



Item Brief

Meeting Date

April 14, 2026

Agenda Item

Discuss and consider action: Resolution No.. R2026-28: P. Langford

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS, AUTHORIZING THE RESTRICTION OF A PORTION OF FEMA PUBLIC ASSISTANCE REIMBURSEMENTS FOR POTENTIAL AUDIT LIABILITY

Information

The City is currently managing nineteen (19) active projects under the Federal Emergency Management Agency (FEMA) Public Assistance (PA) Program, with an estimated total project cost of \$5,039,614 and anticipated reimbursement of approximately \$3,779,711 (75%). FEMA Public Assistance projects are subject to audit for up to three (3) years following project closeout. These audits may result in determinations of ineligible costs requiring repayment by the City. Given the complexity of the projects, evolving cost estimates, and federal compliance requirements, staff recommends establishing a financial safeguard to mitigate potential audit risk.

Fiscal Impact

Staff recommends restricting twenty-five percent (25%) of FEMA reimbursement funds received, up to a maximum of \$750,000, in a Council-restricted reserve designated for potential audit liability. Restricted funds and related interest will remain in reserve until the FEMA audit period has expired, at which time the City Council may reallocate the funds for other lawful purposes.

Recommendation

Staff recommends approval of Resolution No. R2026-28 as presented.

RESOLUTION NO. R2026-28

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS, AUTHORIZING THE RESTRICTION OF A PORTION OF FEMA PUBLIC ASSISTANCE REIMBURSEMENTS FOR POTENTIAL AUDIT LIABILITY

WHEREAS, the City of Burnet, Texas (the “City”) has received and anticipates receiving reimbursement funding through the Federal Emergency Management Agency (FEMA) Public Assistance (PA) Program for disaster-related projects; and

WHEREAS, the City currently has multiple active FEMA projects with estimated costs and reimbursements that remain subject to change; and

WHEREAS, FEMA may audit Public Assistance projects for a period of up to three (3) years following project closeout; and

WHEREAS, such audits may result in a determination that certain costs are ineligible, requiring repayment by the City; and

WHEREAS, the City Council of the City of Burnet, Texas (the “Council”) has formally approved a separate Investment Policy for the City that meets the requirements of the Public Funds Investment Act (PFIA), Section 2256 of the Texas Local Government Code; and

WHEREAS, the Investment Policy is reviewed and adopted annually by the Council, complies with the PFIA, and authorizes the investment of City funds in safe and prudent investments; and

WHEREAS, the Council finds it to be fiscally prudent to set aside a portion of FEMA reimbursement funds to mitigate potential future audit liabilities; and

WHEREAS, the Finance Committee has reviewed and supports this approach;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BURNET, TEXAS, AS FOLLOWS:

Section One. Findings. The recitals set out above are hereby approved and incorporated herein for all purposes.

Section Two. Approval. The Council does hereby approve the restriction of twenty-five (25%) of FEMA Public Assistance reimbursement funds received by the City, not to exceed a total of Seven Hundred Fifty Thousand Dollars (\$750,000) for the purpose of

covering any potential repayment obligations resulting from FEMA audits or compliance reviews.

Section Three. Authorization. The City Manager and the Finance Director are authorized and directed to take those actions that are reasonably necessary to facilitate the purpose of this Resolution.

Section Four. Deposit. The Council does hereby direct that the funds be invested in accordance with the City's Investment Policy into a designated account titled "Council-Restricted FEMA Audit Liability Reserve".

Section Five. Exclusions. Funds received for the Airport fund may be excluded from this restriction at the discretion of the City Manager.

Section Six. Withdrawal. The Council does hereby direct that funds may be withdrawn from the "Council-Restricted FEMA Audit Liability Reserve" account without any further action by Council if specifically used for repayment obligations resulting from FEMA audits or compliance reviews. Upon expiration of the applicable FEMA audit period and resolution of any outstanding audit findings, the Council may, by formal action, release any remaining restricted funds for other lawful municipal purposes.

Section Seven. Open Meetings. It is hereby officially found and determined that the meeting at which this resolution was passed was open to the public and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act.

Section Eight. Effective Date. That this resolution shall take effect immediately upon its passage, and approval as prescribed by law.

PASSED AND APPROVED on this the 14th day of April 2026.

CITY OF BURNET, TEXAS

Gary Wideman, Mayor

ATTEST:

Maria Gonzales, City Secretary