</b>	<b>5,578,330</b>	<b>2,086,179</b>
<b>81 POLICE DEVELOPMENT</b>					
81 -411-000 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	-	-	-	-
81 -411-000 -5504 -	EQUIPMENT	-	-	61,319	-
81 -411-100 -4040 -	INVESTMENT EARNINGS	(3,102)	(3,102)	-	(3,102)
81 -411-100 -4112 -	PUBLIC SAFETY DEVELOPER FEES	(5,094)	(5,094)	(7,282)	(5,094)

# City of Farmersville

## Operational Budget for 12 Months Ending June 30, 2026

	2024-2025 PROPOSED BUDGET	2024-2025 AMENDED BUDGET	2024-2025 ACTUAL AS OF 06/13/2025	2025-2026 PROPOSED BUDGET
TOTAL POLICE DEVELOPER FEES	(8,196)	(8,196)	54,036	(8,196)
TOTAL REVENUES	(8,196)	(8,196)	(7,282)	(8,196)
TOTAL EXPENDITURES	-	-	61,319	-
<b>82 STATE ASSET FORFEITURE</b>				
82 -411-000 -5205 -	PROFESSIONAL & CONTRACTUAL SRV	-	-	-
82 -411-000 -5504 -	EQUIPMENT	-	-	-
82 -411-100 -4040 -	INVESTMENT EARNINGS	-	-	-
82 -411-100 -4035 -	FORFEITURES	-	-	-
	TOTAL STATE ASSET FORFEITURE	-	-	-
	TOTAL REVENUES	-	-	-
	TOTAL EXPENDITURES	-	-	-
<b>GRAND TOTAL</b>				
	TOTAL REVENUES	(15,609,596)	(15,609,596)	(19,337,557)
	TOTAL EXPENDITURES	24,187,351	24,187,351	22,738,901
	REVENUE (OVER) OR UNDER	8,577,756	8,577,756	4,335,289

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# Budget Charts



# Budget Charts

The Budget Charts section of the budget document is intended to give the reader a graphical overview of the most important areas and trends with the City's proposed Budget compared to prior years.

## General Fund: Where the Money Comes From



This pie chart's aim is to convey a summarized version of the various types of revenues that the General Fund is dependent upon. These figures are the result of extensive analysis to produce an accurate yet estimated projection for the Fiscal Year. A percentage and amount are assigned to each slice of the pie for reference to the total General Fund budgeted revenue. While these sources are generally static there will be variance in the percentage related to each source from year to year.

## General Fund: Where the Money is Spent

This pie chart's aim is to convey a summarized version of the various types of expenditure areas within the General Fund. These figures are the result of the entire budgeting process from individual departments up to the City Manager. A percentage and amount is assigned to each slice of the pie for reference to the total General Fund budgeted revenue. While these sources are generally static there will be variance in the percentage related to each source from year to year. Community Development contains the recreation sponsorship program and Administration contains, overhead, City Council, and other various expenses. Public Works is primarily allocated to other funds so the amount in the General Fund is just one portion of their total budget.



## Actual Revenue and Expense with Projected Budget

This is an historic look at the actual revenue and expenses by year for the General Fund. This is displayed in a cash basis, which is primarily how the City operates and budgets. However, these figures will vary slightly from the Financial Statements as they are modified accrual basis for the General Fund. Additionally, other funds are rolled up in the General Fund for the purposes of the financial statements; this graph is the General Fund alone. The purpose for this difference is to graphically show the variances from year to year and how the City is dependent upon unevenly flowing revenues to operate ongoing operations.

The other item worthy of mentioning is the trend line that is placed on this chart. While the trend line is not indicative of actual rate or an actual future rate of growth, it is simply a linear trend line for illustration purposes. The intent is to show that the budget is below the linear trend line expected. This is an important factor as it will allow for there to be easier decisions about additional revenues at year-end (conservative budgeting strategic goal) rather than being short and trying to determine what to cut in future years.

This chart provides the reader with a graphical breakdown of actual revenues compared to actual revenues by year to allow a general conclusion of how well the city is living within its means during each year. It is important that the city does not overspend but also not hoard cash to the detriment of the service levels provided. These actual figures are then compared with the budgeted amounts for the next fiscal year to show the trend. It is important to note that after a year of revenues exceeding expense, additional revenues may be allocated in the following years by City Council since that money is received and available to spend.

### **General Fund Expense – Budget vs. Actual**

This provides the reader with a graphical breakdown of anticipated expenditures compared to actual expenditures by year. This allows a general conclusion of how well the budgetary controls of the City are working and the trend of expenses relative to the General Fund.

Expenditures vary widely and different budgetary emphases each year can make these amounts change over time.

### **General Fund Revenue – Budget vs. Actual**

This provides the reader with a graphical breakdown of anticipated revenues compared to actual revenues by year. This allows a general conclusion of how well the budgetary forecasting of the City is working and the trend of revenues relative to the General Fund.

Revenues vary widely and different many external impacts out of the control of the City can make these amounts vary widely over time.

### **Historic Sales Tax Receipts & Projected Budget**

This schedule provides a brief graphical summary of the City's largest income generator, Sales Tax. A separate bar is assigned to the standard Bradley Burns Sales Tax and additional bars for local tax: Measure U and Measure P.

This chart is significant in that it shows the wide swings of this revenue source, even within a relatively short period of time. City staff are always



anticipating volatility in Sales Tax and the budget reflects conservatism because of the nature of this revenue source. The anticipated economic changes over the next twelve months will be difficult to predict but may have less impact on Farmersville than other surrounding Cities due to the small tax base of the City.

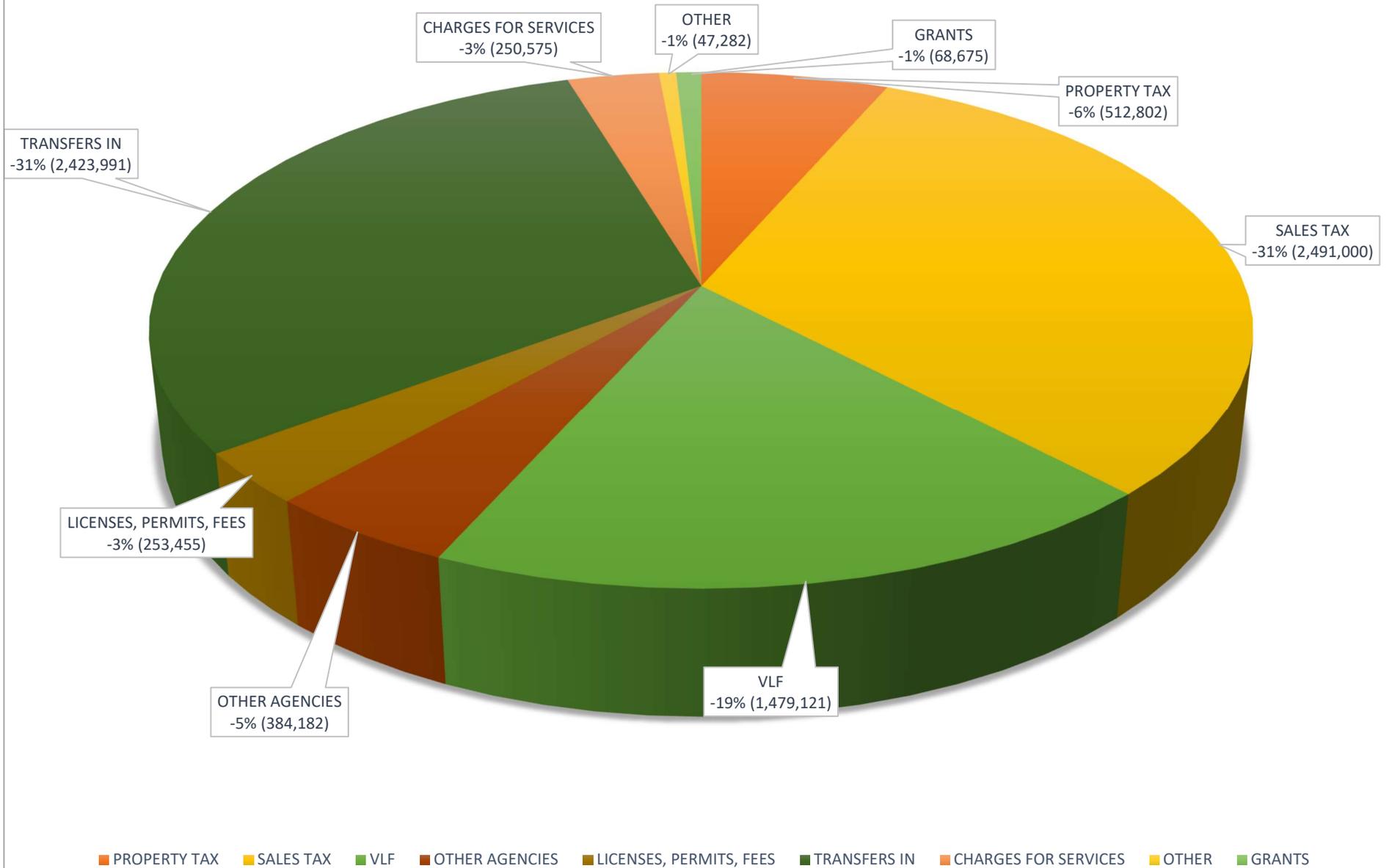
### **Measure Q Budget by Type**

This provides the reader with a graphical breakdown of anticipated spending of Measure Q funds in the next budget year between Capital and Operation items. This allows a general conclusion of where Measure Q funds will be spent and how the spending is prioritized as either one-time (capital) or ongoing (operation) expenses.

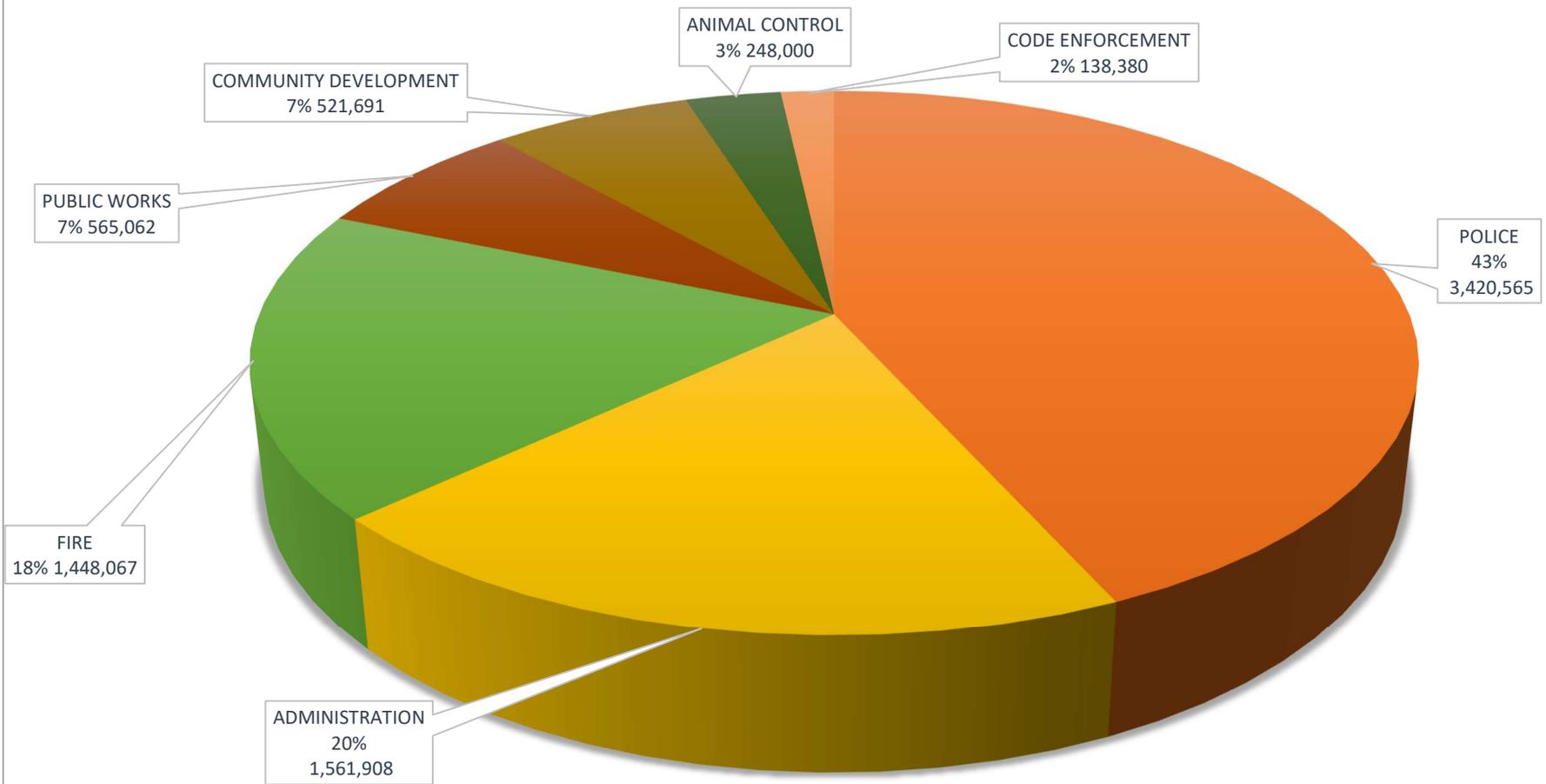
### **Measure Q Budget by Department**

This provides the reader with a graphical breakdown of anticipated spending of Measure Q funds in the next budget year between the different departments within the City. This allows a general conclusion of where Measure Q funds will be spent and how the spending is prioritized by each department.

# GENERAL FUND: WHERE THE MONEY COMES FROM

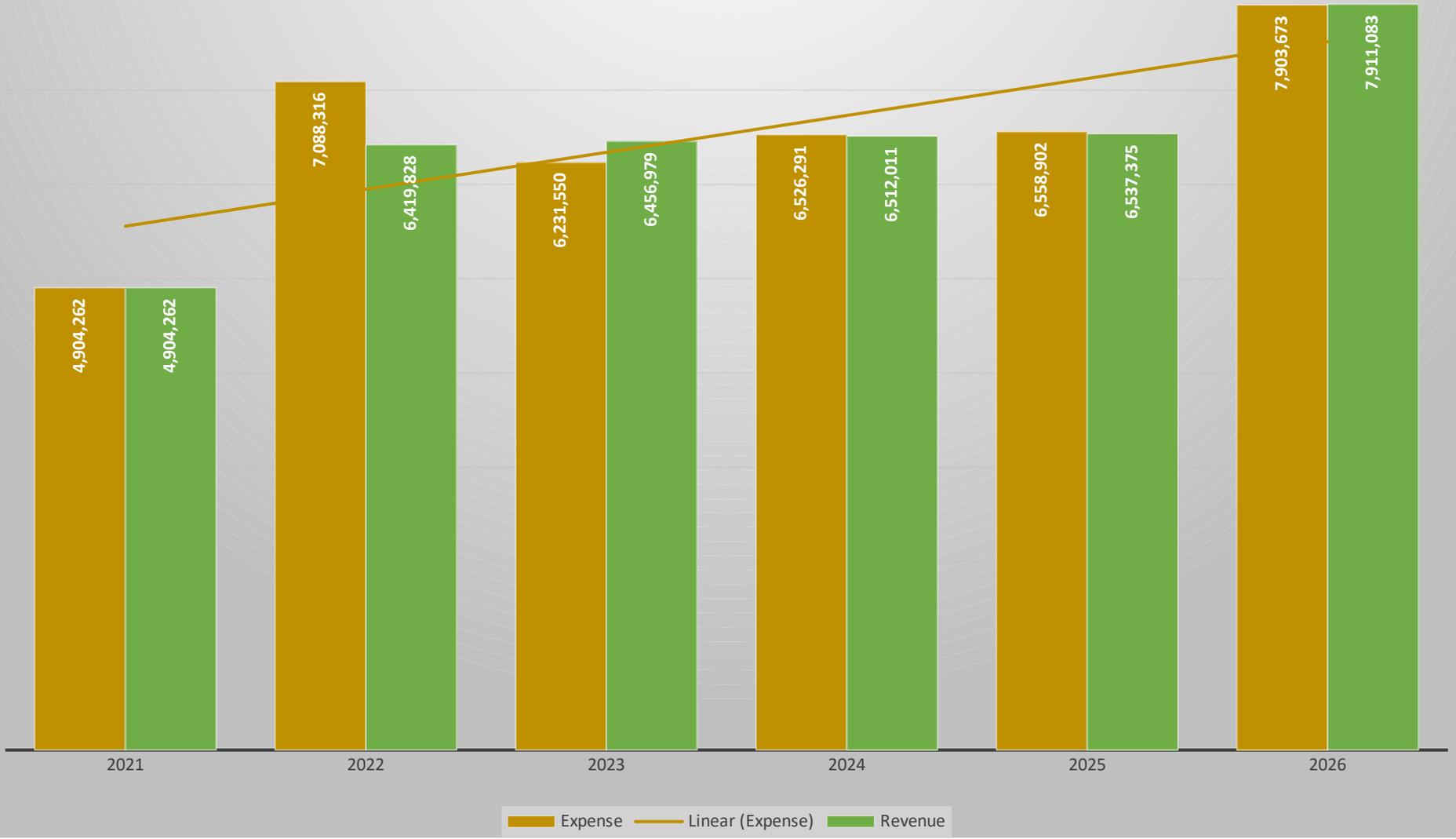


# GENERAL FUND: WHERE THE MONEY IS SPENT

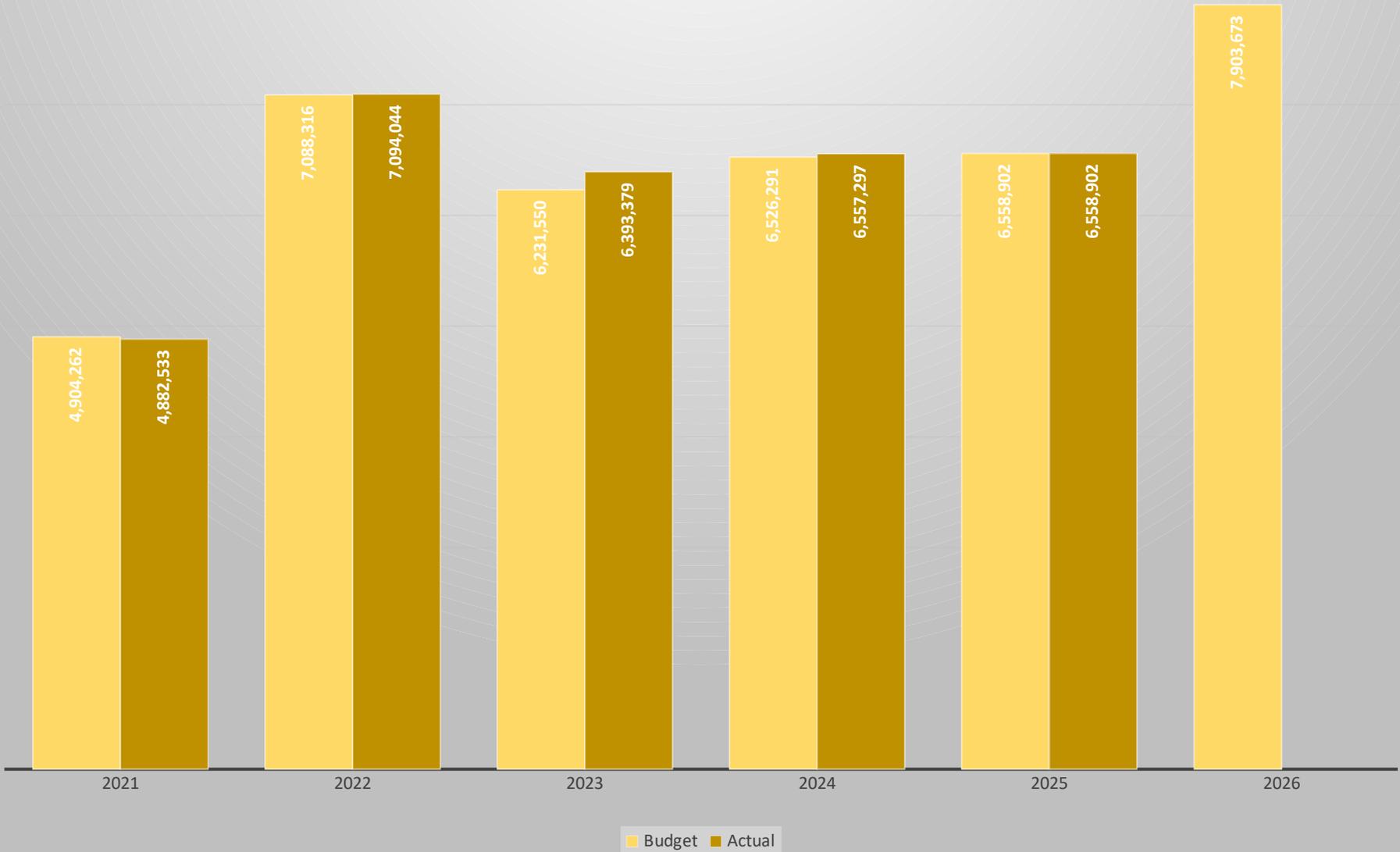


POLICE ADMINISTRATION FIRE PUBLIC WORKS COMMUNITY DEVELOPMENT ANIMAL CONTROL CODE ENFORCEMENT

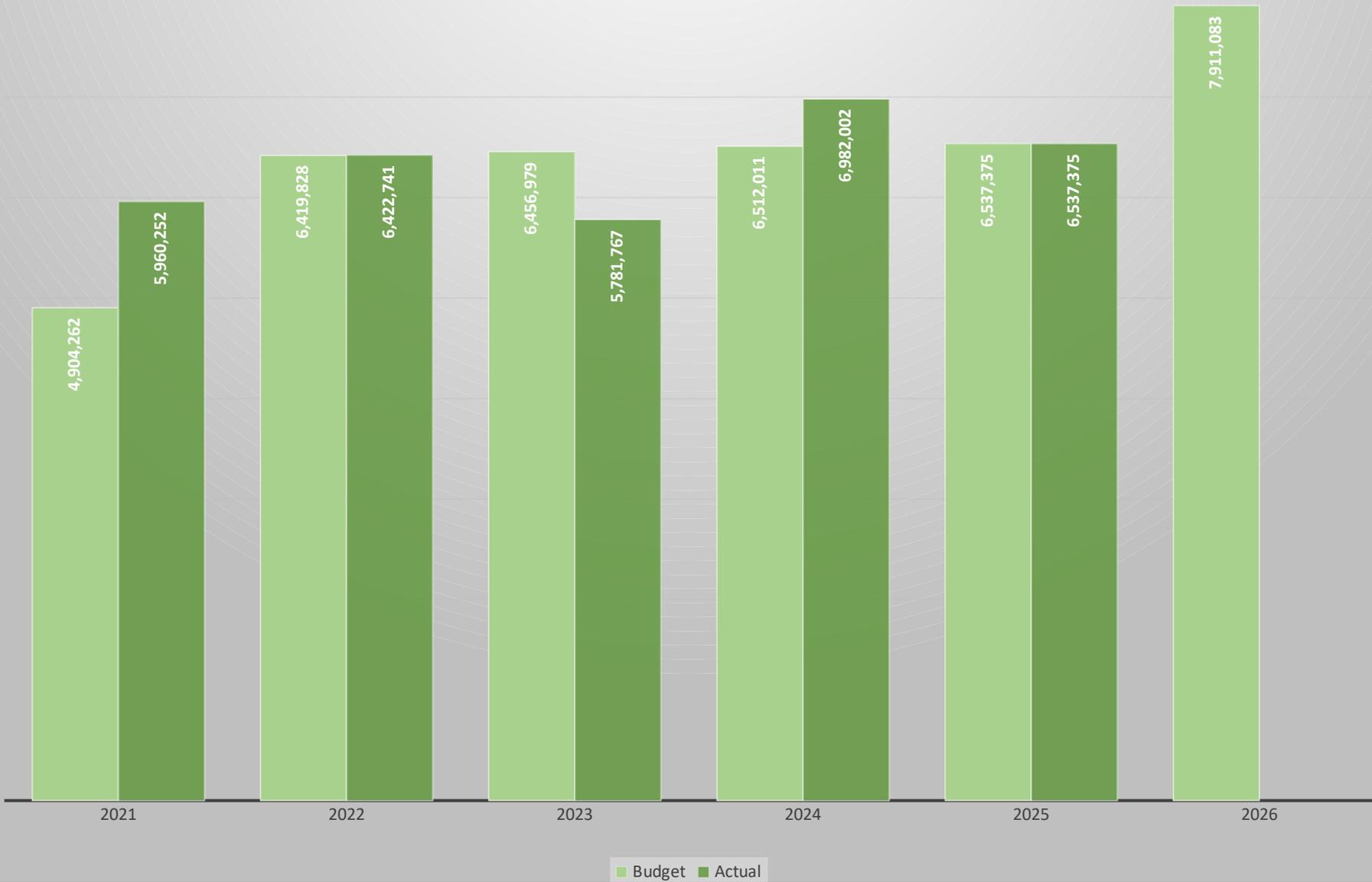
# General Fund Revenue & Expense Actuals (and FY 2026 Budget)



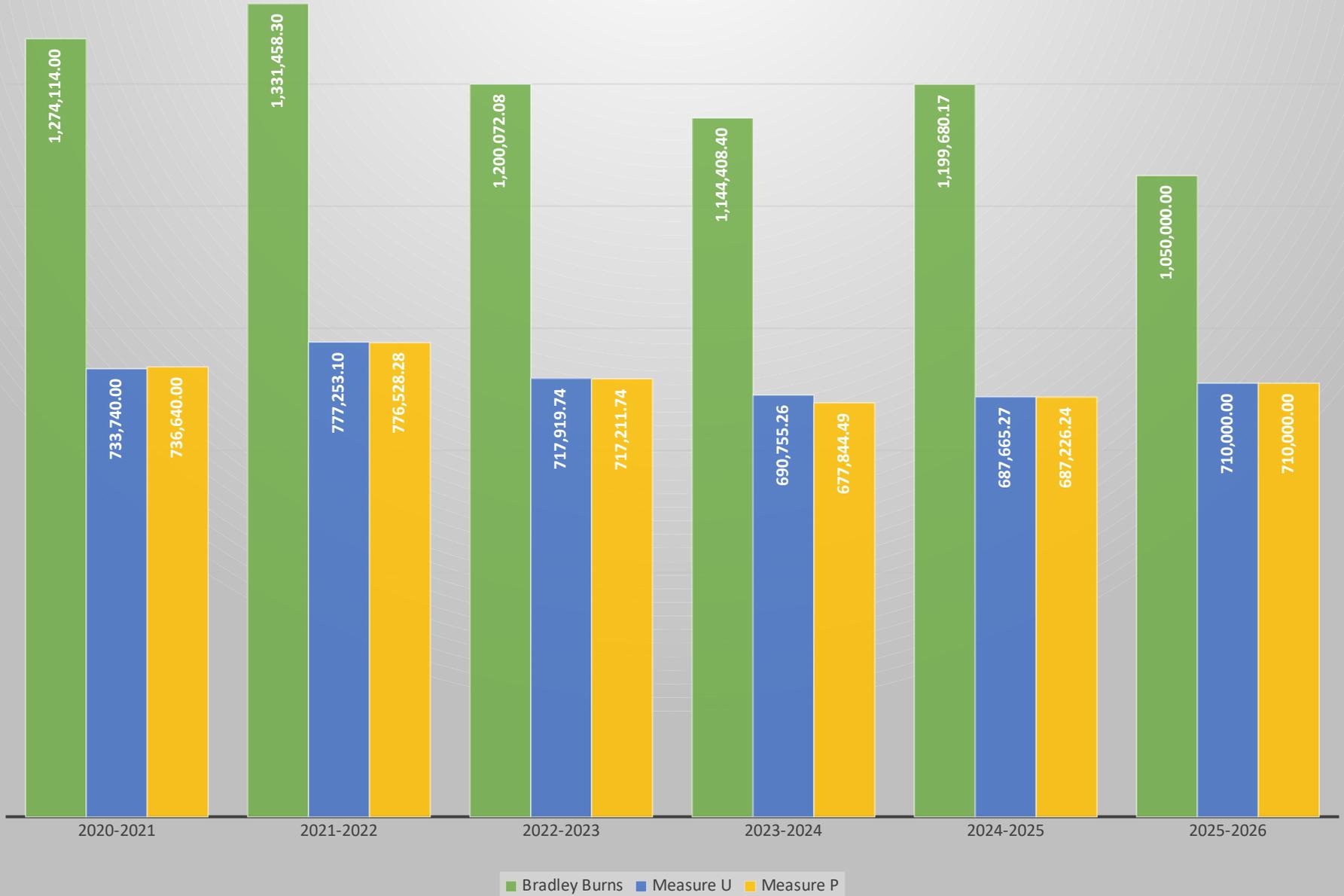
# General Fund Expense - Budget vs. Actual



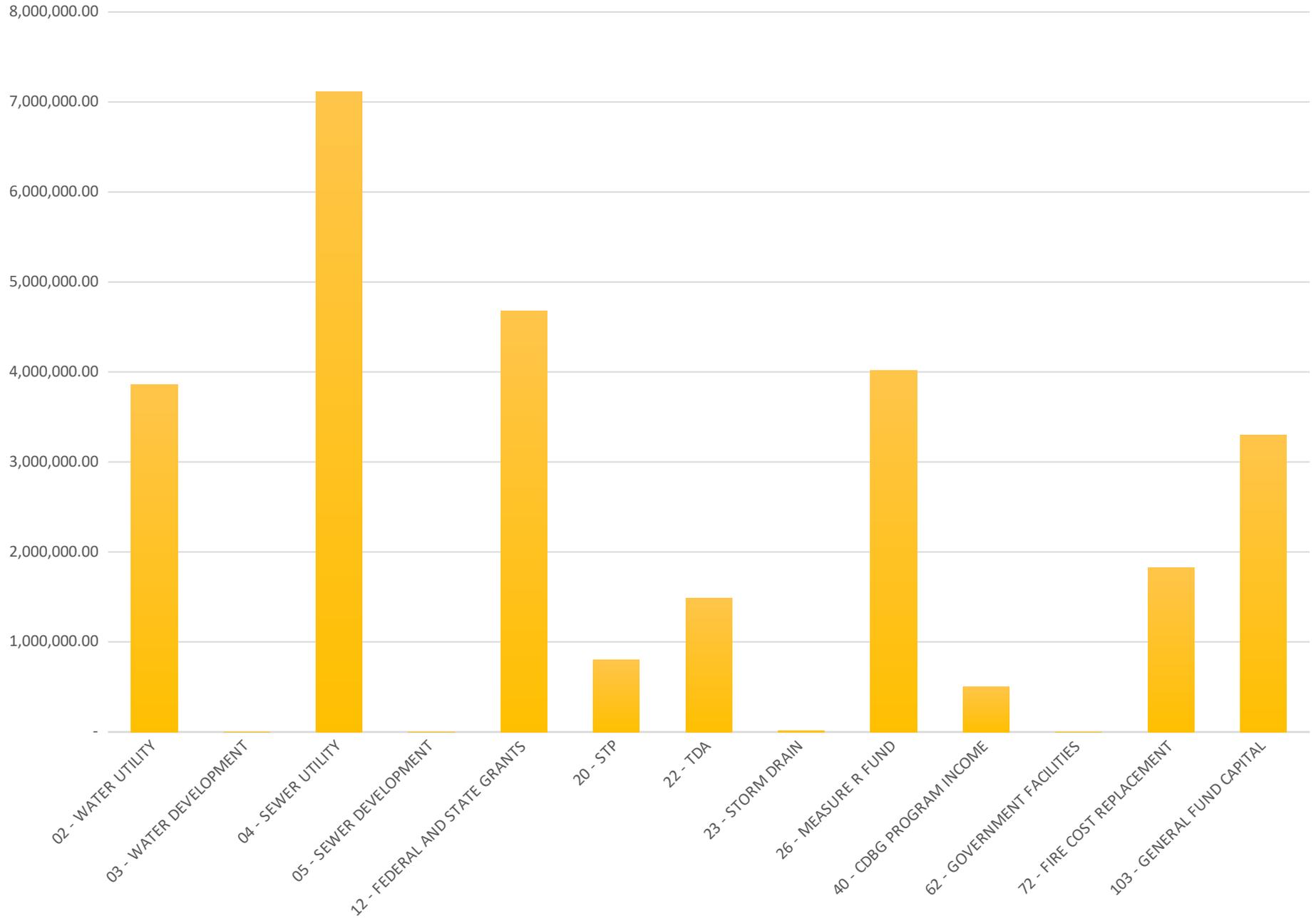
# General Fund Revenue - Budget vs. Actual



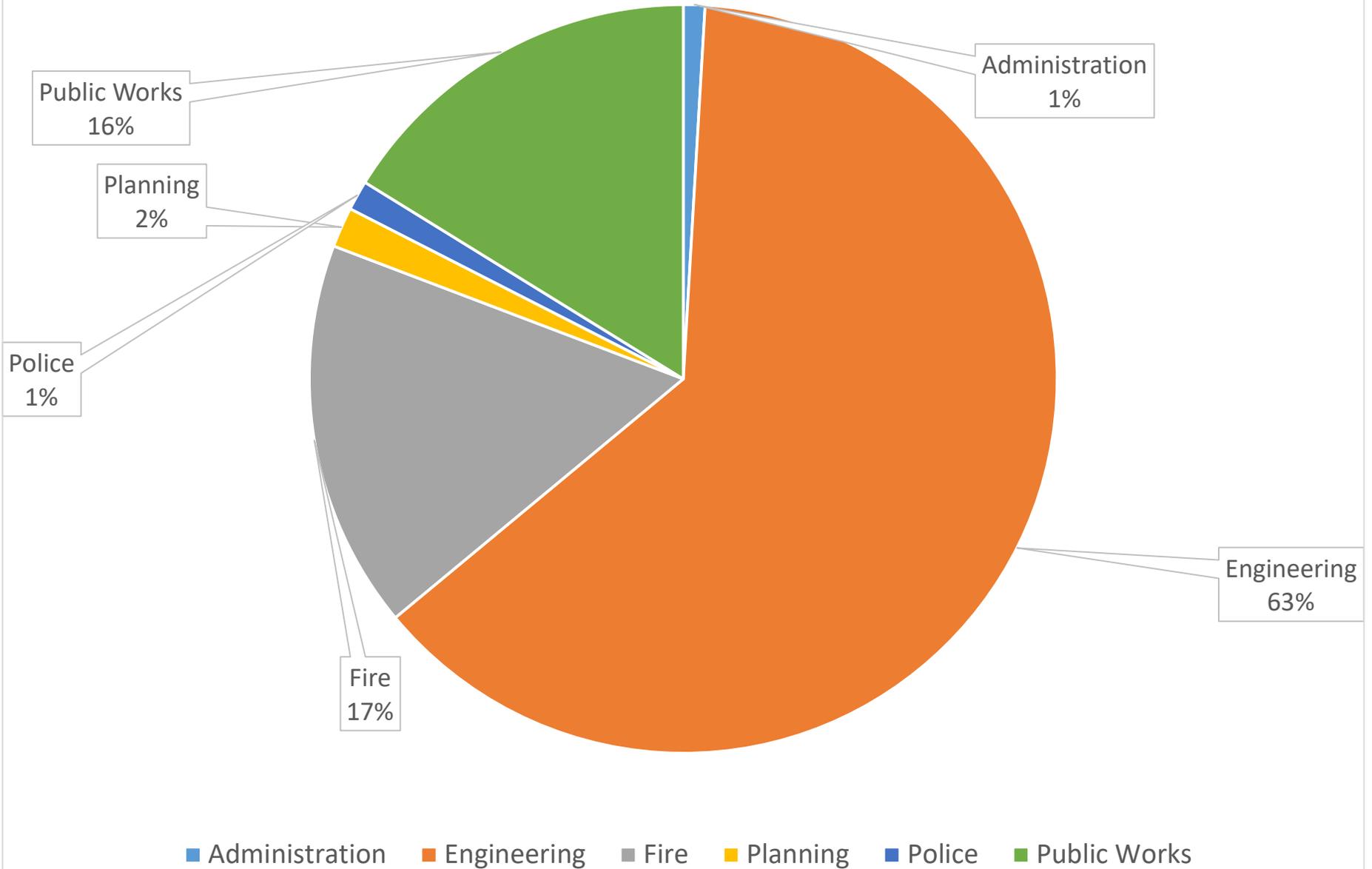
## Historic Sales Tax Receipts & FY 2026 Budget



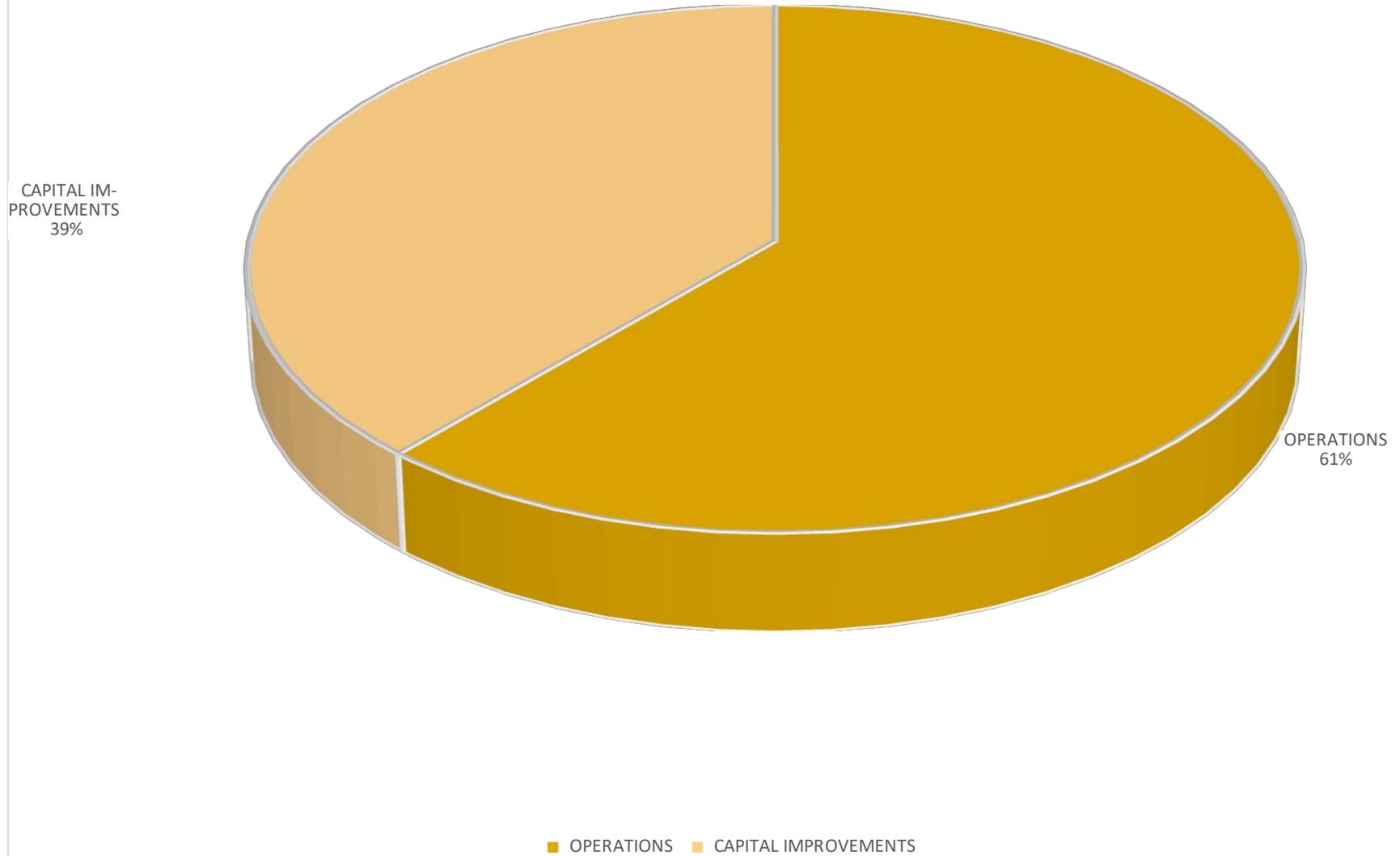
## Capital Projects by Fund



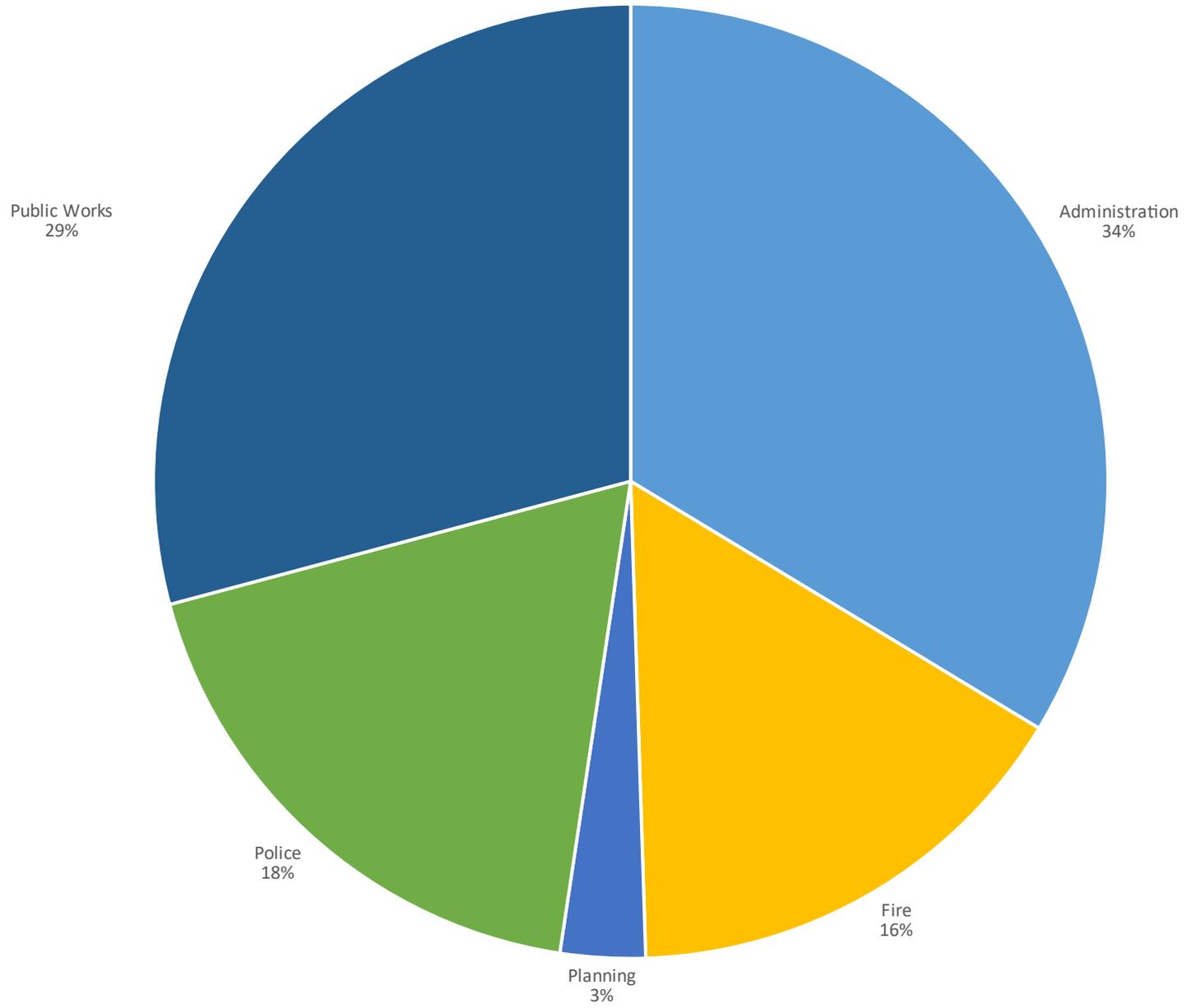
# Capital Budget FY 2025-26



### MEASURE Q BUDGET BY TYPE FOR FY 2025-26



# Total Measure Q Budget for FY 2025-26



■ Administration ■ Code Enforcement ■ Engineering ■ Fire ■ Planning ■ Police ■ Public Works

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# Summary of Debt



# Summary of Debt

The City Council adopted the Debt Management Policy in February 2018. The purpose of establishing the Debt Management Policy is to provide management objectives and overall parameters for issuing and administering the Debt Program for the City of Farmersville. It provides guidance for the issuance of City debt obligations, and to maintain the City's ability to incur debt and other long-term obligations at favorable interest rates for capital improvements, facilities, and equipment beneficial to the City and necessary for essential services. The GFOA recommends that local governments adopt comprehensive written debt management policies.

From time to time, the City uses long and short-term debt issuances to finance its capital improvement program based on cash flow needs, sources of revenue, capital construction periods, available financing instruments and market conditions. The current debt of the City is discussed below:

## 2024 Equipment Purchase

In Fiscal Year 2023-24, the City obtained a three-year financing package of \$228,876 for the purchase of three Police Department Dodge Charger Interceptors. This debt will retire in winter of 2027.

The Debt Service Schedule is included in the next section.



## 2018 Wastewater Treatment Plant Debt

In 2018, construction began on the new wastewater treatment facility and it was ultimately completed in 2021. This project total cost was about \$26 million. Financing the project was done through a combination of a grant / loan / loan forgiveness debt through the State Revolving Fund (SRF), a loan through a Certificate of Participation with the United States Department of Agriculture (USDA), and Fund balance from the Sewer Utility Fund.



The total principal amount to be repaid totaled \$16,166,916.77 after loan forgiveness and grant amounts of \$6,000,000 were applied. Of the total amount, \$11,166,916.77 in principal will be repaid to the SRF (with an interest rate of 1.900%) and the remaining \$5,000,000 in principal to USDA (with an interest rate of 2.750%).

The debt will retire in fall of 2051 for SRF and in summer of 2058 for USDA. The total cost paid to USDA will be \$8,177,919.40 and \$14,736,415.78 to SRF for a grand total of \$22,914,335.18.

The aggregate and individual Debt Service Schedules are included in the next section.

## City of Farmersville

2018 WWTP Project Financing

All Financing Sources

(Reflects Final Amortization Schedule)

### Aggregate Debt Service

DATE	SRF Loan Debt Service	USDA Loan Debt Service	Total Debt Service
06/30/2019	-	88,555.95	88,555.95
06/30/2020	-	196,227.61	196,227.61
06/30/2021	-	207,595.00	207,595.00
06/30/2022	-	207,560.00	207,560.00
06/30/2023	491,213.86	207,470.00	698,683.86
06/30/2024	491,213.86	207,673.84	698,887.70
06/30/2025	491,213.86	208,125.00	699,338.86
06/30/2026	491,213.86	207,842.50	699,056.36
06/30/2027	491,213.86	207,505.00	698,718.86
06/30/2028	491,213.86	208,436.10	699,649.96
06/30/2029	491,213.86	207,637.50	698,851.36
06/30/2030	491,213.86	208,107.50	699,321.36
06/30/2031	491,213.86	207,495.00	698,708.86
06/30/2032	491,213.86	208,122.92	699,336.78
06/30/2033	491,213.86	208,077.50	699,291.36
06/30/2034	491,213.86	207,245.00	698,458.86
06/30/2035	491,213.86	207,357.50	698,571.36
06/30/2036	491,213.86	207,651.58	698,865.44
06/30/2037	491,213.86	207,335.00	698,548.86
06/30/2038	491,213.86	208,200.00	699,413.86
06/30/2039	491,213.86	207,955.00	699,168.86
06/30/2040	491,213.86	207,856.62	699,070.48
06/30/2041	491,213.86	207,217.50	698,431.36
06/30/2042	491,213.86	207,725.00	698,938.86
06/30/2043	491,213.86	208,122.50	699,336.36
06/30/2044	491,213.86	207,600.16	698,814.02
06/30/2045	491,213.86	207,615.00	698,828.86
06/30/2046	491,213.86	207,710.00	698,923.86
06/30/2047	491,213.86	207,695.00	698,908.86
06/30/2048	491,213.86	207,716.76	698,930.62
06/30/2049	491,213.86	207,335.00	698,548.86
06/30/2050	491,213.86	207,990.00	699,203.86
06/30/2051	491,213.86	207,507.50	698,721.36
06/30/2052	491,213.84	208,013.40	699,227.24
06/30/2053	-	208,185.00	208,185.00
06/30/2054	-	207,317.50	207,317.50
06/30/2055	-	207,340.00	207,340.00
06/30/2056	-	207,269.46	207,269.46
06/30/2057	-	207,972.50	207,972.50
06/30/2058	-	207,555.00	207,555.00
<b>Total</b>	<b>\$14,736,415.78</b>	<b>\$8,177,919.40</b>	<b>\$22,914,335.18</b>

#### Par Amounts Of Selected Issues

SRF Loan Principal to be Repaid	10,991,591.00
USDA Loan Principal to be Repaid	5,000,000.00
<b>TOTAL PRINCIPAL TO BE REPAYED</b>	<b>15,991,591.00</b>

## City of Farmersville

2018 WWTP Project Financing

USDA Portion

(Reflects Final Amortization Schedule)

### Net Debt Service Schedule

FY	Principal	Coupon	Interest	Total P+I	Net New D/S
06/30/2019	70,000.00	2.750%	18,555.95	88,555.95	88,555.95
06/30/2020	72,000.00	2.750%	124,227.61	196,227.61	196,227.61
06/30/2021	74,000.00	2.750%	133,595.00	207,595.00	207,595.00
06/30/2022	76,000.00	2.750%	131,560.00	207,560.00	207,560.00
06/30/2023	78,000.00	2.750%	129,470.00	207,470.00	207,470.00
06/30/2024	80,000.00	2.750%	127,673.84	207,673.84	207,673.84
06/30/2025	83,000.00	2.750%	125,125.00	208,125.00	208,125.00
06/30/2026	85,000.00	2.750%	122,842.50	207,842.50	207,842.50
06/30/2027	87,000.00	2.750%	120,505.00	207,505.00	207,505.00
06/30/2028	90,000.00	2.750%	118,436.10	208,436.10	208,436.10
06/30/2029	92,000.00	2.750%	115,637.50	207,637.50	207,637.50
06/30/2030	95,000.00	2.750%	113,107.50	208,107.50	208,107.50
06/30/2031	97,000.00	2.750%	110,495.00	207,495.00	207,495.00
06/30/2032	100,000.00	2.750%	108,122.92	208,122.92	208,122.92
06/30/2033	103,000.00	2.750%	105,077.50	208,077.50	208,077.50
06/30/2034	105,000.00	2.750%	102,245.00	207,245.00	207,245.00
06/30/2035	108,000.00	2.750%	99,357.50	207,357.50	207,357.50
06/30/2036	111,000.00	2.750%	96,651.58	207,651.58	207,651.58
06/30/2037	114,000.00	2.750%	93,335.00	207,335.00	207,335.00
06/30/2038	118,000.00	2.750%	90,200.00	208,200.00	208,200.00
06/30/2039	121,000.00	2.750%	86,955.00	207,955.00	207,955.00
06/30/2040	124,000.00	2.750%	83,856.62	207,856.62	207,856.62
06/30/2041	127,000.00	2.750%	80,217.50	207,217.50	207,217.50
06/30/2042	131,000.00	2.750%	76,725.00	207,725.00	207,725.00
06/30/2043	135,000.00	2.750%	73,122.50	208,122.50	208,122.50
06/30/2044	138,000.00	2.750%	69,600.16	207,600.16	207,600.16
06/30/2045	142,000.00	2.750%	65,615.00	207,615.00	207,615.00
06/30/2046	146,000.00	2.750%	61,710.00	207,710.00	207,710.00
06/30/2047	150,000.00	2.750%	57,695.00	207,695.00	207,695.00
06/30/2048	154,000.00	2.750%	53,716.76	207,716.76	207,716.76
06/30/2049	158,000.00	2.750%	49,335.00	207,335.00	207,335.00
06/30/2050	163,000.00	2.750%	44,990.00	207,990.00	207,990.00
06/30/2051	167,000.00	2.750%	40,507.50	207,507.50	207,507.50
06/30/2052	172,000.00	2.750%	36,013.40	208,013.40	208,013.40
06/30/2053	177,000.00	2.750%	31,185.00	208,185.00	208,185.00
06/30/2054	181,000.00	2.750%	26,317.50	207,317.50	207,317.50
06/30/2055	186,000.00	2.750%	21,340.00	207,340.00	207,340.00
06/30/2056	191,000.00	2.750%	16,269.46	207,269.46	207,269.46
06/30/2057	197,000.00	2.750%	10,972.50	207,972.50	207,972.50
06/30/2058	202,000.00	2.750%	5,555.00	207,555.00	207,555.00
<b>Total</b>	<b>\$5,000,000.00</b>	<b>-</b>	<b>\$3,177,919.40</b>	<b>\$8,177,919.40</b>	<b>\$8,177,919.40</b>

## City of Farmersville

2018 WWTP Project Financing

SRF Loan

(Reflects Final Amortization Schedule)

### Net Debt Service Schedule

FY	Principal	Coupon	Interest	Total P+I	Net New D/S
06/30/2019	-		-	-	-
06/30/2020	-		-	-	-
06/30/2021	-		-	-	-
06/30/2022	-		-	-	-
06/30/2023	291,964.39	1.900%	199,249.47	491,213.86	491,213.86
06/30/2024	284,589.76	1.900%	206,624.10	491,213.86	491,213.86
06/30/2025	289,996.97	1.900%	201,216.89	491,213.86	491,213.86
06/30/2026	295,506.91	1.900%	195,706.95	491,213.86	491,213.86
06/30/2027	301,121.54	1.900%	190,092.32	491,213.86	491,213.86
06/30/2028	306,842.85	1.900%	184,371.01	491,213.86	491,213.86
06/30/2029	312,672.87	1.900%	178,540.99	491,213.86	491,213.86
06/30/2030	318,613.65	1.900%	172,600.21	491,213.86	491,213.86
06/30/2031	324,667.31	1.900%	166,546.55	491,213.86	491,213.86
06/30/2032	330,835.99	1.900%	160,377.87	491,213.86	491,213.86
06/30/2033	337,121.87	1.900%	154,091.99	491,213.86	491,213.86
06/30/2034	343,527.19	1.900%	147,686.67	491,213.86	491,213.86
06/30/2035	350,054.21	1.900%	141,159.65	491,213.86	491,213.86
06/30/2036	356,705.24	1.900%	134,508.62	491,213.86	491,213.86
06/30/2037	363,482.64	1.900%	127,731.22	491,213.86	491,213.86
06/30/2038	370,388.81	1.900%	120,825.05	491,213.86	491,213.86
06/30/2039	377,426.19	1.900%	113,787.67	491,213.86	491,213.86
06/30/2040	384,597.29	1.900%	106,616.57	491,213.86	491,213.86
06/30/2041	391,904.64	1.900%	99,309.22	491,213.86	491,213.86
06/30/2042	399,350.83	1.900%	91,863.03	491,213.86	491,213.86
06/30/2043	406,938.49	1.900%	84,275.37	491,213.86	491,213.86
06/30/2044	414,670.32	1.900%	76,543.54	491,213.86	491,213.86
06/30/2045	422,549.06	1.900%	68,664.80	491,213.86	491,213.86
06/30/2046	430,577.49	1.900%	60,636.37	491,213.86	491,213.86
06/30/2047	438,758.47	1.900%	52,455.39	491,213.86	491,213.86
06/30/2048	447,094.88	1.900%	44,118.98	491,213.86	491,213.86
06/30/2049	455,589.68	1.900%	35,624.18	491,213.86	491,213.86
06/30/2050	464,245.88	1.900%	26,967.98	491,213.86	491,213.86
06/30/2051	473,066.55	1.900%	18,147.31	491,213.86	491,213.86
06/30/2052	482,054.80	1.900%	9,159.04	491,213.84	491,213.84
06/30/2053	-	-	-	-	-
06/30/2054	-	-	-	-	-
06/30/2055	-	-	-	-	-
06/30/2056	-	-	-	-	-
06/30/2057	-	-	-	-	-
06/30/2058	-	-	-	-	-
<b>Total</b>	<b>\$11,166,916.77</b>		<b>\$3,569,499.01</b>	<b>\$14,736,415.78</b>	<b>\$14,736,415.78</b>

