



The City of Sunset Valley Financial Policies

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Purchasing Code of Ethics

Policy Reference:

FP101

Effective Date:

April 16, 2013

A. Statement of Purchasing Policy

It is the policy of the City of Sunset Valley to conduct all municipal purchasing activities with the highest ethical standards and to ensure that there are no conflicts of interest or perceived conflicts of interest by city staff or elected officials.

To achieve the purpose of this Article, it is essential that those doing business with the City of Sunset Valley observe the ethical standards prescribed here.

B. General Ethical Standards

1. There shall be no attempt to realize personal gain through public procurement with the City of Sunset Valley by any employee or elected official.
2. There shall be no attempt to influence any employee or elected official of the City of Sunset Valley to breach the standards of ethical conduct set forth in this code.
3. No employee or elected official of the City of Sunset Valley shall participate directly or indirectly in a procurement when the employee or elected official knows that:
 - a. the employee or elected official or any member of the employee's or elected official's immediate family has a financial interest pertaining to the procurement; or
 - b. business or organization in which the employee or elected official, or any member of the employee's or elected official's immediate family has a financial interest pertaining to the procurement; or
 - c. any other person, business or organization with whom the employee or elected official or any member of the employee's or elected official's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement.
4. **Gratuities**

Employees or former employees of the City of Sunset Valley shall not solicit, demand, accept or agree to accept a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation of any part of a program requirement or purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other

advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy, or other particular matter pertaining to any program requirement or a contract or subcontract, or to any solicitation or proposal therefore pending before this government.

5. Kickbacks

No payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor for any contract for the City of Sunset Valley, or any person associated therewith, as an inducement for the award of a subcontract or order.

6. No employee or elected official or former employee of the City of Sunset Valley shall use confidential information for actual or anticipated personal gain.

Adopted: November 8, 2000

Amended: April 16, 2013

General Financial Guidelines

Policy Reference: FP103
Effective Date: July 15, 2025

Introduction

These policies and procedures shall reinforce fiscal planning and management of the City of Sunset Valley's resources.

Overall Goals

The financial goals of the City of Sunset Valley are designed to ensure the City's sound financial condition, flexibility, and best Accounting and Management practices, at all times.

1. **Sound Financial Condition** may be defined as:
 - ✓ Cash Solvency – The ability to pay bills.
 - ✓ Budgetary Solvency – The ability to annually balance the budget.
 - ✓ Long Term Solvency – The ability to pay future costs.
 - ✓ Resiliency – The ability to sustain needed and desired services into the future.
2. **Elasticity** is a goal that ensures the City of Sunset Valley is in a position to react and respond to changes in the economy and new service challenges without measurable financial hardship.
3. **Adherence to Best Accounting and Management Practices** in conformance with generally accepted accounting procedures as applied to governmental units.

Financial Principles

1. A balanced budget should be prepared annually by the Mayor and forwarded to the City Council for consideration and approval.
2. Ongoing operating costs should be funded by ongoing revenue sources. This protects the City of Sunset Valley from fluctuating service levels and avoids concern when one-time revenues are reduced or removed. In addition:
 - Federal grants should not support essential City of Sunset Valley services. Federal grant monies should be tied to programs and services with the understanding that those services delivered with grant funding may be revised and altered based on grant funding availability.

- New operating costs associated with capital projects and capital equipment purchases should be funded through the operating budget each year.
- Maintain general government fund balances equal to 18-months (150%) of the average actual General Fund operating revenues over the preceding 5 years.
- Cash Reserve Funds in the Utility Fund should equal to three (3) months of operating expenditures for all operating funds.

3. Department Heads are responsible for managing their departmental budgets.
4. All contracts and agreements for the on-going provisions of goods or services that are for an account of \$50,000 or more annually shall be reviewed every three (3) to five (5) years through issuance of a Request for Proposal or Request for Qualifications, in compliance with Financial Policy #201.
5. Replacement of City vehicles should be funded through the Equipment Replacement Fund.
6. Investment practices should be in accordance with the City's Investment Policy. The Investment Policy should be reviewed annually.
7. Operating, Personnel, Capital, and Repair/Replacement costs should be charged to the Utility Fund and funded in accordance with an annual determination made by the City Council.
8. The City of Sunset Valley should maintain financial guidelines that provide the ability to achieve the highest bond rating possible.

Adopted: April 6, 1999
Amended: November 8, 2000
Amended: April 17, 2012
Amended: April 16, 2013
Amended: April 16, 2019
Amended: May 21, 2019
Amended: August 6, 2020
Amended: April 16, 2024
Amended: April 15, 2025
Amended: July 15, 2025

Budget Planning & Management

Policy Reference: FP105

Effective Date: July 15, 2025

Intent: To establish a process for submittal, review and management of the annual City budget.

A. General Provisions

Sunset Valley is a General Law, Type A City, under the statutes of the Local Government Code. The Mayor is charged with the duty of filing a balanced budget not later than August 12th of each fiscal year.

B. Purpose

The purpose of the City's budget is to set priorities based on available resources, authorizing the types and levels of service that are offered during the next fiscal year, to provide for a level of expenditures that are to be made for each Department, and to control expenditures.

Priorities include:

- Utilities
- Infrastructure
- Maintaining city assets
- Minimizing the cost to the citizens of Sunset Valley for services

C. Budget Related Goals with Policies

1. Keep the City in a fiscally stable position in both the short and long term.

- a. Ongoing operations shall be funded from ongoing revenues.
- b. All operating revenues and expenditures shall be monitored monthly and reviewed by the Budget & Finance Committee.
- c. Revenues shall be conservatively projected, and expenditures budgeted at 97% to help ensure budget solvency.
- d. The City shall not adopt any new City services until a cost of service is reviewed and the service has adequate funding made available.
- e. A Long Range Financial Plan shall be established and reviewed annually during the budget process and updated as needed.

- f. The proposed budget shall include a comparison of the operating ratios and revenue targets that are included in the Long Range Financial Plan.
- 2. Maintain sufficient financial liquidity to meet normal operating and contingency obligations.**
 - a. Maintain general governmental fund balances equal to 150% of actual average General Fund operating revenue over the preceding 5 years.
 - b. Maintain enterprise (Utility Fund) fund balances equal to three (3) months of operating expenditures for all operating funds.
 - c. Fund balances shall be maintained to meet a target level of 90 days of operating expenses necessary to meet operating, capital, and contingency requirements.
- 3. Operate utilities in a responsive and fiscally sound manner.**
 - a. Utility rates shall be reviewed annually and adjusted, if necessary, to reflect construction goals, maintain bond payments, and avoid large increases at one time.
 - b. The cost of utility contractual services which the City has no control over, shall be passed through to residential and commercial users in a manner consistent with Council direction.
 - c. Excess fund balances shall be used to off-set rate increases where possible with any remaining balances being used for approved capital purposes.
- 4. Maintain and meet infrastructure and capital needs.**
 - a. When capital funding decisions are made, priority shall be given to maintaining existing capital assets over the acquisition or construction of new facilities.
 - b. The City shall review its Capital Improvements Plan annually to identify cost increases and major maintenance projects for funding strategies.
 - c. Prior to undertaking a capital project, all ongoing operational and maintenance costs shall be identified and included as part of the policy discussion.

5. The City shall maximize county, state, and federal grants, loan programs, and other governmental sources for capital needs when it is consistent with City plans and policies. Certificates of Obligation can be used to finance infrastructure improvements for public benefits that support quality of life. **Provide a long and short term debt strategy that allows the City to meet current and future needs through borrowed capital without imposing severe financial burden.**
 - a. While the City's preference is that borrowing is the method of last resort, when fiscally prudent the City shall review all forms of funding to determine the least costly method and type of financing most appropriate.
 - b. When Certificates or Bonds are used to finance debt, the bonds shall be issued for a maximum of 20 years or for the life of the asset, whichever is a shorter time period.
 - c. The City shall evaluate the cost and benefit of borrowing against the same for "pay-as-you-go" for all borrowing programs.
 - d. The City shall develop a long term replacement program to meet equipment needs such as vehicles, computers, and mowers.
6. **Establish accountability in Budget Monitoring.**
 - a. The City Council approves all appropriations.
 - b. Department Heads are responsible for managing their budgets within the appropriated budget.
 - c. Any budget adjustment between funds shall be approved by the City Council in budget amendments.
 - d. Budget adjustments within a fund that make changes to individual line items within the same department of \$2,500 or less and that do not increase the total departmental appropriation shall be approved, before funds are expended, by the department head, reviewed by the City Administrator , and reported monthly to City Council.
 - e. Budget adjustments within a fund that make changes to individual items within the same department over \$2,500 but less than \$5,000 and that do not increase the total departmental appropriation shall be approved, before the funds are expended, by the City Administrator and reported monthly to the City Council.

- f. Budget adjustments within a fund that make changes within the same department over \$5,000 but less than \$25,000 and that do not increase the total departmental appropriation shall be approved, before the funds are expended, by the Mayor, reviewed by the City Administrator, and reported monthly to City Council.
- g. Budget adjustments that make changes to individual items within the same department over \$25,000 shall be approved, before the funds are expended, by the City Council.
- h. Expenditures and encumbrances shall be regularly compared to the adopted or amended budget, variances investigated, and any abnormalities will be reported to the City Council in a quarterly budget adjustment report. Departmental expenditures shall be made from the appropriate budgeted line item accounts based on the object of expenditure, not accounts where an excess of funds exists.

7. Provide financial reports in a timely and understandable manner.

- a. Quarterly budget reports outlining the status of revenues and expenditures shall be provided to the City Administrator, Department Heads and the Finance Committee.
- b. Quarterly investment portfolio reports shall be provided to the Finance Committee.
- c. The City's budget document shall be presented in a format that provides 5 years of past financial data, projection of current fiscal year, and proposed fiscal year budget amounts.
- d. A Comprehensive Annual Financial Report, prepared in accordance with Generally Accepted Accounting Principles (GAAP), performed by an outside entity shall be presented to the City Council.

D. Planning

- 1. The Mayor shall meet during the first quarter of the calendar year with the City Administrator and Department Heads, to identify:
 - a. Objectives of the City as well as evaluation criteria to be used in budgeting for growth, change, and capital improvements.
 - b. Instructions on expenditure reductions in selected areas or some growth permitted in areas targeted to provide greater levels or different levels of service to the citizens, general public and employees.
 - c. General priorities to be placed on particular services for the coming year in the event revenues are not available and expenditures are forced to match the revenues.

2. The Mayor shall meet during the first quarter of the calendar year with the Finance Committee to prepare a Schedule for Departmental and Committee budget submissions and subsequent work sessions.
 - a. Adequate time shall be implemented in the process to get a budget that is achievable, meets the needs of the City, encourages effective and efficient operations, and provides opportunity for public input.
 - b. Adequate time shall be implemented in the process to include time for a second meeting in case additional information or analysis is requested at the first meeting.
3. The Accounting Department is responsible for preparing reports for all accounts included in the listing of account for each Department.
 - a. The report shall include a five year history of the expenditure and the current expenses projected for the entire year.
 - b. Actual data for the current year to date and estimating the amount of expenditures that will be incurred for the remainder of the year should provide a reasonable estimate of the total expenditures projected through the end of the current fiscal year.
 - c. Historical data gives a perspective on prior performance that may be a useful guide in planning for the New Year and as a control measure because budgeted and actual results that differ significantly from historical levels prompt the need for further analysis and explanation.

