

PUBLIC HEARING

Approval of Rezoning from R-2 to R-3 at 12 Elm Street (Blanco River Addition, 0.518 acres), Blanco, Texas 78606, (Property Owner: Stephen and Melinda Doster).

NOTICE OF PUBLIC HEARING

As required by Texas Government Code, Notice is given that the **Planning and Zoning Commission** of the City of Blanco, Texas, will conduct a **public hearing at the Byars Building at 308 Pecan Street, Blanco, Texas on September 11th, 2023 at 6:30 p.m.**, and that the **City Council** of the City of Blanco, Texas, will conduct a **public hearing at the Byars building at 308 Pecan St at 6:00 p.m., on September 12th, 2023** for the purpose of a **REZONING FROM R2 TO R3** on the following described tract located within the city limits of the City of Blanco.

Property Owner

Stephen & Melinda Doster

Property Description

Blanco River Addition, 0.518 acres

Property Location

12 Elm St



City of Blanco

P.O. Box 750

Blanco, Texas 78606

Office (830)833-4525

Fax (830)833-4121

August 9th, 2023

Dear Property Owner:

The City of Blanco has received a request from the owner of the following tract of land for **Rezoning from R2 to R3** on the following described tract located within the city limits of the City of Blanco.

Property Owner: Stephen & Melinda Doster

Property Description: Blanco River Addition, 0.518 Acres, 12 Elm St

The Planning and Zoning Commission of the City of Blanco will conduct a public hearing and regular meetings for the purpose of considering the request at **6:30 p.m. on September 11, 2023, at The Byars building at 308 Pecan St.** The City Council will conduct a public hearing and regular meeting **September 12, 2023 @ 6:00 p.m. at The Byars building at 308 Pecan St.**

You are receiving this notice as required by the Texas Local Government Code because you have been identified from the tax rolls as owning property approximately 200 feet of the tract proposed for rezoning. If you wish to protest the proposed change, you must do so prior to the public hearing in writing, sign the protest, and return it to the Blanco Assistant City Secretary at Blanco City Hall, 300 Pecan Street in Blanco or mail it to City of Blanco, P.O. Box 750, Blanco, Texas 78606.

Sincerely,

Olga Gamez,
Assistant City Secretary

PRESENTATION 1

PROCLAMATION 1

**PROCLAMATION
OF THE CITY OF BLANCO
PROCLAIMING OCTOBER 2023 AS**

“Hill Country Night Sky Month in the City of Blanco”

- WHEREAS,** the aesthetic beauty and wonder of star-filled skies are the heritage of all humankind and locally to the inhabitants of the City of Blanco and are therefore worthy of celebration; and
- WHEREAS,** the experience of standing beneath a star-filled night sky inspires feelings of wonder and awe, and may encourage interest in science and nature especially among young people; and
- WHEREAS,** the opportunity to view star-filled skies attracts tourists to our region and therefore economic benefit to the City of Blanco; and
- WHEREAS,** preserving the rich historic heritage and starry night skies of Blanco is important to its residents; and
- WHEREAS,** “light pollution,” which is wasted artificial light that performs no function or task and goes where it is not needed, creates glare, light trespass, and sky glow; and
- WHEREAS,** light pollution wastes natural resources amounting to at least \$2 billion per year and contributes to diminished American energy independence; and
- WHEREAS,** the historical view of the night skies has been eroding in many nearby areas and generations are growing up with limited, if any, view of the wonders of the universe; and
- WHEREAS,** the influx of people into the Texas Hill Country region and the accompanying light pollution from area lighting fixtures has been steadily on the rise; and
- WHEREAS,** solving the problem of light pollution involves making better use of outdoor lighting to direct light down to where it is needed instead of upward into the sky, putting outdoor lights on timers and motion detectors and using outdoor lighting only where necessary; and
- WHEREAS,** Hill Country communities are increasingly dedicated to the preservation of the region’s night skies, as evidenced by the frequent educational activities conducted in our region and by the increasing number of places in our region recognized as International Dark-Sky Places by the International Dark-Sky Association, including: Enchanted Rock State Natural Area, South Llano State Park, the City of Dripping Springs, the Wimberley Valley, the City of Fredericksburg, the City of Horseshoe Bay, U Bar U Camp & Retreat Center, the River Hills Neighborhood of Travis County, and the Lost Creek Neighborhood of Travis County; and
- WHEREAS,** the City of Blanco has its application pending with the International Dark Sky Association to be designated an International Dark Sky Community, and
- WHEREAS,** this regional effort and the preservation and celebration of our night skies is worthy of a month-long celebration.

NOW THEREFORE, BE IT PROCLAIMED by the City Council of the City of Blanco, Texas:

1. That October 2023 shall hereafter be known as “Hill Country Night Sky Month” in Blanco, Texas.
2. That the Mayor and the Blanco City Council encourage citizens to enjoy the night sky and to participate in the Hill Country region’s events and programs celebrating the night sky and promoting the ways in which communities are working to preserve it.
3. That the Mayor and the Blanco City Council encourages citizens to learn about light pollution and why it matters, night sky friendly lighting, and lighting recommendations, and to implement practices and lighting improvements that will reduce light pollution, thereby preserving our night skies.
4. The Blanco City Secretary is hereby instructed to post this Proclamation at the Blanco City Hall for Public Display and enter this document into the permanent records of the City of Blanco.

Mike Arnold, Mayor, Blanco, Texas

STAFF
CITY HALL

**STAFF
POLICE
DEPARTMENT**

BLANCO POLICE DEPARTMENT MONTHLY STATISTICS 2023



January	February	March	April	May	June	July	August	September	October	November	December
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Crime Statistics												YTD	
Major Crimes													
Assaults	1	2	2	2	0	1	1	0					9
Sexual Offenses	0	2	0	4	0	0	0	2					8
Other	0	0	0	0	1	0	2	1					4
Burglaries													
Residence	0	0	1	0	0	0	0	0					1
Vehicle	0	0	0	0	0	0	1	2					3
Business	1	1	0	0	0	0	0	1					3
Theft	0	0	1	3	5	3	6	4					22
Criminal Mischief	2	0	1	1	1	1	1	3					10
Alcohol Violations	2	4	5	3	6	5	3	1					29
Narcotics Violations	6	3	2	7	7	1	7	3					36
Arrests													
Individuals	6	9	10	11	12	6	13	5					72
Adult	5	6	10	11	12	6	11	5					66
Juvenile	1	3	0	0	0	0	2	0					6
Offenses	7	11	12	13	13	7	19	6					88
Felony	3	4	1	0	6	2	12	5					33
Misdemeanor	4	7	11	13	7	5	7	1					55
Emergency Detention							4	0					4
Filed by CID	3	6	8	0	7	1	2	7					34
Calls for Service													
Total Calls for Service	306	300	293	301	310	278	300	245					2333
Assist EMS	9	7	4	7	4	7	8	8					54
Assist Fire	2	4	2	2	0	0	1	3					14
Assist Other Agency	12	12	10	23	15	17	23	21					133
Assist Public	4	14	13	5	18	12	14	16					96
Accidents	7	7	8	5	13	11	10	5					66
Disturbances	7	10	11	4	5	3	5	1					46
Suspicious Activity	32	22	27	30	29	34	23	15					212
Alarms	3	7	8	8	8	12	8	2					56
Animal Calls	7	5	3	1	6	4	4	7					37
City Ordinance Viol.	1	1	0	1	2	1	5	2					13
Traffic Enforcement													
Citations	64	60	109	117	135	119	158	95					857
Warnings	194	155	145	221	240	210	146	214					1525
Speeding	35	41	52	57	70	76	85	63					479
D.L. Violations	17	9	15	14	22	15	21	9					122
Registration	8	11	18	22	18	18	14	7					116
Insurance	6	5	7	6	8	5	13	6					56
Stop Sign/Light	0	1	4	3	1	4	4	2					19
Equipment	1	1	3	2	0	1	4	0					12
Other	9	3	16	13	16	0	17	8					82
Other													
Time Out of City	22	28	27	31	37	29	38	21					233
Record Requests	10	14	13	11	17	15	12	14					106
Golf Cart Permits	0	0	0	1	0	0	0	1					2
Home Watches	150	131	118	152	63	95	110	70					889

CONSENT
ITEM #1

**REGULAR MEETING
OF THE GOVERNING BODY OF
THE CITY OF BLANCO**

**Meeting Minutes
August 8, 2023**

A regular meeting of the City Council, City of Blanco, Texas was held on August 8, 2023, at 6:00 pm at the Byars Building, 308 Pecan Street, Blanco, Texas.

The meeting was called to order at 6:00 pm by Mayor Arnold, followed by roll call announcing a quorum was present. The Invocation and Pledge of Allegiance was led by Pastor Phil Thompson, ARK Church. Council members present: Mayor Arnold, Mayor Pro-Tem Thrailkill and Council Members Smith, Swinson, and Moses. Council Member McClellan was absent and excused by Mayor Arnold for medical reasons.

City staff present: Warren Escovy, Sasha Ricks, Laurie Cassidy, and Police Chief Scott Rubin.

Mayor Arnold made the following announcements:

- Burn Ban On, be careful.
- Water, Currently on Stage 3 Drought Restrictions,
- The Concrete Pour is scheduled for next Tuesday, August 15 at 4:00 am.

Public Comments:

- Wayne Gosnell, Blanco city resident, comment letter read by Laurie Cassidy, City Secretary regarding New Business item #9, Short-term rental ordinance. Urged Council to leave the current STR ordinance in place, or if the proposal is to simply modify the ordinance, please do so in a manner that protects our neighborhoods from the effects of unrestricted STR's.
- Kenneth Welch, Blanco County resident, spoke of the need for full transparency regarding the 281 relief route, and the transparency committee. Need real transparency on both! From discussions at the last meeting, it appeared this was not the case. The Financial Transparency and Security committee has not been well defined. Need role of committee before members are assigned, this is concerning. Regarding NB #5, proposal to roll back ordinance which allows the public to raise issues before the council. By securing the approval of two council members issues can be placed on the agenda. If you eliminate this rule this will make it more difficult for citizens to participate, instead modify it to allow one member of council to get an item on the agenda.
- Jay Palmer, Blanco ETJ resident, is trying to develop his property. Here to celebrate with this council. Reached a milestone, produced the first bottle of red wine for the project which is named Old Courthouse Red. Blanco's majestic centerpiece, the Old Courthouse, is the heart of the city. It has served as a hospital, bank, school museum, and newspaper office. Our red is a tribute to this beloved and historic landmark. Trying to straighten out discharge without running over pastures/yard. Entered into settlement agreement, still trying, not there yet. Reach those ultimate goals. Found out bypass route, would destroy his property.

- Marcy Westcott, Blanco city resident, spoke regarding the 281 relief route. Said at the last meeting there were some statements made that were not factual (that the proposed route is entirely outside the city limits). People's lives are at stake. The fact is the current proposed route would devastate the following property owners: Don & Linda Murphey, 45.40 acres inside the city limits, Waymond & Jayne Lightfoot, 27.26 acres in the city limits, Colin & Myra Corbett, 39.60 acres in the city limits, Cornelia England, 7.5 acres in the city limits, Ron & Marcy Westcott, 2.97 acres in the city limits and Bobby & Peggy Pawlik, 96 acres in the city limits. Hard to understand how someone in such an important position on council could not have something as fundamental as the city boundaries correct.
- Amy Arnold, Blanco city resident, spoke regarding new business, Item #5, many recent items seem to be unproductive and only stirring descent and strife among council. Please respect the people's time. This ordinance was recently passed, several options to use without needing this ordinance. Would like to see the strife stopped.
- Dan Murrah, Blanco city resident, encouraged council to think back to the last meeting, there was so much worry about so many people overseeing the money of the City of Blanco. How can you have too many eyes on the money that belongs to the citizens of Blanco? Encourage you to rethink this. Would be helpful to have more eyes, not less.
- Donna Ledvina, Blanco city resident, spoke regarding a memorandum from May 12 ,2022 stating the Council approved the Pecan Bottom as a nature park with no parking allowed. This was so they could identify the vegetation growing there. Since this time the chain has been removed. How do we know what is native if we don't let it grow. This has been an ongoing issue; how much longer will this go on before something is done?
- Eric Burkhart, read statement for Candy Cargill – Fiduciary, what does it mean? A fiduciary is someone who manages money or property for someone else. Council, you are here to work for us (see organizational chart). Please put the citizens' needs before your own. What do the citizens need?? A consistent source of WATER! Don't do one more thing until that is secure.
- Crystal Spybuck, library director and Blanco city resident gave a short update on current library happenings. They have added 59 new patrons, July 8 to present, registered 25 new people for dolly Parton program. Thank you to the council for your support.
- Peggy Pawlik, Blanco city resident, owns 96 acres that fronts 281, spoke of her concerns with the proposed 281 relief route. Have lived on their property 26 years. Very opposed to the proposed relief route. Hoping there are other routes considered. The current proposed route would destroy their property. Please do what is best for all concerned.

Proclamations:

Mayor Arnold read the following proclamations:

1. Constitution Week Proclamation.
2. Founder's Day Proclamation.

Staff Presentations:

- City Hall, Warren Escovy, City Administrator announced TxDOT will be hosting a community workshop regarding the US 281 relief route on Monday, August 28 at 4:00 pm at the Old Blanco Courthouse. He discussed the upcoming budget and tax hearing to be held next Monday, August 14, 2023 at 6:00 pm. Also, Joeris General Contractors will have a scheduled concrete pour at Blanco Elementary School next Tuesday, August 15 at 4:00 am.

Blanco is currently on Stage 3 drought restrictions; the pavement restoration has been completed by Titan Milling for this fiscal year. Working on Pothole hotline.

- Police Department, Chief Rubin presented the July Monthly Report. Lt. Thornhill graduated from the Bill Blackwood LEMIT, Leadership Command College Class #94. Reminder: School begins next Wednesday, August 16, be careful on the roads.

Consent Agenda: *The following items may be acted upon in one motion.* No separate discussion or action is necessary unless requested by the Mayor or a Council Member, in which those items will be pulled for separate consideration.

1. Approval of Minutes from the July 11, 2023, Regular Meeting and Budget Workshop.
2. Approval of Minutes from the July 19, 2023, Special Meeting.

A motion was made by Mayor Pro-Tem Thraikill to approve the consent agenda items one and two as amended to show Council Member Swinson was absent at the July 19 meeting, seconded by Council Member Smith, all in favor, motion carried unanimously.

Old Business: Consider, discuss, and take appropriate action on the following:

1. Consideration, Discussion and Take Possible Action Regarding US Highway 281, Inclusive of Possible Relief Route(s), and Related Committees (Council Member Mike Smith). The mayor spoke, attorney suggested the city pass a statement, the city has not put forward any proposed or preferred 281 route. Mayor showed a map put out by TxDOT and one from CAPCOG. Council discussed. **A motion was made by Council Member Smith be it resolved that the City of Blanco has not to date taken any position on possible routing of a Highway 281 relief route that may be constructed by the Texas Department of Transportation (TxDOT). The City encourages all residents of Blanco to engage with and inform TxDOT directly of any opinions they may hold on any such project. Further action by the City on any such project, if any, shall be subject to authorization by the governing body of the City, seconded by Council Member Moses, all in favor, motion carried unanimously.**
2. Consideration, Discussion and Take Possible Action on Formation and Composition of Committee for Financial Transparency and Security, including Approval of Nominees Submitted to Date, and Setting Related Timelines. Council discussed. **A motion was made by Mayor Pro-Tem Thraikill to not move the Financial Transparency and Security Committee forward, seconded by Council Member Swinson, motion carried 3-1 with Council Member Moses opposed.** Mayor Arnold said he will continue with his ad hoc committee.

