

**RESOLUTION NO. 2024-10**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SWEETWATER, TEXAS, APPROVING THE FINANCIAL POLICY AND FEDERAL GRANT PROCUREMENT POLICY, ATTACHED AS EXHIBIT A; PROVIDING FOR A REPEALING CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE.**

**WHEREAS**, the City of Sweetwater City Council recognizes the U.S. Treasury Department's requirement that the City of Sweetwater adopt a written financial and procurement policy that complies with federal, state, and local procurement regulations; and

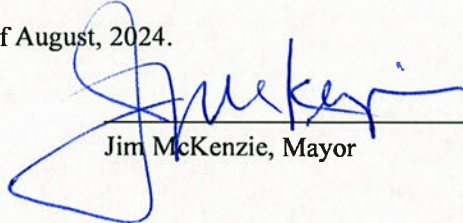
**WHEREAS**, it is the intent of the City Council to adopt a procurement policy which provides public confidence in the integrity, fairness, and accountability of the City's financial and procurement process, ensuring the fair and equitable treatment of all persons who interact with ATP's procurement process; promoting contracting opportunities with Disadvantaged Business Enterprises (DBEs), Minority-Owned Business Enterprises (MBEs), and Women-Owned Business Enterprises (WBEs), fostering full and open competition, and creating an environment of accountability and transparency.

**WHEREAS**, the City Council of the City of Sweetwater finds it to be in the public interest to approve and adopt the Financial Policy for City of Sweetwater and Procurement Policies & Procedures for Federal Grant Contracts.

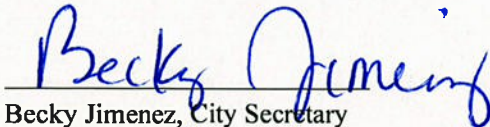
**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SWEETWATER, TEXAS, THAT:**

The City Council is formally adopting a Financial Policy and Federal Grant Procurement Policy for Fiscal Year 2024

**READ, PASSED, AND ADOPTED** this the 13<sup>th</sup> day of August, 2024.

  
\_\_\_\_\_  
Jim McKenzie, Mayor

ATTEST:

  
\_\_\_\_\_  
Becky Jimenez, City Secretary

# FINANCIAL POLICY STATEMENTS

## I. STATEMENT OF PURPOSE

The larger intent of the following Financial Policy Statements and Financial Management Policies is to enable the City of Sweetwater to achieve and maintain long-term stable and positive financial condition. The watchwords of the City's financial management include integrity, prudent stewardship, planning, accountability, and full disclosure.

The more specific purpose is to provide guidelines to the City Comptroller in planning and directing the City's day-to-day financial affairs and in developing recommendations to the City Manager and City Council.

The scope of these policies generally spans, among other issues accounting, auditing, financial reporting, internal controls, operating and capital budgeting, revenue management, cash and investment management, expenditure control, debt management, and planning concepts, in order to:

- (a) Present fairly and with full disclosure the financial position and results of financial operations of the City in conformity to generally accepted accounting principles (GAAP), and
- (b) Determine and demonstrate compliance with finance-related legal and contractual issues in accordance with provisions of the Texas Local Government Code and other pertinent legal documents and mandates.

## II. GENERAL IMPLEMENTATION AND COMPLIANCE GUIDELINES

- A. Annual Review. The City Council will annually review and approve the fiscal policies.
- B. Implementation Compliance, Accountability and Review. The City Comptroller will be accountable for implementing these policies and will to the best of their knowledge make the City Council aware of any variances in practice from these policies or any other deviation from prudent financial practices in accordance with GAAP, the city charter, state laws or ethics of the profession. Any variances will be presented at the regular monthly meetings of the City Council, unless there is a need for a special meeting.

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

A. Accounting. The City is solely responsible for the reporting of its financial affairs and externally. The City Comptroller is the City's Chief Fiscal Officer and is responsible for establishing the Chart of Accounts and for properly recording financial transactions.

B. Auditing.

1. Qualifications of the Auditor.

In conformance with the City's Charter and according to the provisions of Texas Local Government Code, Title 4, Chapter 103, the City will be audited semiannually by outside independent accountants ("auditor").

2. Auditor Repute.

The auditor must be a competent public accountant, preferably a Certified Public Accounting firm, who must demonstrate that this person has the breadth and depth of staff to conduct the City's audit in accordance with generally accepted auditing standards and contractual requirements.

3. Timing.

The auditor's report on the mid-year review will be presented to the City Council within thirty (30) days of completion of the review. The report on the year-end financial statements will be completed within one hundred twenty (120) days of the City's fiscal year end. The reports shall be accessible to the public.

4. Management Letter.

The auditor will prepare a Management Letter if they deemed such a report necessary and will jointly review the Management Letter with the City Comptroller within 30 days of its receipt by the staff. Within 10 days of this joint review, the City Comptroller shall respond in writing to the City Manager and the City Council regarding the auditor's Management Letter, addressing the issues contained therein. The City Council shall schedule its formal acceptance of the auditor's report upon the resolution of any issues resulting from the joint review.

5. Auditor's responsibility to City Council.

The auditor is accountable to the City Council and will have access to direct communication with the City Council if the City Staff is unresponsive to auditor recommendations or if the auditor considers such communication necessary to fulfill its legal and professional responsibilities.

6. Rotation of Auditor.

The City will not require an auditor rotation but must enter into a contract on a year-to-year basis.

7. Auditor Accountability to Staff.

The following will be provided to City Staff by the Auditor:

- a. An invoice for services rendered as necessary.
- b. Copies of all work papers, including diskettes and schedules, will be made available to the City upon request.

C. Financial Reporting.

1. External Reporting.

- a. Scope. The Annual Comprehensive Financial Report shall be prepared in accordance with generally accepted accounting principles (GAAP).
- b. Timing. The Annual Comprehensive Financial Report may be presented to the City Council within 120 calendar days of the City's fiscal year end. If City staffing limitations preclude such timely reporting, the City Comptroller will inform the City Council of the delay and the reasons therefore.
- c. Awards. The Annual Comprehensive Financial Report shall be presented annually to the Government Finance Officers' Association (GFOA) for evaluation and consideration for the Certificate of Achievement for Excellence in Financial Reporting.