**CITY OF FARMERSVILLE**

**CITIZEN BUSINESS BANK LOAN SCHEDULE: POLICE VEHICLES (3)**

CONTACT: BILL MORTON (MUNICIPAL FINANCE CORPORATION)  
 Municipal Finance Corporation 2945 Townsgate Road, Suite 200 Westlake Village, CA 91361  
 805-719-1237

**2017 Dodge Chargers:** 2C3CDXAT0HH552760  
 2C3CDXAT2HH552761  
 2C3CDXAT4HH552762

DATE OF LOAN	6/30/2017	LOAN PAYMENTS MADE QUARTERLY - FIXED AMOUNT AT \$11,506.90
INTEREST RATE	2.80%	PAYMENT TO CITIZENS BUSINESS BANK, FINANCING THROUGH MUNICIPAL FINANCE CORPORATION
AMOUNT OF LOAN	132,000.00	3 YEAR LEASE WITH OPTION TO BUY

PAYMENT NUMBER	DATE	PRINCIPAL AMOUNT	INTEREST AMOUNT	PAYMENT TOTAL	STATUS	PRINCIPAL BALANCE	NOTES
	6/30/2017	-	-	-		132,000.00	Loan Funded on 6/30/2017
1	9/30/2017	10,582.90	924.00	11,506.90	PAID	121,417.10	#128786 DTD 9/7/2017
2	12/30/2017	10,656.98	849.92	11,506.90	PAID	110,760.12	#128996 DTD 10/26/2017
3	3/30/2018	10,731.58	775.32	11,506.90	PAID	100,028.54	#129587 DTD 4/19/2018
4	6/30/2018	10,806.70	700.20	11,506.90	PAID	89,221.84	#129627 DTD 5/3/2018
5	9/30/2018	10,882.35	624.55	11,506.90	PAID	78,339.49	#130249 DTD 10/18/2018
6	12/30/2018	10,958.52	548.38	11,506.90	PAID	67,380.97	#130339 DTD 11/8/2018
7	3/30/2019	11,035.23	471.67	11,506.90	PAID	56,345.74	#130724 DTD 2/28/2019
8	6/30/2019	11,112.48	394.42	11,506.90	PAID	45,233.26	#131062 DTD 5/16/2019
9	9/30/2019	11,190.27	316.63	11,506.90	PAID	34,042.99	#131582 DTD 9/5/2019
10	12/30/2019	11,268.60	238.30	11,506.90	PAID	22,774.39	#131822 DTD 11/15/2019
11	3/30/2020	11,347.48	159.42	11,506.90	PAID	11,426.91	#132171 DTD 2/13/2020
12	6/30/2020	11,426.91	79.99	11,506.90	PAID	-	#132629 DTD #05/01/2020
		132,000.00	6,082.80	138,082.80		-	

**CITY OF FARMERSVILLE**

**CITIZEN BUSINESS BANK LOAN SCHEDULE: POLICE VEHICLES (3)**

CONTACT: BILL MORTON (MUNICIPAL FINANCE CORPORATION)  
 Municipal Finance Corporation 2945 Townsgate Road, Suite 200 Westlake Village, CA 91361  
 805-719-1237

**2019 Dodge Chargers:** 2C3CDXAG4KH734181  
 2C3CDXAG6KH734179  
 2C3CDXAG2KH734180

DATE OF LOAN	2/7/2020	LOAN PAYMENTS MADE QUARTERLY - FIXED AMOUNT AT \$12,781.55
INTEREST RATE	3.50%	PAYMENT TO CITIZENS BUSINESS BANK, FINANCING THROUGH MUNICIPAL FINANCE CORPORATION
AMOUNT OF LOAN	145,000.00	3 YEAR LEASE WITH OPTION TO BUY

PAYMENT NUMBER	DATE	PRINCIPAL AMOUNT	INTEREST AMOUNT	PAYMENT TOTAL	STATUS	PRINCIPAL BALANCE	NOTES
	2/7/2020					145,000.00	Loan funded on 1/30/2020
1	5/7/2020	11,512.80	1,268.75	12,781.55	PAID	133,487.20	#132580 DTD 4/17/2020
2	8/7/2020	11,613.54	1,168.01	12,781.55	PAID	121,873.66	#132937 DTD 7/23/2020
3	11/7/2020	11,715.16	1,066.39	12,781.55	PAID	110,158.50	#133235 DTD 10/15/2020
4	2/7/2021	11,817.66	963.89	12,781.55	PAID	98,340.84	#133575 DTD 1/14/2021
5	5/7/2021	11,921.07	860.48	12,781.55	PAID	86,419.77	#133885 DTD 4/16/2021
6	8/7/2021	12,025.38	756.17	12,781.55	PAID	74,394.39	#134297 DTD 7/29/2021
7	11/7/2021	12,130.60	650.95	12,781.55	PAID	62,263.79	#134594 DTD 10/08/2021
8	2/7/2022	12,236.74	544.81	12,781.55	PAID	50,027.05	#134997 DTD 1/26/2022
9	5/7/2022	12,343.81	437.74	12,781.55	PAID	37,683.24	#135310 DTD 4/7/2022
10	8/7/2022	12,451.82	329.73	12,781.55	PAID	25,231.42	#135737 DTD 7/22/2022
11	11/7/2022	12,560.78	220.77	12,781.55	PAID	12,670.64	#136220 DTD 11/02/2022
12	2/7/2023	12,670.64	110.91	12,781.55	PAID	-	#136687 DTD 03/02/2023
		145,000.00	8,378.60	153,378.60		-	

**CITY OF FARMERSVILLE**

**CITIZEN BUSINESS BANK/LOAN SCHEDULE: POLICE VEHICLES (3)**

CONTACT: STEFAN MORTON (MUNICIPAL FINANCE CORPORATION)  
 Municipal Finance Corporation 2945 Townsgate Road, Suite 200 Westlake Village, CA 91361  
 805-719-1237

**2021 Dodge Chargers:** 2C3CDXAT7MH666250  
 2C3CDXAT9MH666251  
 2C3CDXAT9MH663978

Agreement: 2022-002

DATE OF LOAN	4/20/2022	LOAN PAYMENTS MADE QUARTERLY - FIXED AMOUNT AT \$14,517.62
INTEREST RATE	2.50%	PAYMENT TO CITIZENS BUSINESS BANK, FINANCING THROUGH MUNICIPAL FINANCE CORPORATION
AMOUNT OF LOAN	167,335.81	3 YEAR LEASE WITH OPTION TO BUY

PAYMENT NUMBER	DATE	PRINCIPAL AMOUNT	INTEREST AMOUNT	PAYMENT TOTAL	STATUS	PRINCIPAL BALANCE	NOTES
	4/20/2022					167,335.81	Loan funded on 4/5/2022
1	7/20/2022	13,471.77	1,045.85	14,517.62	PAID	153,864.04	#135737 DTD 7/22/2022
2	10/20/2022	13,555.97	961.65	14,517.62	PAID	140,308.07	#136035 DTD 09/23/2022
3	1/20/2023	13,640.69	876.93	14,517.62	PAID	126,667.38	#136381 DTD 12/14/2022
4	4/20/2023	13,725.95	791.67	14,517.62	PAID	112,941.43	#136730 DTD 03/09/2023
5	7/20/2023	13,811.74	705.88	14,517.62	PAID	99,129.69	#137273 DTD 7/7/2023
6	10/20/2023	13,898.06	619.56	14,517.62	PAID	85,231.63	#1002141 DTD 11/30/2023
7	1/20/2024	13,984.92	532.70	14,517.62	PAID	71,246.71	#137898 DTD 12/31/2023
8	4/20/2024	14,072.33	445.29	14,517.62	PAID	57,174.38	#138254 DTD 3/31/2024
9	7/20/2024	14,160.28	357.34	14,517.62	PAID	43,014.10	#138798 DTD 07/31/2024
10	10/20/2024	14,248.78	268.84	14,517.62	PAID	28,765.32	#139141 DTD 09/30/2024
11	1/20/2025	14,337.84	179.78	14,517.62	PAID	14,427.48	#139835 DTD 04/04/2025
12	4/20/2025	14,427.48	90.14	14,517.62	PAID	-	#139956 DTD 04/23/2025
		167,335.81	6,875.63	174,211.44		-	

**CITY OF FARMERSVILLE**

**CITIZEN BUSINESS BANK LOAN SCHEDULE: POLICE VEHICLES (3)**

CONTACT: STEFAN MORTON (MUNICIPAL FINANCE CORPORATION)  
 Municipal Finance Corporation 2945 Townsgate Road, Suite 200 Westlake Village, CA 91361  
 805-719-1237

**2023 Dodge Chargers:** 2C3CDXAT7MH666250  
 2C3CDXAT9MH666251  
 2C3CDXAT9MH663978

Agreement: 2024-001

DATE OF LOAN		LOAN PAYMENTS MADE QUARTERLY - FIXED AMOUNT AT \$19,073.00
INTEREST RATE	5.95%	PAYMENT TO CITIZENS BUSINESS BANK, FINANCING THROUGH MUNICIPAL FINANCE CORPORATION
AMOUNT OF LOAN	228,876.00	3 YEAR LEASE WITH OPTION TO BUY

PAYMENT NUMBER	DATE	PRINCIPAL AMOUNT	INTEREST AMOUNT	PAYMENT TOTAL	STATUS	PRINCIPAL BALANCE	NOTES
						228,876.00	
1	4/15/2024	15,976.01	3,096.99	19,073.00	PAID	212,899.99	#138255 DTD 3/31/2024
2	7/15/2024	16,213.65	2,859.35	19,073.00	PAID	196,686.34	#138797 DTD 07/31/2024
3	10/15/2024	16,454.83	2,618.17	19,073.00	PAID	180,231.51	#138797 DTD 07/31/2024
4	1/15/2025	16,699.60	2,373.40	19,073.00	PAID	163,531.91	#138797 DTD 07/31/2024
5	4/15/2025	16,948.00	2,125.00	19,073.00	PAID	146,583.91	#138797 DTD 07/31/2024 PLUS \$6855.98 TOWARDS NEXT PAYMENT
6	7/15/2025	17,200.11	1,872.89	19,073.00		129,383.80	
7	10/15/2025	17,455.96	1,617.04	19,073.00		111,927.84	
8	1/15/2026	17,715.61	1,357.39	19,073.00		94,212.23	
9	4/15/2026	17,979.13	1,093.87	19,073.00		76,233.10	
10	7/15/2026	18,246.57	826.43	19,073.00		57,986.53	
11	10/15/2026	18,517.99	555.01	19,073.00		39,468.54	
12	1/15/2027	18,793.48	279.52	19,073.00		20,675.06	
		208,200.94	20,675.06	228,876.00		-	

**CITY OF FARMERSVILLE**

**CITIZEN BUSINESS BANKLOAN SCHEDULE: POLICE VEHICLES**

**2023 Dodge Chargers:** 1FM5K8AC8SGA06898

CONTACT: STEFAN MORTON (MUNICIPAL FINANCE CORPORATION)

Municipal Finance Corporation 2945 Townsgate Road, Suite 200 Westlake Village, CA 91361  
805-719-1237

Agreement: 2025-001

DATE OF LOAN		LOAN PAYMENTS MADE QUARTERLY - FIXED AMOUNT AT \$19,073.00
INTEREST RATE	5.10%	PAYMENT TO CITIZENS BUSINESS BANK, FINANCING THROUGH MUNICIPAL FINANCE CORPORATION
AMOUNT OF LOAN	59,200.92	3 YEAR LEASE WITH OPTION TO BUY

PAYMENT NUMBER	DATE	PRINCIPAL AMOUNT	INTEREST AMOUNT	PAYMENT TOTAL	STATUS	PRINCIPAL BALANCE	NOTES
1		4,237.60	695.81	4,933.41		54,573.20	
2		4,291.63	641.78	4,933.41		46,043.97	
3		4,346.35	587.06	4,933.41		41,697.62	
4		4,401.77	531.64	4,933.41		37,295.85	
5		4,457.89	475.52	4,933.41		32,837.96	
6		4,514.73	418.68	4,933.41		28,323.23	
7		4,572.29	361.12	4,933.41		23,750.94	
8		4,630.59	302.82	4,933.41		19,120.35	
9		4,689.63	243.78	4,933.41		14,430.72	
10		4,749.42	183.99	4,933.41		9,681.30	
11		4,809.97	123.44	4,933.41		4,871.33	
12		4,871.33	62.08	4,933.41		-	
		54,573.20	4,627.72	59,200.92		-	

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# Five-Year Capital Improvement Plan And Capital Budget



# Five Year Capital Improvement Plan and Capital Budget

In the 2024-25 budget, the City of Farmersville prepared and presented a five-year projection of capital projects and purchases through the 2029 fiscal year in a formalized Five-Year Capital Improvement Plan (CIP). Staff have updated this plan, accounting for completed projects, remaining expenses and additional requests. the updating of the).

This report will show all projects by Fund, with a brief description of the project, funding source(s), original appropriations, adjustments, current year appropriations (year 2) and a projection of needs for the remainder of the project (5 years total) for planning purposes only.

An area of particular note is that the CIP includes both funded and unfunded projects/needs so that a full picture of current and future needs is illustrated. By nature, it is a fluid document that will be refined each year as future needs are discovered or present themselves to staff.

## Criteria and Assumptions

Projects included in the Capital Improvement Program (CIP) must meet certain criteria, such as involving new facilities, equipment or vehicles, building renovations, or infrastructure work. These projects typically include the design, construction, or major rehabilitation of assets with long-term useful lives and usually cost more than \$5,000. In general, one-time expenditures exceeding this threshold are considered capital projects. However, exceptions may apply for other significant one-time purchases that fall outside the scope of regular operational budgets. The qualifying criteria include:

- Criteria 1: Project corrects immediate and urgent public health or public safety issue.
- Criteria 2: Project addresses regulatory, safety, or environmental requirements that more likely than not threatens in whole or in part the City's ability to operate a core program or function within the next fiscal year if not replaced or repaired.
- Criteria 3: Project replaces a capital asset that will more likely than not reduce or eliminate the City's ability to operate a core program within the next fiscal year if not replaced or repaired.
- Criteria 4: Project represents an investment that will return real cash savings over an identifiable investment horizon and that return exceeds the City's cost of capital (cost of capital equals weighted average interest on City debt issues and capital leases).
- Criteria 5: Project extends an existing City Program or function to meet the Council's vision and explicit direction.

- Criteria 6: Project creates a new City program or function to meet the Council's vision and explicit direction.
- Criteria 7: Project addresses regulatory, safety, or environmental requirements that could threaten in whole or in part the City's ability to operate a core program or function at some future time if not replaced or repaired.
- Criteria 8: Project replaces a capital asset that could reduce or eliminate the City's ability to operate a core program at some future time if it is not replaced or repaired.

Other assumptions made for the capital budget include:

1. A limited Capital Budget: The primary assumption guiding the Capital Budget is that available funds are limited and therefore must be used with great care. While the City draws from multiple funding sources—many of which come with specific restrictions (such as street funds or Development Impact Fees)—these resources remain constrained. Although the City's financial position has improved significantly since its low point in Fiscal Year 2011–12, it still lacks many long-term funding mechanisms necessary to support ongoing capital investment outside of grant funding. At the same time, numerous capital needs have been deferred, creating a greater demand than the resources available. As a result, projects must be carefully evaluated, prioritized, and aligned with strategic goals.
2. Establish sinking funds: The City currently does not have any sinking funds in place. This means that, while we recognize that capital assets deteriorate and eventually require replacement, there is no structured process for setting aside funds over time to address these future costs. To align with the City Council's strategic priorities and mission, this approach will need to change. Going forward, identifying long-term replacement needs and incorporating savings for them into the budgeting process will become a critical focus.
3. Completely fund and maintain reserves to appropriate policy levels: In addition to establishing a systematic approach to saving for capital asset replacement, the City has adopted financial policies requiring a minimum fund balance in the General Fund and the creation of a Budgetary Uncertainty Fund to address unforeseen and urgent emergencies. While the General Fund reserve has met its minimum requirement, the emergency reserve remains underfunded. Fully funding these policy-driven reserves is essential to maintaining the City's long-term financial stability and resilience.
4. Avoiding financing / debt issuance: The City aims to acquire the capital assets necessary to deliver services effectively within its available resources. While minimizing borrowing and keeping total purchase costs low is a key objective, the use of debt may be appropriate for significant capital investments. In such cases, debt financing should only be pursued when it aligns with the City's adopted Debt Policy and offers reasonable borrowing terms that help spread costs over time.

## Capital Budget Organization for Fiscal Year 2025-26

Best practices for Capital Budgeting include a projection for the upcoming year as well as future years. The series of tables that follow provide Capital Budget estimated costs for Fiscal Year 2025-26.

FUND - PROJECT NAME	YEAR 2 2025-26	YEAR 3 2026-27	YEAR 4 2027-28	YEAR 5 2028-29	TOTAL
02 - Birch Water Line Relocation	326,000	-	-	-	326,000
02 - Digital Sign	-	-	-	15,000	15,000
02 - General Plan Update	36,737	-	-	-	36,737
02 - Master Plans for Sewer, Water, and Storm Drain	63,000	-	-	-	63,000
02 - Water Storage Tank	-	18,000	3,400,000	-	3,418,000
03 - Human Resources & Training Office Repurposing	-	-	-	-	-
04 - Digital Sign	-	-	-	15,000	15,000
04 - General Plan Update	36,737	-	-	-	36,737
04 - Master Plans for Sewer, Water, and Storm Drain	63,000	-	-	-	63,000
04 - Solar Plant at WWTP	-	7,000,000	-	-	7,000,000
05 - Human Resources & Training Office Repurposing	-	-	-	-	-
103 - Admin Vehicle	50,000	-	-	-	50,000
103 - Booster Pump & Electrical Panel for Sports Park	120,000	-	-	-	120,000
103 - Chime at Museum	-	-	-	25,000	25,000
103 - City Hall Backup Generator	-	-	11,500	177,500	189,000
103 - Digital Sign	-	-	-	15,000	15,000
103 - General Plan Update	36,737	-	-	-	36,737
103 - Liberty Park - Phase II	-	-	-	545,000	545,000
103 - New Corporation Yard for Public Works	-	-	-	500,000	500,000
103 - Patrol Vehicle Replacement (FY22)	896	-	-	-	896
103 - Patrol Vehicle Replacement (FY22)	5,601	-	-	-	5,601
103 - Patrol Vehicle Replacement (FY24)	9,976	1,661	-	-	11,637
103 - Patrol Vehicle Replacement (FY24)	66,316	55,558	-	-	121,874
103 - Patrol Vehicle Replacement (FY26)	-	8,000	8,000	-	16,000
103 - Patrol Vehicle Replacement (FY26)	-	72,000	72,000	-	144,000
103 - Patrol Vehicle Replacement (FY28)	-	-	8,500	8,500	17,000
103 - Patrol Vehicle Replacement (FY28)	-	-	74,000	74,000	148,000
103 - Pocket Park Improvements	-	-	-	150,000	150,000
103 - Roy's Park Improvements - Phase II	155,000	-	-	-	155,000
103 - Roy's Park Improvements - Phase III	-	-	-	500,000	500,000
103 - Sports Park Rehabilitation Project	39,000	-	-	-	39,000
103 - Sports Park Soccer Field Irrigation Upgrades	8,500	-	-	-	8,500
103 - Veteran's Park Improvements	-	-	-	500,000	500,000
12 - Central Farmersville Blvd Repairs	-	150,000	1,342,500	-	1,492,500
12 - Highway 198 Gateway Improvements (CCLGP) CalTrans	360,107	-	-	-	360,107
12 - New Water Well	-	822,000	2,000,000	-	2,822,000
20 - Pavement Management Program: Ongoing Street Repairs	802,748	-	-	-	802,748
22 - Citrus/Road168 Connectivity Street Project	-	792,000	-	-	792,000
22 - Pavement Management Program: Ongoing Street Repairs	342,860	-	-	-	342,860
22 - Rectangular Rapid-Flashing Beacon	349,830	-	-	-	349,830
23 - Storm Drain Development	13,324	-	-	-	13,324
26 - Citrus/Road168 Connectivity Street Project	190,000	1,075,124	-	-	1,265,124
26 - Pavement Management Program: Ongoing Street Repairs	1,882,804	-	-	-	1,882,804
26 - Transit Center, Bike, Pedestrian Facilities	350,000	517,566	-	-	867,566
40 - Jennings Park Remodel: CDBG 2018 Program Income Project	-	500,000	-	-	500,000
62 - Human Resources & Training Office Repurposing	-	-	-	-	-
72 - Central Fire Station	1,073,830	-	-	-	1,073,830
72 - Fire Bulldozer and Transport	-	-	750,000	-	750,000
<b>TOTAL</b>	<b>6,383,003</b>	<b>11,011,909</b>	<b>7,666,500</b>	<b>2,525,000</b>	<b>27,586,412</b>

## Administration & Finance Department

The list of Administration and Finance Department's capital projects

### **Human Resources & Training Office Repurposing**

This is on hold for Fiscal Year 2025-26 until further notice as staff evaluates the overall space needs of City Hall.

### **Admin Vehicle**

The administration vehicle is intended only to be purchased with an available Air Quality Control Board grant, thus reducing the total cost to about \$29,500 when that is available.

## Engineering Department

The Engineering Department Capital Budget request include:

### **Central Farmersville Blvd Repairs**

Central Farmersville Blvd repairs are scheduled further out in the plan (FY 2026-27) to coordinate with the City's other street projects. It is also currently unfunded, or underfunded, and work will need to be done to identify how it would be paid for appropriately.

### **Birch Water Line Relocation**

The Birch water line relocation is an ill-located water line that needs to be addressed in the coming years.

### **Master Plans for Sewer, Water, and Storm Drain**

A master plan for water, sewer, and storm drains is critically important to determining the status of the underground assets of the City and developing a plan to properly maintain them and avoid costly deferred maintenance or emergency repairs because of neglected infrastructure.

### **Water Storage Tank**

A water storage tank is being considered for the efficiency and resiliency of the water system of the City. This is unfunded at this point and needs more research.

### **Pavement Management Program: Ongoing Street Repairs**

The pavement management plan is an ongoing effort and the funding source is through own accumulated street funds.

### **Solar Plant at Waste Water Treatment Plant**

### **Highway 198 Gateway Improvements (CCLGP) CalTrans**

Work progresses for the awarded grant for beautification primarily out at the onramp area to Highway 198 that will also make a large aesthetic impact for the City.

### **City Hall Backup Generator**

A backup generator for City Hall is essential to ensure the continuity of government operations during power outages. As the hub for critical services—including emergency coordination, communications, and public records, City Hall must remain operational to support residents and maintain public safety. Installing a new generator will strengthen the City’s resilience, reduce service disruptions, and protect vital infrastructure during unforeseen events.

Additionally, the City of Farmersville serves as the central dispatch and communications base for Tulare County’s emergency response, command, and control operations. Despite this critical role, the facility currently does not have a backup generator in place.

### **Citrus/Road168 Connectivity Street Project (TCAG - roundabout funding)**

Initial work is also underway regarding the connection of Citrus and Road 168 to improve traffic flow around the High School.

The majority of these projects are considered high priority due to long-standing deferred maintenance and the overdue need to maintain existing roads, facilities, and plan for expanded transportation access throughout the City. As time passes, project costs and available funding sources may shift. For comprehensive information on these projects and programs, refer to the attached schedule outlining the full Capital Budget and associated projects. Ultimately, this request will be incorporated into the summary section later in the report.

## **Fire Department**

The Fire Department request contains three projects/equipment of which are all now fully funded:

### **Central Fire Station**

The Central Fire Station was funded by a State budget earmark and will be a significant project for the City. The City is in possession of the \$7 million needed to complete this project. The previous project of the SCBA Bottle Filling Station was removed as it will be incorporated into the new Fire Station project.

### **Fire Patrol Vehicle**

The Fire Patrol vehicle was funded through the American Rescue Plan Act (ARPA) allocation and was therefore bumped up to the current Fiscal Year. These funds need to be spent within the time parameters dictated by US Treasury (December 2024).

### **Fire Bulldozer and Transport**

The Fire bulldozer and transport are not yet funded but they are part of the Out-of-County strike team funding strategy for asset replacement within the Fire Department. Preliminary

work has been done to identify the strategy and the potential costs to create an asset that CalFire will consistently pay the City for, and therefore fund new Fire assets with net proceeds.

## Planning Department

The Planning Department list of Capital projects includes work on the General Plan Update.

As time progresses, these projected costs or funding sources could change. For the full details on these projects and programs, see the attached schedule detailing the entire Capital Budget and Project. Ultimately, this request will be rolled up in the summary later in the report.

## Police Department

The Police Department requests for Capital projects include the following:

### **Patrol Vehicles (Multiple Years)**

The Police Department Capital Project list has been updated to the following items: The routine purchase of patrol vehicles is already an approved program that the Council adopted and implemented in 2016. The current strategy is to purchase three new vehicles every other year to smooth costs and keep an up-to-date fleet under warranty and performing well, thus reducing repair expenses (among other benefits). The purchase in Fiscal Year 2021-22 and Fiscal Year 2023-24 are both in a three year pay off period, so cost will continue to be budgeted for several years.

### **Axon Fleet 3 Camera System**

## Public Works Department

The Public Works Department has the following projects included:

### **Jennings Park Remodel**

### **New Corporation Yard for Public Works**

### **Sports Park Rehabilitation Project**

### **Digital Sign**

## **Booster Pump & Electrical Panel for Sports Park**

### **Pocket Park Improvements**

#### **Liberty Park - Phase II**

The Public Works Department has a much reduced request from the prior year with 13 projects and purchases for a total of nearly \$3.6 million. This is a decrease from the prior year's five-year projection of 21 projects and over \$7 million. This is primarily because the completion of several large ongoing projects happened this year and others were delayed.

#### **Roy's Park Improvements - Phase II & III**

Roy's Park Improvements Phase I is complete as is Freedom Field in the Sports Park. Liberty Park Trail improvements are delayed while Roy's Park Phase II is completed first.

### **Veteran's Park Improvements**

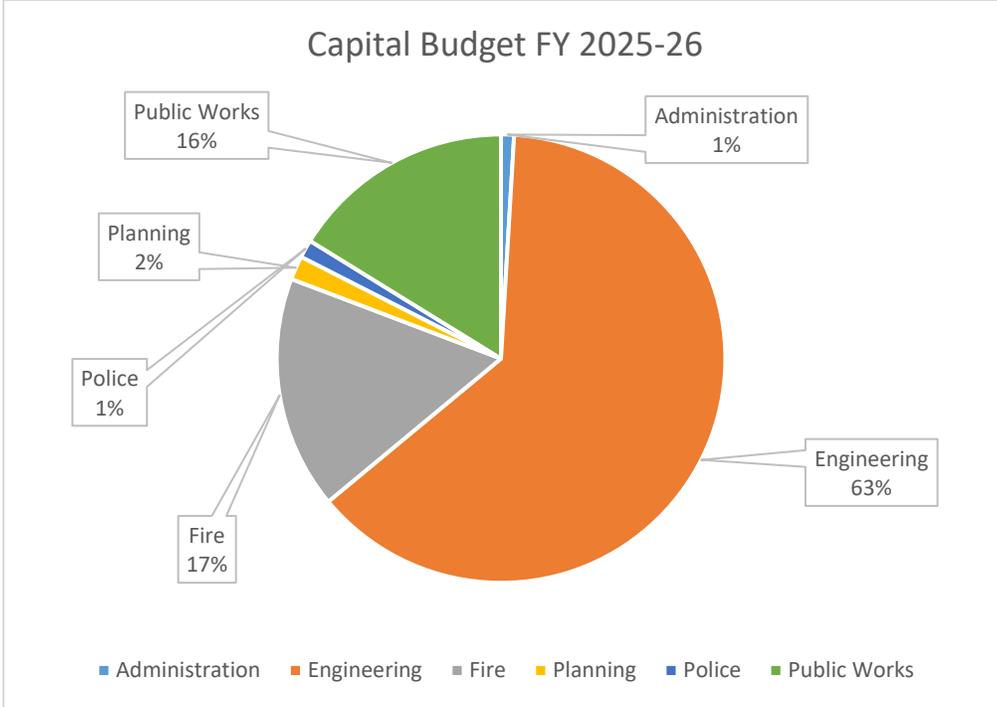
### **Sports Park Soccer Field Irrigation Upgrades**

As time progresses, these projected costs or funding sources could change. For the full details on these projects and programs, see the attached schedule detailing the entire Capital Budget and Project. Ultimately, this request will be rolled up in the summary later in the report.

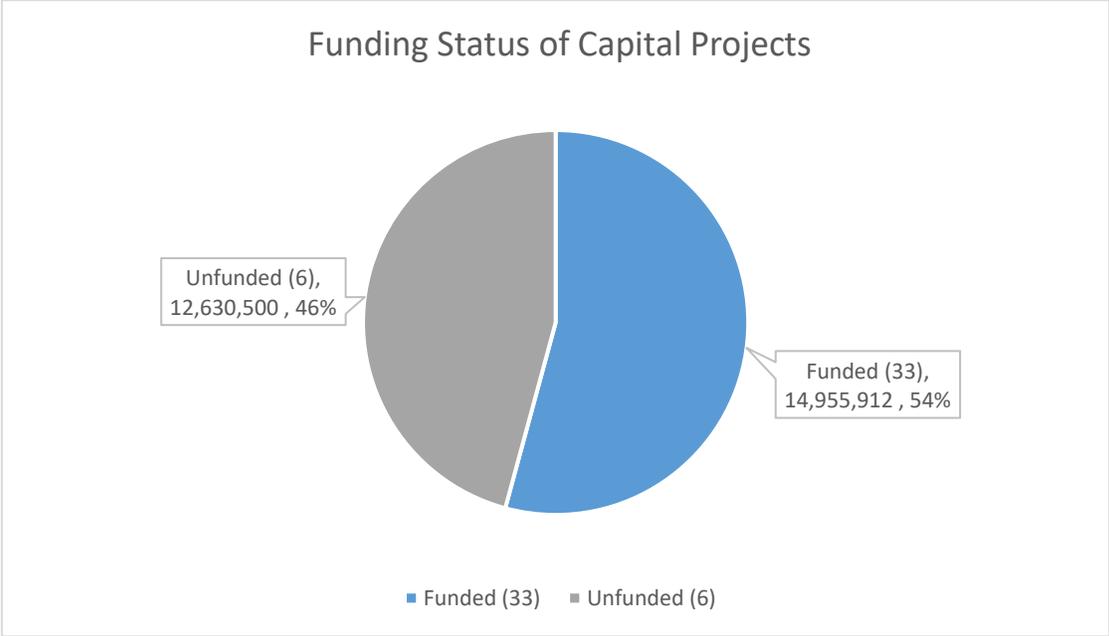
## **Summary of the Complete FY 2024-25 Capital Improvement Plan & Budget**

The Capital Budget and five-year Capital Projection is an extensive list of projects and capital purchases that have been thoroughly reviewed and prioritized. They have been evaluated by the City Manager and connected to the strategic initiatives and plans of the City. In total, the Capital budget for Fiscal Year 2025-26 is \$ 6,383,003. Including the estimates through Fiscal Year 2028-29, it is a total of \$27,586,412.

<b>SUMMARY OF CAPITAL IMPROVEMENT PLAN</b>	<b>TOTAL</b>
Administration	50,000
Engineering	20,819,143
Fire	1,823,830
Planning	110,211
Police	465,008
Public Works	4,318,220
<b>Total</b>	<b>27,586,412</b>



As mentioned earlier in previous sections of this report, there are several projects that remain unfunded at this time. While this could be as simple as grant funding that has been applied for but not yet awarded, it could also be necessary repairs that there is no level of current funding guaranteed at all.



Ensuring that all projects are appropriately funded to allow for timely execution is a priority. However, there are many factors that contribute to the difficulty of making these estimates.

Continual strategic planning that looks at both short and long-term goals to combat constraints and other challenges is currently underway and will need to become an ongoing commitment to keep this Capital Budget relevant and effective from year to year. This will direct prudent future action to allow the City to function within reasonable means for the long-term benefit of its residents.

For review, the entire Capital Budget and Five-Year Projection is attached to this report but the summarized Capital Budget is listed in the table on the following page.

# CITY OF FARMERSVILLE

## PROPOSED FIVE YEAR CAPITAL IMPROVEMENT PLAN: FISCAL YEAR 2025-2026 THROUGH FISCAL YEAR 2028-2029

FUND - PROJECT NAME	YEAR 2 2025-26	YEAR 3 2026-27	YEAR 4 2027-28	YEAR 5 2028-29	TOTAL
O2 - Birch Water Line Relocation	326,000	-	-	-	326,000
O2 - Digital Sign	-	-	-	15,000	15,000
O2 - General Plan Update	36,737	-	-	-	36,737
O2 - Master Plans for Sewer, Water, and Storm Drain	63,000	-	-	-	63,000
O2 - Water Storage Tank	-	18,000	3,400,000	-	3,418,000
O3 - Human Resources & Training Office Repurposing	-	-	-	-	-
O4 - Digital Sign	-	-	-	15,000	15,000
O4 - General Plan Update	36,737	-	-	-	36,737
O4 - Master Plans for Sewer, Water, and Storm Drain	63,000	-	-	-	63,000
O4 - Solar Plant at WWTP	-	7,000,000	-	-	7,000,000
O5 - Human Resources & Training Office Repurposing	-	-	-	-	-
103 - Admin Vehicle	50,000	-	-	-	50,000
103 - Booster Pump & Electrical Panel for Sports Park	120,000	-	-	-	120,000
103 - Chime at Museum	-	-	-	25,000	25,000
103 - City Hall Backup Generator	-	-	11,500	177,500	189,000
103 - Digital Sign	-	-	-	15,000	15,000
103 - General Plan Update	36,737	-	-	-	36,737
103 - Liberty Park - Phase II	-	-	-	545,000	545,000
103 - New Corporation Yard for Public Works	-	-	-	500,000	500,000
103 - Patrol Vehicle Replacement (FY22)	896	-	-	-	896
103 - Patrol Vehicle Replacement (FY22)	5,601	-	-	-	5,601
103 - Patrol Vehicle Replacement (FY24)	9,976	1,661	-	-	11,637
103 - Patrol Vehicle Replacement (FY24)	66,316	55,558	-	-	121,874
103 - Patrol Vehicle Replacement (FY26)	-	8,000	8,000	-	16,000
103 - Patrol Vehicle Replacement (FY26)	-	72,000	72,000	-	144,000
103 - Patrol Vehicle Replacement (FY28)	-	-	8,500	8,500	17,000
103 - Patrol Vehicle Replacement (FY28)	-	-	74,000	74,000	148,000
103 - Pocket Park Improvements	-	-	-	150,000	150,000
103 - Roy's Park Improvements - Phase II	155,000	-	-	-	155,000
103 - Roy's Park Improvements - Phase III	-	-	-	500,000	500,000
103 - Sports Park Rehabilitation Project	39,000	-	-	-	39,000
103 - Sports Park Soccer Field Irrigation Upgrades	8,500	-	-	-	8,500
103 - Veteran's Park Improvements	-	-	-	500,000	500,000
12 - Central Farmersville Blvd Repairs	-	150,000	1,342,500	-	1,492,500
12 - Highway 198 Gateway Improvements (CCLGP) CalTrans	360,107	-	-	-	360,107
12 - New Water Well	-	822,000	2,000,000	-	2,822,000
20 - Pavement Management Program: Ongoing Street Repairs	802,748	-	-	-	802,748
22 - Citrus/Road168 Connectivity Street Project	-	792,000	-	-	792,000
22 - Pavement Management Program: Ongoing Street Repairs	342,860	-	-	-	342,860
22 - Rectangular Rapid-Flashing Beacon	349,830	-	-	-	349,830
23 - Storm Drain Development	13,324	-	-	-	13,324
26 - Citrus/Road168 Connectivity Street Project	190,000	1,075,124	-	-	1,265,124
26 - Pavement Management Program: Ongoing Street Repairs	1,882,804	-	-	-	1,882,804
26 - Transit Center, Bike, Pedestrian Facilities	350,000	517,566	-	-	867,566
40 - Jennings Park Remodel: CDBG 2018 Program Income Project	-	500,000	-	-	500,000
62 - Human Resources & Training Office Repurposing	-	-	-	-	-
72 - Central Fire Station	1,073,830	-	-	-	1,073,830
72 - Fire Bulldozer and Transport	-	-	750,000	-	750,000
<b>TOTAL</b>	<b>6,383,003</b>	<b>11,011,909</b>	<b>7,666,500</b>	<b>2,525,000</b>	<b>27,586,412</b>



Project No. ADM2020-03  
 Department: Administration  
 Criteria: 8  
 Title: Administration Vehicle

**Capital Improvement Plan  
 Project Request**  
 Fiscal Year 2020 CIP

**Project Description**

1. Describe Project / Equipment. 2. List potential Funding Sources. 3. Describe Project Items 4. Detail Operations and Maintenance costs:

1. **Describe Project / Equipment.** Purchase of New Admin Vehicle to replace an aging vehicle. The 2012 Prius used for admin purposes will be 14 years old in 2026 and although it will likely have light use and lower miles compared to normal use it is likely to be time to replace it as older vehicles become more difficult and expensive to maintain.
2. **List potential Funding Sources.** In the past there has been numerous opportunities to get a grant for \$20,000 toward the purchase of a hybrid or electric vehicle through the Air Resources Control Board. Although the City does not know if these grants will be available in the future, the City does plan to take advantage of it if they are.
3. **Describe Project Items.** The admin vehicle will be of similar make and model to the existing admin vehicle but will depend upon the availability and other market conditions in the auto industry at the time of purchase.
4. **Detail Operations and Maintenance costs.** Maintenance and Operational costs are expected to be low and consist of mainly fuel costs and some minor maintenance. The purchase will likely include a maintenance package and/or warranty which will allow for minimal expense each year.

		Fiscal Year					Total
		2023-24	2024-25	2025-26	2026-27	2027-28	
<b>Project Items</b>							
Design/Eng.							-
Acquisitions							-
Permits							-
Administration							-
Construction							-
Inspection							-
Contingency							-
Equip / Vehicle				50,000.00			50,000.00
Other (specify)							-
<b>Total</b>		-	-	50,000.00	-	-	50,000.00
<b>Operations &amp; Maint</b>							
FTE Costs							-
Operations							-
Maintenance							-
<b>Total</b>		-	-	-	-	-	-
<b>Funding Sources</b>							
		Fiscal Year					Total
		2023-24	2024-25	2025-26	2026-27	2027-28	
DIF							-
SLESF							-
Measure R							-
LTF/ TDA							-
RMRA (SB1)							-
Gas Tax							-
Maint Districts							-
Sewer Utility							-
Water Utility							-
Measure Q							-
General Fund				29,500.00			29,500.00
Other (specify)				20,500.00			20,500.00
<b>Total Funding Sources</b>		-	-	50,000.00	-	-	50,000.00
<b>Total Funding Sources</b>		-	-	50,000.00	-	-	50,000.00
<b>Total Project Cost</b>		-	-	50,000.00	-	-	50,000.00
<b>Total Unfunded</b>		-	-	-	-	-	-



Project No. ADM2025-01  
 Department: Administration  
 Criteria: 8  
 Title: HR Office Repurposing Project

Capital Improvement Plan
Project Request
Fiscal Year 2020 CIP

**Project Description**

1. Describe Project / Equipment. 2. List potential Funding Sources. 3. Describe Project Items 4. Detail Operations and Maintenance costs:

- Describe Project / Equipment.** The purpose of the project is to repurpose the old fire department office once it is vacated at the completion of the new Fire Station on Front St. The intent is to give HR a more private and increased area to perform confidential meetings and hold training for city employees.
- List potential Funding Sources.** Due to the growth in the City demands and number of staff it is ideal that the City use developer impact fees from a variety of sources to pay for this project. Developer Impact fees pay for the proportional growth of the City due to development. As the City grows, and there is more staff to meet the needs, the City should use these funds to pay for the increased capacity.
- Describe Project Items.** The repurposing will primarily be used to move the HR Manager to a new larger office where the Fire Battalion Chief is located now. Additionally, the fire officer stations where their workstations are located would be used for training work stations. It is proposed that the entrance to the area change to make the doorway inside the city hall office proper, adjacent to the door of the Director of Finance & Administration. There will also likely be some furniture changes, flooring, paint, and décor changes that would be appropriate and necessary for the new purpose of the area. Estimated cost is not to exceed \$60,000.
- Detail Operations and Maintenance costs.** Maintenance and Operational costs are expected to be low and consist of mainly existing costs since this new office would be within the existing roofline of City Hall as it stands today.

**NOTE: This is on hold for Fiscal Year 2025-26 until further notice as staff evaluates the overall space needs of City Hall.**

		Fiscal Year					Total
		2023-24	2024-25	2025-26	2026-27	2027-28	
<b>Project Items</b>							
Design/Eng.							-
Acquisitions							-
Permits							-
Administration							-
Construction							-
Inspection							-
Contingency							-
Equip / Vehicle				-			-
Other (specify)							-
<b>Total</b>		-	-	-	-	-	-
<b>Operations &amp; Maint</b>							
FTE Costs							-
Operations							-
Maintenance							-
<b>Total</b>		-	-	-	-	-	-
<b>Funding Sources</b>							
		2023-24	2024-25	2025-26	2026-27	2027-28	Total
DIF				-			-
SLESF							-
Measure R							-
LTF / TDA							-
RMRA (SB1)							-
Gas Tax							-
Maint Districts							-
Sewer Utility							-
Water Utility							-
Measure Q							-
General Fund							-
Other (specify)							-
<b>Total Funding Sources</b>		-	-	-	-	-	-
<b>Total Funding Sources</b>		-	-	-	-	-	-
<b>Total Project Cost</b>		-	-	-	-	-	-
<b>Total Unfunded</b>		-	-	-	-	-	-

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# Administration & Finance Departments



# Administration & Finance Departments

The Administration and Finance Departments are two different departments that are bound together by the services they must provide, their location and proximity together, and the small size of the agency. Therefore, both departments are managed by one Department Head (Director of Finance and Administration) at City Hall.

This department manages the financial integrity of the City's critical programs, activities, and resources through a number of policies and systems covering the areas of:

- Internal Controls
- Budgeting
- Accounting, Auditing & Reporting
- Risk Management & Insurance
- Banking & Treasury Management
- Contracting & Purchasing
- Grant Management & Reporting
- Financial Services
- Permitting & Licensing
- Utility Billing & Collections
- Payroll & Benefit Management
- Human Resources & Training
- Information Technology Services

In addition to the wide variety of tasks and areas of responsibility, general customer service at City Hall, administrative support to the City Manager, as well as the role of City Clerk, are all functionally reporting in this department as well. This department is staffed by seven full-time positions currently.

# Departmental Budget Summary - Administration & Finance

Fund	Fiscal Year 2023 Actual	Fiscal Year 2024 Actual	Fiscal Year 2025 Budget	Fiscal Year 2026 Proposed
<b>Administration &amp; Finance</b>				
<b>Revenues by Fund</b>				
01 GENERAL FUND	(3,926,598)	(5,400,840)	(5,534,097)	(5,863,169)
102 GENERAL FUND RESERVE	-	-	-	-
103 GENERAL FUND CAPITAL	-	(443,944)	(230,449)	(492,026)
104 CANNABIS CAPITAL FUND	(794,961)	(949,947)	(760,691)	(860,691)
08 SELF INSURED RESERVE	-	-	-	-
12 FEDERAL AND STATE GRANTS	(799,447)	(4,658,069)	(918,107)	(918,107)
40 CDBG PROGRAM INCOME	(52,588)	(342,576)	(348,699)	(348,699)
41 HOME PROGRAM INCOME	(183,020)	(1,986)	(6,574)	(6,574)
42 CAL HOME PROGRAM INCOME	(7,768)	(2,647)	(531)	(531)
60 AMERICAN RESCUE PLAN	(1,280,193)	(58,537)	(57,899)	-
61 CIRCULATION SYSTEM DEVELOPMENT	(250)	(2,283)	(2,500)	(3,100)
62 GOVERNMENT FACILITIES DEVELOPMENT	-	(3,366)	(3,470)	(4,779)
63 LIBRARY DEVELOPMENT	(14)	(132)	(135)	(181)
64 COMMUNITY FACILITY DEVELOPMENT	(783)	(7,163)	(7,317)	(9,765)
<b>Grand Total</b>	<b>(11,954,282)</b>	<b>(11,871,490)</b>	<b>(7,870,469)</b>	<b>(8,507,621)</b>

<b>Expenditures by Fund</b>				
01 GENERAL FUND	700,497	670,190	621,013	381,731
102 GENERAL FUND RESERVE	-	-	-	-
103 GENERAL FUND CAPITAL	-	-	-	50,000
104 CANNABIS CAPITAL FUND	-	1,755,944	785,449	1,277,475
02 WATER UTILITY	260,974	349,122	371,864	362,643
04 SEWER UTILITY	245,625	329,615	350,926	361,711
06 REFUSE	50,900	65,633	71,036	68,080
12 FEDERAL AND STATE GRANTS	1,260,963	4,658,069	918,107	918,107
21 GAS TAX	17,393	26,398	26,662	26,350
40 CDBG PROGRAM INCOME	-	334,000	-	-
41 HOME PROGRAM INCOME	19,750	-	-	-
42 CAL HOME PROGRAM INCOME	225,093	-	-	-
60 AMERICAN RESCUE PLAN	374	775,000	155,000	-
<b>Grand Total</b>	<b>4,809,154</b>	<b>8,963,971</b>	<b>3,300,057</b>	<b>3,446,097</b>

# Departmental Budget Summary - Administration & Finance

Fund	Fiscal Year 2023 Actual	Fiscal Year 2024 Actual	Fiscal Year 2025 Budget	Fiscal Year 2026 Proposed
<b>Expenditures by Category</b>				
CAPITAL OUTLAY	701,734	5,552,069	515,107	410,107
OPERATING SERVICES & SUPPLIES	10,357	22,500	27,000	10,500
OTHER	-	1,755,944	785,449	1,277,475
PROFESSIONAL & CONTRACTUAL SRV	953,340	515,000	788,000	603,000
SALARIES & BENEFITS	1,116,138	1,114,006	1,166,478	1,126,992
UTILITIES	-	4,452	18,023	18,023
<b>Grand Total</b>	<b>4,809,154</b>	<b>8,963,971</b>	<b>3,300,057</b>	<b>3,446,097</b>

<b>Full Time Personnel Count</b>	
City Manager	1
Administrative Analyst/City Clerk	1
Director of Finance & Administration	1
HR Manager	1
Finance Manager	1
Account Clerk I	1
Account Clerk II	1
<b>Grand Total</b>	<b>7</b>

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# Community Development Department



# Community Development Department

The Community Development Department is primarily outsourced by way of multiple contracted positions or consultants that assist the City in the functional areas within this department. It is lead directly by the City Manager with support staff provided by the Finance and Administration departments. The role of Development Coordinator is relatively new to the City which acts as the permitting technician and liaison between the following contracted consultants:

- City Planner: This position is contracted with Collins & Schoettler Planning Consultants, and specifically, as Karl Schoettler serving as the City Planner.
- Building Permitting and Inspections: These services are outsourced primarily to the County of Tulare Resource Management Agency.
- Economic Development: HDL Companies is a primary consultant that assists the City with Economic Development efforts. However, Townsend & Associates have also assisted the City with lobbying and resources research.
- Grant Development and Management: Blais & Associates assist the City extensively with grant research, development, and management.
- Community Services: This is a broad category, but related to the expansive affordable housing efforts underway, it is Self Help Enterprises that primarily assists the City with these type of services.



# Departmental Budget Summary - Community Development

Fund	Fiscal Year 2023 Actual	Fiscal Year 2024 Actual	Fiscal Year 2025 Budget	Fiscal Year 2026 Proposed
<b>Community Development</b>				
<b>Revenues by Fund</b>				
01 GENERAL FUND	(104,865)	(63,615)	(63,615)	(77,055)
<b>Grand Total</b>	<b>(69,445)</b>	<b>(63,615)</b>	<b>(63,615)</b>	<b>(77,055)</b>

<b>Expenditures by Fund</b>				
01 GENERAL FUND	435,086	532,610	442,835	521,691
103 GENERAL FUND CAPITAL	5,480	73,667	48,587	36,737
<b>Grand Total</b>	<b>346,945</b>	<b>606,277</b>	<b>491,422</b>	<b>558,428</b>

<b>Expenditures by Category</b>				
CAPITAL OUTLAY	-	-	48,587	36,737
OPERATING SERVICES & SUPPLIES	58	600	600	600
PROFESSIONAL & CONTRACTUAL SRV	404,565	558,667	392,000	465,000
SALARIES & BENEFITS	35,943	46,181	49,250	55,106
UTILITIES	-	829	985	985
<b>Grand Total</b>	<b>346,945</b>	<b>606,277</b>	<b>491,422</b>	<b>558,428</b>

<b>Full Time Personnel Count</b>				
Development Coordinator			1	1
<b>Grand Total</b>			<b>1</b>	<b>1</b>

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# Fire Department and Code Enforcement



# Fire Department and Code Enforcement

The Fire Department is one of the oldest institutions in the community and in 2023 reached a milestone of 75 years of dedicated service to the residents and visitors of Farmersville.

The Farmersville Fire Department is a "Combination Fire Department" serving the community with both career and volunteer members. In FY 2018-19, personnel included the Fire Chief and 3 Fire Officers who are fulltime employees, along with a part-time Code Enforcement Officer, with 26 personnel serving as volunteers who contribute their time and effort to protect their neighbors from the ravages of fire and other perils. In FY 2022-23 the Department went through a dramatic restructuring and now consists of three fulltime fire officers, two fulltime Code Enforcement officers, and a full time Battalion Chief.

**"The Mission of the Farmersville Fire Department is to prevent the loss of life and property through effective emergency response and proactive community engagement".**

## Fire Department Functions

### EMERGENCY RESPONSE & OPERATIONS

The Fire Department continues to function as an "All Hazards" agency responding to requests for service that include structural, vehicle, grass, and other exterior miscellaneous fires. The department is a First Responder to medical emergencies and traffic accidents, as well as other hazardous conditions such as downed power lines, chemical spills, and natural disasters.

In 2022, the Fire Department responded to over 1,546 calls for service. In addition to protecting the over 11,000 people within the 2.3 square mile incorporated city limits, the department has a reciprocal automatic aid agreement with the Tulare County Fire Department expanding the response area to the 56 square miles surrounding the city. The "Closest Resource Concept" serves the public well and it is not unusual to see firefighters and apparatus from Farmersville, Exeter, Visalia, Tulare County & Cal Fire working closely together.

The Fire Department also participates in mutual aid strike team response regionally and throughout California when requested by the State Office of Emergency Services.

## **TRAINING**

Response readiness is a top priority in the fire service. Routine apparatus & equipment checks regularly occur to meet the challenge of emergency response. In addition, maintenance and testing of equipment takes up a considerable amount of time between answering alarms and training. All fire pumps are tested annually as is each piece of fire hose in the departments 10,000 ft. inventory.

Firefighters must attend training on a wide variety of subjects to meet the requirements of Cal OSHA, and the National Fire Protection Association (NFPA). Many of the department personnel hold various certifications from the State Fire Marshal's Office. Training topics include Structural & Wildland Firefighting, Vehicle & Other Rescue Situations, Hazardous Materials Response, and Emergency Medical Care. Half of the department members are also certified as Emergency Medical Technicians (EMTs). In addition, personnel conduct Pre-Fire Planning surveys of Target Hazards and commercial occupancies for safe & effective operations.

## **EMERGENCY PREPAREDNESS & DISASTER MANAGEMENT**

The Fire Department is responsible for Disaster Planning for all hazards faced by the community which include fires, floods, earthquakes, hazardous materials, and severe weather-related incidents. All city departments work under the Standardized Emergency Management System (SEMS) to minimize the effects of disasters through mitigation, response, and recovery activities with the goal of returning to normalcy as soon as possible.

The City participates in the Emergency Council along with various planning and preparedness committees. Police, Fire & Public Works resources participate in the Mutual Aid System and work in conjunction with the Tulare County Operational Area and State Office of Emergency Services when incidents exceed local capabilities.

## **FIRE PREVENTION**

The Farmersville Fire Department is committed to a Community Risk Reduction Strategy. The goal is to prevent incidents from occurring in the first place which provides a greater cost/benefit ratio.

The Fire Department enforces the California Fire Code in conjunction with Title 19 (Public Safety) and Title 24 (Building Standards) as well as the Farmersville Municipal Code. Fire Inspections are conducted for new construction as well as periodic inspections of existing buildings such as schools, apartments, places of assembly and commercial occupancies. Inspections are also completed on properties to reduce fire hazards and public nuisances from weeds, and rubbish accumulation and other property maintenance issues.

Public education activities include age-appropriate school programs, fire station tours, career

days, and senior citizen or workplace programs as requested. In addition, the department participates in various parades, festivals, and community events.

## **CODE ENFORCEMENT**

Inspections are completed on properties to reduce fire hazards and public nuisances from weeds, rubbish accumulation, and other property maintenance issues, such as substandard housing and vehicle abatement. Business licensing is enforced to prevent illegal businesses, vending, or rental operations. Code enforcement also enforces the permitting of yard sales and temporary event permits.

The purpose of the program is to enforce City codes that will contribute to improving the overall health, safety, and quality of life in the community. An educational approach before citation is utilized to gain compliance initially. Citations, abatement, and liens against the property can ultimately be used.

## **APPARATUS & EQUIPMENT**

The Department maintains a fleet of specialized fire apparatus including a 4-wheel drive Type 6 Patrol Unit, a Quick Attack Squad Unit (250 GPM Pumper), a Type 2 Engine (1500 GPM Pumper), a new Type 1 Engine (1500 GPM Pumper), and 2 Command/Utility Vehicles. This new engine is a step towards modernizing the Fire Department as well as allowing the ability to remove obsolete equipment from service.

Equipment includes the "Jaws of Life" Hydraulic Rescue tool used to free accident victims that has been placed into service on the new engine. Ropes and Rescue Equipment, Thermal Imaging Cameras (TICs) which allows firefighters to "see through smoke", Self-Contained Breathing Apparatus, air monitors, an assortment of fire hose, nozzles, ladders, smoke removal fans, generators, lights, power saws, and hand tools. Each vehicle also carries lifesaving oxygen, medical gear, and Automatic External Defibrillators (AED's) for victims of cardiac arrest.

# Departmental Budget Summary - Fire & Code Enforcement

Fund	Fiscal Year 2023 Actual	Fiscal Year 2024 Actual	Fiscal Year 2025 Budget	Fiscal Year 2026 Proposed
<b>Fire &amp; Code Enforcement</b>				
<b>Revenues by Fund</b>				
01 GENERAL FUND	(3,553)	(4,100)	(5,100)	(850,600)
103 GENERAL FUND CAPITAL	-	-	-	-
71 FIRE DEVELOPER FEES	(112,885)	(7,627)	(11,403)	(11,403)
72 FIRE COST RECOVERY	(7,159,203)	(160,000)	(384,153)	(945,500)
<b>Grand Total</b>	<b>(170,276)</b>	<b>(171,727)</b>	<b>(400,656)</b>	<b>(1,807,503)</b>

<b>Expenditures by Fund</b>				
01 GENERAL FUND	794,151	961,636	1,080,426	1,586,447
02 WATER UTILITY	-	32,198	37,345	38,869
04 SEWER UTILITY	-	32,198	37,345	38,897
06 REFUSE	-	16,099	18,673	19,435
103 GENERAL FUND CAPITAL	-	-	-	-
60 AMERICAN RESCUE PLAN	257,614	312,354	-	-
71 FIRE DEVELOPER FEES	93,249	-	-	-
72 FIRE DEVELOPER FEES	153,914	477,500	6,585,500	2,086,179
<b>Grand Total</b>	<b>1,616,851</b>	<b>1,831,985</b>	<b>7,759,288</b>	<b>3,769,828</b>

<b>Expenditures by Category</b>				
CAPITAL OUTLAY	519,357	808,354	7,499,860	1,073,830
OPERATING SERVICES & SUPPLIES	101,904	128,370	224,250	1,105,700
OTHER	-	-	-	-
PROFESSIONAL & CONTRACTUAL SRV	160,064	183,000	242,000	247,000
SALARIES & BENEFITS	498,993	698,819	773,698	1,317,277
UTILITIES	18,610	13,442	19,340	26,021
<b>Grand Total</b>	<b>1,616,851</b>	<b>1,831,985</b>	<b>8,759,148</b>	<b>3,769,828</b>

<b>Full Time Personnel Count</b>				
Battalion Chief			1	1
Fire Captain			1	1
Fire Lieutenant			2	4
Code Enforcement			2	2
<b>Grand Total</b>			<b>6</b>	<b>8</b>

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# Police Department



# Police Department

The Farmersville Police Department is responsible for the safety and welfare of the approximately 11,000 residents of the City of Farmersville and its visitors. The Department provides general law enforcement services for the community. These services include, but are not limited to, patrol, traffic enforcement, criminal investigations, civil standby, and law enforcement services during special community events. In addition, the Department maintains all records generated within the department, management of property, evidence storage, dispatching services; and functions as a vital part of the entire City team assisting with Public Works, Animal Control, Code Enforcement, and the Fire Department as needed.

