

Investing in Tomorrow

1/24/2026

Making Sense of the Budget

Your Family



COLV



Making Sense of the Budget

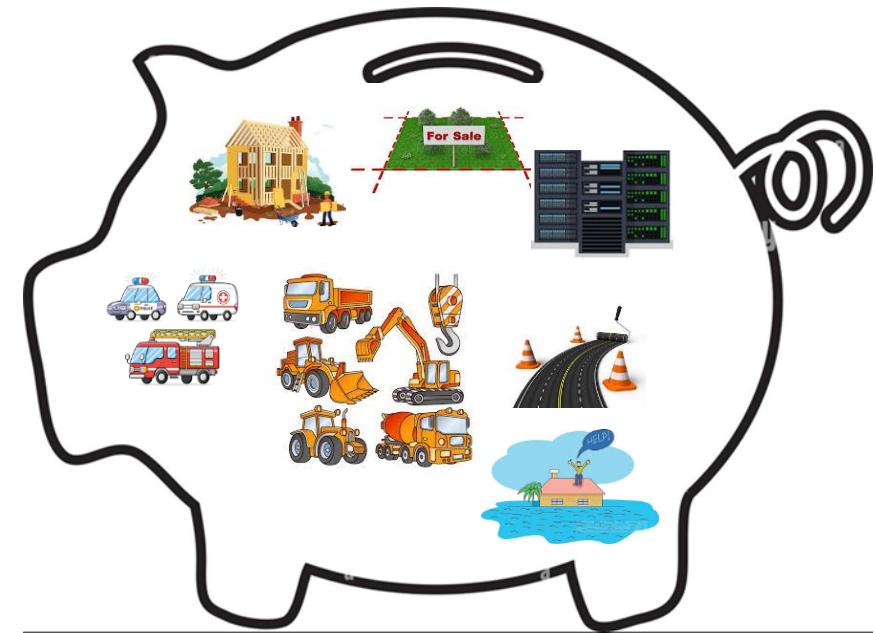
- What is a budget
 - Basic Financial Plan
 - An illustration of how Leon Valley is accomplishing our priorities
- Budget Cycle for FY 26
 - October 1, 2025- September 31, 2026
 - Planning began January 1, 2025
- Council Approves
 - One Fiscal Year Operating Budget
 - Multi -Year Capital Budget & Plan

Making Sense of the Budget

- Operating Budget
 - Immediate operations



- Multi-Year Capital Plan
 - Investment in long-term assets that benefit the city over a longer period of time



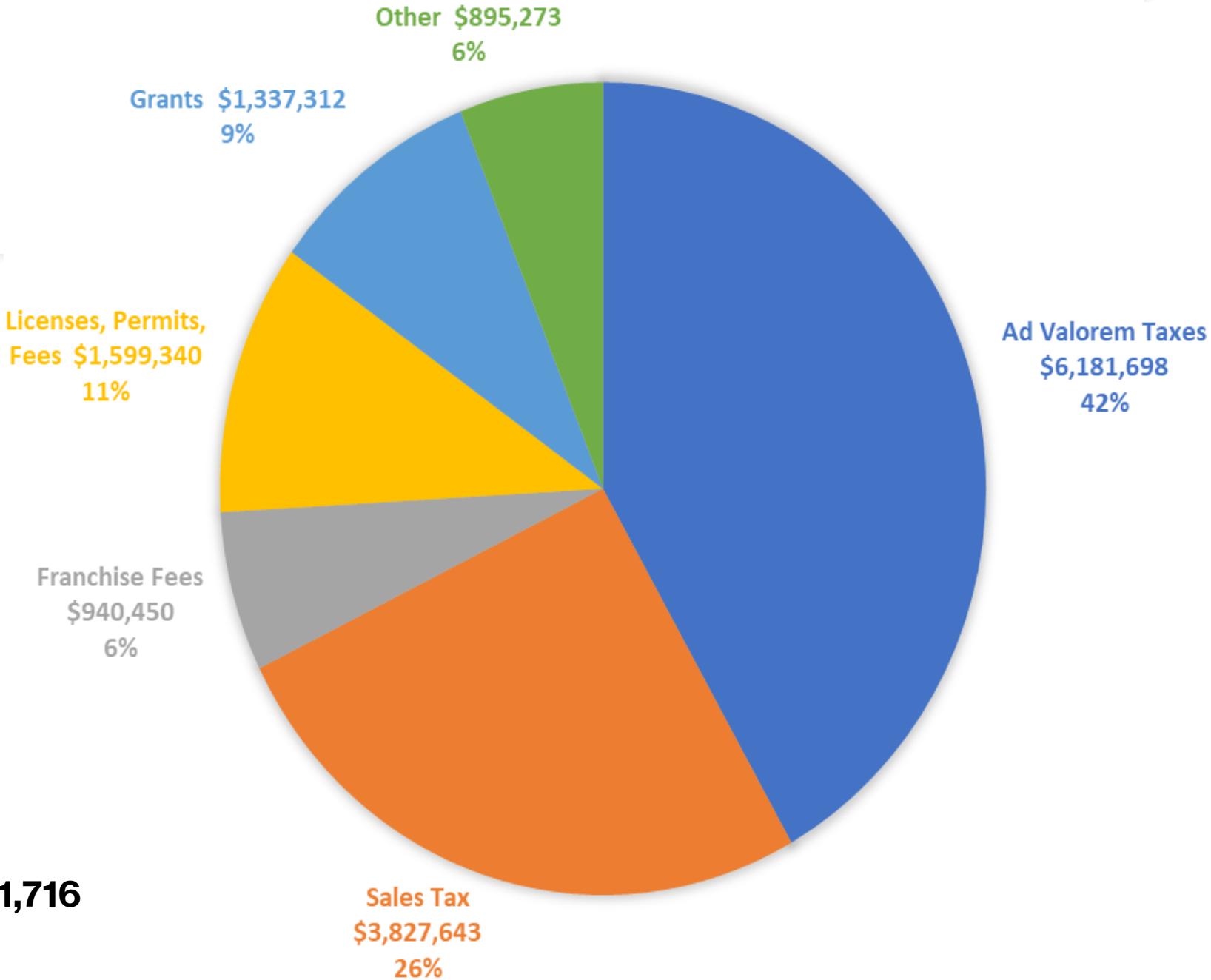
Making Sense of the Budget

- Funds
 - General Fund
 - Enterprise Fund – Water, Sewer and Storm Water
 - Red Light Camera
 - Debt Fund
 - Special Revenue Funds – Crime Control, Community & Conference Center, Street Main., Police Forfeiture, Child Safety, Court Tech, LEOSE, Grant