New Business: Consider, discuss, and take appropriate action on the following:

1. Consideration, discussion, and Take Possible Action on Review of Costs to Provide Public Information Requests. Warren Escovy, City Administrator spoke regarding the cost of current public information requests. Mayor said it is regrettable that these unbeneficial fishing expeditions are costly and ineffective to the city. Please be more precise and considerate. The council discussed expenses to be added as part of the budget. **No action taken.**

2. Consideration, Discussion, and Take Possible Action to Adopt/Reaffirm Resolution 2023-R-011 Civil Rights Policies and Procedures, to include the HUD Section 3 Presentation, for the TxCDBG City of Blanco Contract CDV21-0456. JD Merritt with Langford Community Management Services presented the grant information. **A motion was made by Mayor Pro-Tem Thraikill to adopt Resolution 2023-R-011 Civil Rights Policies and Procedures, to include the HUD Section 3 Presentation, for the TxCDBG City of Blanco Contract CDV21-0456, seconded by Council Member Swinson, motion carried 3-0 with Council Member Smith recusing himself from the motion.**
3. Consideration, Discussion and Take Possible Action on Hiring City Planner (Council Member Swinson). The council discussed: This would help gear us more toward the small town feel we want. The planner would help us update our UDC and Master Plan. Need now before we have another developer come in. \$25,000 cost. A small amount may be recoverable from the developers. Thorofare plan and future use plan are the two most important for Comprehensive Master Plan. **A motion was made by Mayor Pro-Tem Thraikill to table this item until after the budget discussion, seconded by Council Member Smith, all in favor, motion carried unanimously.**
4. Consideration, Discussion and Take Possible Action on US 281 Overlay Backbone Code (Council Member Swinson). **The mayor moved this item to the executive session.**
5. Consideration, Discussion and Take Possible Action on Repeal of the Ordinance Allowing Two Members of Council to Request an Agenda Item (Council Member Moses). The council discussed. Council Member Moses requested we change this back to what it was before. Go back to the State mandated rule of three city council members to force a special meeting. One city council member can go to Mayor to ask to put an item on the agenda. The council can motion to add item to future agenda with vote of quorum of council members. We follow Roberts Rules of Order. A motion was made by Council Member Moses to amend, to allow one member of council or the city administrator to add an item, no second was made, the motion failed. A motion was made by Council Member Moses to amend the ordinance to follow the state mandate, no second was made, motion failed. A motion was made by Mayor Pro-Tem Thraikill, presiding officer or city administrator can add an item to the agenda, no second, motion failed. **No Action Taken.**
6. Consideration, Discussion and Take Possible Action on Approval of Dirt Works to Replace the Force Main From the Water Plant, and Upgrade to a 4" Pipe (Warren Escovy, City Administrator). An upgraded force main was not part of the original design of the water treatment plant but was found to be needed as construction was ending. Our contractor, ACP, provides a quote of about \$66,000 to replace the 2" force main with a suitable pipe. As requested by the Mayor and Council a new quote from Dirt works. **A motion was made by Council Member Smith to approve Dirt Works to Replace the Force Main from the Water Plant, and Upgrade to a 4" Pipe, seconded by Council Member Moses, all in favor, motion carried unanimously.**
7. Consideration, Discussion and Take Possible Action on City Water Agreements with Texas Water Company (Warren Escovy, City Administrator). **The mayor moved this item to the executive session.**

8. Consideration, Discussion, and Take Possible Action on Proposed Tax Rate Needed to Support the Fiscal Year 2023-2024 Budget. On July 11 the Council discussed the budget at workshop #3. Warren Escovy, Budget Officer presented the budget to the City Secretary for posting to website. The staff made a miscalculation on the revenue for ad valorem taxes. The difference between the proposed budget online compared to the revised budget is \$265,893.70. Staff quickly changed the revenue projection. With the revised revenue projection, the city will need to raise ad valorem taxes 10% if we keep the same budget priorities. Staff recommends we increase the ad valorem to 6%. The council will need to find an additional \$70,000 to cut to make a balanced budget. **No action taken.**
9. Consideration, Discussion, and Take Possible Action on Amendment to Ordinance 2022-O-005 Short Term Rentals. The Council discussed: 18 permitted short-term rentals at this time. Non owner occupied at 10%. Does the Council want to review? Owner-occupied properties are not subject to this 10% limitation. 10% is a guideline. Good to review at the anniversary every year. Proposed laws did not pass. In Austin the court struck down a ban on non-owner occupied short term rentals. **No action taken.**

Closed regular meeting at 8:13 pm and convened into executive session.

Executive Session in accordance with Texas Government Code: in accordance with the authority contained in the Texas Government Code, Sections 551.071, 551.072, and 551.074.

1. Texas Government Code Sections 551.071 (Consultation with City Attorney) and Section 1.05, Texas Disciplinary Rules of Professional Conduct; Confer with City Attorney regarding Vapor Genius dba The Hill Country Vape & Smoke Appeal of Administrative Denial of Exterior Signage Plan.
2. Texas Government Code Sections 551.071 (Consultation with City Attorney) and Section 1.05, Texas Disciplinary Rules of Professional Conduct; Consultation with City Attorney regarding Economic Development Project.
3. Texas Government Code Sections 551.071 (Consultation with City Attorney) and Section 1.05, Texas Disciplinary Rules of Professional Conduct; Confer with City Attorney regarding City Water Agreements with Texas Water Company
4. Texas Government Code Sections 551.071 (Consultation with City Attorney) and Section 1.05, Texas Disciplinary Rules of Professional Conduct; Confer with City Attorney regarding US Highway 281, Inclusive of Possible Relief Route(s), and Related Committees.
5. Texas Government Code Sections 551.071 (Consultation with City Attorney) and Section 1.05, Texas Disciplinary Rules of Professional Conduct; Confer with City Attorney regarding Amendment to Ordinance 2022-O-005 Short Term Rentals.
6. Texas Government Code Sections 551.071 (Consultation with City Attorney), 551.072 (Real Estate) and Section 1.05, Texas Disciplinary Rules of Professional Conduct; Confer with City Attorney regarding Pharr Paradise Utility Easement Agreement.
7. Texas Government Code Section 551.071 (Consultation with City Attorney) and Section 1.05, Texas Disciplinary Rules of Professional Conduct. Confer with City Attorney regarding legal issues associated with the Water Treatment Plant Project; Bids, Contract. Award, and Notice to Proceed.
8. Texas Government Code Section 551.071 (Consultation with City Attorney) and Section 1.05, Texas Disciplinary Rules of Professional Conduct. Confer with City Attorney regarding Pending Legal Matters.

Closed executive session at 9:20 pm and convened into regular meeting.

Executive Session, Items 2-8: No Action Taken

New Business, Item #4, Council Member Swinson made a motion to table the US 281 Overlay Backbone Code, seconded by Council Member Moses, all in favor, motion carried unanimously.

Executive Session, Item #1, Vapor Genius, Exterior Signage Plan. A motion was made by Council Member Smith to approve the velum as presented by the shop owner, seconded by Council Member Moses, all in favor, motion carried unanimously.

Adjournment:

A motion was made by Council Member Moses to adjourn the meeting, seconded by Council Member Swinson, all in favor.

The meeting was adjourned at 9:22 pm.

Respectfully submitted,

Mike Arnold, Mayor

ATTEST:

Laurie A. Cassidy, City Secretary

These minutes were approved on the _____ day of _____, 2023.

CONSENT
ITEM #2

**SPECIAL MEETING AND PUBLIC HEARING
OF THE GOVERNING BODY OF
THE CITY OF BLANCO**

**Meeting Minutes
August 14, 2023**

A special meeting and public hearing of the governing body of the City of Blanco was held on August 14, 2023, at 6:00 pm at the Byars Building, 308 Pecan Street, Blanco, Texas.

The meeting was called to order at 6:00 pm by Mayor Arnold, followed by roll call announcing a quorum was present. The Pledge of Allegiance was led by Mayor Arnold. Council members present: Mayor Arnold, Mayor Pro-Tem Thrailkill and Council Members Smith, Swinson, and Moses. Council Member McClellan was absent (medically excused by Mayor Arnold).

City staff present: Warren Escovy, Sasha Ricks, Laurie Cassidy, and Police Chief Scott Rubin.

Announcements from the Mayor:

- Council Member McClellan is still in the hospital undergoing treatment and is in good spirits.
- Memorial service for Judy Dorsett, pillar of our community and co-founder of KBB, to be held Friday September 8, 2023 at 10:00 am
- Mike Young, investor for Milam Greene passed away.

Public Comments:

- None

PUBLIC HEARINGS:

1. Public Hearing on the adoption of the proposed Fiscal Year 2023-2024 Municipal Budget. This budget will raise more revenue from property taxes than last year's budget by an amount of \$255,339 which is a 26.1% tax increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$44,848.

Public Hearing Opened at 6:03 pm – closed 6:07 pm.

- Kenneth Welch, Blanco County resident spoke regarding the proposed budget. Revenue for the city must come from city taxes and fees that residents pay. Citizens write their check for property taxes to the county. The most important governmental body is the one closest to where we live. The citizens must protect the needs of the local government first. The council must pass the budget and taxes to pay for it.

- Retta Martin, Blanco city residents spoke of the passing of Judy Dorsett. She was one of the founding leaders of KBB, as well as a landscape designer. For over 24 years she worked on KBB. She also worked on the Rock Wall and historic preservation. The Rock Wall needs to be addressed to keep the building from falling down.

Public Hearing Closed 6:07 pm.

2. Public Hearing on the adoption of the proposed 2023 ad valorem tax rate and levy not to exceed the proposed rate of \$0.3532 of all taxable property within the corporate city limits of the City of Blanco, Texas.

Public Hearing Opened at 6:07 pm.

- Marissa Mensik submitted comments to the city to be read at the meeting. She applauded the council's courage in making difficult decisions for our community regarding raising city taxes. For some time, the State has taken more in taxes than needed from our citizens, leading to a historic surplus. The legislature has recently corrected this, offering a significant tax break to home and business owners while increasing the homestead exemption significantly. This is an opportunity for the city to funnel a very small percentage of the state tax cuts into our local community. It can be argued that the tax cuts were not only a relief for homeowners, but also small towns throughout our state that are struggling with dated and failing infrastructure, and a greater need for emergency services. As citizens of Blanco, we will see less money going to the state government and a small increase going to our local needs. From here, we citizens can hold our city to a high level of fiscal transparency. We can encourage city staff to invest in ways that will not only improve our community, but also put money back into our local economy. Once again, thank you for making the hard decisions. This is what good leadership looks like.

Public Hearing Closed at 6:09 pm.

Presentation:

1. OJ Armstrong, Chair, CIAMAC, discussed the proposed new utility rates.

Consent Agenda: *The following items may be acted upon in one motion.* No separate discussion or action is necessary unless requested by the Mayor or a Councilmember, in which those items will be pulled for separate consideration.

1. Approval of City of Blanco Holiday Schedule 2024.

A motion was made by Council Member Smith to approve consent agenda item #1 as presented, seconded by Mayor Pro-Tem Thrailkill, all in favor, motion carried unanimously.

New Business: Consider, discuss, and take appropriate action on the following:

1. Consideration, Discussion, and Take Possible Action on Approval of Amendment to Resolution 2023-R-007 Designating Persons Authorized to Sign on the City's Depository Accounts as the Official Signatories of the City of Blanco.

A motion was made by Mayor Pro-Tem Thrailkill to add Council Member Smith as a designated person authorized to sign on the city’s depository accounts, seconded by Council Member Swinson, all in favor, motion carried unanimously.

2. Consideration, Discussion and Take Action on the Approval of Ordinance 2023-O-011 of the City of Blanco, Texas, Setting and Approving the Municipal Budget for the 2023-2024 Fiscal Year; Funding Municipal Purposes; Authorizing Expenditures; Providing for: Findings of Fact; Enactment; Filing of Budget; Repealer; Severability; Effective Date; and Proper Notice and Meeting. Warren Escovy, City Administrator, recapped proposed budget. Staying with the 6% ad valorem increase, keep officer, remove planner at \$25,000, remove US 281 overlay backbone code at \$10,000, reduce street maintenance from \$110,000 to \$40,000 to cover maintenance/mowing row, rock asphalt to fill potholes. No changes to enterprise fund other than possible utility rate increase. The council discussed and pointed out \$75,000 in revenue from current fiscal year investments and four departments with budget decreases. They discussed adding the planner at a reduction to 3 hours per week at \$15,000 annually. The council discussed the state “This budget will raise more revenue from property taxes than last year’s budget by an amount of \$255,339 which is a 26.1% tax increase from last year’s budget”. Sasha Ricks, Finance Director, explained this is the amount of increase from last year’s revenue. **A motion was made by Council Member Smith, to Approved Ordinance 2023-O-011 of the City of Blanco, Texas, Setting and Approving the Municipal Budget for the 2023-2024 Fiscal Year; Funding Municipal Purposes; Authorizing Expenditures; Providing for: Findings of Fact; Enactment; Filing of Budget; Repealer; Severability; Effective Date; and Proper Notice and Meeting, seconded by Mayor Pro-Tem Thrailkill, motion carried 3-1 with Council Member Moses opposed.**

a. Roll Call Vote

Mayor Pro Tem Thrailkill	<u> X </u>	<i>for</i>	<u> </u>	<i>against</i>	<u> </u>	<i>abstain</i>	<u> </u>	<i>absent</i>
Council Member McClellan	<u> </u>	<i>for</i>	<u> </u>	<i>against</i>	<u> </u>	<i>abstain</i>	<u> X </u>	<i>absent</i>
Council Member Smith	<u> X </u>	<i>for</i>	<u> </u>	<i>against</i>	<u> </u>	<i>abstain</i>	<u> </u>	<i>absent</i>
Council Member Swinson	<u> X </u>	<i>for</i>	<u> </u>	<i>against</i>	<u> </u>	<i>abstain</i>	<u> </u>	<i>absent</i>
Council Member Moses	<u> </u>	<i>for</i>	<u> X </u>	<i>against</i>	<u> </u>	<i>abstain</i>	<u> </u>	<i>absent</i>

3. Consideration, Discussion and Take Action on approval of Resolution 2023-R-012 of the City of Blanco, Texas, Ratifying expenditures; filing of budget; repealer; severability; effective the Municipal Budget for Fiscal Year 2023-2024; funding municipal purposes; authorizing date; and proper notice. **A motion was made by Council Member Smith to Approve Resolution 2023-R-012 of the City of Blanco, Texas, Ratifying expenditures; filing of budget; repealer; severability; effective the Municipal Budget for Fiscal Year 2023-2024; funding municipal purposes; authorizing date; and proper notice, seconded by Mayor Pro-Tem Thrailkill, motion carried 3-1 with Council Member Moses opposed.**

a. Roll Call Vote

Mayor Pro Tem Thrailkill	<u> X </u>	for	_____	against	_____	abstain	_____	absent
Council Member McClellan	_____	for	_____	against	_____	abstain	<u> X </u>	absent
Council Member Smith	<u> X </u>	for	_____	against	_____	abstain	_____	absent
Council Member Swinson	<u> X </u>	for	_____	against	_____	abstain	_____	absent
Council Member Moses	_____	for	<u> X </u>	against	_____	abstain	_____	absent

4. Consideration, Discussion and Take Action on Approval of the 2023 maintenance and operating tax rate not to exceed the proposed rate of \$0.2026 to fund the 2023-2024 Budget. **A motion was made by Mayor Pro-Tem Thrailkill to approve the 2023 maintenance and operating tax rate not to exceed the proposed rate of \$0.2026 to fund the 2023-2024 Budget, seconded by Council Member Smith, motion carried,3-1 with Moses opposed.**
5. Consideration, Discussion and Take Action on the Approval of the 2023 debt tax rate not to exceed the proposed rate of \$0.1506 to fund the 2023-2024 debt obligation. **A motion was made by Mayor Pro-Tem Thrailkill to approve the 2023 debt tax rate not to exceed the proposed rate of \$0.1506 to fund the 2023-2024 debt obligation, seconded by Council Member Smith, motion carried,3-1 with Council Member Moses opposed.**
6. Consideration, Discussion and Take Action on the approval of Ordinance 2023-O-012 of the City of Blanco, Texas, Setting and Approving the 2023 ad valorem tax rate and levy not to exceed the proposed rate of \$0.3532 cents per one hundred dollars of assessed valuation of all taxable property within the corporate city limits of the City of Blanco, Texas. **A motion was made by Council Member Smith, to approve the property tax rate be increased by the adoption of a tax rate of \$0.3532 cents per one hundred dollars of assessed valuation, which is effectively a six percent increase in the tax rate, seconded by Mayor Pro-Tem Thrailkill., motion carried 3-1 with Council Member Moses opposed.**

b. Roll Call Vote

Mayor Pro Tem Thrailkill	<u> X </u>	for	_____	against	_____	abstain	_____	absent
Council Member McClellan	_____	for	_____	against	_____	abstain	<u> X </u>	absent
Council Member Smith	<u> X </u>	for	_____	against	_____	abstain	_____	absent
Council Member Swinson	<u> X </u>	for	_____	against	_____	abstain	_____	absent
Council Member Moses	_____	for	<u> X </u>	against	_____	abstain	_____	absent

Closed regular session at 6:41 pm and convened into executive session.