2. Internal Reporting.

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

- a. Scope/Format. The level of detail presented should be line item. Information included should be current month, year-to-date, budgeted, and variance from budget.
- b. The City Comptroller shall prepare a written summary of the City's financial affairs and submit same to the City Manager and City Council within 45 calendar days following the end of each calendar month. Each such report shall accurately reflect the City's current cash position, revenue, and expenditure performance as well as any additional information that reflects the City's fiscal position.

**IV. OPERATING BUDGET**

A. Preparation. Budgeting is an essential element of the financial planning, control, and evaluation process of municipal government. The City's "operating budget" is the City's annual financial operating plan.

1. Scope.

The scope of the budget includes the following funds for which the City will adopt a formal budget: Governmental Funds; Propriety Funds.

2. Budgetary Process.

The City Comptroller presents budget workpapers to Department Heads approximately six (6) months prior to adoption of the budget by the City Council. The workpapers are completed by Department Heads and returned to the City Manager approximately five (5) months prior to adoption of the budget. The City Manager, with the assistance of the City Comptroller, prepares an estimate of the expenditures and revenues of the City departments for the ensuing year. The City Manager presents the estimate of the expenditures and

revenues for the ensuing year to the City Council for their review not later than ninety (90) days before adoption. The City Council discusses budgetary issues for the ensuing year in a public work session. Copies of the proposed budget for the ensuing year will be given to the City Council thirty (30) days before adoption. The proposed budget shall be filed with the municipal clerk before the 30<sup>th</sup> day before the date the governing body of the municipality makes its tax levy for the fiscal year. Copies will be made available for public review at City Hall and by posting on the City's website. A public hearing on the proposed budget will be held on a date occurring after the 15<sup>th</sup> day after the date the proposed budget is filed with the municipal clerk but before the governing body makes its tax levy. The City Council adopts the budget for the ensuing year during the last month of the current fiscal year.

**3. Basis of Budgeting.**

The basis of budgeting will be the same as the basis of accounting; that is, that budget for the General Fund and the Special Revenue Funds are prepared on the modified accrual basis of accounting, and budget for the Proprietary Funds are prepared on a full accrual basis, except that capital purchases and depreciation are not adjusted until year-end financial reporting.

**4. Proposed Budget Format.**

A proposed budget shall be prepared by the City Manager with the assistance of the City Comptroller and with the participation of all of the City's Department Heads, within the provisions of the City Charter. The budget, at a minimum, shall include four basic segments for review and evaluation. These segments are: (a) personnel costs, (b) operations and maintenance costs, (c) capital outlay costs, and (d) revenues. A three-column format should be used such that prior year actual, current year budget and next year proposed are all clearly shown;

**5. City Council Participation.**

The budget review process shall include City Council participation in the development of each of the four segments of the proposed budget and one public hearing will be held to allow for citizen participation in the budget process. The budget process shall span sufficient time to address policy and

fiscal issues by the Council. The budget process is coordinated so as to identify major policy issues for City Council consideration several months prior to the budget approval date so that proper decision analysis can be made.

6. **Filing and Adoption.**

Upon the presentation of a proposed budget document acceptable to the City Council, they shall call and publicize the public hearings, one for the proposed budget and two for the proposed property tax rate. After the public hearings, adoption of the following ordinances: (a) an ordinance approving and adopting a budget for the City of Sweetwater for the ensuing year; (b) an ordinance fixing and levying a tax for the ensuing year upon all city property within the corporate limits of the City of Sweetwater; and (c) an ordinance making appropriation for the support to the city government for the ensuing year. A copy of the proposed budget shall be filed with the City Secretary not less than 30 days prior to the time the City Council passes the tax levy ordinance.

7. **Amending the Official Budget.**

Amendments to the official budget shall be made at regular meetings of the City Council with a notice of the proposed amendment posted at least 72 hours in advance of the meeting. Budget ordinance may be amended by reference to the ordinance title, section number, or by reference to the section or subsection of such ordinance.

B. **Balanced Budget.**

It is the intention of the City Comptroller to present a balanced budget with beginning resources coupled with current revenues being greater than or equal to current expenditures.

C. **Reporting.**

Periodic financial reports will be prepared to enable Department Heads to manage their budgets and to enable the City Comptroller to monitor and control the budget as authorized by the City Manager. Summary financial reports will be presented to the City Council monthly. Such reports will be in a format appropriate to enable the City Council to understand the budget status at a level of summary executive detail.

D. Control.

Operating expenditure control is addressed in Section VI of these policies.

E. Performance Measures and Productivity Indicators.

Where appropriate, performance measures and productivity indicators will be used as guidelines and reviewed for efficiency and effectiveness. This information will be included in the annual budget process.

F. Operating Position.

The guidelines that the City should follow to assure fiscal stability are those outlined in Section IX of these Policies.

**V. REVENUE MANAGEMENT**

A. The City will strive for the following optimum characteristics in its revenue system:

1. **Simplicity.**

The City, where possible and without sacrificing accuracy, will strive to keep the revenue system simple in order to reduce compliance costs and to make it more understandable to the taxpayer or service recipient. The City will avoid nuisance taxes or charges as revenue sources.

2. **Certainty.**

A knowledge and understanding of revenue sources increase the reliability of the revenue system. The City will understand its revenue sources and enact consistent collection policies to provide assurances that the revenue base will materialize according to budgets and plans.

3. **Equity.**

The City shall make every effort to maintain equity in its revenue system structure; i.e., the City shall seek to minimize or eliminate all forms of subsidization between entities, funds, services, utilities, and customers. The City shall require that



there be a balance in the revenue system; i.e., the revenue base will have the characteristic of fairness and neutrality as it applies to cost of service, willingness to pay, and ability to pay. Equal treatment will be afforded to all citizens of the City of Sweetwater. No preferential treatment will be permitted.

