

**RESOLUTION 2024-268**

**A RESOLUTION OF THE CITY OF HILSHIRE VILLAGE, TEXAS, ADOPTING A FINANCE POLICY; ESTABLISHING GUIDELINES FOR FISCAL MANAGEMENT, INTERNAL CONTROLS, AND FINANCIAL REPORTING; AND PROVIDING FOR AN EFFECTIVE DATE.**

WHEREAS, the City Council of the City of Hilshire Village, Texas, recognizes the importance of a comprehensive finance policy which will provide a framework for the City's fiscal management, including budgeting, financial planning, internal controls, and financial reporting; and

WHEREAS, the City Council desires to adopt a finance policy that promotes transparency, accountability, and effective financial stewardship in accordance with best practices for local government finance.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HILSHIRE VILLAGE, TEXAS, that:**

Section 1. That the recitals to these resolutions are hereby approved by the City Council and incorporated into this resolution.

Section 2. That the City Council has reviewed, and hereby authorizes and confirms the adoption and amendment of the Authority's Finance Policy, attached hereto as Exhibit "A".

**PASSED AND ADOPTED this 19th day of November, 2024.**

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Robert F. Buesinger, Mayor

ATTEST:

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Cassie Stephens, City Secretary



# Finance Policy

*(Presented for Council approval 11/19/2024)*

## **1. General Fund Reserves**

The city shall maintain a prudent level of reserves in the General Fund to ensure financial stability and protection against unforeseen financial challenges. A minimum of 75%, or 9 months, of the annual operating budget shall be held in reserve. These reserves can be used only under specific conditions, such as emergencies or significant financial downturns, and any use must be approved by the City Council. A plan to replenish the reserves within a reasonable timeframe must accompany any approved use.

## **2. Reserves in Other Funds**

Reserve policies similar to those of the General Fund shall apply to other funds, particularly enterprise funds that support self-sustaining services. These funds must maintain reserves sufficient to cover operating expenses for a minimum of 6 months and address potential liabilities or emergencies. The use of these reserves requires City Council approval and must align with the city's long-term financial health.

## **3. Grants Administration**

The city shall actively pursue grant opportunities to supplement local funding for projects and services. The Mayor and City Treasurer are responsible for the administration of grants, ensuring compliance with federal, state, and local regulations. Quarterly progress reports will be submitted to the City Council, and all financial transactions related to grant funding will undergo periodic audits.

## **4. Debt Management**

Permissible debt instruments include general obligation bonds, revenue bonds, certificates of obligation, and other legally allowed instruments. Debt issuance is restricted to capital projects with clearly identified revenue streams for repayment or those deemed essential to city infrastructure. The city shall maintain debt levels such that the combined annual debt service payments do not exceed 15% of the annual operating budget. This policy allows for debt to be structured over multiple years, provided that the total annual debt obligations remain within this 15% threshold. The city will also comply with all continuing disclosure requirements.

## **6. Economic Development**

The city may offer subsidies, tax incentives, or other financial incentives to encourage private development in line with community economic development goals. Such incentives shall be used strategically to attract businesses, create jobs, and enhance the tax base while ensuring a positive long-term financial impact on the city. All economic development agreements require City Council approval and must include performance benchmarks for accountability.

## **7. Financial Reporting Requirements**

### **Internal Reporting:**

The City Treasurer shall prepare and distribute quarterly financial reports. These reports, including statements of revenues and expenditures, balance sheets, cash flow statements, and variance analyses comparing actual results to budgeted amounts, will support financial performance monitoring and informed decision-making.

### **External Reporting:**

The City Treasurer shall prepare Annual Comprehensive Financial Reports (CFR) in accordance with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) standards. An independent certified public accounting firm will audit the CFR annually. The audited financial statements shall be presented to the City Council for review and approval, after which the CFR will be made publicly available through the city's website and at City Hall.

## **8. Risk Management and Internal Controls**

The city shall implement robust risk management and internal control policies designed to safeguard assets, ensure accurate financial reporting, and prevent fraud, misuse, or inefficiencies in operations.

Internal controls will be structured to include comprehensive measures such as the segregation of duties to reduce the risk of errors or collusion, requiring multiple levels of authorization for financial transactions, and implementing access controls for sensitive financial systems and records.

Regular internal audits will be conducted to evaluate the effectiveness of controls, ensure compliance with applicable laws and policies, and identify areas for improvement.