Executive Session in accordance with Texas Government Code: in accordance with the authority contained in the Texas Government Code, Section 551.071.

1. Texas Government Code Sections 551.071 (Consultation with City Attorney) and Section 1.05, Texas Disciplinary Rules of Professional Conduct; Confer with City Attorney regarding quality control processes and procedures.

Closed executive session at 7:11 pm and convened into regular session.

Executive Session, Item 1: No Action Taken

Adjournment:

A motion was made by Council Member Smith to adjourn the meeting, seconded by Mayor Pro-Tem Thraikill, all in favor.

The meeting was adjourned at 7:11 pm.

Respectfully submitted,

Mike Arnold, Mayor

ATTEST:

Laurie A. Cassidy, City Secretary

These minutes were approved on the _____ day of _____, 2023.

CONSENT

ITEM #3

**SPECIAL MEETING AND PUBLIC HEARING
OF THE GOVERNING BODY OF
THE CITY OF BLANCO**

**Meeting Minutes
August 22, 2023**

A special meeting of the governing body of the City of Blanco was held on August 22, 2023, at 6:00 pm at the Byars Building, 308 Pecan Street, Blanco, Texas.

The meeting was called to order at 6:00 pm by Mayor Arnold, followed by roll call announcing a quorum was present. The Invocation and Pledge of Allegiance was led by Council Member Moses. Council members present: Mayor Arnold, Mayor Pro-Tem Thrailkill and Council Members Smith, and Moses. Council Members McClellan (medically excused by Mayor Arnold) and Swinson were absent.

City staff present: Warren Escovy, Laurie Cassidy, and Police Chief Scott Rubin.

Announcements from the Mayor:

- We received some rain today, thank you.

Public Comments:

- None

New Business: Consider, discuss, and take appropriate action on the following:

1. Consideration, Discussion, and Take Possible Action on Approval of Ordinance 2023-O-013 Water and Sewer Rates in the City of Blanco and Blanco's ETJ. Warren Escovy, City Administrator shared rate order with expenses from Enterprise Fund. Revenue needed to cover water and sewer expenses is estimated to be \$2,773,411.39. The past five rate increases were in 1987, 2001, 2012, 2017, and 2020. Phillip Givens, Managing Principal with Superior Water Management of Texas, LLC completed the current water and sewer rate study for the city, paid for by PUC. Recommendation was 35% increase in utility rates. Current year to date expenses \$2,672,367.93. Budget to actuals going to the council quarterly. Council discussed. CIAMAC and the work they have done is highly appreciated. Council Member Moses is opposed to raising the rates by over 10%. CIAMAC will be reviewing the numbers quarterly. **A motion was made by Council Member Smith to approve Ordinance 2023-O-013 Water and Sewer Rates in the City of Blanco and Blanco's ETJ, with review of rates at a minimum annually, seconded by Mayor Pro-Tem Thrailkill, all in favor, motion carried unanimously.**

Closed regular session at 6:35 pm and convened into executive session.

Executive Session in accordance with Texas Government Code: in accordance with the authority contained in the Texas Government Code, Section 551.071.

1. Texas Government Code Section 551.071 (Consultation with City Attorney) and Section 1.05, Texas Disciplinary Rules of Professional Conduct. Confer with City Attorney regarding pending legal matters.

Closed executive session at 7:21 pm and convened into regular session.

Executive Session, Item 1: No Action Taken

Adjournment:

A motion was made by Council Member Moses to adjourn the meeting, seconded by Council Member Smith, all in favor.

The meeting was adjourned at 7:21 pm.

Respectfully submitted,

Mike Arnold, Mayor

ATTEST:

Laurie A. Cassidy, City Secretary

These minutes were approved on the _____ day of _____, 2023.

CONSENT

ITEM #4



City of Blanco

P.O. Box 750 Blanco, Texas 78606
Office 830-833-4525 Fax 830-833-4121

Request to be placed on City Council Agenda: ^{Consent}

I, Sasha Ricks request to be placed on the Agenda of the City Council Regular Meeting of Sept 12, 2023 (insert date of meeting).

Agenda Topic/Concern:

Social Media Policy

Introduction/Background:

No presentation - just need policy read and approved

Policy Analysis/Benefit(s) To Citizens:

Policy- benefit to citizen to help keep the citizen informed of current and accurate business.

Long Term Financial & Budget Impact:

No cost - just policy

Recommendation/Proposed Motion:

Recommendation to approve Social Media Policy to all staff and mayor and council.

I agree that the information must be submitted to the City Secretary no later than 5:00 pm Tuesday before the meeting date.



300 Pecan Street Blanco, Texas 78606

Origination Date: September 1, 2023

SOCIAL MEDIA POLICY

CITY'S SOCIAL MEDIA

PURPOSE

To convey information from the City to its citizens, to facilitate a sense of community and for residents and businesses to communicate with and obtain information about the City of Blanco online. The City of Blanco encourages the use of social media to reach a broader audience and to encourage citizen participation. **The City website will remain the primary avenue for the release of information.**

POLICY GUIDELINES

- A. All official City presences on social media sites or services are considered an extension of the City's computer information network and are governed by and subject to the City's Internet Access and Electronic Mail Policy contained in the City's Personnel Policy Manual.
- B. Information collected at this site becomes public record that may be subject to inspection and copying by members of the public, unless an exemption in law exists according to the Texas Public Information Act.
- C. The City reserves the right to remove any content that is not within these guidelines, while retaining said content for the appropriate records retention according to state law.
- D. Content Specifically Prohibited:
 - ☞ Profane language or content;
 - ☞ Any type of political activity;
 - ☞ Solicitations of commerce;
 - ☞ Conduct or encouragement of illegal, improper, or illicit purposes through visual, textual, or auditory posting including but not limited to sexual content or links to sexual content;
 - ☞ Content that is confidential according to the Texas Public Information Act;
 - ☞ Content that promotes, fosters, or perpetuates discrimination on the basis of race, creed, religion, gender, marital status, national origin, physical or mental disability, or sexual orientation;
 - ☞ Information or references to the personal addresses, personal telephone numbers, personal e-mail addresses, family members, or other personal information of City officials or City employees;
 - ☞ Commercial promotions or spam;
 - ☞ Information that may tend to compromise the safety or security of the public or public systems;
 - ☞ Links to websites or "pages" of outside vendors that are not related to the purpose of the media site.
- E. Posts on City social media sites by employees must remain professional in tone and be in

good taste. Each City employee is responsible for content they post on social media sites.

F. Content Specifically To Be Included:

- ↳ Indication that the media site is maintained by the City;
- ↳ Contact information for the specific department that created the page, including address and phone number;
- ↳ Departmental media sites must clearly identify the department as a unit of the City of Blanco;
- ↳ A link to the official City website;

G. Employees representing the City via social media must conduct themselves at all times as a representative of the City and in accordance with the City's Personnel Policy Manual. Employees who fail to conduct themselves in an appropriate manner shall be subject to disciplinary procedures up to and including termination of employment. Employees using social media sites, whether as an administrator or as a responder to a posting, will follow these guiding principles:

- Maintain transparency by using your real name and job title, and by being clear about your role in regard to the subject;
- Write and post about your area of expertise, especially as related to the City and your assignments. When writing about a topic for which you are not the City's expert, make this clear to readers;
- Keep postings factual and accurate. If a mistake is made, admit to it, and post a correction as soon as possible;
- Reply to comments in a timely manner, when a response is appropriate. When disagreeing with others' opinions, keep it appropriate and polite-a City employee is to **never** be involved in an argument with a citizen on a City maintained social media site;
- Post meaningful, respectful comments that are on topic;
- Understand that postings are widely accessible, not retractable, and will be around for a long time, so consider content carefully;
- Ensure your comments do not violate the City's privacy, confidentiality, and applicable legal guidelines for external communication. Never comment on anything related to legal matters, litigation, or any parties with whom the City may be in litigation without the appropriate approval;
- Ensure you have the legal right to publish others' material, including photos and articles pulled from other sites. Do not publish photos taken while on the scene of any incident. Respect brand, trademark, copyright, fair use, disclosure of processes and methodologies, confidentiality, and financial disclosure laws. Even when using material from copyright-free sources, include appropriate attributions;
- Make it clear that you are speaking for yourself and not on behalf of the City, unless that is part of your duties with the City. Remember that your postings are ultimately your responsibility.

EMPLOYEES' SOCIAL MEDIA

While the City of Blanco encourages its officials and employees to enjoy and make good use of their off-duty time, certain activities on the part of its officials and employees may become a problem if they have the effect of impairing the work of any official or employee; harassing, demeaning, or creating a hostile working environment for any official or employee; disrupting the smooth and orderly flow of work within the City; or harming the goodwill and reputation of the City of Blanco among its citizens or in the community at large. In the area of social media (print, broadcast, digital,

and online), officials and employees may use such media in any way they choose as long as such use does not produce the adverse consequences noted above. For this reason, the City of Blanco reminds its officials and employees that the following guidelines apply in their use of social media, both **on** and **off** duty:

1. If an official or employee publishes any personal information about themselves, another official or employee of the City of Blanco, a citizen, or a vendor in any public medium (print, broadcast, digital, or online) that:

- Has the potential or effect of involving the official or employee, their co-workers, or the City of Blanco in any kind of dispute or conflict with other officials or employees or third parties;
- Interferes with the work of any official or employee;
- Creates a harassing, demeaning, or hostile working environment for any official or employee;
- Disrupts the smooth and orderly flow of work within the City, or the delivery of services to the City's citizens;
- Harms the goodwill and reputation of the City of Blanco among its citizens or in the community at large;
- Tends to place in doubt the reliability, trustworthiness, or sound judgment of the person who is the subject of the information; or
- Reveals private information;

the official(s) or employee(s) responsible for such problems will be subject to counseling and/or disciplinary action, up to and potentially including termination of employment, depending upon the circumstances.

2. Officials or Employees who conduct themselves in such a way that their actions and relationships with each other could become the object of gossip among others in the City or cause unfavorable publicity for the City of Blanco in the community, should be concerned that their conduct may be inconsistent with one or more of the above guidelines. In such a situation, the employees involved should request guidance from the City Administrator to discuss the possibility of a resolution that would avoid such problems. Depending upon the circumstances, failure to seek such guidance may be considered evidence of intent to conceal a violation of the policy and to hinder an investigation into the matter.

3. Should you decide to create a personal blog or participate in social media, be sure to provide a clear disclaimer that the views expressed in the blog/media site are the author's alone, and do not represent the views of the City of Blanco.

4. All information published on any official or employee blog/media site should comply with the City of Blanco's privacy and/or data policies. This also applies to comments posted on other social networking sites, blogs, and forums. All employees and/or potential employees shall make available access to publicly posted material if requested by his/her supervisor at any time.

5. Be respectful to the City of Blanco's co-workers, citizens, vendors, and partners, and be mindful of your physical safety when posting information about yourself or others on any forum. Describing intimate details of your personal and social life or providing information about your detailed comings and goings might be interpreted as an invitation for further communication - - - or even stalking and harassment that could prove dangerous to your physical safety.

6. Social media activities should be limited as time spent on the telephone or internet as it is when conducting personal business and it should never interfere with work commitments.

7. Your online presence can reflect the City of Blanco. Be aware that your comments, posts, or actions captured via digital, or film images can affect the image of the City of Blanco.

8. Do not discuss City citizens, vendors, issues, or business without express consent.

9. Do not ignore copyright laws or cite and/or reference sources inaccurately. Remember that the prohibition against plagiarism applies online.

10. Do not use any City of Blanco logos or trademarks without written consent. The absence of explicit reference to a particular site does not limit the extent of the application of this policy. If no policy or guideline exists, the City of Blanco's officials or employees should use their professional judgment and follow the most prudent course of action. If you are uncertain, consult your supervisor or manager before proceeding.

11. Do not disclose confidential or proprietary information.

If an employee has any doubt about posted subject matter, they should not post it.

DISCIPLINE

- A. Employees found in violation of any provision of this policy may be subject to disciplinary action, up to and including termination of employment. Where laws are violated, the City may pursue criminal or civil action against the employee.
- B. The policies and guidelines outlined herein also apply to employees posting City-related information on personal (non-City) social media sites.
- C. All department heads are responsible for their subordinates' compliance with the provisions of this policy and for investigating non-compliance.

DEFINITIONS

- "Social Media" is information content that is intended to facilitate communications, influence interaction with peers and with public audiences, typically via the Internet and mobile communications networks. Types of social media include but are not limited to, instant messaging, blogging, microblogging, picture and video sharing, and wall postings.
- "Social Networking" is the practice of engaging business and/or social contacts by making connections via interactive Web-based applications;
- "Blog" is a web site that contains an online personal journal with reflections, comments, and often hyperlinks provided by the writer;
- "Post" is to display (an announcement) in a place of public view in writing on a social media site.
- "Comment" means a response to a City article or social media content submitted by any person or entity.
- "Link" is short for "Hyperlink" which connects a hypertext file to another location or file; typically activated by clicking on a highlighted word or icon at a particular location on the screen
- "Public Information" is any information collected, assembled, or maintained by the City in the transaction of official business. (Ch552, Texas Government Code)

DISCLAIMER

This policy is not a contract, and the City reserves the right to make changes to this policy at any time.

Each employee will receive a copy of this policy. Employees are required to read, sign, and return the policy acknowledging receipt to their department head.

Acknowledging Receipt of Social Media Policy

I have received my copy of the City of Blanco's Social Media Policy and I have read, and I understand, the information contained herein.

I further acknowledge that disciplinary actions can and will result if I violate this policy. Employees found to be in violation of this policy will be subject to corrective action up to and including termination.

Date

Employee's Signature

Name [Please Print]

CONSENT

ITEM #5



City of Blanco

P.O. Box 750 Blanco, Texas 78606
Office 830-833-4525 Fax 830-833-4121

Consent

Request to be placed on City Council Agenda:

I, Sasha Ricks request to be placed on the Agenda of the City Council Regular Meeting of Sept 12, 2023 (insert date of meeting).

Agenda Topic/Concern:

Purchasing policy

Introduction/Background:

We currently did not have a purchase policy. This is an item that auditors ask for every year.

Policy Analysis/Benefit(s) To Citizens:

Give the city a guideline to follow on order things. Which help spend citizens money correctly.

Long Term Financial & Budget Impact:

Long term help regulate citizen money and follow rules provide by the state for all cities

Recommendation/Proposed Motion:

The recommendation is to approve the policy.

I agree that the information must be submitted to the City Secretary no later than 5:00 pm Tuesday before the meeting date.

City of Blanco
Purchasing Policy
September 2023

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Section 1: Introduction

1.1 Purpose

This Policy is designed to provide City departments with critical information and to assist them through all phases of the procurement process, including planning, sourcing, contracting, contract administration and surplus disposition. The City adheres to the public procurement values of accountability, ethics, impartiality, professionalism, service, and transparency by:

- Ensuring compliance with local, state, and federal laws applicable to procurement and contracting.
- Obtaining needed goods, services, professional services, and public works at the best possible price, of the highest quality and at the right time.
- Serving as stewards of the public trust by spending tax dollars wisely, efficiently and with integrity.
- Providing all suppliers, including Historically Under-utilized Businesses, equal access to the City's competitive processes for the acquisition of goods, services, professional services, and public works.
- Protecting the interests of City taxpayers by avoiding any undue influence, political pressures and protecting the integrity of the procurement process. To accomplish the above, officials, directors and employees of the City will strive to provide equitable and competitive access to the City's procurement process for all responsible suppliers. Further, procurement will be conducted in a manner that promotes and fosters public confidence in the integrity of the City's procurement process. The City is a General Law Type A city.