Making Sense of the Budget

General Fund Revenues by Category

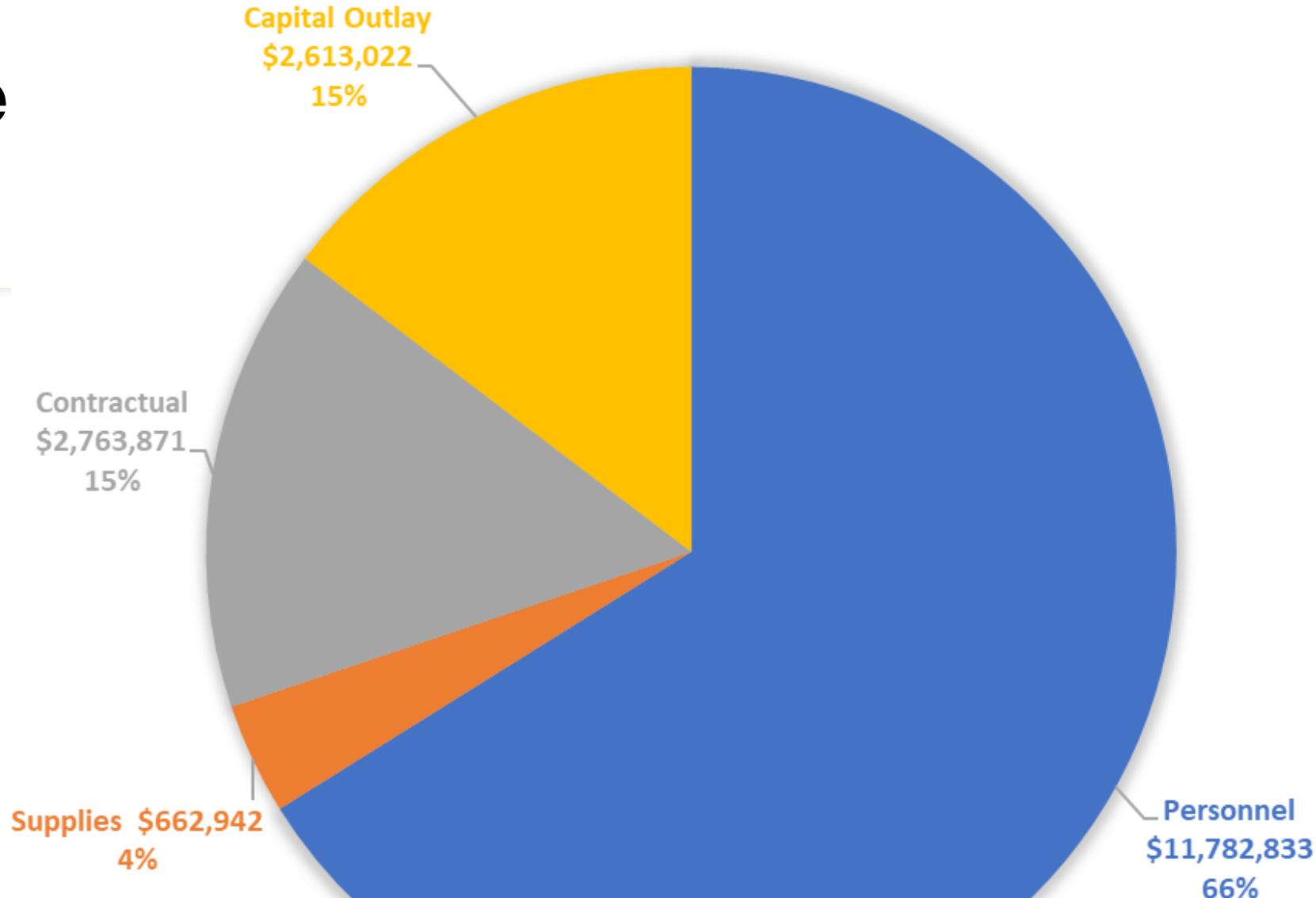
Total:
\$14,781,716



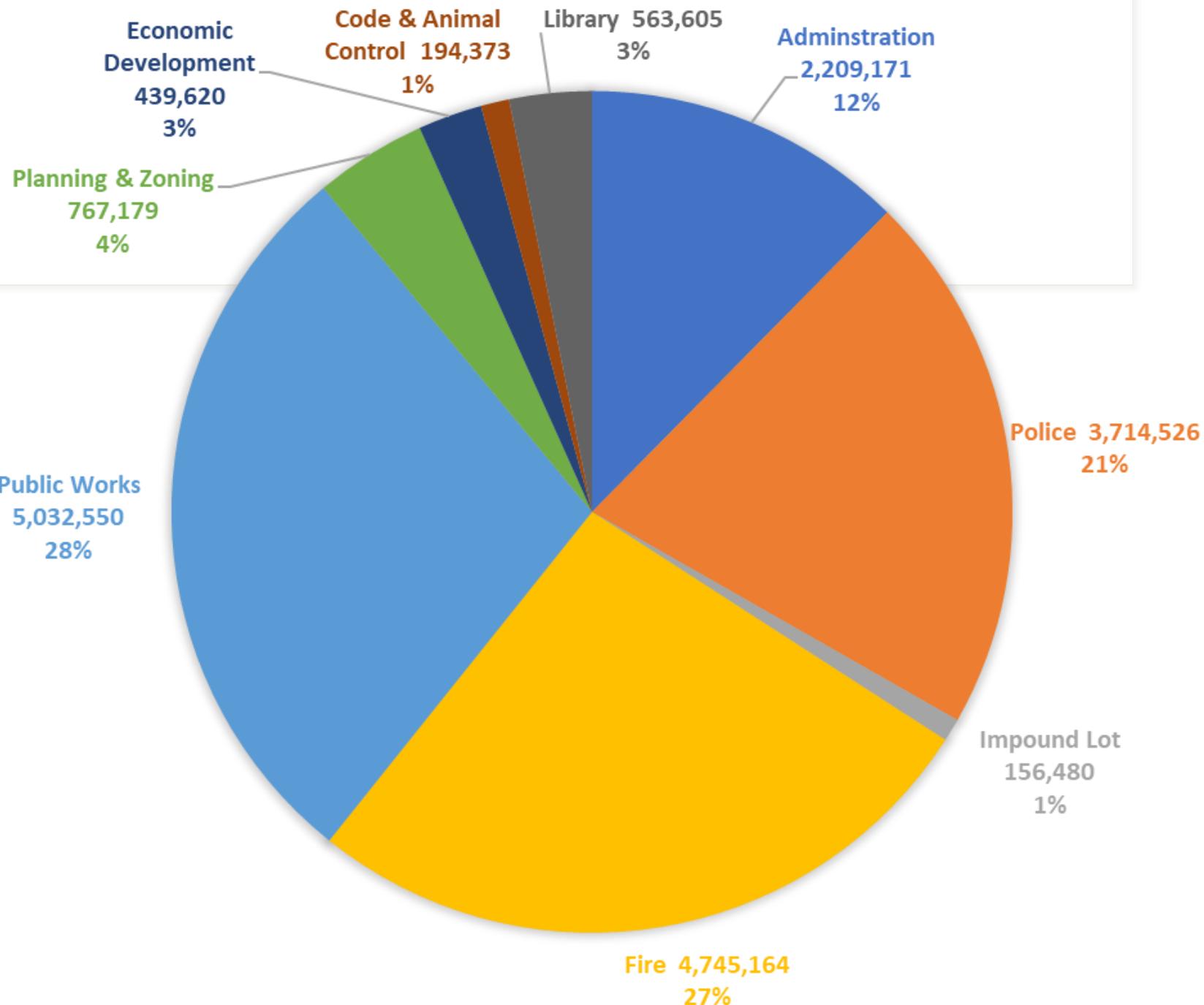
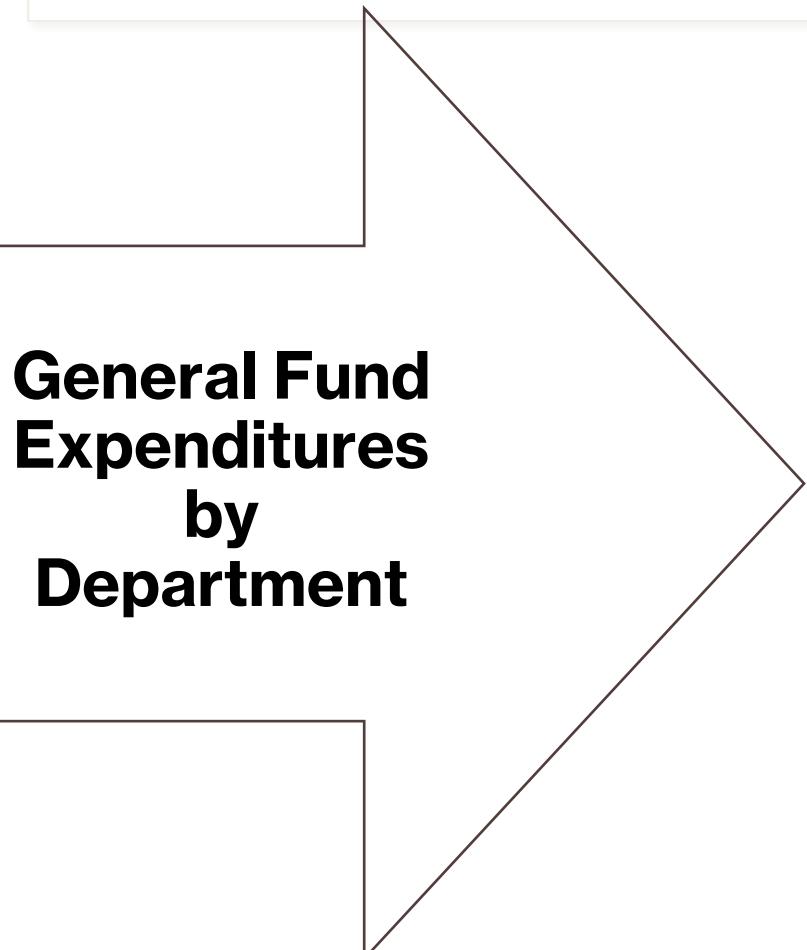
Making Sense of the Budget