E. Tax Revenues

1. State law requires the calculation of “effective” and “rollback” tax rates. The “effective” rate is that rate which generates the same revenue in the proposed year as the current year from properties on the tax roll in both years. The “rollback” rate is a rate which represents an eight percent increase in the operations/maintenance portion of the total tax rate.
2. A debt service rate is also calculated each year. The debt service rate is that rate which generates revenue equal to the Interest and Principle obligations due in the proposed year.
3. The tax rates are adopted each year prior to adoption of the budget and requirements to publish notices in a general circulation newspaper are followed when required. The tax rates are adopted by ordinance and require a two thirds vote of the City Council.

F. Submittal Documentation

1. Personnel expenses should include current salary listed by position and associated fringe benefits. Justification for any additions to personnel, full or part-time, including level of expertise needed, anticipated salary requested, and job description.

2. Operating expenses should contain all recurring expenditures, other than personnel, that are necessary in providing services to the community of Sunset Valley. Justification of expenditures should include any planned growth or reduction in expenditures when compared to the previous year, any increased/decreased levels of service that would affect such expenditures, any planned change in mix of services offered that impacts such expenditures, impact of technology on the way services are being provided and the level of expenditures needed, and anticipated changes in demand for such services based on population changes, demographic shifts or political changes.
3. Contractual services should contain expenditures that are necessary in providing professional and contract services necessary in providing services to the City of Sunset Valley. Justification of expenditures shall include any additional or changes to contracts or services already in place with the City. New services justification shall include a proposal detailing the services to be provided.
4. Capital assets should contain buildings, furniture, fixtures, and equipment proposed for acquisition in the next fiscal year. Justifications shall include detailed information of the item to be acquired along with maintenance, replacement costs, and impact on human resources, both internal and external. All capital purchases shall indicate the month in which the planned expenditure is to take place.
5. Programs/Projects should contain an outline of the goals and purpose for each planned program/project. Programs/projects supported by Committees shall obtain estimates for implementation from the appropriate Department Head. Justifications shall include detailed information of the item to be acquired along with maintenance, replacement costs, and impact on human resources, both internal and external. All programs/projects shall indicate the month in which the planned expenditure is to take place.
6. Construction projects should contain a list of funding availability for all Capital Improvement Projects. Estimates reflecting anticipated increases/decreases needed to complete projects with deficiencies /overages should also be shown. All construction projects shall indicate the month in which the planned expenditure is to take place.
7. Budget forms shall be provided by Administration to ensure consistency and compatibility for consolidation purposes.
8. A schedule for implementation of all projects, programs, and construction projects shall be provided with the Mayor's Budget.

G. Coordination

1. The Accounting office shall work with the City Administrator in preparing revenue projections for the coming year.
- 2 All Department Heads and Committee Chairs shall turn in their proposed budgets and amendments where applicable as per set financial calendar.

H. Adoption

Upon meeting any notice and hearing requirements the City Council votes to adopt the budget. A majority of the Council must approve the ordinance adopting the budget.

I. Amending the Budget

Once the budget is adopted, formal Council approval is needed to move appropriations from one fund to another fund, increase appropriations in any fund, transfer appropriations between Departments, and approve transfers of appropriations within a Department in accordance with Section C.6. of this policy.

J. Implementation

Upon adoption of the annual budget, careful planning must be exercised for all expenditures outside of day-to-day operational needs to ensure actual revenues projected are on-hand prior to initializing an expense for capital assets, projects, and new programs.

Adopted: November 8, 2000

Amended: December 17, 2007

Amended: April 16, 2013

Amended: May 21, 2013

Amended: August 20, 2013 (2a)

Amended: February 6, 2018

Amended: April 16, 2019

Amended: August 18, 2020

Amended: June 8, 2021

Amended: April 4, 2023

Amended: July 15, 2025

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Control of Revenue by City Departments

Policy Reference:

FP107

Effective:

June 8, 2021

Intent: To provide a procedure to aid City Departments in the handling and remitting of revenue in order to ensure adequate controls over cash as well as the accurate recording, and timely deposits of revenue.

Scope: All areas of the City whose activities include the sale of goods and services and/or the receipt of revenue funds.

A. Cash Handling & Control - Departmental

1. All revenue collected by all City Offices must be remitted to the Accounting Office weekly.
2. A spreadsheet identifying individual transactions posted by name, type, and amount of revenue will be remitted with the revenue in order to reconcile accounts.
3. A copy of the printout reconciling funds remitted each week shall be turned in to the Public Works Director.
4. All checks must be verified for signature, body and figures, and cannot be either stale-dated (older than 6 months) or post-dated.
5. All individuals remitting payment by cash shall be issued an official City receipt.

B. Cash Handling & Control – Accounting Office

1. The Accounting Office will verify that the attached reconciliation(s) equal(s) actual revenue remitted by each department for in house deposits and prepare the deposit.
2. Revenue should be stored in a secured locked area. Funds shall be deposited weekly.
3. All revenue to be deposited shall be delivered to the City's banking institution(s) by a member of the Sunset Valley Police Department, whenever possible.

4. The Accountant will reconcile all monthly bank accounts. In reconciling the bank statements, the Accountant will review deposits, transfers/withdraws, checks that cleared bank, and bank fees to verify that no unauthorized transactions have occurred during the period or any excessive fees have been charged by the bank. The Accountant will also verify that no unauthorized transactions or adjustments have been made to the accounting system during the bank reconciliation process.

C. Cash Handling & Control – Public Works Director

1. The Public Works Director will receive a copy of the revenue report submitted by each department to the Accounting Office for in house deposits.
2. The bank receipt from in house deposits, prepared by the accounting office and delivered by the Police Department, will be given to Public Works Director.
3. When the bank statements have been received, they will be given to the Public Works Director to review and initial before giving them to the accountant.
4. After reconciliation of bank statements are prepared by the Accountant, they shall be presented to the Public Works Director for review for accuracy and approval for any necessary adjusting entries.
5. Whenever available, authorization shall be established for the deposit of funds by electronic transfer of all payments owed to the City of Sunset Valley (i.e.: Comptroller of Public Accounts, County School Zone Allocation Fees, COPS Grant).

Adopted: April 6, 1999
Amended: November 8, 2000
Amended: April 16, 2013
Amended: June 8, 2021

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Competitive Sealed Bids (ITB), Competitive Sealed Proposals (RFP) and Non-Bid Purchases

Policy Reference: F201
Effective Date: March 7, 2023

Intent: To ensure that public monies are spent properly and legally and that the best possible value is received for the money while providing a fair and equitable opportunity to vendors desiring to do business with the City of Sunset Valley.

A. General

Competitive Bidding can be accomplished on two levels. The first level of bidding consists of obtaining price or rate quotations from vendors for a desired good or service by telephone or in writing. The second level consists of formal sealed bids (**ITB**) or proposals (**RFP**) based on specifications and conditions of purchase provided by the City.

1. In applying any requirements established by this policy, all separate, sequential, or component purchases (as defined in the definitions section) ordered or purchased with the intent of avoiding the competitive bidding requirements are treated like a single purchase.
2. Any municipal official or employee commits a Class B Misdemeanor if he/she intentionally or knowingly makes or authorizes separate, sequential or component purchases to avoid the competitive bidding requirements.
 - a. The final conviction for violations shall result in immediate removal from office or employment of that person. Also, for four years of the date of final conviction, the person is ineligible to:
 - ❖ be a candidate for or to be elected or appointed to a public office in this state;
 - ❖ be employed by the city; or
 - ❖ receive compensation through a contract with the city.
 - b. However, the removed official or employee does not lose any retirement or workers compensation benefit rights.

B. Definitions

1. “Bond funds” includes money in the City treasury received from the sale of bonds and includes the proceeds of bonds that have been voted but have not been issued and delivered.
2. “Component purchases,” means purchases of the component parts of an item that in normal purchasing practices would be purchased in one purchase.

3. "Current funds" includes money in the City treasury, taxes in the process of being collected in the current tax year, and all other revenue that may be anticipated with reasonable certainty in the current tax year.
4. "High technology procurement" means the procurement of equipment, goods, or services of a highly technical nature, including:
 - a. Data processing equipment and software and firmware used in conjunction with data processing equipment;
 - b. Telecommunications equipment, radio systems, and microwave systems;
 - c. Electronic distributed control systems, including building energy management systems; and
 - d. Technical services related to those items.
5. "Separate purchases" means purchases, made separately, of items that in normal purchasing practices would be purchased in one purchase.
6. "Sequential purchases" means purchases, made over a period, of items that in normal purchasing practices would be purchased in one purchase.

C. Exemptions

The competitive bidding or proposal requirements do not apply to items exempted from the competitive bidding provisions. The items exempted are:

1. Items purchased in case of public calamity to relieve the needs of the citizens or to preserve city property;
2. Items to preserve or protect the public health or safety of the residents of the city;
3. Items necessary because of unforeseen damage to public property;
4. Personal, Professional, or Planning Services
5. Work paid for on a daily basis (day labor);
6. Land or right-of-way;
7. Items available from only one source, such as patented, copyrighted, natural monopoly, or secret process items, films, manuscripts, or books, electric power, gas, or other utilities, books, papers, other library materials subject to exclusive distribution rights, and management services provided by a non-profit organization to a municipal museum, park, zoo, or other facility which the organization has financially or otherwise supported;

8. Rare books, papers and other library materials for a public library;
9. Paving, street widening and other public improvements where at least one-third of the costs are paid by special assessments;
10. A public improvement project which has been authorized but for which there is a deficiency of funds to complete in accordance with the plans as authorized;
11. A payment under a contract by which a developer participates in the construction of a public improvement under Subchapter C, Chapter 212;
12. Personal property sold at a public auction by a licensed auctioneer, or sold at a going out of business sale, or sold by another political subdivision of the state, a state agency or the federal government; and

D. Commitment of Current Revenues

If a contract for the acquisition, including lease of real or personal property, pertains to the City of Sunset Valley's right to terminate at the expiration of each budget period during the term of the contract, or is conditioned on a best efforts attempt to obtain and appropriate funds for payment of the contract, or both, then the contract is a commitment of current revenues only. This provision applies to all contracts made by a municipality, county, school district, special purpose district or authority, or other political subdivision of the state.

E. Prohibition of Conflict of Interest in Purchases

The City of Sunset Valley is prohibited from purchasing from a cooperative association if any member of the governing body will receive a pecuniary benefit from the purchase other than as reflected in an increase in dividends available to all members of the association.