This annual budget report includes a brief overview describing the divisions of the Department, their duties, and some of their accomplishments for the past year. The intent is to relay a sense of the general department activities however it is not intended to be a detailed accounting of department operations.

## **Mission Statement:**

The Mission of the Farmersville Police Department is to work in partnership with our community to enhance the quality of life in our city, preserving peace, reducing fear, and providing a safe environment through the equitable and professional enforcement of law.

## Department Structure

The Police Department has a current allocation of (16) sixteen funded sworn full-time positions and (2) two non-sworn Technical Services Clerks (TSC).

The police department is divided into three categories. These are Administration, Operations, and Investigations. Each of these divisions is administered under the same budget via the Office of The Chief of Police.

The Administration Division is responsible for development of rules and regulations, policy and procedures, personnel matters, all phases of recruitment and hiring, internal affairs, records, dispatch, training, supplies and services.

The Operations Division is responsible for the delivery of all essential services provided by the police department including patrol, traffic enforcement, parking enforcement, Field Training Officer program, and School Resource Officers.

The Investigations Division is responsible for all criminal investigations as well as any self-initiated investigations, such as vice and narcotics.

# Departmental Budget Summary - Police

Fund	Fiscal Year 2023 Actual	Fiscal Year 2024 Actual	Fiscal Year 2025 Budget	Fiscal Year 2026 Proposed
<b>Police</b>				
<b>Revenues by Fund</b>				
01 GENERAL FUND	(247,355)	(373,935)	(263,133)	(272,617)
103 GENERAL FUND CAPITAL	-	-	-	-
11 DRUG ENFORCEMENT	-	(416)	(424)	(424)
14 POLICE DEPT SLESF	(159,736)	(164,131)	(175,266)	(175,266)
15 POLICE DEPT AB109	-	-	-	-
80 EVIDENCE HOLDING	-	-	-	-
81 POLICE DEVELOPER FEES	(79,752)	(5,610)	(3,102)	(8,196)
82 ASSET FORFEITURE	-	-	-	-
83 LIVE SCAN	-	-	-	-
<b>Grand Total</b>	<b>(426,034)</b>	<b>(544,092)</b>	<b>(441,924)</b>	<b>(456,503)</b>

<b>Expenditures by Fund</b>				
01 GENERAL FUND	2,372,993	2,758,747	2,692,719	3,420,565
103 GENERAL FUND CAPITAL	168,913	89,811	134,362	82,789
11 DRUG ENFORCEMENT	-	17,250	-	-
14 POLICE DEPT SLESF	171,614	198,666	208,815	128,986
15 POLICE DEPT AB109	-	-	-	-
81 POLICE DEVELOPER FEES	38,152	73,000	-	-
82 ASSET FORFEITURE	(670)	2,982	-	-
83 LIVE SCAN	(522)	-	-	-
<b>Grand Total</b>	<b>2,892,458</b>	<b>3,140,457</b>	<b>3,035,896</b>	<b>3,632,340</b>

<b>Expenditures by Category</b>				
CAPITAL OUTLAY	265,289	367,420	184,362	82,789
OPERATING SERVICES & SUPPLIES	128,509	190,400	196,500	267,400
OTHER	-	-	-	-
PROFESSIONAL & CONTRACTUAL SRV	249,760	289,482	266,000	316,000
SALARIES & BENEFITS	2,082,048	2,261,242	2,348,904	2,906,371
UTILITIES	24,874	31,913	40,130	59,780
<b>Grand Total</b>	<b>2,892,458</b>	<b>3,140,457</b>	<b>3,035,896</b>	<b>3,632,340</b>

# Departmental Budget Summary - Police

Fund	Fiscal Year 2023 Actual	Fiscal Year 2024 Actual	Fiscal Year 2025 Budget	Fiscal Year 2026 Proposed
<b>Full Time Personnel Count</b>				
Police Chief			1	1
Police Commander			1	1
Police Sergeant			4	3
Police Corporal				2
Police Officer			11	9
Technical Service Clerk			2	2
Police Trainee/ Community Service Officer				1
<b>Grand Total</b>			<b>19</b>	<b>19</b>

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# Public Works Department & Engineering



# Public Works Department & Engineering

## Mission:

The mission of the Public Works Department of the City of Farmersville is to continually provide cost effective and efficient essential services to the public. This includes safe drinking water; environmentally sound wastewater collection and treatment, storm water management, solid waste collection, and safe well-managed streets, parks, and public facilities.

## Vision:

The City of Farmersville Public Works Department strives to build community confidence by providing quality services to its citizens in a safe, responsive, and cost-effective manner. The Department is dedicated to the pursuit of new technologies and innovations that result in service improvements that enhance the quality of life for the residents. The Department continues to expand upon the commitment to meet the challenges of the future.

## Department Structure

The Public Works Department is comprised of 7 Full-Time employees who attend to the following divisions:

**Water Department:** The Water Division operates and maintains six (6) City water wells, over 26 miles of water main pipeline, 576 water valves, 263 fire hydrants, 2,624 water metered services, 95 Cameron Creek water metered services, submits reports to the State of California and performs monthly water meter usage readings.

**Wastewater:** The Wastewater Division manages, operates and maintains over 29 miles of sewer main pipeline, four (4) sewer lift stations, 389 Sanitary Sewer Manholes, the 1.25 million gallon per day Wastewater Treatment Plant.

**Street Maintenance:** The Street Maintenance Division maintains over 65 miles of streets and alleys, City parking lots, 5 miles of storm drain pipeline, manholes and drain inlets, all City sidewalks, curbs, gutters, ponding basins, City owned trees, signage, median islands, graffiti removal from public properties and bi-monthly street sweeping. Street striping services are contracted.

**Fleet Maintenance:** The Fleet Maintenance Division manages, maintains vehicles (Diesel & Gas) and various pieces of equipment. The division is responsible for On & Off Road Vehicle Registry (DOORS), SMOG & Opacity Testing & Reporting and the Hazardous Materials Handling Programs.

**Parks Maintenance:** Parks Maintenance Division provides maintenance for the City’s eight (8) parks totaling thirty-three (33) acres (including, trails, turf, trees, ballfields, playgrounds, and the water park).

**Landscape & Lighting Maintenance Districts:** The Public Works Department is responsible for the operations and maintenance of the City’s seven (7) Landscape Zones.

**Building Maintenance:** The Government Building Maintenance Division is responsible for the maintenance and repair of the Police, Fire, City Hall, and other City owned facilities.

**Engineering Department:**

The Engineering Department is a fully contracted position out-sourced to 4 Creeks Inc., professional engineers. While all projects underway are essentially Public Works Department projects, they are split out separately when they require much more in the way of planning, administration, construction management, environmental or biological needs, surveying, or other specialty tasks. For reference, the projects that fall under the engineering category are as follows:

ENGINEERING CAPITAL PROJECTS	YEAR 2 2025-26	YEAR 3 2026-27	YEAR 4 2027-28	YEAR 5 2028-29	TOTAL
Central Farmersville Blvd Repairs	-	150,000	1,342,500	-	1,492,500
Birch Water Line Relocation	326,000	-	-	-	326,000
Master Plans for Sewer, Water, and Storm Drain	126,000	-	-	-	126,000
Water Storage Tank	-	18,000	3,400,000	-	3,418,000
New Water Well (ARP allocation)	-	822,000	2,000,000	-	2,822,000
Pavement Management Program: Year 2	3,028,412	-	-	-	3,028,412
Solar Plant located at new WWTP	-	7,000,000	-	-	7,000,000
Highway 198 Gateway Improvements (CCLGP)	360,107	-	-	-	360,107
Urban Water Management Program	-	-	-	-	-
City Hall Backup Generator	-	-	11,500	177,500	189,000
Citrus/Road 168 Connectivity Street Project	190,000	1,867,124	-	-	2,057,124
Street Light Project	-	-	-	-	-
<b>TOTAL</b>	<b>4,030,519</b>	<b>9,857,124</b>	<b>6,754,000</b>	<b>177,500</b>	<b>20,819,143</b>

Many of these projects are grant funded and therefore, are funded with resources outside the City, and outside Public Works department listing. While engineering is not a specific department unto itself, it has a close correlation to Public Works and charges most of its expenses there. More information about these projects are available in the Capital Improvement section of this budget report.

# Departmental Budget Summary - Public Works

Fund	Fiscal Year 2023 Actual	Fiscal Year 2024 Actual	Fiscal Year 2025 Budget	Fiscal Year 2026 Proposed
<b>Public Works</b>				
<b>Revenues by Fund</b>				
02 WATER UTILITY	(987,789)	(1,199,035)	(1,293,007)	(1,343,102)
03 WATER DEVELOPMENT	(78,420)	(7,437)	(27,907)	(27,907)
04 SEWER UTILITY	(1,650,002)	(7,123,827)	(2,209,603)	(2,272,913)
05 SEWER DEVELOPMENT	(132,295)	(22,741)	(46,876)	(46,876)
06 REFUSE	(731,029)	(941,077)	(1,030,039)	(1,053,385)
20 STP	-	(20,872)	(27,641)	(94,119)
21 GAS TAX	(202,969)	(289,244)	(294,917)	(307,426)
22 TDA	-	(706,040)	(436,631)	(351,631)
23 STORM DRAIN	(50,960)	(8,188)	(10,430)	(10,430)
25 STREET MITIGATION FUND	-	-	-	-
26 MEASURE R FUND	(934,397)	(275,239)	(320,622)	(716,622)
27 RMRA (SB1) FUND	(153,076)	(256,517)	(284,161)	(299,304)
30 PARK DEVELOPMENT	(13,112)	(19,370)	(16,583)	(25,583)
31 PARK IMPROVEMENTS	(698,578)	(721,500)	-	-
35 MAINTENCE DISTRICT	(63,580)	(63,000)	(63,040)	(63,040)
39 MUSEUM FUND	(73,158)	(91,562)	(94,949)	(94,949)
<b>Grand Total</b>	<b>(18,134,921)</b>	<b>(11,745,648)</b>	<b>(6,156,407)</b>	<b>(6,707,287)</b>

<b>Expenditures by Fund</b>				
01 GENERAL FUND	397,457	559,307	520,808	565,062
103 GENERAL FUND CAPITAL	169,885	530,466	47,500	322,500
02 WATER UTILITY	418,721	1,202,201	1,278,993	1,596,716
03 WATER DEVELOPMENT	-	-	-	-
04 SEWER UTILITY	1,090,859	8,223,408	1,836,291	1,980,331
05 SEWER DEVELOPMENT	-	-	-	-
06 REFUSE	456,119	1,084,381	849,184	908,256
20 STP	-	845,349	859,944	802,748
21 GAS TAX	216,772	367,789	352,431	346,041
22 TDA	269,572	2,870,188	430,056	810,374
23 STORM DRAIN	-	-	-	-
25 STREET MITIGATION FUND	-	-	-	-
26 MEASURE R FUND	384,256	944,651	2,130,000	2,422,804

# Departmental Budget Summary - Public Works

Fund	Fiscal Year 2023 Actual	Fiscal Year 2024 Actual	Fiscal Year 2025 Budget	Fiscal Year 2026 Proposed
27 SB1 RMRA	-	-	-	-
31 PARK IMPROVEMENTS	2,421,410	980,500	-	-
35 MAINTENANCE DISTRICT	46,750	60,143	56,241	59,249
39 CITY PROPERTY FUND	61,291	87,816	76,000	89,950
60 AMERICAN RESCUE PLAN	2,558	1,341,736	270,000	-
62 GOVERNMENT FACILITIES DEVELOP	-	-	-	-
<b>Grand Total</b>	<b>5,935,650</b>	<b>19,097,936</b>	<b>8,707,448</b>	<b>9,904,030</b>

Expenditures by Category				
CAPITAL OUTLAY	3,468,534	14,508,804	4,155,842	4,779,540
OPERATING SERVICES & SUPPLIES	133,708	1,047,865	1,191,404	1,759,316
OTHER	-	-	-	-
PROFESSIONAL & CONTRACTUAL SRV	1,218,752	1,973,302	1,651,675	1,583,685
SALARIES & BENEFITS	722,444	1,036,105	1,074,257	1,130,896
UTILITIES	392,212	531,860	634,270	650,593
<b>Grand Total</b>	<b>14,146,778</b>	<b>19,097,936</b>	<b>8,707,448</b>	<b>9,904,030</b>

Full Time Personnel Count				
Public Works Director			1	1
Public Works Supervisor			1	1
Administrative Analyst				1
Public Works Crew Leader			1	2
Maintenance Worker			7	5
<b>Grand Total</b>			<b>10</b>	<b>10</b>

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# Positions, Salaries & Benefits



# Positions, Salaries & Benefits

The City of Farmersville has four labor groups: the Police Officer's Association (POA), the International Brotherhood of Teamsters (Local 517), the Miscellaneous Employee Association, and the Mid-Management Employee Association. The salaries and benefits for employees in these labor groups are determined through Memorandums of Understanding (MOUs). MOUs are typically considered and adopted around the same time as the annual budget, unless the MOU is a multi-year agreement.



## Memorandums of Understanding – MOUs

The current MOUs for the City of Farmersville expire on June 30, 2025, for the Mid-Management Employee Association and the Police Officers’ Association (POA). The agreements with the International Brotherhood of Teamsters (Local 517) and the Miscellaneous Employee Association are set to expire on June 30, 2026. These agreements include all the negotiated benefits and other important employment-related information for each bargaining group, including the salary schedule attached in this section. Negotiations are under way for new MOUs to cover FY2025-26 and future years. An estimate of the costs related to any new agreements has been included in the Budget. The full MOU agreements are available on the City website.

## Organizational Chart by Position

This chart displays all the currently filled positions and their organization within the structure of the City.

## Authorized Full-Time Personnel Positions by Department

This schedule details the number of positions, by title, authorized and assigned to each Department.

## Time & Cost Allocation for Full-Time Positions

This schedule shows the standard time and cost allocation by City Department for each full-time position.

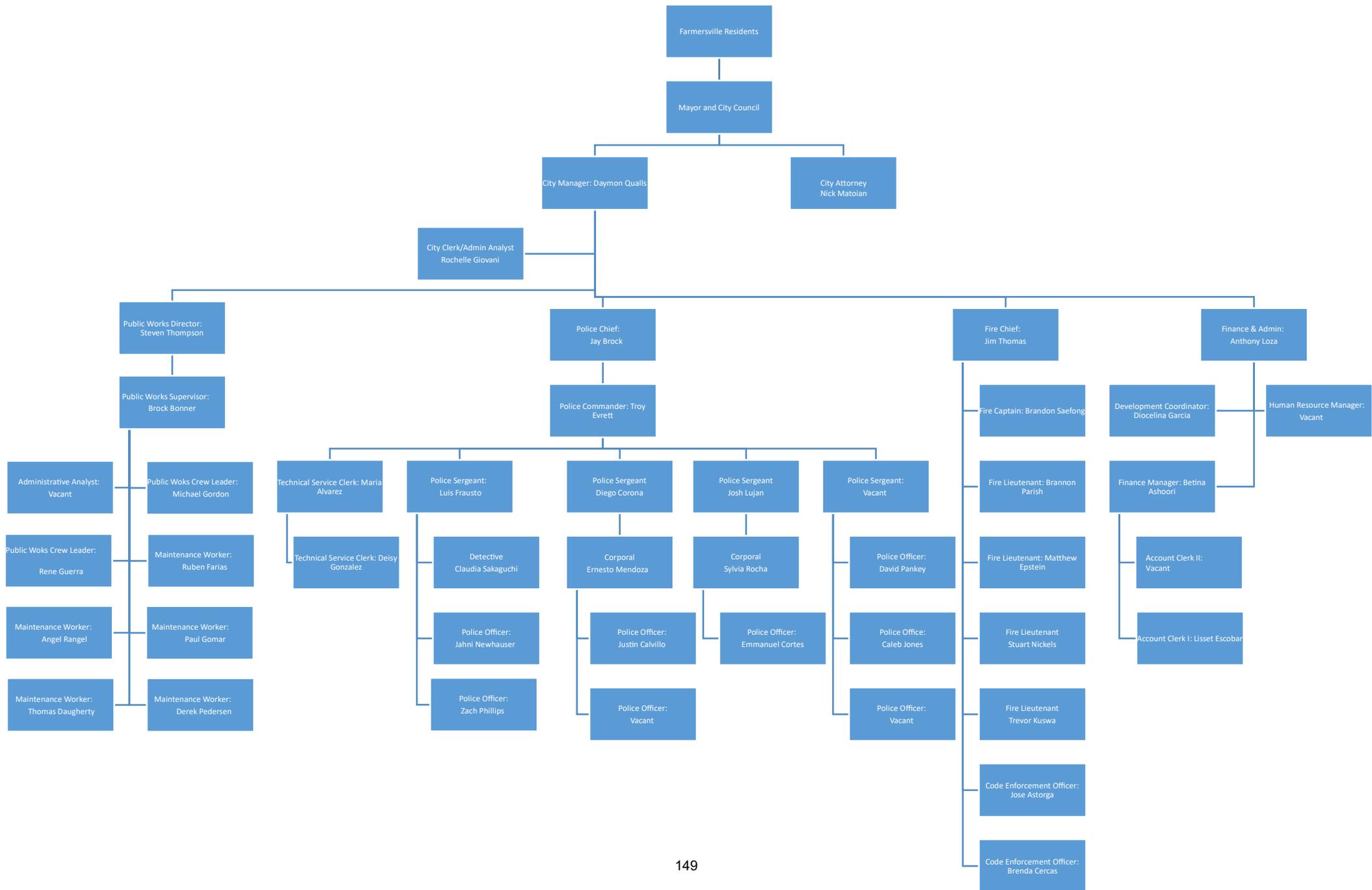
## Historical Payroll & Benefit Cost by Fund

This Schedule shows the time and cost allocation of full-time staff by fund and accounting department. Funding sources are based upon level of service or involvement attributed to a program or department. It is important to note that the total number of positions shown here may not match the number of positions, since not all positions are funded at 100% every year due to vacancies or new positions.



## Salary Schedule

The Salary schedule covers all positions available for the City of Farmersville. However, not all are filled or budgeted necessarily. This can be compared to the prior schedule for clearer information regarding budgeted positions. This schedule is what is adopted with the MOUs. All employees hired before January 1, 2018 are considered part of Tier 1 and have a different salary schedule length and a different benefits package. Employees hired on January 1, 2018 or later are considered part of Tier 2.



## Authorized Full-Time Personnel Positions by Department

Department	Position Title	FY 2025-2026
Administration	City Manager	1
Administration	City Clerk/ Administrative Analyst II	1
Administration	Director of Finance & Administration	1
Administration	Human Resources Manager	1
Administration	Finance Manager	1
Administration	Account Clerk I	1
Administration	Account Clerk II	1
<b>Departmental Subtotal</b>		<b>7</b>

Public Works	Public Works Director	1
Public Works	Public Works Supervisor	1
Public Works	Administrative Analyst	1
Public Works	Public Works Crew Leader	2
Public Works	Maintenance Worker	5
<b>Departmental Subtotal</b>		<b>10</b>

Fire	Fire Chief	1
Fire	Fire Captain	1
Fire	Fire Lieutenant	4
Fire	Fire Seasonal	3
<b>Departmental Subtotal</b>		<b>9</b>

Code Enforcement	Code Enforcement Officer	2
<b>Departmental Subtotal</b>		<b>2</b>

Community Development	Development Coordinator	1
<b>Departmental Subtotal</b>		<b>1</b>

Police	Police Chief	1
Police	Police Commander	1
Police	Police Sergeant	3
Police	Police Corporal	2
Police	Police Officer	9
Police	Technical Service Clerk	2
Police	Police Trainee/ Community Service Officer	1
<b>Departmental Subtotal</b>		<b>19</b>

## Time & Cost Allocation for Full-Time Positions 2025-2026

<b>Position</b>	<b>Department</b>	<b>Fund</b>	<b>Department</b>	<b>Time &amp; Cost Allocation</b>
City Manager	Administration	01	404	30%
City Manager	Administration	02	404	30%
City Manager	Administration	04	404	30%
City Manager	Administration	21	404	10%
City Manager	Administration			100%
City Clerk/ Administrative Analyst II	Administration	01	404	50%
City Clerk/ Administrative Analyst II	Administration	02	404	25%
City Clerk/ Administrative Analyst II	Administration	04	404	25%
City Clerk/ Administrative Analyst II	Administration			100%
Director of Finance & Administration	Administration	01	404	30%
Director of Finance & Administration	Administration	02	404	30%
Director of Finance & Administration	Administration	04	404	30%
Director of Finance & Administration	Administration	06	404	10%
Director of Finance & Administration	Administration			100%

## Time & Cost Allocation for Full-Time Positions 2025-2026

Position	Department	Fund	Department	Time & Cost Allocation
Human Resources Manager	Administration	01	404	50%
Human Resources Manager	Administration	02	404	25%
Human Resources Manager	Administration	04	404	25%
Human Resources Manager	Administration			100%
Finance Manager	Administration	01	404	30%
Finance Manager	Administration	02	404	30%
Finance Manager	Administration	04	404	30%
Finance Manager	Administration	06	404	10%
Finance Manager	Administration			100%
Account Clerk I	Administration	01	404	5%
Account Clerk I	Administration	02	404	40%
Account Clerk I	Administration	04	404	40%
Account Clerk I	Administration	06	404	15%
Account Clerk I	Administration			100%

## Time & Cost Allocation for Full-Time Positions 2025-2026

Position	Department	Fund	Department	Time & Cost Allocation
Account Clerk II	Administration	01	404	5%
Account Clerk II	Administration	02	404	40%
Account Clerk II	Administration	04	404	40%
Account Clerk II	Administration	06	404	15%
Account Clerk II	Administration			100%
Public Works Director	Public Works	01	425	20%
Public Works Director	Public Works	02	425	20%
Public Works Director	Public Works	04	425	20%
Public Works Director	Public Works	06	425	15%
Public Works Director	Public Works	21	425	20%
Public Works Director	Public Works	35	425	5%
Public Works Director	Public Works			100%

## Time & Cost Allocation for Full-Time Positions 2025-2026

Position	Department	Fund	Department	Time & Cost Allocation
Public Works Supervisor	Public Works	01	425	20%
Public Works Supervisor	Public Works	02	425	30%
Public Works Supervisor	Public Works	04	425	30%
Public Works Supervisor	Public Works	21	425	15%
Public Works Supervisor	Public Works	35	425	5%
Public Works Supervisor	Public Works			100%
Public Works Crew Leader	Public Works	01	425	20%
Public Works Crew Leader	Public Works	02	425	35%
Public Works Crew Leader	Public Works	04	425	35%
Public Works Crew Leader	Public Works	21	425	10%
Public Works Crew Leader	Public Works			100%
Public Works Crew Leader	Public Works	01	425	20%
Public Works Crew Leader	Public Works	02	425	35%
Public Works Crew Leader	Public Works	04	425	35%
Public Works Crew Leader	Public Works	21	425	10%
Public Works Crew Leader	Public Works			100%

## Time & Cost Allocation for Full-Time Positions 2025-2026

Position	Department	Fund	Department	Time & Cost Allocation
Maintenance Worker	Public Works	01	425	10%
Maintenance Worker	Public Works	02	425	30%
Maintenance Worker	Public Works	04	425	30%
Maintenance Worker	Public Works	21	425	30%
Maintenance Worker	Public Works			100%
Maintenance Worker	Public Works	01	425	35%
Maintenance Worker	Public Works	02	425	20%
Maintenance Worker	Public Works	04	425	20%
Maintenance Worker	Public Works	21	425	25%
Maintenance Worker	Public Works			100%
Maintenance Worker	Public Works	01	425	35%
Maintenance Worker	Public Works	02	425	20%
Maintenance Worker	Public Works	04	425	20%
Maintenance Worker	Public Works	21	425	25%
Maintenance Worker	Public Works			100%

## Time & Cost Allocation for Full-Time Positions 2025-2026

Position	Department	Fund	Department	Time & Cost Allocation
Maintenance Worker	Public Works	01	425	60%
Maintenance Worker	Public Works	02	425	20%
Maintenance Worker	Public Works	04	425	10%
Maintenance Worker	Public Works	21	425	10%
Maintenance Worker	Public Works			100%
Maintenance Worker	Public Works	01	425	10%
Maintenance Worker	Public Works	02	425	30%
Maintenance Worker	Public Works	04	425	30%
Maintenance Worker	Public Works	21	425	30%
Maintenance Worker	Public Works			100%
Administrative Analyst	Public Works	01	425	20%
Administrative Analyst	Public Works	02	425	20%
Administrative Analyst	Public Works	04	425	20%
Administrative Analyst	Public Works	06	425	15%
Administrative Analyst	Public Works	21	425	20%
Administrative Analyst	Public Works	35	425	5%

# Time & Cost Allocation for Full-Time Positions 2025-2026

Position	Department	Fund	Department	Time & Cost Allocation
Administrative Analyst	Public Works			100%
Fire Chief	Fire	01	420	100%
Fire Chief	Fire			100%
Fire Captain	Fire	01	420	100%
Fire Captain	Fire			100%
Fire Lieutenant	Fire	01	420	100%
Fire Lieutenant	Fire			100%
Fire Lieutenant	Fire	01	420	100%
Fire Lieutenant	Fire			100%
Fire Lieutenant	Fire	01	420	100%
Fire Lieutenant	Fire			100%
Fire Lieutenant	Fire	01	420	100%

# Time & Cost Allocation for Full-Time Positions 2025-2026

Position	Department	Fund	Department	Time & Cost Allocation
Fire Lieutenant	Fire			100%
Fire Seasonal	Fire	01	420	100%
Fire Seasonal	Fire			100%
Fire Seasonal	Fire	01	420	100%
Fire Seasonal	Fire			100%
Fire Seasonal	Fire	01	420	100%
Fire Seasonal	Fire			100%
Code Enforcement Officer	Code Enforcement	01	415	50%
Code Enforcement Officer	Code Enforcement	02	415	20%
Code Enforcement Officer	Code Enforcement	04	415	20%
Code Enforcement Officer	Code Enforcement	06	415	10%
Code Enforcement Officer	Code Enforcement			100%
Code Enforcement Officer	Code Enforcement	01	415	50%
Code Enforcement Officer	Code Enforcement	02	415	20%

# Time & Cost Allocation for Full-Time Positions 2025-2026

Position	Department	Fund	Department	Time & Cost Allocation
Code Enforcement Officer	Code Enforcement	04	415	20%
Code Enforcement Officer	Code Enforcement	06	415	10%
Code Enforcement Officer	Code Enforcement			100%
Development Coordinator	Community Development	01	414	50%
Development Coordinator	Community Development	02	404	25%
Development Coordinator	Community Development	04	404	25%
Development Coordinator	Community Development			100%
Police Chief	Police	01	411	100%
Police Chief	Police			100%
Police Commander	Police	01	411	100%
Police Commander	Police			100%
Police Sergeant	Police	01	411	100%
Police Sergeant	Police			100%
Police Sergeant	Police	01	411	100%

## Time & Cost Allocation for Full-Time Positions 2025-2026

Position	Department	Fund	Department	Time & Cost Allocation
Police Sergeant	Police			100%
Police Sergeant	Police	01	411	100%
Police Sergeant	Police			100%
Police Corporal	Police	01	411	100%
Police Corporal	Police			100%
Police Corporal	Police	01	411	100%
Police Corporal	Police			100%
Police Officer	Police	01	411	100%
Police Officer	Police			100%
Police Officer	Police	01	411	100%

## Time & Cost Allocation for Full-Time Positions 2025-2026

<b>Position</b>	<b>Department</b>	<b>Fund</b>	<b>Department</b>	<b>Time &amp; Cost Allocation</b>
<b>Police Officer</b>	<b>Police</b>			<b>100%</b>
<b>Police Officer</b>	<b>Police</b>	<b>01</b>	<b>411</b>	<b>100%</b>
<b>Police Officer</b>	<b>Police</b>			<b>100%</b>
<b>Police Officer</b>	<b>Police</b>	<b>01</b>	<b>411</b>	<b>100%</b>
<b>Police Officer</b>	<b>Police</b>			<b>100%</b>

**SALARY SCHEDULE-TIER 1**  
**7/1/2025**

BU	DEPT	POSITION	RANGE	MONTHLY						ANNUALLY					
				A	B	C	D	E	F	A	B	C	D	E	F
MR	404	Administrative Analyst	8©	5,311	5,577	5,856	6,148	6,456	6,779	63,734	66,920	70,266	73,780	77,469	81,342
MR	404	City Clerk/Administrative Analyst II	8©	7,118	7,474	7,847	8,240	8,652	9,084	85,414	89,685	94,169	98,878	103,822	109,013
M	414	Development Coordinator	8©	5,251	5,514	5,790	6,079	6,383	6,702	63,017	66,168	69,476	72,950	76,598	80,428
MR	404	Human Resources Manager	8©	6,827	7,168	7,527	7,903	8,298	8,713	81,922	86,019	90,319	94,835	99,577	104,556
DH	404	Director of Finance & Administration	19	9,706	10,191	10,701	11,236	11,798	12,387	116,471	122,294	128,409	134,829	141,571	148,649
DH	404	Finance Director	18	8,383	8,802	9,242	9,704	10,189	10,699	100,593	105,622	110,903	116,449	122,271	128,384
MR	404	Finance Manager	17	6,998	7,347	7,715	8,101	8,506	8,931	83,970	88,169	92,577	97,206	102,067	107,170
M	404	Account Clerk I	1(b)	3,224	3,385	3,555	3,732	3,919	4,115	38,691	40,626	42,657	44,790	47,029	49,381
M	404	Account Clerk II	2(a)	4,517	4,743	4,980	5,229	5,491	5,766	54,209	56,920	59,766	62,754	65,892	69,186
M	411	Technical Service Clerk	1(a)	3,753	3,941	4,138	4,345	4,562	4,790	45,038	47,290	49,654	52,137	54,744	57,481
M	411	Technical Service Clerk Lead	1(b)	5,258	5,521	5,797	6,087	6,392	6,711	63,101	66,256	69,569	73,047	76,699	80,534
POA	411	Police Officer	5(b)	4,704	4,939	5,186	5,446	5,718	6,004	56,449	59,271	62,235	65,347	68,614	72,045
POA	411	Corporal	7	4,940	5,187	5,447	5,719	6,005	6,305	59,285	62,249	65,362	68,630	72,061	75,664
POA	411	Police Sergeant	8(a)	6,304	6,619	6,950	7,298	7,663	8,046	75,651	79,434	83,405	87,576	91,954	96,552
MR	411	Police Commander	9(b)	8,365	8,784	9,223	9,684	10,168	10,677	100,385	105,404	110,674	116,208	122,019	128,119
DH	411	Police Chief	17	11,945	12,543	13,170	13,828	14,520	15,246	143,345	150,513	158,038	165,940	174,237	182,949
M	414	Code Enforcement Officer	5(a)	4,454	4,676	4,910	5,156	5,414	5,684	53,444	56,117	58,922	61,869	64,962	68,210
DH	420	Fire Chief	20	10,227	10,738	11,275	11,839	12,431	13,053	122,725	128,862	135,305	142,070	149,173	156,632
MR	420	Battalion Chief	17	8,230	8,641	9,073	9,527	10,003	10,503	98,756	103,694	108,878	114,322	120,038	126,040
FO	420	Fire Captain	8(b)	6,021	6,322	6,638	6,970	7,318	7,684	72,248	75,861	79,654	83,636	87,818	92,209
FO	420	Fire Lieutenant	5(a)	4,405	4,625	4,856	5,099	5,354	5,622	52,856	55,498	58,273	61,187	64,246	67,459
M	425	Maintenance Worker	2(b)	3,253	3,416	3,587	3,766	3,954	4,152	39,038	40,990	43,040	45,192	47,451	49,824
M	425	Public Works Crew Leader	3	4,558	4,786	5,025	5,276	5,540	5,817	54,695	57,430	60,302	63,317	66,483	69,807
MR	425	Public Works Supervisor	9(a)	5,844	6,136	6,443	6,765	7,103	7,459	70,128	73,634	77,316	81,182	85,241	89,503
DH	425	Public Works Director	19	7,831	8,222	8,633	9,065	9,518	9,994	93,968	98,667	103,600	108,780	114,219	119,930

\* All positions include 2% cost of living for employees subject to COLA Adjustment and Compensation Agreement  
 \*\* Employees not subject to COLA Adjustment and Compensation Agreement do not receive additional 2%

**SALARY SCHEDULE-TIER 2**  
**7/1/2025**

BU	DEPT	POSITION	RANGE	MONTHLY									ANNUALLY								
				A	B	C	D	E	F	G	H	I	A	B	C	D	E	F	G	H	I
MR	404	Administrative Analyst	8©	5,311	5,476	5,645	5,820	6,000	6,186	6,377	6,575	6,779	63,734	65,707	67,742	69,839	72,002	74,231	76,529	78,899	81,342
MR	404	City Clerk/Administrative Analyst II	8©	7,118	7,338	7,565	7,800	8,041	8,290	8,547	8,812	9,084	85,414	88,059	90,786	93,597	96,495	99,483	102,563	105,739	109,013
M	414	Development Coordinator	8©	5,251	5,414	5,582	5,754	5,933	6,116	6,306	6,501	6,702	63,017	64,968	66,980	69,054	71,192	73,396	75,669	78,012	80,428
MR	404	Human Resources Manager	8©	6,827	7,038	7,256	7,481	7,712	7,951	8,197	8,451	8,713	81,922	84,459	87,074	89,770	92,550	95,416	98,370	101,416	104,556
DH	404	Director of Finance & Administration	19	9,706	10,006	10,316	10,636	10,965	11,305	11,655	12,015	12,387	116,471	120,077	123,795	127,628	131,580	135,654	139,855	144,185	148,649
DH	404	Finance Director	18	8,383	8,642	8,910	9,186	9,470	9,763	10,066	10,377	10,699	100,593	103,707	106,918	110,229	113,642	117,161	120,789	124,529	128,384
MR	404	Finance Manager	17	6,998	7,214	7,438	7,668	7,905	8,150	8,402	8,663	8,931	83,970	86,570	89,251	92,015	94,864	97,801	100,829	103,951	107,170
M	404	Account Clerk I	1(b)	3,224	3,324	3,427	3,533	3,643	3,755	3,872	3,991	4,115	38,691	39,889	41,124	42,398	43,710	45,064	46,459	47,898	49,381
M	404	Account Clerk II	2(a)	4,517	4,657	4,802	4,950	5,103	5,261	5,424	5,592	5,766	54,209	55,888	57,618	59,402	61,241	63,138	65,093	67,108	69,186
M	411	Technical Service Clerk	1(a)	3,753	3,869	3,989	4,113	4,240	4,371	4,507	4,646	4,790	45,038	46,432	47,870	49,352	50,880	52,456	54,080	55,754	57,481
M	411	Technical Service Clerk Lead	1(b)	5,258	5,421	5,589	5,762	5,941	6,124	6,314	6,510	6,711	63,101	65,055	67,069	69,146	71,287	73,494	75,770	78,116	80,534
POA	411	Police Officer	5(b)	4,704	4,850	5,000	5,155	5,314	5,479	5,649	5,823	6,004	56,449	58,197	59,999	61,857	63,772	65,747	67,782	69,881	72,045
POA	411	Corporal	7	4,940	5,093	5,251	5,414	5,581	5,754	5,932	6,116	6,305	59,285	61,121	63,013	64,964	66,976	69,050	71,188	73,392	75,664
POA	411	Police Sergeant	8(a)	6,304	6,499	6,701	6,908	7,122	7,343	7,570	7,804	8,046	75,651	77,994	80,408	82,898	85,465	88,111	90,840	93,652	96,552
MR	411	Police Commander	9(b)	8,365	8,624	8,891	9,167	9,451	9,743	10,045	10,356	10,677	100,385	103,493	106,698	110,001	113,407	116,919	120,539	124,272	128,119
DH	411	Police Chief	17	11,945	12,315	12,697	13,090	13,495	13,913	14,344	14,788	15,246	143,345	147,784	152,360	157,077	161,941	166,955	172,125	177,454	182,949
M	414	Code Enforcement Officer	5(a)	4,454	4,592	4,734	4,880	5,031	5,187	5,348	5,513	5,684	53,444	55,099	56,805	58,564	60,378	62,247	64,174	66,162	68,210
DH	420	Fire Chief	20	10,227	10,544	10,870	11,207	11,554	11,912	12,280	12,661	13,053	122,725	126,525	130,443	134,482	138,646	142,939	147,365	151,928	156,632
MR	420	Battalion Chief	17	8,230	8,484	8,747	9,018	9,297	9,585	9,882	10,188	10,503	98,756	101,814	104,966	108,216	111,567	115,021	118,583	122,255	126,040
FO	420	Fire Captain	8(b)	6,021	6,207	6,399	6,597	6,802	7,012	7,229	7,453	7,684	72,248	74,485	76,791	79,169	81,621	84,148	86,753	89,440	92,209
FO	420	Fire Lieutenant	5(a)	4,405	4,541	4,682	4,827	4,976	5,130	5,289	5,453	5,622	52,856	54,492	56,179	57,919	59,712	61,561	63,467	65,433	67,459
M	425	Maintenance Worker	2(b)	3,336	3,439	3,545	3,655	3,768	3,885	4,005	4,129	4,257	40,027	41,266	42,544	43,861	45,219	46,620	48,063	49,551	51,086
M	425	Public Works Crew Leader	3	4,673	4,818	4,967	5,121	5,280	5,443	5,612	5,785	5,965	56,080	57,817	59,607	61,453	63,356	65,317	67,340	69,425	71,574
MR	425	Public Works Supervisor	9(a)	5,844	6,025	6,211	6,404	6,602	6,807	7,017	7,235	7,459	70,128	72,299	74,538	76,846	79,225	81,678	84,207	86,815	89,503
DH	425	Public Works Director	19	7,831	8,073	8,323	8,581	8,847	9,120	9,403	9,694	9,994	93,968	96,878	99,878	102,970	106,159	109,446	112,834	116,328	119,930

\* All positions include 2% cost of living for employees subject to COLA Adjustment and Compensation Agreement  
 \*\* Employees not subject to COLA Adjustment and Compensation Agreement do not receive additional 2%

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# Resolutions



**RESOLUTION 2025-020**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FARMERVILLE  
ADOPTING A BUDGET FOR THE CITY OF FARMERSVILLE FOR THE FISCAL YEAR 2025-26**

**WHEREAS**, the City Council of the City of Farmersville is desirous of establishing an annual Budget spending plan for the Fiscal Year 2025-26, and

**WHEREAS**, the Farmersville City Council has reviewed and considered the draft budget documents and has received input from the public on July 14, 2025, and

**WHEREAS**, the Budget for the twelve months ending June 30, 2026 document attached hereto and made a part of this Resolution, reflects the Fiscal Year 2025-26 Operating and Capital Budget for the City of Farmersville.

**NOW, THEREFORE BE IT RESOLVED**, by the City Council of the City of Farmersville as follows:

1. The Farmersville City Council does hereby adopt the Fiscal Year 2025-26 Budget for the City of Farmersville, as outlined in the attached Budget for the twelve months ending June 30, 2026.
2. The City Manager is hereby authorized to make expenditures and appropriations in accordance with the Budget as adopted, with the exception of those expenditures which require prior Council approval, in accordance with the adopted City ordinances, rules, and regulations.

**PASSED, ADOPTED AND APPROVED** this 14<sup>th</sup> day of July, 2025 by the following vote:

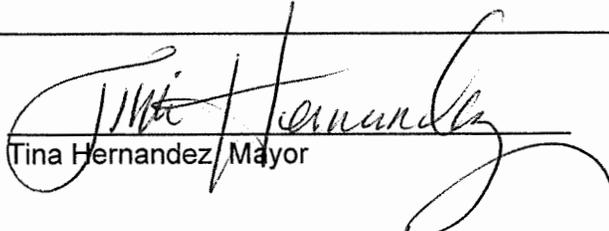
**Motion to Approve** Gomez ; **Second** Ochoa

**AYES:** Hernandez, Ochoa, Gomez, Hinojosa.

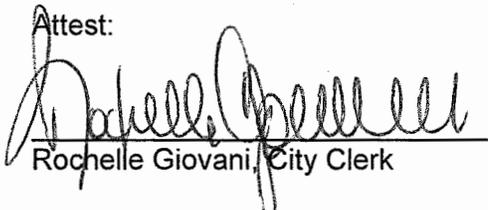
**NOES:** Ø

**ABSTAIN:** Ø

**ABSENT:** Boyer

  
Tina Hernandez Mayor

**Attest:**

  
Rochelle Giovani, City Clerk

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# Appendixes



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# Debt Management Policy



## **EXHIBIT A**

### **CITY OF FARMERSVILLE DEBT MANAGEMENT POLICY**

#### **Scope and Application**

This Debt Management Policy sets forth certain debt management objectives and establishes overall parameters for issuing and administering debt for which the City or other Covered Entities (as defined hereafter) is financially obligated or is responsible for managing (“**Debt Program**”). Recognizing that cost-effective access to the capital markets depends on prudent management of the Debt Program, this Debt Management Policy has been adopted by resolution.

#### **Debt Management Policy Review and Approval**

This Policy, adopted by City Council/Board of Directors resolution, will be reviewed biennially by the Finance Director to ensure the Policy remains current. It is the intention of the governing body that any modifications to this Policy will be reviewed by the City Council, unless otherwise directed by the City Council. Any and all modifications to this Policy are subject to City Council approval by resolution.

#### **Debt Management Objectives and Goals**

This Policy is intended to comply with section 8855 of the California Government Code and to assist the Covered Entities in accomplishing each of the following objectives:

- Maintain a prudent balance of debt and equity in meeting long-term capital needs in the form of pay-as-you-go financing. Debt and equity balance will be considered when planning the use of debt financing to address facility needs and other public infrastructure, and will ensure against incurring a level of fixed debt obligation which denies an appropriate level of future operating flexibility.
- Maintain financial discipline, prudence and long term stability.
- Ensure the Covered Entities’ long-term ability to maintain an acceptable level of service to residents of the City of Farmersville.
- Lower the cost of borrowing by maintaining high ratings and easy access to capital markets.

- Establish and periodically review policies, goals, objectives and standards which will enable the Covered Entities to maintain or improve their credit ratings.
- Keep policy makers informed of the Covered Entities' policies, goals and standards with regard to the issuance of debt.
- Facilitate approval of debt issuance using predetermined, certain policies.
- Incorporate debt management practices into the City's planning and project management activities.
- Support decisions based upon sound financial and management practices; reduce political influence in the debt issuance process.
- Ensure financial controls are in place with respect to proceeds of debt issuances.
- Ensure compliance with applicable state and federal laws.
- Full and timely repayment of debt.

### **Entities Covered**

These policies establish the parameters within which debt may be issued by the City of Farmersville, Farmersville Housing Authority, and Farmersville Public Finance Authority and the Successor Agency to the Redevelopment Agency of the City of Farmersville (collectively, the "**Covered Entities**"). Additionally, these policies apply to debt issued by the Covered Entities on behalf of assessment, community facilities or other special districts, conduit-type financing by the City for multifamily housing or industrial development projects.

Supplemental policies, tailored to the specifics of certain types of financings, may be adopted by the City Council in the future. These supplemental policies may address, but are not limited to, the Covered Entities' general obligation, lease revenue, enterprise, multifamily housing and land-secured financings.

### **Professional Assistance**

The Covered Entities will use the services of independent financial/municipal advisors and bond counsel on all debt financings. The Finance Director shall have the authority to periodically select service providers as necessary to meet legal requirements and minimize the Covered Entities' debt costs. Such services, depending upon the type of financing, which may include financial advisory, underwriting, trustee, verification agent, escrow agent, arbitrage consulting and special tax consulting.

The City Attorney's Office shall be responsible for selection of bond counsel and, for publicly-issued debt, selection of disclosure counsel. Additionally, the City

Attorney's Office will be responsible for the selection of disclosure counsel in those circumstances where the City Attorney's Office determines it to be necessary or desirable to retain disclosure counsel to generally advise the Covered Entities with respect to its obligations under state and federal securities-laws. The goal in selecting service providers, whether through a competitive process or otherwise, is to achieve an appropriate balance between service and cost.

### **Types and Purposes of Debt**

The Covered Entities may use several types of municipal debt obligations to finance long-term capital projects and associated real property acquisitions, to the extent permitted by applicable law. Long-term debt is only issued to finance the acquisition and/or construction of capital improvements unless otherwise decreed by court order or adjudicated settlement. Long-term debt financing shall never be used to fund operating or maintenance costs. Prior to the issuance of debt, a reliable revenue source shall be identified to secure repayment of the debt. The following types and purposes of debt of the Covered Entities.

- A. Long-term Borrowing:** Long-term borrowing may be used to finance the acquisition or improvement of land, facilities or equipment for which it is appropriate to spread these costs over more than one budget year and, with respect to the Covered Entities, will be reflected in the Adopted Annual Capital Budget and Adopted Five-Year Capital Improvement Plan. Long-term borrowing may also be used to fund capitalized interest, costs of issuance, required reserves, and any other financing-related costs which may be legally capitalized. Long-term borrowing shall not be used to fund normal and re-occurring operating costs.
  
- B. Short-term Borrowing:** In general, short-term borrowing through financing vehicles, such as commercial paper and lines of credit, will be considered as an interim source of funding for a capital improvement in anticipation of long-term borrowing or for the acquisition of equipment, or any other purpose permitted under the California Government Code, including but not limited to Articles 7 and 7.6 of Chapter 4, of Part 1, of Division 2 of Title 5 thereof. Short-term debt may be issued for any purpose for which long-term debt may be issued, including capitalized interest and other financing-related costs. The final maturity of the debt issued to finance the project shall be consistent with the economic or useful life of the project and, unless the Covered Entity determine that extraordinary circumstances exist, must not exceed seven (7) years. The Covered Entity may also authorize the use of a short-term financing vehicle with a maturity longer than seven (7) years consistent with the useful life of

the financed project if use of a short-term financing vehicle would be a beneficial component to the applicable debt portfolio. Additionally, short-term borrowing may be considered if available cash is insufficient to meet short-term operating needs.

**C. Assessment Bonds:** Proceeds from Assessment Bonds may be used to finance local public improvements, provided that said improvements benefit the parcels of land to be assessed. Local streets, street lights, landscaping, sidewalks and sanitary sewers are some examples of local improvements commonly financed by assessment bonds.

**D. General Obligation Bonds:** General Obligation Bonds may only be issued with two-thirds approval of a popular vote. The California State Constitution (Article 16, Section 18) limits the use of the proceeds from General Obligation Bonds to “the acquisition or improvement of real property.” Libraries, parks and public safety facilities are all types of facilities which could be financed with General Obligation Bonds.

**E. Enterprise Revenue Bonds:** Enterprise Revenue Bonds finance facilities for a revenue producing enterprise, and are payable from revenue sources within that enterprise.

**F. Lease Financing:**

i) As used in this section, the term “**lease financing**” means any lease or sublease made between the Covered Entities and another party for the purpose of financing the acquisition, construction or improvement by the Covered Entities of real property or equipment. By way of example and not limitation, the term “lease financing” includes certificates of participation, lease revenue bonds or lease revenue notes.

ii) Prior to bringing a lease financing to the City Council for approval, the Finance Director will perform initial due diligence on the project to be financed. The Finance Director’s due diligence review will include the following elements:

a. Any lease financing must have an identified revenue source for repayment, which may include the general fund, eligible special funds or project revenues.

b. Prior to embarking on a lease financing in which project revenues are identified as the repayment source, a feasibility study will be performed to determine the volatility of the revenue and provide a sensitivity analysis on project revenue projections including worst/best case scenarios, including without limitation, the impact on any repayment source identified as the backstop to the project revenues as the repayment source.

c. The Finance Director will present the results of the due diligence review including any feasibility study to the City Council for review and consideration, in order to proceed with the preparation of the documents necessary for the lease financing, at least two-thirds majority approval by the City Council of the proposed plan of finance is required.

d. At the time the Finance Director brings forward the lease financing for City Council approval, the Finance Director will also provide the City Council with an update to the due diligence report and any feasibility study. Approval of the lease financing will require at least two-thirds majority approval by the City Council.

iii) The provisions of this section will not apply to a refunding of a lease financing transaction.

**G. Refunding Obligations:** Periodic reviews of outstanding debt will be undertaken to identify refunding opportunities. Refunding will be considered (within federal tax law constraints) if and when there is a net economic benefit of the refunding. Refundings which are non-economic may be undertaken to achieve City objectives relating to changes in covenants, call provisions, operational flexibility, tax status, issuer, or the debt service profile. In general, refundings which produce a net present value savings of at least three percent (3%) of the refunded debt will be considered economically viable. Refundings which produce a net present value savings of less than three percent (3%) will be considered on a case-by-case basis. Refundings with negative savings will not be considered unless there is a compelling public policy objective which is accomplished by retiring the debt.

**H. Tax and Revenue Anticipation Bonds or Notes.**

**I. Land-secured financings, such as special tax revenue bonds and limited obligation assessment bonds.**

**J. Tax increment financings to the extent permitted under State law.**

**K. Debt may be publicly issued or privately placed** and may be issued on either a long term basis or short-term basis consistent with the provisions of this Policy.

**L. Other Obligations:** There may be special circumstances when other forms of debt are appropriate and may be evaluated on a case-by-case basis. Such other forms include, but are not limited to non-enterprise revenue bonds, bond anticipation notes, grant anticipation notes and judgment or settlement obligation bonds.

### **Responsibility for Debt Management Activities**

The City's Finance Director will be responsible for managing and coordinating all activities related to the issuance and administration of debt under this policy, including the implementation of internal control procedures to ensure that the proceeds of debt will be directed to the intended use. The Finance Director shall be subject to City Manager's direction and supervision. The Finance Director is charged with responsibility for the conduct of all City finance functions.

Additionally, the Finance Director serves as the chief financial officer of the Covered Entities is responsible for the oversight of the their 'financial affairs, including use of the proceeds of debt issued by the Covered Entities.

Covered Entities implementing debt-financed capital programs will work in partnership with the Finance Director to provide information and otherwise facilitate the issuance and administration of debt.

All long-term financing proposed transactions for capital improvements must be approved by the governing body of the Covered Entities. "**Long-term financing**" means financing which constitutes an obligation beyond one fiscal year. The Covered Entities must comply with all public hearing requirements applicable to the specific type of bond being approved.

### **A. Annual Debt Report and Other Reports**

The Finance Director will prepare an annual debt report for review by the governing body of the Covered Entities for consideration. The content of the annual debt report will include a summary of the Covered Entities' credit ratings, outstanding and newly-issued debt, a discussion of anticipated debt issues,

refunding opportunities, a review of legislative, regulatory and market issues, and an outline of any new or proposed changes to this Debt Management Policy. The Finance Director shall also be responsible for timely preparation of all reports mandated by law in connection with issuance of debt, including but not limited to under Government Code § 8855(i), (j) and (k) (i), including timely submittal to the governing bodies of the Covered Entities prior to submittal to the California Debt and Investment Advisory Commission.

### **B. Debt Administration Activities**

The Finance Director is responsible for the Covered Entities' debt administration activities, particularly investment of bond proceeds, monitoring compliance with bond covenants, implementing internal control procedures to ensure the use of proceeds of bonds and other debt will be directed to their intended use, monitoring use of facilities financed and tax-exempt debt, continuing disclosure, monitoring arbitrage compliance for tax-exempt debt, and ongoing interactions with credit rating agencies, all of which shall be centralized with the Office of the Finance Director.

### **C. Internal Control Procedures**

Whenever reasonably possible, proceeds of debt used to finance capital improvements will be held by a third-party trustee and the Covered Entities will submit written requisitions for such proceeds. The Finance Director will execute each such requisition. The Finance Director will be responsible for selecting trustees and other fiscal agents associated with bond and certificate of participation issues. To the extent permitted by bond counsel, the rating agencies or any bond insurer, the Finance Director will serve as the Covered Entities' fiscal agent on its debt transactions.

### **D. Method of Sale**

Except to the extent a competitive process is required by law, the Finance Director under supervision of the City Manager shall be responsible for determining the appropriate manner in which to offer any securities to investors. The preferred method of sale is competitive bid. However, other methods such as negotiated sale and private placement may be considered on a case-by-case basis.

## **Debt Issuance**

### **A. Debt Capacity**

The Covered Entities must keep outstanding debt within the limits of applicable law and all levels consistent with its credit worthiness objectives. Without limiting the foregoing, the Covered Entities must keep outstanding debt within the limits of the City's requirements and the Successor Agency will issue debt to refund its outstanding debt consistent with applicable law. In particular, the Covered Entities must assess the impact of new debt issuance on the long-term affordability of all outstanding and planned debt issuance. Such analysis recognizes that Covered Entities have limited capacity for debt service in their budget, and that each newly issued financing will obligate the Covered Entities to a series of payments until the bonds are repaid.

## **B. Credit Quality**

The Covered Entities seek to obtain and maintain from rating agencies the highest possible credit ratings for all categories of short-term and long-term debt. The Covered Entities will not issue bonds directly or on behalf of others which do not carry investment grade ratings. However, the Covered Entities will consider the issuance of non-rated special assessment, community facilities, multifamily housing and special facility bonds.<sup>1</sup>

## **C. Structural Features**

### **i) Debt Repayment**

Debt will be structured for a period consistent with a fair allocation of costs to current and future beneficiaries of the financed capital project and, consideration will be given, The Covered Entities must structure their debt issues so that the maturity of the debt issued is consistent with the economic or useful life of the capital project to be financed.

### **ii) Variable-Rate Debt**

The Covered Entities may choose to issue securities which pay a rate of interest which varies according to a pre-determined formula or results from a periodic remarketing of the securities. Such issuance must be consistent with applicable law and covenants of pre-existing bonds, and in an aggregate amount consistent with the Covered Entity's' creditworthiness objectives. When making the determination to issue bonds in a variable rate mode, consideration will be given in regards to the useful life of the project or facility being financed or refinanced

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<sup>1</sup> In most cases, a bond which cannot achieve an investment-grade rating will not be rated at all, because there is little value from a bond-marketing perspective in a below investment-grade rating.

or the term of the project requiring the funding, market conditions and the overall debt portfolio structure when issuing variable rate debt for any purpose.

### iii) Derivatives

Derivative products<sup>2</sup> may have application to certain Covered Entities borrowing programs. In certain circumstances these products can reduce borrowing cost and assist in managing interest rate risk. However, these products carry with them certain risks not faced in standard debt instruments. The Finance Director must evaluate the use of derivative products on a case-by-case basis to determine whether the potential benefits are sufficient to offset any potential costs.

### **Relationship to Capital Improvements Program or Budget Planning Goals and Objectives**

The Covered Entities are committed to long term financial planning, maintaining appropriate reserve levels and employing prudent practices in governance, management and budget administration. The Covered Entities intend to issue debt for the purposes stated in this Debt Management Policy and to implement policy decisions incorporated in the Covered Entities' annual operations and capital budgets-and the City's five-year capital improvement plan. This Debt Management Policy is intended to ensure that debt levels and their related annual costs will advance the Covered Entities' planning goals and objectives.

### **Debt Affordability Target Limitations**

“**Debt affordability**” is considered in the policies established by the Covered Entities and financial and economic ratios recognized by rating agencies. Target ratios identified in this Debt Management Policy are guidelines and should be revisited as the Covered Entities' capital program and financial resources change.