General Fund Expenditures by Category

Total:
\$17,822,668



Making Sense of the Budget



**GENERAL FUND
SUMMARY OF REVENUES AND EXPENDITURES**

ACTUAL	BUDGET	ESTIMATED	BUDGET
2023-2024	2024-2025	2024-2025	2025-2026
\$ 5,337,667	\$ 6,595,449	\$ 6,595,449	\$ 6,771,634

Ad Valorem Taxes	5,432,273	5,761,580	5,761,580	6,181,698
Sales Taxes	3,800,065	3,752,505	3,752,505	3,827,643
Franchise Fees	938,741	998,900	936,525	940,450
Licenses, Permits, Fees, Fines	1,474,893	1,590,635	1,543,165	1,599,340
Grants	358,662	1,342,068	81,756	1,337,312
Other	968,030	877,641	1,984,691	895,273
Total Revenues	12,972,665	14,323,329	14,060,222	14,781,716

Transfer in-ARP Funds	-	360,286	-	265,125
Transfer-Personnel Shared Services	1,803,954	1,729,644	1,729,644	1,687,817
Contractual Shared Services	138,129	-	-	-
Peg Fund Balance	-	229,000	42,000	4,000
Tree Mitigation Fds (Sprinkler System)	-	-	-	-
Total Other Financing Sources	1,942,083	2,318,930	1,771,644	1,956,942
TOTAL RESOURCES	\$14,914,748	\$16,642,259	\$ 15,831,866	\$ 16,738,658

Personnel Services	9,438,024	11,098,470	11,098,470	11,782,833
Supplies	752,488	858,016	858,016	662,942
Contractual Services	2,654,656	3,236,698	3,036,654	2,763,871
Capital Outlay	418,331	3,322,789	662,541	2,613,022
Total Expenditures	13,263,499	18,515,973	15,655,681	17,822,668

Transfer to Enterprise Fund	316,863	-	-	-
Transfer to Street Maintenance Fund	76,603	-	-	-
Total Other Financing Uses	393,466	-	-	-
TOTAL EXPENDITURES	\$13,656,965	\$18,515,973	\$ 15,655,681	\$ 17,822,668
ENDING FUND BALANCE	\$ 6,595,449	\$ 4,721,735	\$ 6,771,634	\$ 5,687,624

Future Capital Purchase	-	-	-	200,000
Ambulance	-	-	-	200,000
Dedicated Grant - Pool	-	-	-	75,000
SCBA	-	-	-	475,000
FUTURE CAPITAL PURCHASE FUND BALANCE	-	-	-	\$ 5,212,624
TOTAL ENDING FUND BALANCE	\$ 6,595,449	\$ 4,721,735	\$ 6,771,634	\$ 5,212,624

Making Sense of the Budget

Budget Recap

New .545040 Tax Rate	
347,483 Total Over (Under) Expenditures	
(297,898) 3 fire fighters	
(13,760) Library employee	
(30,000) bunker gear for 3 fire fighters	
(2,250) Uniforms and Boots	
3,575	

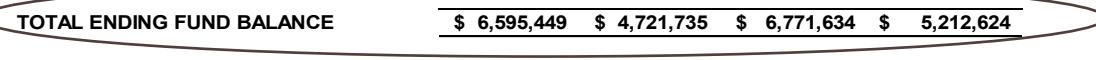
16,738,658 Total Resources	
(1,260,312) Hike and Bike Grant	
(265,125) ARP Funds	
15,213,221 Total Operating Revenue	

11,782,833 Personnel Services	
662,942 Supplies	
2,763,871 Contractual Services	
15,209,646 Total Operating Expenditures	

3,575 Total Over (Under) Expenditures	
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Ambulance
lead time is est. 600 days

This is New



Making Sense of the Budget

	FY 26 Capital	Grant	City's Obligation
PD - Gym Equipment	\$6,600		
FD -Ambulance	\$265,125		
PW - ATV	\$15,000		
PW - Concrete Grinde	\$12,000		
PW- Trailer	\$7,000		
PW - H&B II	\$2,173,297	\$1,260,312	\$912,985
PW- Lawnmower 60'	\$15,000		
Merry Go Round	\$20,000		
Veteran Monument	\$24,000		
Pool Replastering	\$75,000		
TOTAL	\$2,613,022		

Without the H & B II, the City
Spent \$439,725 on Capital

Capital Fund Reserve

What Is It?



How Do We Earn It?

Why Do We Have It?

What is the Capital Reserve Fund?

- A municipal capital fund reserve is a dedicated savings account that can be used in times of emergency, and it can also be used to cover operating expenses (shortfalls). AND
- This dedicated savings is for large, planned public infrastructure projects or significant asset purchases (like roads, buildings, major equipment) that aren't covered by the annual budget, allowing governments to save money over time for specific purposes, ensuring funds are used responsibly for future capital needs rather than daily operating costs.

How Do We Earn It?

- Planned Approach
 - The council could agree every year to set aside a percentage of revenue or a flat amount to be placed in the capital fund reserve for future needs
 - Leon Valley has not been able to do this because, typically, our revenues barely cover our current Fiscal Year operating expenses.
 - This year was different; they set aside \$475,000.
 - \$200,000 Ambulance
 - \$200,000 Pool
 - \$75,000 SCBA

How Do We Earn It?

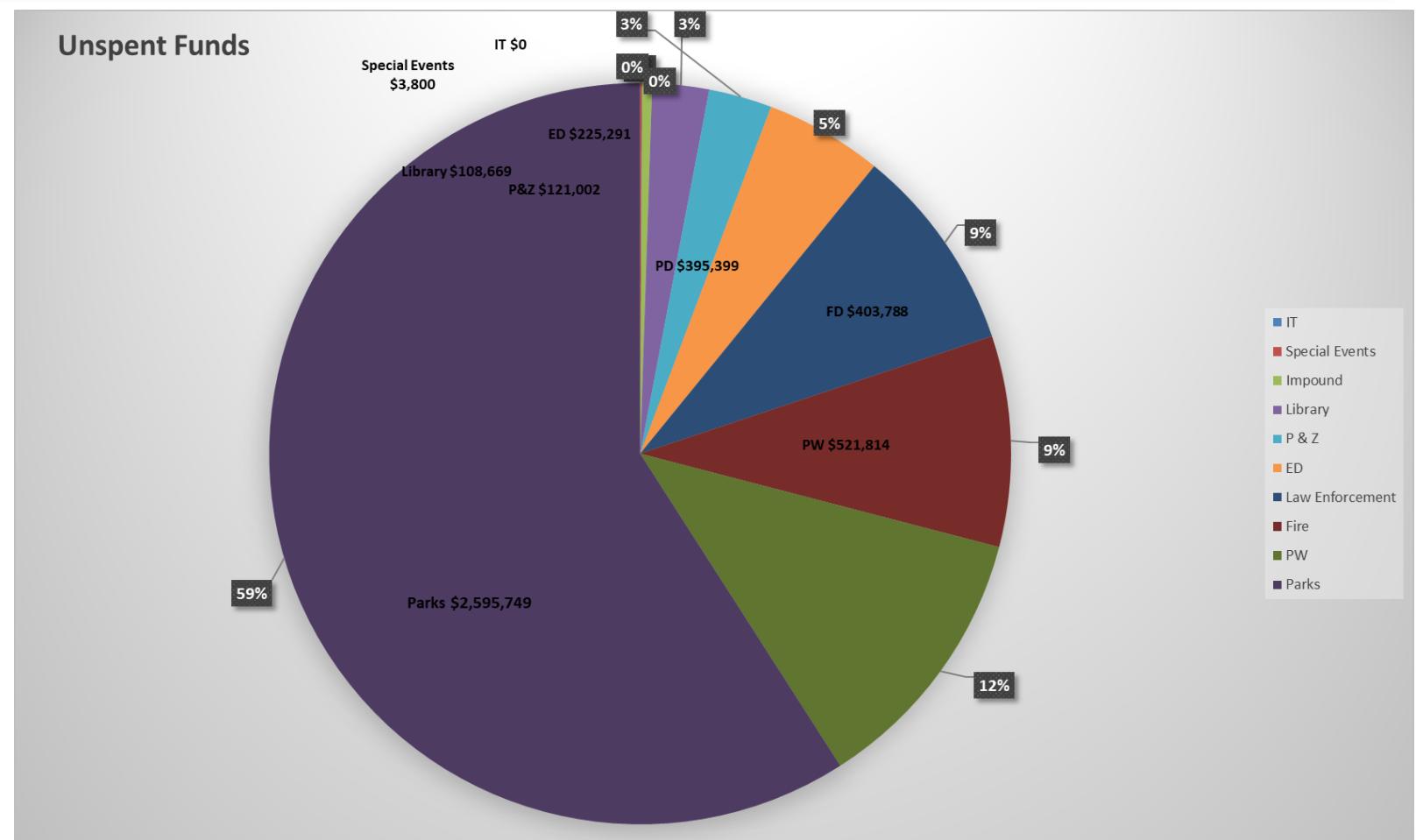
- Budget Surplus
 - Revenue projections were higher than anticipated
 - Sale of land, grant proceeds, increased user fees
 - Expenditures are lower than anticipated
 - Project costs came in under
 - Direction changes and/or the project is not completed
 - The Departments come in under budget on their operating expenses
 - Personnel – Employee Turnover “Vacancy Savings”