F. Competitive Sealed Bids (ITB) or Competitive Sealed Proposals (RFP) Requirements

The City of Sunset Valley must use competitive sealed bids or competitive sealed proposals for all expenditures of \$ \$50,000 or over, except for a contract for insurance or for an alternative delivery method than has been approved by the City Council as authorized in Chapter 2269 of the Government Code. Insurance contracts of \$5,000 or over from one or more municipal funds must be competitively bid.

All bids or proposals must be sealed.

With competitive bids (ITB), you are limited to what was requested in the specification. If you discover that your needs are not satisfied, you must re-draft the specifications and start all over again. And, if not satisfied with the prices, you must either accept the lowest responsible bidder, or the bidder, who provides goods or services at the best value for the City of Sunset Valley, or reject all bids and start over.

When using competitive sealed proposals, the proposal shall be evaluated using a set of weighted factors. These factors, and their weights, must be stated in the request for proposals.

With a proposal, when the first proposal is received and evaluated, then you may meet in private session with each proposer, and negotiate for exactly what you need, or as close as possible to your desired system or service as can be agreed upon. Then you accept the best-evaluated proposal, using the weighted factors. Negotiations are not limited to one meeting. You should have as many as are productive.

In applying any requirements established by this policy, all separate, sequential, or component purchases (as defined in the definitions section) ordered or purchased with the intent of avoiding the competitive bidding requirements are treated like a single purchase.

1. Notice of Competitive Bidding

All contracts requiring competitive bids or proposals must be advertised and must contain notice of the date and time at which the bids/proposals will be publicly opened and read aloud. The advertising must be in a newspaper of general circulation in the city, and:

- a. Must be published therein at least once a week for two consecutive weeks before the bid opening, and
- b. The first publication must be on or before the 14th day before the date the bids are publicly opened and read aloud.
- c. If no newspaper is published in the city, the notice must be posted at the city hall for 14 days before the date the bids are publicly opened and read aloud. (If posted inside the city hall, and the city hall is not opened for some days during the period, those days will not count toward the 14-day period.)
- d. If the contract is to be for the purchase of road maintenance or construction machinery, the notice must contain the general specifications for the machinery.

2. Receiving the Bid/Proposal

Receiving competitive bids and proposals must be done properly in order to ensure that no possibility of favoritism or even the appearance of favoritism exists. The following steps should be taken:

- a. Each bid or proposal must be returned to the government office designated in the invitation in a separate envelope, sealed and with the bid/proposal identification number marked on the outside of the envelope. Only one bid/proposal should be submitted per envelope. If more than one bid/proposal is to be submitted, require that the vendor use separate envelopes for each one.

- b. The bid/proposal envelope should be time and date stamped in the designated office as soon as it is received.
- c. The bid/proposal envelope shall then be filed unopened together with the other bids/proposals for the same invitation/request number.
- d. Bids/proposals are opened at the hour specified in the invitation/request at the place named in the invitation/request. Vendors and the public are invited and encouraged to attend the bid opening. In case there are no observers attending the bid opening, always have a member of another office act as witness so that charges of irregularities can be disproved.
- e. The following are grounds for disqualification:
 - 1. Unsigned bids/proposals, or bids/proposals with unauthorized signatures
 - 2. Bids/proposals received after the date and time for opening. Late bids/proposals cannot be considered for award of the purchase.
 - 3. Bids/proposals where prices are conditional on award of another bid/proposal, or when priced are subject to unlimited escalation.
- f. Disqualified bids/proposals are returned to the bidder. Late bids/proposals shall be returned unopened.

3. Tabulating the Bid/Proposal Results

When the bids/proposal are opened, the results are tabulated for easy reference by the City of Sunset Valley. The following should be included in the summary:

- a. Double-check all calculations and sums.
- b. Extend unit prices to a total price for the requested quantity.
- c. Verify that the bid/proposal is signed by an authorized signer for the vendor.
- d. Verify that the bid/proposal meets all requirements listed in the specifications. Listing all areas where it fails to meet any conditions included in the specifications, and whether any failures disqualify the bid or proposal.
- e. Verify that all required samples are included.
- f. Testing of samples if required, and includes the results of the testing.

4. Awarding of the Contract – Competitive Sealed Bid

- a. If the competitive sealed bidding requirement applies to the contract for goods or services, the contract must be awarded to the lowest responsible bidder or to the bidder who provides goods or services at the best value for the City of Sunset Valley. Determining the best value for Sunset Valley, Sunset Valley may consider:
 1. The purchase price;
 2. The reputation of the bidder and of the bidder's goods or services;
 3. The quality of the bidder's goods or services;
 4. The extent to which the goods or services meet the City's needs;
 5. The bidder's past relationship with the City of Sunset Valley'
 6. The impact on the ability of the City to comply with laws and rules relating to contracting with historically underutilized business and non-profit organizations employing persons with disabilities;
 7. The total long-term cost to the City of Sunset Valley to acquire the bidder's goods or services; and
 8. Any relevant criteria specifically listed in the request for bid.

It must be indicated in the bid specifications and requirements that the contract may be awarded either to the lowest bidder or to the bidder who provides goods or services at the best value for the municipality.

- b. The contract must be awarded to the lowest responsible bidder if the competitive sealed bidding requirement applies to the contract for the construction of:
 1. Highways, roads, streets, bridges, utilities, water supply projects, water plants, wastewater plants, water and wastewater distribution or conveyance facilities, wharves, docks, airport runways, and taxiways, drainage projects, or related types of projects associated with civil engineering construction; or
 2. Buildings or structures that are incidental to projects that are primarily civil engineering construction projects.
- c. If the competitive sealed bidding requirement applies to the contract for the construction of a facility, the contract must be awarded to the lowest responsible bidder or awarded under the method described in Subchapter H, Chapter 271, ALTERNATIVE PROJECT DELIVERY METHODS FOR CERTAIN PROJECTS.
- d. The City of Sunset Valley may reject any and all bids.
- e. A bid that has been opened may not be changed for the purpose of correcting an error in the bid price.

- f. When two or more responsible bidders have submitted lowest and best bids that are identical in both amount or substance, the governing body must select only one of the bidders and award the contract to that bidder or reject all bids.
 - 1. If only one of the lowest responsible bidders is a resident of the City, the bid shall be awarded to that bidder. If two or more of the low, responsible bidders are residents, then one of them shall be selected by drawing lots.
 - 2. In all other cases, the contract shall be awarded to one of the low, responsible bidders by the drawing of lots. The drawing of lots shall be done as directed by the Mayor in public session.

5. Awarding of the Contract – Competitive Sealed Proposal

- a. If the competitive sealed proposal requirement applies to the contract, the contract must be awarded to the responsible offeror whose proposal is determined to be the most advantageous to the City of Sunset Valley considering the relative importance of price and the other evaluation factors included in the request for proposals.
- b. The evaluation and recommendation should include whether the vendor has submitted a responsive proposal (one meeting all the criteria of the RFP). It should also give information about whether the vendor has a record of being a responsible bidder (one who has proven capable of performing a contract and/or appears financially and technically capable of adequately performing this contract).
- c. Proposals should also be evaluated using alternate methods of evaluation, if applicable, such as:
 - 1. Life cycle or total cost
 - 2. Energy efficiency/economic performance
 - 3. Warranties
 - 4. Price versus performance factors
 - 5. Evaluation of discounts
 - 6. Other factors
- d. Proposals are evaluated one against the other and then ranked. The proposals are then negotiated and re-ranked, and narrowed to a list of finalists or final selection.
 - 1. Factors used to evaluate the proposals and weights attached to each factor may include price, experience of proposer's staff, financial soundness, service capability, and service response time.

2. Other factors that might be considered are:

- a) Availability of backup unit during extended maintenance
- b) Payment options
- c) Upgrade capability
- d) Cost of maintenance
- e) Reputation
- f) Experience with this and other governments

e. For proposals, the contract is awarded to the responsible offerer whose proposal is determined to be the lowest evaluated offer resulting from negotiation, considering the relative importance of all the criteria stated in the request for proposals.

f. Proposals that contain trade or confidential information that is identified by the proposer will be opened in such a way as to avoid disclosure of this information. All other information in proposals shall be open to the public.

g. All proposals reasonably susceptible to being selected must be given fair and equal consideration, and discussions must be conducted with all these proposers. For the purpose of obtaining best final offers, the proposals may be revised before awarding the contract, in order to give maximum satisfaction to all proposers and the City.

6. Change Orders

After award of the contract, the governing body may make changes to plans, specifications, or quantities, if necessary. But the total contract amount may not be increased unless the increase will be paid from current funds, or is provided for by issuing time warrants. If a change order of \$15,000 or less is involved, the governing body may grant authority to an employee to approve the change order. No increase of more than 25 percent may be made, and any decrease of 25 percent or more must have the consent of the contractor.

7. Enforcement

A contract awarded in violation of this policy is void.

G. Alternative Competitive Proposals for High Technology Items

The alternative method of competitive purchasing for high technology items is to use requests for proposals. A request for proposal must include the conditions to be satisfied, and the relative importance of price and other evaluation criteria.

Definition of "High Technology Procurements" include data processing equipment and software, telecommunications equipment, radio and microwave systems, electronic control systems, including building energy management systems, and services related to these items.

H. Normal Non-bid Purchases

For any purchase that is less than the level requiring competitive bids set forth in the Purchasing Authorization Policy, the following procedures should be used:

1. Price rate quotations should be obtained from a sufficient number of vendors to ensure competition. Procedures for obtaining price or rate quotations are established as follows:

- a. Purchases costing between \$2,500 and \$4,999.99

Purchases between \$2,500 and \$4,999.99 must comply with the following requirements and the City of Sunset Valley Purchase Authorization Policy.

1. Written or telephone requests for price or rate quotations are made to at least three vendors. If a list of vendors is maintained by the Department Head it should be rotated so that, over time, all vendors are contacted equally.

2. Written price or rate quotations should contain at least the following information:

- a) Name and address of vendor,
 - b) Description of item,
 - c) Quantity required,
 - d) Last date quotations will be accepted,
 - e) Approximate date delivery is required, and
 - f) Terms and conditions of purchase
 - g) Or unit price, as specified, and
 - h) The date through which quoted price will be effective.

- i) The request for price or rate quotations should include a statement that the quoted price will be honored during the stated period.

3. For telephoned price or rate quotations, certain information should be provided to the vendor, including at least the following:

- a) Description of item,

- b) Number of items required,
 - c) Date delivery required, as accurately as possible, and
 - d) The terms and conditions of purchase.
- 4. Whether a written or telephoned price or rate quotation is received, certain specific information should be obtained, and recorded in writing, such as:
 - a) The name and address of the vendor,
 - b) Total or unit price, as specified,
 - c) Date through which quoted price will be effective,
 - d) Name of the representative giving the quote, and
 - e) The specific product offered, if not already stated.
- b. Purchases costing between \$5,000 and \$49,999.99.

Purchases between \$5,000 and \$49,999.99 must comply with the following requirements and the City of Sunset Valley Purchase Authorization Policy.