4. Administration.

The benefits of a revenue will exceed the cost of producing the revenue. The cost of collection will be reviewed annually for cost effectiveness as part of the indirect cost and cost of services analysis. Where appropriate, the City will use the administrative processes of State and Federal collection agencies in order to reduce administrative costs.

5. Diversification and Stability.

In order to protect from fluctuations in a revenue source due to fluctuations in the economy and variations in weather, a diversified revenue system will be maintained which has a stable source of income. This stability is also achieved by a balance between elastic and inelastic sources of revenues.

6. Grants and Restricted Revenues.

In order to maintain flexibility in the revenue system, restricted revenues will be kept to a minimum.

B. The following considerations and issues will guide the City in its revenue policies concerning specific sources of funds:

1. Cost/Benefit of Abatement.

The City will use due caution in the analysis of any tax or fee incentives that are used to encourage development. Ideally, a cost/benefit or fiscal impact analysis will be performed as part of such caution.

2. Non-Recurring Revenues.

One-time or non-recurring revenues will not be used to finance current ongoing operations. Nonrecurring revenues should be used only for one-time expenditures such as long-lived capital needs. They will not be used for budget balancing purposes.

3. **Property Tax Revenues.**

All real and business personal property located within the City shall be valued at 100% of the fair market value for any given year based on the current appraisal supplied to the City by the Nolan County Appraisal District. Reappraisal and reassessment by the Appraisal District will be accomplished in accordance with the law of the State of Texas. The Nolan County Appraisal District will also collect all tax monies for the City of Sweetwater and will aggressively pursue collection of delinquent taxes. Penalty and interest on delinquent tax accounts will be established in accordance with law. A 95% collection rate shall serve each year as a minimum goal for tax collections for the M&O tax rate. A 100% collection rate shall serve the I&S tax rate

4. **Interest Income.**

Resources of funds will be commingled to maximize interest income. Interest earned from investment of available monies will be distributed to the funds in accordance with the relative amounts invested.

5. **User-Based Fees and Service Charges.**

For services associated with a user fee or charge, the direct and indirect costs of that service will be offset by a fee where possible. There will be an annual review of fees and charges to ensure that fees provide adequate coverage of costs of services. User charges may be classified as "Full Cost Recovery", "Partial Cost Recovery", and "Minimal Cost Recovery", based upon the policy of the City Council. Full Cost Recovery will be obtained for water and sewer services, refuse collection and disposal services, and ambulance service for their associated costs. Partial Cost Recovery will be generated by Licenses and Permits, charges for Public Safety and Miscellaneous Licenses and Fines and services provided at citizen expense by the Public Works Department. Minimal Cost Recovery will be obtained from Parks, Recreational and Cultural activities.

6. **Utility Rates.**

The City will review utility rates annually to assure that there will be generated revenues to fully cover operating

expenditures, meet the legal requirements of all applicable bond covenants, and provide for an adequate level of working capital needs. This policy does not preclude drawing down cash balances to finance current operations. However, it is best that any surplus cash balance be used instead to finance capital projects.

Components of Utility Rates will include transfers to the General Fund as follows:

- a. **General and Administrative Charge.** An administrative fee will be charged to the Enterprise Funds for services of general overhead, such as administration, finance, personnel, data processing, and legal counsel. This fee will be documented through a cost allocation procedure, generally averaging 10% of an Enterprise Fund's budgeted expenditures.
- b. **Franchise Payment.** A rate of 3.0% of budgeted revenue will be charged to Enterprise Funds, consistent with the rates charged to private utilities operating within the City.
- c. **Payment In Lieu of Tax (PILOT).** A fee may be charged to the Enterprise Funds to equate to property taxes lost due to municipal ownership. Net book value will be used as a basis. The existing tax rate will be applied to this base to determine the PILOT charge.

**7. Interdepartmental Revenues and Charges**

The Internal Service and Stores department, including Information Technology, will charge overhead and rental charges to cover their services and purchases to and for other departments within the City. Rental charges are for the interdepartmental use of vehicles and equipment purchased by Internal Services and it will increase 3.5% annually. Overhead charges of 5% will be charged to other departments for their purchases of fuel and supplies. Information Technology will charge other departments of the city a percentage fee on the department's budgeted expenditures and expenses to cover IT expenses.

**8. Intergovernmental Revenues.**

No reliance will be placed on intergovernmental revenues. Any potential grants will be examined for matching requirements, whose necessary funds should not exceed 25% of net operating revenues. These revenue sources should be used only for capital improvements that are consistent with the Capital Improvements Plan who's operating and maintenance costs have been included in the operating budget.

9. Revenue Monitoring.

Revenues actually received will be regularly compared to budgeted revenues and variances will be investigated.

**VI. EXPENDITURE CONTROL**

A. Appropriations.

The level of budgetary control is the Department level budget in the General Fund, and the fund level in all other funds. When budget adjustments among Departments and/or funds are necessary, these must be approved by City Council. Budget appropriation amendments at lower levels of control shall be made in accordance with the applicable administrative procedures.

B. Amendments to the Budget.

In accordance with the City Charter, all budget amendments shall be approved by the City Council.

C. Central Control.

No recognized or significant salary or capital budgetary savings in any Department shall be spent by the Department Head without the prior authorization of the City Manager.

All contracts and lease agreements obligating the City of Sweetwater requires review and pre-approval with the Department Director and either the City Manager or the Comptroller. For a contract or lease to be honored, execution of the document must be by the City Manager or Comptroller.

D. Purchasing.

1. Purpose:

Purchasing serves the citizens of Sweetwater by sourcing the best material or services at the best price, exercising good stewardship while supporting quality service delivery throughout all City departments.

## 2. Policy:

The City of Sweetwater's purchasing procedures shall conform to the City Charter, City Code, and State Law. For Federal purchasing see City of Sweetwater's Federal Grant Procurement Policy. The City shall utilize competitive bidding for the contracting of goods and services unless exempted by Local Government Code or through an interlocal agreement. The City Manager establishes administrative procedures for approving and monitoring purchases. The Comptroller has responsibility for implementing and reporting purchasing activity.