Unfilled Positions “Vacancy Savings”

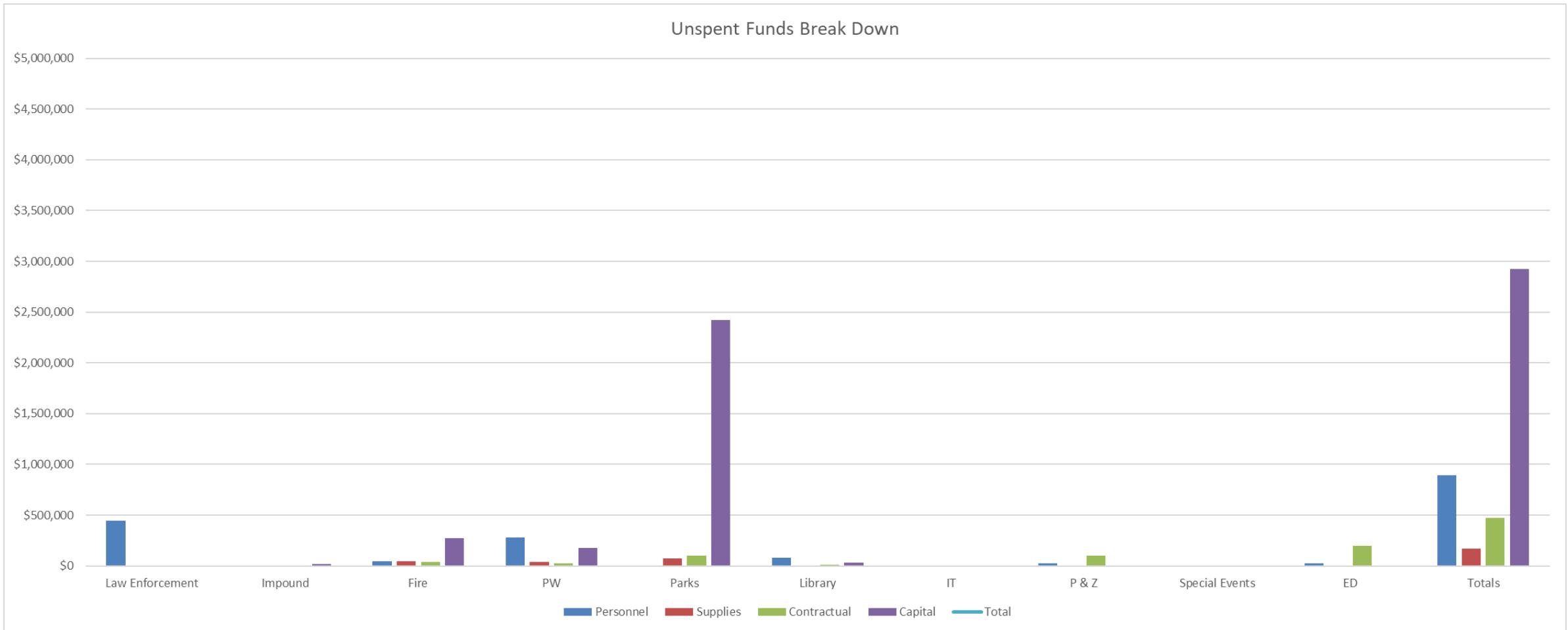
- Around 2005, the City would budget 3% -10% personnel turnover or Vacancy Saving. This stopped around 2014.
 - Not budgeting 100% for all your positions
 - Pros
 - Balance a budget
 - Lessens surplus
 - Cons
 - Hiring freeze
 - Short-staffed
 - The idea is that you would hit the number naturally. The fact is, you have to hold positions before you hire to ensure that you meet the projected number.

How Do We Earn It? FY 24 CAFR

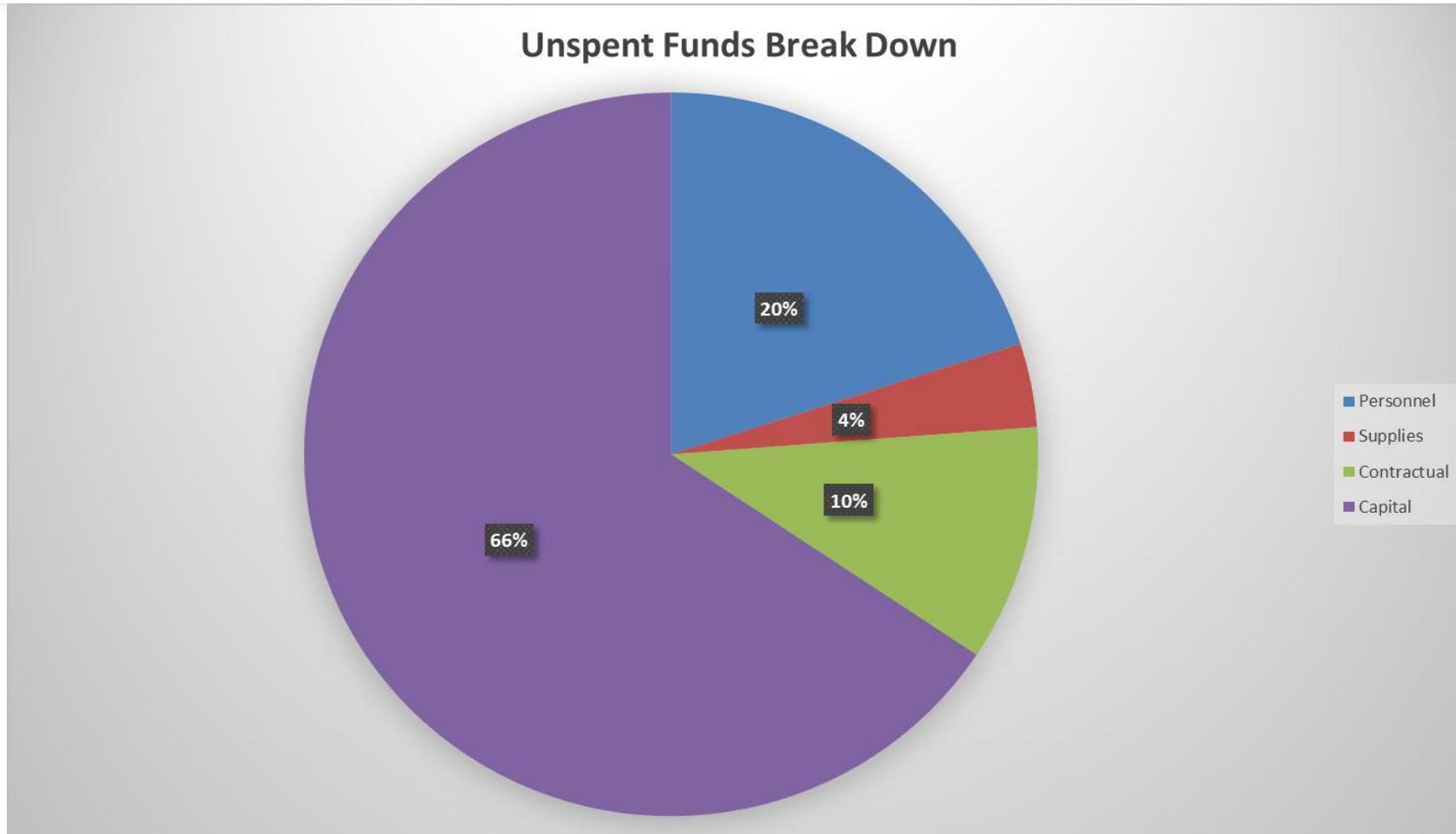
	Unspent Funds
IT	\$0
Special Events	\$3,800
Impound	\$18,929
Library	\$108,669
P & Z	\$121,002
ED	\$225,291
Law Enforcement	\$395,399
Fire	\$403,788
PW	\$521,814
Parks	\$2,595,749
Total	\$4,394,441