 - 1. Written requests for price or rate quotations are sent to at least five vendors, and at least two vendors from the list of Historically Underutilized Businesses (HUB), if available. If a list of vendors is maintained by the Department Head it should be rotated so that, over time, all vendors are contacted equally.
 - 2. The request for price or rate quotations should contain at least the following information:
 - a) Name and address of vendor,
 - b) Description of item,
 - c) Quantity required,
 - d) Last date quotations will be accepted,
 - e) Approximate date delivery is required, and
 - f) Terms and conditions of purchase
 - 3. The request should include certain specific information, such as:
 - a) Total or unit price, as specified, and

- b) The date through which quoted price will be effective.
- c) The request for price or rate quotations should include a statement that the quoted price will be honored during the stated period.

c. Selecting the Vendor

After price or rate quotations are taken, a vendor is selected. The selection is based on several factors, including:

- 1. Price – All other factors being equal, the lowest price should always be taken.
- 2. Quality of good or service – If more than one vendor can deliver at an acceptable price, the relative quality of each should be considered.
- 3. Reliability of the vendor – Based on past performances as documented in the vendor file.
- 4. Ability to service the item.
- 5. Other relevant factors. While Historically Underutilized Businesses must be contacted for purchases between \$5,000 and \$49,999.99 they are treated equally for award purposes.

d. Making the Purchase

After price or rate quotations are obtained, the Department Head selects a vendor and prepares a purchase order, acquires the signatory authorization as outlined in the City of Sunset Valley Purchase Authorization Policy, makes the purchase, and forwards the purchase order to Accounting for processing. Price quotation documentation shall follow the following format as the minimum guideline for attachment to purchase orders.

- 1. Price or rate quotations are tabulated on a summary sheet. The sheet should contain for each vendor:
 - a) Vendor name;
 - b) Quoted price;
 - c) Information relating to the vendor's reliability and past performance, and
 - d) The purchasing department's evaluation of the quality of the product, if known.
- 2. The lowest and best offer should be selected, based on price, reliability of the vendor and quality of the product.

I. Professional Services

1. When the existing staff of the City of Sunset Valley cannot offer the expertise to accomplish a necessary goal, service or project, an individual may be engaged to provide this service as a consultant. These individuals have demonstrable professional and technical skills necessary to perform a service or need within the operations of the City of Sunset Valley. Consultants are temporary, occasional personnel who possess special skills and knowledge in various areas but are not employees of the City of Sunset Valley
2. The procurement of defined professional services may not be awarded on the basis of bids. Instead, they must be awarded on the basis of demonstrated competence and qualifications, so long as the professional fees are consistent with, and not higher than the published recommended practices and fees of the various professional associations and do not exceed any maximums provided by state law.
3. Professional services include, but are not limited to; those performed by a certified public accountant, licensed architect, attorney, registered surveyor, engineer or any group or association thereof.
4. When procuring professional services, the entity shall use a two-step selection process. First, the entity shall select an individual or firm capable of performing the service, on the basis of demonstrated competence and qualifications. The entity shall then enter into negotiations on a contract at a fair and reasonable price.
5. If the entity is unable to negotiate a satisfactory contract with the most highly qualified individual or firm, it shall formally end negotiations with that person or firm, and then proceed to the next most highly qualified and repeat the process. Negotiations are carried on in this sequence until a contract is made.
6. If any agreement or contract is entered into with one of the above mentioned professionals on the basis of a competitive bid, it is contrary to public policy and is void.

J. Public Work Projects

Bonds for payment and performance of contracts are required on certain public works projects.

1. The prime contractor must execute a bond for performance and a bond for payment of materials or labor, for the construction, alteration or repair of public buildings or public works as follows:
 - a. The performance bond is to ensure the faithful performance of the contract as required by the plans and specifications and contract documents. For a contract in excess of \$100,000 a performance bond shall be executed in the amount of the contract.
 - b. The payment bond is for the protection of vendors supplying materials or labor for the contract. For a contract in excess of \$49,999.99 a payment bond shall be executed in the amount of the contract.

2. If a vendor is not paid within 60 days of filing a claim, it has the right to sue the principal or the sureties on the payment bond. The claim may include the unpaid amount plus reasonable attorney's fees.
 - a. Claimants may be suppliers of materials or labor, or mechanics and laborers. They may be those having a direct contractual relationship with the prime contractor, or only with a subcontractor.
3. Retainage of ten percent shall be withheld from all payments to the prime contractor.

Adopted: November 8, 2000

Amended: November 25, 2003

Amended: April 16, 2013

Amended: April 19, 2015

Amended: April 18, 2017

Amended: March 7, 2023

Interlocal Agreements

Policy Reference: F203
Effective Date: May 7, 2024

Intent: To encourage the cooperation between local governments to improve efficiency and effectiveness of governmental functions and services including police protection, fire protection and administrative functions.

A. The Interlocal Cooperation Act allows local governments to contract with one another, and with an agency of this state, or a similar agency of an adjoining state to perform “governmental functions and services”.

Definition of “An agency of this state” includes departments, boards, bureaus, commissions, courts, offices, authorities, councils, institutions, universities, colleges, any services or parts of a state institution of higher education, and any statewide job or employment training program for disadvantaged youth that is substantially funded by federal funds and created by executive order.

Definition of “Local governments” includes counties, home rule cities or general law cities, towns or villages, special districts, school districts, junior college districts, any other legally constituted district of this state or of adjoining state or a combination of political subdivisions.

Definition of “Governmental functions and services” are defined as any of the following:

- * police protection and detention services
- * fire protection
- * streets, roads and drainage
- * public health and welfare
- * parks and recreation
- * library services
- * museum services
- * waste disposal
- * planning
- * engineering
- * administrative functions
- * public funds investment
- * comprehensive health care and hospital service and
- * other governmental functions which are of mutual concern to the contracting parties

Definitions of “Administrative functions” are defined as functions normally associated with routine operations of government, such as tax assessment and collection, personnel services, purchasing, data processing, warehousing, equipment repair and printing.

B. The City of Sunset Valley may make contracts and agreements with one or more other local governments to perform governmental functions or services. The contracts may be for the performance of any governmental function or service that the City of Sunset Valley are legally entitled to perform themselves including cooperative purchasing. The agreements must be authorized by the governing body of each party, state the purpose, terms, rights and duties of parties, may be renewed annually, include provisions for payments in amounts that fairly compensate the performing party for the services performed, and payments from the paying party must come from current revenues available to that party.

C. The Interlocal Cooperation Act specifically allows for contracting parties to:

1. Agree to cooperative purchasing arrangements, either between and among themselves, or with the state, including cooperative agreements with the State Purchasing and General Services Commission.

When engaged in cooperative agreements with other types of political subdivisions, the agreement may specify which government's rules, regulations or ordinances will apply.

2. If the County makes an Interlocal contract with the City of Sunset Valley to undertake projects to construct, improve, or repair buildings, roads, streets or other facilities, the Commissioners Court must give specific written approval to each individual project prior to beginning the project in a document separate from the contract. The County is barred from accepting payment for such a project without the required approval, and the City of Sunset Valley may not offer such payment.

3. The City of Sunset Valley may contract with any political subdivisions created under the laws of the State of Texas to obtain or provide a water supply or waste water treatment facilities, or any interest in such facilities. The contracts may also be to lease or operate such supply or treatment facilities.

The contract may contain any terms or extend for any period that the entities can legally agree to, and may state that the contract is in effect until any bonds or refunding bonds issued in lieu of those bonds are repaid.

4. The City of Sunset Valley may provide emergency assistance to another local government regardless of whether they have in place any interlocal agreement to do so, provided that:

* the presiding officer of the local government desiring the assistance believes that a civil emergency exists, and the official requests the assistance, and

- * before the assistance is rendered, the local government providing the assistance has, by resolution or other official act, authorized the assistance.

5. The City of Sunset Valley may contract with another local government, a state agency or a transportation corporation to jointly enter into a highway project, including the costs of an easement or interest in land needed for or beneficial to the project. If the project lasts over a period of years, the local government may levy ad valorem taxes to make payments on the project.

D. All Interlocal Agreements must be approved by a majority vote of the City Council.

Adopted: November 8, 2000
Amended: May 7, 2024

Local Purchasing Programs

Policy Reference: FP205
Effective Date: May 7, 2024

Intent: To provide purchasing through state contracts to save time and effort in local purchasing while satisfying bidding requirements.

A. The Texas Facilities Commission (TFC), The Texas Association of School Boards (TASB) by means of the BuyBoard Purchasing Cooperative, and the Houston-Galveston Area Council (HGAC) are agencies that provide purchasing programs, for local governments. If feasible, they will extend their contract prices to local governments, solicit bids on items for them, and provide information and technical services on the program. These agencies are allowed to charge an amount not exceeding the costs of services performed, and is allowed to adopt rules and procedures to administer the program.

The City is not limited to the above listed agencies but the following criteria must be met before a new program can be used.

B. Local Government Participation

Definition of a “Local Government” includes cities, counties, school districts, special districts, junior college districts, and other legally constituted political subdivisions of the state.

In order for a local government to participate in the program, it must:

- * adopt a resolution (one time) that the local government be allowed to participate in the program on a voluntary basis, and to the extent the commission deems feasible, that is filed with the commission;
- * designate an official, under the direction of the governing body, to act for the local government in all matters relating to the program, including the purchase of items from any contracts under this program;
- * submit requisitions for purchases directly to the commission;
- * be responsible for payment directly to the vendor; and
- * monitor the vendors’ compliance with all conditions of the contract.

C. Purchasing under these programs satisfies all competitive bidding requirements.

Adopted: November 8, 2000
Amended: May 7, 2024

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Purchase Authorizations

Policy Reference: FP207
Effective Date: March 7, 2023

Intent: To provide levels of authorization required on purchase orders for goods or services supplied to the City of Sunset Valley.

A. General Provisions

It is the responsibility of each Department Head to insure that for any expenditure initiated by the department, for either products or services, that:

1. A properly completed purchase order or travel reimbursement request is prepared.
2. Expenditure meets the goals provided within the budget justification forms.
3. Expenditure is an approved budget line item.
4. If applicable, expenditure complies with all grant agency guidelines.
5. All required supporting documentation is attached to the purchase order or travel reimbursement request.
6. The purchaser shall make every attempt to reflect the actual cost that will be reflected on the invoice.
7. The purchase order or travel reimbursement request shall possess the Department Head's signature on the appropriate line indicating that all of the above conditions have been satisfied before forwarding to the Accounting Department.
8. The Accounting Department shall verify the purchase order or travel reimbursement request has all levels of signature authority required based on the total being requested and/or the nature of the item being purchased. Any discrepancies shall be reported to the City Administrator for disposition.