Continuous monitoring will include automated and manual reviews of financial transactions to detect anomalies or irregularities promptly.

Further, all city staff involved in financial activities will undergo regular training on best practices for financial management, fraud prevention, and compliance.

## **9. Procurement Policies and Procedures**

### **Procurement Process:**

All city purchases shall adhere to a competitive bidding process whenever practical and cost-effective, ensuring transparency and value for money. Procurement methods may include competitive sealed bidding, competitive sealed proposals, requests for qualifications (RFQs), and requests for proposals (RFPs). The method of procurement will be determined by the nature, complexity, and value of the goods or services being acquired. In cases of emergency procurement, the standard competitive process may be bypassed with appropriate justification and documentation.

### **Procurement Goals for Historically Underutilized Businesses (HUB):**

The city is committed to promoting diversity and inclusion in its procurement practices, creating opportunities for minority-owned, women-owned, and other historically underutilized businesses (HUBs) to participate in city contracts. Goals for Minority and

Women Business Enterprise (MWBE) participation are set to reflect the diversity of Houston and support the growth of these businesses across various industries. These goals will be adjusted as necessary based on marketplace conditions and community demographic changes to ensure continued alignment with the city's priorities and economic realities.

	Goal	Rationale	Implementation
Construction Contracts	35% MWBE participation for total contract value.	Reflects Houston's large MWBE representation in the construction sector and promotes equity in city-funded infrastructure projects.	Require prime contractors to allocate at least 35% of their project work to certified MWBE subcontractors.
Professional Services	25% MWBE participation for services such as legal, consulting, and financial contracts.	Addresses the underrepresentation of MWBEs in high-skill industries while aligning with Houston's diverse workforce demographics.	Encourage MWBEs to compete as prime contractors and provide mentorship or joint venture incentives for partnerships.
Goods and Supplies Procurement	20% MWBE participation in city purchases for office supplies, vehicles, and equipment.	Leverages the presence of MWBEs in Houston's growing wholesale and distribution sectors.	Establish a streamlined process and preferential pricing consideration for MWBE vendors.
Technology and Innovation	15% MWBE participation for contracts related to technology services, including software development, IT support, and data management.	Encourages MWBE growth in Houston's emerging technology sector, fostering innovation and competitiveness.	Partner with local incubators to develop MWBE capacity and offer technical assistance for bidding.
Renewable Energy and Sustainability Projects	10% MWBE participation for renewable energy initiatives, such as solar panel installation and energy efficiency programs.	Stimulates MWBE involvement in Houston's rapidly growing renewable energy market and aligns with city sustainability goals.	Establish pilot programs targeting MWBE subcontractors for green projects and provide training programs for capacity-building.
Small Business Set-Asides	Reserve 10% of all contracts below \$500,000 exclusively for certified MWBEs.	Supports smaller MWBEs that might lack capacity for larger projects but are critical to Houston's economic ecosystem.	Require at least two competitive MWBE bids to award set-aside contracts.

## **10. Cash Handling & Petty Cash Management**

### **Cash Handling Procedures:**

The City Treasurer shall establish and enforce strict procedures for handling city funds to prevent fraud, theft, and misuse. These procedures include segregation of duties, dual controls for cash counting, depositing, and reconciliation, regular reconciliations of cash receipts with bank deposits and accounting records, and secure storage of cash.

### **Petty Cash Management:**

Petty cash funds shall be maintained for small, incidental expenses that cannot be efficiently processed through the normal accounts payable system. The City Treasurer, designated as the custodian, is responsible for maintaining accurate petty cash records and ensuring compliance with city policies. Reimbursements and replenishments must be supported by original receipts and authorized by the City Treasurer.

## **11. Purchasing Card Policy & Procedures**

The city shall issue purchasing cards (P-cards) to authorized employees to facilitate small-dollar purchases and reduce administrative overhead. Each P-card shall have a usage limit determined by the City Council based on the cardholder's purchasing needs. P-cards may only be used for approved purchases in compliance with the city's procurement policies, and personal use is strictly prohibited. Cardholders must submit receipts and a monthly reconciliation of P-card transactions to the City Treasurer for approval.

## **12. Long-Term Financial Planning**

The city is committed to taking a long-term approach to financial health, which includes regularly updating a multi-year financial plan that aligns with the city's strategic goals. This plan shall project revenues, expenditures, and capital needs over at least five years and guide budget development and financial decision-making. The plan shall be reviewed and updated annually to reflect changes in the city's financial condition and priorities.