The principal affordability measures will be the follows:

- **As a percent of budget:** Consistent with market practices this ratio will be calculated as a percent of General Fund revenue, as a percent of General Fund revenue less General Fund intergovernmental revenue, and as a percent of operating expenditures. The Covered Entities will keep ratios at or below the median for California cities.

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<sup>2</sup> A derivative product is a financial instrument which “derives” its own value from the value of another instrument, usually an underlying asset such as a stock, bond or an underlying reference such as an interest rate index.

- **Tax rate threshold:** The Covered Entities recognize taxpayer sensitivity to tax rates. The City may set a target limit for approving any such special obligations, for example where the aggregate tax would exceed 2% of assessed value of real property. However, bond issues which achieve a level of community support sufficient to satisfy the two-thirds (2/3) majority vote threshold will be deemed to be an exception to the guidelines for financial and economic measures insofar as an inconsistency may otherwise appear to exist.
- **Rating agency ratios:** The rating agencies, bond insurance companies and institutional investor analysts commonly rely on certain ratios to measure a jurisdiction's debt load. In addition to the ratios of debt as a percent of revenues and expenditures, the rating agencies employ debt as a percent of assessed valuation; debt as a percent of personal income; and debt per capita.

These three ratios are not direct measures of issuer debt affordability, however they provide useful benchmarks by which the Covered Entities can compare to its peers and affect the way bond market participants view the Covered Entities. The Covered Entities' goal is to maintain such measures at levels which are at or below the average of comparable counties. Moody's Investors Services publishes debt measures for certain California public entities, which will be utilized as a source for comparison purposes.

The Covered Entities may determine that a particular improvement is of such high necessity to ensure the safety and welfare of their residents that it must incur obligations in excess of these thresholds. To the extent such thresholds are ever exceeded for such purposes, it is the intention of the Covered Entities to avoid future occurrences of debt or other fixed obligations until such thresholds are restored.

## **Disclosure Practices and Procedures**

### **A. Statement of Policy**

The Covered Entities are committed to full and complete primary (prior to issuance) and secondary (post issuance) market disclosure in accordance with disclosure requirements established by the Securities and Exchange Commission and Municipal Securities Rulemaking Board and other applicable legal authorities, as may be amended from time to time. The City is also committed to cooperating fully with rating agencies, institutional and individual investors, other levels of government, and the general public to share clear, timely and accurate financial information.

## **B. Implementation of Policy Objectives**

i) For purposes of this section, the following definitions apply

“**Continuing Disclosure Agreement**” means the certificate or agreement entered into by the City in connection with the sale of bonds in order to satisfy the requirements of Securities and Exchange Rule 15c2-12 which requires the Covered Entities, as applicable, to provide specified information and annual reports while the bonds remain outstanding.

“**Offering Document**” means the document prepared by the City in connection with the sale of bonds to the public.

ii) Written Policies and Procedures

In order to carry out these policies objectives, the City Manager, in consultation with the City Attorney, will implement written disclosure policies and procedures related to the provision of financial and other relevant information to investors including preparation and review of Offering Documents before submission to the governing bodies of the Covered Entities for approval and compliance with Continuing Disclosure Agreements, and if required, the development and maintenance of an investor webpage on the City’s website as well as and other related topics.

iii) City Council Review and Approval of Offering Documents

The City’s consideration of the approval of bonds and the Offering Documents related to the bonds is to be placed on the applicable City Council agenda as a new business matter and not on the Consent Calendar. Any Offering Document to be issued in connection with the sale of the bonds is to be transmitted to City Council in substantially final form for the City Council’s consideration and approval to release to investors, subject to any updating required to make the Offering Document accurate and complete. The City Council’s review will consider whether the Offering Document includes all material information to an investor in the bonds - meaning information where there is a substantial likelihood that the information would have actual significance in the deliberations of the reasonable investor. At the City Council meeting at which the proposed sale of bonds is considered, the City Council will have the opportunity to address questions to City staff and the professional advisors regarding the information presented in the Offering Document.

iv) Responsibility for Disclosure

The City Manager and the Finance Director are the Covered Entities' designated officials for communicating information concerning the Covered Entities' finances and other information about the Covered Entities which a reasonable investor would consider to be material in making a decision to purchase or sell debt issued by the Covered Entities.

Communications from other Covered Entities officials or employees regarding the City's financial condition must not be considered to be official communications by the City to the investor marketplace unless otherwise approved by the City.

The reports re

**Debt Administration – Investments, Use of Proceeds and Tax Compliance**

**A. Investment and use of Proceeds**

Investments of proceeds of bonds or other forms of debt shall be consistent with federal tax requirements and any applicable State law requirements, and the City's Investment Policy as modified from time to time, and with requirements contained in the governing documents. The Finance Director will be responsible for the implementation of internal control procedures to ensure that the proceeds of debt, regardless of tax status, will be directed to the intended use. This responsibility is in addition to the specific requirements related to the monitoring use of tax-exempt proceeds specified below.

**B. Federal Tax Compliance**

i) Responsible Department

The Finance Director will have primary responsibility for all ongoing tax compliance matters relating to tax-exempt debt issued by the Covered Entities. The Finance Director, who may in turn consult with bond counsel, will be responsible for monitoring ongoing tax compliance matters relating to tax-exempt debt, including compliance with the arbitrage rebate requirements of section 148 of the Internal Revenue Code, as set forth below. It is contemplated that additional policies and procedures will be implemented by either or both the City Manager and the Finance Director to supplement the policies and procedures set forth in this Debt Management Policy.

ii) Arbitrage Compliance

The Finance Director will maintain a system of record keeping and reporting to meet the arbitrage compliance requirements of federal tax law for tax-exempt debt. In connection with this responsibility, the Finance Director must:

- a) Program payment of required rebate amounts, if any, no later than 60 days after each 5-year anniversary of the issue date of bonds or notes, and no later than 60 days after the last bond or notes of each issue is redeemed;
- b) During the construction period of each capital project financed in whole or in part by bonds or notes, monitor the investment and expenditure of proceeds and consult with rebate experts as necessary, to determine compliance with any applicable exceptions from the arbitrage rebate requirements during each 6-month spending period up to 6 months, 18 months or 24 months, as applicable, following the issue date of the bonds or notes; and
- c) Retain copies of all arbitrage reports and account statements as described below in “Record Keeping Requirements.”

### **C. Use of Tax-Exempt Debt and Facilities**

The Finance Director, together with the applicable City department heads, will be responsible for:

- Monitoring the use of tax-exempt proceeds and the use of tax-exempt financed or refinanced assets (e.g., facilities, furnishings or equipment) throughout the term of the debt to ensure compliance with covenants and restrictions set forth in the governing documents relating to the debt;
- Maintaining records identifying the assets or portion of assets which are financed or refinanced with proceeds of each issue of tax-exempt debt, including a final allocation of tax-exempt proceeds as described below under “Record Keeping Requirements”;
- Consulting with the City Attorney’s Office and bond counsel in the review of any contracts or arrangements involving use of tax-exempt financed or refinanced assets to ensure compliance with all covenants and restrictions set forth in the governing documents relating to the tax-exempt debt;

- Maintaining records for any contracts or arrangements involving the use of tax-exempt financed or refinanced assets as described below under “Record Keeping Requirements”;
- Conferring at least annually with personnel responsible for tax-exempt financed or refinanced assets to identify and discussing any existing or planned use of tax-exempt financed or refinanced assets, to ensure that those uses are consistent with all covenants and restrictions set forth in the governing documents relating to the tax-exempt debt; and
- To the extent that the City discovers that any applicable tax restrictions regarding use of tax-exempt proceeds and tax-exempt-financed or refinanced assets will or may be violated, consulting promptly with the City Attorney’s Office and bond counsel to develop a course of action to remediate any identified violation.

**D. Record Keeping Requirements**

The Finance Director and other applicable City departments, as may be necessary, will be responsible for maintaining the following documents for the term of each issue of tax-exempt debt (including debt issued to refinance existing debt, if any) plus at least three (3) years:

- A copy of the closing transcript(s) and other relevant documentation delivered to the City at or in connection with closing of the issue of tax-exempt, including any elections made by the City in connection therewith;
- A copy of all material documents relating to capital expenditures financed or refinanced by tax-exempt debt proceeds, including (without limitation) construction contracts, purchase orders, invoices, trustee requisitions and payment records, draw requests for tax-exempt debt proceeds and evidence as to the amount and date for each draw down of tax-exempt debt proceeds, as well as documents relating to costs paid or reimbursed with tax-exempt debt proceeds and records identifying the assets or portion of assets which are financed or refinanced with tax-exempt debt proceeds, including a final allocation of tax-exempt debt proceeds;
- A copy of all contracts and arrangements involving the use of tax-exempt debt-financed or refinanced assets; and
- A copy of all records of investments, investment agreements, arbitrage reports and underlying documents, including trustee statements, in

connection with any investment agreements, and copies of all bidding documents, if any.

**BEFORE THE CITY COUNCIL OF THE  
CITY OF FARMERSVILLE**

**IN THE MATTER OF:  
A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF FARMERSVILLE  
ADOPTING A DEBT MANAGEMENT  
POLICY**

**RESOLUTION 2018-005**

WHEREAS, pursuant to Senate Bill 1029 (“SB 1029”), which was signed by the California Governor on September 12, 2016 and went into effect on January 1, 2017, California public agencies which issue debt must adopt debt management policies which meet certain criteria;

WHEREAS, in response to SB 1029, and in order to adhere to sound financial management practices, the City Council finds it desirable to approve the City’s Debt Management Policy; and

WHEREAS, there has been presented to this meeting a proposed form of a Debt Management Policy; and

THEREFORE, BE IT RESOLVED, by the City Council of the City of Farmersville, State of California, hereby adopts the City of Farmersville Debt Management Policy, as set forth in the attached EXHIBIT A; and

BE IT FURTHER RESOLVED, that this Resolution and the above-noted City of Farmersville Debt Management Policy shall be effective immediately after the date of adoption of this Resolution.

UPON MOTION OF COUNCIL MEMBER BENAVIDES, SECONDED BY COUNCIL MEMBER GOMEZ, THE FOLLOWING WAS PASSED, APPROVED, AND ADOPTED BY THE CITY COUNCIL AT AN OFFICIAL MEETING HELD ON FEBRUARY 26, 2018, BY THE FOLLOWING VOTE:

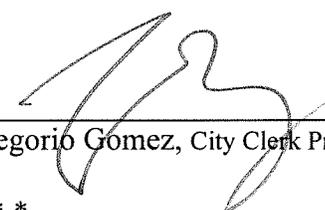
AYES: Boyer, Sisk, Gomez, Benavides

NOES:

ABSTAIN:

ABSENT: Vasquez

BY:   
PAUL BOYER, MAYOR

ATTEST:   
Gregorio Gomez, City Clerk Pro Tempore

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# Investment Policy



# City of Farmersville Investment Policy

## I. Governing Authority

### *Legality*

The investment program shall be operated in conformance with governing legislation and other legal requirements laid out in section 2.04 of the Farmersville Municipal Code regarding the position of Treasurer / Chief Financial Officer and California Government Code Section 53601.

## II. Scope

This policy applies to the investment of all funds, excluding the investment of employees' retirement funds.

### 1. *Pooling of Funds*

Except for cash in certain restricted and special funds, the City of Farmersville will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Also, per SEC Rule 15B (Municipal Advisor Rule), the policy must clearly state whether or not the cash being pooled/invested includes municipal bond proceeds or not.

Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

## III. General Objectives

The primary objectives of investment activities shall be safety, liquidity, and return:

### 1. *Safety*

Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

#### a. Credit Risk

The City of Farmersville will minimize credit risk, which is the risk of loss of all or part of the investment due to the failure of the security issuer or backer, by:

- Limiting investments to the types of securities listed in Section VII of this Investment Policy
- Pre-qualifying and conducting ongoing due diligence of the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business in accordance with Section V
- Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

#### b. Interest Rate Risk

The City of Farmersville will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

- Structuring the investment portfolio so that security maturities match cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting individual security maturity as well as the average maturity

of the portfolio in accordance with this policy (see section VIII).

## *2. Liquidity*

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity).

Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity).

Alternatively, a portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.

## *3. Return*

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal;
- Selling a security and reinvesting the proceeds that would improve the quality, yield, or target duration in the portfolio may be undertaken;
- Unanticipated liquidity needs of the portfolio require that the security be sold.

# **IV. Standards of Care**

## *1. Prudence*

The standard of prudence to be used by investment officials shall be the "uniform prudent investor act" standard and shall be applied in the context of managing an overall portfolio. The Investment Officer acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

## *2. Ethics and Conflicts of Interest*

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business, in accordance with applicable laws (City's Conflict of Interest Policies, California Government Code section 1090, and the California Political Reform Act). They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City of Farmersville.

## *3. Delegation of Authority*

Authority to manage the investment program is granted to the Chief Financial Officer / Treasurer and

derived from City of Farmersville Municipal Code section 2.04 and California Government Code 53601. Responsibility for the operation of the investment program is hereby delegated to the Chief Financial Officer, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. At a minimum, procedures should include references to the following: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, and collateral/depository agreements.

No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Chief Financial Officer. The Chief Financial Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

## **V. Authorized Financial Institutions, Depositories, and Broker/Dealers**

### *1. Authorized Financial Institutions, Depositories, and Broker/Dealers*

A list will be maintained of financial institutions and depositories authorized to provide investment services. In addition, a list will be maintained of approved security broker/dealers selected by creditworthiness and/or other factors, such as FINRA broker check.

All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
- Proof of Financial Industry Regulatory Authority (FINRA) certification (not applicable to Certificate of Deposit counterparties)
- Proof of state registration
- Completed broker/dealer questionnaire (not applicable to Certificate of Deposit counterparties)
- Certification of having read and understood and agreeing to comply with the [entity's] investment policy.
- Evidence of adequate insurance coverage.

An annual review of the financial condition and registration of all qualified financial institutions and broker/dealers will be conducted by the Chief Financial Officer.

2. If a third party investment advisor is authorized to conduct investment transactions on the City's behalf, the investment advisor may use its own list of approved broker/dealers and financial institutions for investment purposes. The investment advisor's approved list must be made available to City upon request. In selecting financial institutions for the deposit or investment of City funds, the credit rating of these institutions will be considered. These financial institutions shall be authorized to provide investment services in California.

## **VI. Safekeeping and Custody**

### *1. Delivery vs. Payment*

All trades of marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible custody account prior to the release of funds.

### *2. Safekeeping*

Securities will be held by an independent third-party custodian selected by the city as with all securities held in the City's name (centralized, if possible). The safekeeping institution shall annually provide a copy of their most recent report on internal controls (Statement of Auditing Standards No.

70, or SAS 70).

### 3. Internal Controls

The Chief Financial Officer shall establish a system of internal controls, which shall be documented in writing. The internal controls shall be reviewed annually by the investment committee, where present, and with the independent auditor. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, mis-representation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the City.

## VII. Suitable and Authorized Investments

### 1. Investment Types

Consistent with the GFOA Policy Statement on State and Local Laws Concerning Investment Practices, California State Law, and other binding documents, the following investments will be permitted by this policy and in the following proportions:

Investment Type	Maximum % or \$	Maximum Maturity	Minimum Required Rating
<b>Bank / Time Deposits</b>	None	5 years	N/A
<b>U.S. Treasuries</b>	None	5 years	N/A
<b>U.S. Agencies</b>	None	5 years	N/A
<b>Money Market Funds</b>	20% (10% with one mutual fund)	N/A	N/A
<b>Bankers Acceptances</b>	30% (5% with one bank)	180 days	A1/P1
<b>Commercial Paper</b>	25% (5% with one firm)	270 days	A1/P1
<b>Negotiable CDs</b>	30% (5% with one bank)	5 years	A < 1 year AA < for 1-5 years
<b>CDs non-negotiable CDARS</b>	30% (5% with one bank)	3 years	N/A
<b>Municipal Obligations</b>	5% with on Agency	5 years	A (except City's own bonds)
<b>Medium Term Notes</b>	30%	5 years	A
<b>Suprationals</b>	2%	5 years	AAA
<b>LAIF (State Pool)</b>	Per State Statute	N/A	N/A
<b>Local Government Investment Pools (CSJVRMA, CAMP, CLASS, etc).</b>	None	N/A	N/A

Investment in derivatives of the above instruments shall require authorization by the appropriate governing authority.

It is the intent that investments shall be managed in such a way that any market price losses resulting from interest-rate volatility would be offset by coupon income and current income received from the overall portfolio over market cycles. To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements.

Pursuant to Government Code Section 53601 et seq. the City may only invest in the following security types (See the Glossary section for a detailed description of each of these investment types):

- A. U.S. Government Treasury Bills and Notes**
- B. U.S. Government Sponsored Enterprise Debt (GSE's) (known as Agencies)**
- C. Certificates of Deposit** (non-negotiable) (CDs) – The City is authorized to use of private CD placement services by local agencies. This investment policy allows for the use of a placement service called the Certificate of Deposit Account Registry Service (CDARS), which acts as the master custodian for the placement of CDs. Through the use of this placement service, local banks that work with CDARS place one investment by the City and divide the deposit into individual CDs not to exceed \$250,000, so that each individual CD is fully insured by the FDIC.
- D. Bankers Acceptances** (BA) – with an A1/P1 rating as provided for by a nationally recognized statistical-rating organization (NRSRO).
- E. Commercial Paper** - Prime commercial paper with an A1/P1 rating as provided for by a NRSRO. Purchases must be limited to corporations organized and operating within the United States, and as a practical matter generally only those corporations operating within the State of California, having total assets in excess of \$500 million, and having an "A" or higher rating for the issuer's debentures, other than commercial paper (as-provided by Moody's or Standard and Poor's rating services). In addition, purchases may not represent more than ten percent (10%) of the outstanding paper of an issuing corporation.
- F. State of California Local Agency Investment Fund (LAIF)**
- G. Local Government Investment Pools (LGIP)** – Pooled investments providing shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments permitted by Section 53601 of Title 5, Division 2, Chapter 4 of the Government Code of California, as it may be amended. Examples include Central San Joaquin Valley Risk Management Authority Pooled Investment Account (CSJVRMA), California Asset Management Program (CAMP), California CLASS, and other pools provided that they meet the requirements stated above.
- H. Domestic money market mutual funds** – These must be registered with the Federal Securities and Exchange Commission (SEC), have over \$500 million in total assets, be rated in the highest rating category by two nationally recognized rating services and only invest in:
  - a. U.S. Government or federal agency securities and repurchase agreements,
  - b. Tax exempt obligations or other investment instruments specifically included in the local investment policy
- I. Negotiable Certificates of Deposit** - Must be issued by a nationally or state chartered bank or savings and loan association, or by a state licensed branch of a foreign bank.
- J. Medium Term Corporate Notes** - Notes issued by corporations organized and operating within the U.S. or by depository institutions licensed by the United States or any state and operating within the U.S. Must be rated "A" or better by a NRSRO.
  - a. If a corporate note owned by the City is downgraded by either Moody's or S&P to a level below the quality required by this Investment Policy, it shall be the City's policy to review the credit situation and make a determination as to whether to sell or retain such a corporate note in the portfolio.

- b. If a security is downgraded two grades below the level required by the City, the security shall be sold immediately.
- c. If a security is downgraded one grade below the level required by this policy and matures within 6 months, the security will be held to maturity. The Chief Financial Officer may determine to sell the security if it is determined that there is a probability of default prior to maturity. If a decision is made to retain the security in the portfolio, its presence in the portfolio will be monitored and reported quarterly to the City Council.

**K. *Municipal Obligations*** – Must be rated “A” or better by a nationally recognized rating agency except for the City’s own bonds and bonds issued by the City’s former Redevelopment Agency and its Financing Authority, which may have any rating. Municipal Obligations include the following:

- i. Registered state warrants or treasury notes or bonds of the State of California and bonds, notes, warrants, or other evidences of indebtedness of any local agency within California, including bonds payable solely out of the revenues from a revenue producing property owned, controlled, or operated by the state or local agency or by a department or agency of the state or local agency.
- ii. Registered treasury notes or bonds of any of the 49 U.S. States in addition to the State of California, including bonds payable solely out of the revenues from a revenue producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 U.S. States, in addition to California.

**L. *Supranationals*** - Must be rated “AAA” or better by a nationally recognized rating agency and is U.S. dollar denominated senior unsecured unsubordinated obligations issued by the International Bank for Reconstruction and Development, International Finance Corporation, or the Inter-American Development Bank.

**2. *Collateralization***

Where allowed by governing legislation and in accordance with the GFOA Recommended Practices on the Collateralization of Public Deposits, full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit (at least 102% per California Government Code).

**3. *Repurchase Agreements***

Repurchase agreements shall be consistent with GFOA Recommended Practices on Repurchase Agreements and California Government Code.

**VIII. Investment Diversification & Constraints**

**1. *Diversification***

It is the policy of the City of Farmersville to diversify its investment portfolios. To eliminate risk of loss resulting from the overconcentration of assets in a specific maturity, issuer, or class of securities, all cash and cash equivalent assets in all City of Farmersville funds shall be diversified by maturity, issuer, and security type. Diversification strategies shall be determined and revised periodically by the investment committee/investment officer for all funds except for the employee retirement fund.

In establishing specific diversification strategies, the following general policies and constraints shall apply: Portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity sector. Maturities selected shall provide for stability of income and reasonable liquidity.

- Liquidity shall be assured through practices ensuring that the next disbursement date and payroll date are covered through maturing investments or marketable U.S. Treasury bills.
- Positions in securities having potential default risk (e.g., commercial paper) shall be limited in size so that in case of default, the portfolio's annual investment income will exceed a loss on a single issuer's securities.
- Risks of market price volatility shall be controlled through maturity diversification and duration management.
- The Chief Financial Officer shall establish strategies and guidelines for the percentage of the total portfolio that may be invested in securities other than repurchase agreements, Treasury bills, or collateralized certificates of deposit. The Chief Financial Officer shall conduct a quarterly review of these guidelines and evaluate the probability of market and default risk in various investment sectors as part of its considerations.

The following diversification limitations shall be imposed on the portfolio:

Any security type or structure not specifically approved by this policy and investment instructions is specifically prohibited. Security types, which are thereby prohibited to be purchased as defined by Government Code Section 53601.6 include, but are not limited to:

- a) Complex derivative structures such as range notes, inverse floaters, or any other complex variable rate or structure note.
- b) Interest-only strips that are derived from a pool of mortgages (i.e. Collateralized Mortgage Obligations), or any security that could result in zero interest accrual if held to maturity.
- c) Mortgage and asset backed securities, and trade in options or future contracts.

## *2. Maximum Maturities*

To the extent possible, the City of Farmersville shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five (5) years from the date of purchase or in accordance with governing legislation. The City shall adopt weighted average maturity limitations consistent with the investment objectives.

Reserve funds and other funds with longer-term investment horizons may be segregated into a long-term "core" investment portfolio and invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds as allowed by State law. The intent to invest in securities with longer maturities shall be disclosed in writing to the legislative body.

## *3. Competitive Bids*

The Chief Financial Officer shall obtain competitive bids from at least three brokers or financial institutions on all purchases and sales of investment instruments transacted on the secondary market when practicable.

## **IX. Reporting**

### 1. *Methods*

The Chief Financial Officer shall prepare an investment report monthly, according to California government code section 53607 and 53646(b) relative to the investment holdings and investment activity of the City.

The report shall include a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last quarter. This management summary will be prepared in a manner which will allow the City to ascertain whether investment activities during the reporting period have conformed to the investment policy.

The report will be provided to the City Manager, City Clerk, and the City Council. The report will include the following:

- Listing of individual securities held at the end of the reporting period including type, acquisition cost, book cost, and market value.
- Realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over one-year duration that are not intended to be held until maturity (in accordance with Governmental Accounting Standards Board (GASB) requirements).
- Average weighted return on investments as compared to applicable benchmarks.
- Percentage of the total portfolio which each type of investment represents.
- A statement that the investment portfolio is in compliance with the investment policy and is meeting the investment policy objectives

### 2. *Performance Standards*

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. An appropriate benchmark(s) shall be established against which portfolio performance shall be compared on a regular basis. The benchmarks shall be reflective of the actual securities being purchased and risks undertaken, and the benchmarks shall have a similar weighted average maturity as the portfolio.

### 3. *Marking to Market*

The market value of the portfolio shall be calculated monthly and a statement of the market value of the portfolio shall be issued monthly. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed consistent with the GFOA Recommended Practice on "Mark-to-Market Practices for State and Local Government Investment Portfolios and Investment Pools."

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments", as of June 30th of each Fiscal Year the City will report all investments in excess of one year at market value. Any change in the value of the investments will be recognized annually, as a part of interest income.

## **X. Policy Considerations**

### 1. *Amendments*

This policy shall be reviewed on an annual basis. Any changes must be submitted by the investment officer and approved by the investment oversight committee or authoritative body acting in such capacity.

## **XI. Approval of Investment Policy**

The investment policy shall be formally approved and adopted by the City Council and reviewed annually.

## XII. Glossary

### A

**Accrued Interest:** Coupon interest accumulated on a bond or note since the last interest payment or, for a new issue, from the dated date to the date of delivery.

**Agencies:** Federal agency securities and/or Government-sponsored enterprises. These include securities of government agencies such as, but not limited to: Federal National Mortgage Association (FNMA); Federal Home Loan Bank (FHLB); Government National Mortgage Association (GNMA); Community Development Corporation (CDC), Small Business Association (SBA), Federal Farm Credit Bank (FFCB) and Federal Home Loan Mortgage Corporation (FHLMC).

**Arbitrage:** Transactions by which securities are bought and sold in different markets at the same time for the sake of the profit arising from a yield difference in the two markets. The 1986 Tax Reform Act made this practice by municipalities illegal solely as a borrowing tactic, except under certain safe-harbor conditions.

**Asked:** The price at which securities are offered.

**Asset Backed Securities:** Securities that are supported by pools of assets, such as installment loans or leases, or by pools of revolving lines of credits. Asset-backed securities are structured as trusts in order to perfect a security interest in the underlying assets.

### B

**Bank Deposits:** To deposit collateral in the form of currency that may be in the form of demand accounts (checking) or investments in accounts that have a fixed term and negotiated rate of interest.

**Bank Notes:** A senior, unsecured, direct obligation of a bank or U.S. branch of a foreign bank.

**Bankers' Acceptance (BA):** These are bills of exchange or time drafts drawn on, and accepted by, commercial banks in the top 100 of the world, which are eligible for purchase by the Federal Reserve System. Acceptance of the draft obligates the bank to pay the bearer the face amount of the draft at maturity. In addition to the guarantee by the accepting bank, the transaction is secured with a specific commodity. The sale of the underlying goods will generate the funds necessary to liquidate the indebtedness. BAs are usually created to finance the import and export of goods, the shipment of goods within the United States and the storage of readily marketable staple commodities. BAs are sold at a discount from par and the amount and maturity date are fixed.

**Basis Point:** Refers to the yield on bonds. Each percentage point of yield in bonds equals 100 basis points (1/100% or 0.01%). If a bond yield changes from 7.25% to 7.39% that is an increase of 14 basis points.

**Benchmark:** A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

**Bid:** The price offered by a buyer of securities. When you are selling securities, you ask for a bid. See Offer.

**Bond Proceeds:** The money paid to the issuer by the purchaser or underwriter of a new issue of municipal securities. These moneys are used to finance the project or purpose for which the securities were issued and to pay certain costs of issuance as may be provided in the bond contract.

**Bonds:** A debt obligation of a firm or public entity. A bond represents the agreement to repay the debt in principal and, typically, in interest on the principal.

**Book Entry:** The system maintained by the Federal Reserve, by which most money market securities are delivered to an investor's custodial bank. The Federal Reserve maintains a computerized record of the ownership of these securities and records any changes in ownership corresponding to payments made over the Federal Reserve wire (delivery versus payment).

**Book Value:** The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of any premium or discount.

**Broker:** A broker assists in the buying and selling of investments together for a commission.

## C

**Call Price:** The price at which an issuer may redeem a bond before maturity

**Callable Bond:** A bond issue in which all or a part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions

**CALTRUST:** a Joint Powers Authority created by public agencies to provide a convenient method for public agencies to pool their assets for investment purposes. CalTRUST is governed by a Board of Trustees made up of experienced local agency treasurers and investment officers. The Board sets overall policies for the program and oversees the activities of the investment manager and other agents.

**CD Placement Service:** A private cd placement service that allows local agencies to purchase more than \$250,000 in cds from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS (Certificate of Deposit Account Registry System) is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than \$250,000 each, so that FDIC coverage is maintained.

**Central San Joaquin Valley Risk Management Authority Pooled Investment Account (CSJVRMA):** CSJVRMA is a money market portfolio created for the 54 member Public Agencies of the CSJVRMA. Similar to LAIF, this pool provides daily liquidity, money market returns and unlimited number of deposits and withdrawals. CSJVRMA pool may hold a broader range of securities that would not be eligible under the City investment criteria. Since CSJVRMA pool is subject to different statutory investment provisions, any such variances in their holdings are acceptable under this policy

**Certificate Of Deposit (CD):** A time deposit with a maturity evidenced by a certificate See "Non-Negotiable" and "Negotiable" Certificate of Deposit. Large-denomination CDs are typically negotiable.

**Collateral:** Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**Commercial Paper:** Unsecured promissory notes issued to finance short term credit needs, with maturities ranging from 2 to 270 days. Unsecured promissory notes are issued to finance short term credit needs. The paper must be of "prime" quality of the highest ranking, or of the highest letter and numerical

rating as provided by Moody's or Standard & Poor's. Eligible paper is further limited to issuing corporations that are organized and operate within the United States, have total assets in excess of \$500 million, and have an 'A1-P1' rating for its debt from Moody's or Standard & Poor's.

**Comprehensive Annual Financial Report (CAFR):** The official annual report for the City. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

**Corporate Notes And Bonds:** Debt instruments, typically unsecured, issued by corporations, with original maturities in most cases greater than one year and less than ten years. Medium term notes (MTN) are unsecured, corporate and depository institution debt obligations. Allowable medium term notes must be issued by corporations organized and operating within the United States (U.S.) or by depository institutions licensed by the U.S. or any state and operating within the U.S. MTNs must be rated "A" or better by Moody's or Standard and Poor's.

**Coupon:** (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value and (b) a certificate attached to a bond evidencing interest due on a payment date.

**Credit Rating:** Various alphabetical and numerical designations used by institutional investors, Wall Street underwriters, and commercial rating companies to give relative indications of bond and note creditworthiness. Standard & Poor's and Fitch Ratings use the same system, starting with their highest rating, of AAA, AA, A, BBB, BB, B, CCC, CC, C, and D for default. Moody's Investors Service uses Aaa, Aa, A, Baa, Ba, B, Caa, Ca, C, and D. Each of the services use pluses (+), minuses (-), or numerical modifiers to indicate steps within each category. The top four letter categories are considered investment grade ratings.

**Credit Risk:** The chance that an issuer will be unable to make scheduled payments of interest and principal on an outstanding obligation. Another concern for investors is that the market's perception of a corporation's credit will cause the market value of a security to fall, even if default is not expected.

**CUSIP Number:** The Committee on Uniform Security Information Procedures (CUSIP) Number refers to a security's identification number assigned to each publicly traded security by the CUSIP Service Bureau operated by Standard & Poor's for the American Bankers Association. The CUSIP Number is a nine-character identifier unique to the issuer, the specific issue and the maturity, if applicable (the first six characters identifying the issuer, the next two identifying the security and the last digit provides a check digit to validate the accuracy of the preceding CUSIP number).

**Custodian:** A bank or other financial institution that keeps custody of stock certificates and other assets.

## D

**Dealer:** A dealer, as opposed to a broker, acts as a principal in all transactions; buying and selling for his/her own account.

**Debenture:** A bond secured only by the general credit of the issuer.

**Defeased Bond Issues:** Issues that have sufficient money to retire outstanding debt when due so that the agency is released from the contracts and covenants in the bond document.

**Delivery Versus Payment:** There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for

the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

**Derivatives:** Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or financial contracts based upon amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

**Discount:** The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price after sale is considered sold at a discount.

**Discount Securities:** Non-interest bearing money market instruments that are issued a discount and redeemed at maturity for full face value, e.g., U.S. Treasury Bills.

**Diversification:** Dividing investment funds among a variety of securities offering independent returns

**Duration:** A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices.

## E

**Effective Duration:** A measure of the price sensitivity of fixed-income investments, especially for those with embedded option features such as call options. As yields rise, the effective duration of a callable investment rises to reflect the fact that it has become less likely to be called. The more rates rise, the longer the effective duration will become, approaching the duration to maturity. The converse is true in a declining interest rate environment (that is, the more rates fall, the shorter the effective duration will become, approaching the duration to call). For securities without an embedded option, the duration to call, maturity, and effective duration are all the same.

**Extendable Notes:** Securities with maturity dates that can be extended by mutual agreement between the issuer and investor. When investing in these types of securities, the maturity date plus the stated extendable option must not exceed the time frames that are allowed in California Government Code or the investment policy for the investment type.

## F

**Federal Credit Agencies:** Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., banks, small business firms, students, farmers, farm cooperatives, and exporters.

**Federal Deposit Insurance Corporation (FDIC):** A federal agency that insures bank deposits, up to \$250,000 per deposit.

**Federal Funds Rate:** The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

**Federal Home Loan Banks (FHLB):** Government sponsored wholesale banks which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

**Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac):** A United States government sponsored corporation.

**Federal National Mortgage Association (FNMA or Fannie Mae):** FNMA, like GNMA, was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, is a private stockholder-owned corporation and its purchases include a variety mortgages and second loans, in addition to fixed rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

**Federal Open Market Committee (FOMC):** Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

**Federal Reserve System:** The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

**Fiduciary:** A person who holds something in trust for another and bears liability for its safekeeping.

**First Tier Securities:** Securities that have received short-term debt ratings in the highest category from the requisite nationally recognized statistical-rating organizations (NSROS), or are comparable unrated securities, or are issued by money market funds, or government securities. [See sec Rules: Paragraph (a)(12) of rule 2a-7]

## G

**Government Accounting Standards Board (GASB):** A standard-setting body, which prescribes standard accounting practices for governmental units.

**Government National Mortgage Association (GNMA or Ginnie Mae):** Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FMHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

**Guaranteed Investment Contracts (GICS):** An agreement acknowledging receipt of funds for deposit, specifying terms for withdrawal, and guaranteeing a rate of interest.

## H-K

**Interest:** The amount a borrower pays to a lender for the use of his or her money.

**Interest Rate Risk:** The potential for a decline in bond prices and the market value of bonds in the portfolio, due to rising market interest rates. In general, bond prices vary inversely with interest rates. The change in a bond's price depends on several factors, including its maturity date. In general, bonds with longer maturities are more sensitive to changes in interest rates than bonds with shorter maturities. Similarly, bond funds with longer average portfolio maturities, such as the CalTRUST Medium-Term and Long-Term Accounts, will be more sensitive to interest rate changes than those with shorter average portfolio

maturities, such as the CalTRUST Short-Term account.

**Investment Agreements:** Investment agreements are contracts with respect to funds deposited by an investor. Investment agreements are often separated into those offered by banks and those offered by insurance companies. In the former case, they are sometimes referred to as “bank investment contracts.”

## L

**Liquidity:** A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

**Liquidity Risk:** The chance that a security, sold prior to maturity, will be sold at a loss of value. For a local agency, the liquidity risk of an individual investment may not be as critical as how the overall liquidity of the portfolio allows the agency to meet its cash needs.

**Local Agency Investment Fund (LAIF):** The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment. LAIF was created in the California State Treasury by Section 17429 GC. LAIF holds local government funds in trust in a state investment pool in order to provide safety, liquidity and the benefits of the investment pool yield for local government entities invested in LAIF.

## M

**Market Risk:** The price at which a security is trading and could be presumably be purchased or sold.. In general, as interest rates fall, prices of fixed income securities rise. Similarly, as interest rates rise, prices fall. Market risk also is referred to as systematic risk that affects all securities within an asset class similarly.

**Market Value:** The price at which a security is trading and could presumably be purchased or sold on a specific date.

**Master Repurchase Agreement:** A written contract covering all future transactions between the parties to repurchase and reverse repurchase agreements that establish each party’s rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

**Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.

**Money Market:** The market in which short-term debt instruments (bills, commercial paper, bankers’ acceptances, etc.) are issued and traded. Rule 2a-7 of the Investment Company Act applies to Money Market Funds, which mandates these funds to maintain certain standards, including a 13 month maturity limit and a 90 day average maturity on investments, to maintain a constant net asset value of \$1.00.

**Mortgage Backed Securities (MBS):** Mortgage-backed securities (MBS) are created when a mortgagee or a purchaser of residential real estate mortgages creates a pool of mortgages and markets undivided interests or participations in the pool. MBS owners receive a prorata share of the interest and principal cash flows (net of fees) that are “passed through” from the pool of mortgages. MBS are complex securities whose cash flows are determined by the characteristics of the mortgages that are pooled together. Investors in MBS face prepayment risk associated with the option of the underlying mortgagors

to pre-pay or payoff their mortgage. Most MBS are issued and/or guaranteed by federal agencies and instrumentalities (e.g., Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), and Federal Home Loan Mortgage Corporation (FHLMC)).

**Mortgage Pass-Through Obligations:** Securities that are created when residential mortgages (or other mortgages) are pooled together and undivided interests or participations in the stream of revenues associated with the mortgages are sold.

**Mutual Funds:** An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments.

## N

**National Association Of Securities Dealers (NASD):** A self-regulatory organization (SRO) of brokers and dealers in the over the counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

**Nationally Recognized Statistical Rating Organizations (NSROs):** Credit rating agencies whose ratings are permitted to be used for regulatory purposes such as Securities and Exchange Commission.

**Negotiable Certificate Of Deposit (NCD):** A large denomination certificate of deposit which can be sold in the open market prior to maturity. Generally, it is a short-term debt instrument that usually pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state- licensed branch of a foreign bank. The majority of negotiable cds mature within six months, while the average maturity is two weeks. Negotiable cds are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor). These instruments are supported only by the strength of the institution issuing them.

**Net Asset Value (NAV):** A term used in the mutual fund industry to determine the average price per share of a pool or mutual fund. How this measure varies over time provides information on whether the pool is stable or variable. NAV is the market value of all securities in a mutual fund, less the value of the fund's liabilities, divided by the number of shares in the fund outstanding. Shares of mutual funds are purchased at the fund's offered NAV.

**Net Present Value:** An amount that equates future cash flows with their value in the present terms.

**Non-Negotiable Certificates Of Deposit:** Funds deposited in nationally or state chartered bank or state or federal association for a specified period of time at a specified rate of interest. The first \$250,000 is guaranteed by the Federal Deposit Insurance Corporation (FDIC) for banks, the Federal Savings and Loan Insurance Corporation (FSLIC) for savings and loan associations and the National Credit Union Share Insurance Fund (NCUSIF) for credit unions. CDs with a face value in excess of \$250,000 must be collateralized at 110% of market value with pledged securities of the bank.

**Note:** A written promise to pay a specified amount to a certain entity on demand or on a specified date. Usually bearing a short-term maturity of a year or less (though longer maturities are issued—see "Medium-Term Note").

O

**Offer:** The price asked by a seller of securities. When you are buying securities, you ask for an offer. See Asked and Bid.

**Open Market Operations:** Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

**Options:** A contract that gives the buyer the right to buy or sell an obligation at a specified price for a specified time. Exchange Traded Options are standardized option contracts that are actively traded on the Chicago Board of Exchange on a daily basis, whereas over the counter options are traded directly between the buyer and seller at agreed upon prices and conditions (the former type of option is therefore more liquid than the latter).

## P-Q

**Par Amount Or Par Value:** The principal amount of a note or bond which must be paid at maturity. Par, also referred to as the “face amount” of a security, is the principal value stated on the face of the security. A par bond is one sold at a price of 100 percent of its principal amount.

**Portfolio:** Collection of securities held by an investor.

**Premium:** The amount by which the price paid for a security exceeds the security’s par value. Investors pay a premium to purchase a security when the return to the investor (yield) is lower than the stated coupon (interest rate) on the investment.

**Price:** Price is the amount of monetary consideration required by a willing seller and a willing buyer to sell an investment on a particular date.

**Primary Dealer:** A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include the Securities and Exchange Commission (SEC), registered securities broker-dealers and banks.

**Principal:** The face value or par value of a debt instrument, or the amount of capital invested in a given security.

**Prospectus:** A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC that typically includes information on the issuer, the issuer’s business, the proposed use of proceeds, the experience of the issuer’s management, and certain certified financial statements (also known as an “official statement”).

**Prudent Person Rule:** An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state, the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking an income and preservation of capital.

**Qualified Public Depositories:** A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

## R

**Rate Of Return:** The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity, on a bond it is the current income return.

**Reverse Repurchase Agreements:** An agreement of one party (for example, a financial institution) to purchase securities at a specified price from a second party (such as a public agency) and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified date.

**Repurchase Agreement (RP OR REPO):** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. One exception is when the Federal Reserve is said to be doing RP, it is lending money that is increasing bank reserves.

**Risk:** The uncertainty of maintaining the principal or interest associated with an investment due to a variety of factors.

**Rule G-37 Of The Municipal Securities Rulemaking Board:** Federal regulations to sever any connection between the making of political contributions and the awarding of municipal securities.

## S

**Safekeeping:** A service to customers rendered by banks for a fee, whereby securities and valuables of all types and descriptions are held in the bank’s vaults for protection.

**Safety:** In the context of investing public funds, safety relates to preserving the principal of an investment in an investment portfolio; local agencies address the concerns of safety by controlling exposure to risks.

**Secondary Market:** A market made for the purchase and sale of outstanding issues following the initial distribution.

**Securities & Exchange Commission:** Agency created by Congress to protect investors in securities transactions by administering securities legislation.

**SEC Rule 15C3-1:** See Uniform Net Capital Rule.

**Settlement Date:** The date when a trade is cleared by delivery of securities against funds

**Structured Notes:** Notes issued by Government Sponsored Enterprises (FHLB, FNMA, FHLB, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, and derivative based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

**Swap:** A swap is any financial transaction that involves the simultaneous purchase of a security and the sale of another for the purpose of enhancing an investor’s portfolio. Swap transactions of interest to California public investors include portfolio swaps and interest rate swaps.

## T

**Tax And Revenue Anticipation Notes (TRANS):** Notes issued in anticipation of receiving tax proceeds or other revenues at a future date.

**Time Deposits:** Issued by depository institutions against funds deposited for a specified length of time. Time deposits include instruments such as deposit notes. They are distinct from certificates of deposit (CDs) in that interest payments on time deposits are calculated in a manner similar to that of corporate bonds, whereas interest payments on CDs are calculated similar to that of money market instruments.

**Treasury Bills:** A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months to one year.

**Treasury Bonds:** Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

**Treasury Notes:** Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

**Trustee:** A financial institution with powers to act in a fiduciary capacity for the benefit of the bondholders in enforcing the terms of the bond contract.

## U

**Underwriter:** A dealer that purchases a new issue of municipal securities for resale.

**Uniform Net Capital Rule:** Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted to cash.

**U.S. Treasury Obligations:** These are debt obligations of the U.S. Government sold by the Treasury Department in the forms of bills, notes, and bonds, for which the full faith and credit of the United States are pledged for the payment of principal and interest. Bills are short-term obligations that mature in one year or less and are sold at a discount. Notes are obligations that mature between one year and ten years. Bonds are long-term obligations that generally mature in ten years or more.

## W-Z

**Weighted Average Maturity (WAM):** The average maturity of all the securities that comprise a portfolio that is typically expressed in days or years

**Yield (Yield to Maturity, Yield to Call or Yield to Worst):** The rate of annual income return on an investment, expressed as a percentage. Income yield is obtained by dividing the current dollar income by the current market price for the security. Net Yield or Yield to Maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

**Yield Curve:** A graphical representation of the yield on bonds, notes or bills of the same type and credit risk at a specific date for maturities up to thirty years.

**Zero Coupon Security:** A security that is issued at a discount and makes no periodic interest payments. The rate of return consists of an accretion of the principal and is payable at par upon maturity.

**RESOLUTION 2023-010**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FARMERSVILLE ADOPTING THE STATEMENT OF INVESTMENT POLICY**

**WHEREAS**, the City Council of the City of Farmersville reviewed and adopted the City of Farmersville's Investment Policy; and

**WHEREAS**, the revised policy and report has been presented to the Council requesting adoption of the updated Statement of Investment Policy; and

**WHEREAS**, the authority governing investments for California local agencies is set forth in the California Government Code, Sections 53601 et. Seq.; and

**WHEREAS**, the Statement of Investment Policy describes the investment of City funds in compliance with the Municipal Code and State law; and

**NOW, THEREFORE, BE IT RESOLVED**, by the City Council of the City of Farmersville, California, hereby resolve as follows:

1. The Statement of Investment Policy attached hereto as "Exhibit A" has been reviewed in a public meeting and is hereby adopted.
2. Pursuant to Government Code Sections 53601 et. Seq., the City of Farmersville City Council hereby authorizes and directs the City Treasurer / Chief Financial Officer (Director of Finance and Administration) to invest funds not required for the immediate necessities of the City in accordance with the attached Investment Policy and to do all things necessary to implement said Investment Policy.

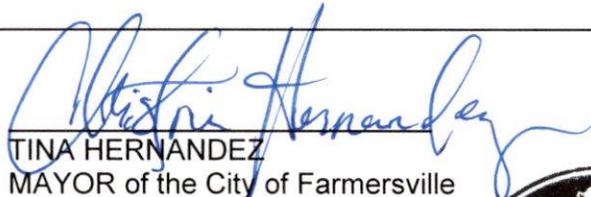
**PASSED, ADOPTED AND APPROVED** this 27<sup>th</sup> day of February, 2023 by the following vote:

AYES: Hernandez, Valdovinos, Gomez, Hinojosa.

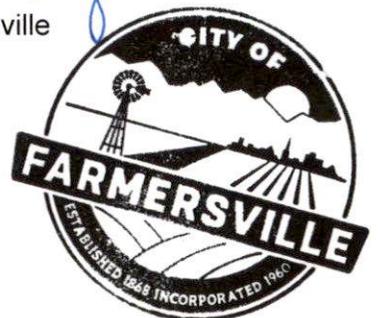
NOES: Ø

ABSTAIN: Ø

ABSENT: None

  
TINA HERNANDEZ  
MAYOR of the City of Farmersville

ATTEST:  
  
ROCHELLE GIOVANI - CITY CLERK



**Minimum Fund Balance and Budgetary Uncertainty Fund Policy**

The City will avoid the appropriation of fund balance for recurring operating expenditures (deficit spending). If at any time the utilization of a fund balance to pay for operating expenditures is necessary to maintain the quality or level of current services, and explanation of the circumstances of the utilization of fund balance and the strategy to arrest the future use of fund balance will be included in the annual budget message.

Therefore, the City will strive to maintain a General Fund Operating Cash Balance of unassigned cash balance equal to approximately 25% of the three-year moving average of the General Fund actual revenue received. This minimum fund balance is necessary to ensure the ongoing ability of the City to maintain the City's needed credit ratings, meet unanticipated revenue shortfalls, short-term economic downturns, local disaster expenses, and shall remain exclusive of all other reserve funds. If the balance drops below the target amount the City will strive to replenish the fund as soon as possible.

The City shall also establish a General Fund Budgetary Uncertainty Fund to provide for contingency funding during extreme situations that threaten the ongoing operational abilities of the City. In order for the City to access and use this fund a Fiscal Emergency must be declared by the City Council. The City Council may then use the balance of the fund at its discretion to:

- Provide resources to make up for temporary decreased revenues, such as State subventions.
- Provide temporary resources in the event of an economic downturn while expenditure reductions are also implemented.
- Provide resources to meet emergency expenditures in the case of flood, fire, earthquake, landslides, or other disaster(s).

The target for the Budgetary Uncertainty Fund shall be approximately 15% of a three-year moving average of actual General Fund revenues received (average two months of revenue). The initial funding of this fund shall be approximately 5% of the three-year moving average of actual General Fund revenues received.

Once some or all of the fund is used, the amount must be repaid to the fund as soon as possible within five years to the level set forth by this policy.

Unassigned cash balances in excess of the General Fund Operating Cash Balance and any potential annual adjustments to the Budgetary Uncertainty Fund will be appropriately budgeted through the Capital Budget of the City of Farmersville on an annual basis.

The balances and required levels of these funds will be examined annually and reported to City Council. At that time any adjustments needed will be made and the policy will be evaluated and adjusted appropriately as well.

**BEFORE THE CITY COUNCIL OF THE  
CITY OF FARMERSVILLE**

**IN THE MATTER OF:  
RESOLUTION CITY COUNCIL OF THE  
CITY OF FARMERSVILLE ADOPTING THE  
MINIMUM FUND BALANCE AND  
BUDGETARY UNCERTAINTY FUND AND  
AUTHORIZING CERTAIN ACTIONS IN  
CONNECTION THEREWITH**

**RESOLUTION 2018-011**

WHEREAS, the City of Farmersville is a municipal corporation that is organized and existing pursuant to the laws of the State of California (the "City") and at certain times adopts policies to give guidance to compliance with the law, conformity to best practices, and prudent management; and

WHEREAS, the City has determined that it would be in the best interests of the City and citizens of the community to adopt a fiscal policy for a minimum fund balance in the General Fund to ensure several important goals, including but not limited to, ensure the ongoing ability of the City to maintain the City's needed credit ratings, meet unanticipated revenue shortfalls, short-term economic downturns, local disaster expenses; and

WHEREAS, the City has determined that it would be in the best interests of the City and citizens of the community to also adopt a fiscal policy for the establishment of a budgetary uncertainty fund for the General Fund to provide for contingency funding during extreme situations that threaten the ongoing operational abilities of the City

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Farmersville

1. Approves and adopts the Fiscal Policy of Minimum Fund Balance and Budgetary Uncertainty Fund to be enacted immediately.
2. Therefore, the establishment of the Minimum Fund Balance of 25% of the 3-year moving average of actual revenues received by the General Fund will be effective immediately.
3. Therefore, the creation of the Budgetary Uncertainty Fund will also be created and funded in part with continued funding in future years to ultimately meet the goal of 15% of the 3-year moving average of actual revenues received by the General Fund.

UPON MOTION OF COUNCIL MEMBER BENAVIDES, SECONDED BY COUNCIL MEMBER GOMEZ, THE FORGOING WAS PASSED, APPROVED, AND ADOPTED BY THE CITY COUNCIL AT AN OFFICIAL MEETING HELD ON APRIL 9, 2018, BY THE FOLLOWING VOTE:

AYES: 5  
NOES:  
ABSTAIN:  
ABSENT:

BY: *Paul Boyer*  
PAUL BOYER, MAYOR

ATTEST: *Rochelle Giovanni*  
ROCHELLE GIOVANI, City Clerk



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# Procurement Policy



CITY OF FARMERSVILLE

# Procurement Policy

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City of Farmersville  
909 W. Visalia Road Farmersville, CA 93223  
Phone 559.747.0458  
Fax 559.747.6724

Updated February 2020

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	<b>Introduction</b> and Resolution	
1	<b>An Overview of Procurement ...</b>	Introduce Farmersville procurement services, objectives, and ethical standards.
2	<b>Overview of City Policies that...</b>	Overview of bidding, insurance, exceptions, and other policies affecting the procurement of goods and services.
3	<b>Procurement Methods</b>	Review of methods used in the acquisition of products and services.
4	<b>Purchase Orders</b>	Familiarize the user with the purpose and usage of purchase orders and change orders.
5	<b>Vendor Issues</b>	Provide information about contacting vendors, making purchase commitments, adding vendors to the suppliers list, filing complaints about vendors, accepting vendor deliveries, and making payments to vendors.
6	<b>Glossary of Procurement Terms</b>	Definition of common procurement terms.
	<b>Appendix A</b>	Risk Matrix and Insurance Language
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	<b>Appendix C</b>	Purchase Order Form
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	<b>Appendix E</b>	Purchasing Thresholds Matrixes

## RESOLUTION 2020-003

### A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FARMERSVILLE ADOPTING THE CITY OF FARMERSVILLE PROCUREMENT POLICY

**WHEREAS**, the City of Farmersville wishes to provide for fair and equitable treatment of all vendors who are interested in and capable of providing supplies, materials, services, vehicles, machinery, equipment, appliances, apparatus, construction, repair, and maintenance to the City for its purchase and use; and

**WHEREAS**, the City of Farmersville wishes to maximize the purchasing value of its public funds by establishing sensible procurement policies and procedures; and

**WHEREAS**, the City of Farmersville's population continues to grow and the number of purchases and the purchase price of supplies, materials, services, vehicles, machinery, equipment, appliances, apparatus, construction, repair and maintenance required for municipal government operations continue to increase, and it is prudent and desirable for the City to become more efficient by streamlining organizational processes; and

**WHEREAS**, the City wishes to streamline handling and review of purchase contracts, afford the City Council more opportunity and time to address more important public issues, improve the economy and effectiveness of the City's purchasing efforts, and avoid unnecessary delays in purchases of routine supplies, materials, services, vehicles, machinery, equipment, appliances, apparatus, construction, repair, and maintenance necessary to provide public services to its residents by streamlining its procurement procedures; and

**WHEREAS**, the City wishes to implement a procurement system of quality and integrity by establishing purchasing policies and procedures which contain internal controls and safeguards by which the City's staff may ensure that proposed purchase contract awards to vendors comply with all Federal, State, and local legal requirements and verify that appropriations are budgeted and sufficient unexpended moneys remain before a commitment of public funds is made.

**NOW, THEREFORE, BE IT RESOLVED**, by the City Council of the City of Farmersville, California, hereby resolve as follows:

1. Approves the establishment of the following procurement policy attached hereto as "Attachment A" empowering City staff, as appropriately designated by the policy, to do the necessary procurement work, as allowed by appropriation through the final adopted budget, is hereby adopted to govern the purchase of City supplies, goods, commodities, equipment, and services and construction projects.
2. This policy, as applicable, shall constitute the procedures and rules governing the solicitation of bids and award of contracts for public works projects and the solicitation and selection of firms for services pursuant to Chapter 3.16 of the City of Farmersville Municipal Code.

3. Regular review and updating of said policy and purchasing restrictions and thresholds shall be conducted by City staff on a routine basis and presented before Council for consideration and adoption as needed. Additionally, routine reporting of budgeting and spending of appropriated funds to City Council will continue to occur monthly.
4. This policy shall become effective upon the second reading of the Updated City of Farmersville Municipal Code Chapter 3.16: Purchases.

**PASSED, ADOPTED AND APPROVED** this 24<sup>th</sup> day of February, 2020 by the following vote:

AYES: Gomez, Vasquez, Proyer, Hernandez

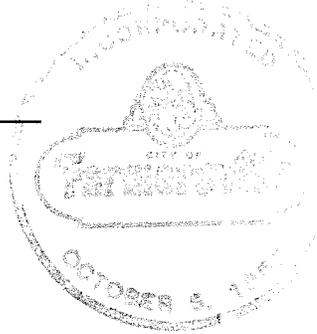
NOES: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

ABSENT: Macareno

  
\_\_\_\_\_  
GREGORIO GOMEZ  
MAYOR of the City of Farmersville

ATTEST:  
  
\_\_\_\_\_  
ROCHELLE GIOVANI - CITY CLERK



# Introduction

This Procurement Policy document is intended to serve as a reference tool for City staff and departments. It details the policies and procedures of the City's purchasing authority. It outlines all phases of the procurement process and clarifies the responsibilities of individual departments and staff, and explains the legal requirements affecting the City.

This guide will help City personnel familiarize themselves with procurement processes and enable them to timely and efficiently obtain the goods and services they need.

# Quick Reference

## Chapter 1 – An Overview of the Procurement System

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# 1

## An Overview of the Procurement System

**Chapter Objective:** *This chapter is an introduction to City of Farmersville purchasing process – its service processes, objectives, and ethical standards.*

### What is Procurement?

Procurement is the process through which purchases are planned, solicitations issued, vendors selected, purchase orders issued, and goods or services are received.

The City of Farmersville desires to be both effective and efficient in purchasing with the goal of integrity woven throughout the process. Ethically purchasing goods and services with an emphasis is on the best value for the City's dollar.