B. Purchasing Authorization Requirements

1. The following purchase authorization requirements shall apply for payments of goods and services with the exception of reoccurring payments, construction contracts, professional consulting agreements, and emergency purchases.

a. Purchases up to \$500

No purchase order is required. Individual purchases are reported on a monthly spread sheet which is approved by the Department Head or Supervisor. Monthly reports including receipts for purchases are submitted to the Accounting Department for payment.

b. Purchase Orders \$500.01 to \$2,499.99

Purchase of single or multiple items or services to be performed that do not have an aggregate total exceeding \$2,499.99 shall require only the Department Head signature as authorization of purchase. No additional rate or price quotation documentation is required.

c. Purchase Orders between \$2,500 and \$4,999.99

Purchase of single or multiple items or services to be performed that have an aggregate total between \$2,500 and \$4,999.99 shall require the signature of both the Department Head and the City Administrator. For purchase orders between \$2,500 and \$4,999.99 rate or price quotation documentation from three independent sources is required. Verbal or written documentation is acceptable. Documentation of rate or price quotation documentation must be submitted with the purchase order. The only exceptions that shall be allowed to this provision are Emergency Purchases (See Competitive Bidding and Non-Bid Purchases Policy for documentation requirements).

In the event the City Administrator is unavailable, the Assistant City Administrator's signature is required. "Unavailable" is defined as a situation whereby the City Administrator is ill, on vacation, or out of town.

d. Purchase Orders Between \$5,000 and \$24,999.99

Purchase of single or multiple items or services to be performed that have an aggregate total between \$5,000 and \$24,999.99 shall require the signature of both the Department Head and the City Administrator. For purchase orders between \$5,000 and \$24,999.99 written price or rate quotation documentation from five independent sources is required. No verbal documentation will be acceptable. Price or rate quotations shall include two vendors from the Historically Underutilized Businesses (HUB) list available from the Office of Small Business Assistance of the Texas Building and Procurement Commission. In the event a HUB is not available from the list of vendors, documentation to support an exclusion of a HUB vendor must be submitted with the purchase order. Documentation of all written rate or price quotations must be submitted with the purchase order. The only exception that shall be allowed to this provision are Emergency Purchases (See Competitive Bidding and Non- Bid Purchases Policy for documentation requirements).

In the event the City Administrator is unavailable, the Accounting Manager's signature is required. "Unavailable" is defined as a situation whereby the City Administrator is ill, on vacation, or out of town.

e. Purchase Orders between \$25,000 and \$49,999

Purchases of single or multiple items or services to be performed that have an aggregate total of \$25,000 or more shall require approval by a majority vote of the City Council. For purchase orders between \$25,000 and \$49,999 written price or rate quotations documentation from five independent sources is required. No verbal documentation will be acceptable. Price or rate quotations shall include two vendors from the Historically Underutilized Businesses (HUB) list available from the Office of Small Business Assistance of the Texas Building and Procurement Commission. In the event a HUB is not available from the list of vendors, documentation to support an exclusion of a HUB vendor must be submitted with the purchase order. Documentation of all written rate or price quotations must be submitted with the purchase order. A bid comparison shall be prepared with recommendation for award and placed on a City Council agenda for consideration. The only exceptions that shall be allowed to this provision are Emergency Purchases (See Competitive Bidding and Non-Bid Purchases Policy for documentation requirements).

In the event the City Administrator is unavailable, the Accounting Manager's signature is required. "Unavailable" is defined as a situation whereby the City Administrator is ill, on vacation, or out of town.

f. Purchases \$50,000 and Up

Purchases of single or multiple items or services to be performed that have an aggregate total of \$50,000 or more shall require approval by a majority vote of the City Council. For purchase orders of \$50,000 or more, written Requests for Proposal or Competitive Sealed bids must be obtained. Verbal documentation is not acceptable. A bid comparison shall be prepared with recommendation for award and placed on a City Council agenda for consideration. Upon approval of a vendor by the City Council a purchase order shall be prepared by the Department Head and delivered to the City Administrator for approval. No additional signatures are required. Documentation of all Requests for Proposals or Competitive Sealed bids received along with the bid comparison and recommendation must be submitted with the purchase order. The only exceptions that shall be allowed to this provision are Emergency Purchases (See Competitive Bidding and Non-Bid Purchases Policy for documentation requirements).

In the event the City Administrator is unavailable, the Mayor's signature is required. "Unavailable" is defined as a situation whereby the City Administrator is ill, on vacation, or out of town.

2. Construction Contracts

All construction projects of \$50,000 or more shall be advertised for acceptance of competitive bids in order to achieve the best economy of seal pricing for the City of Sunset Valley. A bid comparison shall be prepared with recommendations for award and placed on a City Council agenda for consideration. Award of all construction projects shall be approved by a majority vote of the City Council and executed by the Mayor. No additional signatures are required.

Alternative delivery methods. Pursuant to state law, City Council may determine that the alternative delivery methods described by Chapter 2269 of the Government Code, provide a better value for the City with respect to expenditures that exceed \$50,000 than the competitive bidding procedures described in Chapter 252, TX. Local Gov't Code. If such a determination is made, the City must use one of the alternative delivery methods described in Chapter 2269 with respect to that expenditure.

3. Emergency Purchases

A. Texas statutes allow emergency or exempted purchases without competitive bidding. The City of Sunset Valley is generally exempted from competitive bidding if:

1. In case of a public calamity the prompt purchase of items is required to provide for the needs of the public or to preserve the property of the City,
2. The item(s) is necessary to preserve or protect the public health or safety of residents of the City; or
3. The item(s) is made necessary by unforeseen damage to public property.

B. The designation of Emergency Purchase indicates a situation of such urgency that the normal purchasing procedure must be modified in the interest of speed and therefore no competitive bids are required.

C. Normal Working Hours

1. The requesting Department Head shall notify the City Administrator by telephone immediately, with as much information as possible about the Emergency Purchase required, so that the purchasing action can be initiated immediately. In the absence of the Mayor, the Mayor Pro tem shall be contacted. The City Administrator will notify the Mayor (or Mayor Pro tem of all emergency situations.)
2. The requesting Department Head contacts as many vendors as necessary to arrange the Emergency Purchase. If time permits, the purchase order is completed. Otherwise the purchase is completed by telephone, and the purchase order is completed after the fact and delivered to the vendor and Accounting Department.

3. The person making the purchase may be required to pick up the Emergency Purchase from the vendor if expedited delivery is not available.

D. Evenings, Weekends and Holidays

1. The requesting Department Head shall notify the City Administrator by telephone immediately with as much information as possible about the Emergency Purchase required. In the absence of the City Administrator, the Mayor shall be contacted. In the absence of both the City Administrator and Mayor, the Mayor Pro tem shall be notified. The City Administrator will notify the Mayor (or Mayor Pro tem) of all emergency situations.
2. The requesting Department Head takes whatever steps are necessary to procure needed supplies, services, or equipment to relieve the emergency situation. If possible only those goods or services needed during the evening, weekend or holiday are procured.
3. On the first normal working day following the emergency, the Department Head shall prepare a purchase order and attach all invoices, bills of materials, receipts, or other documents related to the purchase.

E. The Department Head must submit in writing on the next business day, or as soon thereafter as possible, that the purchase involved was necessary because of one of the reasons listed in Section B(4)(A) above.

4. Professional Consulting Services

Services to be performed by professional consultants shall require selection and approval by a majority vote of the City Council.

5. Recurring Payments

Recurring payments are regularly scheduled payments such as leases, postage, payroll, insurances, reserve uniform allowance, warrant checks, employee related deductions, state comptroller, release of deposits, bonds, retainage and fiscal securities, utility payments, and retirement. Recurring payments do not require a purchase order. Each recurring payment must indicate the proper coding for distribution of expenses and reflect the signature or initials of the approving authority and the date approved.

6. Sole Source Purchases

Sole source purchases require the same authorization levels identified in Section B(1) above. Documentation requirements shall be as follows:

1. The requesting party who determines the item is a sole source purchase must attach a statement they have contacted a sufficient number of vendors to determine that only one practical source of supply exists or state the reasons why only one source of supply exists.

Definition of "Sole Source Purchases" include (1) there is no competitive product, (2) the product is only available from a regulated or natural monopoly, (3) the product is a component of an existing system which is only available from one supplier, (4) the item is produced by non-profit corporations using handicapped workers, or (5) the item is produced by prison workers.

Adopted: November 8, 2000

Amended: April 16, 2013

Amended: April 19, 2016

Amended: April 18, 2017

Amended: March 7, 2023

Purchase Order Procedures

Policy Reference: FP209
Effective Date: April 4, 2023

Intent: To procure goods and services of the highest quality and of the lowest price available for city use, to safeguard public funds against misappropriation, to assure that goods and services are available where and when needed, and to ensure that requirements for competitive bids and proposals are thoroughly carried out so as to provide public awareness of city projects and to prevent unlawful benefit of favored constituents.

A. Procedures

1. Department Heads

Each Department Head, or his/her designee, will be responsible for purchasing supplies and equipment for their Department's needs, soliciting and evaluating bids, and ensuring compliance with state purchasing laws and city purchasing policies.

2. Purchase Order Requirements

- a. All purchases for goods and services must be accompanied by a purchase order, with the exception of reoccurring expenditures and expenditures under \$500.01. Recurring payments are defined as those which arise on a regular basis and are in most instances for a consistent amount.
- b. In using purchase orders, Department Heads will adhere to the Purchase Authorization Policy for approval signatures.
- c. For all purchases that do not have a work order, the Department Head or his/her designee, shall attach all proper original documentation to the purchase order prior to final submission. Documentation shall consist of one or more of the following:
 - 1) Receipt of Purchase
 - 2) Project – Written vendor comparison documentation or Sealed Bid Forms, when applicable
 - 3) Written vendor comparison documentation when applicable
- d. In the event that none of the above is available, the City Administrator may authorize an exception to this policy based on his/her best judgment. Written explanation by the Department Head and authorized signatures will be attached to the purchase order when such an exception is authorized.

- e. Department Heads shall complete purchase orders with correct, relevant information prior to submission to the Accounting Department. The purchase order and/or backup materials shall include:
 - 1) The vendor name, address, and phone number
 - 2) Goods or services purchased
 - 3) Quantity and estimated cost per unit
 - 4) Total cost
 - 5) Funds used to purchase goods or services (Distribution Code)
 - 6) Signature(s) as outlined in Purchasing Authority Policy
 - 7) Department and person responsible for making purchase
 - 8) Date of purchase
 - 9) Name of person who gave confirmation of purchase order (verbal purchases)
 - 10) Destination or Ship To address
- f. Disbursement of petty cash funds (less than \$50) will be made without a written purchase order. At the time a request for replacement funds is made, the fund will be reconciled and expenses disbursed to the appropriate Department and Distribution Code.
- g. In the case that an emergency exists, the Department Head shall follow the guidelines outlined in the Purchase Authorization Policy.

3. Routing the Purchase Order

After preparing the Purchase Order, it must be routed to the following:

- a. Additional Authorization – for any further signature of the authorizing official(s) as per the Purchase Authorization Policy
- b. Accounting Department – for processing

4. Processing the Purchase Order by Accounting

When the purchase order is received in Accounting, it must be verified for accuracy, authorization, and budget authority. Accounting must do the following:

- a. Check the purchase order for completeness.
- b. Check computations (total price, etc) for accuracy.
- c. Verify contract provision, if on an existing contract.
- d. Verify the authorization.
- e. Verify the budget authority.