How Do We Earn It? FY 24 CAFR



How Do We Earn It? FY 24 CAFR



How Do We Earn It? FY 24 CAFR

	Unspent Funds
IT	\$0
Special Events	\$3,800
Impound	\$18,929
Library	\$108,669
P & Z	\$121,002
ED	\$225,291
Law Enforcement	\$395,399
Fire	\$403,788
PW	\$521,814
Parks	\$2,595,749
Total	\$4,394,441

- The City's Reserve Fund Increased by \$4million?

NO

- Rollover - where unspent funds from a city's operating or capital budget are carried forward from one fiscal year to the next.
- Examples
 - Fire Station Tech \$41,850
 - Council Chambers - \$114,060
 - Master Plan - \$250,000
 - H & B II - \$2,173,297 (**\$912,985**)

How Do We Earn It? History

Fiscal Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund Ending	\$2,490,428	\$2,544,748	\$2,557,994	\$2,713,567	\$3,930,887	\$3,066,450	\$2,352,296	\$2,400,386	\$2,456,717	\$2,756,058	\$2,779,498	\$3,567,496	\$3,508,662	\$3,359,401	\$4,370,549	\$3,784,196	\$3,361,144	\$4,525,392	\$5,919,097	\$6,832,000	\$8,325,209
Fund Balance																					

Average General Fund Reserve	Average General Fund Reserve
FY 05-20	FY 21-25
\$3,039,958.31	\$5,792,568.40

Fiscal Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net Change	\$184,993	\$53,676	\$12,142	\$219,389	\$1,246,794	-\$924,772	\$110,833	\$5,577	\$336,666	\$299,351	\$49,179	\$785,188	\$477,976	\$214,218	\$1,412,993	-\$967,242	\$80,430	\$1,617,245	\$899,760	\$1,257,782	Unknown

Average Net Change	Average Net Change
FY 05-20	FY 21-24
\$224,836.94	\$963,804.25

How Do We Earn It? History

Where did it come
from?



\$3,000,000

Magic Number

SAVE MONEY!



Why Do We Have it?

- Emergencies (shortfall)
 - Natural Disaster
 - Revenue projections not met
- GFOA Recommendation
 - 2 months of operating revenues
 - COLV has 6 months total

\$6,766,199 Capital Reserve Fund as of 2/5/2026
\$ 475,000 Future Capital Purchase Fund
\$1,250,000 Emergency Fund
\$8,491,199 Estimated Total

On Saturday, February 7, 2026, when this slide was presented, there was some confusion. During earlier discussions, the question was raised as to whether a \$3 million reserve balance was sufficient. I researched the origin of the \$3 million figure and found that it was derived under a prior administration by dividing annual revenue into twelve months. I clarified that my comment was not an endorsement of continuing this methodology, but rather an explanation that if this same approach were applied today, the reserve amount would still need to be higher than \$3 million. Not that the practice should continue.

So why \$3 million? It used to represent 3 months in the early 2000's, now its \$1,267,000, you would need \$3,801,000 for 3 months

Why Do We Have It?

FUTURE NEEDS

Why Do We Have It?

Project Name	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	
Total Capital per FY	\$2,073,500	\$936,700	\$1,389,000	\$1,262,500	\$1,118,500	\$2,149,500	\$929,500	\$245,500	\$582,000	\$2,153,100	
Capital Fund Balance (No Revenue Growth)	\$ 7,241,199	\$5,167,699	\$4,230,999	\$2,841,999	\$1,579,499	\$460,999	-\$1,688,501	-\$2,618,001	-\$2,863,501	-\$3,445,501	-\$5,598,601
Annual Revenue Increase Assumption	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	
Capital Fund Balance With Revenue Growth	\$5,467,699	\$4,530,999	\$3,141,999	\$1,879,499	\$760,999	-\$1,388,501	-\$2,318,001	-\$2,563,501	-\$3,145,501	-\$5,298,601	



Don't Freak Out

Project Name	FY27	Project Name	FY28
Police - Detective Vehicle (1 w/equip)	\$68,000		
Police - Gym Equipment - Universal Trainer	\$6,500		
Fire - Stretcher	\$50,000		
Fire - Gear Extractor	\$12,000	PW- Roof Kinman House	\$8,500
Fire - Rescue Air Bags	\$30,000	PW - Exterior Painting Kinman House	\$10,000
Fire - Thermal Imaging Camera (3)	\$30,000	Fire - Automatic Bay Doors - Repair	\$25,000
Fire - Covered Parking for City Vehicles/Equip	\$20,000	CC - Exterior Painting 6427	\$25,000
Fire - Extron Server	\$15,000	CC - Exterior Painting 6421	\$25,000
Fire - Ambulance with Power Load System - M159B	\$425,000	Police - Gym Equipment - Pro-Stepper	\$6,200
Fire - Brush Truck R159	\$200,000	Fire - Breathing Air Compressor	\$100,000
Fire - Support Truck S159	\$85,000	Fire - SCBA's (30)	\$325,000
PW - M14 F150 Pick-Up 1/2 Ton	\$65,000	PW - M6A Case Loader Backhoe	\$150,000
PW - M3 Ford F-150	\$65,000	PW - M15 Chevrolet Silverado 2500	\$60,000
PW - FO Pool	\$800,000	PW - C26 Concrete Load Pro	\$80,000
PW - Exterior Painting City Hall	\$70,000	Animal/Code - Animal Control Truck	\$75,000
Fire - Exterior Painting	\$50,000	Animal/Code - Animal Control Repurpose Pick Up Truck	\$15,000
Library - Flooring Carpet Tiles	\$70,000	Library - A/C Unit	\$12,000
Library - A/C Unit repair	\$12,000	Library - Adult & YA Tables & Seating	\$20,000
Total Capital per FY		Total Capital per FY	
Capital Fund Balance (No Revenue Growth)	\$ 7,241,199	\$5,167,699	\$4,230,999
Annual Revenue Increase Assumption		Annual Revenue Increase Assumption	
Capital Fund Balance With Revenue Growth		Capital Fund Balance With Revenue Growth	