This is accomplished by ensuring that goods and services are of high quality, available when needed, not overpriced, and that taxpayers know that public funds are being spent wisely on its behalf and not for the personal benefit of government employees, officials, or their friends.

### The City's Procurement System

The City of Farmersville has adopted a decentralized procurement system, which is under the authority of the City Manager or his/her designee(s) as the City Purchasing Agent (PA) established by the Purchases section of the City's Municipal Code. The decentralized purchasing is necessary due to the small amount of administrative staff and is functional because of the small size of the City. This means that the PA is ultimately responsible for procurement in general, but delegates his/her authority in limited measure to Department Heads within the City. The PA (or designee) therefore establishes leasing agreements; coordinates surplus sales; and most importantly, procures all commodities under \$75,000 and services under \$100,000 and certain construction services under \$200,000.

The City of Farmersville therefore does not run a centralized Internal Service Fund (ISF) but purchases are made directly by each department, as applicable, while payment and oversight of purchases are maintained through a centralized accounts payable process in the Finance Department.

## Procurement Authority

The City derives its authority from two sources: local and state laws. Local law encompasses City Councils' resolutions and directives. The two main sources giving authority to Procurement Services to purchase goods and services on behalf of the City are the Purchases Ordinance and the California Government Code.

**Purchasing Ordinance.** The City's Municipal Code Chapter 3.16, "Purchases" was established by Ordinance 278 (passed and adopted in 1984), to govern the activities of the City. In general, it established that the PA shall have the duties and powers prescribed by the laws of the State of California relating to City Purchasing Agents, Public Contract Code, and Government Code. A full copy of the Code Section is available on the City's website.

**State and Federal Laws.** State laws that are applicable to various City procurement activities can be found in the Government Code, the Civil Code, and the Public Contract Code (including the California Uniform Public Construction Cost Accounting Act; CUPCCAA). Where pertinent, specific code sections are referenced throughout this policy. Federal law is applicable to City procurement activities any time federal funds are used for particular procurements, but specifically listed in Chapter 2 of this Policy.

## Procurement Objectives & Standards of Conduct

The City's procurement policy objectives and standards are applied to all transactions through the following values:

- Establish the legal authority of the procurement function within the City
- Simplify, clarify, and reflect the laws governing procurement
- Enable uniform procurement policies throughout the City
- Build public confidence in public procurement
- Ensure the fair and equitable treatment of everyone who deals with the procurement system
- Provide for increased efficiency, economy, and flexibility in public procurement activities and maximize to the fullest extent the purchasing power of the City
- Foster effective broad-based competition from all segments of the supplier community
- Safeguard the integrity of the procurement system and protect against corruption, waste, fraud, and abuse
- Ensure appropriate public access to contracting information
- Foster equal employment opportunities that are in line with legal requirements, in the policies and practices of suppliers and subcontractors wishing to do business with the City

The following ethics statements are applicable to all City employees who participate in the procurement process.

- City employees shall not obligate the City of Farmersville, financially or otherwise, by any means, including but not limited to purchase orders and contracts, when the employee has a personal, material, financial, or other interest in the obligation.

- Employees are prohibited from directly or indirectly soliciting or accepting any rebate, kickback, gift, gratuity, or favor for personal gain from any individual, corporation, or group.
- The City's employees, directors, appointed or elected officials, volunteers, agents or contacts shall neither solicit nor accept gratuities, favors, gifts, consulting fees, trips, or anything having a monetary value in excess of fifty dollars (\$50.00) from a vendor, potential vendor, family or employees of a vendor, contractor or parties to subcontractors.
- City employees, when purchasing an item(s) for personal use, must avoid the appearance of City representation. The employee shall pay all such purchases with his or her personal funds. When personal purchases are made under these circumstances, separate invoices or sales receipts must be issued by the supplier. Such invoices must bear the employee's name, home address, and phone number and may *not* be delivered to the City. Employees may *not* solicit, or accept, discounts, reduced prices, or other benefits from suppliers because of employees' position with the City.

## Procurement Process Conflicts of Interest

There will be uniform and equitable application of the Standards of Conduct of the City of Farmersville involving all activities associated with the procurement of goods and services. This section also defines responsibility to identify and prevent real or apparent Conflicts of Interest.

Prior to the issuance of a procurement solicitation, informational and research contacts with prospective vendors may be made for the purpose of gathering data. However, in making such contacts, employees, officers, Council Members, and agents shall avoid any commitment or implication of a possible future award.

Accordingly, no request for complimentary services or supplies, which may imply an obligation on the part of the City, shall be made. Requests for testing services, product samples, or demonstrations, and free trips to examine vendor products are to be avoided.

Whenever procurement is in process (e.g., during the solicitation, evaluation, negotiation, and award phases) all contacts with potential contractors or vendors shall be made through the Purchasing Agent or designee(s).

Employees, officers, directors, and agents of the City are also subject to the laws of the City and State of California concerning conflicts of interest. Monetary penalties and, in some cases, criminal penalties are imposed by California law for violations. In addition, City employees are subject to discipline for a violation that could lead to or result in termination of employment in addition to consequences relative to the California Fair Political Practices Commission (FPPC).

### **Gratuities and Kickbacks**

No member of the groups listed above will neither solicit nor accept gratuities, favors or

anything of monetary value from contractors, potential contractors, or parties to sub-agreements. Anyone failing to adhere to the above will be subject to any disciplinary proceeding deemed appropriate by the City of Farmersville.

### **Personal Conflicts of Interest**

No City employee, officer, Council member, agent or contact shall participate in the selection, award or administration of a third party contract or other agreement if a real or apparent conflict of interest would be involved. Such a conflict of interest arises, whether real or apparent, when any of the following has a financial or other interest in the firm(s) considered or selected for award:

- a) An employee, officer, board member, or agent of the City;
- b) Any member of their immediate family, including but not limited to, husband, wife, father, mother, brother, sister, son, daughter, father-in-law, mother-in-law, son-in-law, and daughter-in-law;
- c) Their partner or business associate; or
- d) A company or organization which is about to employ any of the above.

Apparent or Appearance of Conflict is based on a reasonableness standard i.e. would a reasonable person with knowledge of all material facts believe there appears to be a conflict?

### **Organizational Conflict of Interest**

An organizational conflict of interest may be real or apparent and arises where, because of other activities, financial interests, relationships, or contracts – a contractor is unable, or potentially unable, to render impartial assistance or advice to the City. Such a conflict exists in circumstances where the contractor's objectivity is or might be impaired or where the contractor has an unfair competitive advantage.

Organizational conflicts lead to two (2) distinct problems - bias or an unfair competitive advantage.

- a) Bias is a situation where an advisor is placed in a position that creates an incentive to distort advice or decision making.
- b) Unfair competitive advantage occurs when one contractor has information not available to other contractors in the normal course of business. For example, an unfair competitive advantage would occur when a contractor developing specifications or work statements has access to information that the City has paid the contractor to develop, or information which the City has furnished to the contractor for its work, when that information has not been made available to the public and to other offerors. Because this information enhances the contractor's competitive position in the procurement process, it represents an unfair competitive advantage over other offerors.

The City's procurement activities shall be structured to ensure full and open competition and to eliminate or minimize any unfair competitive advantage in circumstances where an organizational conflict, real or apparent, is presented. Appropriate structural steps are dependent upon the particular circumstances surrounding the procurement and might include: prohibiting the contractor from participating in the procurement, the bid process or in evaluation of bids, fully disclosing all information to all prospective offerors for a reasonable amount of time, adjustment of specifications to address any potential advantage, among others.

### **Confidential Information**

No member of the groups listed above shall furnish advice or services to a firm which is bidding on or planning to bid on a contract with the City, or which is doing business presently with the City. No member shall use confidential information for his or her actual or anticipated personal gain, or the actual or anticipated personal gain of any other person related to them by blood, marriage, or by common commercial or financial interest.

Anyone failing to adhere to the above will be subject to any disciplinary proceeding deemed appropriate by the City of Farmersville.

# Quick Reference

## Chapter 2 – Overview of County Policies Affecting Procurement

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# 2

## City Policies that Affect Procurement

***Chapter Objective: Provide an overview of City policies affecting the procurement of goods and services and provide instructions for compliance.***

### Bidding Policies

It is the City's policy to develop maximum competition for all purchases and to make awards based on the lowest responsive and responsible bid received. A responsive bidder is one who responds to all of the significant requirements outlined in the solicitation. A responsible bidder is one who is deemed to be capable of supplying the goods or services requested.

The City's goal through purchasing is to achieve the **best overall value** by securing goods and services at the ***lowest cost possible commensurate with quality and other relevant requirements.***

#### **Commodities (Materials & Equipment)**

##### **\$1 to \$10,000 – Administrative Process**

Competitive bidding is not required. At the Buyer's discretion, the purchase can be made with the vendor recommended by the department. Many purchases can be made with purchase cards by the department staff members with the approval of the Department Head.

##### **\$10,001 to \$25,000 – Administrative Process**

Competitive bidding is not required, but approval by the PA is required by memo. After approval is granted, the purchase can be made with the vendor recommended by the department.

##### **\$25,001 to \$75,000 – Written Quotes**

Competitive bidding is required. The respective department acquires approval from the PA and then issues a written Request for Quotation. The number of vendors contacted varies, depending on the dollar amount of the purchase and the time available, but three is preferred. Award is made to the lowest responsive and responsible bidder. In

the case of capital (defined as an asset anticipated to have a useful life of over 1 year and a purchase cost over \$5,000) the item must be on the adopted Capital Budget for the year.

**Over \$75,000 – Formal Bids and RFPs / RFQs**

Competitive bidding is required. Staff must acquire approval to go to bid or RFP / RFQ from City Council before issuing either a **formal** sealed Invitation for Bids (IFB) or Request for Proposals (RFP), depending on the type of procurement. The number of vendors contacted will vary depending on the dollar amount of the purchase and the time available, but three is preferred. A purchase order (PO) is required.

Award is made to the lowest responsive and responsible bidder, in the case of IFBs. In the case of RFPs, award is made in accordance with the evaluation criteria, terms, and conditions stated therein.

Typically, commodity items are procured using a bid process where an award is made to the lowest responsive and responsible bidder. However, in some instances an RFP may be used. The PA must gain authorization from City Council to approve the PO.

**Services (Non-Construction)**

**\$1 to \$10,000 – Administrative Process**

Competitive bidding is not required. At the Buyer's discretion, the purchase can be made with the vendor recommended by the department. Many purchases can be made with purchase cards by the department staff members with the approval of the Department Head.

*Contract requirements shall not be artificially divided to avoid bidding requirements.*

**\$10,001 to \$25,000 – Administrative Process**

Competitive bidding is not required, but approval by the PA is required by memo. After approval is granted, the purchase can be made with the vendor recommended by the department.

**\$25,001 to \$50,000 – Written Quotes**

Competitive bidding is required. The respective department acquires approval from the PA and then issues a written Request for Quotation. The number of vendors contacted varies, depending on the dollar amount of the purchase and the time available, but three is preferred. Award is made to the lowest responsive and responsible bidder.

**Over \$50,000 – Formal Bids or RFPs / RFQs (and contract)**

Competitive bidding is required. Staff must acquire approval to go to bid or RFP / RFQ from City Council before issuing either a **formal** sealed Invitation for Bids (IFB) or Request for Proposals (RFP), depending on the type of procurement. Typically, the RFP process is used for services. The number of vendors contacted will vary depending on the dollar amount of the purchase and the time available, but three is preferred. Award is made to the lowest responsive and responsible bidder in the case of IFBs. In the case of RFPs, the award is

made in accordance with the evaluation criteria, terms, and conditions stated therein.

***Services above \$100,000 require City Councils' approval***

When a service contract is utilized by multiple City departments, staff will be responsible for tracking encumbrances and obtaining Council approval as needed.

**Services (Construction)**

**\$1 to \$10,000 – Administrative Process**

Competitive bidding is not required. At the Buyer's discretion, the purchase can be made with the vendor recommended by the department. Many purchases can be made with purchase cards by the department staff members with the approval of the Department Head.

**\$10,001 to \$25,000 – Administrative Process**

Competitive bidding is not required, but approval by the PA is required by memo. After approval is granted, the purchase can be made with the vendor recommended by the department.

**\$25,001 to \$60,000 – Written Quotes**

Competitive bidding is required. The respective department issues a written Request for Quotation. The number of vendors contacted will vary, depending on the dollar amount of the purchase and the time available. Award is made to the lowest responsive and responsible bidder and approved by the PA.

**\$60,001 to \$200,000 – Informal Bid**

Informal bids will be solicited in accordance with the California Uniform Public Construction Cost Accounting Procedures (CUPCCAP) alternative bidding procedures. The award is approved by the City Council.

***Services above \$200,000 require City Councils' approval***

Competitive bidding is required. Staff must acquire approval to go to bid or RFP / RFQ from City Council before issuing either a **formal** sealed Invitation for Bids (IFB) or Request for Proposals (RFP), depending on the type of procurement. Typically, the RFP process is used for services. The number of vendors contacted will vary depending on the dollar amount of the purchase and the time available, but three is preferred. Award is made to the lowest responsive and responsible bidder in the case of IFBs. In the case of RFPs, the award is made in accordance with the evaluation criteria, terms, and conditions stated therein.

## **Federally Funded Projects / Grants Procurement (2 CFR 200)**

Council on Financial Assistance Reform Priorities (COFAR) goal is to reduce risk of waste, fraud, and abuse while reducing administrative burdens through the establishment of a Uniform Administrative Requirement, Cost Principles, and Audit Requirement for Federal Awards (2 CFR 200). The City of Farmersville's policy related to Federally-funded projects and/or grant is established to reflect this goal and be in compliance with 2 CFR 200.

As a result, the City will operate with the following regulation for the procurement of property or services stemming from federal aid. This section shall apply to the awarding of sub-grants and contracts by the City stemming from federal grants to the City. This section shall have the same application on the awarding of sub-grants and contracts by the City stemming from state, county or other non-federal government entity grants originating as federal grants.

A. Determination of Federal Awards Requirements for Pass-thru Agencies, Subrecipients, and Contractors (200.330 & 200.331)

1. The City may concurrently receive Federal awards as a recipient, a subrecipient, and a contractor, depending on the substance of its agreements with Federal awarding agencies and pass-through entities.

Therefore, the City will make a case-by-case determination for each agreement it makes for the disbursement of Federal program funds that the party receiving the funds in the role of a subrecipient or a contractor.

The City will comply with any additional guidance to support these determinations from the awarding agency provided such guidance does not conflict with this section.

1. A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. For purposes of making a determination as a subrecipient the City will consider the following characteristics of a Federal assistance relationship:
  - a. Determines who is eligible to receive what Federal assistance;
  - b. Has its performance measured in relation to whether objectives of a Federal program were met;
  - c. Has responsibility for programmatic decision making;
  - d. Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
  - e. In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.
2. A contract is for the purpose of obtaining goods and services for the City's own use and creates a procurement relationship with the contractor. For purposes of making a determination as a contractor the City will consider the following characteristics of a procurement relationship:

- a. Provides the goods and services within normal business operations;
  - b. Provides similar goods or services to many different purchasers;
  - c. Normally operates in a competitive environment;
  - d. Provides goods or services that are ancillary to the operation of the Federal program; and
  - e. Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.
3. The Purchasing Agent, or designee, will use their judgement in classifying each agreement as a subaward (Federal assistance relationship) or a procurement contract (procurement relationship). The substance of the relationship is more important than the form of the agreement in making the determination.
2. Every subaward will be clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. If some of the information is not available, the City will provide the best information available to it.
  1. Federal Award Identification data as listed in Section 200.331 (1-4) and appropriate terms and conditions concerning closeout of the subaward.
3. Every subrecipient will be subject to evaluation and monitoring by the City as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:
  1. Reviewing financial and performance reports required by the pass-through entity.
  2. Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.
  3. Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521 Management decision.
4. Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in 200.331(b)), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:
  - a. Providing subrecipients with training and technical assistance on program-related matters; and

- b. Performing on-site reviews of the subrecipient's program operations;
  - c. Arranging for agreed-upon-procedures engagements as described in § 200.425 Audit services.
- 5. The City will verify that every subrecipient is audited as required by Subpart F - Audit Requirements of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501 Audit requirements.
- 6. The City will consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.
- 7. The City will consider taking enforcement action against noncompliant subrecipients as described in § 200.338.

B. Procurement Standards.

- 1. The City shall maintain a contract administration system which ensures contractors perform in accordance with the terms, conditions and specifications of their contracts or purchase orders.
- 2. The City shall maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer or agent of the City shall participate in selection, or in the award or administration of a contract supported by federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:
  - a. The employee, officer or agent;
  - b. Any member of his or her immediate family;
  - c. His or her partner; or
  - d. An organization which employs, or is about to employ, any of the above, has a financial or other interest in or a tangible personal benefit from a firm considered for award.
- 3. The City's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to sub-agreements. Such a conflict will not arise where the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value (\$50 or less). The City's standards of conduct provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the City.
- 4. The City shall not enter into a contract with a non-Federal entity has a parent, affiliate, or subsidiary organization that is not a state, local government or Indian tribe, unless the non-Federal entity maintains written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest mean due to relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.

5. The City shall avoid acquisition of unnecessary or duplicative items. Consideration will be given to consolidating or breaking out procurements to obtain a more economic purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.
6. The City shall consider entering into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services.
7. The City shall consider using Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.
8. The City shall consider using value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure its essential function is provided at the overall lower cost.
9. The City shall make awards only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance and financial and technical resources.
10. The City shall maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection and the basis for the contract price.
11. The City shall use time and material type contracts only:
  - a. After a determination is made that no other contract is suitable; and
  - b. If the contract includes a ceiling price the contractor exceeds at their own risk.
12. The City alone shall be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes and claims. These standards do not relieve the City of any contractual responsibilities under its contracts.

C. Competition.

1. The City will conduct procurement transactions in a manner providing full and open competition. To ensure objective contractor performance and eliminate unfair competitive advantage, contractors developing or drafting specifications, requirements, statements of work, or invitations for bids or requests for proposals shall be excluded from competing for such procurements.
2. The City shall conduct procurements in a manner prohibiting the use of statutorily or administratively imposed in-state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes

expressly mandate or encourage geographic preference. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criteria provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

3. The City shall have written procedures for procurement transactions. These procedures will ensure that all solicitations:
  - a. Incorporate a clear and accurate description of the technical requirements for the material, product or service to be procured. Such description shall not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured, and when necessary, shall set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a brand name or equal description may be used to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offerors shall be clearly stated; and
  - b. Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.
4. The City shall ensure prequalified lists of persons, firms or products that are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. The City shall not preclude potential bidders from qualifying during the solicitation period.

#### D. Methods of Procurement to be Followed

The City shall use one of the following methods of procurement:

1. Procurement by Micro-Purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold as set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 (Definitions) and adjusted periodically for inflation. As of the date of this ordinance, the micro-purchase threshold is \$10,000.
2. Procurement by Small Purchase Procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies or other property that do not cost more than the simplified acquisition threshold as set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 (Definitions) and in accordance with 41 U.S.C. 1908 and periodically adjusted for inflation. If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources. As of the date of this ordinance, the simplified acquisition threshold is \$250,000.
3. Procurement by Sealed Bids (Formal Advertising). Bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest in price.

- a. For sealed bidding to be feasible, the following conditions should be present:
    - (1) A complete, adequate, and realistic specification or purchase description is available;
    - (2) Two or more responsible bidders are willing and able to compete effectively for the business; and
    - (3) The procurement lends itself to a firm-fixed-price contract and the selection of the successful bidder can be made principally based on price.
  - b. If sealed bids are used, the following requirements apply:
    - (1) The invitation for bids will be publicly advertised and bids shall be solicited from an adequate number of known suppliers, providing them sufficient time prior to the date set for opening the bids;
    - (2) The invitation for bids, which will include any specifications and pertinent attachments, shall define the items or services for the bidder to properly respond;
    - (3) All bids will be publicly opened at the time and place prescribed in the invitation for bids;
    - (4) A firm-fixed-price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost and life cycle costs shall be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
    - (5) If there is a sound documented reason, any or all bids may be rejected.
4. Procurement by Competitive Proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:
- a. Requests for proposals shall be publicized and identify all evaluation factors including relative importance. Any response to publicized requests for proposals shall be honored to the maximum extent practical;
  - b. Proposals will be solicited from an adequate number of qualified sources;
  - c. The City shall conduct technical evaluations of the proposal received and for selecting awardees;
  - d. Awards will be made to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and
  - e. The City may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.
5. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances applies:

- a. The item is available only from a single source;
  - b. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
  - c. The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in a written request from the City; or
  - d. After solicitation of multiple sources, competition is determined inadequate.
6. Contracting with Small and Minority Businesses, Women's Business Enterprises and Labor Surplus Area Firms.
- a. The City shall take all necessary affirmative steps to assure that minority businesses, women's business enterprises and labor surplus area firms are used when possible.
  - b. Affirmative steps include:
    - (1) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
    - (2) Assuring that small and minority businesses and women's business enterprises are solicited whenever they are potential sources;
    - (3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses and women's business enterprises;
    - (4) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses and women's business enterprises;
    - (5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
    - (6) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in subsections 6.b.(1) through (6) of this section.
7. Contracts Cost and Price.
- a. The City shall perform a cost or price analysis in every procurement action exceeding the simplified acquisition threshold including contract modifications. The method and degree of analysis will be dependent on the facts surrounding each procurement situation. As a starting point, the City shall make independent estimates before receiving bids or proposals.
  - b. Costs or prices based on estimated costs for contracts under the Federal award will be allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the City under Subpart E – Cost Principles of Title 2, Subtitle A, Part 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards).
  - c. The cost plus a percentage of cost and percentage of construction cost methods of contracting shall not be used.
8. Federal Awarding Agency or Pass-Through Entity Review.
- a. The City shall make available, upon request of the Federal awarding agency or pass-through entity, technical specifications on proposed procurements where the Federal awarding agency or pass-through entity believes such review is

needed to ensure that the item or service specified is the one being proposed for purchase.

- b. The City shall make available upon request, for the Federal awarding agency or pass-through entity pre-procurement review, procurement documents, such as requests for proposal or invitations for bids, or independent cost estimates when:
    - (1) The City's procurement procedures or operation fails to comply with the procurement standards of Title 2, Subtitle A, Part 200, Subsection 200.324;
    - (2) The procurement is expected to exceed the simplified acquisition threshold and is to be awarded without competition or only one bid or offer is received in response to a solicitation;
    - (3) The procurement, which is expected to exceed the simplified acquisition threshold, specifies a "brand name" product;
    - (4) The proposed contract is more than the simplified acquisition threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or
    - (5) A proposed modification changes the scope of a contract or increases the contract amount by more than the simplified acquisition threshold.
  - c. The City may be exempted from the pre-procurement review in subsection 8.b. above if the Federal awarding agency or pass-through entity determines that its procurement systems comply with the standards set forth in Title 2, Subtitle A, Part 200, or the City self-certifies compliance with such standards if self-certification is permitted by the Federal awarding agency or pass-through entity.
9. **Bonding Requirements.** For public projects, the City shall require bid guarantees, performance bonds, and payment bonds consistent with Title 2, Part 200, Section 200.325 of the Code of Federal Regulations.
  10. **Contract Provisions.** The City's contracts shall contain the provisions in Appendix II to Title 2, Subtitle A, Part 200 – Contract Provisions for non-Federal Entity Contracts Under Federal Awards, as applicable.

#### E. Suspended or Debarred Parties

- A. City employees shall not enter into covered transactions with parties that are suspended or debarred or otherwise excluded from or ineligible for participation in Federal assistance programs and activities (2 CFR 200.213; 2 CFR 180).

## Exceptions to Bidding (Government Code 10300-10334)

### **Sole Source/Brand Procurement**

An exception may be granted based on two premises:

- Only a single company or organization can supply the needed product or service. As in the case of proprietary software maintenance, only the licensor of the product can provide support.

- Only a single “brand/model” will meet the department’s technical/functional requirements. For example, only the Brand X equipment is compatible with existing system requirements. Brand X is available through several distributors. Brand X would be considered a “sole brand” but not a “sole source” since it is available from many sources (distributors).

Sole source requests should not be made unless the department is confident that the request is reasonable, appropriately justified to meet the City’s requirements, and can withstand a possible audit. Sole source/brand purchasing minimizes or eliminates competition and should be avoided whenever possible.

If a department believes that only a specific make and model will meet its needs, it should include an objectively written explanation that details the unique features of the sole source/brand item, which states why these features are required. If other brands or models have been tested or used previously, the department should specify the brands or models tested or used, the dates they were tested or used, and why they are not acceptable.

A written justification, signed by the department head must be submitted for the PA’s review/approval. Department should provide the written justification in a standard memo format to the PA.

### **Use of Existing Agreement**

An exception may be granted if the product/service is available through the utilization of another public entity’s contract (includes city, county, state, federal, school district, League of California Cities, California Communities Program, Federal GSA). The contract must have been competitively bid, be current within the last year, and be for the same product or service. It must also meet all City policies.

### **Standardization**

When supplies, equipment, or services are uniformly adopted or otherwise standardized, or when an item is designated to match others in use by the City, the purchase may be exempt from bidding requirements or be made with limited competition to distributors of the manufacturer of the standardized item. Compatibility issues between differing technologies will also be considered for exception.

### **Emergencies**

The item(s) purchased *are immediately necessary* for:

- The continued operation of the office or department involved; or
- Are immediately necessary for the preservation of life or property.

Technically, an emergency need is one that could not have been foreseen. Failure to submit a proper documentation on time does NOT constitute a valid emergency.

## **Contracted City Staff**

The City of Farmersville is a small municipality that is dependent upon contracted professional staff to fill staff positions normally performed by in-house staff in larger agencies, such as City Engineer or City Planner. Therefore, an exception to the normal bidding process may apply when using contracted professional staff in their role as the City representative, in their respective field, under their existing contract. The task order will still be subject to the authorization and approval process and thresholds laid out in Chapter 2 of this document.

## **Pre-Qualified List of Contractors**

The City of Farmersville wants to promote fairness and equality in bidding but also guard public funds from waste by avoiding awards to unqualified or under-qualified contractors that may respond with a lowest bid on a public project. Given the rural nature of the City, the bidding pool of contractors may be insufficient to meet quality standards of certain City projects. By establishing a pre-qualified list of contractors for construction projects the City can manage this risk for appropriate projects. A contractor may be added to the list after going through a vetting process established by the PA or designee. Pre-qualified contractors will be added to a list maintained by the PA or designee(s) for a period of one year. When a project becomes available, and not subject to other bidding requirements from State or Federal funding sources, a contractor from the pre-qualified list may be selected from the list, subject to the authorization and approval process and thresholds laid out in Chapter 2 of this document.

## **Local Preference**

Purchasing goods and services from local vendors is desired because it stimulates the Farmersville economy and recognizes that local vendors are valued members of our community. City staff, exercising good judgement by considering factors such as quality, previous performance, availability, and potential tax revenues to the City will, when practicable, give preference to purchasing locally. All other portions of this policy relative to normal competitive bidding will apply.

A local advantage cannot be considered for Federal funded contracts. For more information see Uniform Guidance 2 CFR Ch. II §200.319 (7)(b).

A local advantage cannot be considered for State funded contracts due to increasingly strict State requirements mirroring Federal standards (e.g. CalTrans funded programs).

## **Miscellaneous**

- Formal competition has failed
- A procurement made from another unit of government
- Procurement of used item is advantageous
- Public utilities (Gov Code 4217)
- Legal services
- Medical services

## Unauthorized Purchases

**Except for emergencies or other authorized exceptions, no purchases can be made or are authorized until funds have been encumbered by the Finance Department.**

Usually, an unauthorized purchase is discovered when a department submits a documentation to cover a purchase (goods or services) that has already been delivered. Should a department make an unauthorized purchase, the department is issued a warning.

If a second violation occurs, a memorandum is sent stating that the Finance department will process the payment, after receipt of a written explanation.

If a third violation occurs, a memorandum is sent stating that the Finance department will not process the request / invoice. The department is advised approval must be sought from the City Council, or the employee can be personally responsible for the charges.

## Written Contracts

City staff will typically require a written contract when the cost of the services, and in some cases goods, exceeds \$50,000. New construction contracts are needed for projects exceeding \$100,000.

The City of Farmersville prefers to use a **Standard Services Contract** and will provide it to departments upon request. The standard contract has been approved by the City Attorney and Risk Management. Use of any contract other than the standard contract, or making material changes to the standard contract, will require City Attorney approval.

## Insurance Requirements

The City requires that contractors have, and maintain, certain types of insurance coverage when they enter into contractual agreements to perform services.

Insurance requirements vary depending on the type/scope of services provided. In certain cases, the contractor will need to provide insurance coverage, whether or not the contract requires the vendor to enter City property.

A Recommended Insurance Coverage Matrix has been developed to assist with the determination by Risk Management and is attached to this policy for reference.

Proof of insurance must be provided prior to the start of any work.

The following are the most commonly required types of coverage.

- **Commercial General Liability:** The City should be added, by endorsement, as an “additional insured.”
- **Automobile Liability:** Is required if driving or traveling is required in providing the contracted services If the vendor/contractor has employees but no vehicles registered to the business (non-owned and hired automobile liability coverage should be provided).
- **Workers’ Compensation:** Contractors working on City property must first provide proof of Workers’ Compensation for all employees working on the job site. Requirement may be waived if the vendor is a sole proprietor/partner/corporate officer with no employees.
- **Professional Liability (Errors and Omissions):** Is required for certain services – including but not limited to – appraisers, notaries, software programmers, auditors, lawyers, insurance agents, surveyors, dentists, doctors, nurses, counselors, engineers, etc.

## Prevailing Wages

In accordance with Labor Code Sections 1770-1773, prevailing wages must be paid to all workers on a “public works” project (see Glossary for definition) when the project is over \$1,000.

When bidding on public works projects that exceed \$1,000, under the law, all bidders are expected to use the same wage rates. The California Department of Industrial Relations determines the prevailing rate of wages for specific geographic areas. Additional information is available at [www.dir.ca.gov/dlsr/pwd/index.htm](http://www.dir.ca.gov/dlsr/pwd/index.htm).

## Surety and Performance Bonds

### Bid Bonds

The bid bond guarantees the City that the bidder will enter into the contract if it is awarded. Bid security shall be required for all construction work bids when the cost is estimated to exceed \$25,000. Bids must be accompanied by a Bid Security in the amount of not less than 10% of the amount bid in one of the following forms:

- Cash
- A cashier's check made payable to the City of Farmersville
- A certified check made payable to the City of Farmersville
- A bidder's bond executed by an admitted surety insurer, made payable to the City of Farmersville

Upon an award to the lowest responsive and responsible bidder, the security of an unsuccessful bidder shall be returned in a reasonable period, but in no event shall that security be held by the City beyond 60 days from the time the award is made.

A bid received and not accompanied by cash, cashier's check, certified check, or

approved bond will result in return of the bid without consideration.

Bid security is optional for other bids or proposals.

### **Performance and Payment Bonds**

The performance bond guarantees that the contractor will perform the duties assumed by entering the contract. The payment bond guarantees that the contractor will pay all suppliers and subcontractors who assist in the performance of the work.

One hundred percent (100%) performance and payment bonds are required on all public works projects awarded in excess of \$25,000.

Performance and payment bonds are optional for other bids or proposals. In most instances, bonds are not necessary if a contractor has been selected after a thorough review of references, qualifications, and financial stability.

## Settlements and Other Agreements

### **\$1 to \$25,000 – Administrative Process**

The City Manager must act on behalf of the City with regard to settlements and other legal agreements where expeditious action would be of great benefit to the City. Because the City is largely self-insured through the Central San Joaquin Valley Risk Management Authority (CSJVRMA) with self-insured retention (SIR) limits of \$25,000 or more, the City Manager can act to settle disputes and other agreements up to the \$25,000 limit. The City Manager shall report the action to the Mayor at their earliest convenience and to the Council as a whole by the next regular Council Meeting available.

### **Over \$25,000 – City Councils' Approval**

All other claims and disputes related to liability, property, or workers' compensation are taken over by the CSJVRMA at the point that the cost surpasses the SIR limit of the City. In cases where the Memorandum of Coverage (MOC) through the CSJVRMA does not apply, and the cost exceeds \$25,000 the City Manager must gain approval from the City Council to make settlement.

## Outside Legal Services

Where it is necessary, as in the case where the City Attorney has a conflict of interest, or when it is deemed desirable because specialized legal expertise is required from the private sector, outside legal counsel may be retained by contract, subject to the following limitations:

- All contracts for outside legal services in excess of fifty thousand dollars (\$50,000) shall be approved by the City Council.
- Contracts for such services, which do not exceed fifty thousand dollars

(\$50,000), are within the Purchasing Agent's authority, but are subject to prior written approval of the City Attorney.

Compliance is provided by way of a memo from the City Attorney annually.

# Quick Reference

## Chapter 3 – Procurement Methods

<u>Topic</u>	<u>Page</u>
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<b>Procurement Credit Card</b>	<b>26</b>
<b>Accounts Payable Process</b>	<b>26</b>

# 3

## Procurement Methods

**Chapter Objective: Review of methods used in the acquisition of products and services.**

### Council Approval

As stated earlier in this guide, the City Council, through the Purchases Ordinance, delegates contracting authority to the City Purchasing Agent. That authority is limited to \$100,000 when contracting for services (\$200,000 for construction services). Therefore, departments have the option to obtain Councils' approval for certain large-dollar contracts. The Mayor signs the contract on behalf of the City. Any required encumbrance or appropriation is setup, by the Finance Department.

### Procurement Credit Cards

The Procurement Bank Card eliminates the many steps in the procurement process and facilitates one payment to the bank on a monthly basis, instead of individual payments to a large number of vendors.

This procurement method is typically to be used for low-dollar purchases (under \$10,000) and must be approved by the City Manager or Department Head, with complete documentation of the completed transaction, reconciled monthly by the Finance Department.

Procurement cards have unique controls that ensure purchases made are within program specifications for product and dollar limits. In addition, each cardholder requires certification of all purchases with verification performed by the approving official, before payment is made. Cardholders must sign a participation agreement accepting the terms and conditions placed on card usage.

### Accounts Payable Process

The most common procedure for processing payments for the City of Farmersville is through decentralized purchasing authority granted by the Purchasing Agent to department heads and then payment to the vendor is made through the centralized Accounts Payable process in the Finance Department.

Most payments are still made by check to make reconciliation and request for reimbursement through grants and other funding sources the clearest to all invested parties. Some

reoccurring payments are made by ACH by the Accounts Payable clerk.

### **Invoices and Pay Estimates**

As purchases are made by authorized designees, it is their responsibility to receive a copy of the invoice or receipt of purchase and forward this to the Department Head for account coding and approval or directly to Accounts Payable clerk, as appropriate. Accounts Payable will not pay from statements or work orders – only invoices and pay estimates (for large construction projects).

Many invoices are reoccurring in nature and may come directly to the Finance Department or the Accounts Payable Clerk. In these situations, the invoices will be routed back to each purchasing authority (Department Head) for coding and payment approval.

### **Coding and Approval**

All invoices must have appropriate coding and approval from the purchasing department head or City Manager before payment will be processed. Certain exceptions for common, reoccurring payments as indicated in the municipal code, are permitted.

### **Submission for Payment**

Invoices need to be submitted to the Finance Department on a timely basis so that payment can be effective and efficient. Sufficient back-up needs to be included prior to submission including invoices, estimates, GSA per diem calculations and other supporting documentation to prove authority to purchase as well as proof of purchase and/or receipt of goods and/or services.

### **Accounts Payable Process**

Invoices and Pay Estimates are received by the Finance department daily by mail, email, courier, FAX, in-person, from other departments, and internally. These documents are sorted, routed, and received back with budgetary coding and approvals as appropriate. All other issues are returned or routed to the City Manager depending upon the issue, frequency, or severity of the issue.

Once gathered together the Accounts Payable clerk assembles the invoices together and creates cover sheets for uniform coding and organization of the batch. This batch is provided to the Finance Director who reviews the invoices and approves or denies them for payment. The approved invoices are then entered into the system to create a batch for payment. This is put through the distribution process and checks are created. Checks are then matched up with the supporting invoices and documents, compared to the batch reported and signed by the Finance Director and the Mayor or Mayor Pro Tem. The invoice batch, cover sheets and checks are scanned and saved for record keeping and audit purposes.

### **Exceptions to Check Writing**

Some reoccurring payments (utility bills and ancillary payroll benefits) are paid through websites or electronically by admin staff as part of the payroll or typically monthly accounts payable process. These transactions are approved and submitted to Accounts Payable clerk to enter into the system in an “ACH batch” to record the transaction. The payments are reconciled monthly with the bank reconciliation process.

# Quick Reference

## Chapter 4 –Purchase Orders

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<b>What is a Purchase Order?</b>	<b>29</b>
<b>One-Time Purchase Orders</b>	<b>29</b>

# 4

## Purchase Orders

**Chapter Objective: Review of purchase order nomenclature, and the process for using and approving POs.**

### What is a Purchase Order?

A purchase order authorizes the vendor to deliver materials or services in accordance with the terms and conditions specified thereon (or incorporated from a bid or other document by reference). It also acknowledges the obligation of the City to pay for the goods or services ordered, upon their receipt and proper invoice. Unless a separate contract document is executed, the purchase order establishes the contractual relationship between the City and the vendor. A purchase order is a legally binding contract.

The purchase order is the City's commitment for the value of the material or service ordered. It is a legal document. When a purchase order is issued as an acceptance of a bid, quotation, or offer, a contractual relationship is established.

### One-Time Purchase Orders

The City of Farmersville utilizes "One-time" purchase orders that are generally issued for a finite quantity of products, or services; i.e., large equipment purchases, and one-time projects. Encumbered funds may, with certain restrictions, be carried forward into the next fiscal year.

Purchase orders will be required in the following situations:

- Commodities (Materials & Equipment) over \$75,000

Purchase orders will not be required in the case that contracts are in place. Typically, contracts are used in procurement of services at the following thresholds:

- Services (Non-Construction) will be completed by contract over \$100,000
- Services (Construction) will be completed by contract over \$200,000

# Quick Reference

## Chapter 5 – Vendor Issues

<u>Topic</u>	<u>Page</u>
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<b>Making Commitments to Purchase</b>	<b>31</b>
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<b>Accepting Deliveries from Vendors</b>	<b>31</b>
<b>Making Payments to Vendors</b>	<b>33</b>

# 5

## Vendor Issues

**Chapter Objective:** *Provide guidelines for dealing with vendors and vendor-related issues.*

### Making Contact with Vendors

Vendors sometimes call on City departments and divisions. Although they may offer helpful information, they may also subject City employees to high-pressure sales pitches. Please direct vendors to the City Clerk. The Clerk will gather information about their products and services and give them applications for inclusion in the City's Supplier Mailing List.

### Making Commitments to Purchase

Because the City, like all public agencies, buys goods on an open competitive basis, employees / Commissioners / Council Members must **not** promise any vendor future business.

### Vendor / Supplier Mailing List

The City Clerk maintains a list of suppliers for all classes of commodities and services that are regularly purchased by the City. Departments should refer all new suppliers to the City Clerk to be added to the list.

### Accepting Deliveries from Vendors

Deliveries are usually made as follows:

**City Hall:** Packages delivered to City Hall are inspected for visible external damage, such as dents or punctures in packaging, water damage, etc. If such damage is discovered, it is noted on the delivering carrier's bill of lading, and the department is notified. All other inspections are the responsibility of the ordering department.

**Received at User Location:** When goods are received directly by the department, the following procedures should be observed:

- Avoid accepting delivery of any merchandise until adequate identification from the

packaging or delivery documents (carrier's receipt) is obtained. A packing slip or other suitable identification indicating the merchandise should be delivered to the department must be in evidence before the shipment is accepted.

- Sign only for the number of boxes or parcels which are received from that carrier, and are listed on the delivery documents that accompany the delivery.
- The receiver is not signing as to the condition of the merchandise inside the box or parcel. However, the receiver should note any exterior damage, including unsealed packaging, on the delivery documents before signing. The receiver should not refuse a shipment because of apparent damage. This may result in storage fees being charged to the City.
- In cases of known damage (apparent at time of delivery):
  - ⇒ Note on both copies of delivery documents "case damaged in shipment" and, if the item is visible and the damage is visible, also include "item visibly damaged"
  - ⇒ Obtain signature from carrier on both copies of delivery documents before signing for receipt
  - ⇒ Return one copy of receipt to carrier
  - ⇒ Contact the vendor immediately

**Inspection:** Thorough inspection of goods is the responsibility of the ordering department. This includes inspection for conformance to specifications and ordered quantity, as well as inspection for damage. ***The department has the ultimate responsibility*** for determining whether the items have been received in good order.

- Goods received should be checked promptly against the packing slip and the purchase order. Partial deliveries should be noted.
- If goods are damaged, the vendor should be notified immediately. Do not destroy or discard any damaged items or packing materials.
- Departments receiving incorrect shipments or damaged goods may wish to complete a Vendor Complaint form detailing the problem and return the form to Procurement Services or download the form from the GSA Procurement Services' intranet website.
- The ordering department is obligated to accept delivery of any goods that have been ordered. If there is a change regarding need for the items, the department should immediately contact Procurement Services to make other arrangements. Only Procurement Services has the authority to cancel purchase orders. It should be realized that there might be a restocking charge if items must be returned through no fault of the vendor. The City's failure to accept and pay for ordered goods is a breach of contract.

## Making Payment to Vendors

Payments should be made within the terms of the purchase order or agreement. Customary payment terms for the City are Net 30 Days, from receipt of invoice, for goods/services received. Advance payments should be avoided. Invoices should be reviewed carefully, signed by the appropriate department authority, coded with the correct account code, and forwarded to Accounts Payable.

Some vendors offer discounts if their invoices are paid promptly. To take advantage of these early-payment discounts and to maintain good vendor relations, it is important that all invoices, packing slips, and receiving reports be forwarded to the Finance Department as soon as possible.

Questions regarding payment of invoices should be addressed to the Finance Department.

# Quick Reference

Chapter 6 - Glossary

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# 6

## Glossary of Procurement Terms

- **Brand Name Or Equal Specifications.** A specification limited to one or more items by manufacturers' names or catalog numbers to describe the standard of quality, performance, and other salient characteristics needed to meet City requirements, and which provides for the submission of equivalent products.
- **Brand Name Specifications.** A specification limited to one or more items by manufacturers' names or catalog numbers.
- **Business.** Any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or any other private legal entity.
- **Business, Local.** Any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or any other private legal entity, which maintains a physical working office within the geographic boundaries of the City of Farmersville.
- **Buyer.** A professionally trained person employed by Procurement Services to obtain materials and services for City departments, in accordance with all state and local laws and internal City policies and procedures.
- **Change Order.** A written order signed and issued by the Purchasing Agent, or his designee, directing the supplier or contractor to make changes or modifications to an order. The change order may make written alteration to the specifications, delivery point, rate of delivery, period of performance, price, quality, quantity, or other provisions of the contract.
- **Contract.** Any authorized City agreement, regardless of what it is called (purchase order, contract, etc.), for the procurement of supplies, equipment, services, or construction.
- **Contractor.** Any person having a contract with the City.
- **Construction.** The erection or assembly of large structures. The term construction is, to a significant degree, synonymous with building, but in common usage it most often is applied to such major works as buildings, ships, aircraft, and public works such as roads, dams, and bridges.

- **Cost Analysis.** The evaluation of cost data for arriving at costs actually incurred or estimates of costs to be incurred, prices to be paid, and costs to be reimbursed.
- **Cost Data.** Factual information concerning the cost of labor, material, overhead, and other cost elements that are expected to be incurred, or which have been actually incurred, by the contractor in performing the contract; or that are expected to be incurred by the City in the use of the equipment or material to be purchased.
- **Cost Reimbursement Contract.** A contract under which a contractor is reimbursed for costs which are allowable and allocable in accordance with the contract terms and the provisions, and a fee or profit, if any.
- **Emergency Purchase Order.** An emergency purchase order results when a situation arises in which compliance with normal procurement practice is impracticable or contrary to the public interest.
- **Employee.** An individual drawing a salary or wages from the City, whether elected or not; any non-compensated individual performing personal services for the City or any department, agency, commission, council, board, or any other entity established by the executive or legislative branch of the City; and any non-compensated individual serving as an elected official of the City.
- **Fixed Asset.** All City equipment and other assets with a purchase price of \$5,000 or more, including tax and delivery, and relatively permanent.
- **Formal Bids.** Formal bids are those that are obtained by written solicitation. The bids are received in writing by a set date and time. The bids are publicly opened by Procurement Services. The written bids and the bid summary are maintained by Procurement Services.
- **Gratuity.** A payment, loan, subscription, advance, deposit of money, service, or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value is received
- **Immediate Family.** A spouse, children, parents, brothers, and sisters.
- **Informal Quotes.** Informal quotes are offers made by vendors. The quotes may be verbal, electronic, or written. The Buyer maintains a summary of the quotes received.
- **Invitation for Bids.** All documents, whether attached or incorporated by reference utilized for soliciting sealed bids. Invitations for Bids (IFB) are awarded to the lowest responsive and responsible bidder(s).
- **Local Business.** (See Business, Local).
- **Personal Services Contract.** An accepted means for providing specialized tasks, which cannot be as effectively accomplished by the regular work force.
- **Prevailing Wage.** In accordance with Labor Code Sections 1770-1773 prevailing wages must be paid to all workers on a “public works” project when the project is over \$1,000.

- **Price Analysis.** The evaluation of price data, without analysis of the separate cost components and profit as in cost analysis, which may assist in arriving at prices to be paid and costs to be reimbursed.
- **Pricing Data.** Information concerning prices for items substantially similar to those being procured. Prices in this definition refer to offered or proposed selling prices, historical selling prices and current selling prices. The definition refers to data relevant to both prime and sub-contract prices.
- **Procurement.** The buying, purchasing, renting, leasing, trading, or otherwise acquiring of any supplies, equipment, services, or construction. It also includes all functions that pertain to the obtaining of any supplies, equipment, services, or construction, including descriptions of requirements, selection and solicitation of sources, preparation and award of contracts, and all phases of contract administration.
- **Procurement Policy.** Procurement governing document approved by resolution by the City Council of Farmersville.
- **Public Works Project.** As defined in Public Contract Code § 20150.2, "public project" means: a project for the erection, improvement, and repair of public buildings and works.
- **Purchase Order.** City's commitment for the value of the material or service ordered. It is a legal document.
- **Request for Proposals.** All documents, whether attached or incorporated by reference, utilized for soliciting proposals. Requests for Proposals (RFP) are generally awarded based on several evaluation factors, including price.
- **Requesting Department.** Any department, commission, board, or agency requiring supplies, equipment, services, or construction.
- **Responsible Bidder or Offeror.** A person who has the capability in all respects to perform fully the contract requirements, and the tenacity, perseverance, experience, integrity, reliability, capacity, facilities, equipment, and credit which will assure good faith performance, and who has submitted a bid that conforms in all material respects to the requirements set forth in the solicitation.
- **Services.** The furnishing of labor, time, or effort by a contractor, not involving delivery of a specific product other than reports which are merely incidental to the required performance.
- **Specification** Any description or scope of work of the physical or functional characteristics or of the nature of supplies, equipment, service, or construction. It may include a description of any requirement for inspection, testing or delivery of supplies, equipment, services, or construction.
- **Supplier List.** A list of potential bidders, listed by commodity codes for materials and services furnished.

# Appendix A:

# Risk Matrix

# RISK MATRIX & INSURANCE LANGUAGE

## YORK RISK SERVICES

Revised July 2019

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## Exhibit 1

### Risk Matrix Definitions

(Determine Risk Category by evaluating all factors that could increase the agency's liability for that particular project. Once Risk Category is determined, utilize Exhibit 2 to select insurance terms.)

Risk Category	Risk Level	Examples
1	Low	<ul style="list-style-type: none"><li>• Vending machine providers</li><li>• Facilities use</li><li>• Special events</li><li>• Some professional service providers</li><li>• General contracts</li></ul>
2	Intermediate	<ul style="list-style-type: none"><li>• Construction contracts</li><li>• Some professional service providers</li><li>• Technology consultants</li><li>• Facilities use</li><li>• Special events</li></ul>
3	High	<ul style="list-style-type: none"><li>• Major construction contracts</li><li>• Garbage haulers</li><li>• Some professional service providers</li></ul>
Other	Undefined	<ul style="list-style-type: none"><li>• The risk is unique</li><li>• Custom insurance requirements needed</li></ul>

**Exhibit 2  
Risk Matrix**

("+ = Limits may need to increase for Risk Categories 2 & 3, depending on the project.)

<b>Risk Category</b>	<b>Workers' Compensation</b>	<b>General Liability</b>	<b>Auto Liability</b>
<b>1</b>	<b>Statutory</b>  <b>Employer's Liability \$1,000,000</b>	<b>\$2,000,000 per occurrence</b> <b>(may accept \$1,000,000 per</b> <b>occurrence for lower risks)</b>  <b>\$4,000,000</b> <b>general aggregate</b>  <b>\$1,000,000</b> <b>products/completed</b> <b>operations aggregate</b>	<b>\$2,000,000</b>  <b>Combined Single Limit</b> <b>(may accept \$1,000,000 for</b> <b>lower risks)</b>
<b>2</b>	<b>Statutory</b>  <b>Employer's Liability \$1,000,000</b>	<b>\$2,000,000+</b> <b>per occurrence</b>  <b>\$4,000,000+</b> <b>general aggregate</b>  <b>\$2,000,000+</b> <b>products/completed</b> <b>operations aggregate</b>	<b>\$2,000,000+</b>  <b>Combined Single Limit</b>
<b>3</b>	<b>Statutory</b>  <b>Employer's Liability \$1,000,000</b>	<b>\$5,000,000+</b> <b>per occurrence</b>  <b>\$10,000,000+</b> <b>general aggregate</b>  <b>\$5,000,000+</b> <b>products/completed</b> <b>operations aggregate</b>	<b>\$5,000,000+</b>  <b>Combined Single Limit</b>
<b>Other</b>	<b>Consult with</b> <b>Risk Management</b> <b>Professionals</b>	<b>Consult with</b> <b>Risk Management</b> <b>Professionals</b>	<b>Consult with</b> <b>Risk Management</b> <b>Professionals</b>

## Language Templates for Risk Categories 1-3

### 1. Category 1 “Low Risk”

#### Insurance Requirements

##### i. Commercial General Liability

- a. Vendor shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than two million dollars (\$2,000,000) per occurrence for bodily injury, personal injury, and property damage, including without limitation, blanket contractual liability. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit. Vendor’s general liability policies shall be primary and shall not seek contribution from the City’s coverage, and be endorsed using Insurance Services Office form CG 20 10 (or equivalent) to provide that City and its officers, officials, employees, and agents shall be additional insureds under such policies. For construction projects, an endorsement providing completed operations coverage for the additional insured, ISO form CG 20 37 (or equivalent), is also required.
- b. Any failure to comply with reporting provisions of the policies by Vendor shall not affect coverage provided the City.
- c. Coverage shall state that Vendor insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer’s liability.
- d. Coverage shall contain a waiver of subrogation in favor of the City.

##### ii. Business Automobile Liability

- a. Vendor shall provide auto liability coverage for owned, non-owned, and hired autos using ISO Business Auto Coverage form CA 00 01 (or equivalent) with a limit of no less than two million dollars (\$2,000,000) per accident.

##### iii. Workers’ Compensation and Employers’ Liability

- a. Vendor shall maintain Workers' Compensation Insurance and Employer's Liability Insurance with limits of at least one million dollars (\$1,000,000). Vendor shall submit to City, along with the certificate of insurance, a waiver of subrogation endorsement in favor of City, its officers, agents, employees, and volunteers.

iv. All Coverages

- a. Each insurance policy required by the agreement shall be endorsed to state that coverage shall not be suspended, voided, cancelled, or reduced in limits except after thirty (30) days' prior written notice has been given to the City, except that ten (10) days' prior written notice shall apply in the event of cancellation for nonpayment of premium.
- b. All self-insurance, self-insured retentions, and deductibles must be declared and approved by the City.
- c. Evidence of Insurance - Prior to commencement of work, the Vendor shall furnish the City with certificates, additional insured endorsements, and waivers of subrogation evidencing compliance with the insurance requirements above. The Vendor must agree to provide complete, certified copies of all required insurance policies if requested by the City.
- d. Acceptability of Insurers - Insurance shall be placed with insurers admitted in the State of California and with an AM Best rating of A- VII or higher.

**2. Category 2 "Intermediate Risk"**

Insurance Requirements

i. Commercial General Liability

- a. Vendor shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than two million dollars (\$2,000,000) per occurrence for bodily injury, personal injury, and property damage, including without limitation, blanket contractual liability. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall

be twice the required occurrence limit. Vendor's general liability policies shall be primary and shall not seek contribution from the City's coverage, and be endorsed using Insurance Services Office form CG 20 10 (or equivalent) to provide that City and its officers, officials, employees, and agents shall be additional insureds under such policies. For construction projects, an endorsement providing completed operations coverage for the additional insured, ISO form CG 20 37 (or equivalent), is also required.

- b. Any failure to comply with reporting provisions of the policies by Vendor shall not affect coverage provided the City.
  - c. Coverage shall state that Vendor insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
  - d. Coverage shall contain a waiver of subrogation in favor of the City.
- ii. Business Automobile Liability
- a. Vendor shall provide auto liability coverage for owned, non-owned, and hired autos using ISO Business Auto Coverage form CA 00 01 (or equivalent) with a limit of no less than two million dollars (\$2,000,000) per accident.
- iii. Workers' Compensation and Employers' Liability
- a. Vendor shall maintain Workers' Compensation Insurance and Employer's Liability Insurance with limits of at least one million dollars (\$1,000,000). Vendor shall submit to City, along with the certificate of insurance, a waiver of subrogation endorsement in favor of City, its officers, agents, employees, and volunteers.
- iv. All Coverages
- a. Each insurance policy required by the agreement shall be endorsed to state that coverage shall not be suspended, voided, cancelled, or reduced in limits except after thirty (30) days' prior written notice has been given to the City, except that ten (10) days' prior written notice shall apply in the event of cancellation for nonpayment of premium.

- b. All self-insurance, self-insured retentions, and deductibles must be declared and approved by the City.
- c. Evidence of Insurance - Prior to commencement of work, the Vendor shall furnish the City with certificates, additional insured endorsements, and waivers of subrogation evidencing compliance with the insurance requirements above. The Vendor must agree to provide complete, certified copies of all required insurance policies if requested by the City.
- d. Acceptability of Insurers - Insurance shall be placed with insurers admitted in the State of California and with an AM Best rating of A- VII or higher.
- e. Subcontractors and Consultants - A category of risk and the applicable insurance requirements will be determined on a “per subcontractor” or “per consultant” basis, considering the particular work to be done by the subcontractor or consultant and the interrelationship of that work to other work being conducted by the Vendor.

### **3. Category 3 “High Risk”**

#### Insurance Requirements

- i. Commercial General Liability
  - a. Vendor shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than five million dollars (\$5,000,000) per occurrence for bodily injury, personal injury, and property damage, including without limitation, blanket contractual liability. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit. Vendor’s general liability policies shall be primary and shall not seek contribution from the City’s coverage, and be endorsed using Insurance Services Office form CG 20 10 (or equivalent) to provide that City and its officers, officials, employees, and agents shall be additional insureds under such policies. For construction projects, an endorsement providing completed operations coverage for the additional insured, ISO form CG 20 37 (or equivalent), is also required.

- b. Any failure to comply with reporting provisions of the policies by Vendor shall not affect coverage provided the City.
  - c. Coverage shall state that Vendor insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
  - d. Coverage shall contain a waiver of subrogation in favor of the City.
- ii. Business Automobile Liability
- a. Vendor shall provide auto liability coverage for owned, non-owned, and hired autos using ISO Business Auto Coverage form CA 00 01 (or equivalent) with a limit of no less than five million dollars (\$5,000,000) per accident.
- iii. Workers' Compensation and Employers' Liability
- a. Vendor shall maintain Workers' Compensation Insurance and Employer's Liability Insurance with limits of at least one million dollars (\$1,000,000). Vendor shall submit to City, along with the certificate of insurance, a waiver of subrogation endorsement in favor of City, its officers, agents, employees, and volunteers.
- iv. All Coverages
- f. Each insurance policy required by the agreement shall be endorsed to state that coverage shall not be suspended, voided, cancelled, or reduced in limits except after thirty (30) days' prior written notice has been given to the City, except that ten (10) days' prior written notice shall apply in the event of cancellation for nonpayment of premium.
  - g. All self-insurance, self-insured retentions, and deductibles must be declared and approved by the City.
  - h. Evidence of Insurance - Prior to commencement of work, the Vendor shall furnish the City with certificates, additional insured endorsements, and waivers of subrogation evidencing compliance with the insurance requirements above. The Vendor must agree to provide complete, certified copies of all required insurance policies if requested by the City.