## 3. General Requirements:

- Departments are to ensure the necessary funding (budget) is available before starting a purchasing process.
- Department Directors are the responsible party but may have a designee assigned.
- Department Directors are responsible that staff are following procedures.
- All goods and services include professional services.
- Purchases must adhere to a strict code of ethics.
- Employees shall not seek personal favors that are in conflict with the process as they are dishonest and intolerable.

## 4. Purchasing authorization levels:

- Less than \$500 – Department Director approval required on or attached to the invoice or receipt.
- Greater than \$500 less than \$10,000 – Department Director and Comptroller approvals required.
- Greater than \$10,000 less than \$50,000 – Department Director, Comptroller and City Manager approvals required.
- Greater than \$50,000 – Department Director, Comptroller, City Manager and City Council approval required. City Council authorization is only required when not budgeted.
- \*The Assistant City Manager may sign in place of the Comptroller or City Manager if unavailable as appropriate.

## 5. Purchasing Categories and Required Documentation:

- Non-public works purchases under \$500 – authorized employees in department can procure through an open purchase order.
- Authorized travel expenditures receipts are accompanied by a voucher request approved by the Department Director.
- Non-public works purchases over \$500 under \$50,000 – purchase orders are required and must be approved by the Department Director and use one or more of the following processes:
  - Acquisition of at least three telephone or informal bids when possible (document)
  - A sole provider of a specific item (document);
  - A local vendor with a competitive price not exceeding 5% over the outside city vendors (document);
  - A local vendor providing supplies that would be cost prohibitive to ship from somewhere else due to freight charges (document);
  - An emergency requiring immediate attention;
  - A vendor on the State of Texas Building and Procurement Master’s Bidders List ([www.tbpc.state.tx.us/](http://www.tbpc.state.tx.us/))
- All City purchases and contracts over \$50,000 shall conform to a formal competitive bidding process as set forth in Chapter 252 of the Local Government Code of Texas, provisions adopted by City Council. Additionally, consideration of location of bidder’s principal place of business in accordance with Chapter 271 of the Local Government Code of Texas shall be observed. Recommendations on purchases and contracts \$50,000 and more shall be submitted to the Council by the City Manager for Council approval. Upon Council approval, the City shall confirm the bid award to the successful bidder by means of a written City purchase order.
- Technology Services – All software, hardware and electronic device purchases require IT Director approval.
- Purchase orders are to be issued prior to purchase.
- In an emergency a verbal approval from City Manager or Comptroller may be made prior to obtaining an approved purchase order. Signed documentation of emergency necessity and circumstances by the Department Director must

accompany the purchase order for final approval by City Manager and Comptroller.

**6. Internal Service Center:**

All purchases of supplies, equipment, vehicle, furniture, capital improvement and goods must be made through the City's Internal Services purchase order system. Written purchase orders shall also be used for vendors requiring formal City authorization regardless of the dollar amount.

**7. Formal Bidding Process General Guidelines:**

- Any bid involving an expenditure of more than \$50,000 from one or more municipal funds, the municipality must comply with the procedure prescribed by the chapter of competitive sealed bidding or competitive sealed proposals (Texas Local Government Code 252.021)
- Purchases may be made without formal bid process if they are purchases through an approved co-op.
- Bid selection will be made on the basis of "best value", factoring delivery promptness, discounts, administrative costs, storage, handling and other costs, service and follow-up, availability or verifiable references, staff time requirement, ancillary costs to the City, purchasing locally and other factors impacting overall cost and quality.

All documentation for the disbursement of funds by the City's Finance Department shall require the signature of the City Manager or the City Comptroller in addition to the respective Department Head prior to processing.

**E. Prompt Payment.**

All invoices approved for payment by the proper City authorities shall be paid by the Finance Department within thirty (30) calendar days of receipt of the invoice by the Department in accordance with the provisions of Article 601f, Section 2 of the State of Texas Civil Statutes.

The City Comptroller shall establish and maintain proper procedures which will enable the City to take advantage of all purchase discounts, when possible, except in the instance where payments can

be reasonably and legally delayed in order to maximize the cash available for the City to invest.

F. Company Credit Card Policy.

The City of Sweetwater offers company credit cards for employees who travel frequently as part of their duties, online certification testing, purchase large volumes of goods for use of the city or incur frequent business expenses that are paid by credit card. Purchase of goods with a credit card still requires proper purchasing procedures through the City's Internal Services purchase order system.

As a rule, corporate credit cards cannot be used to obtain cash advances, bank checks, and electronic cash transfers, or anything other than the expenses incurred by the employee whose name appears on the credit card. The card is not to be used for personal expenses of the employee.

1. Misuse of a City credit card will result in the cancellation of the card. If the card is used for personal expenses, City of Sweetwater has the right to recover these expenses from the cardholder/employee. All employee cardholders will be required to sign an agreement authorizing the City of Sweetwater to recover any charges incurred for personal reasons through payroll deduction.
2. Credit card expenditures must be submitted with original receipts approved by card holder to the Accounts Payable Clerk no more than 10 days of the purchase. Cardholders who do not submit their expenditures within this time frame will be asked to submit them immediately.
3. If a credit card holder does not follow this policy, his or her card may be cancelled.
4. Lost or stolen city credit cards must be reported to the Comptroller immediately.

G. Risk Management.

The City will aggressively pursue every opportunity to provide for the Public's and City employees' safety and to manage its risks. The goal shall be to minimize the risk of loss of resources through liability claims with an emphasis on safety programs. All reasonable options will be investigated to finance risks. Such options may include risk transfer, insurance, and risk retention. Where risk is retained,



reserves will be established based upon actuarial determinations and not be used for purposes other than for financing losses.

H. Reporting.

Monthly reports will be prepared and distributed to Department Heads showing actual expenditures compared to original budget.

**VII. ASSET MANAGEMENT**

A. Investments.

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

The City Comptroller shall prepare and provide a written report of the City's investment portfolio to the City Council on a quarterly basis. The report shall detail each City investment instrument, including increases, decreases and earnings with its rate of return and maturity date.

B. Cash Management.

The primary goals of the City's cash management are: to maximize the amount of cash available to meet daily cash needs and to increase the amount available for investment; and, to earn the maximum return for the City on the money that is invested.