5. Completing the Purchase

After the Purchase Order is returned by Accounting to the requesting Department, the purchase may be completed.

- a. When placing the order, the Department must complete the following information:
 - 1) Order Taken By (note "name" if ordered by phone or "pick- up" when personally received by Sunset Valley Personnel)
 - 2) Date Ordered
 - 3) Person Placing Order
 - 4) Delivery Date
- b. After placing the order, disburse Purchase Order as follows:
 - 1) Original stays in Accounting
 - 2) All remaining copies are returned to the requesting department

6. Receiving of Merchandise

- a. All merchandise whether shipped by Vendor or Picked Up by City Personnel must be received by the Receptionist and logged in as received.
- b. The Receptionist shall immediately notify the designated department placing the order that their order has been received.
- c. The designated department shall retrieve their order and complete the receiving portion of the purchase order.
- d. The received purchase order shall be submitted to the accounting department for processing.

Adopted: November 8, 2000

Amended: April 16, 2013

Amended: April 4, 2023

Accounts Payable

Policy Reference: FP301
Effective Date: April 16, 2024

Intent: To provide payment of all authorized obligations of the City of Sunset Valley and authority to transfer funds to meet those obligations.

A. Responsibility for Payment

1. The Accounting Department is responsible for satisfying all properly authorized obligations of the City of Sunset Valley within thirty (30) days of receipt or due date of invoice, whichever is earliest.
2. The Accounting Department is also responsible for maintaining any and all records (check copies, computer reports, purchase orders with attachments, travel reimbursement requests, payroll time sheets, etc.) to support satisfaction of said obligation in an orderly, structured fashion that facilitates ease of retrieval.
3. The City's payment obligations are payable only and solely from funds appropriated and available for the purpose of the purchase. The absence of appropriated or other lawfully available funds shall render the purchase or contract null and void to the extent funds are not appropriated or available and any deliverables unpaid shall be returned to the vendor or contractor.

B. Responsibility for Compliance

1. The Accounting Department is responsible for insuring that all purchase order or requests for disbursements comply with City of Sunset Valley policies (see Purchasing Authorization Levels and Competitive Bid and Non-Bid Purchases) and shall not turn over processing unless all documents possess the proper signatures.
2. Should the Accounting Department receive a purchase order or request for payment that lacks proper approval as authorized, the Accounting Department shall reject the document and return it to the requesting department.
3. If the Accounting Department receives a request for payment with proper signatures, and still feels that the request does not comply with the City of Sunset Valley guidelines, he/she shall bring the matter to the attention of the City Administrator for disposition. If the objectionable request was originated by the City Administrator, he/she shall bring the matter to the attention of the Mayor for disposition.

4. The Accounting Department shall verify all purchase orders or request for disbursement are properly coded prior to input in the system. The coding shall indicate the fund, department, account to be charged for the expense, function and location if applicable, and shall be written on the face of the purchase order.
5. All properly executed and coded purchase orders shall be turned in to the Accounting Department for system entry.

C. Invoice Processing

1. After each day's mail is scanned by the receptionist, all invoices are to be directed only to the Accounting Department. The Accounting Department shall endeavor to match invoices to purchase orders by performing the following tasks:
 - a. The name listed as "pay to" on the purchase order shall match the vendor name on the invoice.
 - b. The quantity, description, and price listed on the invoice must match what is listed on the purchase order. If any of the items do not agree, he/she shall reject the item for processing and provide a copy of the invoice (stamped copy) to the requesting Department to resolve the discrepancy. At all times the Accounting Department must retain possession of the original invoice. The Accounting Department shall pay from a statement only if the vendor does not issue individual invoices
 - c. If all items on the invoice agree to those listed on the properly approved purchase order the Accounting Department shall attach the invoice to the purchase order and then input into the accounting program to release encumbered funds
 - d. The Accounting Department is responsible for researching the status of all invoices in his/her possession which do not match to any purchase order.
 - e. If an employee of the City of Sunset Valley has incurred an expense for which a properly approved purchase order has not been received by Accounting, it (the expense and resulting liability) becomes the property of the employee and not the City of Sunset Valley.
 - f. If partial shipments or deliveries are authorized by a Department Head, the vendor will be paid for the partial shipment or delivery provided the invoice matches the shipment or delivery.
 - g. The City may withhold a part or all of any payment otherwise due, on account of:
 - 1) Delivery of defective or non-conforming deliverables by the vendor;
 - 2) Failure of vendor to submit proper invoices and supporting documentation.

- 3) Failure of a Contractor to comply with any material provision of executed Contract Documents; or
- 4) Failure of Contractor to perform obligations within completed time specified within the Contract and that the unpaid balance would not be adequate to cover actual or liquidated damages for the anticipated delay.

D. Payment Processing

1. The Accountant shall review unposted disbursements prior to check processing to determine if it meets the City of Sunset Valley policy, has proper authorizations, invoice matches purchase order and is within the departmental budget, and was properly coded for entry into the accounting accounts payable system. If any of the preceding are not satisfied, the Accountant will reject payment approval. If all items are in order, the Accountant will post the packet to the accounting system for payment processing.
2. After checks or electronic payment request forms are generated, the Accounting Department will present the checks, distribution breakdown, and all supporting documentation to the appropriate signatory authority.
See FP313.
3. At all times the Accounting Department will insure physical security of the checks and supporting documentation by either personally delivering and retrieving the documents from the check signer, or allowing an authorized representative of accounting/administration as designated by the City Administrator to take custody of payment instruments.
4. The final review takes place by the City Administrator prior to the payment processing.
5. When the checks or electronic payment request form are signed and returned to the Accounting Department, the check or electronic payment form is immediately scanned and attached in the accounting system, then payment is sent.
6. All documentation is saved on the shared drive, as well as being attached to the transaction in the accounting system.

E. Transfer of Funds to Meet AP/Payroll Obligations

1. After payments are generated, the Accounting Department shall prepare a cash requirements report. The report shall indicate both funds available in checking and funds needed to meet payables/payroll generated.

2. Upon preparing a cash requirements report, the Accounting Department shall provide the information to the City Administrator or authorized Department Head. The City Administrator or authorized Department Head shall transfer the funds needed to meet payables/payroll generated.
3. Documentation of the transfer of funds shall be submitted by the City Administrator or authorized Department Head to the Accounting Department for entry into the accounting program.
4. In the event the Accounting Department is not available to prepare the cash requirements report, the duty falls to the City Secretary

F. Security Procedures for Accounts Payable

1. Payments to vendors of \$5,000 or over require payment via bank draft or ACH.
2. For vendors, always utilize a two-factor authentication method when verifying sensitive requests, including payments requests, changes to payment methods, bank draft or ACH information.
 - a. Never send funds, change payment instructions, or adjust user permissions based on an email, IM, or any other single form of communication. Verify email or IM instructions by making a phone call to the requestor using a phone number you already have on file for them.
 - b. Always use a different communication method than the requestor used when you're verifying sensitive requests. Don't use contact information that is included with the request to ensure you don't verify with the impostor inadvertently.

| | |
|------------------------------|----------------------------|
| Adopted-Payment of Invoices: | Payment of Invoices 4/6/99 |
| Amended-Account Payable: | November 8, 2000 |
| Amended: | April 16, 2013 |
| Amended: | April 4, 2023 |
| Amended: | April 16, 2024 |

City Vehicle Use For Out of City Travel/Training Purposes

Policy Reference: FP303
Effective Date: April 16, 2013

Intent: Establish guidelines for use of City vehicles for out of city travel/training purposes.

Travel which involves the use of a City vehicle will be authorized for only those activities that are necessary for out of city travel/training purposes. Authorization can only be given by the City Administrator. Authorized drivers must follow all policies and procedures for operation. Failure to do so may result in the termination of driving privileges to use City vehicles for out of city travel/training purposes. The City of Sunset Valley reserves the right to revoke driving privileges at any time.

A. Authorization and Drivers' Responsibilities

Prior to operating the vehicle, the following information must be in the employee's personnel file. All information will be kept confidential:

1. The driver's license number and expiration date.
2. A record check with the Department of Motor Vehicles.

Employees requesting the use of a City vehicle for out of city travel/training purposes shall not be eligible to operate vehicles if the total points assigned to their driving record is 10 or more.

| Violations | Points |
|--|---------------|
| 1.1 License suspension, revocation | 10 |
| 1.2 Driving while intoxicated or under the influence | 10 |
| 1.3 Any serious violation, i.e. reckless driving, endangering lives of others, racing | 10 |
| 1.4 Any speeding violation | 3 |
| 1.5 Any standard moving violation, i.e. careless driving, stop sign, lane crossover, failure to signal, failure to keep right, following too close, etc. | 2 |
| 1.6 Any chargeable bodily injury accident | 3 |
| 1.7 Any chargeable property damage accident | 3 |

B. Procedures

Employees operating City vehicles for out of city travel/training purposes must report to their supervisors any accident involving said vehicles within twenty-four (24) hours of the occurrence.

Failure to report license suspensions; or failure to maintain the required driver's license; or failure to meet minimum driving record criteria will be sufficient grounds for removal of privileges to use City vehicles for out of city travel/training purposes and may subject the employee to disciplinary action.

Employees who have been ruled ineligible (except for offenses listed under 1.2 of this policy) to use City vehicles for out of city travel/training purposes may have their privileges reinstated provided the employee successfully completes a Defensive Driver Training Program approved by the Texas Education Commission and submits evidence of satisfactory completion to their Department Head.

An employee who has been ruled ineligible for driving privileges may use the defensive driving course option only once a year in order to have his/her eligibility status reinstated.

Safe driving practices, speed limits, and other driving laws must be observed at all times. The City will not be responsible for any fines incurred by staff while driving the vehicle.

Approved: November 8, 2000

Amended: April 16, 2013

Corporate Cards

Charge Cards

Policy Reference: FP307
Effective Date: April 16, 2013

Intent: To designate employees who may incur expenses on behalf of the City during daily operations and emergency situations or in the event the City has not established a credit account. Cardholders must abide by the guidelines and procedures listed below.

A. Comments/Procedures

All purchases or charged expenses using a City credit card must follow all purchasing guidelines set forth in these Financial Policies.

B. Card Eligibility

Only Department Heads and supervisors who may incur expenses on behalf of the City of Sunset Valley will be eligible for a Corporate Card after successfully completing their 6-month introductory period (for new hires) and be in good job standing.

A written request from the Department Head to designate staff members as authorized signers on other city charge accounts (i.e. Home Depot, Sam's) must be submitted to the Accounting Office for approval.

C. Unauthorized Charges

The City of Sunset Valley and the Cardmember are not liable for charges resulting from unauthorized use of any charge card. An unauthorized use is a use that did not benefit the City of Sunset Valley and that was incurred by someone who is not the Cardmember and who did not have actual, implied, or apparent authority to use the corporate card.