Disclosure of Certain Relationships by Government Officials and Vendors

A local government official must disclose certain relationships with vendors to the City. The official must file a disclosure statement if the vendor who is contracting or has contracted with the City has:

1. a familial relationship with the official,
2. an employment of other business relationship with the official or a family member of the official that results in receiving over \$2,500 of taxable income over a 12-month period, or
3. given the official or family member of the official one or more gifts that have an aggregate value over \$100 in the 12-month period preceding the date the official becomes aware of the contract or potential contract with the City.

Chapter 176 of the Texas Local Government Code requires that any vendor or person considering doing business with a local government entity disclose in the Questionnaire Form CIQ found on the Texas Ethics Commission's website (ethics.state.tx.us/forms/conflict), the vendor or person's affiliation or business relationship that may cause a conflict of interest with the City.

By law, this questionnaire must be filed with, not later than the seventh business day after the date the person becomes aware of facts that require the statement to be filed.

A person commits a class C misdemeanor offense if the person violates Section 176.006, Texas Local Government Code. By submitting a response to a quote, bid or other request, vendors declare compliance with the requirements of Chapter 176 of the Texas Local Government Code.

1.2 Manual

This Purchasing Manual (Manual) is the official purchasing policy document for the City. This Manual is intended for use as a guide to the City's purchasing needs. City employees involved in the purchasing

process should be familiar with, and adhere to, the guidelines set forth in this manual as they work to achieve the purpose and objectives set by the City.

The Manual includes all current purchasing policies that have been developed by the City through the time of issuance, unless otherwise noted. The policies herein apply to all employees and other individuals involved in all City purchasing processes.

Wherever possible, written procedures will also be established and maintained by the Finance Director for functions involving purchasing throughout the City. The Manual is subject to revision to meet the often rapidly changing developments encountered in the field of purchasing and in the economy.

1.3 Policy Maintenance

The Manual is available to the City Council and staff of Blanco. It is the responsibility of the Finance Director to implement and enforce compliance with the Manual. It is the responsibility of all employees associated with the City to be aware of and abide by these policies and to exercise sound business judgment in the application of these policies.

It is the responsibility of the Finance Director to establish and review the initial version of the Manual, as well as create and review subsequent changes. It is the responsibility of the City Council to approve and adopt this Manual and subsequent major revisions.

Annually, as a part of the budget adoption process, the policies in the Manual will be reviewed and updated as needed, to align the policies with current and desired practices. The appendices contain material that may change more often and should be updated on an as-needed basis.

All change requests related to the Manual must be submitted in writing to the Finance Director. The Finance Director is responsible for reviewing and incorporating all change requests, as well as making changes to the official Manual and posting changes in a timely manner. All revisions to policy language must be approved by the City Council.

1.4 Revision History

Date	Version #	Changes Made	Author
9/2022	01	Initial document	

1.5 Competitive Bidding Requirements

The Texas Local Government Code requires competitive bidding on proposals for all City purchases exceeding \$50,000 in amount, and prohibits a City employee from making 'separate, sequential, or component purchases to avoid the competitive bidding requirements.' A violation is a Class B misdemeanor.

The Texas Local Government Code does not require competitive bidding for purchases exceeding \$50,000 if the purchase is made through a State of Texas approved contract or cooperative; or in certain other limited circumstances defined in such Code.

These requirements strongly encourage anticipating City needs for an entire budget year for supplies, equipment, and services. If the City anticipates purchasing several like items the total cost of which would be over \$50,000 in a budget year, the City must combine the purchases and use competitive bidding in order to comply with state law.

Section 2: Methods & Thresholds for Good and Services

The following sections outline the methods of source selection available to procure goods and services for the City. They also establish when each method may be used, the key requirements of each method, the manner of award and the authority to award. Purchase requirements shall not be divided to constitute a Micro Purchase or under \$50,000 purchase under this Section.

General Purchasing Guidelines

- Before starting the Request for Quotation process, active contracts should be reviewed to verify desired products or services are not available to purchase on contract.
- The using department is strongly encouraged to consult with the Finance Department for guidance if the purchase is a sole source or an emergency.

Dollar Amount	Purchase Method	Required Documents	Approval Requirements
Under \$3,000	Request for Quotation process (RFQ) or City-Issued Credit Card	Itemized and signed receipt or invoice.	Must be approved by the department head. For purchases over \$1,000, notify the Finance Department prior to purchase.
Between \$3,000 and \$50,000	Request for Quotation (RFQ) process	Acquire at least 3 quotes. Need to maintain quote documentation and written decision-making rationale. <i>If you cannot obtain 3 quotes, consult with Finance.</i>	Must be approved by the City Administrator and reviewed by the Finance Department prior to reaching out for quotes. Best value quote should be selected. Purchases over \$3,000: department heads must check to see if there are any HUBs providing solicited items/services and reach out to them.
Over \$50,000	<u>Competitive proposal</u> <ul style="list-style-type: none"> • Sealed Bid • Request for Qualification • Request for Proposal <u>Noncompetitive proposal</u> <ul style="list-style-type: none"> • Sole source procurement • Emergency purchase 	Documents required depend on the source method. Please see the purchasing policy or consult with Finance to verify what documents need to be maintained.	Prior to going out for a bid, the bidding method must be discussed with and approved by the City Administrator. Prior to purchase, the City Council's approval is required.

2.1 Micro Purchases (Under \$3,000)

The purchase of goods and services under \$3,000 is an informal purchase and may be solicited through a Request for Quotation process or by using a City-Issued Credit Card. For purchases over \$1,000, the department head shall notify the Finance Department prior to purchase.

The department head may exercise discretion for the acquisition of such purchases as authorized in the current fiscal budget. Purchases in this category may be made by department heads or City employees designated by department heads. It is the responsibility of each department head to ensure complete

control over this purchasing process. Department heads should designate employees who are allowed to make purchases and provide internal control procedures to ensure that all purchases are for legitimate public purposes.

Itemized invoices and receipts should be directed to the Finance Department. The invoices or receipts should be in the original document and must be signed and given an account code by the department head. Department heads shall visit the Finance Department weekly for invoice review and coding.

Statements from vendors should be reconciled monthly by the Finance Department so that all purchases are accounted for.

2.2 Small Purchases (between \$3,000-\$5,000)

Purchases for goods and services between \$3,000 and \$50,000 are informal purchases and may be solicited through a Request for Quotation process. A minimum of three quotations are required for purchases of goods or services within this threshold. If the department head cannot obtain at least three quotes, they should consult with the Finance Department for further assistance.

The using department may issue a Request for Quotations to vendors with the approval of the City Administrator and a review from the Finance Director.

It is the responsibility of the department head to obtain the quotes and determine the best value for the goods and services requested. Once a decision has been made, the quote documentation and decision shall be submitted to the City Administrator or designee for final approval. An explanation will be required if the quote for the lowest cost was not chosen.

For purchases over \$3,000, the following requirements will apply:

- Opportunity to quote should be extended to at least two HUBs inside or outside of Blanco County. The state maintains a database of HUBs at <https://mycpa.cpa.state.tx.us/tpasscmlsearch/tpasscmlsearch.do>.
- If no HUBs are registered in Blanco County for the good/service needed, the purchase is exempt from this requirement, but the practice is still encouraged.
- A non-response quotation is considered a quotation for this purpose provided the HUB was given a reasonable time (3-5 business days) to respond.
- Quotations received from vendors shall not be divulged to other bidders until after the award has been made.

2.3 Large Purchases (over \$50,000)

The purchase of goods and services over \$50,000 is a formal purchase and requires approval from the City Council prior to purchase. The purchase of goods and services over \$50,000 shall be made through one of the following sourcing methods:

- Competitive proposal
 - Sealed Bid
 - Request for Qualification
 - Request for Proposal
- Noncompetitive proposal
 - Sole source
 - Emergency purchase

Note: Sourcing method must be discussed with and approved by the City Administrator.

Competitive Proposal

If a purchase is anticipated to exceed \$50,000 regardless of the method of purchase the sealed bid or proposal procedures must be used. Bid specifications or a request for proposal shall be prepared and mailed to vendors. The bid is advertised in the local newspaper. The user department shall be responsible for establishing and providing a complete written set of specifications along with a requisition. Specifications shall be written on a technical or functional basis. Brand names are to be avoided to ensure a fair competitive environment.

Sealed bids or proposals are received and tabulated by the user department. If the competitive sealed bidding requirement applies to the contract, notice of the time and place at which the bids will be publicly opened and read aloud must be published at least once a week for two consecutive weeks in a newspaper published in the City. The date of the first publication must be before the 14th day before the date set to publicly open the bids and read them aloud.

The lowest and best responsible bid or proposal will be recommended to the Council for their approval. In determining the best value for the City, the City may consider:

- The purchase price;
- The reputation of the bidder and of the bidder's goods or services;
- The quality of the bidder's goods or services;
- The extent to which the goods or services meet the City's needs;
- The bidder's past relationship with the City;
- The impact on the ability of the City to comply with laws and rules relating to contracting with historically underutilized businesses and nonprofit organizations employing persons with disabilities;
- The total long-term cost to the City to acquire the bidder's goods or services; and
- Any relevant criteria are specifically listed in the request for bids or proposals.

The Council will evaluate the recommended vendor and decide to approve or disapprove. If the recommended vendor is not approved the Council may award the bid to another vendor; bids may be rejected altogether. If the recommendation is approved and the Council awards the bid, the Purchaser may submit an award letter to the vendor or may prepare a purchase voucher. If an award letter is sent to the vendor, a copy of the letter should be sent to the Finance Department along with a copy of the approved bid or proposal.

Sole Source Procurement

Sole source procurement is defined as the acquisition of a good, service, professional service, or public work in which there is only one possible vendor. The department requesting a sole source procurement shall provide and retain a written justification to support a sole source determination. The sole source written justification, signed by the department head and the City Administrator, should explain and fully describe the conditions which make the supplier the only source for a given commodity or service. Sole source procurement shall be avoided, except when no available alternative sources exist. The sole source written justification shall be maintained as a public record.

Emergency or Public Health and Safety Purchases

Emergency purchases are defined as those purchases caused by an unforeseen and dangerous or public health and safety situation requiring immediate action to preserve the health or safety of people or

property. When such purchases are made, the user department will make the purchase at the best possible price. The use of such purchase authority by reason of failure to anticipate normal needs should be avoided.

2.4 Closing Out the Purchase

1. After the purchase is placed, the vendor provides ordered goods or services and submits an invoice to the City.
2. The user department will inspect the goods upon delivery, or the services upon completion, to see if specifications have been met.
3. The user department will sign and code the invoice or receipt prior to submitting it to Finance.
4. The vendor invoice will be submitted to the Finance Department for payment before noon on Monday.

Section 3: Historically Underutilized Businesses

Pursuant to §252.0215, Local Government Code, the City, in making an expenditure of more than \$3,000 but less than \$50,000, shall contact at least two historically underutilized businesses in the county in which the City is situated on a rotating basis, based on information provided by the comptroller pursuant to Chapter 2161, Government Code. For state or federally funded purchases such as some grants, outreach to historically underutilized businesses may be required above the \$50,000 threshold.

The City should actively contact at least 2 HUBs for any expenditure more than \$3,000. However, if the online database fails to identify a historically underutilized business in the county in which the City is situated, the City is exempt from this section.

The Texas Comptroller's website has an online database to search for HUBs in Hays County. This database can be accessed at <https://mycpa.cpa.state.tx.us/tpasscmbsearch/>. Historically Underutilized Business Outreach Certification Form must be filled out for each qualifying purchase (see [Appendix A](#)). This form will serve as documentation of the City's compliance with state HUB laws.

Section 4: Rental and Lease Equipment

Sealed bids or State of Texas contracts will accomplish all lease agreements if the amount of the lease is expected to be \$50,000 or more over the term of the lease agreement. Leases should never be used to avoid or circumvent the requirements for competition that would apply to outright purchases. The soundest rule is that any lease of equipment be subject to the requirements for competition that apply to outright purchases.

The City Secretary should be notified of the date the equipment is rented/leased and the date the equipment is returned so that an insurance certificate can be obtained and cancelled.

When renting/leasing is the only viable answer to an equipment need, care should be exercised to provide cancellation options that are favorable to the City. The department should identify the source of funding to cover the payments of equipment rental/lease for the entire period of the contract.

Section 5: Professional Services

"Professional Services" include services which involve mental or intellectual skills, often accompanied by formal certification or licensing by a state agency, such as accounting, architecture, engineering, medicine, planning, economics, law, financial advisory services and scientific or laboratory consulting services.

State laws exempt the procurement of these services from competitive bidding requirements. The City Council should select professional service consultants based on demonstrated competence and qualifications and should negotiate fees based on what is fair and reasonable for the type of services, rather than on a "low bid" basis. Except for architects, engineers, and land surveyors, both price and qualifications can be considered in selecting consultants.

In the case where Federal funding will be used for professional non-engineering, architectural, or land surveying services, a cost comparison competitive proposal taking cost and qualifications into account will be followed. Where a project is being funded by a federal grant, the City's procurement process will also comply with the federal laws applicable to the City and the respective grant.

In the case of architectural, engineering services or land surveying services a two-step process can be followed, according to §2254, Texas Government Code, the Professional Services Procurement Act. The steps include:

1. The initial selection of the most highly qualified provider of those services on the basis of demonstrated competence and qualifications (and not considering price); and
2. The negotiation of a fee with the selected consultant. If a satisfactory contract cannot be negotiated with the most highly qualified provider of architectural, engineering, or land surveying services, the second most qualified consultant may be undertaken, and so forth until a contract is entered into.

Note: For engineers, architects, and surveyors, price may not be considered in the initial selection of the consultant. For professional services procurement involving an anticipated fee of \$25,000 or less, the process described may be followed in an informal manner by the elected official/department head but must be approved by the City Council. For procurements involving an anticipated fee exceeding \$25,000, the department head in coordination with the City Administrator may make a formal request for proposal procedures.

All contracts for equipment maintenance, equipment lease/rental and professional services should be approved by the City Attorney and brought before the City Council for approval and signed by the City Administrator.

When a user department wishes to initiate an RFP or RFQ to procure professional services, it should have the approval of the City Council. The user department will evaluate proposals, or a committee appointed by the City Council. A contract should be approved by the City Attorney based on the RFP or RFQ and the consultant's proposal prior to being presented to City Council for approval.

Section 6: Annual Contracts (With Unit Prices)

Departments will request authorization from the City Council to request bids for goods and/or services such as petroleum products, road materials, work uniforms etc. These contracts include a unit price and not a total price. The following statement should be included in the terms and conditions of each request for bids that require an annual contract:

- If this bid is accepted and approved by City Council, then this bid becomes the contract and there are no oral agreements either expressed or implied.

References

- Texas Local Government Code
 - 252.021 - over \$50,000 threshold for competitive bids
 - 252.0215 - expenditures \$3,000-\$50,000 require municipality to actively contact at least 2 HUBs
 - 252.022 - emergency purchases can be made in situations of public calamity when there is an immediate need to relieve necessity of the municipality's residents or to preserve the property of the municipality; to preserve or protect the public health or safety of the municipality's residents; and to pay for unforeseen damage to public machinery, equipment, or other property.
 - 252.043 - Award of contract
 - 252.0436 – Contract with person indebted
 - 252.044 – Bonds for full contract price are required
 - Notice requirement: once a week for 2 consecutive weeks and 14 total days
- Texas Government Code
 - 2254.004 - requires contracts to select by qualifications then, negotiate price but do not choose solely based on price
- 2 CFR 200
 - <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR45ddd4419ad436d>

Appendix A – HUB Form

Historically Underutilized Business (HUB)

Outreach Certification Form

(for purchases above \$3,000)

REQUESTING DEPT:

Department Name

Contact Staff Name

REQUIRED HUB CONTACT #1			
Vendor Name		Contact Person (Phone or Email)	
Contact Date		Price Quoted	\$
Description of Goods/Services		Relevant Documentation	

REQUIRED HUB CONTACT #2			
Vendor Name		Contact Person (Phone or Email)	
Contact Date		Price Quoted	\$
Description of Goods/Services		Relevant Documentation	

IMPORTANT:

All purchasing policies must be followed when contacting HUBs for quotations.