C. Fixed Assets and Inventory.

A fixed asset of the city shall be defined as a purchased or otherwise acquired piece of equipment, vehicle, furniture, fixture, capital improvement, addition to existing capital investments, land, and buildings. The cost or value of any such acquisition must be \$5,000 or more within an expected useful life greater than five years. Items may be included in the fixed asset inventory that has a useful life from three to five years.

City's fixed assets shall be reasonably safeguarded and properly accounted for and sufficiently insured. Responsibility for the safeguarding of the City's fixed assets lies with the Department Head

in whose department fixed asset is assigned. The Internal Services Director shall supervise the marking of fixed assets. The City Comptroller shall maintain the permanent records of the City's fixed assets including description, cost, department or responsibility, date of acquisition, depreciation and expected useful life.

Construction period interest expense shall be capitalized as a cost of construction.

D. Computer System/Data Security.

The City has developed an Information Technology department that shall provide security of its computer system and data files through physical and online security. The computer system (CPU) shall be in a location inaccessible to unauthorized personnel.

The City will follow the HIPAA Privacy and Security Policy and Procedures manual approved by the City Council for Emergency Medical Services and the Senior Nutrition Activity Program. For more information refer to this manual.

**VIII. FINANCIAL CONDITIONS, RESERVES AND STABILITY RATIOS**

A. Operational Coverage.

The City will maintain an operational coverage of 1.00, such that current available financial resources will exceed current operating expenditures. Deferrals, short-term loans, or one-time sources will be avoided as budget balancing techniques.

B. Operating Reserves/Fund Balances.

Fund Balance Policy in accordance with GASB 54: The General Fund unrestricted fund balance should be at least 25% of the General Fund annual expenditures. This percentage is the equivalent of 92 days expenditures. The circumstances in which the unrestricted balance can be "spent down" include unforeseen revenue shortfalls, unpredicted one-time expenditures or a deliberate spending of accumulated funds in the Committed or Assigned fund balance categories. The balances would be replenished with budgetary measures in the following fiscal year as appropriate.

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts the

respective governmental funds can be spent. The classifications are as follows:

- **Nonspendable:** amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained in tact.
- **Restricted:** amounts that can be spent only for specific purposes because of City Charter, City Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- **Committed:** amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest-level action to remove or change the constraint.
- **Assigned:** amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or the City Manager.
- **Unassigned:** amounts that are available for any purpose.

The City would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

The Enterprise Funds unreserved retained earnings should be maintained at 3 months of total operating expenditures or the equivalent of 92 days.

**C. Liabilities and Receivables.**

Procedures will be taken so as to maximize any discounts offered by creditors. Current liabilities will be paid within 30 days of receipt of an invoice by the Finance Department. Accounts receivable procedures will target for a maximum of 45 days from service. The City Comptroller is authorized to write-off uncollectible accounts that are delinquent for more than 180 days, if the proper delinquency procedures have been followed.

**D. Compensated Absences.**

The City will budget annually a reasonable amount per employee in the operating funds to pay for accrued reimbursable vacation and sick leave.

E. Insurance Reserves.

See Expenditure Control. Where risk is retained by the City, the City shall be reinsured for individual stop loss and aggregate stop loss. Any reserves will be used for no other purposes than for financing losses under the insurance program.

**IX. TREASURY AND DEBT MANAGEMENT**

A. Cash Management.

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

The City will adhere to the investments authorized through the Public Funds Investment Act and the formal Investment Policy as approved by the City Council. Such policies will clarify acceptable investment securities, brokers, terms, and other pertinent investment information.

B. Types of Debt.

1. Short-Term Debt. Short-term debt will not be authorized except in emergency situations. Short-term debt will only be acquired as stipulated in the depository agreement approved by the Council.
2. Long-Term Debt. Long-term debt will not be used for operating purposes, and the life of a bond issue will not exceed the useful life of a project financed by the bond issue.
3. Self-Supporting Debt. When appropriate, self-supporting revenues will pay debt service in lieu of tax revenues.

C. Analysis of Financing Alternatives.

The City will explore all financing alternatives in addition to long-term debt including leasing, grants and other aid, developer contributions, impact fees, and use of reserves of current monies.

D. Disclosures.

Full disclosure of operations will be made to the bond rating agencies and other users of financial information. The City staff, with the assistance of financial advisors and bond counsel, will prepare the necessary materials for presentation to the rating agencies, will aid in the production of Offering Statements, and will take responsibility for the accuracy of all financial information released.

E. Federal Requirements.

The City will maintain procedures to comply with arbitrage rebate and other Federal requirements as necessary.

F. Debt Structuring.

The City will issue bonds with an average life of 25 years or less, not to exceed the life of the asset acquired.

The structure should approximate level debt service unless operational matters dictate otherwise or if market conditions indicate a potential savings could result from modifying the level payment stream.

Consideration of market factors, such as the tax-exempt qualification, minimum tax alternative, and so forth will be given during the structuring of long-term debt instruments.

G. Debt Issuance.

1. Method of Sale.

The City will use a competitive bidding process in the sale of bonds unless the nature of the issue warrants a negotiated bid. In situations where a competitive bidding process is not elected, the City will publicly present the reasons why, and the City will participate with the financial advisor in the selection of the underwriter or direct purchaser.

2. Bidding Parameters.

The notice of sale will be carefully constructed so as to ensure the best possible bid for the City, in light of the existing market conditions and other prevailing factors. Parameters to be examined include:

- a. Limits between lowest and highest coupons.
- b. Coupon requirements relative to the yield curve.
- c. Method of underwriter compensation, discount or premium coupons.
- d. Use of TIC vs. NIC.
- e. Use of bond insurance.
- f. Deep discount bonds.
- g. Variable rate bonds.
- h. Call provisions.

3. Bond Issuance Costs.

The City will be involved in the selection of all financial advisors, underwriters, paying agents, and bond counsel. The City shall evaluate the merits of rotating professional advisors and consultants and the kinds of services and fee structures available from independent financial advisors, investment banking firms, and commercial banks. The City will carefully itemize and scrutinize all costs associated with the issuance of bonds.