D. Misuse of Corporate or Other Charge Card

All amounts charged to the Corporate Card or other City Charge Card shall be for official business use only. Any abuse or misuse of any City Card is subject to immediate cancellation of the Card in addition to disciplinary action, commensurate with the nature of the offense.

E. Lost or Stolen Cards

If a card is lost or stolen it should be reported immediately by phone to the Card Account Company, and by e-mail to the City Administrator, Department Head, and to the City of Sunset Valley Accounting Department.

Please indicate the date and time when the card was lost or stolen and any other pertinent information.

F. Miscellaneous Purchases

1. Gasoline, Oil & basic Fluid Charges. Each Department Head shall receive a number of gas charge cards equal to the number of registered vehicles within the Department. Charges for gasoline, oil and basic fluid purchases shall not be required to submit a Purchase Order prior to actual purchase. All other guidelines and procedures listed above must be followed. This provision does not include oil changes performed on vehicles.
2. Building or Office Supplies. All purchases must be in compliance with Purchase Authorization policies and Purchase Order Procedures as well as other guidelines and procedures listed above. Purchase Orders shall reflect a not-to-exceed amount for each item proposed to be purchased on a city charge card.

Adopted: November 8, 2000

Amended: April 16, 2013

Inventory of Equipment and Disposition

Policy Reference:

FP309

Effective Date:

April 16, 2013

Intent: Provide procedures for managing equipment, including replacement equipment, until disposition takes place.

A. Property Records

1. Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, location of property, the acquisition date, and cost of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
2. All records will be maintained by the City of Sunset Valley Accounting department under the supervision of the City Administrator.

B. Annual Inventory

Physical inventory of the property will be taken and the results reconciled with the property records prior to September 30th of each year in order to provide reconciling documentation for the annual audit report.

C. Control Numbers

A control number will be assigned to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss or theft shall be investigated.

D. Maintenance

Adequate maintenance shall be performed on all equipment to keep the property in good operating condition and prolong the life span.

E. Disposal

1. In the event the asset is obsolete or beyond repair, its status shall be documented in the asset records.
2. No asset disposal is allowed without City Council authorization. (See Ordinance 990706 for procedures).

Adopted: November 8, 2000

Amended: April 16, 2013

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Receiving Fixed Assets/High Theft Items

Policy Reference: FP311
Effective Date: April 16, 2013

Intent: To provide a receiving policy and establish procedures to insure that all assets that are purchased and paid for are in fact received and monitor assets for valuation and depreciation purposes (external reporting requirement)

A. Definitions

1. **Fixed Asset (FA):** Shall be construed to be any item with a purchase value equal to or more than \$5,000. Some fixed assets may consist of multiple integrate items with each component valued below \$5,000. In this event, the combined value of the items shall be used to determine if it qualifies as a fixed asset. This shall also include software.
2. **High Theft (HT):** All computer hardware and software and electronic equipment (VCRs, cameras, TVs, cellular phones, etc) that are easily transportable, easily marketable, desirable for home use, and possess a purchase value equal to or more than \$500.
3. **Receiving Area:** Designated City of Sunset Valley employee responsible for ensuring compliance with the intent and scope of this policy.

B. Procedure

1. Before any FA & HT item is purchased a properly completed purchase order must be presented to the Accounting Department.
2. All FA & HT items must be received at City Hall with the exception of vehicles that are picked up outside of Austin.
3. Upon asset arrival at the office it will be logged as received by the receptionist and he/she shall immediately notify the designated Department Head placing the order. He/she shall physically secure all items until an identification number is assigned. At no time shall the item be released by the receiving area until the copy of the purchase order in the receiving area has been signed as received by the designated Department Head.
4. Any discrepancies must be immediately documented and reported to the Accounting Department.

5. All warranty documentation shall be centrally located in the Accounting Department. All documentation related to the purchase of vehicles, along with a set of keys, shall be turned into the City Administrator.
6. The Accounting Department shall immediately match the receiving reports to the authorized purchase order and process for payment.
7. Maintenance of the fixed asset/inventory records shall be the responsibility of the Accounting Department. All information from the purchase voucher, packing slip, etc. shall be entered into the records on a timely basis. Within 48 hours an identification number shall be issued for the item by the Accounting Department and secured to the FA or HT item (with the exception of software).
8. In the absence of Accounting Personnel, the City Administrator shall be responsible for maintaining fixed asset/inventory records and securing tags.
9. Designated Department is defined as:

| | |
|----------------|----------------------------------|
| Administration | City Administrator Accountant |
| Police Dept. | Chief of Police Sergeant |
| Public Works | Director Assistant Director |

Adopted: November 8, 2000

Amended: April 16, 2013

Signatory Authority

Policy Reference: FP313
Effective Date: March 7, 2023

Intent: To provide procedures on authorization of City checks and electronic payments.

All disbursements from City funds shall require two signatures for approval. Both checks and any electronic payments shall have two signatures as identified in this policy. After approval of the payment register, electronic payments shall be made in accordance with the City Depository guidelines. Two employees shall be required to send electronic payments; one employee to initiate the payment and a different employee to send the payment using encrypted passwords.

Payroll checks and payroll direct deposits are issued by the City's Payroll system vendor are signed by the vendor's representative in accordance with the agreement with the vendor. The payroll register shall be approved prior to release by two signatures: 1) the Mayor, Mayor Pro tem, or other Councilmember authorized by the City Council as a signatory and, 2) the City Administrator or Authorized Department Head.

Manual payroll checks, vendor and recurring checks shall require two signatures as follows:

Checks in an amount of \$.01 to \$499.99:

- Any two signatures from the following:
- Mayor, Mayor-Pro Tem, other Councilmember authorized by the City Council as a signatory, City Administrator, or Authorized Department Head (only one Department Head may sign)

Checks in an amount exceeding \$500:

- Two signatures from the following:
- Mayor, Mayor-Pro Tem, Councilmember authorized by the City Council as a signatory City Administrator or Authorized Department Head. The Mayor or Mayor Pro tem must be one of the signers.

Adopted: November 8, 2000
Amended: August 5, 2008
Amended: February 7, 2012
Amended: April 16, 2013
Amended: March 7, 2023

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Travel Expense Reimbursement

Policy Reference: FP315
Effective Date: June 21, 2022

Intent: To provide general guidelines for travel necessary for City operations, and ensure that all costs are justified and fully supported by appropriate documentation. Travel by staff and Council is intended to advance education and improvement of City operations. Travel should not be an undue burden where an employee or Councilmember is unable to travel due to the inability to pay and then seek reimbursement.

A. General Guidelines

All out of town travel must be approved in advance by the City Administrator. If the City Administrator is not available, the Department Head may approve travel. Travel must be directly related to the employee's position or in the interest of the City of Sunset Valley.

No reimbursement will be made for costs not directly related to the City of Sunset Valley; Tax exemption certificates must be carried and used in appropriate circumstances.

B. Travel Payment Schedule

Appropriate in-town and out-of-town travel documentation are received by the Accounting Department and approved by the Department Head. Advance payment for travel is made according to US General Services Administration (GSA) guideline maximums per destination traveled. Amounts greater than the GSA maximum will only be approved by the City Administrator and the Mayor.

C. Mileage

Mileage for travel by personal vehicle will be reimbursed at the IRS standard. Distance will be determined by the traveler's vehicle odometer or a software mapping program. For in-town travel, mileage shall be calculated to/from the office. If a business-related errand or training is run before coming to the office or at the end of the business day, distance will be the round trip mileage from the point of origin. For example, if going from the office to bank and then home at the end of the day, mileage paid will be from office to bank doubled (RT); or if at the beginning of the day employee goes from home to training and then to office, mileage paid will be from home to training doubled (RT)--employee cannot claim from training back to office. For out-of-town travel, mileage shall be calculated to/from home or office - whichever was the actual travel route.

In-Town Travel

In-town travel is Sunset Valley, Texas and Austin, Texas.. Employees are allowed to claim mileage for in-town business related errands or training (see "Mileage" for more details about how to determine how mileage is calculated for payment). Documentation for reimbursement must include the beginning and ending odometer readings for each day, origination and destination points, and total miles traveled. A software mapping program may also determine distance between points of travel.

D. Out-of-Town Travel

Out-of-town travel is defined as travel to locations outside of Sunset Valley and Austin, Texas. All travel to out-of-town locations must be pre-approved by the City Administrator. For out-of-town travel, public transportation (airlines, car rental, taxis) will be advanced on the basis of reasonable cost and with appropriate documentation. Documentation for use of personal vehicle must include beginning and ending odometer readings for each day, origination and destination points, and total miles traveled. A software mapping program may also determine distance between points of travel.

E. Travel Time

1. When a workday begins and ends with air travel, employees should document their workday as beginning from the time they reach the airport (not to exceed 120 minutes prior to the scheduled flight time) and ending when they leave the airport (not when they arrive home).
2. Employees who drive overnight are considered working all the time they are driving and should document their workday accordingly.
3. Employees traveling overnight on business (for more than one day) should document their time spent in traveling (except for meal periods) based on their normal working hours on their non-working days, such as Saturday, Sunday, and holidays, as well as on their regular working days.
4. Travel time as a passenger on an airplane, train, boat, bus or automobile outside of regular working hours is not considered work time by the Wage and Hour Division unless the employee is engaged in meetings or completing other work assignments (Wage and Hour Division, Department of Labor).
5. Meal periods are non-compensable time.

F. Airline Travel

1. All air travel and car rental must be pre-approved in writing by the City Administrator or his/her designee and Department Head prior to the reservation. In the case of Airline Travel only, a copy of the itinerary must be attached to a signed purchase order Employees are required to take the lowest fare available. If they do not, they must have the written approval of the City Administrator.

G. Car Rental

Car rental should be for the least expensive compact automobile immediately available which will serve the needs of the trip.

Employees who elect to have the car rental agency fill the gas tank are responsible for paying the difference between the market price and the price charged by the rental agency. Receipts for gas must be turned in to close out the travel voucher.

H. Taxi

Taxi service will include the cost of the fare. Tips will be advanced up to ten percent (10%) of the fare.

I. Lodging

Lodging will be paid at actual reasonable cost with efforts made to obtain the State of Texas per diem rate and not exceed the maximum GSA rate. Costs in excess of the GSA rate will require City Administrator and Mayoral approval.

J. Per Diem

For in town training, if meals are not provided with the registration fee, a per diem at the lunch rate will be paid if you are in training for more than 5 hours.

Per diem is paid for meals during out-of-town travel at the standard GSA rate for the destination traveled. Receipts are not required for meals.

Per diem shall be paid on the following basis GSA standard rates for the destination traveled.

<https://www.gsa.gov/travel/plan-book/per-diem-rates>

K. Parking

The City of Sunset Valley will reimburse for parking when conducting City business when documented by an official receipt (i.e. receipts for parking garages, short-term/long-term parking, etc.).