If you cannot obtain 3 quotes, please consult with the Finance Department.

Appendix B – Federally Funded Procurements

(Current as of May 2023)

Procurements and contracts utilizing federal funds require additional elements to be in compliance with federal laws and regulations. Below are detailed the federal procurement standards and the contract provisions in their entirety. Not all standards and contract provisions will be applicable in every situation, but they should be reviewed for any situation where federal funds are involved. The primary requirement is that jurisdictions must follow their own procurement policies and procedures, so in cases where thresholds in the federal rules are higher than state or city thresholds, the lowest thresholds should be used.

The following sections are from the Code of Federal Regulations, Title 2, Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

§ 200.318 General procurement standards.

(a) The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§ 200.317 through 200.327.

(b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

(c)

(1) The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the non-Federal entity may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, non-Federal entities may set standards for situations in which the financial interest is not substantial, or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity.

(2) If the non-Federal entity has a parent, affiliate, or subsidiary organization that is not a State, local government, or Indian tribe, the non-Federal entity must also maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.

(d) The non-Federal entity's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

(e) To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal Government, the non-Federal entity is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services. Competition requirements will be met with documented procurement actions using strategic sourcing, shared services, and other similar procurement arrangements.

(f) The non-Federal entity is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

(g) The non-Federal entity is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.

(h) The non-Federal entity must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. See also [§ 200.214](#).

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

(j)

(1) The non-Federal entity may use a time-and-materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time-and-materials type contract means a contract whose cost to a non-Federal entity is the sum of:

(i) The actual cost of materials; and

(ii) Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

(2) Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the non-Federal entity awarding such a contract must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

(k) The non-Federal entity alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and

claims. These standards do not relieve the non-Federal entity of any contractual responsibilities under its contracts. The Federal awarding agency will not substitute its judgment for that of the non-Federal entity unless the matter is primarily a Federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction.

[85 FR 49543, Aug. 13, 2020, as amended at 86 FR 10440, Feb. 22, 2021]

§ 200.319 Competition.

(a) All procurement transactions for the acquisition of property or services required under a Federal award must be conducted in a manner providing full and open competition consistent with the standards of this section and § 200.320.

(b) In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

- (1) Placing unreasonable requirements on firms in order for them to qualify to do business;
- (2) Requiring unnecessary experience and excessive bonding;
- (3) Noncompetitive pricing practices between firms or between affiliated companies;
- (4) Noncompetitive contracts to consultants that are on retainer contracts;
- (5) Organizational conflicts of interest;
- (6) Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
- (7) Any arbitrary action in the procurement process.

(c) The non-Federal entity must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

(d) The non-Federal entity must have written procedures for procurement transactions. These procedures must ensure that all solicitations:

- (1) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product, or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to

define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and

(2) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

(e) The non-Federal entity must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the non-Federal entity must not preclude potential bidders from qualifying during the solicitation period.

(f) Noncompetitive procurements can only be awarded in accordance with § 200.320(c).

§ 200.320 Methods of procurement to be followed.

The non-Federal entity must have and use documented procurement procedures, consistent with the standards of this section and §§ 200.317, 200.318, and 200.319 for any of the following methods of procurement used for the acquisition of property or services required under a Federal award or sub-award.

(a) ***Informal procurement methods.*** When the value of the procurement for property or services under a Federal award does not exceed the *simplified acquisition threshold (SAT)*, as defined in § 200.1, or a lower threshold established by a non-Federal entity, formal procurement methods are not required. The non-Federal entity may use informal procurement methods to expedite the completion of its transactions and minimize the associated administrative burden and cost. The informal methods used for procurement of property or services at or below the SAT include:

(1) *Micro-purchases* —

(i) ***Distribution.*** The acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (See the definition of *micro-purchase* in § 200.1). To the maximum extent practicable, the non-Federal entity should distribute micro-purchases equitably among qualified suppliers.

(ii) ***Micro-purchase awards.*** Micro-purchases may be awarded without soliciting competitive price or rate quotations if the non-Federal entity considers the price to be reasonable based on research, experience, purchase history or other information and documents it files accordingly. Purchase cards can be used for micro-purchases if procedures are documented and approved by the non-Federal entity.

(iii) ***Micro-purchase thresholds.*** The non-Federal entity is responsible for determining and documenting an appropriate micro-purchase threshold based on internal controls, an evaluation of risk, and its documented procurement procedures. The micro-purchase threshold used by the non-Federal entity must be authorized or not prohibited under State, local, or tribal laws or regulations. Non-Federal entities may establish a threshold higher than the Federal threshold established in the Federal Acquisition Regulations (FAR) in accordance with paragraphs (a)(1)(iv) and (v) of this section.

(iv) ***Non-Federal entity increase to the micro-purchase threshold up to \$50,000.*** Non-Federal entities may establish a threshold higher than the micro-purchase threshold identified in the FAR in accordance with the requirements of this section. The non-Federal entity may self-certify a threshold up to \$50,000 on an annual basis and must

maintain documentation to be made available to the Federal awarding agency and auditors in accordance with § 200.334. The self-certification must include a justification, clear identification of the threshold, and supporting documentation of any of the following:

(A) A qualification as a low-risk auditee, in accordance with the criteria in § 200.520 for the most recent audit;

(B) An annual internal institutional risk assessment to identify, mitigate, and manage financial risks; or,

(C) For public institutions, a higher threshold consistent with State law.

(v) **Non-Federal entity increase to the micro-purchase threshold over \$50,000.** Micro-purchase thresholds higher than \$50,000 must be approved by the cognizant agency for indirect costs. The non-federal entity must submit a request with the requirements included in paragraph (a)(1)(iv) of this section. The increased threshold is valid until there is a change in status in which the justification was approved.

(2) Small purchases —

(i) **Small purchase procedures.** The acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the non-Federal entity.

(ii) **Simplified acquisition thresholds.** The non-Federal entity is responsible for determining an appropriate simplified acquisition threshold based on internal controls, an evaluation of risk and its documented procurement procedures which must not exceed the threshold established in the FAR. When applicable, a lower simplified acquisition threshold used by the non-Federal entity must be authorized or not prohibited under State, local, or tribal laws or regulations.

(b) **Formal procurement methods.** When the value of the procurement for property or services under a Federal financial assistance award exceeds the SAT, or a lower threshold established by a non-Federal entity, formal procurement methods are required. Formal procurement methods require following documented procedures. Formal procurement methods also require public advertising unless a non-competitive procurement can be used in accordance with § 200.319 or paragraph (c) of this section. The following formal methods of procurement are used for procurement of property or services above the simplified acquisition threshold or a value below the simplified acquisition threshold the non-Federal entity determines to be appropriate:

(1) **Sealed bids.** A procurement method in which bids are publicly solicited and a firm fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bids method is the preferred method for procuring construction if the conditions.

(i) In order for sealed bidding to be feasible, the following conditions should be present:

(A) A complete, adequate, and realistic specification or purchase description is available;

(B) Two or more responsible bidders are willing and able to compete effectively for the business; and

(C) 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.

(ii) If sealed bids are used, the following requirements apply:

(A) Bids must be solicited from an adequate number of qualified sources, providing them sufficient response time prior to the date set for opening the bids, for local, and tribal governments, the invitation for bids must be publicly advertised;

(B) 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;

(C) All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;

(D) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs 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; and

(E) Any or all bids may be rejected if there is a sound documented reason.

(2) **Proposals.** A procurement method in which either a fixed price or cost-reimbursement type contract is awarded. Proposals are generally used when conditions are not appropriate for the use of sealed bids. They are awarded in accordance with the following requirements:

(i) Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Proposals must be solicited from an adequate number of qualified offerors. Any response to publicized requests for proposals must be considered to the maximum extent practical;

(ii) The non-Federal entity must have a written method for conducting technical evaluations of the proposals received and making selections;

(iii) Contracts must be awarded to the responsible offeror whose proposal is most advantageous to the non-Federal entity, with price and other factors considered; and

(iv) The non-Federal entity may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby offeror's qualifications are evaluated and the most qualified offeror 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 through A/E firms that are a potential source to perform the proposed effort.

(c) **Noncompetitive procurement.** There are specific circumstances in which noncompetitive procurement can be used. Noncompetitive procurement can only be awarded if one or more of the following circumstances apply:

- (1) The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (see paragraph (a)(1) of this section);
- (2) The item is available only from a single source;
- (3) The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation;
- (4) The Federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity; or
- (5) After solicitation of a number of sources, competition is determined inadequate.

§ 200.321 Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms.

(a) The non-Federal entity must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.

(b) Affirmative steps must include:

- (1) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
- (2) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
- (3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
- (4) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
- (5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
- (6) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (b)(1) through (5) of this section.

§ 200.322 Domestic preferences for procurements.

(a) As appropriate and to the extent consistent with law, the non-Federal entity should, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron,

aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award.

(b) For purposes of this section:

(1) "Produced in the United States" means, for iron and steel products, that all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.

(2) "Manufactured products" means items and construction materials composed in whole or in part of non-ferrous metals such as aluminum; plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.

§ 200.323 Procurement of recovered materials.

A non-Federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

§ 200.324 Contract cost and price.

(a) The non-Federal entity must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.

(b) The non-Federal entity must negotiate profit as a separate element of the price for each contract in which there is no price competition and, in all cases, where cost analysis is performed. To establish a fair and reasonable profit, consideration must be 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.

(c) Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the non-Federal entity under subpart E of this part. The non-Federal entity may reference its own cost principles that comply with the Federal cost principles.

(d) The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

§ 200.325 Federal awarding agency or pass-through entity review.

(a) The non-Federal entity must make available, upon request of the Federal awarding agency or pass-through entity, technical specifications on proposed procurements where the Federal awarding agency or pass-through entity believes such review is needed to ensure that the item or service specified is the one being proposed for acquisition. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if the non-Federal entity desires to have the review accomplished after a solicitation has been developed, the Federal awarding agency or pass-through entity may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.

(b) The non-Federal entity must make available upon request, for the Federal awarding agency or pass-through entity pre-procurement review, procurement documents, such as requests for proposals or invitations for bids, or independent cost estimates, when:

(1) The non-Federal entity's procurement procedures or operation fails to comply with the procurement standards in this part;

(2) The procurement is expected to exceed the Simplified Acquisition Threshold and is to be awarded without competition or only one bid or offer is received in response to a solicitation;

(3) The procurement, which is expected to exceed the Simplified Acquisition Threshold, specifies a "brand name" product;

(4) The proposed contract is more than the Simplified Acquisition Threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or

(5) A proposed contract modification changes the scope of a contract or increases the contract amount by more than the Simplified Acquisition Threshold.

(c) The non-Federal entity is exempt from the pre-procurement review in paragraph (b) of this section if the Federal awarding agency or pass-through entity determines that its procurement systems comply with the standards of this part.

(1) The non-Federal entity may request that its procurement system be reviewed by the Federal awarding agency or pass-through entity to determine whether its system meets these standards in order for its system to be certified. Generally, these reviews must occur where there is continuous high-dollar funding, and third-party contracts are awarded on a regular basis;

(2) The non-Federal entity may self-certify its procurement system. Such self-certification must not limit the Federal awarding agency's right to survey the system. Under a self-certification procedure, the Federal awarding agency may rely on written assurances from the non-Federal entity that it is complying with these standards. The non-Federal entity must cite specific policies, procedures, regulations, or standards as being in compliance with these requirements and have its system available for review.

§ 200.326 Bonding requirements.

For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold, the Federal awarding agency or pass-through entity may accept the bonding policy and requirements of the non-Federal entity provided that the Federal awarding agency or pass-through entity has made a determination that the Federal interest is adequately protected. If such a determination has not been made, the minimum requirements must be as follows:

- (a) A bid guarantee from each bidder equivalent to five percent of the bid price. The “bid guarantee” must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.
- (b) A performance bond on the part of the contractor for 100 percent of the contract price. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor's requirements under such contract.
- (c) A payment bond on the part of the contractor for 100 percent of the contract price. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

§ 200.327 Contract provisions.

The non-Federal entity's contracts must contain the applicable provisions described in appendix II to this part.

Appendix II to Part 200—Contract Provisions for Non-Federal Entity Contracts Under Federal Awards

In addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following, as applicable.

(A) Contracts for more than the simplified acquisition threshold, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

(B) All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.

(C) Equal Employment Opportunity. Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of “federally assisted construction contract” in 41 CFR Part 60–1.3 must include the equal opportunity clause provided under 41 CFR 60–1.4(b), in accordance with Executive Order 11246, “Equal Employment Opportunity” (30 FR 12319, 12935, 3 CFR Part, 1964–1965 Comp., p. 339), as amended by Executive Order 11375, “Amending Executive Order 11246 Relating to Equal Employment Opportunity,” and implementing regulations at 41 CFR part 60, “Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor.”

(D) Davis-Bacon Act, as amended (40 U.S.C. 3141–3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141–3144, and 3146–3148) as supplemented by Department of Labor regulations (29 CFR Part 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction”). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland “Anti-Kickback” Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

(E) Contract Work Hours and Safety Standards Act (40 U.S.C. 3701–3708). Where applicable, all contracts awarded by the non-Federal entity in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous, or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

(F) Rights to Inventions Made Under a Contract or Agreement. If the Federal award meets the definition of “funding agreement” under 37 CFR § 401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency.

(G) Clean Air Act (42 U.S.C. 7401–7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251–1387), as amended—Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401–7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251–1387). Violations must

be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

(H) Debarment and Suspension (Executive Orders 12549 and 12689)—A contract award (see 2 CFR 180.220) must not be made to parties listed on the governmentwide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

(I) Byrd Anti-Lobbying Amendment (31 U.S.C. 1352)—Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award

CONSENT
ITEM #6



City of Blanco

P.O. Box 750 Blanco, Texas 78606
Office 830-833-4525 Fax 830-833-4121

Request to be placed on City Council ^{Consent} Agenda:

I, Sasha Ricks request to be placed on the Agenda of the City Council Regular Meeting of Sept 12, 2023 (insert date of meeting).

Agenda Topic/Concern:

Manual of Accounting Policy

Introduction/Background:

We currently do not have a accounting policy. This is a policy that the auditors AS for every year.

Policy Analysis/Benefit(s) To Citizens:

Give the city standard guidelines to follow.

Long Term Financial & Budget Impact:

Long term give finance and all dept guidelines to follow. These are guidelines for our city, which each

Recommendation/Proposed Motion: City has there own.

The recommendation is to approve policy

I agree that the information must be submitted to the City Secretary no later than 5:00 pm Tuesday before the meeting date.

City of Blanco

Manual of Accounting Policies

September 2023

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Section 1: Overview

1.1 Purpose

The City of Blanco, Texas (City) is committed to sound financial management through integrity, prudent stewardship, planning, accountability, transparency and full disclosure, and communication. The broad purpose of this Manual of Accounting Policies is to assist the City in achieving and maintaining a long-term stable and positive financial condition and provide guidelines for the day-to-day planning and operation of the City's financial affairs.

The scope of this policy includes aspects of accounting and financial reporting, internal controls, operating and capital projects budgeting, and revenue management. These policies are intended to accomplish the following:

- Demonstrate to the citizens of the City, the investment community, and the bond rating agencies that the City is committed to strong fiscal operations;
- Detail financial goals and strategies for future policymakers and financial managers;
- Support the fair presentation and full disclosure of the financial position of the City in conformity when appropriate with the generally accepted accounting principles of the United States of America (GAAP) and the standards put forth by the Governmental Accounting Standards Board (GASB); and
- Support compliance with finance-related legal and contractual issues in accordance with the Texas Local Government Code and other related legal mandates upon the City.

1.2 Manual

The Manual of Accounting Policies (Manual) is the official accounting policy document for the City. The purpose of the Manual is to describe the existing accounting policies that have been established for the City and to assist employees as they work to achieve the purpose and objectives set by the City.