Project Name	FY29	Project Name	FY30
Library - Exterior Painting	\$30,000	CC - AC System 6427	\$50,000
CC - Flooring 6427	\$20,000	Fire - Water Heater Replacement	\$10,000
Police - Patrol Vehicle (1 w/equip)	\$68,000	PW - AC System Repair 6429	\$12,000
Police - Gym Equipment - Misc.	\$5,000	CC - Water Heater Replacement 6421	\$5,000
Impound - Lot Maintenance - Sealcoat/Striping	\$10,000	PW - AC System (AC Technical/HTC) City Hall Repair	\$150,000
Fire - Stretcher	\$50,000	IT - Meraki 48 port Switch (1) - Library	\$6,500
Fire - Extraction Tools (3)	\$150,000	Police - Mobile Digital Terminals	\$65,000
Fire - DW Camera System	\$25,000	Fire - Cardiac Monitors (5)	\$250,000
Fire - Ambulance with Power Load System - M159A	\$425,000	Fire - Generator for EMS (2)	\$14,000
PW - C21 International Water Truck	\$100,000	Fire - Mechanical CPR Device (4)	\$80,000
PW - C20 Southwest Gooseneck Trailer	\$75,000	Fire - Vehicle Assistant Fire Chief	\$85,000
PW - C22 Cart-Away Concrete Mixer Trailer	\$20,000	Fire - DFM Vehicle - DFM 159	\$85,000
PW - C23 Doosan Forklift	\$40,000	PW - M16 Chevy Silverado 1/2 Ton	\$60,000
PW - C19 Asphalt Zipper	\$115,000	PW - C12A Doosan Compressor	\$30,000
Parks - Silo Park Pavilion	\$15,000	PW - C18 Ingersoll Rand Roller	\$50,000
Parks - Silo Park Playscape	\$50,000	PW - M22 Chevrolet Silverado	\$65,000
Parks - Old Mill Pavilion	\$16,000	Parks - RRP Playground Equipment Natural Area	\$50,000
Parks - Old Mill Park Playscape	\$50,000	Parks - RRP Shade Structures	\$180,000
Parks - RRP Multi-purpose play structure	\$125,000	Parks - Silo Fitness Equipment	\$15,000
Total Capital per FY		Total Capital per FY	
\$1,389,000		\$1,262,500	
\$2,841,999		\$1,579,499	
Annual Revenue Increase Assumption		Annual Revenue Increase Assumption	
\$300,000		\$300,000	
Capital Fund Balance With Revenue Growth		Capital Fund Balance With Revenue Growth	
\$3,141,999		\$1,879,499	

Project Name	FY31	Project Name	FY32
Library - AC System Replacement	\$60,000		
PW - Water Heater Replacement Kinman House	\$5,000		
PW - AC System Kinman House	\$15,000		
Library - Water Heater Replacement	\$5,000	IT - Meraki 48 port Switch (1) - Police	\$6,500
Fire - AC System	\$50,000	Police - Detective Vehicle (1 w/equip)	\$68,000
CC - AC System 6421	\$50,000	Fire - SCBA's (3)	\$35,000
IT - Meraki 48 port Switch (1) - Public Works	\$6,500	Fire - Engine E159A	\$1,500,000
IT - Data center Server - All	\$27,000	Parks - Ridge Park fitness equipment	\$15,000
Fire - Stretcher	\$50,000	Parks - Ridge Park Pavilion	\$15,000
Fire - Ambulance with Power Load System - M159C	\$425,000	Parks - Ridge Park Playscape	\$50,000
PW - C10A Leeboy Motor Grader	\$100,000	PW - C25 International Dump Truck	\$100,000
PW - M21 Ford F 350 Truck Flatbed	\$45,000	PW - C26 Concrete Load Pro	\$80,000
PW - C25 International Dump Truck	\$100,000	PW - Car washing Equipment	\$10,000
PW - C26 Concrete Load Pro	\$80,000	PW - Traffic Signal System - Huebner/Evers	\$150,000
PW - Car washing Equipment	\$10,000	Library - Flooring	\$25,000
Parks - Old Mill fencing	\$40,000	Fire - Emergency Generator	\$35,000
Library - Children's Furniture Update	\$25,000	PW - Emergency Generator	\$35,000
PW - Old Mill Pavillion	\$25,000	PW - Ridge Park Pavillion	\$25,000
Total Capital per FY	\$1,118,500	Total Capital per FY	\$2,149,500
	\$460,999		-\$1,688,501
Annual Revenue Increase Assumption	\$300,000	Annual Revenue Increase Assumption	\$300,000
Capital Fund Balance With Revenue Growth	\$760,999	Capital Fund Balance With Revenue Growth	-\$1,388,501

Project Name	FY33	Project Name	FY34
IT - Meraki 48 port Switch (1) - Fire	\$6,500		
Police - Patrol Vehicle (1 w/equip)	\$68,000		
Fire - Stretcher	\$50,000		
Fire - Ambulance with Power Load System - M159D	\$425,000		
Fire - Fire Chief Truck	\$85,000	IT - Meraki 48 port Switch (1) - City Hall	\$6,500
PW - ST01 Onan generator	\$115,000	Police - Gym Equipment - Treadmill	\$7,000
PW - M24 GMC 2500 Supercab 4x2	\$65,000	Fire - Generator and ATS	\$35,000
PW - M21 Ford F 350 Truck Flatbed	\$70,000	PW - C14 Ford F350 Flatbed	\$75,000
CC - Water Heater Replacement 6427	\$5,000	PW - C16 Broce Broom	\$70,000
PW - Water Heater Replacement 6429	\$5,000	CC - Ceiling Fans - exterior 6421	\$5,000
PW - Water Heater Replacement (PD)	\$10,000	PW - Water Heater Replacement (City Hall)	\$10,000
PW - Silos Pavillion	\$25,000	PW - Traffic Signal Hubner and Evers	\$37,000
Total Capital per FY	\$929,500	Total Capital per FY	\$245,500
	-\$2,618,001		-\$2,863,501
Annual Revenue Increase Assumption	\$300,000	Annual Revenue Increase Assumption	\$300,000
Capital Fund Balance With Revenue Growth	-\$2,318,001	Capital Fund Balance With Revenue Growth	-\$2,563,501

Project Name	FY35	Project Name	FY36
Police - Gym Equipment - Universal Trainer	\$7,000	Police - Patrol Vehicle (1 w/equip)	\$68,000
Impound - Lot Maintenance - Sealcoat/Striping	\$10,000	Police - Mobile Digital Terminals	\$70,000
Fire - Stretcher	\$50,000	Police - Gym Equipment - Pro-Stepper	\$6,500
Fire - Fire Station Alerting	\$30,000	Fire - Engine E159B	\$1,500,000
Fire - Flood Siren Server	\$30,000	Fire - Utility Terrain Vehicle	\$35,000
Fire - One Rain Server	\$30,000	PW - Pavillion Raymond Repairs	\$10,000
PW - Traffic Signal System - Wurzbach	\$150,000	PW - ATV (2 seater)	\$15,000
PW - M27 Kubota tractor & shredder	\$60,000	PW - Concrete grinder walk behind	\$12,000
Parks - Lawnmower 60"	\$15,000	PW - Equipment trailer	\$7,000
Parks - Veterans Park Monument	\$24,000	PW - M12 Bobcat	\$50,000
Parks - Pool Repairs - Replastering	\$75,000	PW - C30 Custom Trailer	\$30,600
Library - A/C Unit	\$24,000	P&Z - Comprehensive Master Plan update	\$75,000
PW - Emergency Generator 6429	\$35,000	Library - A/C Unit	\$24,000
Library - Ceiling Fans - exterior	\$5,000	Parks - Hike & Bike Trail Segment II	\$250,000
PW - Traffic Signal Exchange	\$37,000		
Total Capital per FY	\$582,000	Total Capital per FY	\$2,153,100
	-\$3,445,501		-\$5,598,601
Annual Revenue Increase Assumption	\$300,000	Annual Revenue Increase Assumption	\$300,000
Capital Fund Balance With Revenue Growth	-\$3,145,501	Capital Fund Balance With Revenue Growth	-\$5,298,601

Why Do We Have It?

Project Name	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	
Total Capital per FY	\$2,073,500	\$936,700	\$1,389,000	\$1,262,500	\$1,118,500	\$2,149,500	\$929,500	\$245,500	\$582,000	\$2,153,100	
Capital Fund Balance (No Revenue Growth)	\$ 7,241,199	\$5,167,699	\$4,230,999	\$2,841,999	\$1,579,499	\$460,999	-\$1,688,501	-\$2,618,001	-\$2,863,501	-\$3,445,501	-\$5,598,601
Annual Revenue Increase Assumption	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	
Capital Fund Balance With Revenue Growth	\$5,467,699	\$4,530,999	\$3,141,999	\$1,879,499	\$760,999	-\$1,388,501	-\$2,318,001	-\$2,563,501	-\$3,145,501	-\$5,298,601	



Don't Freak Out

Selective Purchasing

Project Name	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
Senerio	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000
Total Capital per FY	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000
Capital Fund Balance (No Revenue Growth)	\$ 7,241,199	\$6,441,199	\$5,641,199	\$4,841,199	\$4,041,199	\$3,241,199	\$2,441,199	\$1,641,199	\$841,199	\$41,199
Annual Revenue Increase Assumption	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Capital Fund Balance With Revenue Growth	\$6,741,199	\$5,941,199	\$5,141,199	\$4,341,199	\$3,541,199	\$2,741,199	\$1,941,199	\$1,141,199	\$341,199	-\$458,801

What if we only had the Average in Capital?