**X. INTERNAL CONTROLS**

A. Written Procedures.

Whenever possible, written procedures will be established and maintained by the City Comptroller for all functions involving cash handling and/or accounting throughout the City. These procedures will embrace the general concepts of fiscal responsibility set forth in this policy statement.

B. Department Heads Responsible.

Each Department Head is responsible to ensure that good internal controls are followed throughout his or her department, that all directives from the City Comptroller or internal controls are implemented, and that all independent auditor internal control recommendations are addressed.

**XI. STAFFING AND TRAINING**

A. Adequate Staffing.

Staffing levels will be adequate for the fiscal functions of the City to operate effectively. Overtime shall be used only to address temporary or seasonal demands that require excessive hours. Workload alternatives will be studied before new staff is added.

B. Training.

The City will support continuing education efforts of all financial staff including the investment in time and materials for maintaining a current perspective concerning financial issues. Staff will be held accountable for communicating, teaching, and sharing with other staff members all information and training materials acquired for seminars, conferences, and related educational efforts.

C. Awards, Credentials, Recognition.

The City will support efforts and involvements which result in meeting standards and receiving exemplary recitations on behalf of any of the City's fiscal policies, practices, processes, products, or personnel. Staff certifications may include Certified Public Accountant, Management Accountant, Certified Internal Auditor, and Certified Cash Manager.

The City will strive to maintain a high level of excellence in its accounting policies and practices as it prepares its annual comprehensive financial report. This annual report shall be presented to the Governmental Finance Officers Association for review of qualifications necessary to obtain the Certificate of Achievement for Excellence in Financial Reporting.

## GLOSSARY

Appropriation: a legal authorization granted by the City Council to make or incur expenditures/expenses for specific purposes.

Bank Depository Agreement: a contract between a municipality and a depository, negotiated and entered into in accordance with the specifications of Local Government, Title 4, Chapter 105, Subchapter B, which sets forth the agreements between the parties regarding banking services.

Budget: a plan, approved by the City Council, of financial operation embodying an estimate of proposed expenditures/expenses for the fiscal year and the proposed means of financing them.

Capital/Major Project Expenditure/Expense: an expenditure/expense which results in the acquisition or addition of a fixed asset or the improvement to an existing fixed asset.

Chart of Accounts: a chart detailing the system of general ledger accounts.

Competitive Bidding Process: the process of following State law requiring that for purchases of \$25,000 or more, a city must advertise, solicit, and publicly open sealed bids from prospective vendors. After a review period, the Council then awards the bid to the successful bidder.

Current Expense: an obligation of a City as a result of an incurred expenditure/expense that is due for payment within a twelve (12) month period.

Current Revenue: the revenue or resources of a City convertible to cash within a twelve (12) month period.

Emergency: an unexpected occurrence, one that threatens the public health and safety of the citizens of the city.

Encumbrance: the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

Equity: See Fund Balance.

Expenditure/Expense: decreases in net financial resources for the purpose of acquiring goods or services. The General Fund recognizes expenditures and the Proprietary Funds recognize expenses.

Fiscal Year: 12-month budget period extending from October 1<sup>st</sup> through the following September 30<sup>th</sup>.

Fixed Assets: assets of a long-term nature which are intended to continue to be held or used, such as land, building, improvements other than buildings, machinery and equipment.

Fund: an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

Fund Balance (Equity): the excess of fund assets over liabilities. Accumulated balances are the result of continual excess of revenues over expenditures/expenses. A negative fund balance is a deficit balance.

GAAP: See Generally Accepted Accounting Principles.



**General and Administrative Costs:** costs associated with the administration of City services.

**General Fund:** The City fund used to account for all financial resources and expenditures of the City except those required to be accounted for in another fund.

**General Ledger:** the collection of accounts reflecting the financial position and results of operations for the City.

**Generally Accepted Accounting Principles:** uniform minimum standards of and guidelines to financial accounting and reporting as set forth by the Governmental Accounting Standards Board (GASB).

**GFOA:** Government Finance Officers Association of the United States and Canada.

**Investments:** securities held for the production of revenue in the form of interest.

**Line Item Budget:** the presentation of the City's adopted budget in a format presenting each department's approved expenditure/expense by specific account.

**Long-Term Debt:** obligation of the City with a remaining maturity term of more than one (1) year.

**Management Letter:** a written report from the independent auditors to the City Council reflecting observations and suggestions as a result of the audit process.

**Net Working Capital:** current assets less current liabilities.

**Non-Recurring Revenues:** resources recognized by the City that are unique and occur only one time or without pattern.

**Official Budget:** the budget adopted by the City Council.

**One-Time Revenues:** see Non-Recurring Revenues.

**Operating Budget:** a plan, approved by the City Council, of financial operations embodying an estimate of proposed expenditures/expenses for the fiscal year and the proposed means of financing them.

**Proprietary Fund:** a governmental accounting fund in which the services provided are financed and operated similarly to those of a private business.

**Purchase Order System:** a city's system of using documents authorizing the delivery of specified merchandise or services and making a charge for them.

**Reserves:** an account used to designate a portion of the fund balance (equity) as legally segregated for a specific future use.

**Retained Earnings:** the equity account reflecting the accumulated earnings of the Water and Wastewater Fund, Ambulance Fund, and Refuse Collection & Disposal Fund.

**Risk:** the liability, either realized or potential, related to the city's daily operations.

**Tax Levy:** the total amount of taxes imposed by the City on taxable property, as determined by the Nolan County Central Appraisal District, within the city's corporate limits.

**User Based Fee/Charge:** a monetary fee or charge placed upon the user of services of the city.

## **City of Sweetwater Federal Grant Procurement Policies and Procedures**

The City of Sweetwater generally follows State of Texas procurement law and guidance in the purchasing and contract management of goods and services as outlined in the City's Purchasing Policy and Procedures Manual. Additional policy guidance below addresses federal purchasing requirements as required by 2 CFR 200 pertaining to the expenditure of federal grant funds.