The Manual includes all current accounting policies that have been developed by the City through the time of issuance, unless otherwise noted. The policies herein apply to all employees, consultants, and other individuals involved in all accounting and financial statement preparation processes.

Wherever possible, written procedures will also be established and maintained by the Director of Finance for 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.

1.3 Authority

Authority for the commitment of City resources, the initiation of expenditures, and the execution of agreements has been granted at various levels of management. The authorities themselves, and the procedures implementing the approval processes, are intended to ensure that the appropriate management level is involved in the decision-making process on a timely basis.

Appendix A contains additional information about the delegation of specified authorities.

1.4 Policy Maintenance

The Manual is a public document available to the City Council, the staff of Blanco and the general public. It is the responsibility of the Finance Director to implement and enforce compliance with the Manual. It

is the responsibility of all employees associated with the City to be aware of and abide by these policies and to exercise sound business judgment in the application of these policies.

It is the responsibility of the Finance Director to establish and review the initial version of the Manual, as well as create and review subsequent changes. It is the responsibility of the City Council to approve and adopt this Manual and subsequent major revisions.

Annually, as a part of the budget adoption process, the policies in the Manual will be reviewed and updated as needed, to align the policies with current and desired practices. The appendices contain material that may change more often and should be updated on an as-needed basis. These changes do not need to be approved by the City Council unless it so directs any review and approval.

All change requests related to the Manual must be submitted in writing to the Finance Director. The Finance Director is responsible for reviewing and incorporating all change requests, as well as making changes to the official Manual and posting changes in a timely manner. All revisions must be provided to the City Administrator and City Council, and any revision to policy language must be approved by the City Council.

1.5 Revision History

Date	Version #	Changes Made	Author
9/1/2022	01	Initial document	

Section 2: Revenues

The City strives to maintain and administer a revenue system that will ensure a reliable, equitable, diversified, and sufficient revenue stream to support desired City services.

2.1 Receipt of Payments

All customer payments are received in the form of a check, money order, cash, credit card, or online payment. Payments made in person, via the drop box, or by mail are entered into the accounting system manually. Online payments are entered automatically because the utility billing system is integrated with the accounting system.

At the end of the day, any amounts over \$200.00 in the cash drawer shall be counted and reconciled. Any funds (cash, checks and/or money orders) that must be retained overnight should adequately be secured in a locked safe in the department. All excess cash, money orders, and checks received shall be deposited at the bank on the next business day.

2.2 Receipt of Checks

All checks received that are payable to the City shall be restrictively endorsed immediately. Checks should be made payable to the City of Blanco.

2.3 NSF Checks

The bank shall notify the Finance Director of any insufficient (NSF) checks via email. If applicable, the Utilities Clerk is responsible for adjusting the customer's account to reflect the service charge for NSF checks. The Finance Department is responsible for filing the NSF checks in the office.

A service charge in the amount set forth in the fee schedule in the City of Blanco ordinances will be required to cover the handling of any returned checks.

2.4 Reconciliation of Deposits

To ensure that each deposit was received and correctly posted, all cash, check, money order, and credit card transactions should be reconciled daily to the reports generated on the accounting system. The recording and reconciliation of deposits shall be completed by an employee who does not make the deposits. Any discrepancies should be immediately investigated and reported to the Finance Director or designee.

The Finance Director or designee shall reconcile the daily cash deposits to the bank statements monthly. The City Administrator shall review and approve this reconciliation along with the supporting documentation monthly.

2.5 City-Managed Services

Utilities

The City utilizes a third party for the management of the City's utilities. New utility connections are routed to the third party, who will install and activate their services. The City Council is responsible for reviewing and approving new connections provided by the third party. The City is responsible for reporting, managing utility payments and receivables, and making large asset purchases that are then provided to the third party.

Rates and Charges

The City performs utility rate studies using an external assessor at least every two years but may seek additional guidance dependent on prevailing economic conditions. Rate studies shall include in their consideration the repayment of any existing or planned loans or bonds, and any other liens, encumbrances or obligations allowed by law.

The City agrees that so long as the notes are outstanding, the City shall set, establish, maintain, and collect such rates, charges, and fees to produce system revenues in an amount necessary to meet the debt service and revenue coverage requirements of the loan or bond agreements.

The City Council is responsible for approving all new rates and charges. The City Council shall review and make a determination on the new utility rates within a reasonable period after receipt of the relevant rate study.

Utility Charges and Deposits

Charges for service include water tap, sewer tap, garbage collection and disposal, and water and sewer rates. Deposits are charged for the new service for water, sewer and/or garbage. A refund of the deposit shall be made on the termination of service, less any amount owed to the city.

All charges and rates are set in the fee schedule found in the City of Blanco ordinances.

Utility Bill Processing

Customer meters are mostly satellite read, and older meters will continue to be converted when possible. For non-satellite read meters, customer meters are read once a month by a third-party vendor, and usage data is transferred to the accounting system. The accounting system generates bills (including usage, fees, installation, etc.), records payments, and tracks aging receivables for overdue billing.

The Utilities Clerk is responsible for overseeing the entry of meter readings into the accounting system. Anomalies that trigger additional scrutiny include zero bills and unusually high amounts. Meters may be re-read on an as-needed basis. After a review, the Utilities Clerk shall approve of the meter reading report. The customer bills are printed out and mailed at the end of the month. Any concerns may be raised to the Utilities Clerk or the City Secretary.

Customer payments are recorded in the system as received. Utility payments are due on or before the 10th of the month by 5:00 p.m. Bank drafts for auto-pay customers are initiated on the 7th of the month, and credit card drafts are initiated on the day the customer chooses to set up their auto-draft payment on the third-party payment website. At the end of the month, reconciliations are performed between meter readings, invoices (billings), and collections. The Accounts Receivable (AR) aging report is updated for delinquent accounts.

The Utilities Clerk may adjust bills for mistakes, leaks, or other authorized issues. Fees collected include usage, meter deposits, new meter fees, new account connection fees and late fees. The Finance Director or designee reviews all adjustments monthly.

Required Reporting

Various reports for the utilities are required by regulatory agencies. Adhering to regulatory requirements and additional requirements imposed by loan and bond agreements is a priority. Technical

reports are filed by the Public Works provider and retained in accordance with appropriate record retention requirements.

Waste Management

Waste is managed by an outside vendor but financially managed by the City. The bill is received by the City and reconciled by the Utility Clerk. The invoice is reviewed and paid by the Finance Department.

Municipal Court

The mission of the City's Municipal Court Department is to provide an accessible legal forum for individuals to have their court matters heard in a fair and efficient manner.

Citations

The City uses handheld ticket writers from a third party to issue electronic citations and are integrated with the City's case management system. Electronic citations are uploaded automatically to the case management system. Manual citations are only used when needed (i.e., equipment malfunction).

Manual citations shall be entered into the case management system by the Police Department staff. The Municipal Court picks up the manual citations after they are entered by the Police Department staff daily.

Once a citation is entered into the third party's public safety system electronically or manually, the record cannot be edited or deleted by anyone. After entry, these citations are uploaded from the citation software into the case management system twice a day.

Each officer's log of electronic and manual citations is reviewed monthly by a supervisor.

Case Management

Once a citation is issued, the Court Clerk shall prepare a jacket for each violation. All information regarding a case is contained in a file jacket. The Court Clerk is then responsible for preparing the forms and orders, based on the defendants' request. Once the forms and orders have been prepared, the file shall be provided to the Judge for review and signature of approval.

All payments, certificates, community service, and any other paperwork that is turned in is also put into each file. The Court Clerk has the authority to post payments and file paperwork. When a case is complete, the jacket is reviewed and signed by two signers, the Judge and a court representative, and sealed for storage.

Fines and Fees

Fines and fees due for each citation are automatically determined by the case management system and assessed to each defendant's case based on the violation committed. This determination uses fine and fee information stored in the case management software that is based on federal, state, and local statutory requirements.

The Court Clerk is assigned to one cash drawer, which is obtained from the City Hall safe at the beginning of each shift. The Court Clerk balances and batches out daily. All funds collected that day along with a register from the case management software shall be given to the Finance Department for review and verification. The Finance Department shall then include the Court funds in the daily deposit of all City funds collected.

Payments made by defendants online are reviewed and posted in the case management system each business day by the Court Clerk. The Court Clerk will also reconcile collections to payments recorded in the case management system daily. These reconciliations are included with the deposit, which is prepared by a Court Clerk and collected by the Finance Department to report daily collections.

Fines and fees collected in cash are deposited with the Finance Department the same day along with a signed deposit sheet. The Finance staff shall verify the cash and sign the deposit receipt.

Payment Plans

The Municipal Court Judge has authorized the Municipal Court Department staff to create payment plans for fines and fees owed on adjudicated cases, if requested by a defendant within certain parameters. The defendant may be granted a 30-day extension to pay the fine and monthly payment amounts may be set as low as \$50. If the case has not been adjudicated, current standing orders allow the Court Clerk to review and approve the request for a payment plan. The Court Clerk shall prepare the judgement order and file is given to judge to review and sign.

Refunds

Refunds are prepared by a Court Clerk or other duly authorized representative of the court, who prepares the documentation and processes the refund in the case management system. Refunds may be based on a defendant's request or based on the Municipal Court Judge's order. A refund form with supporting documentation is submitted to the Finance Department for payment to defendants. Refund checks are processed by the Finance Department and shall be signed by two signers.

Delinquency

The City has contracted with a collection agency to assist with collecting delinquent payments from defendants. Delinquent cases are referred to the third-party after a warrant has been issued.

2.6 Receivables

The City shall maintain high collection rates for all revenues by monitoring monthly receivables. The City shall follow a consistent and reasonable approach to collecting revenues to the fullest extent allowed by law for all delinquent taxpayers and others overdue in payments to the City.

Revenues received will be compared to budgeted revenues by the Finance Director and any variances considered to be material will be investigated. This process will be summarized in the monthly budget-to-actual reports to the City Council.

Utility Bill Delinquency

For delinquent accounts, a 10% penalty will be incurred on the 11th day of the month for non-payment, past due notice shall be mailed on the 15th and disconnects will occur on the 21st of the month. If the 10th day of the month falls on Saturday or Sunday or a city holiday, payment will be due in the office of the city before 8:00 a.m. the second working day.

If no payment has been made, the City Secretary shall have the authority to disconnect or terminate all utility services and a work order shall be generated to lock the meter. Sixty days after a meter is locked and no payment has been provided, customer accounts are reclassified as uncollectible.

The Utilities Clerk may develop payment plans for accounts that are past due and may waive penalties after consultation with the City Secretary on a case-by-case basis.

The City Secretary shall charge the fee set forth in the fee schedule found in Appendix A in the City of Blanco ordinances for the reconnection of disconnected water service.

Uncollectible Accounts

Uncollectible accounts will be written off and may be sent to collections.

Accounts receivable shall be reconciled to supporting details on a quarterly basis and presented for review by the City Administrator. These reconciliations should be accompanied by a list of all delinquent accounts and accounts identified as write-offs. The City Administrator must approve all write-offs before they are sent to collections.

Once a write-off has been processed, the City will maintain a master list of bad accounts. Customers listed on the write-off list will be allowed to establish a new account only if the back debt is paid. Account write-offs are bookkeeping entries only and do not release debtors from their obligations to the City.

Allowance for Doubtful Accounts

The City establishes an annual allowance for uncollectible accounts. The amount for the allowance is adjusted each year by the Finance Director based on the collectability of aging receivables. The City Finance Director may consult with the City's auditors and legal counsel to assist with determining the collectability of aging receivables.

Accounts that have been identified as write-offs will be debited from the Allowance for Doubtful Accounts annually as a part of the preparation and finalization of the financial statements.

Credits and Other Adjustments to Accounts Receivable

It may be necessary for accounts receivable to be credited in order to correct billing errors or other issues. All credits should be reviewed by the Finance Director on a monthly basis.

2.7 Cash Management

The City shall establish sound cash management practices to ensure secure cash handling and solid internal controls.

Banks

The establishment of bank accounts is authorized and administered by the Finance Director or the City Administrator. The Finance Director has administrative rights for all bank accounts. All bank accounts are maintained in financial institutions insured by the Federal Deposit Insurance Company (FDIC) and kept under the FDIC insurance limits unless there are protective agreements in writing in place with the bank.

The City maintains bank accounts at various financial institutions (see [Appendix B](#)).

The City uses a pooled account to process most day-to-day operations. All banking operations are overseen by the Finance Department. Banking access is limited to the Finance Director, Finance Admin, and the City Secretary. Signing authority on the bank accounts is separate and restricted to three members of the City Council (including, possibly, the Mayor), and requires signatures of at least two of

those three authorized Council members. City Council shall approve all such authorization appointments.

Construction accounts are used to maintain and track loan fund proceeds intended for projects related to funds received from the Texas Water Development Board (TWDB).

2.5 Segregation of Duties

General guidelines for assigning duties in the Finance Department:

- To the extent possible, the receipt and deposit of cash should be separated from record-keeping functions. If this is not possible, this task should be rotated among members of the Finance Department to ensure that no one person consistently has jurisdiction over a single task and there is review of the activity over time.
- Reconciling bank statements and making bank deposits should not be consistently the responsibility of a single employee but rotated among members of the Finance Department

Section 3: Expenditures

The City works to ensure that all expenditures are reasonable and necessary uses of the resources of its taxpayers. City Staff will be bound by the approved budget. All purchases will be made in accordance with the City's current Purchasing Policy and in compliance with State law.

3.1 Cash Disbursements

The method of disbursement used for the payment of the purchase of goods and services includes the following:

- 1) payment by check;
- 2) wire; and
- 3) purchasing card.

When making disbursements for goods or services received it is important to verify that accurate payments for eligible costs are made to vendors in a timely manner, within 30 days of the receipt of an invoice. In addition, disbursement requires proper controls to assure that the expenditure of City funds is necessary, reasonable, and in line with departmental budgets. This policy applies to all disbursements of the City.

Vendor Payments

Invoice Review and Expense Coding

Invoices are received or forwarded to the Finance Department upon receipt. On a weekly basis, the Finance Department will review invoices and perform the following:

- Confirm satisfactory receipt of goods or services.
- Ensure the presence and accuracy of supporting documentation.

- Enter invoice information into the accounting system utilizing the appropriate budget codes.
- Scan any available supporting documentation into the accounting system.
- Prepare checks.
- Present checks along with supporting documentation to two authorized signers.
- Review invoices for any new vendors to ensure the capture of W-9 forms.

Check Signing Guidelines

All checks must be signed by two authorized signers and presented along with supporting documentation. Checks will be signed manually. This procedure must be required and enforced by the City and the bank. The authorized signers' list shall be reviewed and approved by City Council, and confirmed with the bank annually, after all elections, or immediately in case of unexpected turnover.

ACH, EFT, and other online payments may only be used for routine monthly transactions, which have been approved in memorandum by two authorized signers. If one of these transactions should be required for another purpose, the transaction shall be reviewed and signed off on in advance of payment. These transactions should be entered into the accounting system on the date they are made. Strong preference should be given to payment by check.

All check stock should be stored in a locked cabinet with limited access.

Vendor Payments by Wires or Other Payment Types

Payments by wire require two independent authorizations. Digital security tokens providing one-time passwords will be held by the Finance Director, the Finance Admin, and the City Secretary.

Purchasing Card Statements

All credit card statements are reviewed by the Finance Department. Charges that cause concern are held temporarily for further review by the Finance Director, and thereafter, may be paid but may also be charged back to the employee internally.

Voided Checks and Stop Payments

Checks may be voided due to processing errors by making proper adjustments in the accounting system and defacing the check by clearly marking it as "VOID". All voided checks are processed with the bank if a positive pay file has already been sent. The Finance Department approves voids in the accounting system. A journal entry is auto generated, and if the check was printed, it shall be retained to aid in preparation of bank reconciliations.

Stop payment orders may be made for checks lost in the mail or other valid reasons. Stop payments are processed by the Finance Department with the bank. The Finance Director or designee approves voids in the accounting system.

Loan and Bond Payments

Principal and interest payments are currently completed by wire transfer.