L. Tips

Tips related to meals during out of town travel are not reimbursable .

M. Reimbursable Receipts

All receipts for reimbursable expenses (parking, car rental, taxi, etc.) must be turned in within 7 days. If the receipts are not received in the 7 days, the employee must reimburse the city within 30

days or it may be docked from their pay.

| | |
|----------|------------------|
| Adopted: | November 8, 2000 |
| Amended: | May 8, 2002 |
| Amended: | April 16, 2013 |
| Amended: | June 21, 2022 |

General Fund Reserve Policy

Policy Reference: FP317
Effective Date: July 15, 2025

Intent: The City of Sunset Valley is a “pay-as-you-go” municipality, operating without debt and maintaining healthy fund balances across all funds. The City has no property tax and relies primarily on sales tax revenues to fund general governmental operations. Given the volatility of sales tax as a revenue source, and the City’s limited options for issuing municipal debt due to the lack of a property tax or a profitable utility, it is essential that the City maintain significant reserves to ensure financial stability and continuity of operations.

The General Fund Reserve is established not only as an emergency “rainy day” fund, but also as a strategic savings mechanism to accumulate cash for future major capital expenditures.¹ This dual-purpose approach to reserves reflects the City’s commitment to financial responsibility, sustainability, and long-term infrastructure planning.

A. General Fund Reserve

The General Fund Reserve shall be maintained at a minimum level equal to 18-months (150%) of the average actual General Fund operating revenues over the preceding five fiscal years. This level of reserve is intended to:

- Ensure the City’s ability to continue essential services during an unexpected and significant revenue shortfall, such as a natural disaster or economic disruption that results in the loss of 15% or more of sales tax revenue. (FP103: Overall Goals)
- Provide a funding source for critical future capital projects, reducing or eliminating the need for debt financing.
- Uphold the City’s commitment to financial independence, given its limited access to traditional municipal debt instruments.

B. Use of Reserves

In the case of an economic downturn, reserves should be used only after the City has undertaken a thoughtful midyear rebudgeting process. This process should include a thorough review of expenditures across all departments, minimizing General Fund subsidies to other funds where possible, and implementing cost-saving measures to tighten spending. The intent is to preserve

¹ The City’s \$8 million Police Department and Public Works facilities were constructed 2017-2019 primarily using general fund reserves; no debt was incurred due to the project

reserve funds by first reducing non-essential expenditures and ensuring that the use of reserves is both necessary and limited to essential services.²

In the event of a dramatic loss of General Fund revenue, defined as a decrease of 15% or more of sales tax revenue of the trailing 12-months, the General Fund Reserve may be accessed only to fund essential operating expenditures necessary to maintain basic governmental functions. Use of reserves for discretionary expenditures in such circumstances is prohibited.

Planned uses of the General Fund reserve for capital expenditures or other non-emergency purposes shall be reviewed and approved by the City Council as part of the City's long-term financial planning and capital improvement program. Use of the reserves for such expenditures shall not reduce the reserve below 12-months (100%) of the average actual General Fund revenues.

C. Review and Reporting

The reserve level shall be reviewed annually during the budget process to ensure compliance with this policy. Staff shall report to the City Council on:

- The current reserve level in relation to the five-year revenue average
- Any anticipated use of reserve funds
- Long-term capital funding needs

Adopted: October 24, 2006

Amended: April 16, 2013

Amended: April 16, 2019

Amended: July 30, 2020

Amended: July 15, 2025

² An example of this was in the aftermath of the Great Recession (2008-2009) where the City Administrator recommended a reduction of certain line items in the FY10 operating budget; no use of the reserves was needed to weather the downturn in sales tax and interest rate revenue

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Self Funding Policy

Policy Reference: FP319
Effective Date: April 16, 2013

Intent: The City of Sunset Valley maintains an Equipment Repair and Replacement fund to ensure that money is available to repair and replace significant equipment and infrastructure items. The Equipment Repair and Replacement fund is addressed in a separate policy entitled "Repair and Replacement Policy". The money in this fund accumulates interest, and the adopted City budget may include anticipated interest from this fund in its revenue forecasts. From time to time, this fund may have accumulated more funds than is reasonably necessary to repair and replace any items that are projected to need repair or replacement within the next three to five years. The purpose of this policy is to provide a mechanism to allow the use and replacement of any eligible funds (as defined below) in the Equipment Repair and Replacement Fund in a manner that (i) will not appreciably impact projected City revenues on which the adopted City budget is based and (ii) will ensure that sufficient funds remain in the Equipment Repair and Replacement Fund to meet any needs for repair or replacement of significant equipment and infrastructure items that may arise while any eligible (as defined below) funds are in use.

1. Eligible Funds

The amount of any "Eligible Funds", if any, in the Equipment Repair and Replacement fund at any time is determined by taking the total amount in the Equipment Repair and Replacement Fund as of the preceding fiscal year, and subtracting: 1) the total amount, if any, of funds that have already been allocated from the Equipment Repair and Replacement Fund under this policy, but have not yet been repaid to the Fund; 2) the total amount that is projected to be expended from the fund for repair and replacement items over the next three budget years; and an amount of \$250,000 to ensure that sufficient funds remain in the Equipment Repair and Replacement Fund to cover any unanticipated equipment repairs or replacements.

2. Period of Repayment

At the time any Eligible Funds are to be expended, the City Council shall set a Period of Repayment. Any Eligible Funds that are expended shall be repaid no later than two years from the date the Eligible Funds are utilized.

3. Amount of Repayment

The total amount of the repayment for any expenditure of Eligible funds is equal to the amount expended (the “Outstanding Principal Balance”) plus an amount that accounts for the projected revenue from interest that the City anticipated receiving if the funds had remained in the Equipment Repair and Replacement fund and were not expended.

4. Monthly Repayments

The total amount of the repayment for any expenditure of Eligible Funds will be repaid in monthly installments as described in this paragraph. Each expenditure of Eligible Funds shall be assigned an individual Project Number for tracking purposes. The monthly repayment shall be calculated using the formula below on each individual Project Number (“Project”). Since each Project expenditure will be tracked individually and receive regular monthly repayments, Project’s balances due shall not be combined when determining the monthly principal and interest to be repaid. Except as provided in Paragraph 6, the amount of each monthly installment to be repaid per Project will be calculated as follows:

- a. Amount of Monthly Payment in Initial Fiscal Year Repayment: The Monthly Payment Amount shall be the sum of the Monthly Principal Amount and the Monthly Interest Amount as described herein:
 1. Fixed Monthly Principal Amount: The Fixed Monthly Principal Amount shall be calculated by taking the total amount of Eligible Funds to be repaid for an assigned Project and dividing that amount by the number of months set by the City Council under the Period of Repayment in Paragraph 3. Nothing shall prevent the City from making additional payments to be applied against the outstanding balance of the Project. However, should the City elect exercising this option, no adjustment to the Monthly Interest Amount Due will be made.
 2. Monthly Interest Amount: The Monthly Interest Amount shall be determined by creating an amortization schedule by applying specific assumptions to a software application that is deemed reliable by the Deputy City Administrator. The specific assumptions to be input to the application shall include the following terms as defined herein:
 1. Period of Repayment (in months)
 2. Outstanding Principal Balance
 3. Fixed Monthly Principal Amount
 4. Annual Interest Rate (defined as the rate used in the adopted budget for the current fiscal year as reflected in Line item – Revenue Interest)
 5. The amortization method shall be the fixed principal/variable interest method

Note: The amortization schedule shall be applied for the payment dates and amounts in the current fiscal year for which it has been created.

b. Amount of Monthly Payment in Subsequent Fiscal Years: If the total amount of the Eligible Funds for the Project have not been fully repaid in the initial fiscal year, then the monthly payment amount in any subsequent fiscal year shall be calculated in the same manner as set forth above except that the monthly principal amount shall be based on the remaining amount of Eligible Funds to be repaid rather than the total amount of the Eligible Funds to be repaid. By way of example, if the original Outstanding Principal Balance on a Project was \$100,000, and principal amount payments of \$60,000 were repaid in the initial fiscal year, the new Outstanding Principal Balance amount to be repaid in the next fiscal year would be based on the \$40,000 amount of Eligible funds remaining to be paid rather than the \$100,000 original Outstanding Principal Balance.

Note: The amortization schedule shall be adjusted to reflect the Annual Interest Rate used in the adopted budget for the subsequent fiscal year as reflected in Line item – Revenue (Interest)

5. Delayed Monthly Principal Amount Payments, or Monthly Interest Amount Only Payments

For repayments in the initial fiscal year only, payment of the Fixed Monthly Principal Amount due under paragraph 5 may be delayed beginning with the first full month after any Eligible funds are expended on a Project for a period of up to six (6) months or September 30 of the calendar year, whichever occurs earlier. For example, if funds are expended on a Project in January, payment of the Fixed Monthly Principal Amount due may be delayed through July of that year, with the first Fixed Monthly Principal Amount payment made in August. If funds are expended on a Project in July, then Fixed Monthly Principal Amount payments may be delayed only through September 30 of that same calendar year. At the conclusion of the period of the delayed Fixed Monthly Principal Amount payments, payments of the Fixed Monthly Principal Amount shall be made in accordance with paragraph 5, except that the Fixed Monthly Principal Amount due shall be calculated by beginning with the total amount of Eligible Funds to be repaid for an assigned Project and dividing that amount by the number of months set by the City Council under the Period of Repayment in Paragraph 3 less the number of months that no Fixed Monthly Principal Amount payment was made under this section. By way of example, if the total amount of Eligible Funds to be repaid on a Project was \$100,000 and the repayment period was 24 months, and the City Council elected to delay repayment of the Fixed Monthly Principal Amount for 4 months, then the Fixed Monthly Principal Amount would be calculated by dividing \$100,000 by 20 total months (24 original repayment minus the 4 months for delayed Fixed Monthly Principal Amount payments), and the Fixed Monthly Principal Amount payment would be \$5,000 per month. Nothing in this paragraph shall allow for any delay in the Monthly Interest Amount due under Paragraph 5, and each month the Monthly Interest Amount payment shall be made in accordance with Paragraph 5. The referenced amortization schedule shall be applied with the additional specific assumption that reflects the timeframe for the delayed initial payment.

6. The amortization schedule that reflects the monthly payment of principal and interest shall be presented concurrently with the approval of any Project that is being considered for the use of Eligible Funds.

7. **Monthly Budget Adjustments**

Each month, the Monthly Payment Amount due for each Project shall be repaid immediately out of revenues received by the city in that month and before such revenues are expended for any other purpose, and, if necessary, the then current adopted budget shall be amended accordingly.

8. In the event that any portion of a Project's repayment, either principal or interest, cannot be met, the City Council shall approve one of the following actions (1) approve an amended Project payment calculations and amortization schedule (2) approve the delay in the start date of a specific project or program, or (3) transfer other general operating funds that are determined to be in excess of actual budget expenses.

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Adopted: May 22, 2007:
Amended: April 16, 2013