- i. Acceptability of Insurers - Insurance shall be placed with insurers admitted in the State of California and with an A.M. Best rating of A- VII or higher.
  
- j. Subcontractors and Consultants - A category of risk and the applicable insurance requirements will be determined on a “per subcontractor” or “per consultant” basis, considering the particular work to be done by the subcontractor or consultant and the interrelationship of that work to other work being conducted by the Vendor.

**Exhibit 3**  
**Ancillary Coverage Requirements**

<b>Contract Activity Involved</b>	<b>Professional Liability</b>	<b>Pollution Liability</b>	<b>Builders Risk</b>	<b>Aircraft Liability</b>	<b>Cyber Liability</b>	<b>Installation Floater</b>
<b>Construction or Remodeling Projects</b> - Construction or remodeling projects		X	X			X
<b>Hazardous or Waste Materials</b> - Removal of asbestos or lead-based paint; or the use, application, transport, removal, cleanup, or disposal of hazardous material in quantities of 100 gallons or more; or the disposal, treatment, transport, or storage of waste.		X				
<b>Installation of Equipment</b>						X
<b>Professional Service Provider</b> - Services from an accountant, architect, attorney, claims administration firm, consultant, insurance broker, engineer, financial advisor, medical professional, or other person who maintains a professional license.	X					
<b>Technology Vendor</b>	X				X	
<b>Use of Aircraft or Helicopter</b>				X		

1. The following are suggested insurance language if Ancillary Coverages are recommended. Please consult with the Risk Manager for customized limits and language for specific circumstances.

a. Aircraft Liability Insurance

- i. Aircraft liability insurance coverage shall provide limits of \$5,000,000 - \$10,000,000 per accident.
- ii. The policy shall be endorsed to include the City, its officers, employees, and agents as additional insureds.

b. Builders Risk Insurance

- i. Contractor shall obtain and maintain Builders Risk/Course of Construction insurance. Policy shall be provided for replacement value on an "all-risk" basis, including earthquake and flood. The City shall be named as Loss Payee on the policy and there shall be no coinsurance penalty provision in any such policy. Policy must include: (1) coverage for removal of debris, and insuring the buildings, structures, machinery, equipment, materials, facilities, fixtures, and all other properties constituting a part of the project; (2) "Installation Floater" coverage with limits sufficient to insure the full replacement value of any property or equipment stored either on or off the project site. Such insurance shall be on a form acceptable to City to ensure adequacy of terms and limits. Contractor shall not be required to maintain property insurance for any portion of the Project following transfer of control thereof to City.

c. Cyber Liability Insurance

- i. Cyber Liability Insurance with limits not less than \$1,000,000 per claim.
- ii. Coverage shall be sufficiently broad to respond to the duties and obligations as is undertaken by Vendor in this agreement and shall include, but not be limited to, claims involving infringement of intellectual property, including but not limited to infringement of copyright, trademark, trade dress, invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, alteration of electronic information, extortion, and network security.

- iii. The policy shall provide coverage for breach response costs as well as regulatory fines and penalties, and credit monitoring expenses with limits sufficient to respond to these obligations.

d. Pollution Liability Insurance

- i. Pollution Coverage shall be provided for liability arising out of sudden, accidental and gradual pollution and remediation. The policy limit shall be no less than two million dollars (\$2,000,000) per claim. All activities contemplated in this agreement shall be specifically scheduled on the policy as “covered operations.” The policy shall provide coverage for the hauling of waste from the project site to the final disposal location, including non-owned disposal sites.
- ii. The policy shall be endorsed to include the City, its officers, employees, and agents as insureds.

e. Professional Liability Insurance

- i. Contractor shall maintain professional liability insurance that insures against professional errors and omissions that may be made in performing the Services to be rendered in connection with this Agreement, in the minimum amount of two million dollars (\$2,000,000) per claim and in the aggregate. Any policy inception date, continuity date, or retroactive date must be before the effective date of this agreement, and Contractor agrees to maintain continuous coverage through a period no less than three years after completion of the services required by this agreement.

# Appendix B:

# Approval Memo

## PURCHASE APPROVAL MEMO

**TO:**

**FROM:**

**DATE:**

**SUBJECT: REQUEST FOR PURCHASE APPROVAL**

Please accept this memo for formal approval for purchase of the following item(s):

<b>Description</b>	
<b>Vendor</b>	
<b>Capital Budget ID#</b>	
<b>Budgeted Amount</b>	
<b>Total Cost</b>	
<b>Account Code</b>	

<b>REQUEST STATUS:</b>	APPROVED ( )	DENIED ( )
<b>SIGNED:</b>		
<b>DATE:</b>		
<b>FINANCE CHECK:</b>		

This memo to be attached to Accounts Payable back-up for each payment.

# Appendix C:

# Purchase Order



# Appendix D:

# CUCCAC Manual



State of California

# **Cost Accounting Policies and Procedures Manual**

**2019 Edition**

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# FOREWORD

The Uniform Public Construction Cost Accounting Act (Act), enacted in 1983 under Public Contract Code section 22000 et seq., allows local agencies to perform public project work of up to \$60,000 with their own workforces if the agencies elect to follow the cost accounting procedures set forth in the *Cost Accounting Policies and Procedures Manual* by the California Uniform Construction Cost Accounting Commission.

Every five years, the California Uniform Construction Cost Accounting Commission reviews the informal bid limits for inflation and other factors to determine whether adjustments should be made. If an adjustment is made, the State Controller notifies the affected public agencies. The adjustment may become effective before it appears as a formal change in the Public Contract Code pursuant to Public Contract Code section 22020. The most recently posted bid limits can be found at [www.sco.ca.gov/ard\\_cuccac.html](http://www.sco.ca.gov/ard_cuccac.html) titled under [New Informal Bid Limit Increase \(Pursuant to PCC 22032\)](#)

Any local agency can voluntarily elect to become a participating agency of the Act. Local agencies include cities, counties, redevelopment agencies, special districts, school districts, and community college districts. Participating agencies benefit from the raised force account limit and the informal bidding procedures. More projects are completed in a timely manner as a result of the streamlines awards process and the reduction in paperwork related to advertising and report filing.

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# California Uniform Construction Cost Accounting Commission

## Cost Accounting Policies and Procedures Manual

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# CHAPTER 1 INFORMATION FOR ADOPTION AND IMPLEMENTATION OF THE CALIFORNIA UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT

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# CHAPTER 1 Information for Adoption and Implementation of the California Uniform Public Construction Cost Accounting Act

## Instructions for Adoption and Implementation of the Uniform Construction Cost Accounting Procedures

### 1.01 Instructions for Adoption and Implementation of the Uniform Public Construction Cost Accounting Act (ACT) by Local Agencies

- 1) The Governing Board must elect by resolution to become subject to the uniform construction cost accounting procedures promulgated by the State Controller pursuant to the Public Contract Code section 22019. The resolution shall specify that the local agency will meet the requirements prescribed in the California Uniform Construction Cost Accounting Commission's *Cost Accounting Policies and Procedures Manual* and state the effective date the agency will implement the accounting and bidding procedures.
- 2) The local agency must notify the State Controller in writing of the election to become subject to the uniform construction cost accounting procedures along with a copy of the resolution mailed to the following address:

Office of the State Controller  
Local Government Programs and Services Division  
Local Government Policy Section  
P.O. Box 942850  
Sacramento CA 94250

- 3) When a local agency elects to become subject to the uniform construction cost accounting procedures, the entire entity is considered subject to the Act and no departments will be exempt. However, Special Districts which are governed by a board of supervisors or city council are subject only if a separate election is made.
- 4) An informal bidding ordinance, or a board adopted policy equivalent to such as required by the participating agency, shall be enacted pursuant to Public Contract Code section 22034.
- 5) Once opting into the Act, participating agencies must always adhere to the terms of the Act until such time the agency formally opts out by resolution of its governing board. Having opted in, selective adherence to the terms of the Act is a violation.
- 6) The governing board may discontinue the agency's participation under the uniform public construction cost accounting procedures by adopting a resolution stating this fact. A copy of the resolution shall be filed with the State Controller.
- 7) The State Controller shall notify the California Uniform Construction Cost Accounting Commission (Commission) of all local agencies electing to become subject to the uniform public construction cost accounting procedures. In addition, the Commission shall also be notified of local agencies electing to discontinue participation under these procedures.

1.02 Sample Election Resolution – Model

This sample *Election Resolution* may be used by any public agency’s governing body.

RESOLUTION OF THE \_\_\_\_\_, STATE OF CALIFORNIA IN THE MATTER OF  
UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING PROCEDURES

Resolution No. \_\_\_\_\_

WHEREAS, prior to the passage of Assembly Bill No. 1666, Chapter 1054, Statutes of 1983, which added Chapter 2, commencing with Section 22000, to Part 3 of Division 2 of the Public Contract Code, existing law did not provide a uniform cost accounting standard for construction work performed or contracted by local public agencies; and

WHEREAS, Public Contract Code section 22000 et seq., the Uniform Public Construction Cost Accounting Act, establishes such a uniform cost accounting standard;

WHEREAS, the Commission established under the Act has developed uniform public construction cost accounting procedures for implementation by local public agencies in the performance of or in the contracting for construction of public projects; and

NOW, THEREFORE, BE IT RESOLVED that the \_\_\_\_\_ of \_\_\_\_\_, California, hereby elects under Public Contract Code section 22030 to become subject to the uniform public construction cost accounting procedures set forth in the Act and to the Commission's policies and procedures manual and cost accounting review procedures, as they may each from time to time be amended, and directs that the \_\_\_\_\_ - notify the State Controller forthwith of this election.

This Resolution shall take effect upon its adoption.

PASSED AND ADOPTED this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_ by the following vote;

AYES:  
NOES:  
ABSENT:

*Insert Seal if Applicable*

\_\_\_\_\_  
Signature Title

City of \_\_\_\_\_ County of \_\_\_\_\_

1.03 Sample Informal Bidding Ordinance

(This SAMPLE INFORMAL BIDDING ORDINANCE or POLICY indicates action by a county board of supervisors. However, the sample format shall be modified to conform to your governing agency's rules).

ORDINANCE NO. \_\_\_\_\_  
AN ORDINANCE OF THE BOARD OF SUPERVISORS OF THE COUNTY OF \_\_\_\_\_  
ADDING SECTION \_\_\_\_\_ TO THE ORDINANCE CODE OF THE COUNTY OF \_\_\_\_\_  
TO PROVIDE INFORMAL BIDDING PROCEDURES UNDER THE UNIFORM PUBLIC  
CONSTRUCTION COST ACCOUNTING ACT (Section 22000, et seq. of the Public Contract Code)

The Board of Supervisors of the County of \_\_\_\_\_ do ordain as follows:

SECTION 1

Section \_\_\_\_\_ is hereby added to the County Code of the County of \_\_\_\_\_ to provide as follows:

Section \_\_\_\_\_. Informal Bid Procedures. Public projects, as defined by the Act and in accordance with the limits listed in Section 22032 of the Public Contract Code, may be let to contract by informal procedures as set forth in Section 22032, et seq., of the Public Contract Code.

Section \_\_\_\_\_. Contractors List. The agency shall comply with the requirements of Public Contract Code Section 22034.

Section \_\_\_\_\_. Notice Inviting Informal Bids. Where a public project is to be performed which is subject to the provisions of this Ordinance, a notice inviting informal bids shall be circulated using one or both of the following alternatives:

1. Notices inviting informal bids may be mailed, faxes, or emailed to all contractors for the category of work to be bid, as shown on the list developed in accordance with Section \_\_\_\_\_,
2. Notices inviting informal bids may be mailed to all construction trade journals as specified by the California Uniform Construction Cost Accounting Commission in accordance with section 22036 of the Public Contract Code. Additional contractors and/or construction trade journals may be notified at the discretion of the department/agency soliciting bids, provided however:

(1) If the product or service is proprietary in nature such that it can be obtained only from a certain contractor or contractors, the notice inviting informal bids may be sent exclusively to such contractor or contractors.

Section \_\_\_\_\_. Award of Contracts

The County Purchasing Agent and the Director of Public Works are each authorized to award informal contracts pursuant to this Section.

SECTION 2

This Ordinance shall take effect and be in force thirty (30) days from the date of its passage, and before the expiration of fifteen (15) days after its passage, it or a summary of it, shall be published once, with the names of the members of the Board of Supervisors voting for and against the same in the \_\_\_\_\_, a newspaper of general circulation published in the County of \_\_\_\_\_.

PASSED, APPROVED and ADOPTED by the Board of Supervisors of the County of \_\_\_\_\_, State of California, this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by the following vote:

AYES:  
NOES:  
ABSENT:

## Procedure for Establishment and Maintenance of List of Registered Contractors

### 1.04 Procedure for Establishment and Maintenance of List of Registered Contractors Per Section 22034 of the Public Contract Code

Section 22034 of the Public Contract Code specifies the requirements for mailing, faxing, or emailing notices to contractors for work to be bid under the Act. As specified therein, an agency shall provide notices by electing a), b) or both methods listed as follows:

- a) In lieu of a contractors list, mailing, faxing, or emailing notices to all construction trade journals specified in section 22036
- b) Mailing, faxing, or emailing notices to all contractors on the list established by the agency for the work being paid
- c) Both (a) and (b) pursuant to section 22034(a)(1)

In the event an agency elects to provide notice by mailing, faxing, or emailing notices to all contractors on the list established by the agency for the work being bid, the agency shall utilize the following procedure to establish and maintain the list of registered contractors outlined in section 22034 (a)(1):

- a) Notice to contractors shall be provided in accordance with either paragraph (1) or (2), or both.
  - 1) The public agency shall maintain a list of qualified contractors, identified according to categories of work. Minimum criteria for development and maintenance of the contractors list shall be determined by the commission. All contractors on the list for the category of work being bid shall be mailed, faxed, or emailed a notice inviting informal bids unless the product or service is proprietary. All mailing of notices to contractors pursuant to this subdivision shall be completed not less than 10 calendar days before bids are due.
  - 2) The public agency may elect to mail, fax, or email a notice inviting informal bids to all construction trade journals specified in section 22036.
- b) The notice inviting informal bids shall describe the project in general terms and how to obtain more detailed information about the project, and state the time and place for the submission of bids.
- c) The governing body of the public agency may delegate the authority to award informal contracts to the public works director, general manager, purchasing agent, or other appropriate person.
- d) If all bids received are in excess of two hundred thousand dollars (\$200,000), the governing body of the public agency may, by adoption of a resolution by a four-fifths vote, award the contract, at two hundred twelve thousand, five hundred dollars (\$212,500) or less, to the lowest responsible bidder, if it determines the cost estimate of the public agency was reasonable.

*(Amended by Stats. 2015, Ch. 269, Sec. 29. Effective January 1, 2016.)*

#### 1.04.01 Minimum Criteria for Development and Maintenance of the Contractors List Determined by the Commission, pursuant to Public Contract Code section 22034(a)(1)

1. At least once per calendar year, each public agency that has elected to become subject to the Uniform Public Construction Cost Accounting Act and intends to utilize the notice provisions outlined in section 22034(a) shall establish a new list or update its existing list of qualified contractors by mailing, faxing, or emailing written notice to all construction trade journals

designated for that Agency under Section 22036. The notice shall invite all licensed contractors to submit the name of their firm to the Agency for inclusion on the Agency's list of qualified bidders.

2. The notice shall require that the contractor provide:
  - The name and address to which a Notice to Contractors or Proposal should be mailed, faxed, or emailed;
  - A phone number at which the contractor may be reached;
  - The type of work in which the contractor is interested and currently licensed to do (earthwork, pipelines, electrical, painting, general building, etc.);
  - The class of contractor's license(s) held; and
  - The contractor license number(s).
3. Agencies may include any contractor names they so desire on the lists, but lists must include, at minimum, all contractors who have properly provided the Agencies with the information required under #2 above in response to the written notice.

The Commission recommends that Agencies automatically include in their contractors lists the names of all contractors who submitted one or more valid bids to the Agencies.

4. A contractor may have his or her firm added to an Agency's contractors list at any time by providing the required information.

#### 1.05 County-by-County List of Construction Trade Journals

The Commission shall determine, on a county-by-county basis, the appropriate construction trade journals which shall receive mailed, faxed, or emailed notice of all informal and formal construction contracts being bid for work within the specified county per section 22036 of the Public Contract Code.

Per Public Contract Code section 22037, notices inviting formal bids must be published at least 14 calendar days before the date of opening the bids in a newspaper of general circulation, printed and published in the jurisdiction of the public agency. In addition, the Commission has determined that all public agencies that adopt and contract under the Act shall be required to mail, email, or fax a notice to the following specified construction trade publications of all formal construction contracts being bid and all invitations to join an agency's qualified bidders list (i.e. the informal bidding list) within the specified county (as provided in sections 22034 and 22037 of the Public Contract Code). The numbers following the name of each county refer to the corresponding numbered trade journals listed starting on page 14.

Users will note that the notification of the trade journals listed in Column B for their county is required. Additionally, the user will have to notify at least two of the trade journals listed in Column C, unless there is only one listed, in which case notification of that trade journal is sufficient. The Commission urges each public agency to select additional publications from its geographical area and include them on its list of publications to be notified. Sample information to be included in the mailed notice to trade journals is listed on page 13.

**Note:** Users are not required to mail a notice to a trade journal if the trade journal listed under their county is now charging for its services, or is out of business. Instead, the Commission requests that users find some other method of notifying potential contractors of published jobs and how to be added to their informal bidding lists (e.g. internet – county's web page).

COUNTY NAME (A)	TRADE JOURNALS REQUIRED TO BE NOTIFIED (B)	NOTIFY TWO OF THE TRADE JOURNALS LISTED BELOW (C)
ALAMEDA	2, 3	8, 11, 14, 15, 16, 17, 18, 19
ALPINE	2, 3	11
AMADOR	2, 3	11, 13, 20
BUTTE	2, 3	5, 6, 11, 12
CALAVERAS	2, 3	11, 19, 20, 23
COLUSA	2, 3	5, 6, 11
CONTRA COSTA	2, 3	8, 11, 15, 16, 17, 19
DEL NORTE	2, 3	4, 5, 11
EL DORADO	2, 3	10, 11, 12, 13, 16
FRESNO	2, 3	11, 19, 21, 23, 24, 25
GLENN	2, 3	5, 6, 11, 12
HUMBOLDT	2, 3	4, 5, 11
IMPERIAL	2, 3	29, 31
INYO	2, 3	25
KERN	2, 3	21, 23, 24, 25, 26, 31
KINGS	2, 3	21, 23, 24, 25
LAKE	2, 3	4, 5, 7, 8, 11, 16
LASSEN	2, 3	5, 11, 12
LOS ANGELES	2, 3	8, 29, 31, 36
MADERA	2, 3	11, 19, 21, 23
MARIN	2, 3	7, 8
MARIPOSA	2, 3	11, 21, 23
MENDOCINO	2, 3	4, 7, 8, 11, 16
MERCED	2, 3	11, 19, 20, 21, 23
MODOC	2, 3	5, 11
MONO	2, 3	11
MONTEREY	2, 3	11, 18, 22, 26
NAPA	2, 3	7, 8, 9, 11, 16
NEVADA	2, 3	10, 11, 12, 13
ORANGE	2, 3	29, 31, 35
PLACER	2, 3	10, 11, 12, 13, 16
PLUMAS	2, 3	5, 6, 11, 12
RIVERSIDE	2, 3	29, 31, 35
SACRAMENTO	2, 3	5, 8, 10, 11, 12, 13, 16, 19
SAN BENITO	2, 3	11, 22
SAN BERNARDINO	2, 3	29, 31, 35
SAN DIEGO	2, 3	29, 31, 35
SAN FRANCISCO	2, 3	8, 11, 14, 15, 16, 17, 18
SAN JOAQUIN	2, 3	8, 11, 19, 20, 21, 23
SAN LUIS OBISPO	2, 3	22, 25, 26, 27, 31, 36, 37
SAN MATEO	2, 3	8, 14, 15, 17, 18
SANTA BARBARA	2, 3	26, 27, 28, 31, 36, 37
SANTA CLARA	2, 3	8, 11, 14, 15, 16, 17, 18

COUNTY NAME (A)	TRADE JOURNALS REQUIRED TO BE NOTIFIED (B)	NOTIFY TWO OF THE TRADE JOURNALS LISTED BELOW (C)
SANTA CRUZ	2, 3	18, 22
SHASTA	2, 3	4, 5, 11
SIERRA	2, 3	11, 12
SISKIYOU	2, 3	5, 11
SOLANO	2, 3	8, 9, 10, 11, 16, 19
SONOMA	2, 3	7, 8, 11, 16
STANISLAUS	2, 3	11, 19, 20, 21, 23
SUTTER	2, 3	6, 10, 11, 12
TEHAMA	2, 3	5, 11, 12
TRINITY	2, 3	4, 5, 11
TULARE	2, 3	23, 24, 25
TUOLUMNE	2, 3	11, 20, 23
VENTURA	2, 3	27, 31, 36, 37
YOLO	2, 3	8, 10, 11, 13
YUBA	2, 3	6, 10, 11, 12

#### 1.06 Sample Information for Mailed Notice

Following provides the type of information that could be included in the mailed notice to the construction trade journals. This list should be used only as a guide.

- Project title and contract number, if any
- Cost range
- Site location
- Who is taking bids/date and time due
- Owner's address and phone number
- Architect's address and phone number
- Brief description of work to be done
- Where plans may be obtained/deposit required/whether or not refundable
- Percentage of bid bond/percentage of performance bond/percentage of payment bond

#### 1.07 List of Construction Trade Journals

The following organizations have indicated to the Commission that they:

- a) Publish a newsletter or trade journal, on a weekly or more frequent basis, that contains a section listing projects being bid; or provide a telephone notice service to their members.
- b) Do not charge for publishing or otherwise disseminating a Notice to Contractors.

These organizations have indicated to the Commission that they serve subscribers or members in the counties listed to the right of each organization.

Organizations that meet criteria (a) and (b) above may be added to the list, or changes or corrections can be made to the list by contacting:

Office of the State Controller  
 Local Government Programs and Services Division  
 Local Government Policy Section  
 P. O. Box 942850  
 Sacramento, CA 94250

ORGANIZATION		AREAS OF MEMBERS OR SUBSCRIBERS BY COUNTY
<b>1</b>	CMD (Construction Market Data) Document Processing Center 30 Technology Parkway South, Suite 100 Norcross, GA 30092-2912 Phone: 800-424-3996 Email: <a href="mailto:customercare@cmdgroup.com">customercare@cmdgroup.com</a> Website: <a href="http://www.cmdgroup.com">www.cmdgroup.com</a>	California
<b>2</b>	Construction Bidboard (Ebidboard) 11622 El Camino Real, #100 San Diego, CA 92130 Phone: 800-479-5314 Email: <a href="mailto:support@ebidboard.com">support@ebidboard.com</a> Website: <a href="http://www.ebidboard.com">www.ebidboard.com</a>	California
<b>3</b>	Dodge Data & Analytics 830 Third Avenue, 6 <sup>th</sup> Floor New York, NY 10022 Phone: 877-784-9556 Email: <a href="mailto:support@construction.com">support@construction.com</a> Website: <a href="http://www.construction.com">www.construction.com</a>	California
<b>4</b>	Humboldt Builders' Exchange, Inc. 1213 5th Street Eureka, California 95501 Phone: 707-442-3708 Website: <a href="http://www.humbx.com">www.humbx.com</a>	Del Norte, Humboldt, Lake, Mendocino, Shasta, and Trinity
<b>5</b>	Shasta Builders' Exchange 5800 Airport Road Redding, CA 96002 Phone: 530-221-5556 Email: <a href="mailto:info@shastabe.com">info@shastabe.com</a> Website: <a href="http://www.shastabe.com">www.shastabe.com</a>	Butte, Colusa, Del Norte, Glenn, Humboldt, Lake, Lassen, Modoc, Plumas, Sacramento, Shasta, Siskiyou, Tehama, and Trinity

ORGANIZATION		AREAS OF MEMBERS OR SUBSCRIBERS BY COUNTY
<b>6</b>	Valley Contractors Exchange, Inc. 951 East Eighth Street Chico, CA 95928 Phone: 530-343-1981 Email: <a href="mailto:info@vceonline.com">info@vceonline.com</a> Website: <a href="http://www.vceonline.com">www.vceonline.com</a>	Butte, Colusa, Glenn, Plumas, Sutter, and Yuba
<b>7</b>	North Coast Builders Exchange 1030 Apollo Way Santa Rosa, CA 95407 Phone: 707-542-9502 Fax: 707-542-2027 Website: <a href="http://www.ncbeonline.com">www.ncbeonline.com</a>	Lake, Marin, Mendocino, Napa, and Sonoma
<b>8</b>	Marin Builders Association 660 Las Gallinas Avenue San Rafael, CA 94903 Phone: 415-462-1220 Fax: 415-462-1225 Email: <a href="mailto:mba@marinbuilders.org">mba@marinbuilders.org</a> Website: <a href="http://www.marinba.org">www.marinba.org</a>	Alameda, Contra Costa, Lake, Los Angeles, Marin, Mendocino, Napa, Sacramento, San Francisco, San Joaquin, San Mateo, Santa Clara, Solano, Sonoma, and Yolo
<b>9</b>	Solano-Napa Builders Exchange 135 Camino Dorado Napa, CA 94558 Phone: 707-255-2515 Fax: 707-255-2749 Email: <a href="mailto:membership@snbe.com">membership@snbe.com</a> Website: <a href="http://snbe.org">http://snbe.org</a>	Napa and Solano
<b>10</b>	Sacramento Regional Builders' Exchange 1331 T Street Sacramento, CA 95811 Phone: 916-442-8991 Fax: 916-446-3117 Email: <a href="mailto:tbrennan@srbx.org">tbrennan@srbx.org</a> Website: <a href="http://www.srbx.org">www.srbx.org</a>	El Dorado, Nevada, Placer, Sacramento, Solano, Sutter, Yolo, and Yuba
<b>11</b>	Placer County Contractors Association & Builders Exchange 10656 Industrial Avenue, Suite 160 Roseville, CA 95678 Phone: 916-771-7229 Fax: 916-771-0556 Website: <a href="http://www.pccamembers.com">www.pccamembers.com</a>	Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Glenn, Humboldt, Lake, Lassen, Madera, Mariposa, Mendocino, Merced, Modoc, Mono, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Benito, San Francisco, San Joaquin, Santa Clara,

ORGANIZATION		AREAS OF MEMBERS OR SUBSCRIBERS BY COUNTY
		Shasta, Sierra, Siskiyou, Stanislaus, Solano, Sonoma, Sutter, Tehama, Trinity, Tuolumne, Yolo, and Yuba
<b>12</b>	Nevada County Contractors' Association 149 Crown Point Court Grass Valley, CA 95945 Phone: 530-274-1919 Email: <a href="mailto:nccaexec@pacbell.net">nccaexec@pacbell.net</a> Website: <a href="http://www.nccabuildingpros.com">www.nccabuildingpros.com</a>	Butte, El Dorado, Glenn, Lassen, Nevada, Placer, Plumas, Sacramento, Sierra, Sutter, Tehama, and Yuba
<b>13</b>	El Dorado Builders' Exchange 3430 Robin Lane, Suite 7 Shingle Springs, CA 95682 Phone: 530-672-2955	Amador, El Dorado, Nevada, Placer, Sacramento, and Yolo
<b>14</b>	The San Francisco Builders Exchange 850 South Van Ness Avenue San Francisco, CA 94110-1911 Phone: 415-282-8220 Email: <a href="mailto:deanna@bxofsf.com">deanna@bxofsf.com</a> Website: <a href="http://www.bxofsf.com">www.bxofsf.com</a>	Alameda, San Francisco, San Mateo, and Santa Clara
<b>15</b>	Bay Area Builders Exchange 3055 Alvarado Street San Leandro, CA 94577 Phone: 510-483-8880 Email: <a href="mailto:info@bayareabx.com">info@bayareabx.com</a> Website: <a href="http://www.bayareabx.com">www.bayareabx.com</a>	Alameda, Contra Costa, San Francisco, San Mateo, and Santa Clara
<b>16</b>	Bay Area Builders Exchange 2440 Stanwell Drive, Suite B Concord, CA 94520 Phone: 925-685-8630 Website: <a href="http://www.bayareabx.com">www.bayareabx.com</a>	Alameda, Contra Costa, El Dorado, Lake, Mendocino, Napa, Placer, Sacramento, San Francisco, Santa Clara, Solano, and Sonoma
<b>17</b>	Peninsula Builders Exchange 735 Industrial Road San Carlos, CA 94070 Phone: 650-591-4486 Website: <a href="http://www.safetystar.org/safetystar">www.safetystar.org/safetystar</a>	Alameda, Contra Costa, San Francisco, San Mateo, and Santa Clara

ORGANIZATION		AREAS OF MEMBERS OR SUBSCRIBERS BY COUNTY
<b>18</b>	Builders' Exchange of Santa Clara County 400 Reed Street Santa Clara, CA 95050 Phone: 408-727-4000 Fax: 408-727-2779 Website: <a href="http://www.bxscco.com">www.bxscco.com</a>	Alameda, Monterey, San Francisco, San Mateo, Santa Clara, and Santa Cruz
<b>19</b>	Builders' Exchange of Stockton 7500 West Lane Stockton, CA 95210 Phone: 209-478-1000 Email: <a href="mailto:crobinson@besonline.com">crobinson@besonline.com</a> Website: <a href="http://www.besonline.com">www.besonline.com</a>	Alameda, Calaveras, Contra Costa, Fresno, Madera, Merced, Sacramento, San Joaquin, Solano, and Stanislaus
<b>20</b>	Valley Builders Exchange, Inc. 1118 Kansas Avenue Modesto, CA 95351 Phone: 209-522-9031 Email: <a href="mailto:info@valleybx.com">info@valleybx.com</a> Website: <a href="http://www.valleybx.com">www.valleybx.com</a>	Amador, Calaveras, Merced, San Joaquin, Stanislaus, and Tuolumne
<b>21</b>	Builders Exchange of Merced & Mariposa 646 CA-HWY 59 Merced, CA 95341 Phone: 209-722-3612 Website: <a href="http://www.bxmm.org">www.bxmm.org</a>	Fresno, Kern, Kings, Madera, Mariposa, Merced, San Joaquin, and Stanislaus
<b>22</b>	Central Coast Builders Association 242 East Romie Lane Salinas, CA 93907 Phone: 831-758-1624 Email: <a href="mailto:staff@ccbabuilds.com">staff@ccbabuilds.com</a> Website: <a href="http://www.ccbabuilds.com">www.ccbabuilds.com</a>	Monterey, San Benito, San Luis Obispo, and Santa Cruz
<b>23</b>	Central California Builders Exchange 1244 N. Mariposa Street Fresno, CA 93703 Phone: 559-237-1831 Email: <a href="mailto:info@cencalbx.com">info@cencalbx.com</a> Website: <a href="http://cencalbx.com/">http://cencalbx.com/</a>	Calaveras, Fresno, Kern, Kings, Madera, Mariposa, Merced, San Joaquin, Stanislaus, Tulare, and Tuolumne

ORGANIZATION		AREAS OF MEMBERS OR SUBSCRIBERS BY COUNTY
<b>24</b>	Tulare & Kings Counties Builders Exchange 1223 S. Lovers Lane Visalia, CA 93292 Phone: 559-732-4568 Email: <a href="mailto:info@tkcbe.com">info@tkcbe.com</a> Website: <a href="http://www.tkcbe.com">www.tkcbe.com</a>	Fresno, Kern, Kings, and Tulare
<b>25</b>	Kern County Builders' Exchange, Inc. 4310 Ardmore Avenue, Ste. 100 Bakersfield, CA 93309 Phone: 661-324-4921 Website: <a href="http://www.kcbex.com">www.kcbex.com</a>	Kern
<b>26</b>	San Luis Obispo County Builders Exchange 153 Cross Street, #130 San Luis Obispo, CA 93401 Phone: 805-543-7330 Email: <a href="mailto:info@slocbe.com">info@slocbe.com</a> Website: <a href="http://www.slocbe.com">www.slocbe.com</a>	Kern, Monterey, San Luis Obispo, and Santa Barbara
<b>28</b>	Ventura County Contractors Association 1830 Lockwood Street, No. 110 Oxnard, CA 93036 Phone: 805-981-8088 Email: <a href="mailto:vcca@vccainc.com">vcca@vccainc.com</a> Website: <a href="http://www.vccainc.com">www.vccainc.com</a>	Santa Barbara and Ventura
<b>29</b>	Southern California Builders Association 732 N. Diamond Bar Blvd. #224 Diamond Bar, CA 91765 Phone: 909-396-1451 Email: <a href="mailto:scba@socalbuilders.org">scba@socalbuilders.org</a> Website: <a href="http://www.socalbuilders.org">www.socalbuilders.org</a>	Imperial, Los Angeles, Orange, Riverside, San Bernardino, and San Diego
<b>30</b>	Construction Data Company 2001 9 <sup>th</sup> Avenue, 2 <sup>nd</sup> Floor Vero Beach, FL 32960 Phone: 800-800-652-0008 Email: <a href="mailto:service@cdcnews.com">service@cdcnews.com</a> Website: <a href="http://www.cdcnews.com">www.cdcnews.com</a>	Southern California-Imperial, Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, and Ventura
<b>31</b>	BidAmerica 41085 Elm Street Murrieta, CA 92562 Phone: 951-677-4819 Email: <a href="mailto:planroom@bidamerica.com">planroom@bidamerica.com</a> Website: <a href="http://www.BidAmerica.com">www.BidAmerica.com</a>	California

ORGANIZATION		AREAS OF MEMBERS OR SUBSCRIBERS BY COUNTY
<b>32</b>	Construction Bid Source Interactive 6265 HWY 9 Felton, CA 95018 Phone: 888-786-9450 Website: <a href="http://www.constructionbidsource.com">www.constructionbidsource.com</a>	California
<b>33</b>	Demandstar – Onvia Supplier Services 509 Olive Way, Suite 400 Seattle, WA 98101 Phone: 800-575-1736 Website: <a href="http://www.demandstar.com">www.demandstar.com</a> or Website: <a href="http://www.onvia.com">www.onvia.com</a>	California
<b>34</b>	Challenge News 1276 Lincoln Avenue, Suite 203 San Jose, CA 95125 Phone: 408-998-2534 Email: <a href="mailto:challengenews@yahoo.com">challengenews@yahoo.com</a>	California
<b>35</b>	Associated General Contractors of America San Diego Chapter, Inc. 6212 Ferris Square San Diego, CA 92121 Phone: 858-558-7444 Email: <a href="mailto:planroom@agcsd.org">planroom@agcsd.org</a> Website: <a href="http://www.agcsd.org">www.agcsd.org</a>	Orange, Riverside, San Bernardino, and San Diego
<b>36</b>	Builders Notebook P.O. Box 4883 Santa Barbara, CA 93140 Phone: 877-776-5436 Email: <a href="mailto:planroom@buildersnotebook.com">planroom@buildersnotebook.com</a> Website: <a href="http://www.buildersnotebook.com">www.buildersnotebook.com</a>	Los Angeles, San Luis Obispo, Santa Barbara, and Ventura
<b>37</b>	Tri-Co Reprographics 513 Laguna Street Santa Barbara, CA 93101 Phone: 805-966-1701 Email: <a href="mailto:sbplots@tricoblue.com">sbplots@tricoblue.com</a> Website: <a href="http://www.tricoblue.com">www.tricoblue.com</a>	Santa Barbara, Ventura, and San Luis Obispo

## Accounting Procedures Review Process

### 1.08 Accounting Procedures Review

- A. Pursuant to the provisions of Public Contract Code (PCC) §22042, the Commission has adopted the following procedures for conducting an Accounting Procedures Review, where an interested party presents evidence that work undertaken by a public agency falls within any of the following categories:

1. It was performed by a public agency after rejection of all bids, claiming work can be done less expensively by the public agency.
  2. It exceeded the force account limit.
  3. It was improperly classified as maintenance.
- B. As used in the Accounting Procedures Review, "interested party" shall mean: a licensed contractor eligible to bid on the public project involved in the review; a labor organization whose members would be eligible to perform work on the public project if it were performed under contract; an association of licensed contractors and/or labor organizations; or a taxpayer of the public agency cited in the account review request.
- C. Request for Accounting Procedures Review
1. Pursuant to PCC §22043(a)(b), in those circumstances as set forth in PCC §22042(a)(b)(c), a request for Commission review shall be in writing. The request shall be sent via certified or registered postal mail, and received by the Commission and/or State Controller's Office (SCO) staff. It should be postmarked no later than eight business days from the date on which the public agency rejected all bids (PCC §22042(a)) or from the date on which an interested party formally complains in writing to the public agency (PCC §22042(b)(c)).
  2. The address for purposes of requesting Commission review is:

CALIFORNIA UNIFORM CONSTRUCTION COST ACCOUNTING COMMISSION  
Office of the State Controller  
Local Government Programs and Services Division  
Local Government Policy Section  
P.O. Box 942850  
Sacramento, CA 94250

3. Such written notice from an interested party shall include the following information:
  - (a) The name, address, phone number, and contact person for the interested party.
  - (b) An indication that work undertaken by the public agency falls within one of the following categories:
    - (i) It was performed by a public agency after rejection of all bids, claiming work can be done less expensively by the public agency.
    - (ii) It exceeded the force account limits.
    - (iii) It was improperly classified as maintenance.
  - (c) The name, address, and phone number of the public agency involved.
  - (d) The project name and location, and/or project identification number.
  - (e) The bid date and rejection date, if applicable.
  - (f) The low bid dollar amount, if applicable.
  - (g) The agency estimate, if available.
  - (h) Other documentation supporting the request. If the requestor is unable to obtain information from the participating agency, the request should note the fact and include an explanation of the circumstances.
4. When the request is transmitted to the Commission for review, the interested party shall mail a copy of the request by first class mail, postage prepaid, to the public agency involved.

- D. The Commission shall approve and designate in writing the consultants available to perform the Accounting Procedures Review, if needed. Such consultants shall be prequalified as follows:
1. They shall submit resumes including experience to the Commission for prequalification.
  2. Each applicant shall have at least five years' experience with, and be knowledgeable of, public works construction or accounting under contracts let by public agencies.
  3. They shall submit their schedule of fees required to perform such service.
- E. Immediately upon receipt of a request for Accounting Procedures Review, SCO staff will forward all documentation to the Chairperson. The Chairperson shall assign the request to a working group consisting of two or more Commissioners, not to constitute a quorum. Each working group must have both private and public representations. Any correspondence received by SCO staff during the review will be immediately forwarded to the Chairperson and the members of the working group.
1. The working group may contact either the interested party or the signatory agency involved for additional information. They may also request a statement of the public agency's position regarding the claim being set forth. Participating agencies are required to cooperate with any account reviews pursuant to this Act. Agencies failing to cooperate fully, through either unwillingness or inability, may be found to be non-compliant.
  2. If the work group deems it necessary, it may use SCO Audit Division staff or a consultant deemed qualified for the purpose of this review. The auditor or consultant will conduct a thorough review of the facts surrounding the claim. This review may include any fieldwork deemed necessary by the auditor or consultant. The auditor or consultant shall interview the public agency involved, and submit as a part of the findings a complete statement of the public agency's position regarding the review being conducted.
  3. The auditor or consultant, if involved, shall prepare written findings and a recommended decision within the timeframes established in PCC §22043.
  4. The statutory limit to complete the account review begins on the day that the request is received by SCO. Incomplete review requests may affect the ability of the Commission to render a timely decision. Pursuant to PCC §22043(c), the commission review shall commence immediately and conclude within the following number of days from the receipt of the request for commission review:
    - (a) Forty-five days for a review that falls within subdivision (a) of §22042; and
    - (b) Ninety days for a review that falls within subdivision (b) or (c) of §22042.During the review of a project that falls within PCC §22042(a), the agency shall not proceed with the project until the final decision is received by the Commission.
- F. The review will be added as an agenda item to be discussed by the Commission at a public meeting held within the timeframe established in PCC §22043. All documentation and correspondence received related to the review will be included. Any documentation and correspondence received after the agenda has been posted to the SCO website will immediately be forwarded to each Commission member and available for public review at the meeting.
- G. The Commission shall review the findings of the work group and, if applicable, the auditor or consultant's report, and render its final decision within the timeframes established in PCC §22043. Within the timeframes established in PCC §22044, a copy of the decision shall be mailed by first class mail, postage prepaid, by SCO staff to the interested party and the public agency involved. A copy shall also be provided to each Commission member and included for information as part of the subsequent Commission meeting agenda.

- H. Decisions on Accounting Procedures Reviews shall be collected and maintained by SCO staff, and shall be available for public inspection during regular working hours. Such decisions may be cited and relied upon by interested parties and public agencies in subsequent reviews.
- I. If the Commission makes findings in accordance with PCC §22043, that the work undertaken by a public agency falls within any of the categories described in §22042, on three separate occasions within a 10-year term, the Commission shall notify the public agency of those findings in writing by certified mail. Public agencies that receive notice of findings on three separate occasions within a 10-year term shall not use the bidding procedures provided by this article for five years from the date of the Commission's findings contained in the third notice within a 10-year term. For the purposes of these review procedures, one investigation resulting in a finding or findings shall equate to one occasion. These review procedures are based on current statutory law.
- J. Changes to statutory law shall be reviewed and automatically adopted into these procedures as deemed appropriate.

## Uniform Public Construction Cost Accounting Act

### 1.09 California Public Contract Code

#### Chapter 2 Bidding on Public Contracts (The following statute is current as of January 1, 2017)

##### Article 1. Legislative Intent and Definitions.

Code	Statute
22000 Name of the Act	This chapter shall be known and may be cited as the "Uniform Public Construction Cost Accounting Act."
22001 Legislative Findings and Declaration	The Legislature finds and declares that there is a statewide need to promote uniformity of the cost accounting standards and bidding procedures on construction work performed or contracted by public entities in the state. This chapter provides for the development of cost accounting standards and an alternative method for the bidding of public works projects by public entities.
22001.5 Notice describing chapter provisions to public agencies	On or before January 1, 2009, the State Controller shall send a notice to all public agencies describing the provisions of this chapter and the benefits of using its provisions. This notice shall also be included in any notification issued by the State Controller pursuant to Section 22020.
22002 Definitions	<p>a) "Public agency" for purposes of this chapter, means a city, county, city and county, including chartered cities and chartered counties, any special district, and any other agency of the state for the local performance of governmental or proprietary functions within limited boundaries. "Public agency" also includes a nonprofit transit corporation wholly owned by a public agency and formed to carry out the purposes of the public agency.</p> <p>b) "Representatives of the construction industry" for purposes of this chapter, means a general contractor, subcontractor, or labor representative with experience in the field of public works construction.</p> <p>c) "Public project" means any of the following:</p> <ol style="list-style-type: none"> <li>1) Construction reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased, or operated facility.</li> <li>2) Painting or repainting of any publicly owned, leased, or operated facility.</li> <li>3) In the case of a publicly owned utility system, "public project" shall include only the construction erection, improvement, or repair of dams, reservoirs, powerplants, and electrical transmission lines of 230,000 volts and higher.</li> </ol> <p>d) "Public project" does not include maintenance work. For purposes of this section, "maintenance work" includes all of the following:</p> <ol style="list-style-type: none"> <li>1) Routine, recurring, and usual work for the preservation or protection of any publicly owned or publicly operated facility for its intended purposes.</li> <li>2) Minor repainting.</li> </ol>

Code	Statute
	<ul style="list-style-type: none"> <li>3) Resurfacing of streets and highways at less than one inch.</li> <li>4) Landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems.</li> <li>5) Work performed to keep, operate, and maintain publicly owned water, power, or waste disposal systems, including, but not limited to, dams, reservoirs, powerplants, and electrical transmission lines of 230,000 volts and higher.</li> </ul> <p>e) For purposes of this chapter, "facility" means any plant, building, structure, ground facility, utility system, subject to the limitation found in paragraph (3) of subdivision (c), real property, streets and highways, or other public work improvement.</p>
<p>22003 Public Agency Subject to Uniform Cost Accounting Procedures, Bidding Procedures</p>	<p>A public agency which has, by resolution, elected to become subject to the uniform construction cost accounting procedures set forth in Article 2 (commencing with Section 22010), may utilize the bidding procedures set forth in Article 3 (commencing with Section 22030) when contracting for "maintenance work," as defined in Section 22002, or when contracting for any other work which does not fall within the definition of "public project," as defined in Section 22002.</p>

*Article 2. California Uniform Construction Cost Accounting Commission*

Code	Statute
<p>22010 Creation; Membership; Appointment</p>	<p>There is hereby created the California Uniform Construction Cost Accounting Commission. The commission is comprised of 14 members.</p> <p>a) Thirteen of the members shall be appointed by the State Controller as follows:</p> <ul style="list-style-type: none"> <li>1) Two members who shall each have at least 10 years of experience with, or providing professional services to, a general contracting firm engaged, during that period, in public works construction in California.</li> <li>2) Two members who shall each have at least 10 years of experience with, or providing professional services to, a firm or firms engaged, during that period, in subcontracting for public works construction in California.</li> <li>3) Two members who shall each be a member in good standing of, or have provided professional services to, an organized labor union with at least 10 years of experience in public works construction in California.</li> <li>4) Seven members who shall each be experienced in, and knowledgeable of, public works construction under contracts let by public agencies; two each representing cities, counties, respectively, and two members representing school districts, and one member representing a special district. At least one of the two county representatives shall be a county auditor or his or her designee.</li> </ul>

Code	Statute
	<p>b) The member of the Contractors' State License Board who is a general engineering contractor as that term is defined in Section 7056 of the Business and Professions Code shall serve as an ex officio voting member.</p> <p><i>(Amended by Stats. 2015, Ch. 269, Sec. 24. Effective January 1, 2016.)</i></p>
22011 Appointment Recommendations	The Controller, in an effort to select highly qualified commission members, shall solicit from organized representatives of the construction industry and public agencies recommendations for appointments to the commission.
22012 Members; Accounting Experience	At least one commission member of the seven representing the construction industry and at least one of the seven representing public agencies shall have previous accounting experience.
22013 Chairperson; Term	The commission members shall select a chairperson from among its membership. The chairperson shall serve as chair for a term of two years from the date of selection. In no event shall two consecutive chairpersons be appointees representing either the construction industry or public agencies.
22014 Members; Term; Vacancies	<p>a) The members of the commission shall hold office for terms of three years, and until their successors are appointed.</p> <p>b) Members may be reappointed, by the Controller, for subsequent terms of three years.</p> <p>c) The Controller may appoint a successor for any commissioner after his or her three-year term expires.</p> <p>d) The Controller shall, within 120 days, appoint a replacement to fill any vacancy on the commission.</p> <p><i>(Amended by Stats. 2015, Ch. 269, Sec. 25. Effective January 1, 2016.)</i></p>
22015 Staff; Members' Compensation; Grants	<p>a) The Controller shall make available for the conduct of the commission's business, such staff and other support as does not conflict with the accomplishment of the other business of the office of the Controller</p> <p>b) Each member of the commission shall serve without compensation, but shall be reimbursed for travel and other expenses necessarily incurred in the performance of the member's duties. Reimbursement rates shall conform to the Controller's travel guideline rates.</p> <p>c) The commission may accept grants from federal, state, or local public agencies, or from private foundations or individuals, in order to assist it in carrying out its duties, functions, and powers under this chapter.</p> <p><i>(Amended by Stats. 2015, Ch. 269, Sec. 26. Effective January 1, 2016.)</i></p>
22016 Meetings	The commission shall meet not less than once each year, at a time and place chosen by its membership.

Code	Statute
<p>22017 The Commission's Four Principle Duties</p>	<p>The commission shall do all of the following:</p> <ul style="list-style-type: none"> <li>a) After due deliberation and study, recommend for adoption by the Controller, uniform construction cost accounting procedures for implementation by public agencies in the performance of, or in contracting for, construction on public projects. The procedures shall, to the extent deemed feasible and practicable by the commission, incorporate, or be consistent with construction cost accounting procedures and reporting requirements utilized by state and federal agencies on public projects, and be uniformly applicable to all public agencies that elect to utilize the uniform procedures. As part of its deliberations and review, the commission shall take into consideration relevant provisions of the Office of Management and Budget Circular A-76, as periodically revised.</li> <li>b) After due deliberation and study, recommend for adoption by the Controller cost accounting procedures designed especially for implementation by California cities with a population of less than 75,000. The procedures shall incorporate cost accounting and reporting requirements deemed practicable and applicable to all cities under 75,000 population which elect to utilize the uniform procedures. For the purpose of these cost accounting procedures, the following shall apply: <ul style="list-style-type: none"> <li>1) Cities with a population of less than 75,000 shall assume an overhead rate equal to 20 percent of the total costs of a public project, including the costs of material, equipment, and labor.</li> <li>2) Cities with a population of more than 75,000 may either calculate an actual overhead rate or assume an overhead rate equal to 30 percent of the total costs of a public project, including the costs of material, equipment, and labor.</li> </ul> </li> <li>c) Recommend for adoption by the Controller, procedures and standards for the periodic evaluation and adjustment, as necessary, of the monetary limits specified in Section 22032.</li> <li>d) The commission shall make an annual report to the Legislature with respect to its activities and operations, together with those recommendations as it deems necessary.</li> </ul> <p><i>(Amended by Stats. 2015, Ch. 269, Sec. 27. Effective January 1, 2016.)</i></p>
<p>22018 Recommended Procedure; Controller's Review</p>	<p>The Controller shall, upon receipt of the commission's recommendations, review and evaluate the recommended procedures and either formally adopt or reject the recommended procedures within 90 days of submission by the commission.</p>
<p>22019 Adoption; Promulgation of Uniform Procedure</p>	<p>Upon determining that the recommended uniform construction cost accounting procedures will serve the best interest of the state and public agencies, and upon formal adoption by the Controller, the Controller shall promulgate the uniform procedure for all public agencies electing to participate, together with instructions for their adoption and implementation by any public agency.</p>

Code	Statute
22020 Five Year Consideration; Material Changes; Adjustments	In accordance with procedures and standards adopted pursuant to Section 22017, every five years the commission shall consider whether there have been material changes in public construction costs and make recommendations to the Controller regarding adjustments in the monetary limits prescribed by Section 22032, but in no case shall the amount, as adjusted, be less than fifteen thousand dollars (\$15,000). The Controller shall notify all participating public agencies of the adjustment prior to the effective date. That notification shall also describe the provisions of this chapter and the benefits of using its provisions.

*Article 3. Public Projects; Alternative Procedures*

Code	Statute
22030 Application of Article	<p>a) This article applies only to a public agency whose governing board has by resolution elected to become subject to the uniform construction cost accounting procedures set forth in Article 2 (commencing with Section 22010) and which has notified the Controller of that election. In the event of a conflict with any other provision of law relative to bidding procedures, this article shall apply to any public agency which has adopted a resolution and so notified the Controller.</p> <p>b) A county, whether general law or charter, containing a population of less than 500,000 may award individual annual contracts as provided in Section 20128.5. <i>(Amended by Stats. 2015, Ch. 269, Sec 28. Effective January 1, 2016)</i></p>
22031 Alternative Procedures	<p>a) Prior to January 1, 2013, this article shall not prohibit a board of supervisors or a county road commissioner from utilizing, as an alternative to the procedures set forth in this article, the procedures set forth in Article 25 (commencing with Section 20390) of Chapter 1.</p> <p>b) On or after January 1, 2013, this article shall not prohibit a board of supervisors or a county road commissioner from utilizing, as an alternative to the procedures set forth in this article, the procedures set forth in Article 25 (commencing with Section 20390) of Chapter 1 for both of the following:</p> <ol style="list-style-type: none"> <li>1) Maintenance and emergency work.</li> <li>2) New road construction and road reconstruction as long as the total value of the new road construction and the road reconstruction performed under the procedures set forth in subdivision (c) of Section 20395 during a fiscal year does not exceed 30 percent of the total value of all work performed by force account other than maintenance as reported in the Controller’s Streets and Roads Annual Report as of March 1 of each year prior to the fiscal year.</li> </ol> <p>c) The value of force account work necessary to facilitate capital projects for the purpose of contracting to the private sector, including design, engineering, inspection, testing, and other force account work necessary to administer private contracts, shall be excluded from the 30-percent limit in subdivision (b).</p>

Code	Statute
	<p>d) The value of force account work necessary to facilitate projects performed by county employees, including design, engineering, inspection, testing, and other force account work necessary to administer work performed under subdivision (b), shall apply to the 30-percent limit in subdivision (b).</p> <p>e) On or after January 1, 2013, for a county with a population of less than 50,000, this article shall not prohibit a board of supervisors or a county road commissioner from utilizing, as an alternative to the procedures set forth in this article, the procedures set forth in Article 25 (commencing with Section 20390) of Chapter 1.</p> <p>f) The requirements set forth in Section 22038 shall apply to any county subject to this section.</p> <p>g) Any county board of supervisors or county road commissioner acting pursuant to the authority granted in paragraph (2) of subdivision (b) shall publicly declare its intention to use this authority prior to commencing work. The public declaration may be on a project-by-project basis, via a list of anticipated projects for the fiscal year, or via a list that may be included in the county's annual budget.</p> <p><i>(Amended by Stats. 2014, Ch. 345, Sec. 3. Effective January 1, 2015.)</i></p>
<p>22032 Contracting Procedures; Dollar Amount Limitations</p>	<p>a) Public projects of sixty thousand dollars (\$60,000) or less may be performed by the employees of a public agency by force account, by negotiated contract, or by purchase order.</p> <p>b) Public projects of two hundred thousand dollars (\$200,000) or less may be let to contract by informal procedures as set forth in this article.</p> <p>c) Public projects of more than two hundred thousand dollars (\$200,000) shall, except as otherwise provided in this article, be let to contract by formal bidding procedure.</p> <p><i>76 Op. Atty. Gen. 126,7-14-93 = Job order contracts - General law county or general law city may not enter into a "job order contract" in excess of \$50,000 for the performance of public projects involving minor construction, and the renovation, alteration, painting, and repair of existing facilities, except under narrowly defined statutory conditions applicable only to counties.</i></p>
<p>22033 Separation of Work orders of Projects; Evasion of Provision of Article</p>	<p>It shall be unlawful to split or separate into smaller work orders or projects any project for the purpose of evading the provisions of this article requiring work to be done by contract after competitive bidding.</p>
<p>22034 Informal Bidding Ordinance</p>	<p>Each public agency that elects to become subject to the uniform construction accounting procedures set forth in Article 2 (commencing with Section 22010) shall enact an informal bidding ordinance to govern the selection of contractors to perform public projects pursuant to subdivision (b) of Section 22032. The ordinance shall include all of the following:</p> <p>a) Notice to contractors shall be provided in accordance with either paragraph (1) or (2), or both.</p>

Code	Statute
	<p>1) The public agency shall maintain a list of qualified contractors, identified according to categories of work. Minimum criteria for development and maintenance of the contractors list shall be determined by the commission. All contractors on the list for the category of work being bid shall be mailed, faxed, or emailed a notice inviting informal bids unless the product or service is proprietary. All mailing of notices to contractors pursuant to this subdivision shall be completed not less than 10 calendar days before bids are due.</p> <p>2) The public agency may elect to mail, fax, or email a notice inviting informal bids to all construction trade journals specified in Section 22036.</p> <p>b) The notice inviting informal bids shall describe the project in general terms and how to obtain more detailed information about the project, and state the time and place for the submission of bids.</p> <p>c) The governing body of the public agency may delegate the authority to award informal contracts to the public works director, general manager, purchasing agent, or other appropriate person.</p> <p>d) If all bids received are in excess of two hundred thousand dollars (\$200,000), the governing body of the public agency may, by adoption of a resolution by a four-fifths vote, award the contract, at two hundred twelve thousand, five hundred dollars (\$212,500) or less, to the lowest responsible bidder, if it determines the cost estimate of the public agency was reasonable.</p> <p><i>(Amended by Stats. 2015, Ch. 269, Sec. 29. Effective January 1, 2016.)</i></p>
22035 Emergencies	<p>a) In cases of emergency when repair or replacements are necessary, the governing body may proceed at once to replace or repair any public facility without adopting plans, specifications, strain sheets, or working details, or giving notice for bids to let contracts. The work may be done by day labor under the direction of the governing body, by contractor, or by a combination of the two.</p> <p>b) In case of an emergency, if notice for bids to let contracts will not be given, the public agency shall comply with Chapter 2.5 (commencing with Section 22050).</p>
22035.5 Overcrowded Justice Facilities; Court Ordered Relief; Application of Section 22034	In counties that are under court order to relieve justice facility overcrowding, the procedures and restrictions specified in Section 20134 shall apply to all contracts issued under this chapter.
22036 Determination of Construction Trade Journals to Receive Notice of Informal and Formal	The commission shall determine, on a county-by-county basis, the appropriate construction trade journals which shall receive mailed, faxed, or emailed notice of all informal and formal construction contracts being bid for work within the specified county.