### **A. Purchase Methods When Using Federal Funds**

#### **Five Methods for Procuring with Federal Funds**

2 CFR § 200.320 provides for five methods that must be used when making purchases with Federal funds. In some cases, these Federal methods are more restrictive than State requirements; in other cases, the State requirements are more restrictive than these Federal methods. In all cases, the City affirms the more restrictive requirements or methods must be followed when making purchases with Federal funds.

The type of purchase method and procedures required depends on the cost (and type, in some cases) of the item(s) or services being purchased.

- Micro-purchases
- Small purchase procedures
- Sealed bids
- Competitive proposals
- Noncompetitive proposals (sole source)

#### **Micro-Purchases (Purchases up to \$3,000.00)**

Federal methods provide for procurement by *micro-purchase*. *Micro-purchase* is defined in 2 CFR § 200.320(a) as a purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed \$3,000.00. The micro-purchase method is used in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost.

The City utilizes the micro-purchases method for acquiring supplies or services that do not exceed an aggregate amount of \$3,000.00 if the price is reasonable. The program manager responsible for the Federal award determines if the price is reasonable.

Quotes are not required but encouraged. If quotes are obtained for items under \$3,500.00, they should be kept in the department and attached to the requisition.

**Small Purchase Procedures (Purchases between \$3,000.01 and \$149,999.99 in the Aggregate)** The Federal threshold for small purchase procedures is \$150,000. 2 CFR § 200.320(b).

*Small purchase procedures* (as defined in 2 CFR § 200.320[b]) may be used in those relatively simple and informal procurement methods for securing non-personal contracted services, supplies, or other property that do not cost more than \$149,999.99.

For purchases funded from *local funds*, to obtain the most competitive price, the City, may, at its option, obtain price quotes for items costing less than \$150,000. Unlike the mandatory competitive procurement described for purchases over \$150,000, if an item to be paid from local funds costs less than \$150,000, the City may utilize price quotations or competitive procurement process (purchasing cooperatives, sole source, an existing RFP/bid or a new RFP/bid) to stimulate competition and to attempt to receive the most favorable pricing.

However, if using *State or Federal funds* to purchase goods or services, *price or rate quotations must be obtained* from an adequate number of qualified sources for all purchases between \$3,000.01 and \$149,999.99 or use the competitive procurement process. The City must obtain more than one price or rate quote unless using a purchasing cooperative, existing Bid/RFP or sole source vendor, in which case, the prices have already been awarded. If purchasing from a purchasing cooperative or existing Bid/RFP, the departments can elect to obtain only one quote to purchase the goods or services although it is recommended to obtain more than one quote. Such price or rate quotations may be obtained orally and/or documented in writing, and the City must demonstrate that price or rate quotations were obtained from an adequate number of qualified sources.

#### **Purchases \$150,000 or More in the Aggregate**

According to Texas law, one of the following competitive methods must be used for purchases of \$150,000 or more in the aggregate:

- (1) competitive bidding for services other than construction services;
- (2) competitive sealed proposals, for services other than construction services;
- (3) a request for proposals, for services other than construction services;
- (4) an interlocal contract;
- (5) a method provided by Chapter 2269, Government Code, for construction services;
- (6) the reverse auction procedure as defined by Section 2155.062(d), Government Code; or
- (7) the formation of a political subdivision corporation under Section 304.001, Local Government Code.

In addition, one of the three following methods must be used, depending on the circumstance described below, when purchasing with Federal funds: sealed bids (formal advertising); competitive proposals; or noncompetitive proposals (sole source).

#### ***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. The sealed bid method is the preferred method for procuring construction, if the following conditions apply:

- A complete, adequate, and realistic specification or purchase description is available;
- Two or more responsible bidders are willing and able to compete effectively for the business; and
- The procurement lends itself to a firm fixed-price contract and the selection of the successful bidder can be made principally on the basis of price.

If sealed bids are used, the following requirements apply:

- Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids. The invitation for bids must be publicly advertised.
- The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond.
- All bids will be opened at the time and place prescribed in the invitation for bids. The bids must be opened publicly.
- A firm fixed-price contract award must 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 must 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. Any or all bids may be rejected if there is a sound documented reason.

### *Competitive Proposals*

A competitive proposal is normally used with more than one source submitting an offer, and either a *fixed price* or a *cost-reimbursement* type contract is awarded. (A *cost reimbursement contract* reimburses the contractor for actual costs incurred to carry out the contract.) Competitive proposals are generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

- Requests for proposals must be publicized and must identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical.
- Proposals must be solicited from an adequate number of qualified sources.
- The City must have a written method for conducting technical evaluations of the proposals received and for selecting recipients.
- Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

When using Federal funds, 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.

### *Noncompetitive Proposals (Sole Sourcing)*

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used when using Federal funds only when one or more of the following circumstances apply:

- The item is available only from a single source and an equivalent cannot be substituted. This must be documented.
- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation.
- After solicitation of a number of sources, competition is determined inadequate.

Additionally, *State* requirements related to sole source purchasing are, in some ways, more restrictive. In addition to the Federal requirements above, sole source purchases must meet established criteria:

- Identification and confirmation that competition in providing the item or product to be purchased is precluded by the existence of a patent, copyright, secret process or monopoly;
- A film, manuscript, or book;
- A utility service, including electricity, gas, or water; and
- A captive replacement part or component for equipment.

According to State requirements, sole source does not apply to mainframe data-processing equipment and peripheral attachments with a single item purchase price in excess of \$15,000.

In this case, the City must document why only this product can meet their needs and that it is not available from any other vendor. In all cases, the City will obtain and retain documentation from the vendor which clearly delineates the reasons which qualify the purchase to be made on a sole source basis.

### **Cost/Price Analysis for Federal Procurements in Excess of \$150,000**

In accordance with the requirements in 2 CFR § 200.323, the City will make independent estimates of the goods or services being procured before receiving bids or proposals to get an estimate of how much the goods and services are valued in the current market.