Accounts Payables Register

The Finance Department will review the accounts payable register at least monthly. Because purchase orders are not in use, efforts must be made weekly to communicate with all City staff to ensure that the

Finance Department has received all outstanding invoices. All payments shall be made promptly, within 30 days of the receipt of an invoice.

Petty Cash

The City does not keep petty cash.

Bank Access

Bank access is restricted to specified personnel. Currently, only the Finance Director and the Finance Admin may add accounts, transfer funds, or take other administrative actions. Additional access must be authorized by the City Administrator, upon recommendation of the Finance Director.

3.2 Purchasing Cards

The City provides specified individuals with credit cards for purchases in the normal course of business. Authorization for the issuance of credit cards is granted by the Finance Director who will also determine credit limits and any other appropriate restrictions.

City purchasing cards are only for budgeted items purchased in the normal course of business. All receipts and sales slips shall be retained and provided to the Finance Department within 30 days.

The Finance Director or designee will review the credit card statements and receipts each month and follow up with the users regarding any concerns or discrepancies noted. Cards are paid in full each month.

General Guidelines for Use of Purchasing Cards

- Call or visit the most competitive vendor available within reasonable travel distance.
- Obtain the best possible price; many vendors offer government discounts. Remember the City is exempt from sales tax. The merchant should be reminded that sales tax should not be included in the transaction.
- Verify the charges (and that we are not charged tax) and sign the receipt. If the receipt does not identify what each amount is for, write it on the receipt. Please be specific.
- The purchaser should receive a charge card receipt and possibly a cash register receipt. Keep them and provide them to the Finance Department within 30 days.
- Confirm pricing and tax-exempt status. If shipped, ask the supplier to enclose a copy of the sales slip with each shipment, listing price per item and other applicable charges.

Unacceptable Purchasing Card Uses

Purchasing Cards are not to be used for such items as the following:

- Capital items (Over \$5,000 with a 1-year or more life expectancy)
- Unbudgeted goods, supplies and/or services
- Hazardous materials or supplies
- Alcohol
- Personal or professional services
- Services where a potential liability may exist that requires insurance and/or bonds
- Products or services which require the approval of another individual

Purchases are not to be split into two or more smaller purchases to avoid exceeding the micro-purchase threshold described in the Purchasing Policy.

3.3 Purchasing Policy

The City follows a separate Purchasing Policy. This policy will be reviewed and adopted annually.

3.4 Capital Expenditures

The City makes long-term investments that provide benefits for its citizens. Capital planning and investment decisions are made by City management and the City Council. All capital improvements must consider current projects in place and underway, current resources, forecasted future resource changes, operation and maintenance, and budget planning and timing.

Capital assets are considered assets with a purchase price over \$5,000 and assets that provide additional value to the City that have an expected life of over one year. The Finance Director determines which items and improvements should be expensed and which should be capitalized. The Finance Director may consult with the City's auditors to help determine capitalization.

All capital asset investments and purchases must comply with the City's Purchasing Policy.

The Finance Director will maintain the records of the City's fixed assets, including description, cost, department of responsibility, date of acquisition, depreciation and expected useful life. Fixed asset activities will be recorded in both the accounting system and a tracking spreadsheet. Responsibility for safeguarding the City's fixed assets lies with the organization or department that has been assigned that asset. When an asset leaves a department's responsibility due to disposition, sale or transfer, the assigned department is responsible to report the change in status or location to the Finance Director.

3.5 Vendor Management

Approved vendor lists are not currently utilized by the City. When a new vendor is utilized, a W-9 should be requested by the Finance Department. These forms are filed electronically in the accounting system. Each year the Finance Department should review the vendors list in the accounting system and review the W-9s for active vendors. Vendors that have not been used for at least three years should be marked as inactive. Only members of the Finance Department have access to the vendor files. When one member of the Finance Department enters new vendors, the other should review and approve the new list.

Long-Term Vendor Relationships

The City utilizes some long-term vendor relationships and contracts. All major long-term vendor relationships should come under review at least every five years. The City's external audit team or audit firm should be rotated at least every five years. See Appendix D for a list of current major long-term vendor relationships. Appendix D shall be updated by the Finance Director as changes occur, and publish the update to City Staff and City Council.

Vendor reviews should include:

- Previous performance
- Any changes in services required based on changing City needs
- Continuing need for the services

- Costs and competitiveness
- Whether the vendor will continue to have the capacity for the required services for the foreseeable future
- Compliance with contracts, if any are in place
- Depending on services, consideration of whether this relationship should go out to bid

Contract reviews should be completed annually and should include:

- Confirmation of primary individuals managing the relationship on each side
- Previous performance
- Completion of contract deliverables
- Meeting with the vendors to discuss previous year's performance and plans for the next year
- Gathering information relevant to budget decisions for the coming year
- Request for information on long-term planning relevant to the budget (such as capital maintenance, large expenditure forecasting, etc.)
- Review of communications map specifying who should be included on all communications

Results of these reviews should be documented internally and presented to the City Council.

Vendor Guidelines

- Vendors must provide copies of all reporting made on behalf of the City.
- Contracts should specify and vendors should provide detailed invoicing, preferably including:
 - Current and total-to-date expense reporting, if applicable
 - Budget-to-actual reporting, if applicable
 - Dates of service and detail for nonroutine items
 - Supporting documentation for expenditures

Federally Funded or Loan-Related Vendor Procurements

All procurements will follow the guidance in the City's Purchasing Policy. Prior to selecting any contractors or vendors, the City shall ensure that the contractor or vendor is not listed on the federal Excluded Parties List System and is not suspended or debarred by either the State of Texas or the Federal Government. Vendor procurement will comply with applicable state, federal, loan, or bond related regulations and requirements.

3.6 Segregation of Duties

Appropriate segregation of duties helps to ensure proper internal controls and reduce the chances of fraud, waste, and abuse.

The Finance Department should ensure that the individuals responsible for approving, recording, and paying for purchases have secondary reviews. Due to the staffing levels maintained at the City, management oversight must be used to compensate for complete segregation.

Section 4: Human Resources

4.1 Payroll

The City has established a payroll policy to run the payroll smoothly and to ensure employees an accurate and timely payment of salaries and wages. The payroll policy applies to every city employee.

General Policies

All payrolls will be completed on a computerized system. Employees are paid biweekly on Friday for the pay period ending one week prior.

- Paychecks are directly deposited into individual employee checking or savings account unless instructed otherwise.
- Payment to all employees will be based on the approved time sheets.
- Employees may not enter time, clock in/out for another employee, or fill in the information as to what hours were worked. To do so is cause for discipline, up to and including termination. The exception is in the case of a supervisor acting while an employee is out of the office to allow payroll to be processed and the employee affected will be fully informed.

Payroll System Access

Payroll system access is restricted to specified personnel. Currently, the Finance Department has full access to confidential city and employee information. Employee information and payroll shall not be changed without a secondary review.

Payroll Processing

Proper recording of time worked, and an efficient approval process are essential for accurate payroll calculation of city employees. To ensure proper timesheet submission:

- All city employees shall have the ability to enter their time into the payroll system by Monday at 9 am.
- Timesheets must be reviewed and approved by the relevant department head.
- All adjustments or edits in payroll must be completed by the employee in the payroll system and approved by the department head.
 - If the employee is not available and an adjustment is needed, the Finance Department will consult the department head prior to adjusting and finalizing the employee's time. Adjustments like this will always be disclosed to the employee.
- Timesheets finalized by the department head must be reviewed and approved by the Finance Department.
 - The editor and approver shall be separate employees, ensuring that all timesheets are reviewed by a secondary person.
- The Finance Department shall email the paystubs to all employees once the bank draft report has been submitted to the bank.

Payroll Reporting

The Finance Department is responsible for:

- Keeping and maintaining payroll reports from the payroll system.

- Submitting a bank draft report to the bank, which requires two-factor authentication.
- Maintaining paper records of personnel files.
- Ensuring authorized signers review and sign paystubs at the same time they review and sign checks to ensure awareness and visibility of personnel costs. This is not required to happen before payroll is processed.

4.2 Personnel Policy

The City follows a separate Personnel Policy, documented in a Personnel Manual that is approved by City Council. This policy will be reviewed and adopted annually.

4.3 Employee Training

The City incurs additional general and administrative expenses to provide training and development support to employees and City Council members. Training assistance and guidance are also implemented during new employee onboarding. At hiring, all new employees are required to review and sign the City's Employee Handbook. Cybersecurity training and workplace harassment training are completed by all employees annually. In addition, professional development is available through the Texas Municipal League.

Section 5: Assets and Liabilities

5.1 Asset Additions, Capitalizations, and Depreciation

Fixed (capital) assets are assets which are purchased for long-term use, such as land, buildings, equipment, improvements, and the like. The Finance department is responsible for properly accounting for and reporting capitalized assets in accordance with GAAP. The Department Heads are responsible for tracking the fixed assets and safeguarding the assets from loss/theft. The list of fixed assets will be maintained by the Finance Director and updated on a quarterly basis as needed.

An asset should be capitalized when the following criteria are met:

- The asset is tangible.
- The assets are owned by the municipality.
- The expected useful life of the asset is longer than one year.
 - An asset can also be capitalized if it will extend the life of an existing asset by one (1) year or longer. Ongoing repairs or maintenance (i.e., an oil change for a City owned truck) will not be capitalized.
- The cost of the asset is greater than \$5,000.
- Capitalization decisions are reviewed for reasonableness by the City Administrator

Any assets that do not meet all the criteria listed above shall be expensed.

Fixed Asset purchases should be reviewed and approved by the City Administrator. The City Administrator plans and oversees asset acquisitions and maintenance with the approval of the City Council.

Department heads and third-party asset managers (such as public works providers) must include planned fixed asset purchases in their annual budget. Items that are not part of approved acquisitions in the approved budget must be individually reviewed by the City Council and subject to funding availability. All costs associated with the acquisition (i.e., fees, tax, start-up costs, installation, closing fees) should be considered when the asset is added to the fixed asset list. Improvements are to be capitalized if they extend the useful life of an asset by over a year and/or increase the asset's value by extending its life for more than one year.

Fixed assets are tracked by the department heads. The Finance Director and the City Secretary maintain a shared asset list for insurance, overview, and audit purposes. This list is sent out to the department heads for review and updated on an annual basis. Asset lists are provided to the auditor annually after internal review. If more information is needed, the Finance Director will contact the relevant personnel as appropriate.

The City may consult with the auditor to assist with the determination of depreciation rates and useful life for fixed assets, and the depreciation is accrued at the end of the fiscal year.

5.2 Asset Disposals

The decision to dispose of an asset is made by the department head that manages that asset and approved by the Finance Director, subject to further approval by the City Administrator or City Council. These decisions should be based on comparisons of new purchase to repair costs of an existing asset, the longevity of repair effectiveness, other potential repairs pending on the asset, and, if repair is selected, a preferred extension of the usable life of at least two years.

Department heads should monitor their assets so when a disposal occurs, the budget is properly prepared for any costs incurred with disposal. The Financial Director and department heads will discuss how an asset will be disposed (scrap, sell, etc.). Once an asset has been disposed of, the Finance Director will be notified to make adjustments for assets covered by insurance.

The Finance Director and City Secretary maintain the list of fixed assets and will modify that list when assets are disposed of, no longer in use, lost, or otherwise impaired. Salvage values should be tracked for each asset to calculate depreciation and sales price should be tracked for each item that has been disposed of.

5.3 Inventory

The City currently expenses items and does not maintain inventory.

5.4 Investments

The City maintains a separate Investment Policy that is reviewed and updated annually.

Section 6: Financial Position and Fund Balance

6.1 Funds

The City utilizes an unrestricted governmental fund for all regular revenues and expenditures, and an enterprise fund that contains the transactions related to the utilities.

Governmental Funds

The City maintains a general fund. This fund records all of the resource inflows and outflows not allocated to the enterprise fund. This fund collects taxes, user charges, intergovernmental payments, loan and bond receipts, and various other sources.

Enterprise Funds

In regular order, the utility fund should be organized and operated as an enterprise fund. This enterprise fund shall operate internally as a business and should not require input from the general fund. If charges and fees cannot be maintained at a level that ensures this internal financial stability, these revenues should be reviewed by the City Council.

- A. Utility rates and other Enterprise Fund user fees should be set at levels sufficient to cover operating expenditures (direct and indirect), meet debt obligations and debt service coverage, provide funding for capital improvements, and provide adequate levels of working capital.
- B. The City may set a different fee or rate for residents versus non-residents.
- C. Utility rates should be reviewed annually by the City Council.
- D. All rates shall be adopted by City Ordinance.

6.2 One-Time/Unpredictable Revenue Sources

One-time, unpredictable revenue sources should not be used for ongoing expenses or expenditures.

These revenues shall be used for one-time purchases such as increase in fund balance requirements, capital equipment purchases, capital improvements, or retirement of debt or other City obligations. Attention must be paid to any increase in overall maintenance and operation costs that may be incurred due to these purchases.

Section 7: Compliance

The City endeavors to ensure compliance and transparency. Publishing annual financial statements, participating in annual audits, and continuous improvement in areas of internal control are methods used to ensure these goals are met.

The City may utilize grant, loan, and bond funding to expand the City's capacity to build and improve City infrastructure. These funding vehicles come with restrictions and requirements that the City must follow. Compliance with covenants and requirements associated with supplementary funding should be reviewed and affirmed annually.

7.1 Public Funds Investment Act and Public Funds Collateral Act

The City has adopted and executed a plan to ensure that obligations of public funds include a provision that the proceeds are held at a designated state depository institution or other authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257.

The City receives and reviews collateralization reports from their depository.

The City maintains a separate Investment Policy that contains additional details regarding compliance with the Public Funds Investment and Public Funds Collateral Acts.

7.2 Annual Audits

The City conducts an annual audit of general-purpose financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) as set out by the Governmental Accounting Standards Board (GASB) by a certified public accountant or a licensed public accountant. All audits are reviewed and approved by the City Council.

Some grants and loans require that audited financial statements are submitted to the associated agencies. This process will be completed within the required timeframes. The City currently holds loans from the Texas Water Development Board (TWDB) that require the submission of audited statements no later than 120 days following the close of the City's fiscal year.

7.3 Audit Findings and Corrective Action Plans

The City may receive findings related to audits of the City's annual financial statements. In addition, the City may receive notices of noncompliance from loan holders. The City must coordinate with these outside reviewers to develop corrective action plans to address any identified issues.

When findings are received, the City Administrator works with the Finance Director to discuss a plan for completing the corrective action plan. The Finance Director is responsible for completing the corrective action plan and provides updates to the City Administrator at least quarterly until all issues are resolved. If the issues identified are complex, sensitive, or require a policy response, the City Administrator may call a special City Council meeting and seek Council action or authorization for corrective action.

7.4 Compliance Review

City management and the City Council should perform annual compliance and policy reviews for various areas of concern, including the following:

- Annual review of Investment Policy, Purchasing Policy, Accounting Policies, and Personnel Policies
- Review of audit findings and noncompliance letters
- Review of loan and bond compliance
- Review of updated regulations affecting the City

7.5 TWDB Funding

The Texas Water Development Board (TWDB) administers a special general revenue fund for the state of Texas titled the Rural Water Assistance Fund. The purpose of this fund is to make low-interest loans to rural subdivisions for water or wastewater-related projects. TWDB also administers a Drinking Water State Revolving Fund (DWSRF). The purpose of this fund is to provide financial assistance for water projects pursuant to the Safe Drinking Water Act, 42 U.S.C. §§ 300f et seq; applicable federal regulations; Texas Water Code, Chapter 15, §§ 15.601 – 15.618; and 31 TAC Chapter 371.

The City has received financial assistance from the TWDB to support and execute the City's water supply services. The funding obligation includes a series of provisions that the City is required to follow. In addition, The City is required to maintain and operate the water services in an efficient manner and at a reasonable cost. Adequate services are required to be provided to all persons within the service area,

and no free services of the system shall be allowed. All customers or users of the system shall be billed, with collections being received in a timely manner.