Code	Statute
Construction Contracts	<i>(Amended by Stats. 2015, Ch. 269, Sec. 30. Effective January 1, 2016.)</i>
22037 Notice Inviting Formal Bids; Information; Publication	<p>Notice inviting formal bids shall state the time and place for the receiving and opening of sealed bids and distinctly describe the project. The notice shall be published at least 14 calendar days before the date of opening the bids in a newspaper of general circulation, printed and published in the jurisdiction of the public agency; or, if there is no newspaper printed and published within the jurisdiction of the public agency, in a newspaper of general circulation which is circulated within the jurisdiction of the public agency, or, if there is no newspaper which is circulated within the jurisdiction of the public agency, publication shall be by posting the notice in at least three places within the jurisdiction of the public agency as have been designated by ordinance or regulation of the public agency as places for the posting of its notices. The notice inviting formal bids shall also be sent electronically, if available, by either facsimile or electronic mail and mailed to all construction trade journals specified in Section 22036. The notice shall be sent at least 15 calendar days before the date of opening the bids. In addition to notice required by this section, the public agency may give such other notice as it deems proper.</p>
22038 Rejection of Bids; Failure to Receive Bids; Options	<p>a) In its discretion, the public agency may reject any bids presented, if the agency prior to rejecting all bids and declaring that the project can be more economically performed by employees of the agency, furnishes a written notice to an apparent low bidder. The notice shall inform the bidder of the agency's intention to reject the bid and shall be mailed at least two business days prior to the hearing at which the agency intends to reject the bid. If after the first invitation for bids all bids are rejected, after reevaluating its cost estimates of the project, the public agency shall have the option of either of the following:</p> <ol style="list-style-type: none"> <li>1) Abandoning the project or re-advertising for bids in the manner described by this article.</li> <li>2) By passage of a resolution by a four-fifths vote of its governing body declaring that the project can be performed more economically by the employees of the public agency, may have the project done by force account without further complying with this article.</li> </ol> <p>b) If a contract is awarded, it shall be awarded to the lowest responsible bidder. If two or more bids are the same and the lowest, the public agency may accept the one it chooses.</p> <p>c) If no bids are received through the formal or informal procedure, the project may be performed by the employees of the public agency by force account, or negotiated contract without further complying with this article.</p> <p><i>(Amended by Stats. 2003, Ch. 296, Sec. 29. Effective January 1, 2004.)</i></p>

Code	Statute
22039 Adoption of Plans, Specifications, and Working Detail	The governing body of the participating public agency or its designated representative shall adopt plans, specifications, and working details for all public projects exceeding the amount specified in subdivision (c) of Section 22032. <i>(Amended by Stats. 2015, Ch. 269, Sec. 31. Effective January 1, 2016.)</i>
22040 Plans, Specifications of Working Details; Examination	Any person may examine the plans, specifications, or working details, or all of these, adopted by the public agency for any project.
22041 Exemptions	This article does not apply to the construction of any public building used for facilities of juvenile forestry camps or juvenile homes, ranches, or camps established under Article 15 (commencing with Section 880) of Chapter 2 of Part 1 of Division 3 of the Welfare and Institutions Code, if a major portion of the construction work is to be performed by wards of the juvenile court assigned to those camps, ranches, or homes.
22042 Accounting Procedures Review	The commission shall review the accounting procedures of any participating public agency where an interested party presents evidence that the work undertaken by the public agency falls within any of the following categories: a) Is to be performed by a public agency after rejection of all bids, claiming work can be done less expensively by the public agency. b) Exceeded the force account limits. c) Has been improperly classified as maintenance.
22042.5 Informal Bidding Procedures Review	The commission shall review practices of any participating public agency where an interested party presents evidence that the public agency is not in compliance with Section 22034. <i>(Added by Stats. 2015, Ch. 269, Sec. 32. Effective January 1, 2016.)</i>
22043 Work Done by Public Agency; Commission Review Request	a) In those circumstances set forth in subdivision (a) of Section 22042, a request for commission review shall be in writing, sent by certified or registered mail received by the commission postmarked not later than eight business days from the date the public agency has rejected all bids. b) In those circumstances set forth in subdivision (b) or (c) of Section 22042, a request for commission review shall be by letter received by the commission not later than eight days from the date an interested party formally complains to the public agency. c) The commission review shall commence immediately and conclude within the following number of days from the receipt of the request for commission review: 1) Forty-five days for a review that falls within subdivision (a) of Section 22042. 2) Ninety days for a review that falls within subdivision (b) or (c) of Section 22042.

Code	Statute
	<p>d) During the review of a project that falls within subdivision (a) of Section 22042, the agency shall not proceed on the project until a final decision is received by the commission.</p> <p>e) A request for commission review pursuant to Section 22042.5 shall be in writing, sent by certified or registered mail, and received by the commission no later than eight days from the day an interested party formally complains to the public agency. The commission review shall commence immediately and conclude within 90 days from the receipt of the request for commission review.</p> <p><i>(Amended by Stats. 2015, Ch. 269, Sec. 33. Effective January 1, 2016.)</i></p>
<p>22044 Written Findings; Failure to Comply with Chapter; Action</p>	<p>The commission shall prepare written findings, which shall be presented to the public agency within 30 calendar days of formal commission review. Should the commission find that the provisions of this chapter or of the uniform cost accounting procedures provided for in this chapter were not complied with by the public agency, the following steps shall be implemented by that agency:</p> <p>a) On those projects set forth in subdivision (a) of section 22042, the public agency has the option of either (1) abandoning the project, or (2) awarding the project to the lowest responsible bidder.</p> <p>b) On those projects set forth in subdivision (b) or (c) of section 22042, the public agency shall present the commission’s findings to its governing body within 30 calendar days of receipt of written notice of the findings and that governing body shall conduct a public hearing with regard to the commission’s findings within 60 calendar days of receipt of the findings.</p> <p>c) 1) On findings of noncompliance pursuant to section 22042.5, the public agency shall notify its governing body of the commissioner’s findings within 60 calendar days of receipt of written notice of the findings from the commission.</p> <p>2) The public agency shall notify the commission in writing, within 90 days of receipt of written notice of the findings, of the public agency’s best efforts to comply.</p> <p><i>(Amended by Stats. 2015, Ch. 269, Sec. 34. Effective January 1, 2016.)</i></p>
<p>22044.5 Compliance; Removal from Act</p>	<p>If the commission makes a finding, in accordance with section 22043, on three separate occasions within a 10-year period, that the work undertaken by a public agency falls within any of the categories described in section 22042, the commission shall notify the public agency of that finding in writing by certified mail and the public agency shall not use the bidding procedures provided by this article for five years from the date of the commission’s findings.</p> <p><i>(Amended by Stats. 2015, Ch. 269, Sec. 34. Effective January 1, 2016.)</i></p>
<p>22045 Implementation of Procedures</p>	<p>a) No later than January 1, 1985, the commission shall recommend, for adoption by the Controller, written procedures implementing the accounting procedures review provided for in this article.</p>

Code	Statute
Review: Commission Recommendations	b) The Controller shall, upon receipt of the commission’s recommendation, review and evaluate the recommended procedures and either formally adopt or reject the recommended procedures within 90 days of submission of the commission.

*Chapter 2.5 Emergency Contracting Procedures*

Code	Statute
22050 Contract Without Bids; Procedures	<p>a) 1) In the case of an emergency, a public agency, pursuant to a four-fifths vote of its governing body, may repair or replace a public facility, take any directly related and immediate action required by that emergency, and procure the necessary equipment, services, and supplies for those purposes, without giving notice for bids to let contracts.</p> <p>2) Before a governing body takes any action pursuant to paragraph (1), it shall make a finding, based on substantial evidence set forth in the minutes of its meeting, that the emergency will not permit a delay resulting from a competitive solicitation for bids, and that the action is necessary to respond to the emergency.</p> <p>b) 1) The governing body, by a four-fifths vote, may delegate, by resolution or ordinance, to the appropriate county administrative officer, city manager, chief engineer, or other nonelected agency officer, the authority to order any action pursuant to paragraph (1) of subdivision (a).</p> <p>2) If the public agency has no county administrative officer, city manager, chief engineer, or other nonelected agency officer, the governing body, by a four-fifths vote, may delegate to an elected officer the authority to order any action specified in paragraph (1) of subdivision (a).</p> <p>3) If a person with authority delegated pursuant to paragraph (1) or (2) orders any action specified in paragraph (1) of subdivision (a), that person shall report to the governing body, at its next meeting required pursuant to this section, the reasons justifying why the emergency will not permit a delay resulting from a competitive solicitation for bids and why the action is necessary to respond to the emergency.</p> <p>c) 1) If the governing body orders any action specified in subdivision (a), the governing body shall review the emergency action at its next regularly scheduled meeting and, except as specified below, at every regularly scheduled meeting thereafter until the action is terminated, to determine, by a four-fifths vote, that there is a need to continue the action. If the governing body meets weekly, it may review the emergency action in accordance with this paragraph every 14 days.</p> <p>2) If a person with authority delegated pursuant to subdivision (b) orders any action specified in paragraph (1) of subdivision (a), the governing body shall initially review the emergency action not later than seven days after the action, or at its next regularly scheduled meeting if that meeting will occur not later than 14 days after the action, and at least at every regularly scheduled meeting</p>

Code	Statute
	<p>thereafter until the action is terminated, to determine, by a four-fifths vote, that there is a need to continue the action, unless a person with authority delegated pursuant to subdivision (b) has terminated that action prior to the governing body reviewing the emergency action and making a determination pursuant to this subdivision. If the governing body meets weekly, it may, after the initial review, review the emergency action in accordance with this paragraph every 14 days.</p> <p>3) When the governing body reviews the emergency action pursuant to paragraph (1) or (2), it shall terminate the action at the earliest possible date that conditions warrant so that the remainder of the emergency action may be completed by giving notice for bids to let contracts.</p> <p>d) As used in this section, “public agency” has the same meaning as defined in Section 22002.</p> <p>e) A three-member governing body may take actions pursuant to subdivision (a), (b), or (c) by a two-thirds vote.</p> <p>f) This section applies only to emergency action taken pursuant to Sections 20133, 20134, 20168, 20193, 20205.1, 20213, 20223, 20233, 20253, 20273, 20283, 20293, 20303, 20313, 20331, 20567, 20586, 20604, 20635, 20645, 20685, 20736, 20751.1, 20806, 20812, 20914, 20918, 20926, 20931, 20941, 20961, 20991, 21020.2, 21024, 21031, 21043, 21061, 21072, 21081, 21091, 21101, 21111, 21121, 21131, 21141, 21151, 21161, 21171, 21181, 21191, 21196, 21203, 21212, 21221, 21231, 21241, 21251, 21261, 21271, 21290, 21311, 21321, 21331, 21341, 21351, 21361, 21371, 21381, 21391, 21401, 21411, 21421, 21431, 21441, 21451, 21461, 21472, 21482, 21491, 21501, 21511, 21521, 21531, 21541, 21552, 21567, 21572, 21581, 21591, 21601, 21618, 21624, 21631, 21641, and 22035.</p>

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# CHAPTER 2 THE UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT

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## CHAPTER 2 THE UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT

### Uniform Public Construction Cost Accounting Act

#### 2.01 The Uniform Public Construction Cost Accounting Act

As specified in the State of California Public Contract Code, all governmental jurisdictions are limited to the dollar amount of public project work that can be performed using internal resources. The jurisdictions are further required to follow various bidding procedures in undertaking construction work performed or contracted in the jurisdiction. The passage of Chapter 1054, Statutes of 1983, Uniform Public Construction Cost Accounting Act (Act), and subsequent amendments provides for alternative bidding procedures by public agencies in undertaking public project work, provided they subscribe to uniform construction cost accounting policies and procedures developed in accordance with the law.

The purpose of this document is to give public agencies those construction cost accounting policies and procedures required in accordance with this above-mentioned legislation. To assist in understanding these policies and procedures, we have provided examples throughout the manual. These examples are for illustrative purposes only and, although they may be used, should not be considered required formats for public agencies operating under this program.

#### 2.02 Public Agency

Public Contract Code section 22002(a) provides the definition of a public agency for the purposes of the Act. Public agencies are cities, counties, a city and county, chartered cities and chartered counties, any special district and any other agency of the state responsible for the local performance of governmental or proprietary functions within limited boundaries. Public agency includes a nonprofit transit corporation wholly owned by a public agency and formed to carry out the purposes of the public agency.

#### 2.03 Public Project

As defined in Public Contract Code section 22002(c), all public projects performed by public agencies may include:

- Construction, reconstruction, erection, alteration, renovation, improvement, demolition and repair work involving any publicly owned, leased or operated facility.
- Painting or repainting of any publicly owned, leased or operated facility.
- In the case of publicly owned utility system, construction, erection, improvement or repair of dams, reservoirs, power plants and electrical transmission lines of 230,000 volts and higher.

#### 2.04 Exemptions

Construction of any public building used for facilities of juvenile forestry camps or juvenile homes, ranches, or camps established under Article 15 (commencing with section 880) of Chapter 2 of Part 1 of Division 2 of the Welfare and Institutions Code, if a major portion of the construction work is to be performed by wards of the juvenile court assigned to those camps, ranches or homes, is exempt from the provisions of the Act.

In addition, in cases of great emergency, as determined by the governing body of the public agency, including, but not limited to, states of emergency defined in Government Code section 8558. When repair or replacements are necessary to permit the continued conduct of the operation or services of a public agency or to avoid danger to life or property. The governing body by majority vote, may proceed at once to replace or repair any public facility without adopting plans, specifications, strain sheets, or working details, or giving notice for bids to let contracts. The work may be done by day labor under the direction of the governing body, by

contract, or by a combination of the two. The governing body, by majority vote, may delegate to the appropriate county administrative officer or city manager the power to declare a public emergency subject to confirmation by the governing body, by a four-fifths vote, at its next meeting.

#### 2.05 Bid Limitations

For those agencies whose governing board has by resolution elected to become subject to the uniform construction cost accounting policies and procedures and which have notified the State Controller of that election, the following bid limitations will be in effect pursuant to Public Contract Code section 22032 and 22034(d):

- Public projects of \$60,000 or less may be performed by the employees of a public agency by force account (for definition see page 39 section 2.2), by negotiated contract, or by purchase order.
- Public projects of \$200,000 or less may be let to contract by informal procedures as set forth in this legislation.
- Public projects of more than \$200,000 shall, except as otherwise provided in this legislation, be let to contract by formal bidding procedures.
- If all bids received are in excess of \$200,000, the governing body of the public agency may by adoption of a resolution by a four-fifths vote, award the contract, at \$212,500 or less, to the lowest responsible bidder, if it determines the cost estimate of the public agency was reasonable.

#### 2.06 Award of Bid

Public Contract Code section 22038 allows the public agency in its discretion to reject any bids presented. If the agency prior to rejecting all bids and declaring that the project can be more economically performed by employees of the agency provides a written notice to an apparent low bidder that:

- Informs the lowest responsible bidder of the agency's intention to reject the bid.
- Is mailed to at least two business days prior to the hearing at which the agency intends to reject the bid.

If after opening bids all bids are rejected, the public agency shall have the option, after reevaluating its cost estimates of the project, of one of the following:

- The public agency may abandon the project or re-advertise for bids in the manner described by this legislation; or
- By passage of a resolution by a four-fifths majority of its governing body declaring that its employees can perform the project more economically, the public agency may have the project done by force account without further complying with this legislation.

If a contract is awarded, it shall be awarded to the lowest bidder. If two or more bids are the same as the lowest, the public agency may accept the one it chooses.

If no bids are received, the project may be performed by employees of the public agency by force account or by informal bidding procedures set forth in section 22034 of the Public Contract Code.

## California Uniform Construction Cost Accounting Commission

### 2.07 California Uniform Construction Cost Accounting Commission

Chapter 1054, Statutes of 1983, created the California Uniform Construction Cost Accounting Commission (CUCCAC or the Commission). The Commission is comprised of 14 members, 13 members are appointed by the State Controller and one member of the Contractors' State License Board pursuant to section 22010 of the Public Contract Code.

- a) Thirteen of the members shall be appointed by the Controller as follows:
  - 1) Two members who shall each have at least 10 years of experience with, or providing professional services to, a general contracting firm engaged, during that period, in public works construction in California.
  - 2) Two members who shall each have at least 10 years of experience with, or providing professional services to, a firm or firms engaged, during that period, in subcontracting for public works construction in California.
  - 3) Two members who shall each be a member in good standing of, or have provided professional services to, an organized labor union with at least 10 years of experience in public works construction in California.
  - 4) Seven members who shall each be experienced in, and knowledgeable of, public works construction under contracts let by public agencies; two each representing cities, counties, respectively, and two members representing school districts, and one member representing a special district. At least one of the two county representatives shall be a county auditor or his or her designee.
- b) The member of the Contractors' State License Board who is a general engineering contractor as that term is defined in Section 7056 of the Business and Professions Code shall serve as an ex officio voting member.

### 2.08 Implementation

The public agency must perform several administrative steps to comply and elect into the law. The major steps include:

- Adopting a resolution electing to become subject to the Act.
- Adopting ordinances or regulations providing informal bidding procedures as required by the law.
- Notifying the State Controller of the election.
- Complying with the cost accounting construction policies and procedures presented in this manual.

The Commission shall review the accounting procedures of any participating agency where an interested party presents evidence that the work undertaken by the public agency falls within any of the following categories stated in Public Contract Code section 22042:

- Is to be performed by a public agency after rejection of all bids, claiming work can be done less expensively by the public agency.
- Exceeded the force account limits.
- Has been improperly classified as maintenance.

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# CHAPTER 3 UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING POLICIES AND PROCEDURES

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## CHAPTER 3 UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING POLICIES AND PROCEDURES

### Uniform Public Construction Cost Accounting Policies and Procedures

The California Uniform Construction Cost Accounting Commission (CUCCAC) is responsible for reviewing and developing uniform public construction cost accounting policies and procedures to be followed by public agencies electing to participate in the program. This section of the manual discusses the Commission's basic philosophy and intent in developing these cost accounting policies and procedures, the range of public construction projects that may be undertaken by public agencies using these cost accounting policies and procedures, and the support systems deemed necessary to comply with this program.

Inquiries regarding the program and/or the policies and procedures may be sent to the State Controller's Office (SCO) Local Government Policy Section at [LocalGovPolicy@sco.ca.gov](mailto:LocalGovPolicy@sco.ca.gov). Once an inquiry is received by SCO staff, it will be reviewed and a draft response will be sent to the Chair of the Commission. The Chair may appoint one or more Commissioners, not to constitute a quorum, from the public and/or private sectors to assist with responding to the inquiry in a timely manner. The Chair will provide feedback as necessary, and SCO staff will reply to the inquirer in a timely manner. A summary of inquiries is to be reviewed by the Commissioners at the next CUCCAC meeting, for incorporation into the Frequently Asked Questions as appropriate.

#### 3.01 CUCCAC Philosophy

The policies and procedures, as dictated by Public Contract Code section 22017, shall, to the extent deemed feasible and practicable, incorporate or be consistent with construction cost accounting guidelines and standards and reporting requirements utilized by state and federal agencies on public projects and be uniformly applicable to all public agencies which elect to utilize the policies and procedures. The Commission recognizes the wide divergence in the size, capabilities and scope of operations of various public agencies operating under this legislation. Therefore, in developing this manual, the Commission wishes to present policies and procedures that are reasonable and do not demand extensive tracking of detail. The Commission feels that all cost elements, including personnel, materials, supplies and subcontracts, equipment, and overhead, associated with a project must be recorded and reported at the project level. Each of the cost elements is to be expressed in the initial bid/estimate process, captured and recorded during the construction period and compared to the initial estimate at the conclusion of the public project. This shall require the existence of a project tracking system, as discussed later in this section. The Commission refrains from dictating a specific system but requires a system to estimate for bidding purposes, and to capture the actual costs in a manner consistent with the bid estimate. In this manner, the policies and procedures are results-oriented. The Commission has determined that the Standardized Account Code Structures meets the requirements of the Act.

#### 3.02 Applicable Projects

In keeping with the Commission's objective of providing cost accounting policies and procedures that are specific in concept yet broad enough to encompass all public agencies, regardless of size and scope of services, these policies and procedures should enable the public agencies to track all applicable construction-oriented public projects.

While allowing for the divergence of activities performed, these policies and procedures should parallel construction cost accounting practices as much as possible to allow for a comparability of private and public estimates and actual costs incurred in constructing public projects.

### 3.03 Definitions

The definitions listed below will assist users of the manual in interpreting and understanding the policies and procedures as stated in this manual. It is important to note that these definitions pertain only to the contents of this manual.

**Cost Finding.** A less formal method than project accounting of cost determination or estimation on an irregular basis. There may be no formal accounting entries during the year to record costs incurred in specific cost accounts. Instead, cost finding usually involves taking available fund financial accounting data and recording it and adjusting it to devise the cost data or estimate needed. This approach will be used in selected instances as defined in this manual.

**Direct Costs.** Direct costs represent economic resources that can be specifically identified with a particular construction activity or function. To the extent possible, such costs should be charged directly to the project for purposes of cost determination rather than being subjected to allocation procedures.

**End Cost Objective.** An end cost objective is a cost center or activity established for the accumulation of the direct costs of performing government services. All costs should be considered to indirectly support the performance of these services.

**Equipment Usage Tracking System.** An equipment usage tracking system allows for the identification, recording, accumulation and reporting of usage of a specific piece of equipment or type of equipment and the unit of usage, e.g., hours, days, mileage, to a particular activity.

**Force Account.** A force account accurate for work performed on public projects using internal resources, including but not limited to labor, equipment, materials, supplies, and subcontracts of the public agency.

**Government-Wide Overhead.** Government-wide overhead is defined to include all costs of a public agency not associated with organizational units performing services which support all end cost objectives of the government entity.

**Materiality.** It is the Commission's position that, if the value of those goods obtained from inventory is material, the cost must be recorded to the public project code as a direct cost item. Materiality is defined for purposes of this manual to be any item that has a unit or aggregate value of \$25 or more.

**Materials, Supplies, and Subcontracts Tracking System.** A materials, supplies, and subcontracts tracking system allows for the identification, recording, accumulation, and reporting of materials, supplies, and subcontracts used on a particular activity.

**Object Cost.** A cost center or activity (account code assigned to a department or project) established for the accumulation of the direct and indirect cost to arrive at a total cost of performing government services.

**Overhead Costs.** Overhead costs represent economic resources that are employed for common or joint purposes benefiting several projects or functions. As such, overhead costs are not as readily chargeable to individual projects and, therefore, generally require allocation based upon statistical relationships.

**Personnel Tracking System.** A personnel tracking system allows for the identification, recording, accumulation, and reporting of personnel working on a particular activity.

**Project Accounting.** Project accounting is the continuous process of analyzing, classifying, recording, and summarizing cost data within the confines and controls of a formal project accounting system and reporting them to users on a regular basis.

**Project Tracking System.** A project tracking system allows for the identification and establishment of cost (account) codes to particular activities. The system would be used to record, accumulate, and report personnel costs; equipment costs; material, supplies, and subcontracts costs; and allocated overhead to activities identified.

**Public Project Unit.** A public project unit (e.g. public works department) is an identifiable organizational unit of any size within a public agency whose primary goals include the undertaking and completion of public projects as defined in Public Contract Code section 22002. The Commission would, in general, consider a unit to be a public project unit when over 25% of the total unit's annual budget is expended on public projects. It is more common to have these organizational units in the larger public agencies - urban counties, cities, and school districts.

**Subcontract.** A subcontract provides for the use of an outside contractor with specialized skills and/or equipment needed to complete an element of work on the public project.

**Unit Overhead.** Unit overhead is defined as all costs incurred by an organizational unit, such as a public project unit, department, division or section, that are not directly attributable to any end cost objective, whether it be a public project or not. These costs include personnel costs, materials, supplies and subcontracts, and equipment costs not directly attributable to any end cost objective.

**Work Order.** A work order is written authorization for the performance of a particular project. It contains a description and location of the project and specifications for the work to be performed. Work orders are assigned an identification code and are used to record all costs both direct and indirect incurred in completing the project.

#### 3.04 Public Agency Organization Structure

In general, public agencies will contract out design-and-build and heavy construction projects and perform only general building projects and specialty construction projects with internal resources. Frequently, this decision to undertake general building and specialty construction projects is made based on the agency's organization structure, current workload requirements, and available staffing resources.

Often, in large organizations, due to the ongoing workload, there are organizational units whose stated objective is to undertake and complete on an as-needed basis general building and specialty construction projects. These organizational units are project-oriented. Their end cost objectives primarily consists of the performance of public projects. Costs specifically incurred in connection with individual end cost objectives are considered to be direct costs. Costs not specifically incurred to support individual and cost objectives are considered to be overhead costs associated with the organizational units taken as a whole. To recognize all the costs associated with an end cost objective, these overhead costs must be allocated back to this end cost objective. Examples of end cost objectives include public projects, such as the construction of a warehouse, renovation of a lunch room, or street reconstruction and resurfacing over 1 inch. Smaller public agencies, which comprise the majority of public agencies in the state, usually do not have organizational units whose annual budgets represent more than 25% of public project work. Frequently, these employees perform general maintenance duties in addition to working on public projects. The public project costs incurred by these employees are more difficult to identify yet equally important.

#### 3.05 Classification of Costs

It is the stated objective of the law and the Commission to have public agencies estimate the cost of public projects and track these project costs in a manner similar to private industry. Essential to achieving this

objective is the understanding and agreement by both parties as to the components of costs that are included in public projects.

The major classification of cost components for construction projects includes: direct, indirect, and overhead costs.

### 3.06 Direct Costs

Direct costs generally include these categories of costs: labor, bonds, permits, licensing fees (if any), equipment, permanent materials and supplies, subcontracts, nonpermanent materials and supplies. Components of each of these direct project cost categories are shown below and include costs applicable to the construction industry.

#### Labor

Hourly Pay/Salary
Payroll Taxes (Employer Contribution)
Worker’s Compensation Insurance (Allocation of Self Insurance)
Group Health Insurance
Group Life Insurance
Retirement Plan (Employer Contribution)
Holiday Leave
Vacation
Sick Leave
Unassigned Time
Disability Insurance
Unemployment Insurance
Military Leave
Jury Duty Leave
Management Leave/Compensatory Leave
Uniform/Uniform Allowance
Tuition Reimbursement
Union Time Off
Time Off for Illness or Death of Family Member
Personal Liability Insurance
Administration/Employer Contribution of Deferred Compensation Program/401K
Overtime Premium

Use employee’s productive hourly rate to calculate direct labor costs.

#### Equipment

##### Internal Equipment Rate

Depreciation
Insurance (Allocation of Self Insurance)
Initial Assembling and Dismantling Costs
Maintenance Costs
Repair Costs
Provision for Major Overhauls
Unassigned Time
Maintenance and Storage Yard Facilities Costs

Fuel and Oil
Tires and Grease

Or Use:

Caltrans Equipment Rental Rates and Labor Surcharge Book:

<http://www.dot.ca.gov/hq/construc/equipmnt.html>

External Equipment Rate (Leased or Rented from Commercial Dealer) which includes, if charged by the Lessor or are the responsibility of the agency, the following costs:

Rental Rate
Maintenance Costs
Assembling and Dismantling Costs
Insurance Costs
Fuel and Oil
Tires and Grease

*Permanent Materials and Supplies*

Cost of Permanent Materials and Supplies-Charged Directly to Job

Permanent Materials and Supplies Cost
Sales/Use Tax
Freight
Discounts Taken

Cost of Permanent Materials and Supplies Costs

Substantiated by most recent Invoice
Handling
Warehouse and Transportation Costs

*Subcontracts*

Payments made to Subcontractors

*Nonpermanent Materials and Supplies/Miscellaneous Costs*

Permits
Fees
Performance Bonds
Licenses

### 3.07 Indirect Costs

Indirect costs can be identified with a project but not with a specific job or unit of production within the project.

Indirect costs generally include two categories of costs: labor and other miscellaneous project site expenses. Components of each of these indirect cost categories are shown below.

#### *Labor*

Quality Control and Inspection
Field Supervisors
Security Guards
Superintendent
Job Secretary

#### *Other Project Expenses*

Mobilization, Assembly, Move-Out Costs
Yarding and Hauling
Trailer
Utilities
Telephone
Warehouse Costs
Spoilage, Loss and Theft
Other Costs

### 3.08 Overhead Costs

#### *Simplified Overhead Rate*

Prior to January 1, 2004, the Commission allowed all agencies to use a 20% overhead rate applied to all direct costs in lieu of calculating their overhead rates. An amendment to Public Contract Code section 22017 provides that cities with a population of less than 75,000 can assume the 20% rate. Cities with a population of 75,000 or over can either assume a 30% overhead rate or calculate an actual overhead rate.

#### *Calculated Overhead Rate*

The Commission determined that counties, special districts, and school districts can use a 30% rate or calculate an actual overhead rate, which is the same rule that applies to cities with a population of over 75,000.

Agencies may elect to calculate their overhead rates by one of the three following methods:

- 1) Appendix A describes the federal government's method of calculating overhead (2 CFR Part 220).
- 2) Appendix B describes a method of calculating overhead by allocating overhead costs as a percentage of direct labor costs.
- 3) Any method of calculating overhead is satisfactory with the Commission, provided that acceptable accounting procedures are used and all administrative costs are included.

Overhead costs should be applied on total project costs, including costs of material, equipment, and labor.

Overhead costs cannot be identified with or charged to jobs or units of production unless some more or less arbitrary allocation basis is used.

Components of overhead are shown below and include costs applicable to the construction industry, public agencies or both, e.g., public agencies do not have to pay surety bond premiums as does the construction industry to perform construction work, but both have costs incurred due to the processing of payroll.

Payroll
Personnel
Purchasing/Procurement
Bid/Estimate Expense
Advertising Expense
Legal Costs
General Government
General Accounting/Finance
Departmental Accounting/Finance
Facilities
Data Processing
Top Management
Management Expenses

Typically public agencies recognize only two classifications of costs: direct and overhead.

It is important to note that this does not suggest that public agencies exclude indirect costs but rather that they classify a majority of them as direct costs. For example, in the construction industry a foreman supervising employees working at the job site would have his personnel costs pooled and allocated to a job or unit of production. In a public agency, the foreman's labor cost would be charged directly to the appropriate public projects.

Regardless of the differences in how the various costs are classified, both the construction industry and public agencies recognize that the significant cost elements of any construction project include:

- Personnel
- Materials, supplies and subcontracts
- Equipment
- Overhead

### 3.09 Project Identification

Public projects, as defined in section 2.03, shall be identified and given specific project codes. These codes are generally referred to as project or work order numbers. These codes shall enable the public agency to segregate the cost elements discussed above, thereby allowing for the proper estimation, tracking, and comparison of estimated vs. actual cost elements incurred at the completion of a public project.

### 3.10 Project Tracking

The public agency shall have a manual or automated system that records, accumulates, and periodically reports the cost elements - personnel; materials, supplies and subcontracts; equipment; and overhead - incurred in completing all public projects. The public agency shall be required to account for the costs of the public project in a manner consistent with the way in which the project was bid/estimated. An audit trail of the accumulation of these cost elements shall be maintained. Source documents shall be retained identifying costs incurred on the project. These documents may include timesheets, equipment tracking records, requisitions of materials

and supplies used at the project site, and the documentation of the development of overhead rates. The project tracking system does not have to be a part of the public agency's fiscal system but should capture the major cost elements and comply with the other requirements stated in this manual. This may require the agency to establish a project tracking system or alter an existing cost accounting system.

### *Project Tracking Systems*

Project tracking refers to the management of projects which includes but is not limited to measuring and reporting the status of milestones, tasks and activities required in achieving the pre-defined project results. Project tracking can also refer to project management software which automates the tracking of tasks, assignments, event and activities related to the project.

Most counties and larger school districts, cities, and special districts have established automated cost accounting systems that can track all identified public projects. Other project tracking systems include work order systems and project ledger card systems.

Work orders are written authorizations for the performance of a particular project. They contain a description and location of the project and the specifications for the work to be performed. These authorizations, used extensively by public agencies, are assigned an identification code and are used to accumulate and report labor, materials and supplies, and other costs associated with the project. Work orders can be used to cost public project work, as well as maintenance work and other types of end cost objective work.

A project ledger card system establishes a single ledger card to be used in recording, in summary, all cost elements associated with a particular public project.

### *Discussion of Example*

An excel spreadsheet, is listed as a template named *Sample Estimating Form* and is available online at [http://www.sco.ca.gov/ard\\_cuccac.html](http://www.sco.ca.gov/ard_cuccac.html)

The sample project ledger card has been established by the school district's accounting area to estimate the costs of remodeling the Main Street School. This sample can be used for estimating a project. The following data elements are included on the ledger card to establish the public project:

- Project code
- Start date
- End date
- Person responsible for work
- Name of project

# Chapter 4 IDENTIFICATION, REPORTING, AND COMPUTATION OF PERSONNEL COSTS

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## CHAPTER 4 IDENTIFICATION, REPORTING, AND COMPUTATION OF PERSONNEL COSTS

### Identification, Reporting, and Computation of Personnel Costs

The accurate estimating, tracking and costing of personnel costs is imperative to ensure accurate reporting and future estimating of these costs. Personnel costs are those costs associated with employing public agency personnel in the performance of a specific job. They include three elements:

- 1) Annual salary or wage paid by the public agency.
- 2) Benefits received by employees such as a public agency's contribution to employee retirement programs, group health plans, and unemployment insurance.
- 3) Benefits paid to employee such as salaries or wages paid to employees who are on holidays, vacation leave, and sick leave.

This section of the manual describes the systems and methods used to track personnel time, determine the costs associated with personnel, and record these costs to a project tracking system.

### Tracking Personnel Time

Critical to the public agency's determination of personnel costs is the ability to identify time spent by employees performing work on all public projects.

#### 4.01 Timekeeping System

A public agency shall have a timekeeping system that accumulates hours worked by employees and assigns these hours to all public project codes. Typically, this project code is assigned by the agency's accounting department and conveyed to the person responsible for the public project, generally the foreman or equivalent position. This system shall enable the agency to track hours worked on public projects to allow for the subsequent distribution of the appropriate personnel costs.

#### 4.02 Examples of Timekeeping Systems

The simplest of timekeeping records is a foreman's time book. These books usually have 50 pages and the foreman records on a daily or weekly basis the employee and his daily time spent on a particular project. These books have heavy tagboard covers so they can remain at the job site and be carried in a foreman's pocket. Typically, at the week's end, the foreman's time book is copied onto timesheets or timecards. This may be done at the central office by the foreman, timekeeper, payroll clerk or bookkeeper. This timekeeping system has the advantage of actual timekeeping being performed at the job site; but if the book is lost, the entire project's time record is lost.

Weekly timesheets or timecards and electronic timekeeping systems can also be used to record time. These documents should be completed by employees no later than at the end of the week showing the hours worked on each public project. For the employees to complete the cards or sheets, they must be informed of the appropriate project code to charge. This appears to be an insignificant issue; but without the establishment of a project code and the conveyance of that information to personnel working on the public project, the costs may never get recorded accurately. This decentralization of timekeeping presents the opportunity for possible inaccuracies in the recording of time spent on public projects. Therefore, this system may warrant additional review by management.

Work orders can be used to record time by the appropriate employee. As discussed in the project tracking requirements, work orders are written authorization for the performance of a particular job containing a project code, a description and location of the job, and specifications for the work to be performed. Work orders are the most frequent public project timekeeping systems used by public agencies. These are generally completed by the supervisor of the public project who records the employees' time spent on a public project. It is important to note that work performed on public projects, unlike timekeeping in the construction industry, requires close supervision by management to ensure that hours worked on end cost objectives as defined by this manual are recorded properly.

#### 4.03 Application of Timekeeping Systems

As discussed earlier, there are two types of organizational units within public agencies that may perform public project work. These are (1) public project units and (2) other organizations that may, in addition to their primary duties, work on public projects.

##### *Public Project Unit*

A public project unit is an identifiable organizational unit of any size whose primary goals include the undertaking and completion of public projects. Typically, these units perform construction, reconstruction, erection, alteration, renovation, improvement, demolition, repair work, and painting of any publicly owned, leased, or operated facility. For example, a public works department may have a division/section comprised of employees who as defined by this bill are dedicated to the undertaking and completion of public projects such as road resurfacing, painting, landscaping and building/remodeling. The Commission would, in general, consider a unit to be a public project unit when over 25% of the total unit's annual budget is expended on public projects. It is more common to have these organizational units in the larger public agencies--urban counties, cities and school projects.

##### **Timekeeping Requirements**

Employees who generally are considered direct labor and are assigned to a public project unit shall record their time on an hourly basis and record all hours of a full work day. This includes time spent on public projects as well as time spent on projects excluded from this program. Unassigned time by these employees will also be recorded and charged to an appropriate code.

Employees not performing labor on public projects, but who provide administrative support services to the employees of the public project unit, shall also record their time on an hourly basis and record all hours of a full work day. This time will be charged to an appropriate overhead account and will be used in the development of the organizational unit's overhead rate as discussed in Chapter 7.

##### *Other Organizational Units Performing Work on Public Projects*

There are other organizational units that have employees who perform work on public projects but whose primary goal is the performance of routine maintenance work and/or other general government services. Typically, these organizational units include: parks and recreation departments; divisions of public works agencies that have not been identified specifically as public project units, such as engineering; water and sewer; street maintenance; and routine maintenance.

a. Timekeeping Requirements

Employees of these organizational units shall report time worked on public projects. Although the Commission strongly believes that it is advisable for employees to record an eight-hour day to various end cost objectives, work performed outside of public projects is excluded from the scope of the program and is not required to be reported. All time worked on public projects by a public agency employee shall be posted to a project tracking system on a timely basis with an adequate audit trail maintained.

b. Discussion of Example

An employee of an organizational unit who performs work on a public project, but whose organization is not identified as a public project unit, must report his time. The employee has recorded only the time worked on a public project. Unit management, employees performing maintenance work, and unassigned employees need not record their time as do similar employees in a public project unit.

#### 4.04 Recording Time to Public Projects

A public project's direct labor time shall be recorded to a project code under the following circumstances:

- The employee worked on a public project.
- The employees were in transit to or from a project site.
- The employee performed clean-up work on a public project, e.g., the employee returned to central headquarters to complete paperwork attributable to a public project.
- The employee was assigned to work on a public project but was unable to work due to unforeseen circumstances, e.g., equipment breakdown or inclement weather, and was therefore idle.

#### Computing Personnel Costs

In determining personnel costs, three different rates must be determined and applied: the employee's productive hourly rate, the department's overhead rate, and the general government overhead rate.

#### 4.05 Productive Hourly Rate

Personnel costs in many public projects represent the single largest cost of a public project. In calculating these costs it is important to include the three components of personnel costs:

- 1) Annual salary/wages
- 2) Benefits received
- 3) Benefits paid

The calculation of an hourly rate integrating these three costs components is commonly called a "productive hourly rate."

A productive hourly rate shall be used to cost time reported to public projects. A productive hourly rate determines the full costs per hour of employing public agency personnel on a public project. A productive hourly rate is calculated by dividing annual personnel costs by an employee's available hours for work assignment.

### *Annual Personnel Cost*

The annual personnel costs of an employee or class of employees shall be determined by the public agency. These costs shall include annual salary/wages and fringe benefits paid by the public agency.

Fringe benefits are generally calculated as a percentage of annual salary/wages or as an annual cost per employee.

If the productive hourly rate is calculated by employee class, members of each class should have reasonably comparable fringe benefits. Otherwise, further division of the employee class should be performed.

Fringe benefit calculations shall take into consideration, but not be limited to, the employer contribution portion of the following costs:

- Disability insurance
- Life insurance
- Retirement plan
- Unemployment insurance
- Worker's compensation insurance
- Personal liability insurance

The fringe benefits calculation is not required to include accrued benefits, such as sick leave or vacation earned but not taken, as a component of personnel costs. It is recognized that these accrued benefits represent a significant future cost to the public agency. Yet, many public agencies do not account for these costs and would have difficulty in developing accurate figures. If further pronouncements concerning accrued benefits of public agencies are issued, the Commission will determine whether inclusions of these costs are appropriate.

### *Productive Hours*

The public agency shall start with the assumption of 2,080 productive hours in a year if a 40-hour work week is the standard for the public agency. If a 40-hour work week is not the standard, the appropriate number of annual productive hours must be determined by the agency. The public agency shall then determine average annual nonproductive time either by employee, class of employee, or agency-wide. Nonproductive time is time when the employee is not available to work or assignment to work and includes but is not limited to:

- Vacation
- Sick leave
- Holidays
- Military leave
- Jury duty
- Training

#### 4.06 Unit Overhead Rate

##### *Public Project Unit*

A unit overhead rate shall be developed for each public project unit. This unit overhead rate shall include all public project costs that are not direct costs. The overhead rate shall be developed and added to the productive hourly rate.

##### *Organizational Unit Performing Public Project Work*

A unit overhead rate shall be developed for each organizational unit performing work on public projects in addition to its primary duties. This unit overhead rate shall include all of the organizational unit's costs that are not direct costs. The overhead rate should be developed and applied to the employee's productive hourly rate.

#### 4.07 Government-Wide Overhead Rate

A government-wide overhead rate shall be developed to include all costs of a public agency not associated with organizational units performing services that support all end cost objectives of the government entity. The government-wide rate shall be developed and applied to the productive hourly rate after unit overhead has been applied.

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# CHAPTER 5 IDENTIFICATION, REPORTING, AND COSTING OF MATERIALS, SUPPLIES, AND SUBCONTRACTS

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## CHAPTER 5 IDENTIFICATION, REPORTING, AND COSTING MATERIALS, SUPPLIES, AND SUBCONTRACTS

### Identification, Reporting, and Costing of Materials, Supplies, and Subcontracts

Materials, supplies, and subcontracts used on public projects are considered a cost element by the Commission and include such items as lumber, bricks, cement, doors, paint, asphalt, wire, sand, gravel, pipe, and work performed under a subcontract. Materials and supplies used on public projects shall be tracked and charged to project codes as discussed in Chapter 2 and can be accounted for either as direct purchase or inventory.

This section of the manual describes the systems and methods used to track materials, supplies, and subcontracts; determine their value, as well as the other costs associated with providing materials and supplies; and record these costs to a project tracking system.

### Materials and Supplies

Critical to the public agency's determination of personnel costs is the ability to identify time spent by employees performing work on all public projects.

#### 5.01 Tracking Materials and Supplies

The Commission wishes to provide policies and procedures so that public agencies account for public projects in a manner similar to the construction industry. The nature of governmental procurement and inventory practices presents challenges to the public agency's ability to meet the Commission's objective of effectively measuring material and supply costs for public projects.

##### *Direct Purchases*

Materials and supplies are often purchased directly for use on a public project. The public agency can thus identify the associated dollar value of items purchased to the public project code, which should be identified on the purchase order when the procurement is initiated.

##### *Inventory*

It is more difficult to identify the associated costs of items obtained from the public agency's inventory of materials and supplies, generally maintained at a warehouse or stockroom. The major challenge is identifying and recording the costs of material and supplies utilized for the public project which are obtained from the public agency's inventory. It is the Commission's position that, if the value of these goods obtained from inventory is material, the cost must be recorded to the public project code as a direct cost item. Materiality is defined for purposes of this manual to be any item that has a unit or aggregate value of \$25 or more.

Items purchased and placed into inventory that would subsequently be used on public projects and which may exceed the \$25 limit shall be issued to projects in a manner consistent with good accounting controls.

#### 5.02 Costing Materials and Supplies

##### *Direct Purchase*

The total material and supplies costs are the invoiced amount. This amount should be posted to the project tracking system for direct purchases on a timely basis. This recorded amount should include the cost of the materials and supplies, freight, sales tax, use tax and any other appropriate costs.

## *Inventory*

The public agency shall have a method to provide for the valuation of the inventory it releases to public projects. Acceptable methods include:

**First-In, First-Out (FIFO)** – The earliest acquired stock is assumed to be used first, the latest acquired stock is assumed to be still on hand. Therefore, when inventory is issued, it is valued at the cost of the earliest acquired stock.

**Last-In, First-Out (LIFO)** – The earliest acquired stock is assumed to be still on hand, the latest acquired stock is assumed to have been used immediately. Therefore, when inventory is issued, it is valued at the cost of the most recently (latest) acquired stock.

**Weighted Average** – In this type of inventory valuation system, each purchase of stock is aggregated with the former inventory balances so that a new average unit price is used to price the subsequent issues of inventory.

**Recent Costs** – The most recent unit costs is applied to units consumed to yield total cost.

### 5.03 Handling/Carrying Cost

Personnel, equipment and facilities costs are incurred by the public agency to store and transport inventoried items. This is separate and distinct from the cost of procurement that is considered to be recaptured through general government overhead, as discussed in Chapter 4. (If warehousing and transportation costs are not provided by a central organization, it is assumed that these costs are recovered through the government-wide overhead rate).

### 5.04 Subcontracts

A public agency may wish to complete work on a public project by subcontracting, i.e., hiring an outside contractor to perform a portion of the work.

Subcontractors shall be accounted for in a manner similar to a direct purchase of materials and supplies. Contracts or purchase orders should be coded with the appropriate project code and the subcontract costs recorded onto the project tracking system in a timely manner. The handling/carrying overhead rate shall be calculated to recover:

- Warehouse/storeroom personnel costs
- Facility costs of storeroom/warehouse
  - Utilities
  - Rent
  - Insurance
- Transportation costs associated with the receipt/delivery of materials and supplies.

# CHAPTER 6 IDENTIFICATION, REPORTING, AND COSTING EQUIPMENT

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## CHAPTER 6 IDENTIFICATION, REPORTING, AND COSTING EQUIPMENT

### Identification, Reporting, and Costing Equipment

Usage of equipment on public projects is a cost element of performing those public projects. Equipment usage, excluding passenger riding sedans, must be tracked when a piece of equipment is assigned to a public project. Equipment used on public projects shall be charged to a project cost code. This section describes the systems and methods used to track equipment usage, determine equipment costs, and record the costs to a projects tracking system.

#### 6.01 Equipment Tracking Systems

The public agency shall have a manual or automated system that tracks the appropriate equipment by time, mileage or other usage factor to a public project. The system shall have the capability to track equipment usage to a public project:

- When it is in motion to/from a project site;
- When at a public project site (whether in use or not), if time is the means of equipment tracking and
- When at public project site and in use, if mileage or some other mechanism is the means of equipment tracking.

#### *Examples of Tracking Systems*

One of the simplest forms for tracking equipment is a weekly timesheet for each piece of equipment that has been assigned to the public project and the time or mileage incurred by the public project. These sheets should be submitted weekly with labor timesheets or cards. They should then be sent to the accounting area and charged to a project tracking system.

#### 6.02 Equipment Tracking of Agency Owned/Operated Equipment

As will be seen in this chapter heading Equipment Usage Rates on page 68, the public agency can cost out equipment it owns and operates in one of two ways. The public agency can either utilize internally developed equipment rates or rates from industry equipment rate books.

#### *Internal Rates*

When an agency develops internal equipment rates for certain or all types of equipment, that agency must track the time that equipment was used on end cost objectives such as public projects, maintenance work, and unassigned time. This enables the public agency to determine what the equipment's history of productive hours has been. This enables a better forecast of projected productive hours to be made for rate development purposes.

#### *Equipment Rate Book Rates*

When an agency utilizes the calculated equipment rate from rate books, it must record the time or mileage the equipment is used on public projects. Since these equipment rates generally factor in idle time, a full tracking of the equipment as performed for "internal rate" equipment is not mandated.

## Equipment Usage Rates

There are three acceptable means of determining equipment rates. They include rates developed internally for public agency owned and operated equipment, equipment rate books used by the construction industry and rental or lease rates charged by commercial vendors. Each of these methods attempts to recapture the costs associated with the equipment's purchase and operations, such as depreciation, fuel, maintenance, repair and insurance.

### 6.03 Internal Rates (Equipment Owned by Public Agency)

Public agencies shall utilize internally developed equipment usage rates that reflect the full cost of owning, operating and maintaining types of equipment. Rates should be developed for classes of equipment and should comply with the following guidelines:

- The internal equipment rate methodology shall be documented and an adequate audit trail provided.
- The costs of depreciation, fuel and oil, equipment storage, and income are to be included in the internally developed rates.

### *Depreciation*

Depreciation is the method used to spread the cost of equipment, capital lease, or replacement value less residual value, over a piece of equipment's useful life. The public agency's capitalization policy should be used to determine whether a piece of equipment should be depreciated. Generally, equipment that costs more than \$1,000 and has a useful life of more than one year should be depreciated.

Depreciation should be calculated as follows:

#### 1) Useful Life

Depreciation should be based on the average useful life for the piece of equipment in a particular operation. Determination of useful life should be based on actual or planned retirement and replacement practices.

#### 2) Residual Value

Residual value is the value at disposition (less costs of disposal) estimated at the time of acquisition. In many cases, the estimated residual value is so small and occurs so far in the future that it has no significant impact. As well, residual value may be almost or completely offset by removal and dismantling costs. Normally, public agency equipment will be used through the end of its estimated useful life and the residual value may be carried at zero. In the event that it is known at the time of acquisition that the capital equipment will not be used for at least 75% of its scheduled useful life, residual value should be estimated.

#### 3) Capital Improvements

Capital improvements are the costs of major overhauls and modifications that add value and prolong the life of a piece of equipment. These costs should be treated as capital expenditures and depreciated over the extended or remaining useful life of either the asset or improvement, whichever is less.

#### 4) Straight Line Depreciation Method

The straight-line depreciation method charges an equal amount for each period of useful life (generally a year). This method is considered the most practical and reasonable method for determining equipment usage costs.

## 5) Calculation of Depreciation Method

For annual depreciation for capitalized equipment will be estimated as follows:

- A. Start with the acquisition cost (purchase price) plus capital improvements, plus all other costs incurred to place the equipment in usage, e.g., transportation, installation. The public agency may choose to utilize replacement value for this calculation.
- B. Determine the useful life of the equipment, utilizing applicable guides such as the IRS guide.
- C. Compute annual depreciation by dividing the depreciable basis (acquisition cost plus capital improvements less residual value) by the useful life.
- D. Maintenance and Repairs  
These are costs (labor and parts) that are incurred for maintenance repairs to keep the equipment in normal operating condition. These costs do not include capital improvements that add value to equipment and are accounted for under depreciation. Tires and grease are included in this classification of cost. Typically, a ledger card for each piece of equipment will be necessary to record these costs.
- E. Fuel and Oil  
These costs include the labor and fuel costs of supplying the equipment with fuel of any type and oil.
- F. Equipment Storage Costs  
Equipment storage costs include the cost of facilities associated with the use of equipment. These costs include equipment yards, warehouse facilities, and the cost of guards and other security measures.
- G. Insurance  
These costs include the premiums paid by the public agency (whether self-insured or paid to an outside agency) for equipment insurance.

A good discussion of the calculation of internal equipment rates can be found in State Controller's Office website, [http://www.sco.ca.gov/pubs\\_guides.html](http://www.sco.ca.gov/pubs_guides.html) *Accounting Standards and Procedures for Counties* in the Road Fund Accounting section.

### 6.04 Equipment Rate Books (Equipment Owned by Public Agency)

Public agencies that own equipment used on public projects but do not calculate internal equipment rates shall utilize appropriate private industry equipment rate books. It is understood that industrial rates may include certain costs that are not incurred by public agencies, such as personal property taxes paid on the assessed value of the equipment and interest charges. However, these equipment usage rates in some cases do not include: the cost of fuel or other energy costs to operate a particular piece of equipment; the cost of preparatory work performed before a piece of equipment can be made operative; the costs of dies, blades or welding rods that are normally consumed in the operation of a piece of equipment; or the costs of extraordinary wear and tear. Therefore, the use of industrial rates is assumed to provide a reasonable approximation of internal rates.

Equipment rate books that are acceptable to the commission for use in lieu of internal rates include:

- *Caltrans Labor Surcharge and Equipment Rental Rates*  
<http://www.dot.ca.gov/hq/construc/equipmnt.html>
- *Mechanical Contractors Association Tool and Equipment Rental Guide*
- *National Electrical Contractors Association Tool and Equipment Rental Schedule*

Use of other guides must first be reviewed and approved by the Commission.

These guides are maintained and updated on a periodic basis by the appropriate agency or association to accurately reflect current costs associated with equipment usage. If a piece of equipment or comparable piece of equipment is not included in an established guide, an internal rate shall be developed or a documented quote from an equipment leasing or rental agency may be utilized.

#### 6.05 Rental or Lease Rates

Rented or leased equipment to be used partially or completely on public projects shall be tracked and have the appropriate amount charged to the public project. Additional costs associated with the leasing or renting of equipment used partially on a public project shall be charged on a pro rata basis, if appropriate to that project. Costs related to renting or leasing equipment generally include, but are not limited to:

- Rates
- Moving, loading, and assembly costs
- Maintenance and repairs
- Insurance
- Fuel (under some rate schedules)

CHAPTER 7 IDENTIFICATION, RATE DEVELOPMENT, AND ALLOCATION OF OVERHEAD

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## CHAPTER 7 IDENTIFICATION, RATE DEVELOPMENT, AND ALLOCATION OF OVERHEAD

### Identification, Rate Development, and Allocation of Overhead

#### 7.01 Commission Adopted Simplified Overhead Rate

Prior to January 1, 2004, the Commission allowed all agencies to use a 20% overhead rate applied to all direct costs in lieu of calculating their overhead rates. Amendments to Public Contract Code section 22017 provides that cities with a population of less than 75,000 can assume the 20% rate. Cities with a population of 75,000 or over can either assume a 30% overhead rate or calculate an actual overhead rate.

The Commission determined that counties, special districts, and school districts can use a 30% rate or calculate an actual overhead rate, which is the same rule that applies to cities with a population of over 75,000.

Agencies may elect to calculate their overhead rates by one of three following methods:

- 1) Appendix A describes the federal government's method of calculating overhead (2CFR Part 200).
- 2) Appendix B describes a method of calculating overhead by allocating overhead costs as a percentage of direct labor costs.
- 3) Any method of calculating overhead is satisfactory with the Commission, provided that acceptable accounting procedures are used and all administrative costs are included.

Chapter 3, Definitions, lists items that define overhead.

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# APPENDIX A COST PRINCIPLES FOR STATE, LOCAL, AND INDIAN TRIBAL GOVERNMENTS

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# APPENDIX A Cost Principles for State, Local, and Indian Tribal Governments

## Cost Principles for State, Local, and Indian Tribal Governments

### APPENDIX A COST PRINCIPLES FOR STATE, LOCAL AND INDIAN TRIBAL GOVERNMENTS

2 CFR Part 200  
(OMB Circular A-87)

Please refer to:

[www.ecfr.gov](http://www.ecfr.gov)

Browse: Title 2 – Grants and Agreements  
Volume 1, Chapter II, Part 200

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# APPENDIX B OVERHEAD DETERMINATION AND ALLOCATION PERCENTAGE OF DIRECT LABOR COSTS METHOD

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## APPENDIX B OVERHEAD DETERMINATION AND ALLOCATION PERCENTAGE OF DIRECT LABOR COSTS METHOD

### Identification, Rate Development, and Allocation of Overhead

#### B.01 Identification, Rate Development, and Allocation of Overhead

Overhead is the one cost element most frequently misunderstood and absent from public agency costs. This section defines overhead costs and the various methods used to identify, track, and allocate these costs. The Commission believes that overhead is a significant factor and that it is essential that public agencies record and allocate their costs to fairly reflect the total cost of performing public projects. It is not intended that public agencies be required to recover all their overhead costs but that overhead costs reasonably borne by public projects be allocated to these projects.