To accomplish this, before bids and proposals are received, the City conducts either a price analysis or a cost analysis, depending on the type of contract, in connection with every procurement with Federal funds in excess of \$150,000. The method and degree of analysis is dependent on the facts surrounding

the particular procurement situation; however, the City will come to an independent estimate prior to receiving bids or proposals, 2 CFR § 200.323(a).

Accordingly, the City performs a cost or price analysis in connection with every Federal procurement action in excess of \$150,000, including contract modifications, as follows:

**Cost Analysis ① Non-competitive Contracts:** A cost analysis involves a review of proposed costs by expense category, and the Federal cost principles apply, which includes an analysis of whether the costs are allowable, allocable, reasonable, and necessary to carry out the contracted services. In general,

- A cost analysis must be used for all non-competitive contracts, including sole source contracts.
- The Federal cost principles apply.
- All *non-competitive contracts* must also be awarded and paid on a *cost reimbursement basis*, and not on a fixed-price basis.
- In a cost-reimbursement contract, the contractor is reimbursed for reasonable actual costs incurred to carry out the contract.
- Profit must be negotiated as a separate element of the price in all cases where there is no competition.

When performing a *cost analysis*, the City negotiates profit as a separate element of the price. To establish a fair and reasonable profit, consideration is given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work, 2 CFR § 200.323(b).

**Price Analysis ② Competitive Contracts:** A *price analysis* determines if the lump sum price is fair and reasonable based on current market value for comparable products or services. In general,

- A price analysis can only be used with *competitive contracts* and is usually used with fixed-price contracts. It cannot be used with non-competitive contracts.
- Compliance with the Federal cost principles is not required for fixed-price contracts, but total costs must be reasonable in comparison to current market value for comparable products or services.
- A competitive contract may be awarded on a fixed-price basis or on a cost reimbursement basis. If awarded on a cost-reimbursement basis, the Federal cost principles apply and costs are approved by expense category, and not a lump sum.

Costs or prices based on *estimated* costs for contracts are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable costs under the Federal cost principles.

## **B. Contract Administration**

The City maintains the following oversights to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders, 2 CFR § 200.318(b). The program manager/director of the Federal award is responsible for monitoring contractor performance. The manager/director will compare actual performance of contract against projected performance and have the contractor explain any differences. They may also compare fees paid to date to contractor versus how far along the contractor is in performing the contractual duties. The manager/director may establish surveys of those directly benefitted by the contractor's work for feedback purposes.

To ensure proper administration of contracts and any subgrants that may be awarded by the City, the City uses the following guidelines to determine whether each agreement it makes for the disbursement of Federal funds is a *contract*, whereby funds are awarded to a *contractor*, or a *subaward*, whereby funds are awarded to a *subrecipient*. The substance of the relationship is more important than the form of the written agreement, 2 CFR § 200.330.

### *Subawards/Subgrants*

A *subaward/subgrant* is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. The City determines who is eligible to receive what Federal assistance, and a *subrecipient/subgrantee*:

- Has its performance measured in relation to whether objectives of a Federal program are met
- Has responsibility for programmatic decision making
- Is responsible for adhering to applicable Federal program requirements, and
- In accordance with the subgrant 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 City.

### *Contracts*

A *contract* is for the purpose of obtaining goods or services for the City's own use and creates a procurement relationship with the contractor.

#### *A contractor:*

- Provides goods and services within normal business operations
- Provides similar goods or services to many different purchasers
- Normally operates in a competitive environment
- Provides goods or services that are ancillary to the operation of the Federal program, and
- Is not subject to compliance requirements of the Federal program as a result of the contract, though similar requirements may apply for other reasons



## Documentation for Contracts

The City maintains the following written documentation, at a minimum, for each contract paid with Federal funds:

1. A copy of the written, signed contract/agreement for services to be performed
2. The rationale or procedure for selecting a particular contractor
3. Evidence the contract was made only to a contractor or consultant possessing the ability to perform successfully under the terms and conditions of the contract or procurement
4. Records on the services performed – date of service, purpose of service – ensuring that services are consistent and satisfactorily performed as described in the signed contract or purchase order
5. Documentation that the contractor was not paid before services were performed, and
6. Records of all payments made (such as a spreadsheet or report generated from the general ledger), including the total amount paid to the contractor

## Payment Only After Services Are Performed

For both State and Federally funded contracts, it is not permissible under Texas law to pay a contractor or consultant in *advance* of performing services. Advance payment to contractors is considered “lending credit” to the contractor and is prohibited under the *Texas Constitution*, Article 3, §§ 50 and 52. For ongoing services that occur monthly, payment can be made at the end of every month (based on a proper invoice submitted by the contractor and verification of work performed) for services performed during the month, or some other similar arrangement.

Consultants and contractors will not be paid without having a properly signed and dated contract or other written agreement in place which clearly defines the scope of work to be performed, the beginning and ending dates of the contract, and the agreed-upon price. The contract should also include a description of the payment procedures.

Upon performance of services (at contract milestones or upon completion of services), the contractor is required to submit an *invoice* to the City that contains at a minimum the following:

- a clear identification of the contractor/consultant, including name and mailing address
- a corresponding contract (or written agreement) number, if applicable
- the dates (beginning and ending date) during which the services were performed (i.e., billing period)
- a description of the services/activities completed during the billing period • the total amount due to the contractor for the billing period

By submitting a properly-prepared invoice, the contractor is certifying that it is true and correct.

### **Verification of Receipt of Goods and Services Provided by Contractors**

If the purpose of the contract or purchase order is to deliver goods, the City will designate the appropriate staff to verify that the quantity and quality of goods were as specified in the contract/purchase order. The receiving report and procedures used in all other State/local purchases will be used for all Federal purchases.

If the purpose of the contract is to purchase services, the contract manager along with the City Manager will verify that the quality and scope of services were received as specified in the contract.

### **Prompt Payment to Vendors/Contractors**

The City pays all vendors/contractors within thirty (30) days of receipt of a proper invoice and the receipt of the goods or services in accordance with the Texas Prompt Payment Act. Government Code, Chapter 2251, Subchapter A, for all contractors, and Property Code, Chapter 28 for Construction Contractors.