The City may utilize a loan covenant checklist to assist in monitoring and achieving loan compliance (see separate Loan Covenant Checklist document). The direct management of the loan covenant checklist is the responsibility of the City Secretary and the Finance Director, but the requirements described in the loans must be followed by City staff and the City Council.

Revenue Coverage

The City's loan covenants assert that it will at all times charge and collect rates and charges in connection with its ownership and operation of the System as will be at least sufficient to produce revenues, after payment of the costs of operating and maintaining the System, in an amount not less than 1.10 times debt service requirements of all outstanding debt of the Issuer which is secured in whole or in part by a pledge of revenues of the System, for which the City is budgeting the repayment of such obligations from the revenues of the System, or the City shall prepare and provide documentation to any holder of a Certificate who requests same, which evidences the levy and collection of an ad valorem tax rate dedicated to the Interest and Sinking Fund, in conjunction with any other legally available funds except System rates and charges, sufficient for the repayment of System debt service requirements.

Interest and Sinking Fund

The City has established an Interest and Sinking Fund to address loan agreements. The City must transfer and deposit to the Interest and Sinking Fund each month an amount not less than 1/12th of the annual debt service on the Certificates until the amount on deposit in the Interest and Sinking Fund equals the amount required for annual debt service on the Certificates.

Surplus Funds & Rebates

The City shall establish, adopt, and maintain an annual budget that provides for either the monthly deposit of sufficient Surplus Revenues and/or tax revenues, the monthly deposit of any other legally available funds on hand at the time of the adoption of the annual budget, or a combination thereof, into the Interest and Sinking Fund for the repayment of the Certificates.

In addition, the loan funding includes a provision that if loan proceeds are determined to be surplus funds remaining after project completion, the remaining balance will be deposited into an interest and sinking fund. Funds derived from Loan Forgiveness which result in surplus funds remaining will be returned to TWDB and may not be retained. The balances of the interest and sinking funds will later be used to account for repayment of any interest and principal on the obligations owed to TWDB.

Further, the City will implement all the necessary procedures to comply with the requirement that if certain amounts are earned on the investment of funded proceeds that the earnings are to be returned to the Federal Government under section 148 of the code.

Other Requirements

Agreements in place with the TWDB require the submission of the following:

- An approved budget by October 30th
- Audited financial statements by January 28th
- Timely responses to any noncompliance letters

Section 8: Budget

Annually, the City Council, the Finance Director, and City Administrator will review and finalize the budget. The approved budget serves as the binding document guiding the City's expenditures for the following fiscal year. The budget year begins on October 1st and ends on September 30th each year.

8.1 Annual Budget

Revenues

Where services provide a public benefit, the City strives to recover the costs of those services through property and sales taxes. These taxes are expected to cover all operations, maintenance, and debt service requirements for the City.

User Charges

For services that benefit specific users, the City shall establish and collect fees to recover the costs of those services.

When setting a user charge, the City will strive for the following:

- To cover direct costs.
- Review charges and fees at least every three years and make any necessary adjustments to avoid sudden large increases.
- May set a different fee for residents versus non-residents.

Factors in setting fees shall include but not be limited to market and competitive pricing, demand for services, and impact on users, which may result in recovering something less than direct, indirect, and overhead costs.

Expenditures

The annual budget shall provide sufficient funds for the operation of City services. The City will strive to ensure that all expenditures are necessary and reasonable.

Budget Appropriations/Amendments

All expenditures of the City shall be made in accordance with the adopted annual budget. Any additions to department budgets shall be accomplished through budget amendments approved by the City Council. At the close of each fiscal year any unencumbered balance of an appropriation shall revert to the general fund.

Department heads will have an opportunity to identify upcoming needs, maintenance, or development when the Finance Director is initiating the budget process. Revenue projections in June and certified tax rolls in July provide additional data to start finalizing budget decisions. The City Council will engage in budget workshops using the materials and information provided by City staff, and the final budget must be approved by September 30th each year.

8.2 Budget Management

Each department head is responsible for adhering to their departmental budget. The Finance Director should provide updates comparing budget-to-actual spending to all department heads at least monthly. Except for emergency situations, any expenditure that was not approved in the initial approved budget must be brought to the City Council for consideration before it is incurred.

Emergency situations must be reported to the City Council as soon as possible, and the budget implications must be considered as quickly as is practical considering any ongoing emergency conditions.

Section 9: Grant Management

The City pursues grant funding that is in alignment with the City's overall goals and objectives. Grant funded items and programs should be evaluated to ensure they are sustainable in terms of operations, maintenance, and staffing. The City will focus on compliance, documentation, and effective reporting to prevent recoupment of grant funds.

City staff will provide prior notice to the City Secretary and the Finance Department of potential new grants and any related compliance, documentation, and reporting assistance that may be required.

9.1 Grant Selection

Departments shall investigate sources of funding relevant to them. The individual department shall generally be responsible for investigating funding sources and for monitoring and coordinating all grant applications and programs in conformance with citywide budgeting, staffing, goals, and program considerations.

Grant renewals must go through the same evaluation process as new grants to ensure continued alignment with city goals and funding considerations.

9.2 Grant Application

Timely grant applications are the responsibility of the related department and the City Secretary. If a grant requires matching City funds, in any amount, or if the grant application requires the approval of the City Council, the grant application must be submitted to the City Council for discussion and approval prior to submittal to the funding agency. Otherwise, the City Administrator may sign the grant.

Grant Contract / Requirements for Approval

Prior to acceptance of any funding or expenditure of funds on any grant activity, a written contract is required. Review and approval by the City Council is required before a grant award can be accepted.

The City Council must authorize acceptance of grant funds over \$25,000.00, approve matching funds, and authorize the City Administrator (or designee) to execute all necessary documents. The Finance Department is responsible for preparing budget entries to increase estimated revenues and appropriating expenditures of the same amount to the proper accounts.

9.3 Compliance with Grant Requirements

If a grant is for the City in general, the City Secretary is responsible for managing the grant requirements. If the grant is specific to a department, that department is responsible for managing and monitoring the following:

- Grant activities/projects are properly accomplished;
- Grant accounting/recording is accurate;
- Performance reports are complete and submitted per terms of the grant; and,
- Requests for reimbursement are accurate and submitted on schedule (or as soon as possible after completion of related grant activities).

All financial grant reporting should be reviewed by the Finance Director or designee prior to submission.

Grant revenues should be promptly deposited upon receipt.

9.4 Maintenance and Monitoring of Grant Files

The grant file should include a copy of the signed contract and all documents associated with the grant, including but not limited to the contract and amendments, application, activity reports, request for reimbursement, fiscal reports, and other correspondence. This should be maintained in accordance with any requirements set forth by the funding agency, if any, by the initiating department.

9.5 Procurement

When goods or services are procured in order to accomplish the goals of the grant program, the City Purchasing Policy must be followed. There are specific rules and regulations related to procurements using federal funds. The City Purchasing Policy contains more detail. The Code of Federal Regulations (CFR) and Texas Local Government Code (TLGC) should also be consulted.

Contracts related to federal grants also have specific guidelines and required language that must be included (§ 200.327).

9.6 Retention and Maintenance of Records

At a minimum, departments must retain all grant-related records for three years from the date of submission of the final expenditure report for the grant. Retention is required for purposes of State/Federal examination and audit. Exceptions can include if litigation or audit is started before the expiration of the three-year period or if the city is notified in writing of an extension of the retention period.

9.7 Guidance

Detailed guidance on federal grant requirements, performance, and reporting can be found within the Code of Federal Regulations (CFR). The Texas Local Government Code (TLGC) also contains pertinent information about procurement and contracting that may apply to grants.

- 2 CFR, Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
 - 2 CFR, Part 200, Subpart C - Pre-Federal Award Requirements and Contents of Federal Awards

- 2 CFR, Part 200, Subpart D - Post Federal Award Requirements
 - § 200.318-327 – Procurement
 - § 200.318-327 - Performance and Financial Monitoring and Reporting
- 2 CFR, Part 200, Subpart E - Cost Principles
 - § 200.403 – Factors affecting the allowability of costs
 - § 200.404 – Reasonable costs
 - § 200.413-414 – Direct costs and Indirect (F&A) costs
 - § 200.416-417 - Special Considerations for States, Locals Governments, and Indian Tribes
- TLGC, Title 8, Subtitle A, Chapter 252 – Purchasing and Contracting Authority of Municipalities
- TLGC, Title 8, Subtitle C, Chapter 271 – Purchasing and Contracting Authority of Municipalities, Counties, and Certain Other Local Governments

References:

- <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200>
- https://texas.public.law/statutes/tex._local_gov't_code_title_8

Section 10: Financial Reporting

10.1 Basis of Accounting

The City operates on a modified accrual basis of accounting on an annual basis. Internal reporting and reports to the City Council are presented on a cash basis.

10.2 Operating Cycle

The City follows a fiscal year from October 1st through September 30th.

10.3 Month-End Close

The Finance Department will prepare a trial balance after the end of each month to identify and resolve discrepancies and to serve as a foundation for reporting to the City Administrator and City Council. Financial activity is entered into the accounting system continuously, then reports and analysis are generated for and by the Finance Director.

Internal reports and monthly reporting are presented on a cash basis with some limited accruals of significant annual or semi-annual expenses to improve the understanding of adherence to the approved budget.

Journal Entries

The Finance Department is responsible for making entries into the accounting system. Other employees may enter bills, payments, timesheets, and other entry only information, but are not granted administrative access to the system. The Finance Director has the ultimate responsibility for the completeness and accuracy of the data in the accounting system.

Bank Account Reconciliation

All bank accounts are reconciled at least monthly by the Finance Department. Reconciliations may be prepared by either the Finance Director or the Finance Admin and must be reviewed by the other. No account should consistently be reviewed by the same person over time. All discrepancies in bank reconciliations must be investigated and resolved quickly.

Account Reconciliations

Reconciliations of the financial accounts are performed at least quarterly for all accounts to ensure that balances are adequately supported and that any reconciliation issues are resolved in a timely manner.

Segregation of Duties

Within constraints due to the size of the Finance Department, the City maintains segregation of duties between preparation, review, approvals, and custody of documentation as best possible. Consistent review and rotation of tasks inside the Finance Department provide additional oversight to compensate for a lack of strict segregation.

10.4 Monthly Financial Reports

The Finance Director prepares budget-to-actual comparisons for review by the City Administrator and the City Council monthly. The City Council will also hear financial presentations by the Finance Director quarterly. The City Administrator and City Council may request additional reporting on an as-needed basis.

Additional Reports

On a quarterly basis, a detailed accounts receivable report (showing aged, outstanding accounts by customer, and accounts identified to be written off) is reviewed by the Finance Department. This report is presented to the City Administrator for review. All write-offs must be approved by the City Administrator. Approved account write-offs are completed in the accounting system as part of the end-of-year financial close by the City's Finance Director. The City may consult with the auditor to assist with the completion of the write-offs in the accounting system after the City's Finance Director approval.

10.5 Annual Financial Reports

Financial statements are presented in accordance with U.S. Generally Accepted Accounting Principles (GAAP), and in line with the guidance Governmental Accounting Standards Board (GASB).

The City's financial statements are presented using the accrual basis of accounting whereby revenue is recognized when earned and expenses are recognized when incurred.

The Finance Director prepares an end-of-year trial balance, an updated fixed asset inventory, and any other required reports for the City's auditors. The City Administrator and department heads will assist with the necessary information within their purview. The Finance Department will respond to auditors to provide requested supporting documentation. Finalized financial statements will be reviewed by the Finance Director and the City Administrator.

The audited financial statements are presented annually to the City Council along with any findings. At the end of each reporting period, all financial reporting documentation is backed up and stored on the City's servers. In addition, the accounting system in current use maintains live backups of the entire accounting database on the cloud.

General Ledger

The accounting system general ledger contains the full chart of accounts. During the review of the financial statements, a high-level review is performed of account additions and changes by the Finance Director.

The audit firm may require adjustments related to the financial statements. These entries include but are not limited to recurring entries, accrual entries, reversing entries, and adjusting entries. Accruals are recorded as part of the journal entry process.

Section 11: Record Retention/Data Storage

11.1 Duty to Maintain Records

The City will provide for efficient, economical, and effective controls over the creation, distribution, organization, maintenance, use, and disposition of all records through a comprehensive system of integrated procedures for the management of records from their creation to their ultimate disposition. These procedures will be consistent with the requirements of the Local Government Records Act, local ordinances, and accepted records management practice. This policy shall apply to all employees, agents, independent contractors, and volunteers of the City.

11.2 General Guidelines

The City Secretary is the designated Records Management Officer. When a new City Secretary takes up the position, they must inform the Texas State Library and Archives Commission of the change. The previous City Secretary must deliver to their successor all local government records in custody.

The City shall convene a committee at least annually to review the records management program, review and approve records control schedules, approve the destruction of records in accordance with the records control schedules, and discuss methods to carry out the records management program throughout the City. This process may be assisted by a third-party service.

All pertinent financial documentation is maintained in off-site secured data storage. In addition, all critical data stored locally should have physical security (locked door, passwords, etc.) during non-work hours.

After the record retention periods have expired, they will be identified for the records committee to review and approve. No record shall be destroyed if it is the subject of an open records request or ongoing legal action. Departments may request an extension of the retention period for specific records.

Records relevant to any external agreements such as loans, contracts, and grants will be maintained as required in those agreements regardless of standard procedures.

Appendix A – Authority Matrix

Authority Subject	Manager	Final Approval
Review and Approve the Authority Matrix	Finance Director	City Council

Authority Subject	Positions	Final Approval
Open and Close Bank Accounts	Finance Director, City Administrator	Authorized signers on bank accounts
Inter-Account Transfers	Finance Director, Finance Admin, City Secretary	Completed as needed
Initiate and Release Wire Transfers	Finance Director, Finance Admin, and City Secretary with dual approval	Dual approval with token system
Signing Authority	Mayor, Mayor Pro-tem, any specified City Council member for the length of their term	Mayor, Mayor Pro-tem, any specified City Council member for the length of their term
Setup and Remove Vendor Accounts	Finance Director and Finance Admin	Separate person to set up and review

Authority Subject	Authorized Signers	Authorization Limits	Final Approval Above Established Threshold
Contracts	Appropriate to the contract	All contracts must be reviewed	City Administrator reviews all contracts and determines which contracts must be reviewed and approved by City Council
Loans	Mayor, Mayor Pro-tem, any specified City Council member for the length of their term	All loans	City Council approval
Grants	Appropriate to the grant	All grants are reviewed	City Council approval prior to application

Appendix B – Bank Accounts

Bank Name	Account Number	Account Name
Texas Regional Bank	6020	Consolidated Acct
Texas Regional Bank	0771	DWSRF-WTP
Texas Regional Bank	3804	Chapter 59
Texas Regional Bank	8226	Lift Station Project
Texas Class	0009	I & S
Texas Class	0014	General Savings
Texas Class	0015	Water/Sewer Savings
Texas Class	0003	Covid-19
Texas Class	0013	WTP Construction Project
Texas Class	0007	CWSRF-WWTP
Wilmington Trust	4533	CTSRCO 2017A
Wilmington Trust	4535	CTSRCO 2017B
Wilmington Trust	4511	CTSRCO 2019
Wilmington Trust	1363	CTSRCO 2020
Wilmington Trust	4534	2017A
Wilmington Trust	1322	2020
Wilmington Trust	3512	2019

Appendix C – Subscriptions – to be expanded later

Vendor	Description	Due Date	Amount Due	Auto draft or Check

Appendix D – Long-Term Vendor Relationships

Vendor	Description	Last Reviewed	Point of Contact	Contract Expiration
Infra-Mark	Public Utility provider			
	Financial Advisor			
	Auditor			
Waste Management	Waste Management	May 2023		
	Depository Bank	June 2023		
Ardurra	Engineering			
Douglas Montgomery	Prosecutorial Services			
Hill Country IT	IT Services			
Tim Tuggey	Legal Services			

Appendix E – Loan Covenant Checklist

To be reviewed annually.

Loan documents contain full requirements and specifications. The checklist (in a separate excel document) is only intended as a tool and should not be considered complete or definitive, and the language has been shortened or paraphrased. Complete wording and requirements are to be found in the original loan documentation.