Overhead includes all costs except:

- Labor performed at the site and directly charged to any end costs objective (including other than public projects) including a pro rata share of payroll taxes and related employee benefits, such as workers' compensation, group insurance, holiday and sick leave, and similar "fringe benefits." As discussed previously, an end cost objective is a pool, center, or activity established for the accumulation of the direct cost of performing fundamental government services. Labor charged to an end cost objective should be traceable to the finished goods or services performed.
- Materials, supplies, and subcontracts actually consumed on and directly charged to any end cost objective, including related freight, sales or use tax, and handling/carrying charges if appropriate. Materials and supplies charged to an end cost objective should be traceable to the finished goods or services provided.
- Equipment costs directly charged to any end cost objective. Equipment costs charged to an end cost objective should be traceable to the finished goods or services provided.

Overhead costs represent economic resources that are employed for common or joint purposes benefiting several end cost objectives and are not identifiable to an individual end cost objective. The challenge is to achieve an equitable allocation of overhead costs to these various end cost objectives of the public agency.

Public agencies shall calculate two overhead rates or use the simplified overhead rates noted in Chapter 7:

- Unit overhead rate
- Government-wide overhead rate

Unit overhead is defined as all costs incurred by an organizational unit, such as a public project unit, department, division or section, which are not directly attributable to any end cost objective whether it be a public project or not. These costs include personnel costs, materials, supplies and subcontracts and equipment costs not directly attributable to any end cost objective. As was discussed in Chapter 4, unit overhead must be developed for public project units and organization units performing public project work.

Government-wide overhead is defined to include all costs of a public agency not associated with organizational units performing services which support all end cost objectives of the government entity.

The unit and government-wide overhead rates must be developed on an annual basis. These rates should be developed prior to the fiscal year and applied to the productive hourly rate as discussed in Chapter 4.

## B.02 Unit Overhead

Unit overhead is made up of personnel costs, materials, supplies and subcontracts, equipment usage and facilities costs that are not identified as direct costs. As was stated in Chapter 4, unit overhead rates shall be developed for public project units and any other organizational units whose employees may perform work on public projects.

### *Cost Components*

Components which shall be included in the calculation of unit overhead include, but are not limited to, costs incurred within the organizational unit related to:

- Administration
- Accounting/finance
- Clerical assistance
- Facilities
  - Rental costs (Depreciation of facilities purchased or constructed by a public agency is not required by the Commission).
  - Utilities
  - Insurance
- Data processing
- Direct labor not charged to direct activities
- Materials and supplies not charged to direct activities
- Under-realization of labor and equipment rates

Unit overhead components shall not be included in the government-wide overhead.

### *Tracking of Unit Overhead*

The tracking of overhead costs can be performed in two ways. Overhead can be determined through the utilization of a formal cost accounting system. This system allows for the identification of such costs as salaries and indirect materials and supplies as overhead costs, and records these costs to management overhead codes. Alternatively, cost-finding studies can be performed. A cost finding study, a less precise method of overhead determination, is usually performed on an annual basis and generally involves taking available financial accounting data and determining the value of overhead pools through various estimation techniques.

#### a. Public Project Unit

As discussed in Chapter 4, a public project unit's personnel shall record and account for a full workday. This enables the public project unit to track and record time spent on overhead activities and unassigned time on an actual basis. As well, the public project shall record equipment usage costs, subcontractor costs, materials, supplies and subcontracts, and facilities costs to overhead codes when not identifiable to a specific project. Thus, the public project unit accounts for all of its costs, whether they are direct costs or overhead. The public project unit will use the resulting data to develop its unit overhead rate.

b. Organizational Unit Performing Public Project Work

Personnel working for an organizational unit whose primary goals include the performance of routine maintenance work and/or other general government work are not required to account for a full workday. However, these employees must record all hours of work performed on public projects. This organizational unit shall develop a unit overhead rate through an annual cost finding study which distinguishes direct costs for end cost objectives from indirect (overhead) costs.

### B.03 Government-Wide Overhead

Government-wide overhead represents costs incurred by the support functions of the governmental entity, which are not associated with an organizational unit performing end cost objectives. As was stated in Chapter 4, government-wide overhead rates shall be determined by each public agency.

#### *Internally Developed Government-Wide Overhead Rate*

Public agencies shall utilize an internally developed government-wide overhead rate. The rate methodology shall be documented and an adequate audit trail provided.

a. Cost Components

The government-wide overhead rate shall include but not be limited to costs associated with the functions shown below to the extent that they are not included in specific unit overhead rates:

- Payroll department
- Procurement/purchasing department
- Legal function
- Central administrative function
- Accounting/finance budget function
- Data processing
- Insurance (whether self-insured or premiums are paid to an agency)
- Public Relations
- Vehicle Pool

The government-wide overhead rate may exclude the costs associated with the legislative and judicial branches of the public agency.

b. Rate Development

The public agency shall develop the government-wide overhead rate of the public agency using direct labor dollars to allocate these government-wide overhead costs in a manner similar to the allocation of unit overhead.

#### *Government-Wide Overhead*

Where a government-wide cost allocation plan has been prepared under the auspices of 2 CFR Part 200 or other government-wide rate methodologies, the public agency may utilize the overhead costs or rates developed in lieu of an internally developed government-wide overhead rate, as described in this manual. The Commission recognizes that public agencies may consider these rates imprecise or inappropriate. It is acknowledged that, in developing these rates, some costs are not included because they are considered "not allowable." Thus, the rate may not recover all costs associated with the program. In contrast, an argument could be made that the

rates are calculated to recover the costs of government-wide overhead, which would occur whether or not the specially funded program was undertaken. In this instance, the rate would be considered too high. In acknowledging these arguments, the Commission wishes to identify the issues but still allow the use of these rates as a reasonable alternative for the calculation of government-wide overhead.

#### *Overhead Allocation*

The government-wide overhead rate shall be applied to the appropriate productive hourly rate after the unit overhead has been applied. See Chapter 4 for a more detailed discussion.

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Local Government Programs and Services Division  
Local Government Policy Section  
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[LocalGovPolicy@sco.ca.gov](mailto:LocalGovPolicy@sco.ca.gov)

For additional copies:  
[http://www.sco.ca.gov/ard\\_cuccac.html](http://www.sco.ca.gov/ard_cuccac.html)

# Appendix E:

## Purchasing Threshold Matrixes

# City of Farmersville Purchasing Threshold Matrixes

## Commodities (Materials & Equipment)

<i>Amount</i>	<i>Conditions</i>	<i>Authorized Buyer</i>	<i>Notes</i>
<b>\$1 - \$10,000</b>	Administrative Process	Department Head	Capital Assets must be listed on Approved Capital Budget
<b>\$10,001 - \$25,000</b>	Approval Memo from the Purchasing Agent	Department Head with Purchasing Agent Approval	Capital Assets must be listed on Approved Capital Budget
<b>\$25,001 - \$75,000</b>	Competitive bidding required: <u>informal written quotes</u>	Purchasing Agent	Capital Assets must be listed on Approved Capital Budget
<b>Over \$75,000</b>	Competitive bidding required: <b>formal</b> RFP or IFB with approval from City Council	Purchasing Agent with Council Approval	Capital Assets must be listed on Approved Capital Budget

## Outside Legal Services

<i>Amount</i>	<i>Conditions</i>	<i>Authorized Buyer</i>	<i>Notes</i>
<b>\$1 - \$50,000</b>	Written approval from City Attorney	Purchasing Agent	PA signs contract
<b>Over \$50,000</b>		City Council	Mayor signs contract

## Settlements & Other Agreements

<i>Amount</i>	<i>Conditions</i>	<i>Authorized Buyer</i>	<i>Notes</i>
<b>\$1 - \$25,000</b>		City Manager	City Manager signs agreement
<b>Over \$25,000</b>	Outside of CSJVRMA MOC coverage	City Council	Mayor signs agreement

## Services (Non-Construction)

<i>Amount</i>	<i>Conditions</i>	<i>Authorized Buyer</i>	<i>Notes</i>
\$1 - \$10,000	Administrative Process	Department Head	
\$10,001 - \$25,000	Approval Memo from the Purchasing Agent	Department Head with Purchasing Agent Approval	
\$25,001 - \$50,000	Competitive bidding required: <u>informal written quotes</u>	Department Head with Purchasing Agent Approval	Three bids preferred
Over \$50,000	Competitive bidding required: <b>formal</b> RFP or IFB	Purchasing Agent	Three bids preferred & Contract required; PA signs contract
Over \$100,000	Competitive bidding required: formal RFP or IFB with approval from City Council	City Council	Three bids preferred & Contract required; Mayor signs contract

## Services (Construction)

<i>Amount</i>	<i>Conditions</i>	<i>Authorized Buyer</i>	<i>Notes</i>
\$1 - \$10,000	Administrative Process	Department Head	
\$10,001 - \$25,000	Approval Memo from the Purchasing Agent	Department Head with Purchasing Agent Approval	
\$25,001 - \$60,000	Competitive bidding required: <u>informal written quotes</u>	Department Head with Purchasing Agent Approval	Three bids preferred
\$60,001 - \$200,000	Competitive bidding required: <b>informal bids comply with CUPCCAP</b>	City Council	Three bids preferred
Over \$200,000	Competitive bidding required: <b>formal</b> RFP or IFB with approval from City Council	City Council	Three bids preferred & Contract required; Mayor signs contract

All dollar amounts are rounded to the nearest dollar to fit into threshold ranges (i.e. total cost of \$10,000.50 would fit into \$10,001 - \$25,000 range).

## Federally Funded Projects / Grants Procurement

<i>Amount</i>	<i>Conditions</i>	<i>Authorized Buyer</i>	<i>Notes</i>
<b>\$1 - \$10,000 (Micro Purchases)</b>	Administrative Process	Department Head	
<b>\$10,001 - \$250,000 (Small Purchases)</b>	Competitive bidding required: <u>informal written quotes</u>	Purchasing Agent	More than one bid required
<b>Over \$250,000</b>	Competitive bidding required: <u>Formal process</u> <ol style="list-style-type: none"> <li><u>1.</u> Sealed Bids (if feasible)</li> <li><u>2.</u> Competitive Proposals (if feasible)</li> <li><u>3.</u> Sole Source (if only option)</li> </ol>	Purchasing Agent	More than one bid required



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

OFFICE OF FEDERAL  
FINANCIAL MANAGEMENT

June 20, 2018

M-18-18

MEMORANDUM FOR CHIEF FINANCIAL OFFICERS AND HEADS OF SMALL EXECUTIVE AGENCIES

FROM:

Tim Soltis

Deputy Controller, Office of Federal Financial Management

SUBJECT:

Implementing Statutory Changes to the Micro-Purchase and the Simplified Acquisition Thresholds for Financial Assistance

In accordance with recent statutory changes set forth in the National Defense Authorization Acts (NDAA) for Fiscal Years 2017 and 2018, this memorandum raises the threshold for micro-purchases under Federal financial assistance awards to \$10,000, and raises the threshold for simplified acquisitions to \$250,000 for all recipients. Further, it implements an approval process for certain institutions that want to request micro-purchase thresholds higher than \$10,000. Agencies are required to implement these changes in the terms and conditions of their awards, and recipients of existing Federal financial assistance awards may implement them in their internal controls.

**Background**

This memorandum applies to all Federal agencies, as defined at 5 U.S.C. § 551(1), that award grants or cooperative agreements. It implements changes to the micro-purchase and simplified acquisition thresholds for financial assistance under the NDAAs for Fiscal Year (FY) 2017 and FY2018. The micro-purchase threshold refers to purchases of supplies or services using simplified acquisition procedures, not to exceed an established amount pursuant to the Office of Management and Budget (OMB) Governmentwide Guidance for Grants and Agreements (“Uniform Guidance”) at 2 C.F.R. § 200.67 (Micro-purchase). The simplified acquisition threshold refers to purchases of property or services using small purchase methods not to exceed an established amount pursuant to 2 C.F.R. § 200.88 (Simplified acquisition threshold). For Federal financial assistance awards, these purchases are acquired for use by a Federal program. The NDAA for FY2017 increased the micro-purchase threshold from \$3,500 to \$10,000 for institutions of higher education, or related or affiliated nonprofit entities, nonprofit research organizations or independent research institutes (41 U.S.C. § 1908). The NDAA for FY2018 increases the micro-purchase threshold to \$10,000 for all recipients and also increases the simplified acquisition threshold from \$100,000 to \$250,000 for all recipients.

**Implementing the NDAA for FY2017**

Section 217(b) of the NDAA for FY2017 raises the micro-purchase threshold to \$10,000 for procurements under grants and cooperative agreements for institutions of higher education, or related or affiliated nonprofit entities, nonprofit research organizations or independent research institutes.<sup>1</sup>

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<sup>1</sup> Pub. L. No. 114-328 (codified at 41 U.S.C. § 1902(a)(2)).

The NDAA for FY2017 also establishes an interim uniform process by which these recipients can request and Federal agencies can approve requests to apply a higher micro-purchase threshold. Specifically, the 2017 NDAA allows a threshold above \$10,000 if approved by the head of the relevant executive agency. For purposes of this approval, the institution's cognizant Federal agency for indirect cost rates will be the relevant executive agency as defined in 2 C.F.R. § 200.19 (Cognizant agency for indirect costs). To receive a higher threshold, the institution must either have "clean single audit findings" (*i.e.*, in accordance with 2 C.F.R. § 200.520 - Criteria for a low-risk auditee), have an acceptable internal institutional risk assessment, or the higher threshold must be consistent with State law for public institutions.

Agencies should reflect this change through policy or terms and conditions in awards for those institutions. The effective date for this change was when the NDAA for FY2017 was signed into law on December 23, 2016. OMB intends to revise the Uniform Guidance to conform with the law.<sup>2</sup>

### **Process for Requesting a Higher Threshold Under the NDAA for FY2017**

Requests for approval should be submitted to the institution's cognizant Federal agency for indirect cost rates; however, institutions should contact the agency before sending the request to determine the correct point of contact. The cognizant Federal agency will assign review of the request to the appropriate office within the agency to determine whether to approve, and will maintain records and justification of all approvals. The request should include the threshold level being requested and the justification(s) for it based on the criteria above per Section 217(b) of the NDAA for FY2017.

### **Implementing the NDAA for FY2018**

This memorandum also implements provisions of the NDAA for FY 2018, Pub. L. No. 115-91, which became law on December 12, 2017. Specifically, section 806 raised the micro-purchase threshold from \$3,500 to \$10,000, and section 805 raised the simplified acquisition threshold from \$100,000 to \$250,000. Pursuant to 2 C.F.R. § 200.67 (Micro-purchase) and 2 C.F.R. § 200.88 (Simplified acquisition threshold), these higher thresholds are not effective until implemented in the Federal Acquisition Regulation (FAR) at 48 C.F.R. Subpart 2.1 (Definitions).<sup>3</sup>

In order to allow maximum flexibility for grant recipients in light of the changes to the NDAA for FY2018, OMB is granting an exception allowing recipients to use the higher threshold of \$10,000 for micro-purchases and \$250,000 for simplified acquisitions in advance of revisions to the FAR at 48 C.F.R. Subpart 2.1 and the Uniform Guidance. Pursuant to 2 C.F.R. § 200.102 (Exceptions), OMB may allow exceptions to the Uniform Guidance when exceptions are not prohibited by statute. The exception takes effect upon the date of issuance of this memo. Agencies should apply this exception to all recipients. Recipients should document any change based on this exception in accordance with 2 C.F.R. § 200.318 (General procurement standards).

If you have any questions regarding this memorandum, please contact Mary Tutman at [Mary.E.Tutman@omb.eop.gov](mailto:Mary.E.Tutman@omb.eop.gov) or Gil Tran at [Hai\\_M.\\_Tran@omb.eop.gov](mailto:Hai_M._Tran@omb.eop.gov).

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<sup>2</sup> The American Innovation and Competitiveness Act, Pub. L. No. 114-329, § 207(b) (2017) states that the Uniform Guidance shall be revised to conform with the requirements concerning the micro-purchase threshold.

<sup>3</sup> Codified at 41 U.S.C. § 1902(f).



**BETTY T. YEE**  
California State Controller

November 1, 2018

City Manager  
City of Farmersville  
909 W. Visalia Rd.  
Farmersville, CA 93223

**SUBJECT: Notification Letter-Assembly Bill 2249 (Chaptered 169, Statutes of 2018)**

To Whom It May Concern:

The California Uniform Construction Cost Accounting Commission (CUCCAC) in agreement with the State Controller's Office (SCO) recommended an increase to the bid limit threshold prescribed in Public Contract Code (PCC) 22032, which was signed into law. Pursuant to PCC 22020, and on behalf of the State Controller Betty T. Yee, the SCO would like to inform on the following changes effective as of **January 1, 2019**:

- a) The change would allow projects costing \$60,000 or less to be performed by employees of a public agency by force account, by negotiated contract, or by purchase order;
- b) The change would allow projects costing up to \$200,000 to be contracted by informal bidding procedures; and projects costing over \$200,000 are subject to the formal bidding process.

The noted increases are pursuant to the provisions and benefits found in the Uniform Public Construction Cost Accounting Act (Act), which provides public agencies economic benefits and greater freedom to expedite public works projects. Agencies which elect to follow the cost accounting procedures set forth by the CUCCAC in its *Cost Accounting Policies and Procedures Manual*, will benefit from these increased limits by expediting delivery of public work projects and reduced bid processing costs. A new resolution adopting the change in legislation is not required if your agency is currently subject to the Act.

We encourage participating agencies to sign up on the SCO website for CUCCAC's email subscription service to receive important information concerning CUCCAC updates and legislative changes via e-mail. For more details or to sign up for the email subscription services, please contact the Local Government Programs Services Division at [LocalGovPolicy@sco.ca.gov](mailto:LocalGovPolicy@sco.ca.gov) or visit our website at [https://www.sco.ca.gov/ard\\_cuccac.html](https://www.sco.ca.gov/ard_cuccac.html).

Sincerely,

A handwritten signature in black ink that reads "Sandeep Singh".

Sandeep Singh  
Manager, Local Government Policy

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# Glossary





**Accounting Standards** - Generally accepted accounting principles (see GAAP) published by the Governmental Accounting Standards Board (GASB) that guide local and state agencies in the recording and reporting of financial information. The standards establish guidelines such as when transactions are recognized and the content of annual financial reports.

**Accounting System** - The total set of records and procedures used to record, classify, and report information on the financial status and operations of an entity.

**Accrual Accounting Method** - An accounting method that recognizes economic events regardless of when cash transactions occur.

**Ad Valorem Tax** - A tax assessed based on the dollar value of an item or activity. Typical examples are property and sales taxes. Ad valorem taxes contrast with per-unit taxes, such as alcoholic beverage and cigarette taxes, which are assessed at a fixed dollar amount per unit purchased.

**Adopted Budget** - The budget document formally approved by the City Council.

**Adverse Opinion** - A finding issued by an independent auditor as part of the annual single audit requirement. This opinion indicates that the auditee is not in compliance with all material aspects.

**Allocated Costs** - A method for distributing overhead time and other expenses to activities that provide direct services.

**Allotments** - Management allocations of appropriated funds subject to legal constraints.

**Appropriation** - A legal authorization granted by the City Council to make expenditures and to incur obligations for specific purposes. An appropriation is usually for a fixed amount and time-limited, and must be expended before the deadline.

**Appropriation Spending Limitation (Gann Limit)** - Article XIII B of the California Constitution establishes a spending limitation on government agencies within California. The spending limit is a mandated calculation of how much the City is allowed to expend in one fiscal year. The amounts of appropriations subject to the limit are budgeted proceeds of taxes. The total of these budgeted revenues cannot exceed the total appropriations limit. Annually, local governments may increase the appropriation limit by a factor comprising the change in population combined with the California inflation rate as determined by the State Finance Department.

**Arbitrage** - A technique used to take advantage of price differences in separate markets. This is accomplished by either selling debt instruments at a low interest rate and investing the proceeds at a higher rate, or by purchasing securities, negotiable instruments, or currencies in one market for immediate sale in another market at a better price.

**Assessed Valuation** - A valuation set upon real estate or other property by the County Assessor and the State as a basis for levying taxes.

**Assessment District** - Not a separate governmental entity, but rather a defined area of land that will benefit from the acquisition, construction, or maintenance of a public improvement.

**Authorized Positions** - Positions approved by the City Council which may or may not have funding (see Budgeted Positions).

**Asset Forfeiture Fund** - This fund accounts for the proceeds from the sale of assets seized primarily from illegal narcotics activities. Asset Forfeiture funds are used for law enforcement purposes.

**Audit** - An official inspection of an individual's or organization's accounts, typically conducted by an independent body.

**Balanced Budget** - A budget in which revenues are equal to expenditures, meaning neither a budget deficit nor a budget surplus exists (the accounts "balance"). More generally, it refers to a budget with no deficit but possibly a surplus.

**Base Budget** - The resources necessary to maintain an established and existing service level.

**Basis of Budgeting** - The method used for recognizing revenues and expenditures in the budget. The City uses the modified accrual basis of accounting for budgetary purposes, which complies with Generally Accepted Accounting Principles (GAAP).

**Beginning Fund Balance** - The available fund balance from the end of the prior year for use in the following year.

**Benefit Assessment** - Charges levied on parcels to pay for public improvements or services provided within a pre-determined district or area, according to the benefit the parcel receives from the improvement or services.

**Benefit Assessment Act of 1982** - This act allows cities, counties, and special districts to finance a variety of improvements. It requires majority voter approval if the proposed assessment area has 12 or more registered voters. If fewer than 12 voters, the owners of at least 60% of the land in the assessment area must give written consent to the assessment.

**Bond** - A city may raise capital funds by issuing a written promise to pay a specified sum of money, called the face value or principal amount, at a specified date or dates in the future, together with periodic interest at a specified rate.

**Bond Interest and Redemption** - Payment of interest and principal on an obligation resulting from the issuance of bonds.

**Budget** - A planning and controlling document for financial operations, containing estimates of proposed expenditures and revenues for a given period, usually one year. It is a plan of action expressed in figures.

**Budget Amendment** - A request for an increase or decrease in an existing service level (over and above the base budget).

**Budget Calendar** - The schedule of key dates or milestones that a government follows in the preparation and adoption of the budget.

**Budget Document** - The official written statement prepared by the budget office and supporting staff.

**Budget Message** - A general written description summarizing the proposed budget. The budget message explains principal budget issues against the background of financial experience in recent years and presents recommendations made by the City Manager.

**Budget Modification** - A change in expenditure levels and corresponding resources needed to accomplish an existing service level or an unanticipated service. All budget modifications are reflected in the current year's budget and are approved by the City Council and/or City Manager as authorized by the Annual Budget Adoption Resolution.

**Budgeted Positions** - The number of full-time equivalent positions to be funded in the budget. For example, funding of two half-time positions equals one full-time equivalent position.

**Business Improvement District** - A public-private partnership in which businesses in a defined area pay special taxes, fees, and/or assessments to fund public facility improvements and programs in the area.

**Business License Tax** - A type of excise tax imposed on businesses for the privilege of conducting business within the city. The tax is most commonly based on gross receipts or levied at a flat rate.

**California State Board of Equalization (BOE)** - A California state agency responsible for the collection and administration of the state's sales and use taxes, alcohol, tobacco, and other taxes. The BOE also determines the assessed value of certain properties and oversees property tax assessment practices of county assessors.

**California State Controller** - The Controller is the Chief Fiscal Officer of the state, elected every four years. The

Controller is responsible for accounting and disbursing all state funds, determining the legality and accuracy of claims against the state, paying the state's bills, auditing and processing all personnel and state payroll transactions, auditing various state and local government programs, administering the Unclaimed Property Law, and informing the public of financial transactions of city, county, and district governments.

**Capital Improvement Plan** - A plan for capital expenditures and the means of financing them, incurred each year over a fixed period to meet capital needs arising from long-term work programs. It includes expenditures for land, building, permanent public works projects, major reconstruction or renovation of structures, and major landscaping or park improvements.

**Capital Outlay** - Expenditures for the acquisition of capital assets.

**Carry-Over Balance** - The balance of funds brought forward from prior years.

**Cash Basis Accounting** - An accounting method that recognizes revenues and expenses at the time physical cash is actually received or paid out.

**Central San Joaquin Valley Risk Management Authority (CSJVMRA)** - A joint powers authority of 54 cities providing quality, cost-effective risk financing and risk control services. The City of Reedley is a member and participates in the self-funded programs for general liability, employment practices liability, property damage, and workers' compensation coverage.

**Certificates of Participation (C.O.P.)** - Debt instruments that provide long-term financing through a lease (with an option to purchase) or through an installment agreement.

**Charter City** - Charter cities have authority over "municipal affairs," trumping state laws governing the same topic. In contrast, a general law city is bound by the state's general laws, even with respect to municipal affairs. The City of Farmersville is a general law city.

**Congestion Mitigation and Air Quality Improvement Program (CMAQ)** - Jointly administered by the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA), the CMAQ program was reauthorized under the Transportation Equity Act for the 21st Century (TEA-21) in 1998. The CMAQ program supports surface transportation projects and other related efforts that contribute to air quality improvements and provide congestion relief.

**Community Development Block Grant (CDBG)** - A federal program for the development of housing and community projects within a pre-approved functional area. Funds are awarded to agencies annually to carry out these activities.

**Comprehensive Annual Financial Report (CAFR)** - A set of government financial statements comprising the financial report of a state, municipal, or other governmental entity that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (GASB).

**Contingency** - Funds appropriated by the City Council for unforeseen needs.

**Consultants** - Fees paid to outside individuals who provide advice or services.

**Citizens Option for Public Safety (COPS)** - A state subvention for local law enforcement initiated in 1996.

**Community Facilities District (CFD)** - See Mello-Roos Community Facilities District.

**Construction / Development Tax** - An excise tax imposed on the privilege or activity of development and/or the availability or use of municipal services.

**Consumer Price Index (CPI)** - A statistical description of price levels provided by the U.S. Department of Labor. The change in this index from year to year is used to measure the cost of living and economic inflation.

**County Assessor** - An elected official whose main duty is to set values on real property for the purpose of taxation within the county. The Assessor is responsible for the creation and maintenance of assessor parcels from final subdivisions, parcel maps, lot line adjustments, records of survey, deeds, and miscellaneous documents.

**County Auditor-Controller** - The chief accounting officer of the county, established to provide various accounting and property tax administration services to the county and other local governments within the county. The Auditor-

Controller is responsible for budget control, disbursements and receipts, financial reporting, and audits of certain agencies within the county. Auditor-Controllers are nonpartisan elected officials serving four-year terms, except in four counties with appointed officers: San Francisco, Santa Clara, Los Angeles, and San Diego.

**County Treasurer-Tax Collector** - Administers the billing, collection, and reporting of property tax revenues and conducts Tax Defaulted Property Sales for real property tax delinquencies remaining after five years. Treasurer-Tax Collectors are nonpartisan elected officials serving four-year terms, except in three counties with appointed officers: Los Angeles, Sacramento, and Santa Clara.

**Countywide/Statewide Pools** - A system used to allocate local sales and use tax payments that cannot be identified with a specific place of sale or use in California. Local tax reported to the pools is distributed to the local jurisdictions in proportion to taxable sales.

**Current Refunding** - When restructuring or retiring outstanding bonds, if bonds are paid off within 90 days of depositing either cash on hand or refunding bond proceeds, the refunding is a "current refunding."

**Debt Financing** - The issuance of bonds and other debt instruments to finance municipal improvements and services.

**Debt Instrument** - A written pledge to repay debt, such as bills, notes, and bonds.

**Debt Service** - Payment of principal and interest on long-term indebtedness, such as bond maturities, loans, and revenue anticipation notes.

**Defeasance** - A provision that voids a bond or loan when the borrower sets aside cash or bonds sufficient to service the borrower's debt.

**Deficit** - The amount by which government spending exceeds government revenues. (Also see: structural deficit.)

**Department** - An organizational unit comprised of divisions or programs. It is possible for a department to be comprised of only one division.

**Department Activity** - A unit of budgetary accountability and control that encompasses specific and distinguishable lines of work performance for the purpose of accomplishing a function for which the City is responsible.

**Description** - Contains a list of the typical activities of programs.

**Development Impact Fees (DIF)** - Fees placed on the development of land or conditions required for the approval of a development project, such as the dedication of certain lands to specific public uses. The fees are typically justified as an offset to the future impact that development will have on existing infrastructure.

**Discretionary Revenue** - Money that the City Council has the authority to allocate for any purpose. Often refers to the General Fund, as opposed to Special Funds.

**Disclaimer of Opinion** - A finding issued by an independent auditor as part of the annual single audit requirement. This means that the scope of the auditor's work is insufficient to express any opinion on the auditee's compliance.

**D.I.V.C.A.** - The Digital Infrastructure and Video Competition Act of 2006 effectively replaced locally issued franchise agreements for video service with a system of state-issued franchises subject to certain limited locally imposed conditions and requiring franchise fees to be paid to local agencies where services are provided.

**Division** - A functional grouping of related activities within a department. There are usually several activities within a division.

**Earmarked Funds** - Funds that have been tagged or "earmarked" for a specific purpose.

**Employee (Fringe) Benefits** - The cost to the City for contributions to employee retirement, social security, health, and workers' compensation programs.

**Encumbrance** - Funds not yet expended but which are delegated or set aside in anticipation of an expenditure in the form of a purchase order, contract, or other commitment, chargeable to an appropriation. These funds cease to be an encumbrance when paid.

**Enterprise Fund** - Established to finance and account for the operation and maintenance of facilities and services which are predominantly self-supporting by user charges.

**ERAF: Educational Revenue Augmentation Fund** - Accounts established by the state legislature to receive shifts of property tax revenues from cities, counties, special districts, and redevelopment agencies. The additional ERAF property tax revenues to schools enable the state general fund to reduce support from the state general fund.

**Excise Tax** - A tax placed on a person for a voluntary act, making the tax avoidable. Includes sales and use tax, business license tax, transient occupancy tax, utility users' tax, etc. The phrase "excise tax" is most commonly used to refer to a parcel tax.

**Exemption** - The exclusion from the tax base of certain types of transactions or objects. For example, federally owned land is exempt from property tax.

**Expenditure** - The actual payment for goods and services. A decrease in payee resources.

**Fair Market Value** - The value of a piece of real estate in the open market. Used to determine the assessed value of property for taxing purposes.

**Fee** - A charge to the consumer for the cost of providing a particular service. California government fees may not exceed the estimated reasonable cost of providing the service or facility for which the fee is charged, plus overhead.

**Fiduciary Fund** - Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. Resources held in trust for the benefit of the agency's own programs.

**Fines, Forfeitures and Penalties** - Revenues received and/or bail monies forfeited upon conviction of a misdemeanor or municipal infraction.

**Fiscal Year** - The period designated by the City for the beginning and ending of financial transactions. The City of Reedley's fiscal year begins on July 1 and ends on June 30 of the following year.

**Fiscal Year End (FYE)** - This term means as of June 30th (the end of the fiscal year).

**Fiscal Year to Date (FYTD)** - This term means as of a specific period, year-to-date, regarding the fiscal year ending June 30th.

**Fixed Asset** - A tangible item of a long-term character, such as land, buildings, furniture, and other equipment with a unit cost in excess of \$10,000.

**Franchises** - Fees paid to a municipality from a franchisee for "rental" or "toll" for the use of city streets and rights-of-way.

**Fringe Benefits** - Benefits to City employees, in addition to salaries, paid by the City. These benefits include social security, pensions, workers' compensation, unemployment compensation, and life and health insurance.

**Full Time Equivalency (FTE)** - One employee position totals one full year of service or approximately 2,080 hours a year. FTEs are allocated to department expenditures based on the work within that unit. For example, the City Clerk Department may have 50% with the remaining 50% expensed out to the Administration Department, thus equaling one FTE position.

**Functional Revenue** - Revenues that can be associated with and allocated to one or more expenditure functions and that meet one of the following criteria: (1) the revenue is generated from direct services, such as revenues from fees or charges; (2) the revenue is associated with a specific service by external requirements, such as grant conditions, bond sale agreements, or statutory or charter requirements.

**Full Faith and Credit** - A pledge by the issuer of general obligation bonds to bondholders that the issuer guarantees "all available funds" will be used to pay bondholders should the project go into default.

**Full-Service City** - A city that is financially responsible for the major categories of municipal services, including police, fire, planning, parks, water, sewer, and solid waste services.

**Fund** - An accounting entity with a set of self-balancing revenue and expenditure accounts used to record the financial

affairs of a governmental organization.

**Fund Accounting** - An accounting system used by non-profit organizations and governments. In this system, a fund is a self-balancing set of accounts, segregated for specific purposes in accordance with laws, regulations, or special restrictions and limitations.

**Fund Balance** - The difference between the assets (revenues and other resources) and liabilities (expenditures incurred or committed to) of a particular fund.

**Funding Source** - Identifies fund(s) that will provide resources for City expenditures.

**General Fund** - The primary fund of the City used to account for all revenues and expenditures of the City not legally restricted as to use.

**General Law City** - A city that has not adopted a charter and is therefore bound by the state's general laws, even with respect to municipal affairs. In contrast, charter cities have authority over "municipal affairs," trumping state law governing the same topic. The City of Farmersville is a general law city.

**General Obligation Bond** - Bonds issued through a governmental entity that has the legal authority to levy a tax on real and personal property located within the governmental boundaries at any rate necessary to collect enough money each year to pay for principal and interest due.

**General Plan** - The General Plan is a long-range planning document that provides the City with a framework for action and the direction in which to focus that action. General Plan Elements are areas in which the City has elected to administer and manage the delivery of services to its community.

**General Revenue** - Revenues that cannot be associated with a specific expenditure, such as property taxes (other than voter-approved indebtedness), sales tax, and business license tax.

**General Tax** - A tax imposed for general governmental purposes, the proceeds of which are deposited into the general fund. A majority vote of the electorate is required to impose, extend, or increase any general tax.

**Generally Accepted Accounting Principles (GAAP)** - A combination of authoritative standards (set by policy boards) and the commonly accepted ways of recording and reporting accounting information.

**Governmental Accounting Standards Board (GASB)** - The body that sets accounting standards for governmental entities at the state and local levels.

**Governmental Funds** - A grouping used in accounting for tax-supported governmental activities. Its opposite is a proprietary fund, which accounts for business-like activities conducted by the government. There are several government fund types, each of which maintains a balance sheet.

**Grant** - A contribution from one government unit to another, usually made for a specific purpose and time period.

**Highway Safety Improvement Program (HSIP)** - The HSIP, which went into effect on October 1, 2012, is a Federal-Aid program that focuses on significantly reducing traffic fatalities and serious injuries on all public roads. The HSIP requires a data-driven, strategic approach to improving highway safety on all public roads.

**Homeowner's Property Tax Relief** - Revenue from the state to offset city loss of property tax for the state-imposed \$7,000 per dwelling homeowner exemption.

**Improvement Bond Act of 1915** - An act that allows cities, counties, and "public districts" to issue assessment bonds and bond anticipation notes. The 1915 Act does not authorize assessments.

**Inter-Fund Transfers** - Monies appropriated from one fund to another fund to reimburse the fund for expenses or to finance the operation of the other fund.

**Intermodal Surface Transportation Efficiency Act (ISTEA)** - Adopted as part of the Moving Ahead for Progress in the 21st Century Act in 2012, ISTEA is a Federal-aid program for transportation planning and the funding of non-motorized commuter trails.

**Investment Earnings** - Revenue earned from the investment of idle public funds.

**Joint Powers Authority (JPA)** - The Joint Exercise of Powers Act authorizes local public agencies to exercise common powers and to form joint powers authorities (JPAs) for the purpose of jointly receiving or providing specific services.

**Local Agency Investment Fund (LAIF)** - A special fund in the state treasury. Local governments may deposit in this fund through the state treasurer for investment purposes.

**Landscaping and Lighting Act of 1972** - The 1972 Act allows cities, counties, and special districts to levy assessments for land purchase and the construction, operation, and maintenance of parks, landscaping, lighting, traffic signals, and graffiti abatement.

**Lease Revenue Bonds** - Bonds similar to certificates of participation and used for the same types of projects with the main exceptions that: (1) the lessor must be either a governmental entity with the power to issue revenue bonds or a nonprofit corporation that issues bonds on behalf of a political subdivision, and (2) the bonds constitute a direct debt of the lessor.

**Levy** - (Verb) To impose taxes, special assessments, or service charges for the support of governmental activities; (noun) the total amount of taxes, special assessments, and/or service charges imposed by a governmental agency.

**Licenses and Permits** - Charges designed to reimburse the city for costs of regulating activities being licensed, such as licensing of animals, bicycles, yard sale permits, etc.

**Lien** - A claim on assets, especially property, for the payment of taxes or utility service charges.

**Limited Obligation Bonds** - Similar to general obligation bonds, except that security for the issuance is limited exactly to the revenues pledged in the bond statement and not to the full faith and credit of the city.

**Line-Item Budgeting** - The most widely used of all budgeting systems. A line-item budget lists each of the revenue sources and expenditures.

**Liquidity** - The ability to convert a security into cash promptly with minimum risk of principal.

**Local Agency Investment Fund (LAIF)** - A special fund in the state treasury. Local governments may deposit in this fund through the state treasurer for investment purposes.

**Major Funds** - Funds whose revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds.

**Maintenance of Effort (MOE)** - A requirement, often as a condition of an intergovernmental subvention or supplemental tax, to maintain a level of spending at a certain level. Maintenance of Effort requirements are intended to prevent or limit the use of the additional revenues to supplant existing revenues, ensuring that the new revenues result in an increase in the level of program spending and services.

**Mandate (Mandated Services)** - A legal requirement, usually imposed by State or Federal law. This term is used to refer to City services provided to comply with State or Federal laws.

**Materials, Supplies, and Services** - Expenditures for materials, supplies, and related services that are ordinarily consumed within a fiscal year and are not included in department inventories.

**Measure P** - A tax imposed on the total retail price of any tangible personal property purchased within the City at a rate of  $\frac{1}{2}$  of 1%. The measure was passed by nearly 61% of the voting residents of Farmersville on November 7, 2017. There is no sunset clause.

**Measure U** - A tax imposed on the total retail price of any tangible personal property purchased within the City at a rate of  $\frac{1}{2}$  of 1%. The measure was passed by nearly 65% of the voting residents of Farmersville on November 2, 2004.

**Mello-Roos Community Facilities District** - A designated entity of government for the purpose of imposing and collecting the Mello-Roos Community Facilities Tax. The governing body and the boundaries of the district may be the same as those of the City.

**Mello-Roos Community Facilities District Tax** - Special non ad valorem tax imposed to finance public capital facilities and services in connection with new development.

**Mello-Roos Bonds** - Bonds allowing cities, counties, school districts, and special districts to finance certain public capital facilities and services, especially in developing areas and areas undergoing rehabilitation. Property owners in the Mello-Roos district pay an annual special tax, which is included on the property tax bill.

**Modified Accrual Accounting Method** - An accounting method commonly used by government agencies that combines accrual-basis accounting with cash-basis accounting. Modified accrual accounting recognizes revenues when they become available and measurable and, with a few exceptions, recognizes expenditures when liabilities are incurred.

**Motor Vehicle Fuel Tax** - A per-gallon tax on fuel used to propel a motor vehicle or aircraft. Use of the tax is limited to research, planning, construction, improvement, maintenance, and operation of public streets and highways or public mass transit guideways. Also called Highway Users Tax, Gas Tax, and Motor Vehicle Fuel Tax.

**Motor Vehicle License Fee (VLF)** - A fee for the privilege of operating a vehicle on public streets. VLF is levied annually at 2% of the market value of motor vehicles and is imposed by the state “in lieu” of local property taxes. VLF is also called Motor Vehicle In-Lieu Tax.

**Municipal Code** - A book that contains City Council-approved ordinances currently in effect. The code defines City policies in various categories.

**Nexus** - In general, a minimum threshold of connection necessary within a taxing jurisdiction to allow taxing authority over out-of-state individuals or businesses. Requirement of Government Code Sections 66000 et seq. that there be a reasonable connection (“nexus”) between required development impact fees and the development project in question.

**Objectives** - Identifies the desired results of the activities of a program.

**Operating Budget** - A programmatic, financial, and organizational plan for furthering the goals of the City Council through departments of the City, excluding capital improvement projects.

**Operating Expenses** - Expenses incurred as a result of day-to-day operations.

**Ordinance** - A formal legislative enactment by the City Council. It has the full force and effect of law within the City boundaries unless it conflicts with any higher form of law, such as a State statute or constitutional provision. An ordinance has higher legal standing than a resolution. A law set forth by a government authority, specifically, a municipal regulation.

**Other Post-Employment Benefits (OPEB)** - A pension is a form of “post-employment benefit” that an employee receives after their service to the agency ends. Other forms of such benefits can include health insurance and other health-related benefits provided to former employees.

**Parcel Tax** - Special non ad valorem tax on parcels of property generally based on either a flat per-parcel rate or a variable rate depending on the size, use, and/or number of units on the parcel.

**Pay as You Use** - The concept that debt financing enables the public entity to spread the cost of a capital project over time, as the project is being utilized.

**Pay as You Go** - The concept of paying for capital projects when the initial cost is incurred, rather than over time using debt financing.

**Performance Budget** - Same as a program budget, except that an additional component - performance - is included to tie expenditures for each program to specific goals established for that program.

**Performance Indicator** - A performance indicator is a measurement designed by a reasoning process to determine whether a service objective has been met. It measures the effectiveness of achieving the objective or how well the objective has been accomplished.

**PERS (CalPERS)** - Public Employees Retirement System. A pension plan administered by the State of California for government agencies.

**Personnel Expenditures** - Salaries, wages, and fringe benefits paid to and on behalf of employees.

**Police and Fire Special Tax** - Special tax on parcels of property in support of police and/or fire protection services.

**Portfolio** - The collection of securities held by an individual or institution.

**Possessory Interest** - Taxable private ownership of interests in tax-exempt public property.

**Prevailing Wage** - The basic hourly rate paid on public works projects to a majority of workers engaged in a particular craft, classification, or type of work within the locality and in the nearest labor market area. Prevailing wage laws require all bidders to use the same wage rates when bidding on a public works project.

**Program Budget** - A program budget displays a series of 'mini-budgets' that show the cost of each activity that city departments perform.

**Program Revenues** - Revenues received by a department as a result of the services or operations of that department (such as user fees), which are used to finance the related services or programs. Program Revenue is not discretionary (general-purpose) revenue.

**Property Related Fee** - A levy imposed on a parcel or upon a person as an incident of property ownership for a property-related service.

**Property Tax** - California State Constitution Article XIII A provides that the combined maximum property tax rate on any given property equals 1% of its assessed value unless an additional amount has been approved by voters for special taxes or general obligation bonds. The County assesses properties, bills, and collects these property taxes. The County remits the City's share.

**Property Tax In Lieu of VLF** - Property tax shares and revenues allocated to cities and counties beginning in FY04-05 as compensation for Vehicle License Fee (VLF) revenues previously allocated to cities and counties by the State.

**Proposed Budget** - The working document for the fiscal year under discussion.

**Proposition 1A (2004)** - Voter-approved state constitutional amendment protecting most major city, county, and special district revenues from reduction or shifting by the state Legislature.

**Proposition 1A (2006)** - Voter-approved constitutional amendment protecting the local allocation of state transportation sales tax revenues under Proposition 42 from reduction or shifting by the state Legislature.

**Proposition 4 (1979)** - Also called the Gann Initiative, this initiative, now Article XIII B of the State Constitution, was drafted to be a companion measure to Proposition 13, Article XIII A of the Constitution. Article XIII B limits growth in government spending to changes in population and inflation.

**Proposition 8 (1978)** - An amendment to Proposition 13, passed in November 1978, to allow Assessors to recognize declines in value for property tax purposes. Revenue & Taxation Code Section 51 requires the Assessor to annually enroll either a property's Proposition 13 base year value factored for inflation or its market value as of January 1st, whichever is less.

**Proposition 13 (1978)** - Article XIII A of the California Constitution, commonly known as Proposition 13, which limits the maximum annual increase of any ad valorem tax on real property to 1% of the full cash value of such property.

**Proposition 42 (2002)** - Voter-approved measure that directs the Legislature to allocate revenues derived from the taxable sales of gasoline to certain transportation programs, including cities and counties.

**Proposition 111 (1994)** - A voter-approved measure that increased the state Motor Vehicle Fuel Tax by \$0.09 per gallon and made certain adjustments to the spending limits under Proposition 4 (1979).

**Proposition 172 (1993)** - A 1993 measure which places a one-half cent sales tax for local public safety in the constitution effective January 1, 1994. The tax is imposed by the state and distributed to cities and counties.

**Proposition 218 (1996)** - A voter-approved state constitutional amendment, self-titled "Right to Vote on Taxes Act," expanded restrictions on local government revenue-raising. It allows voters to repeal or reduce taxes, assessments, fees, and charges through the initiative process; reiterates the requirement for voter approval for both "special taxes" and "general taxes"; and imposes procedural and substantive limitations on assessments of real property and on certain types of fees.

**Proprietary Funds** - In governmental accounting, a business-like fund of a state or local government. Examples of proprietary funds include enterprise funds and internal service funds. Enterprise funds provide goods or services to the general public for a fee.

**Principal** - The “face” or “par value” of an instrument. It does not include accrued interest.

**Purchase Order** - Authorizes the delivery of specific goods or services and the incurrence of debt for them.

**Purpose/Goal** - This element explains the need for the activity and the reason for its existence.

**Qualified Opinion** - A finding issued by an independent auditor as part of the annual single audit requirement. This opinion finds that the auditee is mostly in compliance with all material aspects, although some instances of material noncompliance were noted during the scope of the audit.

**Rating** - The designation used by investors’ services to rate the quality of a security’s creditworthiness.

**Rating Agencies** - Firms that evaluate the likelihood that bonds or debts will be repaid by assigning ratings to those bonds or debts. A bond rating is often the single most important factor affecting the interest cost on bonds. There are three major rating agencies for municipal bonds: Moody’s Investors Service, Standard & Poor’s, and Fitch Ratings.

**Real Property** - Land and permanently attached improvements.

**Real Property Transfer Tax** - A tax imposed on the transfer of ownership in real estate. Typically imposed instead of a Documentary Transfer Tax.

**Realignment** - Actions taken by the State of California in 1991 and 2011 to restructure the state-county fiscal relationship by making certain health, social service, criminal justice, and mental health service programs county responsibilities, and providing some funding to help pay for the new responsibilities.

**Regional Surface Transportation Program (RSTP)** - The RSTP was established by California State Statute utilizing Surface Transportation Program Funds that are identified in Section 133 of Title 23 of the United States Code. Funds are typically eligible for construction, reconstruction, rehabilitation, resurfacing, restoration, and operational improvement on Federal-aid highways.

**Reimbursement for State Mandated Costs** - Article XIII B, Section 6 of the California Constitution requires the state to reimburse local agencies for the cost of state-imposed programs. The process is commonly called “SB90” after its original 1972 legislation.

**Regulatory Fee** - A charge imposed on a regulated action to pay for the cost of public programs or facilities necessary to regulate a business or other activity or mitigate the impacts of the fee payer on the community. A regulatory fee does not include a charge on a property or a property owner solely due to property ownership.

**Repairs and Maintenance** - Expenditures for repairs and maintenance of all equipment and supplies, buildings, structures, and grounds.

**Reserve** - An account used to earmark a portion of the fund balance as legally segregated for a specific use.

**Resolution** - A special or temporary order of the City Council that requires less legal formality than an ordinance in terms of public notice and the number of public readings prior to approval.

**Restricted Use Funds** - Funds designated for use for a specific purpose.

**Revenue** - Annual income received by the city.

**Revenue Bonds** - Bonds issued to acquire, construct, or expand public projects for which fees or admissions are charged. Bonds are repaid solely from the income generated by use of that project.

**Salary Savings** - The percentage or dollar amount of salaries which can be expected to be unspent during the fiscal year due to vacancies and employees receiving less than the top-step pay of the classification.

**Sales Tax** - A tax imposed on the total retail price of any tangible personal property. The City’s general fund receives .95% of the 8.75% of taxes assessed on retail sales or leases of tangible personal property in the City.

**SB1977** - A 1992 bill (Government Code, Section 54945.6 as amended) requiring local officials to mail notice of new and increased benefit assessments and to hold public hearings prior to imposing benefit assessments.

**SB90** - The reimbursement process for state-mandated costs, named after its original 1972 legislation.

**Secured Property** - Property on which the tax is guaranteed by placing a lien on the real property. Secured property is that in which the value of the lien on the real property and personal property located thereon is sufficient to assure payment of the tax.

**Secured Property Taxes** - Taxes levied on secured property in the City.

**Secured Roll** - The property tax list containing all assessed property secured by land subject to local taxation.

**Securities** - Investment instruments such as bonds, stocks, and other instruments of indebtedness or equity.

**Service Charges** - Charges imposed to support services to individuals or to cover the cost of providing such services. The fees charged are limited to the cost of providing the service or regulation required (plus overhead).

**Service Level** - Indicates a project's effect on existing levels of service provision or identifies a new service to be provided to the public.

**Short-Term Financing Methods** - Techniques used for many purposes, such as meeting anticipated cash flow deficits, interim financing of a project, and project implementation. Using these techniques involves the issuance of short-term notes. Voter approval is not required.

**Single Audit** - An annual examination by an independent auditor of a governmental agency's financial records, financial statements, federal award transactions and expenditures, general management of its operations, internal control systems, and federal assistance. The final independent audit report must be presented in conformity with Generally Accepted Accounting Principles. It must include a report on the status of internal controls relative to the financial statements and major programs. The auditor must also issue an opinion on the degree to which the recipient has complied with laws, regulations, and the terms and conditions of the federal assistance awards. If the Single Audit produced audit findings, the auditor must prepare a Schedule of Findings and Questioned Costs. See Unqualified Opinion, Qualified Opinion, Adverse Opinion, and Disclaimer of Opinion.

**Special Assessment Fund** - A fund used to account for the financing of public improvements or services deemed to benefit primarily the properties against which special assessments are levied.

**Special District** - An independent unit of local government generally organized to perform a single function.

**Specialized Services** - Services that are not otherwise categorized, such as title searches, police work for private parties, consultant fees, library materials, fringe benefits, and loans.

**Special Tax** - A tax that is collected and earmarked for a special purpose and deposited into a separate account. A two-thirds vote of the electorate is required to impose, extend, or increase any special tax.

**Street Lighting Act of 1919** - An act authorizing cities to fund the maintenance and operation of street lighting.

**Structural Deficit** - The amount by which a government's spending exceeds its revenue in a particular period, whether the economy is performing well or not. Structural deficit issues can only be addressed by explicit and direct government policies: reducing spending, increasing the tax base, and/or increasing tax rates. It can be described as more "chronic" or long-term in nature, hence needing government action to remove it.

**Subvention** - Subsidy or financial support received from county, state, or federal government. The state and county currently levy certain taxes that are "subvented" to cities, including motor vehicle license fees, state-mandated costs, and motor vehicle fuel tax.

**Sunset Clause** - In public policy, a sunset provision or clause is a measure within a statute, regulation, or other law that provides that the law shall cease to have effect after a specific date unless further legislative action is taken to extend the law.

**Supplemental Property Tax** - In the event a property changes ownership, the county collects a supplemental property

tax assessment in the current tax year by determining a supplemental value. In future tax periods, the property carries the full cash value.

**Tangible Personal Property** - Movable property.

**Tax** - A compulsory charge levied by a government for the purpose of financing services performed for the common benefit.

**Tax Allocation Bonds** - Bonds that were issued by redevelopment agencies to revitalize blighted and economically depressed areas of the community and to promote economic growth.

**Tax and Revenue Anticipation Notes (TRANS)** - TRANS are short-term borrowings by a public entity to meet cash flow needs in the general fund and other unrestricted funds of a public entity. TRANS are issued before the expected receipt of taxes and other revenues during the same fiscal year.

**Tax Base** - The objects or transactions to which a tax is applied (e.g., parcels of property, retail sales, etc.). State law or local ordinances define the tax base and the objects or transactions exempted from taxation.

**Tax Rate** - The amount of tax applied to the tax base. The rate may be flat, incremental, a percentage of the tax base, or any other reasonable method.

**Transactions and Use Tax** - Also known as an “add-on local sales tax,” a tax imposed on the total retail price of any tangible personal property and the use or storage of such property when sales tax is not paid.

**Transient Occupancy Tax (TOT)** - A tax levied by cities on persons staying 30 days or less in a room(s) in a hotel, inn, motel, tourist home, non-membership campground, or other lodging facility. Also called Transient Lodging Tax or Hotel Tax. The City of Reedley’s TOT rate of 8% is applicable only at the Edgewater Motel.

**Teeter Plan** - Enacted in 1949, an alternative method for allocating delinquent property tax revenues, authorized by Revenue and Taxation Code Section 401, in which the County Auditor allocates property tax revenues based on the total amount of property taxes billed but not yet collected. The county government then collects and keeps the delinquency, penalty, and interest payments.

**Triple Flip** - A mechanism used to repay state fiscal recovery bonds pursuant to Proposition 57 of 2004. Under the Triple Flip, the local sales and use tax rate is reduced from 1.00% to .75% with the 0.25% diverted to repay state fiscal recovery bonds. Cities and counties are reimbursed for the lost revenue from a shift of property tax revenue.

**Tulare County Association of Governments (TCAG)** - This body was formed by a joint powers agreement in 1971. The eight incorporated cities and the County of Tulare executed the agreement. The purpose of this formation was to assist local jurisdictions in obtaining federal assistance by providing advice, counsel, and professional direction; review and coordinate applications for programs utilizing federal funding; and provide a clearinghouse for the coordination and review of all state-funded projects. In 1982, TCAG was designated the Metropolitan Planning Organization for Tulare County. This, along with responsibilities as Tulare County’s Council of Governments, Transportation Authority, and the Regional Transportation Planning Agency, provides TCAG with a unique opportunity to represent the region in many different forums.

**Unqualified Opinion** - A finding issued by an independent auditor as part of the annual single audit requirement. This opinion finds that the auditee is in compliance with all material aspects.

**Unsecured Property** - Property on which the tax is guaranteed by placing a lien on the real property. Unsecured property is that in which the value of the lien is not sufficient to assure payment of the property tax.

**Use Tax** - A tax imposed on the use or storage of tangible personal property when sales tax is not paid.

**User Fee** - Fees charged for the use of a public service or program such as for recreation programs or public document retrieval. User fees for property-related services are referred to as property-related fees.

**Utility Connection Fee** - Utility connection fees or capacity fees are imposed based on a voluntary decision to connect to a utility system or to acquire the right to use additional capacity.

**Utility Rate** - A category of user fee paid by the user of utility services.

**Utility Users Tax (UUT)** - A tax imposed on the consumer (residential and/or commercial) of any combination of electric, gas, cable, television, water, and telephone services. The City of Reedley does not have any Utility Users Tax.

**VLF - Property Tax Swap** - The trade of most city and county Vehicle License Fee revenue for additional property tax share and revenue.

**Voter Approved Property Tax for Indebtedness** - Includes ad valorem property taxes levied in addition to the 1 percent rate for voter-approved debt, approved prior to July 1, 1978, or after July 1, 1986.

**Williamson Act and Open Space Subvention** - State subvention to foster preservation of open space by lowering the cost of property tax.

**WWTP** - Wastewater Treatment Plant.

**Year-End** - This term means as of June 30th (end of the fiscal year).

**Yield** - The total amount of revenue a government expects to receive from a tax, determined by multiplying the tax rate by the tax base. Also, the annual rate of return on an investment, expressed as a percentage of the investment.

**Zero-Based Budget** - Zero-based budgeting is a system that requires all departments to defend their programs and justify their continuation each year. The department(s) must show the various levels of service that could be provided with different levels of funding, including zero funding.