Project Name	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	
Total Capital per FY	\$2,073,500	\$936,700	\$1,389,000	\$1,262,500	\$1,118,500	\$2,149,500	\$929,500	\$245,500	\$582,000	\$2,153,100	
Capital Fund Balance (No Revenue Growth)	\$ 3,039,958	\$966,458	\$29,758	-\$1,359,242	-\$2,621,742	-\$3,740,242	-\$5,889,742	-\$6,819,242	-\$7,064,742	-\$7,646,742	-\$9,799,842
Annual Revenue Increase Assumption	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	
Capital Fund Balance With Revenue Growth	\$1,266,458	\$329,758	-\$1,059,242	-\$2,321,742	-\$3,440,242	-\$5,589,742	-\$6,519,242	-\$6,764,742	-\$7,346,742	-\$9,499,842	

Project Name	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	
Senerio	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	
Total Capital per FY	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	
Capital Fund Balance (No Revenue Growth)	\$ 3,039,958	\$2,239,958	\$1,439,958	\$639,958	-\$160,042	-\$960,042	-\$1,760,042	-\$2,560,042	-\$3,360,042	-\$4,160,042	-\$4,960,042
Annual Revenue Increase Assumption	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	
Capital Fund Balance With Revenue Growth	\$2,539,958	\$1,739,958	\$939,958	\$139,958	-\$660,042	-\$1,460,042	-\$2,260,042	-\$3,060,042	-\$3,860,042	-\$4,660,042	



Other Things To Consider

Why Do We Have It? – Other Not in your Capital

Project Name	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
Items removed from Capital										
Police - Property Room	\$1,750,000									
Police - Radios		\$1,000,000								
Library - Kitchen Update		\$25,000								
Library - All Shelving			\$300,000							
Library - Front Door Replacement				\$30,000						
Impound - Lot Expansion					\$100,000					
PW- Building	\$2,000,000									
Library - Annex	\$300,000									
PW - Park Bathroom #1 (near playground)	\$150,000									
PW - Roof Park Bathroom 1	\$7,500									
PW - Park Bathroom #2 (near community garden)	\$15,000									
PW - Park Bathrrom #2 Roof	\$7,500									
PW - Link Meadow /Partial Linkwood ST Reconstruct	\$1,858,838									
PW- H & B III				\$1,000,000						
PW - Erosion/ Flood Natural Area Project		\$3,000,000								
PW- Crystal Hills Parking lot					\$820,000					
CC -Conference Center Restrooms	\$160,000									
	\$6,248,838	\$4,025,000	\$300,000	\$1,030,000	\$920,000	\$0	\$0	\$0	\$0	\$0

Why Do We Have It? – Other Large Expenses

Non-Capital

Why Do We have It? Other Funds

- Assigned Funds – intended use, which can be established by the city council. It's directed to the City Manager by the council, usually via ordinance.
- Restricted Funds –They are governed by externally enforceable restrictions.

	AUDITED FUND BALANCES AS OF 09/30/24	FY 25 REVENUE	FY25 EXPENDITURES	UNAUDITED 09/30/25 FUND BALANCES
Assigned:				
Economic Development	925,274	366,310	351,141	940,443
Tree Mitigation	391,475			391,475
Restricted:				
Public, Educational and Governmental	332,800	-	-	332,800
Other	7,237	-	-	7,237
Red Light Camera Traffic Safety	944,822	2,007,315	2,277,092	675,045
Debt Service	577,210	585,236	581,200	581,246
Street Maintenance	1,751,192	749,742	1,102,726	1,398,208
Crime Control and Prevention District	738,579	363,381	283,824	818,136
Federal Police Forfeitures	1,046,275	163,783	215,598	994,460
Community Center	294,008	165,924	161,561	298,371
Grants	9,838	5,444	4,146	11,136
Child Safety	78,603	19,584	6,211	91,976
State Police Forfeiture	11,757	531		12,288
Building Security	89,701	18,061	-	107,762
Court Technology	61,966	15,074	-	77,040

**City of Leon Valley
Monthly Financial
Sept 2025**

Why Do We have It? Example

Had you not had a reserve fund balance of \$944,822, the money would have to come from the General Fund reserve.

Red Light Cameras (RLC)

REVENUE	Target Percentage 100%				
	FY 2025 Budget	FY 2025 Y-T-D ACTUAL	FY 2024 Y-T-D Actual		
Red Light Camera Fines	\$ 2,080,051	\$ 1,829,440	88.0%	\$ 2,116,767	111.7%
Late Fees/Court Costs	200,000	147,734	73.9%	187,588	93.8%
Interest Income	37,740	30,072	79.7%	42,329	169.3%
Miscellaneous Revenue	-	70	0.0%	(1,436)	0.0%
Transfers in	-	-	0.0%	-	0.0%
Total Revenues	\$ 2,317,791	\$ 2,007,315	86.6%	\$ 2,345,249	110.6%

EXPENDITURES

(\$310,476) From budgeted to Actual

(337,934)

Red Light Cameras (Tier 1)

Personnel (6 employees)	\$ 664,154	\$ 633,035	95.3%	\$ 595,027	92.7%
Supplies	8,550	3,089	36.1%	1,781	56.6%
Contractual	907,820	786,346	86.6%	847,154	95.5%
Transfers	370,264	370,264	100.0%	342,558	100%
Total Tier One	\$ 1,950,788	\$ 1,792,734	91.9%	\$ 1,786,520	95.3%

Traffic Safety (Tier 2)

Personnel (2 employees)	\$ 217,831	\$ 167,956	77.1%	\$ 192,964	64.7%
Supplies	37,725	33,515	88.8%	7,417	75.7%
Contractual	78,983	47,787	60.5%	57,046	105.7%
Capital Outlay	244,465	235,099	96.2%	433,625	73.2%
Total Tier Two	\$ 579,004	\$ 484,358	83.7%	\$ 691,053	72.4%

UNAUDITED

RLC Fines Revenue	1,829,440	
RLC Expenditures (Personnel, Supplies, Contractual)	(1,422,470)	
RLC Share Personnel YTD	<u>(370,264)</u>	
	36,706	Of this 50% goes to the city the other 50% goes to the state
City 50% Revenue (Loss)	18,353	
Late Fees Revenue (City keeps 100%)	147,734	
Interest Income Revenue (City keeps 100%)	30,141	
Traffic Safety Expenditures	<u>196,228</u>	City Revenue Portion
	<u>(484,358)</u>	
	(288,130)	Total Net Fund Revenue (Loss)

Why Do We Have It?

- It gives us a plan
- Limits surprises
 - 2008 Water Well - CO
 - 2009 FD Truck – CO
- How about bonds?
 - We don't have enough money to do everything, so bonds are an option
 - Just remember, it raises your property taxes

Tax Rate:	.545040
M&O:	.497818
I&S:	.047222

This is your debt service
Fire Truck, Water Well, City Hall

What Have We Been Hearing?



CITY OF LEON VALLEY
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

Let Me Explain?

	AUDITED FUND BALANCES AS OF 09/30/24	FY 25 REVENUE	FY 25 EXPENDITURES	UNAUDITED 09/30/25 FUND BALANCES
Unassigned	6,832,000	15,241,717	14,038,091	8,035,626
Committed for Disaster Emergencies	1,000,000	250,000	-	1,250,000
Assigned:				
Economic Development	925,274	366,310	351,141	940,443
Tree Mitigation	391,475			391,475
Restricted:				-
Public, Educational and Governmental	332,800	-	-	332,800
Other	7,237	-	-	7,237
Red Light Camera Traffic Safety	944,822	2,007,315	2,277,092	675,045
Debt Service	577,210	585,236	581,200	581,246
Street Maintenance	1,751,192	749,742	1,102,726	1,398,208
Crime Control and Prevention District	738,579	363,381	283,824	818,136
Federal Police Forfeitures	1,046,275	163,783	215,598	994,460
Community Center	294,008	165,924	161,561	298,371
Grants	9,838	5,444	4,146	11,136
Child Safety	78,603	19,584	6,211	91,976
State Police Forfeiture	11,757	531		12,288
Building Security	89,701	18,061	-	107,762
Court Technology	61,966	15,074	-	77,040

	General Fund	Red Light Camera Fund	Capital Projects Fund
ASSETS			
Cash and Cash Equivalents	\$ 716,692	\$ 532,093	\$ -
Investments	8,683,810	906,782	-
Accounts Receivables (net of allowances):			
Taxes	195,034	-	-
Special Assessment	-	-	-
Other	242,030	-	-
Due from Other Governments	666,327	-	-
Inventories	4,883	-	-
TOTAL ASSETS	\$ 10,508,776	\$ 1,438,875	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts Payable	\$ 260,349	\$ 490,856	\$ -
Accrued Expenditures	287,533	3,197	-
Deposits Payable	7,066	-	-
Unearned Revenues	265,125	-	-
Total Liabilities	820,073	494,053	-
<i>Deferred Inflows of Resources:</i>			
Unavailable Revenues - Taxes	195,034	-	-
Total Deferred Inflows of Resources	195,034	-	-
<i>Fund Balances:</i>			
Nonspendable:			
Inventory	4,883	-	-
Restricted for:			
Public, Educational and Governmental	332,800	-	-
Red Light Camera Traffic Safety	-	944,822	-
Debt Service	-	-	-
Street Maintenance	-	-	-
Crime Control and Prevention District	-	-	-
Federal Police Forfeitures	-	-	-
Other	7,237	-	-
Committed for Disaster Emergencies	1,000,000	-	-
Assigned for:			
Tree Mitigation and Replacement	391,475	-	-
Economic Development	925,274	-	-
Unassigned	6,832,000	-	-
Total Fund Balances	9,493,669	944,822	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
	\$ 10,508,776	\$ 1,438,875	\$ -

See accompanying notes to basic financial statements.

What Have We Been Hearing?

MONDAY, APRIL 29, 2024 **LEON VALLEY NEWS** 25¢

Your #1 Source for Local News

CITY OF LEON VALLEY HAS \$17 MILLION IN RESERVE!

Could Massive Cash Hoard Lead to Lower Property Taxes?



A MOUNTAIN OF MONEY: Leon Valley's \$17 million reserve could lead to lower property taxes.

CITY COUNCIL CONSIDERING TAX CUTS AFTER BUILDING \$17 MILLION SURPLUS

BY TOM TRACEY

LEON VALLEY - Tax relief could be on the horizon for Leon Valley homeowners as city officials reveal a staggering \$17 million sitting in the city's reserve fund.

"Thanks to careful financial management, we have saved up a massive \$17 million in our reserve fund," Mayor Lion told the press. "This puts us in a strong position to consider reducing property taxes and easing the financial burden on our residents."



A MOUNTAIN OF MONEY: Leon Valley's \$17 million reserve could lead to lower property taxes.

HOW DID LEON VALLEY ACCUMULATE THIS MUCH?

- City officials attribute the impressive \$17 million reserve to -17.
- Unexpectedly high revenue from sales taxes and property values.
- New businesses increasing city tax revenues.

KEY IDEAS ON THE TABLE

- Lowering property tax rates
- Issuing rebates to local homeowners
- Funding necessary infrastructure improvements
- Maintaining a significant rainy day fund for emergencies.

Let Me Explain?

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Building Security	89,701	18,061	-	107,762
Court Technology	61,966	15,074	-	77,040

These funds can't be used for anything other than their intended purpose

Why Don't We Just Use Reserve & Decrease the Tax Rate?

Short Answer: Using reserves for day-to-day costs solves a short-term problem but creates a long-term crisis.

Think of the reserve fund like a **family emergency savings account**.

- You don't use it for:
 - Groceries
 - Electricity
 - Gas
- You do use it for:
 - job loss
 - roof replacement
 - medical emergency
 - one-time big purchases

Why Cities Don't Use Reserves for Operating Costs

- Operating costs never stop
 - Police salaries
 - Fire protection
 - Utilities
- If a city uses reserves to pay them:
 - Year 1: taxes stay low
 - Year 2: reserves are smaller
 - Year 3: reserves run out
 - Then taxes have to jump even higher than if they'd been raised gradually.

Why Don't We Just Use Reserve & Decrease the Tax Rate?

It hides the real cost of running the city

- Reserves can make a budget look balanced when it isn't.
- That's risky because:
 - The city appears solvent when it's not
 - Future councils inherit the problem
 - Residents lose trust when taxes suddenly spike

Credit ratings depend on reserves

- Cities borrow money for roads, buildings, and recreational equipment.
- If reserves drop:
 - Credit rating falls
 - Interest rates go up
 - Projects cost continue to rise
 - That hurts taxpayers more than a small tax rate today

Bond Rating

Leon Valley's
Current Bond
Rating



FEATURES	MOODY'S	S&P	FITCH
Best Quality	Aaa	AAA	AAA
High Quality	Aa1 Aa2 Aa3	AA+ AA AA-	AA+ AA AA-
Upper Medium Quality	A1 A2 A3	A+ A A-	A+ A A-
Medium Grade Quality	Baa1 Baa2 Baa3	BBB+ BBB BBB-	BBB+ BBB BBB-
Sub-prime (Junk Bonds)	Ba1 Ba2 Ba3	BB+ BB BB-	BB+ BB BB-
Substantial Risk	B1 B2 B3	B+ B B-	B+ B B-
In Default	Caa1 Caa2 Caa3	CCC+ CCC CCC-	CCC+ CCC CCC-
	Ca C C	CC C D	CC C D

Estimated Personal
Credit Comparison to
Bond Rating

751	850
721	750
660	720
620	659
300	619

*Credit Scores are viewed differently by creditors and this graph is for an approximate comparison and not meant to be used as a credit guide

Are you Sure?

City of West Covina, California – Reserves Dwindled. The City of West Covina repeatedly used its general fund reserves to support regular city operations instead of relying on sustainable revenues. Over several years, this depleted the reserve balance from about \$20.5 M to \$9.9 M, and the city faced rising costs with insufficient cash to absorb shocks. Auditors identified this as a high financial risk, and warned of potential cuts to services or long-term instability if trends continued.

Chicago, Illinois – Reserve Drawdowns & Rating Downgrade. During the 2000s, Chicago leadership drew down reserve funds to mask recurring budget shortfalls instead of balancing the budget structurally. In 2010, credit-rating agency Fitch downgraded the city's bonds partly because reserves were being used to fill operating gaps and pension obligations were underfunded. This made borrowing more expensive and weakened long-term fiscal health.

New York City Fiscal Crisis of the 1970s. In the mid-1970s, New York faced a severe fiscal crisis that nearly forced the city into bankruptcy. Among the many causes were drawing down reserves and capital allocations to cover operating expenses when tax revenues declined sharply. This left NYC unable to meet obligations and borrow freely until state and federal intervention occurred.

Are you Sure?

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HOUSTON, LOCAL

Houston City Council Approves \$7 Billion 'Balanced' Budget

The budget uses city reserves to close a \$107 million shortfall.



Here's the Real Reason Houston Is Going Broke

Houston's fiscal problems are less critical than other major cities with large budget shortfalls—yet, their mayor is correct when he said his city is broke, that the financial approach of the city is clearly not working. Here's why.

 Charles Marohn | Apr 1, 2024



(Source: Flickr/Katie Haugland Bowen.)

In 2025, the Houston City Council approved a \$7 billion budget that relied on about \$107 million from reserve funds to close a shortfall instead of raising property taxes. This technically balanced the budget, but it masked a structural deficit (ongoing spending > revenue).

The core of the problem is the way many cities prepare their budgets. Cities use cash accounting, which is different from accrual accounting. To oversimplify, cash accounting ignores promises and long-term liabilities that cities make, focusing only on the amount of cash coming in and going out. When the mayor of Houston says his city is “broke,” he doesn’t mean that they have lots of future promises and lack the capacity to meet them. That has long been the case, but that’s not what he’s saying. He’s saying they are running out of cash.

Conclusion: Investing in Tomorrow

- The City's reserve funds are not extra or unused money.
- Reserves come from one-time events, careful spending, and project timing, not over-taxation
- Reserve funds protect essential services during emergencies and revenue shortfalls **AND**
- They allow the City to plan for large future needs without sudden tax increases
- Using reserves for daily operations creates long-term financial risk
- Responsible budgeting means preparing today to avoid crises tomorrow